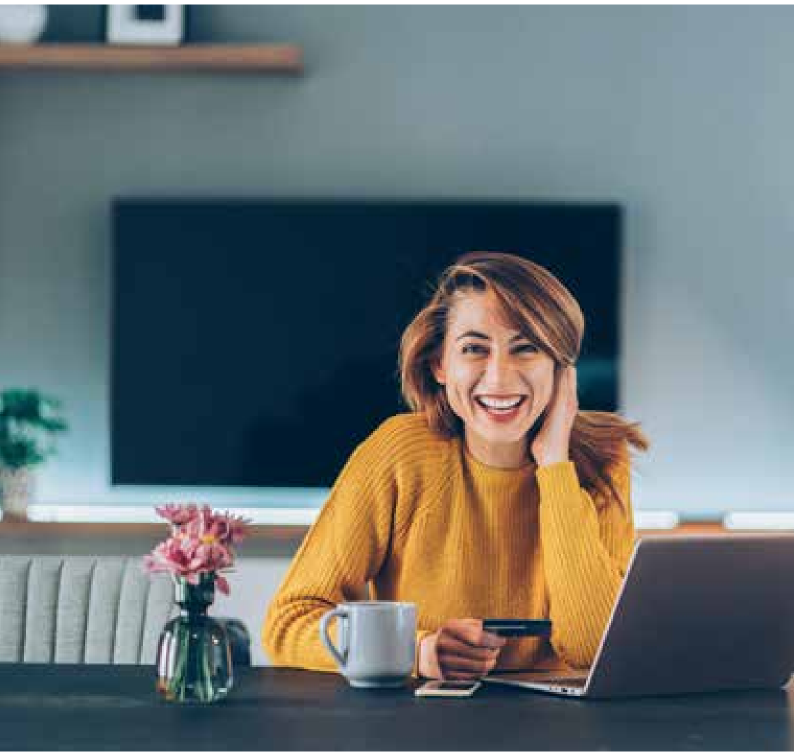
DNB Group

Third quarter report 2020

(Unaudited)



Financial highlights

DNB Group

Income statement *Amounts in NOK million*	3rd quarter 2020	3rd quarter 2019	January-September 2020	January-September 2019	Full year 2019
Net interest income	9 298	9 984	29 144	28 855	39 202
Net commissions and fees	2 372	2 323	7 006	7 080	9 716
Net gains on financial instruments at fair value	819	1 527	5 719	3 630	3 183
Net financial and risk result, life insurance	299	271	185	912	1 129
Other operating income	619	438	1 020	1 181	1 628
Net other operating income	4 109	4 558	13 930	12 803	15 655
Total income	13 407	14 543	43 074	41 657	54 857
Operating expenses	(5 689)	(5 503)	(16 683)	(16 641)	(22 608)
Restructuring costs and non-recurring effects	(13)	(134)	(209)	(377)	(525)
Pre-tax operating profit before impairment	7 706	8 906	26 182	24 639	31 724
Net gains on fixed and intangible assets	0	(40)	782	1 697	1 703
Impairment of financial instruments	(776)	(1 247)	(8 668)	(2 014)	(2 191)
Pre-tax operating profit	6 929	7 619	18 296	24 322	31 235
Tax expense	(1 386)	(1 524)	(3 659)	(4 430)	(5 465)
Profit from operations held for sale, after taxes	2	(36)	(71)	(117)	(49)
Profit for the period	5 546	6 059	14 566	19 776	25 721

Balance sheet *Amounts in NOK million*	30 Sept. 2020	31 Dec. 2019	30 Sept. 2019
Total assets	3 038 767	2 793 294	2 914 624
Loans to customers	1 705 488	1 667 189	1 672 520
Deposits from customers	1 099 817	969 557	976 207
Total equity	245 110	242 255	230 139
Average total assets	3 232 317	2 906 775	2 889 229
Total combined assets	3 455 798	3 176 655	3 275 160

Key figures and alternative performance measures	3rd quarter 2020	3rd quarter 2019	January-September 2020	January-September 2019	Full year 2019
Return on equity, annualised (per cent) [1]	9.5	10.9	8.2	12.1	11.7
Earnings per share (NOK)	3.41	3.64	8.76	11.93	15.54
Combined weighted total average spread for lending and deposits (per cent) [1]	1.23	1.32	1.29	1.32	1.33
Average spread for ordinary lending to customers (per cent) [1]	2.08	1.80	2.05	1.85	1.84
Average spread for deposits from customers (per cent) [1]	(0.00)	0.55	0.13	0.47	0.51
Cost/income ratio (per cent) [1]	42.5	38.8	39.2	40.9	42.2
Ratio of customer deposits to net loans to customers at end of period [1]	66.0	57.8	66.0	57.8	57.5
Net loans at amortised cost and financial commitments in stage 2, per cent of net loans at amortised cost [1] [2]	13.36	6.97	13.36	6.97	6.88
Net loans at amortised cost and financial commitments in stage 3, per cent of net loans at amortised cost [1] [2]	1.83	1.34	1.83	1.34	1.13
Impairment relative to average net loans to customers at amortised cost, annualised (per cent) [1] [2]	(0.19)	(0.31)	(0.70)	(0.17)	(0.14)
Common equity Tier 1 capital ratio at end of period (per cent)	18.9	18.3	18.9	18.3	18.6
Leverage ratio (per cent)	6.9	7.1	6.9	7.1	7.4
Share price at end of period (NOK)	129.30	160.25	129.30	160.25	164.00
Book value per share	146.08	133.76	146.08	133.76	137.20
Price/book value [1]	0.89	1.20	0.89	1.20	1.20
Dividend per share (NOK)					9.00
Score from RepTrak's reputation survey in Norway (points)	72.0	71.5	72.0	71.5	72.5
Customer satisfaction index, CSI, personal customers in Norway (score)	74.3	72.3	73.2	73.0	72.8
Female representation at management levels 1-4 (%)	38.6	37.9	38.6	37.9	38.0

1) Defined as alternative performance measure (APM). APMs are described on ir.dnb.no.
2) Figures from 1 January 2020 are recognised excluding loans at fair value. Historical figures have been adjusted accordingly.

For additional key figures and definitions, please see the Factbook on ir.dnb.no.

Third quarter report 2020

Accounts for the DNB Group

Accounts for DNB ASA

Additional information DNB Group

There has been no full or partial external audit of the quarterly directors' report and accounts, though the report has been reviewed by the Audit Committee.

Directors' report

Third quarter financial performance

The Norwegian economy continued to recover at a rapid pace in the quarter. However, there is a high level of uncertainty concerning how the COVID-19 pandemic will impact the global economy in the time ahead, and the pace of recovery is expected to decrease somewhat going forward.

DNB's activity level was less affected by the COVID-19 pandemic than expected in the third quarter, and operating income was strong with reduced impairment provisions compared with the previous quarter.

The profit in the quarter was NOK 5 546 million, a decrease of NOK 513 million from the year-earlier period. Compared with the previous quarter, profits increased by NOK 527 million.

Earnings per share were NOK 3.41 in the quarter, compared with NOK 3.64 in the year-earlier period and NOK 3.06 in the second quarter of 2020.

The common equity Tier 1 (CET1) capital ratio was 18.9 per cent, up from 18.3 per cent a year earlier, and from 18.2 per cent in the second quarter of 2020.

The leverage ratio for the Group was 6.9 per cent, down from 7.1 per cent in the third quarter of 2019, and up from 6.8 per cent in the second quarter of 2020.

Return on equity (ROE) was negatively impacted by lower interest rates and ended at 9.5 per cent. The comparable figures were 10.9 per cent in the third quarter of 2019 and 8.7 per cent in the second quarter of 2020.

Net interest income was down NOK 686 million, or 6.9 per cent, from the third quarter of 2019. This was mainly due to reduced margins reflecting the full effect of repricing after Norges Bank's key policy rate cuts in the first half of 2020, as well as lower interest on equity. Compared with the second quarter, net interest income was down NOK 152 million, or 1.6 per cent, mainly due to currency effects.

Net other operating income amounted to NOK 4 109 million in the third quarter, down NOK 449 million from the same period in 2019. This was mainly due to negative exchange rate effects on additional Tier 1 (AT1) capital and basis swaps. Net commissions and fees increased by NOK 49 million, or 2.1 per cent, from the year-earlier period, due to strong results within real estate broking, asset management and investment banking services. Compared with the second quarter, net other operating income was down NOK 564 million, mainly due to lower valuation adjustments for derivatives (CVA/DVA/FVA) and other mark-to-market adjustments, including basis swaps.

Operating expenses were NOK 5 702 million in the third quarter, up NOK 65 million from the same period a year earlier. The third quarter saw an increase in salaries and other personnel expenses, driven by increased fixed salary and pension costs related to the increased return on the closed defined benefit pension scheme, where the hedging was presented as gain on financial instruments. Compared with the previous quarter, operating expenses were at the same level.

Impairment of financial instruments amounted to NOK 776 million in the third quarter. This is a decrease of NOK 471 million compared with the third quarter last year and of NOK 1 344 million compared with the second quarter of 2020. Impairment provisions of NOK 776 million in the quarter were to a large extent related to stage 3 customers in the corporate customers segment, especially within the oil, gas and offshore segment. However, the impairment provisions in the corporate customers segment were to a certain extent curtailed by reversals in stages 1 and 2 spread across most industries. The personal customers industry segment experienced a substantial net reversal in stages 1 and 2 in the third quarter, particularly within the consumer finance portfolio, due to a significantly reduced impact from the macro outlook compared with the second quarter. The more negative development in the personal customers industry segment provisioned for in the first quarter of 2020 has not materialised. In general, there is still significant uncertainty due to the COVID-19 pandemic.

Important events in the third quarter

As a result of the COVID-19 pandemic, the Norwegian authorities have requested that Norwegian banks postpone the decision on the distribution of dividends and repurchase of own shares until the significant uncertainty surrounding economic developments has subsided. As a result, the Board of Directors' proposal on distribution of dividends for the accounting year 2019 was not considered at the Annual General Meeting. The decision was postponed until an extraordinary General Meeting later in 2020. At the extraordinary General Meeting, now scheduled to be held on 30 November, it will be proposed that the Board of Directors is given the authorisation to decide on the distribution of dividends in 2021 on the basis of the approved annual accounts for 2019. In addition, it will be proposed that the Board of Directors is given an authorisation to repurchase up to 4 per cent of the company's share capital. The proposed authorisations will be valid from 1 January 2021 until the Annual General Meeting in 2021, however, no longer than until 30 June 2021.

In the second quarter, a plan for the new legal structure of the DNB Group was announced, under which DNB Bank will be the parent company of the Group. The plan has now been approved by the Board of Directors and will be considered at the extraordinary General Meeting on 30 November 2020.

A year ago, DNB launched the #huninvesterer (#girlsinvest) campaign and helped reduce the financial gender gap. Now, the campaign is focusing on everything from everyday finances and pension savings to investing in mutual funds and equities.

In the third quarter, DNB NXT was launched digitally for the first time. DNB NXT builds bridges between entrepreneurs and investors, to facilitate capital being made available for realising ideas and dreams. This year, the goal was to reach as many entrepreneurs and investors as possible. After just one week, the event had over 6 000 participants, which is twice as many as in 2019.

DNB set a new standard for customer communication in connection with disruptions to business operations. A new website, dnbstatus.no, gives customers and the media an overview of the most important services in real time.

DNB was ranked Norway's most innovative company. The Norwegian innovation magazine *INNOMAG* is responsible for the award that ranks the country's 25 most innovative businesses each year, and that this year was presented for the seventh time.

M&M Global rewards the very best work in international media and marketing every year, across industries. DNB won an international team victory for the #huninvesterer (#girlsinvest) campaign, which in the third quarter was named the world's best campaign led by data. In addition, the campaign was 'highly commended' in the category best campaign led by cause.

DNB Markets was rated among the top five in the 2020 Nordic Equity ranking by Kantar Sifo Prospera, and in addition to being a clear number one in Norway, DNB was also rated number one as an analytical speaking partner.

DNB Markets achieved a joint first place ranking in the annual Prospera benchmarking for 2020 in the category Back Office FI, FX & Derivatives.

