

DNB Bank

A company in the DNB Group

Third quarter report 2019
(Unaudited)

Q3

DNB

Financial highlights

Income statement

Amounts in NOK million	DNB Bank Group				
	3rd quarter 2019	3rd quarter 2018	January-September 2019 2018		Full year 2018
Net interest income	10 150	9 299	29 367	27 634	37 388
Net commissions and fees	1 536	1 431	4 799	4 721	6 605
Net gains on financial instruments at fair value	1 523	611	3 622	905	1 351
Other operating income	612	581	1 839	1 939	2 522
Net other operating income	3 672	2 623	10 260	7 564	10 478
Total income	13 822	11 922	39 627	35 198	47 866
Operating expenses	(5 318)	(5 114)	(16 108)	(15 189)	(20 681)
Restructuring costs and non-recurring effects	(134)	(26)	(177)	(106)	(565)
Pre-tax operating profit before impairment	8 370	6 782	23 343	19 902	26 620
Net gains on fixed and intangible assets	(40)	(3)	(43)	480	529
Impairment of financial instruments	(1 247)	(11)	(2 014)	374	139
Pre-tax operating profit	7 083	6 769	21 286	20 756	27 288
Tax expense	(1 417)	(1 354)	(4 257)	(4 151)	(4 976)
Profit from operations held for sale, after taxes	(36)	(42)	(117)	(63)	(204)
Profit for the period	5 631	5 373	16 912	16 542	22 109

Balance sheet

Amounts in NOK million	30 Sept. 2019	31 Dec. 2018	30 Sept. 2018
Total assets	2 576 850	2 307 710	2 387 216
Loans to customers	1 673 924	1 598 017	1 561 867
Deposits from customers	983 472	940 087	995 154
Total equity	215 989	207 933	200 665
Average total assets	2 543 839	2 434 354	2 454 510

Key figures and alternative performance measures

	3rd quarter 2019	3rd quarter 2018	January-September 2019 2018		Full year 2018
Return on equity, annualised (per cent) ¹⁾	10.8	11.2	11.1	11.6	11.5
Combined weighted total average spread for lending and deposits (per cent) ¹⁾	1.32	1.30	1.32	1.29	1.30
Average spread for ordinary lending to customers (per cent) ¹⁾	1.80	1.95	1.85	1.95	1.94
Average spread for deposits from customers (per cent) ¹⁾	0.55	0.29	0.47	0.27	0.29
Cost/income ratio (per cent) ¹⁾	39.4	43.1	41.1	43.5	44.4
Ratio of customer deposits to net loans to customers at end of period ¹⁾	58.8	63.7	58.8	63.7	58.8
Net loans and financial commitments in stage 2, per cent of net loans ¹⁾	6.80	6.62	6.80	6.62	6.96
Net loans and financial commitments in stage 3, per cent of net loans ¹⁾	1.29	1.65	1.29	1.65	1.45
Impairment relative to average net loans to customers, annualised (per cent) ¹⁾	(0.30)	(0.00)	(0.16)	0.03	0.01
Common equity Tier 1 capital ratio, transitional rules, at end of period (per cent) ²⁾	17.2	16.5	17.2	16.5	16.5
Leverage ratio, Basel III (per cent)	7.2	7.0	7.2	7.0	7.4
Number of full-time positions at end of period	8 562	8 583	8 562	8 583	8 597

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

2) Including 50 per cent of profit for the period, except for the full year figures.

Third quarter report 2019

Directors' report	2
--------------------------------	---

Accounts

Income statement DNB Bank ASA	8
Comprehensive income statement DNB Bank ASA	8
Balance sheet DNB Bank ASA.....	9
Income statement DNB Bank Group	10
Comprehensive income statement DNB Bank Group.....	10
Balance sheet DNB Bank Group.....	11
Statement of changes in equity	12
Cash flow statement.....	14
Note 1 Basis for preparation	16
Note 2 Segments.....	17
Note 3 Capital adequacy	18
Note 4 Development in gross carrying amount and maximum exposure	21
Note 5 Development in accumulated impairment of financial instruments	24
Note 6 Loans and financial commitments to customers by industry segment	28
Note 7 Financial instruments at fair value	30
Note 8 Debt securities issued and subordinated loan capital	33
Note 9 Information on related parties	35
Note 10 Contingencies	35

Additional information

Information about the DNB Bank Group	36
--	----

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

Directors' report

Third quarter financial performance

A strong Norwegian macroeconomic situation contributed to healthy lending growth, higher NOK interest rates and continued strong asset quality.

The DNB Bank Group¹⁾ delivered a solid profit of NOK 5 631 million in the third quarter, an increase of NOK 257 million from the third quarter of 2018, mainly driven by higher net interest income as well as higher income from net commissions and fees. Compared with the previous quarter, profits decreased by NOK 302 million.

The common equity Tier 1 (CET1) capital ratio, calculated according to transitional rules, was 17.2 per cent at end-September, an increase from 16.5 per cent a year earlier, and up from 16.7 per cent at end-June 2019. Without transitional rules, the CET1 capital ratio was 18.9 per cent, up from 17.3 per cent a year earlier, and from 17.7 per cent in the second quarter. The increase from the previous quarter is due to the closing of the Luminor transaction, retained earnings and a reduction in risk-weighted assets.

The leverage ratio for the banking group was 7.2 per cent, up from 7.0 per cent in the third quarter of 2018 and 7.1 per cent in the second quarter.

Return on equity was 10.8 per cent, compared with 11.2 per cent in the year-earlier period and 11.8 per cent in the second quarter.

Total income increased by 15.9 per cent from the third quarter of 2018 and 3.0 per cent from the second quarter.

Profitable volume growth in all customer segments and repricing effects led to an increase in net interest income of NOK 851 million or 9.2 per cent from the third quarter of 2018, and NOK 404 million or 4.1 per cent from the second quarter.

Net other operating income was NOK 3 672 million, up NOK 1 049 million from the third quarter of 2018. There was a 7.4 per cent increase in net commissions and fees, as well as higher net gains on financial instruments at fair value. Compared with the second quarter, net other operating income was at the same level.

Operating expenses were NOK 312 million higher than in the year-earlier period, due to higher costs related to salaries and other personnel expenses as well as impairment of a leasing contract of NOK 116 million. Compared with the second quarter, operating expenses were down NOK 58 million. The decrease was due to seasonally lower activity.

Net impairment losses on financial instruments amounted to NOK 1 247 million in the quarter, an increase of NOK 1 237 million compared with the third quarter of last year and NOK 798 million compared with the second quarter of 2019. The increase in the quarter was related to one specific loan engagement in stage 3 in the large corporates and international customers segment. Both the personal customers segment and the small and medium-sized enterprises segment experienced low impairment losses in the quarter. Overall, the development in macro forecasts and asset quality were stable in the quarter.

Important events in the third quarter

Kjerstin R. Braathen assumed the position as new CEO on 1 September, while Ottar Ertzeid took over as CFO from the same date. Ottar Ertzeid came from the position as Group Executive Vice President of DNB Markets, a position he had held since 2003.

¹⁾ 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.

In September, DNB adjusted its organisational structure to meet changes in the market, which also involved further changes to the Group Management team.

Norges Bank raised the key policy rate from 1.25 per cent to 1.50 on 19 September. The following day, DNB increased the customer interest rates with effect from October for corporate customers and from November for personal customers.

On 30 September, DNB completed the sale of part of its ownership interest in the Baltic banking group Luminor to a consortium led by private equity funds managed by Blackstone. The transaction had a positive effect on the CET1 capital ratio, but no significant impact on profits. DNB will remain a shareholder in Luminor with a 20 per cent stake.

In August, DNB launched a new residential real estate brokerage service called Samsolgt ('co-sold'). Samsolgt is a digital, fixed-price brokerage service where the customers can save money by doing part of the job themselves.

In September, DNB signed the UN Principles for Responsible Banking. DNB was one of 130 banks gathered in New York City to sign the principles. Collectively, this coalition of international banks accounts for approximately USD 47 thousand billion in assets.

Also in September, DNB launched the campaign #huninvesterer (#girlsinvest) to put women and personal finances on the agenda. The gender gap in savings in general and mutual funds and equities in particular represents a significant business potential. As Norway's largest financial services group, DNB plays an important role in addressing this. Through the campaign, DNB wants to make sure that people understand how large the financial gender gap actually is.

DNB became a founding member of the Getting to Zero Coalition in September. The goal of the coalition is to bring together high-impact and future-minded organisations working to get commercially viable deep-sea, zero-emission vessels into operation by 2030 – an undeniably ambitious aspiration.

On 29 August, DNB launched 'Digital Trainee', which is a new programme for law students with a special interest in technology. The trainee programme is a collaboration between DNB, the law firm Wikborg Rein and AVO Consulting, where candidates are given the opportunity to work six weeks in each of the companies.

The Norwegian Minister of Public Security, Ingvil Smines Tybring-Gjedde, presented DNB with the Fidus security award for its dedicated work on security and strong ability to communicate security-related information to customers and the general public.

DNB's reputation score was 71.5 in the third quarter. For the fourth consecutive quarter, the RepTrack survey shows that DNB has a good reputation.

In connection with the annual publication of Innovasjonsmagasinet, a magazine that gauges innovation in Norway, DNB came second in the rating of Norway's 25 most innovative businesses.

Financial performance in the first three quarters

The banking group recorded profits of NOK 16 912 million in the first three quarters of 2019, up NOK 370 million or 2.2 per cent from the corresponding period in 2018. Return on equity was 11.1 per cent, compared with 11.6 per cent in the year-earlier period.

Net interest income increased by NOK 1 733 million or 6.3 per cent from the same period last year, driven by higher volumes in all customer segments and positive effects from repricing. There was an average increase in the healthy loan portfolio of 5.4 per cent parallel to a 0.5 per cent increase in average deposit volumes from the first three quarters of 2018. The combined spreads widened by 3 basis points compared with the year-earlier period. Average lending spreads for the customer segments narrowed by 10 basis points, and deposit spreads widened by 19 basis points.

Net other operating income increased by NOK 2 696 million from the first three quarters of 2018, mainly due to a positive effect from basis swaps of NOK 1 648 million. Net commissions and fees were up NOK 78 million, compared with the first three quarters of 2018.

Total operating expenses increased by NOK 989 million from the first three quarters of 2018 due to increased IT expenses as well as higher salaries and personnel expenses. In addition, there was an impairment of a leasing contract of NOK 116 million.

Net impairment losses on financial instruments amounted to NOK 2 014 million in the first three quarters of 2019. This is an increase of NOK 2 387 million compared with the three first quarters of last year. The impairment losses were to a large extent related to one specific loan engagement in stage 3 in the large corporates and international customers segment. Furthermore, there were significant reversals related to the oil, gas and offshore segment in the first three quarters of 2018. The impairment losses in both the small and medium-sized enterprises segment and the personal customers segment were approximately at the same level as in the year-earlier period.

Third quarter income statement – main items

Net interest income

Amounts in NOK million	3Q19	2Q19	3Q18
Lending spreads, customer segments	6 984	7 035	7 218
Deposit spreads, customer segments	1 321	1 068	691
Amortisation effects and fees	866	817	779
Operational leasing	445	413	383
Other net interest income	535	413	228
Net interest income	10 150	9 746	9 299

Net interest income increased by NOK 851 million or 9.2 per cent from the third quarter of 2018, mainly due to increased lending volumes in all segments and a positive contribution from deposit spreads.

There was an average increase of NOK 68.9 billion or 4.7 per cent in the healthy loan portfolio compared with the third quarter of 2018, backed by a positive development in the Norwegian economy. Adjusted for exchange rate effects, volumes were up NOK 51.4 billion or 3.5 per cent. During the same period, deposits were up NOK 8.1 billion or 0.9 per cent. Adjusted for exchange rate effects, there was a decrease of 0.4 per cent. Average lending spreads contracted by 15 basis points, and deposit spreads widened by 26 basis points compared with the third quarter of 2018. Volume-weighted spreads for the customer segments widened by 2 basis points compared with the same period in 2018, despite lag effects from increasing NOK money market rates.

Compared with the second quarter, net interest income increased by NOK 404 million, mainly due to positive effects from repricing and an additional interest day. There was an average increase of NOK 12.1 billion or 0.8 per cent in the healthy loan portfolio, and deposits were up NOK 15.3 billion or 1.6 per cent. Volume-weighted spreads for the customer segments remained stable.

