

DNB Bank

A company in the DNB Group

First quarter report 2019
(Unaudited)

Q1

DNB

Financial highlights

Income statement

<i>Amounts in NOK million</i>	DNB Bank Group		
	1st quarter 2019	1st quarter 2018	Full year 2018
Net interest income	9 471	9 141	37 388
Net commissions and fees	1 492	1 489	6 605
Net gains on financial instruments at fair value	748	172	1 351
Other operating income	678	539	2 522
Net other operating income	2 918	2 199	10 478
Total income	12 388	11 340	47 866
Operating expenses	(5 300)	(4 955)	(20 681)
Restructuring costs and non-recurring effects	(22)	(24)	(565)
Pre-tax operating profit before impairment	7 066	6 360	26 620
Net gains on fixed and intangible assets	(0)	18	529
Impairment of financial instruments	(316)	330	139
Pre-tax operating profit	6 750	6 708	27 288
Tax expense	(1 350)	(1 342)	(4 976)
Profit from operations held for sale, after taxes	(51)		(204)
Profit for the period	5 349	5 366	22 109

Balance sheet

<i>Amounts in NOK million</i>	31 March 2019	31 Dec. 2018	31 March 2018
Total assets	2 470 993	2 307 710	2 347 013
Loans to customers	1 624 500	1 598 017	1 527 639
Deposits from customers	976 472	940 087	962 711
Total equity	211 880	207 933	205 481
Average total assets	2 536 425	2 434 354	2 497 096

Key figures and alternative performance measures

	1st quarter 2019	1st quarter 2018	Full year 2018
Return on equity, annualised (per cent) ¹⁾	10.7	11.1	11.5
Combined weighted total average spread for lending and deposits (per cent) ¹⁾	1.32	1.30	1.30
Average spread for ordinary lending to customers (per cent) ¹⁾	1.90	2.01	1.94
Average spread for deposits from customers (per cent) ¹⁾	0.39	0.20	0.29
Cost/income ratio (per cent) ¹⁾	43.0	43.9	44.4
Ratio of customer deposits to net loans to customers at end of period ¹⁾	60.1	63.0	58.8
Net loans and financial commitments in stage 2, per cent of net loans ¹⁾	6.62	6.59	6.96
Net loans and financial commitments in stage 3, per cent of net loans ¹⁾	1.33	1.49	1.45
Impairment relative to average net loans to customers, annualised (per cent) ¹⁾	(0.08)	0.09	0.01
Common equity Tier 1 capital ratio, transitional rules, at end of period (per cent) ²⁾	16.6	16.3	16.5
Leverage ratio, Basel III (per cent)	7.0	7.0	7.4
Number of full-time positions at end of period	8 613	8 519	8 626

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.

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

Directors' report

First quarter financial performance

The DNB Bank Group¹⁾ delivered a profit of NOK 5 349 million in the first quarter, a decrease of NOK 18 million from the first quarter of 2018. Compared with the previous quarter, profits were down NOK 219 million.

The common equity Tier 1 capital ratio was 16.6 per cent at end-March, up from 16.5 at end-December 2018. The implementation of IFRS 16 Leases had a negative effect which was offset by the profit for the period. The leverage ratio for the banking group was 7.0 per cent.

Return on equity was 10.7 per cent, compared with 11.1 per cent in the year-earlier period and 11.2 per cent in the fourth quarter.

Net interest income was up NOK 330 million or 3.6 per cent from the first quarter of 2018, driven by higher lending volumes. Compared with the fourth quarter, net interest income was down NOK 284 million, mainly due to fewer interest days and new resolution and guarantee fund levy.

Net other operating income was NOK 2 918 million, up NOK 719 million from the first quarter of 2018. The increase was related to higher net gains on financial instruments at fair value stemming from exchange rate effects on additional Tier 1 capital and other mark-to-market adjustments. There was an increase in commissions and fees related to investment banking services. Profit from associated companies also contributed to the increase. Compared with the fourth quarter, net other operating income was up NOK 4 million.

Operating expenses were NOK 343 million higher than in the year-earlier period. The first quarter of 2019 saw an increase in IT expenses and accrued pension costs related to the closed defined benefit scheme compensation programme. Compared with the fourth quarter, there was a reduction of NOK 628 million. The reduction was driven by lower IT costs and non-recurring effects related to impairment of leasing contracts and system development in the fourth quarter.

Impairment losses of financial instruments amounted to NOK 316 million in the first quarter, an increase of NOK 646 million from the first quarter of 2018 and NOK 82 million from the fourth quarter of 2018. The impairment losses in the quarter were spread evenly between all three customer segments.

Important events in the first quarter

The new, cloud-based mobile bank was launched at the start of the year. This is an update of the original mobile bank and is designed to be faster and easier to use, giving the customers a better overview of their finances.

On 3 February, DNB announced price cuts on equity funds, reducing the management fee for both actively managed equity funds and index funds.

Friday 15 March marked the start of an exciting new launch at the banking group's real estate agency DNB Eiendom – "Garantert Solgt!". The name means guaranteed sale and the product offers digital real estate broking at a set low price. If the property is not sold within the agreed period, the customer pays nothing for the services rendered.

During the first quarter, DNB joined forces with StartupLab to initiate an accelerator programme for the third time – DNB NXT Accelerator. This is a three-month start-up programme that aims to

accelerate the development of start-up companies and explore potential partnerships that may open up commercial opportunities for both the participating companies and DNB.

In the first quarter, students were invited to participate in the annual competition Digital Challenge, which is held in four Norwegian cities with the final in Oslo. This is a hackathon where the goal is to present a solution or a product that will simplify everyday life for the bank's customers. Four students at the University of Oslo won this year's competition with their contribution, which was a solution for promoting innovation by gathering APIs in one place. The prize was NOK 100 000 and a summer internship in DNB.

In January, DNB Markets was named best brokerage house by the Norwegian magazine Kapital. DNB is considered no. 1 within both analysis and brokerage, and DNB's analysts are also top ranked in several sectors, such as offshore/steel, real estate, banking and finance and fisheries.

In January, Standard & Poor (S&P) upgraded DNB's long-term credit rating to AA-. Thus, DNB has an AA rating from the two most well-known rating agencies, Moody's and S&P, as well as the best short-term rating. This reflects DNB's healthy performance and a strong macroeconomic environment.

CDP (formerly the Carbon Disclosure Project) annually ranks more than 6 500 companies for their climate-related efforts. The score for 2018 was released in January, and as the only Nordic bank, DNB received the highest score of A. CDP evaluates companies based on their general understanding, awareness and management of environmental risk, as well as good practices related to environmental management.

DNB's reputation score in Norway reached an all-time high in the first quarter, coming in at 74.3. For the first time since 2015, DNB has achieved a score of above 70 points two quarters in a row.

Norges Bank raised the key policy rate to 1 per cent on 21 March. The following day, DNB decided to increase the interest rates on home mortgage loans and deposits by up to 0.25 percentage points. There will also be an interest rate rise for loans and certain deposits in the corporate market.

First quarter income statement – main items

Net interest income

Amounts in NOK million	1Q19	4Q18	1Q18
Lending spreads, customer segments	7 026	7 130	7 066
Deposit spreads, customer segments	899	837	462
Amortisation effects and fees	797	829	782
Operational leasing	409	393	374
Other net interest income	339	566	455
Net interest income	9 471	9 754	9 141

Net interest income increased by NOK 330 million from the first quarter of 2018, mainly due to increased lending volumes, exchange rate effects and higher deposit spreads.

There was an average increase of NOK 73.9 billion or 5.2 per cent in the healthy loan portfolio compared with the first quarter of 2018, backed by a positive development in the Norwegian economy. Adjusted for exchange rate effects, volumes were up NOK 55.6 billion or 3.9 per cent. During the same period, deposits were up NOK 1.5 billion or 0.2 per cent. Adjusted for exchange rate effects, there was a decrease of 1.3 per cent. Average lending spreads contracted by 11 basis points, and deposit spreads widened by 19 basis points compared with the first quarter of 2018. Volume-weighted spreads for the customer segments widened by 3 basis points compared with the same period in 2018.

Compared with the fourth quarter, net interest income decreased by NOK 284 million, mainly due to fewer interest days

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.

and increased resolution and guarantee fund levy. There was an average increase of NOK 23.9 billion or 1.6 per cent in the healthy loan portfolio, and deposits were at the same level. Volume-weighted spreads for the customer segments increased by 1 basis point.

The margin development in the first quarter of 2019 reflects lag effects. The spreads were positively impacted by interest rate adjustments which became effective as from October/November 2018. However, increased NOK money market rates in the first quarter of 2019 led to lower combined spreads. The announced interest rate rise following Norges Bank's increased key policy rate in March, will become effective from 8 May 2019.

Net other operating income

<i>Amounts in NOK million</i>	1Q19	4Q18	1Q18
Net commissions and fees	1 492	1 884	1 489
Basis swaps	(187)	(342)	(372)
Exchange rate effects additional Tier 1 capital	(88)	768	(527)
Net gains on other financial instruments at fair value	1 022	20	1 070
Net profit from associated companies	155	(10)	(37)
Other operating income	523	594	576
Net other operating income	2 918	2 914	2 199

Net other operating income was up NOK 719 million from the first quarter of 2018. The increase was mainly due to exchange rate effects on additional Tier 1 capital and other mark-to-market adjustments. Higher revenues in investment banking services and in real estate broking contributed to an increase in commissions and fees.

Compared with the fourth quarter, net other operating income remained at the same level. Net commissions and fees were down NOK 392 million from a seasonally very high level in the fourth quarter – mainly within investment banking. Net gains on financial instruments were up NOK 1 002 million mainly related to positive credit spread effects and other mark-to-market adjustments, while exchange rate effects on additional Tier 1 capital contributed negatively with NOK 856 million.

