

# DNB Bank

A company in the DNB Group

Second quarter and first half report 2019  
(Unaudited)

# Q2

DNB

# Financial highlights

## Income statement

Amounts in NOK million	DNB Bank Group				
	2nd quarter 2019	2nd quarter 2018	2019	January-June 2018	Full year 2018
Net interest income	9 746	9 194	19 217	18 335	37 388
Net commissions and fees	1 770	1 801	3 263	3 290	6 605
Net gains on financial instruments at fair value	1 351	122	2 099	294	1 351
Other operating income	549	819	1 227	1 357	2 522
Net other operating income	3 670	2 742	6 588	4 941	10 478
Total income	13 417	11 936	25 805	23 276	47 866
Operating expenses	(5 489)	(5 120)	(10 789)	(10 076)	(20 681)
Restructuring costs and non-recurring effects	(21)	(56)	(43)	(80)	(565)
Pre-tax operating profit before impairment	7 906	6 760	14 973	13 120	26 620
Net gains on fixed and intangible assets	(3)	465	(3)	483	529
Impairment of financial instruments	(450)	54	(766)	384	139
Pre-tax operating profit	7 454	7 279	14 204	13 987	27 288
Tax expense	(1 491)	(1 456)	(2 841)	(2 797)	(4 976)
Profit from operations held for sale, after taxes	(30)	(21)	(81)	(21)	(204)
Profit for the period	5 933	5 802	11 281	11 168	22 109

## Balance sheet

Amounts in NOK million	30 June 2019	31 Dec. 2018	30 June 2018
Total assets	2 528 706	2 307 710	2 516 642
Loans to customers	1 643 781	1 598 017	1 557 534
Deposits from customers	998 554	940 087	1 042 947
Total equity	209 769	207 933	195 391
Average total assets	2 522 506	2 434 354	2 463 177

## Key figures and alternative performance measures

	2nd quarter 2019	2nd quarter 2018	2019	January-June 2018	Full year 2018
Return on equity, annualised (per cent) <sup>1)</sup>	11.8	12.4	11.2	11.8	11.5
Combined weighted total average spread for lending and deposits (per cent) <sup>1)</sup>	1.32	1.27	1.32	1.28	1.30
Average spread for ordinary lending to customers (per cent) <sup>1)</sup>	1.85	1.89	1.88	1.95	1.94
Average spread for deposits from customers (per cent) <sup>1)</sup>	0.46	0.32	0.42	0.26	0.29
Cost/income ratio (per cent) <sup>1)</sup>	41.1	43.4	42.0	43.6	44.4
Ratio of customer deposits to net loans to customers at end of period <sup>1)</sup>	60.7	67.0	60.7	67.0	58.8
Net loans and financial commitments in stage 2, per cent of net loans <sup>1)</sup>	6.05	6.37	6.05	6.37	6.96
Net loans and financial commitments in stage 3, per cent of net loans <sup>1)</sup>	1.27	1.70	1.27	1.70	1.45
Impairment relative to average net loans to customers, annualised (per cent) <sup>1)</sup>	(0.11)	0.01	(0.09)	0.05	0.01
Common equity Tier 1 capital ratio, transitional rules, at end of period (per cent) <sup>2)</sup>	16.7	16.2	16.7	16.2	16.5
Leverage ratio, Basel III (per cent)	7.1	6.6	7.1	6.6	7.4
Number of full-time positions at end of period	8 569	8 512	8 569	8 512	8 597

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

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

# Second quarter and first half report 2019

<b>Directors' report</b> .....	2
--------------------------------	---

## **Accounts**

Income statement DNB Bank ASA .....	10
Comprehensive income statement DNB Bank ASA .....	10
Balance sheet DNB Bank ASA .....	11
Income statement DNB Bank Group .....	12
Comprehensive income statement DNB Bank Group .....	12
Balance sheet DNB Bank Group .....	13
Statement of changes in equity .....	14
Cash flow statement.....	16
Note 1 Basis for preparation .....	18
Note 2 Segments .....	19
Note 3 Capital adequacy .....	20
Note 4 Development in gross carrying amount and maximum exposure .....	23
Note 5 Development in accumulated impairment of financial instruments .....	26
Note 6 Loans and financial commitments to customers by industry segment .....	30
Note 7 Financial instruments at fair value .....	32
Note 8 Debt securities issued and subordinated loan capital .....	35
Note 9 Information on related parties .....	37
Note 10 Contingencies .....	37

<b>Statement pursuant to the Securities Trading Act</b> .....	38
---	----

## **Additional information**

Information about the DNB Bank Group .....	39
--	----

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

# Directors' report

## Second quarter financial performance

A strong macroeconomic situation contributed to healthy lending growth, higher NOK interest rates, increased activity-based fees and commissions, somewhat higher cost inflation and continued strong asset quality.

The DNB Bank Group<sup>1)</sup> delivered a solid profit of NOK 5 933 million in the second quarter, an increase of NOK 131 million from the second quarter of 2018 which included a gain of NOK 464 million related to the merger of Vipps, BankID Norge and BankAxept. Compared with the previous quarter, profits were up NOK 584 million.

The common equity Tier 1 capital ratio was 16.7 per cent at end-June, an increase from 16.2 per cent a year earlier, and up from 16.6 per cent at end-March 2019. The leverage ratio for the banking group was 7.1 per cent.

Return on equity was 11.8 per cent, compared with 12.4 per cent in the year-earlier period and 10.7 per cent in the first quarter.

Profitable volume growth in all customer segments and repricing effects led to an increase in net interest income of NOK 552 million or 6.0 per cent from the second quarter of 2018, and NOK 276 million or 2.9 per cent from the first quarter.

Net other operating income was NOK 3 670 million, up NOK 929 million from the second quarter of 2018. The increase was mainly due to higher net gains on financial instruments at fair value stemming from mark-to-market adjustments. Compared with the first quarter, net other operating income was up NOK 753 million.

Operating expenses were NOK 334 million higher than in the year-earlier period and NOK 188 million compared with the first quarter. The increase was due to higher investments in compliance and IT security.

Impairment losses on financial instruments amounted to NOK 450 million in the second quarter, which is an increase of NOK 504 million from the second quarter of 2018 and NOK 134 million from the first quarter of 2019. The increase in impairment losses compared with the same quarter last year was primarily related to a negative development for individually assessed customers in stage 3 and reversals within the large corporates and international customers segment in the second quarter of 2018. The small and medium-sized enterprises segment experienced somewhat higher impairment losses than the large corporates and international customers segment and the personal customers segment, but the losses were still at a low level. Overall, most macro forecasts were stable in the quarter and in line with expectations in previous quarters. The asset quality remains strong.

## Important events in the second quarter

On 13 June, Kjerstin Braathen was appointed new Group Chief Executive of DNB after Rune Bjerke, who earlier this year had communicated to the Board of Directors that he wished to resign from the position on 1 September. Kjerstin Braathen has worked in DNB for more than 20 years and comes from the position as Chief Financial Officer.

At the Annual General Meeting (AGM) held on 30 April, Jens Petter Olsen was elected as a new board member after Gro Bakstad who was elected member of the Board of Directors of DNB ASA.

DNB launched several new digital services in the second quarter, including a digital fund adviser and the accounting solution DNB Regnskap, which will make life easier for small businesses. DNB is the very first bank to offer banking and accounting all in one.

In the second quarter, it was announced that DNB has established car financing operations in Finland through an alliance with the car importer Bassadone Automotive Nordic (BAN), which already has a market share of 13 per cent in Finland.

As a consequence of the implementation of PSD2 in Norway as of 1 April, DNB has opened its APIs to everyone, and these are

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

now ready for testing. The target audience is primarily fintechs, other banks, developers and technology students.

In May, DNB launched green loans. The green criteria are based on market standards such as the Green Loan Principles, and this puts DNB at the forefront when it comes to maintaining transparency around sustainable lending operations.

DNB Markets acted as joint book runner and sustainability bond advisor on a SEK 2 billion sustainability bond issued by Millicom in May under their inaugural Sustainability Bond Framework. This marks the first time DNB Markets advises a client on a sustainability bond framework, covering both environmental and social investments.

In May, DNB was named the ODA Award Organization of the year. Each year, ODA - the leading technology network for women in the Nordic region - issues awards for concrete and effective efforts to increase gender balance and diversity in the technology industry. This year, the coveted ODA Award Organization went to DNB for its strategic approach to equality and diversity.

In May, the Universum Student Survey rated DNB Norway's most attractive workplace among business students for the sixth year running. Among IT students, the bank has bounced back to third place, up from a fifth place last year.

On 15 May, DNB was awarded HR Norge's competence award Kompetansepris 2019 for its strong commitment to focusing on competence in a challenging change process. The competence award is given to a business or organisation that has achieved particularly good results in the field of human resources and organisational development.

During the second quarter, Moody's upgraded its outlook for DNB from negative to stable. The long-term counterparty risk rating was downgraded from Aa1 to Aa2.

Norges Bank raised the key policy rate to 1.25 per cent on 20 June. The following day, DNB announced an interest rate rise on mortgages, as well as an increase in deposit rates on several savings products.

## Half-year financial performance

The banking group recorded profits of NOK 11 281 million in the first half of 2019, up NOK 113 million from the first half of 2018. Return on equity was 11.2 per cent, compared with 11.8 per cent in the year-earlier period.

Net interest income increased by NOK 882 million from the same period last year, driven by higher volumes in all customer segments and positive effects from repricing. There was an average increase in the healthy loan portfolio of 5.7 per cent parallel to a 0.3 per cent increase in average deposit volumes from the first half of 2018. The combined spreads widened by 4 basis points compared with the year-earlier period. Average lending spreads for the customer segments narrowed by 7 basis points, and deposit spreads widened by 16 basis points.

Net other operating income increased by NOK 1 647 million from the first half of 2018, mainly due to a positive effect from basis swaps of NOK 1 672 million.

Total operating expenses increased by NOK 677 million from the first half of 2018 due to higher investments in compliance and IT security.

There were impairment losses on financial instruments of NOK 766 million in the first half of 2019, an increase of NOK 1 150 million from the first half of 2018. The increase was primarily related to the large corporates and international customers segment which experienced substantial reversals in the first half of 2018. The small and medium-sized enterprises segment also experienced an increase in impairment losses, while the personal customers segment remained at the same low level as last year. The increase in impairment losses was also explained by a negative credit development for specific corporate customers with significant impairment losses. Overall, most macro drivers showed a stable development in the first half of 2019 with limited impact on impairment losses.

## Second quarter income statement – main items

### Net interest income

Amounts in NOK million	2Q19	1Q19	2Q18
Lending spreads, customer segments	7 035	7 026	6 739
Deposit spreads, customer segments	1 068	899	752
Amortisation effects and fees	817	797	810
Operational leasing	413	409	375
Other net interest income	413	339	519
Net interest income	9 746	9 471	9 194

Net interest income increased by NOK 552 million or 6.0 per cent from the second quarter of 2018, mainly due to increased lending volumes in all customer segments and positive effects from repricing.

There was an average increase of NOK 90.3 billion or 6.3 per cent in the healthy loan portfolio compared with the second quarter of 2018, backed by a positive development in the Norwegian economy. Adjusted for exchange rate effects, volumes were up NOK 74.5 billion or 5.2 per cent. During the same period, deposits were up NOK 4.4 billion or 0.5 per cent. Adjusted for exchange rate effects, there was a decrease of 0.7 per cent. Average lending spreads contracted by 3 basis points, and deposit spreads widened by 13 basis points compared with the second quarter of 2018. Volume-weighted spreads for the customer segments widened by 5 basis points compared with the same period in 2018, despite lag effects from increasing NOK money market rates.

Compared with the first quarter, net interest income increased by NOK 276 million, mainly due to an additional interest day and positive effects from repricing. There was an average increase of NOK 23.3 billion or 1.6 per cent in the healthy loan portfolio, and deposits were up NOK 13.8 billion or 1.5 per cent. Volume-weighted spreads for the customer segments were stable.

The spreads in the second quarter of 2019 were positively impacted by interest rate adjustments from March in the small and medium-sized and personal customers portfolios. The announced interest rate rise following Norges Bank's increased key policy rate in June, will become effective from July for the small and medium-sized customers and from August for the personal customers.

### Net other operating income

Amounts in NOK million	2Q19	1Q19	2Q18
Net commissions and fees	1 770	1 492	1 801
Basis swaps	740	(187)	(747)
Exchange rate effects additional Tier 1 capital	(125)	(88)	497
Net gains on other financial instruments at fair value	737	1 022	372
Net profit from associated companies	98	155	267
Other operating income	451	523	551
Net other operating income	3 670	2 918	2 742

Net other operating income was up NOK 929 million from the second quarter of 2018. The sale of non-life insurance products (Fremtind) contributed to the increase, together with higher revenues in real estate broking. Revenues from investment banking services were somewhat reduced from a very high level in the second quarter of 2018.

Compared with the first quarter, net other operating income increased by NOK 753 million. Net commissions and fees showed a strong performance in all areas and increased by NOK 278 million or 18.6 per cent from the first quarter.

## Operating expenses

Amounts in NOK million	2Q19	1Q19	2Q18
Salaries and other personnel expenses	(2 974)	(2 863)	(2 825)
Other expenses	(1 818)	(1 754)	(1 878)
Depreciation and impairment of fixed and intangible assets	(718)	(706)	(473)
Total operating expenses	(5 510)	(5 322)	(5 176)

There was an increase in operating expenses from the second quarter of 2018 of NOK 334 million. The increase was mainly due to increased investments in compliance and IT security. The introduction of IFRS 16 from 2019 led to reduced operating expenses for IT and properties and premises, but at the same time increased depreciation costs.

