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Årsredovisning
2023

DSS Renting AB
559031-2574

Undertecknad styrelseledamot i DSS Renting AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 17 juni 2024. Årsstämman beslutade att godkänna styrelsens förslag till hur vinsten ska fördelas.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen

Stockholm 2024-07-02

Elisabeth Beskow

Adress: 105 88 STOCKHOLM
Besöksadress: Regeringsgatan 59

20240708211131

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FÖRVALTNINGSBERÄTTELSE

Styrelsen och verkställande direktören för DSS Renting AB avger härmed årsredovisning för perioden 2023-01-01 - 2023-12-31.

Allmänt om verksamheten

Ägarstruktur

DSS Renting AB äger till 100 % Fastighets AB Sköldinge-Valla 16:1, org.nr 556968-6560.

Bolaget ägs till 100 % av DNB Invest Sweden AB, org nr 5590-18-9253. Bolagen ingår i DNB-koncernen med DNB Bank ASA, org nr 984851006, med säte i Oslo, som moderbolag. Årsredovisningen för DNB koncernen finns att hämta på www.dnb.no.

Verksamhet

Bolaget skall äga aktier i fastighetsägande aktiebolag.

Väsentliga händelser under räkenskapsåret

Inga väsentliga händelser har inträffat under räkenskapsåret.

Flerårsöversikt

	2023-12-31	2022-12-31	2021-12-31	2020-12-31	2019-12-31
Nettoomsättning (tkr)	14 690	6 411	5 416	7 450	7 328
Resultat efter finansiella poster (tkr)	310	184	408	39	46
Soliditet, %	0,5%	0,4%	0,3%	0,2%	0,2%

Förändring eget kapital

	Aktiekapital	Balanserat resultat	Årets resultat	Totalt
Ingående eget kapital 2023-01-01	**50 000**	**788 141**	**183 689**	**1 021 830**
Vinstdisposition	-	183 689	-183 689	-
Årets resultat	-	-	309 637	309 637
Utgående eget kapital 2023-12-31	**50 000**	**971 830**	**309 637**	**1 331 467**

Förslag till vinstdisposition

Till årsstämmans förfogande står:

- balanserat resultat	971 830
- årets resultat	309 637
Summa	**1 281 467 SEK**

Styrelsen föreslår att vinstmedlen balanseras i ny räkning.

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Resultaträkning

Belopp i kr

	Not	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Rörelseintäkter			
Nettoomsättning	3	14 689 929	6 410 828
Övriga rörelseintäkter		-	-
Summa rörelseintäkter		14 689 929	6 410 828
Rörelsekostnader			
Externa rörelsekostnader		-237 239	-191 112
Summa rörelsekostnader		-237 239	-191 112
Rörelseresultat		14 452 690	6 219 716
Finansiella poster			
Resultat från andelar i koncernföretag		-	-
Övriga ränteintäkter och liknande poster	4	97 676	9 801
Räntekostnader och liknande resultatposter	5	-14 240 729	-6 045 828
Summa finansiella poster		-14 143 053	-6 036 027
Resultat efter finansiell poster		309 637	183 689
Skatt på årets resultat		-	-
Årets resultat		309 637	183 689

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Balansräkning

Belopp i kr	Not	2023-12-31	2022-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggingstillgångar			
Andelar i koncernföretag	6	141 736 846	141 736 846
Långfristiga fordringar			
Långfristiga fordringar koncernföretag	7	131 166 032	103 428 068
Summa anläggningstillgångar		272 902 878	245 164 914
Omsättningstillgångar			
Kortfristiga fordringar			
Kundfordringar		30 700	-
Fordringar hos koncernföretag	8	2 819 610	2 549 631
Övriga fordringar		101	36
Summa kortfristiga fordringar		2 850 411	2 549 667
Kassa och bank		1 125 559	830 125
Summa omsättningstillgångar		3 975 970	3 379 792
SUMMA TILLGÅNGAR		**276 878 848**	**248 544 706**

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EGET KAPITAL OCH SKULDER

Eget kapital			
Bundet eget kapital			
Aktiekapital (50 000 aktier kvotvärde 1 kr)		50 000	50 000
Summa bundet eget kapital		50 000	50 000
Fritt eget kapital			
Balanserat resultat		971 830	788 141
Årets resultat		309 637	183 689
Summa fritt eget kapital		1 281 467	971 830
Summa eget kapital		1 331 467	1 021 830
Långfristiga skulder			
Långfristiga skulder till kreditinstitut	9	136 083 016	122 214 034
Långfristiga skulder	9	136 083 016	122 214 034
Summa långfristiga skulder		272 166 032	244 428 068
Kortfristiga skulder			
Skulder till kreditinstitut	10	1 409 805	1 274 816
Skulder till koncernföretag	11	1 880 177	1 745 729
Övriga kortfristiga skulder		19 367	4 264
Upplupna kostnader och förutbetalda intäkter		72 000	70 000
Summa kortfristiga skulder		3 381 349	3 094 808
SUMMA EGET KAPITAL OCH SKULDER		**276 878 848**	**248 544 706**

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NOTER TILL RESULTAT- OCH BALANSRÄKNING

Not 1 Redovisningsprinciper

Årsredovisningen har upprättats i enlighet med Årsredovisningslagen och BFNAR 2016:10, årsredovisning i mindre aktiebolag (K2).

Belopp anges i kr om inte annat anges.

Värderingsprinciper

Tillgångar, avsättningar och skulder har värderats till anskaffningsvärdet om inget annat anges nedan.

Not 2 Personal

Bolaget har ej haft några anställda under räkenskapsåret. Några löner eller andra ersättningar till styrelsen har ej utgått.

Not 3 Nettoomsättning	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Vidarefakturerade kostnader koncern	14 689 929	6 410 828
	14 689 929	6 410 828

Not 4 Övriga ränteintäkter och liknande poster	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Ränteintäkter	97 676	9 801
	97 676	9 801
-varav koncerninternt	*97 611*	*9 801*

Not 5 Räntekostnader och liknande resultatposter	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Räntekostnader	-14 210 029	-6 045 827
Övriga finansiella kostnader	-30 700	-
	-14 240 729	-6 045 827
-varav koncerninternt	*-7 135 715*	*-3 022 914*

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Not 6 Andelar i koncernföretag

Bolag/org.nr/säte	Antal andelar	Kapitalandel i %	Redovisat värde i TSEK
Fastighets AB Sköldinge-Valla 16:1, org nr 556968-6560	500	100%	141 736 846
		Summa andelar i koncernföretag	**141 736 846**

Not 7 Långfristiga fordringar koncernföretag	**2023-12-31**	**2022-12-31**
Långfristig fordran	133 985 642	105 977 699
Avgår till kortfristig fordran	-2 819 610	-2 549 631
	131 166 032	103 428 068

Not 8 Fordringar hos koncernföretag	**2023-12-31**	**2022-12-31**
Kortfristig del av långfristig fordran	2 819 610	2 549 631
	2 819 610	2 549 631

Not 9 Långfristiga skulder	**2023-12-31**	**2022-12-31**
Långfristig skuld till kreditinstitut	137 492 821	123 488 850
Avgår till kortfristig skuld	-1 409 805	-1 274 816
	136 083 016	122 214 034
Långfristig skuld till koncernförctag	137 492 821	123 488 850
Avgår till kortfristig skuld	-1 409 805	-1 274 816
	136 083 016	122 214 034

Not 10 Skulder till kreditinstitut	**2023-12-31**	**2022-12-31**
Kortfristig del av långfristig skuld	1 409 805	1 274 816
	1 409 805	1 274 816

Not 11 Skulder till koncernföretag	**2023-12-31**	**2022-12-31**
Kortfristig del av långfristig skuld	1 409 805	1 274 816
DNB Bank ASA, filial Sverige	11 047	11 588
Fastighets AB Sköldinge-Valla 16:1	459 325	459 325
	1 880 177	1 745 729

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Not 12 Koncernredovisning

Koncernredovisning har ej upprättats med hänvisning till 7 kap. 2 § ÅRL.

För den största koncernen som bolaget ingår i upprättas koncernredovisning av DNB Bank ASA (org.nr 984851006, säte Oslo).
Årsredovisningen för DNB koncernen finns att hämta på www.dnb.no.

Not 13 Ställda säkerheter och eventualförpliktelser	**2023-12-31**	**2021-12-31**
Panter och säkerheter för egna skulder	*Inga*	*Inga*
Övriga ställda panter och säkerheter	*Inga*	*Inga*
Eventualförpliktelser	*Inga*	*Inga*

Not 14 Väsentliga händelser efter räkenskapsårets slut

Inga väsentliga händelser har skett efter räkenskapsårets slut.

Underskrifter

Stockholm den dagen som framgår av elektronisk underskrift

Elisabeth Beskow
Styrelsordförande

Johan Sjögren
Styrelseledamot

Oskar Andrews
Styrelseledamot

Stockholm den dagen som framgår av elektronisk underskrift

Ernst & Young AB

Carl Rudin
Auktoriserad revisor

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Revisionsberättelse

Till bolagsstämman i DSS Renting AB, org.nr 559031-2574

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för DSS Renting AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av DSS Renting ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till DSS Renting AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om beslut har fattats om att avveckla verksamheten.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om att årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning av DSS Renting AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till DSS Renting AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm den dag som framgår av elektronisk underskrift

Ernst & Young AB

Carl Rudin
Auktoriserad revisor

Transaktion 09222115555751874273 Signerat EB, JS, OA, CR

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Verifikat

Transaktion 09222115557518724273

Dokument

Årsredovisning DSS Renting AB 2023
Huvuddokument
11 sidor
Startades 2024-05-30 08:38:13 CEST (+0200) av Hanna Embring (HE)
Färdigställt 2024-05-30 13:51:06 CEST (+0200)

Initierare

Hanna Embring (HE)
DNB
hanna.embring@dnb.se

Signerare

Elisabeth Beskow (EB)
DSS Renting AB
Personnummer 6711286705
elisabeth.beskow@dnb.se

Namnet som returnerades från svenskt BankID var "ELISABETH BESKOW"
Signerade 2024-05-30 08:50:18 CEST (+0200)

Johan Sjögren (JS)
DSS Renting AB
Personnummer 196409141352
johan.sjogren@dnb.se

Namnet som returnerades från svenskt BankID var "Bo Johan Sjögren"
Signerade 2024-05-30 08:49:57 CEST (+0200)

Oskar Andrews (OA)
DSS Renting AB
Personnummer 7508048258
oskar.andrews@dnb.se

Namnet som returnerades från svenskt BankID var "JOHN OSKAR ANDREWS"
Signerade 2024-05-30 09:09:56 CEST (+0200)

Carl Rudin (CR)
Ernst & Young AB
Personnummer 8005060879
carl.rudin@se.ey.com

Namnet som returnerades från svenskt BankID var "Carl Rudin"
Signerade 2024-05-30 13:51:06 CEST (+0200)

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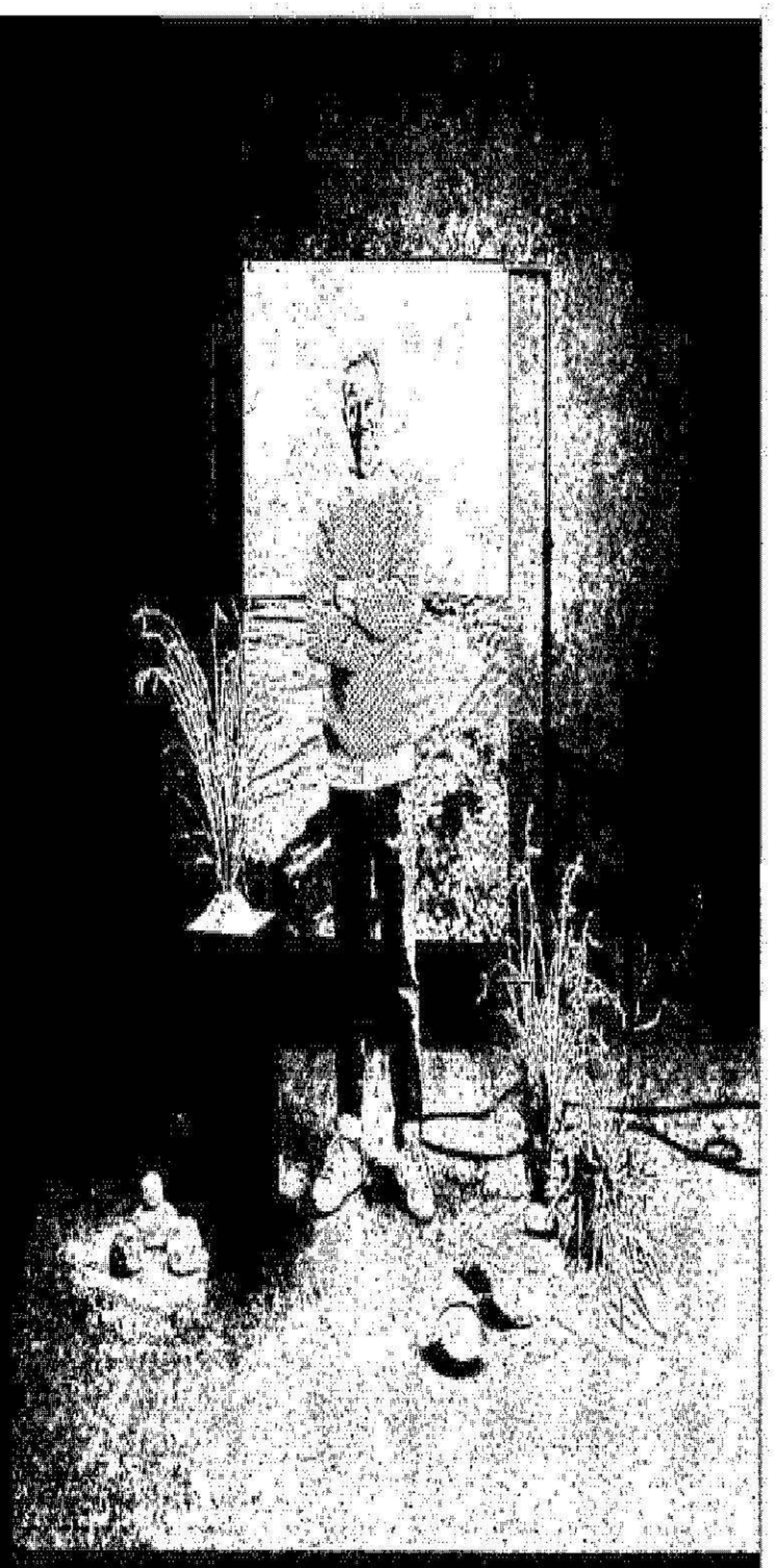
DNB



Annual report 2023

DNB Group

About this report

In this integrated annual report for 2023, we show how we work to create value in the short and long term for our employees, shareholders and society as a whole. We use the framework from the International Integrated Reporting Council (IIRC) and meet the requirements of the sustainability reporting standard prepared by the Global Reporting Initiative (GRI). The sustainability data has been verified by a statutory auditor. In this report, we use 'DNB' to refer to DNB Bank ASA and its subsidiaries, unless otherwise stated.

There is an overview of all of our sustainability reporting for 2023 on dnb.no/sustainability-reports. This includes the GRI index and other sustainability indices, the reports relating to the Norwegian Transparency Act and the activity duty and the duty to issue a statement, as well as other useful documents and reports.

The annual report is available in English and Norwegian and can be downloaded as PDF files from our investor web pages, ir.dnb.no. This is also where our reporting under the EU taxonomy can be found (in Excel format), while there is a summary of this on page 85 of this annual report. The annual report in machine-readable format in accordance with ESEF (European Single Electronic Format) is also available on ir.dnb.no, together with the Pillar 3 report for 2023, which contains more information about risk and capital management.

Cautionary statement and estimation uncertainty

This report contains statements regarding the future prospects of DNB, including estimates, strategies and objectives. The risks and uncertainties inherent in all forward-looking statements can lead to actual developments and profits differing materially from what has been expressed or implied.

Improvement of sustainability data

Sustainability and associated reporting is a complex and dynamic topic that is constantly evolving. We see an increase in knowledge and maturity in this area, as well as improvements in data, which mean that we will see adjustments to targets and reported figures to a greater extent here than in other areas. This can be due to changes in definitions, methods and standards for measuring and reporting sustainability data.

Corrections to figures reported previously for financed emissions

We are continuously improving the source data for and the calculations of our financed emissions. This means that there may be changes to figures reported previously and that we may update our targets. Figures that deviate considerably from figures reported previously will be updated, and any updated goals and targets will be described.

The emissions reduction target (Scope 1 and 2) for the oil and gas portfolio was replaced by a new target as a result of the work with DNB's transition plan. We have set a target to reduce the absolute, committed lending volumes for the oil and gas portfolio (upstream) by 18 per cent by 2030, based on the baseline year of 2019.

Read more on page 66.

In commercial property, as a result of the work with the transition plan, we changed the method for calculating the emissions factor, from a three-year rolling average to use of the actual emission factor per year. The target to reduce the emissions intensity for this portfolio was also updated. The previous target, which consisted of a reduction of 25 to 35 per cent by 2030, was replaced by a target of a 29 per cent reduction by 2030, compared with the baseline year of 2019. This explains why the financed emissions for the year differ from those in 2022.

Read more on page 67.

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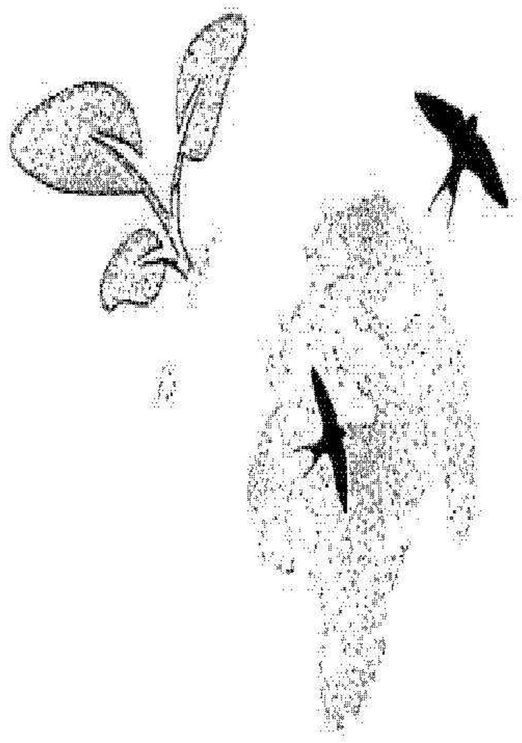

Chapter 1

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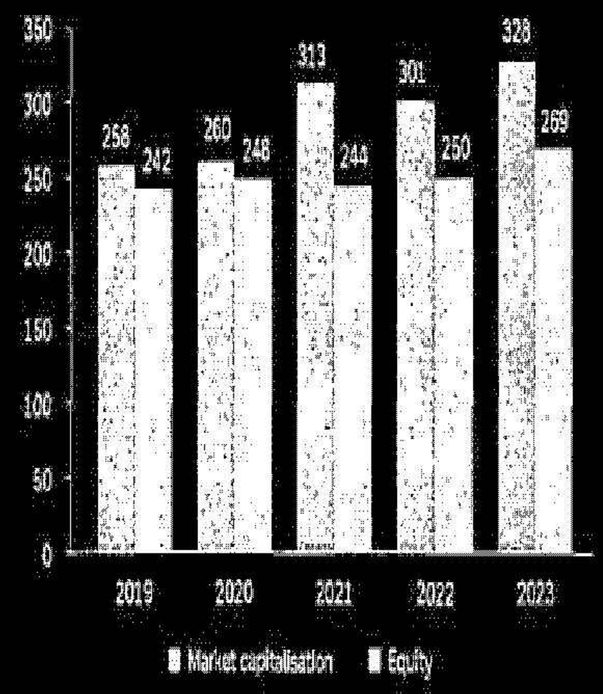
Financial highlights

The DNB Group's market capitalisation and equity
NOK billion, at year-end



Earnings per share

24.83

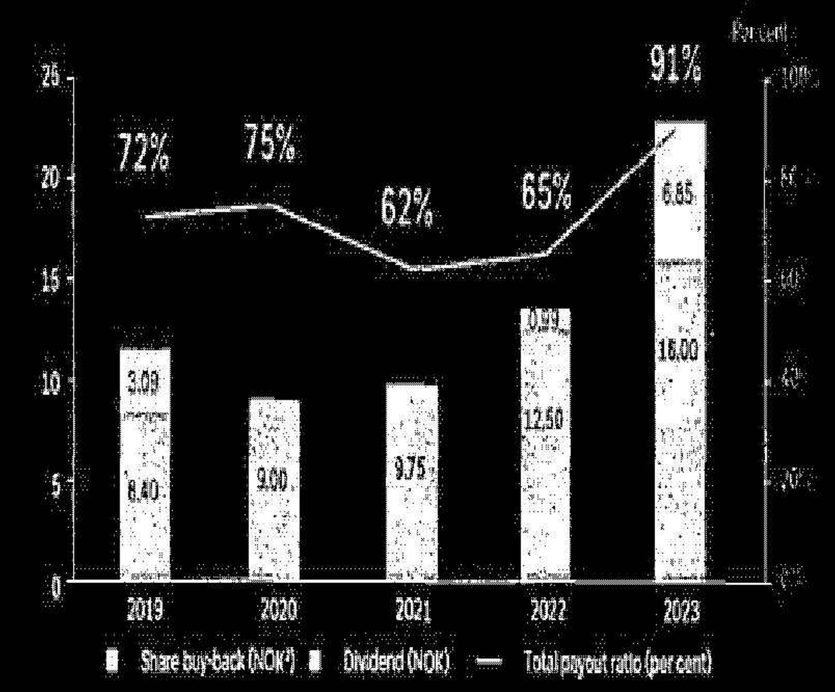
NOK

Customer satisfaction (CSI) personal customers

71.4

points

Share dividend and payout ratio
NOK per share



1 The Board of Directors has proposed a dividend of NOK 16.00 per share for 2023
2 Share buy backs approved by both the Annual General Meetings and Finanstilsynet (the Norwegian Financial Supervisory Authority) based on the accounts for the previous year

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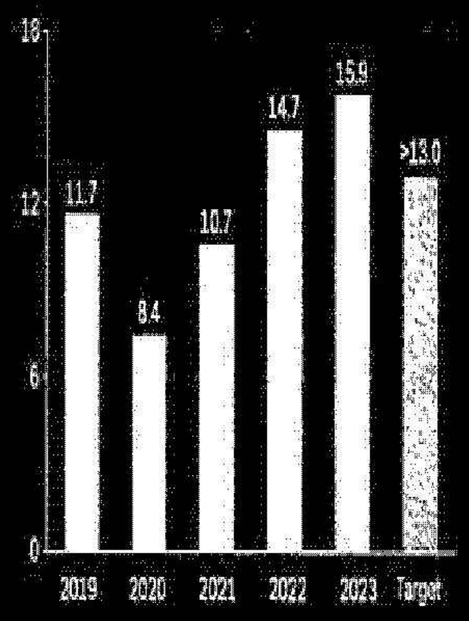
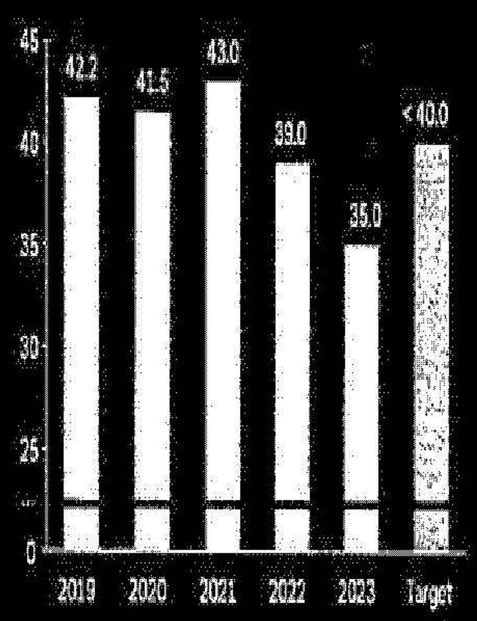
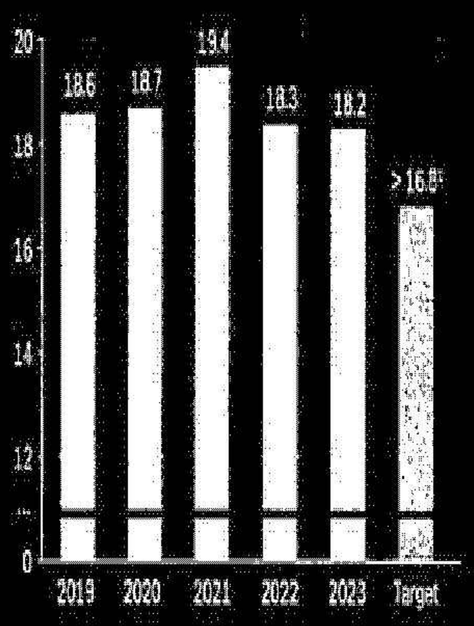
Return on equity
Per cent



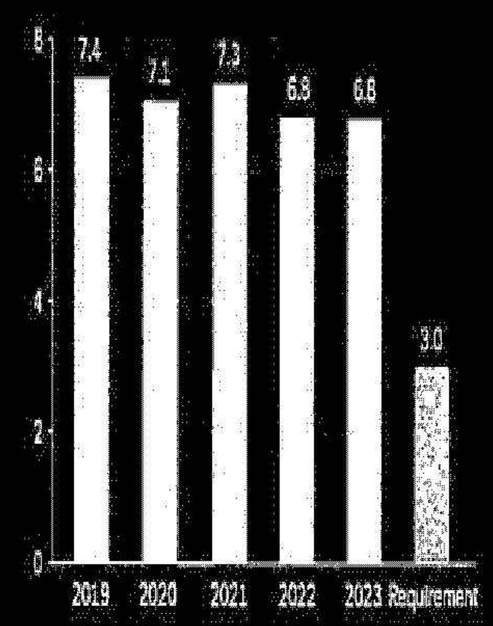
Cost/income ratio
Per cent



CET1 capital ratio
Per cent, at year-end



Leverage ratio
Per cent, at year-end



1 Expectation from the supervisory authorities

Income statement

Amounts in NOK million	2023	2022	2021	2020	2019
Net interest income	61 547	48 294	38 680	38 623	39 202
Net commissions and fees	11 115	10 328	11 011	9 500	9 716
Net gains on financial instruments at fair value	5 283	4 147	3 621	5 902	3 183
Net insurance result	1 183	1 235	790	659	1 129
Other operating income	2 569	2 129	1 803	1 714	1 628
Net other operating income, total	20 150	17 840	17 225	17 776	15 655
Total income	81 697	66 133	55 915	56 399	54 857
Operating expenses	(28 395)	(25 927)	(23 834)	(22 759)	(22 608)
Restructuring costs and non-recurring effects	(225)	(176)	(200)	(643)	(525)
Pre-tax operating profit before impairment	53 077	40 331	31 881	32 998	31 724
Net gains on fixed and intangible assets	11	(24)	(82)	767	1 703
Impairment of financial instruments	(2 649)	272	868	(9 918)	(2 191)
Pre-tax operating profit	50 440	40 579	32 667	23 847	31 235
Tax expense	(10 811)	(7 411)	(7 462)	(4 229)	(5 465)
Profit from operations held for sale, after taxes	(149)	270	150	221	(49)
Profit for the year	39 479	33 438	25 355	19 840	25 721

Balance sheet

Amounts in NOK million, at the end of the year	2023	2022	2021	2020	2019
Total assets	3 439 724	3 233 406	2 919 244	2 918 943	2 793 294
Loans to customers	1 997 363	1 961 464	1 744 922	1 693 811	1 667 189
Deposits from customers	1 422 941	1 396 630	1 247 719	1 105 574	969 557
Total equity	269 296	249 840	243 912	248 396	242 255
Average total assets	3 687 312	3 602 400	3 404 104	3 230 354	2 906 775
Tota combined assets	4 034 568	3 726 791	3 463 482	3 363 166	3 176 655

Key figures and alternative performance measures

	2023	2022	2021	2020	2019
Return on equity, annualised (per cent)[1]	15.9	14.7	10.7	8.4	11.7
Earnings per share (NOK)	24.83	21.02	15.74	12.04	16.54
Combined weighted total average spread for lending and deposits (per cent)[1]	1.39	1.21	1.17	1.27	1.33
Average spread for ordinary lending to customers (per cent)[1]	1.45	1.47	1.94	2.04	1.84
Average spread for deposits from customers (per cent)[1]	1.32	0.86	0.14	0.12	0.51
Cost/income ratio (per cent)[1]	35.0	39.0	43.0	41.5	42.2
Ratio of customer deposits to net loans to customers at end of period, customer segments (per cent)[1]	74.9	75.1	74.2	67.3	67.5
Net loans at amortised cost and financial commitments in stage 2, per cent of net loans at amortised cost[1]	9.35	9.28	8.30	10.51	6.88
Net loans at amortised cost and financial commitments in stage 3, per cent of net loans at amortised cost[1]	1.17	1.25	1.55	1.55	1.13
Impairment relative to average net loans to customers at amortised cost, annualised (per cent)[1]	(0.13)	0.01	0.05	(0.60)	(0.14)
Common equity Tier 1 capital ratio at end of period (per cent)	18.2	18.3	19.4	18.7	18.6
Leverage ratio (per cent)	6.8	6.8	7.3	7.1	7.4
Share price at end of period (NOK)	216.00	194.45	202.00	168.00	164.00
Book value per share	162.92	150.64	146.21	148.30	137.20
Price/book value[1]	1.33	1.29	1.38	1.13	1.20
Dividend per share (NOK)[2]	16.00	12.50	9.75	9.00	8.40
Sustainability:					
Finance and facilitate sustainable activities (NOK billion, accumulated)	561.8	390.9	220.6	74.4	
Total assets invested in mutual funds with a sustainability profile (NOK billion)	124.3	27.4	28.4	19.1	
Score from Traction's reputation survey in Norway (points)	57.0	60.0	63.0		
Customer satisfaction index, CSI, personal customers in Norway (points)	71.4	72.8	73.3	73.6	72.8
Female representation at management levels 1-4 (%)	36.8	38.3	39.8	39.5	38.0
Number of full-time equivalents (FTEs)	10 617	10 351	9 410	9 050	9 020

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

1 Defined as alternative performance measure (APM). APMs are described on ir.dnb.no.
2 The Board of Directors proposes a dividend of NOK 16 per share for 2023.

Chair of the Board's statement

A solid bank that delivers long-term value creation

Olaug Svarva
Chair of the Board

We are leaving behind a year marked by geopolitical unrest, which in combination with inflation and rising interest rates, contributed to uncertainty relating to developments in the global economy. To cool down the high inflation here in Norway, the Norwegian central bank, Norges Bank, raised the key policy rate many times over a short period of time. And although the Norwegian economy has managed fairly well so far in a global context, higher costs have affected the everyday lives of companies, as well as individuals.

It is, and has been, important for the Board of Directors that DNB is able to be there for companies and individuals alike in a time of greater uncertainty.

During the year, the Group increased its services and presence for both these groups. Needs have been more wide-ranging than before, but the purpose of the advisory services remains the same – to give advice and find solutions that are adapted to the individual, whether this is a large company or an individual personal customer. At the same time, 14 interest rate hikes over a short period of time has been challenging for many customers, and satisfaction among personal customers has been falling throughout the year. DNB's reputation and customer satisfaction will be high on the agenda of the Board also in the time ahead.

Norwegian banks are robust, with a well-functioning financial system, and a recent stress test performed by the European Banking Authority (EBA) showed that DNB is one of the most financially sound banks in Europe. Financial strength is the Group's first line of defence in the face of uncertain times, and enables the bank to withstand losses, while at the same time being able to continue to finance everything from homes to start-up companies, and support companies and individuals throughout the country.

It is also important to the Board that the Group delivers on its long-term dividend policy. Delivering stable dividends engenders trust in the financial markets and more favourable access to capital, which in turn benefits customers. This creates increased scope of action to deliver innovative and competitive products and services. Half of DNB's dividends also benefit society, in the form of dividends paid to the Norwegian

government, the DNB Savings Bank Foundation and Folketrygdfondet (manager of the Government Pension Fund Norway).

The climate crisis is one of our time's largest challenges, and Norway and the world are facing a major transition in the time to come. This will require a historic reallocation of capital to renewable energy sources. It is important to the Board that DNB uses its position to promote positive developments for its surroundings, and the work to be a driving force for sustainable transition is an example of this. With its competence and capital, the Group aims to contribute to the Norwegian business sector succeeding in making the transition to a low-emission society, and to companies developing new solutions.

This is an area experiencing great development, and DNB is well on its way to achieving its goal of financing and facilitating sustainable activities worth NOK 1 500 billion by 2030. At the same time, last year marked an important milestone for the Group, with the launch of DNB's transition plan, which describes how the Group will achieve net-zero emissions of greenhouse gases by 2050. The Board was closely involved in this work during the year.

The climate crisis cannot be solved by any individual country or company on its own, and there are many factors that are beyond the control of the business sector. DNB has therefore chosen a dynamic plan, that can rapidly be adapted to change, and can meet developments in demands from the surrounding world. The Group is completely dependent on collaborating with the authorities, the business community and the wider society in order to succeed.

Another area in which DNB plays a key role is in the work to combat financial crime, which continues with undiminished force. A good compliance culture in this area is vital to all businesses in the finance sector, and it was positive to see progress in several areas in DNB in 2023. This is a task that the Board and the administration have considered a top priority for many years. At the same time, this is work that does not have a clear finish line. Developments in the threat

With its competence and capital, the Group aims to contribute to the Norwegian business sector succeeding at the transition to a low-emission society, and to companies developing new solutions.

landscape around us, combined with an increasingly digitalised society, mean that fraud methods are becoming ever more sophisticated, and new methods are appearing. In recent years, DNB has therefore built a strong specialist environment in areas including cyber security, which is helping to prevent fraud attempts against the customers and the bank every day.

Advances made in artificial intelligence during the past year are another example of how new technology brings about new expectations from customers and affects how the business sector works to develop new services. It is important to the Board that DNB is an effective bank that promotes innovation and product development for customers. It is not always a matter of being first, but rather of looking ahead and providing a good foundation for solutions that stand the test of time.

Being at the forefront of technological and societal developments requires a continuous supply of varied competence. The aim is that as many people as possible should want to work – and continue working – in DNB.

In a time of rapid change, people continue to be the Group's most important resource. The Board places great emphasis on an organisational culture that contributes to a highly diverse range of experience, competence and perspectives. This is necessary in order to reflect the modern society the bank is part of, and the customers it exists for.

Even though the pace of change is increasing, and the Group keeps gaining new tasks, the most important task remains the same – delivering profitable and stable development to customers and shareholders. This way, DNB will have access to capital, and be able to contribute to the climate transition, prevent financial crime, be an attractive workplace and develop innovative solutions.

On behalf of the Group, the Board would like to express its gratitude for the trust DNB has been shown during the year. DNB will continue to be there for people and businesses in both turbulent and stable times.

Chair of the Board of Directors
Olaug Svarva

CEO's statement

A robust bank in unsettled times

CEO
Kjerstin R. Braathen

2023 was another year in which we really noticed that many things we have taken for granted are changing, such as low inflation, a stable climate and peace in our part of the world. This was also the year in which everyone became truly aware of artificial intelligence, and we were shown what challenges and opportunities are offered by new technology. These changes affect us, and they affect our customers.

In DNB, we can look back on a year of high activity throughout the Group and a record number of customer conversations. In the face of higher interest rates and high inflation, households and the business sector in Norway continue to prove robust. As this annual report goes to print, unemployment is still low and interest rates appear to be stabilising. Despite the fact that uncertainty remains greater than normal, we believe in a soft landing for the Norwegian economy.

Throughout 2023, DNB has continued to deliver strong results. Results that allow us to, among other things, keep on helping people and businesses through more unsettled times, be a driving force for sustainable transition, invest in the fight against financial crime, develop new and improved services for our customers and deliver profits for our owners.

Towards net zero together with our customers

2023 was the warmest year on record, and the climate crisis is clearly noticeable in our part of the world as well. Although the transition demands a great deal of us all, it also creates great opportunities for Norway and the Norwegian business sector. We in DNB will help realise those opportunities. In 2023, we took our work in this area one step further in our role as a driving force for sustainable transition. We launched our transition plan, which shows our path to net-zero emissions in 2050. In the time ahead, we will reduce the emissions we finance, and do so together with our customers and in close collaboration with the authorities and the rest of the business sector.

Every day, we work to ensure that customers choose us. We want them to do so because DNB offers the best banking experience for precisely you.

During the year, I met customers throughout the country, and I am impressed by the small and large businesses that are working hard to

develop solutions the world needs, ranging from maritime businesses along the coast to large industrial companies that are focusing their efforts outside Norway's borders. Going into 2024, we will continue to finance good initiatives. DNB functions as the bridge to the international capital market, which we know is particularly important for Norwegian companies.

The fight against financial crime concerns society as a whole, and safe and secure services are among DNB's most important deliveries to our customers. This is why we are making substantial investments in competence and in the development of new systems.

Safe and stable bank services are a prerequisite for trust

It has been a long time since there was a robbery in one of our branch offices. This does not mean that criminal activity is on the wane. On the contrary. In the past few years, there has been a sharp increase in the number of fraud attempts against our customers. In 2023 alone, we stopped fraud attempts against our customers to the value of NOK 1.5 billion. The world is becoming increasingly interwoven through trade and digital infrastructure, which has been extremely valuable and has given us enormous benefits over the years, but has also made us more vulnerable. The fight against financial crime concerns society as a whole, and safe and secure services are among DNB's most important deliveries to our customers. This is why we are making substantial investments in competence and in the development of new systems across the Group's security areas. We have also decided to share our threat assessments with the world around us, because transparency and cooperation are among our most important tools in the fight against criminals.

A well-functioning bank market means better services for our customers

With over 100 Norwegian banks, the competition for customers is tough. At the same time, Norwegian banks are among the most cost-efficient in Europe. This benefits the customers, in the form of favourable prices and more resources for the development of digital services. In addition, Norway's infrastructure makes it easy for customers to choose the bank that suits them best.

Every day, we work to ensure that customers choose us. We want them to do so because DNB offers the best banking experience for precisely them. Not because it is difficult to switch banks. This is why we invest a great deal in the development of our digital services and of a range of products and services that our customers want. I am particularly glad that in 2023, we yet again had one of the most used and liked financial apps in Norway.

Every fourth person in Norway uses our mobile banking app, and during the year we saw an increase in use of the integrated Pengebruk (spending) feature, which helps our personal customers keep track of their personal finances. At the end of the year, we also achieved a milestone, with over 1 000 000 users of DNB Bedrift, our app for Norwegian corporate customers.

The work to simplify and improve our services is never-ending, and will continue at full speed in 2024.

A bank that is ready for the future

The climate transition, combatting financial crime, increased digitalisation and a new financial day-to-day reality. None of this would have been possible without the people in DNB, and the more room we give technology, the more important our people will be. I am impressed by the efforts of the 10 964 DNBers who delivered value to society, our customers and our owners throughout an eventful 2023, and who continue to do so every day.

Kjerstin R. Braathen
CEO

DNB in society

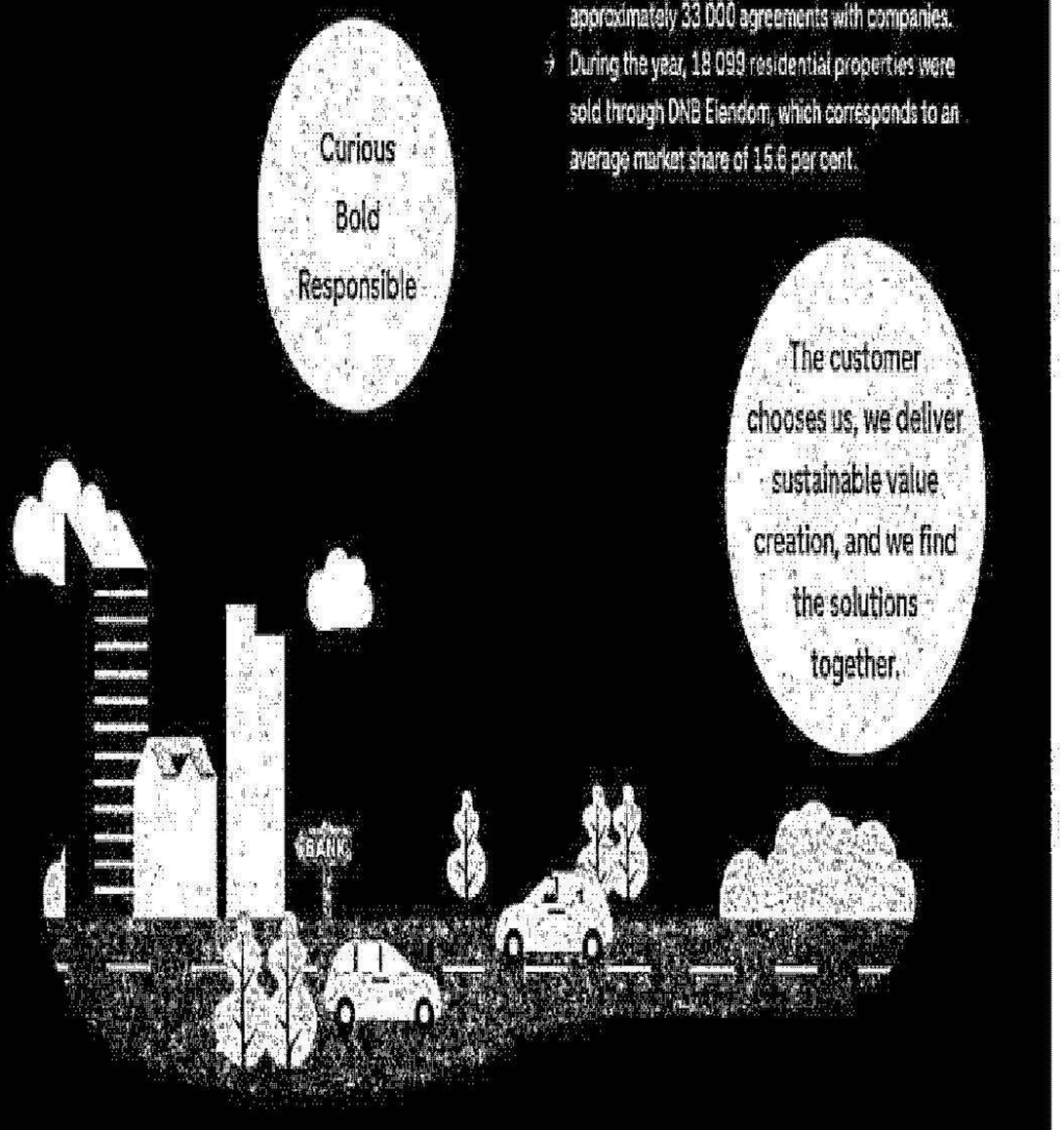
As at 31 December 2023

Our resources

- Our 10 964 employees are our most important resource.
- We are close to our customers with our local presence throughout Norway, and we are represented in 17 countries.
- DNB is Norway's largest financial services group with 237 000 corporate customers and 2 million personal customers, who are offered a complete range of financial services through the mobile banking app, online bank, customer service centres, branch offices and international branch offices.
- Our financial strength – as shown by a common equity Tier 1 (CET1) capital ratio of 18.2 per cent – makes us robust and gives us the ability to withstand losses, while at the same time continuing to support companies and individuals during unsettled times.

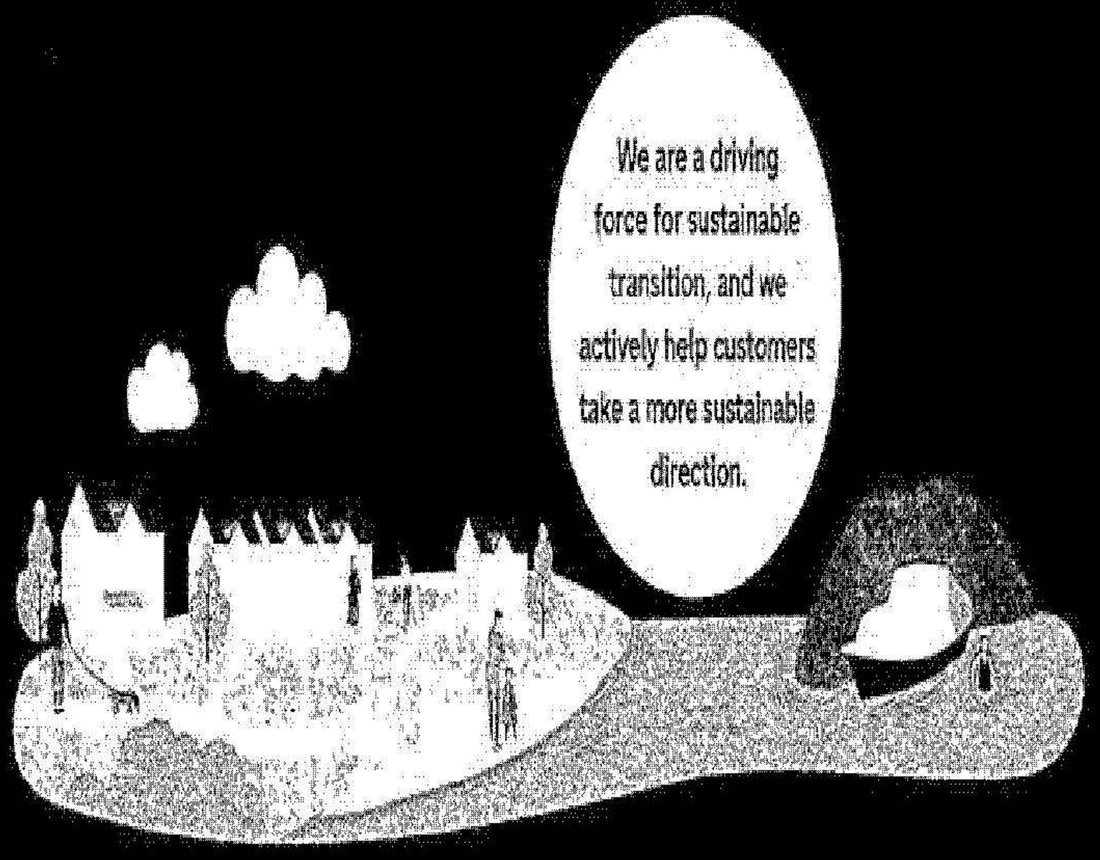
We create value for customers

- We are available for our personal customers, and in 2023, we had over 3.4 million customer conversations by phone and chat.
- Our corporate customers benefit from our extensive product portfolio and sound industry expertise.
- DNB Asset Management is one of Norway's largest asset managers, and in 2023, it managed equities funds and shares worth NOK 945 billion for the customers.
- The Spare app is one of the most popular savings apps in Norway, and by the end of 2023, more than NOK 7.2 billion was invested in mutual funds via the app.
- DNB Markets participated in arranging bond and commercial paper issues worth NOK 1 301 billion to customers in 2023. Of these, sustainable bond issues accounted for NOK 47 billion.
- DNB Livsforsikring had around 1.4 million personal customers with individual and group agreements, and approximately 33 000 agreements with companies.
- During the year, 18 099 residential properties were sold through DNB Eiendom, which corresponds to an average market share of 15.6 per cent.



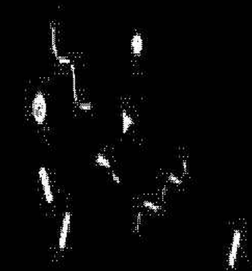
We create value for society

- DNB plays an important role in the financial system, and every six days, assets worth as much as the Norwegian oil fund pass through our systems.
- The financial industry plays an important role in the prevention of financial crime, and DNB stopped digital fraud attempts worth NOK 1.5 billion in 2023.
- DNB contributes to the sustainable transition and has so far channelled NOK 562 billion to the financing and facilitation of sustainable activities.
- In DNB, we are committed to promoting entrepreneurs, growth companies and innovative business environments, and we organise events such as DNB NXT, a meeting place where ideas meet capital.
- DNB is one of Europe's mostly highly-rated banks, with an AA- rating from S&P Global and Aa2 from Moody's. A good credit rating can reduce borrowing costs and thus help DNB to offer competitive prices to its customers, while at the same time offering security to companies and those who deposit funds with us.
- Every year, the tax and dividends that we pay benefit Norwegian society. In 2023, we paid NOK 13.1 billion in tax and NOK 24.2 billion in dividends. About half of the dividends are paid to the Norwegian government, Folketrygdfondet (manager of the Government Pension Fund Norway) and the DNB Savings Bank Foundation.
- The DNB Savings Bank Foundation owns 8.6 per cent of DNB, and the share dividends finance the foundation's efforts to benefit society. The foundation supports activities relating to culture, sports, nature, outdoor life and cultural heritage, as well as activities in local communities, with a particular focus on activities primarily aimed at children and adolescents. Since its establishment in 2002, the foundation has contributed NOK 11.5 billion to good causes.



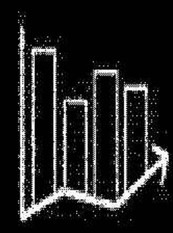
Highlights of the year

Q1

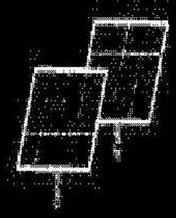


DNB is named 'Best Fund House - Overall' in the Morningstar Fund Awards 2023.

DNB enters into partnership with technology company Casi to offer a complete car subscription solution to car manufacturers and dealers.



DNB offers a new green fund: DNB Green Shift Norway.



DNB offers leasing of solar panels for commercial property.

Q2

The merger with Sbanken is completed

S'banken

DNB is ranked the country's most attractive employer in the field of business in the Universum survey among students.

DNB is the main partner for Oslo Pride 2023.

DNB continues NXT for the eighth year running, with over 1 200 people attending the main event in person

NXT

DNB becomes the largest issuer of green bonds in the Nordic region and the second largest in Europe, with NOK 106 billion issued at the end of the quarter.

For the sixth year running, DNB Markets reaches return to second place in Institutional Investor's annual ranking for the Nordic region

Q4

DNB is ranked the country's most attractive employer in the field of business in the Universum survey among professionals.

Fremtind Forsikring (in which DNB has a 35 per cent ownership interest) and Eika Forsikring enter into a letter of intent to merge the two companies.

DNB enters into a cooperation agreement with ZERO. The goal is to combine ZERO's expertise on the environment with DNB's financial and industry-related competence to explore possible solutions in the energy transition

Strategy

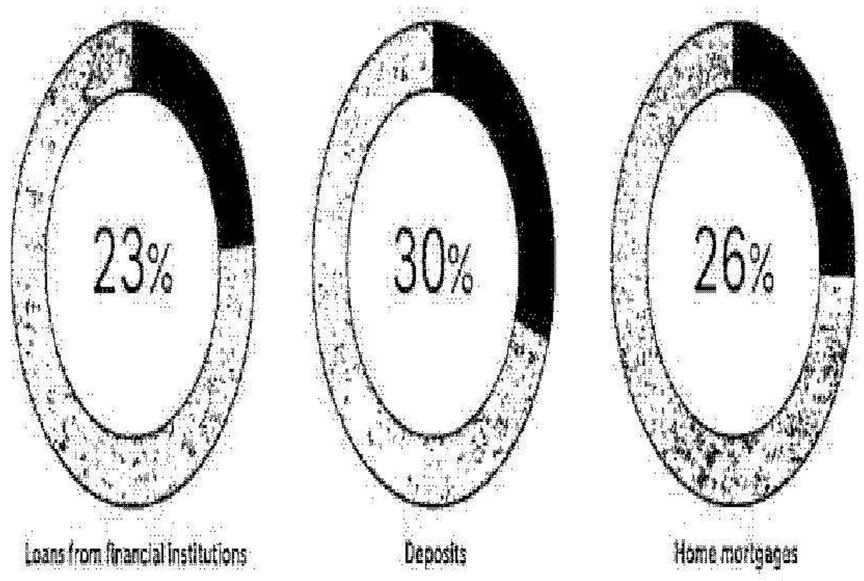
The customer chooses us, we deliver sustainable value creation, and we find the solutions together. This makes DNB a place where we provide good growth conditions for our customers, society, and our employees.

In 2023, the global and the Norwegian economy were marked by high inflation, increased geopolitical unrest and lower economic activity. It was also a year in which higher prices increased the pressure on both companies and households. At the same time, the past year has confirmed the impression that the Norwegian economy is robust, with companies and households that are adaptable, and have maintained a good level of activity, despite these changes.

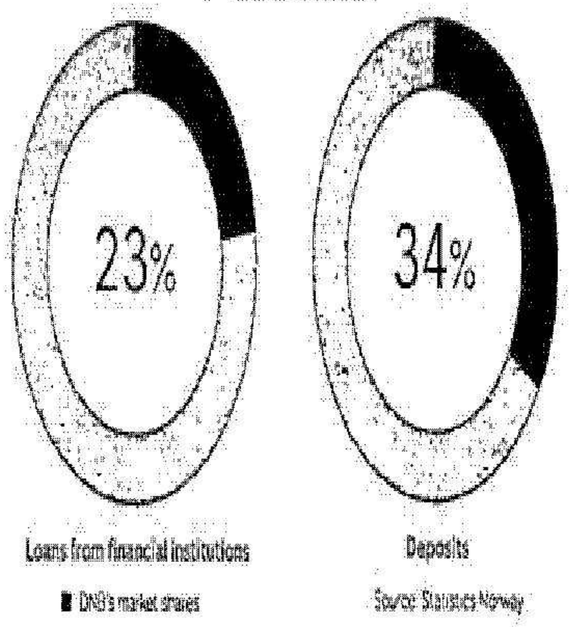
As Norway's largest financial institution, DNB mirrors the Norwegian economy, and the Group is affected by developments in the economy. At the same time, digital and technological advances create new expectations among customers, who in turn place higher demands on us, as well as on the products and services we deliver. DNB's strategy builds on our ability to understand and adapt to our surroundings, based on our strengths and competitive advantages.

Market shares in Norway

Personal Banking



Corporate Banking

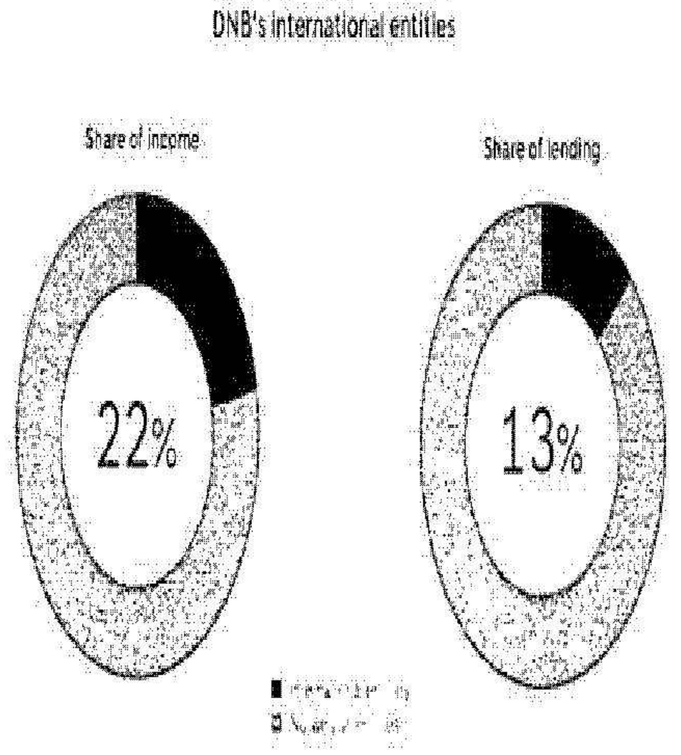


Our position and our competitive advantages

The full range of products

Among DNB's greatest strengths is the breadth of products and services we offer and where we offer them. At present DNB's customers range from private individuals, small and medium-sized enterprises and growth companies to large international corporations and agencies in the public sector. At DNB customers will receive advice and products that are adapted to their needs. We offer the full range of financial products and services through different physical channels, through online banking, mobile solutions, customer service centres and branch offices. Being where the customers are when they need it is a prerequisite for being able to deliver on our ambitions over time.

Broad product portfolio offered to all customers, and extensive cooperation across customer units



Main emphasis on Norway, but international presence in selected industries

Our strategy is primarily based on organic growth and on achieving growth in areas in which we have a competitive advantage. Most of our business operations are in Norway. However, we also have a prominent position in the Nordic region and a strong international presence in strategically selected industries and sectors in which DNB has a long history in terms of position, experience and competence:

- Energy
- Seafood
- Shipping
- Healthcare
- Technology and telecom

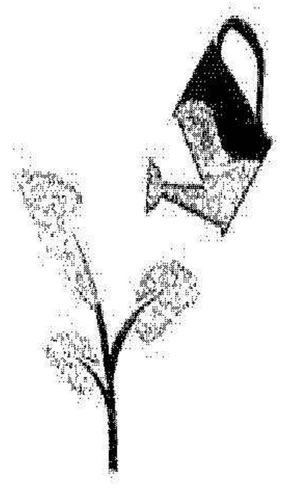
Norway will continue to be our primary market in the time ahead, but our global presence means that we can continue to help our customers reach an international market.

Secure and stable operations for the future

DNB is a stable bank. This is reflected in both good results in the European Banking Authority's (EBA's) annual stress test and in our having one of the best credit ratings among banks both in the Nordic region and globally. A good credit rating is important for investors, customers and suppliers alike, and helps secure good access to capital at correct (we) terms. DNB also has a strong capital position and has delivered good results and higher dividends over time. Our dividend policy is a dividend payout ratio of over 50 per cent, with an ambition to increase the nominal dividends per share per year.

The advantage of scale

Profitable operations and good customer experiences go hand in hand. DNB is efficient and has a low cost/income ratio compared with other similar banks. We work with digitalisation, automation and responsible use of artificial intelligence (AI), among other things. We must continue and explore the opportunities offered by new technology, always with the goal of developing innovative and effective solutions for our customers.

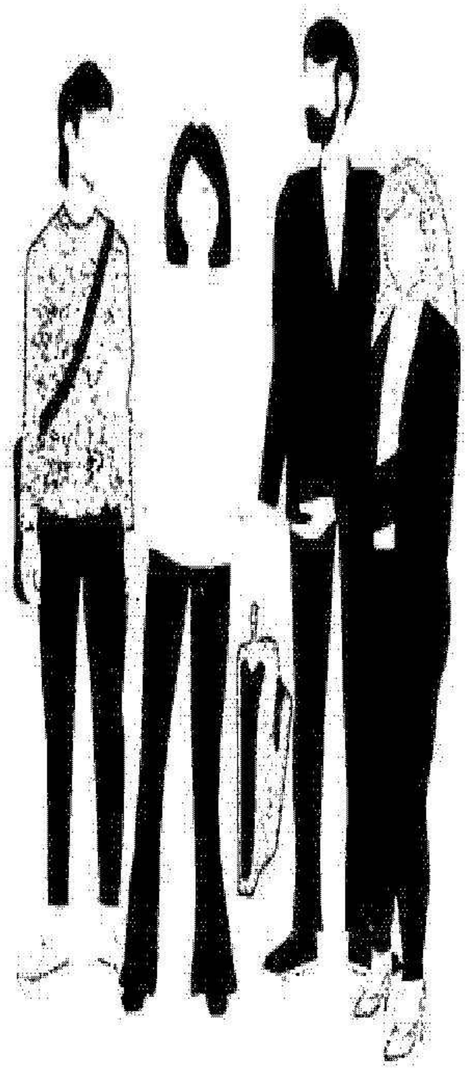


Sustainability

As Norway's largest financial services group, DNB has a significant influence on the sustainable transition. We have an overall goal of achieving net-zero emissions from our financing and investment activities by 2050. DNB's transition plan includes sub-targets for reducing financed emissions leading up to 2030. DNB will also be a driving force for sustainable transition by financing and facilitating sustainable activities. We will work to ensure that the capital that we manage is steered towards more sustainable alternatives, and in 2021, we set a goal of contributing NOK 1 500 billion to financing sustainable activities in the period leading up to 2030. We are also working to continue and further develop DNB's strong position in the area of diversity and inclusion, and to emphasise the importance of the efforts to combat financial crime and contribute to a secure digital economy.

The battle for talent

The people who work in DNB are our most important competitive advantage and a deciding factor in our success. DNB ranks highly in surveys about Norway's most attractive employers among graduates and established business professionals, legal professionals and technologists. The Group is characterised by competent employees with a strong commitment to their jobs. Our employees' curiosity, knowledge and competence are among our main advantages – it is DNB's employees who create value by applying their knowledge and competence.



Financial targets:

Overriding financial target

>13.0%

Return on equity (ROE)

Financial KPIs

<40.0%

Cost/income ratio 2022-2025

>16.8%

Common equity Tier 1 capital ratio, CET1[1]

By succeeding at our strategic ambitions, we will reach our financial targets, create profitable growth and make choices that will stand the test of time.

