

# DNB Bank

A company in the DNB Group

Fourth quarter report 2019  
(Preliminary and unaudited)

# Q4

DNB

# Financial highlights

## Income statement

<i>Amounts in NOK million</i>	<b>DNB Bank Group</b>			
	4th quarter 2019	4th quarter 2018	Full year 2019	Full year 2018
Net interest income	10 541	9 754	39 908	37 388
Net commissions and fees	1 819	1 884	6 618	6 605
Net gains on financial instruments at fair value	(449)	447	3 173	1 351
Other operating income	643	583	2 482	2 522
Net other operating income	2 012	2 914	12 272	10 478
Total income	12 554	12 669	52 181	47 866
Operating expenses	(5 844)	(5 491)	(21 952)	(20 681)
Restructuring costs and non-recurring effects	(149)	(459)	(326)	(565)
Pre-tax operating profit before impairment	6 561	6 718	29 903	26 620
Net gains on fixed and intangible assets	9	49	(33)	529
Impairment of financial instruments	(178)	(235)	(2 191)	139
Pre-tax operating profit	6 392	6 532	27 678	27 288
Tax expense	(567)	(825)	(4 825)	(4 976)
Profit from operations held for sale, after taxes	68	(141)	(49)	(204)
Profit for the period	5 892	5 567	22 805	22 109

## Balance sheet

<i>Amounts in NOK million</i>	31 Dec. 2019	31 Dec. 2018
Total assets	2 470 640	2 307 710
Loans to customers	1 671 350	1 598 017
Deposits from customers	977 530	940 087
Total equity	229 619	207 933
Average total assets	2 564 525	2 434 354

## Key figures and alternative performance measures

	4th quarter 2019	4th quarter 2018	Full year 2019	Full year 2018
Return on equity, annualised (per cent) <sup>1)</sup>	11.0	11.2	11.1	11.5
Combined weighted total average spread for lending and deposits (per cent) <sup>1)</sup>	1.34	1.31	1.33	1.30
Average spread for ordinary lending to customers (per cent) <sup>1)</sup>	1.80	1.92	1.84	1.94
Average spread for deposits from customers (per cent) <sup>1)</sup>	0.62	0.36	0.51	0.29
Cost/income ratio (per cent) <sup>1)</sup>	47.7	47.0	42.7	44.4
Ratio of customer deposits to net loans to customers at end of period <sup>1)</sup>	58.5	58.8	58.5	58.8
Net loans and financial commitments in stage 2, per cent of net loans <sup>1)</sup>	6.65	6.96	6.65	6.96
Net loans and financial commitments in stage 3, per cent of net loans <sup>1)</sup>	1.09	1.45	1.09	1.45
Impairment relative to average net loans to customers, annualised (per cent) <sup>1)</sup>	(0.04)	(0.06)	(0.13)	0.01
Common equity Tier 1 capital ratio at end of period (per cent)	18.3	17.3	18.3	17.3
Leverage ratio (per cent)	7.2	7.4	7.2	7.4
Number of full-time positions at end of period	8 614	8 597	8 614	8 597

<sup>1)</sup> Defined as alternative performance measure (APM). APMs are described on [ir.dnb.no](#).

# Fourth quarter report 2019

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

# Directors' report

## Fourth quarter financial performance

Backed by a continued solid Norwegian macroeconomic situation, the DNB Bank Group<sup>1)</sup> delivered a profitable growth in revenues and the asset quality remains strong.

The banking group delivered a solid profit of NOK 5 892 million in the fourth quarter, an increase of NOK 325 million from the fourth quarter of 2018, mainly driven by higher net interest income. Compared with the previous quarter, profits increased by NOK 262 million.

The common equity Tier 1 (CET1) capital ratio was 18.3 per cent, up from 17.3 per cent a year earlier, and down from 18.9 per cent in the third quarter. The increase from the previous quarter is due to retained earnings and a reduction in risk-weighted assets.

The leverage ratio for the banking group was 7.2 per cent, down from 7.4 per cent in the fourth quarter of 2018 and the same as in the third quarter.

Return on equity was negatively affected by mark-to-market effects on financial instruments, and ended at 11.0 per cent, compared with 11.2 per cent in the year-earlier period and 10.8 per cent in the third quarter.

Profitable volume growth in all customer segments and repricing effects led to an increase in net interest income of NOK 787 million, or 8.1 per cent, from the fourth quarter of 2018, and NOK 391 million, or 3.9 per cent, from the third quarter. Compared with the third quarter, an increase in resolution fund fee and deposit guarantee fund levy of NOK 169 million was recognised in the fourth quarter related to the full-year 2019.

Net other operating income was NOK 2 012 million, down NOK 902 million from the fourth quarter of 2018. There was a positive contribution from customer and trading income from DNB Markets, which was offset by a negative contribution of NOK 1 510 million from exchange rate effects on additional Tier 1 (AT1) capital compared with the fourth quarter of 2018. Compared with the third quarter, net other operating income was down NOK 1 659 million. Net commissions and fees increased by 18.4 per cent, but were offset by negative mark-to-market effects related to basis swaps and exchange rate effects on AT1 capital.

Operating expenses were the same as in the year-earlier period. Compared with the third quarter, operating expenses were up NOK 541 million. The increase was due to higher IT activity, restructuring costs and pension expenses.

Net impairment on financial instruments amounted to NOK 178 million in the quarter, a decrease of NOK 57 million compared with the fourth quarter of last year and a decrease of NOK 1 070 million compared with the third quarter of 2019. Both the personal customers segment and the small and medium-sized enterprises segment experienced low net impairment losses in the quarter, while the large corporates and international customers segment experienced a small reversal. Overall, the development in macro forecasts and asset quality for the portfolio as a whole was stable in the quarter.

## Important events in the fourth quarter

DNB's Capital Markets Day was held on 20 November, where the ambitions leading up to 2022 were presented. A return on equity (ROE) above 12 per cent continues to be the overriding target. The ambition is to have a cost/income ratio below 40 per cent.

A new phase in the #huninvesterer (#girlsinvest) campaign was launched in the fourth quarter, focusing on women and entrepreneurial initiatives.

DNB and StartupLab renewed their partnership agreement for another three years, enabling DNB to continue to explore new commercial partnerships with start-up companies.

From October, it has been possible to offer AISP (Account Information Service Provider) services in the mobile bank as a result of the EU's revised Payment Services Directive (PSD2). This makes it possible for customers to see their balance on accounts in other banks in DNB's mobile bank.

In the fourth quarter, DNB's chatbot Aino took over the night shift at the customer service centre. The robot will now handle all customer enquiries between 23:00 and 07:00.

The increased interest rates announced after Norges Bank's key policy rate increase in September took effect in November.

In RepTrak's reputation survey for the fourth quarter, DNB scored 72.5 points, the third highest ever. The goal is a result of over 70 points, which indicates that DNB is a well-liked bank. This is the fifth consecutive quarter with a score above 70 points.

DNB's total score increased from 68 to 73 per cent in the Norwegian ethical bank guide (Etisk Bankguide). With a score of 73 per cent, DNB is clearly in the lead among Nordic banks.

DNB Markets was named best investment bank in the Corporate Finance Norway category in Prospera's annual survey.

DNB came second in the SHE Index for 2019, which measures gender balance in the business community. This is the third consecutive year DNB achieves a top ranking in this index.

In November, Økokrim (the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime) launched an investigation of DNB after disclosures of possible corruption and money laundering by the Icelandic seafood company Samherji.

On 31 December 2019, Norway fully implemented the EU's capital requirements legislation CRR/CRD IV. At the same time, the so-called Basel I floor was removed.

## Fourth quarter income statement – main items

### Net interest income

Amounts in NOK million	4Q19	3Q19	4Q18
Lending spreads, customer segments	7 050	6 984	7 130
Deposit spreads, customer segments	1 521	1 321	837
Amortisation effects and fees	889	866	829
Operational leasing	463	445	393
Resolution fund fee and deposit guarantee fund levy	(391)	(223)	(136)
Other net interest income	1 009	757	703
Net interest income	10 541	10 150	9 754

Net interest income increased by NOK 787 million or 8.1 per cent from the fourth quarter of 2018 due to increased lending volumes in all segments, increased margins and income on equity.

There was an average increase of NOK 78.0 billion, or 5.3 per cent, in the healthy loan portfolio compared with the fourth quarter of 2018, backed by the positive development of the Norwegian economy. Adjusted for exchange rate effects, volumes were up NOK 55.9 billion, or 3.8 per cent. During the same period, deposits were up NOK 47.0 billion, or 5.1 per cent. Adjusted for exchange rate effects, there was an increase of NOK 33.2 billion, or 3.6 per cent. Average lending spreads contracted by 12 basis points, and deposit spreads widened by 26 basis points compared with the fourth quarter of 2018. Volume-weighted spreads for the customer segments widened by 3 basis points compared with the same period in 2018, despite lag effects from increasing NOK money market rates.

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

As previously communicated, the final resolution fund fee and deposit guarantee fund levy for 2019 was NOK 169 million higher than expected, reducing the net interest income in the fourth quarter.

Compared with the third quarter, net interest income increased by NOK 391 million due to positive effects from repricing and deposit spreads. There was an average increase of NOK 18.5 billion, or 1.2 per cent, in the healthy loan portfolio, and deposits were up NOK 18.0 billion, or 1.9 per cent. Volume-weighted spreads for the customer segments widened by 2 basis points compared with the third quarter.

Spreads in the fourth quarter of 2019 were positively impacted by interest rate adjustments, effective from October in the small and medium-sized enterprises and November for the personal customers portfolios respectively.

### Net other operating income

<i>Amounts in NOK million</i>	4Q19	3Q19	4Q18
Net commissions and fees	1 819	1 536	1 884
Basis swaps	(361)	78	(342)
Exchange rate effects additional Tier 1 capital	(742)	812	768
Net gains on other financial instruments at fair value	654	633	20
Net profit from associated companies	5	45	(10)
Other operating income	639	567	594
Net other operating income	2 012	3 672	2 914

Net other operating income declined by NOK 902 million from the fourth quarter of 2018. There was a positive contribution from investment banking services, and income from customers and trading in DNB Markets, which increased by 22.8 and 20.0 per cent, respectively, compared with the year-earlier period. However, exchange rate effects on AT1 capital of NOK 1 510 million impacted the income in the fourth quarter negatively compared with the same quarter the previous year.

Compared with the third quarter, net other operating income decreased by NOK 1 659 million. Net commissions and fees increased by NOK 282 million or 18.4 per cent from the third quarter due to higher activity within investment banking. However, this was offset by a negative mark-to-market adjustment related to basis swaps and exchange rates effects on AT1 capital.

### Operating expenses

<i>Amounts in NOK million</i>	4Q19	3Q19	4Q18
Salaries and other personnel expenses	(3 211)	(2 883)	(2 791)
Restructuring expenses	(53)	(6)	(63)
Other expenses	(1 860)	(1 698)	(2 168)
Depreciation of fixed and intangible assets	(778)	(749)	(551)
Impairment of fixed and intangible assets	(91)	(116)	(378)
Total operating expenses	(5 993)	(5 452)	(5 951)

There was an increase in operating expenses from the fourth quarter of 2018 of NOK 43 million. The introduction of IFRS 16 Leases from 2019 led to reduced operating expenses for IT and properties, but at the same time increased depreciation and interest costs. Furthermore, expenses in the previous year were exceptionally high due to impairment related to system development and a leasing contract

Compared with the third quarter, there was an increase in operating expenses of NOK 541 million. The main factors were seasonal effects, higher IT activity and restructuring costs. Further, there was also an increase in pension expenses due to corrections from previous quarters.

The cost/income ratio was 47.7 per cent in the fourth quarter, reflecting the mentioned cost items and negative mark-to-market effects.

### Impairment of financial instruments

<i>Amounts in NOK million</i>	4Q19	3Q19	4Q18
Personal customers	(81)	(97)	(56)
Commercial real estate	(70)	6	41
Shipping	171	(102)	147
Oil, gas and offshore	(360)	78	(198)
Other industry segments	163	(1 132)	(168)
Total impairment of financial instruments	(178)	(1 247)	(235)

Net impairment losses on financial instruments amounted to NOK 178 million in the fourth quarter, a decrease of NOK 57 million compared with the fourth quarter of last year, and of NOK 1 070 million compared with the third quarter. The decrease from the previous quarter is largely explained by a large impairment loss related to a specific customer in the third quarter.

Both personal customers and commercial real estate had low impairment losses in the quarter.

The shipping segment experienced net reversals of NOK 171 million in the quarter. This is a decrease of NOK 273 million compared with the previous quarter, and of NOK 24 million compared with the same quarter last year. The overall portfolio quality and the development in relevant macro drivers for the shipping portfolio were stable in the quarter, and the reversals were related to a positive credit development for specific customers.

There were net impairment losses of NOK 360 million for the oil, gas and offshore segment in the quarter, compared with NOK 198 million in the year-earlier period, and net reversals of NOK 78 million in the third quarter. Impairment losses in the quarter were primarily related to a negative development for individually assessed customers in stage 3 within the offshore segment. The impairment losses were somewhat offset by an expected continued modest improvement in the macro forecasts for the healthy loan portfolio.

The net impairment reversals of NOK 163 million within other industry segments were the result of a positive development on specific customers within services and manufacturing. The reversals were to a certain extent curtailed by a negative development for a few individually assessed customers within trade and services.

Apart from this, most industry segments experienced relatively stable macro forecasts and credit quality in the quarter, and the overall credit quality of the portfolio is strong.

Net stage 3 loans and financial commitments amounted to NOK 18 billion at the end of December 2019, down from NOK 23 billion in the fourth quarter of 2018 and from NOK 22 billion in the third quarter.

### Taxes

The banking group's tax expense for the fourth quarter has been estimated at NOK 567 million, or 8.9 per cent of pre-tax operating profits.

### Financial performance – segments

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

The banking group's organisational structure, including the Group Management team, was changed on 23 September 2019. Segment reporting has not changed as per fourth quarter 2019, but will be changed as of the first quarter of 2020.

## Personal customers

<i>Income statement in NOK million</i>	4Q19	3Q19	4Q18
Net interest income	3 520	3 422	3 458
Net other operating income	869	1 014	986
Total income	4 389	4 437	4 444
Operating expenses	(2 163)	(2 044)	(2 127)
Pre-tax operating profit before impairment	2 226	2 393	2 317
Net gains on fixed and intangible assets		(0)	49
Impairment of financial instruments	(103)	(73)	(89)
Pre-tax operating profit	2 123	2 320	2 277
Tax expense	(531)	(580)	(569)
Profit for the period	1 592	1 740	1 708

### Average balance sheet items in NOK billion

Net loans to customers	794.3	788.0	770.8
Deposits from customers	431.1	434.8	410.0

### Key figures in per cent

Lending spread <sup>1)</sup>	1.29	1.32	1.54
Deposit spread <sup>1)</sup>	0.87	0.74	0.45
Return on allocated capital	13.5	14.8	15.1
Cost/income ratio	49.3	46.1	47.9
Ratio of deposits to loans	54.3	55.2	53.2

1) Calculated relative to the 3-month money market rate. See [ir.dnb.no](http://ir.dnb.no) for additional information about alternative performance measures (APMs).

The personal customers segment delivered sound results in the fourth quarter, with pre-tax operating profit of NOK 2 123 million.

The announced interest hike in September 2019 became effective in the fourth quarter and was the main factor behind the increase in the combined spreads on loans and deposits. The combined spreads widened by 3 basis points from the third quarter. From the corresponding period in 2018, combined spreads remained unchanged.

There was a rise in average net loans of 3.1 per cent from the fourth quarter of 2018. The growth in the healthy home mortgage portfolio amounted to 3.2 per cent. Deposits from customers were up 5.2 per cent in the same period. The ratio of deposits to loans rose by 2.1 percentage points in the period.

