DNB Group

Annual report 2022

DNB will be a driving force for sustainable transition

Contents

About us

This is our strategy

Our ambition is that the customer chooses us

We will deliver sustainable value creation

Climate transition and sustainable value creation

Diversity both within and outside the Group

DNB combats financial crime and contributes to a secure digital economy

We will find the solutions together

Corporate governance

Directors' report and annual accounts

Appendices

About the report

In this integrated annual report for 2022, we show how we work to create value in the short and long term for our employees, shareholders and society as a whole. We use the framework from the International Integrated Reporting Council (IIRC) and meet the requirements of the sustainability reporting standard prepared by the Global Reporting Initiative (GRI). The sustainability data has been verified by a statutory auditor.

The Sustainability Factbook, found at the back of the report, contains an overview of relevant key figures for all the topics identified in the materiality analysis. The indicators used in the Factbook are taken from the GRI Standards where relevant, and we have also defined our own DNB indicators.

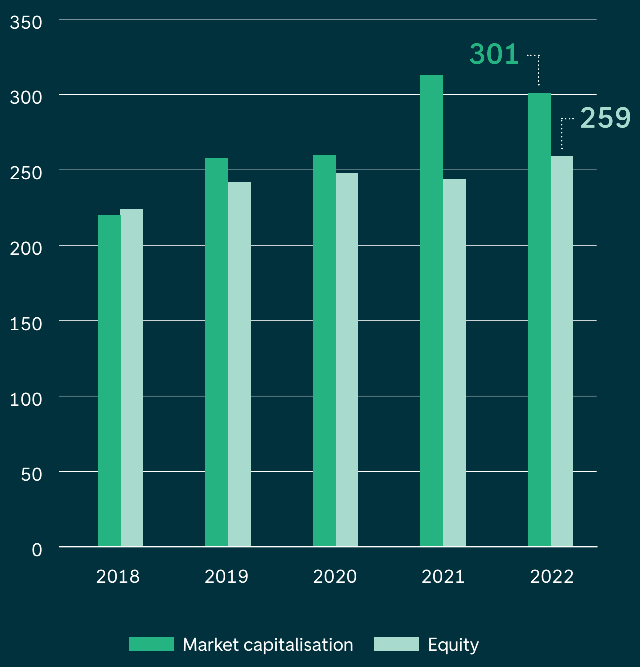
Under 'About us' on our website dnb.no, you will find more relevant news, and reports and results, key figures and other useful documents can be found on dnb.no/sustainability-reports.

The annual report is available in English and Norwegian and can be downloaded as a PDF from our investor web pages, ir.dnb.no. Here you will also find our Pillar 3 report, which contains more information on risk and capital management, as well as the annual report in a machine-readable format according to ESEF (European Single Electronic Format).

Financial highlights

The DNB Group's market capitalisation and equity

NOK billion, at year-end



Earnings per share:

20.65

NOK

Customer satisfaction (CSI), personal customers:

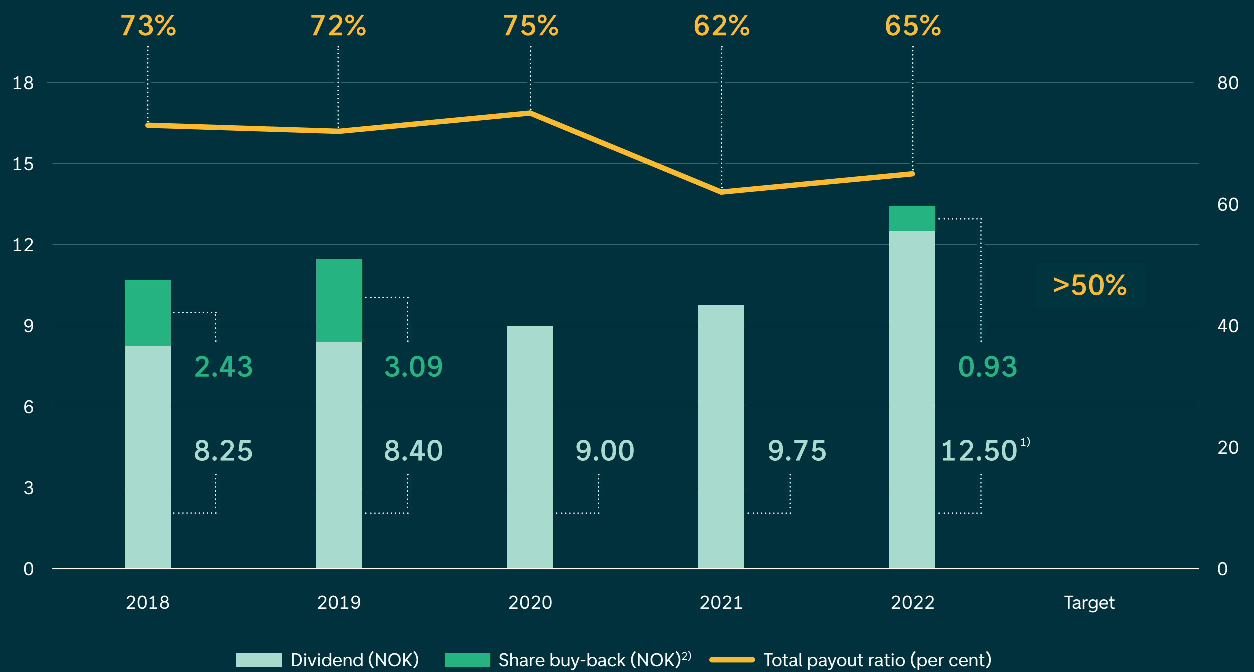
72.8

points

Share dividend and payout ratio

NOK per share

Per cent



1) The Board of Directors has proposed a dividend of NOK 12.50 per share for 2022.
2) Share buy-backs approved by both the Annual General Meetings and Finanstilsynet (the Norwegian Financial Supervisory Authority) based on the accounts for the previous year. For 2022, the payout ratio is based on the 0.5 per cent buy-back programme being completed before the Annual General Meeting in 2023.

Income statement

DNB Group

Amounts in NOK million

	2022	2021	2020	2019	2018
Net interest income	**48 294**	38 690	38 623	39 202	36 822
→ Net commissions and fees	**11 453**	11 011	9 500	9 716	9 310
→ Net gains on financial instruments at fair value	**4 147**	3 621	5 902	3 183	1 342
→ Net financial and risk result, life insurance	**368**	790	659	1 129	969
→ Net insurance result, non-life insurance					622
→ Other operating income	**1 854**	1 803	1 714	1 628	1 302
Net other operating income, total	**17 821**	17 225	17 776	15 655	13 546
Total income	**66 115**	55 915	56 399	54 857	50 368
Operating expenses	**(26 335)**	(23 834)	(22 759)	(22 608)	(21 490)
Restructuring costs and one-off effects	**(176)**	(200)	(643)	(525)	(567)
Pre-tax operating profit before impairment	**39 605**	31 881	32 998	31 724	28 311
Net gains on fixed and intangible assets	**(24)**	(82)	767	1 703	529
Impairment of financial instruments	**272**	868	(9 918)	(2 191)	139
Pre-tax operating profit	**39 854**	32 667	23 847	31 235	28 979
Tax expense	**(7 262)**	(7 462)	(4 229)	(5 465)	(4 493)
Profit from operations held for sale, after taxes	**270**	150	221	(49)	(204)
Profit for the year	**32 861**	25 355	19 840	25 721	24 282

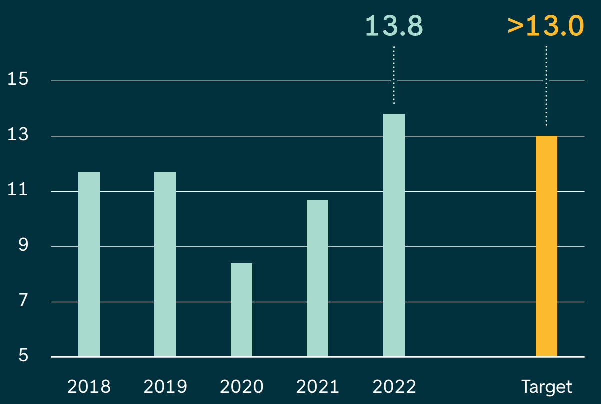
Balance sheet

DNB Group

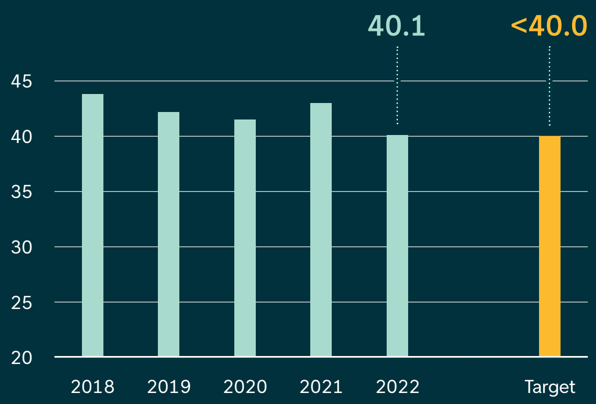
Amounts in NOK million at year-end

	2022	2021	2020	2019	2018
Total assets	**3 236 431**	2 919 244	2 918 943	2 793 294	2 634 903
Loans to customers	**1 961 464**	1 744 922	1 693 811	1 667 189	1 597 758
Deposits from customers	**1 396 630**	1 247 719	1 105 574	969 557	927 092
Equity	**259 098**	243 912	248 396	242 255	223 966
Average total assets	**3 506 927**	3 404 104	3 230 354	2 906 775	2 771 998
Total assets under management	**3 729 817**	3 463 482	3 363 166	3 176 655	2 950 748

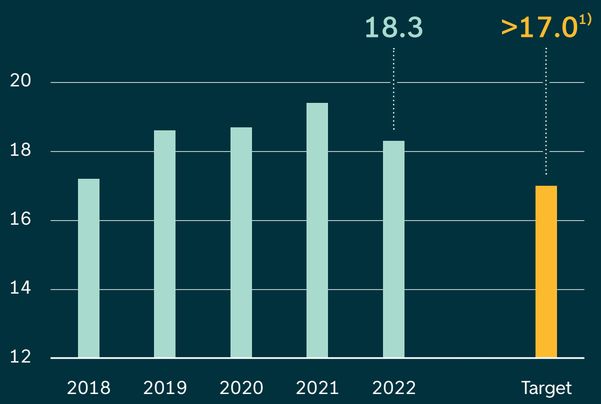
Return on equity
Per cent



Cost/income ratio
Per cent

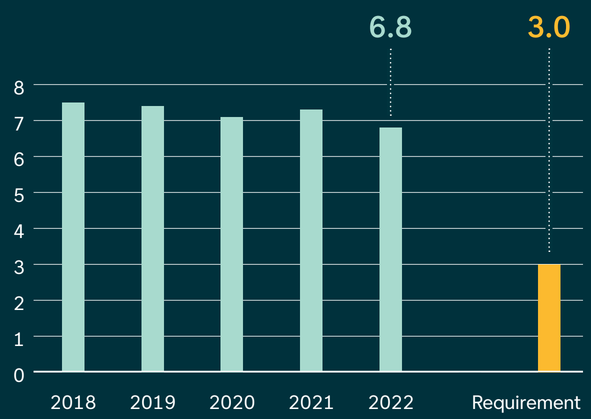


CET1 capital ratio
Per cent, at year-end

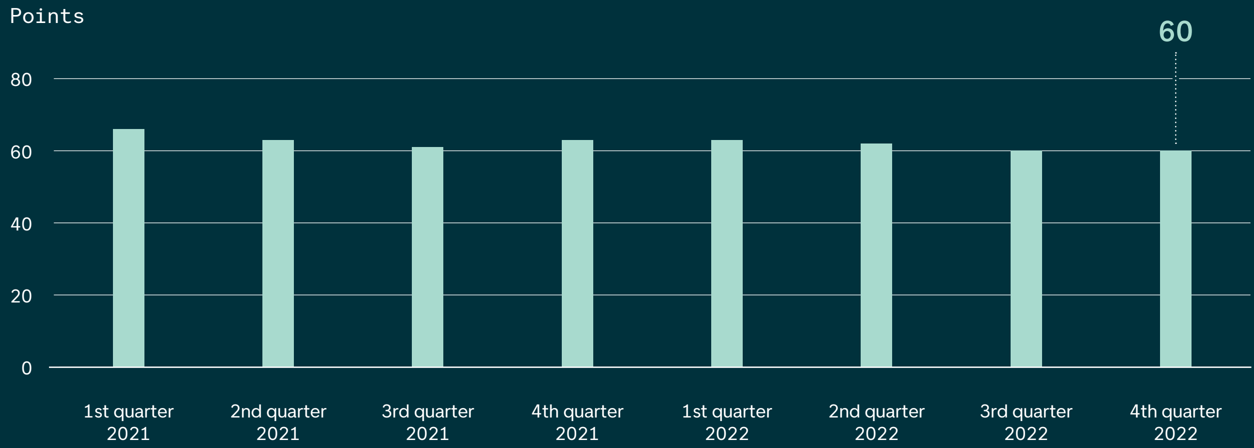


1) Expectations from the supervisory authorities, including counter-cyclical buffer requirement at the same level as before the pandemic (effective 31 March 2023).

Leverage ratio
Per cent, at year-end



Reputation[1]
Points



1) Score from Traction's reputation survey.

Key figures and alternative performance indicators

DNB Group

	2022	2021	2020	2019	2018
Return on equity (%)[1]	13.8	10.7	8.4	11.7	11.7
Earnings per share (NOK)	20.65	15.74	12.04	15.54	14.56
Combined weighted total average spread for lending and deposits (%)[1]	1.21	1.17	1.27	1.33	1.30
Average spread for ordinary lending to customers (%)[1]	1.47	1.94	2.04	1.84	1.94
Average spread for deposits from customers (%)[1]	0.88	0.14	0.12	0.51	0.29
Cost/income ratio (%)[1]	40.1	43.0	41.5	42.2	43.8
Ratio of customer deposits to net loans to customers at end of period, adjusted (%)[1]	73.5	74.2	67.3	57.5	57.4
Net loans at amortised cost and financial commitments in stage 2, in per cent of net loans at amortised cost[1]	9.28	8.30	10.51	6.88	7.14
Net loans at amortised cost and financial commitments in stage 3, in per cent of net loans at amortised cost[1]	1.25	1.55	1.55	1.13	1.51
Impairment relative to average net loans to customers, at amortised cost[1]	0.01	0.05	(0.60)	(0.14)	0.01
Common equity Tier 1 capital ratio (%)	18.3	19.4	18.7	18.6	17.2
Leverage ratio (%)	6.8	7.3	7.1	7.4	7.5
DNB's share price at end of period (NOK)	194.45	202.00	168.00	164.00	138.15
Book value per share (NOK)	156.61	146.21	148.30	137.20	130.32
Price/book value[1]	1.24	1.38	1.13	1.20	1.06
Dividend per share[2]	12.50	9.75	9.00	8.40	8.25
Sustainability:					
Finance and facilitate sustainable activities (NOK billion, accumulated)[3]	390.9	220.6	74.0		
Total assets in mutual funds with a sustainability profile (NOK billion)	27.4	28.4	19.1		
Score from Traction's reputation survey in Norway (points)	60.0	63.0			
Customer satisfaction index for personal customers, CSI (points)	72.8	73.3	73.6	72.8	74.7
Percentage of women at management levels 1-4 (%)	38.3	39.8	39.5	38.0	38.1
Number of full-time equivalents (FTEs)	10 351	9 410	9 050	9 020	9 225

For more key figures and definitions, see Factbook on ir.dnb.no.

1) Defined as alternative performance measures (APMs). APMs are described on ir.dnb.no.
2) The Board of Directors has proposed a dividend of NOK 12.50 per share for 2022.
3) In the fourth quarter of 2022, DNB updated its calculation method for the conversion of transactions in foreign currencies. Furthermore, due to improved data quality, some changes were made in historic volumes.

Chair of the Board's statement

"DNB assists customers and creates value for shareholders in both the short term and the long term, in good times and bad."

Chair of the Board, Olaug Svarva.

The way out of the pandemic was different from what many people had envisaged. Following a long period of low interest rates, the situation has turned around, and the world is facing new challenges that are affecting companies and individuals alike. It is important to the Board of Directors that DNB continues to carry out its social mission, so that customers' needs are met.

An adaptable business sector, combined with authorities capable of effective decision-making, helped Norway come through the pandemic fairly unscathed. Economic activity picked up quickly when society reopened, and unemployment was historically low in 2022.

Nevertheless, it was not long before we encountered new challenges: war in Europe, financial uncertainty, and what has evolved into a global energy crisis. And all this at the same time as needing to solve the greatest challenge of our time: the climate crisis.

It is too soon to say how all of these factors will pan out in practice. Despite this, Norway is better equipped to meet the challenges than the vast majority of countries. We have a high level of trust in our authorities and in each other, a well-developed digital infrastructure and effective financial stabilisation measures that the authorities can make use of if necessary.

2022 was also a special year for DNB, as the bank celebrated its first 200 years in the sector. Anniversaries like this give an opportunity to reflect on the bank's role in society, and how this role has evolved over time.

Even though most things have changed over the past 200 years, the basic principles remain the same: customers remain the focal point of everything the bank does and are the reason for its existence, the bank aims to have a positive impact on its surroundings, and the essence of banking operations – sound banking practice – is the bank's most important task.

When Christiania Sparebank opened its doors for the first time in the spring of 1822, the bank's primary purpose was to ensure that workers set aside sufficient savings to help them through bad times. This role has stood the test of time. Both in times of crisis and in times of prosperity, the bank is an important adviser for customers. An adviser that helps build resilience, and helps bring dreams to life.

At the same time, the digitalisation of banking services has fundamentally changed the way the bank interacts with customers. We have gone from having to visit the bank in person to having the bank with us in our pocket. Furthermore, we are seeing ever-increasing expectations regarding the development of new digital services. As a bank, DNB needs to continue to develop together with its customers, and with their best interest in mind, by continuing to create innovative products and by finding solutions that meet the customers' needs as and when they arise.

Having a positive impact on the surroundings will be key to solving the challenges we are now facing. One example is the fight against financial crime. Criminals' methods are becoming increasingly refined, and the bank must continue developing its defences at all times. In 2022 alone, DNB stopped attempted digital fraud to the value of

"In 2022 alone, DNB stopped attempted digital fraud to the value of NOK 1 067 million."

"The financial sector has gained an increasingly important role in sustainability work."

NOK 1 067 million. In addition, the bank reported 1 870 suspicious transactions. There is no finish line for this work. It is a matter of establishing systems and procedures and setting stringent new requirements for employees' competence. This also requires that the bank is able to collaborate with other players across industries. The Board attaches great importance to this work.

The financial sector has gained an increasingly important role in sustainability work as well. Estimates vary, but there is widespread consensus that the transition to a low-emission society will require investments on a massive scale. This is a task that no one can solve on their own – we must work together to find the best solutions. DNB attaches importance to its role in this work, and is working with customers to develop good new solutions.

DNB will be a driving force for sustainable transition. The bank will do this by developing new products, continuing to build competence together with customers, and setting goals that will help customers move in a more sustainable direction. In 2021, DNB set a goal of contributing NOK 1 500 billion to financing sustainable activities in the period leading up to 2030. At the end of 2022, the bank had already facilitated financing worth NOK 391 billion. In addition, the Group will increase its total assets in mutual funds with a sustainability profile by NOK 200 billion in the period leading up to 2025, and will reduce the emissions intensity in its portfolios for oil and gas, shipping and commercial property in the lead-up to 2030.

Digitalisation, the work to fight financial crime and sustainability efforts – the bank's expanded role in these areas requires completely different competence compared with what was needed just a few years ago. To ensure the supply of new competence and to attract the best people, it is important that DNB is considered an attractive workplace where people thrive. The Board is pleased that DNB has kept its position as an attractive workplace, and that increasing numbers of people want to work here. The employees are DNB's most important resource, and their well-being and development will continue to be key to DNB's success in the time ahead. I would like to say a big thank you to all of the Group's employees, who have done their very best for the benefit of the customers and DNB through yet another year!

On behalf of the Group, the Board would like to express its gratitude for the trust DNB has been shown this past year, as well as over the past 200 years. Our time represents only a short stage in the bank's journey. As the bank's Board, it is our responsibility to do what we can to ensure that the bank remains in good shape and well-equipped for the next stage.

DNB assists customers and creates value for shareholders in both the short term and the long term, in good times and bad. A 200-year-old that has been moulded by developments in Norwegian society and the Norwegian business sector to become a competence-based company that is robust, innovative and modern. A 200-year-old that is ready to embark on the next stage of the journey.

Olaug Svarva

Olaug Svarva
Chair of the Board of Directors

CEO's statement

"We're very well prepared for supporting both personal customers and businesses through uncertain times."

CEO Kjerstin R. Braathen finds it difficult to find one expression to sum up 2022. But if she has to try, 'full of contrasts' is the expression she comes up with.

"Looking back, it's been a highly unusual year, with the reopening of society after the pandemic, geopolitical turmoil and exceptionally high inflation. In a turbulent financial market, the Norwegian economy has once again shown resilience, and Norwegian companies' ability to adapt has really impressed me," she says.

FINANCIAL ADVISER IN A CHANGING WORLD

With its two million personal customers and with one in three Norwegian companies as customers, few financial institutions feel the pulse of the Norwegian business sector better than DNB. With this comes a responsibility, which the CEO believes gives DNB both obligations and considerable opportunities.

"Never before have we spoken to as many customers as we did in 2022 – both digitally and in person – and their needs have been very diverse. We may meet customers who are taking the plunge and starting their own business, customers aiming to invest in the stock market, or young customers setting out to realise their housing dream. We're grateful that our customers and owners have continued to show their trust in us throughout 2022," she says.

CEO Kjerstin R. Braathen

"Collaboration across industries and between the public and private sectors is one of the reasons why the Norwegian financial industry has some of the best digital solutions in the world."

In the face of the new economic situation, Kjerstin finds that customers are generally making the necessary adjustments and are keeping in touch with the bank to stay ahead of the game.

"Our experience so far is that customers contact us and seek to use us as a sparring partner when they need one. We're very well prepared for supporting both personal customers and businesses through uncertain times, and we're committed to finding solutions – together with our customers."

WORKING TOGETHER TO DEVELOP EVEN BETTER SOLUTIONS FOR OUR CUSTOMERS

Following DNB's bid for all the shares in Sbanken in 2021, there have been several steps on the way to approval of the acquisition. In March 2022, the decision was made, confirming that DNB is the new owner of Sbanken.

In the spring of 2022, Sbanken and DNB began the work of getting to know each other better and exploring how we can work together to develop even better solutions for our customers. DNB has a long and proud history in Bergen, and together with our new colleagues from Sbanken, we will focus even more on our presence in the city.

"We have great faith in what our expert teams in the areas of technology and innovation can achieve by joining forces. Together, we'll find ways to build on these strengths, combining the best of both worlds for the benefit of our customers. We can achieve much more together than we could separately. We're already well under way with this work, and it's impressive to see everything Sbanken has built up over 20 years. At the same time, we're proud that Sbanken continued to grow in 2022, with DNB as owner."

FROM SATURDAY TRIPS TO THE BANK TO BANKING IN THE CLOUD

A lot has happened in the time between Christiania Sparebank being founded in 1822 and it becoming the DNB we know today, 200 years later.

"Every day, amounts equivalent to nearly twice the Norwegian national budget pass through our payment systems, more than a quarter of the Norwegian population over the age of 16 uses our mobile banking app, and dnb.no is one of the most visited Norwegian websites. Customers expect us to be far more digitally available than before, and to offer the same user-friendliness they have become accustomed to from other technology companies."

Kjerstin explains that the major digital changes place new demands on the services we develop and the expertise the bank needs.

"DNB should be a workplace where you are given room to challenge yourself and grow. In DNB, we work hard to attract and develop the best people. We're therefore extremely pleased to see that in 2022 we were once again voted the most attractive workplace among professionals and students with a business background. We also have a high ranking among lawyers and technologists, whose skills we'll need more than ever in the time ahead."

A DRIVING FORCE FOR SUSTAINABLE TRANSITION

DNB works with small businesses through its startup and accelerator initiatives, with large manufacturing companies undergoing a sustainable transition, and with companies positioning themselves for further growth.

"We've made a commitment to being a driving force for sustainable transition and we've set ourselves ambitious targets. It starts with joining forces with our customers so that we can make a difference together," says Kjerstin.

Despite the Covid pandemic, the war in Europe and the energy crisis, the market pace has so far remained high. Here, the Nordic region stands out in a particularly positive way.

In the fierce international competition to lead the way in the sustainable transition, many opportunities are opening up for Norwegian companies. Kjerstin explains that DNB in many cases can act as a bridge to international markets, and that it raises capital from international investors.

"I'm impressed by the adaptability shown by Norwegian companies all over the country. Both small startup companies and large manufacturing companies are undergoing a sustainable transition. At the same time, we know that the pace needs to pick up going forward, and more capital is needed to find the most effective solutions. We will take our share of the responsibility for ensuring that projects gain access to that capital."

Throughout 2022, DNB saw a strong demand for financing of sustainable initiatives. This fits well with one of the bank's objectives, which is to be a driving force for sustainable transition and to finance and facilitate sustainable activities worth NOK 1 500 billion by 2030.

"We are well on our way to reaching the target, and the status at the end of last year was a total of NOK 391 billion to such purposes. DNB draws on the full breadth of the bank, and its activities are well distributed across products and services."

TRUST AND COOPERATION AS A COMPETITIVE ADVANTAGE FOR THE NORWEGIAN BUSINESS SECTOR

Now that we've entered a new year of uncertainty, the CEO is first and foremost keen to focus on what DNB can actually do something about.

"There's a lot we can't control, but having said that, there are an infinite number of things we can do something about. That's where our focus as a bank should be, so that we are as well equipped as possible for helping our customers. Norway and the Norwegian business sector have a strong foundation to build on, despite the turmoil in the world around us. This resilience was most recently demonstrated during the pandemic, where Norway emerged as one of the countries that fared best."

Kjerstin highlights trust and cooperation as two strong competitive advantages for Norway, which must be safeguarded and further fostered, especially in a time when many major tasks need to be tackled simultaneously and new jobs need to be created.

"Collaboration across industries and between the public and private sectors is one of the reasons why the Norwegian financial industry has some of the best digital solutions in the world. Collaboration will also be key to solving the climate crisis and creating new innovative solutions. Here, Norway and the Norwegian business sector have the best possible starting point for success, and we'll take our share of the responsibility," she concludes.

Kjerstin R. Braathen
CEO

CEO's customer chat

Impatient pragmatists

They aim to double their turnover while increasing their profitability, and they see themselves as 'thought leaders' and technological innovators in the circular economy. And the company's representatives clearly show their impatience, convinced as they are that when the circular economy really takes off, it will contribute to economic growth.

From left: Tove Andersen, Kjerstin Braathen and Eva Sagemo.

The Norwegian industrial adventure now called Tomra Systems ASA started off by solving a bottle problem. In the years that have passed since the Norwegian brothers Petter and Tore Planke created the first photocell-based reverse vending machine in 1971, the company has evolved into a market-leading technology company, with more than 100 000 installations in 80 global markets. In Norway, the company is still best known for its reverse vending machine technology for recycling bottles and cans, but this accounts for 'only' half of its business operations.

SORTING AND RECYCLING

On a visit to Tomra's head office in the town of Asker, not far from Oslo, Kjerstin Braathen meets Tomra's CEO, Tove Andersen, and CFO, Eva Sagemo. They say that they see the company as a *technological innovator* in the circular economy, using cutting-edge technology for collection, sorting and recycling.

"If you buy a packet of blueberries, the chances are that the berries have been sorted using our technology," says Tove.

CALCULATIONS THAT MAKE A DIFFERENCE

Technology forms the basis for Tomra's analyses of markets for areas in which the company can make a difference. The company has grand ambitions, both in terms of existing solutions and new ones.

"If the world adopted best practices for waste management, including sorting and recycling on a global basis, we could save 3 billion tonnes of CO_2 emissions annually – out of a total of around 50 billion tonnes. Our ambition is to make a difference where we can, both by running collection and sorting facilities ourselves and by selling installations to other players," says Tove.

Advanced technologies used for the sorting of plastic, metal and food will in time be followed by solutions for alloy and wood sorting. In addition, the company is looking at possible solutions to one of the major challenges worldwide – the recycling of textile waste.

ITS FIRST GREEN BOND

Tomra has regularly raised funding from the Norwegian bond market. At the end of 2022, the company issued its first green bond, to a value of NOK 1 billion. DNB has been an important bank connection for the company for many years, and experts from DNB's Corporate Banking business area and DNB Markets were involved as advisers and facilitators for the green bond. The bond was very well received in the market and is an example of what customers can achieve in cooperation with the bank.

TOMRA'S EXPECTATIONS OF THE BANK

Tove Andersen stresses to Kjerstin that Tomra's relationship with the bank is important in several areas.

"You're closer to the money markets, and we'd like your advice, both on timing and on how to get the necessary funding, in the short and long term. The fact that DNB made it possible for us to succeed with our first green bond gives us an idea of what we can achieve together.

"DNB also plays an important role as our cash management bank. We need a bank that knows us well and that can provide cash management services in the markets we operate in," says Eva.

"I'm very impressed by the work Tomra is doing, and I'm glad they feel we understand them. The fact that we have in-depth knowledge and advisers in several fields who can work together is one of our greatest strengths. If we're to be a valuable partner for companies in the energy transition, our knowledge is more important than ever," says Kjerstin.

WHAT ARE TOMRA'S FUTURE PLANS FOR SUCCESS?

Tomra has a vision of a world without waste, where use and reuse will be essential. The company is taking a long-term approach and investing in future focus areas. It also spends 10 per cent of its turnover on research and development, as a basis for growth in the segments where it holds a position today and for developing new business models in the value chain. "We're both a practitioner of the green shift and a driving force for it," says Tove.

While in some markets, Tomra has previously had difficulties attracting staff with the right skills, the company is now finding that many people are actively choosing them as an employer because of the role they're taking in the sustainable transition.

Our operations in brief

As Scandinavia's largest financial services group, we offer a complete range of financial services through mobile solutions, online banking, customer service centres, branch offices and international offices, as well as real estate broking. Our strong position gives us a unique opportunity and special responsibility to contribute positively to society.

We are Norway's leading financial services group with **229 000** corporate customers and **2 million** personal customers.

Almost **1.5 million** personal customers are active users of our online bank, and over 1.1 million personal customers actively use our mobile banking app.

At the end of 2022, **64 194** companies used the corporate app DNB Bedrift.

In 2022, **304 million** payment transactions were completed, and amounts equivalent to almost twice the Norwegian national budget passed through our systems every day.

Altogether, **18 958** residential properties were sold through DNB Eiendom in 2022, which corresponds to an average market share of 15 per cent.

Spare is the most popular savings app in Norway, and by the end of 2022, more than NOK **5.5 billion** was invested in mutual funds via the app.

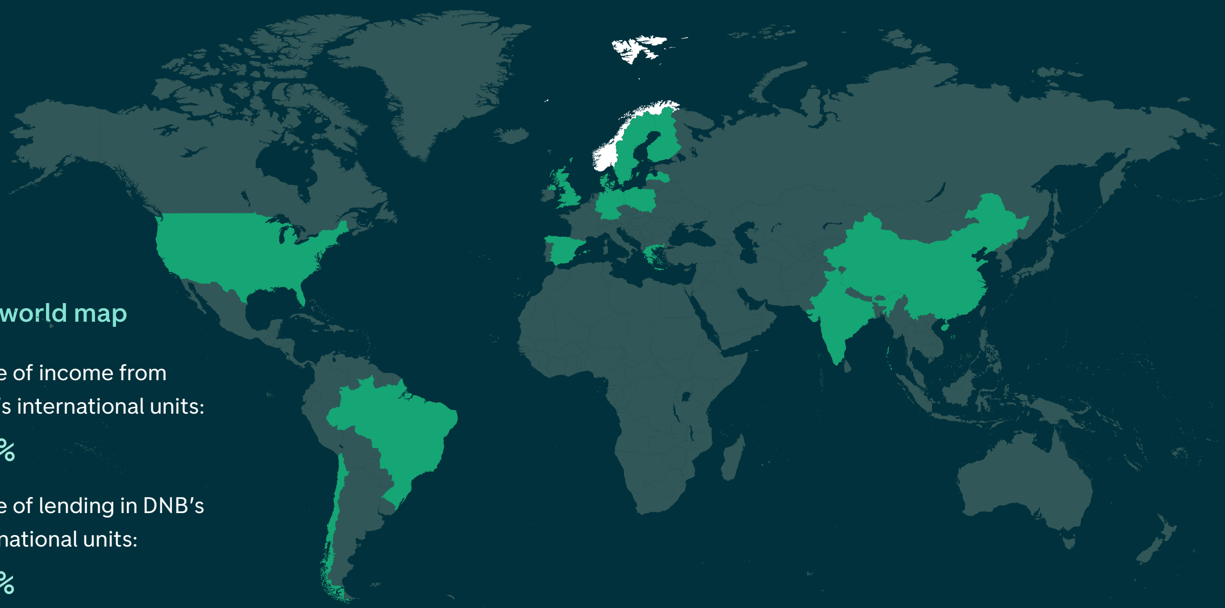
A total of **4 256** startups and growth companies received help and advice from DNB's start-up pilots in 2022. Ideas met capital at 12 small and large digital events held in connection with DNB NXT.

By the end of 2022, DNB had contributed **NOK 391 billion** to the financing and facilitating of sustainable activities.

DNB Markets participated in arranging bond and commercial paper issues worth **NOK 655 billion** to customers in 2022. NOK 41 billion of these were sustainable bonds.

At year-end 2022, DNB Asset Management managed mutual funds and shares worth **NOK 809 billion** and had a market share of 38.4 per cent in the Norwegian personal customer market.

DNB Livsforsikring had just over **1.3 million** personal customers with individual and group agreements, and approximately 33 000 agreements with companies at year-end 2022.



The world map

Share of income from DNB's international units:
20%

Share of lending in DNB's international units:
12%

The customer centres

No. of calls received
Personal customers:
3.4 million
Corporate customers:
370 thousand

No. of chat conversations
Personal customers:
347 thousand
Corporate customers:
88 thousand

No. of enquiries answered by our chatbot
Personal customers:
1.5 million
Corporate customers:
94 thousand

Market shares in Norway

Personal customer market as at 31 December 2022

Loans from financial institutions: 27%

Deposits: 32%

Home mortgages: 26%

Corporate customer market as at 31 December 2022

Loans from financial institutions: 23%

Deposits: 37%

Source: Statistics Norway

Highlights of the year

Q1

DNB increases its routine emergency preparedness following the outbreak of the war in Ukraine and establishes new procedures for financial inclusion, including with a view to giving refugees faster access to banking and insurance services.

Sbanken becomes a fully-owned subsidiary of DNB on 30 March 2022, and is consolidated into the DNB Group.

DNB Markets is named 'Norway M&A Financial Adviser of the Year 2022' at the Mergermarket European M&A Awards in London.

The Group launches a new tax strategy, which sets out DNB's approach to its tax affairs in all the jurisdictions in which the Group does business or has customers, investors or other stakeholders.

Q2

DNB goes from an AA rating to an AAA rating in MSCI's updated ESG Rating in May 2022, thus achieving the top score.

DNB is ranked the country's most attractive employer in the field of business in the Universum survey for students.

DNB celebrates 200 years as an important player in Norwegian society.

The *DNB Ung programme* (DNB young) is named social sponsor of the year for its work with the organisation Youth Mental Health Norway, and sports sponsor of the year for its work together with para sports.

DNB is awarded the Stockman Prize[1] in two categories: open class and best investor relations team.

DNB Markets achieves a first-place ranking in the Prospera benchmarking for 2021, in the category Bank Office FI, FX & Derivatives, both in Norway and in the Nordics.

Q3

DNB signs the Partnership for Carbon Accounting Financials (PCAF), committing to assessing and disclosing the greenhouse gas emissions of its financial portfolio in accordance with PCAF methods.

DNB achieves the top spot in the Gender Equality Study of the European Banking Sector 2022 performed by Boston Consulting Group.

DNB launches a new sustainable product: green guarantees.

Q4

The Group presents its new overriding financial target at Capital Markets Day (return on equity above 13 per cent, up from above 12 per cent).

DNB becomes a partner in the Partnership for Biodiversity Accounting Financials (PBAF), committing to assess and disclose the impacts and dependencies on biodiversity of its loans and investments.

DNB receives the top score from CDP for reporting on work with environmental impact, climate goals and climate risk analysis.

1) The Stockman Prize is awarded to listed companies in Norway that set themselves apart in the way they provide ongoing updates and engage in financial reporting.

The share

The total return on the DNB share, including reinvested dividends, was 1.3 per cent in 2022.

In DNB, our overall objective is to create long-term value for our owners, partly through a positive development in the share price and partly through a predictable dividend policy.

DNB was the second largest primary listed company on Oslo Børs (the Oslo Stock Exchange), and the largest financial services group in Scandinavia, with a market capitalisation of NOK 301 billion at year-end 2022. For more information on the DNB share, see ir.dnb.no.

	2022	2021
Total return on the DNB share including dividends (per cent)	1.31	31.8
DNB's share price at year-end (NOK)	194.45	202.00
Highest closing price (NOK)	217.40	215.60
Lowest closing price (NOK)	169.30	157.85
P/B (price-to-book ratio) at year-end[1]	1.2	1.4
Average total return for the other Nordic financial services groups[2] (per cent)	7.97	43.5
OSEBX[3] (per cent)	(1.03)	23.4
OSEFX[4] (per cent)	(7.09)	21.1

Source: DNB, Bloomberg, Oslo Børs (the Oslo Stock Exchange)

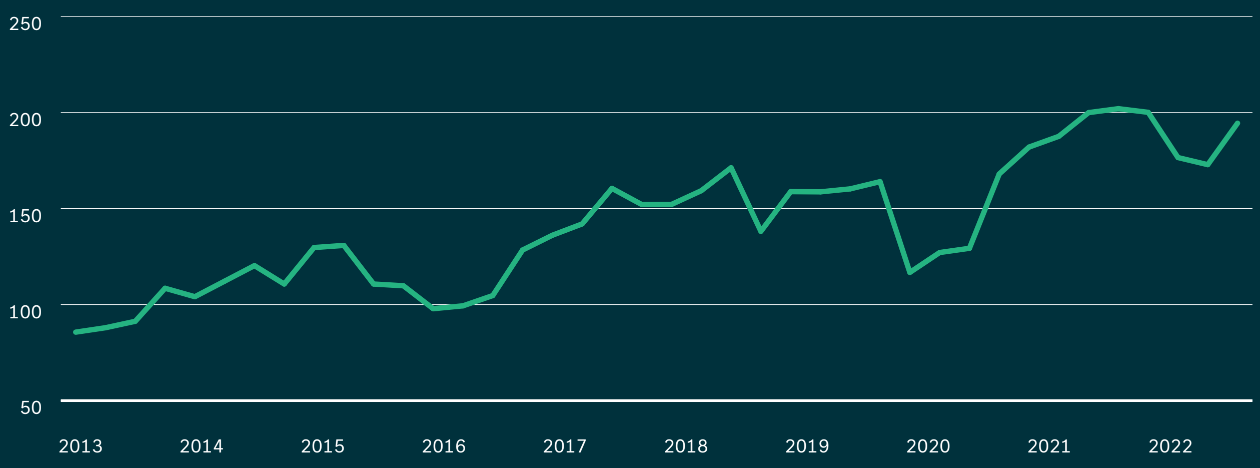
Total annual return as at 31 december 2022

Per cent

Source: Bloomberg

1) Defined as alternative performance measures (APMs). APMs are described on ir.dnb.no.
2) Nordic financial services groups: unweighted average in local currency of Nordic bank shares (Danske Bank, Nordea, SEB, Svenska Handelsbanken and Swedbank).
3) Oslo Børs Hovedindeks (the Oslo Stock Exchange Benchmark Index).
4) Oslo Børs Fondsindeks (the Oslo Stock Exchange Mutual Fund Index).

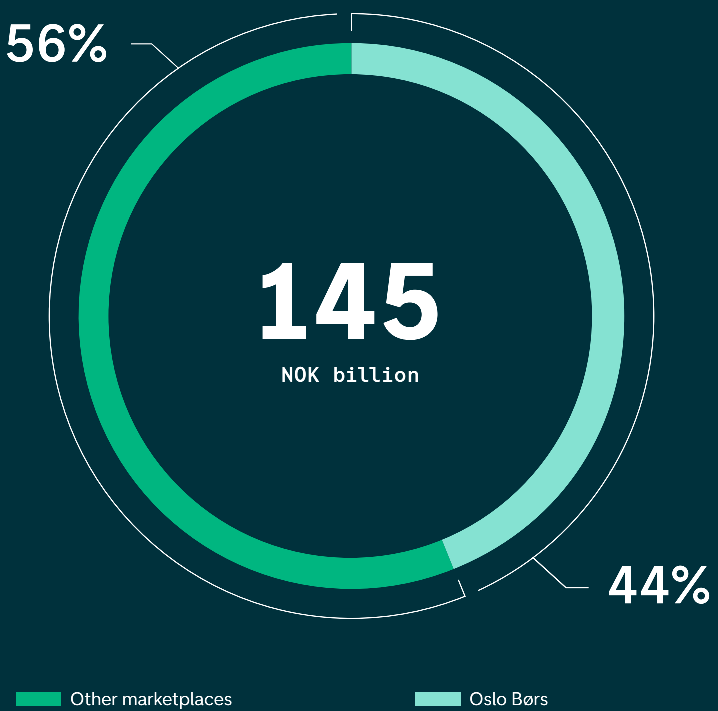
Development in DNB's share price
NOK



Source: Oslo Børs (the Oslo Stock Exchange)

TRADING

Total value of all DNB shares traded in 2022



Average trading value per day

573

NOK million

The DNB share's weighting on key indices

OSEBX

10.7%

OSEFX

9.6%

DIVIDENDS

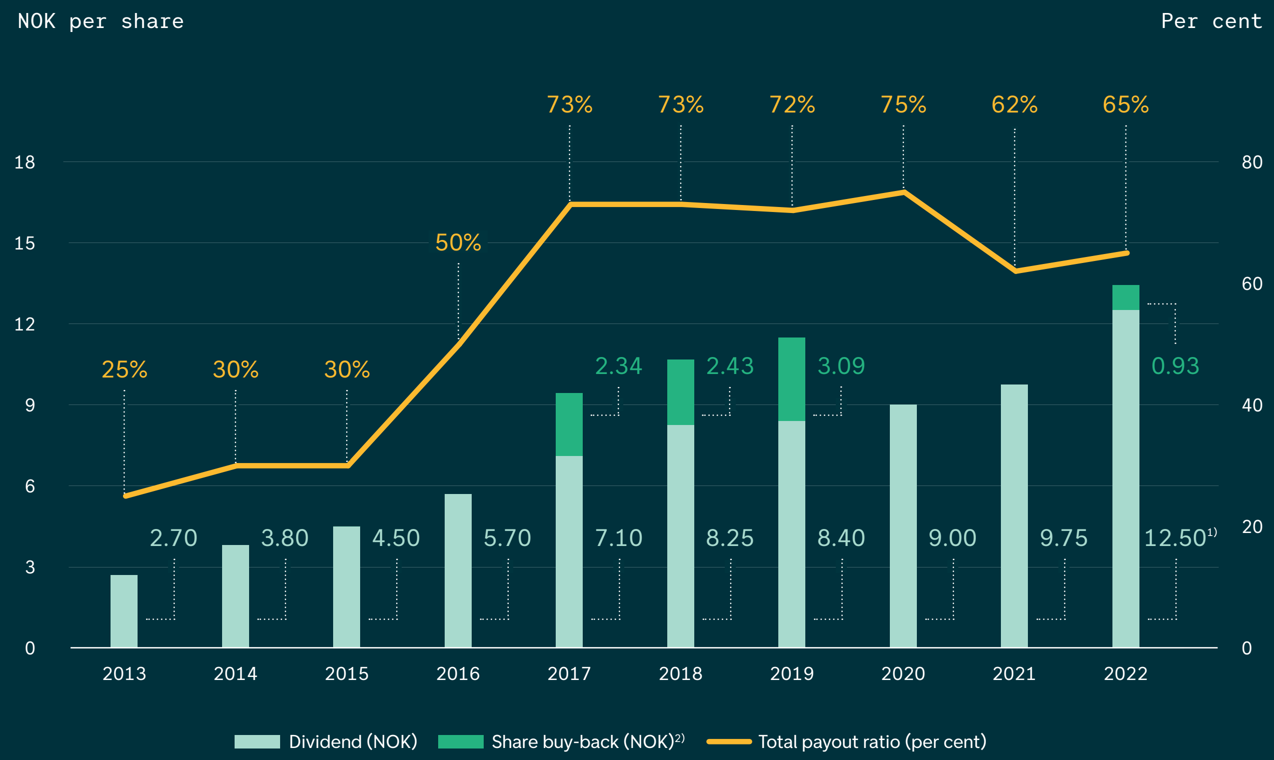
Our long-term dividend policy is to have a payout ratio of more than 50 per cent of profits as cash dividends, provided that the Group's capital adequacy is at a satisfactory level. We aim to increase the nominal dividend per share every year. Excess capital will be paid out to the owners as a combination of cash dividends and the repurchase of shares.

SHARE CAPITAL AND SHAREHOLDER STRUCTURE

At year-end 2022, DNB's share capital was NOK 19 379 million, divided into 1 550 365 021 shares, each with a nominal value of NOK 12.50.

The two largest shareholders are the Norwegian Government, represented by the Ministry of Trade, Industry and Fisheries, and the DNB Savings Bank Foundation. A further description of the Government's ownership can be found in Implementation of and reporting on corporate governance on ir.dnb.no.

Share dividends and dividend payout ratio



1) The Board of Directors has proposed a dividend of NOK 12.50 per share for 2022.
2) Share buy-backs approved by both the Annual General Meeting and Finanstilsynet (the Norwegian Financial Supervisory Authority) based on the accounts for the previous year. For 2022, the payout ratio is based on the 0.5 per cent buy-back programme being completed before the Annual General Meeting in 2023.

Largest shareholders
as of 31 December 2022[1)]

	Number of shares in 1 000	Ownership in per cent
Norwegian Government/Ministry of Trade, Industry and Fisheries	527 124	34.00
DNB Savings Bank Foundation	130 001	8.39
The Capital Group Companies	112 580	7.26
Folketrygdfondet	88 232	5.69
BlackRock	58 294	3.76
The Vanguard Group	37 895	2.44
Deutsche Bank	31 076	2.00
T. Rowe Price Group	20 934	1.35
Storebrand Kapitalforvaltning	19 791	1.28
State Street Corporation	19 073	1.23
Total largest shareholders	1 045 000	67.40
Other shareholders	505 365	32.60
Total	**1 550 365**	**100.00**

Source: DNB, Nasdaq

Number of shareholders

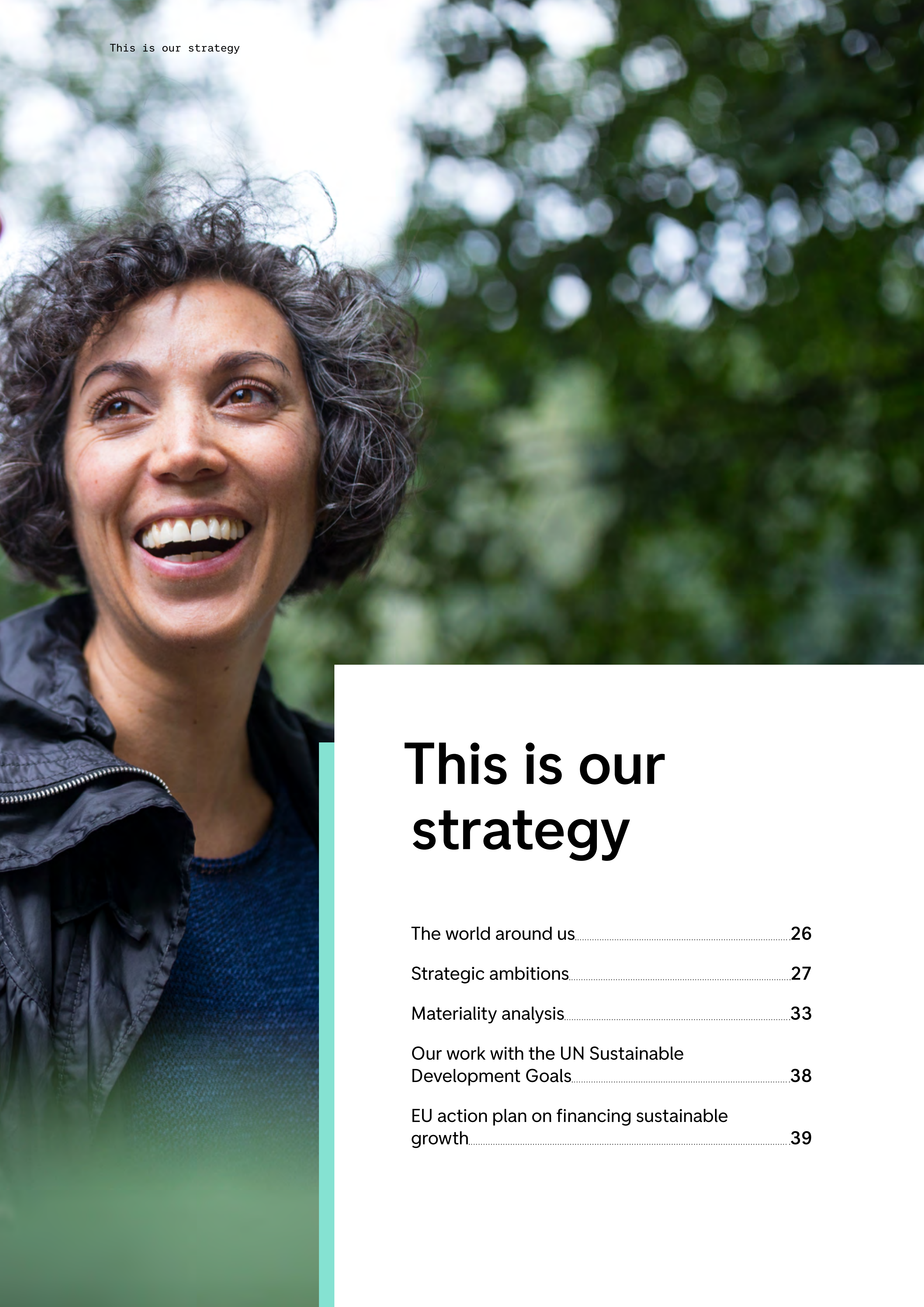
60 788

RATING

DNB Bank ASA and covered bonds issued by DNB Boligkreditt AS are subject to credit assessment by the rating companies Moody's and S&P Global. DNB had the following credit ratings as at 8 March 2023:

	Rating agency	Credit rating	Outlook
	Moody's	Aa2	Stable
DNB Bank ASA	S&P Global	AA-	Stable
	Moody's	AAA	N/A
DNB Boligkreditt AS	S&P Global	Aaa	Stable

1) The actual ownership of nominee accounts is calculated on the basis of third-party analyses. See note P44 for an overview of the 20 largest shareholders.



This is our strategy

The customer chooses us, we deliver sustainable value creation and we find the solutions together. This makes DNB a place where we provide good growth conditions for our customers, society, and our employees.

The world around us

We launched a new Group Strategy in 2022. This is a strategy that sets the Group's course and serves as a tool for innovative thinking and creating change. Our ability to understand and adapt to the changes taking place in the world is particularly important in the current macroeconomic situation, which is marked by uncertainty and turbulence.

At the beginning of the year, the world economy was about to enter one of the most powerful recovery phases in around 80 years. Instead, we experienced rising inflation, increased interest rate levels, a tense geopolitical situation and a persistent energy crisis. It is too early to say what long-term consequences this will have for both the world economy and the geopolitical climate, but it is a fact that our surroundings are more volatile than they were before.

The trends we have seen in banking and finance in recent years will continue in the time ahead. Digitalisation has accelerated and is now something customers and the world around us take for granted. Value chains are breaking up, new players are entering the field and customers' expectations are growing. Payments continues to be an area experiencing a fast pace of change, and innovative payment solutions are contributing to a better customer experience, increased sales and the emergence of new lending products. In addition, cryptocurrencies are capturing the interest of central banks, individuals and investors.

The need for expertise is also changing, and an already hard-pressed labour market will experience further shortages of key expertise.

At the same time, sustainability considerations and the need to mitigate climate change will require significant changes in society. Sustainable finance is a priority area which will have a major impact on the business sector and financial industry in Europe in the time ahead. By placing requirements on the financial sector, the EU wants to reorient capital flows towards more sustainable investment. (*Read more about the new rules and legislation on page 39*).

Strategic ambitions

The Group Strategy will guide us when we face demands from the world around us. It is based on the idea that we are most successful when we draw on our strengths and take advantage of the opportunities available to us.

Achieving good financial results will give us a greater opportunity to invest in better services for our customers. Our work to identify and manage risk that can affect our target attainment and ensure good compliance also contributes to this. This is how we keep the trust of our customers, owners, and employees, as well as the authorities and society as a whole. This work also provides a stable foundation for our efforts to achieve long-term sustainable value creation.

We work as one DNB team; we build on each other's strengths and we learn from each other. Compliance is part of our DNA, we drive customer-centred innovation and seek improvements and simplification every day. In this way, we create more value together than we could on our own.

DNB – Where people and business thrive

- Strategic ambitions

THE CUSTOMER CHOOSES US

Every time we make a choice, we consider the customer's needs first.

WE DELIVER SUSTAINABLE VALUE CREATION

We will create profitable growth and make choices that will stand the test of time.

WE FIND THE SOLUTIONS TOGETHER

Our team is diverse and inclusive, and we create positive change together.

Our efforts to deliver sustainable value creation are concretised through our sustainable ambitions

- Sustainable ambitions

DNB finances the climate transition and is a driving force for sustainable value creation

DNB is a driving force for diversity and inclusion

DNB combats financial crime and contributes to a secure digital economy

- Values: **curious, bold and responsible**

THE CUSTOMER CHOOSES US

We go that extra mile to ensure that the customer chooses us. Customers should perceive us as proactive and innovative, as well as reliable and attentive to their needs. We will explore new business models that are based on data and digital solutions. The technology we use will allow us to get closer to our customers and be more relevant in their everyday lives. DNB is primarily a distributor of its own products and services, which have been developed with the customer in mind. Every time we make a choice, we consider the customer's needs first.

We will strengthen long-term relationships and be a safe partner for the customer. We must constantly work to maintain a high level of trust and a good reputation, and we will inspire and engage the customer in every meeting.

WE DELIVER SUSTAINABLE VALUE CREATION

We will build profitability by drawing on our strengths and making decisions that improve us in the long term. We will ensure that the digital architecture of tomorrow is based on robust and efficient data management. We will gain greater scope for innovation by modernising processes and through more efficient IT systems. This will give us sustainable systems and services, without compromising on stability, security or existing solutions. We are a driving force for sustainable transition, and we actively help customers take a more sustainable direction. By reaching our financial targets, we will create profitable growth and make choices that will stand the test of time.

WE FIND THE SOLUTIONS TOGETHER

DNB is shaped by those of us who work here. We bring out the best in each other and work together as one team to deliver the best products and services to our customers. We are always dependent on having the right expertise in the right place at all times, and we make sure our employees are given room to develop so that they choose to stay. Our team is diverse and inclusive, and we will attract and develop new expertise.

WHERE PEOPLE AND BUSINESS THRIVE

This describes how we want things to be in DNB. A place with good growth conditions for customers, society, our employees and DNB as a whole. To us, 'thrive' means that we are in an environment where we grow and develop. Where we get support, but also resistance. A good environment to develop in. 'People' includes our customers, the people who work here – and other people. 'Business' is about our customers' business activities, our own business activities, and society around us.

OUR VALUES

The values curious, brave and responsible serve as our guiding stars. We are **curious** when we are interested, engaged and seeking insight. In this way, we improve the everyday lives of our customers and colleagues. We are **bold** when we lead the way and set a good example. We dare to go all in, fail and learn. We dare to speak up and challenge established truths. We are **responsible** when we do what is right and work together to get things done. We give our customers advice so they can make good choices.

THE DNB BRAND

The DNB brand is one of the strongest brands in Norway. We are ranked highly in surveys about Norway's most attractive employers. And we will continue to be an attractive employer. Each customer meeting will give customers valuable advice and new, smart solutions, and it will pay off to have everything in one place. This creates trust. Customers must be able to trust DNB, as a financial services provider, and feel confident that we will protect their assets and live up to their expectations. We contribute actively to positive developments in society, and the choices we make must be in keeping with our values, and build on the strengths of the DNB brand.

Financial ambitions

	Ambitions	Achieved in 2022	Achieved in 2021
Return on equity (ROE) (Overriding target)	>13.0%	13.8%	10.7%
Cost/income ratio (Key performance indicator)	<40.0%	40.1%	43.0%
Common equity Tier 1 capital ratio (Capitalisation level)	>17.0%[1)]	18.3%	19.4%
Payout ratio (Dividend policy)	>50.0%	65%[2)]	62%

1) Expectations from the supervisory authorities, including counter-cyclical buffer requirement at the same level as before the pandemic (effective 31 March 2023).
2) The payout ratio is based on the 0.5 per cent buy-back programme being completed before the Annual General Meeting in 2023.

Sustainability ambitions

DNB finances the climate transition and is a driving force for sustainable value creation

Sustainability ambitions	Ambitions[1]	Achieved[1] 2022	Achieved[1] 2021	Link to the UN Sustainable Development Goals	Link to material topics
Reduce the CO_2 emissions intensity related to upstream companies in the oil and gas portfolio by 25 per cent from 2019 to 2030	75% in 2030	125.0%	91.4%	13 Climate action	Reduce greenhouse gas emissions
Reduce the emissions intensity in the shipping portfolio by 1/3 from 2019 to 2030	66.7% in 2030	n/a	106.6%	13 Climate action	Reduce greenhouse gas emissions
Reduce the emissions intensity related to energy consumption in the commercial property portfolio by 25–35% from 2019 to 2030	65–75% in 2030	98.0%	n/a	13 Climate action	Reduce greenhouse gas emissions
Reduce the emissions intensity of the life insurance portfolio by 55% by 2030, with the baseline set in 2019	45% in 2030	72.5%	66.4%	13 Climate action	Reduce greenhouse gas emissions
Finance and facilitate sustainable activities worth NOK 1 500 billion by 2030	NOK 1 500 billion in 2030	NOK 391 billion	NOK 221 billion	5 Gender equality; 7 Affordable and clean energy; 8 Decent work and economic growth; 13 Climate action; 14 Life below water	Finance the climate transition through sustainable products
Increase total assets in funds with a sustainability profile to NOK 200 billion in 2025	NOK 200 billion in 2025	NOK 27 billion	NOK 28 billion	5 Gender equality; 7 Affordable and clean energy; 8 Decent work and economic growth; 13 Climate action; 14 Life below water	Finance the climate transition through sustainable products
In 2025, 50% of net flows of total assets will go to mutual funds with a sustainability profile	50% in 2025	n/a[2]	18.4%	5 Gender equality; 7 Affordable and clean energy; 8 Decent work and economic growth; 13 Climate action; 14 Life below water	Finance the climate transition through sustainable products

1) Ambitions are expressed as a percentage of the portfolio's index. The portfolios were indexed at 100 in 2019, which was the baseline year. Achieved indicates the size of the portfolio, compared with the portfolio's index of 100 in 2019.
2) The net flow of total assets was -NOK 21 512 million, while the net flow for mutual funds with a sustainability profile was +NOK 523 million.

DNB is a driving force for diversity and inclusion

Ambitions[1]	Link to the UN Sustainable Development Goals	Link to material topics
DNB will have a good gender balance (40/60 either way) in management positions at all levels	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES	Diversity and inclusion
DNB will be diverse and inclusive	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES	Diversity and inclusion
DNB will help promote equality among our customers through products, services and dialogue	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES	Responsible customer advisory services and marketing
DNB's largest suppliers within IT services, consulting activities and legal services are required to work systematically on equality and diversity in their own organisations	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES	Responsible purchasing

DNB combats financial crime and contributes to a secure digital economy

Ambitions[1]	Link to the UN Sustainable Development Goals	Link to material topics
DNB will report all suspicious transactions	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Preventing financial crime and money laundering
DNB will be the most trusted player when it comes to delivering banking services in a modern digital economy	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Innovative products and user-friendly services and Information security and stable IT systems
DNB is committed to processing and using data and AI (artificial intelligence) in a way that ensures a fair, democratic and inclusive society	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Data protection

DNB will be a driving force for sustainable transition

DNB's sustainability work has three main priorities, which are based on areas in which the Group has influential power. These are described below.

Climate change and sustainable value creation

DNB finances the climate transition and is a driving force for sustainable value creation. Among other things, we have an overall goal of achieving net-zero emissions from our financing and investment activities by 2050. This means that we will not finance or invest in activities causing more emissions than those that are absorbed by the natural environment and future carbon capture and storage solutions.

We plan to achieve our target of reducing our financed emissions in industries such as oil and gas, shipping and commercial real estate in the period leading up to 2030. In order to take the role as driving force, DNB will continue to finance and facilitate sustainable activities worth NOK 1 500 billion by 2030 in the areas of renewable energy, energy efficiency measures and low-emission solutions. We will also take a clearer position within biodiversity and the circular economy.

More on this from page 60 onwards.

Diversity both within and outside the Group

DNB is a driving force for diversity and inclusion, and we will work to ensure that all employees feel included and accepted, and that we have gender balance in management teams. Through cooperation and communication with suppliers and customers, we will also promote diversity and inclusion outside DNB.

More on this from page 124 onwards.

DNB combats financial crime and contributes to a secure digital economy

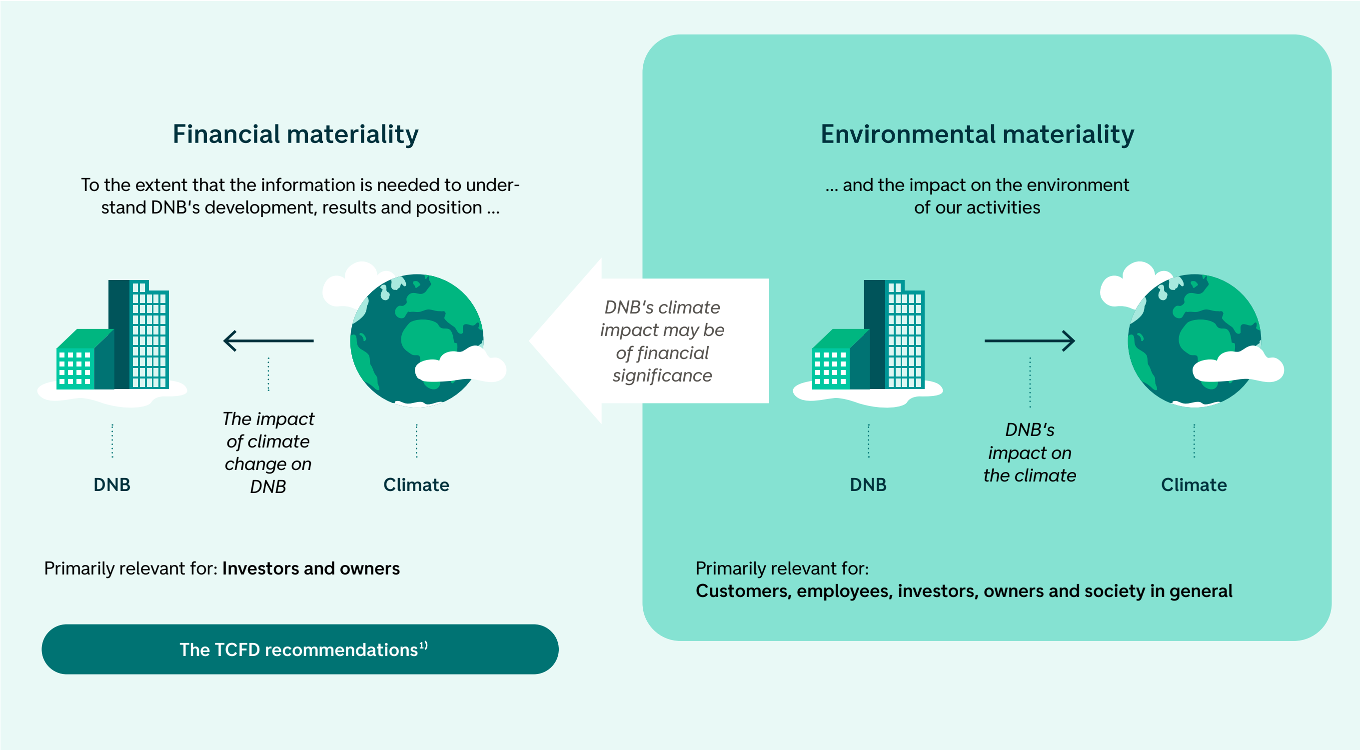
DNB combats financial crime and contributes to a secure digital economy. We will ensure that sound anti-money laundering work is carried out across the Group, including by reporting all suspicious transactions. We aim to be the bank customers trust the most when it comes to delivering financial services. In addition, we will process and use data and artificial intelligence (AI) in a way that ensures a fair, democratic and inclusive society.

More on this from page 132 onwards.

Materiality analysis

Sustainability is essentially about long-term value creation, but as a concept it can be perceived as general and a little vague, especially in the absence of common definitions. It is also difficult to compare companies' actual results, and to assess to what extent a company is working effectively in the area of sustainability. Not all sustainability challenges are equally relevant to all companies. Each individual company must identify which sustainability topics are most important for their business operations. That is, the topics on which the company can have the greatest impact, whether by reducing negative impact or by making a positive contribution through delivering solutions for addressing the world's challenges. We often call these 'material topics'.

A materiality analysis is an established tool for identifying sustainability topics of importance



The figure illustrates the principle of 'double materiality', which is described in the Non-Financial Reporting Directive (NFRD), and will also apply in the CSRD.

to a company's stakeholders, its long-term value creation, and its impact on society and the environment. The principle of materiality is a key element in the most important international reporting standards, such as the Global Reporting Initiative (GRI) and the SASB (Sustainability Accounting Standards Board), and is an established component of best practice in the area of sustainability. Moreover, this principle is increasingly found in legislation relating to sustainability reporting, and will be a future requirement in the Corporate Sustainability Reporting Directive (CSRD). Read more on page 39.

DNB'S MATERIALITY ANALYSIS

We reviewed DNB's materiality analysis during the autumn of 2022, to ensure that we prioritise the topics that are most material to our business operations and that we are equipped to address risks and grasp opportunities relating to ESG. The review showed that the topics which were identified in 2021, based on a stakeholder dialogue, continue to be the most material. In 2023, we will conduct a new, comprehensive double materiality analysis, which will assess all areas where DNB has an impact.

The sustainability topics reflect the areas of greatest importance to the Group's long-term value creation, which are the ones in which DNB has the greatest influential power.

The materiality analysis provides the foundation for DNB's three priority focus areas:

- DNB finances the climate transition and is a driving force for sustainable value creation;
- DNB is a driving force for diversity and inclusion;
- DNB combats financial crime and contributes to a secure digital economy.

1) The double materiality perspective in connection with the reporting of climate-related risks and opportunities, as recommended by the TCFD, see page 108.

The analysis is based on the sustainability topics that affect the Group's development, financial position and results (financial materiality), as well as the sustainability topics the Group has an external impact on through its activities, either negatively or positively (social and environmental materiality).

Topics identified as material to DNB

The materiality analysis conducted in 2021 resulted in an overview of topics that have been identified as material to DNB. These reflect both the concerns of our stakeholders and what is of financial, social and environmental materiality for DNB. Over 1 200 stakeholders were involved in the analysis, which showed that all of the material topics are very important to DNB's stakeholders. The results of the analysis indicate where DNB's influential power lies – either directly, in its own operations, or indirectly, in relation to customers.

The topics can also have a major impact on the Group's long-term value creation, financial position and results. In particular, the material topics that relate to financial crime and a safe digital economy can be seen as 'fundamental value drivers', as they either involve a clear expectation from stakeholders that DNB achieves good results in the area concerned, or they are a question of compliance.

Some of the topics stand out in that they also show potential **strategic advantages** and opportunities for the Group, especially in the focus area 'DNB finances the climate transition and is a driving force for sustainable value creation'. The topics that have been identified as potential strategic advantages do not only create opportunities for us at DNB; they also do so for our customers. Over the last few years, there has been a significant rise in the demand for sustainable financing. Corporate customers are to an increasing degree seeking advice regarding their own sustainable transition and relevant rules and legislation, and are looking for opportunities to mobilise capital to finance this transition. Similarly, the demand for sustainable saving schemes is increasing among our personal customers.

The list on page 37 provides an overview of the sustainability topics that were identified through the materiality analysis. The list specifies where in the annual report they are described. Based on our role as an important player in Norwegian society and because we both buy goods and services and contribute a considerable amount in tax every year, we have decided to include the topics 'Responsible purchasing' and 'Responsible

"The sustainability topics reflect the areas of greatest importance to the Group's long-term value creation, which are the ones in which DNB has the greatest influential power."

tax practices and our tax contribution'. **The Sustainability Factbook** at the back of this report contains a short description of all of the topics. The statutory auditor has verified the contents of the factbook referred to in DNB's GRI Index 2022 (see the GRI Index 2022 report on dnb.no/bærekraftsrapporter).

Impact analysis

In 2021, we supplemented the findings of our stakeholder dialogue and internal assessments with a limited impact analysis. Impact analyses help us meet the expectation of identifying social and environmental materiality, as well as fulfil the commitments we have taken on by signing the Principles for Responsible Banking (PRB), see page 8 of the Factbook. The analysis we conducted in 2021 mapped DNB's indirect impact through the loan portfolio of the bank's corporate customer area, Corporate Banking. We used DNB's sector exposure as the starting point for the analysis, and identified which sustainability topics are most material in the sectors to which Corporate Banking has the highest exposure. In order to identify sustainability topics in the different sectors, we used several data sources, including the SASB Materiality Map, Sustainalytics Sector Reports, GRI Sector Standards guidance and Corporate Banking's Corporate Responsibility Risk Assessment. The topics identified in 2021 were assessed in 2022 and a decision was made to keep them. We will conduct a new impact analysis in 2023.

DNB has an indirect impact on the following sustainability topics:

- → Circular economy
- → Health, safety and environment for employees
- → Ecological impact/biodiversity
- → Energy efficiency
- → Water and wastewater
- → Ethics
- → Greenhouse gas emissions
- → Product safety and quality

The topics identified in the impact analysis were assigned weightings in the materiality analysis.

In the time ahead, we will work on making the impact analysis more accurate, in step with methodological and regulatory developments and improvements in the availability of data. It is also our goal to expand the impact analysis to include our impact through our loan portfolio in the personal customer segment. The investment portfolio of our asset management company (DNB Asset Management) has not yet been included in the impact analysis, as it is so large and complex that an analysis based on sector exposure will serve little purpose.

Material topics

Our work with the UN Sustainable Development Goals

The UN Sustainable Development Agenda was adopted in 2015, as a global plan of action to end poverty, combat inequality and limit climate change by 2030. The Agenda consists of 17 Sustainable Development Goals (SDGs), and each SDG has a number of targets focusing on the main areas that must be addressed effectively in order to achieve the overall goals. The SDGs provide the framework for our sustainability work, and guide our dialogue with customers.

DNB supports all 17 of the SDGs. At the same time, we have identified goals that are particularly relevant to our business operations, in line with the materiality analysis and DNB's sustainable strategy. We have identified three main goals that reflect the strategy's three priority areas. This is where we believe we have the greatest opportunity to make a positive impact:

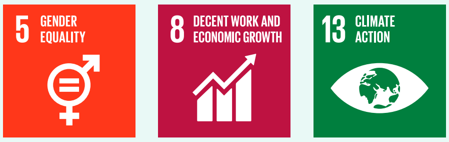
- **SDG 5:** Achieve gender equality and empower all women and girls in society.
- **SDG 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- **SDG 13:** Take urgent action to combat climate change and its impacts.

Other SDGs we are focusing on, and that are in line with our materiality analysis, are SDGs 7, 9, 10, 12, 14, 15 and 16. Through our roles as employer, investor, lender, and facilitator and supplier of financial infrastructure, we seek to contribute positively to fulfilling these SDGs and reduce our negative impact in these areas.

You can read more about how we work with the SDGs in the Sustainability Factbook (at the end of the report) and on our website dnb.no/om-oss/barekraft.

UN Sustainable Development Goals

DNB's top priority SDGs



Other SDGs prioritised by DNB

Other SDGs

EU action plan on financing sustainable growth

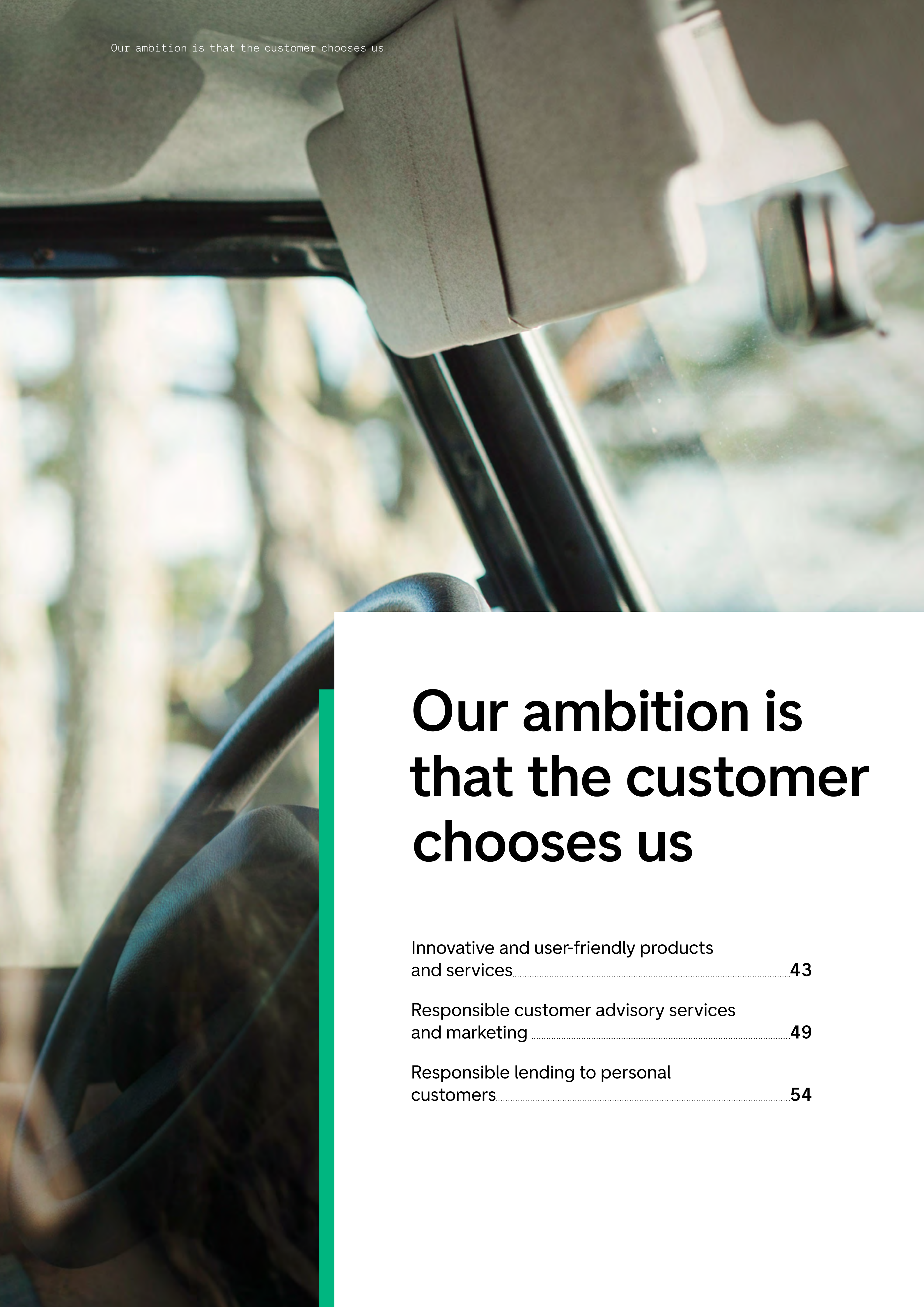
The EU action plan on financing sustainable growth aims to reorient capital flows towards a more sustainable economy, to manage financial risks stemming from climate change and environmental issues, and to foster transparency and a long-term perspective in the financial market. In recent years, there has been strong growth in the market for sustainable finance, and investors have been seeking to invest in sustainable activities and projects. Creating a framework for sustainable finance makes it possible to increase the financing of sustainable solutions, counteract ‘greenwashing’ and simplify access to information about sustainable financial activities. EU measures to promote sustainable financial activities can be divided into three groups:

1. **Greater transparency and increased reporting requirements:** Companies in the financial and banking sector, as well as large companies, will be subject to increased sustainability reporting require-ments. Among other things, the EU has adopted a new Corporate Sustainability Reporting Directive (CSRD), which will cover all large companies in the time ahead. Separate reporting requirements will also be introduced for the banking and financial sector, including the Sustainable Finance Disclosure Regulation (SFDR), as well as new reporting requirements in the existing financial rules and legislation.

2. **Integration of sustainability in the rules and legislation regarding the banking and financial sector:** Sustainability will be integrated in the rules and legislation for the banking and financial sector in the time ahead. Financial institutions must, among other things, include sustainability in their financial advisory services, as well as in information about financial products, risk reporting and their risk management and corporate governance. The changes to the rules and legislation may also affect the capital requirements for these players.

3. **Classification of sustainability:** To contribute to shared definitions and increased transparency in sustainable finance, the EU has introduced a classification system for sustainable activities, known as the EU taxonomy. The taxonomy contains reporting requirements for the largest financial and non-financial players. Going forward, the largest non-financial companies will have to disclose information about the proportion of their turnover, costs and investments derived from sustainable activities. Players in banking and finance will have to disclose information about the proportion of loans and investments that can be defined as sustainable, in accordance with the definitions in the taxonomy. Read more about DNB’s work with the taxonomy on page 118.

The EU legislation relating to sustainable finance will be implemented in Norwegian law via the EEA Agreement. A new Norwegian Act relating to Sustainable Finance (in Norwegian only) was adopted in December 2021. The Act entered into effect in Norway on 1 January 2023 and implements two key pieces of EU legislation relating to sustainable finance in Norway: the EU Taxonomy Regulation and the SFDR. The requirements under these two EU regulations entered into effect for Norwegian players on the same date.



Our ambition is that the customer chooses us

Our ambition is that the customer chooses us

We go that extra mile to ensure that the customer chooses us. Customers should perceive us as proactive and innovative, and, at the same time, reliable and attentive to their needs. We will explore new business models that are based on data and digital solutions. The technology we use will allow us to get closer to our customers and be more relevant in their everyday lives. DNB is primarily a distributor of its own products and services, which have been developed with the customer in mind. Every time we make a choice, we consider the customer's needs first.

We will strengthen long-term relationships and be a reliable partner for the customer. We must constantly work to maintain a high level of trust and a good reputation, and we will inspire and engage the customer in every meeting.

Every time we make a choice, we consider the customer's needs first.

Innovative and user-friendly products and services

Dnb.no is built on new, cloud-based architecture, which guarantees higher operational stability.

Digitalisation is accelerating and new requirements are constantly arising in connection with the green shift. Value chains are being broken up and customers are shopping from more providers and using more channels than before. Providers are moving away from their original niches and have a presence in multiple sectors. We see that customers are increasingly comparing experiences and building expectations across industries, and they are constantly finding new ways to meet their needs. New players are coming onto the market, offering services and solutions which simplify customer journeys, increase sales and lead to product innovation. This makes it especially important to maintain competitiveness. As Norway's largest bank, we also have to take responsibility and ensure that our products and services do not contribute to financial exclusion, and we must ensure that all people have access to basic banking services.

WHAT WAS DONE IN 2022?

The vision for our digital channels is to create world-class customer experiences. Our ambition is to win more customers and to achieve increased customer satisfaction. This involves a strong commitment to modernisation, streamlining and the production of personalised and relevant content.

The main improvements in our digital channels:

- During the past couple of years, our website **dnb.no** has undergone a major modernisation process. This is our largest channel, and is where customers find the

DNB's personal customers are very satisfied with our digital channels, which is confirmed by customer satisfaction scores[1)]

full range of our products, across business areas. Dnb.no is built on new, cloud-based architecture, which guarantees higher operational stability, greater security and, not least, better customer experiences as we are continuously introducing new functionality. Our website has a universal design, and has become less complex. We are continuously working to analyse internet traffic to optimise content and functionality. Our digital system for booking meetings has proved successful, with over 55 000 meetings with personal customers scheduled in 2022. In Cicero Consulting's SME report for the banking sector for the autumn of 2022, DNB was the only bank to achieve a top score for its open web pages in terms of guidance, advice and tools associated with starting, expanding and operating a business.

→ In 2022, **the online bank** for personal customers had almost 1.5 million active users. During the course of the year, we continued working on developing **cloud-based online banks for both personal customers and businesses**, while also working to modernise the existing online banks for these customers.

→ In 2022, **the mobile banking app for personal customers** had over 1.1 million active users, and an AppStore rating of 4.7 out of 5. Efforts to improve the app are ongoing. One example is the *Pengebruk* (spending) function, which has been adopted by almost 1 million customers. This function gives personal customers insight into their own consumption, and helps them make smarter choices in everyday life. New features in 2022 included options for setting up budgets, searching transactions and transferring money from a home equity credit line.

→ **The savings app Spare** gives customers an overview of their own savings. The app allows them to see how much pension they have accumulated and how much their employer is setting aside for them, and to easily purchase mutual funds and shares. Two new functions were launched in the Spare app in 2022: an overview of own shareholdings and a new *Oppdag* (discover) tab, which gives users access to the latest articles and podcasts. We are in the process of gathering the savings app Spare and the mobile banking app on a single, common platform, which will improve interaction between the apps, and thus enhance the customer experience.

→ DNB's **online equity trading service** is being continuously developed in partnership with our customers. Customers want more decision-making support to better enable them to make successful investments. Examples of new functionality in 2022 are free access to real-time market data on Oslo Børs (the Oslo Stock Exchange) for all of our customers, our morning reports – an estimate of how analysts believe the stock exchanges will behave that day, and an overview of recommended shares and company analyses. In addition to providing functionality for trading in shares, the

1) Source: Customer satisfaction survey conducted by Norstat on behalf of DNB.

"Many young people find it difficult to enter the property market on their own, and in October 2022, we launched the concept *Vennelån* (friend loans)."

solution includes an improved display and filtration of listed mutual funds. We have developed a more compact display for our most active customers, and have called it 'Trader'. This is a dashboard page which gathers market information in one place. The page shows the customer's portfolio, orders and trades, so that the customer is continuously updated on the situation in the market without having to switch between different pages.

- The corporate app **DNB Bedrift** (formerly *Puls*) is a tool that gives companies better control over – and anw enhanced overview of – their finances. In 2022, the number of companies that used the app increased from 38 800 at year-end 2021 to 64 194 at year-end 2022. This was an increase of 65 per cent. Over 20 per cent of these companies use the app every day. The app has an AppStore rating of 4.7 out of 5. DNB's goal is to make everyday life easier for its corporate customers. Through our digital order solution, companies can order bank integration, which connects their banking with their accounting. This saves customers time spent on making payments and reconciling accounts. In 2022, we established approximately 17 650 new banking integrations digitally. By digitalising the ordering of this type of banking integration, we have considerably boosted sales, while reducing the number of manual processes.
- We are in the midst of a significant modernisation of our **payment systems** for the corporate market. In 2022, we delivered a new platform which offers our customers better and more complete account information, reducing the need for manual follow-up. We are currently working to move customers over to the new platform.

NEW PRODUCTS

In line with our sustainable strategy, several new, green products were launched in 2022. Read more about this in the chapter Financing the climate transition through sustainable activities.

Many young people find it difficult to enter the property market on their own. In October 2022, we launched the *Vennelån* (friend loans) concept, where friends can buy a home together (read more about this in the chapter Responsible lending to personal customers). This concept includes a new customer benefit in the form of services from the law firm Ally Advokater, which include help for customers to set up shared ownership agreements and a free consultation with a lawyer, among other things.

In January, we expanded our popular super deal scheme for programme customers. Customers can now enjoy discounts when using their Visa card, as well as their Mastercard, and the discount is applied at the moment of purchase.

REPUTATION

Reputation surveys show that, when it comes to the values 'innovative' and 'modern bank', DNB remained at an average level throughout 2022. The Traction reputation survey (new survey adopted in 2022, focuses on six underlying dimensions, including innovation. In this survey, DNB received 63, 62, 60 and 60 points, respectively, during the four quarters of 2022 – all of which are average scores. DNB has been named one of Norway's most innovative companies several times by the Norwegian innovation magazine Innomag.

PARTNERSHIPS

Norwegian banks have a long tradition of collaborating on infrastructure, and this has helped us to develop good customer solutions in many areas. Ownership interests in and cooperation with Vipps, BankID BankAxept, Fremtind Forsikring, Uni Micro and Svea are examples of this. Rising customer expectations are making it ever more important to identify the areas where we think we can achieve good results on our own, and areas where we will benefit from working with others.

Payments: Vipps

To further strengthen its position in payment services, the Norwegian provider of payment services, Vipps, merged with Danish MobilePay into a single digital wallet in 2022. The two companies represent a total of 11 million individual users and 400 000 businesses, and have over 900 million annual transactions. The merger will enable mobile payments across national borders and will contribute to an even better solution for individual users and businesses in Denmark, Finland and Norway.

> "Rising customer expectations are making it ever more important to identify the areas where we think we can achieve good results on our own, and areas where we will benefit from working with others."

Factoring: Svea

In 2022, Svea and DNB signed a factoring agreement, making Svea the supplier of factoring services to DNB's corporate customers. Factoring solutions include services such as invoice administration, financing and credit insurance. Svea gives us a supplier with a modern, future-oriented factoring solution that gives businesses a full overview of their accounts receivable at all times and offers good integration with their accounting systems.

Startups

Over a number of years, DNB has developed a close cooperation with StartupLab, Norway's leading technology incubator. In 2022, we were the driving force behind the new industry programme 'StartupLab Fintech', in which we have now partnered with Fremtind, SpareBank 1, Schibsted and Microsoft. The goal is to increase the number of strong technology companies with potential for growth and global ambitions in the financial sector.

We also organise the joint DNB NXT Accelerator programme together with StartupLab. In 2022, we entered into collaborations with the five companies that participated in the 2021 accelerator: Celsia (read more on page 52), Vilda, Kvist (read more on page 84), Kosli (formerly Merkely) and Mitigrate (read more on page 106). DNB Ventures invested in Celsia in September 2022, and the bank has a project on corporate sustainability together with this startup. In partnership with Vilda, we have had a pilot project relating to green home mortgages in the personal customer market. Kvist is developing a cloud-based project management tool for environmental certification and management in the construction industry. The solution being developed by Kvist will be relevant to DNB's property customers.

Venture investments

DNB Ventures is a wholly owned subsidiary of DNB that invests in promising startup

companies with a proven business model and paying customers. Through active ownership, DNB Ventures will be a driving force for mutual exchange of learning and knowledge between DNB and the companies, while promoting the companies' development.

In 2022, DNB Ventures had an ownership interest in FundingPartner, Unite Living, Quantfolio and Celsia, and in February, the company was involved in a private placement in FundingPartner. Quantfolio entered the portfolio in connection with the acquisition of Sbanken, and DNB Ventures was the primary investor when Celsia in September raised NOK 20 million for further growth.

Digitalisation and new technology

Together with other companies like Telenor, Equinor, KONGSBERG, Statkraft and SINTEF, we collaborate with the Norwegian University of Science and Technology (NTNU) on various topics, including artificial intelligence (AI) and quantum computing.

We are part-owner of – and are cooperating with – Digital Norway on digitalising Norway and ensuring cooperation and the exchange of learning between small and large enterprises. Together with Digital Norway, we have developed a sustainability course for small and medium-sized enterprises which was launched in June 2022.

DNB has a high level of ambition relating to digital joint projects which involve collaboration between the financial industry and the public sector, seen, for example through the programme called DSOP (Digital Public-Private Collaboration).

In addition to performing own experiments in the area of block chain technology, DNB is contributing to Norges Bank's project to assess whether a central bank digital currency (CBDC) should be introduced. The project has currently reached a phase where the central bank is conducting experimental testing, among other things. The testing involves Norges Bank both financing development projects and collaborating with partners who want to participate in the testing, and have the capacity to do so.

Open Banking

Open Banking enables us to provide third parties with access to DNB's infrastructure and services in a standardised, scalable and secure manner, in accordance with the EU's Payment Services Directive, PSD2. At the same time, we are taking the opportunity to retrieve account information from other banks to give our customers a better overall overview using DNB's solutions. In 2022, we also established account aggregation with the other Nordic countries, allowing our customers to access accounts from over 130 Swedish, Danish and Finnish banks in the mobile banking app.

New services launched in 2022.

In 2022, the following new services were launched in the market in collaboration with other players:

→ **The accounting app DNB Regnskap** is

vipps

In 2022, Vipps merged with Danish MobilePay into a single digital wallet.

an important initiative in the corporate market, which has added momentum to the vision that banking and accounting services should be integrated – simple and inexpensive for our customers. We experienced good growth in the number of customers who use this system in 2022, and our customers' feedback was good. We also launched a pilot solution for selling pensions in the system, which has also shown good results. Moreover, we worked on integrations with our own services and services offered by third-party suppliers in, for example, cash transaction systems, terminals, debt collection systems and industry-related systems. Another example is a pilot solution where companies can see their carbon footprint using the DNB Regnskap app. In partnership with the company Energi.AI, we will offer fully-automated carbon accounts to customers that use the app. The goal is to further strengthen both Uni Micro and DNB's market position.

- In 2022, DNB Markets partnered with Redeye on **equity analysis**. It is DNB Markets' goal to have the broadest possible Nordic equity analysis coverage, to support investors' decisions. For more than a decade, DNB Markets has invested in equity analysis to innovate and continue developing its products. The partnership will enable us to exploit Redeye's expertise, by presenting its relevant equity analyses under the DNB brand (white labelling), and thus offer analyses of companies that DNB Markets would otherwise not cover.

THE WAY FORWARD

In DNB, we focus on agile and flexible business development, by testing new solutions and quickly making changes. This improves our ability to increase the speed of our innovation efforts. By having a strong user focus and interdisciplinary teams made up of designers, technologists and business developers, we can create better services for meeting users' needs, while to a greater extent taking advantage of technological opportunities and generating commercial value.

Over the next few years, we will continue to modernise our IT systems to achieve long-term sustainable development, which will result in both a faster pace of innovation and stable solutions. We have already come far in the modernisation of the payments area, and we have begun work in the customer area. This will ensure that there is one common source of customer data, which has already yielded effects in that the identities of 225 000 minors were updated using information from the National Population Register. This was not possible with the old systems. We are also working on new and better credit systems that will ensure quicker and more effective credit processing.

As one of the Nordic region's largest players in car financing, we work closely with different innovation environments and commercial partners to acquire new knowledge and technology that can support the growth of new and more sustainable mobility services.

Responsible customer advisory services and marketing

Customer needs must always provide the starting point for the products and services we provide, and our customers must trust us. This is one of the main pillars of DNB's Group strategy. Our ethical principles describe how we should act, and our Group policy for sustainability guides product development. We must safeguard our customers' interests in connection with sales and advisory services through open, clear and honest communication, and we will also take good care of our customers' personal data and keep it safe. To ensure that we always have good and responsible advisers, we offer systematic competence building. If customers are to choose us, we need to give the most valuable advice to both our personal and corporate customers. This chapter covers the personal customers segment, while corporate customers are discussed on page 61.

WHAT WAS DONE IN 2022?

Customer satisfaction

We continuously monitor customer satisfaction among our customers, but also in the banking market in general. Customer satisfaction in the Norwegian banking market is good, and people have a high level of trust in banks. The number of bank connections per person in 2022 remained largely unchanged from 2021, and most customers had only one preferred bank.

Customer satisfaction among our personal customers remained stable throughout most of 2022, but we saw a slight decline at the end of the year, when the customer satisfaction score was 72.8, which is a small reduction compared with 2021. In 2022, 57 per cent of customers reported that they were 'very satisfied' with DNB, while 16 per cent reported that they were 'somewhat dissatisfied'.

Customer satisfaction with DNB's points of contact is good. The online bank remains the channel that is used the most, preferred by most, and has the highest customer satisfaction score (82 points). In 2022, the mobile banking app achieved its highest score ever (82 points), and thus equalled the customer satisfaction level the online bank has had over time. This shows that the mobile banking app is constantly being improved, and that this is benefitting our customers. Both the online bank and the mobile banking app deliver particularly well on safety and security of use, on making it easy to find services that are used regularly, and on both having simple language that is easy to understand.

Our customer service, by telephone and chat, generally scored well on customer satisfaction also in 2022, but the satisfaction level was somewhat lower in periods with long waits associated with the customer identity verification process. This situation improved towards the end of the year.

The view of DNB's prices is closely linked to people's perception of DNB and their desire to become and remain DNB customers. The

We will take good care of our customers' personal data and keep it safe.

We offer financial advisory services for everyone, regardless of age and financial situation.

price perception is also closely linked to customer satisfaction and the extent to which our customers recommend the bank to other people.

Cases considered by the Financial Services Complaints Board

The Financial Services Complaints Board handles disputes concerning private individuals' contractual relationship with banks, finance companies, credit institutions and fund management companies. The number of cases considered by the Complaints Board is an indication of whether DNB manages to deliver products and services that meet customer needs and expectations.

In 2022, the Complaints Board registered a total of 353 cases involving DNB. Among these, only 34 cases were considered by the board, and 26 went in our favour and 7 in the customer's favour. One case was rejected. In light of DNB's large number of personal customers, the number of cases considered by the Complaints Board in previous years and the number of cases involving other financial services groups, the number of Complaints Board cases in 2022 and their outcomes was as expected. This confirms that we deliver quality products and services in line with customer expectations.

Compliance

During the year, there was a continuous focus

"Going forward, we will continue contributing to evening out social differences, by organising activities that increase the population's competence on personal finances."

on quality, compliance and minimisation of operational risk associated with marketing activities. To ensure that we deliver good quality products, services and marketing activities, a product and/or activity check is always performed before they are launched. The purpose is to identify potential risks and implement measures to reduce, remove or minimise these risks.

To ensure that the quality of the marketing work improves, regular in-house courses are organised, as well as meeting places for professional input on, for example, various legislation, guidance, processes and procedures. Any deviations associated with non-compliance with statutory legislation or internal rules and processes are registered in our internal reporting tool to ensure that they are followed up properly, and there is improvement and continuous learning.

Financial literacy

Throughout 2022, we focused on increasing knowledge and competence on personal finances among the Norwegian population. We offer financial advisory services for everyone, regardless of age and financial situation, via digital tools or conversations with our advisers. Externally, we have done this through advertising campaigns, and in-house, by enhancing the skills of all of our advisers. We have established a special concept called *Din Samtale* (your conversation), which involves a team of advisers with additional expertise helping customers who find themselves in a challenging financial situation for various reasons.

During the course of 2022, a total of 24 #huninvesterer events were organised throughout Norway. The purpose of the concept is to invite women to come together and learn more about finances and investments. The events in 2022 have received very high scores from the people invited, and we are continuously working on development and improvement in both the professional axis and in the event axis. Evaluations show that the events have a positive impact on the customer relationship.

Reactions from the authorities

In 2022, we did not receive any reactions or fines from the supervisory authorities relating to marketing activities targeted at personal customers.

THE WAY FORWARD

Going forward, we will contribute to evening out social differences, by organising activities that increase the population's competence on personal finances during a time in which we know that this will become increasingly important. We will also continue the work of increasing knowledge and competence among employees who work with marketing, to ensure that they comply with statutory legislation and internal process and procedures.

NXT

DNB NXT Accelerator
Bringing good ideas and capital together

From reporting to action

Far too much time and energy is being spent on creating fancy sustainability reports. Now the focus needs to be directed towards creating real change, say the entrepreneurs behind software company Celsia.

Celsia delivers cloud-based systems where companies can enter, manage and report their sustainability data, in accordance with regulatory requirements.

"We want to give companies tools that streamline tracking, collaboration, data processing and reporting. That will make it easier to make good decisions. This is our contribution to the green shift," says Petter Reistad, CEO and one of the founders of Celsia. The company was established in 2021, and is already a leader in statutory sustainability reporting software in Northern Europe.

The little startup appeared on DNB's radar early on, and was included in the DNB NXT Accelerator the same year it was established. Today, DNB has also invested in Celsia through DNB Ventures. "The accelerator programme really helped us gain momentum," says Reistad.

"Even though DNB is used to working with large companies, they're surprisingly agile. They kept pace with us and were ambitious about what we could achieve during the accelerator. We had a pilot solution in place in three months, and then it was rolled out to a number of DNB customers, who implemented the solution in the spring of 2022. The process was incredibly valuable for us," states Reistad.

He believes that DNB and other financial institutions have a very important role to play in the green shift. However, if we want to ensure that cash flows go in the right direction, good sustainability data is required.

"We need huge investments in order to achieve our goals. But it's also very important that the sustainability work becomes more quantifiable, so that we can be sure that the money actually goes where it is most effective. This requires comparable key performance indicators (KPIs), not 100-page sustainability reports where people have cherry-picked the KPIs and reported the most favourable ones. Unfortunately, this practice is a bit too widespread today," says Reistad.

He believes that conditions are just about right for DNB to take the position as the world's most sustainability-oriented bank. No less.

"DNB has already shown the way in very many areas, and I hope that they will be just as ambitious on behalf of themselves and their customers also in the future. Maybe DNB can be the bank that creates the simplest way to a green loan? It shouldn't be easy to receive a green loan, but it should be easy to understand how to qualify for one. That's a cool ambition, and it makes business sense," states Reistad.

Takeaways

01
Have the right focus. Find out where your company's impact is most negative or where it has the greatest potential to make a positive difference. Maybe you shouldn't focus on carbon emissions, but on the social dimension of sustainability instead?

02
We're past the stage where a company can merely say that they are working with the UN Sustainable Development Goals. Set quantifiable KPIs and be transparent about target attainment.

03
Don't consider sustainability work something that slows the company down, but rather a source of business opportunities. If you link the company to something greater, it will also have positive ripple effects on everything from recruitment to reputation and customer attraction.

"It's very important that the sustainability work becomes more quantifiable, so that we can be sure that the money actually goes where it is most effective."

Petter Reistad, CEO of Celsia

Responsible lending to personal customers

DNB is a responsible provider of secured loans and unsecured credit to personal customers. Secured loans are loans to buy homes and real estate. Unsecured credit is credit card debt and consumer loans that cover customers' temporary liquidity needs.

The basis for making all credit decisions must be sound, and it must be documented and registered in accordance with applicable guidelines. The main principles include assessing debt-servicing capacity, willingness to pay and collateral provided, and that the bank knows the origin of the funds.

The main assessment parameter in credit assessments of personal customers is their debt-servicing capacity. The credit assessment of all responsible lending must be based on detailed information about the customer's income and total debt, as well as all ordinary living expenses, including interest and instalments on loans. In addition, the value of the collateral is an important part of the assessment for the granting of a secured loan.

2022, we established special advisory services for customers who are financially vulnerable.

WHAT WAS DONE IN 2022?

DNB's strategy of offering consumer financing in a responsible manner stands firm. During the year, we continued to encourage our customers to gather their loans in DNB, to give them a better overview of their finances, with everything in one place.

For consumer loans, we kept individual risk-based pricing, and kept a lower interest rate for green consumer loans. In 2022, we introduced the concept *Din økonomiske rådgiver* (your financial adviser), with a view to offering a broader range of financial advisory services to our customers and increasing the competence of our customer advisers. This will be an important instrument when helping customers make good financial choices when taking out loans.

We also gave our customers better tools for managing their everyday finances through *Ditt økonomiske DNA* (your financial DNA) and various consumption calculators. We also improved the *Min økonomi* (my finances) function in the mobile banking app.

There was a decline in the proportion of stage 3 loans throughout 2022, which applied to both unsecured and secured loans. This is an area we are focusing on, and we are working to ensure that customers are able to service their debts.

Prices in the housing market are one of the largest drivers of financial inequality. To counteract this and contribute to financial inclusion, in 2022 we focused on exploring new ownership constellations, such as shared ownership and home mortgages shared by friends. These ownership constellations give more people the opportunity to own their homes together with, for example, friends, family or the City of Oslo, through the company OsloBolig[1]. The goal is to help more people enter the housing market and to better reflect developments in society.

1) OsloBolig was established in the summer of 2022 by the City of Oslo, OBOS, Bane NOR Eiendom and NREP. DNB is a partner in this collaboration.

To ensure that credit activity towards personal customers is practised in a sound manner, and with high quality, the credit process is constantly monitored and developed. In 2022, we worked to improve the process following remarks from Finanstilsynet (the Norwegian Financial Supervisory Authority) in 2021.

THE WAY FORWARD

Based on general macroeconomic developments, we see that several of our customers' debt-servicing capacity has been reduced as a result of a higher cost of living. For several years, DNB has considered responsible lending practices to be part of our corporate responsibility, and going forward, we will work to offer the right tools and advisory services to help customers make good financial choices. One example is that at the end of 2022, we established special advisory services for customers who are financially vulnerable through the *Din Samtale* (your conversation) concept.

We will also consider how services and products for personal customers can help ensure financial inclusion by, among other things, exploring housing models which lie between the commercial market and the municipal offerings. One example of this is rent-to-buy homes, where the rent is used to repay the home, and the goal is for the tenant to become the owner of the property.

"There was a decline in the proportion of stage 3 loans throughout 2022, which applied to both unsecured and secured loans."

Øyvind Thomassen

CEO, Sbanken

The friendly rebel

It's said that Sbanken doesn't have customers – it has fans. There are good reasons why the bank has held on to the top spot for banks in the Norwegian Customer Satisfaction Barometer's ranking for 22 years, basically for the duration of its existence. Sbanken is now becoming part of DNB.

When the news broke in April 2021 that DNB wanted to buy Sbanken, the stage was set for a serious financial thriller. The Norwegian Competition Authority first said 'maybe', then gave a categorical 'no' to the acquisition. Its main reason was that a merger might give DNB too strong a position in the area of mutual fund savings. However, a new review of the case by the Norwegian competition complaints board finally resulted in a 'yes' to the merger in March 2022.

Sbanken's CEO, Øyvind Thomassen, doesn't mind admitting that the period until the matter was clarified was tough, both for him and for the bank's other employees.

"DNB's desire to buy Sbanken first and foremost came as a big surprise to everyone. We were in a 'David-versus-Goliath' situation, and now Goliath wanted to buy us. Many employees and customers found this hard to swallow," says Thomassen.

Sbanken's management kept their focus on the employees – and on their customers. "There were lots of information meetings," explains Thomassen. "Critical questions were asked, but there were also discussions regarding the opportunities associated with becoming part of Norway's largest bank, with an international presence and substantial resources."

"The merger will give us an incredibly strong owner, with extensive expertise. We complement each other very well – DNB is an A-to-Z bank, whereas we focus on a narrower segment," says Thomassen.

Øyvind Thomassen was Sbanken's very first customer – back when the bank was called Skandiabanken – and its very first CEO. The year was 2000. Swedish Skandiabanken established a presence in Norway, with Thomassen at the helm. The ambition wasn't to be Norway's 155th bank, but to be a bank unlike anything anyone had seen before. A number one bank in its segment.

"From the beginning, the goal was to challenge the establishment. Bank services would be made easier, more transparent and more easily accessible for customers. Customers would become their own

Thomassen looks forward to finding solutions together with DNB.

bank managers and handle their banking themselves, when and where it suited them. All this is still true – it's a fully self-service bank, but it offers the world's best customer service when this is needed," says Thomassen.

The bank's CEO speaks passionately about a corporate culture that focuses on putting the customer first.