Financial KPIs:

- DNB has a relative cost target stating that costs must be less than 40 per cent of income.
- In addition to income growth, we have identified the following areas for cost reduction in the period 2022–2025 in order to deliver on our cost target:
  1. Automation and efficiency: NOK 1 000–1 400 million
  2. Supplier costs: NOK 500–600 million

Other ambitions:

- Annual growth in loan volume of 3–4 per cent over time.
- Annual growth in commission-based income of 4–5 per cent over time.

Dividend policy and capital planning:

- DNB's overall objective is to deliver long-term value creation for its shareholders, partly via positive developments in the share price and partly via a predictable dividend policy.
- Our dividend policy is to pay more than 50 per cent of annual profits in cash dividends. It is also our ambition for the nominal dividend per share to increase every year.
- Our goal is for the surplus capital to be paid to our shareholders over time, through a combination of cash dividends and share buybacks.

Sustainability ambitions:

DNB finances the climate transition and is a driving force for sustainable value creation

Overriding goal: Net-zero emissions by 2050

Financing the climate transition:

- Finance and facilitate sustainable activities worth NOK 1 500 billion by 2030
- Increase total assets in mutual funds with a sustainability profile to NOK 200 billion by 2025
- In 2025, 50 per cent of net flows of total assets will go to mutual funds with a sustainability profile

Decarbonising our lending and investment portfolios:

- Sub-targets for 2030 for different segments of the loan portfolio
- Sub-targets for 2030 for the investment portfolios (in DNB Livsforsikring, DNB Asset Management and DNB Næringseiendom)

Decarbonisation of own operations:

- Sub-targets for 2030 for motor vehicles and commercial real estate

DNB is a driving force for diversity and inclusion
DNB combats financial crime and contributes to a secure digital economy

1 Current expectation from the supervisory authorities

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Strategic ambitions

Achieving profitable operations and good financial results is at the heart of everything we do and is necessary to sustain DNB for the future. This enables us to drive innovation for the benefit of our customers, to be a driving force for the sustainable transformation and to continue to be an attractive employer. We achieve this by focusing on satisfied customers, sustainable income, a reasonable cost level, effective use of capital and an adaptable and effective organisation. Our work to secure compliance and to identify and manage risk that can affect our targets' attainment contributes to this.

DNB's Group strategy applies for the period 2022–2027. The strategy gives direction to the Group and has room for change and innovation even in turbulent times. The strategy is based on the idea that we have the best chance of success when we draw on our strengths and take advantage of the opportunities available to us.

The customer chooses us

We go that extra mile to ensure that the customers choose us. They should perceive us as proactive and innovative and at the same time reliable and attentive to their needs. We explore new business models and give our customers valuable advice and innovative data-based solutions. The technology we use allows us to get closer to our customers and be more involved in their everyday lives. DNB is primarily a digital builder of its own products and services. Which have been developed with the customer in mind. We must constantly work to maintain a high level of trust and a good reputation and we will inspire and engage the customer in every meeting.

In the Group, we are exploring the use of artificial intelligence (AI) with which can give added value to our customers. In this work it will be critical to take ethics, security, data protection and confidentiality into consideration. One of the areas in which we use AI is in language understanding, where this technology makes it possible to respond to customers' enquiries in their own language. When used properly, this tool can streamline processes and play a material role in promoting increased financial inclusion. Another area in which we use AI is the detection of fraud relating to insurance and pensions. In this area DNB has saved substantial amounts by using AI technology.

Some of the things we have focused on in 2023:

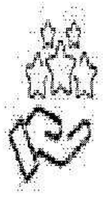
Payment authorisation using biometrics (facial recognition) is an important innovation that improves the customer experience. So far, users of the mobile banking app have used biometrics in 57 per cent of payment transactions, saving them, on average, 11 seconds every time. Annually, this amounts to 25 000 hours – time they otherwise would have spent on other BankID identification when using the app.

The Pluggsparx (Spending) function in the mobile banking app has been used by almost 70 per cent of users. The solution helps give customers a better and more comprehensive overview of their finances, so that they can make smarter choices.

On 2 May 2023, Sparxwin was merged with DNB and lives on as a fully digital customer concept in DNB. Sparxwin has continued its solid development as part of DNB and in 2023 it had lending growth of 7.4 per cent.

The accounting system DNB Regnskap integrates banking and accounting services and simplifies financial management for companies. It is one of the fastest growing enterprise resource planning (ERP) platforms in Norway. The system also allows customers to create carbon accounting reports by analysing their accounting data and this function is a result of our exploration of AI technology.

Every time we make a choice, we consider the customer's needs first.



We deliver sustainable value creation

We will build profitability by drawing on our strengths and making decisions that improve us in the long term. We will do this by growing in areas and positions in which DNB already has a strong presence and competence in selected industries and within the full breadth of customer groups.

We are a driving force for sustainable transition. Through a wide range of advisory products and services relating to sustainable finance, we help our customers move in a sustainable direction. Our transition plan ensures that we work actively to achieve net-zero greenhouse gas emissions in our lending and investment portfolios, in addition to in our own operations. We are gaining greater scope for innovation through the modernisation of processes, secure and effective management of data and more efficient IT systems. This will give us sustainable systems and services, and we will be able to explore new opportunities without compromising on stability, security or existing solutions. Compliance is in our DNA, and we are working actively to identify and manage risk.

We will create profitable growth and make choices that will stand the test of time.

Some of the things we have focused on in 2023:

The market for savings and investment is experiencing strong growth in Norway, especially in pension savings, and is an important growth area for DNB. In 2023, total assets under management in DNB Asset Management exceeded NOK 900 billion for the first time, with growth from both institutional customers and personal customers. DNB has a 39 per cent market share in the personal customer market, and the number of customers and savings schemes is continuing to increase. Our focus is on motivating more women to invest through the #huninvesterer (#girlsinvest) campaign. In order to close the financial gender gap and contribute to financial equality, we offer everything from large-scale customer events to the #huninvesterer academy on dnb.no and tailored advisory services.

DNB is Norway's leading transaction bank for payments. New technology and a new payment platform allow us to handle large volumes and new formats that generate considerably more data for customers, in turn allowing them to automate their own work processes. In addition to a large number of corporate customers in different sectors, the Norwegian public sector is a customer of DNB. This means that every person who receives a salary, benefits or a pension from the Norwegian state and the health service receives payments via a DNB account.

We continue to hold the leading position in the Norwegian sustainable bond market, where we have a market share of 18 per cent.

We find the solutions together

We are dependent on having the right expertise in the right place at all times, and on making sure our employees have room to develop and so that they stay in the Group. We bring out the best in each other and work together as one team to deliver the best products and services to our customers. Our team is diverse and inclusive, and we will attract and develop new expertise. We work continuously on how to make the most of the breadth of the diversity and competence of all our employees.

In recent years, we have had an increased focus on working in a more interdisciplinary manner and finding the best solutions together. Having teams of employees with different competence leads to increased creativity and innovation and facilitates cooperation and knowledge sharing throughout the organisation. This is how we enable faster development of good solutions that better meet the customers' needs.

Our team is diverse and inclusive, and we will attract and develop new expertise.

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The Board of Directors of DNB Bank ASA

As at 13 March 2024

The Board of Directors is the Group's supreme governing body. Through the Group Chief Executive Officer, the Board is responsible for ensuring a sound organisation of the business activities. The Board has three sub-committees: the Risk Management Committee, the Audit Committee and the Compensation and Organisation Committee.

Olaug Svarva
Born 1957 | Woman | Norwegian

Role in the Board: Chair of the Board of DNB since 2018. Chair of the Compensation and Organisation Committee

Other key roles: Chair of the Board of Directors of Norturd and member of the Boards of Directors of Investinor, the Institute of International Finance (IIF), and the Norwegian memorial foundation for Alfred Nobel

Background: Bachelor's and Master's degrees from the University of Denver, graduate of Trondheim Economic University College. Chief Executive Officer (CEO) of Folketrygdfondet, which manages the Government Pension Fund Norway (2008–2018). Managing Director of SpareBank 1 Aktiv Forvaltning and Investment Director at SpareBank 1 Livsforsikring. Financial analyst at Carnegie and DNB. Member of the Board of Directors of the Employers' Association Spekter, Oslo Børs (Oslo Stock Exchange), the Norwegian Institute of Directors, and Freyr Battery. Head of the Election Committee at Equinor and member of the Election Committees at Telenor, Vinmonopolet, Storebrand and Yara. Experience from the Corporate Assemblies of Telenor, Equinor and Orkla

Number of Board meetings: 10 of 10
Number of shares: 14 500

Jens Petter Olsen
Born 1961 | Man | Norwegian

Role in the Board: Vice Chair of the Board of DNB since 2023 (member of the Board since 2019). Chair of the Risk Management Committee and member of the Audit Committee

Other key roles: Chair of the Board of Telenor

Background: Master's degree (higher civilian) in Economics and Business Administration (Siviløkonom) from NHH Norwegian School of Economics, as well as Master of Philosophy in Finance, and participation in the PhD programme at London Business School. Employed at Norges Bank and Norges Bank Investment Management (NBIM) (1997–2008) and head of NBIM's office in New York (2000 - 2008). Employed at Danske Bank, including as Head of Markets Norway (2011–2014) and Capital Markets (2014–2018)

Number of Board meetings: 10 of 10
Numbers of shares: 12 000

Gro Bakstad

Born 1966 Woman

Norwegian

Role in the Board: Member of the Board of DNB Bank ASA since 2021. Chair of the Audit Committee and member of the Risk Management Committee

Other key roles: Chief Executive Officer (CEO) of Vinmonopolet AS

Background: Master's degree in economics and business administration from Norwegian School of Economics. Chief Executive Officer of Posten Norge AS, Chief Executive Officer of Bane NOR SF, Director of Finance and Risk Management at the Norwegian Tax Administration, Member of the Board of Directors of Norges Bank, Member of the Supervisory Board of Norges Bank Investment Management, Member of the Supervisory Board of Norwegian Air Shuttle ASA

Number of Board meetings in 2023: 15

Number of shares: 4,000

Christina Bosse

Born 1960 Woman

Danish

Role in the Board: Member of the Board of DNB Bank ASA since 2021. Member of the Audit Committee and the Risk Management Committee

Other key roles: Chair of the Board of Novo Holdings A/S and member of the Board of Novo Nordisk A/S. Previously held various positions in Novo Nordisk A/S, including President and CEO, Executive Vice President and CFO and Chief Financial Officer

Background: Cand.merc.aud. from the Copenhagen Business School (CBS) and Master of Science in Economics and Business Administration from the Copenhagen Business School (CBS)

Number of Board meetings in 2023: 15

Number of shares: 5,000

Petter Børre Furberg

Born 1967 | Man

Norwegian

Role in the Board: Member of the Board of DNB Bank ASA since 2023. Member of the Compensation and Organisation Committee

Other key roles: Executive Vice President and Chief Financial Officer with responsibility for Aker Horizons

Background: Master's degree in economics and business administration from NHH Norwegian School of Economics. Executive Vice President and Chief Financial Officer of Aker Solutions ASA, Executive Vice President and Chief Financial Officer of Aker BP ASA, Director of Finance and Risk Management at Aker Solutions

Number of Board meetings in 2023: 8

Number of shares: 4,000

Julie Galbo

Born 1971 Woman

Danish

Role in the Board: Member of the Board of DNB Bank ASA since 2023. Member of the Audit Committee and the Risk Management Committee

Other key roles: Chair of the Board of Ørsted A/S and member of the Board of Carlsberg A/S and Bestseller A/S

Background: Executive positions in the Danish oil company Maersk Oil, including Chief Executive Officer of Maersk Oil Qatar AS and Senior Vice President of Maersk Oil. Member of the Board of Directors of Maersk Drilling, Maersk Supply Service and Maersk Tankers. Chief Executive Officer of Ørsted A/S

Number of Board meetings in 2023: 15

Number of shares: 11,000

Lillian Hattrem

Born 1972 Woman

Norwegian

Role in the Board: Employee representative member of the Board of DNB Bank ASA since 2021. Member of the Audit Committee, the Risk Management Committee and the Compensation and Organisation Committee

Other key roles: Chief Shop Steward representative for the Group and Chair of the Board of the Finance Sector Union of Norway. Member of the Executive Committee of the Confederation of Trade Unions (LO) in Norway

Background: Education from Norges Handelshøyskole (NHH) and employed at DNB since 1997. Has held various positions in DNB, including in the Corporate Banking and Markets divisions

Number of Board meetings in 2023: 15

Number of shares: 1,160

Stian Tegler Samuelson

Born 1964 Man

Norwegian

Role in the Board: Employee representative member of the Board of DNB Bank ASA since 2021. Member of the Risk Management Committee

Other key roles: Chief shop steward representative in the Group Representative Body of DNB Group and Chair of the Board of Directors of the Union of Commercial and Office Employees in Norway

Background: Several other commissions of trust in the Union of Commercial and Office Employees in Norway

Number of Board meetings in 2023: 15

Number of shares: 1,000

Jannicke Skaanes

Born 1968 | Woman

Norwegian

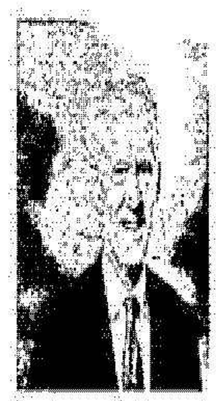
Role in the Board: Employee representative member of the Board of DNB Bank ASA since 2022. Member of the Risk Management Committee

Other key roles: Employee representative in the Group and Chair of the Union of Professionals in Norway (Fagforbundet)

Background: Bachelor's degree in Nursing and Master of Management from Norwegian School of Hotel Management, University of Stavanger. Various positions in the key account segment and in the Oslo Hospital at DNB since 2002

Number of Board meetings in 2023: 15

Number of shares: 1,000



Kim Wahl

Born 1960 Man

Norwegian

Role in the Board: Member of the Board of DNB Bank ASA since 2023. Member of the Compensation and Organisation Committee

Other key roles: Chair of the Board of Directors and co-founder of the Vipps Foundation. Vice Chair of the Board of Directors of Mesh Commerce Consolidation. Member of the Board of Vipps AS and the Executive Advisory Board at the Norwegian School of Economics

Background: Master's degree in economics from the University of Oslo and Master of Science in Management from the Massachusetts Institute of Technology (MIT) Sloan School of Management. Co-founder and CEO of Vipps from 2015 to 2021. Chief of the Board of the European Payments Initiative. Previously held various positions in the Norwegian Broadcasting Corporation (NRK), Schibsted and Accenture

Number of Board meetings in 2023: 15

Number of shares: 5,000

Contents > This is DNB > Organisation

Organisation

Operational structure

Our organisation and operational structure should enable us to quickly and effectively adapt to changes in customer behaviour, and to develop products and services that meet customer needs.

Customer areas

Personal Banking (*Personmarked*, PM)

PM serves personal customers and offers two concepts, DNB and Sbanken. With 2 million personal customers, we are the market leader in the Norwegian personal customer market. Customers are offered a wide range of services through a modern distribution network, which includes an online bank, mobile solutions, customer service centres, branch offices and real estate services. Our ambition is that the majority of Norwegian personal customers will use us as their gateway to everyday banking, and we will make the most of our strong digital platform to increase revenues. We will use our position in the housing market to encourage home mortgage customers to choose us to cover more of their needs. Our customer service should be fast, simple, safe and personal.

Corporate Banking (CB)

CB serves DNB's corporate customers and includes the Group's customers in the Norwegian business community and public sector, as well as all international customers and financial institutions. Our ambition is to maintain our leading position in Norway and strengthen our leading position internationally within selected industries for our largest customers, while also strengthening our initiatives in the small and medium-sized corporate customer and start-up sectors. We will further help customers in their green transition. The corporate customer area is characterised by strong customer relations and sound banking and industry expertise. High quality customer service is assured through our financial strength, a broad international network, competitive services and the ability to adapt quickly to new customer needs.

Product areas

Markets

DNB Markets is Norway's leading investment firm and provides our customers with investment banking services, including risk management, investment and financing products in the capital markets. By working in customer teams and applying good digital solutions, employees provide advice and develop tailor-made solutions for the various customer segments. Markets' risk management activities support the general customer activities through products and prices.

Wealth Management (WM)

WM serves high-net-worth individuals through its Private Banking unit. DNB has a leading position in pensions, and through its subsidiaries DNB Asset Management and DNB Livsforsikring, WM is responsible for the Group's savings, investment and pension products. In addition, the area delivers defined-contribution pension schemes to our customers in close cooperation with the customer areas. WM is also responsible for all mutual fund products in the Group, as well as the further development of the savings, investment and pension products.

Products & Innovation (P&I)

P&I is responsible for the Group's car and object financing operations, as well as leasing operations, in the Nordic countries through DNB Finance. The unit also has responsibility for the Group's products relating to working capital, payments and Open Banking. In addition, P&I is responsible for Group functions associated with the identification of customers, management of customer data, robotics (process automation), design, innovation and strategic partnerships. The unit's ambition is to safeguard and further develop DNB's strong position within financing and payments, while exploring new positions in the areas of data-driven credit, mobility and integrated finance.

Staff and support units

The Group's staff and support units are responsible for operational tasks and Group services and provide a sound infrastructure and cost-efficient services for the business operations.

Segment reporting

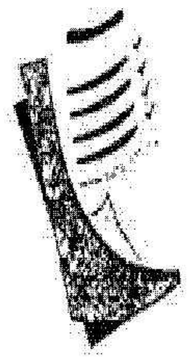
The reporting structure has been adapted to the customer segments, and all of the Group's customers are associated with a customer segment. The customer segments are personal customers and corporate customers, and the reporting covers revenues, costs, balance sheet items and capital requirements relating to customer service. The figures for the segments thus reflect the Group's total sales of products and services. The segment reporting is a fundamental element of our financial management. The follow-up of total customer relationships and segment profitability are two important dimensions when setting strategic priorities and deciding on where to allocate the Group's resources.

The segment reporting is presented in more detail in note G2 to the annual accounts.

Legal structure

DNB Bank ASA owns several subsidiaries, including DNB Boligkreditt AS, DNB Livsforsikring AS and DNB Asset Management Holding AS, along with their underlying companies. Sbanken ASA was merged into DNB Bank ASA on 2 May 2023, while Sbanken Boligkreditt AS was merged into DNB Boligkreditt AS on 4 September 2023.

Each of the subsidiaries has its own Board of Directors. For an overview of the Group's legal structure, please visit dnb.no/en/about-us/about-the-group.html.



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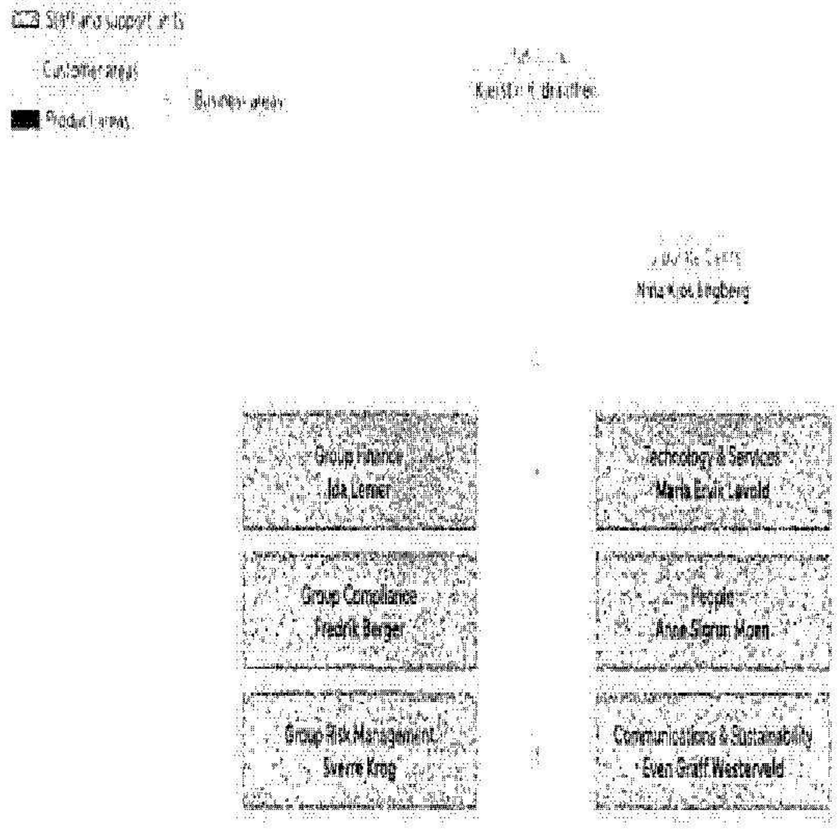
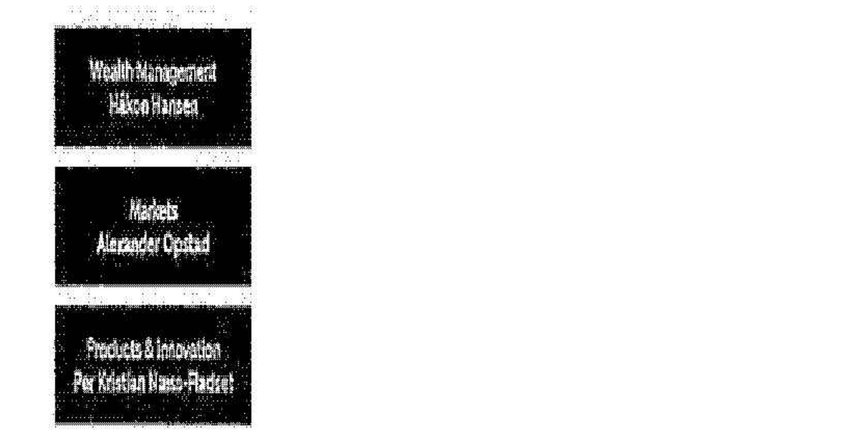
Operational structure

As at 13 March 2024



Segment reporting

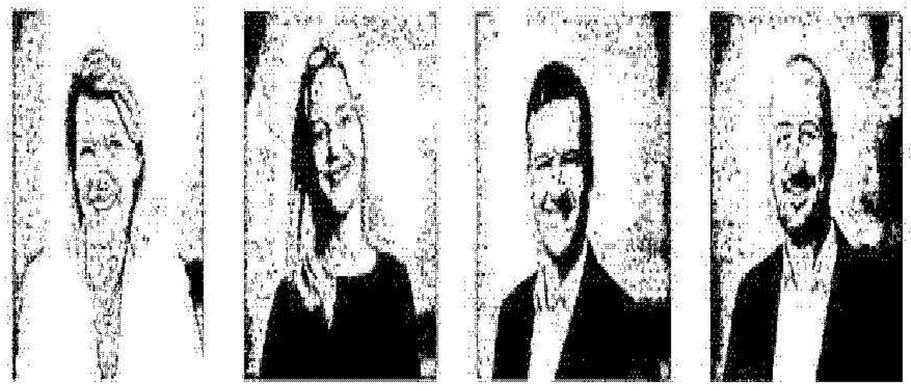
As at 31 December 2023



Group Management

As at 13 March 2024

The Group Management team is the Group Chief Executive Officer's collegiate body for management at Group level at DNB. All important decisions are made in consultation with the Group Management team.



Kjerstin R. Braathen

Born 1970 | Woman | Norwegian

Group Chief Executive Officer (CEO) since 2021

Background: Member of Management (GMM) at DNB Asset Management, Director of Investor Relations, Executive Vice President of Group Treasury, CFO, and Executive Vice President of Corporate Banking. Various positions in the Shipping (Ship Finance) and Energy (Oslo) areas.

Key positions of trust: Chair of the Board of Visa Mobile Oy, Vice Chair of Norges Bank's Executive Board, Member of the Board of Norwegian Public Pension Fund Global (Government Pension Fund Global), Member of the Corporate Assembly of Equinor ASA

Number of shares: 5[illegible]

Ida Lerner

Born 1975 | Woman | Swedish

Group Chief Finance Officer (CFO) since 2021

Background: Senior Vice President and Head of Investor Relations at DNB. Chief Financial Officer and Head of Investor Relations at Vattenfall AB. Various positions at Vattenfall AB, including Head of Corporate Finance, Vice President of Group Risk Management and Vice President of Group Treasury. Various positions at Alcatel, including Head of Corporate Finance for Western Europe.

Number of shares: 49,

Fredrik Berger

Born 1981 | Man | Norwegian

Group Chief Compliance Officer (CCO) since 2022

Background: Various positions at DNB, including Head of Compliance Wholesale Banking, Head of Compliance Markets, Group Head of Corporate Governance, Group Chief Compliance Officer (CCO), Director of Compliance and Head of the Group Secretariat at DNB Group

Key positions of trust: Member of the Supervisory Board of Nordea Bank Abp

Number of shares: 38,

Håkon Hansen

Born 1966 | Man | Norwegian

Group Executive Vice President of Wealth Management since 2013

Background: Partner at Boston Consulting Group in Norway, various positions in DNB Wealth Management, including Head of Wealth Management at the subsidiary DNB Bank Norge at Oslo Bank Forretningsbank (OBF) and DNB Nordvest Bank Norge at Sparebanken Nordvest (SNN). Member of the Group Executive Committee of DNB Bank ASA, Head of Wealth Management and Head of Private Banking and Head of DNB Luxembourg

Key positions of trust: Chair of the Board of DNB Asset Management and DNB Luxembourg, Member of the Board of Norwegian Shipowners' Association

Number of shares: 29,

Sverre Krog
Born 1975 | Man |
Norwegian

Group Chief Risk Officer (CRO) since 2021

Background: Master of Science in Business (Siviløkonom) from BI Norwegian Business School. Joined DNB in 1999 and has held the following roles in the Group: Executive Vice President of Strategic Risk Intelligence, head of the sections for active portfolio management and customer analysis in the corporate customers segment, as well as various roles in Markets and in the areas for corporate and personal customers.

Number of shares: 3 712

Maria Ervik Lovold
Born 1979 | Woman |
Norwegian

Group Executive Vice President of Technology & Services (COO) since 2019

Background: Law degree from the University of Oslo. Lawyer at Elvebakken Advokatfirma. Joined DNB in 2010 and has held the following roles in the Group: Executive Vice President of the Product, Price and Quality division in Personal Banking and head of section in and Deputy General Counsel for DNB Legal.

Key positions of trust: Chair of the Board of Bits. Member of the Boards of Vipps Holding, Vipps MobilePay, BankID, BankAxept, and ICT Norway.

Number of shares: 13 027

Anne Sigrun Moen
Born 1984 | Woman |
Norwegian

Group Executive Vice President of People since 2021

Background: Cand.polit. (2-year postgraduate degree) in Education from the University of Oslo. Individual subjects within business administration and management at the University of California. Various positions in the Norwegian school system. Various positions at Det Norske Veritas, including HR Manager at DNV Maritime and Adviser at DNV Veritas-Molen (the DNV Veritas school). Joined DNB in 2007, with a break from 2018 to 2021, when she worked for the Norwegian Tax Administration as HR Director. Has held the following roles in the Group: Senior Adviser and various positions as Executive Vice President within strategic HR.

Number of shares: 3 873

Per Kristian Næss-Fladset
Born 1979 | Man |
Norwegian

Group Executive Vice President of Products & Innovation since 2023

Background: Bachelor of Information Technology from the University of Oslo. Experience from Cicero Consulting, Plaisel Design & Webutvikling and Tinde, as well as member of the Board of Nordic AP Gateway. Joined DNB in 2018 and has held the following roles in the Group: Executive Vice President of the Payments & Open Banking division and Executive Vice President of and enterprise architect for Open Banking.

Key positions of trust: Deputy member of the Boards of Vipps Holding, Vipps MobilePay and BankID BankAxept.

Number of shares: 1 047

202409230507

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Alexander Opstad
Born 1981 | Man |
Norwegian

Group Executive Vice President of DNB Markets since 2019

Background: Master of Science in Business (Siviløkonom) from BI Norwegian Business School. Joined DNB in 2005 and has held various management positions in DNB Markets, including head of Equity Sales in London and global head of the Equities division.

Key positions of trust: Chair of the Board of DNB Markets Inc. and member of the Board of the Norwegian Securities Dealers Association.

Number of shares: 57 054

Harald Serck-Hanssen
Born 1965 | Man |
Norwegian

Group Executive Vice President of Corporate Banking since 2019

Background: BA (Hons) in Business Studies from the University of Stirling. Advanced Management Programme at INSEAD in Fontainebleau. Experience from Stolt-Nielsen Shipping and Odfjell Group. Joined DNB in 1998 and has roles in the Group have included: Group Executive Vice President of Large Corporates and International and Executive Vice President of and section head in the Shipping, Offshore and Logistics division (SOL).

Key positions of trust: Member of the Board of Digital Norway - Toppforskningssenteret and member of the council and election committee of DNV.

Number of shares: 55 820

Ingjerd Blekeli Spiten
Born 1971 | Woman |
Norwegian

Group Executive Vice President of Personal Banking since 2018

Background: Master of Science in Business (Siviløkonom) from BI Norwegian Business School. Senior Vice President of Global Products at Telenor. Chief Operating Officer at Microsoft. Various management positions at Ericsson. Many years' experience from Board positions in various industries. Employed in DNB from 2007 to 2015, returned in 2018 and has held the following roles in the Group: Head of mobile and telephone services, Head of Sales for online and mobile banking and Executive Vice President of eBusiness.

Key positions of trust: Chair of the Board of DNB Eiendom and alternating deputy member of the Board of Fremtind Forsikring AS.

Number of shares: 19 244

Even Graff Westerveld
Born 1980 | Man |
Norwegian

Group Executive Vice President of Communications & Sustainability since 2023

Background: Master of Political Science from the University of Oslo. Head of Brand & Communication in the Nordics at Vipps MobilePay, Head of People & Brand at Vipps. Partner and Consultant at Geelmuyden Kiese and Communication Adviser for the party leader and parliamentary leader of the Norwegian Christian Democrats. Head of External Communications at DNB from 2013 to 2020. Rejoined DNB in 2023.

Number of shares: 1 373

1 Shareholdings in DNB as at 31 December 2023. Shares held by the shareholder's immediate family and by companies in which the shareholder has decisive influence are also included.

The Board of Directors' report on corporate governance

Corporate governance is a matter of how DNB's Board of Directors, Group Management team and employees carry out their roles so as to manage the Group's assets in a sustainable way, and in the best interests of the Group's customers, owners, employees and other stakeholders. Good corporate governance strengthens people's trust in DNB and in the Group's ability to achieve its ambitions.

The Board of Directors' overall reporting on corporate governance has the following structure:

The Board of Directors' report on corporate governance (this text) describes the Board's main priorities in 2023 and any significant changes in or deviations from the recommendation from the Norwegian Corporate Governance Board (NUES) 'the Norwegian Code of Practice for Corporate Governance' (hereafter 'the Code of Practice'). The document 'Implementation of and reporting on corporate governance' describes and explains DNB's corporate governance, and is prepared in accordance with the Code of Practice and Section 3-3b, Subsection 2 of the Norwegian Accounting Act. The document is available at ir.dnb.no

The Board's overall assessment of corporate governance

DNB follows the Code of Practice, with the following deviations from Section 5 General meetings and Section 14 Take-overs:

Section 6 General meetings: Shareholders should be able to vote on each individual matter, including on each individual candidate nominated for election elections. Voting for more than one candidate in elections has so far not been allowed, as the need to take into consideration the overall skills mix, nationality, age, gender, etc.

Section 14 Take-overs: The Board of Directors should establish guiding principles for how it will act in the event of a take-over bid. The Board has chosen not to prepare any principles or guidelines for how it will act in the event of a take-over bid. The reason for this deviation is that the Norwegian Government, represented by the Ministry of Trade, Industry and Fisheries, owns 34 per cent of the Group. The purpose of the state ownership of DNB is, among other things, to maintain a leading financial services company with head office, functions in Norway which makes such key principles less relevant.

No cases of significant control failure were identified in 2023. In the Board's view, DNB has the appropriate systems, procedures and measures in place to ensure proper corporate governance and internal control.

Main priorities of the Board of Directors in 2023

DNB's strategy, strategic priorities and the Group's financial ambitions continued to be among the Board's most important tasks in 2023. Following up the changed global picture with geopolitical uncertainty and the increased cost of living in society as well as the consequences of this for DNB was also an important task for the Board. Key focus areas were efforts to ensure a good understanding of risk at all times, including monitoring the regulatory framework conditions and compliance.

Among the Board's main priorities with regard to corporate governance and compliance were to:

- monitor the work with DNB's strategy
- monitor developments in the business areas, including the market, customer satisfaction and reputation
- monitor and assess the anti-money laundering work and support the authorities in the fight against financial crime
- work with security, including measures to reduce cyber risk
- work with DNB's transition plan
- follow up the organisation's implementation of and compliance with external and internal requirements, assess various measures for the organisation and employees, including follow-up of sick leave, and succession planning for the Group Management team.

The Board's follow-up of the Group's anti-money laundering work, the cyber security roadmap, the transition plan and the strategy are elaborated on below.

Monitoring of the Group's anti-money laundering work

Criminals are using increasingly sophisticated methods, which means that DNB needs to continuously improve its routines, expertise and systems to fight financial crime. DNB has high ambitions for the quality of its anti-money laundering efforts. The Board maintained a sharp focus on this area in 2023, including by following up the measures that had been implemented. The Group Management team and the Board consider the need for measures in the area of anti-money laundering an ongoing task.

Read more about this topic on page 112.

Cyber security roadmap

DNB has targeted efforts related to cyber risk. The Group's cyber security roadmap has been drawn up in line with an international cyber security framework and defines a number of activities to reduce cyber risk and increase the level of cyber security maturity. The roadmap is a three-year plan that will be concluded in the spring of 2024, where the activities so far have resulted in a number of improvements that have made the bank well equipped to face the threat landscape.

The Board has considered the progress on the implementation of the roadmap and the status of the maturity of DNB's security work, with an external maturity survey that was completed in 2023.

DNB's transition plan

Sustainability work has long been an integral part of DNB's operations and in 2021 an overall goal was established that the Group by 2050 will achieve net zero emissions from its lending and investment activities, as well as in its own operations. As part of this work, a transition plan was launched that covers the breadth of the Group's operations and includes emission reduction targets in the lending activities and in areas in which DNB has a role as an investor, as well as in its own operations. The Board worked with DNB's transition plan throughout the year and discussed important questions relating to the plan's importance for future operations. The Board approved the final plan in October 2023 and will follow up further work with this in the time ahead.

Read more about the transition plan on page 64.

DNB's strategy for the period 2022–2027

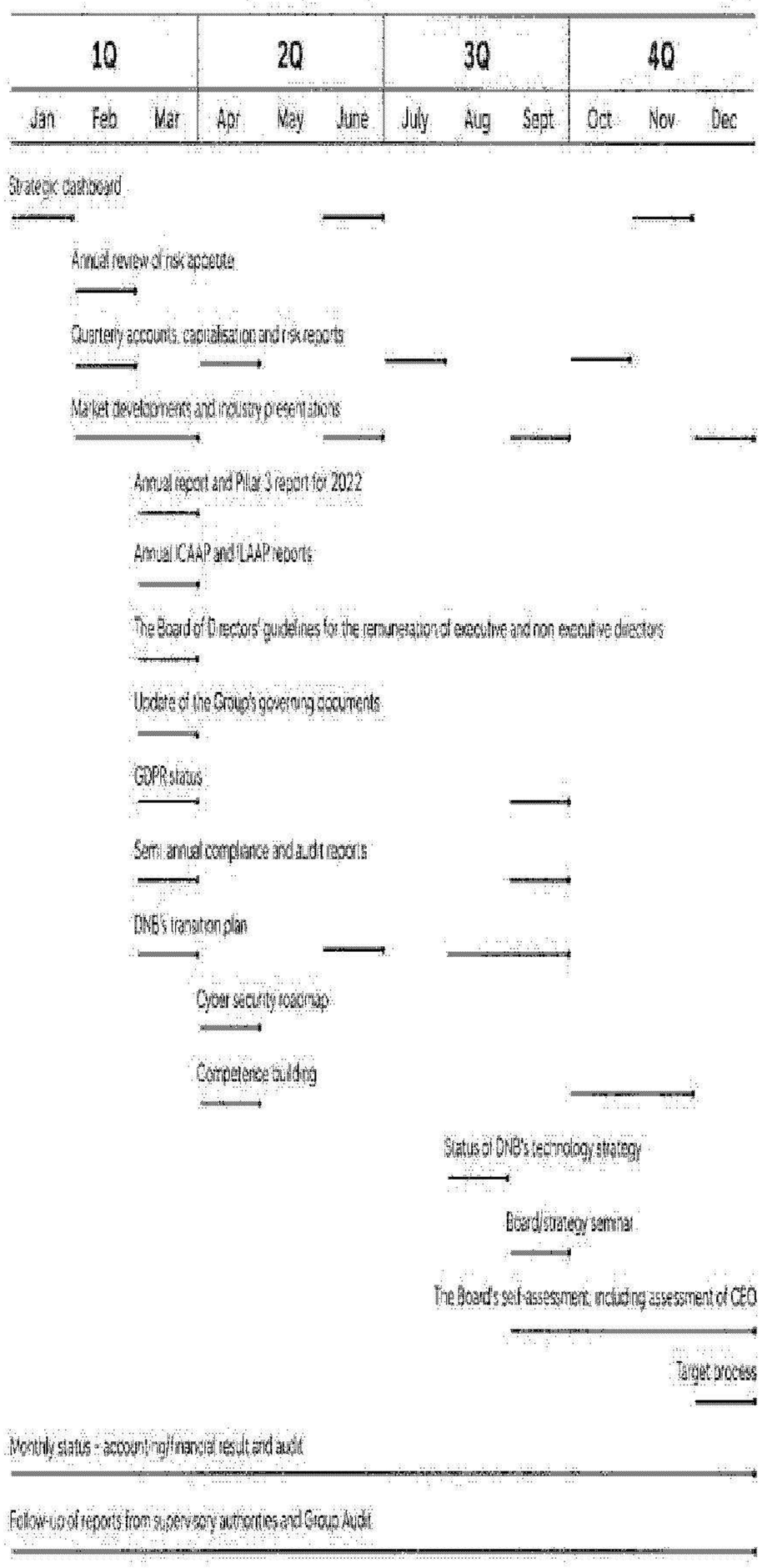
DNB's Group strategy was launched in 2022 and applies to the period leading up to 2027. The strategy sets the direction for the Group in a possible increased macroeconomic uncertainty, greater regulatory requirements and changed customer behaviour and competition. The Group's financial targets and risk appetite set the premises for the Group's strategy. The plan for technology modernisation, competence development and sustainability ambitions are integral parts of the strategy.

The technology strategy comprises work with important business goals and market trends in technology. DNB aims to improve IT processes and modernise core systems, further develop security solutions and maintain a strong defence against cyber attacks. The strategy also sets the direction for organisation and secure management of data in DNB.

In 2023, the Board followed up the work with the Group's strategy, including its sustainability ambitions, among other things through the Board's strategic dashboard and ongoing updates from the business operations. The dashboard shows target attainment in accordance with financial strategic and sustainability-related indicators. During the year, the Board monitored customer satisfaction associated with customer relationships and the products, services and advisory services the bank delivers, as well as customers' use of the bank's extensive offering and digital channels. The Board also monitored DNB's efforts relating to engagement and diversity, following employees' sense of pride in and DNB's role in society.

Read more about the strategy on page 18.

Overview of the Board of Directors' activities in 2023



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Governing bodies of DNB Bank ASA

As at 31 December 2023

Shareholdings in DNB Bank ASA. Shares held by the shareholder's immediate family and companies in which the shareholder has decisive influence are also included, cf. Section 7-26 of the Norwegian Accounting Act

	31.12.23	31.12.22
Board of Directors		
Members		
Olaug Svarva (Chair)	14 500	14 500
Jens Petter Olsen (Vice Chair)	12 000	6 000
Gro Bakstad	4 000	4 000
Christine Bosse	7 855	0
Petter-Børre Furberg	5 000	0
Julie Galbo	755	755
Lilian Hattrem	2 369	1 977
Stein Tegler Samuelsen	1 858	1 466
Jannicke Skaarnes	0	0
Kim Wahl	25 000	25 000
Deputies for the employee representatives		
Haakon Christopher Sandven[1]	897	617
Bi Sorvaag	3 712	3 442
Anne-Mari Steterlid	448	431
Election Committee		
Camilla Grieg (Chair)	0	0
Jan Tore Fosund	0	0
Ingeborg Hadal	0	0
André Stavlen	14 000	17 900
Risk Management Committee		
Jens Petter Olsen (Chair)	12 000	6 000
Gro Bakstad	4 000	4 000
Christine Bosse	7 855	0
Julie Galbo	755	755
Lilian Hattrem	2 369	1 977
Audit Committee		
Gro Bakstad (Chair)	4 000	4 000
Christine Bosse	7 855	0
Julie Galbo	755	755
Lilian Hattrem	2 369	1 977
Jens Petter Olsen	12 000	6 000
Compensation and Organisation Committee		
Olaug Svarva (Chair)	14 500	14 500
Petter Børre Furberg	5 000	0
Lilian Hattrem	2 369	1 977
Kim Wahl	25 000	25 000

1 Not independent

	31.12.23	31.12.22
Group Management		
Group Chief Executive Officer (CEO) Kjerstin Braathen	81 219	70 292
Group Chief Financial Officer (CFO) Gjermund Mo	57 495	49 528
Group Executive Vice President of Personal Banking Sigrid Bonnevie-Svendsen	19 243	16 617
Group Executive Vice President of Corporate Banking Harald Serck-Hanssen	58 826	53 707
Group Executive Vice President of Markets Anne Grete Ose Aas	47 258	41 439
Group Executive Vice President of Wealth Management Hege Hansen	28 017	25 144
Group Executive Vice President of Products & Innovation Hege Wessel-Aas Espeset	2 287	1 654
Group Executive Vice President of People Anne Sigrun Moen	3 675	3 784
Group Executive Vice President of Group Risk Management (CRO) Sverre Nilsen	3 252	2 823
Group Executive Vice President of Technology & Services (COO) Vidar Ellingsen	3 937	50 189
Group Executive Vice President of Group Compliance (CCO) Trond Berge	11 587	9 573
Group Executive Vice President of Communications & Sustainability Ewa Gunia Persson	3 373	3 521
Group Audit		
Lill Synnøve Aas Hoff	0	0
Statutory Auditor		
Ernst & Young AS (KPMG)	2	9

The share

The total return on the DNB share, including reinvested dividends, was 18.7 per cent in 2023.

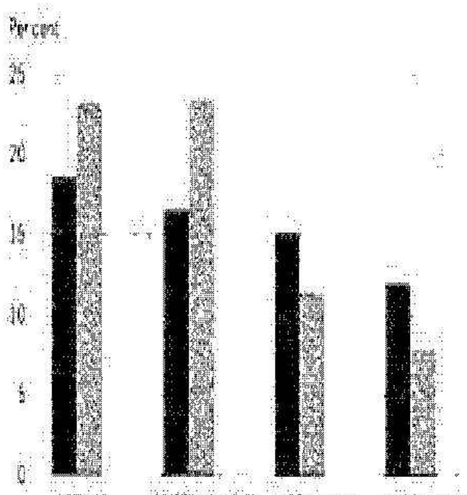
DNB's overall objective is to create long-term value for our owners partly through a positive development in the share price and partly through a predictable dividend policy.

DNB was the second largest listed company on Oslo Børs (the Oslo Stock Exchange) and the largest financial services group in Scandinavia with a market capitalisation of NOK 378 billion at year-end 2023. For more information on the DNB share see Landing.

	2023	2022
Net income per ordinary share (NOK)	18.69	17.[illegible]
DNB's share price at year-end (NOK)	216.00	190.[illegible]
Market capitalisation (NOK billion)	378.30	317.40
Number of shares issued (million)	1 751.25	1 659.25
Price/earnings ratio (NOK per share)	11.55	10.79
Average daily turnover of shares (number)	2 132	2 [illegible]
Dividend (NOK per share)	9.89	11.30
Dividend yield (%)	4.58	5.94

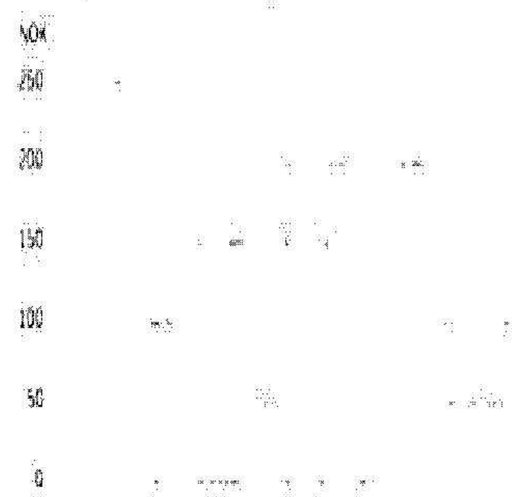
Source: Bloomberg

Total annual return as at 31 December 2023



Source: Bloomberg

Development in DNB's share price

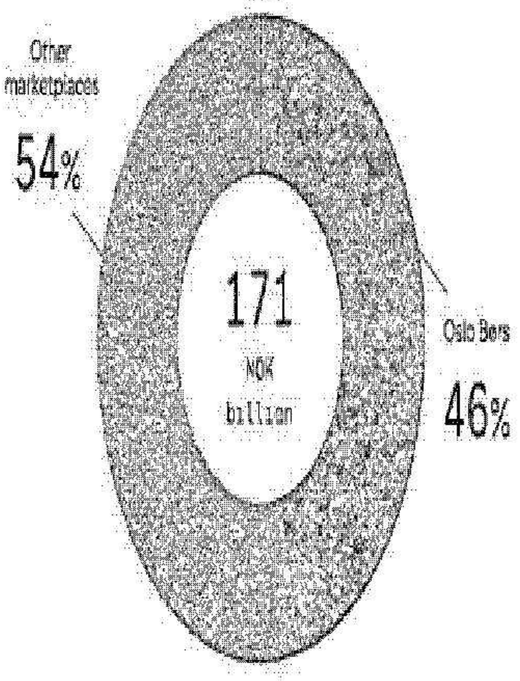


Source: Oslo Børs and Reuters

1) Dividend per share divided by share price at the end of the year
2) Annual return on investment in DNB shares, assuming reinvestment of dividends. Source: Bloomberg
3) Oslo Børs Benchmark Index, Financials sector index
4) Oslo Børs Benchmark Index, Financials sector index (NOKUS) adjusted for dividends

Trading

Total value of all DNB shares traded in 2023



Average trading value per day:

678

NOK million

The DNB share's weighting on key indices

OSEBX

11.34%

OSEFX

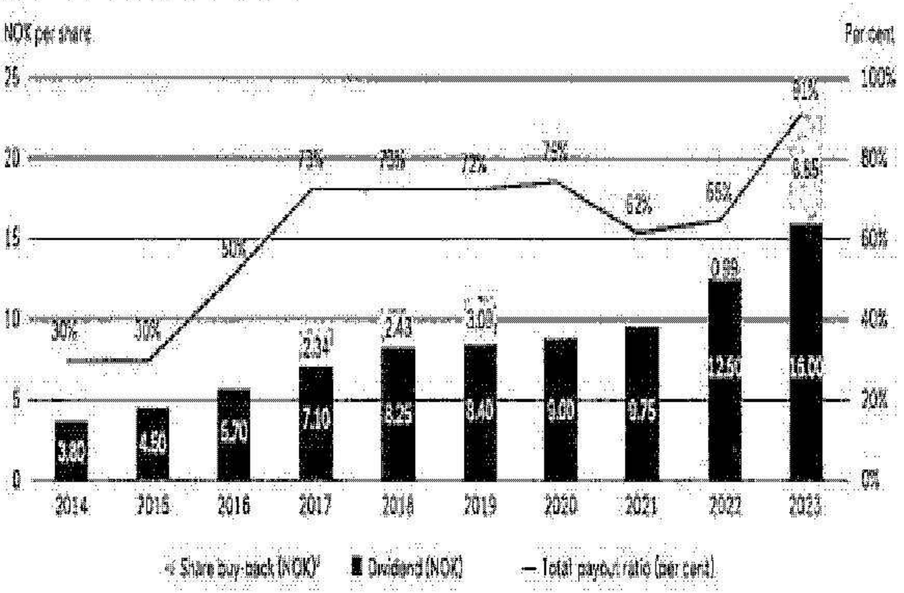
9.11%

Dividends

Our long term dividend policy is to have a payout ratio of more than 50 per cent of profits as cash dividends, provided that the Group's capital adequacy is at a satisfactory level. We aim to increase the nominal dividend per share every year. Excess capital will be paid out to the owners as a combination of cash dividends and the repurchase of shares.

Read more about share buy-backs in the Directors' report.

Share dividend and payout ratio



1 The Board of Directors has proposed a dividend of NOK 16.00 per share for 2023

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

20240923065209

Number of shareholders:

66 295

Share capital and shareholders

At year end 2023, DNB's share capital was NOK 19 283 million, divided into 1 542 613 203 shares, each with a nominal value of NOK 12.50. The number of repurchased own shares was 25 774 725 as at 31 December 2023. Read more about the share buy-back programme in the Directors' report.

The two largest shareholders are the Norwegian government, represented by the Ministry of Trade, Industry and Fisheries, and the DNB Savings Bank Foundation. A further description of the government's ownership can be found in Implementation of and reporting on corporate governance on ir.dnb.no

Largest shareholders as at 31 December 2023[1]

	Number of shares in 1 000	Ownership in per cent
Norwegian government/Ministry of Trade, Industry and Fisheries	524 488	34.58
DNB Savings Bank Foundation	130 001	8.57
Folketrygdfondet	90 325	5.96
The Capital Group Companies	70 529	4.65
BlackRock	52 366	3.45
Vanguard Group	39 512	2.60
Deutsche Bank	29 415	1.94
T Rowe Price Group	24 890	1.64
Storebrand Kapitalforvaltning	21 274	1.40
State Street Corporation	18 469	1.22
Total larges shareholders	1 001 272	66.01
Other shareholders	515 566	33.99
Total number of outstanding shares[2]	1 516 838	100.00

1 The actual ownership of nominee accounts is calculated on the basis of third party analyses. See note P44 for an overview of the 20 largest shareholders

2 The table shows the outstanding shares at the end of the year. In connection with DNB's buy-back programme, the government will, in accordance with the agreement, make a precast on future redemption of shares in order to maintain an ownership interest of 34 per cent. For further information on the share buy-back programme, see the Directors' report

Source: DNB, Nasdaq

Rating

DNB Bank ASA and covered bonds issued by DNB Boligkreditt AS are subject to credit assessment by the rating companies Moody's and S&P Global. DNB had the following credit ratings as at 13 March 2024.

	Rating agency	Credit rating	Outlook
DNB Bank ASA	Moody's	Aa2	Positive
	S&P Global	AA-	Stable
DNB Boligkreditt AS	Moody's	AAA	n/a
	S&P Global	Aaa	Stable

Chapter 2

Sustainability in DNB

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E Environment

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Sustainability ambitions

DNB's sustainability reporting is an integral part of the Group's annual report and is based on the consolidated financial statements for the period 1 January 2023 to 31 December 2023. The reporting covers DNB Bank ASA and its wholly owned subsidiaries with the exception of subsidiaries that are held for sale. The report has been reviewed and approved by the Board of Directors and is in line with the GRI (Global Reporting Initiative) standard. It is based on the materiality analysis that was performed in 2023. The reporting covers DNB's entire value chain from purchasing to customer and investment activities and has been verified by the Group's external auditor. The GRI index is available on the net/sustainability-reports.

The policies, guidelines and goals that support our sustainability work generally apply to the loan and investment portfolios, our own business activities and ESG factors in the value chain. When relevant, any delimitation of the reporting has been made clear.

Sustainability has been integrated into every aspect of our business operations. One of our key strategic ambitions is to deliver sustainable value creation by creating profitable growth and making choices that will stand the test of time. We will be a driving force for sustainable transition and we will use our position and expertise to actively help customers move in a more sustainable direction through advisory services, financing and clear requirements.

DNB's sustainability work should reflect our stakeholders' expectations and our work encompasses each dimension of E, S and G (environment and climate, social conditions and corporate governance). In 2018, we identified focus areas and ambitions for our sustainability work, and in 2021, the level of ambition was raised further with the inclusion of three revised sustainability ambitions for the Group. The ambitions reflect the areas in which we can have the greatest impact and which represent the Group's greatest risks and opportunities. The 2023 materiality analysis shows that the ambitions from 2021 continue to be areas of importance to our stakeholders and to our ability to achieve long-term value creation.

DNB will be a driving force for sustainable transition

Net zero emissions in

2050

from our financing and investment activities and own operations

Transition plan outlining DNB's science based decarbonisation targets for

2030

Lendings: Real estate, shipping, motor vehicles, steel, oil & gas, power generation and salmon farming
Investments: DNB Asset Management, DNB Livsforsikring and DNB Næringsliv pension
Own operations: Commercial real estate and motor vehicles

Finance and facilitate

NOK **1500** billion

for sustainable activities by 2030

Increase assets under management in sustainability-themed funds to

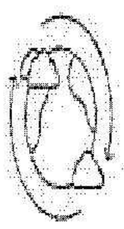
NOK **200** billion

by 2026

DNB finances the climate transition and is a driving force for sustainable value creation

DNB is a driving force for diversity and inclusion

DNB combats financial crime and contributes to a secure digital economy



DNB finances the climate transition and is a driving force for sustainable value creation

In 2021, we set the goal of achieving net-zero emissions from our financing and investment operations, as well as our own operations, by 2050. In the autumn of 2023, as a continuation of the goals set in 2021, we launched our transition plan, which contains updated targets for how we are to achieve our net-zero ambition in 2050. The targets ensure that we as a financial institution further embed climate change considerations into our processes, including our choice of – and dialogue with – customers and the companies we invest in. We have also set a target that we will finance and facilitate sustainable activities worth NOK 1 500 billion by 2030 in the areas of renewable energy, energy efficiency and low-emission solutions.

Read more about our work with climate and the environment from page 61.

DNB is a driving force for diversity and inclusion

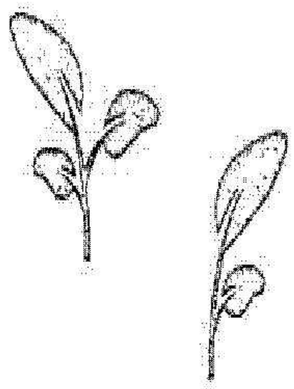
DNB is a driving force for diversity and inclusion both within and outside the Group. We will work to ensure that all employees feel included and accepted, and we will ensure that we have a good gender balance in management teams. Through cooperation and communication with suppliers and customers, we will also promote diversity and inclusion outside DNB. As a bank, an important part of the inclusion work will be to contribute to increased financial inclusion and healthy finances for customers.

Read more about our work with diversity and inclusion from page 97.

DNB combats financial crime and contributes to a secure digital economy

In DNB, we place great emphasis on combatting financial crime and contributing to a secure digital economy. We will ensure that sound anti-money laundering work is carried out across the Group by, among other things, reporting all suspicious transactions. We aim to be the bank that customers trust the most when it comes to delivering financial services. We also aim to process and use data and artificial intelligence in a way that promotes a fair, democratic and inclusive society.

Read more about our work with financial crime and information security from page 108.

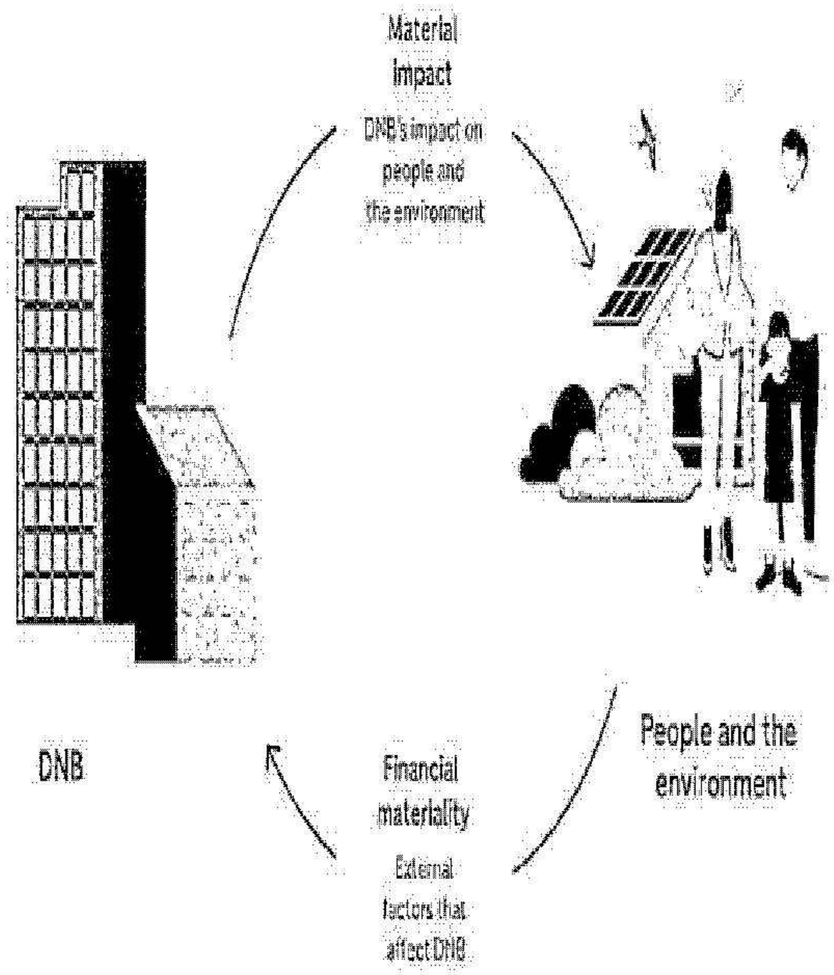


Materiality analysis

To ensure that DNB prioritises the sustainability topics that are most material to the Group's operations and to our stakeholders, the materiality analysis was updated in 2023. The update is based on the previous materiality analysis that was completed in 2021 in accordance with the Non-Financial Reporting Directive (NFRD) and the Global Reporting Initiative (GRI). The analysis has been completed in accordance with the principle of double materiality, and thus assesses both how DNB has an impact on people and the environment (material impact) and how external factors affect DNB's potential for long-term financial value creation (financial materiality).

Through a thorough analysis and the involvement of internal and external stakeholders, DNB has defined five material topics, grouped according to E, S and G (environmental, social and governance) factors that all support our role as a driving force for sustainable transition.

The principle of double materiality



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Result and changes from the previous materiality analysis

The five sustainability topics which previously (with DNB to a large extent has an impact (actual or potential) are Climate and environment, Diversity and inclusion, Human rights, Economic crime and Information security.

In this year's update, we have narrowed and refined the topics and have moved away from previous assessments that were focused on the topics of Climate and environment among the back-to-back stakeholder and "now and later" sub-topics. Green financing, emissions and energy efficiency, Circular economy and resource efficiency and Biodiversity and ecosystems. Viewing those topics together gives us the opportunity to work more systematically with topics that depend on and have an impact on each other.

The topic human rights has previously been integrated into the work relating to responsible purchasing and ESG assessments in credit analyses and asset management, but it has now been highlighted as a separate topic, partly as a result of an increased focus both within DNB and as a result of regulatory changes. The current material topic Data protection is now part of the chapter on Information security.

What is a materiality analysis?

A materiality analysis is a method for identifying and prioritising the most important sustainability topics for the company and its stakeholders. The purpose is to find the areas in which the company has the best opportunity to make a positive contribution, and the areas in which the company is at greatest risk of having a negative impact on people and the environment. The analysis is an important tool for ensuring that companies work with the right and the most material areas within the three ESG dimensions: environment and climate, social conditions and corporate governance.

The use of a materiality analysis is a recognised principle in a number of sustainability standards, such as those that belong to the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB), and it is an established element of best practices in sustainability. The EU's new Corporate Sustainability Reporting Directive (CSRD) also includes the principle of double materiality analysis. This means that companies must assess both how they affect the climate, environment and society, and how these factors affect their financial situation and opportunities for long-term value creation. Three criteria are applied when defining whether a sustainability topic is material: 1) whether the company has an impact on the environment or people in this area (material impact), 2) whether external circumstances have an impact on the company's financial situation in the area (financial materiality), or 3) whether the topic fulfils the criteria for both material impact and financial materiality in this area. Material impact and financial materiality are interlinked, and material impact can often give rise to financial opportunities or increased costs for the company.

Material topics

DNB will be a driving force for sustainable transition

E	S	G
Climate and environment Read more on page 61	Human rights Read more on page 90	Information security Read more on page 108
	Diversity and inclusion Read more on page 97	Financial crime Read more on page 112

Process

The materiality analysis is based on methodology from GRI and the CSRD, and covers DNB Bank ASA and its wholly owned subsidiaries with the exception of subsidiaries that are held for sale in accordance with the principle of materiality. The analysis has focus on the parts of DNB's operations and value chain where we have the greatest impact.

In order to arrive at the material topics we have looked at what impact DNB has on people and the environment as well as the risks and opportunities that may affect DNB's long-term value creation. The results of the analysis [illegible] directly through its own operations or indirectly in relation to customers.

