



Results DNB Group

Fourth quarter 2022

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Q4

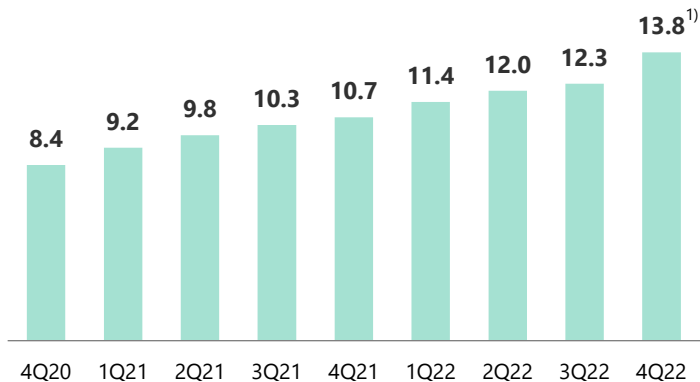
9 February 2023



Strong performance enabling delivery on dividend policy

Return on equity

Per cent, trailing 12-month figures



Profit for the period
NOK billion
9.9

CET1 capital ratio
Per cent
18.3

Return on equity (ROE) of 16.2 per cent in the quarter¹⁾

Driven by strong performance in customer segments and extraordinarily low tax rate in 4Q22

Net interest income (NII) up 14.8 per cent from 3Q22

Driven by profitable growth and increased interest rates

Net commissions and fees (NCF) down 0.4 per cent from all-time high 4Q21 results

Solid performance in turbulent market – robust and diversified fee platform

Robust and well-diversified portfolio

99.1 per cent in stages 1 and 2

Net impairment provisions of NOK 674 million

Proposed dividend of NOK 12.50 per share and announced share buy-back of 0.5 per cent

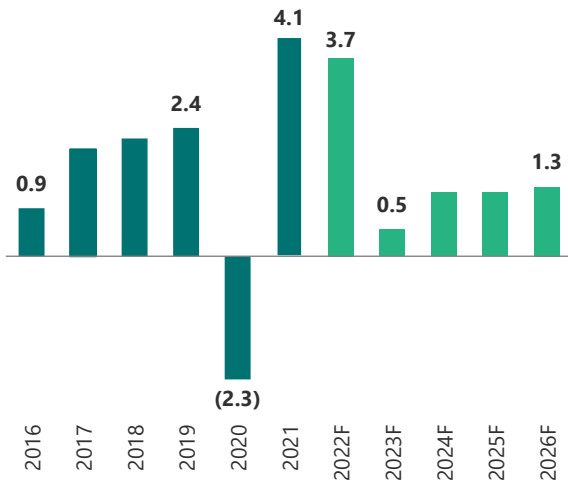
Earnings per share (EPS) of NOK 20.65 in 2022, up 31.2 per cent from 2021

1) Calculated with a normalised tax level of 23.0 per cent, return on equity was 13.0 per cent both in 4Q22 and for the full year. The low tax expense was mainly a result of the liquidation of a subsidiary in Asia in the fourth quarter.

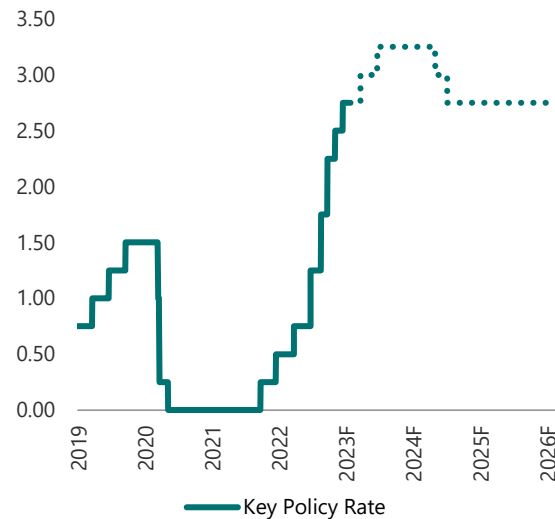
Resilient Norwegian economy

- High activity in the economy continued throughout fourth quarter
- Key policy rate expected to remain around current level in forecasting period
- Unemployment remains at very low level – expecting some easing of tight labour market

Mainland GDP
Actual and DNB Markets forecast
YoY growth, Per cent



Key policy rate
Actual and DNB Markets forecast
Per cent



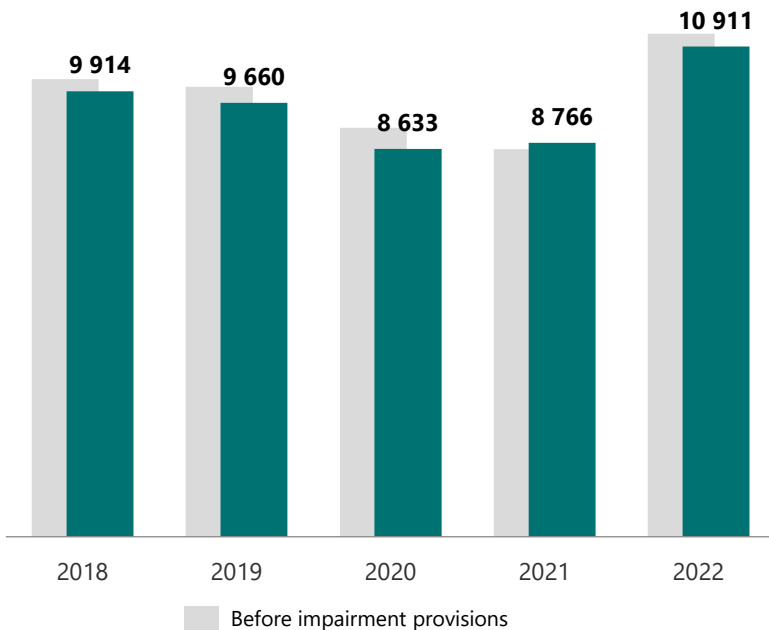
Full-time unemployment
Actual and DNB Markets forecast
Per cent