Operating expenses

<i>Amounts in NOK million</i>	1Q19	4Q18	1Q18
Salaries and other personnel expenses	(2 863)	(2 854)	(2 753)
Other expenses	(1 754)	(2 168)	(1 745)
Depreciation and impairment of fixed and intangible assets	(706)	(928)	(481)
Total operating expenses	(5 322)	(5 951)	(4 979)

There was an increase in operating expenses from the first quarter of 2018 of NOK 343 million. The increase was mainly due to an increase in pension provisions related to the closed defined benefit scheme compensation programme, which is sensitive to market conditions, and a higher level of IT activity. The introduction of IFRS 16 led to reduced operating expenses for IT and properties and premises, but at the same time increased depreciation costs.

Compared with the fourth quarter, there was a reduction in operating expenses of NOK 628 million. The main factor behind the decrease was non-recurring effects related to impairment of leasing contracts and system development in the fourth quarter, but there was also a lower level of IT activity in the first quarter of 2019.

The cost/income ratio was 43.0 per cent in the first quarter.

Impairment of financial instruments

<i>Amounts in NOK million</i>	1Q19	4Q18	1Q18
Personal customers	(108)	(56)	(61)
Commercial real estate	(39)	41	11
Shipping	32	147	48
Oil, gas and offshore	(46)	(198)	620
Other industry segments	(154)	(168)	(288)
Total impairment of financial instruments	(316)	(235)	330

The increase in impairment losses from the first quarter of 2018 was to a large extent due to significant reversals in the oil, gas and offshore segments during the first quarter of 2018. The portfolio is characterised by high quality and a stable development, reflecting the favourable macroeconomic environment.

The personal customers segment had an increase in impairment of NOK 47 million and NOK 52 million compared to the first and fourth quarter of 2018, respectively, but impairment losses remained at a low level. Similarly, the commercial real estate segment had NOK 39 million in net impairment in the first quarter compared with reversals of NOK 11 million in the first quarter of 2018 and NOK 41 million in the fourth quarter of 2018. There were net reversals of NOK 32 million within the shipping segment. The macro drivers for the shipping portfolio remained stable during the first quarter.

There were net impairment losses of NOK 46 million for the oil, gas and offshore segments in the quarter. A modestly positive macro development contributed favourably, while a negative development for individually assessed customers resulted in net impairment for the industry segment. This situation is similar to that of the fourth quarter of 2018, while restructurings of specific large exposures resulted in net reversals in the first quarter of 2018.

Net impairment losses within other industry segments decreased by NOK 134 million compared with the first quarter of 2018 and by NOK 14 million compared with the fourth quarter of 2018. The decrease primarily reflected stable credit quality and macro forecasts, as well as a limited number of significant impairment losses on individually assessed customers in stage 3.

Net stage 3 loans and financial commitments amounted to NOK 21.6 billion at end-March 2019, down from NOK 22.8 billion in the year-earlier period and from NOK 23.1 billion in the fourth quarter of 2018.

Taxes

The banking group's tax expense for the first quarter is estimated at NOK 1 350 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.

Personal customers

Income statement in NOK million	1Q19	4Q18	1Q18
Net interest income	3 379	3 458	3 394
Net other operating income	863	986	894
Total income	4 241	4 444	4 288
Operating expenses	(2 019)	(2 127)	(1 860)
Pre-tax operating profit before impairment	2 222	2 317	2 428
Net gains on fixed and intangible assets		49	
Impairment of financial instruments	(101)	(89)	(53)
Pre-tax operating profit	2 122	2 277	2 375
Tax expense	(530)	(569)	(594)
Profit for the period	1 591	1 708	1 781

Average balance sheet items in NOK billion

Net loans to customers	773.5	770.8	749.2
Deposits from customers	413.4	410.0	401.3

Key figures in per cent

Lending spread ¹⁾	1.50	1.54	1.76
Deposit spread ¹⁾	0.50	0.45	0.19
Return on allocated capital	13.9	15.1	16.0
Cost/income ratio	47.6	47.9	43.4
Ratio of deposits to loans	53.4	53.2	53.6

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 first quarter of 2019, with a pre-tax operating profit of NOK 2 122 million. The development from the previous quarter was affected by declining spreads on loans due to increased NOK money market rates.

The combined spreads on loans and deposits narrowed by 0.06 percentage points from the corresponding period in 2018, and by 0.01 percentage points from the fourth quarter of 2018. The announced interest rate adjustments will become effective as of 8 May for existing customers.

There was a rise in average net loans of 3.2 per cent from the first quarter of 2018. Deposits from customers were up 3.0 per cent in the same period. Annualised growth in loans from year-end 2018 to end-March 2019 was 3.1 per cent, while the corresponding growth rate in deposits was 5.7 per cent.

The decrease in other operating income from the fourth quarter of 2018 was mainly caused by a reduction in income from payment transfers, while a seasonally high level of activity in real estate broking had a positive effect.

Lower IT development costs contributed to a reduction in operating expenses from the fourth quarter of 2018. Rising costs from the first quarter of 2018 was mainly explained by higher activity related to IT development.

The relevant macro forecasts for the personal customers segment were unchanged and credit quality remained stable in the quarter. This resulted in a continued low level of impairment losses on financial instruments in the first quarter.

The market share of credit to households stood at 24.0 per cent at end-December 2018, while the market share of total household savings was 30.7 per cent in the same period. DNB Eiendom had an average market share of 18.6 per cent in the first quarter.

The banking group is continuously automating and digitising its products and services. On 14 January, the new cloud-based mobile bank was released, with improved functionality and continuous development of new services. So far, 773 000 customers have downloaded and are using the new mobile bank.

In March, DNB Eiendom launched the product "Garantert Solgt!", which is a sales guarantee for customers who sell property through DNB Eiendom. If the property is not sold within the agreed period, the customer pays nothing for the services rendered.

Small and medium-sized enterprises

Income statement in NOK million	1Q19	4Q18	1Q18
Net interest income	2 504	2 474	2 306
Net other operating income	435	397	399
Total income	2 939	2 871	2 704
Operating expenses	(1 050)	(1 034)	(992)
Pre-tax operating profit before impairment	1 889	1 837	1 712
Net gains on fixed and intangible assets	(0)		0
Impairment of financial instruments	(176)	(101)	(215)
Profit from repossessed operations	3	4	5
Pre-tax operating profit	1 716	1 740	1 502
Tax expense	(429)	(435)	(376)
Profit for the period	1 287	1 305	1 127

Average balance sheet items in NOK billion

Net loans to customers	315.3	310.5	293.4
Deposits from customers	212.2	212.1	207.0

Key figures in per cent

Lending spread ¹⁾	2.46	2.46	2.50
Deposit spread ¹⁾	0.60	0.56	0.41
Return on allocated capital	16.9	18.0	16.6
Cost/income ratio	35.7	36.0	36.7
Ratio of deposits to loans	67.3	68.3	70.5

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 first quarter of 2019.

There was a rise in average loans of 7.5 per cent from the first quarter of 2018, while average deposit volumes were up 2.5 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 8.6 per cent compared with the first quarter of 2018. The same factors also contributed to an increase in net interest income from the fourth quarter of 2018. The announced interest rate adjustments will become effective from the second quarter.

Net other operating income was up compared both to the first and fourth quarter of 2018. This was mainly due to a rise in income from commissions and fees from capital markets, cash management and pension products.

Operating expenses increased by 5.8 per cent from the corresponding quarter in 2018. This was in part related to higher capital markets activities. An increase in the leasing activity in DNB Finans also contributed to the rise in expenses. Operating expenses were at the same level as in the fourth quarter of 2018 and the underlying cost base is expected to remain stable going forward.

The credit quality and macro forecasts for the portfolio as a whole remained stable in the first quarter of 2019, and the impairment of NOK 176 million primarily stemmed from increases in impairment on a number of individually assessed customers in stage 3 within different industry segments. Net impairment of financial instruments decreased by NOK 39 million from the first quarter of 2018 and increased by NOK 75 million from the fourth quarter of 2018. Net stage 3 loans and financial commitments amounted to NOK 4 billion at end-March 2019, on the same level as the year-earlier period and the fourth quarter of 2018. Annualised impairment losses on loans and guarantees represented 0.23 per cent of average loans in the first quarter of 2019, compared with 0.30 per cent in the year-earlier period and 0.13 per cent in the fourth quarter of 2018.

Digital platforms and new business models represent a challenge for traditional banks. The banking group aspires to create the best customer experiences, be the preferred platform for both entrepreneurs and established companies and help make it easy to start and operate a business. At the end of 2018, DNB Puls was launched, which is an app for managers of small businesses to keep track of their everyday business operations. The banking group is now also offering DNB Regnskap, which integrates

accounting and invoicing closely with banking transactions. 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>	1Q19	4Q18	1Q18
Net interest income	3 054	3 141	2 851
Net other operating income	1 123	1 219	1 104
Total income	4 177	4 359	3 954
Operating expenses	(1 622)	(1 716)	(1 583)
Pre-tax operating profit before impairment	2 555	2 643	2 371
Impairment of financial instruments	(39)	(45)	598
Profit from repossessed operations	(86)	(151)	2
Pre-tax operating profit	2 430	2 447	2 971
Tax expense	(583)	(563)	(683)
Profit from operations held for sale, after taxes	2	1	
Profit for the period	1 849	1 886	2 288

Average balance sheet items in NOK billion

Net loans to customers	431.1	415.8	402.6
Deposits from customers	302.3	308.2	317.9

Key figures in per cent

Lending spread ¹⁾	2.21	2.21	2.11
Deposit spread ¹⁾	0.10	0.10	0.08
Return on allocated capital	11.8	11.9	13.3
Cost/income ratio	38.8	39.4	40.0
Ratio of deposits to loans	70.1	74.1	79.0

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

The large corporates and international customers segment delivered sound profits in the first quarter of 2019, driven by increased net interest income from both lending volume and spreads compared with the first quarter of 2018.