The process of arriving at DNB's material topics has been carried out using a five-step model:

- Identification of sustainability topics
- Assessment of topics that are relevant to DNB
- Stakeholder dialogue
- Weighting and prioritisation of material topics
- Decision

Identification of sustainability topics

In order to identify relevant sustainability topics, we started by taking a broad approach using several sources including the topics listed in the European Sustainable Reporting Standards (ESRS 1) ESG topics from external premise providers and DNB's material topics from the period 2021 & 2022. We also looked into expectations, rules and legislation and requirements in the area of ESG. Based on this preparatory work, we collaborated with in-house experts to develop some early phase hypotheses which provided a foundation for our future efforts.

Assessment of topics that are relevant to DNB

Considering that DNB is Norway's largest bank with 737 000 corporate customers and 2 million personal customers, it is particularly through our loan portfolio that we have influential power. As part of the assessment of relevant sustainability topics for DNB, an impact analysis of our loan portfolio was carried out in both 2021 and 2023. The analysis in 2023 was more extensive than the one in 2021, in that we also included loans to personal customers. The impact analysis helps us meet the expectation of identifying social and environmental materiality, as well as our commitments as a signatory to the Principles for Responsible Banking (PRB). The analysis was carried out in accordance with the methodology developed by the United Nations Environment Programme Finance Initiative (UNEP FI), and is mainly based on the Norwegian loan portfolio. The result was important to the assessment of which sustainability topics DNB has the greatest impact on.

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Through the analysis and our stakeholder dialogue, risks and opportunities – and their financial impact on DNB's long-term value creation – were discussed and assessed for the various topics. Material impacts are often linked to risks and opportunities, in that they can trigger an opportunity for financial value creation or entail increased costs or loss of income. For example, the transition to a low-emission society creates the risk of loss of income for DNB if our loan customers are unable to handle the changes. On the other hand, the development of products and services that support our customers in this transition create opportunities for increased earnings and reduced risk for DNB. The topic Climate and environment therefore stands out as a topic that may represent a competitive advantage for both us and our customers. In the past few years, there has been a rise in the demand for sustainable financing and advisory services relating to the transition. The demand for sustainable savings schemes is also increasing among our personal customers. We have taken these financial risks and opportunities into consideration when selecting our chosen topics.

Stakeholder dialogue

Stakeholders' expectations were mapped through surveys of personal and corporate customers, voluntary organisations, authorities, suppliers and other partners, as well as by carrying out in-depth interviews with internal and external stakeholders. The importance of combatting financial crime, as well as safeguarding the climate and the environment, are highlighted by most of DNB's stakeholder groups. The findings from our stakeholder dialogue were discussed in internal workshops where specialists and representatives from the different areas of the Group participated.

"As an owner, we want DNB to influence and help its customers with their transition through dialogue, rather than excluding certain sectors."

"Given how involved DNB is on the lending side, this is where the bank has the greatest influential power. DNB is in a position to set requirements and exert influence."

"DNB's power lies in incentivising the customers it finances through setting requirements. DNB can choose who it grants loans to, which gives the bank power."

Different statements from stakeholders about how DNB can contribute to the sustainable transition

"The G in ESG is most important, and entails a clear responsibility for a bank. There is major downside risk here and an expectation that everything is in order."

"DNB has significant influence on the direction society is heading in, among other things, by offering pertinent knowledge and advice on financing projects with a clear environmental profile."

"You should practise what you preach, so I believe that DNB can inspire other companies through its sustainability strategy."

Contents > Sustainability in DNB > Materiality analysis

Weighting, prioritisation and decision-making in connection with material topics

Sixteen key sustainability topics of special relevance to DNB's operations were identified after the work to identify sustainability topics, analyse the loan portfolios of the personal and corporate customer markets, and the stakeholder dialogue. A weighting exercise based on various parameters was then performed, where the entire breadth of DNB was represented, to narrow down the key topics to material topics.

Impact, as well as risks and opportunities, were assessed separately, in accordance with the CSRD methodology:

- Impact was weighted, based on scope and severity (significance). In addition to the probability of DNB having an impact in the area in question. As a financial institution, DNB's impact mainly consists of actual impact through our financing and investment activities. Potential impact can be relevant in connection with own operations, but is not considered to be material in this context, due to the scope of this analysis. During the weighting exercise, the main priority was to assess the topics based on their actual impact. Several of the topics were considered to have both a positive and a negative impact, depending on how we approach and work with the topic.
- Risks and opportunities were weighted based on financial effect and the probability of realisation.

Everyone involved in the weighting assessed the topics from a short-term and long-term perspective. A custom weighting scale was developed to quantify the materiality of the different topics, and the topics that were weighted highest in terms of impact, as well as risks and opportunities, were given particularly high priority. These topics were in turn assessed by internal experts, before being reviewed by the Group management team and the Board of Directors. The Board adopted the five material topics in June 2023.

Implementation and monitoring

The materiality analysis that was carried out in 2023 shows that DNB's sustainable ambitions from 2021 remain relevant, and that they continue to be important for our stakeholders and for DNB's long-term value creation. The ambitions set the direction for our work and were integrated into the strategy in 2022. DNB's Group policy for sustainability also reflects the material topics and is intended to support employees and managers in their strategic decisions and day-to-day work. The policy is intended to ensure that we comply with our ambition of long-term value creation and that we are conscious of our impact on the climate and environment, as well as on society as a whole. Read more about how we follow up our sustainability ambitions on the next page.

In DNB, we work continuously to assess the Group's material topics and their composition. In accordance with our Group policy for sustainability, we will review the materiality analysis every other year or in the event of material changes. To determine whether there is a need to update it, DNB carries out continuous due diligence and risk assessments as well as dialogue with stakeholders, and follows developments relating to rules, legislation and expectations closely. This may affect how the material topics are prioritised and assessed. Read more about our ongoing stakeholder dialogue on dnb.no/sustainability-reports.

Opportunities relating to sustainability and the sustainable transition are also an integral part of our strategic analyses at business level. Moreover, we work continuously to improve our system for mapping and monitoring our sustainability-related risks. Read more about how we work with sustainability risk in the Pillar 3 report on ir.dnb.no.

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Management and follow-up of the sustainability ambitions

Corporate governance

Environment, social conditions and corporate governance (sustainability or ESG factors) are integrated into DNB's strategy and corporate governance. Governing documents set out how we are to work with sustainability and comply with our obligations, and the individual managers are responsible for the implementation of and compliance with these in their respective units. The work is coordinated with the recommendations from the Norwegian Corporate Governance Board (NUES). The implementation of and work with sustainability is also integrated into our risk management and internal control.

The Group policy for sustainability is our overarching governing instrument for sustainability. The policy sets the direction for DNB's work with sustainability and is intended to support employees and managers in making strategic decisions and carrying out their day-to-day work relating to sustainability. According to the policy we must take climate and environment into consideration, take social responsibility and ensure good corporate governance in all of our activities. This includes development of products and services, advisory services and sales, investment and credit decisions, procurement, purchasing and operations. The policy also states which international obligations and principles apply to DNB's activities, such as the obligation to comply with the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. The policy applies to all of the DNB Group's operations, regardless of geographical location, customer groups and organisational affiliation, and has been approved by the Group Chief Executive Officer (CEO). There are separate Group instructions for sustainability in credit activities and for responsible investments, which clarify how the Group policy relating to sustainability is to be complied with in our work.

[illegible] the Group Executive Vice President (Group EVP) of Communications & Sustainability has responsibility for sustainability work at DNB and leads the Group Sustainability Committee (GSC), which is the advisory body to the Group EVP. The GSC is a Group-wide committee that works to ensure that sustainability is an integral part of every area of our operations. In addition to coordinating efforts and ensuring close follow-up of the Group's strategic sustainability ambitions, the GSC is also responsible for ensuring progress and target attainment in the Group's sustainability work in accordance with the Group policy relating to sustainability, and for performing the assessments of the status of the sustainability-related key performance indicators as part of the strategic dashboard of the Group Management team and the board. Further, the GSC is to follow up the Group's implementation of rules and legislation in the area of ESG.

Beyond the overall management in DNB are responsible for contributing to achieving the goals that have been set for the sustainability work. The managers also have responsibility for implementing approved measures and ensuring that all employees within their own units are familiar with these. Robust corporate governance strengthens DNB's ability to deliver on our strategy and on the goals and ambitions that have been set.

Remuneration of the Group Management team

DNB's guidelines for determining remuneration to the CEO and other members of the Group Management team should at all times support our strategy and values, while contributing to the attainment of our targets. The performance-related remuneration of the CEO is based on financial and strategic performance criteria, including sustainability-related criteria. According to the guidelines, 32 per cent of the CEO's weighted performance criteria are linked to sustainability and DNB's sustainable ambitions. The 32 per cent are divided as follows for 2023:

The performance criterion **'Climate'** has a weighting of 8 per cent and is subject to a qualitative assessment by the Board. The assessment is based on the attainment of climate-related targets, ensuring up to 2025 and 2030, as well as the Group's position as a driver of sustainable transition. No annual sub-targets have been set for the 2025 and 2030 targets, and [illegible] annual developments are evaluated [illegible] target areas will be measured in the road up to 2025 and 2030. The Board of Directors will make a qualitative assessment of whether the Group has performed sound and risk-based assessments of the targets and of whether the Group's development is satisfactory in relation to the long-term goals.

The performance criterion **'Secure and stable IT operations'** has a weighting of 8 per cent and is measured quantitatively, based on the number of serious IT operations throughout the year. The thresholds have been set at a level that is intended to encourage high operational stability and a low number of incidents with a negative impact on customers during the year.

The performance criterion **'Engagement and diversity'** has a weighting of 8 per cent and is assessed qualitatively based on employee surveys, gender balance in management and the Group's position in society with regard to diversity.

The performance criterion **'Compliance'** has a weighting of 8 per cent and is assessed qualitatively based on compliance risk in the Group. The assessment is based on, among other things, the Group's ability to reduce risk associated with compliance, including assessments from internal control units and government bodies.

The Board sets the CEO's variable remuneration in accordance with guidelines approved by the Annual General Meeting. For other members of Group Management, the Board of Directors' performance assessment of the CEO is given a weighting of 50 per cent. This principle has been established to encourage all units to cooperate to achieve the best results possible for the Group, in accordance with the shareholders' long-term interests. The remaining 50 per cent is a combination of financial and strategic performance criteria associated with the Group EVPs' areas of responsibility.

Risk management and internal control in the sustainability work

As DNB is a financial institution, it is subject to strict requirements regarding risk management and internal control. The Board's Risk Management Committee monitors the internal control systems and ensures that the Group and its units have satisfactory risk management. Read more about our risk management and internal control, implementation of and reporting on corporate governance 2023, and on our sustainability reports.

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The risk management work includes sustainability risk, and this risk is part of all of our risk management activities. The requirement to assess sustainability risk is therefore included in the frameworks for all types of risk. Group Risk Management has overall responsibility for monitoring and reporting risks relating to the climate, the environment and social conditions. The reporting takes the form of quarterly risk reporting to the Group Management team and the Board of Directors. DNB's approach to sustainability and associated risks is developing rapidly. Consequently, in the next few years we will work to continue developing our processes and internal control for sustainability risk. Read more about how we work with sustainability risk in the Group's report on risk and capital management (Pillar 3) on ir.dnb.no.

Within the Group's credit activities, sustainability risk is controlled in accordance with the Group policy for risk management and the Group instructions for sustainability in the credit activities, and ESG risk assessments are an integral part of the credit decision process. Activities carried out by borrowers that affect sustainability risk must be analysed in credit proposals on a par with other potentially relevant risk drivers. We measure and follow up the average ESG risk level for borrowers, and for all customers with a high ESG risk score, we require an action plan to reduce their sustainability risk in the long term, in addition to credit assessments being performed at a higher decision-making level.

When a customer has a total credit commitment of more than NOK 8 million, the sustainability risk must be assessed and commented on in the credit proposal. For customers with a credit commitment of more than NOK 50 million, risk classification must also be performed, using an ESG risk assessment tool that has been developed in-house. The tool covers four thematic areas: climate, environment, social conditions and governance. Questions are asked about, among other things, climate accounts, plans for reducing greenhouse gas emissions and risk-reducing measures, and transition risk and associated measures. Our own ESG assessments are supplemented by ESG analyses performed by third parties.

In the asset management activities of DNB Asset Management (DAM), consideration must also be given to key risks and opportunities linked to ESG factors in all investments. The Group instructions for responsible investments must always be followed, and the instruments are intended to ensure that assessments of sustainability risk and opportunities are integrated in the management of the company.

Sustainability reporting

The purpose of our risk management and internal control is also to contribute to reliable financial and non-financial reporting, including sustainability reporting. The work on sustainability reporting is an important topic for the CSC, which follows up the work with regulatory requirements and expectations relating to the Group's sustainability efforts. Data capture and collection in the area of sustainability are developing quickly and often contain more elements of estimation than financial reporting. Some of the most common risks associated with sustainability reporting are associated with:

Completeness and integrity of data

In order to reduce the risk of the data we report being incomplete, incorrect or outdated, throughout the year we worked to improve our systems and processes for data collection, quality assurance, storage and reporting. We follow recognised standards like GRI and the guidelines for sustainability reporting, while at the same time we have integrated a number of information requirements from the EU's Corporate Sustainability Reporting Directive (CSRD) in the annual report. This increases the report's completeness and transparency.

Accuracy of estimate

In order to reduce the risk that results estimated using assumptions are inaccurate or uncertain, we have been transparent in the cases in which we have used estimates. We have also described how the results of the estimates have been prepared, the assumptions that have been applied, and which uncertainty factors affect the results.

Availability of value-chain data

In order to reduce the risk of not having sufficient information about our business partners' risks and opportunities relating to sustainability, we have established processes for following up these partners. We encourage them to share data on sustainability factors, and to use available sources such as industry organisations, certification schemes or public registers. Read more about responsibility in the purchasing chain in Human rights on page 90.

Time of availability of information

In order to reduce the risk that the data that is reported is outdated or will not be updated in time, we have established processes for obtaining updated information, using our central data centre. In industries like shipping, where data is not available on the reporting date, we use the previous year's data. When this is the case, we provide

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information about the management of previous years' data, as well as the effect of using the previous year's data.

A selection of the sustainability initiatives DNB is affiliated with

In our sustainability work, we follow Norwegian rules and legislation, but we have also decided to support and participate in a number of global initiatives and international guidelines. This helps further develop our work in the area, as it gives a basis for learning and knowledge sharing, among other things. For a complete list of the initiatives we are a part of, see the document Support to global initiatives on dnb.no/sustainability-reports. An overview of the initiatives DAM is associated with is also available on dnbam.com/en/responsible-investments/esg-overview-dnb-funds.

We also have an ongoing dialogue with our stakeholders to integrate their input in the decision-making processes that affect them. An overview of our stakeholder dialogue for 2023 is also available on dnb.no/sustainability-reports.

Initiatives and frameworks	Importance and our role
UN Sustainable Development Goals (UN SDGs)	→ The UN SDGs are the world's joint plan of action to end poverty, fight inequality and stop climate change by 2030. → DNB signed up to the UN SDGs in 2016. Read more about how we work with the SDGs on page 57.
UN Global Compact	→ The UN Global Compact is a UN-supported international network of companies based on ten principles in the areas of human rights, work, environment and anti-corruption. → DNB has supported the UN Global Compact and the ten principles since 2004.
United Nations Environment Programme Finance Initiative (UNEP FI)	→ UNEP FI is a partnership between UNEP and the global financial sector, and DNB has been a member since 1999. → DNB has participated in several UNEP FI projects, including a pilot project to implement the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Climate Risk Programme.
UN Principles for Responsible Banking (PRB)	→ The PRB initiative was launched by UNEP FI, and its goal is to ensure that the banking sector works to meet the UN SDGs and the Paris Agreement commitments. DNB was one of the founders of the PRB initiative in September 2019. → More than 300 institutions have now adopted the PRB. → DNB reports annually on its compliance with the PRB. The complete report on the Group's compliance with the PRB can be found on dnb.no/sustainability-reports.
Partnership for Carbon Accounting Financials (PCAF)	→ PCAF is an industry-led partnership to facilitate transparency and responsibility in the financial industry, as well as alignment with the Paris Agreement. The partnership provides specific global standards for measurement and calculation of emissions, across countries and financial institutions. → DNB has been part of PCAF since 2022.

Initiatives and frameworks	Importance and our role
Sofi*	Sofi is a knowledge network for climate finance DNB joined Sofi in January 2023
ZERO	The Zero emissions foundation (ZERO) is an independent not for profit organisation that was established in 2002 DNB became one of ZERO's strategic partners in November 2023 The goal of this cooperation is to combine ZERO's expertise on the environment with DNB's financial and industry competence to explore possible solutions in the energy transition
Responsible Shipping Standards (RSRS)	The RSRS are voluntary principles for financial institutions that are active in shipping financing. The aim is to promote responsible practices in the shipping sector by integrating the RSRS into bank guidelines and financial contracts relating to shipping DNB has supported the RSRS since 2017 and all new loan agreements (i.e. new and refinanced loans) secured with collateral in ships as well as all new offshore loans have to pass our responsible shipping test
Poseidon Principles	The Poseidon Principles were developed and launched in 2019 by DNB, Citibank, Société Générale and the Global Maritime Forum in partnership with leading players in shipping and climate research. The Poseidon Principles provide a global framework for responsible ship financing that is intended to stimulate decarbonisation of the maritime shipping. promote awareness relating to emissions and reduce climate considerations in loan decisions The 34 banks that have signed the Poseidon Principles have committed to publishing the climate adaptation of their shipping portfolios annually
OECD Guidelines for Multinational Enterprises on Responsible Business Conduct	The guidelines are based on principles and standards for human rights, transparency and corruption, tax, labour considerations, the environment and consumer interests. For DNB, the OECD guidelines are of fundamental importance and they are referred to in our governing documents. These are the guidelines we use as the basis for our customer due diligence and corporate due diligence as well as our dialogues with companies
UN Guiding Principles on Business and Human Rights	The principles define the duty of states and enterprises to protect themselves from and remedy the risk of human rights violations. DNB's activities must not violate the rights of other people and human rights principles are set out in DNB's Group policy for sustainability. The principles are also reflected in the Group instructions for responsible investment and they provide important guidance for our work as an owner/investor

Initiatives and frameworks	Importance and our role
UN Principles for Responsible Investment (PRI)	PRI is a UN supported initiative to encourage investors to incorporate practices for responsible and sustainable investment, eg investment decisions and active ownership practices DNB participates in the initiative to show its commitment to responsible and sustainable investment practices, to benefit from being part of a global investor network and to receive proposals for the improvement of internal processes DNB has signed the PRI Advance initiative which was launched in 2022
Equator Principles	The Equator Principles are a set of voluntary guidelines that provide a joint risk management framework for financial institutions to identify, assess and manage environmental and social risks in project financing DNB adopted the Equator Principles in 2008 For project financing that is subject to the Equator Principles, separate assessments must document compliance with the principles In 2020, the Equator Principles were expanded to also apply to projects relating to the financing and refinancing of activities that meet specific requirements
Norwegian Coalition for Circular Finance	The Norwegian Coalition for Circular Finance is an initiative established by the Finance Sector Union of Norway, the World Wide Fund (WWF) and Circular Norway. The Coalition is a collaborative arena where participants from the banking, insurance and investment sectors define their needs and gain expertise on how to develop circular products, services and tools adapted to new EU legislation and climate related and environmental targets DNB joined in 2023

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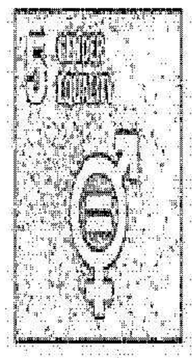
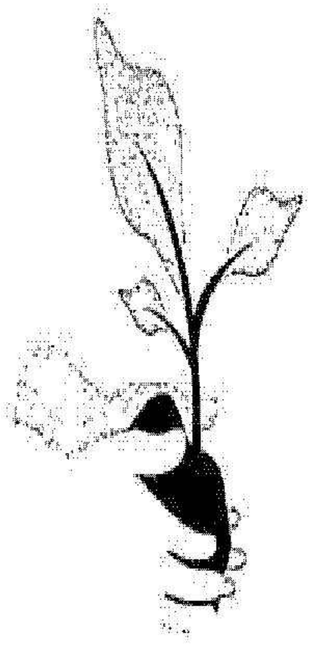
DNB's work with the UN Sustainable Development Goals

DNB supports all 17 of the UN Sustainable Development Goals (SDGs). However, we have identified some goals that are particularly relevant to our business operations, in areas where we have the greatest opportunity to make a positive impact through our role as an employer, investor, lender, facilitator and provider of financial infrastructure. Our top-priority goals are SDGs 5, 8 and 13. These goals also reflect our sustainability ambitions.

Relevance for DNB	Goals	KPIs	Measures in 2023	Link to material topics
 We work actively with equality and diversity both within the Group and towards customers and suppliers. Having a diverse and inclusive working environment pays off, and is in keeping with our ethical foundation	• We will have a gender balance of 40/60 at management levels 1–4 • We will be diverse and inclusive • We will help promote equality among our customers through products, services and dialogue • Our largest suppliers in IT services, consulting and legal services will work systematically on equality and diversity within their own organisations	• Measurement parameter for perceived inclusion among employees • Number of suppliers with diversity and equality requirements in their contracts • Gender balance at management levels 1–4 • Number of active savings schemes	• Mapped obstacles to equality and risks relating to discrimination • Maintained our focus on working systematically and purposefully to improve the gender balance in units in which the proportion of women is less than 40 per cent • Continued to work on our diversity and inclusion strategy • Organised 30 #hunnivesterer (#girlsinvest) events around Norway • Celebrated International Women's Day and International Men's Day • Conducted courses in inclusive management and developed a toolbox for all employees on diversity and inclusion • Defined three areas in which we can particularly contribute to financial inclusion and financial health for our personal customers	• Diversity and inclusion • Human rights

Relevance for DNB	Goals	KPIs	Measures in 2023	Link to material topics
We have 17 international branch offices and strive to be an attractive workplace that ensures equal opportunities for all.	• We will be diverse and inclusive • We have zero tolerance for bullying and harassment • In accordance with our diversity and inclusion strategy, we will take a clear stand in the areas of sexual orientation, gender identity, mental health, age and disability	• Ratio of basic salary and remuneration of women to men • New employee hires and employee turnover • Number of employees who made use of the Group's training programmes • Measurement parameter for whether employees are satisfied with their opportunities for learning and development • Measurement parameter for whether employees have experienced bullying or harassment by customers or colleagues • Number of discrimination or harassment cases registered • Number of reactive and proactive dialogues with companies about their work on human rights	• Mapped salaries to ensure equal pay for equal work • Continued to work on our diversity and inclusion strategy and highlighted multicultural background as a new priority area • Launched a mentoring program for immigrants with the goal of helping them enter Norwegian working life • Main partner of Oslo Pride 2023 and main sponsor of Bergen Pride, Regnbuedagene • Launched DNB University (DNBU) • Ensured continued access for all employees to our digital learning platform Mot mate and to 16 000 learning resources via LinkedIn Learning • DNB Asset Management had 119 reactive and proactive dialogues with companies about their work on human rights	• Diversity and inclusion • Human rights



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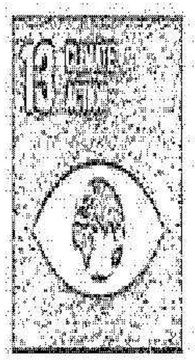
Relevance for DNB	Goals	KPIs	Measures in 2023	Link to material topics
	• [illegible]	• [illegible]	• [illegible]	• [illegible]

In addition, we have identified SDGs 7, 9, 10, 12, 14, 15 and 16 as relevant to our business operations. These SDGs also reflect our materiality analysis.

Relevance for DNB
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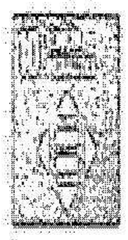
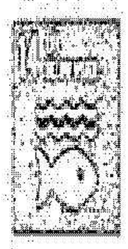
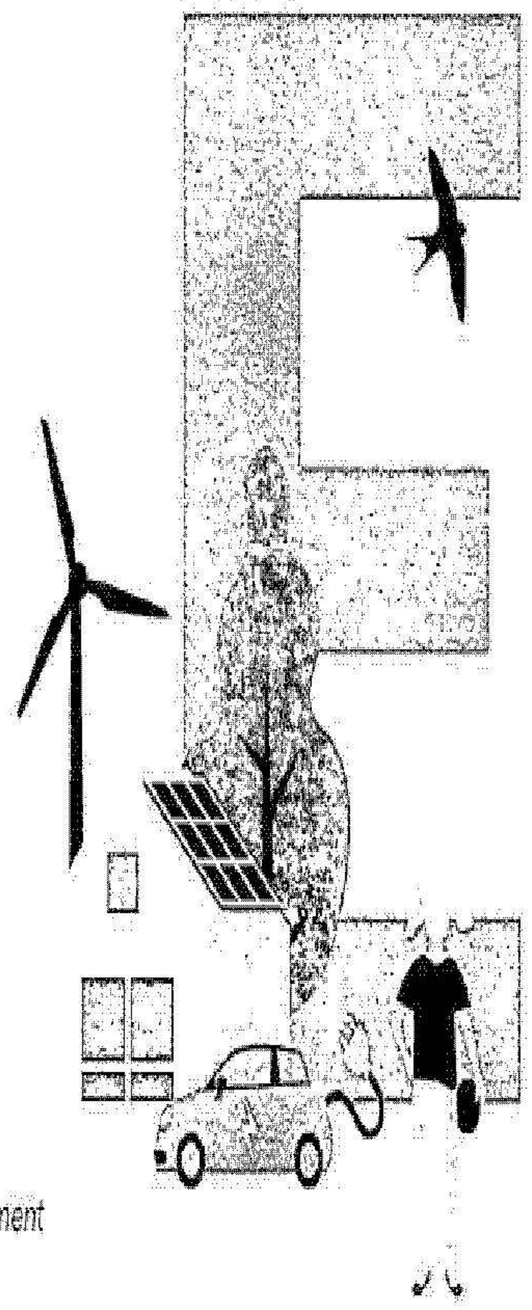
[illegible] DNB's contributions in this area are described on pages 66 and 79
 [illegible] DNB's contributions in this area are described from page 104
[illegible] DNB's contributions in this area are described on pages 62 and 76
 [illegible] DNB's contributions in this area are described from page 73
[illegible] DNB's contributions in this area are described from page 73
[illegible] DNB's contributions in this area are described from page 112.



Environment

Climate and environment

Climate change and environmental impact are closely interwoven, with mutual effects, such as loss of biodiversity and changes to ecosystems. These changes pose a risk to the global economy, our customers and our business operations. As Norway's largest financial services group, we have an indirect impact on greenhouse gas emissions and biodiversity through our financial activities. By allocating capital to the transition to a low-emission society, we can help reduce greenhouse gas emissions, preserve nature and increase the efficiency of resource use. Climate and environment are therefore defined as a material topic for us, and we are working with this through three sub-topics that affect each other:

- Greenhouse gas emissions and energy efficiency
- Biodiversity and ecosystems
- Circular economy and resource efficiency

The transition to a low-emission society will require great investments, and financial institutions play an important role in this work. In DNB, we have committed to taking our share of the responsibility, and one of our goals is to contribute NOK 1 500 billion to the financing and facilitating of sustainable activities by 2030. We can achieve this by providing financing, advisory services and investment relating to products and services linked to sustainable activities. Read more about how we work to allocate capital to the sustainable transition under:

- Financing, advisory services and investment

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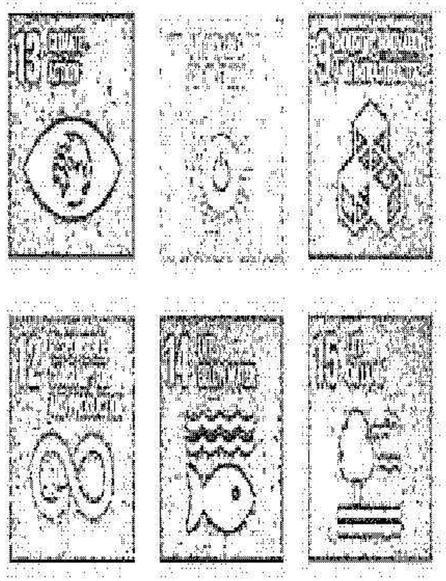
Greenhouse gas emissions and energy efficiency

Link to the UN Sustainable Development Goals:



According to the Intergovernmental Panel on Climate Change (IPCC), human-caused greenhouse gas emissions have resulted in the average global temperature rising by about 1.1 degrees Celsius, compared with pre-industrial levels. Rising temperatures affect the weather, with more frequent and more intense heatwaves and extreme precipitation on land, in addition to marine heatwaves. Climate change poses a serious threat to nature and society from a global perspective. In order to limit the rise in temperatures, society must transition to renewable energy sources. The transition to a low-emission society requires huge investments, and financial institutions therefore play an important role in this transition.

DNB supports the goals of the Paris Agreement relating to reduction of greenhouse gas emissions, and in DNB we work actively to reduce our own emissions. In addition to helping our customers make choices that make both their own business operations and society more sustainable. Through our lending and investment portfolios, we have an indirect impact on greenhouse gas emissions, and in 2021 we committed to achieving net-zero emissions by 2050 across our lending and investment portfolios, in addition to our own activities. In 2023, we launched our transition plan, which describes the steps we need to take to achieve this ambition. Our strategy is to work together with our customers through the transition - by financing and advising on real-world decarbonisation, rather than exiting carbon-intensive sectors. We will use our position and expertise to actively help our customers in their transition, through advisory services, capital allocation, and clear expectations. We will continue to promote and participate in the considerable opportunities the energy transition presents by providing financing to renewable and clean energy technologies.

What is climate risk?

Climate risk is about how the physical consequences of climate change will affect nature and society, and what the transition to a society with net-zero emissions will involve. Climate risk may have considerable financial consequences for financial institutions, including defaults on loans, investment losses and stranded assets. Both physical climate risk and transition risk may affect financial institutions.

Physical risk: Risk from climate- and weather-related events, such as heatwaves, droughts, flooding and storms. Such events may result in large financial losses and reduce the value of assets and the creditworthiness of customers.

Transition risk: Risk associated with the transition to a low-emission society. Changes in policy, technology and demand may result in a decline in the value of many assets.

1 IPCC (2023) Climate Change 2023 Synthesis Report

Our governing documents for our work with greenhouse gas emissions and energy efficiency:

DNB's Code of Conduct: DNB demonstrates corporate responsibility and contributes to sustainable economic, social and environmental development in the areas and industries in which the Group operates. DNB's corporate responsibility must be reflected in everything DNB does, including investment and financing.

Group policy for sustainability: DNB undertakes to show consideration for the climate, which includes working to be able to measure, report and manage climate risk that the Group is exposed to, both directly through our own operations and indirectly as an investor and lender, and to work to minimise our indirect impact on the environment as an owner/investor, lender and buyer.

Group instructions for sustainability in DNB's credit activities: The instructions describe what we require and expect of customers we grant credit or other facilitated financing to. Among other things, we expect our customers to work on including relevant challenges associated with climate change in their investment planning and on incorporating material risks relating to climate change into their risk management.

Group instructions for responsible investments: The instructions are intended to ensure that assessment of risks and opportunities related to environment, social and governance (ESG) factors are integrated into the management of the company. Our expectations of companies we invest in and the analysis criteria we use relating to the climate are also described in our expectation document on climate change, available on dnb.no/sustainability-reports.

DNB's Code of Conduct for business partners: The Code of Conduct contains requirements and expectations of suppliers relating to climate and environment.

Monthly climate risk report to measure transition risk rather than physical climate risks considered to be most material to DNB. Read more about how DNB works to monitor and report environmental risk in our report Risk and capital management. Technical according to ISAE 3000 (Revised).

Through our participation in various initiatives we have also committed to working to reduce greenhouse gas emissions and promote energy efficiency. Read more about which initiatives and collaborative projects we have entered into in Management and follow-up of the sustainability ambitions. Our largest owner the Norwegian government, represented by the Ministry of Trade, Industry and Fisheries, also has expectations regarding the climate and environmental work of the companies it has an ownership interest in. The State Ownership Report (Meld. St. 6 (2022–2023) Grønn vekst – Statens eierskap i en omstillingstid) made clear that the Norwegian government expects companies to identify and manage risks and opportunities relating to climate and nature. In addition to identifying and exploiting the opportunities associated with a shift towards more circular business models. As a financial institution however we must balance the needs of our owners and stakeholders when making decisions, as the global community will encounter a number of dilemmas during the climate transition. We must weigh between a fast transition and a just transition, by taking human rights and impact on nature into consideration when developing new energy sources for example. These must in turn be weighed against the need for energy security during the transition. It is important that the climate and energy transition is carried out in a way that safeguards human needs and social sustainability as well as the balance between transition risk and physical risk.

What was done in 2023?

The transition plan in brief

On 17 October 2023, the Board of Directors adopted the transition plan which is an important strategic tool that helps us understand the business implications of our net zero commitment. It also helps us manage the challenges and opportunities associated with climate change and the transition to a low carbon economy. The transition plan consists our science based targets (SBTs) for 2030, the scenarios we have used to draw up our targets and the external and internal factors that are influencing developments in the decarbonisation sector. At the same time the plan highlights key dependencies and external factors that have a decisive impact on our ability to achieve our targets.

The targets set in the plan will ensure a reduction of greenhouse gas emissions by our customers, as well as in the projects we finance and our own operations. The transition plan covers around 70 per cent of our financed emissions from the lending portfolio and our targets for reduction of our own emissions and emissions relating to the companies in which we invest. The targets in our lending portfolio are based on whether the sectors concerned have extensive greenhouse gas emissions, whether DNB has significant exposure to those sectors or both. Our goal for the investment portfolio is based on where we can exercise a positive influence and where there is best access to data.

In the development of the transition plan we worked to set SBTs based on 1.5 degree Celsius climate scenarios in line with the Paris Agreement. However, a 2 degree scenario was used for the sectors for which a 1.5 degree scenario is not yet available. Read more about the method used to set the targets in the transition plan, which is available on dnb.no/sustainability-reports.

To achieve the targets set in the transition plan several instruments are available to us:

Customer engagement and assessment: Further integrating climate transition considerations into our engagements with our customers and the companies we invest in and improving our assessment tools.
Capital allocation and investment processes: Further integrating decarbonisation considerations into our capital allocation and investment processes.
Climate transition expectations: Communicating our expectations to our corporate customers and the companies we invest in relating to measures for climate change mitigation.
Products and services: Scaling up and expanding our sustainable and transition finance and investment products and services.
Climate expertise: Continuously strengthening DNB's climate and transition related expertise.

The work to implement the transition plan in the Group has acquaint during the updating of our governing documents on sustainability. We have also started to carry out the activities described in the plan and to

To achieve the ambitions, we will reduce by example and reduce greenhouse gas emissions and improve the environmental impact of our own operations and purchases. Our ISO 14001 environmental management system ensures that we have procedures, guidelines and processes in place to minimise our climate and environmental footprint relating to our operations and purchases.

Our net zero ambition also requires the climate risk in our lending and investment portfolios. The goals set in DNB's transition plan will ensure that we as a financial institution further integrate corporate considerations of climate change in our processes, including our selection of and engagement with the customers and companies we invest in. Long term profitability depends on our customers and the companies we invest in being able to adapt to climate change and the plans here to a low emission society. As part of our work with climate risk and opportunities since 2017 we have participated in several pilot projects from the Task Force on Climate-related Financial Disclosures (TCFD), under the auspices of the United Nations Environment Programme Finance Initiative (UNEP FI), including testing of their Transition Check tool. We have also participated in the Paris Agreement Capital Transition Assessment (PACTA) pilot project that was initiated by the Norwegian

implement the strategic goals in the organisation. Initially, we conducted an extensive interview process, where key personnel were interviewed to reveal challenges and potential obstacles in our operations. Based on our findings, we have drawn up a list of measures, activities and processes that must be carried out and improved in order to secure progress and coordinated efforts throughout the DNB Group. The intention is for us to ensure progress on the activities we describe in the transition plan, and to facilitate positive development in the strategic scenario in the years ahead. Group Executive Vice Presidents within each business area and support unit are responsible for implementing the relevant elements of the transition plan and for reporting on progress towards the targets. The Board will also monitor the targets and ensure that the transition plan is in line with DNB's overall strategy, together with the Group Management team. Progress on the decarbonisation goals and any changes are reported each year in the annual report. See the section below, Reducing greenhouse gas emissions in the lending portfolio - by sector.

Decarbonisation targets

Segment	2030 interim targets (per cent)
Loans	
Mortgages	-47% CO_2e/m^2/year
Housing cooperatives	-50% CO_2e/m^2/year
Commercial real estate	-29% CO_2e/m^2/year
Shipping	-33% gCO_2/tonne x nautical mile
Motor vehicles	-32% gCO_2e/km
Steel	-30% tonnes CO_2e/tonne steel
Upstream oil and gas	-18% in committed lending amounts
Power generation	N/A
Salmon farming	N/A
Investments	
DNB Asset Management: listed equities and corporate bonds	58% of the assets under management (AUM) must have SBTs
DNB Livsforsikring: listed equities and corporate bonds	-55% portfolio-wide carbon intensity (WACI)
DNB Livsforsikring: listed equities and corporate bonds	51% of the AUM must have SBTs
DNB Livsforsikring: external asset managers	100% of all asset managers must have a net-zero target or SBTs and an action plan by 2025
DNB Næringseiendom	-35% CO_2e/m^2/year
Own business operations	
Motor vehicles	-26.5% gCO_2e/km
Commercial real estate	EU: -6% $kgCO_2e/m^2$/year USA: -26% $kgCO_2e/m^2$/year Asia: -36% $kgCO_2e/m^2$/year

Emissions scopes (1-3)

- **Scope 1:** Direct emissions from resources owned or controlled by the company
- **Scope 2:** Indirect emissions from the generation of purchased energy and electricity
- **Scope 3:** All indirect emissions that occur in the value chain (resources not owned or directly controlled), including emissions from the use of sold products

It is important to read the transition plan in its entirety, including the more detailed sections and the Disclaimer section, to understand the full context and background for the plan. Factors beyond DNB's control will affect the Group's ability to reach the targets. The direction is clear, but future emissions reductions will not be linear. For example, from one year to another, we may see increased financed absolute emissions in certain sectors. Our transition plan is therefore dynamic, and will be reviewed and updated in line with progress on data quality, methodology and other material developments.

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Reducing greenhouse gas emissions in the lending portfolio - by sector

Upstream oil and gas

Our target is to reduce absolute committed lending volumes in this portfolio by 18 per cent by 2030, using 2019 as the baseline year. By year-end 2023, our committed lending volume was NOK 30.84 billion, meaning a reduction of 14 per cent compared with 2019. It is important to point out that our committed lending exposure is dynamic and subject to fluctuations due to e.g. macro conditions and event-driven situations that are typical for the oil and gas industry.

While the committed exposure metric does not directly measure financed emissions, it is still crucial that our upstream oil and gas customers continue their efforts to reduce emissions from their own operations. We will continue to emphasise these points as part of our customer engagement and internal decision-making processes.

We will also continue to work with dynamic portfolio adjustments and focus the business strategy more on the North Sea market in order to secure progress towards the 2030 target. We will continue to support customers that aim to reduce emissions from their own operations, as well as those that are investing in renewable energy production and clean energy technologies. We will engage with customers to emphasise the need for emissions reductions, and we will monitor our customers' progress closely. These points will also be emphasised in our internal decision-making processes.

Shipping

In 2021, DNB set a target to reduce the emissions intensity of the shipping portfolio by one third by 2030, using 2019 as the baseline year. Progress towards this target is tracked based on data, processes and methods used in the Poseidon Principles, the global initative that promotes transparency and reporting on the climate alignment of ship finance portfolios, which now has 34 shipping banks internationally as signatories. Our target was set independently of and beyond the Poseidon target trajectories at the time, which were based on the initial greenhouse gas emissions strategy of the International Maritime Organization (IMO), in which the target was to reduce total annual greenhouse gas emissions emissions by at least 50 per cent and to reduce the relative carbon intensity of emissions by 70 per cent by 2050.

The metric used by the IMO in various regulations, in the Poseidon Principles and by DNB in our own target tracking, is the Annual Efficiency Ratio (AER), representing grams of CO_2 per unit of transportation work, expressed in tonnes-nautical miles. The scope of DNB's target is aligned with reporting under the Poseidon Principles, covering Scope 1 emissions for vessels of 5 000 gross tonnes (GT) and above. We are tracking annual changes in the AER, compared with the baseline year 2019 (indexed to 100) in each subsegment, and we aggregate the changes to a loan-weighted AER delta for the whole portfolio.

In July 2023, IMO adopted a revised greenhouse gas emissions strategy with a goal of net zero 'by or around' 2050, with two different targets, one minimum and one striving target. The Poseidon Principles banks have for the 2023 reporting (of 2022 emission data) implemented the changes in the IMO greenhouse gas emissions strategy, resulting in three different benchmarking trajectories, the 'old' IMO and Poseidon trajectory, a revised IMO minimum trajectory and a revised IMO striving trajectory. The complexity of reporting has also increased, as it now includes emissions throughout the lifecycle of fuels (well-to-wake), and not only direct emissions from vessels. The reporting thus includes most of the Scope 3 emissions in shipping. In addition, the future reporting will also include all greenhouse gases, including methane.

In light of the changes in the IMO strategy and the Poseidon Principles, we are revising and evaluating our current emissions reduction target, and considering whether to adopt one of the two IMO targets, or to explore other alternatives. Complexity, operationalisation, ambition and realism are all factors being considered in this context.

With respect to the current target, the results for 2022 (which are based on data reported under the Poseidon Principles for 2023) showed a reduction in the portfolio-weighted AER of 7.8 per cent, compared with the baseline year of 2019, which corresponds to an index of 92.2. The reduction is a result of a combination of 1) a normalisation of the markets following the COVID-19 pandemic, and fewer disruptions and logistical challenges than in 2020 and 2021, 2) customers' own measures to improve efficiency and reduce emissions and 3) an increased focus on emissions reduction in our capital allocation and customer selection processes.

To reach our target, we engage with customers on their short-term emission reduction plans and longer-term fleet development plans and targets. All customers are now subject to dedicated transition risk assessment in credit papers. Also, we always explore

the potential for sustainable finance linked to carbon reduction with our customers when discussing new financing agreements. We also explore alternative transition financing solutions to support the industry where we actively invest in energy saving technologies to cut emissions and prepare for more stringent regulatory requirements and carbon pricing (EU's emissions trading).

Commercial real estate

DNB set an allocated emissions intensity reduction target for the commercial real estate portfolio in 2023 of a 29 per cent reduction by 2030 compared with the 2019 baseline. The baseline has been calculated based on the building's estimated energy performance and allocation based emissions factor for the relevant underlying energy sources. The physical emissions intensity metric is kg CO_2e/m²/year and the target has been set in line with the Carbon Risk Real Estate Monitor's (CRREM) pathway for limiting global warming to 1.5 degrees. The emissions from a property are primarily driven by the energy used for operating the property (Scope 2) as well as the construction process and the materials used (Scope 3). At present, the baseline value and measured emissions for the portfolio only include Scope 2.

The portfolio's emissions intensity for 2023 was 18.7 kg CO_2e/m²/year which is below the average intensity for Norway under the CRREM scenario. These calculations are based on the emissions factor for 2022 since updated data for 2023 will not be available until later in 2024. Even though the portfolio's energy intensity performed slightly compared with the baseline year of 2019, the calculated emissions factor for electricity consumed increased during the period. This entailed an increase in the calculated emissions intensity compared with that of 2019, which was 3.68 kg CO_2e/m²/year. Major additional improvements in energy efficiency are still needed if we are to meet the target by 2030.

The main levers for reducing emissions in commercial real estate come from improving energy efficiency in buildings and from decarbonising the energy system at society's level. We aim to engage with customers to support them in improving their buildings' energy efficiency. At the same time, we recognise that the emissions factor is volatile and to a large extent affected by fluctuations in electricity imported to Norway as neighbouring countries generally have a higher emissions factor. This could result in a higher (worse) emissions intensity despite improved energy efficiency in the portfolio.

In 2024, DNB will continue to engage with customers and provide incentives through green financing. In addition, we will increase our efforts relating to advisory services and information on energy improvements and increased importance will be attached to energy efficiency in credit risk assessments.

Housing cooperatives

DNB's target for 2030 is to measure physical emissions intensity in this portfolio by 50 per cent compared with the 2019 baseline. The baseline and target include Scope 1 and 2 emissions. Due to data limitations, Scope 3 emissions are not measured at this point in time. The portfolio's emissions intensity has decreased to 3.0 kg CO_2e/m² in 2023 from 3.1 kg/m² in 2019.

Housing cooperatives is a sector with many of the same pressures, opportunities and challenges as commercial real estate, and with many similarities to the mortgage portfolio. This means that the main levers that we can control as to improve the energy efficiency of buildings. Improvements in the housing cooperatives portfolio will also have spillover effects to the related mortgage portfolio, and vice versa.

As for commercial real estate, DNB will engage with customers and provide incentives for increasing the energy efficiency of buildings. Forthcoming EU regulations on energy efficiency of buildings, market efforts and technological advances are other factors that are expected to have an impact on the decarbonisation of the portfolio.

Steel

DNB's target for 2030 is to reduce the emissions intensity of the steel portfolio by 30 per cent, compared with the 2019 baseline, also including Scope 1 and 2 emissions. Steel is a sector that will play a vital role in the climate transition. It is a high emitting sector, but it has the potential to contribute to the decarbonisation of other sectors. Because of this, DNB set a new emissions reduction target for the steel portfolio in 2021. DNB has a relatively limited exposure to the sector and our customers are already at the forefront of low emission steel production. The emissions intensity of DNB's steel portfolio was 0.37 tonne CO_2e/tonne steel in 2022, which is far below the relevant climate scenario IEA

[a] As of 31 December. Data on emissions intensity for the steel portfolio in 2023 is not available until mid-2024.
[b] Net Zero Emissions by 2050 Scenario. An overview of the scenarios can be found in the Appendix.

NZE2050. This is slightly higher than the 2019 baseline of 0.72 tonne CO_2e/tonne steel. However, we know that the portfolio's underlying companies have improved the emissions intensity of their operations, and that the portfolio's higher average intensity was due to the portfolio composition at the time of measurement.

In DNB, we will continue to support our customers in the sector by engaging in customer dialogue and by providing financing for transition activities.

Power generation

The generation of electricity is expected to increase by 3.2 per cent annually at a global level until 2050, increasing the share of renewables provides an opportunity to decarbonise both the production of electricity and the sectors that are and will become major consumers of this electricity. DNB's power generation portfolio is based on the 1.5 degree global scenario set by SBTi, and the 2019 baseline was 79.3 kg CO_2e/MWh, which is well below the performance level required by 2030 and reflects DNB's strategic decision to primarily finance renewables within this portfolio. The baseline covers Scope 1 emissions (on balance sheet exposure in the power generation portfolio for both financing to corporate customers and project financing). Given the low level of the baseline, we have not set an emissions reduction target, as it would limit the flexibility we need to support customers with credible transition strategies. The portfolio's emissions intensity was reduced further to 18.1 kg CO_2e/MWh by year-end 2022.

In DNB, we will maintain our industry strategy of financing renewable energy and power related infrastructure. We will continue to deliver on our ambition to increase our exposure to zero- and low-emission technologies while supporting customers with transition strategies. We will continue to finance established technologies such as hydropower, wind power, solar power and electricity transmission and district heating systems. Additionally, we will evaluate new related clean energy technologies and business models as they emerge.

Salmon farming

The global food system accounts for a substantial part of global emissions, and salmon farming can play a part in reducing these emissions. Salmon is already a relatively low emission source of protein but given a growing global population, what we eat will become increasingly important. Due to DNB's exposure towards the sector we have decided to measure the carbon footprint of the portfolio on an annual basis. Since there is no sector specific climate scenario available, we have chosen not to set a specific decarbonisation target for this portfolio, but we will also work to improve the emissions intensity of the portfolio through active dialogue with our customers and to support and finance initiatives that will lower emissions in the sector.

The portfolio's average emissions intensity for Scope 1 and 2 has gone from 0.61 kg CO_2e/kg HOG (head on Gutted) in 2019 to 0.66 in 2022. The portfolio's Scope 3 emissions have gone from 4.47 kg CO_2e/kg HOG to 4.77.

We will continue to have sustainability and emissions reductions high on the agenda when in dialogue with our customers. Since 2019, DNB has granted and facilitated more than USD 22.5 billion in sustainable finance transactions, including green and sustainability linked loans, for the sector.

Mortgages

DNB has set a target of reducing the emissions intensity of the mortgage portfolio by 47 per cent by 2030 to 7.9 kg CO_2e/m²/year compared with the baseline year of 2019. The target covers DNB's full portfolio. It includes Scope 1 and 2 emissions and it will be adjusted to include the Sbanken portfolio once it has been integrated. The targets are based on recommendations from the Net-Zero Asset Owner Alliance (NZAOA) and SBTi. We have used the CRREM scenario because it is in line with NZE2050 scenarios from SBTi and the IEA and because it provides a procedure for estimating emissions to the various property groups that make up the private market. CRREM is also the scenario used for external reporting.

The portfolio's emissions intensity is calculated based on the buildings' energy labeling, national statistics for the energy mix in Norwegian homes and allocation based (Norway) emissions factor for the relevant energy sources. The calculations use a location based emissions factor for 2022, as the emissions factor for 2023 will not be available until later in 2024. When energy certificates

[a] Net Zero Emissions by 2050 Scenario. An overview of the scenarios can be found in the Appendix.
[b] Carbon Risk Real Estate Monitor. A decarbonisation model.
[c] Power generation is defined as the sum of the following activities: Hydropower, Wind power, Solar power, Electricity transmission and distribution, Heating systems. Additionally, we will evaluate new related clean energy technologies and business models as they emerge.
[d] Salmon farming is defined as the sum of the following activities: Salmon farming, Processing, Logistics, Sales and marketing.

are not available, the emissions intensity of a building will be estimated using property-specific data. When property-specific data is insufficient, the building will be assigned an emission value, based on the average for the portfolio. The calculations are performed in line with Finance Norway's sector-specific guide for use of the Partnership for Carbon Accounting Financials' (PCAF's) international carbon accounting standard for the financial industry. Using the current methods, DNB has calculated an emissions intensity of 3.75 kg CO_2e/m^2/year for the entire mortgage portfolio for 2023 , which is slightly higher than the baseline year 2019 (3.69 kg CO_2e/m^2/year). Compared with the baseline year, we have received better data about the buildings' actual energy labelling. This may mean that we estimate a somewhat higher energy consumption now than we did using the data available to us before. Based on the PCAF data quality scale[13], we scored 3.21 in 2023, which is an improvement from 3.95 since the baseline year of 2019. This was due to access to more energy labelling of homes. In DNB, we are working continuously to improve data quality to ensure that we have the best data possible to calculate our emissions.

To achieve the goal, going forward we will actively support and encourage our customers to improve energy efficiency in their homes, but target attainment also requires considerable investment in the Norwegian housing sector. Our customers must be made aware of forthcoming regulatory requirements relating to energy efficiency, new subsidies and suitable measures they can implement to improve the energy efficiency of their homes in the most cost-efficient way. By giving our customers good advice, we can help them understand the need for and benefits of increasing the energy efficiency of their homes. To succeed in this work, it will also be important to invest in our employees' competence on this subject.

Financing the costs of energy efficiency measures is one of the greatest barriers for most homeowners, and demand for suitable financing solutions is increasing. We will accordingly attempt to achieve our net-zero target while safeguarding our commitment to financial inclusion in Norwegian society. We will also explore new partnerships in order to be able to offer customers a broader range of services and achieve closer integration with governmental support schemes.

Forthcoming regulations and market standards highlight the importance of increasing the energy efficiency of the real estate sector to achieve the global climate goals. DNB will engage with relevant decision-makers to influence the design of sector-specific regulations, public support schemes and incentives that can motivate consumers and companies to make sustainable investments in their homes and buildings.

Environmentally friendly transport

DNB's target for 2030 is to reduce the emissions intensity of our financing of motor vehicles by 32 per cent, compared with the 2019 baseline. Emissions have been calculated in accordance with the PCAF standard, and cover financed Scope 1 and 2 emissions. The data that is used to calculate emissions ranges from actual consumption and emissions data to national and European average factors. The emissions intensity reduction target is calculated using the Sectoral Decarbonisation Approach (SDA) tool from SBTi and the emissions scenario built into the Beyond 2°C scenario tool.

In 2023, the portfolio's emissions intensity was 58 gCO_2e/km, which is a 35 per cent reduction compared with the baseline year of 2019. The decline is generally due to greater financing of emission-free vehicles. An increase in the financing of emission-free vehicles is expected in every market in which DNB is represented. At the same time, policy tools and support schemes have a bearing on the transition to emission-free vehicles.

As data quality improves in the time ahead, we will update our emissions target for motor vehicles to a 1.5-degree scenario. We will also work to encourage more customers to choose emission-free vehicles, but we will continue to offer financing of fossil vehicles to customers who cannot choose emission-free vehicles for range-related or financial reasons. The reduction in emissions intensity is also closely linked to forthcoming national and EU regulations on zero-emission vehicles.

Reducing emissions in the investment portfolio

In line with DNB's net-zero emission ambition and the transition plan, DNB Asset Management (DAM) has set a new target that 58 per cent of the companies in DAM's portfolio must have set a science-based emissions reduction target by 2030. If the world is to achieve net zero by 2050, all companies should have set such a target by 2040, according to SBTi[14]. The target of 58 per cent in 2030 assumes a linear development in the number of companies with such targets, based on 2022 figures. By the end of 2022, 24 per cent of companies in the portfolio had such a target, and at the end of 2023, the proportion had increased to 30 per cent. We do not want to exclude companies with high emissions from our investment universe because we believe that the companies with the most substantial emissions are the same ones that could have the greatest influence on the green transition through good emission strategies. Active ownership will be our most important tool here.

DAM has engaged in dialogues with companies for several years to discuss climate reporting and targets, but the dialogues will become even more focused in line with our new target. In addition, we seek to vote at the annual general meetings of all Norwegian companies in our portfolio, all of the companies in which we have holdings through actively managed mutual funds and all of the annual general meetings at which shareholder proposals are presented. We see that proposals relating to the environment are to an increasing extent made at these meetings. In 2023, we voted at a total of 1 352 company meetings. Going forward, it will also be important to consider whether proposals support our ambitions, and we will encourage openness by also becoming more transparent and strengthening our climate reporting.

We are already in the process of mapping and influencing the 30 companies in the portfolio that contribute most to our emissions, and ensuring that they set targets that are realistic and science-based and reduce their emissions in accordance with these targets. Link to our information page relating to voting, which shows how DAM votes https://vds.issgovernance.com/vds/#/OTY1Nw==.

In 2023, the ambition of net-zero emissions was further integrated into the company's active ownership efforts and this has also been important in the efforts to continue developing mutual funds with a sustainability profile. This work was reinforced through the transition plan, which sets ambitious emissions reduction targets. We also repeated the 2022 mapping of the emissions intensity of our portfolios and continued the work of collecting data to further improve the integration of our ambition of net-zero emissions in our investment processes. The result of the mapping is also used to choose which companies we engage in a dialogue with. This year's mapping showed a reduction in the emissions intensity of several of the mutual funds, and for the portfolio as a whole. For more information about this, see DAM's annual report on dnb.no/sustainability-reports.

Throughout 2023, DAM also:

- Participated in the Norwegian investor cooperation for climate and diversity, together with several of the largest companies on the Oslo Stock Exchange, Oslo Børs.
- Worked to close data gaps in the mapping of the emissions intensity of the portfolio using recognised methods and tools. See the description in DAM's annual report for 2023 on dnb.no/sustainability-reports.
- Increased the number of mutual funds with sustainability-themed criteria in the fund mandate that ensure that investments are made in companies with a sound environmental and social profile.
- Entered into 61 dialogues with companies regarding the climate.
- Of these 61, we engaged in 26 dialogues to influence the 30 companies in the portfolio that contribute most to our emissions. We do this to help ensure that they set targets that are realistic and science-based, which in turn helps us reach our targets set in the transition plan. The targets should be approved by SBTi, but we also approve targets that meet our self-defined criteria for SBTs.
- Conducted a survey of Norwegian issuers of fixed-income funds, with emissions reduction targets as a separate topic.

Reducing the emissions intensity of the life insurance portfolio

Our goal is to reduce the emissions intensity of the life insurance portfolio by 55 per cent (Scope 1 and 2) by 2030, compared with the level in 2019. We use the Weighted Average Carbon Intensity (WACI) model and data from MSCI ESG Research to measure emissions intensity. Our reporting is based on listed shares and corporate bonds, as the data quality for other asset classes is poor.

In 2023, the WACI of the portfolio was 59.87 tonnes CO_2e/MUSD revenue, and the emissions intensity of the portfolio was reduced by 25 per cent, compared with the 2022 level. Since the baseline year of 2019, emissions have been reduced by 44 per cent, which is well within the target of a linear reduction by 2030.

13 The PCAF scale for data quality goes from 1 to 5, with 1 as the highest possible level of data quality. The data quality affects how precisely the portfolio's emissions are calculated.

14 European Commission - "Questions and Answers on the revision of the Energy Performance of Buildings Directive" (https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_6686)

15 Science-Based Targets initiative (2022) Foundations for science-based net-zero targets setting in the financial sector

16 ©2024 MSCI ESG Research LLC. Reproduced by permission. Note, the displayed data is based upon the most recently available data at the reporting date.

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The reasons for the reduction include a significant reduction in the emissions intensity and the fact that the proportion of technology companies in our portfolio increased in 2023. Such companies often have a low emissions intensity, the proportion of energy companies which often have a high emissions intensity was also reduced during the year. This sectoral shift in the portfolio is due to both market developments and the choice of companies in our management portfolios. Based on past fluctuations we expect developments to vary greatly going forward.

We have also set a coverage target for the portfolio based on guidance from SBTi, which means increasing the proportion of investments in shares and corporate bonds with science-based emissions reduction targets. The target is for 53 per cent of the company's AuM to have SBTs by 2030. This is calculated as a percentage of the holdings within the scope of the coverage target, which includes shares and corporate bonds. In 2023, 33 per cent of our investments had SBTs for emissions reduction.

We also ask the majority of our fund managers to have net zero targets or SBTs by 2025, and we will exercise active ownership in all fund managers to influence the 100 companies in the portfolio with the most substantial emissions. Going forward, the emissions reduction target will be supplemented by three qualitative activities for assessing and controlling climate risk in our portfolios: by following developments in emissions from our investments, and monitoring whether our work on active ownership has had the desired effect.

Reducing the emissions intensity in DNB Næringseiendom

DNB Næringseiendom's goal is to reduce the carbon intensity of its portfolio by 35 per cent by 2030 compared with the level in 2019. The goal covers all wholly owned properties and is based on the Norwegian Agreement and includes Scope 1 and 2.

To achieve the goal, DNB Næringseiendom will focus on reducing energy consumption and emissions from operation of the properties and will carry out planned sustainable projects where concrete energy-saving targets are defined in the projects' plans. This will largely be done in connection with the ongoing refurbishment and property development. Our environmental targets, with measures and plans to achieve them, are

DNB Næringseiendom has a set of key figures to improve the environmental quality of the portfolio with emphasis on reducing greenhouse gas emissions, reducing energy consumption and performing third-party certification of buildings. BREEAM certification is important for defining the environmental standard and for contributing to continuous improvement of the buildings in the portfolio.

In 2023, we achieved carbon savings of 7.8 per cent compared with the 2019 level. The reductions come from ordinary operation of buildings and execution of projects. In the work to achieve the goal going forward, we will

- Reduce the impact on climate and environment by highlighting qualities of behaviour, products, services and technical solutions that may reduce CO_2 emissions
- Integrate climate and environment in our everyday operations
- Actively manage and monitor climate risk

Reducing emissions from our own operations

DNB's contribution to the climate transition starts with our own operations, and in DNB we are working continuously to expand the scope of the emissions we measure and to set concrete targets for reducing them. In 2023, we set Scope 1 and 2 targets for our own operations. In the lead up to 2030 in Scope 1, we will reduce the emissions intensity of our own vehicles by 25.5 per cent by 2030, from 83.77 gCO$_2$e/pkm in 2022 to 62.39 in 2030. In 2023, the emissions intensity was 67.45 gCO$_2$e/pkm. In order to achieve the target, we will, among other things, replace fossil fuel-powered cars with electric cars in Scope 2, we will reduce our energy consumption, measured in kgCO$_2$e/m^2, at our offices.

Energy consumption at our offices

Measured in kg CO_2e/m^2/year	2023	2022	Change from 2022 to 2023 (per cent)	Target for 2030
Oslo	46	47	-2	44
Asia	414	248	67	284
Arna	44	45	-3	31

In 2023, there was a reduction in energy consumption per square metre in DNB's office premises in the EU compared with 2022, which is not a natural increase in the

office premises in Asia and the US. The increase was partly due to the improved quality of measured data, but the strain reduction trends was also due to our changing the emissions source for calculations from the one used when the transition plan was drawn up to the new one corrected when the transition plan is updated. To achieve the Scope 2 goals, we are dependent on a reduction in the carbon intensity in the energy mix at each location. At the same time, we will continue to work systematically to identify and carry out energy-reducing measures in Norway and at our international locations.

