

**DNB Bank**

A company in the DNB group

# Fourth quarter report 2020

(Preliminary and unaudited)

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DNB

# Financial highlights

## Income statement

<i>Amounts in NOK million</i>	<b>DNB Bank Group</b>			
	4th quarter 2020	4th quarter 2019	Full year 2020	Full year 2019
Net interest income	9 604	10 541	39 285	39 908
Net commissions and fees	1 669	1 819	6 266	6 618
Net gains on financial instruments at fair value	189	(449)	5 938	3 173
Other operating income	782	643	2 374	2 482
Net other operating income	2 639	2 012	14 578	12 272
Total income	12 243	12 554	53 862	52 181
Operating expenses	(5 885)	(5 844)	(22 103)	(21 952)
Restructuring costs and non-recurring effects	(434)	(149)	(474)	(326)
Pre-tax operating profit before impairment	5 924	6 561	31 286	29 903
Net gains on fixed and intangible assets	(1)	9	(1)	(33)
Impairment of financial instruments	(1 250)	(178)	(9 918)	(2 191)
Pre-tax operating profit	4 673	6 392	21 366	27 678
Tax expense	(588)	(567)	(3 926)	(4 825)
Profit from operations held for sale, after taxes	292	68	221	(49)
Profit for the period	4 377	5 892	17 661	22 805

## Balance sheet

<i>Amounts in NOK million</i>	31 Dec. 2020	31 Dec. 2019
Total assets	2 582 304	2 470 640
Loans to customers	1 703 524	1 671 350
Deposits from customers	1 112 058	977 530
Total equity	236 161	229 619
Average total assets	2 905 570	2 564 525

## Key figures and alternative performance measures

	4th quarter 2020	4th quarter 2019	Full year 2020	Full year 2019
Return on equity, annualised (per cent) <sup>1)</sup>	7.7	11.0	7.8	11.1
Combined weighted total average spread for lending and deposits (per cent) <sup>1)</sup>	1.23	1.34	1.27	1.33
Average spread for ordinary lending to customers (per cent) <sup>1)</sup>	2.02	1.80	2.04	1.84
Average spread for deposits from customers (per cent) <sup>1)</sup>	0.08	0.62	0.12	0.51
Cost/income ratio (per cent) <sup>1)</sup>	51.6	47.7	41.9	42.7
Ratio of customer deposits to net loans to customers at end of period <sup>1)</sup>	67.3	57.9	67.3	57.9
Net loans at amortised cost and financial commitments in stage 2, per cent of net loans at amortised cost <sup>1) 2)</sup>	10.39	6.81	10.39	6.81
Net loans at amortised cost and financial commitments in stage 3, per cent of net loans at amortised cost <sup>1) 2)</sup>	1.53	1.12	1.53	1.12
Impairment relative to average net loans to customers at amortised cost, annualised (per cent) <sup>1) 2)</sup>	(0.29)	(0.04)	(0.58)	(0.13)
Common equity Tier 1 capital ratio at end of period (per cent)	19.6	18.3	19.6	18.3
Leverage ratio (per cent)	7.3	7.2	7.3	7.2
Number of full-time positions at end of period	8 643	8 617	8 643	8 617

1) Defined as alternative performance measure (APM). APMs are described on ir.dnb.no.

2) Figures from 1 January 2020 are recognised excluding loans at fair value. Historical figures have been adjusted accordingly.

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

# Directors' report

Despite a pandemic, the most far-reaching measures introduced in Norway in peacetime, zero interest rates and a major restructuring of the Norwegian economy, DNB Bank Group <sup>1)</sup> has shown itself to be very robust. During the course of 2020, the banking group has built up capital and is now in a stronger position than ever, while customer confidence is record-high. In contrast to many banks in Europe, the banking group is seeing healthy growth, good results and a high level of trust among its customers, and is operating in an economy that has fared well so far through the pandemic.

## Fourth quarter financial performance

The banking group's profit in the quarter was NOK 4 377 million, a decrease of NOK 1 515 million from the year-earlier period. Compared with the previous quarter, profits decreased by NOK 533 million.

The common equity Tier 1 (CET1) capital ratio was 19.6 per cent, up from 18.3 per cent a year earlier, and from 18.6 per cent in the third quarter of 2020.

The leverage ratio for the banking group was 7.3 per cent, up from 7.2 per cent in the fourth quarter of 2019, and from 6.7 per cent in the third quarter of 2020.

Return on equity (ROE) was negatively impacted by mark-to-market adjustments, and ended at 7.7 per cent. The comparable figures were 11.0 per cent in the fourth quarter of 2019 and 8.8 per cent in the third quarter of 2020.

Net interest income was down NOK 937 million, or 8.9 per cent, from the fourth quarter of 2019. This was mainly due to reduced margins reflecting the effect of repricing after Norges Bank's key policy rate cuts, as well as lower interest on equity. Compared with the third quarter, net interest income was up NOK 176 million, or 1.9 per cent, mainly due to increased lending and deposit volumes.

Net other operating income amounted to NOK 2 639 million in the fourth quarter, up NOK 627 million from the corresponding period in 2019. This was mainly due to higher valuation adjustments for derivatives (CVA/DVA/FVA) and other mark-to-market adjustments, including basis swaps. Net commissions and fees decreased by NOK 150 million, or 8.3 per cent, from the year-earlier period, due to lower income from money transfer and banking services caused by the COVID-19 situation. Compared with the third quarter, net other operating income was down NOK 344 million, mainly due to negative exchange rate effects on additional Tier 1 (AT1) capital. Net commissions and fees increased by NOK 120 million, or 7.8 per cent, mainly due to higher income from investment banking services.

Operating expenses amounted to NOK 6 319 million in the fourth quarter, which included a provision for a possible administrative fine from Finanstilsynet (the Financial Supervisory Authority of Norway) of NOK 400 million. Compared with the previous quarter, operating expenses were up NOK 818 million, due to the mentioned provision, restructuring expenses, seasonally higher activity and increased salaries and other personnel expenses.

Impairment of financial instruments amounted to NOK 1 250 million in the fourth quarter. This is an increase of NOK 1 072 million compared with the fourth quarter last year and of NOK 474 million compared with the third quarter of 2020. Impairment provisions of NOK 1 250 million in the quarter was to a large extent related to stage 3 customers in the corporate customers industry

segments, especially within offshore in the oil, gas and offshore industry segment. However, the impairment provisions in the corporate customers industry segments were to a certain extent curtailed by reversals in stages 1 and 2 spread across most industries. The personal customers industry segment experienced net reversals in stages 1 and 2 in the fourth quarter, particularly within the consumer finance portfolio. In general, there is still significant uncertainty due to the COVID-19 pandemic.

## Dividends

The Board of Directors was authorised by an extraordinary general meeting in November 2020 to decide on a dividend for 2019 after 1 January 2021. In January 2021, the Norwegian Ministry of Finance conveyed an expectation that the banks' total distribution of dividends should be kept within 30 per cent of the accumulated profit for the years 2019 and 2020, until September 2021. In light of this, the Board of Directors in DNB Bank ASA has decided to pay a dividend of NOK 12 478 million from 2019 to DNB ASA. The distribution will take place in February 2021.

The Board of Directors in DNB Bank ASA will ask the Annual General Meeting in April 2021 for an authorisation to pay a dividend of up to NOK 9.00 per share for 2020, applicable from 1 October 2021 until the Annual General Meeting in 2022.

## Important events in the fourth quarter

In December, DNB received a preliminary report from Finanstilsynet following an ordinary AML inspection in February 2020. According to the report, DNB had not been complicit in money laundering, but Finanstilsynet criticised the bank for inadequate compliance with the Norwegian Anti-Money Laundering Act. On the basis of this criticism, Finanstilsynet wrote in a preliminary report that it is considering imposing an administrative fine of NOK 400 million on the bank. The bank will examine Finanstilsynet's preliminary report and submit a response to Finanstilsynet by the deadline.

In November, together with SpareBank 1, DNB made a strategic acquisition of Uni Micro, one of Norway's leading players in enterprise resource planning (ERP) and accounting systems. Uni Micro will be the system provider of the new version of DNB's accounting app, DNB Regnskap. The acquisition will strengthen the banks' efforts relating to digital systems for accounting and financial management, and lead to a highly flexible accounting solution that will be relevant for the entire small and medium-sized enterprises (SME) market in Norway. The transaction is subject to the approval of Finanstilsynet.

In the fourth quarter, through an international cooperation project, DNB and 14 other banks disclosed the carbon intensity of their shipping portfolios. The banks collected their customers' emissions data per ship, and made the results from their combined portfolios available to the public, in the form of a report.

In December, DNB established a new green framework for unsecured funding, the Green Financing Framework, complementing DNB's existing Green Covered Bond Framework.

In mid-December, DNB reopened the coronavirus phone line so as to be available to customers needing help and advice. The reason for this was a second wave of the coronavirus pandemic that caused challenges for many companies in Norway.

In the fourth quarter, DNB's savings app Spare was made available to all personal customers, including people who do not have an account in DNB.

In November, DNB won the Fidus security award from the Norwegian Center for Information Security (NorSIS) for the second year running. The aim of the award is to raise awareness of the importance of information security, both among private individuals and in the business community. The finalists are selected through a large population survey before the winner is chosen by a jury.

<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.

The Financial Times published this year's Diversity Leaders Special Report in the fourth quarter. The report ranks 850 companies from 24 different industry sectors across 16 European countries on diversity and inclusion. DNB was ranked fourth overall and ended up at the top of the Banking and Financial Services category. The result is based on nearly 300 000 evaluations.

In the fourth quarter, rating agencies S&P Global Ratings and Moody's both affirmed their solid ratings of DNB of AA- and Aa2, respectively. Both rating agencies emphasised DNB's robust capitalisation and strong earnings, despite the drop in the oil price and market conditions affected by the COVID-19 pandemic.

DNB was awarded a rating of A in the category 'climate change' by CDP (formerly the Carbon Disclosure Project) in the fourth quarter, placing it at the top of this category for the fourth year running.

In December, DNB won the prestigious award for best real estate strategy for commercial property at the IPE Conference & Awards 2020. IPE Real Assets is a leading conference in Europe for European insurance and pension funds.

For the second year in a row, corporate customers voted to give DNB's investment banking unit, DNB Markets, first place in the Prospera ranking for Corporate Finance Advisors M&A Norway 2020, for financial advice relating to mergers and acquisitions. In addition, Prospera ranked DNB number one for the sixth time in a row in the category Domestic Equity Norway.

DNB's overall score in the Norwegian ethical bank guide ('*Etisk bankguide*') increased for the fifth year in a row, this time from 73 per cent to 75 per cent. New guidelines and improvements made to old guidelines, as well as greater openness and transparency regarding corporate responsibility on our website, are factors that have been emphasised in this year's positive assessment.

DNB has had eight good quarters in a row in RepTrak's quarterly reputation survey in Norway. In the fourth quarter, DNB scored 76.7 points, the highest ever. This shows that DNB is still a well-liked bank. Anything over 70 points indicates a good reputation.

## Fourth quarter income statement – main items

### Net interest income

Amounts in NOK million	4Q20	3Q20	4Q19
Lending spreads, customer segments	8 084	8 201	7 050
Deposit spreads, customer segments	232	(0)	1 521
Amortisation effects and fees	949	922	889
Operational leasing	529	510	463
Contributions to the deposit guarantee and resolution funds	(256)	(256)	(391)
Other net interest income	66	52	1 009
Net interest income	9 604	9 428	10 541

Net interest income decreased by NOK 937 million, or 8.9 per cent, from the fourth quarter of 2019. This was mainly due to reduced margins reflecting the effect of repricing after Norges Bank's key policy rate cuts, and lower interest on equity. However, increased lending and deposit volumes contributed positively. There was an average increase of NOK 37.6 billion, or 2.4 per cent, in the healthy loan portfolio compared with the fourth quarter of 2019. Adjusted for exchange rate effects, volumes were up NOK 29.4 billion, or 1.9 per cent. During the same period, deposits were up NOK 133.3 billion, or 13.7 per cent. Adjusted for exchange rate effects, there was an increase of NOK 130.3 billion, or 13.4 per cent. Average lending spreads widened by 22 basis points, and deposit spreads narrowed by 54 basis points compared with the fourth quarter of 2019. Volume-weighted spreads for the customer segments narrowed by 12 basis points compared with the same period in 2019.

Compared with the third quarter, net interest income increased by NOK 176 million, or 1.9 per cent, mainly due to increased lending and deposit volumes. There was an average increase of NOK 20.9 billion, or 1.3 per cent, in the healthy loan portfolio, and deposits were up NOK 26.2 billion, or 2.4 per cent. Volume-

weighted spreads for the customer segments were at the same level as in the third quarter of 2020.

### Net other operating income

Amounts in NOK million	4Q20	3Q20	4Q19
Net commissions and fees	1 669	1 548	1 819
Basis swaps	(152)	(363)	(361)
Exchange rate effects on additional Tier 1 capital	(1 508)	(391)	(742)
Net gains on other financial instruments at fair value	1 849	1 570	654
Net profit from associated companies	158	92	5
Other operating income	624	527	639
Net other operating income	2 639	2 983	2 012

Net other operating income increased by NOK 627 million from the fourth quarter of 2019. The increase was mainly due to higher valuation adjustments for derivatives (CVA/DVA/FVA) and other mark-to-market adjustments, including basis swaps. Net commissions and fees decreased by NOK 150 million, or 8.3 per cent, from the year-earlier period, mainly driven by lower income from money transfer and banking services as a result of fewer international transactions following the COVID-19 pandemic. However, real estate broking continued to show solid development in a seasonally slow quarter.

Compared with the third quarter of 2020, net other operating income decreased by NOK 344 million. The decrease was mainly due to negative exchange rate effects on AT1 capital. However, this was partly offset by a positive contribution from valuation adjustments for derivatives (CVA/DVA/FVA) and other mark-to-market adjustments. Net commissions and fees increased by NOK 120 million, or 7.8 per cent, from the third quarter, mainly driven by higher income from investment banking services, which saw a high level of activity in the capital markets in the fourth quarter.

### Operating expenses

Amounts in NOK million	4Q20	3Q20	4Q19
Salaries and other personnel expenses	(3 297)	(3 115)	(3 211)
Restructuring expenses	(52)	(2)	(53)
Other expenses	(2 071)	(1 521)	(1 860)
Depreciation of fixed and intangible assets	(917)	(851)	(778)
Impairment of fixed and intangible assets	18	(11)	(91)
Total operating expenses	(6 319)	(5 500)	(5 993)

Operating expenses amounted to NOK 6 319 million in the fourth quarter, which included a provision for a possible administrative fine from Finanstilsynet of NOK 400 million. There was an increase in operating expenses of NOK 326 million, or 5.4 per cent, compared with the fourth quarter of 2019, due to the mentioned provision and higher salaries and other personnel expenses, driven by increased fixed salaries as a result of the annual wage settlements in Norway. At the same time, pension expenses were lower, due to lower costs associated with the defined-benefit pension scheme including the compensation scheme.

