



Results DNB Group

Third quarter 2021

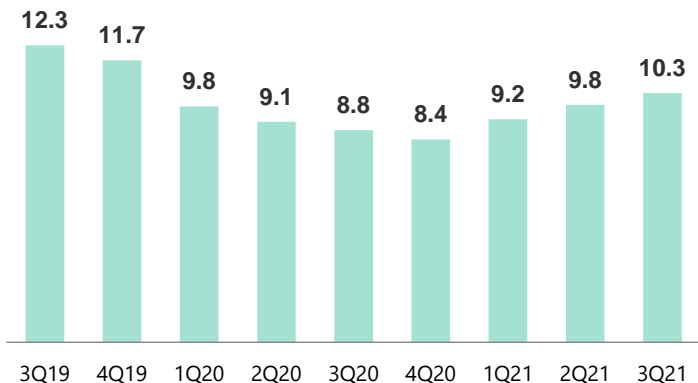
Kjerstin R. Braathen (CEO)
Ottar Ertzeid (CFO)

Q3

Continued strong performance and solid asset quality

Return on equity

Per cent, trailing 12-month figures



Profit for the period
NOK billion
6.9

CET1¹⁾ capital ratio
Per cent
19.2

Return on equity (ROE) of 11.4 per cent in 3Q21

Solid performance across the Group, lower expenses in the quarter and further net reversals of impairment provisions

Profitable lending and deposit growth and increased net interest income

Net interest income increased by 3.8 per cent from the last quarter, driven by increased volumes. Loans up 0.6 per cent and deposits up 1.7 from June 2021

Net commissions and fees up 3.2 per cent from 3Q20

Positive development within money transfer services, insurance and asset management in an otherwise seasonally slow quarter

Net reversals of impairment provisions

Net reversals of NOK 200 million reflecting the robust portfolio and improved macroeconomic outlook

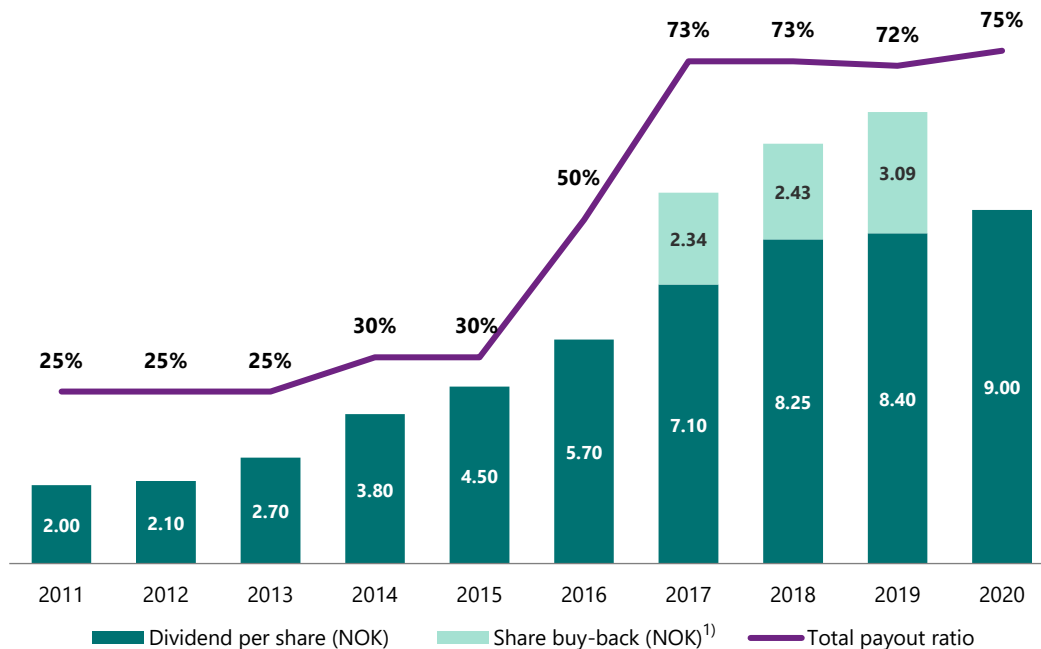
Strong earnings per share (EPS) – a firm foundation for dividend policy

EPS of NOK 4.29 in the quarter, up 25.8 per cent from 3Q20

1) CET1: Common equity Tier 1.

Profitability and solid capital position enabling delivery on our dividend policy

Dividend per share (DPS) and payout ratio



Key points

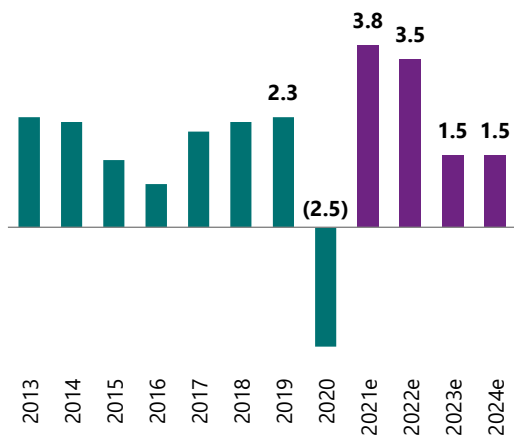
- Dividend policy stands:
 - Distribution of excess capital through dividends and share buy-backs
 - Payout ratio of more than 50 per cent in cash dividends
 - Ambition of annual increase in DPS
 - Delivery on dividend policy of more than 50 per cent in cash dividends before considering share buy-backs

1) Share buy-backs approved by both the Annual General Meetings and Finanstilsynet (the Financial Supervisory Authority of Norway) based on the accounts for the previous year.

