

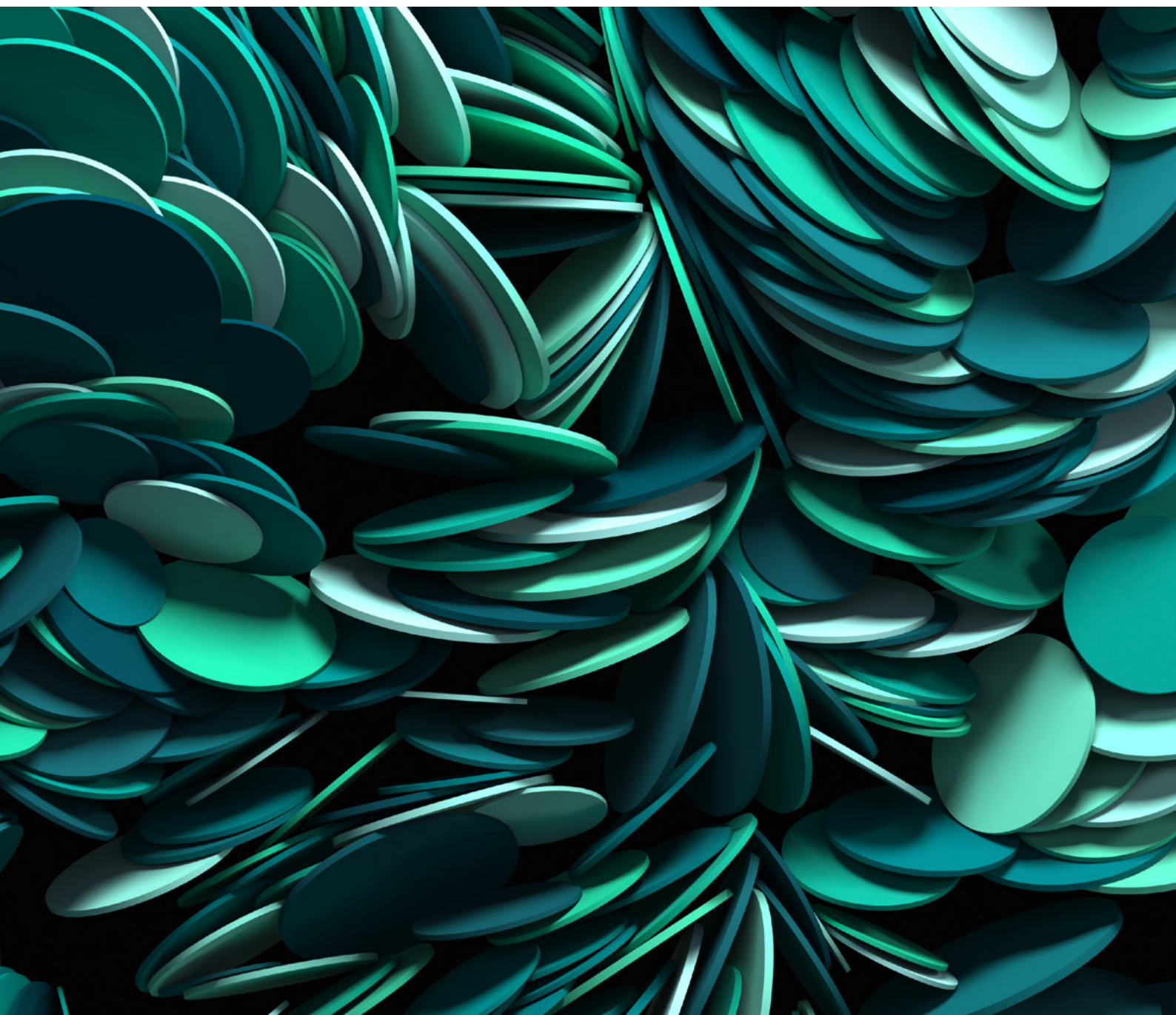
DNB Group

Fourth quarter report 2021

(Preliminary and unaudited)

DNB

Q4



Financial highlights

	DNB Group			
Income statement	4th quarter	4th quarter	Full year	Full year
<i>Amounts in NOK million</i>	2021	2020	2021	2020
Net interest income	10 285	9 479	38 690	38 623
Net commissions and fees	3 049	2 494	11 011	9 500
Net gains on financial instruments at fair value	704	184	3 621	5 902
Net financial and risk result, life insurance	203	474	790	659
Other operating income	391	694	1 803	1 714
Net other operating income	4 348	3 847	17 225	17 776
Total income	14 633	13 326	55 915	56 399
Operating expenses	(6 410)	(6 076)	(23 834)	(22 759)
Restructuring costs and non-recurring effects	(17)	(434)	(200)	(643)
Pre-tax operating profit before impairment	8 206	6 816	31 881	32 998
Net gains on fixed and intangible assets	24	(15)	(82)	767
Impairment of financial instruments	(275)	(1 250)	868	(9 918)
Pre-tax operating profit	7 955	5 552	32 667	23 847
Tax expense	(2 025)	(570)	(7 462)	(4 229)
Profit from operations held for sale, after taxes	225	292	150	221
Profit for the period	6 155	5 274	25 355	19 840

	31 Dec.	31 Dec.
Balance sheet	2021	2020
<i>Amounts in NOK million</i>		
Total assets	2 919 244	2 918 943
Loans to customers	1 744 922	1 693 811
Deposits from customers	1 247 719	1 105 574
Total equity	243 912	248 396
Average total assets	3 404 104	3 230 354
Total combined assets	3 463 482	3 363 166

	4th quarter	4th quarter	Full year	Full year
Key figures and alternative performance measures	2021	2020	2021	2020
Return on equity, annualised (per cent) ¹⁾	10.3	8.9	10.7	8.4
Earnings per share (NOK)	3.79	3.28	15.74	12.04
Combined weighted total average spreads for lending and deposits (per cent) ¹⁾	1.15	1.23	1.17	1.27
Average spreads for ordinary lending to customers (per cent) ¹⁾	1.79	2.02	1.94	2.04
Average spreads for deposits from customers (per cent) ¹⁾	0.30	0.08	0.14	0.12
Cost/income ratio (per cent) ¹⁾	43.9	48.8	43.0	41.5
Ratio of customer deposits to net loans to customers at end of period ¹⁾	74.2	67.3	74.2	67.3
Net loans at amortised cost and financial commitments in stage 2, per cent of net loans at amortised cost ¹⁾	8.30	10.51	8.30	10.51
Net loans at amortised cost and financial commitments in stage 3, per cent of net loans at amortised cost ¹⁾	1.55	1.55	1.55	1.55
Impairment relative to average net loans to customers at amortised cost, annualised (per cent) ¹⁾	(0.06)	(0.30)	0.05	(0.60)
Common equity Tier 1 capital ratio at end of period (per cent)	19.4	18.7	19.4	18.7
Leverage ratio (per cent)	7.3	7.1	7.3	7.1
Share price at end of period (NOK) ²⁾	202.00	168.00	202.00	168.00
Book value per share	146.21	148.30	146.21	148.30
Price/book value ¹⁾	1.38	1.13	1.38	1.13
Dividend per share (NOK) ³⁾			9.75	9.00
Score from RepTrak's reputation survey in Norway (points)	71.0	76.7	71.0	76.7
Customer satisfaction index, CSI, personal customers in Norway (score)	72.7	74.8	73.3	73.6
Female representation at management levels 1-4 (%)	39.8	39.5	39.8	39.5

1) Defined as alternative performance measure (APM). APMs are described on ir.dnb.no.

2) See note G1 to the consolidated accounts for information about the intragroup merger between DNB ASA and DNB Bank ASA. DNB Bank ASA, as the surviving company, has maintained the ticker "DNB".

3) Dividend of NOK 9.00 per share for 2020 was distributed on 5 November 2021. The Board of Directors proposes a dividend of NOK 9.75 per share for 2021.

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

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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 upswing in the Norwegian economy continued during most of the fourth quarter, although activity levels fell somewhat in December due to the outbreak of the Omicron virus variant and the subsequent infection control measures. The Norwegian key policy rate was increased by an expected 0.25 per cent in December, and five additional rate hikes are expected before the end of 2024. The strengthening of the Norwegian economy combined with a strong capital position at the end of 2021 means that DNB is well positioned for further growth and for delivering on the dividend policy.

Fourth quarter financial performance

The profit in the quarter was NOK 6 155 million, an increase of NOK 881 million from the year-earlier period. Compared with the previous quarter, profits decreased by NOK 728 million.

Earnings per share were NOK 3.79 in the quarter, compared with NOK 3.28 in the year-earlier period and NOK 4.29 in the third quarter of 2021.

The common equity Tier 1 (CET1) capital ratio was 19.4 per cent, up from 18.7 per cent a year earlier, and from 19.2 per cent in the third quarter of 2021.

The leverage ratio was 7.3 per cent, up from 7.1 per cent in the fourth quarter of 2020, and from 6.8 per cent in the third quarter of 2021.

Return on equity (ROE) ended at 10.3 per cent, positively impacted by solid performance in customer segments and increased net interest income. The corresponding figures were 8.9 per cent in the fourth quarter of 2020 and 11.4 per cent in the third quarter of 2021.

The Board of Directors proposes a dividend for 2021 of NOK 9.75 per share, or a total of NOK 15 116 million.

Profitable volume growth, reduced long-term funding costs and higher interest on equity driven by increased NOK money market rates led to an increase in net interest income of NOK 806 million, or 8.5 per cent from the fourth quarter of 2020. Compared with the third quarter of 2021, net interest income was up NOK 519 million, or 5.3 per cent, due to increased volumes and higher interest on equity.

Net other operating income amounted to NOK 4 348 million in the fourth quarter, up NOK 501 million from the corresponding period in 2020. The increase is driven by net commissions and fees from asset management and investment banking services, which were at an all-time high this quarter. Compared with the third quarter of 2021, net other operating income was down NOK 229 million, due to negative effects on other mark-to-market adjustments and credit spread effects on bonds and on fixed-rate loans. Net commissions and fees increased by NOK 601 million, positively impacted by solid performance across product areas.

Operating expenses amounted to NOK 6 427 million in the fourth quarter, at a comparable level to the corresponding quarter last year. The operating expenses were affected by higher salaries and other personnel expenses related to an increase in full-time employees and higher activity. Compared with the previous quarter, operating expenses were up NOK 675 million, driven by high activity and an increase in salaries and fees.

Impairment of financial instruments amounted to NOK 275 million in the fourth quarter of 2021. This was an improvement compared with the fourth quarter of last year, which saw impairment provisions of NOK 1 250 million, while the third quarter of 2021 showed net reversals of NOK 200 million. The impairment provisions in the quarter were related to a few specific customers in the corporate customers industry segment.

Sustainability in DNB

In the Group's updated sustainable strategy it is established that DNB will play an active role in – and be a driving force for – sustainable transition. Sustainability is an integral part of everything DNB does, and the Group will focus its efforts where it can make the greatest impact. The sustainable strategy supports the Group's overarching goals. Through specific targets, it sets out how sustainability is to be integrated into the Group's business operations and contribute to ensuring long-term value creation. Specific goals have been defined to help the Group's customers move in a more sustainable direction and reduce emissions. A target was set to finance and facilitate sustainable activities worth NOK 1 500 billion by 2030. DNB saw high activity levels during 2021, and by the end of the year, the Group had facilitated or financed activities worth a total of NOK 307 billion accumulated. An important part of this target is the provision of green loans, which are based on DNB's Sustainable Product Framework (SPF). The annual update of the SPF was carried out in the fourth quarter. This was done to ensure the integrity and relevance of DNB's various sector criteria.

The sustainable strategy and corresponding targets are integrated into the business areas' strategies and were included in the internal business review for the first time in the fourth quarter. Furthermore, the implementation work in the fourth quarter focused on data gathering and reporting, as well as competence development and skills enhancement. During this period, work on establishing robust processes for gathering and processing ESG data continued. In October, Group Management established a new Group Sustainability Committee (GSC) as part of DNB's formal corporate governance structure. The GSC is responsible for ensuring progress in the Group's sustainability efforts, in particular following up the targets in the sustainable strategy. In addition, the Committee will evaluate the Group's level of ambition and competitiveness with regard to market developments relating to sustainability, and follow up the implementation of rules and legislation in the area of ESG.

Other events in the fourth quarter

An extensive #huninvesterer (#girlsinvest) 'tour' was conducted during the quarter, with 21 stops all over Norway. In total, more than 6 000 women participated, to increase their knowledge and awareness of saving and investing.