Compared with the third quarter of 2020, operating expenses were up NOK 818 million, or 14.9 per cent. The main factors were the NOK 400 million provision, restructuring expenses, seasonally higher activity and increased salaries and other personnel expenses. In addition, pension costs increased due to higher returns on the closed defined-benefit pension scheme, where the hedging was presented as gain on financial instruments.

The cost/income ratio was 51.6 per cent in the fourth quarter.

## Impairment of financial instruments

Amounts in NOK million	4Q20	3Q20	4Q19
Personal customers	139	360	(81)
Commercial real estate	(41)	24	(70)
Shipping	(36)	32	171
Oil, gas and offshore	(1 340)	(1 037)	(360)
Other industry segments	28	(156)	163
Total impairment of financial instruments	(1 250)	(776)	(178)

Impairment of financial instruments amounted to NOK 1 250 million in the fourth quarter. This is an increase of NOK 1 072 million compared with the fourth quarter of 2019 and of NOK 474 million compared with the third quarter of 2020. The impairment provisions were a result of an increase within stage 3, curtailed by reversals in stages 1 and 2. Overall, the reversals in stages 1 and 2 reflect the fact that the economy is closer to the expected recovery in 2021 and 2022 and another quarter has passed since the initial outbreak of COVID-19. However, there is still significant uncertainty relating to the development of the pandemic in the time ahead.

The personal customers industry segment saw reversals of NOK 139 million in the quarter compared with impairment provisions of NOK 81 million in the corresponding quarter in 2019 and reversals of NOK 360 million in the third quarter of 2020. The reversals can primarily be attributed to consumer finance in stages 1 and 2, caused by lower exposure, positive credit risk migration and an improved macro-outlook compared with previous quarters in 2020.

Impairment of financial instruments in commercial real estate decreased by NOK 29 million compared with the fourth quarter of 2019. Compared with the third quarter of 2020, impairment of financial instruments showed an increase of NOK 65 million. Commercial real estate experienced relatively stable macro forecasts and credit quality in the quarter. There are still no indications of deteriorating credit quality within the commercial real estate portfolio.

There were impairment provisions of NOK 36 million within the shipping segment in the fourth quarter. This is an increase of NOK 207 million compared with the fourth quarter of 2019 and an increase of NOK 68 million compared with the third quarter of 2020. The overall portfolio quality and the development in relevant macro drivers for the shipping portfolio were stable in the fourth quarter.

There were impairment provisions of NOK 1 340 million within the oil, gas and offshore segment in the quarter. This is an increase of NOK 980 million from the fourth quarter of 2019 and an increase of NOK 303 million from the third quarter of 2020. The Impairment provisions this quarter were primarily driven by increased impairment provisions relating to customers already in stage 3. Migration from stage 2 to stage 3 accounted for a majority of the reversals within stage 2 in the quarter.

Other industry segments showed reversals of NOK 28 million compared with the fourth quarter of 2019, which showed reversals of NOK 163 million. The NOK 28 million reversals stem from customers in both stages 1 and stage 2, mainly due to positive migration but partly offset by an increase in stage 3.

For the hotel and tourism industry, there were generally no significant migration or macro effects within the segment during the quarter. However, there is uncertainty regarding the impact of the vaccine rollout on activity levels going forward, and the segment is being monitored closely to identify any potential negative credit development at an early stage.

Net stage 3 loans and financial commitments amounted to NOK 25 billion at end-December 2020, up from NOK 18 billion in the fourth quarter of 2019 and down by NOK 5 billion from the third quarter of 2020.

## Taxes

The banking group's tax expense for the fourth quarter has been estimated at NOK 588 million, or 12.6 per cent of pre-tax operating profits. For the fourth quarter, it is particularly the income

recognition of dividends and deductions of debt interest from operations outside Norway that has caused the tax rate to be lower than in previous periods.

## 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.

### Personal customers

Income statement in NOK million	4Q20	3Q20	4Q19
Net interest income	3 116	3 184	3 520
Net other operating income	844	899	869
Total income	3 961	4 083	4 389
Operating expenses	(2 186)	(2 113)	(2 163)
Pre-tax operating profit before impairment	1 775	1 970	2 226
Impairment of financial instruments	175	167	(103)
Pre-tax operating profit	1 950	2 137	2 123
Tax expense	(487)	(534)	(531)
Profit for the period	1 462	1 602	1 592

### Average balance sheet items in NOK billion

Net loans to customers	815.0	802.6	794.3
Deposits from customers	462.7	462.6	431.1

### Key figures in per cent

Lending spread <sup>1)</sup>	1.58	1.70	1.29
Deposit spread <sup>1)</sup>	0.10	(0.03)	0.87
Return on allocated capital	12.3	13.2	13.5
Cost/income ratio	55.2	51.8	49.3
Ratio of deposits to loans	56.8	57.6	54.3

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).

The fourth quarter was characterised by rising funding costs combined with net reversals on impairment provisions. Pre-tax operating profit fell by 8.1 per cent from the corresponding quarter in 2019 and return on allocated capital fell by 1.2 percentage points compared with the year-earlier period, to 12.3 per cent.

The full effect of the interest rate adjustments on deposits combined with rising money market rates explain the development in net interest income from the previous quarter. Combined spreads on loans and deposits narrowed by 2 basis points from the previous quarter and by 10 basis points from the fourth quarter of 2019.

Average net loans grew moderately by 2.6 per cent from the fourth quarter of 2019. Growth in the healthy home mortgage portfolio made up 3.6 per cent of this growth. Deposits from customers showed a solid average growth of 7.3 per cent from the corresponding quarter in 2019, and the ratio of deposits to loans improved by 2.5 percentage points compared with the year-earlier period.

Net other operating income was lower than in the fourth quarter of 2019, mainly due to falling revenues from cards and currency withdrawals due to the COVID-19 situation. However, increased activity in the areas of securities and real estate broking contributed positively.

Costs were stable compared with the corresponding quarter in 2019. Rising costs from the previous quarter were mainly associated with marketing and IT, while seasonally lower costs from real estate broking activities contributed positively.

The personal customers segment experienced net reversals on impairment provisions of NOK 175 million in the fourth quarter, primarily related to stage 3 in the private banking segment. There was a reduced level of defaults on both secured and unsecured loans during the period.

DNB's market share of credit to households stood at 23.7 per cent at end-November 2020, while the market share of total household savings was 30.3 per cent at the same point in time. DNB Eiendom had an average market share of 17.8 per cent in the fourth quarter.

The banking group experienced an increased demand for home mortgages in the fourth quarter.

### Corporate customers

<i>Income statement in NOK million</i>	4Q20	3Q20	4Q19
Net interest income	6 023	5 804	6 226
Net other operating income	2 143	1 452	1 856
Total income	8 166	7 255	8 082
Operating expenses	(2 918)	(2 759)	(2 856)
Pre-tax operating profit before impairment	5 248	4 496	5 226
Net gains on fixed and intangible assets	(1)	0	16
Impairment of financial instruments	(1 422)	(947)	(75)
Profit from repossessed operations	351	(2)	92
Pre-tax operating profit	4 176	3 547	5 259
Tax expense	(1 044)	(887)	(1 282)
Profit for the period	3 132	2 660	3 976

### Average balance sheet items in NOK billion

Net loans to customers	796.4	788.0	780.7
Deposits from customers	647.4	621.0	547.1

### Key figures in per cent

Lending spread <sup>1)</sup>	2.48	2.47	2.33
Deposit spread <sup>1)</sup>	0.07	0.02	0.42
Return on allocated capital	12.2	10.3	16.1
Cost/income ratio	35.7	38.0	35.3
Ratio of deposits to loans	81.3	78.8	70.1

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

Despite a challenging year, customer activity was at a high level, resulting in an increased pre-tax operating profit before impairment of 0.4 per cent from the fourth quarter of 2019 and 16.7 per cent from the third quarter of 2020. However, the effects of the COVID-19 pandemic and the oil price fall continued to have an impact on impairment provisions in the fourth quarter.

Net interest income decreased from the fourth quarter of 2019, but increased from the previous quarter. Average loan volumes were up 1.1 per cent compared with the third quarter, and the underlying currency-adjusted growth rate was up 1.2 per cent. Lending volumes for small and medium-sized enterprises (SMEs) grew by 1.3 per cent, from end-September to end-December.

There was also continued underlying growth in deposit volumes in the fourth quarter, mainly from the SME and Future & Tech Industries segments but also from Ocean Industries. The strong increase in deposit volumes resulted in a very high ratio of deposits to loans of 81.3 per cent in the fourth quarter. Deposit spreads were positively affected by increasing money market rates.

Net other operating income was up 15.5 per cent from the corresponding quarter in 2019, and 47.6 per cent from the previous quarter. Income from investment banking services followed seasonal activity and was on the same level as the corresponding quarter last year, driven by high activity in all product areas and especially within corporate finance. Net gains on financial instruments at fair value also contributed strongly through an increase of NOK 300 million from the third quarter and NOK 266 million from the fourth quarter of 2019.

Operating expenses were up 2.2 per cent compared with the fourth quarter of 2019, primarily due to depreciation of operating leases within DNB Finans. Compared with the previous quarter, operating expenses increased by 5.8 per cent. This increase was mainly due to salary increases and other personnel expenses.

Impairment of financial instruments increased from the third quarter and amounted to NOK 1 422 million in the fourth quarter of 2020. The impairment provisions in the fourth quarter were primarily associated with customers in offshore-related industries in stage 3. The credit quality has been stable in the portfolio over the last quarter.

In the time ahead, the banking group will focus on continued capital optimisation within the large corporates portfolio and will ensure continued profitable growth within the SME segment. It is

also important to continue to monitor and secure the credit quality and ensure close cooperation with customers in a challenging position. In the fourth quarter, the banking group announced a joint venture with SpareBank 1 to acquire Uni Micro. The company is one of Norway's leading players within ERP and accounting systems and will strengthen the banking group's value proposition within the SME segment.

### Other operations

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

<i>Income statement in NOK million</i>	4Q20	3Q20	4Q19
Net interest income	465	441	795
Net other operating income	268	1 325	(472)
Total income	733	1 766	323
Operating expenses	(1 832)	(1 320)	(1 215)
Pre-tax operating profit before impairment	(1 099)	446	(891)
Net gains on fixed and intangible assets			(7)
Impairment of financial instruments	(3)	4	0
Profit from repossessed operations	(351)	2	(92)
Pre-tax operating profit	(1 453)	451	(990)
Tax expense	944	194	1 246
Profit from operations held for sale, after taxes	292	2	68
Profit for the period	(217)	648	324

### Average balance sheet items in NOK billion

Net loans to customers	108.1	103.7	111.3
Deposits from customers	70.1	58.0	44.6

The profit for the other operations segment was negative NOK 217 million in the fourth quarter of 2020.

Risk Management achieved satisfactory results from money market activities and repurchase agreements (repo trading). Income related to fixed-income securities was higher than for the corresponding period last year.

The profit in the other operations segment is affected by several group items not allocated to the segments.

The banking group's share of the profit in associated companies (most importantly Luminor and Vipps) is included in this segment with a total income of NOK 158 million. There was an increase in profit from these companies of NOK 153 million compared with the fourth quarter of 2019, and NOK 66 million from the third quarter of 2020.

### Full year 2020

The banking group recorded profits of NOK 17 661 million in 2020, down NOK 5 143 million from 2019, driven by higher impairment of financial instruments and lower net interest income.

Return on equity was 7.8 per cent, compared with 11.1 per cent in the year-earlier period.

Net interest income decreased by NOK 624 million from the same period last year, driven by reduced margins and lower interest on equity.

Net other operating income increased by NOK 2 305 million from 2019, mainly due to positive exchange rate effects on AT1 capital and basis swaps. Net commissions and fees decreased by NOK 352 million, or 5.3 per cent, compared with 2019. The reduction was due to lower income from money transfer and banking services caused by the COVID-19 situation.

Total operating expenses were up NOK 299 million from 2019.

Impairment of financial instruments amounted to NOK 9 918 million in 2020, an increase of NOK 7 727 million from 2019. The increase was caused by the impact on the economy, both in Norway and globally, of the COVID-19 pandemic, combined with the effect of the sharp decline in the oil price. Around 93 per cent of the impairment provisions were in stage 3. Oil-related industries accounted for 69 per cent of the total impairment provisions, while the remaining impairment was spread across different industries affected by the COVID-19 outbreak. For the personal customers

industry segment, there were increases in stage 3 that were offset by reversals in stage 2, resulting in a small impairment for the full year.

## Income statement for 2020

### Net interest income

Amounts in NOK million	2020	2019
Lending spreads, customer segments	32 326	28 096
Deposit spreads, customer segments	1 267	4 808
Amortisation effects and fees	3 622	3 369
Operational leasing	2 042	1 731
Resolution fund fee and deposit guarantee fund levy	(1 064)	(1 106)
Other net interest income	1 091	3 011
<b>Net interest income</b>	<b>39 285</b>	<b>39 908</b>

Net interest income decreased by NOK 624 million, or 1.6 per cent, from 2019. This was mainly due to lower interest on equity capital and reduced margins reflecting the effect of repricing after Norges Bank's key policy rate cuts during 2020. However, increased volumes and currency effects contributed positively.

There was an average increase in the healthy loan portfolio of NOK 52.4 billion, or 3.4 per cent, parallel to a NOK 112.4 billion, or 11.8 per cent, increase in average deposit volumes from 2019. Combined spreads narrowed by 6 basis points compared with the year-earlier period. Average lending spreads for the customer segments widened by 21 basis points, and deposit spreads narrowed by 39 basis points.

### Net other operating income

Amounts in NOK million	2020	2019
Net commissions and fees	6 266	6 618
Basis swaps	526	270
Exchange rate effects additional Tier 1 capital	855	(143)
Net gains on other financial instruments	4 557	3 046
Net profit from associated companies	228	302
Other operating income	2 146	2 180
<b>Net other operating income</b>	<b>14 578</b>	<b>12 272</b>

Net other operating income was up NOK 2 305 million from 2019, mainly due to positive exchange rate effects on AT1 capital and basis swaps. Net commissions and fees decreased by NOK 352 million or 5.3 per cent. The reduction was mainly due to lower income from money transfer and banking services caused by the COVID-19 situation.