Average loan volumes were up 7.1 per cent compared with the first quarter of 2018, primarily driven by higher activity in the financial services, power & renewables and offshore industries. Compared with the fourth quarter of 2018, average loan volumes increased by 3.7 per cent, in line with expectations.

Average customer deposit volumes were down 4.9 per cent from the first quarter of 2018. Deposits decreased by 1.9 per cent from the fourth quarter of 2018.

Both lending and deposit spreads improved compared with the first quarter of 2018, contributing to an increase in net interest income of 7.1 per cent. Compared with the fourth quarter of 2018, the spreads remained unchanged.

Seasonally lower activity within investment banking affected the development in other operating income from the fourth quarter of 2018, while compared with the first quarter of 2018 the activity level was relatively stable.

Operating expenses were up 2.5 per cent compared with the first quarter of 2018, primarily due to increased costs within anti-money laundering (AML) and compliance. From the fourth quarter of 2018, reduced restructuring costs contributed to a decrease in costs of 5.5 per cent.

Impairment of financial instruments amounted to NOK 39 million in the first quarter of 2019. Overall, the credit quality of the portfolio remained stable in the quarter. Compared with the fourth quarter of 2018, impairments were reduced by NOK 6 million, while compared with the first quarter of 2018 there was an increase of NOK 637 million. Impairment figures in the first quarter of 2018 were positively affected by reduced volumes, continued rebalancing of the portfolio and restructuring of selected large exposures.

Net stage 3 loans and financial commitments amounted to NOK 15 billion at end-March 2019, on the same level as the year-earlier period and down from NOK 16 billion in the fourth quarter of 2018. On an annualised basis, there were net impairment losses of 0.04 per cent of average loans in the quarter, compared with net

impairment reversals of 0.60 per cent in the first quarter of 2018, and net impairment of 0.04 per cent in the fourth quarter of 2018.

DNB will continue to focus on redirecting exposure from capital-intensive and cyclical industries to less capital-intensive industries with a higher portfolio turnover, 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>	1Q19	4Q18	1Q18
Net interest income	534	683	590
Net other operating income	886	812	358
Total income	1 419	1 495	948
Operating expenses	(1 019)	(1 573)	(1 099)
Pre-tax operating profit before impairment	400	(78)	(151)
Net gains on fixed and intangible assets	(0)	0	17
Impairment of financial instruments	(1)	(0)	
Profit from repossessed operations	82	147	(7)
Pre-tax operating profit	482	69	(140)
Tax expense	193	743	311
Profit from operations held for sale, after taxes	(53)	(142)	
Profit for the period	621	670	171

Average balance sheet items in NOK billion

Net loans to customers	96.6	86.0	78.3
Deposits from customers	49.3	39.7	81.6

Profits for other operations were NOK 621 million in the first quarter of 2019.

Total revenues from the risk management operations in DNB Markets were NOK 363 million in the first quarter of 2019, which was an increase of NOK 358 million from the fourth quarter of 2018, but a reduction of NOK 414 million from the year-earlier period. Revenues were positively impacted due to tighter credit spreads for bonds.

The profits in the other operations segment are affected by several group items not allocated to the segments. Net other operating income in the first quarter was affected negatively by mark-to-market effects related to changes in basis swaps spreads and exchange rate effects on additional Tier 1 capital. This item varies from quarter to quarter.

The reduction in operating expenses from the previous period was mainly due to depreciation and impairment of leasing contracts and system development in the fourth quarter of 2018.

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

The international markets for short-term funding have had a marked positive development so far in 2019. Last year was characterised by hope among investors of further interest rate rises and consequently low investment appetite. The market mood and interest rate expectations have turned in the first quarter. The upgrade from S&P has contributed to a likely boost in the investors' limits for investments in DNB and the banking group has excellent access to short-term funding.

There was a high level of activity in the long-term funding markets in the first quarter. Since the start of the year, the costs of new funding have gone down somewhat, after a steep climb in December and the first half of January. Negative key figures at the end of the quarter have strengthened the investors' faith in a more cautious progress in the planned interest rate hikes from the US and European central banks. Increased confidence in a trade agreement between the US and China has also helped stabilise the markets. The level of activity for covered bonds has been higher than in the first quarter of 2018, despite a high activity level even then. The sentiment has been very good for covered bonds, with funding costs at favourable levels. The banking group had good access to long-term funding throughout the quarter.

The nominal value of long-term debt securities issued by the banking group was NOK 612 billion at the end of the quarter, compared with NOK 570 billion a year earlier. The average remaining term to maturity for these debt securities was 4.1 years at end-March, compared with 4.3 years in the year-earlier period.

The short-term liquidity requirement, Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the quarter and was 123 per cent at end-March 2019..

Total assets in the banking group were NOK 2 471 billion at end-March 2019, up from NOK 2 347 billion a year earlier.

Loans to customers increased by NOK 26.5 billion or 1.7 per cent from end-December 2018. Customer deposits were up NOK 36.4 billion or 3.9 per cent during the same period. The ratio of customer deposits to net loans to customers was 60.1 per cent at end-March 2019, up from 58.8 per cent at end-December 2018.

Capital

The banking group's Basel III common equity Tier 1 (CET1) capital ratio, calculated according to transitional rules, was 16.6 per cent at the end of the first quarter of 2019, up from 16.5 at end-December 2018. Retained earnings contributed positively while the implementation of IFRS 16 reduced the CET1 capital ratio.

The risk-weighted assets increased by NOK 42 billion from end-March 2018 to NOK 1 055 billion at end-March 2019. The increase was mainly due to underlying growth in the segments in combination with foreign exchange effects as the Norwegian krone depreciated against the US dollar.

The non-risk based leverage ratio was 7.0 per cent at end-March 2019, unchanged from the year-earlier period and down from 7.4 per cent at end-December 2018. The ratio decreased from year-end 2018 due to an increase in the total exposure mainly related to central bank deposits.

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 bank must satisfy various buffer requirements (Pillar 1 and Pillar 2 requirements).

	1Q19	4Q18	1Q18
<i>Transitional rules:</i>			
CET 1 capital ratio, per cent	16.6	16.5	16.3
Tier 1 capital ratio, per cent	18.1	18.0	17.9
Capital ratio, per cent	20.9	20.9	21.6
Risk-weighted assets, NOK billion	1 055	1 051	1 013
CET 1 capital ratio, Basel III, per cent	17.5	17.3	17.2
Leverage ratio, per cent	7.0	7.4	7.0

New regulatory framework

The EU's rules on capital requirements incorporated into the EEA Agreement

On 29 March 2019, a decision was adopted by the EEA Joint Committee to incorporate the EU's capital requirement legislation CRD IV and CRR into the EEA Agreement. The decisions will take effect when all three EEA/EFTA States have lifted their constitutional reservations. Based on preliminary assumptions, the decisions and the implementing regulations and directives will most likely enter into force in the second half of 2019.

The substantive content of the CRD IV and CRR has essentially already been implemented in Norwegian law. Nevertheless, when the EEA Joint Committee Decisions take effect, there will be a need for several regulatory amendments. Among other things, the capital requirement for loans to small and medium-sized enterprises (the SME supporting factor) will be reduced, and the Basel I floor for banks using internal ratings-based (IRB) models will be removed. These adjustments will result in a more harmonised regulatory framework for market players in

the EEA.

Regulations on requirements for banks' lending practices for consumer loans and credit cards

The Ministry of Finance has laid down Regulations on requirements for the banks' lending practices for consumer loans, including credit cards. Among other things, the new Regulations set out that customers must be able to withstand a five-percentage point rise in interest rates and that their total debt cannot exceed five times their annual income. The Regulations also contain a requirement on instalment payments. To ensure that banks will still be able to exercise discretion in individual cases, the Regulations allow that a certain percentage of the bank's lending volume need not comply with the individual requirements of the Regulations. This flexibility quota has been set to 5 per cent of the total value of granted loans every quarter. The Regulations will initially be applicable until 31 December 2020. The banks have until 15 May 2019 to adapt to the requirements.

The Security Act

The new Norwegian Security Act came into effect at the beginning of the year. The Act tightens up the sectoral responsibility for civil protection and emergency preparedness. Ministries with sector responsibility must identify so-called basic national functions ("grunnleggende nasjonale funksjoner", GNFs) in their areas, and use these GNFs as a basis for designating companies that will be subject to stricter security requirements. The Ministry of Finance will identify GNFs in the financial services sector by the end of the summer, and will designate companies in the autumn of 2019. There is reason to believe that the settlement system in particular will be considered a GNF, and that DNB will be one of the designated companies which will be subject to stricter security requirements. This could involve more stringent requirements for physical and functional separation of systems, as well as stricter requirements for security clearance, with high costs associated with compliance.

PSD2

On 1 April 2019, the EU's revised payment services directive, PSD2, entered into force in Norway, and the legislation that ensures third parties access to consenting customers' payment accounts will be applicable as of 14 September 2019. Thus, the autumn marks the start of an extensive liberalisation of the payment services market, with undreamt-of consequences. Experiences from countries such as the UK, where similar legislation has already been implemented, are that customers have started using third party services to a smaller degree than expected, but it is too early to conclude whether the same development will be seen in the wake of PSD2. For the banking group, the launch of the new mobile bank at the start of 2019 is a particularly important measure to position the bank for new competition.

Brexit

DNB has prepared an application for status as third-country branch in the United Kingdom in consultation with the British supervisory authorities. A mapping has been completed of cross-border products and the need for changes in order to comply with the regulatory requirements of the Temporary Permissions Regime that will come into effect on the day the UK leaves the European Union.