Personal customers – strong performance across product areas

Pre-tax operating profit

NOK million

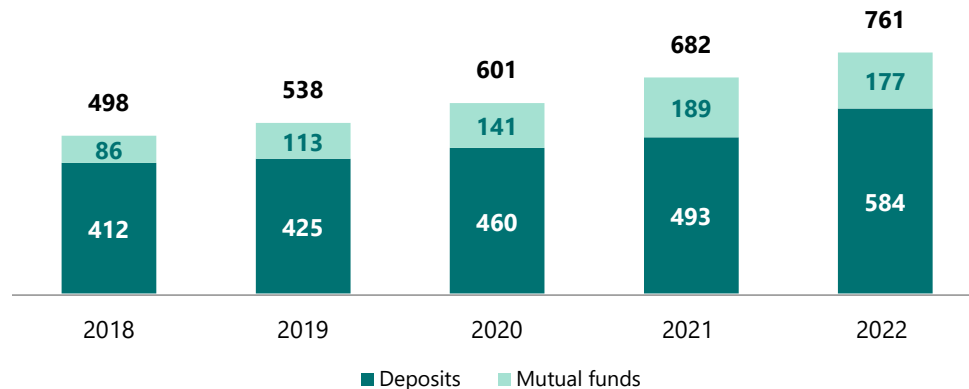


Highlights of the year

- Profitable growth in average loans and deposits of 10.0 and 17.2 per cent, respectively
- Successful acquisition of Sbanken, which showed solid development in 2022
- Result driven by higher NOK market interest rates and increased activity from reopening after COVID-19 pandemic

Solid development in savings

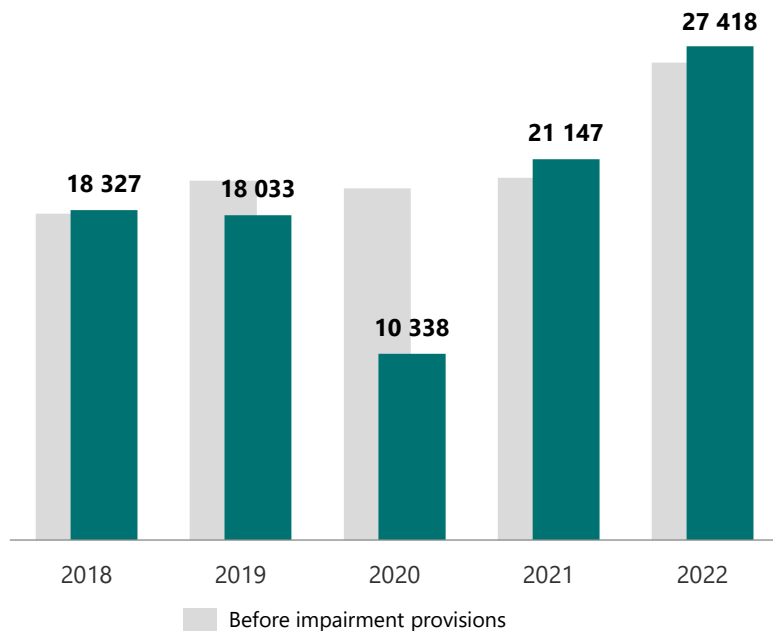
Savings volumes at end of period, NOK billion



Corporate customers – all-time high profit reflecting high activity across industries

Pre-tax operating profit

NOK million

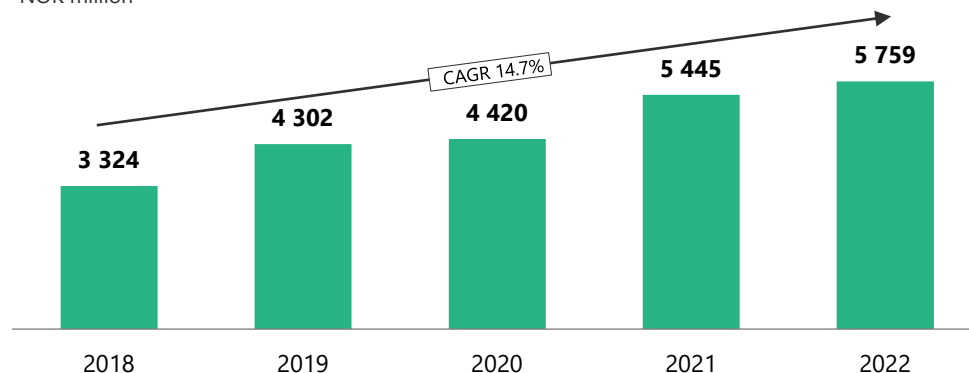


Highlights of the year

- Profitable growth in both average loans and deposits of 10.7 per cent
- Result driven by higher market interest rates and net reversals of impairment provisions, reflecting robust and well-diversified portfolio
- Solid development in other income from Markets products and performance fees from asset management