On 16 November, the Norwegian Competition Authority made a decision to stop the merger between DNB and Sbanken, on the grounds that the merger would be a significant obstacle to effective competition in the market for mutual fund distribution. On 3 December, DNB decided to appeal the decision to the Norwegian competition appeals board, Konkurransklagenemnda. The outcome of the appeal is expected by 18 March 2022 at the latest. The drop-dead date may be further extended, but not beyond 18 May.

Every year, Universum names the country's most attractive employers among professionals with higher education. In this year's survey, around 10 000 people shared their views, and the results were published in November. DNB took the top spot in the business category and was ranked sixth by IT professionals and fifth by legal professionals. In addition, DNB kept the top spot among players in banking and finance, and was voted the industry's best in this area.

In RepTrak's reputation survey for the fourth quarter, DNB scored 71.0 points. The goal is a result over 70 points, which indicates that DNB is a well-liked bank. This is the thirteenth consecutive quarter in which DNB has scored over 70 points.

Following the Norwegian central bank's decision to raise the key policy rate by 0.25 per cent to 0.5 per cent on 16 December, DNB decided to increase its interest rate on mortgages by up to 0.25 percentage points. The new interest rates were effective from 18 December for new customers, and came into effect from 28 January 2022 for existing customers.

In December, it was announced that, for the third year in a row, corporate customers had voted to give DNB's investment banking unit, DNB Markets, first place in the Prospera ranking for Corporate Finance M&A Advisors Norway 2021, for financial advice relating to mergers and acquisitions. In addition, for the seventh year running, DNB Markets ranked number one in Domestic Equity in Norway, and the bank received its highest score ever. DNB Markets ranked number one in all subcategories across Execution, Research & advisory and Corporate access.

Fourth quarter income statement – main items

Net interest income

<i>Amounts in NOK million</i>	4Q21	3Q21	4Q20
Lending spreads, customer segments	7 300	7 951	8 084
Deposit spreads, customer segments	946	330	232
Amortisation effects and fees	1 090	955	949
Operational leasing	569	559	529
Contributions to the deposit guarantee and resolution funds	(267)	(268)	(256)
Other net interest income	647	238	(59)
Net interest income	10 285	9 766	9 479

Net interest income increased by NOK 806 million, or 8.5 per cent, from the fourth quarter of 2020. This was mainly due to increased volumes, reduced long-term funding costs and higher interest on equity, but was partly offset by negative exchange rate effects and reduced margins on lending driven by an increase in NOK money market rates and lag effects. There was an average increase of NOK 22.0 billion, or 1.4 per cent, in the healthy loan portfolio compared with the fourth quarter of 2020. Adjusted for exchange rate effects, volumes were up NOK 39.1 billion, or 2.5 per cent. During the same period, deposits were up NOK 128.3 billion, or 11.6 per cent. Adjusted for exchange rate effects, there was an increase of NOK 141.3 billion, or 12.8 per cent. Average lending spreads narrowed by 23 basis points, and deposit spreads widened by 22 basis points compared with the fourth quarter of 2020. Volume-weighted spreads for the customer segments narrowed by 8 basis points compared with the same period in 2020.

Compared with the third quarter of 2021, net interest income increased by NOK 519 million, or 5.3 per cent, driven by increased volumes and higher interest on equity as a result of increased NOK money market rates, while spreads contributed negatively. There was an average increase of NOK 14.0 billion, or 0.9 per cent, in the healthy loan portfolio, and deposits were up NOK 14.6 billion, or 1.2 per cent. Volume-weighted spreads for the customer segments narrowed by 2 basis points compared with the previous quarter.

Net other operating income

<i>Amounts in NOK million</i>	4Q21	3Q21	4Q20
Net commissions and fees	3 049	2 448	2 494
Basis swaps	100	147	(152)
Exchange rate effects on additional Tier 1 capital	125	274	(1 508)
Net gains on other financial instruments at fair value	480	1 164	1 844
Net financial and risk result, life insurance	203	147	474
Net profit from associated companies	(6)	185	264
Other operating income	397	212	431
Net other operating income	4 348	4 577	3 847

Net other operating income increased by NOK 501 million from the fourth quarter of 2020. This can mainly be attributed to a solid increase in income from net commissions and fees and positive exchange rate effects on additional Tier 1 (AT1) capital and basis swaps, partly offset by lower valuation adjustments for derivatives

(CVA/DVA/FVA) and other mark-to-market adjustments. Net commissions and fees increased by NOK 555 million, or 22.2 per cent, from the year-earlier period, mainly driven by higher income from investment banking and asset management services, which were at an all-time high this quarter, as well as higher income from money transfer and banking services.

Compared with the previous quarter, net other operating income was down NOK 229 million, due to negative effects on other mark-to-market adjustments and credit spread effects on bonds and on fixed-rate loans. However, net commissions and fees contributed positively and increased by NOK 601 million, or 24.6 per cent, mainly due to solid income from investment banking and asset management services. In addition, money transfer and banking services contributed positively.

Operating expenses

<i>Amounts in NOK million</i>	4Q21	3Q21	4Q20
Salaries and other personnel expenses	(3 687)	(3 301)	(3 487)
Restructuring expenses	(20)	(1)	(52)
Other expenses	(1 856)	(1 608)	(2 086)
Depreciation of fixed and intangible assets	(860)	(844)	(902)
Impairment of fixed and intangible assets	(4)	2	18
Total operating expenses	(6 427)	(5 752)	(6 509)

Operating expenses were on the same level as in the fourth quarter of 2020. Salaries and other personnel expenses increased due to a greater number of full-time employees and higher activity, but were offset by a non-recurring provision for an administrative fine from Finanstilsynet (the Financial Supervisory Authority of Norway) in the corresponding quarter last year.

Compared with the third quarter of 2021, operating expenses were up NOK 675 million, or 11.7 per cent. This can be ascribed to increased fixed salaries and fees relating to investment in technology and compliance competence. In addition, variable salaries were up, driven by high activity that was reflected in the all-time high commissions and fees.

The cost/income ratio was 43.9 per cent in the fourth quarter.

Impairment of financial instruments by industry segment

<i>Amounts in NOK million</i>	4Q21	3Q21	4Q20
Personal customers	(64)	(26)	139
Commercial real estate	(7)	35	(41)
Shipping	65	101	(36)
Oil, gas and offshore	133	90	(1 340)
Other industry segments	(402)	0	28
Total impairment of financial instruments	(275)	200	(1 250)

Impairment of financial instruments amounted to NOK 275 million in the fourth quarter. This is an improvement of NOK 975 million compared with the year-earlier period, which saw impairment provisions of NOK 1 250 million. The positive development in 2021 compared to 2020 can be ascribed to the severe effects of the COVID-19 pandemic in the previous year. The third quarter of 2021 saw net reversals of NOK 200 million. Overall, both the underlying credit quality and the macro forecasts have gradually improved since the fourth quarter of last year.

There were impairment provisions of NOK 64 million in the quarter in the personal customers industry segment, compared with net reversals of NOK 139 million in the corresponding quarter of 2020, and impairment provisions of NOK 26 million in the third quarter of 2021. The impairment provisions in the quarter could primarily be seen in stage 3, while stages 1 and 2 were relatively unchanged.

The commercial real estate industry segment showed impairment provisions of NOK 7 million, compared with NOK 41 million in the fourth quarter of 2020 and net reversals of NOK 35 million in the third quarter of 2021. The macro forecast remained stable during the quarter.

There were net reversals in all three stages within the shipping industry segment in the quarter. The net reversals of NOK 65 million represented an improvement of NOK 101 million compared with the fourth quarter of 2020, while there were net reversals of NOK 101 million in the third quarter of 2021.

The oil, gas and offshore industry segment showed net reversals of NOK 133 million in the quarter, compared with impairment provisions of NOK 1 340 million in the year-earlier period. Reversals in the quarter within oil and gas were curtailed by increased impairment provisions within offshore.

In other industry segments, there were impairment provisions in the fourth quarter of NOK 402 million compared with net reversals of NOK 28 million in the corresponding quarter of 2020, and net-zero impairment provisions in the third quarter of 2021. The impairment provisions in the quarter were primarily due to an increase in impairment provisions relating to a few specific customers within stage 3. This was somewhat offset by reversals of impairment provisions in stage 2, mainly due to an improved macroeconomic outlook.

Net stage 3 loans and financial commitments amounted to NOK 26 billion at end-December 2021, which is up NOK 1 billion compared with the corresponding quarter last year.

Taxes

The DNB Group's tax expense for the fourth quarter has been estimated at NOK 2 025 million, or 25.0 per cent of pre-tax operating profit. The tax expense for the fourth quarter was affected by an increased provision of NOK 299 million in DNB Livsforsikring, which relates to a tax matter from 2018.

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

<i>Income statement in NOK million</i>	4Q21	3Q21	4Q20
Net interest income	3 070	3 148	3 116
Net other operating income	1 282	1 311	1 121
Total income	4 352	4 459	4 238
Operating expenses	(2 307)	(2 177)	(2 254)
Pre-tax operating profit before impairment	2 045	2 282	1 984
Impairment of financial instruments	(24)	22	175
Pre-tax operating profit	2 021	2 303	2 159
Tax expense	(505)	(576)	(540)
Profit for the period	1 516	1 728	1 619

Average balance sheet items in NOK billion

Loans to customers	840.1	834.5	815.0
Deposits from customers	490.7	490.7	462.7

Key figures in per cent

Lending spreads ¹⁾	1.22	1.52	1.58
Deposit spreads ¹⁾	0.51	0.13	0.10
Return on allocated capital	12.4	14.2	13.3
Cost/income ratio	53.0	48.8	53.2
Ratio of deposits to loans	58.4	58.8	56.8

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 recorded solid profitability in the fourth quarter of 2021, with a pre-tax operating profit of NOK 2 021 million and a return on allocated capital of 12.4 per cent.

Loans to customers grew by 3.1 per cent compared with the fourth quarter of 2020. The healthy home mortgage portfolio grew by 3.2 per cent in the same period. Deposits from customers continued to show a strong average growth of 6.0 per cent compared with the year-earlier period, and the ratio of deposits to loans improved by 1.6 percentage points.

The announced interest hike from October became effective in December, but the positive effect was counteracted by a further increase in the NOK money market rates. Combined spreads on loans and deposits narrowed by 9 basis points from the corresponding quarter of 2020, and 4 basis points from the previous quarter.

Net other operating income rose by 14.3 per cent from the fourth quarter of 2020, mainly due to increased revenues from payment services and a continued positive development in long-term savings products and insurance. Income from real estate broking decreased in the same period, from a high level in the fourth quarter of 2020.

The increase in operating expenses can be ascribed to investment in compliance competence combined with high activity, as well as increasing costs in the private banking segment, mainly relating to IT activities. Costs associated with real estate broking were lower, due to a decline in activity both from the corresponding period in 2020 and the previous quarter.

The personal customers segment saw impairment of financial instruments of NOK 24 million in the fourth quarter. Overall, the credit quality and macro forecasts were stable in the quarter, and impairment provisions remained at a low level.

DNB's market share of credit to households stood at 22.5 per cent at end-November 2021. The market share of total household savings was 28.7 per cent at the same point in time, of which mutual funds amounted to 37.7 per cent at end-December. DNB Eiendom had an average market share of 15.5 per cent in the fourth quarter of 2021.

During the fourth quarter, DNB introduced several AML measures. The ambition is to ensure that AML becomes an integrated part of the Group's processes and customer dialogues, and to enable the Group to offer a seamless customer experience while managing to identify and prevent money laundering to the greatest extent possible.

DNB aims to achieve continued profitable growth in the personal customers segment and will continue its efforts to adapt products, solutions, customer service and cost levels to future competition.

Corporate customers

<i>Income statement in NOK million</i>	4Q21	3Q21	4Q20
Net interest income	6 479	6 176	6 023
Net other operating income	2 679	2 064	2 506
Total income	9 158	8 240	8 529
Operating expenses	(3 585)	(3 272)	(3 138)
Pre-tax operating profit before impairment	5 573	4 968	5 391
Net gains on fixed and intangible assets	0	0	(1)
Impairment of financial instruments	(251)	179	(1 422)
Profit from repossessed operations	356	53	351
Pre-tax operating profit	5 678	5 200	4 319
Tax expense	(1 419)	(1 300)	(1 080)
Profit for the period	4 258	3 900	3 239

Average balance sheet items in NOK billion

Loans to customers	792.6	786.5	796.4
Deposits from customers	746.2	731.2	647.4

Key figures in per cent

Lending spreads ¹⁾	2.41	2.46	2.48
Deposit spreads ¹⁾	0.17	0.09	0.07
Return on allocated capital	17.1	15.6	12.5
Cost/income ratio	39.1	39.7	36.8
Ratio of deposits to loans	94.1	93.0	81.3

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 17.1 per cent in the fourth quarter, 1.5 per cent up from the previous quarter. Profitability in the fourth quarter was mainly driven by stable net interest income from lending, increased net interest income from deposits, a significant increase in income from Markets activities and moderate impairment of financial instruments.

