DNB Group

Fourth quarter report 2022

Preliminary and unaudited

Financial highlights

Income statement

Amounts in NOK million	4th quarter 2022	4th quarter 2021	Full year 2022	Full year 2021
Net interest income	14 071	10 285	48 294	38 690
Net commissions and fees	3 038	3 049	11 453	11 011
Net gains on financial instruments at fair value	256	704	4 147	3 621
Net financial and risk result, life insurance	354	203	368	790
Other operating income	809	391	1 854	1 803
Net other operating income	4 457	4 348	17 821	17 225
Total income	18 527	14 633	66 115	55 915
Operating expenses	(7 522)	(6 410)	(26 335)	(23 834)
Restructuring costs and non-recurring effects	(26)	(17)	(176)	(200)
Pre-tax operating profit before impairment	10 979	8 206	39 605	31 881
Net gains on fixed and intangible assets	(25)	24	(24)	(82)
Impairment of financial instruments	(674)	(275)	272	868
Pre-tax operating profit	10 280	7 955	39 854	32 667
Tax expense	(460)	(2 025)	(7 262)	(7 462)
Profit from operations held for sale, after taxes	127	225	270	150
Profit for the period	9 947	6 155	32 861	25 355

Balance sheet

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Total assets	3 236 431	2 919 244
Loans to customers	1 961 464	1 744 922
Deposits from customers	1 396 630	1 247 719
Total equity	259 098	243 912
Average total assets	3 506 927	3 404 104
Total combined assets	3 729 817	3 463 482

Key figures and alternative performance measures

	4th quarter 2022	4th quarter 2021	Full year 2022	Full year 2021
Return on equity, annualised (per cent) [1)]	16.2	10.3	13.8	10.7
Earnings per share (NOK)	6.26	3.79	20.65	15.74
Combined weighted total average spreads for lending and deposits (per cent) [1)]	1.30	1.15	1.21	1.17
Average spreads for ordinary lending to customers (per cent) [1)]	1.29	1.79	1.47	1.94
Average spreads for deposits from customers (per cent) [1)]	1.31	0.30	0.88	0.14
Cost/income ratio (per cent) [1)]	40.7	43.9	40.1	43.0
Ratio of customer deposits to net loans to customers at end of period, adjusted (per cent) [1)]	73.5	74.2	73.5	74.2
Net loans at amortised cost and financial commitments in stage 2, per cent of net loans at amortised cost [1)]	9.28	8.30	9.28	8.30
Net loans at amortised cost and financial commitments in stage 3, per cent of net loans at amortised cost [1)]	1.25	1.55	1.25	1.55
Impairment relative to average net loans to customers at amortised cost, annualised (per cent) [1)]	(0.14)	(0.06)	0.01	0.05
Common equity Tier 1 capital ratio at end of period (per cent)	18.3	19.4	18.3	19.4
Leverage ratio (per cent)	6.8	7.3	6.8	7.3
Share price at end of period (NOK)	194.45	202.00	194.45	202.00
Book value per share	156.61	146.21	156.61	146.21
Price/book value [1)]	1.24	1.38	1.24	1.38
Dividend per share (NOK) [2)]			12.50	9.75
Sustainability:				
Finance and facilitate sustainable activities (NOK billion, accumulated) [3)]	390.9	220.6	390.9	220.6
Total assets invested in mutual funds with a sustainability profile (NOK billion)	27.4	28.4	27.4	28.4
Score from Traction's reputation survey in Norway (points)	60	63	60	63
Customer satisfaction index, CSI, personal customers in Norway (score)	71.1	72.7	72.8	73.3
Female representation at management levels 1-4 (per cent)	38.3	39.8	38.3	39.8

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

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

Contents

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

Directors' report

The high activity levels in the Norwegian economy continued into the fourth quarter. The labour market remained tight, while inflation rose. The Norwegian central bank, Norges Bank, utilises the key policy rate to mitigate inflationary pressure, and the rate was raised by 0.50 percentage point to 2.75 per cent in December. There were clear signs that the economy is now cooling.

DNB's results in 2022 were strong, driven by profitable volume growth and positive effects from repricing. The capital situation remained solid, and the portfolio was well-diversified and robust. The Group is well positioned to deliver on its ambitions and goals, including its dividend policy.

Fourth quarter financial performance

The Group delivered strong profits in the quarter of NOK 9 947 million, an increase of NOK 3 792 million from the corresponding quarter last year. Compared with the third quarter of 2022, profits increased by NOK 2 372 million.

Earnings per share were NOK 6.26, compared with NOK 3.79 in the year-earlier period and NOK 4.77 in the third quarter of 2022.

The common equity Tier 1 (CET1) capital ratio was 18.3 per cent, down from 19.4 per cent a year earlier, but up from 18.1 per cent in the third quarter of 2022.

The leverage ratio was 6.8 per cent, down from 7.3 per cent in the year-earlier period, but up from 6.4 per cent in the previous quarter.

Return on equity (ROE) ended at 16.2 per cent, positively impacted by solid performance in the customer segments, increased net interest income, and an extraordinary low tax expense as a consequence of the liquidation of a subsidiary in Asia. The corresponding figures were 10.3 per cent in the fourth quarter of 2021, and 12.7 per cent in the third quarter of 2022.

The Board of Directors will propose a dividend for 2022 of NOK 12.50 per share, which is an increase of 28.2 per cent from 2021 and corresponds to 60 per cent of profits. Including the announced share buy-back programme of 0.5 per cent, the total payout ratio is around 65 per cent.

Higher interest on equity and positive effects from repricing led to an increase in net interest income of NOK 3 785 million, or 36.8 per cent, from the fourth quarter of 2021, and NOK 1 818 million, or 14.8 per cent, from the previous quarter.

Net other operating income amounted to NOK 4 457 million, up NOK 109 million from the corresponding period in 2021. Net commissions and fees remained solid despite market turmoil, and were at the same level compared with the corresponding quarter last year. The strong quarter is driven by a rebound after the pandemic. Compared with the third quarter of 2022, net other operating income was up NOK 582 million, driven by net commissions and fees and positive effects from the merger between Vipps and MobilePay.

Operating expenses amounted to NOK 7 548 million in the quarter, up NOK 1 121 million from the corresponding period a year earlier, and NOK 1 075 million from the previous quarter. This can mainly be ascribed to higher activity and a further strengthening of core competence.

Impairment of financial instruments amounted to NOK 674 million in the quarter. This is an increase from both the corresponding quarter of 2021 and the third quarter of 2022, which saw impairment provisions of NOK 275 million and net reversals of NOK 148 million, respectively. The impairment provisions for the quarter were primarily related to customers in the corporate customers industry segment

In the fourth quarter, the Group reported an extraordinarily low tax expense of NOK 460 million, mainly as a result of the liquidation of a subsidiary in Asia. When foreign operations are sold or liquidated, the cumulative gains or losses of the hedging instruments recognised as equity is reclassified to the ordinary income statement. Several key figures have been affected as a result of this.

Share buy-back programme

At the Annual General Meeting in 2022, the Board of Directors was given an authorisation to repurchase up to 3.5 per cent of the company's share capital, and DNB Markets was given an authorisation of 0.5 per cent for hedging purposes. Both authorisations are valid up to the Annual General Meeting in 2023. DNB also received approval from Finanstilsynet (the Financial Supervisory Authority of Norway) to repurchase up to 1.0 per cent of outstanding shares, as well as 0.5 per cent for hedging purposes, assuming DNB meets the capital requirements. On 9 February 2023, DNB announced a share buy-back programme totalling 0.5 per cent.

Sustainability

The fourth quarter included several highlights in DNB's customer-oriented sustainability work, as well as important recognition of the Group's sustainability reporting. The quarter concluded a record-breaking year for DNB Markets in the sustainable bond market, with participation in 51 transactions across regions and sectors, and an increase in the transaction volume of 47 per cent compared with 2021. In total, around 20 per cent of the volume that DNB Markets helped customers raise in the bond market in 2022 had a green or sustainable label. Just two years ago, this share was roughly 8 per cent.

DNB's reporting to the Carbon Disclosure Project (CDP), an organisation rating companies' efforts relating to climate impact, climate targets and climate risk analyses, was given the top score (A). This was an improvement from the A minus the Group has received the past couple of years. DNB also joined the Partnership for Carbon Accounting Financials (PCAF) in the quarter. Going forward, PCAF will enable the Group to improve its measuring of and reporting on financed emissions, as well as its reporting on and strengthening of climate targets.

Achieving a better understanding of DNB's financed emissions is vital in the Group's efforts to follow up its sustainable strategy. With the recently established centralised ESG Data Hub, the Group believes that it will improve its understanding and management of ESG risks and opportunities, while delivering and reporting on the sustainable strategy, providing better advisory services, sustainable products and ESG client analyses, and complying with new reporting requirements. Moreover, the work on developing a transition plan to further concretise DNB's path towards net-zero emissions in 2050, is also dependent on an improved understanding of the emissions financed by the Group. The work on developing a transition plan was a key project in the fourth quarter, and the efforts in this area will continue throughout 2023.

During the fourth quarter, DNB's Group Sustainability Committee (GSC) discussed various ways of preparing for announced regulatory requirements relating to sustainability reporting, and endorsed an approach to the work on strengthening the Group's nature and biodiversity efforts. Nature and biodiversity aspects are widely incorporated in upcoming EU regulatory requirements on sustainability, and also in the new white paper on state ownership from the Norwegian Government.

DNB's work relating to gender equality was once more acknowledged in the BCG Gender Equality Study of the European Banking Sector. The study ranks the 50 largest banks in Europe for their efforts in this area, and DNB once again made top of the list. The ranking is based on a gender equality index which looks at female representation at boardroom level and gender equality in terms of senior management remuneration.

Lastly, in terms of the customer-oriented sustainability work, DNBs corporate customers are now offered green guarantees. This product aims to strengthen the Group's efforts to achieve the goal of financing and facilitating sustainable activities worth NOK 1 500 billion by 2030.

As of 31 December, DNB had facilitated a cumulative total of NOK 390.9 billion in sustainable financing volumes, and was on track to reach the target of NOK 1 500 billion by 2030. With regard to DNB Asset Management's target of NOK 200 billion in assets in mutual funds with a sustainability profile by 2025, NOK 27.4 billion had been invested as of 31 December. A more in-depth reporting of DNBs sustainability efforts will be included in the Annual report to be published on 9 March 2023.

Other events in the fourth quarter

During the fourth quarter, The Boards of Directors of DNB and Sbanken approved the merger plan for the two companies, and the merger is planned to take place on 2 May 2023.

DNB's Capital Markets Day was held on 15 November, where the ambitions leading up to 2025 were presented. A return on equity (ROE) above 13 per cent is the new overriding financial target, up from above 12 per cent. The ambitions of maintaining a cost/income ratio below 40 per cent, a common equity Tier 1 (CET1) capital ratio above 17.0 per cent, and a payout ratio above 50 per cent are continued.

In October, DNB launched *Vennelån* (friend loans), a concept where friends can take out a home mortgage together. The Vennelån concept makes it possible for friends to buy a home together, enabling young people to enter the housing market.

An extensive #huninvesterer (#girlsinvest) 'tour' was conducted during the quarter, making 21 stops all over Norway. The goal was to increase women's knowledge and awareness relating to startups, savings and investments.

In Traction's reputation survey for the fourth quarter of 2022, DNB scored 60 points. The goal is a result over 65 points, indicating that DNB is a well-liked bank.

Following the decisions made in the fourth quarter by the Norwegian central bank, Norges Bank, to raise the key policy rate twice by a total of 0.5 percentage points to 2.75 per cent, DNB decided to increase its interest rate on mortgages by 0.5 percentage point in the same period.

Fourth quarter income statement – main items

Net interest income

Amounts in NOK million	4Q22	3Q22	4Q21
Lending spreads, customer segments	5 999	5 682	7 300
Deposit spreads, customer segments	4 643	3 739	946
Amortisation effects and fees	1 044	1 046	1 090
Operational leasing	661	627	569
Contributions to the deposit guarantee and resolution funds	(296)	(296)	(267)
Other net interest income	2 020	1 455	647
Net interest income	14 071	12 253	10 285

Net interest income increased by NOK 3 785 million, or 36.8 per cent, from the fourth quarter of 2021. This was mainly driven by increased volumes, higher interest on equity and positive effects from repricings. There was an average increase of NOK 229.3 billion, or 14.2 per cent, in the healthy loan portfolio compared with the fourth quarter of 2021. Adjusted for exchange rate effects, volumes were up NOK 195.1 billion, or 12.1 per cent. During the same period, deposits were up NOK 174.6 billion, or 14.1 per cent. Adjusted for exchange rate effects, the increase was NOK 133.9 billion, or 10.8 per cent. Average lending spreads narrowed by 50 basis points, and deposit spreads widened by 100 basis points compared with the fourth quarter of 2021. Volume-weighted spreads for the customer segments widened by 15 basis points compared with the corresponding period in 2021.

Compared with the third quarter of 2022, net interest income increased by NOK 1 818 million, or 14.8 per cent, driven by positive effects from repricing and higher interest on equity. There was an average increase of NOK 38.2 billion, or 2.1 per cent, in the healthy loan portfolio, and deposits were at the same level as the previous quarter. Volume-weighted spreads for the customer segments widened by 14 basis points compared with the previous quarter.

Net other operating income

Amounts in NOK million	4Q22	3Q22	4Q21
Net commissions and fees	3 038	2 742	3 049
Basis swaps	(604)	369	100
Exchange rate effects on additional Tier 1 capital	(847)	783	125
Net gains on other financial instruments at fair value	1 707	(447)	480
Net financial and risk result, life insurance	354	83	203
Net profit from associated companies	482	5	(6)
Other operating income	327	338	397
Net other operating income	4 457	3 875	4 348

Net other operating income increased by NOK 109 million from the fourth quarter of 2021, and NOK 582 from the previous quarter. This can mainly be ascribed to positive mark-to-market effects on repossessed assets, effects of the Vipps and MobilePay merger and increased trading and customer revenues from DNB Markets. However, this was partly offset by negative exchange rate effects on additional Tier 1 capital and basis swaps.

Net commissions and fees were at the same level compared with the corresponding period last year. There was an increase in income from asset management and custodial services, as well as solid income from money transfer and banking services, but this was offset by lower income from investment banking services which were at an all time high in the fourth quarter of 2021. Compared with the previous quarter, net commissions and fees were up NOK 295 million, or 10.8 per cent. This increase can be ascribed to strong performance across products areas, especially from money transfer and banking services, as well as from asset management and custodial services.