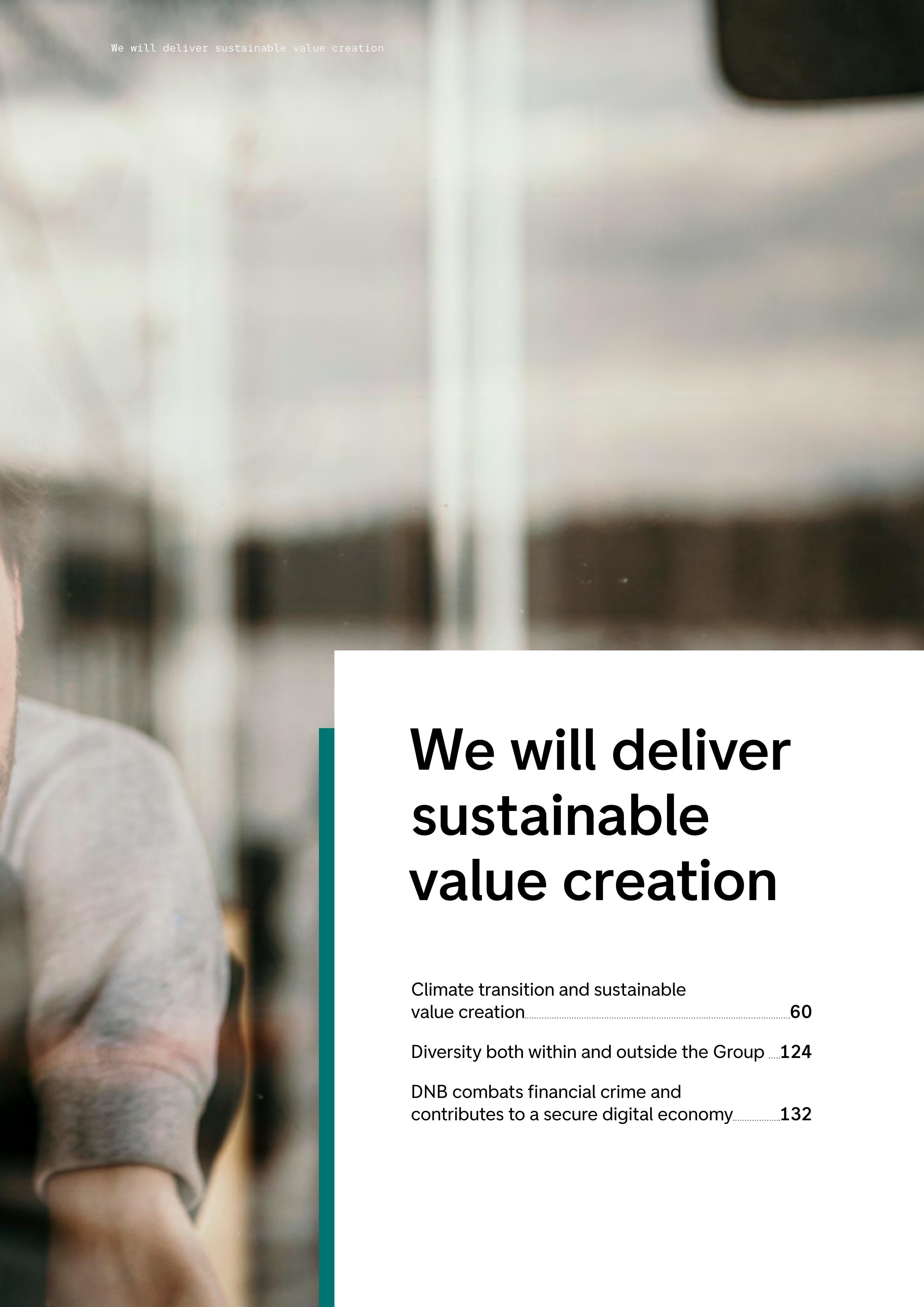
"We want to be a friendly rebel, a bank that asks questions on behalf of customers. One example of this is when we introduced digital signatures for all agreements with the bank, long before the authorities did. We took a risk, but we haven't lost any money on it. Another example was when we planned to update the mobile banking app and contacted 500 of our most dissatisfied customers. The feedback we received couldn't have been better, more useful or more honest," states Thomassen.

Many of Sbanken's hardcore fans have taken to social media to express concern about the 'rebel bank' becoming part of DNB. They worry that Sbanken's core values, and along with them the very soul of the bank, will drown under the weight of the banking giant. The CEO himself isn't worried, despite the asymmetry in size.

"We have 340 employees and DNB has more than 10 000 employees worldwide. Even so, I think we have something to bring to the table, and my impression is that DNB is both open and willing to listen. Naturally they've had a strong position in the corporate customer segment, but when it comes to personal customers, I think we have some important perspectives to offer. What's more, we're digital by default, which I believe is a strength in itself. Now we're going to find solutions together. We're going to give customers a reason to choose us – again and again."

"Now we can take the very best building blocks from both banks and assemble them in new ways."

Øyvind Thomassen



We will deliver sustainable value creation

Climate transition and sustainable value creation

To achieve the goal of net-zero emissions from our financing and investment activities by 2050, we have set sub-targets to reduce the emissions we finance leading up to 2030, as well as a financing target for sustainable activities. The targets reflect that climate change not only poses a potential risk to the bank, it also represents a number of opportunities for us and our customers. We have a large indirect impact on the climate and the environment through the companies we finance. This also means that DNB is exposed to risk, through these companies' ability to adapt to climate change and the transition to a low-emission society. At the same time, we are in a very good position to support and finance our customers' transition.

Sub-targets to be able to achieve the goal of net-zero emissions by 2050:

- DNB will be a driving force for sustainable transition by financing, investing in and facilitating sustainable activities worth NOK 1 500 billion by 2030.
- DNB will increase total assets in mutual funds with a sustainability profile to NOK 200 billion by 2025 and, that same year, 50 per cent of net flows will go to mutual funds with a sustainability profile.
- DNB will reduce the emissions intensity of its portfolios in selected sectors by 2030:
  - **Oil and gas:** 25 per cent
  - **Shipping:** 1/3
  - **Commercial property:** 25–35 per cent
  - **DNB Livsforsikring:** 55 per cent

ESG assessments in credit analyses and asset management

Lending to corporate customers

We have worked to build our employees' competence on human rights and decent working conditions.

There are increasing expectations regarding environment, social and governance (ESG) factors from various stakeholders, such as the supervisory authorities.

Sustainability-related factors are an important part of our annual customer dialogues, and we see that sustainability engagement and maturity among our corporate customers is continuing to increase. Through the customer dialogue process, we raise awareness about the risks and opportunities associated with sustainability, and we offer constructive advice on topics such as ESG strategy and sustainability reporting.

Strong focus on customers' handling of ESG factors

ESG factors are integrated into our risk management. According to the Group instructions for sustainability in DNB Bank ASA's credit operations, activities on the part of a borrower that affect ESG risk must be analysed in credit proposals in the same way as other potentially relevant risk drivers. We measure and follow up the average ESG risk level for borrowers, as well as the distribution of the overall assessed ESG risk levels between the categories low, medium and high, and the proportion that are high risk in terms of any of the ESG dimensions.

"In 2022, we also focused to a considerable extent on the social dimension of ESG. This is partly due to the introduction of the Norwegian Transparency Act, but also the increased attention being paid to the social dimension."

When a customer has a total credit commitment of more than NOK 8 million, ESG risk must be assessed and commented on in the credit proposal. For all customers that have a credit commitment of more than NOK 50 million, risk classification must also be performed, using an ESG risk assessment tool that has been developed in-house. Our own ESG assessments are supplemented by ESG analyses from third parties. DNB subscribes to services from RepRisk, Sustainalytics and MSCI ESG Ratings.

Our customers' ESG-related risk factors are an important topic of discussion in our credit committees.

The goal of the risk assessments is to find out if our customers:

- are prepared for the ESG risk scenario and have established targets and plans to reduce risk and seize opportunities;
- comply with relevant rules and legislation, adapt to new rules and legislation, and comply with the Group instructions for sustainability in DNB's credit activities and DNB's sector guidance note credit;
- have the expertise and capacity to follow up their own sustainability-related goals; and
- have established relevant measurement parameters for sustainability that demonstrate a positive trend.

WHAT WAS DONE IN 2022?

ESG risk assessment tool

In 2022, ESG risk in the credit portfolio was included in the bank's risk reporting to the Board of Directors and management. During the year, over 2 500 risk classifications were performed using the ESG risk assessment tool. During the year, the tool was equipped with several new functions and expanded with two new industry-specific modules: a module for financial institutions and a module for commercial property for small and medium-sized corporate customers. The modules come in addition to the general modules for large and small corporate customers, and the industry-specific modules for building and construction, shipping, commercial property, oil and gas, and private equity. The tool was also updated to improve data quality and increase usability. Moreover, we expanded the scope of the ESG risk assessments to include an assessment of whether the company's owners are involved in controversial activities.

Employees received training in updating the ESG risk assessment tool and we developed more detailed support and guidance documents.

In 2022, we also focused to a considerable extent on the social dimension of ESG. This is partly due to the introduction of the

Norwegian Transparency Act, but also the increased focus on the social dimension (S) through the forthcoming EU reporting directives CSRD and CSDD. In light of this, we have worked to build our employees' competence on human rights and decent working conditions. We have also updated our ESG risk assessment tool to include specific questions for our customers to form a picture of their work with a view to ensuring accountability in their operations and in the supply chain in general, and their compliance with the Transparency Act in particular. In the guidance and dialogue tool for the ESG risk assessment tool, and in specific training sessions relating to the ESG risk assessment tool, there has been a special focus on practical use and interpretation of the S-related criteria questions. This means that conversations on human rights, decent working conditions, equality and diversity are included in all customer dialogues when customers have a credit commitment of over NOK 50 million.

Projects financed in accordance with the Equator Principles

The Equator Principles (EP) serve as a global framework for banks to assess and manage risks relating to environmental and social aspects of project financing and project-related corporate loans. The projects financed under the EP have been carried out in the US, Chile, Sweden, Poland and Australia.

In 2022, 16 projects received financing in accordance with the EP. The projects were in sectors such as solar power, wind power, power grids and battery storage.

THE WAY FORWARD

We will continue to develop and adapt our risk assessment tool, including by creating several industry-specific modules. We will also look more closely at how the risk assessment can to a greater extent take into account specific performance criteria and our customers' transition plans[1]. We also want to develop better support for ESG risk assessments in transactions and continue the work of systematising ESG assessments.

Some challenges remain, related to the quality and availability of ESG-related data, such as emissions data. We expect that greater clarity with regard to regulatory reporting requirements will, over time, lead to a standardisation of measurement methods and relevant measurement parameters in different industries. This will improve the quality and consistency of risk assessments and enable better comparison of risk between industries.

It is also our objective to establish more relevant measurement parameters for ESG risk in the credit portfolio. Moreover, we aim to further develop our platform for monitoring and reporting ESG risk, and make it available to managers as a portfolio risk management tool.

1) A climate transition plan is a tool that shows how investors and/or companies will help achieve the goals in the Paris Agreement, including limiting global warming to 1.5°C and achieving net-zero emissions of greenhouse gases by 2050.

ESG assessments in credit analyses and asset management

Investments

We manage significant assets on behalf of our customers through the management of mutual funds and active portfolios in DNB Asset Management (DAM), and through the Group's equity investments. Responsible and sustainable investment means taking environmental, social and governance (ESG) factors into consideration in investment management and contributing to sustainable development. Taking sustainability into account in investment decisions gives portfolio managers better information on which to base these decisions, as well as reducing risk and helping to highlight the many opportunities associated with sustainable investment.

The instruments used in the work on responsible and sustainable investments are divided into the following pillars:
- standard setting
- active ownership
- exclusions
- ESG integration

WHAT WAS DONE IN 2022?

In addition to the four pillars, we define focus areas that we believe should be taken into account by the companies we invest in. The different focus areas represent challenges and issues that affect the operations of many of the companies. We have also developed a number of expectation documents relating to these areas.

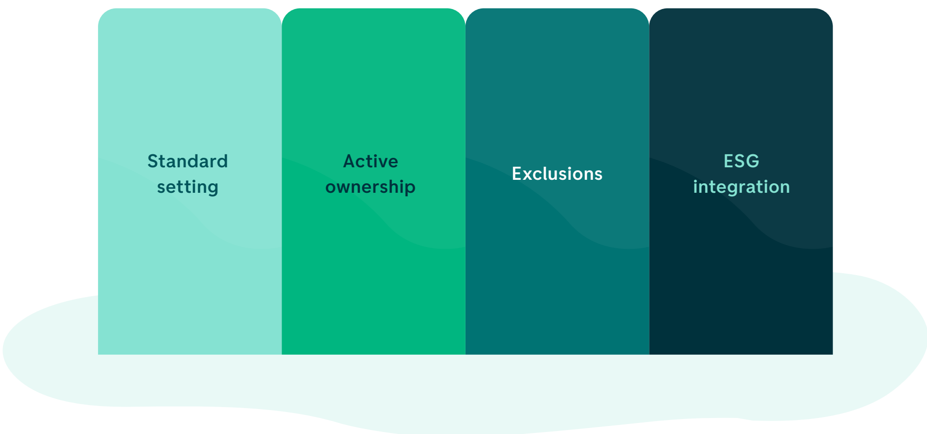
Long-term focus areas:

Long-term focus areas are areas we work with over time, and are the general goals our work is structured around. These are:
- human rights
- climate change
- water

Thematic focus areas:

In addition to the long-term focus areas, we have some selected thematic focus areas. These can change from one year to the next, and reflect changes in market trends and new research. In 2022, we changed two of our 2021 focus areas. Deforestation and land use were included in biodiversity, and supply chains in developing countries were integrated as themes into several of our focus areas. In 2022, we thus had the following focus areas:
- product safety and quality
- sustainable oceans
- health and sustainable food systems
- biodiversity (including deforestation and land use)

Ambitions and target attainment in each of the focus areas are described in DAM's Annual



Report on Responsible Investments on dnb.no/sustainability-reports.

Standard setting

Assessments of ESG factors are part of the Group's investment analyses and decisions and are governed by the Group instructions for responsible investments that have been published on dnb.no/sustainability-reports. Beyond this, customers who wish to invest in funds with extended exclusion criteria can choose funds that exclude conventional weapons, alcohol production, and commercial gambling activities. We also offer mutual funds with a sustainability profile for which additional criteria are applied. One example is DNB Future Waves, which both follows the extended **exclusion criteria** and actively selects companies based on four focus areas associated with the UN Sustainable Development Goals. Another example is DNB Miljøinvest, which invests in companies that contribute to reducing greenhouse gas emissions.

Active ownership

As an active owner, we aim to influence companies in a positive direction through dialogue and voting. We carry out reactive dialogues when we discover incidents relating to the companies' activities, while we use proactive dialogues to reveal and handle ESG risks and opportunities at the companies. These meetings provide good opportunities for mutual improvement and clarification of our expectations of companies. In 2022, we engaged in 309 dialogues with 208 companies to discuss various ESG-related topics. Dialogues of this kind are structured processes with clear objectives for the desired outcome, in which milestone attainment is also measured along the way. In this work, we use documents that convey requirements and expectations for the companies we invest in.

Biodiversity is an example of a thematic focus area where we have seen a gradual increase in the number of dialogues. This work is closely linked to other focus areas, like climate change, sustainable oceans, and health and sustainable food systems. Read more about our dialogues in the chapter Biodiversity.

In 2022, we adjusted our milestone plan to provide a better reflection of best practices. Read more about our new system for milestones in DAM's Annual Report on Responsible Investments on dnb.no/sustainability-reports.

During the year we also increased our ambition concerning which annual general meetings (AGMs) we will vote at. Our goal is to vote at the general meetings of all Norwegian companies, at the general meetings of global companies that are included in our actively managed funds, and at general meetings at which shareholder proposals are presented. We achieved our goal in 2022[1].

Decisions regarding voting are based on our guidelines and policy documents, as well as

1) Due to technical issues, a few of our votes were not registered.

our dialogues with the companies in question. We have an ongoing dialogue with the companies' Boards of Directors, management teams and election committees to help ensure that matters presented at the AGMs are in accordance with sound corporate governance and take ESG factors into consideration. The table below provides an overview of our voting in 2021 and 2022.

Participation in global investor collaboration projects is another important part of our work to exert a positive influence. In 2022, we continued our investor collaboration in Climate Action 100+, an investor-led initiative to ensure the world's largest greenhouse gas emitters take necessary action to reduce their carbon footprint. Another example of an initiative that was key in 2022 was our dialogues with the FAIRR Initiative[2)]. FAIRR organises meetings with companies on a range of topics. In particular, the FAIRR group that engages in dialogue with fish producers on sustainable fish feed has helped develop our understanding of – and work on – more sustainable food systems.

Exclusion

Companies that violate our instructions for responsible investments and that do not show a willingness to change may be excluded from our investment universe. At the end of 2022, a total of 210 companies were excluded. See a complete overview at dnb.no/sustainability-reports.

ESG integration

In 2022, we continued the work of integrating ESG factors into our information and portfolio systems and investment decisions. We developed a separate database for collecting all types of sustainability data and information. This work has been particularly important

Voting	Total 2022	Total 2021
Number of AGMs where we voted	1 267	337
Proportion of proposals where we voted for the company's recommendation	91%	90%
Number of ordinary proposals we voted on	17 454	4 119
Number of shareholder proposals we voted on	819	228
Total proposals considered	**18 273**	**4 347**

2) The FAIRR Initiative is a network of investors that focuses on ESG risks and opportunities in the global food sector.

"As an active owner, we aim to influence companies in a positive direction through dialogue and voting."

in connection with more stringent regulatory requirements, and requirements regarding disclosure of information and reporting. During the year, we collaborated with a number of suppliers and carried out several internal projects to close the gaps in our data sets. In recent years, DAM has also followed up Norwegian issuers in the fixed-income market in order to perform better assessments of ESG risks and opportunities for our portfolio. This work continued in 2022, as we performed an assessment of the issuers for the third year running. The data shows a broad improvement among the companies we have examined. In particular, we see increased engagement among banks, which are able to show positive developments in ESG assessments and goals for their operations. The results from this year's analysis have been integrated into our systems, and we are following up the companies that have been identified as needing more attention as a result of their score in the survey.

The annual evaluation of the results of the work on responsible and sustainable investments also shows good progress. In the annual evaluation, both guidelines and the results of exercising active ownership are evaluated through dialogue and voting. The evaluation is included in the Annual Report on Responsible Investments, which is presented to the Responsible Investment Committee in DNB, as well as to the Board of Directors and the management team of DAM. The report is available on dnb.no/sustainability-reports.

THE WAY FORWARD

We will continue to systematically integrate material ESG risks and opportunities into our investment decisions. At the same time, we will continue the data retrieval work to further improve our basis for decision-making. The EU Taxonomy Regulation and the EU Sustainable Finance Disclosure Regulation (SFDR) will also guide our further work on responsible and sustainable investments. We will also seek to adapt to best practices in line with recommendations and guidelines from the European and Norwegian authorities.

We will continue to focus on our long-term and thematic focus areas in the time ahead. Moreover, the area of 'circular economy' will be given more attention in our work relating to standard setting and active ownership. Climate change, water and human rights will remain our long-term focus areas. Starting in 2023, biodiversity will also be a long-term focus area for us, while we will move away from the thematic areas of product security and quality as focus areas, and introduce human capital as a new focus area.

Isabelle Juillard Thompsen

Head of global mutual fund initiative DNB Future Waves

The sustainability veteran

Isabelle Juillard Thompsen has led DNB Future Waves, DNB's global mutual fund initiative with a water and marine resource profile, since the spring of 2021. She has more than ten years' experience with sustainable investment from various positions. What she doesn't know about ESG and investment isn't worth knowing.

Thompsen is also a co-author of the book *NORSIF Guide to ESG Integration in Fundamental Equity Valuation*, which was written as a result of a firm conviction that sustainability is also good for long-term value creation.

"I've always believed that a company's work on sustainability accurately reflects its quality; how far ahead they think and how they manage their resources, values and human capital. It was clear to me quite early on that companies that include sustainability in their strategy would gain an advantage in the long term," says Thompsen.

It quickly becomes evident that Thompsen not only believes that sustainability is profitable – she obviously has a personal commitment to the cause. She wants to be able to look her children in the eye and say that she has contributed to the green shift.

"We simply cannot continue emitting greenhouse gases in the way we do today! This means that we need to take a far more long-term perspective. That's why it's important to me that we invest in companies that actually help solve problems. The financial industry plays an important role in allocating funding to support companies of this kind, and I'm glad to be part of this. My work is meaningful," she says emphatically.

From 2013 to 2017, Thompsen was an analyst with the Norwegian 'oil fund', where she focused on sustainable investments. This is when she developed a special interest in water and marine resources.

"The oceans play a key role for the climate. For example, the oceans are the largest natural carbon sink, and they have a regulating effect on the planet. They are also a vast economic resource. The OECD believes that the blue economy will grow twice as fast as the rest of the economy in the years leading up to 2030. Despite this, there is still too little financing channelled to initiatives relating to water and marine resources," she says.

Isabelle Juillard Thompsen is originally French, but had worked in the US for several years before coming to Norway in 2000. Her first job in this country was actually as an equity research analyst in DNB, and after several years working outside the bank, she is very pleased to have returned, as the head of the DNB Future Waves fund initiative.

"DNB has worked with the ocean industry for many years and has core expertise in this area. The blue economy is part of the

Juillard Thompsen wants to be able to look her children in the eye and say that she has contributed to the green shift.

Norwegian DNA, with all that entails in terms of expertise and experience. This is why we, as a financial institution, have a unique opportunity to contribute to the restructuring of marine and ocean-based activities – not only in Norway, but globally.

"It's difficult to make sustainable investment decisions – and very exciting! We want to base our decisions on objective data, but the information that's available is often qualitative. There are also many dilemmas involved. A solution that might contribute to lower greenhouse gas emissions, on the one hand, may have a negative impact on biodiversity, on the other," she explains.

Different agencies that assess ESG factors may therefore often arrive at completely contradictory conclusions, which is one of the main reasons why DNB Asset Management has developed its own database, DNB ESG Lab. Thompsen believes that this is very valuable.

"The database allows us to measure developments over time. This is important when companies are making the transition to a greener model. For example, even the best shipping companies have considerable CO_2 emissions today. However, we want to identify those that are willing to change and make the necessary investments. These are the ones that will gain a competitive edge in the long term," she says.

The head of DNB Future Waves believes that sustainable investments is still an immature field, but she sees signs of increasing interest in this type of mutual fund.

"Many players still think that investing in sustainability and new, innovative technology means giving up profits. I believe that it's important to support companies that are making a transition. They're the ones with the potential to generate the highest return. The largest social challenges of our time cannot be solved by merely doing more of the same. New challenges and greater complexity call for new thinking and innovation. It's a matter of daring to step outside our comfort zone," says Isabelle Juillard Thompsen.

Three interesting areas relating to the blue economy

01

To achieve the goals of the Paris Agreement, we will need more renewable energy that is produced offshore. This production must be sustainable, and take biodiversity into account.

02

A total of 89 per cent of global trade is dependent on sea transport. We need a greener shipping industry, throughout the value chain.

03

Innovation in marine biotechnology is advancing at very high speed. New medicines are being developed, as well as new solutions for limiting pollution, to name just two areas of innovation.

> "We simply cannot continue emitting greenhouse gases in the way we do today!"
>
> Isabelle Juillard Thompsen

Financing the climate transition through sustainable activities

As Norway's largest financial services group, DNB has considerable influence on the sustainable transition in Norway and internationally. In 2021, we launched an updated sustainable strategy for the Group, where one of the strategic priorities is for DNB to finance the climate transition and be a driving force for sustainable value creation. We have an indirect impact on the climate and the environment through the companies we finance and invest in, and we are thus also exposed to risk through these companies' ability to adapt to climate change and the transition to a low-emission society. At the same time, the need for a transition creates opportunities for us and our customers. DNB wants to help identify these opportunities and offer its customers proactive advice and support. This also applies to our personal customers, as we have a considerable opportunity to help support and finance their transition. Our goal is to be a driving force in helping our personal customers move in a more climate-friendly direction.

These targets, together with our target of being a net-zero emissions bank by 2050, will help reduce DNB's risk in the credit and investment portfolio, and influence customers in the direction of a sustainable transition. Through advisory services, financing, competence sharing and clear requirements, we will help companies to become more forward-looking and succeed with sustainable solutions. This will also secure the Group's competitiveness in a more sustainable economy.

SUSTAINABLE FINANCING

To achieve the goal of financing and facilitating sustainable activities worth NOK 1 500 billion by 2030, it is important that DNB gives customers access to the right products and services to support them in making the investments needed in the transition to a more sustainable society.

The financing target includes the products and criteria described on the next page. The target is dynamic and may be changed to reflect current market practice at any given time. In addition, the following applies:

- The target period is from 1 January 2020 to 31 December 2029.
- The target applies to the accumulated volume of financing throughout the period, not the loans at the end of the period.
- DNB's committed share of the loans counts towards the target figure, in addition to the relevant share of syndicated loans.
- DNB's volume in bonds and advisory services. The entire volume of all syndicated transactions has been included in the count previously, but the calculation method was changed in the second quarter of 2022, and currently only includes our share of all syndicated transactions.

"Through advisory services, financing, competence sharing and clear requirements, we will help companies to become more forward-looking and succeed with sustainable solutions."

To be a driving force for sustainable transition we have set ourselves the following targets

Net-zero emissions by **2050**

Finance and facilitate **NOK 1 500 BILLION** for sustainable activities by 2030[1)]

In 2025 **50%** of net flows of total assets is to go to mutual funds with a sustainability profile

Increase the total assets in mutual funds with a sustainability profile to **NOK 200 BILLION** by 2025

1) These activities are not based on the definition in the Taxonomy Regulation or the classification system.

The financing target

Product category	Product description	Inclusion criteria[2]
Bonds	→ Green, social and sustainable bond transactions	Bonds labelled as green, social, sustainable and/or sustainability-linked in accordance with the ICMA Principles, with an external verification confirming this.
Bonds	→ Sustainability-linked bonds	Bonds that are adapted in line with the ICMA principles for sustainability-linked bonds where income covers ordinary corporate purposes, and the financial aspects of the turnover associated with this type of bond are linked to the issuers' realisation of sustainability-related performance targets. Subject to external verification that confirms adaptation.
Bonds	→ Ordinary bonds for the financing of sustainable activities	Bonds issued by companies primarily engaged in renewable energy and/or related infrastructure and services, or where financing proceeds are specifically earmarked for such activities. Subject to an internal review process to ensure consistency and integrity.
Advisory services	→ Advisory services relating to sustainable debt	Loans that comply with the principles for green loans from the LMA/ LSTA principles for sustainability-linked loans from LMA/LSTA or loans that meet the criteria specified above for 'ordinary loans for the financing of sustainable activities'.[3]
Advisory services	→ Advisory services regarding equity financing for sustainable activities/companies	Advisory services for facilitation of listed/unlisted equity capital market transactions, private placements or sale/ purchase of project rights/shares and M&A transactions, for companies whose primary activity is renewable energy and/ or related infrastructure and services, or where financing proceeds are specifically earmarked for such activities.
Green loans	→ Green loans	Green loans aligned with DNB's framework for sustainable products, with a third-party assessment. Ordinary loans for corporate purposes may also qualify if at least 90 per cent of the recipient's projected income comes from activities that qualify, in accordance with the framework.
Green loans	→ Green guarantees	Green guarantees for new projects/investments that are in line with DNB's Sustainable Product Framework or that are associated with renewable energy and associated infrastructure.
Sustainability-linked loans	→ Sustainability-linked loans (SLL)	General corporate loans aligned with the LMA Sustainability-Linked Loan Principles, with loan margins linked to sustainability performance targets.
Financing of renewable energy and other sustainable activities	→ Ordinary loans for the financing of sustainable activities	Loans to companies whose primary activity is renewable energy and/or associated infrastructure or where income is particularly earmarked for such activities.
Environmentally-friendly transport	→ Financing provided by DNB Finans for passenger, transport and construction vehicles	• Loans for electric or hydrogen-fuelled cars, or other passenger vehicles with zero direct emissions. • Loans for transport and construction vehicles with zero direct emissions. Vehicles used for the transportation of fossil fuels are not included.

Further sustainable financing products can be included in the future in accordance with developments in the market and best practices.

2) Transactions meeting the criteria may still be excluded from the calculation on the basis of an internal review process. The criteria may be extended to cover additional sustainable activities in the future.
3) ICMA: International Capital Market Association. LMA: Loan Market Association. LSTA: Loan Syndications and Trading Association.

WHAT WAS DONE IN 2022?

In 2022, we continued to develop those of our products that form part of the financing target and strengthened our expertise on these. At the same time, we worked to develop new products. The goal is for more of our customers to have access to products that are involved in financing the climate transition, adapted to the industry they operate in. Green deposits and green guarantees are examples of new products that we developed to support the allocation of funds for sustainable purposes. At the same time, we continued to develop product ideas to help customers with their own transition processes, including transition loans and programmes for sustainability-linked financing of supply chains. A description of the measures carried out in 2022 is given below.

Green property

In the spring of 2021, we launched the campaign Grønn Eiendom (green property), aimed at influencing the industry to become more environmentally friendly and at reducing the climate footprint of the portfolio. Through green loans, we wanted to encourage making new buildings more environmentally friendly and improving existing ones. We did this while expressing clear requirements and expectations through the ESG guidelines for commercial property and construction. This work continued in 2022 with further competence building and development of green products, for example, facilitation of green loans for energy measures in buildings. In 2022, DNB issued green loans relating to green commercial property worth over NOK 13.5 billion.

Sustainable products framework

The framework for sustainable products with associated criteria shows the activities eligible for green financing from DNB. Green financing is verified by a third party, and may result in customers being given more favourable conditions. In January 2022, we updated the framework in collaboration with the ESG ratings agency Sustainalytics to ensure that it complies with best market practice. To facilitate the financing of individual measures in energy efficiency, we also made a minor update to the property category. We plan to update the framework again in the first half of 2023, and will seek further harmonisation with the EU taxonomy. It is important to point out that the framework does not set outer limits for the activities DNB includes in the financing target, but that it provides specific criteria for the green loan and green guarantee products.

The sustainable products framework

Categories of predefined sustainable activities and criteria:

- **Green buildings:** Commercial, public and residential buildings – existing or under construction – that meet specified certification and energy performance criteria.
- **Energy efficiency:** Activities and investments that significantly improve the energy performance of buildings, industrial processes and equipment, across sectors.
- **Renewable energy:** Renewable energy and heat generation, as well as development and manufacturing of technology and equipment for use in renewable energy.
- **Clean transport:** Development and financing of zero-direct-emission passenger vehicles and fleets, freight transport, and urban transportation systems and infrastructure. This category also covers shipping: newbuilding and retrofitting of ships so as to meet defined emissions criteria, R&D aimed at low-emissions technological solutions, and activities related to passenger and freight water transport vessels which meet defined emissions criteria.
- **Sustainable food, agriculture, and forestry:** Development of new or existing seafood and fisheries facilities in accordance with approved certification schemes. Improvement of agricultural processes, including GHG emissions reduction and energy efficiency. Specific projects to reduce negative environmental impacts are also included here. The forestry subtopic covers afforestation, reforestation, and forest management activities.
- **Waste management:** Projects, processes, and equipment that facilitate or improve the efficiency of reducing, recycling, and reusing waste materials and wastewater
- **Climate change mitigation:** The improvement of processes, across sectors, to facilitate a significant reduction of GHG emissions. This includes the development of systems and processes to facilitate the capture and/or storage of carbon and methane, and the replacing of fossil-fuel based technology with near-zero emissions technology.
- **Cross-sector activities:** The development of policies, regulations, and education/training pertaining to schemes that enable climate change mitigation and adaptation, and sustainable energy development. This category also covers carbon financing that is in line with certain criteria. The subcategory sustainable water management covers products, services and projects to improve the quality and availability of water, increase water-use efficiency, and develop desalination technologies. The financing of activities related to climate change adaptation is also included as a separate subtopic.

Updated process for sustainability-linked loans

Sustainability-linked loans are a type of product offered across all industries, where loan terms are linked to customers' target attainment on one or more agreed sustainability indicators (KPIs). The KPIs must be material for the company and the sector it operates in, and can be linked to all of the sustainability dimensions, including environmental, social and governance (ESG) factors. At the same time, the targets set must be ambitious, measurable and in line with the company's overarching sustainable strategy. Growth in this type of product has been strong in DNB in the past few years, and we are seeing it as a key instrument in our efforts to promote the sustainable transition.

To ensure the quality of the work and reduce the risk of greenwashing, a separate subject matter group was formed in 2022, covering the business areas Corporate Banking and DNB Markets. The subject matter group will assist the customer team that is involved in complex sustainability transactions. Supporting documentation was also drawn up, and work was done to strengthen the expertise of customer advisers to ensure a good internal process and good advisory services to customers. We have also started a process to integrate key elements of the principles behind sustainability-linked loans into the credit decision process.

Sustainable debt and equity advisory services

DNB Markets offers advisory services to companies and institutions on green, social and sustainability-linked bonds and loans, as well as on mergers and acquisitions (M&A), to finance and support the transition to a sustainable future. In addition, DNB Markets produces its own ESG analyses as part of its equity research offering. In order to secure continued access to capital, ESG factors are becoming increasingly important for our customers, and DNB Markets' ESG-related activities reached new heights in 2022.

DNB Markets is a leader in the Norwegian sustainable bond market, and also has a leading position in the Nordic region when it comes to M&A transactions in the areas of renewable energy and infrastructure aimed at enabling the energy transition.

Investment banking – stronger focus on renewable energy

2022 was a year characterised by considerable market volatility, particularly for commodities, which witnessed the combined effect of a squeeze on supply due to the war in Ukraine, and a material increase in global demand for energy following two years of subdued economic sentiment because of the pandemic. This led to European and global electricity prices reaching unprecedented levels, which caused a rapid increase in valuation and M&A activities for renewable energy producers.

In early 2020, we established a team for renewable energy, infrastructure and ESG in the Investment Banking Division. This team has managed to use a coordinated global approach to cover the different sectors, and thus increase cross-border activity, by linking our US and Asian platforms more closely to DNB's primary activities in the Nordic region. We see that all products contribute to growth, but that the area of M&A stands out as a particularly large contributor. This supports DNB's ability to capture a disproportionately large proportion of non-loan-related commission and fee income, in addition to the capital allocated to the sector.

DNB Markets is a leader in the Norwegian sustainable bond market, and also has a leading position in the Nordic region when it comes to M&A transactions in the areas of renewable energy and infrastructure.

Customer case: Boliden

Photo: Boliden

In September 2022, the Nordic metals company Boliden AB (listed on NASDAQ OMX Stockholm) successfully issued its first green bonds totalling SEK 2 billion. The proceeds from these bonds will be used to finance the company's investments in the factory at Odda in Western Norway, with the aim of increasing low-carbon zinc production. DNB served as the bookrunner for the transaction, which included establishing a green financing framework. This framework includes all of the relevant investments Boliden needs to make to achieve its climate targets. Boliden aims to be the most climate friendly and respected metal provider in the world.

Exploration, mining and smelting of metals can often be viewed as controversial from a sustainability perspective. However, metals play a crucial role in the transition to a sustainable society. Copper is essential for renewable power generation, transmission and energy storage, and applying a thin layer of zinc – known as galvanisation – extends the lifetime of steel structures by preventing corrosion. Increasing the supply of metals at the same time as reducing the negative climate and environmental impact of production will be a key factor in the efforts to prevent the planet from warming by more than 1.5 degrees Celsius.

The bond issue attracted strong demand from the investor community and showcased how a clear sustainable strategy, ambitious targets and strong governance can result in successful capital market financing.

"Supporting the climate transition is a core part of our strategy. Our aim is to provide the metals that are needed to make society a better place for generations to come, and we are seeing increased demand for our key metals to support the climate transition in society, for example through electrification. In addition, the climate performance of our mines and smelters is market-leading, and we have ambitious decarbonisation targets. It is natural to connect Boliden's financing to our sustainability roadmap, and we are proud to be among the frontrunners for green bonds in base metals." – Håkan Gabrielsson, CFO

Sustainable bonds
The year 2022 was challenging for debt capital markets in general, with high volatility and uncertainty caused by the war in Ukraine, energy security issues and rising inflation and interest rates. After a record-breaking year in the market for sustainable bonds in 2021, activity fell in 2022 and global issuance was down approximately 15 per cent. In the Nordics, however, issuance continued to grow, and DNB's activity in sustainable bonds reached a new high with transaction volume increasing more than 40 per cent compared with 2021. In total, DNB participated in 51 transactions, totalling NOK 41 billion, compared with NOK 29 billion in 2021. DNB is the market leader in the Norwegian sustainable bond market, with a 19 per cent market share.

We are seeing growth in both green and sustainability-linked bonds, and the level of interest from companies across sectors and regions continues to rise. With investors aiming for net-zero emissions across their portfolios, along with rules and legislation driving increased transparency and reporting requirements, we expect continued growth in the market for sustainable bonds as well as loans in the years ahead.

ESG research – analysing market risks and opportunities
ESG-related trends, risks and regulations continue to have an impact on financial markets. In 2022, DNB's ESG analysis built on the strong 2021 rating as number one in Prospera's survey of Norwegian equity research providers, and we produced more ESG-specific reports. There was also increased dialogue between the Nordic and European customer bases. This further strengthened DNB Markets' position as a leader in the Nordic region in the area of equity and macro analysis services.

Climate-friendly products for personal customers
Several pilot projects were carried out in 2022, in partnership with suppliers, to expand the range of services on offer and develop new products, services and concepts in the home mortgage market to help customers make more climate-friendly choices. One example of this is suppliers that provide tailored advisory services for customers regarding the types of measures they can implement in their homes to make them more energy efficient.

We also continued to offer particularly favourable terms for all our green financing products throughout the year to give our customers an incentive to make more climate-friendly choices. There is growing interest among our customers in green financing of solar panels and electric bicycles. We have also doubled the fixed discount we offer for charging electric cars, and we are continuing our efforts to make the full range of benefits offered through our customer programmes and credit cards more climate friendly. An important priority going forward is to develop products that can finance greater variation in energy-saving measures in the customer's home, and at the beginning of 2023, DNB entered the market with an environmental loan. In total, our green financing products showed positive developments in 2022, and we can demonstrate 181 per cent growth compared with 2021 for green home mortgages and 31 per cent growth for green car loans.

Fremtind forsikring
Fremtind, DNB's insurance provider, has also taken steps in a more sustainable direction. In 2022, the company put circular insurance high on the agenda. Circular insurance involves, for example, encouraging repair shops to use spare parts for repairs relating to insurance claims. Fremtind also carried out a pilot project with the company Mitigrate

"By the end of 2022, DNB had contributed a total of NOK 391 billion to the financing and facilitation of sustainable activities. This is a 77 per cent increase from 2021."

We will continue to work to roll out green guarantees to facilitate investment in new capacity and infrastructure in renewable energy.

to make it easier for customers to avoid damage associated with climate risk, for example, damage caused by large amounts of precipitation.

Sustainable pension savings
The Next Generation pension profile allows personal customers themselves to channel capital to investments with an extra focus on climate and the environment. Next Generation was developed further in 2022 to highlight the topic of sustainability even more clearly. Going forward, the pension profile will prioritise investments in the green shift based on the definition of green activities in the EU taxonomy (read the article on this topic on page 118).

Competence
Continuous development of our competence is essential if we are to be able to provide good advisory services. During the year, we increased the competence of our employees through basic ESG courses. We also drew up action plans for our customer advisers to further build competence in the time ahead.

In the corporate customer area, over 70 per cent of our employees have completed a course on the EU action plan for financing sustainable growth, the EU taxonomy and the Norwegian Transparency Act. Other competence-building measures were also carried out in the autumn of 2022, including an ESG workshop for client managers and internal courses on green property.

In addition, in partnership with Digital Norway, DNB launched a digital sustainability course for small and medium-sized enterprises (SMEs), with the goal of helping customers improve their competence on sustainability. The course was well received, and scored high in terms of learning value, with an average score of 4.4 out of 5 from the course participants.

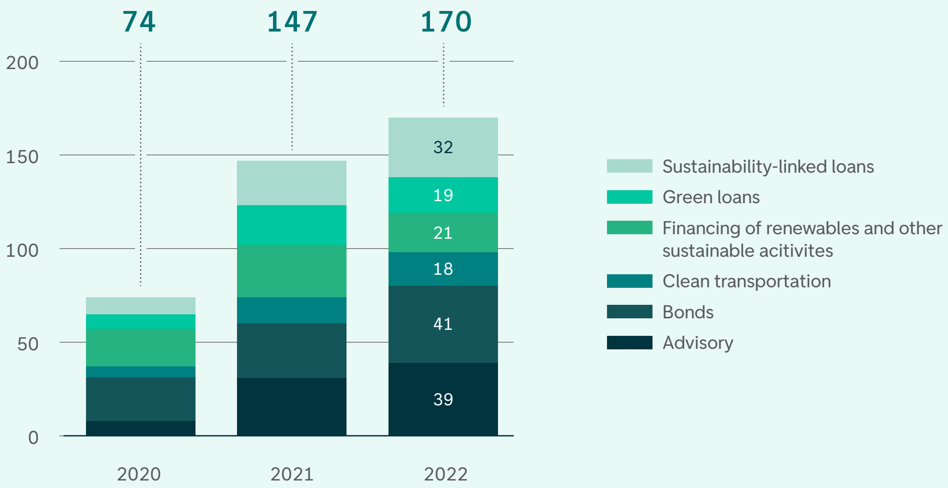
Target attainment in 2022
There was a sharp increase in sustainable financing in the global markets in 2021, and the growth continued in 2022 before a challenging macroeconomic situation contributed to curbing growth later in the year. In total, the volumes for sustainable financing in global markets declined slightly in 2022, but the decline was not as pronounced as in the general loan market. DNB experienced a similar trend during the year, but at year-end the Group nevertheless had a net increase in volume. The main volume drivers were advisory services, bonds and sustainability-linked loans.

By the end of 2022, DNB had contributed a total of NOK 391 billion to the financing and facilitation of sustainable activities. This is a 77 per cent increase from 2021, when the volume was NOK 221 billion. It shows that DNB is well on its way to achieving its target of financing and facilitating sustainable activities worth NOK 1 500 billion by 2030.

In 2022, we changed the method for calculating DNB's volume in bonds and advisory services. The entire volume of all syndicated transactions was included in the count previously, but the calculation method was changed in the second quarter, and currently only includes our share of all syndicated transactions.

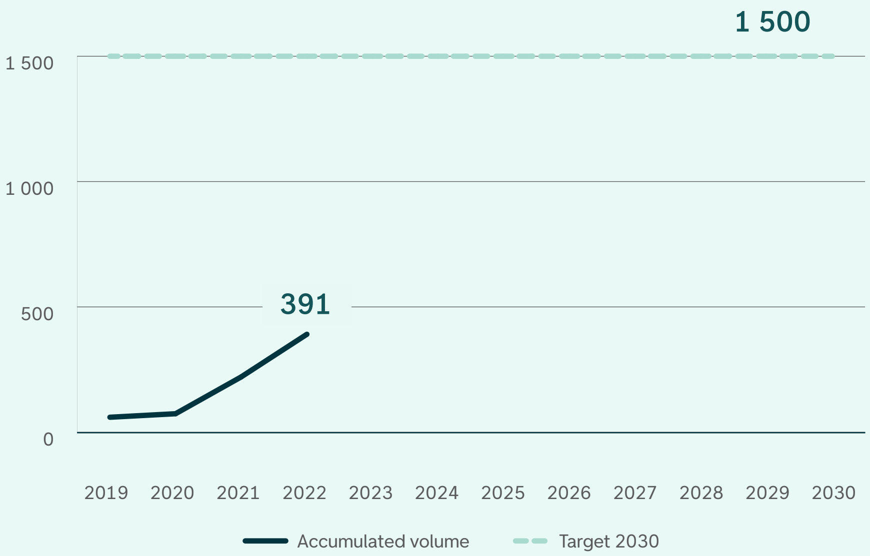
Financing and facilitating sustainable activities, by product

NOK billion



Financing and facilitating sustainable activities

NOK billion (accumulated)



In the fourth quarter, DNB updated its calculation method for the conversion of transactions in foreign currencies. Furthermore, due to improved data quality, some changes were made in historic volumes.

THE WAY FORWARD

To help our customers in the green transition, we need to offer good and relevant products in a market that is evolving rapidly. We will continue to work along several axes.

We want to be able to offer green financing to more of our corporate customers. We will prioritise facilitating investment in energy efficiency measures for buildings, especially in the SME segment. To succeed in this, we are making efforts to simplify the process for certain types of green loan and are looking into opportunities to collaborate with external players to achieve further improvements. We will continue to work to roll out green guarantees to facilitate investment in new capacity and infrastructure in renewable energy. We will also continue to develop transition loans to secure financing of effective measures to reduce emissions in traditional non-green industries such as shipping, oil and gas and heavy industry. We will also continue to collaborate with our customers on the development of sustainability-linked financing of supply chains. Here customers can use their significant purchasing power to influence their suppliers in a more sustainable direction by linking pricing to predefined sustainability KPIs.

In relation to our personal customers, we will continuously work on developing climate-friendly products, services and concepts, both within DNB and in collaboration with new partners. We will also focus on ensuring that our green concepts take environmental and social considerations into account, for example through how we price the various services. In our credit card operations, we have begun efforts to examine how we can enhance sustainable benefits and ensure that the full range of benefits offered helps customers choose more climate-friendly alternatives.

We will also set sub-targets and financing targets for sustainable activities for personal customers in 2023, and we will prioritise developing products that can finance energy-saving measures in the customer's home. Helping the customer implement measures of this kind is an area in which we have not yet taken a clear position. The need to facilitate energy-saving measures has become more pressing as a result of greater financial vulnerability in the population and high electricity prices. We are also exploring opportunities associated with how we can increase awareness and competence among our customers in terms of making more climate-friendly choices.

As the Renewables, Infrastructure and ESG coverage team in DNB Markets has become a leading contributor to fee generation for the Investment Banking Division, we are considering a number of investment initiatives to expand our offering further, both in terms of capacity and products. We also expect to develop our product offering within sustainability-linked derivatives, as this market continues to mature and become more standardised globally.

"We will also set sub-targets and financing targets for sustainable activities for personal customers in 2023."

Financing the climate transition through mutual funds with a sustainability profile

To an ever-increasing degree, we are integrating sustainability into our investment activities and our products. The climate transition presents major challenges for investors, and the models for value creation and financial growth are changing. The climate has been one of the long-term focus areas of DNB Asset Management (DAM) for many years.

WHAT WAS DONE IN 2022?

In DAM, developing mutual funds with a sustainability profile is an important contribution to achieving DNB's ambition of increasing total assets in mutual funds with such qualities to NOK 200 billion by 2025. The goal is also for half of net flows in 2025 to go to mutual funds of this kind. To succeed at this, DAM must change how the company works with fund mandates. Several changes were made in 2022, and DAM is continuing its efforts to make this work operational. The changes support the work done in previous years.

Important changes in 2022:

- The equity fund DNB Grønt Skifte Norge was launched in June 2022. This mutual fund invests in companies with low carbon intensity or companies that are taking initiatives in the direction of the green shift in the Norwegian stock market.
- At the beginning of 2023, the equity fund DNB Global Emerging Markets changed name to DNB Fund Brighter Future, with defined focus areas associated with the UN Sustainable Development Goals.
- DNB increased its ambitions regarding total assets in mutual funds with a sustainability profile from NOK 100 billion to NOK 200 billion in 2025.
- During the year, DAM increased its focus on the collection of companies' sustainability

data in order to meet more stringent reporting requirements, but also to use the data as a foundation for investment decisions that can advance the climate transition. This data is integrated into DAM's internal environmental, social and governance (ESG) data.

- DAM amended the prospectuses of funds registered in Luxembourg to meet the new EU disclosure requirements.

Actively managed funds are not the only ones contributing to the climate transition. We also offer index funds with a clear climate and environmental profile, including the mutual fund DNB Klima Indeks, which follows a reference index that is in line with the Paris Agreement.

Target attainment

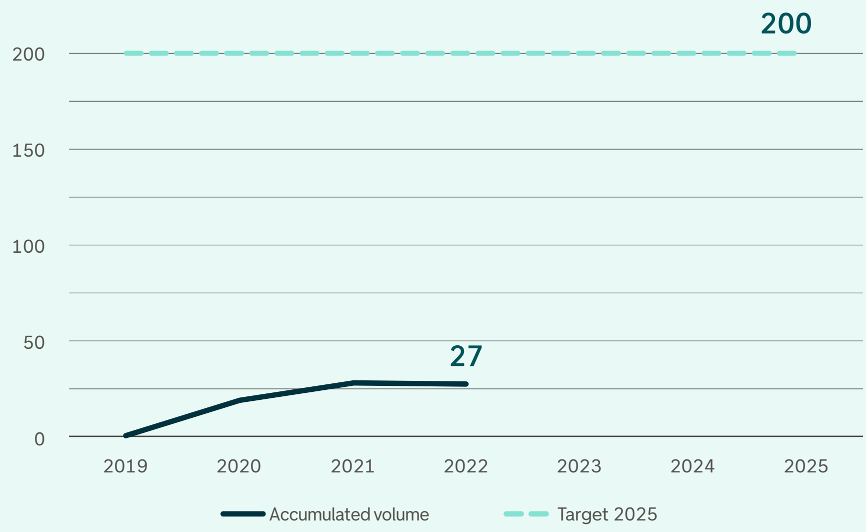
At the end of 2022, the total assets in mutual funds with a sustainability profile amounted to NOK 27.4 billion, out of the NOK 809.4 billion managed by DAM. In relation to the target that half of the net flows of total assets are to go to mutual funds with a sustainability profile in 2025, developments were positive in 2021, but in 2022, there was a reduction as a result of the macroeconomic situation. The total net flows for DAM were negative in 2022, while there were weak positive net flows to mutual funds with a sustainability profile.

THE WAY FORWARD

The requirements regarding the disclosure of and reporting on sustainability relating to operations and products have become more stringent in recent years and additional regulations are forthcoming. The EU Taxonomy Regulation for sustainable activities and the Sustainable Finance Disclosure Regulation (SFDR) were adopted recently. In 2021, the Storting (Norwegian parliament) decided to implement these regulations in Norwegian

Total assets in mutual funds with a sustainability profile

NOK billion (accumulated)



"In DNB's view, it is positive that new sustainability-related disclosure rules and legislation have been adopted for financial products, because the climate transition requires that fund managers are held accountable as well."

law through the Act relating to the disclosure of sustainability information in the financial sector and a framework for sustainable investments (the Sustainable Finance Act – in Norwegian only).

In DNB's view, it is positive that new sustainability-related disclosure rules and legislation have been adopted for financial products, because the climate transition requires that fund managers are held accountable as well. We are also seeing that the new legislation is causing our customers and European and national authorities to show greater interest in mutual funds with a sustainability profile. DAM has long worked with climate challenges when exercising active ownership, as well as with the integration of ESG considerations into mutual funds with a sustainability profile for our customers. However, there is still room for improvement.

In 2022, to meet the requirements in the new Sustainable Finance Act that entered into effect at the beginning of 2023, we updated our mutual fund documents and facilitated reporting in accordance with the requirements. Reporting has also been facilitated for those of our Norwegian-registered funds that promote sustainability or that have sustainable investment as their objective, referred to as Article 8 and 9 funds under the SFDR. DNB Miljøinvest and DNB Grønt Skifte Norden are two such funds. Going forward, DAM is required to report the proportion of funds investing in environmentally sustainable ('green') activities in line with the EU Taxonomy Regulation. Several of DAM's funds will use taxonomy data in investment decisions. DAM must also consider any negative impact of investments. In addition, the SFDR requires that managers provide documentation of how sustainability considerations are integrated into the management of funds, and how the companies included in DAM's funds contribute to achieving environmental and social sustainability goals.

If we are to deliver on the 2025 target of NOK 200 billion in total assets in mutual funds with a sustainability profile, changes in existing products will be required, as well as innovation in new products. There will also be a need for increased access to sustainability data for use in investment decisions and reporting, and in efforts across the Group.

All of DAM's investment decisions are in line with DNB's Group instructions for responsible investments. DAM will also maintain and develop the work of gathering and analysing information about the negative impact of its investments on environmental and social sustainability goals, with a view to reducing this impact. The funds that are classified in accordance with articles 8 and 9 of the SFDR will be examined closely and companies will be picked following a positive selection process, based on defined environmental and social indicators in active funds, or based on an index with the same requirements in passive funds. The proportion of DAM's total funds under management that have been subject to positive selection and assessment is 3.4 per cent.

NXT

DNB NXT Accelerator
Helps capital and good ideas come together

Simplifying environmental certification

The people behind Kvist Solutions want to lower the threshold for environmental certification and be a driving force behind a greener direction for the construction and real estate industry. This entrepreneurial company was 'discovered' by DNB early on and is now part of the DNB NXT Accelerator.

Fabian Utigard had a summer internship with a contractor in the summer of 2018, helping with the company's environmental certification. This was when the young postgraduate student discovered how extremely time-consuming and cumbersome the certification process was.

"It occurred to me that this was a significant barrier for companies with high environmental ambitions. They are drowning in documentation. I thought it had to be possible to simplify and digitalise the process," says Utigard.

Back at the Norwegian University of Science and Technology (NTNU), he joined forces with his fellow student Mathias Engevik, and they started Kvist Solutions in 2020. In brief, the company offers a platform where construction clients, contractors and consultants can perform BREEAM certification[1)] in a more cost-effective manner, while capturing key environmental data from the buildings. They quickly realised that they had identified a gap in the market.

"There was great interest! The construction industry is responsible for a large proportion of greenhouse gas emissions globally, and what's more, the buildings we live and work in consume vast amounts of energy. It's vital that the sector takes steps to reduce emissions. In order to succeed, we need to improve both data capture and data flow so as to establish whether the environmental measures we're implementing are the right ones."

The StartupLab incubator provided Kvist's gateway to DNB. There were DNB people on the panel there, assessing the various ideas, and Kvist became part of the DNB NXT Accelerator in 2021.

"DNB brought in all conceivable kinds of resources, both from within the bank and via DNB Real Estate Investment Management. This really helped us look at the world through the eyes of the users we want to help, in every phase of the value chain. DNB has also given us a lot of time to speak in different forums, which has brought us new customers. Following the entry into force of the EU taxonomy[2)], it will be increasingly important for the bank that its construction industry customers can also document their environmental performance, and the bank is therefore offering green loans to customers that obtain environmental certification for their buildings. Being able to offer a supplier chain that simplifies certification is an advantage," says Utigard, who believes that DNB is a key driver of the green shift in the construction industry.

"We've spoken with very many property developers and managers, and the fact that DNB offers green financing for buildings that are environmentally ambitious is of crucial importance. DNB sets requirements but also provides an incentive for those who are serious about their environmental ambitions. I hope they continue to push their customers and offer better terms to those who are leading the way," says Utigard.

1) BREEAM: The world's leading science-based suite of validation and certification systems for a sustainable built environment. BREEAM-NOR is a Norwegian adaptation of the systems and is today Norway's foremost environmental certification system for buildings.
2) Read the separate article on the EU taxonomy on page 118.

They started Kvist Solutions. Mathias Engevik (left) and Fabian Utigard (right).

Takeaways for the industry:

01
Sustainability reporting requirements will be more stringent going forward, so taking a position at an early stage to meet these requirements will pay off. It's just a matter of getting started!

02
Climate risk is becoming an increasingly important factor when assessing the attractiveness of a building. We want to challenge the industry to take an even longer-term perspective in its investments. Green buildings will be both profitable and important for the environment.

03
The industry needs to capture data about which environmental measures actually work. Players who focus on technology will always be one step ahead of the rest.

> "Following the entry into force of the EU taxonomy, it will be increasingly important for the bank that its construction industry customers can also document their environmental performance."

Fabian Utigard, Kvist Solutions

Reducing greenhouse gas emissions

As a leading Nordic financial institution, DNB has a strong engagement in topics that are vital to the success of its customers, our surrounding society and its own operations. One topic that has received increasing attention is climate change, and the role financial institutions can play in enabling the transition to a low-emissions society.

DNB has a large indirect impact on climate and the environment through the companies we finance, and our updated sustainable strategy from 2021 will ensure that DNB helps customers reduce their contributions to climate change and their climate-related risk. Our sustainable strategy contains a goal of achieving net-zero emissions from our lending and investment portfolios by 2050.

To support this goal, we have set quantifiable targets for emissions from our credit and investment activities. The targets are dynamic and follow developments in society and the market, the degree of data availability and the various sectors' level of maturity. At present, only a few sectors have been identified for our loan portfolio, and only one target has been set for DNB's life insurance portfolio. We have set targets to reduce our emissions intensity leading up to 2030 (compared with 2019 levels) in the oil and gas, shipping and commercial property sectors. These are the sectors where DNB can exert the greatest influence, and that have the best data availability and highest emissions intensity. These are also key sectors for DNB and the Norwegian business sector. The targets include customers' Scope 1 and Scope 2 emissions[1)] where these can be measured and the data is available.

- DNB aims to reduce the CO_2 emissions intensity related to upstream companies in the oil and gas portfolio by 25 per cent in the period from 2019 to 2030.
- DNB aims to reduce the emissions intensity in the shipping portfolio by one-third from 2019 to 2030.
- DNB aims to reduce the emissions intensity in the commercial property portfolio in the period from 2019 to 2030 by 25–35 per cent.
- DNB's goal is to reduce the emissions intensity of the life insurance portfolio by 55 per cent by 2030.

The targets commit us to putting climate on the agenda in our dealings with customers, and we have several instruments at our disposal to support this transition: clear demands and expectations, in addition to advisory services.

We have closely monitored developments relating to the climate, and we plan to draft and publish a transition plan[2)] in line with these developments during the course of 2023. The plan will be based on our existing goals and strategy, but will clarify the steps we need to take to achieve our net-zero ambition. During this work, we will, among other things, adapt our goals to ensure that they are science-based and aligned with the Paris Agreement.

The status of our emissions targets from 2021 and developments relating to them is given below.

1) The sub-targets include customers' Scope 1 and 2 emissions. There is uncertainty associated with the source data, but the data quality is expected to improve over the measurement period. The base year for the targets is 2019, but in the event of large year-on-year fluctuations, a weighted average for the period 2017–2019 is used. Read more about the calculation method for the targets here: dnb.no/portalfront/nedlast/en/about-us/corporate-responsibility/2021/DNB_climate_targets_explanations.pdf
2) A climate transition plan is a tool that demonstrates how investors and/or companies will help achieve the Paris Agreement goals of limiting global warming to 1.5°C and achieving net-zero emissions of greenhouse gases globally by 2050.

DNB will reduce the emissions intensity of its portfolios in selected sectors by 2030

Net-zero emissions by **2050**

Oil and gas:
25
per cent

DNB Livsforsikring:
55
per cent

Commercial property:
25–35
per cent

Shipping:
1/3

Reducing greenhouse gas emissions in the loan portfolio

WHAT WAS DONE IN 2022?

Oil and gas

DNB aims to reduce the CO_2 emissions intensity related to upstream companies in its oil and gas portfolio by 25 per cent in the period from 2019 to 2030. The emissions intensity is calculated on the basis of CO_2 emissions data per company (Scope 1 CO_2 emissions data delivered by the consulting company Rystad Energy) and DNB's exposure to the respective companies. The CO_2 emissions data is based on the companies' and operators' reported emissions in the previous reporting year (2021), and an estimate for the current year (2022). As there is insufficient access to reported data for companies in certain geographical areas, the data in these cases is based on estimates. A three-year moving average is used to level out short-term changes. The portfolio's emissions intensity was indexed to 100 in 2019.

In 2020, the index declined by 14 per cent, from 100 in 2019 to 86. It increased to 91.4 in 2021. This was an increase of 6 per cent compared with 2020, but at the same time a decline of almost 9 percent compared with when the index started in 2019. The reduction was mainly due to a decline in the portfolio's underlying weighted emissions.

The preliminary estimate for 2022 shows that the index was 125, which represents a 37 per cent increase compared with 2021. This is due to the extraordinary rise in European gas prices, which has also considerably increased DNB's exposure relating to commodity price hedging. Note that price hedging undertaken by the bank's customers is a risk-mitigating measure, and this is an exposure that will be reduced relatively quickly due to short maturities. We are therefore reporting the index both with and without exposures relating to commodity price hedging. The latter provides a truer picture of the underlying trend in the portfolio as a whole.

There was a 29 per cent decline between 2019 and 2022, adjusted for the exposure relating to commodity price hedging. The adjusted index is estimated at 71.4 in 2022. Due to short-term temporary changes, it must be expected that the index may move in either direction. Furthermore, we expect that it will take a few years before customers' announced initiatives to reduce emissions are reflected in actual emission reductions.

DNB has decided to no longer have a goal that at least 75 per cent of all syndicated loans in the oil and gas portfolio should include a sustainability clause by 2025. Although we have seen an increase in use of this type of clause for oil and gas companies, we have decided to no longer have a goal because there has not been a uniform approach to such clauses in the loan agreements, making it difficult to compare data.

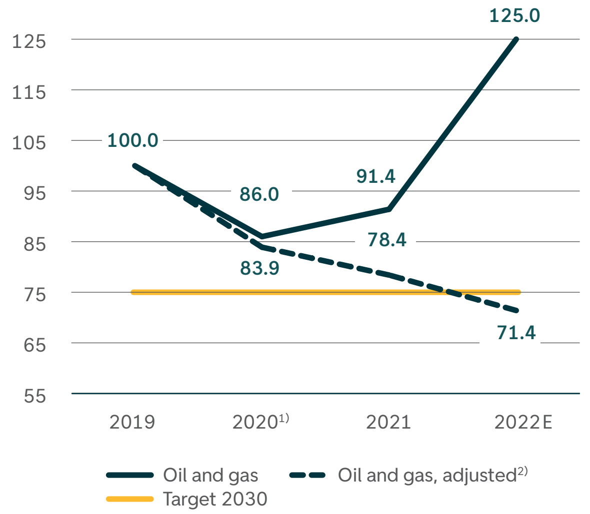
Nonetheless, DNB will continue to be a driving force for achieving a reduction in emissions from upstream oil and gas activities, including through dialogue and prioritisation of customers that strategically and proactively position their operations for the energy transition and that set clear targets for emissions reduction. We have seen a sharp increase in awareness among upstream companies in recent years in relation to climate risk and the energy transition, and companies are now drawing up detailed plans to cut emissions and implement climate-compensating measures. DNB wants to support customers through the energy transition both in connection with oil and gas activities, and in connection with new activities focusing on carbon capture and storage, offshore wind, hydrogen production, and seabed minerals.

Shipping
DNB is one of the founders and driving forces behind the Poseidon Principles, a voluntary initiative where international shipping banks measure and disclose the climate alignment of their ship finance portfolios. The Principles are generally structured around the goals, established calculation methods and the reporting framework of the International Maritime Organization (IMO). The initiative now comprises 30 banks from the US, Europe and Asia, and in December 2022, 28 banks reported their 2021 figures. This is retrospective reporting that follows IMO's reporting cycle.

We measure the carbon (Scope 1) of all ships in the portfolio and compare this with IMO's target of a 50 per cent reduction in total emissions by 2050. DNB's shipping portfolio had a 13.8 per cent[3] loan-weighted deviation from the target.

As in 2020, the main reason for the deviation was the fact that many ships in the cruise industry were in 'warm layup' for most of the year, as a result of the pandemic. Less

Emissions intensity target, oil and gas
Per cent. Index, 2019 = 100.



1) Comment to the 2020 figures: The historically reported index has changed somewhat, as all years were recalculated in connection with this year's report. The reason for this is that the data provider made certain changes to its method of dividing emissions between different fields and installations. We do not expect any major changes to be made to the method in the future that would involve making material changes to the historically reported index.
2) Normalised exposure to commodity hedging.

than 20 per cent of the capacity in our cruise portfolio was in operation during the year as a whole, meaning that total emissions were far below the normal level, while relative emissions (carbon intensity, i.e. emissions in relation to distance and weight) remained high. Some of the result can also be attributed to general market conditions in shipping. In several segments, high demand, combined with delays and capacity issues in the value chains, resulted in higher speeds and longer waiting times in port, which in turn resulted in increased emissions intensity (measured as CO_2 emissions per transport work, expressed in tonnes-miles). The rest of the fleet (excluding the cruise portfolio)

3) The portfolio figure represents the loan-weighted standard deviation from the relevant target indicator (in line with the trajectory) for all ships in the portfolio (57 different trajectories adapted to different ship types and sizes in accordance with IMO's definitions).

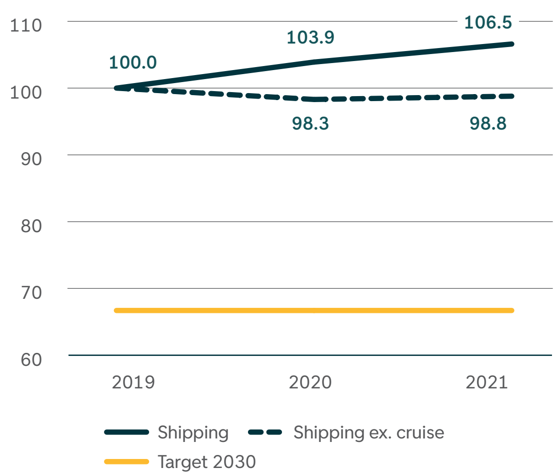
had a loan-weighted deviation of 4.5 per cent, which was about the same as the loan-weighted deviation for most shipping banks without a cruise portfolio. See also the comments below regarding emissions intensity KPIs.

The figures for emissions intensity changes between 2019 and 2020 have been corrected, as a result of a review of historical emission figures after IMO changed its method for calculating the carbon intensity of certain subsegments. The review resulted in correction of a subsegment. The new emissions intensity figures in DNB's shipping portfolio in 2020 are plus 3.9 per cent (plus 2.9 per cent previously reported), and minus 1.7 per cent for the portfolio, excluding the cruise portfolio (minus 2.7 per cent previously reported).

DNB aims to reduce the emissions intensity in the shipping portfolio by one-third from 2019 to 2030. The emissions intensity is calculated per ship, based on data reported to IMO retrospectively, as with the Poseidon Principles. The portfolio was indexed to 100 in 2019. The figures reported for 2022 cover data for the year before (2021), for which the loan-weighted average carbon intensity increased by 2.6 percentage points. The reasons for the increase are the same as mentioned above in connection with the Poseidon Principles, i.e. low activity in the cruise portfolio, with many ships laid up and a combination of higher speeds and harbour delays for several other segments.

Emissions intensity target, shipping

Per cent. Index, 2019 = 100.



There was also a 0.5 per cent increase in emissions intensity for the rest of the fleet (excluding the cruise portfolio). Two years of measurements show that, in the short term, the emissions intensity (and the Poseidon Principles score) is more sensitive to external (exogeneous) factors and market conditions than to the ongoing streamlining measures we see among our customers. We are seeing a change of pace, in terms of both the level of ambition and actual improvement measures, that is not fully reflected in the figures.

In shipping, the largest emission reductions are expected to occur closer to 2030, as a result of the phasing in of carbon prices, emissions regulations, rate of investment and technological advances. IMO regulations require a gradual improvement in efficiency and reduced emissions from all new builds – at least a 10 per cent reduction every five years – and as of 2023, an equivalent requirement to continually decrease emissions will also apply to all ships in operation. We are increasingly prioritising customers that have clear strategies and objectives for emissions reduction, as well as long-term plans for fleet renewal and decarbonisation.

A goal of sustainability clauses in 80 per cent of loan agreements in shipping by 2025

DNB has for some years included mandatory clauses regarding responsible ship recycling in all new loan agreements (for new and refinanced loans) with collateral in ships, in addition to an emission reporting requirement in accordance with the Poseidon Principles. The recycling clauses were introduced gradually from 2017 onwards, and became mandatory in 2020. This type of clause was found in close to 90 per cent of new agreements in 2019, and in all new agreements in 2020, 2021 and 2022. In general, over 90 per cent of loan agreements have a term of up to 5–6 years, and they are refinanced after 4–5 years. The turnover rate therefore means that most of the agreements in the portfolio are renewed in the course of a five-year period, with a few exceptions with longer terms, so that that the goal of sustainability clauses in 80 per cent of loan agreements is within reach.

Among new loans that are entered into, we are also seeing a continued increase in sustainability-linked loans. The margin for these is adjusted after target attainment for agreed sustainability KPIs. These KPIs are almost without exception related to emissions intensity trajectories, for example, from the Poseidon Principles.

We will consider amending the goal and renewing it in connection with the work on the bank's transition plan.

COMMERCIAL PROPERTY

DNB has set a goal of reducing the emissions intensity in the commercial property portfolio in the period from 2019 to 2030 by 25–35 per cent. The emissions intensity for the commercial property portfolio shows relative emissions financed by DNB, measured in kg CO_2 equivalents (CO_2e) per square metre. The emissions are a function of the buildings' energy consumption and emissions factor during the past year, and represent Scope 1 and 2 emissions. The portfolio was indexed to 100 in 2019, and developments are measured according to location-based emissions intensity. An explanation of how we arrived at the emissions intensity for 2022 is given below.

Emissions intensity

In 2022, DNB joined the Partnership for Carbon Accounting Financials (PCAF), which is a global collaboration between financial institutions on harmonising measurement and reporting of greenhouse gas emissions financed by loans and investments (financed emissions). The measurement method for the emissions intensity of the commercial building portfolio is based on this standard.

Our financed emissions are calculated based on the loan-to-value ratio (drawn amount above market value), multiplied by emissions per building. Emissions per building are calculated based on the estimated energy consumption per building multiplied by an emissions factor. PCAF also provides a quality score of 1–5, based on the data used to calculate the buildings' energy consumption, with 1 being best.

The sample for the calculations is DNB's loans to commercial property customers in Norway, where buildings DNB has a lien on are used to generate rental income. For example, this can be buildings in segments such as offices, shopping centres, logistics and rental properties. The portfolio in Norway accounts for about 95 per cent of DNB's total commercial property loan portfolio.

Explanation of emissions calculations per building

Calculation of energy consumption

Energy consumption is the first main input factor when calculating emissions. Data on a building's actual energy consumption provides the best foundation for estimating emissions, but access to such data is currently limited. When consumption data has been unavailable, the building's energy labelling has been used as an indicator of its energy consumption. The challenge is that many Norwegian commercial properties do not have energy labelling, and only a small proportion of buildings in our portfolio have such labelling. For most of our portfolio, we have therefore calculated energy consumption based on estimates[4]. However, use

In 2022, DNB joined the PCAF, a global collaboration on measurement and reporting of financed emissions.

4) The energy consumption estimates have been calculated on the basis of the area in square metres, building type and national data, based on reference data for Norway from the Carbon Risk Real Estate Monitor (CRREM) database (2020), with estimated energy consumption figures: Risk Assessment Tool – CRREM Project – CRREM pathway v2.

of such estimates makes it difficult to directly identify any reduction in energy consumption in the financed portfolio.

Calculation of emissions factor

The energy source's emissions factor is the other important input factor. In Norway, we have easy access to renewable energy with low greenhouse gas emissions, which means that use of a location-based emissions factor should give us a low emissions intensity. During the past three years, hydropower, wind power and other renewable energy has covered 94–98 per cent of power delivered physically in Norway[5)].

Norway's participation in the European power grid and in the guarantee of origin (GO) system makes it relevant to also calculate the emissions intensity associated with use of a market-based emissions factor[6)]. All companies that buy power without a GO use an emissions factor based on a combination of Norwegian power, for which the producer has not sold a GO, and an emissions factor for the European electricity mix. For the period 2019–2021, over 96 per cent of Norwegian electricity production was associated with GO sales, giving companies without a GO an emissions factor that is relatively similar to the European level for the period. During the past three years, about 20 per cent of power delivered in Norway has had a GO, but we do not have information about which buildings hold such a guarantee, and have therefore not taken this into account in the calculation.

Power represents almost 90 per cent of energy consumption in commercial properties, but the emissions factor for the portfolio also includes use of other energy sources, such as district heating[7)], and other energy carriers[8)]. Based on the above, we have calculated the average emissions factor for both a location and market-based emissions factor. For location-based emissions, particularly, even small fluctuations in electricity exchange in Europe have a large relative impact on the emissions factor year-on-year, since European emissions are much higher. To reduce volatility, we will therefore use a three-year rolling average, where the first reporting uses the average for the period 2019–2021.

Based on the above, we have calculated the emissions intensity for the 2019 baseline and the status for 2022 for the Norwegian commercial property portfolio (see the table on the next page):

5) The Norwegian Water Resources and Energy Directorate's (NVE) climate disclosure for power supplied physically: Hvor kommer strømmen fra? (Where does power come from?) – NVE.
6) NVE's product declaration for power suppliers that do not buy a GO: Product declaration for power suppliers – NVE.
7) Fjernkontrollen.no and 2020_06_01_klimaregnskap_for_fjernvarme_2020.pdf (Environmental accounts for district heating 2020) (fjernkontrollen.no).
8) ssb.no/statbank/table/11562/tableViewLayout1 and miljodirektoratet.no.

The emissions intensity calculated for 2022 shows an index of 98, which indicates a 2 per cent decline in energy intensity, compared with 2019, since the emissions factor is constant for both years. It must be noted that there is great uncertainty attached to the figures.

We also expect the emissions intensity measured annually to vary in the future, due to both relatively large changes in the emissions factor year-on-year, and better access to data for calculating energy consumption. We will accordingly also follow developments in energy intensity (kWh/m²).

THE WAY FORWARD

Commercial property

DNB works actively to increase access to data, with a view to ensuring better data quality and thus gaining a better picture of the actual emissions cuts achieved over time in commercial property. As a result of the condition set by DNB to have a valid energy certificate in connection with financing, the proportion of the portfolio with a valid energy label is increasing gradually. We are also in dialogue with our customers about their efforts to increase the energy efficiency of their buildings and our expectations regarding reduced emissions going forward. DNB will continuously assess its own emissions intensity reduction targets as new information and data becomes available.

The home mortgage portfolio and the personal customer market

In 2023, we will work on establishing how to measure and report financed greenhouse gas emissions in our home mortgage portfolio. In 2022, we began efforts to draw up a transition plan for this portfolio, in addition to ensuring better data capture and improved data on greenhouse gas emissions. We will continue these efforts in 2023, and our work will be based on the PCAF standard. We will moreover continue to offer financing for green purposes, via secured and unsecured loans, through selected business partners. We will also consider how we can reduce our carbon footprint through new and existing benefits in our credit cards, and we will continue to innovate in the home mortgage area, with a focus on creating the best customer experiences. In the future, great emphasis will be placed on introducing advisory services, products and services that contribute to increasing the energy efficiency of own homes.

Emissions intensity for the Norwegian commercial property portfolio

Portfolio with energy labelling:	Exposure (NOK million)	Kg CO_2e/m^2 (location-based)	Kg CO_2e/m^2 (market-based)	PCAF data quality score
2019	26 254	2.15	61.98	3.00
2022	44 824	2.18	62.81	3.00
Portfolio without energy labelling:				
2019	131 898	2.56	73.69	4.64
2022	151 622	2.53	72.77	4.53
Total portfolio:				
2019 (baseline)	158 152	2.52	72.60	4.37
2022	196 446	2.47	71.17	4.18

Reducing greenhouse gas emissions in the investment portfolio

Fighting climate change and reducing greenhouse gas emissions is a key pillar of DNB's work, and is one of four long-term focus areas for DAM's sustainability work. As an investor, it is our job to both direct capital towards companies and technologies that facilitate emissions reductions, and to influence companies in a positive direction in the transition to a low-emission society. Our asset management company, DNB Asset Management (DAM), has particular responsibility for contributing to this transition. To achieve a reduction in greenhouse gas emissions in the investment portfolio by 2050, DAM believes that the solution is not to sell our holdings in companies with a high carbon footprint, but rather that all companies, especially those with the largest footprints, must change their business models. Calculating greenhouse gas emissions is a complex matter, but we use these emissions as our main indicator in this area.

The climate has been one of DAM's focus areas for a long time, but the company must constantly update its expertise and strengthen its work in the area to remain an important driver and provide support for companies in the years ahead.

WHAT WAS DONE IN 2022?

2022 was an important year for DAM's work on emissions reduction. The ambition of net-zero emissions, which was set in 2021, was integrated into the company's active ownership efforts and has generally provided the guidelines for the development of mutual funds with a sustainability profile. We also repeated last year's mapping of the emissions intensity of DAM's portfolios and continued the work of collecting data to further improve the integration of the ambition of net-zero emissions in our investment processes. This year's mapping was able to show a reduction in the emissions intensity of several of the mutual funds, but for the portfolio as a whole, there was an increase in the emissions intensity. See the report on the Montreal Carbon Pledge on dnb.no/sustainability-reports. See also 'Measuring the carbon footprint of mutual funds' on page 98.

In 2022, DAM continued working on mapping the emissions intensity of its portfolios. The result of the mapping is used to select companies to enter into a dialogue with. DAM has also:

- further increased its participation in Climate Action 100+;
- received approval for DNB Future Waves and DNB Renewable Energy as Article 9 funds under the Sustainable Finance Disclosure Regulation (SFDR);
- mapped the emissions intensity of much of the portfolio and worked to close data gaps using recognised models and tools (see the description on page 99);
- increased the number of mutual funds with criteria in the fund mandate for investing in companies with a good environmental and social profile;
- entered into 53 dialogues with companies regarding the climate;
- conducted a survey of Norwegian issuers of fixed-income funds that has a dedicated goal to achieve emissions reduction.

THE WAY FORWARD

We consider it positive that several other investors have also helped place net-zero emissions goals on companies' agendas, and we expect this trend to continue in the years ahead. In 2022, Norges Bank Investment Management (NBIM), which manages the Government Pension Fund Global (the 'Oil Fund'), published its climate action plan towards 2025. The plan includes several topics that DAM has been working on, but further harmonisation of the asset managers' expectations regarding companies' emissions reduction is important. The fact that other players – such as NBIM – are focusing on these topics highlights the importance of the work already being done by DAM with companies in its investment universe. Dialogue and other forms of active ownership will continue to remain essential tools in terms of exercising influence, but in the years ahead, DAM's selection processes and work on ESG integration will be developed further. This will require better information about companies' emissions intensities and strategies. Data collection will also become increasingly important, and DAM expects to contribute to both mapping and harmonisation of standards through collaboration with investors. Read more about data collection in the chapter on the EU taxonomy.

Reducing the emissions intensity of the life insurance portfolio

Our goal is to reduce the emissions intensity of the life insurance portfolio by 55 per cent leading up to 2030, compared with the level in 2019. We use the Weighted Average Carbon Intensity model and data from MSCI ESG Research to measure emissions intensity. The emissions are based on Scope 1 and 2. Indirect emissions, Scope 3, associated with purchased goods and services, or with the use and disposal of products, are not included, as there is insufficient reported data from the companies in this area. Our reporting is based on equity funds, as the data quality for other asset classes has been poor.

In 2022, the emissions intensity increased by 9 per cent compared with 2021, but compared with 2019, the emissions intensity decreased by 28 per cent. This shows a positive trend in terms of achieving the target of a 55 per cent reduction leading up to 2030.

The increase in the emissions intensity in 2022 was, to a great extent, driven by the proportion of energy investments having

increased in underlying funds, as a result of the energy crisis and higher expectations towards earnings in the sector. The year 2022 was marked by considerable fluctuations in the global financial market, and emissions intensity developments during the year reflected this. Continued volatility is expected going forward, something we have also seen in the historical fluctuations.

To contribute to the emissions reduction goal, DNB Livsforsikring wants to promote companies' sustainable transition instead of excluding them. The most important tool we have is to exercise our active ownership to influence fund managers and companies to set clear emissions reduction targets and plans. We expect mutual funds that are included in our investment portfolios to assess and measure climate risk and companies' transition plans. We also expect mutual fund managers to influence companies with high climate risk to set transition and emissions reduction targets, establish clear plans for how to achieve these, and be transparent in their reporting on developments during this process.

Reducing greenhouse gas emissions in our own operations

We are working in a targeted manner to minimise our environmental impact and our greenhouse gas emissions, and we hold ISO 14001:2015 environmental certification, among others. Greenhouse gas emissions from own operations are generated by, among other things, energy consumption in buildings, business trips, procurement and waste management.

We have been carbon-neutral since 2014, by buying carbon credits for all direct and indirect emissions (e.g. from air travel and waste management), and through purchase of GOs for electricity consumption. At the same time, we are continuously working to reduce our emissions to the minimum, and we draw up annual action plans that set out measures for achieving this.

REPORTING OWN EMISSIONS

We report on our greenhouse gas emissions annually, including Scope 1, Scope 2 and selected categories of Scope 3. We follow the GHG Protocol Corporate Standard and Scope 2 Guidance when measuring and reporting both market-based and location-based Scope 2 greenhouse gas emissions. For more detailed information, see our annual climate and energy accounts on dnb.no/sustainability-reports.

Description of the Scopes:

- **Scope 1** is all sources of direct emissions over which the organisation has operational control.
- **Scope 2** is all indirect emissions related to purchased energy, electricity and district heating/cooling where the organisation has operational control.
- **Scope 3** is optional reporting on indirect emissions from purchased goods and services in the value chain. Scope 3 emissions do not include emissions from the investment portfolio.

Our total emissions in 2022 were 6 663 tCO_2e. This is an increase of about 2 760 tCO_2e compared with 2021. The increase in emissions is partly due to more travel in 2022, compared with 2021, when there were still travel restrictions in place in connection with the Covid pandemic, and partly because we have included more data in our Scope 3 emissions.

For our 2021 emissions, which were not covered by GOs, we bought carbon credits for 2 270 tCo_2e, of which 1 270 tCO_2e was in a

Emissions of tCO_2e	**2020**	**2021**	**2022**
Total direct emissions, Scope 1	282	242	186
Total Scope 2 (location-based)	3 159	1 914	1 626
Total Scope 2 (market-based)	198	118	119
Waste	202	159	228
Business travel	1 508	1 014	3 813
Other	1 125	576	811
Total indirect emissions, Scope 3	2 835	1 749	4 851
Total emissions,Scope 1-3	**6 276**	**3 904**	**6 663**

project certified under the Gold Standard and 1 000 tCO_2e was in a project certified with the Verified Carbon Standard (Verra).

HOW WE WORK TO REDUCE EMISSIONS

We have focused on reducing greenhouse gas emissions in our operations for several years, and in 2014 we established, among other things, an energy tracking system to monitor our consumption. This has resulted in a 24 per cent reduction in energy consumption per square metre between 2014 and 2022. We have also worked for some time with environmental services provider Norsk Gjenvinning to optimise waste management. We have increased the waste sorting rate from 41 per cent in 2014 to 63 per cent to 2022.

In 2022, we continued the efforts to reduce greenhouse gas emissions through measures that included:

- introducing control of the technical facilities in our Bjørvika (Oslo) offices;
- updating the technical facilities in our Beddingen (Trondheim) offices;
- continuing systematic follow-up of energy consumption using an annual action plan;
- monitoring the amount of travel in the various business areas and support units.

Together with our provider of staff cafeteria services, we are working to reduce food waste per guest and for the cafeterias in Solheimsviken (Bergen) and Bjørvika to calculate the carbon footprint of the meals served at lunch to give employees the opportunity to make more sustainable choices.

THE WAY FORWARD

Because we have already focused on energy consumption for several years, it is challenging to introduce measures that further reduce consumption. However, we will continue to map our footprint and see where new measures can be introduced. In 2023, we will, among other things, work to establish complete energy measurement in several of DNB's premises, continue to focus on energy-reducing measures in existing premises, and continue to actively monitor energy consumption through annual action plans.

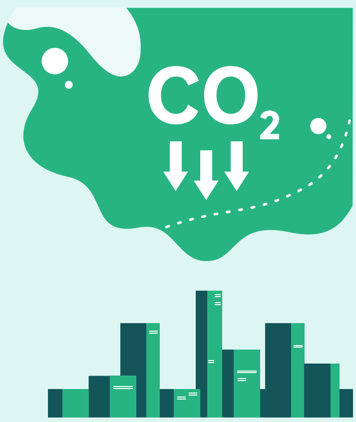
In 2021, we also revised the travel guidelines, and we see that this is an area in which there is room for improvement. In the year ahead, we will continue to closely monitor travel together with the different business areas and support units in the bank to increase awareness and try to reduce travel.

Measuring the carbon footprint of mutual funds

THE MEASURING PROCESS

As part of the efforts to reduce our exposure to companies with high climate risk, our asset management company, DNB Asset Management (DAM), measures the carbon footprint of all equity funds. In addition, we report the carbon footprint of fixed-income funds where there is sufficient available data. The carbon footprint, measured in terms of carbon intensity, shows a company's greenhouse gas emissions relative to its turnover. This is one of several factors that can give an indication of a company's climate risk and impact. Identifying the carbon intensity of the investment portfolios is important, among other things, for assessing climate risk associated with higher carbon prices, and for setting emissions reduction targets.

DNB is exposed to climate risk, and thus financial risk, through the investment portfolio and the portfolio companies' ability to adapt to climate change and the transition to a low-emission society. The risk is often divided into two areas: physical risk and transition risk.



The physical risk is about how changes to the climate and weather can affect production of, for example, products, natural resources or power. Transition risk is about changes caused by climate policy. Both of these will have a great impact on most industries in Norway and the rest of the world. Climate risk assessments are therefore vital to all companies in DAM's portfolio.

Although a high carbon intensity will entail transition risk, the current measurement of Scope 1 and 2 emissions (see below) does not take into account forward-looking assessments or how companies contribute to reduced emissions through their products and services. It is therefore important to have good knowledge of the companies and an individual assessment of whether their operations are contributing to the green shift. One of the ways we are working with this is by calculating emissions that could potentially be avoided by companies in the mutual fund DNB Miljøinvest. See the report on potential avoided emissions here[1)].

DATA COLLECTION

In DAM, we use data from MSCI ESG Research about companies' greenhouse gas emissions. We also collect greenhouse gas emissions data in our Nordic fixed-income investments. Emissions data is either data reported by companies or estimates that are prepared by MSCI ESG Research, or, when no other data is available, internal estimates drawn up by DAM. For companies for which there is no data, the portfolio average for companies that have emissions data has been used in the calculation. In 2022, we collected data from the sectors banking, real estate, power, chemicals, transport and logistics, as well as food and food production, as companies

1) Link to the report from DNB Miljøinvest about potential avoided emissions: https://s3.eu-north-1.amazonaws.com/dnb-asset-management/DNB_Renewable-Energy-Report-2022.pdf.

in these sectors constitute the majority of the fixed-income portfolio. Most of the companies reported their carbon emissions. For companies that do not measure or publicly report their emissions, we have, based on a sector average, made our own estimates so as to increase the data coverage rate for Norwegian and Nordic fixed-income funds. The companies' carbon intensity is weighted according to their respective share of the market value of the portfolios, and the same is done for the index. In the calculations, any cash in the portfolios is distributed proportionally between the companies.

REPORTING

We report on emissions in equity funds and fixed-income funds in CO_2 equivalents, as defined by the Greenhouse Gas Protocol, the most commonly used standard for reporting greenhouse gas emissions. The emissions are based on Scope 1 and 2. Indirect emissions, Scope 3, associated with purchased goods and services, or with the use and disposal of products, are not included, as there is insufficient reported data from the companies in this area. Potential avoided emissions, which indicate how the company's products or services contribute to reduced emissions, have not been included either, due to problems relating to methods and data. The method for measuring greenhouse gas emissions is under development and may be subject to change.

The graphs on the next page show our mutual funds and their respective benchmark indices, as well as our fixed-income funds.

CARBON FOOTPRINT OF FIXED-INCOME FUNDS

We mainly use the same method to measure the carbon footprint of fixed-income funds as we do for equity funds, namely Weighted Average Carbon Intensity, the method recommended by the Task Force on Climate-related Financial Disclosures (TCFD). An important difference is that 'green bonds' are not included in the calculation of the carbon footprint of fixed-income funds. Although we believe that green bonds can contribute to emissions reductions or avoided emissions, these are not included in the calculation due to deficiencies in the method currently used. This approach is in line with best practice in the market today.

GREENHOUSE GAS EMISSIONS DATA

There is great uncertainty associated with data relating to greenhouse gas emissions. This is due not only to the fact that estimated data is used for companies that do not provide their own reported data, but also to regional differences in reporting practices, which have been proved to vary considerably depending on geographical location and company size. Despite this, we believe that it is important to include emissions data as one of several factors in the analysis of companies' climate risk and impact.

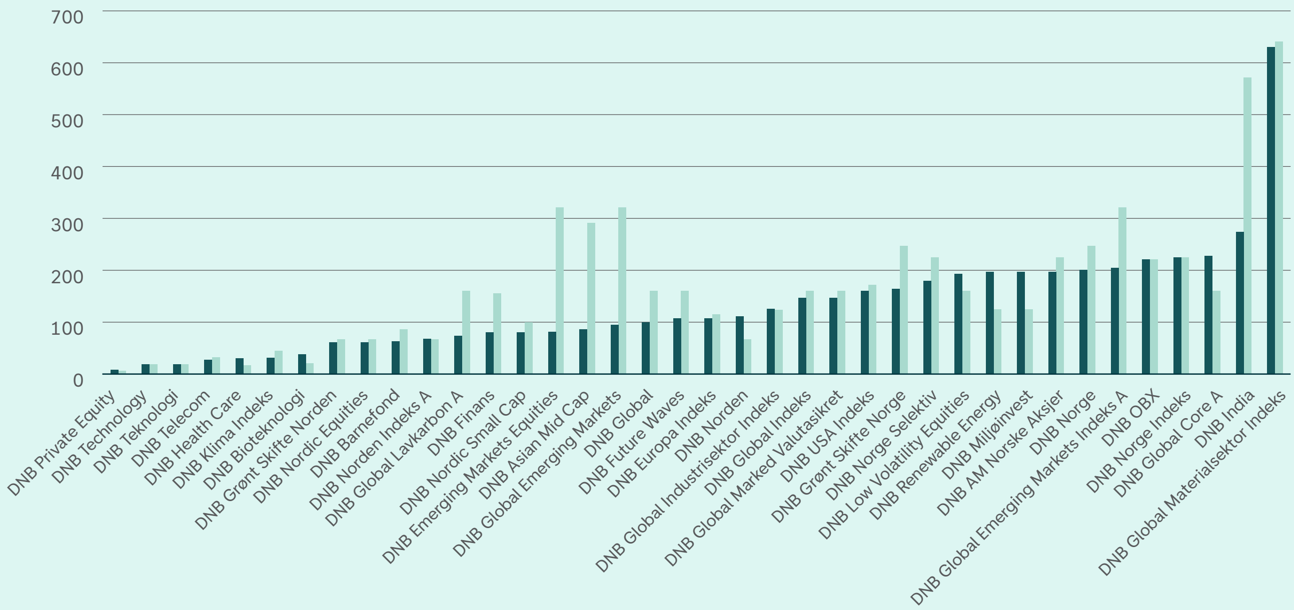
In our efforts to enhance the quality and coverage of reported emissions, we support the TCFD, CDP (formerly the Carbon Disclosure Project) and the Science Based Targets Initiative. As part of our TCFD-related work, we use scenario analyses to assess the financial impact on our funds of different climate scenarios. See the separate article on the TCFD on page 108 for more information. Scenario analyses provide a more dynamic and forward-looking picture of companies and portfolios.

"Climate risk assessments are vital to all companies in DAM's portfolio."

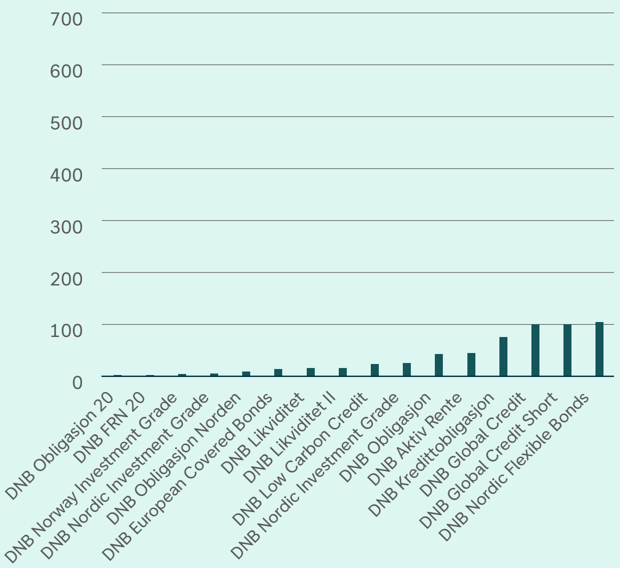
Greenhouse gas emissions of DNB's mutual funds relative to reference indices

Tonnes of CO_2 equivalents for every USD 1 million in revenue

EQUITY FUNDS



FIXED-INCOME FUNDS



DNB mutual fund Reference indices

A circular economy

Circular economy is an important basic principle of sustainable development, and we in DNB have an indirect impact on the area through our lending, investments and dialogue with companies. A circular economy entails streamlining the use of resources and reducing the volume of waste by reusing products and materials for as long as possible, and repairing and recycling resources instead of using new commodities in production. The natural resources of the world are under pressure, making it important to reduce the use of commodities.

This topic is also important because access to natural resources is important for the value creation of several of the companies in our lending and investment portfolio. It is important that we ascertain whether companies are considering the risk associated with loss of natural resources and are seeking to make the transition to a more circular business model. If they are not doing this, it may have a negative effect on DNB's value creation, as well as on the climate and the environment.

Circularity is to an increasing degree on companies' and investors' agendas, and is seen more frequently in their strategies. DNB Asset Management (DAM) has been involved in several initiatives and has collaborated with several investors in this area. DAM has also conducted discussions with several companies relating to circularity strategies, particularly associated with the use of natural resources such as wood and water, as well as minerals used to manufacture renewable energy sources. In addition, DNB has spoken with players in specific sectors, such as the textile industry, regarding resource use, recycling rate and choice of materials. This work will continue in 2023. DNB's goal to include a clause regarding the responsible recycling of ships in loan agreements has become standard practice in our work with new agreements. In 2022, all new and refinanced shipping loans and new offshore loans contained a clause regarding responsible ship recycling. The turnover rate is long for this type of loan agreement, however, which makes it important to continue the work of establishing clauses throughout the portfolio in coming years.

We also assess different aspects of recycling, waste reduction and reuse relating to our corporate customers in our ESG risk assessment tool. According to our Group instructions for sustainability in DNB's credit activities, we do not finance companies in the packaging industry if a substantial proportion of their products cannot be recycled. In our sector guidance notes for commercial property, building and construction, and residential development, we also set out expectations relating to reducing or minimising the volume of waste and increasing the proportion of recycled materials.

In 2021 and 2022, we also worked on making our bank cards more environmentally friendly by producing them using recycled plastic. Going forward, all cards issued by DNB will be made of recycled plastic. Waste that is generated in connection with our operations is also being recycled. Read more about emissions in our operations on page 46.

During the year, we worked on enhancing our employees' competence regarding circular economy, in addition to looking at how DNB can be a natural driving force in this area. We will continue to work on this in the time ahead, especially in relation to the EU taxonomy for sustainable activities and the goal of transitioning to a circular economy.

The natural resources of the world are under pressure, making it important to reduce the use of commodities.

Biodiversity

DNB will promote biodiversity and reduce nature risk.

A large number of ecosystems and animal species are under threat, due to human interference and climate change. Protecting biodiversity is important, not only because it is the basis for our life on the planet, but also because it helps reduce global warming. Climate change and loss of biodiversity are closely interconnected. The natural world absorbs large amounts of greenhouse gases and mitigates the harmful effects of climate change[1)]. Promoting biodiversity is therefore an important part of the solution to the climate challenges we are facing, and a pre-requisite for achieving the UN Sustainable Development Goals (SDGs).

Protecting nature and biodiversity is also important for companies' value creation. Around half of the world's value creation is based on various natural resources, and according to the World Economic Forum (WEF), loss of biodiversity is one of the most serious risks facing the world economy in the next ten years[2)]. In a report from 2020, WEF estimated that half of the world's total GDP is at risk due to the business sector's dependence on nature and its services.

Through our lending and investments, DNB has an impact on nature and biodiversity. If we are unable to protect biodiversity and assess nature and climate risks in a satisfactory manner, this may affect our ability to fulfil the objectives in DNB's sustainable strategy. The topic is also important for DNB because natural resources are key to value creation for a number of companies in our investment and lending portfolios. If access to natural resources is reduced, this will affect the companies' viability and profitability, which in turn will affect DNB's value creation. Companies should therefore assess the risks associated with their impacts and dependencies on nature and seek to make the transition from a linear to a circular business model.

For DNB Asset Management (DAM), bio-diversity was defined as a thematic focus area in 2020. DAM has been working on related topics such as sustainable oceans, water, deforestation and land use for a long time. The work has focused, among other things, on sustainable agriculture and aquaculture, sourcing of meat, palm oil and soy, mining, deforestation issues in the automotive industry, and vulnerable nature. See page 64 (Responsible investments) for more information about the thematic focus areas.

WHAT WAS DONE IN 2022

There is an increased focus on biodiversity and businesses' impact on nature and species, and in 2022, we decided on a new position

1) IPBES-IPCC (2021): IPBES-IPCC co-sponsored workshop on biodiversity and climate change - Scientific outcome.
2) World Economic Forum (2023): The Global Risks report 2023.

statement on biodiversity, stating that DNB will promote biodiversity and reduce nature risk. To fulfil the position statement, we started working on including the topic in our strategy and governing documents. Biodiversity is also part of our ESG customer risk assessment process and has its own section in the ESG customer risk assessment tool. We expect our customers to take action to minimise their impact on nature.

In 2022, we also became a partner in the Partnership for Biodiversity Accounting Financials (PBAF). This will help us assess and disclose the impacts and dependencies on biodiversity of our loans and investments.

Furthermore, managing nature risk is an important part of our work on responsible investments. In 2021, DAM signed the Finance for Biodiversity Pledge, a multi-year global initiative. As part of this initiative, we are committed to working on many aspects of biodiversity, including goal setting, the development of metrics, engagements, collaboration, and progress reporting. To complement this work, we joined the UNEP FI Sustainable Blue Economy Initiative in 2022. The initiative aims to promote a sustainable ocean-based economy. 2022 was an active year for engagement, while we still have a way to go when it comes to finding the right metrics and methods for measuring biodiversity.

DAM launched an expectation document for biodiversity in 2021, promoting best practice, and supporting DAM's biodiversity engagement activities. Based on the expectation document, DAM conducted 30

"Natural resources are key to value creation for a number of companies in our investment and lending portfolios."

dialogues focusing on biodiversity (including deforestation and land use) in 2022. At the meetings with companies, we often ask for feedback on the relevance of the expectation document, as well as on any deviations in the companies' practices (see dnb.no/sustainability-reports and the quarterly and annual reports published by DAM on dnbam.com/en/responsible-investments/guidelines-and-exclusions).

DAM also conducted a number of dialogues in 2022, both individually and in various investor collaborations and initiatives, including the FAIRR Initiative. The cooperation with FAIRR includes engagements on sustainable proteins, meat sourcing, and sustainable aquaculture. In late 2022, 'Biodiversity Loss from Waste & Pollution' was added as a new engagement initiative, with pork and chicken meat producers, as well as fertiliser companies. The focus here is on better management of manure and animal waste, and minimising the negative impacts of nutrient pollution on biodiversity and ecosystems. Other examples of collaborative engagements are our two mining-related engagements (Responsible Mining, and the Investor Mining & Tailings Safety Initiative), and the Investor Working Group for a Deforestation-free Automotive Industry.

Several of the EU's regulatory initiatives, including the EU taxonomy for sustainable activities, the Corporate Sustainability Reporting Directive (CSRD) and the Sustainable Finance Disclosures Regulation (SFDR) also contain biodiversity elements and metrics (read more about EU sustainable finance legislation on page 118). Considerable efforts have been made in DAM to produce relevant data, and support the sustainability profile of key funds such as DNB Renewable Energy, DNB Future Waves and DNB Nordic Equities, all of which include biodiversity elements.

Overall, in 2022 we continued to build a foundation for our biodiversity efforts. However, important work remains on finding better metrics, advancing the work on target setting, evaluating impacts and dependencies, and enhancing reporting. A key element here will be how the Taskforce on Nature-related Financial Disclosures (TNFD) framework can be used to guide this process.

THE WAY FORWARD

The UN Biodiversity Conference (COP15) in December 2022 marked an important milestone for the increased global focus on halting and reversing nature loss. Governments from around the world agreed on a new set of goals for nature for the next decade, through the adoption of a post-2020 global biodiversity framework under the UN Convention on Biological Diversity[3]. This framework will later be integrated into national

3) UNEP (2022): COP15 ends with landmark biodiversity agreement.

plans, and the goals from COP15 will also affect and give shape to further legislation and DNB's work on biodiversity.

In 2022, the Government presented the new white paper on state ownership, Meld. St. 6 (2022–2023) Greener and more active state ownership – The State's direct ownership of companies, which calls for greener and more active state ownership. In the white paper, the Government introduces new expectations of companies relating to nature and ecosystems. The Government expects companies to set targets and implement measures to reduce their negative impact – and increase their positive impact – on nature and biodiversity, and to report on target attainment. Nature and biodiversity will also be a required topic to report on when the forthcoming requirements under the CSRD enter into force, in addition to being an important element of the EU requirements under the SFDR and the taxonomy. We will in the coming year work on how we best can ensure compliance with these expectations and requirements, including through finding and setting good targets.

For DAM, we expect 2023 to be a significant year in terms of moving towards fulfilment of our commitments as a signatory of the Finance for Biodiversity Pledge. Key elements will be the use of the TNFD framework, better biodiversity metrics and data, and engagement – including in Nature Action 100. In a longer perspective, the forthcoming CSRD will be an important inspiration for DAM's work on biodiversity[4]. Finally, improved alignment of biodiversity and climate frameworks also needs to be explored.

This work will contribute to DNB's overall goal of putting nature risk higher on the agenda through customer dialogue, expectations, and industry guidelines for relevant sectors.

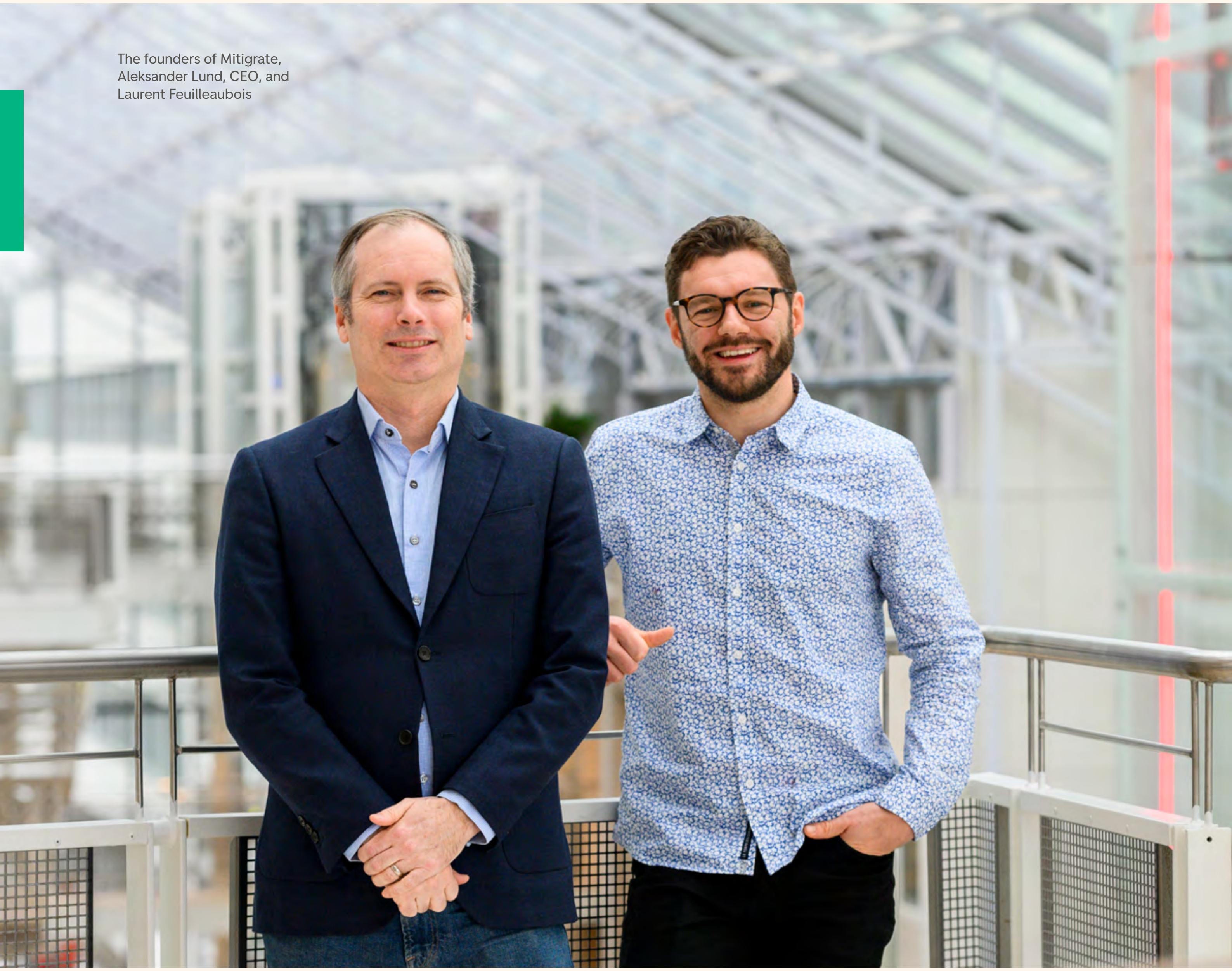
4) EFRAG (2022): ESRS 4 Biodiversity and ecosystems April 2022.