Net interest income increased from both the corresponding quarter of 2020 and the previous quarter. Average lending volumes in NOK in the fourth quarter were up 0.8 per cent compared with the previous quarter, and up 1.4 per cent adjusted for exchange rate effects. Lending volumes in NOK were slightly down from the corresponding quarter last year. However, adjusted for exchange rate effects, volumes were up 1.6 per cent. Lending spreads narrowed by 5 basis points from the previous quarter, and the expectation going forward is a level close to the average for 2021.

Deposit volumes continued to grow during the quarter. The strong increase in deposit volumes over the last two years has resulted in a record-high ratio of deposits to loans of 94.1 per cent. Deposit spreads were positively affected by increasing NOK money market rates during the quarter.

Net other operating income remained at a high level and amounted to NOK 2 679 million in the fourth quarter. This is significantly higher than in the previous quarter, mainly driven by an increase in income from Markets activities from NOK 1 056 million in the third quarter to NOK 1 735 million in the fourth quarter. Activity levels were up, especially within investment banking services. The volume of loan syndication and income from bond capital markets also increased in the last quarter of the year. Compared with the corresponding quarter last year, net other operating income increased by NOK 173 million.

Operating expenses were up 14.3 per cent compared with the fourth quarter of 2020, mainly due to higher personnel expenses, expenses linked to increased Markets activities, IT expenses and depreciation of fixed and intangible assets from higher business volumes in DNB Finans. Compared with the previous quarter, operating expenses were up 9.6 per cent.

Impairment of financial instruments amounted to NOK 251 million in the fourth quarter, compared with net reversals of NOK 179 million in the previous quarter. The largest impairment provisions in the fourth quarter were related to a few specific customers in stage 3. Impairment provisions of NOK 1 422 million were recognised in the corresponding quarter last year.

During the fourth quarter, the strong focus on AML measures continued across the corporate customers segment, including strengthening the KYC (know your customer) teams and improving digital solutions. The aim is to further improve the corporate customer area's capabilities when it comes to identifying and preventing money laundering.

In the time ahead, DNB will continue to focus on capital optimisation and a further strengthening of the bank's position within the large corporates portfolio, as well as on ensuring continued profitable growth within the small and medium-sized enterprises (SME) segment. DNB's updated sustainable strategy was launched before the summer, and the Group will continue to focus on sales of green financing. In the fourth quarter, DNB's Sustainable Product Framework was updated and most criteria were harmonised with the EU taxonomy for sustainable activities. High priorities include advising clients on the green shift and continuing to develop and expand the range of sustainable products available to help finance the green transition.

Other operations

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

<i>Income statement in NOK million</i>	4Q21	3Q21	4Q20
Net interest income	737	442	340
Net other operating income	1 002	2 208	1 083
Total income	1 738	2 649	1 423
Operating expenses	(1 150)	(1 308)	(1 982)
Pre-tax operating profit before impairment	589	1 341	(559)
Net gains on fixed and intangible assets	24	(0)	(13)
Impairment of financial instruments	(0)	0	(3)
Profit from repossessed operations	(356)	(53)	(351)
Pre-tax operating profit	256	1 288	(926)
Tax expense	(101)	(58)	1 050
Profit from operations held for sale, after taxes	225	26	292
Profit for the period	381	1 256	416
Average balance sheet items in NOK billion			
Loans to customers	109.2	106.1	129.7
Deposits from customers	124.5	106.3	70.1

The profit for the other operations segment was NOK 381 million in the fourth quarter of 2021.

Risk management income was down from NOK 154 million in the corresponding quarter of last year, to NOK 33 million this quarter. Income from deposits and repurchase agreements (repos) compensated for lower income from interest-rate trading.

For traditional pension products with a guaranteed rate of return, net other operating income was NOK 438 million in the quarter, down NOK 215 million from the year-earlier period. This reflects lower profits in both the corporate and the common portfolio, and the building of significant buffers in the last quarter of 2021. Net commissions and fees were down NOK 14 million, to NOK 146 million in the fourth quarter. The decrease of NOK 14 million was related to the increase in management fees. The solvency margin with transitional rules, which is the company's regulatory capital requirement, was 191 per cent as at 31 December 2021. This was a reduction from 196 per cent at the end of the third quarter. The solvency margin without transitional rules as at 31 December was 155 per cent, which was a decrease from 158 per cent at end-September. The company's profit generation and return on assets associated with the common portfolio strengthened the solvency margin in the quarter. The reduction in the solvency margin can mainly be ascribed to two factors: increased market risk as a result of higher property and share values, and a higher dynamic stress parameter for shares at the end of the fourth quarter. In profit and loss allocation and the calculation of solvency margins, it is assumed that any available profit after tax is paid out in full as dividends. This quarter, there were marginal changes to the yield curve used to discount future cash flows.

DNB's share of the profit in associated companies (most importantly Luminor, Vipps and Fremtind) is included in this segment, with a negative profit of NOK 7 million in the fourth quarter. There was a decrease in profit from these companies of NOK 271 million compared with the fourth quarter of 2020, and of NOK 191 million compared with the previous quarter.

Full year 2021

DNB recorded profits of NOK 25 355 million in 2021, up NOK 5 515 million, or 27.8 per cent from 2020. The solid increase can mainly be ascribed to the high impairment provisions in the previous year due to the COVID-19 situation. Return on equity was 10.7 per cent, compared with 8.4 per cent in the year-earlier period, and earnings per share were NOK 15.74, up 30.8 per cent from NOK 12.04 in 2020.

Net interest income increased by NOK 67 million compared with 2020. Increased volumes and reduced long-term funding costs contributed positively, but were offset by negative exchange rate effects, lower interest on equity and reduced margins following the zero NOK key policy rate implemented in 2020 and the subsequent repricing.

Net other operating income decreased by NOK 552 million from 2020. The market fluctuations caused by the outbreak of the pandemic in 2020 resulted in high income from other financial instruments, as well as exchange rate effects on AT1 capital and basis swaps, whereas the markets in 2021 were at a more normalised level. However, net commissions and fees showed a strong development and increased by NOK 1 511 million, or 15.9 per cent, during the year, affected by solid performance across product areas, particularly within investment banking and asset management services.

Total operating expenses were up NOK 633 million from 2020, due to higher activity, which led to increased salaries and other personnel expenses.

Impairment of financial instruments showed net reversals of NOK 868 million in 2021. This was an improvement of NOK 10 786 million from the previous year, which saw severe effects of the pandemic. In 2021, the impact of the pandemic on the economies declined, in step with the vaccine roll-out and the reopening of societies. Overall, both the underlying credit quality and macro forecasts gradually improved during the year, as can be seen in large net reversals in stages 1 and 2.

Income statement for 2021

Net interest income

<i>Amounts in NOK million</i>	2021	2020
Lending spreads, customer segments	31 208	32 326
Deposit spreads, customer segments	1 690	1 267
Amortisation effects and fees	1 642	3 622
Operational leasing	2 192	2 042
Resolution fund fee and deposit guarantee fund levy	(1 091)	(1 064)
Other net interest income	3 049	429
Net interest income	38 690	38 623

Net interest income increased by NOK 67 million from 2020, and was positively affected by increased volumes and reduced long-term funding costs, but was offset by negative exchange rate effects, lower interest on equity and reduced margins following the zero NOK key policy rate implemented in 2020 and the subsequent repricing. There was an average increase in the healthy loan portfolio of NOK 11.2 billion, or 0.7 per cent, parallel to an increase of NOK 132.0 billion, or 12.4 per cent, in average deposit volumes from 2020. Combined spreads narrowed by 10 basis points compared with the year-earlier period. Average lending spreads for the customer segments narrowed by 10 basis points, and average deposit spreads widened by 2 basis points.

Net other operating income

<i>Amounts in NOK million</i>	2021	2020
Net commissions and fees	11 011	9 500
Basis swaps	(310)	526
Exchange rate effects additional Tier 1 capital	487	855
Net gains on other financial instruments at fair value	3 444	4 521
Net financial and risk result, life insurance	790	659
Net profit from associated companies	524	402
Other operating income	1 279	1 312
Net other operating income	17 225	17 776

Net commissions and fees showed a strong development and increased by NOK 1 511 million, or 15.9 per cent, affected by solid performance across product areas, particularly within investment banking and asset management services. The decrease in income from financial instruments can be ascribed to the large market fluctuations caused by the outbreak of the pandemic in 2020.

Operating expenses

<i>Amounts in NOK million</i>	2021	2020
Salaries and other personnel expenses	(13 684)	(12 793)
Restructuring expenses	(142)	(81)
Other expenses	(6 845)	(7 208)
Depreciation of fixed and intangible assets	(3 361)	(3 327)
Impairment of fixed and intangible assets	(3)	7
Operating expenses	(24 034)	(23 401)

Total operating expenses were up NOK 633 million, due to increased activity, and recruitment of more full-time employees, which resulted in higher salaries and other personnel expenses.

The cost/income ratio was 43.0 per cent in 2021.

Impairment of financial instruments by industry segment

<i>Amounts in NOK million</i>	2021	2020
Personal customers	(75)	(65)
Commercial real estate	81	(146)
Shipping	402	(351)
Oil, gas and offshore	323	(6 845)
Other industry segments	138	(2 511)
Total impairment of financial instruments	868	(9 918)

Impairment of financial instruments saw considerable improvement in 2021. While 2020 was largely influenced by the COVID-19 outbreak, 2021 saw vaccine roll-out and societies reopening. In 2021, there were net reversals of NOK 868 million, compared with impairment provisions of NOK 9 918 million in 2020.

In the personal customers industry segment, there were impairment provisions of NOK 75 million, mainly due to an increase in impairment provisions in stage 3, offset by reversals in stages 1 and 2.

In the commercial real estate industry segment, there were net reversals of NOK 81 million during the year, which was an improvement compared with 2020, which saw impairment provisions of NOK 146 million. The reversals of impairment of financial instruments for the year could be seen across all stages.

The shipping industry segment also saw reversals across all three stages, amounting to a total of NOK 402 million in 2021. For 2020, there were impairment provisions of NOK 351 million in the segment. The reversals in 2021 for stages 1 and 2 were due to an improved macro outlook and enhanced underlying credit quality, while stage 3 saw improved credit quality for specific customers.

Impairment of financial instruments for the oil, gas and offshore industry segment showed net reversals totalling NOK 323 million in 2021. This represents a decrease in impairment provisions of NOK 7 169 million compared with 2020. The reversals in stages 1 and 2 in 2021 were primarily due to reduced underlying risk. Stage 3 saw reversals of NOK 49 million relating to specific customers within the oil and gas industries, offset by increased impairment provisions within the offshore industries.

In other industry segments, there were net reversals of financial instruments of NOK 138 million for the whole year, which was a decrease of NOK 2 649 million compared with 2020. The reversals in 2021 were evident in stages 1 and 2, primarily due to improved underlying credit quality. This was offset by increased impairment provisions in stage 3, driven by a negative development for specific customers in certain industry segments.

Net stage 3 loans and financial commitments amounted to NOK 26 billion at end-December 2021, an increase of NOK 1 billion from the end of 2020.

Taxes

The DNB Group's tax expense for 2021 is estimated at NOK 7 462 million, representing 22.8 per cent of pre-tax operating profit.

Funding, liquidity and balance sheet

Access to short-term funding through the bank's funding programmes was very good throughout the year, and it was the US market that consistently provided the best interest rates. A low interest rate level and ample access to liquidity as a result of Government stimulus packages contributed to high activity in the bank's US Commercial Paper (USCP) programme. This is expected to decline somewhat in the coming period, as the Federal Reserve is getting closer to reversing its quantitative easing. In the third quarter, the first issue was made under the US Commercial Paper (USCP) using the new Secured Overnight Financing Rate (SOFR), and issues continued in the fourth quarter. At year-end, the bank completely stopped issuing floating interest rates linked to the London Inter-bank Offered Rate (LIBOR). Towards the end of the year, the bank also saw somewhat growing interest in the European funding programmes, primarily those in GBP, but there were also good volumes in short-term securities in EUR.