Operating expenses

Amounts in NOK million	4Q22	3Q22	4Q21
Salaries and other personnel expenses	(4 265)	(3 617)	(3 687)
Restructuring expenses	(10)	(8)	(20)
Other expenses	(2 357)	(1 947)	(1 856)
Depreciation of fixed and intangible assets	(902)	(902)	(860)
Impairment of fixed and intangible assets	(14)	1	(4)
Total operating expenses	(7 548)	(6 473)	(6 427)

Operating expenses were up NOK 1 121 million, or 17.4 per cent, from the fourth quarter of 2021. This was due to higher activity, an increased number of full-time employees related to the acquisition of Sbanken, and further strengthening of core competence.

Compared with the third quarter of 2022, operating expenses were up NOK 1 075 million, or 16.6 per cent, driven by increased variable pay reflecting higher activity levels and further strengthening of core competence. In addition, there were higher pension expenses due to the increased return on the closed defined-contribution pension scheme. The scheme is partly hedged, and a corresponding gain is recognised in net gains on financial instruments.

The cost/income ratio was 40.7 per cent in the fourth quarter.

Impairment of financial instruments by industry segment

Amounts in NOK million	4Q22	3Q22	4Q21
Personal customers	(147)	(136)	(64)
Commercial real estate	(249)	(0)	(7)
Shipping	2	43	65
Oil, gas and offshore	152	333	133
Other industry segments	(432)	(93)	(402)
Total impairment of financial instruments	(674)	148	(275)

Impairment of financial instruments amounted to NOK 674 million in the fourth quarter of 2022. The impairment provisions were up NOK 399 million from the year-earlier period, which saw impairment provisions of NOK 275 million. Compared with the third quarter of 2022, impairment of financial instruments increased by NOK 822 million, from net reversals of NOK 148 million. Impairment provisions in commercial real estate, retail industries and services offset by reversals in offshore reflecting adjustments in economic forecasts. DNB has changed its method for measuring expected credit loss (ECL) for credit-impaired financial instruments (stage 3) for customers in the small and medium-sized enterprises portfolio that represent an exposure of less than NOK 50 million. The ECL model for stage 3 exposures is based on the same principles as the ECL model for stage 1 and 2 exposures. The moderate increase in stage 3 was driven by a slight downward adjustment in the economic forecasts, mainly within the commercial real estate industry segment.

There were impairment provisions of NOK 147 million in the quarter in the personal customers industry segment, compared with impairment provisions of NOK 64 million in the corresponding quarter of 2021 and impairment provisions of NOK 136 million in the third quarter of 2022. The impairment provisions could primarily be seen in stage 3 and were related to consumer finance.

The impairment provisions in the commercial real estate industry segment amounted to NOK 249 million in the fourth quarter, compared with impairment provisions of NOK 7 million in the year-earlier period and no impairment of financial instruments in the third quarter of 2022. The impairment provisions could be seen in all three stages and were mainly driven by a worsened economic outlook and increased uncertainty in the macro forecasts.

There were net reversals of NOK 2 million in the fourth quarter in the shipping industry segment, compared with net reversals of NOK 65 million in the fourth quarter 2021 and net reversals of NOK 43 million in the third quarter of 2022.

The oil, gas and offshore industry segment saw net reversals of NOK 152 million in the quarter. This is an increase in net reversals of NOK 19 million compared with the corresponding year-earlier period and a decrease of NOK 181 million compared with the third quarter of 2022. The net reversals could be seen in stages 1 and 2, whereas there were impairment provisions in stage 3 for the quarter. The economic outlook for the offshore segment has over time improved, leading to less uncertainty for the macro outlook used in the IFRS 9 model in the offshore segment. This had positive effects in stages 1 and 2.

Other industry segments saw impairment provisions of NOK 432 million in the fourth quarter, compared with impairment provisions of NOK 402 million in the corresponding quarter of 2021, and impairment provisions of NOK 93 million in the third quarter of 2022. Impairment provisions could be seen in all three stages and is primarily driven by a weaker economic outlook and uncertainty in the macro forecasts.

Net stage 3 loans and financial commitments amounted to NOK 24 billion at end-December 2022, which is a decrease from NOK 26 billion at the end of the fourth quarter of 2021. Overall, the credit portfolio remained robust and well diversified.

Taxes

The DNB Group's tax expense for the fourth quarter has been estimated at NOK 460 million, or 4.5 per cent of pre-tax operating profit. The extraordinarily low tax expense is non-recurring and mainly a result of the liquidation of the subsidiary in Asia in the quarter. The tax guiding going forward remains at 23.0 per cent, as previously communicated.

Financial performance – segments

Financial governance in DNB is adapted to the different customer segments. Reported figures reflect total sales of products and services to the relevant segments.

Personal customers

Income statement in NOK million	4Q22	3Q22	4Q21
Net interest income	4 793	3 936	3 070
Net other operating income	1 483	1 452	1 282
Total income	6 277	5 388	4 352
Operating expenses	(2 765)	(2 576)	(2 307)
Pre-tax operating profit before impairment	3 512	2 812	2 045
Impairment of financial instruments	(136)	(98)	(24)
Pre-tax operating profit	3 376	2 714	2 021
Tax expense	(844)	(679)	(505)
Profit for the period	2 532	2 036	1 516
Average balance sheet items in NOK billion			
Loans to customers	952.3	936.2	840.1
Deposits from customers	584.6	591.2	490.7
Key figures in per cent			
Lending spreads [1)]	0.41	0.39	1.22
Deposit spreads [1)]	2.15	1.75	0.51
Return on allocated capital	16.5	13.9	12.4
Cost/income ratio	44.0	47.8	53.0
Ratio of deposits to loans	61.4	63.2	58.4

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

The personal customers segment delivered a solid profit and a return on allocated capital of 16.5 per cent in the fourth quarter. A rise in net interest income due to profitable volume growth and repricing effects contributed to the positive development from the previous quarter.

Including the Sbanken portfolio, average loans to customers grew by 13.4 per cent from the fourth quarter of 2021. The healthy home mortgage portfolio grew by 13.7 per cent in the same period. Deposits from customers grew by 19.1 per cent from the corresponding quarter of 2021. The ratio of deposits to loans improved by 3.0 percentage points, to 61.4 per cent.

The fourth quarter results included the full effect of the interest rate hike announced in June 2022, and a partial effect of the interest rate hikes announced in September and November 2022. Combined spreads on loans and deposits widened by 12 basis points from the fourth quarter of 2021, and by 16 basis points from the previous quarter.

Net other operating income rose by 15.7 per cent from the fourth quarter of 2021, driven by the acquisition of Sbanken and higher income from payment services. The positive effect was partly offset by reduced income from real estate broking.

Operating expenses increased by 19.8 per cent from the fourth quarter of 2021. The cost increase was mainly driven by the customer identity verification programme and the acquisition of Sbanken.

The personal customers segment saw impairment provisions of NOK 136 million in the fourth quarter, compared with impairment of financial instruments of NOK 98 million and NOK 24 million in the third quarter of 2022 and corresponding quarter of 2021, respectively. In general, increased interest rates and decreased purchasing power affected the macro forecasts within the personal customers segment. The impairment provisions could primarily be seen in stage 3 and were related to consumer finance. Overall, the credit portfolio remained robust.

DNB's market share of credit to households in Norway was 24.2 per cent at end-November. The market share of total household savings was 31.9 per cent at the same point in time, while the market share for savings in mutual funds amounted to 38.4 per cent at end-December. DNB Eiendom had an average market share of 15.2 per cent in the fourth quarter.

Corporate customers

Income statement in NOK million	4Q22	3Q22	4Q21
Net interest income	9 044	8 076	6 479
Net other operating income	3 251	1 943	2 679
Total income	12 295	10 018	9 158
Operating expenses	(4 154)	(3 701)	(3 585)
Pre-tax operating profit before impairment	8 141	6 317	5 573
Net gains on fixed and intangible assets	0	(1)	0
Impairment of financial instruments	(537)	244	(251)
Profit from repossessed operations	199	15	356
Pre-tax operating profit	7 803	6 575	5 678
Tax expense	(1 951)	(1 644)	(1 419)
Profit for the period	5 853	4 932	4 258
Average balance sheet items in NOK billion			
Loans to customers	914.6	887.7	792.6
Deposits from customers	830.4	821.5	746.2
Key figures in per cent			
Lending spreads [1)]	2.22	2.17	2.41
Deposit spreads [1)]	0.71	0.55	0.17
Return on allocated capital	20.9	17.9	17.1
Cost/income ratio	33.8	36.9	39.1
Ratio of deposits to loans	90.8	92.5	94.1

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

The corporate customers segment delivered a solid profit and a return on allocated capital of 20.9 per cent in the fourth quarter, up from 17.9 per cent in the previous quarter. The profit was mainly driven by increased net interest income from both loans and deposits and net other operating income.

Net interest income increased by NOK 2 565 million from the corresponding quarter of 2021, and by NOK 968 million from the previous quarter. Lending volumes were up 15.4 per cent compared with the corresponding quarter last year. Adjusted for exchange rate effects, volumes were up 10.6 per cent. Compared with the previous quarter, lending volumes were up 3.0 per cent, or 2.4 per cent adjusted for exchange rate effects. After several quarters with narrowing lending spreads, the lending spreads widened by 6 basis points in the quarter, although still 19 basis points below the level from the corresponding quarter last year. This can mainly be ascribed to a lag effect from the implementation of increased interest rates in the small and medium-sized enterprises (SME) segment and in the DNB Finans portfolio.

The substantial growth in deposits in the previous quarter levelled out in the fourth quarter. Compared with the corresponding quarter of last year, deposit volumes were up 11.3 per cent, or 7.0 per cent when adjusted for exchange rate effects. The ratio of deposits to loans has remained high for some time but is expected to gradually decrease towards a more normalised level. As in the previous quarters, deposit spreads in the fourth quarter were positively affected by increasing NOK money market rates.

Net other operating income amounted to NOK 3 251 million in the fourth quarter, an increase of NOK 572 million from the corresponding quarter last year, and of NOK 1 309 million from the previous quarter. Income from net commissions and fees remained at a high level, and income from Markets activities was up NOK 266 million from the third quarter, although NOK 176 million lower than in the corresponding quarter last year. Net gains on financial instruments at fair value were up in the fourth quarter, amounting to NOK 505 million, compared with a positive result of NOK 62 million in the corresponding quarter last year, and a negative result of minus NOK 376 million in the previous quarter.

Total income for the quarter ended at a record high NOK 12 295 million, an increase of 34.3 per cent compared with the fourth quarter of 2021, and a solid increase of 22.7 per cent compared with the previous quarter.

Operating expenses were up 15.9 per cent from the fourth quarter of 2021, driven by higher IT expenses and personnel expenses, largely due to the increased number of full-time employees and a further strengthening of core competence. Compared with the previous quarter, operating expenses were up 12.2 per cent, mainly driven by an increase in personnel expenses and costs associated with a higher level of Markets activities.

Impairment of financial instruments amounted to NOK 537 million in the fourth quarter, compared with net reversals of NOK 244 million in the third quarter of 2022 and impairment provisions of NOK 251 million in the corresponding quarter of 2021. The impairment provisions are spread across different industry segments in stage 3

During the fourth quarter, the corporate customers segment implemented the framework and methodology for measuring financed emissions and incorporated DNB's net-zero ambitions into key sectoral strategies. The segment is now in the process of establishing sectoral net-zero transition pathways and expanding the baseline to include additional industry sectors.

DNB is well positioned for continued profitable growth in the large corporate customer segment and for building further on its market-leading position in the SME segment, as well as for further exploring new and existing profitable opportunities within the green transition.

Other operations

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

Income statement in NOK million	4Q22	3Q22	4Q21
Net interest income	233	241	737
Net other operating income	(648)	268	1 002
Total income	(415)	509	1 738
Operating expenses	(259)	17	(1 150)
Pre-tax operating profit before impairment	(674)	526	589
Net gains on fixed and intangible assets	(25)	1	24
Impairment of financial instruments	(1)	1	(0)
Profit from repossessed operations	(199)	(15)	(356)
Pre-tax operating profit	(899)	514	256
Tax expense	2 335	68	(101)
Profit from operations held for sale, after taxes	127	26	225
Profit for the period	1 562	607	381
Average balance sheet items in NOK billion			
Loans to customers	105.2	104.6	109.2
Deposits from customers	58.1	36.4	124.5

The profit for the other operations segment was NOK 1 562 million in the fourth quarter. Compared both with the year-earlier period and the previous quarter, net other operating income decreased, due to basis swaps and exchange rate effects on additional Tier 1 capital. In addition, tax expenses were extraordinarily low due to the liquidation of the subsidiary in Asia.

Risk management income was up from NOK 33 million in the corresponding quarter of last year, to NOK 497 million this quarter. This was mainly due to interest rate trading generating high income in a volatile interest rate market.

For traditional pension products with a guaranteed rate of return, net other operating income reached a strong level of NOK 506 million in the quarter, up NOK 68 million from the year-earlier period. This reflects a NOK 61 million increase in the net profit result from disability pensions, mainly from paid-up policies, but also a NOK 71 million decrease in profits from the common portfolio. Net commissions and fees were up NOK 80 million to NOK 226 million in the fourth quarter.

The solvency margin without transitional rules was 187 per cent as at 31 December 2022. This was a reduction from 202 per cent at the end of the third quarter of 2022. The main reason for the reduced solvency margin was a decrease in the long-term market rates and a lower volatility adjustment of the interest rate curve. The effect of this was offset by lower market risk for financial assets, including reduced real estate exposure. The interest rate level at the end of 2022 meant that the solvency margins with and without transitional rules were the same. This was also the case at the end of the third quarter of 2022.

DNB's share of the profit in associated companies (most importantly Luminor, Vipps and Fremtind) is included in this segment. There was an increase in profit from these companies of NOK 488 million compared with the fourth quarter of 2021, and of NOK 481 million compared with the previous quarter. The increase can mainly be ascribed to effects of the merger between Vipps and MobilePay.

Full year 2022

DNB recorded profits of NOK 32 861 million in 2022, up NOK 7 506 million, or 29.6 per cent from 2021. Return on equity was 13.8 per cent, compared with 10.7 per cent in the year-earlier period, and earnings per share were NOK 20.65, up from NOK 15.74 in 2021.

Net interest income increased by NOK 9 604 compared with 2021. Profitable growth, higher interest on equity, the acquisition of Sbanken and repricing effects contributed positively. Compared with 2021, there was an average increase in the healthy loan portfolio of 10.4 per cent, and a 13.2 per cent increase in average deposit volumes. The combined spreads widened by 4 basis points. Average lending spreads for the customer segments narrowed by 47 basis points, and deposit spreads widened by 73 basis points.

Net other operating income increased by NOK 596 million, or 3.5 per cent from 2021. Net commissions and fees had a solid performance despite market turmoil, and increased by NOK 442 million, or 4.0 per cent.

Total operating expenses were up NOK 2 476 million from 2021, due to higher activity and a strengthening of core competence within technology and compliance.