NXT

DNB NXT Accelerator
Bringing good ideas and capital together

Working alongside nature

Surface water following torrential rain is increasingly causing damage to buildings and infrastructure in Norway. Mitigrate is a small company that wants to do something about this, and the key phrase is climate change adaptation.



The founders of Mitigrate, Aleksander Lund, CEO, and Laurent Feuilleaubois

“Rain is falling in new locations and in greater amounts, and properties are not adapted to the new climate.”

Aleksander Lund, Mitigrate

When economist Aleksander Lund and geologist Laurent Feuilleaubois met each other through the Antler accelerator programme, it was a match made in heaven. Feuilleaubois's knowledge of the climate and geological processes and Lund's knowledge of finance and business were the winning formula on which Mitigrate was founded. Today, the company offers solutions for climate adaptation of properties.

“We use geographical data to calculate a property's climate risk. We then look at which measures can be implemented to reduce the risk,” says CEO Aleksander Lund.

He explains that damage caused by surface water and torrential rain has increased by as much as 200 per cent during the past 20 years. This is damage that is not covered by insurance policies.

“Rain is falling in new locations and in greater amounts, and properties are not adapted to the new climate. At present, damage caused by surface water accounts for 60 per cent of natural damage in Norway, and it is likely that this figure will keep increasing,” says Lund.

It therefore comes as no surprise that all four of the big insurance companies in Norway soon showed an interest in the little startup company. Among other things, Mitigrate had several meetings with DNB's insurance partner, Fremtind, which has a special focus on precisely damage caused by surface water. In 2022, Mitigrate was included in the DNB NXT Accelerator, and Fremtind chose the company as its sole partner. The pilot solution was rolled out in the spring and summer of 2022, and the next step is to sign a commercial agreement with Fremtind.

“The collaboration with Fremtind has been very good for us,” stresses Lund, and continues, “We've gained access to their expertise and professional resources – we must have interviewed 50–60 people. We've also been able to introduce ourselves to the whole of Fremtind, and the CEO has mentioned us in podcasts. This sort of thing is important for a small company that's starting out.”

Lund says that Mitigrate focuses most on nature-based solutions, for example delaying water flow during torrential rain or channelling it to locations where it does not cause damage.

“It's not until these measures aren't enough to protect a building that we consider what we call ‘grey solutions’. This means erecting barriers, performing drainage, and so on. So far, we've modelled 48 different solutions in the system.”

Mitigrate has concentrated on the insurance industry until now, but the company is also in talks with DNB about how it can help banks.

“The banking segment is interesting, and the same goes for property developers, municipalities, real estate agents, well, anyone who works with property, really. Climate change has already started, unfortunately, and we need to adapt,” says Lund.

Three tips for other startups

01
It can be difficult to navigate a big company. It was very important for us to have a contact person who held our hand and opened the doors to the right people at Fremtind.

02
You need to be completely sure that what you're doing is genuinely of interest to the company you want to collaborate with. Otherwise, it will be difficult to get resources or be prioritised. Your timing needs to be good.

03
As a startup, you need to find a balance between being patient and being pushy. If you're too patient, you won't fulfil your ambitions, but if you're too pushy, people will soon get tired of you. They have other things to do than to help your company.

Reporting of climate-related risks and opportunities

Based on the recommendations of the G20 countries' Task Force on Climate-related Financial Disclosures (TCFD)[1], on the following pages we give a summary of DNB's progress in understanding – and adapting its business operations to – risks and opportunities resulting from climate change and the transition to a low-emission society. See also our TCFD index, which provides an overview of DNB's reporting in accordance with the TCFD recommendations, in our Sustainability Factbook.

In 2022, we established a separate section for collection and structuring of ESG data.

The recommendations of the TCFD have become the central framework for how companies should assess and report on climate-related risks and opportunities. For some of the topics discussed in this chapter, we refer to other parts of the report where these are described in more detail.

Climate risk may have considerable financial consequences for financial institutions. Both physical climate risk and transition risk may have an impact on financial institutions as a result of, for example, loan defaults and losses on investments.

- **Physical risk:** Risk from climate and weather-related events, such as heatwaves, drought, flooding and storms. Such events have the potential to result in large financial losses and reduce the value of assets and the creditworthiness of customers.
- **Transition risk:** Risk associated with society's transition to a low-carbon society. Changes in policy, technology and demand may result in changes in the value of many assets. In the short to medium term, transition risk is considered most material for DNB[2].

In DNB's credit activities, climate risk is most significant in the corporate loan portfolio, but there is also climate risk associated with DNB's home mortgage portfolio. In relation to investment, our company DNB Asset Management (DAM) is exposed to climate risk through the investment portfolio and the portfolio companies' ability to adapt to climate change and the transition to a low-emission society. To be able to assess and handle the climate risk DNB is facing, we are therefore dependent on precise and comparable information about our customers' greenhouse gas emissions and climate risk. If companies do not take climate risk into account, their viability and profitability will be affected, which in turn may impact on DNB's value creation.

Currently, there is no universally recognised sustainability reporting standard in the same way as there is for financial reporting. However, forthcoming statutory requirements relating to sustainability reporting within and outside the EU will contribute to increased harmonisation going forward. In the EU/EEA, the EU's new Corporate Sustainability

1) Link to the recommendations of the TCFD: https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf.
2) Based on climate risk assessments of DNB's credit portfolio in 2019 and 2020.

Reporting Directive (CSRD) will place extensive and standardised requirements on companies' sustainability reporting from 2024 onwards. Read more about EU rules and legislation on page 39. At the same time, the International Sustainability Standards Board (ISSB) is developing its own international reporting standards for sustainability. The EU and the ISSB are working to coordinate their work on new standards, which can simplify comparison and cooperation across regions.

Increased sustainability requirements will give DNB better access to precise, quantitative and comparable information about climate risk in our loan and investment portfolios. We are working intensively to obtain information about our customers' climate risk exposure, both from the customers themselves and from external sources.

The most important deliveries in 2022:

- Establishment of a separate section for collection and structuring of data on environmental, social and governance (ESG) factors, the ESG Data Hub, which is responsible for developing a cloud-based centralised data hub to meet all of the Group's needs relating to sustainability data.
- Establishment of a separate ESG unit in the corporate customer area and further development of the tool to assess the ESG risk of customers in this segment.
- Creation of a separate ESG unit in the personal customer market, and initiation of a project to map physical climate risk exposure for the property portfolio in Norway.
- Participation in an initiative organised by Finance Norway to prepare a recommendation for how Norwegian banks calculate financed emissions and work to make relevant data sources available.
- Became a partner in the PCAF (Partnership for Carbon Accounting Financials). Going forward, we will use the PCAF methodology as the basis for calculating and reporting financed emissions.

"Building a system or monitoring and mapping DNB's climate risk is important for DNB's risk management."

CORPORATE GOVERNANCE

DNB has a Group policy for sustainability, which is the Group's overarching governing document for sustainability. The purpose of the Group policy is to set the direction for the DNB's sustainability-related work, and to support employees and managers in making strategic decisions and carrying out their daily work.

The Group policy clarifies the following roles and responsibilities:

- **The Group Executive Vice President for Communications & Sustainability** can make decisions relating to sustainability at Group level. Matters of great significance or on which there is disagreement are escalated to the CEO for a decision.
- **The Group Sustainability Committee (GSC)** is an advisory body for the Group Executive Vice President for Communications & Sustainability in DNB. The GSC's main responsibility is to ensure progress and target attainment in the Group's sustainability work, and to assess the Group's level of ambition and long-term competitiveness in light of market developments. In addition, the GSC is to follow up the Group's implementation of laws and regulations within the areas of climate, the environment, social conditions and corporate governance.
- **The Public Affairs & Sustainability division** gives advice and guidance on sustainability work at Group level and in the business areas, and has responsibility for developing the Group's sustainable strategy and strategic scenario for sustainability. The division is also responsible for the actual implementation of the strategy.
- **Group Risk Management** has overall responsibility for monitoring and reporting risks relating to the climate, the environment and social conditions. The business areas also contribute to identifying and limiting risk factors relating to the climate, the environment and social conditions through risk mapping in the credit process. Reporting takes place in the form of quarterly risk reporting to the Group Management team and the Board of Directors.
- **All managers** are responsible for contributing to achieving the goals set out in DNB's sustainable strategy. Managers also have responsibility for implementing approved measures and ensuring that all employees within their own areas of responsibility are familiar with these measures.

There are separate Group instructions for responsible investments and for sustainability in credit activities, which further specify roles and responsibilities.

Building a system or monitoring and mapping DNB's climate risk and ensuring strategic target attainment and meeting reporting requirements is important for DNB's risk management. Progress relating to this work is regularly reported to Group Management and the Board of Directors for endorsement. The Board has overarching responsibility for ensuring compliance with the sustainable strategy, and it also adopts the framework for risk appetite and sets limits for how much risk DNB is willing to accept to achieve its goals and ambitions. Sustainability and ESG factors are increasingly important topics in the Board's work, and the chair of the Board participates in the Board network of the Institute of International Finance (IIF), which regularly discusses ESG and climate risk. The Chair of the Board often opens discussions relating to sustainability at these meetings, and participates therefore in a regular dialogue with sustainability experts.

In 2021, DNB launched an updated sustainable strategy with ambitious goals and sub-goals (see page 30). The objectives in the Group's sustainable strategy contribute to reducing climate-related risk throughout the Group and provide a basis for seizing the business opportunities that exist in the transition to a low-emission society. Progress relating to the goals in the strategy is reported to Group Management and the Board every quarter.

There were some changes to the corporate governance associated with sustainability and climate risk in 2022.

- The Group Risk Management unit was reorganised at the end of the year, and as a result of this, the unit, which is led by the Group Executive Vice President of Group Risk Management, assumed clear overarching responsibility for ESG risk, including climate risk. The new organisation will ensure that ESG risk is clearly integrated into all risk management activities. ESG risk has become an integral area of responsibility in every division of Group Risk Management. This means that all divisions either have or are planning initiatives to integrate ESG risk into their everyday risk management processes.
- In 2022, separate sustainability units were established in the corporate customer area. The units were established to strengthen and facilitate the work that is being done in areas such as strategy, competence building, risk assessment, reporting and customer-oriented sustainability monitoring, as well as development of sustainable financing products.

For more information on the Group's corporate governance, see Implementation of and reporting on corporate governance on dnb.no/sustainability-reports.

STRATEGY

The sustainable strategy, described in the chapter This is our strategy, sets the direction for how we are to achieve our long-term goal of having both loan and asset management portfolios with net-zero greenhouse gas emissions by 2050. DNB will be a driving force for sustainable transition, which means that we are working actively to help customers in the area of climate change adaptation, and we have set concrete growth targets for financing and facilitating sustainable activities. Read more about this in the chapter Financing the climate transition through sustainable activities. The strategy aims to ensure that DNB helps customers reduce their impact on climate change and their climate-related risk. DNB's goal of reducing the emissions intensity of its loan portfolio therefore focuses on the sectors that are most exposed to climate risk and that at the same time are material to DNB and the Norwegian business sector: namely commercial property, oil and gas, and shipping.

Sector	Climate risk – most important risk factors		Proportion of the corporate loan portfolio measured in exposure at default (EAD, per cent)
Commercial and residential property	1. 2.	Market risk (most prominent for commercial property), e.g. energy standard and efficiency, upgrading needs Regulatory changes (most prominent for residential property), e.g. changes in requirements relating to building standards, waste management/recycling	33.5
Oil, gas and offshore	1. 2. 3.	Regulatory changes, e.g. relating to CO_2 emissions, taxes and framework conditions Market risk, e.g. reduction in access to credit and lower level of interest from equity investors Physical risk, e.g. extreme weather events	8.3
Shipping	1. 2. 3.	Regulatory changes, e.g. emissions requirements Technology, e.g. reduction of CO_2 in fuel, support from the authorities Market risk (varies in the different sub-sectors), e.g. a shift in demand towards ships with lower emissions, transport of goods with high CO_2 content	3.9
Renewable energy	1. 2.	Market risk (considerable variation between the risk drivers in the areas of solar power, wind power, hydropower and power distribution), e.g. pace of development nationally and globally, infrastructure, export capacity Regulatory changes, e.g. stability in framework conditions, support from the authorities	7.6
Building and construction industry	1. 2.	Market risk (most prominent in commercial property), e.g. stricter requirements for reduced emissions on building sites, upgrading of machinery Regulatory changes, e.g. increased technical requirements, emissions and reporting requirements for the value chain with associated increases in costs	2.2

Climate risks and opportunities in the corporate loan portfolio

The table above lists the sectors in which DNB is considered to have the greatest climate risk. The main risk factors are listed for each sector, as well as the proportion of the corporate loan portfolio.

There are also great opportunities associated with the corporate market portfolio. The green shift will require large amounts of capital. This offers opportunities for DNB as well as giving us a responsibility to support the transition through financing, advisory services and requirements. Our work to be a driving force in the climate transition is described in greater detail in the chapter Climate change and sustainable value creation from page 60 onwards.

ANALYSIS OF CLIMATE RISK IN THE LOAN AND INVESTMENT PORTFOLIO

To perform quantitative analyses of our climate risk exposure, DNB is completely dependent on having good tools and methods for measuring financed greenhouse gas emissions. In 2022, DNB therefore became a partner in PCAF (Partnership for Carbon Accounting Financials). PCAF is a global collaboration between financial institutions on harmonising measurement and reporting of greenhouse gas emissions financed by loans and investments (financed emissions). Measuring financed emissions is a challenging task, but the partnership in PCAF gives DNB access to valuable tools and methods relating to this work.

To analyse climate risk in the loan and asset management activities, DNB has for several years participated in a number of climate risk pilot projects and working groups, including scenario analyses under the auspices of UNEP FI.

Analysis of climate risk in the loan portfolio

ESG risk in credit proposals is assessed using different ESG analysis tools (MSCI, Sustainalytics and RepRisk), in addition to own assessments. The work uses an ESG score diagram, where each ESG factor is ranked as low, medium or high risk. This diagram is sector-specific, allowing us to address the most significant risks.

Moreover, to follow the TCFD's recommendations, DNB is involved in working groups and pilot projects organised by UNEP FI relating to climate risk in the loan portfolio. Group Risk Management has been closely involved and has conducted the scenario stress tests for DNB's credit activities. Analysis of climate risk is an area that is experiencing continuous development, but the methods are currently not very mature. This limits the accuracy and resilience of the analyses, making it challenging to make business decisions based on the findings. We therefore did not carry out any new scenario stress tests in 2022, but will continue to participate in the UNEP FI working groups to follow developments.

Experiences with participation and the analyses in these projects has been discussed in previous annual reports, see e.g. DNB's annual report for 2021 on dnb.no/sustainability-reports.

Analysis of climate risk in the investment portfolio

Asset management

In the area of asset management, in 2022, DNB Asset Management continued its work on mapping and measuring climate-related risks and opportunities at Group and portfolio level. In line with the TCFD recommendations, we used scenario analyses to identify possible outcomes of climate-related risk and opportunity factors. We mapped and measured climate-related risks and opportunities at the corporate and portfolio level, in line with regulatory requirements regarding climate reporting.

DAM uses several metrics and tools to measure, monitor and manage climate-related risks and opportunities and their financial impact. Our approach includes the following elements:

- **Scenario analyses,** at company and portfolio level, which are undertaken to understand and assess how climate-related physical and transition risks and opportunities might impact our investments under different scenarios over time.
- **Portfolio carbon footprinting**, which entails measuring the transient climate response to cumulative emissions of carbon dioxide (TCRE) and gives an indication of the relationship between CO_2 emissions and rising global temperatures. DAM's assessment of carbon emissions from investments facilitates a range of metrics that can be used to calculate the climate impact of our investments, including weighted average carbon intensity (WACI), financed emissions, and exposure to carbon intensive sectors.

In the work with scenario analyses, DAM uses the Climate Value-at-Risk (CVaR) tool from MSCI ESG Research, and it has separate mutual funds with a sustainability profile. An overall assessment is being made of the carbon footprint of DAM's total holdings by using the scenario framework developed by the Network for Greening the Financial System (NGFS). These scenarios include a Net Zero 2050, Below 2°C, and Nationally Determined Contributions (NDC) scenario. The framework has increasingly become a standard for scenario analysis in the financial system.

The MSCI ESG approach assesses transition risk and opportunities separately from physical risk and opportunities, producing a forward-looking Climate Value-at-Risk (CVaR) metric that combines an assessment of policy risk, transition opportunities, and physical risks. The CVaR assessment aims to "measure the potential impact of different climate scenarios on individual securities' valuation", and provides a percentage value of the potential impact resulting from climate change under each scenario. Results for the securities level are then aggregated up to the fund level to provide a fund level CVaR. A positive CVaR implies that the overall portfolio-level impact will result in profits

In asset management, in 2022, we continued our work on mapping and measuring climate-related risks and opportunities.

"The climate risk trend is reported to Group Management and the Board every quarter."

under the scenario, whereas a negative CVaR implies that there will be portfolio-level costs associated with the scenario.

The results of the scenario analysis show that all sectors and funds will be affected by the transition to a low-emission society. Within DAM's holdings, the sectors that experience the largest (overall) average negative impact under the assessed NGFS scenarios are the materials and energy sectors. These are also the sectors in DAM's holdings that have the greatest transition risk. As far as physical risk is concerned, the utilities and consumer staples sectors have the largest exposure to physical risk.

In addition to the scenarios presented in the report, the funds were assessed under the NGFS disorderly scenarios outlined above. In the same way as for these scenarios, the increased transition risks associated with higher policy risk were seen clearly in the results. For almost all of DNB's mutual funds with a sustainability profile, the MSCI World Index and DAM's holdings gave the disorderly scenarios considerably more negative CVaR values than the orderly scenarios.

We see these results as an important starting point for dialogue with companies we invest in, to gain a better understanding of how they are managing these risks. In many instances, we see that companies already have robust plans and strategies for addressing these potential risks.

For more information about our TCFD reporting in the area of asset management, see the DNB Asset Management Annual Report on dnb.no/sustainability-reports.

DNB Livsforsikring

In 2022, we began performing internal analyses of different climate scenarios using the MSCI ESG Manager tool to achieve a better understanding of the climate risk in the investment portfolio. The results so far show that the greatest financial risk is associated with the transition to a low-emission society, known as transition risk. The analyses also show that a delayed and sudden introduction of policies and climate-related regulation will result in greater losses than a gradual adaptation of policy and climate-related regulation to meet the objective of net-zero emissions. DNB Livforsikring's investments therefore benefit from predictable and immediate global measures to reduce emissions.

Physical climate risk associated with economic damage caused by climate change plays a less important role in our liquid asset classes such as shares and bonds, but it is more important in the property portfolio.

Tools for limiting climate risk and promoting sustainable transition:

- **Limit and monitor climate risk:** Reduce exposure towards companies with high transition risk and/or physical risk that do not have explicit plans to reduce this exposure.
- **Contribute to sustainable transition:** Channel capital towards companies with a clear transition plan that are well positioned for a low-emission society.

Use active ownership to influence fund managers and companies to undergo sustainable transition by setting clear goals and preparing plans for emissions reduction.

- **Search for green investment options:** Find investments that can be classified as climate- or environmentally-related in terms of classifications and taxonomies.
- **Practise active ownership:** Through active ownership, DNB Livsforskring sets requirements regarding follow-up and influence rather than excluding companies that are not fossil free. We expect mutual funds that are included in our portfolios to assess and measure climate risk and companies' transition plans. Managers must influence companies with high climate risk to set transition and emissions reduction targets, establish clear plans for how to achieve these, and be transparent in their reporting on developments during this process. Mutual fund managers with considerable deviations from DNB Livsforsikring's expectations towards sustainable transition will be monitored more closely, and will be given clear improvement requirements. If there are no signs of improvement or there is no willingness to change, the mutual fund must be excluded.

RISK MANAGEMENT

We are working continuously to better integrate climate risk into our risk management. The climate risk trend is reported to Group Management and the Board every quarter. Read more about this in chapter 4 of the Pillar 3 report, on credit risk, and chapter 8 on climate risk.

For the loan portfolio in DNB's credit activities, we have worked on systematisation in-house and vis-à-vis our customers. For all customers with a total credit commitment of more than NOK 8 million, ESG risk must be assessed and commented on in the credit proposal. If a customer's credit commitment exceeds NOK 50 million, an ESG risk classification must be given using a separate ESG risk assessment tool. In 2022, just over 2 500 risk classifications were performed using the ESG risk assessment tool. During the year, the tool was also equipped with several new functions and it was given additional industry-specific modules.

ESG risk is considered on an equal footing with credit risk in the credit process. High ESG risk takes precedence over credit risk, and results in credit proposals being escalated to the highest credit approval level, regardless of the credit risk profile. For customers with high ESG risk, an internal action plan must be prepared to follow up the topics that cause the risk to be assessed as high. The plan will contain milestones and specify the person who is responsible, for a 12-month period.

ESG assessments at transaction level also provide a good basis for dialogue with customers about how they seize opportunities and manage inherent ESG risk in the industry in which they operate, and how this can affect the company's financial strength over time. The information we obtain from these ESG assessments also gives us knowledge about climate risk at the portfolio level, and we are continuously working to further develop our ESG portfolio management system.

When conducting stress tests of credit portfolios, the climate must always be taken into consideration in connection with the development of stress scenarios. In 2022, we also continued the efforts to set a goal for risk appetite for climate risk. Transition risk and physical climate risk are also in the process of being incorporated into DNB's risk appetite framework. Exposure to transition risk is

In line with developments relating to the climate, we plan to draft and publish a transition plan during the course of 2023.

"In DNB, we support the Paris Agreement's targets for greenhouse gas emissions, and we aim to achieve net-zero emissions from our loan and investment portfolios, as well as our own operations, by 2050."

quantified by combining exposure data with the UNEP FI's heatmap methodology[3], while for physical risk, exposure data is combined with geographical climate data for Norway from the company Eiendomsverdi.

An important part of DNB's ambition to be a driving force for sustainable transition is to help customers through their transition and to promote global initiatives for best practice. As a leading shipping bank, DNB has worked with other banks, as well as climate and industry experts, to develop the Poseidon Principles, which provide a global framework for responsible financing of ships that influences the industry to reduce climate risk and carbon intensity.

In 2022, we continued our efforts in DAM to exert a positive influence on Norwegian companies in the area of climate risks and opportunities. The dialogues with most of the major listed companies strengthened our mutual understanding of climate risk and promoted the transition to a low-emission society.

Continuous work is being done to reduce emissions from own operations through targeted measures. An overview of DNB's Scope 1 and 2 emissions, and selected categories of Scope 3 emissions, is reported annually in our greenhouse gas accounting. See dnb.no/sustainability-reports for detailed information.

For more information about the Group's risk management, see the Pillar 3 report on ir.dnb.no.

TARGETS AND MEASURES

In DNB, we support the Paris Agreement's targets for greenhouse gas emissions, and we aim to achieve net-zero emissions from our loan and investment portfolios, as well as our own operations, by 2050. We have set sub-targets to reduce the emissions intensity of the loan portfolios for the sectors where DNB has the greatest opportunity to exert an influence (commercial property, upstream oil and gas, and shipping) by between 25 and 35 per cent by 2030. In order to ensure good progress, we will be a driving force for sustainable transition. This commits us to putting climate and sustainability issues on the agenda in our dialogues with our customers. In these dialogues, we will familiarise customers with our objectives and make it clear that we expect emissions from the projects and customers we finance to be reduced over time. We will also steer our assets under management towards more sustainable alternatives, and we have a sub-target of reducing the emissions intensity of DNB Livsforsikring's portfolio by 55 per cent by 2030. The targets are intended to reduce DNB's level of risk and encourage our customers to make a sustainable transition.

Substantial investments are needed to establish new industries and enable existing ones to make a sustainable transition. We

3) Read more about the heatmap methodology here: unepfi.org/industries/banking/beyond-the-horizon/.

have therefore set the following targets for channelling capital into sustainable activities:

- DNB will finance and facilitate sustainable activities worth NOK 1 500 billion by 2030.
- DNB will increase assets under management in mutual funds with a sustainability profile to NOK 200 billion by 2025.
- By 2025, 50 per cent of net flows of assets under management will go to mutual funds with a sustainability profile.

More information about the emissions and financing targets, including descriptions of target attainment, can be found earlier in the report, in the chapter Financing the climate transition through sustainable activities.

DNB's own emissions are relatively low compared with the emissions associated with the loan and asset management portfolios, but we are nevertheless working to reduce them. Read more about this in the Sustainability Factbook at the back of the report.

In step with improvements in the source data, for example due to customers' sustainability reporting, we will further develop our measurement parameters and follow-up of these in accordance with the recommendations of the TCFD.

THE WAY FORWARD

DNB's sustainability work will continue to have good momentum in 2023, driven by clear sustainability goals and associated follow-up, together with increased reporting requirements and a growing market for sustainable financing. As a leading Nordic financial institution, we are strongly engaged in topics that are vital to the success of our customers, our surrounding society and our own operations. One topic that has received increasing attention is climate change, and the role financial institutions can play in enabling the transition to a low-emission society.

In line with developments relating to the climate, we plan to draft and publish a transition plan during the course of 2023. The plan will be based on our existing goals and strategy, but will clarify the steps we need to take to achieve our ambition of net-zero emissions.

In addition to preparing a transition plan, we will also work to:

- Build on the work on climate risk in both the loan and asset management portfolios, for example by further developing the framework for sector-specific climate risks and opportunities. In connection with this, we will also continue to work on assessing available methods, together with international partners in the fields of finance and sustainability.
- Continue the work in the ESG Data Hub, with the aim of streamlining and increasing the quality of ESG-related data collection, validation and storage. The main purpose is to convert unstructured ESG-related data from within and outside DNB into structured data, which can be used as a basis for our future reporting, risk assessments and customer follow-up.
- Continue to develop routines and a framework for monitoring and reporting sustainability risk.
- Expand our efforts to influence companies through dialogue about their transition and objectives to contribute to a net zero-emission society by 2050.

The EU taxonomy for sustainable activities

Through its strategy called the European Green Deal, the EU has set ambitious objectives for the transition to a low-emission society and for a climate-neutral Europe by 2050. In order to achieve these objectives, the EU is entirely dependent on the investment of private capital in the green transition. The EU has therefore launched a dedicated action plan on sustainable finance that includes several wide-ranging new regulations, and the EU Taxonomy Regulation for sustainable activities (the EU taxonomy) is the very foundation of this work. Read more about the EU action plan on sustainable finance on page 39.

The EU taxonomy is a classification system that defines requirements relating to financial activities that are environmentally sustainable for investment purposes. The purpose of the taxonomy is to ensure that capital is channelled towards green investments, and that investors and banks can more easily find investment opportunities that are genuinely green and sustainable. Associated standards and labelling schemes for financial products and instruments are being developed. These will be linked with the EU taxonomy and reduce the risk of greenwashing in finance.

HOW DOES THE EU TAXONOMY AFFECT DNB?

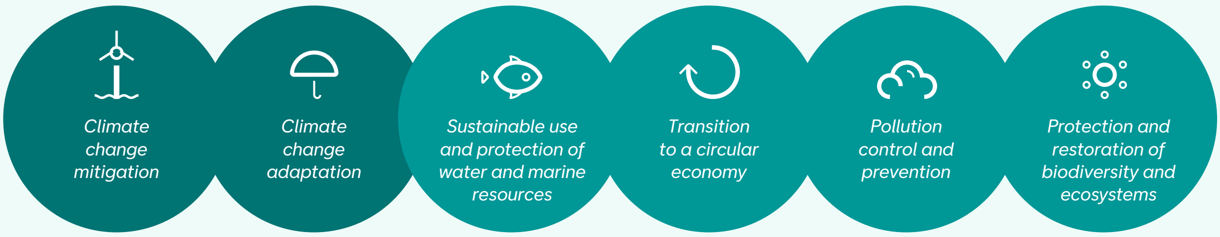
The taxonomy is a tool for classifying environmentally sustainable economic activities in connection with investments and financial products. It includes reporting requirements for large, listed companies and financial institutions. DNB is currently subject to requirements relating to the disclosure of non-financial information under the Norwegian Accounting Act. Under the Norwegian Sustainable Finance Act that entered into effect on 1 January 2023, DNB will not be required to report taxonomy data until the 2023 accounting year. However, the bank has decided to voluntarily report selected data for 2022, as it did in 2021.

If we are able to identify categories of green loans for which we have sufficient data to establish whether the loans meet the requirements of the taxonomy in full or in part, it will be possible to also use these loans in connection with our external financing. This means that more green bonds can be issued that meet the demands and expectations of green investors relating to such bonds, while meeting the requirements in the European Green Bond Standard.

At present, the taxonomy has a fairly limited scope, but it will be further developed and expanded in the years ahead. It is therefore important to note that the current taxonomy does not provide the definitive answer to what steps can be taken to make a positive impact in the transition. It should rather be viewed as an important first step in the direction of a meaningful shared understanding of which activities can be classified as environmentally sustainable. The EU is also working on a social taxonomy to classify socially sustainable activities, as well as an expanded taxonomy, that will focus on different categories of activities that will be essential to sustainable transition. However, signals from the EU indicate that these new taxonomies will not be prioritised in the immediate future.

In DNB, we contribute to channelling capital into sustainable activities through our sustainable products. Read more about our framework for sustainable products,

The six environmental objectives of the EU taxonomy:



The technical criteria have not yet been completed, but the EU plans to publish them by 2024.

including green loans, in the chapter Financing the climate transition through sustainable activities on page 70. The framework is being updated regularly to ensure that our criteria for green loans are generally harmonised with developments in best market practice and the conditions and application of the taxonomy.

HOW DNB WORKS WITH THE EU TAXONOMY

The taxonomy contains reporting requirements, key indicators and templates for both financial and non-financial companies. The most important key indicator for DNB as a financial institution is the 'green asset ratio' (GAR). Briefly put, the purpose of this ratio is to show how large a proportion of the bank's loans and the like have been granted to activities that are defined as green under the taxonomy. The plan is for the taxonomy to gradually extend the reporting requirements associated with the GAR. The degree of detail, and thus the extent of the obligation to obtain information, will gradually increase in the period leading up to 2026, given the EU's current implementation timeline:

1. In the first phase, the banks' taxonomy reporting only needs to contain information on how large a proportion of the banks' loans have been granted to activities that are covered by the taxonomy (taxonomy eligible).
2. In the second phase, the banks' taxonomy reporting must also include their GAR. This will provide information on how large a proportion of the banks' loans have been granted to activities that satisfy the taxonomy's criteria for environmentally sustainable activities (taxonomy aligned). These criteria are:
   a. the customer's economic activities contribute significantly to at least one of the taxonomy's six environmental objectives (substantial contribution);
   b. the customer's economic activities do not have a significant negative impact on any of the remaining five environmental objectives (do no significant harm, DNSH);
   c. the customer's economic activities meet the minimum requirements for social conditions and corporate governance (minimum safeguards).

There is a considerable need for customer data, and much of the data that financial institutions are dependent on is not available. To narrow this data gap, we have started a number of initiatives, the most important of which is the establishment of the ESG Data Hub, a Group-wide system solution that will enable the collection, quality assurance, processing and reporting of sustainability data from a broad range of external and internal sources. This is a cloud-based, flexible and robust system that will give us a sound starting point for further work with sustainability data and integration with financial data.

In addition to our efforts on taxonomy reporting, we have worked specifically on collecting data relating to climate risk and financed emissions in our loan portfolio. Read more about our work on climate data under Reporting of climate-related risks and opportunities from page 108 onwards.

PRELIMINARY RESULTS OF THE WORK

During the course of 2022, we continued working on creating an overview of data sources both within and outside DNB and improving data quality to estimate how large a proportion of our total lending is covered by the Taxonomy Regulation. We did this in order to be able to calculate DNB's GAR and enable further regulatory reporting in accordance with the current rules and legislation (see the table on taxonomy reporting below). Due to limited access to data, DNB's assessment of the taxonomy alignment for homes and electric cars is only based on the criteria for material contributions to the taxonomy's environmental objectives (section 2 a above), and not the absence of material influence on other environmental objectives (item 2 b above).

Loans to personal customers represented around 32 per cent of our total portfolio at the end of 2022 (see the table below). The majority of these loans will be covered by the Taxonomy Regulation (taxonomy eligible). The source data on home mortgages and loans for electric cars is relatively reliable, and preliminary calculations show that the loans in our portfolio that are defined as sustainable are estimated at about NOK 138 billion. This corresponds to just over 6 per cent of the portfolio, which represents an estimate of DNB's GAR.

Our voluntary reporting under article 8 of the EU taxonomy:

Assets as at 31 December 2022	Gross carrying amount (NOK billion)	Share of total assets (per cent)	Share of total covered assets (per cent)
Households	920	31	37
Non-financial corporations (subject to NFRD)	1	0	0
Taxonomy-eligible activities	**921**	**31**	**37**
Financial corporations[1]	481	16	19
Non-financial corporations (subject to NFRD)	3	0	0
Households	21	1	1
Taxonomy non-eligible activities	**505**	**17**	**20**
Non-financial corporations (not subject to NFRD)	811	28	33
Derivatives	192	7	8
On-demand interbank loans and deposits	7	0	0
Cash and cash-related assets	0	0	0
Other assets (e.g. goodwill, goods etc.)	40	1	2
Total covered assets	**2 476**	**84**	**100**
Central banks, sovereigns, and trading book	454	16	
Total assets	**2 931**	**100**	

1) Some financial corporations might be non-eligible, split is not currently available.

"The source data on home mortgages and loans for electric cars is relatively reliable, and preliminary calculations show that the loans in our portfolio that are defined as sustainable are estimated at about NOK 138 billion."

REPORTING PRINCIPLES

Reporting in accordance with article 8 of the EU taxonomy is based on a consolidation of DNB Bank ASA and major subsidiaries.

In the reporting on home mortgages, homes built before 2021 that are pledged as collateral for a home mortgage and that are among the 15 per cent most energy-efficient homes in Norway are defined as sustainable (taxonomy-aligned). As mentioned above, we have not assessed our home mortgage portfolio against the DNSH requirement. The proportion of home mortgages that is taxonomy-aligned is thus only an estimate.

Such assessments are more difficult to make for the corporate customer segment (customers outside the financial sector) because the source data is poorer. The reason for this is that these customers have no obligation to report this data at present. As a very small proportion of DNB's lending exposure is towards companies that are subject to a reporting requirement under the Non-Financial Reporting Directive (NFRD), DNB's taxonomy potential for companies without an NFRD commitment is considerably greater. This is mainly due to the fact that very few Norwegian companies are large enough to qualify under the NFRD requirements. All small and medium-sized Norwegian companies – and even many large companies – are thus excluded. These companies account for a large share of our loan portfolio and are also an important part of the Norwegian business sector's sustainable transition. The introduction of the new Corporate Sustainability Reporting Directive (CSRD) for the 2024 accounting year, with its expanded scope, will improve the situation somewhat, as the number of Norwegian companies that will need to report under the taxonomy will increase from around 100 to approximately 1 700, and the data will need to be submitted in machine-readable format. This will simplify data collection.

Due to inadequate data quality, especially associated with industry codes for companies outside the Nordic region, the estimate for exposure to companies that are covered by the taxonomy is conservative and could rise significantly. Moreover, the data available for quantifying DNB's exposure to companies with operations that are taxonomy eligible and at the same time satisfy the taxonomy's criteria (i.e. that are taxonomy aligned) is highly inadequate. This said, forthcoming reporting requirements for non-financial customers will significantly improve the data availability.

We will continue working on gathering and analysing data so as to be able to assess taxonomy alignment for a larger share of the portfolio.

Aiko Yamashita

Head of Section for ESG Data Hub in Group Risk Management

In love with data

When Aiko Yamashita saw how data and technology can be used to the benefit of society, she “fell in love with data,” to use her own words. Today she leads the expert group that obtains and secures data and insight relating to environmental, social and governance factors (ESG) in DNB.

“ESG data is non-financial data, such as data relating to the climate and energy use, or data that provides information about risk associated with the external environment,” explains Aiko Yamashita. "These are important factors when performing assessments in connection with loans and investments, for instance."

“We don’t create this kind of data, which is why we obtain it from credible third parties. We collect this large amount of data in an enormous, cloud-based hub that’s available to the entire DNB Group. The purpose of our work is to ensure that DNB follows the sustainable strategy adopted by the Group and, by doing so, to help the bank achieve its sustainability goals. It’s also a matter of risk management and laying a foundation for reporting on regulatory requirements,” she says.

In addition to her job at DNB, Yamashita is Associate Professor at Oslo Metropolitan University (OsloMet), where she teaches data analytics and supervises students taking Master’s and Bachelor’s degrees. She grew up in Japan and the US, but her first degree is from her father’s home country of Costa Rica. In other words, we’re dealing with a heavyweight with wide-ranging and multifaceted experience.

“I originally picked a degree that would give me a good and safe job, but when I did my Master’s degree in Gothenburg, it opened my eyes to how data and technology can be

Aiko teaches data analytics and supervises students taking Master's and Bachelor's degrees.

Three tips for sustainability work

01
Find out how your company can best contribute to the green shift. Where should you focus your efforts? This isn't always easy to answer, and may require some soul-searching.

02
Be structured, make sure your data is comparable, and learn and make adjustments as you go along.

03
Don't be passive just because you don't know where to start or are worried about making a mistake and being accused of greenwashing. We can't not work with sustainability. That's just not an option.

used in medicine and research. I became increasingly interested in how I could use my knowledge to contribute to society and do meaningful work. This sparked my curiosity in science. And yes, I fell in love with data," says Yamashita, laughing heartily.

In 2007, she moved to Norway to pursue her PhD. She learned Norwegian, worked as an entrepreneur and consultant, and in 2018 she joined DNB. This was at the very beginning of what Yamashita calls the bank's 'data journey', because by then it had become clear how important it was for DNB to take full control of its own data in order to be able to offer customers better services.

"I joined a new division that was meant to provide a new framework for how DNB works with data," says Yamashita, calling the project "a 180-degree journey of cultural change for the bank."

When Yamashita began working in the area of ESG, she quickly discovered that data was not an integrated part of the sustainable strategy, and she wanted to do something about that.

"We often didn't have any ESG data or, if we did, it was on an Excel sheet or there was something in a database. It was a bit of a mixed bag. But if you're going to perform analyses and extract knowledge from data, you need proper tools and a good infrastructure. That's why we began to gather all the ESG data in what we called the ESG Data Hub. I'm proud that we've achieved this. I'm also proud that, over these years, we've worked on responsible practices for the use of artificial intelligence in DNB, in collaboration with Stanford University," she says.

Now Aiko Yamashita's cheeks flush slightly, because we're touching on one of her favourite topics: ethical and responsible use of data and artificial intelligence. It's not without reason that many people call her a driving force in this area.

"Although it's important to collect data, it's equally important that those who will be using the data have the knowledge to use it properly. Big data has huge potential to benefit society, but we have also seen examples of how it can be misused. As a bank, we have a huge responsibility in this area, and this responsibility becomes all the more important, when we're talking about ESG data," says Yamashita emphatically, and gives an example.

"Our loan portfolio must be as green as possible. But should we increase our Green Asset Ratio (GAR) by only granting loans to people who buy an apartment classified as energy class A or B+? If so, we risk excluding people in a vulnerable financial position. As you can see, this is quite a complex issue."

Yamashita says that DNB wants to use ESG-related big data for many things, but that the focus so far has been on regulatory matters.

"We'll then work in a focused way on different initiatives, for example by enabling the development of new products and services for our customers," says Yamashita, who does not hide the fact that she's proud of the work she and her team have done with the ESG Data Hub.

"The project also shows that when DNB thinks something is important, we have the competence, willingness and flexibility to implement major initiatives like this. I believe that no other financial institution in the Nordic region has come as far as DNB in securing ESG data and making it available," she says.

Diversity both within and outside the Group

DNB is a driving force for diversity and inclusion. We will work to ensure that all employees feel included and accepted, and that we have a good gender balance in management teams. Through cooperation and communication with suppliers and customers, we will also promote diversity and inclusion outside DNB.

- DNB will have a good gender balance (40/60) in management positions at all levels.
- DNB will be diverse and inclusive.
- DNB will help promote gender equality among our customers through products, services and dialogue.
- DNB's largest suppliers within IT services, consulting and legal services must work systematically on equality and diversity within their own organisations.

Diversity and inclusion

For us, diversity means everything that makes people and groups unique and different from each other, whether visible traits such as age, gender, ethnicity and functional ability, or invisible traits such as sexual orientation, gender identity, religion, competence, life experiences, personality and interests.

In DNB, inclusion covers initiatives and practices aimed at giving everyone the same opportunities to contribute to the organisation and to be themselves regardless of their background. Inclusion is key to realising the potential of diversity. Having a diverse and inclusive working environment pays off, and is in keeping with our ethical foundation.

The fact that all our employees are different makes DNB a better company. If we are to achieve our goals of long-term value creation, high levels of customer satisfaction and being an attractive employer, we need to reflect the society we are part of. Variation in perspectives and backgrounds helps create value for our customers and makes us better equipped for solving the challenges we are facing in the time ahead.

DNB will be a driving force for diversity and inclusion, and there are high expectations of Norway's largest bank in this area. Through long-term and strategic efforts, DNB is currently one of the world's best companies in terms of equality, and we want to take a clear position in the social debate on this topic. These efforts also extend beyond our employees. Not only do we contribute to greater equality, diversity and inclusion for our customers through our products and services, we also want to help our suppliers achieve the same.

WHAT WAS DONE IN 2022?

Strategy for diversity and inclusion

During the year, we prepared a new strategy for diversity and inclusion, in close dialogue with employee representatives. We later spent a considerable amount of time communicating the strategy to the organisation through information, training and various events.

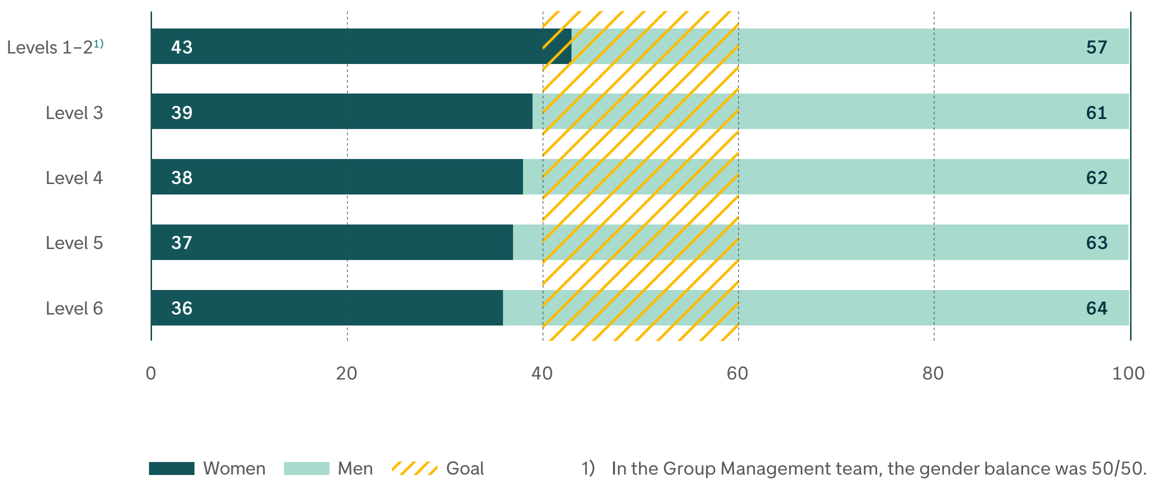
In the new strategy, we place emphasis on diversity at DNB being about more than gender. Following an overall assessment that took a societal, customer-oriented and organisational perspective, we have decided to prioritise multicultural backgrounds (culture and ethnicity) as a new priority area in addition to gender. Our long-term objective is to increase the percentage of managers with a multicultural background. We will also continue our efforts relating to diversity in terms of sexual orientation and gender identity, mental health, age and functional ability.

Another important goal in the strategy is to mobilise the organisation and hold our managers accountable for the work with equality, diversity and inclusion. We have appointed diversity and inclusion officers in all support units and business areas. They are responsible for securing support from management, putting diversity and inclusion on the agenda in their unit and ensuring that this topic is linked to product and service development. During the year, we also established networks for equality, multicultural diversity and gender and sexual diversity (LGBT+). These will be run by committed employees who will organise events, help build competence and promote role models across the organisation (also internationally).

To ensure that we are able to extract the potential that can be found in the diversity of the Group, we conducted a pilot project on diversity leadership for selected units. Based on feedback from a survey associated with the pilot project, we prepared an updated programme on inclusive leadership and began rolling it out to our management teams. We also developed a one-hour basic training module in diversity and inclusion for employees, and developed a new training module in our internal Motimate training portal.

Gender balance at management levels

Per cent



1) In the Group Management team, the gender balance was 50/50.

"We have appointed diversity and inclusion officers in all support units and business areas."

40/60 GENDER BALANCE

The goal of having a good gender balance (40/60) at all management levels stands firm, and in 2022, we achieved this goal at one out of the five levels. See the graphon the opposite page.

At the end of 2022, the average percentage of women at management levels 1–4 was 38.3 per cent, compared with 39.8 per cent in 2021. The decline is due to the relatively low number of managers at these levels, which means that small changes can have a large impact. In DNB's Group Management team and on the Board of Directors, the gender balance was 50/50.

To achieve the goal of gender balance at all management levels, we are working systematically and in a targeted manner to improve the gender balance in units in which the proportion of women is less than 40 per cent. We have introduced several measures to ensure gender balance and sufficient access to women with leadership talent:

→ a minimum of 50 per cent female representation in in-house leadership development and talent programmes;
→ a minimum of 40 per cent women candidates on succession planning lists;
→ identification of the best qualified female and male candidates in recruitment processes for management positions before a final choice is made;
→ diversity as one of the job assignment criteria in restructuring processes;
→ a particular emphasis on achieving a better gender balance when changing the composition of management teams.

We are also working to engage men in our work to promote equality, diversity and inclusion. We have established a dedicated network for men in DNB (Men@Work), which will work on issues relating to the role of men, masculinity, diversity and inclusion. This network quickly recruited over 40 members and organised a meeting on International Men's Day that focused on men and mental health.

Activity duty and duty to issue a statement

DNB will be a driving force for diversity and inclusion, and in 2022 we continued our efforts to ensure compliance with the requirements in the Norwegian Equality and Anti-Discrimination Act regarding employers' duty to make active efforts to promote equality and prevent discrimination (activity duty). We devised a working method for analysing the risk of discrimination and barriers to diversity in central human resources (HR) processes. We also performed a risk assessment of the recruitment process in collaboration with employee representatives, safety representatives and line managers. For a full account, see DNB's Activity duty and duty to issue a statement on dnb.no/sustainability-reports.

DNB has zero tolerance for bullying and harassment. In our annual HSE survey, 273 employees answered 'yes' to the question "Have you been subjected to bullying or harassment from a customer or colleague over the past twelve months?". This corresponds to 3 per cent of those who responded. Just under 49 per cent of the cases had occurred in connection with customer contact. This is a low proportion of respondents compared with that of similar companies, but we will nevertheless continue to work systematically and purposefully to prevent and handle unwanted incidents.

Inclusion

Inclusion in DNB is measured and followed up based on answers to questions regarding perceived inclusion in the Group's employee survey. The goal is to have a score of at least 5 on a scale of 1 to 6, and at the end of 2022, the score was 5.4 among the 84 per cent of the permanent employees who responded to the survey. This shows that DNB employees to a great extent feel that they are included, respected and valued for who they are, and that they feel comfortable expressing their opinions.

DNB also scored very highly in various rankings in 2022. We were ranked no. 7 among European companies in terms of diversity in a ranking conducted on behalf of the Financial Times among 850 companies from 24 different industries in 16 European countries. We were ranked no. 1 in the Banking and Financial Services category. In March, Equileap again ranked DNB as the world's best company in terms of gender equality. The survey included about 4 000 companies globally, and DNB was ranked no. 2. DNB took the top spot among Norwegian companies in this survey. In the SHE Index, DNB was ranked no. 7, climbing 11 places from 2021.

DIVERSITY AND INCLUSION IN OTHER AREAS

Suppliers

As a major player in Norwegian society, we are in a position to promote diversity and gender equality in our suppliers' operations. For procurements where gender equality is considered a material sustainability topic, we seek to include diversity and inclusion issues in tender processes, and as topics addressed in contracts and follow-up meetings.

Corporate customers

When considering corporate loans of over NOK 50 million, we look at factors like the proportion of women in senior management and the extent to which the company has diversity and anti-discrimination policies.

Management of fixed-income securities and equities (shares)

For companies in our fixed-income securities and equities portfolios, we have outlined expectations regarding diversity and inclusion in an expectation document that is used as a starting-point for dialogues with these companies, where diversity and inclusion are important topics. For the companies in our equities portfolios, we voted in favour of several shareholder proposals relating to diversity and equality issues in 2022. We also raised the question of gender balance on the board of directors in our dialogues with several companies.

Mutual fund activities

We continued our systematic efforts to integrate significant risk factors relating to environmental, social and governance (ESG) topics into our mutual fund activities, including in relation to fixed-income securities. We further developed and sent a questionnaire to Norwegian issuers of fixed-income securities to map a number of these factors, and to improve our source data. An important purpose of the questionnaire is to gain insight into how companies work to promote diversity and inclusion, as well as to highlight what is considered best practice. Our aim is to influence companies in a positive direction and measure progress over time.

Financial inclusion

DNB aims to offer responsible and innovative financial products and services that contribute to increased financial inclusion[1]. To comply with this, we are continuously assessing whether our products and services foster financial inclusion or whether we need to change our products and services or establish new ones. *Vennelån* (friend loans) and *OsloBolig* (Oslo home) are examples of new products that have been launched to promote financial inclusion. Read more about this on page 45. Another example is the customer concept En*kel bankhverdag*, which makes it easier for non-digital customers to gain access to basic banking services. Non-digital customers have been a focus area for many years, which is why we have decided to keep non-digital services like *BrevGiro* (giro sent by post), *AvtaleGiro* (direct debit) and the telephone banking service. In addition, customers will have access to advisory services via a dedicated direct phone number.

1) In DNB, financial inclusion is a matter of providing access to basic financial products and services for everyone, in addition to helping customers manage their finances effectively.

"We are continuously assessing whether our products and services foster financial inclusion or whether we need to change our products and services or establish new ones."

The topic of financial inclusion has become all the more relevant as a result of the pandemic, the war in Ukraine, the energy crisis and higher inflation, as these factors have all worsened the lives of many people. In the spring of 2022, we adjusted the bank's practices and services to ensure that more people could become bank customers following an individual assessment, even without valid proof of identity. However, the practices must be in compliance with the Norwegian Anti-Money Laundering Act, and we must continue to perform the necessary checks of each person's identity through individual assessments. A complaint against DNB was lodged with the Norwegian Anti-Discrimination Tribunal in October 2021, relating to past practice, and the Tribunal reached its conclusion in October 2022, declaring that the practice contravened the prohibition against discrimination on the grounds of ethnicity.

We have also introduced Braille on our bank cards to ensure that customers with visual impairments have easier access to card details. Moreover, we have developed measures such as advisory services, deferral of payment and individual payment schemes to help our customers during a period of increased financial vulnerability.

#huninvesterer (#girlsinvest)

In 2022, we continued our efforts to make women more aware of the financial gender gap between women and men through the *#huninvesterer* (#girlsinvest) campaign. The ambition of *#huninvesterer* has been to show that everyone can invest and own a larger part of their world, regardless of their financial starting point.

THE WAY FORWARD

Our long-term and systematic efforts relating to diversity and inclusion have yielded good results, and we are proud of what we have achieved in DNB. Going forward, we will continue the work to implement our new strategy and the choices and priorities associated with it. We will continue our gender equality work and closely monitor developments in gender balance among managers, while strengthening men's involvement in the equality, diversity and inclusion work. As part of our continued efforts relating to the activity duty and the duty to issue a statement, we will continue our systematic work to carry out risk assessments for more of our HR processes.

We will also strengthen our competence on multicultural diversity and work to attract, develop and retain employees with a multicultural background. We will expand our LGBT+ network to cover our different locations, also internationally. We will also continue to provide training on inclusive management and on building basic competence on diversity and inclusion among our employees.

To increase engagement and drive in the organisation, we will seek to ensure that our diversity networks get well under way with these efforts. We will also continue to work with our diversity and inclusion officers, so that they receive the support they need to perform their role effectively. In 2023, we will also continue our efforts to concretise how DNB can play a more prominent role in inclusion work in society and to strengthen our role as a driving force for inclusion and diversity through the product, service and supplier axes.

DNB will identify groups that, on the basis of specific socio-economic characteristics, are expected to require extra support to achieve financial inclusion. Examples of characteristics of this kind are low income or sustained financial stress, as well as little to no access to digital tools.

Wenche Fredriksen
SVP Head of Diversity & Inclusion in DNB

Leading the way in diversity

Sustainability is a broad term, and includes creating a working life with room for everyone. This is why diversity and inclusion are a very important part of DNB's sustainable strategy.

Wenche Fredriksen has experienced burnout and been on long-term sick leave and partial disability leave. She knows what it means to become an outsider, but chose to own her story and use it actively in her career. After working in the consulting industry for 30 years, she took the leap into the unknown. This turned out to be the smartest move she ever made.

In January 2022, Fredriksen joined DNB as SVP Head of Diversity & Inclusion, aged 58 and with a wealth of life experience.

"When you yourself have hit the proverbial wall, and you're also the mother of children adopted from Colombia, you soon find that the world hasn't come quite as far as you would have liked it to. At the same time, I've never been more experienced, relevant and secure than I am now, and I'm grateful that DNB chose me. Taking a chance on me was a bold move," says Fredriksen. She is happy to draw on her own stories and background to inspire others and promote a more inclusive workplace."

"I think DNB needs someone like me. Someone who dares to be loud about topics that may not be spoken about very often, and that can be difficult to discuss openly. We need to be whole people, with all our glorious imperfections – also at work. If I dare to talk about my experiences openly, others will also find it easier to open up," says Fredriksen. She has quite simply gone out and bought a lovely plush elephant, which she's happy to bring to

Wenche is happy to bring her elephant into meetings when necessary.

Three good tips for increasing diversity and inclusion

01
Don't be afraid to make mistakes. It's when things are uncomfortable that we learn. We all make mistakes. And when we do, let's be kind to each other!

02
There's no shortcut to diversity and inclusion. Be patient. This is a journey. Change takes time.

03
Diversity and inclusion are bigger than any of us. It isn't a competition. Let's share our experiences with each other.

meetings when necessary. A physical elephant in the room.

"All people carry their stories and life experiences with them, and have felt shame and experienced prejudice, but many people are afraid to be their whole selves at work. We hide our dyslexia, or the fact that we have a same-sex partner or mental health issues. But this is important diversity competence that enables us to meet others in a more inclusive manner."

DNB has worked for many years to increase the proportion of women among its employees, also among senior executives. The Group has achieved impressive results here, Fredriksen points out. Her current burning ambition is for men to receive more attention.

"Men are also affected by gender norms. They are expected to pursue a career, provide for their family, and not say too much about their problems or worries. Many men are having a difficult time, and unfortunately they're overrepresented in many disheartening statistics. We need to listen to men's voices as well," says Fredriksen. She's therefore taken the initiative to launch the 'Men@Work' network, which addresses issues men battle with in working life.

However, diversity is about more than gender, she points out. DNB now plans to work in a more targeted way to ensure greater multi-cultural representation.

"We've examined various grounds for discrimination, and we'll have a stronger focus on the multicultural dimension, in addition to gender. Diversity is often visible at lower levels of the organisation, but the higher up the career ladder you go, the 'whiter' the organisation becomes. This applies to very many Norwegian workplaces, not just DNB. We know how important it is to have role models you can identify with, which is why we will work systematically to recruit and develop managers with multicultural backgrounds."

She believes that many small things can create a more inclusive workplace. It can be a matter of fairly simple measures, but the symbolic effect can nonetheless be great, and help others feel included.

It's therefore thanks to Fredriksen that halal meat is now on the menu in the staff cafeteria. DNB now also has a dedicated contemplation room where people can retreat, meditate or pray during working hours. A network has also been established to promote cultural diversity.

So far, Wenche Fredriksen is surprised by how well the bank has embraced her many ideas.

"There were many things I thought I would have difficulty gaining support for, but the maturation process had already begun. I just helped things on their way. I'm impressed by the enthusiasm I've encountered and all the wonderful people who are more than ready to help. I quite simply feel lucky and very grateful."

«All people carry their stories and life experiences with them, and have felt shame and experienced prejudice.»

Wenche Fredriksen

DNB combats financial crime and contributes to a secure digital economy

DNB combats financial crime and contributes to a secure digital economy. We will ensure that sound anti-money laundering work is carried out across the Group by, among other things, reporting all suspicious transactions. We aim to be the bank customers trust the most when it comes to delivering financial services. In addition, we will process and use data and artificial intelligence (AI) in a way that ensures a fair, democratic and inclusive society.

- DNB reports all suspicious transactions.
- DNB aims to be the most trusted player when it comes to delivering banking services in a modern digital economy.
- DNB is committed to handling and using data and AI (artificial intelligence) in a way that ensures a fair, democratic and inclusive society.

Information security and stable IT systems

It is important for DNB that we deliver secure, stable and user-friendly services to our customers. As a major player in Norwegian society, we must help maintain trust in the financial infrastructure during a time of geopolitical unrest. The war in Ukraine has shown that acts of war are no longer being committed solely in the physical domain, but also in the cyber domain. Systematic, targeted efforts are being taken to prevent cyber attacks and other security incidents, and this will also be important in the time ahead. Good security work will continue to be vital for being able to retain the trust of our customers and society in general, and for maintaining our long-term competitiveness over time.

WHAT WAS DONE IN 2022?

Stable and secure operations will remain one of our most important focus areas. Having well-functioning IT services is the key to satisfied customers and to being able to fulfil our critical role in society well. Systematic efforts over a period of several years have yielded good results in terms of operational stability, which is now at a satisfactory level, well within the Group's risk appetite. In 2022, the number of days of material operational incidents increased to 21, compared with 13 in 2021. Continuous work is being done to identify underlying causes and measures are being implemented regularly.

2022 was a very active year for the bank, and almost 25 700 large and small changes were made to our IT systems, which is an increase of just over 35 per cent compared with 2021. The increase in the use of tools to monitor and automate changes continued to yield results throughout the year. Automated changes entail fewer errors, they are implemented more quickly, they require less work, and they contribute to good compliance with our operating processes. We also continued our good efforts to improve vulnerable areas.

In 2022, we built on important lessons learned during the Covid pandemic and its aftermath, to create a more flexible working model. In 2021, our employees expressed a strong desire to continue using flexible working arrangements and we have had good experiences with this. We see that both the risk assessments we performed to ensure that information security is safeguarded at the offices and home offices and the competence-building measures we implemented to ensure that employees protect the security of DNB, our customers and each other, have been effective.

"Stable and secure operations will remain one of our most important focus areas."

The new delivery model for IT that was launched in 2021 provided a strong foundation for continued work through a clearer distribution of areas of responsibility, standardisation and streamlining of tasks. Roles and responsibilities are formalised through the Group's corporate governance and associated governing documents. The applicable areas are covered by the Group policy for security and the Group policy for information technology.

In 2022, it was natural for the security teams to look at how they could improve support for the IT teams. Improvements in security management, focusing on compliance and a higher degree of automation, were important deliveries. In 2022, we also saw good results from the Security Champion programme which was aimed at the Group's IT team. This programme was launched in the autumn of 2021 to bring security competence closer to the Group's different specialist environments. Given the rapid technological changes and ever more hostile threat landscape, this is an important step in order for security to be a natural part of our operations also in the time ahead.

In DNB, we have a strong focus on maintaining and increasing employees' security competence, and in 2022 we continued to build on the good work with training programmes and measures for different target groups. All security training has been structured and placed under the Security Academy, which contains all targeted training, and the wider range of courses for all employees. Everyone in DNB plays an important role with regard to increasing security and ensuring the safety of our customers and employees. All new employees are therefore required to complete basic training that focuses on security. In addition, all employees must complete compulsory e-learning every year. As in previous years, the completion rate in 2022 was high. By the end of December, 96 per cent of all employees had completed the basic training, and 83 per cent had taken the mandatory courses for 2022. This is a small improvement compared with 2021. During the year, a number of internal and external measures and activities were implemented to increase awareness of data security. Among other things, we conducted phishing tests throughout the Group. This engaged the employees and helped increase the understanding of attack methods that are often used by threat actors. There was considerable in-house activity during the security month, which involved all large locations. In addition, we published our annual threat assessment externally, as we have done in the past.

Global trends in recent years show a large increase in the number of destructive cyber attacks, such as ransomware attacks, but also targeted supply chain attacks. The attacks have had societal consequences for sectors that provide key services, such as finance, health and transport. According to the Allianz Risk Barometer 2022 report, business interruption caused by cyber attacks is considered a higher risk than natural catastrophes, pandemics and climate change. Cyber attacks have thus become one of the largest threats to society in our time. This is a risk that DNB has particular focus on. Like all financial institutions, we are often exposed to cyber attacks, and every day we need to protect our services from attempted breaches of our digital infrastructure. In 2022, we recorded 19 852 cyber attacks and IT security incidents, which is an increase, compared with 14 470 attacks in 2021. However, none of the incidents that were recorded had serious consequences for customers or the Group.

The war in Ukraine started in 2022, and we quickly increased the level of preparedness in the Group, particularly in the area of IT, as there were soon indications that part of the war efforts would be conducted in the cyber domain. We implemented a number of measures, including increased monitoring of our services, a strengthening of the Group's digital services and general security support for IT teams. Despite the war, there were fewer serious cyber attacks than in 2021. One possible reason for this is that the threat actors wanted to support the warfare, and therefore focused their attacks on political targets rather than financial ones.

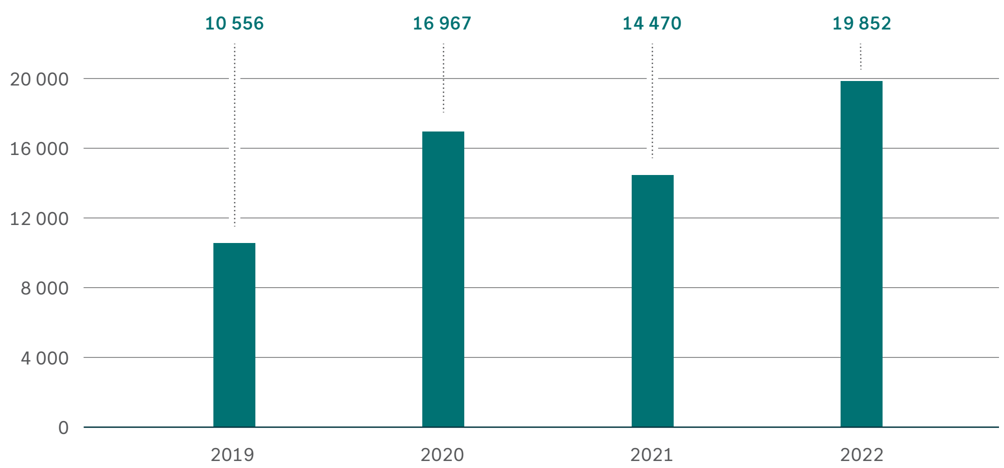
THE WAY FORWARD

In a world of geopolitical instability, where we are seeing continuous digitalisation and a dynamic threat landscape, the ability to change and adapt is essential for supporting secure and stable operations. For several years, we have seen improvements in our IT operations, which we will continue by carrying on working with automation, as well as using predictive analytics and artificial intelligence.

In a digital society, the risk of cyber attacks is an increasingly serious challenge. Attacks may have major societal consequences, creating a more demanding regulatory landscape nationally and internationally. If DNB is to maintain secure and stable solutions while complying with new regulatory requirements, it is therefore essential that we maintain a strong focus on security and compliance, as a natural part of our processes, products and solutions.

In DNB, we commit considerable resources to building competence among our employees, and we are focusing on cyber security in order to increase awareness and knowledge of threats and vulnerabilities, as well as of the background for different security measures. All employees play an important role in ensuring that we have a safe and secure bank. We all work with security, consciously and unconsciously, and it is important to DNB that security is included in everything we do.

Number of registered cyber attacks and IT security incidents



Data protection

We go that extra mile to ensure that the customer chooses us. The customer should perceive us as proactive and innovative, and at the same time reliable and attentive to their needs. We will continue to develop to ensure that data protection by design and by default runs through everything we do, and will be transparent about how we process personal data. Data protection is not only about complying with data protection rules, but also about understanding and placing emphasis on people's rights and freedoms in the face of technology. As an important player in Norwegian society, it is vital that DNB considers the customers' data protection an asset. This is consistent with the clearly stated recommendations in the Official Norwegian Report from a data protection commission established to examine the status of data protection in Norway *(Personvernkommisjonen)*[1].

When we develop new products and services, it is important that we integrate data protection in the technological solutions, and ensure that they protect privacy as well as possible (data protection by design). We will build trust by giving our customers the best possible control over their own data. This trust must be managed and maintained.

1) Ditt personvern – vårt felles ansvar (Your data protection – our shared responsibility, in Norwegian only) (NOU 2022:11).

WHAT WAS DONE IN 2022?

Maintaining a high level of compliance with the data protection rules and legislation is continuous, dynamic work. To enhance our data protection in DNB, in 2022 we established new processes and improved existing ones. We also worked to comply with the requirements relating to the lawful transfer of data to third countries. These requirements were a result of the Schrems II judgment.

A new and more efficient process was introduced in 2022 for carrying out Data Protection Impact Assessments (DPIAs). A DPIA is an assessment of the consequences of data processing for individuals' privacy protection, and is important for identifying and managing data protection risk. In general, a DPIA needs to be carried out when adopting new technology which involves processing personal data. We conducted several DPIAs in 2022, including one regarding the use of biometrics in connection with customer identity verification for the purpose of anti-money laundering.

DNB received a total of 996 requests for transfer of personal data in 2022. We also received 258 requests for the transfer of data in a machine-readable format (data portability) and 464 requests for the deletion of personal data. The figures show that our customers are concerned with data protection, and that they exercise their rights. One focus area in 2022 has been to take steps to give customers and employees information about how DNB processes personal data – in a clearer and more transparent way. This will remain a priority in the year ahead. In 2022, we launched new and revised privacy notices for customers. The new privacy notices are used to provide information about the data subject's rights. This way, we enable each individual to exercise and protect their rights and interests to a greater extent than before. We believe that greater transparency makes it easier for people to exercise their rights, while building trust.

"Going forward, we will continue to work towards the objective of giving customers better control of their own personal data by making it easier for them to manage their consents and options for opting out."

Training courses in basic data protection requirements are mandatory for all employees. Courses have also been developed for advanced users, but these are only compulsory for certain selected groups of employees. However, we observe that employees outside these groups take the courses voluntarily. As many as 98 per cent of DNB's permanent employees have taken the four courses that make up the basic, mandatory data protection training. In order to strengthen data protection competence in the Group, we also organised a 'data protection month', with various training activities.

When unwanted incidents occur, they must be handled quickly and efficiently. We still have a low threshold for reporting personal data security breaches, as required by the GDPR, and in 2022 we sent 111 discrepancy reports to the Norwegian Data Protection Authority. The Norwegian Data Protection Authority did not issue any orders or impose non-compliance fees on DNB in 2022.

In 2022, we also strengthened our internal control procedures relating to data protection, including the ones associated with data management and information security. We also established new methods for risk assessment which are used to gain a better overview of data protection risk and measures. The new methods make it easier for employees in different roles throughout DNB to collaborate on data protection.

THE WAY FORWARD

Society is becoming ever more digitalised, and processes are becoming more automated. We are also seeing increasing use of artificial intelligence.

In the view of data protection commission[2)], key players in Norwegian society need to continuously improve their transparency relating to the use of digital technology. In DNB, we work constantly to improve our level of transparency. Being transparent is crucial if our customers are to trust us. Going forward, we will continue to work towards the objective of giving customers better control of their own personal data by making it easier for them to manage their consents and options for opting out.

It can be difficult to comply with the requirements for having data protection by design and by default without the support of a sound internal framework. We will therefore continue to develop our existing processes and will also develop support tools to ensure that data protection is integrated in our services, systems, products and processes.

Our processing of personal data must be secure, transparent and understandable. To offer our customers and employees good data protection, we will therefore continue our effective and continuous efforts to ensure that DNB complies with the rules and legislation in the area.

2) The mandate of the data protection commission was to map the status of data protection in Norway and to highlight the principal challenges and trends in this area, as well as to consider how to safeguard people's privacy. The report was submitted on 26 September 2022 as Official Norwegian Report NOU 2022: 11.

Preventing financial crime and money laundering

Financial crime is a serious problem for society and a threat to the welfare system and the business community. In DNB, we give high priority to efforts to prevent and uncover financial crime, money laundering and terrorist financing. An overarching goal of our work in this area is to reduce financial losses for society, customers and DNB, and to maintain people's trust in our products and services. This work is an important part of our corporate responsibility.

Profit-motivated crime affects DNB and its customers directly, and we spend considerable resources on preventing fraud, for example. In addition, criminals may misuse our services and products to launder the proceeds from criminal acts or to finance terrorism. Money laundering can be linked to many types of crime, including human trafficking, assault or abuse, and drug trafficking offences. We work continuously to prevent and detect money laundering and to ensure a high level of compliance with money laundering rules and legislation.

The threat landscape keeps changing, and we constantly work to adapt our measures to developments. The work is challenging and resource-intensive, and it requires a high level of interdisciplinary expertise. We share our knowledge with other financial institutions and with the public sector, and we help our customers to be more vigilant, so that they avoid being defrauded.

WHAT WAS DONE IN 2022?

Many of the trends that began in 2021 continued in 2022. Automation and targeted attacks have in particular characterised the fraud landscape that affects us and our customers. This has led to considerable growth in the number of fraud attempts. The sharp increase in phishing attacks, which began in the summer of 2021, shows no sign of abating, and criminals have increasingly moved their phishing attempts via email to text message (SMS), Messenger, WhatsApp and phone calls.

Many of the attacks use information about victims and their activities that is publicly available. The improved language and formatting on the part of the criminals have made it much more difficult for people to avoid being deceived. In 2022, we worked closely with the National Criminal Investigation Service, the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim) and the police districts, both with a view to preventing financial crime and to determining how to best structure our future cooperation on a general basis, as well as in concrete cases.

In DNB, we use considerable resources on combatting money laundering, and work continuously to adapt to changes and improve compliance with the anti-money laundering rules and legislation. This work requires effective electronic tools, so continued development of the risk scoring model, as well as strengthening of the electronic monitoring system, is therefore a top priority. We are continuously evaluating new technological solutions, and have started to use advanced network analyses so as to more easily uncover organised crime and corruption, among other things.

The programme to ensure improvement and progress in the anti-money laundering work we started in 2021 characterised our work in 2022, and has now been established as a permanent structure. The centralised governing specialist environment for AML was strengthened to ensure good progress in the anti-money laundering work. We also drew up several Group routines and processes.

Digital fraud	2022	2021
Number of cases against customers	9 343	6 391
Number of customers affected	4 625	4 290
Number of cases we handled	12 671	8 840
Number of cases we reported	28	73
Total value of attempted fraud against customers and the Group that was stopped (NOK million)	1 067	734

"To understand and manage the money laundering risk we are facing, we work continuously to ensure that customer data is updated."

To understand and manage the money laundering risk we are facing, we work continuously to ensure that customer data is updated at all times. On 1 September 2022, DNB was imposed a coercive fine of NOK 50 000 per business day for not having complied with an order to verify the identities of the entire customer base. At the end of 2022, the identities of over 97 per cent of our customers had been verified, and we are working in a targeted manner to handle the remaining customers.

In 2022, DNB sent a total of 1 870 reports to the Norwegian Financial Intelligence Unit in Økokrim due to suspicions of money laundering or terrorist financing. A single case can include a number of customer relationships and transactions, and in total we investigated 4 793 matters.

Having the right competence at an adequate level is a key factor in successfully revealing financial crime. Since 2022, all permanent employees and all board members have therefore been required to take annual courses in anti-money laundering, combatting the financing of terrorism, anti-corruption, international sanctions and the prohibition against disclosure. At the end of the year, 95 per cent of all DNB employees had completed training on anti-corruption, anti-money laundering and combatting terrorist financing. Training over and above the basic course level is based on the individual employee's responsibilities, roles and function in the organisation. A Group-wide training programme for competence building in terms of understanding risks associated with anti-money laundering was also carried out in 2022. The programme included employees and executives working in the area of anti-money laundering.

Raising awareness and competence building are also important from a societal perspective. In DNB, we contribute to this by giving presentations in various forums, and organising webinars for customers on security culture and good payment routines. We also publish advice and recommendations, DNB's threat assessment, and other reports on DNB's website, thus making them available to everyone.

Cooperation and knowledge-sharing between banks and the public sector are vital in the fight against crime. In 2022, we continued our cooperation efforts in Nordic Financial CERT and Invidem. DNB has also, together with other financial institutions, Finance Norway and its technology company Bits, helped establish the meeting place for public-private cooperation on anti-money laundering and combatting terrorist financing, OPS AT *(Offentlig Privat Samarbeid – anti-hvitvasking og -terrorfinansiering)*, and DNB's anti-money laundering officer heads the steering committee.

THE WAY FORWARD

The fight against financial crime, money laundering and terrorist financing will continue at full force in 2023.

DNB's improvement efforts in the area of anti-money laundering are structured well, and are designed to ensure shared priorities and joint progress. In 2023, we will continue working on our Group-wide risk classification method, as well as standardised routines and processes. We will also continue to work on a joint structure for competence building in the first line of defence, and we will continue to improve the electronic monitoring system. We have also initiated several projects to consider the use of new technology that can improve and simplify efforts to combat crime.

Cooperation and knowledge-sharing between banks and the public sector are vital in the fight against crime.

Responsible tax practices and our tax contribution

A company's tax contribution is an important part of its corporate responsibility, and DNB contributes considerable amounts of tax every year. In 2022, our total tax contribution was NOK 12 737 million. In line with our overarching goals and values, we have responsible tax practices that ensure and balance the Group's interests against the needs of customers, shareholders, employees, and society in general. Our approach to tax is based on our overarching values and ethical principles (Code of Conduct), and in 2021, the Board of Directors approved a new and updated global tax strategy. Read more about the tax strategy and our tax contribution in the document DNB's Tax Contribution 2022 on dnb.no/sustainability-reports.

DNB is exposed to tax risk due to its complex business model and because the bank has operations in many countries. We define tax risk as both risk of misapplication of the tax rules in connection with DNB's tax contributions, leading to the wrong tax expense, and tax-related matters associated with DNB's customers and other third parties which result in sanctions from the tax authorities or reputational loss for DNB. The risk is governed within the Group's risk management framework, and in the same way as other types of risk the Group is exposed to (read more about risk management in the chapter on corporate governance on page 164). The tax risk is governed according to the model with three lines of defence:

The first line of defence includes all of the Group's operative functions (business areas and staff and support units). The operative managers are responsible for establishing, managing and following up internal control, including risk management and compliance, within their own area of responsibility. All risks are owned by the first line of defence. Employees are responsible for ensuring good internal control in their daily work tasks. All of the Group's operative functions (business areas and staff and support units) have a local tax function. These in turn are supported by Group Tax, which consists of DNB employees with a combination of tax, legal and accounting expertise. Group Tax identifies and handles tax risk based on appropriate guidelines, standards and tools.

→ **The second line of defence** consists of the risk management function and the compliance function. The risk management function and the compliance function must be independent control functions that report to the CEO, and they must have the opportunity to report their assessments to the Board. The functions must be involved in and contribute to assessing risk when introducing new strategies, organisational changes and other changes in the operations, provided that such changes in the operations are considered to be significant.

→ **The third line of defence** is Group Audit, which assists the Board in ensuring that all significant elements of the Group's internal control, including risk management and compliance, are of satisfactory quality. Group Audit receives its mandate from the Board of Directors of DNB Bank ASA, which also approves Group Audit's annual plans and budgets. Group Audit is responsible for ensuring the establishment and implementation of adequate and effective internal control and risk management procedures.

Our responsible approach to tax involves having low tax risk and being transparent. We will also follow tax rules and international conventions in every country in which we operate, and try to act in accordance with the purpose of the rules. DNB will not facilitate or otherwise contribute to tax evasion or aggressive tax planning for customers that will have a negative effect on society.

All of the products we offer undergo a comprehensive approval procedure to ensure that they do not contribute to tax risk, among other things. Products that may be affected by tax rules or that have tax risk attached to them should be assessed by Group Tax and our local tax functions as required. Our relationships with third-party suppliers are also assessed for tax risk.

The Board monitors tax issues and tax risk through the Audit Committee and the Risk Management Committee. The committees receive regular reports and updates on material tax risk, tax disputes and developments in tax policy.

In 2022, we launched our Tax Control Framework (TCF), which contributes to the ongoing efforts to implement the tax strategy in the organisation. The purpose of the TCF is to help DNB meet the expectation of effective handling of tax cases.

To ensure that the tax strategy has been understood and has support in the organisation, we also offer digital courses on DNB's tax strategy, tax risk and tax management for employees. Another important factor in ensuring that tax risk management is integrated in the organisation is active involvement of the risk management function within existing risk and control limits.

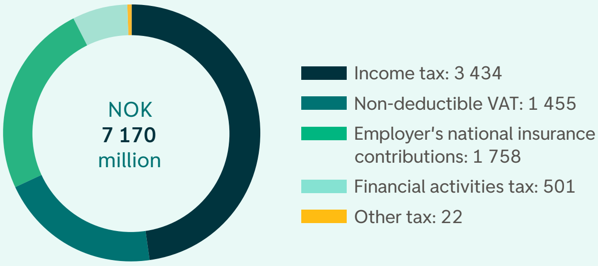
We try to be open, honest and transparent in our dealings with the tax authorities in all of the countries we operate in. It is therefore our aim to provide sufficient and clear information in the tax return and in our answers to the tax authorities' queries. Tax matters must be handled professionally and efficiently in accordance with DNB's values. In Norway, we meet with the tax authorities regularly to discuss their queries and any material questions relating to our tax matters. Their feedback and audits are used to reduce our tax risk.

In addition to the Norwegian Tax Administration performing tax audits in different areas, our statutory auditor reviews the tax expense, and our internal audit function examines specific tax-related areas.

An important part of our work is to monitor and implement regulatory changes in tax, and we are continuously working on taking a systematic approach to this. We have defined roles and responsibilities in this work.

Tax is one of the areas where we return considerable value to society, and the country-by-country report shows tax paid in the countries in which the Group has operations (see the overview in DNB's Tax Contribution 2022). On the next page is an overview of tax paid by the Group and tax collected on behalf of the authorities in 2022.

HOW MUCH TAX DID THE DNB GROUP PAY IN 2022?



Taxes paid constitute a cost for the Group and include:

Income tax
The Group pays tax on income generated in the individual countries in which the respective units are resident for tax purposes or have operations. The tax is calculated based on the country's tax rules. Paid income tax means actual tax paid during the year regardless of which fiscal year the tax applies to.

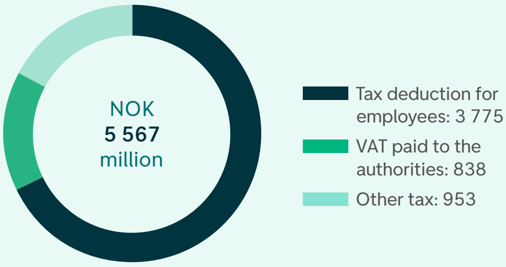
Non-deductible value added tax (VAT)
DNB pays VAT on purchases of goods and services. The Group is only allowed partial deductions for input VAT, which means that a large part of the VAT constitutes a cost for the Group. The amount includes all non-deductible input VAT on the purchase of goods and services.

Employer's national insurance contributions
As an employer, DNB is obliged to pay employer's national insurance contributions and other social security contributions based on the employees' salaries and other remunerations.

Financial activities tax
The financial activities tax is an additional tax imposed on companies within the financial services sector. This tax consists of two elements: an increased income tax rate for financial institutions (3 percentage points), and an additional tax for employers in the financial services industry, based on the payroll of the companies (5 percentage points).

Other tax
This may be withholding tax on interest and dividends paid to countries where the Group's customers or investors are resident for tax purposes, and which DNB cannot subtract from other tax.

HOW MUCH TAX DID THE DNB GROUP COLLECT ON BEHALF OF THE AUTHORITIES IN 2022?

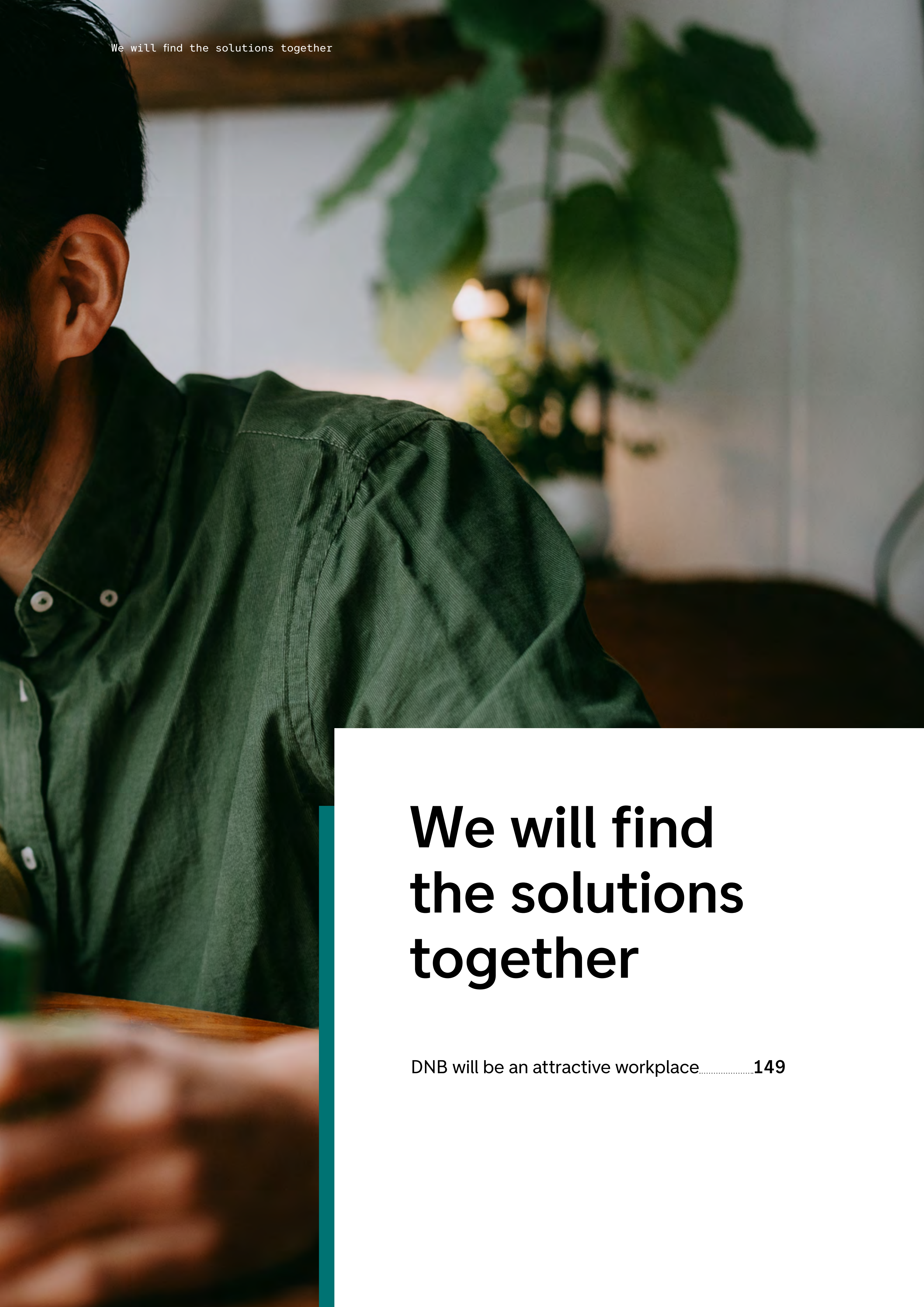


In addition to taxes paid by the Group itself, DNB collects the following tax on behalf of the authorities through its operations:

Tax deductions for employees
In many countries, employers are required to withhold taxes and other social security contributions when paying salaries to employees.

VAT paid to the authorities
DNB must report and collect VAT on the purchase and sale of taxable goods and services. In addition, DNB calculates and pays VAT on purchases of goods and services from abroad. Net collected tax after deduction of tax on the Group's purchases of goods and services is reported and paid to the local tax authorities in the individual countries.

Other tax
This could be withholding tax deducted from interest and dividend payments and collected on behalf of the authorities.



We will find the solutions together

We will find the solutions together

DNB is shaped by those of us who work here. We bring out the best in each other and work together as one team to deliver the best products and services to our customers. We are always dependent on having the right expertise in the right place at all times, and we make sure our employees are given room to develop so that they choose to stay. Our team is diverse and inclusive, and we will attract and develop new expertise. As the world around us changes, we must attract and develop new competence, for example by building an even stronger in-house tech environment.

Our team is diverse and inclusive, and we create positive change together.

DNB will be an attractive workplace

Our employees are the heart of the organisation and our most important resource, and their well-being and development are key to DNB's success. We believe in continuous learning, a constructive feedback culture and a diverse and inclusive organisation.

WHAT WAS DONE IN 2022?

Recruitment

In 2022, the labour market in Norway was characterised by low unemployment and, at the same time, the number of job vacancies was record high throughout the year. DNB kept its position as a highly ranked employer across subject areas and in different rankings. Despite the fact that several new market players climbed high up the lists, especially in IT, we hired more than 200 IT engineers in 2022. In addition, over 50 per cent of DNB's graduates in recent years have held a technical degree. Among business professionals, we topped the lists for students and professionals, and for legal professionals, we were ranked number five in total, and second highest among private sector employers.

In 2022, we hired 1 468 people, which represented a 29 per cent increase compared with 2021. This was mainly due to a desire to strengthen certain areas and an increase in turnover. The Group's turnover was 8.0 per cent. This is slightly higher than in 2021 (7.4 per cent), and a trend that was expected after the pandemic. Nevertheless, the Group's turnover continues to remain low, reflecting our ability to retain the expertise we require. A prerequisite for low turnover in DNB is a good working environment.

Working environment

DNB works systematically to maintain a good working environment and high level of engagement. During the year, we conducted two surveys to map the results for key factors such as engagement and leadership. We also conducted a survey of HSE/the working environment that covered the working environment in general, and had a greater focus on possible risk factors. Our objective is that the engagement index score should be above 5, and the result for the fourth quarter

Attractive employer among students[1] (spring 2022):

- No. 1 among business students
- No. 4 among IT students
- No. 11 among law students

Attractive employer among professionals[1] (autumn 2022):

- No. 1 among business professionals
- No. 8 among IT professionals
- No. 5 among law professionals

1) Universum's rankings.

was 5.1, among the 84 per cent of permanent employees who answered the survey. This index is consistently high, and the same applies to the statement "I am proud to work in DNB", where the score rose from 5.3 in 2021 to 5.4 in 2022. The survey also returned consistently high results for key working environment factors like social support and autonomy, as well as sense of meaning and mastery. The results of the working environment survey in the fourth quarter have provided the basis for measures and activities at a general level, in addition to all managers following up the results and considering measures within their unit, in collaboration with the safety representative service.

The average sickness absence rate for DNB in Norway was 4.4 per cent in 2022, compared with 3.4 per cent in 2021. This is a normalisation of sickness absence, following an unusually low level during the pandemic.

According to the Norwegian Working Environment Act, employees have the right to report unacceptable circumstances at the workplace, and DNB aims to have a culture of transparency where there is a low threshold for speaking out. If notifying a manager, HR or safety/employee representative yields no results, or an employee is not comfortable bringing up matters in any of these channels, it is possible to report the matter via DNB's whistleblowing channels. In 2022, 64 notification cases were reported using DNB's whistleblowing channels, compared with 18 in 2021. The main reason for the increase is that third parties can now file reports via dnb.no, in accordance with the EU Whistleblowing Directive. This was implemented in August 2022 and means, among other things, that suppliers, shareholders and people involved in a recruitment process, or who have ended an employment relationship with DNB, can report unacceptable circumstances.

The flexible working model

In the first half of 2022, we worked actively on the transition from a working model dominated by a pandemic to a new model that facilitates work both at the office and away from the office. In DNB, we call this the flexible working model. DNB's guidelines generally allow employees with suitable tasks to work, on average, two days per week outside the office. Individual managers nonetheless have the flexibility to determine how to best organise employees' attendance in their unit, in accordance with the unit's and the team's tasks and needs, and always to the best of both customers and owners. As part of the facilitation of a flexible working model, DNB has once again introduced a scheme for financial support for home office equipment.

Towards the end of 2022, we focused on improving collaboration using our digital remote collaboration tools and organising more effective use of our offices. We also worked actively on culture, management and behaviour in connection with new flexible working methods, with regular evaluation and adjustment of our efforts. Employee surveys have shown that DNB's employees are very pleased with the schemes that have been introduced.

Competence development

We will work together to create development opportunities that our employees find future-oriented, attractive and relevant, in addition to supporting our strategic goals. This requires a needs-driven and insight-based approach to competence building, where we offer the right measures at the right time. We will facilitate lifelong learning and motivate employees to engage in this kind of learning so that they can stay relevant both now and in the future, through upskilling and reskilling initiatives. An example of an important deliverable in 2022 was development and execution of a large upskill programme related to anti-money laundering. The target groups were employees in customer-facing roles and their immediate superiors. The course content was adapted to each person's role, and the courses were carried out in collaboration between colleagues and managers.

All permanent employees in DNB have access to our digital learning platform, Motimate, and over 98 per cent are active users of the platform. Here, they can find more than 900 courses that have been produced in-house. In addition to this, our employees have access to over 16 000 learning resources via LinkedIn Learning.

In a continuously changing world, with new competence requirements constantly arising, it is important to have a good performance management process. Our goal and development process contributes to an ongoing dialogue between employees and managers to ensure development and strong performance in accordance with DNB's strategy and goals. Among the people who responded to the 2022 employee surveys, 88 per cent replied that they have had at least one performance dialogue, and 89 per cent of these reported that these conversations had been useful. We also offer our employees performance coaching from our certified in-house coaches.

THE WAY FORWARD

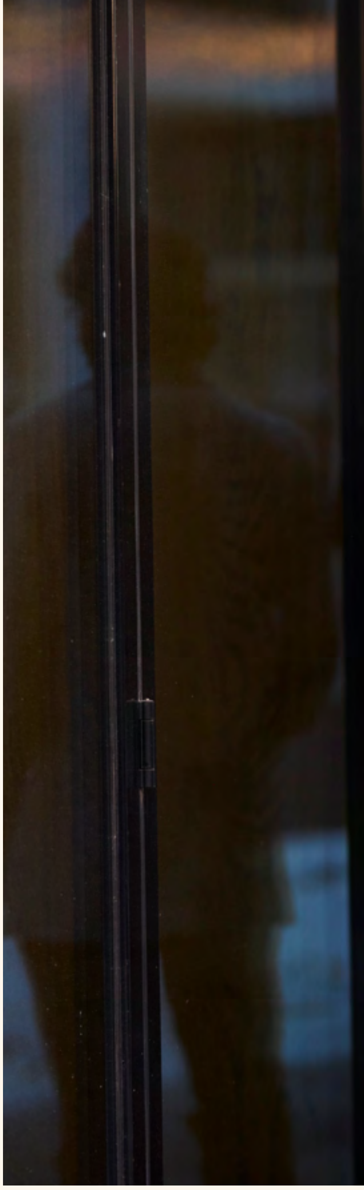
There is great competition for qualified labour. To win this competition, we must clearly identify reasons why people should want to work for DNB. This must be based on insight, and especially focus on target groups we consider to be particularly difficult to recruit.

In 2023, we will continue the work of carrying out a broader mapping of the working environment. This will provide the foundation for new insight and more targeted measures.

We will continue to support our employees' development. It is important that we promote what is strategically important for DNB, for each unit, and for each employee. The development and learning options available both locally in each unit, via our partners, and online in general, are almost overwhelming. We will gather several of the development offerings in one place, to make it easier for each employee to find suitable options.

It is our responsibility to guide employees in the right direction, so that they achieve professional development and learning, now and in the future. We will therefore further improve the quality of the dialogue between managers and employees, and ensure that the time spent on development is even more closely linked to both DNB's and the employees' needs.

DNB works systematically to maintain a good working environment and a high level of engagement.



NXT

DNB NXT Accelerator
Bringing good ideas and capital together

One dish at a time

In 2014, an idealistic Norwegian student met two like-minded people in Buenos Aires. This was the beginning of a labelling scheme that is now being introduced in restaurants worldwide.

The name of the Norwegian student is Erik Olsen. Today, he's Head of Growth at the startup company Klimato. As it turned out, the group of friends from Buenos Aires later joined forces with a Swedish friend who was writing a dissertation on emissions relating to school meals. This bachelor's dissertation was in many ways the origin of Klimato.

"We all agreed that people from Norway and Sweden are born with a golden ticket. We wanted to take this opportunity to make the world a better place."

Klimato's goal is to cut food-related emissions in the food industry, starting with the restaurant industry. The friends have, among other things, developed a calculator that quantifies emissions from food that is served, and an environmental labelling system that easily displays and compares the emissions from the meals on the menu. This enables restaurant guests to make emissions-friendly choices.

"Emissions from food have only become a topic of discussion in the past couple of years. But food represents one-third of global greenhouse gas emissions," states Erik Olsen.

To meet the UN Sustainable Development Goals, emissions from our lunch or dinner should not exceed 0.5 kg CO_2 equivalents (CO_2e). The average lunch or dinner in Northern Europe currently accounts for 1.7 kg CO_2e.

"This came as a shock to us. That's when we decided that this is where we want to play a part," he says.

Klimato has participated in the final of Norway's largest pitch competition, 100 Pitches, during Oslo Innovation Week, for three consecutive years. In 2022, the third year it participated, the startup finally won.

DNB, which is involved in organising the pitch competition, also became Klimato's first Norwegian customer in 2019 via Sodexo, which is responsible for DNB's staff cafeteria.

"DNB was the first company to put carbon labelling on food in Norway, and this is already showing good results. Since 2019, DNB has reduced its food-related emissions in the cafeterias in Oslo (Bjørvika) and Bergen (Solheimsviken) by 25 per cent," declares Erik Olsen firmly, before he continues.

"DNB's staff cafeteria in Bjørvika was a really cool place to start. On average, 2 500 people eat there every day."

At present, Klimato has customers worldwide, from the UK and Germany all the way to Hong Kong and the UAE. The company is now expanding to France.

Erik Olsen is Head of Growth at Klimato.

"The climate crisis is a global problem that must be viewed with global eyes. Greater London alone has five times as many restaurants as Scandinavia as a whole."

When discussing food and sustainability, we have long focused on greenhouse gas emissions. Klimato now wants to include other sustainability indicators as well, such as water consumption, biodiversity, land use and production methods.

"Locally sourced food being best for the climate is a myth. People think that transport is the greatest contributor to emissions but, on average, transport and processing are only responsible for 20 per cent of emissions, while production is responsible for 80 per cent."

It's almost strange that no one has yet done what Klimato is doing now. People have tried, but the market has taken its time to mature, and it's only recently that people have started talking about food in connection with sustainability. Before 2022, food was never on the agenda at the UN Climate Change Conference, for example. Traditionally, the focus was on electrification and cuts in the oil industry. That is, that was until 2021, when Klimato entered the scene at COP26.

"Without meaning to brag, I just have to tell you about one of our achievements," says Erik Olsen, modestly. "In 2021, we carbon labelled all of the food at COP26 in Glasgow. Food was not on the agenda back then, but all the heads of state and decision-makers got the message."

The day after COP26 ended, the UN Special Envoy called for food to be at the top of the agenda at COP27. This was the first time food was on the agenda at the climate summit.

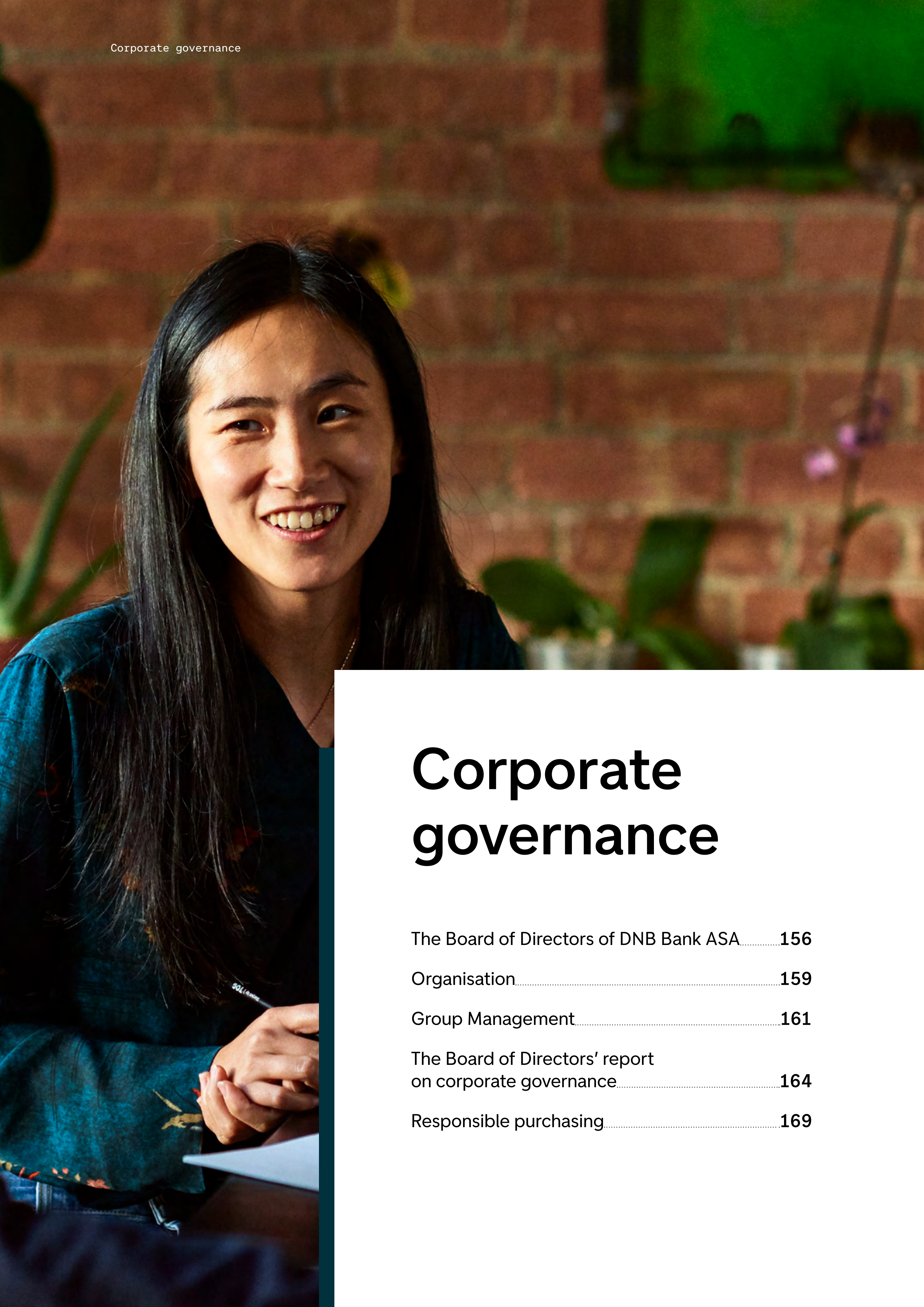
"I like to believe that we had something to do with it," smiles Erik Olsen.

Three tips for those who work with food:

01
Find out what your status is today. Start calculating your emissions and monitor them over time. The only way to improve is to know where you are today and to try to follow the path to get where you aim to be.

02
Calculations indicate that there are 50 per cent fewer greenhouse gas emissions associated with pork and chicken meat than with beef, for example, so start by replacing beef with other types of meat. You don't need to transition to vegetarian food right away.

03
If you work with food service every day, be aware that the food you serve represents 60–95 per cent of the restaurant's total emissions. Focusing on light bulbs, plastic and cutlery is a good start, but generally doesn't have much of an effect. If you want to reduce your emissions, you need to focus on the food you serve.



Corporate governance

The Board of Directors of DNB Bank ASA

As at 8 March 2023

The Board of Directors is the Group's supreme governing body. Through the Group Chief Executive Officer, the Board is responsible for ensuring a sound organisation of the business activities. The Board has three sub-committees: the Risk Management Committee, the Audit Committee and the Compensation and Organisation Committee.

Olaug Svarva

Born 1957 | Woman | Norwegian

Role in the Board: Chair of the Board of DNB since 2018. Chair of the Compensation and Organisation Committee.

Background: Bachelor's and Master's degrees from the University of Denver, graduate of Trondheim Economic University College. Chief Executive Officer (CEO) of Folketrygdfondet, which manages the Government Pension Fund Norway (2006–2018). Managing Director of SpareBank 1 Aktiv Forvaltning and Investment Director at SpareBank 1 Livsforsikring. Financial analyst at Carnegie and DNB. Member of the Board of Directors of the Employers' Association Spekter, Oslo Børs (the Oslo Stock Exchange) and the Norwegian Institute of Directors. Head of the Election Committee at Equinor and member of the Election Committees at Telenor, Veidekke, Storebrand and Yara. Experience from the Corporate Assemblies of Telenor, Equinor and Orkla.

Other key roles: Chair of the Board of Directors of Norfund and member of the Board of Directors of Investinor AS, Institute of International Finance (IIF), Freyr Battery and the Norwegian memorial foundation for Alfred Nobel.

No. of Board meetings: 14 of 14
No. of shares: 14 500[1)]

Svein Richard Brandtzæg

Født 1957 | Man | Norwegian

Role in the Board: Vice Chair of the Board of DNB since 2020. Member of the Audit Committee and the Risk Management Committee.

Background: Graduate engineer and holds a doctorate in Chemistry from the Norwegian University of Science and Technology (NTNU). Business graduate from BI Norwegian Business School. Chief Executive Officer (CEO) of Norsk Hydro (2009–2019), head of various business areas in Norsk Hydro and other positions in the company from 1985. Chair of the energy and climate committee of the European Round Table for Industry. Head of the Government's committee for regional business development (2019–2020). Chair of the Board of NTNU (2014–2020). Member of the Board of Eramet Norway (2019–2022) and Sibelco in Belgium (2019–2021). Chair of the Board of Veidekke (2019–2022).

Other key roles: Member of the Boards of Swiss Steel and Dormakaba in Switzerland and Mondi plc. in the UK. Deputy Chair of the Council on Ethics for the Government Pension Fund Global (GPFG).

No. of Board meetings: 14 of 14
No. of shares: 556[1)]

1) Shareholdings in DNB as at 31 December 2022. Shares held by the shareholder's immediate family and by companies in which the shareholder has decisive influence are also included.

Gro Bakstad

Born 1966 | Woman | Norwegian

Role in the Board: Member of the Board of DNB since 2017. Chair of the Audit Committee and member of the Risk Management Committee.

Background: Master's degree in Economics and Business Administration ('Siviløkonom') and state-authorised public accountant from the Norwegian School of Economics. Extensive experience within economics, finance and strategy work. Executive Vice President for the Network Norway and Post divisions at Posten Norge AS. Chief Financial Officer of Posten Norge AS. Financial adviser at Procorp. Chief Financial Officer at Ocean Rig. Member of the Board of Directors of Farstad Shipping ASA and the Employers' Association Spekter.

Other key roles: Chair of the Board of Veidekke ASA. Chief Executive Officer (CEO) of Vygruppen AS since 2020.

No. of Board meetings: 14 of 14
No. of shares: 4 000[1)]

Julie Galbo

Born 1971 | Woman | Danish

Role in the Board: Member of the Board of DNB since 2020. Member of the Audit Committee and the Risk Management Committee.

Background: Law degree from the University of Copenhagen. Executive Management Programme from INSEAD. Responsible for the Legal Structure Programme at Nordea and member of the group management of Nordea, holding positions such as Head of Group Business Risk Management and Chief Risk Officer. Member of the Senior Executive Management team at Nordea Asset Management. Deputy Director of the Financial Supervisory Authority of Denmark and Head of government capital contributions.

Other key roles: Chair of the Board of Directors of Trifork Holding AG and member of the Boards of Velliv, Pension & Livsforsikring A/S and Commonwealth Bank of Australia.