DNB has had seven good quarters in a row in RepTrak's quarterly reputation survey in Norway. In the third quarter, the score of 73.3 points showed that DNB was still a well-liked bank. Anything over 70 points indicates a good reputation.

Financial performance in the first three quarters

DNB recorded profits of NOK 14 566 million in the first three quarters of 2020, down NOK 5 210 million from the same period last year. Return on equity was 8.2 per cent, compared with 12.1 per cent in the year-earlier period, and earnings per share were NOK 8.76, down from NOK 11.93 in the first three quarters of 2019.

Net interest income increased by NOK 289 million from the same period last year, driven by higher volumes and positive currency effects. There was an average increase in the healthy loan portfolio of 3.8 per cent parallel to an 11.2 per cent increase in average deposit volumes from the first three quarters of 2019. The combined spreads narrowed by 4 basis points compared with the year-earlier period. Average lending spreads for the customer segments widened by 20 basis points, and deposit spreads narrowed by 33 basis points.

Net other operating income increased by NOK 1 127 million from the first three quarters of 2019, mainly due to positive exchange rate effects on AT1 capital and basis swaps. Net commissions and fees decreased by NOK 74 million, or 1.0 per cent, compared with the first three quarters of 2019. The reduction was due to lower income from money transfer and banking services caused by the COVID-19 situation.

Total operating expenses were down by NOK 127 million from the first three quarters of 2019 due to the reduced activity level.

There were impairment of financial instruments of NOK 8 688 million in the first three quarters of 2020, an increase of NOK 6 655 million from the same period in 2019. The increase was caused by the impact on the economy, both in Norway and globally, of the COVID-19 pandemic, combined with the effect of the oil price fall. Around 90 per cent of the impairment provisions occurred in the corporate customers segment. For this segment, well over half of the impairment provisions were in oil-related industries, while the remaining provisions were spread across different industries affected by the COVID-19 outbreak. For the personal customers industry segment, most of the increase in provisions compared with last year stemmed from customers in stage 3 within the private banking segment. The economic situation improved as the year progressed, as businesses started to reopen and more people returned to work.

Third quarter income statement – main items

Net interest income

Amounts in NOK million	3Q20	2Q20	3Q19
Lending spreads, customer segments	8 201	8 454	6 984
Deposit spreads, customer segments	(0)	(180)	1 321
Amortisation effects and fees	922	909	866
Operational leasing	510	510	445
Contributions to the deposit guarantee and resolution funds	(256)	(217)	(223)
Other net interest income	(78)	(26)	591
Net interest income	9 298	9 451	9 984

Net interest income decreased by NOK 686 million, or 6.9 per cent, from the third quarter of 2019. This was mainly due to reduced margins reflecting the full effect of repricing after Norges Bank's key policy rate cuts in the first half of 2020, and lower interest on equity. However, increased volumes and currency effects contributed positively. There was an average increase of NOK 35.3 billion, or 2.3 per cent, in the healthy loan portfolio compared with the third quarter of 2019. Adjusted for exchange rate effects, volumes were up NOK 15.9 billion, or 1.0 per cent. During the same period, deposits were up NOK 125.1 billion, or 13.1 per cent. Adjusted for exchange rate effects, there was an increase of NOK 115.1 billion, or 12.0 per cent. Average lending spreads widened by 27 basis points, and deposit spreads narrowed by 55 basis points compared with the third quarter of 2019. Volume-weighted spreads for the customer segments narrowed by 9 basis points compared with the same period in 2019.

Compared with the second quarter, net interest income decreased by NOK 152 million, or 1.6 per cent, mainly due to lower interest on equity and currency effects. Furthermore, the third quarter had one more interest day compared with the previous quarter. There was an average decrease of NOK 20.3 billion, or 1.3 per cent, in the healthy loan portfolio, and deposits were up NOK 16.0 billion, or 1.5 per cent. Volume-weighted spreads for the customer segments narrowed by 2 basis points compared with the second quarter.

Net other operating income

Amounts in NOK million	3Q20	2Q20	3Q19
Net commissions and fees	2 372	2 396	2 323
Basis swaps	(363)	(19)	78
Exchange rate effects on additional Tier 1 capital	(391)	(1 343)	812
Net gains on other financial instruments at fair value	1 572	3 034	637
Net financial and risk result, life insurance	299	131	271
Net profit from associated companies	310	174	96
Other operating income	309	299	342
Net other operating income	4 109	4 673	4 558

Net other operating income decreased by NOK 449 million from the third quarter of 2019.The decrease was mainly due to negative exchange rate effects on AT1 capital and basis swaps. However, this was partly offset by a positive contribution from valuation adjustments for derivatives (CVA/DVA/FVA) and other mark-to-market adjustments. Net commissions and fees showed a strong result and increased by 2.1 per cent from the year-earlier period, mainly driven by higher income from real estate broking, asset management and investment banking services. There was lower income from money transfer and banking services as a result of fewer international transactions following the COVID-19 outbreak.

Compared with the second quarter of 2020, net other operating income decreased by NOK 564 million. The decrease was mainly due to lower trading revenues, negative basis swap effects and valuation adjustments for derivatives (CVA/DVA/FVA). There was a positive contribution from associated companies and from life insurance. Net commissions and fees decreased by NOK 24 million, or 1.0 per cent, from the second quarter, mainly due to seasonally lower activity within investment banking services. However, money transfer and banking and asset management services contributed positively.

Operating expenses

Amounts in NOK million	3Q20	2Q20	3Q19
Salaries and other personnel expenses	(3 273)	(3 240)	(3 031)
Restructuring expenses	(2)	(12)	(6)
Other expenses	(1 583)	(1 651)	(1 757)
Depreciation of fixed and intangible assets	(833)	(806)	(727)
Impairment of fixed and intangible assets	(11)	(0)	(116)
Total operating expenses	(5 702)	(5 710)	(5 637)

Operating expenses were up NOK 65 million, or 1.1 per cent, compared with the third quarter of 2019. There was an increase in salaries and other personnel expenses, mainly driven by increased fixed salary and pension costs related to the increased return on the closed defined benefit pension scheme, where the hedging was presented as gain on financial instruments.

Compared with the second quarter of 2020, operating expenses remained at the same level. The third quarter was affected by reduced activity due to the COVID-19 pandemic, and overall, there were small changes compared with the previous quarter. Variable salaries and other personnel expenses increased, but were partly offset by a reduction in operating expenses caused by the termination of the banking services agreement with Posten Norge (the Norwegian postal service).

The cost/income ratio was 42.5 per cent in the third quarter.

Impairment of financial instruments

Amounts in NOK million	3Q20	2Q20	3Q19
Personal customers	360	(43)	(97)
Commercial real estate	24	15	6
Shipping	32	(136)	(102)
Oil, gas and offshore	(1 037)	(1 863)	78
Other industry segments	(156)	(93)	(1 132)
Total impairment of financial instruments	(776)	(2 120)	(1 247)

Impairment of financial instruments amounted to NOK 776 million in the third quarter. This is a decrease of NOK 471 million compared with the third quarter last year and of NOK 1 344 million compared with the second quarter of 2020. The impairment provisions were a result of an increase within stage 3, curtailed by reversals in stages 1 and 2. Overall, the reversals in stages 1 and 2 reflect the fact that the economy is closer to the expected recovery in 2021 and 2022 and another quarter has passed since the initial outbreak of COVID-19.

The personal customers industry segment saw net reversals of NOK 360 million in the quarter. This was down NOK 457 million compared with the same quarter last year and NOK 403 million compared with the second quarter of 2020. The reversals can primarily be attributed to consumer finance in stages 1 and 2, caused by a significantly reduced impact from the macro outlook compared with the first and second quarters. There was also a small reversal in home mortgages in the quarter.

Impairment of financial instruments in commercial real estate decreased by NOK 18 million and NOK 10 million compared with the third quarter of 2019 and the second quarter of 2020, respectively. Commercial real estate experienced relatively stable macro forecasts and credit quality in the quarter. So far, there have been no indications of deteriorating credit quality within the commercial real estate portfolio. However, due to the uncertainty concerning the impact of the COVID-19 pandemic, this is being monitored closely.

There were net reversals of NOK 32 million within the shipping segment in the third quarter. This is a decrease of NOK 134 million compared with the third quarter last year and a decrease of NOK 168 million compared with the second quarter of 2020. The overall portfolio quality and the development in relevant macro drivers for the shipping portfolio were stable in the third quarter.

There were impairment provisions of NOK 1 037 million within the oil, gas and offshore segment in the quarter. This is an increase of NOK 1 115 million from the third quarter of 2019 and a decrease of NOK 826 million from the second quarter of 2020. The impairment provisions this quarter have been driven by a combination of customers migrating from stage 2 to stage 3 and increased impairment provisions compared with previous quarters relating to customers already in stage 3, due to deteriorating collateral value. The migration from stage 2 to stage 3 accounted for about half of the reversals within stage 2 in the quarter.

Impairment provisions amounted to NOK 156 million within other industry segments. This is a decrease of NOK 976 million compared with the third quarter of 2019 and an increase of NOK 63 million compared with the second quarter of 2020. The decrease compared with the same period last year can be ascribed to a significant impairment provision relating to one customer in the third quarter of 2019. The low impairment provisions for other industry segments this quarter were caused by the fact that increased impairment provisions for a limited number of customers migrating to stage 3 were curtailed by reversals in stages 1 and 2 for most industries. For the hotel and tourism industry, there was some negative migration of specific customers both within stage 2 and from stage 2 to stage 3, but the total impact is still limited, with impairment provisions of NOK 23 million this quarter.

Net stage 3 loans and financial commitments amounted to NOK 30 billion at end-September 2020, up from NOK 22 billion in the third quarter of 2019 and unchanged from the second quarter of 2020.

Taxes

The DNB Group’s tax expense for the third quarter has been estimated at NOK 1 386 million, or 20.0 per cent of pre-tax operating profits.

Financial performance – segments

Financial governance in DNB 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	3Q20	2Q20	3Q19
Net interest income	3 184	3 390	3 425
Net other operating income	1 173	1 149	1 298
Total income	4 356	4 538	4 723
Operating expenses	(2 176)	(2 214)	(2 113)
Pre-tax operating profit before impairment	2 180	2 324	2 610
Impairment of financial instruments	167	(82)	(73)
Pre-tax operating profit	2 347	2 242	2 537
Tax expense	(587)	(561)	(634)
Profit for the period	1 760	1 682	1 903
Average balance sheet items in NOK billion			
Net loans to customers	802.6	795.6	788.0
Deposits from customers	462.6	453.4	434.8
Key figures in per cent			
Lending spread [1)]	1.70	1.81	1.32
Deposit spread [1)]	(0.03)	(0.22)	0.74
Return on allocated capital	14.1	13.7	15.8
Cost/income ratio	50.0	48.8	44.7
Ratio of deposits to loans	57.6	57.0	55.2

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

The third quarter was characterised by a high level of activity combined with falling revenues from payment services due to the COVID-19 situation. Pre-tax operating profit before impairment fell by 16.5 per cent from the corresponding quarter in 2019 and return on allocated capital fell by 1.7 percentage points compared with the year-earlier period, to 14.1 per cent.

The effect of the interest rate adjustments on loans and deposits combined with falling money market rates explain the development in net interest income. Combined spreads on loans and deposits narrowed by 1 basis point from the previous quarter and by 6 basis points from the third quarter of 2019.

Loans to customers increased by 1.4 per cent from end-June to end-September, and there was a strong development in savings with a growth in average deposits from customers of 6.4 per cent from the third quarter of 2019. DNB’s market share of mutual funds grew from 32.5 per cent in the third quarter of 2019 to 34.8 per cent in 2020. The ratio of deposits to loans improved by 2.4 percentage points compared with the year-earlier period.

Net income from payment services contributed negatively compared with the same period in 2019, mainly due to falling revenues from cards and currency withdrawals due to the COVID-19 situation. The negative development was partly offset by the termination of the agreement with Posten Norge and a high level of activity in real estate broking.

Costs rose by 3 per cent from the corresponding quarter last year, mainly due to previously unallocated Group costs. Cost efficiency measures and lower IT activity in the quarter had a positive effect. Compared with the previous quarter, expenses were reduced, mainly due to lower IT activity and the termination of the agreement with Posten Norge. The positive development was partly offset by an increase in real estate broking activity in the third quarter.