Development in measured emissions

Every year, we report our greenhouse gas emissions associated with own operations for Scope 1 and 2 and for selected categories in Scope 3, including energy consumption, travel, waste management and emissions from data centres. In 2023, our total emissions from our own operations were 7,745 tCO$_2$e. This is an increase of about 16 per cent compared with 2022. The increased emissions are partly associated with improved quality of the reporting of energy consumption and our having included more data in our Scope 3 emissions. The increase was also partly due to an increase in the emission factor for air travel, even though air travel in 2023 was relatively stable compared with 2022. For more detailed information on our calculations of our emissions, see our annual carbon accounting report on dnb.no/sustainability-reports. The report has been prepared by an external supplier.

Since 2014, we have bought carbon credits for all direct and indirect emissions from our own operations (e.g. from air travel and waste management) in addition to guarantees of origin (GOs) for our electricity consumption. For our 2023 emissions, we bought carbon credits worth 6,413 tCO$_2$e in two projects certified by the Gold Standard Project.

Emissions in tCO$_2$e	2023	2022	2021
Total emissions Scope 1	168	185	177
Total Scope 2 (location-based)	1408	1 626	1 913
Total Scope 2 (market-based)	212	109	108
Scope 3 emissions:			
Travel	715	228	159
Business travel	5 256	3 818	1 913
Other	97	81	76
Total emissions from Scope 3	6 069	4 841	2 148
Total emissions Scope 1, 2, 3	7 745	6 663	3 904

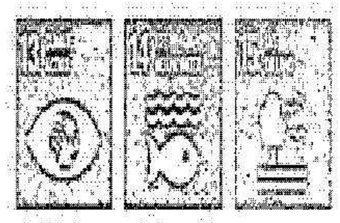
How we work to reduce emissions from our own operations

We have worked systematically for several years to reduce greenhouse gas emissions from our own operations, including by optimising our land use and by establishing energy monitoring systems that have resulted in the energy consumption having been reduced by 26 per cent per square metre in the period 2014–2023. We will also keep up the continuous work to reduce waste and maintain the degree of recycling in cooperation with environmental services provider Norsk Gjenvinning. In 2023, we also established DNB's sustainable food strategy leading up to 2030 (in Norwegian only), which is designed to reduce greenhouse gas emissions associated with the serving of food. Since 2019, we have reduced the food waste per guest by 23 per cent.

We are continuing to work purposefully to reduce the footprint from own operations, and we have ongoing activities to set targets for emissions reduction in several categories in Scope 3 by 2030. The supply chain is a material source of emissions from own operations and environment and sustainability are important topics in our work relating to purchasing. We urge our suppliers to offer more environmentally friendly alternatives and we require various certifications where relevant. We also collaborate with suppliers on extending the life of products once they are no longer of use to us.

Biodiversity and ecosystems

Link to the UN Sustainable Development Goals:



Across the globe, well-functioning ecosystems and biodiversity are threatened by human activity, and there is broad consensus that climate and nature are closely interlinked. The Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) have said that reducing emissions is not enough – the destruction of nature must be stopped and damaged nature must be restored if we are to be able to solve the climate crisis. We influence biodiversity and ecosystems through our lending and investment activities, as well as through our own operations and purchasing. Our direct impact through our own operations is limited, but we are aware that changes are also brought about through small, local measures such as waste sorting, reduced food waste and responsible purchasing of goods and services. Our indirect impact through lending and investments is far more material, and may entail both risks and opportunities for DNB.

Access to natural resources is the key to value creation for a number of companies in our lending and investment portfolios, and reduced access to natural resources will affect these companies' viability and profitability, which in turn may affect DNB's profitability. Companies should therefore assess the risks associated with their impacts and dependencies on nature and seek to make the transition from a linear to a circular business model. Read more about how we work with circular economy on page 76

For several years, we have raised the topic of biodiversity through ESG risk assessments, expectations and dialogue with the customers we finance and invest in. In 2022, we also adopted a position statement declaring that we will promote biodiversity and reduce natural risk. Through our participation in various initiatives, such as the Partnership for Biodiversity Accounting Financials (PBAF) and Nature Action 100, we have also undertaken to work with biodiversity and ecosystems. Read more about which initiatives and cooperation we have entered into on page 53.

What was done in 2023?

Lending to corporate customers

Several of the EU's regulatory initiatives, including the EU taxonomy for sustainable activities, the Corporate Sustainability Reporting Directive (CSRD) with associated reporting standards, ESRS) and the Sustainable Finance Disclosures Regulation (SFDR) contain biodiversity elements and associated metrics. DNB takes a positive view of the fact that access to standardised and company-specific data is increasing. This will increase opportunities for assessing risk relating to biodiversity in the loan portfolio. For most of our corporate customers, the risks and opportunities relating to nature and biodiversity remain a relatively new topic. Some customers have already met nature-related requirements for a long time through regulation, licences, and emission permits, but also through various industry-specific standards that are voluntary. In April 2023, we participated in talks with several existing and potential customers at the Mineral Industry Days organised by the Norwegian Mineral Industry. Here, we were given an introduction to Towards Sustainable Mining (TSM) – a leading standard for sustainability in the mining industry. Among other things, the standard has a separate framework and a protocol for biodiversity conservation management. There is now a lack of secure access to critical minerals that are necessary for the green shift in Europe. An increased understanding of – and insight into – how nature and biodiversity can be taken into consideration in the minerals industry is a prerequisite for being able to finance extraction of promising deposits of critical minerals in Norway and the Nordic region.

The work to integrate the consideration of biodiversity and ecosystems has otherwise continued in customer dialogues in the real estate sector, the seafood industry and the food industry. We have also updated this topic in our ESG risk assessment tool. The tool, which is used for borrowers, is also being updated to include, among other things, a new industry-specific module for aquaculture. The module contains several questions relating to loss of biodiversity and ecosystems.

DNB has made a commitment to follow up the Equator Principles for project-related financing. This entails, among other things, that we follow strict standards and procedures to safeguard and protect nature and biodiversity for the projects we finance, and that have a considerable potential impact on biodiversity and ecosystems. For such project financing, we will demand that thorough impact assessments are performed relating to flora and fauna, so that species that may be affected negatively are mapped. For projects where the inherent risk of this is high, we will engage an independent expert who will assess whether the risk mitigation measures proposed by the customer are satisfactory. Where this is not the case, we will require that corrective action is implemented to ensure compliance with the Equator Principles. In 2023, we participated in several meetings with the Taskforce on Nature-related Financial Disclosures (TNFD) through the Equator Principles cooperation. This

1 Norwegian Ministry of Climate and Environment (2021) Klima og natur henger sammen (Climate and nature are interconnected – in Norwegian only) (https://www.regjeringen.no/no/tema/klima-og-miljo/natur-mangfold/innsiktsartikler-natur/klima-og-natur-henger-sammen/id2722684/)

Contents > Sustainability in DNB > Climate and environment > Biodiversity and ecosystems

Our governing documents for our work with biodiversity and ecosystems

- DNB's Code of Conduct: DNB demonstrates corporate responsibility and contributes to sustainable economic, social and environmental development in the areas and industries in which the Group operates. DNB's corporate responsibility must be reflected in everything DNB does, including investment and financing.
- Group policy for sustainability: DNB undertakes to show consideration for the environment and to conduct operations that have the smallest possible negative impact on the external environment. In addition, we will work to minimise our indirect impact on the environment in our role as owner, investor, lender and purchaser.
- Group instructions for sustainability in DNB's credit activities: The instructions document what we require and expect of our customers. In addition to the general expectations of due diligence and measures to reduce the negative impact on nature and ecosystems as far as possible, exclusion criteria have been established for specific activities. When it comes to customers operating in industries with a large potential negative impact on climate, nature, biodiversity and water resources, it is in our interest to help these customers reduce their environmental footprint and consumption of collective goods in a responsible manner.
- Group instructions for responsible investments: The instructions are intended to ensure that DNB does not contribute to serious damage to the environment and that an assessment of risks and opportunities relating to the environment is integrated into the management of the investments. Our criteria for analysis and our expectations of companies we invest in, in terms of biodiversity and ecosystems, are also described in our expectation document relating to biodiversity (including deforestation), which is available on dnb.no/sustainability-reports.
- DNB's Code of Conduct for business partners: The guidelines contain requirements and expectations relating to biodiversity and ecosystems.

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increased our knowledge of how the analyses we
receive from our project sponsors can be adapted to
the TNFD framework, which consists of the following
elements: Locate, Evaluate, Assess and Prepare. In 2023
we continued to encourage solutions where relevant
to report their impact on nature and their contributions
to reducing loss of biodiversity and ecosystems in the
Global Biodiversity Information Facility (GBIF).

Investments

In 2022 our asset management company DNB Asset
Management (DAM) launched an expectation document
relating to biodiversity that targeted companies. When
we have meetings with companies we often ask for
feedback on whether they consider the document to
be relevant as well as information about any deviations
in the companies' practice. In 2023 we decided to
motivate biodiversity to become a long-term focus area
for active ownership. This means that it has to be the
topics that we consider to be most material in relation to
active ownership of the companies in DNB's investment
portfolios in the years ahead.

In 2023 DAM conducted 43 dialogues focusing on
biodiversity (including pollution and land use). In
37 percent of the dialogues we were able to point to
progress in the company's work since the last time the
matter was discussed. The dialogues took place both
individually and through various investor collaborations
and initiatives including continuation of the FAIRR
initiative. The collaboration with FAIRR includes
engagements on sustainable proteins, meat sourcing
and sustainable aquaculture. We also participated in a
new initiative through FAIRR that covers Biodiversity Loss
from Waste & Pollution with cookware and kitchen producers
as well as retail sector companies. The focus here is on
better management of plastic and animal waste and on
minimising the negative impacts of nutrient pollution on
biodiversity and ecosystems, as well as the effects of this
on biodiversity and ecosystems.

Other examples of dialogue activities are our
participation in the Investor Working Group for a
Deforestation Free Automotive Industry in collaboration
with Rainforest Foundation Norway. Rainforest Foundation
Norway has provided valuable support to our work with
biodiversity and we have collaborated with them on
many projects during the past year. We also participated
at an investor conference with Norges Bank Investment
Management (NBIM) and Folketrygdfondet Norway
to discuss how we work with biodiversity at DNB.

Several of the key regulatory initiatives also contain
some elements of biodiversity, and associated terms.
DAM takes a positive view of the increasing amount of
standardised company data that is available as we see
the importance of good data when exercising active
ownership. Increased reporting requirements have
also resulted in us spending considerable resources on
gathering and accounting relevant data on companies we
have invested in. We have also encouraged companies to
report on the indicators that are defined in the SFDR so
that we as asset managers can use this data to integrate
biodiversity into investment decisions.

The way forward

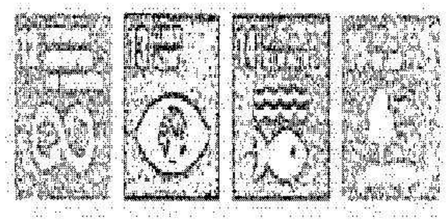
In dialogue with investors, authorities and other
stakeholders, nature is becoming an increasingly
important topic. Moreover, there are a growing number
of nature-related reporting requirements. Various new
guidelines, tools and frameworks have been developed
and completed in a short period of time. We have begun
a large project relating to nature where we are mapping
our impacts and dependencies on nature through our
lending and investments in material sectors, in addition
to related nature risks and opportunities. This work will
continue in 2024.

The mapping is based on available data and tools that show
which sectors and geographical areas have the greatest
dependencies and impacts on nature. The mapping phase
means that we can focus our work on the areas where we
face the greatest risk and where we have the greatest
opportunity to make an impact. This work provides a
foundation for strategic work on selected sectors, setting
relevant and measurable indicators and targets, and better
enabling us to meet future requirements and expectations.

In DAM, in the time ahead we will work to define best
practice in order to be able to influence companies in the
right direction in terms of integration of biodiversity. We
will ask our investee companies to report on biodiversity
using strong good and credible data is a challenge for
many. The TNFD will guide companies in this reporting
and it is therefore important to follow its work going
forward. In 2024 DAM will use the TNFD framework to
analyse the content of portfolios and to focus its work on
active ownership. We will continue this work in 2024.

Circular economy and resource efficiency

Link to the UN Sustainable Development Goals:



The world's natural resources are under increased
pressure and are important for the climate, nature and
the environment that resources are used far more
efficiently so that we reduce the need to extract
new ones. Several of the companies in DNB's loan and
investment portfolio are dependent on natural resources
and it is why efficient use of such resources is important
to us. Risks related to loss of natural resources are an
important part of our ESG assessments when we consider
financing companies, and we generally want companies
to work to promote resource efficiency. Through our
portfolio and dialogues with companies we have an
indirect impact on circular economy and resource
efficiency, and we want to support and be a driving force
for more circular business models. DNB wants to have a
positive influence by placing expectations on our
customers and the companies we invest in and also by
developing products and services that support the
transition to a circular economy.

In order to increase our competence on circular economy
and share experiences across the financial sector in 2023
we joined the circular finance coalition initiated by the
Finance Sector Union of Norway, WWF (the World Wide
Fund for Nature) and Circular Norway. The circular finance
coalition is a collaborative arena where participants from
the financial sector share experience and competence
to develop circular products, services and tools that
are adapted to new EU rules and legislation as well as
climate-related and environmental goals. Through the
coalition we have discussed relevant issues and have
had a dialogue with stakeholders such as banks and

What is a circular business model?

A circular business model is a form of business operations that shows consideration for the environment and natural resources. Instead of following the linear model that is based on extracting, using and discarding materials and products, a circular business model seeks to reduce waste and extend the life of materials and products, as well as to reuse and recycle them as much as possible. A circular business model can also involve offering services, instead of products, such as rental, sharing or repair. The goal of a circular business model is to create value for customers, the business and society, while reducing the environmental impact and saving resources.

Recycling

This is a broad term for processes that make
it possible to reuse products and materials
to prevent them from ending up as waste.

Upcycling

This is a term used to describe the process in which waste
materials are transformed into new materials or products
of higher quality or value than the original material.

Our governing documents for our work with circular economy and resource efficiency

- **DNB's Code of Conduct:** DNB demonstrates corporate responsibility and contributes to sustainable economic, social and environmental development in the areas and industries in which the Group operates. DNB's corporate responsibility must be reflected in everything DNB does, including investment and financing.
- **Group policy for sustainability:** DNB undertakes to show consideration for the environment and to conduct operations that have the smallest possible negative impact possible on the external environment. In addition, we will work to promote taking greater environmental responsibility and encourage the development and distribution of environmentally friendly and sustainable technology and solutions.
- **Group instructions for sustainability in DNB's credit activities:** The instructions describe what we require and expect of customers we grant credit or other facilitated financing to. In DNB, we do not grant credit to customers who contribute to serious damage to the environment, and we have committed to showing consideration for climate and the environment in all of our credit activities.
- **Group instructions for responsible investments:** The instructions are intended to ensure that DNB does not contribute to serious damage to the environment and that an assessment of risks and opportunities is integrated into the management of the investments.

companies. We have included the lessons learned from our participation in our internal work with circularity.

Our work with circular economy is based on, among other things, the Initiative for Responsible Ship Recycling (RSRS), through which DNB is committed to integrating the principles of responsible scrapping and recycling of ships in our loan agreements and other terms and conditions. Through our work with the Principles for Responsible Banking (PRB) from the United Nations Environment Program Finance Initiative (UNEP FI), we have also identified circular economy as one of the main areas in which DNB is particularly able to exercise influence through its loan portfolio.

What was done in 2023?

Lending to corporate customers

When considering loans to corporate customers, we assess different aspects of the companies' handling of recycling and waste reduction. We are in dialogue with customers in relevant sectors relating to this topic in order to contribute to knowledge sharing and to encourage customers to increase or initiate necessary activities. In October 2023, DNB's green product framework was updated with defined circular activities that can be financed through green loans to support such measures.

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In accordance with our RSRS commitment and our own objective to include a clause on responsible recycling of ships in loan agreements, in 2023, all new and refinanced loan agreements with collateral in ships, and all new loans with collateral in offshore ships and rigs contained a clause on responsible recycling. The inclusion of a recycling clause has been standard practice since 2018, so most loan agreements in shipping today contain such a clause. In 2025, the Hong Kong Convention (the International Convention on the Safe and Environmentally Sound Recycling of Ships) will enter into force with global effect.

In 2023, DNB became a project partner in a consortium led by Nordic Circles[7], which promotes the upcycling of metal from the maritime industry to environmentally friendly building materials. The project will lead the way, as an example of how circularity can function in practice by showing the potential for value creation, reducing greenhouse gas emissions and developing new scalable production technology. DNB will contribute resources and competence for further upscaling and industrialisation.

Investments

In our capital management company DNB Asset Management (DAM), circularity was a recurring topic in active ownership throughout 2023. It is still early days for this topic, but we expect it to become increasingly important. In company dialogues, we attempt to challenge companies to work to achieve more circular production processes, not only because it is good for the environment, but also because circular business models increase profitability. DAM is well positioned to benefit from the transition towards increased circularity across sectors, given our broad investment universe. The Nordic region has been identified as a region in which the potential in the circular economy has been underdeveloped. DAM's Nordic investment focus in several of our mutual funds therefore makes us particularly well positioned to exploit the opportunities for value creation in this area. This is particularly relevant in industrial companies, the construction industry and companies in the consumer sector, for example, textiles and packaging. We work actively through dialogue to influence companies to integrate the principles for a circular economy in their operations, so that relevant industries can help protect assets in the form of energy, labour and materials. This will reduce the environmental impact through high resource utilisation and less waste.

The way forward

Going forward, we will continue our work to contribute to more circular value chains among our corporate customers. A circular economy will be an important topic in our customer dialogue, and we will continue to work to increase competence among our employees. We have begun work to establish further goals for how we can have a positive impact on the circular economy through our loan portfolio.

DAM will continue the work of influencing companies towards increased circularity across industries. We will use our influential ability as a shareholder to explore the opportunities for improved resource utilisation, especially among Norwegian companies. Circularity is a key topic in the dialogue to promote more profitable, effective and sustainable companies.

7 Nordic Circles is a company that has developed a completely new value chain for the upcycling of maritime metal from ships and oil rigs to standardised construction materials like beams, columns, sheet piling and pipe piles.

Financing, advisory services and investment

The transition to a low-emission society requires major changes and investments, a resource both in reducing our own emissions and in the development of new industries and technologies that can drive the transition forward. As a financial institution, we are able to operate and support this transition through financing, advisory services and investment-related products and services linked to sustainable activities. DNB has set targets to:

- Finance and facilitate sustainable activities worth NOK 1 500 billion by 2030
- Increase assets under management (AuM) in mutual funds with a sustainability profile to NOK 200 billion by 2025
- Ensure that 50 per cent of net flows of total assets goes to mutual funds with a sustainability profile in 2025

Through these targets, DNB can be a driving force for the sustainable transition and contribute to increasing the Group's positive impact on climate and environment, social conditions and corporate governance. We will help our customers to move in a more sustainable direction, in addition to reducing emissions by offering financial products and services that promote sustainable activities, solutions, investments and innovation.

What was done in 2023?

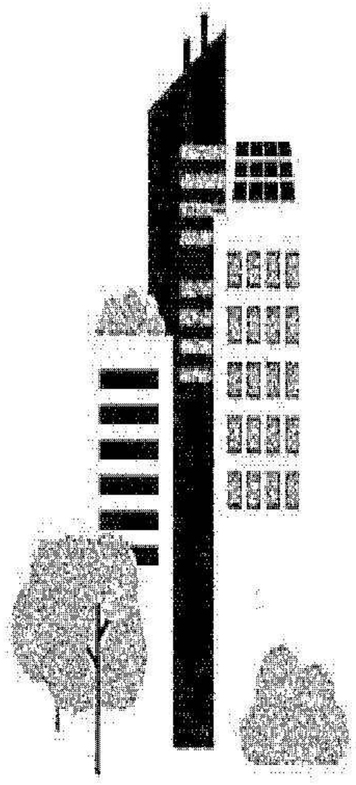
Financing and facilitation

On our way to the NOK 1 500 billion target

During 2023, we financed and facilitated sustainable activities worth a total of NOK 371 billion, which is counted between our various products and services. The criteria for sustainable activities are listed on page 81.

The volumes have been recognised in our sustainable finance portfolio since 1 January 2020 and count towards our goal of financing and facilitating sustainable activities worth NOK 1 500 billion by 2030. We have contributed a total of NOK 562 billion since 2020.

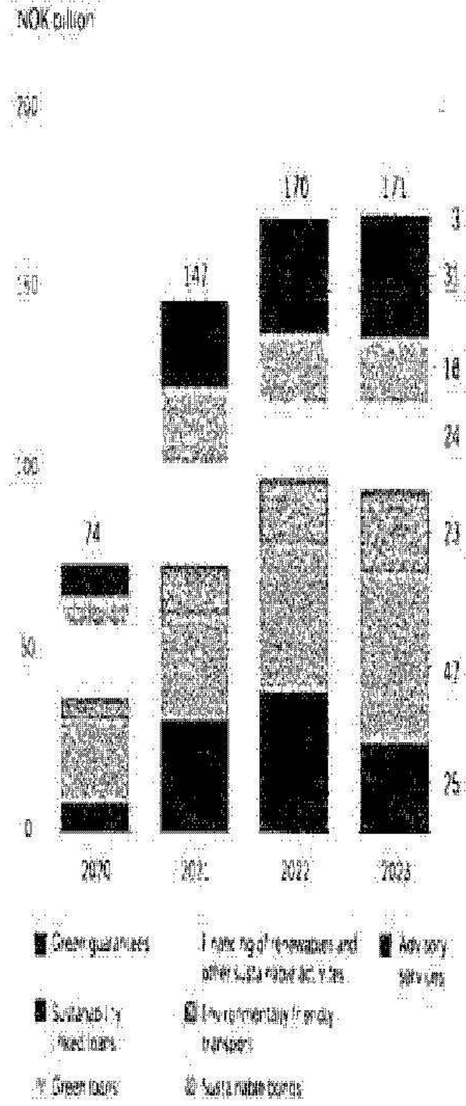
Compared with the figure for 2022 – NOK 170 billion – we saw a marginal increase in the volumes in 2023. This was mainly driven by growth in the financing of renewable energy and environmentally friendly transport. We experienced a sharp decline in volumes in green loans for new buildings, where the market has been particularly difficult in Norway. However, financing of rehabilitation and energy efficiency measures in buildings has increased considerably.



Further details of target attainment by product

Finance and facilitate sustainable activities - by product

NOK billion



Green guarantees: We issued 13 green guarantees worth a total of NOK 3 billion in 2023, all of which were issued to companies in the renewables sector.

Sustainability-linked loans: Volumes increased somewhat from the previous year, and for 2023 we reported a total of 39 transactions with a share of DNB loans of NOK 31 billion, compared with 37 transactions and NOK 32 billion in volumes in 2022. Sustainability-linked loans remain in high demand, but we have experienced slower volume growth, partly due to higher expectations from the bank market when setting key performance indicators and targets. Creating a link between sustainability performance and loan margin can be a powerful tool for us as a bank when it comes to incentivising our customers to change their behaviour.

Green loans: We registered a record number of green loan transactions in 2023, a total of 68, amounting to NOK 18 billion. The main reason for this development was our initiative to showcase smaller green loans for financing energy efficiency measures in buildings. The total volume was lower than last year, however, mainly explained by the construction of new buildings in Norway almost coming to a halt. Green loans for new buildings have in the past accounted for a large share of total volumes (NOK 3 billion in 2023, compared with NOK 12 billion in 2022).

Financing of renewables: After a quiet first half of the year, we saw a considerable development in renewable volumes during the year, which ended at NOK 74 billion, divided between 47 transactions. The fourth quarter was the most quarter on record for financing in this sector, with particularly strong contributions from North and South America.

Environmentally friendly transport: We facilitated and financed environmentally friendly transport worth NOK 73 billion in 2023. Electric passenger cars and vans accounted for 95 per cent of the volume, while the remaining volume was distributed between electric buses, lorries, construction machinery and other electric vehicles as defined in DNB's Sustainable Product Framework. Overall, we are ahead of schedule in relation to our 2030 goal to finance environmentally friendly transport worth NOK 175 billion. To achieve our goal, we need to increase the proportion of zero-emission vehicles in the portfolio, something that is supported by the swing in the shift in the Nordic markets towards zero-emission vehicles. We are also actively pursuing and pitching agreements with partners whose product portfolios and business plans are in line with our net zero ambition.

Sustainable bonds: 2023 was another active year for DNB in the sustainable bond market. We kept our market-leading position in the Norwegian sustainable bond market, and in 2023, 39 per cent of the capital we helped customers raise in global bond markets had a sustainable label (including green, social and sustainability-linked bonds).

Debt, equity and mergers and acquisitions (M&A): The increase in interest rates in 2023 translated into greater capital expenses for project development, affecting the overall financing available for renewable energy ventures. Consequently, the valuation of renewable energy assets experienced a downswing, challenges for project developers and potential investors alike. The result was a slowdown in M&A activity.

Products and criteria for inclusion in the financing target[2]

Product category	Product description	Inclusion criteria[3]
Bonds	Green, social and sustainable bond transactions	Bonds aligned with the ICMA Green, Social and/or Sustainability Bond Principles with proceeds earmarked for investments with environmental and/or social benefits – with an external review confirming such alignment.
	Sustainability-linked bond transactions	Bonds aligned with the ICMA Sustainability-Linked Bond Principles where proceeds are for general corporate purposes, and where the financial characteristics of the transactions are linked to the issuer's realisation of sustainability performance targets – with an external review confirming such alignment.
	Bond transactions without an official sustainability label	Bonds financing renewable energy and related infrastructure, but without formal ICMA-aligned label.
Advisory services	Debt advisory mandates	Debt advisory mandates to facilitate and raise capital for i) renewable energy and related infrastructure, or ii) transactions aligned with the ICMA/LMA/LSTA Green, Social, Sustainability and/or Sustainability-Linked Bond and Loan principles.
	Equity and M&A advisory mandates	Advisory mandates to facilitate listed/unlisted equity capital markets transactions, private placements or sales/purchases of project rights/shares, and M&A transactions, for companies primarily engaged in renewable energy and related infrastructure and services, or where the financing proceeds are specifically earmarked for such activities.
Loans	Green loans	Loans with proceeds earmarked for investments with environmental benefits aligned with DNB's Sustainable Product Framework or LMA's Green Loan Principles, and with a third-party assessment confirming such alignment. General corporate purpose loans may also qualify if a minimum of 90 per cent of the of recipient's expected income is derived from activities eligible under the Framework.
	Sustainability-linked loans (SLL)	Corporate loans aligned with the LMA/LSTA Sustainability-Linked Loan Principles where proceeds are for general corporate purposes and where the loan margin of the transaction is linked to the customer's realisation of sustainability performance targets. Only loans that are publicly branded and marketed as an SLL are eligible. Forward starts are not eligible.
	Loans without an official sustainability label	Loans issued to companies whose primary activity is renewable energy and/or related infrastructure, or where financing proceeds are specifically earmarked for such activities.
Guarantees	Green guarantees	Green guarantees for new projects/investments aligned with DNB's Sustainable Product Framework, or in renewable energy and related infrastructure.
Environmentally friendly transport	Financing provided by DNB Finans for passenger, transport and construction vehicles	Electric, hydrogen, or other passenger vehicles with zero direct emissions. Transport and construction vehicles with zero direct emissions. Vehicles used for the transport of fossil fuels are not included.

Further sustainable financing products can be included in the future in accordance with developments in the market and best practices.

2 Transactions meeting the criteria may still be excluded from the calculation on the basis of an internal review process. The criteria may be extended to cover additional sustainable activities in the future.

3 ICMA: International Capital Market Association. LMA: Loan Market Association. LSTA: Loan Syndications and Trading Association.

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Throughout the year we continued to expand our product offering, making sure our customers had access to relevant products and services for the investments needed in the transition to a low-carbon society. For example, we conducted a pilot project to showcase energy efficiency measures for buildings in the SME segment. We subsequently issued 33 green loans for energy efficiency measures.

Our Sustainable Product Framework, which lists activities and criteria for green financing, was also updated, and the update was carried out as a joint effort with DNB's business partner Sustainalytics. The new version is expanded in scope, and the structure, logic, and criteria have been harmonised more closely with the EU taxonomy. The Sustainable Product Framework has been published on dnb.no/sustainability-reports.

Investments

In DNB Asset Management (DAM), mutual funds with a sustainability profile make an important contribution to achieving the ambition of increasing the total AUM in mutual funds of this kind to NOK 200 billion in 2025. We have also set a target that 50 per cent of net flows of total assets should be to mutual funds with a sustainability profile in 2025. To succeed in this, we must change how we work with mutual fund mandates as well as increase customers' interest in funds with a higher degree of sustainability integration.

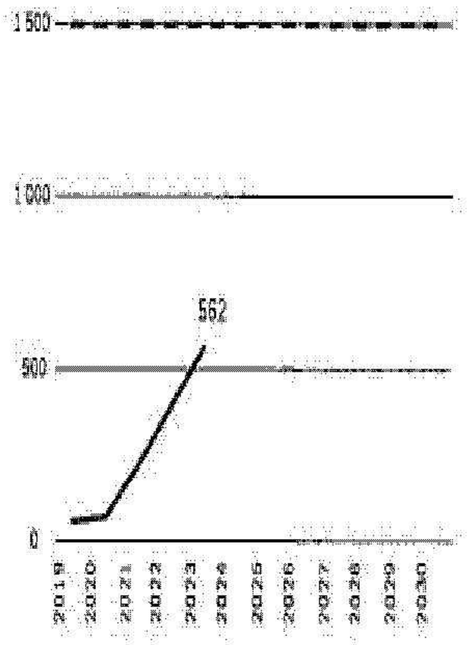
In 2023 we made several changes, and we progressed significantly towards our target compared with 2022.

- In early 2023, the equity fund DNB Global Emerging Markets changed its name to DNB Fund Brighter Future, with defined focus areas linked to the UN Sustainable Development Goals.
- We completed the fourth annual ESG integration survey for Norwegian bond issuers and increased our focus on collecting companies' sustainability data to meet more stringent reporting requirements, and on using the data as a basis for investment decisions that can contribute to the climate transition. This data is integrated into our internal ESG data that our portfolio managers use to make informed investment decisions.
- For funds registered in Luxembourg, we made changes to prospectuses to meet the new EU disclosure requirement.
- We reclassified the majority of Norwegian and Nordic fixed-income portfolios to mutual funds with a sustainability profile, with a higher degree of ESG integration and low carbon criteria. This represents a significant increase in AUM in this product category[4].

At year-end 2023, total assets in mutual funds with a sustainability profile amounted to NOK 124.3 billion, out of the NOK 919 billion managed by DAM. As for the target that half of the net flow of total assets should go to mutual funds with a sustainability profile in 2025, there was a positive development in 2023 compared with

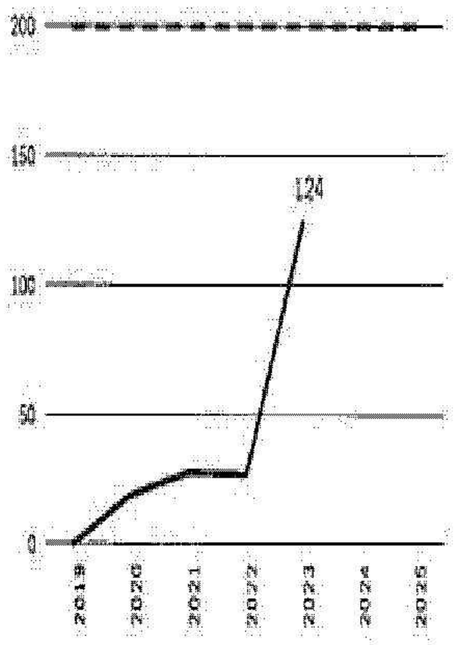
Finance and facilitate sustainable activities

NOK billion (accumulated)



Assets under management in mutual funds with a sustainability profile

NOK billion



4 The mutual funds have been reclassified using SFDR methodology, without being certified by a statutory auditor.

Other products

DNB offers a wide range of green loan products, including green mortgages, green home equity credit lines and green construction loans, with price incentives for homes with an Energy Performance Certificate Rating (EPC) of A or B. In 2023, we prioritised developing more green loan products to ensure good financing schemes for a wider range of customers. This includes green fixed-rate loans, green holiday home loans and environmental loans. Environmental loans are an important tool for helping customers finance energy-saving measures in their own homes. We have continued to offer particularly favourable terms for all our green financing products to help customers make more climate-friendly choices. In 2023, we experienced a positive development in these products and can report growth from NOK 4.9 billion in 2022 to NOK 17.4 billion in 2023 in green mortgages.

ESG share analysis

In 2023, we continued to build on our first place in Prosperia's customer survey, which focused on how ESG was integrated into the share analysis in the Norwegian market in 2022 and 2021. Concrete contributions included drawing up several ESG-related sectoral reports that were distributed to a broad customer base, and drawing ESG-related information more specific in the share analyses. In addition, there was increased dialogue with the Nordic and European customer base, with an increase in queries relating to how ESG factors influence Nordic companies in the long term. We expect to develop our product offering by using ESG data for company analysis to an increasing extent, as ESG reporting is expanded and customers expect more information on ESG-related risks and opportunities.

Projects financed in accordance with the Equator Principles

The Equator Principles are an international risk framework that has been developed through global cooperation between banks. The framework ensures that issues relating to environmental and social conditions are analysed and assessed and, as far as possible, minimised when we provide financing for specific purposes through project finance and project-related company loans. In 2023, we financed 11 projects in accordance with the Equator Principles, and they are now being built in Norway, Poland, Chile, Australia and the US. The projects were in sectors such as solar energy, wind power, battery storage and infrastructure (roads). We also financed our first desalination project (production of fresh water from salt water), and here DNB Markets provided project finance advisory services.

of DAM's investments are environmental and social factors. Some of these impacts are deselected across all portfolios. Furthermore, we are practising positive selection of companies with a sustainability-aligned business model. Companies with the highest degrees of ESG integration (the funds classification Articles 8 and 9 of the SFDR (Sustainable Finance Disclosure Regulation)) will be examined carefully, and companies will be chosen through a process of positive selection based on defined environmental and social indicators for active funds or based on an index with the same requirements for passive funds. The share of DAM's total AuM that are subject to positive screening and selection is 75 per cent.

The way forward

Financing and facilitation

In 2023, as a part of the work on DNB's transition plan, we have developed and conducted a product assessment of all our relevant products with a sustainability profile that aim to finance climate solutions, emissions reductions or transition activities. The climate transition product assessment process covered a number of factors to evaluate how products contribute to real economy decarbonisation and DNB's net-zero objectives, as well as to effective deployment. More details on the assessment can be found in DNB's transition plan and in our sustainability reports. Going forward, we will continue our efforts to scale up our sustainable finance volume while upholding the integrity of the products in terms of their real economy impact and transparency. We launched the first programme for sustainability-linked supply chain financing in the Nordics in 2023, and we will continue to develop this programme in 2024, in addition to green guarantees. We are also exploring new products and advisory services to support our customers on their sustainability journeys, and are preparing to launch transition loans in the first half of 2024.

For our other products not relating to the financing target, we expect increased demand for passive income derivatives and commodities products for managing risk in renewable energy and investments in green projects and industry. We expect to see increasing volumes in power swaps for managing the power risk in a market that remains volatile and in emission allowances for the nature results. Furthermore, we have included sustainability advisory services in Initial Public Offering (IPO) transactions, both within share analysis and transaction execution, to proactively help our customers to meet new expectations and make the transition to a low-carbon economy. Our advisory services will be of increasing importance in the time ahead.

Investments

The goals we have set in the transition plan mean that we must develop new products, adapt mutual funds so that they can be reclassified as funds with a sustainability profile and continue the integration of sustainability in the products we offer today. It is equally important that the customers are part of the ambition to reach those goals. They are the ones who need to select mutual funds with a sustainability profile if we are to achieve the goals in the transition plan. Through MiFID II (Markets in Financial Instruments Directive), we already ask our customers about their sustainability preferences, but we must also ensure that mutual funds with a sustainability profile are the most competitive and attractive funds for our customers.

2022. The positive development was supported by the reclassification of many of the fixed-income funds to the platform of low-carbon products. One example of this is DNB's Norwegian investment-grade bond fund, which amounts to just under NOK 20 billion, which already met the criteria for the existing sustainability profile low carbon and which was therefore reclassified to be governed by mutual funds with a sustainability profile. However, for DAM as a whole was negative in 2023, while there were weak positive net flows to mutual funds with a sustainability profile.

In DAM's sustainability-restricted solution to mutual funds with a sustainability profile, as all funds must adhere to the DNB Group's exclusion criteria for responsible investments. However, for our mutual funds with a sustainability profile, we are working more explicitly to collect and analyse data on the potential adverse impacts

The EU taxonomy for sustainable activities

Reporting principles

The EU taxonomy is a classification system for environmentally sustainable economic activities. The purpose of the taxonomy is to steer capital towards environmentally sustainable investments. The classification is based on six environmental objectives, where the last four objectives (known as Taxo4) were not implemented in Norwegian law at year-end 2023. DNB is working towards reporting on the last four objectives from the reporting year 2024. As a credit institution, DNB is required to base its key disclosures under the taxonomy on information reported by customers and counterparties. As Norwegian non-financial companies were not required to fully report taxonomy information until the financial year 2023, DNB has experienced challenges relating to data availability and quality. The EU taxonomy is constantly evolving, and reporting for the financial year 2023 is based on information, interpretation and assumptions at the time of disclosure.

DNB's taxonomy reporting for 2023 is consolidated for DNB Bank ASA and its major subsidiaries, excluding DNB Livsforsikring AS, in accordance with the prudential scope prescribed by the Capital Requirements Regulation (EU 575/2013). The following disclosures are made in accordance with Article 8 of the EU taxonomy, as supplemented by Commission Delegated Regulation 2021/2178, annex V and VI.

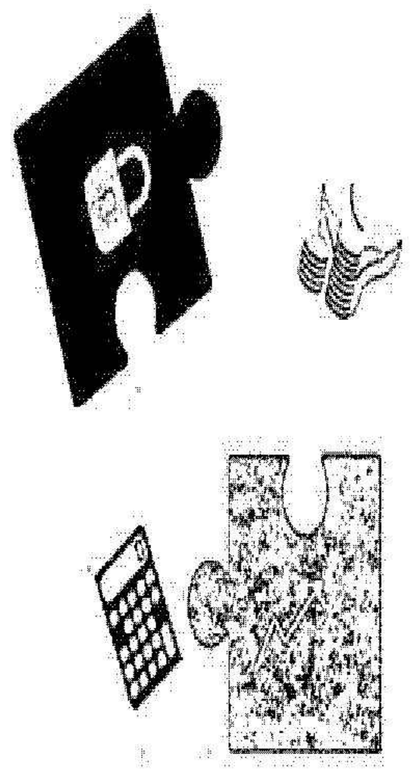
Taxonomy reporting templates

A summary of KPIs for the taxonomy reporting can be seen below. As the reporting requirements were implemented from 1 January 2023, comparable figures for 2022 are not available. The full reporting templates are published on ir.dnb.no and dnb.no/sustainability-reports.

Environmental objectives

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

In DNB, we contribute to channelling capital into sustainable activities through our offering of sustainable products. The framework for sustainable products is updated regularly to ensure that our criteria for green loans are generally harmonised with developments in best market practice and the conditions and application of the taxonomy. Read more about our framework for sustainable products on dnb.no/sustainability-reports.



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Summary of KPIs to be disclosed by credit institutions under Article 8 of the EU Taxonomy Regulation

As at 31 December 2023

		Total environmentally sustainable assets (NOK million)	KPI[1] (%)	KPI[2] (%)	% coverage (over total assets)[3]	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	137 673	n/a	n/a	83.5	35.6	16.5

		Total environmentally sustainable activities (NOK million)	KPI (%)	KPI (%)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V))	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)[4]	33 806	n/a	n/a	43.8	17.3	56.2
	Trading book[5]	n/a	n/a	n/a			
	Financial guarantees	0	n/a	n/a			
	Assets under management	4 110	7.2	10.7			
	Commission and fee income	n/a	n/a	n/a			

1 Based on the turnover KPI of the counterparty
2 Based on the Capex KPI of the counterparty, except for lending activities where the general lending turnover KPI is used
3 Percentage of assets covered by the KPI as a share of banks' total assets
4 For credit institutions that do not meet the conditions of Article 94(1) of Article 325 a(1) of the Capital Requirements Regulation
5 Commission and fee income from services other than lending and AuM

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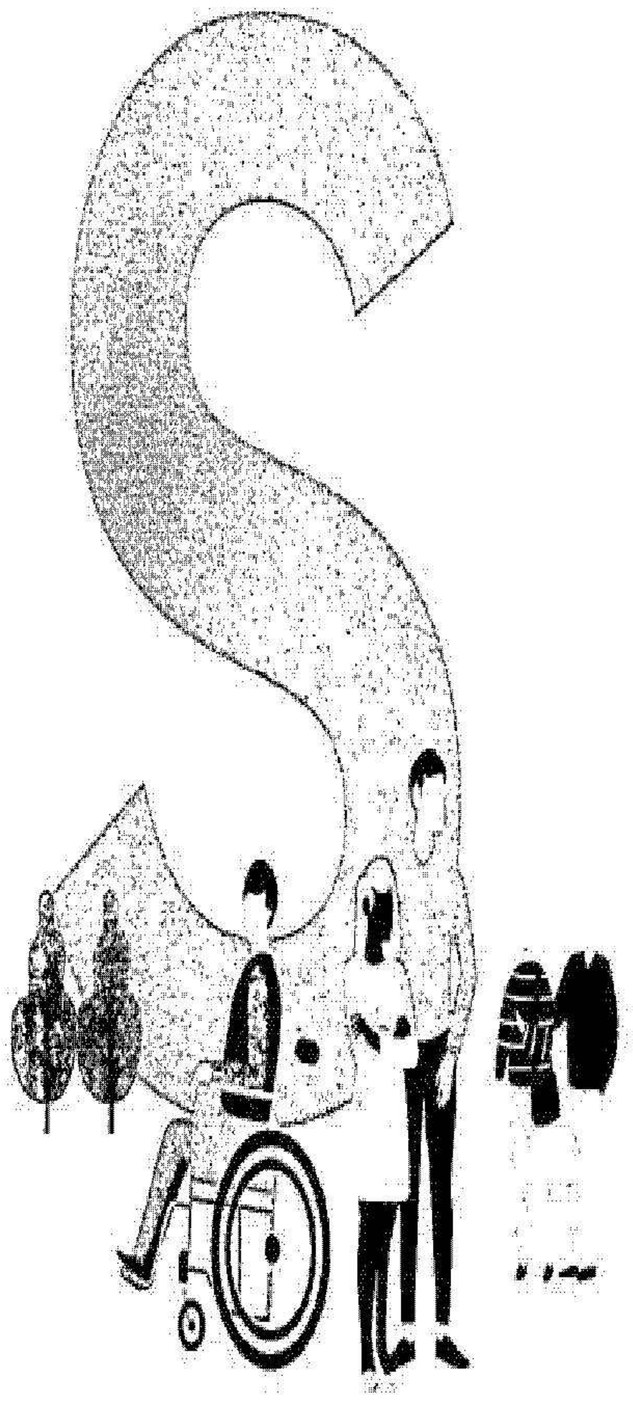
Assumptions and data limitations in the reporting for 2023

Reporting data	Taxonomy eligible activities	Taxonomy aligned activities	Limitations
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

Reporting data	Taxonomy eligible activities	Taxonomy aligned activities	Limitations
[illegible]			[illegible]
[illegible]			[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]



Social

Social conditions

Social conditions include a number of physical and non-physical factors that affect our employees, customers and suppliers, and society as a whole. Some of the factors that can be linked to this topic are: health and quality of life, equal access to resources and benefits, inclusive social and working conditions, participation, sense of belonging and security.

For DNB, the following topics have been identified as material under Social conditions:

- Human rights
- Diversity and inclusion

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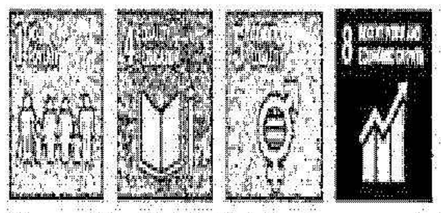
Human rights

Link to the UN Sustainable Development Goals:



DNB respects the human rights of all individuals and groups that may be affected by our business operations. Human rights are fundamental rights that apply to all people all over the world. Fundamental human rights are the rights that are defined in the internationally recognised standards for human rights that are set out in, among other documents, the UN International Covenant on Economic, Social and Cultural Rights of 1966, the UN International Covenant on Civil and Political Rights of 1966 and the ILO core conventions on fundamental principles and rights at work.

Through conventions, norms and standards, we have committed to respecting human rights. The UN Guiding Principles on Business and Human Rights (UN Guiding Principles), the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (the OECD Guidelines) and the 10 principles of the UN Global Compact are key to our work with human rights and labour rights. These commitments are based on our Group policy for sustainability, DNB's Code of Conduct for business partners and DNB's Code of Conduct, in addition to other Group instructions and personnel-related guidelines, processes and routines. Moreover, we have undertaken to comply with the Equator Principles, which clarify our responsibility to respect fundamental human rights in connection with project financing. Human rights were defined as a material topic in 2023, and in 2024, we will work with ambitions and goals relating to the topic.

Since 2022, the business sector's responsibility for human rights and labour rights has been regulated through the Norwegian Transparency Act[1]. Basic human rights and decent working conditions must be at the heart of all of our business operations, both as an employer, as a supplier of banking and financial services, and as a buyer of goods and services, as well as in connection with our lending and investment activities. To read more about how we work with human rights, and to see our annual report under the Norwegian Transparency Act, visit dnb.no/sustainability-reports.

Through our supply chain and our credit and investment portfolios, we are exposed to sectors and countries with an increased risk of human rights violations, and through these we are therefore exposed to risk of direct or indirect human rights violations. Our internal assessment processes relating to environmental, social and governance (ESG) factors are integrated into routines and procedures to enable us to detect the risk. We have made it possible for our suppliers, business partners and other stakeholders to report negative incidents through the whistleblowing channel on our website dnb.no. Throughout the year, we also engage with internal and external stakeholders, discussing various topics relating to human rights. Insights from these meetings are incorporated into our work in this area.

Due diligence is a key part of our work with human rights. Due diligence consists of processes implemented to identify, prevent, reduce and document our handling of any negative impacts on fundamental human rights and decent working conditions. The UN Guiding Principles and the OECD Guidelines state that responsibility for preventing and handling negative consequences for human rights includes both own operations and impact that can be directly linked to the company's activities, products and services. In DNB, due diligence must be performed within our own operations, among our business partners, in the supply chain, and in our lending and investment activities, and it must be performed in accordance with the OECD Guidelines. See the figure below.

1 Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (the Norwegian Transparency Act, in Norwegian only)

Our governing documents for our work with human rights

DNB's Code of Conduct: In accordance with our Code of Conduct, DNB demonstrates corporate responsibility and contributes to sustainable economic, social and environmental development in the areas and industries in which the Group operates. DNB's corporate responsibility must be reflected in everything DNB does, including the Group's investment and financing activities.

Group policy for sustainability: DNB will map its own value chain in order to reveal the risk of actual and potential violations of human rights and labour rights that DNB may cause, contribute to or be directly associated with in its role as employer, investor, lender or purchaser.

Group instructions for sustainability in DNB's credit activities: In the instructions, we describe what we demand and expect from customers we provide credit to or for whom we facilitate capital market-based financing in relation to human rights. The requirements and expectations are part of our ESG risk assessment process. All of DNB's customers must, within their sphere of influence, fully support and respect internationally recognised human rights and ensure that they are not involved in violations of these. Furthermore, customers must respect the eight fundamental or core conventions laid down by the ILO (International Labour Organisation). Customers must comply with applicable laws and regulations in their home country/country of domicile, in addition to applicable laws and regulations in countries where they conduct business operations. They must also act in accordance with relevant international conventions and guidelines adopted by international organisations, such as the UN and the OECD.

Group Instructions for responsible investments: The instructions are intended to ensure that DNB does not contribute to the violation of human rights or labour rights, corruption, serious damage to the environment or other actions that could be regarded as unethical. They are also meant to ensure that assessments of risks and opportunities related to ESG (Environment, Social and Governance) factors are integrated in the investment management.

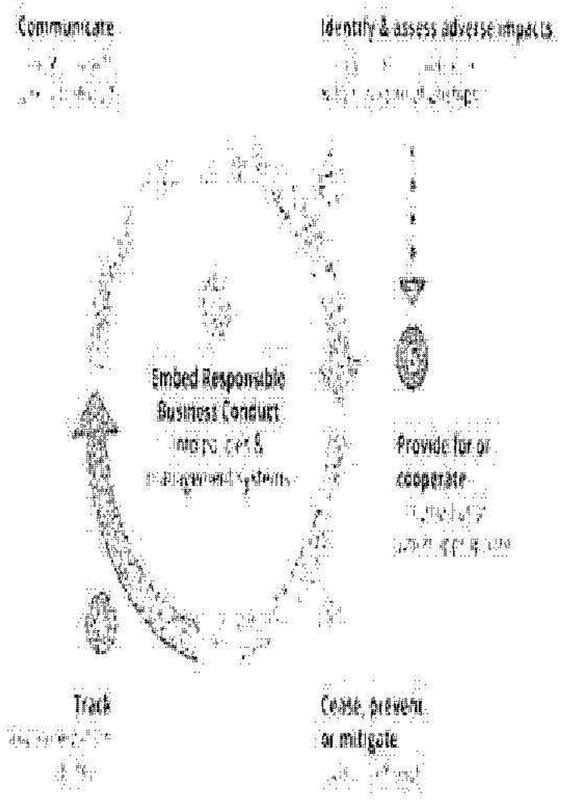
DNB's Code of Conduct for business partners: The Code of Conduct is based on international frameworks, and contains clear requirements in the areas of human rights and workers' rights, environmental management and ethical business conduct in own operations. It also specifies that business partners are under an obligation to comply with all legislation associated with decent working conditions and human rights in their business operations, and that they must communicate similar principles in their own supply chain.

Group policy for procurement and outsourcing: Our Group policy is intended to ensure that DNB does business with suppliers in such a way that the Group's requirements for responsible business conduct are met, and that the products and services used in DNB's operations are produced and delivered in a sustainable manner, and do not contribute to violations of human rights or of decent working conditions.

Instructions for procurement and sourcing processes: The instructions are intended to ensure that our procurement processes and purchasing do not contribute to violations of human rights or of decent working conditions. The requirements relating to responsible business conduct for suppliers must be followed up during the agreement period through dialogue, analyses and audits. As part of its work with suppliers, DNB must conduct risk-based due diligence, in line with applicable legislation, the UN Guiding Principles and the OECD Guidelines. Any breaches of these principles and guidelines that are identified must be assessed closely, and measures must be taken. Suppliers must comply with applicable legislation in the countries in which they operate.

Contents > Sustainability in DNB > Social condition > Human rights

The OECD model for due diligence



DNB's work relating to human rights in own operations is described in Diversity and inclusion on page 97.

What was done in 2023?

Lending to corporate customers

In 2023, we continued to see an interest in human rights and labour rights among our customers. A strong driver of this has been the Transparency Act.

In our ESG risk assessment tool, specific questions relating to human rights help us to identify risks, gaps and non-compliance among some customers. These were followed up through customer dialogue, but were also the subject of discussions in specific environments and credit committees.

In 2023, DNB held a dedicated conference on the importance of respecting human rights in the transition to a low emission society. A sustainable shift requires that climate, the environment and human rights issues are seen in context, and that the transitions take place. The conference invited customers and other representatives of civil society to a dialogue on practical challenges and dilemmas relating to human rights in the business sector, and had contributions from the Norwegian Centre for Human Rights, the OECD's National Contact Point for Responsible Business Conduct, Norway's Supreme Court

information system and customers in renewable energy and coal-based transport.

To increase competence on human rights and labour rights, as well as the Transparency Act, among our account officers, we continued to put these topics on the agenda in our credit seminars. For some customers, we have also increased the knowledge of the Transparency Act at management level, at the request of the customers. Furthermore, DNB was an active participant in FUTURE PROOF, the world's first network of companies in Western Norway that was established by the Bergen Chamber of Commerce and Industry and the Raftostiftelsen, where companies meet to raise their competence and share issues, dilemmas and best practices relating to human rights. DNB has benefited considerably from this in the work of integrating respect for human rights in its credit activities. In 2023, we shared a DNB-related case with the other members of the FUTURE PROOF network.

Investments

We manage significant assets on behalf of our customers through the management of mutual funds and active portfolios in DNB Asset Management (DAM) and through the Group's equity investments. Responsible and sustainable investment means taking ESG factors into consideration in investment management and contributing to sustainable development. Taking sustainability into account in investment decisions gives

portfolio managers better information on which to base these decisions. It also reduces risk and helps highlight the many opportunities associated with sustainable investment.

All of the DNB Group's investment activities must be in line with the Group instructions on responsible investments. The instructions are meant to ensure that in DNB, we do not contribute to violations of human rights or labour rights, corruption, serious damage to the environment, or other actions that could be regarded as unethical. Companies that act contrary to DNB's Group instructions on responsible investments and over time show no willingness to rectify the situation, may be excluded from the Group's investment portfolios. The purpose of the exclusions is to ensure that that we do not contribute to human rights violations, corruption, serious damage to the environment, or other actions which may be perceived to be unethical or not in line with DNB's guidelines. An updated list of company exclusions is available on our website dnoam.com/en/responsible-investments/guidelines-and-exclusions.

DAM has developed an expectation document for companies on human rights. Our expectations call for a high level of transparency around how companies identify, assess, and manage their exposure to human rights risks and opportunities - both for the company and its supply chain. A high level of transparency ensures that DAM's asset managers have the opportunity to utilise the information in their company analyses and as input to investment decision making.

Activities in the supply chains of companies are no longer considered separate activities, but rather as integral to understanding the impact companies and their customers are having on the locations where the companies have operations, as well as the impact they are having on people. 2023 was the first year of reporting in line with the Transparency Act, which provided a unique insight into the due diligence practices of Norwegian companies relating to their supply chains and business partners. DAM reported in line with this legislation in its 'Annual Report 2022 Responsible Investments'. Moreover, DAM engaged with several Norwegian companies in making preparations for complying with this new legislation. In the EU, the European Parliament voted in favour of the Corporate Sustainability Due Diligence Directive (CSDDD). The proposed Directive is a significant step in the direction of strengthening the due diligence and corporate responsibility of nearly 10 000 European companies. Furthermore, it will also require member states to accept new legislation in national assemblies. Similar legislation already exists in France and Germany, and in Norway through the Transparency Act. DAM considers this development to be highly favourable, as increased transparency and reporting helps facilitate improved working conditions in global supply chains, and also provides a better foundation for sound risk assessments.

We have also seen a rising interest in and concern for human rights and for operations in markets with an elevated risk of human rights violations. Increasing geopolitical tensions have highlighted the importance of engaging with companies on their due diligence processes relating to human rights in connection with both direct and indirect exposure to high-risk areas. In 2023, DAM engaged with 119 companies on their work on human rights in both reactive and proactive dialogues. This took the form of both individual and collaborative dialogues with Norwegian and international investors as well as engagement partners.

Several companies were excluded from our investment universe due to violations of DNB's criteria relating to human rights set out in the Group Instructions on responsible investments. Many of the human rights-related exclusions in 2023 were linked to activities or sale of equipment in Myanmar, a state sanctioned by the United Nations Security Council. Five companies were excluded due to ties to the state-owned oil company Myanma Oil and Gas Enterprise (MOGE), which operates three offshore gas fields in Myanmar. MOGE's continued operation of these fields secures significant income streams that can fund the military's activities and human rights violations in Myanmar. Two further companies were excluded on the criterion of sale of weapons to states sanctioned by the UN Security Council, through the sale of weapons to the military junta in Myanmar.

Purchasing

In 2023, DNB in Norway bought goods and services worth NOK 11.1 billion, and 124 of 4 600 suppliers represented 80 per cent of the purchasing costs. The main purchasing categories are development and operation of IT solutions, marketing and consulting services, and goods and services relating to real estate and office equipment. Among our suppliers, 87 per cent come from the following regions and countries: Nordics (73 per cent), UK (8 per cent) and US (6 per cent).

Contents > Sustainability in DNB > Social condition > Human rights

It is important that we choose suppliers that operate in accordance with our expectations and requirements, including relating to human rights. Having good suppliers makes DNB better, and it is our goal to be a customer that also contributes to their improvement.

The risk of violations of human rights or of decent working conditions is generally low for most of the services and products we buy. At the same time, it is important to point out that it is not possible to eliminate all risk, and that we therefore work continuously to assess risk and monitor suppliers more closely in order to have better control.

Risk assessment

All suppliers that we enter into an agreement with undergo a risk assessment using DNB's Third-Party Risk Management (TPRM) system before signing the contract. The agreements are followed up and subjected to regular risk assessments during the contract period. One of the risk factors considered in supplier assessments is sustainability, including compliance with human rights. The system provides an overview of all of DNB's direct suppliers, as well as which of these are in industries and/or countries that entail a higher risk of human rights violations.

For suppliers that have higher inherent ESG-related risk, a more thorough assessment must be conducted prior to approval. This can be a matter of obtaining further information from the supplier concerned or external sources, or of making the decision to enter into a contract at a higher management level in DNB. For risk relating to social factors, suppliers must, among other things, answer concrete questions relating to policies, due diligence and how they identify, prioritise and reduce the risk of human rights violations in their own business operations. The system is continuously updated and improved to include more questions relating to sustainability, industry risk and opportunities for obtaining information about other links in the supply chain over and above our direct contracting party when this is considered more material. Among the 565 supplier assessments that were completed in 2023, 17 per cent were assessed as entailing higher inherent risk. These underwent a more thorough assessment before the final decision was made.

Suppliers with higher inherent risk of human rights violations are reassessed annually, and companies with more than moderate risk are followed up by the contract manager through different measures.

Further examinations, risk reduction and improvement measures in the supply chain

To assess which areas have the greatest risk of violations of human rights or decent working conditions, we have mapped the goods and services we purchase, as well as the countries from which they are sourced or delivered. Furthermore, assessments are made of where in the supply chain the risk is considered to be highest. Finally, regardless of country and sector, an assessment is made as to whether DNB may have a greater responsibility for any negative impact.

As we have many suppliers, we take a risk-based approach when deciding which ones to focus on. These decisions are made based on the risk assessment performed upon entry into a contract, which identifies where the risk of violations of human rights and decent working conditions is greatest, combined with proportionality, that is, the context and the supplier's connections with DNB. Our ability to make a positive impact is linked to the scope of the agreement, the supplier's activity and the supplier's strategic importance.

If we discover that DNB has directly caused or contributed to violations of fundamental human rights or decent working conditions in our supply chain or through any of our business partners, we will implement measures or exercise our influential power, to ensure that those responsible for the violations remedy the situation. Any violations will be documented in accordance with internal processes.

Standard and thematic requirements

We require specifically that DNB's Code of Conduct for business partners is included as an appendix in supplier contracts, and that our suppliers ensure that this requirement also applies throughout their value chain. In 2023, 89 per cent of the suppliers that were registered in DNB's contract database had committed to complying with the guidelines. This represents an 84 per cent increase from 2022. Our goal is for the document to be part of all contracts, but in some cases, for example, contracts with large international companies with many standardised customer relationships, we are unable to achieve this. We then consider whether it is acceptable to make an exception, and how the topic can best be covered in the contract, for example through the inclusion of the supplier's own ethical guidelines.

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Sustainability analysis

We use the EcoVadis platform to assess suppliers that are deemed to be of strategic value to our work on strategic suppliers. The result the supplier achieves on EcoVadis gives us good insight into what we should follow up with the supplier in relation to sustainability work.

In 2023, we worked actively to bring several large suppliers into EcoVadis and succeeded all the way. At the end of 2023, suppliers representing 74 per cent of DNB's total procurement costs had a valid profile on EcoVadis, up from 63 per cent in 2022. The average score was 69.7 out of 100, up from 62 out of 100 in 2022, where a score of more than the average of 45 out of 100 on the platform is considered to be a medium result. Both the proportion of supplier costs covered by EcoVadis and the average score are considered to be new records in 2023.