There was a positive trend in income from real estate broking activities from the fourth quarter of 2018, while net income from payment services contributed negatively. Seasonally lower real estate broking activities and income from payment services in the fourth quarter are the main factors behind the decline in other operating income from the previous quarter.

Operating expenses increased by 1.7 per cent from the corresponding quarter in 2018, due to higher activity in DNB Eiendom, and rose by 5.8 per cent from the third quarter, mainly due to extensive IT activities and impairment of IT systems.

The personal customers segment experienced impairment of financial instruments of NOK 103 million in the fourth quarter, equivalent to annualised 0.05 per cent of net lending to customers. Overall, the credit quality and macro forecasts were stable in the quarter, and impairment losses remained at a low level.

DNB's market share of credit to households stood at 23.6 per cent at the end of October 2019, while the market share of total household savings was 30.2 per cent in the same period. DNB Eiendom had an average market share of 18.2 per cent.

The #huninvesterer (#girlsinvest) campaign has sparked great enthusiasm and contributed to an increase in savings schemes in the fourth quarter. The campaign has focused on the fact that the proportion of women investing in mutual funds and equities is low compared with men. During the campaign period, there has been an 88 per cent increase in women among new mutual fund customers, compared with new female customers in the same period last year. And for the first time ever, more women than men bought mutual funds.

DNB's mobile bank is continuously being developed, and as of December 2019, it had more than 1 million unique users. During the autumn, several new services were launched in the app, such

as invoice scanning, viewing accounts from other banks and 'smart balance'.

Going forward, DNB will make it even easier for customers to get a total overview of their own finances by gathering information from other banks.

## Small and medium-sized enterprises

<i>Income statement in NOK million</i>	4Q19	3Q19	4Q18
Net interest income	2 821	2 721	2 474
Net other operating income	448	430	397
Total income	3 270	3 151	2 871
Operating expenses	(1 112)	(1 036)	(1 034)
Pre-tax operating profit before impairment	2 158	2 115	1 837
Net gains on fixed and intangible assets	0		
Impairment of financial instruments	(143)	(16)	(101)
Profit from repossessed operations	13	0	4
Pre-tax operating profit	2 028	2 099	1 740
Tax expense	(507)	(525)	(435)
Profit for the period	1 521	1 574	1 305

### Average balance sheet items in NOK billion

Net loans to customers	333.4	325.2	310.5
Deposits from customers	225.1	222.6	212.1

### Key figures in per cent

Lending spread <sup>1)</sup>	2.41	2.41	2.46
Deposit spread <sup>1)</sup>	0.87	0.76	0.56
Return on allocated capital	18.6	19.6	18.0
Cost/income ratio	34.0	32.9	36.0
Ratio of deposits to loans	67.5	68.5	68.3

1) Calculated relative to the 3-month money market rate. See [ir.dnb.no](http://ir.dnb.no) for additional information about alternative performance measures (APMs).

Increases in both net interest income and other operating income contributed to solid profits in the fourth quarter of 2019 compared with the fourth quarter of 2018.

There was a rise in average loan volumes of 7.4 per cent from the fourth quarter of 2018, while average deposit volumes were up 6.1 per cent during the same period. The solid rise in volumes, in combination with a positive development in deposit spreads, ensured an increase in net interest income of 14.0 per cent compared with the fourth quarter of 2018.

Net other operating income increased by 12.9 per cent compared with the fourth quarter of 2018. This was mainly due to a rise in income from investment banking activities related to both equity and bond markets.

Operating expenses increased by 7.5 per cent from the corresponding quarter in 2018. This was mainly due to costs related to higher activity levels within corporate finance and leasing.

Impairment of financial instruments amounted to NOK 143 million in the fourth quarter, an increase of NOK 42 million from the fourth quarter of 2018 and NOK 127 million from the third quarter.

Net stage 3 loans and financial commitments amounted to NOK 3.3 billion at year-end 2019, down from the corresponding quarter in 2018 and at the same level as in the third quarter of 2019. The impairment losses primarily related to a few individually assessed customers. Annualised impairment losses on loans and guarantees represented 0.17 per cent of average loans in the fourth quarter of 2019. Overall, the relevant macro forecasts and credit quality remained stable in the fourth quarter.

DNB aspires to create the best customer experiences, to be the preferred platform for both entrepreneurs and established companies and to help make it easy to start and operate a business.

## Large corporates and international customers

<i>Income statement in NOK million</i>	4Q19	3Q19	4Q18
Net interest income	3 405	3 319	3 141
Net other operating income	1 407	954	1 219
Total income	4 812	4 273	4 359
Operating expenses	(1 744)	(1 478)	(1 716)
Pre-tax operating profit before impairment	3 068	2 795	2 643
Net gains on fixed and intangible assets	16	(0)	(0)
Impairment of financial instruments	68	(1 159)	(45)
Profit from repossessed operations	79	(71)	(151)
Pre-tax operating profit	3 231	1 565	2 447
Tax expense	(775)	(376)	(563)
Profit from operations held for sale, after taxes	(0)	(2)	1
Profit for the period	2 455	1 187	1 886

### Average balance sheet items in NOK billion

Net loans to customers	447.3	442.0	415.8
Deposits from customers	322.0	301.6	308.2

### Key figures in per cent

Lending spread <sup>1)</sup>	2.27	2.23	2.21
Deposit spread <sup>1)</sup>	0.10	0.11	0.10
Return on allocated capital	14.9	7.2	11.9
Cost/income ratio	36.2	34.6	39.4
Ratio of deposits to loans	72.0	68.2	74.1

1) Calculated relative to the 3-month money market rate. See [ir.dnb.no](http://ir.dnb.no) for additional information about alternative performance measures (APMs).

Increased net interest income together with stable operating expenses were the main contributors to the pre-tax operating profit before impairment improving by 16.1 per cent compared with the fourth quarter of 2018.

Average loan volumes were up 7.6 per cent compared with the fourth quarter of 2018, primarily driven by strong sector activity within financial institutions, service, seafood and commercial real estate. In contrast, the shipping segment showed a decline in exposures. Compared with the third quarter of 2019, average loan volumes remained stable and in line with expectations.

Average deposit volumes were up 4.5 per cent from the fourth quarter of 2018 and 6.8 per cent compared with the third quarter of this year.

Lending spreads widened by 6 basis points compared with the fourth quarter of 2018, while deposit spreads remained unchanged. This resulted in an increased combined spread of 5 basis points. Compared with the third quarter of 2019, lending spreads widened by 4 basis points, whereas deposit spreads narrowed by 1 basis point. The increased key policy rate in Norway also resulted in higher return on allocated capital, which contributed to the increase in net interest income.

Net other operating income was up 15.4 per cent compared with the fourth quarter of 2018. Compared with the third quarter of 2019, there was an increase of 47.5 per cent, primarily due to higher activity within investment banking and positive effects from financial instruments at fair value.

Operating expenses were at the same level as in the fourth quarter of 2018, and 18.0 per cent higher compared with the third quarter of 2019. The large increase from the third quarter is primarily due to seasonally higher activity in the fourth quarter.

Net impairment losses showed a reversal of NOK 68 million in the quarter. Compared with the third quarter of 2019, impairment losses decreased by NOK 1 227 million. This can primarily be attributed to a large impairment loss related to one specific customer in the third quarter. Compared with the fourth quarter of 2018, the decrease was NOK 113 million.

Macro forecasts show only small changes and overall, the credit quality remains stable. Net stage 3 loans and financial commitments amounted to NOK 12.3 billion at end-December 2019, down NOK 3.6 billion from the year-earlier period and NOK 3.3 billion from the third quarter. On an annualised basis, there were net impairment reversals of 0.06 per cent of average loans in the quarter, compared with net impairment losses of 0.04 per cent

in the year-earlier period, and net impairment losses of 1.04 per cent in the third quarter of 2019.

Going forward, DNB will continue to focus on increasing the turnover in the portfolio, reducing final hold and making more active use of portfolio management tools.

## Other operations

This segment includes the results from risk management in DNB Markets and items not allocated to the customer segments.

<i>Income statement in NOK million</i>	4Q19	3Q19	4Q18
Net interest income	795	688	683
Net other operating income	(472)	1 618	812
Total income	323	2 305	1 495
Operating expenses	(1 215)	(1 238)	(1 573)
Pre-tax operating profit before impairment	(891)	1 067	(78)
Net gains on fixed and intangible assets	(7)	(40)	0
Impairment of financial instruments	0	(0)	
Profit from repossessed operations	(92)	71	147
Pre-tax operating profit	(990)	1 099	69
Tax expense	1 246	64	743
Profit from operations held for sale, after taxes	68	(33)	(142)
Profit for the period	324	1 129	670

### Average balance sheet items in NOK billion

Net loans to customers	111.3	102.2	86.0
Deposits from customers	44.6	29.6	39.7

The profit for the Other operations segment was NOK 324 million in the fourth quarter of 2019.

Total revenues from the risk management operations in DNB Markets were NOK 433 million in the fourth quarter of 2019, compared with NOK 186 million in the third quarter and NOK 5 million in the corresponding period a year earlier. Income growth in the fourth quarter came primarily from money market activities and interest rate positions.

The profit in the Other operations segment was affected by several group items not allocated to the segments. Net other operating income in the fourth quarter was affected negatively by exchange rate effects on additional Tier 1 capital and mark-to-market effects related to changes in basis swap spreads. These items vary from quarter to quarter.

The reduction in operating expenses from the fourth quarter of 2018 was mainly caused by impairment of system development and a leasing contract in 2018.

The banking group's share of the profit in associated companies (most importantly Luminor and Vipps) is included in this segment.

## Full year 2019

The banking group recorded profits of NOK 22 805 million in 2019, up NOK 696 million, or 3.1 per cent, compared with 2018, driven by higher net interest income.

Return on equity was 11.1 per cent, compared with 11.5 per cent in the year-earlier period.

Net interest income increased by NOK 2 520 million, or 6.7 per cent, from 2018, driven by higher volumes in all customer segments and positive effects from repricing.

Net other operating income increased by NOK 1 795 million compared with 2018, mainly due to a positive effect from basis swaps of NOK 1 628 million. Net commissions and fees were at the same level as in 2018.

Total operating expenses increased by NOK 1 032 million from 2018 due to increased IT expenses as well as higher salaries and personnel expenses.

There were net impairment losses on financial instruments of NOK 2 191 million in the full year of 2019, compared with net reversals of 139 million in 2018. Impairment losses within the personal customers and small and medium-sized enterprises segments were on the same level as last year, whereas the large

corporates and international customers segment had an increase in impairment losses of approximately NOK 2 260 million. This increase can partly be explained by large net reversals within oil, gas and offshore in 2018 and a large impairment loss related to one specific customer in the third quarter of 2019.

Overall, forecasts for most macro indicators remained stable and the asset quality of the portfolio as a whole remained strong in 2019.

## Income statement for 2019

### Net interest income

<i>Amounts in NOK million</i>	2019	2018
Lending spreads, customer segments	28 096	28 152
Deposit spreads, customer segments	4 808	2 742
Amortisation effects and fees	3 369	3 200
Operational leasing	1 731	1 525
Resolution fund fee and deposit guarantee fund levy	(1 106)	(564)
Other net interest income	3 011	2 333
Net interest income	39 908	37 388

Net interest income increased by NOK 2 520 million, or 6.7 per cent, from 2018. This was mainly due to increased lending volumes, deposit spreads and higher interest income from equity. Four interest hikes were also successfully implemented throughout the year. Positive net interest income development was offset by an increase in the resolution fund fee and deposit guarantee fund levy of NOK 542 million.

There was an average increase in the healthy loan portfolio of NOK 77.7 billion, or 5.4 per cent, parallel to a NOK 15.4 billion, or 1.6 per cent, increase in average deposit volumes from 2018. Combined spreads widened by 3 basis points compared with the year-earlier period. Average lending spreads for the customer segments narrowed by 10 basis points, and deposit spreads widened by 21 basis points.

### Net other operating income

<i>Amounts in NOK million</i>	2019	2018
Net commissions and fees	6 618	6 605
Basis swaps	270	(1 358)
Exchange rate effects additional Tier 1 capital	(143)	721
Net gains on other financial instruments	3 046	1 989
Net profit from associated companies	302	314
Other operating income	2 180	2 208
Net other operating income	12 272	10 478

Net other operating income was up NOK 1 795 million from 2018. Net commissions and fees were stable, while there was a strong increase in revenues from investment banking services. Basis swaps contributed positively with NOK 1 628 million compared with the previous year.

### Operating expenses

<i>Amounts in NOK million</i>	2019	2018
Salaries and other personnel expenses	(11 920)	(11 089)
Restructuring expenses	(70)	(127)
Other expenses	(7 131)	(7 658)
Depreciation of fixed and intangible assets	(2 950)	(1 997)
Impairment of fixed and intangible assets	(207)	(374)
Operating expenses	(22 278)	(21 246)

Total operating expenses were up NOK 1 032 million. This was mainly due to increased IT, personnel and pension expenses. The increase in pension expenses was largely a result of an increased return related to the compensation scheme, which has been hedged from January 2020.

The cost income ratio was 42.7 per cent in 2019.

## Impairment of financial instruments

<i>Amounts in NOK million</i>	2019	2018
Personal customers	(354)	(287)
Commercial real estate	(124)	82
Shipping	105	8
Oil, gas and offshore	(274)	1 079
Other industry segments	(1 544)	(744)
Total impairment of financial instruments	(2 191)	139

There were net impairment losses on financial instruments of NOK 2 191 million in the full year of 2019 compared with net reversals of NOK 139 million in 2018, which is an increase in impairment losses of NOK 2 330 million. Both the personal customers and commercial real estate segments experienced an increase in impairment losses compared with 2018, but impairment losses nevertheless remained at a low level.

The shipping segment experienced net impairment reversals of NOK 105 million in 2019. This was an increase in reversals of NOK 97 million compared with 2018. The reversals were primarily related to a positive development for one customer in stage 3.

Net impairment of financial instruments for the oil, gas and offshore segment amounted to NOK 274 million in 2019. This represents an increase of NOK 1 354 million compared with 2018. The increase can primarily be explained by large reversals within stage 2 in 2018 due to improved macro forecasts. Although the modestly positive macro development continued in 2019, impairment losses related to customers in stage 3 resulted in net impairment losses in 2019.

For other industry segments, net impairment losses increased by NOK 800 million in 2019 compared with 2018. The increase can primarily be explained by a large impairment loss related to one specific customer in stage 3 in the third quarter of 2019.

Overall, forecasts for most macro indicators remained stable and the asset quality of the portfolio as a whole remained strong in 2019.

## Taxes

The banking group's tax expense for the full year 2019 is estimated at NOK 4 825 million, representing 17.4 per cent of pre-tax operating profits

## Funding, liquidity and balance sheet

2019 was an active year for DNB in the short-term funding market and there was generally a high level of interest in the bank's securities with both long and short maturities. While USD was the main short-term funding currency for DNB, the European market was influenced by low interest rates in continental Europe, and due to Brexit in the UK, some instability was registered here. On the other hand, with high activity in the long-term funding market towards the end of 2019, the bank used this increased flexibility to reduce outstanding volumes somewhat in the short-term market during the fourth quarter of 2019.