The markets for long-term funding remained strong throughout the year. Prices for long-term funding remained stable, but saw a slight increase in credit spreads in the unsecured debt classes towards the end of the year. DNB is offered highly competitive prices, and ended the year by completing issues of senior bonds in the GBP market, as well as of subordinated loans in Norway and Sweden. In the second half of the year, the bank updated its green bond framework. Under the new framework, DNB can issue bonds that are used to fund loans for renewable energy, clean transport and green homes. At the beginning of 2022, the bank issued its first green senior bond, which was very well received in the market.

During the third quarter, the Norwegian Ministry of Finance and Finanstilsynet issued clarifications relating to the minimum requirement for own funds and eligible liabilities (MREL) and the cap on subordinated debt. For DNB, this cap meant that the volume of senior non-preferred bonds originally needed to fulfil the MREL requirement was almost halved. Instead, ordinary senior bonds will be used to fulfil parts of the total MREL requirement. DNB has so far issued approximately NOK 38 billion in senior non-preferred bonds. The need for long-term funding in the coming years is mainly related to the fulfilment of this requirement.

The total nominal value of long-term debt securities issued by DNB was NOK 560 billion at the end of the fourth quarter, compared with NOK 618 billion a year earlier. Average remaining term to maturity for long-term debt securities issued was 3.5 years at end 2021, which is the same as in the year-earlier period.

The short-term liquidity requirement, the Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the quarter and stood at 135 per cent at the end of the quarter.

Total combined assets in DNB were NOK 3 463 billion at the end of the quarter, up from NOK 3 363 billion a year earlier. Total assets in the balance sheet were NOK 2 919 billion at the end of 2021, at same level as the year earlier period.

Loans to customers increased by NOK 51.1 billion, or 3.0 per cent, from the end of 2020 to the end of 2021. Customer deposits were up NOK 142.1 billion, or 12.9 per cent, during the same period. The ratio of customer deposits to net loans to customers was 74.2 per cent, up from 67.3 per cent a year earlier.

Capital position

DNB's capital position remained strong during the fourth quarter, and the CET1 capital ratio reached 19.4 per cent at end-December, up from 18.7 per cent a year earlier, and from 19.2 per cent at end-September. The CET1 requirement for DNB was 14.8 per cent, while the ratio expectation from the supervisory authorities was 16.3 per cent including Pillar 2 Guidance. The Group thus had a solid 3.1 percentage-point headroom above the current supervisory authorities' capital level expectation.

DNB's strong capital generation provides a firm foundation for continued delivery on the dividend policy, and the Board proposes a dividend of NOK 9.75 per share for 2021.

The increase in CET1 was 20 basis points in the quarter. Retained profit was offset by the increase in the proposed pay-out ratio of 62 per cent.

The risk exposure amount decreased by NOK 9 billion from end-September, to NOK 973 billion at end-December 2021.

The non-risk-based leverage ratio was 7.3 per cent at end-December, up from 7.1 per cent from the year-earlier period, and from 6.8 per cent at end-September.

Development in CET1 capital ratio

Per cent	CET1 capital ratio
3Q21	19.2
Profit (50 per cent after tax)	0.3
Dividend (above 50 per cent)	(0.3)
Dividend DNB Livsforsikring	0.1
Volumes customer segments	(0.1)
Other	0.3
4Q21	19.4

Capital adequacy

The capital adequacy regulations specify a minimum 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

	4Q21	3Q21	4Q20
CET1 capital ratio, per cent	19.4	19.2	18.7
Tier 1 capital ratio, per cent	21.0	20.8	20.1
Capital ratio, per cent	24.0	23.4	22.1
Risk exposure amount, NOK billion	973	982	967
Leverage ratio, per cent	7.3	6.8	7.1

As the DNB Group consists of both a credit institution and an 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 CRR/CRD IV, and the Solvency II requirement. At end-December, DNB complied with these requirements by a good margin, with excess capital of NOK 63.0 billion.

New regulatory framework

New rules on covered bonds

On 17 December 2021, the Norwegian Ministry of Finance proposed new legislation to implement the Covered Bonds Directive in Norway. The EU Directive is based on the same principles as the current Norwegian covered bonds framework. Major changes are therefore not required. Common rules and definitions will make it easier for Norwegian and international investors to assess the quality and risk of covered bonds, and they may accentuate the high quality of Norwegian covered bonds. A large part of DNB's lending activities is funded by issuing covered bonds. The Covered Bonds Directive has not yet been incorporated into the EEA Agreement. However, the Ministry of Finance has emphasised that the new rules should enter into force in Norway in parallel with the date of entry into force in the EU, which is 8 July 2022, since the covered bonds market is largely a European one.

New Act on sustainability-related disclosures adopted by the Storting

In December 2021, the Storting (Norwegian parliament) adopted a new act that implements the EU Regulation on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation – SFDR) and the EU taxonomy for sustainable activities (Taxonomy Regulation) in Norwegian law. Among other things, the act requires banks, insurance companies

and listed companies with more than 500 employees to include information in their annual reports on the extent to which their activities can be classified as sustainable under the EU taxonomy. It will only be possible for the act to enter into force once the two regulations have been incorporated into the EEA Agreement and have entered into force in the EEA. The Ministry of Finance expects the EEA process to be concluded during the first half of 2022. In order for all relevant Norwegian players to be able to report in accordance with the taxonomy, clarifications are needed with regard to the classification of certain financial activities, including activities in the building, construction and real estate sector. The Government is working to clarify relevant definitions and similar matters, so that Norwegian players can classify their activities in accordance with the legislation.

Increased countercyclical capital buffer and key policy rate

Norway's central bank, Norges Bank, sets the level of the countercyclical capital buffer, which is a time-varying capital requirement for banks. On 16 September 2021, Norges Bank decided to increase the requirement to 2.0 per cent with effect from 31 December 2022, in line with previous signals. Norges Bank points to the fact that creditworthy enterprises and households appear to have ample access to credit, and that a relatively small share of the banks' exposures are to the industries that have been most directly affected by infection control measures. It emphasises that Norwegian banks are profitable and have low loan losses, but that losses may increase if more long-term infection control measures are needed. In light of Norges Bank's current assessment of economic developments and of banks' prospected losses and lending capacity, the buffer requirement will be increased to 2.5 per cent during the first half of 2022, taking effect one year after the decision is made. At the same time, Norges Bank decided to raise the key policy rate from 0.25 to 0.5 per cent with effect from 17 December 2021.

The next generation of capital requirement rules are in the pipeline

On 27 October 2021, the European Commission presented a regulatory proposal introducing the last part of the international Basel III recommendations in the EU, in the form of a proposed Regulation (CRR III) and Directive (CRD VI), also known as the 2021 EU Banking Package. The new rules include a new standard method for calculating capital requirements for credit risk that is more accurate and risk sensitive. A new output floor is also introduced for banks using the IRB (internal ratings-based) approach. The new output floor sets a lower limit on the capital requirements that banks calculate when using internal models. According to the new output floor, the value of risk exposure amount must not be set lower than 72.5 per cent of what they would have been calculated as under the new standardised approach. The European Commission proposes to introduce the new rules from 1 January 2025. The new output floor for capital requirements for banks using the IRB approach is to be introduced gradually from 1 January 2025, over a five-year period. Discussion of the proposed 2021 Banking Package in the European Parliament and Council is expected to take a couple of years.

New rules on securitisation

In 2021, the EU adopted amendments to the securitisation rules, partly in the form of a new framework for simple, transparent and standardised securitisation (STS) for synthetic securitisation, i.e. transactions where the lender can transfer credit risk to investors without transferring the underlying loans to a special purpose vehicle (SPV). The amendments also include rules to make it easier to securitise stage 3 loans. On behalf of the Ministry of Finance, Finanstilsynet has looked into possible amendments to Norwegian law to implement the new EU rules, and has written a report on the matter. The report was circulated for public consultation in the autumn of 2021 and is now being considered by the Ministry of

Finance. The EU rules and legislation on securitisation are EEA-relevant and are expected to be incorporated into the EEA Agreement.

Amendments to pensions legislation

The Storting has adopted a bill on amendments to the rules and legislation relating to guaranteed pension products, which covers defined-benefit pension schemes, paid-up policies and individual pension products with guarantees. The amendments entered into force on 1 January 2022. They entail, among other things, allowing pension providers to offer compensation corresponding to the value of the guaranteed rate of return if policyholders wish to convert ordinary, paid-up policies into insurance policies with investment options. The limits for reducing the disbursement period for low annual pension payments are to be extended somewhat, and it will become easier to transfer small accumulated pension entitlements from defined-benefit schemes to individual pension schemes, instead of having a paid-up policy issued. The amendments are intended to give greater freedom of choice and flexibility both for customers and for pension providers. The Storting has also decided to introduce mandatory accrual of occupational pension on the entire salary amount, as well as to reduce the maximum deduction for tax-favourable individual pension saving from NOK 40 000 to NOK 15 000.

Macroeconomic developments

Increased COVID-19 infection rates and a tightening of infection control measures contributed to a fall in economic activity in Norway at the beginning of 2021. This particularly affected the service industries in the transport sector, with the exception of foreign shipping, as well as accommodation and catering businesses, culture and entertainment activities and the provision of other services. Mainland GDP declined by 0.7 per cent from the fourth quarter of 2020 to the first quarter of 2021. The turnaround came in May, and mainland GDP rose by a total of 2.3 per cent from April to June. The upturn in economic activity also had a clear impact on the labour markets. The number of registered unemployed, calculated as a percentage of the workforce, decreased from 3.8 per cent in December 2020 to 2.2 per cent in December 2021. Towards the end of the year, COVID-19 infection rates rose again, and the Omicron variant of the virus began to gain ground. This may have resulted in a lower level of activity in December and a slower pace at the start of 2022.

In Norwegian fiscal policy, the national budget that was adopted entailed a clear fiscal tightening following the many support measures in 2021. The use of money from Norway's oil fund, officially known as the Government Pension Fund Global, was estimated to amount to 2.6 per cent of the fund. On 12 December, national infection control measures were introduced once again, but these measures were not as far-reaching as those introduced at the beginning of the year. Towards the end of the year, the Government proposed a salary support scheme for those affected by the measures.

In the second half of 2021, electricity prices rose markedly. The increase can be linked to higher electricity prices in Europe and increased transmission capacity from Norway. The increase in electricity prices resulted in a sharp increase in public revenue, with a significant share of this being paid by households. The Government adopted a package of measures aimed at reducing the impact on households, under which the state is to pay the portion of the electricity price above 70 øre (NOK 0.7) per kilowatt-hour. The rise in electricity prices also resulted in average consumer price growth of 3.5 per cent for the year 2020–2021, and consumer price growth of 5.3 per cent when comparing December 2021 with December 2020. Adjusted for fees and energy prices, year-on-year-inflation was 1.8 per cent in December. In the housing market, the strong price growth continued during the first quarter, but then slowed significantly. Monthly price growth averaged 0.2 per cent over the past nine months.

The Norwegian central bank, Norges Bank, raised the key policy rate from 0 per cent to 0.25 per cent in September, and then further to 0.50 per cent in December. The background for this was that economic growth had led to increased – and in due course normal – utilisation of capacity, while at the same time there were indications that inflation would remain around target. In Norges Bank's view, it was thus no longer necessary to maintain the powerful monetary policy stimuli. Norges Bank gave notice of a further increase in interest rates during 2022, stating that the next increase would most probably take place in March this year. The rise in inflation in December makes a further rise in interest rates likely.

Future prospects

The Group's financial target of a return on equity (ROE) above 12 per cent remains unchanged and the Group is set to deliver on this ambition by the end of 2023. The following factors will help DNB to reach the ROE target during the target period: increased net interest income as a result of increasing NOK interest rates and growth in loans and deposits, as well as growth in commissions and fees from capital-light products combined with cost control measures. The payment of the 2021 dividend will also contribute to higher ROE, as will the effect of DNB's potential acquisition of Sbanken.

In the period 2022 to 2023, the annual increase in lending volumes is expected to be between 3 and 4 per cent, while maintaining a sound deposit-to-loan ratio. Norges Bank's own forecasts indicate that the key policy rate is expected to increase by 0.25 per cent in March. A further two hikes of 0.25 per cent are also expected, bringing the key policy rate to 1.25 per cent by the end of 2022. Thereafter, another two hikes are projected by the second half of 2024, taking the key policy rate to 1.75 per cent.

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 per cent.