Impairment of financial instruments saw net reversals of NOK 272 million for the full year 2022 which is a decrease from net reversals of NOK 868 million for the full year 2021. The year 2022 was both affected by improvements in the macro forecasts in the aftermath of the Covid-19 pandemic, as well as increased uncertainty with regard to the war in Ukraine and increasing interest rates globally. There were net reversals in stages 2 and 3, while stage 1 saw a small increase in impairment provisions for the year.

Income statement for 2022

Net interest income

Amounts in NOK million	2022	2021
Lending spreads, customer segments	25 767	30 890
Deposit spreads, customer segments	11 842	1 694
Amortisation effects and fees	4 197	3 870
Operational leasing	2 467	2 192
Resolution fund fee and deposit guarantee fund levy	(1 231)	(1 091)
Other net interest income	5 251	1 134
Net interest income	48 294	38 690

Net interest income increased by NOK 9 604 million, or 24.8 per cent from 2021, mainly due to increased volumes, positive effects from repricing and higher interest on equity. There was an average increase in the healthy loan portfolio of NOK 165.6 billion, or 10.4 per cent, from 2021. In the same period, there was an increase of NOK 157.9 billion, or 13.2 per cent, in average deposit volumes. Combined spreads widened by 4 basis points compared with the year-earlier period. Average lending spreads for the customer segments narrowed by 47 basis points, and average deposit spreads widened by 73 basis points.

Net other operating income

Amounts in NOK million	2022	2021
Net commissions and fees	11 453	11 011
Basis swaps	822	(310)
Exchange rate effects additional Tier 1 capital	794	487
Net gains on other financial instruments at fair value	2 531	3 444
Net financial and risk result, life insurance	368	790
Net profit from associated companies	617	524
Other operating income	1 237	1 279
Net other operating income	17 821	17 225

Net commissions and fees showed a strong development and increased by NOK 441 million, or 4.0 per cent, in 2022, driven by solid performance across product areas, particularly within money transfer and banking services with higher income than pre-pandemic levels. In addition, positive exchange rate effects on additional Tier 1 capital and basis swaps contributed positively. The decrease in income from financial instruments can be ascribed to mark-to-market effects on repossessed assets.

Operating expenses

Amounts in NOK million	2022	2021
Salaries and other personnel expenses	(14 854)	(13 684)
Restructuring expenses	(18)	(142)
Other expenses	(8 098)	(6 845)
Depreciation of fixed and intangible assets	(3 531)	(3 361)
Impairment of fixed and intangible assets	(10)	(3)
Operating expenses	(26 510)	(24 034)

Total operating expenses were up NOK 2 476 million in 2022, due to increased activity reflecting higher salary and personnel expenses, the acquisition of Sbanken, and a further strengthening of competence in the area of compliance and technology.

The cost/income ratio was 40.1 per cent in 2022.

Impairment of financial instruments by industry segment

Amounts in NOK million	2022	2021
Personal customers	(413)	(75)
Commercial real estate	(212)	81
Shipping	64	402
Oil, gas and offshore	1 558	323
Other industry segments	(724)	138
Total impairment of financial instruments	272	868

Impairment of financial instruments amounted to net reversals of NOK 272 million for the full year 2022, which was a decrease from net reversals of NOK 868 million for the full year 2021. The year 2022 was affected both by interest rates increasing rapidly from historically low levels and by a tense geopolitical situation. Certain segments that experienced challenging times during the pandemic had a positive development after the Covid-19 restrictions were lifted, returning to a more normalised credit cycle.

The personal customers industry segment saw impairment provisions of NOK 413 million in 2022, compared with impairment provisions of NOK 75 million in 2021. The increase in impairment provisions could be seen across all three stages but primarily in stage 3, driven by consumer finance, while the increase in stages 1 and 2 can be explained by increased uncertainty in the macro forecasts.

Impairment provisions amounted to NOK 212 million in the commercial real estate industry segment for 2022, compared with net reversals of NOK 81 million in 2021. There were increased impairment provisions in all three stages primarily driven by increased uncertainty in the macro forecasts.

The shipping industry segment saw net reversals of NOK 64 million, spread across all three stages for the full year 2022, compared with net reversals of NOK 402 million in 2021. The net reversal could primarily be ascribed to customers in stage 2.

Net reversals for the oil, gas and offshore industry segment amounted to NOK 1 558 million in 2022, which is an increase of NOK 1 235 million compared with year-end 2021. Net reversals could be seen across all three stages, with the largest increase in stage 3 related to a positive restructuring of specific customers within offshore. Net reversals in stages 1 and 2 could be ascribed to improved macro outlook for this segment.

There were impairment provisions of NOK 724 million in other industry segments spread across all three stages for the year of 2022, compared with net reversals of NOK 138 million in 2021. The annual increase was driven by a weaker economic outlook, and uncertainty in the macro forecasts for a few segments. There was also a negative development for specific customers in stage 3 across different industries.

Net stage 3 loans and financial commitments amounted to NOK 24 billion at end-December 2022, which is a decrease of NOK 2 billion from the end of the fourth quarter of 2021.

Funding, liquidity and balance sheet

The markets for short-term funding were characterised by a high level of unrest throughout 2022, as a result of geopolitical turmoil, increased fear of inflation and rapidly rising short-term interest rates throughout all of the bank's markets. The unrest has created challenges relating to pricing and considerable variation in interest from investors. The bank has therefore operated with large liquidity buffers, which offer flexibility relating to the timing of new short-term loans. DNB has seen growing interest from investors, compared with other issuers. Higher interest rates in EUR and GBP have also allowed DNB to diversify the short-term funding to a greater extent than usual. The USD remains the bank's most important currency for short-term funding, while issues under the Group's European commercial paper programme are increasing quickly, and by the end of the year were close to 40 per cent of the remaining volume. This is favourable for diversification and ensures that the bank has beneficial pricing and greater access to funding, as our investors' credit limits are established and updated. In short, access to short-term funding has been good throughout the year. However, due to higher European interest rates, there is growing interest in EUR and GBP.

The credit risk premiums for long-term funding rose considerably in 2022 for issuers in general, and the volatility in the credit risk premiums was high throughout the year. Following a stable start to the year in the first two months, the financial markets were characterised by increased market unrest due to geopolitical uncertainty following the outbreak of the war in Ukraine in late February, and a considerably higher interest rate level in leading economies worldwide to fight rising inflation. The fear of higher interest rates in the financial markets was related to whether the central banks were proceeding too quickly, and that consequently considerably higher interest rates would lead to an economic setback. After a weak trend in the financial markets immediately following the outbreak of the war, the markets recovered somewhat towards mid-April, with a subsequent weak period until the end of June. Despite the slightly improved risk sentiment at the end of 2022, the credit risk premiums were at a considerably higher level at the end of the year, compared with the beginning of the year. Activity in the credit markets in 2022 followed the risk sentiment and, as a result of high volatility in the credit risk premiums, the players attempted to take advantage of periods in which the risk sentiment was better, to make new issues. DNB issued debt securities in the SEK, JPY, NOK, GBP, EUR, USD and CHF markets totalling just under NOK 100 billion in 2022, compared with around NOK 80 billion in 2021. In the fourth quarter, DNB issued long-term funding worth NOK 18 billion. The issues in 2022 were mainly focused on the issuing of debt instruments which meet regulatory requirements associated with the minimum requirement for own funds and eligible liabilities (MREL). Based on the need to issue MREL-eligible debt and to obtain a sound ratio of deposits to net loans, there has been no need to issue covered bonds. The terms to maturity for new issues have been relatively short (3–5 years), as the credit risk premiums and the interest on funding with shorter tenor rose less than longer dated funding.

The total nominal value of long-term debt securities issued by the Group was NOK 537 billion at end-December, compared with NOK 560 billion a year earlier. The average remaining term to maturity for long-term debt securities issued was 3.5 years, at the same level as the previous year.

The short-term liquidity requirement, the Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the quarter and stood at 149 per cent at the end of December. The net long-term stable funding ratio, NSFR, was 114 per cent , which was well above the minimum requirement of 100 per cent for stable and long-term funding.

Total combined assets in the DNB Group were NOK 3 730 billion at the end of December, up from NOK 3 463 billion a year earlier. Total assets in the Group's balance sheet were NOK 3 236 billion, and NOK 2 919 billion at the end of 2021.

Loans to customers increased by NOK 216.5 billion, or 12.4 per cent, from the end of 2021 to the end of 2022. Customer deposits were up NOK 148.9 billion, or 11.9 per cent, during the same period. The ratio of customer deposits to net loans to customers was 73.5 per cent, down from 74.2 per cent a year earlier.

Capital position

The common equity Tier 1 (CET1) capital ratio was 18.3 per cent at end-December, down from 19.4 per cent a year earlier, but up from 18.1 per cent at end-September 2022. Retained profits increased the CET1 ratio by 0.4 percentage points in the quarter, offset by a dividend above 50 per cent. The additional positive effects on the capital ratio could mainly be ascribed to a reduction in the risk exposure amount due to exchange rate effects, and reduced counterparty risk.

The CET1 requirement for DNB at end-December was 15.0 per cent, while the expectation from the supervisory authorities was 16.5 per cent including Pillar 2 Guidance. The Group thus had a solid 1.75 percentage-point headroom above the current supervisory authorities' capital level expectation.

The risk exposure amount decreased by NOK 28 billion from end-September 2022, to NOK 1 062 billion at end-December 2022, mainly due to exchange rate effects and counter party risk.

The leverage ratio was 6.8 per cent at end-December, down from 7.3 per cent in the year-earlier period, and up from 6.4 per cent at end-September.

Capital adequacy

The capital adequacy regulations specify a minimum requirement for own funds based on a risk exposure amount that includes credit risk, market risk and operational risk. In addition to meeting the minimum requirement, DNB must satisfy various buffer requirements (Pillar 1 and Pillar 2 requirements).

Capital and risk

	4Q22	3Q22	4Q21
CET1 capital ratio, per cent	18.3	18.1	19.4
Tier 1 capital ratio, per cent	19.6	19.3	21.0
Capital ratio, per cent	21.8	21.5	24.0
Risk exposure amount, NOK billion	1 062	1 090	973
Leverage ratio, per cent	6.8	6.4	7.3

As the DNB Group consists of both a credit institution and a life insurance company, DNB has to satisfy a cross-sectoral calculation test to demonstrate that it complies with sectoral requirements: the capital adequacy requirement, in accordance with the CRR/CRD, and the Solvency II requirement. At year-end, DNB complied with these requirements by a good margin, with excess capital of NOK 30.2 billion.

New regulatory framework

The Norwegian Lending Regulations to be retained

The Ministry of Finance has adopted certain amendments to the Norwegian Lending Regulations which entail, among other things, that the requirement of an interest rate stress test must be adjusted to meet the requirements of the economic situation. Previously, banks needed to factor in an interest rate increase of at least 5 percentage points when assessing a customer's debt-servicing capacity. This requirement changed on 1 January 2023, so that banks can base their decision on an interest rate increase of at least 3 percentage points. Banks must nonetheless factor in an interest rate of at least 7 per cent when assessing debt-servicing capacity. As of 1 July 2023, loans secured by other collateral than property, such as car and boat loans, will also be covered by the general requirements in the Regulations regarding loan-to-income ratio and debt-servicing capacity.

The parameters for setting Pillar 2 requirements must be clarified

On 1 November 2022, Finanstilsynet (the Financial Supervisory Authority of Norway, or Norwegian FSA) published an evaluation of Norwegian and international practices for setting Pillar 2 requirements. Finanstilsynet also drafted a consultation paper with a proposal for implementation of the provisions in the Capital Requirements Directive (CRD V) regarding Pillar 2 in Norwegian rules and legislation. The proposal primarily entails a clarification and specification of Norway's EEA obligations under CRD V.

The draft Norwegian regulations are consistent with the provision in CRD V that requires institutions to meet the Pillar 2 requirement with common equity Tier 1 (CET1) capital of at least 56.25 per cent and Tier 1 capital of at least 75 per cent, and that any requirement of higher capital quality must be justified on the grounds of specific circumstances at the institution.

The Ministry of Finance has circulated the proposal for public consultation. The Ministry has previously pointed out that considerations relating to the rule of law may indicate that the parameters for the Pillar 2 process should to a greater extent than today be laid down in rules and legislation.

Sustainability considerations and new principle for senior executive remuneration included in Government's white paper on state ownership

Facilitating sustainable transition and increased value creation has been introduced as a new rationale for state ownership. Sustainability considerations have also been clarified and reinforced in the Government's goals as owner. For companies that operate in competition with others, such as DNB, the goal is the highest possible return over time *within sustainable limits*.

The report also launches a new principle for remuneration of senior executives. It introduces an expectation that companies provide a special explanation if salary adjustments for senior executives exceed the adjustments for the company's other employees. The Government also expects companies to reduce the maximum amount of variable pay achievable for senior executives from 50 to 25 per cent of their full salary.

Macroeconomic developments

Activity in the Norwegian economy continued to increase in the fourth quarter, but at a somewhat slower rate. Figures in the national accounts up to November showed large fluctuations in activity in some sectors, but seen as a whole, the figures showed a further increase in activity during the third quarter and into the fourth quarter. A pronounced increase in households' purchase of cars, due to increased taxes, aided growth in consumption in the fourth quarter, while private consumption in general increased.

In December, consumer prices were up 5.9 per cent, compared with the same month a year earlier. Inflation peaked at 7.5 per cent in October. Calculated without including the electricity support scheme, the 12-month rate for the CPI All-item index would have been 7.1 per cent in December, according to Statistics Norway. Core inflation, as measured by the CPI-ATE All-item index rose to 5.8 per cent in December. For the year as a whole, consumer prices rose by a total of 5.8 per cent, while core inflation was 3.9 per cent.

In the fourth quarter, house prices, adjusted for seasonal variation, were 1.8 per cent lower than in the third quarter. There was a clear decline in prices in September, October and November, but a slight increase in December. Households' credit growth continued to decline in the third quarter and at the start of the fourth quarter, and was 4.1 per cent in November, year on year. At the end of 2021, household credit growth was 5.0 per cent.

High capacity utilisation and inflation indicate a tightening of monetary policy. In December, Norges Bank raised the key policy rate by 0.25 percentage point, to 2.75 per cent.

The growth forecasts show considerable uncertainty surrounding the financial situation in 2023.

Future prospects

At the Capital Markets Day in November, DNB announced that the Group's overriding financial target is a return on equity (ROE) above 13 per cent, up from above 12 per cent.

Norges Bank's stepwise increase in the key policy rate, from 0.50 per cent to 2.75 per cent during 2022, followed by DNB's repricing announcements, will have full annual effect in 2023.
In addition to positive effects from increasing NOK interest rates and repricing, the following factors will contribute to reaching the ROE target: growth in loans and deposits, growth in commissions and fees from capital-light products, and cost control measures. The annual organic loan growth is expected to be between 3 and 4 per cent over time, while maintaining a sound deposit-to-loan ratio. DNB has an ambition to increase net commissions and fees by 4 to 5 per cent annually, and to achieve a cost/income ratio below 40 per cent.