Compared with the first quarter, there was an increase in operating expenses of NOK 188 million.

The cost/income ratio was 41.1 per cent in the second quarter.

## Impairment of financial instruments

Amounts in NOK million	2Q19	1Q19	2Q18
Personal customers	(68)	(108)	(94)
Commercial real estate	(21)	(39)	10
Shipping	5	32	75
Oil, gas and offshore	54	(46)	157
Other industry segments	(420)	(154)	(95)
Total impairment of financial instruments	(450)	(316)	54

Impairment losses on financial instruments amounted to NOK 450 million in the second quarter, which is an increase of NOK 504 million from the second quarter of 2018 and NOK 134 million from the first quarter of 2019. The increase in impairment losses was not related to specific industries or lower asset quality, but was to a large extent due to a negative development for individually assessed customers in stage 3. This increase was to a certain degree curtailed by a continued modest improvement in the macro forecast for oil, gas and offshore.

The personal customers and commercial real estate segments experienced relatively stable macro and credit quality forecasts which resulted in continued low losses in the quarter.

There were net reversals of NOK 54 million for the oil, gas and offshore segment in the quarter. This is an increase in impairment losses, or a reduction in net reversals, of NOK 103 million compared with the second quarter of 2018. Compared with the first quarter of 2019, impairment losses were reduced by NOK 100 million. A modestly positive macro development contributed favourably, but the reversals were somewhat curtailed by increased impairment losses on individually assessed customers in stage 3 within offshore. This is in line with previous quarters, where the overall market trend is slightly positive, while challenges still remain for certain customers.

Shipping experienced net reversals of NOK 5 million in the quarter. Container and dry bulk experienced a negative macro development while tankers and gas carriers trended positively, with the net result being a low level of impairment losses.

The net impairment losses of NOK 420 million within other industry segments reflected a negative development for a couple of specific customers in stage 3. Aside from this, the macro forecast remained stable for most segments compared with the previous quarter and the same quarter last year.

The banking group performed a recalibration of the IFRS 9 models used for stage 1 and 2 loans in the second quarter. The net effect on impairment of financial instruments is a reversal of NOK 6 million, but with varying effects for the different customer segments.

Net stage 3 loans and financial commitments amounted to NOK 20.8 billion at end-June 2019.

## Taxes

The banking group's tax expense for the second quarter has been estimated at NOK 1 491 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	2Q19	1Q19	2Q18
Net interest income	3 372	3 379	3 241
Net other operating income	1 020	863	1 061
Total income	4 392	4 241	4 302
Operating expenses	(2 044)	(2 019)	(1 981)
Pre-tax operating profit before impairment	2 348	2 222	2 321
Impairment of financial instruments	(76)	(101)	(101)
Pre-tax operating profit	2 272	2 122	2 220
Tax expense	(568)	(530)	(555)
Profit for the period	1 704	1 591	1 665

### Average balance sheet items in NOK billion

Net loans to customers	781.0	773.5	755.4
Deposits from customers	418.9	413.4	406.2

### Key figures in per cent

Lending spread <sup>1)</sup>	1.42	1.50	1.53
Deposit spread <sup>1)</sup>	0.61	0.50	0.40
Return on allocated capital	14.5	13.9	14.7
Cost/income ratio	46.5	47.6	46.0
Ratio of deposits to loans	53.6	53.4	53.8

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 second quarter of 2019, with a return on allocated capital of 14.5 per cent. A rise in total income together with stable costs contributed to the positive development.

Pressure on loan margins due to increased NOK money market rates was the main factor behind the decline in the combined spreads on loans and deposits by 0.01 percentage points from the first quarter of 2019. Combined spreads remained stable from the second quarter of 2018. The announced interest rate hike will become effective from 8 August.

There was a rise in average net loans of 3.4 per cent from the second quarter of 2018. The growth in the home mortgage portfolio amounted to 3.9 per cent. Deposits from customers were up 3.1 per cent during the same period.

A seasonally high level of activity in real estate broking ensured a rise in net other operating income from the first quarter of 2019.

There was an increase in operating expenses due to extensive IT activities compared with the second quarter of 2018. Seasonally high activity in DNB Eiendom explains rising costs from the first quarter of 2019.

The personal customers segment experienced impairment of financial instruments of NOK 76 million in the second quarter. This was down NOK 25 million compared with both the second quarter of 2018 and the first quarter of 2019. Overall, the credit quality and macro forecasts were stable in the quarter and impairment losses remained at a very low level. The market share of credit to households stood at 23.9 per cent at end-April 2019, while the market share of total household savings was 30.5 per cent. DNB Eiendom had an average market share of 18.3 per cent in the second quarter.

DNB is continuing to automate and digitise products and services. More than 60 per cent of DNB's active customers use DNB's new, cloud-based mobile bank. An increasing proportion of our customers' digital everyday banking is performed in the mobile bank, which is continually launching improved functionality and new

services. Google Pay was launched for DNB's customers in the second quarter.

### Small and medium-sized enterprises

<i>Income statement in NOK million</i>	2Q19	1Q19	2Q18
Net interest income	2 580	2 504	2 364
Net other operating income	411	435	395
Total income	2 991	2 939	2 759
Operating expenses	(1 076)	(1 050)	(984)
Pre-tax operating profit before impairment	1 915	1 889	1 774
Net gains on fixed and intangible assets	(0)	(0)	1
Impairment of financial instruments	(261)	(176)	(33)
Profit from repossessed operations	(1)	3	(1)
Pre-tax operating profit	1 653	1 716	1 742
Tax expense	(413)	(429)	(435)
Profit for the period	1 240	1 287	1 306

### Average balance sheet items in NOK billion

Net loans to customers	320.4	315.3	297.1
Deposits from customers	217.7	212.2	210.4

### Key figures in per cent

Lending spread <sup>1)</sup>	2.44	2.46	2.44
Deposit spread <sup>1)</sup>	0.65	0.60	0.52
Return on allocated capital	15.7	16.9	18.9
Cost/income ratio	36.0	35.7	35.7
Ratio of deposits to loans	68.0	67.3	70.8

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

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

There was a rise in average loans of 7.8 per cent from the second quarter of 2018, while average deposit volumes were up 3.5 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 9.1 per cent compared with the second quarter of 2018.

Net other operating income increased by 4.1 per cent compared with the second quarter of 2018. This was mainly due to a rise in income from cash management.

Operating expenses increased by 9.4 per cent from the corresponding quarter in 2018. This was mainly related to costs connected with new strategic initiatives and increased costs related to compliance with regulatory requirements in the financial sector, as well as new activity in Finland.

Impairment losses on financial instruments amounted to NOK 261 million in the second quarter, an increase of NOK 228 million from the second quarter of 2018 and NOK 85 million from the first quarter of 2019. Overall, the relevant macro forecasts and credit quality remained relatively stable in the second quarter. The impairment was partly caused by increased impairment losses on several individually assessed customers in stage 3 within different industry segments. The remaining effect was largely related to the recalibration of the IFRS 9 models used for stage 1 and 2 loans. The impact of the recalibration was increased impairment losses of approximately NOK 75 million.

Net stage 3 loans and financial commitments amounted to NOK 4 billion at end-June 2019, at the same level as the year-earlier period and the first quarter of 2019. Annualised impairment losses on loans and guarantees represented 0.33 per cent of average loans in the second quarter of 2019, compared with 0.04 per cent in the year-earlier period and 0.23 per cent in the first quarter of 2019.

Digital platforms and new business models challenge traditional banks. DNB 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. DNB is now offering the app DNB Regnskap, which integrates accounting and billing 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>	2Q19	1Q19	2Q18
Net interest income	3 227	3 054	3 099
Net other operating income	1 278	1 123	1 263
Total income	4 505	4 177	4 362
Operating expenses	(1 636)	(1 622)	(1 520)
Pre-tax operating profit before impairment	2 869	2 555	2 843
Impairment of financial instruments	(110)	(39)	189
Profit from repossessed operations	(47)	(86)	(17)
Pre-tax operating profit	2 712	2 430	3 014
Tax expense	(651)	(583)	(693)
Profit from operations held for sale, after taxes	0	2	
Profit for the period	2 061	1 849	2 321

### Average balance sheet items in NOK billion

Net loans to customers	441.8	431.1	403.8
Deposits from customers	306.1	302.3	321.3

### Key figures in per cent

Lending spread <sup>1)</sup>	2.21	2.21	2.15
Deposit spread <sup>1)</sup>	0.10	0.10	0.09
Return on allocated capital	12.7	11.8	13.7
Cost/income ratio	36.3	38.8	34.8
Ratio of deposits to loans	69.3	70.1	79.5

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

Increases in both net interest income and net other operating income together with stable costs contributed to improved pre-tax operating profit compared to the first quarter of 2019.

Average loan volumes were up 9.4 per cent compared with the second quarter of 2018, primarily driven by higher activity in the financial services, real estate and seafood industries. The growth slowed down towards the end of the quarter. Compared with the first quarter of 2019, average loan volumes increased by 2.5 per cent, in line with expectations.

Average customer deposit volumes were down 4.7 per cent from the second quarter of 2018, while they increased by 1.2 per cent from the first quarter of 2019.

Both lending and deposit spreads improved compared with the second quarter of 2018, contributing to an increase in net interest income of 4.1 per cent. Compared with the first quarter of 2019, both lending and deposit spreads remained unchanged.

Other operating income was in line with expectations and at the same level as in the second quarter of 2018. Compared with the first quarter of 2019, the increase was 13.8 per cent, primarily due to seasonally higher activity within investment banking.

Operating expenses remained unchanged compared with the first quarter of 2019, while they increased by 7.6 per cent compared with the second quarter of 2018. The increase was mainly due to higher investments in compliance-related activities.

Net impairment losses ended at NOK 110 million in the quarter. Compared with the second quarter of 2018, the increase constituted NOK 299 million, while compared with the first quarter of 2019, there was an increase in impairment losses of NOK 71 million. The increase was primarily due to impairment losses on individually assessed customers in stage 3 as well as restructurings for certain large customers in the second quarter of 2018. Macro figures showed only small changes and the overall credit quality remained stable. The impairments was impacted by recalibration and improvements of the IFRS 9 models used for stage 1 and 2 loans in the quarter. The impact of the recalibration was reversals of impairment losses of approximately NOK 60 million.

Net stage 3 loans and financial commitments amounted to NOK 15 billion at end-June 2019, down from NOK 19 billion in the year-earlier period and at the same level as in the first quarter of 2019. On an annualised basis, there were net impairment losses of 0.10 per cent of average loans in the quarter, compared with net

impairment reversals of 0.19 per cent in the second quarter of 2018, and net impairment losses of 0.04 per cent of average loans in the first quarter of 2019.

### 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>	2Q19	1Q19	2Q18
Net interest income	567	534	490
Net other operating income	1 352	886	311
Total income	1 919	1 419	801
Operating expenses	(1 145)	(1 019)	(979)
Pre-tax operating profit before impairment	774	400	(179)
Net gains on fixed and intangible assets	(2)	(0)	464
Impairment of financial instruments	(3)	(1)	
Profit from repossessed operations	47	82	18
Pre-tax operating profit	816	482	303
Tax expense	142	193	228
Profit from operations held for sale, after taxes	(30)	(53)	(21)
Profit for the period	927	621	510
<b>Average balance sheet items in NOK billion</b>			
Net loans to customers	97.8	96.6	77.6
Deposits from customers	25.5	49.3	56.8

Profits for other operations was NOK 927 million in the second quarter of 2019.

Total revenues from the risk management operations in DNB Markets were NOK 94 million in the second quarter of 2019, which was a decrease of NOK 269 million from the first quarter of 2019 and NOK 152 million from the year-earlier period. Income related to market making and other trading was significantly reduced compared with the corresponding quarter last year, due to low income from fixed-income instruments and increased valuation adjustments for derivatives.

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

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

### Funding, liquidity and balance sheet

The short-term funding markets showed a positive development in the second quarter. The USD interest rate curve levelled out, and this had a favourable effect on funding in all currencies. Investors are less hesitant as they do not expect higher interest rates in the time ahead, and are subsequently more willing to invest. This contributes to reducing the cost of building liquidity buffers compared with previous years. The banking group has ample access to short-term funding.

The activity in the long-term funding markets was somewhat lower in the second quarter compared with the first quarter of 2019, mainly due to slightly higher costs of new funding, combined with several public holidays in April and May. However, the activity picked up in June, helped by slightly lower funding costs. Covered bonds saw a relatively low level of activity in the second quarter. The reason for this was the strong issuance activity in the first quarter, along with some uncertainty surrounding the continued interest rate developments. The funding costs for covered bonds are nonetheless at favourable levels, and 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 617 billion at the end of the second quarter, compared with NOK 585 billion a year earlier. The average remaining term to maturity for these debt securities was 4.0 years at end-June, down from 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 stood at 148 per cent at end-June.

Total assets in the banking group were NOK 2 528 billion at end-June, up from NOK 2 517 billion a year earlier.

Loans to customers increased by NOK 19.3 billion or 1.2 per cent in the second quarter compared with the first quarter of 2019. Customer deposits were up NOK 22.1 billion or 2.3 per cent during the same period. The ratio of customer deposits to net loans to customers was 60.7 per cent at end-June 2019, down from 67.0 per cent a year earlier.