Macroeconomic developments

DNB Markets expects a global GDP growth of 3.3 per cent each year from 2019 to 2021 and forecasts a global GDP growth of 3.1 per cent for 2022. Since the turn of the year, equity markets have been booming and high yield spreads have been falling back to their 2017 lows in the US. However, sovereign bond yields in Western economies have drifted down from already low levels. In the US, important parts of the yield curve have temporarily inverted,

notably the 10-year yield dropping below the 3-month yield in mid-March. At the same time, markets are now pricing in a probability of roughly 80 per cent of the Federal Reserve (Fed) cutting interest rates by year-end, further illustrating the downside risks to economic growth in the near term.

The Norwegian economy has recovered from the setback after the drop in oil prices in 2014, as the oil and gas sector has adapted to lower oil prices and regained profitability. Petroleum investments are expected to rise by 13 per cent in 2019, helping to boost the mainland activity. The weak Norwegian krone has enabled Norwegian manufacturers to win a high number of contracts. Households' consumption of goods is currently at a subdued level, while consumption of services has been increasing more steadily. A sharp rise in electricity prices last year offset most of the expected wage growth. This year, real wages will likely pick up, supporting private consumption. Overall, DNB Markets expects the mainland GDP to increase by 2.4 per cent in 2019, up from 2.2 per cent in 2018. For 2020 to 2022, growth is expected to slow towards potential growth.

Unemployment in Norway has been trending lower and is close to what is considered 'normal'. Wage growth has picked up, but remains moderate. The negotiations on this year's wage settlements finished on 1 April. The labour market parties expect the negotiations to result in a 3.2 per cent wage growth for the manufacturing sector in 2019. This forecast will serve as a benchmark for other wage settlements. Following this, DNB Markets has adjusted its forecast for total wage growth to 3.3 per cent from 3.1 per cent and expects the wage growth to stabilise at this rate. Core inflation picked up at the end of 2018, peaking in March 2019 at 2.7 per cent year-over-year (YOY). A major reason for the higher core inflation has been the impact of the weak Norwegian krone. This effect will likely abate in 2019. Norges Bank raised the key policy rate in March and signalled yet another rate hike within the next six months. DNB Markets expects Norges Bank to aim for a rise at the meeting in September.

Future prospects

DNB's overriding financial target is a return on equity above 12 per cent towards the end of 2019. Several factors will contribute to reaching the return on equity target, including growth in capital-light products, profitable lending growth, greater cost efficiency through the automation of internal processes, and optimal use of capital.

The increase in Norges Bank's key policy rate from 0.75 per cent to 1.00 per cent, followed by DNB's announcement of an increase in loan rates effective from 8 May, will have a positive effect on net interest income from the second quarter.

The annual increase in lending volumes is anticipated to be 3 to 4 per cent in 2019 and 2020. During this period, higher growth in lending volumes is expected for personal customers and small and medium-sized enterprises, while lending to large corporates and international customers is expected to grow at a slower pace.

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

DNB has set a target for its common equity Tier 1 capital ratio (CET1) of about 16.8 per cent from year-end 2019. The removal of the Basel I floor will reduce risk-weighted assets and enable absorption of the announced increase in the countercyclical buffer. The banking group is well-positioned for new regulatory requirements, including Basel IV, which is expected to have minimal effects for DNB.

The sale of part of the banking group's shares in Luminor to Blackstone will be delayed as a consequence of pending regulatory approval process, and is now expected to be finalised in the second half of 2019. The transaction will affect the CET1 capital ratio positively by approximately 30 basis points.

Oslo, 2 May 2019

The Board of Directors of DNB Bank ASA



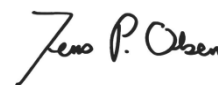
Olaug Svarva
(chair of the board)



Kim Wahl
(vice chair of the board)



Lillian Hattrem



Jens Petter Olsen



Rune Bjerke
(group chief executive)

Income statement

<i>Amounts in NOK million</i>	DNB Bank ASA		
	1st quarter 2019	1st quarter 2018	Full year 2018
Interest income, amortised cost	10 452	8 856	38 336
Other interest income	1 106	974	4 055
Interest expenses, amortised cost	(6 014)	(4 223)	(19 026)
Other interest expenses	1 539	892	3 835
Net interest income	7 084	6 500	27 199
Commission and fee income	1 938	1 946	8 463
Commission and expenses	(751)	(818)	(3 424)
Net gains on financial instruments at fair value	1 069	762	3 659
Other income	736	875	6 231
Net other operating income	2 992	2 766	14 928
Total income	10 076	9 265	42 127
Salaries and other personnel expenses	(2 485)	(2 360)	(9 629)
Other expenses	(1 616)	(1 567)	(6 947)
Depreciation and impairment of fixed and intangible assets	(836)	(477)	(2 431)
Total operating expenses	(4 937)	(4 404)	(19 008)
Pre-tax operating profit before impairment	5 139	4 861	23 120
Net gains on fixed and intangible assets	(0)	18	837
Impairment of financial instruments	(373)	(62)	(1 029)
Pre-tax operating profit	4 766	4 817	22 927
Tax expense	(953)	(963)	(3 561)
Profit for the period	3 813	3 853	19 366
Portion attributable to shareholders of DNB Bank ASA	3 569	3 632	18 407
Portion attributable to additional Tier 1 capital holders	243	221	959
Profit for the period	3 813	3 853	19 366

Comprehensive income statement

<i>Amounts in NOK million</i>	DNB Bank ASA		
	1st quarter 2019	1st quarter 2018	Full year 2018
Profit for the period	3 813	3 853	19 366
Actuarial gains and losses			(103)
Financial liabilities designated at FVTPL, changes in credit risk	(39)	(5)	85
Tax	10	1	13
Items that will not be reclassified to the income statement	(29)	(4)	(6)
Currency translation of foreign operations	(21)	(37)	(34)
Financial assets at fair value through OCI	5		
Tax	(1)		
Items that may subsequently be reclassified to the income statement	(18)	(37)	(34)
Other comprehensive income for the period	(47)	(40)	(39)
Comprehensive income for the period	3 766	3 813	19 327

Balance sheet

		DNB Bank ASA		
<i>Amounts in NOK million</i>	Note	31 March 2019	31 Dec. 2018	31 March 2018
Assets				
Cash and deposits with central banks		352 652	154 595	274 946
Due from credit institutions		361 022	428 648	511 166
Loans to customers	4, 5, 6, 7	829 120	793 702	737 037
Commercial paper and bonds	7	238 871	262 207	211 246
Shareholdings	7	5 991	6 580	5 033
Financial derivatives	7	121 502	138 306	127 785
Investments in associated companies		9 354	9 541	8 598
Investments in subsidiaries		94 359	100 670	112 756
Intangible assets		3 367	3 429	3 448
Deferred tax assets		2 656	2 664	8 440
Fixed assets		14 132	8 413	7 830
Other assets		28 594	21 928	24 630
Total assets		2 061 619	1 930 683	2 032 916
Liabilities and equity				
Due to credit institutions		316 371	277 437	341 670
Deposits from customers	7	952 355	916 258	940 125
Financial derivatives	7	142 836	162 683	155 007
Debt securities issued	7, 8	397 197	335 317	327 022
Payable taxes		1 284	807	3 750
Deferred taxes		84	90	73
Other liabilities		36 550	25 546	50 245
Provisions		1 684	1 790	2 063
Pension commitments		3 252	3 111	2 999
Subordinated loan capital	7, 8	30 347	31 082	38 208
Total liabilities		1 881 961	1 754 121	1 861 162
Share capital		18 256	18 256	18 256
Share premium		19 895	19 895	19 895
Additional Tier 1 capital		15 595	16 194	15 594
Other equity		125 912	122 218	118 010
Total equity		179 658	176 562	171 754
Total liabilities and equity		2 061 619	1 930 683	2 032 916

Income statement

<i>Amounts in NOK million</i>	DNB Bank Group		
	1st quarter 2019	1st quarter 2018	Full year 2018
Interest income, amortised cost	14 424	12 501	53 261
Other interest income	1 330	1 217	5 009
Interest expenses, amortised cost	(7 199)	(5 469)	(23 694)
Other interest expenses	915	892	2 812
Net interest income	9 471	9 141	37 388
Commission and fee income	2 244	2 293	9 983
Commission and fee expenses	(752)	(804)	(3 378)
Net gains on financial instruments at fair value	748	172	1 351
Profit from investments accounted for by the equity method	155	(37)	314
Net gains on investment properties	5	42	62
Other income	518	533	2 146
Net other operating income	2 918	2 199	10 478
Total income	12 388	11 340	47 866
Salaries and other personnel expenses	(2 863)	(2 753)	(11 216)
Other expenses	(1 754)	(1 745)	(7 658)
Depreciation and impairment of fixed and intangible assets	(706)	(481)	(2 371)
Total operating expenses	(5 322)	(4 979)	(21 246)
Pre-tax operating profit before impairment	7 066	6 360	26 620
Net gains on fixed and intangible assets	(0)	18	529
Impairment of financial instruments	(316)	330	139
Pre-tax operating profit	6 750	6 708	27 288
Tax expense	(1 350)	(1 342)	(4 976)
Profit from operations held for sale, after taxes	(51)		(204)
Profit for the period	5 349	5 366	22 109
Portion attributable to shareholders of DNB Bank ASA	5 105	5 145	21 150
Portion attributable to additional Tier 1 capital holders	243	221	959
Profit for the period	5 349	5 366	22 109

Comprehensive income statement

<i>Amounts in NOK million</i>	DNB Bank Group		
	1st quarter 2019	1st quarter 2018	Full year 2018
Profit for the period	5 349	5 366	22 109
Actuarial gains and losses			(102)
Financial liabilities designated at FVTPL, changes in credit risk	(147)	(128)	221
Tax	37	32	(22)
Items that will not be reclassified to the income statement	(110)	(96)	98
Currency translation of foreign operations	(1 149)	(2 733)	1 310
Currency translation reserve reclassified to the income statement			(2)
Hedging of net investment	915	2 386	(1 060)
Hedging reserve reclassified to the income statement			1
Financial assets at fair value through OCI	5		
Tax	(230)	(596)	265
Items that may subsequently be reclassified to the income statement	(459)	(943)	514
Other comprehensive income for the period	(569)	(1 039)	612
Comprehensive income for the period	4 780	4 328	22 721