The tax rate going forward is expected to be 23.0 per cent.

The supervisory expectation for the common equity Tier 1 (CET1) capital ratio for DNB is 16.5 per cent, including Pillar 2 Guidance at 1.5 per cent. Norges Bank has announced an increase in the counter-cyclical buffer requirement from 2 per cent to 2.5 per cent from March 2023. In its capital planning, DNB has taken into account the full counter-cyclical buffer requirement of 2.5 per cent in Norway, which will increase the supervisory expectation for the CET1 level to 17.0 per cent. The supervisory expectation plus some headroom will be DNB's target capital level. The headroom will reflect expected future capital needs including market-driven CET1 fluctuations. The actual ratio achieved in the fourth quarter was 18.3 per cent.

The new accounting rules for the recognition, measurement and presentation of insurance contracts (IFRS 17) became mandatory for the reporting period beginning on 1 January 2023, with requirements for comparable figures for 2022. The DNB Group will report in accordance with IFRS 17 as of the first quarter of 2023.

The IFRS 17 rules are effective only for the DNB Group's accounts; that is, the rules are not being introduced in the company accounts for DNB Livsforsikring. The transition to IFRS 17 does not therefore affect DNB Livsforsikring's capitalisation, tax base or dividend capacity. There are no changes in the underlying business model, operations or strategy as a result of the introduction of IFRS 17.

The transition to IFRS 17 does not affect the DNB Group's common equity Tier 1 (CET1) capital, and thus does not affect the Group's capital adequacy, leverage ratio, maximum distributable amount (MDA) or dividend capacity.

The full implementation effect of IFRS 17, as well as the effect of the changed measurement of financial instruments, is estimated to be in the order of NOK 10 billion after tax, and will reduce the Group's equity at the transition date. Compared with the situation under the previous rules, the one-time effect on equity will be compensated for by positive results in future periods

The Group's dividend policy remains unchanged, with a payout ratio of more than 50 per cent in cash dividends and an ambition to increase the nominal dividend per share each year. In addition to dividend payments, repurchases of own shares will be used as a flexible tool for allocating excess capital to DNB's owners.
The Board of Directors will propose a dividend for 2022 of NOK 12.50 per share, or a total of NOK 19 316 million, corresponding to a payout ratio of 60 per cent (65 per cent including the announced share buy-back programme of 0.5. per cent).

Oslo, 8 February 2023
The Board of Directors of DNB Bank ASA

Olaug Svarva
(Chair of the Board)

Jens Petter Olsen

Svein Richard Brandtzæg
(Vice Chair of the Board)

Stian Tegler Samuelsen

Gro Bakstad

Jaan Ivar Semlitsch

Julie Galbo

Jannicke Skaanes

Lillian Hattrem

Kim Wahl

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

Accounts for the DNB Group

G – INCOME STATEMENT

Amounts in NOK million	4th quarter 2022	4th quarter 2021	Full year 2022	Full year 2021
Interest income, amortised cost	27 417	11 869	75 241	43 997
Other interest income	1 811	684	4 751	2 890
Interest expenses, amortised cost	(14 992)	(1 305)	(29 080)	(4 693)
Other interest expenses	(166)	(963)	(2 619)	(3 504)
Net interest income	**14 071**	**10 285**	**48 294**	**38 690**
Commission and fee income	3 963	4 094	15 343	14 992
Commission and fee expenses	(926)	(1 045)	(3 890)	(3 981)
Net gains on financial instruments at fair value	256	704	4 147	3 621
Net financial result, life insurance	194	218	(119)	581
Net risk result, life insurance	160	(14)	487	210
Profit from investments accounted for by the equity method	482	(6)	617	524
Net gains on investment properties	(9)	45	(7)	91
Other income	336	353	1 244	1 188
Net other operating income	**4 457**	**4 348**	**17 821**	**17 225**
Total income	**18 527**	**14 633**	**66 115**	**55 915**
Salaries and other personnel expenses	(4 275)	(3 706)	(14 871)	(13 826)
Other expenses	(2 357)	(1 856)	(8 098)	(6 845)
Depreciation and impairment of fixed and intangible assets	(916)	(865)	(3 541)	(3 363)
Total operating expenses	**(7 548)**	**(6 427)**	**(26 510)**	**(24 034)**
Pre-tax operating profit before impairment	**10 979**	**8 206**	**39 605**	**31 881**
Net gains on fixed and intangible assets	(25)	24	(24)	(82)
Impairment of financial instruments	(674)	(275)	272	868
Pre-tax operating profit	**10 280**	**7 955**	**39 854**	**32 667**
Tax expense	(460)	(2 025)	(7 262)	(7 462)
Profit from operations held for sale, after taxes	127	225	270	150
Profit for the period	**9 947**	**6 155**	**32 861**	**25 355**
Portion attributable to shareholders	9 704	5 875	32 010	24 407
Portion attributable to non-controlling interests	9	56	82	26
Portion attributable to additional Tier 1 capital holders	234	225	769	922
Profit for the period	**9 947**	**6 155**	**32 861**	**25 355**
Earnings/diluted earnings per share (NOK)	6.26	3.79	20.65	15.74
Earnings per share excluding operations held for sale (NOK)	6.18	3.64	20.47	15.65

G – COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	4th quarter 2022	4th quarter 2021	Full year 2022	Full year 2021
Profit for the period	**9 947**	**6 155**	**32 861**	**25 355**
Actuarial gains and losses	(237)	(38)	414	(183)
Property revaluation	(191)	25	165	212
Items allocated to customers (life insurance)	201	(22)	(160)	(193)
Financial liabilities designated at FVTPL, changes in credit risk	(74)	30	140	29
Tax	78	4	(131)	41
Items that will not be reclassified to the income statement	(223)	(1)	428	(93)
Currency translation of foreign operations	(3 674)	(333)	3 275	(1 018)
Currency translation reserve reclassified to the income statement	(5 213)	6	(5 213)	0
Hedging of net investment	3 182	260	(2 878)	680
Hedging reserve reclassified to the income statement	5 137		5 137	
Financial assets at fair value through OCI	248	(103)	(704)	(101)
Tax	(854)	(42)	900	(148)
Tax reclassified to the income statement	(1 284)		(1 284)	
Items that may subsequently be reclassified to the income statement	(2 457)	(211)	(767)	(587)
Other comprehensive income for the period	**(2 680)**	**(212)**	**(340)**	**(681)**
Comprehensive income for the period	**7 267**	**5 943**	**32 522**	**24 674**

G – BALANCE SHEET

Amounts in NOK million	Note	31 Dec. 2022	31 Dec. 2021
Assets			
Cash and deposits with central banks		309 988	296 727
Due from credit institutions		20 558	44 959
Loans to customers	G6, G7, G8, G9	1 961 464	1 744 922
Commercial paper and bonds	G9	488 087	425 267
Shareholdings	G9	33 350	35 297
Financial assets, customers bearing the risk	G9	138 259	138 747
Financial derivatives	G9	185 687	135 400
Investment properties		14 651	17 823
Investments accounted for by the equity method		19 257	19 549
Intangible assets	G2	10 273	5 804
Deferred tax assets		510	649
Fixed assets		21 254	21 430
Assets held for sale		1 767	2 245
Other assets		31 324	30 423
Total assets		**3 236 431**	**2 919 244**
Liabilities and equity			
Due to credit institutions		177 298	149 611
Deposits from customers	G9	1 396 630	1 247 719
Financial derivatives	G9	190 142	114 348
Debt securities issued	G9, G10	737 886	702 759
Insurance liabilities, customers bearing the risk		138 259	138 747
Liabilities to life insurance policyholders		191 059	199 379
Payable taxes		4 057	3 054
Deferred taxes		5 136	1 571
Other liabilities		34 200	39 718
Liabilities held for sale		541	896
Provisions		977	1 642
Pension commitments		4 657	5 073
Senior non-preferred bonds	G10	59 702	37 769
Subordinated loan capital	G9, G10	36 788	33 047
Total liabilities		**2 977 332**	**2 675 332**
Additional Tier 1 capital		16 089	16 974
Non-controlling interests		227	266
Share capital		19 378	19 379
Share premium		18 733	18 733
Other equity		204 672	188 559
Total equity		**259 098**	**243 912**
Total liabilities and equity		**3 236 431**	**2 919 244**

G – STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	Non-controlling interests	Share capital [1]	Share premium	Additional Tier 1 capital	Net currency translation reserve	Liability credit reserve	Other equity [1]	Total equity
Balance sheet as at 31 Dec. 2020	**119**	**15 503**	**22 609**	**18 362**	**5 952**	**23**	**185 829**	**248 396**
Profit for the period	26			922			24 407	25 355
Actuarial gains and losses							(183)	(183)
Property revaluation							19	19
Financial assets at fair value through OCI							(101)	(101)
Financial liabilities designated at FVTPL, changes in credit risk						29		29
Currency translation of foreign operations	1				(1 018)			(1 018)
Hedging of net investment					680			680
Tax on other comprehensive income					(170)	(7)	70	(107)
Comprehensive income for the period	27			922	(509)	22	24 212	24 674
Interest payments AT1 capital				(926)				(926)
Currency movements on interest payments AT1 capital				17			(11)	6
AT1 capital redeemed				(1 400)				(1 400)
Non-controlling interests	120						(3)	117
Net purchase of treasury shares		1					19	20
DNB ASA merger		3 876	(3 876)					
Dividends paid for 2019 (NOK 8.40 per share)							(13 023)	(13 023)
Dividends paid for 2020 (NOK 9.00 per share)							(13 953)	(13 953)
Balance sheet as at 31 Dec. 2021	**266**	**19 379**	**18 733**	**16 974**	**5 444**	**45**	**183 071**	**243 912**
Profit for the period	82			769			32 010	32 861
Actuarial gains and losses							414	414
Property revaluation							5	5
Financial assets at fair value through OCI							(704)	(704)
Financial liabilities designated at FVTPL, changes in credit risk						140		140
Currency translation of foreign operations					3 275			3 275
Hedging of net investment					(2 878)			(2 878)
Tax on other comprehensive income					719	(35)	84	768
Reclassified to the income statement on the liquidation of foreign operations					(1 360)			(1 360)
Comprehensive income for the period	82			769	(243)	105	31 809	32 522
Interest payments AT1 capital				(1 056)				(1 056)
AT1 capital redeemed [2]				(6 548)				(6 548)
Currency movements on interest payment and redemption AT1 capital				447			(428)	19
AT1 capital issued [3]				4 800				4 800
Net purchase of treasury shares [1]		(1)					(14)	(15)
Non-controlling interests	(120)							(120)
Aquisition of Sbanken				702				702
Dividends paid for 2021 (NOK 9.75 per share)							(15 116)	(15 116)
Balance sheet as at 31 Dec. 2022	**227**	**19 378**	**18 733**	**16 089**	**5 200**	**150**	**199 322**	**259 098**

1) *Of which treasury shares held by DNB Markets for trading purposes:*

	Share capital	Other equity	Total equity
Balance sheet as at 31 December 2021	*(0)*	*(0)*	*(0)*
Net purchase of treasury shares	*(1)*	*(14)*	*(15)*
Reversal of fair value adjustments through the income statement		*(5)*	*(5)*
Balance sheet as at 31 December 2022	*(1)*	*(19)*	*(20)*

2) *An additional Tier 1 capital instrument of USD 750 million, issued by the DNB Group's parent DNB Bank ASA in 2016, was redeemed in the first quarter of 2022.*

3) *The DNB Group's parent, DNB Bank ASA, issued four additional Tier 1 capital instruments in 2022. The first, issued in august, has a nominal value of NOK 2 750 million and is perpetual with a floating interest of 3 months NIBOR plus 3.75 per cent p.a. The second, issued in august, has a nominal value of NOK 500 million and is perpetual with an interest rate of 6.72 per cent p.a. until 18 February 2028. Thereafter 3-month NIBOR plus 3.75 per cent. The third, issued in October, has a nominal value of NOK 600 million and is perpetual with a floating interest of 3 months NIBOR plus 4.00 per cent. The fourth, issued in October, has a nominal value of NOK 950 million and is perpetual with an interest rate of 7.75 per cent p.a. until 3 May 2028 and thereafter with a floating interest of 3 months NIBOR plus 4.00 per cent.*

G – CASH FLOW STATEMENT

Amounts in NOK million	Full year 2022	Full year 2021
Operating activities		
Net payments on loans to customers	(108 632)	(58 083)
Interest received from customers	63 361	42 060
Net receipts on deposits from customers	57 382	143 754
Interest paid to customers	(13 406)	(3 475)
Net receipts/(payments) on loans to credit institutions	53 607	(25 144)
Net interest received from/(paid) to credit institutions	2 383	(1 023)
Net payments on the sale of financial assets for investment or trading	(55 399)	(42 985)
Interest received on bonds and commercial paper	4 917	2 832
Net receipts on commissions and fees	10 672	10 974
Payments to operations	(22 701)	(19 807)
Taxes paid	(3 645)	(7 119)
Receipts on premiums	17 357	15 761
Net receipts on premium reserve transfers	666	444
Payments of insurance settlements	(14 528)	(14 278)
Other net payments	(11 854)	(2 326)
Net cash flow from operating activities	**(19 820)**	**41 585**
Investing activities		
Net payments on the acquisition or disposal of fixed assets	(3 513)	(4 486)
Net receipts on investment properties	3 952	375
Net investment in long-term shares	(9 081)	(627)
Dividends received on long-term investments in shares	993	344
Net cash flow from investing activities	**(7 649)**	**(4 393)**
Financing activities		
Receipts on issued bonds and commercial paper	1 773 567	3 205 879
Payments on redeemed bonds and commercial paper	(1 732 556)	(3 213 010)
Interest payments on issued bonds and commercial paper	(11 123)	(9 446)
Receipts on issued senior non-preferred bonds	21 584	29 421
Interest payments on senior non-preferred bonds	(527)	(184)
Receipts on issued subordinated loan capital	13 227	4 845
Redemptions of subordinated loan capital	(10 767)	(2 947)
Interest payments on subordinated loan capital	(589)	(440)
Net payments on issue and redemption of additional Tier 1 capital	(1 748)	(1 400)
Interest payments on additional Tier 1 capital	(1 056)	(926)
Lease payments	(629)	(580)
Net sale/(purchase) of own shares	(15)	20
Dividend payments	(15 116)	(26 976)
Net cash flow from financing activities	**34 253**	**(15 744)**
Effects of exchange rate changes on cash and cash equivalents	**2 603**	**(2 805)**
Net cash flow	**9 387**	**18 643**
Cash as at 1 January	307 735	289 092
Net receipts of cash	9 387	18 643
Cash at end of period *)	317 123	307 735

**) Of which:*	*Cash and deposits with central banks*	*309 988*	*296 727*
	Deposits with credit institutions with no agreed period of notice 1)	*7 135*	*11 008*

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

NOTE G1 BASIS FOR PREPARATION

The quarterly financial statements for the Group have been prepared in accordance with IAS 34 Interim Financial Reporting, as issued by the International Accounting Standards Board and as adopted by the European Union. When preparing the consolidated financial statements, the management makes estimates, judgements and assumptions that affect the application of the accounting principles, as well as income, expenses, and the carrying amount of assets and liabilities. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the accounting policies, significant estimates, and areas where judgement is applied by the Group, can be found in Note 1 Accounting principles in the annual report for 2021. In the interim report, the accounting policies, significant estimates, and areas where judgement is applied by the Group are in conformity with those described in the annual report except for the methodology for estimating expected credit loss for customers in stage 3, which is described below.