The personal customers segment experienced net reversals on impairment provisions of NOK 167 million in the third quarter. The reversals were mainly related to the consumer finance portfolio in stages 1 and 2. In stage 3 there was an increase in impairment provisions, primarily related to the private banking segment.

DNB's market share of credit to households stood at 23.0 per cent at the end of August 2020, while the market share of total household savings was 30.2 per cent in the same period. DNB Eiendom had an average market share of 17.8 per cent this quarter.

DNB experienced an increased demand for home mortgages in the third quarter, and the sale of mutual funds, as well as assets under management, continued to increase. The #huninvesterer (#girlsinvest) campaign was relaunched and the #huninvesterer (#girlsinvest) pension campaign was introduced towards the end of the quarter. Both campaigns focus on the fact that the number of women investing in mutual funds and equities is low compared with the number of men.

Corporate customers

Income statement in NOK million	3Q20	2Q20	3Q19
Net interest income	5 803	5 944	6 042
Net other operating income	1 898	1 851	1 735
Total income	7 701	7 794	7 777
Operating expenses	(2 992)	(3 149)	(2 689)
Pre-tax operating profit before impairment	4 709	4 646	5 088
Impairment of financial instruments	(947)	(2 030)	(1 174)
Profit from repossessed operations	(2)	(29)	(71)
Pre-tax operating profit	3 760	2 587	3 842
Tax expense	(940)	(647)	(944)
Profit from operations held for sale, after taxes			(2)
Profit for the period	2 820	1 940	2 896
Average balance sheet items in NOK billion			
Net loans to customers	788.0	815.8	767.2
Deposits from customers	621.0	613.8	524.2
Key figures in per cent			
Lending spread [1)]	2.47	2.46	2.31
Deposit spread [1)]	0.02	0.05	0.39
Return on allocated capital	10.8	7.3	11.7
Cost/income ratio	38.9	40.4	34.6
Ratio of deposits to loans	78.8	75.2	68.3

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

The effects of the COVID-19 pandemic and the oil price fall continued to have a negative impact on the corporate customers segment's financial performance in the third quarter. Pre-tax operating profit before impairment declined by 7.5 per cent from the third quarter of 2019, but increased by 1.4 per cent from the second quarter of 2020.

Net interest income declined from the previous quarter and from the third quarter of 2019. Average loan volumes were down 3.4 per cent compared with the second quarter, and the underlying currency-adjusted growth rate was down 0.4 per cent. Lending and deposit volumes for small and medium-sized enterprises (SME) grew by 1.8 per cent and 2.1 per cent, respectively, from end-June to end-September.

There was also continued underlying growth in deposit volumes in the third quarter, mainly from the SME and Future & Tech Industries segments. Deposit spreads were, however, negatively affected by decreasing money market rates and the full effect of interest rate adjustments.

Markets' income followed seasonal activity and was close to the same level as the corresponding quarter last year. Foreign exchange activities showed a strong increase from the previous quarter this year, of 10 per cent.

Operating expenses were up 11.3 per cent compared with the third quarter of 2019, primarily due to currency effects and depreciation of operating leases. Compared with the previous quarter, operating expenses were reduced by 5.0 per cent.

Impairment of financial instruments decreased from the second quarter and amounted to NOK 947 million in the third quarter of 2020. In the third quarter, the impairment provisions were primarily from customers in oil-related industries (mainly offshore) in stage 3. Apart from some negative credit migration within the industries in a challenging situation, the credit quality has been relatively stable.

In the time ahead, DNB will focus on making profitable transactions across industries and will work to maintain its activity level, both through the management of state-guaranteed loans and by making effective use of the capital available. It will continue to be important to increase turnover in the portfolio, reduce final hold and make more active use of portfolio management tools.

Other operations

This segment includes the results from risk management in DNB Markets and from traditional pension products. In addition, the other operations segment includes Group items not allocated to the customer segments.

Income statement in NOK million	3Q20	2Q20	3Q19
Net interest income	311	117	518
Net other operating income	2 008	2 025	2 083
Total income	2 319	2 143	2 601
Operating expenses	(1 503)	(698)	(1 392)
Pre-tax operating profit before impairment	816	1 444	1 208
Net gains on fixed and intangible assets		1	(40)
Impairment of financial instruments	4	(8)	(0)
Profit from repossessed operations	2	29	71
Pre-tax operating profit	822	1 466	1 240
Tax expense	141	(52)	55
Profit from operations held for sale, after taxes	2	(17)	(33)
Profit for the period	965	1 398	1 261
Average balance sheet items in NOK billion			
Net loans to customers	127.1	135.1	128.3
Deposits from customers	58.0	73.4	29.6

The profit for the other operations segment was NOK 965 million in the third quarter of 2020.

Risk management income increased to NOK 334 million in the third quarter, up NOK 148 million from a year earlier. A continued normalisation of the markets produced positive effects relating to counterparty risk (XVA) and credit spreads. Strong results from money market activities and repurchase agreements (repo trading) also contributed to the increased income.

For traditional pension products with a guaranteed rate of return, net other operating income was at a strong level of NOK 383 million in the third quarter, up NOK 27 million from the year-earlier period, reflecting an increase in profits in both the corporate and the common portfolio.

The solvency margin with transitional rules, which is the company's regulatory capital requirement, was 176 per cent as at 30 September 2020, which was the same level as at the end of the second quarter. The solvency margin without transitional rules as at 30 September 2020 was 80 per cent, which is also unchanged from the second quarter.

The profit in the other operations segment is affected by several Group items not allocated to the segments. Net other operating income in the third quarter was affected negatively by exchange rate effects on AT1 capital and basis swaps. These items vary from quarter to quarter.

DNB's share of the profit in associated companies (most importantly Luminor, Vipps and Fremtind) is included in this segment with a total income of NOK 310 million. There was an increase in profit from these companies of NOK 214 million and NOK 136 million compared with the third quarter of 2019 and the second quarter of 2020, respectively.

Funding, liquidity and balance sheet

The market for short-term funding has continued to pick up during the third quarter, and the market conditions are favourable. The central banks have expressed clear expectations that interest rates should remain low in the time ahead, and the supply of liquidity in the market has been generous. DNB thus still has good access to the desired volumes of funding at attractive levels.

The markets for long-term funding have continued to improve in the third quarter, and prices have now stabilised at pre-pandemic levels. Since the summer, there has been an increase in activity in the markets for both senior bonds and covered bonds, as well as in the markets for subordinated loans. Moreover, there has been a great deal of activity in the market for subordinated senior bonds, or 'senior non-preferred' bonds. DNB successfully issued its first senior non-preferred bond in September, a 6-year, USD 1 billion bond. DNB has ample access to long-term funding in all markets.

The nominal value of long-term debt securities issued by the Group was NOK 670 billion at end-September 2020, compared with NOK 625 billion a year earlier. The average remaining term to maturity for these long-term debt securities was 3.4 years at end-September 2020, compared with 3.8 years a year earlier.

The short-term liquidity requirement, Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the quarter and stood at 145 per cent at the end of the third quarter.

Total combined assets in the DNB Group were NOK 3 456 billion at end-September, up from NOK 3 275 billion a year earlier. Total assets in the Group's balance sheet were NOK 3 039 billion at the end of the third quarter and NOK 2 915 billion a year earlier. Of this, total assets in DNB Livsforsikring amounted to NOK 341 billion at the end of the third quarter and NOK 333 billion a year earlier.

Loans to customers increased by NOK 33 billion, or 2.0 per cent in the third quarter, compared with the third quarter of 2019. Customer deposits were up NOK 124 billion, or 12.7 per cent, during the same period. The ratio of customer deposits to net loans to customers, measured in per cent, was 66.0 per cent at end-September, up from 57.8 per cent a year earlier.

Risk management and capital position

DNB's capital position remained strong in the quarter and was well above the regulatory requirements. More than six months into the COVID-19 pandemic, the markets have normalised somewhat, but there is still significant uncertainty attached to future developments.

At the end of September 2020, the CET1 capital ratio was 18.9 per cent, up from 18.3 per cent a year earlier, and from 18.2 per cent at end-June. The figures include 50 per cent of interim profits.

The proposed dividends for 2019 are considered part of the equity, but not included in the CET1 capital. The dividend decision has been postponed until an extraordinary General Meeting to be held on 30 November, where it will be proposed that the Board is given an authorisation to distribute dividends in 2021.

The capital requirement for DNB is 14.7 per cent as at end-September, while the capital ratio expectation from the supervisory authorities is at 15.7 per cent including Pillar 2 Guidance.

Risk-weighted assets decreased by NOK 28 billion from end-June to NOK 980 billion at end-September 2020. The retained profit, positive credit migration and reduced counterparty risk were the main factors behind the decrease in risk-weighted assets and the higher CET1 capital from end-June.

The non-risk based leverage ratio was 6.9 per cent end-September, down from 7.1 per cent from the year earlier period, and up from 6.8 per cent at end-June.

In the second half of the year, Finanstilsynet (the Financial Supervisory Authority of Norway) will conduct an annual supervisory review and evaluation process (SREP) in collaboration with the supervisory authorities of the DNB College, but will not make a new decision concerning capital requirements unless special circumstances are revealed that indicate a greater need for capital. The assessments will be summarised in joint decisions that are sent to the bank once they have been made, most likely by the end of the year.

Development in CET1 capital ratio

Per cent	CET1 capital ratio
2Q20	**18.2**
Retained profit (50 per cent after tax)	0.3
Credit migration	0.2
Counterparty risk	0.1
Other effects	0.2
3Q20	**18.9**

Capital adequacy

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

Capital and risk

	3Q20	2Q20	3Q19
CET1 capital ratio, per cent	18.9	18.2	18.3
Tier 1 capital ratio, per cent	20.3	19.6	19.9
Capital ratio, per cent	22.5	21.8	22.1
Risk-weighted assets, NOK billion	980	1 008	999
Leverage ratio, per cent	6.9	6.8	7.1

As the DNB Group consists of both a credit institution and an insurance company, DNB has to satisfy a cross-sectoral calculation test to demonstrate that it complies with sectoral requirements: the capital adequacy requirement, in accordance with CRR/CRD IV, and the Solvency II requirement. At end-September 2020, DNB complied with these requirements by a good margin, with excess capital of NOK 41.5 billion.

New regulatory framework

Ordinary flexibility quotas as set out in the Home Mortgage Regulations to be reintroduced as of the fourth quarter

The Home Mortgage Regulations contain requirements regarding loan-to-value ratio, instalment payments, debt-servicing capacity and loan-to-income ratio. Under the Home Mortgage Regulations, banks are allowed to deviate from these requirements for up to 10 per cent of their lending volume each quarter (8 per cent in Oslo). On 23 March, the Ministry of Finance decided to increase these quotas to 20 per cent throughout the country. This increased flexibility and helped strengthen the banks' ability to assist their customers during the demanding period caused by the COVID-19 pandemic. On 11 September, the Ministry of Finance decided that the temporarily increased flexibility quotas will be discontinued after the third quarter of 2020.

Regulation of banks' lending practices

Banks' lending practices towards households are currently regulated by the Home Mortgage Regulations and the Consumer Loan Regulations. On 28 September, Finanstilsynet issued advice to the Norwegian Ministry of Finance on how banks' lending practices should be regulated, in light of the fact that these regulations will cease to apply on 31 December 2020.

Finanstilsynet has proposed that the regulations should be continued indefinitely, but with certain amendments. It is proposed that the requirements for banks' lending practices should be set out in a single set of regulations, and that the scope should be expanded to include loans secured by assets other than housing properties. It is further proposed that the limit for debt in relation to income (maximum loan-to-income ratio) should be reduced from 5 to 4.5 times the borrowers' gross annual income.

Finanstilsynet has also proposed that the banks' flexibility quota for home mortgages, that is to say the right to provide loans that do not meet one or more of the conditions set out in the regulations, should be set at 5 per cent throughout the country. As mentioned, in the current Home Mortgage Regulations, this quota is set at 10 per cent for loans outside Oslo, and 8 per cent for loans in Oslo.

Finanstilsynet's proposal has been circulated for public consultation, and the deadline for comments is 10 November. The Ministry of Finance has not yet taken a stance on the specific elements of the proposal but will consider them together with the input from the various consultative bodies. The Norwegian central bank, Norges Bank has stated that current developments do not indicate any need, at the present time, for any changes to the requirements for lending practices for mortgages and consumer loans.