### Capital

The banking group's Basel III common equity Tier 1 (CET1) capital ratio, calculated according to transitional rules, was 16.7 per cent at the end of the second quarter of 2019, up from 16.6 per cent at end-March 2019. Retained earnings were the main factor behind the increase.

At the end of the second quarter of 2019, the banking group issued an additional Tier 1 capital instrument of NOK 2 700 million.

The risk-weighted assets increased by NOK 8 billion from end-March 2019 to NOK 1 063 billion at end-June 2019. There was an underlying growth in the segments while exchange rate effects curtailed the volume growth.

The CET1 capital ratio, according to Basel III, was 17.7 per cent at end-June 2019, an increase of 24 basis points from end-March 2019. The increase is due to higher capital as a consequence of retained earnings, while volume growth curtailed the increase.

The non-risk based leverage ratio was 7.1 per cent at end-June 2019, up from 6.6 in the year-earlier period and from 7.0 per cent at end-March 2019.

### Capital requirements

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

	2Q19	1Q19	2Q18
<i>Transitional rules:</i>			
CET1 capital ratio, per cent	16.7	16.6	16.2
Tier 1 capital ratio, per cent	18.5	18.1	17.7
Capital ratio, per cent	21.3	20.9	21.3
Risk-weighted assets, NOK billion	1 063	1 055	1 028
CET1 capital ratio, Basel III, per cent	17.7	17.5	17.0
Leverage ratio, per cent	7.1	7.0	6.6

The Norwegian Ministry of Finance has confirmed the removal of the Basel I transitional floor as from year-end 2019 and signaled that the overall required capital level for Norwegian banks will nevertheless be maintained after this removal.

A proposal from the Ministry of Finance of 25 June (as described in the new regulatory framework below) implies a higher capital requirement for the banking group as a consequence of an increase in the systemic risk buffer from 3.0 per cent to 4.5 per cent in addition to the already adopted increase in the countercyclical buffer from 2.0 to 2.5 per cent with effect from 31 December 2019. The effect for the banking group of these increased buffer requirements at end-June 2019 is 0.9 per cent and 0.4 per cent, respectively, but will be dependent on the credit exposures in the various countries going forward. The removal of the Basel I floor and the implementation of the SME supporting factor will reduce the risk-weighted assets and increase the CET1 capital ratio. The current draft proposal from the Ministry implies an increase in the capital requirement for the banking group, based on the above, of approximately 30 basis points.



## New regulatory framework

### Changes in capital requirements for banks

On 25 June, the Norwegian Ministry of Finance circulated for comment a proposal for amendments to the capital requirements for banks. The purpose of the proposal is to prevent a weakening of the capital level of Norwegian banks when the Norwegian legislation is scheduled to be harmonised with the EU's capital requirements legislation, CRR/CRD IV, in the autumn of 2019. This legislation was incorporated into the EEA Agreement in March, and implies, among other things, that the Basel I floor, which is unique to Norway, must be removed and that the capital requirement for loans to small and medium-sized enterprises must be reduced (the SME supporting factor).

This alignment with EEA legislation means that DNB and other banks using internal ratings-based (IRB) models may apply lower risk weights in their risk calculations. The Ministry of Finance proposes to offset this effect by increasing the systemic risk buffer requirement from 3 to 4.5 per cent, with effect from 31 December 2019 for IRB banks. For other banks, the Ministry further proposes that the increased requirement may be phased in up until the end of 2021.

The Ministry is also considering introducing temporary minimum requirements for the average risk-weighting of home mortgages and commercial real estate loans of 20 and 35 per cent, respectively. This measure will thus primarily affect foreign banks operating in Norway, as the risk-weighting in these banks can be low. The deadline for comments to the proposal is 30 September 2019.

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

The European Commission's action plan on sustainable finance includes a number of different initiatives, and the pace of development is high. The Commission has, among other things, presented draft legislation for establishing a classification system for sustainable economic activities, including an EU standard for green bonds, a proposal that establishes financial benchmarks for carbon footprints and a proposal that imposes more stringent requirements for disclosures relating to sustainable investments and sustainability risks.

The work with the classification system will form a particularly important foundation when the financial services industry is to assess which activities and industries that can be considered sustainable.

In the so-called Banking Package, the EU has also adopted that banks must disclose sustainability and ESG (Environmental, Social and Governance) risks within 2022. The European Banking Authority (EBA) will prepare a report in 2021 concerning ESG risk management in banks, including how supervisory authorities can follow up on this in their supervisory activities (Supervisory Review and Evaluation Process – SREP). The EBA shall also, within 2025, report on whether it is appropriate to give banks a capital requirements discount for 'green' assets and/or increased capital requirements for 'brown' assets.

### Implementing the EU Securitisation Regulations

On 29 May, the working group that has been evaluating the Norwegian implementation of the new EU rules on securitisation delivered its recommendations to the Norwegian Ministry of Finance. DNB has participated in a reference group that has provided input to the working group during the process.

The working group has assumed that national rules may not deviate from or be in violation of the underlying purpose of the provisions of the EU regulations. DNB is thus one step closer to a system where Norwegian banks can gain the same access as banks in the EU to use this type of instrument for funding as well as for risk and liquidity management. The report has now been circulated for comment, and the deadline for comments is 23 September.

## Home Mortgage Regulations under consideration

The current Home Mortgage Regulations expire on 31 December 2019. The Norwegian Ministry of Finance has asked Finanstilsynet (the Financial Supervisory Authority of Norway) to provide an assessment of whether the Regulations should be continued, and if so, whether adjustments of individual elements are required. Finanstilsynet will also look at the need for changing the wording of the Regulations in light of the new requirements for banks' lending practices for consumer loans.

### Clarification of banks' obligation to make cash available

In order to comply with the Norwegian Financial Institutions Act, each individual bank must ensure that customers have the possibility to deposit and withdraw cash, either facilitated by the bank itself or through agreement with other cash service providers. In the Financial Markets Report 2019, the Norwegian Ministry of Finance underlines that all banks have a responsibility to contribute to a sustainable overall offering. If the banks join forces to establish appropriate common solutions, or individually enter into agreements that in other ways ensure that all bank customers have access to satisfactory cash services, the Ministry will look at how the banks' duties should be specified in an act or regulations.

In February 2019, Finance Norway and the industry's infrastructure company, Bits AS, established a project with the purpose of assessing specific collaborative solutions for cash services. The project aims to draw up a proposal to present to the banks later in 2019.

## Macroeconomic developments

Recent GDP growth among trading partners has been higher than projected, but growth prospects have deteriorated further. There were reductions for all major economies except for the eurozone, which remained unchanged. The global level is still not much below the historical average since 2002, pointing towards global growth slightly below normal. On the other hand, the global recession risk has risen somewhat over the past month. The renewed setback was hardly a surprise after the escalation of the trade war between the US and China in May, with increased possibility of a further build-up in both tariff and non-tariff barriers between the two economies. Combined with a somewhat higher Brexit risk, this seems likely to have increased the political uncertainty recently. The weaker outlook has weighed on the markets' policy rate expectations.

In the US, the Federal Reserve (Fed) decided at the June meeting to keep the Fed funds rate unchanged at 2.25-2.50 per cent as expected. The view of the economy is only marginally weaker than in May, as consumer demand has picked up.

In the eurozone, the GDP rose by 0.4 per cent from the fourth quarter to the first quarter. This was a significantly stronger development than the market had expected and 0.2 percentage points above the forecast from the European Central Bank (ECB).

In Norway, capacity utilisation appears to be rising, while inflation has been higher than Norges Bank's inflation target. This development is the main reason for Norges Bank's gradual removal of the monetary policy stimuli. Petroleum investments are a major growth driver this year, and the investments survey for the second quarter was more upbeat than in the first quarter, for 2020 investments as well. Norges Bank's Regional Network Survey confirmed relatively strong actual growth and a solid outlook for the next six months. Exports of traditional goods rose markedly in the second half of 2018, but growth has slowed down in 2019, probably partly due to the slowdown abroad. The wage settlements concluded agreements that set a benchmark wage growth at 3.2 per cent for 2019. So far this year, core inflation has been above the inflation target of 2.0 per cent, but it is slowing down. Both LFS (Labour Force Survey) unemployment and registered unemployment are trending lower. In April, DNB Markets forecasted mainland GDP to increase by 2.4 per cent in 2019 and 2.1 per cent in 2020. In June, Norges Bank decided to increase the

key policy rate by 25 basis points, and announced that there is a high probability of another rate hike in September.

### **Future prospects**

DNB's overriding financial target is a return on equity (ROE) above 12 per cent towards the end of 2019. Several factors will contribute to reaching the ROE target, including growth in capital-light products, profitable lending growth, higher NOK interest rates, greater cost efficiency 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 in March, followed by DNB's announcement of an increase in loan rates effective from 8 May, will have full effect in the third quarter. The second rate hike announcement from Norges Bank from 1.00 per cent to 1.25 per cent in June, and DNB's subsequent announcement of increased loan rates effective from July and August, will have a positive effect on net interest income from the third 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. The tax rate for the full year is expected to be 18 per cent in 2019 and 20 per cent in 2020.

The common equity Tier 1 (CET1) capital ratio according to Basel I (transitional rules) was 16.7 per cent as at 30 June 2019, while the CET1 capital ratio according to Basel III was 17.7 per cent. The Ministry of Finance has signaled that the overall required capital level for Norwegian banks will be maintained after the removal of the Basel I transitional floor. The current draft proposal implies an increase in the capital requirement for the banking group of approximately 30 basis points.

The sale of part of the banking group's shares in Luminor to Blackstone is expected to be finalised in the second half of 2019, and will affect the CET1 capital ratio positively by approximately 30 basis points.

Oslo, 10 July 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

	DNB Bank ASA				
<i>Amounts in NOK million</i>	2nd quarter 2019	2nd quarter 2018	2019	January-June 2018	Full year 2018
Interest income, amortised cost	10 709	9 519	21 161	18 376	38 336
Other interest income	1 082	1 048	2 188	2 021	4 055
Interest expenses, amortised cost	(5 912)	(4 659)	(11 926)	(8 881)	(19 026)
Other interest expenses	1 430	769	2 969	1 661	3 835
<b>Net interest income</b>	<b>7 309</b>	<b>6 677</b>	<b>14 392</b>	<b>13 177</b>	<b>27 199</b>
Commission and fee income	2 090	2 277	4 028	4 222	8 463
Commission and expenses	(775)	(977)	(1 526)	(1 795)	(3 424)
Net gains on financial instruments at fair value	353	998	1 421	1 760	3 659
Other income <sup>1)</sup>	5 290	682	6 027	1 557	6 231
<b>Net other operating income</b>	<b>6 957</b>	<b>2 980</b>	<b>9 950</b>	<b>5 745</b>	<b>14 928</b>
<b>Total income</b>	<b>14 266</b>	<b>9 657</b>	<b>24 342</b>	<b>18 922</b>	<b>42 127</b>
Salaries and other personnel expenses	(2 561)	(2 418)	(5 046)	(4 778)	(9 629)
Other expenses	(1 641)	(1 709)	(3 257)	(3 276)	(6 947)
Depreciation and impairment of fixed and intangible assets	(695)	(467)	(1 531)	(944)	(2 431)
<b>Total operating expenses</b>	<b>(4 897)</b>	<b>(4 594)</b>	<b>(9 834)</b>	<b>(8 998)</b>	<b>(19 008)</b>
<b>Pre-tax operating profit before impairment</b>	<b>9 369</b>	<b>5 063</b>	<b>14 508</b>	<b>9 924</b>	<b>23 120</b>
Net gains on fixed and intangible assets	(16)	769	(16)	786	837
Impairment of financial instruments	(571)	55	(944)	(7)	(1 029)
<b>Pre-tax operating profit</b>	<b>8 782</b>	<b>5 887</b>	<b>13 548</b>	<b>10 703</b>	<b>22 927</b>
Tax expense	(1 485)	(1 177)	(2 439)	(2 141)	(3 561)
<b>Profit for the period</b>	<b>7 296</b>	<b>4 709</b>	<b>11 109</b>	<b>8 562</b>	<b>19 366</b>
Portion attributable to shareholders of DNB Bank ASA	7 050	4 475	10 620	8 107	18 407
Portion attributable to additional Tier 1 capital holders	246	234	489	455	959
<b>Profit for the period</b>	<b>7 296</b>	<b>4 709</b>	<b>11 109</b>	<b>8 562</b>	<b>19 366</b>

1) Of which dividend from DNB Capital LLC represented NOK 4 470 million in the second quarter of 2019.