Methodology for estimating expected credit loss for customers in stage 3

DNB has changed the methodology for measuring expected credit loss (ECL) for credit-impaired financial instruments (stage 3) for customers with an exposure of less than NOK 50 million, in the small and medium-sized enterprises (SME) portfolio.

The ECL for the SME portfolio has previously been calculated individually per customer without the use of modelled inputs. As at 31 December 2022, the DNB Group was implementing a model for calculating the ECL for the SME portfolio with exposure of less than NOK 50 million. There is still an option to measure ECL by individual calculation, in which case this is done on a customer-by-customer basis.

The ECL model for stage 3 exposures is based on the same principles as the ECL model for stage 1 and 2 exposures. However, the ECL model for stage 3 exposures determines a recovery rate, and based on the probability for the exposure not recovering from stage 3, calculates a stage 3 ECL. The ECL is estimated on the basis of a collateral index and forward-looking macro prognoses. Collateral is grouped into commercial real estate, private homes and other collateral based on the relevant exposure.

The new methodology was not considered to have a material impact on the Group's ECL estimate at year-end 2022.

Approved standards and interpretations that have not yet entered into force

IFRS 17 Insurance Contracts

In May 2017, the International Accounting Standards Board (IASB) issued the new standard IFRS 17 Insurance Contracts, which replaced IFRS 4 Insurance Contracts and sets out new principles for recognition, measurement, presentation and disclosures of insurance contracts. In June 2020, the IASB adopted some amendments to the standard. The standard was endorsed by the EU in November 2021, but with an optional exception from the requirement for annual cohorts ('carve-out') for life insurance contracts that have certain characteristics. The standard is effective for reporting periods beginning on or after 1 January 2023, with a requirement for comparable figures. See chapter 18 in note 1 Accounting principles in the annual report for 2021 for a more detailed description.

The new set of rules entails a new measurement method for the Group's life insurance liabilities, whereby estimated future cashflow in the insurance contracts will be discounted using a marked-based interest rate. This affects the transition effect as at 1 January 2022, recognised liabilities, and future profit and loss. There will also be significant changes from the current presentation in the income statement, where operating expenses relating to insurance contracts under the new rules are included in net operating income in the income statement, compared with current presentation under operating expenses.

Impact for DNB

DNB applies IFRS 17 from 1 January 2023. At the same time, the DNB Group changes measurement of some financial instruments under IFRS 9.

The new accounting rules will have an effect on DNB's consolidated accounts, and the rules will mainly affect the measurement and presentation of the Group's insurance contracts held by the wholly owned subsidiary DNB Livsforsikring (a life insurance company). The rules are not being introduced in the company accounts for DNB Livsforsikring. The transition to IFRS 17 does not therefore affect DNB Livsforsikring's capitalisation, tax base or dividend capacity. There are no changes in the underlying business model, operations or strategy as a result of the introduction of IFRS 17.

The full implementation effect of IFRS 17, as well as the effect of the changed measurement of financial instruments, is estimated to be in the order of NOK 10 billion after tax, and will reduce the Group's equity at the time of the transition on 1 January 2022 accordingly. Compared with the situation under the previous rules, the one-time effect on equity will be compensated for by positive results in future periods.

The transition to IFRS 17 does not affect the DNB Group's common equity Tier 1 (CET1) capital, and thus does not affect the Group's capital adequacy, leverage ratio, maximum distributable amount (MDA) or dividend capacity.

The following summarises the main differences between IFRS 4 and IFRS 17.

<u>Fulfilment cash flow</u>

Estimated future cashflows in insurance contracts will be discounted using a marked-based interest rate. Future cash flows include expected premium payments and insurance settlement payments, claims, and other payments to policyholders. The estimates will take into account an explicit adjustment for risk and will be based on conditions on the balance sheet date. To calculate future cashflows under insurance contracts, the cashflows used in the Solvency II Directive are used as the basis for the calculations, with some adjustments.

NOTE G1 BASIS FOR PREPARATION (continued)

Discount rate

The method used for calculating the marked-based discount rate is based on a bottom-up approach. The risk-free interest rate is represented by the Norwegian swap rate for the first ten years. It is adjusted for credit risk by applying the same method as when determining the Solvency II Directive yield curve. After ten years, the yield curve is extrapolated to a forward rate according to the Smith-Wilson method. A liquidity premium for the whole term is added under the assumption that the liabilities are illiquid throughout the period.

Measurement method

The variable fee approach (VFA) for measurement of insurance contracts will be used for the majority of the life insurance products in DNB Livsforsikring, including the traditional guarantee products. Under the VFA, the estimated future variable fee, which includes some changes in the discount rate and other financial variables, will adjust the contractual service margin (CSM). The CSM constitutes the unearned profit element in the insurance contract, and is to be recognised in the income statements over the coverage period of the insurance contracts. The premium allocation approach is used for employer's liability insurance and reinsurance. Supplementary risk pension will be measured according to the general model.

Level of aggregation

IFRS 17 requires contracts to be divided into groups. A portfolio comprises contracts subject to similar risks and managed together. The portfolio will be further divided into profitability buckets and annual cohorts. Several of the product groups will make use of the 'carve-out' exemption endorsed by the EU as regards the requirement for annual cohorts under the VFA measurement method.

Transition method

The transition provision resulting from the adoption of IFRS 17 as at 1 January 2022 has been applied using the fair value approach for the majority of the insurance contracts. This applies to traditional guaranteed products, including defined-benefit pensions and paid-up policies, in addition to supplementary risk pensions. For employer's liability insurance and reinsurance, the full retrospective approach has been applied.

Due to lack of relevant market transactions, the measurement of fair value is based on discounted cashflows, with an add-on for the return a market participant is expected to require. The difference between the calculated fair value and the insurance liability under the IFRS 17 constitute the CSM.

Interrelationship between IFRS 9 and IFRS 17

Financial instruments associated with IFRS 17 contracts measured at amortised cost will be reclassified to fair value through profit and loss as a result of the implementation of IFRS 17. The reclassification follows the transition option in IFRS 17 to reclassify due to accounting mismatches. The fair value of both the liabilities and the related assets will to some degree stabilise the profits.

Presentation in the income statement

IFRS 17 contains specific rules for presentation of revenue and expenses related to insurance contracts and will result in a change from the current presentation in the income statement. Among other things, operating expenses related to insurance contracts under the new rules will be included in net other operating income, compared with the current presentation as operating expenses.

Future results

The valuation of the liability according to IFRS 17 incorporates financial risk by applying a market-based discount rate. Over the contract term, the results will be identical to those under the previous rules, disregarding transition requirements. IFRS 17 provides different measurement results and timing of revenue compared with the previous rules. Due to the use of market-based interest rates and recognition of onerous contracts, more volatility is expected in the results. However, when the VFA is used for measurement, the volatility of the results is mitigated by changes in interest rates, in that changes in future interest rates are included in the CSM and the effect is recognised over the lifetime of the contract. Compared with the situation under the previous rules, the one-time effect on equity as at 1 January 2022 is expected to be compensated for by positive results in future periods.

NOTE G2 ACQUISITION OF SBANKEN

On 15 April 2021, DNB announced an agreement with Sbanken ASA to launch a recommended voluntary cash tender offer for 100 per cent of the Sbanken shares at a price of NOK 103.85 per share. The offer price was later adjusted to NOK 108.85 per share. On 1 October 2021, Sbanken announced that it had decided to distribute a dividend of NOK 4.40 per share. As a result, the price per share was adjusted to NOK 104.45 in accordance with the terms in the offer document.

Following the required regulatory approvals, the transaction was completed on 30 March 2022. On this date, DNB Bank ASA held 10.53 per cent of the shares acquired directly in the market. After the approval, DNB held a total of 91.78 per cent of the shares and voting interests in Sbanken. DNB immediately announced that it would carry out a compulsory acquisition of the remaining shares in Sbanken. The consideration offered under the compulsory acquisition was NOK 104.45 per share, and the final settlement was made in April 2022, after which DNB held 100 per cent of the shares and voting interests in Sbanken. Following the completion of the acquisition, DNB has started the process to merge the two Sbanken legal entities, Sbanken ASA and Sbanken Boligkreditt AS, with DNB's legal entities, DNB Bank ASA and DNB Boligkreditt AS, respectively. The merger of DNB Bank ASA and Sbanken ASA will take place at 2 May 2023.

Sbanken was established in 2000 as the first pure-play digital bank in Norway and was listed on Oslo Børs (the Oslo Stock Exchange) in 2015. Today, the bank is positioned as one of the leading digital retail banks in Norway with 484 000 personal customers at year-end 2021. The company has had the most satisfied banking customers in Norway for the last 20 years. In addition to a strong position within current accounts and home mortgages, Sbanken also has a good position in the savings market, with NOK 33 billion in customers' investments in mutual funds, and has launched several successful offerings in the SME segment, resulting in 10 000 customers at year-end 2021.

DNB believes that Sbanken will further strengthen its position within retail banking in its home market. In addition, Sbanken will complement DNB within the savings area, which is a growth area for DNB, and also bring in highly skilled technology personnel. The transaction is expected to be accretive and to positively impact earnings per share and return on equity for DNB. Synergies are expected to be realised within both Sbanken and DNB.

As DNB held an ownership interest in Sbanken at the date of the acquisition, this business combination is being achieved in stages. The fair value of DNB Bank's 10.53 per cent ownership interest was NOK 1.2 billion on the acquisition date.

The total transaction price for 100 per cent of the shares amounted to NOK 11.2 billion. In the DNB Group, Sbanken is part of the personal customers segment.

NOTE G2 ACQUISITION OF SBANKEN (continued)

The purchase price allocation has been determined to be final at the end of second quarter. The fair values of the identifiable assets and liabilities of Sbanken at the acquisition date 30 March 2022 are presented in the following table.

Amounts in NOK million	30 March 2022
Assets	
Loans to customers	89 095
Other financial assets	14 243
Other non-financial assets	731
Total assets	**104 069**
Liabilities	
Deposits from customers	64 933
Debt securities issued and senior non-preferred bonds	29 368
Other financial liabilities	1 649
Other non-financial liabilities	216
Total liabilities	**96 166**
Net identifiable assets acquired	**7 903**
Goodwill	4 026
Additional Tier 1 instruments issued by Sbanken ASA	(702)
Total consideration for 100 per cent of shares, settled in cash	**11 228**

At the time of the acquisition, Sbanken ASA had issued Additional Tier 1 (AT1) instruments amounting to NOK 702 million. These are instruments that due to specific terms do not meet the definition of a liability and are therefore presented as equity in Sbanken's consolidated financial statements. In the purchase price allocation, these instruments were treated as if they were non-controlling interests. In DNB Group's consolidated equity, these instruments are presented on the line Additional Tier 1 capital.

DNB has identified intangible assets and accounted for these separately in the final purchase price allocation. This comprises NOK 227 million relating to brand name and NOK 161 million relating to deposit customers that provide funding at lower interest rates than other funding. The intangible assets are presented under Other non-financial assets in the table above. Amortisation of the brand will be carried out over a period of 8 years, and the customers' intangible assets will be amortised over a period of 10 years.

The goodwill of NOK 4.0 billion comprises the value of expected synergies arising from the acquisition, assembled workforce, and deferred tax on excess values. The goodwill is not expected to be deductible for income tax purposes.

DNB has used external advisers in the process to acquire Sbanken, and NOK 43.3 million was recognised in the income statement for acquisition-related costs at end-December 2022. NOK 32.9 million of this was recognised in 2021. As the acquisition took place on 30 March 2022, there were no contributions from Sbanken to the DNB Group's income statements during the first quarter of 2022. If the business combination had taken place at the beginning of the year, the Group's net interest income would have been NOK 48 671 million, and pre-tax operating profit for the Group would have been NOK 40 080 million at end-December 2022.

NOTE G3 SEGMENTS

According to DNB's management model, the operating segments are independent profit centres that are fully responsible for their profit after tax and for achieving the targeted returns on allocated capital. DNB has the following operating segments: Personal customers, Corporate customers, Risk management and Traditional pension products (with guaranteed rate of return). The Risk management and Traditional pension products segments are included in Other operations. DNB's share of profit in associated companies (most importantly Luminor, Vipps and Fremtind) is included in Other operations.

