



## DNB Bank ASA

### Listing of the Shares of DNB Bank ASA on Oslo Børs

The information contained in this exempted document (the "**Exempted Document**") relates to the contemplated merger (the "**Merger**") of DNB ASA and DNB Bank ASA (the "**Bank**" and, together with its consolidated subsidiaries following the completion of the Merger, the "**DNB Group**"), with the Bank as acquiring company and DNB ASA as transferring company, and the listing (the "**Listing**") of the shares in the Bank (the "**Shares**") upon the completion of the Merger on Oslo Børs, a regulated market operated by Oslo Børs ASA ("**Oslo Børs**").

The Merger is expected to be completed on or about 1 July 2021. On 10 June 2021, the Bank applied for the Shares to be admitted to listing and trading on Oslo Børs. The first day of listing and trading in the Shares on Oslo Børs is expected to be on or about 2 July 2021. The Shares will be listed on Oslo Børs under the ticker code "DNB".

The Shares are registered in the Norwegian Central Securities Depository (the "**Norwegian CSD**" or "**VPS**") in book-entry form. All Shares rank in parity with one another and carry one vote. Except where the context otherwise requires, references in this Exempted Document to the Shares refer to all issued and outstanding ordinary shares of the Bank.

This Exempted Document serves as a prospectus equivalent document for the purpose of the listing of the Shares on Oslo Børs, cf. the Norwegian Securities Trading Act section 7-1 cf. the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**") Article 1 no. 5 point (f). This Exempted Document is not a prospectus within the meaning of the Prospectus Regulation, and therefore it has not been subject to scrutiny and approval by the relevant competent authority as set out in Article 20 of the Prospectus Regulation.

**Investing in the Shares involves a high degree of risk. Prospective investors should read the entire Exempted Document and, in particular, consider Section 1 "Risk Factors" before investing in the Shares and the Bank.**

**This Exempted Document does not constitute an offer or an invitation to buy, subscribe or sell the securities described herein, and no securities are being offered or sold pursuant to this Exempted Document.**

**The date of this Exempted Document is 25 June 2021**

## IMPORTANT INFORMATION

This Exempted Document has been prepared solely for use in connection with the Listing of the Shares on Oslo Børs. Please see Section 10 "Definitions and Glossary" for definitions of terms used throughout this Exempted Document. This Exempted Document does not constitute a prospectus within the meaning of the Prospectus Regulation and has not been subject to the scrutiny and approval by the Norwegian Financial Supervisory Authority (Nw. Finanstilsynet) (the "**Norwegian FSA**") in accordance with Article 20 of the Prospectus Regulation. This Exempted Document does not constitute an offer or solicitation to buy, subscribe or sell the securities described herein, and no securities are being offered or sold pursuant to this Exempted Document. The content of this Exempted Document has been prepared on the basis of the Commission Delegated Regulation (EU) 2021/528 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council (the Prospectus Regulation) as regards the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or a division.

This Exempted Document does not constitute an offer of, or an invitation to purchase, any of the Shares described herein and no Shares are being offered or sold pursuant to this Exempted Document in any jurisdiction.

No person is authorised to give information or to make any representation concerning the DNB Group or in connection with the Listing other than as contained in this Exempted Document. If any such information is given or made, it must not be relied upon as having been authorised by the Bank or by any of the affiliates, representatives, advisers or selling agents of any of the foregoing.

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. Neither the publication nor distribution of this Exempted Document shall under any circumstances imply that there has been no change in the DNB Group's affairs or that the information herein is correct as of any date subsequent to the date of this Exempted Document.

The distribution of this Exempted Document may in certain jurisdictions be restricted by law. Persons in possession of this Exempted Document are required to inform themselves about and to observe any such restrictions. No action has been taken or will be taken in any jurisdiction by the Bank that would permit the possession or distribution of this Exempted Document, in any country or jurisdiction where specific action for that purpose is required.

This Exempted Document is not for publication or distribution, directly or indirectly, in the United States. The Bank has not registered any of the Shares issued by the Bank under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and the Shares may not be offered or sold, directly or indirectly, in the United States absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Any reproduction or distribution of this Exempted Document, in whole or in part, and any disclosure of its content is prohibited.

This Exempted Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Listing or this Exempted Document.

Investing in the Shares involves a high degree of risk. See Section 1 "Risk Factors".

In making an investment decision, prospective investors must rely on their own examination, and analysis of, and enquiry into the DNB Group, including the merits and risks involved. Neither the Bank nor any of their respective affiliates, representatives, advisers or selling agents, are making any representation to any purchaser of the Shares regarding the legality or suitability of an investment in the Shares by such purchaser under the laws applicable to such purchaser. Each investor should consult with his or her own advisers as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

All Sections of the Exempted Document should be read in context with the information included in Section 3 "General Information".

## INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

## ENFORCEMENT OF CIVIL LIABILITIES

The Bank is a public limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Bank's Shares will be governed by Norwegian law and the Bank's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

The members of the Bank's board of directors ("**Board of Directors**") and the members of the senior management of the DNB Group (the "**Management**") are not residents of the United States, and the majority of the Bank's assets are located outside the United States. As a result, it may be difficult for investors in the United States to effect service of process on the Bank or its board members and members of Management in the United States or to enforce in the United States judgments obtained in U.S. courts against the Bank or those persons, including judgments based on the civil liability provisions of the securities laws of the United States or any State or territory within the United States. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Bank or its board members or members of the Management under the securities laws of those jurisdictions or entertain actions in Norway against the Bank or its board members or members of the Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway. The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters.

Similar restrictions may apply in other jurisdictions.

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## 1. RISK FACTORS

*An investment in the Bank and the Shares involves inherent risk. Before making an investment decision with respect to the Shares, investors should carefully consider the risk factors set out in this Section 1 and all information contained in this Exempted Document. The risks and uncertainties described in this Section 1 are the known principal risks and uncertainties faced by the Bank as of the date hereof that the Bank believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment.*

*The risk factors included in this Section 1 are not exhaustive with respect to all risks relating to the DNB Group and the Shares, but are limited to risk factors that are considered specific and material to the DNB Group and the Shares. The risk factors are presented in a limited number of categories, where each risk factor is placed in the most appropriate category based on the nature of the risk it represents. Within each category, the risk factors deemed most material for the DNB Group, taking into account their potential negative effect for the Bank and its subsidiary and the probability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence.*

*If any of the following risks were to materialize, individually or together with other circumstances, they could have a material and adverse effect on the DNB Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in the loss of all or part of an investment in the same. Additional specific risk factors of which the Bank is currently unaware, or which it currently deems not to be material risks, may also have corresponding negative effects. Before making any investment decision, any potential investor must also take into account that a number of general risk factors that are not included in this Section 1 still applies to the DNB Group and the Shares.*

### 1.1 Risk factors related to the industry and markets in which the DNB Group operates

***The consequences of the outbreak of COVID-19 (and possibly other contagious diseases) have had, and may continue to have, an adverse impact on the DNB Group***

The outbreak of a novel strain of coronavirus, COVID-19, has already had a significant adverse impact on global macroeconomic conditions and financial markets and the economic environments in which the DNB Group operates, including in Norway. The number of reported cases of COVID-19 worldwide, as well as the number of reported deaths as a consequence of COVID-19 worldwide, significantly exceed those observed during the severe acute respiratory syndrome (SARS) epidemic that occurred from November 2002 to July 2003. According to the World Health Organization (WHO), during November 2002 through July 2003, a total of 8,098 people worldwide became sick with SARS that was accompanied by either pneumonia or respiratory distress syndrome (probable cases). Of these, 774 died. As of 22 June 2021, over 178 million people worldwide had contracted COVID-19, with over 3.8 million reported deaths.<sup>1</sup> In March 2020, the WHO characterised the outbreak of COVID-19 as a pandemic. As of the date of this Exempted Document, the COVID-19 pandemic has resulted in significant volatility in financial and commodities markets. Global GDP contracted for 2020, and it is possible that global GDP may contract in 2021, in response to the economic slowdown caused by the spread of COVID-19.

At present, it is difficult to ascertain how long the outbreak of COVID-19 may last or how severe it may become, and consequently the full impact that COVID-19 may have on the global economy, the Norwegian economy and/or the DNB Group's business, results of operations and/or its prospects. If the outbreak of COVID-19 and the measures intended to contain the outbreak continue or are reinstated for a prolonged period, global macroeconomic conditions would worsen, and the global economy may experience a further significant slowdown in its growth rate or a further contraction in global GDP. Due to the negative impact of the COVID-19 outbreak on the Norwegian economy, Norges Bank reduced

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<sup>1</sup> Source: WHO, Coronavirus disease (COVID-19) Dashboard, 22 June 2021

the key policy rate from 1.50 per cent in March 2020 to zero in May 2020, and the key policy rate has remained at zero since then. On 18 March 2021, Norges Bank announced that the key policy rate was expected to start increasing from the second half of 2021. There can be no assurances that Norges Bank will increase the key policy rate as expected.

Lastly, the COVID-19 pandemic and corresponding impacts have had and are likely to continue to have an effect on various businesses, for example transportation, hospitality and restaurants. A prolonged outbreak is likely to negatively affect both the world economy and the Norwegian economy, which will have an adverse effect on the DNB Group. In its World Economic Outlook Update, the International Monetary Fund (“IMF”) notes that although the global economy is projected to grow by 6 per cent in 2021, due largely to progress with vaccination programs and additional government support in certain large economies, future developments will depend on the path of the pandemic and the global response, including whether new variants of COVID-19 prove resistant to vaccines; governmental actions to mitigate economic damage; as well as the capacity of the global economy to adapt.<sup>2</sup> Furthermore, as customers in certain segments, such as personal customers, have shown initial signs of recovery from the adverse effects of the COVID-19 pandemic, other segments, such as oil, gas and offshore, continue to experience adverse effects, which may in turn continue to adversely affect the DNB Group’s results of operations even as other segments recover.

Volatility in global financial and commodities markets may also remain elevated as a result of the COVID-19 pandemic. This volatility, if it continues, could have a material adverse effect on the DNB Group’s customers and on the DNB Group’s business, financial condition and results of operations. Given the ongoing and dynamic nature of the consequences of the COVID-19 pandemic and the government measures implemented to counter or limit the adverse impact of the outbreak, it is not possible at this time accurately to assess the ultimate impact of the outbreak for the world economy, the Norwegian economy and/or the DNB Group. High levels of volatility have in the past had adverse effects on consumer confidence and consumption levels, both in industrial and retail segments in the countries in which the DNB Group operates, and continuing volatility may have further adverse effects on such measures as the COVID-19 pandemic develops, in particular if further waves of infection occur.

Measures implemented by governmental authorities in numerous jurisdictions, including Norway, to contain the outbreak of COVID-19, such as school and university closings, business closings, travel and commuting restrictions, border closings and controls and quarantines, bans on public gatherings, social distancing and other measures to discourage or prohibit the movement and gathering of people, have had in 2020 and 2021, and are expected to continue to have, a material and adverse impact on the level of economic activity in Norway and in the other countries in which the DNB Group operates. The restrictions are implemented by the governments of individual jurisdictions (including through the adoption of emergency powers) and impacts (including the timing of implementation, any subsequent lifting of restrictions and tightening of restrictions) may vary from jurisdiction to jurisdiction. The outbreak and the restrictions implemented to contain the outbreak have impacted (notably in the second quarter of 2020) and will continue to impact the DNB Group’s operations in a number of ways, such as: (i) volatility in the financial markets in which it operates, (ii) volatility in oil and gas prices, (iii) affecting the operations of the DNB Group’s counterparties, who may as a result default on their obligations due to the DNB Group (such as repayments) and (iv) affect the DNB Group’s ability to conduct its business. As a result of the foregoing factors, the outbreak of COVID-19, further mutations of the COVID-19 virus and/or outbreaks of any other contagious diseases may have a material adverse effect on the DNB Group’s business, loan portfolio, financial condition (including capital and liquidity), results of operations and prospects.

Continuing or increased turbulence in credit or other markets could have a material adverse effect on the DNB Group’s ability to access capital and liquidity on financial terms acceptable to it.

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<sup>2</sup> Source: The World Economic Outlook, Managing Divergent Recoveries, April 2021, The IMF, 23 March 2021

***Negative economic developments and conditions in Norway and the markets in which the DNB Group operates may adversely affect the DNB Group's business and results of operations and are likely to continue to do so if those conditions persist or recur***

The DNB Group's business activities are dependent on the level of banking and financial services required by its customers. In particular, borrowing levels are heavily dependent on customer confidence, employment trends, the state of the economy, and market interest rates. The DNB Group's performance is significantly influenced by general economic conditions in Norway and, to a lesser extent, the other countries in which it operates, as well as general global economic conditions as they may affect particular sectors of the economy that are important to the DNB Group's business, such as the offshore oil and gas sector, shipping and real estate. As the DNB Group currently conducts the majority of its business in Norway, its performance is significantly influenced by the level and cyclical nature of business activity in Norway, which is in turn affected by both domestic and international economic factors (for example, fluctuations in the price of oil and gas), the COVID-19 pandemic (as discussed under "The consequences of the outbreak of COVID-19 (and possibly other contagious diseases) have had, and may continue to have, an adverse impact on the DNB Group" above), and political events, including trade policy disagreements, for example, between the United States and China, which have a negative impact on the global financial markets.

Mainland GDP in Norway declined by an estimated 3.1 per cent in 2020.<sup>3</sup> Estimated GDP for 2021 and the coming years is uncertain, particularly due to the outbreak of COVID-19 and the volatility in oil prices. Recent estimates from Norges Bank suggest a growth of 3.8 per cent in 2021, growth of 4.1 per cent in 2022 and growth of 1.0 per cent in 2023.<sup>4</sup>

Oil and gas industry

In particular, the state of the Norwegian economy depends on the performance of the oil and gas industry. The outbreak of COVID-19 and the consequent significant decrease in demand for oil, coupled with the decision of the Organization of the Petroleum Exporting Countries ("OPEC") to remove all limits on oil production in March 2020, caused a sharp drop in oil prices in the first half of 2020. Although crude oil prices increased towards the end of 2020, including as a reaction to subsequent OPEC decisions to limit oil production, there can be no assurance that prices will not decrease further or remain volatile, particularly due to uncertainty surrounding production output levels and due to lower demand. As a result, the level of oil investments is highly uncertain, thereby directly impacting the operations and profitability of the DNB Group's clients in the oil, gas and offshore industry. Recent estimates from Norges Bank suggest that in 2020, investments in oil and gas reduced by 4.1 per cent.<sup>5</sup> Norges Bank has also estimated that there will be a 1.0 per cent reduction in investments in oil and gas in 2021, a 6.0 per cent reduction in 2022 and a 10.0 per cent increase in 2023.<sup>6</sup> Further significant reductions or volatility in oil prices could have a significant impact on oil investments in 2021 and beyond. Continued low oil prices, high volatility in oil price and reduced oil-related investments would likely have a material adverse effect on the Norwegian economy and the DNB Group's customers.

Housing sector

Stimulated by substantial cuts in interest rates, housing prices in Norway started to increase in early 2009 and reached a peak in April 2017 (February 2017 in Oslo). After the peak in the first half of 2017, house prices decreased (particularly in Oslo) but started increasing again from 2018 up until February 2020. Due to the outbreak of COVID-19 and lower levels of activity as a result of efforts to contain the outbreak, house prices dropped by 1.4 per cent from February 2020 to March 2020. Since March 2020, housing prices again increased to an all-time high in May 2021, with a 11.3 per cent increase for the twelve-month period ending 31 May 2021<sup>7</sup>. For Oslo, house prices have increased 12.4 per cent. for the twelve-month period ending 31 May 2021, however since an all-time high in February 2021, house

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<sup>3</sup> Source: Norges Bank, 17 June 2021

<sup>4</sup> Source: Norges Bank, 17 June 2021

<sup>5</sup> Source: Norges Bank, 17 June 2021

<sup>6</sup> Source: Norges Bank, 17 June 2021

<sup>7</sup> Source: Housing prices statistics, Real Estate Norway, June 2021



prices in Oslo have decreased by 2.4 per cent. However, the long-term effects of the outbreak of COVID-19 and its impact on the Norwegian economy combined with slow growth in household incomes suggest a high degree of uncertainty regarding further developments in house prices and a further drop in house-prices may occur, especially if the key policy rate increases. Stricter regulation of home mortgages may also continue to dampen house-price growth. Historically low interest rates have resulted in a further build-up of household debt, increasing the risk of a bubble in the housing market. Any further correction in house prices, if accompanied by weakened economic conditions and/or higher unemployment, could have a material adverse effect on the Norwegian economy and on the DNB Group's financial condition.

Household debt ratios in Norway are high, both historically and compared with other countries. Such high household debt levels increase the risk that households will reduce consumption in response to a substantial decrease in housing prices or a pronounced increase in interest rates. An abrupt decrease in household consumption could lead to reduced corporate earnings and debt-servicing capacity, which could result in higher losses on the DNB Group's corporate loans.

#### Unemployment

The unemployment rate in Norway has been at a historically low level in a European context. Unemployment reached a peak of 5.0 per cent in 2016, reflecting the decline in activity in the petroleum sector and weaker growth in the Norwegian economy. The unemployment rate decreased to a low of 3.8 per cent in the first quarter of 2020<sup>8</sup>, however due to the outbreak of COVID-19, the unemployment rate increased significantly in the second quarter of 2020, but has since decreased. As at 31 December 2020, the unemployment rate was 4.8 per cent.<sup>9</sup> The unemployment rate is expected to be 4.6 per cent as at 31 December 2021, 4.2 per cent as at 31 December 2022 and 3.9 per cent as at 31 December 2023.<sup>10</sup> Although it is not possible to accurately predict the unemployment rate in future periods, a persistent lower oil price together with any prolonged or repeated outbreaks of COVID-19 would likely have a material adverse effect on the unemployment rate in Norway.

Any or all of the conditions described above could have a material adverse effect on the DNB Group's business, financial condition and results of operations, and measures implemented by the DNB Group might not be adequate to reduce any credit, market and liquidity risks.

#### ***The DNB Group's customers are affected by developments in trading partner nations.***

Although Norway is not a member of the European Union (the "EU"), economic developments within the EU significantly affect Norway and the DNB Group as the EU is one of Norway's principal trading partners and Norway is a member of the broader European Economic Area (the "EEA"). Economic conditions in the EU have been materially adversely affected by the COVID-19 pandemic during 2020. In addition, economic conditions in the EU are further subject to the risks of slowdown and volatility as a result of the United Kingdom's exit from EU ("Brexit"), and uncertainty as to whether and to what extent this exit may also negatively impact the European markets. A free trade agreement between Norway and the United Kingdom was entered into 4 June 2021, but did not offer the same access to the UK market as the EEA agreement did when the United Kingdom was a part of the EU.

Adverse economic developments have affected the DNB Group's business in a number of ways, and such developments may continue to affect, among other things, the income, wealth, liquidity, businesses and/or financial condition of the DNB Group's customers, which, in turn, could reduce the credit quality of the DNB Group's loan (including mortgage loan) portfolio and demand for the DNB Group's financial product and services.

#### ***The DNB Group's business is sensitive to volatility in interest rates and to changes in the competitive environment affecting spreads on its lending and deposits***

Changes in interest rate levels, yield curves and spreads affect the DNB Group's lending and deposit spreads. The DNB Group is exposed to changes in the spread between the interest rates payable by it

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<sup>8</sup> Source: Labour Force Survey (Statistics Norway and Norges Bank)

<sup>9</sup> Source: Labour Force Survey (Statistics Norway, 28 January 2021)

<sup>10</sup> Source: Statistics Norway, 4 June 2021

on deposits or its wholesale funding costs, and the interest rates that it charges on loans to customers and other banks. Although both the interest rates payable by DNB on deposits, as well as the interest rates that it is able to charge on loans to customers and credit institutions, are in each case mainly floating rates or swapped into floating rates, there is a risk that the DNB Group will not be able to re-price its floating rate assets and liabilities at the same time, giving rise to re-pricing gaps in the short or medium term. There may be further limitations to the DNB Group's ability to re-price its floating rate assets upon the implementation of the revised Norwegian Financial Contracts Act, see below under "*The financial services industry is subject to intensive regulation, including capital adequacy regulation, and the regulatory framework is subject to change*". As applicable interest rates on deposits are close to zero, it may not be possible in the future to offset in full or in part a decrease in interest rates on loans to customers by a corresponding decrease in interest rates on deposits. The DNB Group is also subject to intense competition for customer deposits and the current low interest rate environment puts pressure on the DNB Group's deposit spreads. The DNB Group may not be able to lower its funding costs, whether relating to deposits or wholesale funding, in line with decreases in interest rates on its interest-bearing assets.

Interest rates are sensitive to several factors that are out of the DNB Group's control, including fiscal and monetary policies of governments and central banks, as well as domestic and international political conditions. These conditions are subject to significant volatility and uncertainty as a result of the continued impact of the COVID-19 pandemic and governmental measures implemented to mitigate its adverse economic and monetary effects, both at national levels and with respect to regional or multilateral coordination.

An increase in interest rates could reduce the demand for credit, as well as contribute to an increase in defaults by the DNB Group's customers. Conversely, a reduction in the level of interest rates may adversely affect the DNB Group through, among other things, a decrease in demand for deposits and an increase in competition in deposit-taking and lending to customers. As a result of these factors, significant changes or volatility in the interest rates could have a material adverse impact on the business, financial condition or results of operations of the DNB Group.

Although the DNB Group regularly measures and monitors these and other market risks, it is difficult to predict changes in economic or market conditions and to anticipate the effects that such changes could have on the DNB Group's financial performance and results of operations. While the DNB Group undertakes hedging operations in order to reduce its exposure to interest rate risk, it does not hedge all its risk exposure and there can be no assurance that its hedging strategies will be successful. If the DNB Group is unable to adjust the interest rate payable on deposits in line with the changes in market interest rates receivable by it on loans, or if the DNB Group's monitoring procedures are unable to manage adequately the interest rate risk, its interest income could rise less or decline more than its interest expense, in which case the DNB Group's results of operations and financial condition or prospects could be negatively affected.

***The DNB Group is exposed to foreign exchange rate risk and the risk of devaluation or depreciation of any of the currencies in which it operates***

Changes in exchange rates, particularly in the NOK-USD and NOK-EUR exchange rates, affect the value of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange lending and trading. As a consequence of the COVID-19 pandemic and the significant decrease in oil prices in the first half of 2020, the NOK weakened significantly against the USD, EUR and other currencies. In the first quarter of 2021, the positive impact of exchange rates on additional Tier 1 Capital totalled NOK 29 million, compared with positive effects of exchange rates on additional Tier 1 Capital totalling NOK 4,097 million for the first quarter of 2020. The DNB Group's reporting currency is the Norwegian kroner. However, a substantial portion of its assets and liabilities are denominated in currencies other than the Norwegian kroner, giving rise to translation risk. Balance sheet items, including monetary assets and liabilities, of foreign branches and subsidiaries in currencies other than the NOK are translated into Norwegian kroner according to exchange rates prevailing on the balance sheet date, while profit and loss items are translated according to exchange rates on the transaction date. Changes in net assets resulting from exchange rate movements are recognised in the income statement. A devaluation or depreciation of any such other currency in which the DNB Group operates or in which it has credit exposures may result in significant losses for the DNB Group. In addition, a depreciation of the NOK against other currencies in which loans are made to customers

would result in an increase in the DNB Group's loan portfolio, which would result in an increase in risk-weighted assets ("RWAs") and have a negative impact on capital ratios. In order to mitigate this translation risk, the DNB Group seeks to hedge foreign exchange risk by seeking to match the currency of its assets with the currency of the liabilities that fund them. However, there can be no assurance that these hedging activities will be effective in part or in full, and hedge counterparties are subject to credit risk.

***The DNB Group is exposed to market risk***

Market risk includes both risk which arises through ordinary trading activities and risk which arises as part of banking activities and other business operations. Trading activities in the Bank mainly include market making, facilitation of corporate financing and proprietary trading. Market risk in banking activities can be broadly divided into risk related to the management of equity investments and risks stemming from the DNB Group's Treasury function, which arises from funding activities, liquidity management, as well as asset and liability management.

The most significant market risk factors are interest rate risk, credit spread risk arising in the bond portfolios and basis swap spread risk from the hedging of currency risk in connection with funding in foreign currencies. The fair value of financial instruments held by the DNB Group, including bonds (government, corporate and mortgage), equities, cash in various currencies, investments in private equity, hedge and credit funds, commodities and derivatives (including credit derivatives), is sensitive to volatility of and correlations between various market variables, including interest rates, credit spreads, equity prices and foreign exchange rates. To the extent that volatile market conditions occur, the fair value of the DNB Group's bond, derivative and structured credit portfolios, as well as other classes of assets, could decrease, and therefore cause the DNB Group to record mark-to-market losses. Future valuations of the assets for which the DNB Group has already recorded or estimated mark-to-market losses, which will reflect the then-prevailing market conditions, may result in significant changes in the fair values of these assets. Further, certain financial instruments are recorded at fair value, which is determined by using financial models incorporating assumptions, judgments and estimations that are inherently uncertain and which may change over time or may ultimately be inaccurate. Any of these factors could require the DNB Group to recognise further mark-to-market losses, which could have a material adverse effect on the DNB Group's business, financial condition and results of operations. In addition, because the DNB Group's trading and investment income depends to a great extent on the performance of financial markets, volatile market conditions could result in a significant decline in the DNB Group's trading and investment income, or result in a trading loss, which in turn could have a material adverse effect on the DNB Group's business, financial condition and results of operations.

Moreover, due to continued illiquid markets for certain asset classes, the fair value of certain of the DNB Group's exposures could prove difficult to estimate. Valuations in future periods, reflecting then-prevailing market conditions, may result in significant changes in the fair values of the DNB Group's exposure, even in respect of exposures such as credit market exposures, for which the DNB Group has previously recorded valuation losses. In addition, the values of financial instruments are subject to uncertainty as they are based on estimates, assumptions and available information. As a result, estimates of fair value may differ materially both from estimates made by other financial institutions and from the values that would have been used if a market for these assets had been readily available. Thus, the value ultimately realised by the DNB Group may be materially different from the current or estimated fair value. Any such difference could have a material adverse effect on the financial condition and/or liquidity of the DNB Group.

The DNB Group uses fair value hedging to manage interest rate risk on long-term borrowings. In dislocated markets, hedging and other risk management strategies have proven not to be as effective as they are under normal market conditions due in part to the decreasing credit quality of hedge counterparties, including credit derivative product companies. Any deterioration in financial market conditions could lead to impairment charges and further mark-downs, and an illiquid market for financial instruments could cause spreads to widen, adversely affecting the pricing of financial instruments.

In addition, the DNB Group's operations outside the Nordic markets (e.g. India and China) present various emerging market risks that do not apply, or apply to a lesser degree, to its businesses in the Nordic markets. In particular, the DNB Group faces increased economic and political risk, including economic volatility, recession, inflationary pressure, exchange rate fluctuation risk and interruption of

business, as well as increased risk of civil unrest, moratorium, imposition of exchange controls, sanctions relating to specific countries, expropriation, nationalisation, renegotiation or nullification of existing contracts, sovereign default and changes in law or tax policy. Any of the foregoing changes in economic or market conditions could materially adversely affect the DNB Group's business, results of operations, financial condition or prospects.

***The DNB Group's business is significantly affected by credit risk.***

The DNB Group is subject to credit risk, or the risk that the DNB Group's borrowers and other counterparties are unable to fulfil their payment obligations. Adverse changes in the credit quality of the DNB Group's borrowers or counterparties or a general deterioration in Norwegian, U.S., European or global economic conditions, or adverse changes arising from systemic risk in the global financial system, could affect the recoverability and value of the DNB Group's assets and require an increase in the DNB Group's impairments. Any significant increase in the DNB Group's credit risk may have a material adverse effect on its results of operations, financial condition or prospects.

## **1.2 Risk factors relating to the DNB Group's business**

***The DNB Group's success depends on its ability to maintain its customer base***

The DNB Group's success depends on its ability to maintain its customer base and to offer its customers a wide range of high quality and competitive products and consistently high levels of service, delivered through channels acceptable to its customers. The DNB Group has sought to achieve this objective by segmenting its branch networks to better serve the diverse needs of each industry segment through, among other things, cross-selling the products and services of the DNB Group's subsidiaries through its marketing and distribution networks and investing in digital delivery channels while closing little-used branches. Any failure to maintain the DNB Group's customer base or to offer the DNB Group's customers a wide range of high quality and competitive products or consistently high levels of service and competitive delivery channels could have a material adverse effect on the DNB Group's results of operations, financial condition or prospects.