No. of Board meetings: 14 of 14
No. of shares: 755[1)]

Lillian Hattrem

Born 1972 | Woman | Norwegian

Role in the Board: Employee representative on the Board of DNB since 2016. Member of the Audit Committee, the Risk Management Committee and the Compensation and Organisation Committee.

Background: Education in finance from BI Norwegian Business School. DNB employee since 1999, with several roles and positions of trust, including on the former supervisory board in DNB.

Other key roles: Chief employee representative for the Group and Chair of the Board of the Finance Sector Union DNB. Member of the Executive Committee of the Finance Sector Union of Norway.

No. of Board meetings: 12 of 14
No. of shares: 1 977[1)]

Jens Petter Olsen

Born 1961 | Man | Norwegian

Role in the Board: Member of the Board of DNB since 2019. Chair of the Risk Management Committee and member of the Audit Committee.

Background: Master's degree (higher division) in Economics and Business Administration ('Siviløkonom') from the Norwegian School of Economics, as well as Master of Philosophy in Finance, and participation in the PhD programme at London Business School. Employed at Norges Bank and Norges Bank Investment Management (NBIM) (1997–2008) and headed the office in New York (2000–2008). Employed at Danske Bank, including as Head of Markets Norway (2011–2014) and Capital Markets (2014–2018).

No. of Board meetings: 14 of 14
No. of shares: 6 000[1)]

Stian Tegler Samuelsen
Born 1964 | Man | Norwegian

Role in the Board: Employee representative on the Board of DNB since 2020 (former deputy employee representative).

Background: Several other roles and positions of trust, including member of the Board of Sparebanken NOR Buskerud.

Other key roles: Employee representative for the Group in the Finance Sector Union DNB. Head of the Buskerud division in the Finance Sector Union. Member of the Board/treasurer of Svelvik Museum Association.

No. of Board meetings: 13 of 14
No. of shares: 1 466[1)]

Jaan Ivar Semlitsch
Born 1971 | Man | Norwegian

Role in the Board: Member of the Board of DNB since June 2014. Member of the Compensation and Organisation Committee.

Background: Master's degree in Economics and Business Administration ('Siviløkonom') from NHH Norwegian School of Economics. CEO of Orkla, Dixons Carphone International and Elkjøp Nordic AS. Chief Operating Officer for Statoil Retail Europe. Managing Director of Rema Industrier AS. Associate Partner at McKinsey. Chair of the Board of Directors of Elkjøp Norge AS and Statoil Norge AS. Chair of the Board and member of the Board of a number of other Norwegian companies.

Other key roles: CEO of Komplett ASA, Chair of the Board of Norli AS and consulting firm Scilla AS. Managing Director and owner of Scilla AS.

No. of Board meetings: 14 of 14
No. of shares: 5 700[1)]

Jannicke Skaanes
Born 1978 | Woman | Norwegian

Role in the Board: Employee representative on the Board of DNB since 2022. Former observer.

Background: Bachelor and Master of Management from Handelshøyskolen BI. Adviser at Nordea and Kelly Financial Services. Various positions in the key account segment and IT in DNB. Employee since 2006.

Other key roles: Employee representative for the Group and Chair of the Board of the Norwegian Union of Municipal and General Employees, Finance and Technology.

No. of Board meetings: 13 of 14
No. of shares: 0[1)]

Kim Wahl
Born 1960 | Man | Norwegian

Role in the Board: Member of the Board of DNB since 2013 (former Vice Chair of the Board). Member of the Compensation and Organisation Committee.

Background: MBA from Harvard University. Chair of the Board of Directors and owner of the private investment company Strømstangen AS. Co-founder of the European Private Equity firm IK Partners, where he was partner and vice chair for 20 years. Experience from the US investment bank Goldman Sachs in London and New York. A number of Norwegian and European Board positions in various industries.

Other key roles: Chair of the Board of Directors and co-founder of the Voxtra Foundation. Member of the Board of Directors of UPM Kymmene Corporation and of the European Advisory Board, as well as the Board of Dean's Advisors at Harvard Business School.

No. of Board meetings: 14 of 14
No. of shares: 25 000[1)]

1) Shareholdings in DNB as at 31 December 2022. Shares held by the shareholder's immediate family and by companies in which the shareholder has decisive influence are also included.

Organisation

Operational structure

Our organisation and operational structure should enable us to quickly and effectively adapt to changes in customer behaviour, and to develop products and services that meet customer needs.

CUSTOMER AREAS

Personal Banking (Personmarked, PM)

PM serves DNB's personal customers. With 2.0 million personal customers, DNB is the market leader in the Norwegian personal customer market. Customers are offered a wide range of services through a modern distribution network, which includes mobile solutions, customer service centres and online banking, as well as branch offices and real estate broking. Our ambition is that the majority of Norwegian personal customers will use DNB as their gateway to everyday banking, and we will make the most of our strong digital platform to increase revenues. We will use our position in the housing market to encourage home mortgage customers to choose DNB to cover more of their needs. Our customer service should be fast, simple, safe and personal.

Corporate Banking (CB)

CB serves DNB's corporate customers and includes the Group's customers in the Norwegian business community and public sector, as well as all international customers and financial institutions. Our ambition is to maintain our leading position in Norway and strengthen our leading position internationally within selected industries for our largest customers, while also strengthening our initiatives in the small and medium-sized corporate customer and start-up sectors. The corporate customer area is characterised by strong customer relations and sound banking and industry expertise. High-quality customer service is assured through our financial strength, a broad international network, competitive services and the ability to adapt quickly to new customer needs.

PRODUCT AREAS

Markets

Markets is Norway's leading investment firm and provides our customers with investment banking services, including risk management, investment and financing products in the capital markets. By working in customer teams and applying good digital solutions, employees provide advice and develop tailor-made solutions for the various customer segments. Markets' risk management activities support the general customer activities through products and prices.

Wealth Management (WM)

WM serves high-net-worth individuals through its Private Banking unit. DNB has a leading position in pensions, and WM is responsible (through its subsidiaries DNB Asset Management and DNB Livsforsikring) for the Group's savings, investment and pension products. In addition, the area delivers defined-contribution pension schemes to our customers in close cooperation with the customer areas. WM is also responsible for all mutual fund products in the Group, as well as the further development of the savings, investment and pension products.

Products & Innovation (P&I)

P&I is responsible for the Group's car and object financing operations, as well as leasing operations, in the Nordic countries through DNB Finance. The unit also has responsibility for the Group's products relating to working capital, payments and Open Banking. In addition, P&I is responsible for Group functions associated with the identification of customers, management of customer data, robotics (process automation), design, innovation and strategic partnerships. The unit's ambition is to safeguard and further develop DNB's strong position within financing and payments, while exploring new positions in the areas of data-driven credit, mobility and integrated finance.

STAFF AND SUPPORT UNITS

The Group's staff and support units are responsible for operational tasks and Group services and provide infrastructure and cost-efficient services for the business operations.

Segment reporting

The reporting structure has been adapted to the customer segments, and all of the Group's customers are associated with a customer segment. The customer segments are personal customers and corporate customers, and the reporting covers revenues, costs, balance sheet items and capital requirements relating to customer service. The figures for the segments thus reflect the Group's total sales of products and services. The segment reporting is a fundamental element of our financial management. The follow-up of total customer relationships and segment profitability are two important dimensions when setting strategic priorities and deciding on where to allocate the Group's resources.

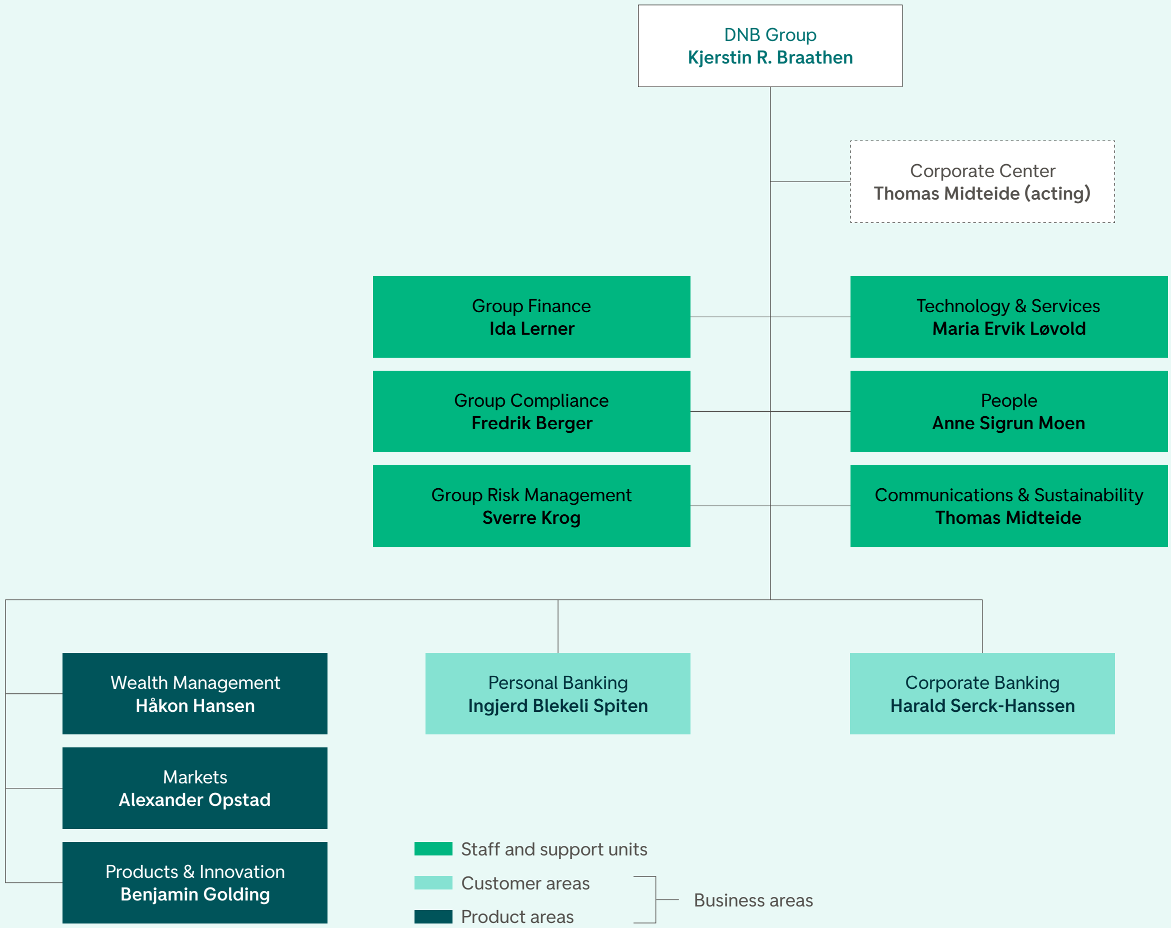
The segment reporting is presented in more detail in note G3 to the annual accounts.

Legal structure

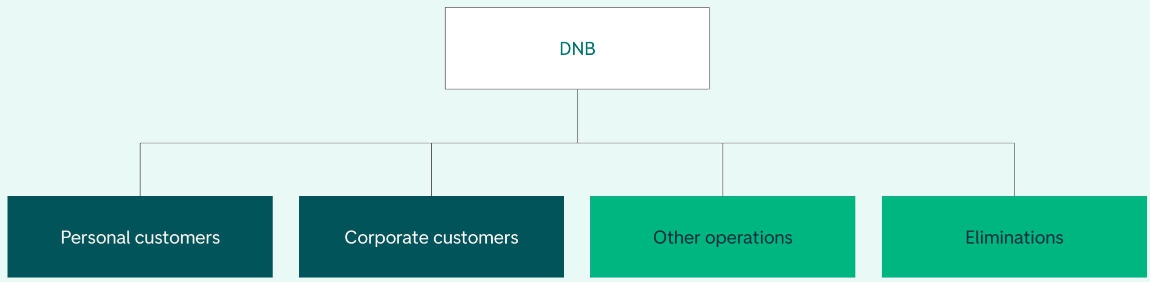
On 15 April 2021, DNB announced an agreement with Sbanken to acquire 100 per cent of the shares in Sbanken. After being approved by the regulatory authorities, the transaction was executed on 30 March 2022. A merger process has started, and Sbanken will be merged into DNB Bank ASA on 2 May 2023. See also note G2 to the annual accounts. In addition to Sbanken ASA, DNB Bank ASA owns the subsidiaries DNB Livsforsikring AS and DNB Asset Management Holding AS, along with their underlying companies.

Each of the subsidiaries has its own Board of Directors. For an overview of the Group's legal structure, please visit dnb.no/en/about-us/about-the-group.html.

Operational structure
As of 8 March, 2023



Segment reporting
As of 31 December, 2022



Group Management

As at 8 March 2023

The Group Management team is the Group Chief Executive Officer's collegiate body for management at Group level at DNB. All important decisions are made in consultation with the Group Management team.

Kjerstin R. Braathen

Born 1970 | Woman | Norwegian

Group Chief Executive Officer (CEO) since 2019.

Background: Master in Management from Ecole Supérieure de Commerce de Nice-Sophia Antipolis. Experience from Norsk Hydro ASA and Hydro Agri International. Joined DNB in 1999 and her roles in the Group have included: Group Executive Vice President of Group Finance (CFO) and of Corporate Banking Norway. Many years' experience from the Shipping, Offshore and Logistics division (SOL) in Oslo.

Key positions of trust: Chair of the Boards of Vipps, Vipps Holding and Bank ID BankAxept. Member of the Board of Fremtind Forsikring and of the Executive Board of Finance Norway. Member of the Corporate Assembly of Equinor.

No. of shares: 70 290[1)]

Ida Lerner

Born 1975 | Woman | Swedish

Chief Financial Officer (CFO) since 2021.

Background: Bachelor of Social Sciences, specialising in Economics, from the University of Stockholm. Global Relationship Manager at HSBC. Customer adviser and stockbroker at Nordea. Joined DNB in 2007 and has held the following roles in the Group: Group Executive Vice President of Group Risk Management, Head of DNB CEMEA (Central Europe, Middle East and Africa) in London and head of customer analysis for Northern Europe, the Middle East and Africa.

No. of shares: 8 0261[1)]

Anne Sigrun Moen

Born 1964 | Woman | Norwegian

Group Executive Vice President of People since 2021.

Background: Cand.polit. (2-year postgraduate degree) in Education from the University of Oslo. Individual subjects within business administration and management at the University of California. Various positions in Norwegian schools. Various positions at Det Norske Veritas, including HR Manager at DNV Maritime and Adviser at DNV Veritas-skolen (the DNV Veritas school). Joined DNB in 2007, with a break from 2018 to 2021, when she worked for the Norwegian Tax Administration as HR Director. Has held the following roles in the Group: Senior Adviser and various positions as Executive Vice President within strategic HR.

No. of shares: 1 704[1)]

Benjamin Golding

Born 1980 | Man | Norwegian

Group Executive Vice President of Products & Innovation since 2021.

Background: Master of Technology in cybernetics from the Norwegian University of Science and Technology (NTNU). Various positions at McKinsey & Company, Orkla, Aker Solutions and Akastor. Joined DNB in 2016 and has held the following roles in the Group: Executive Vice President of the Payments, Open banking and Identity division and Head of Group Strategy.

Key positions of trust: Chair of the Board of Bits AS and member of the Board of BankID BankAxept AS and Vipps AS.

No. of shares: 2 022[1)]

1) Shareholdings in DNB as at 31 December 2022. Shares held by the shareholder's immediate family and by companies in which the shareholder has decisive influence are also included.

Fredrik Berger

Born 1981 | Man | Norwegian

Group Chief Compliance Officer (CCO) since 2023.

Background: Law degree from the University of Oslo. Lawyer at Advokatfirmaet Hjort. Joined DNB in 2011 and has held the following roles in the Group: Head of Corporate Center, Head of CEO Office, section head and lawyer in DNB Legal.

No. of shares: 9 523[1)]

Håkon Hansen

Born 1966 | Man | Norwegian

Group Executive Vice President of Wealth Management since 2019.

Background: Bachelor of Business Administration ('Diplomøkonom') from BI Norwegian Business School. Management programme in Financial Investments (Master of Management) at the same school. Bank Manager at Gjensidige Bank, Parat24 and DNB. Assistant Bank Manager at Sparebanken Øst. District Manager at Forenede Forsikring. Joined DNB in 1987 and has held the following roles in the Group: Group Executive Vice President of Wealth Management and Insurance, Head of Private Banking and Head of DNB Luxembourg for ten years.

Key positions of trust: Chair of the Board of DNB Livsforsikring and DNB Luxembourg. Member of the Board of Fremtind Forsikring.

No. of shares: 25 144[1)]

Sverre Krog

Born 1976 | Man | Norwegian

Group Chief Risk Officer (CRO) since 2021.

Background: Master of Science in Business ('Siviløkonom') from BI Norwegian Business School. Joined DNB in 1999 and has held the following roles in the Group: Executive Vice President of Strategic Risk Intelligence, head of the sections for active portfolio management and customer analysis in the corporate customers segment, as well as various roles in Markets and in the areas for corporate and personal customers.

No. of shares: 2 820[1)]

Maria Ervik Løvold

Born 1979 | Woman | Norwegian

Group Executive Vice President of Technology & Services since 2019.

Background: Law degree from the University of Oslo. Lawyer at Brækhus Advokatfirma. Joined DNB in 2010 and has held the following roles in the Group: Executive Vice President of the Product, Price and Quality division in Personal Banking and head of section in and Deputy General Counsel for DNB Legal.

No. of shares: 10 189[1)]

1) Shareholdings in DNB as at 31 December 2022. Shares held by the shareholder's immediate family and by companies in which the shareholder has decisive influence are also included.

Thomas Midteide

Born 1974 | Man | Norwegian

Group Executive Vice President of Communications & Sustainability since 2019.

Background: Degree in journalism from Oslo University College. Subsidiary subjects: Political Science and Criminology from the University of Oslo. Head of Communications at SAS. Communications Officer at VISA Norway. Journalist at NRK. Joined DNB in 2009 and has held the following roles in the Group: Group Executive Vice President of Communications, Media & Marketing and of Corporate Communications and Marketing, and Executive Vice President of External Communications.

No. of shares: 32 310[1)]

Alexander Opstad

Born 1981 | Man | Norwegian

Group Executive Vice President of Markets since 2019.

Background: Master of Science in Business ('Siviløkonom') from BI Norwegian Business School. Joined DNB in 2005 and has held the following roles in the Group: various positions in Markets, including Head of Equity Sales in London and global head of the equities division.

Key positions of trust: Chair of the Board of DNB Markets Inc. and member of the Board of the Norwegian Securities Dealers Association.

No. of shares: 47 294[1)]

Harald Serck-Hanssen

Born 1965 | Man | Norwegian

Group Executive Vice President of Corporate Banking since 2019.

Background: BA (Hons) in Business Studies from the University of Stirling. Advanced Management Programme at INSEAD in Fontainebleau. Experience from Stolt-Nielsen Shipping and Odfjell Group. Joined DNB in 1998 and has held the following roles in the Group: Group Executive Vice President of Large Corporates and International (2013–2019), as well as Executive Vice President of and section head in the Shipping, Offshore and Logistics division (SOL).

Key positions of trust: Member of the Board of Digital Norway and member of the Council and Nomination Committee of DNV GL.

No. of shares: 53 707[1)]

Ingjerd Blekeli Spiten

Born 1971 | Woman | Norwegian

Group Executive Vice President of Personal Banking since 2018.

Background: Master of Science in Business ('Siviløkonom') from BI Norwegian Business School. Senior Vice President of Global Products at Telenor. Chief Operating Officer at Microsoft. Various management positions at Ericsson. Many years' experience from Board positions in various industries. Employed in DNB from 2007 to 2015, returned in 2018 and has held the following roles in the Group: Head of mobile and telephone services, Head of Sales for online and mobile banking, Executive Vice President of eBusiness.

Key positions of trust: Chair of the Board of DNB Eiendom and Sbanken. Member of the Board of Fremtind Forsikring.

No. of shares: 16 612[1)]

The Board of Directors' report on corporate governance

DNB's most important strategic ambitions are: "the customer chooses us, we deliver sustainable value creation and we find the solutions together". Corporate governance is a matter of how DNB's Board of Directors, Group Management team and employees carry out their roles so as to manage the Group's assets in a sustainable way, and in the best interests of the Group's customers, owners, employees and other stakeholders. Good corporate governance strengthens people's trust in DNB and in the Group's ability to achieve its ambitions.

The Board of Directors' overall reporting on corporate governance has the following structure:

- This chapter describes the Board's main priorities, and any significant changes in or deviations from the recommendation from the Norwegian Corporate Governance Board (NUES), 'the Norwegian Code of Practice for Corporate Governance' (hereafter 'the Code of Practice').
- The document 'Implementation of and reporting on corporate governance' describes and explains DNB's corporate governance, and is prepared in accordance with the Code of Practice and section 3-3b, subsection 2 of the Norwegian Accounting Act. The document is available at ir.dnb.no.

THE BOARD'S OVERALL ASSESSMENT OF CORPORATE GOVERNANCE

In its corporate governance work, DNB primarily follows the Code of Practice. The Board of Directors has identified the following deviations from section 6 General meetings and section 14 Takeovers:

Section 6 General Meetings:

- *Shareholders should be able to vote on each issue, including voting for individual candidates in elections:* Voting for individual candidates in elections has so far not been allowed, as the need to take into consideration the overall skills mix has outweighed other considerations.

Section 14 Takeovers:

- *The Board should have set out key principles for how to respond in the event of a takeover bid:* The Board has chosen not to prepare any explicit guiding principles for responding to takeover bids. The reason for this exception is that the Norwegian state owns a 34 per cent stake in the Group. The purpose of the state ownership of DNB is, among other things, to ensure that DNB has a Norwegian head office, which makes such principles less relevant.

No cases of significant control failure were identified in 2022. In the Board's view, DNB has the appropriate systems, procedures and measures in place to ensure proper corporate governance and internal control.

THE BOARD'S MAIN PRIORITIES – CORPORATE GOVERNANCE AND COMPLIANCE

Strategic priorities and the Group's financial ambitions continued to be among the Board's most important tasks in 2022. Efforts to ensure a good understanding of risk at all times, including monitoring the regulatory framework conditions, were also a key focus area, as was compliance.

Among the Board's main priorities with regard to corporate governance and compliance were to:

- monitor the anti-money laundering work and support the authorities in the fight against financial crime;
- follow up security, including measures to reduce cyber risk;
- approve DNB's new strategy, including the technology strategy;
- follow up the work on the merger between DNB and Sbanken;
- follow up the organisation's implementation of and compliance with external and internal requirements;
- approve a new hierarchy of governing documents and the revision of the following governance principles documents: DNB's governance principles, the Code of Conduct and the Principles for internal control, risk management and compliance;
- assess various measures for the organisation and employees, including follow-up of sick leave, and succession planning for the Group Management team.

Below, the Board's follow-up of anti-money laundering work, the cyber security roadmap, and the strategy are elaborated on.

Monitoring of anti-money laundering initiatives
In 2022, the Board once again focused heavily on anti-money laundering efforts, including monitoring status and measures to reduce compliance risk. The fight against financial crime is one of DNB's most important focus areas, and is a top priority for the Board and the organisation.

Criminals are using increasingly sophisticated methods, which means that DNB needs to continuously improve its routines, expertise and systems to fight financial crime. There are also ever-increasing regulatory requirements and expectations from customers. Against this backdrop, we increased our anti-money laundering efforts in 2022 by:

- updating the Group-wide risk assessment for money laundering and terrorist financing, as well as individual business areas' risk assess-

ments and an overall Group-wide residual risk assessment;
- updating DNB's Global Anti-Money Laundering Framework and DNB's Group instructions in the area, as well as updating a number of standardised procedures for the Group;
- further strengthening our extensive efforts to update customer information and conduct risk classification of customer relationships in DNB;
- further developing the Group-wide programme for anti-money laundering (AML): AML Acceleration. The purpose of this programme is to promote compliance with the anti-money laundering rules and legislation and increase the effectiveness of money laundering risk management, by reinforcing current measures and coordinating efforts across the Group;
- further developing Group-wide guidelines for how to operationalise the anti-money laundering rules and legislation in DNB, in addition to continuous work to further develop processes and systems for electronic monitoring, a Group-wide risk classification method, and screening;
- strengthening the internal control process in anti-money laundering work in the first line of defence.

Read more about this topic on page 140.

With effect from 1 September 2022, DNB was imposed a coercive fine of NOK 50 000 per business day for not having complied with an order to verify the identities of the entire customer base. At the end of 2022, the identities of over 97 per cent of our customers had been verified, and DNB is working in a targeted manner to verify the identities of remaining customers.

The Board follows the anti-money laundering work closely, and considers the need for further measures on an ongoing basis.

Cyber security roadmap

DNB has targeted efforts related to cyber risk. DNB's cyber security roadmap has been drawn up in line with an international cyber security framework, and defines a number of activities to reduce cyber risk and increase the level of cyber security maturity. The activities defined in this roadmap run from 2021 to 2023.

DNB's strategy for the period 2022–2027

The Board of Directors adopted a new Group strategy in 2022. The strategy sets the direction for the Group in a period of increased macroeconomic uncertainty, greater regulatory requirements and changed customer behaviour and competition. The Group's financial objectives, plan for technology modernisation and its sustainability ambitions set the premises and are an integral part of the strategy. A dashboard has been established to follow up the strategy that includes strategic key performance indicators for the climate and for engagement and diversity.

The technology strategy combines work with important business goals and market trends in technology. DNB will continue to modernise IT processes and core systems, further develop security solutions and continuously strengthen the defence against cyber attacks. The strategy also sets the direction for organisation and secure management of data in DNB.

In 2022, the Board followed up the work on implementation of the new strategy.

Read more about the strategy on page 26.

Overview of the Board of Directors' activities in 2022

Activity	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Q1			Q2			Q3			Q4		
Update of the Group's governing documents		●										
Annual review of risk appetite		●										
Quarterly accounts, capitalisation and risk reports		●		●			●			●		
GDPR – action plan status			●						●			
Market developments in Corporate Banking			●			●			●			●
Preliminary annual accounts and annual report for 2022			●									
Pillar 3 report			●									
Cyber security roadmap			●									
The Board of Directors' guidelines for, and report on, the remuneration of executive and non-executive directors			●									
New Group strategy			●	●								
Semi-annual compliance report			●						●			
Strategy for diversity and inclusion				●								
Annual ICAAP			●									
Technology strategy						●						
The business areas' new strategies						●	●	●	●	●		
Board/strategy seminar									●			
Merger between DNB Bank ASA and Sbanken ASA									●		●	
Board self-assessment, including assessment of CEO								●	●	●		
Data management strategy											●	
Target process											●	●
Monthly status – accounting/financial result	●	●	●	●	●	●	●	●	●	●	●	●
Follow-up of reports from supervisory authorities and Group Audit	●	●	●	●	●	●	●	●	●	●	●	●
Monitoring of AML measures	●	●	●	●	●	●	●	●	●	●	●	●

Governing bodies of DNB Bank ASA
as at 31 December 2022

Shareholdings in DNB Bank ASA. Shares held by the shareholder's immediate family and companies in which the shareholder has decisive influence are also included, cf. section 7-26 of the Norwegian Accounting Act.

Board of Directors

Members	31.12.22	31.12.21
Olaug Svarva, Oslo (Chair)	14 500	14 500
Svein Richard Brandtzæg, Oslo (Vice Chair)	556	556
Gro Bakstad, Oslo	4 000	4 000
Julie Galbo, Denmark	755	755
Lillian Hattrem, Langhus[1]	1 977	1 578
Jens Petter Olsen, Oslo	6 000	6 000
Stian Tegler Samuelsen, Svelvik[1]	1 466	1 067
Jaan Ivar Semlitsch, Stabekk	5 700	200
Jannicke Skaanes, Oslo[1]	0	0
Kim Wahl, Oslo	25 000	12 000

Deputies for the employee representatives	31.12.22	31.12.21
Haakon Christopher Sandven, Jar[1]	617	617
Eli Solhaug, Oslo[1]	3 442	3 127
Ann-Mari Sæterlid, Horten[1]	431	343

Election Committee

Members	31.12.22	31.12.21
Camilla Grieg, Bergen (Chair)	0	0
Jan Tore Føsund, Oslo	0	0
Ingebret Hisdal, Oslo	0	0
André Støylen, Oslo	17 900	16 750

Risk Management Committee

Members	31.12.22	31.12.21
Jens Petter Olsen, Oslo	6 000	6 000
Gro Bakstad, Oslo	4 000	4 000
Svein Richard Brandtzæg, Oslo	556	556
Julie Galbo, Denmark	755	755
Lillian Hattrem, Langhus[1]	1 977	1 578

Audit Committee

Members	31.12.22	31.12.21
Gro Bakstad, Oslo (Chair)	4 000	4 000
Svein Richard Brandtzæg, Oslo	556	556
Julie Galbo, Denmark	755	755
Lillian Hattrem, Langhus[1]	1 977	1 578
Jens Petter Olsen, Oslo	6 000	6 000

Compensation and Organisation Committee

Members	31.12.22	31.12.21
Olaug Svarva, Oslo (Chair)	14 500	14 500
Lillian Hattrem, Langhus[1]	1 977	1 578
Jaan Ivar Semlitsch, Stabekk	5 700	200
Kim Wahl, Oslo	25 000	12 000

Group Management

Members	31.12.22	31.12.21
Group Chief Executive Officer (CEO) Kjerstin R. Braathen	70 290	60 062
Chief Financial Officer (CFO) Ida Lerner	8 026	7 072
Group EVP of Personal Banking Ingjerd Blekeli Spiten	16 612	14 060
Group EVP of Corporate Banking Harald Serck-Hanssen	53 707	50 382
Group EVP of Wealth Management Håkon Hansen	25 144	22 603
Group EVP of Markets Alexander Opstad	47 294	38 639
Group EVP of Products & Innovation Benjamin Golding	2 022	0
Group EVP of People Anne Sigrun Moen	1 704	744
Group EVP of Group Risk Management Sverre Krog	2 820	2 421
Group EVP of Technology & Services Maria Ervik Løvold	10 189	7 383
Group EVP of Group Compliance Mirella E. Grant	2 274	1 875
Group EVP of Communications & Sustainability Thomas Midteide	32 310	29 872

Group Audit

	31.12.22	31.12.21
Tor Steenfeldt-Foss	0	0

Statutory auditor

	31.12.22	31.12.21
Ernst & Young AS (EY)	0	0

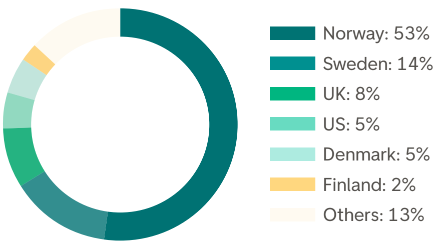
1) Not independent.

Responsible purchasing

DNB buys goods and services for substantial sums each year. It is important that we choose suppliers that operate in accordance with our expectations and requirements, also when it comes to human rights, the environment and ethics, and that can contribute to responsible and more sustainable solutions for DNB. Good suppliers make DNB better, and it is our goal to be a customer that also contributes to their improvement.

In 2022, DNB in Norway purchased goods and services for approximately NOK 10.2 billion. Of around 4 930 suppliers, 131 accounted for approximately 80 per cent of the Group's purchasing costs. The main purchasing categories are IT solution development and operation, marketing and consulting services, and goods and services related to properties and office equipment. 87 per cent of our suppliers (in number) are from the Nordic countries, the UK or the US.

Where do DNB's contract suppliers come from?



THE NORWEGIAN TRANSPARENCY ACT

The Norwegian Transparency Act entered into force on 1 July 2022, and its introduction coloured our work during the year. In the autumn of 2021, as part of our preparations, we mapped existing practices in relation to the new Act. The results showed that we were well prepared, but that there was also room for improvement. Based on the mapping, we have therefore improved internal processes and parts of the sustainability management system in the supply chain.

The work relating to the Transparency Act is an integral part of DNB's general efforts to promote sustainability in the supply chain. We focus on where there is sustainability-related risk – i.e. a greater risk of a breach of labour rights or human rights or of a negative environmental impact – both in terms of risk to others (for example employees in the supply chain) and/or risk of this having a negative impact on DNB. We also focus on where we can have a positive impact, especially through our work with our strategic suppliers. The way we have integrated the work with the Transparency Act into our practices is discussed in part in the text that follows. For further details, see DNB's website on human rights (https://www.dnb.no/en/about-us/csr/human-rights.html), and a separate statement on the Transparency Act, which will be published at the latest on 30 June 2023.

CORPORATE GOVERNANCE

We have a number of guidelines, routines and tools that support us in our work on responsible purchasing.

The obligation to consider responsibility and accountability in purchasing has been integrated into relevant governing documents, such as DNB's Group policy for sustainability and the Group policy for procurement and outsourcing. The steering committee for work on sustainability in the supply chain is responsible for approving the strategic direction, overall priorities and progress in the work.

Audits are a good tool for familiarising ourselves with the supplier's work and for enabling us to work together and achieve improvements.

RISK ASSESSMENT

All suppliers that sign a contract with DNB are subject to a risk assessment using DNB's Third Party Risk Management (TPRM) system before signing the contract, and then at regular intervals during the contract period. Sustainability, including compliance with human rights, is one of the risk areas in relation to which suppliers are assessed. The system provides an overview of DNB's direct suppliers, as well as which of these are in industries and/or countries that entail a higher risk of breaches of human rights, environmental requirements or ethical guidelines. For suppliers that have higher 'inherent' risk, a more thorough assessment must be conducted prior to approval. This can be a matter of obtaining further information from the supplier concerned or external sources, or of making the decision to enter into a contract at a higher management level in DNB.

In 2022, we further enhanced the mapping of risk associated with sustainability in the TPRM system. We included more several sustainability-related questions, updated the industry risk list and introduced measures to obtain more information about other links in the supply chain over and above our direct contracting party when this is considered more material. Some 346 supplier assessments were completed in 2022, and of the suppliers assessed, 8 per cent were considered to entail higher inherent risk and had to undergo a more thorough assessment before a final decision was made.

FURTHER EXAMINATIONS, RISK REDUCTION AND IMPROVEMENT MEASURES IN THE SUPPLY CHAIN

Due to the large number of suppliers to the Group, we need to prioritise which ones we focus on the most. Here we take into consideration both:

- the TPRM assessment, combined with proportionality – this means the context and the supplier's ties to DNB, how closely we are linked to the supplier or the supplier's activities; and
- the supplier's strategic importance or the size of the contract, which often affects our ability to exercise positive influence.

Standard and thematic requirements

- DNB's ethical guidelines for business partners are usually included as an appendix to supplier contracts. The guidelines are based on international frameworks1), and set clear requirements with respect to human rights and labour standards, environmental management and ethical business conduct in suppliers' own operations. They also require suppliers to convey similar principles to their own supply chain. 84 per cent of current suppliers that are registered in DNB's contract database have made a commitment to comply with these guidelines. Our goal is for the document to be part of all contracts, but in some cases, for example, contracts with large companies with a large number of standardised customer relationships, we are unable to achieve this. In such cases, we assess whether it is acceptable to make an exception, and how the topic can best be covered in the contract, for example through the inclusion of the supplier's own ethical guidelines. DNB's ethical guidelines for business partners were updated in 2022.
- In addition to the ethical guidelines, we may also set requirements that are specific to the service or item being purchased. For example, it is our ambition to include the topic of diversity and equality in framework agreements for service deliveries where labour represents most of the delivery. In 2022, we set specific diversity and equality requirements in a tender process for new framework agreements for legal services, both relating to the supplier's own organisation and the teams that would be working with DNB. The contracts also contain specific goals for equality efforts.

1) For example, the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the ILO Core Conventions.

Sustainability analysis

For suppliers that are deemed to entail a higher risk and for our more strategic suppliers, we use the EcoVadis platform[2] to analyse and follow up the suppliers' sustainability work. The platform enables both suppliers and customers to get feedback on what they are doing well and where they can make improvements in their own operations. At the end of 2022, suppliers that together account for 63 per cent of DNB's relevant supplier costs had an average score of 62/100, which is better than the average of 45 on the platform in general. The average score will always vary slightly depending on which suppliers have a valid rating at the time of measurement. DNB encourages and expects suppliers to achieve a score that shows that the company is working proactively and in a structured way with sustainability. The EcoVadis results are followed up through a dialogue, allowing us to make a positive impact.

Audits and on-site inspections

Every year, we select a small number of suppliers for on-site inspections, either in the form of large-scale audits where we consider compliance with DNB's ethical guidelines for business partners, or in the form of more thematic inspections when these are specifically required, for example as part of the 'see-to-it' duty[3] or an HSE inspection. In 2022, DNB, at Group level, carried out two on-site inspections of suppliers in cooperation with an external auditor. We audited a supplier of branded goods with DNB's logo, and focused on compliance with the Transparency Act. We also audited a supplier of electrician services, and focused on working conditions. After an audit has been completed, we engage in dialogue with the suppliers, to make sure that any deviations and suggested improvements are handled in a satisfactory manner. In our opinion, audits are a good tool for familiarising ourselves with the supplier's work and for enabling us to work together and achieve improvements.

Dialogue and cooperation

Sustainability is a regular topic of discussion in some supplier relationships. This can take the form of a review of the supplier's sustainability work or an updating of material topics in the supplier relationship, such as work with equality and diversity or – and of particular relevance in 2022 – the supplier's work relating to the Transparency Act. On other occasions, we have a dialogue relating to incidents or challenges associated with the supplier's business operations or industry that we have learned about and want to gain a better understanding of. Much of DNB's own environmental footprint depends on its collaboration with suppliers. Specific examples from 2022 include work to reduce food waste, in collaboration with our provider of staff cafeteria services, and reduction of energy consumption in partnership with our energy supplier.

The work on responsible purchasing will continue in 2023. We will focus on compliance with rules and legislation, selecting responsible suppliers and exerting a positive influence through our purchases and supplier relationships.

"Much of DNB's own environmental footprint depends on its collaboration with suppliers."

2) EcoVadis: Shared platform for the assessment of businesses' work with sustainability. www.ecovadis.com
3) The 'see-to-it' duty: A statutory obligation to check that the pay and working conditions of a company's subcontractors are in line with applicable application regulations. https://www.arbeidstilsynet.no/regelverk/forskrifter/forskrift-om-informasjons--og-paseplikt-mv/2/6/ (in Norwegian only)

Directors' report and annual accounts

Directors' report

Growth in the Norwegian economy was strong in 2022, despite the first quarter being affected by lockdowns and the outbreak of the war in Ukraine, which caused a drop in activity. The reopening of society resulted in strong growth in the second quarter, and growth continued to increase throughout the year, but at a somewhat slower rate in the fourth quarter. DNB's results in 2022 were strong, driven by profitable volume growth and positive effects from repricing. The capital situation remains solid, and the portfolio is well-diversified and robust. The Group is well positioned to deliver on its ambitions and goals, including its dividend policy.

Strategy and targets

DNB's main operations are in Norway, but the Group also has international activities through subsidiaries, branch offices and representative offices. DNB's principal goals are to create the best customer experiences and to deliver on financial targets. The strategy sets the Group's course and can be used as a tool for promoting innovative thinking and creating change. Furthermore, the strategy serves as a guide for facing the demands of the surrounding world. It is based on the idea that DNB is most successful when drawing on its strengths and taking advantage of the available opportunities. Three strategic ambitions have been defined in order to ensure target attainment and support the competitiveness of the Group, both today and in a long-term perspective: the customer chooses us, we deliver sustainable value creation, and we find the solutions together. Read more about the strategy from page 25 onwards.

Sustainability and transparency

As Norway's largest financial institution, DNB has both a great responsibility and the opportunity to contribute positively to society. Moreover, due to its size, DNB has considerable influence. In DNB, sustainability is a matter of how the Group creates value for all its stakeholders by considering both risks and opportunities in a long-term perspective. One of DNB's key strategic ambitions is to deliver sustainable value creation by creating profitable growth and making choices that will stand the test of time. The Group aims to be a driving force for sustainable transition and to actively help customers take a more sustainable direction. DNB believes that transparency is crucial to all stakeholders, and that open, transparent and consistent communication is the core concept of the Group's reporting. Environmental, social and governance (ESG) factors are integrated into the strategy and the Group's corporate governance, and through an integrated annual report and reporting in accordance with the Global Reporting Initiative (GRI) Standards, DNB meets the authorities' requirements for sustainability reporting. The Group's tax strategy, and information about its responsible tax practices and tax contribution, can be found on dnb.no/sustainability-reports, and reporting required by the Norwegian Transparency Act will be published at the latest on 30 June 2023. (https://www.dnb.no/en/about-us/csr/human-rights.html).
Read more about DNB's sustainability ambitions from page 30 onwards. More detailed information can be found in the Sustainability Factbook at the back of the report.

Operations in 2022

The Group largely delivered stable operations for all services throughout the year, and was available to customers both in branch offices, online and by phone.

DNB recorded profits of NOK 32 861 million in 2022, up NOK 7 506 million, or 29.6 per cent, from 2021. Return on equity was 13.8 per cent, compared with 10.7 per cent in 2021, and earnings per share were NOK 20.65, up from NOK 15.74 in 2021.

The common equity Tier 1 (CET1) capital ratio was 18.3 per cent, down from 19.4 per cent in 2021, but still 1.75 percentage points above the supervisory authorities' current expectations. As a result of the Group's strong results and capital position, the Board has proposed to pay a dividend of NOK 12.50 per share for 2022.

Net interest income increased by NOK 9 604 million compared with 2021. Profitable growth, higher interest on equity, the acquisition of Sbanken and repricing effects contributed positively. Net other operating income increased by NOK 596 million, or 3.5 per cent, from 2021. Net commission and fee income showed a strong development despite market turmoil, and increased by NOK 442 million, or 4.0 per cent, compared with 2021.

Total operating expenses were up NOK 2 476 million from 2021, due to higher activity and a strengthening of core competence in the areas of technology and compliance.

Impairment of financial instruments saw net reversals of NOK 272 million for 2022, which was a decrease from net reversals of NOK 868 million for 2021. The year 2022 was affected both by improvements in the macro forecasts in the wake of the Covid pandemic, and by increased uncertainty with regard to the war in Ukraine and increasing interest rates globally. There were net reversals in stages 2 and 3, while stage 1 saw a small increase in impairment provisions for the year.

Review of the annual accounts

In accordance with the provisions of the Norwegian Accounting Act, the Board of Directors confirms that the accounts have been prepared on a going concern basis and that the going concern assumption applies.

Pursuant to Section 3-9 of the Norwegian Accounting Act, DNB prepares consolidated annual accounts in accordance with IFRS (International Financial Reporting Standards), approved by the EU. The statutory accounts of DNB Bank ASA have been prepared in accordance with the Norwegian regulations concerning annual accounts for banks.

NET INTEREST INCOME

Amounts in NOK million

	2022	2021
Lending spreads, customer segments	25 767	30 890
Deposit spreads, customer segments	11 842	1 694
Amortisation effects and fees	4 197	3 870
Operational leasing	2 467	2 192
Contribution to the deposit guarantee and resolution funds	(1 231)	(1 091)
Other net interest income	5 251	1 134
Net interest income	**48 294**	**38 690**

Net interest income increased by NOK 9 604 million, or 24.8 per cent from 2021, mainly due to increased volumes, positive effects from repricing and higher interest on equity. There was an average increase in the healthy loan portfolio of NOK 165.6 billion, or 10.4 per cent, from 2021. In the same period, there was an increase of NOK 157.9 billion, or 13.2 per cent, in average deposit volumes. Combined spreads widened by 4 basis points compared with 2021. Average lending spreads for the customer segments narrowed by 47 basis points, and average deposit spreads widened by 73 basis points.

NET OTHER OPERATING INCOME

Amounts in NOK million

	2022	2021
Net commissions and fees	11 453	11 011
Basis swaps	822	(310)
Exchange rate effects additional Tier 1 capital	794	487
Net gains on other financial instruments at fair value	2 531	3 444
Net financial and risk result, life insurance	368	790
Net profit from associated companies	617	524
Other operating income	1 237	1 279
Net other operating income	**17 821**	**17 225**

Net commission and fee income showed a strong development and increased by NOK 441 million, or 4.0 per cent, driven by solid performance across product areas, particularly within money transfer and banking services, which saw higher levels of income than before the pandemic. In addition, positive exchange rate effects on additional Tier 1 capital and basis swaps contributed positively. The decrease in income from financial instruments can be ascribed to mark-to-market effects on repossessed assets.

OPERATING EXPENSES

Amounts in NOK million

	2022	2021
Salaries and other personnel expenses	(14 854)	(13 684)
Restructuring expenses	(18)	(142)
Other expenses	(8 098)	(6 845)
Depreciation of fixed and intangible assets	(3 531)	(3 361)
Impairment of fixed and intangible assets	(10)	(3)
Operating expenses	**(26 510)**	**(24 034)**

Total operating expenses were up NOK 2 476 million in 2022, due to increased activity reflecting higher salary and personnel expenses, the acquisition of Sbanken, and a further strengthening of competence in the area of compliance and technology.

The cost/income ratio was 40.1 per cent in 2022, down from 43.0 per cent in 2021.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

Amounts in NOK million

	2022	2021
Personal customers	(413)	(75)
Commercial real estate	(212)	81
Shipping	64	402
Oil, gas and offshore	1 558	323
Other industry segments	(724)	138
Total impairment of financial instruments	**272**	**868**

Impairment of financial instruments amounted to net reversals of NOK 272 million for 2022, which was a decrease from net reversals of NOK 868 million for 2021. The year 2022 was affected both by interest rates increasing rapidly from historically low levels and by a tense geopolitical situation. Certain segments that experienced challenging times during the pandemic had a positive development after the Covid restrictions were lifted, returning to a more normalised credit cycle.

The personal customers industry segment saw impairment provisions of NOK 413 million in 2022, compared with impairment provisions of NOK 75 million in 2021. The increase in impairment provisions could be seen across all three stages but primarily in stage 3, driven by consumer finance, while the increase in stages 1 and 2 could be explained by increased uncertainty in the macro forecasts.

Impairment provisions amounted to NOK 212 million in the commercial real estate industry segment for 2022, compared with net reversals of NOK 81 million in 2021. There were increased impairment provisions in all three stages, primarily driven by increased uncertainty in the macro forecasts.

The shipping industry segment saw net reversals of NOK 64 million, spread across all three stages, compared with net reversals of NOK 402 million in 2021. The net reversals could primarily be ascribed to customers in stage 2.

Net reversals for the oil, gas and offshore industry segment amounted to NOK 1 558 million in 2022, which was an increase of NOK 1 235 million compared with 2021. Net reversals could be seen across all three stages, with the largest increase in stage 3 related to a positive restructuring of specific customers within offshore. Net reversals in stages 1 and 2 could be ascribed to an improved macro outlook for this segment.

There were impairment provisions of NOK 724 million in other industry segments spread across all three stages in 2022, compared with net reversals of NOK 138 million in 2021. The increase in impairment provisions was driven by a weaker economic outlook, and uncertainty in the macro forecasts for a few segments. There was also a negative development for specific customers in stage 3 across different industries.

Net stage 3 loans and financial commitments amounted to NOK 24 billion at end-December 2022, which was a decrease of NOK 2 billion from the end of 2021.

TAXES

The DNB Group's tax expense for 2022 is estimated at NOK 7 262 million, or 18.2 per cent of pre-tax operating profit, compared with a tax expense of NOK 7 462 million in 2021. The low tax expense in 2022 is mainly a result of the liquidation of the subsidiary in Asia in the fourth quarter. When foreign operations are sold or liquidated, the cumulative gains or losses of the hedging instruments recognised as equity are reclassified to the ordinary income statement. Several key figures have been affected as a result of this. The expected tax rate going forward remains at 23.0 per cent.

Funding, liquidity and balance sheet

The markets for short-term funding were characterised by a high level of unrest throughout 2022, as a result of geopolitical turmoil, increased fear of inflation and rapidly rising short-term interest rates in all of the bank's markets. The market unrest created challenges relating to pricing and considerable variation in the level of interest shown by investors. The bank therefore operated with large liquidity buffers, which offer flexibility relating to the timing of new short-term loans. DNB has nevertheless seen growing interest from investors, compared with other issuers. Higher interest rates in EUR and GBP have also allowed DNB to diversify its short-term funding to a greater extent than usual. The USD remains the bank's most important currency for short-term funding, while issues under the Group's European commercial paper programme are increasing rapidly, and by the end of the year accounted for close to 40 per cent of the remaining volume. This is favourable for diversification and ensures that the bank has beneficial pricing and greater access to funding, as our investors' credit limits are established and updated. In short, access to short-term funding was good throughout the year. However, due to higher European interest rates, there is growing interest in EUR and GBP.

The credit risk premiums for long-term funding rose considerably in 2022 for issuers in general, and the volatility in the credit risk premiums was high throughout the year. Following a stable start to the year in the first two months, the financial markets were characterised by increased market unrest due to geopolitical uncertainty following the outbreak of the war in Ukraine in late February, and there was a considerably higher interest rate level in leading economies worldwide to fight rising inflation. The fear of higher interest rates in the financial markets was related to whether the central banks were proceeding too quickly, and to whether the considerably higher interest rates would lead to an economic setback. After a weak trend in the financial markets immediately following the outbreak of the war, the markets recovered somewhat towards mid-April, with a subsequent weak period until the end of June. Despite the slightly improved risk sentiment at the end of 2022, the credit risk premiums were at a considerably higher level at the end of the year, compared with the beginning of the year. Activity in the credit markets in 2022 followed risk sentiment and, as a result of high volatility in credit risk premiums, the players attempted to take advantage of periods in which risk sentiment was better to make new issues. DNB issued debt securities in the SEK, JPY, NOK, GBP, EUR, USD and CHF markets totalling just under NOK 100 billion in 2022, compared with around NOK 80 billion in 2021. In the fourth quarter, DNB issued long-term funding worth NOK 18 billion. The issues in 2022 were mainly focused on the issuing of debt instruments that met regulatory requirements associated with MREL, the minimum requirement for own funds and eligible liabilities. Based on the need to issue MREL-eligible debt and to obtain a sound ratio of deposits to net loans, there has been no need to issue covered bonds. The terms to maturity for new issues have been relatively short (3–5 years), as the credit risk premiums and the interest on funding with shorter tenor rose less than longer dated funding.

The total nominal value of long-term debt securities issued by the Group was NOK 537 billion at year-end 2022, compared with NOK 560 billion a year earlier. The average remaining term to maturity for long-term debt securities issued was 3.5 years, at the same level as the previous year.

The short-term liquidity requirement, the Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout 2022 and stood at 149 per cent at year-end 2022. The net long-term stable funding ratio, NSFR, was 114 per cent, which was well above the minimum requirement of 100 per cent for stable and long-term funding.

Total combined assets in the DNB Group were NOK 3 730 billion at year-end 2022, up from NOK 3 463 billion a year earlier. Total assets in the Group's balance sheet were NOK 3 236 billion, compared with NOK 2 919 billion at the end of 2021.

Loans to customers increased by NOK 216.5 billion, or 12.4 per cent, from the end of 2021 to the end of 2022. Customer deposits were up NOK 148.9 billion, or 11.9 per cent, during the same period. The ratio of customer deposits to net loans to customers was 73.5 per cent, down from 74.2 per cent a year earlier.

Capital

DNB's capital position remained strong and was well above the regulatory expectations and requirements throughout 2022.

The DNB Group's common equity Tier 1 (CET1) capital ratio was 18.3 per cent and the capital ratio was 21.8 per cent at the end of 2022, down from 19.4 per cent and 24.0 per cent at year-end 2021, respectively.

The common equity Tier 1 (CET1) capital increased by NOK 4.8 billion to NOK 194.1 billion in 2022. Retained earnings, curtailed by the proposed dividend and announced share buy-back, contributed to an increase in the CET1 capital of around NOK 10.8 billion. In addition, there was an increase in deductions in CET1 capital, of which goodwill, mainly driven by the acquisition of Sbanken, increased by NOK 4.9 billion.

The risk exposure amount (REA) increased by NOK 88.6 billion from 2021 to NOK 1 062.0 billion in 2022. The REA for credit risk, including counterparty credit risk, increased by NOK 82.7 billion or 9.6 per cent from 2021, due to volume growth, of which the acquisition of Sbanken contributed NOK 45.4 billion.

DNB's strong capital position provides a firm foundation for continued delivery on the Group's dividend policy, and the Board of Directors has proposed a dividend of NOK 12.50 per share for 2022, for distribution on 5 May.

The leverage ratio was 6.8 per cent at the end of 2022, down from 7.3 per cent the year before. DNB meets the minimum requirement of 3 per cent by a good margin.

CAPITAL REQUIREMENTS

The capital adequacy regulations specify a minimum primary capital requirement based on risk exposure amount that includes 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).

The CET1 requirement for DNB was 15.0 per cent at the end of 2022, while the ratio expectation from the supervisory authorities was 16.5 per cent including Pillar 2 Guidance. The Group's common equity Tier 1 capital ratio was 1.75 percentage points above the supervisory authorities' current capital level expectation at the end of 2022.

DNB's capital position	2022	2021
CET1 capital ratio, per cent	18.3	19.4
Tier 1 capital ratio, per cent	19.6	21.0
Capital ratio, per cent	21.8	24.0
CET1 capital, NOK billion	194.1	189.3
Risk exposure amount, NOK billion	1 062	973
Leverage ratio, per cent	**6.8**	**7.3**

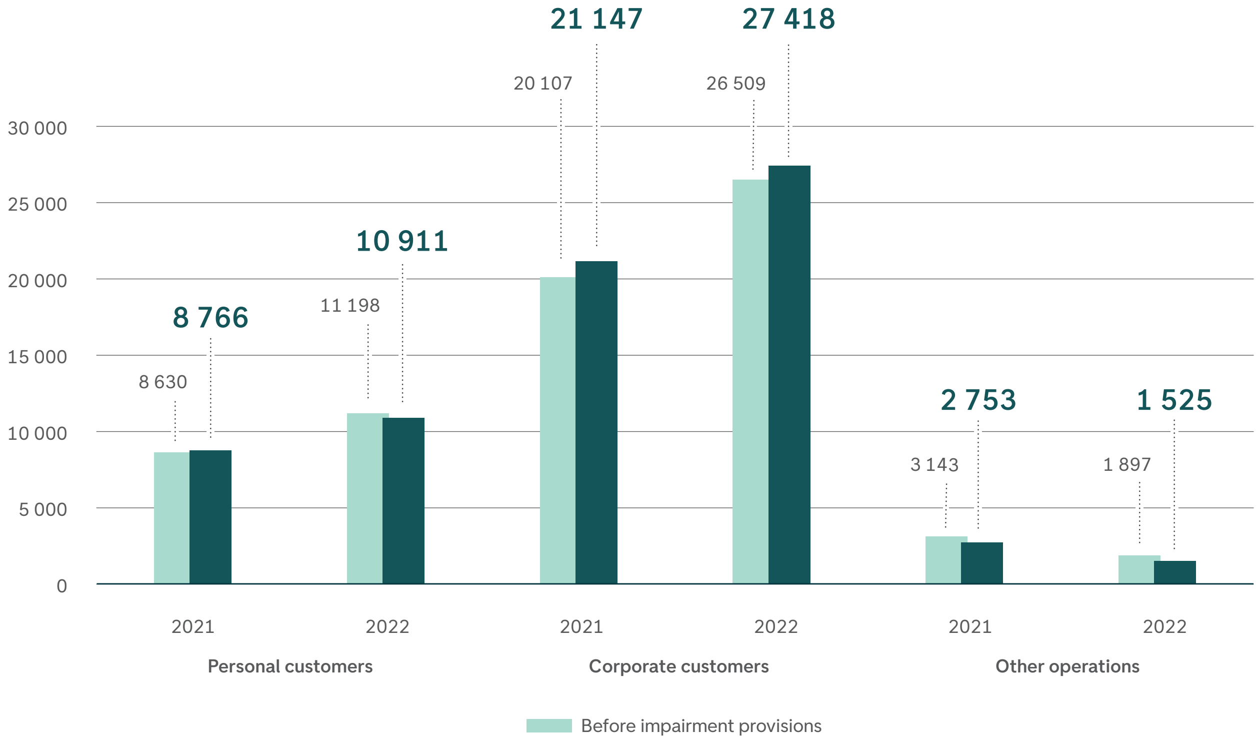
As the DNB Group consists of both a credit institution and a life insurance company, DNB has to satisfy a cross-sectoral calculation test to demonstrate that it complies with sectoral requirements: the capital adequacy requirement, in accordance with the CRR/CRD, and the Solvency II requirement. At year-end 2022, DNB complied with these requirements by a good margin, with excess capital of NOK 30.2 billion.

Read more about capitalisation in the Group's Pillar 3 report at ir.dnb.no.

Segments

Financial governance in DNB is adapted to the different customer segments. The follow-up of total customer relationships and segment profitability are two important dimensions when setting strategic priorities and deciding on where to allocate the Group's resources. Reported figures reflect the allocation of the Group's total sales of products and services to the relevant segments.

Pre-tax operating profit
NOK million



Total exposure
Portfolio composition[1)]

1) Composition of exposure at default (EAD), based on internal models for follow-up. Figures are net values after impairment.

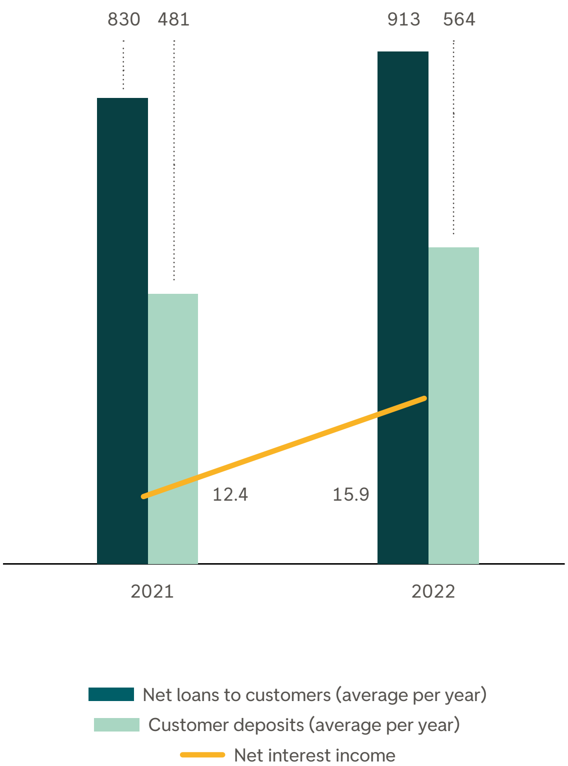
PERSONAL CUSTOMERS

The segment includes the Group's more than 2 million personal customers in Norway. The personal customers segment recorded solid profitability in 2022, with a pre-tax operating profit of NOK 10 911 million and a return on allocated capital of 14.5 per cent. The profitability was mainly driven by an increase in net interest income.

Income statement in NOK million	2022	2021
Net interest income	15 907	12 444
Net other operating income	5 580	5 235
Total income	21 487	17 680
Operating expenses	(10 289)	(9 050)
Pre-tax operating profit before impairment	11 198	8 630
Net gains on fixed and intangible assets		1
Impairment of financial instruments	(288)	135
Pre-tax operating profit	10 911	8 766
Profit for the year	8 183	6 575
Average balance sheet items in NOK billion		
Net loans to customers	912,9	829,8
Deposits from customers	563,5	480,8
Key figures in per cent		
Return on allocated capital	14.5	13.7

Developments in loans, deposits and net interest income

NOK billion



Net interest income increased by NOK 3 463 million from 2021, with a shift in profitability from loans towards deposits, due to the stepwise increase in NOK money market rates and lag effects from the repricing of customer loans and deposits. The combined spreads were stable from the previous year. Including the loan portfolio in Sbanken, average loans to customers grew by 10.0 per cent from 2021. The healthy home mortgage portfolio grew by 10.4 per cent in the same period. Deposits from customers grew by 17.2 per cent from 2021 and the ratio of deposits to loans improved by 3.8 percentage points, to 61.7 per cent on average.

Net other operating income increased by 6.6 per cent from 2021, mainly driven by the acquisition of Sbanken and higher revenues from payment services due to increased consumption and travel activity.

Operating expenses rose by 13.7 per cent, mainly driven by the customer identity verification programme and the acquisition of Sbanken.

Impairment of financial instruments amounted to NOK 288 million in 2022, corresponding to 0.03 per cent of total lending to customers. In 2021, there were net reversals, mainly associated with the Private Banking segment.

The market share of credit to households was 24.2 per cent at end-Desember 2022. The market share of total household savings amounted to 31.9 per cent, while the market share for savings in mutual funds amounted to 38.4 per cent at end-December. DNB Eiendom had an average market share of 15.2 per cent in 2022, a decline from 16.5 per cent in the previous year.

DNB has an ambition to achieve continued profitable growth in the personal customers segment and will continue its efforts to adapt products, solutions, customer service and cost levels to the competitive situation of the future. Advising customers on the green shift will continue to be a high priority in DNB.

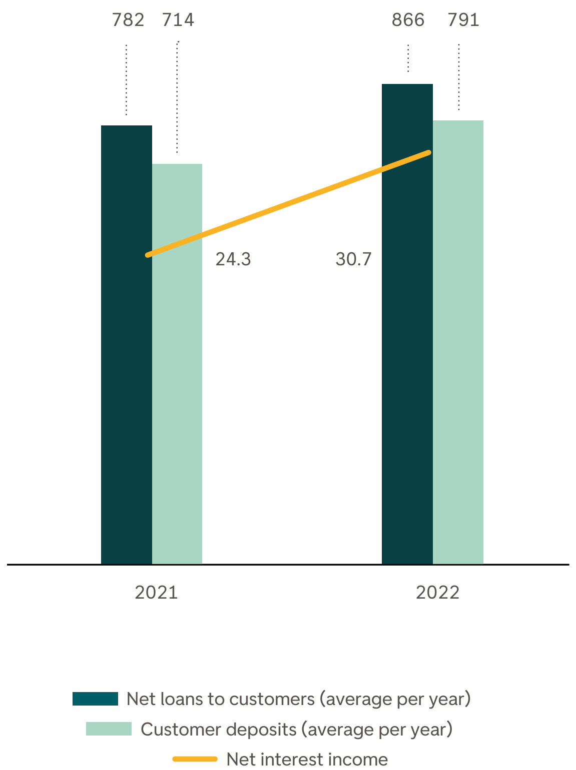
CORPORATE CUSTOMERS

Despite the geopolitical challenges and macroeconomic uncertainty, there was a high level of customer activity in the corporate sector throughout the year. The corporate customers segment saw a solid profit and a 19.2 per cent return on allocated capital, up from 16.1 per cent in 2021. The profitability was mainly driven by a significant increase in net interest income from deposits, increased income from Markets activities, increased net gains on financial instruments at fair value and net reversals on impairment of financial instruments.

Income statement in NOK million	2022	2021
Net interest income	30 748	24 344
Net other operating income	10 821	9 147
Total income	41 569	33 491
Operating expenses	(15 060)	(13 384)
Pre-tax operating profit before impairment	26 509	20 107
Net gains on fixed and intangible assets	1	0
Impairment of financial instruments	560	730
Profit from repossessed operations	348	309
Pre-tax operating profit	27 418	21 147
Profit for the year	20 563	15 860
Average balance sheet items in NOK billion		
Net loans to customers	865,6	781,6
Deposits from customers	790,6	714,0
Key figures in per cent		
Return on allocated capital	19,2	16,1

Developments in loans, deposits and net interest income

NOK billion



Loans to customers increased by 10.7 per cent throughout 2022. The underlying volume growth, adjusted for exchange rate effects, was 13.9 per cent. Lending spreads were on average reduced from 2021. This can mainly be ascribed to lag effects from the implementation of increased interest rates in the SME segment and in the DNB Finans portfolio. Deposits from customers increased by 10.7 per cent during the course of 2022, resulting in a ratio of deposits to loans of 91.3 per cent at year-end. The ratio of deposits to loans remained high in 2022, but is expected to gradually decrease towards a more normalised level. Deposit spreads in the last half of the year were positively affected by increasing NOK money market rates.

Net other operating income increased by a solid 18.3 per cent from 2021 and amounted to NOK 10 821 million in 2022. The increase was mainly driven by net commissions and fees and net gains on financial instruments at fair value.

Operating expenses increased by 12.5 per cent from 2021, mainly due to an increase in activity and fees and a further strengthening of core competence. In addition, there were non-recurring costs associated with the winding down of operations in Poland.

In 2022, there were net reversals of impairment of financial instruments of NOK 560 million, compared with net reversals of NOK 730 million in the previous year. Towards the end of the year there was an increase in impairment provisions in the industry segments commercial real estate, retail industries and services, due to a slight downward adjustment in the economic forecasts. The portfolio within Ocean Industries was positively affected by reduced uncertainty in the macro outlook.

DNB is well positioned for continued profitable growth in the large corporate customer segment and for building further on its market-leading position in the SME segment, as well as exploring new and existing profitable opportunities relating to the green transition. The corporate customers segment has implemented the framework and methodology for measuring financed emissions and has embedded DNB's net-zero ambition into key sectoral strategies. A Sustainable Finance Forum was established in the fourth quarter of 2022 together with DNB Markets to provide ESG competence to customer teams.

OTHER OPERATIONS

The Other operations segment comprises the business activities in the risk management operations in Markets and traditional pension products in DNB Livsforsikring, in addition to several Group items not allocated to the segments.

Income statement in NOK million	2022	2021
Net interest income	1 638	1 901
Net other operating income	1 598	6 282
Total income	3 236	8 183
Operating expenses	(1 338)	(5 040)
Pre-tax operating profit before impairment	1 897	3 143
Net gain on fixed and intangible assets	(24)	(83)
Impairment of financial instruments	0	2
Profit from repossessed operations	(348)	(309)
Pre-tax operating profit	1 525	2 753
Tax expenses	2 320	16
Profit from operations held for sale, after taxes	270	150
Profit of the year	4 115	2 920
Average balance sheet items in NOK billion		
Net loans to customers	105,8	119,9
Deposits from customers	52.0	106.7

Profits in the Other operations segment are affected by several Group items which vary from year to year.

Pre-tax operating profit was NOK 1 525 million in 2022.

Risk management income was up from NOK 555 million in 2021 to NOK 1 123 million in 2022. The income increase was mainly due to interest rate trading which compensated for a lower income contribution from counter-party risk (XVA) and fixed-income securities trading compared with 2021.

For traditional pension products with a guaranteed rate of return, net other operating income reached a level of NOK 1 028 million in 2022, down NOK 569 million from 2021, due to a decrease in profits both in the corporate portfolio and in the common portfolio. Net risk result was up NOK 99 million, to NOK 473 million in 2022, reflecting an increase in profits from paid-up policies. Net commissions and fees were up NOK 107 million, to NOK 744 million in 2022, mainly due to a reduction in fund management costs of NOK 85 million from 2021.

DNB's share of the profit in associated companies (most importantly Luminor, Vipps and Fremtind) is also included in this segment.

Corporate governance

The management of DNB is based, among other things, on the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance (the NUES recommendation). Sound corporate governance is DNB's 'licence to operate' and a prerequisite for creating long-term value for shareholders, and for ensuring sustainable business operations over time. Furthermore, the Board of Directors is the bank's highest governing body and ensures that the Group Management team runs the company in a responsible manner. When electing the Board's shareholder-elected members, emphasis is placed on the interests of the shareholder community and DNB's need for competence, capacity and diversity. Read more about this in the Board of Directors' report on corporate governance on page 164 and in the document Implementation of and reporting on corporate governance on ir.dnb.no.

Liability insurance has been entered into for the Board of Directors, to cover the legal liability that Board members and senior executives may face. The insurance covers any personal liability that Board members, deputy Board members and employees of DNB Bank ASA, including all subsidiaries, may incur. The insurance policy also covers the costs of processing any damages claims made, and documenting the facts related to these.

Risk management and internal control

The main purpose of risk management in DNB is to achieve an optimal balance between risk and earnings in a long-term perspective. Through sound risk management, the Group should always be able to identify, manage, monitor and report risks that have a bearing on DNB's target attainment.

The aftermath of the pandemic and the outbreak of the war in Ukraine meant that 2022 was another year of great uncertainty. High and volatile energy prices have been particularly challenging for households in Norway, although dampened by measures introduced by the Norwegian Government. Uncertainty about geopolitical developments and persistent challenges relating to global supply chains have contributed to high inflation and rising interest rates. Despite this, the quality of DNB's portfolio remained stable throughout the year and is considered to be robust. Analyses and stress tests that have been carried out during the year, both for specific portfolios and for the Group as a whole, have shown that DNB has good capital adequacy and the ability to withstand far greater losses than loss forecasts are indicating.

Internal control in DNB consists of the following main components: governance environment, risk assessments, control activities, information and communication, and monitoring activities. This model is based on the European Banking Authority's Guidelines on Internal Governance and the framework from the Committee of Sponsoring Organizations of the Treadway Commission, COSO. Read more about internal control and risk management relating to the financial reporting process in Implementation of and reporting on corporate governance on ir.dnb.no.

Read more about developments in 2022 and about how DNB manages, measures and reports risks in the Group's risk and capital management report (the Pillar 3 report), as well as in the Board of Directors' report on corporate governance on page 164 and in the document Implementation of and reporting on corporate governance on ir.dnb.no.

Compliance

We work continuously to ensure a high level of compliance,, and the fight against money laundering and financial crime is one of the Group's most important tasks in terms of its corporate responsibility.

Read more about what the Group did in this area in 2022 in the chapter DNB combats financial crime and contributes to a secure digital economy from page 132 onwards, in the Board of Directors' report on corporate governance on page 164 and in the document Implementation of and reporting on corporate governance on ir.dnb.no.

Employees and competence

The employees are the heart of the organisation and the Group's most important resource, and their well-being and development are key to DNB's success. DNB works systematically to maintain a good working environment and high level of engagement. During the course of 2022, the Group worked actively on making the transition from a working model dominated by a pandemic to a new model that facilitates working both at the office and away from the office. The bank aims to create development opportunities that the employees find future-oriented, attractive and relevant, in addition to supporting the Group's strategic goals. This requires a needs-driven and insight-based approach to competence building, where the right measures are offered at the right time. The Group continued its systematic efforts to ensure that it has the right competence and to promote change capacity, adaptability and employee engagement.

The average sickness absence rate in DNB's Norwegian operations was 4.4 per cent in 2022.

Read more about the priorities that are considered to be essential to ensuring the right competence on page 149, about working conditions on page 150 and about equality and diversity on page 125. More detailed information can be found in note G22 Salaries and other personnel expenses in the annual accounts.

New regulatory framework

INCREASED COUNTERCYCLICAL CAPITAL BUFFER AND KEY POLICY RATE

Norway's central bank, Norges Bank, sets the level of the countercyclical capital buffer, which is a time-varying capital requirement for banks. On 24 March 2022, Norges Bank decided to increase the requirement to 2.5 per cent with effect from 31 March 2023, in line with previous signals. It was previously decided to increase the buffer requirement from 1.0 per cent to 1.5 per cent with effect from 30 June 2022, and to 2.0 per cent with effect from 31 December 2022.

In March 2020, the Ministry of Finance reduced the buffer requirement from 2.5 to 1 per cent. The reduction was made in the context of the Covid infection control measures that had led to a sharp decline in activity in the Norwegian economy. The level of activity in the Norwegian economy continued to increase after the infection control measures were removed in the winter of 2022. The increase to 2.5 per cent was therefore expected, and had already been incorporated into DNB's capital planning.

FINANSTILSYNET'S PRACTICE FOR ASSESSING RISK AND CAPITAL REQUIREMENTS

On 9 September 2022, Finanstilsynet (the Financial Supervisory Authority of Norway) published a circular describing its Supervisory Review and Evaluation Process (SREP) and providing information relating to the methods and assessment criteria it uses during the process. The circular was updated as a result of new guidelines issued by the European Banking Authority (EBA) and amendments to the Capital Requirements Directive (CRD V) on the determination of the Pillar 2 requirement.

Previously, Finanstilsynet required that the Pillar 2 requirement was to be met using only CET1 capital. However, the new circular states that parts of the Pillar 2 requirement can be met using a combination of Tier 1 capital and Tier 2 capital. This is in line with the rules of the CRD V.

NEW FINANCIAL CONTRACTS ACT ENTERED INTO FORCE ON 1 JANUARY 2023.

The new Financial Contracts Act is intended to replace the current Norwegian Financial Contracts Act of 1999 and the Norwegian Cancellation Act in the area of banking and finance. The Act entered into force on 1 January 2023. During the autumn of 2022, the Ministry of Justice and Public Security finalised the regulations on financial contracts with supplementary regulations. The Ministry also published an interpretative statement and laid down transitional rules concerning, among other things, the new Act's provisions relating to changes to interest rate terms in credit agreements.

The purpose of the Act, which is the most important law governing the relationship between banks and their customers, is to strengthen customers' consumer protection and take into account digital developments in society.

THE NORWEGIAN LENDING REGULATIONS TO BE RETAINED

The Ministry of Finance has adopted certain amendments to the Norwegian Lending Regulations which entail, among other things, that the requirement of an interest rate stress test must be adjusted to meet the requirements of the economic situation. Previously, banks needed to factor in an interest rate increase of at least 5 percentage points when assessing a customer's debt-servicing capacity. This requirement changed on 1 January 2023, so that banks can base their decision on an interest rate increase of at least 3 percentage points. Banks must nonetheless factor in an interest rate of at least 7 per cent when assessing debt-servicing capacity. As of 1 July 2023, loans secured by other collateral than property, such as car and boat loans, will also be covered by the general requirements in the Norwegian regulations regarding loan-to-income ratio and debt-servicing capacity.

THE PARAMETERS FOR SETTING PILLAR 2 REQUIREMENTS MUST BE CLARIFIED

On 1 November 2022, Finanstilsynet published an evaluation of Norwegian and international practices for setting Pillar 2 requirements. Finanstilsynet also drafted a consultation paper with a proposal for implementation of the provisions in CRD V regarding Pillar 2 in Norwegian rules and legislation. The proposal primarily entails a clarification and specification of Norway's EEA obligations under CRD V.

The draft Norwegian regulations are consistent with the provision in CRD V that requires institutions to meet the Pillar 2 requirement of common equity Tier 1 (CET1) capital of at least 56.25 per cent and Tier 1 capital of at least 75 per cent, and that any requirement of higher capital quality must be justified on the grounds of specific circumstances at the institution.

The Ministry of Finance has circulated the proposal for public consultation. The Ministry has previously pointed out that considerations relating to the rule of law may indicate that the parameters for the Pillar 2 process should to a greater extent than today be laid down in rules and legislation.

SUSTAINABILITY CONSIDERATIONS AND NEW PRINCIPLE FOR SENIOR EXECUTIVE REMUNERATION INCLUDED IN GOVERNMENT'S WHITE PAPER ON STATE OWNERSHIP

Facilitating sustainable transition and increased value creation has been introduced as a new rationale for state ownership. Sustainability considerations have also been clarified and reinforced in the Government's goals as owner. For companies that operate in competition with others, such as DNB, the goal is the highest possible return over time within sustainable limits.

The report also launches a new principle for remuneration of senior executives. It introduces an expectation that companies provide a special explanation if salary adjustments for senior executives exceed the adjustments for the company's other employees. The Government also expects companies to reduce the maximum amount of variable pay achievable for senior executives from 50 to 25 per cent of their full salary.

Macroeconomic developments

The steep rise in inflation in 2022 led to a pronounced restructuring of monetary policy in many countries, and interest rates continued to rise throughout the year. In the US, the upper interval of the key policy rate was raised to 4.50 per cent in December, up from 3.25 per cent at the end of September, and up from 0.25 per cent at the beginning of 2022. In the eurozone, the central bank's deposit rate was raised from 0.50 per cent at the beginning of 2022 to 2.00 per cent in December 2022. In Europe, high energy prices have curbed households' and companies' expectations regarding economic activity in the near term. To limit the effects of high energy prices on the business sector and households, the authorities of many countries have introduced massive support schemes adapted to the unique characteristics of each country. Stock market indices in many markets fell in 2022. In the US, the S&P 500 Index declined by 19.4 per cent following some recovery in the fourth quarter. The Oslo Stock Exchange's benchmark index fell by a mere 1 per cent, with considerable assistance from share price development for energy companies. The Norwegian index rose clearly during the fourth quarter. In the fixed income markets, the 10-year government bond yield rose markedly throughout the year, with an increase of 2.4 percentage points in the US, 2.7 percentage points in Germany and 1.5 percentage points in Norway.

Growth in the Norwegian economy was strong in 2022, despite the first quarter being affected by lockdowns and the outbreak of the war in Ukraine, which resulted in a drop in activity. The reopening of society resulted in strong growth in the second quarter, and the growth continued to increase throughout the year, but at a somewhat slower rate in the fourth quarter. Figures in the national accounts up to November showed large fluctuations in activity in some sectors, but seen as a whole and over time, the figures showed a further increase in activity during the third quarter and into the fourth quarter. A pronounced increase in households' purchase of cars aided growth in consumption in the fourth quarter, while other private consumption also increased. In November, Norges Bank's regional network showed a clear weakening of activity in the previous months, and the contacts expected a decline in the next half-year. Business confidence surveys for both households and businesses clearly showed low expectations towards activity going forward. In its Monetary Policy Report for December 2022, Norges Bank forecast a 0.2 per cent decline in mainland GDP for 2023. The week before that, Statistics Norway estimated that growth in 2023 would be 1.2 per cent. The differences in these projections reflect the considerable uncertainty surrounding the financial situation in 2023.

In December 2022, consumer prices were up 5.9 per cent, compared with the same month a year earlier. Inflation peaked at 7.5 per cent in October. Calculated without including the electricity support scheme, the 12-month rate for the CPI All-item index would have been 7.1 per cent in December, according to Statistics Norway. Core inflation, as measured by the CPI-ATE All-item index, rose to 5.8 per cent in December. For the year as a whole, consumer prices rose by a total of 5.8 per cent, while core inflation was 3.9 per cent. In the fourth quarter, house prices, adjusted for seasonal variation, were 1.8 per cent lower than in the third quarter. There was a clear decline in prices in September, October and November, but a slight increase in December. Households' credit growth continued to decline in the third quarter and at the start of the fourth quarter, and was 4.2 per cent in Desember, year on year. At the end of 2021, household credit growth was 5.0 per cent.

High capacity utilisation and inflation indicate a tightening of monetary policy. In December 2022, Norges Bank raised the key policy rate by 0.25 percentage point, to 2.75 per cent. The interest rate was raised by 0.25 percentage point in November as well, following 0.50 percentage point rises at each of the previous three meetings. In December, Norges Bank indicated that the key policy rate might be raised by 0.25 percentage point to 3.00 per cent in the first quarter. The interest rate path presented is a result of Norges Bank's attempts to strike a balance between curbing inflation, on the one hand, and avoiding an excessive rise in unemployment, on the other.

Future prospects

DNB will play a key role in supporting society, and the Group will continue to create value for its owners, customers and society as a whole, while remaining a safe and stable financial institution. At the same time, DNB will be the bank that is best at taking advantage of the opportunities offered by new technology, new regulatory conditions and changed customer needs. And DNB will be the bank that is best at managing and adapting to change.

At DNB's Capital Markets Day in November, it was announced that the Group's overriding financial target is a return on equity (ROE) above 13 per cent, up from above 12 per cent.

Norges Bank's stepwise increase in the key policy rate, from 0.50 per cent to 2.75 per cent during 2022, followed by DNB's repricing announcements, will have full annual effect in 2023. In addition to positive effects from increasing NOK interest rates and repricing, the following factors will contribute to reaching the ROE target: growth in loans and deposits, growth in commissions and fees from capital-light products, and cost control measures. The annual organic loan growth is expected to be between 3 and 4 per cent over time, while maintaining a sound deposit-to-loan ratio. DNB has an ambition to increase net commissions and fees by 4 to 5 per cent annually, and to achieve a cost/income ratio below 40 per cent.

The tax rate going forward is expected to be 23.0 per cent.

The supervisory expectation for the common equity Tier 1 (CET1) capital ratio for DNB is 16.5 per cent, including Pillar 2 Guidance at 1.5 per cent. Norges Bank has announced an increase in the counter-cyclical buffer requirement from 2 per cent to 2.5 per cent from March 2023. In its capital planning, DNB has taken into account the full counter-cyclical buffer requirement of 2.5 per cent in Norway, which will increase the supervisory expectation for the CET1 level to 17.0 per cent. The supervisory expectation plus some headroom will be DNB's target capital level. The headroom will reflect expected future capital needs including market-driven CET1 fluctuations. The actual ratio achieved in 2022 was 18.3 per cent.

The new accounting rules for the recognition, measurement and presentation of insurance contracts (IFRS 17) became mandatory for the reporting period beginning on 1 January 2023, with requirements for comparative figures for 2022. The DNB Group will report in accordance with IFRS 17 as of the first quarter of 2023. The IFRS 17 rules are effective only for the DNB Group's accounts; that is, the rules are not being introduced in the company accounts for DNB Livsforsikring. The transition to IFRS 17 does not therefore affect DNB Livsforsikring's capitalisation, tax base or dividend capacity. There are no changes in the underlying business model, operations or strategy as a result of the introduction of IFRS 17. The transition to IFRS 17 does not affect the DNB Group's CET1 capital, and thus does not affect the Group's capital adequacy, leverage ratio, maximum distributable amount (MDA) or dividend capacity. The full implementation effect of IFRS 17, as well as the effect of the changed measurement of financial instruments, is estimated to be in the order of NOK 10 billion after tax, and will reduce the Group's equity at the transition date. Compared with the situation under the previous rules, the one-time effect on equity will be compensated for by positive results in future periods.

Dividends and allocation of profits

DIVIDENDS

DNB's Board of Directors has approved a dividend policy which aims to provide an attractive and competitive return for shareholders through a combination of increases in the share price and dividend payments. The Group is to have a dividend ratio of more than 50 per cent in cash dividends and has an ambition of increasing the nominal dividend per share each year. In addition to dividend payments, repurchases of own shares will be used as a flexible tool for allocating excess capital to DNB's owners.

DNB is well capitalised and has a 1.75 percentage-point headroom above the supervisory authorities' current capital level expectation. The Board of Directors has thus proposed a dividend of NOK 12.50 per share for 2022, for distribution on 5 May 2023. The proposed dividend for 2022 gives a dividend yield of 6.4 per cent based on a share price of NOK 194.45 as at 31 December 2022, and means that DNB Bank ASA will distribute a total of NOK 19 316 million in dividends for 2022. This corresponds to a payout ratio of 65 per cent of the Group's profits, including the share buy-back programme of 0.5 per cent.

ALLOCATIONS

DNB Bank ASA recorded a profit of NOK 30 768 million in 2022, compared with a profit of NOK 22 342 million in 2021.

The Board proposes a Group contribution of NOK 13 050 million to DNB Boligkreditt AS, and at the same time DNB Boligkreditt AS will pay NOK 17 160 million (after tax) as a Group contribution to DNB Bank ASA.

Amounts in NOK million	2022
Profit for the year	30 768
Portion attributable to shareholders of DNB Bank ASA	30 026
Portion attributable to additional Tier 1 capital holders	743
Proposed dividend per share (NOK)	12.50
Share dividend	19 316
Transfers to other equity	10 709
Total allocations	**30 768**

The Board of Directors is of the opinion that, after the dividend payment of NOK 12.50 per share for 2022, the Group will have adequate financial strength and flexibility to provide sufficient support to operations in subsidiaries and meet the Group's expansion requirements and changes in the regulatory framework.

Oslo, 8 March 2023
The Board of Directors of DNB Bank ASA

Olaug Svarva
(Chair of the Board)

Svein Richard Brandtzæg
(Vice Chair of the Board)

Gro Bakstad

Julie Galbo

Lillian Hattrem

Jens Petter Olsen

Stian Tegler Samuelsen

Jaan Ivar Semlitsch

Jannicke Skaanes

Kim Wahl

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

Annual accounts DNB Group

G – Income statement

Amounts in NOK million	Note	2022	2021
Interest income, amortised cost	G19	75 241	43 997
Other interest income	G19	4 751	2 890
Interest expenses, amortised cost	G19	(29 080)	(4 693)
Other interest expenses	G19	(2 619)	(3 504)
Net interest income	G19	**48 294**	**38 690**
Commission and fee income	G20	15 343	14 992
Commission and fee expenses	G20	(3 890)	(3 981)
Net gains on financial instruments at fair value	G21	4 147	3 621
Net financial result, life insurance		(119)	581
Net risk result, life insurance		487	210
Profit from investments accounted for by the equity method	G37	617	524
Net gains on investment properties	G36	(7)	91
Other income		1 244	1 188
Net other operating income		**17 821**	**17 225**
Total income		**66 115**	**55 915**
Salaries and other personnel expenses	G22	(14 871)	(13 826)
Other expenses	G23	(8 098)	(6 845)
Depreciation and impairment of fixed and intangible assets	G24	(3 541)	(3 363)
Total operating expenses		**(26 510)**	**(24 034)**
Pre-tax operating profit before impairment		**39 605**	**31 881**
Net gains on fixed and intangible assets		(24)	(82)
Impairment of financial instruments	G9	272	868
Pre-tax operating profit		**39 854**	**32 667**
Tax expense	G26	(7 262)	(7 462)
Profit from operations held for sale, after taxes		270	150
Profit for the year		**32 861**	**25 355**
Portion attributable to shareholders		32 010	24 407
Portion attributable to non-controlling interests		82	26
Portion attributable to additional Tier 1 capital holders		769	922
Profit for the year		**32 861**	**25 355**
Earnings/diluted earnings per share (NOK)	G50	20.65	15.74
Profit for the year as a percentage of total assets		0.94	0.74

G – Comprehensive income statement

Amounts in NOK million	2022	2021
Profit for the year	**32 861**	**25 355**
Actuarial gains and losses	414	(183)
Property revaluation	165	212
Items allocated to customers (life insurance)	(160)	(193)
Financial liabilities designated at FVTPL, changes in credit risk	140	29
Tax	(131)	41
Items that will not be reclassified to the income statement	428	(93)
Currency translation of foreign operations	3 275	(1 018)
Currency translation reserve reclassified to the income statement	(5 213)	0
Hedging of net investment	(2 878)	680
Hedging reserve reclassified to the income statement	5 137	
Financial assets at fair value through OCI	(704)	(101)
Tax	900	(148)
Tax reclassified to the income statement	(1 284)	
Items that may subsequently be reclassified to the income statement	(767)	(587)
Other comprehensive income for the year	**(340)**	**(681)**
Comprehensive income for the year	**32 522**	**24 674**

G – Balance sheet

Amounts in NOK million	Note	31 Dec. 2022	31 Dec. 2021
Assets			
Cash and deposits with central banks		309 988	296 727
Due from credit institutions		20 558	44 959
Loans to customers	G10, G11, G12	1 961 464	1 744 922
Commercial paper and bonds		488 087	425 267
Shareholdings	G32	33 350	35 297
Financial assets, customers bearing the risk	G35	138 259	138 747
Financial derivatives	G16	185 687	135 400
Investment properties	G36	14 651	17 823
Investments accounted for by the equity method	G37	19 257	19 549
Intangible assets	G38	10 273	5 804
Deferred tax assets	G26	510	649
Fixed assets	G39	21 254	21 430
Assets held for sale		1 767	2 245
Other assets	G41	31 324	30 423
Total assets		**3 236 431**	**2 919 244**
Liabilities and equity			
Due to credit institutions		177 298	149 611
Deposits from customers	G42	1 396 630	1 247 719
Financial derivatives	G16	190 142	114 348
Debt securities issued	G43	737 886	702 759
Insurance liabilities, customers bearing the risk	G18, G35	138 259	138 747
Liabilities to life insurance policyholders	G18	191 059	199 379
Payable taxes	G26	4 057	3 054
Deferred taxes	G26	5 136	1 571
Other liabilities	G46	34 200	39 718
Liabilities held for sale		541	896
Provisions		977	1 642
Pension commitments	G25	4 657	5 073
Senior non-preferred bonds	G44	59 702	37 769
Subordinated loan capital	G45	36 788	33 047
Total liabilities		**2 977 332**	**2 675 332**
Additional Tier 1 Capital		16 089	16 974
Non-controlling interests		227	266
Share capital		19 378	19 379
Share premium		18 733	18 733
Other equity		204 672	188 559
Total equity	G47	**259 098**	**243 912**
Total liabilities and equity		**3 236 431**	**2 919 244**

G – Statement of changes in equity

Amounts in NOK million	Non-controlling interests	Share capital	Share premium	Additional Tier 1 capital	Net currency translation reserve	Liability credit reserve	Retained earnings	Total equity
Balance sheet as at 31 December 2020	**119**	**15 503**	**22 609**	**18 362**	**5 952**	**23**	**185 829**	**248 396**
Profit for the year	26			922			24 407	25 355
Actuarial gains and losses							(183)	(183)
Property revaluation							19	19
Financial assets at fair value through OCI							(101)	(101)
Financial liabilities designated at FVTPL, changes in credit risk						29		29
Currency translation of foreign operations	1				(1 018)			(1 018)
Hedging of net investment					680			680
Tax on other comprehensive income					(170)	(7)	70	(107)
Comprehensive income for the year	27			922	(509)	22	24 212	24 674
Interest payments AT1 capital				(926)				(926)
Currency movements interest payments AT1 capital				17			(11)	6
AT1 capital redeemed				(1 400)				(1 400)
Non-controlling interests	120						(3)	117
Net purchase of treasury shares		1					19	20
DNB ASA merger		3 876	(3 876)					
Dividends paid for 2019 (NOK 8.40 per share)							(13 023)	(13 023)
Dividends paid for 2020 (NOK 9.00 per share)							(13 953)	(13 953)
Balance sheet as at 31 December 2021	**266**	**19 379**	**18 733**	**16 974**	**5 444**	**45**	**183 071**	**243 912**
Profit for the year	82			769			32 010	32 861
Actuarial gains and losses							414	414
Property revaluation							5	5
Financial assets at fair value through OCI							(704)	(704)
Financial liabilities designated at FVTPL, changes in credit risk						140		140
Currency translation of foreign operations					3 275			3 275
Hedging of net investment					(2 878)			(2 878)
Tax on other comprehensive income					719	(35)	84	768
Reclassified to the income statement on the liquidation of foreign operations					(1 360)			(1 360)
Comprehensive income for the year	82			769	(243)	105	31 809	32 522
Interest payments AT1 capital				(1 056)				(1 056)
AT1 capital redeemed				(6 548)				(6 548)
Currency movements on interest payment and redemption AT1 capital				447			(428)	19
AT1 capital issued				4 800				4 800
Net purchase of treasury shares		(1)					(14)	(15)
Non-controlling interests	(120)							(120)
Aquisition of Sbanken				702				702
Dividends paid for 2021 (NOK 9.75 per share)							(15 116)	(15 116)
Balance sheet as at 31 December 2022	**227**	**19 378**	**18 733**	**16 089**	**5 200**	**150**	**199 322**	**259 098**

G – Cash flow statement

Amounts in NOK million	2022	2021
Operating activities		
Net payments on loans to customers	(108 632)	(58 083)
Interest received from customers	63 361	42 060
Net receipts on deposits from customers	57 382	143 754
Interest paid to customers	(13 406)	(3 475)
Net receipts/(payments) on loans to credit institutions	53 607	(25 144)
Net interest received from/(paid) to credit institutions	2 383	(1 023)
Net payments on the sale of financial assets for investment or trading	(55 399)	(42 985)
Interest received on bonds and commercial paper	4 917	2 832
Net receipts on commissions and fees	10 672	10 974
Payments to operations	(22 701)	(19 807)
Taxes paid	(3 645)	(7 119)
Receipts on premiums	17 357	15 761
Net receipts on premium reserve transfers	666	444
Payments of insurance settlements	(14 528)	(14 278)
Other net payments	(11 854)	(2 326)
Net cash flow from operating activities	**(19 820)**	**41 585**
Investing activities		
Net payments on the acquisition or disposal of fixed assets	(3 513)	(4 486)
Net receipts on investment properties	3 952	375
Net investment in long-term shares	(9 081)	(627)
Dividends received on long-term investments in shares	993	344
Net cash flow from investing activities	**(7 649)**	**(4 393)**
Financing activities		
Receipts on issued bonds and commercial paper (see note G43)	1 773 567	3 205 879
Payments on redeemed bonds and commercial paper (see note G43)	(1 732 556)	(3 213 010)
Interest payment on issued bonds and commercial paper	(11 123)	(9 446)
Receipts on issued senior non-preferred bonds (see note G44)	21 584	29 421
Interest payments on senior non-preferred bonds	(527)	(184)
Receipts on issued subordinated loan capital (see note G45)	13 227	4 845
Redemptions of subordinated loan capital (see note G45)	(10 767)	(2 947)
Interest payments on subordinated loan capital	(589)	(440)
Net payments on issue and redemption of additional Tier 1 capital (see note G47)	(1 748)	(1 400)
Interest payments on additional Tier 1 capital	(1 056)	(926)
Lease payments	(629)	(580)
Net sale/(purchase) of own shares	(15)	20
Dividend payments	(15 116)	(26 976)
Net cash flow from financing activities	**34 253**	**(15 744)**
Effects of exchange rate changes on cash and cash equivalents	**2 603**	**(2 805)**
Net cash flow	**9 387**	**18 643**
Cash as at 1 January	307 735	289 092
Net receipts of cash	9 387	18 643
Cash as at 31 December *)	317 123	307 735

*)	*Of which:*	*Cash and deposits with central banks*	*309 988*	*296 727*
		Deposits with credit institutions with no agreed period of notice 1)	*7 135*	*11 008*

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

NOTE G1 Accounting principles

1. Corporate information

DNB Bank ASA is a Norwegian public limited company listed on the Oslo Stock Exchange (Oslo Børs). The consolidated financial statements for 2022 were approved by the Board of Directors on 8 March 2023.

The DNB Group offers banking services, securities and investment services, real estate broking services, insurance and asset management services in the Norwegian and international retail and corporate markets.

The visiting address to the Group's head office is Dronning Eufemias gate 30, Bjørvika, Oslo, Norway.

2. Basis for preparation

DNB has prepared the consolidated financial statements for 2022 in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU).

The consolidated financial statements are based on the historic cost principle, with the exception of financial assets and liabilities measured at fair value and investment properties. The consolidated financial statements are presented in Norwegian kroner. Unless otherwise specified, all amounts are rounded to the nearest million.

The Group's consolidated balance sheets are primarily based on an assessment of the liquidity of the assets and liabilities.

3. Changes in accounting principles

No changes have been made to the accounting principles during the year.

4. Consolidation

The consolidated financial statements for DNB Bank ASA ("DNB" or “the Group”) include DNB Livsforsikring AS and DNB Asset Management Holding AS, all including subsidiaries.

The accounting principles are applied consistently when consolidating ownership interests in subsidiaries and are based on the same reporting periods as those used for the parent company.

When preparing the consolidated financial statements, intra-group transactions and balances, along with gains and losses on transactions between group units, are eliminated.

Subsidiaries

Subsidiaries are defined as companies in which DNB, directly or indirectly, has control. Control over an entity is evidenced by the Group’s ability to exercise its power in order to affect any variable returns that the Group is exposed to through its involvement with the entity. When assessing whether to consolidate an entity the Group evaluates a range of control factors, including:

- the purpose and design of the entity
- the relevant activities and how these are determined
- whether the Group’s rights result in the ability to direct the relevant activities
- whether the Group has exposure or right to variable returns, and
- whether the Group has the ability to use its power to affect its return.

Where voting rights are relevant, the Group is deemed to have control where it holds, directly or indirectly, more than half of the voting rights in an entity, unless DNB through agreements does not have corresponding voting rights in relevant decision-making bodies. With respect to companies where the Group's holding represent less than half of the rights, DNB makes an assessment of whether other factors indicate de facto control.

Subsidiaries are fully consolidated from the date on which control is obtained and until control ceases.

The non-controlling interests that do not meet the definition of equity are classified as financial liabilities in the balance sheet (Other liabilities).

Consolidation of structured entities

The Group engages in various business activities with structured entities which are designed to achieve a specific business purpose. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

DNB (represented by DNB Livsforsikring) invests in both investment funds where DNB Asset Management is the fund manager and investment funds managed by unrelated asset managers. The principal uses of structured entities are to provide customers with access to specific portfolios of assets, especially in the insurance business. Fund managers apply various investment strategies to accomplish their respective investment objectives. Most of the investment funds finance their operations by issuing redeemable shares which are redeemable at the holder's option and entitle the holder to a proportional stake in the respective fund's net assets. DNB's investment strategy entails trading in funds on a regular basis, with the objective to achieve long-term capital growth.

Structured entities are consolidated when the substance of the relationship between the Group and the structured entities indicate that the structured entities are controlled by the Group due to contractual arrangements.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition costs incurred are expensed and included in the Group's operating expenses.

The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. Refer to section 9 Intangible assets for measurement of acquired goodwill.

Associated companies and joint arrangements

Associated companies are companies in which DNB has a significant influence, that is the power to participate in the financial and operating policy decisions of the companies, without being in control or joint control of the companies. DNB assumes that significant influence exists when the Group holds between 20 and 50 per cent of the voting share capital or primary capital in another entity. Associated companies are recognised in the consolidated financial statements according to the equity method.

Joint arrangements are classified as either joint ventures or joint operations. When accounting for joint ventures, the equity method is applied. For joint operations, the parties recognise their rights to assets and liabilities in their balance sheets and recognise their share of income and costs incurred jointly in their income statements. DNB's joint arrangements are determined to be joint ventures.

Under the equity method of accounting, the investment is recognised at cost at the time of acquisition. Any goodwill is included in the acquisition cost. The Group's share of profits or losses, net of taxes, are added to the cost price of the investment along with other changes in equity which have not been reflected in the income statement. The investment is also adjusted for amortisation and any impairment of the Group's carrying amount, based on the cost at date of acquisition. The Group's share of losses is not reflected in the income statement if the carrying amount of the investment will be negative, unless the Group has taken on commitments or issued guarantees for the commitments of the associated company or joint venture.

At the end of each reporting period the Group assess whether any indication of impairment exists. If such indication exists, the investment will be tested for impairment. The carrying value of the investment will be compared with the recoverable amount (the higher of fair value less costs to sell and value in use). If necessary, the carrying value will be written down to the recoverable amount.

The Group's share of unrealised gains on transactions between the Group and its associated companies or joint ventures is eliminated. The same applies to unrealised losses unless the transaction indicates an impairment of the transferred assets.

Conversion of transactions in foreign currency

The presentation currency in the Group's consolidated financial statements is Norwegian kroner. The parent company of the Group, DNB Bank ASA, has Norwegian kroner as its functional currency. Balance sheet items of foreign branches and subsidiaries in other functional currencies are translated into the presentation currency, Norwegian kroner, according to the exchange rates prevailing on the balance sheet date, while profit or loss items are translated according to exchange rates on the transaction date. Changes in net assets resulting from exchange rate movements are recognised in other comprehensive income.

Monetary assets and liabilities in foreign currency are translated into the entities' functional currency at the exchange rates prevailing on the balance sheet date. Changes in the carrying amount of such assets due to exchange rate movements between the transaction date and the balance sheet date are recognised within the line item "Net gains on financial instruments at fair value" in the income statement.

5. Segment information

Financial governance in DNB is adapted to the different customer segments. The follow-up of total customer relationships and segment profitability are two important dimensions when making strategic priorities and deciding where to allocate the Group's resources. Reported figures for the various segments reflect the Group's total sales of products and services to the specific segment.

The segment information has been prepared on the basis of internal financial reporting to the group management team (chief operating decision-making body) for an assessment of developments and the allocation of resources. Figures for the operating segments are based on DNB's management model and the Group's accounting principles. The figures are based on a number of assumptions, estimates and discretionary distributions.

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. All of the Group's customer activities are divided among the operating segments, along with the related balance-sheet items, income and expenses.

Excess liquidity and liquidity deficits in the operating segments are placed in or borrowed from the Group Treasury at market terms, where interest rates are based on duration and the Group's financial position.

When operating segments cooperate on the delivery of financial services to customers, internal deliveries are based on market prices.

Services provided by group services and staff units are charged to the operating segments in accordance with service agreements. Joint expenses which are indirectly linked to activities in the operating segments, are charged to the operating segments on the basis of distribution formulas.

A number of key functions and profits from activities not related to the operating segments' strategic operations are presented within Other operations. This item comprises income and expenses relating to the Group's liquidity management, income from investments in equity instruments not included in the trading portfolio, interest income assigned to the Group's unallocated capital, ownership-related expenses and income from the management of the bank's real estate portfolio.

Net profits from repossessed operations which are fully consolidated in the Group are presented as ”Profit from repossessed operations” in the segment reporting. The effect of consolidation of the repossessed companies is presented within Other operations.

Return on capital is estimated on the basis of internal measurement of risk-adjusted capital requirements. See note G3 Segments for further information about the principles for allocation of capital.

6. Recognition in the income statement and in other comprehensive income

Interest income is recognised using the effective interest method. This implies that interest is recognised when incurred, with the addition of amortised front-end fees and any other fees which are regarded as an integral part of the effective interest rate.

The effective interest rate is set by discounting contractual cash flows based on the expected life of the asset. Cash flows include front-end fees and direct transaction costs which are not paid directly by the customer.

Interest is recognised according to the effective interest method with respect to both balance sheet items measured at amortised cost and balance sheet items measured at fair value in the income statement, with the exception of front-end fees on loans at fair value, which are recognised when earned. Interest on impaired loans ("stage 3") corresponds to the effective interest rate on the book value, net of impairment.

"Net other operating income" includes, among others, fees and commissions relating to money transfers, financial guarantees, asset management services including performance/success fees, credit broking, real estate broking, corporate finance, securities services and sale of insurance products. Credit broking commissions include syndication income in the form of fees and commissions from transactions where DNB arranges the loans without retaining parts of the loan itself or participates in a loan syndicate and receives compensation in excess of the effective interest received by the other participants. Fees that are not included in the effective interest rate calculation, as well as commissions, are recognised over time when the services are rendered or at point in time when the transactions are completed.

Variable performance/success fees are only recognised to the extent it is highly probable that a significant reversal of the amount of cumulative revenue will not occur.

Fees related to credit broking, real estate broking and corporate finance services include issuing services, are recognised when the transactions are completed.

Dividends on investments are recognised at the date the dividends are approved at the general meeting.

Income from financial instruments carried at fair value through profit or loss is described under 7. Financial instruments while net income from investment property is described under 8. Investment property and fixed assets.

Items of income and expense in other comprehensive income are grouped based on whether or not they can be reclassified to the income statement, at a future date.

7. Financial instruments

Recognition and derecognition

Initial recognition

Financial assets are recognised in the balance sheet either on the trade date or the settlement date. Trade date accounting is applied for financial assets measured at fair value through profit or loss, while settlement date accounting is applied for financial assets measured at amortised cost.

Financial liabilities are recognised in the balance sheet on the date when the Group becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets

Financial assets are derecognised when the right to receive and retain cash flows from the asset has expired or been transferred, and also if modifications lead to derecognition. The Group enters into certain transactions where it transfers assets recognised on its balance sheet, but retains either all or parts of the risks and rewards of the transferred asset. If all or substantially all of the risks and rewards are retained, the transferred financial asset is not de-recognised from the balance sheet.

Derecognition of financial liabilities

Financial liabilities are derecognised when the contractual obligations have been discharged, cancelled or have expired.

Modifications

An assessment of whether or not a modification of a financial asset leads to de-recognition and recognition of new asset is based on the following considerations:

- Differentiate between modifications to cash flows or other significant items in line with terms in the contract and modifications outside of the contract.
- An assessment of whether or not a modification is substantial. A substantial modification is defined as a full credit process, a pricing decision and the signing of a new contract.
- An assessment of whether the modification is caused by distress or made on commercial terms.
- An assessment if the discounted cash flows after modification, discounted using the original effective interest rate, are changed more than 10 percent compared to the discounted value of the original contractual cash flows.

A modification resulting from a distressed restructuring will in most cases not result in de-recognition and recognition of a new financial instrument as the modified cash flows normally reflect the expected cash flows before restructuring.

Repurchase and reverse repurchase agreements

Securities purchased under agreements to resell are generally not recognised in the financial statements as the risk and returns are normally not taken over by the Group. This is done irrespective of whether the Group has the right to sell or repledge the securities. Upon the sale of securities received, the Group recognises an obligation in the balance sheet. For more information, see note G34 Securities received which can be sold or repledged.

Securities sold under agreements to repurchase are generally not derecognised as the risk and returns are normally not transferred. This is done irrespective of whether the recipient is entitled to sell or repledge the securities. These securities are presented as securities in the Group's balance sheet and are specified in note G33 Transferred assets or assets with other restrictions.

Securities borrowing and lending agreements

Transactions mainly include equity borrowing or lending. Agreements on securities borrowing and lending are generally based on collateral in the form of cash or securities.