Income statement, fourth quarter

	Personal customers		Corporate customers		Other operations		Eliminations		DNB Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Amounts in NOK million	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net interest income	4 793	3 070	9 044	6 479	233	737			14 071	10 285
Net other operating income	1 483	1 282	3 251	2 679	(648)	1 002	371	(615)	4 457	4 348
Total income	6 277	4 352	12 295	9 158	(415)	1 738	371	(615)	18 527	14 633
Operating expenses	(2 765)	(2 307)	(4 154)	(3 585)	(259)	(1 150)	(371)	615	(7 548)	(6 427)
Pre-tax operating profit before impairment	3 512	2 045	8 141	5 573	(674)	589			10 979	8 206
Net gains on fixed and intangible assets			0	0	(25)	24			(25)	24
Impairment of financial instruments	(136)	(24)	(537)	(251)	(1)	(0)			(674)	(275)
Profit from repossessed operations			199	356	(199)	(356)				
Pre-tax operating profit	3 376	2 021	7 803	5 678	(899)	256			10 280	7 955
Tax expense	(844)	(505)	(1 951)	(1 419)	2 335	(101)			(460)	(2 025)
Profit from operations held for sale, after taxes					127	225			127	225
Profit for the period	2 532	1 516	5 853	4 258	1 562	381			9 947	6 155

Income statement, January-December

	Personal customers		Corporate customers		Other operations		Eliminations		DNB Group	
	Full year		Full year		Full year		Full year		Full year	
Amounts in NOK million	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net interest income	15 907	12 444	30 748	24 344	1 638	1 901			48 294	38 690
Net other operating income	5 580	5 235	10 821	9 147	1 598	6 282	(177)	(3 439)	17 821	17 225
Total income	21 487	17 680	41 569	33 491	3 236	8 183	(177)	(3 439)	66 115	55 915
Operating expenses	(10 289)	(9 050)	(15 060)	(13 384)	(1 338)	(5 040)	177	3 439	(26 510)	(24 034)
Pre-tax operating profit before impairment	11 198	8 630	26 509	20 107	1 897	3 143			39 605	31 881
Net gains on fixed and intangible assets		1	1	0	(24)	(83)			(24)	(82)
Impairment of financial instruments	(288)	135	560	730	0	2			272	868
Profit from repossessed operations			348	309	(348)	(309)				
Pre-tax operating profit	10 911	8 766	27 418	21 147	1 525	2 753			39 854	32 667
Tax expense	(2 728)	(2 192)	(6 854)	(5 287)	2 320	16			(7 262)	(7 462)
Profit from operations held for sale, after taxes					270	150			270	150
Profit for the period	8 183	6 575	20 563	15 860	4 115	2 920			32 861	25 355

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

NOTE G4 CAPITAL ADEQUACY

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

Own funds

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Total equity	259 098	243 912
Effect from regulatory consolidation	(7 015)	(6 605)
Adjustment to retained earnings for foreseeable dividends		
Additional Tier 1 capital instruments included in total equity	(15 974)	(16 595)
Net accrued interest on additional Tier 1 capital instruments	(114)	(285)
Common equity Tier 1 capital instruments	235 995	220 427
Regulatory adjustments		
Pension funds above pension commitments		
Goodwill	(9 555)	(4 794)
Deferred tax assets that rely on future profitability, excluding temporary differences	(415)	(439)
Other intangible assets	(2 165)	(1 814)
Dividends payable and group contributions	(19 316)	(15 116)
Share buy-back program	(1 437)	
Deduction for investments in insurance companies [1]	(4 677)	(5 242)
IRB provisions shortfall (-)	(2 694)	(2 540)
Additional value adjustments (AVA)	(1 194)	(1 002)
Insufficient coverage for non-performing exposures	(90)	(42)
(Gains) or losses on liabilities at fair value resulting from own credit risk	(150)	(45)
(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(214)	(88)
Common equity Tier 1 capital	194 088	189 305
Additional Tier 1 capital instruments	15 974	16 595
Deduction of holdings of Tier 1 instruments in insurance companies [2]	(1 500)	(1 500)
Non-eligible Tier 1 capital, DNB Group [3]	(117)	
Additional Tier 1 capital instruments	14 357	15 095
Tier 1 capital	208 445	204 400
Perpetual subordinated loan capital		5 752
Term subordinated loan capital	28 729	29 237
Deduction of holdings of Tier 2 instruments in insurance companies [2]	(5 588)	(5 588)
Non-eligible Tier 2 capital, DNB Group [3]	(123)	
Additional Tier 2 capital instruments	23 018	29 401
Own funds	231 463	233 801
Total risk exposure amount	1 061 993	973 431
Minimum capital requirement	84 959	77 875
Capital ratios:		
Common equity Tier 1 capital ratio	18.3	19.4
Tier 1 capital ratio	19.6	21.0
Total capital ratio	21.8	24.0

1) *The Board will propose a dividend of NOK 12.50 per share for 2022.*
2) *Deductions are made for significant investments in financial sector entities when the total value of the investments exceeds 10 per cent of common equity Tier 1 capital. The amounts that are not deducted are given a risk weight of 250 per cent.*
3) *Investments in Tier 1 and Tier 2 instruments issued by the Group's insurance companies are deducted from the Group's Tier 1 and Tier 2 capital.*
4) *Tier 1 and Tier 2 capital in subsidiaries not included in consolidated own funds in accordance with Articles 85-88 of the CRR.*

NOTE G4 CAPITAL ADEQUACY (continued)

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

Specification of exposures

Amounts in NOK million	Original exposure 31 Dec. 2022	Exposure at default (EAD) 31 Dec. 2022	Average risk weight in per cent 31 Dec. 2022	Risk exposure amount (REA) 31 Dec. 2022	Capital requirement 31 Dec. 2022	Capital requirement 31 Dec. 2021
IRB approach						
Corporate exposures	1 149 338	938 161	43.5	408 028	32 642	30 188
of which specialised lending (SL)	*9 839*	*8 996*	*46.4*	*4 174*	*334*	*278*
of which small and medium-sized enterprises (SME)	*223 263*	*198 608*	*43.3*	*86 047*	*6 884*	*7 057*
of which other corporates	*916 236*	*730 558*	*43.5*	*317 807*	*25 425*	*22 852*
Retail exposures	1 010 799	995 544	22.3	222 405	17 792	17 294
of which secured by mortgages on immovable property	*923 329*	*923 329*	*21.7*	*200 096*	*16 008*	*15 503*
of which other retail	*87 471*	*72 215*	*30.9*	*22 309*	*1 785*	*1 791*
Total credit risk, IRB approach	2 160 138	1 933 705	32.6	630 434	50 435	47 481
Standardised approach						
Central government and central banks	418 634	417 912	0.0	1	0	49
Regional government or local authorities	45 185	38 892	1.9	757	61	93
Public sector entities	62 226	60 668	0.1	52	4	29
Multilateral development banks	41 892	41 812				
International organisations	455	455				
Institutions	87 488	61 928	30.9	19 120	1 530	1 701
Corporate	191 884	168 652	69.1	116 578	9 326	9 143
Retail	143 937	66 130	74.6	49 332	3 947	3 527
Secured by mortgages on immovable property	144 923	129 678	39.7	51 465	4 117	1 186
Exposures in default	2 900	1 975	133.8	2 643	211	238
Items associated with particular high risk	906	904	150.0	1 355	108	79
Covered bonds	43 888	43 888	10.0	4 389	351	268
Collective investment undertakings	1 089	1 089	21.3	232	19	18
Equity positions	24 573	24 572	222.2	54 602	4 368	4 251
Other assets	24 949	24 949	46.4	11 581	926	724
Total credit risk, standardised approach	1 234 931	1 083 504	28.8	312 107	24 969	21 304
Total credit risk	3 395 069	3 017 209	31.2	942 540	75 403	68 785
Market risk						
Position and general risk, debt instruments				8 590	687	621
Position and general risk, equity instruments				509	41	53
Currency risk				151	12	2
Commodity risk				3	0	0
Total market risk				9 253	740	677
Credit value adjustment risk (CVA)				4 782	383	542
Operational risk				105 418	8 433	7 870
Total risk exposure amount				1 061 993	84 959	77 875

NOTE G5 TAXES

Amounts in NOK million	Full year 2022	Full year 2021
Pre-tax operating profit	39 854	32 667
Estimated tax expense - nominal tax rate - 22 per cent	(8 768)	(7 187)
Tax effect of financial tax	(829)	(716)
Tax effect of different tax rates in other countries	31	13
Tax effect of debt interest distribution with international branches	505	60
Tax effect of tax-exempt income and non-deductible expenses	807	663
Tax effect reclassified from other comprehensive income statement	1 284	
Tax effect of changed tax rate for deferred taxes recognised in the balance sheet	(3)	18
Excess tax provision previous year	(289)	(313)
Total tax expense	(7 262)	(7 462)
Effective tax rate	18%	23%

Tax effect reclassified from other comprehensive income

DNB hedges investments in foreign subsidiaries to offset the foreign currency exposure that arises when a subsidiary has a different functional currency from that of the Group. Gains or losses after taxes on the hedging instruments are recognised directly in the Group's equity and presented in the statement of changes in equity as Net investment hedge reserve and in the comprehensive income statement as Hedging of net investment. Due to liquidation of the Group's subsidiary in Singapore, the cumulative gains or losses of the hedging instrument and the corresponding tax effect recognised in equity are reclassified to the income statement thereby reducing the tax expense by NOK 1 284 million in the fourth quarter.

See also G - Comprehensive income statement.

Tax effect of debt interest distribution with international branch offices

In the second quarter of 2021, DNB Bank ASA received a decision from the Norwegian tax authorities relating to the deduction of external interest expenses. According to Norwegian tax legislation, external interest expenses are to be allocated proportionally among DNB Bank ASA's operations in Norway and certain international branch offices, based on the respective entities' total assets. This could result in additions to or deductions from the companies' income in Norway. The decision means that the limitation of interest deduction is calculated by including internal receivables and covers the fiscal years 2015–2019. The decision represents a tax exposure of NOK 1.7 billion for the period in question. The estimated tax effect for the years 2020–2022 amounts to a total of approximately NOK 80 million.

DNB disagrees with the tax authorities' interpretation of the legislation. Legal proceedings were initiated in 2021, and the court proceedings at the first level took place at the beginning of May 2022. The first-level court decision of 4 June 2022 was not in favour of DNB, and DNB has appealed the decision. Court proceedings at the second level are scheduled for October 2023. DNB is still of the opinion that it has a strong case in the proceedings, and no provisions have been recognised in the accounts.

Tax effect of the reorganisation of the lending activities in Sweden and the UK in 2015

In the second quarter of 2022, DNB Bank ASA received a notice from the Norwegian tax authorities relating to a reorganisation of the lending activities in Sweden and in the UK in 2015. The tax authorities questioned the valuation and calculation of taxable gains/losses relating to loan portfolios that were sold from branches of DNB Bank ASA to subsidiaries in Sweden and the UK. The Group's maximum tax exposure is estimated to be approximately NOK 1.1 billion. DNB disagrees with the Norwegian tax authorities' approach. It is DNB's view that it has a strong case, and no provisions have been recognised in the accounts.

See also note G26 Taxes in the annual report for 2021.

NOTE G6 DEVELOPMENT IN GROSS CARRYING AMOUNT AND MAXIMUM EXPOSURE

Loans to customers at amortised cost

	2022				2021			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31 Dec.	**1 566 150**	**112 099**	**30 453**	**1 708 702**	**1 482 987**	**137 450**	**32 020**	**1 652 457**
Transfer to stage 1	94 566	(89 918)	(4 647)		104 192	(101 960)	(2 232)	
Transfer to stage 2	(155 298)	158 089	(2 792)		(115 732)	117 598	(1 867)	
Transfer to stage 3	(3 100)	(5 190)	8 290		(3 418)	(7 828)	11 246	
Originated and purchased	505 979	8 247	2 897	517 123	463 222	6 271	1 447	470 941
Derecognition	(336 825)	(45 214)	(7 581)	(389 620)	(359 494)	(39 066)	(10 168)	(408 728)
Acquisition of Sbanken	77 255	3 309	826	81 390				
Exchange rate movements	1 833	851	53	2 737	(5 609)	(366)	7	(5 968)
Other								
Gross carrying amount as at 31 Dec.	**1 750 560**	**142 273**	**27 499**	**1 920 333**	**1 566 150**	**112 099**	**30 453**	**1 708 702**

Financial commitments

	2022				2021			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Maximum exposure as at 31 Dec.	**702 470**	**30 054**	**5 330**	**737 854**	**657 434**	**36 478**	**6 024**	**699 937**
Transfer to stage 1	25 758	(23 939)	(1 818)		26 055	(25 348)	(706)	
Transfer to stage 2	(38 436)	38 554	(117)		(27 413)	28 631	(1 218)	
Transfer to stage 3	(638)	(349)	988		(449)	(445)	894	
Originated and purchased	382 671	2 057	1 283	386 011	479 454	3 451	336	483 241
Derecognition	(419 648)	(10 664)	(2 468)	(432 780)	(430 467)	(12 766)		(443 233)
Acquisition of Sbanken	28 435			28 435				
Exchange rate movements	5 510	414	(1)	5 924	(2 144)	54		(2 091)
Maximum exposure as at 31 Dec.	**686 122**	**36 127**	**3 194**	**725 444**	**702 470**	**30 054**	**5 330**	**737 854**

NOTE G7 DEVELOPMENT IN ACCUMULATED IMPAIRMENT OF FINANCIAL INSTRUMENTS

Loans to customers at amortised cost

	2022				2021			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 Dec.	**(533)**	**(749)**	**(8 700)**	**(9 982)**	**(765)**	**(1 214)**	**(12 039)**	**(14 018)**
Transfer to stage 1	(269)	248	21		(364)	359	5	
Transfer to stage 2	89	(114)	25		185	(212)	27	
Transfer to stage 3	3	27	(30)		2	78	(80)	
Originated and purchased	(230)	(136)	(4)	(370)	(312)	(130)		(441)
Increased expected credit loss	(443)	(846)	(3 688)	(4 978)	(350)	(1 022)	(3 908)	(5 280)
Decreased (reversed) expected credit loss	672	526	2 881	4 079	878	926	4 036	5 840
Write-offs			2 943	2 943			3 192	3 192
Derecognition	87	313	316	716	188	466	80	733
Acquisition of Sbanken	(9)	(44)	(275)	(328)				
Exchange rate movements	(3)	(17)	(33)	(54)	6	(1)	(12)	(7)
Other								
Accumulated impairment as at 31 Dec.	**(637)**	**(793)**	**(6 544)**	**(7 974)**	**(533)**	**(749)**	**(8 700)**	**(9 982)**

Financial commitments

	2022				2021			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 Dec.	**(211)**	**(330)**	**(669)**	**(1 209)**	**(284)**	**(566)**	**(601)**	**(1 451)**
Transfer to stage 1	(125)	119	7		(111)	110	1	
Transfer to stage 2	29	(30)	1		46	(49)	3	
Transfer to stage 3		4	(5)			17	(17)	
Originated and purchased	(147)	(76)		(223)	(194)	(23)		(216)
Increased expected credit loss	(64)	(158)	(22)	(244)	(93)	(240)	(446)	(778)
Decreased (reversed) expected credit loss	317	171	476	965	408	288	391	1 087
Derecognition	10	114	9	134	16	134		150
Acquisition of Sbanken	(2)	(2)	(1)	(5)				
Exchange rate movements	(2)	(8)		(10)	1	(2)		(1)
Other								
Accumulated impairment as at 31 Dec.	**(194)**	**(195)**	**(204)**	**(593)**	**(211)**	**(330)**	**(669)**	**(1 209)**

For explanatory comments about the impairment of financial instruments, see the directors’ report.