Countercyclical capital buffer requirement remains unchanged at 1 per cent

On the advice of Norges Bank, the Ministry of Finance decided on 13 March to reduce the requirement for a countercyclical capital buffer from 2.5 to 1 per cent. The reduction was made in connection with the COVID-19 pandemic and the infection control measures that led to a sharp decline in activity in the Norwegian economy. Lower buffer requirements reduce the risk of banks adopting stricter lending practices that could exacerbate the decline. On 24 September, the Ministry of Finance decided to keep the requirement unchanged at 1 per cent. This decision was again based on advice from Norges Bank, which pointed out, among other things, that although the banks' profitability has now increased as a result of lower loan losses, there is still uncertainty attached to loss development in the time ahead. In its advice, Norges Bank emphasised that Norwegian banks are well equipped for withstanding increased losses while maintaining their current credit offering. Norges Bank does not anticipate issuing advice on whether or not to increase the buffer requirement again until the first quarter of 2021, at the earliest. Any decision to increase the requirement will normally enter into force no earlier than 12 months after the decision has been made.

Norwegian implementation of the EU Banking Package

In the spring of 2019, the EU adopted a number of amendments to the EU's capital requirements legislation, the Capital Requirements Regulation/Capital Requirements Directive (CRR/CRD IV) and the Bank Recovery and Resolution Directive (BRRD), based on recommendations from the Basel Committee. The adopted legislative acts are collectively referred to as 'the Banking Package' and include CRR II, CRD V and BRRD II. The legislative acts are EEA relevant, but have not yet been incorporated into the EEA Agreement.

The rules of the Banking Package are due to take effect in the EU from the spring of 2021. However, some elements of the Banking Package were already introduced in the EU in the summer of 2020 (as 'quick fix' amendments) to give banks greater flexibility to provide loans during the demanding period caused by the COVID-19 pandemic.

A working group led by Finanstilsynet has examined Norway's implementation of the Banking Package and submitted its recommendations to the Ministry of Finance on 9 October 2020. The working group considers it disproportionately resource-intensive to introduce the quick fix amendments in Norway before they are incorporated into the EEA agreement, and recommends that they are introduced at the same time as CRR II and BRRD II. The working group points out that CRR II will probably not enter into force in the EEA until 1 July 2021, at the earliest. The recommendations are currently subject to public consultation, until 6 January 2021.

The EU's Digital Finance Strategy

The European Commission has presented a package of strategies and legislative proposals related to digital financial services. The purpose is, among other things, to give consumers increased access to cross-border financial services, facilitate pan-European payment solutions and establish a framework for the use of digital identities across EU countries, among other things through interoperability between existing solutions. The Commission aims to strengthen the competitiveness and innovative power of the European financial sector, as well as the autonomy of the European payments market. The strategy is expected to have a major impact on the framework conditions for digital financial services in Norway as well.

Macroeconomic developments

The measures to contain the spread of the coronavirus sent the world economy into an exceptionally abrupt, deep and synchronised recession. After reaching the lowest point in April and despite the strong recovery as a result of the easing of the infection control measures, value creation is currently well below the pre-pandemic level.

There is still considerable uncertainty concerning economic developments, both in the short and long term. The major central banks have signalled that the interest rates will remain at the current low level for a long time.

So far, it seems that the Norwegian economy has performed better than many other advanced economies. On 27 August, DNB Markets estimated a decrease in mainland GDP of 3.9 per cent in 2020, while Norges Bank in September estimated a decline of 3.6 per cent. Mainland GDP fell by 2.2 per cent in the first quarter, while the decrease in the second quarter was 6.4 per cent. In May, however, there was an increase of 2.4 per cent month on month, which increased to 3.7 per cent month on month in June. In July, the growth rate slowed to 1.1 per cent. The unemployment rate rose rapidly to a peak of 10.4 per cent of the workforce in April but had declined to 3.7 per cent at the start of October. Increased infection rates and continued infection control measures are likely to put a damper on activity growth in the near future, and some industries, particularly service industries, may experience a new decline. Inflation in Norway has also been low, with a CPI growth of well below 2 per cent so far this year. This can mainly be ascribed to falling electricity prices. Core inflation has risen and ended at 3.7 per cent in August, driven by the weak Norwegian krone. Low wage growth and the prospect of a slightly stronger krone indicate that the rise in core inflation is temporary.

Norges Bank lowered the key policy rate to 0.00 per cent in May and signalled that the rate would remain unchanged until the end of 2023. In June, however, projections for the economy were revised upwards, and Norges Bank warned of a potential rise in the key policy rate in the second half of 2022, followed by two additional potential rate hikes in 2023. This was to a large extent repeated at the monetary policy meeting in September. In the housing market, inflation has remained at an average of 1 per cent per month since April. In September, there was a near record-high level of activity in the market for the sale of existing homes. On 7 October, the Government presented the national budget for 2021. The structural non-oil deficit covered by allocations from the Government Pension Fund Global, was expected to decline from 3.9 per cent of the fund in 2020 to 3.0 per cent in 2021. The fiscal impulse for 2021 is estimated to be contractionary at minus 2.9 per cent in contrast to an estimated expansionary impulse in 2020 at 4.5 per cent.

Future prospects

The Group's financial ambitions, including the overriding financial target of a return on equity above 12 per cent, remain unchanged. However, due to the COVID-19 pandemic and the subsequent developments in the macroeconomic environment, the ROE target and the ambition of a cost/income ratio of less than 40 per cent are unlikely to be achieved in 2020.

In the period 2020 to 2022, the annual increase in lending and deposit volumes is expected to be around 3 to 4 per cent.

The negative effects on net interest income from the reduction in interest rates on customer loans and deposits following Norges Bank's 150 basis point reduction in the key policy rate were reflected in the results from the second quarter onwards. Alongside this, net commissions and fees are still expected to be affected by lower income from money transfer and banking services due to lower levels of international business and travel activity.

The tax rate for the full year is expected to be 20 per cent in 2020 and 23 per cent in 2021 and 2022.

The current regulatory CET1 capital ratio requirement for DNB after the reduction in the counter-cyclical buffer requirement in March is 14.7 per cent. Including a management buffer of 1.0 per cent (Pillar 2 Guidance), the capital ratio expectation from the supervisory authorities is at 15.7 per cent. At end-September 2020, DNB's CET1 capital ratio was 18.9 per cent, leaving comfortable headroom to the requirement.

The Group's dividend policy remains unchanged, with a payout ratio of more than 50 per cent in cash dividends and an ambition to increase the nominal dividend per share each year.

Oslo, 21 October 2020
The Board of Directors of DNB ASA

Olaug Svarva
(Chair of the Board)

Svein Richard Brandtzæg
(Vice Chair of the Board)

Gro Bakstad

Lillian Hattrem

Jens Petter Olsen

Stian Tegler Samuelsen

Jaan Ivar Semlitsch

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

Income statement

DNB Group

Amounts in NOK million	3rd quarter 2020	3rd quarter 2019	January-September 2020	January-September 2019	Full year 2019
Interest income, amortised cost	10 856	15 383	39 617	44 245	60 225
Other interest income	997	1 172	3 634	3 800	5 123
Interest expenses, amortised cost	(1 530)	(6 079)	(10 148)	(17 959)	(23 661)
Other interest expenses	(1 025)	(492)	(3 959)	(1 232)	(2 486)
Net interest income	**9 298**	**9 984**	**29 144**	**28 855**	**39 202**
Commission and fee income	3 303	3 284	9 785	9 840	13 484
Commission and fee expenses	(931)	(962)	(2 780)	(2 760)	(3 768)
Net gains on financial instruments at fair value	819	1 527	5 719	3 630	3 183
Net financial result, life insurance	210	222	(61)	661	696
Net risk result, life insurance	90	49	246	252	433
Profit from investments accounted for by the equity method	310	96	138	358	410
Net gains on investment properties	(20)	7	(52)	(0)	92
Other income	329	335	934	823	1 126
Net other operating income	**4 109**	**4 558**	**13 930**	**12 803**	**15 655**
Total income	**13 407**	**14 543**	**43 074**	**41 657**	**54 857**
Salaries and other personnel expenses	(3 275)	(3 037)	(9 334)	(9 161)	(12 603)
Other expenses	(1 583)	(1 757)	(5 121)	(5 635)	(7 472)
Depreciation and impairment of fixed and intangible assets	(843)	(843)	(2 437)	(2 223)	(3 058)
Total operating expenses	**(5 702)**	**(5 637)**	**(16 892)**	**(17 018)**	**(23 133)**
Pre-tax operating profit before impairment	**7 706**	**8 906**	**26 182**	**24 639**	**31 724**
Net gains on fixed and intangible assets	0	(40)	782	1 697	1 703
Impairment of financial instruments	(776)	(1 247)	(8 668)	(2 014)	(2 191)
Pre-tax operating profit	**6 929**	**7 619**	**18 296**	**24 322**	**31 235**
Tax expense	(1 386)	(1 524)	(3 659)	(4 430)	(5 465)
Profit from operations held for sale, after taxes	2	(36)	(71)	(117)	(49)
Profit for the period	**5 546**	**6 059**	**14 566**	**19 776**	**25 721**
Portion attributable to shareholders	5 293	5 755	13 629	18 983	24 603
Portion attributable to non-controlling interests	2	(2)	(4)	(4)	(5)
Portion attributable to additional Tier 1 capital holders	251	307	941	796	1 123
Profit for the period	**5 546**	**6 059**	**14 566**	**19 776**	**25 721**
Earnings/diluted earnings per share (NOK)	3.41	3.64	8.76	11.93	15.54
Earnings per share excluding operations held for sale (NOK)	3.41	3.66	8.78	12.00	15.57

Comprehensive income statement

Amounts in NOK million	3rd quarter 2020	3rd quarter 2019	January-September 2020	January-September 2019	Full year 2019
					DNB Group
Profit for the period	**5 546**	**6 059**	**14 566**	**19 776**	**25 721**
Actuarial gains and losses		(152)	(288)	(152)	(3)
Property revaluation	31	(15)	90	228	278
Items allocated to customers (life insurance)	(31)	15	(90)	(228)	(278)
Financial liabilities designated at FVTPL, changes in credit risk	(143)	(23)	73	(117)	232
Tax	36	44	54	67	(63)
Items that will not be reclassified to the income statement	(107)	(131)	(161)	(202)	165
Currency translation of foreign operations	60	2 576	8 126	641	462
Hedging of net investment	(135)	(2 362)	(7 145)	(668)	(459)
Financial assets at fair value through OCI	214	(8)	(27)	(26)	59
Tax	(20)	593	1 793	174	(208)
Items that may subsequently be reclassified to the income statement	119	799	2 748	121	(147)
Other comprehensive income for the period	**12**	**667**	**2 586**	**(81)**	**19**
Comprehensive income for the period	**5 558**	**6 727**	**17 152**	**19 695**	**25 740**

Balance sheet

Amounts in NOK million	Note	30 Sept. 2020	31 Dec. 2019	30 Sept. 2019
		DNB Group		
Assets				
Cash and deposits with central banks		367 307	304 746	398 587
Due from credit institutions		114 909	102 961	106 065
Loans to customers	5, 6, 7, 8	1 705 488	1 667 189	1 672 520
Commercial paper and bonds	8	434 815	376 323	365 650
Shareholdings	8	25 923	36 247	33 506
Financial assets, customers bearing the risk	8	105 817	98 943	92 857
Financial derivatives	8	189 614	125 076	139 580
Investment properties		17 796	17 403	17 090
Investments accounted for by the equity method		18 624	16 559	16 532
Intangible assets		5 484	5 454	5 384
Deferred tax assets		1 101	1 224	889
Fixed assets		19 950	19 098	19 112
Assets held for sale		1 185	1 274	1 209
Other assets		30 753	20 798	45 642
Total assets		**3 038 767**	**2 793 294**	**2 914 624**
Liabilities and equity				
Due to credit institutions		231 774	202 782	233 641
Deposits from customers	8	1 099 817	969 557	976 207
Financial derivatives	8	161 991	115 682	123 465
Debt securities issued	8, 9	901 557	870 170	938 026
Insurance liabilities, customers bearing the risk		105 817	98 943	92 857
Liabilities to life insurance policyholders		200 018	206 876	206 673
Payable taxes		10 051	10 710	4 982
Deferred taxes		54	48	4 368
Other liabilities		41 673	39 125	66 118
Liabilities held for sale		393	423	258
Provisions		2 128	1 726	2 537
Pension commitments		4 373	3 903	3 939
Subordinated loan capital	8, 9	34 011	31 095	31 415
Total liabilities		**2 793 657**	**2 551 038**	**2 684 485**
Additional Tier 1 capital		18 581	26 729	18 715
Non-controlling interests		46	45	46
Share capital		15 504	15 706	15 803
Share premium		22 609	22 609	22 609
Other equity		188 371	177 167	172 965
Total equity		**245 110**	**242 255**	**230 139**
Total liabilities and equity		**3 038 767**	**2 793 294**	**2 914 624**