The spreads in the third quarter of 2019 were positively impacted by interest rate adjustments with effect from August in the small and medium-sized enterprises and personal customers portfolios. The announced interest rate rise following Norges Bank's increase of the key policy rate in September will become effective from October for the small and medium-sized enterprises customers and from November for the personal customers.

Net other operating income

Amounts in NOK million	3Q19	2Q19	3Q18
Net commissions and fees	1 536	1 770	1 431
Basis swaps	78	740	103
Exchange rate effects additional Tier 1 capital	812	(125)	(18)
Net gains on other financial instruments at fair value	633	737	526
Net profit from associated companies	45	98	94
Other operating income	567	451	488
Net other operating income	3 672	3 670	2 623

Net other operating income was up NOK 1 049 million from the third quarter of 2018. The increase mainly reflected positive exchange rate effects on additional Tier 1 capital. Further, net commissions and fees increased by 7.4 per cent, partly due to higher activity in investment banking and real estate broking.

Compared with the second quarter, net other operating income was stable. Net commissions and fees decreased by NOK 234 million or 13.2 per cent from the second quarter due to seasonally lower activity within credit broking, corporate finance and real estate broking, while mark-to-market effects related to changes in basis swap spreads were offset by positive exchange rate effects on additional Tier 1 capital.

Operating expenses

Amounts in NOK million	3Q19	2Q19	3Q18
Salaries and other personnel expenses	(2 888)	(2 974)	(2 784)
Other expenses	(1 698)	(1 818)	(1 867)
Depreciation and impairment of fixed and intangible assets	(865)	(718)	(489)
Total operating expenses	(5 452)	(5 510)	(5 140)

There was an increase in operating expenses from the third quarter of 2018 of NOK 312 million. The increase was mainly due to higher salaries and other personnel expenses and impairment of a leasing contract of NOK 116 million. The introduction of IFRS 16 Leasing from 2019 led to reduced operating expenses for IT and properties and premises, but at the same time increased depreciation and interest costs.

Compared with the second quarter, there was a decrease in operating expenses of NOK 58 million despite impairment of a leasing contract of NOK 116 million. The main factors behind the decrease were seasonally lower IT expenses and reduced pension costs.

The cost/income ratio was 39.4 per cent in the third quarter.

Impairment of financial instruments

Amounts in NOK million	3Q19	2Q19	3Q18
Personal customers	(97)	(68)	(76)
Commercial real estate	6	(21)	20
Shipping	(102)	5	(261)
Oil, gas and offshore	78	54	500
Other industry segments	(1 132)	(420)	(193)
Total impairment of financial instruments	(1 247)	(450)	(11)

Net impairment losses on financial instruments amounted to NOK 1 247 million in the third quarter. This was an increase of NOK 1 237 million compared with third quarter last year and NOK 798 million compared with the second quarter of 2019. The increase was primarily related to one specific loan engagement. Also, there were large reversals within the oil, gas and offshore segment in the third quarter of 2018.

The aforementioned loan engagement did not affect the rest of the portfolio, nor did it provide any other indicators of non-performance. Asset quality remains strong and stable.

Both personal customers and commercial real estate experienced relatively stable macro forecasts and credit quality in the quarter.

There were net reversals of NOK 78 million for the oil, gas and offshore segment in the quarter, compared with net reversals of

NOK 500 million in the same quarter last year, and NOK 54 million in the second quarter of 2019. The reversals in the quarter resulted from a continued modest improvement in market conditions within the offshore industry.

The overall portfolio quality and the development in relevant macro drivers for the shipping portfolio were stable in the third quarter. However, increased impairment losses related to specific shipping customers resulted in net impairment losses of NOK 102 million. This is a decrease of NOK 159 million compared with the third quarter last year, and an increase of NOK 107 million compared with the second quarter of 2019.

The net impairment losses of NOK 1 132 million within other industry segments were primarily related to one specific loan engagement in stage 3. Apart from this, most industry segments experienced relatively stable macro forecasts and credit quality in the quarter.

Net stage 3 loans and financial commitments amounted to 0.9 per cent of maximum exposure net of accumulated impairment losses at end-September 2019.

Taxes

The banking group's tax expense for the third quarter has been estimated at NOK 1 417 million, or 20 per cent of pre-tax operating profits.

Financial performance – segments

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

The banking group's organisational structure, including the Group Management team, was changed on 23 September 2019. The segment reporting is not changed as per third quarter 2019, but will be reviewed, and any changes will be applicable as of first quarter 2020.

Personal customers

Income statement in NOK million	3Q19	2Q19	3Q18
Net interest income	3 422	3 372	3 328
Net other operating income	1 014	1 020	979
Total income	4 437	4 392	4 308
Operating expenses	(2 044)	(2 044)	(1 874)
Pre-tax operating profit before impairment	2 393	2 348	2 434
Impairment of financial instruments	(73)	(76)	(75)
Pre-tax operating profit	2 320	2 272	2 359
Tax expense	(580)	(568)	(590)
Profit for the period	1 740	1 704	1 769

Average balance sheet items in NOK billion

Net loans to customers	788.0	781.0	764.4
Deposits from customers	434.8	418.9	418.0

Key figures in per cent

Lending spread ¹⁾	1.32	1.42	1.58
Deposit spread ¹⁾	0.74	0.61	0.34
Return on allocated capital	14.8	14.5	15.9
Cost/income ratio	46.1	46.5	43.5
Ratio of deposits to loans	55.2	53.6	54.7

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

The personal customers segment delivered sound results in the third quarter of 2019, with a return on allocated capital of 14.8 per cent. A positive development in total income together with solid cost control contributed to the positive development.

Pressure on loan margins due to increased NOK money market rates was the main factor behind the decline in the combined spreads on loans and deposits. The combined spreads narrowed by 2 basis points from the second quarter of 2019 and 3 basis

points from the corresponding period in 2018. The announced interest rate hike will become effective in November.

There was a rise in average net loans of 3.1 per cent from the third quarter of 2018. The growth in the healthy home mortgage portfolio amounted to 3.3 per cent. Deposits from customers were up 4.0 per cent during the same period.

There was a positive trend in income from real estate broking activities from the third quarter of 2018, while income from payment services contributed negatively. Compared with the previous quarter, a positive development in income from payment services was offset by seasonally lower activity in real estate broking.

From the corresponding quarter in 2018, operating expenses rose by 9.1 per cent, mainly due to extensive IT activities. Costs were stable compared with the second quarter of 2019.

The personal customers segment experienced impairment of financial instruments of NOK 73 million in the third quarter, at the same level as the year-earlier period and previous quarter. Overall, the credit quality and macro forecasts were stable in the quarter and impairment losses remained at a very low level.

The market share of credit to households stood at 23.8 per cent at end-August 2019, while the market share of total household savings was 30.7 per cent in the same period. DNB Eiendom was a market leader in September with a market share of 19 per cent.

DNB is continuing to automate and digitise products and services. To offer a seamless customer experience, the bank is continuously working towards improving its solutions for digital self-service. Samsolgt ('co-sold') by DNB Eiendom was launched in the third quarter. Samsolgt is a new, digital brokerage service with a fixed, low price, which is offered in the four largest cities in Norway.

Small and medium-sized enterprises

Income statement in NOK million	3Q19	2Q19	3Q18
Net interest income	2 721	2 580	2 387
Net other operating income	430	411	350
Total income	3 151	2 991	2 737
Operating expenses	(1 036)	(1 076)	(936)
Pre-tax operating profit before impairment	2 115	1 915	1 801
Net gains on fixed and intangible assets		(0)	2
Impairment of financial instruments	(16)	(261)	(217)
Profit from repossessed operations	0	(1)	(1)
Pre-tax operating profit	2 099	1 653	1 585
Tax expense	(525)	(413)	(396)
Profit for the period	1 574	1 240	1 189

Average balance sheet items in NOK billion

Net loans to customers	325.2	320.4	302.7
Deposits from customers	222.6	217.7	215.9

Key figures in per cent

Lending spread ¹⁾	2.41	2.44	2.52
Deposit spread ¹⁾	0.76	0.65	0.48
Return on allocated capital	19.6	15.7	16.8
Cost/income ratio	32.9	36.0	34.2
Ratio of deposits to loans	68.5	68.0	71.3

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

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

There was a rise in average loan volumes of 7.4 per cent from the third quarter of 2018, while average deposit volumes were up 3.1 per cent during the same period. The solid rise in loan volumes, in combination with a positive development in deposit spreads, ensured an increase in net interest income of 14.0 per cent compared with the third quarter of 2018.

Net other operating income increased by 22.9 per cent compared with the third quarter of 2018. This was mainly due to a rise in income from corporate finance activities and increased sale of interest rate hedging products.

Operating expenses increased by 10.7 per cent from the corresponding quarter in 2018. This was mainly related to costs connected with increased levels of activity within corporate finance and leasing.

Impairment losses on financial instruments amounted to NOK 16 million in the third quarter, a decrease of NOK 201 million from the third quarter of 2018 and NOK 245 million from the second quarter of 2019. The low impairment losses were primarily caused by net reversals on loans and financial commitments in stage 3 in the quarter.

Overall, the relevant macro forecasts and credit quality remained stable in the third quarter. Net stage 3 loans and financial commitments amounted to NOK 3.3 billion at end-September 2019, down from the year-earlier period and at the same level as the second quarter of 2019. Annualised impairment losses on loans and guarantees represented 0.02 per cent of average loans in the third quarter of 2019, compared with 0.29 per cent in the year-earlier period and 0.33 per cent in the second quarter of 2019.

DNB aspires to create the best customer experiences, to be the preferred platform for both entrepreneurs and established companies and to help make it easy to start and operate a business. Priority is given to streamlining products and services, and a number of new and ancillary services are thus being considered.

Large corporates and international customers

<i>Income statement in NOK million</i>	3Q19	2Q19	3Q18
Net interest income	3 319	3 227	3 019
Net other operating income	954	1 278	925
Total income	4 273	4 505	3 945
Operating expenses	(1 478)	(1 636)	(1 521)
Pre-tax operating profit before impairment	2 795	2 869	2 423
Impairment of financial instruments	(1 159)	(110)	281
Profit from repossessed operations	(71)	(47)	(98)
Pre-tax operating profit	1 565	2 712	2 606
Tax expense	(376)	(651)	(599)
Profit from operations held for sale, after taxes	(2)	0	(11)
Profit for the period	1 187	2 061	1 995

Average balance sheet items in NOK billion			
Net loans to customers	442.0	441.8	413.7
Deposits from customers	301.6	306.1	316.4

Key figures in per cent			
Lending spread ¹⁾	2.23	2.21	2.23
Deposit spread ¹⁾	0.11	0.10	0.09
Return on allocated capital	7.2	12.7	12.2
Cost/income ratio	34.6	36.3	38.6
Ratio of deposits to loans	68.2	69.3	76.5

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

Increased net interest income and lower expenses are the main contributions to the pre-tax operating profit before impairment improving by 15.4 per cent compared with the third quarter of 2018.

Average loan volumes were up 6.8 per cent compared with the third quarter of 2018, primarily driven by higher activity in the financial institutions, healthcare and seafood sectors. Compared with the second quarter of 2019, average loan volumes remained stable, in line with expectations.

Average customer deposit volumes were down 4.7 per cent from the third quarter of 2018, while compared with the second quarter of this year, they decreased by 1.5 per cent.

Deposit spreads widened by 2 basis points compared with the third quarter of 2018, while lending spreads remained unchanged. Compared with the second quarter of 2019, both lending and deposit spreads increased, resulting in a weighted margin improvement of 3 basis points.

Increased NOK interest rates also resulted in higher return on allocated capital, which contributed to the increase in net interest income.

Net other operating income was up 3.1 per cent from the third quarter of 2018. Compared with the second quarter of 2019 there was a decrease of 25.4 per cent, primarily due to seasonally lower activity within investment banking and net losses on financial instruments at fair value.

Operating expenses were down 2.8 per cent compared with the third quarter of 2018, and 9.7 per cent compared with the second quarter of 2019.