In the long-term funding market, there was some instability at the end of 2018, which continued into the first quarter of 2019. Spread levels peaked in mid-January before starting to narrow again. From mid-January to the summer, the spreads narrowed significantly, but remained more or less stable in the second half of the year. Despite volatile markets, the funding activity was high as usual in the first quarter, with large volumes issued. In March, the US 10-year Treasury yield fell below the 3-month Treasury bill, and 10-year German bonds fell below 0 per cent, which indicated the market's fear of an upcoming recession. The ongoing trade war between the US and China, in addition to concerns about Brexit, added to this sense of uncertainty. In October, the European Central Bank (ECB) restarted their asset purchase programme, which had been on hold since the beginning of 2019. DNB was



very active in the senior and covered bonds market in the first half of the year. In the fourth quarter, the bank re-assumed this activity with some sizeable issues of senior bonds. In the course of the year, there was also an increasing number of issues of so-called senior non-preferred bonds in the market, due to the upcoming minimum requirement for own funds and eligible liabilities (MREL). Overall, DNB had good access to long-term funding markets at attractive spreads during the year.

The nominal value of long-term debt securities issued by the banking group was NOK 655 billion at the end of December 2019, compared with NOK 606 billion a year earlier. The average remaining term to maturity for these long-term debt securities was 3.7 years at the end of December, compared with 4.1 years a year earlier.

The short-term liquidity requirement, the Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the year and stood at 138 per cent at the end of December 2019.

Total assets in the banking group were NOK 2 471 billion at year-end 2019 and NOK 2 308 billion a year earlier.

Loans to customers increased by NOK 73.3 billion, or 4.6 per cent, from the end of December 2018. Customer deposits were up NOK 37.4 billion, or 4.0 per cent, during the same period. For the banking group, the ratio of customer deposits to net loans to customers was 58.5 per cent at end-December, down from 58.8 per cent a year earlier.

## Capital

On 31 December 2019, Norway fully implemented the EU's capital requirements legislation CRR/CRD IV, and the so-called Basel I floor was removed.

The banking group's common equity Tier 1 (CET1) capital ratio was 17.2 per cent at the end of December 2019, up from 16.7 per cent at end-September and down from 18.9 per cent at year-end 2018. Retained earnings and a reduction in risk-weighted assets were the main factors behind the increase.

Risk-weighted assets were reduced by NOK 38 billion from end-September to NOK 961 billion at end-December. The main drivers for the reduction were reduced risk-weighted assets from repayments and increased impairment losses on non-performing loans, as well as positive risk migration for performing loans. Furthermore, the implementation of the reduction of the capital requirement for lending to small and medium-sized enterprises (the SME supporting factor), as a consequence of the new CRR/CRD IV legislation, was offset by the increased risk factor for regional portfolios due to regulatory imposed increased Loss Given Default (LGD) safety margins.

The non-risk based leverage ratio was 7.2 per cent at end-December 2019, down from 7.4 per cent in the year-earlier period and the same as in end-September 2019.

## Capital requirements

The capital adequacy regulations specify a minimum primary capital requirement based on risk-weighted assets that include credit risk, market risk and operational risk. In addition to meeting the minimum requirement, the banking group must satisfy various buffer requirements (Pillar 1 and Pillar 2 requirements).

### Capital and risk

	4Q19	3Q19	4Q18
CET1 capital ratio, per cent	18.3	18.9	17.3
Tier 1 capital ratio, per cent	21.1	20.7	18.9
Capital ratio, per cent	24.4	24.0	21.9
Risk-weighted assets, NOK billion	925	964	1 000
Leverage ratio, per cent	7.2	7.2	7.4

## New regulatory framework in 2019

### Changes in capital requirements for banks

On 31 December 2019, Norway fully implemented the EU's capital requirements legislation CRR/CRD IV. This regulatory framework helps highlight the strong capital adequacy of DNB. At the same time, the Norwegian Ministry of Finance has clearly signalled that there should be no easing of the capital requirements for banks as a result of the removal of the so-called Basel I floor and the reduction of the SME supporting factor. The Ministry is therefore adjusting the use of policy instruments in the banks' capital requirements so that a greater share of the risk is covered by the capital requirements in Pillar 1.

For DNB and other banks using the advanced IRB method, the systemic risk buffer requirement will increase from 3 to 4.5 per cent with effect from 31 December 2020. For DNB's exposures abroad, the buffer rate set in the country in question will apply, and for exposures in countries that have not set a systemic risk buffer requirement, the rate will be 0 per cent. This means that the systemic risk buffer requirement for DNB will be reduced from 4.5 to about 3.1 per cent. In order to avoid double regulation, the Ministry intends to establish a transitional rule that will contribute to consistency between the capital requirements in Pillar 1 and Pillar 2.

The Norwegian Ministry of Finance is also introducing a floor for the average risk weighting of lending for real estate, especially aimed at foreign banks with operations in Norway. The countercyclical capital buffer requirement was raised from 2 per cent to 2.5 per cent with effect from 31 December 2019, in line with the previous decision. The effective requirement for DNB is 2.1 per cent.

### New rules on securitisation underway

A working group appointed by the Norwegian Ministry of Finance has considered the implementation of the EU's rules on securitisation in Norwegian law. The working group has concluded that failure to implement the rules correctly and in full will constitute a breach of Norway's obligations under the EEA Agreement. DNB are thus one step closer to a system where Norwegian banks are allowed the same access as banks in the EU to use this type of instrument for both funding and risk management. The Ministry of Finance is expected to present a bill in the course of 2020.

### Sustainable finance high on the agenda in the EU

The European Commission's action plan on sustainable finance includes a number of different initiatives, and the pace of development is high. Among the initiatives introduced are a classification system (taxonomy) for sustainable economic activities, financial benchmarks for carbon footprints and more stringent requirements for disclosures relating to sustainable investments and sustainability risks. The Commission is also working on a labelling scheme for sustainable financial products and an EU standard for green bonds.

By 2022, banks are required to report on sustainability and ESG risk (Environmental, Social and Governance). The European Banking Authority (EBA) has been tasked with preparing a report on ESG risk management in banks, and on how supervisory authorities can include this in their supervisory review and evaluation process (SREP). The European Commission is also considering whether it is appropriate to give banks a capital requirement discount for 'green' assets and/or increased capital requirements for 'brown' assets. A revised version of the action plan for sustainable finance is expected in the third quarter of 2020.

## Home Mortgage Regulations to be continued for one more year

The purpose of the Home Mortgage Regulations is to contribute to a sustainable development in household debt. Following a public consultation in the autumn of 2019, where Finanstilsynet recommended a tightening of the regulations, the Norwegian Ministry of Finance decided to continue the current Home Mortgage Regulations until 31 December 2020. The Ministry pointed out, among other things, that the Regulations are having the intended effect, and that it would be expedient to evaluate the Home Mortgage Regulations and Consumer Loan Regulations at the same time.

## Credit information companies will enable better credit assessments

In 2019, two debt information companies became fully operational in Norway, and all banks licenced to provide unsecured loans are obliged to furnish these two companies with information about established loan agreements and credit line agreements.

The debt information services are intended to function as an aid for both customers and banks. It is now easier for customers to get an overview of their own debt situation, and banks can easily check the actual amount of debt a loan applicant has. Banks can thus conduct a better credit assessment of customers seeking loans, which may prevent consumers from taking up more debt than they can service.

## PSD2 and Open Banking

The EU's revised payment services directive, PSD2, has now entered into force in Norway. The directive was mainly implemented in the Norwegian Financial Institutions Act and the Payment Services Regulations in March 2019. The technical regulations for secure customer authentication came into force on 14 September 2019, and this, in effect, marked the start of the provision of third-party services related to account information and account-to-account payments in Norway. So far, interest seems to be limited among potential providers as well as consumers. This is in line with what can be seen in markets that are slightly ahead of us in the process. DNB is actively working to position the bank with a view to protect our existing business operations, while making the most of the potential and reducing the disadvantages of Open Banking.

## Regulatory sandbox established to facilitate innovation

Finanstilsynet has created a regulatory sandbox for the fintech industry. The sandbox will give businesses the opportunity to test new products and services on a small scale under close supervision by Finanstilsynet, the aim being that the sandbox will contribute to technological innovation and the entry of more new players in the market. The sandbox is also intended help enhance Finanstilsynet's understanding of new technological solutions and business models, and make it easier to identify potential risks or the need for regulatory changes at an early stage.

## Tax advisers' disclosure obligation and duty of confidentiality

In the Official Norwegian Report NOU 2019:15, the so-called Skatterådgiverutvalget (tax advisers' committee) proposes that a disclosure obligation be imposed towards the Norwegian tax authorities. The disclosure obligation shall apply to both tax advisers and customers, who are thus obliged to disclose information about tax arrangements that pose a risk of aggressive tax planning, in line with international recommendations (BEPS). The committee proposes to implement this in Norway in the same manner as in the EU, to a large extent based on the EU Council Directive DAC 6. The proposal is comprehensive and will primarily have consequences for lawyers, accountants and others who offer tax advice to customers. Financial institutions may also become subject to the disclosure obligation. In addition, the committee has proposed that correspondence between in-house lawyers and their

clients shall no longer be subject to legal privilege. The proposals have been circulated for public comment and are now being considered by the Ministry of Finance.

## New Security Act may result in stricter security measures

The new Security Act entered into force on 1 January 2019. In accordance with the act, the ministries have been responsible for designating so-called basic national functions ('grunnleggende nasjonale funksjoner', GNFs) in the course of the year, and for identifying companies within their respective sectors that fulfil such functions. The government has announced that a proposal will be presented in the spring of 2020.

## Macroeconomic developments

The positive development in the Norwegian economy continued into the fourth quarter, and the Norwegian economy is currently experiencing a boom. It is modest in strength and duration, however, and primarily driven by positive growth impulses from oil investments. The outlook is far weaker for oil investments in 2020, as several large projects are moving towards completion without being replaced by projects of similar scope. Combined with weaker growth for our trading partners, this contributes to a slowdown in the Norwegian economy in 2020 and a slight drop below normal (which DNB Markets estimates at approximately 1.75 per cent) the following year.

Due to the healthy growth in employment in recent years, unemployment has fallen to a low level in a historical context. DNB expect it to remain low this year, but increase modestly over the next couple of years. The wage growth will therefore not continue to rise, but remain at just over 3 per cent this year, while declining towards 3 per cent towards the end of the forecast period. A weak Norwegian krone will contribute to an inflation close to the target of 2 per cent this year, but the moderate wage growth leads us to believe that price inflation will decrease to slightly below the target in the coming years. Lower electricity prices will also help curb inflation somewhat.

Due to low unemployment, a weak krone and inflation close to the target, Norges Bank has raised interest rates four times in just over a year, most recently to 1.50 per cent in September of last year. At the same time, the central bank signalled that the interest rate peak has most likely been reached. This message was reiterated at the monetary policy meeting in December, and DNB expect the key policy rate to remain at the current level in the years ahead, in the absence of new negative shocks.

Housing price growth was moderate last year, while the turnover remained high. Interest rate rises, a plentiful supply of housing and changes in regulations for home mortgages and consumer loans have probably helped curb the price growth. Meanwhile, low unemployment and higher income growth have maintained it. With a slightly lower supply of new housing units this year compared with last year, and interest rates at the current level, DNB expect continued moderate price growth in the coming years.

Household credit growth has diminished over the past two to three years, and is now approaching the income growth. Mortgage and consumer loan regulations, as well as the establishment of the debt register in the summer of 2019, have most likely contributed to this decline. A more moderate rise in housing prices and slightly higher interest rate levels in the past year have probably also been contributing factors. Due to continued moderate housing price growth and the continuation of regulations, credit growth is expected to slow down somewhat in the coming years.

## Future prospects

DNB's overriding financial target is a return on equity (ROE) above 12 per cent. At the Capital Markets Day in November, DNB announced that this target will be retained for the period 2020–2022. Several factors will contribute to reaching the ROE target: increased net interest income including growth in both lending and deposit volumes, growth in commissions and fees from capital-light

activities and a number of cost control initiatives. Growth in income is expected to exceed growth in costs. In addition, DNB will focus on capital efficiency based on the new CRR/CRD IV capital requirements implemented in Norway, effective as of year-end 2019.

The increase in Norges Bank's key policy rate from 1.25 per cent to 1.50 per cent in September, followed by DNB's announcement of increased interest rates effective from November, will have full effect from the first quarter of 2020.

In the period 2020 to 2022, the annual increase in lending and deposit volumes is expected to be 3 to 4 per cent. In the same period, it is DNB's ambition to increase net commissions and fees by 4 to 5 per cent annually, and to have a cost/income ratio below 40 per cent.

Oslo, 5 February 2020  
The Board of Directors of DNB Bank ASA



Olaug Svarva  
(Chair of the Board)



Kim Wahl  
(Vice Chair of the Board)



Lillian Hattrem



Jens Petter Olsen



Kjerstin R. Braathen  
(Group Chief Executive Officer, CEO)

# Income statement

<i>Amounts in NOK million</i>	<b>DNB Bank ASA</b>			
	4th quarter 2019	4th quarter 2018	Full year 2019	Full year 2018
Interest income, amortised cost	11 673	10 219	44 084	38 336
Other interest income	1 107	1 039	4 257	4 055
Interest expenses, amortised cost	(5 670)	(5 266)	(23 799)	(19 026)
Other interest expenses	1 052	1 152	5 638	3 835
<b>Net interest income</b>	<b>8 161</b>	<b>7 144</b>	<b>30 180</b>	<b>27 199</b>
Commission and fee income	2 278	2 336	8 343	8 463
Commission and expenses	(830)	(814)	(3 168)	(3 424)
Net gains on financial instruments at fair value	(237)	1 236	2 688	3 659
Net gains on investment properties	97		97	
Other income <sup>1)</sup>	7 332	3 276	15 299	6 231
<b>Net other operating income</b>	<b>8 640</b>	<b>6 035</b>	<b>23 260</b>	<b>14 928</b>
<b>Total income</b>	<b>16 801</b>	<b>13 178</b>	<b>53 440</b>	<b>42 127</b>
Salaries and other personnel expenses	(2 835)	(2 441)	(10 360)	(9 629)
Other expenses	(1 729)	(1 973)	(6 477)	(6 947)
Depreciation and impairment of fixed and intangible assets	(829)	(997)	(3 203)	(2 431)
<b>Total operating expenses</b>	<b>(5 393)</b>	<b>(5 411)</b>	<b>(20 039)</b>	<b>(19 008)</b>
<b>Pre-tax operating profit before impairment</b>	<b>11 409</b>	<b>7 768</b>	<b>33 401</b>	<b>23 120</b>
Net gains on fixed and intangible assets	22	49	(34)	837
Impairment of financial instruments	(376)	(623)	(2 484)	(1 029)
<b>Pre-tax operating profit</b>	<b>11 054</b>	<b>7 194</b>	<b>30 883</b>	<b>22 927</b>
Tax expense	(552)	(414)	(4 122)	(3 561)
<b>Profit for the period</b>	<b>10 502</b>	<b>6 780</b>	<b>26 761</b>	<b>19 366</b>
Portion attributable to shareholders of DNB Bank ASA	10 176	6 510	25 638	18 407
Portion attributable to additional Tier 1 capital holders	326	270	1 123	959
<b>Profit for the period</b>	<b>10 502</b>	<b>6 780</b>	<b>26 761</b>	<b>19 366</b>

1) Of which dividends from DNB Capital LLC, DNB Sweden AB and DNB (UK) Ltd. represented NOK 4 470 million, NOK 1 187 million and NOK 2 319 million respectively in the second, third and fourth quarter of 2019.

# Comprehensive income statement

<i>Amounts in NOK million</i>	<b>DNB Bank ASA</b>			
	4th quarter 2019	4th quarter 2018	Full year 2019	Full year 2018
<b>Profit for the period</b>	<b>10 502</b>	<b>6 780</b>	<b>26 761</b>	<b>19 366</b>
Actuarial gains and losses <sup>1)</sup>	131	(103)	(11)	(103)
Financial liabilities designated at FVTPL, changes in credit risk <sup>2)</sup>	58	46	9	85
Tax	(53)	23	(5)	13
Items that will not be reclassified to the income statement	136	(35)	(7)	(6)
Currency translation of foreign operations	2	68	(44)	(34)
Financial assets at fair value through OCI	85		59	
Tax	(21)		(15)	
Items that may subsequently be reclassified to the income statement	66	68	0	(34)
<b>Other comprehensive income for the period</b>	<b>202</b>	<b>33</b>	<b>(7)</b>	<b>(39)</b>
<b>Comprehensive income for the period</b>	<b>10 704</b>	<b>6 813</b>	<b>26 754</b>	<b>19 327</b>

1) Pension commitments and pension funds in the defined-benefit schemes have been recalculated. Calculations for the fourth quarter have been updated with new calculation assumptions in accordance with guidance notes from the Norwegian Accounting Standards Board as of 31 December 2019.