Statement of changes in equity

DNB Group

Amounts in NOK million	Non-controlling interests	Share capital	Share premium	Additional Tier 1 capital	Net translation reserve	Liability credit reserve	Other equity	Total equity
Balance sheet as at 31 Dec. 2018		**15 944**	**22 609**	**16 194**	**5 063**	**(176)**	**164 333**	**223 966**
Profit for the period	(4)			796			18 983	19 776
Actuarial gains and losses							(114)	(114)
Financial assets at fair value through OCI							(26)	(26)
Financial liabilities designated at FVTPL, changes in credit risk						(117)		(117)
Currency translation of foreign operations	1				641			641
Hedging of net investment					(668)			(668)
Tax on other comprehensive income					167	29	7	203
Comprehensive income for the period	(3)			796	140	(88)	18 849	19 695
Additional Tier 1 capital issued				2 700				2 700
Interest payments additional Tier 1 capital				(965)				(965)
Currency movements taken to income				(10)			10	
Non-controlling interests DNB Auto Finance OY	49							49
Repurchased under share buy-back programme		(141)					(2 061)	(2 202)
Dividends paid for 2018 (NOK 8.25 per share)							(13 105)	(13 105)
Balance sheet as at 30 Sept. 2019	**46**	**15 803**	**22 609**	**18 715**	**5 203**	**(264)**	**168 026**	**230 139**
Balance sheet as at 31 Dec. 2019	**45**	**15 706**	**22 609**	**26 729**	**4 872**	**(2)**	**172 297**	**242 255**
Profit for the period	(4)			941			13 629	14 566
Actuarial gains and losses							(288)	(288)
Financial assets at fair value through OCI							(27)	(27)
Financial liabilities designated at FVTPL, changes in credit risk						73		73
Currency translation of foreign operations	5				8 121			8 126
Hedging of net investment					(7 145)			(7 145)
Tax on other comprehensive income					1 786	(18)	79	1 847
Comprehensive income for the period	1			941	2 762	55	13 393	17 152
Interest payments additional Tier 1 capital				(1 156)				(1 156)
Additional Tier 1 capital redeemed [1)]				(10 024)				(10 024)
Currency movements interest payments and redemption additional Tier 1 capital				2 091			(1 971)	120
Repurchased under share buy-back programme		(202)					(3 036)	(3 238)
Balance sheet as at 30 Sept. 2020	**46**	**15 504**	**22 609**	**18 581**	**7 634**	**53**	**180 685**	**245 110**

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

Cash flow statement

	DNB Group		
	January-September		Full year
Amounts in NOK million	2020	2019	2019
Operating activities			
Net payments on loans to customers	(9 723)	(72 081)	(71 034)
Interest received from customers	37 796	45 832	57 236
Net receipts on deposits from customers	108 385	41 404	41 353
Interest paid to customers	(3 074)	(5 075)	(11 181)
Net receipts on loans to credit institutions	35 329	70 898	41 486
Interest received from credit institutions	473	2 900	3 640
Interest paid to credit institutions	(1 345)	(3 438)	(4 286)
Net receipts/(payments) on the sale of financial assets for investment or trading	(55 750)	83 703	(17 531)
Interest received on bonds and commercial paper	1 612	3 010	5 049
Net receipts on commissions and fees	7 621	7 103	9 414
Payments to operations	(15 634)	(13 294)	(18 136)
Taxes paid	(1 947)	(1 327)	(2 022)
Receipts on premiums	10 501	10 913	14 446
Net receipts/(payments) on premium reserve transfers	(4 494)	(276)	(625)
Payments of insurance settlements	(10 366)	(10 245)	(13 523)
Other net receipts/(payments)	(6 170)	4 182	(4 313)
Net cash flow from operating activities	**93 214**	**164 209**	**29 974**
Investing activities			
Net payments on the acquisition or disposal of fixed assets	(2 410)	(1 427)	(2 599)
Net receipts/(payments) on investment properties	34	(4 704)	(271)
Net disposal/(investment) in long-term shares	(1 370)	3 260	3 260
Dividends received on long-term investments in shares	62	1 140	1 140
Net cash flow from investment activities	**(3 684)**	**(1 732)**	**1 530**
Financing activities			
Receipts on issued bonds and commercial paper	982 738	849 467	1 097 101
Payments on redeemed bonds and commercial paper	(988 688)	(738 413)	(954 715)
Interest payments on issued bonds and commercial paper	(10 409)	(13 268)	(16 908)
Receipts on the raising of subordinated loan capital	4 056	9	9
Redemptions of subordinated loan capital	(4 207)	(9)	(9)
Interest payments on subordinated loan capital	(432)	(450)	(413)
Net receipts/(payments) on issue or redemption of additional Tier 1 capital	(10 024)	2 700	10 436
Interest payments on additional Tier 1 capital	(1 156)	(965)	(1 052)
Lease payments	(292)	(308)	(442)
Repurchased shares	(3 238)	(2 202)	(3 778)
Dividend payments		(13 105)	(13 105)
Net cash flow from funding activities	**(31 652)**	**83 457**	**117 123**
Effects of exchange rate changes on cash and cash equivalents	**4 576**	**(1 513)**	**(174)**
Net cash flow	**62 455**	**244 421**	**148 453**
Cash as at 1 January	307 751	159 298	159 298
Net receipts/payments of cash	62 455	244 421	148 453
Cash at end of period [*)]	370 206	403 720	307 751

**) Of which: Cash and deposits with central banks*	*367 307*	*398 587*	*304 746*
Deposits with credit institutions with no agreed period of notice [1)]	*2 899*	*5 132*	*3 006*

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

Note 1 Basis for preparation

The quarterly financial statements for the 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. When preparing the consolidated financial statements, the management makes estimates, judgments and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the accounting policies, significant estimates and areas where judgment is applied by the Group, can be found in note 1 Accounting principles in the annual report for 2019.

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

Note 2 Segments

According to DNB'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 has the following operating segments: Personal customers, Corporate customers, Risk management and Traditional pension products. The Risk management and Traditional pension products segments are included in Other operations. DNB's share of profit in associated companies (most importantly Luminor, Vipps and Fremtind) is included in Other operations. With effect from the first quarter of 2020, DNB changed the composition of reportable segments, as the Small and medium-sized enterprises and Large corporates and international customers were combined into the reportable segment Corporate customers. Figures for 2019 have been adjusted accordingly.

Income statement, third quarter

DNB Group

	Personal customers		Corporate customers		Other operations		Eliminations		DNB Group	
	3rd quarter		3rd quarter		3rd quarter		3rd quarter		3rd quarter	
Amounts in NOK million	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net interest income	3 184	3 425	5 803	6 042	311	518			9 298	9 984
Net other operating income	1 173	1 298	1 898	1 735	2 008	2 083	(970)	(558)	4 109	4 558
Total income	4 356	4 723	7 701	7 777	2 319	2 601	(970)	(558)	13 407	14 543
Operating expenses	(2 176)	(2 113)	(2 992)	(2 689)	(1 503)	(1 392)	970	558	(5 702)	(5 637)
Pre-tax operating profit before impairment	2 180	2 610	4 709	5 088	816	1 208			7 706	8 906
Net gains on fixed and intangible assets		(0)	0	(0)	0	(40)			0	(40)
Impairment of financial instruments	167	(73)	(947)	(1 174)	4	(0)			(776)	(1 247)
Profit from repossessed operations			(2)	(71)	2	71				
Pre-tax operating profit	2 347	2 537	3 760	3 842	822	1 240			6 929	7 619
Tax expense	(587)	(634)	(940)	(944)	141	55			(1 386)	(1 524)
Profit from operations held for sale, after taxes				(2)	2	(33)			2	(36)
Profit for the period	1 760	1 903	2 820	2 896	965	1 261			5 546	6 059

Income statement, January-September

DNB Group

	Personal customers		Corporate customers		Other operations		Eliminations		DNB Group	
	Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.		Jan.-Sept.	
Amounts in NOK million	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net interest income	10 279	10 180	17 855	17 409	1 010	1 267			29 144	28 855
Net other operating income	3 482	3 723	5 477	5 677	6 869	5 184	(1 899)	(1 781)	13 930	12 803
Total income	13 761	13 903	23 332	23 086	7 880	6 450	(1 899)	(1 781)	43 074	41 657
Operating expenses	(6 638)	(6 333)	(9 187)	(8 462)	(2 965)	(4 005)	1 899	1 781	(16 892)	(17 018)
Pre-tax operating profit before impairment	7 123	7 570	14 145	14 624	4 914	2 445			26 182	24 639
Net gains on fixed and intangible assets		(0)	0	(1)	782	1 698			782	1 697
Impairment of financial instruments	(648)	(250)	(8 015)	(1 760)	(5)	(4)			(8 668)	(2 014)
Profit from repossessed operations			(110)	(201)	110	201				
Pre-tax operating profit	6 475	7 320	6 019	12 663	5 802	4 339			18 296	24 322
Tax expense	(1 619)	(1 830)	(1 505)	(3 097)	(536)	497			(3 659)	(4 430)
Profit from operations held for sale, after taxes				(0)	(71)	(117)			(71)	(117)
Profit for the period	4 856	5 490	4 514	9 566	5 195	4 720			14 566	19 776

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

Note 3 Capital adequacy

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

Primary capital	**DNB Bank ASA**		**DNB Bank Group**		**DNB Group**	
Amounts in NOK million	30 Sept. 2020	31 Dec. 2019	30 Sept. 2020	31 Dec. 2019	30 Sept. 2020	31 Dec. 2019
Total equity excluding profit for the period	177 740	187 993	221 418	229 619	231 481	242 255
Effect from regulatory consolidation			(191)	(198)	(4 948)	(4 963)
Additional Tier 1 capital instruments included in total equity	(17 995)	(26 048)	(17 995)	(26 048)	(17 995)	(26 048)
Net accrued interest on additional Tier 1 capital instruments	(439)	(510)	(439)	(510)	(439)	(510)
Common equity Tier 1 capital instruments	159 306	161 434	202 792	202 862	208 099	210 734
Deductions						
Goodwill	(2 430)	(2 376)	(3 005)	(2 946)	(4 710)	(4 651)
Deferred tax assets that are not due to temporary differences	(457)	(457)	(963)	(868)	(963)	(868)
Other intangible assets	(979)	(1 016)	(1 520)	(1 626)	(1 520)	(1 626)
Dividends payable etc.			(25 000)	(25 000)	(13 953)	(17 625)
Significant investments in financial sector entities [1]					(6 295)	(4 254)
Expected losses exceeding actual losses, IRB portfolios	(660)	(1 633)	(1 498)	(2 502)	(1 498)	(2 502)
Value adjustments due to the requirements for prudent valuation (AVA)	(757)	(532)	(916)	(810)	(916)	(810)
Adjustments for unrealised losses/(gains) on debt measured at fair value	35	57	(53)	2	(53)	2
Adjustments for unrealised losses/(gains) arising from the institution's own credit risk related to derivative liabilities (DVA)	(747)	(460)	(120)	(96)	(120)	(96)
Common equity Tier 1 capital	153 310	155 017	169 717	169 016	178 071	178 304
- including 50 per cent of profit for the period	157 973	155 017	175 941	169 016	185 103	178 304
Additional Tier 1 capital instruments	17 995	26 048	17 995	26 048	17 995	26 048
Deduction of holdings of Tier 1 instruments in insurance companies [2]					(1 500)	(1 500)
Non-eligible Tier 1 capital, DNB Group [3]					(2 473)	(2 561)
Tier 1 capital	171 305	181 065	187 712	195 064	192 092	200 291
- including 50 per cent of profit for the period	175 967	181 065	193 936	195 064	199 124	200 291
Perpetual subordinated loan capital	6 241	5 774	6 241	5 774	6 241	5 774
Term subordinated loan capital	27 426	24 943	27 426	24 943	27 426	24 943
Deduction of holdings of Tier 2 instruments in insurance companies [2]					(5 750)	(5 761)
Non-eligible Tier 2 capital, DNB Group [3]					(6 640)	(5 032)
Additional Tier 2 capital instruments	33 667	30 717	33 667	30 717	21 277	19 925
Total eligible capital	204 972	211 783	221 379	225 781	213 369	220 216
- including 50 per cent of profit for the period	209 634	211 783	227 603	225 781	220 401	220 216
Risk-weighted assets	807 388	804 721	943 984	924 869	979 898	960 691
Minimum capital requirement	64 591	64 378	75 519	73 990	78 392	76 855
Capital ratios incl. 50 per cent of profit for the period (%):						
Common equity Tier 1 capital ratio	19.6	19.3	18.6	18.3	18.9	18.6
Tier 1 capital ratio	21.8	22.5	20.5	21.1	20.3	20.8
Capital ratio	26.0	26.3	24.1	24.4	22.5	22.9
Capital ratios excl. 50 per cent of profit for the period (%):						
Common equity Tier 1 capital ratio	19.0		18.0		18.2	
Tier 1 capital ratio	21.2		19.9		19.6	
Capital ratio	25.4		23.5		21.8	