Net impairment losses came to NOK 1 159 million in the quarter. Compared with the second quarter of 2019, there was an increase in impairment losses of NOK 1 049 million, while compared with the third quarter of 2018, which showed reversals, the increase was NOK 1 440 million. This can primarily be attributed to one specific loan engagement in stage 3. Macro forecasts show only small changes and overall the credit quality remains stable.

Net stage 3 loans and financial commitments amounted to NOK 15.6 billion at end-September 2019, down from the year-earlier period and on the same level as the second quarter of 2019. On an annualised basis, there were net impairment losses of 1.0 per cent of average loans in the quarter, compared with net impairment reversals of 0.3 per cent in the year-earlier period, and net impairment losses of 0.1 per cent of average loans in the second quarter of 2019.

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

Other operations

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

<i>Income statement in NOK million</i>	3Q19	2Q19	3Q18
Net interest income	688	567	564
Net other operating income	1 618	1 352	747
Total income	2 305	1 919	1 311
Operating expenses	(1 238)	(1 145)	(1 188)
Pre-tax operating profit before impairment	1 067	774	124
Net gains on fixed and intangible assets	(40)	(2)	(5)
Impairment of financial instruments	(0)	(3)	
Profit from repossessed operations	71	47	99
Pre-tax operating profit	1 099	816	217
Tax expense	64	142	232
Profit from operations held for sale, after taxes	(33)	(30)	(30)
Profit for the period	1 129	927	419

Average balance sheet items in NOK billion			
Net loans to customers	102.2	97.8	84.1
Deposits from customers	29.6	25.5	69.0

The profit for the other operations segment was NOK 1 099 million in the third quarter of 2019.

Total revenues from the risk management operations in DNB Markets were NOK 186 million in the third quarter of 2019, compared with NOK 94 million in the second quarter and NOK 318 million in the corresponding period a year earlier. Income from money market activities made a positive contribution throughout the quarter.

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

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

Funding, liquidity and balance sheet

In the third quarter, DNB continued to have ample access to short-term funding.

The general activity in the long-term funding markets was relatively low in the third quarter. This can partly be ascribed to seasonal variations due to holiday activity in Europe, but also to uncertainty related to various macroeconomic conditions, such as a possible trade agreement between the US and China, and the outcome of Brexit. This has led to expectations of lower global growth, which have caused a decrease in the already very low long-term interest rates. Based on this, the major central banks have reversed the measures they implemented last year when they attempted to normalise the monetary policy.

The nominal value of long-term debt securities issued by the banking group was NOK 627 billion at the end of the third quarter, compared with NOK 583 billion a year earlier. The average remaining term to maturity for these long-term debt securities was 3.8 years at the end of September, compared with 4.1 years a year earlier.

The short-term liquidity requirement, Liquidity Coverage Ratio, LCR, remained stable at above 100 per cent throughout the quarter and stood at 141 per cent at the end of the third quarter.

Total assets in the banking group's balance sheet were NOK 2 577 billion at the end of the third quarter and NOK 2 387 billion a year earlier.

Loans to customers increased by NOK 30.1 billion or 1.8 per cent in the third quarter compared with the second quarter of 2019. Customer deposits were down NOK 15.1 billion or 1.5 per cent during the same period. For the banking group, the ratio of customer deposits to net loans to customers was 58.8 per cent at end-September, down from 63.7 per cent a year earlier.

Capital

The banking group's common equity Tier 1 (CET1) capital ratio, calculated according to transitional rules, was 17.2 per cent at the end of the third quarter of 2019, up from 16.7 per cent at end-June 2019. The completion of the sale of part of DNB's ownership share in Luminor and retained earnings were the main factors behind the increase.

The risk-weighted assets calculated according to transitional rules were reduced by NOK 9 billion from end-June 2019 to NOK 1 054 billion at end-September 2019.

The CET1 capital ratio without transitional rules was 18.9 per cent at end-September, up from 17.7 per cent at end-June. The increase is due to the closing of the Luminor transaction, retained earnings and a reduction in risk-weighted assets.

The non-risk based leverage ratio was 7.2 per cent at end-September 2019, up from 7.0 in the year-earlier period and 7.1 at end-June 2019.

Capital requirements

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

	3Q19	2Q19	3Q18
<i>Transitional rules:</i>			
CET1 capital ratio, per cent	17.2	16.7	16.5
Tier 1 capital ratio, per cent	19.0	18.5	18.1
Capital ratio, per cent	21.9	21.3	20.9
Risk-weighted assets, NOK billion	1 054	1 063	1 024
CET1 capital ratio, without transitional rules, per cent	18.9	17.7	17.3
Leverage ratio, per cent	7.2	7.1	7.0

Finanstilsynet (the Financial Supervisory Authority of Norway) regularly performs reviews of institutions' risks and capital needs in a Supervisory Review and Evaluation Process (SREP). The new SREP from Finanstilsynet implies no changes in the overall buffer

requirement for the banking group. However, the Pillar 2 buffer requirement of 1.8 percentage points will be based on risk-weighted assets at the end of 2018.

A proposal from the Ministry of Finance of 25 June implies an increase in the systemic risk buffer in addition to the already adopted increase in the countercyclical buffer in Norway from 2.0 to 2.5 per cent with effect from 31 December 2019. The effect for the banking group of these increased buffer requirements at end-September 2019 is 0.8 percentage points and 0.2 percentage points, respectively, but will be dependent on the credit exposures in the various countries going forward. The removal of the Basel I floor will reduce the risk-weighted assets and increase the CET1 capital ratio. The implementation of the SME supporting factor will also increase the ratio.

New regulatory framework

Home Mortgage Regulations under consideration

The current Home Mortgage Regulations expire on 31 December 2019.

At the request of the Ministry of Finance, Finanstilsynet has considered whether the Regulations should be continued, and if so, whether adjustments of individual elements are required.

Finanstilsynet proposes that the limit for debt in relation to income (maximum loan-to-income ratio) is reduced from 5 to 4.5 times gross annual income. The banks' flexibility quota, i.e. the limit for granting loans that do not meet one or more of the terms of the Home Mortgage Regulations, is proposed set at 5 per cent for the entire country. According to the current Regulations, this quota is 10 per cent, with the exception of Oslo, where the flexibility quota is 8 per cent. Finanstilsynet also proposes to repeal the special requirement of a maximum loan-to-value ratio of 60 per cent for loans for secondary housing in Oslo, so that the regulatory requirements are no longer geographically differentiated.

Finanstilsynet has obtained assessments from Norges Bank, which believes that the current Regulations have had the intended effect, and that the general development does not warrant significant changes in the requirements. However, Norges Bank agrees that the regulatory requirements should be the same across the country.

The Ministry of Finance has circulated the proposals for comments, and a decision is expected later in the fourth quarter.

Rules on secure customer authentication under PSD2 have entered into force

On 1 April 2019, the EU's revised Payment Services Directive, PSD2, entered into force in Norway. The legislation, which ensures third parties access to consenting customers' payment accounts and regulates how the authentication of clients via such third parties is to take place, entered into force on 14 September 2019. This means that the battle for the position as preferred interface for banking services for users with customer relationships in several banks has commenced. It is now possible for customers to have their accounts in selected other banks displayed in DNB's mobile bank.

Brexit still unresolved

It is not yet clear whether the United Kingdom will leave the EU on 31 October with or without a deal, as the British Prime Minister Boris Johnson wishes. It is uncertain whether the British Parliament will succeed in forcing the Prime Minister to seek a postponement from the EU, and if so, whether the EU will approve such a request. DNB nevertheless assumes that the UK will become a third country in an EU context at some point in the foreseeable future, and the bank is prepared for such a scenario. DNB's application to be regulated as a third-country branch in the UK has been prepared in consultation with the British authorities and is ready to be submitted the day Brexit occurs. On the same day, DNB will be subject to a temporary Special Permissions Regime regulating its operations in

the UK and services delivered from Norway/the EEA into the UK. The work with ensuring compliance with this temporary regime is well underway.

Debt information companies will provide better credit assessments

In 2017, the Norwegian government opened up for giving private players a licence to establish companies providing credit information in connection with credit assessments. As of 1 July 2019, two debt information companies are fully operational in Norway, and all banks licenced to provide unsecured loans are obliged to furnish these two companies with information about established loan agreements and home equity credit line agreements.

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

Macroeconomic developments

A strong macroeconomic situation in Norway is reflected in Norges Bank's four key policy rate increases. In Norway, both economic growth and capacity utilisation are higher than normal, and unemployment is low. This is primarily due to an upturn in the oil sector. High growth in the investment activity on the Norwegian Continental Shelf has a positive effect on large parts of the Norwegian business community. As several of the large projects are nearing completion, and there is a lack of new projects with a similar scope, the oil investment growth will slow down next year. Weak growth among DNB's main trading partners will put a damper on the industrial sector and Norwegian export. In total, DNB believes that the growth in the Norwegian economy will slow down next year and decrease further to a little below the normal level

(which DNB estimates at 1.75 per cent) in the following years. Unemployment (currently at 2.2 per cent in September) is likely to remain low for a while longer, but to eventually increase somewhat. This is also expected to result in the wage growth declining, having reached a relatively modest peak of 3.3 per cent this year. In September, Norges Bank raised the key policy rate for the fourth time in a year, to 1.50 per cent, but the bank also signalled that the interest rate peak has most likely been reached. DNB expects the key policy rate to remain at the current level in the years ahead, provided there are no new negative shocks.

A strong macroeconomic situation contributed to healthy lending growth, higher NOK interest rates and continued strong asset quality in the third quarter.

Future prospects

The Group's overriding financial target is a return on equity (ROE) above 12 per cent towards the end of 2019. Several factors will contribute to reaching the ROE target, including growth in capital-light products, profitable lending growth, higher NOK interest rates, greater cost efficiency, and optimal use of capital.

The increase in Norges Bank's key policy rate from 1.00 per cent to 1.25 per cent in June, followed by DNB's announcement of an increase in loan rates effective from August, will have full effect in the fourth quarter. The fourth rate hike announcement from Norges Bank from 1.25 per cent to 1.50 per cent in September, and DNB's subsequent announcement of increased loan rates effective from October for corporate customers and from November for personal customers, will have a positive effect on net interest income from the fourth quarter and full effect from the first quarter 2020.

The annual increase in lending volumes is anticipated to be 3 to 4 per cent in 2020, and with currency effects possibly somewhat higher in 2019.

It is DNB's ambition to have a cost/income ratio below 40 per cent towards the end of 2019.

Oslo, 23 October 2019
The Board of Directors of DNB Bank ASA



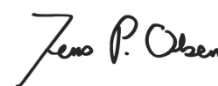
Olaug Svarva
(Chair of the Board)



Kim Wahl
(Vice Chair of the Board)



Lillian Hattrem



Jens Petter Olsen



Kjerstin R. Braathen
(Group Chief Executive)

Income statement

	DNB Bank ASA				
<i>Amounts in NOK million</i>	3rd quarter 2019	3rd quarter 2018	January-September 2019 2018		Full year 2018
Interest income, amortised cost	11 250	9 741	32 412	28 117	38 336
Other interest income	962	995	3 150	3 016	4 055
Interest expenses, amortised cost	(6 203)	(4 879)	(18 129)	(13 761)	(19 026)
Other interest expenses	1 617	1 022	4 586	2 683	3 835
Net interest income	7 626	6 878	22 019	20 055	27 199
Commission and fee income	2 037	1 904	6 065	6 127	8 463
Commission and expenses	(811)	(816)	(2 338)	(2 610)	(3 424)
Net gains on financial instruments at fair value	1 504	662	2 925	2 422	3 659
Other income ¹⁾	1 940	1 398	7 967	2 955	6 231
Net other operating income	4 670	3 148	14 620	8 894	14 928
Total income	12 297	10 026	36 639	28 949	42 127
Salaries and other personnel expenses	(2 479)	(2 410)	(7 525)	(7 189)	(9 629)
Other expenses	(1 490)	(1 699)	(4 747)	(4 974)	(6 947)
Depreciation and impairment of fixed and intangible assets	(843)	(490)	(2 374)	(1 434)	(2 431)
Total operating expenses	(4 812)	(4 599)	(14 646)	(13 597)	(19 008)
Pre-tax operating profit before impairment	7 484	5 428	21 992	15 352	23 120
Net gains on fixed and intangible assets	(40)	1	(56)	788	837
Impairment of financial instruments	(1 164)	(399)	(2 108)	(406)	(1 029)
Pre-tax operating profit	6 281	5 030	19 829	15 734	22 927
Tax expense	(1 131)	(1 006)	(3 569)	(3 147)	(3 561)
Profit for the period	5 150	4 024	16 259	12 586	19 366
Portion attributable to shareholders of DNB Bank ASA	4 843	3 791	15 463	11 898	18 407
Portion attributable to additional Tier 1 capital holders	307	233	796	689	959
Profit for the period	5 150	4 024	16 259	12 586	19 366

1) Of which dividends from DNB Capital LLC and DNB Sweden AB represented NOK 4 470 million and NOK 1 187 respectively in the second and third quarter of 2019.