The supervisory expectation for the common equity Tier 1 (CET1) capital ratio for DNB is 16.3 per cent, including Pillar 2 Guidance at 1.5 per cent, while the actual value achieved was 19.4 per cent. The Norwegian Ministry of Finance has announced an increase in the counter-cyclical buffer requirement from 1 to 1.5 per cent with effect from June 2022, and an additional increase to 2 per cent from December 2022. In its capital planning, DNB has taken into account the full counter-cyclical buffer requirement of 2.5 per cent in Norway, which is expected to take full effect in 2023, and which will increase the supervisory expectation for the CET1 level to 17.6 per cent. The supervisory expectation plus some headroom will be DNB's target capital level. The headroom will reflect expected future capital needs including anticipated future regulatory capital changes and market-driven CET1 fluctuations.

The potential acquisition of Sbanken will have an initial and immediate effect on the CET1 ratio of around 120 basis points from the expected closing, assuming the approval of the Norwegian Competition Authority, after DNB appealed the Authority's decision to stop the acquisition.

The EU's Banking Package, CRR II/CRD V, is expected to take effect in 2022 with only minor effects on the CET1 capital ratio.

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.

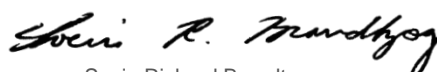
The Board of Directors proposes a dividend for 2021 of NOK 9.75 per share, or a total of NOK 15 116 million.

Oslo, 9 February 2022

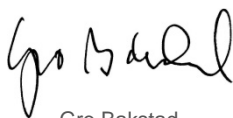
The Board of Directors of DNB Bank ASA



Olaug Svarva
(Chair of the Board)



Svein Richard Brandtzæg
(Vice Chair of the Board)



Gro Bakstad



Julie Galbo



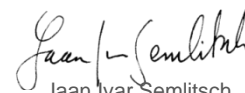
Lillian Hattrem



Jens Petter Olsen



Stian Tegler Samuelsen



Jaan Ivar Semlišk



Eli Solhaug



Kim Wahl



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

Accounts for the DNB Group

G – Income statement

<i>Amounts in NOK million</i>	DNB Group			
	4th quarter 2021	4th quarter 2020	Full year 2021	Full year 2020
Interest income, amortised cost	11 869	11 043	43 997	50 660
Other interest income	684	1 002	2 890	4 636
Interest expenses, amortised cost	(1 305)	(1 363)	(4 693)	(11 511)
Other interest expenses	(963)	(1 203)	(3 504)	(5 161)
Net interest income	10 285	9 479	38 690	38 623
Commission and fee income	4 094	3 504	14 992	13 289
Commission and fee expenses	(1 045)	(1 009)	(3 981)	(3 789)
Net gains on financial instruments at fair value	704	184	3 621	5 902
Net financial result, life insurance	218	479	581	418
Net risk result, life insurance	(14)	(4)	210	241
Profit from investments accounted for by the equity method	(6)	264	524	402
Net gains on investment properties	45	(8)	91	(61)
Other income	353	439	1 188	1 373
Net other operating income	4 348	3 847	17 225	17 776
Total income	14 633	13 326	55 915	56 399
Salaries and other personnel expenses	(3 706)	(3 540)	(13 826)	(12 873)
Other expenses	(1 856)	(2 086)	(6 845)	(7 208)
Depreciation and impairment of fixed and intangible assets	(865)	(884)	(3 363)	(3 320)
Total operating expenses	(6 427)	(6 509)	(24 034)	(23 401)
Pre-tax operating profit before impairment	8 206	6 816	31 881	32 998
Net gains on fixed and intangible assets	24	(15)	(82)	767
Impairment of financial instruments	(275)	(1 250)	868	(9 918)
Pre-tax operating profit	7 955	5 552	32 667	23 847
Tax expense	(2 025)	(570)	(7 462)	(4 229)
Profit from operations held for sale, after taxes	225	292	150	221
Profit for the period	6 155	5 274	25 355	19 840
Portion attributable to shareholders	5 875	5 083	24 407	18 712
Portion attributable to non-controlling interests	56	(11)	26	(15)
Portion attributable to additional Tier 1 capital holders	225	202	922	1 143
Profit for the period	6 155	5 274	25 355	19 840
Earnings/diluted earnings per share (NOK)	3.79	3.28	15.74	12.04
Earnings per share excluding operations held for sale (NOK)	3.64	3.09	15.65	11.89

G – Comprehensive income statement

<i>Amounts in NOK million</i>	DNB Group			
	4th quarter 2021	4th quarter 2020	Full year 2021	Full year 2020
Profit for the period	6 155	5 274	25 355	19 840
Actuarial gains and losses	(38)	(36)	(183)	(324)
Property revaluation	25	488	212	578
Items allocated to customers (life insurance)	(22)	(488)	(193)	(578)
Financial liabilities designated at FVTPL, changes in credit risk	30	(40)	29	33
Tax	4	18	41	72
Items that will not be reclassified to the income statement	(1)	(57)	(93)	(218)
Currency translation of foreign operations	(333)	(4 607)	(1 018)	3 519
Currency translation reserve reclassified to the income statement	6		0	
Hedging of net investment	260	3 898	680	(3 246)
Financial assets at fair value through OCI	(103)	129	(101)	103
Tax	(42)	(1 007)	(148)	786
Items that may subsequently be reclassified to the income statement	(211)	(1 586)	(587)	1 161
Other comprehensive income for the period	(212)	(1 644)	(681)	943
Comprehensive income for the period	5 943	3 631	24 674	20 783

G – Balance sheet

<i>Amounts in NOK million</i>	Note	DNB Group	
		31 Dec. 2021	31 Dec. 2020
Assets			
Cash and deposits with central banks		296 727	283 526
Due from credit institutions		44 959	78 466
Loans to customers	G4, G5, G6, G7	1 744 922	1 693 811
Commercial paper and bonds	G7	425 267	439 231
Shareholdings	G7	35 297	29 360
Financial assets, customers bearing the risk	G7	138 747	116 729
Financial derivatives	G7	135 400	186 740
Investment properties		17 823	18 087
Investments accounted for by the equity method		19 549	18 389
Intangible assets		5 804	5 498
Deferred tax assets		649	4 377
Fixed assets		21 430	20 474
Assets held for sale		2 245	2 402
Other assets		30 423	21 852
Total assets		2 919 244	2 918 943
Liabilities and equity			
Due to credit institutions		149 611	207 457
Deposits from customers	G7	1 247 719	1 105 574
Financial derivatives	G7	114 348	174 979
Debt securities issued	G7, G8	702 759	777 829
Insurance liabilities, customers bearing the risk		138 747	116 729
Liabilities to life insurance policyholders		199 379	200 422
Payable taxes		3 054	7 556
Deferred taxes		1 571	48
Other liabilities		39 718	31 522
Liabilities held for sale		896	1 016
Provisions		1 642	2 096
Pension commitments		5 073	4 476
Senior non-preferred bonds	G8	37 769	8 523
Subordinated loan capital	G7, G8	33 047	32 319
Total liabilities		2 675 332	2 670 547
Additional Tier 1 capital		16 974	18 362
Non-controlling interests		266	119
Share capital		19 379	15 503
Share premium		18 733	22 609
Other equity		188 559	191 804
Total equity		243 912	248 396
Total liabilities and equity		2 919 244	2 918 943

G – Statement of changes in equity

DNB Group

<i>Amounts in NOK million</i>	Non-controlling interests	Share capital ¹⁾	Share premium	Additional Tier 1 capital	Net currency translation reserve	Liability credit reserve	Other equity ¹⁾	Total equity ¹⁾
Balance sheet as at 31 Dec. 2019	45	15 706	22 609	26 729	4 872	(2)	172 297	242 255
Profit for the period	(15)			1 143			18 712	19 840
Actuarial gains and losses							(324)	(324)
Financial assets at fair value through OCI							103	103
Financial liabilities designated at FVTPL, changes in credit risk						33		33
Currency translation of foreign operations	4				3 515			3 519
Hedging of net investment					(3 246)			(3 246)
Tax on other comprehensive income					812	(8)	55	858
Comprehensive income for the period	(11)			1 143	1 081	25	18 545	20 783
Interest payments AT1 capital				(1 578)				(1 578)
AT1 capital redeemed				(10 024)				(10 024)
Currency movements on interest payments and redemption AT1 capital				2 092			(1 971)	122
Non-controlling interests	86							86
Repurchased under share buy-back programme		(202)					(3 036)	(3 238)
Net purchase of treasury shares		(1)					(8)	(9)
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 ²⁾				(1 400)				(1 400)
Non-controlling interests	120						(3)	117
Net sale of treasury shares ¹⁾		1					19	20
DNB ASA merger		3 876	(3 876)					0
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

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

Balance sheet as at 31 December 2020	(1)	(16)	(17)
Net sale of treasury shares	1	19	20
Reversal of fair value adjustments through the income statement		(3)	(3)
Balance sheet as at 31 December 2021	(0)	(0)	(0)

2) An additional Tier 1 capital instrument of NOK 1 400 million, issued by the DNB Group's parent DNB Bank ASA in 2016, was redeemed in the second quarter of 2021.

G – Cash flow statement

	DNB Group	
<i>Amounts in NOK million</i>	Full year 2021	Full year 2020
Operating activities		
Net payments on loans to customers	(58 083)	(26 092)
Interest received from customers	42 060	48 628
Net receipts on deposits from customers	143 754	133 573
Interest paid to customers	(3 475)	(6 597)
Net receipts/(payments) on loans to credit institutions	(25 144)	32 784
Net interest paid to credit institutions	(1 023)	(1 154)
Net payments on the sale of financial assets for investment or trading	(42 985)	(70 650)
Interest received on bonds and commercial paper	2 832	3 280
Net receipts on commissions and fees	10 974	9 523
Payments to operations	(19 807)	(20 291)
Taxes paid	(7 119)	(9 211)
Receipts on premiums	15 761	14 313
Net receipts/(payments) on premium reserve transfers	444	(4 204)
Payments of insurance settlements	(14 278)	(13 704)
Other net payments	(2 326)	(5 626)
Net cash flow from operating activities	41 585	84 573
Investing activities		
Net payments on the acquisition or disposal of fixed assets	(4 486)	(3 835)
Net receipts on investment properties	375	54
Net investment in long-term shares	(627)	(1 370)
Dividends received on long-term investments in shares	344	428
Net cash flow from investing activities	(4 393)	(4 723)
Financing activities		
Receipts on issued bonds and commercial paper	3 205 879	1 142 592
Payments on redeemed bonds and commercial paper	(3 213 010)	(1 225 085)
Interest payments on issued bonds and commercial paper	(9 446)	(13 191)
Receipts on issued senior non-preferred bonds	29 421	9 462
Interest payments on senior non-preferred bonds	(184)	(2)
Receipts on issued subordinated loan capital	4 845	4 056
Redemptions of subordinated loan capital	(2 947)	(4 207)
Interest payments on subordinated loan capital	(440)	(504)
Net payments on issue or redemption of additional Tier 1 capital	(1 400)	(10 024)
Interest payments on additional Tier 1 capital	(926)	(1 578)
Lease payments	(580)	(502)
Net sale/(purchase) of own shares	20	(3 247)
Dividend payments	(26 976)	
Net cash flow from financing activities	(15 744)	(102 232)
Effects of exchange rate changes on cash and cash equivalents	(2 805)	3 723
Net cash flow	18 643	(18 659)
Cash as at 1 January	289 092	307 751
Net receipts/(payments) of cash	18 643	(18 659)
Cash at end of period ¹⁾	307 735	289 092

*) Of which: Cash and deposits with central banks 296 727 283 526
 Deposits with credit institutions with no agreed period of notice ¹⁾ 11 008 5 566

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 2020. 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 updated the methodology for estimating the expected credit loss (ECL) for credit-impaired financial instruments (stage 3) for customers with an exposure above NOK 50 million. The purpose is to be able to better reflect the actual solutions under consideration for customers in financial difficulties. The new method increases the number of scenarios that need to be assessed. The ECL is estimated based on the weighted ECL of the different scenarios. The scenarios should represent the actual scenarios for a customer in financial difficulties, but the main rule is that three different scenarios are to be considered.

- Going concern: What is the probability of a development where all debt is repaid without concessions in the form of debt conversion or write-offs? The ECL in this scenario is zero.
- Restructuring: What is the probability of a development where the customer must restructure the capital structure to maintain going concern, and what is the ECL for DNB in such a restructuring?
- Liquidation: What is the probability of a development where a company is liquidated through bankruptcy, orderly liquidation etc., and what is the ECL for DNB?

The ECL within each scenario, and the probability of each scenario occurring, will be dependent on both market conditions and customer-specific factors. The sum of the scenarios must always be 100 per cent. If a scenario is highly unlikely, the probability can be set to zero.