***Competition in Norway and in the international markets in which the DNB Group operates could have a negative effect on the DNB Group's business***

The DNB Group faces intense competition in all of its areas of operation (including, among others, corporate and retail banking, investment banking and real estate brokering), both in Norway and the international markets in which it operates. Competition for customer lending and deposits is affected by customer demand, technological changes, the impact of consolidation in the banking industry, regulatory actions and other factors. The DNB Group's competitors are principally commercial and investment banks. The recurrence of a financial crisis could introduce additional competitive challenges, as during such crises many national governments seek to provide support in a variety of forms to banks organised in their jurisdictions. Depending on the level of government support and the financial strength of the banks in question, this support could strengthen the competitive position of these banks and intensify the competition faced by the DNB Group. Competition has further increased with the emergence of additional distribution channels such as internet and mobile telephone banking, digital banking and payment platforms.

In addition, the spread of COVID-19 has resulted in substantial fluctuations in the global markets. High levels of uncertainty have coincided with lower or negative growth and tighter financial conditions. Management expects that the extent of the expected global market impact will depend on how quickly the international community can mitigate the spread of the virus and support their economic growth. If the DNB Group is unable to provide competitive product and service offerings, it may fail to attract new customers and/or retain existing customers, experience decreases in its interest income and fee and commission income, and/or lose market share, the occurrence of any of which could have a material adverse effect on its business, financial condition and results of operations. Although the DNB Group believes that it is in a strong position to continue to compete in the markets in which it operates, there can be no assurance that it will be able to continue to do so.

***The banking and finance sector is subject to rapid technological changes and increased digitalization***

The banking and finance sector is characterized by frequent product introductions, technology enhancements, increasingly sophisticated and changing customer demands, and evolving industry and

regulatory standards. Internet banking is increasingly important to the DNB Group and its customers are shifting from branch operations towards internet banking platforms. This requires the DNB Group to anticipate and respond to the rapid and continuing changes within technology, digitalisation and innovation. However, there is a risk that the DNB Group may not be successful in anticipating and responding to these changes going forward. The research, development and investments required to be able to anticipate and respond to these changes may also be material and may significantly exceed predictable levels. If the DNB Group is not able to respond effectively to technological changes or emerging industry standards, it could result in increased competition, loss of customers and loss of market share, which could have a material adverse effect on the DNB Group's business, financial condition and results of operations.

***The DNB Group may not be able to timely introduce, market or deliver new products and services***

Further to the above, the DNB Group continuously works to offer its consumers innovative and digital products and services within banking and finance. However, there can be no assurance that the DNB Group will be successful to timely introduce new products and services in line with ongoing market trends or changes in customer demand. If the DNB Group is not able to introduce new products and services in line with the ongoing market trends or changes in customer demand, there is a risk that the DNB Group will suffer economic loss, especially due to loss of customers. Furthermore, if the DNB Group fails to introduce new products or services in response to competitors' offerings, there is a risk that the DNB Group may lose its competitive advantage and experience loss of market share.

Moreover, the DNB Group may allocate resources to the development of products and services that ultimately never come to market or that never gain customer acceptance. Such an allocation may come at the expense of other potentially more successful products and services. Any failure to timely respond to consumer preferences would likely prevent the DNB Group's products and services from gaining market acceptance or maintaining market share, which could have a material adverse effect on the DNB Group's business, financial condition and results of operations.

***The DNB Group is exposed to systemic risk***

Given the high level of interdependence between financial institutions, the DNB Group is and will continue to be subject to the risk of deterioration in the commercial and financial soundness, or perceived soundness, of other financial institutions. Within the financial services industry, the default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by the DNB Group or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the DNB Group interacts on a daily basis. Systemic risk could have a material adverse effect on the DNB Group's ability to raise new funding and on its business, financial condition, results of operations, liquidity and/or prospects.

***The DNB Group is exposed to operational risks, including network interruptions and other failures or inadequacies in risk management and internal control procedures***

The DNB Group's business is dependent on its ability to process a very large number of transactions efficiently and accurately. Operations are carried out through a number of entities and also through internet banking platforms. Internet banking is increasingly important to the DNB Group, as its customers shift away from branch operations and toward internet banking platforms, including mobile banking. Increased digitalisation increases the risk of operational disruptions and cybercrime, which can pose a threat to financial stability.

Operational risk and losses, including monetary damages, reputational damage, increasing regulatory scrutiny, costs and direct and indirect financial losses and/or impairments, can result from a variety of causes, including inadequacies or failures in internal processes, systems (e.g. information technology systems) or licences from external suppliers; fraud or other criminal actions; employee errors; failure of outsourced services; failure to properly document transactions or agreements with customers, vendors, sub-contractors, co-operation partners and other third parties, or failure to obtain or maintain proper authorisation; customer complaints; failure to comply with regulatory requirements, including but not

limited to anti-money laundering, data protection and antitrust regulations, or conduct of business rules; equipment failures; failure to protect the DNB Group's assets, including intellectual property rights and collateral; natural disasters or the failure of external systems, including those of the DNB Group's suppliers or counterparties; and failure to fulfil the DNB Group's obligations, contractual or otherwise. See "The DNB Group is exposed to risks related to bribery, money laundering activities and sanctions violations, especially in its operations in emerging markets, and compliance with anti-money laundering and anti-terrorism financing rules involves significant cost and effort" and "Legal and regulatory claims arise in the conduct of the DNB Group's business" for further details on these risks. In particular, the DNB Group and its customers have recently been, and may continue to be, affected by a number of serious network problems, including interruptions in network availability, which have adversely affected certain of the DNB Group's internet banking and cash machine functions, resulting in intermittent service interruptions and adverse media coverage. See also "The DNB Group is increasingly dependent on information technology systems, which may fail, may not be adequate to the tasks at hand or may no longer be available" for further detail on these risks.

Although the DNB Group has implemented risk controls and loss mitigation precautions and substantial resources are devoted to developing efficient procedures and to staff training, it is not possible to implement procedures which are fully effective in controlling operational risks. Some of the risk mitigating measures that the DNB Group uses are based on historical information and its current policies may not comprehensively address the full impact of the global financial crisis or other unforeseen circumstances. As future developments may significantly differ from observed historical developments, there is a risk that such measures will be inadequate in predicting future risk exposure. Furthermore, risk management methods rely on estimates, assumptions and available information that may be incorrect or outdated. Any failure to successfully execute the DNB Group's operational risk management and control policies could have a material adverse effect on the DNB Group's financial condition and results of operations.

***The DNB Group is increasingly dependent on information technology systems, which may fail, may not be adequate to the tasks at hand or may no longer be available***

Banks and their activities are increasingly dependent on highly sophisticated information and communication technology ("ICT") systems, including a significant shift away from physical bank branches and towards greater reliance on internet websites and the development and use of new applications on smartphones. As noted above, internet banking is increasingly important to the DNB Group, as its customers shift away from branch operations and toward internet banking platforms, including mobile banking. ICT systems are vulnerable to a number of problems, such as software or hardware malfunctions, interruptions in network availability, hacking, human error, physical damage to vital ICT centres and computer viruses. For example, the DNB Group experienced a serious IT operational incident on 11 September 2018, due to an overload in a single system triggered by an operation initiated by a customer. Due to a software error on the mainframe, the overload had consequences for several of the Bank's central customer solutions and internal systems for a period of two and a half hours. Further incidents of instability of ICT systems or network unavailability could have an adverse effect on the DNB Group's business. In addition, harmonising ICT systems across the DNB Group to create a consistent ICT architecture poses significant challenges.

ICT systems need regular upgrading to meet the needs of changing business and regulatory requirements and to keep pace with possible expansion into new markets and the greater use, development and reliance on information and communication technology more broadly. The DNB Group may not be able to implement necessary upgrades on a timely basis and upgrades may fail to function as planned. In addition to costs that may be incurred as a result of any failure of its ICT systems or technical issues associated with, as well as the general cost of, upgrading its ICT systems, the DNB Group could face fines from bank regulators if its ICT systems fail to enable it to comply with applicable banking or reporting regulations, including data protection regulations.

The DNB Group maintains back-up systems for its operations, with one of those back-up systems being located in Norway, outside of its premises. However, there are limited scenarios, for example in the event of a major catastrophe resulting in the failure of its ICT systems, where the DNB Group could lose certain recently entered data with regard to its Norwegian operations or could lose more significant portions of data with regard to its international operations.

The DNB Group is reliant on its outsourcing contracts for the maintenance and operation of its ICT systems. Should these companies become unwilling or unable to fulfil their obligations under the relevant outsourcing contract, the DNB Group could find the effective functioning of its ICT systems compromised. In particular, the DNB Group and its customers have been, and may in the future become, affected by network problems, which relate to third-party suppliers, and which have affected and might affect in the future certain of the DNB Group's internet banking and cash machine functions, resulting in service interruptions and adverse media coverage. A major disruption to the DNB Group's ICT systems, whether under the scenarios outlined above or under other scenarios, could have a material adverse effect on the normal operation of the DNB Group's business and thus on its financial condition and results of operations.

***The DNB Group is subject to significant risks related to cybercrime***

Similar to all major financial institutions, the DNB Group's activities have been, and are expected to continue to be, subject to an increasing risk of ICT crime in the form of Trojan attacks and denial of service attacks, the nature of which is continually evolving. Cybersecurity risks are foremost related to the DNB Group's internet bank users and include potential unauthorised access to privileged and sensitive customer information, including internet bank credentials as well as account and credit card information. The DNB Group has made investments to address threats from cyber-attacks, but there can be no assurance that these investments will be successful in part or in full or without significant additional expenditures. The DNB Group may experience security breaches or unexpected disruptions to its systems and services in the future, which could, in turn, result in liabilities or losses to the DNB Group, its customers and/or third parties and have an adverse effect on the DNB Group's business, reputation and results of operations.

***The DNB Group could fail to attract or retain suitably qualified senior management or other key employees***

The DNB Group's performance is, to a large extent, dependent on the talents and efforts of highly skilled individuals and the continued ability of the DNB Group to compete effectively and implement its strategy depends on its ability to attract new employees and retain and motivate existing employees. Competition from within the financial services industry, including from other financial institutions, as well as from businesses outside the financial services industry for key employees is intense. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel in the future or the need to replace any senior management as a result of failures or perceived failures in management of the DNB Group could have an adverse effect on the DNB Group's business.

***The DNB Group outsources certain business critical systems and processes which subject the DNB Group to risks related to third-party providers***

The DNB Group outsources certain business critical systems and processes. For example, the DNB Group is reliant on its outsourcing contracts for the maintenance and operation of its ICT systems. Should these companies become unwilling or unable to fulfil their obligations under the relevant outsourcing contract, the DNB Group could find the effective functioning of its ICT systems compromised. In particular, the DNB Group and its customers have been, and may in the future become, affected by network problems which relate to third-party suppliers and which have affected and might affect in the future certain of the DNB Group's internet banking and cash machine functions, resulting in service interruptions.

In the event that the current outsourcing becomes unsatisfactory, are terminated or the DNB Group's outsourcing partners are unable to fulfil their obligations, there is a risk that the DNB Group may be unable to locate new outsourcing partners on economically attractive terms and/or experiences unsatisfactory service levels or even disruptions in its business critical services and operations, hereunder distribution and servicing of the DNB Group's products, customers' accounts and/or puts the DNB Group in a situation where it is unable to fulfil its regulatory obligations towards customers and/or authorities.

***The DNB Group's insurance may not provide adequate protection against all losses and liabilities***

As further described in this Section 1, the DNB Group's business is subject to a number of risks, including, but not limited to fraud, disruption in the infrastructure, human errors, litigation and/or criminal acts. Such occurrences could result in financial losses and possible legal liability. Although the DNB

Group seeks to maintain insurance or contractual coverage to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with the DNB Group's operations, which could have a material and adverse effect on the DNB Group's business, financial condition, results of operations and/or prospects.

***Risks associated with identity fraud***

The DNB Group is exposed to risks related to identity fraud. As internet banking is increasingly important to the DNB Group, as its customers shift away from branch operations and towards internet banking platforms, the DNB Group relies on customer identity verifications based on third party providers such as eID issuers (e.g. BankID in Norway) for customer due diligence measures in connection with the establishment of customer relationship, electronically signing of customer contracts and transactions. Although the DNB Group believes that its current policies and procedures minimize the risk of identity fraud, it cannot guarantee that its policies and procedures will prevent instances of identity fraud or that there will be no instances of employee non-compliance with such policies. Occurrences related to identity fraud may have severe financial, legal and reputational consequences for the DNB Group and may, as a result, adversely affect the DNB Group's business, results of operations and/or prospects.

***The DNB Group's operations involve inherent reputational risk***

The DNB Group's reputation is one of its most important assets. Reputational risk, including the risk to earnings and capital from negative public opinion, is inherent in the financial services business. Negative public opinion can result from any number of causes, including misconduct by employees, non-compliance by members of the DNB Group with applicable internal policies and regulations, the activities of business partners over which the DNB Group has limited or no control, severe or prolonged financial losses, uncertainty about the DNB Group's financial soundness or reliability (including the reliability of its internet banking platforms) or the DNB Group's conduct of its business. Negative public opinion may adversely affect the DNB Group's ability to keep and attract customers, depositors and investors, as well as its relationships with regulators and the general public.

Negative public opinion may adversely affect the DNB Group's ability to keep and attract customers, depositors and investors, as well as its ability to attract and retain qualified personnel. In addition, negative public opinion may result in attention from public authorities, which could lead to a negative development of or require changes in the DNB Group's business operations. Furthermore, negative attention may also affect the decision making of public authorities and may trigger changes in the regulatory environment of which the DNB Group operates which may in turn affect the DNB Group's operations and strategies.

***The legal relationships between the DNB Group and its customers are based on standardised contracts and forms created for a large number of commercial transactions, and as a result, problems with the conditions in this documentation, or errors in it, could affect a large number of contracts with customers***

The DNB Group maintains contractual relationships with a large number of customers and uses general terms and conditions and standard templates for contracts and forms in the majority of its business areas and departments. The use of standard contracts and forms poses a significant risk due to the large number of contracts. As a result of ordinary evolution of laws and new judicial decisions, and the growing influence of EU legislation on national laws, it is possible that not all the general terms and conditions, standard contracts and forms used by the DNB Group comply with all of the applicable legal requirements at all times. If there are drafting errors, interpretive issues or if the individual contractual terms or the contracts are deemed invalid in whole or in part, a large number of customer relationships may be adversely affected, which may result in claims for compensation or other legal consequences that may have an adverse effect on the financial condition and operating results of the DNB Group.

***Legal and regulatory claims arise in the conduct of the DNB Group's business***

In the ordinary course of its business, the DNB Group is subject to regulatory oversight and liability risk. The DNB Group is subject to regulation in each jurisdiction in which it operates. Regulation and regulatory requirements are continuously amended, and new requirements are imposed on the DNB Group, including, but not limited to, regulations on conduct of business, anti-money laundering, payments, consumer credits, capital requirements, reporting and corporate governance.

Furthermore, as part of its banking activities, the DNB Group provides its customers with investment



advice, other investment services and investment products and access to internally as well as externally managed funds, and serves as custodian of third-party funds. In the event of losses incurred by its customers due to investment advice, other services or products from the DNB Group, or misconduct or fraudulent actions in connection with the provision of investment services or the sale of investment products or otherwise, the DNB Group's customers may seek compensation from or otherwise take legal action against the DNB Group. In certain cases, compensation might be sought from the DNB Group even if the DNB Group has no direct exposure to such risks or has not recommended such counterparties to its customers.

The DNB Group is involved in a variety of claims, disputes, legal proceedings and governmental investigations in jurisdictions where it operates. Such claims, disputes and legal proceedings are subject to many uncertainties and their outcomes and ultimate consequences are often difficult to predict, particularly in the earlier stages of a case or an investigation. These types of claims and proceedings may expose the DNB Group to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licenses or authorisations, or damage to reputation, as well as the potential for regulatory restrictions on its businesses, any of which could have a material adverse effect on the DNB Group's business, financial condition and results of operations.

Even though the DNB Group believes it has appropriately provided for contingent obligations in respect of claims, litigation and other proceedings, the outcome of any such claim, litigation or proceeding may differ from management expectations and expose the DNB Group to unexpected costs and losses, reputational and other non-financial consequences and diversion of management attention.

Any of the above-mentioned factors or any other restrictions or limitations on the operations of financial institutions could have a material adverse effect on the DNB Group's business, financial condition, results of operations, liquidity and/or prospects.

***Conflicts of interest, whether actual or perceived, may negatively impact the DNB Group***

As the DNB Group expands the scope of its business and its customer base, it must increasingly implement corporate governance policies on a DNB Group-wide level and address potential conflicts of interest, including situations where the DNB Group provides services to a particular customer or its own proprietary investments or other interests conflict, or are perceived to conflict, with the interests of another customer, as well as situations where one or more of the DNB Group's businesses have access to material non-public information that may not be shared with other businesses within the DNB Group. Appropriately identifying and dealing with conflicts of interest is complex, in part because internal breaches of policy can be difficult to discover. The DNB Group's reputation may be damaged and the willingness of customers to enter into transactions in which such a conflict might arise may be affected if the DNB Group fails, or appears to fail, to identify and deal appropriately with conflicts of interest.

***The business operations of DNB Livsforsikring are exposed to significant risks, many of which are outside of DNB Livsforsikring's and the DNB Group's control***

The DNB Group is subject to several risks related to the business operations of its wholly-owned subsidiary DNB Livsforsikring AS ("**DNB Livsforsikring**"). DNB Livsforsikring offers traditional life and pension insurance, unit-linked insurance and non-life insurance.

The business operations of DNB Livsforsikring are subject to financial risks, operational risks and business risks, which are described in further detail in this Section 1. In addition to the risk factors set out in this Section 1 related to the DNB Group, the business operations of DNB Livsforsikring are particularly subject to more specific financial risks and insurance risks. 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. Insurance risk relates to changes in future insurance payments, mainly due to changes in life expectancy and disability rates.

- Risk and capital assessments are based on capital requirements under Solvency II according to the standard approach. The requirement is risk-sensitive and gives a reflection of insurance companies' actual risk. The total risk consists of market risk 70 per cent, insurance risk 20 per cent, health risk 6 per cent and operational risk 4 per cent of total risk at year-end 2020. The solvency ratio is influenced by lower interest rates, reduced volatility adjustment, effect of repricing, change in best estimates and effect of changed market values. Insurance risk in DNB

Livsforsikring includes mortality-, longevity-, disability-, health- and disaster risk. Disability and pure endowment constitute 87 per cent of the total insurance risk.

The Norwegian FSA has approved use of transitional rules to fulfil the Solvency II capital requirement from 1 January 2016. The most effective rule is the 16 years grace period for implementation of market valuation of liabilities. This rule has strong effect in periods with low interest rates.

- The insurance risk in DNB Livsforsikring is in varying degrees divided between policyholders and the company. 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.
- 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. Measured in relation to customer funds, the company's total guaranteed rate of return averages 3.0 per cent as at year-end 2020.
- Unpredictable events, such as natural disasters, industrial explosions, terrorist attacks, etc. may cause DNB Livsforsikring to incur substantial losses.
- DNB Livsforsikring is exposed to the risk of decrease in the availability and amount of reinsurance, increase in the cost of reinsurance and inability or refusal of reinsurers to meet their financial obligations. Furthermore, DNB Livsforsikring is subject to credit risk in relation to its current and future reinsurers as the inability of reinsurers to meet their financial obligations could have an adversely effect on DNB Livsforsikring's business operations. There is also a risk that DNB Livsforsikring's reinsurance agreements may not be renewed, or renewed at less favourable terms.
- Failure to maintain existing governmental licenses, permissions and authorizations, or failure to obtain or renew any required licenses, permissions and authorizations in the future, could result in DNB Livsforsikring not being able to conduct its business operations.

***The business operations of DNB Asset Management is exposed to significant risks***

The DNB Group is subject to several risks related to the business operations of its wholly-owned subsidiary DNB Asset Management AS ("**DNB Asset Management**"). DNB Asset Management manages more than EUR 60 billion in investment strategies including discretionary mandates within Nordic and global asset classes, both long-only equities, long/short equities, investment grade and high yield corporate bonds, multi-assets, multi-manager portfolios and alternative investments.

The business operations of DNB Asset Management are subject to several risks, particularly financial risks and operational risks, which are further described in this Section 1. In addition to the risk factors set out in this Section 1 related to the DNB Group, the business operations of DNB Asset Management are particularly subject to the following risks:

- Any investments in financial instruments are susceptible to losses of all or parts of the initial investment. There is consequently a risk that the portfolio management services, and investment advisory services provided to DNB Asset Management's customers will not be successful.
- The funds operated by DNB Asset Management covers a wide range of sectors and markets which can be highly volatile, and any changes in international, national or local economic,

political and other conditions may adversely affect its portfolio management services and investment advisory services.

- If DNB Asset Management's MiFID II license is withdrawn, the company will lose its ability to carry out its portfolio management and investment advisory services which could have a material adverse effect on its business.
- Any misconduct by employees of DNB Asset Management or at the companies in which DNB Asset Management has invested could harm DNB Asset Management by impairing its ability to attract and retain customers and subjecting it to significant legal liability and reputational harm.
- Any failure by DNB Asset Management to deal appropriately with conflicts of interest in its portfolio management and investment advisory services could damage its reputation and adversely affect its business.
- DNB Asset Management's investments, all of which are made on behalf of securities funds and discretionary portfolios managed by DNB Asset Management, are subject to interest rate risk, including the risk that the values of fixed income securities will vary inversely with changes in interest rates, which could cause its cash flow, the fair value of its investments and its operating results to decrease.
- DNB Asset Management's investments, all of which are made on behalf of securities funds and discretionary portfolios managed by DNB Asset Management, are subject to currency risks, which could cause the value of its investments in other currencies than NOK to decrease regardless of the inherent value of the underlying investments.
- The utilisation of hedging and risk management transactions may not be successful, which could subject DNB Asset Management's investment portfolio to increased risk or lower returns on its investments and in turn cause a decrease in the fair value of its assets. As stated above, all of DNB Asset Management's investments are made on behalf of securities funds and discretionary portfolios managed by DNB Asset Management.

### 1.3 Risk factors related to financial matters

#### ***The DNB Group is exposed to sectoral and individual borrower credit concentration risks***

The DNB Group has significant credit exposure to certain sectors, with the largest sector being personal customers (primarily residential mortgages), followed to a lesser extent by commercial real estate, oil, gas and offshore and shipping. In the event that any of these sectors experiences increasingly difficult business or operating conditions, it could have a material impact on the DNB Group's asset quality and results of operations, financial condition or prospects. In addition, the DNB Group has significant credit exposure to certain individual borrowers. In the event that any of these borrowers experience increasingly difficult business or operating conditions, it could have a material impact on the DNB Group's results of operations.

#### Oil and gas related exposures

After reaching a peak in 2014, oil prices fell significantly in the second half of that year resulting in significant depreciation of the Norwegian kroner and widening credit spreads. In the following years, oil prices averaged at levels well below the 2014 peak. The outbreak of COVID-19 and the consequent significant decrease in demand for oil, coupled with the decision of the Organization of the Petroleum Exporting Countries (OPEC) to remove all limits on oil production in March 2020, caused a sharp drop in oil prices in the first half of 2020. Although oil prices have increased somewhat since then, there can be no assurance that crude oil prices will not decrease further.

Developments in oil and gas prices will continue to impact the oil and gas related industry, and reduced oil and gas prices (and forecasts) could result in a material adverse effect on the cash flows of the companies operating in this industry, leading to a potentially significant impact on oil, gas and offshore companies' profitability, and consequently on their respective credit quality. This could, in turn, lead to an increase in impairments on losses experienced by the DNB Group on its loan portfolio.

### The real estate market

The DNB Group provides mortgage lending both in the retail and corporate markets. More than half of the DNB Group's total loan exposure is towards real estate (commercial real estate and residential mortgages). Accordingly, a decline in the value of real estate, whether as a result of the outbreak of COVID-19, developments in the broader economy, a reduction in the availability of credit or otherwise, could significantly reduce the value of the collateral for these loans and, if accompanied by weakened economic conditions and/or higher unemployment, could have a material adverse effect on the quality of the DNB Group's real estate loans. This could, in turn, lead to a material increase in impairments recognised by the DNB Group on its loan portfolio within this sector.

### The shipping industry

The DNB Group is a major supplier of credit to the shipping industry. The shipping industry is driven by, among other things, growth in international trade. The downturn in the global economy has negatively impacted world trade and this has, in turn, resulted in material decreases in freight volumes and rates in the shipping industry as well as corresponding material decreases in the revenues of businesses in the shipping industry.

There is a risk that deterioration in economic conditions, especially related to the COVID-19 virus and the resulting significant decline in international trade, may continue to impact the shipping industry, resulting in a material adverse effect on the cash flows of the companies operating in this industry as well as the ship values and values of other assets that serve as collateral for credit provided to lenders within this industry. Any of these adverse effects could have a significant impact on shipping companies' profitability and, consequently, on their respective credit quality, thus leading to a material increase in impairments and/or losses experienced by the DNB Group on its loan portfolio within this sector.

### ***Counterparty defaults could have a material adverse effect on the DNB Group***

The DNB Group routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, funds and other institutional and corporate customers. Many of these transactions expose the DNB Group to the risk that its counterparty in a foreign exchange, interest rate, commodity, equity or credit derivative contract will default on its obligations prior to maturity when the DNB Group has an outstanding claim against that counterparty. Due to increased volatility in foreign exchange and fixed income markets, in particular during the first half of 2020 as a result of the COVID-19 pandemic, this risk represents a substantial part of the DNB Group's credit risk. This counterparty risk may also be exacerbated when the collateral held by the DNB Group cannot be realized, including as a result of regulatory measures implemented to mitigate the adverse economic effects of the COVID-19 pandemic (for example, moratoria on enforcement on mortgages, which as at the date of this Exempted Document, has not yet been implemented in Norway), or is liquidated at prices insufficient to recover the full amount of counterparty exposure.

As a consequence of its transactions in financial instruments, including foreign exchange rate and derivative contracts, the DNB Group is also exposed to settlement risk and transfer risk. Settlement risk is the risk of losing the principal on a financial contract due to default by the counterparty or after the DNB Group has given irrevocable instructions for a transfer of a principal amount or security, but before receipt of the corresponding payment or security has been finally confirmed. Transfer risk is the risk attributable to the transfer of money from a country other than the country where a borrower is domiciled, which is affected by the changes in the economic conditions and political situation in the relevant countries. Any of the foregoing could have a material adverse effect on the DNB Group's business, financial condition and results of operations.

### ***The DNB Group is exposed to the risk of material deterioration in the quality of its loan portfolio and resulting impairments***

The DNB Group recognised impairments of its loans and guarantees in accordance with IFRS (as defined below). However, the impairments made are based on available information, estimates and assumptions and are subject to uncertainty, and there can be no assurance that they will be sufficient to cover the amount of actual losses as they occur. Impairments may be volatile in future periods, as uneven recovery from the adverse effects of the COVID-19 pandemic continues to affect certain segments, such as oil, gas and offshore, more negatively than other segments, such as personal customers, who may see some recovery in the near term. Further adverse changes in the credit quality of the DNB Group's borrowers and counterparties or a decline in collateral values would likely require

an increase in impairments, which, in turn, would adversely affect the DNB Group's financial performance.

Actual loan losses and losses on other commitments vary over the business cycle. As some of the economies of the markets in which the DNB Group operates have deteriorated over the past years, credit risk associated with certain borrowers and counterparties in these markets has increased with the current effects of the COVID-19 pandemic and the volatility in oil prices. A significant increase in the size of the DNB Group's impairments, or write-offs of loans and guarantees not covered by impairments, would have a material adverse effect on the DNB Group's business, financial condition and results of operations.