2) The measurement category for debt securities issued in Norwegian kroner with floating rates has been changed from FVTPL to amortised cost as of 31 December 2019. A gain of NOK 38 million before tax (NOK 29 million after tax) has been recognised in the Comprehensive income statement in the fourth quarter, due to the correction. Comparative information has not been restated. The correction does not impact the CET1 capital ratio.

# Balance sheet

DNB Bank ASA

<i>Amounts in NOK million</i>	Note	31 Dec. 2019	31 Dec. 2018
<b>Assets</b>			
Cash and deposits with central banks		301 246	154 595
Due from credit institutions		394 237	428 648
Loans to customers	5, 6, 7, 8	880 203	793 702
Commercial paper and bonds	8	231 910	262 207
Shareholdings	8	6 008	6 580
Financial derivatives	8	136 255	138 306
Investment properties		144	
Investments in associated companies		2 575	9 541
Investments in subsidiaries		113 810	100 670
Intangible assets		3 392	3 429
Deferred tax assets		6 205	2 664
Fixed assets		14 557	8 413
Other assets		11 897	21 928
<b>Total assets</b>		<b>2 102 439</b>	<b>1 930 683</b>
<b>Liabilities and equity</b>			
Due to credit institutions		277 188	277 437
Deposits from customers	8	956 655	916 258
Financial derivatives	8	168 349	162 683
Debt securities issued	8, 9	416 565	335 317
Payable taxes		7 495	807
Deferred taxes		88	90
Other liabilities		52 215	25 546
Provisions		1 341	1 790
Pension commitments		3 454	3 111
Subordinated loan capital	8, 9	31 095	31 082
<b>Total liabilities</b>		<b>1 914 446</b>	<b>1 754 121</b>
Additional Tier 1 capital		26 729	16 194
Share capital		18 256	18 256
Share premium		19 895	19 895
Other equity		123 113	122 218
<b>Total equity</b>		<b>187 993</b>	<b>176 562</b>
<b>Total liabilities and equity</b>		<b>2 102 439</b>	<b>1 930 683</b>

# Income statement

Amounts in NOK million	DNB Bank Group			
	4th quarter 2019	4th quarter 2018	Full year 2019	Full year 2018
Interest income, amortised cost	16 211	14 177	61 067	53 261
Other interest income	1 323	1 221	5 123	5 009
Interest expenses, amortised cost <sup>1)</sup>	(5 738)	(5 236)	(23 796)	(18 836)
Other interest expenses <sup>1)</sup>	(1 255)	(408)	(2 486)	(2 046)
<b>Net interest income</b>	<b>10 541</b>	<b>9 754</b>	<b>39 908</b>	<b>37 388</b>
Commission and fee income	2 643	2 688	9 758	9 983
Commission and fee expenses	(825)	(804)	(3 141)	(3 378)
Net gains on financial instruments at fair value	(449)	447	3 173	1 351
Profit from investments accounted for by the equity method	5	(10)	302	314
Net gains on investment properties	92	(6)	92	62
Other income	547	600	2 088	2 146
<b>Net other operating income</b>	<b>2 012</b>	<b>2 914</b>	<b>12 272</b>	<b>10 478</b>
<b>Total income</b>	<b>12 554</b>	<b>12 669</b>	<b>52 181</b>	<b>47 866</b>
Salaries and other personnel expenses	(3 264)	(2 854)	(11 989)	(11 216)
Other expenses	(1 860)	(2 168)	(7 131)	(7 658)
Depreciation and impairment of fixed and intangible assets	(869)	(928)	(3 157)	(2 371)
<b>Total operating expenses</b>	<b>(5 993)</b>	<b>(5 951)</b>	<b>(22 278)</b>	<b>(21 246)</b>
<b>Pre-tax operating profit before impairment</b>	<b>6 561</b>	<b>6 718</b>	<b>29 903</b>	<b>26 620</b>
Net gains on fixed and intangible assets	9	49	(33)	529
Impairment of financial instruments	(178)	(235)	(2 191)	139
<b>Pre-tax operating profit</b>	<b>6 392</b>	<b>6 532</b>	<b>27 678</b>	<b>27 288</b>
Tax expense	(567)	(825)	(4 825)	(4 976)
Profit from operations held for sale, after taxes	68	(141)	(49)	(204)
<b>Profit for the period</b>	<b>5 892</b>	<b>5 567</b>	<b>22 805</b>	<b>22 109</b>
Portion attributable to shareholders of DNB Bank ASA	5 567	5 297	21 686	21 150
Portion attributable to non-controlling interests	(1)		(5)	
Portion attributable to additional Tier 1 capital holders	326	270	1 123	959
<b>Profit for the period</b>	<b>5 892</b>	<b>5 567</b>	<b>22 805</b>	<b>22 109</b>

1) The presentation of interest income from derivatives has been changed as of 31 December 2019. Figures in previous periods have been restated correspondingly. See Note 1 Basis for preparation for more information.

# Comprehensive income statement

Amounts in NOK million	DNB Bank Group			
	4th quarter 2019	4th quarter 2018	Full year 2019	Full year 2018
<b>Profit for the period</b>	<b>5 892</b>	<b>5 567</b>	<b>22 805</b>	<b>22 109</b>
Actuarial gains and losses <sup>1)</sup>	135	(102)	(7)	(102)
Financial liabilities designated at FVTPL, changes in credit risk <sup>2)</sup>	349	241	232	221
Tax	(127)	(27)	(62)	(22)
Items that will not be reclassified to the income statement	357	113	163	98
Currency translation of foreign operations	(179)	4 235	463	1 310
Currency translation reserve reclassified to the income statement				(2)
Hedging of net investment	209	(3 469)	(459)	(1 060)
Hedging reserve reclassified to the income statement				1
Financial assets at fair value through OCI	85		59	
Tax	(382)	867	(208)	265
Items that may subsequently be reclassified to the income statement	(268)	1 633	(146)	514
<b>Other comprehensive income for the period</b>	<b>89</b>	<b>1 746</b>	<b>17</b>	<b>612</b>
<b>Comprehensive income for the period</b>	<b>5 981</b>	<b>7 313</b>	<b>22 821</b>	<b>22 721</b>

- 1) Pension commitments and pension funds in the defined-benefit schemes have been recalculated. Calculations for the fourth quarter have been updated with new calculation assumptions in accordance with guidance notes from the Norwegian Accounting Standards Board as of 31 December 2019.
- 2) The measurement category for debt securities issued in Norwegian kroner with floating rates has been changed from FVTPL to amortised cost as of 31 December 2019. A gain of NOK 251 million before tax (NOK 188 million after tax) has been recognised in the Comprehensive income statement in the fourth quarter, due to the correction. Comparative information has not been restated. The correction does not impact the CET1 capital ratio.

# Balance sheet

		<b>DNB Bank Group</b>	
		31 Dec. 2019	31 Dec. 2018
<i>Amounts in NOK million</i>	Note		
<b>Assets</b>			
Cash and deposits with central banks		304 746	155 592
Due from credit institutions		101 165	128 415
Loans to customers	5, 6, 7, 8	1 671 350	1 598 017
Commercial paper and bonds	8	222 368	257 725
Shareholdings	8	7 479	7 955
Financial derivatives	8	125 364	125 358
Investment properties		741	638
Investments accounted for by the equity method		7 467	11 807
Intangible assets		3 744	3 742
Deferred tax assets		1 959	983
Fixed assets		14 882	8 470
Assets held for sale		1 274	1 258
Other assets		8 103	7 750
<b>Total assets</b>		<b>2 470 640</b>	<b>2 307 710</b>
<b>Liabilities and equity</b>			
Due to credit institutions		202 177	187 307
Deposits from customers	8	977 530	940 087
Financial derivatives	8	115 871	110 005
Debt securities issued	8, 9	871 632	803 796
Payable taxes		9 810	2 012
Deferred taxes		60	3 471
Other liabilities		27 129	15 903
Liabilities held for sale		423	382
Provisions		1 726	2 534
Pension commitments		3 568	3 198
Subordinated loan capital	8, 9	31 095	31 082
<b>Total liabilities</b>		<b>2 241 022</b>	<b>2 099 777</b>
Additional Tier 1 capital		26 729	16 194
Non-controlling interests		45	
Share capital		18 256	18 256
Share premium		20 611	20 611
Other equity		163 978	152 872
<b>Total equity</b>		<b>229 619</b>	<b>207 933</b>
<b>Total liabilities and equity</b>		<b>2 470 640</b>	<b>2 307 710</b>

# Statement of changes in equity

	DNB Bank ASA						
<i>Amounts in NOK million</i>	Share capital	Share premium	Additional Tier 1 capital	Net translation reserve	Liability credit reserve	Other equity	Total equity
<b>Balance sheet as at 1 Jan. 2018</b>	<b>18 256</b>	<b>19 895</b>	<b>16 159</b>	<b>570</b>	<b>(127)</b>	<b>113 942</b>	<b>168 694</b>
Profit for the period			959			18 407	19 366
Actuarial gains and losses						(103)	(103)
Financial liabilities designated at FVTPL, changes in credit risk					85		85
Currency translation of foreign operations				(34)			(34)
Tax on other comprehensive income					(21)	34	13
Comprehensive income for the period			959	(34)	64	18 338	19 327
Interest payments additional Tier 1 capital			(892)				(892)
Currency movements taken to income			(32)			32	
Group contribution to DNB ASA for 2018						(10 568)	(10 568)
<b>Balance sheet as at 31 Dec. 2018</b>	<b>18 256</b>	<b>19 895</b>	<b>16 194</b>	<b>536</b>	<b>(63)</b>	<b>121 745</b>	<b>176 562</b>
Profit for the period			1 123			25 638	26 761
Actuarial gains and losses						(11)	(11)
Financial assets at fair value through OCI						59	59
Financial liabilities designated at FVTPL, changes in credit risk					9		9
Currency translation of foreign operations				(44)			(44)
Tax on other comprehensive income					(2)	(18)	(20)
Comprehensive income for the period			1 123	(44)	7	25 668	26 754
Merger DNB Næringskreditt						163	163
Additional Tier 1 capital issued <sup>1)</sup>			10 474			(39)	10 436
Interest payments additional Tier 1 capital			(1 052)				(1 052)
Currency movements taken to income			(10)			10	
Transfer of loan portfolio from subsidiary						131	131
Group contribution to DNB ASA for 2019						(25 000)	(25 000)
<b>Balance sheet as at 31 Dec. 2019</b>	<b>18 256</b>	<b>19 895</b>	<b>26 729</b>	<b>492</b>	<b>(57)</b>	<b>122 678</b>	<b>187 993</b>

1) DNB Bank ASA, issued two additional Tier 1 capital instruments in 2019. The first, issued in June, has a nominal value of NOK 2 700 million, and is perpetual with a floating interest of 3 months NIBOR plus 3.50 per cent. The second, issued in November, has a nominal value of USD 850 million, and is perpetual with an interest rate of 4.875 per cent p.a.



## Statement of changes in equity (continued)

Amounts in NOK million	DNB Bank Group							
	Non-controlling interests	Share capital	Share premium	Additional Tier 1 capital	Net translation reserve	Liability credit reserve	Other equity	Total equity
<b>Balance sheet as at 1 Jan. 2018</b>		<b>18 256</b>	<b>20 611</b>	<b>16 159</b>	<b>4 516</b>	<b>(342)</b>	<b>142 707</b>	<b>201 907</b>
Profit for the period				959			21 150	22 109
Actuarial gains and losses							(102)	(102)
Financial liabilities designated at FVTPL, changes in credit risk						221		221
Currency translation of foreign operations					1 308			1 308
Hedging of net investment					(1 060)			(1 060)
Tax on other comprehensive income					265	(55)	34	243
Comprehensive income for the period				959	514	166	21 082	22 721
Interest payments additional Tier 1 capital				(892)				(892)
Currency movements taken to income				(32)			32	
Group contribution to DNB ASA for 2017							(15 804)	(15 804)
<b>Balance sheet as at 31 Dec. 2018</b>		<b>18 256</b>	<b>20 611</b>	<b>16 194</b>	<b>5 029</b>	<b>(176)</b>	<b>148 019</b>	<b>207 933</b>
Profit for the period	(5)			1 123			21 686	22 805
Actuarial gains and losses							(7)	(7)
Financial assets at fair value through OCI							59	59
Financial liabilities designated at FVTPL, changes in credit risk						232		232
Currency translation of foreign operations	0				463			463
Hedging of net investment					(459)			(459)
Tax on other comprehensive income					(194)	(58)	(19)	(270)
Comprehensive income for the period	(4)			1 123	(190)	174	21 719	22 821
Additional Tier 1 capital issued <sup>1)</sup>				10 474			(39)	10 436
Interest payments additional Tier 1 capital				(1 052)				(1 052)
Currency movements taken to income				(10)			10	
Non-controlling interests DNB Auto Finance OY	49							49
Group contribution to DNB ASA for 2018							(10 568)	(10 568)
<b>Balance sheet as at 31 Dec. 2019</b>	<b>45</b>	<b>18 256</b>	<b>20 611</b>	<b>26 729</b>	<b>4 840</b>	<b>(2)</b>	<b>159 141</b>	<b>229 619</b>

1) The DNB Bank Group's parent company DNB Bank ASA, issued two additional Tier 1 capital instruments in 2019. The first, issued in June, has a nominal value of NOK 2 700 million, and is perpetual with a floating interest of 3 months NIBOR plus 3.50 per cent. The second, issued in November, has a nominal value of USD 850 million, and is perpetual with an interest rate of 4.875 per cent p.a.