1) Deductions are made for significant investments in financial sector entities when the total value of the investments exceeds 10 per cent of common equity Tier 1 capital. The amounts that are not deducted are given a risk weight of 250 per cent. The increased deduction is due to the investment in Fremtind.

2) Investments in Tier 1 and Tier 2 instruments issued by the Group's insurance companies are deducted from the Group's Tier 1 and Tier 2 capital.

3) Tier 1 and Tier 2 capital in DNB Bank ASA not included in consolidated own funds in accordance with Articles 85-88 of the CRR.

Note 3 Capital adequacy (continued)

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

Specification of risk-weighted assets and capital requirements

DNB Group

Amounts in NOK million	Nominal exposure 30 Sept. 2020	EAD [1] 30 Sept. 2020	Average risk weights in per cent 30 Sept. 2020	Risk-weighted assets 30 Sept. 2020	Capital requirement 30 Sept. 2020	Capital requirement 31 Dec. 2019
IRB approach						
Corporate	1 024 694	838 875	47.0	394 063	31 525	30 537
Specialised lending (SL)	12 931	12 330	52.1	6 426	514	503
Retail	96 594	80 319	23.2	18 652	1 492	1 653
Secured by mortgages on immovable property	826 664	826 664	21.5	177 326	14 186	13 893
Securitisation						
Total credit risk, IRB approach	1 960 883	1 758 189	33.9	596 466	47 717	46 586
Standardised approach						
Central government	400 749	400 323	0.1	368	29	6
Institutions	222 534	182 006	13.3	24 186	1 935	2 300
Corporate	190 053	165 634	69.1	114 437	9 155	9 320
Retail	172 707	59 906	74.1	44 364	3 549	2 812
Secured by mortgages on immovable property	65 110	61 345	48.0	29 444	2 355	2 245
Equity positions	21 753	21 703	222.7	48 344	3 868	3 852
Other assets	23 010	22 138	76.4	16 905	1 352	1 279
Total credit risk, standardised approach	1 095 915	913 057	30.5	278 048	22 244	21 814
Total credit risk	3 056 799	2 671 246	32.7	874 514	69 961	68 400
Market risk						
Position risk, debt instruments				9 079	726	842
Position risk, equity instruments				1 119	90	30
Currency risk				15	1	1
Commodity risk				1	0	0
Total market risk				10 214	817	873
Credit value adjustment risk (CVA)				4 820	386	354
Operational risk				90 350	7 228	7 228
Total risk-weighted assets and capital requirements				979 898	78 392	76 855

1) EAD, exposure at default.

Note 4 Measurement of expected credit loss (ECL)

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

Forbearance

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

The Group has a policy that payment waivers directly related to the COVID-19 outbreak combined with an otherwise healthy financial situation for the customer are not to result in forbearance classification. However, when payment waivers are combined with high credit risk and an expectation that the forbearance measures are not temporary, reclassification to the forbearance category should still be performed. The gross carrying amount of loans and financial commitments classified in the forbearance category was NOK 45 006 million as at 30 September 2020, compared with NOK 34 469 million as at 31 December 2019.

Segmentation, macro scenarios and credit cycle index

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

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

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

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

Sensitivity

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

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

DNB has simulated an alternative adverse scenario for relevant macro forecasts. The scenario represents a possible downside compared with the scenario used for calculating the ECL recognised in the financial statements. Each macroeconomic variable is given alternative weaker expectations for each period in the forecast period. In the simulated alternative scenario, the ECL in stages 1 and 2 would increase by approximately 120 per cent compared with the ECL in stages 1 and 2 that is recognised in the financial statements at 30 September 2020.

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

Note 4 Measurement of expected credit loss (ECL) (continued)

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

	Base case financial statements			Base case alternative scenario		
	2020	2021	2022	2020	2021	2022
Global GDP, year-to-year growth	(3.9)	5.0	3.7	(5.9)	(0.3)	3.7
Emerging countries' GDP, year-to-year growth	(2.6)	6.1	4.5	(4.0)	0.0	4.5
Swedish GDP, year-to-year growth	(4.8)	2.8	2.5	(7.0)	(1.5)	2.5
Oil price, USD per barrel	42	53	65	35	30	42
Norwegian house price index, year-to-year growth	4.1	6.0	3.0	(1.3)	(19.6)	3.0
Norwegian registered unemployment rate	5.1	3.7	3.3	6.5	7.8	4.5
NIBOR 3-month interest rate	0.7	0.4	0.6	0.8	0.5	0.6

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

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

	Change
Global GDP (percentage points)	(1.8)
Emerging countries' GDP (percentage points)	(1.9)
Oil price (per cent)	(33.0)
Norwegian mainland GDP (percentage points)	(2.0)
Norwegian consumer price index (percentage points)	(0.2)
Norwegian house price index (percentage points)	(7.1)
Norwegian registered unemployment rate (percentage points)	1.7
NIBOR 3-month interest rate (percentage points)	0.1
Swedish GDP (percentage points)	(1.6)
Norwegian commercial real estate rental price (per cent)	(1.6)
Salmon price (per cent)	(36.1)
Floater spot rate (per cent)	(10.6)
Rig utilisation rate (per cent)	0.0
Very large crude carriers spot rate (per cent)	(39.6)
Capesize spot rate (per cent)	(43.8)
Very large gas carrier spot rate (per cent)	(3.4)

One of the most significant exposures in stages 1 and 2 is lending to personal customers. This lending includes mortgage lending, credit card lending and consumer financing. In addition to specific customer attributes, the portfolio’s ECL is forecasted based on the Norwegian house price index, the Norwegian interest rate, the household debt level and the unemployment rate. In the simulated alternative scenario, where all of these input parameters are given more adverse projections, the ECL in stages 1 and 2 would increase by approximately 223 per cent for the personal customer portfolio compared with the ECL measured at 30 September 2020 for the same portfolio and stages.

DNB has furthermore investigated the effect of non-linearity in the ECL for stages 1 and 2. If the base case scenario alone is used to calculate expected credit losses, thereby excluding the fan that represents the range of alternative scenarios, the ECL at 30 September 2020 would decrease by 9 per cent.

Significant increase in credit risk (staging)

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

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

Measurement of expected credit loss for credit-impaired financial instruments

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

Sensitivity

If the value of collaterals on all stage 3 exposures were reduced by 10 per cent, the stage 3 ECL at 30 September 2020 would increase by approximately NOK 2.0 billion.

Note 5 Development in gross carrying amount and maximum exposure

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

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

Loans to customers at amortised cost (quarterly figures) — DNB Group

	3rd quarter 2020				3rd quarter 2019			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 30 June	**1 468 747**	**157 426**	**35 877**	**1 662 050**	**1 489 251**	**77 086**	**25 073**	**1 591 411**
Transfer to stage 1	34 990	(34 815)	(175)		16 118	(16 053)	(65)	
Transfer to stage 2	(60 164)	61 310	(1 146)		(30 512)	31 139	(627)	
Transfer to stage 3	(471)	(3 775)	4 246		(250)	(2 129)	2 379	
Originated and purchased	109 516	6 407		115 923	130 000	3 517		133 517
Derecognition	(98 652)	(13 172)	(1 882)	(113 706)	(102 442)	(6 037)	(78)	(108 557)
Exchange rate movements	670	205	(3)	872	4 418	355	139	4 911
Other	0			0	(63)			(63)
Gross carrying amount as at 30 Sept.	**1 454 637**	**173 585**	**36 918**	**1 665 140**	**1 506 520**	**87 877**	**26 822**	**1 621 220**

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

	Jan.-Sept. 2020				Jan.-Sept. 2019			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31 Dec.	**1 503 609**	**88 347**	**24 308**	**1 616 264**	**1 435 014**	**82 321**	**27 846**	**1 545 180**
Transfer to stage 1	83 333	(82 186)	(1 148)		52 167	(51 674)	(493)	
Transfer to stage 2	(195 957)	198 892	(2 935)		(71 311)	74 187	(2 877)	
Transfer to stage 3	(3 987)	(16 208)	20 196		(1 806)	(4 134)	5 940	
Originated and purchased	326 497	16 999		343 496	374 020	3 905		377 925
Derecognition	(275 250)	(33 626)	(3 725)	(312 602)	(280 146)	(16 723)	(3 633)	(300 502)
Exchange rate movements	16 392	1 367	224	17 983	(1 606)	(4)	38	(1 571)
Other	0			0	188			188
Gross carrying amount as at 30 Sept.	**1 454 637**	**173 585**	**36 918**	**1 665 140**	**1 506 520**	**87 877**	**26 822**	**1 621 220**

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

Financial commitments (quarterly figures)

DNB Group

	3rd quarter 2020				3rd quarter 2019			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Maximum exposure as at 30 June	**635 283**	**51 130**	**7 931**	**694 344**	**657 897**	**22 707**	**4 216**	**684 820**
Transfer to stage 1	13 525	(13 476)	(49)		4 461	(4 355)	(106)	
Transfer to stage 2	(15 821)	16 017	(196)		(9 972)	9 996	(24)	
Transfer to stage 3	(17)	(2 031)	2 048		(87)	(384)	471	
Originated and purchased	113 536	1 483		115 019	97 092			97 092
Derecognition	(91 017)	(4 052)	(1 780)	(96 849)	(117 791)	(1 921)	(297)	(120 010)
Exchange rate movements	(204)	(36)	8	(232)	5 064	461	22	5 547
Maximum exposure as at 30 Sept.	**655 285**	**49 035**	**7 963**	**712 283**	**636 663**	**26 504**	**4 282**	**667 448**

Financial commitments (year-to-date figures)

DNB Group

	Jan.-Sept. 2020				Jan.-Sept. 2019			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Maximum exposure as at 31 Dec.	**621 594**	**23 794**	**3 343**	**648 730**	**627 302**	**29 462**	**4 152**	**660 916**
Transfer to stage 1	26 802	(26 607)	(195)		17 137	(16 914)	(223)	
Transfer to stage 2	(70 237)	70 818	(580)		(19 896)	20 185	(289)	
Transfer to stage 3	(1 526)	(8 150)	9 677		(924)	(953)	1 877	
Originated and purchased	315 510	2 667		318 177	315 593	6		315 599
Derecognition	(249 726)	(14 223)	(4 303)	(268 252)	(302 955)	(5 575)	(1 215)	(309 744)
Exchange rate movements	12 869	737	22	13 628	406	292	(21)	677
Maximum exposure as at 30 Sept.	**655 285**	**49 035**	**7 963**	**712 283**	**636 663**	**26 504**	**4 282**	**667 448**

Note 6 Development in accumulated impairment of financial instruments

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

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

Loans to customers at amortised cost (quarterly figures)