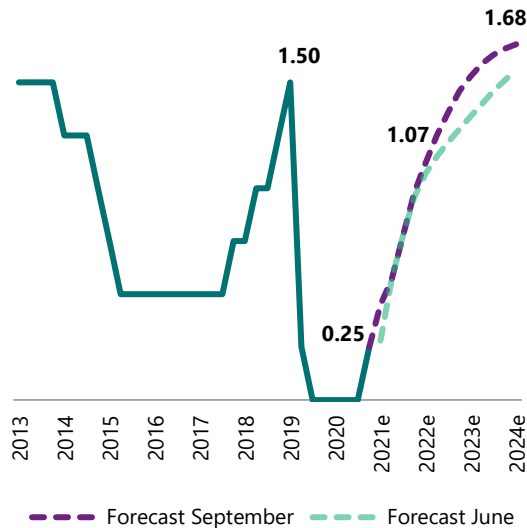
Improved and strong outlook for the Norwegian economy

- High activity level in the Norwegian economy, fully reopened society since September with no significant restrictions
- Before the reopening, Norway was ranked no. 1 in Bloomberg's Covid Resilience Ranking of the countries handling COVID-19 most effectively
- After a key policy rate hike of 25 basis points in September, Norges Bank forecasts an additional six rate hikes before the end of 2024

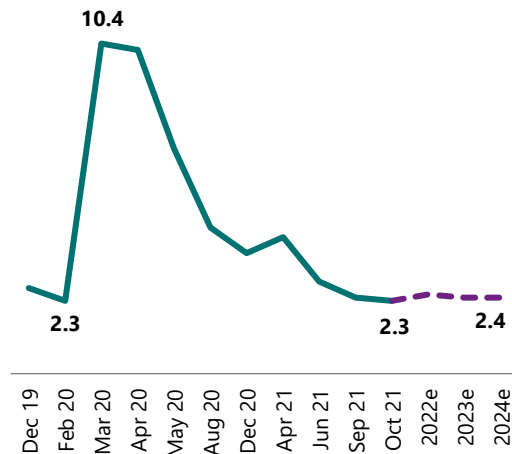
Mainland GDP growth
YoY, per cent



Norges Bank's key policy rate path
Per cent



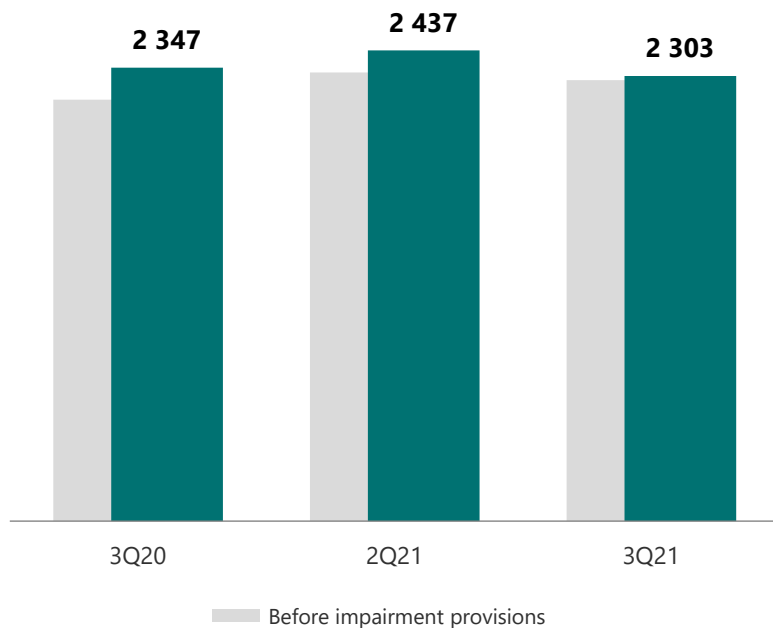
Registered unemployment
Full-time unemployment, per cent



Personal customers – continued high activity

Pre-tax operating profit

NOK million

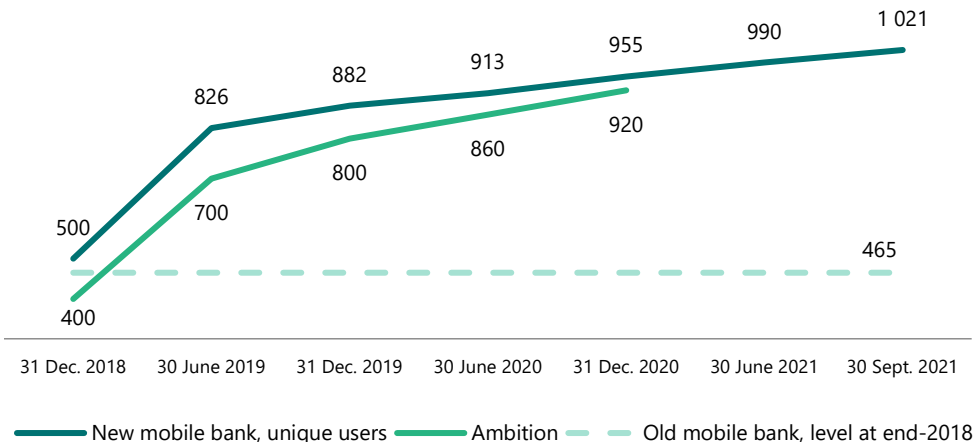


Highlights in the quarter

- Annualised year-to-date growth in loans and deposits of 3.7 and 8.3 per cent, respectively
- Announced repricing of up to 25 basis points, with effect from mid-November
- Strong momentum in non-life insurance