Comprehensive income statement

	DNB Bank ASA				
<i>Amounts in NOK million</i>	3rd quarter 2019	3rd quarter 2018	January-September 2019 2018		Full year 2018
Profit for the period	5 150	4 024	16 259	12 586	19 366
Actuarial gains and losses ¹⁾	(142)		(142)		(103)
Financial liabilities designated at FVTPL, changes in credit risk	(13)	14	(49)	39	85
Tax	39	(4)	48	(10)	13
Items that will not be reclassified to the income statement	(116)	11	(144)	29	(6)
Currency translation of foreign operations	(9)	(28)	(46)	(101)	(34)
Financial assets at fair value through OCI	(8)		(26)		
Tax	2		7		
Items that may subsequently be reclassified to the income statement	(16)	(28)	(66)	(101)	(34)
Other comprehensive income for the period	(132)	(18)	(210)	(72)	(39)
Comprehensive income for the period	5 018	4 006	16 050	12 514	19 327

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

Balance sheet

		DNB Bank ASA		
<i>Amounts in NOK million</i>	Note	30 Sept. 2019	31 Dec. 2018	30 Sept. 2018
Assets				
Cash and deposits with central banks		397 903	154 595	311 853
Due from credit institutions		397 025	428 648	429 074
Loans to customers	4, 5, 6, 7	876 194	793 702	768 543
Commercial paper and bonds	7	220 864	262 207	239 478
Shareholdings	7	5 358	6 580	7 321
Financial derivatives	7	152 016	138 306	119 071
Investments in associated companies		2 581	9 541	9 111
Investments in subsidiaries		114 074	100 670	106 918
Intangible assets		3 349	3 429	3 471
Deferred tax assets		2 694	2 664	8 416
Fixed assets		14 757	8 413	8 008
Other assets		13 536	21 928	10 234
Total assets		2 200 352	1 930 683	2 021 497
Liabilities and equity				
Due to credit institutions		327 079	277 437	331 555
Deposits from customers	7	962 623	916 258	976 228
Financial derivatives	7	186 608	162 683	142 866
Debt securities issued	7, 8	454 317	335 317	334 570
Payable taxes		3 653	807	5 587
Deferred taxes		86	90	71
Other liabilities		34 605	25 546	16 408
Provisions		1 972	1 790	1 403
Pension commitments		3 513	3 111	3 179
Subordinated loan capital	7, 8	31 415	31 082	29 267
Total liabilities		2 005 871	1 754 121	1 841 134
Share capital		18 256	18 256	18 256
Share premium		19 895	19 895	19 895
Additional Tier 1 capital		18 715	16 194	15 969
Other equity		137 614	122 218	126 243
Total equity		194 481	176 562	180 363
Total liabilities and equity		2 200 352	1 930 683	2 021 497

Income statement

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter 2019	3rd quarter 2018	January-September 2019 2018		Full year 2018
Interest income, amortised cost	15 600	13 392	44 856	39 084	53 261
Other interest income	1 172	1 270	3 800	3 787	5 009
Interest expenses, amortised cost	(7 337)	(6 065)	(21 598)	(17 269)	(23 694)
Other interest expenses	715	703	2 308	2 031	2 812
Net interest income	10 150	9 299	29 367	27 634	37 388
Commission and fee income	2 341	2 237	7 115	7 295	9 983
Commission and fee expenses	(805)	(806)	(2 316)	(2 574)	(3 378)
Net gains on financial instruments at fair value	1 523	611	3 622	905	1 351
Profit from investments accounted for by the equity method	45	94	298	324	314
Net gains on investment properties	7	17	(0)	69	62
Other income	561	470	1 541	1 546	2 146
Net other operating income	3 672	2 623	10 260	7 564	10 478
Total income	13 822	11 922	39 627	35 198	47 866
Salaries and other personnel expenses	(2 888)	(2 784)	(8 726)	(8 362)	(11 216)
Other expenses	(1 698)	(1 867)	(5 270)	(5 491)	(7 658)
Depreciation and impairment of fixed and intangible assets	(865)	(489)	(2 288)	(1 443)	(2 371)
Total operating expenses	(5 452)	(5 140)	(16 284)	(15 295)	(21 246)
Pre-tax operating profit before impairment	8 370	6 782	23 343	19 902	26 620
Net gains on fixed and intangible assets	(40)	(3)	(43)	480	529
Impairment of financial instruments	(1 247)	(11)	(2 014)	374	139
Pre-tax operating profit	7 083	6 769	21 286	20 756	27 288
Tax expense	(1 417)	(1 354)	(4 257)	(4 151)	(4 976)
Profit from operations held for sale, after taxes	(36)	(42)	(117)	(63)	(204)
Profit for the period	5 631	5 373	16 912	16 542	22 109
Portion attributable to shareholders of DNB Bank ASA	5 324	5 140	16 116	15 853	21 150
Portion attributable to additional Tier 1 capital holders	307	233	796	689	959
Profit for the period	5 631	5 373	16 912	16 542	22 109

Comprehensive income statement

<i>Amounts in NOK million</i>	DNB Bank Group				
	3rd quarter 2019	3rd quarter 2018	January-September 2019 2018		Full year 2018
Profit for the period	5 631	5 373	16 912	16 542	22 109
Actuarial gains and losses ¹⁾	(142)		(142)		(102)
Financial liabilities designated at FVTPL, changes in credit risk	(23)	78	(117)	(20)	221
Tax	41	(20)	65	5	(22)
Items that will not be reclassified to the income statement	(124)	59	(194)	(15)	98
Currency translation of foreign operations	2 576	(343)	642	(2 925)	1 310
Currency translation reserve reclassified to the income statement		(2)		(2)	(2)
Hedging of net investment	(2 362)	307	(668)	2 409	(1 060)
Hedging reserve reclassified to the income statement		1		1	1
Financial assets at fair value through OCI	(8)		(26)		
Tax	593	(77)	174	(602)	265
Items that may subsequently be reclassified to the income statement	798	(114)	122	(1 119)	514
Other comprehensive income for the period	674	(55)	(72)	(1 135)	612
Comprehensive income for the period	6 305	5 318	16 840	15 407	22 721

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

Balance sheet

		DNB Bank Group		
<i>Amounts in NOK million</i>	Note	30 Sept. 2019	31 Dec. 2018	30 Sept. 2018
Assets				
Cash and deposits with central banks		398 587	155 592	312 366
Due from credit institutions		103 355	128 415	121 846
Loans to customers	4, 5, 6, 7	1 673 924	1 598 017	1 561 867
Commercial paper and bonds	7	211 136	257 725	238 342
Shareholdings	7	6 786	7 955	9 314
Financial derivatives	7	139 588	125 358	105 799
Investment properties		582	638	651
Investments accounted for by the equity method		7 508	11 807	11 321
Intangible assets		3 671	3 742	3 737
Deferred tax assets		889	983	1 155
Fixed assets		15 000	8 470	8 065
Assets held for sale		1 209	1 258	1 343
Other assets		14 615	7 750	11 411
Total assets		2 576 850	2 307 710	2 387 216
Liabilities and equity				
Due to credit institutions		232 972	187 307	251 861
Deposits from customers	7	983 472	940 087	995 154
Financial derivatives	7	123 188	110 005	95 245
Debt securities issued	7, 8	939 484	803 796	783 069
Payable taxes		4 735	2 012	7 665
Deferred taxes		3 355	3 471	853
Other liabilities		35 833	15 903	17 752
Liabilities held for sale		258	382	268
Provisions		2 525	2 534	2 120
Pension commitments		3 625	3 198	3 299
Subordinated loan capital	7, 8	31 415	31 082	29 267
Total liabilities		2 360 861	2 099 777	2 186 552
Share capital		18 256	18 256	18 256
Share premium		20 611	20 611	20 611
Additional Tier 1 capital		18 715	16 194	15 969
Other equity		158 407	152 872	145 828
Total equity		215 989	207 933	200 665
Total liabilities and equity		2 576 850	2 307 710	2 387 216

Statement of changes in equity

DNB Bank ASA

<i>Amounts in NOK million</i>	Share capital	Share premium	Additional Tier 1 capital	Net translation reserve	Liability credit reserve	Other equity	Total equity
Balance sheet as at 1 Jan. 2018	18 256	19 895	16 159	570	(127)	113 942	168 694
Profit for the period			689			11 898	12 586
Financial liabilities designated at FVTPL, changes in credit risk					39		39
Currency translation of foreign operations				(101)			(101)
Tax on other comprehensive income					(10)		(10)
Comprehensive income for the period			689	(101)	29	11 898	12 514
Interest payments additional Tier 1 capital			(846)				(846)
Currency movements taken to income			(32)			32	
Balance sheet as at 30 Sept. 2018	18 256	19 895	15 969	468	(98)	125 873	180 363
Balance sheet as at 31 Dec. 2018	18 256	19 895	16 194	536	(63)	121 745	176 562
Profit for the period			796			15 463	16 259
Actuarial gains and losses						(107)	(107)
Financial assets at fair value through OCI						(26)	(26)
Financial liabilities designated at FVTPL, changes in credit risk					(49)		(49)
Currency translation of foreign operations				(46)			(46)
Tax on other comprehensive income					12	7	19
Comprehensive income for the period			796	(46)	(37)	15 337	16 050
Merger DNB Næringskreditt						163	163
Additional Tier 1 capital issued ¹⁾			2 700				2 700
Interest payments additional Tier 1 capital			(965)				(965)
Currency movements taken to income			(10)			10	
Transfer of loan portfolio from subsidiary						(29)	(29)
Balance sheet as at 30 Sept. 2019	18 256	19 895	18 715	490	(100)	137 225	194 481

1) At the end of the second quarter of 2019, DNB Bank ASA issued an additional Tier 1 capital instrument with a nominal value of NOK 2 700 million. The instrument is perpetual with a floating interest of 3 months NIBOR plus 3.50 per cent.

Statement of changes in equity (continued)

Amounts in NOK million	DNB Bank Group							
	Non-controlling interests	Share capital	Share premium	Additional Tier 1 capital	Net translation reserve	Liability credit reserve	Other equity	Total equity
Balance sheet as at 1 Jan. 2018		18 256	20 611	16 159	4 516	(342)	142 707	201 907
Profit for the period				689			15 853	16 542
Financial liabilities designated at FVTPL, changes in credit risk						(20)		(20)
Currency translation of foreign operations					(2 927)			(2 927)
Hedging of net investment					2 410			2 410
Tax on other comprehensive income					(602)	5		(597)
Comprehensive income for the period				689	(1 119)	(15)	15 853	15 407
Interest payments additional Tier 1 capital				(846)				(846)
Currency movements taken to income				(32)			32	
Group contribution to DNB ASA for 2017							(15 804)	(15 804)
Balance sheet as at 30 Sept. 2018		18 256	20 611	15 969	3 396	(357)	142 789	200 665
Balance sheet as at 31 Dec. 2018		18 256	20 611	16 194	5 029	(176)	148 019	207 933
Profit for the period	(4)			796			16 119	16 912
Actuarial gains and losses							(107)	(107)
Financial assets at fair value through OCI							(26)	(26)
Financial liabilities designated at FVTPL, changes in credit risk						(117)		(117)
Currency translation of foreign operations	1				642			642
Hedging of net investment					(668)			(668)
Tax on other comprehensive income					167	29	7	203
Comprehensive income for the period	(3)			796	141	(88)	15 993	16 840
Additional Tier 1 capital issued ¹⁾				2 700				2 700
Interest payments additional Tier 1 capital				(965)				(965)
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)
Balance sheet as at 30 Sept. 2019	46	18 256	20 611	18 715	5 171	(264)	153 454	215 989

1) At the end of the second quarter of 2019, the DNB Bank Group's parent company, DNB Bank ASA, issued an additional Tier 1 capital instrument with a nominal value of NOK 2 700 million. The instrument is perpetual with a floating interest of 3 months NIBOR plus 3.50 per cent.