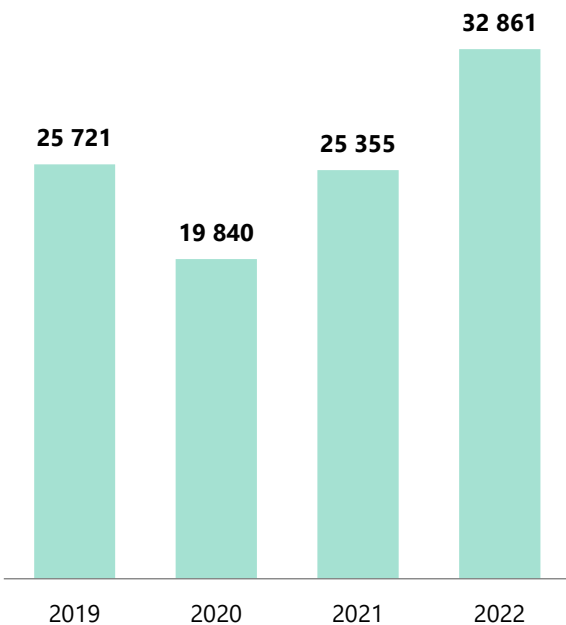
Income from Markets products

NOK million

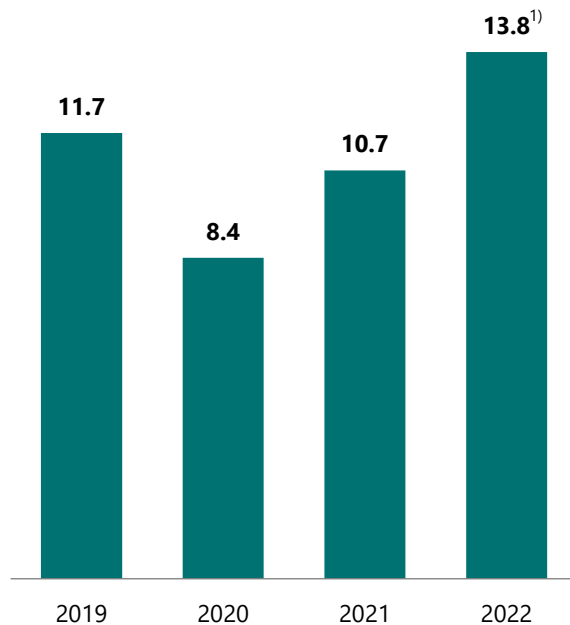


Key figures reflecting high post-pandemic activity and solid performance across the Group