# Cash flow statement

## DNB Bank ASA

<i>Amounts in NOK million</i>	Full year 2019	Full year 2018
<b>Operating activities</b>		
Net payments on loans to customers	(92 995)	(68 939)
Interest received from customers	42 475	35 182
Net receipts/(payments) on deposits from customers	44 455	(36 552)
Interest paid to customers	(10 892)	(8 881)
Net receipts on loans to credit institutions	38 538	98 864
Interest received from credit institutions	7 686	7 393
Interest paid to credit institutions	(5 549)	(4 769)
Net receipts/(payments) on the sale of financial assets for investment or trading	(38 959)	18 872
Interest received on bonds and commercial paper	5 002	3 866
Net receipts on commissions and fees	4 910	4 875
Payments to operations	(16 279)	(16 071)
Taxes paid	(1 058)	(3 977)
Other net receipts/payments	19 740	(5 741)
<b>Net cash flow from operating activities</b>	<b>(2 926)</b>	<b>24 123</b>
<b>Investing activities</b>		
Net payments on the acquisition of fixed assets	(4 067)	(2 094)
Net payment for investment properties	(144)	
Net disposal/(investment) in long-term shares	(218)	5 868
Dividends received on long-term investments in shares	8 153	869
<b>Net cash flow from investment activities</b>	<b>3 723</b>	<b>4 642</b>
<b>Financing activities</b>		
Receipts on issued bonds and commercial paper	1 068 424	1 050 476
Payments on redeemed bonds and commercial paper	(909 130)	(1 049 827)
Interest payments on issued bonds and commercial paper	(9 302)	(6 926)
Receipts on the raising of subordinated loan capital	9	9 419
Redemptions of subordinated loan capital	(9)	(8 542)
Interest payments on subordinated loan capital	(410)	(574)
Receipts on issue of additional Tier 1 capital	10 436	
Interest payments on additional Tier 1 capital	(1 052)	(892)
Lease payments	(557)	
Group contribution payments	(10 568)	(17 735)
<b>Net cash flow from funding activities</b>	<b>147 840</b>	<b>(24 600)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(50)</b>	<b>509</b>
<b>Net cash flow</b>	<b>148 588</b>	<b>4 674</b>
Cash as at 1 January	157 858	153 184
Net receipts of cash	148 588	4 674
Cash at end of period <sup>1)</sup>	306 446	157 858

\*) Of which: Cash and deposits with central banks 301 246 154 595  
 Deposits with credit institutions with no agreed period of notice <sup>1)</sup> 5 200 3 263

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

## Cash flow statement (continued)

	DNB Bank Group	
	Full year 2019	Full year 2018
<i>Amounts in NOK million</i>		
<b>Operating activities</b>		
Net payments on loans to customers	(80 135)	(58 722)
Interest received from customers	58 082	54 875
Net receipts/(payments) on deposits from customers	41 519	(48 364)
Interest paid to customers	(11 289)	(8 998)
Net receipts on loans to credit institutions	41 700	75 975
Interest received from credit institutions	3 639	4 082
Interest paid to credit institutions	(4 287)	(3 783)
Net receipts/(payments) on the sale of financial assets for investment or trading	(13 684)	40 583
Interest received on bonds and commercial paper	4 882	3 797
Net receipts on commissions and fees	6 294	6 440
Payments to operations	(18 412)	(19 424)
Taxes paid	(1 878)	(4 585)
Other net receipts/payments	(778)	1 774
<b>Net cash flow from operating activities</b>	<b>25 653</b>	<b>43 651</b>
<b>Investing activities</b>		
Net payments on the acquisition of fixed assets	(3 966)	(2 404)
Net receipts/(payments) on investment properties	(116)	349
Net disposal/(investment) in long-term shares	3 260	(92)
Dividends received on long-term investments in shares	942	13
<b>Net cash flow from investment activities</b>	<b>120</b>	<b>(2 134)</b>
<b>Financing activities</b>		
Receipts on issued bonds and commercial paper	1 097 101	1 115 987
Payments on redeemed bonds and commercial paper	(955 115)	(1 109 463)
Interest payments on issued bonds and commercial paper	(16 922)	(14 193)
Receipts on the raising of subordinated loan capital	9	9 419
Redemptions of subordinated loan capital	(9)	(8 542)
Interest payments on subordinated loan capital	(413)	(579)
Receipts on issue of additional Tier 1 capital	10 436	
Interest payments on additional Tier 1 capital	(1 052)	(892)
Lease payments	(615)	
Group contributions payments	(10 568)	(16 094)
<b>Net cash flow from funding activities</b>	<b>122 850</b>	<b>(24 357)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(174)</b>	<b>(12 038)</b>
<b>Net cash flow</b>	<b>148 449</b>	<b>5 122</b>
Cash as at 1 January	159 173	154 051
Net receipts of cash	148 449	5 122
Cash at end of period <sup>1)</sup>	307 623	159 173

*) Of which: Cash and deposits with central banks	304 746	155 592
Deposits with credit institutions with no agreed period of notice <sup>1)</sup>	2 877	3 581

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

## Note 1 Basis for preparation

The quarterly financial statements for the DNB Bank Group have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and as adopted by the European Union. DNB Bank ASA has prepared the financial statements according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-6, on the use of IFRS. When preparing the consolidated financial statements, management makes estimates, judgments 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 DNB Bank Group, can be found in note 1 Accounting principles in the annual report for 2018.

The DNB Bank Group applied the hedge accounting requirements of IFRS 9 Financial Instruments as of 1 January 2019. Hedging relationships in the DNB Bank Group that qualified for hedge accounting in accordance with IAS 39 Financial Instruments: Recognition and Measurement also qualify for hedge accounting under IFRS 9.

The DNB Bank Group applied the new accounting standard IFRS 16 Leases as of 1 January 2019. IFRS 16 Leases replaces IAS 17 Leases. IFRS 16 establishes significant new accounting requirements for lessees, while the requirements for lessors are more or less unchanged. For lessees, IFRS 16 eliminates the distinction between operating and finance leases as is required by IAS 17, and instead introduces a single lessee accounting model. When applying the new model, DNB Bank Group recognises a liability to make lease payments (lease liability) and an asset representing the right to use the underlying asset during the lease term (right-of-use asset). In the income statement, depreciation of the right-of-use assets is recognised separately from interest on lease liabilities.

DNB Bank Group has decided on the following policy choices and practical expedients:

- to apply the low value exception (primarily for office equipment)
- to not recognise non-lease components in the lease liability
- to apply the modified retrospective approach for transition to IFRS 16, meaning that the DNB Bank Group has not restated the comparatives for 2018. Right-of-use assets and lease liabilities are measured at the same amount, taking into consideration prepayments, accruals and provisions recognised as of 31 December 2018.

The right-of-use asset is classified as part of the fixed assets in the balance sheet, while the lease liability is classified as other liabilities.

The major part of DNB's lease liabilities arises from leases on commercial real estate as well as some IT equipment. Within real estate, the most significant liabilities are related to head offices in Norway and DNB's international offices. The total lease liabilities and right-of-use assets on 1 January 2019 was NOK 6 billion for DNB Bank Group. The right-of-use-asset is assigned a risk weight of 100 per cent, and the impact on the CET1 capital ratio was approximately 8 basis points for DNB Bank Group.

The impact on profit and loss will vary over time, but the combination of interest and depreciation expenses from IFRS 16 is expected to be slightly higher than the lease expenses from IAS 17 at the start of the lease term and lower towards the end.

### Changes in line items in the income statement

The presentation of interest income from derivatives has been changed as of 31 December 2019. Interest expenses reported on the line "Interest expenses, amortised cost" have decreased and interest expenses reported as "Other interest expenses" have increased with an equal amount. Figures in previous periods have been restated correspondingly. The effects are shown in the table below.

<i>Amounts in NOK million</i>	DNB Bank Group					
	4th quarter 2019	3rd quarter 2019	2nd quarter 2019	1st quarter 2019	Full year 2019	Full year 2018
Interest expenses, amortised cost	1 262	1 206	1 177	1 156	4 801	4 858
Other interest expenses	(1 262)	(1 206)	(1 177)	(1 156)	(4 801)	(4 858)

Interest expenses from derivatives designated as hedging instruments are presented as "Interest expenses, amortised cost" together with effects from the hedged item, while interest expenses from other derivatives are presented as "Other interest expenses".

## Note 2 Segments

According to DNB Bank's management model, the operating segments are independent profit centres that are fully responsible for their profit after tax and for achieving the targeted returns on allocated capital. DNB Bank has the following operating segments: Personal customers, Small and medium-sized enterprises, Large corporates and international customers and Risk management. Risk management segment is included in Other operations. DNB's share of profit in associated companies (most importantly Luminor and Vipps) is included in Other operations. DNB's organisational structure, including the Group Management team, was changed on 23 September 2019. The segment reporting is not changed as per fourth quarter 2019, but will be reviewed, and any changes will be applicable as of first quarter 2020.

### Income statement, fourth quarter

											DNB Bank Group	
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Other operations		Eliminations		DNB Bank Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
<i>Amounts in NOK million</i>	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net interest income	3 520	3 458	2 821	2 474	3 405	3 141	795	683			10 541	9 754
Net other operating income	869	986	448	397	1 407	1 219	(472)	812	(241)	(500)	2 012	2 914
Total income	4 389	4 444	3 270	2 871	4 812	4 359	323	1 495	(241)	(500)	12 554	12 669
Operating expenses	(2 163)	(2 127)	(1 112)	(1 034)	(1 744)	(1 716)	(1 215)	(1 573)	241	500	(5 993)	(5 951)
Pre-tax operating profit before impairment	2 226	2 317	2 158	1 837	3 068	2 643	(891)	(78)			6 561	6 718
Net gains on fixed and intangible assets		49	0		16	(0)	(7)	0			9	49
Impairment of financial instruments	(103)	(89)	(143)	(101)	68	(45)	0	(0)			(178)	(235)
Profit from repossessed operations			13	4	79	(151)	(92)	147				
Pre-tax operating profit	2 123	2 277	2 028	1 740	3 231	2 447	(990)	69			6 392	6 532
Tax expense	(531)	(569)	(507)	(435)	(775)	(563)	1 246	743			(567)	(825)
Profit from operations held for sale, after taxes					(0)	1	68	(142)			68	(141)
Profit for the period	1 592	1 708	1 521	1 305	2 455	1 886	324	670			5 892	5 567

### Income statement, full year

											DNB Bank Group	
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Other operations		Eliminations		DNB Bank Group	
	Full year		Full year		Full year		Full year		Full year		Full year	
<i>Amounts in NOK million</i>	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net interest income	13 693	13 422	10 627	9 530	13 005	12 110	2 584	2 327			39 908	37 388
Net other operating income	3 766	3 920	1 724	1 541	4 762	4 511	3 384	2 227	(1 363)	(1 721)	12 272	10 478
Total income	17 459	17 342	12 351	11 071	17 767	16 621	5 967	4 554	(1 363)	(1 721)	52 181	47 866
Operating expenses	(8 269)	(7 842)	(4 274)	(3 946)	(6 480)	(6 340)	(4 617)	(4 838)	1 363	1 721	(22 278)	(21 246)
Pre-tax operating profit before impairment	9 190	9 499	8 077	7 125	11 287	10 280	1 350	(284)			29 903	26 620
Net gains on fixed and intangible assets	(0)	49	(0)	3	16	(0)	(48)	477			(33)	529
Impairment of financial instruments	(353)	(318)	(595)	(566)	(1 240)	1 022	(4)	(0)			(2 191)	139
Profit from repossessed operations			16	8	(124)	(263)	109	256				
Pre-tax operating profit	8 837	9 230	7 497	6 570	9 938	11 039	1 407	449			27 678	27 288
Taxes	(2 209)	(2 308)	(1 874)	(1 642)	(2 385)	(2 539)	1 644	1 513			(4 825)	(4 976)
Profit from operations held for sale, after taxes					(0)	(10)	(49)	(194)			(49)	(204)
Profit for the period	6 628	6 923	5 623	4 927	7 553	8 490	3 002	1 769			22 805	22 109

For further details about the reportable segments, quarterly results and explanatory comments, see the directors' report.

## Note 3 Capital adequacy

Capital adequacy is calculated and reported in accordance with the EU capital requirements regulations for banks and investment firms (CRR/CRD IV). The regulatory consolidation deviates from consolidation in the accounts and comprises the parent company, subsidiaries and associated companies within the financial sector. Associated companies are consolidated pro rata.

On 31 December 2019, Norway fully implemented the EU's capital requirements legislation CRR/CRD IV, and the so-called Basel I floor was removed. The additional capital requirements due to the transitional rules have been removed from the historical figures. The harmonised rules include the introduction of the SME discount factor.

DNB Bank ASA		Primary capital	DNB Bank Group	
31 Dec. 2018	31 Dec. 2019		31 Dec. 2019	31 Dec. 2018
		<i>Amounts in NOK million</i>		
176 562	187 993	Total equity	229 619	207 933
		Effect from regulatory consolidation	(198)	(234)
(15 574)	(26 048)	Additional Tier 1 capital instruments included in total equity	(26 048)	(15 574)
(465)	(510)	Net accrued interest on additional Tier 1 capital instruments	(510)	(465)
160 523	161 434	Common equity Tier 1 capital instruments	202 862	191 660
		Deductions		
(2 389)	(2 376)	Goodwill	(2 946)	(2 929)
(562)	(457)	Deferred tax assets that are not due to temporary differences	(868)	(524)
(1 040)	(1 016)	Other intangible assets	(1 626)	(1 712)
		Group contribution, payable	(25 000)	(10 758)
(1 286)	(1 633)	Expected losses exceeding actual losses, IRB portfolios	(2 502)	(1 719)
(467)	(532)	Value adjustment due to the requirements for prudent valuation (AVA)	(810)	(886)
63	57	Adjustments for unrealised losses/(gains) on debt measured at fair value	2	176
(596)	(460)	Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(96)	(149)
154 247	155 017	Common equity Tier 1 capital	169 016	173 159
15 574	26 048	Additional Tier 1 capital instruments	26 048	15 574
169 820	181 065	Tier 1 capital	195 064	188 733
5 693	5 774	Perpetual subordinated loan capital	5 774	5 693
25 110	24 943	Term subordinated loan capital	24 943	25 110
30 804	30 717	Additional Tier 2 capital instruments	30 717	30 804
200 624	211 783	Total eligible capital	225 781	219 537
852 363	804 721	Risk-weighted assets	924 869	1 000 415
68 189	64 378	Minimum capital requirement	73 990	80 033
18.1	19.3	Common equity Tier 1 capital ratio (%)	18.3	17.3
19.9	22.5	Tier 1 capital ratio (%)	21.1	18.9
23.5	26.3	Capital ratio (%)	24.4	21.9

## Note 3 Capital adequacy (continued)

The majority of the credit portfolios are reported according to the IRB approach. Exposures to central governments, institutions, equity positions and other assets are, however, reported according to the standardised approach.

### Specification of risk-weighted assets and capital requirements

DNB Bank ASA

<i>Amounts in NOK million</i>	Nominal exposure	EAD <sup>1)</sup>	Average risk weights in per cent	Risk-weighted assets	Capital requirements	Capital requirements
	31 Dec. 2019	31 Dec. 2019	31 Dec. 2019	31 Dec. 2019	31 Dec. 2019	31 Dec. 2018
<b>IRB approach</b>						
Corporate	767 327	634 770	47.0	298 570	23 886	25 426
Specialised lending (SL)	11 107	10 562	52.3	5 529	442	455
Retail - mortgages	130 385	130 385	23.7	30 949	2 476	2 287
Retail - other exposures	98 656	83 466	24.8	20 663	1 653	1 727
<b>Securitisation</b>						
Total credit risk, IRB approach	1 007 474	859 183	41.4	355 711	28 457	29 895
<b>Standardised approach</b>						
Central government	314 442	357 732	0.0	36	3	9
Institutions	635 424	518 809	20.5	106 374	8 510	11 083
Corporate	117 743	91 903	81.9	75 314	6 025	7 412
Retail - mortgages	12 612	12 047	37.6	4 526	362	297
Retail - other exposures	121 617	42 939	74.5	31 994	2 560	2 349
Equity positions	119 274	119 274	100.0	119 245	9 540	8 898
Other assets	19 279	19 025	121.8	23 165	1 853	687
Total credit risk, standardised approach	1 340 392	1 161 730	31.0	360 654	28 852	30 734
Total credit risk	2 347 866	2 020 912	35.4	716 365	57 309	60 629
<b>Market risk</b>						
Position risk, debt instruments				10 333	827	920
Position risk, equity instruments				374	30	16
Currency risk				14	1	
Commodity risk				0	0	1
Credit value adjustment risk (CVA)				3 944	316	283
Total market risk				14 665	1 173	1 219
Operational risk				73 691	5 895	6 341
Total risk-weighted assets and capital requirements				804 721	64 378	68 189

1) EAD, exposure at default.