Cash flow statement

DNB Bank ASA

<i>Amounts in NOK million</i>	January-September		Full year
	2019	2018	2018
Operating activities			
Net payments on loans to customers	(89 488)	(45 295)	(68 939)
Interest received from customers	31 299	25 559	35 182
Net receipts on deposits from customers	47 294	22 251	(36 552)
Interest paid to customers	(4 952)	(4 105)	(8 881)
Net receipts on loans to credit institutions	85 729	150 815	98 864
Interest received from credit institutions	5 814	5 561	7 393
Interest paid to credit institutions	(4 404)	(3 378)	(4 769)
Net receipts on the sale of financial assets for investment or trading	63 158	21 243	18 872
Interest received on bonds and commercial paper	4 059	3 310	3 866
Net receipts on commissions and fees	3 743	3 657	4 875
Payments to operations	(12 211)	(12 114)	(16 071)
Taxes paid	(936)	(1 155)	(3 977)
Other net receipts/payments	25 077	764	(5 741)
Net cash flow from operating activities	154 182	167 113	24 123
Investing activities			
Net payments on the acquisition of fixed assets	(2 960)	(810)	(2 094)
Net investment in long-term shares	(268)	6 067	5 868
Dividends received on long-term investments in shares	5 835	869	869
Net cash flow from investment activities	2 606	6 126	4 642
Financing activities			
Receipts on issued bonds and commercial paper	817 393	835 577	1 050 476
Payments on redeemed bonds and commercial paper	(710 110)	(819 404)	(1 049 827)
Interest payments on issued bonds and commercial paper	(7 557)	(5 561)	(6 926)
Receipts on the raising of subordinated loan capital	9	9 419	9 419
Redemptions of subordinated loan capital	(9)	(8 542)	(8 542)
Interest payments on subordinated loan capital	(443)	(539)	(574)
Receipts on issue of additional Tier 1 capital	2 700		
Interest payments on additional Tier 1 capital	(965)	(846)	(892)
Lease payments	(421)		
Group contribution payments	(10 568)	(17 842)	(17 735)
Net cash flow from funding activities	90 030	(7 739)	(24 600)
Effects of exchange rate changes on cash and cash equivalents	(1 566)	(2 938)	509
Net cash flow	245 253	162 562	4 674
Cash as at 1 January	157 858	153 184	153 184
Net receipts of cash	245 253	162 562	4 674
Cash at end of period ¹⁾	403 111	315 746	157 858

^{*)} Of which: Cash and deposits with central banks 397 903 311 853 154 595
 Deposits with credit institutions with no agreed period of notice ¹⁾ 5 208 3 893 3 263

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

Cash flow statement (continued)

	DNB Bank Group		
<i>Amounts in NOK million</i>	January-September 2019	2018	Full year 2018
Operating activities			
Net payments on loans to customers	(82 922)	(43 570)	(58 722)
Interest received from customers	46 454	40 202	54 875
Net receipts on deposits from customers	44 319	17 267	(48 364)
Interest paid to customers	(5 155)	(4 187)	(8 998)
Net receipts on loans to credit institutions	71 966	144 379	75 975
Interest received from credit institutions	2 899	3 163	4 082
Interest paid to credit institutions	(3 441)	(2 684)	(3 783)
Net receipts on the sale of financial assets for investment or trading	86 139	23 208	40 583
Interest received on bonds and commercial paper	3 907	3 254	3 797
Net receipts on commissions and fees	4 773	4 867	6 440
Payments to operations	(13 879)	(13 792)	(19 424)
Taxes paid	(1 297)	(1 709)	(4 585)
Other net receipts/payments	3 126	(729)	1 774
Net cash flow from operating activities	156 888	169 671	43 651
Investing activities			
Net payments on the acquisition of fixed assets	(2 846)	(1 139)	(2 404)
Net receipt from investment properties	42	336	349
Net investment in long-term shares	3 260	107	(92)
Dividends received on long-term investments in shares	942	13	13
Net cash flow from investment activities	1 398	(683)	(2 134)
Financing activities			
Receipts on issued bonds and commercial paper	849 467	886 650	1 115 987
Payments on redeemed bonds and commercial paper	(738 813)	(861 993)	(1 109 463)
Interest payments on issued bonds and commercial paper	(13 288)	(11 124)	(14 193)
Receipts on the raising of subordinated loan capital	9	9 419	9 419
Redemptions of subordinated loan capital	(9)	(8 542)	(8 542)
Interest payments on subordinated loan capital	(450)	(542)	(579)
Receipts on issue of additional Tier 1 capital	2 700		
Interest payments on additional Tier 1 capital	(965)	(846)	(892)
Lease payments	(437)		
Group contributions payments	(10 568)	(16 094)	(16 094)
Net cash flow from funding activities	87 646	(3 072)	(24 357)
Effects of exchange rate changes on cash and cash equivalents	(1 513)	(4 420)	(12 038)
Net cash flow	244 420	161 495	5 122
Cash as at 1 January	159 173	154 051	154 051
Net receipts of cash	244 420	161 495	5 122
Cash at end of period ¹⁾	403 593	315 547	159 173

*) Of which: Cash and deposits with central banks 398 587 312 366 155 592
 Deposits with credit institutions with no agreed period of notice ¹⁾ 5 006 3 180 3 581

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

Note 1 Basis for preparation

The quarterly financial statements for the DNB Bank Group have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and as adopted by the European Union. DNB Bank ASA has prepared the financial statements according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-6, on the use of IFRS. When preparing the consolidated financial statements, management makes estimates, judgments and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the accounting policies, significant estimates and areas where judgment is applied by the DNB Bank Group, can be found in note 1 Accounting principles in the annual report for 2018.

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

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

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

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

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

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

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

Note 2 Segments

According to DNB Bank's management model, the operating segments are independent profit centres that are fully responsible for their profit after tax and for achieving the targeted returns on allocated capital. DNB Bank has the following operating segments: Personal customers, Small and medium-sized enterprises, Large corporates and international customers and Risk management. The Risk management are included in Other operations. DNB's share of profit in associated companies (most importantly Luminor and Vipps) is included in Other operations.

Income statement, third quarter

											DNB Bank Group	
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Other operations		Eliminations		DNB Bank Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
<i>Amounts in NOK million</i>	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net interest income	3 422	3 328	2 721	2 387	3 319	3 019	688	564			10 150	9 299
Net other operating income	1 014	979	430	350	954	925	1 618	747	(344)	(379)	3 672	2 623
Total income	4 437	4 308	3 151	2 737	4 273	3 945	2 305	1 311	(344)	(379)	13 822	11 922
Operating expenses	(2 044)	(1 874)	(1 036)	(936)	(1 478)	(1 521)	(1 238)	(1 188)	344	379	(5 452)	(5 140)
Pre-tax operating profit before impairment	2 393	2 434	2 115	1 801	2 795	2 423	1 067	124			8 370	6 782
Net gains on fixed and intangible assets	(0)			2	(0)	0	(40)	(5)			(40)	(3)
Impairment of financial instruments	(73)	(75)	(16)	(217)	(1 159)	281	(0)	0			(1 247)	(11)
Profit from repossessed operations			0	(1)	(71)	(98)	71	99				
Pre-tax operating profit	2 320	2 359	2 099	1 585	1 565	2 606	1 099	217			7 083	6 769
Tax expense	(580)	(590)	(525)	(396)	(376)	(599)	64	232			(1 417)	(1 354)
Profit from operations held for sale, after taxes					(2)	(11)	(33)	(30)			(36)	(42)
Profit for the period	1 740	1 769	1 574	1 189	1 187	1 995	1 129	419			5 631	5 373

Income statement, January-September

											DNB Bank Group	
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Other operations		Eliminations		DNB Bank Group	
	Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.	
<i>Amounts in NOK million</i>	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net interest income	10 173	9 964	7 806	7 056	9 600	8 969	1 788	1 644			29 367	27 634
Net other operating income	2 897	2 934	1 275	1 143	3 354	3 292	3 856	1 416	(1 122)	(1 222)	10 260	7 564
Total income	13 070	12 898	9 081	8 200	12 955	12 261	5 644	3 060	(1 122)	(1 222)	39 627	35 198
Operating expenses	(6 106)	(5 715)	(3 163)	(2 912)	(4 736)	(4 624)	(3 402)	(3 266)	1 122	1 222	(16 284)	(15 295)
Pre-tax operating profit before impairment	6 963	7 183	5 918	5 288	8 219	7 637	2 242	(206)			23 343	19 902
Net gains on fixed and intangible assets	(0)		(0)	3	(0)	0	(42)	477			(43)	480
Impairment of financial instruments	(250)	(229)	(452)	(465)	(1 308)	1 067	(4)	0			(2 014)	374
Profit from repossessed operations			3	3	(203)	(113)	201	109				
Pre-tax operating profit	6 714	6 954	5 469	4 829	6 708	8 592	2 396	380			21 286	20 756
Taxes	(1 678)	(1 738)	(1 367)	(1 207)	(1 610)	(1 976)	398	771			(4 257)	(4 151)
Profit from operations held for sale, after taxes					(0)	(11)	(117)	(52)			(117)	(63)
Profit for the period	5 035	5 215	4 101	3 622	5 098	6 604	2 678	1 099			16 912	16 542

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 (CRD IV/CRR). 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		Primary capital	DNB Bank Group	
31 Dec. 2018	30 Sept. 2019		30 Sept. 2019	31 Dec. 2018
		<i>Amounts in NOK million</i>		
176 562	179 018	Total equity	199 870	207 933
		Effect from regulatory consolidation	(234)	(234)
(15 574)	(18 274)	Additional Tier 1 capital instruments included in total equity	(18 274)	(15 574)
(465)	(331)	Net accrued interest on additional Tier 1 capital instruments	(331)	(465)
160 523	160 413	Common equity Tier 1 capital instruments	181 030	191 660
		Deductions		
(2 389)	(2 366)	Goodwill	(2 938)	(2 929)
(562)	(562)	Deferred tax assets that are not due to temporary differences	(524)	(524)
(1 040)	(983)	Other intangible assets	(1 597)	(1 712)
		Group contribution, payable		(10 758)
(1 286)	(923)	Expected losses exceeding actual losses, IRB portfolios	(1 687)	(1 719)
(467)	(474)	Value adjustment due to the requirements for prudent valuation (AVA)	(867)	(886)
63	100	Adjustments for unrealised losses/(gains) on debt measured at fair value	264	176
(596)	(577)	Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(104)	(149)
154 247	154 629	Common equity Tier 1 capital	173 578	173 159
	162 361	Common equity Tier 1 capital incl. 50 per cent of profit for the period	181 689	
15 574	18 274	Additional Tier 1 capital instruments	18 274	15 574
169 820	172 903	Tier 1 capital	191 852	188 733
	180 634	Tier 1 capital including 50 per cent of profit for the period (%)	199 962	
5 693	5 970	Perpetual subordinated loan capital	5 970	5 693
25 110	24 993	Term subordinated loan capital	24 993	25 110
30 804	30 962	Additional Tier 2 capital instruments	30 962	30 804
200 624	203 865	Total eligible capital	222 814	219 537
	211 597	Total eligible capital incl. 50 per cent of profit for the period	230 925	
852 363	835 207	Risk-weighted assets, transitional rules	1 053 994	1 051 159
68 189	66 817	Minimum capital requirement, transitional rules	84 320	84 093
18.1	19.4	Common equity Tier 1 capital ratio, transitional rules (%)	17.2	16.5
19.9	21.6	Tier 1 capital ratio, transitional rules (%)	19.0	18.0
23.5	25.3	Capital ratio, transitional rules (%)	21.9	20.9
	18.5	Common equity Tier 1 capital, transitional rules excluding 50 per cent of profit for the period (%)	16.5	
	20.7	Tier 1 capital, transitional rules excluding 50 per cent of profit for the period (%)	18.2	
	24.4	Capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	21.1	

Note 3 Capital adequacy (continued)