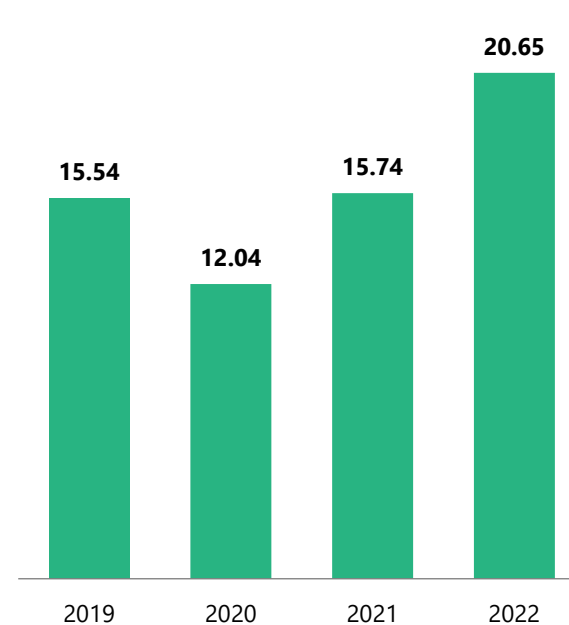
Profit for the year NOK million



Return on equity Per cent



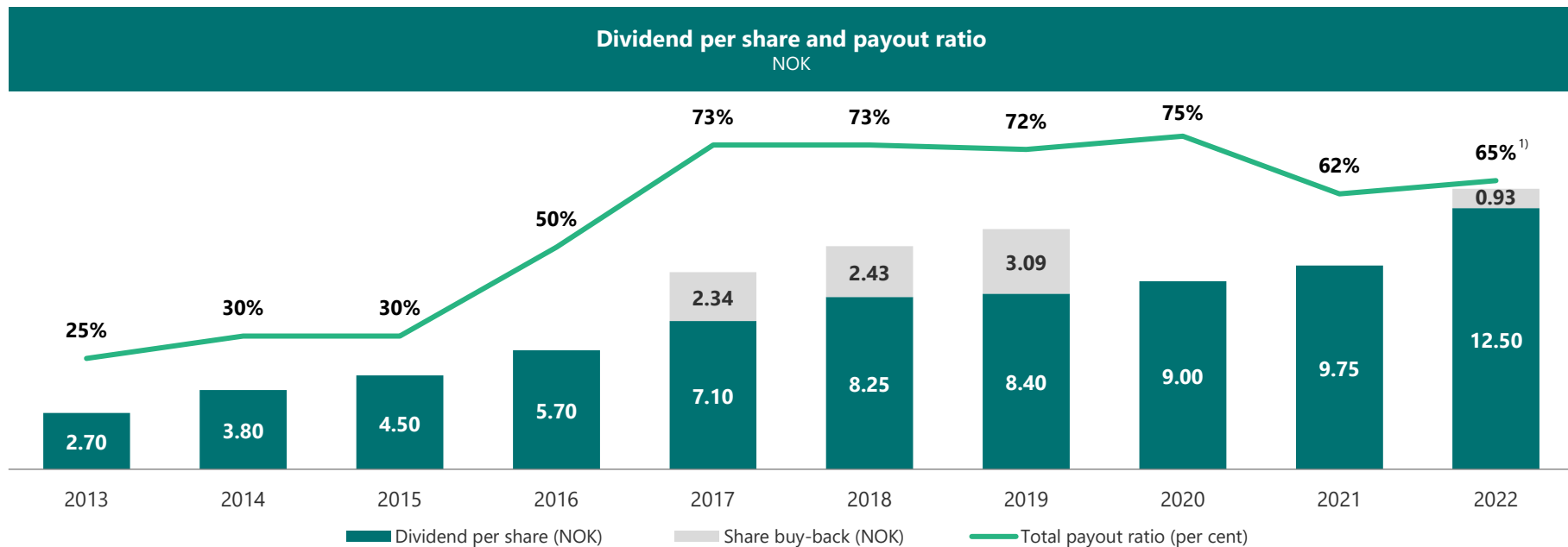
Earnings per share NOK



1) Return on equity of 13.0 per cent with a normalised tax level of 23.0 per cent.

Continued increase in dividend per share

- Board of Directors will propose a cash dividend per share of NOK 12.50, an increase of NOK 2.75
- 0.5 per cent share buy-back programme announced today
- Expect to request authorisation from the Annual General Meeting for share buy-back in line with previous years



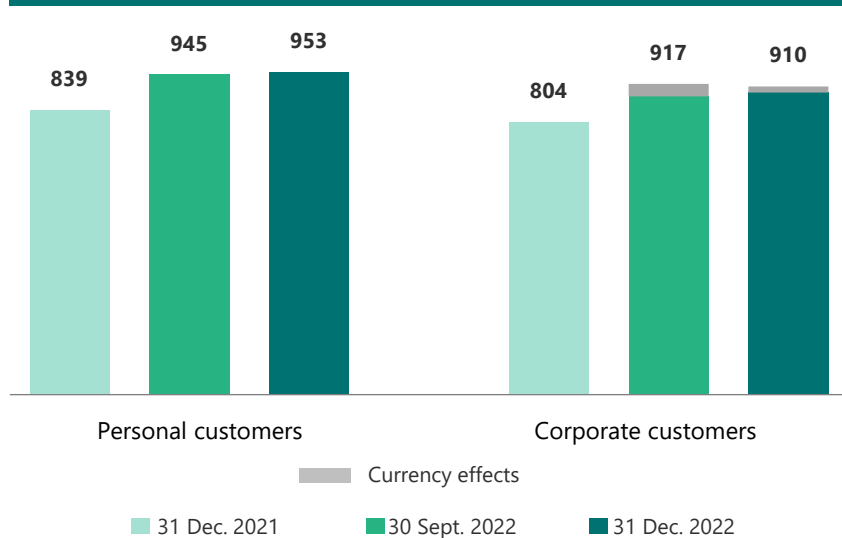
1) The payout ratio is based on the assumption that the 0.5 per cent share buy-back programme is completed before the Annual General Meeting.

Continued profitable loan growth

- Currency-adjusted loan growth of 1.1 per cent in the quarter
 - up 1.3 per cent in Corporate customers and 0.9 per cent in Personal customers (0.3 adjusted for portfolio purchased from DNB Livsforsikring)
- Currency-adjusted deposits down 2.1 per cent in the quarter
 - stable in Personal customers and down 3.4 per cent in Corporate customers