Mobile banking app – number of active users

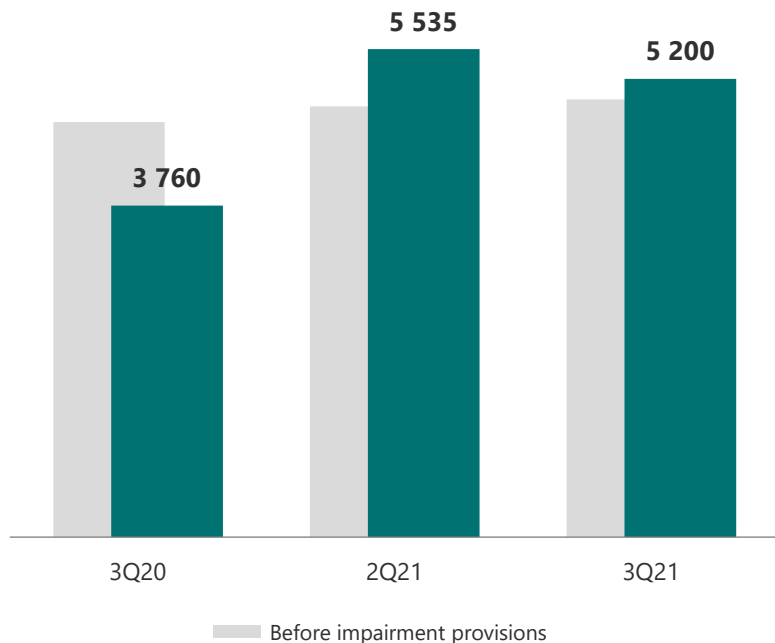
Thousands



Corporate customers – strong results driven by high customer activity and net reversals of impairment provisions

Pre-tax operating profit

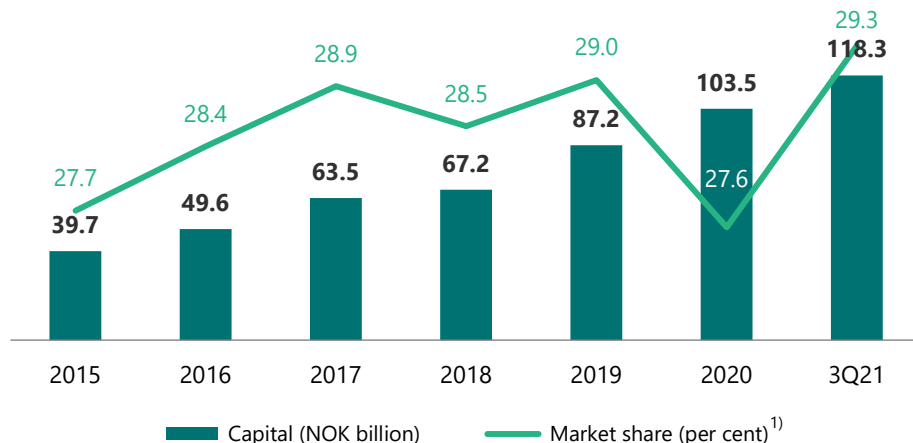
NOK million



Highlights in the quarter

- Profitable lending growth, annualised year-to-date, of 8.4 per cent in the segment small and medium-sized customers
- Solid performance within investment banking and pensions
- Reversals of impairment provisions reflecting robust asset quality and strong macroeconomic outlook

Defined-contribution pensions



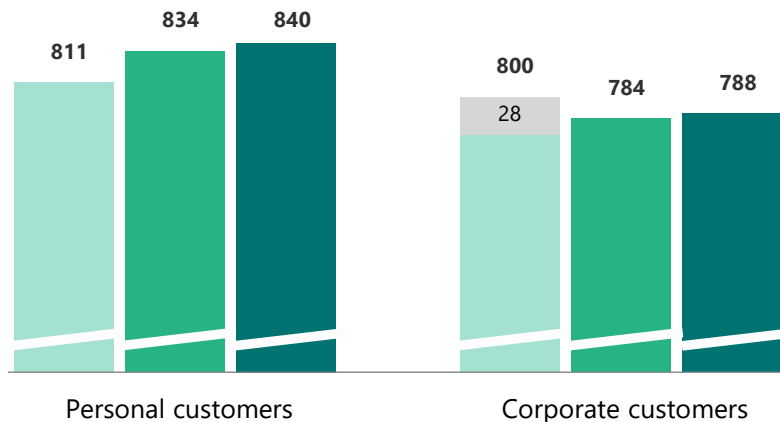
1) Source: Finance Norway.

Profitable increase in both loans and deposits

- Loans to personal customers up 0.7 per cent and to corporate customers up 0.5 per cent in the quarter
- Currency-adjusted growth year-to-date, annualised:
 - Loans: personal customers 3.7 per cent, corporate customers 2.9 per cent, total segments 3.3 per cent
 - Deposits: personal customers 8.3 per cent, corporate customers 19.3 per cent, total segments 14.7 per cent