### Operating expenses

Amounts in NOK million	2020	2019
Salaries and other personnel expenses	(12 157)	(11 920)
Restructuring expenses	(81)	(70)
Other expenses	(6 901)	(7 131)
Depreciation of fixed and intangible assets	(3 445)	(2 950)
Impairment of fixed and intangible assets	7	(207)
<b>Operating expenses</b>	<b>(22 576)</b>	<b>(22 278)</b>

Total operating expenses were up NOK 299 million, partly due to higher salaries and other personnel expenses. In addition, a provision was made for a possible administrative fine from Finantilsynet of NOK 400 million in 2020.

The cost income ratio was 41.9 per cent in 2020.

### Impairment of financial instruments

Amounts in NOK million	2020	2019
Personal customers	(65)	(354)
Commercial real estate	(146)	(124)
Shipping	(351)	105
Oil, gas and offshore	(6 845)	(274)
Other industry segments	(2 511)	(1 544)
<b>Total impairment of financial instruments</b>	<b>(9 918)</b>	<b>(2 191)</b>

Impairment of financial instruments was largely influenced by the COVID-19 outbreak and ended at NOK 9 918 million for the full year of 2020 compared with NOK 2 191 million in 2019, which is an increase in impairment of NOK 7 727 million.

The Personal customers industry segment showed impairment provisions of NOK 65 million, which is mainly explained by an increase in stage 3 offset by reversals in stage 2.

The commercial real estate industry segment impairment for the year ended close to the same level as in 2019, at NOK 146 million.

The shipping industry segment experienced impairment provisions of NOK 351 million in 2020 compared with a reversal of NOK 105 million in 2019. The increase was apparent in both stage 2 and stage 3, and was primarily driven by a negative credit development for specific customers.

Impairment of financial instruments for the oil, gas and offshore industry segment amounted to NOK 6 845 million in 2020. This represents an increase of NOK 6 571 million compared with 2019. The increase can primarily be explained by a large increase in impairment provisions for customers in stage 3, within the offshore industry segment. The significant increase in impairment provisions were closely related to the drop in the oil price in the first quarter and the subsequent negative impact on this segment.

Other industry segments showed impairment provisions of NOK 2 511 million for the whole year, which was an increase of NOK 967 million compared with 2019. The increase was partly driven by a negative development for specific customers within stage 3, in different industry segments including power and renewables and travel-related industries, as well as a negative impact from the macro outlook within stages 1 and 2 due to the COVID-19 pandemic.

Net stage 3 loans and financial commitments amounted to NOK 25 billion at end-December 2020 which is an increase of NOK 7 billion from the end of the fourth quarter of 2020.

Overall, the macro outlook for most industry segments has worsened from the end of 2019 to the end of 2020. In general, there has been an improvement during the latter part of the year and the forecasts are expected to move towards pre-pandemic levels for key macro drivers in the time ahead.

## Funding, liquidity and balance sheet

The first half of the year was greatly affected by the coronavirus pandemic, which led to high levels of uncertainty in the market for a while. A healthy pre-pandemic liquidity and financing situation gave the banking group a good starting position, and the bank was able to wait until the market calmed down, activity levels increased, and funding prices approached more normal levels. Interest rate cuts and substantial injections of capital by central banks across the globe contributed to good access to liquidity for banks. Prices fell as summer approached and throughout the second half-year, and the banking group had ample access to liquidity at attractive prices.

The long-term funding markets had a positive start to the year and many transactions were issued at all-time-low prices, before the pandemic contributed to a marked deterioration towards the end of the first quarter. Credit risk premiums increased significantly for all bonds, peaking in mid-April. After the summer, activity levels continued to rise in all long-term funding markets, with prices stabilising at pre-pandemic levels. The banking group issued large volumes of senior bonds in the fourth quarter of 2019 in preparation for the fulfilment of the upcoming minimum requirement for own funds and eligible liabilities (MREL), and the need for long-term funding has therefore been low in 2020. In the subordinated senior bonds market, activity levels were high during the autumn, and the banking group successfully issued its first subordinated senior bond in USD. Long-term funding costs remained stable throughout the second half-year, and the banking group had good access to funding in all markets.

The nominal value of long-term debt securities issued by the banking group was NOK 619 billion at end-December 2020, compared with NOK 655 billion a year earlier. Average remaining



term to maturity for long-term debt securities issued was 3.5 years at end-December 2020, compared with 3.7 years a year earlier.

The short-term liquidity requirement, the Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the quarter and stood at 148 per cent at year-end.

Total assets in the banking group were NOK 2 582 billion at the end of the fourth quarter, and NOK 2 471 billion a year earlier.

Loans to customers increased by NOK 32.2 billion, or 1.9 per cent, in the fourth quarter, compared with the fourth quarter of 2019. Customer deposits were up NOK 134.5 billion, or 13.8 per cent, during the same period. The ratio of customer deposits to net loans to customers was 67.3 per cent at the end of the year, up from 57.9 per cent a year earlier.

## Risk management and capital position

The banking group's capital position remained strong in the quarter and was well above the regulatory requirements.

At the end of December 2020, the CET1 capital ratio was 19.6 per cent, up from 18.3 per cent a year earlier, and from 18.6 per cent at end-September.

Risk-weighted assets decreased by NOK 14 billion from end-September to NOK 930 billion at end-December 2020. Exchange rate effects were the main reason for the decrease in risk-weighted assets from end-September, while the proposal for an authorisation to pay dividends for 2020 had a negative impact on the CET1 capital from the previous quarter.

The non-risk based leverage ratio was 7.3 per cent end-December, up from 7.2 per cent from the year-earlier period, and from 6.7 per cent at end-September.

In the fourth quarter, Finanstilsynet conducted an annual supervisory review and evaluation process (SREP) in collaboration with the supervisory authorities of the DNB College, without making any changes in capital requirements.

## Capital adequacy

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

	4Q20	3Q20	4Q19
CET1 capital ratio, per cent	19.6	18.6	18.3
Tier 1 capital ratio, per cent	21.5	20.5	21.1
Capital ratio, per cent	25.0	24.1	24.4
Risk-weighted assets, NOK billion	930	944	925
Leverage ratio, per cent	7.3	6.7	7.2

## New regulatory framework

### Loan guarantee programme extended until the summer of 2021

In connection with the COVID-19 pandemic, the Norwegian Government has introduced a number of schemes, programmes and regulatory changes for employees, employers and self-employed persons. The loan guarantee programme means that the Government provides a guarantee for 90 per cent of the amount when new bank loans are issued to companies facing an acute liquidity crisis as a direct or indirect consequence of the pandemic. On 13 November 2020, the Norwegian Ministry of Finance decided that the loan guarantee programme is to be extended until 30 June 2021. Furthermore, the Ministry indicated that it may allow terms of up to six years for guaranteed loans, and that banks may give their loan customers interest-only periods of up to three years.

### New compensation scheme as of January 2021

The Storting (Norwegian parliament) has decided to introduce a new compensation scheme for companies experiencing significantly reduced turnover as a result of the COVID-19 pandemic. The compensation scheme applies to the same industries as the previous scheme and is available to enterprises that have experienced a drop in turnover of more than 30 per cent due to the pandemic. The Brønnøysund Register Centre is managing the new scheme, and the application portal opened on 18 January 2021. All companies that qualify for support and that have made the necessary preparations in advance will receive the money 2–3 working days after submitting an application.

### Counter-cyclical capital buffer requirement remains unchanged

On 13 March 2020, the Ministry of Finance decided to reduce the counter-cyclical capital buffer requirement from 2.5 per cent to 1 per cent. The reduction was made in connection with the COVID-19 pandemic and the infection control measures that had led to a sharp decline in activity in the Norwegian economy. On 17 December 2020, the Ministry decided to keep the requirement unchanged at 1 per cent. These decisions were made on the advice of the Norwegian central bank, Norges Bank. Norges Bank's current assessment of economic developments, projected losses and banks' expected lending capacity indicates that advice will be given on increasing the buffer requirement in the course of 2021 effective 12 months later. In a somewhat longer perspective, Norges Bank envisages that the buffer requirement will once again be back at the 2.5 per cent level.

### Regulation of banks' lending practices

Banks' lending practices towards households are currently regulated by the Home Mortgage Regulations and the Consumer Loan Regulations. On 9 December 2020, the Government decided to extend the applicable provisions of these regulations for a new period of four years, with a mid-term evaluation after two years. However, the two separate regulations will be combined into one common set of regulations on lending. The Government decided against following Finanstilsynet's recommendation to expand the regulatory scope to include loans secured by collateral other than property. However, this will be assessed in the evaluation to be performed in the autumn of 2022.

### Changes in capital requirements for banks as of 1 January 2021

The EU's capital requirements legislation, CRR/CRD IV, entered into effect in Norway on 31 December 2019. This meant, among other things, the removal of the Basel I floor. To counteract this easing of the capital requirements, the systemic risk buffer requirement was increased from 3 to 4.5 per cent with effect from 31 December 2020. However, the new systemic risk buffer requirement has only been made applicable to exposures in Norway and not to all exposures as before, and therefore the net increase in the buffer requirement for DNB is only 0.2 percentage points. The smaller banks have until 31 December 2022 to meet the increased requirement.

In order to ensure that risk weights for home mortgages and commercial property loans are not set too low, the Ministry of Finance has introduced temporary floors of 20 and 35 per cent, respectively, for the average risk weighting of such loans. This measure is also aimed at foreign banks with operations in Norway and is important for ensuring equal terms of competition. DNB's risk weights are already above these levels and are thus not affected. DNB is still considered a systemically important financial institution in Norway, and as such the Group must meet a special buffer requirement of 2 per cent (O-SII buffer requirement). The change means that the systemic importance buffer becomes a separate requirement, in line with CRR/CRD IV, and not an add-on to the systemic risk buffer as it was before.

The relevant EU/EEA authorities, the Standing Committee of the EFTA States and the European Systemic Risk Board (ESRB) have endorsed the Ministry's justification for the increased buffer requirement. In the Ministry's view, no corresponding assessment is required from the EU/EEA authorities for the other changes. The Ministry has requested the ESRB to recommend that other countries' authorities approve the Norwegian systemic risk buffer and floor requirements, so that they may also be made applicable for foreign banks in Norway (reciprocity).

#### **Pillar 2 process to be evaluated by Finanstilsynet**

In a letter dated 8 December 2020, the Ministry of Finance asked Finanstilsynet to evaluate the determination of the Pillar 2 capital requirement for banks. In particular, the Ministry pointed out the importance of maintaining transparency and ensuring a systematic structuring of the Pillar 2 requirement, and that it may be appropriate to regulate the framework for the Pillar 2 process through legislation. The Ministry also made clear that Finanstilsynet should show how a bank's overall Pillar 2 requirement is made up of requirements for offsetting different risks, and how and to what extent Pillar 2 add-ons have been based on supervisory discretion. The letter of assignment highlighted several aspects of the determination of Pillar 2 requirements and what is referred to as Pillar 2 Guidance (P2G). In addition, the Ministry asked Finanstilsynet to compare its methods for setting the Norwegian Pillar 2 requirements, including their levels, with those of a selection of relevant European countries.

#### **Draft legislation on securitisation submitted to the Storting**

On 4 December 2020, the Ministry of Finance presented a proposal for new statutory provisions on securitisation. The new statutory provisions implement the EU's securitisation regulation and are intended to give banks more flexibility in their risk management and financing of lending activities. In addition, they will enable more borrowers to access financing in the securities market, for example smaller companies that cannot issue bonds themselves. The EU regulation has been effective in the EU since 1 January 2019 but has not yet been incorporated into the EEA Agreement. The draft legislation also covers the implementation of new rules on creditor hierarchies in the EU's Bank Recovery and Resolution Directive (BRRD).

#### **Revised Minimum Requirement for own funds and Eligible Liabilities (MREL)**

On 18 December 2020, Finanstilsynet set a requirement that means the DNB Group must have total MREL capital equivalent to 35.54 per cent of its risk-weighted assets. The requirement for subordination (lower priority) of debt instruments that can be included to fulfil the MREL must be fully met by 1 January 2024. Finanstilsynet has removed the requirement that senior debt must be issued before 1 January 2020 in order to be included. This phasing-in mechanism is being replaced by a requirement for a linear phasing-in of the subordination requirement over the years 2021, 2022 and 2023. This means that DNB, during the course of 2021, must at a minimum phase in one third of the remaining need for subordination in the phasing-in period 2021-2023, calculated as at 31 December 2020. When calculating the need for MREL-eligible instruments, the expected adjusted risk-weighted assets on 1 January 2024 are to be used as the basis.

#### **New act on sustainability-related disclosures circulated for public comment**

The EU has adopted two regulations relating to sustainability, one, on sustainability-related disclosures in the financial services sector and one on the establishment of a framework for a classification system (taxonomy) to facilitate sustainable investment. The requirements are comprehensive and detailed, and it is assumed that they will result in a significant increase in the financial service industry's use of resources.

The regulations have not yet been incorporated into the EEA Agreement, but Finanstilsynet has, at the request of the Ministry of Finance, looked into how they can be introduced in Norway, so that their entry into force can follow the EU timeline. Finanstilsynet proposes that the disclosure requirements and reporting obligations are put into effect through a new act on sustainability-related disclosures. The purpose of gathering all the requirements in one act is to achieve a better overview of the various rules in this area, and greater harmonisation. In addition, a new act will reflect the increased societal importance of disclosures of this kind and clarify the connection between the various disclosure requirements and reporting obligations.

#### **New Financial Contracts Act adopted by the Storting**

The new Financial Contracts Act was adopted by the Storting (the Norwegian Parliament) in December 2020. The Act is expected to enter into force on 1 July 2021. The new Act is based on the current one, with comprehensive amendments. Due to the scope and complexity of the Act, DNB had already established a fast-working Group project in the summer of 2020, to identify the need for adjustments to systems, products and services.

#### **Macroeconomic developments**

Last spring, the coronavirus pandemic led to severe restrictions on economic activity, which in turn resulted in a dramatic downturn in the global economy.

In response to the crisis, powerful economic measures were introduced, in both fiscal and monetary policy. Central banks injected large amounts of liquidity into the markets, increasing purchases of securities and reducing interest rates wherever possible. As things stand, it would seem that the monetary policy stimuli will to a large extent be maintained throughout 2021. In due course, as the pandemic is gradually brought under control, the time will come when the central banks can reduce the stimuli.

The Norwegian economy recovered rapidly after the sharp fall in the second quarter, but will experience a slightly lower rate of growth in early 2021 due to the recent increase in COVID-19 infection rates. Growth in the third quarter was stronger than expected, with an increase of 5.2 per cent. In addition, the monthly national accounts figures for October showed that mainland GDP had increased by 1.2 per cent from September. Activity levels were thus relatively high at the start of the fourth quarter. However, in November, new restrictions were introduced that affected the level of activity, and mainland GDP fell by 0.9 per cent. The infection control measures are likely to last for some time in the first quarter of 2021 and are expected to result in a sluggish start to the year, before a reopening, supported by the vaccination programme, contributes to a strong second half.