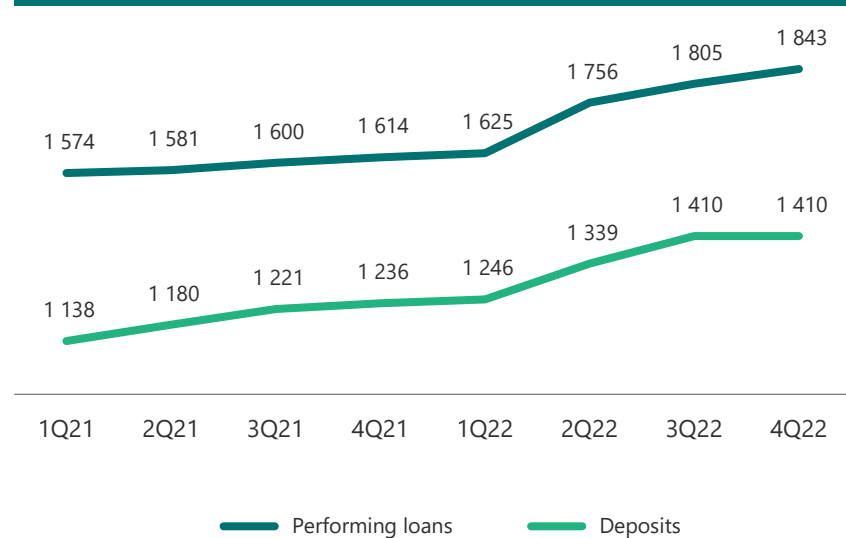
Loans per customer segment

NOK billion



Average loans and deposits in the customer segments

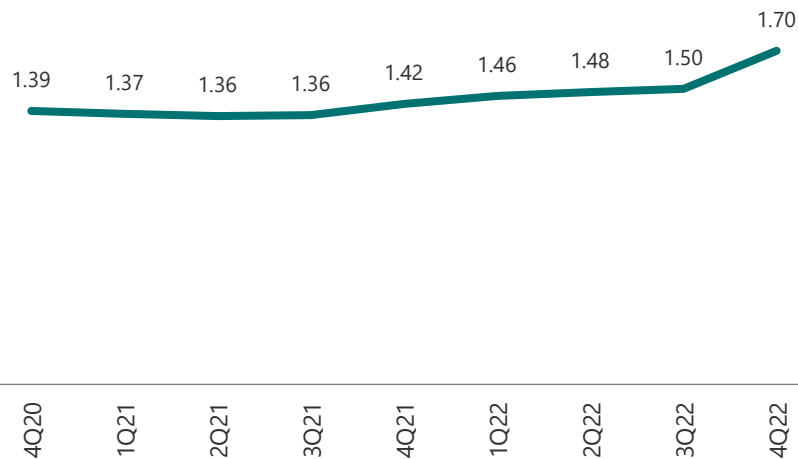
NOK billion



Strong development in net interest margin

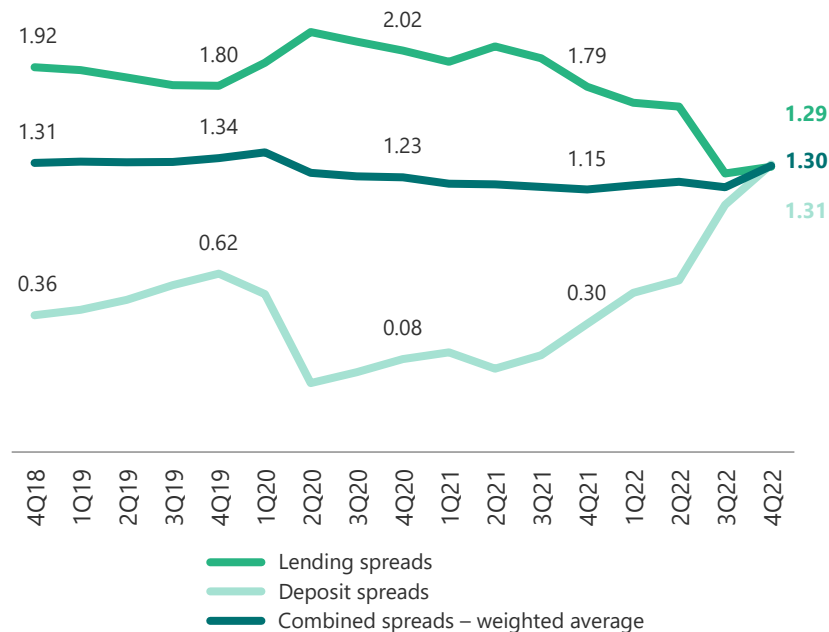
Net interest margin¹⁾

Per cent



Spreads in customer segments

Per cent



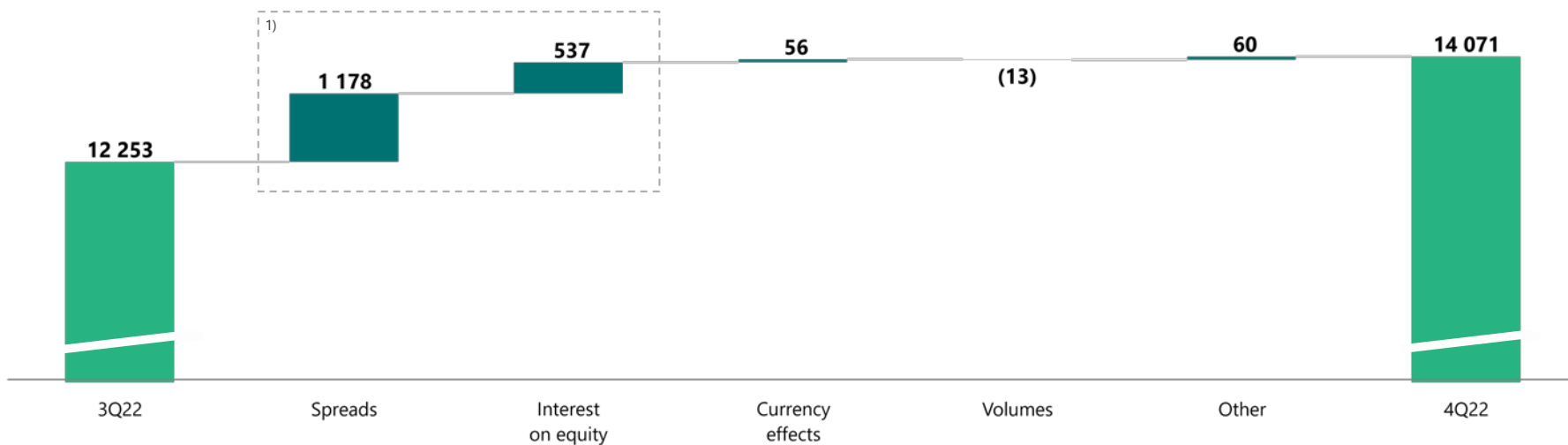
1) Total net interest income relative to average loans and deposits in the customer segments.