Loans per customer segment

NOK billion

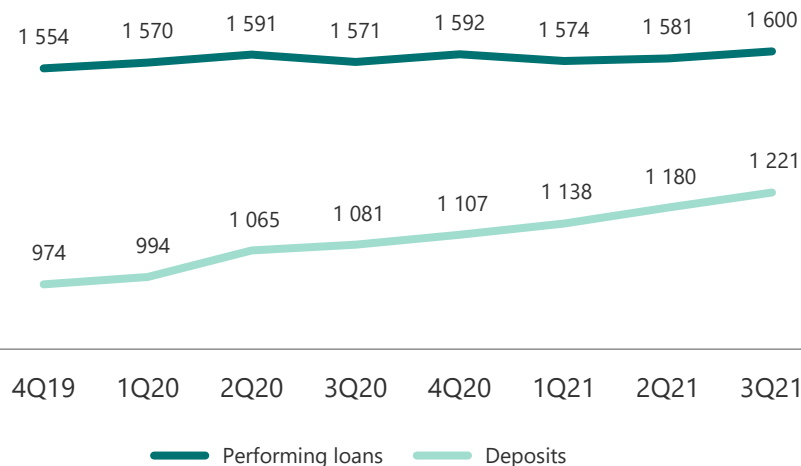


■ 30 Sept. 2020 ■ 30 June 2021 ■ 30 Sept. 2021

■ Of which currency effects from 30 Sept. 2021

Average loans and deposits in the customer segments

NOK billion

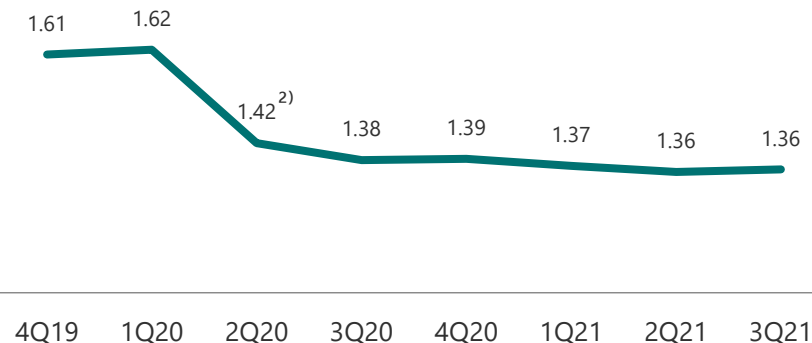


■ Performing loans ■ Deposits

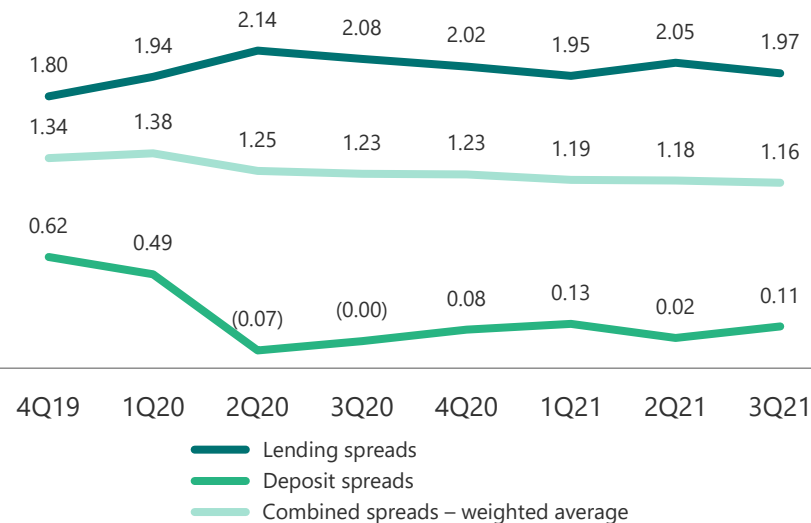
Stable development in net interest margin

- Spreads on loans and deposits reflected the increase of 12 basis points in average NOK money market rates
- Increased deposit-to-loan ratio had a negative effect of ~1 basis point on both combined spreads and net interest margin

Net interest margin¹⁾
Per cent



Spreads in customer segments
Per cent

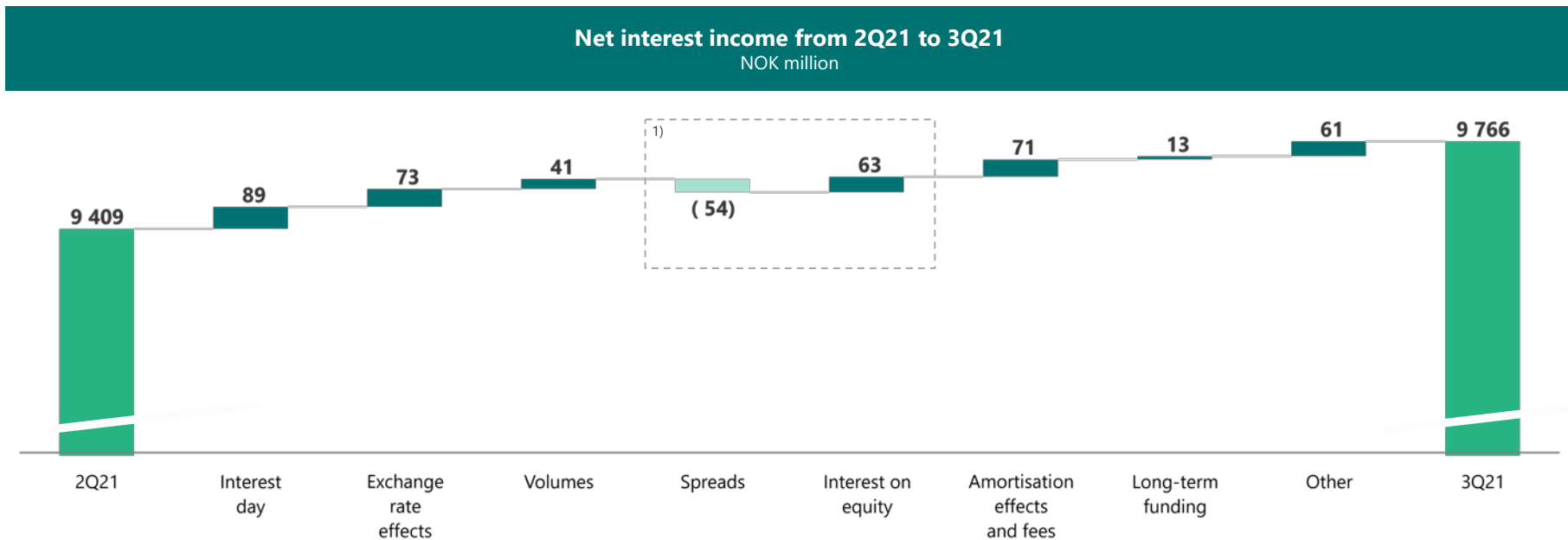


1) Total net interest income relative to average loans and deposits in the customer segments.