# Comprehensive income statement

	DNB Bank ASA				
<i>Amounts in NOK million</i>	2nd quarter 2019	2nd quarter 2018	2019	January-June 2018	Full year 2018
<b>Profit for the period</b>	<b>7 296</b>	<b>4 709</b>	<b>11 109</b>	<b>8 562</b>	<b>19 366</b>
Actuarial gains and losses					(103)
Financial liabilities designated at FVTPL, changes in credit risk	3	29	(36)	25	85
Tax	(1)	(7)	9	(6)	13
Items that will not be reclassified to the income statement	2	22	(27)	18	(6)
Currency translation of foreign operations	(16)	(36)	(37)	(73)	(34)
Financial assets at fair value through OCI	(23)		(18)		
Tax	6		5		
Items that may subsequently be reclassified to the income statement	(33)	(36)	(51)	(73)	(34)
<b>Other comprehensive income for the period</b>	<b>(31)</b>	<b>(14)</b>	<b>(78)</b>	<b>(54)</b>	<b>(39)</b>
<b>Comprehensive income for the period</b>	<b>7 265</b>	<b>4 695</b>	<b>11 032</b>	<b>8 508</b>	<b>19 327</b>

# Balance sheet

		DNB Bank ASA		
<i>Amounts in NOK million</i>	Note	30 June 2019	31 Dec. 2018	30 June 2018
<b>Assets</b>				
Cash and deposits with central banks		394 700	154 595	380 861
Due from credit institutions		416 531	428 648	497 391
Loans to customers	4, 5, 6, 7	843 921	793 702	763 167
Commercial paper and bonds	7	197 847	262 207	221 850
Shareholdings	7	6 115	6 580	6 541
Financial derivatives	7	130 094	138 306	129 472
Investments in associated companies		9 584	9 541	9 351
Investments in subsidiaries		104 632	100 670	113 066
Intangible assets		3 336	3 429	3 463
Deferred tax assets		2 652	2 664	8 422
Fixed assets		14 037	8 413	7 840
Other assets		10 835	21 928	12 221
<b>Total assets</b>		<b>2 134 284</b>	<b>1 930 683</b>	<b>2 153 647</b>
<b>Liabilities and equity</b>				
Due to credit institutions		313 253	277 437	390 149
Deposits from customers	7	973 404	916 258	1 022 486
Financial derivatives	7	154 132	162 683	157 040
Debt securities issued	7, 8	439 129	335 317	341 896
Payable taxes		2 348	807	4 427
Deferred taxes		84	90	73
Other liabilities		26 718	25 546	19 676
Provisions		1 738	1 790	1 616
Pension commitments		3 397	3 111	3 100
Subordinated loan capital	7, 8	30 504	31 082	36 781
<b>Total liabilities</b>		<b>1 944 707</b>	<b>1 754 121</b>	<b>1 977 245</b>
Share capital		18 256	18 256	18 256
Share premium		19 895	19 895	19 895
Additional Tier 1 capital		18 493	16 194	15 782
Other equity		132 933	122 218	122 470
<b>Total equity</b>		<b>189 577</b>	<b>176 562</b>	<b>176 402</b>
<b>Total liabilities and equity</b>		<b>2 134 284</b>	<b>1 930 683</b>	<b>2 153 647</b>

# Income statement

<i>Amounts in NOK million</i>	<b>DNB Bank Group</b>				
	2nd quarter 2019	2nd quarter 2018	2019	January-June 2018	Full year 2018
Interest income, amortised cost	14 832	13 191	29 256	25 693	53 261
Other interest income	1 299	1 301	2 629	2 518	5 009
Interest expenses, amortised cost	(7 062)	(5 734)	(14 261)	(11 203)	(23 694)
Other interest expenses	678	436	1 593	1 328	2 812
<b>Net interest income</b>	<b>9 746</b>	<b>9 194</b>	<b>19 217</b>	<b>18 335</b>	<b>37 388</b>
Commission and fee income	2 529	2 765	4 773	5 058	9 983
Commission and fee expenses	(759)	(964)	(1 511)	(1 768)	(3 378)
Net gains on financial instruments at fair value	1 351	122	2 099	294	1 351
Profit from investments accounted for by the equity method	98	267	253	230	314
Net gains on investment properties	(11)	9	(7)	51	62
Other income	463	542	980	1 076	2 146
<b>Net other operating income</b>	<b>3 670</b>	<b>2 742</b>	<b>6 588</b>	<b>4 941</b>	<b>10 478</b>
<b>Total income</b>	<b>13 417</b>	<b>11 936</b>	<b>25 805</b>	<b>23 276</b>	<b>47 866</b>
Salaries and other personnel expenses	(2 974)	(2 825)	(5 837)	(5 578)	(11 216)
Other expenses	(1 818)	(1 878)	(3 572)	(3 624)	(7 658)
Depreciation and impairment of fixed and intangible assets	(718)	(473)	(1 423)	(954)	(2 371)
<b>Total operating expenses</b>	<b>(5 510)</b>	<b>(5 176)</b>	<b>(10 832)</b>	<b>(10 156)</b>	<b>(21 246)</b>
<b>Pre-tax operating profit before impairment</b>	<b>7 906</b>	<b>6 760</b>	<b>14 973</b>	<b>13 120</b>	<b>26 620</b>
Net gains on fixed and intangible assets	(3)	465	(3)	483	529
Impairment of financial instruments	(450)	54	(766)	384	139
<b>Pre-tax operating profit</b>	<b>7 454</b>	<b>7 279</b>	<b>14 204</b>	<b>13 987</b>	<b>27 288</b>
Tax expense	(1 491)	(1 456)	(2 841)	(2 797)	(4 976)
Profit from operations held for sale, after taxes	(30)	(21)	(81)	(21)	(204)
<b>Profit for the period</b>	<b>5 933</b>	<b>5 802</b>	<b>11 281</b>	<b>11 168</b>	<b>22 109</b>
Portion attributable to shareholders of DNB Bank ASA	5 687	5 568	10 792	10 713	21 150
Portion attributable to additional Tier 1 capital holders	246	234	489	455	959
<b>Profit for the period</b>	<b>5 933</b>	<b>5 802</b>	<b>11 281</b>	<b>11 168</b>	<b>22 109</b>

# Comprehensive income statement

<i>Amounts in NOK million</i>	<b>DNB Bank Group</b>				
	2nd quarter 2019	2nd quarter 2018	2019	January-June 2018	Full year 2018
<b>Profit for the period</b>	<b>5 933</b>	<b>5 802</b>	<b>11 281</b>	<b>11 168</b>	<b>22 109</b>
Actuarial gains and losses					(102)
Financial liabilities designated at FVTPL, changes in credit risk	53	29	(94)	(99)	221
Tax	(13)	(7)	24	25	(22)
Items that will not be reclassified to the income statement	40	22	(71)	(74)	98
Currency translation of foreign operations	(785)	151	(1 933)	(2 582)	1 310
Currency translation reserve reclassified to the income statement					(2)
Hedging of net investment	780	(284)	1 695	2 102	(1 060)
Hedging reserve reclassified to the income statement					1
Financial assets at fair value through OCI	(23)		(18)		
Tax	(189)	71	(419)	(526)	265
Items that may subsequently be reclassified to the income statement	(217)	(62)	(676)	(1 005)	514
<b>Other comprehensive income for the period</b>	<b>(177)</b>	<b>(41)</b>	<b>(746)</b>	<b>(1 079)</b>	<b>612</b>
<b>Comprehensive income for the period</b>	<b>5 755</b>	<b>5 761</b>	<b>10 535</b>	<b>10 089</b>	<b>22 721</b>

# Balance sheet

		<b>DNB Bank Group</b>		
<i>Amounts in NOK million</i>	Note	30 June 2019	31 Dec. 2018	30 June 2018
<b>Assets</b>				
Cash and deposits with central banks		395 080	155 592	381 327
Due from credit institutions		129 398	128 415	188 811
Loans to customers	4, 5, 6, 7	1 643 781	1 598 017	1 557 534
Commercial paper and bonds	7	190 311	257 725	224 309
Shareholdings	7	7 474	7 955	7 798
Financial derivatives	7	117 520	125 358	117 103
Investment properties		631	638	919
Investments accounted for by the equity method		12 005	11 807	11 415
Intangible assets		3 652	3 742	3 720
Deferred tax assets		880	983	1 150
Fixed assets		14 295	8 470	7 907
Assets held for sale		1 180	1 258	1 293
Other assets		12 499	7 750	13 353
<b>Total assets</b>		<b>2 528 706</b>	<b>2 307 710</b>	<b>2 516 642</b>
<b>Liabilities and equity</b>				
Due to credit institutions		230 912	187 307	301 895
Deposits from customers	7	998 554	940 087	1 042 947
Financial derivatives	7	103 700	110 005	105 938
Debt securities issued	7, 8	913 679	803 796	799 938
Payable taxes		3 777	2 012	6 180
Deferred taxes		3 393	3 471	830
Other liabilities		28 340	15 903	20 875
Liabilities held for sale		237	382	231
Provisions		2 336	2 534	2 431
Pension commitments		3 505	3 198	3 204
Subordinated loan capital	7, 8	30 504	31 082	36 781
<b>Total liabilities</b>		<b>2 318 938</b>	<b>2 099 777</b>	<b>2 321 251</b>
Share capital		18 256	18 256	18 256
Share premium		20 611	20 611	20 611
Additional Tier 1 capital		18 493	16 194	15 782
Other equity		152 408	152 872	140 743
<b>Total equity</b>		<b>209 769</b>	<b>207 933</b>	<b>195 391</b>
<b>Total liabilities and equity</b>		<b>2 528 706</b>	<b>2 307 710</b>	<b>2 516 642</b>

# Statement of changes in equity

DNB Bank ASA

<i>Amounts in NOK million</i>	Share capital	Share premium	Additional Tier 1 capital	Net translation reserve	Liability credit reserve	Other equity	Total equity
<b>Balance sheet as at 1 Jan. 2018</b>	<b>18 256</b>	<b>19 895</b>	<b>16 159</b>	<b>570</b>	<b>(127)</b>	<b>113 942</b>	<b>168 694</b>
Profit for the period			455			8 107	8 562
Financial liabilities designated at FVTPL, changes in credit risk					25		25
Currency translation of foreign operations				(73)			(73)
Tax on other comprehensive income					(6)		(6)
Comprehensive income for the period			455	(73)	18	8 107	8 508
Interest payments additional Tier 1 capital			(800)				(800)
Currency movements taken to income			(32)			32	
<b>Balance sheet as at 30 June 2018</b>	<b>18 256</b>	<b>19 895</b>	<b>15 782</b>	<b>497</b>	<b>(108)</b>	<b>122 081</b>	<b>176 402</b>
<b>Balance sheet as at 31 Dec. 2018</b>	<b>18 256</b>	<b>19 895</b>	<b>16 194</b>	<b>536</b>	<b>(63)</b>	<b>121 745</b>	<b>176 562</b>
Profit for the period			489			10 620	11 109
Financial assets at fair value through OCI						(18)	(18)
Financial liabilities designated at FVTPL, changes in credit risk					(36)		(36)
Currency translation of foreign operations				(37)			(37)
Tax on other comprehensive income					9	5	14
Comprehensive income for the period			489	(37)	(27)	10 606	11 032
Merger DNB Næringskreditt						163	163
Additional Tier 1 capital issued <sup>1)</sup>			2 700				2 700
Interest payments additional Tier 1 capital			(880)				(880)
Currency movements taken to income			(10)			10	
Transfer of loan portfolio to subsidiary						1	1
<b>Balance sheet as at 30 June 2019</b>	<b>18 256</b>	<b>19 895</b>	<b>18 493</b>	<b>499</b>	<b>(90)</b>	<b>132 524</b>	<b>189 577</b>

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



## Statement of changes in equity (continued)

Amounts in NOK million	DNB Bank Group							
	Minority interests	Share capital	Share premium	Additional Tier 1 capital	Net translation reserve	Liability credit reserve	Other equity	Total equity
<b>Balance sheet as at 1 Jan. 2018</b>		<b>18 256</b>	<b>20 611</b>	<b>16 159</b>	<b>4 516</b>	<b>(342)</b>	<b>142 707</b>	<b>201 907</b>
Profit for the period				455			10 713	11 168
Financial liabilities designated at FVTPL, changes in credit risk						(99)		(99)
Currency translation of foreign operations					(2 582)			(2 582)
Hedging of net investment					2 102			2 102
Tax on other comprehensive income					(526)	25		(501)
Comprehensive income for the period				455	(1 005)	(74)	10 713	10 089
Interest payments additional Tier 1 capital				(800)				(800)
Currency movements taken to income				(32)			32	
Group contribution to DNB ASA for 2017							(15 804)	(15 804)
<b>Balance sheet as at 30 June 2018</b>		<b>18 256</b>	<b>20 611</b>	<b>15 782</b>	<b>3 510</b>	<b>(416)</b>	<b>137 648</b>	<b>195 391</b>
<b>Balance sheet as at 31 Dec. 2018</b>		<b>18 256</b>	<b>20 611</b>	<b>16 194</b>	<b>5 029</b>	<b>(176)</b>	<b>148 019</b>	<b>207 933</b>
Profit for the period	(1)			489			10 793	11 281
Financial assets at fair value through OCI							(18)	(18)
Financial liabilities designated at FVTPL, changes in credit risk						(94)		(94)
Currency translation of foreign operations	(0)				(1 933)			(1 933)
Hedging of net investment					1 695			1 695
Tax on other comprehensive income					(424)	24	5	(396)
Comprehensive income for the period	(1)			489	(662)	(71)	10 780	10 535
Additional Tier 1 capital issued <sup>1)</sup>				2 700				2 700
Interest payments additional Tier 1 capital				(880)				(880)
Currency movements taken to income				(10)			10	
Minority interests DNB Auto Finance OY	49							49
Group contribution to DNB ASA for 2018							(10 568)	(10 568)
<b>Balance sheet as at 30 June 2019</b>	<b>47</b>	<b>18 256</b>	<b>20 611</b>	<b>18 493</b>	<b>4 367</b>	<b>(247)</b>	<b>148 241</b>	<b>209 769</b>