Service consumption fell sharply, but the consumption of goods increased in 2020. In connection with the reopening and normalisation of society during 2021 and 2022, households' opportunities for consumption are expected to increase. The shift in the consumption pattern in 2020 is expected to be reversed gradually during 2021 and 2022. Overall, there was low, but positive, growth in households' disposable income last year. A fall in total consumption thus led to a substantial rise in saving. This increase in saving paves the way for higher consumption growth in the time ahead.

The prices of consumer goods rose by just 1.3 per cent last year. This can mainly be ascribed to a fall in electricity prices. Core inflation ended at 3.0 per cent in 2020, peaking at 3.7 per cent in August. A marked weakening of the Norwegian krone was an important contributing factor. At the start of 2021, the import-weighted krone had gained in strength compared with the weak levels of last spring, but it was still 3.4 per cent weaker than at the start of 2020.

A significant decrease in interest rates has contributed to the rapid increase in the prices of existing homes. Overall, house prices rose by 8.7 per cent from December 2019 to December 2020. The level of activity in the housing market has also been high, with a record-high turnover.

The structural, oil-adjusted budget deficit in 2020 of NOK 392.5 billion was estimated to account for 3.9 per cent of the capital of the Government Pension Fund Global (known as the oil fund). The fiscal impulse was estimated at 4.5 per cent from 2019 to 2020 and was clearly higher than the impulse during the financial crisis. Purely economic measures in connection with the COVID-19 pandemic were estimated to amount to NOK 131 billion. For 2021, the deficit is projected to fall to NOK 331 billion, equivalent to 3.2 per cent of the oil fund, due to a reduced need for support measures. However, recent weeks' developments in the pandemic will cause the budget deficit for this year to increase more than the agreed deficit figure.

As early as in June 2020, Norges Bank signalled that interest rates could be raised towards the end of 2022 or in early 2023. In December, it predicted that interest rate hikes would be highly probable from early 2022. It therefore looks as if Norges Bank will be ahead of the central banks of other industrialised countries when it comes to interest rate hikes.

## Future prospects

A return on equity (ROE) above 12 per cent continues to be the overall financial target for DNB for the period 2021 to 2023. However, due to the COVID-19 pandemic and the subsequent developments in the macroeconomic environment, the ROE target is unlikely to be achieved in 2021. However, the following factors will help DNB to reach the ROE target in the course of the target period: increased net interest income as a result of increasing NOK interest rates and growth in loans and deposits; growth in commissions and fees from capital-light products; and reduced impairment provisions combined with cost control measures and greater capital efficiency.

In the period 2021 to 2023, the annual increase in lending volumes is expected to be between 3 and 4 per cent while maintaining a sound deposit-to-loan ratio. According to Norges Bank's own forecasts, the key policy rate is expected to increase from 0.0 per cent to 0.5 per cent next year, and then to 1.0 per cent in 2023.

During the same period, DNB has an ambition to increase net commissions and fees by 4 to 5 per cent annually and to achieve a cost/income ratio below 40 per cent.

Oslo, 9 February 2021

The Board of Directors of DNB Bank ASA



Olaug Svarva  
(Chair of the Board)



Kim Wahl  
(Vice Chair of the Board)



Julie Galbo



Eli Solhaug



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

# Income statement

<i>Amounts in NOK million</i>	<b>DNB Bank ASA</b>			
	4th quarter 2020	4th quarter 2019	Full year 2020	Full year 2019
Interest income, amortised cost	7 617	11 673	35 587	44 084
Other interest income	805	1 107	4 103	4 257
Interest expenses, amortised cost	(1 467)	(5 670)	(11 233)	(23 799)
Other interest expenses	(131)	1 052	526	5 638
<b>Net interest income</b>	<b>6 825</b>	<b>8 161</b>	<b>28 984</b>	<b>30 180</b>
Commission and fee income	2 111	2 278	7 828	8 343
Commission and expenses	(851)	(830)	(3 168)	(3 168)
Net gains on financial instruments at fair value	(129)	(237)	5 184	2 688
Net gains on investment properties		97		97
Other income	9 326	7 332	12 971	15 299
<b>Net other operating income</b>	<b>10 457</b>	<b>8 640</b>	<b>22 815</b>	<b>23 260</b>
<b>Total income</b>	<b>17 282</b>	<b>16 801</b>	<b>51 799</b>	<b>53 440</b>
Salaries and other personnel expenses	(2 935)	(2 835)	(10 566)	(10 360)
Other expenses	(1 900)	(1 729)	(6 190)	(6 477)
Depreciation and impairment of fixed and intangible assets	(901)	(829)	(3 362)	(3 203)
<b>Total operating expenses</b>	<b>(5 736)</b>	<b>(5 393)</b>	<b>(20 118)</b>	<b>(20 039)</b>
<b>Pre-tax operating profit before impairment</b>	<b>11 546</b>	<b>11 409</b>	<b>31 681</b>	<b>33 401</b>
Net gains on fixed and intangible assets	(1)	22	(1)	(34)
Impairment of financial instruments	(782)	(376)	(8 085)	(2 484)
<b>Pre-tax operating profit</b>	<b>10 762</b>	<b>11 054</b>	<b>23 595</b>	<b>30 883</b>
Tax expense	25	(552)	(2 542)	(4 122)
<b>Profit for the period</b>	<b>10 787</b>	<b>10 502</b>	<b>21 053</b>	<b>26 761</b>
Portion attributable to shareholders of DNB Bank ASA	10 585	10 176	19 909	25 638
Portion attributable to additional Tier 1 capital holders	202	326	1 143	1 123
<b>Profit for the period</b>	<b>10 787</b>	<b>10 502</b>	<b>21 053</b>	<b>26 761</b>

# Comprehensive income statement

	DNB Bank ASA			
<i>Amounts in NOK million</i>	4th quarter 2020	4th quarter 2019	Full year 2020	Full year 2019
<b>Profit for the period</b>	<b>10 787</b>	<b>10 502</b>	<b>21 053</b>	<b>26 761</b>
Actuarial gains and losses	(30)	131	(308)	(11)
Financial liabilities designated at FVTPL, changes in credit risk	8	58	36	9
Tax	5	(53)	67	(5)
Items that will not be reclassified to the income statement	(17)	136	(204)	(7)
Currency translation of foreign operations	(22)	2	137	(44)
Financial assets at fair value through OCI	135	85	108	59
Tax	(34)	(21)	(27)	(15)
Items that may subsequently be reclassified to the income statement	79	66	218	0
<b>Other comprehensive income for the period</b>	<b>62</b>	<b>202</b>	<b>13</b>	<b>(7)</b>
<b>Comprehensive income for the period</b>	<b>10 849</b>	<b>10 704</b>	<b>21 066</b>	<b>26 754</b>

# Balance sheet

		<b>DNB Bank ASA</b>	
		31 Dec.	31 Dec.
<i>Amounts in NOK million</i>		2020	2019
	Note		
<b>Assets</b>			
Cash and deposits with central banks		281 956	301 246
Due from credit institutions		360 174	394 237
Loans to customers	6, 7, 8, 9	883 722	880 203
Commercial paper and bonds	9	327 983	231 910
Shareholdings	9	5 428	6 008
Financial derivatives	9	198 009	136 255
Investment properties			144
Investments in associated companies		2 568	2 575
Investments in subsidiaries		105 265	113 810
Intangible assets		3 441	3 392
Deferred tax assets		5 150	6 205
Fixed assets		15 219	14 557
Other assets		13 395	11 897
<b>Total assets</b>		<b>2 202 311</b>	<b>2 102 439</b>
<b>Liabilities and equity</b>			
Due to credit institutions		296 349	277 188
Deposits from customers	9	1 086 618	956 655
Financial derivatives	9	212 505	168 349
Debt securities issued	9, 10	326 776	416 565
Payable taxes		1 457	7 495
Deferred taxes		92	88
Other liabilities		31 444	52 215
Provisions		1 879	1 341
Pension commitments		3 967	3 454
Subordinated loan capital	9, 10	32 319	31 095
<b>Total liabilities</b>		<b>1 993 406</b>	<b>1 914 446</b>
Additional Tier 1 capital		18 362	26 729
Share capital		19 380	18 256
Share premium		19 895	19 895
Other equity		151 268	123 113
<b>Total equity</b>		<b>208 905</b>	<b>187 993</b>
<b>Total liabilities and equity</b>		<b>2 202 311</b>	<b>2 102 439</b>

# Income statement

	<b>DNB Bank Group</b>			
<i>Amounts in NOK million</i>	4th quarter 2020	4th quarter 2019	Full year 2020	Full year 2019
Interest income, amortised cost	11 178	16 211	51 383	61 067
Other interest income	1 002	1 323	4 636	5 123
Interest expenses, amortised cost	(1 372)	(5 738)	(11 573)	(23 796)
Other interest expenses	(1 203)	(1 255)	(5 161)	(2 486)
<b>Net interest income</b>	<b>9 604</b>	<b>10 541</b>	<b>39 285</b>	<b>39 908</b>
Commission and fee income	2 506	2 643	9 387	9 758
Commission and fee expenses	(838)	(825)	(3 121)	(3 141)
Net gains on financial instruments at fair value	189	(449)	5 938	3 173
Profit from investments accounted for by the equity method	158	5	228	302
Net gains on investment properties	(8)	92	(61)	92
Other income	632	547	2 207	2 088
<b>Net other operating income</b>	<b>2 639</b>	<b>2 012</b>	<b>14 578</b>	<b>12 272</b>
<b>Total income</b>	<b>12 243</b>	<b>12 554</b>	<b>53 862</b>	<b>52 181</b>
Salaries and other personnel expenses	(3 349)	(3 264)	(12 238)	(11 989)
Other expenses	(2 071)	(1 860)	(6 901)	(7 131)
Depreciation and impairment of fixed and intangible assets	(899)	(869)	(3 437)	(3 157)
<b>Total operating expenses</b>	<b>(6 319)</b>	<b>(5 993)</b>	<b>(22 576)</b>	<b>(22 278)</b>
<b>Pre-tax operating profit before impairment</b>	<b>5 924</b>	<b>6 561</b>	<b>31 286</b>	<b>29 903</b>
Net gains on fixed and intangible assets	(1)	9	(1)	(33)
Impairment of financial instruments	(1 250)	(178)	(9 918)	(2 191)
<b>Pre-tax operating profit</b>	<b>4 673</b>	<b>6 392</b>	<b>21 366</b>	<b>27 678</b>
Tax expense	(588)	(567)	(3 926)	(4 825)
Profit from operations held for sale, after taxes	292	68	221	(49)
<b>Profit for the period</b>	<b>4 377</b>	<b>5 892</b>	<b>17 661</b>	<b>22 805</b>
Portion attributable to shareholders of DNB Bank ASA	4 186	5 567	16 534	21 686
Portion attributable to non-controlling interests	(11)	(1)	(15)	(5)
Portion attributable to additional Tier 1 capital holders	202	326	1 143	1 123
<b>Profit for the period</b>	<b>4 377</b>	<b>5 892</b>	<b>17 661</b>	<b>22 805</b>

# Comprehensive income statement

<i>Amounts in NOK million</i>	<b>DNB Bank Group</b>			
	4th quarter 2020	4th quarter 2019	Full year 2020	Full year 2019
<b>Profit for the period</b>	<b>4 377</b>	<b>5 892</b>	<b>17 661</b>	<b>22 805</b>
Actuarial gains and losses	(44)	135	(323)	(7)
Financial liabilities designated at FVTPL, changes in credit risk	(40)	349	33	232
Tax	21	(127)	72	(62)
Items that will not be reclassified to the income statement	(64)	357	(217)	163
Currency translation of foreign operations	(4 603)	(179)	3 517	463
Hedging of net investment	3 898	209	(3 246)	(459)
Financial assets at fair value through OCI	129	85	103	59
Tax	(1 007)	(382)	786	(208)
Items that may subsequently be reclassified to the income statement	(1 583)	(268)	1 159	(146)
<b>Other comprehensive income for the period</b>	<b>(1 646)</b>	<b>89</b>	<b>942</b>	<b>17</b>
<b>Comprehensive income for the period</b>	<b>2 731</b>	<b>5 981</b>	<b>18 603</b>	<b>22 821</b>



# Balance sheet

		<b>DNB Bank Group</b>	
		31 Dec. 2020	31 Dec. 2019
<i>Amounts in NOK million</i>	Note		
<b>Assets</b>			
Cash and deposits with central banks		283 526	304 746
Due from credit institutions		77 289	101 165
Loans to customers	6, 7, 8, 9	1 703 524	1 671 350
Commercial paper and bonds	9	279 732	222 368
Shareholdings	9	6 876	7 479
Financial derivatives	9	187 534	125 364
Investment properties		672	741
Investments accounted for by the equity method		7 450	7 467
Intangible assets		3 792	3 744
Deferred tax assets		5 106	1 959
Fixed assets		15 522	14 882
Assets held for sale		2 402	1 274
Other assets		8 879	8 103
<b>Total assets</b>		<b>2 582 304</b>	<b>2 470 640</b>
<b>Liabilities and equity</b>			
Due to credit institutions		206 995	202 177
Deposits from customers	9	1 112 058	977 530
Financial derivatives	9	174 170	115 871
Debt securities issued	9, 10	787 813	871 632
Payable taxes		6 370	9 810
Deferred taxes		62	60
Other liabilities		19 145	27 129
Liabilities held for sale		1 016	423
Provisions		2 096	1 726
Pension commitments		4 099	3 568
Subordinated loan capital	9, 10	32 319	31 095
<b>Total liabilities</b>		<b>2 346 143</b>	<b>2 241 022</b>
Additional Tier 1 capital		18 362	26 729
Non-controlling interests		119	45
Share capital		19 380	18 256
Share premium		20 611	20 611
Other equity		177 689	163 978
<b>Total equity</b>		<b>236 161</b>	<b>229 619</b>
<b>Total liabilities and equity</b>		<b>2 582 304</b>	<b>2 470 640</b>

# Statement of changes in equity

DNB Bank ASA

<i>Amounts in NOK million</i>	Share capital	Share premium	Additional Tier 1 capital	Net currency translation reserve	Liability credit reserve	Other equity	Total equity
<b>Balance sheet as at 31 December 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			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 to subsidiary						131	131
Dividends and group contribution to DNB ASA for 2019						(25 000)	(25 000)
<b>Balance sheet as at 31 December 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>
Profit for the period			1 143			19 909	21 053
Actuarial gains and losses						(308)	(308)
Financial assets at fair value through OCI						108	108
Financial liabilities designated at FVTPL, changes in credit risk					36		36
Currency translation of foreign operations				137			137
Tax on other comprehensive income					(9)	49	40
Comprehensive income for the period			1 143	137	27	19 759	21 066
Interest payments additional Tier 1 capital			(1 578)				(1 578)
Additional Tier 1 capital redeemed <sup>1)</sup>			(10 024)				(10 024)
Currency movements interest payments and redemption additional Tier 1 capital			2 092			(1 971)	122
Demerger Tollbugata 12	(14)					(73)	(87)
Increase in share capital from bonus issue	1 137					(1 137)	
Transfer of loan portfolio from subsidiary (continuity)						8	8
Reduced dividends to DNB ASA for 2019						11 950	11 950
Group contribution to DNB ASA for 2020						(545)	(545)
<b>Balance sheet as at 31 December 2020</b>	<b>19 380</b>	<b>19 895</b>	<b>18 362</b>	<b>629</b>	<b>(29)</b>	<b>150 669</b>	<b>208 905</b>

1) Two additional Tier 1 capital instruments of NOK 2 150 million and USD 750 million, issued in 2015, were redeemed in the first quarter of 2020.