2) Norges Bank reduced the key policy rate from 1.50 to 0.25 per cent in March 2020 and to 0 per cent in May 2020.

Net interest income driven by volume growth and high activity

- Norges Bank increased the key policy rate from 0 to 0.25 per cent in September
- DNB announced increase in customer interest rates with effect from mid-November
- The announced repricing is expected to have an annual effect of approximately NOK 1.5 billion

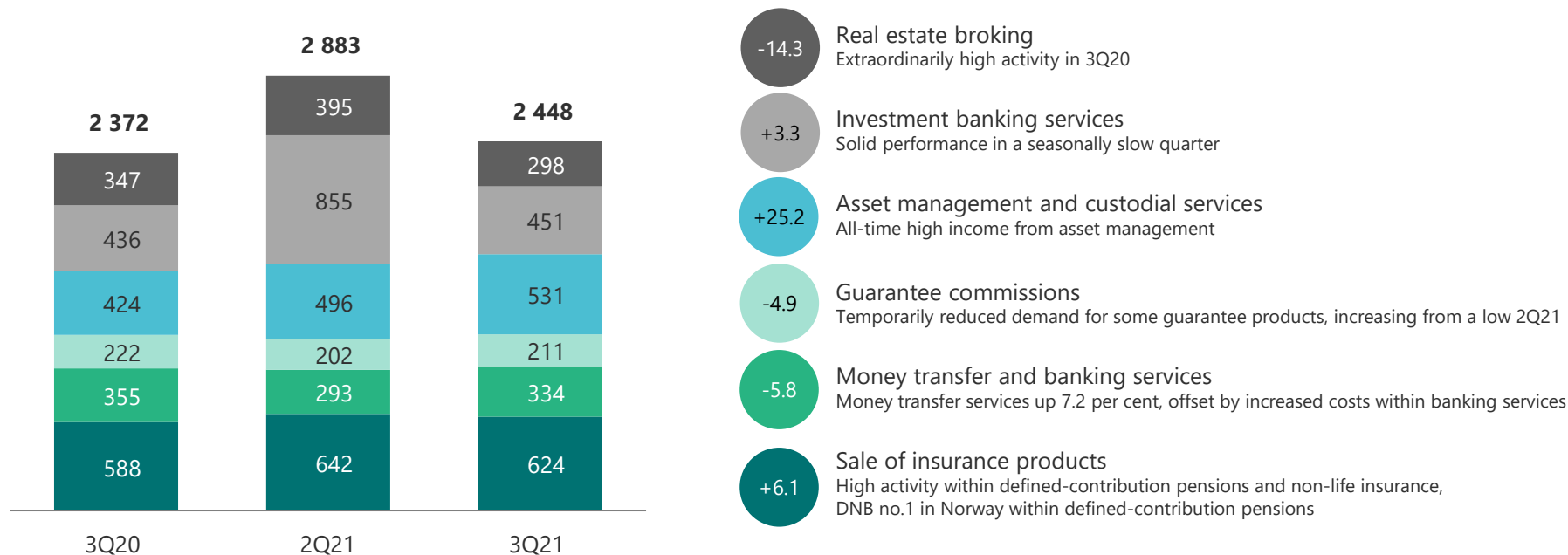


1) Negative effect of increased NOK money market rates on spreads offset by higher interest on equity.

Commissions and fees – positive development in seasonally slow quarter

Commissions and fees

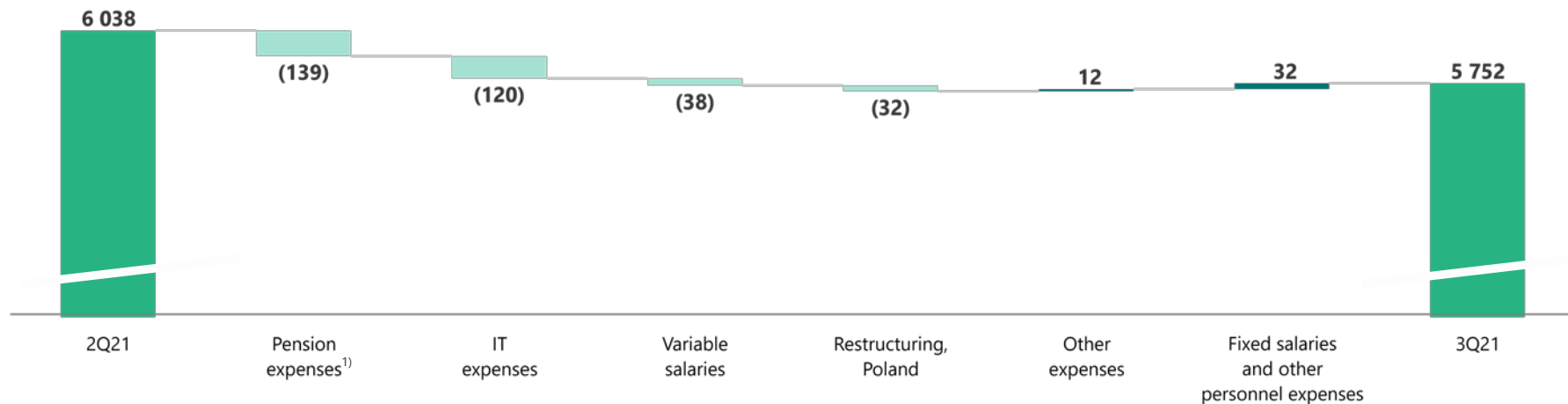
NOK million / Change in per cent from 3Q20