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

# Cash flow statement

DNB Bank ASA

<i>Amounts in NOK million</i>	2019	January-June 2018	Full year 2018
<b>Operating activities</b>			
Net payments on loans to customers	(56 459)	(39 854)	(68 939)
Interest received from customers	20 261	17 156	35 182
Net receipts on deposits from customers	59 849	69 128	(36 552)
Interest paid to customers	(3 297)	(3 035)	(8 881)
Net receipts/payments on loans to credit institutions	44 535	148 415	98 864
Interest received from credit institutions	3 869	3 582	7 393
Interest paid to credit institutions	(2 954)	(2 174)	(4 769)
Net receipts/payments on the sale of financial assets for investment or trading	71 025	33 614	18 872
Interest received on bonds and commercial paper	3 343	2 041	3 866
Net receipts on commissions and fees	2 622	2 494	4 875
Payments to operations	(8 451)	(8 456)	(16 071)
Taxes paid	(925)	(1 158)	(3 977)
Other net receipts/payments	18 120	(205)	(5 741)
<b>Net cash flow from operating activities</b>	<b>151 537</b>	<b>221 547</b>	<b>24 123</b>
<b>Investing activities</b>			
Net payments on the acquisition of fixed assets	(1 239)	(150)	(2 094)
Net investment in long-term shares	(256)	(82)	5 868
Dividends received on long-term investments in shares	4 633	90	869
<b>Net cash flow from investment activities</b>	<b>3 138</b>	<b>(143)</b>	<b>4 642</b>
<b>Financing activities</b>			
Receipts on issued bonds and commercial paper	565 794	609 213	1 050 476
Payments on redeemed bonds and commercial paper	(460 776)	(567 293)	(1 049 827)
Interest payments on issued bonds and commercial paper	(5 747)	(4 437)	(6 926)
Receipts on the raising of subordinated loan capital		9 419	9 419
Redemptions of subordinated loan capital	(9)	(1 168)	(8 542)
Interest payments on subordinated loan capital	(341)	(237)	(574)
Receipts on issue of additional Tier 1 capital	2 700		
Interest payments on additional Tier 1 capital	(880)	(800)	(892)
Lease payments	(307)		
Group contribution payments	(10 568)	(17 842)	(17 735)
<b>Net cash flow from funding activities</b>	<b>89 866</b>	<b>26 853</b>	<b>(24 600)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(826)</b>	<b>(7 359)</b>	<b>509</b>
<b>Net cash flow</b>	<b>243 715</b>	<b>240 898</b>	<b>4 674</b>
Cash as at 1 January	157 858	153 184	153 184
Net receipts/payments of cash	243 715	240 898	4 674
Cash at end of period <sup>1)</sup>	401 573	394 082	157 858
<i>*) Of which: Cash and deposits with central banks</i>	<i>394 700</i>	<i>380 861</i>	<i>154 595</i>
<i>Deposits with credit institutions with no agreed period of notice <sup>1)</sup></i>	<i>6 873</i>	<i>13 220</i>	<i>3 263</i>

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

## Cash flow statement (continued)

### DNB Bank Group

<i>Amounts in NOK million</i>	2019	January-June 2018	Full year 2018
<b>Operating activities</b>			
Net payments on loans to customers	(51 912)	(38 008)	(58 722)
Interest received from customers	30 163	26 571	54 875
Net receipts on deposits from customers	61 135	65 724	(48 364)
Interest paid to customers	(3 415)	(2 710)	(8 998)
Net receipts/payments on loans to credit institutions	45 042	135 311	75 975
Interest received from credit institutions	2 011	2 093	4 082
Interest paid to credit institutions	(2 341)	(1 712)	(3 783)
Net receipts/payments on the sale of financial assets for investment or trading	79 022	24 395	40 583
Interest received on bonds and commercial paper	3 253	1 995	3 797
Net receipts on commissions and fees	3 328	3 358	6 440
Payments to operations	(9 605)	(9 593)	(19 424)
Taxes paid	(1 281)	(1 610)	(4 585)
Other net receipts/payments	(2 408)	(846)	1 774
<b>Net cash flow from operating activities</b>	<b>152 992</b>	<b>204 968</b>	<b>43 651</b>
<b>Investing activities</b>			
Net payments on the acquisition of fixed assets	(1 105)	(476)	(2 404)
Net receipt from investment properties	(15)	107	349
Net investment in long-term shares	(183)	(86)	(92)
Dividends received on long-term investments in shares	75	9	13
<b>Net cash flow from investment activities</b>	<b>(1 227)</b>	<b>(446)</b>	<b>(2 134)</b>
<b>Financing activities</b>			
Receipts on issued bonds and commercial paper	598 844	662 643	1 115 987
Payments on redeemed bonds and commercial paper	(487 457)	(602 197)	(1 109 463)
Interest payments on issued bonds and commercial paper	(10 403)	(8 841)	(14 193)
Receipts on the raising of subordinated loan capital		9 419	9 419
Redemptions of subordinated loan capital	(9)	(1 168)	(8 542)
Interest payments on subordinated loan capital	(344)	(239)	(579)
Receipts on issue of additional Tier 1 capital	2 700		
Interest payments on additional Tier 1 capital	(880)	(800)	(892)
Lease payments	(314)		
Group contributions payments	(10 568)	(16 094)	(16 094)
<b>Net cash flow from funding activities</b>	<b>91 568</b>	<b>42 722</b>	<b>(24 357)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(604)</b>	<b>(6 851)</b>	<b>(12 038)</b>
<b>Net cash flow</b>	<b>242 728</b>	<b>240 393</b>	<b>5 122</b>
Cash as at 1 January	159 173	154 051	154 051
Net receipts/payments of cash	242 728	240 393	5 122
Cash at end of period <sup>1)</sup>	401 902	394 444	159 173

\*) *Of which: Cash and deposits with central banks* 395 080 381 327 155 592  
*Deposits with credit institutions with no agreed period of notice <sup>1)</sup>* 6 822 13 117 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, second quarter

											DNB Bank Group	
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Other operations		Eliminations		DNB Bank Group	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
<i>Amounts in NOK million</i>	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net interest income	3 372	3 241	2 580	2 364	3 227	3 099	567	490			9 746	9 194
Net other operating income	1 020	1 061	411	395	1 278	1 263	1 352	311	(390)	(288)	3 670	2 742
<b>Total income</b>	<b>4 392</b>	<b>4 302</b>	<b>2 991</b>	<b>2 759</b>	<b>4 505</b>	<b>4 362</b>	<b>1 919</b>	<b>801</b>	<b>(390)</b>	<b>(288)</b>	<b>13 417</b>	<b>11 936</b>
Operating expenses	(2 044)	(1 981)	(1 076)	(984)	(1 636)	(1 520)	(1 145)	(979)	390	288	(5 510)	(5 176)
Pre-tax operating profit before impairment	2 348	2 321	1 915	1 774	2 869	2 843	774	(179)			7 906	6 760
Net gains on fixed and intangible assets			(0)	1	(0)	0	(2)	464			(3)	465
Impairment of financial instruments	(76)	(101)	(261)	(33)	(110)	189	(3)	(0)			(450)	54
Profit from repossessed operations			(1)	(1)	(47)	(17)	47	18				
Pre-tax operating profit	2 272	2 220	1 653	1 742	2 712	3 014	816	303			7 454	7 279
Tax expense	(568)	(555)	(413)	(435)	(651)	(693)	142	228			(1 491)	(1 456)
Profit from operations held for sale, after taxes					0		(30)	(21)			(30)	(21)
<b>Profit for the period</b>	<b>1 704</b>	<b>1 665</b>	<b>1 240</b>	<b>1 306</b>	<b>2 061</b>	<b>2 321</b>	<b>927</b>	<b>510</b>			<b>5 933</b>	<b>5 802</b>

### Income statement, January-June

											DNB Bank Group	
	Personal customers		Small and medium-sized enterprises		Large corporates and international customers		Other operations		Eliminations		DNB Bank Group	
	Jan.-June		Jan.-June		Jan.-June		Jan.-June		Jan.-June		Jan.-June	
<i>Amounts in NOK million</i>	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net interest income	6 751	6 635	5 085	4 670	6 281	5 950	1 101	1 080			19 217	18 335
Net other operating income	1 882	1 955	845	793	2 400	2 367	2 238	668	(778)	(842)	6 588	4 941
<b>Total income</b>	<b>8 633</b>	<b>8 590</b>	<b>5 930</b>	<b>5 463</b>	<b>8 681</b>	<b>8 317</b>	<b>3 339</b>	<b>1 749</b>	<b>(778)</b>	<b>(842)</b>	<b>25 805</b>	<b>23 276</b>
Operating expenses	(4 062)	(3 841)	(2 126)	(1 976)	(3 258)	(3 103)	(2 164)	(2 078)	778	842	(10 832)	(10 156)
Pre-tax operating profit before impairment	4 571	4 749	3 804	3 487	5 424	5 214	1 174	(329)			14 973	13 120
Net gains on fixed and intangible assets			(0)	1	(0)	0	(2)	482			(3)	483
Impairment of financial instruments	(177)	(155)	(437)	(248)	(149)	786	(4)	(0)			(766)	384
Profit from repossessed operations			3	4	(132)	(14)	129	10				
Pre-tax operating profit	4 394	4 595	3 370	3 244	5 142	5 986	1 298	163			14 204	13 987
Taxes	(1 099)	(1 149)	(842)	(811)	(1 234)	(1 377)	334	539			(2 841)	(2 797)
Profit from operations held for sale, after taxes					2		(84)	(21)			(81)	(21)
<b>Profit for the period</b>	<b>3 296</b>	<b>3 446</b>	<b>2 527</b>	<b>2 433</b>	<b>3 910</b>	<b>4 609</b>	<b>1 549</b>	<b>680</b>			<b>11 281</b>	<b>11 168</b>

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. The figures as at 30 June 2019 are partially based on estimates.

DNB Bank ASA		Primary capital	DNB Bank Group	
31 Dec. 2018	30 June 2019	<i>Amounts in NOK million</i>	30 June 2019	31 Dec. 2018
176 562	178 957	Total equity	198 975	207 933
		Effect from regulatory consolidation	(235)	(234)
(15 574)	(18 274)	Additional Tier 1 capital instruments included in total equity	(18 274)	(15 574)
(465)	(165)	Net accrued interest on additional Tier 1 capital instruments	(165)	(465)
160 523	160 519	Common equity Tier 1 capital instruments	180 302	191 660
		Deductions		
(2 389)	(2 363)	Goodwill	(2 935)	(2 929)
(562)	(562)	Deferred tax assets that are not due to temporary differences	(524)	(524)
(1 040)	(973)	Other intangible assets	(1 636)	(1 712)
		Group contribution, payable		(10 758)
(1 286)	(1 394)	Expected losses exceeding actual losses, IRB portfolios	(2 027)	(1 719)
(467)	(465)	Value adjustment due to the requirements for prudent valuation (AVA)	(912)	(886)
63	90	Adjustments for unrealised losses/(gains) on debt measured at fair value	247	176
(596)	(512)	Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(106)	(149)
154 247	154 341	Common equity Tier 1 capital	172 409	173 159
	159 651	Common equity Tier 1 capital incl. 50 per cent of profit for the period	177 847	
15 574	18 274	Additional Tier 1 capital instruments	18 274	15 574
169 820	172 615	Tier 1 capital	190 682	188 733
	177 925	Tier 1 capital including 50 per cent of profit for the period (%)	196 121	
5 693	5 616	Perpetual subordinated loan capital	5 616	5 693
25 110	24 508	Term subordinated loan capital	24 508	25 110
30 804	30 123	Additional Tier 2 capital instruments	30 123	30 804
200 624	202 738	Total eligible capital	220 806	219 537
	208 048	Total eligible capital incl. 50 per cent of profit for the period	226 244	
852 363	848 356	Risk-weighted assets, transitional rules	1 062 683	1 051 159
68 189	67 868	Minimum capital requirement, transitional rules	85 015	84 093
18.1	18.8	Common equity Tier 1 capital ratio, transitional rules (%)	16.7	16.5
19.9	21.0	Tier 1 capital ratio, transitional rules (%)	18.5	18.0
23.5	24.5	Capital ratio, transitional rules (%)	21.3	20.9
	18.2	Common equity Tier 1 capital, transitional rules excluding 50 per cent of profit for the period (%)	16.2	
	20.3	Tier 1 capital, transitional rules excluding 50 per cent of profit for the period (%)	17.9	
	23.9	Capital ratio, transitional rules, excluding 50 per cent of profit for the period (%)	20.8	

## 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

<i>Amounts in NOK million</i>	Nominal exposure	EAD <sup>1)</sup>	Average risk weights in per cent	Risk-weighted assets	Capital requirements	Capital requirements
	30 June 2019	30 June 2019	30 June 2019	30 June 2019	30 June 2019	31 Dec. 2018
<b>IRB approach</b>						
Corporate	759 401	631 455	51.8	327 276	26 182	25 426
Specialised lending (SL)	12 172	11 896	51.9	6 180	494	455
Retail - mortgages	121 237	121 235	23.9	28 959	2 317	2 287
Retail - other exposures	102 320	86 842	24.8	21 531	1 722	1 727
Securitisation						
<b>Total credit risk, IRB approach</b>	<b>995 130</b>	<b>851 428</b>	<b>45.1</b>	<b>383 945</b>	<b>30 716</b>	<b>29 895</b>
<b>Standardised approach</b>						
Central government	442 419	436 653	0.0	66	5	9
Institutions	698 401	533 782	21.1	112 414	8 993	11 083
Corporate	129 494	95 479	91.9	87 725	7 018	7 412
Retail - mortgages	14 455	13 658	46.4	6 331	507	297
Retail - other exposures	138 784	45 947	74.5	34 248	2 740	2 349
Equity positions	115 072	115 072	100.2	115 296	9 224	8 898
Other assets	15 930	15 630	96.5	15 079	1 206	687
<b>Total credit risk, standardised approach</b>	<b>1 554 554</b>	<b>1 256 221</b>	<b>29.5</b>	<b>371 158</b>	<b>29 693</b>	<b>30 734</b>
<b>Total credit risk</b>	<b>2 549 685</b>	<b>2 107 650</b>	<b>35.8</b>	<b>755 103</b>	<b>60 408</b>	<b>60 629</b>
<b>Market risk</b>						
Position risk, debt instruments				8 905	712	920
Position risk, equity instruments				355	28	16
Currency risk				13	1	
Commodity risk				2	0	1
Credit value adjustment risk (CVA)				4 722	378	283
<b>Total market risk</b>				<b>13 996</b>	<b>1 120</b>	<b>1 219</b>
<b>Operational risk</b>				<b>79 257</b>	<b>6 341</b>	<b>6 341</b>
<b>Total risk-weighted assets and capital requirements before transitional rules</b>				<b>848 356</b>	<b>67 868</b>	<b>68 189</b>
<b>Additional capital requirements according to transitional rules</b>						
<b>Total risk-weighted assets and capital requirements</b>				<b>848 356</b>	<b>67 868</b>	<b>68 189</b>

1) EAD, exposure at default.