Balance sheet

		DNB Bank Group		
<i>Amounts in NOK million</i>	Note	31 March 2019	31 Dec. 2018	31 March 2018
Assets				
Cash and deposits with central banks		353 045	155 592	275 298
Due from credit institutions		97 017	128 415	179 291
Loans to customers	4, 5, 6, 7	1 624 500	1 598 017	1 527 639
Commercial paper and bonds	7	232 779	257 725	209 698
Shareholdings	7	7 361	7 955	6 003
Financial derivatives	7	109 185	125 358	114 239
Investment properties		613	638	928
Investments accounted for by the equity method		11 739	11 807	10 719
Intangible assets		3 683	3 742	3 703
Deferred tax assets		1 038	983	1 148
Fixed assets		14 260	8 470	7 896
Assets held for sale		1 138	1 258	
Other assets		14 634	7 750	10 450
Total assets		2 470 993	2 307 710	2 347 013
Liabilities and equity				
Due to credit institutions		234 446	187 307	251 535
Deposits from customers	7	976 472	940 087	962 711
Financial derivatives	7	98 740	110 005	96 402
Debt securities issued	7, 8	879 759	803 796	761 510
Payable taxes		2 915	2 012	5 703
Deferred taxes		3 544	3 471	779
Other liabilities		26 943	15 903	18 641
Liabilities held for sale		224	382	
Provisions		2 374	2 534	2 943
Pension commitments		3 350	3 198	3 099
Subordinated loan capital	7, 8	30 347	31 082	38 208
Total liabilities		2 259 113	2 099 777	2 141 532
Share capital		18 256	18 256	18 256
Share premium		20 611	20 611	20 611
Additional Tier 1 capital		15 595	16 194	15 594
Other equity		157 418	152 872	151 020
Total equity		211 880	207 933	205 481
Total liabilities and equity		2 470 993	2 307 710	2 347 013

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			221			3 632	3 853
Financial liabilities designated at FVTPL, changes in credit risk					(5)		(5)
Currency translation of foreign operations				(37)			(37)
Tax on other comprehensive income					1		1
Comprehensive income for the period			221	(37)	(4)	3 632	3 813
Interest payments additional Tier 1 capital			(754)				(754)
Currency movements taken to income			(32)			32	
Balance sheet as at 31 March 2018	18 256	19 895	15 594	533	(131)	117 607	171 754
Balance sheet as at 31 Dec. 2018	18 256	19 895	16 194	536	(63)	121 745	176 562
Profit for the period			243			3 569	3 813
Financial assets at fair value through OCI						5	5
Financial liabilities designated at FVTPL, changes in credit risk					(39)		(39)
Currency translation of foreign operations				(21)			(21)
Tax on other comprehensive income					10	(1)	8
Comprehensive income for the period			243	(21)	(29)	3 573	3 766
Merger DNB Næringskreditt						163	163
Interest payments additional Tier 1 capital			(832)				(832)
Currency movements taken to income			(10)			10	
Balance sheet as at 31 March 2019	18 256	19 895	15 595	515	(92)	125 490	179 658

DNB Bank Group

<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	20 611	16 159	4 516	(342)	142 707	201 907
Profit for the period			221			5 145	5 366
Financial liabilities designated at FVTPL, changes in credit risk					(128)		(128)
Currency translation of foreign operations				(2 733)			(2 733)
Hedging of net investment				2 386			2 386
Tax on other comprehensive income				(596)	32		(565)
Comprehensive income for the period			221	(943)	(96)	5 145	4 328
Interest payments additional Tier 1 capital			(754)				(754)
Currency movements taken to income			(32)			32	
Balance sheet as at 31 March 2018	18 256	20 611	15 594	3 573	(438)	147 885	205 481
Balance sheet as at 31 Dec. 2018	18 256	20 611	16 194	5 029	(176)	148 019	207 933
Profit for the period			243			5 105	5 349
Financial assets at fair value through OCI						5	5
Financial liabilities designated at FVTPL, changes in credit risk					(147)		(147)
Currency translation of foreign operations				(1 149)			(1 149)
Hedging of net investment				915			915
Tax on other comprehensive income				(229)	37	(1)	(193)
Comprehensive income for the period			243	(462)	(110)	5 109	4 780
Interest payments additional Tier 1 capital			(832)				(832)
Currency movements taken to income			(10)			10	
Balance sheet as at 31 March 2019	18 256	20 611	15 595	4 567	(287)	153 137	211 880

Cash flow statement

DNB Bank ASA

<i>Amounts in NOK million</i>	January-March 2019	2018	Full year 2018
Operating activities			
Net payments on loans to customers	(40 767)	(14 054)	(68 939)
Interest received from customers	9 841	8 574	35 182
Net receipts on deposits from customers	39 760	(7 939)	(36 552)
Interest paid to customers	(1 597)	(1 605)	(8 881)
Net receipts/payments on loans to credit institutions	104 738	88 049	98 864
Interest received from credit institutions	2 027	1 738	7 393
Interest paid to credit institutions	(1 592)	(969)	(4 769)
Net receipts/payments on the sale of financial assets for investment or trading	34 252	46 603	18 872
Interest received on bonds and commercial paper	1 210	714	3 866
Net receipts on commissions and fees	1 700	1 071	4 875
Payments to operations	(4 963)	(4 501)	(16 071)
Taxes paid	(900)	(675)	(3 977)
Other net receipts/payments	(363)	582	(5 741)
Net cash flow from operating activities	143 346	117 588	24 123
Investing activities			
Net payments on the acquisition of fixed assets	(631)	(410)	(2 094)
Net investment in long-term shares		1	5 868
Dividends received on long-term investments in shares			869
Net cash flow from investment activities	(631)	(409)	4 642
Financing activities			
Receipts on issued bonds and commercial paper	343 503	425 258	1 050 476
Payments on redeemed bonds and commercial paper	(282 625)	(412 876)	(1 049 827)
Interest payments on issued bonds and commercial paper	(3 468)	(2 785)	(6 926)
Receipts on the raising of subordinated loan capital		9 419	9 419
Redemptions of subordinated loan capital			(8 542)
Interest payments on subordinated loan capital	(273)	(168)	(574)
Interest payments on additional Tier 1 capital	(832)	(754)	(892)
Lease payments	(155)		
Group contribution payments			(17 735)
Net cash flow from funding activities	56 150	18 094	(24 600)
Effects of exchange rate changes on cash and cash equivalents	559	(886)	509
Net cash flow	199 423	134 387	4 674
Cash as at 1 January	157 858	153 184	153 184
Net receipts/payments of cash	199 423	134 387	4 674
Cash at end of period ¹⁾	357 281	287 571	157 858
<i>*) Of which: Cash and deposits with central banks</i>	<i>352 652</i>	<i>274 946</i>	<i>154 595</i>
<i>Deposits with credit institutions with no agreed period of notice ¹⁾</i>	<i>4 629</i>	<i>12 625</i>	<i>3 263</i>

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

Cash flow statement (continued)

<i>Amounts in NOK million</i>	DNB Bank Group		
	2019	January-March 2018	Full year 2018
Operating activities			
Net payments on loans to customers	(33 316)	(8 708)	(58 722)
Interest received from customers	14 668	13 171	54 875
Net receipts on deposits from customers	38 344	(9 173)	(48 364)
Interest paid to customers	(1 656)	(1 325)	(8 998)
Net receipts/payments on loans to credit institutions	79 539	96 747	75 975
Interest received from credit institutions	1 178	1 011	4 082
Interest paid to credit institutions	(1 330)	(759)	(3 783)
Net receipts/payments on the sale of financial assets for investment or trading	33 151	45 572	40 583
Interest received on bonds and commercial paper	1 143	688	3 797
Net receipts on commissions and fees	2 008	1 433	6 440
Payments to operations	(5 533)	(5 059)	(19 424)
Taxes paid	(1 080)	(735)	(4 585)
Other net receipts/payments	(862)	193	1 774
Net cash flow from operating activities	126 254	133 055	43 651
Investing activities			
Net payments on the acquisition of fixed assets	(495)	(422)	(2 404)
Net receipt from investment properties	16	104	349
Net investment in long-term shares			(92)
Dividends received on long-term investments in shares			13
Net cash flow from investment activities	(479)	(319)	(2 134)
Financing activities			
Receipts on issued bonds and commercial paper	373 533	445 588	1 115 987
Payments on redeemed bonds and commercial paper	(292 981)	(447 293)	(1 109 463)
Interest payments on issued bonds and commercial paper	(5 493)	(4 835)	(14 193)
Receipts on the raising of subordinated loan capital		9 419	9 419
Redemptions of subordinated loan capital			(8 542)
Interest payments on subordinated loan capital	(274)	(169)	(579)
Interest payments on additional Tier 1 capital	(832)	(754)	(892)
Lease payments	(158)		
Group contributions payments			(16 094)
Net cash flow from funding activities	73 794	1 956	(24 357)
Effects of exchange rate changes on cash and cash equivalents	(1 002)	(601)	(12 038)
Net cash flow	198 568	134 091	5 122
Cash as at 1 January	159 173	154 051	154 051
Net receipts/payments of cash	198 568	134 091	5 122
Cash at end of period ¹⁾	357 741	288 142	159 173

*) *Of which: Cash and deposits with central banks* 353 045 275 298 155 592
Deposits with credit institutions with no agreed period of notice ¹⁾ 4 696 12 844 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, first quarter