***Liquidity risk is inherent in the DNB Group's operations and this risk may be exacerbated by current conditions in the global financial markets***

The DNB Group is dependent on access to sufficient liquidity on acceptable terms in order to be able to meet its obligations as they fall due. This liquidity risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on wholesale funding, changes in credit ratings or market-wide phenomena such as market.

The DNB Group is dependent on sufficient funding in order to carry out its lending business. The DNB Group's funding requirements are, as for most commercial banks, largely covered through customer deposits. Deposits are subject to fluctuation due to certain factors outside the DNB Group's control, such as competitive pressures, loss of customer confidence, depositors' concerns relating to the economy in general, the financial services industry or the DNB Group specifically, ratings downgrades, further deterioration in economic conditions and the existence and extent of deposit guarantees which, under Norwegian law, currently apply to deposits up to NOK 2 million. Any of these factors on their own or in combination could lead to a reduction in the DNB Group's ability to access customer deposit funding on acceptable terms in the future and to sustained deposit outflows within a short period of time, both of which would have an impact on the DNB Group's ability to fund its operations and meet its minimum liquidity requirements. In addition, any uncertainty regarding the DNB Group's financial position may lead to withdrawals of deposits, resulting in a funding deficit for the DNB Group.

A substantial part of the DNB Group's liquidity and funding requirements is also met through ongoing access to wholesale lending markets, including issuance of long-term debt market instruments such as covered bonds. The volume of these funding sources, in particular long-term funding, may be constrained during periods of reduced liquidity. Even a perception among market participants that a financial institution is experiencing greater liquidity risk can cause significant damage to the institution. While central banks in Europe, including in Norway, and North America have maintained accommodative monetary policies to mitigate adverse effects of high volatility in the financial markets and of weak economic conditions in 2020 and 2021 to the date of this Exempted Document, there can be no assurance that such monetary policies will continue and that unwinding of such policies will not have a material adverse effect on the DNB Group's access to wholesale lending markets or the pricing of such funding.

The DNB Group's liquidity could also be impacted by an inability to sell assets or redeem its investments, other outflows of cash or deterioration in the value of its collateral. These situations may arise due to circumstances that the DNB Group is unable to control, such as general market disruption, loss of confidence in financial markets, uncertainty and speculation regarding the solvency of market participants, credit rating downgrades or operational problems that affect third parties.

Although the DNB Group expends significant effort in liquidity risk management and focuses on maintaining liquidity surplus in the short term, the DNB Group is exposed to the general risk of liquidity shortfalls and cannot ensure that the procedures in place to manage such risks will be suitable to eliminate liquidity risk. Turbulence in the global financial markets and economy may adversely affect the DNB Group's liquidity, its ability to access capital and liquidity on financial terms acceptable to it and the willingness of certain counterparties and customers to do business with the DNB Group, and the inability of the DNB Group to anticipate and provide for unforeseen decreases or changes in funding sources could have a material adverse effect on the DNB Group's business, results of operations, financial condition or prospects.

***The DNB Group's funding costs and its access to the debt capital markets depend significantly on its credit ratings***

The DNB Group's credit ratings are important to its business. As of the date of this Exempted Document, the Bank is rated "Aa2" (stable outlook) by Moody's, "AA-" (stable outlook) by S&P and "AA (low) (stable outlook)" by DBRS (unsolicited).

The DNB Group's business is also significantly affected by the credit rating of the Bank's subsidiary DNB Boligkreditt AS ("**DNB Boligkreditt**"). As of 31 December 2020, DNB Boligkreditt's outstanding covered bonds were rated "Aaa" by Moody's and "AAA" by S&P. There can be no assurance that the rating agencies will not downgrade the ratings of the Bank or the ratings of DNB Boligkreditt's debt instruments either as a result of the DNB Group's or DNB Boligkreditt's financial position or changes to applicable rating methodologies used by Moody's, S&P and any other relevant rating agency. A rating agency's evaluation of the DNB Group or DNB Boligkreditt may also be based on a number of factors not entirely within the control of the DNB Group or DNB Boligkreditt, such as conditions affecting the financial services industry generally.

Any reduction in the Bank's credit ratings or the ratings of its or DNB Boligkreditt's debt instruments, including on an unsolicited basis, could adversely affect the DNB Group's liquidity and competitive position, undermine confidence in the DNB Group, increase its borrowing costs, limit its access to the capital markets or limit the range of counterparties willing to enter into transactions with it. Such developments could have a material adverse effect on the DNB Group's business, financial situation, results of operations, liquidity and/or prospects.

#### **1.4 Risk factors relating to laws, regulations and compliance**

***The financial services industry is subject to intensive regulation, including capital adequacy regulation, and the regulatory framework is subject to change***

The DNB Group's business is subject to on-going regulatory and associated risks. The DNB Group is subject to financial services laws and regulation (including, but not limited to, those relating to capital adequacy, conduct of business, anti-money laundering, payments, consumer credits, reporting, and corporate governance), as well as administrative actions and policies in Norway and in each other jurisdiction in which the DNB Group carries on business. The Norwegian FSA is the DNB Group's primary regulator, although DNB Group is also subject to the supervision of regulators in each country where it has a subsidiary, branch and/or representative office, including Poland.

The DNB Group is required to maintain certain capital adequacy ratios, which are calculated in accordance with Basel III requirements, as implemented in Norwegian law and regulations. Any increase in the DNB Group's risk-weighted assets due to, among other things, a reduction in the internal credit ratings of borrowers, market volatility, widening credit spreads, changes in foreign exchange rates, decreases in collateral values, or further deterioration in the economic environment, could reduce the DNB Group's capital adequacy ratios. If the DNB Group were to experience a reduction in its capital adequacy ratios for any reason (including due to a change in the regulatory capital framework, as described below), it may have to reduce its lending or investments in other operations, which could have a material adverse effect on the DNB Group's business, financial condition, results of operations, and/or prospects, or, in more severe circumstances, require the DNB Group to raise further capital.

Changes in the supervision and regulation of financial institutions, particularly in Norway, could materially affect the DNB Group's business, the products and services offered or the value of its assets. Areas where changes or developments in regulation and/or oversight could have an adverse impact include, but are not limited to (i) general changes in government and regulatory policies or regimes which may significantly influence investment decisions or may increase the costs of doing business in the Nordic markets and other European markets, and such other markets where the DNB Group carries out its business, (ii) changes in the capital adequacy framework and imposition of onerous compliance obligations, (iii) changes in competition and pricing environments, (iv) differentiation among financial institutions by governments with respect to the extension of guarantees of customer deposits and the terms attaching to such guarantees, and (v) expropriation, nationalisation, confiscation of assets and

changes in legislation relating to foreign ownership, producing legal uncertainty, which in turn may affect demand for the DNB Group's products and services.

The Norwegian government and regulatory authorities may also impose measures on economic actors and financial institutions in Norway intended to address the consequences of the COVID-19 pandemic, which may limit the DNB Group's operations or impose obligations that could have an impact on its business and results of operations. For example, the Norwegian Ministry of Finance stated on 20 January 2021 that financial institutions should exercise caution in paying dividends for 2019 and 2020, and that until 30 September 2021, such payments should be limited to a maximum of 30 per cent of the relevant institution's cumulative results for 2019 and 2020. Further government and regulatory responses to the COVID-19 outbreak may have a material impact on the banking sector in Norway.

#### Home Mortgage and Consumer Loan Regulation

With effect from 1 January 2021, the Home Mortgage Regulations and the Consumer Loan Regulations, together governing lending activities in Norway, were combined in a joint loan regulation that will, unless extended or cancelled, be in effect until 31 December 2024. The regulation sets forth certain restrictions and requirements on lending to personal customers, including total debt serving capacity, leverage ratio, loan to value and amortization, which limit banks' discretion in lending decision. Tighter regulation of lending practices by banks could lead to the provision of credit from new sources or in new forms that are not covered by the regulation, thus increasing competition in the mortgage market. Increased competition may cause the DNB Group to fail to attract new customers and/or retain existing customers, experience decreases in its interest income and fee and commission income, and/or lose market share, the occurrence of any of which could have a material adverse effect on its business, financial condition and result of operations.

#### Capital adequacy and liquidity requirements – CRR Quick Fix

At the international level, a number of regulatory and supervisory initiatives have been implemented in recent years in order to increase the quantity and quality of capital, and raise liquidity levels in the banking sector. Among such initiatives are a number of specific measures proposed by the Basel Committee on Banking Supervision (the "**Basel Committee**") and implemented by the European Union through CRD IV and CRR (each as defined below).

On 19 June 2020, the EU Council announced the adoption, by way of a Regulation further amending the Capital Requirements Regulation (EU) No. 575/2013 (the "**CRR**"), of exceptional rules to facilitate bank lending in the EU in order to support households and businesses in recovering from the COVID-19 crisis. The Regulation was published in the EU Official Journal on 26 June 2020 and entered into effect on 27 June 2020. The amendments to CRR, commonly referred to as the "**CRR Quick Fix**" package, include, among other things, changes to the minimum amount of capital that banks are required to hold for non-performing loans (NPL) under the "prudential backstop", the extension by two years of transitional arrangements related to the implementation of the international accounting standard IFRS 9, additional flexibility for supervisors to mitigate negative effects of the extreme market volatility observed during the COVID-19 pandemic, and the earlier introduction of some capital relief measure for banks under CRR 2, most notably with respect to preferential treatment of certain loans backed by pensions or salaries and their SMEs and infrastructure loans, to encourage the credit flow to pensioners, employees, businesses and infrastructure investments. Consequently, the full adverse effect of the COVID-19 pandemic may not be reflected in the DNB Group's financial statements until later periods.

It is still not clear how the CRR Quick Fix could affect the regulatory framework for the Norwegian banking industry. On 9 April 2021, the Ministry of Finance put forward a proposal related to the implementation of CRDV, CRR 2 and BRRD2 in Norway. The date of implementation is unlikely to be before the end of 2021 and may depend on other countries in the EEC. Delayed implementation of the CRR Quick Fix in Norway will reduce the DNB Group's relative competitiveness compared to financial institutions within the European Union, which could have a material adverse effect on the DNB Group's business, financial conditions and results of operations.

#### Capital adequacy and liquidity requirements – Norwegian requirements Pillar 1 Minimum Capital Requirements and buffer requirements

The capital adequacy requirements for banks in Norway as at the date of this Exempted Document consist of two pillars. Pillar 1 encompasses minimum capital requirements that are applicable generally

to banks. As per the provisions of the Financial Institutions Act, banks must hold capital at least equal to 8 per cent of their risk-weighted assets (RWAs), within which at least 4.5 per cent must be common equity tier 1 capital and at least 6 per cent must be tier 1 capital.

In addition, the Financial Institutions Act imposes various capital buffer requirements which must be met by Norwegian financial institutions, all consisting of common equity tier 1. As of the date of this Exempted Document, the capital buffer requirements consist of (i) a conservation buffer of 2.5 per cent of RWAs, (ii) a systemic risk buffer of 4.5 per cent of RWAs (on Norwegian exposures as further described below) and (iii) a counter-cyclical buffer of 1 per cent of RWAs (on Norwegian exposures, further described below). In addition, financial institutions (including the DNB Group as a whole and the Bank) which the Norwegian authorities have designated as systemically important must also comply with a buffer for systemically important financial institutions of 2 per cent of RWAs in order to mitigate systemic risk.

The DNB Group's effective systemic risk and counter-cyclical buffer rates are calculated as the weighted average of the buffer rates for the countries where the DNB Group has credit exposures. Since several countries in which the DNB Group has exposures have set the requirement lower than the buffers in Norway, DNB Group's effective systemic risk and counter-cyclical buffer rate are currently approximately 3.2 per cent and 0.7 per cent, respectively. The buffer requirements may change over time. Implementation of any changes that impose more stringent requirements could lead to increased funding costs for the DNB Group.

The Basel III framework also aimed to raise liquidity levels in the banking sector. CRD IV includes requirements relating to the liquidity coverage ratio (the "LCR"). The Norwegian Ministry of Finance has introduced a LCR requirement of 100 per cent for each significant currency. However, due to the limited size of the domestic capital market, for banks that have USD and/or euro as other significant currencies, the minimum LCR for NOK is reduced to 50 per cent, with the difference being made up in additional USD and/or euro requirements. As a result and to ensure compliance with changes in these rules, the DNB Group and the DNB Group may need to hold additional liquid assets, which may have an adverse effect on their results of operations or financial condition.

#### Bank winding up and crisis management

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or "**BRRD**", which terms shall, where the context admits, include that Directive as amended from time to time, including (without limitation) by Directive (EU) 2019/879) entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing relevant entity ("relevant entities" being credit institutions, investment firms, certain financial institutions and certain holding companies) so as to ensure the continuity of the relevant entity's critical financial and economic functions, while minimising the impact of a relevant entity's failure on the economy and financial system. The BRRD was incorporated in the EEA Agreement on 9 February 2018. Legislation implementing the BRRD (in its original form) in Norway was passed by the Norwegian government in March 2018 and entered into force on 1 January 2019. The amendments made to BRRD by Directive (EU) 2019/879 have not yet been implemented in Norway.

BRRD was designed to provide resolution authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing bank (or other in-scope institution). The resolution authorities have extensive powers under BRRD (and local implementing legislation) to assist a failing bank, including through various resolution tools and powers. BRRD has been implemented in Norway as of 1 January 2019.

The powers set out in the BRRD will impact how relevant credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Under the BRRD there is a requirement for EU financial institutions to hold certain minimum levels of own funds and other eligible liabilities ("**MREL**") which would be available to be written down or bailed-in in order to facilitate the rescue or resolution of a failing bank. In Norway, the MREL requirement is set by the Norwegian FSA. On 18 December 2020, the Norwegian FSA announced that the MREL requirement for DNB ASA would be effective from 1 January 2021. DNB ASA is required to hold total MREL capital equal to 35.54 per cent of RWAs (adjusted for RWAs stemming from DNB Boligkreditt as the covered bond entity).



Senior preferred debt issued by the Bank with a minimum remaining tenor of one year, will continue to qualify as MREL capital until 1 January 2024. To be eligible, the current requirement from the Norwegian FSA states that all MREL eligible debt issued after 1 January 2024 is required to be subordinated (i.e. non-preferred senior debt).

On 2 July 2020, the Norwegian Ministry of Finance announced the approval of a new organisational structure for the DNB Group, under which the Bank and DNB ASA will be merged, and the Bank will be the holding company of the DNB Group, and will be the entity issuing MREL-eligible debt.

#### New Personal Data Act

The Norwegian Parliament has adopted a Personal Data Act, which implements the EU General Data Protection Regulation (GDPR) in Norway. This Act entered into force on 20 July 2018. New Personal Data Regulations and separate transitional Regulations have also been adopted. The GDPR and its implementation has resulted in new demands on the DNB Group's operational processes, systems and resources as well as increased compliance costs related to the new regulatory requirements. While the DNB Group continues to adapt its systems and processes to meet these regulatory requirements, there can be no assurance that such systems and processes will prevent all breaches. Any such breaches may have a material adverse effect on the DNB Group's business, financial condition and results of operations. Breaches of the GDPR can cause significant reputational damage and could also lead to claims against companies and individuals for negligence and/or wrongful acts. In addition, the reputational damage could impact the DNB Group's ability to attract new customers, future investment and new employees.

#### The Dodd-Frank Act

In the United States, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, of 2010 (the "**Dodd-Frank Act**") has led to significant structural reforms affecting the financial services industry, including non-U.S. banks, by addressing, among other issues, systemic risk oversight, bank capital standards, the orderly liquidation of failing systemically significant financial institutions and over-the-counter derivatives. The Dodd Frank Act also broadly prohibits banking entities, including the Bank and all of its global affiliates, from proprietary trading and sponsoring or investing in hedge, private equity and similar funds (the so-called "Volcker Rule"), subject to a number of exceptions. No assurance can be given that the Dodd-Frank Act and related regulations or any other new legislative changes enacted will not have a significant impact on the Bank. Governmental responses to market disruptions may be inadequate and may have unintended consequences.

#### Possible new guidelines on IRB models

On 9 June 2021, the Norwegian FSA published a circular which is intended to guide banks on the Norwegian FSA's practice for the approval and supervision of internal ratings-based ("**IRB**"). If the circular is not changed from its current form, it may entail a tightening of the capital requirements for banks using IRB models (including DNB) that are subject to Norwegian rules and legislation.

#### New Financial Contracts Act

On 18 December 2020, the Norwegian Parliament adopted a new Financial Contracts Act, to replace the Financial Contracts Act of 1999. The new Financial Contracts Act entails some uncertainty with regard to Norwegian banks' right to increase the rate for consumers having a floating rate loan. The Act is expected to enter into force in March or April 2022. If the Act enters into force as it currently stands, it may have a negative effect on DNB's ability to increase the interest rate on floating rate loans. See also Section 6.6 Regulatory Developments below.

The DNB Group may be adversely affected by governmental responses to the COVID-19 pandemic and to market disruptions in the countries where it operates. As a result of the global financial crisis and subsequent government intervention, there has been, and there may continue to be, a substantial increase in governmental policy responses to market disruptions, including reductions in public spending and the imposition of fiscal austerity measures, and changes in monetary and interest rate policies. Likewise, as a response to the effects of the COVID-19 pandemic, governmental and regulatory measures may have unintended or unforeseen consequences on the markets in which the DNB Group operates.

The DNB Group has no control over governmental policy changes or over changes in the interpretation of fiscal legislation by any tax authority. The measures taken by various European governments to stimulate the economy and/or support the banking system, including, among other things, bank bail-out plans and support to specific industry sectors, may, if enacted, lead to an increase in the tax burden or to a reduction in tax benefits. Significant changes in governmental policy responses in Norway or in the other countries where the DNB Group operates, or difficulties in implementing such responses or with the type and effectiveness of the impact of such responses, may have a relevant adverse impact on the activity, financial situation and operating results of the DNB Group.

***The DNB Group is exposed to risks related to bribery, money laundering activities and sanctions violations, especially in its operations in emerging markets, and compliance with anti-money laundering and anti-terrorism financing rules involves significant cost and effort***

The DNB Group is subject to rules and regulations regarding anti-bribery, anti-money laundering, anti-terrorist financing and economic sanctions. In general, the risk that banks will be subjected to or used for bribery or money laundering has increased worldwide. High employee turnover, difficulties in consistently implementing related policies and technology systems and the general business conditions mean that the risk of money laundering and other financial crimes is higher in emerging markets. Although these risks are higher in emerging markets than in Norway and other more developed markets, they may also arise in any of the markets in which the DNB Group operates. Monitoring compliance with anti-money laundering and anti-terrorism financing rules can put a significant financial burden on the DNB Group and pose significant technical problems. Currently more than 400 people in the DNB Bank Group are working to prevent financial crime but anti-money laundering efforts are a work in progress and the authorities' requirements and expectations have become more stringent. There can be no assurance that the DNB Group will at all times meet regulatory expectations in the implementation of its anti-money laundering policies and procedures and otherwise comply with relevant law and regulation.

A number of money laundering cases were brought to light in 2018 in the Baltic region, where the Bank has historically been present and continues to be present through its 20 per cent ownership interest in Luminor. Over the past years, regulators have been particularly focused on anti-money laundering procedures and regulations, which continue to evolve. In 2016, a complaint was sent to Norway's economic crime unit stating that DNB ASA had helped transfer over USD 500,000 in Russian cash through accounts in Lithuania and Estonia. While Norway's National Authority for Investigation and Prosecution of Economic and Environmental Crime had investigated the transactions from 2007 to 2010, it decided not to pursue it further. DNB, along with other Nordic banks, has attracted public attention and media coverage in connection with these money-laundering revelations, which continue to be investigated. Even if these allegations have not resulted in prosecutions of any member of the DNB Group, the DNB Group could face severe reputational damage.

On 25 June 2019, the Norwegian FSA imposed a non-compliance penalty of approximately EUR 30,000 on the Bank's subsidiary DNB Næringsmegling AS (commercial real estate brokerage) following an on-site inspection of the company's compliance with the anti-money laundering regulations. No money laundering activities or attempted money laundering activities were found in the inspection, but the Norwegian FSA found that the company's procedures related to matters such as employee training and control routines were not adequate. Further, on 21 August 2019 the Norwegian FSA released a report where the Bank received some criticism related to weaknesses in the Bank's risk assessment, documentation of customer controls and the Bank's system for the automatic detection of suspicious transactions. No money laundering activities or attempted money laundering activities have been discovered.

On 12 November 2019, allegations were published in the Icelandic media relating to transfers of funds by an Icelandic fishery company using accounts held by its offshore affiliates at the Bank; such funds are alleged to have been used for corrupt payments by the Icelandic company to Namibian government officials. On 28 November 2019, Norway's white-collar crime unit announced that it would launch an investigation to look into the links between the Bank and the alleged payments by the Icelandic fishery company. The Bank has been informed that the investigation has not generated any information that gives grounds for criminal prosecution of individuals. Further, the public prosecutor is not of the view that a corporate penalty is applicable in this case. The case has therefore been dismissed. On 4 December 2020, the Norwegian FSA submitted a report from its inspection of the Bank's compliance with anti-money laundering regulations in connection with the foregoing case. Most of the offenses

identified by the Norwegian FSA in that report are time-barred or date to a period covered by the previously applicable anti-money laundering act and therefore not subject to sanctions under current legislation.

In February 2020, the Norwegian FSA conducted an ordinary anti-money laundering inspection of the Bank in relation to its operations in Norway. On 3 May 2021, the Norwegian FSA published its final report and a separate resolution (both dated 30 April 2021) related to this inspection, which confirmed that a fine of NOK 400 million is imposed on the Bank, as announced in the Norwegian FSA's preliminary report relating to the inspection received by the Bank on 7 December 2020. DNB ASA has recognised the total fine in its annual financial statements for 2020. Although the DNB Group has not been under suspicion of money laundering or complicity in money laundering, in its report of 30 April 2021 the Norwegian FSA was critical of the DNB Group's compliance with the AML regulations and remediation of weaknesses identified in prior inspections. The DNB Group expends considerable resources in the battle against money laundering. Nevertheless, the DNB Group acknowledged that the anti-money laundering efforts had not given sufficient results at the time of the inspection, and the DNB Group therefore announced the same day that it accepted the fine imposed by the Norwegian FSA. The Norwegian FSA has also indicated that certain findings of this review will form part of its further monitoring of the Bank to ensure that identified instances of non-compliance are addressed. Any future findings of non-compliance may have an adverse impact on the Bank's or the DNB Group's reputation.

While the DNB Group takes any criticism raised very seriously and continues to try to improve methods and systems to prevent anti-money laundering, it cannot guarantee that its group-wide anti-money laundering and anti-terrorism financing policies and procedures have prevented or will prevent instances of money laundering or terrorism financing, or that there will not be instances of employee non-compliance with such policies.

Any violation of anti-money laundering or anti-terrorism financing rules, or even the suggestion of violations, may have severe legal and reputational consequences for the DNB Group and could, as a result, have a material adverse effect on the DNB Group's financial condition and results of operations.

***The DNB Group is exposed to the risk of changes in tax and VAT legislation and the interpretation of such legislation as well as changes in such rates***

The DNB Group's activities are subject to tax and VAT at various rates in the jurisdictions in which it operates, computed in accordance with local legislation and practice. Future actions by the Norwegian or other governments to increase tax or VAT rates or to impose additional taxes or duties would reduce the DNB Group's profitability. Revisions of tax or VAT legislation or changes in its interpretation as well as differences in opinion between the DNB Group and tax authorities with respect to interpretation of relevant legislation might also affect the DNB Group's financial condition in the future. Such changes and the outcome of ongoing proceedings where the DNB Group's interpretation of tax and VAT legislation is challenged by tax authorities could have a material adverse effect on the DNB Group's business, financial situation, results of operations, liquidity and/or prospects. Further, there can be no assurance that any such change in tax and VAT legislation or the interpretation of tax and VAT legislation may not have a retroactive effect on the DNB Group's business, financial situation, results of operations, liquidity and/or prospects.

For further information about corporate tax calculations and tax related matters, see Note 26 in the Annual Financial Statements for 2020.

***The DNB Group may be impacted by changes in accounting policies or accounting standards and the interpretation of such policies and standards***

From time to time, the International Accounting Standards Board (the "IASB") changes the financial accounting and reporting standards that govern the preparation of the DNB Group's financial statements. Further, changes may take place in the interpretation of, or differences of opinion may arise between the DNB Group and competent authorities with regard to the application of, such standards. These changes can be difficult to predict and can materially impact how the DNB Group recognises and reports its financial condition and results of operations. In some cases, the DNB Group may be required to apply a new or revised standard, or alter the application of an existing standard, retroactively, rendering a restatement of prior period financial statements necessary. Any such change in the DNB

Group's accounting policies or applicable accounting standards could materially affect its reported financial condition and/or results of operations.

IFRS 9, which replaced International Accounting Standards ("**IAS**") 39, became effective on 1 January 2018. As from such date, impairment provisions according to IFRS 9 are measured using an expected loss model instead of an incurred loss model as in IAS 39. IFRS 9 introduces new rules and concepts that require further development of the DNB Group's models and IT systems. The implementation effect of IFRS 9 calculated as of 1 January 2018 was NOK 2.2 billion after tax for the DNB Group and was recognised as a reduction in "Other equity" and in "Total equity".

When calculating expected credit loss under IFRS 9, there are a number of key concepts that require a high level of judgment. Estimating expected credit loss is, by its very nature, uncertain and the accuracy of these estimates depends on many factors, including macro-economic forecasts, and involves complex modelling and judgments. The assessment of significant increase in credit risk and use of forward-looking information from an earlier stage than before (stage 2) is a new concept under IFRS 9 and requires significant judgment. The DNB Group uses both models and internal expert credit judgment in order to determine expected credit losses. The degree of judgment that is required to estimate expected credit losses depends on the outcome from calculations, materiality and the availability of detailed information.

Because of the uncertainty surrounding the DNB Group's judgments and the estimates pertaining to these matters, the DNB Group cannot guarantee that it will not be required to make changes in accounting estimates or restate prior period financial statements in the future.

## **1.5 Risks factors relating to the Listing and the Shares**

### ***Future sales, or the possibility of future sales, of substantial numbers of Shares could affect the Shares' market price***

The Bank cannot predict what effect, if any, future sales of the Shares, or the availability of Shares for future sales, will have on the market price of the Shares. Sales of substantial amounts of the Shares in the public market following the Listing, or the perception that such sales could occur, could adversely affect the market price of the Shares, making it more difficult for holders to sell their Shares, or the Bank to sell equity securities, in the future at a time and price that they deem appropriate.

### ***Pre-emptive rights to subscribe for Shares in future issuances could be unavailable to U.S. or other shareholders***

Under Norwegian law, unless otherwise resolved at the General Meeting, existing shareholders have pre-emptive rights to participate on the basis of their existing ownership of Shares in the issuance of any new Shares for cash consideration. Shareholders in the United States, however, could be unable to exercise any such rights to subscribe for new Shares unless a registration statement under the U.S. Securities Act is in effect in respect of such rights and Shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway could be similarly affected if the rights and the new Shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Bank is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and Shares, and doing so in the future could be impractical and costly. To the extent that the Bank's shareholders are not able to exercise their rights to subscribe for new Shares, their proportional interests in the Bank will be diluted.

### ***The price of the Shares could fluctuate significantly***

The market price of the Bank's Shares may fluctuate significantly and rapidly as a result of, inter alia, the factors mentioned below:

- Differences between the actual financial and operating results and those expected by investors and analysts;
- Perceived prospects for the Bank's business and its operations and the online classified industry;

- Announcements by the Bank or competitors of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments;
- Changes in operating results;
- Changes in securities analysts' estimates of financial performance and recommendations;
- Changes in market valuation of similar companies;
- Involvement in litigation;
- Additions or departures of key personnel; and
- Changes in general economic conditions.

Negative publicity or announcements, including those relating to any of the Bank's substantial shareholders or key personnel may adversely affect the price of the Shares and the stock performance of the Bank, whether or not this is justifiable. Such negative publicity or announcement may include involvement in insolvency proceedings, failed attempts in takeovers or joint ventures, etc.

***Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares***

The Bank may in the future decide to issue additional Shares or other securities in order to finance new projects, as consideration for acquisitions of or consolidations with companies, in connection with unanticipated liabilities or expenses or for any other purposes. There is no assurance that the Bank will not decide to conduct further security issues in the future. Depending on the structure of any future issue, certain existing shareholders may not have the ability to subscribe for or purchase additional equity securities. Further, the General Meeting may resolve to deviate from the existing shareholders' pre-emptive rights to new Shares. If the Bank issues additional equity securities, holdings and voting interests of existing shareholders could be diluted.

***Investors could be unable to exercise their voting rights for Shares registered in a nominee account***

Beneficial owners of the Bank's Shares registered in a nominee account (through brokers, banks, dealers or other third parties) could be unable to exercise their voting rights for such Shares unless their ownership is re-registered in their names with the VPS prior to any General Meeting. There is no assurance that beneficial owners of the Shares will receive the notice of any General Meeting in time to instruct their nominees to either effect a reregistration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners.

***The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions***

The Shares have not been registered under the U.S. Securities Act or any U.S. state securities laws or any other jurisdiction outside Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable securities laws.

***Investors could be unable to recover losses in civil proceedings in jurisdictions other than Norway***

The Bank is a public limited liability company organised under the laws of Norway. As a result, it may not be possible for non-Norwegian investors to effect service of process in other jurisdictions on such persons or the Bank to enforce against such persons or the Bank judgments obtained in non-Norwegian courts or to enforce judgments against such persons or the Bank in other jurisdictions.

***The Bank's ability to pay dividends in accordance with its dividend policy or otherwise is dependent on the availability of distributable reserves and the Bank may be unable, unwilling or restricted to pay any dividends in the future***

Norwegian law provides that any declaration of dividends must be adopted by the shareholders at the General Meeting, or by the Board of Directors in accordance with an authorisation from the General Meeting. Dividends may only be declared to the extent that the Bank has distributable funds and the

Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Bank's operations and the need to strengthen its liquidity and financial position.

Further, the Board of Directors must take into account the Bank's capital requirements, including capital expenditure requirements, its financial conditions, general business conditions and any restrictions pursuant to its borrowing arrangements and other contractual arrangements. As the Bank's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and companies in which the Bank may invest. As a general rule, the General Meeting may not declare higher dividends than the Board of Directors has proposed or approved. If, for any reason, the General Meeting does not declare dividends in accordance with the above, a shareholder will, as a general rule, have no claim in respect of such non-payment, and the Bank will, as a general rule, have no obligation to pay any dividend in respect of the relevant period.

As of the date of this Exempted Document, the Bank's ability to pay dividends is restricted due to governmental regulation. In March 2020, the Norwegian government expressed an expectation that financial institutions including banks refrain from paying dividends and other voluntary pay-outs until the economic uncertainty resulting from the outbreak of COVID-19 has subsided. On 18 December 2020, the European Systemic Risk Board ("**ESRB**") issued a recommendation to national authorities to request banks and insurers to refrain from making dividend distributions until 30 September 2021. The recommendation is based on the continued uncertainty about the future impact on economies and financial institutions due to the ongoing situation resulting from COVID-19. The accordance with the recommendation from ESRB, the Norwegian FSA has stated that it finds it crucial that banks retain their equity and that any distributions in the form of dividends are strongly restricted and based on conservative assumptions about future losses and capital needs. The Norwegian Ministry of Finance stated on 20 January 2021 that financial institutions should exercise caution in paying dividends for 2019 and 2020, and that until 30 September 2021, such payments should be limited to a maximum of 30 per cent of the relevant institution's cumulative results for 2019 and 2020.

Any distributions within this threshold include any form of distribution that has already been made in 2020, as well as distributions made or approved up until 30 September 2021. Pursuant to the Norwegian Financial Institutional Act, the Norwegian FSA may, when necessitated by a financial institution's financial position, order the institution not to make dividend payments.

***Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not NOK***

The Bank's Shares will be priced and traded in NOK and any future payments of dividends on the Shares will be denominated in NOK, and will be paid to the shareholders through DNB Bank ASA, being the Bank's VPS registrar (the "**VPS Registrar**"). Shareholders with a registered address outside of Norway who have registered their bank account in another currency than NOK will receive payment in the currency of such bank account. The exchange rate(s) that is applied when paying any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Exchange rate movements of NOK will therefore affect the value of these dividends and distributions for investors whose principal currency is not NOK. Further, the market value of the Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations.

***Market interest rates could influence the price of the Shares***

One of the factors that could influence the price of the Shares is its annual dividend yield as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of the Bank's Shares.

## **2. RESPONSIBILITY STATEMENT**

This Exempted Document has been prepared by DNB Bank ASA in connection with the Listing of the Shares on Oslo Børs.

The Board of Directors of DNB Bank ASA accepts responsibility for the information contained in this Exempted Document. The members of the Board of Directors confirm that to the best of their knowledge, the information contained in this Exempted Document is in accordance with the facts and that the Exempted Document makes no omission likely to affect its import.

25 June 2021

### **The Board of Directors of DNB Bank ASA**

Olaug Svarva  
*Chairman*

Kim Wahl  
*Board member*

Julie Galbo  
*Board member*

Eli Solhaug  
*Board member*

### **3. GENERAL INFORMATION**

#### **3.1 Date of information**

The information contained in this Exempted Document is current as at the date of the Exempted Document and is subject to change or amendment without notice. Except as required by applicable law and stock exchange rules, the Bank does not undertake any duty to update the information in this Exempted Document. The publication of this Exempted Document shall not under any circumstances create any implication that there has been no change in the Bank's affairs or that the information herein is correct as of any date subsequent to the date of this Exempted Document.

#### **3.2 Presentation of financial information**

The Bank's and DNB ASA's audited consolidated financial statements as of, and for the financial years ended 31 December 2018, 2019 and 2020 (the "**Annual Financial Statements**") have been prepared in accordance with the International Financial Reporting Standards, as adopted by the EU ("**IFRS**").

DNB ASA's unaudited interim financial statements as of, and for the three months period ended 31 March 2021 (the "**Interim Financial Statements**") have been prepared in accordance with International Accounting Standard 34 Financial Reports ("**IAS 34**").

The Annual Financial Statements and the Interim Financial Statements are together referred to as the "Financial Statements" in this Exempted Document, and are incorporated by reference in this Exempted Document in Section 9.2.

#### **3.3 Rounding**

Percentages and certain amounts included in this Exempted Document have been rounded for ease of presentation. Accordingly, figures shown as totals in certain tables may not be the precise sum of the figures that precede them.

#### **3.4 Industry and market data**

This Exempted Document contains statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the DNB Group's business and the industries and markets in which it operates. Unless otherwise indicated, such information reflects the Bank's estimates based on analysis of multiple sources, including data compiled by professional organisations, consultants and analysts and information otherwise obtained from other third party sources, such as annual and interim financial statements and other presentations published by listed companies operating within the same industry as the Bank, as well as the Bank's internal data and its own experience, or on a combination of the foregoing. Unless otherwise indicated in the Exempted Document, the basis for any statements regarding the Bank's competitive position is based on the Bank's own assessment and knowledge of the market in which it operates.

The Bank confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Bank is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified, however, source references to websites shall not be deemed as incorporated by reference to this Exempted Document. The Bank does not intend, and does not assume any obligations to, update industry or market data set forth in this Exempted Document.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Bank has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Exempted Document that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.



As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Exempted Document and projections, assumptions and estimates based on such information may not be reliable indicators of the Bank's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 1 "Risk Factors" and elsewhere in this Exempted Document.

### **3.5 Cautionary note regarding forward-looking statements**

This Exempted Document contains forward-looking statements. All statements contained in this Exempted Document other than statements of historical facts, including statements regarding the DNB Group's future results of operations and financial position, its business strategy and plans, and its objectives for future operations, are forward-looking statements. The words "believe", "may", "will", "estimate," "continue", "anticipate", "intend", "expect", and similar expressions are intended to identify forward-looking statements. The Bank has based these forward-looking statements largely on its current expectations and projections about future events and trends that it believes may affect its financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. Forward-looking statements are found in Sections 1 "Risk Factors", 5 "Industry and Market Overview", 6 "Business of the DNB Group", 8 "Corporate information and Description of the Share Capital".

Prospective investors in the Bank's Shares are cautioned that forward-looking statements are not guarantees of future performance and that the DNB Group's actual financial position, operating results and liquidity, and the development of the industry in which the DNB Group operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Exempted Document. The Bank cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown, risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Important factors that could cause those differences include, but are not limited to:

- changes and fluctuations in earnings, cash flows and financial results and conditions;
- changes in general and sector-specific economic conditions, including competition, tax and pricing environments;
- competitive pressure and changes to the competitive environment in general;
- inadequate insurance coverages within the DNB Group;
- technical developments;
- logistics and distribution infrastructure changes in general;
- the ability to attract and retain skilled personnel;
- risks associated with use of third-party suppliers;
- risks relating to international trade;
- failure to implement strategy and ability to further expand its business and growth;
- unsuccessful acquisitions;
- failure to protect and enforce intellectual property right and liability from intellectual property claim;

- failure of IT systems;
- fluctuations of exchange and interest rates; and
- changes in laws and regulations in the jurisdictions in which the DNB Group operates or their interpretation or enforcement.

The risks that are currently known to the Bank and which could affect the DNB Group's future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in Section 1 "Risk Factors".

The information contained in this Exempted Document, including the information set out under Section 1 "Risk Factors", identifies additional factors that could affect the Bank's financial position, operating results, liquidity and performance. Prospective investors in the Shares are urged to read all Sections of this Exempted Document and, in particular, Section 1 "Risk Factors" for a more complete discussion of the factors that could affect the DNB Group's future performance and the industry in which the DNB Group operates when considering an investment in the Bank.

Except as required by applicable law, the Bank undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Bank or to persons acting on the Bank's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Exempted Document.

## **4. THE MERGER**

### **4.1 Introduction**

On 21 October 2020, the Board of Directors of DNB ASA and the Bank signed a joint merger plan which proposed that the companies' extraordinary general meetings approved a merger of DNB ASA and the Bank through a reverse subsidiary merger, involving the transfer of all DNB ASA's assets, rights and obligations to the Bank (the Merger). The merger plan was approved at the extraordinary general meetings of DNB ASA and the Bank on 30 November 2020.

Following the completion of the Merger, DNB ASA will be dissolved and at the same time the Shares in the Bank will be listed on Oslo Børs, as further described in Section 4.3. See Section 6.4.1 for the legal structure of the DNB Group following the completion of the Merger.

### **4.2 Background and reasons for the Merger**

The Merger is expected to provide a number of benefits for the DNB Group, including benefits of a financial and practical nature, and benefits relating to corporate governance. The main expected benefits are described below.

#### **4.2.1 Lower funding costs**

The Financial Institutions Act sets a requirement for the DNB Group and other financial services groups to issue own funds and eligible liabilities (Minimum Requirement for Own Funds and Eligible Liabilities, hereinafter referred to as "**MREL debt**"), to ensure that bank recovery and resolution can occur without the use of public funds in the event of a crisis. Furthermore, the Norwegian FSA has decided that MREL debt must be issued by the holding company of a financial services group. By changing the DNB Group structure, to make the Bank the parent company of the DNB Group, enables the Bank to issue MREL debt, which is expected to provide lower funding costs than under the current group structure, where MREL debt must be issued by DNB ASA. The lower funding costs are a result of, among other things, the fact that a funding structure of this kind will provide a clearer and more easily understandable and attractive capital structure seen in relation to the organisation of the operational activities, and the fact that the Bank is a more well-known operator in the market.

#### **4.2.2 Corporate governance**

The Bank is the dominant entity in the DNB Group, and will as the parent company give the shareholders and the Board of Directors elected by the shareholders a more direct formal owner influence over the key business operations of the DNB Group.

#### **4.2.3 Administrative and cost-related considerations**

As a result of the holding model, DNB ASA is required to prepare monthly, quarterly and annual accounts, as well as to carry out other comprehensive public reporting, on a consolidated basis. It is expected that a group structure with the Bank as parent company will result in lower costs and a faster process for providing the Management, Board of Directors and market with accounting information.

## **4.3 Completion of the Merger**

### **4.3.1 Overview**

As of the date of this Exempted Document, DNB ASA owns all of the shares of the Bank. The Merger will thus be carried out as a reverse subsidiary merger. As part of the Merger, all shares in DNB ASA will be transferred to the Bank. These shares will be distributed as consideration to the shareholders of DNB ASA, as registered in the VPS as of the time the Merger is registered and enters into effect (the Merger Effective Date, as defined below in Section 4.3.2). This means there will be no capital increase in the Bank in connection with the Merger. Further, the listing of the shares in DNB ASA on Oslo Børs will be continued through the Listing of the Shares in the Bank, meaning that shareholders will at all times own listed shares. No additional consideration will be delivered or distributed as part of the Merger.

As of the date of this Exempted Document, DNB ASA and the Bank have issued an equal number of shares. Shareholders of DNB ASA will thus receive one Share in the Bank for each share they own in DNB ASA on the Merger Effective Date. The Shares in the Bank will provide shareholder rights equal to the shares in DNB ASA. See Section 8.2 for a description of the Shares.

The Merger will be implemented in accordance with the provisions of chapter 13 of the Norwegian Public Limited Liability Companies Act and chapter 12 of the Norwegian Financial Institutions Act. The merger plan is governed by Norwegian law.

The Merger will not have any impact on the overall strategy and objectives of the Bank and the DNB Group. Furthermore, the Merger will not result in any significant changes in the business operations and principal activities of the Bank and the DNB Group, nor in the products and services offered by the Bank and the DNB Group. See Section 6 for a description of the business of the Bank and the DNB Group as of the date of this Exempted Document and following the completion of the Merger.

#### 4.3.2 Conditions

As of the date of this Exempted Document, there are no outstanding conditions for completion of the Merger.

#### 4.3.3 Settlement and the Listing

The Bank will notify the Norwegian Register of Business Enterprises of the implementation of the Merger, in accordance with section 13-17 (1) of the Norwegian Public Limited Liability Companies Act. At the time the notice is recorded and registered in the Norwegian Register of Business Enterprises, expected on or about 1 July 2021 after close of trading on Oslo Børs, DNB ASA's assets, rights and obligations will be transferred to the Bank, and the shareholders of DNB ASA will receive one Share in the Bank for each share in DNB ASA they were registered as the owner of in VPS on the Merger Effective Date. DNB ASA will be dissolved at the same time.

The Merger is expected to be effective on 1 July 2021 after close of trading on Oslo Børs (the "**Merger Effective Date**"), with the following timeline for settlement:

DNB ASA changes ticker to "DNBH"	30 June 2021
Last day of trading in DNB ASA shares on Oslo Børs:	1 July 2021
Merger Effective Date:	1 July 2021 after close of trading on Oslo Børs
First day of trading in the Bank on Oslo Børs:	2 July 2021
Record date:	5 July 2021
Shares in the Bank delivered through VPS:	6 July 2021

The completion of the Merger is expected to be registered in the Norwegian Register of Business Enterprises after close of trading on Oslo Børs on 1 July 2021, and trading in DNB ASA's shares may be carried out until close of trade on this date. Trading in DNB Bank's Shares on Oslo Børs will take place from and including 2 July 2021.

As of the date of this Exempted Document, the shares in DNB ASA are registered with ISIN NO 0010031479 and listed on Oslo Børs with ticker "DNB". As of the Merger Effective Date, the Shares in the Bank will be listed on Oslo Børs under the ISIN NO 001 0161896 with ticker "DNB". Due to technical limitations DNB ASA will change its ticker to "DNBH" on 30 June 2021 in order to facilitate the use of the ticker "DNB" for the Bank after completion of the Merger.

#### 4.3.4 Dilution

The completion of the Merger will not result in any dilution of the shareholders in DNB ASA. Shareholders of DNB ASA will receive one Share in the Bank for each share they own in DNB ASA on the Merger Effective Date. As of the date of this Exempted Document, DNB ASA has a share capital of NOK 15,503,652,210 divided into 1,550,365,021 Shares, each with a nominal value of NOK 10.00. The Bank has a share capital of NOK 19,379,562,762.50 divided into 1,550,365,021 Shares, each with a nominal value of NOK 12.50. Each share carries one vote.

#### **4.4 Information about the Bank**

Below is a summary of key items and consequences following the Merger Effective Date, as further described in this Exempted Document.

##### **4.4.1 Company name**

The company name of the Bank will continue to be DNB Bank ASA after the Merger Effective Date.

##### **4.4.2 Articles of association**

The articles of association of the Bank with effect from the Merger Effective Date are included as appendix 1 to this Exempted Document.

##### **4.4.3 Board of Directors and Management of the Bank**

The new Board of Directors in the Bank with effect from the Merger Effective Date are further described in Section 6.9.1.

On 8 June 2021, DNB announced that Anne Sigrun Moen had been hired as the new permanent Head of People. Apart from this, no changes will be made in the current Management of DNB ASA and the current Management will continue as the Management of the Bank following the completion of the Merger. See Section 6.9.2 for information about the Management.

##### **4.4.4 Consequences for employees**

There are three employees in DNB ASA as of the date of this Exempted Document. From the Merger Effective Date, the employment relationships in DNB ASA will be transferred to the Bank on equal terms.

No measures relating to the employees of the Bank are planned in connection with the Merger.

##### **4.4.5 Accounting and tax implementation of the Merger**

The Merger is being implemented with accounting and fiscal effect as of 1 January 2021. As of this date, transactions in DNB ASA are considered to be undertaken at the Bank's expense.

The Merger will be implemented with accounting continuity, meaning that the Bank takes over DNB ASA's accounting positions in connection with the transferred assets, rights and obligations.

The Merger will be implemented with fiscal continuity in accordance with Chapter 11 of the Norwegian Taxation Act, meaning that tax positions and the time of acquisition for the assets, rights and obligations of DNB ASA are continued in the Bank. This means that the Merger will not trigger taxation in Norway for either of the merging companies.

For Norwegian shareholders, the Merger will not trigger realisation taxation. The acquisition value of the individual shareholder's shares in DNB ASA will be transferred to the Shares the shareholder receives in the Bank. Foreign shareholders should investigate the tax consequences of the Merger in their country of residence.

##### **4.4.6 Shareholder rights – terms and conditions**

No special terms or conditions apply to the exercise of rights as a shareholder in the Bank or for registration in the register of shareholders of the Bank.

##### **4.4.7 Rights of shareholders with particular rights and holders of subscription rights**

There are no shareholders in DNB ASA with particular rights as referred to in section 13-6 (1) 5 of the Norwegian Public Limited Liability Companies Act.

There are no subscription rights as referred to in sections 11-1, 11-10 and 11-12 of the Norwegian Public Limited Liability Companies Act or any other special rights in DNB ASA.

##### **4.4.8 Special rights and benefits**

Members of the Board of Directors of the Management of either DNB ASA or the Bank will not accrue any special right or benefit as a result of the Merger, cf. section 13-6 (1) 6 of the Norwegian Public Limited Liability Companies Act.

#### 4.4.9 Costs

The costs in connection with the Merger are to be covered in full by the Bank.

#### 4.4.10 Authorisation to make changes to the merger plan

The Boards of Directors of DNB ASA and the Bank may, until the time of submission of notification to the Norwegian Register of Business Enterprises concerning the implementation of the Merger, as further described in Section 4.3.3, agree on minor changes to the merger plan if this is deemed necessary or desirable and will not be to the detriment or disadvantage of either of the companies or their shareholders.

#### 4.4.11 Disputes

Any disputes between the merging companies in connection with the Merger shall be settled in accordance with Norwegian law. The parties accept Oslo District Court as their common legal venue.

### **4.5 Disinvestments**

As of the date of this Exempted Document, the Bank is not aware of any material disinvestments such as material sales of subsidiaries or any major lines of business operations following the completion of the Merger, nor any material cancellations of future investments or disinvestments previously announced.

### **4.6 Conflicts of interests**

The Bank is not aware of any conflicts of interests of the Bank, DNB ASA nor any of the companies' shareholders in respect of the Merger.

## 5. INDUSTRY AND MARKET OVERVIEW

### 5.1 Principal markets

The DNB Group operates in four main markets: (i) retail banking services, (ii) corporate banking services, (iii) investment banking services, wealth management, life insurance and pension, and (iv) investment services. A large majority of the DNB Group's operations are conducted in Norway.

The Norwegian banking sector has been through significant changes over the last decades. Increasing market integration, stricter regulatory requirements, and accelerating technological developments are some of the main forces for the on-going changes in the financial markets. Mergers, acquisitions, and alliances have been high on the agenda and in the Nordics cross-border initiatives have been in focus.

The Norwegian banking sector consists of well-established conventional commercial banks and savings banks as well as several newer banks filling specific niches. Banks like Pareto Bank, Bank2, yA Bank, Gjensidige Bank, Bank Norwegian, KLP Banken, OBOS Banken, Komplet Bank and Monobank have all been established in recent years. The large and established commercial banks have a wide geographic focus, while niche banks naturally are more focused, and the large number of traditional local savings banks serve their local communities and mainly focus on their home regions.

### 5.2 Economic overview of Norway

#### 5.2.1 The Norwegian economy

The Norwegian economy is characterised by a high level of stability. A stable political system and consistent economic policies result in good conditions for economic development and consumer confidence. Although COVID-19 has been consequential for the country, the economic impact has so far been manageable. For example, the expected decline in GDP during 2021 is in line with what was observed in 2009 following the global financial crisis. The economy has experienced a long period of relatively stable growth and controlled inflation, supported by a strong welfare state. The vast oil resources beneath the Norwegian continental shelf have led to the creation of the Government Pension Fund Global, which currently totals around NOK 11.2 trillion. The returns from the fund are used to cover the annual government budget deficit and allows for significant countercyclical spending during downturns.

The outlook for the wider economy is positive, with the worst of the COVID-19-related effects expected to be behind us. Economic growth is expected to return to positive territory this year and remain strong in 2022 and 2023, with unemployment falling and investments rising.

The following table shows the development in and estimates for key economic metrics:

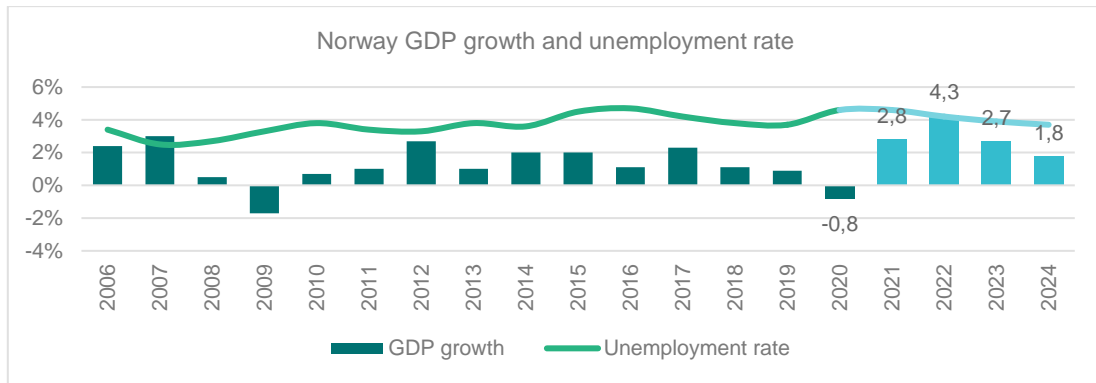
Key metric	Unit	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24
Household consumption	growth (%)	5.0	5.3	17	0.0	3.8	2.4	3.5	2.8	2.1	2.7	11	2.2	16	14	-6.9	5.1	7.9	3.3	3.1
Norway GDP	growth (%)	2.4	3.0	0.5	-17	0.7	10	2.7	10	2.0	2.0	11	2.3	11	0.9	-0.8	2.8	4.3	2.7	18
GDP, mainland economy	growth (%)	5.1	5.7	18	-18	19	19	3.7	2.3	2.2	14	0.9	2.0	2.2	2.3	-2.5	3.1	4.1	2.4	19
Gross investments	growth (%)	9.1	12.3	11	-7.0	-6.4	7.5	7.5	6.3	-0.3	-4.0	3.9	2.6	2.2	4.8	-3.8	0.9	14	3.1	13
Employed persons	growth (%)	3.2	3.8	3.2	-0.4	-0.3	14	2.0	11	10	0.5	0.3	12	16	16	-1.3	0.4	14	10	10
Unemployment rate	level (%)	3.4	2.5	2.7	3.3	3.8	3.4	3.3	3.8	3.6	4.5	4.7	4.2	3.8	3.7	4.6	4.6	4.2	3.9	3.7
Annual wage	growth (%)	4.1	5.4	6.3	4.2	3.7	4.2	4.0	3.9	3.1	2.8	17	2.3	2.8	3.5	3.1	3.1	3.1	3.2	3.6
CPI	growth (%)	2.3	0.8	3.8	2.1	2.5	12	0.8	2.1	2.0	2.1	3.6	18	2.7	2.2	1.3	3.1	1.8	1.8	1.9
Housing prices	growth (%)	13.7	12.6	-11	19	8.2	8.0	6.8	4.0	2.7	6.1	7.0	5.0	14	2.5	3.9	9.2	3.3	2.0	16
Real disposable income	growth (%)	-6.6	5.7	3.2	3.4	2.8	4.3	4.4	4.0	2.3	5.4	-16	2.0	10	3.1	2.5	0.9	3.5	2.2	2.4
Real rates after tax	level (%)	0.2	2.9	11	0.7	0.1	13	2.1	0.8	0.8	0.1	-16	0.1	-0.7	0.2	0.7	-14	0.0	0.4	0.6

*Selected economic metrics, Norway. Prognoses for 2021-2024.*

*Source: Statistics Norway*

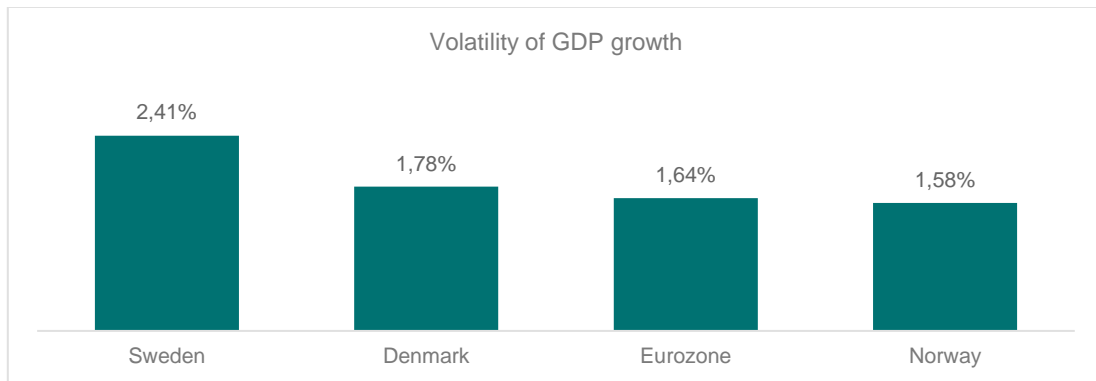
#### 5.2.2 GDP and employment

GDP growth has been between 0 per cent and 3 per cent most of the years since 2006. 2020 GDP growth was negative 0.8 per cent, with return to growth expected for 2021-2024. The unemployment rate has historically been low in an international perspective and is expected to peak at around 4.6 per cent in 2021 before declining towards 3.7 per cent in 2024.



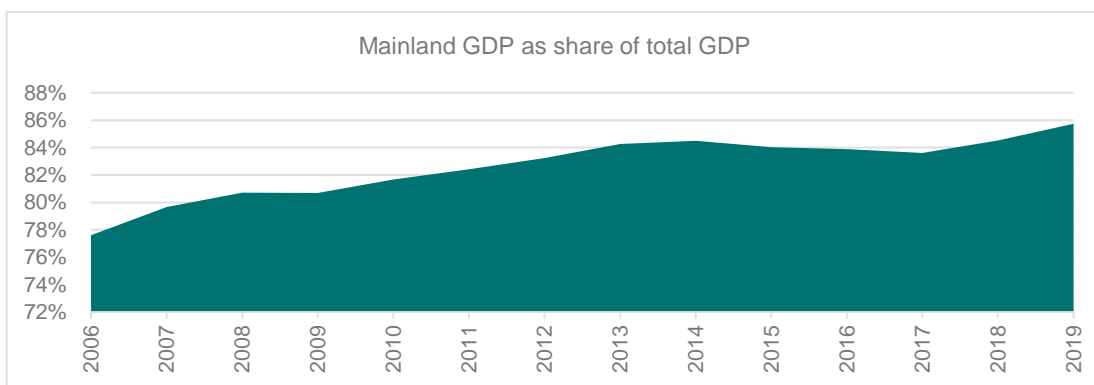
Year-over-year GDP growth (in per cent) and unemployment (in per cent). Prognoses for 2021-2024.  
Source: Statistics Norway

The stability of the Norwegian economy is further highlighted when comparing the standard deviation of annual GDP growth to neighbouring countries and economies, where Sweden, Denmark, and the Eurozone show higher standard deviations than Norway.