## Note 3 Capital adequacy (continued)

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

	DNB Bank Group					
	Nominal exposure 30 June 2019	EAD <sup>1)</sup> 30 June 2019	Average risk weights in per cent 30 June 2019	Risk-weighted assets 30 June 2019	Capital requirements 30 June 2019	Capital requirements 31 Dec. 2018
<i>Amounts in NOK million</i>						
<b>IRB approach</b>						
Corporate	965 843	804 908	52.1	419 267	33 541	33 716
Specialised Lending (SL)	13 311	13 035	53.4	6 956	557	526
Retail - mortgages	780 315	780 313	21.9	171 039	13 683	13 617
Retail - other exposures	102 320	86 842	24.8	21 531	1 722	1 727
Securitisation						
<b>Total credit risk, IRB approach</b>	<b>1 861 790</b>	<b>1 685 099</b>	<b>36.7</b>	<b>618 793</b>	<b>49 503</b>	<b>49 587</b>
<b>Standardised approach</b>						
Central government	459 665	455 594	0.0	103	8	12
Institutions	267 370	159 499	23.6	37 659	3 013	3 664
Corporate	211 434	164 031	87.3	143 269	11 462	11 824
Retail - mortgages	79 135	74 102	47.5	35 212	2 817	2 539
Retail - other exposures	152 020	56 750	74.7	42 400	3 392	2 958
Equity positions	10 323	10 149	94.6	9 598	768	774
Other assets	20 707	19 465	74.6	14 529	1 162	508
<b>Total credit risk, standardised approach</b>	<b>1 200 653</b>	<b>939 590</b>	<b>30.1</b>	<b>282 770</b>	<b>22 622</b>	<b>22 278</b>
<b>Total credit risk</b>	<b>3 062 443</b>	<b>2 624 689</b>	<b>34.3</b>	<b>901 563</b>	<b>72 125</b>	<b>71 865</b>
<b>Market risk</b>						
Position risk, debt instruments				9 352	748	927
Position risk, equity instruments				355	28	16
Currency risk				13	1	
Commodity risk				2	0	1
Credit value adjustment risk (CVA)				5 120	410	311
<b>Total market risk</b>				<b>14 842</b>	<b>1 187</b>	<b>1 254</b>
<b>Operational risk</b>				<b>86 428</b>	<b>6 914</b>	<b>6 914</b>
<b>Total risk-weighted assets and capital requirements before transitional rules</b>				<b>1 002 833</b>	<b>80 227</b>	<b>80 033</b>
<b>Additional capital requirements according to transitional rules <sup>2)</sup></b>				<b>59 850</b>	<b>4 788</b>	<b>4 060</b>
<b>Total risk-weighted assets and capital requirements</b>				<b>1 062 683</b>	<b>85 015</b>	<b>84 093</b>

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	2nd quarter 2019				2nd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 31 March</b>	<b>757 997</b>	<b>48 670</b>	<b>23 433</b>	<b>830 098</b>	<b>668 747</b>	<b>48 540</b>	<b>21 944</b>	<b>739 231</b>
Transfer to stage 1	7 366	(7 334)	(32)		2 778	(2 754)	(24)	
Transfer to stage 2	(10 511)	10 876	(365)	0	(2 308)	3 176	(868)	
Transfer to stage 3	(943)	(728)	1 672		(423)	(3 046)	3 469	
Originated and purchased	71 448	463	0	71 911	86 973	1 510	659	89 142
Derecognition	(51 878)	(3 220)	(2 001)	(57 099)	(58 531)	(2 543)	(1 995)	(63 069)
Exchange rate movements	(490)	(35)	(30)	(554)	(975)	(77)	(7)	(1 059)
Other					3	250	70	323
<b>Gross carrying amount as at 30 June</b>	<b>772 988</b>	<b>48 692</b>	<b>22 677</b>	<b>844 357</b>	<b>696 264</b>	<b>45 057</b>	<b>23 248</b>	<b>764 569</b>

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

Amounts in NOK million	Jan.-June 2019				Jan.-June 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 31 December / 1 January</b>	<b>717 921</b>	<b>53 094</b>	<b>23 719</b>	<b>794 734</b>	<b>664 024</b>	<b>57 732</b>	<b>19 949</b>	<b>741 705</b>
Transfer to stage 1	16 218	(15 981)	(237)		31 066	(10 872)	(20 194)	
Transfer to stage 2	(17 477)	18 711	(1 233)		(6 514)	7 632	(1 118)	
Transfer to stage 3	(1 241)	(1 526)	2 767		(722)	(6 546)	7 268	
Originated and purchased	136 214	1 561	0	137 775	143 227	2 725	21 677	167 629
Derecognition	(91 709)	(7 076)	(2 285)	(101 070)	(132 185)	(5 415)	(4 315)	(141 915)
Exchange rate movements	(2 145)	(167)	(53)	(2 365)	(2 632)	(200)	(19)	(2 851)
Other <sup>1)</sup>	15 208	76		15 284				
<b>Gross carrying amount as at 30 June</b>	<b>772 988</b>	<b>48 692</b>	<b>22 677</b>	<b>844 357</b>	<b>696 264</b>	<b>45 057</b>	<b>23 248</b>	<b>764 569</b>

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

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

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

<i>Amounts in NOK million</i>	2nd quarter 2019				2nd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 31 March</b>	<b>1 479 003</b>	<b>80 272</b>	<b>27 115</b>	<b>1 586 389</b>	<b>1 386 487</b>	<b>78 939</b>	<b>28 106</b>	<b>1 493 532</b>
Transfer to stage 1	18 701	(18 590)	(110)		9 809	(9 709)	(100)	
Transfer to stage 2	(21 286)	22 556	(1 270)		(11 586)	12 610	(1 024)	
Transfer to stage 3	(1 116)	(1 035)	2 151		(668)	(3 568)	4 236	
Originated and purchased	125 376	(0)	(0)	125 376	131 058	1 446	704	133 208
Derecognition	(96 162)	(5 974)	(2 762)	(104 898)	(95 058)	(4 697)	(3 066)	(102 821)
Exchange rate movements	(2 127)	(186)	(66)	(2 379)	(1 820)	(121)	(48)	(1 989)
Other	(1)			(1)	287	250	70	607
<b>Gross carrying amount as at 30 June</b>	<b>1 502 387</b>	<b>77 042</b>	<b>25 058</b>	<b>1 604 487</b>	<b>1 418 509</b>	<b>75 151</b>	<b>28 878</b>	<b>1 522 537</b>

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

<i>Amounts in NOK million</i>	Jan.-June 2019				Jan.-June 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 31 December / 1 January</b>	<b>1 449 032</b>	<b>82 255</b>	<b>27 832</b>	<b>1 559 120</b>	<b>1 389 207</b>	<b>90 102</b>	<b>25 843</b>	<b>1 505 152</b>
Transfer to stage 1	35 988	(35 562)	(426)		27 780	(27 519)	(261)	
Transfer to stage 2	(40 742)	42 992	(2 250)		(26 546)	27 944	(1 398)	
Transfer to stage 3	(1 554)	(2 001)	3 556		(951)	(7 648)	8 599	
Originated and purchased	241 500	380	0	241 879	238 272	2 154	1 727	242 154
Derecognition	(175 904)	(10 663)	(3 554)	(190 121)	(205 503)	(9 605)	(5 556)	(220 664)
Exchange rate movements	(6 182)	(359)	(100)	(6 642)	(3 964)	(278)	(76)	(4 318)
Other	250			250	214			214
<b>Gross carrying amount as at 30 June</b>	<b>1 502 387</b>	<b>77 042</b>	<b>25 058</b>	<b>1 604 487</b>	<b>1 418 509</b>	<b>75 151</b>	<b>28 878</b>	<b>1 522 537</b>

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

### Financial commitments (quarterly figures)

DNB Bank ASA

<i>Amounts in NOK million</i>	2nd quarter 2019				2nd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Maximum exposure as at 31 March</b>	<b>470 095</b>	<b>17 478</b>	<b>3 091</b>	<b>490 664</b>	<b>564 473</b>	<b>8 543</b>	<b>4 176</b>	<b>577 192</b>
Transfer to stage 1	6 608	(6 595)	(13)		2 242	(1 952)	(290)	
Transfer to stage 2	(3 533)	3 565	(32)	(0)	(2 412)	2 946	(534)	
Transfer to stage 3	(783)	(475)	1 258		(325)	(1 139)	1 464	
Originated and purchased	103 077	(0)	0	103 077	21 413	1 400	2 165	24 978
Derecognition	(94 529)	(1 176)	(94)	(95 799)	(78 420)	(441)	(308)	(79 169)
Exchange rate movements	(789)	(13)	(22)	(824)	(97)			(97)
<b>Maximum exposure as at 30 June</b>	<b>480 148</b>	<b>12 784</b>	<b>4 187</b>	<b>497 119</b>	<b>506 874</b>	<b>9 357</b>	<b>6 673</b>	<b>522 904</b>

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

DNB Bank ASA

<i>Amounts in NOK million</i>	Jan.-June 2019				Jan.-June 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Maximum exposure as at 31 December / 1 January</b>	<b>457 594</b>	<b>18 722</b>	<b>3 922</b>	<b>480 237</b>	<b>564 001</b>	<b>9 805</b>	<b>3 039</b>	<b>576 846</b>
Transfer to stage 1	10 505	(10 389)	(116)		3 586	(3 235)	(351)	
Transfer to stage 2	(7 141)	7 279	(138)		(3 680)	4 254	(574)	
Transfer to stage 3	(835)	(567)	1 402		(1 123)	(1 355)	2 478	
Originated and purchased	199 712	0	(0)	199 712	47 458	1 196	2 732	51 386
Derecognition	(178 012)	(2 236)	(839)	(181 086)	(103 114)	(1 308)	(651)	(105 073)
Exchange rate movements	(1 675)	(25)	(44)	(1 744)	(254)			(254)
Other								
<b>Maximum exposure as at 30 June</b>	<b>480 148</b>	<b>12 784</b>	<b>4 187</b>	<b>497 119</b>	<b>506 874</b>	<b>9 357</b>	<b>6 673</b>	<b>522 904</b>

### Financial commitments (quarterly figures)

DNB Bank Group

<i>Amounts in NOK million</i>	2nd quarter 2019				2nd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Maximum exposure as at 31 March</b>	<b>644 896</b>	<b>27 604</b>	<b>3 247</b>	<b>675 747</b>	<b>647 710</b>	<b>24 023</b>	<b>4 286</b>	<b>676 020</b>
Transfer to stage 1	7 850	(7 836)	(14)		3 071	(2 778)	(293)	
Transfer to stage 2	(5 041)	5 201	(160)		(3 128)	3 662	(534)	
Transfer to stage 3	(784)	(477)	1 260		(327)	(1 143)	1 470	
Originated and purchased	109 452	320	(0)	109 772	77 969	2 450	2 166	82 585
Derecognition	(102 929)	(2 014)	(95)	(105 039)	(81 586)	(4 845)	(317)	(86 748)
Exchange rate movements	(2 105)	(93)	(23)	(2 220)	(268)	(14)	(1)	(283)
Other					778			778
<b>Maximum exposure as at 30 June</b>	<b>651 338</b>	<b>22 707</b>	<b>4 216</b>	<b>678 261</b>	<b>644 219</b>	<b>21 355</b>	<b>6 777</b>	<b>672 351</b>

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

DNB Bank Group

<i>Amounts in NOK million</i>	Jan.-June 2019				Jan.-June 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Maximum exposure as at 31 December / 1 January</b>	<b>620 917</b>	<b>29 462</b>	<b>4 152</b>	<b>654 531</b>	<b>649 570</b>	<b>28 358</b>	<b>3 208</b>	<b>681 136</b>
Transfer to stage 1	12 676	(12 559)	(117)		6 034	(5 679)	(355)	
Transfer to stage 2	(9 924)	10 190	(265)		(5 735)	6 312	(577)	
Transfer to stage 3	(836)	(569)	1 405		(1 128)	(1 360)	2 488	
Originated and purchased	218 328	105	0	218 434	90 665	2 812	2 712	96 189
Derecognition	(185 164)	(3 752)	(917)	(189 834)	(95 993)	(9 066)	(698)	(105 757)
Exchange rate movements	(4 658)	(169)	(43)	(4 870)	(510)	(22)	(1)	(533)
Other					1 318			1 318
<b>Maximum exposure as at 30 June</b>	<b>651 338</b>	<b>22 708</b>	<b>4 216</b>	<b>678 261</b>	<b>644 219</b>	<b>21 355</b>	<b>6 777</b>	<b>672 351</b>