## Statement of changes in equity (continued)

DNB Bank Group

<i>Amounts in NOK million</i>	Non-controlling interests	Share capital	Share premium	Additional Tier 1 capital	Net currency translation reserve	Liability credit reserve	Other equity	Total equity
<b>Balance sheet as at 31 December 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					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				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 December 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>
Profit for the period	(15)			1 143			16 534	17 661
Actuarial gains and losses							(323)	(323)
Financial assets at fair value through OCI							103	103
Financial liabilities designated at FVTPL, changes in credit risk						33		33
Currency translation of foreign operations	4				3 513			3 517
Hedging of net investment					(3 246)			(3 246)
Tax on other comprehensive income					812	(8)	54	857
Comprehensive income for the period	(11)			1 143	1 079	25	16 368	18 603
Interest payments additional Tier 1 capital				(1 578)				(1 578)
Additional Tier 1 capital redeemed <sup>1)</sup>				(10 024)				(10 024)
Currency movements interest payments and redemption additional Tier 1 capital				2 092			(1 971)	122
Demerger Tollbugata 12			(14)				(81)	(94)
Non-controlling interests								
Pearl Holdco AS	86							86
Increase in share capital from bonus issue		1 137					(1 137)	
Group contribution to DNB ASA for 2019							(573)	(573)
<b>Balance sheet as at 31 December 2020</b>	<b>119</b>	<b>19 380</b>	<b>20 611</b>	<b>18 362</b>	<b>5 918</b>	<b>23</b>	<b>171 748</b>	<b>236 161</b>

1) Two additional Tier 1 capital instruments of NOK 2 150 million and USD 750 million, issued by the DNB Bank Group's Parent company DNB Bank ASA in 2015, were redeemed in the first quarter of 2020.

# Cash flow statement

## DNB Bank ASA

<i>Amounts in NOK million</i>	Full year 2020	Full year 2019
<b>Operating activities</b>		
Net payments on loans to customers	(3 679)	(92 995)
Interest received from customers	35 619	42 475
Net receipts on deposits from customers	127 133	44 455
Interest paid to customers	(6 459)	(10 892)
Net receipts on loans to credit institutions	58 068	38 538
Interest received from credit institutions	1 847	7 686
Interest paid to credit institutions	(1 916)	(5 549)
Net payments on the sale of financial assets for investment or trading	(168 453)	(43 319)
Interest received on bonds and commercial paper	3 880	5 002
Net receipts on commissions and fees	4 628	4 910
Payments to operations	(16 666)	(16 279)
Taxes paid	(7 278)	(1 058)
Other net receipts	11 849	24 100
<b>Net cash flow from operating activities</b>	<b>38 574</b>	<b>(2 926)</b>
<b>Investing activities</b>		
Net payments on the acquisition of fixed assets	(3 917)	(4 067)
Net payment for investment properties		(144)
Net disposal/(investment) in long-term shares	12 154	(218)
Dividends received on long-term investments in shares	4 774	8 153
<b>Net cash flow from investment activities</b>	<b>13 011</b>	<b>3 723</b>
<b>Financing activities</b>		
Receipts on issued bonds and commercial paper	1 126 072	1 068 424
Payments on redeemed bonds and commercial paper	(1 181 672)	(909 130)
Interest payments on issued bonds and commercial paper	(6 105)	(9 302)
Receipts on the raising of subordinated loan capital	4 056	9
Redemptions of subordinated loan capital	(4 207)	(9)
Interest payments on subordinated loan capital	(501)	(410)
Net receipts/(payments) on issue or redemption of additional Tier 1 capital	(10 024)	10 436
Interest payments on additional Tier 1 capital	(1 578)	(1 052)
Lease payments	(717)	(557)
Group contribution payments		(10 568)
<b>Net cash flow from funding activities</b>	<b>(74 677)</b>	<b>147 840</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>3 044</b>	<b>(50)</b>
<b>Net cash flow</b>	<b>(20 047)</b>	<b>148 588</b>
Cash as at 1 January	306 446	157 858
Net receipts of cash	(20 047)	148 588
Cash at end of period <sup>1)</sup>	286 398	306 446

\*) Of which: Cash and deposits with central banks 281 956 301 246  
 Deposits with credit institutions with no agreed period of notice <sup>1)</sup> 4 442 5 200

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

## Cash flow statement (continued)

	DNB Bank Group	
	Full year 2020	Full year 2019
<i>Amounts in NOK million</i>		
<b>Operating activities</b>		
Net payments on loans to customers	(33 643)	(80 135)
Interest received from customers	49 329	58 082
Net receipts on deposits from customers	131 774	41 519
Interest paid to customers	(6 624)	(11 289)
Net receipts on loans to credit institutions	32 306	41 700
Interest received from credit institutions	226	3 639
Interest paid to credit institutions	(1 380)	(4 287)
Net payments on the sale of financial assets for investment or trading	(74 267)	(13 684)
Interest received on bonds and commercial paper	3 352	4 882
Net receipts on commissions and fees	6 344	6 294
Payments to operations	(19 425)	(18 412)
Taxes paid	(8 996)	(1 878)
Other net receipts/(payments)	2 206	(778)
<b>Net cash flow from operating activities</b>	<b>81 200</b>	<b>25 653</b>
<b>Investing activities</b>		
Net payments on the acquisition of fixed assets	(3 967)	(3 966)
Net receipts/(payments) on investment properties	35	(116)
Net disposal in long-term shares		3 260
Dividends received on long-term investments in shares	428	942
<b>Net cash flow from investment activities</b>	<b>(3 504)</b>	<b>120</b>
<b>Financing activities</b>		
Receipts on issued bonds and commercial paper	1 152 054	1 097 101
Payments on redeemed bonds and commercial paper	(1 225 085)	(955 115)
Interest payments on issued bonds and commercial paper	(13 193)	(16 922)
Receipts on the raising of subordinated loan capital	4 056	9
Redemptions of subordinated loan capital	(4 207)	(9)
Interest payments on subordinated loan capital	(504)	(413)
Net receipts/(payments) on issue or redemption of additional Tier 1 capital	(10 024)	10 436
Interest payments on additional Tier 1 capital	(1 578)	(1 052)
Lease payments	(730)	(615)
Group contributions payments	(573)	(10 568)
<b>Net cash flow from funding activities</b>	<b>(99 785)</b>	<b>122 850</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>3 428</b>	<b>(174)</b>
<b>Net cash flow</b>	<b>(18 661)</b>	<b>148 449</b>
Cash as at 1 January	307 623	159 173
Net receipts of cash	(18 661)	148 449
Cash at end of period <sup>1)</sup>	288 961	307 623

*) Of which: Cash and deposits with central banks	283 526	304 746
Deposits with credit institutions with no agreed period of notice <sup>1)</sup>	5 435	2 877

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. When preparing the consolidated financial statements, the 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 2019.

With effect from the first quarter of 2020, the DNB Bank Group changed the composition of reportable segments. For further information, see note 2 Segments.

## 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, Corporate customers and Risk management. The 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. With effect from the first quarter of 2020, the DNB Bank Group changed the composition of reportable segments, as the Small and medium-sized enterprises and Large corporates and international customers were combined into the reportable segment Corporate customers. Figures for 2019 have been adjusted accordingly.

### Income statement, fourth quarter

	Personal customers		Corporate customers		Other operations		Eliminations		DNB Bank Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<i>Amounts in NOK million</i>										
Net interest income	3 116	3 520	6 023	6 226	465	795			9 604	10 541
Net other operating income	844	869	2 143	1 856	268	(472)	(616)	(241)	2 639	2 012
Total income	3 961	4 389	8 166	8 082	733	323	(616)	(241)	12 243	12 554
Operating expenses	(2 186)	(2 163)	(2 918)	(2 856)	(1 832)	(1 215)	616	241	(6 319)	(5 993)
Pre-tax operating profit before impairment	1 775	2 226	5 248	5 226	(1 099)	(891)			5 924	6 561
Net gains on fixed and intangible assets			(1)	16		(7)			(1)	9
Impairment of financial instruments	175	(103)	(1 422)	(75)	(3)	0			(1 250)	(178)
Profit from repossessed operations			351	92	(351)	(92)				
Pre-tax operating profit	1 950	2 123	4 176	5 259	(1 453)	(990)			4 673	6 392
Tax expense	(487)	(531)	(1 044)	(1 282)	944	1 246			(588)	(567)
Profit from operations held for sale, after taxes				(0)	292	68			292	68
Profit for the period	1 462	1 592	3 132	3 976	(217)	324			4 377	5 892

### Income statement, January-December

	Personal customers		Corporate customers		Other operations		Eliminations		DNB Bank Group	
	Full year		Full year		Full year		Full year		Full year	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<i>Amounts in NOK million</i>										
Net interest income	13 391	13 693	23 877	23 632	2 016	2 584			39 285	39 908
Net other operating income	3 547	3 766	6 500	6 485	6 232	3 384	(1 702)	(1 363)	14 578	12 272
Total income	16 939	17 459	30 377	30 117	8 249	5 967	(1 702)	(1 363)	53 862	52 181
Operating expenses	(8 644)	(8 269)	(11 481)	(10 754)	(4 154)	(4 617)	1 702	1 363	(22 576)	(22 278)
Pre-tax operating profit before impairment	8 295	9 190	18 896	19 363	4 095	1 350			31 286	29 903
Net gains on fixed and intangible assets		(0)	(1)	15	(0)	(48)			(1)	(33)
Impairment of financial instruments	(473)	(353)	(9 438)	(1 835)	(7)	(4)			(9 918)	(2 191)
Profit from repossessed operations			241	(109)	(241)	109				
Pre-tax operating profit	7 821	8 837	9 698	17 435	3 847	1 407			21 366	27 678
Taxes	(1 955)	(2 209)	(2 425)	(4 259)	453	1 644			(3 926)	(4 825)
Profit from operations held for sale, after taxes				(0)	221	(49)			221	(49)
Profit for the period	5 866	6 628	7 274	13 175	4 522	3 002			17 661	22 805

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.

DNB Bank ASA		Own funds	DNB Bank Group	
31 Dec. 2019	31 Dec. 2020	<i>Amounts in NOK million</i>	31 Dec. 2020	31 Dec. 2019
187 993	208 905	Total equity	236 161	229 619
		Effect from regulatory consolidation	(250)	(198)
(26 048)	(17 995)	Additional Tier 1 capital instruments included in total equity	(17 995)	(26 048)
(510)	(276)	Net accrued interest on additional Tier 1 capital instruments	(276)	(510)
161 434	190 635	Common equity Tier 1 capital instruments	217 641	202 862
		Deductions		
(2 376)	(2 427)	Goodwill	(2 992)	(2 946)
(457)	(453)	Deferred tax assets that are not due to temporary differences	(970)	(868)
(1 016)	(1 014)	Other intangible assets	(1 583)	(1 626)
	(13 953)	Group contribution/dividend payable <sup>1)</sup>	(26 949)	(25 000)
(1 633)	(788)	Expected losses exceeding actual losses, IRB portfolios	(1 781)	(2 502)
(532)	(683)	Value adjustment due to the requirements for prudent valuation (AVA)	(855)	(810)
57	29	Adjustments for unrealised losses/(gains) on debt measured at fair value	(23)	2
(460)	(527)	Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(94)	(96)
155 017	170 819	Common equity Tier 1 capital	182 393	169 016
26 048	17 995	Additional Tier 1 capital instruments	17 995	26 048
181 065	188 814	Tier 1 capital	200 388	195 064
5 774	5 640	Perpetual subordinated loan capital	5 640	5 774
24 943	26 320	Term subordinated loan capital	26 320	24 943
30 717	31 960	Additional Tier 2 capital instruments	31 960	30 717
211 783	220 774	Own funds	232 348	225 781
804 721	801 447	Risk-weighted assets	930 384	924 869
64 378	64 116	Minimum capital requirement	74 431	73 990
19.3	21.3	Common equity Tier 1 capital ratio	19.6	18.3
22.5	23.6	Tier 1 capital ratio	21.5	21.1
26.3	27.5	Capital ratio	25.0	24.4

1) The Board of Directors in DNB Bank ASA will ask the Annual General Meeting in April 2021 for an authorisation to pay a dividend of up to NOK 9.00 per share for 2020, for distribution after September 2021.