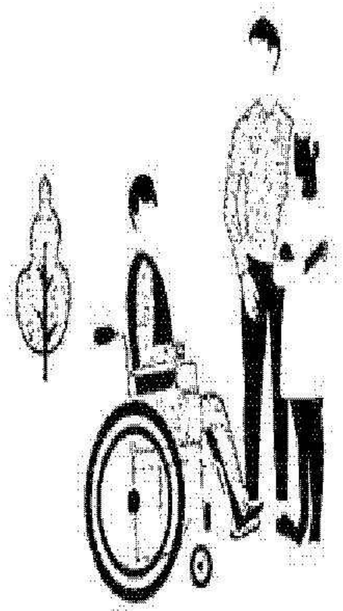
The average score will always vary slightly depending on which suppliers have a valid rating at the time of measurement. Furthermore, the scope is often lower during the first assessment. In DNB, we encourage and expect our suppliers to achieve a score that shows that the company is working proactively and in a structured way with sustainability. The EcoVadis results are followed up through a dialogue, thus allowing us to make a positive impact.

Audits and on site inspections

Every year, we select a small number of suppliers for on site inspections, either in the form of large scale audits where we consider compliance with DNB's Code of Conduct for business partners or in the form of more thematic inspections, which are sometimes required, for example as part of the selection study or as follow up inspections in 2023. DNB at Group level carried out two on site inspections of suppliers.

A supplier that was selected for delivery and recycling of electronic equipment, where the focus of the audit was compliance with DNB's Code of Conduct for business partners and relevant legislation, such as the Transparency Act and environmental legislation. The audit did not detect any breaches of contract or violations of law, but several risk areas were identified. This led to a process with the supplier to consider various improvement measures in order to be able to close the audit.

One of our largest IT partners was the focus of the audit, which was compliance with DNB's Code of Conduct for business partners and relevant legislation, such as the Transparency Act, as well as how this supplier works to promote increased diversity and equality. The audit did not reveal any breach of contract or violations of law, but several risk areas were identified. This led to a process with the supplier to consider various improvement measures in order to be able to close the audit.



After an audit has been completed, we engage in a close dialogue with the supplier to make sure that any observations and suggested improvements are handled in a satisfactory manner. We find that the dialogue we have with our suppliers after audits is good, and that audits are a valuable tool for familiarising ourselves with the suppliers' work and for enabling us to work together and achieve improvements and learning.

We also conducted six desk top study examinations of our partners' hotel and catering services in 2023. No violations of pay or working conditions were detected during our examinations.

The way forward

Lending to corporate customers

In DNB, we will keep up the work of promoting respect for human rights in our own activities. We will further improve our ESG risk assessment tool and establish better support for detecting risk in our customers' value chains. One of our goals for 2024 will be to integrate an information source for ESG relating country risk analysis delivered by the Economist Intelligence Unit into our risk assessment tool in light of greater demands for due diligence in rules and legislation as well as expectations of transparency from society in general. We will also continue to develop our tools to monitor and report on action plans for customer due diligence. We will further remain a participant in the FAIRLIE PROOF network and will attempt to exercise influence for the network to expand from Western Norway to more Norwegian regions. Human rights and labour rights will remain a priority in our in house competence development, in Norway and internationally.

Investments

Ensuring respect for human rights and labour rights will be an important topic in our engagements in 2024, as in previous years. Ensuring further integration of country risk assessments and due diligence in the supply chain will be a particular focus for 2024, as it was commenced as a key issue for both companies and legislators in 2023. Given growing regulatory pressure in Norway and other countries, it is expected that this will also be on the agenda in ordinary dialogues, allowing DNB to advise and guide companies towards best practice. We will also seek to increase our participation in investor initiatives and monitor regulatory developments in the EU and other markets. PRI Advance, in particular, will be a key initiative to engage with further in 2024, as this is an area that our

Purchasing

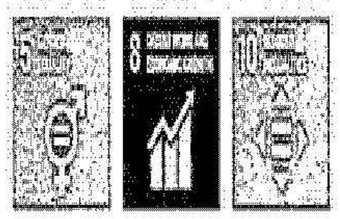
We will continue to exercise influence by regularly discussing sustainability in our supplier relationships. This can take the form of a review of the supplier's sustainability work or an update of material topics in the supplier relationship, such as work with equality and diversity or the supplier's general work in connection with the Transparency Act and respect for human rights. We also chose the Transparency Act and the supplier's work relating to human rights as topics in the two audits we conducted in 2023. The audits have given us valuable insight which will better enable us to implement good procedures for the supplier portfolio in general.

The work with responsible purchasing will continue in 2024. We will work continuously with internal training, improvements and compliance with current rules and legislation as well as with optimisation of our risk system to ensure compliance with the Transparency Act in general and respect for human rights in particular. We will also work to ensure that sustainable choices count more in our processes relating to the selection of suppliers and we want to have a positive impact through our purchasing and supplier relationships.

Diversity and inclusion

As a large financial institution, we have the opportunity to promote diversity and inclusion in our workforce, among our suppliers, the customers we finance, and society in general.

Link to the UN Sustainable Development Goals:



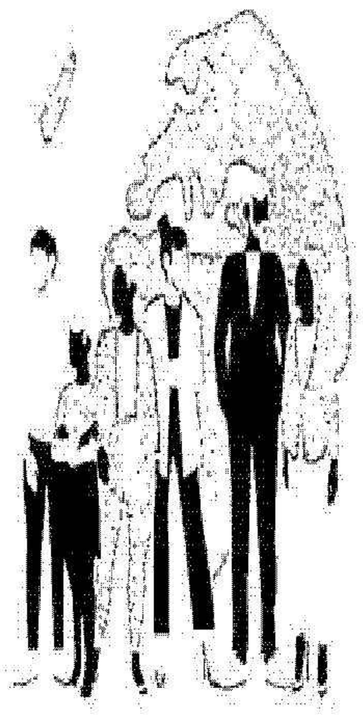
One of our sustainability ambitions is that we will be a driving force for diversity and inclusion. In recent years, we have put gender equality higher on the agenda both within DNB and through our products, services and procurements. We will continue this work in the time ahead, while seeking to boost our efforts to promote diversity and inclusion.

For us, diversity means everything that makes people and groups unique and different from each other. This can mean visible traits such as age, gender, ethnicity and functional ability, or invisible traits such as sexual orientation, gender identity, religion, competence, life experiences, personality and interests.

In DNB, inclusion covers initiatives and practices aimed at giving everyone the same opportunities to contribute to the organisation and to be themselves regardless of their background. Inclusion is key to realising the potential of diversity. Having a diverse and inclusive working environment pays off, and is in keeping with our ethical foundation.

As a financial services group, an important part of our inclusion work is to ensure that DNB contributes to greater financial inclusion and healthy finances for customers, including by offering responsible and innovative products and services.

Beyond complying with our governing documents (see the next page), we also work continuously to ensure that we follow relevant rules and legislation relating to diversity and inclusion, as well as the Norwegian Working Environment Act and the Norwegian Equality and Anti-Discrimination Act. We give an annual account of our equality and diversity work in accordance with the activity duty and the duty to issue a statement. The statement is available on dnb.no/sustainability-reports.



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Our governing documents for our work with diversity and inclusion

- DNB's Code of Conduct: This framework reflects our values, forms the basis for our culture and is at the top of DNB's governing document hierarchy. At DNB, everyone is to be valued for their different qualities, recognised for their talent, and they should be able to be themselves. DNB does not accept any form of discrimination, whether this is on the basis of factors such as gender, age, ethnicity, religion or beliefs, disability, sexual orientation or political convictions. Moreover, DNB does not accept any form of harassment, including unwanted sexual attention. This applies in relation to customers, suppliers, colleagues and others.

- Group policy for sustainability: DNB is committed to taking social responsibility, which entails striving for diversity among the Group's employees and ensuring that discrimination on the basis of factors such as ethnic origin, religion, sexual orientation, functional ability, age or gender does not occur. We support socially beneficial objectives and secure important social values in the areas and industry sectors in which the Group operates.

- DNB's governance principles: Our governance principles are intended to help ensure that all employees have a common understanding of how we govern, lead and behave in DNB. We will be a driving force for diversity and inclusion through targeted and planned efforts in this area, while promoting equality among all employees and preventing discrimination. We will create a good working environment that ensures equal treatment and contributes at all times to conduct and a culture that are in line with DNB's Code of Conduct.

- DNB's Code of Conduct for business partners: The purpose of the guidelines is to promote responsible business conduct and corporate responsibility in our value chain. They are based on international standards and conventions, including the OECD Guidelines for Multinational Enterprises on Responsible Conduct, the UN Global Compact and the ILO core conventions on fundamental principles and rights at work, as well as national legislation. DNB's ethical guidelines prohibit discrimination and emphasise respect for human rights. All employees are expected to be treated fairly and our business partners must work to promote gender balance, diversity and inclusion throughout their organisations. Business partners must implement DNB's requirements in their own operations, report on compliance, and cooperate with DNB in the event of a breach of the guidelines.

- Group instructions for attracting and employing new employees in DNB: The Group instructions are intended to ensure that the processes are transparent and in line with applicable rules and legislation at any given time. Our selection processes will be professional and we will treat all applicants equally. We strive for diversity, we comply with national regulatory requirements, and we do not tolerate discrimination.

Diversity and inclusion in our own operations

We will promote a healthy and safe working environment that is free of discrimination and harassment, and we will safeguard employees' data protection, freedom of association and right to collective bargaining. DNB has collective agreements with a total of six trade unions. These help ensure proper working conditions in DNB and promote constructive dialogue between employers and employees on work-related issues.

DNB's commitment to ensuring healthy and stimulating working conditions for all employees. This will be achieved through continuous and targeted HSE work based on mapping and risk assessments, to gain insight into employees' health and job satisfaction. We conduct quarterly employee surveys and once a year this is extended to a larger mapping of the working environment. The results of the mapping are followed up in collaboration with shared employees as well as their representatives in the safety delegate service and improvement measures are implemented when necessary.

DNB aims to be a workplace where everyone is treated with respect and where it is considered positive to speak up about unacceptable circumstances. All employees hired temporary consultants and contractors are encouraged to speak up through our electronic whistleblowing channel or to speak to their own manager, their manager's manager or the relevant specialist unit. They can also report unacceptable circumstances to the safety delegate service, employee representatives or HR. DNB's external whistleblowing service for reporting records can also be contacted. Employees at DNB have the right to submit anonymous notifications and can rest assured that their notification will be processed in a responsible and confidential manner. It is important that employees feel safe to report situations and DNB will not tolerate any form of reprisals.

The work to do with health, the environment and safety in DNB's shared-service centre in Łódź and contractors at workplaces will be coordinated by the responsible manager and the manager must register the incident. Any follow-up and reporting to the public sector and private agencies will take place in collaboration between the employer, the manager and HR. Members of the board of directors and corporate clients at workplaces must also be reported to the Group's security organisation.

All employees are protected from loss of income as a result of major life events, such as illness, parental leave or retirement. This protection consists of schemes that are offered in the various countries in which DNB operates, as well as corporate insurance schemes. DNB also offers four different options for employees who are identified as redundant in connection with restructuring, transfer to DNB's flexible workforce team, Fokuserer (employment with Manpower with a salary guarantee), termination of employment with external career counselling or termination of employment with severance pay.

As a major buyer of products and services, we have the opportunity to influence diversity and inclusion among our suppliers' operations. For service providers with long-term agreements or framework agreements with DNB, where appropriate, we require that they work systematically with diversity and inclusion in their own organisation. We also require that they have a gender balance target.

Diversity and inclusion is a recurring theme in our procurement processes with relevant suppliers. Our agreements include contractual key performance indicators (KPIs) linked to this, and we have follow-up meetings with suppliers at least once a year where we review developments and targets.

What was done in 2023?

In 2023, we worked to implement our strategy for diversity and inclusion that was drawn up in 2022. The strategy describes our priority diversity areas and associated goals and aims. In the strategy, multicultural background has been selected as a new priority area in addition to gender. For the strategy to succeed, inclusion is highlighted as an important topic in addition to mobilisation of the organisation, coordination, management and monitoring, and competent communication.

The ambition of having a good gender balance (40/60) at all management levels was stated from and out 2023. We achieved this goal at two out of four management levels, see the graph below. At the end of 2023, the average proportion of women at management levels 1–4 was 38.8 per cent, compared with 38.3 per cent in 2022. The proportion of women on the Board of Directors and in the Group Management Team was 60 per cent and 47 per cent, respectively.

Key figures regarding employee numbers

As at 31 December 2023

	Women	Men	Total
Employees	5 229	6 049	11 278
Permanent employees	5 207	6 085	11 292
Temporary employees	22	14	36
Non-guaranteed hours employees	0	0	0
Full-time employees	4 913	5 867	10 780
Part-time employees	316	232	548

	Norway	International	Total
Employees	9 812	1 466	11 278

	Europe (incl Norway)	Asia	North America and South America	Total
Employees	11 112	16	169	11 278
Permanent employees	11 088	15	189	11 292
Temporary employees	35	1	0	36
Non-guaranteed hours employees	0	0	0	0
Full-time employees	10 596	15	169	10 780
Part-time employees	528	0	0	528

Gender balance at management levels 1–4

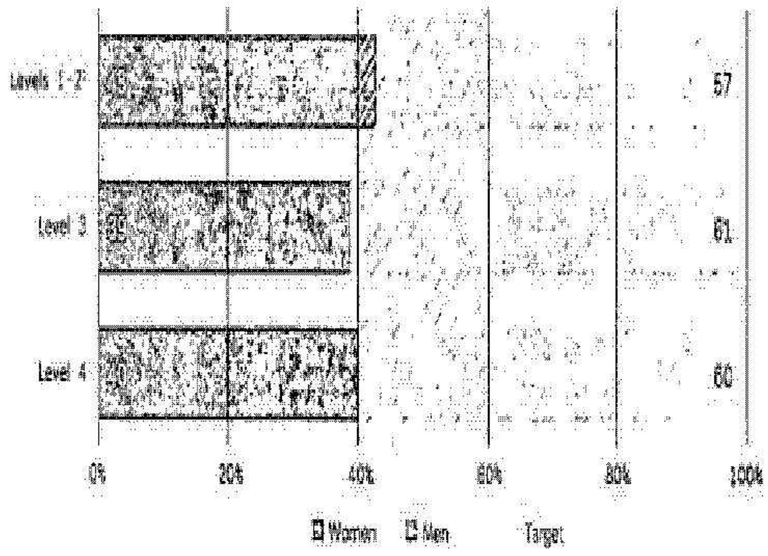
To achieve the goal of gender balance at all management levels, we are working systematically and purposefully to improve the gender balance in units in which the proportion of women is less than 40 per cent. We have introduced several measures to ensure gender balance and access to enough women with leadership talent:

- a minimum of 50 per cent female representation in our house leadership development and talent programmes
- a minimum of 40 per cent women candidates on succession planning lists
- identification of the best qualified female and male candidates in recruitment processes for management positions, before a final choice is made
- diversity as one of the job assignment criteria in restructuring processes
- a particular emphasis on achieving a better gender balance when changing the composition of management teams.

As in previous years, we celebrated International Women's Day and International Men's Day in 2023. We also continued our efforts from previous years in DNB's in-house DOA network.

The Cultural Diversity Network continued its work by celebrating various cultural festivals. As part of the priority area in the strategy, we also showcased in-house role models with a multicultural background and launched a mentor programme for immigrants, with a view to helping them into Norwegian working life. To inspire our multicultural employees to develop their careers further, we held seminars on diversity for management teams.

During the year, we continued to work on the topics of sexual orientation and gender identity, which included being the main sponsor of Oslo Pride in 2023. We were also the main sponsor of Bergen Pride (Regnbuedagene). We also established an LHBTI+ network in Bergen as well as network contacts in Trondheim, Riga, London and New York. To increase our competence in-house, we held talks on transgender issues, launched a 'Get answers to the questions you don't dare to ask' campaign and produced



1 In the Group Management team, the gender balance was 42/58

several films about LHBT+ people that were posted regularly throughout the year.

In relation to mental health, we carried out training on stress and burnout in management teams, and drew up a guide to avoiding burnout. We also marked World Mental Health Day, as in previous years.

In 2023, we worked closely with trade unions and employee representatives on a number of matters, for example, adaptation for transgender people and drawing up a survey about perceived inclusion for employees with a multicultural background. In addition, we held many presentations and workshops in management teams and attended several events to increase competence on inclusion. We also conducted courses in inclusive management and developed a toolbox that all employees can use to learn more about diversity and inclusion.

We measure and follow up inclusion in DNB based on the answers to questions regarding perceived inclusion in the Group's employee survey. The goal is a result of at least 5 on a scale of 1 to 6, and at the end of 2023, the result was 5.4 among the 83 per cent of permanent employees who responded to the survey. This shows that DNB employees to a great extent feel that they are included, respected and valued for who they are, and that they feel comfortable expressing their opinions.

In 2023, we also continued our efforts to ensure compliance with the requirements in the Norwegian Equality and Anti-Discrimination Act that give employers a duty to make active efforts to promote equality and prevent discrimination (activity duty). While we developed a framework for analysis of the risk of discrimination in our central HR processes in 2022, in 2023 we continued the work of assessing DNB employees' opportunities to combine work and family life, as well as their access to development and career opportunities and rewards. For a full account, see our 2023 report on the activity duty and duty to issue a statement on dnb.no/sustainability-reports.

In 2023, in the Norwegian part of DNB, women's fixed salary as a proportion of men's was 86.8 per cent, when calculating salaries without taking into consideration post on level and content. This is an increase of 0.3 percentage point compared with 2022. In 2023, we mapped a new job architecture, which provided a basis for an updated report on equal pay for 2023. The report is attached to the report on the activity duty and duty to issue a statement for 2023.

In DNB we have zero tolerance for bullying and harassment, and we work systematically and purposefully to prevent and handle unwanted incidents. In our annual HSE survey, 333 employees answered 'Yes' to the question "Have you been subjected to bullying or harassment from a customer or colleague over the past 12 months?", compared with 273 in 2022. This corresponds to 4 per cent of those who responded, with about half of the incidents occurring in connection with customer contact.

In 2023, a total of 16 cases relating to discrimination or harassment were registered and handled. Of these, 10 were reported using DNB's electronic whistleblowing channel.

In 2023, we hired 1 261 new employees, which represented a 2.2 per cent reduction compared with 2022. The Group's employee turnover was 7.6 per cent. This was somewhat lower than 2022, when the turnover was 8 per cent.

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HSE figures

	2023	2022
Number of accidents at work	11	3
Number of work-related deaths	0	0
Sickness absence (per cent)	5.3	4.4
Number of working days lost as a result of sickness absence	100 746	85 834

Attractive workplace and learning

Over time, DNB has worked to facilitate lifelong learning and motivate employees to engage in this kind of learning so that they can stay relevant both now and in the future, through upskilling and reskilling initiatives. At the beginning of 2023, we launched an initiative for skills enhancement and employee development through DNB University (DNBU). The goal is for DNBU to offer good learning opportunities that give added value and development for individual employees and for DNB as an organisation. The establishment of DNBU is also important for ensuring that DNB is an attractive employer and that it is known that we offer employees relevant training.

All permanent employees have access to our Motimate digital learning platform, which at the end of 2023 had more than 850 courses that had been produced in-house. Over 94.5 per cent of employees were active Motimate users. Some courses are labelled mandatory, and the completion rate for these was 95 per cent in 2023. Our employees also have access to over 16 000 learning resources via LinkedIn Learning, and in 2023 we had just over 6 500 active users of this solution. The Group's employee survey measures whether employees are satisfied with their opportunities for learning and development, and in the autumn of 2023, the average score was 5.0 (on a scale of 1-6) for the question "I'm happy with the opportunities I have for learning and development", which is unchanged from 2022.

In a world that is continuously changing, with new competence requirements constantly arising, it is important to have an effective performance management process. Our performance dialogue process contributes to ongoing communication between employees and managers to ensure development and strong performance in accordance with DNB's strategy and goals. Among those who responded to the 2023 employee surveys, 92 per cent (with women and men equally represented) replied that they have had at least one performance dialogue, and 72 per cent of these reported that the conversations had been useful. We also offer our employees performance coaching from our certified in-house coaches.

Purchasing

In 2023, we worked systematically on the topic of diversity and inclusion with suppliers whose main delivery is labour. This applies to 25 suppliers that deliver, among other things, consulting, legal and IT services, which accounted for around 18 per cent of DNB's supplier costs in Norway. Of these 25 suppliers, 16 have various diversity and inclusion requirements in their contracts, and 18 report regularly on concrete KPIs or targets relating to gender balance on their boards and management teams. They also report on the measures that are implemented to achieve gender balance.

Some supplier relations involve higher risk than others. In such cases, we enter into a dialogue with the supplier if we learn about incidents or challenges associated with the supplier's business operations or industry that we want to gain a better understanding of. Other examples may be that we advise our partners on how they can set up whistleblowing channels or facilitate feedback on guidelines and procedures.

During the risk assessment process, all of DNB's suppliers with higher inherent risk must state whether they have a policy or routine that includes gender balance and diversity, and describe how they work on this within their organisation. We also use the results of a sustainability analysis prepared by EcoVadis as a basis for our supplier management when relevant. We have seen positive developments among our suppliers relating to gender balance since we put this on the agenda.

2 The reason for the increase is that we as of 2023 also report minor injuries that do not require medical follow-up. Previously, we have only reported injuries that required treatment.

To ensure that diversity and inclusion are safeguarded in our daily work with our target groups, partners and suppliers, we have initiated several contract reviews both for those who work from DNB's premises and for those who work from their own. The goal is to increase insight into and competence relating to each other's cultures, to create an awareness of our roles in society and to ensure equality and a psychological safety. At the same time, we have taken steps to increase the number of female managers and motivators, including through adapted working days, skills enhancing measures and a mentor scheme which has also led to more women returning to work after the end of their maternity leave.

The way forward

The diversity and inclusion strategy stands firm and we will continue to implement it in the time ahead. Multicultural competence is a skill set that we have given greater attention. An increasing proportion of Norway's population is multicultural and this is reflected in the customers we have and among our employees. In the time ahead, fully succeeding in the inclusion of people with multicultural backgrounds will be very important as will managers' multicultural competence. To achieve this, we will work to obtain a greater understanding of perceived inclusion for this group of people.

We will continue to work to promote diversity among the participants in our management and talent development programmes. All programmes are closely evaluated and improvement measures are implemented immediately when this is necessary. All employees should be familiar with our employee development system, and more mandatory training measures will be initiated than before, targeting managers and employees alike.

We will continue to support employees' development in accordance with their needs and those of the organisation. We have gathered several of the development offerings in one place to make it easier for each employee to find suitable options. We will continue to develop the options on offer in order to motivate employees to pursue lifelong learning.

The work with diversity and inclusion in the supply chain will continue in 2024. We will focus on selecting responsible suppliers and on having a positive influence through our purchasing. We will also assess whether the number of suppliers that are followed up in the area of diversity and inclusion should be increased, and consider the possibility of further KPIs.

Financial inclusion of personal customers

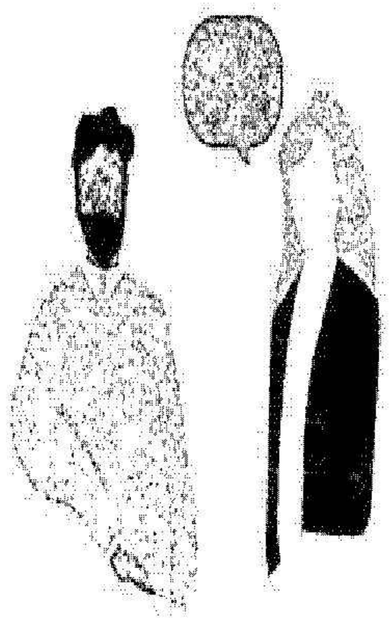
Access to basic financial products and services is a prerequisite for being able to participate fully in society – in financial and social terms. As Norway's largest bank, we play an important role in the personal finances of many Norwegian households, thanks to our products and services. The UN Principles for Responsible Banking (PRB) initiative has developed a guide on financial inclusion and financial health that we have used as inspiration for defining how we can contribute in this area and what we can do better. Financial inclusion is a matter of access to financial products and services, and financial health is a matter of the extent to which bank customers feel that they are able to shape their own finances and have faith in their own financial future. The work on financial inclusion has focused particularly on more vulnerable population groups or groups with special needs. We have mapped who they are, how they are taken into account by the bank, and whether there is something we should do differently.

We have defined three areas in which we believe DNB is particularly able to contribute to financial inclusion and financial health for our personal customers:

1. Access to information and basic banking services

DNB offers basic banking services to any person who wants to establish a customer relationship with the bank, as long as they meet the requirements associated with the anti-money laundering rules and legislation. A minimum requirement is being able to document one's own identity, and for some customers in especially difficult circumstances, it can be difficult to provide this. One example is refugees, and for this group DNB has adapted its routines in order to be able to help people in a particularly vulnerable situation, also when they do not have the documentation usually required for access to banking services.

Information about our banking services must be available to as many people as possible. We are carrying out structured work to ensure that digital information complies with the universal design requirements, so that as many people as possible can use the bank's digital services. We have developed a range of adapted products and services for customers who are less digitally proficient or customers with special needs, such as people who are blind or partially sighted. This includes braille on bank cards and a talking code device. We have also maintained non-digital services, consisting of the BrevGiro (giro sent by post) and a dedicated phone number for questions regarding these services. We also offer SMS services that customers can use to gain an overview of their finances, allowing them to view their balance, pay bills and make transfers. This makes bank services more accessible for customers who are less comfortable with using digital services. We are also available for all of our customers through the customer service centre and our 51 branch offices throughout Norway.



2. Long-term financial security through savings and ownership of own home

We help customers plan their long-term financial security through savings for their future and for being able to buy their own home. Examples of measures:

- Use of the savings app Spare makes it easy for customers to save and gain a good overview of their savings. The app allows them to see how much pension they have accumulated and how much their employer is setting aside for them, and to easily purchase mutual funds and shares.

- DNB is a leading provider of mortgages in Norway, a country in which over 80 per cent of the population own the home they live in[3]. For some groups, for example, young people, who are often looking for their first home, it is particularly difficult to enter the housing market. DNB has a special focus on this group, and offers, among other things, favourable mortgage rates for young customers. Another measure is *Vennelån* (friend loans), a product which makes it easier to grant a loan to friends who want to buy a home together. The *Vennelån* product includes a draft co-ownership contract and a free advisory session with a lawyer, in partnership with the law firm Ally.

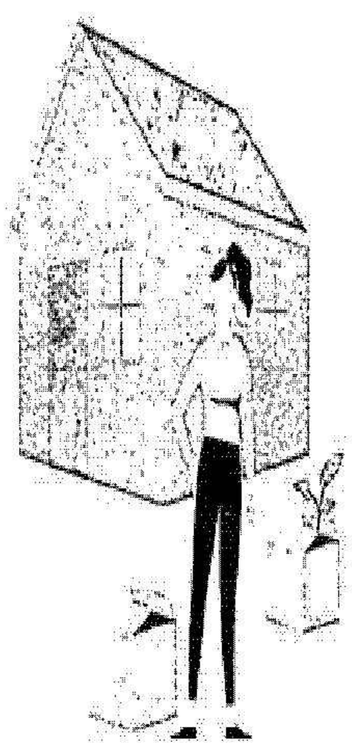
- We help customers who are struggling to keep up with payments on interest and instalments on their mortgages by looking into possible measures such as interest-only periods, extended repayment periods and other solutions that may help the customer.

- Through the *#huninvesterer* (#girlsinvest) campaign, we have worked since 2019 to raise women's awareness of the differences between women's and men's finances, to increase their financial literacy and to make it easier for them to take action, as we see pervasive financial disparities in Norway, with women consistently owning less than men. We work systematically to obtain and share knowledge about the barriers to financial gender equality, including in relation to investments, ownership, entrepreneurship and management. Based on the insight we gain, we highlight a new topic every year.

3. Facts about housing (ssb.no/bygge-bolig-og-eiendom/fakta-om/bolig) – in Norwegian only

3. Better financial health through advisory services adapted to own needs

DNB offers financial advisory services through several channels: the online bank and the mobile banking app, the customer service centre, and the branch offices. Our employees regularly undergo skills enhancement in order to be good advisers. General advice on, for example, everyday finances or savings, can also be found on the DNB Nyheter (DNB News) website.



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What was done in 2023?

In 2023, we worked to clarify what financial inclusion and health mean for DNB, and we defined three areas in which we believe DNB is particularly well equipped to help our personal customers. These are described in the introduction above.

Most of our efforts to promote financial inclusion are ongoing, but we are also working to improve and further develop products and services to increase our personal customers' financial inclusion and financial health even more.

Some examples of new or strengthened measures from 2023:

- A growing number of mortgage customers contacted the customer service centre for advice on managing their mortgages. In collaboration with the customers, we found solutions such as interest-only periods, extended repayment periods and refinancing, by merging mortgages and loans or by making use of other opportunities in the Norwegian Lending Regulations.

- Through the *Ung-milliarden* (young billion) campaign, we shed light on the obstacles many young people encounter when entering the housing market. Here we made a commitment to lend at least NOK 2 billion in total to qualified first-time buyers who do not have enough equity or who cannot receive help from their parents.

- We established a dedicated team of advisers for young people who want to enter the housing market, or who are in the process of doing so, to help them succeed at realising their dream of owning their own home. The launch of the concept *Ung-samtalen* (young conversation) resulted in us talking to a record number of young people.

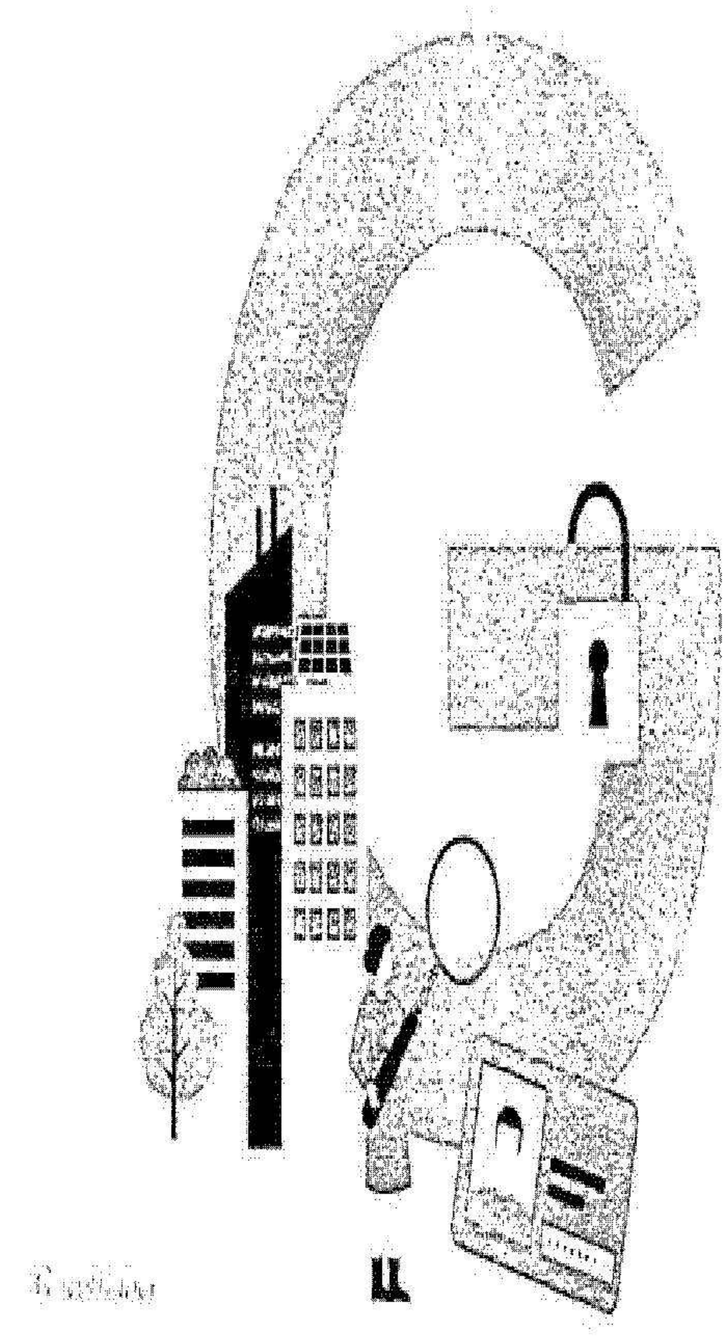
- We continued to work to facilitate saving: In the Spare app, we launched a personalised investment film to give customers an overview of their own investments, in addition to market updates and savings tips. Saving was also at the heart of DNB's summer campaign *jegbufrer* (I'm buffering) which was about making smart choices in everyday life and how saving even small amounts can make a difference in the long term. Despite 2023 being a challenging year in terms of inflation and high interest rates, many of our customers continued saving. At the end of 2023, 33 per cent of our active customers saved regularly, which is in line with the previous year. 'Active customers' mean customers with deposits or loans in DNB that exceed NOK 1 000, or at least one capital transaction over the past three months. Regular saving means customers with an ongoing DNB savings scheme for saving in mutual funds and/or in a savings account.

- In the autumn of 2023, we launched a new national *#huninvesterer* campaign, where the theme was "female role models". The campaign was supplemented with a national tour that consisted of 30 events for over 6 000 participants. We also organised a *#huninvesterer* (#girlsinvest) campaign in Sweden for the first time. Moreover, we launched *#huninvesterer Oppstart* (#girlsinvest start-up) – a guidebook for female entrepreneurs – together with the *#huninvesterer* academy, which consists of eight digital learning modules, in order to increase competence on finances, investment and entrepreneurship.

- We kept the *Din samtale* (Your conversation) concept, to help customers in particularly demanding situations. This is where a dedicated team helps customers who contact us, including by showing them how to set up a budget, get a better overview and giving them advice on how to handle debt.

The way forward

DNB's ambitions for financial inclusion are wide-ranging in the organisation, and are linked to the business strategy. In order to better gauge the effect of relevant measures, in 2024 we will continue to define KPIs associated with financial inclusion. We will draw on the insight we have gained so far, and continue to build on it, and we will consider whether there are areas or customer groups we should focus more closely on in 2024, from the perspective of financial inclusion and health.



Corporate governance

Corporate governance includes factors that affect our ability to have sustainable business practices, as well as responsible and ethical business management. This can include a company's management structure, ethics and corporate governance, transparency, anti-corruption work, anti-money laundering measures and tax issues.

For DNB, the following topics have been identified as material under Corporate governance:

- Information security (including Data protection)
- Financial crime

Information security

Link to the UN Sustainable Development Goals:

In order to maintain trust and competitiveness, it is important for DNB to deliver secure, stable and user-friendly services to our customers. As a major player in Norwegian society, we play an important role in the financial infrastructure and can help maintain trust in the financial system. A challenging time of geopolitical unrest. War in Europe and the Middle East and general geopolitical turbulence have created extra uncertainty in 2023. With a dynamic threat landscape and rapid technological advances, it is increasingly important that DNB helps maintain trust in the financial infrastructure and secures access to financial services.

The largest digital threat against DNB and the financial sector is still from threat actors whose motive is to steal information, sabotage systems or achieve financial gain. With the war in Ukraine, however, we are seeing a shift towards threat actors that conduct cyber attacks to promote a political agenda. During the past year, we have seen that financial institutions can be affected by cyber attacks because of their important function in society. DNB is therefore also a potential target for cyber attacks from politically motivated threat actors, as we handle large amounts of sensitive and confidential information about customers, employees, business partners and society in general. A cyber attack can have serious consequences for the profitability and reputation of the Group as well as for our customers' trust in us. Protecting information security means safeguarding information against unauthorised access, changes, deletion or loss and ensuring that the information is available, updated and correct. Digital threats against the financial infrastructure are the Group's highest operational risk.

DNB works with information security at every level of the organisation and in all processes, also in relation to customers and suppliers. We have good routines and a clear division of responsibilities relating to how information security and data protection are safeguarded in the business. Risk management processes have been established to continuously identify and follow up risk. The processes are meant to ensure compliance with internal requirements as well as with laws and regulations, and that risk is mapped and managed.

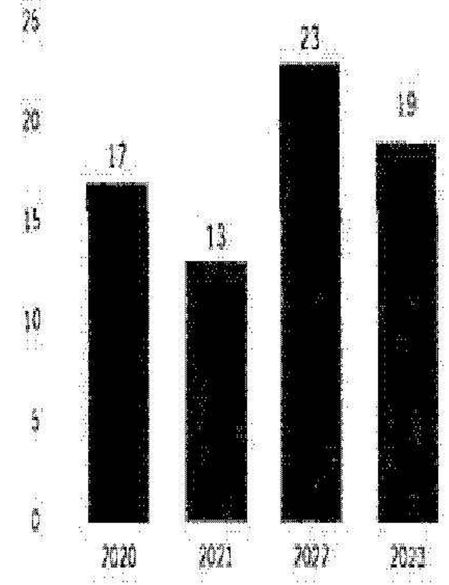
We must have sufficient expertise and capacity to achieve the appropriate security level and to carry out good security work at every level. The Group has set up its own specialist functions to ensure that it has the necessary security competence to support operational units in the performance of security work.

What was done in 2023?

Cyber attacks have become one of the largest challenges to society in our time, and the Allianz Risk Barometer report for 2023 ranks cyber incidents and business interruption as the two main global business risks. These are risks that also DNB is working extensively with, and that can affect our information security.

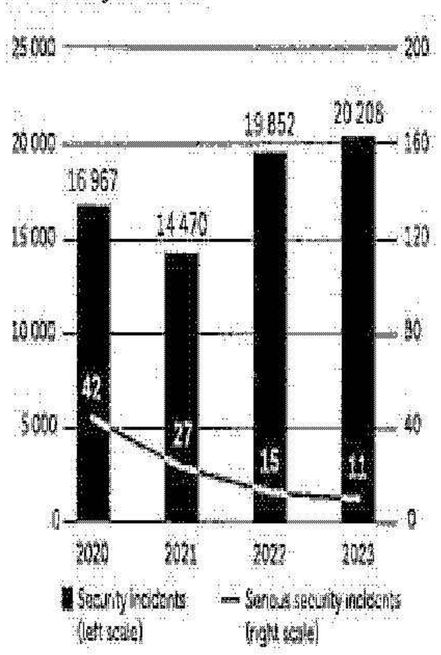
Systematic efforts over a period of several years have yielded good results in terms of operational stability, which is now at a satisfactory level and well within the Group's risk appetite. There were 19 days with significant operational disruptions in 2023, a decline from 23 in 2022. Continuous work is being done to identify underlying causes, and measures are being implemented on an ongoing basis.

Number of days with significant disruptions to business operations



During the past few years, we have seen an increase in the number of cyber attacks, and the largest threat comes from supply chain attacks, ransomware attacks and denial-of-service attacks. In 2023, we recorded 20 208 cyber attacks and IT security incidents, which is an increase from 19 852 attacks in 2022. The number of attempted attacks and incidents that are handled is increasing every year, but we have nonetheless seen a decline in the number of incidents with the potential to cause serious harm. We believe that this is due to strengthened security at DNB, and changes in the threat landscape, as it is often cryptocurrency exchanges that are subject to digital bank robberies. None of the cyber incidents that were registered in 2023 had serious consequences for customers or the Group.

Number of registered cyber attacks and IT security incidents



Our governing documents for our work to promote information security

- DNB's Code of Conduct: Through our work, we gain access to and produce information about our customers, employees and partners. The Code of Conduct describes how we at DNB will protect this information and avoid exposing these people to unnecessary risk. The Code of Conduct also states that employees of DNB must process personal data in accordance with legal requirements and internal rules. Customers, suppliers, partners, employees and owners should have confidence in our processing of personal data and must be able to rely on us to safeguard their privacy.

- Group policy for information technology: The purpose of this Group policy is to establish key principles and responsibilities relating to the management and delivery of information technology in DNB.

- Group policy for security: This Group policy sets out roles and responsibilities relating to security work. The document does not cover the work on ensuring a safe working environment or HSE efforts. Security at DNB is a matter of ensuring our ability to avoid damage to or loss of assets as a result of undesirable, intentional actions, as well as technological, environmental or human errors or accidents.

- Group instructions for data protection: These Group instructions are intended to contribute to DNB complying with requirements laid down in external and internal rules and legislation in the area of privacy protection. The instructions set out basic requirements relating to DNB's processing of personal data.

- DNB's global framework for personal data protection: The framework establishes rules and principles for how companies in the DNB Group should comply with the requirements of the Norwegian personal data rules and legislation. The framework is intended to help companies in the DNB Group process personal data in a responsible, lawful and secure manner. Personal data must be processed in accordance with basic privacy protection considerations, Group-wide requirements, and external and internal requirements that are specific to the individual legal entities.

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Data protection

Maintaining a high level of compliance with the data protection rules and legislation is continuous work. Being open towards customers about how we process their personal data was a prioritised area throughout 2023, and information about how DNB processes personal data has now been gathered at www.dnb.no/en/about-us/protection-of-personal-privacy.html.

When we develop new products and services, it is important that we integrate data protection into the technological solutions. To ensure this, we have improved our Group guidelines for data protection by design and have included examples of concrete measures. When unwanted incidents occur, they must be handled quickly and efficiently. We have a low threshold for reporting personal data security breaches, and in 2023 we sent 114 non-compliance reports to data protection authorities.

DNB was not issued any orders or non-compliance fees by the Norwegian Data Protection Authority in 2023.

We see a growing interest in the use of artificial intelligence in every sector of society, especially generative artificial intelligence. Generative artificial intelligence can provide new opportunities, but we also have a responsibility to ensure that the technology is used in a secure and good way. To contribute to this, we have drawn up guidelines for employees' use of external tools that use generative artificial intelligence.

Transparency is critical in order for our customers to trust us, and we are working continuously to provide information about our processing of personal data, also in DNB's digital channels. At DNB, we aim to ensure that our processing of personal data is secure, transparent and understandable. In order to protect the data of our customers and employees effectively, we will therefore keep up our good, continuous work to ensure that DNB complies with the rules and legislation in this area.

The ability to detect and manage cyber security incidents before they have an impact on our operational stability continues to be a key priority area. In 2023, we focused particularly on strengthening our ability to detect incidents using advanced tools and with a threat- and risk-based approach. When handling cyber security incidents, we see that our suppliers play an increasingly important role and that attacks against third parties are becoming a larger part of the threat landscape. We conduct regular drills on managing cyber incidents and general incident management at every level within our organisation. We also carry out these types of drills together with other players in the financial industry and other actors with critical infrastructure.

Our employees' knowledge of security is important in terms of ensuring the safety of our customers and employees. All new employees are therefore required to complete basic training on information security. In addition, all employees are also required to complete mandatory training every year. By the end of 2023, a total of 97 per cent of all employees had completed the basic training on information security, and 87 per cent had taken the mandatory courses. This is an improvement on the 2022 figures and is considered a good completion rate.

In 2023, we continued building on the training and awareness-raising initiatives that we launched in 2022. We also expanded the training to new groups of employees. After having had a strong focus on increasing competence on cyber security in the technology environments, in 2023 we expanded the training and skills-building measures to the rest of the organisation, with a particular focus on training managers.

We are doing targeted work to improve cyber security by identifying measures that may help reduce the cyber risk and increase our maturity relating to security. This work is set out in our three-year cyber security roadmap. A new

outperformance of our externally managed unit in 2023, showing an increase compared with the same survey in 2022 and remaining well in an acceptable level. Our strong position ranks us in the midfield of comparable financial institutions.

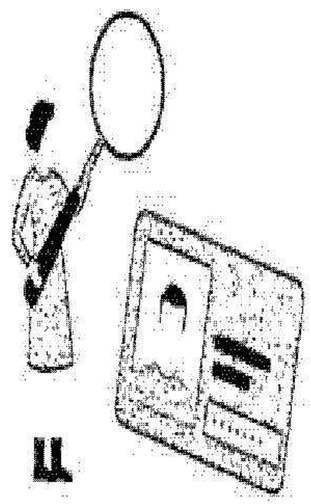
The road ahead

In 2024, we will continue our work of safeguarding the information security of the Group by protecting information from unauthorised access, changes, deletion or loss, and ensuring that the necessary information is available, up to date and correct.

Our ability to adapt continues to be an important quality in a world of geopolitical instability, ongoing digitalisation and challenging threat landscapes, which pose both opportunities and greater risks. We must therefore continuously and maintain our digital security efforts in order to maintain effective and stable operations. We must keep up the work relating to the automation of solutions and vulnerability remediation, as well as the use of data analysis and artificial intelligence. Artificial intelligence will be a focus area in 2024, through the use of new technology. This will increase our resilience in the face of the threat landscape and will help increase the automation, effectiveness and quality of our processes, products and services.

The risk of cyber attacks is now a significant threat to society and may have material societal consequences, resulting in a more challenging regulatory landscape nationally and internationally. In 2024, DNB will work on the implementation of new rules and regulations in the digital operational resilience area. We will also continue to have a strong focus on security and compliance as an integral part of our processes, products and services.

We will increase awareness and knowledge of information security among our employees in addition to general skills enhancement measures for all employees. We will keep devising and implementing specific measures targeted at different roles and areas of responsibility.



Financial crime

Link to the UN Sustainable Development Goals:

Financial crime, which includes fraud, money laundering and corruption, is a serious societal problem, a threat to our financial system and also undermines a healthy business sector. As Norway's largest bank and an important player in the financial system, DNB plays a material role in limiting financial losses for society, our customers and us as a company. With the rapid digitalisation of society, cybercrime is an increasing threat for us as a financial institution. Criminals are constantly developing new forms of digital fraud, for example.

We will help prevent and detect money laundering and terrorist financing by continuing to develop our transaction monitoring and KYC processes, as well as by having good internal control. We have also devoted considerable resources in our anti-money laundering efforts, and work is continuously being done to improve compliance with the anti-money laundering rules and regulations, as well as to adapt to new changes and to manage the risk of money laundering.

In DNB we have zero tolerance for corruption and are working to identify, assess and manage corruption risk associated with employees, customers, third parties and other relevant business relationships. All employees must have adequate competence on the corruption rules and regulations, be familiar with DNB's zero tolerance approach to corruption and carry out a mandatory course to update their knowledge of our Code of Conduct every year.

Each unit in the Group is responsible for compliance with the rules and regulations relating to anti-money laundering and sanctions, as well as other relevant rules and regulations concerning financial crime in its own area of responsibility. Failure to comply with the rules and regulations may result in loss of reputation, financial losses and administrative reactions, such as orders issued by the supervisory authorities, administrative sanctions and, in the worst case, loss of the licence. All employees are required to update themselves annually on current governance principles for anti-corruption and money laundering. This is one of the measures we use to minimise the risk of financial losses for DNB, our customers and other business associates.

Raising awareness and competence building are also important from a societal perspective. We contribute to this by giving presentations in various forums and by organising webinars for customers on an ongoing basis on security culture and good payment routines. We also publish advice and recommendations, an annual report on DNB's threat assessment, and other reports on DNB's website so that they are available to everyone.

What was done in 2023?

In 2023, we experienced a continued increase in fraud attempts and further development of the methods used in 2022. Many players are continuing to carry out large, automated phishing attacks on our customers. The attacks vary from small attacks of fairly low quality to large, targeted and automated campaigns. Investment fraud continues to cause substantial losses for our customers, and the victims are often manipulated by criminals to withhold information requested by the bank in its attempt to stop or detect the fraud.

In the spring of 2023, we discovered a new method of fraud known as safe account fraud. The method involves victims being contacted by someone claiming to be from the bank or the police, informing them that someone has gained access to their account, and that they must move their money to a safe account. These cases are particularly demanding, as the criminals say that this is part of an ongoing police investigation and that the victims must therefore not tell the bank that they have called. Cases of safe account fraud share many similarities with phishing cases, but the customers are tricked into transferring the money themselves to the criminals (social manipulation).

Our governing documents for our work to combat financial crime

- **DNB's Code of Conduct:** The Code of Conduct states that we will work actively to prevent and detect money laundering and terrorist financing by following established rules and internal procedures for anti-money laundering and anti-terrorist financing. DNB has zero tolerance for all forms of corruption, and will act in an open, transparent and accountable manner. In DNB, we will actively prevent and detect corruption.

- **DNB's Global Anti-Corruption Framework:** The framework provides guidance for how the Group is to meet basic requirements and standards in the area, and is intended to help ensure a uniform, consistent approach to anti-corruption efforts in the Group. DNB's Global Anti-Corruption Framework is intended to serve as a guide to the operationalisation of prevailing legislation, preparatory works, and relevant guidelines.

- **DNB's Global AML Framework:** This framework is designed to help us prevent and detect money laundering and terrorist financing. The aim is to ensure that the Group complies with basic requirements and standards in this area, and to help ensure a consistent approach in the Group, both in Norway and internationally.

- **DNB's Global Sanctions Framework:** The purpose of this framework is to ensure that DNB complies with national and international legislation related to sanctions and export control, and to contribute to the uniform implementation of compliance work in the Group. The framework provides guidance on sanctions regimes we must comply with and describes the elements of DNB's Group-wide Sanctions Compliance Programme.

Digital fraud

	2023	2022
Number of cases against customers	9 723	9 343
Number of customers affected	5 010	4 625
Number of cases we handled	13 056	12 671
Number of cases we reported	38	26
Total value of attempted fraud against customers and the Group that was stopped (NOK million)	1 543	1 067

In 2023, there was a strong focus on improvement measures to prevent financial crime. Among other things, the risk classification method was strengthened by adopting an updated Group-wide model. In addition, further development of electronic monitoring was given high priority; this is work we will continue in the time ahead. We are continuously evaluating new technological solutions, and started using advanced network analyses in 2023 so as to more easily uncover organised financial crime and corruption, among other things. In the work to combat financial crime, we are also using machine learning to both develop rules for the electronic monitoring and to improve the rules and prioritisation of alerts in the electronic monitoring system.

The coercive fine of NOK 50 000 per working day that was imposed on DNB on 1 September 2022 for not having complied with an order to verify the identities of the entire customer base was dropped on 24 April 2023. Updating customer information is ongoing work, and we are working on this continuously to be able to understand and manage the money laundering risk we face.

In 2023, DNB sent a total of 2 563 reports to the Financial Intelligence Unit in Økokrim (the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime) due to suspicions of money laundering or terrorist financing. A single case can include a number of customer relationships and transactions, and in total we investigated 5 012 matters.

Having the right competence at an adequate level is of central importance to successfully detecting financial crime. All permanent employees and all Board members are therefore required to take annual courses on combatting money laundering, terrorist financing and corruption, as well as on international sanctions, and on the prohibition against disclosure. At the end of 2023, 94 per cent of employees and all of the Board members had completed training on financial crime. Training over and above the basic course level is based on the individual employee's responsibilities, roles and function in the organisation.

Affiliation with special interest organisations

In general, DNB does not use third parties in direct external stakeholder dialogue, either in Norway or internationally. The exception is membership in special interest organisations that can speak on behalf of, for example, industries. Cooperation and knowledge-sharing between banks and the public sector are vital in the fight against financial crime. DNB participates with other financial institutions in several cooperation initiatives, for example the meeting place for public-private cooperation on anti-money laundering and counter-terrorist financing, *OPS AT (Offentlig Privat Samarbeid - anti-hvitvasking og -terrorfinansiering)*.

DNB's stakeholder work aims to give us an increased understanding of society's expectations of us, to create understanding of our role in society, and to share knowledge about the financial sector. We will disseminate knowledge and contribute to the sustainable transition nationally and internationally. We will also try to achieve the best framework conditions and to position DNB as an interesting dialogue partner, both in the industry, in relation to the authorities, and with regard to other stakeholders in society. Through transparent and effective documentation of our work relating to the authorities and stakeholders, we ensure compliance with the rules and legislation associated with lobbying. DNB is a member of the Transparency Register of the European Commission, the European Parliament and the Council of the European Union. In connection with our membership, we have also signed the EU Transparency Register's Code of Conduct.

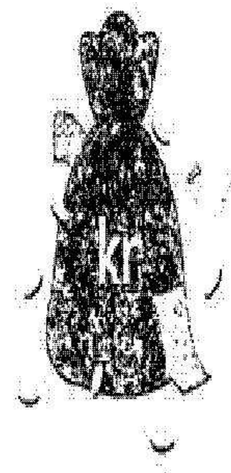
In 2023, a DNB employee participated, as a representative of Finance Norway, in the Securities Law Committee's work on, among other things, the report on the EU's Corporate Sustainability Reporting Directive (CSRD), Finance Norway's position on the Energy Performance of Buildings Directive (EPBD) and Finance Norway's work on green property and energy efficiency. In total, DNB paid NOK 30.1 million for membership in the industry organisations Finance Norway, the Norwegian Savings Banks Association and the Association of Norwegian Finance Houses.

Membership fees in industry organisations

	2023	2022
Paid (NOK million)	30.1	23.9

The way forward

The fight against financial crime, money laundering and terrorist financing will continue at full force in 2024. DNB's improvement efforts in the area of anti-money laundering are structured well, and are designed to ensure shared priorities and joint progress. In 2024, we will continue the work of further developing our Group-wide risk classification method and strengthening the electronic monitoring. In addition, we will proceed with the work of standardising routines and processes associated with customer due diligence, which is an important premise for adequate quality and for a risk-based approach to the anti-money laundering work. We are continuously considering adopting new technology that could support the AML work to improve and simplify the work of combatting financial crime, for the benefit of customers and society.



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Feature article:

Responsible tax practices and our tax contribution

As a corporate citizen, DNB contributes considerable amounts of tax every year. In 2023, our total tax contribution was NOK 12 139 million. In line with our overarching goals and values, we have responsible tax practices that safeguard the Group's interests and balance different aspects of customers, shareholders, employees and society in general. Our approach to taxes is based on our overarching values and other guiding principles. Code of Conduct and we have a global tax strategy. Read more about the tax strategy and our tax contribution in the document "DNB's Tax Contribution 2023" on dnb.no/en/about-us/publications/reports

Responsible tax practices

We are exposed to tax risk due to our complex business model and because the Group has operations in many countries. We define tax risk as both risk of misconduct on the tax rules in connection with DNB's tax contributions, which can lead to the wrong tax expense and tax-related matters associated with DNB's customers and other third parties that result in sanctions from the tax authorities or reputational loss for DNB. The risk is governed within the Group's risk management framework and in the same way as other types of risk the Group is exposed to. Read more about risk management in The Board of Directors' report on corporate governance on page 45. The tax risk is governed according to the model with three lines of defence.

The first line of defence includes all of the Group's operative functions (business areas and staff and support units). All of the Group's operative functions have a local tax function. These functions are supported by Group Tax, which consists of employees with a combination of tax, legal and accounting expertise. Group Tax sets the tax and handles tax risk based on applicable regulations, standards and rules.

The second line of defence consists of the risk management function and the compliance function. These functions must be involved in and contribute to assessing major new or changed business strategies, organisational changes and other changes in the operations, provided that such changes in the operations will (or can) lead to material

The third line of defence is Group Audit, which reports to the Board of Directors, ensuring that all material components of the Group's internal control, risk management and compliance are of satisfactory quality.

Our responsible approach to tax involves having low tax risk and being transparent about our tax affairs. This entails, among other things, that we are transparent with the tax authorities in all of the countries in which we have operations. It is our aim to provide sufficient and correct information in the tax return and in our answers to the tax authorities' queries. Tax matters must be handled professionally and efficiently in accordance with DNB's values. In Norway, we have regular meetings with the tax authorities to discuss their queries and any material questions relating to our tax matters. Their feedback and audits are used to reduce our tax risk.

In addition to the Norwegian Tax Administration, overlapping controls in different areas, our statutory auditor reviews our tax expense and our internal audit function carries out audits of specific tax areas.

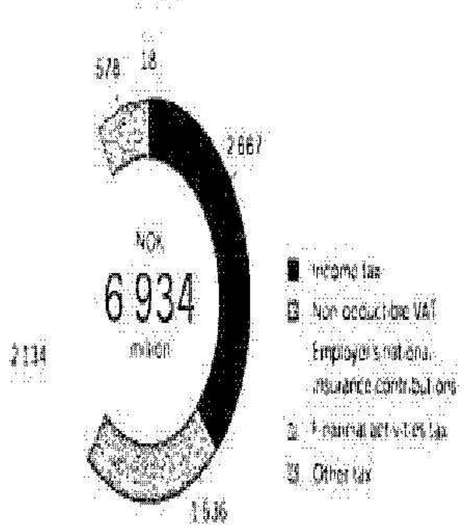
We aim to follow tax rules and international conventions in every country in which we operate and seek to act in accordance with the purpose of the rules. DNB will not facilitate or otherwise contribute to tax evasion or aggressive tax planning for customers that would have a negative effect on society. An important part of our compliance work relating to tax is to monitor and implement regulatory changes in the area of tax, and we work continuously to take a systematic approach to this.

All of the products we offer undergo a comprehensive approval procedure where tax risk is one of the factors assessed. We also consider tax risk associated with our relations with third-party suppliers.

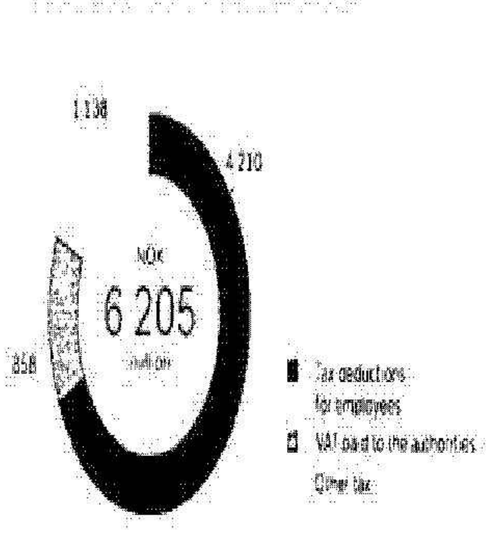
The Board monitors tax issues and tax risk through the Audit Committee and the Risk Management Committee. These committees receive regular reports and updates on material tax issues, tax disputes and developments in tax policy.

We have a Tax Control Framework (TCF), which contributes to the ongoing efforts to implement the tax strategy in the organisation. The purpose of the TCF is to help DNB meet the expectations of effective management of tax risks.

How much tax did the DNB Group pay in 2023?



How much tax did the DNB Group collect on behalf of the authorities in 2023?



Taxes paid constitute a cost for the Group and include:

Income tax

The Group pays tax on income generated in the individual countries in which the respective entities are domiciled for tax purposes or have operations. The tax is calculated based on the country's tax rules. Paid income tax is actual tax paid during the year, regardless of which fiscal year the tax applies to.

Non-deductible value added tax (VAT)

DNB pays VAT on purchases of goods and services. The Group is only allowed partial deductions for input VAT, which means that a large part of the VAT constitutes a cost for the Group. The amount includes all non-deductible input VAT on the purchase of goods and services.

Employer's national insurance contributions

As an employer, DNB is obliged to pay employer's national insurance contributions and other social security contributions based on the employees' salaries and other remunerations.

Financial activities tax

The financial activities tax is an additional tax imposed on companies within the financial services sector. The tax consists of two elements: an increased income tax rate for financial activities (3 percentage points) and an additional tax for companies in the financial services industry based on the payroll of the companies (5 percentage points).

Other tax

This may, for example, be withholding tax on interest and dividends paid to countries where the Group's customers or investors are resident for tax purposes, and which DNB cannot subtract from other tax.

In addition to taxes paid by the Group itself, DNB collects the following tax on behalf of the authorities through its operations:

Tax deductions for employees

In many countries, employers are required to withhold taxes and other social security contributions when paying salaries to employees.

VAT paid to the authorities

DNB must report and collect VAT on the purchase and sale of taxable goods and services. In addition, DNB calculates and pays VAT on purchases of goods and services from abroad. Net collected tax after deduction of tax on the Group's purchases of goods and services is reported and paid to the local tax authorities in the individual countries.

Other tax

This may, for example, be withholding tax deducted from interest and dividend payments and collected on behalf of the authorities.

Directors' report

In 2023, the Norwegian economy was characterised by a low unemployment rate, a weak NOK and high inflation. As a result of this, the Norwegian central bank, Norges Bank, raised the key policy rate from 2.75 per cent to 4.50 per cent during 2023. The higher interest rates contributed to a lower level of activity in the Norwegian economy, which showed clear signs of cooling down during 2023. Despite this and geopolitical uncertainty internationally, DNB's results for the year were strong, driven by profitable volume growth and positive effects as a result of repricing. At the end of the year, the Group's capital situation remained sound, and the portfolio was well-diversified and robust. With a proposed dividend of NOK 16.00 per share for 2023 and share buy-backs at NOK 6.85 per share, the Group continues to deliver on its dividend policy.

Strategy and targets

DNB's strategic ambitions are that the customer chooses us, we deliver sustainable value creation, and we find the solutions together. DNB's strategy is based on developments and anticipated changes in external, strategic drivers, and has been drawn up within the scope of the Group's corporate governance, including frameworks relating to compliance and risk appetite, as well as applicable financial framework conditions. Several strategic priorities and ambitions have been defined with a view to ensuring the Group's target attainment and competitiveness, both today and in a long-term perspective. Read more about the strategy from page 18 onwards

Sustainability

As Norway's largest financial institution, DNB has both a great responsibility, and – through considerable influential power – the opportunity to contribute positively to society. In DNB, sustainability and corporate responsibility are a matter of how the Group creates value for all its stakeholders by considering both risks and opportunities in a long-term perspective. Environmental, social and governance (ESG) factors are integrated into the strategy and the Group's corporate governance, and through an integrated annual report and reporting in accordance with the GRI (Global Reporting Initiative) standards, DNB meets the authorities' requirements for sustainability reporting. Read more about DNB's sustainability ambitions and about how sustainability is taken into account and safeguarded in all our activities in the chapter Sustainability in DNB from page 43 onwards

Operations in 2023

DNB recorded profits of NOK 39 479 million in 2023, up NOK 8 041 million, or 18.1 per cent, from 2022. Annualised return on equity for the year was 15.9 per cent, compared with 14.7 per cent in the year-earlier period, and earnings per share were NOK 24.83, up from NOK 21.02 in 2022.