Operating expenses affected by capitalisation and reduced pension expenses

- IT expenses reduced due to capitalisation and a seasonally slow quarter
- Reduced pension expenses in the closed defined-benefits scheme, driven by lower returns in the stock market¹⁾

Operating expenses from 2Q21 to 3Q21
NOK million

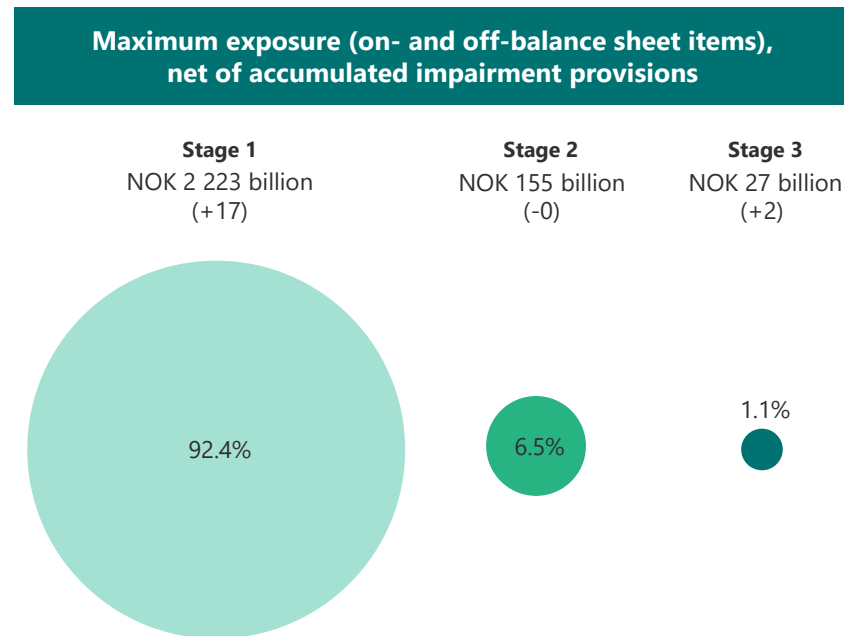


1) The scheme is partly hedged and a corresponding gain is recognised in net gains on financial instruments. The reduction from the previous quarter was NOK 58 million.

Net reversals of impairment provisions reflect the robust portfolio

- 98.9 per cent of the portfolio in stages 1 and 2
- Reversals in stages 1 and 2 reflected improved underlying credit quality and macroeconomic outlook

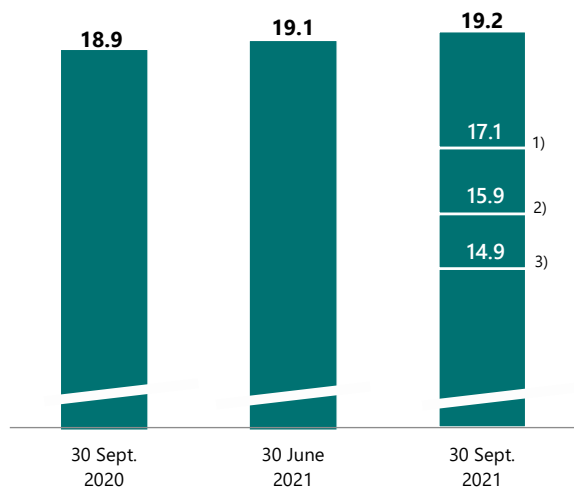
Impairment of financial instruments by industry segment NOK million			
	3Q21	2Q21	3Q20
Total	200	833	(776)
Of which:			
Personal customers			
- Stages 1 and 2	25	69	380
- Stage 3	(51)	(30)	(20)
Corporate customers^{*)}			
- Stages 1 and 2	289	244	636
- Stage 3	(62)	550	(1 773)
^{*) Of which oil, gas and offshore:}			
- Stages 1 and 2	82	182	294
- Stage 3	8	(208)	(1 331)



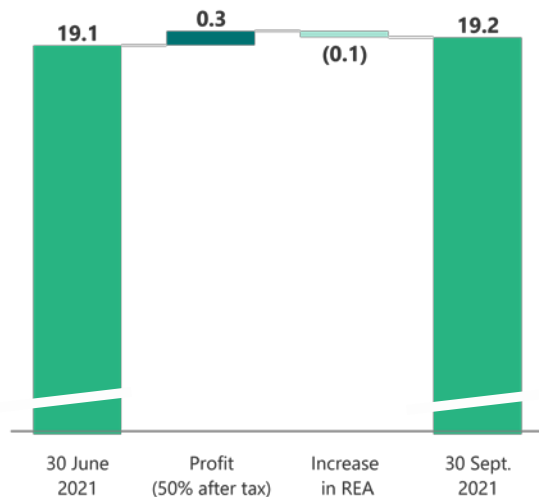
Strong profit contributing to a continued high CET1 capital ratio

- In capital planning, DNB uses the full CCyB requirement of 250 basis points and thus a CET1 capital ratio ambition above 17.1 per cent
- Banking Package (CRR II/CRD V/BRRD II) expected to take effect first half 2022 – slight net positive impact on the CET1 capital ratio expected
- CET1 capital ratio will initially be reduced by ~120 basis points if the acquisition of Sbanken is approved by the Norwegian Competition Authority