## Note 3 Capital adequacy (continued)

### Specification of risk-weighted assets and capital requirements

Amounts in NOK million	DNB Bank Group					
	Nominal exposure	EAD <sup>1)</sup>	Average risk weights in per cent	Risk-weighted assets	Capital requirements	Capital requirements
	31 Dec. 2019	31 Dec. 2019	31 Dec. 2019	31 Dec. 2019	31 Dec. 2019	31 Dec. 2018
<b>IRB approach</b>						
Corporate	965 259	800 350	47.7	381 718	30 537	33 716
Specialised Lending (SL)	12 219	11 675	53.8	6 281	503	526
Retail - mortgages	796 424	796 424	21.8	173 664	13 893	13 617
Retail - other exposures	98 656	83 466	24.8	20 663	1 653	1 727
Securitisation						
<b>Total credit risk, IRB approach</b>	<b>1 872 559</b>	<b>1 691 915</b>	<b>34.4</b>	<b>582 327</b>	<b>46 586</b>	<b>49 587</b>
<b>Standardised approach</b>						
Central government	330 557	375 095	0.0	80	6	12
Institutions	221 692	147 190	22.6	33 334	2 667	3 664
Corporate	181 664	147 058	79.2	116 497	9 320	11 824
Retail - mortgages	61 381	58 205	48.2	28 061	2 245	2 539
Retail - other exposures	128 473	47 692	73.7	35 149	2 812	2 958
Equity positions	10 601	10 544	90.5	9 546	764	774
Other assets	20 251	19 454	79.7	15 513	1 241	508
<b>Total credit risk, standardised approach</b>	<b>954 618</b>	<b>805 237</b>	<b>29.6</b>	<b>238 180</b>	<b>19 054</b>	<b>22 278</b>
<b>Total credit risk</b>	<b>2 827 177</b>	<b>2 497 152</b>	<b>32.9</b>	<b>820 507</b>	<b>65 641</b>	<b>71 865</b>
<b>Market risk</b>						
Position risk, debt instruments				10 523	842	927
Position risk, equity instruments				374	30	16
Currency risk				14	1	
Commodity risk				0	0	1
Credit value adjustment risk (CVA)				4 426	354	311
<b>Total market risk</b>				<b>15 337</b>	<b>1 227</b>	<b>1 254</b>
<b>Operational risk</b>				<b>89 025</b>	<b>7 122</b>	<b>6 914</b>
<b>Total risk-weighted assets and capital requirements</b>				<b>924 869</b>	<b>73 990</b>	<b>80 033</b>

1) EAD, exposure at default.

## Note 4 Taxes

DNB Bank ASA			DNB Bank Group	
Full year 2018	Full year 2019	Amounts in NOK million	Full year 2019	Full year 2018
22 927	30 883	Pre-tax operating profit	27 678	27 288
(5 273)	(6 794)	Estimated tax expense - nominal tax rate 22 per cent (23 per cent in 2018)	(6 089)	(6 276)
(286)	(489)	Tax effect of financial tax	(502)	(312)
	3	Tax effect of different tax rates in other countries	59	(19)
1 104	1 140	Tax effect of debt interest distribution with international branches	1 140	1 104
892	2 202	Tax effect of tax-exempt income and non-deductible expenses	400	418
		Tax effect of tax losses carried forward not recognised in the balance sheet <sup>1)</sup>		(5)
	(6)	Tax effect of changed tax rate for deferred taxes recognised in the balance sheet	(54)	
3	(177)	Excess tax provision previous year	221	114
<b>(3 560)</b>	<b>(4 121)</b>	<b>Total tax expense</b>	<b>(4 825)</b>	<b>(4 976)</b>
16%	13%	Effective tax rate	17%	18%

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



## Note 5 Development in gross carrying amount and maximum exposure

The following tables reconcile the opening and closing balances for gross carrying amount and the maximum exposure for loans to customers at amortised cost and financial commitments. Maximum exposure is the gross carrying amount of loans to customers plus off-balance exposure, which mainly includes guarantees, unutilised credit lines and loan offers. Reconciling items include the following:

- Transfers between stages due to significant changes in credit risk.
- Changes due to the derecognition of loans and financial commitments during the period.
- Changes due to the origination of new financial instruments during the period.
- Exchange rate movements and other changes affecting the gross carrying amount and maximum exposure.

### Loans to customers at amortised cost and fair value over other comprehensive income (quarterly figures)

Amounts in NOK million	4th quarter 2019				4th quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 30 September</b>	<b>794 662</b>	<b>58 933</b>	<b>23 509</b>	<b>877 105</b>	<b>695 778</b>	<b>50 523</b>	<b>23 384</b>	<b>769 684</b>
Transfer to stage 1	8 527	(8 256)	(270)		8 647	(8 243)	(405)	
Transfer to stage 2	(10 282)	11 272	(990)		(17 911)	18 334	(423)	
Transfer to stage 3	(1 905)	(996)	2 901		(794)	(3 316)	4 110	
Originated and purchased	62 779	1 812	0	64 592	64 711	2 232	2 101	69 044
Derecognition	(53 329)	(4 835)	(3 494)	(61 658)	(35 043)	(6 620)	(5 155)	(46 819)
Exchange rate movements	849	79	43	972	2 532	185	108	2 825
Other								
<b>Gross carrying amount as at 31 December</b>	<b>801 302</b>	<b>58 010</b>	<b>21 698</b>	<b>881 010</b>	<b>717 921</b>	<b>53 094</b>	<b>23 719</b>	<b>794 734</b>

### Loans to customers at amortised cost and fair value over other comprehensive income (year-to-date figures)

Amounts in NOK million	Full year 2019				Full year 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 31 December / 1 January</b>	<b>717 921</b>	<b>53 094</b>	<b>23 719</b>	<b>794 734</b>	<b>664 024</b>	<b>57 732</b>	<b>19 949</b>	<b>741 705</b>
Transfer to stage 1	35 723	(35 212)	(510)		24 460	(23 920)	(540)	
Transfer to stage 2	(51 142)	53 813	(2 671)		(34 556)	36 469	(1 912)	
Transfer to stage 3	(3 333)	(3 205)	6 538		(3 162)	(10 327)	13 489	
Originated and purchased	295 161	5 005	0	300 167	262 792	6 275	3 954	273 020
Derecognition	(207 365)	(15 507)	(5 413)	(228 285)	(194 942)	(13 090)	(11 269)	(219 301)
Exchange rate movements	(870)	(55)	36	(889)	(695)	(45)	49	(691)
Other <sup>1)</sup>	15 208	76		15 284				
<b>Gross carrying amount as at 31 December</b>	<b>801 302</b>	<b>58 010</b>	<b>21 698</b>	<b>881 010</b>	<b>717 921</b>	<b>53 094</b>	<b>23 719</b>	<b>794 734</b>

<sup>1)</sup> With accounting effect from 1 January 2019, DNB Næringskreditt AS was merged with DNB Bank ASA. The merger means that DNB Bank has taken over all assets, rights and obligations belonging to DNB Næringskreditt without remuneration.

## Note 5 Development in gross carrying amount and maximum exposure (continued)

### Loans to customers at amortised cost (quarterly figures)

<i>Amounts in NOK million</i>	4th quarter 2019				4th quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 30 September</b>	<b>1 519 763</b>	<b>87 824</b>	<b>26 808</b>	<b>1 634 396</b>	<b>1 416 461</b>	<b>80 244</b>	<b>27 979</b>	<b>1 524 684</b>
Transfer to stage 1	15 541	(15 194)	(347)		15 236	(14 819)	(418)	
Transfer to stage 2	(20 652)	22 442	(1 789)		(24 117)	24 642	(524)	
Transfer to stage 3	(2 038)	(1 221)	3 259		(796)	(3 564)	4 360	
Originated and purchased	99 365	857	0	100 223	106 945	2 247	2 033	111 225
Derecognition	(94 905)	(6 611)	(3 690)	(105 207)	(74 723)	(7 211)	(5 919)	(87 854)
Exchange rate movements	1 942	194	57	2 193	10 235	716	322	11 272
Other					(209)			(209)
<b>Gross carrying amount as at 31 December</b>	<b>1 519 017</b>	<b>88 291</b>	<b>24 297</b>	<b>1 631 605</b>	<b>1 449 032</b>	<b>82 255</b>	<b>27 832</b>	<b>1 559 120</b>

### Loans to customers at amortised cost (year-to-date figures)

<i>Amounts in NOK million</i>	Full year 2019				Full year 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 31 December / 1 January</b>	<b>1 449 032</b>	<b>82 255</b>	<b>27 832</b>	<b>1 559 120</b>	<b>1 389 207</b>	<b>90 102</b>	<b>25 843</b>	<b>1 505 152</b>
Transfer to stage 1	67 630	(66 796)	(835)		58 077	(57 223)	(854)	
Transfer to stage 2	(91 879)	96 543	(4 664)		(74 398)	76 833	(2 435)	
Transfer to stage 3	(3 842)	(5 350)	9 192		(3 978)	(11 858)	15 836	
Originated and purchased	470 770	4 753	0	475 523	429 908	5 052	3 964	438 923
Derecognition	(373 187)	(23 305)	(7 324)	(403 815)	(351 129)	(20 752)	(14 563)	(386 443)
Exchange rate movements	305	190	95	590	1 345	101	41	1 488
Other	188	0	0	188				
<b>Gross carrying amount as at 31 December</b>	<b>1 519 017</b>	<b>88 291</b>	<b>24 297</b>	<b>1 631 605</b>	<b>1 449 032</b>	<b>82 255</b>	<b>27 832</b>	<b>1 559 120</b>

## Note 5 Development in gross carrying amount and maximum exposure (continued)

### Financial commitments (quarterly figures)

<i>Amounts in NOK million</i>	4th quarter 2019				4th quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	<b>Maximum exposure as at 30 September</b>	<b>455 332</b>	<b>15 789</b>	<b>4 085</b>	<b>475 206</b>	<b>500 179</b>	<b>11 889</b>	<b>6 583</b>
Transfer to stage 1	2 481	(2 455)	(26)		1 481	(1 145)	(337)	
Transfer to stage 2	(3 468)	3 549	(81)		(7 914)	7 944	(30)	
Transfer to stage 3	(236)	(52)	288		(70)	(127)	198	
Originated and purchased	59 192	11	0	59 203	67 120	1 367	280	68 767
Derecognition	(70 638)	(3 320)	(1 031)	(74 989)	(106 060)	(1 236)	(2 807)	(110 103)
Exchange rate movements	103	14	10	127	2 858	30	34	2 923
<b>Maximum exposure as at 31 December</b>	<b>442 766</b>	<b>13 537</b>	<b>3 245</b>	<b>459 547</b>	<b>457 594</b>	<b>18 722</b>	<b>3 922</b>	<b>480 237</b>

DNB Bank ASA

### Financial commitments (year-to-date figures)

<i>Amounts in NOK million</i>	Full year 2019				Full year 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	<b>Maximum exposure as at 31 December / 1 January</b>	<b>457 594</b>	<b>18 722</b>	<b>3 922</b>	<b>480 237</b>	<b>564 001</b>	<b>9 805</b>	<b>3 039</b>
Transfer to stage 1	16 298	(16 054)	(244)		7 278	(6 531)	(747)	
Transfer to stage 2	(18 622)	18 865	(243)		(15 561)	16 307	(745)	
Transfer to stage 3	(1 148)	(691)	1 839		(1 655)	(1 579)	3 234	
Originated and purchased	345 181	11	0	345 192	159 353	3 576	3 481	166 410
Derecognition	(356 693)	(7 321)	(2 016)	(366 030)	(257 128)	(2 875)	(4 351)	(264 355)
Exchange rate movements	155	5	(12)	149	1 306	18	12	1 336
<b>Maximum exposure as at 31 December</b>	<b>442 766</b>	<b>13 537</b>	<b>3 245</b>	<b>459 547</b>	<b>457 594</b>	<b>18 722</b>	<b>3 922</b>	<b>480 237</b>

DNB Bank ASA

### Financial commitments (quarterly figures)

<i>Amounts in NOK million</i>	4th quarter 2019				4th quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	<b>Maximum exposure as at 30 September</b>	<b>630 605</b>	<b>26 504</b>	<b>4 282</b>	<b>661 390</b>	<b>634 018</b>	<b>23 734</b>	<b>6 707</b>
Transfer to stage 1	3 443	(3 417)	(26)		4 807	(4 455)	(352)	
Transfer to stage 2	(5 176)	5 415	(239)		(10 179)	10 209	(30)	
Transfer to stage 3	(241)	(57)	298		(71)	(131)	202	
Originated and purchased	81 256	0	0	81 256	79 088	1 170	394	80 652
Derecognition	(92 851)	(4 495)	(982)	(98 328)	(95 019)	(1 670)	(2 809)	(99 498)
Exchange rate movements	309	(157)	11	163	8 268	604	40	8 912
Other					5			5
<b>Maximum exposure as at 31 December</b>	<b>617 345</b>	<b>23 794</b>	<b>3 343</b>	<b>644 482</b>	<b>620 917</b>	<b>29 462</b>	<b>4 152</b>	<b>654 531</b>

DNB Bank Group

### Financial commitments (year-to-date figures)

<i>Amounts in NOK million</i>	Full year 2019				Full year 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	<b>Maximum exposure as at 31 December / 1 January</b>	<b>620 917</b>	<b>29 462</b>	<b>4 152</b>	<b>654 531</b>	<b>649 570</b>	<b>28 358</b>	<b>3 208</b>
Transfer to stage 1	20 580	(20 331)	(249)		14 184	(13 415)	(769)	
Transfer to stage 2	(25 073)	25 600	(528)		(20 916)	21 665	(749)	
Transfer to stage 3	(1 164)	(1 010)	2 175		(1 663)	(1 587)	3 250	
Originated and purchased	396 849	0	0	396 849	277 773	5 247	3 599	286 619
Derecognition	(395 478)	(10 062)	(2 198)	(407 737)	(301 176)	(11 201)	(4 400)	(316 776)
Exchange rate movements	715	135	(10)	840	3 177	394	13	3 584
Other					(32)			(32)
<b>Maximum exposure as at 31 December</b>	<b>617 345</b>	<b>23 794</b>	<b>3 343</b>	<b>644 482</b>	<b>620 917</b>	<b>29 462</b>	<b>4 152</b>	<b>654 531</b>

DNB Bank Group

## Note 6 Development in accumulated impairment of financial instruments

The following tables reconcile the opening and closing balances for accumulated impairment of loans to customers at amortised cost and financial commitments. Reconciling items includes the following:

- Transfers between stages due to significant changes in credit risk. The transfers are presumed to occur before the subsequent remeasurement of the allowance.
- Changes due to transfers between 12-month expected credit loss in stage 1 and lifetime expected credit loss in stages 2 and 3.
- Increases and decreases in expected credit loss resulting from changes in input parameters and assumptions, including macro forecasts, as well as the effect of partial repayments on existing facilities and the unwinding of the time value of discounts due to the passage of time.
- Changes in allowance due to the origination of new financial instruments during the period.
- Changes in allowance due to the derecognition of financial instruments during the period.
- Write-offs, exchange rate movements and other changes affecting the expected credit loss.