Basel III

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 ¹⁾	Average risk weights in per cent	Risk-weighted assets	Capital requirements	Capital requirements
	30 Sept. 2019	30 Sept. 2019	30 Sept. 2019	30 Sept. 2019	30 Sept. 2019	31 Dec. 2018
<i>Amounts in NOK million</i>						
IRB approach						
Corporate	772 241	643 782	49.3	317 571	25 406	25 426
Specialised lending (SL)	11 708	11 159	50.5	5 630	450	455
Retail - mortgages	125 952	125 952	23.7	29 863	2 389	2 287
Retail - other exposures	100 599	85 196	25.1	21 357	1 709	1 727
Securitisation						
Total credit risk, IRB approach	1 010 501	866 089	43.2	374 422	29 954	29 895
Standardised approach						
Central government	468 478	440 922	0.0	56	5	9
Institutions	795 811	541 184	20.8	112 595	9 008	11 083
Corporate	146 043	93 431	90.4	84 443	6 755	7 412
Retail - mortgages	12 059	11 423	37.7	4 307	345	297
Retail - other exposures	132 921	44 485	74.5	33 135	2 651	2 349
Equity positions	119 468	119 468	100.2	119 685	9 575	8 898
Other assets	14 247	14 005	101.9	14 269	1 141	687
Total credit risk, standardised approach	1 689 027	1 264 918	29.1	368 489	29 479	30 734
Total credit risk	2 699 528	2 131 007	34.9	742 911	59 433	60 629
Market risk						
Position risk, debt instruments				8 703	696	920
Position risk, equity instruments				402	32	16
Currency risk				14	1	
Commodity risk				0	0	1
Credit value adjustment risk (CVA)				3 922	314	283
Total market risk				13 040	1 043	1 219
Operational risk				79 257	6 341	6 341
Total risk-weighted assets and capital requirements before transitional rules				835 207	66 817	68 189
Additional capital requirements according to transitional rules						
Total risk-weighted assets and capital requirements				835 207	66 817	68 189

1) EAD, exposure at default.

Note 3 Capital adequacy (continued)

Specification of risk-weighted assets and capital requirements

	DNB Bank Group					
	Nominal exposure 30 Sept. 2019	EAD ¹⁾ 30 Sept. 2019	Average risk weights in per cent 30 Sept. 2019	Risk-weighted assets 30 Sept. 2019	Capital requirements 30 Sept. 2019	Capital requirements 31 Dec. 2018
<i>Amounts in NOK million</i>						
IRB approach						
Corporate	983 249	820 562	50.0	410 132	32 811	33 716
Specialised Lending (SL)	12 882	12 333	52.1	6 431	515	526
Retail - mortgages	794 015	794 015	21.8	173 421	13 874	13 617
Retail - other exposures	100 599	85 196	25.1	21 357	1 709	1 727
Securitisation						
Total credit risk, IRB approach	1 890 746	1 712 106	35.7	611 342	48 907	49 587
Standardised approach						
Central government	480 500	454 244	0.0	93	7	12
Institutions	348 312	163 618	23.5	38 501	3 080	3 664
Corporate	212 044	148 931	85.3	127 044	10 164	11 824
Retail - mortgages	60 600	57 094	48.9	27 913	2 233	2 539
Retail - other exposures	139 770	49 632	74.6	37 016	2 961	2 958
Equity positions	10 595	10 515	92.5	9 727	778	774
Other assets	17 691	16 878	69.2	11 680	934	508
Total credit risk, standardised approach	1 269 512	900 914	28.0	251 975	20 158	22 278
Total credit risk	3 160 258	2 613 019	33.0	863 316	69 065	71 865
Market risk						
Position risk, debt instruments				9 229	738	927
Position risk, equity instruments				402	32	16
Currency risk				14	1	
Commodity risk				0	0	1
Credit value adjustment risk (CVA)				4 433	355	311
Total market risk				14 078	1 126	1 254
Operational risk				86 428	6 914	6 914
Total risk-weighted assets and capital requirements before transitional rules				963 823	77 106	80 033
Additional capital requirements according to transitional rules ²⁾				90 172	7 214	4 060
Total risk-weighted assets and capital requirements				1 053 994	84 320	84 093

1) EAD, exposure at default.

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

Note 4 Development in gross carrying amount and maximum exposure

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

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

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

Amounts in NOK million	3rd quarter 2019				3rd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 30 June	772 988	48 692	22 677	844 357	696 264	45 057	23 248	764 569
Transfer to stage 1	10 977	(10 975)	(3)		4 769	(4 805)	36	
Transfer to stage 2	(23 383)	23 830	(447)		(10 132)	10 503	(371)	
Transfer to stage 3	(187)	(682)	870		(1 646)	(465)	2 111	
Originated and purchased	96 168	1 265	367	97 800	34 831	1 317	199	36 347
Derecognition	(62 327)	(3 229)	(0)	(65 557)	(27 713)	(1 055)	(1 799)	(30 567)
Exchange rate movements	426	33	46	505	(595)	(30)	(40)	(665)
Other								
Gross carrying amount as at 30 September	794 662	58 933	23 509	877 105	695 778	50 523	23 384	769 684

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

Amounts in NOK million	Jan.-Sept. 2019				Jan.-Sept. 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31 December / 1 January	717 921	53 094	23 719	794 734	664 024	57 732	19 949	741 705
Transfer to stage 1	27 196	(26 956)	(240)		15 813	(15 677)	(136)	
Transfer to stage 2	(40 860)	42 541	(1 681)		(16 646)	18 135	(1 489)	
Transfer to stage 3	(1 428)	(2 209)	3 637		(2 368)	(7 011)	9 379	
Originated and purchased	232 382	3 193		235 574	198 081	4 042	1 853	203 977
Derecognition	(154 036)	(10 672)	(1 919)	(166 627)	(159 898)	(6 470)	(6 114)	(172 482)
Exchange rate movements	(1 719)	(134)	(7)	(1 860)	(3 227)	(230)	(59)	(3 516)
Other ¹⁾	15 208	76		15 284				
Gross carrying amount as at 30 September	794 662	58 933	23 509	877 105	695 778	50 523	23 384	769 684

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

Note 4 Development in gross carrying amount and maximum exposure (continued)

Loans to customers at amortised cost (quarterly figures)

<i>Amounts in NOK million</i>	3rd quarter 2019				DNB Bank Group 3rd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 30 June	1 502 387	77 042	25 058	1 604 487	1 418 509	75 151	28 878	1 522 537
Transfer to stage 1	16 101	(16 039)	(62)		15 061	(14 885)	(176)	
Transfer to stage 2	(30 484)	31 109	(624)		(23 735)	24 248	(513)	
Transfer to stage 3	(250)	(2 128)	2 377		(2 231)	(647)	2 877	
Originated and purchased	129 904	3 516		133 421	84 690	652	203	85 545
Derecognition	(102 377)	(6 031)	(80)	(108 487)	(70 903)	(3 935)	(3 088)	(77 926)
Exchange rate movements	4 545	355	139	5 039	(4 925)	(340)	(202)	(5 467)
Other	(63)			(63)	(5)			(5)
Gross carrying amount as at 30 September	1 519 763	87 824	26 808	1 634 396	1 416 461	80 244	27 979	1 524 684

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

<i>Amounts in NOK million</i>	Jan.-Sept. 2019				DNB Bank Group Jan.-Sept. 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31 December / 1 January	1 449 032	82 255	27 832	1 559 120	1 389 207	90 102	25 843	1 505 152
Transfer to stage 1	52 089	(51 601)	(488)		42 841	(42 404)	(437)	
Transfer to stage 2	(71 227)	74 101	(2 874)		(50 281)	52 192	(1 911)	
Transfer to stage 3	(1 804)	(4 129)	5 933		(3 182)	(8 295)	11 476	
Originated and purchased	371 404	3 896		375 300	322 962	2 804	1 930	327 697
Derecognition	(278 281)	(16 694)	(3 633)	(298 608)	(276 406)	(13 540)	(8 643)	(298 589)
Exchange rate movements	(1 637)	(4)	38	(1 603)	(8 889)	(615)	(280)	(9 784)
Other	187		0	187	209			209
Gross carrying amount as at 30 September	1 519 763	87 824	26 808	1 634 396	1 416 461	80 244	27 979	1 524 684

Note 4 Development in gross carrying amount and maximum exposure (continued)

Financial commitments (quarterly figures)

<i>Amounts in NOK million</i>	3rd quarter 2019				3rd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	DNB Bank ASA							
Maximum exposure as at 30 June	480 148	12 784	4 187	497 119	506 874	9 357	6 673	522 904
Transfer to stage 1	3 312	(3 210)	(102)		2 211	(2 151)	(60)	
Transfer to stage 2	(8 013)	8 037	(24)		(3 967)	4 109	(141)	
Transfer to stage 3	(77)	(72)	149		(462)	(97)	558	
Originated and purchased	86 277			86 277	44 775	1 013	469	46 257
Derecognition	(108 043)	(1 767)	(145)	(109 954)	(47 954)	(331)	(893)	(49 178)
Exchange rate movements	1 728	17	21	1 765	(1 298)	(11)	(22)	(1 331)
Maximum exposure as at 30 September	455 332	15 789	4 085	475 206	500 179	11 889	6 583	518 652

Financial commitments (year-to-date figures)

<i>Amounts in NOK million</i>	Jan.-Sept. 2019				Jan.-Sept. 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	DNB Bank ASA							
Maximum exposure as at 31 December / 1 January	457 594	18 722	3 922	480 237	564 001	9 805	3 039	576 845
Transfer to stage 1	13 817	(13 599)	(218)		5 797	(5 386)	(411)	
Transfer to stage 2	(15 154)	15 316	(162)		(7 647)	8 363	(715)	
Transfer to stage 3	(912)	(639)	1 551		(1 585)	(1 452)	3 036	
Originated and purchased	285 989			285 989	92 233	2 209	3 201	97 644
Derecognition	(286 054)	(4 002)	(985)	(291 041)	(151 068)	(1 639)	(1 544)	(154 251)
Exchange rate movements	53	(9)	(22)	21	(1 553)	(11)	(23)	(1 587)
Maximum exposure as at 30 September	455 332	15 789	4 085	475 206	500 179	11 889	6 583	518 652

Financial commitments (quarterly figures)

<i>Amounts in NOK million</i>	3rd quarter 2019				3rd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	DNB Bank Group							
Maximum exposure as at 30 June	651 338	22 707	4 216	678 261	644 219	21 355	6 777	672 351
Transfer to stage 1	4 461	(4 355)	(106)		3 343	(3 281)	(62)	
Transfer to stage 2	(9 972)	9 996	(24)		(5 001)	5 143	(142)	
Transfer to stage 3	(87)	(384)	471		(464)	(96)	560	
Originated and purchased	97 265			97 265	108 020	1 261	493	109 774
Derecognition	(117 464)	(1 921)	(297)	(119 682)	(110 163)	(461)	(892)	(111 516)
Exchange rate movements	5 064	461	22	5 547	(4 581)	(187)	(26)	(4 794)
Other					(1 355)			(1 355)
Maximum exposure as at 30 September	630 605	26 504	4 282	661 390	634 018	23 734	6 707	664 460

Financial commitments (year-to-date figures)

<i>Amounts in NOK million</i>	Jan.-Sept. 2019				Jan.-Sept. 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	DNB Bank Group							
Maximum exposure as at 31 December / 1 January	620 917	29 462	4 152	654 531	649 570	28 358	3 208	681 136
Transfer to stage 1	17 137	(16 914)	(223)		9 377	(8 960)	(417)	
Transfer to stage 2	(19 896)	20 185	(289)		(10 736)	11 456	(719)	
Transfer to stage 3	(924)	(953)	1 877		(1 592)	(1 456)	3 048	
Originated and purchased	315 593	6		315 599	198 685	4 073	3 205	205 963
Derecognition	(302 628)	(5 575)	(1 215)	(309 417)	(206 156)	(9 527)	(1 590)	(217 273)
Exchange rate movements	406	292	(21)	677	(5 091)	(209)	(27)	(5 327)
Other					(39)			(39)
Maximum exposure as at 30 September	630 605	26 504	4 282	661 390	634 018	23 734	6 707	664 460

Note 5 Development in accumulated impairment of financial instruments

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

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

Loans to customers at amortised cost (quarterly figures)