The ECL within the restructuring and liquidation scenarios is calculated as the difference between the carrying amount and the net present value of the estimated future cash flows, discounted by the original effective interest rate. The estimated future cash flows within each scenario are based on developments in the customer's exposure, past experience with the customer, the probable outcome of negotiations and expected macroeconomic developments that will influence the customer's expected cash flow. In the restructuring scenario, the ECL will also be dependent on the expected debt level that may be agreed upon with the stakeholders in a restructuring.

The changes made in the updated methodology will not have a material impact on the Group's ECL estimate.

Intragroup merger

The merger of DNB ASA and DNB Bank ASA, with DNB Bank ASA as the surviving company, was completed on 1 July 2021.

The merger was completed with accounting and tax continuity. The DNB Bank ASA shares that were owned by DNB ASA were issued as merger consideration to the shareholders of DNB ASA, and there was therefore no capital increase in DNB Bank ASA as a result of the merger. No additional consideration has been paid. As part of the merger, DNB ASA's ownership of the wholly owned subsidiaries DNB Livsforsikring AS and DNB Asset Management AS, as well as its 35 per cent ownership interest in Fremtind Forsikring AS, were transferred to DNB Bank ASA for the sake of company continuity in the parent company accounts.

After completion of the merger, the DNB Group, with DNB Bank ASA as the parent company, prepares only one consolidated financial statement. Comparative figures for the DNB Group after the merger are based on the principle of continuity, and thus correspond with previous figures for the DNB Group.

Note G2 Segments

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

Income statement, fourth quarter

<i>Amounts in NOK million</i>	Personal customers		Corporate customers		Other operations		Eliminations		DNB Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net interest income	3 070	3 116	6 479	6 023	737	340			10 285	9 479
Net other operating income	1 282	1 121	2 679	2 506	1 002	1 083	(615)	(864)	4 348	3 847
Total income	4 352	4 238	9 158	8 529	1 738	1 423	(615)	(864)	14 633	13 326
Operating expenses	(2 307)	(2 254)	(3 585)	(3 138)	(1 150)	(1 982)	615	864	(6 427)	(6 509)
Pre-tax operating profit before impairment	2 045	1 984	5 573	5 391	589	(559)			8 206	6 816
Net gains on fixed and intangible assets			0	(1)	24	(13)			24	(15)
Impairment of financial instruments	(24)	175	(251)	(1 422)	(0)	(3)			(275)	(1 250)
Profit from repossessed operations			356	351	(356)	(351)				
Pre-tax operating profit	2 021	2 159	5 678	4 319	256	(926)			7 955	5 552
Tax expense	(505)	(540)	(1 419)	(1 080)	(101)	1 050			(2 025)	(570)
Profit from operations held for sale, after taxes					225	292			225	292
Profit for the period	1 516	1 619	4 258	3 239	381	416			6 155	5 274

Income statement, full year

<i>Amounts in NOK million</i>	Personal customers		Corporate customers		Other operations		Eliminations		DNB Group	
	Full year		Full year		Full year		Full year		Full year	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net interest income	12 444	13 395	24 344	23 878	1 901	1 350			38 690	38 623
Net other operating income	5 235	4 604	9 147	7 983	6 282	7 953	(3 439)	(2 763)	17 225	17 776
Total income	17 680	17 999	33 491	31 861	8 183	9 302	(3 439)	(2 763)	55 915	56 399
Operating expenses	(9 050)	(8 892)	(13 384)	(12 325)	(5 040)	(4 947)	3 439	2 763	(24 034)	(23 401)
Pre-tax operating profit before impairment	8 630	9 107	20 107	19 536	3 143	4 355			31 881	32 998
Net gains on fixed and intangible assets	1		0	(1)	(83)	769			(82)	767
Impairment of financial instruments	135	(473)	730	(9 438)	2	(7)			868	(9 918)
Profit from repossessed operations			309	241	(309)	(241)				
Pre-tax operating profit	8 766	8 633	21 147	10 338	2 753	4 876			32 667	23 847
Tax expense	(2 192)	(2 158)	(5 287)	(2 585)	16	514			(7 462)	(4 229)
Profit from operations held for sale, after taxes					150	221			150	221
Profit for the period	6 575	6 475	15 860	7 754	2 920	5 611			25 355	19 840

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

Note G3 Capital adequacy

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

	DNB Group	
	31 Dec. 2021	31 Dec. 2020
<i>Amounts in NOK million</i>		
Total equity	243 912	248 396
Effect from regulatory consolidation	(6 605)	(6 014)
Additional Tier 1 capital instruments included in total equity	(16 595)	(17 995)
Net accrued interest on additional Tier 1 capital instruments	(285)	(276)
Common equity Tier 1 capital instruments	220 427	224 112
Regulatory adjustments		
Goodwill	(4 794)	(4 697)
Deferred tax assets that rely on future profitability, excluding temporary differences	(439)	(970)
Other intangible assets	(1 814)	(1 583)
Dividends payable and group contributions ¹⁾	(15 116)	(26 976)
Deduction for investments in insurance companies ²⁾	(5 242)	(6 018)
IRB provisions shortfall (-)	(2 540)	(1 781)
Additional value adjustments (AVA)	(1 002)	(855)
Insufficient coverage for non-performing exposures	(42)	
(Gains) or losses on liabilities at fair value resulting from own credit risk	(45)	(23)
(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(88)	(94)
Common equity Tier 1 capital	189 305	181 115
Additional Tier 1 capital instruments	16 595	17 995
Deduction of holdings of Tier 1 instruments in insurance companies ³⁾	(1 500)	(1 500)
Non-eligible Tier 1 capital, DNB Group ⁴⁾		(2 920)
Additional Tier 1 capital instruments	15 095	13 575
Tier 1 capital	204 400	194 689
Perpetual subordinated loan capital	5 752	5 640
Term subordinated loan capital	29 237	26 320
Deduction of holdings of Tier 2 instruments in insurance companies ³⁾	(5 588)	(5 750)
Non-eligible Tier 2 capital, DNB Group ⁴⁾		(6 711)
Additional Tier 2 capital instruments	29 401	19 499
Own funds	233 801	214 188
Total risk exposure amount	973 431	967 146
Minimum capital requirement	77 875	77 372
Capital ratios:		
Common equity Tier 1 capital ratio	19.4	18.7
Tier 1 capital ratio	21.0	20.1
Total capital ratio	24.0	22.1

1) The Board proposes a dividend of NOK 9.75 per share for 2021.

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) Deductions of capital in accordance with Articles 85-88 of the CRR are not applicable after the merger between DNB Bank ASA and DNB ASA.

Note G3 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

DNB Group

	Original	Exposure	Average	Risk	Capital	Capital
	exposure	at default	risk weight	exposure	requirement	requirement
	31 Dec.	31 Dec.	in per cent	31 Dec.	31 Dec.	31 Dec.
<i>Amounts in NOK million</i>	2021	2021	2021	2021	2021	2020
IRB approach						
Corporate exposures	1 062 509	842 790	44.8	377 344	30 188	30 405
<i>of which specialised lending (SL)</i>	9 803	9 396	37.0	3 478	278	516
<i>of which small and medium-sized enterprises (SME)</i>	216 048	189 157	46.6	88 212	7 057	6 931
<i>of which other corporates</i>	836 658	644 237	44.3	285 654	22 852	22 958
Retail exposures	990 539	973 533	22.2	216 169	17 294	16 371
<i>of which secured by mortgages on immovable property</i>	899 243	899 243	21.6	193 788	15 503	14 931
<i>of which other retail</i>	91 296	74 290	30.1	22 382	1 791	1 440
Total credit risk, IRB approach	2 053 048	1 816 323	32.7	593 513	47 481	46 776
Standardised approach						
Central government and central banks	346 499	345 786	0.2	614	49	19
Regional government or local authorities	49 442	43 389	2.7	1 157	93	88
Public sector entities	52 629	51 919	0.7	357	29	31
Multilateral development banks	29 504	30 249				
International organisations	4 706	4 706				
Institutions	94 872	68 090	31.2	21 262	1 701	1 469
Corporate	180 976	159 324	71.7	114 282	9 143	8 402
Retail	156 417	59 223	74.4	44 086	3 527	3 580
Secured by mortgages on immovable property	27 593	26 242	56.5	14 830	1 186	1 366
Exposures in default	3 040	2 110	140.8	2 971	238	233
Items associated with particular high risk	664	658	150.0	987	79	641
Covered bonds	33 475	33 475	10.0	3 347	268	348
Collective investment undertakings	958	958	23.1	221	18	41
Equity positions	23 946	23 945	221.9	53 135	4 251	3 908
Other assets	17 225	17 224	52.6	9 052	724	1 579
Total credit risk, standardised approach	1 021 946	867 298	30.7	266 302	21 304	21 706
Total credit risk	3 074 994	2 683 621	32.0	859 815	68 785	68 483
Market risk						
Position and general risk, debt instruments				7 767	621	748
Position and general risk, equity instruments				661	53	52
Currency risk				31	2	4
Commodity risk				0		0
Total market risk				8 459	677	803
Credit value adjustment risk (CVA)				6 777	542	459
Operational risk				98 381	7 870	7 627
Total risk exposure amount				973 431	77 875	77 372

Note G4 Development in gross carrying amount and maximum exposure

Loans to customers at amortised cost

DNB Group

Amounts in NOK million	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31 Dec.	1 482 987	137 450	32 020	1 652 457	1 503 609	88 347	24 308	1 616 264
Transfer to stage 1	104 192	(101 960)	(2 232)		124 598	(123 026)	(1 572)	
Transfer to stage 2	(115 732)	117 598	(1 867)		(224 195)	227 746	(3 551)	
Transfer to stage 3	(3 418)	(7 828)	11 246		(4 367)	(18 366)	22 733	
Originated and purchased	463 222	6 271	1 447	470 941	454 549	17 735		472 284
Derecognition	(359 494)	(39 066)	(10 168)	(408 728)	(380 599)	(55 268)	(9 720)	(445 587)
Exchange rate movements	(5 609)	(366)	7	(5 968)	9 392	282	(178)	9 497
Other								
Gross carrying amount as at 31 Dec. ¹⁾	1 566 150	112 099	30 453	1 708 702	1 482 987	137 450	32 020	1 652 457

1) On 1 January 2021, DNB introduced a new definition of default. According to the new definition, the gross carrying amount for stage 3 customers in probation after default was NOK 1 747 million as at 31 December 2021.

Financial commitments

DNB Group

Amounts in NOK million	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Maximum exposure as at 31 Dec.	657 434	36 478	6 024	699 937	621 594	23 794	3 343	648 730
Transfer to stage 1	26 055	(25 348)	(706)		40 614	(40 382)	(233)	
Transfer to stage 2	(27 413)	28 631	(1 218)		(75 629)	76 330	(701)	
Transfer to stage 3	(449)	(445)	894		(1 553)	(8 426)	9 979	
Originated and purchased	479 454	3 451	336	483 241	430 229	3 451		433 680
Derecognition	(430 467)	(12 766)		(443 233)	(362 758)	(18 486)	(6 314)	(387 557)
Exchange rate movements	(2 144)	54		(2 091)	4 938	197	(51)	5 084
Maximum exposure as at 31 Dec. ¹⁾	702 470	30 054	5 330	737 854	657 434	36 478	6 024	699 937

1) On 1 January 2021, DNB introduced a new definition of default. According to the new definition, the maximum exposure relating to stage 3 customers in probation after default was NOK 153 million as at 31 December 2021.