Equities which have been received or transferred in such transactions, are generally not recognised or derecognised, as risks and returns associated with ownership of the assets are normally not taken over or transferred.

Equities received, including equities received as collateral, are registered off the balance sheet irrespective of whether the Group has the right to sell or repledge the securities. Upon the sale of securities received, the Group will recognise an obligation in the balance sheet. For more information, see note G34 Securities received which can be sold or repledged.

Transferred equities and collateral which the recipient is entitled to sell or repledge, are presented as equities or securities in the Group's balance sheet and are specified in note G33 Transferred assets or assets with other restrictions.

Classification and presentation

Financial assets are classified in one of the following measurement categories:

- amortised cost
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL)

The classification of financial assets depends on two factors:

- the business model of the portfolio to which the financial asset belongs
- the contractual cash flow characteristics of the financial asset

When determining the business model, the Group assesses at portfolio level how the business is managed, sales activities, risk management and how information is provided to the executive management. The business model assessment has been performed for each business area. The portfolios belonging to the customer areas are held within a business model whose objective is to hold the assets and collect the contractual cash flows, while there are several different business models for the portfolios belonging to the product area Markets and the support area Group Treasury.

A contractual cash flow characteristics test is performed on initial recognition of financial assets. Financial assets with cash flows that are solely payments of principal and interest (SPPI) pass the test if the interest only compensates for the time value of money, credit risk, liquidity risk, servicing and administrative costs and a profit margin.

Financial liabilities are classified at amortised cost, except for financial liabilities that are required to be measured at fair value through profit or loss or designated at fair value through profit or loss.

Financial assets may irrevocably be designated at fair value through profit or loss on initial recognition if the following criterion is met:

- The classification eliminates or significantly reduces measurement or recognition inconsistency that otherwise would arise from measuring financial assets or recognising the gains and losses on them on different bases.

Financial liabilities may also irrevocably be designated at fair value through profit or loss on initial recognition if the criterion above is fulfilled or one of the following:

- The financial instruments are part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The host contract contains one or more embedded derivatives.

<u>Financial assets measured at amortised cost</u>

Investments in financial assets, which are not designated at fair value through profit or loss, are measured at amortised cost if both of the following conditions are met:

- The assets are held within a business model whose objective is to hold the asset and collect the contractual cash flows.
- The contractual cash flows represent solely payment of principal and interest.

Financial assets measured at amortised cost are initially recognised at fair value plus any directly attributable transaction costs. Subsequent measurement follows the effective interest method, less impairment. Impairment losses and reversals are measured based on a three-stage expected credit loss model. This model is described under Expected credit loss measurement.

A change in expected credit loss allowance for financial assets measured at amortised cost on the balance sheet date is presented under “Impairment of financial instruments” in the income statement.

Interest income on financial instruments classified in this category is presented under “Interest income, amortised cost” using the effective interest method.

This category mainly comprises loans to customers, cash and deposits, receivables, reverse repurchase agreements and bond investments.

<u>Financial liabilities measured at amortised cost</u>

Financial liabilities measured at amortised cost are initially recognised at fair value minus any directly attributable transaction costs. Interest expenses on such instruments are presented under “Interest expense, amortised cost” using the effective interest method.

This category includes deposits from customers and credit institutions, repurchase agreements, issued commercial paper and bonds, subordinated loan capital and perpetual subordinated loan capital securities.

<u>Financial assets measured at fair value through other comprehensive income</u>

Investments in financial assets, which are not designated at fair value through profit or loss or amortised cost, are measured at fair value through other comprehensive income if both of the following conditions are met:

- The assets are held within a business model whose objective is to both hold the asset to collect the contractual cash flows and to sell the asset.
- The contractual cash flows represent solely payment of principal and interest.

At initial recognition, financial assets measured at fair value through other comprehensive income are recognised at fair value plus any directly attributable transaction costs. Subsequent measurement is fair value through other comprehensive income. Changes in fair value are recognised in other comprehensive income and accumulated within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains or losses are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss recognised in other comprehensive income, is recycled over profit or loss and recognised in “Net gains on financial instruments at fair value”. Impairment losses and reversals are measured based on a three-stage expected credit loss model, which is described under Expected credit loss measurement.

This category comprises a portfolio of bond investments.

Financial instruments measured at fair value through profit or loss

The following instruments are recognised in this category:

- derivatives
- equity instruments
- financial instruments held for trading
- financial assets managed at fair value
- financial instruments designated at fair value through profit or loss on initial recognition
- financial assets with contractual cash flows that do not represent solely payment of principal and interest

Instruments in this category are initially recognised at fair value, with transaction costs recognised in profit or loss as they occur. Subsequent measurement is fair value with gains and losses recognised in the income statement.

Changes in the fair value of the financial instruments are presented under “Net gains on financial instruments at fair value” in the income statement. Changes in the fair value of financial instruments within life insurance are presented under the line item “Net financial result, life insurance”. Financial derivatives are presented as an asset if the fair value is positive and as a liability if the fair value is negative.

Interest income and interest expenses from interest-bearing financial instruments, including financial derivatives, are presented under “Net interest income”, except for interest income and interest expenses from financial instruments belonging to the trading portfolio.

The trading portfolio consists of instruments, which are acquired primarily for the purpose of selling or repurchasing in the short term. This includes financial derivatives, shareholdings and bond portfolios. Interest income and interest expenses from financial instruments belonging to the trading portfolio are presented as “Net gains on financial instruments at fair value”.

Financial assets designated at fair value through profit or loss on initial recognition, mainly consist of bonds and fixed-rate mortgage loans in Norwegian kroner.

Financial liabilities designated at fair value through profit or loss on initial recognition mainly consist of fixed-rate securities issued in Norwegian kroner. The change in fair value related to changes in the Group’s credit risk is calculated using relevant credit spread curves from Nordic Bond Pricing. Fair value of changes in credit risk on other financial liabilities is limited due to the short term nature of the instruments. Changes in credit risk on the DNB Group’s long-term borrowings in Norwegian kroner designated at fair value through profit or loss do not create or enlarge an accounting mismatch and are therefore separated and recognised in other comprehensive income. Refer to the statement of changes in equity for a presentation of the effects.

Reclassifications

Financial assets are only reclassified when there is a significant change in the business model for those assets. Such changes are expected to be very infrequent. Financial liabilities are not reclassified.

Issued financial guarantees

Contracts resulting in the Group having to reimburse the holder for a loss incurred because a specific debtor fails to make payments when due, are classified as issued financial guarantees.

On initial recognition, issued financial guarantees are recognised at the consideration received for the guarantee. Issued financial guarantees are subsequently measured at the higher of the amount of loss allowance and the amount initially recognised less the cumulative amount of any revenue recognised in the income statement.

When issuing financial guarantees, the consideration for the guarantee is presented under the line item “Provisions” in the balance sheet. Income from issued financial guarantees and expenses from bought financial guarantees, are amortised over the duration of the instruments and presented as “Commission and fee income” or “Commission and fee expense”.

Change in expected credit loss is recognised under the line item “Impairment of financial instruments” in the income statement.

Loan commitments

An expected credit loss is calculated for loan commitments and presented under the line item “Provisions” in the balance sheet. Any change in the expected credit loss allowance is recognised under the line item “Impairment of financial instruments” in the income statement.

For instruments containing both a drawn and an undrawn component, the expected credit loss is split pro rata between the loss allowance and provisions in the balance sheet based on the relative parts of the exposure.

Financial instruments with the characteristics of equity

Issued additional Tier 1 capital instruments are instruments where DNB has a unilateral right not to repay interest or the principal to the investors. As a consequence of these terms, the instruments do not meet the requirements for a liability and are therefore presented within the line “Additional Tier 1 Capital” within the Group’s equity. Transaction expenses and accrued interest are presented as a reduction in “Other equity”.

Equity in foreign currency shall be converted to Norwegian kroner based on the exchange rate on the transaction date and is not subject to subsequent revaluation.

Offsetting

Financial assets and financial liabilities are offset and presented net in the balance sheet when the Group has a legally enforceable right to offset recognised amounts and has agreed to settle the balances on a net basis or to realise the asset and settle the liability simultaneously. Master netting agreements or similar agreements give the right to offset in the event of default. Such agreements reduce the Group’s exposure in the event of default, but do not on their own qualify for offsetting in accordance with IFRS, as there also needs to be an intention to settle the contractual cash flows net on an ongoing basis. See note G31 Offsetting for details about the financial assets and financial liabilities subject to offsetting agreements.

Determination of fair value

Fair value is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities in active markets are measured at the price within the bid-ask spread that is most representative of the fair value at the measurement date. In most cases bid or asking prices for these instruments are the most representative price for assets and liabilities respectively. Derivatives which are carried net are recognised at midmarket prices at the balance sheet date.

Financial instruments measured at fair value are valued on a daily basis with the exception of a few financial instruments that are valued on a monthly or quarterly basis. As far as possible, directly observable market prices are used. Valuations of the various types of financial instruments are based on well-acknowledged techniques and models. The prices and input parameters used are controlled and assessed based on established routines and control procedures.

The control environment for fair value measurement of financial instruments is an integrated part of the company's financial reporting. A number of controls are carried out on a daily basis, including controls of the day-one results on traded positions and controls of the key input parameters in the valuation. At the end of each month and quarter, extended controls are carried out to ensure that the valuations are consistent with the accounting policy for fair value including variation analyses. Special emphasis is placed on valuations in the level 3 in the valuation hierarchy, where the effects may be significant or particularly challenging.

Instruments traded in an active market

With respect to instruments traded in an active market, quoted prices are used, obtained from a stock exchange, a broker or a price-setting agency.

A market is considered active if it is possible to obtain external, observable prices, exchange rates or interest rates and these prices represent actual and frequent market transactions.

Some investments in equities and commercial paper and bonds are traded in active markets.

Instruments not traded in an active market

Financial instruments not traded in an active market are valued according to different valuation techniques and are divided into two categories:

Valuation based on observable market data:

- recently observed transactions in the relevant instrument between informed, willing and independent parties
- instruments traded in an active market which are substantially similar to the instrument that is valued
- other valuation techniques where key parameters are based on observable market data

Valuation based on other factors than observable market data:

- estimated cash flows
- valuation of assets and liabilities in companies
- models where key parameters are not based on observable market data
- possible industry standards

In the valuation of OTC derivatives, a fair value adjustment is made for the counterparty's credit risk (CVA) and for the Group's own credit risk (DVA). In addition, an adjustment is made for expected funding costs (FVA). Adjustments are made based on the net exposure towards each counterparty for CVA and DVA, and towards a funding netting set for FVA.

The Group estimates CVA as a function of a simulated expected positive exposure, the counterparty's probability of default (PD) and loss given default (LGD). The majority of the Group's derivative counterparties have no market-implied credit spread and no external rating. Internal ratings are therefore combined with historical credit default swap (CDS) spreads as well as current CDS index prices to arrive at the counterparty's estimated CDS spreads. This means that the Group uses its own credit models and their discriminatory power, but calibrates against pricing levels for similar credit risk in the market. For customers classified in stage 3 due to the expected credit loss impairment, CVA is calculated as if the derivatives were loans subject to impairment because of credit losses. The DVA is based on the same approach as for CVA, using an assessment of DNB's credit spread.

FVA reflects the estimated present value of the future funding costs associated with funding uncollateralised derivative exposures. It is calculated by applying a market funding spread to the expected exposure. Funding benefits are not estimated for positions for which DNB calculates DVA.

For financial instruments measured by using valuation techniques, a gain or loss might from time to time occur at initial recognition when the estimated fair value is different from the actual transaction price. When the measurement is based on non-observable input parameters (level 3), the gain or loss is deferred and therefore not recognised at day one. Fair value changes in later periods are only recognised to the extent the change is caused by factors that market participants would take into account.

Expected credit loss measurement (ECL)

The expected credit loss model estimates impairment on the following instruments that are not measured at fair value through profit or loss:

- financial assets that are debt instruments
- lease receivables
- issued financial guarantee contracts
- loan commitments

The Group measures ECL at each reporting date for these instruments, reflecting:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- the time value of money
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The Group measures a loss allowance at an amount reflecting lifetime ECL for all instruments that have been subject to a significant increase in credit risk since initial recognition. Instruments for which there has been no significant change in risk, a 12-month expected credit loss is recognised.

Please refer to note G6 Measurement of expected credit loss for more information on the methodology for estimating expected credit loss.

Repossession of assets

Assets which are repossessed as part of the management of defaulted loans are recognised at fair value at the time of acquisition. Such assets are recognised in the balance sheet according to the nature of the asset. Any difference between the carrying amount of the loan and the fair value of the asset is presented within the line item "Impairment of financial instruments" in the income statement. Subsequent valuations and presentation of the impact to the income statement follow the principles for the relevant balance sheet item.

Hedge accounting

The Group applies hedge accounting according to IFRS 9 Financial instruments.

In the DNB Group both derivative and non-derivative instruments are used to manage exposures to interest rate risk and foreign exchange risk. Hedge accounting is applied to economic hedge relationships in order to reduce or eliminate an accounting mismatch. Fair value hedge accounting is applied to hedges of interest rate risk on issued debt in foreign currency and a portfolio of bond investments. Net investment hedge is applied to currency translation of investments in foreign operations. See note G16 Financial derivatives and hedge accounting for more information.

Fair value hedge of interest rate risk

DNB uses interest rate swaps to hedge against changes in the fair value of fixed-rate issued bonds and subordinated debt in foreign currency, as well as a portfolio of bond investments caused by movements in market interest rates. Securities and liabilities are hedged 1:1 through external contracts where there is a correlation between currencies, interest rate flows and the hedging transaction. The hedges are entered into at the same time as the debt is issued in order to achieve a match in the terms of the derivative and the debt instrument. For bond investments, the hedge is also entered into at the same time as the investment is made.

Fair value hedge accounting is applied to the economic hedge relationships that qualify for hedge accounting. When hedge accounting is applied, there is a qualitative assessment of the economic relationship between the debt instrument or bond investment and the derivative that is documented at the inception of the hedge. Thereafter, it is periodically assessed whether the derivatives designated as hedging instruments have been effective in offsetting changes in fair value of the hedged item. The accumulated fair value changes related to interest rate risk on the debt instruments is compared with the accumulated fair value changes related to movements in the interest rate swaps.

DNB's fair value hedges of interest rate risk on issued debt and bond investments are expected to be highly effective. However, hedge ineffectiveness can arise if the terms of the derivative and the debt instrument are not fully aligned.

Hedging instruments are measured at fair value in the financial statements and changes in the fair value are presented under "Net gains on financial instruments at fair value" in the income statement. Interest income and expense from financial instruments designated as hedging instruments are presented as "Net interest income". Derivatives used for hedging are further specified as "Financial derivatives, hedging" in note G21 Net gains on financial instruments at fair value.

With respect to hedged commercial paper, bonds and financial liabilities, the hedged risk is measured at fair value. For instruments measured at fair value through other comprehensive income, the profit or loss effects of the hedged risk is presented under "Net gains on financial instruments at fair value". The unhedged risk is presented in other comprehensive income. Any changes in the fair value of hedged risk for liabilities measured at amortised cost are presented under "Net gains on financial instruments at fair value".

If the hedge relationship ceases to exist or adequate hedge effectiveness cannot be verified, the accumulated change in fair value of the hedged item is amortised over the remaining time to maturity.

Interest Rate Benchmark Reform

The ongoing Interest Rate Benchmark Reform (also known as the IBOR reform) replaces existing inter-bank offered rates (IBORs) with alternative risk-free rates. The IASB has made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 as a response to the to the ongoing reform. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships.

Furthermore, the amendments focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate due to the reform. DNB still has substantial volumes of loans and derivatives in USD that will be affected by the IBOR reform.

The amendments cover the effects on the financial statements when interest rate benchmarks are replaced by alternative benchmark rates due to the reform. The amendments introduce a practical expedient to account for a change in the basis for determination of cash flows when the interest rate benchmarks are changed. The change needs to meet two conditions to be applicable for the practical expedient: (a) the change is necessary as a direct consequence of the IBOR reform and (b) the new basis for determining cash flows is economically equivalent to the previous one. Under the practical expedient, the changes that meet these requirements are treated as changes to a floating interest rate, thus not resulting in a modification gain or loss in the income statement.

The amendments further introduce relief from hedge accounting requirements, allowing the continuation of hedging relationships, under the same conditions as those listed above.

DNB uses hedge accounting for fixed interest rate borrowing in foreign currencies and fixed interest rate investments in foreign currency debt securities classified as Fair Value through Other Comprehensive Income. The benchmark reform is not expected to have material effects on hedge efficiency, the market value of the hedging instruments or the fair value of the hedged interest rate risk in the hedged items. The majority of the hedging relationships are expected to be continued.

The amendments become relevant and mandatory for DNB when contracts are amended to reflect new reference rates.

Net investment hedge of investments in foreign operations

DNB hedges investments in foreign subsidiaries to eliminate the foreign currency exposure that arises when a subsidiary has a different functional currency from that of the Group. The amount of the investment varies as a result of fluctuations in spot exchange rates between the functional currency of the subsidiaries and the Group's functional currency. This risk is hedged, since it may have significant financial impact on the Group's financial statements.

Foreign currency borrowings are used as hedging instruments. At the inception of the hedge, there is a qualitative assessment of hedge effectiveness. Hedge designations are reassessed on a quarterly basis. Hedge effectiveness is periodically assessed by comparing changes in the carrying amount of the foreign currency borrowings that are attributable to a change in spot rate, with changes in the investment in the subsidiary due to movement in the spot rate. The hedges are expected to be highly effective, since the investments are usually hedged with instruments in the same currency and with an amount corresponding to the size of the investment.

Gains or losses after taxes on the hedging instruments are recognised directly in the Group's equity and presented in the statement of changes in equity as "Net investment hedge reserve" and in the comprehensive income statement as "Hedging of net investment".

If a foreign operation is disposed of, the cumulative gains or losses of the hedging instruments recognised in equity is reclassified to the income statement.

8. Investment property and fixed assets

Properties held to generate profits through rental income or for an increase in value, are presented in the balance sheet as investment property. Properties which are mainly used for own operations, are presented as owner-used properties.

Other tangible assets are presented as fixed assets in the balance sheet.

On initial recognition, investment properties and owner-used properties are measured at cost including acquisition costs.

In subsequent periods, investment properties are measured at fair value by discounting the expected net future cash flows to its present value. Therefore, no annual depreciation is made on an investment property. Internal and external expertise is used for valuations. A selection of external appraisals are obtained and compared with internal valuations for control purposes. In addition, analyses are made of changes from the previous period, as well as sensitivity analyses of key assumptions which are included in the overall evaluation of the fair value measurement. Providers of valuations are also followed up on an ongoing basis through dialogue and enquiries concerning the valuation of individual properties. Changes in fair value of investment property within life insurance are recognised within the line item "Net financial result, life insurance". Changes in fair value of other investment property in the Group are presented within the line item "Net gains on investment property" in the income statement.

Buildings which are owned by DNB Livsforsikring as part of the company's common portfolio and used by the Group, are recognised according to the revaluation model.

Other tangible assets are measured at cost less accumulated depreciation and impairment losses. Cost includes expenses directly related to the acquisition of the asset. Subsequent expenses are capitalised on the relevant assets when it is probable that future economic benefits associated with the expenditure will flow to the Group and can be measured reliably. Expenses for repairs and maintenance are recognised in the income statement as they occur. The residual values and useful lives of the assets are reviewed annually and adjusted if required.

Gains and losses on the sale of fixed assets are recognised within the line item "Net gain on fixed and intangible assets" in the income statement.

9. Intangible assets

Goodwill

Goodwill is initially measured at the acquisition date, as the excess of the aggregate of the consideration transferred and the amount recognised for any non-controlling interest over the fair value of the identifiable assets acquired and liabilities assumed in a business combination. Goodwill acquired is allocated to each cash generating unit, or group of units, expected to benefit from the combination's synergies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Development of IT systems and software

Acquired software is recognised at cost with the addition of expenses incurred to make the software ready for use. Identifiable costs for internally developed software controlled by the Group where it is probable that economic benefits will cover development expenses at the balance sheet date, are recognised as intangible assets. When assessing capitalisation the economic benefits are evaluated on the basis of profitability analyses. Development expenses include expenses covering pay to employees directly involved in the project, materials and a share of directly related overhead expenses. Expenses relating to maintenance of software and IT systems are recognised in the income statement as they occur. Software expenses recognised in the balance sheet are depreciated according to a straight line principle over their expected useful life, usually five years. The assessment for whether there is an indication of impairment is considered according to the principles described below.

10. Impairment of fixed and intangible assets

At end of each reporting period the Group considers whether any indication of impairment of fixed or intangible assets exists. If such indication exists, the recoverable amount of the asset is calculated to estimate possible impairment. Goodwill and intangible assets with an indefinite useful life are tested for impairment minimum once a year. DNB has chosen to perform this annual test in the fourth quarter.

The recoverable amount represents the higher of an asset's fair value less costs to sell and its value in use. If the asset's carrying amount exceeds the estimated recoverable amount, the asset is written down to its recoverable amount. See note G38 Intangible assets for description of impairment testing.

The following relevant criteria are considered when assessing whether indications of impairment exists:

- a decline in the asset's market value
- changes in the long-term return requirement which may affect the discount rate used in the calculation of the asset's value in use
- plans to restructure or liquidate the asset
- the asset generates less income than anticipated

Calculations of value in use are based on historical results and plan figures approved by management. On the basis of plan figures for the cash-generating units, a future cash flow is estimated, defined as the potential return to the owner. The return includes profits from the cash-generating unit adjusted for the need to build sufficient capital to meet expected future capital adequacy requirements. Higher capital requirements due to expanded operations could make it necessary to retain part of the profits or to inject more capital from the owner, if profits from the cash-generating unit are not adequate to build the necessary capital. Beyond the plan period, which is three years, cash flow trends are assumed to reflect market expectations for the type of operations carried out by the cash-generating unit. Future expected cash flows are established for a ten year period where the Gordons growth formula is used to estimate the terminal value to be included.

The required rate of return is based on an assessment of the market's required rate of return for the type of operations carried out by the cash-generating unit. The required rate of return reflects the risk of the operations.

11. Liabilities to policyholders

Products offered by DNB Livsforsikring include group pension insurance, group association insurance, individual endowment insurance, individual annuity and pension insurance, products with a choice of investment profile, group life insurance and occupational injury insurance.

Technical insurance reserves in life insurance

Technical insurance reserves, as defined in the Act on Insurance Activity, include the premium reserve, additional allocations, the market value adjustment reserve, the claims reserve, the risk equalisation fund and other technical reserves. In addition, the premium fund, deposit fund and the pensioners' surplus fund are included in insurance pro-visions. Apart from the risk equalisation fund, which is classified as equity, all insurance provisions are classified as liabilities to policyholders.

The premium reserve is a reserve to secure future insurance liabilities to policyholders and insured persons. The premium reserve represents the technical cash value, i.e. the net present value, of the company's total insurance liabilities including costs, less the cash value of future agreed premiums.

Additional allocations are a conditional allocation to policyholders where changes during the year are recognised in the income statement. The Insurance Act includes stipulations on the use and volume of additional allocations. According to these stipulations, maximum additional allocations per contract cannot exceed 12 per cent of the premium reserve for the contract. Actual allocations for the individual years are determined in connection with year-end adjustments. Additional allocations can be used to cover any rate-of-return shortfall if the annual return is lower than the guaranteed return.

The market value adjustment reserve represents the sum total of unrealised gains on current financial assets included in the common portfolio. If the portfolio of current financial assets shows a net unrealised loss, the market value adjustment reserve is set at zero. Unrealised gains and losses arising from exchange rate movements on derivatives used for currency hedging of properties, loans and bonds in foreign currency are not included in the market value adjustment reserve.

The claims reserve shall cover the company's anticipated indemnity payments for insurance claims which have not been settled or advanced against the company at the end of the accounting year. The claims reserve represents only the funds that would have been disbursed during the accounting year if the processing of the insurance claims had been completed.

The risk equalisation fund can be used to cover negative risk results and to strengthen premium reserves in connection with changes in demographic assumptions in the calculation base. Each year, up to 50 per cent of the company's total risk result can be allocated to the risk equalisation fund for the products group pension and paid-up policies. The annual return is reviewed in connection with year-end adjustments. The risk equalisation fund is classified as equity in the balance sheet.

The premium fund contains premiums prepaid by policyholders within individual and group pension insurance. A share of annual profits is allocated to the pensioners' surplus fund. The fund is used to strengthen the premium reserve for pensioners in connection with adjustments in pension payments.

Liabilities, customers bearing the risk

Allocations relating to insurance liabilities for which customers bear the risk represent the market value of invested policyholders' funds at any given time. The reserve covers a share of the surplus on the risk result and the guaranteed rate of return. The guaranteed rate of return is applicable for relevant contracts in the portfolio of products with a choice of investment profile and the provisions should correspond to the actual undercoverage at the balance sheet date, which implies that the value of deposits exceeds the balance.

Assessment of liabilities to policyholders

Liabilities should be in reasonable proportion to the associated risk. This is ensured through continual monitoring of existing contracts. Furthermore, all premium rates charged by the company shall be reported to the Financial Supervisory Authority of Norway (Finanstilsynet), which has overall responsibility for controlling that adequate premiums are applied. Prevailing premium rates are continually reviewed.

The basis for calculating disability risk is more recent, taking into account the increase in disability observed in society at large. The base rate is used to calculate the present value of future premiums, payments and insurance provisions. The maximum base rate is stipulated by Finanstilsynet, based on the yield on long-term government bonds. The maximum base rate within pension products will be 2.0 per cent for new rights earned.

Adequacy test

The Group carries out a quarterly adequacy test to assess whether its premium reserves are adequate to cover its liabilities to policyholders. The test is described in more detail in note G18 Insurance risk.

Recognition of changes in liabilities to policyholders

Insurance premiums and insurance settlements are recognised by the amounts earned and accrued during the year. Accrual of premiums earned takes place through allocations to the premium reserve in the insurance fund.

Insurance contracts transferred from other companies are recognised at the time the insurance risk is transferred. If the risk is transferred as at 31 December, it is reflected in the financial statement for the subsequent year. Transfer amounts include the policies' shares of additional allocations, the market value adjustment reserve and profits for the year.

Recognition in the income statement

The line item "Net financial result, life insurance" includes returns and gains less all losses, adjusted for allocations to or elimination of the market value adjustment reserve. In addition, it includes the company's guaranteed rate of return on policyholders' funds and policyholders' share of profits including changes in additional allocations. If changes in the value of owner-used properties owned by DNB Livsforsikring as part of the company’s common portfolio are recognised in other comprehensive income, a corresponding share of changes in liabilities to policyholders is recognised in other comprehensive income.

The line item "Net risk result, life insurance" includes risk premiums and the cost of claims for own account, plus claims handling costs. Claims include gross claims payments and changes in gross claims reserves, excluding the reinsurance share.

Administrative expenses are charged to policyholders through premium payments, returns and the dissolution of reserves, and included in "Commission and fee income etc.". Operating expenses and commission expenses are recognised in the consolidated financial statements according to type of expense.

12. Pensions

DNB has country-specific pension schemes for its employees. In Norway, DNB has a defined-contribution pension scheme. See note G25 Pensions for more information.

Defined-contribution pension schemes

Under defined-contribution pension schemes, the Group does not commit itself to paying specified future pension benefits, but makes annual contributions to the employees' pension savings. Future pensions will depend on the size of annual contributions and the annual return on pension savings. After paying annual contributions, the Group has no further commitments linked to employees' work performance. The expenses following from the defined-contribution pension schemes are recognised in the income statement

Defined-benefit pension schemes

Pension expenses are calculated based on a linear distribution of pension entitlements measured against estimated accumulated commitments at the time of retirement. Pension commitments are matched against the pension funds in the schemes. Pension commitments are estimated based on the present value of estimated future pension payments at the balance sheet date. The calculation of the pension commitments is based on actuarial and economic assumptions about life expectancy, rise in salaries and early retirement. The discount rate used is determined by reference to the yield on covered bonds at the balance sheet date, plus an add-on that reflects the relevant duration of the pension commitments.

13. Income tax

Taxes for the year comprise payable taxes for the financial year, any payable taxes for previous years and changes in deferred taxes on temporary differences. Temporary differences are differences between the carrying amount of an asset or liability and the taxable value of the asset or liability.

The temporary differences are mainly related to changes in fair value of financial assets, financial liabilities and investment properties, pensions, depreciations of fixed assets and properties, and impairment of goodwill. Deferred taxes on investment properties are calculated based on the expectation that the value is recovered through sale of the property. Deferred taxes are calculated on the basis of tax rates and tax rules that are applied on the balance sheet date or are highly likely to be approved and are expected to be applicable when the deferred tax asset is realised or the deferred tax liability settled.

The Group recognises liabilities related to the future outcome of tax dispute based on estimates of changed income taxes. When assessing the recognition of uncertain tax liabilities it is considered if the liability is probable.

Deferred tax assets are recognised in the balance sheet to the extent that it is probable that future taxable income will be available against which they can be utilised. Deferred taxes and deferred tax assets within the same tax group are presented net in the balance sheet.

Taxes payable and deferred taxes relating to elements of other comprehensive income are presented net along with the related income or cost in the comprehensive income statement.

14. Provisions

Provisions are recognised when it is probable that the DNB Group will need to settle a present obligation in connection with a past event, and it can be reliably estimated.

If restructuring plans that change the scope of DNB's operations or the way DNB carries out its operations are approved and communicated to the affected employees, the need for restructuring provisions is considered. This includes provisions for agreements on severance packages with employees when used as part of the restructuring.

Provisions are measured at best estimate, reviewed on each reporting date and adjusted as necessary.

15. Leasing

DNB as lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Other leases are classified as operating leases.

<u>Operating leases</u>

Operating leases are leases where a not insignificant share of the risk and rewards relating to the investment in the leased object accrues to DNB at the end of the lease period. Operating assets are recognised as fixed assets in the balance sheet. Income from operating leases is recognised over the lease term on a straight-line basis and presented within the line item "Net interest income" in the income statement. Depreciation of the fixed assets is presented as ordinary depreciation in the income statement.

<u>Financial leases</u>

Financial leases are presented as lending in the balance sheet, and at inception the lease is measured at an amount equal to the net investment in the lease. The net investment represents minimum lease payments, unguaranteed residual values and any direct expenses incurred by the lessor in negotiating the lease, discounted by the implicit interest rate (internal rate of return). Leasing income is recognised in the income statement according to the annuity method, where the interest component is recognised within the line item "Net interest income" while instalments reduce the balance sheet value of the loan.

DNB as lessee

On contract inception, it is assessed whether the contract contains a lease. A lease entails that DNB is given control of an identified asset for a specific period of time against lease payment and receives substantially all the economic benefits of the asset in this period. On contract inception it is also assessed whether parts of the contract relates to non-lease components. For DNB, this will typically be overhead costs and taxes related to the leasing of commercial real estate. Further, DNB has elected not to recognise leases with low value. These are primarily related to office equipment.

On the lease commencement date, a right-of-use asset and a lease liability is recognised. The right-of-use asset is measured at cost on initial recognition. Cost equals the lease liability on initial recognition adjusted for prepayments made before rent commencement, lease incentives received related to the lease agreement, initial direct cost and any prospective cost of restoring the asset to its original state.

After initial recognition, the right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Periodical assessments of indicators of impairment are performed on the right-of-use asset. The right-of-use asset will also be adjusted for certain changes in the lease liability and primarily through the annual index adjustment of lease payments.

At initial recognition, the lease liability is measured as the present value of future lease payments discounted using the incremental borrowing rate. Lease payments consist of fixed payments and variable payments related to index adjustment of the lease. When establishing the lease period, it is assessed whether it can be determined with reasonably certainty if any extension or termination options will be exercised. The incremental borrowing rate reflects the currency of the lease payments and the length of the contract. DNB has elected to use the incremental borrowing rate for leases with similar characteristics such as equal type of asset, equal lease period and similar economic environment.

After initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured following changes in lease payments due to index adjustments, or if DNB changes the assessment of the likelihood that a termination or extension option will be exercised. Adjustments to the lease liability following re-measurement will also adjust the right-of-use asset. If the right-of-use asset is zero, the adjustment is recognised in the income statement.

Right-of-use assets are classified as fixed assets in the balance sheet, while the lease liabilities are classified as other liabilities. In the income statement depreciation from the right of use asset is included in the line item “Depreciation and impairment of fixed and intangible assets”. Interest cost from the lease liability is included in the line item “Interest expenses, amortised cost”. Subleased right of use assets classified as operating leases are classified and measured as investment properties in the balance sheet with changes in fair value presented in the line item “Net gains on investment properties in the income statement”.

16. Cash flow statements

The cash flow statements show cash flows grouped according to source and use. The cash flows are presented as operating activities, investment activities or funding activities. Cash is defined as cash, deposits with central banks and deposits with credit institutions with no agreed period of notice. The cash flow statement has been prepared in accordance with the direct method.

17. Dividends

Proposed dividends are part of equity until approved by the general meeting. At that time, the dividend is presented as liability in the financial statement. Proposed dividends are not included in capital adequacy calculations.

18. Approved standards and interpretations that have not entered into force

By the end of 2022 the IASB had published a number of amendments to current regulations which have not entered into force. Below is a description of the amendments which may have impact on the Group's future reporting.

IFRS 17 Insurance contracts

In May 2017, the IASB issued the new standard IFRS 17 Insurance Contracts, which replaces IFRS 4 Insurance Contracts. The standard is effective from 1 January 2023, with a requirement for comparable figures. The IFRS 17 accounting principles and disclosures on transition are presented in note G52 "Transition to IFRS 17".

19. Important accounting estimates, judgments and assumptions

When preparing the consolidated financial statements, management makes estimates, judgment and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, incomes, expenses and information on potential liabilities. 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.

Impairment of financial instruments

See note G5 Credit risk management for information about the management and follow-up of credit risk and note G6 Measurement of expected credit loss for information about methodology for estimating impairment including an assessment of measurement uncertainty.

Fair value of financial derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using different valuation techniques. The Group considers and chooses techniques and assumptions that as far as possible are based on observable market data representing the market conditions on the balance sheet date. When measuring financial instruments for which observable market data are not available, the Group makes assumptions regarding what market participants would use as the basis for valuing similar financial instruments. The valuations require application of significant judgment when calculating liquidity risk, credit risk and volatility among others. Changes in these factors would affect the estimated fair value of the Group's financial instruments. For more information see note G30 Financial instruments at fair value.

Measurement of liabilities under insurance contracts in DNB Livsforsikring

With respect to technical insurance reserves in DNB Livsforsikring, risks and uncertainties are mainly related to the likelihood of death and disability, as well as the interest rate level. Higher life expectancy affects future expected insurance payments and provisions. For more information see note G18 Insurance risk.

Valuation of properties within DNB Livsforsikring

Investment property is measure at fair value by discounting the expected net future cash flows to its presented value. Establishment of the future cash flows requires high degree of judgment and the fair value depend to a large extent upon the selection of assumption about the future, as example required rate of return and the level of future rental rates. The assumptions used in calculating the fair value of the property portfolio in DNB Livsforsikring can be found in note G36 Investment properties.

Income taxes, including deferred tax assets and uncertain tax liabilities

The Group is subject to income taxes in a number of jurisdictions. Significant judgment is required in determining the income tax in the consolidated financial statements, including assessments of recognised deferred tax assets and uncertain tax liabilities.

Deferred tax assets are recognised to the extent it is probable that the Group will have future taxable income against which they can be utilised. Extensive assessments must be made to determine the amount which can be recognised, included the expected time of utilisation, the level of profits computed for tax purposes as well as strategies for tax planning and the existence of taxable temporary differences.

There will be uncertainty related to the final tax liability for many transactions and calculations. The Group recognises liabilities related to the future outcome of tax disputes based on estimates of changed income taxes. When assessing the recognition of uncertain tax liabilities it is considered if the liability is probable. If the final outcome of the tax disputes deviates from the amounts recognised in the balance sheet, the deviations will impact the income tax expense in the income statement for the applicable period.

For more information see note G26 Taxes.

Provisions

Judgement is involved in determining whether a present obligation exists, and in estimating the probability, timing and amount of any outflows. Provisions for claims in civil lawsuits and regulatory matters typically require a higher degree of judgement than other types of provisions. For more information see note G51 Contingencies.

NOTE G2 Aquisitions

On 15 April 2021, DNB announced an agreement with Sbanken ASA to launch a recommended voluntary cash tender offer for 100 per cent of the Sbanken shares at a price of NOK 103.85 per share. The offer price was later adjusted to NOK 108.85 per share. On 1 October 2021, Sbanken announced that it had decided to distribute a dividend of NOK 4.40 per share. As a result, the price per share was adjusted to NOK 104.45 in accordance with the terms in the offer document.

Following the required regulatory approvals, the transaction was completed on 30 March 2022. On this date, DNB Bank ASA held 10.53 per cent of the shares acquired directly in the market. After the approval, DNB held a total of 91.78 per cent of the shares and voting interests in Sbanken. DNB immediately announced that it would carry out a compulsory acquisition of the remaining shares in the Sbanken. The consideration offered under the compulsory acquisition was NOK 104.45 per share, and the final settlement was made in April 2022, after which DNB held 100 per cent of the shares and voting interests in Sbanken. Following the completion of the acquisition, DNB started the process to merge the two Sbanken legal entities, Sbanken ASA and Sbanken Boligkreditt AS, with DNB's legal entities, DNB Bank ASA and DNB Boligkreditt AS, respectively. The merger of DNB Bank ASA and Sbanken ASA will take place on 2 May 2023.

Sbanken was established in 2000 as the first pure-play digital bank in Norway and was listed on Oslo Børs (the Oslo Stock Exchange) in 2015. At the time of acquisition, the bank was positioned as one of the leading digital retail banks in Norway with 484 000 personal customers at year-end 2021. The company has had the most satisfied banking customers in Norway for the last 20 years. In addition to a strong position within current accounts and home mortgages, Sbanken has also had a good position in the savings market, with NOK 33 billion in customers' investments in mutual funds, and has launched several successful offerings in the SME segment, resulting in 10 000 customers at year-end 2021.

DNB's position within retail banking has been strengthened through the acquisition of Sbanken. In addition, Sbanken will complement DNB within the savings area, which is a growth area for DNB, and also bring in highly skilled technology personnel. The transaction is expected to positively impact earnings per share and return on equity for DNB. Synergies are expected to be realised within both Sbanken and DNB.

As DNB held an ownership interest in Sbanken at the date of the acquisition, the business combination was achieved in stages. The fair value of DNB Bank's 10.53 per cent ownership interest was NOK 1.2 billion on the acquisition date.

The total transaction price for 100 per cent of the shares amounted to NOK 11.2 billion. In the DNB Group, Sbanken is part of the personal customers segment.

The fair values of the identifiable assets and liabilities of Sbanken at the acquisition date 30 March 2022 are presented in the following table.

Amounts in NOK million	30 March 2022
Assets	
Loans to customers	89 095
Other financial assets	14 243
Other non-financial assets	731
Total assets	**104 069**
Liabilities	
Deposits from customers	64 933
Debt securities issued and senior non-preferred bonds	29 368
Other financial liabilities	1 649
Other non-financial liabilities	216
Total liabilities	**96 166**
Net identifiable assets acquired	**7 903**
Goodwill	4 026
Additional Tier 1 instruments issued by Sbanken ASA	(702)
Total consideration for 100 per cent of shares, settled in cash	**11 228**

At the time of the acquisition, Sbanken ASA had issued Additional Tier 1 (AT1) instruments amounting to NOK 702 million. These are instruments that due to specific terms do not meet the definition of a liability and are therefore presented as equity in Sbanken's consolidated financial statements. In the purchase price allocation, these instruments were treated as if they were non-controlling interests.
In DNB Group's consolidated equity, these instruments are presented on the line Additional Tier 1 capital.

DNB has identified intangible assets and accounted for these separately in the final purchase price allocation. This comprises NOK 227 million relating to brand name and NOK 161 million relating to deposit customers that provide funding at lower interest rates than other funding. The intangible assets are presented under Other non-financial assets in the table above. Amortisation of the brand will be carried out over a period of 8 years, and the customers' intangible assets will be amortised over a period of 10 years.

The goodwill of NOK 4.0 billion comprises the value of expected synergies arising from the acquisition, assembled workforce, and deferred tax on excess values. The goodwill is not expected to be deductible for income tax purposes.

NOTE G2 Aquisitions (continued)

DNB used external advisers in the process to acquire Sbanken, and NOK 43.3 million was recognised in the income statement for acquisition-related costs at end-December 2022. NOK 32.9 million of this was recognised in 2021. As the acquisition took place on 30 March 2022, there were no contributions from Sbanken to the DNB Group’s income statements during the first quarter of 2022. If the business combination had taken place at the beginning of the year, the Group’s net interest income would have been NOK 48 671 million, and pre-tax operating profit for the Group would have been NOK 40 080 million at end-December 2022.

NOTE G3 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.

Personal customers - includes the Group’s total products and activities to private customers in all channels, both digital and physical, with the exception of home mortgages recorded under Traditional pension products, where returns accrue to the policy-holders. DNB offers a wide range of products through Norway’s largest distribution network, comprising mobile banking, digital banking, branch offices, customer centres and real estate broking. In addition, external distribution of credit cards and car financing in Sweden is included in the business area.

Corporate customers - includes all of the Group’s business customers, both in Norway and abroad. Customers in the segment include everything from small business customers and start-ups to large Norwegian and international corporate customers. The product offering is tailored to the customers’ different needs. DNB’s services for the customer in the segment are based on sound industry knowledge and long-term customer relationships. Customers are served by offices both in Norway and abroad. In addition, customers are offered access to corporate online and mobile banking services as well as other digital services.

The income statement and balance sheet for the segments have been prepared on the basis of internal financial reporting for the functional organisation of the DNB Group into segments, as reported to group management (chief operating decision maker) for an assessment of current developments and the allocation of resources. Figures for segments are based on the group’s accounting principles and DNB’s management model. Allocation of costs and capital between segments involves a number of assumptions, estimates and discretionary distributions.

Capital allocated to the segments is calculated on the basis of the DNB Group’s common equity Tier 1 capital and long-term capitalisation ambition. There are special capital adequacy regulations for insurance operations, and in these companies, allocated capital corresponds to recorded equity. For other group operations, the allocation of capital to all units is based on the DNB Group’s adaptation to Basel III with capital expectations related to credit risk, market risk, operational risk and goodwill. The allocation of capital for credit risk is based on the DNB Group’s internal measurement of risk-adjusted capital requirements for credit. Capital requirements for market risk are allocated directly in accordance with risk-weighted volume, and operational risk is allocated based on the respective units’ total income.

NOTE G3 Segments (continued)

Income statement

	Personal customers		Corporate customers		Other operations		Eliminations		DNB Group	
Amounts in NOK million	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net interest income	15 907	12 444	30 748	24 344	1 638	1 901			48 294	38 690
Net other operating income	5 580	5 235	10 821	9 147	1 598	6 282	(177)	(3 439)	17 821	17 225
Total income	21 487	17 680	41 569	33 491	3 236	8 183	(177)	(3 439)	66 115	55 915
Operating expenses	(10 045)	(8 888)	(12 688)	(11 176)	(413)	(4 047)	177	3 439	(22 969)	(20 671)
Deprecation and impairment of fixed and intangible assets	(244)	(162)	(2 372)	(2 208)	(925)	(993)			(3 541)	(3 363)
Total operating expenses	(10 289)	(9 050)	(15 060)	(13 384)	(1 338)	(5 040)	177	3 439	(26 510)	(24 034)
Pre-tax operating profit before impairment	11 198	8 630	26 509	20 107	1 897	3 143			39 605	31 881
Net gains on fixed and intangible assets		1	1	0	(24)	(83)			(24)	(82)
Impairment of financial instruments [1]	(288)	135	560	730	0	2			272	868
Profit from repossessed operations			348	309	(348)	(309)				
Pre-tax operating profit	10 911	8 766	27 418	21 147	1 525	2 753			39 854	32 667
Tax expense	(2 728)	(2 192)	(6 854)	(5 287)	2 320	16			(7 262)	(7 462)
Profit from operations held for sale, after taxes					270	150			270	150
Profit for the year	8 183	6 575	20 563	15 860	4 115	2 920			32 861	25 355

1) *See note G11 Development in accumulated impairment of financial instruments for an analysis of the gross change in impairment for the Group.*

Balance sheets

	Personal customers		Corporate customers		Other operations		Eliminations		DNB Group	
Amounts in NOK billion	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21
Loans to customers [1]	953	839	910	804	106	110	(8)	(8)	1 961	1 745
Assets held for sale				(0)	2	2	(0)		2	2
Other assets	67	46	280	302	1 996	1 775	(1 069)	(950)	1 273	1 172
Total assets	1 020	885	1 190	1 106	2 104	1 886	(1 078)	(958)	3 236	2 919
Assets under management	177	189	316	355		0			493	544
Total combined assets	1 197	1 074	1 506	1 461	2 104	1 886	(1 078)	(958)	3 730	3 463
Deposits from customers [1]	584	493	815	754	6	9	(8)	(7)	1 397	1 248
Liabilities held for sale				(0)	1	1	(0)		1	1
Other liabilities	373	344	265	253	2 011	1 781	(1 069)	(951)	1 580	1 427
Total liabilities	957	837	1 080	1 006	2 018	1 790	(1 078)	(958)	2 977	2 675
Allocated capital [2]	63	48	110	100	86	96			259	244
Total liabilities and equity	1 020	885	1 190	1 106	2 104	1 886	(1 078)	(958)	3 236	2 919

1) *Loans to customers include accrued interest, impairment and value adjustments. Correspondingly, deposits from customers include accrued interest.*
2) *Allocated capital for the segments is calculated based on the external capital adequacy expectations (Basel III/Solvency II) which must be met by the Group. The capital allocated in 2022 corresponds to a common equity Tier 1 capital ratio of 18.0 per cent compared to 17,6 per cent in 2021. Book equity is used for the Group.*

Key figures

	Personal customers		Corporate customers		Other operations		Eliminations		DNB Group	
Per cent	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Cost/income ratio [1]	47.9	51.2	36.2	40.0					40.1	43.0
Ratio of deposits to loans as at 31 December [2]	61.2	58.7	89.6	93.7					71.2	71.5
Return on allocated capital [3]	14.5	13.7	19.2	16.1					13.8	10.7

1) *Total operating expenses relative to total income.*
2) *Deposits from customers relative to loans to customers.*
3) *Allocated capital for the segments is calculated based on the external capital adequacy expectations (Basel III/Solvency II) which must be met by the Group. Return on equity is used for the Group.*

NOTE G4 Capitalisation policy and capital adequacy

Capital adequacy is measured in accordance with the EU capital requirements regulations for banks and investment firms (CRR/CRD), which was implemented in Norway on 1 June 2022.

Risk Exposure Amount (REA) in relation to the capital base determines the banks' regulatory capital adequacy. The minimum requirement for total own funds is 8 per cent of REA for credit risk, market risk and operational risk. REA is also used for the calculation of the capital conservation buffer, systemic risk buffer, buffer for systemically important institutions and countercyclical capital buffer.

Finanstilsynet (The Norwegian FSA) conducts assessments to determine whether there is a need by individual institutions for additional capital to cover risk elements that are not adequately covered by the capital requirements under Pillar 1. These are referred to as Pillar 2 requirements. The Pillar 2 requirements are normally determined on an annual basis by Finanstilsynet based on an overall assessment of the risk and capital situation through the Supervisory Review and Evaluation Process (SREP).

The Pillar 2 requirement at end-2022 for the DNB Group is 2.1 per cent of REA and must be met with a minimum of 56.25 percent CET1 capital and a minimum of 75 percent Tier 1 capital.

Finanstilsynet also expects DNB Group to maintain a Pillar 2 Guidance (P2G), i.e. a margin in the form of common equity Tier 1 (CET1) capital that exceeds the total capital requirement with 1.5 % of total risk exposure amount (REA). At year-end 2022, the regulatory CET1 capital ratio requirement was 15.0 per cent, while the supervisory expectation for the CET1 capital ratio was 16.5 per cent (incl. P2G). The requirement will vary due to the counter-cyclical buffer and systemic risk buffer, which are determined based on the total exposure in each country and the prevailing rates.

At year-end 2022, the DNB Group's CET1 capital ratio was 18.3 per cent while the capital ratio was 21.8 per cent, compared with 19.4 per cent and 24.0 per cent, respectively, a year earlier. REA came to NOK 1 062 billion at year-end 2022, compared with NOK 973 billion the year before.

DNB Bank ASA had a CET1 capital ratio of 21.1 per cent at year-end 2022, compared with 21.9 per cent a year earlier. The capital ratio was 25.9 per cent at year-end 2022, compared with 28.1 per cent a year earlier.

At year-end 2022, DNB Boligkreditt AS had a CET1 capital ratio of 18.7 per cent and a capital ratio of 21.5 per cent.

Following the global financial crisis, leverage ratio was introduced as a supplement to the capital adequacy regulations. Tier 1 capital, which, in addition to CET 1 capital, includes Additional Tier 1 capital is used when calculating leverage ratio. The calculation base consists of both balance sheet- and off-balance sheet items, and the same conversion factors are used as in the standardised approach for the capital adequacy calculation. In addition, there are special methods for calculating exposure values for derivatives and add-on for repo transactions.

At year-end 2022, the Group's leverage ratio was 6.8 per cent, compared to 7.3 per cent a year earlier. DNB meets the total requirement of 3 per cent by a good margin.

NOTE G4 Capitalisation policy and capital adequacy (continued)

Capital adequacy is calculated and reported in accordance with the EU capital requirements regulations for banks and investment firms (CRR/CRD). 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. Associated companies are consolidated pro rata.

Own funds

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Total equity	259 098	243 912
Effect from regulatory consolidation	(7 015)	(6 605)
Additional Tier 1 capital instruments included in total equity	(15 974)	(16 595)
Net accrued interest on additional Tier 1 capital instruments	(114)	(285)
Common equity Tier 1 capital instruments	235 994	220 427
Deductions		
Goodwill	(9 555)	(4 794)
Deferred tax assets that rely on future profitability, excluding temporary differences	(415)	(439)
Other intangible assets	(2 165)	(1 814)
Proposed dividends payable and group contributions [1]	(19 316)	(15 116)
Share buy-back program	(1 437)	
Significant investments in financial sector entities [2]	(4 677)	(5 242)
IRB provisions shortfall	(2 694)	(2 540)
Additional value adjustments (AVA)	(1 194)	(1 002)
Insufficient coverage for non-performing exposures	(90)	(42)
(Gains) or losses on liabilities at fair value resulting from own credit risk	(150)	(45)
(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(214)	(88)
Common Equity Tier 1 capital	194 088	189 305
Additional Tier 1 capital instruments	15 974	16 595
Deduction of holdings of Tier 1 instruments in insurance companies [3]	(1 500)	(1 500)
Non-eligible Tier 1 capital, DNB Group [4]	(117)	
Additional Tier 1 capital instruments	14 357	15 095
Tier 1 capital	208 445	204 400
Perpetual subordinated loan capital		5 752
Term subordinated loan capital	28 729	29 237
Deduction of holdings of Tier 2 instruments in insurance companies [3]	(5 588)	(5 588)
Non-eligible Tier 2 capital, DNB Group [4]	(123)	
Additional Tier 2 capital instruments	23 018	29 401
Own funds	231 463	233 801
Total risk exposure amount	1 061 993	973 431
Minimum capital requirement	84 959	77 875
Common Equity Tier 1 capital ratio (%)	18.3	19.4
Tier 1 capital ratio (%)	19.6	21.0
Total capital ratio (%)	21.8	24.0

1) *The Board proposes a dividend of NOK 12.50 per share for 2022.*
2) *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.*
3) *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.*
4) *Tier 1 and Tier 2 capital in subsidiaries not included in consolidated own funds in accordance with Articles 85-88 of the CRR.*

NOTE G4 Capitalisation policy and capital adequacy (continued)

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

Specification of risk exposure amount and capital requirements

Amounts in NOK million	Nominal exposure 31 Dec. 2022	Exposure at default (EAD) 31 Dec. 2022	Average risk weights in per cent 31 Dec. 2022	Risk exposure amount (REA) 31 Dec. 2022	Capital requirements 31 Dec. 2022	Capital requirements 31 Dec. 2021
IRB approach						
Corporate exposures	1 149 338	938 161	43.5	408 028	32 642	30 188
Of which specialised lending (SL)	*9 839*	*8 996*	*46.4*	*4 174*	*334*	*278*
Of which small and medium-sized entities (SME)	*223 263*	*198 608*	*43.3*	*86 047*	*6 884*	*7 057*
Of which other corporates	*916 236*	*730 558*	*43.5*	*317 807*	*25 425*	*22 852*
Retail exposures	1 010 799	995 544	22.3	222 405	17 792	17 294
Of which secured by mortgages on immovable property	*923 329*	*923 329*	*21.7*	*200 096*	*16 008*	*15 503*
Of which other retail	*87 471*	*72 215*	*30.9*	*22 309*	*1 785*	*1 791*
Total credit risk, IRB approach	2 160 138	1 933 705	32.6	630 434	50 435	47 481
Standardised approach						
Central governments and central banks	418 634	417 912	0.0	1	0	49
Regional governmenst or local authorities	45 185	38 892	1.9	757	61	93
Public sentor entities	62 226	60 668	0.1	52	4	29
Multilateral development banks	41 892	41 812				
Internal organisations	455	455				
Institutions	87 488	61 928	30.9	19 120	1 530	1 701
Corporate	191 884	168 652	69.1	116 578	9 326	9 143
Retail	143 937	66 130	74.6	49 332	3 947	3 527
Secured by mortages on immovable property	144 923	129 678	39.7	51 465	4 117	1 186
Exposures in default	2 900	1 975	133.8	2 643	211	238
Items associated with particular high risk	906	904	150.0	1 355	108	79
Covered bonds	43 888	43 888	10.0	4 389	351	268
Collective investment undertakings	1 089	1 089	21.3	232	19	18
Equity positions	24 573	24 572	222.2	54 602	4 368	4 251
Other assets	24 949	24 949	46.4	11 581	926	724
Total credit risk, standardised approach	1 234 931	1 083 504	28.8	312 107	24 969	21 304
Total credit risk	3 395 069	3 017 209	31.2	942 540	75 403	68 785
Market risk						
Position and general risk, debt instruments				8 590	687	621
Position and general risk, equity instruments				509	41	53
Currency risk				151	12	2
Commodity risk				3	0	0
Total market risk				9 253	740	677
Credit value adjustment rsik (CVA)				4 782	383	542
Operational risk				105 418	8 433	7 870
Total risk exposure amount				1 061 993	84 959	77 875

NOTE G5 Credit risk management

Credit risk or counterparty risk is the risk of financial losses due to failure by the Group's customers/counterparties to meet their payment obligations towards DNB. Credit risk refers to all claims against customers/counterparties, mainly loans, but also commitments in the form of other extended credits, guarantees, interest-bearing securities, unutilised credit lines, derivative trading and interbank deposits. Credit risk also includes residual value risk and concentration risk. Residual risk is the risk that the value of securing an exposure is lower than expected. Concentration risk includes risk associated with large exposures to a single customer or concentration within geographical areas, within industries or related to homogeneous customer groups.

Credit risk management and measurement is described in detail in the Risk and Capital Management (Pillar 3) report. The Group standard for credit activity are approved by the Boards of Directors of DNB Bank ASA. The principal objective of credit activity is to ensure that the quality and composition of the loan portfolio provide a good basis for the Group’s short and long-term profitability. The quality of the portfolio should be consistent with DNB’s aim of maintaining a low risk profile.

The Board of Directors of DNB Bank ASA sets long-term targets for the risk profile through the risk appetite framework. The aim of this framework is to ensure that risk is managed and integrated with the Group’s governance processes. The risk appetite framework should provide a holistic and balanced view of the risk in the business and defines maximum limits for credit exposure. Limits have been set for annual growth in lending, risk concentrations, total credit risk exposure and predicted expected loss. An upper limit for growth, measured in terms of exposure at default (EAD), is set for each business area. To limit concentration risk, limits are set for exposure on individual customers and certain industries. The limit for expected losses applies to all types of credit risk and is measured by means of the Group’s internal credit models. The risk appetite framework is operationalised through credit strategies for the individual customer segments. In addition, risk indicators are established and used for monitoring managers on all levels.

Credit risk exposure

The maximum credit risk exposure will be the carrying amount of financial assets plus off-balance sheet exposure, which mainly includes guarantees, unutilised credit lines and loan offers. The group’s maximum credit risk exposure and related collateral at year end are presented in note G7 Credit risk exposure and collateral.

Classification

DNB’s internal models for risk classification of customers are subject to continual improvement and testing. The models are adapted to different industries and segments and are updated if calibrations show that their explanatory power has diminished over time. The Internal ratings based advanced (IRBA) approach is used for most of the customers in the corporate and personal customer portfolios to which the DNB Bank Group has exposure. IRBA entails that internal models for PD, LGD and EAD are used to estimate the bank’s capital requirements. The standardised approach is used for housing cooperatives, newly-founded businesses and exposures in Sbanken.

All corporate customers with granted credit must be classified according to risk in connection with every significant credit approval and, unless otherwise decided, at least once a year. In the personal banking market, where there are a large number of customers, the majority of credit decisions are made on the basis of automated scoring and decision support systems. Risk classification should reflect long-term risk associated with each customer and the customer’s credit commitment.

The risk classification systems are used for decision support, monitoring and reporting. The risk parameters used in the classification systems are an integrated part of the credit process and ongoing risk monitoring, including the follow-up of credit strategies.

Probability of default, PD, is used to measure credit quality. The group divides its portfolio into ten risk classes. Risk class is determined based on the IRB PD for each credit commitment. This is presented in the table below. Credit-impaired exposures (exposures in stage 3) are assigned a PD of 100 per cent. The group’s portfolio divided into risk grades and IFRS 9 stages is presented in note G8 Credit risk exposure per risk grade.

DNB's risk classification [1)]

	Probability of default (per cent)		External rating	
Risk class	As from	Up to	Moody's	S&P Global
1	0.01	0.10	Aaa – A3	AAA – A-
2	0.10	0.25	Baa1 – Baa2	BBB+ – BBB
3	0.25	0.50	Baa3	BBB-
4	0.50	0.75	Ba1	BB+
5	0.75	1.25	Ba2	BB
6	1.25	2.00		
7	2.00	3.00	Ba3	BB-
8	3.00	5.00	B1	B+
9	5.00	8.00	B2	B
10	8.00	default	B3, Caa/C	B-, CCC/C

1) DNB’s risk classification system, where 1 represents the lowest risk and 10 the highest risk.

NOTE G5 Credit risk management (continued)

Guidelines for credit activity

DNB's guidelines and processes for approving credits are described in the Group standard for credit activity. The guidelines describe how DNB is to grant and follow up credit exposures in the various segments. Detailed descriptions are given of the assessment of new customers, follow-up of performing credit exposures, customers in financial difficulty and procedures for handling credit-impaired loans. The standard also provides guidance to make sure that all extension of credit takes into account and supports DNB's governance principles for corporate responsibility, so as to ensure long-term and sustainable financial value creation and prevent misuse of the financial system for money laundering or terrorist financing purposes.

The granting of credit in DNB is based on authorisation and approval matrices. As a fundamental principle, one person makes a recommendation and another one approves it. The matrices are differentiated on the basis of volume, risk and, if relevant, industry. While only two employees may be involved in recommending and approving a low-risk exposure in the form of a home mortgage, recommendations for large/complex exposures must also be endorsed by a senior credit officer. In addition, advice will be sought from credit committees and the involvement of industry specialists may be required.

A decisive element when granting credit is the customers' debt servicing capacity in the form of incoming future cash flows, such as earned income or income from the business operations which are being financed. The bank seeks to further mitigate the risk of future losses by requiring that collateral is furnished. Collateral can be in the form of physical assets, guarantees, cash deposits or netting agreements. As a rule, physical collateral must be insured. Negative pledges, whereby customers undertake to keep their assets free from encumbrances vis-à-vis other lenders, are also used as a risk-mitigating measure.

In addition to collateral, most corporate credit agreements will include financial covenants, which represent an additional risk-mitigating element to ensure that DNB becomes aware of and involved in any financial challenges at an early stage. Examples of financial covenants are minimum net cash flow and equity ratio requirements.

Sustainability in the credit decisions

Sustainability assessments are integrated into DNB's credit decisions. DNB has adopted a model for assessing companies' ESG risk based on recognised market practices that are updated yearly. The model covers four thematic areas: climate, environment, social conditions and corporate governance, and in particular assessments of social conditions were enhanced in 2022. The ESG classification is also a very important part of the decision-making process for the establishment of new business loans and is assessed on an equal footing with other risk factors. In the event of high ESG risk, the credit decision is escalated to the highest decision level below the Board.

For customers with a total credit exposure of more than NOK 8 million, ESG risk is assessed and commented on in the credit cases. For customers with a total credit exposure of more than NOK 50 million, DNB's ESG risk assessment tool is used to classify the customer within the categories standard, moderate and high ESG risk. Our own ESG assessments are complemented by third-party ESG analyses. The ESG classification is actively used in dialogue with the customer.

<u>Monitoring credit risk</u>

Performing customers

The annually updated risk classification of customers is a complete review of all risks identified by DNB relating to each customer. A new evaluation of all collateral provided is an integral part of the review. The decision-making and authorisation matrices are also to be used in connection with the renewal of all existing credits and thus ensure that personnel with relevant expertise are always involved when considering large and complicated exposures. Performing customers also include customers that have experienced significant increase in credit risk.

Personal customers are followed up through a systematic portfolio management system. Exposures are followed up individually if increased credit risk has been identified.

Watchlist

The watchlist is the Group's primary tool for following up corporate customers when credit risk has increased. If customers breach financial covenants or a loss event has occurred, it will be considered to include the exposure on the watchlist. Loss events include serious financial problems or major changes in market conditions. In addition, it is an integral part of credit activity to consider whether to place high-risk customers (risk grades 8-10) on the watchlist. Customers listed on Watchlist are subject to special monitoring. More frequent, often quarterly risk assessments are required, including an updated valuation of collateral. In addition, DNB must prepare an action plan to manage the risk situation that has arisen. The particularly close follow-up of customers facing greater challenges is based on the bank's experience that special monitoring both reduces the risk that losses will occur and minimises the losses that actually materialise. Each time watchlisted exposures are reviewed, the need for individual assessment of impairment losses will be performed.

Forbearance

If a customer gets into financial difficulties, DNB may in some cases grant voluntary concessions in the form of less stringent financial covenants or reduced/deferred interest and instalment payments. Such measures are offered in accordance with the Group's credit guidelines, thus aiming to help customers through a tough financial period when it is expected that they will meet their obligations on a later date. This is part of DNB's strategy to reduce losses.

NOTE G5 Credit risk management (continued)

The DNB Group's total forbearance exposures, in accordance with the definition of forbearance in CRD, are shown in the following table:

Forbearance

	31 December 2022			31 December 2021		
Amounts in NOK million	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total
Gross carrying amount and loan commitments	20 233	13 689	33 922	29 807	17 926	47 733
Expected credit loss	123	3 143	3 266	309	5 263	5 572

Credit-impaired portfolio
In the event of credit impairment, customers are closely monitored. In the bank's experience, other supplementary resources are required during this stage than for performing customers. Customer exposures which fall into this category will either be transferred in their entirety to a separate unit with special expertise, or persons from this unit will join the customer team.

Repossessed companies and assets
In connection with the follow-up of defaulted exposures, DNB will in some cases take over assets provided as collateral for loans and guarantees. All acquired assets are normally followed up by the Group Investment unit, whose main target is to secure and recover values for DNB's shareholders through financial restructuring when companies or other assets are repossessed due to default. At the time of acquisition, such assets are valued at their estimated realisable value. Any deviations from the carrying amount of the exposures at the time of acquisition are classified as impairment of loans and guarantees in the income statement. Repossessed assets are recognised in the balance sheet and measured after initial recognition according to the rules that apply for the foreclosed assets.

Counterparty risk for derivatives

DNB enters into derivative transactions on the basis of customer demand and to hedge positions resulting from such activity. In addition, derivatives are used to hedge positions in the trading portfolio and take positions in the interest rate, currency, commodity and equity markets. Derivatives to hedge currency and interest rate risk arising in connection with funding and lending. Derivatives are generally traded "over the counter" (OTC), which means that individual contracts are agreed upon by the parties. The credit risk that arises in connection with derivative trading is included in the DNB Group's overall credit risk measurement.

Netting agreements and bilateral guarantee agreements are used as a means of minimising counterparty risk associated with individual counterparties. These agreements make it possible to net the positive and negative market values linked to contracts with individual counterparties. CSA (Credit Support Annex) agreements are another type of risk-mitigating measure. CSA agreements have been entered into with most major bank counterparties and other financial counterparties, as well as a steadily increasing number of non-financial counterparties. Under these agreements, the market value of all derivative contracts between DNB and the counterparty is settled either daily or weekly, which largely eliminates counterparty risk. These transactions are mostly settled in cash, though government bonds and covered bonds are used as well. The agreements are not normally dependent on the credit quality of the counterparty, but some of them stipulate that the maximum exposure level before collateral is required (the threshold value) will be reduced if the counterparty is downgraded.

The different interest rate products (interest rate swaps and Forward Rate Agreements (FRAs) in currencies) are settled through clearing houses like LCH. DNB's counterparty risk on an individual counterparty is thus transferred to the clearing house. Equity forward contracts, securities loans and currency trading for personal customers are monitored and value changes are settled daily.

NOTE G6 Measurement of expected credit loss

DNB applies a three-stage approach when measuring expected credit loss (ECL) on loans to customers, loan commitments, financial guarantees and other financial instruments subject to the IFRS 9 impairment rules:

- A financial instrument that is not purchased or originated credit impaired is classified as stage 1 with 12-month ECL.
- If a significant increase in credit risk since initial recognition is identified the financial instrument is moved to stage 2 with lifetime ECL measurement. An increase in credit risk reflects both customer-specific circumstances and developments in relevant macro risk drivers for the segment where the customer belongs. The assessment of what is considered to be a significant increase in credit risk is based on a combination of quantitative and qualitative indicators and backstops.
- If credit risk deteriorates further, and the financial instrument is assessed to be credit impaired, the financial instrument is moved to stage 3 with lifetime ECL measurement. As opposed to stages 1 and 2, the effective interest rate is calculated on amortised cost instead of the gross carrying amount. For definition of credit impaired see further description below.

NOTE G6 Measurement of expected credit loss (continued)

The expected credit loss measurement is based on the following principles:

- 12-month ECL is measured as an amount equal to the portion of lifetime ECL that results from possible default events within the next 12 months.
- The loss provision for financial assets in stage 1 and stage 2 is calculated as the present value of exposure at default (EAD) multiplied by the probability of default (PD) multiplied by loss given default (LGD), and discounted by using the effective interest rate (EIR). PD, LGD and EAD use the IRB framework as a starting point, but are converted to be point in time and forward-looking as opposed to through the cycle and conservative.
- Past, present and forward-looking information is used to estimate ECL. For this purpose, DNB's loan portfolio is split into 20 segments based on geography and industry. All customers within a segment are exposed to the same risk drivers.
- For credit impaired financial instruments in stage 3, either individual assessments or model based calculations are performed for ECL, depending on portfolio.
- For stage 1 and 2, a model is used to calculate ECL.

Key components for the ECL measurement, summarised

IFRS 9 stage	Credit risk development	Customer status	ECL measurement	ECL measurement method	Effective interest calculation
Stage 1	No significant increase	Performing	12-month	ECL model	Gross carrying amount
Stage 2	Significant increase	Performing	Lifetime	ECL model	Gross carrying amount
Stage 3	Defaulted	Credit impaired	Lifetime	Individual measurement per customer / ECL model	Amortised cost

Measurement of expected credit loss in ECL model

The model follows five steps: segmentation, determination of macro scenarios, determination of credit cycle index, calculation of ECL and staging. In the following each step will be described in more detail.

Segmentation, macro scenarios and credit cycle index

The assessment of the significant increase in credit risk and the calculation of ECL incorporate past, present and forward-looking information.

In order to reflect the effect of macro drivers in a reasonable and supportable manner DNB's portfolio has been divided into 20 segments with shared credit risk characteristics. The segmentation is based on industry and geographical location, but about half of the industry segments are exposed to global markets and are influenced by global risk drivers.

Based on a statistical regression analysis, key risk drivers impacting PD are identified for the different segments. The assessments used to select the different risk drivers have been based on several criteria; the statistical model's explanatory power, a qualitative reasonableness check (e.g. if it makes sense to include the risk driver) and an aim not to have too many factors as this would unnecessarily increase the complexity. Relevant macro drivers are shown in the table below. Their impact on ECL will vary by financial instrument. Forecasts of each of the relevant risk drivers (the base economic scenario) are primarily prepared on a quarterly basis and provide the best estimate of developments in the risk drivers for the forecast period. The forecast periods incorporated in the segments vary between three and four years, and forecasts are prepared for each year in the forecast period. Macro forecasts are usually obtained from DNB Markets and supplementary internal sources and are benchmarked against various external sources.

The macro forecasts are incorporated in the credit cycle index (CCI). The CCI shows the relationship between the historically observed defaults and relevant macro factors established from statistical regression analysis. The position on the index indicates whether the current state of the economy for a given segment is better or worse than normal, and the forecasts are used to project the development of the index in the forecast period. After the forecast period, the CCI is assumed to be mean reverting. This means that the credit cycle for each segment returns to a normal state (long-term mean).

The CCI is further used to generate a base line PD curve for each instrument that follows the development of the CCI. When the CCI moves towards better times, the PD will everything else equal be reduced and vice versa.

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

Expert credit judgement

The assessment of the macro prognoses and the impact on the forecasted credit cycle index (CCI) are key judgments, and DNB has established an advisory forum for the Group's Chief Financial Officer to address the judgements. The forum's purpose is to assess whether the predicted CCI for each segment reflects the management's view on the expected future economic development. When the projections of the credit cycle do not represent the management's view of the expected business-related and financial impacts, professional judgement has been applied to ensure that the management's view is better reflected in the CCI used.

NOTE G6 Measurement of expected credit loss (continued)

The Norwegian segments, including commercial real estate, are considered to be affected by considerable uncertainty relating to macroeconomic developments. It was the ECJ forum's assessment that the expected effects on the economy, especially from price and interest rate developments, are not fully reflected in the ECL model. Therefore, a model adjustment was carried out, which led to an increase in the ECL of NOK 587 million, as at 31 December 2022.

Multiple scenarios

In order to capture the non-linear relationship between negative credit risk development and ECL, multiple scenarios are incorporated when determining significant increase in credit risk and measuring ECL. DNB use the base scenario for each risk driver as a starting point when deriving CCI and PD curves as described above. Alternative scenarios are translated into alternative paths of a probability fan around the baseline. This method means that each scenario represents one percentile on a probability fan with each percentile representing a possible development in credit risk depending on the macroeconomic development.

The width of the fan for the individual segment is determined by the past volatility in the correlation between developments in the risk drivers and developments in credit risk and ECL. This results in a correlation where the higher the volatility in a segment resulting from changes in the risk drivers, the larger the gap between the baseline and the outer percentiles of the fan.

Sensitivity

To calculate model-based expected credit losses, DNB uses a range of macroeconomic variables where 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. The table below shows the average change in the macro variables in the alternative scenario compared with the base scenario in the forecast period, in per cent. In the simulated alternative scenario, the ECL would increase by approximately 19 per cent compared with the model based ECL that is recognised in the financial statements at 31 December 2022.

The following table shows selected base case macroeconomic variables for the period 2022 to 2024 used in DNB's model to calculate the ECL recognised in the financial statements compared with the base case in the alternative scenario. Each variable represents an annual estimate.

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		
	2022	2023	2024	2022	2023	2024
Global GDP, year-to-year growth	2.5	1.8	2.8	2.5	(0.4)	1.0
Emerging countries' GDP, year-to-year growth	2.7	3.2	4.0	2.7	0.0	2.0
Swedish GDP, year-to-year growth	1.8	0.3	1.5	1.8	(1.5)	(0.4)
Oil price, USD per barrel	101	105	95	101	95	86
Norwegian house price index, year-to-year growth	4.9	(3.5)	2.1	4.9	(13.0)	(12.0)
Norwegian registered unemployment rate	1.8	2.2	2.7	1.8	3.2	4.0
NIBOR 3-month interest rate	2.1	3.6	3.0	2.1	4.6	4.0

NOTE G6 Measurement of expected credit loss (continued)

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)	(1.2)
Emerging countries' GDP (percentage points)	(1.6)
Oil price (per cent)	(7.4)
Norwegian mainland GDP (percentage points)	(0.8)
Norwegian consumer price index (percentage points)	(0.9)
Norwegian house price index (percentage points)	(5.9)
Norwegian registered unemployment rate (percentage points)	0.8
NIBOR 3-month interest rate (percentage points)	0.7
STIBOR 3-month interest rate (per cent)	0.8
Swedish GDP (percentage points)	(0.9)
Norwegian commercial real estate rental price (per cent)	(10.3)
Salmon price (per cent)	(7.9)
Floater spot rate (per cent)	(19.2)
Rig utilisation rate (per cent)	(19.7)
Very large crude carriers spot rate (per cent)	(42.2)
Capesize spot rate (per cent)	(27.8)
Very large gas carrier spot rate (per cent)	(16.2)

One of the most significant model-based exposures is lending to personal customers. The lending includes mortgage lending, credit card 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, household debt level and the unemployment rate. In the simulated alternative scenario, where all of these input parameters cause more adverse projections, the ECL would increase by approximately 23 per cent for the personal customer portfolio compared with the ECL measured at 31 December 2022 for the same portfolio.

DNB has furthermore investigated the effect of non-linearity in the ECL for stage 1 and stage 2. If the base scenario alone is used to calculate expected credit losses, thereby excluding the fan that represents the range of alternative scenarios, the ECL at 31 December 2022 would decrease by 2 per cent.

Calculation of ECL

The determination of a significant increase in credit risk and the measurement of ECL are based on parameters already used in credit risk management and for capital adequacy calculations: PD, LGD and EAD. The parameters have been adjusted in order to give an unbiased estimate of ECL.

Probability of default (PD)

DNB applies a range of different models to determine a customer's PD. The choice of model depends on whether it is a personal or corporate customer and on which industry the customer operates in. The development in the customer's PD is a key component in DNB's monitoring of credit risk in the portfolio, see note G5 Credit risk management, and an adjusted IRB PD is used both in calculating the ECL and in assessing whether a significant increase in credit risk has occurred since initial recognition. For determining PD in capital adequacy calculations, DNB has been granted permission to use the Internal Ratings Based (IRB) approach. These models are conservative and only reflect a limited degree of cyclicality. For the ECL measurement, there is a need to generate a PD which is forward-looking and reflects all available relevant information.

This is necessary in order to provide an unbiased probability-weighted estimate of ECL. In order to apply PDs for ECL measurement, four modifications have been made to the PDs generated using the IRB approach:

- incorporation of macroeconomic scenarios
- conversion to an unbiased, forward-looking PD
- conversion of 12-month PD to lifetime PD
- removal of margin of conservatism in the PD estimate

These modifications imply that the PD used for the ECL measurement reflects management's current view of expected cyclical changes and that all PD estimates are unbiased.

Two types of PDs (IFRS modified) are generated and used in the ECL calculation:

- A 12-month PD is the probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate the 12-month ECL.
- A lifetime PD is the annualised probability of a default occurring over the remaining life of the financial instrument. This is used to evaluate if there has been a significant increase in credit risk since initial recognition and to calculate lifetime ECL.

NOTE G6 Measurement of expected credit loss (continued)

Loss given default (LGD)
LGD represents the percentage of EAD which the Group expects to lose if customers fail to meet their obligations, taking the collateral provided by the customer, future cash flows and other relevant factors into consideration.

Similar to PDs, DNB uses IRB LGDs for capital adequacy calculations. In order to convert the IRB LGDs to IFRS LGDs four modifications have been made:

- incorporation of macroeconomic scenarios
- use of the effective interest rate to discount future estimated cash flows
- removal of the margin of conservatism to produce unbiased projections rather than downturn projections, and to exclude regulatory floors
- removal of the estimated indirect costs of realising collateral

These modifications imply that the LGDs used for the ECL measurement should reflect management's current view of the cyclical changes and that all LGD estimates are unbiased.

Exposure at default (EAD)
EAD is the share of the approved credit that is expected to be drawn at the time of any future default. The EAD is adjusted to reflect contractual payments of principal, interest and estimated early repayment. The proportion of undrawn commitments expected to be drawn at the time of default is reflected in the EAD by using a credit conversion factor.

Significant increase in credit risk (staging)

The assessment of a significant increase in credit risk is based on a combination of quantitative and qualitative indicators and back stops. A significant increase in credit risk has occurred when one or more of the criteria below are met.

Quantitative criteria
A significant increase in credit risk is determined by comparing the remaining lifetime PD for an instrument at the reporting date, as expected at initial recognition, with the actual lifetime PD at the reporting date. If the actual lifetime PD is higher than what it was expected to be, an assessment is made of whether the increase is significant.

An increase in lifetime PD with a factor of 2.5 or more from initial recognition is assessed to be a significant increase in credit risk. This threshold is based on an assessment of the increase in credit risk that would lead to closer customer follow-up in order to ensure that proper credit risk management and business decisions are made.

Further, the change in PD must be a minimum of 0.6 percentage points for the deterioration in credit risk to be considered to be significant. In the high end of the risk scale a change of 7.5 percentage points or more is considered to be a significant deterioration in credit risk even if this is less than a change of 2.5 times lifetime PD. These limits reflect the high sensitivity to change in the low end of the risk scale and the low sensitivity to change in the high end of the scale.

As part of DNB's credit risk management policy the group applies a risk scale where all customers and instruments are rated on a coherent scale meaning that a risk grade has the same explanatory power independent of segment, geography and product. DNB therefore uses a common threshold for all financial instruments with respect to what constitute a significant increase in credit risk. For further information about DNBs risk scale and classification see note G5 Credit risk management.

The extension or deferral of payments to a borrower does not automatically result in an instrument being considered to have a significantly increased credit risk. Careful consideration is given to whether the credit risk has significantly increased and the borrower is unlikely to restore their creditworthiness and consequently is granted forbearance, or whether the borrower is only experiencing a temporary liquidity constraint. 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.

Qualitative criteria
Qualitative information is normally reflected in the respective PD models for each group of customers.

Back stop
Back stops are used and a significant increase in credit risk has occurred if:

- the customer's contractual payments are 30 days past due
- the customer has been granted forbearance measures due to financial distress, though it is not severe enough for the financial instrument to be classified as credit impaired

Sensitivity
DNB has performed a sensitivity analysis on the threshold of the significant increase in credit risk used to measure ECL in stages 1 and 2. If a threshold of 1.5 times lifetime PD is used for determining the significant increase in credit risk, as an alternative to the 2.5 threshold, more exposures would migrate from stage 1 to stage 2 and the ECL in stage 1 and 2 would increase by 4 per cent compared with the ECL measured at year-end 2022. If a threshold of 3.5 times lifetime PD is used instead, the ECL would decrease by 2 per cent compared with the ECL measured at year-end 2022.

NOTE G6 Measurement of expected credit loss (continued)

Definition of default and credit impaired exposures in stage 3

The definition of credit impaired is fully aligned with the regulatory definition of default.

A financial instrument is defined to be in default if a claim is more than 90 days overdue, the overdue amount exceeds NOK 2 000 and more than 1 per cent of the debtor's commitment, and the default is not due to delays or accidental circumstances on the part of the debtor.

A commitment is also defined to be in default if DNB:

- significantly writes down the commitment as a result of a weakening of the debtor's creditworthiness
- agrees to changes in the terms and conditions because the debtor is having problems meeting payment obligations, and this is assumed to significantly reduce the value of the cash flow
- sells debt for an amount that is significantly lower than the nominal value as a result of an impairment of the debtor's creditworthiness
- has reasons to assume that the debtor will be subject to debt settlement or bankruptcy/involuntary liquidation proceedings, or be placed in receivership
- has other reasons to assume that the payment obligation will not be met

A commitment is defined to represent anticipated default if it is considered likely that the customer, based on its regular business activities, does not have debt payment ability for its total obligations (unlikeliness to pay).

When a customer goes from being in stage 3, classified as credit impaired or defaulted, to stage 1 and 2, performing, the customer will stay in stage 3 during a return to non-default period of 3 or 12 months. In this period, the ECL model will assign the customer stage 1 or stage 2 ECL.

Measurement of expected credit loss for credit-impaired financial instruments

When a customer becomes credit-impaired (stage 3), the probability of default is set to 100 per cent. In DNB, the main principle is that expect credit loss (ECL) for credit-impaired financial instruments is calculated individually for each customer and without the use of a model. For the portfolio of small and medium-sized enterprises with commitments of less than NOK 50 million, the ECL is, as a general rule, calculated using a model. The ECL for stage 3 exposures in the Sbanken portfolio is calculated using a model.

The individual ECL provision is estimated as the difference between the carrying amount and the net present value of the estimated future cash flows, discounted by the original effective interest rate. The estimated future cash flows are based on developments in the customer's exposure, past experience with the customer, the probable outcome of negotiations and expected macroeconomic developments that will influence the customer's expected cash flow. If the exposure is collateralised, the value of the collateral in a going concern scenario is included in the estimated future cash flows regardless of whether foreclosure is probable or not.

The ECL is estimated based on the weighted ECL of the different scenarios. The scenarios should represent the actual scenarios for a customer in financial difficulties, but in general, three different scenarios are to be considered.

- Going concern: What is the probability of a development where all debt is repaid without concessions in the form of debt conversion or write-offs? The ECL in this scenario is zero.
- Restructuring: What is the probability of a development where the customer must restructure the capital structure to maintain going concern, and what is the ECL for DNB in such a restructuring?
- Liquidation: What is the probability of a development where a company is liquidated through bankruptcy, orderly liquidation etc., and what is the ECL for DNB in this scenario?

The ECL within each scenario, and the probability of each scenario occurring, will be dependent on both market conditions and customer-specific factors. The sum of the scenario weights must always be 100 per cent. If a scenario is highly unlikely, the probability can be set to zero.

The ECL within the restructuring scenario will be dependent on the discounted present value of the customer's expected future cash flows, as well as on the expected debt level that may be agreed upon with the stakeholders in a restructuring. The ECL in the liquidation scenario will be dependent on the expected realisation value of collateral given a sale of assets for example as part of a bankruptcy or orderly liquidation process.

As at 31 December 2022, a model-based calculation of the ECL for small and medium-sized corporate customers in stage 3 with commitments of less than NOK 50 million was implemented. There is still an option to measure the ECL by individual calculation, in which case this is done on a customer-by-customer basis. The ECL model for stage 3 exposures is based on the same principles as the ECL model for stage 1 and 2 exposures. However, the ECL model for stage 3 exposures determines a recovery rate, and based on the probability of the commitment not recovering from stage 3, calculates a stage 3 ECL. The ECL is estimated on the basis of a collateral index and forward-looking macro prognoses. Collateral is grouped into commercial real estate, private homes and other collateral based on the relevant exposure. The new method was not considered to have a material impact on the Group's estimated ECL at year-end 2022.

For credit-impaired personal customers with commitments of more than NOK 5 million, an individual assessment of collateral and debt servicing capability is done to determine the ECL. For credit-impaired personal customers with commitments of less than NOK 5 million, a portfolio approach is used to estimate the ECL. The estimate is calculated using a discounted expected collateral value that provides expected recovery rates for a representative sample of customers in default. The expected recovery rates are then applied to customers with similar characteristics to the customers in the sample.

NOTE G6 Measurement of expected credit loss (continued)

When a customer is in the 3- or 12-month return to non-default period, the customer will continue to be presented in stage 3, but with expected credit loss from stage 2 from the ECL model.

Sensitivity
DNB has performed a sensitivity analysis on the engagements with the largest ECL in stage 3. If the weight of probability placed on the most adverse scenario increased by 10 per cent, the value of the stage 3 ECL would increase by 9 per cent.

DNB's write-off policy
DNB writes off and thereby reduces the carrying amount of a financial asset when there is no reasonable expectation of recovery. This might for example be the case when a court of law has reached a final decision, a decision has been made to forgive the debt, or a scheme of composition has been confirmed. Write-off can relate to the entire asset or a portion of the asset and can constitute a derecognition event. DNB maintains the legal claim towards the customer even though a write-off has been recognised. For corporate customers, there is a difference between internal write-offs and debt forgiveness. In the latter, DNB does not maintain a legal claim.

Measurement uncertainty
The measurement of the expected credit loss involves increased complexity, and management must apply its professional judgement for many of the key assumptions used as input in the measurement. For stage 1 and 2, estimation uncertainty in the ECL calculation relates to the determination of PD, LGD and EAD. This is both in terms of using historic data in the development and calibration of models and the judgement performed in relation to setting these parameters as part of the credit process. Furthermore, the determination of how to do the segmentation of the loan portfolio, the identification of relevant risk drivers for each segment and the forecasts for each of the risk drivers also create estimation uncertainty.

Other areas with significant estimation uncertainty are the creation of multiple future economic scenarios, estimation of expected lifetime, assessment of significant increases in credit risk and determination of whether the criterions for default are satisfied.

For exposures in stage 3 where ECL is measured individually per customer, significant judgement is applied when determining assumptions used as input for the customer's future cash flow and assumptions related to valuation of collateral, including the point in time when collateral is potentially taken over.

Sensitivities are disclosed separately above.

NOTE G7 Credit risk exposure and collateral

The table under includes on and off-balance sheet items which entail credit risk and the assessed value of related collateral. If available, fair values are used. In general, fair values are estimated according to different techniques depending on the type of collateral. With respect to properties, models estimating the value of collateral based on market parameters for similar properties, are used. Corresponding techniques are used for other non-financial collateral. In order to reflect the effective available collateral value, the fair value of collateral included in the table is limited to the maximum credit exposure of the individual loan or exposure.

Other collateral includes the assessed fair value of movables, sureties, ships and cash as well as other credit enhancements, such as netting agreements and guarantees received.

Credit risk exposure and collateral as at 31 December 2022

Amounts in NOK million	Maximum exposure to credit risk	Secured by real estate	Collateralised by securities	Other collateral	Total collateral	Net exposure to credit risk
Deposits with central banks	309 661		9 470		9 470	300 191
Due from credit institutions	20 558		11 732	2	11 734	8 825
Loans to customers	1 961 464	1 132 946	91 209	340 923	1 565 078	396 385
Commercial paper and bonds	488 087					488 087
Financial derivatives	185 687		163	101 342	101 505	84 182
Other assets	29 855					29 855
Total maximum exposure to credit risk reflected on the balance sheet	2 995 313	1 132 946	112 575	442 267	1 687 787	1 307 525
Guarantees	10 772	15		5 103	5 118	5 654
Unutilised credit lines and loan offers	646 179	161 295		99 369	260 664	385 516
Other commitments	106 763	5 568		15 841	21 408	85 355
Total maximum exposure to credit risk not reflected on the balance sheet	763 714	166 877		120 313	287 189	476 525
Total	3 759 027	1 299 823	112 575	562 579	1 974 977	1 784 050
Of which subject to expected credit loss:						
Deposits with central banks	*309 661*					*309 661*
Due from credit institutions	*20 558*			*2*	*2*	*20 557*
Loans to customers	*1 912 358*	*1 092 549*	*569*	*340 867*	*1 433 985*	*478 373*
Commercial paper and bonds	*266 810*					*266 810*
Total maximum exposure to credit risk reflected on the balance sheet	*2 509 388*	*1 092 549*	*569*	*340 869*	*1 433 987*	*1 075 401*
Guarantees	*10 772*	*15*		*5 103*	*5 118*	*5 654*
Unutilised credit lines and loan offers	*646 179*	*161 290*		*99 847*	*261 137*	*385 042*
Other commitments	*106 763*	*5 568*		*15 841*	*21 408*	*85 355*
Total maximum exposure to credit risk not reflected on the balance sheet	*763 714*	*166 872*		*120 791*	*287 663*	*476 051*
Total	*3 273 102*	*1 259 421*	*569*	*461 660*	*1 721 650*	*1 551 452*
Of which stage 3:						
Loans to customers	*20 955*	*5 679*		*15 192*	*20 871*	*83*
Total maximum exposure to credit risk reflected on the balance sheet	*20 955*	*5 679*		*15 192*	*20 871*	*83*
Guarantees	*1 539*			*1 259*	*1 259*	*280*
Unutilised credit lines and loan offers	*659*	*232*		*149*	*381*	*277*
Other commitments	*793*	*45*		*590*	*635*	*158*
Total maximum exposure to credit risk not reflected on the balance sheet	*2 990*	*277*		*1 998*	*2 275*	*715*
Total	*23 945*	*5 957*		*17 190*	*23 147*	*798*

Financial assets of NOK 2.1 billion in stage 3 has no credit loss due to collateralisation.

NOTE G7 Credit risk exposure and collateral (continued)

Comments to the main items as at 31 December 2022:

- *Deposits with central banks:* Deposits with Norges Bank totalled NOK 1 581 million. DNB engages only in short-term transactions with central banks outside Norway, mainly in OECD countries.
- *Loans to customers:* See further description under "Guidelines for credit activity" in note G5 Credit risk management.
- *Commercial paper and bonds:* The Group's investments in commercial paper and bonds, are within market risk limits approved by the Board of Directors.
- *Financial derivatives:* Other collateral represents netting opportunities against other outstanding balances with customers and cash collateral received.
- *Guarantees:* See further description under "Guidelines for credit activity" in note G5 Credit risk management.
- *Unutilised credit lines and loan offers:* Offers of loans, credits and credit lines totalling NOK 95 634 million were included in the maximum credit exposure. No formal collateral has been established for such exposure, and the assessed value is not included in the table. Collateral is established once the offers are accepted by the customers. The assessment of the value of any collateral established in connection with such offers follows the procedure and criteria described under "Guidelines for credit activity" in note G5 Credit risk management.

Credit risk exposure and collateral as at 31 December 2021

Amounts in NOK million	Maximum exposure to credit risk	Secured by real estate	Collateralised by securities	Other collateral	Total collateral	Net exposure to credit risk
Deposits with central banks	296 125		22 600		22 600	273 524
Due from credit institutions	44 959		28 023		28 023	16 936
Loans to customers	1 744 922	1 104 277	84 547	297 395	1 486 218	258 704
Commercial paper and bonds	425 267					425 267
Financial derivatives	135 400		48	79 553	79 601	55 798
Other assets	29 481					29 481
Total maximum exposure to credit risk reflected on the balance sheet	2 676 154	1 104 277	135 218	376 948	1 616 443	1 059 711
Guarantees	10 514	4		5 035	5 039	5 475
Unutilised credit lines and loan offers	668 207	149 256		91 554	240 810	427 397
Other commitments	95 904	3 351		8 807	12 158	83 746
Total maximum exposure to credit risk not reflected on the balance sheet	774 624	152 611		105 396	258 007	516 617
Total	3 450 778	1 256 888	135 218	482 344	1 874 450	1 576 328
Of which subject to expected credit loss:						
Deposits with central banks	*296 125*		*22 600*		*22 600*	*273 524*
Due from credit institutions	*44 959*		*28 023*		*28 023*	*16 936*
Loans to customers	*1 698 721*	*1 046 765*	*84 547*	*297 336*	*1 428 647*	*270 073*
Commercial paper and bonds	*198 230*					*198 230*
Total maximum exposure to credit risk reflected on the balance sheet	*2 238 034*	*1 046 765*	*135 170*	*297 336*	*1 479 271*	*758 764*
Guarantees	*10 514*	*4*		*5 035*	*5 039*	*5 475*
Unutilised credit lines and loan offers	*668 207*	*149 251*		*91 537*	*240 788*	*427 419*
Other commitments	*95 904*	*3 351*		*8 807*	*12 158*	*83 746*
Total maximum exposure to credit risk not reflected on the balance sheet	*774 624*	*152 606*		*105 379*	*257 985*	*516 639*
Total	*3 012 659*	*1 199 371*	*135 170*	*402 715*	*1 737 256*	*1 275 403*
Of which stage 3:						
Loans to customers	*21 752*	*5 181*		*13 119*	*18 300*	*3 452*
Total maximum exposure to credit risk reflected on the balance sheet	*21 752*	*5 181*		*13 119*	*18 300*	*3 452*
Guarantees	*1 292*			*1 292*	*1 292*	*1*
Unutilised credit lines and loan offers	*2 472*	*194*		*997*	*1 190*	*1 281*
Other commitments	*897*	*93*		*360*	*453*	*444*
Total maximum exposure to credit risk not reflected on the balance sheet	*4 661*	*287*		*2 648*	*2 935*	*1 726*
Total	*26 413*	*5 468*		*15 767*	*21 235*	*5 178*

guarantees received.

Financial assets of NOK 4.4 billion in stage 3 has no credit loss due to collateralisation.

NOTE G8 Credit risk exposure by risk grade

In the tables below, all loans to customers and financial commitments to customers are presented by risk grade. The division between risk classes is based on an IRB probability of default (PD) as shown in the table DNB's risk classification in note G5. See also the section Probability of default (PD) in note G6 for a description of the correlation between IRB PD and IFRS PD. The amounts are based on the gross carrying amount and the maximum exposure before adjustments for impairments.

Loans as at 31 December 2022

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Risk grade based on probability of default					
1 - 4	1 400 212	23 575		40 381	1 464 168
5 - 7	324 615	84 544		8 291	417 450
8 - 10	25 734	34 155		364	60 252
Credit impaired			27 499	69	27 568
Total	1 750 560	142 273	27 499	49 105	1 969 438

Loans as at 31 December 2021

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Risk grade based on probability of default					
1 - 4	1 227 580	13 002		37 023	1 277 606
5 - 7	316 745	57 596		8 731	383 073
8 - 10	21 824	41 501		344	63 669
Credit impaired			30 453	104	30 557
Total	1 566 150	112 099	30 453	46 202	1 754 904

Financial commitments as at 31 December 2022

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Risk grade based on probability of default				
1 - 4	587 847	7 157		595 004
5 - 7	89 979	18 529		108 508
8 - 10	8 296	10 442		18 737
Credit impaired			3 194	3 194
Total	686 122	36 127	3 194	725 444

Financial commitments as at 31 December 2021

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Risk grade based on probability of default				
1 - 4	591 318	7 616		598 934
5 - 7	102 192	12 574		114 766
8 - 10	8 960	9 865		18 825
Credit impaired			5 330	5 330
Total	702 470	30 054	5 330	737 854

NOTE G9 Impairment of financial instruments

	2022				2021			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Originated and purchased	(3)	(14)	(7)	(24)	(45)	(3)		(48)
Increased expected credit loss	(664)	(1 106)	(3 497)	(5 266)	(694)	(1 559)	(4 123)	(6 375)
Decreased expected credit loss	566	1 179	3 863	5 608	859	2 070	4 337	7 266
Derecognition	84	97	274	454	187	215	80	482
Write-offs			(627)	(627)			(611)	(611)
Recoveries on loans previously written off			127	127			155	155
Total impairment	(18)	158	132	272	307	723	(162)	868

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity, were NOK 52 million as at 31 December 2022 (NOK 60 million as at 31 December 2021).

NOTE G10 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

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	**1 482 987**	**137 450**	**32 020**	**1 652 457**
Transfer to stage 1	104 192	(101 960)	(2 232)	
Transfer to stage 2	(115 732)	117 598	(1 867)	
Transfer to stage 3	(3 418)	(7 828)	11 246	
Originated and purchased	463 222	6 271	1 447	470 941
Derecognition	(359 494)	(39 066)	(10 168)	(408 728)
Exchange rate movements	(5 609)	(366)	7	(5 968)
Other				
Gross carrying amount as at 31 December 2021	**1 566 150**	**112 099**	**30 453**	**1 708 702**
Transfer to stage 1	94 566	(89 918)	(4 647)	
Transfer to stage 2	(155 298)	158 089	(2 792)	
Transfer to stage 3	(3 100)	(5 190)	8 290	
Originated and purchased	505 979	8 247	2 897	517 123
Derecognition	(336 825)	(45 214)	(7 581)	(389 620)
Acquisition of Sbanken	77 255	3 309	826	81 390
Exchange rate movements	1 833	851	53	2 737
Other				
Gross carrying amount as at 31 December 2022	**1 750 560**	**142 273**	**27 499**	**1 920 333**

Financial commitments

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Maximum exposure as at 1 January 2021	**657 434**	**36 478**	**6 024**	**699 937**
Transfer to stage 1	26 055	(25 348)	(706)	
Transfer to stage 2	(27 413)	28 631	(1 218)	
Transfer to stage 3	(449)	(445)	894	
Originated and purchased	479 454	3 451	336	483 241
Derecognition	(430 467)	(12 766)		(443 233)
Exchange rate movements	(2 144)	54		(2 091)
Other				
Maximum exposure as at 31 December 2021	**702 470**	**30 054**	**5 330**	**737 854**
Transfer to stage 1	25 758	(23 939)	(1 818)	
Transfer to stage 2	(38 436)	38 554	(117)	
Transfer to stage 3	(638)	(349)	988	
Originated and purchased	382 671	2 057	1 283	386 011
Derecognition	(419 648)	(10 664)	(2 468)	(432 780)
Acquisition of Sbanken	28 435			28 435
Exchange rate movements	5 510	414	(1)	5 924
Other				
Maximum exposure as at 31 December 2022	**686 122**	**36 127**	**3 194**	**725 444**

NOTE G11 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.
- Changes in allowance due to the origination of new financial instruments during the period.
- 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 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

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 1 January 2021	**(765)**	**(1 214)**	**(12 039)**	**(14 018)**
Transfer to stage 1	(364)	359	5	
Transfer to stage 2	185	(212)	27	
Transfer to stage 3	2	78	(80)	
Originated and purchased	(312)	(130)		(441)
Increased expected credit loss	(350)	(1 022)	(3 908)	(5 280)
Decreased (reversed) expected credit loss	878	926	4 036	5 840
Write-offs			3 192	3 192
Derecognition	188	466	80	733
Exchange rate movements	6	(1)	(12)	(7)
Accumulated impairment as at 31 December 2021	**(533)**	**(749)**	**(8 700)**	**(9 982)**
Transfer to stage 1	(269)	248	21	
Transfer to stage 2	89	(114)	25	
Transfer to stage 3	3	27	(30)	
Originated and purchased	(230)	(136)	(4)	(370)
Increased expected credit loss	(443)	(846)	(3 688)	(4 978)
Decreased (reversed) expected credit loss	672	526	2 881	4 079
Write-offs			2 943	2 943
Derecognition	87	313	316	716
Acquisition of Sbanken	(9)	(44)	(275)	(328)
Exchange rate movements	(3)	(17)	(33)	(54)
Accumulated impairment as at 31 December 2022	**(637)**	**(793)**	**(6 544)**	**(7 974)**

For explanatory comments about the impairment of financial instruments, see the directors' report.

NOTE G11 Development in accumulated impairment of financial instruments (continued)

Financial commitments

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 1 January 2021	**(284)**	**(566)**	**(601)**	**(1 451)**
Transfer to stage 1	(111)	110	1	
Transfer to stage 2	46	(49)	3	
Transfer to stage 3		17	(17)	
Originated and purchased	(194)	(23)		(216)
Increased expected credit loss	(93)	(240)	(446)	(778)
Decreased (reversed) expected credit loss	408	288	391	1 087
Derecognition	16	134		150
Exchange rate movements	1	(2)		(1)
Other				
Accumulated impairment as at 31 December 2021	**(211)**	**(330)**	**(669)**	**(1 209)**
Transfer to stage 1	(125)	119	7	
Transfer to stage 2	29	(30)	1	
Transfer to stage 3		4	(5)	
Originated and purchased	(147)	(76)		(223)
Increased expected credit loss	(64)	(158)	(22)	(244)
Decreased (reversed) expected credit loss	317	171	476	965
Derecognition	10	114	9	134
Acquisition of Sbanken	(2)	(2)	(1)	(5)
Exchange rate movements	(2)	(8)		(10)
Other				
Accumulated impairment as at 31 December 2022	**(194)**	**(195)**	**(204)**	**(593)**

For explanatory comments about the impairment of financial instruments, see the directors' report.

NOTE G12 Loans and financial commitments to customers by industry segment

Loans to customers as at 31 December 2022

Amounts in NOK million	Gross carrying amount	Accumulated impairment Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	92 789	(21)	(15)	(71)		92 681
Commercial real estate	233 467	(133)	(57)	(393)	85	232 969
Shipping	36 537	(27)	(1)	(189)		36 321
Oil, gas and offshore	41 849	(10)	(12)	(2 557)		39 270
Power and renewables	52 211	(20)	(12)	(596)		51 583
Healthcare	26 367	(8)	(6)	(0)		26 354
Public sector	5 951	(0)	(0)	(0)		5 951
Fishing, fish farming and farming	71 194	(15)	(30)	(133)	95	71 111
Retail industries	48 293	(39)	(49)	(279)	2	47 929
Manufacturing	43 275	(24)	(33)	(92)		43 126
Technology, media and telecom	29 348	(11)	(5)	(26)	0	29 307
Services	80 424	(70)	(95)	(363)	18	79 913
Residential property	123 628	(54)	(29)	(241)	194	123 498
Personal customers	965 045	(146)	(259)	(688)	48 703	1 012 655
Other corporate customers	69 955	(59)	(191)	(917)	8	68 796
Total [1]	**1 920 333**	**(637)**	**(793)**	**(6 544)**	**49 105**	**1 961 463**

1) *Of which NOK 56 872 million in repo trading volumes.*

Loans to customers as at 31 December 2021

Amounts in NOK million	Gross carrying amount	Accumulated impairment Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	78 430	(11)	(12)	(100)	28	78 335
Commercial real estate	209 241	(98)	(43)	(255)	63	208 908
Shipping	36 060	(40)	(40)	(167)		35 813
Oil, gas and offshore	49 821	(55)	(191)	(4 980)		44 595
Power and renewables	41 096	(28)	(2)	(505)		40 561
Healthcare	16 294	(4)	(0)			16 290
Public sector	9 699	(3)	(0)	(0)		9 696
Fishing, fish farming and farming	56 772	(36)	(42)	(107)	102	56 689
Retail industries	36 966	(27)	(26)	(317)	3	36 599
Manufacturing	38 140	(21)	(17)	(91)		38 011
Technology, media and telecom	23 810	(12)	(5)	(24)	(0)	23 769
Services	75 411	(52)	(48)	(658)	17	74 671
Residential property	106 354	(34)	(14)	(145)	203	106 364
Personal customers	857 957	(65)	(118)	(335)	45 777	903 216
Other corporate customers	72 651	(48)	(191)	(1 016)	10	71 406
Total [1]	**1 708 702**	**(533)**	**(749)**	**(8 700)**	**46 202**	**1 744 922**

1) *Of which NOK 54 779 million in repo trading volumes.*

NOTE G12 Loans and financial commitments to customers by industry segment (continued)

Financial commitments as at 31 December 2022

		Accumulated impairment			
Amounts in NOK million	Maximum exposure	Stage 1	Stage 2	Stage 3	Total
Bank, insurance and portfolio management	33 334	(9)	(1)	(0)	33 324
Commercial real estate	32 575	(18)	(2)	(2)	32 553
Shipping	9 056	(7)	(0)		9 049
Oil, gas and offshore	58 322	(9)	(14)	(20)	58 278
Power and renewables	53 564	(15)	(11)		53 539
Healthcare	24 848	(5)	(3)		24 840
Public sector	11 960	(0)	(0)		11 960
Fishing, fish farming and farming	24 685	(5)	(2)	(0)	24 678
Retail industries	33 700	(19)	(20)	(9)	33 652
Manufacturing	52 821	(21)	(16)	(2)	52 782
Technology, media and telecom	20 735	(6)	(8)	(1)	20 721
Services	26 753	(24)	(35)	(9)	26 685
Residential property	36 367	(19)	(7)	(7)	36 334
Personal customers	269 806	(9)	(23)	(4)	269 769
Other corporate customers	36 918	(28)	(54)	(150)	36 687
Total	**725 444**	**(194)**	**(195)**	**(204)**	**724 851**

Financial commitments as at 31 December 2021

		Accumulated impairment			
Amounts in NOK million	Maximum exposure	Stage 1	Stage 2	Stage 3	Total
Bank, insurance and portfolio management	34 419	(7)	(1)	(0)	34 411
Commercial real estate	38 866	(17)	(3)	(1)	38 845
Shipping	12 383	(8)	(3)		12 373
Oil, gas and offshore	64 188	(41)	(150)	(435)	63 561
Power and renewables	46 641	(16)	(1)		46 624
Healthcare	30 630	(5)	(0)		30 625
Public sector	9 424	(0)		(0)	9 424
Fishing, fish farming and farming	23 302	(14)	(7)	(12)	23 269
Retail industries	36 792	(16)	(5)	(5)	36 765
Manufacturing	52 431	(18)	(16)	(1)	52 397
Technology, media and telecom	20 026	(7)	(3)	(0)	20 015
Services	28 705	(20)	(44)	(6)	28 635
Residential property	38 434	(14)	(2)	(6)	38 412
Personal customers	267 249	(12)	(16)	(0)	267 220
Other corporate customers	34 365	(16)	(78)	(202)	34 070
Total	**737 854**	**(211)**	**(330)**	**(669)**	**736 645**

NOTE G13 Market risk

Market risk is the risk of losses or reduced future income due to fluctuations in market prices or exchange rates. The risk arises as a consequence of the Group's unhedged transactions and exposure to the markets for foreign exchange, property, interest rates, commodities, credit and equity. The risk level is determined by market price volatility and the size of the exposure.