Amounts in NOK million	3rd quarter 2019				3rd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 30 June	(177)	(709)	(7 182)	(8 068)	(154)	(859)	(7 042)	(8 056)
Transfer to stage 1	(81)	68	13		(42)	36	5	
Transfer to stage 2	16	(40)	24		11	(17)	6	
Transfer to stage 3	0	4	(4)		2	3	(5)	
Originated and purchased	(20)	(21)		(41)	(15)	(10)		(25)
Increased expected credit loss	(65)	(425)	(1 291)	(1 781)	(46)	(255)	(1 727)	(2 028)
Decreased (reversed) expected credit loss	111	82	473	666	96	176	1 359	1 631
Write-offs	0	0	193	193	0	0	293	293
Derecognition (including repayments)	16	110	0	126	4	35	1	40
Exchange rate movements	(0)	(0)	(14)	(14)	0	(2)	19	17
Accumulated impairment as at 30 September	(200)	(932)	(7 788)	(8 920)	(144)	(892)	(7 092)	(8 128)

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

Amounts in NOK million	Jan.-Sept. 2019				Jan.-Sept. 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 December / 1 January	(154)	(850)	(7 416)	(8 420)	(196)	(2 138)	(6 562)	(8 896)
Transfer to stage 1	(168)	153	15		(142)	128	14	
Transfer to stage 2	27	(80)	53		17	(156)	139	
Transfer to stage 3	3	30	(33)		2	1 027	(1 029)	
Originated and purchased	(79)	(36)		(115)	(46)	(19)		(66)
Increased expected credit loss ¹⁾	(165)	(804)	(3 527)	(4 497)	(91)	(560)	(4 250)	(4 900)
Decreased (reversed) expected credit loss ¹⁾	319	403	2 213	2 935	300	699	2 999	3 998
Write-offs	0	0	908	908	(0)	(0)	1 572	1 572
Derecognition (including repayments)	17	251	0	268	12	128	1	140
Exchange rate movements	1	1	(1)	1	1	(1)	24	24
Accumulated impairment as at 30 September	(200)	(932)	(7 788)	(8 920)	(144)	(892)	(7 092)	(8 128)

1) DNB has performed a recalibration of the IFRS 9 models used for stage 1 and stage 2 loans and 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 5 Development in accumulated impairment of financial instruments (continued)

Loans to customers at amortised cost (quarterly figures)

Amounts in NOK million	3rd quarter 2019				3rd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 30 June	(319)	(1 015)	(7 792)	(9 126)	(344)	(1 368)	(8 760)	(10 472)
Transfer to stage 1	(152)	136	17		(61)	51	9	
Transfer to stage 2	24	(51)	28	(0)	16	(31)	16	
Transfer to stage 3	0	52	(52)		3	2	(4)	
Originated and purchased	(33)	(21)	(0)	(54)	(73)	(20)	(1)	(94)
Increased expected credit loss	(90)	(525)	(1 528)	(2 142)	(97)	(349)	(1 909)	(2 355)
Decreased (reversed) expected credit loss	212	92	697	1 001	177	346	1 650	2 173
Write-offs	0	0	194	195		0	328	328
Derecognition (including repayments)	18	125	0	144	20	51	4	74
Exchange rate movements	(4)	(11)	(32)	(47)	4	17	80	101
Other			(3)	(3)				
Accumulated impairment as at 30 September	(343)	(1 217)	(8 472)	(10 032)	(355)	(1 302)	(8 586)	(10 243)

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

Amounts in NOK million	Jan.-Sept. 2019				Jan.-Sept. 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 December / 1 January	(351)	(1 224)	(8 321)	(9 897)	(380)	(3 081)	(8 709)	(12 171)
Transfer to stage 1	(289)	264	25		(348)	322	25	
Transfer to stage 2	48	(121)	73		29	(204)	176	
Transfer to stage 3	3	80	(83)		3	1 207	(1 209)	
Originated and purchased	(143)	(39)		(182)	(128)	(62)	(1)	(191)
Increased expected credit loss ¹⁾	(232)	(1 016)	(4 202)	(5 451)	(171)	(740)	(4 894)	(5 805)
Decreased (reversed) expected credit loss ¹⁾	596	558	2 838	3 992	768	1 070	3 656	5 493
Write-offs	0	0	1 184	1 184	0	(0)	2 260	2 260
Derecognition (including repayments)	26	286	20	332	(134)	169	5	40
Exchange rate movements	1	(5)	(7)	(10)	7	18	105	131
Other	(0)		0	(0)				
Accumulated impairment as at 30 September	(343)	(1 217)	(8 472)	(10 032)	(355)	(1 302)	(8 586)	(10 243)

1) DNB has performed a recalibration of the IFRS 9 models used for stage 1 and stage 2 loans and 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 5 Development in accumulated impairment of financial instruments (continued)

Financial commitments (quarterly figures)

Amounts in NOK million	3rd quarter 2019				3rd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	DNB Bank ASA							
Accumulated impairment as at 30 June	(148)	(425)	(703)	(1 276)	(127)	(413)	(519)	(1 059)
Transfer to stage 1	(67)	37	30		(14)	14	(0)	
Transfer to stage 2	29	(30)	1		4	(6)	2	
Transfer to stage 3	0	0	(0)			0	(0)	
Originated and purchased	(7)	(8)		(15)	(14)	(7)		(22)
Increased expected credit loss	(25)	(166)	(732)	(923)	(8)	(58)	(34)	(100)
Decreased (reversed) expected credit loss	95	77	353	525	58	52	117	227
Derecognition	3	31		34	0	20		20
Exchange rate movements	(1)	(1)	(5)	(6)			2	2
Other	0	0	0	0				
Accumulated impairment as at 30 September	(119)	(485)	(1 057)	(1 660)	(101)	(398)	(433)	(932)

Financial commitments (year-to-date figures)

Amounts in NOK million	Jan.-Sept. 2019				Jan.-Sept. 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	DNB Bank ASA							
Accumulated impairment as at 31 December / 1 January	(117)	(436)	(569)	(1 122)	(137)	(1 164)	(508)	(1 809)
Transfer to stage 1	(146)	116	30		(115)	115		
Transfer to stage 2	37	(40)	2		10	(12)	3	
Transfer to stage 3	0	5	(6)		0	584	(584)	
Originated and purchased	(110)	(14)		(124)	(86)	(14)		(100)
Increased expected credit loss ¹⁾	(53)	(418)	(1 110)	(1 581)	(21)	(251)	(164)	(437)
Decreased (reversed) expected credit loss ¹⁾	266	222	581	1 069	247	274	803	1 325
Derecognition	4	79		83	(0)	(1)	15	15
Exchange rate movements	0	(0)	0	0	0	70		71
Other	0	0	14	14	0	0	2	3
Accumulated impairment as at 30 September	(119)	(485)	(1 057)	(1 660)	(101)	(398)	(433)	(932)

1) DNB has performed a recalibration of the IFRS 9 models used for stage 1 and stage 2 loans and 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 5 Development in accumulated impairment of financial instruments (continued)

Financial commitments (quarterly figures)

Amounts in NOK million	3rd quarter 2019				3rd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Accumulated impairment as at 30 June	(176)	(900)	(700)	(1 776)	(157)	(1 129)	(522)
Transfer to stage 1	(68)	38	30		(15)	15		
Transfer to stage 2	30	(31)	1		4	(6)	2	
Transfer to stage 3	0	4	(4)			1	(1)	
Originated and purchased	(15)	(8)		(23)	(24)	(29)		(53)
Increased expected credit loss	(29)	(181)	(732)	(942)	(15)	(74)	(34)	(123)
Decreased (reversed) expected credit loss	102	167	355	624	70	189	116	375
Derecognition	5	35	0	39	0	16		16
Exchange rate movements	(1)	(27)	(5)	(34)	2	9	3	14
Other	0	0	0	0				
Accumulated impairment as at 30 September	(152)	(904)	(1 054)	(2 110)	(134)	(1 008)	(436)	(1 578)

Financial commitments (year-to-date figures)

Amounts in NOK million	Jan.-Sept. 2019				Jan.-Sept. 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Accumulated impairment as at 31 December / 1 January	(149)	(1 001)	(569)	(1 719)	(171)	(2 128)	(511)
Transfer to stage 1	(150)	120	30		(127)	127		
Transfer to stage 2	39	(41)	2		10	(13)	3	
Transfer to stage 3	0	8	(9)		0	584	(584)	
Originated and purchased	(135)	(14)		(149)	(100)	(327)		(428)
Increased expected credit loss ¹⁾	(60)	(520)	(1 104)	(1 684)	(29)	(472)	(164)	(665)
Decreased (reversed) expected credit loss ¹⁾	296	478	581	1 356	280	868	803	1 951
Derecognition	6	84	0	90	1	344	0	345
Exchange rate movements	0	(18)	0	(18)	2	10	2	13
Other	0	0	14	14	(0)	(0)	15	15
Accumulated impairment as at 30 September	(152)	(904)	(1 054)	(2 110)	(134)	(1 008)	(436)	(1 578)

1) DNB has performed a recalibration of the IFRS 9 models used for stage 1 and stage 2 loans and 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 6 Loans and financial commitments to customers by industry segment

Loans to customers as at 30 September 2019

Amounts in NOK million	Gross carrying amount	Accumulated impairment			DNB Bank Group	
		Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	123 505	(10)	(10)	(11)		123 474
Commercial real estate	168 008	(11)	(55)	(305)	171	167 808
Shipping	51 142	(59)	(183)	(438)		50 462
Oil, gas and offshore	64 529	(59)	(418)	(4 126)		59 926
Power and renewables	30 681	(5)	(4)	(55)		30 617
Healthcare	24 408	(7)	(4)			24 397
Public sector	15 451	(4)	(0)	(0)		15 446
Fishing, fish farming and farming	39 752	(7)	(33)	(105)	164	39 770
Trade	42 697	(12)	(36)	(683)	59	42 026
Manufacturing	44 369	(22)	(26)	(334)	19	44 006
Technology, media and telecom	25 120	(21)	(12)	(32)	25	25 081
Services	67 206	(30)	(41)	(626)	194	66 704
Residential property	92 433	(6)	(17)	(108)	379	92 680
Personal customers	779 073	(71)	(317)	(645)	48 481	826 521
Other corporate customers	66 023	(18)	(62)	(1 004)	68	65 007
Total ¹⁾	1 634 396	(343)	(1 217)	(8 472)	49 561	1 673 924

1) Of which NOK 58 252 million in repo trading volumes.

Loans to customers as at 30 September 2018

Amounts in NOK million	Gross carrying amount	Accumulated impairment			DNB Bank Group	
		Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	56 063	(6)	(2)	(68)		55 987
Commercial real estate	156 673	(10)	(52)	(294)	190	156 507
Shipping	58 318	(116)	(308)	(821)		57 073
Oil, gas and offshore	57 623	(30)	(537)	(3 997)		53 058
Power and renewables	25 476	(6)	(10)	(190)		25 270
Healthcare	21 163	(8)	(14)	(0)		21 141
Public sector	32 344	(4)	(2)	(179)	32	32 192
Fishing, fish farming and farming	31 973	(3)	(17)	(67)	180	32 066
Trade	40 431	(17)	(10)	(688)	59	39 776
Manufacturing	44 036	(16)	(9)	(356)	10	43 665
Technology, media and telecom	25 294	(24)	(31)	(115)	11	25 134
Services	51 107	(9)	(14)	(389)	156	50 851
Residential property	91 967	(7)	(9)	(216)	431	92 166
Personal customers	754 577	(85)	(262)	(705)	46 270	799 794
Other corporate customers	77 640	(14)	(24)	(501)	87	77 188
Total ¹⁾	1 524 684	(355)	(1 302)	(8 586)	47 426	1 561 867

1) Of which NOK 31 397 million in repo trading volumes.