NOTE G8 LOANS AND FINANCIAL COMMITMENTS TO CUSTOMERS BY INDUSTRY SEGMENT

Loans to customers as at 31 December 2022

		Accumulated impairment				
Amounts in NOK million	Gross carrying amount	Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	92 789	(21)	(15)	(71)		92 681
Commercial real estate	233 467	(133)	(57)	(393)	85	232 969
Shipping	36 537	(27)	(1)	(189)		36 321
Oil, gas and offshore	41 849	(10)	(12)	(2 557)		39 270
Power and renewables	52 211	(20)	(12)	(596)		51 583
Healthcare	26 367	(8)	(6)	(0)		26 354
Public sector	5 951	(0)	(0)	(0)		5 951
Fishing, fish farming and farming	71 194	(15)	(30)	(133)	95	71 111
Retail industries	48 293	(39)	(49)	(279)	2	47 929
Manufacturing	43 275	(24)	(33)	(92)		43 126
Technology, media and telecom	29 348	(11)	(5)	(26)	0	29 307
Services	80 424	(70)	(95)	(363)	18	79 913
Residential property	123 628	(54)	(29)	(241)	194	123 498
Personal customers	965 045	(146)	(259)	(688)	48 703	1 012 655
Other corporate customers	69 955	(59)	(191)	(917)	8	68 796
Total [1)]	**1 920 333**	**(637)**	**(793)**	**(6 544)**	**49 105**	**1 961 463**

1) Of which NOK 56 872 million in repo trading volumes.

Loans to customers as at 31 December 2021

		Accumulated impairment				
Amounts in NOK million	Gross carrying amount	Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	78 430	(11)	(12)	(100)	28	78 335
Commercial real estate	209 241	(98)	(43)	(255)	63	208 908
Shipping	36 060	(40)	(40)	(167)		35 813
Oil, gas and offshore	49 821	(55)	(191)	(4 980)		44 595
Power and renewables	41 096	(28)	(2)	(505)		40 561
Healthcare	16 294	(4)	(0)			16 290
Public sector	9 699	(3)	(0)	(0)		9 696
Fishing, fish farming and farming	56 772	(36)	(42)	(107)	102	56 689
Retail industries	36 966	(27)	(26)	(317)	3	36 599
Manufacturing	38 140	(21)	(17)	(91)		38 011
Technology, media and telecom	23 810	(12)	(5)	(24)	(0)	23 769
Services	75 411	(52)	(48)	(658)	17	74 671
Residential property	106 354	(34)	(14)	(145)	203	106 364
Personal customers	857 957	(65)	(118)	(335)	45 777	903 216
Other corporate customers	72 651	(48)	(191)	(1 016)	10	71 406
Total [1)]	**1 708 702**	**(533)**	**(749)**	**(8 700)**	**46 202**	**1 744 922**

1) Of which NOK 54 779 million in repo trading volumes.

NOTE G8 LOANS AND FINANCIAL COMMITMENTS TO CUSTOMERS BY INDUSTRY SEGMENT (continued)

Financial commitments as at 31 December 2022

Amounts in NOK million	Maximum exposure	Accumulated impairment Stage 1	Stage 2	Stage 3	Total
Bank, insurance and portfolio management	33 334	(9)	(1)	(0)	33 324
Commercial real estate	32 575	(18)	(2)	(2)	32 553
Shipping	9 056	(7)	(0)		9 049
Oil, gas and offshore	58 322	(9)	(14)	(20)	58 278
Power and renewables	53 564	(15)	(11)		53 539
Healthcare	24 848	(5)	(3)		24 840
Public sector	11 960	(0)	(0)		11 960
Fishing, fish farming and farming	24 685	(5)	(2)	(0)	24 678
Retail industries	33 700	(19)	(20)	(9)	33 652
Manufacturing	52 821	(21)	(16)	(2)	52 782
Technology, media and telecom	20 735	(6)	(8)	(1)	20 721
Services	26 753	(24)	(35)	(9)	26 685
Residential property	36 367	(19)	(7)	(7)	36 334
Personal customers	269 806	(9)	(23)	(4)	269 769
Other corporate customers	36 918	(28)	(54)	(150)	36 687
Total	**725 444**	**(194)**	**(195)**	**(204)**	**724 851**

Financial commitments as at 31 December 2021

Amounts in NOK million	Maximum exposure	Accumulated impairment Stage 1	Stage 2	Stage 3	Total
Bank, insurance and portfolio management	34 419	(7)	(1)	(0)	34 411
Commercial real estate	38 866	(17)	(3)	(1)	38 845
Shipping	12 383	(8)	(3)		12 373
Oil, gas and offshore	64 188	(41)	(150)	(435)	63 561
Power and renewables	46 641	(16)	(1)		46 624
Healthcare	30 630	(5)	(0)		30 625
Public sector	9 424	(0)		(0)	9 424
Fishing, fish farming and farming	23 302	(14)	(7)	(12)	23 269
Retail industries	36 792	(16)	(5)	(5)	36 765
Manufacturing	52 431	(18)	(16)	(1)	52 397
Technology, media and telecom	20 026	(7)	(3)	(0)	20 015
Services	28 705	(20)	(44)	(6)	28 635
Residential property	38 434	(14)	(2)	(6)	38 412
Personal customers	267 249	(12)	(16)	(0)	267 220
Other corporate customers	34 365	(16)	(78)	(202)	34 070
Total	**737 854**	**(211)**	**(330)**	**(669)**	**736 645**

NOTE G9 FINANCIAL INSTRUMENTS AT FAIR VALUE

Amounts in NOK million	Level 1	Level 2	Level 3	Total
Assets as at 31 December 2022				
Loans to customers			49 105	49 105
Commercial paper and bonds	34 754	330 848	847	366 449
Shareholdings	4 458	12 149	16 744	33 350
Financial assets, customers bearing the risk		138 259		138 259
Financial derivatives	1 674	180 582	3 431	185 687
Liabilities as at 31 December 2022				
Deposits from customers		25 459		25 459
Debt securities issued		6 929		6 929
Senior non-preferred bonds		973		973
Subordinated loan capital		420		420
Financial derivatives	4 929	182 083	3 129	190 142
Other financial liabilities [1)]	3 394			3 394
Assets as at 31 December 2021				
Loans to customers			46 202	46 202
Commercial paper and bonds	65 055	265 629	351	331 034
Shareholdings	6 693	15 801	12 802	35 297
Financial assets, customers bearing the risk		138 747		138 747
Financial derivatives	2 663	130 879	1 858	135 400
Liabilities as at 31 December 2021				
Deposits from customers		9 810		9 810
Debt securities issued		12 405		12 405
Senior non-preferred bonds		1 077		1 077
Subordinated loan capital		454		454
Financial derivatives	2 411	110 332	1 605	114 348
Other financial liabilities [1)]	4 834			4 834

1) Short positions, trading activities.

For a further description of the instruments and valuation techniques, see the annual report for 2021.

Financial instruments at fair value, level 3

	Financial assets				Financial liabilities
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2020	**55 372**	**283**	**10 787**	**1 877**	**1 513**
Net gains recognised in the income statement	(1 280)	(28)	1 758	(474)	(372)
Additions/purchases	7 960	626	3 403	1 211	1 199
Sales		(568)	(2 052)		
Settled	(15 666)	(11)		(756)	(734)
Transferred from level 1 or level 2		917			
Transferred to level 1 or level 2		(859)	(2)		
Other	(184)	(9)	(1 092)		
Carrying amount as at 31 December 2021	**46 202**	**351**	**12 802**	**1 858**	**1 605**
Net gains recognised in the income statement	(1 877)	(104)	1 543	827	916
Acquisition of Sbanken	8 033		144		
Additions/purchases	7 258	626	3 749	1 927	1 799
Sales		(358)	(1 447)		
Settled	(10 473)		(47)	(1 177)	(1 193)
Transferred from level 1 or level 2		763			
Transferred to level 1 or level 2		(561)	(0)		
Other	(39)	131	0	(3)	2
Carrying amount as at 31 December 2022	**49 105**	**847**	**16 744**	**3 431**	**3 129**

NOTE G9 FINANCIAL INSTRUMENTS AT FAIR VALUE (continued)

Sensitivity analysis, level 3

An increase in the discount rate on fixed-rate loans by 10 basis points will decrease the fair value by NOK 128 million. The effects on other Level 3 financial instruments are insignificant.

NOTE G10 DEBT SECURITIES ISSUED, SENIOR NON-PREFERRED BONDS AND SUBORDINATED LOAN CAPITAL

As an element in liquidity management, the DNB Group issues and redeems own securities issued by DNB Bank ASA, Sbanken ASA, DNB Boligkreditt AS (bond debt only) and Sbanken Boligkreditt AS (bond debt only).

Debt securities issued 2022

Amounts in NOK million	Balance sheet 31 Dec. 2022	Issued 2022	Matured/ redeemed 2022	Exchange rate movements 2022	Other changes 2022	Acquisition of Sbanken 2022	Balance sheet 31 Dec. 2021
Commercial papers issued, nominal amount	292 462	1 704 322	(1 562 598)	(16 109)			166 847
Bond debt, nominal amount [1)]	159 111	64 292	(68 037)	11 455		4 034	147 367
Covered bonds, nominal amount [1)]	313 125	4 954	(101 922)	13 674		22 682	373 736
Value adjustments	(26 812)			1	(41 856)	234	14 809
Debt securities issued	**737 886**	**1 773 567**	**(1 732 556)**	**9 022**	**(41 856)**	**26 950**	**702 759**
Of which DNB Bank ASA	*441 903*	*1 767 613*	*(1 628 569)*	*(4 652)*	*(8 726)*		*316 238*

1) Excluding own bonds. The total nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 385.7 billion as at 31 December 2022. The market value of the cover pool represented NOK 683.6 billion.

Debt securities issued 2021

Amounts in NOK million	Balance sheet 31 Dec. 2021	Issued 2021	Matured/ redeemed 2021	Exchange rate movements 2021	Other changes 2021	Balance sheet 31 Dec. 2020
Commercial papers issued, nominal amount	166 847	3 163 394	(3 100 104)	(34 373)		137 931
Bond debt, nominal amount	147 367	19 186	(43 540)	(3 395)		175 115
Covered bonds, nominal amount	373 736	23 299	(69 365)	(14 252)		434 054
Value adjustments	14 809				(15 920)	30 729
Debt securities issued	**702 759**	**3 205 879**	**(3 213 010)**	**(52 020)**	**(15 920)**	**777 829**
Of which DNB Bank ASA	*316 238*	*3 182 580*	*(3 143 644)*	*(37 768)*	*(3 183)*	*318 252*

Senior non-preferred bonds 2022

Amounts in NOK million	Balance sheet 31 Dec. 2022	Issued 2022	Matured/ redeemed 2022	Exchange rate movements 2022	Other changes 2022	Acquisition of Sbanken 2022	Balance sheet 31 Dec. 2021
Senior non-preferred bonds, nominal amount	65 185	21 584		3 102		2 000	38 499
Value adjustments	(5 483)				(4 709)	(43)	(730)
Senior non-preferred bonds	**59 702**	**21 584**	**0**	**3 102**	**(4 709)**	**1 957**	**37 769**
Of which DNB Bank ASA	*57 746*	*21 561*		*3 102*	*(4 685)*		*37 769*

Senior non-preferred bonds 2021

Amounts in NOK million	Balance sheet 31 Dec. 2021	Issued 2021	Matured/ redeemed 2021	Exchange rate movements 2021	Other changes 2021	Balance sheet 31 Dec. 2020
Senior non-preferred bonds, nominal amount	38 499	29 421		559		8 519
Value adjustments	(730)				(734)	4
Senior non-preferred bonds	**37 769**	**29 421**	**0**	**559**	**(734)**	**8 523**

NOTE G10 DEBT SECURITIES ISSUED, SENIOR NON-PREFERRED BONDS AND SUBORDINATED LOAN CAPITAL (continued)

Subordinated loan capital and perpetual subordinated loan capital securities 2022

Amounts in NOK million	Balance sheet 31 Dec. 2022	Issued 2022	Matured/ redeemed 2022	Exchange rate movements 2022	Other changes 2022	Acquisition of Sbanken 2022	Balance sheet 31 Dec. 2021
Term subordinated loan capital, nominal amount	30 596	13 227	(10 767)	163		900	27 073
Perpetual subordinated loan capital, nominal amount	6 306			554			5 752
Value adjustments	(114)		3		(352)	12	223
Subordinated loan capital and perpetual subordinated loan capital securities	**36 788**	**13 227**	**(10 764)**	**717**	**(352)**	**912**	**33 047**
Of which DNB Bank ASA	*35 877*	*13 227*	*(10 767)*	*717*	*(348)*		*33 047*

Subordinated loan capital and perpetual subordinated loan capital securities 2021

Amounts in NOK million	Balance sheet 31 Dec. 2021	Issued 2021	Matured/ redeemed 2021	Exchange rate movements 2021	Other changes 2021	Balance sheet 31 Dec. 2020
Term subordinated loan capital, nominal amount	27 073	4 845	(2 947)	(1 145)		26 320
Perpetual subordinated loan capital, nominal amount	5 752			112		5 640
Value adjustments	223				(136)	359
Subordinated loan capital and perpetual subordinated loan capital securities	**33 047**	**4 845**	**(2 947)**	**(1 034)**	**(136)**	**32 319**

NOTE G11 CONTINGENCIES

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

See note G5 Taxes for tax related disputes.