## 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	2nd quarter 2019				2nd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Accumulated impairment as at 31 March</b>	<b>(180)</b>	<b>(702)</b>	<b>(7 420)</b>	<b>(8 302)</b>	<b>(157)</b>	<b>(1 430)</b>	<b>(7 059)</b>	<b>(8 646)</b>
Transfer to stage 1	(44)	43	0		(45)	45		
Transfer to stage 2	7	(27)	21		3	(130)	127	
Transfer to stage 3	3	2	(5)			355	(355)	
Originated and purchased	(40)	(8)		(49)	(15)	(3)		(18)
Increased expected credit loss <sup>1)</sup>	(51)	(230)	(852)	(1 133)	(18)	(113)	(1 001)	(1 132)
Decreased (reversed) expected credit loss <sup>1)</sup>	127	173	566	867	71	369	433	873
Write-offs	0	0	503	503			810	810
Derecognition (including repayments)	1	40		40	7	48		55
Exchange rate movements	0	0	4	5			2	2
<b>Accumulated impairment as at 30 June</b>	<b>(177)</b>	<b>(709)</b>	<b>(7 182)</b>	<b>(8 068)</b>	<b>(154)</b>	<b>(859)</b>	<b>(7 042)</b>	<b>(8 056)</b>

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

Amounts in NOK million	Jan.-June 2019				Jan.-June 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Accumulated impairment as at 31 December / 1 January</b>	<b>(154)</b>	<b>(850)</b>	<b>(7 416)</b>	<b>(8 420)</b>	<b>(196)</b>	<b>(2 138)</b>	<b>(6 562)</b>	<b>(8 896)</b>
Transfer to stage 1	(88)	85	2		(100)	92	8	
Transfer to stage 2	11	(40)	29		6	(139)	133	
Transfer to stage 3	3	26	(29)			1 024	(1 024)	
Originated and purchased	(59)	(14)		(73)	(32)	(9)		(41)
Increased expected credit loss <sup>1)</sup>	(100)	(380)	(2 236)	(2 717)	(44)	(305)	(2 523)	(2 872)
Decreased (reversed) expected credit loss <sup>1)</sup>	208	321	1 740	2 269	204	523	1 640	2 367
Write-offs	0	0	715	716			1 280	1 280
Derecognition (including repayments)	1	141		142	8	92		100
Exchange rate movements	1	2	12	15		1	5	6
Other								
<b>Accumulated impairment as at 30 June</b>	<b>(177)</b>	<b>(709)</b>	<b>(7 182)</b>	<b>(8 068)</b>	<b>(154)</b>	<b>(859)</b>	<b>(7 042)</b>	<b>(8 056)</b>

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

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

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

Amounts in NOK million	2nd quarter 2019				2nd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	<b>Accumulated impairment as at 31 March</b>	<b>(392)</b>	<b>(1 040)</b>	<b>(8 265)</b>	<b>(9 698)</b>	<b>(360)</b>	<b>(2 026)</b>	<b>(9 307)</b>
Transfer to stage 1	(72)	70	2		(84)	81	3	
Transfer to stage 2	16	(43)	27		8	(154)	146	
Transfer to stage 3	3	3	(6)			388	(388)	
Originated and purchased	(65)	(13)	0	(77)	(26)	(25)		(51)
Increased expected credit loss <sup>1)</sup>	(63)	(297)	(983)	(1 343)	(26)	(164)	(1 208)	(1 398)
Decreased (reversed) expected credit loss <sup>1)</sup>	248	247	622	1 117	132	470	516	1 118
Write-offs	0	0	776	776			1 461	1 461
Derecognition (including repayments)	5	54	33	93	11	61		72
Exchange rate movements	1	4	9	15	1	1	17	20
Other		0	(9)	(9)				
<b>Accumulated impairment as at 30 June</b>	<b>(319)</b>	<b>(1 015)</b>	<b>(7 792)</b>	<b>(9 126)</b>	<b>(344)</b>	<b>(1 368)</b>	<b>(8 760)</b>	<b>(10 472)</b>

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

Amounts in NOK million	Jan.-June 2019				Jan.-June 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	<b>Accumulated impairment as at 31 December / 1 January</b>	<b>(351)</b>	<b>(1 224)</b>	<b>(8 321)</b>	<b>(9 897)</b>	<b>(380)</b>	<b>(3 081)</b>	<b>(8 709)</b>
Transfer to stage 1	(137)	128	8		(287)	271	16	
Transfer to stage 2	24	(70)	46		13	(173)	160	
Transfer to stage 3	3	28	(31)			1 205	(1 205)	
Originated and purchased	(110)	(19)	0	(129)	(55)	(42)		(97)
Increased expected credit loss <sup>1)</sup>	(143)	(491)	(2 688)	(3 322)	(74)	(391)	(2 985)	(3 450)
Decreased (reversed) expected credit loss <sup>1)</sup>	383	466	2 142	2 991	591	723	2 006	3 320
Write-offs	0	0	990	990			1 932	1 932
Derecognition (including repayments)	7	161	33	202	(154)	118		(36)
Exchange rate movements	5	7	25	37	2	2	24	29
Other	(1)		3	3			1	1
<b>Accumulated impairment as at 30 June</b>	<b>(319)</b>	<b>(1 015)</b>	<b>(7 792)</b>	<b>(9 126)</b>	<b>(344)</b>	<b>(1 368)</b>	<b>(8 760)</b>	<b>(10 472)</b>

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

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

### Financial commitments (quarterly figures)

Amounts in NOK million	2nd quarter 2019				2nd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	<b>Accumulated impairment as at 31 March</b>	<b>(152)</b>	<b>(466)</b>	<b>(540)</b>	<b>(1 159)</b>	<b>(111)</b>	<b>(964)</b>	<b>(352)</b>
Transfer to stage 1	(50)	50	0	(0)	(66)	66		
Transfer to stage 2	4	(5)	1		1	(2)	1	
Transfer to stage 3	0	4	(5)	(0)		436	(436)	
Originated and purchased	(67)	(3)		(70)	(46)	(2)		(48)
Increased expected credit loss <sup>1)</sup>	(9)	(128)	(265)	(401)	(9)	(71)	(86)	(166)
Decreased (reversed) expected credit loss <sup>1)</sup>	125	103	88	316	104	93	339	536
Derecognition	0	20		20		31	15	46
Exchange rate movements	0	0	5	5				
Other	0	(1)	13	13				
<b>Accumulated impairment as at 30 June</b>	<b>(148)</b>	<b>(425)</b>	<b>(703)</b>	<b>(1 276)</b>	<b>(127)</b>	<b>(413)</b>	<b>(519)</b>	<b>(1 059)</b>

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

Amounts in NOK million	Jan.-June 2019				Jan.-June 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	<b>Accumulated impairment as at 31 December / 1 January</b>	<b>(117)</b>	<b>(436)</b>	<b>(569)</b>	<b>(1 122)</b>	<b>(137)</b>	<b>(1 164)</b>	<b>(508)</b>
Transfer to stage 1	(79)	79	0		(102)	102		
Transfer to stage 2	8	(9)	1		6	(7)	1	
Transfer to stage 3	0	5	(5)			583	(583)	
Originated and purchased	(104)	(6)		(109)	(72)	(6)		(78)
Increased expected credit loss <sup>1)</sup>	(29)	(251)	(376)	(656)	(12)	(193)	(130)	(335)
Decreased (reversed) expected credit loss <sup>1)</sup>	171	145	226	542	190	222	686	1 098
Derecognition	0	48		49		50	15	65
Exchange rate movements	1	1	5	7				
Other	0	0	14	13				
<b>Accumulated impairment as at 30 June</b>	<b>(148)</b>	<b>(425)</b>	<b>(703)</b>	<b>(1 276)</b>	<b>(127)</b>	<b>(413)</b>	<b>(519)</b>	<b>(1 059)</b>

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

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

### Financial commitments (quarterly figures)

<i>Amounts in NOK million</i>	2nd quarter 2019				2nd quarter 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	DNB Bank Group							
<b>Accumulated impairment as at 31 March</b>	<b>(187)</b>	<b>(1 016)</b>	<b>(541)</b>	<b>(1 743)</b>	<b>(143)</b>	<b>(1 741)</b>	<b>(355)</b>	<b>(2 239)</b>
Transfer to stage 1	(53)	53	0		(67)	67		
Transfer to stage 2	4	(5)	1		1	(2)	1	
Transfer to stage 3	0	4	(5)			436	(436)	
Originated and purchased	(75)	(3)		(78)	(48)	(293)		(341)
Increased expected credit loss <sup>1)</sup>	(9)	(181)	(261)	(451)	(8)	(80)	(86)	(174)
Decreased (reversed) expected credit loss <sup>1)</sup>	142	222	88	452	108	444	340	892
Derecognition	1	21	0	22		40	15	55
Exchange rate movements	1	5	5	10				
Other	(1)	(1)	13	12				
<b>Accumulated impairment as at 30 June</b>	<b>(176)</b>	<b>(900)</b>	<b>(700)</b>	<b>(1 776)</b>	<b>(157)</b>	<b>(1 129)</b>	<b>(522)</b>	<b>(1 807)</b>

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

<i>Amounts in NOK million</i>	Jan.-June 2019				Jan.-June 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	DNB Bank Group							
<b>Accumulated impairment as at 31 December / 1 January</b>	<b>(149)</b>	<b>(1 001)</b>	<b>(569)</b>	<b>(1 719)</b>	<b>(171)</b>	<b>(2 128)</b>	<b>(511)</b>	<b>(2 810)</b>
Transfer to stage 1	(82)	82	0		(112)	112		
Transfer to stage 2	9	(10)	1		6	(7)	1	
Transfer to stage 3	0	5	(5)			583	(583)	
Originated and purchased	(120)	(6)		(126)	(76)	(298)		(374)
Increased expected credit loss <sup>1)</sup>	(31)	(340)	(372)	(742)	(14)	(398)	(130)	(542)
Decreased (reversed) expected credit loss <sup>1)</sup>	194	311	226	731	210	679	687	1 576
Derecognition	1	50	0	51		328	15	343
Exchange rate movements	1	9	5	16				
Other	0	0	14	14				
<b>Accumulated impairment as at 30 June</b>	<b>(176)</b>	<b>(900)</b>	<b>(700)</b>	<b>(1 776)</b>	<b>(157)</b>	<b>(1 129)</b>	<b>(522)</b>	<b>(1 807)</b>

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

## Note 6 Loans and financial commitments to customers by industry segment

### Loans to customers as at 30 June 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	111 216	(6)	(9)	(20)		111 180
Commercial real estate	166 273	(12)	(47)	(320)	167	166 063
Shipping	52 110	(54)	(95)	(372)		51 589
Oil, gas and offshore	56 993	(58)	(399)	(3 812)		52 724
Power and renewables	29 888	(5)	(3)	(62)		29 818
Healthcare	24 625	(6)	(9)			24 609
Public sector	12 038	(1)	(0)	(0)		12 037
Fishing, fish farming and farming	37 207	(6)	(20)	(88)	162	37 255
Trade	43 482	(13)	(21)	(671)	62	42 839
Manufacturing	45 579	(23)	(15)	(359)	19	45 201
Technology, media and telecom	27 245	(20)	(8)	(31)	24	27 210
Services	66 795	(24)	(34)	(633)	203	66 308
Residential property	93 973	(7)	(18)	(240)	388	94 095
Personal customers	773 603	(71)	(291)	(654)	47 331	819 918
Other corporate customers	63 461	(13)	(45)	(531)	64	62 936
<b>Total <sup>1)</sup></b>	<b>1 604 487</b>	<b>(319)</b>	<b>(1 015)</b>	<b>(7 792)</b>	<b>48 420</b>	<b>1 643 781</b>

1) Of which NOK 45 349 million in repo trading volumes.