DNB quantifies risk by calculating economic capital for the individual risk categories and for the DNB Group's overall risk, see note G5 Credit risk management. Economic capital for market risk should cover all potential market risk losses at a confidence level of 99.9 per cent for the next 12 months. Exposures included in the model can be either actual exposures or limits.

The economic capital for total market risk in the DNB Group was NOK 10.1 billion at the end of 2022, compared with NOK 10.6 billion at the end of 2021. The reduction is due to lower calculated economic capital for equity investments.

Market risk, excluding strategic ownership, represented 6.9 per cent of total economic capital at year-end 2022, which is within the limit of the Group's risk appetite.

NOTE G14 Interest rate sensitivity

Interest rate sensitivity for different time intervals

The value of items on and off the balance sheet is affected by interest rate movements. The table shows potential losses for DNB Group excluding DNB Livsforsikring AS, DNB Bank Polska S.A and Sbanken resulting from parallel one percentage point changes in all interest rates. The calculations are based on a hypothetical situation where interest rate movements in all currencies are unfavourable for DNB relative to the Group's positions. Also, all interest rate movements within the same interval will be unfavourable for the Group. The figures will thus reflect maximum losses for DNB.

The calculations are based on the Group's positions as at 31 December and market rates on the same date. The table does not include administrative interest rate risk and interest rate risk tied to non-interest-earning assets.

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
31 December 2022						
NOK	491	388	82	27	29	78
USD	30	63	63	21	9	19
EUR	9	103	29	13	29	139
GBP	16	8	3	1	2	27
SEK	19	25	28	2	8	66
Other currencies	3	33	9	4	4	44
31 December 2021						
NOK	798	357	196	153	344	55
USD	63	11	63	105	35	256
EUR	17	55	35	8	24	41
GBP	3	0	16	0	1	19
SEK	13	70	14	5	14	62
Other currencies	9	31	6	4	4	42

NOTE G14 Interest rate sensitivity (continued)

Interest rate sensitivity for different time intervals – DNB Livsforsikring

The table shows interest rate sensitivity associated with financial assets in DNB Livsforsikring, excluding commercial paper and bonds held to maturity. The interest rate sensitivity of a security shows potential changes in the security's value resulting from a one percentage point change in interest rates.

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
31 December 2022						
NOK	6	11	74	249	276	616
USD	1	2	30	30	144	145
EUR	5	3	2	10	53	60
GBP	0	0	1	0	17	17
Other currencies	1	1	4	0	9	4
31 December 2021						
NOK	6	40	76	552	1 022	1 696
USD	0	11	24	91	414	475
EUR	2	12	6	46	98	136
GBP	0	0	1	3	46	48
Other currencies	0	2	14	0	24	8

Interest rate sensitivity – liabilities to insurance policyholders

DNB Livsforsikring carries the risk of meeting liabilities in relation to policyholders. The return on financial assets must be sufficient to meet the guaranteed rate of return specified in insurance policies. Otherwise, inadequate returns will have to be covered by applying the market value adjustment reserve, additional allocations, equity or subordinated loan capital.

The guaranteed rate of return must be complied with on a yearly basis. Measured in relation to customer funds the company's total guaranteed rate of return averages 3 per cent.

Note G18 Insurance risk gives a description of a liability adequacy test prepared in compliance with IFRS 4 Insurance Contracts concerning liabilities to policyholders as at 31 December 2022.

NOTE G15 Currency positions

The table shows net currency positions as at 31 December, including financial derivatives as defined by Norges Bank. Foreign exchange risk related to investments in subsidiaries is included in the currency position by the amount recorded in the accounts.

In DNB Livsforsikring foreign currency exposure arises when the company invests parts of its securities portfolio and property portfolio in the international securities market. Under DNB Livsforsikring's current foreign currency hedging strategy, the total foreign currency exposure is reduced to a minimum.

	DNB Livsforsikring		**DNB Group excl. DNB Livsforsikring**	
	Net currency positions		Net currency positions	
Amounts in NOK million	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
USD	46	192	1 350	292
EUR	230	183	(1 036)	2 048
GBP	11	(7)	(40)	(77)
SEK	101	150	(29)	(93)
DKK	(5)	13	8	260
CHF	(3)	7	(4)	3
JPY	(10)	4	(1)	(2)
Other	500	372	141	(34)
Total foreign currencies	870	914	389	2 397

NOTE G16 Financial derivatives and hedge accounting

The majority of derivative transactions in DNB relate to transactions with customers, where DNB enables them to transfer, modify, take or reduce prevailing or expected risk. Derivatives are also used to hedge currency and interest rate risk arising in connection with funding and lending. In addition, Markets conducts derivative trading for their own account and also acts as market maker. A market maker is obliged to furnish both offer and bid prices with a maximum differential between offer and bid price, together with a minimum volume. Market makers always trade for their own account.

DNB uses a range of financial derivatives for both trading and hedging purposes. “Over the counter” (OTC) derivatives are contracts entered into outside an exchange, where terms are negotiated directly with the counterparties. OTC derivatives are usually traded under a standardised International Swaps and Derivatives Association (ISDA) master agreement between DNB and its counterparties. Exchange-traded derivatives are derivative contracts with standardised terms for amounts and settlement dates, which are bought and sold on regulated exchanges.

	31 December 2022			31 December 2021		
Amounts in NOK million	Total nominal values	Positive market value	Negative market value	Total nominal values	Positive market value	Negative market value
Derivatives held for trading						
Interest rate-related contracts						
Forward rate agreements	819 818	2 467	2 121	821 055	1 166	915
Swaps	3 309 026	62 629	62 667	2 780 754	34 213	35 270
OTC options	106 245	1 780	1 759	45 350	509	528
Total interest rate-related contracts	4 235 089	66 875	66 547	3 647 159	35 888	36 713
Foreign exchange-related contracts						
Forward contracts	62 921	7 962	7 923	61 863	5 096	5 219
Swaps	1 653 067	24 467	18 591	1 414 858	20 734	12 833
OTC options	26 968	1 632	1 370	28 164	1 333	1 077
Total foreign exchange-related contracts	1 742 956	34 061	27 883	1 504 884	27 163	19 129
Equity-related contracts						
Forward contracts	1 623	1 125	1 142	2 978	1 506	1 133
Other	2 893	468	367	3 773	394	459
Total OTC derivatives	4 515	1 593	1 509	6 750	1 900	1 591
Futures	3 631	0	0	2 078	0	0
Other	2 751	33	36	3 919	37	22
Total exchange-traded contracts	6 382	33	36	5 997	37	23
Total equity-related contracts	10 897	1 626	1 546	12 747	1 937	1 614
Commodity-related contracts						
Swaps and options	79 631	21 905	20 842	81 654	24 831	24 379
Total commodity related contracts	79 631	21 905	20 842	81 654	24 831	24 379
Total financial derivatives trading	6 068 573	124 468	116 818	5 246 444	89 819	81 835
Derivatives held for hedge accounting						
Fair value hedges of interest rate risk						
Interest rate swaps	578 996	13 286	37 094	560 999	18 012	3 447
Total financial derivatives hedge accounting	578 996	13 286	37 094	560 999	18 012	3 447
Collateral pledged/received on financial derivatives						
Total cash collateral pledged/received		47 933	36 231		27 569	29 066
Total financial derivatives	**6 647 570**	**185 687**	**190 142**	**5 807 443**	**135 400**	**114 348**

Risk related to financial derivatives

Derivatives are traded in portfolios which also include balance sheet products. The market risk on derivatives is handled, monitored and controlled as an integral part of the market risk of these portfolios. See note G13 Market risk. Derivatives are traded with many different counterparties and most of these are also engaged in other types of business with DNB. The credit risk arising in connection with derivatives trading is included in the total credit risk measurement of the DNB Group. Netting agreements or bilateral agreements on collateral are entered into with a number of counterparties, thus reducing credit risk. The authorities' capital adequacy requirements take into account netting agreements and similar bilateral agreements, resulting in a reduction of capital adequacy requirements. See note G5 Credit risk management for a description of counterparty risk.

DNB uses basis swaps and cross currency interest swaps to convert foreign currency borrowings into the desired currency. As a typical example, DNB raises a loan in euro and converts it into US dollars through a basis swap. In this example DNB pays a US dollar interest rate based on a swap curve and receives a euro interest rate reduced or increased by a margin. The basis swaps are financial derivatives measured at fair value. There may be significant variations in the value of the basis swaps from day to day, due to changes in basis swap spreads. This unhedged risk causes unrealised gains and losses. For the year 2022, there was a NOK 822 million increase in value (positive effect on profits), compared with a NOK 310 million reduction in value in 2021.

NOTE G16 Financial derivatives and hedge accounting (continued)

Use of financial derivatives in DNB Livsforsikring

The purpose of employing financial derivatives in DNB Livsforsikring is to be able to invest and allocate funds in accordance with the company's expectations of market trends, through swift and cost-effective asset and market exposure. In addition, the application of derivatives facilitates active risk management and adjustments in equity, interest rate and foreign exchange risk. DNB Livsforsikring does not apply hedge accounting. See notes G14 Interest rate sensitivity and G15 Currency positions for a further description.

Hedge accounting

DNB applies fair value hedge of interest rate risk on investments in fixed rate commercial papers and bonds in currency, issued bonds and subordinated debt with fixed interest in currency and net investment hedge of investments in foreign operations in order to reduce or eliminate accounting mismatches.

Both derivative and non-derivative instruments are designated as hedging instruments in the hedge relationships that qualify for hedge accounting.

In fair value hedges of interest rate risk, the interest rate exposure on fixed-rate investments and borrowings is converted to floating rates. Only the interest rate component is hedged. It is determined as the change in fair value arising from changes in the interbank swap interest rate.

The critical terms of the hedging instruments and the hedging objects are set to match at the inception of the hedge and the hedge ratio is 1:1. Consequently, there was no significant hedge ineffectiveness during the year.

Fair value hedges of interest rate risk as at 31 December 2022

Amounts in NOK million	Balance sheet item	Carrying amount	Accumulated fair value adjustment of the hedged item	Value changes used for calculating hedge ineffectiveness
Hedged exposure				
Investments in bonds	Commercial paper and bonds	82 853	(5 786)	(5 680)
Issued bonds	Debt securities issued	382 755	(27 210)	38 185
Issued bonds, non-preferred	Senior non-preferred bonds	55 574	(5 721)	4 011
Subordinated debt	Debt securities issued	18 036	(314)	(83)
Hedging instrument				
Interest rate swaps	Financial derivatives			(36 406)

Fair value hedges of interest rate risk as at 31 December 2021

Amounts in NOK million	Balance sheet item	Carrying amount	Accumulated fair value adjustment of the hedged item	Value changes used for calculating hedge ineffectiveness
Hedged exposure				
Investments in bonds	Commercial paper and bonds	72 975	(245)	(1 740)
Issued bonds	Debt securities issued	452 572	11 708	12 786
Issued bonds, non-preferred	Senior non-preferred bonds	35 691	(799)	664
Subordinated debt	Subordinated loan capital	17 584	52	131
Hedging instrument				
Interest rate swaps	Financial derivatives			(12 125)

The accumulated amount of fair value hedge adjustments remaining in the balance sheet for hedged items that have ceased to be adjusted for hedging gains and losses is NOK 24 million as at end-December 2022.

NOTE G16 Financial derivatives and hedge accounting (continued)

Residual maturity of interest rate swaps held as hedging instruments as at 31 December 2022

	Maturity				
Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 monts to 1 year	From 1 year to 5 years	Over 5 years
Fair value hedges of interest rate risk, nominal values					
Investments in bonds	1 914	1 082	4 192	72 927	9 466
Hedges of issued bonds	17 480	10 234	99 581	259 487	85 139
Hedges of subordinated debt	1 867	6 594		473	8 560

Residual maturity of interest rate swaps held as hedging instruments as at 31 December 2021

	Maturity				
Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 monts to 1 year	From 1 year to 5 years	Over 5 years
Fair value hedges of interest rate risk, nominal values					
Investments in bonds		1 085	8 383	54 868	7 982
Hedges of issued bonds	31 108	37 687	34 493	261 230	107 126
Hedges of subordinated debt	1 855	6 493		8 201	487

In net investment hedges of foreign operations foreign currency deposits and foreign currency borrowings are used as hedging instruments. These instruments are presented as deposits from customers and debt securities issued in the balance sheet. Instruments in EUR, USD, GBP and SEK are used to hedge the investments in the Group's subsidiaries with functional currencies of EUR, USD, GBP, SEK and DKK.

The total hedged exposure in the net investment hedges amounted to NOK 67 945 million at 31 December 2022. There was no significant hedge ineffectiveness during the year, since the foreign currency gains and losses on the hedged items are offset by the foreign currency gains and losses on the hedging instruments. The effects of the net investment hedge can be seen in the statement of changes in equity.

Any reclassifications from net investment hedge reserve to the income statement, due to for instance sales of subsidiaries, can be seen in the comprehensive income statement and the statement of changes in equity.

Interest Rate Benchmark Reform

As a result of the Interest Rate Benchmark (IBOR) Reform, and the introduction of new reference rates, considerable work has been done to update IT systems, as well as the wording of existing and new contracts relating to use of replacement rates when the original reference rates are no longer available. The transition to new reference rates has been completed for GBP, JPY and CHF.

DNB has a substantial volume of loans and derivatives tied to reference rates in USD which have been affected by the IBOR reform.

The table below does not include exposures in USD which will expire before the mandatory transition to a new reference rate on 30 June 2023. For lending to customers in USD, the table shows the exposure to IBOR reference rates as at 31 December 2022.

Amounts in NOK million	USD Libor
Loans to customers (carrying amount)	95 347
Non-derivative financial assets	**95 347**
Derivatives receivables (notional amount)	**397 751**
Derivatives payables (notional amount)	**500 392**

NOTE G17 Liquidity risk

Liquidity risk is the risk that the DNB Group will be unable to meet its obligations or will be unable to meet its liquidity obligations without a substantial increase in associated costs.

The Group’s risk appetite framework defines the limits for liquidity management in DNB. Over the last decade, DNB has drawn up internal risk appetite statements for the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR) and the loan-to-deposit ratio for the Group. In 2022, a new risk appetite statement on the minimum requirement for own funds and eligible liabilities (MREL) was introduced as well. Risk appetite is operationalised through DNB’s liquidity strategy, which is reviewed at least annually by the Board of Directors. The liquidity strategy includes internal limits which restrict the short-term maturity of liabilities within different time frames. The various maturities are subject to stress testing based on a bank-specific crisis, a systemic crisis and a combination of these, and a contingency plan has been established to handle market events. In addition, limits have been set for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. Ordinary senior bond debt and covered bonds are the major sources of long-term funding.

The principles for Group liquidity risk management and control are set in the Group risk policy and further elaborated on in the Group instructions for managing liquidity risk that set out detailed requirements for governance, accountability and responsibilities relating to monitoring, measurement, controls and reporting of liquidity risk. Group Treasury manages the liquidity risk on a daily basis, while Group Risk Management represents the independent second-line risk management function.

The short-term liquidity requirement (LCR) remained stable at above 100 per cent throughout the year and stood at 148.6 per cent at end-December 2022.

NOTE G17 Liquidity risk (continued)

In the table below, nominal future interest payments in excess of accrued interest are not included on the balance sheet date.

Residual maturity as at 31 December 2022

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets							
Cash and deposits with central banks	295 242	5 596	9 150				309 988
Due from credit institutions	11 656	6 583	1 567	31	721		20 558
Loans to customers	290 237	115 782	136 670	422 547	1 000 800		1 966 037
Commercial paper and bonds	84 653	9 772	39 496	234 240	85 400	43 529	497 089
Shareholdings						48 281	48 281
Total	681 789	137 733	186 882	656 818	1 086 920	91 810	2 841 953
Liabilities							
Due to credit institutions	114 078	24 952	38 233	35			177 298
Deposits from customers	1 396 630						1 396 630
Debt securities issued	51 995	95 200	145 267	448 701	89 963		831 127
Other liabilities etc.	23 409	1 522	49	317	1 550		26 847
Subordinated loan capital	1 867	8 065		12 344	14 866		37 142
Total	1 587 979	129 739	183 549	461 397	106 380		2 469 043
Financial derivatives							
Financial derivatives, gross settlement							
Incoming cash flows	623 759	390 358	414 194	423 057	118 387		1 969 756
Outgoing cash flows	627 977	387 914	413 269	425 785	122 535		1 977 478
Financial derivatives, net settlement	173	(667)	726	(1 990)	(1 655)		(3 413)
Total financial derivatives	(4 044)	1 778	1 651	(4 718)	(5 802)		(11 135)
Credit lines, commitments and documentary credit	277 622	80 700	16 273	231 268	151 829		757 692

Residual maturity as at 31 December 2021

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets							
Cash and deposits with central banks	295 708		1 019				296 727
Due from credit institutions	27 111	12 731	274	4 312	532		44 960
Loans to customers	238 725	109 030	119 413	323 508	956 353		1 747 029
Commercial paper and bonds	51 670	58 668	45 278	132 222	74 564	63 821	426 224
Shareholdings						51 017	51 017
Total	613 215	180 428	165 983	460 043	1 031 449	114 838	2 565 957
Liabilities							
Due to credit institutions	121 911	12 704	14 599	22	374		149 611
Deposits from customers	1 247 723						1 247 723
Debt securities issued	81 028	82 229	155 027	299 571	111 797		729 653
Other liabilities etc.	22 028	1 787	2 785	5 581	339		32 519
Subordinated loan capital		174		27 073	5 752		32 999
Total	1 472 690	96 894	172 411	332 246	118 263		2 192 504
Financial derivatives							
Financial derivatives, gross settlement							
Incoming cash flows	387 030	330 463	322 273	446 675	131 957		1 618 397
Outgoing cash flows	384 271	327 945	321 872	456 059	132 473		1 622 621
Financial derivatives, net settlement	1 114	874	3 060	9 438	7 609		22 096
Total financial derivatives	3 873	3 392	3 461	53	7 093		17 872
Credit lines, commitments and documentary credit	349 107	10 581	79 185	201 708	123 014		763 595

NOTE G18 Insurance risk

Insurance risk in life insurance

Risk in DNB Livsforsikring AS includes financial risk and insurance risk, in addition to operational risk and business risk. Financial risk comprises credit and market risk, which is the risk that the return on financial assets will not be sufficient to meet the obligations specified in insurance policies (see description in notes G13-G15). Insurance risk relates to changes in future insurance payments due to changes in life expectancy and disability rates. DNB Livsforsikring's operations are concentrated in Norway. All figures in this note concern DNB Livsforsikring.

Analysis of insurance liabilities, customers bearing the risk, and liabilities to policyholders

Amounts in NOK million	Insurance liabilities, customers bearing the risk	Liabilities to policyholders
Balance sheet as at 31 December 2020	**116 729**	**200 422**
Deposits	11 851	2 833
Return	14 663	8 939
Inflow of reserves	30 752	437
Outflow of reserves	(31 999)	(145)
Insurance payments	(1 734)	(12 750)
Other changes	(1 516)	(357)
Balance sheet as at 31 December 2021	**138 747**	**199 379**
Deposits	13 338	2 765
Return	(12 254)	1 892
Inflow of reserves	13 843	338
Outflow of reserves	(13 253)	(147)
Insurance payments	(1 754)	(12 960)
Other changes	(408)	(208)
Balance sheet as at 31 December 2022	**138 259**	**191 059**

Description of the insurance products

The company offers traditional life and pension insurance, unit-linked insurance and non-life insurance. A calculation rate is used to determine provisions and premiums. The calculation rate is the annual guaranteed rate of return on policyholders' funds. In most unit-linked insurance products, policyholders bear the financial risk. Non-life insurance policies are products generating payments related to policyholders' life and health. These products are not subject to profit sharing and are repriced annually.

Group contracts

Under group defined-benefit pensions, pension payments are disbursed from an agreed age and until the death of the policyholder. It can also be agreed that the pension payments cease at a certain age. A defined-benefit pension may include a retirement pension, disability pension, spouse’s pension, cohabitant’s pension and child’s pension. Policyholders pay an annual premium for interest rate risk, insurance risk and administration in advance. The company is entitled to change the premium annually. Interest in excess of the guaranteed rate of return is awarded to policyholders in its entirety. If the interest is between zero and the guaranteed rate of return, the company can use additional allocations to meet the guaranteed rate of return, otherwise the company must cover the deficit. A positive risk result may either be used to increase the risk equalisation fund or be distributed to the policyholders. No more than 50 per cent of annual profits may be allocated from the risk result to the risk equalisation fund. The company must cover any remaining losses after the risk equalisation fund has been used. The administration result is allocated in its entirety to the company. For one year agreements with disability pensions and dependent’s pensions without savings, the risk result is transferred directly to the company.

When a member terminates a pension agreement or a pension agreement ends, he or she is entitled to a paid-up policy. Rights earned on the termination date are continued in paid-up policies. Paid-up policies have a separate profit model where a minimum of 80 per cent of the interest result is distributed to policyholders. Any surplus on the risk result can be used either to increase the risk equalisation fund or be allocated to policyholders. No more than 50 per cent of annual profits can be transferred from the risk result to the risk equalisation fund. The administration result is allocated in its entirety to the company.

Group association insurance is pension insurance taken out by associations for their members. Association insurance can comprise retirement pensions, disability pensions, spouse’s pensions and child’s pensions. Profits for distribution between policyholders and the company include the interest result, the risk result and the administration result. No less than 65 per cent of annual profits must be distributed to policyholders.

Individual contracts

Individual annuity and pension insurance policies are savings schemes whereby the company disburses monthly amounts up until the death of the policyholder, or until the policyholder reaches an agreed age. This usually comprises a retirement pension, disability pension, spouse’s pension and child's pension.

NOTE G18 Insurance risk (continued)

Individual endowment insurance policies are contracts whereby the company disburses an agreed amount upon the death of the policyholder or when the policyholder attains an agreed age. Individual endowment insurance may also include disability cover, which is a one-off benefit for permanent disability.

For individual contracts sold prior to 1 January 2008, total profits are distributed between policyholders and the company. Profits for distribution include the interest result, the risk result and the administration result. No less than 65 per cent of total profits must be distributed to policyholders. The new regulations apply to contracts sold after 1 January 2008, with annual pricing of each profit element, which is in accordance with the regulations for group defined-benefit pensions.

Contracts in the unit-linked portfolio

Defined-contribution pensions are group pension schemes where the employees bear the financial risk. However, full or partial hedging of the paid amount can be bought. If a member is disenrolled from the pension agreement, a pension capital certificate is issued, which secures the retirement pension capital.

Individual unit-linked insurance policies are endowment insurance policies or annuity insurance policies where policyholders bear the financial risk.

Other sectors

Group life insurance policies are life level term insurance policies taken out by employers or associations for their employees or members and, where applicable, also for their spouses and children. The amount recoverable under the policy is disbursed upon the death of the policyholder. Group life insurance may also comprise disability cover, which is a one-off benefit for permanent disability.

Employer's liability insurance is a one-year risk product which companies link to their pension agreements. This may be corporate group life insurance or accident insurance. Occupational injury insurance is mandatory for all enterprises.

Specification of liabilities to policyholders recorded in the balance sheet as at 31 December 2022

	Group life insurance - defined-benefit pensions		Individual annuity and pension insurance					
Amounts in NOK million	Private sector	Group association insurance	Annuity and pension insurance	Endow-ment insurance	Group life insurance	Non-life insurance	Total 2022	Total 2021
Premium reserve	275 037	2 450	15 434	26 034	273		319 227	324 221
Additional allocations	4 799	31	301	432			5 562	7 351
Market value adjustment reserve	681		79	33	1	14	808	3 204
Premium fund	418	2		29			450	469
Pensioners' profit fund	560						560	512
Other technical reserves						2 768	2 768	2 391
Liabilities to policyholders	**281 496**	**2 483**	**15 814**	**26 528**	**273**	**2 782**	**329 376**	**338 149**
Excess value of bonds at amortised cost are not included in balance sheet values							(3 342)	4 169

Insurance risk

Within life insurance, insurance risk is mainly related to the likelihood of death and disability.

Insurance risk in DNB Livsforsikring is divided, in varying degrees, between policyholders and the company. With respect to the non-life insurance products employers' liability insurance and certain pure risk products, the company is exposed to insurance risk. For individual pension and endowment insurance products sold after 1 January 2008 and group pension agreements, the company's risk represents its obligation to cover a possible negative risk result. The company is credited up to 50 per cent of any positive risk result in the form of allocations to the risk equalisation fund.

The risk result arises when empirical data for mortality, disability and exit risk deviate from the assumptions underlying the calculation base for premiums and provisions. When the risk result generates a surplus, the surplus can be allocated to the risk equalisation fund. The risk equalisation fund cannot exceed 150 per cent of the company's total risk premiums for the accounting year. If there is a deficit on the risk result, the risk equalisation fund can be used. The risk equalisation fund does not apply to risk contracts with a maximum term of one year, disability pensions and dependent's pensions with no accrued entitlement or individual contracts sold prior to 1 January 2008.

Risk for DNB Livsforsikring related to changes in mortality rates is twofold. With respect to mortality risk coverage, mainly spouse's and child's pensions, lower mortality rates will give an improved risk result and a more limited need for provisions. For pensions that are currently payable, lower mortality rates will result in extended disbursement periods and thus require greater provisions, called pure endowment risk. It will be possible to cover the required increase in reserves relating to insurance risk by future surpluses on investment results. The company's insurance risk mainly comprises pure endowment risk and disability risk.

Disability risk is more exposed to short-term changes. Allocations covering incurred, unsettled insurance claims are under continuous review. No further needs for strengthening existing provisions relating to disability pensions or other disability products have been identified.

NOTE G18 Insurance risk (continued)

With respect to existing contracts, insurance risk is subject to continual review by analysing and monitoring risk results within each business sector. In addition, the company applies reinsurance as an instrument to reduce insurance risk. The company's current reinsurance contracts cover catastrophes and significant individual risks within group and individual insurance. The reinsurance agreements imply that DNB Livsforsikring is responsible for risk up to a certain level while the reinsurer covers excess risk up to a maximum defined limit.

In order to reduce insurance risk exposure, it is mandatory that policyholders undergo a health check before entering into a contract for individual risk products. Individual health checks are also required under small-scale group schemes. In connection with the sale of disability pensions, policyholders are divided into risk categories based on a concrete risk assessment in each individual case.

Risk result

The table shows the effect on the risk result for 2022 of given changes in empirical mortality or disability data.

	Group life insurance - defined-benefit pensions		Individual annuity and pension insurance				
Amounts in NOK million	Private sector	Group association insurance	Annuity and pension insurance	Endow-ment insurance	Other sectors	Total 2022	Total 2021
Risk result							
Risk result in 2022	435	3	32	18	(1)	487	
Of which: Mortality risk	*(4)*	*16*	*0*	*17*		*30*	*77*
Longevity risk	*108*	*(19)*	*6*	*(3)*	*(1)*	*91*	*(11)*
Disability rate	*304*	*4*	*20*	*(1)*		*326*	*115*
Employer's liability insurance	*(50)*					*(50)*	*(153)*
Other	*76*	*2*	*6*	*6*		*90*	*181*
Risk result in 2021	126	6	48	32	(1)		210
Sensitivites - effect on risk result in 2022							
5 per cent reduction in mortality rate	(35)	(1)	(11)	1	(2)	(48)	(48)
10 per cent increase in disability rate	(196)	(0)	(8)	(2)		(205)	(220)

Permanent changes in the calculation assumptions will require changes in premiums and provisions. Higher premium reserve requirements can be financed by the risk result for the year, risk equalisation fund or by the year's and future required rates of return. When calculation assumptions are changed, the company's financing plan must be approved by Finanstilsynet.

Calculation assumptions

The table shows the effect of changes in key calculation assumptions on gross premium reserves.

Amounts in NOK million	Change in per cent	Effect on gross premium reserve
Mortality	(5)	+1 522
Disability	10	+672

Mortality and disability

The table shows the net annual risk premium for a sum assured of NOK 100 000. For spouse's pensions, the premium shown is for an annual spouse's pension of NOK 10 000 paid from the death of the primary policyholder until the spouse reaches the age of 77. For disability pensions, the premium shown is for an annual disability pension of NOK 10 000, payable after a 12-month waiting period, until 67 years of age.

	Men			Women		
Amounts in NOK	30 years	45 years	60 years	30 years	45 years	60 years
Spouse's pensions in group schemes	16	119	492	13	69	197
Disability pensions in group schemes	211	425	1 296	301	1 049	2 209

Interest rate sensitivity – liabilities to policyholders

DNB Livsforsikring carries the risk of fulfilling the company's commitments in contracts with policyholders. The return on financial assets must be sufficient to meet the guaranteed rate of return specified in insurance policies. Otherwise, inadequate returns will have to be covered by applying the market value adjustment reserve, additional allocations, equity or subordinated loan capital. The guaranteed rate of return must be complied with on a yearly basis.

NOTE G18 Insurance risk (continued)

The table shows long-term developments in the average guaranteed rate of return for each sector. The guaranteed rate of return is shown as a percentage of the premium reserve, premium fund and additional allocations, and is measured as at 31 December.

Per cent	2022	2021	2020	2019
Group pension insurance, private sector	2.9	2.9	3.0	3.0
Individual pension insurance	3.3	3.2	3.2	3.3
Individual endowment insurance	2.1	2.1	2.1	2.1
Group association insurance	3.9	3.8	3.8	3.9
Total	3.0	2.9	3.0	3.0

Liability adequacy test

The company conducts a quarterly adequacy test in accordance with IFRS 4 phase 1, in which provisions are assessed in keeping with Chapter 3 of the Norwegian Act on Insurance Activity. The company's technical insurance provisions are considered to be sufficient as of 31 December 2022.

Solvency capital

The solvency capital consists of the market value adjustment reserve, additional allocations, risk equalisation fund, equity, subordinated loan capital and unrealised gains on financial instruments at amortised cost. All these elements, with the exception of the risk equalisation fund, can be used to meet the guaranteed rate of return on policyholders' funds.

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Market value adjustment reserve	808	3 204
Additional allocations	5 562	7 351
Risk equalisation fund	1 128	929
Equity	24 249	24 413
Subordinated loan capital	7 000	7 000
Unrealised gains on financial intruments at amortised cost	(3 342)	4 169
Total available capital	35 405	47 067
Guaranteed return on policyholders' funds, one-year rate of return on insurance contracts at end of period	5 584	5 740

Capital requirements and solvency capital

Regulatory capital requirements for European insurance companies are specified in the Solvency II Directive, which entered into force on 1 January 2016. The directive has been implemented in Norwegian law in the Financial Institutions Act and the Solvency II regulations. In addition to capital and capital requirements, the directive includes rules for capital management and internal control, supervisory review and evaluation, and market discipline in the form of requirements for public disclosure and supervisory reporting. The Solvency II regulations set a minimum requirement for primary capital to cover the solvency capital requirement (SCR) and the minimum capital requirement (MCR).

The solvency capital requirement is set at a level to ensure that there is a 99.5 per cent probability that total losses, including insurance and financial losses, over a period of 12 months do not exceed the estimated capital requirement. The calculations take risk-mitigating measures and systems into consideration. The minimum requirement is set at a level to ensure that there is an 85 per cent probability that total losses over a period of 12 months will not exceed the estimated capital requirement.

The capital is divided into three groups according to quality. Minimum 50 per cent of the SCR must be covered by capital group 1. Capital group 3 cannot cover more than 15 per cent of the solvency capital requirement. Capital group 1 must constitute minimum 80 per cent of the MCR requirement.

Regulations allow the use of transitional rules when calculating solvency capital. In December 2015, DNB Livsforsikring was given permission by Finanstilsynet to use the transitional rules for insurance provisions. Thus, the company is allowed to use recorded insurance provisions instead of the market value of the liabilities. The transitional rules apply for 16 years, and will be reduced linearly, initially on 1 January 2017.

As at 31 December 2022, DNB Livsforsikring had a solvency margin according to the transitional rules of 187 per cent. Without the transitional rules, the solvency margin was 187 per cent.

NOTE G18 Insurance risk (continued)

Solvency capital

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Capital group 1		
Share capital	1 641	1 641
Share premium reserve	6 016	6 016
Subordinated loans	1 500	1 500
Reconciliation reserve [1)]	14 416	19 030
Including effect of the transitional rules		6 431
Total capital group 1	23 573	28 187
Capital group 2		
Subordinated loan capital	5 500	5 500
Risk equalisation fund	1 128	929
Total capital group 2	6 628	6 429
Capital group 3		
Deferred taxes	152	0
Total capital group 3	152	0
Total solvency capital	**30 354**	**34 617**
Total solvency capital without the transitional rules	**30 354**	**28 186**

1) *Retained earnings are included in the reconciliation reserve. In addition, changes in capital due to the transition to market values for assets and liabilities will be a part of the reconciliation reserve.*

Solvency capital requirement

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Market and counterparty risk	28 654	30 221
Insurance risk	10 872	10 490
Operational risk	1 053	1 091
Diversification between market and counterparty risk and insurance risk	(7 119)	(7 115)
Loss absorption, deferred taxes	(5 232)	(4 428)
Loss absorption, technical insurance reserves	(12 024)	(12 121)
Solvency capital requirement	16 204	18 138
Minimum capital requirement	7 292	7 723

Solvency margin

Figures in per cent	31 Dec. 2022	31 Dec. 2021
Solvency margin with transitional rules	187	191
Solvency margin without transitional rules	187	155

NOTE G19 Net interest income

	2022				2021			
Amounts in NOK million	Measured at FVTPL	Measured at FVOCI [1)]	Measured at amortised cost [2)]	Total	Measured at FVTPL	Measured at FVOCI [1)]	Measured at amortised cost [2)]	Total
Interest on amounts due from credit institutions	22		6 387	6 409	1		(929)	(928)
Interest on loans to customers	1 257		61 431	62 688	1 205		39 225	40 429
Interest on commercial paper and bonds	2 598	2 855		5 454	2 185	371	0	2 556
Front-end fees etc.	2		449	451	2		448	451
Other interest income	398		4 592	4 990	312		4 067	4 379
Total interest income	**4 277**	**2 855**	**72 860**	**79 992**	**3 706**	**371**	**42 811**	**46 887**
Interest on amounts due to credit institutions	(26)		(4 422)	(4 448)	(0)		(69)	(69)
Interest on deposits from customers	(219)		(13 088)	(13 307)	(104)		(2 298)	(2 402)
Interest on debt securities issued	(248)		(9 623)	(9 871)	(602)		(804)	(1 407)
Interest on subordinated loan capital	(12)		(618)	(629)	0		(334)	(334)
Contributions to the deposit guarantee and resolution funds			(1 231)	(1 231)			(1 091)	(1 091)
Other interest expenses [3)]	(2 114)		(98)	(2 213)	(2 798)		(97)	(2 895)
Total interest expenses	**(2 619)**		**(29 080)**	**(31 698)**	**(3 504)**		**(4 693)**	**(8 197)**
Net interest income	**1 658**	**2 855**	**43 780**	**48 294**	**202**	**371**	**38 117**	**38 690**

1) *Includes NOK 474 million (compared with minus NOK 815 million in 2021) in interest on derivatives presented in the income statement as other interest income.*
2) *Includes hedged items.*
3) *Other interest expenses include interest rate adjustments resulting from interest rate swaps. Derivatives are measured at FVTPL.*

NOTE G20 Net commission and fee income

Amounts in NOK million	2022	2021
Money transfer and interbank transactions	3 534	2 687
Guarantee commissions	968	886
Asset management services	2 655	2 557
Custodial services	716	545
Securities broking	778	688
Corporate finance	1 629	2 201
Credit broking	308	618
Sale of insurance products	2 620	2 677
Real estate broking	1 067	1 258
Other commissions and fees	1 067	876
Total commission and fee income	**15 343**	**14 992**
Money transfer and interbank transactions	(1 413)	(1 282)
Guarantee commissions	(36)	(33)
Asset management services	(786)	(784)
Custodial services	(354)	(288)
Securities broking	(175)	(133)
Corporate finance	(176)	(374)
Sale of insurance products	(115)	(195)
Other commissions and fees	(834)	(893)
Total commission and fee expenses	**(3 890)**	**(3 981)**
Net commission and fee income	**11 453**	**11 011**

NOTE G21 Net gains on financial instruments at fair value

Amounts in NOK million	2022	2021
Foreign exchange and financial derivatives	6 984	6 129
Commercial paper and bonds	(1 381)	(1 291)
Shareholdings	1 123	978
Financial liabilities	13	37
Net gains on financial instruments, mandatorily at FVTPL	6 738	5 854
Loans at fair value [1)]	(1 744)	(1 265)
Commercial paper and bonds [2)]	(1 409)	(1 282)
Financial liabilities	478	615
Net gains on financial instruments, designated as at FVTPL	(2 674)	(1 932)
Financial derivatives, hedging	(36 406)	(12 125)
Commercial paper and bonds FVOCI, hedged	(5 680)	(1 740)
Financial liabilities, hedged	42 113	13 582
Net gains on hedged items	26	(282)
Net realised gains on financial assets at FVOCI [3)]	(82)	(62)
Dividends	139	43
Net gains on financial instruments at fair value	**4 147**	**3 621**

1) *The change in fair value due to credit risk amounted to a NOK 20 million gain during the year and a NOK 51 million loss cumulatively. Credit risk reflected in fair value measurements is based on normalised losses and changes in normalised losses in the relevant portfolio.*
2) *The change in fair value due to changes in credit spreads amounted to a NOK 155 million loss during the year and a NOK 90 million loss cumulatively.*
3) *Recycled from other comprehensive income.*

NOTE G22 Salaries and other personnel expenses

Amounts in NOK million	2022	2021
Salaries [*)]	(10 768)	(9 555)
Employer's national insurance contributions	(2 014)	(1 743)
Pension expenses	(1 389)	(1 631)
Restructuring expenses	(18)	(142)
Other personnel expenses	(683)	(755)
Total salaries and other personnel expenses	**(14 871)**	**(13 826)**
**) Of which: Ordinary salaries*	*(8 662)*	*(7 702)*
Performance-based pay	*(1 629)*	*(1 529)*

Number of employees/full-time positions

	2022	2021
Number of employees as at 31 December	10 625	9 659
- of which number of employees abroad	1 438	1 349
Number of employees calculated on a full-time basis as at 31 December	10 351	9 410
- of which number of employees calculated on a full-time basis abroad	1 422	1 328
Average number of employees	10 255	9 448
Average number of employees calculated on a full-time basis	9 977	9 205

Sbanken has been included in the figures for 2022 and represents 329 full-time equivalents at year-end.

NOTE G23 Other expenses

Amounts in NOK million	2022	2021
Fees	(789)	(640)
IT expenses	(4 372)	(3 923)
Postage and telecommunications	(155)	(132)
Office supplies	(28)	(40)
Marketing and public relations	(841)	(675)
Travel expenses	(186)	(55)
Training expenses	(75)	(53)
Operating expenses on properties and premises [1]	(431)	(409)
Operating expenses on machinery, vehicles and office equipment	(32)	(59)
Other operating expenses	(1 190)	(858)
Total other expenses	**(8 098)**	**(6 845)**

1) Costs relating to leased premises were NOK 748 million in 2022 and NOK 773 million in 2021.

NOTE G24 Depreciation and impairment of fixed and intangible assets

Amounts in NOK million	2022	2021
Depreciation of machinery, vehicles and office equipment	(2 226)	(2 131)
Depreciation of right of use assets	(542)	(524)
Other depreciation of tangible and intangible assets	(763)	(706)
Impairment of fixed and intangible assets	(10)	(3)
Total depreciation and impairment of fixed and intangible assets	**(3 541)**	**(3 363)**

See note G38 Intangible assets and note G39 Fixed assets.

NOTE G25 Pensions

Description of the pension schemes

The DNB Group has a defined-contribution pension scheme for all employees in Norway, with the exception of around 205 employees from the former Postbanken who are covered by a closed, group pension plan in the Norwegian Public Service Pension Fund.

The contribution rates are:

- Salary equivalent to 0 to 7.1 times the National Insurance basic amount, G: 7 per cent
- Salary equivalent to 7.1 to 12 times G: 15 per cent
- The Group has no defined-contribution pension scheme for salaries exceeding 12G (apart from the closed scheme for employees from before 2008)

Employees who were enrolled in the former defined-benefit pension schemes (terminated between 2015 and 2017) are also covered by a compensation scheme that is structured as a supplementary, contribution-based direct pension scheme.

Based on the terms and conditions approved at the time of conversion, the savings plan in the compensation scheme aims to give the individual employee a total pension capital when reaching the age of 67 corresponding to what he or she would have received if the defined-benefit pension scheme had been retained. Both the pension entitlements and the return on the pension funds are funded through operations.

The DNB Group has a disability pension scheme for all employees in Norway. The disability pension represents:

- 3 per cent of pensionable income up to 12G
- 25 per cent of G, maximum 6 per cent of pensionable income, up to 12G
- 66 per cent of pensionable income in the interval between 6G and 12G

The Norwegian companies in the Group are part of the contractual early retirement pension (AFP) scheme for the private sector. In addition, the Group has an agreement on contractual early retirement pension according to public sector rules for employees who are members of the Norwegian Public Service Pension Fund.

The private early retirement pension scheme will be funded through an annual premium established as a percentage of salaries between 1 and 7.1G.

NOTE G25 Pensions (continued)

Employer's contributions and financial activities tax are included in pension expenses and commitments.

Subsidiaries and branch offices outside Norway have separate schemes for their employees, mainly in the form of defined-contribution pension schemes. Pension expenses for employees outside Norway represented NOK 344 million.

Economic assumptions applied in calculating pension expenses and commitments are in accordance with the guidance from the Norwegian Accounting Standards Board per 31 December 2022.

Pension expenses

Amounts in NOK million	2022	2021
Net present value of pension entitlements	(101)	(595)
Interest expenses on pension commitments	(52)	(48)
Calculated return on pension funds	23	22
Sale [1]	(136)	
Curtailment		
Administrative expenses	(1)	(1)
Total defined benefit pension schemes	(266)	(622)
Contractual pensions, new scheme	(135)	(118)
Risk coverage premium	(50)	(55)
Defined contribution pension schemes	(938)	(836)
Net pension expenses	(1 389)	(1 631)

Pension commitments

Amounts in NOK million	2022	2021
Opening balance	7 222	6 578
Additions through acquisitions	90	20
Accumulated pension entitlements	101	595
Interest expenses	52	48
Actuarial losses/(gains), net	(264)	238
Changes in the pension schemes	(125)	(83)
Curtailments		
Pension payments	(279)	(257)
Exchange rate differences	(113)	84
Closing balance	6 684	7 222

Pension funds

Amounts in NOK million	2022	2021
Opening balance	2 149	2 102
Additions through acquisitions	68	23
Expected return	23	22
Actuarial gains/(losses), net	46	96
Curtailments		
Premium paid	76	20
Pension payments	(100)	(100)
Administrative expenses	(1)	(1)
Exchange rate differences	(234)	(13)
Closing balance	2 027	2 149
Net defined benefit obligation	4 657	5 073

1) *In 2022, pre-tax pension costs of NOK 136.2 million were recognised in the accounts as a result of an agreement on the sale of the UK branch office's defined-benefit pension scheme to DNB Bank ASA. The effect on equity (net after tax) was minus NOK 14.4 million. The difference is due to the fact that the transferred scheme was overfunded and thus not recognised as a net asset of the bank. The overfunded part will be recognised directly as equity. In addition, there will be a tax effect.*

NOTE G25 Pensions (continued)

Sensitivity analysis for pension calculations

The following estimates are based on facts and conditions prevailing per 31 December 2022, assuming that all other parameters are constant. Actual results may deviate significantly from these estimates.

	Discount rate		Annual rise in salaries/basic amount		Annual adjustment of pensions		Life expectancy	
Change in percentage points	+1%	-1%	+1%	-1%	+1%	0%	+1 year	-1 year
Percentage change in pensions								
Pension commitments	10-17	10-21	20-25	20-22	12-14	0	3	3
Net pension expenses for the period	16-17	20-21	22-25	20-22	12-14	0	3	3

NOTE G26 Taxes

Tax expense on pre-tax operating profit

Amounts in NOK million	2022	2021
Current taxes	(3 462)	(2 215)
Changes in deferred taxes	(3 800)	(5 247)
Tax expense	**(7 262)**	**(7 462)**

Reconciliation of tax expense against nominal tax rate

Amounts in NOK million		
Pre-tax operating profit	39 854	32 667
Estimated tax expense at nominal tax rate 22 per cent	(8 768)	(7 187)
Tax effect of financial tax in Norway	(829)	(716)
Tax effect of different tax rates in other countries	31	13
Tax effect of debt interest distribution with international branches	505	60
Tax effect of tax-exempt income from shareholdings [1]	216	267
Tax effect of other tax-exempt income and non-deductible expenses	592	396
Tax effect reclassified from other comprehensive income statement	1 284	
Tax effect of changed tax rate for deferred taxes recognised in the balance sheet	(4)	18
Excess tax provision previous year	(289)	(313)
Tax expense	**(7 262)**	**(7 462)**
Effective tax rate	18%	23%

Income tax on other comprehensive income

Amounts in NOK million		
Items that will not be reclassified to the income statement	52	56
Hedges of net investments	720	(170)
Total income tax on other comprehensive income	**772**	**(114)**

1) In Norway, a company's income from share investments is normally exempt from tax. As a rule, this applies to investments in companies domiciled in the EU/EEA. The tax exemption applies to both dividends and gains/ (losses) upon realisation. However, 3 per cent of dividends from tax-exempt investments is included in taxable income.

Financial tax in Norway

The financial activities tax is an additional tax imposed on companies within the financial services sector. This tax represents an increased income tax rate of 3 percentage points for financial institutions.

Tax effect reclassified from other comprehensive income statement

DNB hedges investments in foreign subsidiaries to offset the foreign currency exposure that arises when a subsidiary has a different functional currency from that of the Group. Gains or losses after taxes on the hedging instruments are recognised directly in the Group's equity and presented in the statement of changes in equity as 'Net investment hedge reserve' and in the comprehensive income statement as 'Hedging of net investment'. Due to the liquidation of the Group's subsidiary in Singapore, the cumulative gains or losses of the hedging instrument and the corresponding tax effect recognised in equity were reclassified to the income statement in 2022, thereby reducing the tax expense for the year by NOK 1 284 million.

NOTE G26 Taxes (continued)

Tax effect of debt interest distribution between DNB Bank ASA in Norway and international branch offices

According to Norwegian tax legislation, external interest expenses are to be allocated proportionally among DNB Bank ASA's operations in Norway and certain international branch offices based on the respective entities' total assets. This could result in additions to or deductions from the companies' income in Norway.

In the second quarter of 2021, DNB Bank ASA received a decision from the Norwegian tax authorities relating to the deduction of external interest expenses. According to Norwegian tax legislation, external interest expenses are to be distributed proportionally among DNB Bank ASA's operations in Norway and certain international branch offices, based on the respective entities' total assets. This could result in additions to or deductions from the banks income in Norway. The decision covers the fiscal years 2015-2019 and means that the limitation of interest deduction is calculated by including internal receivables. The decision involves a tax exposure of NOK 1.7 billion for the period in question. The estimated tax effect for the years 2020–2022 amounts to a total of approximately NOK 80 million.

DNB disagrees with the tax authorities' interpretation of the legislation. Legal proceedings were initiated in 2021, and the court proceedings at the first level took place at the beginning of May 2022. The first-level court decision of 4 June 2022 was not in favour of DNB, and DNB has appealed the decision. Court proceedings at the second level are scheduled for October 2023. DNB is still of the opinion that it has a strong case in the proceedings, and no provisions have been recognised in the accounts.

Tax effect of the reorganisation of the lending activities in Sweden and the UK in 2015

In the second quarter of 2022, DNB Bank ASA received a notice from the Norwegian tax authorities relating to a reorganisation of the lending activities in Sweden and in the UK in 2015. The tax authorities questioned the valuation and calculation of taxable gains/losses relating to loan portfolios that were sold from branches of DNB Bank ASA to subsidiaries in Sweden and the UK. The Group's maximum tax exposure is estimated to be approximately NOK 1.1 billion. DNB disagrees with the Norwegian tax authorities' approach. It is DNB's view that it has a strong case, and no provisions have been recognised in the accounts.

Notice of change in the tax assessment for DNB Bank ASA for 2019 and 2020

On 27 February 2023, DNB Bank ASA received a notice of a change in the tax assessment of dividends received from US subsidiaries in 2019 and 2020. DNB has treated dividends received as covered by the tax exemption method, and has treated 3 per cent of the dividends as taxable income. In the notice, the Norwegian tax authorities state that they will consider whether the dividends should be considered taxable, based on the fact that the subsidiary is not itself a taxable entity in the US, and that in this case, the US must be considered a low-tax country, which means that dividends are not covered by the tax exemption method. The subsidiary is jointly taxed with the bank's branch office in New York. In the low-tax country assessment, the tax authorities compare the operations of and tax rules for the subsidiary and the bank's branch office jointly, rather than considering the subsidiary in isolation. In the tax authorities' view, this comparison gives an effective taxation that is less than two thirds of Norwegian taxation, and the tax authorities therefore consider the US to be a low-tax country. The tax authorities have also announced that payments from the subsidiary that relate to the company's share of the tax payment under the joint taxation are to be considered taxable dividends. The notice means a tax exposure of NOK 1.6 billion for DNB for the period. DNB does not agree that the US should be regarded as a low-tax country, or that there are grounds for regarding the tax payments as dividends, and for this reason no provisions have been recognised in the accounts.

Decision of change in tax assessment for DNB Livsforsikring for 2018

New tax rules for life insurance and pensions companies were introduced for the fiscal year 2018, with associated transitional rules. When the financial statements and tax return for DNB Livsforsikring were prepared in 2018, it was unclear how the transitional rules should be interpreted, and DNB Livsforsikring did not agree with the Norwegian Tax Administration's interpretation of the original wording of the law. Based on an overall assessment, the net tax effect associated with the transitional rules was included as a tax income of NOK 880 million for the Group. In the 2018 tax return, DNB Livsforsikring demanded a larger tax deduction than the tax effect recognised in the accounts.

In January 2022, DNB Livsforsikring received a final decision concerning a change in the tax assessment for 2018. DNB Livsforsikring will appeal the decision to Skatteklagenemnda (the Norwegian tax appeal board) within the deadline. On the basis of a new review of the matter, a tax expense of NOK 299 million was recognised in the accounts in 2021 related to the transition effect in 2018. The final outcome of the matter is uncertain and may result in either lower or higher tax deductions than those used as basis in the Group accounts. If the company does not win its case on any of the points, this will give a further increased tax expense of NOK 460 million related to the transition effect in 2018.

Expectations regarding the effective tax rate

The nominal tax rate in Norway was 22 per cent in 2022. Business operations outside Norway are subject to local tax rates in their country of operation, and nominal tax rates range from 17 to 27 per cent. The effective taxation of operations outside Norway depends on both local tax rules and on whether it is possible to avoid double taxation. Tax-exempt income from share investments contributes to a lower expected tax rate than 22 per cent. In some periods, tax losses carried forward that are not recognised in the balance sheet have caused variations in the effective tax rate. In periods when such assets have not been recognised, the effective tax rate has been higher than the long-term expectation, whereas it has been lower in periods when tax losses not recognised as assets have been utilised.

NOTE G26 Taxes (continued)

Deferred tax assets/(deferred taxes)

Amounts in NOK million	2022	2021
The year's changes in deferred tax assets/(deferred taxes)		
Deferred tax assets/(deferred taxes) as at 1 January	(922)	4 328
Changes recorded against profits	550	(1 747)
Changes recorded against comprehensive income	52	45
Currency translation differences on deferred taxes	49	(5)
Additions through acquisitions	(5)	(43)
Changes due to group contribution	(4 350)	(3 500)
Deferred tax assets/(deferred taxes) as at 31 December	(4 626)	(922)

Deferred tax assets and deferred taxes in the balance sheet relates to the following temporary differences

	Deferred tax assets		Deferred taxes	
Amounts in NOK million	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Fixed assets and intangible assets	(107)	(106)	3 133	2 487
Commercial paper and bonds	140	223	(1 071)	(228)
Debt securities issued			8 578	(2 731)
Financial derivatives		15	(4 098)	4 712
Net pension liabilities	47	51	(1 093)	(1 200)
Net other tax-deductable temporary differences	55	69	847	1 139
Tax losses and tax credits carried forward	375	397	(1 160)	(2 608)
Total deferred tax assets/deferred taxes	**510**	**649**	**5 136**	**1 571**

A significant share of the financial instruments are measured at fair value in the accounts, while for tax purposes, the same instruments are recorded on an accrual basis in accordance with the realisation principle. This gives rise to large differences between profits stated in the accounts and profits computed for tax purposes for the individual accounting years, especially in years with significant fluctuations in interest rate levels and exchange rates. These differences are offset in the longer term.

Due to large exchange rate fluctuations in 2022 and 2021, there were significant changes in unrealised gains and losses on financial instruments used in managing the Group's currency and interest rate risk. Financial instruments are recorded in accordance with the realisation principle, while the current rate method is used for receivables and liabilities in foreign currency. These differences are expected to be reversed within a short period of time.

Overview over deferred tax assets from tax losses and tax credits carried forward

	31 December 2022			31 December 2021		
Amounts in NOK million Tax losses carried forward	Total tax losses carried forward	Of which basis for tax assets	Recognised tax asset	Total tax losses carried forward	Of which basis for tax assets	Recognised tax assets
Norway	725	559	123	6 448	6 284	1 571
Singapore	139	139	24	148	148	25
Denmark	1 603	1 603	351	1 691	1 691	372
Total of tax losses and tax assets	2 467	2 301	498	8 287	8 123	1 968
Tax credits carried forward [1)]			1 037			1 037
Total of deferred tax assets from tax losses and tax credits carried forward			**1 535**			**3 005**
Of which presented under net deferred tax assets			*375*			*397*
Of which presented under net deferred tax			*1 160*			*2 608*

1) *All tax credits carried forward relates to tax payers in Norway.*

NOTE G27 Country-by-country reporting

Under CRD, a financial institution must, for each country in which it operates through a subsidiary or a branch office, disclose information about income, number of employees and pre-tax operating profit. DNB has not received any public subsidies that relate to the Group's activities as a financial institution. The table below contains consolidated figures by country, taken from the consolidated financial statements.

Amounts in NOK million		2022				2021			
Country	Business area [1]	Total income [2]	Pre-tax operating profit	Tax expense [3]	Full-time-equivalent staff [4]	Total income [2]	Pre-tax operating profit	Tax expense [3]	Full-time-equivalent staff [4]
Norway	CB, M, WM, PM, O	55 346	32 071	5 708	9 187	46 141	26 303	6 210	8 310
Denmark	CB, O	917	426	61	56	734	253	30	51
Luxembourg	WM	461	280	70	61	370	207	52	62
Poland	CB, PM	358	(8)	20	134	295	(67)	28	163
Singapore	CB, M	134	(123)	1	33	117	19	24	33
Sweden	CB, M, WM, PM, O	5 542	3 138	614	456	4 805	2 710	550	419
United Kingdom	CB, M	2 292	1 484	277	160	1 745	1 503	307	140
USA	CB, M	3 210	2 589	516	176	2 476	1 754	255	157
Latvia	O	161	(8)		296	150	11		270
Germany	CB	51			12	47	6	4	9
Finland	CB, O	146	(10)	(1)	41	97	(14)		33
Chile	CB	40	4	1	10	39	5	1	9
China	CB	11	10	(6)	3	12	(23)		7
Total before eliminations		68 668	39 854	7 262	10 625	57 027	32 667	7 462	9 659
Eliminations		(2 553)				(1 112)			
Total		66 115	39 854	7 262	10 625	55 915	32 667	7 462	9 659

1) *The split is based on business area/operational structure and not on DNB's segment reporting. CB = Corporate Banking, PM = Personal Banking, WM = Wealth Management, M = Markets, O = Other*
2) *Total income is defined as the sum of net interest income, and net other operating income*
3) *Tax expense consists of current and deferred taxes*
4) *Number of employees calculated on a full-time basis*

NOTE G27 Country-by-country reporting (continued)

DNB discloses the names of the Group's subsidiaries, associated companies and branches for each country where DNB is established in the table below. Please note that representation offices and entities held for sale are not disclosed in this table. Note P31 Investments in subsidiaries and note G37 Investments accounted for by the equity method also discloses the company names of the Group's significant subsidiaries and associated companies.

Norway:
DNB Bank ASA
DNB Boligkreditt AS
DNB Gjenstandsadministrasjon AS
DNB Asset Management
DNB Livsforsikring
DNB Næringseiendom AS
DNB Eiendom AS
DNB Næringsmegling AS
Sbanken
DNB Invest Holding AS
DNB Ventures AS
DNB Eiendomsutvikling AS
Godfjellet AS
Mosetertoppen Hafjell AS
Ocean Holding AS
Godgata AS
RQ Invest AS
Skandinaviske Handelsparker AS
UniMicro
Vipps
Eksportfinans AS
Eiendomsverdi AS
Fremtind Forsikring AS
Norsk Gjeldsinformasjon AS
Rental Group Mobility Group AS

Denmark:
DNB Bank ASA, Denmark branch office
DNB Invest Denmark A/S

Luxembourg:
DNB Luxembourg S.A.
DNB Asset Management S.A.

Poland:
DNB Bank Polska S.A.

Singapore:
DNB Bank ASA, Singapore branch office

Sweden:
DNB Bank ASA, Sweden branch office
DNB Sweden AB
DNB Asset Management AB
DNB Invest AB
DNB Baltic Invest AB
Töcksfors Handelspark AB

United Kingdom:
DNB Bank ASA, London branch office
DNB (UK) Limited

USA:
DNB Bank ASA, New York branch office
DNB Bank ASA, Cayman Islands branch office
DNB Markets Inc.
DNB Capital LLC

Latvia:
DNB Bank ASA, Latvia branch office

Germany:
DNB Bank ASA, Germany branch office

Finland:
DNB Bank ASA, Finland branch office
DNB Auto Finance OY

Chile:
DNB Bank ASA, Chile branch office

China:
DNB Bank ASA, Shanghai branch office (dissolved in 2022)

NOTE G28 Classification of financial instruments

As at 31 December 2022

	Mandatorily at FVTPL		Designated			
			as at		Amortised	Carrying
Amounts in NOK million	Trading	Other [1]	FVTPL [2]	FVOCI	cost [3]	amount
Cash and deposits with central banks					309 988	309 988
Due from credit institutions					20 558	20 558
Loans to customers			49 105	0	1 912 358	1 961 464
Commercial paper and bonds	38 554		182 723	145 172	121 638	488 087
Shareholdings	3 073	30 277				33 350
Financial assets, customers bearing the risk		138 259				138 259
Financial derivatives	172 401	13 286				185 687
Other assets					12 235	12 235
Total financial assets	214 028	181 823	231 828	145 172	2 376 778	3 149 628
Due to credit institutions					177 298	177 298
Deposits from customers			25 459		1 371 171	1 396 630
Financial derivatives	153 048	37 094				190 142
Debt securities issued			6 929		730 957	737 886
Other liabilities	3 394				8 872	12 266
Senior non-preferred bonds			973		58 729	59 702
Subordinated loan capital			420		36 368	36 788
Total financial liabilities [4]	156 442	37 094	33 781		2 383 394	2 610 712

1) *Including derivatives used as hedging instruments.*
2) *For liabilities designated as at FVTPL, changes in fair value due to credit risk are recognised in other comprehensive income.*
3) *Including hedged liabilities.*
4) *Contractual obligations of financial liabilities designated as at fair value totalled NOK 34 445 million.*

As at 31 December 2021

	Mandatorily at FVTPL		Designated			
			as at		Amortised	Carrying
Amounts in NOK million	Trading	Other [1]	FVTPL [2]	FVOCI	cost [3]	amount
Cash and deposits with central banks					296 727	296 727
Due from credit institutions					44 959	44 959
Loans to customers		5	46 197	(0)	1 698 721	1 744 922
Commercial paper and bonds	52 851		174 187	103 997	94 233	425 267
Shareholdings	4 568	30 728				35 297
Financial assets, customers bearing the risk		138 747				138 747
Financial derivatives	117 388	18 012				135 400
Other assets					8 755	8 755
Total financial assets	174 807	187 492	220 384	103 997	2 143 395	2 830 074
Due to credit institutions					149 611	149 611
Deposits from customers			9 810		1 237 908	1 247 719
Financial derivatives	110 901	3 447				114 348
Debt securities issued			12 405		690 354	702 759
Other liabilities	4 834				9 869	14 704
Senior non-preferred bonds			1 077		36 691	37 769
Subordinated loan capital			454		32 593	33 047
Total financial liabilities [4]	115 735	3 447	23 746		2 157 027	2 299 956

1) *Including derivatives used as hedging instruments.*
2) *For liabilities designated as at FVTPL, changes in fair value due to credit risk are recognised in other comprehensive income.*
3) *Includes hedged liabilities.*
4) *Contractual obligations of financial liabilities designated as at fair value totalled NOK 23 788 million.*

NOTE G29 Fair value of financial instruments at amortised cost

	31 December 2022		31 December 2021	
Amounts in NOK million	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	309 988	309 988	296 727	296 727
Due from credit institutions	20 558	20 558	44 959	44 959
Loans to customers	1 912 358	1 914 111	1 698 721	1 702 014
Commercial paper and bonds	121 638	118 364	94 233	98 387
Total financial assets	2 364 543	2 363 022	2 134 640	2 142 087
Due to credit institutions	177 298	177 298	149 611	149 611
Deposits from customers	1 371 171	1 371 173	1 237 908	1 237 925
Debt securities issued	730 957	730 478	690 354	692 724
Non-preferred senior bonds	58 729	58 716	36 691	36 949
Subordinated loan capital	36 368	36 033	32 593	32 577
Total financial liabilities	2 374 522	2 373 698	2 147 158	2 149 785

Amounts in NOK million	Level 1	Level 2	Level 3	Total
Assets as at 31 December 2022				
Cash and deposits with central banks		309 988		309 988
Due from credit institutions		20 558		20 558
Loans to customers		792 959	1 121 152	1 914 111
Commercial paper and bonds		118 364		118 364
Liabilities as at 31 December 2022				
Due to credit institutions		177 298		177 298
Deposits from customers		1 371 173		1 371 173
Debt securities issued		730 478		730 478
Non-preferred senior bonds		58 716		58 716
Subordinated loan capital		19 251	16 783	36 033
Assets as at 31 December 2021				
Cash and deposits with central banks		296 727		296 727
Due from credit institutions		44 959		44 959
Loans to customers		780 494	921 519	1 702 014
Commercial paper and bonds		89 653	8 734	98 387
Liabilities as at 31 December 2021				
Due to credit institutions		149 611		149 611
Deposits from customers		1 237 925		1 237 925
Debt securities issued		692 724		692 724
Non-preferred senior bonds		36 949		36 949
Subordinated loan capital		23 526	9 051	32 577

See note G30 Financial instruments at fair value for a general definition of the levels in the fair value hierarchy.

Due from credit institutions (level 2)

The fair value of loans to and deposits with credit institutions is assessed to equal amortised cost. The fixed-rate period is relatively short.

Loans to customers (levels 2 and 3)

Loans to customers in level 2 mainly consist of retail loans with floating interest rate measured at amortised cost. Since the fixed-rate period is very short, amortised cost is considered a good estimate of fair value. All other loans measured at amortised cost are classified in level 3.

The valuations of loans in level 3 are based on average margins in December, considered relative to the business units' best estimate of the potential margin requirement at year-end 2022, as if the loans had been originated at that time. Differentiated margin requirements have been calculated for each portfolio of loans.

A margin requirement is calculated for margin loans, and the difference between the margin requirement and the agreed margin is discounted over the average expected time to repricing of the loan.

NOTE G29 Fair value of financial instruments at amortised cost (continued)

Commercial paper and bonds (levels 2 and 3)

The valuation in level 2 is primarily based on observable market data in the form of interest curves, exchange rates and credit margins related to the individual credit and the characteristics of the bond or commercial paper. For papers classified as level 3, the valuation is based on models.

Due to credit institutions (level 2)

For these instruments with short term to maturity fair value is assessed to equal amortised cost.

Deposits from customers (level 2)

For deposits from customers fair value is assessed to equal amortised cost.

Securities issued, non-preferred senior bonds and subordinated loan capital (levels 2 and 3)

The valuation in level 2 is based on observable market data in the form of interest rate curves and credit margins when available, while the valuation in level 3 is based on internal models. These instruments consist mainly of funding in foreign currency and floating rate securities in Norwegian kroner.

NOTE G30 Financial instruments at fair value

Amounts in NOK million	Level 1	Level 2	Level 3	Total
Assets as at 31 December 2022				
Loans to customers			49 105	49 105
Commercial paper and bonds	34 754	330 848	847	366 449
Shareholdings	4 458	12 149	16 744	33 350
Financial assets, customers bearing the risk		138 259		138 259
Financial derivatives	1 674	180 582	3 431	185 687
Liabilities as at 31 December 2022				
Deposits from customers		25 459		25 459
Debt securities issued		6 929		6 929
Senior non-preferred bonds		973		973
Subordinated loan capital		420		420
Financial derivatives	4 929	182 083	3 129	190 142
Other financial liabilities [1)]	3 394			3 394
Assets as at 31 December 2021				
Loans to customers			46 202	46 202
Commercial paper and bonds	65 055	265 629	351	331 034
Shareholdings	6 693	15 801	12 802	35 297
Financial assets, customers bearing the risk		138 747		138 747
Financial derivatives	2 663	130 879	1 858	135 400
Liabilities as at 31 December 2021				
Deposits from customers		9 810		9 810
Debt securities issued		12 405		12 405
Senior non-preferred bonds		1 077		1 077
Subordinated loan capital		454		454
Financial derivatives	2 411	110 332	1 605	114 348
Other financial liabilities [1)]	4 834			4 834

1) Short positions, trading activities.

The levels

Financial instruments are categorised within different levels based on the quality of the market data for the individual instruments. Transfers between levels in the fair value hierarchy are reflected as taking place at the end of each quarter. With respect to financial instruments categorised as level 2, the quality of market data may vary depending on whether the relevant instrument has been traded. Thus, it will be natural that some instruments are moved between level 2 and level 3. This applies primarily to commercial paper and bonds.

Level 1: Valuation based on quoted prices in an active market

Classified as level 1 are financial instruments valued by using quoted prices in active markets for identical assets or liabilities. Instruments in this category include listed shares and mutual funds, Treasury bills and commercial paper traded in active markets.

Level 2: Valuation based on observable market data

Classified as level 2 are financial instruments which are valued by using inputs other than quoted prices, but where prices are directly or indirectly observable for the assets or liabilities, including quoted prices in non-active markets for identical assets or liabilities.

Included in this category are, among others, interbank derivatives such as interest rate swaps, currency swaps and forward contracts with prices quoted on Reuters or Bloomberg, basis swaps between the currencies NOK, EUR, USD and GBP and cross-currency interest rate derivatives with customers with insignificant credit margins. Exchange-traded options are classified as level 2 if it is possible to scan or interpolate/extra-polate implicit volatility based on observable prices.

Level 3: Valuation based on other than observable market data

Classified as level 3 are financial instruments which cannot be valued based on directly observable prices. For these instruments other valuation techniques are used, such as valuation of assets and liabilities in companies, estimated cash flows and other models where key parameters are not based on observable market data.

Included in this category are loans to customers and instruments where credit margins constitute a major part of adjustments to market value.

Gains or losses, that occur when the estimated fair value is different from the transaction price (day-one gain/loss) has not had significant impact to the financial statement neither for 2022 nor 2021.

NOTE G30 Financial instruments at fair value (continued)

The instruments in the different levels

Loans to customers (level 3)
Loans in level 3 consist primarily of fixed-rate loans in Norwegian kroner. The value of fixed-rate loans is determined by discounting agreed cash flows over the term of the loan, using a discount factor adjusted for margin requirements. The discount factor used has as a starting point a swap rate based on a duration equal to the average remaining lock-in period for the relevant fixed-rate loans. The assumptions underlying the calculation of the margin requirement are based on a review of the market conditions on the balance sheet date and on an assessment of the deliberations made by external investors when investing in a corresponding portfolio. Fixed-rate loans carried at fair value totaled NOK 49 105 million at year-end 2022.

Commercial paper and bonds (levels 2 and 3)
The valuation in level 2 is primarily based on observable market data in the form of interest rate curves, exchange rates and credit margins related to the individual credit and the characteristics of the bond or commercial paper. For paper classified as level 3, the valuation is based on indicative prices from third parties or comparable paper. Investments classified as level 3 primarily consist of corporate high-yield bonds with limited liquidity.

Equities including mutual fund holdings (levels 2 and 3)
Equities in level 2 comprise mutual fund holdings where the underlying investments are quoted equities, as well as a small volume of other mutual funds. Investments classified as level 3 consist of private equity funds, limited partnerships and unquoted equities. A common denominator for these investments is that there is a lag in the access to information from the units. In times of financial market turmoil, there may be considerable uncertainty related to the valuation of these investments

When determining the fair value of private equity, PE, investments, an industry standard prepared by the European Private Equity & Venture Capital Association, EVCA, is used. The method is considered to represent the best basis for the best estimate of fair values for investments in not very liquid equity instruments. The value of the PE funds on the balance sheet date is reported by the fund managers after the Group has finalised its accounts. Valuations in the consolidated accounts are thus based on valuations received for previous periods, adjusted for a reporting lag of approximately three months. The time lag is determined based on developments in a weighted index consisting of a stock market parameter, using MSCI World as reference index, along with a parameter for anticipated long-term returns on PE investments.

Financial assets, customers bearing the risk (level 2)
The item applies to unit-linked products in DNB Livsforsikring, and the value development of the underlying funds is available on a daily basis.

Financial derivatives (levels 2 and 3)
Financial derivatives classified as level 2 are primarily currency forward contracts and interest rate and currency swaps. The valuation is based on swap curves, and credit margins constitute a minor part of the value. In addition, the item comprises derivatives related to commodities and forward rate agreements. These are valued based on observable market prices. Derivatives classified as level 2 also comprise equity derivatives used in Markets' market-making activities. Most of these derivatives are related to the most traded equities on Oslo Børs, and the valuation is based on the price development of the relevant/underlying equity and observable or estimated volatility. Financial derivatives classified as level 3 are primarily connected to currency options, interest rate options in Norwegian kroner, as well as index derivatives. The valuation is based on indicative prices from third parties.

Deposits from customers (level 2)
The valuation of deposits carried at fair value includes primarily fixed-rate deposits. The valuation is based on measurement in relation to a swap curve, and changes in credit margins have an insignificant effect.

Debt securities issued and senior non-preferred bonds (level 2)
The valuation is primarily based on observable market data in the form of interest rate curves and credit margins. The item consists mainly of funding in Norwegian kroner. For fixed rate foreign currency funding, hedge accounting is used where hedges are entered into. In all other respects, debt securities issued and senior non-preferred bonds are carried at amortised cost.

Subordinated loan capital (level 2)
Subordinated loans carried at fair value consist of one loan in Norwegian kroner, and the valuation is based on observable interest rate curves and credit margins.

NOTE G30 Financial instruments at fair value (continued)

Financial instruments at fair value, level 3

	Financial assets				Financial liabilities
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2020	**55 372**	**283**	**10 787**	**1 877**	**1 513**
Net gains recognised in the income statement	(1 280)	(28)	1 758	(474)	(372)
Additions/purchases	7 960	626	3 403	1 211	1 199
Sales		(568)	(2 052)		
Settled	(15 666)	(11)		(756)	(734)
Transferred from level 1 or level 2		917			
Transferred to level 1 or level 2		(859)	(2)		
Other [1]	(184)	(9)	(1 092)		
Carrying amount as at 31 December 2021	**46 202**	**351**	**12 802**	**1 858**	**1 605**
Net gains recognised in the income statement	(1 877)	(104)	1 543	827	916
Aquisition of Sbanken	8 033		144		
Additions/purchases	7 258	626	3 749	1 927	1 799
Sales		(358)	(1 447)		
Settled	(10 473)		(47)	(1 177)	(1 193)
Transferred from level 1 or level 2		763			
Transferred to level 1 or level 2		(561)	(0)		
Other	(39)	131	0	(3)	2
Carrying amount as at 31 December 2022	**49 105**	**847**	**16 744**	**3 431**	**3 129**

1) *DNB Livsforsikring reclassified NOK 1 092 million from shareholdings at fair value to investments in associated companies in 2021.*

Breakdown of fair value, level 3

	31 December 2022			31 December 2021		
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings	Loans to customers	Commercial paper and bonds	Share-holdings
Principal amount/purchase price	51 207	868	12 949	46 153	353	10 377
Fair value adjustment	(2 166)	(31)	3 795	(11)	(9)	2 425
Accrued interest	64	11		60	7	
Carrying amount	49 105	847	16 744	46 202	351	12 802

Breakdown of shareholdings, level 3

Amounts in NOK million	Property funds	Hedge-funds	Unquoted equities	Private Equity (PE) funds	Other	Total
Carrying amount as at 31 December 2022	11	1 539	2 905	4 229	8 059	16 744
Carrying amount as at 31 December 2021	29	1 111	1 626	3 814	6 222	12 802

Sensitivity analysis, level 3

	31 December 2022		31 December 2021	
Amounts in NOK million	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
Loans to customers	49 105	(128)	46 202	(145)
Commercial paper and bonds	847		351	0
Shareholdings	16 744		12 802	

In order to show the sensitivity of the loan portfolio, the discount rate on fixed-rate loans has been increased by 10 basis points.

Level 3 bonds mainly represent investments in Norwegian industries, offshore and power companies, credit institutions and real estate companies. A 10 basis point increase in the discount rate has had insignificant effects.

Level 3 equities represent a total of NOK 14 332 million in private equity investments, property funds, hedge funds and unquoted equities in DNB Livsforsikring as at 31 December 2022. The fair values of the funds are largely based on reported values from the fund managers. For private equity and property funds, the fund managers use cash flow-based models or multiples when determining fair values. The Group does not have full access to information about all elements in these valuations and thus has no basis for determining alternative values for alternative assumptions. The use of alternative values will have a limited effect on the Group's profits, as the investments are included in DNB Livsforsikring's common portfolio.

NOTE G31 Offsetting

The table below presents the potential effects of the group's netting arrangements on financial assets and financial liabilities.

Amounts in NOK million	Gross amount	Amounts offset in the statement of financial position	Carrying amount	Netting agreements	Other collateral [1]	Amounts after possible netting
Assets as at 31 December 2022						
Cash and deposits with central banks [2]	9 470		9 470		9 470	
Due from credit institutions [2]	11 732		11 732		11 732	
Loans to customers [2]	90 640		90 640		90 640	
Financial derivatives [3]	185 687		185 687	17 178	84 327	84 182
Liabilities as at 31 December 2022						
Due to credit institutions	78 140		78 140		78 140	
Deposits from customers [2]	3 911		3 911		3 911	
Financial derivatives [3]	190 142		190 142	17 178	84 681	88 283
Assets as at 31 December 2021						
Cash and deposits with central banks [2]	22 600		22 600		22 600	
Due from credit institutions [2]	28 023		28 023		28 023	
Loans to customers [2]	84 042		84 042		84 042	
Financial derivatives [3]	135 400		135 400	22 617	56 984	55 798
Liabilities as at 31 December 2021						
Due to credit institutions	50 727		50 727		50 727	
Deposits from customers [2]	6 766		6 766		6 766	
Financial derivatives [3]	114 348		114 348	22 617	57 037	34 694

1) *Includes cash collateral and securities received/transferred from/to counterparties and securities received/placed as collateral in depositories in Clearstream or Euroclear.*
2) *Includes repurchase and reverse repurchase agreements, securities borrowing and lending transactions.*
3) *Gross amounts represent the market value of the derivatives subject to master netting agreements or collateralised by cash or securities under Credit Support Annex.*

NOTE G32 Shareholdings

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Investments in shares, mutual funds and equity certificates, excluding DNB Livsforsikring	7 969	8 954
Investments in shares, mutual funds and equity certificates, DNB Livsforsikring	25 381	26 342
Total shareholdings	**33 350**	**35 297**

NOTE G33 Transferred assets or assets with other restrictions

Transferred assets still recognised in the balance sheet

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Repurchase agreements		
Commercial papers and bonds	11 856	15 808
Collateralised deposits other than repurchase agreements		
Commercial papers and bonds	20 881	
Derivatives		
Commercial papers and bonds		22 315
Securities lending		
Shares	701	996
Total repurchase agreements, derivatives and securities lending	33 438	39 119

Liabilities associated with the assets

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Repurchase agreements	11 872	15 834
Collateralised deposits other than repurchase agreements	20 881	
Derivatives		22 315
Securities lending	736	1 046
Total liabilities	33 489	39 194

Restricted assets

Local statutory capital requirements might restrict the ability of the Group to access or transfer assets freely to or from other entities within the Group and to settle liabilities within the Group.

Restrictions affecting the Group's ability to use assets:

- The Group has pledged assets to collateralise its obligations (pledged securities) and issued covered bonds (cover pool). The Group has pledged collateral in connection with derivative instruments, see note G16 Financial derivatives and hedge accounting for further information.
- The assets of consolidated structured entities (investment funds) are held for the benefit of the parties that have bought the notes issued by these entities. At year-end 2022 and 2021, assets related to holdings outside the Group represented NOK 14 509 million and NOK 17 767 million, respectively, which is reflected as a corresponding liability in the balance sheet.
- Assets held by DNB Livsforsikring AS are primarily held to satisfy the obligations to the company's policy holders. At year-end 2022 assets held by the company amounted to NOK 366 184 million, compared to NOK 375 175 million at year-end 2021. These assets include Financial assets, customers bearing the risk.
- Sbanken Boligkreditt AS had issued covered bonds with a carrying amount of NOK 30 056 million at year-end 2022.

Cover pool

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Pool of eligible loans	683 646	687 034
Market value of eligible derivatives		279
Total collateralised assets	683 646	687 313
Debt securities issued, carrying value	365 316	440 950
Valuation changes attributable to changes in credit risk on debt carried at fair value	33	(30)
Market value of eligible derivatives	9 599	
Debt securities issued, valued according to regulation [1)]	374 948	440 920
Collateralisation (per cent)	182.3	155.9

1) *The debt securities issued are bonds with preferred rights in the appurtenant cover pool. The composition and calculation of values in the cover pool are defined in Sections 11-8 and 11-11 of the Financial Institutions Act with appurtenant regulations.*

NOTE G34 Securities received which can be sold or repledged

Securities received

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Reverse repurchase agreements		
Commercial paper and bonds	130 062	141 026
Securities borrowing		
Shares	37 672	18 495
Total securities received	167 734	159 521
Of which securities received and subsequently sold or repledged:		
Commercial paper and bonds	*20 307*	*35 424*
Shares	*31 052*	*12 085*

NOTE G35 Financial assets and insurance liabilities, customers bearing the risk

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Mutual funds	76 458	76 381
Bond funds	37 679	37 664
Money market funds	13 396	13 361
Combination funds	5 251	5 752
Bank deposits	1 812	1 349
Investement properties	3 663	4 240
Total financial assets, customers bearing the risk	**138 259**	**138 747**
Total insurance liabilities, customers bearing the risk	**138 259**	**138 747**

NOTE G36 Investment properties

		DNB Group
Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
DNB Livsforsikring	20 520	23 749
Properties for own use	(6 424)	(6 592)
Other investment properties [1]	555	666
Total investment properties	**14 651**	**17 823**

1) *Other investment properties are mainly related to acquired companies.*

Investment properties in DNB Livsforsikring

Investment properties in DNB Livsforsikring are part of the common portfolio and are owned with the intention to achieve long-term returns for policyholders. The property portfolio is measured at fair value on the balance sheet date. The Norwegian properties are valued by using an internal valuation model, and is thus classified at level three in the valuation hierarchy. As a supplement, external appraisals are obtained for a representative selection of properties in the portfolio at regular intervals throughout the year. This selection represents close to 95 per cent of the values in the portfolio. The Swedish properties in the portfolio and partially owned properties are valued based on external appraisals.

In the internal model, fair value is calculated as the present value of future cash flows during and after the contract period. The required rate of return stipulated in the model reflects market risk. At the end of 2022, a required rate of return of 7.9 per cent was generally used. However, certain individual assessments of the required rate of return are made at segment level. The model uses the same required rates of return for cash flow both during and after the contract period.

Specific property risk is reflected in the cash flow through contractual rent, future market rent, operating expenses, required investments, adaptations for new tenants upon expiry of the contract, vacancy risk and adjustments for future price inflation, CPI (Norges Bank's inflation target).

During 2022, total contractual rent for the wholly-owned portfolio in Norway increased by NOK 55 million to NOK 1 007 million, while the estimated market rent for the same portfolio went up by NOK 22 million to NOK 1 024 million.

At year-end 2022, economic vacancy in the portfolio was 3.2 per cent, compared with 4.9 per cent a year earlier.

NOTE G36 Investment properties (continued)

The valuations resulted in a NOK 850 million positive revaluation of the property portfolio in 2022.

Valuations are particularly sensitive to changes in required rates of return and assumptions regarding future income flows. Other things equal, a 0.25 percentage point reduction in the required rate of return will change the value of the property portfolio by approximately 5.7 per cent or NOK 1 254 million. Correspondingly, a 5 per cent change in future contractual rents will change the value of the property portfolio by approximately 4.3 per cent or NOK 929 million.

Other investment properties

The Group's other investment properties are mainly related to acquired companies and are classified at level three in the valuation hierarchy.

Investment properties according to geographical location — **DNB Livsforsikring**

Type of property	Location	Fair value *NOK million*	Gross rental area *m²*	Average rental period *No. of years*
Office buildings	Eastern Norway	11 260	154 113	4.9
Office buildings	Rest of Norway	3 563	82 826	3.8
Shopping centres	Norwegian cities	4 920	129 995	3.5
Hotels	Norwegian cities	2 089	63 118	6.7
Plots of land	Norwegian cities	1 312	0	0.0
Abroad	Stockholm/Gothenburg	1 040	14 143	6.7
Total investment properties as at 31 December 2022		24 183	444 195	5.6
Total investment properties as at 31 December 2021		27 988	469 752	5.6
Change in 2022		(3 805)	(25 557)	0.0
Total investment properties as at 31 December 2022		24 183	444 195	5.6

Projects, expected completion — **DNB Livsforsikring**

Amounts in NOK million	2023	2024	2025
Contractual obligations for property purchases and development	177	25	0

Amounts included in the income statement — **DNB Group**

Amounts in NOK million	2022	2021
Rental income from investment properties	715	750
Direct expenses related to investment properties	(94)	(125)
Total [1]	622	625

Changes in the value of investment properties — **DNB Group**

Amounts in NOK million	
Carrying amount as at 31 December 2020	**18 087**
Additions, purchases of new properties	(15)
Additions, capitalised investments	179
Additions, acquired companies	3 442
Net gains	993
Disposals	(360)
Other [2]	(4 248)
Exchange rate movements	(255)
Carrying amount as at 31 December 2021	**17 823**
Additions, purchases of new properties	37
Additions, capitalised investments	258
Additions, acquired companies	0
Net gains [3]	725
Disposals	(3 990)
Other	(97)
Exchange rate movements	(106)
Carrying amount as at 31 December 2022	**14 651**

1) *Recognised in the income statement as «Net financial result, life insurance».*
2) *From the third quarter of 2021, investment properties worth NOK 4 240 million have been moved to the investment option portfolio in DNB Livsforsikring, and are thus presented under Financial assets, customers bearing the risk. See note G35.*
3) *Of which NOK 4 million represented a net loss on investment properties which are not owned by DNB Livsforsikring.*

NOTE G37 Investments accounted for by the equity method

Income statement

	Luminor		Fremtind		Vipps		Eksportfinans		Other [1]		Total	
Amounts in NOK million	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Income [2]	4 152	3 565	14 471	13 514	1 147	333	77	118				
Profits after tax [2]	1 257	757	859	2 386	477	(304)	(9)	(156)				
Share of profits after tax	251	151	301	835	223	(137)	(3)	(62)				
Depreciation and impairment of value adjustments after tax [3]			(243)	(243)	(2)	(3)						
Other adjustments [3]	0	(28)	(14)	(16)	34	13						
The Group's share of profits after tax	251	123	44	577	256	(127)	(3)	(62)	70	14	617	524

Balance sheets

	Luminor		Fremtind		Vipps		Eksportfinans		Other [1]		Total	
Amounts in NOK million	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21	31.12.22	31.12.21
Financial instruments [2]	153 124	132 375	22 815	23 057	2 202	44	8 172	9 988				
Goodwill and intangible assets [2]	661	100	2 779	2 823	2 161	2 439	5	6				
Other assets [2]	1 404	1 046	5 210	4 956	319	469	852	703				
Debt [2]	138 531	118 044	21 471	20 062	237	493	2 917	4 607				
Equity [2] [4]	16 658	15 477	9 333	10 773	4 446	2 459	6 112	6 089				
The Group's share of equity	3 323	3 088	3 267	3 771	2 083	1 106	2 445	2 436				
Goodwill [3]			1 467	1 467								
Value adjustments after tax [3]			1 434	1 676	0	2						
Eliminations [3]	(0)	(1)	8	14	(190)	(266)	1	3				
Carrying amount	3 323	3 087	6 176	6 929	1 893	842	2 445	2 439	5 420	6 253	19 257	19 549

			Ownership share (%)		Carrying amount	
Amounts in NOK million	Head office	Industry	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Luminor Holding AS	Tallinn	Financial services	20,0	20,0	3 323	3 087
Fremtind Forsikring AS	Oslo	Insurance	35,0	35,0	6 176	6 929
Vipps Holding AS	Oslo	Payment services	46,9	45,0	1 893	842
Eksportfinans AS	Oslo	Financial services	40,0	40,0	2 445	2 439
Other associated companies					5 420	6 253
Total					**19 257**	**19 549**

1) *Other investments include investments in real estate companies in DNB Livsforsikring of NOK 5 076 million (NOK 5 785 million in 2021), owned in the common/customer portfolio.*
2) *Values in the accounts of associated companies. Preliminary and unaudited accounts have been used.*
3) *Include deferred tax positions and value adjustments not reflected in the company's balance sheet.*
4) *Including dividends.*

Transactions 2022

On 1 November 2022, the companies Vipps AS and MobilePay AS were merged. Before the merger, the company Vipps Holding AS was established, and DNB Bank ASA received shares in Vipps Holding AS in exchange for its shares in Vipps AS. As part of these transactions, DNB Bank ASA has participated in issues relating to Vipps Holding AS in 2022. Prior to the merger, Vipps Holding AS owned 100 per cent of the shares in the Vipps Group. Following completion of the merger, Vipps Holding owns 72.22 per cent of the shares in Vipps AS, and Danske Bank owns 27.78 per cent. As a result of this, the DNB Group now has a lower indirect ownership interest in Vipps AS, which amounted to 33.84 per cent at the end of the year. In Vipps Holding AS, a gain has been calculated as a result of the NOK 851 million transaction, which amounts to NOK 400 million for the DNB Group and is included in the Group's share of profit after tax in 2022.

In 2022, the DNB Group's ownership interest in Vipps Holding AS increased from 45.0 per cent to 46.9 per cent as part of the acquisition of Sbanken in March 2022. In addition, there were some minor changes as a result of the fact that not all Norwegian banks participated in capital increases in connection with the merger between Vipps AS and MobilePay AS.

There were no significant transactions in 2021.

NOTE G38 Intangible assets

Amounts in NOK million	Goodwill	Capitalised systems development	Other intangible assets	Total
Cost as at 1 January 2021	8 514	5 967	852	15 333
Additions		377	21	398
Additions through acquisition/establishment of other companies	139	109	105	353
Derecognition and disposals	(792)	(1 317)	(54)	(2 162)
Reclassification		(23)	23	
Exchange rate movements	(40)	(1)	(36)	(77)
Cost as at 31 December 2021	7 820	5 114	911	13 845
Total depreciation and impairment as at 1 January 2021	(4 212)	(4 879)	(744)	(9 836)
Depreciation		(346)	(35)	(381)
Impairment	(7)			(7)
Derecognition and disposals	792	1 317	46	2 155
Additions through acquisition/establishment of other companies		(3)	(2)	(4)
Reclassification		4	(4)	(0)
Exchange rate movements	2	(0)	30	32
Total depreciation and impairment as at 31 December 2021	(3 425)	(3 907)	(708)	(8 041)
Carrying amount as at 31 December 2021	**4 395**	**1 206**	**203**	**5 804**
Cost as at 1 January 2022	7 820	5 114	911	13 845
Additions		474	23	497
Additions through acquisition	4 026	228	425	4 679
Derecognition and disposals	(41)	(0)	(52)	(93)
Reclassification	10			10
Exchange rate movements	(17)	(5)	3	(18)
Cost as at 31 December 2022	11 799	5 811	1 311	18 920
Total depreciation and impairment as at 1 January 2022	(3 425)	(3 907)	(708)	(8 041)
Depreciation		(371)	(88)	(459)
Impairment		(9)		(9)
Derecognition and disposals		0	51	51
Additions through acquisition		(147)	(37)	(184)
Reclassification	(10)	(0)	1	(9)
Exchange rate movements	1	3	0	4
Total depreciation and impairment as at 31 December 2022	(3 434)	(4 432)	(782)	(8 647)
Carrying amount as at 31 December 2022	**8 364**	**1 380**	**529**	**10 273**

Goodwill

The risk-free interest rate is set at 2.75 per cent, the market risk premium is set at 5.0 per cent, and the long-term growth factor is set at 2.0 per cent for all cash-generating units. Beta values are estimated separately for each cash-generating unit. Required rate of return is before tax. For a detailed description of methods and assumptions used in the calculation of the recoverable amount for goodwill, see note G1 Accounting principles.

NOTE G38 Intangible assets (continued)

Goodwill per unit

	31 December 2022		31 December 2021	
	Required rate of return	Recorded	Required rate of return	Recorded
	Per cent	*NOK million*	*Per cent*	*NOK million*
Personal customers	12.0	5 008	12.0	982
DNB Asset Management	12.0	1 679	12.0	1 679
Small and medium-sized enterprises	12.0	483	12.0	483
DNB Finans – car financing	12.0	753	12.0	766
Other	12.0	441	12.0	485
Total goodwill		**8 364**		**4 395**

Personal customers

This unit encompasses banking operations (loans and deposits) for personal customers in the regional network in Norway. The addition in 2022 stems from the acquisition of Sbanken 30 March 2022, see note G2. The remaining balance relates to the merger between DnB and Gjensidige NOR and the acquisition of Nordlandsbanken. In addition, some goodwill remains from previously acquired offices in Gjensidige NOR. Key assumptions for cash flows during the plan period are developments in margins, volumes and impairment of loans.

DNB Asset Management

The unit includes asset management operations, mainly in Norway and Sweden. Total goodwill from units in the operational area is assessed collectively, and the cash-generating unit represents the entire operational area. Operations are integrated, and synergies and rationalisation effects have been realised throughout the organisation. The most critical assumptions for cash flows during the plan period are developments in the securities markets, net sales of mutual funds and margins.

Small and medium-sized enterprises

This unit encompasses banking operations (loans and deposits) for corporate customers in the regional network in Norway, and recorded goodwill mainly stems from the merger between DnB and Gjensidige NOR. Key assumptions for cash flows during the plan period are developments in margins, volumes and impairment of loans.

DNB Finans – car financing

The unit encompasses DNB's car financing operations in Norway and Sweden, and goodwill stems from DNB's acquisition of Skandiabanken's car financing operations with effect from 2008. Critical assumptions for cash flows during the plan period are car sales figures and DNB Finans' ability to retain customer relations with important car dealers, along with long-term margin developments and the level of impairments of loans.

NOTE G39 Fixed assets

Amounts in NOK million	Real property at historic cost	Real property at fair value	Machinery, equipment and vehicles	Fixed assets operational leases	Other fixed assets	Right of use assets	Total
Accumulated cost as at 31 Dec. 2020	159	6 619	4 424	13 136	60	4 120	28 519
Adjustments	(0)					(13)	(13)
Additions	1	15	332	4 119	3	129	4 600
Revaluation		443			(0)	757	1 200
Disposals			(531)	(2 317)	(2)	(968)	(3 819)
Exchange rate movements	1		(5)	(367)	(6)	20	(357)
Cost as at 31 Dec. 2021	161	7 077	4 220	14 572	55	4 044	30 130
Total depreciation and impairment as at 31 Dec. 2020	(77)	(410)	(3 116)	(3 321)	(39)	(1 082)	(8 045)
Adjustments						(753)	(753)
Disposals			422	1 064	2	974	2 462
Depreciation [1)]	(12)	(76)	(389)	(1 959)	(5)	(536)	(2 977)
Impairment						(0)	(0)
Exchange rate movements	(1)		9	604	2	(1)	613
Total depreciation and impairment as at 31 Dec. 2021	(90)	(486)	(3 075)	(3 613)	(40)	(1 397)	(8 700)
Carrying amount as at 31 Dec. 2021	**72**	**6 592**	**1 145**	**10 959**	**15**	**2 647**	**21 430**
Value of property classified at fair value according to the historic cost principle		4 590					

Amounts in NOK million	Real property at historic cost	Real property at fair value	Machinery, equipment and vehicles	Fixed assets operational leases	Other fixed assets	Right of use assets	Total
Accumulated cost as at 31 Dec. 2021	161	7 077	4 220	14 572	55	4 044	30 130
Adjustments						(12)	(12)
Additions	0	(2)	253	2 947	7	262	3 468
Additions through acquisitions			41			151	192
Revaluation		(90)			(0)	37	(54)
Disposals	(1)		(90)	(2 059)		(72)	(2 223)
Exchange rate movements	(0)		10	(23)	(2)	1	(15)
Cost as at 31 Dec. 2022	160	6 985	4 434	15 436	60	4 412	31 487
Total depreciation and impairment as at 31 Dec. 2021	(90)	(486)	(3 075)	(3 613)	(40)	(1 397)	(8 700)
Adjustments						(2)	(2)
Additions through acquisitions			(32)			(78)	(110)
Disposals	2		6	1 592	5	68	1 673
Depreciation [1)]	(10)	(76)	(325)	(2 111)	(4)	(549)	(3 074)
Exchange rate movements	0	(0)	(7)	(17)	(2)	7	(19)
Total depreciation and impairment as at 31 Dec. 2022	(98)	(562)	(3 433)	(4 149)	(41)	(1 950)	(10 232)
Carrying amount as at 31 Dec. 2022	**62**	**6 424**	**1 001**	**11 287**	**18**	**2 462**	**21 254**
Value of property classified at fair value according to the historic cost principle		4 513					

1) *Based on cost less any residual value, other assets are subject to straight-line depreciation over their expected useful life within the following limits:*

Technical installations	*10 years*
Machinery	*3-10 years*
Fixtures and fittings	*5-10 years*
Computer equipment	*3-5 years*
Means of transport	*5-7 years*

The DNB Group has not placed any collateral for loans/funding of fixed assets, including property.

NOTE G40 Leasing

DNB Finans offers operational and financial leasing contracts, fleet management and loans to corporate customers, public sector entities and consumers in Norway, Sweden, Denmark and Finland. The business is conducted through vendor partnerships and direct sales, in close cooperation with the client advisers in DNB Bank where possible. Focus is on financing standard assets where there is an existing and functioning second hand market. The largest asset class in the portfolio is passenger cars and LCVs. Other large asset classes are buses, trucks and trailers and construction equipment and machinery.

Financial leases (as lessor)

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Gross investment in the lease		
Due within 1 year	1 299	1 407
Due in 1-5 years	64 784	49 517
Due in more than 5 years	8 124	16 068
Total gross investment in the lease	74 206	66 992
Present value of minimum lease payments		
Due within 1 year	1 253	1 357
Due in 1-5 years	52 142	39 853
Due in more than 5 years	4 917	10 165
Total present value of lease payments	58 312	51 375
Unearned financial income	15 894	15 617
Unguaranteed residual values accruing to the lessor	216	176
Accumulated loan-loss provisions	3 418	5 121
Variable lease payments recognised as income during the period	92	138

Operational leases (as lessor)

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Future minimum lease payments under non-cancellable leases		
Due within 1 year	216	150
Due in 1-5 years	7 245	6 981
Due in more than 5 years	62	814
Total future minimum lease payments under non-cancellable leases	7 523	7 945

Leases (as lessee)

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Minimum future lease payments under non-cancellable leases		
Due within 1 year	137	80
Due in 1-5 years	1 497	586
Due in more than 5 years	1 182	2 431
Total minimum future lease payments under non-cancellable leases	2 816	3 097
Total minimum future sublease payments expected to be received under non-cancellable subleases	106	121

Amounts in NOK million	Total lease liability
Lease liabilities as at 1 January 2021	3 200
Interest expense	65
Additions	107
Revaluation of existing lease liability	806
Cancellations	(812)
Payments	(593)
Other	23
Lease liabilities as at 31 December 2021	2 796
Interest expense	70
Additions	293
Additions through acquisition	76
Revaluation of existing lease liability	(5)
Cancellations	(93)
Payments	(589)
Other	57
Lease liabilities as at 31 December 2022	2 605

NOTE G41 Other assets

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Prepayments/accrued income	5 304	1 887
Amounts outstanding on documentary credits and other payment services	269	1 858
Unsettled contract notes	1 609	2 518
Past due, unpaid insurance premiums	653	590
Investment funds owned by non-controlling interests	14 509	17 767
Other amounts outstanding	8 979	5 802
Total other assets	**31 324**	**30 423**

Other assets are generally of a short nature.

NOTE G42 Deposits from customers by industry segment

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Bank, insurance and portfolio management	40 207	37 463
Commercial real estate	47 186	52 497
Shipping	102 581	70 131
Oil, gas and offshore	100 301	70 055
Power and renewables	49 208	43 049
Healthcare	11 096	12 116
Public sector	61 869	57 130
Fishing, fish farming and farming	18 937	17 716
Retail industries	36 179	41 322
Manufacturing	77 001	72 943
Technology, media and telecom	30 278	29 086
Services	122 464	127 764
Residential property	19 330	19 682
Personal customers	515 733	440 857
Other corporate customers	164 261	155 910
Deposits from customers	**1 396 630**	**1 247 719**

NOTE G43 Debt securities issued

Changes in debt securities issued

Amounts in NOK million	Balance sheet 31 Dec. 2022	Issued 2022	Matured/ redeemed 2022	Exchange movements 2022	Other adjustments 2022	Acquisition of Sbanken 2022	Balance sheet 31 Dec. 2021
Commercial papers issued, nominal amount	292 462	1 704 322	(1 562 598)	(16 109)			166 847
Bond debt, nominal amount 1)	159 111	64 292	(68 037)	11 455		4 034	147 367
Covered bonds, nominal amount 1)	313 125	4 954	(101 922)	13 674		22 682	373 736
Adjustments	(26 812)			1	(41 856)	234	14 809
Debt securities issued	**737 886**	**1 773 567**	**(1 732 556)**	**9 022**	**(41 856)**	**26 950**	**702 759**

Maturity of debt securities issued as at 31 December 2022 1) 2)

Amounts in NOK million	NOK	Foreign currency	Total
2023		292 462	292 462
Commercial papers issued, nominal amount		292 462	292 462
2023	5 495	52 843	58 338
2024	1 980	48 983	50 964
2025	(6)	17 274	17 268
2026	5	17 386	17 391
2027	(32)	13 379	13 347
2028		1 277	1 277
2029 and later		526	526
Bond debt, nominal amount	7 442	151 668	159 111
2023	7 587	71 492	79 079
2024	12 362	36 064	48 426
2025	16 429	32 706	49 134
2026	8 436	38 356	46 792
2027	(4 813)	19 751	14 938
2028		15 597	15 597
2029 and later	1 100	58 057	59 157
Covered bonds, nominal amount	41 100	272 025	313 125
Adjustments	405	(27 217)	(26 812)
Debt securities issued	48 948	688 938	737 886

1) *Excluding own bonds. Nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 385.7 billion as at 31 December 2022. The cover pool market value represented NOK 683.6 billion.*

2) *The maturity profile is based on the call date, i.e. DNB's first option to redeem the bond.*

NOTE G44 Senior non-preferred bonds

Changes in senior non-preferred bonds

Amounts in NOK million	Balance sheet 31 Dec. 2022	Issued 2022	Matured/ redeemed 2022	Exchange movements 2022	Other adjustments 2022	Acquisition of Sbanken 2022	Balance sheet 31 Dec. 2021
Senior non-preferred bonds, nominal amount	65 185	21 584		3 102		2 000	38 499
Adjustments	(5 483)				(4 709)	(43)	(730)
Senior non-preferred bonds	**59 702**	**21 584**		**3 102**	**(4 709)**	**1 957**	**37 769**
Of which DNB Bank ASA [1)]	*57 746*	*21 561*		*3 102*			*37 769*

Maturity of Senior non-preferred bonds as at 31 December 2022 [2)]

Amounts in NOK million	NOK	Foreign currency	Total
2023			
2024			
2025	1 224	21 532	22 756
2026		20 843	20 843
2027	800	7 380	8 180
2028	2 100	10 517	12 617
2029 and later		789	789
Senior non-preferred bonds, nominal amount	4 124	61 061	65 185
Adjustments	(197)	(5 286)	(5 483)
Senior non-preferred bonds	3 927	55 775	59 702

1) *The merger of DNB Bank ASA and Sbanken ASA will take place on 2 May 2023, see note G2.*
2) *In the table above, the maturity profile is based on the call date, i.e. DNB's first option to redeem the bond.*

NOTE G45 Subordinated loan capital and perpetual subordinated loan capital securities

Changes in subordinated loan capital and perpetual subordinated loan capital securities

Amounts in NOK million	Balance sheet 31 Dec. 2022	Issued 2022	Matured/ redeemed 2022	Exchange movements 2022	Other adjustments 2022	Acquisition of Sbanken 2022	Balance sheet 31 Dec. 2021
Term subordinated loan capital, nominal amount	30 596	13 227	(10 767)	163		900	27 073
Perpetual subordinated loan capital, nominal amount	6 306			554			5 752
Adjustments	(114)		3		(352)	12	223
Subordinated loan capital and perpetual subordinated loan capital securities	**36 788**	**13 227**	**(10 764)**	**717**	**(352)**	**912**	**33 047**
Of which Bank ASA [1)]	*35 877*	*13 227*	*(10 767)*	*717*	*(348)*		*33 047*

Maturity of subordinated loan capital as at 31 Desember 2022

Year raised	Carrying amount in foreign currency		Interest rate	Maturity	Call date	Carrying amount in NOK
Term subordinated loan capital						
2018	JPY	25 000	0.75% p.a.	2028	2023	1 867
2018	SEK	300	1.61% p.a.	2028	2023	284
2018	SEK	700	3-month STIBOR + 1.06%	2028	2023	662
2018	EUR	600	1.125% p.a.	2028	2023	6 310
2018	NOK	809	3-month NIBOR + 1.10%	2028	2023	809
2019	NOK	125	3-month NIBOR + 1.60%	2029	2024	125
2019	NOK	125	3-month NIBOR + 1.30%	2029	2024	125
2020	NOK	350	3-month NIBOR + 1.60%	2030	2025	350
2020	NOK	150	3-month NIBOR + 1.25%	2030	2025	150
2020	NOK	2 500	3-month NIBOR + 2.30%	2030	2025	2 500
2020	SEK	1 500	3-month STIBOR + 2.35%	2030	2025	1 418
2021	NOK	450	2.72% p.a.	2032	2027	450
2021	NOK	2 350	3-month NIBOR + 1.00%	2032	2027	2 350
2021	SEK	500	1.598% p.a.	2032	2027	473
2021	SEK	1 600	3-month NIBOR + 0.95%	2032	2027	1 513
2022	NOK	150	3-month NIBOR + 1.08%	2032	2027	150
2022	NOK	2 500	3-month NIBOR + 1.05%	2032	2027	2 500
2022	EUR	750	4.625% p.a.	2033	2028	7 888
2022	JPY	9 000	1.35% p.a.	2033	2028	672
Term subordinated loan capital, nominal amount						30 596
Perpetual subordinated loan capital						
1985	USD	215	3-month LIBOR + 0.25%			2 116
1986	USD	200	6-month LIBOR + 0.13%			1 968
1986	USD	150	6-month LIBOR + 0.15%			1 476
1999	JPY	10 000	4.51% p.a.		2029	747
Perpetual subordinated loan capital, nominal amount						6 306

1) The merger of DNB Bank ASA and Sbanken ASA will take place on 2 May 2023, see note G2.