	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Other operations		Eliminations		DNB Bank Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<i>Amounts in NOK million</i>												
Net interest income	3 379	3 394	2 504	2 306	3 054	2 851	534	590			9 471	9 141
Net other operating income	863	894	435	399	1 123	1 104	886	358	(388)	(555)	2 918	2 199
Total income	4 241	4 288	2 939	2 704	4 177	3 954	1 419	948	(388)	(555)	12 388	11 340
Operating expenses	(2 019)	(1 860)	(1 050)	(992)	(1 622)	(1 583)	(1 019)	(1 099)	388	555	(5 322)	(4 979)
Pre-tax operating profit before impairment	2 222	2 428	1 889	1 712	2 555	2 371	400	(151)			7 066	6 360
Net gains on fixed and intangible assets			(0)	0	(0)	0	(0)	17			(0)	18
Impairment of financial instruments	(101)	(53)	(176)	(215)	(39)	598	(1)	0			(316)	330
Profit from repossessed operations			3	5	(86)	2	82	(7)				
Pre-tax operating profit	2 122	2 375	1 716	1 502	2 430	2 971	482	(140)			6 750	6 708
Tax expense	(530)	(594)	(429)	(376)	(583)	(683)	193	311			(1 350)	(1 342)
Profit from operations held for sale, after taxes					2		(53)				(51)	
Profit for the period	1 591	1 781	1 287	1 127	1 849	2 288	621	171			5 349	5 366

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	31 March 2019		31 March 2019	31 Dec. 2018
		<i>Amounts in NOK million</i>		
176 562	176 089	Total equity	206 775	207 933
		Effect from regulatory consolidation	(235)	(234)
(15 574)	(15 574)	Additional Tier 1 capital instruments included in total equity	(15 574)	(15 574)
(465)	(16)	Net accrued interest on additional Tier 1 capital instruments	(16)	(465)
160 523	160 499	Common equity Tier 1 capital instruments	190 950	191 660
		Deductions		
(2 389)	(2 368)	Goodwill	(2 932)	(2 929)
(562)	(562)	Deferred tax assets that are not due to temporary differences	(524)	(524)
(1 040)	(998)	Other intangible assets	(1 677)	(1 712)
		Group contribution, payable	(10 758)	(10 758)
(1 286)	(1 487)	Expected losses exceeding actual losses, IRB portfolios	(1 997)	(1 719)
(467)	(483)	Value adjustment due to the requirements for prudent valuation (AVA)	(883)	(886)
63	92	Adjustments for unrealised losses/(gains) on debt measured at fair value	287	176
(596)	(517)	Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(121)	(149)
154 247	154 176	Common equity Tier 1 capital	172 345	173 159
	155 961	Common equity Tier 1 capital incl. 50 per cent of profit for the period	174 917	
15 574	15 574	Additional Tier 1 capital instruments	15 574	15 574
169 820	169 750	Tier 1 capital	187 919	188 733
	171 534	Tier 1 capital including 50 per cent of profit for the period (%)	190 491	
5 693	5 648	Perpetual subordinated loan capital	5 648	5 693
25 110	24 462	Term subordinated loan capital	24 462	25 110
30 804	30 110	Additional Tier 2 capital instruments	30 110	30 804
200 624	199 860	Total eligible capital	218 029	219 537
	201 645	Total eligible capital incl. 50 per cent of profit for the period	220 601	
852 363	846 289	Risk-weighted assets, transitional rules	1 054 900	1 051 159
68 189	67 703	Minimum capital requirement, transitional rules	84 392	84 093
18.1	18.4	Common equity Tier 1 capital ratio, transitional rules (%)	16.6	16.5
19.9	20.3	Tier 1 capital ratio, transitional rules (%)	18.1	18.0
23.5	23.8	Capital ratio, transitional rules (%)	20.9	20.9
	18.2	Common equity Tier 1 capital incl. 50 per cent of profit for the period	16.3	
	20.1	Tier 1 capital including 50 per cent of profit for the period (%)	17.8	
	23.6	Capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	20.7	

Note 3 Capital adequacy (continued)

Basel III

The majority of the credit portfolios are reported according to the IRB approach. The portfolios "central governments" and "institutions" are, however, reported according to the standardised approach.

Specification of risk-weighted assets and capital requirements

	DNB Bank ASA					
	Nominal exposure 31 March 2019	EAD ¹⁾ 31 March 2019	Average risk weights in per cent 31 March 2019	Risk-weighted assets 31 March 2019	Capital requirements 31 March 2019	Capital requirements 31 Dec. 2018
<i>Amounts in NOK million</i>						
IRB approach						
Corporate	743 209	611 881	52.2	319 491	25 559	25 426
Specialised lending (SL)	12 302	11 949	52.9	6 325	506	455
Retail - mortgages	120 118	120 118	24.1	28 898	2 312	2 287
Retail - other exposures	100 700	86 335	24.6	21 252	1 700	1 727
Securitisation						
Total credit risk, IRB approach	976 330	830 283	45.3	375 966	30 077	29 895
Standardised approach						
Central government	376 974	366 262	0.0	97	8	9
Institutions	689 193	524 110	24.6	129 077	10 326	11 083
Corporate	139 060	100 238	93.6	93 832	7 507	7 412
Retail - mortgages	11 245	10 453	37.9	3 965	317	297
Retail - other exposures	128 409	42 106	74.5	31 372	2 510	2 349
Equity positions	104 561	104 561	100.2	104 787	8 383	8 898
Other assets	15 782	15 536	94.5	14 681	1 174	687
Total credit risk, standardised approach	1 465 224	1 163 266	32.5	377 810	30 225	30 734
Total credit risk	2 441 554	1 993 549	37.8	753 777	60 302	60 629
Market risk						
Position risk, debt instruments				9 409	753	920
Position risk, equity instruments				329	26	16
Currency risk				14	1	
Commodity risk				4	0	1
Credit value adjustment risk (CVA)				3 501	280	283
Total market risk				13 256	1 060	1 219
Operational risk				79 257	6 341	6 341
Total risk-weighted assets and capital requirements before transitional rules				846 289	67 703	68 189
Additional capital requirements according to transitional rules						
Total risk-weighted assets and capital requirements				846 289	67 703	68 189

1) EAD, exposure at default.

Note 3 Capital adequacy (continued)

Specification of risk-weighted assets and capital requirements

	Nominal exposure		Average risk weights in per cent	Risk-weighted assets	DNB Bank Group	
	31 March 2019	EAD ¹⁾ 31 March 2019	31 March 2019	31 March 2019	Capital requirements 31 March 2019	Capital requirements 31 Dec. 2018
<i>Amounts in NOK million</i>						
IRB approach						
Corporate	955 246	790 067	52.9	418 340	33 467	33 716
Specialised Lending (SL)	13 478	13 125	54.6	7 167	573	526
Retail - mortgages	780 307	780 307	22.0	171 631	13 730	13 617
Retail - other exposures	100 700	86 335	24.6	21 252	1 700	1 727
Securitisation						
Total credit risk, IRB approach	1 849 731	1 669 834	37.0	618 389	49 471	49 587
Standardised approach						
Central government	392 730	383 712	0.0	159	13	12
Institutions	260 465	153 811	24.7	37 958	3 037	3 664
Corporate	219 879	167 565	88.2	147 858	11 829	11 824
Retail - mortgages	69 198	64 455	47.7	30 765	2 461	2 539
Retail - other exposures	141 758	53 077	74.7	39 650	3 172	2 958
Equity positions	10 518	10 317	94.4	9 740	779	774
Other assets	20 687	19 563	75.0	14 672	1 174	508
Total credit risk, standardised approach	1 115 234	852 500	32.9	280 803	22 464	22 278
Total credit risk	2 964 965	2 522 334	35.6	899 192	71 935	71 865
Market risk						
Position risk, debt instruments				10 037	803	927
Position risk, equity instruments				329	26	16
Currency risk				14	1	
Commodity risk				4	0	1
Credit value adjustment risk (CVA)				3 908	313	311
Total market risk				14 291	1 143	1 254
Operational risk				86 428	6 914	6 914
Total risk-weighted assets and capital requirements before transitional rules				999 912	79 993	80 033
Additional capital requirements according to transitional rules ²⁾				54 989	4 399	4 060
Total risk-weighted assets and capital requirements				1 054 900	84 392	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	1st quarter 2019				1st quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Gross carrying amount as at 31 December 2018 / 1 January 2018	717 921	53 094	23 719	794 734	664 024	57 732	19 949
Transfer to stage 1	8 852	(8 647)	(205)		28 288	(8 118)	(20 170)	
Transfer to stage 2	(6 966)	7 835	(869)		(4 206)	4 456	(250)	
Transfer to stage 3	(298)	(798)	1 096		(299)	(3 500)	3 799	
Originated and purchased	64 769	1 098	349	66 216	56 254	1 215	21 018	78 487
Derecognition	(39 834)	(3 856)	(634)	(44 325)	(73 654)	(2 872)	(2 320)	(78 846)
Exchange rate movements	(1 656)	(132)	(23)	(1 811)	(1 657)	(123)	(12)	(1 792)
Other ¹⁾	15 208	76		15 284	(3)	(250)	(70)	(323)
Gross carrying amount as at 31 March	757 997	48 670	23 433	830 098	668 747	48 540	21 944	739 231

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.