The common equity Tier 1 (CET1) capital ratio at the end of the year was 18.2 per cent, down from 18.3 per cent in 2022, and 1.4 percentage points above the supervisory authorities' current expectations. As a result of the Group's strong results and capital position, the Board has proposed to pay a dividend of NOK 16.00 per share.

Net interest income increased by NOK 13 253 million from 2022, driven by repricing effects following interest rate hikes from the Norwegian central bank, Norges Bank, in addition to volume growth and increased interest income on equity. Net other operating income increased by NOK 2 310 million, or 12.9 per cent. Net commissions and fees showed a strong development in 2023 and increased by NOK 787 million, or 7.6 per cent. Money transfer and asset management services were the main contributors. Total operating expenses were up NOK 2 817 million from 2022, due to higher activity and a larger number of full-time employees. Impairment of financial instruments totalled NOK 2 649 million in 2023. In the personal customers and corporate customers industry segments, there were impairments of NOK 276 million and NOK 2 376 million, respectively. The impairment provisions in the corporate customers segment were primarily related to the legacy portfolio in Poland and customer-specific events in stage 3, spread across various industry segments. The impairment provisions were partly curtailed by net reversals as a result of restructurings in the oil, gas and offshore industry segment.

Review of the annual accounts

In accordance with the provisions of the Norwegian Accounting Act, the Board of Directors confirms that the

accounts have been prepared on a going concern basis and that the going concern assumption applies. Under Section 3-9 of the Norwegian Accounting Act, DNB prepares consolidated annual accounts in accordance with IFRS Accounting Standards as adopted by the EU. The statutory accounts of DNB Bank ASA have been prepared in accordance with the Norwegian regulations concerning annual accounts for banks.

Net interest income

Amounts in NOK million	2023	2022
Lending spreads, customer segments	27 061	25 767
Deposit spreads, customer segments	19 935	21 642
Net fixed-to-floating basis swaps	1 337	1 197
Overall liquidity	2 463	2 467
Contribution from trading portfolios and investment bank	9 751	9 221
Other net interest income	9 300	5 251
Net interest income	61 547	48 294

Net interest income increased by NOK 13 253 million or 27.4 per cent from 2022, mainly due to positive effects from repricing, increased volumes and higher interest rates. There was an average increase in the lending loan portfolio of NOK 26.8 billion or 2.2 per cent from 2022. In the same period, there was an increase of NOK 77.7 billion or 5.7 per cent in average deposit volumes. Combined spreads widened by 18 basis points compared with the year earlier period. Average lending spreads for the customer segments narrowed by 2 basis points and average deposit spreads widened by 45 basis points.

Net other operating income

Amounts in NOK million	2023	2022
Net commission and fees	11 115	10 424
Basis swaps	(612)	822
Foreign exchange and interest rate products, and other fair value adjustments	532	794
Net gains on ordinary shares and other equities at fair value	5 561	2 531
Net insurance result	1 118	1 359
Net profit from associated companies	449	746
Other operating income	2 120	1 364
Net other operating income	20 150	17 840

Net other operating income increased by NOK 2 310 million or 12.9 per cent compared with 2022. There were strong results for both customer and trading revenues in DNB Markets, which contributed positively to the income from financial instruments. However, this was partly offset by exchange rate effects related to additional

showed a strong development and increased by NOK 787 million or 7.6 per cent in 2023, driven by a strong performance across product areas, particularly within money transfer services, which saw higher income from pre-pandemic levels as well as increased income from asset management services.

Operating expenses

Amounts in NOK million	2023	2022
Salaries and other personnel expenses	(16 276)	(14 673)
Restructuring expenses	(42)	(18)
Other expenses	(8 506)	(7 648)
Depreciation and impairment of fixed and intangible assets	(3 613)	(3 455)
Impairment of fixed and intangible assets	(181)	(10)
Operating expenses	(28 620)	(25 803)

Total operating expenses were up NOK 2 817 million in 2023 due to higher salary and personnel expenses, reflecting increased activity and a further strengthening of competence in the area of compliance and technology as well as an increase in IT expenses. The cost/income ratio was 35.0 per cent in 2023, down from 39.0 per cent in 2022.

Impairment of financial instruments

Amounts in NOK million	2023	2022
Personal customers	(278)	(413)
Commercial enterprises	(2 475)	(213)
Residential property	(302)	(556)
Power and renewables	(292)	66
Oil, gas and offshore	904	1 558
Other	(2 005)	(638)
Total impairment of financial instruments	(2 549)	222

Impairment of financial instruments amounted to NOK 2 549 million in 2023, compared with net reversals of NOK 222 million in 2022. The year 2023 was affected both by increased interest rates and by high inflation, which had an impact on different segments.

The personal customers industry segment saw impairment provisions of NOK 278 million in 2023, compared with NOK 413 million in 2022. The impairment provisions were in stage 3, partly due to a model reversal within stage 2 and were mainly within the consumer finance. The corporate customers industry segment had impairment provisions [illegible]

This was an increase compared with 2022, when there were reversals of NOK 686 million. The figures also include impairment provisions relating to the legacy portfolio in Poland of NOK 67 million for the full year. Excluding the legacy portfolio, the impairment provisions could primarily be seen in stage 3, relating to negative developments for specific customers within various industry segments. The stage 3 impairment provisions were partly curtailed by successful restructuring processes for customers in offshore-related industries. In stages 1 and 2, an increase could be seen within the retail industries and services industry segments, for the portfolio as a whole. The macro forecast had a relatively limited effect on stages 1 and 2 for the year. Net stage 3 loans and loans at commitments amounted to NOK 21 billion at year-end 2023. Net stage 3 increased by NOK 1 billion from the end of 2022.

Taxes

The DNB Group's tax expense for 2023 is estimated at NOK 10 815 million, representing 21.4 per cent of pre-tax operating profit. The low tax expense is mainly a result of the calculation of debt interest scrutinisation at the end of the year, as well as an increase in income that is not liable to tax and non-deductible expenses. The tax allowance going forward is 23.0 per cent.

Funding, liquidity and balance sheet

The US Commercial Paper ("USCP") programme was the most stable source of short-term funding for DNB in 2023. The focus on stability in the outstanding volume and the requirements relating to liquidity reserves led to a high level of activity. At year-end, the outstanding volume under the USCP programme was approximately USD 25 billion. Issuances under the USCP programme have experienced healthy growth as have issues under the European Commercial Paper/Certificates of Deposit (ECP/CD) Programmes, for which the year ended with an outstanding volume of approximately EUR 3.5 billion in both markets. DNB focuses on issues with terms to maturity of 6–12 months, but also issued shorter-term funding in the interest of our investors. Access to short-term funding was good throughout the year, with USD remaining the most important currency, but with a growing interest in EUR and GBP, which has a positive diversification effect on the Group's short-term funding.

There were large fluctuations in credit risk premiums for long-term funding in 2023, but the levels at the end of the year were similar to those at the start of the year, with the exception of covered bonds, where credit risk premiums narrowed significantly throughout the year. This was partly a result of fewer purchases from central banks. After a positive start to the year, March saw a significant shift in market conditions, caused by turbulence in some parts of the banking sector. The markets subsequently recovered and showed marginally better developments towards the summer. The market sentiment in the second quarter was to some extent characterised by the negotiations surrounding the raising of the debt ceiling in the US. In the third quarter, developments remained relatively flat. The fourth quarter started with a weaker risk sentiment, but this changed towards the end of the quarter, helped by lower inflation figures and relatively favourable macro figures. The improvement in risk sentiment led to a strong reduction in credit risk premiums towards the end of 2023.

DNB made long-term issues in the SEK, JPY, NOK, EUR, AUD and CHF markets totalling NOK 130 billion in 2023, compared with NOK 98 billion in 2022. Among new issues in 2023, approximately half of the volume was issued in senior instruments that help to meet the minimum requirement for own funds and eligible liabilities (MREL). A significant volume of covered bonds was also issued, around 35 per cent of the total volume. The remaining volume was issued as own funds (additional Tier 1 or Tier 2). The terms to maturity of new issues in 2023 were mainly from 3 to 5 years.

The total nominal value of long-term debt securities issued by the Group was NOK 506 billion at year-end 2023, compared with NOK 537 billion one year earlier. The average remaining term to maturity for long-term debt securities issued was 3.6 years, compared with 3.5 years the previous year. The short-term liquidity requirement, the Liquidity Coverage Ratio (LCR), remained stable at above 130 per cent throughout the quarter and stood at 134 per cent at the end of 2023. The net long-term stable funding ratio (NSFR) was 117 per cent, which was well above the minimum requirement of 100 per cent for stable and long-term funding.

Total commercial assets in the DNB Group were NOK 4 010 billion at year-end 2023, up from NOK 3 777 billion one year earlier. Total assets in the Group's balance sheet were NOK 3 440 billion, compared with NOK 3 235 billion at the end of 2022. Loans to customers increased by NOK 36 billion or 1.8 per cent from the end of 2022 to the end of 2023. Customer deposits were up NOK 26 billion or 1.9 per cent during the same period. The ratio of customer deposits to net loans to customers was 74.9 per cent, down from [illegible]

Capital

DNB's capital position remained strong and was well above the regulatory expectations and requirements throughout 2023. The DNB Group's common equity Tier 1 (CET1) capital ratio was 18.2 per cent at the end of 2023, down from 18.3 per cent at the end of 2022.

The Group's common equity Tier 1 capital increased by NOK 5.8 billion to NOK 199.9 billion in 2023. Retained earnings contributed positively and increased by around NOK 14 billion, but were offset by the share buy-back programmes. DNB's strong capital position provides a firm foundation for continued delivery on the Group's dividend policy, and the Board of Directors has proposed a dividend of NOK 16.00 per share for 2023, for distribution from 8 May. The CET1 requirement for DNB was 15.6 per cent at the end of 2023, while the ratio expectation from the supervisory authorities was 16.8 per cent including Pillar 2 Guidance. The Group's common equity Tier 1 capital ratio was thus 1.4 percentage points above the supervisory authorities' current capital level expectation.

The risk exposure amount (REA) increased by NOK 38 billion from 2022 to NOK 1 100 billion in 2023. The REA for credit risk, including counterparty credit risk, increased by NOK 24 billion or 2.5 per cent from 2022 and can be ascribed to volume growth. The leverage ratio was 6.8 per cent at the end of 2023, at the same level as the year before. DNB meets the minimum requirement of 3 per cent by a good margin.

Capital requirements

The capital adequacy regulations specify a minimum primary capital requirement based on 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).

	2023	2022
CET 1 capital ratio, per cent	18.2	18.3
Tier 1 capital ratio, per cent	20.0	19.6
Capital ratio, per cent	22.5	21.8
Risk exposure amount, NOK billion	1 100	1 062
Leverage ratio, per cent	6.8	6.8

As the DNB Group consists of both a credit institution and a life insurance company, DNB has to satisfy a cross-sectoral calculation test to demonstrate that it complies with sectoral requirements: the capital adequacy requirement, in accordance with the CRR/CRD, and the Solvency II requirement. At year-end, DNB complied with these requirements by a good margin, with excess capital of NOK 38.1 billion.

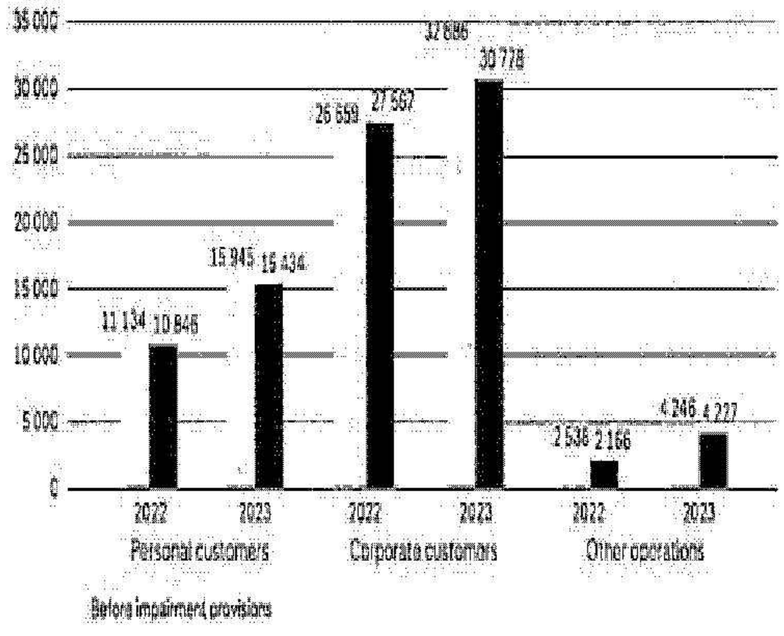
Read more about capitalisation in the Group's Pillar 3 report, available on ir.dnb.no

Segments

Financial governance in DNB is adapted to the different customer segments. The follow-up of total customer relationships and segment profitability are two important dimensions when setting strategic priorities and deciding on where to allocate the Group's resources. Reported figures reflect the Group's total sales of products and services to the relevant segments.

Pre-tax operating profit

NOK million



Before impairment provisions

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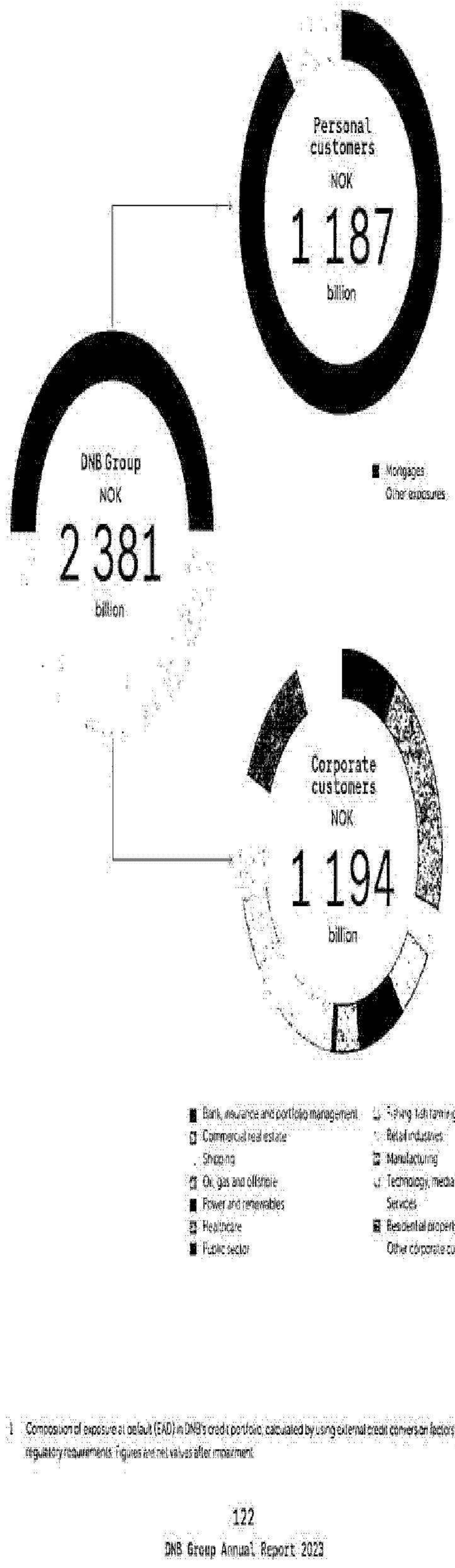
Total exposure

Portfolio composition by industry segment



1 Composition of exposure at default (EAD) in DNB's credit portfolio, calculated by using external credit conversion factors that are aligned with regulatory requirements. Figures are net values after impairment.

Personal customers

The segment includes the Group's more than 2 million personal customers in Norway. The personal customers segment recorded sound profitability in 2023, with a pre-tax operating profit of NOK 15 434 million and a return on allocated capital of 18.5 per cent. The profitability was driven by an increase in net interest income.

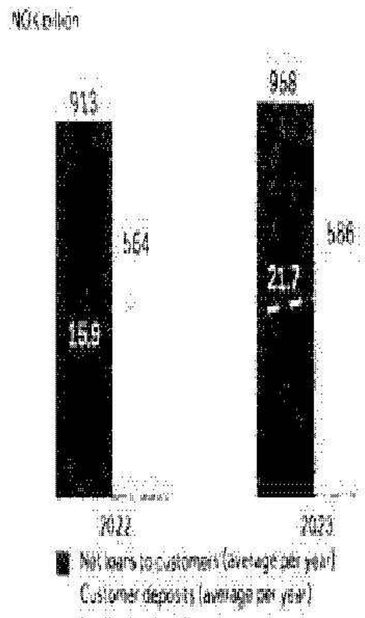
Net interest income increased by NOK 6 753 million from 2022 and the profitability shifted from loans to deposits due to the increase in NIBOR money market rates and lag effects from the repricing of customer loans and deposits. The combined spreads rose by 0.23 percentage points from the previous year. Average loans to customers grew by 4.9 per cent and deposits from customers rose by 4.0 per cent from 2022. The ratio of deposits to loans fell by 0.6 percentage points to 67.1 per cent on average. Net other operating income was relatively stable from the 2022 figures. There was a positive development in revenues from payment services, fund sales and income from real estate broking activities, but the effects were counteracted by lower income from guarantees and fees while net gains on financial instruments at fair value were reduced. Operating expenses increased by 8.7 per cent. The increase was mainly due to price and wage inflation, the integration of Sbanken and the downpayment of the IT system. Net impairment of financial instruments amounted to NOK 55 million in 2023, corresponding to 0.05 per cent of total lending to customers.

The market share of credit to households was 23.5 per cent at the end of 2023. The market share of total household savings amounted to 30.4 per cent, while the market share for savings in mutual funds amounted to 17.8 per cent at the year-end. DNB Eiendom maintained its market share for the sale of existing homes from an average of 15.7 per cent in 2022 to 15.7 per cent in 2023.

DNB has an ambition 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 the competitive situation of the future. Advising customers will continue to be a high priority in DNB, and advising about the green shift will be a focus area.

Income statement in NOK million	2023	2022
Net interest income	21 658	15 903
Net other operating income	5 723	5 477
Total income	27 381	21 380
Operating expenses	(11 395)	(10 479)
Pre-tax operating profit before impairment	15 985	10 901
Net gains on fixed and intangible assets	6	
Impairment of financial instruments	(558)	(2 888)
Pre-tax operating profit	15 434	8 013
Profit for the year	11 576	6 135
Average balance sheet items in NOK billion		
Net loans to customers	958.1	912.9
Deposits from customers	648.8	624.5
Key figures in per cent		
Return on allocated capital	18.5	14.5

Developments in loans, deposits and net interest income



Corporate customers

Customer activity in the corporate customers segment was high throughout the year, despite geopolitical tensions and macroeconomic uncertainty. The segment had a sound profit and a 22.1 per cent return on allocated capital, up from 19.4 per cent in 2022. The profitability was mainly driven by a significant increase in net interest income from loans and deposits as well as sound operating income from other product areas. Following two years of net reversals of impairment of financial instruments, an increase in impairment provisions linked to some of the industry segments negatively affected the profit for the year.

Loans to customers increased by 9.6 per cent from 2022. The underlying volume growth, adjusted for exchange rate effects, was 3.6 per cent. Lending spreads were on average reduced from the previous year, partly due to lag effects from the increased interest rates in the SME segment and in the DNB Finans portfolio. Deposits from customers increased by 7.6 per cent in 2023 (0.3 per cent adjusted for exchange rate effects), resulting in a ratio of deposits to loans of 89.8 per cent at year-end. The ratio of deposits to loans has remained high for the last two years and is expected to gradually decrease to a more normalised level. Deposit spreads in 2023 were positively affected by increasing NIBOR money market rates, especially during the first three quarters of the year.

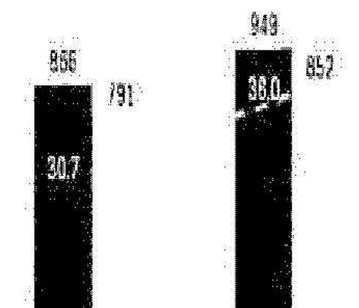
Net other operating income increased by 5.4 per cent from 2022 and amounted to NOK 11 371 million in 2023. The increase was mainly associated with higher commissions and fees while net gains on financial instruments at fair value were reduced. Operating expenses increased by 10.6 per cent from 2022, mainly due to higher activity and a further strengthening of cost competence. The increase was linked to higher income from the Markets area, personnel costs and IT costs.

In 2023, there were net impairment provisions of financial instruments of NOK 2 137 million, compared with net reversals of NOK 580 million in the previous year. The impairment provisions were mainly driven by specific customers in stage 3 spread across commercial real estate, retail industries and services, as well as by the legacy portfolio in Poland. The impairment provisions in 2023 were partly curtailed by net reversals from restructuring in oil, gas and offshore.

DNB is well positioned for continued profitable growth in the large corporate customers segment and for building further on its market-leading position in the SME segment, as well as for exploring new and existing profitable opportunities relating to the green transition. DNB's corporate customers segment has embodied the net zero ambition in key sectoral strategies, and the transition plan that was launched in the fourth quarter of 2023 will further enable DNB to handle the challenges and opportunities presented by climate change and the transition to a low-carbon economy.

Income statement in NOK million	2023	2022
Net interest income	37 961	30 768
Net other operating income	11 371	10 785
Total income	49 332	41 553
Operating expenses	(16 445)	(14 875)
Pre-tax operating profit before impairment	32 886	26 678
Net gains on fixed and intangible assets	1	1
Impairment of financial instruments	(2 134)	580
Profit from investments in associated companies	29	148
Pre-tax operating profit	30 978	27 569
Profit for the year	23 084	20 676
Average balance sheet items in NOK billion		
Net loans to customers	956.1	866.6
Deposits from customers	865.3	792.5
Key figures in per cent		
Return on allocated capital	21.4	19.4

Developments in loans, deposits and net interest income



Other operations

The Other operations segment comprises the business activities in the risk management operations in Markets and traditional pension products in DNB Livsforsikring, in addition to several Group items not allocated to the customer segments.

Income statement in NOK million	2023	2022
Net interest income	1 929	1 538
Net other operating income	2 364	997
Total income	4 292	2 535
Operating expenses	(47)	(97)
Pre-tax operating profit before impairment	4 246	2 538
Net gain on fixed and intangible assets	10	(24)
Impairment of financial instruments	(1)	0
Profit from repossessed operations	(28)	(348)
Pre-tax operating profit	4 227	2 166
Tax expenses	742	2 192
Profit from operations held for sale, after taxes	(149)	270
Profit for the accounting year	4 820	4 628
Average balance sheet items in NOK billion		
Net loans to customers	108.9	105.6
Deposits from customers	65.5	52.0

Profits in the Other operations segment are affected by several Group items which vary from year to year.

Pre-tax operating profit was NOK 4 227 million in 2023. Risk management income increased from NOK 1 123 million in 2022 to NOK 2 114 million in 2023. The increase in income came from interest-rate trading and the bond portfolio.

For traditional pension products with a guaranteed rate of return, net other operating income reached a level of NOK 1 682 million in 2023, up NOK 480 million from 2022, primarily due to an increase in profit in the corporate portfolio. The net insurance service result was up NOK 93 million, to NOK 1 067 million in 2023, reflecting an increase in profits from paid-up policies.

DNB's share of the profit in associated companies (most importantly Luminor, Vipps and Fremtind) is also included in this segment. Contributions from associated companies were NOK 449 million, compared with NOK 746 million in 2022. The reduction was mainly due to a positive effect in 2022 from the merger between Vipps and MobilePay.

Corporate governance

The management of DNB is based on, among other things, the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance (the NUES Code of Practice). Sound corporate governance is DNB's 'licence to operate' and a prerequisite for creating long-term value for shareholders, and for ensuring sustainable business operations over time. Read more about this in the Board of Directors' report on corporate governance on page 35 and in the document Implementation of and reporting on corporate governance on ir.dnb.no

Liability insurance has been entered into for the Board of Directors, to cover the legal liability that Board members and senior executives may face. The insurance covers any personal liability that Board members, deputy members and employees of DNB Bank ASA, including all subsidiaries, may incur. The insurance policy also covers the costs of processing any damages claims made, and documenting the facts related to these.

Risk management

The main purpose of risk management in DNB is to achieve an optimal balance between risk and earnings in a long-term perspective. Through sound risk management, the Group should always be able to identify, manage, monitor and report risks that have a bearing on DNB's target attainment. Analyses and stress tests that have been carried out during the year, both for specific portfolios and for the Group as a whole, have shown that DNB has good capital adequacy and the ability to withstand far greater losses than our loss forecasts are indicating. DNB participated in the biannual European Banking Authority (EBA) stress test along with 70 other European banks. The stress test indicated that DNB has a strong capital position and a good recovery capacity. Read more about developments in 2023 and about how DNB manages, measures and reports risks in the Group's risk and capital management report (the Pillar 3 report), as well as in the document Implementation of and reporting on corporate governance on ir.dnb.no and the Board of Directors' report on corporate governance on page 35.

Compliance

Ensuring compliance is one of DNB's strategic goals, and the fight against money laundering and financial crime is one of the Group's most important tasks in terms of its corporate responsibility. Read more about what the Group did in this area in 2023 under Financial crime from page 112 onwards, in the Board of Directors' report on corporate governance on page 35 and in the document Implementation of and reporting on corporate governance on ir.dnb.no.

Employees and competence

The people who work in DNB are the Group's most important competitive advantage and a deciding factor in the bank's success. DNB ranks highly in surveys about Norway's most attractive employers among graduates and established business professionals, legal professionals and technologists. One of the Group's foremost characteristics is its competent employees with a strong commitment to their jobs. It is DNB's employees who create value by applying their knowledge and competence. In 2023, the Group continued its systematic efforts to ensure that it has the right competencies and to promote change capacity, adaptability and employee engagement. The sickness absence rate in DNB's Norwegian operations was 4.3 per cent in 2023. Read more about the Group's work on diversity and inclusion, including working conditions, as well as its efforts to ensure the right competencies, on page 97. More detailed information can be found in note G20 Salaries and other personnel expenses in the annual accounts.

New regulatory framework

Reduction in DNB's Pillar 2 requirement

Finanstilsynet (the Financial Supervisory Authority of Norway) carries out an assessment of DNB's risk and capital requirements (the Supervisory Review and Evaluation Process (SREP)) on a regular basis, normally once a year. As part of the SREP process, a decision is made on Pillar 2 requirements and Pillar 2 Guidance, which comes in addition to the minimum requirement and the overall buffer requirement under Pillar 1. In December 2023, DNB received a decision from Finanstilsynet, which applied from 31 December 2023, about a reduction of the Pillar 2 requirement for DNB from 2.1 per cent to 2.0 per cent of the total risk exposure amount. At least 56.25 per cent of the requirement must be met using CET1 capital, while 75 per cent must be covered by Tier 1 capital (CET1 or additional Tier 1). The new Pillar 2 requirement therefore reduced the total capital adequacy requirement by 0.1 percentage point, while the CET1 capital ratio requirement was reduced by 0.056 percentage point and the Tier 1 capital ratio requirement by 0.075 percentage point. The Pillar 2 Guidance was reduced from 1.5 per cent to 1.25 per cent of the total risk exposure amount. The new Pillar 2 requirement and the new Pillar 2 Guidance meant that Finanstilsynet's overall expectation of DNB's CET1 capital ratio was reduced by 0.3 percentage point to 16.8 per cent at the end of 2023.

Entry into force of the Norwegian Act implementing the EU Taxonomy Regulation and the Sustainable Finance Disclosure Regulation (SFDR)

The new Norwegian Act relating to sustainable finance entered into force on 1 January 2023. The Act (available in Norwegian only) implements the EU Taxonomy Regulation for sustainable activities (the EU taxonomy) and the Sustainable Finance Disclosure Regulation (SFDR) in Norway. The EU taxonomy is a classification system for a set of common criteria for what can be considered environmentally sustainable (green) economic activities. The Taxonomy Regulation introduces a new reporting requirement for large non-financial corporations as well as for financial institutions. Banks are required to report on the proportion of loans granted to activities that are defined as green under the taxonomy (Green Asset Ratio). The EU taxonomy report for DNB for 2023 can be found on dnb.no/sustainability-reports.

The SFDR requires financial institutions whose business operations include portfolio management ('financial market participants') and financial advisers to provide information on how they integrate ESG risk into their risk assessments and investment advice. These financial market participants must also provide information on any adverse impacts of their investment decisions and/or investment advice on sustainability factors.

Implementation of the Corporate Sustainability Reporting Directive (CSRD) in Norway

In the autumn of 2022, the EU adopted the Corporate Sustainability Reporting Directive (CSRD), which includes a new set of rules for sustainability reporting. The aim of the new rules is to ensure better, more complete and more easily accessible information on companies' sustainability performance. The reporting requirement will apply to all major Norwegian companies and will be much more comprehensive and detailed than it is today. In Norway, more than 1 700 companies will be subject to a formal reporting requirement under the CSRD. Sustainability reporting under the CSRD must include information on the company's impact on sustainability factors and on how sustainability factors affect the company's development, performance and position. The topics for reporting include the company's plans for ensuring that its business model and strategy are compatible with the transition to a sustainable economy and the goals of the Paris Agreement. For the largest

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also companies including DNB that issue covered bonds and s due in 2026 (for the accounting year 2027). The Norwegian authorities aim to follow the same rules as the EU, but there may be some delays in the Norwegian regime. Part of the report is to be included in the Directors' report and must be available in a digital format. Independent assurance on the sustainability reporting must also be provided.

Entry into force of amendments to the Norwegian Lending Regulations on 1 January 2023

Until the end of 2022, banks factored in an interest rate increase of at least 5 percentage points when assessing customers' debt servicing capacity. This requirement changed on 1 January 2023, which means that banks should now base their assessment on an interest rate increase of at least 3 percentage points. However, banks must still apply an interest rate of at least 7 per cent (meaning this will only have an effect when the lending rate is lower than 4 per cent). For fixed rate loans, an interest rate increase is to be applied from the end of the fixed rate period as is the current practice. The loan-to-value (LTV) requirements set out in the regulations (maximum LTV of 85 per cent for primary residences and 60 per cent for secondary residences of credit) and cap on income at 5 (500 per cent) will be maintained at the current level. The flexibility quota for home mortgages will be maintained at 10 per cent (8 per cent in Oslo). For consumer loans, the authorities' assessment of the Norwegian lending regulations, which are temporary rules that regulate the lending practices of financial institutions with regard to consumer loans, were extended until 2024. As of 1 July 2023, the regulations also cover loans secured by assets other than residential property, such as cars. Financial institutions are now allowed to grant loans with collateral in assets other than property for customers who do not meet certain requirements for debt servicing capacity and maximum loan to income ratio. However, only up to 10 per cent of the loans granted each quarter may be loans of this kind. These changes in rules will result in shorter processing practices within the industry but will not affect how DNB evaluates mortgage applications.

Counter-cyclical capital buffer maintained at current level

At its meeting on 1 November 2023, the Monetary Policy and Financial Stability Committee of the Norwegian central bank, Norges Bank, decided to maintain the counter-cyclical capital buffer requirement at 2.5 per cent. According to Norges Bank, the purpose of the counter-cyclical capital buffer is to help make banks more resilient and to reduce the risk of them issuing a downturn in the economy.

Transparency regarding ownership and participation in the Annual General Meeting

As of 1 July 2023, a statutory registration date was introduced for companies registered with the Norwegian Central Securities Depository (VPS). This means that only shareholders who are registered as such five working days before the Annual General Meeting can participate and vote at the meeting. At the same time, new rules were introduced for shares managed by nominees and intermediaries.

Implementation of the Shareholder Rights Directive II (SRD II)

Amendment Regulations from the Norwegian Ministry of Finance entered into force on 1 July 2023 and implement the EU Shareholder Rights Directive II (SRD II) in Norwegian law. The Amendment Regulations lay down new provisions in the Norwegian Financial Institutions Act, the Norwegian Act on the Management of Alternative Investment Funds, the Norwegian Securities Funds Act and the Norwegian Securities Trading Act, and require that institutional investors and asset managers disclose their investment strategies and strategies for shareholder engagement. As part of the implementation of the SRD II and the work on transparency regarding ownership and participation in annual general meetings, rules have also been laid down on the duty of intermediaries to contribute to the identification of shareholders, the communication of information, the facilitation of the exercise of shareholder rights, the right to charge fees and the practice of the duty of confidentiality.

Amendments to the Securities Trading Regulations

The amendments to the Norwegian Securities Trading Regulations, which were laid down by the Norwegian Ministry of Finance and entered into force on 1 September 2023, allow companies established in the EU/EEA to provide investment services directly to eligible counterparties in Norway that is without being established in the EU/EEA. This is important for ensuring flexibility in contract structures with large financial hubs outside the EU/EEA, such as London and New York.

Changes in the order of priority in the Financial Institutions Act

When the EU Banking Package was implemented in Norway on 1 June 2022, no specific legislative or regulatory amendments were proposed to ensure the implementation of Article 48 (7) of the Bank Recovery and Resolution Directive (BRRD). In the view of the Ministry of Finance, the wording of Article 48 (7) does not impose any obligation on the member states to establish a separate statutory priority class for legacy instruments in the order of priority set out in Section 20-32 of the Norwegian Financial Institutions Act. The term 'legacy instruments' refers to capital instruments that have previously been treated as own funds but that do not fulfil the conditions for being considered own funds under the Capital Requirements Regulation and furthermore, which do not qualify as own funds under the transitional rules of the Regulation.

Increased systemic risk buffer requirement for banks using the standardised approach

In 2019, the Norwegian Ministry of Finance decided to increase the systemic risk buffer requirement from 3.0 to 4.5 per cent. The requirement entered into force at year-end 2020 for banks using the advanced IRB approach (A-IRB) and was initially meant to apply from the end of 2022 to other banks. In December 2022, the transitional rule was extended by one year until year-end 2023, and the new requirement thus applied from 1 January 2024. The Swedish, Danish and Finnish authorities have all made decisions concerning reciprocity of the Norwegian systemic risk buffer (SyRB) requirement. Both Sweden and Denmark have decided to fully reciprocate the Norwegian SyRB, while the Finnish authorities have only recognised partial reciprocity, with a systemic risk buffer of 3.5 per cent on Norwegian exposures as of 1 July 2024.

Agreement in the EU on the implementation of Basel IV (CRR3/CRD6) – and implementation in Norway

On 6 December 2023, the EU countries approved the agreement on the implementation of the final parts of the Basel IV recommendations in the EU. The regulatory changes include a new standardised approach for calculating capital requirements for credit risk and a new capital requirement floor for banks using internal models as well as new requirements for ESG risk assessments and enhanced supervision. The regulative amendments for implementing Basel IV are set out in the CRR3 and the CRD6. This legislation has EEA relevance and the Ministry's goal is that the new standardised approach and the other amendments in the CRR3 will enter into force in Norway on the same date as in the EU, that is 1 January 2025, while the rules in the CRD6 will apply from mid-2026. The Ministry of Finance has given Finanstilsynet the task of preparing a consultation paper on the implementation of expected EBA rules corresponding to those set out in the CRR3 and the CRD6. It is also to assess the effects of the rules and whether any options available to Norway such as national regulatory measures should be used, and if so, how.

Additional employer's national insurance contribution of 5.0 per cent for salaries above NOK 850 000

On 1 January 2023, an additional employer's national insurance contribution of 5 per cent was introduced for employees with an annual income of more than NOK 750 000. This fee applied to the part of the salary that exceeded NOK 750 000 and was described by the authorities as a measure adapted to the situation at the time and intended to contribute to covering the national budget for 2023. In connection with the national budget for 2024, a political decision was made to phase out the additional employer's national insurance contribution. As a first step in this process, from 1 January 2024, the threshold for the contribution will be raised from NOK 750 000 to NOK 850 000.

Macroeconomic developments

In 2023, the key policy rate rose in Norway from 2.75 per cent at the beginning of the year to 4.50 per cent at the central bank's monetary policy meeting in December. The Norwegian krone weakened against the euro in the first quarter from NOK 10.50 at the beginning of 2023 to NOK 11.00 at the end of May 2023. This weakening contributed to the Norwegian central bank, Norges Bank, raising the key policy rate by 0.5 percentage points at its meeting in June rather than the warned increase of 0.75 percentage point. The Norwegian krone strengthened somewhat after this, but weakened again in the fourth quarter and until the monetary policy meeting in December it was somewhat weaker than forecast by the central bank. Norges Bank therefore decided to raise the key policy rate again in December, even though other central banks did not change their key policy rates. At the end of the year, the EUR/NOK exchange rate was recorded at 11.27. Against the dollar, the Norwegian krone weakened from USD/NOK 9.80 at the end of 2022 to USD/NOK 10.17 at the end of 2023.

The growth in activity in the Norwegian economy slowed in 2023. Preliminary figures show that mainland GDP rose by 0.1 per cent in both the second and third quarters, compared with the previous quarter. Growth of about 1 per cent is expected for 2023, adjusted for changes in the number of business days. Petroleum-related industries have operated at close to full capacity, and parts of the service sector, mainly sectors that contribute

to growth during the past year. However, there was a pronounced decline in housing construction, and parts of the retail sector experienced a fairly sharp fall in activity from the high levels during the pandemic. In December 2023, consumer prices were 4.8 per cent higher than the same month a year earlier. Inflation showed a declining tendency throughout the year, but particularly low energy prices resulted in CPI growth of a mere 3.3 per cent on an annual basis in September 2023. Core inflation, measured by annual growth in the CPI-ATE, was 5.5 per cent in December, while growth from 2022 to 2023 was 6.2 per cent. While inflation in 2022 and into 2023 was largely linked to energy and import prices, wage growth and corporate margins became increasingly important for inflation in 2023. For 2023, the rise in wages and the rise in prices appeared to be similar. There are indications that inflation will decline in 2024 and real wages will rise somewhat. In addition, the interest rates of households may decline slightly in the second half of the year. If so, these developments combined will contribute to strengthening consumer demand and increasing the demand for homes. House prices, adjusted for seasonal variation, rose slightly through all of the three last months of 2023, but ended down by 0.3 per cent for the year as a whole, compared with 2022. However, there were considerable differences in developments in prices in different parts of the country. Total sales of used homes declined, but were at about the same level as in the years before the pandemic. Households' credit growth declined during 2023, and was 3.3 per cent year-on-year in November. By comparison, at the end of 2022, household credit growth was 4.1 per cent.

Future prospects

DNB aims to play a key role in supporting society, and the Group will continue to create value for its owners, customers and society as a whole, while remaining a safe and stable financial institution. At the same time, DNB's ambition is to be the bank that is best at taking advantage of the opportunities offered by new technology, new regulatory conditions and changed customer needs. DNB also aims to be the bank that is best at managing and adapting to change.

In addition to positive effects from increasing NOK interest rates and subsequent repricings, the following factors will contribute to reaching the return on equity (ROE) target: growth in loans and deposits, growth in commissions and fees from capital-light products, and cost control measures. The annual organic loan growth is expected to be between 3 and 4 per cent over time, but could be lower or higher in certain years. DNB has an ambition to increase net commissions and fees by 4 to 5 per cent annually, and to maintain a cost/income ratio below 40 per cent.

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

The current supervisory expectation for the common equity Tier 1 (CET1) capital ratio for DNB is 16.8 per cent. The target capital level set through DNB's capital planning is the supervisory exchange, and potential minor regulatory changes. The actual ratio achieved in 2023 was 18.2 per cent.

Share buy-backs, dividends and allocation of profits

Share buy-backs

The Annual General Meeting (AGM) in 2023 gave the Board of Directors an authorisation to repurchase up to 3.5 per cent of the company's share capital, as well as an authorisation to DNB Markets of 0.5 per cent for hedging purposes. Both authorisations are valid up to the AGM in 2024. Three share buy-back programmes totalling 3.25 per cent were announced in 2023. At the end of December 2023, 25 774 725 shares were repurchased, corresponding to 2.53 per cent of the share capital, when taking into account redemption of the proportional share owned by the Norwegian government.

Dividends

DNB's Board of Directors has approved a dividend policy which aims to provide an attractive and competitive return for shareholders through a combination of increases in the share price and dividend payments. The Group is to have a dividend ratio of more than 50 per cent in cash dividends and has an ambition of increasing 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. DNB is well capitalised and has a 1.4 percentage-point headroom above the supervisory authorities' current capital level expectation. The Board of Directors has thus proposed a dividend of NOK 16.00 per share for 2023, for distribution from 8 May 2024. The proposed dividend for 2023 gives a dividend yield of 18.7 cent based on a share price of NOK 216 as at 31 December 2023, which means that DNB Bank ASA will distribute a total of NOK 24 153 million in dividends for 2023. This corresponds to a payout ratio of 63 per cent of the Group's profits, or 91 per cent when the announced share buy-backs of 3.25 per cent are included.

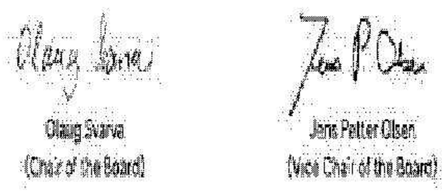
Allocations

DNB Bank ASA recorded a profit of NOK 39 316 million in 2023, compared with a profit of NOK 30 768 million in 2022. The Board proposes a Group contribution of NOK 6 200 million with tax effect to DNB Boligkreditt AS, and at the same time DNB Boligkreditt AS will pay NOK 9 050 million (without tax effect) as a Group contribution to DNB Bank ASA. A Group contribution of NOK 180 million to Ocean Holding AS with tax effect is also proposed.

Amounts in NOK million	2023
Profit for the year	39 316
Portion attributable to shareholders of DNB Bank ASA	38 019
Portion attributable to additional Tier 1 capital holders	1 297
Proposed dividend per share (NOK)	16.00
Share dividend	24 153
Transfers to other equity	15 183
Total allocations	39 316

The Board of Directors is of the opinion that, after the dividend payment of NOK 16.00 per share for 2023, the Group will have adequate financial strength and flexibility to provide sufficient support to operations in subsidiaries and meet the Group's expansion requirements and changes in external parameters.

Oslo, 13 March 2024
The Board of Directors of DNB Bank ASA



Olaug Svarva
(Chair of the Board)

Jens Petter Olsen
(Vice Chair of the Board)

Gro Bakstad

Christine Bosse

Petter Borre Furberg

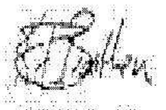
Julie Galbo

Lillian Hattrem

Stian Tegler Samuelsen

Jannicke Skaarnes

Kim Wahl



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

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G – Income statement

Amounts in NOK million	Note	2023	2022
Interest income, effective interest method	G17	153 560	76 241
Other interest income	G17	7 085	4 751
Interest expenses, effective interest method	G17	(103 757)	(29 080)
Other interest expenses	G17	3 658	(2 619)
Net interest income	G17	**61 547**	**49 294**
Commission and fee income	G18	14 772	14 194
Commission and fee expenses	G18	(3 658)	(3 856)
Net gains on financial instruments at fair value	G19	5 283	4 147
Net insurance result	G42	1 183	1 235
Profit from investments accounted for by the equity method	G35	449	746
Net gains on investment properties	G34	43	71
Other income		2 077	1 390
Net other operating income		**20 150**	**17 840**
Total income		**81 697**	**86 133**
Salaries and other personnel expenses	G20	(16 320)	(14 690)
Other expenses	G21	(8 506)	(7 648)
Depreciation and impairment of fixed and intangible assets	G22	(3 794)	(3 465)
Total operating expenses		**(28 620)**	**(25 803)**
Pre-tax operating profit before impairment		**53 077**	**40 331**
Net gains on fixed and intangible assets		11	(24)
Impairment of financial instruments	G8	(2 649)	272
Pre-tax operating profit		**50 440**	**40 579**
Tax expense	G24	(10 811)	(7 411)
Profit from operations held for sale, after taxes		(149)	270
Profit for the year		**39 479**	**33 438**
Portion attributable to shareholders		36 166	32 587
Portion attributable to non-controlling interests		2	92
Portion attributable to additional Tier 1 capital holders		1 312	759
Profit for the year		**39 479**	**33 438**
Earnings diluted earnings per share (NOK)	G49	24.83	21.02
Profit for the year as a percentage of total assets		1.07	0.95

G – Comprehensive income statement

Amounts in NOK million	2023	2022
Profit for the year	**39 479**	**33 438**
Actuarial gains and losses	(291)	414
Property revaluation	7	5
Financial liabilities designated at FVTPL, changes in credit risk	(102)	140
Tax	99	(131)
Items that will not be reclassified to the income statement	(292)	428
Currency translation of foreign operations	4 950	3 276
Currency translation reserve reclassified to the income statement		(6 713)
Hedging of net investment	(3 345)	(2 678)
Hedging reserve reclassified to the income statement		5 137
Financial assets at fair value through OCI	(147)	(704)
Tax	996	900
Tax reclassified to the income statement		(1 764)
Items that may subsequently be reclassified to the income statement	1 955	(767)
Other comprehensive income for the year	**1 663**	**(340)**
Comprehensive income for the year	**41 142**	**33 098**

G – Balance sheet

Amounts in NOK million	Note	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Assets				
Cash and deposits with central banks		331 408	309 988	296 727
Due from credit institutions		94 259	20 569	44 959
Loans to customers	G9, G10, G11	1 997 353	1 961 464	1 744 942
Commercial paper and bonds		569 484	485 440	429 448
Shareholdings	G30	22 291	33 350	35 297
Assets, customers bearing the risk	G33	166 722	138 259	138 747
Financial derivatives	G15	178 263	185 687	135 400
Investment properties	G34	9 454	14 651	17 623
Investments accounted for by the equity method	G35	19 100	19 246	19 409
Intangible assets	G36	10 455	10 273	5 804
Deferred tax assets	G24	388	510	2 332
Fixed assets	G37	21 439	21 254	21 430
Assets held for sale		1 195	1 767	2 245
Other assets	G39	17 932	30 956	30 135
Total assets		3 439 724	3 223 405	2 924 698
Liabilities and equity				
Due to credit institutions		206 714	177 298	149 611
Deposits from customers	G40	1 422 941	1 396 690	1 247 719
Financial derivatives	G16	169 178	190 142	114 348
Debt securities issued	G41	807 928	737 886	702 759
Insurance liabilities, customers bearing the risk	G33	166 722	138 259	139 747
Insurance liabilities	G42	195 319	200 601	216 545
Payable taxes	G24	9 486	4 057	3 054
Deferred taxes	G24	2 722	2 055	23
Other liabilities	G45	22 583	33 972	39 380
Liabilities held for sale		540	541	895
Provisions		1 146	977	1 642
Pension commitments	G23	5 343	4 657	5 073
Senior non-preferred bonds	G43	59 848	59 702	37 799
Subordinated loan capital	G44	39 957	36 786	33 047
Total liabilities		3 170 428	2 983 565	2 690 622
Additional Tier 1 Capital		22 004	16 089	16 974
Non-controlling interests		168	227	286
Share capital		16 960	19 378	19 379
Share premium		16 739	16 733	16 733
Other equity		209 431	195 413	176 723
Total equity	G46	269 296	248 840	234 076
Total liabilities and equity		3 439 724	3 223 405	2 924 698

G – Statement of changes in equity

Amounts in NOK million	Non-controlling interests	Share capital	Share premium	Additional Tier 1 capital	Net currency translation reserve	Liability credit reserve	Retained earnings	Total equity
Balance sheet as at 31 December 2021	286	19 379	16 733	16 974	5 444	45	183 071	243 912
IFRS17 implementation							(9 836)	(9 836)
Balance sheet as at 1 January 2022	286	19 379	16 733	16 974	5 444	45	173 235	234 076
Profit for the year	82			769			32 587	33 438
Actuarial gains and losses							414	414
Property revaluation							5	5
Financial assets at fair value through OCI							(704)	(704)
Financial liabilities designated at FVTPL, changes in credit risk						140		140
Currency translation of foreign operations					3 275			3 275
Hedging of net investment					(2 878)			(2 878)
Tax on other comprehensive income					719	(36)	84	768
Reclassified to the income statement on the liquidation of foreign operations					(1 360)			(1 360)
Comprehensive income for the year	82			769	(243)	105	32 385	33 098
Interest payments AT1 capital				(1 037)				(1 037)
AT1 capital redeemed				(6 548)				(6 548)
Currency movements on redemption AT1 capital				428			(428)	
AT1 capital issued				4 800				4 800
Net purchase of treasury shares		(1)					(14)	(15)
Non-controlling interests	(120)							(120)
Acquisition of Sbanken				702				702
Dividends paid for 2021 (NOK 9.75 per share)							(15 116)	(15 116)
Balance sheet as at 31 December 2022	227	19 378	16 733	15 089	5 200	150	190 063	248 840
Profit for the year	2			1 312			38 166	39 479
Actuarial gains and losses							(291)	(291)
Property revaluation							2	2
Financial assets at fair value through OCI							(147)	(147)
Financial liabilities designated at FVTPL, changes in credit risk						(102)		(102)
Currency translation of foreign operations					4 950			4 950
Hedging of net investment					(3 845)			(3 845)
Tax on other comprehensive income					961	25	110	1 096
Comprehensive income for the year	2			1 312	2 066	(76)	37 839	41 142
Interest payments AT1 capital				(1 225)				(1 225)
AT1 capital issued				5 829			(5)	5 823
Net purchase of treasury shares		1					19	20
Share buyback program		(419)					(6 517)	(6 936)
Non-controlling interests	(62)							(62)
Dividends paid for 2022 (NOK 12.50 per share)							(19 316)	(19 316)
Other equity transactions							10	10
Balance sheet as at 31 December 2023	168	18 960	16 733	22 004	7 266	73	202 092	269 296

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G – Cash flow statement

Amounts in NOK million	2021	2022
Operating activities		
Net payments on loans to customers	(15 895)	(108 633)
Net receipts on deposits from customers	6 476	67 582
Net receipts on issued bonds and commercial paper (see note G41)	1 566 536	1 773 567
Payments on redeemed bonds and commercial paper (see note G41)	(1 511 124)	(1 732 556)
Net receipts/payments on loans to credit institutions	(38 759)	53 607
Interest received	167 260	74 490
Interest paid	(94 298)	(29 459)
Net receipts on commissions and fees	10 577	10 677
Net payments on the sale of financial assets in liquidity or trading portfolio	(52 503)	(55 396)
Payments to operations	(23 960)	(22 701)
Taxes paid	(2 956)	(3 645)
Net receipts on premiums	18 852	17 357
Net receipts/payments on premium reserve transfers	(1 498)	686
Payments of insurance settlements	(15 270)	(14 528)
Other cash payments	(1 319)	(11 854)
Net cash flow from operating activities	**4 124**	**8 952**
Investing activities		
Net payments on the acquisition or disposal of fixed assets	(4 081)	(3 541)
Receipts on investment properties	2 616	3 940
Payments on and for investment properties	(18)	(31)
Investment in long term shares	(407)	(8 135)
Disposals of long term shares	117	54
Dividends received on long term investments in shares	14	993
Net cash flow from investing activities	**(1 758)**	**(7 649)**
Financing activities		
Net receipts on issued senior non preferred bonds (see note G43)	34 646	21 584
Payments on redeemed senior non preferred bonds (see note G43)	(80)	
Net receipts on issued subordinated loan capital (see note G44)	11 788	13 227
Redemptions of subordinated loan capital (see note G44)	(10 330)	(10 767)
Net receipts on issued AT1 capital (see note G46)	5 829	4 808
Redemptions of AT1 capital (see note G46)		(6 568)
Interest payments on AT1 capital	(1 225)	(1 056)
Lease payments	(559)	(629)
Net purchase of own shares	(6 916)	(15)
Dividend payments	(19 316)	(15 516)
Net cash flow from financing activities	**14 176**	**5 481**
Effects of exchange rate changes on cash and cash equivalents	**1 913**	**2 603**
Net cash flow	**18 458**	**9 387**
Cash as at 1 January	317 123	307 735
Net receipts of cash	18 458	9 387
Cash as at 31 December *	335 580	317 123
* Of which: Cash and deposits with central banks	331 408	309 988
Deposits with credit institutions with no agreed period of notice	4 172	7 135

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

Note G1 Accounting principles

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17 Transition to IFRS 17

1. Corporate information

DNB Bank ASA is a Norwegian public limited company listed on the Oslo Stock Exchange (Oslo Børs). The consolidated financial statements for 2023 were approved by the Board of Directors on 13 March 2024.

The DNB Group offers banking services, securities and investment services, real estate broking services, insurance and asset management services in the Norwegian and international retail and corporate markets.

The visiting address to the Group's head office is Dronning Eufemias gate 30, Bjørvika, Oslo, Norway.

2. Basis for preparation

DNB has prepared the consolidated financial statements for 2023 in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU).

The consolidated financial statements are based on the historic cost principle, with the exception of financial assets and liabilities measured at fair value and investment properties. The consolidated financial statements are presented in Norwegian kroner. Unless otherwise specified, all amounts are rounded to the nearest million.

The Group's consolidated balance sheets are primarily based on an assessment of the liquidity of the assets and liabilities.

3. Changes in accounting principles

The following changes in accounting principles were adopted with effect from 1 January 2023:

IFRS 17

IFRS 17 is the new standard for insurance contracts that replaces IFRS 4 Insurance Contracts. The DNB Group has applied IFRS 17 from 1 January 2023. The implementation of the new standard involves significant changes to the Group's accounting for insurance and reinsurance contracts. At the same time, the Group has changed its classification of some financial instruments under IFRS 9. IFRS 17 requires comparative figures for 2022.

The new IFRS 17 rules entail a new measurement method for the Group's life insurance liabilities, whereby estimated future cashflows in the insurance contracts are discounted using a marked-based interest rate. This affects the transition effect as at 1 January 2022, recognised liabilities and future profit and loss. There are also changes from the previous presentation in the income statement, as operating expenses relating to insurance contracts under the new rules are included in net operating income, whereas they were previously presented under operating expenses. The transition disclosures are presented under Section 17, Transition to IFRS 17.

Owner-occupied property

Buildings that are owned by DNB Livsforsikring as part of the company's common portfolio and are used by the Group for its own operations have previously been recognised according to the revaluation model. On implementation of IFRS 17, DNB has chosen to measure owner-occupied property using the fair value model, in accordance with IAS 40.

Amendments to IAS 12

The amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The OECD published the Pillar Two model rules in December 2021 to

ensure that large multinational companies would be subject to a 15 per cent minimum tax rate. More than 135 countries and jurisdictions representing more than 90 per cent of global GDP have agreed to the Pillar Two model rules. See note G24 Taxes for further information.

Cash flow statement

As of 1 January 2023, the DNB Group presents the line items "Receipts on issued bonds and commercial paper", "Payments on redeemed bonds and commercial paper", "Interest paid" and "Interest received" as cash flow from operating activities in the cash flow statement. The changes are reflected in the comparative figures.

4. Consolidation

The consolidated financial statements for DNB Bank ASA ("DNB" or "the Group") include DNB Livsforsikring AS and DNB Asset Management Holding AS, all including subsidiaries.

The accounting principles are applied consistently when consolidating ownership interests in subsidiaries and are based on the same reporting periods as those used for the parent company.

When preparing the consolidated financial statements, intra-group transactions and balances, along with gains and losses on transactions between group units, are eliminated.

Associated companies and joint ventures

Associated companies and joint ventures are accounted for using the equity method, where the DNBs share of profits/losses are based on the companies' net profit adjusted for DNB's economic interest. The share of profits/losses from associated companies and joint ventures are presented as "Profit from investments accounted for by the equity method". The carrying value of the investment is presented as "Investments accounted for by the equity method" in DNBs balance sheet.

Conversion of transactions in foreign currency

Balance sheet items of foreign branches and subsidiaries in other currencies than Norwegian kroner are translated into Norwegian kroner according to the exchange rates prevailing on the balance sheet date, while profit or loss items are translated according to average exchange rates.

5. Segment information

Financial governance in DNB is adapted to the different customer segments. The follow-up of total customer relationships and segment profitability are two important dimensions when making strategic priorities and deciding where to allocate the Group's resources. Reported figures for the various segments reflect the Group's total sales of products and services to the specific segment.

All of the Group's customer activities are divided among the operating segments, along with the related balance-sheet items, income and expenses.

Excess liquidity and liquidity deficits in the operating segments are placed in or borrowed from the Group Treasury at market terms, where interest rates are based on duration and the Group's financial position.

When operating segments cooperate on the delivery of financial services to customers, internal deliveries are based on market prices.

Services provided by group services and staff units are charged to the operating segments in accordance with service agreements. Joint expenses which are indirectly linked to activities in the operating segments, are charged to the operating segments on the basis of distribution formulas.

A number of key functions and profits from activities not related to the operating segments' strategic operations are presented within Other operations. This item comprises income and expenses relating to the Group's liquidity management, income from investments in equity instruments not included in the trading portfolio, interest income assigned to the Group's unallocated capital, ownership-related expenses and income from the management of the bank's real estate portfolio.

Net profits from repossessed operations which are fully consolidated in the Group are presented as "Profit from repossessed operations" in the segment reporting. The effect of consolidation of the repossessed companies is presented within Other operations.

6. Recognition in the income statement

Interest income is recognised using the effective interest method. This implies that interest is recognised when incurred, with the addition of amortised front-end fees and any other fees which are regarded as an integral part of the effective interest rate.

The effective interest rate is set by discounting contractual cash flows based on the expected life of the asset. Cash flows include front-end fees and direct transaction costs which are not paid directly by the customer.

Interest is recognised according to the effective interest method with respect to both balance sheet items measured at amortised cost and balance sheet items measured at fair value in the income statement, with the exception of front-end fees on loans at fair value, which are recognised when earned. Interest on impaired loans ("stage 3") corresponds to the effective interest rate on the book value, net of impairment.

"Net other operating income" includes, among others, fees and commissions relating to money transfers, financial guarantees, asset management services including performance/success fees, credit broking, real estate broking, corporate finance, securities services and sale of insurance products. Credit broking commissions include syndication income in the form of fees and commissions from transactions where DNB arranges the loans without retaining parts of the loan itself or participates in a loan syndicate and receives compensation in excess of the effective interest received by the other participants. Fees that are not included in the effective interest rate calculation, as well as commissions, are recognised over time when the services are rendered or at point in time when the transactions are completed.

Variable performance/success fees are only recognised to the extent it is highly probable that a significant reversal of the amount of cumulative revenue will not occur.

Fees related to credit broking, real estate broking and corporate finance services include issuing services, are recognised when the transactions are completed.

7. Financial instruments

Recognition and derecognition

Initial recognition

Financial assets are recognised in the balance sheet either on the trade date or the settlement date. Trade date accounting is applied for financial assets measured at fair value through profit or loss, while settlement date accounting is applied for financial assets measured at amortised cost.

Financial liabilities are recognised in the balance sheet on the date when the Group becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets

Financial assets are derecognised when the right to receive and retain cash flows from the asset has expired or been transferred, and also if modifications lead to derecognition. The Group enters into certain transactions where it transfers assets recognised on its balance sheet, but retains either all or parts of the risks and rewards of the transferred asset. If all or substantially all of the risks and rewards are retained, the transferred financial asset is not de-recognised from the balance sheet.

A modification will lead to derecognition if the modification is substantial. A substantial modification is defined as a full credit process, a pricing decision and the signing of a new contract. A modification resulting from a distressed restructuring will in most cases not result in de-recognition and recognition of a new financial instrument as the modified cash flows normally reflect the expected cash flows before restructuring.

Derecognition of financial liabilities

Financial liabilities are derecognised when the contractual obligations have been discharged, cancelled or have expired.

Repurchase and reverse repurchase agreements

DNB enters into repurchase agreements where securities may be lent or sold, subject to a commitment to repurchase them at a fixed price and at a predetermined date. Such securities are not derecognised, and they are in addition included separately as collateral pledged for corresponding liabilities.

Similarly, where the Group borrows or purchases securities subject to a commitment to resell them (reverse repurchase agreement), the securities are not recognised in the balance sheet.

Securities borrowing and lending agreements

Securities borrowing and lending transactions are entered into on a collateralised basis. Cash collateral delivered is derecognised from the balance sheet and a corresponding receivable is recognised. Cash collateral received is recognised in the balance sheet and a corresponding liability to return it, is recognised. Securities lent remain on the balance sheet and are in addition reported as pledged assets. Borrowed securities are not recognised as assets. When borrowed securities are sold, an amount corresponding to the fair value of the securities is booked as a liability. Securities received in a borrowing or lending transaction are disclosed as liabilities.