NOTE G46 Other liabilities

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Short-term funding	532	627
Short positions trading	3 394	4 834
Accrued expenses and prepaid revenues	4 502	4 174
Documentary credits, cheques and other payment services	565	558
Unsettled contract notes	1 161	1 501
Accounts payable	3 456	1 828
General employee bonus	310	276
Non-controlling interests	14 509	17 767
Lease liabilities	2 605	2 796
Other liabilities	3 166	5 354
Total other liabilities	**34 200**	**39 718**

Other liabilities are generally of a short-term nature.

NOTE G47 Equity

Share capital

The share capital of DNB Bank ASA at 31 December 2022 and 31 December 2021 was NOK 19 379 562 763 divided into 1 550 365 021 shares, each with a nominal value of NOK 12.50.

DNB Bank ASA has one class of shares, and all shares carry voting rights. Shareholders are entitled to receive the dividend proposed at any time and have one voting right per share at the company's general meeting.

The Board of Directors has proposed a dividend of NOK 12.50 per share for 2022, for distribution 5 May 2023.

Own shares

At the Annual General Meeting on 26 April 2022, the Board was given an authorisation for a new share buy-back programme of 3.5 per cent. As at 31 December 2022, the authorisation had not been used and there were no share buy-backs in 2022. A share buy-back programme of 0.5 per cent was announced on 9 February 2023.

Treasury Shares

Treasury shares held by DNB Markets for trading purposes are presented below.

Amounts in NOK million	Share capital	Other equity	Total equity
Balance sheet as at 31 December 2020	**(1)**	**(16)**	**(17)**
Net purchase of treasury shares	1	19	20
Reversals of fair value adjustments through the income statement		(3)	(3)
Balance sheet as at 31 December 2021	**(0)**	**(0)**	**(0)**
Net sale of treasury shares	(1)	(14)	(15)
Reversal of fair value adjustments through the income statement		(5)	(5)
Balance sheet as at 31 December 2022	**(1)**	**(19)**	**(20)**

NOTE G47 Equity (continued)

Additional Tier 1 capital

The additional Tier 1 capital is issued by DNB Bank ASA and Sbanken ASA. An additional Tier 1 capital instrument of USD 750 million, issued in 2016, was redeemed in 2022. Four additional Tier 1 capital instruments were issued in 2022, with a total nominal value of NOK 4 800 million. Through the acquisition of Sbanken ASA, five additional Tier 1 capital instruments with a total nominal value of NOK 700 million were acquired.

Year		Carrying amount in currency	Interest rate	Carrying amount in NOK
2019	NOK	100	3-month NIBOR + 3.60%	100
2019	NOK	2 700	3-month NIBOR + 3.50%	2 700
2019	USD	850	4.875% p.a.	7 774
2019	NOK	100	3-month NIBOR + 3.15%	100
2020	NOK	300	3-month NIBOR + 3.10%	300
2020	NOK	100	3-month NIBOR + 3.00%	100
2022	NOK	100	3-month NIBOR + 2.60%	100
2022	NOK	2 750	3-month NIBOR + 3.75%	2 750
2022	NOK	500	6.72% p.a. until 18 February 2028, thereafter 3-month NIBOR + 3.75%	500
2022	NOK	600	3-month NIBOR + 4.00%	600
2022	NOK	950	7.75% p.a. until 4 May 2028, thereafter 3-month NIBOR + 4.00%	950
Total, nominal amount				15 974

For further details about issued and redeemed AT1 capital, please refer to G – Statement of changes in equity.

Net currency translation reserve

A specification of the net currency translation reserve is presented below.

Amounts in NOK million	Currency translation reserve	Hedging reserve	Tax	Net currency translation reserve
Balance sheet as at 31 December 2020	**16 965**	**(14 684)**	**3 671**	**5 952**
Currency translation of foreign operations and hedging of net investment	(1 018)	680		(339)
Tax on hedging instruments			(170)	(170)
Balance sheet as at 31 December 2021	**15 947**	**(14 004)**	**3 501**	**5 444**
Currency translation of foreign operations and hedging of net investment	3 275	(2 878)		397
Tax on hedging instruments			719	719
Reclassified to the income statement on the liquidation of foreign operations	(5 213)	5 137	(1 284)	(1 360)
Balance sheet as at 31 December 2022	**14 009**	**(11 745)**	**2 936**	**5 200**

NOTE G48 Remunerations etc.

The table below shows remuneration to the Group Management team and the Board of Directors as at end-2022. The table has been designed to show rights earned during the period. In 2022, remuneration to the Group Management team has been carried out in line with The Board of Directors' guidelines for the remuneration of senior executives, adopted at the Annual General Meeting in 2022, and published on dnb.no.

In accordance with Section 6-16 b. (2) of the Norwegian Public Limited Liability Companies Act and the Norwegian regulations on guidelines and report on remuneration for directors, DNB will publish a separate report on remuneration to directors for presentation at the Annual General Meeting on 25 April 2023. In addition to detailed information on paid and pending remuneration to directors for the 2022 accounting year, the report on remuneration for directors will contain an overview of performance targets that form the basis for variable remuneration. Shareholdings and allocated shares will also be included.

NOTE G48 Remunerations etc. (continued)

Remunerations etc. in 2022

Amounts in NOK 1 000	Fixed annual salary as 31 Dec. 2022	Remune-ration paid in 2022	Paid salaries in 2022	Variable remune-ration earned in 2022 [1]	Fixed salary shares in 2022 [2]	Benefits in kind and other benefits in 2022	Accrued pension expenses in 2022 [3]	Total remune-ration in 2022	Loan as at 31 Dec. 2022 [4]
Board of Directors of DNB Bank ASA									
Olaug Svarva (Chair) [5]		1 147						1 147	
Svein Richard Brandtzæg (Vice chair) [6]		599						599	
Gro Bakstad [6]		632						632	
Julie Galbo [6]		713						713	
Lillian Hattrem [5) 6) 7]		607						607	3 639
Jens Petter Olsen [6]		757						757	101
Stian Tegler Samuelsen [7]		423						423	1 831
Jaan Ivar Semlitsch [5]		476						476	
Jannicke Telle Skaanes (from 08.04.22) [7]		423						423	4 964
Eli Solhaug (until 08.04.22) [7]		171						171	1 509
Kim Wahl [5]		502						502	59
Group Management									
Kjerstin R. Braathen, CEO	8 290		8 560	3 170	2 487	302	849	15 368	48
Ida Lerner, group EVP	5 125		5 187	2 172		89	135	7 583	10 710
Benjamin Kristoffer Golding, group EVP	3 200		3 337	1 216		235	135	4 923	6 002
Mirella E. Grant, group, EVP	4 185		4 263	26		89	135	4 513	7 406
Håkon Hansen, group EVP	3 960		4 129	1 389		104	291	5 913	7 414
Maria Ervik Løvold, group EVP	3 700		3 821	1 573		46	233	5 673	9 194
Sverre Krog, group EVP	4 150		4 118	26		91	208	4 443	11 480
Thomas Midteide, group EVP	3 525		3 638	1 463		28	305	5 434	1 852
Anne Sigrun Moen, group EVP	3 200		3 214	1 346		86	135	4 781	5
Alexander Opstad, group EVP	6 500		6 716	2 757	1 950	67	193	11 683	48 385
Harald Serck-Hanssen, group EVP	5 335		5 500	2 246		53	1 485	9 284	
Ingjerd Blekeli Spiten, group EVP	4 015		4 188	1 443		89	135	5 855	6 628
Loans to other employees								25 387 043	

1) *Variable remuneration earned in 2022, excluding holiday pay. The amount includes the Group bonus of NOK 25.5 thousand, which is paid according to defined allocation criteria to all permanent employees as at 31 December 2022.*
2) *An agreement has been entered into with some members of the Group Management team concerning a fixed salary supplement, which will be allocated for share purchases (see description in Guidelines for the remuneration of senior executives on dnb.no).*
3) *Pension rights earned during the year (SCC). The calculation of pension entitlements is based on the same economic and actuarial assumptions as those used in note G25 Pensions.*
4) *Loans to shareholder-elected representatives are extended on ordinary customer terms. Loans to DNB employees are extended on special terms, which are close to ordinary customer terms.*
5) *Also a member of the Compensation and Organisation Committee.*
6) *Also a member of the Audit Committee and the Risk Management Committee.*
7) *Employee-elected board member.*

See also note G49 Information on related parties for information on loans to and deposits from senior executives.

NOTE G48 Remunerations etc. (continued)

Remunerations etc. in 2021

Amounts in NOK 1 000	Fixed annual salary as at 31 Dec. 2021	Remune- ration paid in 2021	Paid salaries in 2021 [1]	Variable remune- ration earned in 2021 [2]	Fixed salary shares in 2021 [3]	Benefits in kind and other benefits in 2021	Accrued pension expenses in 2021 [4]	Total remune- ration in 2021	Loan as at 31 Dec. 2021 [5]
Board of Directors of DNB Bank ASA [6]									
Olaug Svarva (Chair) [7]		1 121						1 121	
Svein Richard Brandtzæg (Vice chair) [8]		577						577	11
Gro Bakstad [8]		609						609	
Lillian Hattrem [7] [8]		585						585	3 784
Julie Galbo (from 01.07.21) [8]		627						627	
Jens Petter Olsen [8]		638						638	197
Stian Tegler Samuelsen		408						408	1 789
Jaan Ivar Semlitsch [7]		459						459	
Eli Solhaug (from 01.07.21)		408						408	1 595
Kim Wahl (from 01.07.21) [7]		427						427	60
Group Management									
Kjerstin R. Braathen, CEO	8 050		8 301	3 180	2 415	247	822	14 966	475
Ottar Ertzeid, CFO (until 31.10.21)			5 857	2 353	1 664	57	724	10 655	
Ida Lerner, CFO (from 01.11.21) [9]	5 000		4 760	370		1 968	22	7 120	32
Kari Bech-Moen, group EVP (until 18.04.21)			878	532		38	43	1 491	
Rasmus Aage Figenschou, group EVP (until 15.08.21)			2 239	734		28	86	3 087	
Benjamin Kristoffer Golding, group EVP (from 16.08.21)	3 125		1 173	510		27	54	1 764	6 000
Mirella E. Grant, group EVP	4 050		4 092	24		53	129	4 298	7 557
Håkon Hansen, group EVP	3 815		3 938	1 358		55	277	5 628	14 831
Maria Ervik Løvold, group EVP	3 570		3 683	1 523		85	222	5 512	9 095
Sverre Krog, group EVP (from 13.09.21)	4 050		1 208	24		10	66	1 308	12 184
Thomas Midteide, group EVP	3 420		3 535	1 397		24	290	5 247	1 868
Anne Sigrun Moen, group EVP (from 13.09.21)	3 125		938	390		0	40	1 367	
Alexander Opstad, group EVP	6 325		6 635	2 641	1 898	73	184	11 430	45 295
Harald Serck-Hanssen, group EVP	5 175		5 343	2 036		33	1 438	8 851	3
Ingjerd Blekeli Spiten, group EVP	3 900		4 059	1 364		77	129	5 629	7 680
Øystein Torbal, group EVP (from 19.04.21 until 12.09.21)			838	370		29	54	1 291	

1) Includes salary payments for the part of year the person concerned was a member of the Group Management Team.
2) Variable remuneration earned in 2021, excluding holiday pay. The amount includes the Group bonus of NOK 24 thousand, which is paid according to defined allocation criteria to all permanent employees as at 31 December 2021.
3) An agreement has been entered into with some members of the Group Management team concerning a fixed salary supplement, which will be allocated for share purchases (see description in Guidelines for the remuneration of senior executives on dnb.no).
4) Pension rights earned during the year (SCC). The calculation of pension entitlements is based on the same economic and actuarial assumptions as those used in note G25 Pensions.
5) Loans to shareholder-elected representatives are extended on ordinary customer terms. Loans to DNB employees are extended on special terms, which are close to ordinary customer terms.
6) The merger of DNB ASA and DNB Bank ASA, with DNB Bank ASA as the surviving company, was completed on 1 July 2021. The merger was completed with accounting and tax continuity. In the table above, figures include the total remuneration paid by the DNB Group in the period.
7) Also a member of the Compensation and Organisation Committee.
8) Also a member of the Audit Committee and the Risk Management Committee.
9) Ida Lerner was Group EVP for Group Risk Management until 13 September 2021 and on an international assignment from Sweden to Norway until 1 November 2021 when she took over as CFO. See information in 2020 table for details related to the international assignment.

Remuneration to the statutory auditor

Amounts in NOK 1 000, excluding VAT	2022	2021
Statutory audit [1]	(36 127)	(34 747)
Other certification services	(4 461)	(3 562)
Tax-related advice [2]	(1 559)	(4 780)
Other services	(383)	(2 035)
Total remuneration to the statutory auditor	(42 530)	(45 124)

1) Includes fees for interim review.
2) Mainly refers to tax-related advice to employees on international assignments.

NOTE G49 Information on related parties

The largest owner of the DNB Group is the Norwegian government, represented by the Ministry of Trade, Industry and Fisheries, which owns and controls 34 per cent of the shares in the parent company DNB Bank ASA. See note P44 Largest shareholders.

A large number of bank transactions are entered into with related parties as part of ordinary business transactions, comprising loans, deposits and foreign exchange transactions. These transactions are based on market terms. The table below shows transactions with related parties, including balance sheets at year-end and related expenses and income for the year. Related companies are associated companies plus DNB Savings Bank Foundation. See note G37 Investment accounted for by the equity method for a specification of associated companies. Loans to board members and their spouses/partners and under-age children are extended on ordinary customer terms. Loans to group management, like loans to other group employees, are extended on special terms, which are close to ordinary customer terms.

Transactions with related parties

	Group management and Board of Directors		Related companies	
Amounts in NOK million	2022	2021	2022	2021
Loans as at 31 December	141	128	421	467
Deposits as at 31 December	174	170	5 297	2 735
Interest income	3	2	5	4
Interest expenses	(1)	(0)	19	(19)
Guarantees [1]			0	21

1) DNB Bank ASA had issued guarantees for loans in Eksportfinans. The total guarantee commitment is included in the table above.

No impairments were made on loans to related parties in 2022 and 2021. See note G48 for other remunerations etc. to Group management and Board of Directors. Transactions with deputy members of the Board of Directors are not included in the table above. In general, DNB employee loans should be paid by automatic debit in monthly instalments in arrears. Employee loans are within the term limits applying to general customer relationships. Security is furnished for employee loans in accordance with legal requirements.

NOTE G50 Earnings per share

	2022	2021
Profit for the year (NOK million)	32 861	25 355
Profit attributable to shareholders (NOK million)	32 010	24 407
Profit attributable to shareholders excluding operations held for sale (NOK million)	31 740	24 257
Profit from operations and non-current assets held for sale, after taxes (NOK million)	270	150
Issued shares opening balance (in 1000)	1 550 365	1 550 365
Average number of cancelled shares (in 1000)		
Average number of own shares (in 1 000)	32	75
Average number of outstanding shares (in 1 000)	1 550 333	1 550 290
Average number of outstanding shares, fully dilluted (in 1 000)	1 550 333	1 550 290
Earnings/diluted earnings per share (NOK)	20.65	15.74
Earnings/diluted earnings per share excluding operations held for sale (NOK)	20.47	15.65
Earnings/diluted earnings per share, operations held for sale (NOK)	0.17	0.10

The main purpose of the financial ratio earnings per share is to show the return for the Group's ordinary shareholders. Accumulated interest for the period, which will be paid to those investing in the additional Tier 1 capital instruments, has therefore been deducted from Profit for the period in the calculation of the period's earnings per share.

NOTE G51 Contingencies

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

See also note G26 Taxes for further information about contingent tax liability.

NOTE G52 Transition to IFRS 17

In May 2017, the IASB issued the new standard IFRS 17 Insurance Contracts, which replaced IFRS 4 Insurance Contracts and sets out new principles for recognition, measurement, presentation and disclosures of insurance contracts. In June 2020, the IASB adopted some amendments to the standard. The standard was endorsed by the EU in November 2021, but with an optional exception from the requirement for annual cohorts (‘carve-out’) for life insurance contracts that have certain characteristics.

DNB has initially applied IFRS 17 from 1 January 2023. The implementation of the new standard has brought significant changes to the Group’s accounting for insurance and reinsurance contracts. IFRS 17 requires comparative figures for 2022. At the same time the DNB Group will change classification of some financial instruments under IFRS 9.

The new rules entail a new measurement method for the Group’s life insurance liabilities, whereby estimated future cashflow in the insurance contracts will be discounted using a marked-based interest rate. This affects the transition effect as at 1 January 2022, recognised liabilities and future profit and loss. There will also be significant changes from the previous presentation in the income statement, as operating expenses relating to insurance contracts under the new rules are included in net operating income in the income statement, whereas they were previously presented under operating expenses.

Certain investment contracts, including unit link contracts and defined-contribution pension schemes, fall outside the scope of the IFRS 17 requirements and are assessed under the rules for financial instruments in IFRS 9.

The full implementation effect of IFRS 17, as well as the effect of the changed measurement method for financial instruments, is NOK 9 823 million after tax, and will reduce the Group’s equity at the time of the transition on 1 January 2022 accordingly. Compared with the situation under the IFRS 4 rules, the one-time effect on equity will be compensated for by positive results in future periods.

Accounting Principles

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specific uncertain future event adversely affects the policyholder. Investment contracts with discretionary participation features are also classified as insurance contracts. In the Group, insurance contracts are held by the wholly owned subsidiary DNB Livsforsikring (a life insurance company). Products offered by DNB Livsforsikring that are classified as insurance contracts include traditional guaranteed products (defined-benefit pensions, paid-up policies, old individual products and defined-benefit accounts), supplementary risk pension and employer’s liability insurance. Insurance contracts are presented as “insurance liabilities” in the balance sheet. In addition, reinsurance contracts are used to mitigate the risk exposure. These contracts are presented as “insurance liabilities” or “other assets” in the balance sheet.

Several investment contracts (including unit link contracts) and defined contribution pensions in DNB Livsforsikring are not classified as insurance contracts. These contracts are classified and measured as financial instruments (IFRS 9).

Measurement model

The main features of the general measurement model (GMM) for measurement of insurance liabilities are:

- The fulfilment cash flow constitutes an estimate of the present value of future cash flows. The calculations are made for a group of insurance contracts.
- The liabilities include an estimated addition for a contractual service margin (CSM), which constitutes the unearned profit element in the insurance contracts. CSM is recognised in the income statements over the coverage period of the insurance contracts.
- Certain changes in the estimate for the present value of future cash flows are adjusted against the CSM and recognised in the income statement over the remaining period covered by the relevant contracts. The effect of changes in the discount rates and other financial effects are presented in the income statement. DNB has elected not to apply the OCI option allowed under IFRS 17.

Supplementary risk pensions are measured according to the GMM.

The variable fee approach (VFA) is a variant of the GMM and applies to insurance contracts with direct participation features (contracts with a significant element of investment related services related to the return on the underlying items). Underlying items comprise specified portfolios of investment that determine amounts payable to policyholders. The management uses judgement to assess whether the criteria for using VFA is satisfied, where relevant participating features, including profit sharing between contracts, are taken into consideration. Under the VFA, the estimated future variable fee, which includes some changes in the discount rate and other financial variables, will also adjust the CSM. The VFA products have an investment component. When considering if products have an investment component, relevant participating features including profit sharing between contracts are taken into account.

The VFA is used for the majority of the life insurance products, including the traditional guaranteed products.

The premium allocation approach (PAA) is an optional simplified measurement model, mainly for short-term contracts with a coverage period of up to 12 months. This approach is used for employer’s liability insurance and reinsurance. DNB has for PAA elected to expense acquisition cash flows when incurred. The liability for incurred claims in PAA is adjusted for the time value of money and the effect of financial risk.

The measurement of the insurance liabilities is updated based on current assumptions at the end of each reporting period, including the updated discount rate.

NOTE G52 Transition to IFRS 17 (continued)

Fulfilment cash flows

Fulfilment cash flows include amounts the Group expects to collect from premiums and payout for claims, benefits and expenses. The estimates take into account an explicit adjustment for risk and are based on conditions on the balance sheet date. To calculate future cashflows under insurance contracts, the cashflows used in the Solvency II Directive are used as the basis for the calculations, with some adjustments. The estimates will among other things include stochastic modelling (risk neutral methods) to measure financial options and guarantees.

The risk adjustments for non-financial risk, mainly related to the risk of disability and life expectancy, are calculated based on the same method as under Solvency II, but to some degree with different assumptions. The calculated risk adjustment corresponds to the confidence level of 88 per cent.

Discount rate

The method used for calculating the marked-based discount rate is based on a bottom-up approach. The risk-free interest rate is derived using the Norwegian swap rate for the first ten years. It is adjusted for credit risk by applying the same method as when determining the Solvency II Directive yield curve. After ten years, the yield curve is extrapolated to a forward rate according to the Smith-Wilson method. An illiquidity premium for the whole term is added under the assumption that the liabilities are illiquid throughout the period.

Level of aggregation

The insurance contracts are divided into groups of contracts. A portfolio comprises contracts subject to similar risks and managed together. The portfolio will be further divided into profitability buckets and annual cohorts. For contracts measured using VFA the ‘carve-out’ exemption endorsed by the EU for annual cohorts are applied.

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. For most of the traditional guaranteed products the contract boundaries are assessed to be long term, which means that all future premiums are included in the cash flows. Supplementary risk pensions, defined-benefit accounts and employer’s liability insurance have a one-year contract boundary. Reinsurance has a three-month contract boundary.

Recognition in the income statement

The line item "Net insurance result" includes both insurance service result and finance result, life insurance.

Insurance service result includes the following components:

- Insurance revenue, including the release of CSM and risk adjustment during the period.
- Insurance service expense, including operating expenses related to insurance contracts.
- Net revenue/ expense from reinsurance contracts during the period.

Finance result, life insurance includes the following components:

- Investment income from underlying assets or pool of assets, measured at fair value.
- Insurance finance income or expenses.
- Reinsurance finance income or expenses.

The release of CSM in the income statement is determined by the allocation of the CSM at the end of the reporting period over the current and expected remaining coverage period of the group of insurance contracts, based on coverage units. The coverage period is the period whereas the entity provides insurance contract services. Insurance contract services include coverage for an insured event, investment-return service and investment-related service where relevant. Coverage units for the group are determined by considering the quantity of the benefits for each contract and its expected coverage period. The quantity of the benefits for investment-return and investment-related service are assets under management, and for insured event it is expected benefits paid. The relative weighting of the benefits each reporting period for traditional guaranteed products is based on the maximum of guarantee rate and expected return on assets in the period, compared with expected benefits paid. The Group has elected to discount coverage units using the same discount rate as when discounting cash flows.

For the release of CSM each quarter is treated as discrete interim reporting period.

Changes that are related to current or past services are recognised in the income statement and changes that are related to future services are recognised by adjusting the CSM.

The release of risk adjustment is based on development in the cost of capital for each period. The entire change of the risk adjustment, including the finance effect, is included in the insurance service result.

Expected and actual repayments of the investment component under VFA will not be part of insurance revenue and insurance service expenses.

Onerous contracts are recognised immediately as a loss in insurance service expense.

For contracts measured under VFA, the finance result will be close to zero, because insurance finance income or expenses comprise changes in the fair value of underlying items (excluding additions and withdrawals) which will be about the same as the investment income from the underlying assets measured at fair value.

NOTE G52 Transition to IFRS 17 (continued)

Owner-used property

Buildings that are owned by DNB Livsforsikring as part of the company's common portfolio and used by the Group for its own operations have previously been recognised according to the revaluation model. At implementation of IFRS 17 DNB has elected to measure the owner-used property using the fair value model in accordance with IAS 40.

Important accounting estimates, judgments and assumptions

With respect to insurance liabilities, risks and uncertainties are mainly related to interest rate level, as well as the likelihood of death and disability. Higher life expectancy affects future expected insurance payments and liabilities. The interest rate curve used as basis for measuring of insurance liabilities consist of risk-free rate and an illiquidity premium. Management determines the principles for the interest rate curve. The illiquidity premium is derived from corporate bonds indices.

The transition provision resulting from the adoption of IFRS 17 as at 1 January 2022 has been applied using the fair value approach for the majority of the insurance contracts. Judgement and assumptions are applied determining the fair value of the insurance contract liability at the transition date, including the assumption about the expected return a market participant (buyer) would require.

Implementation impact

The transition effect resulting from the adoption of IFRS 17 as at 1 January 2022 has been calculated using a fair value approach for the majority of the insurance contracts. This applies to traditional guaranteed products, including defined-benefit pensions and paid-up policies, in addition to supplementary risk pensions. For employer's liability insurance and reinsurance, the full retrospective approach has been applied.

For the traditional guaranteed products, including defined-benefit pensions and paid-up policies in addition to supplementary risk pensions, it was not practicable to apply the full retrospective approach. Actual cash flows, information needed to allocate the CSM and key assumptions are not available or it was not possible to establish these for earlier periods.

In the calculation of the fair value at transition, the groups of insurance contracts have been evaluated according to the rules for fair value measurement in IFRS 13. Due to lack of relevant market transactions, the measurement of fair value is based on discounted cashflows, with an add-on for the return a market participant is expected to require. The difference between the calculated fair value and the insurance contract liability under the IFRS 17 constitute the CSM.

Interrelationships between IFRS 9 and IFRS 17

Financial instruments associated with IFRS 17 contracts measured at amortised cost will be reclassified to fair value through profit and loss as a result of the implementation of IFRS 17. The reclassification follows the transition option in IFRS 17 to reclassify due to accounting mismatches. The difference in measurement between amortised cost and fair value at transition will be recognised in equity as at 1 January 2022. The effect will be adjusted for deferred tax.

Future results

The valuation of the liability according to IFRS 17 incorporates financial risk by applying a market-based discount rate. Over the contract term, the results will be identical to those under the IFRS 4 rules, disregarding transition requirements. IFRS 17 provides different measurement results and accrual of revenue compared with IFRS 4. Due to the use of market-based interest rates and recognition of onerous contracts, more volatility is expected in the results. However, when the VFA is used for measurement, the volatility of the results caused by changes in interest rates is reduced because changes in future interest rates are included in the CSM and the effect is recognised over the lifetime of the contract. Compared with the situation under the IFRS 4 rules, the one-time effect on equity as at 1 January 2022 will be compensated for by positive results in future periods.

Transition as at 1 January 2022

The application of the accounting principles under IFRS 17, as well as the reclassification of financial instruments under IFRS 9, has resulted in a new measurement. The table below shows balance sheet items that are affected by implementation of the new standard at the time of transition.

Amounts in NOK million	31 Dec. 2021	Reclassification and remeasurement	1. Jan. 2022
Assets			
Loans to customers	1 744 922	49	1 744 971
Commercial paper and bonds	425 267	4 177	429 444
Deferred tax assets	649	1 703	2 352
Other assets	30 423	(289)	30 134
Total assets	2 919 244	5 641	2 924 885
Liabilities and equity			
Liabilities to life insurance policyholders	199 379	17 348	216 727
Deferred taxes	1 571	(1 571)	
Other liabilities	39 718	(313)	39 405
Other equity	188 559	(9 823)	178 736
Total liabilities and equity	2 919 244	5 641	2 924 885

Annual accounts DNB Bank ASA

NOTES TO THE ACCOUNTS

Initial notes

Credit risk

Market risk

Market risk

Income statement

Balance sheet

Additional information

P – Income statement

Amounts in NOK million	Note	2022	2021
Interest income, amortised cost	P16	58 681	30 653
Other interest income	P16	5 136	2 247
Interest expenses, amortised cost	P16	(27 755)	(5 240)
Other interest expenses	P16	2 499	1 057
Net interest income	P16	**38 562**	**28 718**
Commission and fee income etc.	P17	9 048	9 026
Commission and fee expenses etc.	P17	(2 973)	(3 193)
Net gains on financial instruments at fair value	P18	2 246	3 247
Other income		10 638	10 607
Net other operating income		**18 959**	**19 687**
Total income		**57 521**	**48 405**
Salaries and other personnel expenses	P19	(12 113)	(11 331)
Other expenses	P20	(6 794)	(5 971)
Depreciation and impairment of fixed and intangible assets	P21	(3 445)	(3 342)
Total operating expenses		**(22 352)**	**(20 643)**
Pre-tax operating profit before impairment		**35 169**	**27 762**
Net gains on fixed and intangible assets		175	28
Impairment of financial instruments	P7	57	263
Pre-tax operating profit		**35 401**	**28 053**
Tax expense	P23	(4 632)	(5 710)
Profit for the year		**30 768**	**22 342**
Portion attributable to shareholders		30 026	21 420
Portion attributable to additional Tier 1 capital holders		743	922
Profit for the year		**30 768**	**22 342**
Profit for the year as a percentage of total assets		1.08	0.82

P – Comprehensive income statement

Amounts in NOK million	2022	2021
Profit for the year	**30 768**	**22 342**
Actuarial gains and losses	408	(180)
Financial liabilities designated at FVTPL, changes in credit risk	77	29
Tax	(114)	40
Items that will not be reclassified to the income statement	371	(111)
Currency translation of foreign operations	(52)	(74)
Currency translation reserve reclassified to the income statement	3	
Financial assets at fair value through OCI	(732)	(44)
Tax	183	11
Items that may subsequently be reclassified to the income statement	(597)	(108)
Other comprehensive income for the year	**(227)**	**(218)**
Comprehensive income for the year	**30 542**	**22 124**

P – Balance sheet

Amounts in NOK million	Note	31 Dec. 2022	31 Dec. 2021
Assets			
Cash and deposits with central banks		309 331	295 039
Due from credit institutions		471 949	417 777
Loans to customers	P8, P9, P10	1 010 029	898 584
Commercial paper and bonds		413 878	312 638
Shareholdings		5 575	7 078
Financial derivatives	P14	213 665	157 085
Investments in associated companies	P30	10 232	9 436
Investments in subsidiaries	P31	133 360	119 228
Intangible assets	P32	3 561	3 438
Deferred tax assets	P23	94	124
Fixed assets	P33	15 434	15 580
Other assets	P35	31 107	29 091
Total assets		**2 618 215**	**2 265 097**
Liabilities and equity			
Due to credit institutions		275 556	246 335
Deposits from customers	P36	1 322 995	1 235 125
Financial derivatives	P14	206 820	136 311
Debt securities issued	P37	441 903	316 238
Payable taxes	P23	1 719	189
Deferred taxes	P23	2 325	3 752
Other liabilities	P40	54 672	45 189
Provisions		656	1 229
Pension commitments	P22	4 095	4 514
Senior non-preferred bonds	P38	57 746	37 769
Subordinated loan capital	P39	35 877	33 047
Total liabilities		**2 404 364**	**2 059 698**
Additional Tier 1 capital		15 386	16 974
Share capital		19 378	19 379
Share premium		18 733	18 733
Other equity		160 354	150 312
Total equity	P41	**213 851**	**205 399**
Total liabilities and equity		**2 618 215**	**2 265 097**

P – Statement of changes in equity

Amounts in NOK million	Share capital	Share premium	Additional Tier 1 capital	Net currency translation reserve	Liability credit reserve	Retained earnings	Total equity
Balance sheet as at 31 December 2020	**19 380**	**19 895**	**18 362**	**629**	**(29)**	**150 669**	**208 905**
Profit for the year			922			21 420	22 342
Actuarial gains and losses						(180)	(180)
Financial assets at fair value through OCI						(44)	(44)
Financial liabilities designated at FVTPL, changes in credit risk					29		29
Currency translation of foreign operations				(74)			(74)
Tax on other comprehensive income					(7)	58	51
Comprehensive income for the year			922	(74)	22	21 254	22 124
Interest payments AT1 capital			(926)				(926)
Currency movements on interest payments AT1 capital			17			(11)	6
AT1 capital redeemed			(1 400)				(1 400)
Net purchase of treasury shares	0					9	10
DNB ASA merger	(1)	(1 162)				6 914	5 751
Dividends paid for 2020 (NOK 9.00 per share)						(13 953)	(13 953)
Dividends paid for 2021 (NOK 9.75 per share)						(15 116)	(15 116)
Balance sheet as at 31 December 2021	**19 379**	**18 733**	**16 974**	**554**	**(8)**	**149 765**	**205 399**
Profit for the year			743			30 026	30 768
Actuarial gains and losses						408	408
Financial assets at fair value through OCI						(732)	(732)
Financial liabilities designated at FVTPL, changes in credit risk					77		77
Currency translation of foreign operations				(49)			(49)
Tax on other comprehensive income					(19)	88	69
Comprehensive income for the year			743	(49)	58	29 790	30 542
Interest payments AT1 capital			(1 030)				(1 030)
AT1 capital redeemed			(6 548)				(6 548)
Currency movements on interest payment and redemption AT1 capital			447			(428)	19
AT1 capital issued			4 800				4 800
Net purchase of treasury shares	(1)					(14)	(15)
Dividends for 2022 (NOK 12.50 proposed per share)						(19 316)	(19 316)
Balance sheet as at 31 December 2022	**19 378**	**18 733**	**15 386**	**506**	**50**	**159 798**	**213 851**

P – Cash flow statement

Amounts in NOK million	2022	2021
Operating activities		
Net payments on loans to customers	(101 534)	(20 237)
Interest received from customers	44 601	31 201
Net receipts on deposits from customers	62 499	149 636
Interest paid to customers	(12 932)	(3 521)
Net payments on loans to credit institutions	(12 549)	(120 779)
Interest received from/(paid) to credit institutions	8 923	(252)
Net payments on the sale of financial assets for investment or trading	(105 259)	(36 263)
Interest received on bonds and commercial paper	5 945	3 177
Net receipts on commissions and fees	5 173	5 890
Payments to operations	(19 015)	(16 843)
Taxes paid	(377)	(1 929)
Other net receipts	11 663	3 095
Net cash flow from operating activities	**(112 861)**	**(6 825)**
Investing activities		
Net payments on the acquisition of fixed assets	(2 895)	(3 628)
Net investment in long-term shares	(12 444)	(1 180)
Dividends received on long-term investments in shares	5 196	1 120
Net cash flow from investing activities	**(10 143)**	**(3 688)**
Financing activities		
Receipts on issued bonds and commercial paper (see note P37)	1 767 613	3 182 580
Payments on redeemed bonds and commercial paper (see note P37)	(1 628 569)	(3 143 644)
Interest payment on issued bonds and commercial paper	(8 399)	(3 501)
Receipts on issued senior non-preferred bonds (see note P38)	21 561	29 421
Interest payments on senior non-preferred bonds	(452)	(184)
Receipts on the raising of subordinated loan capital (see note P41)	13 227	4 845
Redemptions of subordinated loan capital (see note P41)	(10 767)	(2 947)
Interest payments on subordinated loan capital	(565)	(436)
Net payments on issue and redemption of additional Tier 1 capital (see note P41)	(1 748)	(1 400)
Interest payments on additional Tier 1 capital	(1 030)	(926)
Lease payments	(751)	(742)
Net sale/(purchase) of own shares	(15)	9
Dividend payments	(15 116)	(26 976)
Net cash flow from financing activities	**134 991**	**36 099**
Effects of exchange rate changes on cash and cash equivalents	**3 987**	**(8 448)**
Net cash flow	**15 974**	**17 138**
Cash as at 1 January	303 536	286 398
Net receipts of cash	15 974	17 138
Cash as at 31 December *)	319 510	303 536

*) *Of which: Cash and deposits with central banks*	*309 331*	*295 039*
Deposits with credit institutions with no agreed period of notice [1)]	*10 179*	*8 497*

NOTE P1 Accounting principles

Basis for preparation

DNB Bank ASA is the parent company in the DNB Group. DNB Bank ASA has prepared its financial statement according to the Norwegian Ministry of Finance's regulations on annual accounts, which implies that recognition and measurements are in accordance with IFRS. The only exception is that the regulations on annual accounts also give permission to recognise provisions for dividends and group contributions in subsidiaries as income and record the Board of Directors' proposed dividends and group contributions as liabilities on the balance sheet date. According to IFRS, dividends should be classified as equity until approved by the general meeting.

Differences in the parent company’s accounting principles compared with the Group’s accounting principles

Investments in subsidiaries

Subsidiaries are defined as companies in which DNB Bank ASA, directly or indirectly, has control. Control over an entity is evidenced by DNB Bank ASA’s ability to exercise its power in order to affect any variable return that the company is exposed to through its involvement in the entity.

Where voting rights are relevant, DNB Bank ASA is deemed to have control where it holds, directly or indirectly, more than half of the voting rights over an entity, unless DNB Bank ASA through agreements does not have corresponding voting rights in relevant decision-making bodies. For more information see note P31 Investments in subsidiaries as at 31 December 2022.

In the financial statement of DNB Bank ASA, investments in subsidiaries are recognised at cost. At the end of each reporting period, the company assesses whether any indication of impairment exists. If such indication exists, the investment is tested for impairment.

Transactions with Group companies

Transactions with Group companies are conducted in accordance with general business conditions and principles.

Dividends and group contributions

Dividends and group contributions from Group companies are recognised in DNB Bank ASA in the same year as provisions are made in the relevant companies. Group contributions received are classified as dividends when considered to represent return on invested capital. The Board of Directors’ proposed dividends and group contributions are recognised as liabilities on the balance sheet date. Provisions for dividends are presented under Other liabilities and provisions in the balance sheet.

Operating segments

The parent company does not provide segment information. This information is provided in note G3 Segments in the Group’s annual report.

NOTE P2 Capitalisation policy and capital adequacy

Capital adequacy is measured in accordance with the EU capital requirements regulations for banks and investment firms (CRR/CRD), which was implemented in Norway on 1 June 2022.

Risk Exposure Amount (REA) in relation to the capital base determines the banks' regulatory capital adequacy. The minimum requirement for total own funds is 8 per cent of REA for credit risk, market risk and operational risk. REA is also used for the calculation of the capital conservation buffer, systemic risk buffer, buffer for systemically important institutions and countercyclical capital buffer.

The Norwegian FSA expects DNB Bank ASA to maintain a Pillar 2 Guidance (P2G), i.e. a margin in the form of common equity Tier 1 (CET1) capital that exceeds the total capital requirement with 1.5 % of total risk exposure amount (REA). At year-end 2022, the regulatory CET1 capital ratio requirement was 14.9 per cent, while the supervisory expectation for the CET1 capital ratio was 16.4 per cent (incl. P2G). The requirement will vary due to the counter-cyclical buffer and systemic risk buffer, which are determined based on the total exposure in each country and the prevailing rates.

At year-end 2022, DNB Bank ASA had a CET1 capital ratio of 21.1 per cent and a capital ratio of 25.9 per cent, compared with 21.9 per cent and 28.1 per cent, respectively, a year earlier. REA came to NOK 904 billion at year-end 2022, compared with NOK 834 billion the year before.

Following the global financial crisis, leverage ratio was introduced as a supplement to the capital adequacy regulations. Tier 1 capital, which, in addition to CET 1 capital, includes Additional Tier 1 capital is used when calculating leverage ratio. The calculation base consists of both balance sheet- and off-balance sheet items, and the same conversion factors are used as in the standardised approach for the capital adequacy calculation. In addition, there are special methods for calculating exposure values for derivatives and add-on for repo transactions.

At year-end 2022, DNB Bank ASA's leverage ratio was 7.6 per cent, compared to 8.3 per cent a year earlier. DNB Bank ASA meets the total requirement of 3 per cent by a good margin.

Capital adequacy is calculated and reported in accordance with the EU capital requirements regulations for banks and investment firms (CRR/CRD).

Own funds

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Total equity	213 851	205 399
Additional Tier 1 capital instruments included in total equity	(15 274)	(16 595)
Net accrued interest on additional Tier 1 capital instruments	(111)	(285)
Common equity Tier 1 capital instruments	198 465	188 520
Deductions		
Goodwill	(2 376)	(2 391)
Deferred tax assets that are not due to temporary differences	(24)	(25)
Other intangible assets	(1 020)	(1 047)
Share buy-back program	(1 437)	
IRB provisions shortfall	(1 412)	(1 427)
Additional value adjustments (AVA)	(1 047)	(914)
Insufficient coverage for non-performing exposures	(49)	
(Gains) or losses on liabilities at fair value resulting from own credit risk	(50)	8
(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(391)	(336)
Common equity Tier 1 capital	190 659	182 386
Additional Tier 1 capital instruments	15 274	16 595
Tier 1 capital	205 934	198 981
Perpetual subordinated loan capital		5 752
Term subordinated loan capital	27 829	29 237
Additional Tier 2 capital	27 829	34 989
Own funds	233 763	233 970
Total risk exposure amount	904 035	833 707
Minimum capital requirement	72 323	66 697
Common equity Tier 1 capital ratio	21.1	21.9
Tier 1 capital ratio (%)	22.8	23.9
Total capital ratio (%)	25.9	28.1

NOTE P2 Capitalisation policy and capital adequacy (continued)

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

Specification of risk exposure amount and capital requirements

Amounts in NOK million	Nominal exposure 31 Dec. 2022	Exposure at default (EAD) 31 Dec. 2022	Average risk weights in per cent 31 Dec. 2022	Risk exposure amount (REA) 31 Dec. 2022	Capital requirements 31 Dec. 2022	Capital requirements 31 Dec. 2021
IRB approach						
Corporate exposures	923 385	753 301	42.9	322 799	25 824	24 205
Of which specialised lending (SL)	*9 622*	*8 779*	*46.4*	*4 071*	*326*	*272*
Of which small and medium- sized entities (SME)	*223 181*	*198 526*	*43.3*	*85 983*	*6 879*	*7 053*
Of which other corporates	*690 582*	*545 996*	*42.6*	*232 745*	*18 620*	*16 880*
Retail exposures	242 739	227 483	25.8	58 622	4 690	4 407
Of which secured by mortgages on immovable property	*155 268*	*155 268*	*23.4*	*36 313*	*2 905*	*2 616*
Of which other retail	*87 471*	*72 215*	*30.9*	*22 309*	*1 785*	*1 791*
Total credit risk, IRB approach	1 166 124	980 784	38.9	381 421	30 514	28 612
Standardised approach						
Central government and central banks	408 030	406 971	0.0	1	0	49
Regional governments or local authorities	39 251	34 990	1.2	403	32	36
Public sector entities	61 904	60 584	0.0	10	1	1
Multilateral development banks	40 036	39 956				
International organisations	354	354				
Institutions	652 397	577 210	21.0	121 264	9 701	8 260
Corporates	144 771	126 918	72.3	91 789	7 343	6 625
Retail	122 544	51 379	75.0	38 534	3 083	3 323
Secured by mortgages on immovable property	3 335	3 144	45.0	1 414	113	98
Exposures in default	1 488	1 031	140.6	1 449	116	150
Items associated with particular high risk	496	496	150.0	744	60	55
Covered bonds	135 257	135 257	10.0	13 526	1 082	692
Collective investment undertakings						
Equity positions	147 649	147 649	100.0	147 649	11 812	10 621
Other assets	12 693	12 693	67.7	8 599	688	592
Total credit risk, standardised approach	1 770 205	1 598 629	26.6	425 381	34 030	30 502
Total credit risk	2 936 329	2 579 414	31.3	806 802	64 544	59 114
Market risk						
Position and general risk, debt instruments				8 586	687	620
Position and general risk, equity instruments				509	41	53
Currency risk				151	12	2
Commodity risk				3		
Total market risk				9 249	740	675
Credit value adjustment risk (CVA)				4 265	341	506
Operational risk				83 719	6 697	6 401
Total risk exposure amount				904 035	72 323	66 697

NOTE P3 Credit risk management

See note G5.

The DNB Bank ASA's total forbearance exposures, in accordance with the definition of forbearance in CRD, are shown in the table below.

Forbearance

	31 December 2022			31 December 2021		
Amounts in NOK million	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total
Gross carrying amount and loan commitments	14 122	11 711	25 833	23 006	16 573	39 579
Expected credit loss	44	2 917	2 961	182	5 095	5 277

NOTE P4 Measurement of expected credit loss

See note G6.

NOTE P5 Credit risk exposure and collateral

The table under includes on and off-balance sheet items which entail credit risk and the assessed value of related collateral. If available, fair values are used. In general, fair values are estimated according to different techniques depending on the type of collateral. With respect to properties, models estimating the value of collateral based on market parameters for similar properties, are used. Corresponding techniques are used for other non-financial collateral. In order to reflect the effective available collateral value, the fair value of collateral included in the table is limited to the maximum credit exposure of the individual loan or exposure.

Other collateral includes the assessed fair value of movables, sureties, ships and cash as well as other credit enhancements, such as netting agreements and guarantees received.

Credit risk exposure and collateral as at 31 December 2022

Amounts in NOK million	Maximum exposure to credit risk	Secured by real estate	Collateralised by securities	Other collateral	Total collateral	Net exposure to credit risk
Deposits with central banks	309 004		9 470		9 470	299 534
Due from credit institutions	471 949		11 732	2	11 734	460 215
Loans to customers	1 010 029	427 902	90 640	297 266	815 808	194 221
Commercial paper and bonds	413 878					413 878
Financial derivatives	213 665		163	101 555	101 718	111 947
Other assets	30 161					30 161
Total maximum exposure to credit risk reflected on the balance sheet	2 448 687	427 902	112 006	398 823	938 730	1 509 957
Guarantees	10 136	15		5 103	5 118	5 018
Unutilised credit lines and loan offers	503 199	59 977		74 729	134 706	368 493
Other commitments	99 711	5 568		15 825	21 392	78 319
Total maximum exposure to credit risk not reflected on the balance sheet	613 046	65 559		95 657	161 216	451 830
Total	3 061 733	493 461	112 006	494 479	1 099 946	1 961 787
Of which subject to expected credit loss:						
Deposits with central banks	*309 004*					*309 004*
Due from credit institutions	*471 949*			*2*	*2*	*471 947*
Loans to customers	*1 003 005*	*421 819*		*297 233*	*719 052*	*283 953*
Commercial paper and bonds	*128 443*					*128 443*
Total maximum exposure to credit risk reflected on the balance sheet	*1 912 402*	*421 819*		*297 235*	*719 054*	*1 193 348*
Guarantees	*10 136*	*15*		*5 103*	*5 118*	*5 018*
Unutilised credit lines and loan offers	*503 199*	*59 977*		*75 207*	*135 184*	*368 015*
Other commitments	*99 711*	*5 568*		*15 825*	*21 392*	*78 319*
Total maximum exposure to credit risk not reflected on the balance sheet	*613 046*	*65 559*		*96 135*	*161 694*	*451 352*
Total	*2 525 448*	*487 379*		*393 370*	*880 748*	*1 644 699*
Of which stage 3:						
Loans to customers	*16 543*	*3 976*		*12 568*	*16 543*	*(0)*
Total maximum exposure to credit risk reflected on the balance sheet	*16 543*	*3 976*		*12 568*	*16 543*	*(0)*
Guarantees	*1 539*			*1 259*	*1 259*	*280*
Unutilised credit lines and loan offers	*578*	*208*		*104*	*312*	*266*
Other commitments	*793*	*45*		*590*	*635*	*158*
Total maximum exposure to credit risk not reflected on the balance sheet	*2 909*	*253*		*1 953*	*2 206*	*703*
Total	*19 452*	*4 228*		*14 521*	*18 749*	*703*

Financial assets of NOK 1.4 billion in stage 3 has no credit loss due to collateralisation.

NOTE P5 Credit risk exposure and collateral (continued)

Comments to the main items as at 31 December 2022:

- Deposits with central banks: Deposits with Norges Bank totalled NOK 1 581 million. DNB engages only in short-term transactions with central banks outside Norway, mainly in OECD countries.
- Loans to customers: See further description under "Guidelines for credit activity" in note P3 Credit risk management.
- Commercial paper and bonds: The Group's investments in commercial paper and bonds, are within market risk limits approved by the Board of Directors.
- Financial derivatives: Other collateral represents netting opportunities against other outstanding balances with customers and cash collateral received.
- Guarantees: See further description under "Guidelines for credit activity" in note P3 Credit risk management.
- Unutilised credit lines and loan offers: Offers of loans, credits and credit lines totalling NOK 105 837 million were included in the maximum credit exposure. No formal collateral has been established for such exposure, and the assessed value is not included in the table. Collateral is established once the offers are accepted by the customers. The assessment of the value of any collateral established in connection with such offers follows the procedure and criteria described under "Guidelines for credit activity" in note P3 Credit risk management.

Credit risk exposure and collateral as at 31 December 2021

Amounts in NOK million	Maximum exposure to credit risk	Secured by real estate	Collateralised by securities	Other collateral	Total collateral	Net exposure to credit risk
Deposits with central banks	294 483		22 600		22 600	271 882
Due from credit institutions	417 777		28 023		28 023	389 753
Loans to customers	898 584	384 186	84 042	256 154	724 381	174 203
Commercial paper and bonds	312 638					312 638
Financial derivatives	157 085		48	80 668	80 716	76 368
Other assets	28 358					28 358
Total maximum exposure to credit risk reflected on the balance sheet	2 108 925	384 186	134 713	336 822	855 721	1 253 204
Guarantees	9 948	4		5 035	5 039	4 909
Unutilised credit lines and loan offers	552 058	55 187		71 964	127 151	424 907
Other commitments	86 636	3 351		8 695	12 046	74 589
Total maximum exposure to credit risk not reflected on the balance sheet	648 641	58 542		85 694	144 236	504 405
Total	2 757 566	442 728	134 713	422 516	999 957	1 757 609
Of which subject to expected credit loss:						
Deposits with central banks	*294 483*		*22 600*		*22 600*	*271 882*
Due from credit institutions	*417 777*		*28 023*		*28 023*	*389 753*
Loans to customers	*892 439*	*379 110*	*84 042*	*256 105*	*719 256*	*173 183*
Commercial paper and bonds	*95 688*					*95 688*
Total maximum exposure to credit risk reflected on the balance sheet	*1 700 387*	*379 110*	*134 665*	*256 105*	*769 880*	*930 507*
Guarantees	*9 948*	*4*		*5 035*	*5 039*	*4 909*
Unutilised credit lines and loan offers	*552 058*	*55 187*		*71 946*	*127 133*	*424 924*
Other commitments	*86 636*	*3 351*		*8 695*	*12 046*	*74 589*
Total maximum exposure to credit risk not reflected on the balance sheet	*648 641*	*58 542*		*85 676*	*144 219*	*504 422*
Total	*2 349 028*	*437 652*	*134 665*	*341 781*	*914 098*	*1 434 930*
Of which stage 3:						
Loans to customers	*18 930*	*3 527*		*11 847*	*15 375*	*3 555*
Total maximum exposure to credit risk reflected on the balance sheet	*18 930*	*3 527*		*11 847*	*15 375*	*3 555*
Guarantees	*1 292*			*1 292*	*1 292*	*1*
Unutilised credit lines and loan offers	*2 376*	*176*		*950*	*1 126*	*1 250*
Other commitments	*896*	*93*		*359*	*452*	*444*
Total maximum exposure to credit risk not reflected on the balance sheet	*4 564*	*269*		*2 601*	*2 870*	*1 694*
Total	*23 494*	*3 796*		*14 448*	*18 245*	*5 249*

Financial assets of NOK 3.6 billion in stage 3 has no credit loss due to collateralisation.

NOTE P6 Credit risk exposure by risk grade

In the tables below, all loans to customers and financial commitments to customers are presented by risk grade. The division between risk classes is based on an IRB probability of default (PD) as shown in the table DNB's risk classification in note P4. See also the section Probability of default (PD) in note P5 for a description of the correlation between IRB PD and IFRS PD. The amounts are based on the gross carrying amount and the maximum exposure before adjustments for impairments.

Loans as at 31 December 2022

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Risk grade based on probability of default					
1 - 4	569 398	18 906		112 633	700 937
5 - 7	161 113	52 587		32 431	246 130
8 - 10	18 313	27 043		2 191	47 547
Credit impared			21 696	713	22 409
Total	748 823	98 537	21 696	147 968	1 017 023

Loans as at 31 December 2021

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Risk grade based on probability of default					
1 - 4	500 179	8 333		101 857	610 369
5 - 7	154 903	37 323		28 215	220 441
8 - 10	15 839	31 900		2 053	49 793
Credit impared	(0)		26 294	670	26 964
Total	670 921	77 556	26 294	132 795	907 567

Financial commitments as at 31 December 2022

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Risk grade based on probability of default				
1 - 4	379 888	7 141		387 028
5 - 7	65 196	13 751		78 947
8 - 10	5 819	8 582		14 401
Credit impared			3 112	3 112
Total	450 903	29 474	3 112	483 489

Financial commitments as at 31 December 2021

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Risk grade based on probability of default				
1 - 4	425 602	3 997		429 599
5 - 7	73 780	7 675		81 455
8 - 10	8 407	8 327		16 734
Credit impared			5 233	5 233
Total	507 789	19 998	5 233	533 020

NOTE P7 Impairment of financial instruments

	2022				2021			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Originated and purchased								
Increased expected credit loss	(556)	(962)	(3 014)	(4 533)	(549)	(1 240)	(3 892)	(5 681)
Decreased expected credit loss	433	822	3 409	4 664	602	1 713	3 651	5 965
Derecognition	73	88	244	405	138	212	62	412
Write-offs			(577)	(578)			(574)	(575)
Recoveries on loans previously written off			98	98			141	141
Total impairment	**(50)**	**(53)**	**160**	**57**	**191**	**684**	**(612)**	**263**

The contractual amount outstanding on financial assets that were written off during the reporting period and is still subject to enforcement activity, was NOK 41 million as at 31 December 2022 for DNB Bank ASA (NOK 39 million as at 31 December 2021).

NOTE P8 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

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	**639 323**	**104 177**	**26 189**	**769 690**
Transfer to stage 1	75 629	(74 650)	(979)	
Transfer to stage 2	(72 795)	74 400	(1 605)	
Transfer to stage 3	(1 724)	(6 396)	8 120	
Originated and purchased	243 669	7 110	1 534	252 313
Derecognition	(209 691)	(26 632)	(6 958)	(243 281)
Exchange rate movements	(3 489)	(454)	(7)	(3 950)
Other				
Gross carrying amount as at 31 December 2021	**670 921**	**77 556**	**26 294**	**774 772**
Transfer to stage 1	57 506	(53 629)	(3 878)	
Transfer to stage 2	(97 727)	99 823	(2 096)	
Transfer to stage 3	(2 382)	(3 450)	5 832	
Originated and purchased	287 675	11 214	2 042	300 932
Derecognition	(165 715)	(32 908)	(6 493)	(205 117)
Exchange rate movements	(1 456)	(69)	(6)	(1 531)
Other				
Gross carrying amount as at 31 December 2022	**748 823**	**98 537**	**21 696**	**869 056**

Financial commitments

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Maximum exposure as at 1 January 2021	**471 269**	**29 652**	**5 107**	**506 028**
Transfer to stage 1	19 721	(19 514)	(207)	
Transfer to stage 2	(18 636)	18 726	(90)	
Transfer to stage 3	(388)	(454)	841	
Originated and purchased	430 317	2 558	117	432 991
Derecognition	(393 747)	(10 907)	(531)	(405 185)
Exchange rate movements	(747)	(63)	(5)	(815)
Maximum exposure as at 31 December 2021	**507 789**	**19 998**	**5 233**	**533 020**
Transfer to stage 1	17 121	(15 315)	(1 806)	
Transfer to stage 2	(31 267)	31 375	(107)	
Transfer to stage 3	(623)	(338)	961	
Originated and purchased	342 466	2 099	1 466	346 031
Derecognition	(386 988)	(8 386)	(2 636)	(398 009)
Exchange rate movements	2 406	41		2 447
Maximum exposure as at 31 December 2022	**450 903**	**29 474**	**3 112**	**483 489**

NOTE P9 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.
- Changes in allowance due to the origination of new financial instruments during the period.
- 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 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

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 1 January 2021	**(555)**	**(987)**	**(10 506)**	**(12 048)**
Transfer to stage 1	(324)	320	4	
Transfer to stage 2	134	(147)	13	
Transfer to stage 3	2	74	(76)	
Originated and purchased	(207)	(73)		(280)
Increased expected credit loss	(294)	(781)	(3 495)	(4 570)
Decreased (reversed) expected credit loss	666	688	3 169	4 522
Write-offs			2 852	2 852
Derecognition	143	410	62	615
Exchange rate movements	2	4	(2)	4
Accumulated impairment as at 31 December 2021	**(433)**	**(494)**	**(7 979)**	**(8 905)**
Transfer to stage 1	(184)	165	19	
Transfer to stage 2	71	(89)	18	
Transfer to stage 3	2	24	(26)	
Originated and purchased	(164)	(57)		(221)
Increased expected credit loss	(335)	(701)	(3 255)	(4 291)
Decreased (reversed) expected credit loss	492	323	2 501	3 316
Write-offs			2 669	2 669
Derecognition	67	211	244	523
Exchange rate movements			3	4
Accumulated impairment as at 31 December 2022	**(483)**	**(617)**	**(5 806)**	**(6 905)**

For explanatory comments about the impairment of financial instruments, see the directors' report.

NOTE P9 Development in accumulated impairment of financial instruments (continued)

Financial commitments

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 1 January 2021	**(231)**	**(438)**	**(601)**	**(1 270)**
Transfer to stage 1	(91)	90		
Transfer to stage 2	39	(41)	2	
Transfer to stage 3		17	(17)	
Originated and purchased	(156)	(20)		(176)
Increased expected credit loss	(70)	(231)	(441)	(742)
Decreased (reversed) expected credit loss	331	245	387	963
Derecognition	10	127		136
Exchange rate movements		1		1
Other				
Accumulated impairment as at 31 December 2021	**(169)**	**(250)**	**(669)**	**(1 087)**
Transfer to stage 1	(117)	111	7	
Transfer to stage 2	28	(29)	1	
Transfer to stage 3		4	(5)	
Originated and purchased	(127)	(16)		(144)
Increased expected credit loss	(53)	(150)	(22)	(225)
Decreased (reversed) expected credit loss	263	105	476	845
Derecognition	10	54	9	73
Exchange rate movements		(1)		(2)
Other				
Accumulated impairment as at 31 December 2022	**(165)**	**(173)**	**(203)**	**(540)**

For explanatory comments about the impairment of financial instruments, see the directors' report.

NOTE P10 Loans and financial commitments to customers by industry segment

Loans to customers as at 31 December 2022

		Accumulated impairment				
Amounts in NOK million	Gross carrying amount	Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	73 586	(17)	(15)	(71)	10	73 493
Commercial real estate	219 606	(129)	(53)	(391)	129	219 161
Shipping	22 120	(15)	(1)	(189)		21 916
Oil, gas and offshore	28 358	(5)	(8)	(2 339)		26 007
Power and renewables	37 117	(12)	(12)	(596)		36 498
Healthcare	4 404	(1)	(1)			4 403
Public sector	5 947	(0)	(0)	(0)	2	5 948
Fishing, fish farming and farming	64 933	(13)	(29)	(133)	187	64 945
Retail industries	44 700	(37)	(49)	(199)	5	44 420
Manufacturing	37 614	(21)	(31)	(92)		37 470
Technology, media and telecom	13 226	(4)	(4)	(26)	0	13 192
Services	74 524	(62)	(92)	(349)	11	74 033
Residential property	100 789	(53)	(28)	(241)	1 954	102 423
Personal customers	84 017	(58)	(176)	(265)	145 561	229 078
Other corporate customers	58 115	(56)	(119)	(916)	19	57 044
Total [1)]	**869 056**	**(483)**	**(617)**	**(5 806)**	**147 879**	**1 010 029**

1) *Of which NOK 56 872 million in repo trading volumes.*

Loans to customers as at 31 December 2021

		Accumulated impairment				
Amounts in NOK million	Gross carrying amount	Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	65 722	(9)	(12)	(100)	30	65 633
Commercial real estate	195 156	(93)	(41)	(239)	111	194 894
Shipping	19 237	(23)	(29)	(167)		19 018
Oil, gas and offshore	36 195	(44)	(83)	(4 525)		31 542
Power and renewables	29 931	(13)	(1)	(505)		29 412
Healthcare	1 149	(0)	(0)			1 149
Public sector	7 319	(0)	(0)	(0)	2	7 321
Fishing, fish farming and farming	50 968	(31)	(37)	(107)	238	51 030
Retail industries	33 069	(23)	(17)	(202)	5	32 833
Manufacturing	31 738	(17)	(17)	(91)		31 613
Technology, media and telecom	10 010	(3)	(4)	(24)	11	9 989
Services	69 037	(47)	(45)	(642)	16	68 318
Residential property	82 460	(33)	(13)	(145)	2 019	84 289
Personal customers	81 359	(53)	(96)	(230)	130 270	211 251
Other corporate customers	61 419	(43)	(98)	(1 002)	17	60 293
Total [1)]	**774 772**	**(433)**	**(494)**	**(7 979)**	**132 718**	**898 584**

1) *Of which NOK 54 779 million in repo trading volumes.*

NOTE P10 Loans and financial commitments to customers by industry segment (continued)

Financial commitments as at 31 December 2022

		Accumulated impairment			
Amounts in NOK million	Maximum exposure	Stage 1	Stage 2	Stage 3	Total
Bank, insurance and portfolio management	23 307	(8)	(1)	(0)	23 298
Commercial real estate	31 522	(18)	(2)	(2)	31 501
Shipping	6 009	(4)	(0)		6 005
Oil, gas and offshore	35 759	(6)	(3)	(20)	35 730
Power and renewables	45 992	(12)	(11)		45 970
Healthcare	2 372	(1)	(0)		2 371
Public sector	8 052	(0)	(0)		8 052
Fishing, fish farming and farming	22 091	(4)	(2)	(0)	22 086
Retail industries	30 497	(17)	(20)	(9)	30 451
Manufacturing	40 416	(19)	(13)	(2)	40 382
Technology, media and telecom	9 479	(4)	(8)	(1)	9 467
Services	23 727	(22)	(35)	(9)	23 661
Residential property	35 687	(18)	(7)	(7)	35 654
Personal customers	140 526	(6)	(19)	(3)	140 498
Other corporate customers	28 052	(26)	(53)	(150)	27 823
Total	**483 489**	**(165)**	**(173)**	**(203)**	**482 948**

Financial commitments as at 31 December 2021

		Accumulated impairment			
Amounts in NOK million	Maximum exposure	Stage 1	Stage 2	Stage 3	Total
Bank, insurance and portfolio management	23 894	(6)	(1)	(0)	23 887
Commercial real estate	37 108	(16)	(3)	(1)	37 087
Shipping	7 553	(5)	(3)		7 545
Oil, gas and offshore	41 915	(27)	(77)	(435)	41 376
Power and renewables	41 571	(12)	(1)		41 558
Healthcare	7 383	(1)	(0)		7 382
Public sector	6 590	(0)		(0)	6 590
Fishing, fish farming and farming	22 130	(11)	(7)	(12)	22 100
Retail industries	31 268	(14)	(5)	(5)	31 243
Manufacturing	40 095	(14)	(14)	(1)	40 066
Technology, media and telecom	10 047	(5)	(1)	(0)	10 041
Services	25 749	(18)	(44)	(6)	25 681
Residential property	37 335	(14)	(2)	(6)	37 313
Personal customers	173 136	(12)	(15)	(0)	173 109
Other corporate customers	27 248	(14)	(76)	(202)	26 956
Total	**533 020**	**(169)**	**(250)**	**(669)**	**531 933**

NOTE P11 Market risk

See note G13.

NOTE P12 Interest rate sensitivity

See note G14.

NOTE P13 Currency positions

The table shows net currency positions including financial derivatives as defined by Norges Bank. Foreign exchange risk related to investments in subsidiaries is included in the currency position by the amount recorded in the accounts.

	Net currency positions	
Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
USD	1 350	290
EUR	(1 036)	1 883
GBP	(40)	(76)
SEK	(29)	(93)
DKK	8	261
CHF	(4)	3
JPY	(1)	(2)
Other	141	5
Total foreign currencies	389	2 271

NOTE P14 Financial derivatives and hedge accounting

The majority of derivative transactions in DNB relate to transactions with customers, where DNB enables them to transfer, modify, take or reduce prevailing or expected risk. Derivatives are also used to hedge currency and interest rate risk arising in connection with funding and lending. In addition, Markets conducts derivative trading for their own account and also acts as market maker. A market maker is obliged to furnish both offer and bid prices with a maximum differential between offer and bid price, together with a minimum volume. Market makers always trade for their own account.

DNB uses a range of financial derivatives for both trading and hedging purposes. “Over the counter” (OTC) derivatives are contracts entered into outside an exchange, where terms are negotiated directly with the counterparties. OTC derivatives are usually traded under a standardised International Swaps and Derivatives Association (ISDA) master agreement between DNB and its counterparties. Exchange-traded derivatives are derivative contracts with standardised terms for amounts and settlement dates, which are bought and sold on regulated exchanges.

	31 December 2022			31 December 2021		
Amounts in NOK million	Total nominal values	Positive market value	Negative market value	Total nominal values	Positive market value	Negative market value
Derivatives held for trading						
Interest rate-related contracts						
Forward rate agreements	819 818	2 467	2 121	821 055	1 166	915
Swaps	4 063 945	85 885	86 234	3 756 868	49 020	50 415
OTC options	106 245	1 780	1 759	45 350	509	528
Total interest rate-related contracts	4 990 008	90 132	90 114	4 623 273	50 695	51 857
Foreign exchange-related contracts						
Forward contracts	64 770	7 956	7 947	61 358	5 099	5 214
Swaps	1 916 814	29 664	34 897	1 752 647	40 440	20 308
OTC options	29 053	1 632	1 370	28 164	1 333	1 077
Total foreign exchange-related contracts	2 010 637	39 252	44 215	1 842 169	46 873	26 599
Equity-related contracts						
Forward contracts	1 623	1 125	1 142	2 978	1 506	1 133
Other	2 893	468	367	3 773	394	459
Total OTC derivatives	4 515	1 593	1 509	6 750	1 900	1 591
Futures	3 631	0	0	2 078	0	0
Other	2 479	33	36	3 919	31	22
Total exchange-traded contracts	6 109	33	36	5 997	31	23
Total equity-related contracts	10 625	1 626	1 546	12 747	1 931	1 614
Commodity-related contracts						
Swaps and options	79 631	21 905	20 842	81 654	24 831	24 379
Total commodity related contracts	79 631	21 905	20 842	81 654	24 831	24 379
Total financial derivatives trading	7 090 900	152 915	156 716	6 559 843	124 330	104 450
Derivatives held for hedge accounting						
Fair value hedges of interest rate risk						
Interest rate swaps	308 798	11 520	14 958	242 580	4 113	2 754
Total financial derivatives hedge accounting	308 798	11 520	14 958	242 580	4 113	2 754
Collateral pledged/received on financial derivatives						
Total cash collateral pledged/received		49 230	35 147		28 642	29 107
Total financial derivatives	**7 399 698**	**213 665**	**206 820**	**6 802 422**	**157 085**	**136 311**

Risk related to financial derivatives

Derivatives are traded in portfolios which also include balance sheet products. The market risk on derivatives is handled, monitored and controlled as an integral part of the market risk of these portfolios. See note G13 Market risk. Derivatives are traded with many different counterparties and most of these are also engaged in other types of business with DNB. The credit risk arising in connection with derivatives trading is included in the total credit risk measurement of the DNB Group. Netting agreements or bilateral agreements on collateral are entered into with a number of counterparties, thus reducing credit risk. The authorities' capital adequacy requirements take into account netting agreements and similar bilateral agreements, resulting in a reduction of capital adequacy requirements. See note G5 Credit risk management for a description of counterparty risk.

DNB uses basis swaps and cross currency interest swaps to convert foreign currency borrowings into the desired currency. As a typical example, DNB raises a loan in euro and converts it into US dollars through a basis swap. In this example DNB pays a US dollar interest rate based on a swap curve and receives a euro interest rate reduced or increased by a margin. The basis swaps are financial derivatives measured at fair value. There may be significant variations in the value of the basis swaps from day to day, due to changes in basis swap spreads. This unhedged risk causes unrealised gains and losses. For the year 2022, there was a NOK 761 million reduction in value (negative effect on profits), compared with a NOK 300 million increase in value in 2021.

NOTE P14 Financial derivatives and hedge accounting (continued)

Hedge accounting

DNB applies fair value hedge of interest rate risk on investments in fixed rate commercial papers and bonds in currency, issued bonds and subordinated debt with fixed interest in currency and net investment hedge of investments in foreign operations in order to reduce or eliminate accounting mismatches. Both derivative and non-derivative instruments are designated as hedging instruments in the hedge relationships that qualify for hedge accounting.

In fair value hedges of interest rate risk, the interest rate exposure on fixed-rate borrowings and investments is converted to floating rates. Only the interest rate component is hedged. It is determined as the change in fair value arising from changes in the interbank swap interest rate.

The critical terms of the hedging instruments and the hedging objects are set to match at the inception of the hedge and the hedge ratio is 1:1. Consequently, there was no significant hedge ineffectiveness during the year.

Fair value hedges of interest rate risk as at 31 December 2022

Amounts in NOK million	Balance sheet item	Carrying amount	Accumulated fair value adjustment of the hedged item	Value changes used for calculating hedge ineffectiveness
Hedged exposure				
Investments in bonds	Commercial paper and bonds	82 853	(5 786)	(5 680)
Issued bonds	Debt securities issued	134 416	(5 699)	6 949
Issued bonds, non-preferred	Senior non-preferred bonds	54 827	(5 673)	4 011
Subordinated debt	Subordinated loan capital	18 027	(322)	285
Hedging instrument				
Interest rate swaps	Financial derivatives			(5 666)

Fair value hedges of interest rate risk as at 31 December 2021

Amounts in NOK million	Balance sheet item	Carrying amount	Accumulated fair value adjustment of the hedged item	Value changes used for calculating hedge ineffectiveness
Hedged exposure				
Investments in bonds	Commercial paper and bonds	72 975	(245)	(1 740)
Issued bonds	Debt securities issued	119 635	1 183	2 165
Issued bonds	Senior non-preferred bonds	35 691	(799)	664
Subordinated debt	Subordinated loan capital	17 584	52	131
Hedging instrument				
Interest rate swaps	Financial derivatives			(1 280)

The accumulated amount of fair value hedge adjustments remaining in the balance sheet for hedged items that have ceased to be adjusted for hedging gains and losses is NOK 24 million as at end-December 2022.

Residual maturity of interest rate swaps held as hedging instruments at 31 December 2022

	Maturity				
Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years
Fair value hedges of interest rate risk, nominal amounts					
Investments in bonds	1 914	1 082	4 192	72 927	9 466
Hedges of issued bonds		8 509	42 899	137 306	13 009
Hedges of subordinated debt	1 867	6 594		473	8 560

Residual maturity of interest rate swaps held as hedging instruments at 31 December 2021

	Maturity				
Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years
Fair value hedges of interest rate risk, nominal amounts					
Investments in bonds		1 085	8 383	54 868	7 982
Hedges of issued bonds	11 087	2 447	20 235	99 592	19 863
Hedges of subordinated debt	1 855	6 493		8 201	487

NOTE P15 Liquidity risk

Liquidity risk is the risk that the DNB Group will be unable to meet its obligations or will be unable to meet its liquidity obligations without a substantial increase in associated costs.

The Group's risk appetite framework defines the limits for liquidity management in DNB. Over the last decade, DNB has drawn up internal risk appetite statements for the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR) and the loan-to-deposit ratio for the Group. In 2022, a new risk appetite statement on the minimum requirement for own funds and eligible liabilities (MREL) was introduced as well. Risk appetite is operationalised through DNB's liquidity strategy, which is reviewed at least annually by the Board of Directors. The liquidity strategy includes internal limits which restrict the short-term maturity of liabilities within different time frames. The various maturities are subject to stress testing based on a bank-specific crisis, a systemic crisis and a combination of these, and a contingency plan has been established to handle market events. In addition, limits have been set for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. Ordinary senior bond debt and covered bonds are the major sources of long-term funding.

The principles for Group liquidity risk management and control are set in the Group risk policy and further elaborated on in the Group instructions for managing liquidity risk that set out detailed requirements for governance, accountability and responsibilities relating to monitoring, measurement, controls and reporting of liquidity risk. Group Treasury manages the liquidity risk on a daily basis, while Group Risk Management represents the independent second-line risk management function.

The short-term liquidity requirement (LCR) for DNB Bank ASA remained stable at above 100 per cent throughout the year and stood at 151 per cent at end-December 2022.

NOTE P15 Liquidity risk (continued)

Nominal future interest payments in excess of accrued interest are not included on the balance sheet date.

Residual maturity as at 31 December 2022

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets							
Cash and deposits with central banks	294 585	5 596	9 150				309 331
Due from credit institutions	377 676	65 308	16 814	9 525	2 626		471 949
Loans to customers	266 502	100 735	122 970	308 560	212 963		1 011 730
Commercial paper and bonds	83 008	7 781	35 228	275 396	20 579		421 991
Shareholdings						148 014	148 014
Total	1 021 771	179 421	184 161	593 480	236 168	148 014	2 363 015
Liabilities							
Due to credit institutions	173 453	24 952	63 356	13 795			275 556
Deposits from customers	1 322 995						1 322 995
Debt securities issued	51 995	95 200	145 267	203 764	15 209		511 435
Other liabilities etc.	43 916	1 333	49	318	1 550		47 166
Subordinated loan capital	1 867	8 065		11 442	14 866		36 240
Total	1 594 226	129 550	208 672	229 319	31 625		2 193 392
Financial derivatives							
Financial derivatives, gross settlement							
Incoming cash flows	628 444	384 859	463 352	560 864	197 209		2 234 729
Outgoing cash flows	632 188	382 399	459 647	557 713	201 049		2 232 995
Financial derivatives, net settlement	600	468	2 150	1 689	525		5 432
Total financial derivatives	(3 144)	2 928	5 856	4 840	(3 315)		7 166
Credit lines, commitments and documentary credit	364 891	70 667	15 096	134 573	27 819		613 046

Residual maturity as at 31 December 2021

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets							
Cash and deposits with central banks	294 020		1 019				295 039
Due from credit institutions	328 671	57 257	20 311	9 182	2 355		417 777
Loans to customers	226 841	92 151	103 908	270 010	206 754		899 664
Commercial paper and bonds	43 111	56 035	33 367	151 710	29 465		313 688
Shareholdings						135 325	135 325
Total	892 643	205 444	158 605	430 902	238 574	135 325	2 061 493
Liabilities							
Due to credit institutions	176 623	17 370	17 020	35 322			246 335
Deposits from customers	1 235 129						1 235 129
Debt securities issued	61 007	40 710	121 667	108 389	22 059		353 833
Other liabilities etc.	32 509	1 787	2 653	171	339		37 459
Subordinated loan capital		174		27 073	5 752		32 999
Total	1 505 269	60 042	141 340	170 955	28 150		1 905 756
Financial derivatives							
Financial derivatives, gross settlement							
Incoming cash flows	412 490	373 306	341 930	640 897	223 516		1 992 139
Outgoing cash flows	405 192	366 870	336 669	634 406	219 074		1 962 212
Financial derivatives, net settlement	315	(270)	(135)	(1 249)	(1 232)		(2 571)
Total financial derivatives	7 612	6 166	5 126	5 241	3 210		27 356
Credit lines, commitments and documentary credit	429 098	10 016	65 231	115 133	29 163		648 641

NOTE P16 Net interest income

Amounts in NOK million	2022 Measured at FVTPL	Measured at FVOCI [1)]	Measured at amortised cost [2)]	Total	2021 Measured at FVTPL	Measured at FVOCI [1)]	Measured at amortised cost [2)]	Total
Interest on amounts due from credit institutions	22		13 839	13 861	1		(86)	(85)
Interest on loans to customers	192	3 563	32 762	36 517	179	2 218	21 869	24 266
Interest on commercial paper and bonds	4 131	2 474		6 605	2 572	361	0	2 934
Front-end fees etc.	0	2	405	407	0	3	415	418
Other interest income	318		6 110	6 428	309		5 057	5 366
Total interest income	**4 662**	**6 040**	**53 116**	**63 818**	**3 062**	**2 582**	**27 256**	**32 900**
Interest on amounts due to credit institutions	(26)		(5 645)	(5 670)	(0)		(148)	(148)
Interest on deposits from customers	(219)		(12 571)	(12 790)	(104)		(2 259)	(2 363)
Interest on debt securities issued	(36)		(7 654)	(7 690)	(205)		(1 202)	(1 408)
Interest on subordinated loan capital	(12)		(591)	(602)	0		(331)	(330)
Contributions to the deposit guarantee and resolution funds			(956)	(956)			(959)	(959)
Other interest expenses [3)]	2 791		(340)	2 451	1 366		(340)	1 026
Total interest expenses	**2 499**		**(27 755)**	**(25 256)**	**1 057**		**(5 240)**	**(4 183)**
Net interest income	**7 161**	**6 040**	**25 361**	**38 562**	**4 120**	**2 582**	**22 016**	**28 718**

1) *Includes NOK 474 million (compared with minus NOK 815 million in 2021) in interest on derivatives presented in the income statement as other interest income.*
2) *Includes hedged items.*
3) *Other interest expenses include interest rate adjustments resulting from interest rate swaps. Derivatives are measured at FVTPL.*

NOTE P17 Net commission and fee income

Amounts in NOK million	2022	2021
Money transfer and interbank transactions	3 307	2 689
Guarantee commissions	916	841
Asset management services	217	219
Custodial services	636	575
Securities broking	716	651
Corporate finance	1 329	1 970
Credit broking	340	549
Sales of insurance products	656	638
Other commissions and fees	929	894
Total commission and fee income	**9 048**	**9 026**
Money transfer and interbank transactions	(1 338)	(1 281)
Guarantee commissions	(29)	(27)
Asset management services	(37)	(39)
Custodial services	(277)	(288)
Securities broking	(175)	(134)
Corporate finance	(176)	(374)
Sale of insurance products	(147)	(161)
Other commissions and fees	(794)	(889)
Total commission and fee expenses	**(2 973)**	**(3 193)**
Net commission and fee income	**6 075**	**5 833**

NOTE P18 Net gains on financial instruments at fair value

Amounts in NOK million	2022	2021
Foreign exchange and financial derivatives	4 838	5 545
Commercial paper and bonds	(1 385)	(1 297)
Shareholdings	492	352
Financial liabilities	13	37
Net gains on financial instruments, mandatorily at FVTPL	3 958	4 638
Loans at fair value [1)]	(362)	(194)
Commercial paper and bonds [2)]	(1 473)	(1 393)
Financial liabilities	162	225
Net gains on financial instruments, designated as at FVTPL	(1 673)	(1 363)
Financial derivatives, hedging	(5 666)	(1 280)
Commercial paper and bonds FVOCI, hedged	(5 680)	(1 740)
Financial liabilities, hedged	11 245	2 960
Net gains on hedged items	(101)	(59)
Net realised gains on financial assets at FVOCI [3)]	(16)	(1)
Dividends	79	33
Net gains on financial instruments at fair value	**2 246**	**3 247**

1) *The change in fair value due to credit risk amounted to a NOK 3 million gain during the year and a NOK 10 million loss cumulatively. Credit risk reflected in fair value measurements is based on normalised losses and changes in normalised losses in the relevant portfolio.*
2) *The change in fair value due to changes in credit spreads amounted to a NOK 155 million loss during the year and a NOK 90 million loss cumulatively.*
3) *Recycled from other comprehensive income.*

NOTE P19 Salaries and other personnel expenses

Amounts in NOK million	2022	2021
Salaries [*)]	(8 650)	(7 764)
Employer's national insurance contributions	(1 682)	(1 471)
Pension expenses	(1 198)	(1 411)
Restructuring expenses	(10)	(13)
Other personnel expenses	(574)	(672)
Total salaries and other personnel expenses	**(12 113)**	**(11 331)**
**) Of which: Ordinary salaries*	*(7 249)*	*(6 584)*
Performance-based pay	*(968)*	*(886)*

Number of employees/full-time positions

	2022	2021
Number of employees as at 31 December	8 565	7 930
- of which number of employees abroad	1 143	1 054
Number of employees calculated on a full-time basis as at 31 December	8 386	7 758
- of which number of employees calculated on a full-time basis abroad	1 132	1 037
Average number of employees	8 241	7 769
Average number of employees calculated on a full-time basis	8 055	7 602

NOTE P20 Other expenses

Amounts in NOK million	2022	2021
Fees	(591)	(469)
IT expenses	(3 994)	(3 699)
Postage and telecommunications	(114)	(110)
Office supplies	(23)	(35)
Marketing and public relations	(574)	(490)
Travel expenses	(142)	(38)
Training expenses	(61)	(45)
Operating expenses on properties and premises [1)]	(442)	(417)
Operating expenses on machinery, vehicles and office equipment	(25)	(51)
Other operating expenses	(827)	(616)
Total other expenses	**(6 794)**	**(5 971)**

1) *Costs relating to leased premises were NOK 988 million in 2022 and NOK 990 million in 2021.*

NOTE P21 Depreciation and impairment of fixed and intangible assets

Amounts in NOK million	2022	2021
Depreciation of machinery, vehicles and office equipment	(2 248)	(2 125)
Depreciation of right of use assets	(693)	(675)
Other depreciation of tangible and intangible assets	(497)	(561)
Impairment of fixed and intangible assets	(7)	19
Total depreciation and impairment of fixed and intangible assets	**(3 445)**	**(3 342)**

See note P32 Intangible assets and note P33 Fixed assets.

NOTE P22 Pensions

Description of the pension schemes

The DNB Group has a defined-contribution pension scheme for all employees in Norway, with the exception of around 205 employees from the former Postbanken who are covered by a closed, group pension plan in the Norwegian Public Service Pension Fund.

The contribution rates are:

- Salary equivalent to 0 to 7.1 times the National Insurance basic amount, G: 7 per cent
- Salary equivalent to 7.1 to 12 times G: 15 per cent
- The Group has no defined-contribution pension scheme for salaries exceeding 12G (apart from the closed scheme for employees from before 2008).

Employees who were enrolled in the former defined-benefit pension schemes (terminated between 2015 and 2017) are also covered by a compensation scheme that is structured as a supplementary, contribution-based direct pension scheme.

Based on the terms and conditions approved at the time of conversion, the savings plan in the compensation scheme aims to give the individual employee a total pension capital when reaching the age of 67 corresponding to what he or she would have received if the defined-benefit pension scheme had been retained. Both the pension entitlements and the return on the pension funds are funded through operations.

The DNB Group has a disability pension scheme for all employees in Norway. The disability pension represents:

- 3 per cent of pensionable income up to 12G
- 25 per cent of G, maximum 6 per cent of pensionable income, up to 12G
- 66 per cent of pensionable income in the interval between 6G and 12G

The Norwegian companies in the Group are part of the contractual early retirement pension (AFP) scheme for the private sector. In addition, the Group has an agreement on contractual early retirement pension according to public sector rules for employees who are members of the Norwegian Public Service Pension Fund.

The private early retirement pension scheme will be funded through an annual premium established as a percentage of salaries between 1 and 7.1G.

Employer's contributions and financial activities tax are included in pension expenses and commitments.

Subsidiaries and branch offices outside Norway have separate schemes for their employees, mainly in the form of defined-contribution pension schemes. Pension expenses for employees outside Norway represented NOK 344 million.

NOTE P22 Pensions (continued)

Economic assumptions applied in calculating pension expenses and commitments are in accordance with the guidance from the Norwegian Accounting Standards Board per 31 December 2022.

Pension expenses

Amounts in NOK million	2022	2021
Net present value of pension entitlements	(94)	(529)
Interest expenses on pension commitments	(47)	(45)
Calculated return on pension funds	22	23
Sale [1]	(136)	
Curtailment		
Administrative expenses	(1)	(1)
Total defined benefit pension schemes	(256)	(552)
Contractual pensions, new scheme	(113)	(101)
Risk coverage premium	(50)	(55)
Defined contribution pension schemes	(778)	(702)
Net pension expenses	(1 198)	(1 411)

Pension commitments

Amounts in NOK million	2022	2021
Opening balance	6 584	5 984
Addition due to aquisition		27
Accumulated pension entitlements	94	529
Interest expenses	47	45
Actuarial losses/(gains), net	(262)	235
Changes in the pension schemes	(125)	(83)
Curtailment		
Pension payments	(257)	(236)
Exchange rate differences	56	83
Closing balance	6 137	6 584

Pension funds

Amounts in NOK million	2022	2021
Opening balance	2 071	2 017
Addition due to aquisition		23
Expected return	22	23
Actuarial gains/(losses), net	46	96
Curtailments		
Premium paid	66	19
Pension payments	(99)	(100)
Administrative expenses	(1)	(1)
Exchange rate differences	(63)	(6)
Closing balance	2 042	2 071
Net defined benefit obligation	4 095	4 514

1) *In 2022, pre-tax pension costs of NOK 136.2 million were recognised in the accounts as a result of an agreement on the sale of the UK branch office's defined-benefit pension scheme to DNB Bank ASA. The effect on equity (net after tax) was minus NOK 14.4 million. The difference is due to the fact that the transferred scheme was overfunded and thus not recognised as a net asset of the bank. The overfunded part will be recognised directly as equity. In addition, there will be a tax effect.*

Sensitivity analysis for pension calculations

The following estimates are based on facts and conditions prevailing per 31 December 2022, assuming that all other parameters are constant. Actual results may deviate significantly from these estimates.

	Discount rate		Annual rise in salaries/basic amount		Annual adjustment of pensions		Life expectancy	
Change in percentage points	+1%	-1%	+1%	-1%	+1%	0%	+1 year	-1 year
Percentage change in pensions								
Pension commitments	10-17	10-21	20-25	20-22	12-14	0	3	3
Net pension expenses for the period	16-17	20-21	22-25	20-22	12-14	0	3	3

NOTE P23 Taxes

Tax expense on pre-tax operating profit

Amounts in NOK million	2022	2021
Current taxes	(5 952)	(479)
Changes in deferred taxes	1 321	(5 231)
Tax expense	**(4 631)**	**(5 710)**

Reconciliation of tax expense against nominal tax rate

Amounts in NOK million		
Pre-tax operating profit	35 401	28 053
Estimated tax expense at nominal tax rate 22 per cent	(7 788)	(6 172)
Tax effect of financial tax in Norway	(556)	(710)
Tax effect of different tax rates in other countries	7	(13)
Tax effect of debt interest distribution with international branches	505	60
Tax effect of tax-exempt income from shareholdings [1)]	2 891	650
Tax effect of other tax-exempt income and non-deductible expenses	402	477
Excess tax provision previous year	(92)	(2)
Tax expense	**(4 631)**	**(5 710)**
Effective tax rate	13%	20%

Income tax on other comprehensive income

Amounts in NOK million		
Items that will not be reclassified to the income statement	69	51
Total income tax on other comprehensive income	**69**	**51**

1) *In Norway, a company's income from share investments is normally exempt from tax. As a rule, this applies to investments in companies domiciled in the EU/EEA. The tax exemption applies to both dividends and gains/ (losses) upon realisation. However, 3 per cent of dividends from tax-exempt investments is included in taxable income.*

Financial tax in Norway

The financial activities tax is an additional tax imposed on companies within the financial services sector. This tax represents an increased income tax rate of 3 percentage points for financial institutions,

Tax effect of debt interest distribution between DNB Bank ASA in Norway and international branch offices

According to Norwegian tax legislation, external interest expenses shall be distributed proportionally among operations in Norway and international branches based on the respective units' total assets. This could result in additions or deductions from income in Norway.

In the second quarter of 2021, DNB Bank ASA received a decision from the Norwegian tax authorities relating to the deduction of external interest expenses. According to Norwegian tax legislation, external interest expenses are to be distributed proportionally among DNB Bank ASA's operations in Norway and certain international branch offices, based on the respective entities' total assets. This could result in additions to or deductions from the banks income in Norway. The decision covers the fiscal years 2015-2019 and means that the limitation of interest deduction is calculated by including internal receivables. The decision involves a tax exposure of NOK 1.7 billion for the period in question. The estimated tax effect for the years 2020–2022 amounts to a total of approximately NOK 80 million.

DNB disagrees with the tax authorities' interpretation of the legislation. Legal proceedings were initiated in 2021, and the court proceedings at the first level took place at the beginning of May 2022. The first-level court decision of 4 June 2022 was not in favour of DNB, and DNB has appealed the decision. Court proceedings at the second level are scheduled for October 2023. DNB is still of the opinion that it has a strong case in the proceedings, and no provisions have been recognised in the accounts.

Tax effect of the reorganisation of the lending activities in Sweden and the UK in 2015

In the second quarter of 2022, DNB Bank ASA received a notice from the Norwegian tax authorities relating to a reorganisation of the lending activities in Sweden and in the UK in 2015. The tax authorities questioned the valuation and calculation of taxable gains/losses relating to loan portfolios that were sold from branches of DNB Bank ASA to subsidiaries in Sweden and the UK. The Group's maximum tax exposure is estimated to be approximately NOK 1.1 billion. DNB disagrees with the Norwegian tax authorities' approach. It is DNB's view that it has a strong case, and no provisions have been recognised in the accounts.

NOTE P23 Taxes (continued)

Notice of change in the tax assessment for DNB Bank ASA for 2019 and 2020

On 27 February 2023, DNB Bank ASA received a notice of a change in the tax assessment of dividends received from US subsidiaries in 2019 and 2020. DNB has treated dividends received as covered by the tax exemption method, and has treated 3 per cent of the dividends as taxable income. In the notice, the Norwegian tax authorities state that they will consider whether the dividends should be considered taxable, based on the fact that the subsidiary is not itself a taxable entity in the US, and that in this case, the US must be considered a low-tax country, which means that dividends are not covered by the tax exemption method. The subsidiary is jointly taxed with the bank's branch office in New York. In the low-tax country assessment, the tax authorities compare the operations of and tax rules for the subsidiary and the bank's branch office jointly, rather than considering the subsidiary in isolation. In the tax authorities' view, this comparison gives an effective taxation that is less than two thirds of Norwegian taxation, and the tax authorities therefore consider the US to be a low-tax country. The tax authorities have also announced that payments from the subsidiary that relate to the company's share of the tax payment under the joint taxation are to be considered taxable dividends. The notice means a tax exposure of NOK 1.6 billion for DNB for the period. DNB does not agree that the US should be regarded as a low-tax country, or that there are grounds for regarding the tax payments as dividends, and for this reason no provisions have been recognised in the accounts.

Deferred tax assets/(deferred taxes)

Amounts in NOK million	2022	2021
The year's changes in deferred tax assets/(deferred taxes)		
Deferred tax assets/(deferred taxes) as at 1 January	(3 628)	5 058
Changes recorded against profits	1 321	(5 231)
Changes recorded against comprehensive income	69	40
Currency translation differences on deferred taxes	7	5
Changes due to group contribution		(3 500)
Deferred tax assets/(deferred taxes) as at 31 December	(2 231)	(3 628)

Deferred tax assets and deferred taxes in the balance sheet relates to the following temporary differences

	Deferred tax assets		Deferred taxes	
Amounts in NOK million	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Fixed assets and intangible assets	(3)	(3)	3 001	2 105
Commercial paper and bonds			(678)	(196)
Debt securities issued			3 039	(54)
Financial derivatives		15	(1 453)	4 855
Net pension liabilities	34	39	(1 014)	(1 088)
Net other tax-deductable temporary differences	39	48	467	673
Tax losses and tax credits carried forward	24	25	(1 037)	(2 543)
Total deferred tax assets	**94**	**124**	**2 325**	**3 752**

A significant share of the financial instruments are measured at fair value in the accounts, while for tax purposes, the same instruments are recorded on an accrual basis in accordance with the realisation principle. This gives rise to large differences between profits stated in the accounts and profits computed for tax purposes for the individual accounting years, especially in years with significant fluctuations in interest rate levels and exchange rates. These differences are offset in the longer term.

Due to large exchange rate fluctuations in 2022 and 2021, there were significant changes in unrealised gains and losses on financial instruments used in managing the Group's currency and interest rate risk. Financial instruments are recorded in accordance with the realisation principle, while the current rate method is used for receivables and liabilities in foreign currency. These differences are expected to be reversed within a short period of time.

Overview over tax assets from tax losses and tax credits carried forward

Amounts in NOK million	31 December 2022			31 December 2021		
Tax losses carried forward	Total tax losses carried forward	Of which basis for tax assets	Recognised tax asset	Total tax carried	Of which basis for tax assets	Recognised tax asset
Norway				6 024	6 024	1 506
Singapore	139	139	24	148	148	25
Total of tax losses and tax assets	139	139	24	6 172	6 172	1 531
Tax credits carried forward [1]			1 037			1 037
Total of deferred tax assets from tax losses and tax credits carried forward			**1 061**			**2 568**
Of which presented under net deferred tax assets			*24*			*25*
Of which presented under net deferred tax			*1 037*			*2 543*

1) *All tax credits carried forward relates to tax payers in Norway.*

NOTE P24 Classification of financial instruments

As at 31 December 2022

Amounts in NOK million	Mandatorily at FVTPL Trading	Mandatorily at FVTPL Other [1]	Designated as at FVTPL [2]	FVOCI	Amortised cost [3]	Carrying amount
Cash and deposits with central banks					309 331	309 331
Due from credit institutions					471 949	471 949
Loans to customers			7 024	140 854	862 151	1 010 029
Commercial paper and bonds	39 288		246 148	128 443		413 878
Shareholdings	3 073	2 502				5 575
Financial derivatives	202 145	11 520				213 665
Investments in associated companies					10 232	10 232
Investments in subsidiaries					133 360	133 360
Other assets					27 290	27 290
Total financial assets	244 506	14 022	253 172	269 298	1 814 313	2 595 310
Due to credit institutions					275 556	275 556
Deposits from customers			25 459		1 297 536	1 322 995
Financial derivatives	191 863	14 958				206 820
Debt securities issued			2 354		439 549	441 903
Other liabilities	3 394				43 701	47 095
Senior non-preferred bonds			973		56 773	57 746
Subordinated loan capital			420		35 457	35 877
Total financial liabilities [4]	195 257	14 958	29 206		2 148 571	2 387 992

1) Including derivatives used as hedging instruments.
2) For liabilities designated as at FVTPL, changes in fair value due to credit risk are recognised in other comprehensive income.
3) Including hedged liabilities.
4) Contractual obligations of financial liabilities designated as at fair value totalled NOK 29 677 million.

As at 31 December 2021

Amounts in NOK million	Mandatorily at FVTPL Trading	Mandatorily at FVTPL Other [1]	Designated as at FVTPL [2]	FVOCI	Amortised cost [3]	Carrying amount
Cash and deposits with central banks					295 039	295 039
Due from credit institutions					417 777	417 777
Loans to customers			6 145	126 573	765 866	898 584
Commercial paper and bonds	53 160		163 790	95 688		312 638
Shareholdings	4 568	2 510				7 078
Financial derivatives	152 972	4 113				157 085
Investments in associated companies					9 436	9 436
Investments in subsidiaries					119 228	119 228
Other assets					25 596	25 596
Total financial assets	210 700	6 622	169 935	222 261	1 632 941	2 242 460
Due to credit institutions					246 335	246 335
Deposits from customers			9 810		1 225 315	1 235 125
Financial derivatives	133 557	2 754				136 311
Debt securities issued			3 145		313 093	316 238
Other liabilities	4 834				32 576	37 411
Senior non-preferred bonds			1 077		36 691	37 769
Subordinated loan capital			454		32 593	33 047
Total financial liabilities [4]	138 391	2 754	14 486		1 886 604	2 042 236

1) Including derivatives used as hedging instruments.
2) For liabilities designated as at FVTPL, changes in fair value due to credit risk are recognised in other comprehensive income.
3) Includes hedged liabilities.
4) Contractual obligations of financial liabilities designated as at fair value totalled NOK 14 704 million.

NOTE P25 Fair value of financial instruments at amortised cost

	31 December 2022		31 December 2021	
Amounts in NOK million	Carrying amount	Fair value	Carrying amount	Fair value
Cash and deposits with central banks	309 331	309 331	295 039	295 039
Due from credit institutions	471 949	471 976	417 777	417 832
Loans to customers	862 151	864 522	765 866	770 318
Commercial paper and bonds				
Total financial assets	1 643 431	1 645 829	1 478 682	1 483 189
Due to credit institutions	275 556	275 556	246 335	246 335
Deposits from customers	1 297 536	1 297 536	1 225 315	1 225 315
Debt securities issued	439 549	438 425	313 093	313 175
Non-preferred senior bonds	56 773	56 759	36 691	36 949
Subordinated loan capital	35 457	35 123	32 593	32 577
Total financial liabilities	2 104 870	2 103 398	1 854 028	1 854 352

Amounts in NOK million	Level 1	Level 2	Level 3	Total
Assets as at 31 December 2022				
Cash and deposits with central banks		309 331		309 331
Due from credit institutions		466 735	5 241	471 976
Loans to customers			864 522	864 522
Commercial paper and bonds				
Liabilities as at 31 December 2022				
Due to credit institutions		275 556		275 556
Deposits from customers		1 297 536		1 297 536
Debt securities issued		438 425		438 425
Non-preferred senior bonds		56 759		56 759
Subordinated loan capital		18 340	16 783	35 123
Assets as at 31 December 2021				
Cash and deposits with central banks		295 039		295 039
Due from credit institutions		412 570	5 262	417 832
Loans to customers			770 318	770 318
Commercial paper and bonds				
Liabilities as at 31 December 2021				
Due to credit institutions		246 335		246 335
Deposits from customers		1 225 315		1 225 315
Debt securities issued		313 175		313 175
Non-preferred senior bonds		36 949		36 949
Subordinated loan capital		23 526	9 051	32 577

For information about the instruments, levels and valuation techniques used, se note G30 to the consolidated accounts.

NOTE P26 Financial instruments at fair value

Amounts in NOK million	Level 1	Level 2	Level 3	Total
Assets as at 31 December 2022				
Loans to customers		140 854	7 024	147 879
Commercial paper and bonds	32 202	380 829	847	413 878
Shareholdings	3 343	450	1 782	5 575
Financial derivatives	1 674	208 560	3 431	213 665
Liabilities as at 31 December 2022				
Deposits from customers		25 459		25 459
Debt securities issued		2 354		2 354
Senior non-preferred bonds		973		973
Subordinated loan capital		420		420
Financial derivatives	4 929	198 762	3 129	206 820
Other financial liabilities [1)]	3 394			3 394
Assets as at 31 December 2021				
Loans to customers		126 573	6 145	132 718
Commercial paper and bonds	57 372	254 915	351	312 638
Shareholdings	5 633	566	879	7 078
Financial derivatives	2 663	152 564	1 858	157 085
Liabilities as at 31 December 2021				
Deposits from customers		9 810		9 810
Debt securities issued		3 145		3 145
Senior non-preferred bonds		1 077		1 077
Subordinated loan capital		454		454
Financial derivatives	2 411	132 295	1 605	136 311
Other financial liabilities [1)]	4 834			4 834

1) Short positions, trading activities.

The levels

For information about the levels in the fair value hierarchy, see note G30 to the consolidated accounts.

The instruments in the different levels

Loans to customers (level 2 and 3)

Loans in level 2 in DNB Bank ASA mainly consist of retail loans with floating interest rate measured at FVOCI. Since the fixed-rate period is very short, amortised cost is considered to be a good estimate of fair value. The corresponding loans are measured at amortised cost in the Group, due to a hold to collect business model.

Loans in level 3 consist primarily of fixed-rate loans in Norwegian kroner. The value of fixed-rate loans is determined by discounting agreed cash flows over the term of the loan, using a discount factor adjusted for margin requirements. The discount factor used has as a starting point a swap rate based on a duration equal to the average remaining lock-in period for the relevant fixed-rate loans. The assumptions underlying the calculation of the margin requirement are based on a review of the market conditions on the balance sheet date and on an assessment of the deliberations made by external investors when investing in a corresponding portfolio.

For information about the other financial instruments included in the table, see note G30 to the consolidated accounts.

NOTE P26 Financial instruments at fair value (continued)

Financial instruments at fair value, level 3

	Financial assets				Financial liabilities
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2020	**7 030**	**283**	**699**	**1 877**	**1 513**
Net gains recognised in the income statement	(196)	(28)	187	(474)	(372)
Additions/purchases	2 504	626	31	1 211	1 199
Sales	(818)	(568)	(36)		
Settled	(2 376)	(11)		(756)	(734)
Transferred from level 1 or level 2		917			
Transferred to level 1 or level 2		(859)	(2)		
Other		(9)			
Carrying amount as at 31 December 2021	**6 145**	**351**	**879**	**1 858**	**1 605**
Net gains recognised in the income statement	(402)	(104)	110	827	916
Additions/purchases	5 127	626	895	1 927	1 799
Sales	(2 446)	(358)	(102)		
Settled	(1 399)			(1 177)	(1 193)
Transferred from level 1 or level 2		763			
Transferred to level 1 or level 2		(561)			
Other		131		(3)	2
Carrying amount as at 31 December 2022	**7 024**	**847**	**1 782**	**3 431**	**3 129**

Breakdown of fair value, level 3

	31 December 2022			31 December 2021		
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings	Loans to customers	Commercial paper and bonds	Share-holdings
Principal amount/purchase price	7 494	868	1 328	6 212	353	500
Fair value adjustment	(480)	(31)	454	(76)	(9)	379
Accrued interest	10	11		9	7	
Carrying amount	7 024	847	1 782	6 145	351	879

Breakdown of shareholdings, level 3

Amounts in NOK million	Unquoted equities	Private Equity (PE) funds	Other	Total
Carrying amount as at 31 December 2022	1 637	140	5	1 782
Carrying amount as at 31 December 2021	702	171	6	879

Sensitivity analysis, level 3

	31 December 2022		31 December 2021	
Amounts in NOK million	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
Loans to customers	7 024	(25)	6 145	(25)
Commercial paper and bonds	847		351	0
Shareholdings	1 782		879	

In order to show the sensitivity of the loan portfolio, the discount rate on fixed-rate loans has been increased by 10 basis points.

Level 3 bonds mainly represent investments in Norwegian industries, offshore and power companies, credit institutions and real estate companies. A 10 basis point increase in the discount rate has had insignificant effects.

NOTE P27 Offsetting

The table below presents the potential effects of DNB Bank ASA's netting arrangements on financial assets and financial liabilities.

Amounts in NOK million	Gross amount	Amounts offset in the statement of financial position	Carrying amount	Netting agreements	Other collateral [1]	Amounts after possible netting
Assets as at 31 December 2022						
Cash and deposits with central banks [2]	9 470		9 470		9 470	
Due from credit institutions [2]	11 732		11 732		11 732	
Loans to customers [2]	90 640		90 640		90 640	
Financial derivatives [3]	213 665		213 665	17 178	84 540	111 947
Liabilities as at 31 December 2022						
Due to credit institutions [2]	78 140		78 140		78 140	
Deposits from customers [2]	3 911		3 911		3 911	
Financial derivatives [3]	206 820		206 820	17 178	84 893	104 749
Assets as at 31 December 2021						
Cash and deposits with central banks [2]	22 600		22 600		22 600	
Due from credit institutions [2]	28 023		28 023		28 023	
Loans to customers [2]	84 042		84 042		84 042	
Financial derivatives [3]	157 085		157 085	22 617	58 099	76 369
Liabilities as at 31 December 2021						
Due to credit institutions [2]	83 439		83 439		83 439	
Deposits from customers [2]	6 766		6 766		6 766	
Financial derivatives [3]	136 311		136 311	22 617	58 151	55 542

1) *Includes cash collateral and securities received/transferred from/to counterparties and securities received/placed as collateral in depositories in Clearstream or Euroclear.*
2) *Includes repurchase and reverse repurchase agreements, securities borrowing and lending transactions.*
3) *Gross amounts represent the market value of the derivatives subject to master netting agreements or collateralised by cash or securities under Credit Support Annex.*

NOTE P28 Transferred assets or assets with other restrictions

Transferred assets still recognised in the balance sheet

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Repurchase agreements		
Commercial papers and bonds	43 297	30 582
Collateralised deposits other than repurchase agreements		
Commercial papers and bonds	34 895	
Derivatives		
Commercial papers and bonds		32 473
Securities lending		
Shares	701	996
Total repurchase agreements and securities lending	78 893	64 051

Liabilities associated with the assets

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Repurchase agreements	43 356	30 631
Collateralised deposits other than repurchase agreements	34 895	
Derivater		32 473
Securities lending	736	1 046
Total liabilities	78 986	64 149

NOTE P29 Securities received which can be sold or repledged

Securities received

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Reverse repurchase agreements		
Commercial paper and bonds	127 317	141 046
Securities borrowing		
Shares	37 672	18 495
Total securities received	164 989	159 541
Of which securities received and subsequently sold or repledged:		
Commercial paper and bonds	*39 304*	*63 102*
Shares	*31 052*	*12 085*

NOTE P30 Investments in associated companies

			Ownership share (%)		Carrying amount	
Amounts in NOK million	Head office	Industry	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Fremtind Forsikring AS	Oslo	Insurance	35,0	35,0	6 714	6 714
Vipps Holding AS [1)]	Oslo	Payment services	46,9	45,0	2 663	1 867
Eksportfinans AS	Oslo	Financial services	40,0	40,0	719	719
Other associated companies					136	136
Total					**10 232**	**9 436**

1) See Note G37 for information on changes relating to Vipps Holding AS

NOTE P31 Investments in subsidiaries

Amounts in 1 000 *Values in NOK unless otherwise indicated*		Share capital	Number of shares	Ownership share in per cent	Carrying amount
Foreign subsidiaries					
DNB Invest Denmark	DKK	877 579	877 578 841	100	11 535 964
DNB Baltic Invest	EUR	5 000	1 000	100	3 253 433
DNB Bank Polska	PLN	1 257 200	1 257 200 000	100	1 773 563
DNB Auto Finance	EUR	100	100	100	1 373 970
DNB Capital [1]	USD			100	23 615 520
DNB Luxembourg	EUR	70 000	70 000	100	736 209
DNB Markets Inc.	USD	1	1 000	100	3 605
DNB Sweden	SEK	100 000	100 000 000	100	13 710 712
DNB (UK) Limited	GBP	1 154 200	1 154 200 000	100	13 715 967
Domestic subsidiaries					
DNB Livsforsikring		1 641 492	64 827 288	100	17 982 795
DNB Asset management		274 842	220 050	100	2 182 107
DNB Boligkreditt		4 527 000	1	100	30 334 000
DNB Eiendom		10 003	100 033	100	168 241
DNB Eiendomsutvikling		91 200	91 200 000	100	330 885
DNB Gjenstandsadministrasjon		3 000	30	100	3 000
DNB Invest Holding		1 000	200 000	100	22 703
DNB Næringsmegling		1 000	10 000	100	24 000
Sbanken		1 068 693	106 869 333	100	11 227 605
DNB Ventures		100	1 000	100	83 468
Ocean Holding		22 000	1 000	100	337 129
Godfjellet		9 636	8 030	100	721 600
UniMicro		1 100	600 000	60	223 200
Total investments in subsidiaries as at 31 December 2022					**133 359 676**

1) DNB Capital LLC, a limited liability company, has paid-in capital of USD 2.5 billion.