Standard deviation of year-over-year real GDP growth 1990-2018.  
Source: World Bank

An increasing share of the Norwegian GDP is coming from the mainland economy, indicating reducing economic risk related to the petroleum industry and oil price fluctuations.

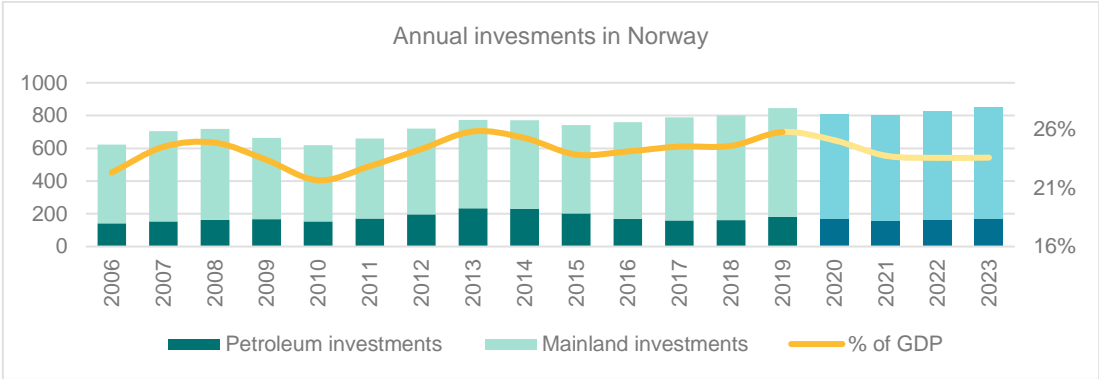


Mainland GDP as per cent of total GDP.  
Source: Statistics Norway



### 5.2.3 Investments

The stable GDP development has been supported by increasing levels of investment in the economy. Historically, annual investment as per cent of GDP has totalled between 22 per cent and 26 per cent. Investments are expected to fall in 2021 and reach pre-pandemic levels in 2023.



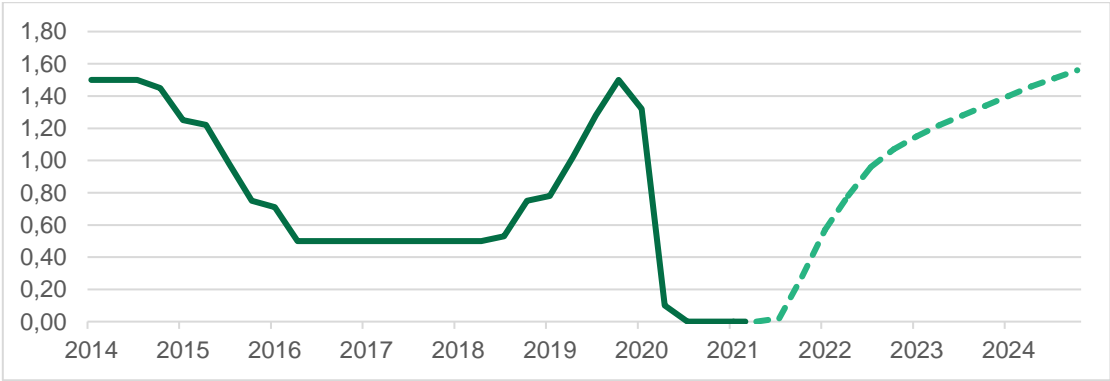
Annual investments in 2015 prices (NOK billion) and share of GDP. Prognoses for 2020-2023. Source: Statistics Norway; DNB Markets

### 5.2.4 Monetary and fiscal policy

Norway’s established expansionary monetary and fiscal policies have helped to limit the economic effects of oil price variations. Further, disciplined spending from the Government Pension Fund Global (known widely as the “oil fund”), where only the expected return of the fund can be spent over the Government budget, has avoided overheating the economy while leaving room for countercyclical measures and remains a pillar of fiscal policy.

Following the oil price decline and negative impact on the economy in 2014, the interest rate was lowered and kept flat until mid-2018. Following a period of increases, the COVID-19 economic shock led the central bank to rapidly cut the rate to 0 per cent during the first half of 2020. The central bank expects to start increasing the policy rate again by late 2021.

The central bank’s key policy rate is currently set to 0.0 per cent, and the central bank expects it to remain at that level until late 2021.

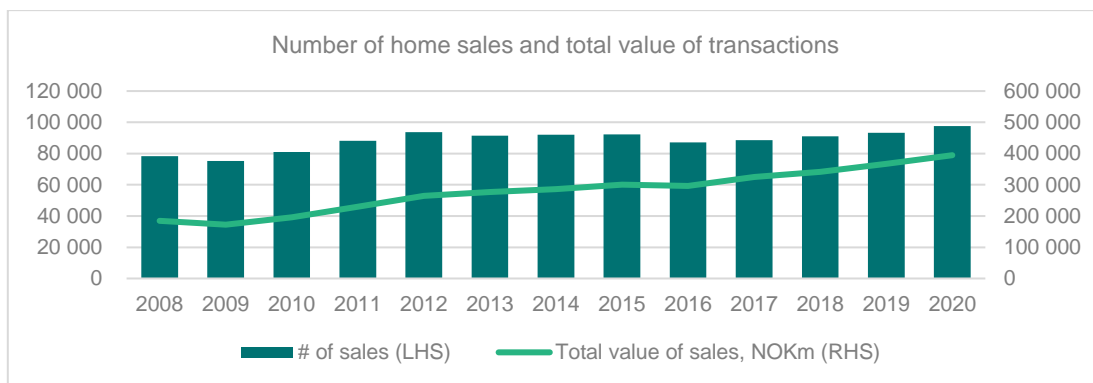


Norges Bank policy rate, per cent. Prognosis for 2021-2024. Source: Norges Bank

### 5.2.5 The housing market

The housing market is a large driver of activity and lending book sizes for the banks, fuelled by the relatively large share of Norwegians who own their own housing. Prices have been rising for many years (see table 6.1), contributing to household wealth growth. The annual number of transactions has hovered around 90,000 in recent years, while the total value of transactions has increased from below NOK 200 billion in 2008 to some NOK 395 billion in 2020.

The following chart shows the development in the number and total value of housing transactions in Norway.



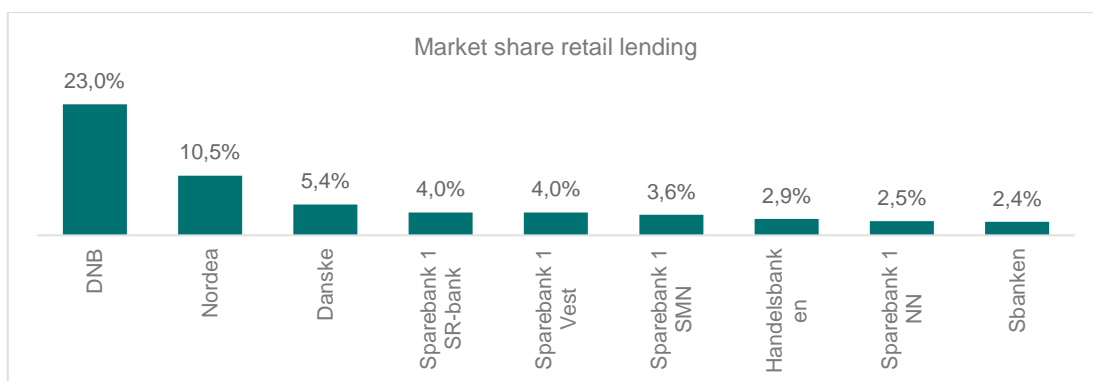
Number of home sales and total transaction value in millions of NOK.  
Source: Statistics Norway

### 5.3 Retail banking market in Norway

#### 5.3.1 The loan and deposit markets

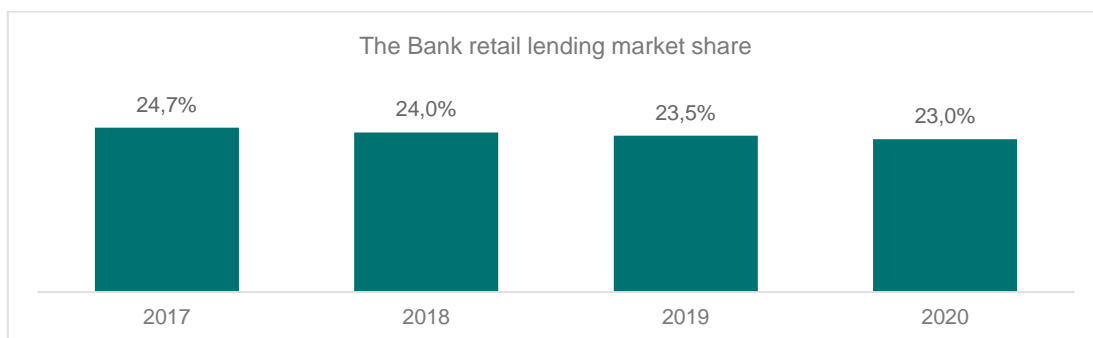
The Bank operates in highly competitive markets, particularly for residential mortgages, which is the principal product of its retail banking operations. The Bank's competitors include, among others, Nordea, SEB, Danske Bank, Svenska Handelsbanken and the various Norwegian savings banks. The emergence of services that facilitate price comparisons of banking services and products promotes competition between financial services providers and gives customers better and less costly services, as well as making it easier to change banks. The revised Payment Services Directive, which applies in the EU as of 13 January 2018 and implemented in Norwegian law from 1 April 2019, have led and is expected by the Bank's Management to continue to lead to further innovation, competition, and development of payment services.

The following sets out the most recently available market share information for retail lending in Norway.



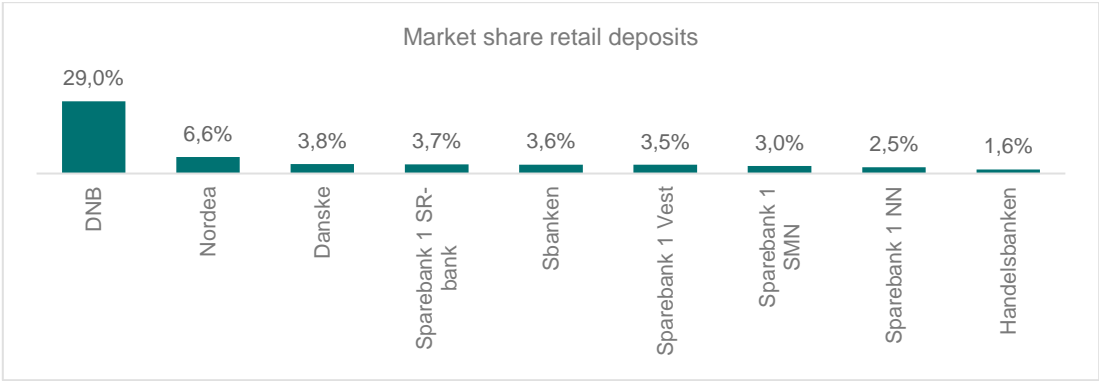
Market share data for retail lending in Norway, by nominal values as of Q3 2020.  
Source: DNB analysis

The Bank's lending market share has fallen slightly since 2017, as shown in the chart below.



The Bank's market share in lending to households over time, by nominal values. Source: Statistics Norway; DNB

The retail deposit market has a similar structure to the retail lending market, with many of the same banks as the largest players. With the current low interest environment, many banks try to avoid building up further deposits.



Market share data for retail deposits, by nominal values as of Q3 2020. Source: DNB analysis

### 5.3.2 The pension and life insurance market

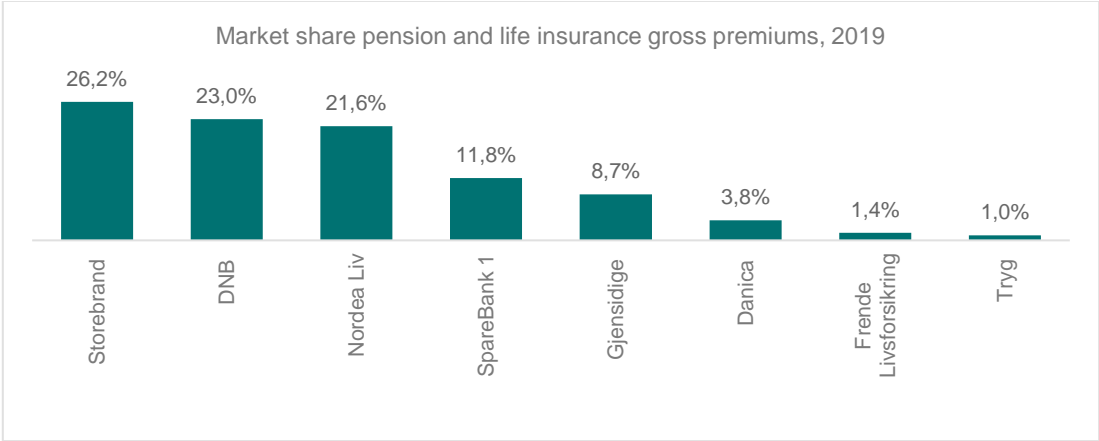
Several life insurance companies provide insurance and pension products in the Norwegian market.

Employees in the private sector must have a defined contribution pension scheme provided by one of several providers and paid for by the employer. The employee can select the provider offered to its employees and is free to move pension capital certificates between providers if he or she has held other jobs previously and is generally able to choose the investment profile or specific funds held in the pension plan. This has given rise to a large pension asset management market. Employees in the public workforce have a separate pension system not relevant to the DNB Group and its competitors.

Individual retirement savings accounts offer the opportunity to save further for retirement and provide certain tax benefits with the trade-off of restricting access to the saved capital until retirement age.

Employers also usually provide life and disability insurance to its employees. These are acquired through the life insurance companies which also generally provide pension services and products.

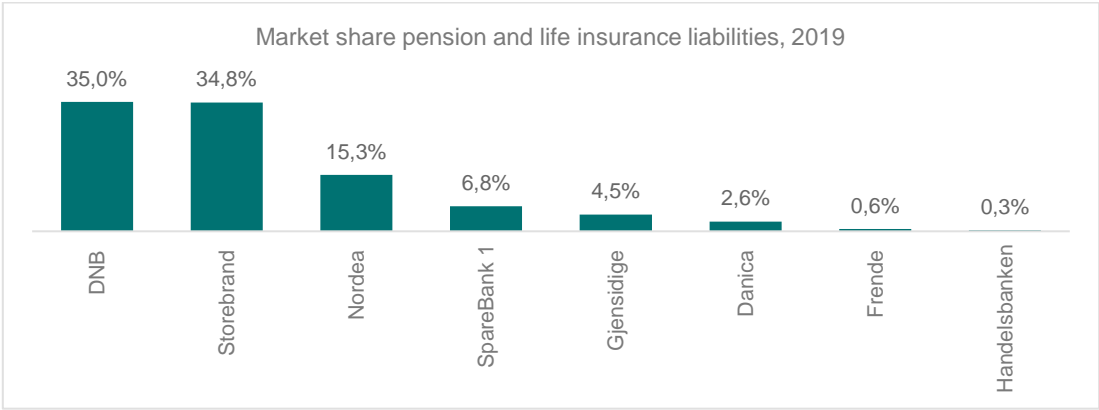
The following chart sets out the eight largest providers of pension schemes and life insurance products by gross annual premiums.



2019 market shares by gross premiums in life insurance and pension products<sup>11</sup>. Source: Finans Norge

<sup>11</sup> Excludes KLP and Oslo Pensjonsforsikring. Products include defined contribution plans, defined benefits plans, private pension savings accounts (e.g. IPS, IPA), capital insurance accounts, and employer provided life insurance.

The following chart shows the eight largest providers of pension schemes and life insurance products by liabilities.

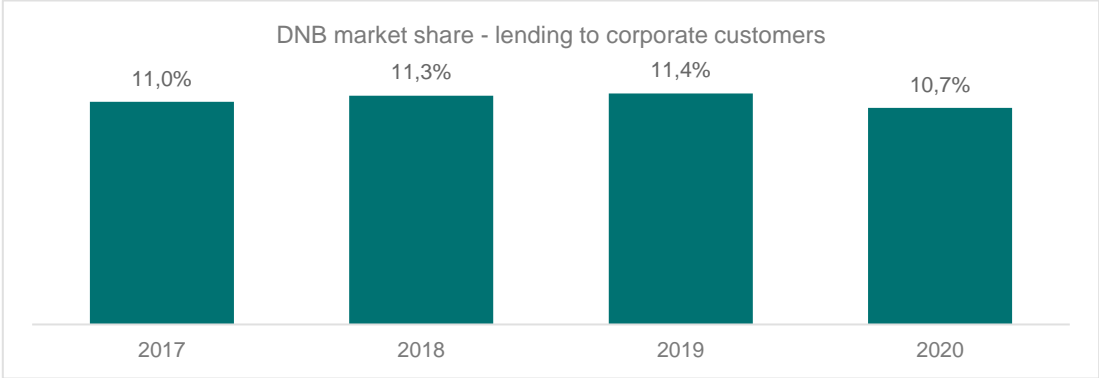


2019 market shares by liabilities in life insurance and pension products.  
Source: Finans Norge

### 5.4 Corporate banking market in Norway

The Norwegian corporate banking market is highly competitive, with a large number of domestic and international banks competing for business. On the loan side, local savings banks compete with the Bank for smaller corporate customers spread across the country, while there is competition from international banks like Danske Bank, Nordea, Skandinaviska Enskilda Banken, and Citibank for the larger clients often based in the main cities of Norway.

The following chart sets out the Bank's lending market share development since 2017.

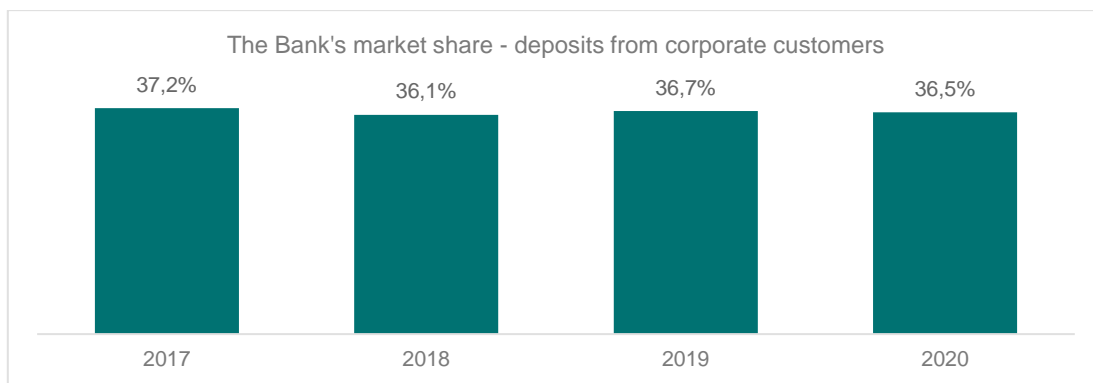


The Bank's market share in the total corporate lending market over time, by nominal values<sup>2</sup>.  
Source: Statistics Norway; DNB

The corporate deposit market is more concentrated than the corporate loan market, with the international banks less present as Norwegian corporations to a larger extent utilise Norwegian banks for day-to-day banking services.

The following chart sets out the Bank's loan and deposit market share development since 2017.

<sup>12</sup> Total loans include all credits extended to Norwegian customers by domestic commercial and savings banks, state banks, insurance companies, finance companies and foreign institutions, as well as bonds and commercial paper. Total loans exclude loans to financial institutions, central government, and social security services.



The Bank's market share in the total corporate deposit market over time, by nominal values.  
Source: Statistics Norway; DNB

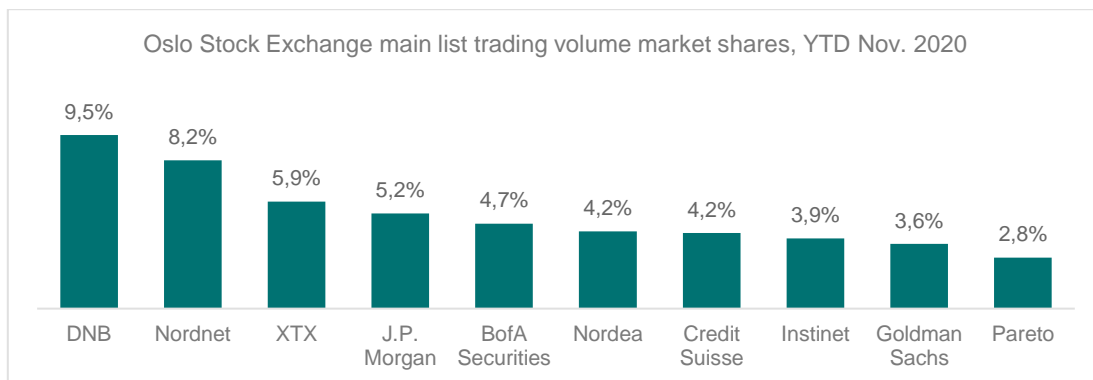
## 5.5 Investment banking services market

The DNB Group operates across a wide range of investment banking services, including share trading and brokering, debt and equity capital raises, and a wide range of advisory services. Several local and international competitors partake in the market.

### 5.5.1 Oslo Stock Exchange trading activity

In 2019, 44 members facilitated trading on the Oslo Stock Exchange. These consist of a mix of local and Scandinavian brokers, global investment banks, and specialised market makers. There is a high degree of competition with trading becoming increasingly digitalised, necessitating investment in digital trading capabilities to remain a competitive market player.

The following chart sets out the market share for the top ten brokers on the Oslo Stock Exchange for 2019.

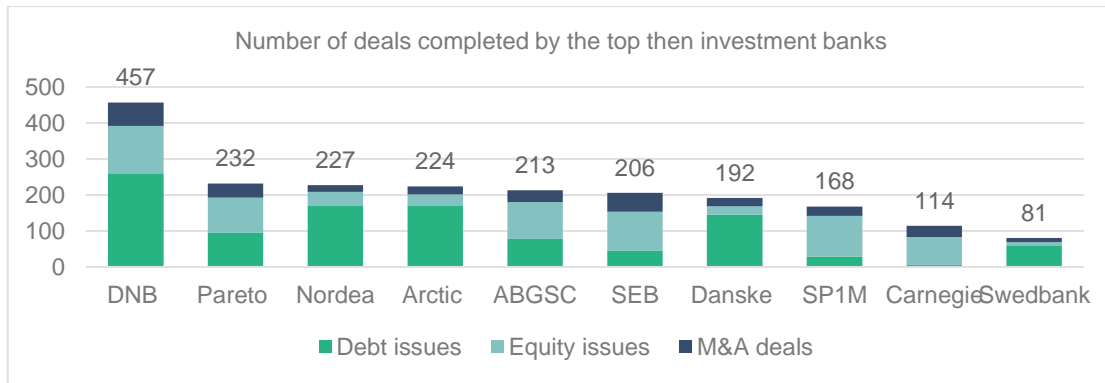


Share of total trading on the Oslo Stock Exchange main list, by value traded in January-November 2020.  
Source: Oslo Stock Exchange

### 5.5.2 Advisory and capital raising market

The Bank, through DNB Markets, has built a strong position within investment banking advisory services over several years and is one of the top investment banks for equity issues, debt issues, M&A and strategic advisory, and loan advisory. Competition is fierce from both Norwegian, Scandinavian, and global investment banks, where the latter group generally is present only for particularly large deals or deals with an international flavour. The Bank has a unique position as it advises on a wider range of deal sizes than most competitors.

The chart below sets out the positions of the top ten competitors within M&A advisory, equity issues, and debt issues by number of deals advised on.



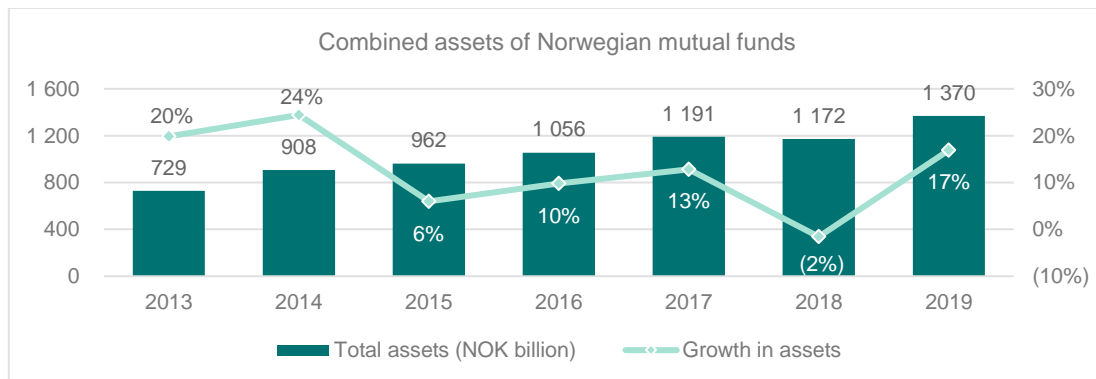
Number of deals involving Norwegian companies advised on by product category<sup>13</sup>, aggregated from 2018 through May 2021.

Source: MergerMarket (M&A data); Dealogic (equity and debt data)

## 5.6 Mutual fund market

Mutual funds have become increasingly important for the average Norwegian, in part due to the rise of the defined contribution pension plan. With employees able to affect the allocation of their pension savings to a larger degree, combined with an increased public awareness around saving and investing, the market for mutual funds has grown. The Bank's Management strongly believes this trend will continue, and the DNB Group has contributed to raising awareness through the #huninvesterer (she invests) campaign.

The chart below shows the combined assets of all mutual funds registered in Norway and the annual growth in assets.

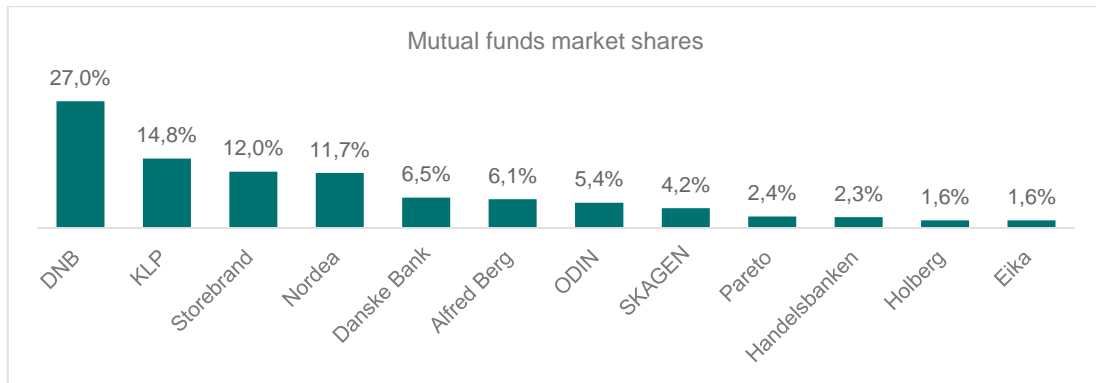


Total assets of mutual funds registered in Norway, 2013-2019.

Source: Statistics Norway

The DNB Group is a leading provider of mutual funds to the Norwegian market, alongside other Norwegian and Scandinavian asset managers. The DNB Group's funds are distributed through its own platform, and through certain other asset managers.

<sup>13</sup> Debt includes high yield and investment grade bonds and syndicated loans. ECM and debt figures only include public deals. ABGSC = ABG Sundal Collier; SP1M = Sparebank 1 Markets



Norway-registered mutual funds market share by mutual fund assets under management, as of year-end 2020.  
 Source: The Norwegian Fund and Asset Management Association.