Classification and presentation

Financial assets are classified in one of the following measurement categories:

- amortised cost
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL)

The classification of financial assets depends on two factors:

- the business model of the portfolio to which the financial asset belongs
- the contractual cash flow characteristics of the financial asset

When determining the business model, the Group assesses at portfolio level how the business is managed, sales activities, risk management and how information is provided to the executive management. The business model assessment has been performed for each business area. The portfolios belonging to the customer areas are held within a business model whose objective is to hold the assets and collect the contractual cash flows, while there are several different business models for the portfolios belonging to the product area Markets and the support area Group Treasury.

A contractual cash flow characteristics test is performed on initial recognition of financial assets. Financial assets with cash flows that are solely payments of principal and interest (SPPI) pass the test if the contractual cash flows are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

Financial liabilities are classified at amortised cost, except for financial liabilities that are required to be measured at fair value through profit or loss or designated at fair value through profit or loss.

Financial assets may irrevocably be designated at fair value through profit or loss on initial recognition if the following criterion is met:

- The classification eliminates or significantly reduces measurement or recognition inconsistency that otherwise would arise from measuring financial assets or recognising the gains and losses on them on different bases.

Financial liabilities may also irrevocably be designated at fair value through profit or loss on initial recognition if the criterion above is fulfilled or one of the following:

- The financial instruments are part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The host contract contains one or more embedded derivatives.

Financial assets measured at amortised cost

Financial assets, which are not designated at fair value through profit or loss, are measured at amortised cost if both of the following conditions are met:

- The assets are held within a business model whose objective is to hold the asset to collect the contractual cash flows.
- The contractual cash flows represent solely payment of principal and interest.

Financial assets measured at amortised cost are initially recognised at fair value plus any directly attributable transaction costs. Subsequently the assets are measured at amortised cost using the effective interest method, less impairment. Impairment losses and reversals are measured based on a three-stage expected credit loss model. This model is described under Expected credit loss measurement.

A change in expected credit loss allowance for financial assets measured at amortised cost on the balance sheet date is presented under "Impairment of financial instruments" in the income statement.

Interest income on financial instruments classified in this category is presented under "Interest income, effective interest method".

This category mainly comprises loans to customers, cash and deposits, receivables, reverse repurchase agreements and bond investments.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are initially recognised at fair value minus any directly attributable transaction costs. Interest expenses on such instruments are presented under "Interest expenses, effective interest method".

This category includes deposits from customers and credit institutions, repurchase agreements, issued commercial paper and bonds, subordinated loan capital and perpetual subordinated loan capital securities.

Financial assets measured at fair value through other comprehensive income

Investments in financial assets, which are not designated at fair value through profit or loss or amortised cost, are measured at fair

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value through other comprehensive income if both of the following conditions are met:

- The assets are held within a business model whose objective is to both hold the asset to collect the contractual cash flows and to sell the asset
- The contractual cash flows represent solely payment of principal and interest

At initial recognition, financial assets measured at fair value through other comprehensive income are recognised at fair value plus any directly attributable transaction costs. Subsequent measurement is at fair value through other comprehensive income. Changes in fair value are recognised in other comprehensive income and accumulated within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains or losses are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss recognised in other comprehensive income, is recycled over profit or loss and recognised in "Net gains on financial instruments at fair value". Impairment losses and reversals are measured based on a three-stage expected credit loss model, which is described under Expected credit loss measurement.

This category comprises a portfolio of bond investments.

Financial instruments measured at fair value through profit or loss

The following instruments are recognised in this category:

- derivatives
- equity instruments
- financial instruments held for trading
- financial assets managed at fair value
- financial instruments designated at fair value through profit or loss on initial recognition
- financial assets with contractual cash flows that do not represent solely payment of principal and interest

Instruments in this category are initially recognised at fair value with transaction costs recognised in profit or loss as they occur. Subsequent measurement is at fair value with gains and losses recognised in the income statement.

Changes in the fair value of the financial instruments are presented under "Net gains on financial instruments at fair value" in the income statement. Changes in the fair value of financial instruments within life insurance are presented under the line item "Net insurance result". Financial derivatives are presented as an asset if the fair value is positive and as a liability if the fair value is negative.

Interest income and interest expenses from interest-bearing financial instruments, including financial derivatives, are presented under "Net interest income", except for interest income and interest expenses from financial instruments belonging to the trading portfolio.

The trading portfolio consists of instruments, which are acquired primarily for the purpose of selling or repurchasing in the short term. This includes financial derivatives, shareholdings and bond portfolios. Interest income and interest expenses from financial instruments belonging to the trading portfolio are presented as "Net gains on financial instruments at fair value".

Financial assets designated at fair value through profit or loss on initial recognition mainly consist of bonds and fixed-rate mortgage loans in Norwegian kroner.

Financial liabilities designated at fair value through profit or loss on initial recognition mainly consist of fixed-rate securities issued in Norwegian kroner. The change in fair value related to changes in the Group's credit risk is calculated using relevant credit spread curves from Nordic Bond Pricing. Fair value of changes in credit risk on other financial liabilities is limited due to the short-term nature of the instruments. Changes in fair value due to credit risk on the DNB Group's long-term borrowings in Norwegian kroner designated at fair value through profit or loss do not create or enlarge an accounting mismatch and are therefore separated and recognised in other comprehensive income. Refer to the statement of changes in equity for a presentation of the effects.

Reclassifications

Financial assets are only reclassified when there is a significant change in the business model for those assets. Such changes are expected to be very infrequent. Financial liabilities are not reclassified.

Financial instruments with the characteristics of equity

Issued additional Tier 1 capital instruments are instruments where DNB has a unilateral right not to repay interest or the principal to the investors. As a consequence of these terms, the instruments do not meet the requirements for a liability and are therefore presented within the line "Additional Tier 1 Capital" within the Group's equity. Transaction expenses and interest are presented as a reduction in "Other equity".

Equity in foreign currency shall be converted to Norwegian kroner based on the exchange rate on the transaction date and is not subject to subsequent revaluation. Additional Tier 1 Capital in foreign currency is thereby only revalued on redemption.

Offsetting

Master netting agreements, collateralised positions or similar agreements give the right to offset in the event of default. Such agreements reduce the Group's exposure in the event of default, but do not on their own qualify for offsetting in accordance with IFRS, as there also needs to be an intention to settle the contractual cash flows net on an ongoing basis. See note G29 Offsetting for details about the financial assets and financial liabilities subject to offsetting agreements.

Determination of fair value

Fair value is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities in active markets are measured at the price within the bid-ask spread that is most representative of the fair value at the measurement date. In most cases bid or asking prices for these instruments are the most representative price for assets and liabilities respectively.

Financial instruments measured at fair value are valued on a daily basis with the exception of a few financial instruments that are valued on a monthly or quarterly basis. As far as possible directly observable market prices are used. Valuations of the various types of financial instruments are based on well-acknowledged techniques and models. The prices and input parameters used are controlled and assessed based on established routines and control procedures.

The control environment for fair value measurement of financial instruments is an integrated part of the company's financial reporting. A number of controls are carried out on a daily basis including controls of the day-one gains or losses on traded positions and controls of the key input parameters in the valuation. At the end of each month and quarter, extended controls are carried out to ensure that the valuations are consistent with the accounting policy for fair value including variation analyses.

Special emphasis is placed on valuations in the level 3 in the valuation hierarchy, where the effects may be significant or particularly challenging.

Instruments traded in an active market

With respect to instruments traded in an active market, quoted prices are used, obtained from a stock exchange, a broker or a price-setting agency.

A market is considered active if it is possible to obtain external observable prices, exchange rates or interest rates and these prices represent actual and frequent market transactions.

Some investments in equities and commercial paper and bonds are traded in active markets.

Instruments not traded in an active market

Financial instruments not traded in an active market are valued according to different valuation techniques and are divided into two categories:

Valuation based on observable market data

- recently observed transactions in the relevant instrument between informed, willing and independent parties
- instruments traded in an active market which are substantially similar to the instrument that is valued
- other valuation techniques where key parameters are based on observable market data

Valuation based on other factors than observable market data

- estimated cash flows
- valuation of assets and liabilities in companies
- models where key parameters are not based on observable market data
- possible industry standards

In the valuation of OTC-derivatives, a fair value adjustment is made for the counterparty's credit risk (CVA) and for the Group's own credit risk (DVA). In addition, an adjustment is made for expected funding costs (FVA). Adjustments are made based on the net exposure towards each counterparty for CVA and DVA, and towards a funding netting set for FVA.

The Group estimates CVA as a function of a simulated expected positive exposure, the counterparty's probability of default (PD) and loss given default (LGD). Internal ratings are combined with historical credit default swap (CDS) spreads as well as current CDS index prices to arrive at the counterparty's estimated CDS spreads. This means that the Group uses its own credit models and their discriminatory power, but calibrates against pricing levels for similar credit risk in the market. For customers classified in stage 3 due to the expected credit loss impairment, CVA is calculated as if the derivatives were loans subject to impairment because of credit losses. The DVA is based on the same approach as for CVA, using an assessment of DNB's credit spread.

FVA reflects the estimated present value of the future funding costs associated with funding uncollateralised derivative exposures. It is calculated by applying a market funding spread to the expected exposure. Funding benefits are not estimated for positions for which DNB calculates DVA.

For financial instruments measured by using valuation techniques, a gain or loss might from time to time occur at initial recognition when the estimated fair value is different from the actual transaction price. When the measurement is based on non-observable input parameters (level 3), the gain or loss is deferred and therefore not recognised at day one. Fair value changes in later periods are only recognised to the extent the change is caused by factors that market participants would take into account.

Expected credit loss measurement (ECL)

Impairment is measured using the expected credit loss model on the following instruments that are not measured at fair value through profit or loss:

- financial assets that are debt instruments
- lease receivables
- issued financial guarantee contracts
- loan commitments

ECL related to undrawn portions of loan commitments is recognised in the line item "Provisions" in the balance sheet.

Please refer to note G5 Measurement of expected credit loss for more information on the accounting principles and methodology for estimating expected credit loss.

Hedge accounting

The Group applies hedge accounting according to IFRS 9 Financial instruments.

In the DNB Group both derivative and non-derivative instruments are used to manage exposures to interest rate risk and foreign exchange risk. Fair value hedge accounting is applied to hedges of interest rate risk on issued debt in foreign currency and a portfolio of bond investments. Net investment hedge accounting is applied to foreign currency exposure of investments in foreign operations. See note G15 Financial derivatives and hedge accounting for more information.

Fair value hedge of interest rate risk

DNB uses interest rate swaps to hedge against changes in fair value of fixed-rate issued bonds and subordinated debt in foreign currency, as well as a portfolio of bond investments, caused by movements in market interest rates. Securities and liabilities are hedged 1:1 through external contracts where there is an economic relationship between currencies, interest rate flows and the hedging transaction. The hedges are entered into at the same time as the debt is issued in order to achieve a match in the terms of the derivative and the debt instrument. For bond investments, the hedge is also entered into at the same time as the investment is made.

Fair value hedge accounting is applied to the economic hedge relationships that qualify for hedge accounting. When hedge accounting is applied, there is a qualitative assessment of the economic relationship between the debt instrument or bond investment and the derivative that is documented at the inception of the hedge. Thereafter, it is periodically assessed whether the derivatives designated as hedging instruments continue to be effective in offsetting changes in fair value of the hedged item.

DNB's fair value hedges of interest rate risk on issued debt and bond investments are expected to be highly effective. However, hedge ineffectiveness can arise if the terms of the derivative and the debt instrument are not fully aligned.

Hedging instruments are measured at fair value in the balance sheet and changes in the fair value are presented under "Net gains on financial instruments at fair value" in the income statement. Interest income and expense from financial instruments designated as hedging instruments are presented as "Net interest income". Derivatives used for hedging are further specified as "Financial derivatives, hedging" in note G19 Net gains on financial instruments at fair value.

With respect to hedged commercial paper, bonds and financial liabilities, the hedged risk is measured at fair value. For instruments measured at fair value through other comprehensive in-

come, the gains and losses due to the hedged risk is presented under "Net gains on financial instruments at fair value". The unhedged risk is presented in other comprehensive income. Any changes in the fair value due to the hedged risk for liabilities measured at amortised cost are presented under "Net gains on financial instruments at fair value".

If the hedge relationship ceases to meet the hedge effectiveness requirements, the hedging relationship is discontinued and the accumulated change in fair value of the hedged item is amortised over the remaining time to maturity.

Net investment hedge of investments in foreign operations

DNB hedges investments in foreign subsidiaries to eliminate or reduce the foreign currency exposure that arises when a subsidiary has a different functional currency from that of the Group. The carrying amount of the investment varies as a result of fluctuations in spot exchange rates between the functional currency of the subsidiaries and the Group's functional currency. This risk is hedged, since it may have significant financial impact on the Group's financial statements.

Foreign currency borrowings are used as hedging instruments. At the inception of the hedge, there is a qualitative assessment of hedge effectiveness. Hedge designations are reassessed on a quarterly basis. Hedge effectiveness is periodically assessed by comparing changes in the carrying amount of the foreign currency borrowings that are attributable to a change in spot rate, with changes in the investment in the subsidiary due to movement in the spot rate. The hedges are expected to be highly effective, since the investments are usually hedged with instruments in the same currency and with an amount corresponding to the size of the designated investment.

Gains or losses after taxes on the hedging instruments are recognised directly in the Group's equity and presented in the statement of changes in equity as a part of "Net currency translation reserve" and in the comprehensive income statement as "Hedging of net investment".

If a foreign operation is disposed of, the cumulative gains or losses of the hedging instruments recognised in equity is reclassified to the income statement.

8. Investment property and fixed assets

Properties held to generate profits through rental income or for an increase in value, are presented in the balance sheet as investment property. Properties which are mainly used for own operations, are presented as owner-used properties.

Other tangible assets are presented as fixed assets in the balance sheet, and are measured at cost less accumulated depreciation and impairment losses.

On initial recognition, investment properties and owner-used properties are measured at cost including acquisition costs.

In subsequent periods, investment properties are measured at fair value by discounting the expected net future cash flows to its present value. Therefore, no annual depreciation is made on an investment property. Internal and external expertise is used for valuations. A selection of external appraisals are obtained and compared with internal valuations for control purposes. In addition, analyses are made of changes from the previous period, as well as sensitivity analyses of key assumptions which are included in the overall evaluation of the fair value measurement. Providers of valuations are also followed up on an ongoing basis through dialogue and enquiries concerning the valuation of individual properties. Changes in fair value of investment property within life insurance are recognised within the line item "Net insurance result". Changes in fair value of other investment property in the Group are presented within the line item "Net gains on investment property" in the income statement.

9. Intangible assets

DNB's intangible assets primarily consists of goodwill, which is recognised at cost. Goodwill is the residual value consisting of the difference between the purchase price and the capitalised value of an acquired company. The concept of goodwill comprises payment for synergy gains, assets related to employees, other intangible assets that do not qualify for recognition as a separate item, future superprofit and the fact that deferred tax cannot be discounted. Capitalised goodwill derives solely from acquisitions.

Goodwill is tested for impairment at a minimum once a year. DNB has chosen to perform the annual test in the fourth quarter. The recoverable amount in the goodwill impairment test is based on a value in use calculation, where DNB discounts expected future cash flows for each cash-generating unit. The calculations are based on historical results and plan figures approved by management.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

10. Insurance contracts

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specific uncertain future event adversely affects the policyholder. Investment contracts with discretionary participation features are also classified as insurance contracts. In the Group, insurance contracts are held by the wholly owned subsidiary DNB Livsforsikring (a life insurance company).

Products offered by DNB Livsforsikring that are classified as insurance contracts include traditional guaranteed products (defined-benefit pensions, paid-up policies, old individual products and defined-benefit accounts), risk pensions and employer's liability insurance. Insurance contracts are presented as "insurance liabilities" in the balance sheet. In addition, reinsurance contracts are used to mitigate the risk exposure. These contracts are presented as "insurance liabilities" or "other assets" in the balance sheet.

Several investment contracts (including unit link contracts) and defined contribution pensions in DNB Livsforsikring are not classified as insurance contracts. These contracts are classified and measured as financial instruments (IFRS 9).

Measurement model

The main features of the general measurement model (GMM) for measurement of insurance liabilities are:

- The fulfilment cash flow constitutes an estimate of the present value of future cash flows including a risk adjustment for non-financial risk. The calculations are made for a group of insurance contracts.
- The liabilities include an estimated addition for a contractual service margin (CSM), which constitutes the unearned profit element in the insurance contracts. The CSM is recognised in the income statements over the coverage period of the insurance contracts.
- Certain changes in the estimate for the present value of future cash flows and risk adjustment for non-financial risk are adjusted against the CSM and recognised in the income statement over the remaining coverage period covered by the relevant contracts. The effect of changes in the time value of money and other financial risk which do not adjust the CSM are presented in the income statement. DNB has chosen not to apply the OCI option allowed under IFRS 17.

Risk pensions are measured according to the GMM.

The variable fee approach (VFA) is a variant of the GMM and applies to insurance contracts with direct participation features (contracts with a significant element of investment-related services relating to the return on the underlying items). Underlying items comprise specified portfolios of investment that determine amounts payable to policyholders. The management uses judgement to assess whether the criteria for using the VFA are met, where relevant participating features, including profit sharing between contracts, are taken into consideration. Under the VFA, the estimated future variable fee, which includes some changes in the discount rate and other financial variables, will also adjust the CSM. The VFA products have an investment component. When considering if products have an investment component, relevant participating features, including profit sharing between contracts, are taken into account.

The VFA is used for the majority of the life insurance products, including the traditional guaranteed products.

The premium allocation approach (PAA) is an optional simplified measurement model, mainly for short-term contracts with a coverage period of up to 12 months. Insurance liabilities in the PAA are initially recognised as the received insurance premiums. This approach is used for employer's liability insurance and reinsurance. DNB has for PAA chosen to expense acquisition cash flows when incurred. The liability for incurred claims in PAA is adjusted for the time value of money and the effect of financial risk.

The measurement of the insurance liabilities is updated based on current assumptions at the end of each reporting period, including the updated discount rate.

Fulfilment cash flows

Fulfilment cash flows include amounts the Group expects to collect from premiums and payout for claims, benefits and expenses. The estimates take into account an explicit adjustment for non-financial risk and are based on conditions on the balance sheet date. To calculate future cashflows under insurance contracts, the cashflows used in the Solvency II Directive are used as the basis for the calculations, with some adjustments. The estimates will among other things include stochastic modelling (risk-neutral methods) to measure financial options and guarantees.

The risk adjustments for non-financial risk, mainly related to the risk of disability and life expectancy, are calculated based on the same methods as for the risk margin under Solvency II, but to some degree with different assumptions. The calculated risk adjustment corresponds to the confidence level of 88 per cent.

Discount rate

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

Level of aggregation

The insurance contracts are divided into groups of contracts. A portfolio comprises contracts subject to similar risks and managed together. The portfolio will be further divided into profitability buckets and annual cohorts. For contracts measured using VFA the "carve-out" exemption endorsed by the EU for annual cohorts are applied.

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. For most of the traditional guaranteed products the contract boundaries are assessed to be long term, which means that all future premiums are included in the cash flows. Risk pensions, defined-benefit accounts and employer's liability insurance have a one-year contract boundary. Reinsurance has a three-month contract boundary.

Recognition in the income statement

The line item "Net insurance result" includes both insurance service result and finance result, life insurance.

Insurance service result includes the following components:

- Insurance revenue, including the release of CSM and risk adjustment during the period.
- Insurance service expense, including operating expenses related to insurance contracts.
- Net revenue/expense from reinsurance contracts during the period.

Finance result, life insurance includes the following components:

- Investment income from underlying assets or pool of assets, measured at fair value.
- Insurance finance income or expenses.
- Reinsurance finance income or expenses.

The release of CSM in the income statement is determined by the allocation of the CSM at the end of the reporting period over the current and expected remaining coverage period of the group of insurance contracts, based on coverage units. The coverage period is the period during which the entity provides insurance contract services. Insurance contract services include coverage for an insured event, investment-return services and investment-related services where relevant. Coverage units for the group are determined by considering the quantity of the benefits for each contract and its expected coverage period. The quantity of the benefits for investment-return and investment-related service are assets under management, and for an insured event it is expected benefits paid. The relative weighting of the benefits each reporting period for traditional guaranteed products is based on the maximum guarantee rate and expected return on assets in the period, compared with expected benefits paid. The Group has chosen to discount coverage units using the same discount rate as when discounting cash flows.

For the release of the CSM, each quarter is treated as a discrete interim reporting period.

Changes that are related to current or past services are recognised in the income statement and changes that are related to future services are recognised by adjusting the CSM.

The release of risk adjustment is based on developments in the cost of capital for each period. The whole change of the risk adjustment, including the finance effect, is included in the insurance services result.

Expected and actual repayments of the investment component under VFA will not be part of insurance revenue and insurance service expenses.

Onerous contracts are recognised immediately as a loss in insurance service expense.

For contracts measured under VFA, the finance result will be close to zero, because insurance finance income or expenses comprise changes in the fair value of underlying items (excluding additions and withdrawals) which will be about the same as the investment income from the underlying assets measured at fair value.

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11. Income tax

Taxes in the year comprise current and deferred tax. Income taxes are recognised in the income statement except to the extent that they relate to items recognised directly in equity or other comprehensive income, in which case they are recognised in equity or other comprehensive income respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any withholding tax on dividends or other distributions paid by subsidiaries, associates or joint ventures that is expected to be payable on the earnings to be remitted.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not provided for the following temporary differences: initial recognition of goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (other than in a business combination), and differences relating to investments in subsidiaries, associates and joint ventures to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Future taxable profits are determined based on business plans for each individual subsidiary in the DNB Group. A deferred tax asset is reduced if it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

12. Provisions

Provisions are recognised when it is probable that the DNB Group will be required to settle a present obligation as a result of a past event, and it can be reliably estimated. Provisions are measured at the amount the DNB Group would rationally pay to settle the obligation or transfer it to a third party at the balance sheet date. Provisions are measured at the present value of the expenditures expected to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

13. Leasing

DNB as lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Other leases are classified as operating leases.

Operating lease

Operating lease assets are recognised as fixed assets in the balance sheet. Income from operating leases is recognised over the lease term on a straight-line basis and presented within other income. Impairment losses are recognised when there is objective evidence that the lease asset is impaired. The depreciation period and residual values are reviewed annually and adjusted if appropriate. Gains and losses on the disposal of operating lease assets are presented within other income.

Financial lease

Financial lease assets are presented as loans and receivables at the net investment in the lease. The net investment is the minimum lease payments capitalised at the interest rate implicit in the lease. The net investment is subsequently reduced by the repayment of lease instalments, and increased by the effect of interest. Interest income is recognised over the lease term so as to produce a constant periodic rate of return on the net investment. Initial direct costs are included in the initial measurement of the net investment. Lease income other than interest income is included in other income.

DNB as lessee

At the lease commencement date, a lease liability is recognised at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that are based on an index or a rate, amounts expected to be paid by the lessee under residual value guarantees, exercise prices of purchase options (if the lessee is reasonably certain to exercise the options), and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the DNB Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets are tested for impairment when there is an indication that the carrying amount may not be recoverable.

Variable lease payments that are based on sales or usage are not included in the measurement of lease liabilities and right-of-use assets. Instead, these payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

14. Dividends

Proposed dividends are not recognised in the financial statements until they have been approved by the general meeting. At that time the dividend is presented as a liability in the balance sheet and as a reduction of equity. Interim dividends are recognised as a liability and a reduction of equity at the point in time when they are resolved by the Board of Directors.

15. Approved standards and interpretations that have not entered into force

DNB has not adopted any standard, interpretation or amendment at an early stage that has been approved but not yet entered into force. The amendments that have been issued but not yet entered into force are not expected to have a significant impact on the consolidated financial statements.

16. Important accounting estimates, judgments and assumptions

When preparing the consolidated financial statements, management makes estimates, judgment and assumptions that affect the application of the accounting principles and the recognised amounts of assets, liabilities, income and expenses. Estimates and assumptions that affect the balance sheet valuation are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. Actual amounts may differ from these estimates.

Impairment of financial instruments

See note 04 Credit risk management for information about the methodology and follow-up of credit risk and note 07 Measurement of financial instruments for information about the estimating uncertainty.

Fair value of financial derivatives and other financial instruments

The fair value of financial derivatives and other financial instruments that are not traded in an active market is determined by using different valuation techniques. The Group considers and chooses techniques and assumptions that are mainly based on observable market data on the balance sheet date. When measuring the market conditions on observable market data are not available, the Group makes assumptions regarding what market participants would use as the basis for valuation. Such assessments are based on observable data where possible. The Group makes adjustments to the valuation to reflect the uncertainty in the models and assumptions. These adjustments would also be made if other market participants would use a different model or different assumptions. The valuation techniques and assumptions are described in more detail in note 07 Measurement of financial instruments. For more information see note 09 Financial instruments at fair value.

Measurement of liabilities under insurance contracts in DNB Livsforsikring

With respect to insurance liabilities, risks and uncertainties are mainly related to market risk, liquidity risk and insurance risk. Higher life expectancy than assumed will result in increased insurance liabilities. Higher life expectancy than assumed will result in increased insurance liabilities. Higher life expectancy than assumed will result in increased insurance liabilities. Higher life expectancy than assumed will result in increased insurance liabilities.

Valuation of properties within DNB Livsforsikring

Investment property is measured at fair value by discounting the expected net future cash flows to its present value. Establishing the fair value of the future cash flows of a property requires assumptions about the future, as well as judgment and the use of estimates. Changes in the assumptions can have a significant impact on the fair value of the property. Deferred tax is provided on the difference between the fair value of the property and the tax base of the property. Deferred tax is calculated based on the tax rules and tax rates that are enacted or substantively enacted on the balance sheet date or are highly likely to be applied on the realisation of the asset or settlement of the liability. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available against which the asset can be utilised. Deferred tax assets are reduced if it is no longer probable that the related tax benefit will be realised.

The Group recognises deferred tax assets and liabilities net when the Group has a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Future taxable profits are determined based on business plans for each individual subsidiary in the DNB Group. A deferred tax asset is reduced if it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Taxes payable and deferred taxes relating to elements of other comprehensive income are presented net along with the related income or loss in the comprehensive income statement.

12. Provisions

Provisions are recognised when it is probable that the DNB Group will be required to settle a present obligation as a result of a past event, and it can be reliably estimated. Provisions are measured at the amount the DNB Group would rationally pay to settle the obligation or transfer it to a third party at the balance sheet date. Provisions are measured at the present value of the expenditures expected to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

13. Leasing

DNB as lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Other leases are classified as operating leases.

Operating lease

Operating lease assets are recognised as fixed assets in the balance sheet. Income from operating leases is recognised over the lease term on a straight-line basis and presented within other income. Impairment losses are recognised when there is objective evidence that the lease asset is impaired. The depreciation period and residual values are reviewed annually and adjusted if appropriate. Gains and losses on the disposal of operating lease assets are presented within other income.

Financial lease

Financial lease assets are presented as loans and receivables at the net investment in the lease. The net investment is the minimum lease payments capitalised at the interest rate implicit in the lease. The net investment is subsequently reduced by the repayment of lease instalments, and increased by the effect of interest. Interest income is recognised over the lease term so as to produce a constant periodic rate of return on the net investment. Initial direct costs are included in the initial measurement of the net investment. Lease income other than interest income is included in other income.

DNB as lessee

At the lease commencement date, a lease liability is recognised at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that are based on an index or a rate, amounts expected to be paid by the lessee under residual value guarantees, exercise prices of purchase options (if the lessee is reasonably certain to exercise the options), and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the DNB Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets are tested for impairment when there is an indication that the carrying amount may not be recoverable.

Variable lease payments that are based on sales or usage are not included in the measurement of lease liabilities and right-of-use assets. Instead, these payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

15. Approved standards and interpretations that have not entered into force

DNB has not adopted any standard, interpretation or amendment at an early stage that has been approved but not yet entered into force. The amendments that have been issued but not yet entered into force are not expected to have a significant impact on the consolidated financial statements.

16. Important accounting estimates, judgments and assumptions

When preparing the consolidated financial statements, management makes estimates, judgment and assumptions that affect the application of the accounting principles and the recognised amounts of assets, liabilities, income and expenses. Estimates and assumptions that affect the valuation and the carrying amount of assets, including expectations of future events that are believed to be probable on the balance sheet date. Actual amounts may differ from these estimates.

Impairment of financial instruments

See note 04 Credit risk management for information about the methodology and follow-up of credit risk and note 07 Measurement of financial instruments for information about the estimating uncertainty.

Fair value of financial derivatives and other financial instruments

The fair value of financial derivatives and other financial instruments that are not traded in an active market is determined by using different valuation techniques. The Group considers and chooses techniques and assumptions that are mainly based on observable market data on the balance sheet date. When measuring the market conditions on observable market data are not available, the Group makes assumptions regarding what market participants would use as the basis for valuation. Such assessments are based on observable data where possible. The Group makes adjustments to the valuation to reflect the uncertainty in the models and assumptions. These adjustments would also be made if other market participants would use a different model or different assumptions. The valuation techniques and assumptions are described in more detail in note 07 Measurement of financial instruments. For more information see note 09 Financial instruments at fair value.

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Taxes payable and deferred taxes relating to elements of other comprehensive income are presented net along with the related income or loss in the comprehensive income statement.

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Provisions are recognised when it is probable that the DNB Group will be required to settle a present obligation as a result of a past event, and it can be reliably estimated. Provisions are measured at the amount the DNB Group would rationally pay to settle the obligation or transfer it to a third party at the balance sheet date. Provisions are measured at the present value of the expenditures expected to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

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- the amount of the initial measurement of lease liability
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- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the DNB Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets are tested for impairment when there is an indication that the carrying amount may not be recoverable.

Variable lease payments that are based on sales or usage are not included in the measurement of lease liabilities and right-of-use assets. Instead, these payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

14. Dividends

Proposed dividends are not recognised in the financial statements until they have been approved by the general meeting. At that time the dividend is presented as a liability in the balance sheet and as a reduction of equity. Interim dividends are recognised as a liability and a reduction of equity at the point in time when they are resolved by the Board of Directors.

17. Transition to IFRS 17

The application of the accounting principles under IFRS 17 as per 1 January 2023 has resulted in a net reassessment of financial instruments under IFRS 9 (as described in note 1 Basis for preparation) as well as changes in the classification of financial instruments. The table below shows balance sheet items that are affected by the implementation of the new standard at the time of transition.

31 Dec 2022	Reclass.	Equity and remeasurement	1 Jan 2023
1 124 052			1 124 052
425 687		49	425 736
99		4 117	4 216
30 023		1 795	31 818
2 910 744		(206)	2 910 538
		5 647	5 647
166 279			166 279
1 351		17 948	19 299
39 716		(1 571)	38 145
188 966		(310)	188 656
2 910 744		(9 804)	2 900 940
		5 661	5 661

Pool is expected to receive fair value and the insurance contract liability under the CSM

Financial instruments measured at amortised cost through profit and loss as a result of the derecognition of the IFRS 17. The reclassification follows the transition option in IFRS 17 to measurement between amortised cost and fair value was recognised in equity as at 1 January 2022. The effect

The valuation of the liability financial risk by applying a model-based according to IFRS 17 contracts with IFRS 4. Due to the use of market-based interest rates and recognition of interest rate movements under the IFRS results. However, while the IFRS is used for measurement the volatility of the results caused by changes in interest rates is expected because changes in future interest rates are reflected in the CSM and the effect is recognised over the lifetime of the contract. Compared with the valuation under the IFRS 4 rules, the one-time effect on equity as at 1 January 2023 will be compensated by a positive result in future periods

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.

Personal customers - includes the Group's total products and activities to private customers in all channels, both digital and physical, with the exception of home mortgages recorded under Traditional pension products, where returns accrue to the policy-holders. DNB offers a wide range of products through Norway's largest distribution network, comprising mobile banking, digital banking, branch offices, customer centres and real estate broking. In addition, external distribution of credit cards and car financing in Sweden is included in the business area.

Corporate customers - includes all of the Group's business customers, both in Norway and abroad. Customers in the segment include everything from small business customers and start-ups to large Norwegian and international corporate customers. The product offering is tailored to the customers' different needs. DNB's services for the customer in the segment are based on sound industry knowledge and long-term customer relationships. Customers are served by offices both in Norway and abroad. In addition, customers are offered access to corporate online and mobile banking services as well as other digital services.

The income statement and balance sheet for the segments have been prepared on the basis of internal financial reporting for the functional organisation of the DNB Group into segments, as reported to group management (chief operating decision maker) for an assessment of current developments and the allocation of resources. Figures for segments are based on the group's accounting principles and DNB's management model. Allocation of costs and capital between segments involves a number of assumptions, estimates and discretionary distributions. The Group's operations are mainly carried out by Norwegian companies. Share of income from international units was 21.6 per cent in 2023, and share of lending was 12.5 per cent at the end of 2023.

Capital allocated to the segments is calculated on the basis of the DNB Group's common equity Tier 1 capital and long-term capitalisation ambition. There are special capital adequacy regulations for insurance operations, and in these companies, allocated capital corresponds to recorded equity. For other group operations, the allocation of capital to all units is based on the DNB Group's adaptation to Basel III with capital expectations related to credit risk, market risk, operational risk and goodwill. The allocation of capital for credit risk is based on the DNB Group's internal measurement of risk-adjusted capital requirements for credit. Capital requirements for market risk are allocated directly in accordance with risk-weighted volume, and operational risk is allocated based on the respective units' total income.

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Note G2 Segments (continued)

Income statement

Amounts in NOK million	Personal customers		Corporate customers		Other operations		Eliminations		DNB Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net interest income	21 658	19 807	37 961	35 748	1 929	1 638			61 547	57 194
Net other operating income	5 423	5 472	11 371	10 786	2 364	997	992	585	20 150	17 840
Total income	27 081	25 280	49 332	46 534	4 292	2 635	992	585	81 697	75 033
Operating expenses	(10 833)	(10 662)	(15 668)	(12 503)	868	753	(992)	(585)	(24 626)	(22 996)
Depreciation and impairment of fixed and intangible assets	(302)	(244)	(2 587)	(2 372)	(634)	(649)			(3 794)	(3 465)
Total operating expenses	(11 135)	(10 906)	(18 255)	(14 875)	234	104	(992)	(585)	(28 420)	(26 462)
Pre-tax operating profit before impairment	15 945	14 374	31 076	31 659	4 526	2 739			53 277	48 571
Net gains on fixed and intangible assets	0		1	1	10	(24)			11	(24)
Impairment of financial instruments[1]	(511)	(288)	(2 137)	560	(1)	0			(2 649)	272
Profit from repossessed operations			29	348	(38)	(346)				
Pre-tax operating profit	15 434	14 086	28 968	32 568	4 497	2 369			48 899	48 823
Tax expense	(3 859)	(3 521)	(7 242)	(8 142)	1 124	592			(9 977)	(11 071)
Profit from operations held for sale, after taxes					(146)	270			(146)	270
Profit for the year	11 575	10 565	21 726	24 426	5 475	3 231			38 776	38 022

1) *See note G10 Development in accumulated impairment of financial instruments for an analysis of the gross change in impairment for the Group.*

Balance sheets

Amounts in NOK billion	Personal customers		Corporate customers		Other operations		Eliminations		DNB Group	
	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22
Loans to customers[1]	956	953	944	910	106	106	(9)	(9)	1 997	1 961
Assets held for sale					1	2	(0)	(0)	1	2
Other assets	33	66	301	277	2 212	1 997	(1 104)	(1 069)	1 441	1 270
Total assets	989	1 018	1 245	1 187	2 319	2 105	(1 112)	(1 078)	3 440	3 233
Assets under management	219	177	376	316					595	493
Total combined assets	1 208	1 196	1 620	1 503	2 319	2 105	(1 112)	(1 078)	4 035	3 727
Deposits from customers[1]	578	584	844	816	11	6	(10)	(9)	1 423	1 397
Liabilities held for sale					1	1	(0)	(0)	1	1
Other liabilities	350	372	288	262	2 210	2 021	(1 102)	(1 069)	1 747	1 586
Total liabilities	928	956	1 133	1 077	2 222	2 028	(1 112)	(1 078)	3 170	2 984
Allocated capital[2]	60	63	112	109	97	77			269	249
Total liabilities and equity	989	1 018	1 245	1 187	2 319	2 105	(1 112)	(1 078)	3 440	3 233

1) *Loans to customers include accrued interest, impairment and value adjustments. Correspondingly, deposits from customers include accrued interest.*
2) *Allocated capital for the segments is calculated based on the external capital adequacy expectations (Basel III/Solvency II) which must be met by the Group. The capital allocated in 2023 corresponds to a common equity Tier 1 capital ratio of 17.5 per cent compared to 18.0 per cent in 2022. Book equity is used for the Group.*

Key figures

Per cent	Personal customers		Corporate customers		Other operations		Eliminations		DNB Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Cost/income ratio[1]	41.1	47.9	33.3	35.8					36.0	39.9
Ratio of deposits to loans as at 31 December[2]	60.5	61.2	89.4	89.6					71.2	71.2
Return on allocated capital[3]	18.5	14.5	21.4	19.4					15.9	14.7

1) *Total operating expenses relative to total income.*
2) *Deposits from customers relative to loans to customers.*
3) *Allocated capital for the segments is calculated based on the external capital adequacy expectations (Basel III/Solvency II) which must be met by the Group. Return on equity is used for the Group.*

Note G3 Capitalisation policy and capital adequacy

Capital adequacy is measured and reported in accordance with the EU capital requirements regulations for banks and investment firms (CRR/CRD) which were implemented in Norway on 1 June 2022.

Risk Exposure Amount (REA) in relation to the capital base determines the banks' regulatory capital adequacy. The minimum requirement for total own funds is 8 per cent of REA for credit risk, market risk and operational risk. REA is also used for the calculation of the capital conservation buffer, systemic risk buffer, buffer for systemically important institutions and the countercyclical capital buffer.

Finanstilsynet (The Norwegian FSA) conducts assessments to determine whether there is a need by individual institutions for additional capital to cover risk elements that are not adequately covered by the capital requirements under Pillar 1. These are referred to as Pillar 2 requirements. For DNB, the Pillar 2 requirements are normally determined on an annual basis by Finanstilsynet based on an overall assessment of the risk and capital situation through the Supervisory Review and Evaluation Process (SREP). The Pillar 2 requirement at end-2023 for the DNB Group is 2.0 per cent of REA and must be met with a minimum of 56.25 percent CET1 capital and a minimum of 75 per cent Tier 1 capital.

Finanstilsynet also expects DNB Group to maintain a Pillar 2 Guidance (P2G), i.e. a margin in the form of common equity Tier 1 (CET1) capital that exceeds the total capital requirement with 1.25 per cent of total risk exposure amount (REA). At year-end 2023, the regulatory CET1 capital ratio requirement was 15.6 per cent, while the supervisory expectation was 16.8 per cent (incl. P2G). The requirement will vary due to the counter-cyclical buffer and systemic risk buffer, which are determined based on the total exposure in each country and their prevailing rates.

At year-end 2023, the DNB Group's CET1 capital ratio was 18.2 per cent, while the capital ratio was 22.5 per cent, compared with 18.3 per cent and 21.8 per cent, respectively, a year earlier. REA came to NOK 1 100 billion at year-end 2023, compared with NOK 1 062 billion the year before.

DNB Bank ASA had a CET1 capital ratio of 19.6 per cent at year-end 2023, compared with 21.1 per cent a year earlier. The capital ratio was 25.2 per cent at year-end 2023, compared with 25.9 per cent a year earlier.

At year-end 2023, DNB Boligkredit AS had a CET1 capital ratio of 19.6 per cent and a capital ratio of 22.0 per cent.

Following the global financial crisis, the leverage ratio was introduced as a supplement to the risk-weighted capital requirements. Tier 1 capital is used when calculating leverage ratio. The calculation base consists of both on-balance sheet- and off-balance sheet items. The same conversion factors are used as in the standardised approach for the risk-weighted calculation. In addition, there are specific methods for calculating exposure values for derivatives and add-ons for repo transactions.

At year-end 2023, the Group's leverage ratio was 6.8 per cent, unchanged from 6.8 per cent a year earlier. DNB meets the total requirement of 3 per cent by a good margin.

Note G3 Capitalisation policy and capital adequacy (continued)

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

Own funds

Amounts in NOK million	31 Dec 2023	31 Dec 2022
Total equity	269 295	249 840
Effect from regulatory consolidation	2 835	2 244
Additional Tier 1 capital instruments included in total equity	(21 803)	(15 974)
Net accrued interest on additional Tier 1 capital instruments	(401)	(114)
Common equity Tier 1 capital instruments	250 127	235 994
Deductions:		
Pension funds above pension commitments	(44)	
Goodwill	(9 516)	(9 565)
Deferred tax assets that rely on future profitability, excluding temporary differences	(506)	(415)
Other intangible assets	(7 355)	(2 166)
Proposed dividends payable and group contributions[1]	(24 153)	(19 318)
Share buy-back program	(5 165)	(1 437)
Significant investments in financial sector entities[2]	(4 277)	(4 617)
IRB provisions shortfall	(2 876)	(2 694)
Additional value adjustments (AVA)	(939)	(1 194)
Insufficient coverage for non-performing exposures	(182)	(90)
(Gains) or losses on liabilities at fair value resulting from own credit risk	(73)	(150)
(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(134)	(214)
Common Equity Tier 1 capital	199 927	194 088
Additional Tier 1 capital instruments	21 803	15 974
Deduction of holdings of Tier 1 instruments in insurance companies[3]	(1 500)	(1 500)
Non-eligible Tier 1 capital, DNB Group[4]		(117)
Additional Tier 1 capital instruments	20 303	14 357
Tier 1 capital	220 230	208 445
Perpetual subordinated loan capital		
Term subordinated loan capital	32 772	28 729
Deduction of holdings of Tier 2 instruments in insurance companies[3]	(5 588)	(5 588)
Non-eligible Tier 2 capital, DNB Group[4]		(123)
Tier 2 capital	27 184	23 018
Own funds	247 414	231 463
Total risk exposure amount	1 099 948	1 061 963
Minimum capital requirement	87 996	84 959
Common Equity Tier 1 capital ratio (%)	18.2	18.3
Tier 1 capital ratio (%)	20.0	19.6
Total capital ratio (%)	22.5	21.8

1) The Board proposes a dividend of NOK 15 per share for 2023.
2) Deductions are made for significant investments in financial sector entities when the total value of the investments exceeds 10 per cent of common equity Tier 1 capital. The amounts that are not deducted are given a risk weight of 250 per cent.
3) Investments in Tier 1 and Tier 2 instruments issued by the Group's insurance companies are deducted from the Group's Tier 1 and Tier 2 capital.
4) Tier 1 and Tier 2 capital in subsidiaries not included in consolidated own funds in accordance with Articles 85-88 of the CRR.

Note G3 Capitalisation policy and capital adequacy (continued)

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

Specification of risk exposure amount and capital requirements

Amounts in NOK million	Nominal exposure 31 Dec. 2023	Exposure at default (EAD) 31 Dec. 2023	Average risk weights in per cent 31 Dec. 2023	Risk exposure amount (REA) 31 Dec. 2023	Capital requirements 31 Dec. 2023	Capital requirements 31 Dec. 2022
IRB approach						
Corporate exposures	1 226 801	976 834	43.4	423 906	33 912	32 642
Of which specialised lending (SL)	*7 367*	*7 051*	*33.3*	*2 349*	*188*	*334*
Of which small and medium-sized entities (SME)	*217 558*	*198 699*	*46.3*	*92 035*	*7 363*	*6 884*
Of which other corporates	*1 001 858*	*771 083*	*42.7*	*329 522*	*26 362*	*25 425*
Retail exposures	1 006 455	992 650	22.4	222 345	17 788	17 792
Of which secured by mortgages on immovable property	*925 692*	*925 692*	*21.8*	*201 714*	*16 137*	*16 008*
Of which other retail	*80 763*	*66 958*	*30.8*	*20 631*	*1 651*	*1 785*
Total credit risk, IRB approach	2 233 256	1 969 484	32.8	646 251	51 700	50 435
Standardised approach						
Central governments and central banks	458 822	458 206	0.0	86	7	9
Regional government or local authorities	49 017	42 322	1.7	727	58	61
Public sector entities	81 545	79 929	0.0	14	1	4
Multilateral development banks	54 305	54 305	1.1	594	48	
Internal organisations	997	997				
Institutions	86 696	69 076	21.6	18 679	1 494	1 530
Corporate	195 825	168 934	67.8	114 560	9 165	9 326
Retail	140 791	67 911	74.6	50 659	4 053	3 947
Secured by mortgages on immovable property	153 913	138 845	38.8	53 842	4 307	4 117
Exposures in default	3 986	3 072	132.2	4 061	325	211
Items associated with particular high risk	735	732	150.0	1 099	88	108
Covered bonds	54 010	54 010	10.0	5 401	432	351
Collective investment undertakings	1 553	1 553	35.9	558	45	19
Equity positions	22 957	22 956	233.4	53 585	4 287	4 368
Other assets	29 691	29 691	54.8	16 233	1 299	926
Total credit risk, standardised approach	1 333 752	1 182 498	27.1	320 109	25 609	24 959
Total credit risk	3 567 018	3 151 982	30.7	966 360	77 309	75 403
Settlement risk				0	0	
Market risk						
Position and general risk, debt instruments				8 136	651	687
Position and general risk, equity instruments				757	61	41
Currency risk				0	0	12
Commodity risk				5	0	0
Total market risk				8 899	712	740
Credit value adjustment risk (CVA)				3 500	280	383
Operational risk				121 190	9 695	8 433
Total risk exposure amount				1 099 949	87 995	84 959

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Note G4 Credit risk management

Credit risk, or counterparty risk, is the risk of financial losses due to failure by the Group's customers/counterparties to meet their payment obligations towards DNB. Credit risk refers to all claims against customers/counterparties, mainly loans, but also commitments in the form of other extended credits, guarantees, interest-bearing securities, unutilised credit lines, derivative trading and interbank deposits. Credit risk also includes residual value risk and concentration risk. Residual value risk is the risk that the value of securing an exposure is lower than expected. Concentration risk includes risk associated with large exposures to a single customer or concentration within geographical areas, within industries or relating to homogeneous customer groups.

Credit risk management and measurement is described in detail in the Risk and Capital Management (Pillar 3) report. The Group instructions for credit activities are approved by the Boards of Directors of DNB Bank ASA. The principal objective of credit activity is to ensure that the quality and composition of the loan portfolio provide a good basis for the Group's short and long-term profitability. The quality of the portfolio should be consistent with DNB's aim of maintaining a low risk profile.

The Board of Directors of DNB Bank ASA sets long-term targets for the risk profile through the risk appetite framework. The aim of this framework is to ensure that risk is managed and integrated into the Group's governance processes. The risk appetite framework should provide a holistic and balanced view of the risk in the business operations and defines maximum limits for credit exposure. Limits have been set for annual growth in lending, risk concentrations, total credit risk exposure and predicted expected loss. An upper limit for growth, measured in terms of exposure at default (EAD), is set for each business area. To limit concentration risk, limits are set for exposure relating to individual customers and certain industries. The limit for expected losses applies to all types of credit risk and is measured by means of the Group's internal credit models. The risk appetite framework is operationalised through credit strategies for the individual customer segments. In addition to the risk appetite framework, there are credit strategies for the individual customer segments. Risk should be an integral part of the governance and remuneration system through indicators that operationalize risk limits and strategies, and are followed up by managers individually.

Credit risk exposure

The maximum credit risk exposure will be the carrying amount of financial assets plus off-balance sheet exposure, which mainly includes guarantees, unutilised credit lines and loan offers. The Group's maximum credit risk exposure and related collateral at year end are presented in note G6 Credit risk exposure and collateral.

Classification

DNB's internal models for risk classification of customers are subject to improvement and testing on an ongoing basis. The models are adapted to different industries and segments and are updated if calibrations show that their explanatory power has diminished over time. The internal ratings-based advanced (IRBA) approach is used for most of the customers in the corporate and personal customer portfolios, to which the DNB Group has exposure. The IRBA approach entails that internal models for PD, LGD and EAD are used to estimate the bank's capital requirements. The standardised approach is used for housing cooperatives, newly-founded businesses and exposures in Sbanken.

All corporate customers with granted credit must be classified according to risk in connection with every significant credit approval and, unless otherwise decided, at least once a year. In the personal banking market, where there are a large number of customers, the majority of credit decisions are made on the basis of automated scoring and decision support systems. Risk classifications should reflect long-term risk associated with each customer and the customer's credit commitment.

The risk classification systems are used for decision support, monitoring and reporting. The risk parameters used in the classification systems are an integrated part of the credit process and ongoing risk monitoring, including the follow-up of credit strategies.

Probability of default, PD, is used to measure credit quality. The Group divides its portfolio into ten risk grades. The risk grades are determined based on the 12-month IRB PD for each credit commitment. This is presented in the table below. Credit-impaired exposures (exposures in stage 3) are assigned a PD of 100 per cent. The Group's portfolio divided into risk grades and IFRS 9 stages is presented in note G7 Credit risk exposure per risk grade.

DNB's risk classification[1]

Risk grade	Risk classification	Probability of default (per cent) From	Up to	External rating Moody's	S&P Global
1	Low risk	0.01	0.10	Aaa – A3	AAA – A-
2		0.10	0.25	Baa1 – Baa2	BBB+ – BBB
3		0.25	0.50	Baa3	BBB-
4		0.50	0.75	Ba1	BB+
5	Medium risk	0.75	1.25	Ba2	BB
6		1.25	2.00		
7		2.00	3.00	Ba3	BB-
8	High risk	3.00	5.00	B1	B+
9		5.00	8.00	B2	B
10		8.00	Impaired	B3, Caa/C	B-, CCC/C

1) DNB's risk classification system, where 1 represents the lowest risk and 10 the highest risk.

Note G4 Credit risk management (continued)

Guidelines for credit activity

DNB's guidelines and processes for approving credits are described in the Group instructions for credit activity. The guidelines describe how DNB is to grant and follow up credit exposures in the various segments. Detailed descriptions are given of the assessment of new customers, follow-up of performing credit exposures, customers in financial difficulty and procedures for handling credit-impaired loans. The instructions also provide guidance to make sure that all extension of credit takes into account and supports DNB's Group Sustainability Policy, so as to ensure long-term and sustainable financial value creation and prevent misuse of the financial system for money laundering or terrorist financing purposes.

The granting of credit in DNB is based on authorisation and approval matrices. As a fundamental principle, one person makes a recommendation and another one approves it. The matrices are differentiated on the basis of volume, risk and, if relevant, industry. While only two employees may be involved in recommending and approving a low-risk exposure in the form of a home mortgage, recommendations for large/complex exposures must also be endorsed by a senior credit officer. In addition, advice will be sought from credit committees and the involvement of industry specialists may be required.

A decisive element when granting credit is the customer's debt servicing capacity in the form of incoming future cash flows, such as earned income or income from the business operations which are being financed. The bank seeks to further mitigate the risk of future losses by requiring that collateral is furnished. Collateral can be in the form of physical assets, guarantees, cash deposits or netting agreements. As a rule, physical collateral must be insured. Negative pledges, whereby customers undertake to keep their assets free from encumbrances vis-à-vis other lenders, are also used as a risk-mitigating measure.

In addition to collateral, most corporate credit agreements will include financial covenants, which represent an additional risk-mitigating element to ensure that DNB becomes aware of and involved in any financial challenges at an early stage. Examples of financial covenants are minimum net cash flow and equity ratio requirements.

Sustainability in the credit decisions

Sustainability assessments are integrated into DNB's credit decisions and are managed in accordance with the Group Policy for Risk Management and Group Instructions for Sustainability in Credit Activities. According to the instructions, activities on the part of a borrower that affect ESG risk must be analysed in credit proposals in the same way as other potentially relevant risk drivers. DNB use an internally developed classification tool for assessing companies' ESG risk in the categories low, medium and high. The tool covers four thematic areas: climate, environment, social conditions and corporate governance. Of these, climate risk assessment has been enhanced in 2023. The ESG classification is an important part of the decision-making process for the establishment of new business loans and is assessed on an equal footing with other risk factors. This work uses an ESG score diagram, which is sector-specific, allowing us to address the most significant risks in the different industry segments. In the event of high ESG risk, the credit decision for new customers is escalated to the highest decision level below the Board.

For customers with a total credit exposure of more than NOK 8 million, ESG risk is assessed and commented on in the credit cases. For customers with a total credit exposure of more than NOK 50 million, risk classification must also be performed, using the in-house developed ESG risk assessment tool. Our own ESG assessments are complemented by third-party ESG analyses. The ESG classification is actively used in dialogue with the customer.

In 2023, the link between ESG risk and financial risk has been made clear in the credit reporting guidelines. For customers with moderate or high ESG risk, specific comments shall be made on how ESG risk may affect their future debt-servicing capacity in the financial analysis section of the credit documentation. For further information on how DNB works with and assesses ESG risk, see the chapter ESG risk in the Pillar 3 report for 2023, which is published on ir.dnb.no.

Monitoring credit risk

Performing customers

The annually updated risk classification of customers is a complete review of all risks identified by DNB relating to each customer. A new evaluation of all collateral provided is an integral part of the review. The decision-making and authorisation matrices are also to be used in connection with the renewal of all existing credits and thus ensure that personnel with relevant expertise are always involved when considering large and complicated exposures. Performing customers also include customers that have experienced significant increase in credit risk.

Personal customers are followed up through a systematic portfolio management system. Exposures are followed up individually if increased credit risk has been identified.

Watchlist

The watchlist is the Group's primary tool for following up corporate customers when credit risk has increased. If customers breach financial covenants or a loss event has occurred, it will be considered to include the exposure on the watchlist. Loss events include serious financial problems or major changes in market conditions. In addition, it is an integral part of credit activity to consider whether to place high-risk customers (risk grades 8-10) on the watchlist. Customers listed on Watchlist are subject to special monitoring. More frequent, often quarterly, risk assessments are required, including an updated valuation of collateral. In addition, DNB must prepare an action plan to manage the risk situation that has arisen. The particularly close follow-up of customers facing greater challenges is based on the bank's experience that special monitoring both reduces the risk that losses will occur and minimises the losses that actually materialise. Each time watchlisted exposures are reviewed, the need for individual assessment of impairment losses will be performed.

Note G4 Credit risk management (continued)

Forbearance

If a customer gets into financial difficulties, DNB may in some cases grant voluntary concessions in the form of less stringent financial covenants or reduced/deferred interest and instalment payments. Such measures are offered in accordance with the Group's credit guidelines, thus aiming to help customers through a tough financial period when it is expected that they will meet their obligations on a later date. This is part of DNB's strategy to reduce losses.

The DNB Group's total forbearance exposures, in accordance with the definition of forbearance in CRD, are shown in the following table:

Forbearance

	31 December 2023			31 December 2022		
Amounts in NOK million	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total
Gross carrying amount and loan commitments	11 793	10 018	21 811	20 233	13 689	33 922
Expected credit loss	37	2 836	2 874	123	3 143	3 266

Credit-impaired portfolio

In the event of credit impairment, customers are closely monitored. In the bank's experience, other supplementary resources are required during this stage than for performing customers. Customer exposures which fall into this category will either be transferred in their entirety to a separate unit with special expertise, or persons from this unit will join the customer team.

Repossessed companies and assets

In connection with the follow-up of defaulted exposures, DNB will in some cases take over assets provided as collateral for loans and guarantees. All acquired assets are normally followed up by the Group investment unit, whose main target is to secure and recover values for DNB's shareholders through financial restructuring when companies or other assets are repossessed due to default. At the time of acquisition, such assets are valued at their estimated realisable value. Any deviations from the carrying amount of the exposures at the time of acquisition are classified as impairment of loans and guarantees in the income statement. Repossessed assets are recognised in the balance sheet and measured after initial recognition according to the rules that apply for the foreclosed assets.

Counterparty risk for derivatives

DNB enters into derivative transactions on the basis of customer demand and to hedge positions resulting from such activity. In addition, derivatives are used to hedge positions in the trading portfolio and take positions in the interest rate, currency, commodity and equity markets. Derivatives are used to hedge currency and interest rate risk arising in connection with funding and lending. Derivatives are generally traded "over the counter" (OTC), which means that individual contracts are agreed upon by the parties. The credit risk that arises in connection with derivative trading is included in the DNB Group's overall credit risk measurement.

Netting agreements and bilateral guarantee agreements are used as a means of mitigating counterparty risk associated with individual counterparties. These agreements make it possible to net the positive and negative market values linked to contracts with individual counterparties. CSA (Credit Support Annex) agreements are another type of risk-mitigating measure. CSA agreements have been entered into with most major bank counterparties and other financial counterparties, as well as a steadily increasing number of non-financial counterparties. Under these agreements, collateral is posted to reduce counterparty credit risk, and the value of the derivative and the collateral is calculated daily. The collateral posted is most often cash, though other eligible collateral is used as well. The agreements are not normally dependent on the credit quality of the counterparty, but some of them stipulate that the maximum exposure level before collateral is required (the threshold value) will be reduced if the counterparty is downgraded.

The different interest rate products (interest rate swaps and Forward Rate Agreements (FRAs) in currencies) are cleared through clearing houses like LCH SwapClear. DNB's counterparty risk on an individual counterparty is thus transferred to the clearing house. Equity forward contracts, securities loans and currency trading for personal customers are monitored and value changes are evaluated daily and collateral is exchanged under margin agreements.

Note G5 Measurement of expected credit loss

DNB applies a three-stage approach when measuring expected credit loss (ECL) on loans to customers, loan commitments, financial guarantees and other financial instruments subject to the IFRS 9 impairment rules:

- A financial instrument that is not purchased or originated credit impaired at initial recognition, is classified as stage 1 with 12-month ECL.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to stage 2 with lifetime ECL measurement. An increase in credit risk reflects both customer-specific circumstances and developments in relevant macro risk drivers for the segment where the customer belongs. The assessment of what is considered to be a significant increase in credit risk is based on a combination of quantitative and qualitative indicators and backstops.
- If credit risk deteriorates further, and the financial instrument is assessed to be credit impaired, the financial instrument is moved to stage 3 with lifetime ECL measurement. As opposed to stages 1 and 2, the effective interest rate is calculated on amortised cost instead of the gross carrying amount. For definition of credit impaired see further description below.

Note G5 Measurement of expected credit loss (continued)

The expected credit loss measurement is based on the following principles:

- 12-month ECL is measured as an amount equal to the portion of lifetime ECL that results from possible default events within the next 12 months.
- The loss provision for financial assets in stage 1 and stage 2 is calculated as the present value of exposure at default (EAD) multiplied by the probability of default (PD) multiplied by loss given default (LGD), and discounted by using the effective interest rate (EIR). PD, LGD and EAD use the IRB framework as a starting point, but are converted to be point in time and forward-looking as opposed to through the cycle and conservative.
- Past, present and forward-looking information is used to estimate ECL. For this purpose, DNB's loan portfolio is split into 20 segments based on geography and industry. All customers within a segment are exposed to the same risk drivers.
- For credit-impaired financial instruments in stage 3, either individual assessments or model-based calculations are performed for ECL, depending on portfolio.
- For stage 1 and 2, a model is used to calculate ECL.

Key components for the ECL measurement, summarised

IFRS 9 stage	Credit risk development	Customer status	ECL measurement	ECL measurement method	Effective interest calculation
Stage 1	No significant increase	Performing	12-month	ECL model	Gross carrying amount
Stage 2	Significant increase	Performing	Lifetime	ECL model	Gross carrying amount
Stage 3	Defaulted	Credit impaired	Lifetime	Individual measurement per customer / ECL model	Amortised cost

Measurement of expected credit loss in ECL model

The model follows five steps: segmentation, determination of macro scenarios, determination of credit cycle index, calculation of ECL and staging. In the following each step will be described in more detail.

Segmentation, macro scenarios and credit cycle index

The assessment of the significant increase in credit risk and the calculation of ECL incorporate past, present and forward-looking information.

In order to reflect the effect of macro drivers in a reasonable and supportable manner DNB's portfolio has been divided into 20 segments with shared credit risk characteristics. The segmentation is based on industry and geographical location, but about half of the industry segments are exposed to global markets and are influenced by global risk drivers.

Based on a statistical regression analysis, key risk drivers impacting PD are identified for the different segments. The assessments used to select the different risk drivers have been based on several criteria; the statistical model's explanatory power, a qualitative reasonableness check (e.g. if it makes sense to include the risk driver) and an aim not to have too many factors as this would unnecessarily increase the complexity. Relevant macro drivers are shown in the table below. Their impact on ECL will vary by financial instrument. Forecasts of each of the relevant risk drivers (the base economic scenario) are primarily prepared on a quarterly basis and provide the best estimate of developments in the risk drivers for the forecast period. The forecast periods incorporated in the segments vary between three and four years, and forecasts are prepared for each year in the forecast period. Macro forecasts are usually obtained from DNB Markets and supplementary internal sources and are benchmarked against various external sources.

The macro forecasts are incorporated in the credit cycle index (CCI). The CCI shows the relationship between the historically observed defaults and relevant macro factors established from statistical regression analysis. The position on the index indicates whether the current state of the economy for a given segment is better or worse than normal, and the forecasts are used to project the development of the index in the forecast period. After the forecast period, the CCI is assumed to be mean reverting. This means that the credit cycle for each segment returns to a normal state (long-term mean).