DNB Group

	3rd quarter 2020				3rd quarter 2019			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 30 June	**(985)**	**(1 972)**	**(12 661)**	**(15 618)**	**(319)**	**(1 015)**	**(7 793)**	**(9 127)**
Transfer to stage 1	(214)	211	3		(152)	136	17	
Transfer to stage 2	66	(147)	81		24	(51)	28	
Transfer to stage 3	0	101	(102)		0	52	(52)	
Originated and purchased	(39)	(79)		(118)	(33)	(21)	(0)	(54)
Increased expected credit loss [1)]	(125)	(365)	(2 776)	(3 266)	(78)	(521)	(1 489)	(2 088)
Decreased (reversed) expected credit loss [1)]	487	536	1 102	2 124	201	88	654	943
Write-offs			561	561	0	0	194	194
Derecognition	0	43	19	62	18	125	5	149
Exchange rate movements	(2)	(9)	(2)	(12)	(4)	(11)	(32)	(47)
Other		(0)	0	0			(3)	(3)
Accumulated impairment as at 30 Sept.	**(811)**	**(1 681)**	**(13 775)**	**(16 267)**	**(343)**	**(1 217)**	**(8 473)**	**(10 034)**

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

DNB Group

	Jan.-Sept. 2020				Jan.-Sept. 2019			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 Dec.	**(306)**	**(1 042)**	**(8 905)**	**(10 252)**	**(352)**	**(1 225)**	**(8 321)**	**(9 898)**
Transfer to stage 1	(495)	461	33		(289)	264	25	
Transfer to stage 2	173	(323)	150		48	(121)	73	
Transfer to stage 3	1	318	(319)		3	80	(83)	
Originated and purchased	(240)	(236)		(476)	(143)	(39)		(183)
Increased expected credit loss [1)]	(954)	(2 237)	(9 745)	(12 936)	(170)	(990)	(4 116)	(5 276)
Decreased (reversed) expected credit loss [1)]	969	972	3 309	5 250	534	532	2 734	3 801
Write-offs			1 728	1 728	0	0	1 182	1 182
Derecognition	55	429	65	549	26	286	39	351
Exchange rate movements	(14)	(23)	(93)	(130)	1	(5)	(7)	(10)
Other		(0)	0					
Accumulated impairment as at 30 Sept.	**(811)**	**(1 681)**	**(13 775)**	**(16 267)**	**(343)**	**(1 217)**	**(8 473)**	**(10 034)**

1) *In the second quarter of 2019, DNB performed a recalibration of the IFRS 9 models used for stage 1 and stage 2 loans and financial commitments. The net effect of the recalibration is a decrease in expected credit loss of NOK 6 million. As the recalibration resulted in both increases and decreases on a financial instrument level, the effect is included in the flows 'increased expected credit loss' and 'decreased (reversed) expected credit loss'.*

Note 6 Development in accumulated impairment of financial instruments (continued

Financial commitments (quarterly figures)

DNB Group

Amounts in NOK million	3rd quarter 2020 Stage 1	Stage 2	Stage 3	Total	3rd quarter 2019 Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 30 June	**(545)**	**(922)**	**(1 067)**	**(2 535)**	**(176)**	**(900)**	**(700)**	**(1 776)**
Transfer to stage 1	(106)	105	1		(68)	38	30	
Transfer to stage 2	16	(20)	4		30	(31)	1	
Transfer to stage 3	0	40	(40)		0	4	(4)	
Originated and purchased	(53)	(26)		(79)	(15)	(8)		(23)
Increased expected credit loss [1)]	(35)	(78)	(113)	(226)	(29)	(181)	(732)	(942)
Decreased (reversed) expected credit loss [1)]	405	208	278	890	102	167	355	624
Derecognition	2	70	1	73	5	35	0	39
Exchange rate movements	(1)	6	(0)	6	(1)	(27)	(5)	(34)
Other					0	0	0	0
Accumulated impairment as at 30 Sept.	**(318)**	**(616)**	**(937)**	**(1 870)**	**(152)**	**(904)**	**(1 054)**	**(2 110)**

Financial commitments (year-to-date figures)

DNB Group

Amounts in NOK million	Jan.-Sept. 2020 Stage 1	Stage 2	Stage 3	Total	Jan.-Sept. 2019 Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 Dec.	**(146)**	**(667)**	**(543)**	**(1 357)**	**(149)**	**(1 001)**	**(569)**	**(1 719)**
Transfer to stage 1	(193)	190	4		(150)	120	30	
Transfer to stage 2	68	(75)	7		39	(41)	2	
Transfer to stage 3	1	289	(290)		0	8	(9)	
Originated and purchased	(272)	(56)		(328)	(135)	(14)		(149)
Increased expected credit loss [1)]	(369)	(1 483)	(1 506)	(3 358)	(60)	(520)	(1 104)	(1 684)
Decreased (reversed) expected credit loss [1)]	595	947	1 392	2 934	296	478	581	1 356
Derecognition	4	266	1	271	6	84	0	90
Exchange rate movements	(5)	(27)	(1)	(32)	0	(18)	0	(18)
Other					0	0	14	14
Accumulated impairment as at 30 Sept.	**(318)**	**(616)**	**(937)**	**(1 870)**	**(152)**	**(904)**	**(1 054)**	**(2 110)**

1) In the second quarter of 2019, DNB performed a recalibration of the IFRS 9 models used for stage 1 and stage 2 loans and financial commitments. The net effect of the recalibration is a decrease in expected credit loss of NOK 6 million. As the recalibration resulted in both increases and decreases on a financial instrument level, the effect is included in the flows 'increased expected credit loss' and 'decreased (reversed) expected credit loss'.

Note 7 Loans and financial commitments to customers by industry segment

Loans to customers as at 30 September 2020		Accumulated impairment				**DNB Group**
Amounts in NOK million	Gross carrying amount	Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	70 944	(37)	(34)	(502)		70 371
Commercial real estate	192 664	(84)	(87)	(356)	130	192 267
Shipping	47 330	(53)	(222)	(315)		46 741
Oil, gas and offshore	68 421	(92)	(382)	(9 252)		58 695
Power and renewables	35 897	(39)	(9)	(150)		35 698
Healthcare	20 320	(10)	(1)			20 310
Public sector	14 473	(10)	(0)	(0)		14 463
Fishing, fish farming and farming	49 741	(45)	(69)	(146)	114	49 595
Retail industries	36 676	(30)	(93)	(368)	14	36 198
Manufacturing	42 022	(48)	(94)	(157)		41 723
Technology, media and telecom	26 353	(33)	(16)	(32)	3	26 275
Services	78 862	(71)	(99)	(660)	22	78 053
Residential property	103 930	(36)	(29)	(144)	344	104 065
Personal customers	814 635	(170)	(253)	(613)	55 973	869 572
Other corporate customers	62 871	(53)	(292)	(1 080)	16	61 462
Total [1)]	**1 665 140**	**(811)**	**(1 681)**	**(13 775)**	**56 615**	**1 705 488**

1) Of which NOK 44 277 million in repo trading volumes.

Loans to customers as at 30 September 2019		Accumulated impairment				**DNB Group**
Amounts in NOK million	Gross carrying amount	Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	96 321	(10)	(10)	(11)		96 290
Commercial real estate	179 320	(12)	(55)	(305)	171	179 120
Shipping	52 112	(59)	(183)	(438)		51 432
Oil, gas and offshore	64 529	(59)	(418)	(4 126)		59 926
Power and renewables	30 681	(5)	(4)	(55)		30 617
Healthcare	24 408	(7)	(4)			24 397
Public sector	15 451	(4)	(0)	(0)		15 446
Fishing, fish farming and farming	39 752	(7)	(33)	(105)	164	39 770
Retail industries	42 697	(12)	(36)	(683)	59	42 026
Manufacturing	44 369	(22)	(26)	(334)	19	44 006
Technology, media and telecom	25 120	(21)	(12)	(32)	25	25 081
Services	67 206	(30)	(41)	(626)	195	66 704
Residential property	92 433	(6)	(17)	(108)	379	92 680
Personal customers	780 799	(72)	(317)	(646)	60 253	840 018
Other corporate customers	66 022	(18)	(62)	(1 004)	68	65 007
Total [1)]	**1 621 220**	**(343)**	**(1 217)**	**(8 473)**	**61 334**	**1 672 520**

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

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

Financial commitments as at 30 September 2020		Accumulated impairment			**DNB Group**
Amounts in NOK million	Maximum exposure	Stage 1	Stage 2	Stage 3	Total
Bank, insurance and portfolio management	39 478	(20)	(4)	(0)	39 454
Commercial real estate	22 099	(11)	(2)	(3)	22 083
Shipping	8 233	(9)	(41)	(5)	8 178
Oil, gas and offshore	52 349	(68)	(318)	(625)	51 339
Power and renewables	32 538	(25)	(1)		32 512
Healthcare	25 629	(8)	(0)		25 621
Public sector	9 681	(0)	(0)		9 681
Fishing, fish farming and farming	18 837	(12)	(6)	(6)	18 813
Retail industries	35 354	(24)	(27)	(17)	35 287
Manufacturing	55 132	(32)	(48)	(3)	55 049
Technology, media and telecom	25 036	(13)	(9)	(0)	25 014
Services	26 108	(20)	(32)	(34)	26 022
Residential property	37 402	(19)	(5)	(5)	37 373
Personal customers	288 132	(33)	(28)	(0)	288 070
Other corporate customers	36 275	(23)	(97)	(238)	35 917
Total	**712 283**	**(318)**	**(616)**	**(937)**	**710 413**

Financial commitments as at 30 September 2019		Accumulated impairment			**DNB Group**
Amounts in NOK million	Maximum exposure	Stage 1	Stage 2	Stage 3	Total
Bank, insurance and portfolio management	34 983	(6)	(1)	(0)	34 976
Commercial real estate	26 469	(2)	(2)	(4)	26 461
Shipping	8 935	(7)	(22)		8 906
Oil, gas and offshore	59 842	(60)	(628)	(206)	58 948
Power and renewables	31 925	(6)	(21)		31 899
Healthcare	26 899	(4)	(0)		26 895
Public sector	9 673	(0)	(0)		9 673
Fishing, fish farming and farming	16 254	(3)	(0)	(5)	16 246
Retail industries	28 081	(8)	(23)	(22)	28 028
Manufacturing	53 082	(14)	(43)	(4)	53 021
Technology, media and telecom	20 034	(10)	(8)	(2)	20 014
Services	25 232	(8)	(47)	(457)	24 720
Residential property	31 735	(2)	(2)	(2)	31 729
Personal customers	254 623	(16)	(78)	(0)	254 529
Other corporate customers	39 682	(7)	(29)	(352)	39 294
Total	**667 448**	**(152)**	**(904)**	**(1 054)**	**665 338**

Note 8 Financial instruments at fair value

Amounts in NOK million	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	DNB Group Total
Assets as at 30 September 2020				
Loans to customers			56 615	56 615
Commercial paper and bonds	44 944	295 186	173	340 302
Shareholdings	4 358	12 689	8 876	25 923
Financial assets, customers bearing the risk		105 817		105 817
Financial derivatives	487	187 535	1 592	189 614
Liabilities as at 30 September 2020				
Deposits from customers		17 937		17 937
Debt securities issued [1)]		30 894		30 894
Subordinated loan capital [1)]		178		178
Financial derivatives	502	160 466	1 024	161 991
Other financial liabilities [2)]	4 561			4 561

Amounts in NOK million	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	DNB Group Total
Assets as at 30 September 2019				
Loans to customers			61 334	61 334
Commercial paper and bonds	23 665	254 581	231	278 477
Shareholdings	5 739	21 630	6 137	33 506
Financial assets, customers bearing the risk		92 857		92 857
Financial derivatives	228	137 388	1 965	139 580
Liabilities as at 30 September 2019				
Deposits from customers		17 475		17 475
Debt securities issued		84 778		84 778
Subordinated loan capital		2 513		2 513
Financial derivatives	265	121 588	1 612	123 465
Other financial liabilities [2)]	7 204	0		7 204

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

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

Note 8 Financial instruments at fair value (continued)

Financial instruments at fair value, level 3

Amounts in NOK million	Financial assets: Loans to customers	Financial assets: Commercial paper and bonds	Financial assets: Share-holdings	Financial assets: Financial derivatives	Financial liabilities: Financial derivatives
					DNB Group
Carrying amount as at 31 December 2018	**62 476**	**319**	**4 810**	**2 036**	**1 654**
Net gains recognised in the income statement	163	(154)	166	(453)	(148)
Additions/purchases	6 697	249	1 621	1 121	810
Sales		(223)	(429)		
Settled	(7 918)			(729)	(705)
Transferred from level 1 or level 2		56			
Transferred to level 1 or level 2		(125)	(32)		
Other	(84)	109	(0)	(11)	1
Carrying amount as at 30 September 2019	**61 334**	**231**	**6 137**	**1 965**	**1 612**
Carrying amount as at 31 December 2019	**61 178**	**356**	**7 018**	**1 868**	**1 536**
Net gains recognised in the income statement	1 628	(35)	441	703	460
Additions/purchases	8 720	298	1 968	265	251
Sales		(312)	(551)		
Settled	(15 043)			(1 274)	(1 251)
Transferred from level 1 or level 2		98			
Transferred to level 1 or level 2		(282)			
Other	132	49	0	29	27
Carrying amount as at 30 September 2020	**56 615**	**173**	**8 876**	**1 592**	**1 024**

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 171 million. The effects on other Level 3 financial instruments are insignificant.