## **6. BUSINESS OF THE DNB GROUP**

### **6.1 Introduction**

The DNB Group, which includes the Bank and its subsidiaries, is Norway's largest financial services group and one of the largest in the Nordic region in terms of market capitalisation. The DNB Group offers a full range of financial services, including loans, savings and investment, payment transfers, advisory services, real estate broking, insurance and pension products for personal and corporate customers.

As of 31 March 2021, the DNB Group had total combined assets of NOK 3,471 billion and loans to customers of NOK 1,686 billion, compared to total combined assets of NOK 3,545 billion and loans to customers of NOK 1,743 billion as of 31 March 2020. The DNB Group's profit for the year ended 31 December 2020 was NOK 19.8 billion (as compared to NOK 25.7 billion for the year ended 31 December 2019 and NOK 24.3 billion for the year ended 31 December 2018).

The DNB Group conducts its banking operations through the Bank and offers life insurance and pension saving products and asset management services through its wholly-owned subsidiaries DNB Livsforsikring AS and DNB Asset Management AS. The Bank is the largest company in the DNB Group, and offers corporate, retail and investment banking services and products to customers in Norway and internationally. Further, the Bank is among the world's leading banks within its international priority areas, which include the energy, shipping and seafood sectors. The Bank offers telephone and online banking, and has a physical presence throughout Norway and in 16 other countries through its branch offices, subsidiaries and representative offices and in-store banking outlets.

As of the date of this Exempted Document, the DNB Group had approximately 2.1 million private individuals as customers, approximately 233,000 corporate customers and approximately 1.3 million life and pension insurance customers in Norway.

The DNB Group's head office is located in Oslo, Norway, with branch offices in several countries globally, including Sweden, Denmark, Finland, Germany, Poland, Luxembourg, Greece, Spain, United Kingdom, United States, Brazil, Santiago, Singapore, India and China.

As of the date of this Exempted Document, DNB ASA is the holding company of the DNB Group. See Section 6.4.1 for information about the structure of the DNB Group following the completion of the Merger between the Bank as acquiring company and DNB ASA as transferring company and Section 4 for further information about the Merger.

### **6.2 Overarching goals and ambitions**

The DNB Group's vision, values and customer value proposition are about putting the customers in focus. By having satisfied customers whose needs for financial services are well met, the DNB Group aims to be the leading bank throughout Norway and a leading international player within selected customer segments, products and geographic areas.

In the summer of 2020, the DNB Group launched its new corporate strategy. The DNB Group's long-term ambitions set out in the new corporate strategy are to create the best customer experiences, ensure compliance and deliver on its financial targets.

#### ***Create the best customer service***

In a market with increasingly transparent and open value chains, strong customer relationships are crucial in order for the DNB Group to retain its customers and ensure continued profitability. The DNB Group overall goal and strategy is to create the best customer experiences, so that customers choose the services of the DNB Group. Sustainable restructuring is increasingly important to achieve competitiveness in the business sector. The DNB Group's customers have high expectations of how sustainability is integrated into the DNB Group's advisory services, products, and financing solutions.

#### ***Ensure compliance***

New national and international rules and legislation are constantly being adopted and applied to the financial services industry. At the same time, the expectations from the DNB Group's customers and owners are increasing, especially in relation to sustainability topics, such as climate issues and environmental, social and governance (ESG) factors. The DNB Group will secure long-term value creation and responsible operations by maintaining a high level of compliance expertise, as well as by thoroughly and systematically refining corporate governance and controls. All employees and others who work on the DNB Group's behalf must understand their scope of action and work towards a strong



culture of compliance. By ensuring compliance, the DNB Group builds and retains the trust of its customers, shareholders and society in general.

### ***Deliver on financial targets***

Achieving good, long-term returns is the basic premise for the DNB Group's strategy and operations. Delivering on financial targets provides the necessary scope of action to position the DNB Group for the future, while ensuring long-term value creation. The DNB Group does this by focusing on earnings, a responsible cost level, effective capital use, integration of sustainability throughout the DNB Group, and an adaptable and effective organisation. In February 2021, the DNB Group reaffirmed its financial ambitions for the period leading up to 2023. A return on equity of more than 12 per cent remains the overriding target. The DNB Group need to deliver more, with fewer resources, and develop products and services that are more relevant. This will allow the DNB Group to deliver the return its shareholders expect, and stay competitive when it encounter new competitors.

The corporate strategy of the DNB Group will not be subject to any changes in connection with the completion of the Merger.

## **6.3 Business model and strategic priority areas**

The DNB Group's business model is based on generating long-term and sustainable financial value creation for its shareholders.

Risk management is part of the DNB Group's operations and is integrated into the DNB Group's governance processes and management system. The DNB Group's management system ensures balanced monitoring of its target attainment. One way of doing this is by defining financial, operational, and strategic targets and indicators (KPIs), combined with health and risk indicators. The incentive structure also helps safeguard the DNB Group's risks and opportunities, and individual target establishment and the DNB Group's objectives are closely linked.

Long-term value creation and responsible corporate governance provide the foundation for everything the DNB Group does. It is a matter of how the DNB Group creates the best customer experiences and work with innovation, product development and competence. In order to create long-term value, the DNB Group also depends on sustainability being an integrated part of our business model.

The DNB Group has the following four strategic focus areas:

- **Cultivate customer relationships for long-term value creation.** Customers want clear and unique propositions, value for their money, and personalised advice. The DNB Group must therefore be a predictable distributor of financial services, with the ability to cover all needs in one place. The DNB Group must strengthen its customers' trust and stay relevant by providing sound advice based on customer insight.
- **Create future competitiveness by streamlining, modernising and rationalising.** The DNB Group will deliver on its customers' expectations and provide good products and services at competitive prices. It is a matter of being cost-efficient, while at the same time delivering faster and with higher quality by doing fewer things better.
- **Be the customers' preferred savings and deposits partner.** The DNB Group's customers must be able to make the right financial choices for their future by receiving relevant advice and having access to good self-service tools. The DNB Group must be a credible distributor and responsible producer of investment products, and a safe haven for deposits. The Spare app must be the leading savings platform for the full breadth of the DNB Group's customers. The introduction of the "own pension account" scheme in February 2020 has led to great movements in the savings and pension market in the past year, and many players are trying to take new positions. This has also been driven by changes in the macroeconomic situation, demographic differences, and prospects of increased income in households. The market for savings and investments is expected to grow considerably in the next few years, and the competition to become the customers' preferred partner will further intensify.
- **Secure a good payments infrastructure for society and customers.** An effective and good payments infrastructure is important for society and the DNB Group's customers. The payments area is also the part of the financial services industry that is seeing the fastest technological advances. The DNB Group aims to be the leading transaction bank for Norwegian corporate customers, while ensuring that the DNB Group is competitive in the Nordic countries.

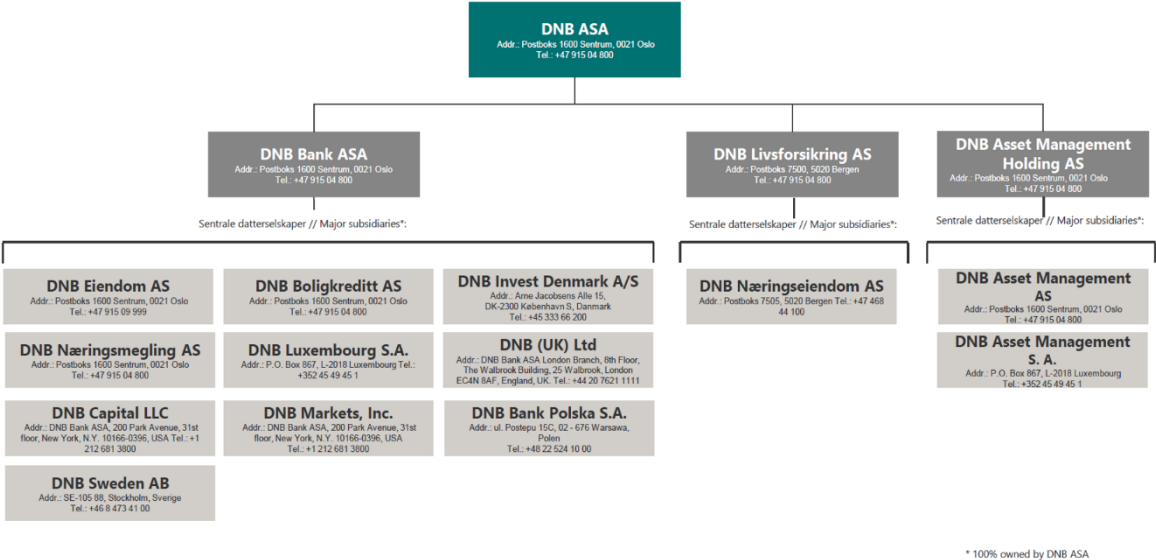
The business model and strategic priority areas for the DNB Group will not be subject to any changes in connection with the Merger.

**6.4 The Group's business activities**

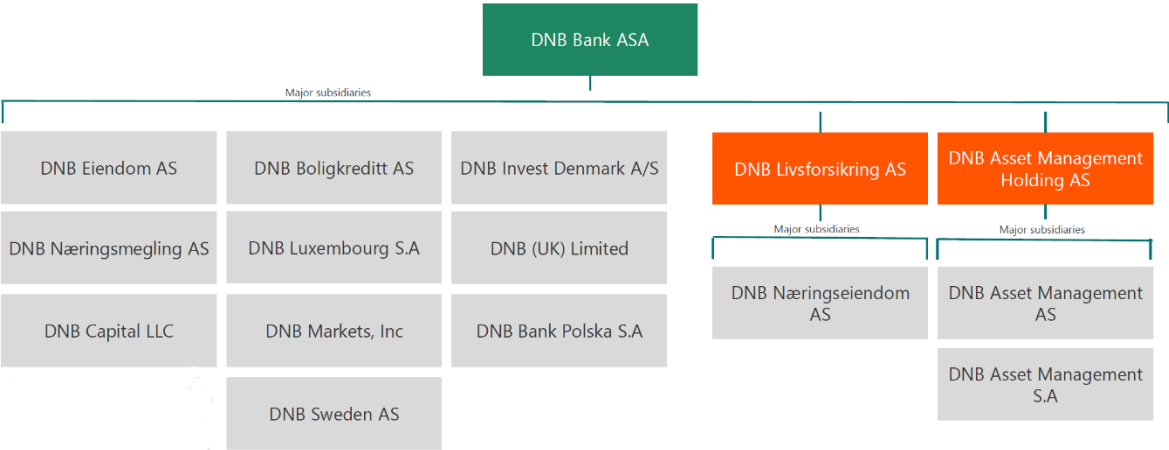
**6.4.1 The DNB Group's legal structure**

As of this date, DNB ASA is the parent company of the DNB Group. The Bank manages the general affairs of the DNB Group, which some of its tasks including the planning, supervision and financial control of the DNB Group's businesses.

The chart below shows the DNB Group's legal structure as of the date of this Exempted Document, prior to the completion of the Merger. The figure includes the major subsidiaries of the DNB Group.



The chart below shows the DNB Group's legal structure following the completion of the Merger. The figure includes the major subsidiaries of the DNB Group.



The DNB Group conducts its banking operations through the Bank and offers life insurance and pension savings products and asset management services through its wholly-owned subsidiaries DNB Livsforsikring AS and DNB Asset Management AS. In accordance with Norwegian law and requirements of the Norwegian regulatory authorities, the insurance and asset management activities of the DNB Group are organised as separate limited companies. Asset management activities are organised under a common holding company, DNB Asset Management Holding AS, and life insurance and pension savings activities are organised under DNB Livsforsikring AS and its subsidiaries.

The following table present the major direct and indirect subsidiaries of the Bank along with the respective ownership and country of incorporation as of the date of this Exempted Document.

<b>Company name</b>	<b>Shareholding and voting right (per cent)</b>	<b>Country of incorporation</b>
DNB Livsforsikring AS	100	Norway
DNB Asset Management Holding AS	100	Norway
DNB Eiendom AS	100	Norway
DNB Boligkreditt AS	100	Norway
DNB Invest Denmark A/S	100	Denmark
DNB Næringsmegling AS	100	Norway
DNB Luxembourg S.A	100	Luxembourg
DNB (UK) Limited	100	United Kingdom
DNB Capital LLC	100	United States
DNB Markets, Inc	100	United States
DNB Bank Polska S.A	100	Poland
DNB Sweden AS	100	Sweden
DNB Næringseiendom AS	100 (indirect)	Norway
DNB Asset Management AS	100 (indirect)	Norway
DNB Asset Management S.A.	100 (indirect)	Luxembourg

Prior to the Merger, the Bank is the sole shareholder of all the subsidiaries listed above, except for the five subsidiaries DNB Livsforsikring AS, DNB Næringseiendom AS, DNB Asset Management Holding AS, DNB Asset Management AS and DNB Asset Management S.A which are wholly-owned subsidiaries of DNB ASA. Upon completion of the Merger, which is further described in Section 4, the Bank assumes the assets and liabilities of DNB ASA, including, inter alia, the shares of DNB Livsforsikring AS and DNB Asset Management Holding AS including its wholly-owned subsidiaries.

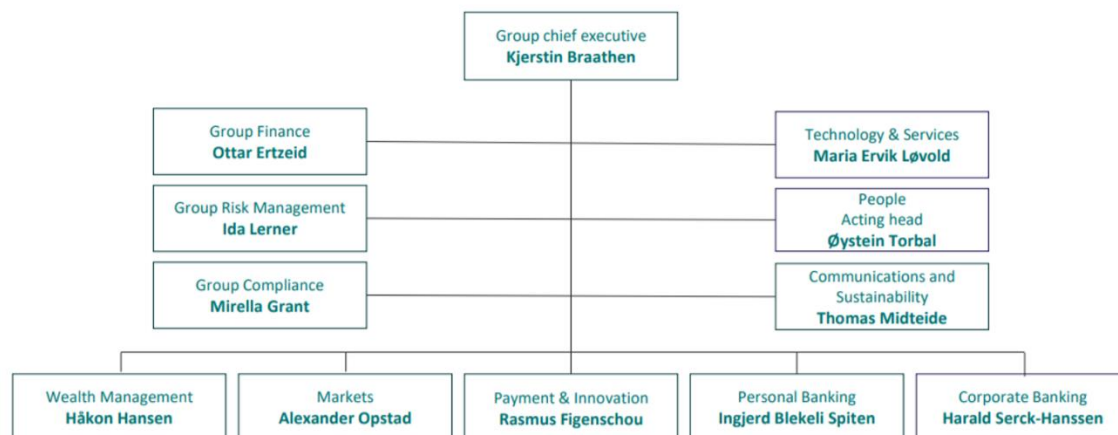
As of this date, DNB ASA is listed on the regulated market of Oslo Børs and is subject to disclosure requirements under Norwegian law applicable to listed companies, as well as the reputation of Oslo Børs. Following the completion of the Merger, the Bank will be listed on Oslo Børs and DNB ASA will be delisted, and the Bank will accordingly be subject to the disclosure requirements under Norwegian law applicable to listed companies, as well as the reputation of Oslo Børs.

In addition, there are statutory measures whose objectives are to prevent abuse of control in place under the Norwegian Public Limited Liability Companies Act. The Financial Institutions Act imposes stricter rules for banks. The Norwegian Ministry of Finance must assess and approve all shareholders that own or acquire a qualified amount (usually 10 per cent or more) of shares in a financial undertaking. On 2 July 2020, the Norwegian Ministry of Finance announced the approval of the new organisational structure for the DNB Group as a result of the Merger, under which the Bank and DNB ASA will be merged and the Bank will be the holding company of the DNB Group and will be the entity issuing MREL-eligible debt.

#### 6.4.2 The DNB Group's operational structure

The operational structure enables the DNB Group to quickly and effectively adapt to changes in customer behaviour, and to develop products and services that meet customer needs.

The chart below sets forth the operational structure of the DNB Group as of the date of this Exempted Document:



The business areas consist of the customer areas Personal Banking and Corporate Banking, and the product areas Wealth Management, Markets and Payments & Innovation.

Personal Banking serves the DNB Group's 2.1 million personal customers and 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. Corporate Banking serves the DNB Group's corporate customers and includes the DNB Group's customers in the Norwegian business community and public sector, as well as all international customers and financial institutions.

The product area DNB Markets is Norway's leading investment firm and provides the DNB Group's customers with investment banking services, including risk management, investment and financing products in the capital markets. The Wealth Management product area is responsible for developing the DNB Group's savings, investment and pension products, and delivers defined-contribution pension schemes to all our customers in close cooperation with the customer areas. Wealth Management is also responsible for all the DNB Group's mutual fund products.

Payment & Innovation is particularly centred around strategic business development and is responsible for three Group functions: innovation, payments, including associated infrastructure, and Open Banking, which works on opening up the DNB Group's infrastructure.

The six staff and support units are Group Finance, Group Compliance, Group Risk Management, Technology & Services, People, and Communications. These units provide infrastructure services to the business areas and certain operational tasks that provide cost efficiencies if undertaken collectively for several business areas. Furthermore, the staff and support units perform functions for the governing bodies and management of the DNB Group. The size and capacity of the support units is a function of the volume of business and the DNB Group's strategy. The support units are each designated as separate and independent entities.

The operational structure of the DNB Group as set forth above will remain unchanged upon and following the completion of the Merger.

#### 6.4.3 Reporting structure – Business Segments

Financial governance in the DNB Group is adapted to the different business segments. The income statements and balance sheets for the segments are presented in accordance with internal financial reporting principles, according to which revenues, costs and capital requirements are allocated to the segments based on a number of assumptions. Reported figures for the different segments thus reflect the DNB Group's total sales of products and services to the relevant segments. The follow-up of total customer relationships and segment profitability are two important dimensions when making strategic priorities and deciding on where to allocate the DNB Group's resources.

With effect from the first quarter of 2020, the DNB Group changed the composition of its reportable segments, as the Small and medium-sized enterprises and Large corporates and international customers were combined into the reportable segment Corporate customers. Comparative figures for the year ended 31 December 2019 have been adjusted accordingly.

A description of the DNB Bank Group's business segments for financial reporting purposes as of the date of this Exempted Document is set out below.

### **Personal Customers**

The Personal Customers segment includes the DNB Group's approximately 2.1 million personal customers in Norway as of the date of this Exempted Document. The customers are offered a wide range of services through Norway's largest distribution network, comprising branch offices, telephone banking (7am to 11pm), digital banking, mobile banking solutions, real estate broking as well as external channels such as banking in stores.

Personal Customers includes the DNB Group's total sales of products and services to personal customers in Norway, both digital and physical, with the exception of certain fixed interest residential mortgages, which are recognised under Traditional pension products. These mortgage portfolios were transferred to DNB Livsforsikring to reduce the balance sheet of the DNB Group, and are reported as part of traditional pension products, where returns accrue to the policyholders. For the year ended 31 December 2020, Personal Customers recognised a pre-tax operating profit of NOK 8,633 million, compared to NOK 9,660 million for 2019, amounting to 36.2 per cent and 30.9 per cent of the DNB Group's pre-tax operating profit for the year ending 31 December 2020 and 2019, respectively. As of 31 December 2020, loans to customers amounted to NOK 817 billion, while deposits from customers totalled NOK 460 billion.

The DNB Group is working to adapt products, service concepts and cost levels to the banking market of the future. In response to a higher self-service ratio, staff levels have been reduced and approximately half of the domestic branches were closed over the last few years. As at 31 December 2020, DNB had 54 domestic branches left. The Bank will continue streamlining its branch structure to reflect changes in both markets and regulations and in line with the DNB Group's commitment to digitalisation, cost reductions and the build-up of Tier 1 capital through higher retained profits.

In the DNB Group's consolidated financial statements, the residential loan portfolio of DNB Boligkreditt is reported as part of the Personal Customers. The remaining part of the DNB Boligkreditt business is reported as part of Other operations. Loans to customers booked in DNB Boligkreditt as of 31 December 2020 amounted to NOK 676 billion.

DNB Eiendom is reported within Personal Customers and is Norway's largest real estate broker. The company offers services related to the sale of residential and holiday properties and housing projects, as well as advisory services in connection with the sale of other real estate. DNB Eiendom has experienced strong growth in market share and turnover and at the date of this Exempted Document, DNB Eiendom had 127 sales offices across Norway (including five franchise offices).

### **Corporate Customers**

On 23 September 2019, the business areas Small and Medium-Sized Businesses and Large Corporates and International were merged to a new business area Corporate Banking. The rationale behind the organisational merger was to provide more consistent and comprehensive service to corporate customers. The segment Corporate Customers includes the DNB Group's Norwegian corporate customers, the public sector, all international customers and financial institutions. The DNB Group's ambition is to maintain a leading position in Norway and strengthen its operations internationally within selected industries for its largest customers, while strengthening initiatives in the small and medium-sized corporate customer and start-up sectors. This change to the DNB Group's composition of reportable segments took effect from 1 January 2020. Comparable figures have been adjusted accordingly. For the year ended 31 December 2020, Corporate Customers recognised a pre-tax operating profit of NOK 10,338 million, compared to NOK 18,033 for 2019 amounting to 43.4 per cent and 57.7 per cent of the DNB Group's pre-tax operating profit for the year ending 31 December 2020 and 2019, respectively. As of 31 December 2020, loans to customers amounted to NOK 775 billion, while deposits from customers totalled NOK 648 billion.

As of the date of this Exempted Document, Corporate Customers provides financial services within the following industries: Energy (including oil and gas, oilfield services, offshore and renewable energy), Shipping, Offshore and Logistics, Seafood, Telecom, Healthcare, Packaging and forest products, Manufacturing and international financial institutions.

### Other operations

For the year ended 31 December 2020, Trading and Other operations (which is now reported together as Other operations) recognised a pre-tax operating profit of NOK 4,876 million, compared to NOK 3,542 million for 2019, amounting to 20.4 and 11.3 per cent of the DNB Group's pre-tax operating profit for the year ending 31 December 2020 and 2019, respectively.

The DNB Group has observed that almost all of its customers prefer to interact with it via digital channels. Accordingly, the Bank implemented extensive measures to adjust its branch structure in Norway to changes in customer behaviour. Parallel to this, additional resources were allocated to the customer service centre and to the innovation of new digital services, such as expanding on the popular financial transaction mobile wallet application, Vipps and the Spare savings app.

In mid-February 2017, DNB entered into an alliance with 105 Norwegian savings banks to cooperate in the development and promotion of Vipps with the aim of it becoming the predominant mobile wallet for the whole of Norway. DNB teamed up with the SpareBank 1 alliance, the savings banks which are also co-owners of Frende Forsikring, the Eika alliance and Sparebanken Møre as co-owners to establish Vipps as a separate company. DNB holds approximately 45 per cent of the shares in the new company, Vipps AS. As from September 2017, Vipps AS has been incorporated in the financial accounts according to the equity method. On 17 November 2017, a group of Norwegian banks, including DNB, Eika and Sparebank 1 Gruppen, announced a preliminary agreement to merge the payment units Vipps, BankAxept and BankID Norge in order to improve their product offering and better place themselves for competition against global tech firms. The merged company, Vipps AS, was established in Oslo in August 2018.

#### 6.4.4 Competition

The DNB Group operates in highly competitive markets, particularly for residential mortgages, which is the principal product of its Personal Customers segment. The DNB Group's competitors include, among others, Nordea, SEB, Danske Bank, Svenska Handelsbanken and the different Norwegian Saving Banks. The emergence of services that facilitate price comparisons of banking services and products, as well as making it easier to change banks, promotes competition between financial services providers and gives customers better and less costly services. The revised Payment Services Directive, which applies in the EU as of 13 January 2018 and implemented in Norwegian law from 1 April 2019, have led and are expected by the Management to continue to lead to further innovation, competition and development of payment services.

The following table sets out Norwegian lending and deposit market shares of the DNB Group as of 31 December 2020, 2019 and 2018.

	As of 31 December		
	2020	2019	2018
	<i>(per cent)</i>		
<b>Personal customer market</b>			
Loans from financial institutions	23	24	24
Deposits	29	29	29
Home mortgages	25	26	27
Policy holders' funds <sup>(1)</sup>	33	36	39
Mutual fund investments	41	38	37
<b>Corporate customer market</b>			
Loans from financial institutions	21	21	21
Deposits	37	37	36
Policy holder's funds <sup>(1) (2)</sup>	18	19	19
Mutual fund investments	34	32	31

(1) Figures as at 30 September 2020.

(2) Includes the public sector.

Source: Statistics Norway and Finance Norway

#### 6.4.5 Information technology

With effect from 23 December 2019, IT and Operations is no longer a separate support unit within the DNB Group. IT development resources have been incorporated into the Bank's business areas to strengthen its focus on digital customer channels and ensure good digital customer experiences.

Group-wide IT services and operations were transferred to a new support unit called Technology & Services. This unit will also strengthen the Group's work with safety, compliance and stable operations.

### 6.5 Recent developments and planned changes

On 2 July 2020, the Norwegian Ministry of Finance announced the approval of a new organisational structure for the DNB Group, resulting from the Merger, under which the Bank and DNB ASA will be merged and the Bank will be the holding company of the DNB Group and will be the entity issuing MREL-eligible debt. See Section 4 for further information about the Merger.

In the second quarter of 2020, the DNB Group introduced electronic registration, or eRegistration (eTinglysning), for corporate customers. With the introduction of eRegistration, the DNB Group took a major step towards a fully digitalised credit process. Together with the use of existing eSigning functionality, the final processing can now be entirely digital.

The DNB Group is working continuously to streamline its distribution network and facilitate self-service solutions. The number of active mobile banking users increased from 800,000 (as of the fourth quarter of 2017) to one million active users in 2020, with 600,000 daily visits. As a result of new technology and digital services, the DNB Group's customers use the Bank in different ways. While the use of digital services has significantly increased in recent years, there has been a prolonged decline in the number of visitors to the Bank's branch offices.

In November 2020, together with SpareBank 1, the Bank made a strategic acquisition of Uni Micro AS, one of Norway's leading players in enterprise resource planning and accounting systems. Uni Micro will be the system provider of the new version of the DNB Group's accounting app, DNB Regnskap. The acquisition will strengthen the Bank's efforts relating to digital systems for accounting and financial management, and lead to a highly flexible accounting solution that will be relevant for the entire small and medium-sized enterprises market in Norway. The transaction is subject to the approval of the Norwegian FSA. If the acquisition is approved and completed, Uni Micro AS will be acquired by Bank og Regnskap Holding AS, a private limited liability company in which the Bank has a 60 per cent indirect ownership share, with the other 40 per cent owned by Sparebank 1.

In the first quarter of 2021, DNB ASA announced that it intends to withdraw from Poland, by gradually reducing its activity there. This process is expected to take several years. In the first quarter of 2021, the increase in operating expenses was partly due to non-recurring restructuring expenses in relation to the withdrawal. There will most likely be additional expenses occurring over time. On 15 April 2021, DNB ASA announced that the Bank has reached an agreement with Sbanken ASA ("**Sbanken**") to launch a recommended voluntary cash tender offer for 100 per cent of the shares of Sbanken. The offer included cash consideration of NOK 103.85 per share, implying a total consideration for all the shares of approximately NOK 11.1 billion, a premium of 29.8 per cent over Sbanken's share price at 14 April 2021. On 7 June 2021, DNB ASA announced that the cash consideration from the Bank was increased to NOK 108.85 per share. On 17 June 2021, the final result of the recommended voluntary cash tender offer was announced in which the Bank received acceptances of the offer for a total of 86,852,979 shares, representing approximately 81.3% of the outstanding shares and votes in Sbanken. In addition, the Bank held 10,567,419 shares in Sbanken from earlier, representing approximately 9.9% of the shares and votes in Sbanken. Following settlement of the offer, the Bank will therefore hold a total of 97,429,398 shares in Sbanken, corresponding to approximately 91.2% of the shares and votes in Sbanken. Following settlement of the offer, the Bank intends to initiate a compulsory acquisition of the remaining shares not owned by the Bank in accordance with the Norwegian Public Limited Liability Companies Act section 4-25.

Sbanken was established in 2000 as the first pure-play digital bank in Norway and was listed on the Oslo Stock Exchange in 2015. Today, Sbanken is one of the leading digital retail banks in Norway with 476,000 retail customers at year-end 2020. The DNB Group believes that the acquisition of Sbanken will further strengthen its position within retail banking in its home market. The DNB Group's market share within mortgages in Norway is estimated to increase from approximately 24 per cent to approximately 27 per cent if the acquisition is completed.