Note G5 Development in accumulated impairment of financial instruments

Loans to customers at amortised cost

DNB Group

Amounts in NOK million	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 Dec.	(765)	(1 214)	(12 039)	(14 018)	(306)	(1 042)	(8 905)	(10 252)
Transfer to stage 1	(364)	359	5		(639)	601	38	
Transfer to stage 2	185	(212)	27		204	(404)	200	
Transfer to stage 3	2	78	(80)		1	423	(424)	
Originated and purchased	(312)	(130)		(441)	(369)	(270)		(639)
Increased expected credit loss	(350)	(1 022)	(3 908)	(5 280)	(998)	(2 432)	(12 292)	(15 722)
Decreased (reversed) expected credit loss	878	926	4 036	5 840	1 271	1 366	4 656	7 292
Write-offs			3 192	3 192			4 587	4 587
Derecognition	188	466	80	733	72	549	76	697
Exchange rate movements	6	(1)	(12)	(7)		(5)	24	18
Other								
Accumulated impairment as at 31 Dec. ¹⁾	(533)	(749)	(8 700)	(9 982)	(765)	(1 214)	(12 039)	(14 018)

Financial commitments

DNB Group

Amounts in NOK million	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 Dec.	(284)	(566)	(601)	(1 451)	(146)	(667)	(543)	(1 357)
Transfer to stage 1	(111)	110	1		(227)	224	4	
Transfer to stage 2	46	(49)	3		82	(93)	11	
Transfer to stage 3		17	(17)		1	314	(315)	
Originated and purchased	(194)	(23)		(216)	(351)	(92)		(443)
Increased expected credit loss	(93)	(240)	(446)	(778)	(388)	(1 602)	(1 663)	(3 654)
Decreased (reversed) expected credit loss	408	288	391	1 087	734	1 049	1 906	3 689
Derecognition	16	134		150	12	312		325
Exchange rate movements	1	(2)		(1)	1	(11)		(11)
Other								
Accumulated impairment as at 31 Dec. ¹⁾	(211)	(330)	(669)	(1 209)	(284)	(566)	(601)	(1 451)

1) On 1 January 2021, DNB introduced a new definition of default. According to the new definition for customers in probation after default, the effect on expected credit loss was not significant as at 31 December 2021.

Note G6 Loans and financial commitments to customers by industry segment

Loans to customers as at 31 December 2021

<i>Amounts in NOK million</i>	Gross carrying amount	Accumulated impairment			Loans at fair value	DNB Group	
		Stage 1	Stage 2	Stage 3		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.

Loans to customers as at 31 December 2020

<i>Amounts in NOK million</i>	Gross carrying amount	Accumulated impairment			Loans at fair value	DNB Group	
		Stage 1	Stage 2	Stage 3		Total	
Bank, insurance and portfolio management	72 151	(17)	(34)	(353)		71 747	
Commercial real estate	199 171	(107)	(56)	(389)	107	198 726	
Shipping	41 633	(45)	(227)	(327)		41 033	
Oil, gas and offshore	57 588	(113)	(224)	(7 671)		49 580	
Power and renewables	31 866	(38)	(4)	(248)		31 576	
Healthcare	16 857	(4)	(0)			16 853	
Public sector	11 764	(16)	(0)	(0)		11 748	
Fishing, fish farming and farming	51 680	(56)	(68)	(145)	119	51 531	
Retail industries	35 653	(29)	(79)	(430)	16	35 131	
Manufacturing	37 539	(37)	(68)	(132)		37 303	
Technology, media and telecom	25 325	(23)	(12)	(15)	3	25 279	
Services	79 749	(57)	(111)	(612)	24	78 993	
Residential property	102 951	(32)	(22)	(143)	296	103 050	
Personal customers	823 608	(141)	(141)	(559)	54 791	877 556	
Other corporate customers	64 923	(53)	(166)	(1 017)	16	63 703	
Total ¹⁾	1 652 457	(765)	(1 214)	(12 039)	55 372	1 693 811	

1) Of which NOK 54 166 million in repo trading volumes.

Note G6 Loans and financial commitments to customers by industry segment (continued)

Financial commitments as at 31 December 2021	Maximum exposure	Accumulated impairment			DNB Group
		Stage 1	Stage 2	Stage 3	Total
<i>Amounts in NOK million</i>					
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

Financial commitments as at 31 December 2020	Maximum exposure	Accumulated impairment			DNB Group
		Stage 1	Stage 2	Stage 3	Total
<i>Amounts in NOK million</i>					
Bank, insurance and portfolio management	37 166	(10)	(3)	(0)	37 153
Commercial real estate	25 561	(17)	(2)	(3)	25 539
Shipping	9 830	(15)	(14)	(7)	9 794
Oil, gas and offshore	47 598	(70)	(301)	(294)	46 933
Power and renewables	42 141	(28)	(0)		42 112
Healthcare	23 556	(4)	(0)		23 553
Public sector	10 266	(0)	(0)		10 266
Fishing, fish farming and farming	17 366	(14)	(6)	(9)	17 337
Retail industries	34 807	(18)	(37)	(14)	34 738
Manufacturing	54 314	(24)	(61)	(3)	54 226
Technology, media and telecom	20 871	(8)	(6)	(0)	20 857
Services	28 780	(19)	(54)	(21)	28 687
Residential property	38 147	(17)	(2)	(5)	38 124
Personal customers	272 061	(21)	(11)	0	272 029
Other corporate customers	37 474	(20)	(69)	(245)	37 140
Total	699 937	(284)	(566)	(601)	698 486

Note G7 Financial instruments at fair value

<i>Amounts in NOK million</i>	DNB Group			
	Level 1	Level 2	Level 3	Total
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
Assets as at 31 December 2020				
Loans to customers			55 372	55 372
Commercial paper and bonds	59 740	293 308	283	353 330
Shareholdings	5 073	13 501	10 787	29 360
Financial assets, customers bearing the risk		116 729		116 729
Financial derivatives	375	184 488	1 877	186 740
Liabilities as at 31 December 2020				
Deposits from customers		14 238		14 238
Debt securities issued		20 489		20 489
Subordinated loan capital		179		179
Financial derivatives	465	173 001	1 513	174 979
Other financial liabilities ¹⁾	2 982			2 982

1) Short positions, trading activities.

For a further description of the instruments and valuation techniques, see the annual report for 2020.

Financial instruments at fair value, level 3

<i>Amounts in NOK million</i>	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Shareholdings	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2019	61 178	356	7 018	1 868	1 536
Net gains recognised in the income statement	1 116	(75)	738	141	367
Additions/purchases	10 550	315	3 977	1 247	914
Sales		(340)	(947)		
Settled	(17 549)			(1 408)	(1 331)
Transferred from level 1 or level 2		365			
Transferred to level 1 or level 2		(371)			
Other	78	34		29	27
Carrying amount as at 31 December 2020	55 372	283	10 787	1 877	1 513
Net gains recognised in the income statement	(1 280)	(28)	1 758	(474)	(372)
Additions/purchases	7 960	626	3 403	1 211	1 199
Sales		(568)	(2 052)		
Settled	(15 666)	(11)		(756)	(734)
Transferred from level 1 or level 2		917			
Transferred to level 1 or level 2		(859)	(2)		
Other ¹⁾	(184)	(9)	(1 092)		
Carrying amount as at 31 December 2021	46 202	351	12 802	1 858	1 605

1) DNB Livsforsikring reclassified NOK 1 092 million from shareholdings at fair value to investments in associated companies in the fourth quarter of 2021.

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 145 million. The effects on other Level 3 financial instruments are insignificant.

Note G8 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 and DNB Boligkreditt AS (Bond debt only).

Debt securities issued 2021

	Balance sheet 31 Dec. 2021	Issued 2021	Matured/ redeemed 2021	Exchange rate movements 2021	Other changes 2021	DNB Group Balance sheet 31 Dec. 2020
<i>Amounts in NOK million</i>						
Commercial papers issued, nominal amount	166 847	3 163 394	(3 100 104)	(34 373)		137 931
Bond debt, nominal amount ¹⁾	147 367	19 186	(43 540)	(3 395)		175 115
Covered bonds, nominal amount ¹⁾	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

1) Excluding own bonds. The total nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 427.8 billion as at 31 December 2021. The market value of the cover pool represented NOK 687.0 billion.

Debt securities issued 2020

	Balance sheet 31 Dec. 2020	Issued 2020	Matured/ redeemed 2020	Exchange rate movements 2020	Other changes 2020	DNB Group Balance sheet 31 Dec. 2019
<i>Amounts in NOK million</i>						
Commercial papers issued, nominal amount	137 931	1 113 162	(1 121 261)	(42 091)		188 120
Bond debt, nominal amount ¹⁾	175 115	3 448	(60 411)	9 529		222 550
Covered bonds, nominal amount ¹⁾	434 054	25 982	(43 413)	20 005		431 480
Value adjustments	30 729			17	2 693	28 019
Debt securities issued	777 829	1 142 592	(1 225 085)	(12 540)	2 693	870 170

Of which DNB Bank ASA 318 252 1 116 610 (1 181 672) (32 545) (706) 416 565

1) Excluding own bonds. The total nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 495.1 billion as at 31 December 2020. The market value of the cover pool represented NOK 673.5 billion.

Senior non-preferred bonds 2021

	Balance sheet 31 Dec. 2021	Issued 2021	Matured/ redeemed 2021	Exchange rate movements 2021	Other changes 2021	DNB Group Balance sheet 31 Dec. 2020
<i>Amounts in NOK million</i>						
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

Senior non-preferred bonds 2020

	Balance sheet 31 Dec. 2020	Issued 2020	Matured/ redeemed 2020	Exchange rate movements 2020	Other changes 2020	DNB Group Balance sheet 31 Dec. 2019
<i>Amounts in NOK million</i>						
Senior non-preferred bonds, nominal amount	8 519	9 462		(943)		
Value adjustments	4				4	
Senior non-preferred bonds	8 523	9 462	0	(943)	4	0

Note G8 Debt securities issued, senior non-preferred bonds and subordinated loan capital (continued)

	Subordinated loan capital and perpetual subordinated loan capital securities 2021					DNB Group
	Balance sheet			Exchange	Other	Balance sheet
	31 Dec. 2021	Issued 2021	Matured/ redeemed 2021	rate movements 2021	changes 2021	31 Dec. 2020
<i>Amounts in NOK million</i>						
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

	Subordinated loan capital and perpetual subordinated loan capital securities 2020					DNB Group
	Balance sheet			Exchange	Other	Balance sheet
	31 Dec. 2020	Issued 2020	Matured/ redeemed 2020	rate movements 2020	changes 2020	31 Dec. 2019
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	26 320	4 056	(4 207)	1 528		24 943
Perpetual subordinated loan capital, nominal amount	5 640			(134)		5 774
Value adjustments	359				(19)	378
Subordinated loan capital and perpetual subordinated loan capital securities	32 319	4 056	(4 207)	1 394	(19)	31 095

Note G9 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. Disputes of significant importance are described below.

Fine in connection with AML inspection

In December 2020, DNB received a preliminary report from Finanstilsynet following an ordinary AML inspection in February 2020. In May 2021, Finanstilsynet published its final report. According to the report, DNB had not been complicit in money laundering, but Finanstilsynet criticised the bank for inadequate compliance with the Norwegian Anti-Money Laundering Act. On the basis of the criticism in the report, Finanstilsynet imposed an administrative fine of NOK 400 million on the bank. This constitutes about 7 per cent of the maximum amount Finanstilsynet is at liberty to impose, and 0.7 per cent of DNB's annual turnover. The maximum administrative fine it is possible to impose corresponds to 10 per cent of a company's annual turnover. Based on the preliminary report, a provision of NOK 400 million was recognised in the fourth quarter of 2020.

Tax effect of debt interest distribution with international branch offices

According to Norwegian tax legislation, external interest expenses are to be allocated proportionally among DNB Bank ASA's operations in Norway and certain international branch offices based on the respective entities' total assets. This could result in additions or deductions from the companies' income in Norway.

In July 2021, DNB Bank ASA received a decision from the Norwegian tax authorities relating to the deduction of external interest expenses. The decision covers the fiscal years 2015-2019 and represents a tax exposure of NOK 1.7 billion for the period in question. The effect for the years 2020 and 2021 is not significant. DNB disagrees with the tax authorities' interpretation of the legislation, and legal proceedings have been initiated. DNB is still of the opinion that it has a strong case, and no provisions have been recognised in the accounts at the end of the fourth quarter of 2021.

Decision on changing the tax assessment for DNB Livsforsikring for 2018

New tax rules for life insurance and pensions companies were introduced for the fiscal year 2018, with associated transitional rules. When the financial statements and tax return for DNB Livsforsikring were prepared in 2018, it was unclear how the transitional rules should be interpreted, and DNB Livsforsikring did not agree with the Norwegian Tax Administration's interpretation of the original wording of the law. Based on an overall assessment, the net tax effect associated with the transitional rules was included as a tax income of NOK 880 million for the Group. In the 2018 tax return, DNB Livsforsikring demanded a larger tax deduction than the tax effect recognised in the accounts.

In January 2022, DNB Livsforsikring received a final decision concerning a change in the tax assessment for 2018. DNB Livsforsikring will appeal the decision to Skatteklagenemnda (the Norwegian tax appeal board) within the deadline. On the basis of a new review of the matter, a tax expense of NOK 299 million was recognised in the accounts in the fourth quarter of 2021 related to the transition effect in 2018. The final outcome of the matter is uncertain and may result in either lower or higher tax deductions than those used as basis in the Group accounts. If the company does not win its case on any of the points, this will give a further increased tax expense of NOK 460 million related to the transition effect in 2018.