Note 9 Debt securities issued and subordinated loan capital

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

Debt securities issued 2020

DNB Group

Amounts in NOK million	Balance sheet 30 Sept. 2020	Issued 2020	Matured/ redeemed 2020	Exchange rate movements 2020	Other changes 2020	Balance sheet 31 Dec. 2019
Commercial papers issued, nominal amount	196 721	966 699	(928 144)	(29 954)		188 120
Bond debt, nominal amount [1)]	661 277	6 578	(60 544)	61 213		654 030
Senior non-preferred bonds, nominal amount	9 462	9 462				
Value adjustments	34 097			22	6 054	28 021
Total debt securities issued	**901 557**	**982 738**	**(988 688)**	**31 281**	**6 054**	**870 171**

1) *Minus own bonds. The total nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 385.5 billion as at 30 September 2020. The market value of the cover pool represented NOK 674.0 billion.*

Debt securities issued 2019

DNB Group

Amounts in NOK million	Balance sheet 30 Sept. 2019	Issued 2019	Matured/ redeemed 2019	Exchange rate movements 2019	Other changes 2019	Balance sheet 31 Dec. 2018
Commercial papers issued, nominal amount	276 322	781 539	(689 665)	9 716		174 732
Bond debt, nominal amount [1)]	625 488	67 928	(48 748)	2 181		604 127
Senior non-preferred bonds, nominal amount						
Value adjustments	36 217				13 158	23 059
Total debt securities issued	**938 026**	**849 467**	**(738 413)**	**11 896**	**13 158**	**801 918**

1) *Minus own bonds.*

Subordinated loan capital and perpetual subordinated loan capital securities 2020

DNB Group

Amounts in NOK million	Balance sheet 30 Sept. 2020	Issued 2020	Matured/ redeemed 2020	Exchange rate movements 2020	Other changes 2020	Balance sheet 31 Dec. 2019
Term subordinated loan capital, nominal amount	27 426	4 056	(4 207)	2 634		24 943
Perpetual subordinated loan capital, nominal amount	6 241			467		5 774
Value adjustments	344				(33)	378
Total subordinated loan capital and perpetual subordinated loan capital securities	**34 011**	**4 056**	**(4 207)**	**3 101**	**(33)**	**31 095**

Subordinated loan capital and perpetual subordinated loan capital securities 2019

DNB Group

Amounts in NOK million	Balance sheet 30 Sept. 2019	Issued 2019	Matured/ redeemed 2019	Exchange rate movements 2019	Other changes 2019	Balance sheet 31 Dec. 2018
Term subordinated loan capital, nominal amount	24 993	9	(9)	(118)		25 110
Perpetual subordinated loan capital, nominal amount	5 970			276		5 693
Value adjustments	453				175	278
Total subordinated loan capital and perpetual subordinated loan capital securities	**31 415**	**9**	**(9)**	**159**	**175**	**31 082**

Note 10 Contingencies

Due to its extensive operations in Norway and abroad, the DNB 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 Group's financial position.

On 21 June 2016, the Norwegian Consumer Council instituted legal proceedings before the Oslo District Court against DNB Asset Management AS, a wholly-owned subsidiary of DNB ASA offering asset management services. The Norwegian Consumer Council has instituted a group action to pursue compensation of up to NOK 690 million on behalf of current and former investors in a fund managed by DNB Asset Management AS, as well as two funds merged into that fund. The lawsuit alleges that the funds were charging high fees for active management, but were actually tracking an index. The Oslo District Court passed its judgment on 12 January 2018, whereby the claim was rejected and DNB Asset Management was held not liable. On 12 February 2018, the Norwegian Consumer Council appealed to the Borgarting Court of Appeal and reduced the compensation claim to NOK 430 million. The ruling from the Borgarting Court of Appeal was announced on 9 May 2019, and found in favour of the Norwegian Consumer Council in the group action. DNB Asset Management was sentenced to pay approximately NOK 350 million. DNB Asset Management disagreed with the ruling of the Court of Appeal and appealed the case to the Norwegian Supreme Court. The appeal case started 21 January 2020. The ruling was delivered on 28 February, upholding the Court of Appeal’s ruling. Based on an overall assessment, an accounting provision of NOK 200 million was made in the second quarter of 2019, recognised in the accounts of DNB Asset Management AS as operational losses/operating expenses. The change in provision caused by the ruling was not considered to be of significance to the Group’s accounts for 2019, and the provision was therefore maintained. The provision in the first quarter of 2020 increased to NOK 369 million as a result of the ruling.

DNB ASA

Income statement

Amounts in NOK million	3rd quarter 2020	3rd quarter 2019	January-September 2020	January-September 2019	DNB ASA Full year 2019
Interest income, amortised cost	2	35	18	64	82
Interest expenses, amortised cost	(87)	(140)	(387)	(395)	(547)
Net interest income	**(86)**	**(105)**	**(370)**	**(330)**	**(466)**
Commissions and fees payable	(2)	(2)	(4)	(5)	(5)
Other income [1)]		2	1 092	2	26 984
Net other operating income	**(2)**	**1**	**1 087**	**(2)**	**26 978**
Total income	**(87)**	**(104)**	**718**	**(333)**	**26 513**
Salaries and other personnel expenses		0		(0)	(0)
Other expenses	(73)	(72)	(206)	(220)	(294)
Total operating expenses	**(73)**	**(72)**	**(206)**	**(220)**	**(295)**
Net gain on the sale of fixed and intangible assets [2)]				2 237	2 237
Pre-tax operating profit	**(161)**	**(177)**	**512**	**1 685**	**28 455**
Tax expense	40	44	153	138	
Profit for the period	**(120)**	**(132)**	**665**	**1 823**	**28 455**
Earnings/diluted earnings per share (NOK)	(0.08)	(0.08)	0.43	1.15	17.98
Earnings per share excluding operations held for sale (NOK)	(0.08)	(0.08)	0.43	1.15	17.98

Balance sheet

Amounts in NOK million	30 Sept. 2020	31 Dec. 2019	DNB ASA 30 Sept. 2019
Assets			
Due from DNB Bank ASA	1 129	4 572	4 042
Investments in associated companies	6 714	4 527	4 725
Investments in subsidiaries	74 163	74 257	74 059
Receivables due from group companies [1)]	25 768	26 981	
Other assets	153		138
Total assets	**107 928**	**110 337**	**82 965**
Liabilities and equity			
Short-term amounts due to DNB Bank ASA	8	17	14
Other liabilities and provisions	14 035	14 035	
Long-term amounts due to DNB Bank ASA	22 790	22 617	20 305
Total liabilities	**36 833**	**36 669**	**20 319**
Share capital	15 504	15 706	15 803
Share premium	22 556	22 556	22 556
Other equity	33 034	35 406	24 287
Total equity	**71 095**	**73 668**	**62 646**
Total liabilities and equity	**107 928**	**110 337**	**82 965**

1) *Of which dividend/group contribution from DNB Bank ASA represented NOK 25 191 million in 2019. The dividend from DNB Livsforsikring AS represented NOK 1 341 million in 2019. The dividend from DNB Asset Management Holding AS was NOK 450 million in 2019, of which NOK 125 million was reversed in the second quarter of 2020. A dividend of NOK 1 250 million from DNB Livsforsikring AS was received in the first quarter of 2020 related to the second part of the Fremtind Forsikring AS merger.*

2) *The establishment of the insurance company Fremtind Forsikring AS, through the merger of SpareBank 1 Skadeforsikring and DNB Forsikring AS in January 2019, resulted in a gain of NOK 2 237 million in the first quarter for DNB ASA. The gain for the DNB Group amounted to NOK 1 740 million.*

Statement of changes in equity

Amounts in NOK million	Share capital	Share premium	Other equity	DNB ASA Total equity
Balance sheet as at 31 December 2018	**15 944**	**22 556**	**24 525**	**63 025**
Profit for the period			1 823	1 823
Repurchase under share buy-back programme	(141)		(2 061)	(2 202)
Balance sheet as at 30 September 2019	**15 803**	**22 556**	**24 287**	**62 646**
Balance sheet as at 31 December 2019	**15 706**	**22 556**	**35 406**	**73 668**
Profit for the period			665	665
Repurchase under share buy-back programme	(202)		(3 036)	(3 238)
Balance sheet as at 30 September 2020	**15 504**	**22 556**	**33 034**	**71 095**

Basis for preparation

DNB ASA has prepared the financial statements according to the Norwegian Ministry of Finance's regulations on annual accounts. A description of the accounting principles applied by the company when preparing the financial statements appear in note 1 Accounting principles in the annual report for 2019.

Information about the DNB Group

Head office DNB ASA

Mailing address	P.O.Box 1600 Sentrum, NO-0021 Oslo
Visiting address	Dronning Eufemias gate 30, Oslo
Telephone	+47 91 50 48 00
Internet	dnb.no
Organisation number	Register of Business Enterprises NO 981 276 957 MVA

Board of Directors in DNB ASA

Olaug Svarva, Chair of the Board
Svein Richard Brandtzæg, Vice Chair of the Board
Gro Bakstad
Lillian Hattrem
Jens Petter Olsen
Stian Tegler Samuelsen
Jaan Ivar Semlitsch

Group Management

Kjerstin R. Braathen	Group Chief Executive Officer (CEO)
Ottar Ertzeid	Group Chief Financial Officer (CFO)
Ingjerd Blekeli Spiten	Group Executive Vice President of Personal Banking
Harald Serck-Hanssen	Group Executive Vice President of Corporate Banking
Håkon Hansen	Group Executive Vice President of Wealth Management
Alexander Opstad	Group Executive Vice President of Markets
Rasmus Figenschou	Group Executive Vice President of Payments & Innovation
Mirella E. Grant	Group Chief Compliance Officer (CCO)
Ida Lerner	Group Chief Risk Officer (CRO)
Maria Ervik Løvold	Group Executive Vice President of Technology & Services
Kari Bech-Moen	Group Executive Vice President of People
Thomas Midteide	Group Executive Vice President of Communications

Investor Relations

Rune Helland, head of Investor Relations	tel. +47 23 26 84 00	rune.helland@dnb.no
Anne Engebretsen, Investor Relations	tel. +47 23 26 84 08	anne.engebretsen@dnb.no
Ida Eilertsen Nygård, Investor Relations	tel. +47 98 61 19 52	ida.eilertsen.nygård@dnb.no
Thor Tellefsen, Long Term Funding	tel. +47 23 26 84 04	thor.tellefsen@dnb.no

Financial calendar 2020

30 November	Extraordinary General Meeting

Financial calendar 2021

10 February	Q4 2020
11 March	Annual report 2020
27 April	Annual General Meeting
28 April	Ex-dividend date
29 April	Q1 2021
as of 7 May	Distribution of dividends
13 July	Q2 2021
21 October	Q3 2021

Other sources of information

Annual and quarterly reports

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

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

We are here.
So you can stay ahead.

DNB

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

Visiting address:
Dronning Eufemias gate 30
Bjørvika, Oslo

dnb.no