## 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					
	Nominal exposure	EAD <sup>1)</sup>	Average risk weights	Risk-weighted assets	Capital requirements	Capital requirements
	31 Dec. 2020	31 Dec. 2020	in per cent 31 Dec. 2020	31 Dec. 2020	31 Dec. 2020	31 Dec. 2019
<i>Amounts in NOK million</i>						
<b>IRB approach</b>						
Corporate exposures	819 651	655 963	46.6	305 417	24 433	24 328
<i>of which specialised lending (SL)</i>	13 056	12 392	47.8	5 924	474	442
<i>of which small and medium sized entities (SME)</i>	216 265	190 363	45.5	86 585	6 927	6 690
<i>of which other corporate</i>	590 330	453 208	47.0	212 908	17 033	17 196
Retail exposures	219 747	203 035	24.3	49 251	3 940	4 129
<i>of which other retail</i>	88 301	71 589	25.1	18 001	1 440	1 653
<i>of which secured by mortgages on immovable property</i>	131 446	131 446	23.8	31 251	2 500	2 476
<b>Total credit risk, IRB approach</b>	<b>1 039 398</b>	<b>858 998</b>	<b>41.3</b>	<b>354 669</b>	<b>28 374</b>	<b>28 457</b>
<b>Standardised approach</b>						
Central government and central banks	301 982	300 840	0.0	79	6	3
Regional governments or local authorities	41 081	37 092	1.3	496	40	48
Public sector entities	77	75	17.1	13	1	1
Multilateral development banks	27 245	27 242				
International organisations	5 933	5 933				
Institutions	573 907	468 749	19.9	93 385	7 471	7 845
Corporate	119 832	102 681	66.9	68 707	5 497	6 134
Retail	157 551	55 898	74.8	41 793	3 343	2 560
Secured by mortgages on immovable property	2 868	2 740	36.6	1 002	80	362
Exposures in default	1 740	1 484	126.1	1 871	150	50
Items associated with particular high risk	7 102	5 071	150.0	7 607	609	49
Covered bonds	101 477	101 477	10.0	10 148	812	506
Collective investments undertakings	303	303	100.0	303	24	2
Equity positions	110 650	110 650	100.0	110 650	8 852	9 489
Other assets	16 551	16 551	113.3	18 750	1 500	1 803
<b>Total credit risk, standardised approach</b>	<b>1 468 298</b>	<b>1 236 785</b>	<b>28.7</b>	<b>354 802</b>	<b>28 384</b>	<b>28 852</b>
<b>Total credit risk</b>	<b>2 507 696</b>	<b>2 095 784</b>	<b>33.9</b>	<b>709 471</b>	<b>56 758</b>	<b>57 309</b>
<b>Market risk</b>						
Position and general risk, debt instruments				9 406	752	827
Position and general risk, equity instruments				648	52	30
Currency risk				48	4	1
Commodity risk				1	0	
<b>Total market risk</b>				<b>10 103</b>	<b>808</b>	<b>858</b>
Credit value adjustment risk (CVA)				5 215	417	316
Operational risk				76 658	6 133	5 895
<b>Total risk-weighted assets and capital requirements</b>				<b>801 447</b>	<b>64 116</b>	<b>64 378</b>

1) EAD, exposure at default.



## Note 3 Capital adequacy (continued)

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

	DNB Bank Group					
	Nominal exposure 31 Dec. 2020	EAD <sup>1)</sup> 31 Dec. 2020	Average risk weights in per cent 31 Dec. 2020	Risk-weighted assets 31 Dec. 2020	Capital requirements 31 Dec. 2020	Capital requirements 31 Dec. 2019
<i>Amounts in NOK million</i>						
<b>IRB approach</b>						
Corporate exposures	1 006 402	808 754	47.0	380 065	30 405	31 040
<i>of which specialised lending (SL)</i>	13 993	13 330	48.4	6 449	516	503
<i>of which small and medium sized entities (SME)</i>	216 347	190 445	45.5	86 636	6 931	6 695
<i>of which other corporate</i>	776 062	604 980	47.4	286 979	22 958	23 843
Retail exposures	958 732	942 020	21.7	204 641	16 371	15 546
<i>of which other retail</i>	88 301	71 589	25.1	18 001	1 440	1 653
<i>of which secured by mortgages on immovable property</i>	870 431	870 431	21.4	186 641	14 931	13 893
<b>Total credit risk, IRB approach</b>	<b>1 965 134</b>	<b>1 750 774</b>	<b>33.4</b>	<b>584 706</b>	<b>46 776</b>	<b>46 586</b>
<b>Standardised approach</b>						
Central government and central banks	325 073	324 165	0.1	232	19	6
Regional governments or local authorities	47 184	41 859	2.6	1 099	88	102
Public sector entities	1 455	1 024	38.3	393	31	27
Multilateral development banks	27 265	27 263	0.0	4		
International organisations	5 933	5 933				
Institutions	141 769	114 685	20.1	23 086	1 847	2 169
Corporate	177 289	153 202	68.6	105 044	8 403	9 293
Retail	163 965	60 264	74.2	44 744	3 580	2 812
Secured by mortgages on immovable property	29 149	28 137	60.7	17 069	1 366	2 245
Exposures in default	2 960	2 355	123.5	2 909	233	216
Items associated with particular high risk	7 420	5 343	150.0	8 015	641	80
Covered bonds	43 558	43 558	10.0	4 356	348	396
Collective investment undertakings	1 368	1 368	22.2	303	24	2
Equity positions	9 322	9 321	100.0	9 321	746	681
Other assets	19 881	19 879	97.4	19 368	1 549	1 025
<b>Total credit risk, standardised approach</b>	<b>1 003 591</b>	<b>838 357</b>	<b>28.1</b>	<b>235 943</b>	<b>18 875</b>	<b>19 054</b>
<b>Total credit risk</b>	<b>2 968 725</b>	<b>2 589 131</b>	<b>31.7</b>	<b>820 649</b>	<b>65 652</b>	<b>65 641</b>
<b>Market risk</b>						
Position and general risk, debt instruments				9 345	748	842
Position and general risk, equity instruments				648	52	30
Currency risk				48	4	1
Commodity risk				1	0	0
<b>Total market risk</b>				<b>10 042</b>	<b>803</b>	<b>873</b>
Credit value adjustment risk (CVA)				5 741	459	354
Operational risk				93 951	7 516	7 122
<b>Total risk-weighted assets and capital requirements</b>				<b>930 384</b>	<b>74 431</b>	<b>73 990</b>

1) EAD, exposure at default.

## Note 4 Taxes

DNB Bank ASA		<i>Amounts in NOK million</i>	DNB Bank Group	
Full year 2019	Full year 2020		Full year 2020	Full year 2019
30 883	23 595	Pre-tax operating profit	21 366	27 678
(6 794)	(5 191)	Estimated tax expense - nominal tax rate 22 per cent	(4 701)	(6 089)
(489)	(337)	Tax effect of financial tax	(425)	(502)
3	13	Tax effect of different tax rates in other countries	30	59
1 140	288	Tax effect of debt interest distribution with international branches	288	1 140
2 202	2 698	Tax effect of tax-exempt income and non-deductible expenses	1 054	400
(6)		Tax effect of changed tax rate for deferred taxes recognised in the balance sheet	(10)	(54)
(177)	(13)	Excess tax provision previous year	(162)	221
<b>(4 121)</b>	<b>(2 542)</b>	<b>Total tax expense</b>	<b>(3 926)</b>	<b>(4 825)</b>
13%	11%	Effective tax rate	18%	17%

## Note 5 Measurement of expected credit loss (ECL)

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In light of the spread of COVID-19, a variety of measures have been taken by the banking group to assist individuals and businesses in handling the financial consequences of the virus outbreak, primarily by offering payment waivers to customers. Furthermore, the business-related and financial impacts on the various business segments as well as Government relief programmes have been considered when measuring expected credit losses (ECL) on loans to customers, loan commitments, financial guarantees and other financial instruments subject to the IFRS 9 impairment rules.

### Forbearance

Following the business-related and financial impacts of the COVID-19 outbreak, the banking group has offered several customers payment waivers in order to provide temporary relief from the current situation, primarily by granting reduced or deferred instalment payments.

In the first two quarters of 2020, the banking group offered several customers payment waivers directly related to the COVID-19 outbreak. Combined with an otherwise healthy financial situation for the customer, the waivers do not result in forbearance classification. However, when payment waivers are combined with high credit risk and an expectation that the forbearance measures are not temporary, reclassification to the forbearance category should still be performed. The gross carrying amount of loans and financial commitments classified in the forbearance category was NOK 35 113 million as at 31 December 2020, compared with NOK 34 469 million as at 31 December 2019.

### Segmentation, macro scenarios and credit cycle index

The assessment of significant increases in credit risk and the calculation of ECL incorporate past, present and forward-looking information. The level of uncertainty in assessing forward-looking information has increased considerably, due to the massive lockdown and gradual reopening of the economy following the COVID-19 outbreak, combined with the related oil market imbalances. The high level of uncertainty reflects the magnitude and duration of the business-related and financial impacts, as well as the effects of the various financial support and relief measures being implemented by the Government.

In order to reflect the effect of macro drivers in a reasonable and supportable manner, the banking group's portfolio is divided into 22 segments with shared credit risk characteristics. The forecast periods incorporated in the segments vary between three and four years, and forecasts are prepared for each year in the forecast period. The macroeconomic forecasts for each segment have been carefully considered in the expert credit judgement forum to ensure that they reflect the expected impact of the economic consequences of the COVID-19 outbreak. Macro forecasts are usually obtained from DNB Markets and supplementary internal sources. Following the rapid change in the economic situation during 2020, forecasts from various external sources have also been considered. When selecting the macroeconomic forecasts, consideration has been given to both the reliability of the source and the timeliness of the update.

Due consideration has been given to all aspects of the situation when assessing the duration of the financial and business-related consequences of the COVID-19 outbreak. In general, the estimated adverse economic impact is incorporated into the first year of the period. The remaining forecast periods are expected to be substantially less affected by the adverse economic consequences.

When the expected business-related and financial impacts in the updated macro forecasts are not reflected in projections of the credit cycle in a way that represents the management's view, professional judgement has been applied to ensure the management's view is better reflected in the credit cycle index used.

### Sensitivity

To calculate expected credit losses in stages 1 and 2, the banking group uses a range of macroeconomic variables. Each variable is given several alternative scenarios of probability.

Macroeconomic variables are interrelated, in that changes in a forecast in one variable will most likely affect forecasts in the other variables. Furthermore, a weakening of the macro forecasts would normally imply more customers migrating from stages 1 and 2 to stages 2 and 3. Comparative sensitivity analyses for each macroeconomic variable will therefore, in isolation, not provide relevant sensitivity information.

The banking group has simulated an alternative adverse scenario for relevant macro forecasts. The scenario represents a possible downside compared with the scenario used for calculating the ECL recognised in the financial statements. Each macroeconomic variable is given alternative weaker expectations for each period in the forecast period. In the simulated alternative scenario, the ECL in stages 1 and 2 would increase by approximately 44 per cent compared with the ECL in stages 1 and 2 that is recognised in the financial statements at 31 December 2020.

The following table shows selected base case macroeconomic variables for the period 2020 to 2022 in the banking group's model used to calculate the ECL recognised in the financial statements compared to the base case in the alternative scenario. Each variable represents an annual estimate.

## Note 5 Measurement of expected credit loss (ECL) (continued)

### Selected base case macroeconomic variables used for calculating the ECL recognised in the financial statements and the alternative scenario

	Base case financial statements			Base case alternative scenario		
	2020	2021	2022	2020	2021	2022
Global GDP, year-to-year growth	(3.9)	5.0	3.7	(3.9)	(0.3)	3.7
Emerging countries' GDP, year-to-year growth	(2.6)	6.1	4.5	(2.6)	0.0	4.5
Swedish GDP, year-to-year growth	(4.8)	2.8	2.5	(4.8)	0.3	2.8
Oil price, USD per barrel	42	53	65	42	36	42
Norwegian house price index, year-to-year growth	4.5	8.0	4.0	4.5	(10.0)	4.0
Norwegian registered unemployment rate	5.0	3.6	3.1	5.0	5.0	3.7
NIBOR 3-month interest rate	0.7	0.4	0.6	0.7	0.5	0.7

The following table provides an overview of the macro forecasts that are included in the loan loss model. The table includes the average downside that is imposed on each macro variable in the alternative scenario.

### Change from the average base case level used for calculating the ECL recognised in the financial statements, to the average base case level used in the alternative scenario

	Change
Global GDP (percentage points)	(1.3)
Emerging countries' GDP (percentage points)	(1.5)
Oil price (per cent)	(26.6)
Norwegian mainland GDP (percentage points)	(0.4)
Norwegian consumer price index (percentage points)	(0.2)
Norwegian house price index (percentage points)	(4.5)
Norwegian registered unemployment rate (percentage points)	0.6
NIBOR 3-month interest rate (percentage points)	0.1
Swedish GDP (percentage points)	(0.5)
Norwegian commercial real estate rental price (per cent)	(1.3)
Salmon price (per cent)	(25.6)
Floater spot rate (per cent)	(10.1)
Rig utilisation rate (per cent)	0.0
Very large crude carriers spot rate (per cent)	(24.5)
Capesize spot rate (per cent)	(30.3)
Very large gas carrier spot rate (per cent)	0.0

One of the most significant exposures in stages 1 and 2 is lending to personal customers. This lending includes mortgage lending, credit card lending and consumer financing. In addition to specific customer attributes, the portfolio's ECL is forecasted based on the Norwegian house price index, the Norwegian interest rate, the household debt level and the unemployment rate. In the simulated alternative scenario, where all of these input parameters are given more adverse projections, the ECL in stages 1 and 2 would increase by approximately 66 per cent for the personal customer portfolio compared with the ECL measured at 31 December 2020 for the same portfolio and stages.

The banking group has furthermore investigated the effect of non-linearity in the ECL for stages 1 and 2. If the base case scenario alone is used to calculate expected credit losses, thereby excluding the fan that represents the range of alternative scenarios, the ECL at 31 December 2020 would decrease by 10 per cent.

### Significant increase in credit risk (staging)

To assess significant increase in credit risk, the banking group considers changes in the probability of a default occurring during the expected life of a financial instrument. Debt levels are expected to rise, and this will typically affect credit risk assessments.

The assessment of a significant increase in credit risk is based on a combination of quantitative and qualitative indicators and backstops. The extension or deferral of payments from borrowers does not automatically result in instruments being considered to have a significantly increased credit risk. Careful consideration is given to whether the credit risk has significantly increased and borrowers are unlikely to restore their creditworthiness, or whether the borrowers are only experiencing a temporary liquidity constraint, for instance due to COVID-19 lockdown measures. On a general level, a change in the macroeconomic outlook will influence the assessment of a significant increase in customers' credit risk, as this will affect the overall view of the economic situation for the relevant segment.

### Measurement of expected credit loss for credit-impaired financial instruments

The business-related and financial impacts of the COVID-19 outbreak and the oil price fall, as well as of the assessed relief expected to be provided through established Government programmes, are incorporated into the net present value of the discounted estimated future cash flows.

### Sensitivity

If the value of collaterals on all stage 3 exposures were reduced by 10 per cent, the stage 3 ECL at 31 December 2020 in the banking group would increase by approximately NOK 2 billion.

## Note 6 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 effect from consolidation and other changes affecting the gross carrying amount and maximum exposure.