Net interest income driven by increased interest rates in the market

- Net interest income up NOK 1 818 million – or 14.8 per cent – in the quarter
- Full effect of repricing from mid-August and partial effect of repricings from beginning of October, November and mid-December, respectively
- Following Norges Bank's key policy rate hike in December, DNB announced a repricing with effect from end-January

Net interest income from 3Q22 to 4Q22

NOK million

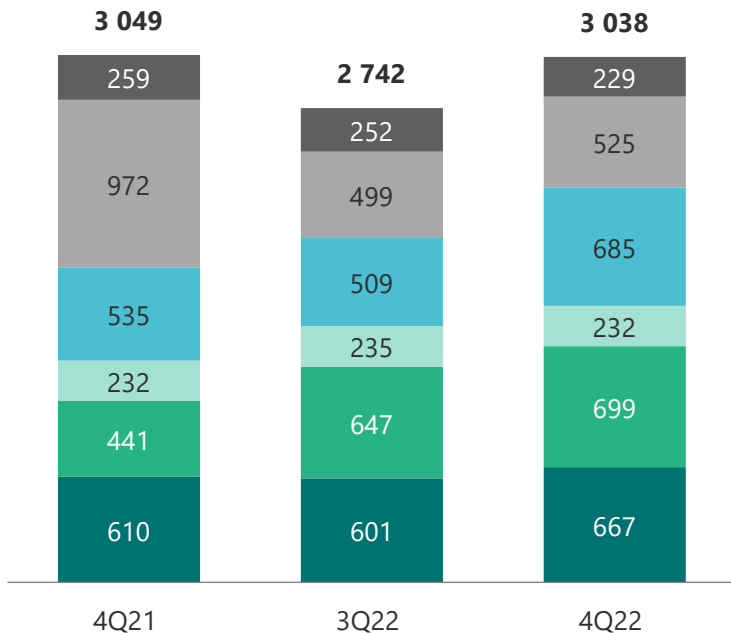


1) Effect of customer repricing and increased NOK money market rates.

Commissions and fees – strong performance across product areas

Commissions and fees

NOK million / Change in per cent from 4Q21



Real estate broking

Low activity level in the market and fewer properties for sale in 2022¹⁾



Investment banking services

Solid underlying performance, mainly driven by DCM and M&A²⁾ activity. All-time high 4Q21



Asset management and custodial services

Driven by performance fees and increased income from custodial services



Guarantee commissions

Stable demand for trade finance products



Money transfer and banking services

Development driven by increased use of cards combined with lower costs. Card transactions in Norway up 18 per cent from 4Q21



Sale of insurance products

Stable underlying development adjusted for change in fee structure in the closed defined-benefit programme – full year effect in 4Q22

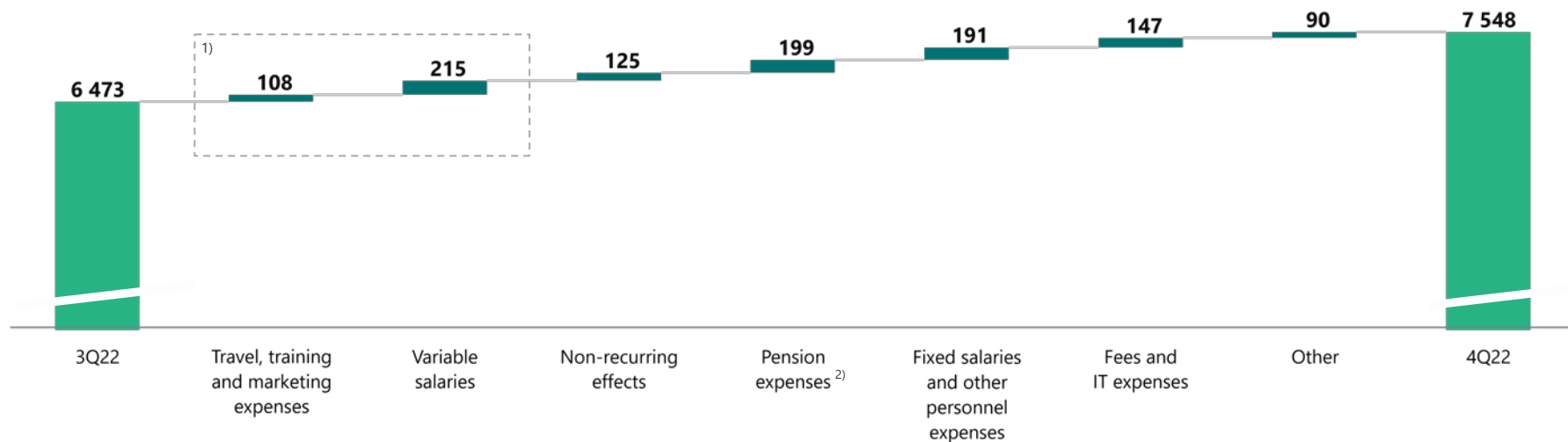
1) Source: Real Estate Norway.

2) DCM: Debt Capital Markets. M&A: Mergers and acquisitions.

Operating expenses reflecting seasonally high activity level

- Seasonally high activity level combined with strong results led to increase of NOK 323 million in activity-based expenses
- Non-recurring items accounted for NOK 125 million
- Pension expenses reflected higher return on the closed defined-benefit scheme, resulting in higher than normal pension expenses

Operating expenses from 3Q22 to 4Q22 NOK million



1) Activity-based expenses.

2) The scheme is partly hedged and recognised in net gains on financial instruments.