### Loans to customers at amortised cost (quarterly figures)

Amounts in NOK million	4th quarter 2019				4th quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Accumulated impairment as at 30 September</b>	<b>(200)</b>	<b>(932)</b>	<b>(7 788)</b>	<b>(8 920)</b>	<b>(144)</b>	<b>(892)</b>	<b>(7 092)</b>	<b>(8 128)</b>
Transfer to stage 1	(51)	46	5		(29)	29	0	
Transfer to stage 2	6	(95)	89		6	(23)	16	
Transfer to stage 3	0	4	(4)		0	140	(140)	
Originated and purchased	(4)	(102)		(106)	(13)	(99)		(112)
Increased expected credit loss	(36)	(155)	(1 864)	(2 055)	(38)	(148)	(1 491)	(1 677)
Decreased (reversed) expected credit loss	112	378	671	1 161	61	96	1 077	1 234
Write-offs	0	0	650	650	0	0	258	258
Derecognition (including repayments)	5	79	19	103	2	46	0	49
Exchange rate movements	(1)	(1)	(28)	(30)	(0)	0	(43)	(43)
<b>Accumulated impairment as at 31 December</b>	<b>(168)</b>	<b>(777)</b>	<b>(8 252)</b>	<b>(9 197)</b>	<b>(154)</b>	<b>(850)</b>	<b>(7 416)</b>	<b>(8 420)</b>

### Loans to customers at amortised cost (year-to-date figures)

Amounts in NOK million	Full year 2019				Full year 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Accumulated impairment as at 31 December / 1 January</b>	<b>(154)</b>	<b>(850)</b>	<b>(7 416)</b>	<b>(8 420)</b>	<b>(196)</b>	<b>(2 138)</b>	<b>(6 562)</b>	<b>(8 896)</b>
Transfer to stage 1	(219)	199	20		(171)	157	14	
Transfer to stage 2	33	(174)	141		23	(179)	155	
Transfer to stage 3	3	33	(37)		2	1 167	(1 169)	
Originated and purchased	(83)	(137)		(220)	(60)	(118)		(177)
Increased expected credit loss <sup>1)</sup>	(201)	(959)	(5 392)	(6 552)	(128)	(708)	(5 741)	(6 577)
Decreased (reversed) expected credit loss <sup>1)</sup>	431	781	2 884	4 096	362	797	4 075	5 233
Write-offs	0	0	1 558	1 558	(0)	(1)	1 831	1 830
Derecognition (including repayments)	23	330	19	371	14	172	1	187
Exchange rate movements	0	1	(30)	(29)	(0)	(0)	(19)	(20)
<b>Accumulated impairment as at 31 December</b>	<b>(168)</b>	<b>(777)</b>	<b>(8 252)</b>	<b>(9 197)</b>	<b>(154)</b>	<b>(850)</b>	<b>(7 416)</b>	<b>(8 420)</b>

1) In the second quarter of 2019, DNB performed a recalibration of the IFRS 9 models used for stage 1 and stage 2 loans and financial commitments. The net effect of the recalibration is an increase in expected credit loss of approximately NOK 70 million. As the recalibration resulted in both increases and decreases on a financial instrument level, the effect is included in the flows 'increased expected credit loss' and 'decreased (reversed) expected credit loss'.

## Note 6 Development in accumulated impairment of financial instruments (continued)

### Loans to customers at amortised cost (quarterly figures)

DNB Bank Group

Amounts in NOK million	4th quarter 2019				4th quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Accumulated impairment as at 30 September</b>	<b>(343)</b>	<b>(1 217)</b>	<b>(8 472)</b>	<b>(10 032)</b>	<b>(355)</b>	<b>(1 302)</b>	<b>(8 586)</b>	<b>(10 243)</b>
Transfer to stage 1	(62)	55	7		(105)	102	3	
Transfer to stage 2	10	(155)	144		50	(76)	26	
Transfer to stage 3	0	6	(6)		0	144	(144)	
Originated and purchased	(26)	(106)		(132)	(48)	(99)	0	(147)
Increased expected credit loss	(41)	(234)	(1 985)	(2 260)	(60)	(248)	(1 475)	(1 783)
Decreased (reversed) expected credit loss	149	474	775	1 397	172	174	1 325	1 671
Write-offs	0	0	656	656	0	(0)	640	640
Derecognition (including repayments)	9	137	20	166	4	106	0	111
Exchange rate movements	(2)	(1)	(42)	(45)	(10)	(26)	(110)	(145)
<b>Accumulated impairment as at 31 December</b>	<b>(305)</b>	<b>(1 041)</b>	<b>(8 904)</b>	<b>(10 251)</b>	<b>(351)</b>	<b>(1 224)</b>	<b>(8 321)</b>	<b>(9 897)</b>

### Loans to customers at amortised cost (year-to-date figures)

DNB Bank Group

Amounts in NOK million	Full year 2019				Full year 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Accumulated impairment as at 31 December / 1 January</b>	<b>(351)</b>	<b>(1 224)</b>	<b>(8 321)</b>	<b>(9 897)</b>	<b>(380)</b>	<b>(3 081)</b>	<b>(8 709)</b>	<b>(12 171)</b>
Transfer to stage 1	(351)	319	32		(453)	424	28	
Transfer to stage 2	58	(276)	218		79	(280)	202	
Transfer to stage 3	3	86	(90)		3	1 351	(1 353)	
Originated and purchased	(169)	(145)		(314)	(176)	(161)	(1)	(337)
Increased expected credit loss <sup>1)</sup>	(274)	(1 250)	(6 187)	(7 711)	(231)	(988)	(6 368)	(7 587)
Decreased (reversed) expected credit loss <sup>1)</sup>	745	1 031	3 613	5 389	935	1 243	4 981	7 159
Write-offs	0	0	1 840	1 840	(0)	0	2 900	2 899
Derecognition (including repayments)	35	422	40	497	(125)	275	5	155
Exchange rate movements	(1)	(6)	(49)	(55)	(2)	(7)	(5)	(15)
<b>Accumulated impairment as at 31 December</b>	<b>(305)</b>	<b>(1 041)</b>	<b>(8 904)</b>	<b>(10 251)</b>	<b>(351)</b>	<b>(1 224)</b>	<b>(8 321)</b>	<b>(9 897)</b>

1) In the second quarter of 2019, DNB performed a recalibration of the IFRS 9 models used for stage 1 and stage 2 loans and financial commitments. The net effect of the recalibration is a decrease in expected credit loss of NOK 5 million. As the recalibration resulted in both increases and decreases on a financial instrument level, the effect is included in the flows 'increased expected credit loss' and 'decreased (reversed) expected credit loss'.

## Note 6 Development in accumulated impairment of financial instruments (continued)

### Financial commitments (quarterly figures)

Amounts in NOK million	4th quarter 2019				4th quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	<b>Accumulated impairment as at 30 September</b>	<b>(119)</b>	<b>(485)</b>	<b>(1 057)</b>	<b>(1 660)</b>	<b>(101)</b>	<b>(398)</b>	<b>(433)</b>
Transfer to stage 1	(36)	31	5		(8)	8		
Transfer to stage 2	6	(8)	1		10	(11)	1	0
Transfer to stage 3	0	0	(0)		0	0	(0)	
Originated and purchased	(11)	(0)		(11)	(28)	(6)		(34)
Increased expected credit loss	(19)	(120)	(69)	(209)	(17)	(95)	(152)	(264)
Decreased (reversed) expected credit loss	67	119	574	761	28	46	18	92
Derecognition	0	105		105	0	22		22
Exchange rate movements	0	(1)	(0)	(1)	(1)	(2)	(2)	(6)
Other	0	0	0	0				
<b>Accumulated impairment as at 31 December</b>	<b>(111)</b>	<b>(358)</b>	<b>(546)</b>	<b>(1 016)</b>	<b>(117)</b>	<b>(436)</b>	<b>(569)</b>	<b>(1 122)</b>

### Financial commitments (year-to-date figures)

Amounts in NOK million	Full year 2019				Full year 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	<b>Accumulated impairment as at 31 December / 1 January</b>	<b>(117)</b>	<b>(436)</b>	<b>(569)</b>	<b>(1 122)</b>	<b>(137)</b>	<b>(1 164)</b>	<b>(508)</b>
Transfer to stage 1	(182)	147	35		(124)	124		
Transfer to stage 2	44	(48)	4		20	(23)	4	
Transfer to stage 3	0	5	(6)		0	584	(584)	
Originated and purchased	(121)	(14)		(136)	(114)	(20)		(134)
Increased expected credit loss <sup>1)</sup>	(72)	(538)	(1 179)	(1 789)	(38)	(346)	(316)	(700)
Decreased (reversed) expected credit loss <sup>1)</sup>	333	341	1 155	1 830	275	341	821	1 436
Derecognition	4	184		188	0	72		72
Exchange rate movements	0	(1)	(0)	(1)	(1)	(2)	(0)	(3)
Other	0	0	14	14	(0)		15	15
<b>Accumulated impairment as at 31 December</b>	<b>(111)</b>	<b>(358)</b>	<b>(546)</b>	<b>(1 016)</b>	<b>(117)</b>	<b>(436)</b>	<b>(569)</b>	<b>(1 122)</b>

1) In the second quarter of 2019, DNB performed a recalibration of the IFRS 9 models used for stage 1 and stage 2 loans and financial commitments. The net effect of the recalibration is an increase in expected credit loss of approximately NOK 70 million. As the recalibration resulted in both increases and decreases on a financial instrument level, the effect is included in the flows 'increased expected credit loss' and 'decreased (reversed) expected credit loss'.

## Note 6 Development in accumulated impairment of financial instruments (continued)

### Financial commitments (quarterly figures)

Amounts in NOK million	4th quarter 2019				4th quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	<b>Accumulated impairment as at 30 September</b>	<b>(152)</b>	<b>(904)</b>	<b>(1 054)</b>	<b>(2 110)</b>	<b>(134)</b>	<b>(1 008)</b>	<b>(436)</b>
Transfer to stage 1	(37)	32	5		(67)	67		
Transfer to stage 2	7	(9)	1		17	(18)	1	
Transfer to stage 3	0	0	(0)		0	0	(0)	(0)
Originated and purchased	(23)	(0)		(23)	(34)	(10)		(44)
Increased expected credit loss	(23)	(132)	(69)	(225)	(20)	(108)	(152)	(281)
Decreased (reversed) expected credit loss	79	219	574	872	91	90	18	199
Derecognition	3	116	0	119	2	26	2	30
Exchange rate movements	(0)	10	(0)	9	(3)	(39)	(3)	(45)
Other	0	0	0	0				
<b>Accumulated impairment as at 31 December</b>	<b>(146)</b>	<b>(667)</b>	<b>(543)</b>	<b>(1 357)</b>	<b>(149)</b>	<b>(1 001)</b>	<b>(569)</b>	<b>(1 719)</b>

### Financial commitments (year-to-date figures)

Amounts in NOK million	Full year 2019				Full year 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	<b>Accumulated impairment as at 31 December / 1 January</b>	<b>(149)</b>	<b>(1 001)</b>	<b>(569)</b>	<b>(1 719)</b>	<b>(171)</b>	<b>(2 128)</b>	<b>(511)</b>
Transfer to stage 1	(187)	152	35		(194)	194		
Transfer to stage 2	46	(50)	4		27	(31)	4	
Transfer to stage 3	0	9	(9)		0	584	(584)	
Originated and purchased	(158)	(14)		(172)	(134)	(338)		(472)
Increased expected credit loss <sup>1)</sup>	(83)	(653)	(1 173)	(1 909)	(49)	(580)	(316)	(946)
Decreased (reversed) expected credit loss <sup>1)</sup>	375	697	1 155	2 228	371	958	821	2 150
Derecognition	8	201	0	209	2	370	2	374
Exchange rate movements	(0)	(8)	(0)	(9)	(1)	(30)	0	(31)
Other	0	0	14	14	(0)	(0)	15	15
<b>Accumulated impairment as at 31 December</b>	<b>(146)</b>	<b>(667)</b>	<b>(543)</b>	<b>(1 357)</b>	<b>(149)</b>	<b>(1 001)</b>	<b>(569)</b>	<b>(1 719)</b>

1) In the second quarter of 2019, DNB performed a recalibration of the IFRS 9 models used for stage 1 and stage 2 loans and financial commitments. The net effect of the recalibration is a decrease in expected credit loss of NOK 5 million. As the recalibration resulted in both increases and decreases on a financial instrument level, the effect is included in the flows 'increased expected credit loss' and 'decreased (reversed) expected credit loss'.

## Note 7 Loans and financial commitments to customers by industry segment

### Loans to customers as at 31 December 2019

<i>Amounts in NOK million</i>	Gross carrying amount	Accumulated impairment			DNB Bank Group	
		Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	122 024	(8)	(8)	(23)	5	121 991
Commercial real estate	173 751	(10)	(37)	(384)	144	173 464
Shipping	47 076	(47)	(94)	(285)		46 651
Oil, gas and offshore	64 934	(44)	(376)	(4 384)		60 131
Power and renewables	31 254	(8)	(3)	(46)		31 197
Healthcare	20 989	(7)	(3)			20 979
Public sector	13 952	(7)	(0)	(0)		13 945
Fishing, fish farming and farming	41 198	(6)	(29)	(143)	161	41 182
Retail industries	40 551	(10)	(34)	(457)	58	40 108
Manufacturing	42 216	(21)	(35)	(204)	19	41 976
Technology, media and telecom	24 540	(21)	(6)	(25)	25	24 513
Services	72 108	(24)	(38)	(847)	191	71 390
Residential property	89 719	(6)	(13)	(121)	362	89 941
Personal customers	781 089	(72)	(307)	(641)	48 962	829 030
Other corporate customers	66 203	(17)	(58)	(1 345)	69	64 852
<b>Total <sup>1)</sup></b>	<b>1 631 605</b>	<b>(305)</b>	<b>(1 041)</b>	<b>(8 904)</b>	<b>49 995</b>	<b>1 671 350</b>

1) Of which NOK 56 049 million in repo trading volumes.

### Loans to customers as at 31 December 2018

<i>Amounts in NOK million</i>	Gross carrying amount	Accumulated impairment			DNB Bank Group	
		Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	92 825	(9)	(4)	(55)		92 757
Commercial real estate	160 272	(9)	(43)	(261)	179	160 138
Shipping	57 750	(67)	(117)	(655)		56 911
Oil, gas and offshore	61 201	(54)	(586)	(4 336)		56 225
Power and renewables	30 556	(8)	(85)	(107)		30 355
Healthcare	22 601	(7)	(9)	(0)		22 585
Public sector	22 303	(0)	(1)	(0)		22 301
Fishing, fish farming and farming	34 983	(3)	(13)	(70)	165	35 063
Retail industries	40 210	(15)	(13)	(595)	65	39 653
Manufacturing	45 914	(19)	(9)	(339)	21	45 568
Technology, media and telecom	27 530	(28)	(4)	(30)	17	27 485
Services	64 577	(18)	(18)	(545)	203	64 200
Residential property	91 562	(6)	(7)	(222)	375	91 702
Personal customers	758 495	(91)	(288)	(678)	47 688	805 126
Other corporate customers	48 342	(17)	(30)	(427)	80	47 948
<b>Total <sup>1)</sup></b>	<b>1 559 120</b>	<b>(351)</b>	<b>(1 224)</b>	<b>(8 321)</b>	<b>48 794</b>	<b>1 598 017</b>

1) Of which NOK 38 783 million in repo trading volumes.