Accounts for DNB Bank ASA

P – INCOME STATEMENT

Amounts in NOK million	4th quarter 2022	4th quarter 2021	Full year 2022	Full year 2021
Interest income, amortised cost	22 297	8 492	58 681	30 653
Other interest income	2 277	556	5 136	2 247
Interest expenses, amortised cost	(13 997)	(1 454)	(27 755)	(5 240)
Other interest expenses	980	260	2 499	1 057
Net interest income	**11 557**	**7 855**	**38 562**	**28 718**
Commission and fee income	2 296	2 574	9 048	9 026
Commission and fee expenses	(724)	(846)	(2 973)	(3 193)
Net gains on financial instruments at fair value	1 524	142	2 246	3 247
Other income	7 962	6 049	10 638	10 607
Net other operating income	**11 059**	**7 919**	**18 959**	**19 687**
Total income	**22 616**	**15 775**	**57 521**	**48 405**
Salaries and other personnel expenses	(3 498)	(3 059)	(12 113)	(11 331)
Other expenses	(1 917)	(1 676)	(6 794)	(5 971)
Depreciation and impairment of fixed and intangible assets	(879)	(851)	(3 445)	(3 342)
Total operating expenses	**(6 294)**	**(5 585)**	**(22 352)**	**(20 643)**
Pre-tax operating profit before impairment	**16 322**	**10 189**	**35 169**	**27 762**
Net gains on fixed and intangible assets	140	11	175	28
Impairment of financial instruments	(670)	(447)	57	263
Pre-tax operating profit	**15 792**	**9 753**	**35 401**	**28 053**
Tax expense	(122)	(1 684)	(4 632)	(5 710)
Profit for the period	**15 670**	**8 069**	**30 768**	**22 342**
Portion attributable to shareholders of DNB Bank ASA	15 447	7 844	30 026	21 420
Portion attributable to additional Tier 1 capital holders	223	225	743	922
Profit for the period	**15 670**	**8 069**	**30 768**	**22 342**

P – COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	4th quarter 2022	4th quarter 2021	Full year 2022	Full year 2021
Profit for the period	**15 670**	**8 069**	**30 768**	**22 342**
Actuarial gains and losses	(240)	(29)	408	(180)
Financial liabilities designated at FVTPL, changes in credit risk	(31)	13	77	29
Tax	68	6	(114)	40
Items that will not be reclassified to the income statement	(203)	(10)	371	(111)
Currency translation of foreign operations	(29)	(10)	(52)	(74)
Currency translation reserve reclassified to the income statement	3		3	
Financial assets at fair value through OCI	170	(61)	(732)	(44)
Tax	(42)	15	183	11
Items that may subsequently be reclassified to the income statement	101	(56)	(597)	(108)
Other comprehensive income for the period	**(102)**	**(66)**	**(227)**	**(218)**
Comprehensive income for the period	**15 568**	**8 003**	**30 542**	**22 124**

P – BALANCE SHEET

Amounts in NOK million	Note	31 Dec. 2022	31 Dec. 2021
Assets			
Cash and deposits with central banks		309 331	295 039
Due from credit institutions		471 949	417 777
Loans to customers	P3, P4	1 010 029	898 584
Commercial paper and bonds	P4	413 878	312 638
Shareholdings	P4	5 575	7 078
Financial derivatives	P4	213 665	157 085
Investments in associated companies		10 232	9 436
Investments in subsidiaries		133 360	119 228
Intangible assets		3 561	3 438
Deferred tax assets		94	124
Fixed assets		15 434	15 580
Other assets		31 107	29 091
Total assets		**2 618 215**	**2 265 097**
Liabilities and equity			
Due to credit institutions		275 556	246 335
Deposits from customers	P4	1 322 995	1 235 125
Financial derivatives	P4	206 820	136 311
Debt securities issued	P4	441 903	316 238
Payable taxes		1 719	189
Deferred taxes		2 325	3 752
Other liabilities		54 672	45 189
Provisions		656	1 229
Pension commitments		4 095	4 514
Senior non-preferred bonds		57 746	37 769
Subordinated loan capital	P4	35 877	33 047
Total liabilities		**2 404 364**	**2 059 698**
Additional Tier 1 capital		15 386	16 974
Share capital		19 378	19 379
Share premium		18 733	18 733
Other equity		160 354	150 312
Total equity		**213 851**	**205 399**
Total liabilities and equity		**2 618 215**	**2 265 097**

P – STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	Share capital [1]	Share premium	Additional Tier 1 capital	Net currency translation reserve	Liability credit reserve	Other equity [1]	Total equity
Balance sheet as at 31 December 2020	**19 380**	**19 895**	**18 362**	**629**	**(29)**	**150 669**	**208 905**
Profit for the period			922			21 420	22 342
Actuarial gains and losses						(180)	(180)
Financial assets at fair value through OCI						(44)	(44)
Financial liabilities designated at FVTPL, changes in credit risk					29		29
Currency translation of foreign operations				(74)			(74)
Tax on other comprehensive income					(7)	58	51
Comprehensive income for the period			922	(74)	22	21 254	22 124
Interest payments AT1 capital			(926)				(926)
Currency movements on interest payments AT1 capital			17			(11)	6
AT1 capital redeemed			(1 400)				(1 400)
Net purchase of treasury shares	0					9	10
DNB ASA merger	(1)	(1 162)				6 914	5 751
Dividends paid for 2020 (NOK 9.00 per share)						(13 953)	(13 953)
Dividends paid for 2021 (NOK 9.75 per share)						(15 116)	(15 116)
Balance sheet as at 31 December 2021	**19 379**	**18 733**	**16 974**	**554**	**(8)**	**149 765**	**205 399**
Profit for the period			743			30 026	30 768
Actuarial gains and losses						408	408
Financial assets at fair value through OCI						(732)	(732)
Financial liabilities designated at FVTPL, changes in credit risk					77		77
Currency translation of foreign operations				(49)			(49)
Tax on other comprehensive income					(19)	88	69
Comprehensive income for the period			743	(49)	58	29 790	30 542
Interest payments AT1 capital			(1 030)				(1 030)
AT1 capital redeemed [2]			(6 548)				(6 548)
Currency movements on interest payment and redemption AT1 capital			447			(428)	19
AT1 capital issued [3]			4 800				4 800
Net purchase of treasury shares [1]	(1)					(14)	(15)
Dividends for 2022 (NOK 12.50 proposed per share)						(19 316)	(19 316)
Balance sheet as at 31 December 2022	**19 378**	**18 733**	**15 386**	**506**	**50**	**159 798**	**213 851**

1) *Of which treasury shares held by DNB Markets for trading purposes:*

	Share capital	Other equity	Total equity
Balance sheet as at 31 December 2021	*(0)*	*(0)*	*(0)*
Net purchase of treasury shares	*(1)*	*(14)*	*(15)*
Reversal of fair value adjustments through the income statement		*(5)*	*(5)*
Balance sheet as at 31 December 2022	*(1)*	*(19)*	*(20)*

2) *An additional Tier 1 capital instrument of USD 750 million, issued by DNB Bank ASA in 2016, was redeemed in the first quarter of 2022.*

3) *DNB Bank ASA issued four additional Tier 1 capital instruments in 2022. The first, issued in August, has a nominal value of NOK 2 750 million and is perpetual with a floating interest of 3 months NIBOR plus 3.75 per cent p.a. The second, issued in August, has a nominal value of NOK 500 million and is perpetual with an interest rate of 6.72 per cent p.a. until 18 February 2028. Thereafter 3-month NIBOR plus 3.75 per cent. The third, issued in October, has a nominal value of NOK 600 million and is perpetual with a floating interest of 3 months NIBOR plus 4.00 per cent. The fourth, issued in October, has a nominal value of NOK 950 million and is perpetual with an interest rate of 7.75 per cent p.a. until 3 May 2028 and thereafter with a floating interest of 3 months NIBOR plus 4.00 per cent.*

NOTE P1 BASIS FOR PREPARATION

DNB Bank ASA has prepared the financial statements according to the Norwegian Ministry of Finance's regulations on annual accounts. A description of the accounting principles applied by the company when preparing the financial statements can be found in Note 1 Accounting principles in the annual report for 2021. In the interim report, the accounting policies, significant estimates, and areas where judgement is applied by the company are in conformity with those described in the annual report except for the methodology for estimating expected credit loss for customers in stage 3, which is described in note G1 to the consolidated accounts.

See note G9 to the consolidated accounts for information about debt securities issued, senior non-preferred bonds and subordinated loan capital, and note G10 for information about contingencies.

Acquisition of Sbanken ASA

DNB Bank ASA acquired a majority shareholding in Sbanken ASA as at 30 March 2022. Please refer to note G2 Acquisition of Sbanken for further information.

NOTE P2 CAPITAL ADEQUACY

Capital adequacy is calculated and reported in accordance with the EU capital requirements regulations for banks and investment firms (CRR/CRD).

Own funds

Amounts in NOK million	31 Dec. 2022	31 Dec. 2021
Total equity	213 851	205 399
Adjustment to retained earnings for foreseeable dividends		
Additional Tier 1 capital instruments included in total equity	(15 274)	(16 595)
Net accrued interest on additional Tier 1 capital instruments	(111)	(285)
Common equity Tier 1 capital instruments	198 465	188 520
Regulatory adjustments		
Goodwill	(2 376)	(2 391)
Deferred tax assets that rely of future profitability, excluding temporary differences	(24)	(25)
Other intangible assets	(1 020)	(1 047)
Share buy-back program	(1 437)	
IRB provisions shortfall (-)	(1 412)	(1 427)
Additional value adjustments (AVA)	(1 047)	(914)
Insufficient coverage for non-performing exposures	(49)	
(Gains) or losses on liabilities at fair value resulting from own credit risk	(50)	8
(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(391)	(336)
Common equity Tier 1 capital	190 659	182 386
Additional Tier 1 capital instruments	15 274	16 595
Tier 1 capital	205 934	198 981
Perpetual subordinated loan capital		5 752
Term subordinated loan capital	27 829	29 237
Additonal Tier 2 capital instruments	27 829	34 989
Own funds	233 763	233 970
Total risk exposure amount	904 035	833 707
Minimum capital requirement	72 323	66 697
Capital ratios:		
Common equity Tier 1 capital ratio	21.1	21.9
Tier 1 capital ratio	22.8	23.9
Total capital ratio	25.9	28.1

NOTE P3 DEVELOPMENT IN ACCUMULATED IMPAIRMENT OF FINANCIAL INSTRUMENTS

Loans to customers at amortised cost

	2022				2021			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 Dec.	**(433)**	**(494)**	**(7 979)**	**(8 905)**	**(555)**	**(987)**	**(10 506)**	**(12 048)**
Transfer to stage 1	(184)	165	19		(324)	320	4	
Transfer to stage 2	71	(89)	18		134	(147)	13	
Transfer to stage 3	2	24	(26)		2	74	(76)	
Originated and purchased	(164)	(57)		(221)	(207)	(73)		(280)
Increased expected credit loss	(335)	(701)	(3 255)	(4 291)	(294)	(781)	(3 495)	(4 570)
Decreased (reversed) expected credit loss	492	323	2 501	3 316	666	688	3 169	4 522
Write-offs			2 669	2 669			2 852	2 852
Derecognition (including repayments)	67	211	244	523	143	410	62	615
Exchange rate movements			3	4	2	4	(2)	4
Accumulated impairment as at 31 Dec.	**(483)**	**(617)**	**(5 806)**	**(6 905)**	**(433)**	**(494)**	**(7 979)**	**(8 905)**

Financial commitments

	2022				2021			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 Dec.	**(169)**	**(250)**	**(669)**	**(1 087)**	**(231)**	**(438)**	**(601)**	**(1 270)**
Transfer to stage 1	(117)	111	7		(91)	90		
Transfer to stage 2	28	(29)	1		39	(41)	2	
Transfer to stage 3		4	(5)			17	(17)	
Originated and purchased	(127)	(16)		(144)	(156)	(20)		(176)
Increased expected credit loss	(53)	(150)	(22)	(225)	(70)	(231)	(441)	(742)
Decreased (reversed) expected credit loss	263	105	476	845	331	245	387	963
Derecognition	10	54	9	73	10	127		136
Exchange rate movements		(1)		(2)		1		(1)
Other								
Accumulated impairment as at 31 Dec.	**(165)**	**(173)**	**(203)**	**(540)**	**(169)**	**(250)**	**(669)**	**(1 087)**

For explanatory comments about the impairment of financial instruments, see the directors' report.

NOTE P4 FINANCIAL INSTRUMENTS AT FAIR VALUE

Amounts in NOK million	Level 1	Level 2	Level 3	Total
Assets as at 31 December 2022				
Loans to customers		140 854	7 024	147 879
Commercial paper and bonds	32 202	380 829	847	413 878
Shareholdings	3 343	450	1 782	5 575
Financial derivatives	1 674	208 560	3 431	213 665
Liabilities as at 31 December 2022				
Deposits from customers		25 459		25 459
Debt securities issued		2 354		2 354
Senior non-preferred bonds		973		973
Subordinated loan capital		420		420
Financial derivatives	4 929	198 762	3 129	206 820
Other financial liabilities [1)]	3 394			3 394
Assets as at 31 December 2021				
Loans to customers		126 573	6 145	132 718
Commercial paper and bonds	57 372	254 915	351	312 638
Shareholdings	5 633	566	879	7 078
Financial derivatives	2 663	152 564	1 858	157 085
Liabilities as at 31 December 2021				
Deposits from customers		9 810		9 810
Debt securities issued		3 145		3 145
Senior non-preferred bonds		1 077		1 077
Subordinated loan capital		454		454
Financial derivatives	2 411	132 295	1 605	136 311
Other financial liabilities [1)]	4 834			4 834

1) Short positions, trading activities.

Loans with floating interest rate measured at fair value through other comprehensive income are categorised within level 2, since the valuation is mainly based on observable inputs.

For a further description of the instruments and valuation techniques, see the annual report for 2021.

NOTE P5 INFORMATION ON RELATED PARTIES

DNB Boligkreditt AS

In 2022, loan portfolios representing NOK 10.7 billion (NOK 26.0 billion in 2021) were transferred from the bank to DNB Boligkreditt in accordance with the "Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkreditt AS".

At end-December 2022, the bank had invested NOK 91.7 billion in covered bonds issued by DNB Boligkreditt.

The servicing agreement between DNB Boligkreditt and DNB Bank ensures DNB Boligkreditt a minimum margin achieved on loans to customers. A margin below the minimum level will be at DNB Bank's risk, resulting in a negative management fee (payment from DNB Bank to DNB Boligkreditt). The management fee paid to the bank for purchased services amounted to a negative NOK 1 442 million in 2022 (a positive NOK 1 843 million in 2021).

In 2022, DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 25.6 billion at end-December 2022.

DNB Boligkreditt AS has a long-term overdraft facility in DNB Bank ASA with a limit of NOK 315 billion.

Sbanken ASA and Sbanken Boligkreditt AS

At end-December 2022, the bank had invested a total amount of NOK 14 billion in bonds issued by Sbanken and Sbanken Boligkreditt.

DNB Livsforsikring AS

The home mortgage portfolio in DNB Livsforsikring of NOK 5.8 billion was transferred to DNB Bank ASA in the fourth quarter of 2022.
Of this amount, NOK 3.7 billion was transferred from DNB Bank to DNB Boligkreditt. These loans are included in the transfer of NOK 10.7 billion.

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Board of Directors

Olaug Svarva	Chair of the Board
Svein Richard Brandtzæg	Vice Chair of the Board
Gro Bakstad	
Julie Garbo	
Lillian Hattrem	
Jens Petter Olsen	
Stian Tegler Samuelsen	
Jaan Ivar Semlitsch	
Jannicke Skaanes	
Kim Wahl	

Group Management

Kjerstin R. Braathen	Group Chief Executive Officer (CEO)
Ida Lerner	Group Chief Financial Officer (CFO)
Ingjerd Blekeli Spiten	Group Executive Vice President of Personal Banking
Harald Serck-Hanssen	Group Executive Vice President of Corporate Banking
Håkon Hansen	Group Executive Vice President of Wealth Management
Alexander Opstad	Group Executive Vice President of Markets
Benjamin Golding	Group Executive Vice President of Products & Innovation
Fredrik Berger	Group Chief Compliance Officer (CCO)
Sverre Krog	Group Chief Risk Officer (CRO)
Maria Ervik Løvold	Group Executive Vice President of Technology & Services
Anne Sigrun Moen	Group Executive Vice President of People
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Financial calendar

2023

9 March	Annual report 2022
25 April	Annual General Meeting
26 April	Ex-dividend date
5 May	Distribution of dividends
27 April	Q1 2023
12 July	Q2 2023
19 October	Q3 2023

Other sources of information

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

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