Robust and well-diversified portfolio – 99 per cent in stages 1 and 2

- Continued low impairment provisions in Personal customers
- Increased macro-driven impairment provisions in stages 1 and 2 in Corporate customers related to commercial real estate, retail industries and services – offset by reversals in offshore
- Provisions in stage 3 due to shift to model-based impairment provisions for smaller SMEs and connected to the above-mentioned macro adjustments

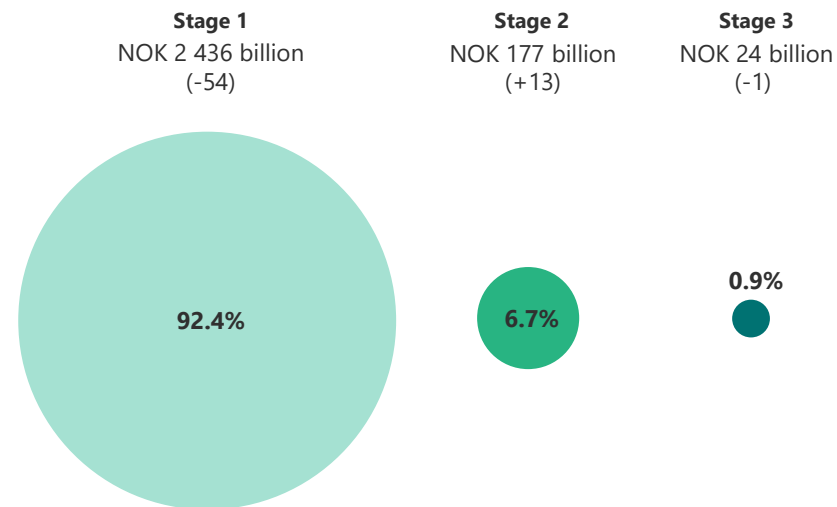
Impairment of financial instruments by industry segment

NOK million

	4Q22	3Q22	4Q21
Personal customers			
- Stages 1 and 2	(5)	(66)	(2)
- Stage 3	(142)	(70)	(62)
Corporate customers			
- Stages 1 and 2	30	1	177
- Stage 3	(557)	283	(388)
Total	(674)	148	(275)

Maximum exposure¹⁾

Changes from 3Q22 in parentheses

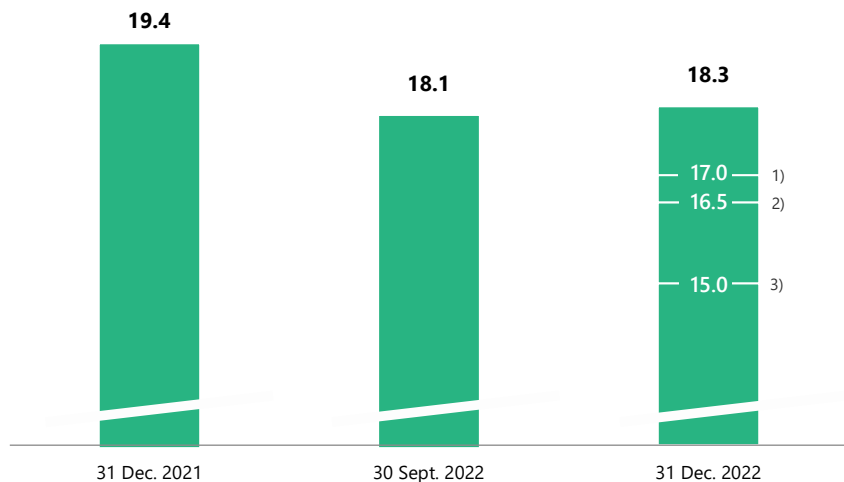


1) On- and off-balance sheet items, net of accumulated impairment provisions.

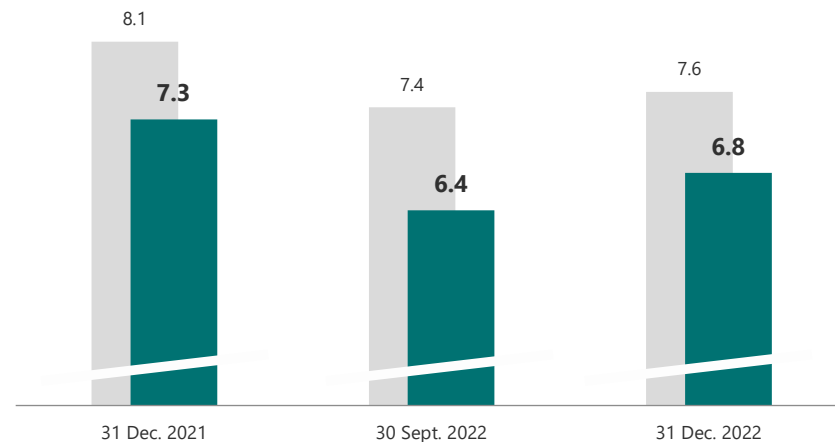
Strong capital position – enabling delivery on dividend policy

- CET1 capital ratio: a ~175 basis-point headroom to current Financial Supervisory Authority of Norway (FSA) expectation and comfortable headroom to long-term expectation
- Solid capital generation from profit offset by dividend and announced share buy-back programme
- Increase in CET1 capital ratio driven by reduced risk exposure amount (REA) from currency effects and counterparty risk