### Loans to customers at amortised cost (quarterly figures) <sup>1)</sup>

<i>Amounts in NOK million</i>	4th quarter 2020				4th quarter 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 30 Sept.</b>	<b>606 698</b>	<b>133 887</b>	<b>30 289</b>	<b>770 874</b>	<b>675 917</b>	<b>54 956</b>	<b>23 046</b>	<b>753 919</b>
Transfer to stage 1	31 517	(31 326)	(192)		7 232	(6 983)	(249)	
Transfer to stage 2	(18 511)	19 445	(933)		(8 345)	9 304	(960)	
Transfer to stage 3	(203)	(1 552)	1 755		(1 854)	(960)	2 814	
Originated and purchased	74 912	2 301		77 213	52 883	1 858		54 741
Derecognition	(54 621)	(18 424)	(4 712)	(77 757)	(47 817)	(4 522)	(3 443)	(55 782)
Exchange rate movements	(470)	(154)	(19)	(642)	849	79	43	972
<b>Gross carrying amount as at 31 Dec.</b>	<b>639 323</b>	<b>104 177</b>	<b>26 189</b>	<b>769 690</b>	<b>678 866</b>	<b>53 733</b>	<b>21 251</b>	<b>753 849</b>

### Loans to customers at amortised cost (year-to-date figures) <sup>1)</sup>

<i>Amounts in NOK million</i>	Full year 2020				Full year 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 31 Dec.</b>	<b>678 866</b>	<b>53 733</b>	<b>21 251</b>	<b>753 849</b>	<b>607 258</b>	<b>49 259</b>	<b>23 195</b>	<b>679 712</b>
Transfer to stage 1	79 625	(78 833)	(791)		30 164	(29 754)	(410)	
Transfer to stage 2	(164 007)	166 338	(2 331)		(43 838)	46 368	(2 530)	
Transfer to stage 3	(3 370)	(13 748)	17 118		(3 152)	(3 027)	6 180	
Originated and purchased	249 639	20 195		269 834	259 090	5 079		264 168
Derecognition	(206 086)	(43 900)	(9 307)	(259 293)	(184 994)	(14 212)	(5 220)	(204 426)
Exchange rate movements	4 656	393	250	5 299	(870)	(55)	36	(889)
Other <sup>2)</sup>					15 208	76		15 284
<b>Gross carrying amount as at 31 Dec.</b>	<b>639 323</b>	<b>104 177</b>	<b>26 189</b>	<b>769 690</b>	<b>678 866</b>	<b>53 733</b>	<b>21 251</b>	<b>753 849</b>

1) Figures from 1 January 2020 are recognised excluding loans at fair value through other comprehensive income. Historical figures have been adjusted accordingly.

2) With 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 6 Development in gross carrying amount and maximum exposure (continued)

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

DNB Bank Group

Amounts in NOK million	4th quarter 2020				4th quarter 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 30 Sept.</b>	<b>1 469 536</b>	<b>173 447</b>	<b>36 904</b>	<b>1 679 887</b>	<b>1 519 763</b>	<b>87 824</b>	<b>26 808</b>	<b>1 634 396</b>
Transfer to stage 1	41 225	(40 802)	(423)		15 541	(15 194)	(347)	
Transfer to stage 2	(28 224)	28 840	(616)		(20 652)	22 442	(1 789)	
Transfer to stage 3	(378)	(2 157)	2 535		(2 038)	(1 221)	3 259	
Originated and purchased	127 955	745		128 700	99 365	857		100 223
Derecognition	(102 502)	(21 653)	(5 993)	(130 149)	(94 905)	(6 611)	(3 690)	(105 207)
Exchange rate movements	(7 388)	(1 086)	(402)	(8 875)	1 942	194	57	2 193
Other								
<b>Gross carrying amount as at 31 Dec.</b>	<b>1 500 223</b>	<b>137 333</b>	<b>32 006</b>	<b>1 669 563</b>	<b>1 519 017</b>	<b>88 291</b>	<b>24 297</b>	<b>1 631 605</b>

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

DNB Bank Group

Amounts in NOK million	Full year 2020				Full year 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 31 Dec.</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>
Transfer to stage 1	124 100	(122 532)	(1 568)		67 630	(66 796)	(835)	
Transfer to stage 2	(223 662)	227 209	(3 548)		(91 879)	96 543	(4 664)	
Transfer to stage 3	(4 363)	(18 364)	22 726		(3 842)	(5 350)	9 192	
Originated and purchased	453 660	17 727		471 387	470 770	4 753		475 523
Derecognition	(378 385)	(55 279)	(9 724)	(443 388)	(373 187)	(23 305)	(7 324)	(403 815)
Exchange rate movements	9 854	282	(178)	9 959	305	190	95	590
Other					188	0	0	188
<b>Gross carrying amount as at 31 Dec.</b>	<b>1 500 223</b>	<b>137 333</b>	<b>32 006</b>	<b>1 669 563</b>	<b>1 519 017</b>	<b>88 291</b>	<b>24 297</b>	<b>1 631 605</b>

## Note 6 Development in gross carrying amount and maximum exposure (continued)

### Financial commitments (quarterly figures)

DNB Bank ASA

<i>Amounts in NOK million</i>	4th quarter 2020				4th quarter 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Maximum exposure as at 30 Sept.</b>	<b>461 348</b>	<b>41 799</b>	<b>6 810</b>	<b>509 957</b>	<b>455 332</b>	<b>15 789</b>	<b>4 085</b>	<b>475 206</b>
Transfer to stage 1	12 514	(12 476)	(38)		2 481	(2 455)	(26)	
Transfer to stage 2	(3 313)	3 432	(119)		(3 468)	3 549	(81)	
Transfer to stage 3	(29)	(291)	321		(236)	(52)	288	
Originated and purchased	104 060	643		104 704	59 192	11		59 203
Derecognition	(100 330)	(3 420)	(1 865)	(105 614)	(70 638)	(3 320)	(1 031)	(74 989)
Exchange rate movements	(2 982)	(35)	(2)	(3 020)	103	14	10	127
<b>Maximum exposure as at 31 Dec.</b>	<b>471 269</b>	<b>29 652</b>	<b>5 107</b>	<b>506 028</b>	<b>442 766</b>	<b>13 537</b>	<b>3 245</b>	<b>459 547</b>

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

DNB Bank ASA

<i>Amounts in NOK million</i>	Full year 2020				Full year 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Maximum exposure as at 31 Dec.</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>
Transfer to stage 1	30 733	(30 504)	(228)		16 298	(16 054)	(244)	
Transfer to stage 2	(61 869)	62 567	(697)		(18 622)	18 865	(243)	
Transfer to stage 3	(1 190)	(4 241)	5 430		(1 148)	(691)	1 839	
Originated and purchased	394 001	1 772		395 773	345 181	11		345 192
Derecognition	(334 471)	(13 534)	(2 665)	(350 670)	(356 693)	(7 321)	(2 016)	(366 030)
Exchange rate movements	1 299	56	22	1 377	155	5	(12)	149
<b>Maximum exposure as at 31 Dec.</b>	<b>471 269</b>	<b>29 652</b>	<b>5 107</b>	<b>506 028</b>	<b>442 766</b>	<b>13 537</b>	<b>3 245</b>	<b>459 547</b>

### Financial commitments (quarterly figures)

DNB Bank Group

<i>Amounts in NOK million</i>	4th quarter 2020				4th quarter 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Maximum exposure as at 30 Sept.</b>	<b>647 719</b>	<b>49 035</b>	<b>7 963</b>	<b>704 717</b>	<b>630 605</b>	<b>26 504</b>	<b>4 282</b>	<b>661 390</b>
Transfer to stage 1	13 812	(13 774)	(38)		3 443	(3 417)	(26)	
Transfer to stage 2	(5 392)	5 513	(121)		(5 176)	5 415	(239)	
Transfer to stage 3	(27)	(276)	303		(241)	(57)	298	
Originated and purchased	112 833	783		113 616	81 256	0		81 256
Derecognition	(113 032)	(4 263)	(2 010)	(119 305)	(92 851)	(4 495)	(982)	(98 328)
Exchange rate movements	(7 931)	(539)	(73)	(8 544)	309	(157)	11	163
<b>Maximum exposure as at 31 Dec.</b>	<b>647 981</b>	<b>36 478</b>	<b>6 024</b>	<b>690 484</b>	<b>617 345</b>	<b>23 794</b>	<b>3 343</b>	<b>644 482</b>

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

DNB Bank Group

<i>Amounts in NOK million</i>	Full year 2020				Full year 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Maximum exposure as at 31 Dec.</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>
Transfer to stage 1	40 614	(40 382)	(233)		20 580	(20 331)	(249)	
Transfer to stage 2	(75 629)	76 330	(701)		(25 073)	25 600	(528)	
Transfer to stage 3	(1 553)	(8 426)	9 979		(1 164)	(1 010)	2 175	
Originated and purchased	427 525	3 451		430 975	396 849	0		396 849
Derecognition	(365 259)	(18 486)	(6 314)	(390 058)	(395 478)	(10 062)	(2 198)	(407 737)
Exchange rate movements	4 938	197	(51)	5 084	715	135	(10)	840
<b>Maximum exposure as at 31 Dec.</b>	<b>647 981</b>	<b>36 478</b>	<b>6 024</b>	<b>690 484</b>	<b>617 345</b>	<b>23 794</b>	<b>3 343</b>	<b>644 482</b>

## Note 7 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 effect from consolidation and other changes affecting the expected credit loss.

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

Amounts in NOK million	4th quarter 2020				4th quarter 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Accumulated impairment as at 30 Sept.</b>	<b>(580)</b>	<b>(1 203)</b>	<b>(12 184)</b>	<b>(13 967)</b>	<b>(200)</b>	<b>(932)</b>	<b>(7 788)</b>	<b>(8 920)</b>
Transfer to stage 1	(114)	113			(51)	46	5	
Transfer to stage 2	28	(72)	44		6	(95)	89	
Transfer to stage 3		103	(103)		0	4	(4)	
Originated and purchased	(103)	(31)		(134)	(4)	(102)		(106)
Increased expected credit loss <sup>1)</sup>	(9)	(178)	(2 021)	(2 208)	(36)	(155)	(1 864)	(2 055)
Decreased (reversed) expected credit loss <sup>1)</sup>	217	169	1 506	1 892	112	378	671	1 161
Write-offs			2 228	2 228	0	0	650	650
Derecognition (including repayments)	5	108	10	124	5	79	19	103
Exchange rate movements	1	1	14	17	(1)	(1)	(28)	(30)
<b>Accumulated impairment as at 31 Dec.</b>	<b>(555)</b>	<b>(987)</b>	<b>(10 506)</b>	<b>(12 048)</b>	<b>(168)</b>	<b>(777)</b>	<b>(8 252)</b>	<b>(9 197)</b>

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

Amounts in NOK million	Full year 2020				Full year 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Accumulated impairment as at 31 Dec.</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>
Transfer to stage 1	(479)	458	21		(219)	199	20	
Transfer to stage 2	151	(311)	160		33	(174)	141	
Transfer to stage 3	1	411	(412)		3	33	(37)	
Originated and purchased	(257)	(217)		(474)	(83)	(137)		(220)
Increased expected credit loss <sup>1)</sup>	(721)	(1 865)	(10 051)	(12 637)	(201)	(959)	(5 392)	(6 552)
Decreased (reversed) expected credit loss <sup>1)</sup>	872	999	4 330	6 201	431	781	2 884	4 096
Write-offs			3 660	3 660	0	0	1 558	1 558
Derecognition (including repayments)	49	318	76	443	23	330	19	371
Exchange rate movements	(3)	(4)	(37)	(44)	0	1	(30)	(29)
<b>Accumulated impairment as at 31 Dec.</b>	<b>(555)</b>	<b>(987)</b>	<b>(10 506)</b>	<b>(12 048)</b>	<b>(168)</b>	<b>(777)</b>	<b>(8 252)</b>	<b>(9 197)</b>

1) DNB has performed a recalibration of the IFRS 9 models used for stage 1 and stage 2 loans in the second quarter of 2019. 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 7 Development in accumulated impairment of financial instruments (continued)

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

Amounts in NOK million	4th quarter 2020				4th quarter 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Accumulated impairment as at 30 Sept.</b>	<b>(807)</b>	<b>(1 680)</b>	<b>(13 774)</b>	<b>(16 262)</b>	<b>(343)</b>	<b>(1 217)</b>	<b>(8 472)</b>	<b>(10 032)</b>
Transfer to stage 1	(145)	140	5		(62)	55	7	
Transfer to stage 2	32	(81)	50		10	(155)	144	
Transfer to stage 3		104	(105)		0	6	(6)	
Originated and purchased	(128)	(34)		(162)	(26)	(106)		(132)
Increased expected credit loss <sup>1)</sup>	(44)	(195)	(2 547)	(2 786)	(41)	(234)	(1 985)	(2 260)
Decreased (reversed) expected credit loss <sup>1)</sup>	300	394	1 346	2 041	149	474	775	1 397
Write-offs			2 859	2 859	0	0	656	656
Derecognition (including repayments)	17	121	10	148	9	137	20	166
Exchange rate movements	14	18	117	149	(2)	(1)	(42)	(45)
Other								
<b>Accumulated impairment as at 31 Dec.</b>	<b>(761)</b>	<b>(1 213)</b>	<b>(12 039)</b>	<b>(14 013)</b>	<b>(305)</b>	<b>(1 041)</b>	<b>(8 904)</b>	<b>(10 251)</b>

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

Amounts in NOK million	Full year 2020				Full year 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Accumulated impairment as at 31 Dec.</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>
Transfer to stage 1	(638)	599	38		(351)	319	32	
Transfer to stage 2	204	(404)	200		58	(276)	218	
Transfer to stage 3	1	423	(424)		3	86	(90)	
Originated and purchased	(365)	(270)		(635)	(169)	(145)		(314)
Increased expected credit loss <sup>1)</sup>	(990)	(2 430)	(12 291)	(15 711)	(274)	(1 250)	(6 187)	(7 711)
Decreased (reversed) expected credit loss <sup>1)</sup>	1 260	1 365	4 655	7 281	745	1 031	3 613	5 389
Write-offs			4 587	4 587	0	0	1 840	1 840
Derecognition (including repayments)	72	550	76	698	35	422	40	497
Exchange rate movements	(0)	(5)	24	18	(1)	(6)	(49)	(55)
Other								
<b>Accumulated impairment as at 31 Dec.</b>	<b>(761)</b>	<b>(1 213)</b>	<b>(12 039)</b>	<b>(14 013)</b>	<b>(305)</b>	<b>(1 041)</b>	<b>(8 904)</b>	<b>(10 251)</b>

1) DNB has performed a recalibration of the IFRS 9 models used for stage 1 and stage 2 loans in the second quarter of 2019. 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 Development in accumulated impairment of financial instruments (continued)

### Financial commitments (quarterly figures)

DNB Bank ASA

Amounts in NOK million	4th quarter 2020				4th quarter 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Accumulated impairment as at 30 Sept.</b>	<b>(246)</b>	<b>(485)</b>	<b>(939)</b>	<b>(1 670)</b>	<b>(119)</b>	<b>(485)</b>	<b>(1 057)</b>	<b>(1 660)</b>
Transfer to stage 1	(32)	32			(36)	31	5	
Transfer to stage 2	13	(17)	4		6	(8)	1	
Transfer to stage 3	0	27	(27)		0	0	(0)	
Originated and purchased	(67)	(32)		(99)	(11)	(0)		(11)
Increased expected credit loss <sup>1)</sup>	(17)	(105)	(162)	(284)	(19)	(120)	(69)	(209)
Decreased (reversed) expected credit loss <sup>1)</sup>	115	96	522	733	67	119	574	761
Derecognition	0	47		47	0	105		105
Exchange rate movements	2	0	0	2	0	(1)	(0)	(1)
Other					0	0	0	0
<b>Accumulated impairment as at 31 Dec.</b>	<b>(231)</b>	<b>(438)</b>	<b>(601)</b>	<b>(1 270)</b>	<b>(111)</b>	<b>(358)</b>	<b>(546)</b>	<b>(1 016)</b>