Loans to customers at amortised cost (quarterly figures)

Amounts in NOK million	1st quarter 2019				1st quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Gross carrying amount as at 31 December 2018 / 1 January 2018	1 449 032	82 255	27 832	1 559 120	1 389 207	90 102	25 843
Transfer to stage 1	17 288	(16 972)	(316)		17 971	(17 810)	(161)	
Transfer to stage 2	(19 457)	20 436	(980)		(14 960)	15 334	(374)	
Transfer to stage 3	(438)	(966)	1 405		(283)	(4 080)	4 363	
Originated and purchased	116 061	1 021	252	117 334	107 214	708	1 023	108 946
Derecognition	(79 681)	(5 329)	(1 044)	(86 054)	(110 445)	(4 908)	(2 490)	(117 843)
Exchange rate movements	(4 055)	(173)	(35)	(4 263)	(2 144)	(157)	(28)	(2 329)
Other	252			252	(73)	(250)	(70)	(393)
Gross carrying amount as at 31 March	1 479 003	80 272	27 115	1 586 389	1 386 487	78 939	28 106	1 493 532

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

Financial commitments (quarterly figures)

DNB Bank ASA

<i>Amounts in NOK million</i>	1st quarter 2019				1st quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Maximum exposure as at 31 December 2018 / 1 January 2018	457 594	18 722	3 922	480 237	564 001	9 805	3 039	576 846
Transfer to stage 1	3 896	(3 793)	(103)		1 344	(1 283)	(61)	
Transfer to stage 2	(3 608)	3 713	(105)		(1 268)	1 308	(40)	
Transfer to stage 3	(52)	(92)	144		(798)	(216)	1 014	
Originated and purchased	96 608	252	(0)	96 859	26 045	(204)	567	26 408
Derecognition	(83 456)	(1 312)	(745)	(85 513)	(24 694)	(867)	(343)	(25 904)
Exchange rate movements	(886)	(13)	(22)	(920)	(157)			(157)
Maximum exposure as at 31 March	470 095	17 478	3 091	490 664	564 473	8 543	4 176	577 192

Financial commitments (quarterly figures)

DNB Bank Group

<i>Amounts in NOK million</i>	1st quarter 2019				1st quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Maximum exposure as at 31 December 2018 / 1 January 2018	620 917	29 462	4 152	654 531	649 570	28 358	3 208	681 136
Transfer to stage 1	4 826	(4 723)	(103)		2 963	(2 901)	(62)	
Transfer to stage 2	(4 883)	4 989	(106)		(2 607)	2 650	(43)	
Transfer to stage 3	(53)	(92)	145		(801)	(217)	1 018	
Originated and purchased	108 876	252	0	109 128	12 696	362	546	13 604
Derecognition	(82 234)	(2 206)	(822)	(85 263)	(14 407)	(4 221)	(381)	(19 009)
Exchange rate movements	(2 553)	(76)	(20)	(2 649)	(242)	(8)		(250)
Other					540			540
Maximum exposure as at 31 March	644 896	27 604	3 247	675 747	647 710	24 023	4 286	676 020

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	1st quarter 2019				1st quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 December 2018 / 1 January 2018	(154)	(850)	(7 416)	(8 420)	(196)	(2 138)	(6 562)	(8 896)
Transfer to stage 1	(44)	42	2		(55)	47	8	
Transfer to stage 2	4	(13)	9		3	(9)	6	
Transfer to stage 3	0	24	(24)		0	669	(669)	
Originated and purchased	(19)	(5)		(24)	(17)	(6)		(23)
Increased expected credit loss	(50)	(150)	(1 384)	(1 584)	(26)	(192)	(1 522)	(1 740)
Decreased (reversed) expected credit loss	81	148	1 174	1 402	133	154	1 207	1 494
Write-offs	0	0	212	212	0	0	470	470
Derecognition (including repayments)	0	101		101	1	44		45
Exchange rate movements	1	1	8	10		1	3	4
Accumulated impairment as at 31 March	(180)	(702)	(7 420)	(8 302)	(157)	(1 430)	(7 059)	(8 646)

Loans to customers at amortised cost (quarterly figures)

Amounts in NOK million	1st quarter 2019				1st quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 December 2018 / 1 January 2018	(351)	(1 224)	(8 321)	(9 897)	(380)	(3 081)	(8 709)	(12 171)
Transfer to stage 1	(65)	58	6		(203)	190	13	
Transfer to stage 2	8	(27)	19		5	(19)	14	
Transfer to stage 3	0	24	(25)		0	817	(817)	
Originated and purchased	(46)	(6)		(52)	(29)	(17)		(46)
Increased expected credit loss	(80)	(194)	(1 694)	(1 967)	(48)	(227)	(1 777)	(2 052)
Decreased (reversed) expected credit loss	135	219	1 520	1 874	459	253	1 490	2 202
Write-offs	0	0	213	213	0	0	471	471
Derecognition (including repayments)	2	106	0	109	(165)	57		(108)
Exchange rate movements	3	3	16	22	1	1	7	9
Other	(1)	(0)	0	(1)			1	1
Accumulated impairment as at 31 March	(392)	(1 040)	(8 265)	(9 698)	(360)	(2 026)	(9 307)	(11 695)

Note 5 Development in accumulated impairment of financial instruments (continued)

Financial commitments (quarterly figures)

DNB Bank ASA

<i>Amounts in NOK million</i>	1st quarter 2019				1st quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 December 2018 / 1 January 2018	(117)	(436)	(569)	(1 122)	(137)	(1 164)	(508)	(1 809)
Transfer to stage 1	(29)	29	0		(36)	36		
Transfer to stage 2	4	(5)	1		5	(5)	0	
Transfer to stage 3	0	0	(0)		0	147	(147)	
Originated and purchased	(36)	(3)		(39)	(26)	(4)		(30)
Increased expected credit loss	(20)	(124)	(111)	(254)	(3)	(122)	(44)	(169)
Decreased (reversed) expected credit loss	45	42	138	226	86	129	347	562
Derecognition	0	28	1	29	0	19		19
Exchange rate movements	1	1	0	2				
Accumulated impairment as at 31 March	(152)	(466)	(540)	(1 159)	(111)	(964)	(352)	(1 427)

Financial commitments (quarterly figures)

DNB Bank Group

<i>Amounts in NOK million</i>	1st quarter 2019				1st quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 December 2018 / 1 January 2018	(149)	(1 001)	(569)	(1 719)	(171)	(2 128)	(511)	(2 810)
Transfer to stage 1	(30)	30	0		(45)	45		
Transfer to stage 2	5	(5)	1		5	(5)	0	
Transfer to stage 3	0	0	(0)		0	147	(147)	
Originated and purchased	(45)	(3)		(47)	(28)	(5)		(33)
Increased expected credit loss	(22)	(159)	(111)	(291)	(6)	(318)	(44)	(368)
Decreased (reversed) expected credit loss	52	89	138	279	102	235	347	684
Derecognition	0	29	1	30	0	288		288
Exchange rate movements	1	4	0	6				
Accumulated impairment as at 31 March	(187)	(1 016)	(541)	(1 743)	(143)	(1 741)	(355)	(2 239)

Note 6 Loans and financial commitments to customers by industry segment

Loans to customers as at 31 March 2019

<i>Amounts in NOK million</i>	Gross carrying amount	Accumulated impairment			DNB Bank Group	
		Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	108 075	(10)	(3)	(57)		108 004
Commercial real estate	164 235	(13)	(41)	(300)	176	164 056
Shipping	51 861	(62)	(84)	(394)		51 321
Oil, gas and offshore	60 553	(65)	(489)	(4 431)		55 569
Power and renewables	30 021	(8)	(12)	(97)		29 903
Healthcare	23 195	(8)	(10)			23 177
Public sector	11 527	(0)	(0)	(0)		11 526
Fishing, fish farming and farming	35 909	(4)	(10)	(66)	162	35 991
Trade	43 320	(17)	(8)	(691)	59	42 663
Manufacturing	45 313	(17)	(15)	(320)	21	44 982
Technology, media and telecom	26 676	(29)	(3)	(32)	17	26 630
Services	65 917	(27)	(15)	(522)	206	65 559
Residential property	94 810	(9)	(7)	(230)	380	94 944
Personal customers	764 686	(105)	(285)	(656)	46 708	810 347
Other corporate customers	60 292	(18)	(56)	(469)	79	59 828
Total ¹⁾	1 586 389	(392)	(1 040)	(8 265)	47 808	1 624 500

1) Of which NOK 46 562 million in repo trading volumes.

Loans to customers as at 31 March 2018

<i>Amounts in NOK million</i>	Gross carrying amount	Accumulated impairment			DNB Bank Group	
		Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	43 300	(4)	(2)	(67)	47	43 274
Commercial real estate	161 102	(12)	(65)	(386)	157	160 797
Shipping	63 386	(119)	(276)	(621)		62 370
Oil, gas and offshore	61 373	(30)	(1 314)	(4 189)		55 839
Power and renewables	23 537	(5)	(9)	(492)		23 031
Healthcare	20 994	(7)	(4)	(0)		20 982
Public sector	24 709	(3)	(2)	(219)	32	24 517
Fishing, fish farming and farming	31 543	(4)	(9)	(79)	140	31 591
Trade	43 669	(16)	(29)	(821)	80	42 883
Manufacturing	49 900	(18)	(8)	(589)	4	49 289
Technology, media and telecom	24 204	(26)	(17)	(82)	13	24 093
Services	49 671	(9)	(10)	(376)	186	49 462
Residential property	80 778	(4)	(8)	(214)	418	80 970
Personal customers	735 655	(87)	(244)	(733)	44 622	779 214
Other corporate customers	79 712	(16)	(30)	(439)	101	79 329
Total ¹⁾	1 493 532	(360)	(2 026)	(9 307)	45 801	1 527 639

1) Of which NOK 30 887 million in repo trading volumes.