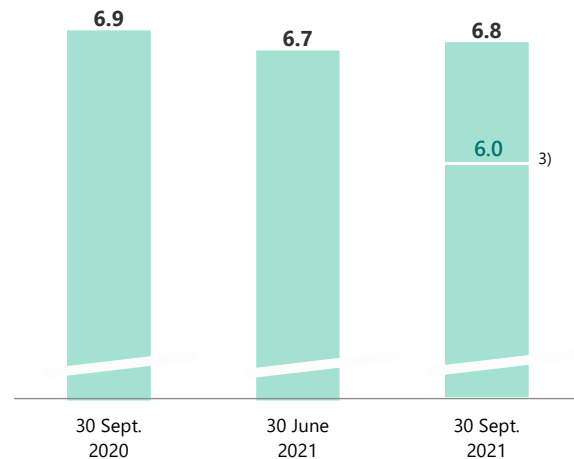
CET1 capital ratio Per cent



Development in CET1 capital ratio Per cent



Leverage ratio Per cent



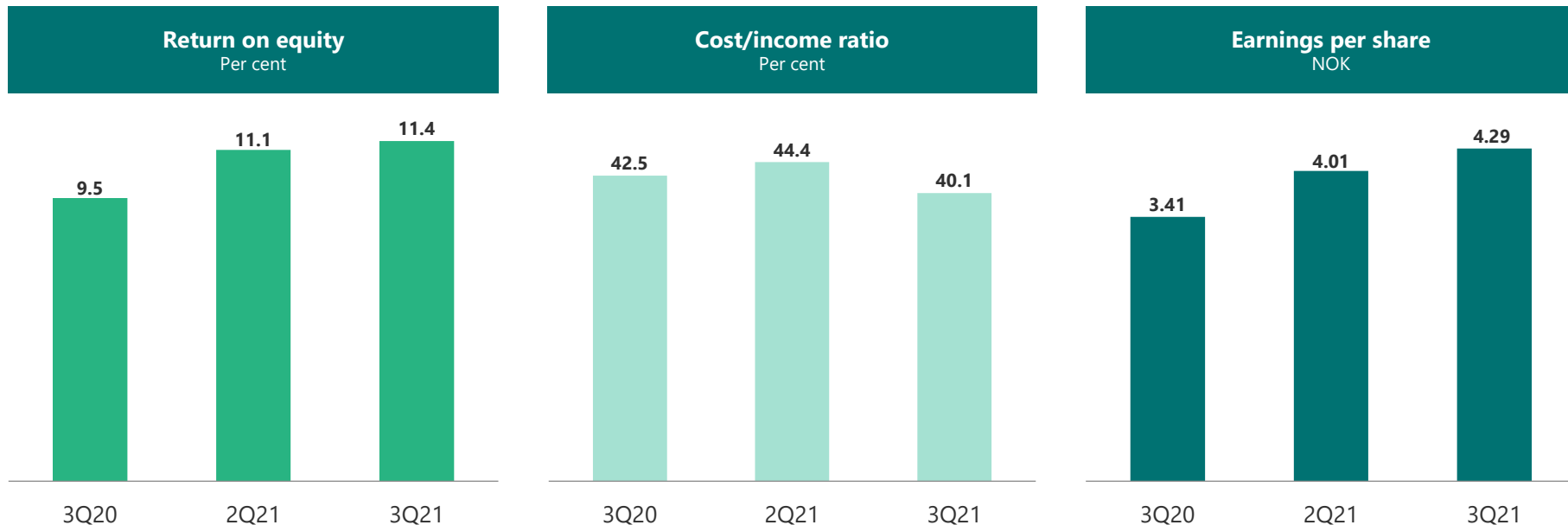
1) Supervisory authorities' expectation with full CCyB (counter-cyclical capital buffer) requirement expected to take effect in 2023 at the earliest.

2) Supervisory authorities' current expectation.

3) Supervisory authorities' current requirement.

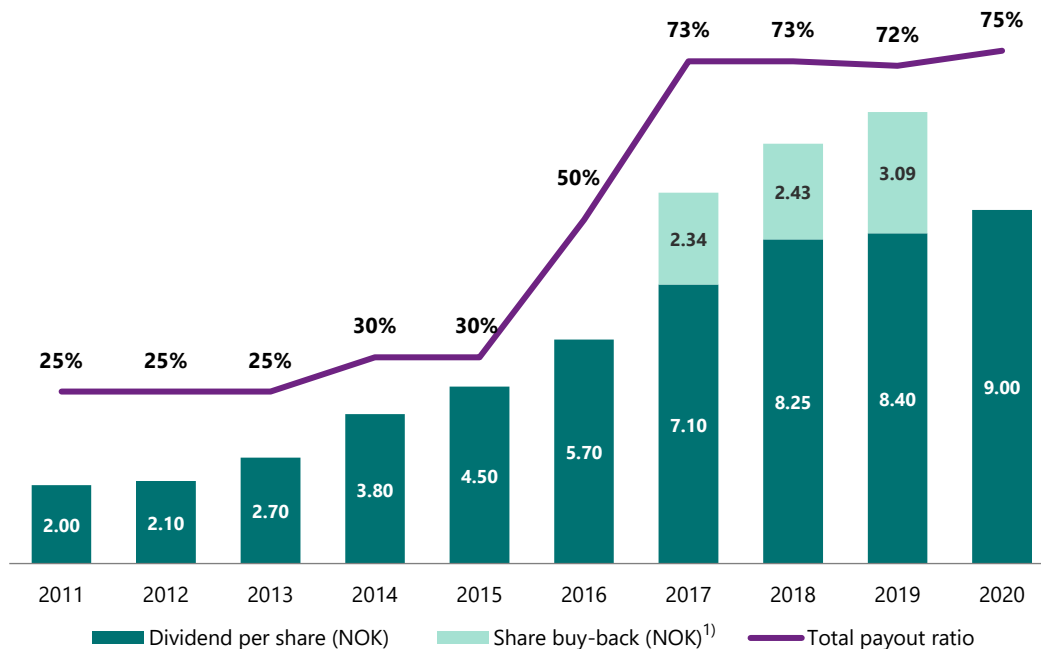
Strong earnings per share – a firm foundation for delivering on dividend policy