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

DNB Bank ASA

Amounts in NOK million	Full year 2020				Full year 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Accumulated impairment as at 31 Dec.</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>
Transfer to stage 1	(194)	191	4		(182)	147	35	
Transfer to stage 2	74	(85)	11		44	(48)	4	
Transfer to stage 3	1	176	(177)		0	5	(6)	
Originated and purchased	(295)	(82)		(377)	(121)	(14)		(136)
Increased expected credit loss <sup>1)</sup>	(326)	(894)	(1 260)	(2 480)	(72)	(538)	(1 179)	(1 789)
Decreased (reversed) expected credit loss <sup>1)</sup>	619	424	1 368	2 411	333	341	1 155	1 830
Derecognition	3	190		193	4	184		188
Exchange rate movements	0	(1)	(0)	(1)	0	(1)	(0)	(1)
Other					0	0	14	14
<b>Accumulated impairment as at 31 Dec.</b>	<b>(231)</b>	<b>(438)</b>	<b>(601)</b>	<b>(1 270)</b>	<b>(111)</b>	<b>(358)</b>	<b>(546)</b>	<b>(1 016)</b>

1) DNB has performed a recalibration of the IFRS 9 models used for stage 1 and stage 2 financial commitments in the second quarter of 2019. 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 7 Development in accumulated impairment of financial instruments (continued)

### Financial commitments (quarterly figures)

Amounts in NOK million	4th quarter 2020				4th quarter 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Accumulated impairment as at 30 Sept.</b>	<b>(318)</b>	<b>(616)</b>	<b>(937)</b>	<b>(1 870)</b>	<b>(152)</b>	<b>(904)</b>	<b>(1 054)</b>	<b>(2 110)</b>
Transfer to stage 1	(34)	34			(37)	32	5	
Transfer to stage 2	14	(18)	4		7	(9)	1	
Transfer to stage 3	0	25	(25)		0	0	(0)	
Originated and purchased	(79)	(35)		(115)	(23)	(0)		(23)
Increased expected credit loss <sup>1)</sup>	(19)	(119)	(157)	(296)	(23)	(132)	(69)	(225)
Decreased (reversed) expected credit loss <sup>1)</sup>	139	102	513	754	79	219	574	872
Derecognition	8	46	0	54	3	116	0	119
Exchange rate movements	5	16	0	21	(0)	10	(0)	9
Other					0	0	0	0
<b>Accumulated impairment as at 31 Dec.</b>	<b>(284)</b>	<b>(566)</b>	<b>(601)</b>	<b>(1 451)</b>	<b>(146)</b>	<b>(667)</b>	<b>(543)</b>	<b>(1 357)</b>

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

Amounts in NOK million	Full year 2020				Full year 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Accumulated impairment as at 31 Dec.</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>
Transfer to stage 1	(227)	224	4		(187)	152	35	
Transfer to stage 2	82	(93)	11		46	(50)	4	
Transfer to stage 3	1	314	(315)		0	9	(9)	
Originated and purchased	(351)	(92)		(443)	(158)	(14)		(172)
Increased expected credit loss <sup>1)</sup>	(388)	(1 602)	(1 663)	(3 654)	(83)	(653)	(1 173)	(1 909)
Decreased (reversed) expected credit loss <sup>1)</sup>	734	1 049	1 906	3 689	375	697	1 155	2 228
Derecognition	12	312	0	324	8	201	0	209
Exchange rate movements	1	(11)	(0)	(11)	(0)	(8)	(0)	(9)
Other					0	0	14	14
<b>Accumulated impairment as at 31 Dec.</b>	<b>(284)</b>	<b>(566)</b>	<b>(601)</b>	<b>(1 451)</b>	<b>(146)</b>	<b>(667)</b>	<b>(543)</b>	<b>(1 357)</b>

1) DNB has performed a recalibration of the IFRS 9 models used for stage 1 and stage 2 financial commitments in the second quarter of 2019. 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 8 Loans and financial commitments to customers by industry segment

### Loans to customers as at 31 December 2020

<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	102 834	(17)	(34)	(353)		102 430
Commercial real estate	188 048	(103)	(56)	(389)	107	187 607
Shipping	41 633	(45)	(227)	(327)		41 033
Oil, gas and offshore	57 588	(113)	(224)	(7 671)		49 580
Power and renewables	31 866	(38)	(4)	(248)		31 576
Healthcare	16 857	(4)	(0)			16 853
Public sector	11 764	(16)	(0)	(0)		11 748
Fishing, fish farming and farming	51 680	(56)	(68)	(145)	119	51 531
Retail industries	35 653	(29)	(79)	(430)	16	35 131
Manufacturing	37 539	(37)	(68)	(132)		37 303
Technology, media and telecom	25 325	(23)	(12)	(15)	3	25 279
Services	79 749	(57)	(111)	(612)	24	78 993
Residential property	102 951	(32)	(22)	(143)	296	103 050
Personal customers	821 154	(141)	(141)	(558)	47 394	867 708
Other corporate customers	64 923	(53)	(166)	(1 017)	16	63 703
<b>Total <sup>1)</sup></b>	<b>1 669 563</b>	<b>(761)</b>	<b>(1 213)</b>	<b>(12 039)</b>	<b>47 975</b>	<b>1 703 524</b>

1) Of which NOK 54 166 million in repo trading volumes.

### 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.

## Note 8 Loans and financial commitments to customers by industry segment (continued)

Financial commitments as at 31 December 2020	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	27 712	(10)	(3)	(0)	27 700
Commercial real estate	25 561	(17)	(2)	(3)	25 539
Shipping	9 830	(15)	(14)	(7)	9 794
Oil, gas and offshore	47 598	(70)	(301)	(294)	46 933
Power and renewables	42 141	(28)	(0)		42 112
Healthcare	23 556	(4)	(0)		23 553
Public sector	10 266	(0)	(0)		10 266
Fishing, fish farming and farming	17 366	(14)	(6)	(9)	17 337
Retail industries	34 807	(18)	(37)	(14)	34 738
Manufacturing	54 314	(24)	(61)	(3)	54 226
Technology, media and telecom	20 871	(8)	(6)	(0)	20 857
Services	28 780	(19)	(54)	(22)	28 687
Residential property	38 147	(17)	(2)	(5)	38 124
Personal customers	272 061	(21)	(11)	(0)	272 029
Other corporate customers	37 474	(20)	(69)	(245)	37 140
<b>Total</b>	<b>690 484</b>	<b>(284)</b>	<b>(566)</b>	<b>(601)</b>	<b>689 033</b>

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>

## Note 9 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 2020</b>				
Loans to customers		119 050	7 030	126 080
Commercial paper and bonds	49 220	278 442	283	327 945
Shareholdings	3 931	798	699	5 428
Financial derivatives	375	195 757	1 877	198 009
<b>Liabilities as at 31 December 2020</b>				
Deposits from customers		14 238		14 238
Debt securities issued		6 815		6 815
Subordinated loan capital		179		179
Financial derivatives	465	210 526	1 513	212 505
Other financial liabilities <sup>1)</sup>	2 982			2 982

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		7 720		7 720
Subordinated loan capital		176		176
Financial derivatives	261	166 553	1 536	168 349
Other financial liabilities <sup>1)</sup>	10 883			10 883

1) 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 9 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 2020</b>				
Loans to customers			47 975	47 975
Commercial paper and bonds	59 740	218 734	283	278 756
Shareholdings	5 090	845	941	6 876
Financial derivatives	375	185 282	1 877	187 534
<b>Liabilities as at 31 December 2020</b>				
Deposits from customers		14 238		14 238
Debt securities issued		21 950		21 950
Subordinated loan capital		179		179
Financial derivatives	465	172 192	1 513	174 170
Other financial liabilities <sup>1)</sup>	2 982			2 982

<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		21 757		21 757
Subordinated loan capital		176		176
Financial derivatives	261	114 074	1 536	115 871
Other financial liabilities <sup>1)</sup>	10 883			10 883

1) Short positions, trading activities.

For a further description of the instruments and valuation techniques, see the annual report for 2019.

## Note 9 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 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>
Net gains recognised in the income statement	173	(75)	219	141	367
Additions/purchases	4 245	315	33	1 247	914
Sales	(2 300)	(340)	(187)		
Settled	(3 583)			(1 408)	(1 331)
Transferred from level 1 or level 2		365			
Transferred to level 1 or level 2		(371)			
Other		34		29	27
<b>Carrying amount as at 31 December 2020</b>	<b>7 030</b>	<b>283</b>	<b>699</b>	<b>1 877</b>	<b>1 513</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 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>
Net gains recognised in the income statement	1 122	(75)	198	141	367
Additions/purchases	10 550	315	139	1 247	914
Sales		(340)	(191)		
Settled	(13 692)			(1 408)	(1 331)
Transferred from level 1 or level 2		365			
Transferred to level 1 or level 2		(371)			
Other		34	(0)	29	27
<b>Carrying amount as at 31 December 2020</b>	<b>47 975</b>	<b>283</b>	<b>941</b>	<b>1 877</b>	<b>1 513</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 29 million in DNB Bank ASA and 150 million in DNB Bank Group. The effects on other Level 3 financial instruments are insignificant.



## Note 10 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 2020

	DNB Bank ASA					
	Balance sheet 31 Dec. 2020	Issued 2020	Matured/ redeemed 2020	Exchange rate movements 2020	Other changes 2020	Balance sheet 31 Dec. 2019
<i>Amounts in NOK million</i>						
Commercial papers issued, nominal amount	137 931	1 113 162	(1 121 261)	(42 091)		188 120
Bond debt, nominal amount	175 115	3 448	(60 411)	9 529		222 550
Senior non-preferred bonds, nominal amount	8 519	9 462		(943)		
Value adjustments	5 210			17	(702)	5 895
<b>Total debt securities issued</b>	<b>326 776</b>	<b>1 126 072</b>	<b>(1 181 672)</b>	<b>(33 488)</b>	<b>(702)</b>	<b>416 565</b>

### Debt securities issued 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>						
Commercial papers 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
Senior non-preferred bonds, nominal amount						
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 2020

	DNB Bank Group					
	Balance sheet 31 Dec. 2020	Issued 2020	Matured/ redeemed 2020	Exchange rate movements 2020	Other changes 2020	Balance sheet 31 Dec. 2019
<i>Amounts in NOK million</i>						
Commercial papers issued, nominal amount	137 931	1 113 162	(1 121 261)	(42 091)		188 120
Bond debt, nominal amount <sup>1)</sup>	610 594	29 430	(103 824)	29 533		655 455
Senior non-preferred bonds, nominal amount	8 519	9 462		(943)		
Value adjustments	30 769			17	2 695	28 057
<b>Total debt securities issued</b>	<b>787 813</b>	<b>1 152 054</b>	<b>(1 225 085)</b>	<b>(13 483)</b>	<b>2 695</b>	<b>871 632</b>

1) Minus own bonds. The total nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 364.8 billion as at 31 December 2020. The market value of the cover pool represented NOK 673.5 billion.

### Debt securities issued 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>						
Commercial papers 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
Senior non-preferred bonds, nominal amount						
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>

1) Minus own bonds.

## Note 10 Debt securities issued and subordinated loan capital (continued)

Subordinated loan capital and perpetual subordinated loan capital securities 2020						DNB Bank ASA
	Balance sheet 31 Dec. 2020	Issued 2020	Matured/ redeemed 2020	Exchange rate movements 2020	Other changes 2020	Balance sheet 31 Dec. 2019
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	26 320	4 056	(4 207)	1 528		24 943
Perpetual subordinated loan capital, nominal amount	5 640			(134)		5 774
Value adjustments	359				(19)	378
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>32 319</b>	<b>4 056</b>	<b>(4 207)</b>	<b>1 394</b>	<b>(19)</b>	<b>31 095</b>

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 2020						DNB Bank Group
	Balance sheet 31 Dec. 2020	Issued 2020	Matured/ redeemed 2020	Exchange rate movements 2020	Other changes 2020	Balance sheet 31 Dec. 2019
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	26 320	4 056	(4 207)	1 528		24 943
Perpetual subordinated loan capital, nominal amount	5 640			(134)		5 774
Value adjustments	359				(19)	378
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>32 319</b>	<b>4 056</b>	<b>(4 207)</b>	<b>1 394</b>	<b>(19)</b>	<b>31 095</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>

## **Note 11 Information on related parties**

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### **DNB Boligkreditt AS**

In 2020, loan portfolios representing NOK 49.2 billion (NOK 1.5 billion in 2019) 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 2020, the bank had invested NOK 59.9 billion in covered bonds issued by DNB Boligkreditt.

The management fee paid to the bank for purchased services amounted to NOK 1 047 million in 2020 (NOK 728 million in 2019).

In 2020, DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 25.8 billion at end-December 2020.

DNB Boligkreditt AS has a long-term overdraft facility in DNB Bank ASA with a limit of NOK 180 billion.

### **DNB Livsforsikring AS**

At end-December 2020 DNB Livsforsikring's holding of DNB Boligkreditt bonds was valued at NOK 1.5 billion.

## **Note 12 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.

In December 2020, DNB received a preliminary report from Finanstilsynet following an ordinary AML inspection in February 2020. According to the report, DNB had not been complicit in money laundering, but Finanstilsynet criticised the bank for inadequate compliance with the Norwegian Anti-Money Laundering Act. On the basis of this criticism, Finanstilsynet wrote in a preliminary report that it is considering imposing an administrative fine of NOK 400 million on the bank. This constitutes about 7 per cent of the maximum amount Finanstilsynet is at liberty to impose, and 0.7 per cent of DNB's annual turnover. The maximum administrative fine it is possible to impose corresponds to 10 per cent of a company's annual turnover. A provision of NOK 400 million has been booked in the fourth quarter of 2020. The bank will now examine Finanstilsynet's preliminary report and submit a response to the authority by the deadline.

# Information about the DNB Bank Group

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## 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  
Julie Galbo  
Eli Solhaug

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## Financial calendar 2021

11 March	Annual report 2020
29 April	Q1 2021
13 July	Q2 2021
21 October	Q3 2021

## 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.



**We are here.  
So you can stay ahead.**

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