See also note 26 Taxes in the annual report for 2020.

Accounts for DNB Bank ASA

P – Income statement

<i>Amounts in NOK million</i>	DNB Bank ASA			
	4th quarter 2021	4th quarter 2020	Full year 2021	Full year 2020
Interest income, amortised cost	8 492	7 617	30 653	35 587
Other interest income	556	805	2 247	4 103
Interest expenses, amortised cost	(1 454)	(1 467)	(5 240)	(11 233)
Other interest expenses	260	(131)	1 057	526
Net interest income	7 855	6 825	28 718	28 984
Commission and fee income	2 574	2 111	9 026	7 828
Commission and fee expenses	(846)	(851)	(3 193)	(3 168)
Net gains on financial instruments at fair value	4 850	(129)	7 955	5 184
Other income	1 341	9 326	5 899	12 971
Net other operating income	7 919	10 457	19 687	22 815
Total income	15 775	17 282	48 405	51 799
Salaries and other personnel expenses	(3 059)	(2 935)	(11 331)	(10 566)
Other expenses	(1 676)	(1 900)	(5 971)	(6 190)
Depreciation and impairment of fixed and intangible assets	(851)	(901)	(3 342)	(3 362)
Total operating expenses	(5 585)	(5 736)	(20 643)	(20 118)
Pre-tax operating profit before impairment	10 189	11 546	27 762	31 681
Net gains on fixed and intangible assets	11	(1)	28	(1)
Impairment of financial instruments	(447)	(782)	263	(8 085)
Pre-tax operating profit	9 753	10 762	28 053	23 595
Tax expense	(1 684)	25	(5 710)	(2 542)
Profit for the period	8 069	10 787	22 342	21 053
Portion attributable to shareholders of DNB Bank ASA	7 844	10 585	21 420	19 909
Portion attributable to additional Tier 1 capital holders	225	202	922	1 143
Profit for the period	8 069	10 787	22 342	21 053

P – Comprehensive income statement

<i>Amounts in NOK million</i>	DNB Bank ASA			
	4th quarter 2021	4th quarter 2020	Full year 2021	Full year 2020
Profit for the period	8 069	10 787	22 342	21 053
Actuarial gains and losses	(29)	(30)	(180)	(308)
Financial liabilities designated at FVTPL, changes in credit risk	13	8	29	36
Tax	6	5	40	67
Items that will not be reclassified to the income statement	(10)	(17)	(111)	(204)
Currency translation of foreign operations	(10)	(22)	(74)	137
Financial assets at fair value through OCI	(61)	135	(44)	108
Tax	15	(34)	11	(27)
Items that may subsequently be reclassified to the income statement	(56)	79	(108)	218
Other comprehensive income for the period	(66)	62	(218)	13
Comprehensive income for the period	8 003	10 849	22 124	21 066

P – Balance sheet

<i>Amounts in NOK million</i>	Note	DNB Bank ASA	
		31 Dec. 2021	31 Dec. 2020
Assets			
Cash and deposits with central banks		295 039	281 956
Due from credit institutions		417 777	360 174
Loans to customers	P3, P4	898 584	883 722
Commercial paper and bonds	P4	312 638	327 983
Shareholdings	P4	7 078	5 428
Financial derivatives	P4	157 085	198 009
Investments in associated companies		9 436	2 568
Investments in subsidiaries		119 228	105 265
Intangible assets		3 438	3 441
Deferred tax assets		124	5 150
Fixed assets		15 580	15 219
Other assets		29 091	13 395
Total assets		2 265 097	2 202 311
Liabilities and equity			
Due to credit institutions		246 335	296 349
Deposits from customers	P4	1 235 125	1 086 618
Financial derivatives	P4	136 311	212 505
Debt securities issued	P4	316 238	318 252
Payable taxes		189	1 457
Deferred taxes		3 752	92
Other liabilities		45 189	31 444
Provisions		1 229	1 879
Pension commitments		4 514	3 967
Senior non-preferred bonds		37 769	8 523
Subordinated loan capital	P4	33 047	32 319
Total liabilities		2 059 698	1 993 406
Additional Tier 1 capital		16 974	18 362
Share capital		19 379	19 380
Share premium		18 733	19 895
Other equity		150 312	151 268
Total equity		205 399	208 905
Total liabilities and equity		2 265 097	2 202 311

P – Statement of changes in equity

DNB Bank ASA							
<i>Amounts in NOK million</i>	Share capital ¹⁾	Share premium	Additional Tier 1 capital	Net currency translation reserve	Liability credit reserve	Other equity ¹⁾	Total equity ¹⁾
Balance sheet as at 31 December 2019	18 256	19 895	26 729	492	(57)	122 678	187 993
Profit for the period			1 143			19 909	21 053
Actuarial gains and losses						(308)	(308)
Financial assets at fair value through OCI						108	108
Financial liabilities designated at FVTPL, changes in credit risk					36		36
Currency translation of foreign operations				137			137
Tax on other comprehensive income					(9)	49	40
Comprehensive income for the period			1 143	137	27	19 759	21 066
Interest payments AT1 capital			(1 578)				(1 578)
AT1 capital redeemed			(10 024)				(10 024)
Currency movements on interest payments and redemption AT1 capital			2 092			(1 971)	122
Demerger Tollbugata 12	(14)					(73)	(87)
Increase in share capital from bonus issue	1 137					(1 137)	0
Transfer of loan portfolio from subsidiary (continuity)						8	8
Reduced dividends to DNB ASA for 2019						11 950	11 950
Group contribution to DNB ASA for 2020						(545)	(545)
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 ²⁾			(1 400)				(1 400)
Net sale of treasury shares ¹⁾	0					9	10
Merger DNB ASA	(1)	(1 162)				6 914	5 751
Dividends for 2020 (NOK 9.00 per share)						(13 953)	(13 953)
Dividends 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

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

<i>Balance sheet as at 31 December 2020</i>			
<i>Merger DNB ASA</i>	(1)		(7)
<i>Net sale of treasury shares</i>	0		9
<i>Reversal of fair value adjustments through the income statement</i>			(3)
<i>Balance sheet as at 31 December 2021</i>	(0)		(0)

2) *An additional Tier 1 capital instrument of NOK 1 400 million, issued by DNB Bank ASA in 2016, was redeemed in the second quarter of 2021.*

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 2020. 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 G8 to the consolidated accounts for information about debt securities issued, senior non-preferred bonds and subordinated loan capital, and note G9 for information about contingencies.

Intragroup merger

The merger of DNB ASA and DNB Bank ASA, with DNB Bank ASA as the surviving company, was completed on 1 July 2021. Comparative figures for DNB Bank ASA have not been restated. See further information in note G1 to the consolidated accounts. As a result of the merger, DNB Bank ASA's equity increased by NOK 5 751 million.

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 IV).

Own funds	DNB Bank ASA	
	31 Dec. 2021	31 Dec. 2020
<i>Amounts in NOK million</i>		
Total equity	205 399	208 905
Additional Tier 1 capital instruments included in total equity	(16 595)	(17 995)
Net accrued interest on additional Tier 1 capital instruments	(285)	(276)
Common equity Tier 1 capital instruments	188 520	190 635
Regulatory adjustments		
Goodwill	(2 391)	(2 427)
Deferred tax assets that rely of future profitability, excluding temporary differences	(25)	(453)
Other intangible assets	(1 047)	(1 014)
Dividends payable and group contributions ¹⁾		(13 953)
IRB provisions shortfall (-)	(1 427)	(788)
Additional value adjustments (AVA)	(914)	(683)
Insufficient coverage for non-performing exposures		
(Gains) or losses on liabilities at fair value resulting from own credit risk	8	29
(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(336)	(527)
Common equity Tier 1 capital	182 386	170 819
Additional Tier 1 capital instruments	16 595	17 995
Tier 1 capital	198 981	188 814
Perpetual subordinated loan capital	5 752	5 640
Term subordinated loan capital	29 237	26 320
Additional Tier 2 capital instruments	34 989	31 960
Own funds	233 970	220 774
Total risk exposure amount	833 707	801 447
Minimum capital requirement	66 697	64 116
Capital ratios:		
Common equity Tier 1 capital ratio	21.9	21.3
Tier 1 capital ratio	23.9	23.6
Total capital ratio	28.1	27.5

Note P3 Development in accumulated impairment of financial instruments

Loans to customers at amortised cost

DNB Bank ASA

Amounts in NOK million	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 Dec.	(555)	(987)	(10 506)	(12 048)	(168)	(777)	(8 252)	(9 197)
Transfer to stage 1	(324)	320	4		(479)	458	21	
Transfer to stage 2	134	(147)	13		151	(311)	160	
Transfer to stage 3	2	74	(76)		1	411	(412)	
Originated and purchased	(207)	(73)		(280)	(257)	(217)		(474)
Increased expected credit loss	(294)	(781)	(3 495)	(4 570)	(721)	(1 865)	(10 051)	(12 637)
Decreased (reversed) expected credit loss	666	688	3 169	4 522	872	999	4 330	6 201
Write-offs			2 852	2 852			3 660	3 660
Derecognition (including repayments)	143	410	62	615	49	318	76	443
Exchange rate movements	2	4	(2)	4	(3)	(4)	(37)	(44)
Accumulated impairment as at 31 Dec. ¹⁾	(433)	(494)	(7 979)	(8 905)	(555)	(987)	(10 506)	(12 048)

Financial commitments

DNB Bank ASA

Amounts in NOK million	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 31 Dec.	(231)	(438)	(601)	(1 270)	(111)	(358)	(546)	(1 016)
Transfer to stage 1	(91)	90			(194)	191	4	
Transfer to stage 2	39	(41)	2		74	(85)	11	
Transfer to stage 3		17	(17)		1	176	(177)	
Originated and purchased	(156)	(20)		(176)	(295)	(82)		(377)
Increased expected credit loss	(70)	(231)	(441)	(742)	(326)	(894)	(1 260)	(2 480)
Decreased (reversed) expected credit loss	331	245	387	963	619	424	1 368	2 411
Derecognition	10	127		136	3	190		193
Exchange rate movements		1		1		(1)		(1)
Other								
Accumulated impairment as at 31 Dec. ¹⁾	(169)	(250)	(669)	(1 087)	(231)	(438)	(601)	(1 270)

1) On 1 January 2021, DNB introduced a new definition of default. According to the new definition for customers in probation after default, the effect on expected credit loss was not significant as at 31 December 2021.

Note P4 Financial instruments at fair value

<i>Amounts in NOK million</i>	DNB Bank ASA			
	Level 1	Level 2	Level 3	Total
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
Assets as at 31 December 2020				
Loans to customers		119 050	7 030	126 080
Commercial paper and bonds	49 220	278 442	283	327 945
Shareholdings	3 931	798	699	5 428
Financial derivatives	375	195 757	1 877	198 009
Liabilities as at 31 December 2020				
Deposits from customers		14 238		14 238
Debt securities issued		6 815		6 815
Subordinated loan capital		179		179
Financial derivatives	465	210 526	1 513	212 505
Other financial liabilities ¹⁾	2 982			2 982

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 2020.

Note P5 Information on related parties

DNB Boligkreditt AS

In 2021, loan portfolios representing NOK 26.0 billion (NOK 49.2 billion in 2020) 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 2021, the bank had invested NOK 53.9 billion in covered bonds issued by DNB Boligkreditt.

The management fee paid to the bank for purchased services amounted to NOK 1 843 million in 2021 (NOK 1 047 million in 2020).

In 2021, DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 32.7 billion at end-December 2021.

DNB Boligkreditt AS has a long-term overdraft facility in DNB Bank ASA with a limit of NOK 245 billion.

DNB Livsforsikring AS

At end-December 2021 DNB Livsforsikring's holding of DNB Boligkreditt bonds was valued at NOK 260 million.

Information about DNB

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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
Eli Solhaug
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 Payments & Innovation
Mirella E. Grant	Group Chief Compliance Officer (CCO)
Sverre Krog	Group Chief Risk Officer (CRO)
Maria Ervik Løvold	Group Executive Vice President of Technology & Services
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Financial calendar 2022

10 March	Annual report 2021
26 April	Annual General Meeting
27 April	Ex-dividend date
5 May	Distribution of dividends
28 April	Q1 2022
12 July	Q2 2022
20 October	Q3 2022

Other sources of information

Annual and quarterly reports

Separate annual and quarterly reports are prepared for DNB Boligkreditt and DNB Livsforsikring. 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.

The quarterly report has been produced by Group Financial Reporting in DNB.

Cover design: Hyper

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

DNB

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