- ROE positively affected by increased income, low expenses and net reversals of impairment provisions
- The first of several expected interest rate hikes from Norges Bank implemented, will contribute positively to future earnings
- High profitability reflected by a year-to-date EPS of NOK 11.95, up 36.4 per cent from corresponding period in 2020



Profitability and solid capital position enabling delivery on our dividend policy

Dividend per share (DPS) and payout ratio



Key points

- Dividend policy stands:
 - Distribution of excess capital through dividends and share buy-backs
 - Payout ratio of more than 50 per cent in cash dividends
 - Ambition of annual increase in DPS
 - Delivery on dividend policy of more than 50 per cent in cash dividends before considering share buy-backs
- The Board of Directors has decided to pay out a dividend of NOK 9.00 per share for 2020
 - Ex-dividend date: 28 October
 - Distribution of dividends: as of 5 November

1) Share buy-backs approved by both the Annual General Meetings and Finanstilsynet (the Financial Supervisory Authority of Norway) based on the accounts for the previous year.

Appendix

Income statement

NOK million	3Q21	2Q21	3Q20	Change from 2Q21	Change from 3Q20
Net interest income	9 766	9 409	9 298	357	468
Other operating income	4 577	4 184	4 109	393	468
Total income	14 343	13 593	13 407	749	935
Operating expenses	(5 752)	(6 038)	(5 702)	287	(50)
Pre-tax operating profit before impairment	8 591	7 555	7 706	1 036	885
Impairment of loans and guarantees and gains on assets	200	730	(776)	(530)	976
Pre-tax operating profit	8 791	8 285	6 929	506	1 862
Tax expense	(1 934)	(1 823)	(1 386)	(111)	(548)
Profit from operations held for sale, after taxes	26	(30)	2	56	24
Profit for the period	6 883	6 432	5 546	451	1 337
Portion attributable to shareholders	6 657	6 210	5 293	447	1 364

Other operating income

NOK million	3Q21	2Q21	3Q20	Change from 2Q21	Change from 3Q20
Net commissions and fees	2 448	2 883	2 372	(435)	76
Customer revenues in DNB Markets	558	515	546	43	12
Trading revenues in DNB Markets	81	30	55	52	26
Hedging of defined-benefit pension scheme	9	67	41	(58)	(32)
Credit spreads on bonds	86	18	211	68	(125)
Credit spreads on fixed-rate loans	47	14	133	33	(86)
CVA/DVA/FVA	(9)	30	138	(39)	(148)
Other mark-to-market adjustments	392	12	448	380	(56)
Basis swaps	147	(212)	(363)	359	510
Exchange rate effects on additional Tier 1 capital	274	59	(391)	216	665
Net gains on financial instruments at fair value	1 585	532	819	1 052	766
Net financial and risk result, life insurance	147	228	299	(81)	(152)
Profit from investments accounted for by the equity method	185	260	310	(76)	(126)
Other	212	281	309	(69)	(97)
Net other operating income, total	4 577	4 184	4 109	393	468

Norwegian society has shown resilience in its handling of the pandemic

- Scandinavian countries among the world's most digitalised societies – this has limited the impact of the restrictions on the economy
- A high level of public trust in the authorities has, together with strong welfare policies, led to a high degree of compliance with guidelines
- More than 90 per cent of those who have been offered the vaccine have accepted

Digital society

Unique digital infrastructure

97 per cent
of Norwegians use the
internet



3 per cent
of payments are made in
cash



>80 per cent
fully-digital tax returns

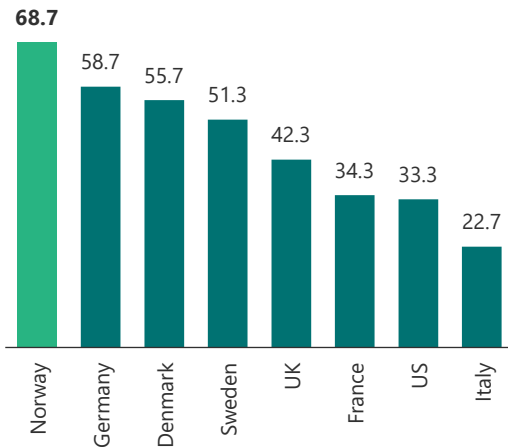


No. 1
on Governance in the
Network Readiness Index



Trust in the authorities

Share of people reporting confidence in national
government, per cent



Vaccination

In Norway

Progress

- Everyone above the age of 12 has been offered the vaccine

Status as at 19 October

- 78 per cent of the population have received the first vaccine dose
- 69 per cent of the population have received the second vaccine dose

DNB will be a driving force for sustainable transition

1

DNB is financing the climate transition and sustainable value creation



2

DNB is a driving force for diversity and inclusion



3

DNB combats financial crime and contributes to a secure digital economy



Net-zero emissions in

2050

across our financing and investment activities and own operations

Finance and facilitate

NOK 1 500 BN

for sustainable activities by 2030

Reduce the emissions intensity of our portfolio by

2030

Oil and gas: **25%**
Shipping: **one third**
Commercial property: **25–35%**

Increase assets under management in sustainability themed funds to

NOK 100 BN

by 2025 and reduce the emissions intensity of DNB Livsforsikring's portfolio by **55%** by 2030

DISCLAIMER

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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Although DNB believes that the expectations implied in any such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct.

Actual results, performance or events may differ materially from those set out or implied in the forward-looking statements. Important factors that may cause such a difference include, but are not limited to: (i) general economic conditions, (ii) performance of financial markets, including market volatility and liquidity, (iii) the extent of credit defaults, (iv) interest rate levels, (v) currency exchange rates, (vi) changes in the competitive climate, (vii) changes in laws and regulations, (viii) changes in the policies of central banks and/or foreign governments, or supranational entities.

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Results DNB Group

Third quarter 2021

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