CET1 capital ratio
Per cent



Leverage ratio
Per cent



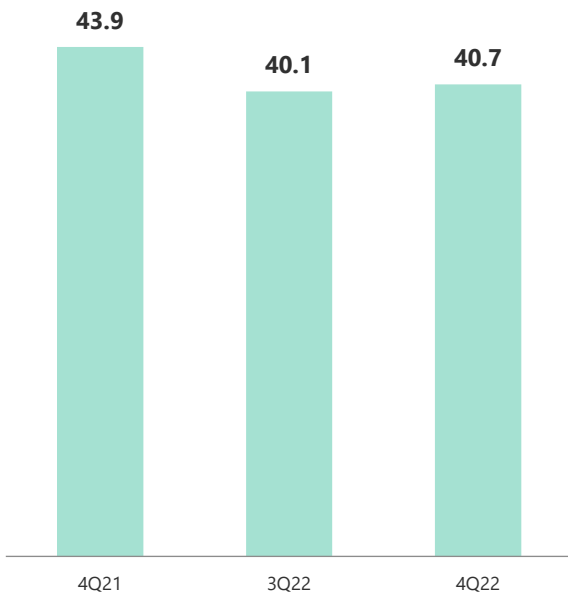
Excluding central bank deposits

- 1) The FSA's expectation including pre-pandemic counter-cyclical buffer requirements (with effect from 31 March 2023).
- 2) The FSA's current expectation.
- 3) The FSA's current requirement.

Strong performance in the fourth quarter

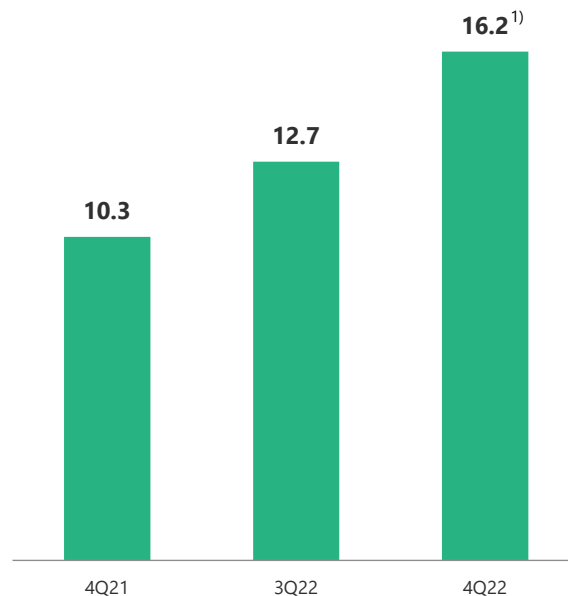
Cost/income ratio

Per cent



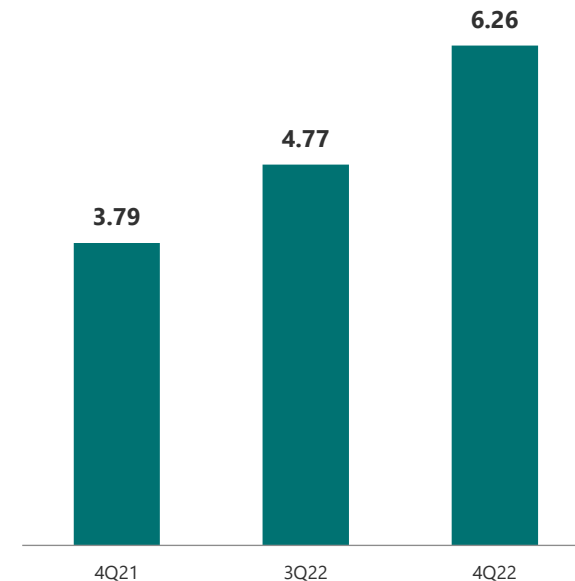
Return on equity

Per cent



Earnings per share

NOK



1) Return on equity of 13.0 per cent with a normalised tax level of 23.0 per cent.

Appendix



Income statement

NOK million	4Q22	3Q22	4Q21	Change from 3Q22	Change from 4Q21
Net interest income	14 071	12 253	10 285	1 818	3 785
Other operating income	4 457	3 875	4 348	582	109
Total income	18 527	16 128	14 633	2 399	3 894
Operating expenses	(7 548)	(6 473)	(6 427)	(1 075)	(1 121)
Pre-tax operating profit before impairment	10 979	9 655	8 206	1 324	2 773
Impairment of loans and guarantees and gains on assets	(699)	148	(251)	(847)	(448)
Pre-tax operating profit	10 280	9 803	7 955	477	2 325
Tax expense	(460)	(2 255)	(2 025)	1 795	1 565
Profit from operations held for sale, after taxes	127	26	225	101	(99)
Profit for the period	9 947	7 575	6 155	2 372	3 792
Portion attributable to shareholders	9 704	7 397	5 875	2 308	3 830

Other operating income

NOK million	4Q22	3Q22	4Q21	Change from 3Q22	Change from 4Q21
Net commissions and fees	3 038	2 742	3 049	295	(11)
Customer revenues in DNB Markets	835	712	653	122	182
Trading revenues in DNB Markets	157	86	2	71	155
Hedging of defined-benefit pension scheme	63	(58)	76	121	(13)
Credit spreads on bonds	(67)	(41)	(75)	(25)	8
Credit spreads on fixed-rate loans	156	(61)	(67)	217	224
CVA/DVA/FVA	180	(107)	1	287	179
Other mark-to-market adjustments	382	(978)	(110)	1 361	492
Basis swaps	(604)	369	100	(974)	(704)
Exchange rate effects on additional Tier 1 capital	(847)	783	125	(1 630)	(972)
Net gains on financial instruments at fair value	256	706	704	(450)	(449)
Net financial and risk result, life insurance	354	83	203	271	151
Profit from investments accounted for by the equity method	482	5	(6)	477	488
Other	327	338	397	(11)	(70)
Net other operating income, total	4 457	3 875	4 348	582	109

DISCLAIMER

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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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