## Note 7 Loans and financial commitments to customers by industry segment (continued)

Financial commitments as at 31 December 2019	Maximum exposure	Accumulated impairment			DNB Bank Group Total
		Stage 1	Stage 2	Stage 3	
<i>Amounts in NOK million</i>					
Bank, insurance and portfolio management	26 189	(5)	(1)	(0)	26 183
Commercial real estate	26 052	(2)	(1)	(4)	26 045
Shipping	10 409	(11)	(30)		10 368
Oil, gas and offshore	57 026	(48)	(463)	(268)	56 247
Power and renewables	28 403	(5)	(19)		28 378
Healthcare	29 100	(8)	(0)		29 091
Public sector	11 086	(0)	(0)		11 085
Fishing, fish farming and farming	17 835	(2)	(0)	(6)	17 826
Retail industries	30 429	(5)	(17)	(35)	30 373
Manufacturing	50 321	(11)	(32)	(2)	50 276
Technology, media and telecom	16 138	(10)	(3)		16 125
Services	25 494	(11)	(16)	(21)	25 445
Residential property	33 412	(2)	(1)	(3)	33 405
Personal customers	241 498	(14)	(67)	(0)	241 416
Other corporate customers	41 089	(10)	(17)	(203)	40 859
<b>Total</b>	<b>644 482</b>	<b>(146)</b>	<b>(667)</b>	<b>(543)</b>	<b>643 124</b>

Financial commitments as at 31 December 2018	Maximum exposure	Accumulated impairment			DNB Bank Group Total
		Stage 1	Stage 2	Stage 3	
<i>Amounts in NOK million</i>					
Bank, insurance and portfolio management	17 884	(7)	(7)	(0)	17 871
Commercial real estate	26 867	(2)	(1)	(4)	26 861
Shipping	10 605	(6)	(22)		10 577
Oil, gas and offshore	73 945	(53)	(809)	(322)	72 761
Power and renewables	30 481	(4)	(38)	0	30 439
Healthcare	24 000	(7)	(0)		23 992
Public sector	10 711	(0)			10 711
Fishing, fish farming and farming	14 578	(3)	(1)	(3)	14 571
Retail industries	30 386	(9)	(5)	(98)	30 275
Manufacturing	56 392	(16)	(28)	(5)	56 343
Technology, media and telecom	17 799	(8)	(3)	(2)	17 785
Services	26 142	(11)	(11)	(11)	26 109
Residential property	34 240	(2)	(3)	(2)	34 232
Personal customers	241 943	(15)	(63)	(0)	241 866
Other corporate customers	38 558	(6)	(10)	(123)	38 419
<b>Total</b>	<b>654 531</b>	<b>(149)</b>	<b>(1 001)</b>	<b>(569)</b>	<b>652 812</b>

## Note 8 Financial instruments at fair value

DNB Bank ASA				
<i>Amounts in NOK million</i>	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
<b>Assets as at 31 December 2019</b>				
Loans to customers		127 055	8 495	135 550
Commercial paper and bonds	22 432	208 972	356	231 759
Shareholdings	5 116	259	633	6 008
Financial derivatives	244	134 143	1 868	136 255
<b>Liabilities as at 31 December 2019</b>				
Deposits from customers		19 535		19 535
Debt securities issued <sup>1)</sup>		7 720		7 720
Subordinated loan capital <sup>1)</sup>		176		176
Financial derivatives	261	166 553	1 536	168 349
Other financial liabilities <sup>2)</sup>	10 883			10 883

DNB Bank ASA				
<i>Amounts in NOK million</i>	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
<b>Assets as at 31 December 2018</b>				
Loans to customers		114 901	7 509	122 410
Commercial paper and bonds	55 834	206 054	319	262 207
Shareholdings	5 765	231	583	6 580
Financial derivatives	238	136 031	2 036	138 306
<b>Liabilities as at 31 December 2018</b>				
Deposits from customers		14 680		14 680
Debt securities issued		7 244		7 244
Subordinated loan capital		2 483		2 483
Financial derivatives	285	160 743	1 654	162 683
Other financial liabilities <sup>2)</sup>	3 157			3 157

1) The measurement category for debt securities issued in Norwegian kroner with floating rates has been changed from FVTPL to amortised cost as of 31 December 2019. Comparative information has not been restated.

2) Short positions, trading activities.

Loans with floating interest rate measured at fair value through other comprehensive income are categorised within level 2, since the valuation is mainly based on observable inputs.

## Note 8 Financial instruments at fair value (continued)

<i>Amounts in NOK million</i>	DNB Bank Group			
	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Total
<b>Assets as at 31 December 2019</b>				
Loans to customers			49 995	49 995
Commercial paper and bonds	22 432	192 730	356	215 518
Shareholdings	6 414	270	795	7 479
Financial derivatives	244	123 252	1 868	125 364
<b>Liabilities as at 31 December 2019</b>				
Deposits from customers		19 535		19 535
Debt securities issued <sup>1)</sup>		21 757		21 757
Subordinated loan capital <sup>1)</sup>		176		176
Financial derivatives	261	114 074	1 536	115 871
Other financial liabilities <sup>2)</sup>	10 883			10 883

<i>Amounts in NOK million</i>	DNB Bank Group			
	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Total
<b>Assets as at 31 December 2018</b>				
Loans to customers			48 794	48 794
Commercial paper and bonds	55 834	196 371	319	252 524
Shareholdings	6 974	240	741	7 955
Financial derivatives	238	123 083	2 036	125 358
<b>Liabilities as at 31 December 2018</b>				
Deposits from customers		14 680		14 680
Debt securities issued		79 402		79 402
Subordinated loan capital		2 483		2 483
Financial derivatives	285	108 065	1 654	110 005
Other financial liabilities <sup>2)</sup>	3 157			3 157

1) The measurement category for debt securities issued in Norwegian kroner with floating rates has been changed from FVTPL to amortised cost as of 31 December 2019. Comparative information has not been restated.

2) Short positions, trading activities.

For a further description of the instruments and valuation techniques, see the annual report for 2018.

## Note 8 Financial instruments at fair value (continued)

### Financial instruments at fair value, level 3

#### DNB Bank ASA

<i>Amounts in NOK million</i>	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
<b>Carrying amount as at 1 January 2018</b>	<b>6 259</b>	<b>328</b>	<b>527</b>	<b>2 069</b>	<b>1 749</b>
Net gains recognised in the income statement	(76)	(459)	(63)	(462)	(237)
Additions/purchases	3 198	358	190	1 185	886
Sales	(45)	(27)	(70)		
Settled	(1 827)	(0)		(756)	(745)
Transferred from level 1 or level 2		230			
Transferred to level 1 or level 2		(69)			
Other		(42)		0	2
<b>Carrying amount as at 31 December 2018</b>	<b>7 509</b>	<b>319</b>	<b>583</b>	<b>2 036</b>	<b>1 654</b>
Net gains recognised in the income statement	(17)	(156)	62	(535)	(215)
Additions/purchases	2 188	419	112	1 152	849
Sales	(28)	(280)	(125)		
Settled	(1 157)			(774)	(753)
Transferred from level 1 or level 2		129			
Transferred to level 1 or level 2		(135)			
Other		60		(11)	1
<b>Carrying amount as at 31 December 2019</b>	<b>8 495</b>	<b>356</b>	<b>633</b>	<b>1 868</b>	<b>1 536</b>

### Financial instruments at fair value, level 3

#### DNB Bank Group

<i>Amounts in NOK million</i>	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
<b>Carrying amount as at 1 January 2018</b>	<b>46 605</b>	<b>328</b>	<b>621</b>	<b>2 069</b>	<b>1 749</b>
Net gains recognised in the income statement	(390)	(459)	(63)	(462)	(237)
Additions/purchases	15 324	358	258	1 185	886
Sales		(27)	(75)		
Settled	(12 745)	(0)		(756)	(745)
Transferred from level 1 or level 2		230	0		
Transferred to level 1 or level 2		(69)			
Other		(42)	0	0	2
<b>Carrying amount as at 31 December 2018</b>	<b>48 794</b>	<b>319</b>	<b>741</b>	<b>2 036</b>	<b>1 654</b>
Net gains recognised in the income statement	(188)	(156)	62	(535)	(215)
Additions/purchases	9 696	419	128	1 152	849
Sales		(280)	(136)		
Settled	(8 306)			(774)	(753)
Transferred from level 1 or level 2		129			
Transferred to level 1 or level 2		(135)			
Other		60	(0)	(11)	1
<b>Carrying amount as at 31 December 2019</b>	<b>49 995</b>	<b>356</b>	<b>795</b>	<b>1 868</b>	<b>1 536</b>

### Sensitivity analysis, level 3

An increase in the discount rate on fixed-rate loans by 10 basis points will decrease the fair value by NOK 31 million in DNB Bank ASA and 146 million in DNB Bank Group. The effects on other Level 3 financial instruments are insignificant.

## Note 9 Debt securities issued and subordinated loan capital

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

### Debt securities issued 2019

<i>Amounts in NOK million</i>	DNB Bank ASA					
	Balance sheet	Issued	Matured/ redeemed	Exchange rate movements	Other changes	Balance sheet
	31 Dec. 2019					31 Dec. 2018
Commercial paper issued, nominal amount	188 120	977 397	(885 921)	(78 087)		174 732
Bond debt, nominal amount	222 550	91 027	(23 208)	674		154 057
Value adjustments	5 895				(633)	6 528
<b>Total debt securities issued</b>	<b>416 565</b>	<b>1 068 424</b>	<b>(909 130)</b>	<b>(77 413)</b>	<b>(633)</b>	<b>335 317</b>

### Debt securities issued 2018

<i>Amounts in NOK million</i>	DNB Bank ASA					
	Balance sheet	Issued	Matured/ redeemed	Exchange rate movements	Other changes	Balance sheet
	31 Dec. 2018					31 Dec. 2017
Commercial paper issued, nominal amount	174 732	1 037 792	(1 028 264)	6 529		158 675
Bond debt, nominal amount	154 057	12 684	(21 562)	3 400		159 536
Value adjustments	6 528				(1 433)	7 961
<b>Total debt securities issued</b>	<b>335 317</b>	<b>1 050 476</b>	<b>(1 049 827)</b>	<b>9 929</b>	<b>(1 433)</b>	<b>326 171</b>

### Debt securities issued 2019

<i>Amounts in NOK million</i>	DNB Bank Group					
	Balance sheet	Issued	Matured/ redeemed	Exchange rate movements	Other changes	Balance sheet
	31 Dec. 2019					31 Dec. 2018
Commercial paper issued, nominal amount	188 120	977 397	(885 921)	(78 087)		174 732
Bond debt, nominal amount <sup>1)</sup>	655 455	119 704	(69 194)	(1 008)		605 952
Value adjustments	28 057				4 945	23 112
<b>Total debt securities issued</b>	<b>871 632</b>	<b>1 097 101</b>	<b>(955 115)</b>	<b>(79 095)</b>	<b>4 945</b>	<b>803 796</b>

### Debt securities issued 2018

<i>Amounts in NOK million</i>	DNB Bank Group					
	Balance sheet	Issued	Matured/ redeemed	Exchange rate movements	Other changes	Balance sheet
	31 Dec. 2018					31 Dec. 2017
Commercial paper issued, nominal amount	174 732	1 037 792	(1 028 264)	6 529		158 675
Bond debt, nominal amount <sup>1)</sup>	605 952	78 195	(81 198)	10 754		598 202
Value adjustments	23 112				(2 138)	25 250
<b>Total debt securities issued</b>	<b>803 796</b>	<b>1 115 987</b>	<b>(1 109 463)</b>	<b>17 283</b>	<b>(2 138)</b>	<b>782 127</b>

1) Minus own bonds. The total nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 449.0 billion as at 31 December 2019. The market value of the cover pool represented NOK 632.6 billion.

## Note 9 Debt securities issued and subordinated loan capital (continued)

	Subordinated loan capital and perpetual subordinated loan capital securities 2019					DNB Bank ASA	
	Balance sheet 31 Dec. 2019	Issued 2019	Matured/ redeemed 2019	Exchange rate movements 2019	Other changes 2019	Balance sheet 31 Dec. 2018	
<i>Amounts in NOK million</i>							
Term subordinated loan capital, nominal amount	24 943	9	(9)	(167)		25 110	
Perpetual subordinated loan capital, nominal amount	5 774			81		5 693	
Value adjustments	378				100	278	
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>31 095</b>	<b>9</b>	<b>(9)</b>	<b>(86)</b>	<b>100</b>	<b>31 082</b>	

	Subordinated loan capital and perpetual subordinated loan capital securities 2018					DNB Bank ASA	
	Balance sheet 31 Dec. 2018	Issued 2018	Matured/ redeemed 2018	Exchange rate movements 2018	Other changes 2018	Balance sheet 31 Dec. 2017	
<i>Amounts in NOK million</i>							
Term subordinated loan capital, nominal amount	25 110	9 419	(8 542)	336		23 897	
Perpetual subordinated loan capital, nominal amount	5 693			332		5 361	
Value adjustments	278				(2)	280	
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>31 082</b>	<b>9 419</b>	<b>(8 542)</b>	<b>669</b>	<b>(2)</b>	<b>29 538</b>	

	Subordinated loan capital and perpetual subordinated loan capital securities 2019					DNB Bank Group	
	Balance sheet 31 Dec. 2019	Issued 2019	Matured/ redeemed 2019	Exchange rate movements 2019	Other changes 2019	Balance sheet 31 Dec. 2018	
<i>Amounts in NOK million</i>							
Term subordinated loan capital, nominal amount	24 943	9	(9)	(167)		25 110	
Perpetual subordinated loan capital, nominal amount	5 774			81		5 693	
Value adjustments	378				100	278	
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>31 095</b>	<b>9</b>	<b>(9)</b>	<b>(86)</b>	<b>100</b>	<b>31 082</b>	

	Subordinated loan capital and perpetual subordinated loan capital securities 2018					DNB Bank Group	
	Balance sheet 31 Dec. 2018	Issued 2018	Matured/ redeemed 2018	Exchange rate movements 2018	Other changes 2018	Balance sheet 31 Dec. 2017	
<i>Amounts in NOK million</i>							
Term subordinated loan capital, nominal amount	25 110	9 419	(8 542)	336		23 897	
Perpetual subordinated loan capital, nominal amount	5 693			332		5 361	
Value adjustments	278				(2)	280	
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>31 082</b>	<b>9 419</b>	<b>(8 542)</b>	<b>669</b>	<b>(2)</b>	<b>29 538</b>	

## **Note 10      Information on related parties**

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### **DNB Boligkreditt AS**

In 2019, loan portfolios representing NOK 1.5 billion (NOK 3.5 billion in 2018) were transferred from the bank to DNB Boligkreditt in accordance with the "Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkreditt AS".

At end-December 2019, the bank had invested NOK 16.2 billion in covered bonds issued by DNB Boligkreditt.

The management fee paid to the bank for purchased services amounted to NOK 728 million at end-December 2019 (NOK 687 million at end-December 2018).

In 2019, DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 5.2 billion at end-December 2019.

The company has a long-term overdraft facility in DNB Bank ASA with a limit of NOK 170 billion.

### **DNB Livsforsikring AS**

At end-December 2019 DNB Livsforsikring's holding of DNB Boligkreditt bonds was valued at NOK 1.5 billion.

### **DNB Singapore branch and DNB Asia Ltd.**

The banking group started to reorganise the operations in Singapore in the second quarter of 2019, including the operations of both the DNB Singapore branch (DNB Bank ASA) and DNB Asia Ltd.

All loans registered in DNB Asia Ltd had been transferred to Norway at end of December 2019 and the company will eventually be liquidated. Correspondingly loans, guarantees and derivatives related to customers in DNB Singapore branch had been transferred to Norway. Transfers have been made using the pooling of interest method.

## **Note 11      Contingencies**

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Due to its extensive operations in Norway and abroad, the banking group will regularly be party to a number of legal actions and tax related disputes. None of the current disputes are expected to have any material impact on the banking group's financial position.

# Information about the DNB Bank Group

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Telephone +47 91 50 48 00  
Internet dnb.no  
Organisation number Register of Business Enterprises NO 981 276 957 MVA

## DNB Bank ASA

Organisation number Register of Business Enterprises NO 984 851 006 MVA

## Board of Directors in DNB Bank ASA

Olaug Svarva, Chair of the Board  
Kim Wahl, Vice Chair of the Board  
Lillian Hattrem  
Jens Petter Olsen

## Investor Relations

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## Financial calendar 2020

5 March	Annual report 2019
28 April	Annual General Meeting
30 April	Q1 2020
13 July	Q2 2020
22 October	Q3 2020

## Other sources of information

### Annual and quarterly reports

Separate annual and quarterly reports are prepared for the DNB Group, DNB Boligkreditt and DNB Livsforsikring. The reports are available on [ir.dnb.no](http://ir.dnb.no). Annual and quarterly reports can be ordered by sending an e-mail to Investor Relations.

*The quarterly report has been produced by Group Financial Reporting in DNB.  
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**We are here.  
So you can  
stay ahead.**

**DNB Bank**

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