### Loans to customers as at 30 June 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	54 090	(6)	(2)	(69)	46	54 059
Commercial real estate	165 906	(10)	(59)	(330)	154	165 660
Shipping	61 128	(119)	(222)	(607)		60 180
Oil, gas and offshore	59 944	(37)	(716)	(4 155)		55 036
Power and renewables	24 072	(5)	(11)	(243)		23 813
Healthcare	21 737	(8)	(22)	(0)		21 708
Public sector	25 087	(3)	(2)	(220)	32	24 894
Fishing, fish farming and farming	30 116	(3)	(9)	(67)	177	30 214
Trade	47 092	(13)	(9)	(604)	77	46 542
Manufacturing	48 967	(17)	(13)	(549)	5	48 394
Technology, media and telecom	22 847	(18)	(30)	(118)	13	22 694
Services	51 272	(8)	(9)	(419)	166	51 001
Residential property	82 088	(4)	(8)	(209)	416	82 283
Personal customers	748 105	(82)	(241)	(714)	44 299	791 366
Other corporate customers	80 087	(12)	(15)	(455)	85	79 690
<b>Total <sup>1)</sup></b>	<b>1 522 537</b>	<b>(344)</b>	<b>(1 368)</b>	<b>(8 760)</b>	<b>45 469</b>	<b>1 557 534</b>

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



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

### Financial commitments as at 30 June 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	28 768	(5)	(0)	(0)	28 763
Commercial real estate	27 575	(2)	(1)	(3)	27 568
Shipping	13 595	(15)	(38)		13 542
Oil, gas and offshore	69 690	(81)	(670)	(318)	68 621
Power and renewables	29 863	(5)	(22)		29 837
Healthcare	19 351	(4)	(0)		19 347
Public sector	10 316	(0)	(0)		10 315
Fishing, fish farming and farming	16 165	(3)	(0)	(4)	16 158
Trade	26 621	(7)	(20)	(29)	26 563
Manufacturing	51 997	(11)	(20)	(4)	51 962
Technology, media and telecom	19 209	(7)	(7)	(3)	19 192
Services	24 451	(8)	(15)	(25)	24 403
Residential property	37 664	(4)	(2)	(3)	37 656
Personal customers	265 698	(19)	(78)	(0)	265 601
Other corporate customers	37 299	(5)	(27)	(310)	36 956
<b>Total</b>	<b>678 261</b>	<b>(176)</b>	<b>(900)</b>	<b>(700)</b>	<b>676 485</b>

### Financial commitments as at 30 June 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	26 198	(6)	(0)	(0)	26 192
Commercial real estate	27 246	(2)	(1)	(5)	27 238
Shipping	11 522	(15)	(31)		11 475
Oil, gas and offshore	73 607	(63)	(940)	(254)	72 349
Power and renewables	27 575	(3)	(38)	0	27 535
Healthcare	21 927	(7)	(29)		21 891
Public sector	15 497	(1)	(0)	(1)	15 495
Fishing, fish farming and farming	12 897	(2)	(1)		12 894
Trade	27 825	(6)	(3)	(73)	27 743
Manufacturing	53 331	(15)	(4)	(74)	53 239
Technology, media and telecom	28 490	(9)	(4)	(2)	28 475
Services	25 972	(6)	(8)	(8)	25 950
Residential property	34 205	(2)	(1)	(3)	34 199
Personal customers	249 225	(13)	(61)	(0)	249 150
Other corporate customers	36 836	(7)	(8)	(101)	36 720
<b>Total</b>	<b>672 351</b>	<b>(157)</b>	<b>(1 128)</b>	<b>(522)</b>	<b>670 545</b>

## 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
<b>Assets as at 30 June 2019</b>				
Loans to customers		121 784	7 725	129 509
Commercial paper and bonds	28 796	168 871	180	197 847
Shareholdings	5 264	256	594	6 115
Financial derivatives	131	127 806	2 157	130 094
<b>Liabilities as at 30 June 2019</b>				
Deposits from customers		16 020		16 020
Debt securities issued		9 641		9 641
Subordinated loan capital		2 502		2 502
Financial derivatives	145	152 160	1 827	154 132
Other financial liabilities <sup>1)</sup>	8 305			8 305

DNB Bank ASA				
<i>Amounts in NOK million</i>	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Total
<b>Assets as at 30 June 2018</b>				
Loans to customers		111 634	6 791	118 425
Commercial paper and bonds	45 901	175 807	141	221 850
Shareholdings	5 653	272	616	6 541
Financial derivatives	316	127 251	1 905	129 472
<b>Liabilities as at 30 June 2018</b>				
Deposits from customers		13 928		13 928
Debt securities issued		6 948		6 948
Subordinated loan capital		2 511		2 511
Financial derivatives	220	155 192	1 627	157 040
Other financial liabilities <sup>1)</sup>	4 560	48	0	4 608

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>	<b>DNB Bank Group</b>			
	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Total
<b>Assets as at 30 June 2019</b>				
Loans to customers			48 420	48 420
Commercial paper and bonds	28 796	155 001	180	183 977
Shareholdings	6 464	267	742	7 474
Financial derivatives	131	115 232	2 157	117 520
<b>Liabilities as at 30 June 2019</b>				
Deposits from customers		16 020		16 020
Debt securities issued		88 273		88 273
Subordinated loan capital		2 502		2 502
Financial derivatives	145	101 728	1 827	103 700
Other financial liabilities <sup>1)</sup>	8 305			8 305

<i>Amounts in NOK million</i>	<b>DNB Bank Group</b>			
	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Total
<b>Assets as at 30 June 2018</b>				
Loans to customers			45 469	45 469
Commercial paper and bonds	45 901	172 324	141	218 366
Shareholdings	6 557	531	711	7 798
Financial derivatives	316	114 882	1 905	117 103
<b>Liabilities as at 30 June 2018</b>				
Deposits from customers		13 928		13 928
Debt securities issued		87 895		87 895
Subordinated loan capital		2 511		2 511
Financial derivatives	220	104 090	1 627	105 938
Other financial liabilities <sup>1)</sup>	4 560	48	0	4 608

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
<b>Carrying amount as at 31 December 2018</b>	<b>7 509</b>	<b>319</b>	<b>583</b>	<b>2 036</b>	<b>1 654</b>
Net gains recognised in the income statement	55	(150)	23	(530)	(193)
Additions/purchases	796	158	39	1 057	749
Sales	(20)	(132)	(51)		
Settled	(616)			(395)	(384)
Transferred from level 1 or level 2		42			
Transferred to level 1 or level 2		(44)			
Other		(13)		(11)	1
<b>Carrying amount as at 30 June 2019</b>	<b>7 725</b>	<b>180</b>	<b>594</b>	<b>2 157</b>	<b>1 827</b>

### Financial instruments at fair value, level 3

#### DNB Bank Group

<i>Amounts in NOK million</i>	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
<b>Carrying amount as at 31 December 2018</b>	<b>48 794</b>	<b>319</b>	<b>741</b>	<b>2 036</b>	<b>1 654</b>
Net gains recognised in the income statement	148	(150)	10	(530)	(193)
Additions/purchases	3 493	158	41	1 057	749
Sales		(132)	(51)		
Settled	(4 015)			(395)	(384)
Transferred from level 1 or level 2		42			
Transferred to level 1 or level 2		(44)			
Other		(13)	(0)	(11)	1
<b>Carrying amount as at 30 June 2019</b>	<b>48 420</b>	<b>180</b>	<b>742</b>	<b>2 157</b>	<b>1 827</b>

### Sensitivity analysis, level 3

An increase in the discount rate on fixed-rate loans by 10 basis points will decrease the fair value by NOK 28 million in DNB Bank ASA and 139 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	Issued	Matured/ redeemed	Exchange rate movements	Other changes	Balance sheet
	30 June 2019					31 Dec. 2018
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	266 872	530 378	(440 346)	2 108		174 732
Bond debt, nominal amount	166 271	35 417	(20 430)	(2 773)		154 057
Value adjustments	5 987				(542)	6 528
<b>Total debt securities issued</b>	<b>439 129</b>	<b>565 794</b>	<b>(460 776)</b>	<b>(665)</b>	<b>(542)</b>	<b>335 317</b>

Debt securities issued	DNB Bank ASA					
	Balance sheet	Issued	Matured/ redeemed	Exchange rate movements	Other changes	Balance sheet
	30 June 2018					31 Dec. 2017
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	194 137	607 688	(551 803)	(20 424)		158 675
Bond debt, nominal amount	142 166	1 525	(15 491)	(3 404)		159 536
Value adjustments	5 594				(2 367)	7 961
<b>Total debt securities issued</b>	<b>341 896</b>	<b>609 213</b>	<b>(567 293)</b>	<b>(23 827)</b>	<b>(2 367)</b>	<b>326 171</b>

Debt securities issued	DNB Bank Group					
	Balance sheet	Issued	Matured/ redeemed	Exchange rate movements	Other changes	Balance sheet
	30 June 2019					31 Dec. 2018
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	266 872	530 378	(440 346)	2 108		174 732
Bond debt, nominal amount <sup>1)</sup>	616 530	68 466	(47 111)	(10 777)		605 952
Value adjustments	30 277				7 165	23 112
<b>Total debt securities issued</b>	<b>913 679</b>	<b>598 844</b>	<b>(487 457)</b>	<b>(8 669)</b>	<b>7 165</b>	<b>803 796</b>

Debt securities issued	DNB Bank Group					
	Balance sheet	Issued	Matured/ redeemed	Exchange rate movements	Other changes	Balance sheet
	30 June 2018					31 Dec. 2017
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	194 137	607 688	(551 803)	(20 424)		158 675
Bond debt, nominal amount <sup>1)</sup>	584 972	54 955	(50 394)	(17 790)		598 202
Value adjustments	20 829				(4 421)	25 250
<b>Total debt securities issued</b>	<b>799 938</b>	<b>662 643</b>	<b>(602 197)</b>	<b>(38 214)</b>	<b>(4 421)</b>	<b>782 127</b>

1) Minus own bonds. The total nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 464.0 billion as at 30 June 2019. The market value of the cover pool represented NOK 633.3 billion.

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

	DNB Bank ASA					
	Balance sheet	Issued	Matured/ redeemed	Exchange rate movements	Other changes	Balance sheet
	30 June 2019					31 Dec. 2018
<i>Amounts in NOK million</i>		2019	2019	2019	2019	2018
Term subordinated loan capital, nominal amount	24 499		(9)	(603)		25 110
Perpetual subordinated loan capital, nominal amount	5 616			(77)		5 693
Perpetual subordinated loan capital securities, nominal amount						
Value adjustments	390				112	278
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>30 504</b>		<b>(9)</b>	<b>(680)</b>	<b>112</b>	<b>31 082</b>

	DNB Bank ASA					
	Balance sheet	Issued	Matured/ redeemed	Exchange rate movements	Other changes	Balance sheet
	30 June 2018					31 Dec. 2017
<i>Amounts in NOK million</i>		2018	2018	2018	2018	2017
Term subordinated loan capital, nominal amount	31 094	9 419	(1 168)	(1 054)		23 897
Perpetual subordinated loan capital, nominal amount	5 360			(1)		5 361
Perpetual subordinated loan capital securities, nominal amount						
Value adjustments	327				47	280
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>36 781</b>	<b>9 419</b>	<b>(1 168)</b>	<b>(1 055)</b>	<b>47</b>	<b>29 538</b>

	DNB Bank Group					
	Balance sheet	Issued	Matured/ redeemed	Exchange rate movements	Other changes	Balance sheet
	30 June 2019					31 Dec. 2018
<i>Amounts in NOK million</i>		2019	2019	2019	2019	2018
Term subordinated loan capital, nominal amount	24 499		(9)	(603)		25 110
Perpetual subordinated loan capital, nominal amount	5 616			(77)		5 693
Perpetual subordinated loan capital securities, nominal amount						
Value adjustments	390				112	278
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>30 504</b>		<b>(9)</b>	<b>(680)</b>	<b>112</b>	<b>31 082</b>

	DNB Bank Group					
	Balance sheet	Issued	Matured/ redeemed	Exchange rate movements	Other changes	Balance sheet
	30 June 2018					31 Dec. 2017
<i>Amounts in NOK million</i>		2018	2018	2018	2018	2017
Term subordinated loan capital, nominal amount	31 094	9 419	(1 168)	(1 054)		23 897
Perpetual subordinated loan capital, nominal amount	5 360			(1)		5 361
Perpetual subordinated loan capital securities, nominal amount						
Value adjustments	327				47	280
<b>Total subordinated loan capital and perpetual subordinated loan capital securities</b>	<b>36 781</b>	<b>9 419</b>	<b>(1 168)</b>	<b>(1 055)</b>	<b>47</b>	<b>29 538</b>

## **Note 9 Information on related parties**

---

### **DNB Boligkreditt AS**

In the first half of 2019, loan portfolios representing NOK 1.0 billion (NOK 1.6 billion in the first half 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-June 2019, the bank had invested NOK 13.9 billion in covered bonds issued by DNB Boligkreditt.

The management fee paid to the bank for purchased services amounted to NOK 390 million in the first half of 2019 (NOK 379 million in the first half of 2018).

In the first half of 2019, DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 6.1 billion at end-June 2019.

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

### **DNB Livsforsikring AS**

At end-June 2019 DNB Livsforsikring's holding of DNB Boligkreditt bonds was valued at NOK 1.4 billion.

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

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

All loans registered in DNB Asia Ltd will be transferred to Norway and the company will eventually be liquidated. Transfers are made using the pooling of interest method. Loan balances in the company have been reduced from USD 950 million at 31 March 2019 to USD 442 million at end-June 2019 due to the transfers.

## **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.

# Statement

## pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that the half-yearly financial statements for the banking group and the company for the period 1 January through 30 June 2019 to the best of our knowledge have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the banking group and the company taken as a whole.

To the best of our knowledge, the half-yearly report gives a true and fair:

- overview of important events that occurred during the accounting period and their impact on the half-yearly financial statements
- description of the principal risks and uncertainties facing the banking group over the next accounting period
- description of major transactions with related parties.

Oslo, 10 July 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)



Kjerstin R. Braathen  
(chief financial officer)



# Information about the DNB Bank Group

## Head office DNB ASA

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

## DNB Bank ASA

Organisation number Register of Business Enterprises NO 984 851 006 MVA

## Board of Directors in DNB Bank ASA

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

## Investor Relations

Rune Helland, head of Investor Relations	tel. +47 2326 8400	rune.helland@dnb.no
Jan Ole Huseby, Investor Relations	tel. +47 2326 8408	jan.ole.huseby@dnb.no
Ida Eilertsen Nygård, Investor Relations	tel. +47 9861 1952	ida.eilertsen.nygard@dnb.no
Thor Tellefsen, Long Term Funding	tel. +47 2326 8404	thor.tellefsen@dnb.no

## Financial calendar 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](http://ir.dnb.no). Annual and quarterly reports can be ordered by sending an e-mail to Investor Relations.

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





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

**DNB Bank**

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

Visiting address:  
Dronning Eufemias gate 30  
Bjørvika, Oslo

[dnb.no](https://dnb.no)