The transaction is subject to approvals from the Norwegian Ministry of Finance and the Norwegian Competition Authority. On 24 June 2021, the Norwegian Competition Authority announced that it has opened a Phase II review, following its initial Phase I review, where it will be considering whether the transaction may reduce competition within distribution of funds. The final decision from the regulatory authorities is expected in the third quarter of 2021.

Following the outbreak of COVID-19, the DNB Group has implemented a number of measures to secure continued operation of its banking and payment services in Norway and abroad. One such measure is to split teams within critical specialist and delivery areas to ensure that delivery capacity is maintained, even if someone should become infected or quarantined. The teams are split between different buildings and locations, and most employees in non-critical environments work from home. These measures secure IT operations so that payments and other services can run as normal. The DNB Group has also established business continuity plans with measures that can be implemented should the situation escalate.

Except as set out above, there have no significant changes impacting the operations and principal activities of the Bank or the DNB Group since 31 December 2020. See Section 6.6 for a description of regulatory events that have affected and may affect the DNB Group going forward.

## **6.6 Regulatory developments**

### ***Measures to mitigate the impact of the COVID-19 outbreak***

In order to mitigate the adverse effects of the COVID-19 outbreak on Norway's economy, business community and labor market, the Norwegian authorities have implemented extensive financial measures. The Norwegian Government has also presented an exit strategy for the COVID-19 outbreak, including additional measures intended to help get more people back to work and boost activity and value creation in the Norwegian business community, as well as to promote the green shift. Among the most important measures in place as of the date of this Exempted Document are the following:

- Government compensation scheme for businesses. Offers compensation to cover up to 85 per cent of fixed costs for businesses experiencing significantly reduced turnover as a result of the COVID-19 pandemic, up to NOK 160 million for each two month-period.
- Government loan program. NOK 50 billion loan program enabling loan financing to businesses. The Government guarantees 90 per cent of each bank loan. On 13 November 2020, the Norwegian Ministry of Finance decided that the loan guarantee programme is to be extended until 30 June 2021.
- Reduced counter-cyclical buffer rate from 2.5 to 1.0 per cent. Allows for higher lending capacity in the banking sector. On 17 June 2021, the Norwegian Ministry of Finance decided to increase the counter-cyclical buffer to 1.5 per cent, with effect from 30 June 2022.
- Increased and extended benefit schemes for unemployed/temporarily laid-off members of the working population. Extension of the scheme by granting benefits from the first day and increasing the daily allowance, and offering 80 per cent compensation to self-employed entrepreneurs. The scheme leads to higher registered unemployment as businesses lay off employees to save costs.
- Lowered key policy rate. In an effort to mitigate the effects of the COVID-19 outbreak on economic activity in Norway, the key policy rate was reduced from 1.50 per cent to zero in three phases between March and May 2020.

### ***MREL requirement – extension of grandfathering period***

The EU's Bank Recovery and Resolution Directive (BRRD) has been effective in Norway since 1 January 2019. On 20 December 2019, the minimum requirement for own funds and eligible liabilities (MREL) was determined for the Bank and seven other Norwegian banks. The MREL requirement applied from 30 June 2020. Initially, preferred senior debt issued before 1 January 2020, with more than one year's remaining maturity, qualified as MREL-eligible debt until 31 December 2022 (grandfathering). Due to the demanding market conditions caused by the COVID-19 pandemic, the Norwegian FSA



announced on 26 May 2020 that the grandfathering period was to be extended to 1 January 2024, with there no longer being a requirement that the preferred senior debt qualifying until 1 January 2024 was issued before 1 January 2020.

### ***Expectation for the distribution of profits***

In a press release published on 25 March 2020, the Ministry of Finance expressed an expectation that Norwegian financial institutions should refrain from distributing profits until the economic uncertainty has subsided. On 8 June 2020, the European Systemic Risk Board (ESRB) published a recommendation to national authorities urging them to request financial institutions to refrain from distributing profits, in light of the economic uncertainty caused by the COVID-19 outbreak. The recommendation includes requesting financial institutions to refrain from distributing dividends, buying back shares and providing variable remuneration to individual employees at least until 1 January 2021. In a letter to the Norwegian FSA dated 20 January 2021, the Norwegian Ministry of Finance stated that financial institutions should exercise caution in paying dividends for 2019 and 2020, and that until 30 September 2021, such payments should be limited to a maximum of 30 per cent of the relevant institution's cumulative results for 2019 and 2020, up until 30 September 2021.

### ***CRR Quick Fix***

On 19 June 2020, the EU Council announced the adoption of the CRR Quick Fix package to facilitate bank lending in the EU in order to support households and businesses in recovering from the COVID-19 crisis. The CRR Quick Fix Regulation was published in the EU Official Journal on 26 June 2020 and entered into effect on 27 June 2020. The amendments to CRR include, among other things, changes to the minimum amount of capital that banks are required to hold for non-performing loans (NPL) under the "prudential backstop", the extension by two years of transitional arrangements related to the implementation of the international accounting standard IFRS 9, additional flexibility for supervisors to mitigate negative effects of the extreme market volatility observed during the COVID-19 pandemic, and the earlier introduction of some capital relief measure for banks under CRR 2, most notably with respect to preferential treatment of certain loans backed by pensions or salaries and their SMEs and infrastructure loans, to encourage the credit flow to pensioners, employees, businesses and infrastructure investments.

It is still not clear how this may affect the regulatory framework for the Norwegian banking industry. On 9 April 2021, the Ministry of Finance put forward a proposal related to the implementation of CRDV, CRR 2 and BRRD2 in Norway. The date of implementation is unlikely to be before the end of 2021 and may depend on other countries in the EEC.

### ***Implementation of CRR2/CRDV/BRRD2 in Norway***

On 5 February 2020, the Ministry of Finance asked the Norwegian FSA to organise a working group to propose relevant changes in Norwegian law as a result of CRDV, CRR 2 and BRRD2. The working group presented its proposal on 9 October 2020. On 9 April 2021, the Ministry of Finance put forward a proposal related to the implementation of CRDV, CRR 2 and BRRD2 in Norway. The date of implementation is unlikely to be before the end of 2021 and may depend on other countries in the EEC.

### ***Regulation of Banks' Lending Practices***

Banks' lending practices towards households are currently regulated by the Home Mortgage Regulations and the Consumer Loan Regulations. On 9 December 2020, the Government decided to extend the applicable provisions of these regulations for a new period of four years, with a mid-term evaluation after two years. However, the two separate regulations will be combined into one common set of regulations on lending. The Government decided against following the Norwegian FSA's recommendation to expand the regulatory scope to include loans secured by collateral other than property. However, this will be assessed in the evaluation to be performed in the autumn of 2022.

### ***New Financial Contracts Act***

The new Financial Contracts Act was adopted by the Norwegian Parliament in December 2020. The Act is expected to enter into force on 1 January 2022. The new Act is based on the current one, with comprehensive amendments. Due to the scope and complexity of the Act, the Bank had already established a fast-working group project in the summer of 2020, to identify the need for adjustments to systems, products and services. As described under above under "The financial services industry is subject to intensive regulation, including capital adequacy regulation, and the regulatory framework is

subject to change”, the Act may have a negative effect on DNB’s ability to increase the interest rate on floating rate loans.

### ***Risk mitigation through Innovation Norway's growth guarantee scheme***

The purpose of the growth guarantee scheme is to make bank financing more easily available to innovative or fast-growing SMEs. The guarantee scheme is based on an agreement between the European Investment Fund and Innovation Norway. Through the scheme, Innovation Norway guarantees 75 per cent of banks’ losses on loans of up to NOK 4 million per company. The Bank and five other banks have tested the scheme since 2017, and it is now being expanded and rolled out further with 14 banks participating in total. Until 18 January 2022 (with the possibility of extension to 31 December 2022), Norwegian banks will be able to provide loans totalling nearly NOK 2 billion in risk capital to companies that meet the criteria. The Bank has been allocated NOK 700 million of this amount.

### ***Changes in capital requirements for banks***

On 31 December 2019, the EU’s capital requirements regulations CRR/CRD IV were fully implemented in Norway. This regulatory framework helps highlight the strong capital adequacy of the banking group. At the same time, the Norwegian Ministry of Finance has clearly signalled that there should be no easing of the capital requirements for banks as a result of the removal of the so-called Basel I floor and the reduction of the capital requirement for lending to small and medium-sized enterprises (the SME supporting factor). The Ministry is therefore adjusting the use of policy instruments in the banks’ capital requirements so that a greater share of the risk is covered by the capital requirements in Pillar 1.

For the DNB Group and other banks using the advanced IRB approach, the systemic risk buffer requirement will increase from 3 to 4.5 per cent with effect from 31 December 2020. For the banking group’s exposures abroad, the buffer rate set in the country in question will apply, and for exposures in countries that have not set a systemic risk buffer requirement, the rate will be 0 per cent. This means that the systemic risk buffer requirement for the DNB Bank Group is reduced from 4.5 to about 3.0 per cent. The Norwegian Ministry of Finance is also introducing a floor for the average risk weighting of lending for real estate, especially aimed at foreign banks with operations in Norway.

After being increased to 2.5 per cent with effect from 31 December 2019, the Ministry of Finance announced on 13 March 2020, following advice from Norges Bank, as one of its COVID-19 measures, to reduce the counter-cyclical buffer to 1 per cent with immediate effect. The DNB Bank Group’s effective counter-cyclical buffer rate is the weighted average of the buffer rates for the countries where the DNB Group has credit exposures. Since several countries in which the DNB Group has exposures have set the requirement lower than 1.0 per cent, the DNB Group’s effective counter-cyclical buffer rate is currently approximately 0.74 per cent as of 31 March 2021. On 18 March 2021, Norges Bank decided not to recommend increasing the counter-cyclical buffer rate. The Ministry of Finance followed Norges Bank’s recommendation.

### ***New rules on securitization underway***

A working group appointed by the Norwegian Ministry of Finance has considered the implementation of the EU’s rules on securitization in Norwegian law. The working group has concluded that failure to implement the rules correctly and in full will constitute a breach of Norway’s obligations under the EEA Agreement. DNB is thus one step closer to a system where Norwegian banks are allowed the same access as banks in the EU to use this type of instrument for both funding and risk management. The Ministry of Finance presented a proposal for new regulations on securitization on 4 December 2020. It is currently not known when these regulations will enter into force.

### ***New Act on Sustainability-related Disclosures circulated for public comment***

The EU has adopted two regulations relating to sustainability, one on sustainability-related disclosures in the financial services sector and one on the establishment of a framework for a classification system (taxonomy) to facilitate sustainable investment. The requirements are comprehensive and detailed.

The regulations have not yet been incorporated into the EEA Agreement, but Finanstilsynet has, at the request of the Ministry of Finance, looked into how they can be introduced in Norway, so that their entry into force can follow the EU timeline. The Norwegian FSA proposes that the disclosure requirements and reporting obligations are put into effect through a new act on sustainability-related disclosures. The purpose of gathering all the requirements in one act is to achieve a better overview of the various rules

in this area, and greater harmonisation. In addition, a new act will reflect the increased societal importance of disclosures of this kind and clarify the connection between the various disclosure requirements and reporting obligations.

### ***Credit information companies will enable better credit assessments***

In 2019, two debt information companies became fully operational in Norway, and all banks licenced to provide unsecured loans are obliged to furnish these two companies with information about established loan agreements and credit line agreements. The debt information services are intended to function as an aid for both customers and banks. It is now easier for customers to get an overview of their own debt situation, and banks can easily check the actual amount of debt a loan applicant has. Banks can thus conduct a better credit assessment of customers seeking loans, which may prevent consumers from taking up more debt than they can service.

### ***PSD2 and Open Banking***

The EU's revised payment services directive, PSD2, has now entered into force in Norway. The directive was mainly implemented in the Norwegian Financial Institutions Act and the Payment Services Regulations in March 2019. The technical regulations for secure customer authentication came into force on 14 September 2019, and this, in effect, marked the start of the provision of third-party services related to account information and account-to-account payments in Norway. So far, interest seems to be limited among potential providers as well as consumers. This is in line with the experience in markets where developments have progressed further. The DNB Group is actively working to position the Bank with a view to protecting its existing business operations, while making the most of the potential and reducing the disadvantages of Open Banking.

### ***Regulatory sandbox established to facilitate innovation***

The Norwegian FSA has created a regulatory sandbox for the fintech industry. The sandbox will give businesses the opportunity to test new products and services on a small scale under close supervision by the Norwegian FSA, the aim being that the sandbox will contribute to technological innovation and the entry of more new players in the market. The sandbox is also intended help enhance the Norwegian FSA's understanding of new technological solutions and business models, and make it easier to identify potential risks or the need for regulatory changes at an early stage.

### ***Tax advisors' disclosure obligation and duty of confidentiality***

In the Official Norwegian Report NOU 2019:15, the so-called Skatterådgiverutvalget (tax advisors committee) proposes that a disclosure obligation be imposed towards the Norwegian tax authorities. The disclosure obligation shall apply to both tax advisors and customers, who are thus obliged to disclose information about tax arrangements that pose a risk of aggressive tax planning, in line with international recommendations (BEPS). The committee proposes to implement this in Norway in the same manner as in the EU, to a large extent based on the EU Council Directive DAC 6. The proposal is comprehensive and will primarily have consequences for lawyers, accountants and others who offer tax advice. Financial institutions may also become subject to the disclosure obligation. In addition, the committee has proposed that correspondence between in-house lawyers and their clients shall no longer be subject to legal privilege. The proposals have been circulated for public comment and are now being considered by the Ministry of Finance.

### ***New Act on Protective Security Services may result in stricter security measures***

The new Act on Protective Security Services entered into force on 1 January 2019. In accordance with the act, the ministries have been responsible for designating so-called basic national functions ('grunnleggende nasjonale funksjoner', GNFs) in the course of 2019, and for identifying companies within their respective sectors that fulfil such functions.

### ***Crisis management regulations***

Legislation implementing the BRRD in Norway was passed in the Norwegian Parliament in March 2018 and entered into force on 1 January 2019. The legislation sets forth that any further possible supplements and regulation of the details for the implementation of the BRRD and related technical standards can be determined through regulations passed by the Ministry under the Financial Institutions Act. On 29 June 2018, the Norwegian FSA, on behalf of the Ministry, published a proposal for the Financial Institutions Regulation. After public consultation, the Ministry of Finance adopted the final rules on 19 December 2018, which entered into force on 1 January 2019.

### ***New Personal Data Act***

The Norwegian Parliament has adopted a new Personal Data Act, which implements the EU General Data Protection Regulation (GDPR) in Norway. The new Act entered into force on 20 July 2018. New Personal Data Regulations and separate transitional Regulations have also been adopted.

The DNB Group has done considerable work to prepare for the new regulation. A group privacy officer role was established for key DNB Group companies in Norway and in the EU. The DNB Group also introduced processes to safeguard customer rights to information and for handling and reporting violations of privacy protection regulations. In 2018, the DNB Group established a Group Privacy Office, which also includes a group privacy officer and senior privacy officers. The function will be responsible for coordinating efforts to ensure compliance with privacy protection legislation both nationally and internationally. The DNB Group will continue to focus on strengthening privacy protection in the future.

### ***New anti-money laundering legislation***

The new Money Laundering Act and Anti-Money Laundering Regulations entered into force on 15 October 2018. The new legislation implements the EU's fourth Anti-Money Laundering Directive in Norwegian law and involves, among other things, stricter requirements for customer due diligence and more responsibilities for the management and board of directors. Administrative sanctions for companies and individuals who do not abide by the law have also been introduced.

### ***The financial activities tax***

The financial activities tax was introduced in 2017 and includes two elements:

- A 5 percentage point increase in employer's national insurance contributions and
- A 25 per cent corporate income tax rate for the financial services industry, compared to 2 per cent for non-financial companies.

### ***Possible new guidelines on IRB models***

On 9 June 2021, the Norwegian FSA published a circular which is intended to guide banks on the Norwegian FSA's practice for the approval and supervision of internal ratings-based ("IRB"). If the circular is not changed from its current form, it may entail a tightening of the capital requirements for banks using IRB models (including DNB) that are subject to Norwegian rules and legislation.

### ***Update of methodology for calculated expected losses in stage 3***

In the fall of 2020, the DNB Group commenced an internal project to update its methodology for calculating expected losses in stage 3. This update is partly in response to the DNB Group's on-going dialogue with the Norwegian FSA regarding the Norwegian FSA's expectations of how expected losses in stage 3 should be calculated. The DNB Group expects this update to be completed in the third quarter of 2021.

## **6.7 Legal proceedings**

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

On 28 November 2019, Økokrim (the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime) announced that it had initiated an investigation of DNB ASA regarding the Icelandic fisheries company Samherji. Samherji has been accused of money laundering and corruption in connection with the company's activities in Namibia. Økokrim carried out a thorough investigation of DNB ASA's role in the Samherji case. The police dropped the case against DNB ASA on 11 February 2021, after DNB ASA had disclosed all relevant information. On 3 May 2021, the Norwegian FSA published a report from December 2020 regarding the Samherji matter. The incidents covered by the Norwegian FSA in the Samherji case are time-barred or date to a period that was covered under the previous anti-money laundering act and are therefore not sanctionable under the current law. DNB ASA's anti-money laundering efforts have since been significantly intensified. DNB ASA acknowledges that there were shortcomings related to customer due diligence in the six companies as noted by the Norwegian FSA in connection with the Samherji case. The Bank's own investigations have uncovered the same shortcomings that the Norwegian FSA points to.

In February 2020, the Norwegian FSA conducted an anti-money laundering inspection of the Bank in relation to its operations in Norway. On 7 December 2020, DNB ASA announced that a preliminary report from the Norwegian FSA indicated the possibility of an administrative fine of NOK 400 million, due to inadequate compliance with the Norwegian Anti-Money Laundering Act. On 3 May 2021, the Norwegian FSA published its final report and a resolution related to this case (both dated 30 April 2021), confirming that the fine was imposed. DNB ASA has already recognised the total fine in its annual financial statements for 2020. The Bank has not been under suspicion of money laundering or complicity in money laundering. However, in its report of 30 April 2021 the Norwegian FSA was critical of the Bank's compliance with the AML regulations and remediation of weaknesses identified in prior inspections. The Norwegian FSA has also indicated that certain findings of this review will form part of its further monitoring of the Bank to ensure that identified instances of non-compliance are addressed. The Bank spends considerable resources in the battle against money laundering. Nevertheless, the Bank acknowledged that the anti-money laundering efforts had not given sufficient results at the time of the inspection, and DNB ASA therefore announced the same day that it accepted the fine.

Except for the above, the Bank is not aware of any governmental, legal or arbitration proceedings, including any such proceedings which are pending or threatened, during the last 12 months which may have or have had in the recent past, significant effects on the Bank or the DNB Group.

## 6.8 Material contracts outside the ordinary course of business

Neither the Bank, DNBA ASA nor any of the subsidiaries in the DNB Group have entered into contracts outside the ordinary course of business that are considered material for the Group's existing business or profitability and which will be materially affected by the Merger. On 21 October 2020, the Board of Directors of the Bank and DNB ASA signed a joint merger plan for the Merger, as further described in Section 4.

## 6.9 The Board of Directors and Management

### 6.9.1 The Board of Directors

As of the date of this Exempted Document, the following are members of the Board of Directors of DNB ASA.

Name	Position	Served since	Term expires
Olaug Svarva	Chair	2018	Completion of the Merger
Svein Richard Brandtzæg	Vice chair	2020	Completion of the Merger
Gro Bakstad	Board member	2019	Completion of the Merger
Jens Petter Olsen	Board member	2020	Completion of the Merger
Jaan Ivar Semlitsch	Board member	2014	Completion of the Merger
Lillian Hattrem	Board employee representative	2020	Completion of the Merger
Stian Tegler Samuelsen	Board employee representative	2020	Completion of the Merger

As of the date of this Exempted Document, the following are members of the Board of Directors of the Bank.

Name	Position	Served since	Term expires
Olaug Svarva	Chair	2018	2022
Kim Wahl	Vice chair	2019	2022
Julie Galbo	Board member	2020	2022
Eli Solhaug	Board employee representative	2020	2022

Following the completion of the Merger, the following will be members of the Board of Directors of the Bank:

<b>Name</b>	<b>Position</b>	<b>Served since</b>	<b>Term expires</b>
Olaug Svarva	Chair	2018	2022
Svein Richard Brandtzæg	Vice chair	2020	2023
Gro Bakstad	Board member	2019	2023
Jaan Ivar Semlitsch	Board member	2014	2023
Jens Petter Olsen	Board member	2020	2023
Kim Wahl	Board member	2019	2022
Julie Galbo	Board member	2020	2022
Stian Tegler Samuelsen	Board employee representative	2020	2022
Lillian Hattrem	Board employee representative	2020	2022
Eli Solhaug	Board employee representative	2020	2022

The registered office at Dronning Eufemias gate 30, N-0191 Oslo, Norway, serves as the business address of the members of the Board of Directors in relation to their directorships in the Bank and DNB ASA as of this date and will serve as the business address in relation to the directorships of the members of the Board of Directors following the completion of the Merger.

The composition of the Board of Directors of DNB ASA is, and the composition of the Board of Directors in the Bank following the Merger will be, in compliance with the recommendations of the Norwegian Code of Practice for Corporate Governance dated 17 October 2018 (the "**Corporate Governance Code**"). The Corporate Governance Code recommends that (i) the majority of the shareholder-elected members of the Board of Directors is independent of the Management and material business contacts, (ii) at least two of the shareholder-elected members of the Board of Directors are independent of the main shareholders, and (iii) no members of the Management are members of the Board of Directors.

As of the date of this Exempted Document, the following members of the Board of Directors of DNB ASA and the Bank own shares in DNB ASA:

<b>Name</b>	<b>Number of shares in DNB ASA</b>
Olaug Svarva	14,500
Svein Richard Brandtzæg	556
Gro Bakstad	4,000
Lillian Hattrem	1,578
Jens Petter Olsen	6,000
Stian Tegler Samuelsen	1,067
Jaan Ivar Semlitsch	25,200
Kim Wahl	12,000
Julie Galbo	755
Eli Solhaug	3,127

None of the members of the Board of Directors of DNB ASA or the Bank holds any shares in the Bank as of this date. Following the completion of the Merger, shares owned by the members of the Board of Directors will be Shares in the Bank. See Section 4.3 about the completion of the Merger with respect to the Shares. There are no restrictions on the members of the Board of Directors' disposal of their shares within a certain period of time after the completion of the Merger.

## 6.9.2 The Management

As of the date of this Exempted Document, the Management serves as the executive management for DNB ASA and the Bank. The names of the members of the Management and their respective positions are presented in the table below:

<b>Name</b>	<b>Position</b>	<b>Position held since</b>
Kjerstin R. Braathen	Group Chief Executive Officer	2019
Ottar Ertzeid	Chief Financial Officer	2019
Øystein Torbal (temporary)	Acting head - Group Executive Vice President of People	2021
Rasmus Figenschou	Group Executive Vice President of Payments & Innovation	2019
Mirella E. Grant	Group Chief Compliance Officer	2018
Håkon Hansen	Group Executive Vice President of Wealth Management	2019
Ida Lerner	Group Chief Risk Officer	2017
Maria Ervik Løvold	Group Executive Vice President of Technology & Services	2019
Thomas Midteide	Group Executive Vice President of Communications & Sustainability	2019
Alexander Opstad	Group Executive Vice President of Markets	2019
Harald Serck-Hanssen	Group Executive Vice President of Corporate Banking	2019
Ingjerd Blekeli Spiten	Group Executive Vice President of Personal Banking	2018

The members of the Management as set out below will be the members of the Management of the Bank following the completion of the Merger. Anne Sigrun Moen will assume the position as permanent Head of People some time in 2021.

The registered office at Dronning Eufemias gate 30, N-0191 Oslo, Norway, serves as the business address of the members of the Management in relation to their positions in the Bank and DNB ASA as of this date and will serve as the business address in relation to the positions of the members of the Management following the completion of the Merger.

As of the date of this Exempted Document, the members of the Management owns shares in DNB ASA as follows:

<b>Name</b>	<b>Number of shares in DNB ASA</b>
Kjerstin R. Braathen	60,062
Ottar Ertzeid	285,402
Øystein Torbal	777
Rasmus Figenschou	16,962
Mirella E. Grant	1,875
Håkon Hansen	22,603
Ida Lerner	7,072
Maria Ervik Løvold	7,383
Thomas Midteide	29,872
Alexander Opstad	38,639
Harald Serck-Hanssen	50,382
Ingjerd Blekeli Spiten	14,060

None of the members of the Management holds any shares in the Bank as of this date. Following the completion of the Merger, shares owned by the members of the Management will be Shares in the Bank. See Section 4.3 about the completion of the Merger with respect to the Shares. There are no restrictions on the members of the Management's disposal of their shares within a certain period of time after the completion of the Merger.

### 6.9.3 Conflicts of interests

There are currently no actual or potential conflicts of interest between the members of the Board of Directors and the Management in relation to their duties to the Bank and their private interests or other duties, including any family relationships between the members of the Board of Directors and the Management, nor is the Bank aware of any such actual or potential conflicts of interest between the members of the Board of Directors and the Management following the completion of the Merger.

#### 6.9.4 Employees

As of 31 December 2020, the DNB Group had 9,050 full-time employees, an increase from 9,020 employees as of 31 December 2019. Approximately 14.3 per cent of the DNB Group's full-time employees are located outside Norway.

The following table shows the development in the number of employees in the DNB Group, including full-time and partial time employees, and employees located in Norway and abroad, for the years ended 31 December 2020, 2019 and 2018:

	31 December		
	2020	2019	2018
Number of employees as at 31 December	9,311	9,336	9,609
- of which number of employees abroad	1,312	1,364	1,393
Number of employees calculated on a full-time basis as at 31 December	9,050	9,020	9,196
- of which number of employees calculated on a full-time basis abroad	1,296	1,341	1,371
Average number of employees	9,238	9,304	9,566
Average number of employees calculated on a full-time basis	8,950	8,975	9,141



## **7. SELECTED FINANCIAL AND OTHER INFORMATION**

### **7.1 Introduction**

As further described in Section 4, DNB ASA and DNB Bank ASA have signed a joint merger plan, whereas DNB Bank ASA will be the new holding company in the DNB Group after completion of the Merger. The Merger will be implemented with accounting and fiscal effect as of 1 January 2021 and will be implemented with accounting continuity. Due to this, the historical accounting figures for the DNB Group, following the completion of the Merger, will correspond to the historical accounting figures for the DNB Group prior to the Merger, and the Merger will thus not have any impact on the historical accounting figures for the DNB Group.

The financial information set forth below is derived from and based on the DNB Group's audited consolidated financial statements as of and for the years ended 31 December 2020, 2019 and 2018 (the Annual Financial Statements), and the unaudited interim financial statements as of, and for the three months ended 31 March 2021 (the Interim Financial Statements). The Annual Financial Statements have been prepared in accordance with IFRS as approved by the EU. The Interim Financial statements as of, and for the three months ended 31 March 2021 and 2020 have been prepared in accordance with IAS 34 Interim financial statement as adopted by the EU.

The Annual Financial Statements have been audited by Ernst and Young AS, as set forth in their reports thereon included together with the Annual Financial Statements. The Annual Financial Statements and the Interim Financial Statements have been incorporated by reference in this Exempted Document in Section 9.2.

The following data should be read in conjunction with the annual and interim consolidated financial statements and the notes thereto incorporated by reference in this Exempted Document.

### **7.2 Summary of accounting policies**

For information regarding accounting policies and the use of estimates and judgments, please refer to Note 1 of the Annual Financial Statements as of, and for the year ended, 31 December 2020 and Note 1 of the Interim Financial Statements as of 31 March 2021.

### **7.3 Consolidated statement of income**

The table below sets out selected data from the DNB Group's consolidated statement of income for the years ended 31 December 2020, 2019 and 2018, and for the three months ended 31 March 2021 and 2020.