Note 6 Loans and financial commitments to customers by industry segment (continued)

Financial commitments as at 30 September 2019	Maximum exposure	Accumulated impairment			DNB Bank Group
		Stage 1	Stage 2	Stage 3	
<i>Amounts in NOK million</i>					Total
Bank, insurance and portfolio management	28 925	(6)	(1)	(0)	28 918
Commercial real estate	26 469	(2)	(2)	(4)	26 461
Shipping	8 935	(7)	(22)		8 906
Oil, gas and offshore	59 842	(60)	(628)	(206)	58 948
Power and renewables	31 925	(6)	(21)		31 899
Healthcare	26 899	(4)	(0)		26 895
Public sector	9 673	(0)	(0)		9 673
Fishing, fish farming and farming	16 254	(3)	(0)	(5)	16 246
Trade	28 081	(8)	(23)	(22)	28 028
Manufacturing	53 082	(14)	(43)	(4)	53 021
Technology, media and telecom	20 034	(10)	(8)	(2)	20 014
Services	25 232	(8)	(47)	(457)	24 720
Residential property	31 735	(2)	(2)	(2)	31 729
Personal customers	254 623	(16)	(78)	(0)	254 529
Other corporate customers	39 682	(7)	(29)	(352)	39 294
Total	661 390	(152)	(904)	(1 054)	659 280

Financial commitments as at 30 September 2018	Maximum exposure	Accumulated impairment			DNB Bank Group
		Stage 1	Stage 2	Stage 3	
<i>Amounts in NOK million</i>					Total
Bank, insurance and portfolio management	25 244	(7)	(4)	(0)	25 233
Commercial real estate	23 525	(2)	(1)	(4)	23 519
Shipping	12 478	(15)	(29)		12 434
Oil, gas and offshore	74 177	(39)	(787)	(224)	73 127
Power and renewables	28 842	(4)	(38)	0	28 800
Healthcare	20 373	(3)	(35)		20 335
Public sector	14 896	(1)	(0)	(1)	14 893
Fishing, fish farming and farming	12 413	(3)	(1)	(1)	12 408
Trade	26 289	(6)	(4)	(69)	26 211
Manufacturing	54 690	(15)	(29)	(5)	54 641
Technology, media and telecom	23 785	(9)	(2)	(2)	23 772
Services	22 215	(6)	(10)	(9)	22 190
Residential property	36 123	(3)	(4)	(3)	36 114
Personal customers	250 452	(13)	(57)	(0)	250 382
Other corporate customers	38 957	(7)	(7)	(119)	38 823
Total	664 460	(134)	(1 008)	(436)	662 881

Note 7 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
Assets as at 30 September 2019				
Loans to customers		123 090	8 105	131 195
Commercial paper and bonds	23 665	196 732	231	220 627
Shareholdings	4 471	257	630	5 358
Financial derivatives	228	149 824	1 965	152 016
Liabilities as at 30 September 2019				
Deposits from customers		17 474		17 474
Debt securities issued		9 690		9 690
Subordinated loan capital		2 513		2 513
Financial derivatives	265	184 731	1 612	186 608
Other financial liabilities ¹⁾	7 204	0		7 204

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
Assets as at 30 September 2018				
Loans to customers		113 941	7 121	121 062
Commercial paper and bonds	43 696	195 642	140	239 478
Shareholdings	6 410	238	672	7 321
Financial derivatives	225	117 133	1 713	119 071
Liabilities as at 30 September 2018				
Deposits from customers		14 597		14 597
Debt securities issued		7 448		7 448
Subordinated loan capital		2 507		2 507
Financial derivatives	180	141 250	1 435	142 866
Other financial liabilities ¹⁾	2 420	(0)	0	2 420

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 7 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
Assets as at 30 September 2019				
Loans to customers			49 561	49 561
Commercial paper and bonds	23 665	180 737	231	204 633
Shareholdings	5 739	268	778	6 786
Financial derivatives	228	137 396	1 965	139 588
Liabilities as at 30 September 2019				
Deposits from customers		17 475		17 475
Debt securities issued		86 235		86 235
Subordinated loan capital		2 513		2 513
Financial derivatives	265	121 311	1 612	123 188
Other financial liabilities ¹⁾	7 204	0		7 204

<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
Assets as at 30 September 2018				
Loans to customers			47 426	47 426
Commercial paper and bonds	43 696	189 960	140	233 796
Shareholdings	7 550	997	767	9 314
Financial derivatives	225	103 861	1 713	105 799
Liabilities as at 30 September 2018				
Deposits from customers		14 597		14 597
Debt securities issued		83 767		83 767
Subordinated loan capital		2 507		2 507
Financial derivatives	180	93 630	1 435	95 245
Other financial liabilities ¹⁾	2 420	(0)	0	2 420

1) Short positions, trading activities.

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

Note 7 Financial instruments at fair value (continued)

Financial instruments at fair value, level 3

<i>Amounts in NOK million</i>	Financial assets				DNB Bank ASA
	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial liabilities
					Financial derivatives
Carrying amount as at 31 December 2018	7 509	319	583	2 036	1 654
Net gains recognised in the income statement	69	(154)	61	(453)	(148)
Additions/purchases	1 466	249	112	1 121	810
Sales	(28)	(223)	(95)		
Settled	(910)			(729)	(705)
Transferred from level 1 or level 2		56			
Transferred to level 1 or level 2		(125)	(32)		
Other		109		(11)	1
Carrying amount as at 30 September 2019	8 105	231	630	1 965	1 612

Financial instruments at fair value, level 3

<i>Amounts in NOK million</i>	Financial assets				DNB Bank Group
	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial liabilities
					Financial derivatives
Carrying amount as at 31 December 2018	48 794	319	741	2 036	1 654
Net gains recognised in the income statement	168	(154)	49	(453)	(148)
Additions/purchases	6 697	249	114	1 121	810
Sales		(223)	(95)		
Settled	(6 098)			(729)	(705)
Transferred from level 1 or level 2		56			
Transferred to level 1 or level 2		(125)	(32)		
Other		109	(0)	(11)	1
Carrying amount as at 30 September 2019	49 561	231	778	1 965	1 612

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 30 million in DNB Bank ASA and 144 million in DNB Bank Group. The effects on other Level 3 financial instruments are insignificant.

Note 8 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	DNB Bank ASA					
	Balance sheet 30 Sept. 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 paper issued, nominal amount	276 322	781 539	(689 665)	9 716		174 732
Bond debt, nominal amount	171 270	35 854	(20 445)	1 804		154 057
Value adjustments	6 725				196	6 528
Total debt securities issued	454 317	817 393	(710 110)	11 520	196	335 317

Debt securities issued	DNB Bank ASA					
	Balance sheet 30 Sept. 2018	Issued 2018	Matured/ redeemed 2018	Exchange rate movements 2018	Other changes 2018	Balance sheet 31 Dec. 2017
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	180 972	825 703	(802 413)	(992)		158 675
Bond debt, nominal amount	148 118	9 874	(16 991)	(4 301)		159 536
Value adjustments	5 480				(2 481)	7 961
Total debt securities issued	334 570	835 577	(819 404)	(5 293)	(2 481)	326 171

Debt securities issued	DNB Bank Group					
	Balance sheet 30 Sept. 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 paper issued, nominal amount	276 322	781 539	(689 665)	9 716		174 732
Bond debt, nominal amount ¹⁾	626 913	67 928	(49 148)	2 181		605 952
Value adjustments	36 249				13 137	23 112
Total debt securities issued	939 484	849 467	(738 813)	11 896	13 137	803 796

Debt securities issued	DNB Bank Group					
	Balance sheet 30 Sept. 2018	Issued 2018	Matured/ redeemed 2018	Exchange rate movements 2018	Other changes 2018	Balance sheet 31 Dec. 2017
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	180 972	825 703	(802 413)	(992)		158 675
Bond debt, nominal amount ¹⁾	583 339	60 947	(59 580)	(16 230)		598 202
Value adjustments	18 757				(6 493)	25 250
Total debt securities issued	783 069	886 650	(861 993)	(17 222)	(6 493)	782 127

1) Minus own bonds. The total nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 471.6 billion as at 30 September 2019. The market value of the cover pool represented NOK 636.2 billion.

Note 8 Debt securities issued and subordinated loan capital (continued)

Subordinated loan capital and perpetual subordinated loan capital securities					DNB Bank ASA	
	Balance sheet 30 Sept. 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	24 993	9	(9)	(118)		25 110
Perpetual subordinated loan capital, nominal amount	5 970			276		5 693
Value adjustments	453				175	278
Total subordinated loan capital and perpetual subordinated loan capital securities	31 415	9	(9)	159	175	31 082

Subordinated loan capital and perpetual subordinated loan capital securities					DNB Bank ASA	
	Balance sheet 30 Sept. 2018	Issued 2018	Matured/ redeemed 2018	Exchange rate movements 2018	Other changes 2018	Balance sheet 31 Dec. 2017
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	23 827	9 419	(8 542)	(947)		23 897
Perpetual subordinated loan capital, nominal amount	5 334			(27)		5 361
Value adjustments	106				(174)	280
Total subordinated loan capital and perpetual subordinated loan capital securities	29 267	9 419	(8 542)	(974)	(174)	29 538

Subordinated loan capital and perpetual subordinated loan capital securities					DNB Bank Group	
	Balance sheet 30 Sept. 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	24 993	9	(9)	(118)		25 110
Perpetual subordinated loan capital, nominal amount	5 970			276		5 693
Value adjustments	453				175	278
Total subordinated loan capital and perpetual subordinated loan capital securities	31 415	9	(9)	159	175	31 082

Subordinated loan capital and perpetual subordinated loan capital securities					DNB Bank Group	
	Balance sheet 30 Sept. 2018	Issued 2018	Matured/ redeemed 2018	Exchange rate movements 2018	Other changes 2018	Balance sheet 31 Dec. 2017
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	23 827	9 419	(8 542)	(947)		23 897
Perpetual subordinated loan capital, nominal amount	5 334			(27)		5 361
Value adjustments	106				(174)	280
Total subordinated loan capital and perpetual subordinated loan capital securities	29 267	9 419	(8 542)	(974)	(174)	29 538

Note 9 Information on related parties

DNB Boligkreditt AS

In the first three quarters of 2019, loan portfolios representing NOK 1.5 billion (NOK 2.4 billion in the first three quarters of 2018) were transferred from the bank to DNB Boligkreditt in accordance with the "Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkreditt AS".

At end-September 2019, the bank had invested NOK 16.0 billion in covered bonds issued by DNB Boligkreditt.

The management fee paid to the bank for purchased services amounted to NOK 627 million in the first three quarters of 2019 (NOK 494 million in the first three quarters of 2018).

In the first three quarters of 2019, DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 16.3 billion at end-September 2019.

The company has a long-term overdraft facility in DNB Bank ASA with a limit of NOK 160 billion.

DNB Livsforsikring AS

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

DNB Singapore branch and DNB Asia Ltd.

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

All loans registered in DNB Asia Ltd have been transferred to Norway and the company will eventually be liquidated. Transfers are made using the pooling of interest method.

Note 10 Contingencies

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

Information about the DNB Bank Group

Head office DNB ASA

Mailing address P.O.Box 1600 Sentrum, NO-0021 Oslo
Visiting address Dronning Eufemias gate 30, Oslo
Telephone +47 915 04800
Internet dnb.no
Organisation number Register of Business Enterprises NO 981 276 957 MVA

DNB Bank ASA

Organisation number Register of Business Enterprises NO 984 851 006 MVA

Board of Directors in DNB Bank ASA

Olaug Svarva, chair of the board
Kim Wahl, vice chair of the board
Lillian Hattrem
Jens Petter Olsen

Investor Relations

Rune Helland, head of Investor Relations	tel. +47 2326 8400	rune.helland@dnb.no
Jan Ole Huseby, Investor Relations	tel. +47 2326 8408	jan.ole.huseby@dnb.no
Vartika Svarna, Investor Relations	tel. +47 9026 1005	vartika.svarna@dnb.no
Thor Tellefsen, Long Term Funding	tel. +47 2326 8404	thor.tellefsen@dnb.no

Financial calendar 2019

20 November Capital markets day

Financial calendar 2020

6 February	Q4 2019
5 March	Annual report 2019
28 April	Annual general meeting
30 April	Q1 2020
13 July	Q2 2020
22 October	Q3 2020

Other sources of information

Annual and quarterly reports

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

*The quarterly report has been produced by Group Financial Reporting in DNB.
Cover design: HyperRedink*

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

DNB Bank

Mailing address:
P.O.Box 1600 Sentrum
N-0021 Oslo

Visiting address:
Dronning Eufemias gate 30
Bjørvika, Oslo

dnb.no