Hedging of investments in subsidiaries

In DNB Bank ASA, currency risk associated with foreign currency investments in subsidiaries is subject to fair value hedging. The hedging instruments used are mainly debt securities issued. Changes in the value of the investments and hedging instruments resulting from exchange rate movements are recorded in the income statement.

NOTE P32 Intangible assets

Amounts in NOK million	Goodwill	Capitalised systems development	Other intangible assets	Total
Cost as at 1 January 2021	2 894	3 297	501	6 692
Additions		356	7	362
Derecognition and disposals	(242)			(242)
Exchange rate movements	(38)	(0)	(18)	(55)
Cost as at 31 December 2021	2 615	3 652	490	6 757
Total depreciation and impairment as at 1 January 2021	(467)	(2 286)	(498)	(3 250)
Depreciation		(326)	(3)	(329)
Derecognition and disposals	242			242
Exchange rate movements	2	(0)	17	19
Total depreciation and impairment as at 31 December 2021	(224)	(2 612)	(483)	(3 318)
Carrying amount as at 31 December 2021	**2 391**	**1 041**	**7**	**3 438**
Cost as at 1 January 2022	2 615	3 652	490	6 757
Additions		452		452
Derecognition and disposals		(0)		(0)
Exchange rate movements	(15)	(5)	(7)	(27)
Cost as at 31 December 2022	2 599	4 099	483	7 182
Total depreciation and impairment as at 1 January 2022	(224)	(2 612)	(483)	(3 318)
Depreciation		(311)	(1)	(313)
Derecognition and disposals		0	(1)	(0)
Exchange rate movements	1	3	7	11
Total depreciation and impairment as at 31 December 2022	(223)	(2 920)	(478)	(3 621)
Carrying amount as at 31 December 2022	**2 376**	**1 179**	**5**	**3 561**

Goodwill

The risk-free interest rate is set at 2.75 per cent, the market risk premium is set at 5.0 per cent, and the long-term growth factor is set at 2.0 per cent for all cash-generating units. Beta values are estimated separately for each cash-generating unit. Required rate of return is before tax. For a detailed description of methods and assumptions used in the calculation of the recoverable amount for goodwill, see note P1 Accounting principles.

Goodwill per unit

	31 December 2022		31 December 2021	
	Required rate of return *Per cent*	Recorded *NOK million*	Required rate of return *Per cent*	Recorded *NOK million*
Personal customers	12.0	982	12.0	982
Small and medium sized enterprises	12.0	483	12.0	483
DNB Finans - car financing	12.0	753	12.0	766
Other	12.0	159	12.0	160
Total goodwill		**2 376**		**2 391**

<u>Personal customers</u>
This unit encompasses banking operations (loans and deposits) for personal customers in the regional network in Norway, and recorded goodwill mainly stems from the merger between DnB and Gjensidige NOR and the acquisition of Nordlandsbanken. In addition, some good-will remains from previously acquired offices in Gjensidige NOR. Key assumptions for cash flows during the plan period are developments in margins, volumes and impairment of loans.

<u>Small and medium-sized enterprises</u>
This unit encompasses banking operations (loans and deposits) for corporate customers in the regional network in Norway, and recorded good-will mainly stems from the merger between DnB and Gjensidige NOR. Key assumptions for cash flows during the plan period are developments in margins, volumes and impairment of loans.

<u>DNB Finans – car financing</u>
The unit encompasses DNB's car financing operations in Norway and Sweden, and goodwill stems from DNB's acquisition of Skandiabanken's car financing operations with effect from 2008. Critical assumptions for cash flows during the plan period are car sales figures and DNB Finans' ability to retain customer relations with important car dealers, along with long-term margin developments and the level of impairments of loans.

NOTE P33 Fixed assets

Amounts in NOK million	Bank buildings and other properties	Machinery, equipment and vehicles	Fixed assets operating leases	Other fixed assets	Right of use assets	Total
Accumulated cost as at 31 Dec. 2020	159	4 112	13 135	26	5 397	22 829
Additions	0	292	4 116	3	100	4 511
Revaluation					757	757
Disposals		(501)	(2 317)	(0)	(953)	(3 772)
Reorganisations		1				1
Exchange rate movements	1	(2)	(367)	(5)	13	(358)
Cost as at 31 Dec. 2021	160	3 901	14 567	23	5 314	23 967
Total depreciation and impairment as at 31 Dec. 2020	(77)	(2 869)	(3 321)	(7)	(1 337)	(7 610)
Adjustments					(757)	(757)
Disposals		394	1 064	0	950	2 408
Depreciation [1)]	(12)	(376)	(1 959)	(3)	(685)	(3 035)
Exchange rate movements	(1)	5	604	0	(1)	607
Total depreciation and impairment as at 31 Dec. 2021	(89)	(2 846)	(3 612)	(10)	(1 830)	(8 387)
Carrying amount as at 31 Dec. 2021	**71**	**1 055**	**10 955**	**14**	**3 485**	**15 580**
Accumulated cost as at 31 Dec. 2021	160	3 901	14 567	23	5 314	23 967
Additions	0	231	2 936	7	300	3 473
Revaluation					37	37
Disposals	(1)	(65)	(2 059)		(2)	(2 127)
Exchange rate movements	(0)	15	(24)	1	43	35
Cost as at 31 Dec. 2022	159	4 083	15 419	31	5 692	25 385
Total depreciation and impairment as at 31 Dec. 2021	(89)	(2 846)	(3 612)	(10)	(1 830)	(8 387)
Adjustments					(2)	(2)
Disposals	1	1	1 592	1	2	1 597
Depreciation [1)]	(10)	(310)	(2 109)	(4)	(697)	(3 130)
Exchange rate movements	0	(5)	(17)	(1)	(7)	(30)
Total depreciation and impairment as at 31 Dec. 2022	(97)	(3 160)	(4 146)	(13)	(2 534)	(9 951)
Carrying amount as at 31 Dec. 2022	**62**	**923**	**11 273**	**18**	**3 158**	**15 434**

1) *Based on cost less any residual value, other assets are subject to straight-line depreciation over their expected useful life within the following limits:*

Technical installations	*10 years*
Machinery	*3-10 years*
Fixtures and fittings	*5-10 years*
Computer equipment	*3-5 years*
Means of transport	*5-7 years*

The DNB Bank ASA has not placed any collateral for loans/funding of fixed assets, including property.

NOTE P34 Leasing

DNB Finans offers operational and financial leasing contracts, fleet management and loans to corporate customers, public sector entities and consumers in Norway, Sweden, Denmark and Finland. The business is conducted through vendor partnerships and direct sales, in close cooperation with the client advisers in DNB Bank where possible. Focus is on financing standard assets where there is an existing and functioning second hand market. The largest asset class in the portfolio is passenger cars and LCVs. Other large asset classes are buses, trucks and trailers and construction equipment and machinery.

Financial leases (as lessor)

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Gross investment in the lease		
Due within 1 year	1 298	1 405
Due in 1-5 years	64 109	49 051
Due in more than 5 years	7 531	15 431
Total gross investment in the lease	72 938	65 887
Present value of minimum lease payments		
Due within 1 year	1 258	1 361
Due in 1-5 years	51 619	39 498
Due in more than 5 years	5 032	10 270
Total present value of lease payments	57 909	51 130
Unearned financial income	15 029	14 757
Unguaranteed residual values accruing to the lessor	116	175
Accumulated loan-loss provisions	3 389	5 093
Variable lease payments recognised as income during the period	91	137

Operational leases (as lessor)

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Future minimum lease payments under non-cancellable leases		
Due within 1 year	198	134
Due in 1-5 years	7 216	6 955
Due in more than 5 years	61	812
Total future minimum lease payments under non-cancellable leases	7 475	7 902

Leases (as lessee)

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Minimum future lease payments under non-cancellable leases		
Due within 1 year	121	80
Due in 1-5 years	2 217	547
Due in more than 5 years	1 437	3 660
Total minimum future lease payments under non-cancellable leases	3 775	4 287
Total minimum future sublease payments expected to be received under non-cancellable subleases	228	260

Amounts in NOK million	Total lease liability
Lease liabilities as at 1 January 2021	4 432
Interest expense	92
Additions	103
Revaluation of existing lease liability	820
Cancellations	(802)
Payments	(795)
Other	15
Lease liabilities as at 31 December 2021	3 864
Interest expense	89
Additions	297
Revaluation of existing lease liability	37
Cancellations	(1)
Payments	(804)
Other	57
Lease liabilities as at 31 December 2022	3 539

NOTE P35 Other assets

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Prepayments/accrued income	4 782	1 677
Amounts outstanding on documentary credits and other payment services	269	1 858
Unsettled contract notes	1 588	2 492
Group contributions	17 917	18 708
Other amounts outstanding	6 551	4 355
Total other assets	**31 107**	**29 091**

Other assets are generally of a short nature.

NOTE P36 Deposits from customers by industry segment

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Bank, insurance and portfolio management	40 236	37 465
Commercial real estate	49 485	53 627
Shipping	102 504	68 745
Oil, gas and offshore	100 347	70 024
Power and renewables	49 208	42 264
Healthcare	11 096	12 116
Public sector	61 869	56 677
Fishing, fish farming and farming	18 937	17 698
Retail industries	36 236	39 191
Manufacturing	77 004	72 014
Technology, media and telecom	30 179	27 066
Services	122 403	127 229
Residential property	19 434	19 803
Personal customers	446 737	435 122
Other corporate customers	157 321	156 085
Deposits from customers	**1 322 995**	**1 235 125**

NOTE P37 Debt securities issued

Changes in debt securities issued

Amounts in NOK million	Balance sheet 31 Dec. 2022	Issued 2022	Matured/ redeemed 2022	Echange movements 2022	Other adjustments 2022	Balance sheet 31 Dec. 2021
Commercial papers issued, nominal amount	292 462	1 704 322	(1 562 598)	(16 109)		166 847
Bond debt, nominal amount [1]	156 143	63 292	(65 971)	11 455		147 367
Adjustments	(6 702)			1	(8 726)	2 023
Debt securities issued	**441 903**	**1 767 613**	**(1 628 569)**	**(4 652)**	**(8 726)**	**316 238**

Maturity of debt securities issued as at 31 December 2022 [1) 2)]

Amounts in NOK million	NOK	Foreign currency	Total
2023		292 462	292 462
Commercial papers issued, nominal amount		292 462	292 462
2023	4 343	52 843	57 186
2024	125	48 983	49 108
2025	1	17 274	17 275
2026	5	17 386	17 391
2027		13 379	13 379
2028		1 277	1 277
2029 and later		526	526
Bond debt, nominal amount	4 474	151 668	156 143
Adjustments	(242)	(6 459)	(6 702)
Debt securities issued	4 232	437 671	441 903

1) *Excluding own bonds.*
2) *The maturity profile is based on the call date, i.e. DNB's first option to redeem the bond.*

NOTE P38 Senior non-preferred bonds

See note G44.

NOTE P39 Subordinated loan capital and perpetual subordinated loan capital securities

See note G45.

NOTE P40 Other liabilities

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Short-term funding	532	627
Short positions trading	3 394	4 834
Accrued expenses and prepaid revenues	3 729	3 638
Documentary credits, cheques and other payment services	565	558
Unsettled contract notes	1 150	1 501
Group contributions/dividends (internal)	17 400	10 500
Accounts payable	3 124	1 379
General employee bonus	310	276
Lease liabilities	3 539	3 864
Dividends external	19 316	15 116
Other liabilities	1 613	2 894
Total other liabilities	**54 672**	**45 189**

Other liabilities are generally of a short-term nature.

NOTE P41 Equity

Share capital

The share capital of DNB Bank ASA at 31 December 2022 and 31 December 2021 was NOK 19 379 562 763 divided into 1 550 365 021 shares, each with a nominal value of NOK 12.50.

DNB Bank ASA has one class of shares, and all shares carry voting rights. Shareholders are entitled to receive the dividend proposed at any time and have one voting right per share at the company's general meeting.

The Board of Directors has proposed a dividend of NOK 12.50 per share for 2022, for distribution 5 May 2023.

Fund for unrealised gains

The restricted share of retained earnings (fund for unrealised gains) in DNB Bank ASA totalled NOK 2 345 million at 31 December 2022 and NOK 2 630 million at 31 December 2021.

Own shares

At the Annual General Meeting on 26 April 2022, the Board was given an authorisation for a new share buy-back programme of 3.5 per cent. As at 31 December 2022, the authorisation had not been used and there were no share buy-backs in 2022. A share buy-back programme of 0.5 per cent was announced on 9 February 2023.

Treasury shares

Treasury shares held by DNB Markets for trading purposes, are presented below.

Amounts in NOK million	Share capital	Other equity	Total equity
Balance sheet as at 31 December 2020	**(1)**	**(16)**	**(17)**
Net purchase of treasury shares	1	19	20
Reversals of fair value adjustments through the income statement		(3)	(3)
Balance sheet as at 31 December 2021	**(0)**	**(0)**	**(0)**
Net sale of treasury shares	(1)	(14)	(15)
Reversal of fair value adjustments through the income statement		(5)	(5)
Balance sheet as at 31 December 2022	**(1)**	**(19)**	**(20)**

NOTE P41 Equity (continued)

Additional Tier 1 capital

The additional Tier 1 capital is issued by DNB Bank ASA. An additional Tier 1 capital instrument of USD 750 million, issued in 2016, was redeemed in 2022. Four additional Tier 1 capital instruments were issued in 2022, with a total nominal value of NOK 4 800 million.

Year		Carrying amount in currency	Interest rate	Carrying amount in NOK
2019	NOK	2 700	3-month NIBOR + 3.50%	2 700
2019	USD	850	4.875% p.a.	7 774
2022	NOK	2 750	3-month NIBOR + 3.75%	2 750
2022	NOK	500	6.72% p.a. until 18 February 2028, thereafter 3-month NIBOR + 3.75%	500
2022	NOK	600	3-month NIBOR + 4.00%	600
2022	NOK	950	7.75% p.a. until 4 May 2028, thereafter 3-month NIBOR + 4.00%	950
Total, nominal amount				15 274

For further details about issued and redeemed AT1 capital, please refer to P – Statement of changes in equity.

NOTE P42 Remunerations etc.

See note G48.

Remuneration to the statutory auditor

Amounts in NOK 1 000, excluding VAT	2022	2021
Statutory audit [1)]	(17 642)	(16 901)
Other certification services	(3 404)	(2 550)
Tax-related advice [2)]	(1 041)	(3 187)
Other services	(155)	(2 035)
Total remuneration to the statutory auditor	**(22 242)**	**(24 673)**

1) Includes fees for interim review.
2) Mainly refers to tax-related advice to employees on international assignments.

NOTE P43 Information on related parties

A large number of bank transactions are entered into with related parties as part of ordinary business transactions, comprising loans, deposits and foreign exchange transactions. These transactions are based on market terms. The table below shows transactions with related parties, including balance sheets at year-end and related expenses and income for the year. See note G48 for transactions with other companies.

Transactions with DNB Group companies

Amounts in NOK million	Group companies 2022	2021
Loans as at 31 December	453 649	381 729
Other receiveables as at 31 December [1]	46 951	41 122
Deposits as at 31 December	109 003	106 159
Other liabilities as at 31 December [1]	35 992	32 830
Interest income	10 201	2 831
Interest expenses	(1 271)	(85)
Net other operating income [2]	9 550	10 195
Operating expenses	(338)	(313)

1) Other receivables and other liabilities as at 31 December 2022 and 2021 were mainly group contributions and financial derivative contracts with DNB Boligkreditt as counterparty.
2) DNB Bank ASA recognised NOK 9 070 million and NOK 6 510 million in group contributions from subsidiaries in 2022 and 2021, respectively.

The table includes transactions with subsidiaries and sister companies. Investments in bonds issued by related parties are described below and are not included in the table.

Major transactions and agreements with related parties

DNB Boligkreditt AS

DNB Boligkreditt AS (Boligkreditt) is 100 per cent owned by DNB Bank ASA. As part of ordinary business transactions, a large number of banking transactions are entered into between Boligkreditt and the bank, including loans, deposits and financial derivatives used in currency and interest rate risk management. Transactions are carried out on market terms and are regulated in the ”Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkreditt AS” (the transfer agreement) and the ”Contract between DNB Bank ASA and DNB Boligkreditt AS concerning purchase of management services” (the management agreement).

The transfer agreement regulates the transfer of loan portfolios qualifying as collateral for the issue of covered bonds. During 2022, portfolios of NOK 10.7 billion (NOK 26.0 billion in 2021) were transferred from the bank to DNB Boligkreditt.

Under the management agreement, DNB Boligkreditt purchases services from the bank, including services relating to administration, bank production, distribution, customer contact, IT operations and financial and liquidity management. DNB Boligkreditt pays an annual management fee for these services based on the lending volume under management and the achieved lending spreads. However, the management agreement also ensures DNB Boligkreditt a minimum margin on loans to customers. A margin below the minimum level will be at DNB Bank’s risk, resulting in a negative management fee (payment from DNB Bank to DNB Boligkreditt). The management fee paid to the bank for purchased services is recognised as ‘Other expenses’ in the comprehensive income statement and amounted to a negative NOK 1 442 million in 2022 (a positive NOK 1 843 million in 2021).

At end-December 2022 the bank had invested NOK 91.7 billion (NOK 53.9 billion in 2021) in covered bonds issued by DNB Boligkreditt.

DNB Boligkreditt enters into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 25.6 billion at end-December 2022 (NOK 32.7 billion in 2021).

Boligkreditt has a long-term overdraft facility in DNB Bank ASA with a limit of NOK 315 billion.

Sbanken ASA and Sbanken Boligkreditt AS

At end-December 2022, the bank had invested a total of NOK 14 billion in bonds issued by Sbanken and Sbanken Boligkreditt.

DNB Livsforsikring AS

The home mortgage portfolio in DNB Livsforsikring of NOK 5.8 billion was transferred to DNB Bank ASA in the fourth quarter of 2022. Of this amount, NOK 3.7 billion was transferred from DNB Bank to DNB Boligkreditt. These loans are included in the transfer of NOK 10.7 billion.

NOTE P44 Largest shareholders

Shareholder structure in DNB Bank ASA as at 31 December 2022	Shares in 1 000	Ownership in per cent
Norwegian Government/Ministry of Trade, Industry and Fisheries	527 124	34.0
DNB Savings Bank Foundation	130 001	8.4
The Capital Group Companies	112 580	7.3
Folketrygdfondet	88 232	5.7
BlackRock	58 294	3.8
Vanguard Group Holdings	37 895	2.4
Deutsche Bank AG Group	31 076	2.0
T. Rowe Price Group	20 934	1.4
Storebrand Kapitalforvaltning	19 791	1.3
State Street Corporation	19 073	1.2
DNB Asset Management	18 387	1.2
Kommunal Landspensjonskasse	16 743	1.1
Danske Bank Group	15 062	1.0
Crédit Agricole	14 851	1.0
Schroders	13 611	0.9
Nordea	13 173	0.8
Ameriprise Financials	11 336	0.7
BNP Paribas	10 636	0.7
Polaris Capital Management	10 418	0.7
Legal & General Group	9 615	0.6
Total largest shareholders	1 178 833	76.0
Other shareholders	371 532	24.0
Total	1 550 365	100.0

The owners of shares in nominee accounts are determined on the basis of third-party analyses.

NOTE P45 Shares in DNB Bank ASA held by senior executives

	Number of shares alloted in 2022[1)]	Number of shares 31 Dec. 2022
Board of Directors of DNB Bank ASA		
Olaug Svarva, chair		14 500
Svein Richard Brandtzæg, vice chair		556
Gro Bakstad		4 000
Julie Galbo		755
Lillian Hattrem		1 977
Jens Petter Olsen		6 000
Stian Tegler Samuelsen		1 466
Jaan Ivar Semlitsch		5 700
Jannicke Skaanes		
Kim Wahl		25 000
Group Management as at 31 December 2022		
Kjerstin R. Braathen, CEO	9 829	70 290
Ida Lerner, CFO	555	8 026
Benjamin Golding, group EVP	1 623	2 022
Mirella E. Grant, GCCO		2 274
Håkon Hansen, group EVP	2 142	25 144
Sverre Krog, CRO		2 820
Maria Ervik Løvold, group EVP	2 407	10 189
Thomas Midteide, group EVP	2 039	32 310
Anne Sigrun Moen, group EVP	561	1 704
Alexander Opstad, group EVP	8 256	47 294
Harald Serck-Hanssen, group EVP	2 926	53 707
Ingjerd Blekeli Spiten, group EVP	2 153	16 612
Group Audit		
Tor Steenfeldt-Foss, group EVP		

1) *Including fixed salary shares. See note G48 for more information.*

The figures also include shares held by the immediate family and companies in which the shareholder has such influence as stated in Section 7-26 of the Norwegian Accounting Act. The statutory auditor owns no shares in DNB Bank ASA.

NOTE P46 Contingencies

See note G51.

STATEMENT PURSUANT TO SECTION 5-5 OF THE NORWEGIAN SECURITIES TRADING ACT

We hereby confirm that the annual accounts for the Group and the company for 2022 to the best of our knowledge have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the company taken as a whole.

The Directors' report gives a true and fair view of the development and performance of the business and the position of the Group and the company, as well as a description of the principal risks and uncertainties facing the Group.

Oslo, 8 March 2023
The Board of Directors of DNB Bank ASA

Olaug Svarva
(Chair of the Board)

Svein Richard Brandtzæg
(Vice Chair of the Board)

Gro Bakstad

Julie Galbo

Lillian Hattrem

Jens Petter Olsen

Stian Tegler Samuelsen

Jaan Ivar Semlitsch

Jannicke Skaanes

Kim Wahl

Kjerstin R. Braathen
Group Chief Executive Officer (CEO)

Ida Lerner
Chief Financial Officer (CFO)

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of DNB Bank ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of DNB Bank ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2022 and the income statement, comprehensive income statement, cash flow statement and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the balance sheet as at 31 December 2022, the income statement, comprehensive income statement, cash flow statement and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

> the financial statements comply with applicable legal requirements,

> the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,

> the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 15 years from the election by the general meeting of the shareholders in 2008 for the accounting year 2008.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment of loans and financial commitments

Basis for the key audit matter

Loans to customers represent NOK 1 961 464 million (61 per cent) of total assets for the Group as at 31 December 2022. Financial commitments amount to NOK 725 444 million as at 31 December 2022. The corresponding amounts in the financial statements of the Company are NOK 1 010 029 million and NOK 483 489 million, respectively. Total expected credit losses (ECL) on loans to customers and financial commitments for the Group amount to NOK 8 567 million, of which NOK 1 819 million is based on model calculations (stages 1 and 2) and NOK 6 748 million is based on individual assessments (stage 3). The corresponding amounts in the financial statements of the Company are total expected credit losses (ECL) on loans to customers and financial commitments of NOK 7 445 million, of which NOK 1 436 million is based on model calculations (stages 1 and 2) and NOK 6 009 million is based on individual assessments (stage 3).

The ECL calculation requires models, but IFRS 9 does not prescribe a specific approach, thus requiring management to use judgement to obtain an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes. In addition, the measurement of ECL shall reflect the time value of money and reasonable and supportable information about past events, current conditions and forecasts of economic expectations as well as criteria for significant increases in credit risk at engagement or portfolio level. To calculate the provision the Group is required to make estimates and assumptions, including the probability of default, exposure at default, loss given default and forecasts of economic development. Loans subject to individual assessments (stage 3) require judgement about various assumptions, including the expected future cash flows and the value of underlying collateral. Due to the use of judgement in applying the ECL measurement criteria, the complexity of the calculation and the effect on estimates, we consider ECL a key audit matter.

Expected credit losses are disclosed in note G5, G6, G7, G8, G9, G10, G11 and G12 in the financial statements of the Group and note P3, P4, P5, P6, P7, P8, P9 and P10 in the financial statements of the Company.

Our audit response
We assessed the Group's methodology applied for calculating ECL including the criteria for determining significant increases in credit risk. We assessed the design and tested the effectiveness of controls related to assumptions, input and calculation of ECL. We also tested IT general controls over access and change management for related IT-systems. We involved specialists on our team and assessed management's internal validation of the ECL models. We evaluated the model structure, logic and back testing results as well as management's assessments of macroeconomic data used to create forward looking estimates applied in the ECL models to derive probability of default and loss given default, including parameters and conclusions from management's expert credit judgement forum. We assessed the completeness of the identification of exposures with significant increases in credit risk. For a sample of engagements subject to individual assessment by management (stage 3), we evaluated the assumptions applied to determine the expected credit losses, including the expected future cash flows and valuation of underlying collateral. We had an increased focus on the uncertainty in the estimated future cash flows and values of collateral for companies in segments that have been significantly affected by the current macro-economic uncertainty.

Valuation of Financial Instruments
Basis for the key audit matter
Unlisted or illiquid financial instruments measured at fair value are valued based on models that use assumptions that are not observable in the marketplace. The valuation of these instruments requires the use of judgement. Such instruments comprise assets of NOK 70 127 million and liabilities of NOK 3 129 million measured at fair value in the consolidated balance sheet and classified as level 3 instruments within the fair value hierarchy. The corresponding amounts for the Company are NOK 13 084 million and NOK 3 129 million, respectively. Due to the materiality of the unlisted or illiquid instruments, and the increased risk of errors, we considered the valuation of these instruments a key audit matter.

Level 3 instruments measured at fair value are disclosed in note G30 in the financial statements of the Group and note P26 in the financial statements of the Company.

Our audit response
We assessed the design and tested the operating effectiveness of internal controls over the valuation process including management's determination and approval of assumptions and methodologies used in model-based calculations as well as management's review of valuations provided by internal experts. We also assessed pricing model methodologies against industry practice and valuation guidelines. We performed independent valuations for selected instruments and used external source data where available and compared results of our valuations to the Group's valuations.

IT environment supporting financial reporting

Basis for the key audit matter

The Group has a complex and automated IT environment and is dependent on IT processes for reporting of financial information. To ensure complete and accurate processing and reporting of financial data it is important that controls over appropriate access rights and system changes are designed and operate effectively. Also, controls over transaction processing need to be designed and operate effectively. The operation of the IT environment is largely outsourced to various service providers. The IT environment supporting the financial reporting process is considered a Key Audit Matter as the IT environment is critical to ensure accurate, complete and reliable financial reporting.

Our audit response

We obtained an understanding of the Group's IT environment, including outsourced services and controls related to financial reporting. We tested IT general controls over access management, change management and IT operations. Further we tested automated controls in the IT environment supporting financial reporting. For IT systems outsourced to service providers we evaluated third party attestation reports (ISAE 3402 reports) and assessed and tested the effectiveness of the controls. We involved specialists on our team in understanding the IT environment and in assessing and testing the operative effectiveness of controls.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Group Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statement, there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

> Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

> Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

> Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

> Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

> Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

> Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of DNB Bank ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name dnbbankasa-2022-12-31-nb.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 8 March 2023
ERNST & YOUNG AS

Kjetil Rimstad
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT ASSURANCE REPORT

To the board of directors in DNB Bank ASA

Scope

We have been engaged by DNB Bank ASA to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on DNB Bank ASA 's sustainability reporting as defined in the DNB Bank ASA's GRI Index (see the document GRI content index 2022 on https://www.dnb.no/om-oss/barekraft/barekraftsrapporter) (the "Subject Matter") as of 31 December 2022 and for the period from 1 January to 31 December 2022.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Annual report, and accordingly, we do not express a conclusion on this information.

Criteria applied by DNB Bank ASA

In preparing the Subject Matter, DNB Bank ASA applied the relevant criteria from the Global Reporting Initiative (GRI) sustainability reporting standards (the "Criteria"). The Criteria can be accessed at globalreporting.org and are available to the public. Such Criteria were specifically designed for companies and other organizations that want to report their sustainability impacts in a consistent and credible way. As a result, the Subject Matter information may not be suitable for another purpose.

DNB Bank ASA's responsibilities

The Board of Directors and Group Chief Executive Officer (management) are responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance *Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000')*. This standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Building a better working world

Our Independence and Quality Control

We are independent of the company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies *International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with personnel to understand the business and reporting process
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the subject matter during the reporting period
- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- Undertook analytical review procedures to support the reasonableness of the data
- Identified and testing assumptions supporting calculations
- Tested, on a sample basis, underlying source information to check the accuracy of the data
- Checked that the presentation requirements outlined in the Criteria have been correctly applied

We believe that our procedures provide us with an adequate basis for our conclusion. We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 31 December 2022 and for the period from 1 January 2022 to 31 December 2022 in order for it to be in accordance with the Criteria.

Oslo, 08.03.2023
ERNST & YOUNG AS

The assurance report is signed electronically

Kjetil Rimstad
State Authorised Public Accountant

FINANCIAL CALENDAR 2023

Annual General Meeting .... 25 April
Distribution of dividends .... 5 May
First quarter .... 27 April
Second quarter .... 12 July
Third quarter .... 19 October

ANNUAL GENERAL MEETING

The Annual General Meeting of DNB Bank ASA will be held on 25 April 2023 at 15:00.

Shareholders can choose to participate in person at DNB Bank ASA's premises, or digitally. Voting will take place electronically both for the shareholders who attend in person and for those who participate digitally. Information about the notice of the Annual General Meeting is available on dnb.no/en/agm, along with a more detailed description of the agenda and how to register attendance.

All shareholders can receive notice of the Annual General Meeting electronically. DNB Bank ASA encourages all its shareholders to register for electronic communication in the VPS Investor Portal. This can be done via euronextvps.no.

CAUTIONARY STATEMENT AND ESTIMATION UNCERTAINTY

This report contains statements regarding the future prospects of DNB, including estimates, strategies and objectives. The risks and uncertainties inherent in all forward-looking statements can lead to actual developments and profits differing materially from what has been expressed or implied. In connection with reporting on sustainability targets and corresponding KPIs, it is necessary to estimate figures where underlying data is inadequate or unavailable, or will be developed over time. Particular uncertainty is thus associated with these parameters.

CONTACT PERSONS

Ida Lerner
Chief Financial Officer (CFO)
Tel.: (+47) 95 05 66 19
Email: ida.lerner@dnb.no

Rune Helland
Head of Investor Relations
Tel.: (+47) 23 26 84 00 / 97 71 32 50
Email: rune.helland@dnb.no

Anne Engebretsen
SVP Investor Relations
Tel.: (+47) 23 26 84 08 / 45 22 43 74
Email: anne.engebretsen@dnb.no

COLOPHON

DNB's annual report for 2022 has been produced by Group Financial Reporting and Public Affairs & Sustainability.

Concept and design: Hyper
Layout accounts and notes: DNB
Translation: Marianne Perkis Nørstebø, Kristin Dobinson and Cristina Pulido Ulvang, DNB

MILJØMERKET 241 450 Trykksak

DNB Group

Sustainability Factbook 2022

DNB

Contents

Sustainability in DNB

Material topics and key figures

DNB's Sustainability Factbook has been produced by DNB Public Affairs & Sustainability.

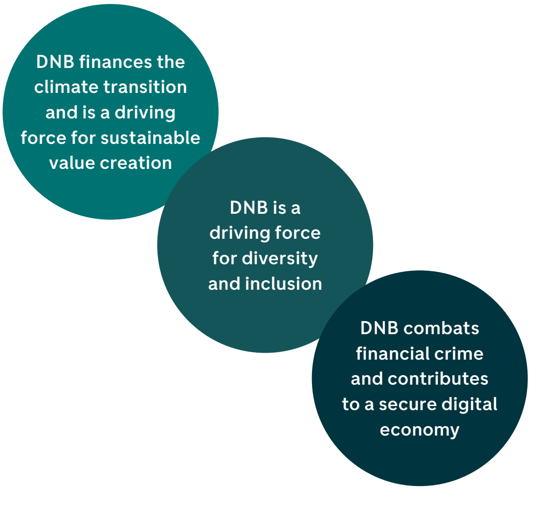
Design: Hyper

About the Sustainability Factbook

This factbook is a supplement to the 2022 annual report, and gives a brief overview of the most material topics relating to DNB's influence on sustainable development and the bank's ability to create long-term value.

In 2021, we carried out a materiality analysis, supplementing it with an impact analysis, and we were able to identify which topics are strategically important to DNB, in the context of the expectations our stakeholders have towards us. In 2022, we reviewed these analyses to ensure that the topics identified are still relevant. In 2023, we will conduct a new double materiality analysis.

The materiality analysis helps us identify areas where we have great influential power and can contribute to positive societal development. We have condensed the most important topics into the following three main areas, which guide our sustainability efforts and form the foundation for DNB's sustainable strategy:



Material topics

The customer chooses us

- Innovative and user-friendly products and services
- Responsible customer advisory services and marketing
- Responsible lending to personal customers

We deliver sustainable value creation

Climate change and sustainable value creation

- ESG assessments in credit analyses and asset management
- Financing the climate transition through sustainable activities
- Reducing greenhouse gas emissions
- A circular economy
- Biodiversity

Diversity both within and outside the Group

- Diversity and inclusion

DNB combats financial crime and contributes to a secure digital economy

- Information security and stable IT systems
- Data protection
- Preventing financial crime and money laundering

We find the solutions together

- DNB will be an attractive workplace

Other topics where DNB has great influential power

- Responsible purchasing
- Responsible tax practices and our tax contribution

Together with the description of the topics in the strategic report, the Sustainability Factbook constitutes DNB's sustainability reporting in accordance with the GRI Standards. The factbook has been verified by the bank's statutory auditor. The GRI index is available on dnb.no/sustainability-reports.

DNB acquired all of the shares in Sbanken in 2022, and the company is now a wholly owned subsidiary of DNB Bank ASA. The merger process will be completed in May 2023. Sbanken will submit its own sustainability report for 2022, and is not included in DNB's key figures for sustainability, including the figures in this factbook. Nor is it included in the GRI index, the carbon accounts or the key figures on dnb.no/sustainability-reports. Sbanken's integrated annual report can also be found on dnb.no/sustainability-reports.

In other respects, the content of this factbook is based on the consolidated annual accounts and covers DNB Bank ASA and its wholly owned subsidiaries, with the exception of subsidiaries that are held for sale.

Corrections to figures reported previously

Sustainable financing target: NOK 1 500 billion

In the second quarter of 2022, DNB updated its calculation method to be better aligned with best market practice. Historic volumes were recalculated accordingly. In the fourth quarter, DNB updated its calculation method for the conversion of transactions in foreign currencies. Moreover, some changes were made in historic volumes, due to improved data quality. Read more on page 78–79 in the annual report for 2022.

Correction

Amounts in NOK million

Description	2021	2020
Figures reported previously (accumulated)	313	96
New figures following correction (accumulated)	220.8	74.0
Financial effect	-92.2	-21.6

Reduction target in the shipping portfolio

The figures for changes in emissions intensity for the period 2019–2020 have been corrected as a result of a review of historical emission figures after the IMO changed the calculation method for carbon intensity for certain sub-segments. The review resulted in a correction to one sub-segment. The figures for 2020 were reported in 2021. Read more on page 89–90 in the annual report for 2022.

Correction

Percentage points

Description	2020
Figures reported previously	+2.9 for the entire shipping portfolio and -1.7 for the portfolio excluding the cruise portfolio
New figures following correction	+3.9 for the entire shipping portfolio and -2.7 for the portfolio excluding the cruise portfolio
Change	1 percentage point difference for both the entire shipping portfolio and the portfolio excluding the cruise portfolio

Reduction target in the oil and gas portfolio

The historically reported indices have changed, as the figures were recalculated in 2022. The reason for this is that the data provider has made changes to its method of dividing emissions between different fields and installations. Read more on page 88–89 in the annual report for 2022.

Correction

Percentage points

Description	2021	2020
Figures reported previously	96.9	88.9
New figures following correction	91.4	86
Change	5.5	2.9

Reduction target in the life insurance portfolio

The figures for changes in emissions intensity in the period 2019–2021 have been corrected as a result of improved data quality. Read more on page 95 in the annual report for 2022.

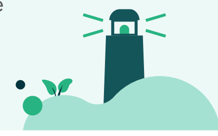
Correction

Percentage points

Description	2021	2020
Figures reported previously	79.4	55
New figures following correction	66	52
Change	13.4	3

Sustainable strategy

DNB will be a driving force for sustainable transition, and we will use our position and expertise to actively help our customers to move in a more sustainable direction, through the provision of advisory services, financing and clear requirements. The strategy focuses on three priority areas where we have the greatest opportunity to use our influence, and that reflect the Group's greatest risks and opportunities:



- → DNB finances the climate transition and is a driving force for sustainable value creation
- → DNB is a driving force for diversity and inclusion
- → DNB combats financial crime and contributes to a secure digital economy

We have taken a clear position as a driving force for sustainable transition, and we have set an overarching goal of achieving net-zero emissions in our lending and investment portfolios and in our own operations by 2050. To manage this, we have set sub-targets for reducing financed emissions by 2030. In our work with customers, we will primarily use positive influence, but we may also choose not to finance or invest in certain companies or industries that are not in line with our strategy. At the same time, we must also keep our own house in order and work actively with sustainability in DNB's own operations, both as an employer and as a purchaser.

In addition, we will continue to finance and facilitate sustainable activities worth NOK 1 500 billion by 2030, in the areas of renewable energy, energy efficiency measures and low-emission solutions. We will also continue and further develop DNB's strong position in the area of diversity and inclusion, as well as the efforts to combat financial crime and promote a secure digital economy. In the factbook, we provide the status of our work with our targets.

Financial ambitions

	Ambitions	Achieved in 2022	Achieved in 2021
Return on equity (ROE) (Overriding target)	>13.0%	13.8%	10.7%
Cost/income ratio (Key performance indicator)	<40.0%	40.1%	43.0%
Common equity Tier 1 capital ratio (Capitalisation level)	>17.0% [1)]	18.3%	19.4%
Payout ratio (Dividend policy)	>50%	65% [2)]	62%

1) Expectation from the supervisory authorities, including counter-cyclical buffer requirement at the same level as before the pandemic (effective 31 March 2023).
2) The payout ratio is based on the 0.5 per cent buy-back programme being completed before the Annual General Meeting in 2023.

Sustainability ambitions

Climate transition	Ambitions [1)]	Achieved in [1)] 2022
Reduce the CO_2 emissions intensity related to upstream companies in the oil and gas portfolio by 25 per cent from 2019 to 2030	75% in 2030	125.0%
Reduce the emissions intensity in the shipping portfolio by 1/3 from 2019 to 2030	66.7% in 2030	n/a
Reduce the emissions intensity related to energy consumption in the commercial property portfolio by 25–35% from 2019 to 2030	65-75% in 2030	98.0%
Reduce the emissions intensity of the life insurance portfolio by 55% by 2030, with the baseline set in 2019	45% in 2030	72.5%
Finance and facilitate sustainable activities worth NOK 1 500 billion by 2030	NOK 1 500 billion in 2030	NOK 391 billion
Increase total assets in funds with a sustainability profile to NOK 200 billion in 2025	NOK 200 billion in 2025	NOK 27 billion
In 2025, 50% of net flows of total assets will go to mutual funds with a sustainability profile	50% in 2025	n/a [2)]

See all our sustainability ambitions on pages 30–31 of the annual report for 2022.

1) Ambitions are expressed as a percentage of the portfolio's index. The portfolios were indexed at 100 in 2019, which was the baseline year. Achieved indicates the size of the portfolio, compared with the portfolio's index of 100 in 2019.
2) The net flow of total assets was -NOK 21 512 million, while the net flow for mutual funds with a sustainability profile was +NOK 523 million.

Our work with the UN Sustainable Development Goals

The UN Sustainable Development Agenda was adopted in 2015, as a global plan of action to end poverty, combat inequality and limit climate change by 2030. The Agenda consists of 17 Sustainable Development Goals (SDGs), and each SDG has a number of targets focusing on the main areas that must be addressed effectively in order to achieve the overall goals. The SDGs provide the framework for our sustainability work, and guide our dialogue with customers.

DNB supports all 17 of the SDGs. At the same time, we have identified goals that are particularly relevant to our business operations, in line with the materiality analysis and DNB's sustainable strategy. We have identified three main goals that reflect the strategy's three priority areas. This is where we believe we have the greatest opportunity to make a positive impact:

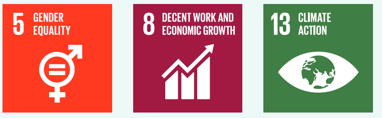
- **SDG 5:** Achieve gender equality and empower all women and girls.
- **SDG 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- **SDG 13:** Take urgent action to combat climate change and its impacts.

Other SDGs we are focusing on, and that are in line with our materiality analysis, are SDGs 7, 9, 10, 12, 14, 15 and 16. Through our roles as employer, investor, lender, and facilitator and supplier of financial infrastructure, we seek to contribute positively to fulfilling these SDGs and to reduce our negative impact in these areas.

All the topics in this factbook are linked with one or more of the UN SDGs.

UN Sustainable Development Goals

DNB's top priority SDGs



Other SDGs prioritised by DNB

Other SDGs

Principles for Responsible Banking

DNB signed the Principles for Responsible Banking (PRB) when they were launched in 2019. The PRB initiative was launched by the UN Environment Programme Finance Initiative (UNEP FI), and the Principles were created to ensure that the banking sector works to meet the UN Sustainable Development Goals (SDGs) and the Paris Agreement commitments. DNB therefore committed to adhering to the six principles the initiative is based on:

- **Alignment:** Signatory banks will align their business strategies to be consistent with and contribute to individuals' needs and society's goals, as expressed in the SDGs, the Paris Agreement and relevant national and regional frameworks.
- **Impact and target setting:** Signatory banks will increase their positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from their activities, products and services. To this end, they will set and publish targets where they can have the most significant impacts.
- **Customers:** Signatory banks will work responsibly with their clients and customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.
- **Stakeholders:** Signatory banks will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals relating to the SDGs and the Paris Agreement.
- **Governance and culture:** Signatory banks will implement their commitment to the Principles through effective governance and a culture of responsible banking.
- **Transparency and accountability:** Signatory banks will periodically review their individual and collective implementation of the Principles and be transparent about and accountable for their positive and negative impacts and their contribution to society's goals.

In 2021, we launched DNB's updated sustainable strategy, and the direction of this strategy was set in the materiality analysis, supplemented by the impact analysis that was also carried out in 2021. In 2022, we reviewed the materiality analysis to ensure that the topics identified as material are still valid.

The strategy includes a goal of DNB achieving net-zero emissions in our financing and investment activities by 2050, and targets for reducing emissions intensity in key sectors we are exposed to. We have thus set a clear course for our efforts to contribute to achieving the goals of the Paris Agreement.

In 2022, we continued the work to meet the targets in the strategy. We also began looking at how we can strengthen our work with social factors. It is particularly in the product and service axes that we see that we can have a part to play to contribute to increased financial inclusion. We also see that we can strengthen our role as a driving force of diversity and inclusion in the supplier axis.

In 2023, we will continue our work as a participant in PRB working groups, and we will further strengthen our work with social issues. We will also perform a new materiality analysis and impact analysis. As methods are changing and access to data improves, we will work to make the impact analysis more precise. We will also increase our efforts on the topics of nature and the circular economy, as well as DNB's role in relation to these topics.

The EU taxonomy for sustainable activities

The EU taxonomy is a classification system that defines requirements relating to financial activities that are environmentally sustainable for investment purposes. Under the Norwegian Sustainable Finance Act that entered into effect on 1 January 2023, DNB will not be required to report taxonomy data until 2024. However, the bank has decided to voluntarily report selected data for 2022, as it did in 2021. Reporting in accordance with article 8 of the EU taxonomy is based on a consolidation of DNB Bank ASA and major subsidiaries.

The taxonomy contains reporting requirements, key indicators and templates for both financial and non-financial companies. The most important key indicator for DNB as a financial institution is the 'green asset ratio' (GAR). Briefly put, the purpose of this ratio is to show how large a proportion of the bank's loans and the like has been granted to activities that are defined as green under the taxonomy.

To be able to report in line with the taxonomy, considerable customer data is required, and much of the data that financial institutions depend on is not available. To narrow this data gap, we have started a number of initiatives, the most important of which is the establishment of the ESG Data Hub, a Group-wide system solution that will enable the collection, quality assurance, processing and reporting of sustainability data from a broad range of external and internal sources.

In 2022, we also continued the work of mapping both internal and external data sources, and improving data quality to estimate how large a proportion of our total loans are covered by the Taxonomy Regulation, to be able to calculate DNB's green asset ratio (GAR) and enable further statutory reporting. Due to limited access to data, DNB's assessment of the taxonomy alignment for homes and electric cars is only based on the criteria that the customer's economic activities contribute significantly to at least one of the environmental objectives in the taxonomy, and they have not been assessed in relation to the requirement to not have a significant negative impact on the environmental objectives (do no significant harm, DNSH). Consequently, the proportion of home mortgages that are in line with the taxonomy is only an estimate.

Loans to personal customers represented around 32 per cent of our total portfolio at the end of 2022 (see table on the next page). The majority of these loans will be covered by the Taxonomy Regulation (taxonomy eligible). The source data relating to home mortgages and loans for electric cars is relatively reliable. In line with the taxonomy, homes built before 2021 that are pledged as collateral for a home mortgage and that are among the 15 per cent most energy-efficient homes in Norway, are defined as sustainable (taxonomy-aligned). Preliminary calculations show that loans in our portfolio that are defined as sustainable amount to around NOK 138 billion. This corresponds to approximately 6 per cent of the portfolio, which represents an estimate of DNB's GAR.

Such assessments are more difficult to make for the corporate customer segment (customers outside the financial sector) because the source data is poorer. The reason for this is that these customers have no obligation to report this data at present. As a very small proportion of DNB's lending exposure is towards companies that are subject to a reporting requirement under the Non-Financial Reporting Directive (NFRD), DNB's taxonomy potential for companies without an NFRD commitment is considerably greater. This is mainly due to the fact that very few Norwegian companies are large enough to qualify under the NFRD requirements. All small and medium-sized Norwegian companies – and even many large companies – are thus excluded. These companies account for a large share of our loan portfolio and are also an important part of the Norwegian business sector's sustainable transition. The introduction of the new Corporate Sustainability Reporting Directive (CSRD) for the 2024 accounting year, with its expanded scope, will improve the situation somewhat, as the number of Norwegian companies that will need to report under the taxonomy will increase from around 100 to approximately 1 700, and the data will need to be submitted in machine-readable format. This will simplify data collection.

Due to inadequate data quality, especially associated with industry codes for companies outside the Nordic region, the estimate for exposure to companies that are covered by the taxonomy is conservative and could rise significantly. Moreover, the data available for quantifying DNB's exposure to companies with operations that are taxonomy eligible and that also satisfy the taxonomy's criteria (i.e. that are taxonomy aligned) is highly inadequate. This said, forthcoming reporting requirements for non-financial customers will significantly improve the data availability. We will continue working on gathering and analysing data so as to be able to assess taxonomy alignment for a larger proportion of the portfolio.

Our voluntary reporting under article 8 of the EU taxonomy:

Assets as at 31 December 2022	Gross carrying amount (NOK billion)	Share of total assets (per cent)	Share of total covered assets (per cent)
Households	920	31	37
Non-financial corporations (subject to NFRD)	1	0	0
Taxonomy-eligible activities	**921**	**31**	**37**
Financial corporations[1]	481	16	19
Non-financial corporations (subject to NFRD)	3	0	0
Households	21	1	1
Taxonomy non-eligible activities	**505**	**17**	**20**
Non-financial corporations (not subject to NFRD)	811	28	33
Derivatives	192	7	8
On-demand interbank loans and deposits	7	0	0
Cash and cash-related assets	0	0	0
Other assets (e.g. goodwill, goods etc.)	40	1	2
Total covered assets (for the GAR calculation)	**2 476**	**84**	**100**
Central banks, sovereigns, and trading book	454	16	
Total assets	**2 931**	**100**	

1) Some financial corporations may be defined as 'not covered by the taxonomy', the distribution has not yet been calculated.

The TCFD index

The TCFD index provides an overview of DNB's reporting in accordance with the TCFD recommendations, and in which publicly available documents the information is contained.

Corporate governance

Provide information about DNB's governance relating to climate-related risks and opportunities.

Corporate governance	References
a) Describe the Board of Directors' supervision of climate-related risks and opportunities.	DNB's Group policy for sustainability, DNB Risk and capital management – Pillar 3 report 2022, DNB's CDP response 2022, C1. 1a–b
b) Describe the role of management in assessing and managing climate-related risks and opportunities.	DNB's Group policy for sustainability, DNB Risk and capital management – Pillar 3 report 2022, Group instructions for sustainability in DNB Bank ASA's credit activities, DNB's CDP response 2022, C1.2

Strategy

Provide information about how DNB identifies, assesses and manages climate-related risk.

Strategy	References
a) Describe the climate-related risks and opportunities DNB has identified in the short, medium and long term.	See the following chapters in the annual report for 2022: This is our strategy and Reporting of climate-related risks and opportunities. DNB's CDP response 2022, C2.1, C2.1a, C2.3, C2.3a, C2.4, C2.4a
b) Describe the consequences of climate-related risks and opportunities for DNB's business operations, strategy and financial planning.	See the following chapters in the annual report for 2022: This is our strategy and Reporting of climate-related risks and opportunities. DNB's CDP response 2022, C2.3a, C2.4a, C3.1, C3.2a–b, C3.3, C3.4, C-FS3.7, C-FS3.7a
c) Describe the resilience of DNB's strategy, taking different climate-related scenarios into consideration.	DNB Risk and capital management – Pillar 3 report 2022, DNB Asset Management Annual Report 2022 – chapter on TCFD, DNB Livsforsikring AS Annual Report 2022 – chapter on TCFD, DNB's CDP response 2022, C3.2, C3.2a–b

Risk management

Provide information about how DNB identifies, assesses and manages climate-related risk.

Risk management	References
a) Describe DNB's processes to identify and assess climate-related risks.	See the following chapter in the annual report for 2022: ESG assessments in credit analyses and asset management. DNB Risk and capital management – Pillar 3 report 2022, DNB's CDP response 2022 C2.1, C2.1a, C2.2, C2.2a, CFS-2.2b-e, Assessment tool for CSR/ESG risk in credit activities, DNB Asset Management Annual Report 2022 – chapter on TCFD
b) Describe DNB's processes to manage climate-related risks.	See the following chapters in the annual report for 2022: ESG assessments in credit analyses and asset management and Reporting of climate-related risks and opportunities. DNB's CDP response 2022, C2.1, C2.2, C-FS2.2d–e, DNB Risk and capital management – Pillar 3 report 2022, DNB Asset Management Annual Report 2022 – chapter on TCFD
c) Describe how processes to identify, assess and manage climate-related risk are integrated in DNB's overarching risk management.	DNB Risk and capital management – Pillar 3 report 2022, DNB's CDP response 2021 C2.2, DNB Asset Management Annual Report 2022 – chapter on TCFD, DNB Livsforsikring AS Annual Report 2022 – chapter on TCFD

Measurement and targets

Provide information about parameters and measurements that are used to assess and manage relevant climate-related risks and opportunities where such information is material.

Measurement and targets	References
a) Provide information about measurement parameters used by DNB to assess climate-related risks and opportunities in line with its strategy and risk management process.	See the following chapters in the annual report for 2022: This is our strategy, We will deliver sustainable value creation, Financing the climate transition through sustainable activities, Reducing greenhouse gas emissions, Measuring the carbon footprint of mutual funds and Reporting climate-related risks and opportunities. DNB's CDP response 2022, C4.2, C4.2a-b, DNB Asset Management annual report 2022, DNB Livsforsikring AS Annual Report 2022
b) Provide information about Scope 1, 2 and 3 emissions and related risks.	See the following chapters in the annual report for 2022: Reducing greenhouse emissions and Measuring the carbon footprint of mutual funds. DNB's carbon accounting report 2022, DNB's CDP response 2022, C6.1, C6.3, C6.5, C-FS14.0, C-FS14.1b, DNB Asset Management Annual Report 2022, DNB Livsforsikring AS Annual Report 2022
c) Provide information about the targets used by DNB to handle climate-related risks and opportunities, and the level of target attainment.	See the following chapters in the annual report for 2022: We will deliver sustainable value creation, Financing the climate transition through sustainable activities, Reducing greenhouse gas emissions, Measuring the carbon footprint of mutual funds and Reporting climate-related risks and opportunities. DNB Risk and capital management – Pillar 3 report 2022, DNB's CDP response 2022, C4.1, C4.1a, C4.2, C4.2a-b

Material topics and key figures

ESG assessments in credit analyses and asset management

Responsible lending to corporate customers

What does it mean/why is it important?

Expectations towards the work relating to environmental, social and governance (ESG) factors on the part of different stakeholders, like the supervisory authorities, investors and customers, are increasing. Sustainability-related factors are an important part of our annual customer dialogues, and we see that sustainability engagement and maturity among our corporate customers is continuing to increase. Through the customer dialogue, we raise awareness about the risks and opportunities associated with sustainability, and offer constructive advice on topics such as ESG strategy and sustainability reporting.

Status 2022

- When a customer has a total credit commitment of more than NOK 8 million, ESG risk must be assessed and commented on in the credit proposal.
- ESG risk assessment tools must be used for all credit commitments above NOK 50 million.
- Our own ESG assessments are supplemented by ESG analyses from third parties. DNB subscribes to the analysis services RepRisk, Sustainalytics and MSCI ESG Ratings.
- In 2022, just over 2 500 risk classifications were performed using the ESG risk assessment tool.
- ESG risk in the credit portfolio was included in the bank's risk reporting to the Board of Directors and management.
- The ESG risk assessment tool was equipped with several new functions and expanded with two new industry-specific modules: a module for financial institutions and a module for commercial property for small and medium-sized corporate customers.
- In 2022, 16 projects were financed in accordance with the Equator Principles. The projects were in sectors such as solar power, wind power, power grids and battery storage.
- We also updated our ESG risk assessment tool to include specific questions for our customers about their work with a view to ensuring accountability in their operations and in the supply chain in general, and their compliance with the Transparency Act in particular.
- Conversations on human rights, decent working conditions, equality and diversity are included in all customer dialogues when customers have a credit commitment of over NOK 50 million.

Measurement parameter:	2020	2021	2022	Target (if relevant)	Comments
DNB 10: Number of new Equator projects	11	18	16		

Responsible area in the bank

Corporate Banking

Governing documents

DNB's governance principles, Group policy for sustainability, Group instructions for sustainability in DNB Bank ASA's credit activities

Link to the UN Sustainable Development Goals

ESG assessments in credit analyses and asset management

Responsible investments

What does it mean/why is it important?

We manage significant assets on behalf of our customers through the management of mutual funds and active portfolios in DNB Asset Management (DAM), and through the Group's equity investments. Responsible and sustainable investment means taking environmental, social and governance (ESG) factors into consideration in investment management and contributing to sustainable development. Taking sustainability into account in investment decisions gives portfolio managers better information on which to base these decisions, as well as reducing risk and helping to highlight the many opportunities associated with sustainable investment.

For a full ESG report relating to responsible investment, see DAM's Annual Report on Responsible Investment on dnb.no/sustainability-reports.

Status 2022

- In 2022, 309 structured dialogues were conducted with 208 companies, to discuss various ESG topics. The dialogues had clear targets with a desired outcome, and included assessment of milestone attainment.
- In 2022, we increased our ambition concerning which general meetings we will vote at. Our goal is to vote at the general meetings of all Norwegian companies, at the general meetings of global companies that are included in our actively managed funds, and at general meetings at which shareholder proposals are presented. In 2022, we achieved our goal[1], and voted at 1 267 general meetings.
- We continued company dialogues in different investor partnerships and initiatives, including Climate Action 100+ and the FAIRR Initiative[2].
- During the year, we continued the work of integrating ESG factors into information and portfolio systems and investment decisions. We developed a separate database for collecting all types of sustainability data and information.
- In 2022, we changed two of our focus areas, compared with 2021. Deforestation and land use were included in biodiversity, and supply chains in developing countries were integrated as topics into several of our focus areas.
- Companies that violate our instructions for responsible investments and that do not show a willingness to change may be excluded from the investment universe. At the end of 2022, a total of 210 companies were excluded.

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
GRI FS10: Number of dialogues	229	241	309		

1) Due to technical issues, a few of our votes were not registered.
2) FAIRR is a non-governmental voluntary organisation that helps investors exert their influence as responsible asset managers, while safeguarding the long-term value of investment portfolios.

Responsible area in the bank

Wealth Management

Governing documents

DNB's governance principles, Group policy for sustainability, Group instructions for responsible investments

Link to the UN Sustainable Development Goals

Reducing greenhouse gas emissions

The financing and investment portfolio

What does it mean/why is it important?

DNB has a large indirect impact on climate and the environment through the companies we finance, and our updated sustainable strategy from 2021 will ensure that DNB helps customers reduce their contributions to climate change and their climate-related risk. Our sustainable strategy contains a goal of achieving net-zero emissions from our lending and investment portfolios by 2050. To support this goal, we have set quantifiable targets for emissions from our credit and investment activities.

- **Oil and gas:** DNB aims to reduce the CO_2 emissions intensity related to the upstream the oil and gas portfolio by 25 per cent in the period from 2019 to 2030.
- **Shipping:** DNB aims to reduce the emissions intensity in the shipping portfolio by 1/3 from 2019 to 2030.
- **Commercial property:** DNB's goal is to reduce the emissions intensity related to energy consumption in the commercial property portfolio by 25–35 per cent from 2019 to 2030.
- **Life insurance:** Our goal is to reduce the emissions intensity of the life insurance portfolio by 55 per cent before 2030, with the baseline set in 2019.

At the same time, we have closely monitored developments relating to the climate, and we intend to draft and publish a transition plan[1)] in line with these developments during the course of 2023. The plan will be based on our existing goals and strategy, but will clarify the steps we need to take to achieve our net-zero ambition. During this work, we will, among other things, adapt our goals to ensure that they are science-based and aligned with the Paris Agreement.

Status 2022

- **Oil and gas:** The emissions intensity for the upstream companies in the portfolio has turned around from a reduction of about 9 per cent in the period from 2019 to 2021, to a 37 per cent increase in 2022, compared with 2021. The reason for these fluctuations is explained in the annual report on page 88. There was a 29 per cent decline between 2019 and 2022, adjusted for the exposure relating to commodity price hedging.
- **Shipping:** The reported figures for 2022 apply to data for the year before (2021), when the loan-weighted average emissions intensity increased by 2.6 per cent, compared with the previous year.
- **Commercial property:** The emissions intensity calculated for 2022 shows an index of 98, which indicates a 2 per cent decline in energy intensity, compared with 2019. It must be noted that there is great uncertainty attached to the figures.
- **Life insurance:** In 2022, the emissions intensity increased by 9 per cent compared with 2021, but compared with 2019, the emissions intensity decreased by 28 per cent. This shows a positive trend in terms of achieving the target of a 55 per cent reduction by 2030.
- DAM's mapping showed a reduction in the emissions intensity of several of the mutual funds, but for the portfolio as a whole, there was an increase in the emissions intensity for 2022.
- DAM entered into 53 dialogues with companies regarding the climate.

1) A climate transition plan is a tool that demonstrates how investors and/or companies will help achieve the Paris Agreement goals of limiting global warming to 1.5°C and achieving net-zero emissions of greenhouse gases globally by 2050.

Responsible area in the bank

Corporate Banking, Wealth Management

Governing documents

DNB's governance principles, Group policy for sustainability, Group instructions for sustainability in DNB Bank ASA's credit activities, Group instructions for responsible investments

Link to the UN Sustainable Development Goals

13 CLIMATE ACTION

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
GRI 305-4: Oil and gas – emissions intensity	86%	91.4%	125%	75%	See page 88–89 of the annual report for further information, and page 4 of this factbook for an explanation of the change in historical data.
GRI 305-4: Shipping – emissions intensity	103.9%	106.5%	n/a	66.7%	See page 89–90 of the annual report for further information, and page 4 of this factbook for an explanation of the change in historical data.
GRI 305-4: Commercial property – emissions intensity	n/a	n/a	98%	65–75%	See pages 91–93 of the annual report for further information.
GRI 305-4: Greenhouse gas emissions in mutual funds (tCO_2e/m USD[2] revenue, Scope 1 and 2)	n/a	101.1	105.4		See the report on the carbon footprint of DAM's mutual funds (Montréal Carbon Pledge) on dnb.no/sustainability-reports for further information.
GRI 305-4: DNB Livsforsikring – portfolio emissions intensity	51.8%	66.4%	72.5%	45%	See page 95 of the annual report for further information, and page 4 of this factbook for an explanation of the change in historical data.

2) mUSD means USD million

Reducing greenhouse gas emissions

Own operations

What does it mean/why is it important?

We are working in a targeted manner to minimise our environmental impact and greenhouse gas emissions, and we hold ISO 14001:2015 environmental certification, among others. Greenhouse gas emissions from own operations are generated by, among other things, energy consumption in buildings, business trips, procurement and waste management.

We have been carbon-neutral since 2014, by buying carbon credits for all direct and indirect emissions (e.g. from air travel and waste management), and guarantees of origin (GOs) for electricity consumption. At the same time, we are working to reduce emissions to the minimum, and we draw up annual action plans that set out measures for achieving this.

Status 2022

- Our total greenhouse gas emissions from own operations in 2022 was 6 663 tCO_2e. This is an increase of about 2 760 tCO_2e compared with 2021. The increase is partly due to an increase in travel in 2022, and partly due to the inclusion of more data in our Scope 3 emissions, compared with 2021.
- We bought carbon credits for all of our emissions in 2021 that were not covered by GOs. We bought carbon credits for 2 270 tCO_2e, distributed between two projects, of which 1 270 tCO_2e were bought in connection with a project certified under the Gold Standard, and 1 000 tCO_2e were related to a project certified under the Verified Carbon Standard (Verra).
- From 2014 to 2022, we reduced the energy consumption in our buildings by 24 per cent per square metre.
- The waste sorting rate has increased from 41 per cent in 2014 to 63 per cent in 2022.
- Together with our provider of staff cafeteria services, we are working to reduce food waste per guest, and in addition, the cafeterias in Bergen and Oslo calculate the carbon footprint of the meals served at lunch to give employees the opportunity to make more sustainable choices.

Responsible area in the bank

Technology & Services

Governing documents

DNB's sustainable strategy, Group instructions for business travel, Group policy for sustainability

Link to the UN Sustainable Development Goals

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
GRI 305-1: Greenhouse gas emissions, Scope 1, tCO_2e	282	242	186		See DNB's carbon accounts on dnb.no/sustainability-reports.
GRI 305-2: Greenhouse gas emissions, Scope 2, tCO_2e (location-based)	3 159	1 914	1 626		See DNB's carbon accounts on dnb.no/sustainability-reports.
GRI 305-2: Greenhouse gas emissions, Scope 2, tCO_2e (market-based)	198	118	119		See DNB's carbon accounts on dnb.no/sustainability-reports.
GRI 305-3: Greenhouse gas emissions, Scope 3, tCO_2e	2 835	1 749	4 851		See DNB's carbon accounts on dnb.no/sustainability-reports.

Financing the climate transition through sustainable activities

What does it mean/why is it important?

As Norway's largest financial services group, DNB has considerable influence on the sustainable transition in Norway and internationally. In 2021, we launched an updated sustainable strategy for the Group, where one of the strategic priorities is for DNB to finance the climate transition and be a driving force for sustainable value creation. The need for transition creates opportunities for us and our customers, and we want to contribute to identifying these opportunities and being a proactive adviser and supporter for our customers.

To be a driving force for sustainable transition, we have set the following goals:

- We will finance and facilitate sustainable activities worth NOK 1 500 billion by 2030.
- In 2022, we increased the investment ambitions from NOK 100 billion to NOK 200 billion in mutual funds with a sustainability profile leading up to 2025.
- In 2025, 50 per cent of net flows of total assets will go to mutual funds with a sustainability profile.

To achieve these goals, it is important that DNB gives customers access to the right products and services to support them in making the investments needed in the transition to a more sustainable society. Through advisory services, financing, competence sharing and clear requirements, we will help forward-looking companies succeed with sustainable solutions.

Status 2022

- By the end of 2022, DNB had contributed a total of NOK 391 billion to the financing and facilitating of sustainable activities. This is a 77 per cent increase from 2021, when the volume was NOK 221 billion.
- In 2022, we launched two new products that support the allocation of funds for sustainable purposes: green deposits and green guarantees.
- In 2022, DNB issued green loans relating to green commercial properties worth over NOK 13.5 billion.
- In January 2022, we updated the framework for sustainable products in collaboration with the ESG ratings agency Sustainalytics to ensure that it complies with best market practice. We plan to update the framework again in the first half of 2023, and will seek further harmonisation with the EU taxonomy.
- DNB's activity in sustainable bonds reached a new high with the transaction volume increasing more than 40 per cent compared with 2021. In total, DNB participated in 51 transactions, totalling NOK 41 billion, compared with NOK 29 billion in 2021.
- At the end of 2022, the total assets in mutual funds with a sustainability profile amounted to NOK 27.4 billion, out of the NOK 809.4 billion managed by DAM.
- The equity fund *DNB Grønt Skifte Norge* was launched in June 2022. This mutual fund invests in companies with low carbon intensity or companies that are taking initiatives in the direction of the green shift in the Norwegian stock market.
- Several pilot projects were carried out in 2022 in partnership with suppliers, to expand the range of services on offer and develop new products, services and concepts in the home mortgage market to help personal customers make more climate-friendly choices.
- Our green financing products showed positive developments, and we can demonstrate a growth in green home mortgages and green car loans of 181 and 31 per cent, respectively.

Responsible area in the bank

Corporate Banking, Wealth Management, Personal Banking

Governing documents

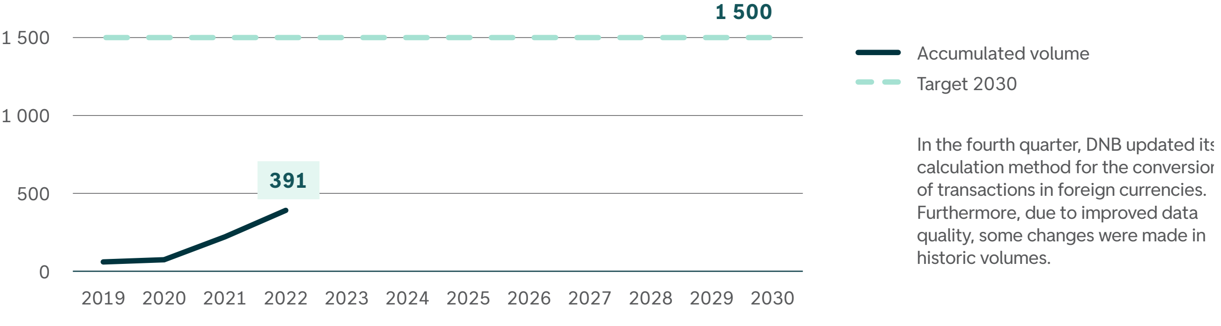
DNB's governance principles, Group policy for sustainability, Group instructions for sustainability in DNB Bank ASA's credit activities, Group instructions for responsible investments

Link to the UN Sustainable Development Goals

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
GRI FS8 ESG: Products and services – Financing of renewable energy and other sustainable activities (NOK billion)	19.5	27.6	21.1		Direct loans to renewable energy (solar, wind and hydropower) in NOK billion
GRI FS8 ESG: Products and services – Sustainable advisory services (NOK billion)	8.3	31.1	38.7		
GRI FS8 ESG: Products and services – Sustainability-linked loans (NOK billion)	9.1	24.0	32.1		
GRI FS8 ESG: Products and services – Green loans (NOK billion)	8.2	20.4	19.2		
GRI FS8 ESG: Products and services – Environmentally-friendly transport (NOK billion)	6.1	14.4	18.2		
GRI FS8 ESG: Products and services – Sustainability-linked bonds – Total amount transactions (NOK billion)	22.8	29.0	41.0		
GRI FS8 ESG: Products and services – Sustainability-linked bonds – Market share Norway	35%	14%	19%		Green, social, sustainable and sustainability-linked bonds
GRI FS8 ESG: Products and services – Total assets placed in mutual funds with a sustainability profile (NOK billion)	19.1	28.4	27.4	NOK 200 billion in 2025	
GRI FS11: Share of total assets with negative environmental and/or social screening	100%	100%	100%		
GRI FS11 Percentage of total assets subject to a combination of negative and positive environmental and/or social screening	2.5%	3.1%	3.4%		

Finance and facilitate sustainable activities – Target attainment

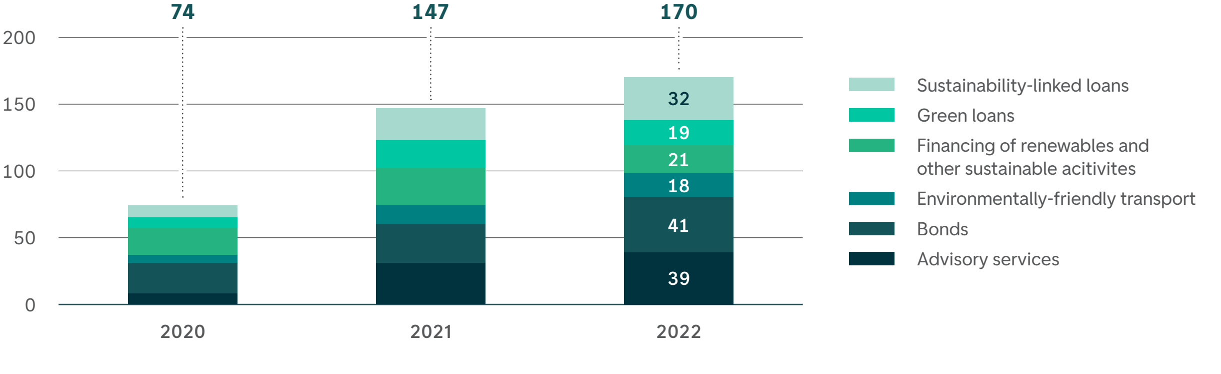
NOK billion (accumulated)



In the fourth quarter, DNB updated its calculation method for the conversion of transactions in foreign currencies. Furthermore, due to improved data quality, some changes were made in historic volumes.

Sustainable financing by product

NOK billion



Biodiversity

What does it mean/why is it important?

A large number of ecosystems and animal species are under threat, due to human interference and climate change. Loss of biodiversity and climate change are closely interwoven because nature absorbs large amounts of greenhouse gases and mitigates their harmful effects.[1)] Promoting biodiversity is therefore an important part of the solution to the climate challenges we are facing, and a prerequisite for achieving the UN Sustainable Development Goals (SDGs).

Through lending and investments, DNB has an indirect impact on nature and biodiversity. If we are unable to protect biodiversity and assess nature and climate risks in a satisfactory manner, this may affect our ability to fulfil the objectives in DNB's sustainable strategy. The topic is also important for DNB because natural resources are key to value creation for a number of companies in our investment and lending portfolios. Reduced access to natural resources will affect the companies' viability and profitability, which in turn will affect DNB's value creation. Companies should therefore assess the risks associated with their impacts and dependencies on nature and seek to make the transition from a linear to a circular business model.

Status 2022

- In 2022, we adopted a new position on biodiversity, stating that DNB will promote biodiversity and reduce nature risk. To fulfil the position statement, we started working on including the topic in our strategy and governing documents.
- Biodiversity is also part of the ESG risk assessment of our corporate customers, and the topic is covered in the ESG risk assessment tool.
- We became a partner in the Partnership for Biodiversity Accounting Financials (PBAF) in 2022.
- DAM joined the UNEP FI Sustainable Blue Economy Initiative in 2022.
- Based on the expectation document for biodiversity that DAM launched in 2021, DAM engaged in 30 dialogues focusing on biodiversity in 2022. In total, DAM carried out 309 conversations on sustainability topics.
- We continued to build a good foundation for the work with biodiversity in 2022, but important work remains on finding better measurement parameters, advancing the work on target setting, evaluating impacts and dependencies, and enhancing reporting.

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
DNB 11: Number of dialogues focusing on biodiversity, including deforestation and land use	n/a	23	30		

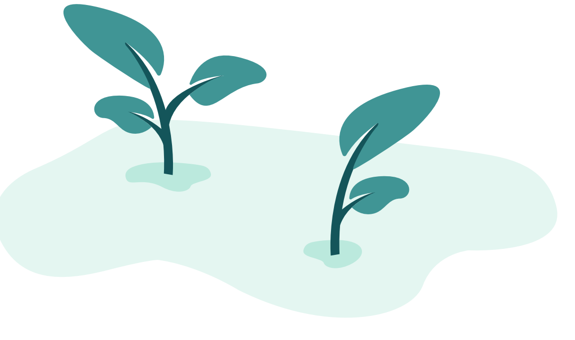
Responsible area in the bank

Wealth Management, Corporate Banking

Governing documents

Group policy for sustainability, Group instructions for responsible investments, Expectations and analysis criteria – Biodiversity, Expectations and analysis criteria – Sustainable oceans, Group instructions for sustainability in DNB Bank ASA's credit activities

Link to the UN Sustainable Development Goals



1) Report from IPBES-IPCC (2021): IPBES-IPCC co-sponsored workshop on biodiversity and climate change – Scientific outcome.

A circular economy

What does it mean/why is it important?

Circular economy is an important basic principle of sustainable development, and we in DNB have an indirect impact on the area through our lending, investments and dialogue with companies. The natural resources of the world are under pressure, making it important to reduce the use of commodities. This topic is also important because access to natural resources is of importance for the value creation of several of the companies in our lending and investment portfolio. It is important that we ascertain whether companies are considering the risk associated with loss of natural resources and are seeking to make the transition to a more circular business model. If they are not doing this, it may have a negative effect on DNB's value creation, as well as on the climate and the environment.

Status 2022

- → During the year, DAM had several dialogues with companies relating to their circularity strategies. There have also been dialogues with players in specific sectors, such as the textile industry, regarding resource use, recycling rate and choice of materials.
- → DAM has been involved in several initiatives and investor partnerships in this area.
- → We assess different aspects of recycling, waste reduction and reuse relating to our corporate customers in our ESG risk assessment tool.
- → From 2020 to 2022, there were responsible ship recycling clauses in all new loan agreements (for new and refinanced loans) with collateral in ships. In 2022, this also included all new offshore loans.
- → During the year, we enhanced the employees' competence on circular economy.

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
DNB 17: Share of new and refinanced shipping loans and new offshore loans containing the responsible recycling clause	100%	100%	100%	100%	From 2022, all new offshore loans were included in the proportion reported.

Responsible area in the bank

Wealth Management, Corporate Banking

Governing documents

DNB's governance principles, Group policy for sustainability, Group instructions for sustainability in DNB Bank ASA's credit activities, Group instructions for responsible investments

Link to the UN Sustainable Development Goals

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND

Diversity and inclusion

What does it mean/why is it important?

For us, diversity means everything that makes people and groups unique and different from each other. The fact that all our employees are different makes DNB a better company. Having a diverse and inclusive working environment pays off, and is in keeping with our ethical foundation. Variation in perspectives and backgrounds helps create value for our customers and makes us better equipped for solving the challenges we face in the time ahead.

DNB will be a driving force for diversity and inclusion, and these efforts extend beyond our employees. Not only do we contribute to greater equality, diversity and inclusion for our customers through our products and services, we also want to help our suppliers achieve the same.

Status 2022

- In 2022, we drew up a new strategy for diversity and inclusion, and placed emphasis on diversity in DNB relating to more than gender.
- We have appointed diversity and inclusion officers in all support units and business areas. These are responsible for securing support from management, putting diversity and inclusion on the agenda in their unit, and ensuring that the topic is linked to product and service development.
- DNB scored very highly in various rankings in 2022. In March, we were ranked no. 2 in the world in terms of gender equality in a global survey conducted by Equileap, and no. 7 in Europe relating to diversity.
- At the end of 2022, the average proportion of women at management levels 1–4 was 38.3 per cent, compared with 39.8 per cent in 2021. The decline is due to the relatively low number of managers at these levels, which means that small changes can have a large impact.
- Inclusion in DNB is measured through the Group's employee survey, where our goal is to achieve a score of at least 5 on a scale of 1 to 6. At the end of 2022, the result was 5.1 among the 84 per cent of permanent employees who responded to the survey.
- *Vennelån* (friend loans) and *OsloBolig* (Oslo home) are examples of new products that were launched in 2022 to promote financial inclusion.
- In the spring of 2022, we adjusted the bank's practices and services to ensure that more people could become bank customers following an individual assessment, even without valid proof of identity.
- For procurements where gender equality is considered a material sustainability topic, we seek to include diversity and inclusion issues in tender processes, and as topics addressed in contracts and follow-up meetings.

Responsible area in the bank

People, Group Finance, Corporate Banking, Wealth Management, Personal Banking

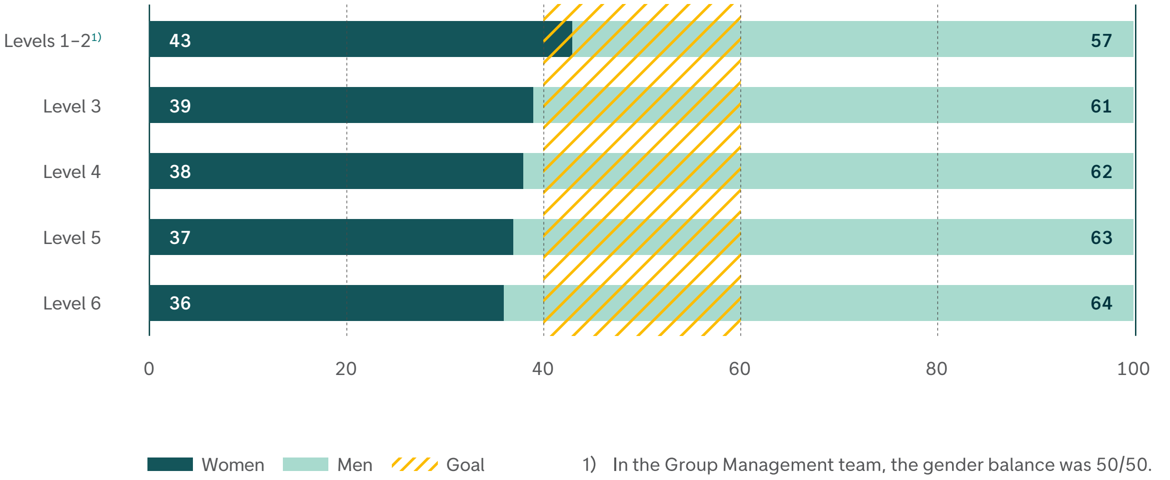
Governing documents

Corporate governance in DNB, DNB's Code of Conduct, DNB's strategy for diversity and inclusion

Link to the UN Sustainable Development Goals

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
GRI 405-2: Ratio of basic salary and remuneration of women to men	83.9%	85.0%	86.5%	100%	Women's salary as a share of men's (average fixed salary)
DNB 12.1: 40/60 at all management levels – expressed in proportion of women/total at management levels 1–4	39.5%	39.8%	38.3%	40%	
DNB 12.2: Perceived inclusion among employees	5.2	5.3	5.4		Perceived inclusion is measured on a scale of 1–6 through the Group's employee survey.
GRI 405-1: Proportion of women/men on the Board	43/57	50/50	50/50		

Gender balance at management level
Per cent



1) In the Group Management team, the gender balance was 50/50.

Attractive workplace

What does it mean/why is it important?

Our employees are the heart of the organisation and our most important resource, and their well-being and development are key to DNB's success. We believe in continuous learning, a constructive feedback culture and a diverse and inclusive organisation.

Status 2022

- DNB has kept its position as a highly ranked employer across subject areas and in different rankings. In business, we were ranked no. 1 among students and professionals.
- DNB works systematically to maintain a good working environment and high level of engagement. Our objective is that the engagement index score should be above 5, and the result for the fourth quarter was 5.1, among the 84 per cent of permanent employees who responded to the survey. This index is consistently high, and the same applies to the statement "I am proud to work in DNB", where the score rose from 5.3 in 2021 to 5.4 in 2022.
- The average sickness absence rate for DNB in Norway was 4.4 per cent in 2022, compared with 3.4 per cent in 2021. This is a normalisation of sickness absence, following an unusually low level during the pandemic.
- In 2022, we hired 1 468 people, which represented a 29 per cent increase, compared with 2021.
- Employee turnover in the Group was 8.2 per cent, which was somewhat higher than in 2021, when it was 7.4 per cent. The increase is a trend that was expected after the pandemic. Nevertheless, the Group's turnover continues to remain low, reflecting our ability to retain the expertise we require.
- As part of the facilitation for a flexible working model, DNB has once again introduced a scheme for financial support for home office equipment.

Responsible area in the bank

People

Governing documents

DNB's governance principles, Group policy for sustainability, DNB's Code of Conduct, Group instructions for attracting and employing new employees in DNB

Link to the UN Sustainable Development Goals

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
DNB 13: Employees' sense of pride over working in DNB	5.4	5.3	5.4		Measured on a scale from 1–6.
GRI 401-1: New employee hires and employee turnover	697/660 7.2/6.8%	1 041/729 10.8/7.4%	1 468/849 13.8/8.2 %		Turnover is calculated on the basis of all permanent employees who have left DNB, for whatever reason (including severance packages etc.)

Competence and employee development

What does it mean/why is it important?

It is important for DNB to be able to attract, retain and develop the skills the bank will need in the future. Restructuring and skills enhancement is a matter of building a diverse and competent workforce. Technology, regulations and customer behaviour are driving forces for the changes that we see around us, and that require the bank to adapt. This means that we need a different skills mix than before. In DNB, we see great value in developing our employees so that they can enable us to meet the opportunities and needs of tomorrow. We believe that everyone needs skills enhancement, and we therefore invest a great deal in training and development opportunities for our employees.

Status 2022

- In 2022, we carried out a skills enhancement programme with courses relating to anti-money laundering (AML). The target groups were employees in customer-facing roles and their immediate superiors. The course content was adapted to each person's role, and was based on collaboration on the execution of the courses and on skills development.
- All permanent employees in DNB have access to our digital learning platform Motimate, and over 98 per cent are active users. Here, they can find more than 900 courses that have been produced in-house. In addition to this, our employees have access to over 16 000 learning resources via LinkedIn Learning.
- Our goal and development process contributes to an ongoing dialogue between employees and managers, and among the respondents to the 2022 employee surveys, 88 per cent replied that they have had at least one performance dialogue, and 89 per cent of these reported that these conversations had been useful.
- Employees are also offered performance coaching from our certified in-house coaches.

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
GRI 404-2: Number of employees who made use of the Group's training programmes	9 141	9 778	10 669		
GRI 404-2: Upgrading employee skills	n/a	n/a	n/a		Includes several indicators. See pages 133–142, 149–151 and 182 in the annual report.

Responsible area in the bank

People

Governing documents

DNB's governance principles

Link to the UN Sustainable Development Goals

Preventing financial crime and money laundering

What does it mean/why is it important?

Financial crime is a serious problem for society and a threat to the welfare system and the business community. In DNB, the work to prevent and uncover financial crime, money laundering and terrorist financing is a high priority. An overarching goal of our work in this area is to reduce financial losses for society, customers and DNB, and to maintain people's trust in our products and services. This work is an important part of our corporate responsibility.

The threat landscape keeps changing, and we work continuously to adapt our measures to developments. The work is challenging and resource-intensive, and it requires a high level of interdisciplinary expertise. We share our knowledge with other financial institutions and with the public sector, and we help our customers to be more vigilant, so that they avoid being defrauded.

Status 2022

- We prevented fraud against customers and the Group worth NOK 1 067 million in 2022.
- We recorded an increase in the number of cases against customers, from about 6 391 in 2021 to 9 343 in 2022.
- We investigated 4 793 cases, and over the course of the year reported 1 870 cases to the Financial Intelligence unit in Økokrim (the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime), due to suspicion of money laundering or terrorist financing.
- We work continuously to keep customer data updated, and at the end of 2022, we had verified the identities of over 97 per cent of our customers. We are doing targeted work to verify the identities of the remaining customers.
- Since 2022, all permanent employees and all Board members have been required to take annual courses in combatting money laundering, terrorist financing and corruption, in addition to courses on international sanctions and the prohibition against disclosure. At the end of the year, 95 per cent of all DNB employees had completed training on anti-corruption, anti-money laundering and the combatting of terrorist financing.
- We continued our cooperation efforts in Nordic Financial CERT and Invidem in 2022. DNB has also, together with other financial institutions, Finance Norway and its technology company Bits, helped establish the meeting place for public-private cooperation on anti-money laundering and the combatting of terrorist financing, OPS AT (Offentlig Privat Samarbeid - anti-hvitvasking og -terrorfinansiering), and DNB's anti-money laundering officer heads the steering committee.
- During the year, we organised webinars for customers on security culture and good payment routines. We also publish advice and recommendations, DNB's threat assessment, and other reports on DNB's website, thus making them available to everyone.

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
GRI 205-2: Anti-corruption training	98.8%	98.3%	95.0%	100%	Applies to all permanent employees
DNB 3: Training in anti-money laundering and the combatting of terrorist financing	n/a	98.2%	95%	100%	Applies to all permanent employees

Responsible area in the bank

Each unit is responsible for ensuring compliance with the anti-money laundering rules and legislation in its own operations, as well as other rules and legislation concerning financial crime. Group AML is responsible for standardising procedures and for following up the implementation of procedures in the areas of anti-money laundering and sanctions. Group Compliance is responsible for advising, controlling and reporting on compliance with rules and legislation.

Governing documents

Corporate Governance in DNB, DNB's Code of Conduct, Group policy for compliance, Group instructions for anti-corruption, Group instructions for AML/CFT, Group instructions for international sanctions, routine for anonymous internal whistleblowing channel

Link to the UN Sustainable Development Goals

Information security and stable IT systems

What does it mean/why is it important?

It is important for DNB that we deliver secure, stable and user-friendly services to our customers. As a major player in Norwegian society, we must help maintain trust in the financial infrastructure during a time of geopolitical unrest. Systematic, targeted efforts are being taken to prevent cyber attacks and other security incidents, and this will also be important in the time ahead. Good security work will continue to be vital for being able to retain the trust of our customers and society in general, and for maintaining our long-term competitiveness over time.

Status 2022

- Systematic efforts over a period of several years have yielded good results in terms of operational stability, which is now at a satisfactory level, well within the Group's risk appetite. In 2022, the number of days of material operational incidents increased to 21, compared with 13 in 2021. Continuous work is being done to identify underlying causes, and measures are being implemented regularly.
- In 2022, we recorded 19 852 cyber attacks and IT security incidents, which is an increase, compared with 14 470 attacks in 2021. However, none of the incidents that were recorded had serious consequences for customers or the Group.
- Almost 25 700 large and small changes were made to our IT systems during the year, which is an increase of just over 35 per cent, compared with 2021.
- During the year, a number of internal and external measures and activities were implemented to increase awareness of data security. Among other things, we conducted phishing tests throughout the Group.
- By the end of December, 96 per cent of all employees had completed the basic training on security, and 83 per cent had taken the mandatory courses for 2022. This is a small improvement compared with 2021.

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
DNB 7: Days with incidents resulting in services being unavailable or having long response times	17	13	21		

Responsible area in the bank

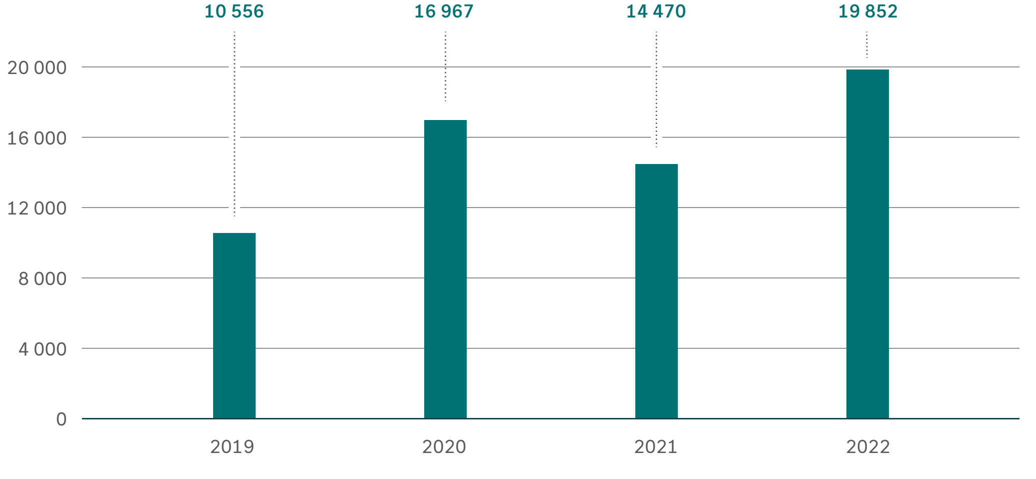
Technology & Services

Governing documents

DNB's governance principles, DNB's Code of Conduct, DNB's principles for internal control, risk management and compliance, DNB's privacy notice, DNB's ethical guidelines for business partners, Group policy for security, Group policy for information technology andseveral Group instructions relating to both of the aforementioned Group policies.

Link to the UN Sustainable Development Goals

Number of registered cyber attacks and IT security incidents



Data protection

What does it mean/why is it important?

We go that extra mile to ensure that the customer chooses us. The customer should perceive us as proactive and innovative and, at the same time, reliable and attentive to their needs. We will continue to develop and be transparent about how we process personal data. Data protection is not only about complying with data protection rules, but also about understanding and placing emphasis on people's rights and freedoms in the face of technology. As an important player in Norwegian society, it is vital that DNB considers the customers' data protection an asset.

When we develop new products and services, it is important that we integrate data protection in the technological solutions, and ensure that they protect privacy as best possible (data protection by design). We will build trust by giving our customers the best possible control over their own data. This trust must be managed and maintained.

Status 2022

- A new and more effective process for executing data protection impact assessments (DPIAs) was implemented in 2022.
- We still have a low threshold for reporting personal data security breaches, and in 2022 we sent 111 deviation reports to the Norwegian Data Protection Authority. Datatilsynet did not issue any orders or impose non-compliance fees on DNB in 2022.
- We launched a new and revised privacy notice for customers in 2022.
- During the year, we also strengthened our internal control procedures relating to data protection, including the ones associated with data management and information security.
- We also established new methods for risk assessment that are used to gain a better overview of data protection risk and measures.
- DNB received a total of 996 requests for transfers of personal data in 2022. We also received 258 requests for the transfer of personal data in a machine-readable format (data portability) and 464 requests for the deletion of personal data.
- Training courses in basic data protection requirements are mandatory for all employees. As many as 98 per cent of DNB's permanent employees have taken the four courses that make up the basic, mandatory data protection training.

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
GRI 418-1: Non-compliance reports to the Data Protection Authority (personal data security breaches)	n/a	76	111		
GRI 418-1: Administrative fines imposed by the Data Protection Authority for GDPR violations	0	0	0		
GRI 418-1: Orders received from the Data Protection Authority due to GDPR violations	0	0	0		

Responsible area in the bank

All business areas and staff and support units are responsible for their own processing of personal data. Within the DNB Group, subsidiaries of DNB Bank ASA that process personal data for their own purposes are considered data controllers. Group Compliance and DNB's Data Protection Officer are responsible for advising, controlling and reporting on compliance with the data protection rules and legislation.

Governing documents

Corporate governance in DNB, DNB's Code of Conduct, Group policy for compliance, Group instructions for compliance, Group instructions for personal data protection, DNB's global framework for personal data protection, DNB's framework for the Data Protection Officer function and Group instructions on the processing of employees' personal data.

Link to the UN Sustainable Development Goals

Responsible customer advisory services and marketing

What does it mean/why is it important?

Customer needs must always be the starting point for the products and services we provide, and our customers must have trust in us. This is one of the main pillars of DNB's Group strategy. Our ethical principles describe how we should act, and our Group policy for sustainability guides product development. We must safeguard our customers' interests in connection with sales and advisory services through open, clear and honest communication. In addition, we must safeguard our customers' information properly and securely. To ensure that we always have the best financial advisers, we offer systematic competence building.

Status 2022

- → In 2022, customer satisfaction among our personal customers was stable, and at the end of the year, the satisfaction score was 71.1 points. This was a slight decline, compared with 2021. 57 per cent of customers reported that they were 'very satisfied' with DNB, while 16 per cent reported that they were 'somewhat dissatisfied'.
- → During the year, the Norwegian Financial Services Complaints Board (FinKN) registered a total of 353 cases involving DNB. Among these, only 34 cases were considered by the board, and 26 went in our favour and 7 in the customer's favour. One case was rejected.
- → In 2022, we organised 24 #huninvesterer (#girlsinvest) events throughout the country.
- → We have developed measures such as advisory services, deferral of payment and individual payment schemes to help our customers during a period of increased financial vulnerability.
- → We did not receive any reactions or fines from the supervisory authorities relating to marketing activities targeted at personal customers.

Responsible lending to personal customers

- → We introduced the concept *Din Økonomiske rådgiver* (your financial adviser), with a view to offering a broader range of financial advisory services to our customers.
- → We gave our customers better tools for managing their everyday finances through *Ditt økonomiske DNA* (your financial DNA) and various consumption calculators. We also improved the *Min økonomi* (my finances) function in the mobile banking app.
- → Throughout 2022, we focused on increasing knowledge and competence on personal finances among the Norwegian population. We established the concept *Din Samtale* (your conversation), which involves a team of advisers with additional expertise helping customers who find themselves in a challenging financial situation for various reasons.

Responsible area in the bank

Personal Banking

Governing documents

Corporate governance in DNB, Group policy for financial management, Group policy for compliance, Group policy for sustainability

Link to the UN Sustainable Development Goals

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
DNB 9.1: Customer satisfaction score	73.6	72.7	71.1		DNB's customer satisfaction survey. Scale from 0 to 100.
GRI 417-2: Cases involving DNB reviewed by FinKN	12	47	34		
GRI 417-3: Comments or fines from supervisory authorities relating to marketing	0	3	0		

Innovative and user-friendly products and services

What does it mean/why is it important?

Digitalisation is accelerating and new requirements are constantly arising in connection with the green shift. Value chains are being broken up and customers are shopping from more providers and using more channels than before. Customers are comparing experiences and building expectations across industries to a greater extent, and they are constantly finding new ways to meet their needs. New players are coming onto the market, offering services and solutions that simplify customer journeys, increase sales and lead to product innovation. This makes it especially important to maintain competitiveness. As Norway's largest bank, we also have to take responsibility and ensure that our products and services do not contribute to financial exclusion, and we must ensure that all people have access to basic banking services.

Status 2022

- → Our website dnb.no has a universal design and our digital system for booking meetings has been successful, with over 55 000 meetings with personal customers scheduled in 2022.
- → In Cicero Consulting's SME market report for the autumn of 2022, DNB was the only bank to achieve a top score for its open web pages in terms of guidance, advice and tools associated with starting, expanding and operating a business.
- → Reputation surveys show that, when it comes to the values 'innovative' and 'modern bank', DNB remained at an average level throughout 2022. Through the quarters, DNB scored 63, 62, 60 and 60 points, respectively.
- → In 2022, we entered into collaborations with all five of the companies that participated in the 2021 DNB NXT Accelerator. DNB Ventures has invested in Celsia, and the bank is currently running a pilot project on corporate sustainability together with this startup. We had a pilot project with Vilda relating to green home mortgages in the personal customer market.
- → There was a 65 per cent increase in the number of companies that began using the corporate app DNB Bedrift (formerly Puls) in 2022. The number rose from 38 800 companies at the end of 2021 to 64 194 at the end of 2022.
- → In 2022, DNB was the driving force behind the new industry programme StartupLab Fintech. The goal is to create more strong technology companies with potential for growth and global ambitions in the financial sector.
- → Together with Digital Norway, we created a sustainability course for small and medium-sized enterprises that was launched in June 2022.

Responsible area in the bank

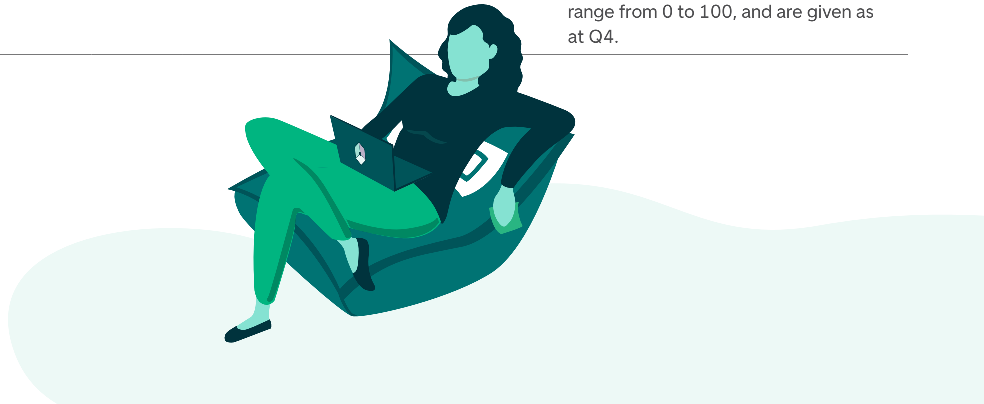
Products & Innovation

Governing documents

Corporate governance in DNB

Link to the UN Sustainable Development Goals

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
DNB 6.1: Score in Traction (formerly Reptrak) for innovative business model in DNB	n.a.	64	60		The historical figures have changed, due to use of the new tool. Scores in Traction range from 0 to 100, and are given as at Q4.
DNB 6.2: Score in Traction (formerly RepTrak) relating to products and services	n.a.	62	59		The historical figures have changed, due to use of the new tool. Scores in Traction range from 0 to 100, and are given as at Q4.



Responsible purchasing

What does it mean/why is it important?

DNB buys goods and services for substantial sums each year. It is important that we choose suppliers that operate in accordance with our expectations and requirements, including when it comes to human rights, the environment and ethics, and that can contribute to responsible and more sustainable solutions for DNB. Good suppliers make DNB better, and it is our goal to be a customer that also contributes to their improvement.

We assess the risk, including sustainability risk associated with sub-suppliers, in our Third Party Risk Management (TPRM) tool. In addition, we are still using EcoVadis and on-site audits for prioritising and following up our main suppliers.

Status 2022

- We improved internal processes and parts of the sustainability management system in the supply chain as a result of the Norwegian Transparency Act that entered into force on 1 July 2022.
- In 2022, we updated DNB's ethical guidelines for business partners.
- Any party that signs a contract with DNB is subject to a risk assessment in TPRM before signing the contract, and then at regular intervals during the contract period. In 2022, we further enhanced the mapping of risk associated with sustainability in the TPRM system. We included more sustainability-related questions, updated the industry risk list and introduced measures to obtain more information about other links in the supply chain when this is considered material.
- Out of 346 supplier assessments (new assessments or reviews of existing assessments) that were completed in 2022, 8 per cent were considered to entail higher inherent risk and had to undergo a more thorough assessment before a final decision was made.
- DNB's ethical guidelines for business partners are generally included as an appendix to supplier contracts. 84 per cent of current suppliers that are registered in DNB's contract database have made a commitment to comply with these guidelines.
- For suppliers that are deemed to entail a higher risk and for our more strategic suppliers, we use the EcoVadis platform to monitor and assess the suppliers' sustainability work. At the end of 2022, suppliers that together account for 63 per cent of DNB's relevant supplier costs had an average score of 62/100, which is better than the average of 45 on the platform in general.
- In 2022, DNB, at Group level, carried out two on-site inspections of suppliers. After an audit has been completed, we engage in dialogue with the suppliers, to make sure that any deviations and suggested improvements are handled in a satisfactory manner.

Responsible area in the bank

Group Finance

Governing documents

DNB's ethical guidelines for business partners, DNB's anti-corruption guide, Group policy for sustainability, Group policy for procurement and outsourcing, Group instructions for procurement and sourcing processes

Link to the UN Sustainable Development Goals

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
DNB 5: Proportion of DNB's procurement costs relating to active suppliers that have undergone a sustainability analysis carried out by EcoVadis in 2022 and that had a valid score at the end of the year	57%	61%	63%		DNB defines a valid score as a score based on an analysis performed during the past year, or for a score >=45, in the past two years.The proportion of the costs covers procurement costs in Norway, and does not include costs relating to government agencies, sponsorship activities etc.
DNB 14: Proportion of completed supplier assessments that required more thorough review before making a decision to enter into a contract	N/A	9%	8%		New suppliers and existing suppliers that are up for review are subject to a supplier assessment.

Responsible tax practices and our tax contribution

What does it mean/why is it important?

A company's tax contribution is an important part of its corporate responsibility, and DNB contributes considerable amounts of tax every year. In line with our overarching goals and values, we have responsible tax practices that ensure and balance the Group's interests against the needs of customers, shareholders, employees, and society in general. Our responsible approach to tax involves having low tax risk and being transparent. We will also follow tax rules and international conventions in every country in which we operate, and try to act in accordance with the purpose of the rules. We will not facilitate or otherwise contribute to tax evasion or aggressive tax planning for customers that will have a negative effect on society.

Status 2022

- In 2022, DNB's total tax contribution was NOK 12 737 million. The tax included corporate income tax, employer's national insurance contributions, net costs for value-added tax, financial activities tax, and withholding tax.
- A new global tax strategy was adopted in 2021, and in 2022, we carried out digital courses relating to the strategy to ensure that it has been understood and has the necessary support within the organisation.
- In 2022, we launched our tax control framework (TCF), which is intended to contribute to DNB meeting the expectation of handling tax matters efficiently.
- Tax risk is governed within the Group's risk management framework, and in the same way as other types of risk the Group is exposed to.
- All of the products we offer undergo a comprehensive approval procedure to ensure that they do not contribute to tax risk, among other things.
- We are open, honest and transparent towards the tax authorities in all of the countries in which we operate, and we have regular meetings with the Norwegian tax authorities.
- Tax is one of the areas in which we return considerable value to society, and the country-by-country report shows tax paid in the countries in which the Group has operations (see the overview in DNB's Tax Contribution 2022 on dnb.no/sustainability-reports).

Responsible area in the bank

Group Finance

Governing documents

Tax strategy, DNB's Code of Conduct, Group instructions for tax

Link to the UN Sustainable Development Goals

Measurement parameter	2020	2021	2022	Target (if relevant)	Comments
GRI 207-1: Approach to tax					For information, see pages 143–145 of the annual report, in addition to our tax strategy and report on our tax contribution on dnb.no/sustainability-reports.
GRI 207-2: Corporate governance, control and risk management relating to tax					For information, see pages 143–145 of the annual report, in addition to our tax strategy and report on our tax contribution on dnb.no/sustainability-reports.
GRI 207-3: Stakeholder dialogue and handling tax-related issues					For information, see pages 143–145 of the annual report, in addition to our tax strategy and report on our tax contribution on dnb.no/sustainability-reports.

DNB

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

Visiting address:
Dronning Eufemias gate 30
Bjørvika, Oslo

dnb.no