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

Financial commitments as at 31 March 2019

<i>Amounts in NOK million</i>	Maximum exposure	Accumulated impairment			DNB Bank Group
		Stage 1	Stage 2	Stage 3	Total
Bank, insurance and portfolio management	30 565	(7)	(5)	(0)	30 554
Commercial real estate	25 972	(3)	(1)	(3)	25 964
Shipping	12 330	(20)	(20)		12 291
Oil, gas and offshore	77 933	(58)	(779)	(353)	76 742
Power and renewables	28 487	(5)	(42)		28 440
Healthcare	22 932	(6)	(0)		22 926
Public sector	9 881	(0)	(0)		9 881
Fishing, fish farming and farming	15 197	(3)	(1)	(2)	15 191
Trade	26 218	(9)	(31)	(34)	
Manufacturing	52 360	(18)	(33)	(5)	52 305
Technology, media and telecom	18 645	(9)	(4)	(2)	18 630
Services	26 264	(12)	(18)	(17)	26 217
Residential property	34 538	(4)	(5)	(3)	34 525
Personal customers	258 311	(22)	(58)	(0)	258 232
Other corporate customers	36 113	(11)	(20)	(121)	35 961
Total	675 747	(187)	(1 016)	(541)	674 004

Financial commitments as at 31 March 2018

<i>Amounts in NOK million</i>	Maximum exposure	Accumulated impairment			DNB Bank Group
		Stage 1	Stage 2	Stage 3	Total
Bank, insurance and portfolio management	79 567	(10)			79 557
Commercial real estate	21 219	(2)	(1)	(5)	21 211
Shipping	11 445	(14)	(47)	(5)	11 379
Oil, gas and offshore	68 086	(54)	(1 499)	(82)	66 452
Power and renewables	23 816	(3)	(28)		23 785
Healthcare	16 195	(5)	(10)		16 180
Public sector	12 963	(1)	(0)	(1)	12 961
Fishing, fish farming and farming	10 137	(2)	(1)		10 134
Trade	28 054	(4)	(78)	(38)	27 934
Manufacturing	49 179	(13)	(4)	(83)	49 080
Technology, media and telecom	30 437	(8)	(4)	(2)	30 422
Services	20 681	(5)	(5)	(15)	20 656
Residential property	31 703	(2)	(1)	(4)	31 695
Personal customers	238 531	(14)	(54)	(0)	238 464
Other corporate customers	34 005	(6)	(10)	(118)	33 872
Total	676 020	(143)	(1 741)	(355)	673 781

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 31 March 2019				
Loans to customers		117 348	7 440	124 787
Commercial paper and bonds	42 907	195 866	99	238 871
Shareholdings	5 143	255	593	5 991
Financial derivatives	137	119 612	1 753	121 502
Liabilities as at 31 March 2019				
Deposits from customers		16 444		16 444
Debt securities issued		7 621		7 621
Subordinated loan capital		2 500		2 500
Financial derivatives	130	141 277	1 429	142 836
Other financial liabilities ¹⁾	3 296			3 296

1) Short positions, trading activities.

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 31 March 2018				
Loans to customers		103 355	6 582	109 937
Commercial paper and bonds	49 364	161 739	143	211 246
Shareholdings	4 299	240	494	5 033
Financial derivatives	228	125 650	1 906	127 785
Liabilities as at 31 March 2018				
Deposits from customers		14 624		14 624
Debt securities issued		7 168		7 168
Subordinated loan capital		3 690		3 690
Financial derivatives	174	153 209	1 624	155 007
Other financial liabilities ¹⁾	3 012	1		3 013

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 31 March 2019				
Loans to customers			47 808	47 808
Commercial paper and bonds	42 907	183 949	99	226 954
Shareholdings	6 352	265	744	7 361
Financial derivatives	137	107 295	1 753	109 185
Liabilities as at 31 March 2019				
Deposits from customers		16 444		16 444
Debt securities issued		87 716		87 716
Subordinated loan capital		2 500		2 500
Financial derivatives	130	97 181	1 429	98 740
Other financial liabilities ¹⁾	3 296		0	3 296

<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 31 March 2018				
Loans to customers			45 801	45 801
Commercial paper and bonds	49 364	153 971	143	203 478
Shareholdings	5 167	247	589	6 003
Financial derivatives	228	112 105	1 906	114 239
Liabilities as at 31 March 2018				
Deposits from customers		14 624		14 624
Debt securities issued		81 079		81 079
Subordinated loan capital		3 690		3 690
Financial derivatives	174	94 605	1 624	96 402
Other financial liabilities ¹⁾	3 012	1		3 013

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

DNB Bank ASA

<i>Amounts in NOK million</i>	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2018	7 509	319	583	2 036	1 654
Net gains recognised in the income statement	25	(150)	21	(229)	(176)
Additions/purchases	246	46	5	37	35
Sales	(18)	(107)	(16)		
Settled	(322)			(88)	(86)
Transferred from level 1 or level 2		16			
Transferred to level 1 or level 2		(41)			
Other		16		(4)	1
Carrying amount as at 31 March 2019	7 440	99	593	1 753	1 429

Financial instruments at fair value, level 3

DNB Bank Group

<i>Amounts in NOK million</i>	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2018	48 794	319	741	2 036	1 654
Net gains recognised in the income statement	26	(150)	14	(229)	(176)
Additions/purchases	1 185	46	5	37	35
Sales		(107)	(16)		
Settled	(2 197)			(88)	(86)
Transferred from level 1 or level 2		16			
Transferred to level 1 or level 2		(41)			
Other		16	(0)	(4)	1
Carrying amount as at 31 March 2019	47 808	99	744	1 753	1 429

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 27 million in DNB Bank ASA and 141 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			Exchange rate	Other	Balance sheet
	31 March 2019	Issued 2019	Matured/ redeemed 2019	movements 2019	changes 2019	31 Dec. 2018
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	242 027	325 976	(263 448)	4 767		174 732
Bond debt, nominal amount	149 748	17 527	(19 177)	(2 659)		154 057
Value adjustments	5 423				(1 105)	6 528
Total debt securities issued	397 197	343 503	(282 625)	2 108	(1 105)	335 317

Debt securities issued	DNB Bank ASA					
	Balance sheet			Exchange rate	Other	Balance sheet
	31 March 2018	Issued 2018	Matured/ redeemed 2018	movements 2018	changes 2018	31 Dec. 2017
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	170 486	423 941	(405 728)	(6 402)		158 675
Bond debt, nominal amount	150 625	1 317	(7 148)	(3 080)		159 536
Value adjustments	5 911				(2 049)	7 961
Total debt securities issued	327 022	425 258	(412 876)	(9 482)	(2 049)	326 171

Debt securities issued	DNB Bank Group					
	Balance sheet			Exchange rate	Other	Balance sheet
	31 March 2019	Issued 2019	Matured/ redeemed 2019	movements 2019	changes 2019	31 Dec. 2018
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	242 027	325 976	(263 448)	4 767		174 732
Bond debt, nominal amount ¹⁾	612 279	47 557	(29 533)	(11 697)		605 952
Value adjustments	25 453				2 342	23 112
Total debt securities issued	879 759	373 533	(292 981)	(6 930)	2 342	803 796

Debt securities issued	DNB Bank Group					
	Balance sheet			Exchange rate	Other	Balance sheet
	31 March 2018	Issued 2018	Matured/ redeemed 2018	movements 2018	changes 2018	31 Dec. 2017
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	170 486	423 941	(405 728)	(6 402)		158 675
Bond debt, nominal amount	569 749	21 647	(41 565)	(8 536)		598 202
Value adjustments	21 276				(3 974)	25 250
Total debt securities issued	761 510	445 588	(447 293)	(14 938)	(3 974)	782 127

1) Minus own bonds. The total nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 474.4 billion as at 31 March 2019. The market value of the cover pool represented NOK 628.5 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 31 March 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	24 462			(649)		25 110	
Perpetual subordinated loan capital, nominal amount	5 648			(45)		5 693	
Perpetual subordinated loan capital securities, nominal amount							
Value adjustments	237				(41)	278	
Total subordinated loan capital and perpetual subordinated loan capital securities	30 347			(693)	(41)	31 082	

	Subordinated loan capital and perpetual subordinated loan capital securities					DNB Bank ASA	
	Balance sheet 31 March 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	32 808	9 419		(508)		23 897	
Perpetual subordinated loan capital, nominal amount	5 172			(188)		5 361	
Perpetual subordinated loan capital securities, nominal amount							
Value adjustments	227				(53)	280	
Total subordinated loan capital and perpetual subordinated loan capital securities	38 208	9 419		(696)	(53)	29 538	

	Subordinated loan capital and perpetual subordinated loan capital securities					DNB Bank Group	
	Balance sheet 31 March 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	24 462			(649)		25 110	
Perpetual subordinated loan capital, nominal amount	5 648			(45)		5 693	
Perpetual subordinated loan capital securities, nominal amount							
Value adjustments	237				(41)	278	
Total subordinated loan capital and perpetual subordinated loan capital securities	30 347			(693)	(41)	31 082	

	Subordinated loan capital and perpetual subordinated loan capital securities					DNB Bank Group	
	Balance sheet 31 March 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	32 808	9 419		(508)		23 897	
Perpetual subordinated loan capital, nominal amount	5 172			(188)		5 361	
Perpetual subordinated loan capital securities, nominal amount							
Value adjustments	227				(53)	280	
Total subordinated loan capital and perpetual subordinated loan capital securities	38 208	9 419		(696)	(53)	29 538	

Note 9 Information on related parties

DNB Boligkreditt AS

In the first quarter of 2019, loan portfolios representing NOK 1.0 billion (NOK 0.8 billion in the first quarter 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-march 2019 the bank had invested NOK 11.9 billion in covered bonds issued by DNB Boligkreditt.

The management fee paid to the bank for purchased services amounted to NOK 195 million at end-March 2019 (NOK 340 million at end-March 2018).

In the first quarter of 2019 DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 5.6 billion at end-March 2019.

The company has a long-term overdraft facility in DNB Bank ASA with a limit of NOK 140 billion.

DNB Livsforsikring AS

At end-March 2019 DNB Livsforsikring's holding of DNB Boligkreditt bonds was valued at NOK 1.9 billion.

DNB Næringskreditt AS

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 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

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DNB Bank ASA

Organisation number Register of Business Enterprises NO 984 851 006 MVA

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Kim Wahl, vice chair of the board
Lillian Hattrem
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Financial calendar 2019

11 July	Q2 2019
24 October	Q3 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.

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

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