<i>In NOK million</i>	Three months ended 31 March		31 December		
	2021	2020	2020	2019	2018
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
Net interest income	9 230	10 395	38 623	39 202	36 822
Net commissions and fees	2 631	2 237	9 500	9 716	9 310
Net gains on financial instruments at fair value	799	3 228	5 902	3 183	1 342
Net financial and risk result, life insurance	212	(246)	659	1 129	969
Net insurance result, non-life insurance					622
Other operating income	474	(72)	1 714	1 628	1 302
Net other operating income	4 116	5 148	17 776	15 655	13 546
Total income	13 346	15 543	56 399	54 857	50 368
Operating expenses	(5 705)	(5 297)	(22 759)	(22 608)	(21 490)
Restructuring costs and non-recurring effects	(112)	(184)	(643)	(525)	(567)
Pre-tax operating profit before impairment	7 528	10 063	32 998	31 724	28 311
Net gains on fixed and intangible assets	(3)	780	767	1 703	529
Impairment of financial instruments	110	(5 771)	(9 918)	(2 191)	139
Pre-tax operating profit	7 636	5 071	23 847	31 235	28 979
Tax expense	(1 680)	(1 014)	(4 229)	(5 465)	(4 493)
Profit from operations held for sale, after taxes	(71)	(56)	221	(49)	(204)
Profit for the period	5 885	4 000	19 840	25 721	24 282

#### 7.4 Condensed statement of financial position

The table below sets out selected data from the DNB Group's consolidated statement of financial position for the years ended 31 December 2020, 2019 and 2018, and for the three months ended 31 March 2021 and 2020.

<i>In NOK million</i>	Three months ended 31 March		31 December		
	2021	2020	2020	2019	2018
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Total assets	2 989 220	3 197 365	2 918 943	2 793 294	2 634 903
Loans to customers	1 685 685	1 743 981	1 693 811	1 667 189	1 597 758
Deposits from customers	1 171 527	1 082 143	1 105 574	969 557	927 092
Total equity	240 020	238 233	248 396	242 255	223 966
Average total assets	3 244 940	3 075 226	3 230 354	2 906 775	2 771 998
Total combined assets	3 471 415	3 544 568	3 363 166	3 176 655	2 950 748

#### 7.5 Investments

Since 31 March 2021 and up until the date of this Exempted Document, neither DNB ASA nor the Bank has made any material investments.

As further described in Section 6.5, the Bank has carried out a recommended voluntary tender offer for the shares in Sbanken. The final result of the offer, which was published on 17 June 2021, showed that the Bank will, following the settlement of the offer, own 91.2% of the shares in Sbanken. In addition, the Bank intends to initiate a compulsory acquisition of the remaining shares not owned by the Bank. See Section 6.5 for further information.

Except for the above, neither DNB ASA nor the Bank has made any firm commitments for any material investments as of the date of this Exempted Document.

## **7.6 Working capital statement**

The Bank is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Exempted Document.

## **7.7 Significant changes**

Since 31 March 2021 and up until the date of this Exempted Document, no significant change has occurred in the financial position of the DNB Group.

## **8. CORPORATION INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL**

### **8.1 Corporate information**

The Bank's registered name is DNB Bank ASA and its commercial name is "DNB Bank". DNB ASA's registered name is DNB ASA and its commercial name is "DNB". Both the Bank and DNB ASA are public limited liability companies organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act. The registered office of the Bank and DNB ASA is in the municipality of Oslo, Norway, and the headquarter of the Bank and DNB ASA is located in Dronning Eufemias gate 30, N-0191 Oslo, Norway.

The Bank was established on 10 September 2002. The Bank's registration number in the Norwegian Register of Business Enterprises is 984 851 006 and its LEI number is 549300GKFG0RYRRQ1414.

DNB ASA was established on 2 November 1999. DNB ASA's registration number in the Norwegian Register of Business Enterprises is 981 276 957 and its LEI number is 5967007LIEEXZX78M803.

The telephone number to the Bank and DNB ASA is +47 04800. The Bank's and DNB ASA's website can be found at [www.dnb.no/en](http://www.dnb.no/en). The information on the website does not form part of this Exempted Document unless that information is incorporated by reference into the Exempted Document in Section 9.2.

### **8.2 The Shares and share capital**

The Bank's current share capital is NOK 19,379,562,762.50 divided into 1,550,365,021 Shares of a nominal value of NOK 12.50 each. All the Shares have been created under the Norwegian Public Limited Liability Companies Act, and are validly issued and fully paid. The Shares are registered in the Norwegian Central Securities Depository (*Norw. Verdipapirsentralen*) (the Norwegian CSD). The Bank's VPS Registrar is DNB Bank ASA, Dronning Eufemias gate 30, N-0191 Oslo, Norway. The Shares will be listed on Oslo Børs under ISIN NO 001 0161896 and ticker "DNB" following the completion of the Merger.

The Bank has one class of Shares in issue, and in accordance with the Norwegian Public Limited Liability Companies Act, all Shares provide equal rights in the Bank, including the right to any dividends. Each of the Shares carries one vote and all Shares are freely transferable.

There are no lock-up agreements entered into in relation to the Shares.

### **8.3 Major shareholders**

As at the date of this Exempted Document, DNB ASA is the sole shareholder of the Bank. Upon the completion of the Merger, the shareholders of DNB ASA as of the completion date of the Merger will become shareholders in the Bank. See Section 4.3 about the Merger for further information.

As of the date of this Exempted Document, the following shareholders of DNB ASA own 5 per cent or more of the share capital in DNB ASA:

<b>Shareholder</b>	<b>Shares in 1,000</b>	<b>Ownership in per cent</b>
Norwegian Government / Ministry of Trade, Industry and Fisheries	527,124	34.0
DNB Savings Bank Foundation	130,001	8.4
Folketrygdfondet	94,332	6.1

Shareholders owning 5 per cent or more of the shares have an interest in DNB ASA's share capital that is notifiable pursuant to the Norwegian Securities Trading Act. Upon the completion of the Merger and as of the Listing, shareholders owning 5 per cent or more of the Shares in the Bank will have an interest in the Bank that is notifiable pursuant to the Norwegian Securities Trading Act.

#### **8.4 Admission to trading**

The Bank applied for admission to trading of its Shares on Oslo Børs on 10 June 2021. The Bank expects commencement of trading in the Shares on Oslo Børs on or about 2 July 2021 under the ticker symbol "DNB". As of this date, the Shares are not admitted to trading on any regulated market or any equivalent third country markets.

The reasons for the Listing is to facilitate continued trading the Shares of the Bank upon the completion of the Merger. Upon the completion of the Merger, DNB ASA will be dissolved and the shareholders in DNB ASA will received Shares in the Bank which are listed on Oslo Børs. See Section 4.3 for further information about the completion of the Merger.

#### **8.5 Public takeover bids**

Neither the Bank nor DNB ASA has received any public takeover bids by any third party during the last financial year and so far during the current financial year.

#### **8.6 The Articles of Association**

The Bank's Articles of Association, which are in effect after implementation of the Merger as resolved by the extraordinary general meetings of the Bank and DNB ASA on 30 November 2020, are set out in Appendix A to this Exempted Document.

#### **8.7 Disclosures over the last 12 months**

Below is an overview of the disclosures published by DNB ASA pursuant to Regulation (EU) 596/2014 cf. Norwegian Securities Trading Act section 3-1 on its ticker code "DNB" during the last 12 months prior to the date of this Exempted Document.

##### ***Financial reporting***

<b>Date</b>	<b>Summary of disclosed information</b>
13 July 2020.....	Publication of second quarter 2020 results.
22 October 2020 .....	Publication of third quarter 2020 results.
10 February 2021 .....	Publication of fourth quarter 2020 results.
11 March 2021 .....	Publication of Annual Report for 2020.
29 April 2021 .....	Publication of first quarter 2021 results.

##### ***Major shareholding disclosures***

<b>Date</b>	<b>Summary of disclosed information</b>
12 January 2021 .....	Disclosure of shareholding of 5.024% of the share in DNB ASA by Capital Group Companies, Inc.

##### ***Primary insider disclosures***

<b>Date</b>	<b>Summary of disclosed information</b>
14 July 2020.....	Announcement of acquisition of 6,150 shares in DNB ASA on behalf of certain senior executives (three employees in total) at a share price of NOK 145.845.
22 October 2020 .....	Announcement of acquisition of 3,900 shares in DNB ASA by Jaan Ivar Semlitsch, member of the Board of Directors of DNB ASA, at a share price of NOK 133.75.
30 October 2020 .....	Announcement of acquisition of 1,500 shares in DNB ASA by Ingjerd Blekeli Spiten, Executive Vice President of Personal Banking, at a share price of NOK 133.75 and acquisitions of related parties of 54 shares at a share price of NOK 128.10 and NOK 128.

11 February 2021.....	Announcement of acquisition of 18,584 shares in DNB ASA on behalf of certain senior executives (three employees in total) at a share price of NOK 167.6149.
17 February 2021.....	Announcement of acquisition of 3,900 shares in DNB ASA by Jaan Ivar Semlitsch, member of the Board of Directors of DNB ASA, at a share price of NOK 133.75.
30 April 2021.....	Announcement of acquisition of 178,106 shares in DNB ASA on behalf of certain leading employees and risk takers (nine employees in total) at a share price of NOK 180.6076.
4 May 2021.....	Announcement of acquisition of 2,390 shares in DNB ASA by Jens Petter Olsen, member of the Board of Directors of DNB ASA, at a share price of NOK 182.9135.
18 May 2021.....	Announcement of allotment of shares in DNB ASA to employees of DNB ASA pursuant to the decision of the Board of Directors.

### ***Additional regulatory information required to be disclosed***

<b>Date</b>	<b>Summary of disclosed information</b>
29 June 2020.....	Invitation to presentation of second quarter 2020 results.
30 June 2020.....	Minutes of the Annual General Meeting.
30 June 2020.....	Announcement of board election in DNB ASA and DNB Bank ASA as resolved on the Annual General Meetings.
2 July 2020.....	Announcement of approval of the new structure of the DNB Group by the Norwegian Ministry of Finance.
9 July 2020.....	Reminder of presentation of second quarter 2020 results.
10 September 2020.....	Announcement of reduction in the share capital of DNB ASA.
6 October 2020.....	Announcement of negative effect from basis swaps in connection to funding and from the Additional Tier 1 capital to be recognised in the third quarter of 2020.
8 October 2020.....	Invitation to presentation of third quarter 2020 results.
20 October 2020.....	Reminder of presentation of third quarter 2020 results.
22 October 2020.....	Announcement of proposal to merge DNB ASA with DNB Bank ASA and to authorise the Board of Directors to decide a dividend for 2019 of up to NOK 9 per share and buy back of shares.
6 November 2020.....	Notice of an Extraordinary General Meeting.
30 November 2020.....	Minutes of an Extraordinary General Meeting.
7 December 2020.....	Announcement of possible administrative fine from the Norwegian Financial Supervisory Authority related to an ordinary AML inspection.
5 January 2021.....	Announcement of negative effect from basis swaps in connection to funding and from the Additional Tier 1 capital to be recognised in the fourth quarter of 2020.
27 January 2021.....	Invitation to presentation of fourth quarter 2020 results.
8 February 2021.....	Reminder of presentation of fourth quarter 2020 results.
10 February 2021.....	Announcement of key information relating to the 2019 cash dividend to be paid by DNB ASA.
12 February 2021.....	Announcement of dismissed investigation by the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime.
24 February 2021.....	Announcement of shares quoted ex-dividend.
6 April 2021.....	Notice of the Annual General Meeting.

6 April 2021.....	Announcement of negative effect from basis swaps in connection to funding and from the Additional Tier 1 capital to be recognised in the first quarter of 2021.
6 April 2021.....	Announcement of financial calendar for 2021 and 2022.
14 April 2021.....	Invitation to presentation of first quarter 2021 results.
15 April 2021.....	Announcement of recommended voluntary cash offer by DNB Bank ASA for Sbanken ASA at NOK 103.85 per share.
16 April 2021.....	Announcement of update on recommended voluntary cash offer by DNB Bank ASA for Sbanken ASA, including the purchase by DNB Bank ASA of 2,096,165 shares in Sbanken ASA.
23 April 2021.....	Announcement of commencement of the offer period for the recommended voluntary cash offer by DNB Bank ASA for Sbanken ASA.
27 April 2021.....	Reminder of presentation of first quarter 2021 results.
27 April 2021.....	Minutes of the Annual General Meeting and announcement of board election for DNB ASA, DNB Bank ASA and DNB Bank ASA following the Merger.
3 May 2021 .....	Announcement of confirmed administrative fine of NOK 400 million by the Norwegian Financial Supervisory Authority related to compliance with the Norwegian Anti-Money Laundering Act.
24 May 2021 .....	Announcement of extension of the offer period for the recommended voluntary cash offer by DNB Bank ASA for Sbanken ASA.
27 May 2021 .....	Announcement of approvals of the Merger by the Norwegian Ministry of Finance.
7 June 2021 .....	Announcement of final extension of the offer period in for the recommended voluntary offer by DNB Bank ASA for Sbanken ASA and final increased offer price of NOK 108.85 per share.
14 June 2021 .....	Announcement of preliminary result of the recommended voluntary tender offer for Sbanken ASA.
17 June 2021 .....	Announcement of final result of the recommended voluntary tender offer for Sbanken ASA.
24 June 2021	Update on regulatory approvals relating to the voluntary tender offer for Sbanken ASA.

## 9. ADDITIONAL INFORMATION

### 9.1 Documents on display

Copies of the following documents will be available for inspection at the Bank's website [www.dnb.no/en](http://www.dnb.no/en) for a period of twelve months from the date of this Exempted Document.

- The Bank's Articles of Association and Certificate of Incorporation following the Merger.
- The DNB Group's audited consolidated financial statements as of and for the years ended 31 December 2020, 2019 and 2018, and the unaudited interim financial statements as of, and for the three months ended 31 March 2021.
- The Bank's audited financial statements for the years ended 31 December 2020, 2019 and 2018, and the unaudited interim financial statements as of, and for the three months ended 31 March 2021.
- This Exempted Document.

### 9.2 Documents incorporated by reference

The information incorporated by reference in this Exempted Document should be read in connection with the following cross-reference table:

Section in Exempted Document	Disclosure requirements of the Exempted Document	Reference document and link
Section 7	Annual Financial Statements 2018	<b>DNB Group – Annual Report 2018:</b> <a href="https://vp267.alertir.com/afw/files/press/dnb_asa/201903066039-2.pdf">https://vp267.alertir.com/afw/files/press/dnb_asa/201903066039-2.pdf</a>
Section 7	Annual Financial Statements 2019	<b>DNB Group – Annual Report 2019:</b> <a href="https://vp267.alertir.com/afw/files/press/dnb_asa/202003043677-1.pdf">https://vp267.alertir.com/afw/files/press/dnb_asa/202003043677-1.pdf</a>
Section 7	Annual Financial Statements 2020	<b>DNB Group – Annual Report 2020:</b> <a href="https://vp267.alertir.com/afw/files/press/dnb_asa/202103107750-2.pdf">https://vp267.alertir.com/afw/files/press/dnb_asa/202103107750-2.pdf</a>
Section 7	Interim financial report for the first quarter of 2021	<b>DNB Group – Interim Report Q1 2021:</b> <a href="https://vp267.alertir.com/afw/files/press/dnb_asa/202104289895-1.pdf">https://vp267.alertir.com/afw/files/press/dnb_asa/202104289895-1.pdf</a>

### 9.3 Auditor

The Bank's auditor is Ernst & Young AS, with registration number 976 389 387 and business address at Dronning Eufemias gate 6A, N-0191 Oslo, Norway ("EY"). The partners of EY is a member of The Norwegian Institute of Public Accountants (Norwegian: Den Norske Revisorforeningen).

EY has audited the Annual Financial Statements. EY has not audited any other information in this Exempted Document.

### 9.4 Advisors

Advokatfirmaet Wiersholm AS (business registration number 981 371 593, and registered business address at Dokkveien 1, 0250 Oslo, Norway) is acting as Norwegian legal counsel to the Bank in relation to this Exempted Document.



## 10. DEFINITIONS AND GLOSSARY

In the Exempted Document, the following defined terms have the following meanings:

Annual Financial Statements	The Bank's and DNB ASA's audited consolidated financial statements as of, and for the financial years ended 31 December 2018, 2019 and 2020.
Articles of Association	The articles of association of the Bank.
Bank	DNB Bank ASA.
Bank Recovery and Resolution Directive or "BRRD"	Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms, as amended, including Directive (EU) 2019/879.
Basel Committee	The Basel Committee on Banking Supervision.
Board of Directors	The board of directors of the Bank, or where specified, the board of directors of DNB ASA.
Brexit	The United Kingdom's exit from the EU.
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance dated 17 October 2018.
CRR	Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.
CRR Quick Fix	The amendments to CRR, commonly referred to as the "CRR Quick Fix"
DNB Asset Management	DNB Asset Management AS.
DNB Boligkreditt	DNB Boligkreditt AS.
DNB Group	DNB Bank ASA and its consolidated subsidiaries following the completion of the Merger.
DNB Livsforsikring	DNB Livsforsikring AS.
Dodd-Frank Act	U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.
EEA	The European Economic Area.
ESRB	The European Systemic Risk Board.
EU	The European Union.
EY	Ernst & Young AS.

Exempted Document	This exempted document, which serves as a prospectus equivalent document.
IAS	International Accounting Standards.
IAS 34	International Accounting Standard 34 Financial Reports.
IASB	International Accounting Standards Board.
ICT	Information and communication technology.
IFRS	International Financial Reporting Standards, as adopted by the EU.
IMF	The International Monetary Fund.
Interim Financial Statements	DNB ASA's unaudited interim financial statements as of, and for the three months period ended 31 March 2021.
IRB	Internal ratings-based.
LCR	Liquidity coverage ratio.
Listing	The listing of the Shares in DNB Bank ASA on Oslo Børs.
Management	The executive group management of DNB Bank ASA, equal to the group management of DNB ASA.
Merger	The merger of DNB ASA and DNB Bank ASA.
Merger Effective Date	The time of which the notice of the Merger is recorded and registered in the Norwegian Register of Business Enterprises.
MiFID II	EU Directive 2014/65/EU on markets in financial instruments, as amended.
MiFID II Product Governance Requirements	Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures.
MREL	Requirement for EU financial institutions to hold certain minimum levels of own funds and other eligible liabilities.
MREL debt	The Financial Institutions Act sets a requirement for the DNB Group and other financial services groups to issue own funds and eligible liabilities to ensure that bank recovery and resolution can occur without the use of public funds in the event of a crisis (Minimum Requirement for Own Funds and Eligible Liabilities, referred to as MREL debt).

Norwegian CSD	The Norwegian Central Securities Depository.
Norwegian FSA	The Norwegian Financial Supervisory Authority.
OPEC	The Organization of the Petroleum Exporting Countries.
Oslo Børs	Oslo Børs, a regulated market operated by Oslo Børs ASA.
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017.
RWAs	Risk-weighted assets.
Sbanken	Sbanken ASA.
Share(s)	The shares in DNB Bank ASA.
Target Market Assessment	The determination that the Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II and eligible for distribution through all distribution channels as are permitted by MiFID II.
U.S. Securities Act	The United States Securities Act of 1933, as amended.
VPS	The Norwegian Central Securities Depository.
VPS Registrar	The Bank's VPS Registrar, DNB Bank ASA.

## **Appendix 1 – Articles of Association of the Bank with effect after implementation of the Merger Articles of Association DNB Bank ASA**

Adopted by the extraordinary General Meeting of 30 November 2020

### **CHAPTER 1      Company      Name,      Registered      Office      and      Objective**

#### **ART. 1-1 Company name**

The name of the company is DNB Bank ASA. The company is a public limited company.

#### **ART. 1-2 Registered office**

The company's registered office is in the municipality of Oslo.

#### **ART. 1-3 Objective**

The objective of the company is to engage in banking, financing and investment services activities, as well as naturally related activities, and to hold ownership rights or participate in other enterprises, within the scope of Norwegian legislation in force at any time.

### **CHAPTER 2      Share Capital, Debt Capital and Registration in Shareholder Register**

#### **ART. 2-1 Share Capital**

The share capital of the company is NOK 19 379 562 762.50 divided into 1 550 365 021 shares of NOK 12.50 each.

#### **ART. 2-2 Registration of the Company's Shares in Shareholder Register**

The company's shares shall be registered in a shareholder register.

#### **ART. 2-3 Debt Capital**

Decisions to take out or provide authorisation to take out responsible loans under section 11-2 of the Financial Institutions Act must be adopted by the Annual General Meeting by the same majority as for amendments to the Articles of Association. Decisions to raise or provide authorisation to raise other debt capital must be adopted by the Annual General Meeting unless otherwise laid down by applicable laws and regulations.

### **CHAPTER 3      General Meeting**

#### **ART. 3-1 Authority**

Through the General Meeting, the shareholders exercise the highest authority of the company. All decisions are made by simple majority, unless otherwise laid down by law or regulations.

The Annual General Meeting shall:

- Approve the annual accounts and directors' report, including the distribution of dividends and the allocation of annual profits or the coverage of annual losses
- Consider the Board of Directors' statement on salary and remuneration to senior executives and the Board of Directors' account of corporate governance
- Elect the Chair, the Vice Chair and other members to the Board of Directors, apart from the members elected by the employees
- Elect members to the Election Committee
- Elect an auditor
- Approve the remuneration of the elected representatives and that of the statutory auditor
- Consider other matters appertaining to the General Meeting pursuant to law or the Articles of Association

## **ART. 3-2 NOTICE**

The General Meeting shall be convened by the Board of Directors.

The notice of the meeting shall be sent to all shareholders using the address recorded in the register of shareholders. Notice of the meeting shall also be given on the company's website. The notice may require that shareholders who wish to attend the General Meeting notify the company no later than five days in advance. The notice convening a General Meeting shall be sent no later than 21 days before the meeting is to be held. The notice shall specify who will open the General Meeting.

When documents relating to matters to be considered at the General Meeting, including documents which according to law shall be included in or attached to the notice of the General Meeting, are made available for shareholders on the company's website, the requirements under Norwegian law to send such documents to the shareholders do not apply. However, a shareholder may require that documents relating to matters to be considered at the General Meeting are sent to him or her.

The Board of Directors may decide that the shareholders shall be permitted to cast their votes in writing, including by means of electronic communication, during a defined period prior to the General Meeting. In connection with such advance voting, an adequate method shall be used to verify the validity of the votes and authenticate the identity of the voter.

The right to attend and vote at the General Meeting may only be exercised for shares which have been registered in the shareholder register five workdays prior to the date of the General Meeting.

## **ART. 3-3 Opening of the Annual General Meeting**

The person who opens the Annual General Meeting shall, before the first vote is taken, make a record of the attending shareholders and proxies, including an overview of the number of shares and votes each shareholder and proxy represents. This record remains in force until amended by the Annual General Meeting.

## **ART 3-4 Minutes**

The Chair is responsible for ensuring that minutes are kept of the General Meeting. The minutes shall record the decisions of the Annual General Meeting, stating the results of the voting. The list of the attending shareholders and proxies shall be included in or attached to the minutes. The minute book shall be signed by the Chair and at least one other person selected by and among those attending the Annual General Meeting. The minute book shall be kept in a safe place and made accessible to the shareholders.

## **CHAPTER 4      The Board of Directors**

### **ART. 4-1 The Composition of the Board of Directors**

The Board of Directors shall consist of between nine and eleven members and shall represent broad and varied interests.

Three of the members of the Board and their deputies must be employees of companies in the DNB Group if so required by the majority of the employees.

### **ART. 4-2 Election of Board Members**

The Chair, Vice Chair and other shareholder-elected members of the Board of Directors shall be elected by the General Meeting. The election shall be prepared by the Election Committee, which suggests candidates for these positions and as members of the Election Committee. In addition, the Election Committee shall propose the remuneration of the Board of Directors and that of the Election Committee. The Election Committee consists of up to five members who are elected by the General Meeting for a period of two years.

Employee representatives in the Board of Directors shall be elected by and among the Group's employees.

#### **ART. 4-3 Period of Service**

The members of the Board of Directors are elected for a period of up to two years. A member retiring before the end of his term of office shall be replaced by a new member elected at the first available opportunity for the remainder of the period.

The deputy members of the Board of Directors shall be elected for the same term of office as the members for whom they are deputies.

#### **ART. 4-4 Obligations of the Board of Directors**

The Board of Directors shall administer the company's affairs. The Board shall ensure that business operations are soundly organised, which includes making sure that the requirements for the organisation of the business and the establishment of appropriate management and control systems are fulfilled.

The Board of Directors shall draw up plans and budgets for the activities of the company, and may also issue guidelines for operations.

The Board of Directors has a duty to keep itself informed about the company's financial position and to ensure that its activities, accounts and asset management are subject to adequate control.

The Board of Directors shall supervise the day-to-day management of the company's activities in general. The Board of Directors may issue instructions regarding the day-to-day management of the company, and shall ensure that the Chief Executive Officer regularly informs the Board of Directors of the company's operations, risk taking, capital adequacy, position and profit performance.

The Board of Directors shall implement the examinations it finds necessary to be able to perform its duties. The Board shall implement such examinations when a demand to that effect has been made by one or more of the board members.

#### **ART. 4-5 The Board of Directors' Consideration of Matters**

Meetings of the Board of Directors shall be convened by the Chair and held as often as required by the business of the company or when the Chief Executive Officer or one of the board members requests that the Board of Directors considers specific matters.

The Board of Directors has a quorum when more than half of the board members are present or participate in the consideration of matters. However, the Board cannot pass a resolution unless all the members have been given the opportunity, as far as possible, to take part in the process of consideration.

A resolution is valid when the majority of those present have voted in favour. In the event of a tie vote, the person officially presiding over the meeting has the casting vote. However, for a resolution that involves an amendment to be considered valid, at least one third of all the board members must have voted in favour.

Board members not attending a meeting must familiarise themselves with the resolutions adopted in their absence.

#### **ART. 4-6 Appointment of the Chief Executive Officer**

The Board of Directors shall be responsible for the appointment and dismissal of the Chief Executive Officer, and decide his or her remuneration at a board meeting.

#### **ART. 4-7 Signature**

The authority to sign on behalf of the company is held severally by the Chair the Board of Directors and the Chief Executive Officer, or jointly by two members of the Board of Directors who are not elected by

the employees. The Board of Directors may also give named employees the right to sign on behalf of the company. Moreover, the Board of Directors can grant a power of procuration.

## **CHAPTER 5 Chief Executive Officer**

### **ART. 5-1 Chief Executive Officer**

The Chief Executive Officer has responsibility for the day-to-day management of the company in accordance with the general instructions from the Board of Directors, as well as the other guidelines and instructions issued by the Board of Directors.

Day-to-day management does not include matters which, in the ordinary business operations of the company, are considered to be of an extraordinary nature or of major importance. The Chief Executive Officer may in other matters take decisions when authorised to do so by the Board of Directors in each individual case or if the Board of Directors' decision cannot be delayed without serious detriment to the company. The Board of Directors must be notified of the decision as soon as possible.

The Chief Executive Officer shall ensure that the company's accounts are in accordance with applicable Norwegian legislation and regulations and that the assets of the company are managed soundly.

The Chief Executive Officer shall at least once every month, in meetings with or in written statements to the Board, inform the Board of the company's activities, position and profit performance. The Chief Executive Officer shall regularly provide the Board of Directors with an overview of the company's risk taking and capital adequacy.

The Board of Directors may at any time demand that the Chief Executive Officer give the Board a report on specific matters. Such a report may also be demanded by an individual member members of the Board of Directors.

## **CHAPTER 6 Annual Accounts and Directors' Report**

### **ART. 6-1 Annual Accounts and Directors' Report**

The accounting year shall follow the calendar year.

Annual accounts and a directors' report must be presented by the Board of Directors for each accounting year.

## **CHAPTER 7 Amendments to DNB's Articles of Association**

### **ART. 7-1 Majority Requirement and Approval from Finanstilsynet (The Financial Supervisory Authority of Norway)**

A resolution to amend the Articles of Association must be adopted by the General Meeting and requires a two-thirds majority of the votes cast as well as of the share capital represented at the General Meeting.

Amendments to the Articles of Association that require approval from Finanstilsynet enter into force as of the date such approval is given. Other changes enter into force at the time the decision is made, unless otherwise stipulated by law or by General Meeting resolution.