The CCI is further used to generate a base line PD curve for each instrument that follows the development of the CCI. When the CCI moves towards better times, the PD will everything else equal be reduced and vice versa.

Expert credit judgement

The assessment of the macro prognoses and the impact on the forecasted credit cycle index (CCI) are key judgments, and DNB has established an advisory forum for the Group's Chief Financial Officer to address the judgements. The forum's purpose is to assess whether the predicted CCI for each segment reflects the management's view on the expected future economic development. When the projections of the credit cycle do not represent the management's view of the expected business-related and financial impacts, professional judgement has been applied to ensure that the management's view is better reflected in the CCI used.

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Note G5 Measurement of expected credit loss (continued)

The Real estate segments are considered to be affected by considerable uncertainty relating to macroeconomic developments. It was the ECL forum's assessment that the expected effects on the economy, especially from price and interest rate developments, are not fully reflected in the ECL model. Therefore, a model adjustment was carried out, which led to an increase in the ECL of NOK 223 million, as at 31 December 2023.

Multiple scenarios

In order to capture the non-linear relationship between negative credit risk development and ECL, multiple scenarios are incorporated when determining significant increase in credit risk and measuring ECL. DNB use the base scenario for each risk driver as a starting point when deriving CCI and PD curves as described above. Alternative scenarios are translated into alternative paths of a probability fan around the baseline. This method means that each scenario represents one percentile on a probability fan with each percentile representing a possible development in credit risk depending on the macroeconomic development.

The width of the fan for the individual segment is determined by the past volatility in the correlation between developments in the risk drivers and developments in credit risk and ECL. This results in a correlation where the higher the volatility in a segment resulting from changes in the risk drivers, the larger the gap between the baseline and the outer percentiles of the fan.

Sensitivity

To calculate model-based expected credit losses, DNB uses a range of macroeconomic variables where each variable is given several alternative scenarios of probability.

Macroeconomic variables are interrelated in that changes in a forecast in one variable will most likely affect forecasts in the other variables. Furthermore, a weakening of the macro forecasts would normally imply more customers migrating from stages 1 and 2 to stages 2 and 3. Comparative sensitivity analyses for each macroeconomic variable, will therefore, in isolation, not provide relevant sensitivity information.

DNB has simulated an alternative adverse scenario for relevant macro forecasts. The scenario represents a possible downside compared with the scenario used for calculating the ECL recognised in the financial statements. Each macroeconomic variable is given alternative weaker expectations for each period in the forecast period. The table below shows the average change in the macro variables in the alternative scenario compared with the base scenario in the forecast period, in per cent. In the simulated alternative scenario, the ECL would increase by approximately 17 per cent compared with the model based ECL that is recognised in the financial statements at 31 December 2023.

The following table shows selected base case macroeconomic variables for the period 2023 to 2025 used in DNB's model to calculate the ECL recognised in the financial statements compared with the base case in the alternative scenario. Each variable represents an annual estimate.

Selected base case macroeconomic variables used for calculating the ECL recognised in the financial statements and the alternative scenario

	Base case financial statements			Base case alternative scenario		
Per cent	2023	2024	2025	2023	2024	2025
Global GDP, year-to-year growth	2.9	2.8	3.0	2.9	1.8	2.0
Emerging countries' GDP, year-to-year growth	4.0	3.8	3.9	4.0	2.8	2.9
Swedish GDP, year-to-year growth	(0.5)	0.6	1.3	(0.5)	(0.4)	(0.2)
Oil price, USD per barrel	84	90	90	84	100	95
Norwegian house price index, year-to-year growth	(0.5)	(0.6)	4.7	(0.5)	(8.0)	(8.0)
Norwegian registered unemployment rate	1.8	2.4	2.8	1.9	2.8	3.2
NIBOR 3-month interest rate	4.2	4.9	4.0	4.1	5.5	4.1

Note G5 Measurement of expected credit loss (continued)

The following table provides an overview of the macro forecasts that are included in the loan loss model. The table includes the average downside that is imposed on each macro variable in the alternative scenario.

Change from the average base case level used for calculating the ECL recognised in the financial statements, to the average base case level used in the alternative scenario

	Change (0 8)
Global GDP (percentage points)	
Emerging countries' GDP (percentage points)	(0 8)
Oil price (per cent)	4 2
Norwegian mainland GDP (percentage points)	(0 6)
Norwegian consumer price index (percentage points)	0 9
Norwegian house price index (percentage points)	(5 9)
Norwegian registered unemployment rate (percentage points)	0 4
NIBOR 3-month interest rate (percentage points)	0 7
STIBOR 3-month interest rate (per cent)	0 3
Swedish GDP (percentage points)	(0 9)
Norwegian commercial real estate rental price (per cent)	(15 6)
Salmon price (per cent)	(39 7)
Fixed tax spot rate (per cent)	(30 7)
Rig utilisation rate (per cent)	(22 3)
Very large crude carriers spot rate (per cent)	(46 1)
Capesize spot rate (per cent)	(16 2)
Very large gas carrier spot rate (per cent)	(58 4)

One of the most significant model-based exposures is lending to personal customers. The lending includes mortgage lending, credit card and consumer financing. In addition to specific customer attributes, the portfolio's ECL is forecasted based on the Norwegian house price index, the Norwegian interest rate, household debt level and the unemployment rate. In the simulated alternative scenario, where all of these input parameters cause more adverse projections, the ECL would increase by approximately 32 per cent for the personal customer portfolio compared with the ECL measured at 31 December 2023 for the same portfolio.

DNB has furthermore investigated the effect of non-linearity in the ECL for stage 1 and stage 2. If the base scenario alone is used to calculate expected credit losses, thereby excluding the tail that represents the range of alternative scenarios, the ECL at 31 December 2023 would decrease by 2 per cent.

Calculation of ECL

The determination of a significant increase in credit risk and the measurement of ECL are based on parameters already used in credit risk management and for capital adequacy calculations: PD, LGD and EAD. The parameters have been adjusted in order to give an unbiased estimate of ECL.

Probability of default (PD)

DNB applies a range of different models to determine a customer's PD. The choice of model depends on whether it is a personal or corporate customer and on which industry the customer operates in. The development in the customer's PD is a key component in DNB's monitoring of credit risk in the portfolio, see note G4 Credit risk management, and an adjusted IRB PD is used both in calculating the ECL and in assessing whether a significant increase in credit risk has occurred since initial recognition. For determining PD in capital adequacy calculations, DNB has been granted permission to use the IRB approach. These models are conservative and only reflect a limited degree of cyclicality. For the ECL measurement, there is a need to generate a PD which is forward-looking and reflects all available relevant information.

This is necessary in order to provide an unbiased probability-weighted estimate of ECL. In order to apply PDs for ECL measurement, four modifications have been made to the PDs generated using the IRB approach:

- incorporation of macroeconomic scenarios
- conversion to an unbiased, forward-looking PD
- conversion of 12-month PD to lifetime PD
- removal of margin of conservatism in the PD estimate

These modifications imply that the PD used for the ECL measurement reflects management's current view of expected cyclical changes and that all PD estimates are unbiased.

Two types of PDs (IFRS modified) are generated and used in the ECL calculation:

- A 12 month PD is the probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate the 12-month ECL.
- A lifetime PD is the annualised probability of a default occurring over the remaining life of the financial instrument. This is used to evaluate if there has been a significant increase in credit risk since initial recognition and to calculate lifetime ECL.

Note G5 Measurement of expected credit loss (continued)

Loss given default (LGD)

LGD represents the percentage of EAD which the Group expects to lose if customers fail to meet their obligations, taking the collateral provided by the customer, future cash flows and other relevant factors into consideration.

Similar to PDs, DNB uses IRB LGDs for capital adequacy calculations. In order to convert the IRB LGDs to IFRS LGDs four modifications have been made:

- incorporation of macroeconomic scenarios
- use of the effective interest rate to discount future estimated cash flows
- removal of the margin of conservatism to produce unbiased projections rather than downturn projections, and to exclude regulatory floors
- removal of the estimated indirect costs of realising collateral

These modifications imply that the LGDs used for the ECL measurement should reflect management's current view of the cyclical changes and that all LGD estimates are unbiased.

Exposure at default (EAD)

EAD is the share of the approved credit that is expected to be drawn at the time of any future default. The EAD is adjusted to reflect contractual payments of principal, interest and estimated early repayment. The proportion of undrawn commitments expected to be drawn at the time of default is reflected in the EAD by using a credit conversion factor.

Significant increase in credit risk (staging)

The assessment of a significant increase in credit risk is based on a combination of quantitative and qualitative indicators and back stops. A significant increase in credit risk has occurred when one or more of the criteria below are met.

Quantitative criteria

A significant increase in credit risk is determined by comparing the remaining lifetime PD for an instrument at the reporting date, as expected at initial recognition, with the actual lifetime PD at the reporting date. If the actual lifetime PD is higher than what it was expected to be, an assessment is made of whether the increase is significant.

An increase in lifetime PD with a factor of 2.5 or more from initial recognition is assessed to be a significant increase in credit risk. This threshold is based on an assessment of the increase in credit risk that would lead to closer customer follow-up in order to ensure that proper credit risk management and business decisions are made.

Further, the change in PD must be a minimum of 0.6 percentage points for the deterioration in credit risk to be considered to be significant. In the high end of the risk scale a change of 7.5 percentage points or more is considered to be a significant deterioration in credit risk even if this is less than a change of 2.5 times lifetime PD. These limits reflect the high sensitivity to change in the low end of the risk scale and the low sensitivity to change in the high end of the scale.

As part of DNB's credit risk management policy, the group applies a risk scale where all customers and instruments are rated on a coherent scale meaning that a risk grade has the same explanatory power independent of segment, geography and product. DNB therefore uses a common threshold for all financial instruments with respect to what constitute a significant increase in credit risk. For further information about DNB's risk scale and classification see note G4 Credit risk management.

The extension or deferral of payments to a borrower does not automatically result in an instrument being considered to have a significantly increased credit risk. Careful consideration is given to whether the credit risk has significantly increased, and the borrower is unlikely to restore their creditworthiness and consequently is granted forbearance, or whether the borrower is only experiencing a temporary liquidity constraint. On a general level, a change in the macroeconomic outlook will influence the assessment of a significant increase in customers' credit risk, as this will affect the overall view of the economic situation for the relevant segment.

Qualitative criteria

Qualitative information is normally reflected in the respective PD models for each group of customers.

Back stop

Back stops are used and a significant increase in credit risk has occurred if:

- the customer's contractual payments are 30 days past due
- the customer has been granted forbearance measures due to financial distress

Sensitivity

DNB has performed a sensitivity analysis on the threshold of the significant increase in credit risk used to measure ECL in stages 1 and 2. If a threshold of 1.5 times lifetime PD is used for determining the significant increase in credit risk, as an alternative to the 2.5 threshold, more exposures would migrate from stage 1 to stage 2 and the ECL in stage 1 and 2 would increase by 3 per cent compared with the ECL measured at year-end 2023. If a threshold of 3.5 times lifetime PD is used instead, the ECL would decrease by 2 per cent compared with the ECL measured at year-end 2023.

Note G5 Measurement of expected credit loss (continued)

Definition of default and credit impaired exposures in stage 3

The definition of credit impaired is fully aligned with the regulatory definition of default.

A financial instrument is defined to be in default if a claim is more than 90 days overdue, the overdue amount exceeds NOK 2 000 and more than 1 per cent of the debtor's commitment, and the default is not due to delays or accidental circumstances on the part of the debtor.

A commitment is also defined to be in default if DNB:

- significantly writes down the commitment as a result of a weakening of the debtor's creditworthiness
- agrees to changes in the terms and conditions because the debtor is having problems meeting payment obligations, and this is assumed to significantly reduce the value of the cash flow
- sells debt for an amount that is significantly lower than the nominal value as a result of an impairment of the debtor's creditworthiness
- has reasons to assume that the debtor will be subject to debt settlement or bankruptcy/involuntary liquidation proceedings, or be placed in receivership
- has other reasons to assume that the payment obligation will not be met

A commitment is defined to represent anticipated default if it is considered likely that the customer, based on its regular business activities, does not have debt payment ability for its total obligations (unlikeliness to pay).

When an incidence of default has occurred, the customer must be deemed to be in default for a period of 3 or 12 months after the circumstance that triggered the incidence of default has ceased to apply.

Measurement of expected credit loss for credit-impaired financial instruments

When a customer becomes credit-impaired (stage 3), the probability of default is set to 100 per cent. In DNB, the main principle is that expected credit loss (ECL) for credit-impaired financial instruments is calculated individually for each customer and without the use of a model. For the portfolio of small and medium-sized enterprises with commitments of less than NOK 50 million, the ECL is, as a general rule, calculated using a model. The ECL for stage 3 exposures in the Sbanken portfolio is calculated using a model.

The individual ECL provision is estimated 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 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. If the exposure is collateralised, the value of the collateral in a going concern scenario is included in the estimated future cash flows regardless of whether foreclosure is probable or not.

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 in general, 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 in this scenario?

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 scenario weights must always be 100 per cent. If a scenario is highly unlikely, the probability can be set to zero.

The ECL within the restructuring scenario will be dependent on the discounted present value of the customer's expected future cash flows, as well as on the expected debt level that may be agreed upon with the stakeholders in a restructuring. The ECL in the liquidation scenario will be dependent on the expected realisation value of collateral given a sale of assets for example as part of a bankruptcy or orderly liquidation process.

As at 31 December 2022, a model-based calculation of the ECL for small and medium-sized corporate customers in stage 3 with commitments of less than NOK 50 million was implemented. There is still an option to measure the ECL by individual calculation, in which case this is done on a customer-by-customer basis. The ECL model for stage 3 exposures is based on the same principles as the ECL model for stage 1 and 2 exposures. However, the ECL model for stage 3 exposures determines a recovery rate, and based on the probability of the commitment not recovering from stage 3, calculates a stage 3 ECL. The ECL is estimated on the basis of a collateral index and forward-looking macro prognoses. Collateral is grouped into commercial real estate, private homes and other collateral based on the relevant exposure.

For credit-impaired personal customers with commitments of more than NOK 5 million, an individual assessment of collateral and debt servicing capability is done to determine the ECL. For credit-impaired personal customers with commitments of less than NOK 5 million, a portfolio approach is used to estimate the ECL. The estimate is calculated using a discounted expected collateral value that provides expected recovery rates for a representative sample of customers in default. The expected recovery rates are then applied to customers with similar characteristics to the customers in the sample.

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Note G5 Measurement of expected credit loss (continued)

Sensitivity

DNB has performed a sensitivity analysis on the engagements with the largest ECL in stage 3. If the weight of probability placed on the most adverse scenario increased by 10 per cent, the value of the stage 3 ECL would increase by 5 per cent.

DNB's write-off policy

DNB writes off and thereby reduces the carrying amount of a financial asset when there is no reasonable expectation of recovery. This might for example be the case when a court of law has reached a final decision, a decision has been made to forgive the debt, or a scheme of composition has been confirmed. Write-off can relate to the entire asset or a portion of the asset and can constitute a derecognition event. DNB maintains the legal claim towards the customer even though a write-off has been recognised. For corporate customers, there is a difference between internal write-offs and debt forgiveness. In the latter, DNB does not maintain a legal claim.

Measurement uncertainty

The measurement of the expected credit loss involves increased complexity, and management must apply its professional judgement for many of the key assumptions used as input in the measurement. For stage 1 and 2, estimation uncertainty in the ECL calculation relates to the determination of PD, LGD and EAD. This is both in terms of using historic data in the development and calibration of models and the judgement performed in relation to setting these parameters as part of the credit process. Furthermore, the determination of how to do the segmentation of the loan portfolio, the identification of relevant risk drivers for each segment and the forecasts for each of the risk drivers also create estimation uncertainty.

Other areas with significant estimation uncertainty are the creation of multiple future economic scenarios, estimation of expected lifetime, assessment of significant increases in credit risk and determination of whether the criterions for default are satisfied.

For exposures in stage 3 where ECL is measured individually per customer, significant judgement is applied when determining assumptions used as input for the customer's future cash flow and assumptions related to valuation of collateral, including the point in time when collateral is potentially taken over.

Sensitivities are disclosed separately above.

Note G6 Credit risk exposure and collateral

The table under includes on and off-balance sheet items which entail credit risk and the assessed value of related collateral. If available, fair values are used. In general, fair values are estimated according to different techniques depending on the type of collateral. With respect to properties, models estimating the value of collateral based on market parameters for similar properties, are used. Corresponding techniques are used for other non-financial collateral. In order to reflect the effective available collateral value, the fair value of collateral included in the table is limited to the maximum credit exposure of the individual loan or exposure.

Other collateral includes the assessed fair value of movables, sureties, ships and cash as well as other credit enhancements, such as netting agreements and guarantees received.

Credit risk exposure and collateral as at 31 December 2023

Amounts in NOK million	Maximum exposure to credit risk	Secured by real estate	Collateralised by securities	Other collateral	Total collateral	Net exposure to credit risk
Deposits with central banks	331 099					331 099
Due from credit institutions	94 259		113 134	2	113 135	(18 876)
Loans to customers	1 997 363	1 238 010	184 948	255 909	1 677 868	319 496
Commercial paper and bonds	369 464					369 464
Financial derivatives	178 263		70	94 729	94 800	83 463
Other assets	16 360					16 360
Total maximum exposure to credit risk reflected on the balance sheet	3 186 808	1 238 010	297 552	350 240	1 885 803	1 301 005
Guarantees	9 795	8		4 701	4 709	5 087
Undrawn credit lines and loan offers	705 535	174 445	159	106 148	280 751	424 874
Other commitments	119 669	4 311		15 242	19 553	100 117
Total maximum exposure to credit risk not reflected on the balance sheet	835 100	178 764	159	126 090	305 022	530 077
Total	4 021 908	1 416 774	297 711	476 331	2 190 825	1 831 082
Of which subject to expected credit loss:						
Deposits with central banks	331 099					331 099
Due from credit institutions	94 259			2	2	94 258
Loans to customers	1 955 264	1 197 042	92 228	255 461	1 544 731	410 532
Commercial paper and bonds	211 870					211 870
Total maximum exposure to credit risk reflected on the balance sheet	2 592 492	1 197 042	92 228	255 463	1 544 733	1 047 759
Guarantees	9 795	8		4 701	4 709	5 087
Undrawn credit lines and loan offers	705 535	174 440	159	106 147	280 746	424 879
Other commitments	119 669	4 311		15 242	19 553	100 117
Total maximum exposure to credit risk not reflected on the balance sheet	835 760	178 759	159	126 089	305 017	530 083
Total	3 427 592	1 375 801	92 387	381 552	1 849 750	1 577 842
Of which stage 3:						
Loans to customers	20 022	9 772		8 049	17 821	2 201
Total maximum exposure to credit risk reflected on the balance sheet	20 022	9 772		8 049	17 821	2 201
Guarantees	856			856	856	0
Undrawn credit lines and loan offers	1 479	248		185	434	995
Other commitments	602	91		108	199	403
Total maximum exposure to credit risk not reflected on the balance sheet	2 886	340		1 149	1 489	1 398
Total	22 909	10 112		9 198	19 310	3 599

Financial assets of NOK 2.6 billion in stage 3 has no credit loss due to collateralisation

Note G6 Credit risk exposure and collateral (continued)

Comments to the main items as at 31 December 2023

- *Deposits with central banks*: DNB engages only in short-term transactions with central banks, mainly in OECD countries.
- *Loans to customers*: See further description under "Guidelines for credit activity" in note G4 Credit risk management.
- *Commercial paper and bonds*: The Group's investments in commercial paper and bonds, are within market risk limits approved by the Board of Directors.
- *Financial derivatives*: Other collateral represents netting opportunities against other outstanding balances with customers and cash collateral received.
- *Guarantees*: See further description under "Guidelines for credit activity" in note G4 Credit risk management.
- *Unutilised credit lines and loan offers*: Offers of loans, credits and credit lines totalling NOK 108 519 million were included in the maximum credit exposure. No formal collateral has been established for such exposure, and the assessed value is not included in the table. Collateral is established once the offers are accepted by the customers. The assessment of the value of any collateral established in connection with such offers follows the procedure and criteria described under "Guidelines for credit activity" in note G4 Credit risk management.

Credit risk exposure and collateral as at 31 December 2022

Amounts in NOK million	Maximum exposure to credit risk	Secured by real estate	Collateralised by securities	Other collateral	Total collateral	Net exposure to credit risk
Deposits with central banks	309 661		9 470		9 470	300 191
Due from credit institutions	20 559		11 732	2	11 734	8 825
Loans to customers	1 961 464	1 132 946	166 141	285 991	1 585 078	396 385
Commercial paper and bonds	485 440					485 440
Financial derivatives	185 687		163	101 342	101 505	84 182
Other assets	29 487					29 487
Total maximum exposure to credit risk reflected on the balance sheet	2 592 298	1 132 946	187 507	387 335	1 687 787	1 304 511
Guarantees	10 772	15		5 103	5 118	5 654
Undrawn credit lines and loan offers	646 179	161 295		99 369	260 664	385 516
Other commitments	106 763	5 568		15 841	21 408	85 355
Total maximum exposure to credit risk not reflected on the balance sheet	763 714	166 877		120 313	287 189	476 525
Total	3 756 013	1 299 823	187 507	487 648	1 974 977	1 781 036
Of which subject to expected credit loss						
Deposits with central banks	309 661					309 661
Due from credit institutions	20 559			2	2	20 557
Loans to customers	1 912 358	1 097 549	75 489	265 949	1 438 985	478 373
Commercial paper and bonds	162 983					162 983
Total maximum exposure to credit risk reflected on the balance sheet	2 405 562	1 097 549	75 489	265 949	1 438 987	971 575
Guarantees	10 772	15		5 103	5 118	5 654
Undrawn credit lines and loan offers	646 179	161 290		99 347	260 637	385 542
Other commitments	106 763	5 568		15 841	21 408	85 355
Total maximum exposure to credit risk not reflected on the balance sheet	763 714	166 872		120 291	287 163	476 551
Total	3 169 276	1 264 421	75 489	386 241	1 726 150	1 447 126
Of which stage 3						
Loans to customers	20 955	5 679	1 750	13 442	20 871	83
Total maximum exposure to credit risk reflected on the balance sheet	20 955	5 679	1 750	13 442	20 871	83
Guarantees	1 539			1 259	1 259	280
Undrawn credit lines and loan offers	659	232		149	381	277
Other commitments	793	45		592	635	158
Total maximum exposure to credit risk not reflected on the balance sheet	2 990	277		1 998	2 275	715
Total	23 945	5 957	1 750	15 440	23 147	798

1) NOK 75 billion has been reclassified from other collateral to collateralised by securities

Financial assets of NOK 2.1 billion in stage 3 has no credit loss due to collateralisation

Note G7 Credit risk exposure by risk grade

In the tables below, all loans to customers and financial commitments to customers are presented by risk grade. The division between risk classes is based on an IRB probability of default (PD) as shown in the table DNB's risk classification in note G5. See also the section Probability of default (PD) in note G6 for a description of the correlation between IRB PD and IFRS PD. The amounts are based on the gross carrying amount and the maximum exposure before adjustments for impairments.

Loans as at 31 December 2023

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Risk grade based on probability of default					
1 - 4	1 444 392	16 516		34 217	1 495 125
5 - 7	319 270	96 620		7 480	423 371
8 - 10	27 688	32 270		335	60 293
Credit impaired			26 283	67	26 351
Total	1 791 350	145 406	26 283	42 099	2 005 139

Loans as at 31 December 2022

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Risk grade based on probability of default					
1 - 4	1 400 212	23 575		40 381	1 464 168
5 - 7	324 515	64 544		8 291	417 450
8 - 10	25 734	34 155		364	60 252
Credit impaired			27 498	69	27 568
Total	1 750 560	142 273	27 498	49 105	1 969 436

Financial commitments as at 31 December 2023

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Risk grade based on probability of default				
1 - 4	632 500	6 755		639 255
5 - 7	107 058	23 731		130 789
8 - 10	7 729	8 020		15 749
Credit impaired			3 091	3 091
Total	747 287	38 506	3 091	788 885

Financial commitments as at 31 December 2022

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Risk grade based on probability of default				
1 - 4	587 847	7 157		595 004
5 - 7	89 979	18 529		108 508
8 - 10	8 296	10 442		18 737
Credit impaired			3 194	3 194
Total	686 122	36 127	3 194	725 444

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Note G8 Impairment of financial instruments

	2023				2022			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Originated and purchased	(7)	(12)	(36)	(55)	(3)	(14)	(7)	(24)
Increased expected credit loss	(641)	(1 268)	(4 773)	(6 682)	(664)	(1 106)	(3 497)	(5 266)
Decreased expected credit loss	482	1 162	3 634	5 279	566	1 179	3 863	5 608
Derecognition	33	55	254	342	84	97	274	454
Write-offs		(1)	(1 120)	(1 121)			(627)	(627)
Recoveries on loans previously written off			260	260			127	127
Other[1]	(402)	(263)	(5)	(671)				
Total impairment	(536)	(328)	(1 785)	(2 649)	(18)	158	132	272

1) *The impairment of financial instruments include impairment provisions relating to the legacy portfolio in Poland of NOK 671 million. See note G30 Contingencies.*

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity, were NOK 92 million as at 31 December 2023 (NOK 52 million as at 31 December 2022).

Note G9 Development in gross carrying amount and maximum exposure

The following tables reconcile the opening and closing balances for gross carrying amount and the maximum exposure for loans to customers at amortised cost and financial commitments. Maximum exposure to credit risk is the gross carrying amount of loans to customers plus off-balance exposure, which mainly includes guarantees, unutilised credit lines and loan offers. Reconciling items include the following:

- Transfers between stages due to significant changes in credit risk
- Changes due to the derecognition of loans and financial commitments during the period
- Changes due to the origination of new financial instruments during the period
- Exchange rate effect from consolidation and other changes affecting the gross carrying amount and maximum exposure

Loans to customers at amortised cost

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	**1 556 150**	**112 039**	**30 453**	**1 708 702**
Transfer to stage 1	94 565	(89 918)	(4 647)	
Transfer to stage 2	(155 296)	158 089	(2 792)	
Transfer to stage 3	(3 190)	(5 190)	8 380	
Originated and purchased	305 974	8 247	2 897	317 121
Derecognition	(336 825)	(45 214)	(7 581)	(389 620)
Acquisition of Sbanken	72 255	3 309	826	81 390
Exchange rate movements	18 833	851	53	19 737
Other				
Gross carrying amount as at 31 December 2022	**1 750 360**	**142 273**	**27 499**	**1 920 133**
Transfer to stage 1	98 765	(95 121)	(3 644)	
Transfer to stage 2	(146 983)	151 640	(4 657)	
Transfer to stage 3	(5 174)	(8 846)	14 020	
Originated and purchased	459 375	10 524	2 735	472 634
Derecognition	(377 292)	(55 901)	(9 891)	(443 084)
Acquisition of Sbanken				
Exchange rate movements	12 424	1 166	232	13 823
Other	(326)	(329)	(10)	(665)
Gross carrying amount as at 31 December 2023	**1 791 350**	**145 406**	**26 283**	**1 963 040**

1) The reduction of the gross carrying value is related to a legacy foreign currency portfolio in Poland. See note G50 Contingencies.

Financial commitments

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Maximum exposure as at 1 January 2022	**702 470**	**30 084**	**5 330**	**737 884**
Transfer to stage 1	25 758	(23 939)	(1 818)	
Transfer to stage 2	(38 435)	38 554	(117)	
Transfer to stage 3	(638)	(349)	988	
Originated and purchased	382 671	2 057	1 283	386 011
Derecognition	(419 048)	(10 664)	(2 466)	(432 780)
Acquisition of Sbanken	28 435			28 435
Exchange rate movements	5 510	414	(1)	5 924
Other				
Maximum exposure as at 31 December 2022	**686 122**	**36 127**	**3 194**	**725 444**
Transfer to stage 1	21 467	(20 835)	(631)	
Transfer to stage 2	(31 434)	31 560	(126)	
Transfer to stage 3	(606)	(1 933)	2 539	
Originated and purchased	425 524	3 608	88	429 219
Derecognition	(462 389)	(10 246)	(2 063)	(474 697)
Acquisition of Sbanken				
Exchange rate movements	8 683	235	1	8 919
Other				
Maximum exposure as at 31 December 2023	**747 287**	**38 506**	**3 091**	**788 885**

Note G10 Development in accumulated impairment of financial instruments

The following tables reconcile the opening and closing balances for accumulated impairment of loans to customers at amortised cost and financial commitments. Reconciling items includes the following:

- Transfers between stages due to significant changes in credit risk. The transfers are presumed to occur before the subsequent remeasurement of the allowance
- Changes due to transfers between 12-month expected credit loss in stage 1 and lifetime expected credit loss in stages 2 and 3
- Changes in allowance due to the origination of new financial instruments during the period
- Increases and decreases in expected credit loss resulting from changes in input parameters and assumptions, including macro forecasts, as well as the effect of partial repayments on existing facilities and the unwinding of the time value of discounts due to the passage of time
- Changes in allowance due to the derecognition of financial instruments during the period
- Write-offs, exchange rate effect from consolidation and other changes affecting the expected credit loss

Loans to customers at amortised cost

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 1 January 2022	**(633)**	**(749)**	**(8 700)**	**(9 982)**
Transfer to stage 1	(289)	248	21	
Transfer to stage 2	89	(114)	25	
Transfer to stage 3	3	27	(30)	
Originated and purchased	(230)	(136)	(4)	(370)
Increased expected credit loss	(443)	(646)	(3 838)	(4 928)
Decreased (reversed) expected credit loss	672	536	2 871	4 079
Write-offs			2 943	2 943
Derecognition	87	315	316	718
Acquisition of Sbanken	(9)	(44)	(275)	(328)
Exchange rate movements	(3)	(17)	(33)	(54)
Accumulated impairment as at 31 December 2022	**(637)**	**(793)**	**(8 544)**	**(7 974)**
Transfer to stage 1	(354)	262	92	
Transfer to stage 2	91	(116)	26	
Transfer to stage 3	7	51	(58)	
Originated and purchased	(237)	(50)	(1)	(288)
Increased expected credit loss	(374)	(864)	(4 892)	(6 150)
Decreased (reversed) expected credit loss	799	488	3 299	4 586
Write-offs			1 556	1 556
Derecognition	31	217	297	546
Acquisition of Sbanken				
Exchange rate movements	(6)	(10)	(35)	(51)
Accumulated impairment as at 31 December 2023	**(680)**	**(834)**	**(6 251)**	**(7 775)**

Note G10 Development in accumulated impairment of financial instruments (continued)

Financial commitments

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 1 January 2022	(211)	(330)	(669)	(1 209)
Transfer to stage 1	(125)	119	7	
Transfer to stage 2	29	(30)	1	
Transfer to stage 3		4	(5)	
Originated and purchased	(147)	(76)		(223)
Increased expected credit loss	(64)	(158)	(22)	(244)
Decreased (reversed) expected credit loss	317	171	476	965
Derecognition	10	114	9	134
Acquisition of Sbanken	(2)	(2)	(1)	(6)
Exchange rate movements	(2)	(8)		(10)
Accumulated impairment as at 31 December 2022	(194)	(195)	(204)	(593)
Transfer to stage 1	(113)	111	2	
Transfer to stage 2	22	(25)	3	
Transfer to stage 3	1	14	(14)	
Originated and purchased	(209)	(110)		(319)
Increased expected credit loss	(58)	(202)	(110)	(370)
Decreased (reversed) expected credit loss	315	82	113	510
Derecognition	1	99	6	106
Acquisition of Sbanken				
Exchange rate movements	(2)	(1)		(3)
Accumulated impairment as at 31 December 2023	(245)	(228)	(205)	(679)

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

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Note G11 Loans and financial commitments to customers by industry segment

Loans to customers as at 31 December 2023

Amounts in NOK million	Gross carrying amount	Accumulated impairment Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	107 209	(20)	(18)	(46)		107 125
Commercial real estate	234 327	(183)	(71)	(572)	76	233 598
Shipping	33 972	(17)	(1)	(206)		33 749
Oil, gas and offshore	32 931	(6)	(4)	(1 099)		31 820
Power and renewables	59 955	(25)	(17)	(756)		59 556
Healthcare	30 411	(9)	(6)	(12)		30 384
Public sector	1 820	(0)	(0)	(0)		1 820
Fishing, fish farming and farming	77 590	(13)	(46)	(120)	87	77 498
Retail industries	52 363	(40)	(165)	(395)	1	51 824
Manufacturing	45 632	(33)	(37)	(156)		45 406
Technology, media and telecom	31 316	(11)	(9)	(315)	1	30 981
Services	85 517	(84)	(139)	(427)	16	84 882
Residential property	127 397	(70)	(29)	(387)	269	127 179
Personal customers	972 110	(110)	(210)	(553)	41 635	1 012 862
Other corporate customers	71 081	(76)	(142)	[1 197]	12	69 677
Total[1]	1 963 040	(680)	(834)	(6 251)	42 099	1 997 364

1) *Of which NOK 66 698 million in repo trading volumes*

Loans to customers as at 31 December 2022

Amounts in NOK million	Gross carrying amount	Accumulated impairment Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	92 789	(21)	(15)	(71)		92 681
Commercial real estate	233 467	(133)	(57)	(390)	95	232 966
Shipping	36 537	(27)	(1)	(189)		36 321
Oil, gas and offshore	41 849	(10)	(12)	(2 557)		39 270
Power and renewables	52 211	(20)	(12)	(596)		51 583
Healthcare	26 367	(8)	(6)			26 354
Public sector	5 951	(0)	(0)	(0)		5 951
Fishing, fish farming and farming	71 194	(15)	(30)	(133)	95	71 111
Retail industries	48 280	(39)	(49)	(279)	2	47 926
Manufacturing	43 275	(24)	(33)	(92)		43 126
Technology, media and telecom	29 348	(11)	(5)	(26)	0	29 307
Services	80 434	(70)	(85)	(383)	18	79 913
Residential property	123 528	(54)	(29)	(241)	194	123 498
Personal customers	965 045	(146)	(259)	(888)	48 703	1 012 655
Other corporate customers	59 955	(59)	(191)	(917)	8	58 796
Total[1]	1 920 333	(637)	(793)	(6 544)	49 195	1 961 463

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

Note G11 Loans and financial commitments to customers by industry segment (continued)

Financial commitments as at 31 December 2023

		Accumulated impairment			
Amounts in NOK million	Maximum exposure	Stage 1	Stage 2	Stage 3	Total
Bank, insurance and portfolio management	37 177	(20)	(4)	(0)	37 153
Commercial real estate	29 480	(21)	(2)	(2)	29 455
Shipping	21 452	(7)	(0)		21 445
Oil, gas and offshore	79 394	(10)	(5)	(0)	79 378
Power and renewables	64 615	(20)	(8)		64 587
Healthcare	25 220	(6)	(30)		25 184
Public sector	13 416	(0)	(0)		13 416
Fishing, fish farming and farming	26 280	(4)	(5)	(0)	26 273
Retail industries	37 602	(29)	(42)	(12)	37 519
Manufacturing	59 176	(34)	(15)	(4)	59 122
Technology, media and telecom	36 695	(9)	(5)	(40)	36 641
Services	26 757	(25)	(51)	(9)	26 702
Residential property	25 178	(25)	(9)	(9)	25 135
Personal customers	269 591	(11)	(23)	(3)	269 554
Other corporate customers	34 832	(23)	(24)	(735)	34 644
Total	**788 885**	**(245)**	**(228)**	**(849)**	**789 208**

Financial commitments as at 31 December 2022

		Accumulated impairment			
Amounts in NOK million	Maximum exposure	Stage 1	Stage 2	Stage 3	Total
Bank, insurance and portfolio management	33 334	(9)	(1)	(0)	33 324
Commercial real estate	32 575	(18)	(2)	(2)	32 553
Shipping	9 056	(7)	(0)		9 049
Oil, gas and offshore	58 322	(9)	(14)	(20)	58 278
Power and renewables	53 564	(15)	(11)		53 539
Healthcare	24 648	(5)	(3)		24 640
Public sector	11 960	(0)	(0)		11 960
Fishing, fish farming and farming	24 665	(5)	(2)	(0)	24 658
Retail industries	33 700	(19)	(20)	(9)	33 652
Manufacturing	52 821	(21)	(16)	(2)	52 782
Technology, media and telecom	20 736	(6)	(8)	(1)	20 721
Services	26 753	(24)	(35)	(9)	26 685
Residential property	36 367	(19)	(7)	(7)	36 334
Personal customers	269 806	(9)	(23)	(4)	269 769
Other corporate customers	36 918	(28)	(54)	(150)	36 687
Total	**725 444**	**(194)**	**(195)**	**(204)**	**724 851**

Note G12 Market risk

Market risk is the risk of losses or reduced future income due to fluctuations in market prices or exchange rates. The risk arises as a consequence of the Group's unhedged transactions and exposure to the markets for foreign exchange, property, interest rates, commodities, credit and equity. The risk level is determined by market price volatility and the size of the exposure.

DNB quantifies risk by calculating economic capital for the individual risk categories and for the DNB Group's overall risk. Economic capital for market risk should cover all potential market risk losses at a confidence level of 99.9 per cent for the next 12 months. Exposures included in the model can be either actual exposures or limits.

The economic capital for total market risk in the DNB Group excluding DNB Livsforsikring AS was NOK 9.5 billion at the end of 2023, compared with NOK 10.1 billion at the end of 2022. The reduction is due to lower calculated economic capital for equity investments.

Market risk, excluding strategic ownership, represented 6.5 per cent of total economic capital at year-end 2023, which is within the limit of the Group's risk appetite.

The market risk in DNB Livsforsikring AS is managed separately, see note G42.

Note G13 Interest rate sensitivity

Interest rate sensitivity for different time intervals

The value of items on and off the balance sheet is affected by interest rate movements. The table shows potential losses for DNB Group excluding DNB Livsforsikring AS and DNB Bank Polska S.A resulting from parallel one percentage point changes in all interest rates. The calculations are based on a hypothetical situation where interest rate movements in all currencies are unfavourable for DNB relative to the Group's positions. Also, all interest rate movements within the same interval will be unfavourable for the Group. The figures will thus reflect maximum losses for DNB.

The calculations are based on the Group's positions as at 31 December and market rates on the same date. The table does not include administrative interest rate risk and interest rate risk tied to non-interest-earning assets.

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
31 December 2023						
NOK	682	491	486	1 168	87	53
USD	48	25	13	41	23	78
EUR	106	5	48	17	24	145
GBP	2	1	1	2		6
SEK		5			6	11
Other currencies	12	34	10	10	5	42
31 December 2022						
NOK	491	388	82	27	29	78
USD	30	83	63	21	9	19
EUR	9	109	29	13	29	139
GBP	16	8	3	1	2	27
SEK	19	25	28	2	6	56
Other currencies	3	33	9	4	4	44

The interest rate risk in DNB Livsforsikring AS is dealt with separately, see note G42 Insurance liabilities.

Note G14 Currency positions

The table shows net currency positions as at 31 December, including financial derivatives. Foreign exchange risk related to investments in subsidiaries is included in the currency position by the amount recorded in the accounts.

In DNB Livsforsikring foreign currency exposure arises when the company invests parts of its securities portfolio and property portfolio in the international securities market. Under DNB Livsforsikring's current foreign currency hedging strategy, the total foreign currency exposure is reduced to a minimum.

	DNB Livsforsikring		DNB Group excl. DNB Livsforsikring	
	Net currency positions		Net currency positions	
Amounts in NOK million	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
USD	35	46	1 119	1 359
EUR	89	230	(1)	(1 036)
GBP	17	11	(22)	(40)
SEK	146	101	(237)	(29)
DKK	10	(5)	242	8
CHF	(15)	(5)	(4)	(4)
JPY	10	(10)		(1)
Other	406	500	94	141
Total foreign currencies	701	870	1 192	389

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Note G15 Financial derivatives and hedge accounting

The majority of derivative transactions in DNB relate to transactions with customers, where DNB enables them to transfer, modify, take or reduce prevailing or expected risk. Derivatives are also used to hedge currency and interest rate risk arising in connection with funding and lending. In addition, Markets conducts derivative trading for their own account and also acts as market maker. A market maker is obliged to furnish both offer and bid prices with a maximum differential between offer and bid price, together with a minimum volume. Market makers always trade for their own account.

DNB uses a range of financial derivatives for both trading and hedging purposes. "Over the counter" (OTC) derivatives are contracts entered into outside an exchange, where terms are negotiated directly with the counterparties. OTC derivatives are usually traded under a standardised International Swaps and Derivatives Association (ISDA) master agreement between DNB and its counterparties. Exchange-traded derivatives are derivative contracts with standardised terms for amounts and settlement dates, which are bought and sold on regulated exchanges.

	31 December 2023			31 December 2022		
Amounts in NOK million	Total nominal values	Positive market value	Negative market value	Total nominal values	Positive market value	Negative market value
Derivatives in economic hedges						
Interest rate-related contracts						
Forward rate agreements	1 022 335	2 586	2 427	819 818	2 467	2 121
Swaps	3 805 384	69 960	66 624	3 309 026	62 629	62 667
OTC options	242 324	1 735	1 681	106 245	1 780	1 759
Total interest rate-related contracts	5 069 953	74 280	70 733	4 235 089	66 875	66 547
Foreign exchange-related contracts						
Forward contracts	101 131	7 079	7 701	62 921	7 962	7 923
Swaps	1 559 020	38 616	44 227	1 653 067	24 467	18 591
OTC options	31 406	997	664	26 968	1 632	1 370
Total foreign exchange-related contracts	1 731 556	46 693	52 593	1 742 956	34 061	27 883
Equity-related contracts						
Forward contracts	901	1 103	1 098	1 623	1 125	1 142
Other	2 523	502	371	2 893	468	367
Total OTC derivatives	3 424	1 605	1 468	4 515	1 593	1 509
Futures	2 315	0	0	3 631	0	0
Other	1 835	31	35	2 751	33	36
Total exchange-traded contracts	4 150	31	35	6 382	33	36
Total equity-related contracts	7 574	1 636	1 502	10 897	1 626	1 546
Commodity-related contracts						
Swaps and options	72 927	6 351	5 651	79 631	21 905	20 842
Total commodity-related contracts	72 927	6 351	5 651	79 631	21 905	20 842
Total financial derivatives trading	6 882 021	128 880	130 478	6 068 573	124 468	116 818
Derivatives designated as hedging						
Fair value hedges of interest rate risk						
Interest rate swaps	557 099	13 858	25 110	578 996	13 286	37 094
Total financial derivatives hedge accounting	557 099	13 858	25 110	578 996	13 286	37 094
Collateral pledged/received on financial derivatives						
Total cash collateral pledged/received		35 525	33 569		47 933	36 231
Total financial derivatives	7 439 119	178 263	189 178	6 647 570	185 687	190 142

Risk related to financial derivatives

Derivatives are traded in portfolios which also include balance sheet products. The market risk on derivatives is handled, monitored and controlled as an integral part of the market risk of these portfolios. See note G12 Market risk. Derivatives are traded with many different counterparties and most of these are also engaged in other types of business with DNB. The credit risk arising in connection with derivatives trading is included in the total credit risk measurement of the DNB Group. Netting and margining agreements are entered into with a number of counterparties, thus reducing credit risk. The authorities' capital adequacy requirements take into account netting agreements and similar bilateral agreements, resulting in a reduction of capital adequacy requirements. Most OTC derivatives with financial counterparties are cleared at a central counterparty clearing house. See note G4 Credit risk management for a description of counterparty risk.

DNB uses basis swaps and cross currency interest swaps to convert foreign currency borrowings into the desired currency. As a typical example, DNB raises a loan in euro and converts it into US dollars through a basis swap. In this example DNB pays a US dollar interest rate based on a swap curve and receives a euro interest rate reduced or increased by a margin. The basis swaps are financial derivatives measured at fair value. There may be significant variations in the value of the basis swaps from day to day, due to changes in basis swap spreads. This unhedged risk causes unrealised gains and losses. For the year 2023, there was a negative mark-to-market effect of NOK 612 million, compared with a positive mark-to-market effect of NOK 822 million in 2022.

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Note G15 Financial derivatives and hedge accounting (continued)

Use of financial derivatives in DNB Livsforsikring

The purpose of employing financial derivatives in DNB Livsforsikring is to be able to invest and allocate funds in accordance with the company's expectations of market trends through swift and cost-effective asset and market exposure. In addition, the application of derivatives facilitates active risk management and adjustments in equity, interest rate and foreign exchange risk. DNB Livsforsikring does not apply hedge accounting. See notes G13 Interest rate sensitivity and G14 Currency positions for a further description.

Hedge accounting

DNB applies fair value hedge of interest rate risk on investments in fixed rate commercial papers and bonds in foreign currency, issued bonds and subordinated debt with fixed interest in foreign currency and net investment hedge of investments in foreign operations. Both derivative and non-derivative instruments are designated as hedging instruments in the hedge relationships that qualify for hedge accounting.

In fair value hedges of interest rate risk, the interest rate exposure on fixed-rate investments and borrowings is converted to floating rates. Only the interest rate component is hedged. Interest rate swaps are used to hedge the interest rate component, where the change in fair value is a result of the changes in the swap interest rate.

The critical terms of the hedging instruments and the hedging objects are set to match at the inception of the hedge and the hedge ratio is 1:1. Consequently, there was no significant hedge ineffectiveness during the year.

Fair value hedges of interest rate risk as at 31 December 2023

Amounts in NOK million	Balance sheet item	Carrying amount	Accumulated fair value adjustment of the hedged item	Value changes used for calculating hedge ineffectiveness
Hedged exposure				
Investments in bonds	Commercial paper and bonds	106 245	(2 743)	2 824
Issued bonds	Debt securities issued	316 268	(15 229)	(14 543)
Issued bonds, non-preferred	Debt securities issued	94 929	(3 250)	(2 984)
Subordinated debt	Debt securities issued	19 778	136	(90)
Hedging instrument				
Interest rate swaps	Financial derivatives			14 681

Fair value hedges of interest rate risk as at 31 December 2022

Amounts in NOK million	Balance sheet item	Carrying amount	Accumulated fair value adjustment of the hedged item	Value changes used for calculating hedge ineffectiveness
Hedged exposure				
Investments in bonds	Commercial paper and bonds	87 851	(3 786)	(5 680)
Issued bonds	Debt securities issued	382 755	(27 210)	38 185
Issued bonds, non-preferred	Debt securities issued	55 474	(5 721)	4 011
Subordinated debt	Debt securities issued	18 026	(314)	(83)
Hedging instrument				
Interest rate swaps	Financial derivatives			(36 406)

The accumulated amount of fair value hedge adjustments remaining in the balance sheet for hedged items that have ceased to be adjusted for hedging gains and losses is NOK 20 million as at end-December 2023.

Note G15 Financial derivatives and hedge accounting (continued)

Residual maturity of interest rate swaps held as hedging instruments as at 31 December 2023

	Maturity				
Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years
Fair value hedges of interest rate risk, nominal values					
Investments in bonds	168		9 844	97 290	3 219
Hedges of issued bonds	11 456	13 217	54 616	280 557	68 416
Hedges of subordinated debt				18 497	

Residual maturity of interest rate swaps held as hedging instruments as at 31 December 2022

	Maturity				
Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years
Fair value hedges of interest rate risk, nominal values					
Investments in bonds	1 914	1 082	4 192	72 927	9 466
Hedges of issued bonds	17 460	10 234	99 581	259 482	85 139
Hedges of subordinated debt	1 867	6 594		473	8 660

In net investment hedges of foreign operations foreign currency deposits and foreign currency borrowings are used as hedging instruments. These instruments are presented as deposits from customers and debt securities issued in the balance sheet. Instruments in EUR, USD, GBP and SEK are used to hedge the investments in the Group's subsidiaries with functional currencies of EUR, USD, GBP, SEK and DKK.

The total hedged exposure in the net investment hedges amounted to NOK 72 086 million at 31 December 2023. There was no significant hedge ineffectiveness during the year, since the foreign currency gains and losses on the hedged items are offset by the foreign currency gains and losses on the hedging instruments. The effects of the net investment hedge can be seen in the statement of changes in equity.

Any reclassifications from net investment hedge reserve to the income statement, due to for instance sales of subsidiaries, can be seen in the comprehensive income statement and the statement of changes in equity.

Note G16 Liquidity risk

Liquidity risk is the risk that the DNB Group will be unable to meet its obligations as they fall due or will be unable to meet its liquidity obligations without a substantial rise in costs.

The Group's risk appetite framework defines the limits for liquidity management in DNB. Over the last decade, DNB has drawn up internal risk appetite statements for the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR) and the loan-to-deposit ratio for the Group. In 2022, a new risk appetite statement on the minimum requirement for own funds and eligible liabilities (MREL) was introduced as well. Risk appetite is operationalised through DNB's liquidity strategy, which is reviewed at least annually by the Board of Directors. The liquidity strategy includes internal limits which restrict the short-term maturity of liabilities within different time frames. The various maturities are subject to stress testing based on a bank-specific crisis, a systemic crisis and a combination of these, and a contingency plan has been established to handle market events. In addition, limits have been set for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. Ordinary senior bond debt and covered bonds are the major sources of long-term funding.

The principles for Group liquidity risk management and control are set in the Group risk policy and further elaborated on in the Group instructions for management, reporting and control of liquidity risk. This instruction sets out detailed requirements for governance, accountability and responsibilities relating to monitoring, measurement, controls and reporting of liquidity risk. Group Treasury manages the liquidity risk on a daily basis, while Group Risk Management represents the independent second-line risk management function.

The short-term liquidity requirement (LCR) remained stable at above 100 per cent throughout the year and stood at 146.3 per cent at end-December 2023.

Note G16 Liquidity risk (continued)

In the table below, nominal future interest payments in excess of accrued interest are not included on the balance sheet date.

Residual maturity as at 31 December 2023

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets							
Cash and deposits with central banks	318 627	3 692	8 859				331 409
Due from credit institutions	67 672	24 097	2 198	302			94 269
Loans to customers	295 652	132 462	151 042	378 902	1 043 415		2 001 644
Commercial paper and bonds	109 663	25 628	25 421	285 111	96 040	32 128	573 890
Shareholdings						38 840	38 840
Total	791 994	185 798	187 550	664 316	1 139 455	70 968	3 040 042
Liabilities							
Due to credit institutions	148 799	12 970	46 895	49			208 714
Deposits from customers	1 422 941						1 422 941
Debt securities issued	61 524	81 592	381 465	331 310	70 730		926 622
Other liabilities etc.	12 387	2 221			1 031		15 639
Subordinated loan capital		5 723		34 151			39 875
Total	1 643 651	102 507	428 360	365 511	71 761		2 611 790
Financial derivatives							
Financial derivatives, gross settlement							
Incoming cash flows	562 236	299 881	399 004	422 649	99 057		1 782 827
Outgoing cash flows	569 361	307 698	395 838	408 185	104 360		1 785 443
Financial derivatives, net settlement	(1 601)	(1 273)	3 235	(14 806)	(11 807)		(26 351)
Total financial derivatives	(8 725)	(9 090)	6 402	(322)	(17 230)		(29 967)
Credit lines, commitments and documentary credit	301 835	94 475	17 673	258 326	157 652		829 961

Residual maturity as at 31 December 2022

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets							
Cash and deposits with central banks	295 242	5 596	9 150				309 988
Due from credit institutions	11 656	6 583	1 667	31	721		20 658
Loans to customers	290 237	115 782	136 679	422 347	1 000 800		1 966 037
Commercial paper and bonds	84 653	9 772	39 496	234 240	85 400	43 529	497 089
Shareholdings						48 281	48 281
Total	681 789	137 733	186 852	656 618	1 086 920	91 810	2 841 953
Liabilities							
Due to credit institutions	114 075	24 952	38 233	36			177 298
Deposits from customers	1 396 630						1 396 630
Debt securities issued	51 995	95 200	145 257	448 701	89 963		831 127
Other liabilities etc.	23 409	1 522	49	317	1 550		26 847
Subordinated loan capital	1 867	8 065		12 344	14 866		37 142
Total	1 587 979	129 739	183 540	461 397	106 380		2 469 043
Financial derivatives							
Financial derivatives, gross settlement							
Incoming cash flows	623 759	390 358	414 194	423 057	118 387		1 969 756
Outgoing cash flows	627 977	387 914	413 269	425 785	122 535		1 977 478
Financial derivatives, net settlement	173	(667)	726	(1 990)	(1 655)		(3 413)
Total financial derivatives	(4 044)	1 778	1 651	(4 718)	(5 802)		(11 135)
Credit lines, commitments and documentary credit	277 622	80 700	16 273	231 268	151 929		757 692

Note G17 Net interest income

Amounts in NOK million	2023 Measured at FVTPL	2023 Measured at FVOCI[1]	2023 Measured at amortised cost[2]	2023 Total	2022 Measured at FVTPL	2022 Measured at FVOCI[1]	2022 Measured at amortised cost[2]	2022 Total
Interest on amounts due from credit institutions			31 664	31 664	22		6 387	6 409
Interest on loans to customers	1 346		110 494	111 840	1 257		61 431	62 688
Interest on commercial paper and bonds	3 228	9 221	5	12 455	2 598	2 855		5 454
Front-end fees etc.	1		386	387	2		449	451
Other interest income	(966)		5 265	4 299	398		4 592	4 990
Total interest income	3 609	9 221	147 814	160 643	4 277	2 855	72 860	79 992
Interest on amounts due to credit institutions			(15 734)	(15 734)	(26)		(4 422)	(4 448)
Interest on deposits from customers	(1 305)		(43 266)	(44 571)	(219)		(13 088)	(13 307)
Interest on debt securities issued	(359)		(39 550)	(39 908)	(245)		(9 623)	(9 871)
Interest on subordinated loan capital	(39)		(1 841)	(1 879)	(12)		(618)	(629)
Contributions to the deposit guarantee and resolution funds			(1 259)	(1 259)			(1 231)	(1 231)
Other interest expenses[3]	831		3 423	4 254	(2 114)		(99)	(2 213)
Total interest expenses	(871)		(98 228)	(99 098)	(2 616)		(29 080)	(31 698)
Net interest income	2 739	9 221	49 587	61 547	1 660	2 855	43 780	48 294

1) *Includes NOK 3 485 million (compared with NOK 474 million in 2022) in interest on derivatives presented in the income statement as other interest income.*
2) *Of which NOK 3 419 million was finance lease (compared with NOK 1 988 million in 2022). Includes also hedged items.*
3) *Other interest expenses include interest rate adjustments resulting from interest rate swaps. Derivatives are measured at FVTPL.*

Note G18 Net commission and fee income

Amounts in NOK million	2023	2022
Money transfer and interbank transactions	3 821	3 534
Guarantee commissions	1 042	968
Asset management services	2 455	2 655
Custodial services	798	717
Securities broking	726	778
Corporate finance	1 697	1 529
Credit broking	319	306
Sale of insurance products	1 458	1 461
Real estate broking	1 050	1 067
Other commissions and fees	1 407	1 067
Total commission and fee income	14 772	14 184
Money transfer and interbank transactions	(1 450)	(1 413)
Guarantee commissions	(45)	(36)
Asset management services	(400)	(786)
Custodial services	(457)	(364)
Securities broking	(128)	(175)
Corporate finance	(185)	(179)
Sale of insurance products	(82)	(79)
Other commissions and fees	(509)	(839)
Total commission and fee expenses	(3 658)	(3 856)
Net commission and fee income	11 115	10 328

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Note G19 Net gains on financial instruments at fair value

Amounts in NOK million	2023	2022
Foreign exchange and financial derivatives	3 243	6 964
Commercial paper and bonds	540	(1 381)
Shareholdings	1 559	1 123
Financial liabilities	-79	15
Net gains on financial instruments mandatorily at FVTPL	5 470	6 730
Loans at fair value	358	(1 744)
Commercial paper and bonds*	(3)	(1 409)
Financial liabilities	(310)	478
Net gains on financial instruments designated as at FVTPL	45	(2 674)
Financial derivatives, hedging	14 453	(39 406)
Commercial paper and bonds FVOCI, hedged	2 824	(5 660)
Financial liabilities, hedged	(17 623)	42 113
Net gains on hedged items	(316)	26
Net realised gains on financial assets at FVOCI	(9)	(82)
Dividends	144	139
Net gains on financial instruments at fair value	**5 283**	**4 147**

1) *The change in fair value due to credit risk amounted to a NOK 1 million gain during the year and a NOK 56 million loss cumulatively. Credit risk reflected in fair value measurements is based on normalised losses and changes in normalised losses in the relevant portfolio*

2) *The change in fair value due to changes in credit risk, which amounted to a NOK 66 million gain during the year and a NOK 24 million loss cumulatively*

3) *Reclassified from other comprehensive income*

Note G20 Salaries and other personnel expenses

Amounts in NOK million	2023	2022
Salaries	(11 554)	(10 619)
Employer's national insurance contributions	(2 243)	(1 984)
Pension expenses	(1 180)	(1 373)
Restructuring expenses	(42)	(118)
Other personnel expenses	(600)	(697)
Total salaries and other personnel expenses	**(16 320)**	**(14 890)**
1) Of which: Ordinary salaries	(9 665)	(8 532)
Performance-based pay	(1 571)	(1 622)

Number of employees/full-time positions

	2023	2022
Number of employees as at 31 December	10 964	10 626
of which number of employees abroad	1 417	1 438
Average number of employees	10 778	10 256
Number of employees calculated on a full time basis as at 31 December	10 617	10 261
of which number of employees calculated on a full time basis abroad	1 408	1 422
Average number of employees calculated on a full-time basis	10 469	9 977

Note G21 Other expenses

Amounts in NOK million	2023	2022
Fees	(735)	(765)
IT expenses	(6 298)	(4 366)
Postage and telecommunications	(117)	(154)
Office supplies	(22)	(28)
Marketing and public relations	(916)	(841)
Travel expenses	(228)	(184)
Training expenses	(76)	(74)
Operating expenses on properties and premises*	(435)	(427)
Operating expenses on machinery, vehicles and office equipment	(31)	(32)
Other operating expenses	(649)	(778)
Total other expenses	**(9 506)**	**(7 648)**

1) *Costs relating to leased premises were NOK 923 million in 2023 and NOK 744 million in 2022*

Note G22 Depreciation and impairment of fixed and intangible assets

Amounts in NOK million	2023	2022
Depreciation of machinery, vehicles and office equipment	(2 452)	(2 226)
Depreciation of right of use assets	(511)	(542)
Other depreciation of tangible and intangible assets	(589)	(607)
Impairment of fixed and intangible assets	(181)	(19)
Total depreciation and impairment of fixed and intangible assets	**(3 734)**	**(3 466)**

See note G36 Intangible assets and note G37 Fixed assets

Note G23 Pensions

Description of the pension schemes

The DNB Group has a defined-contribution pension scheme for all employees in Norway with the exception of around 195 employees from the former Postbanken who are covered by a closed group pension plan in the Norwegian Public Service Pension Fund.

The contribution rates are:

- Salary equivalent to 0 to 7.1 times the National Insurance basic amount (G): 7 per cent
- Salary equivalent to 7.1 to 12 times G: 15 per cent
- The Group has no defined-contribution pension scheme for salaries exceeding 12G (apart from the closed scheme for employees from before 2008)

Employees who were enrolled in the former defined-benefit pension schemes (terminated between 2015 and 2017) are also covered by a compensation scheme that is structured as a supplementary contribution-based direct pension scheme.

Based on the terms and conditions approved at the time of conversion, the savings plan in the compensation scheme aims to give the individual employee a total pension capital when reaching the age of 67 corresponding to what he or she would have received if the defined-benefit pension scheme had been retained. Both the pension entitlements and the return on the pension funds are funded through operations.

The DNB Group has a disability pension scheme for all employees in Norway. The disability pension represents:

- 3 per cent of pensionable income up to 12G
- 25 per cent of G, maximum 6 per cent of pensionable income, up to 12G
- 66 per cent of pensionable income in the interval between 6G and 12G

The Norwegian companies in the Group are part of the contractual early retirement pension (AFP) scheme for the private sector. In addition, the Group has an agreement on contractual early retirement pension according to public sector rules for employees who are members of the Norwegian Public Service Pension Fund.

The private early retirement pension scheme will be funded through an annual premium established as a percentage of salaries between 1 and 7.1G.

Note G23 Pensions (continued)

Employer's contributions and financial activities tax are included in pension expenses and commitments.

Subsidiaries and branch offices outside Norway have separate schemes for their employees, mainly in the form of defined-contribution pension schemes. Pension expenses for employees outside Norway represented NOK 221 million.

Economic assumptions applied in calculating pension expenses and commitments are in accordance with the guidance from the Norwegian Accounting Standards Board per 31 December 2023.

Pension expenses

Amounts in NOK million	2023	2022
Net present value of pension entitlements	(606)	(101)
Interest expenses on pension commitments	(97)	(52)
Calculated return on pension funds	51	23
Sale		(136)
Administrative expenses	(1)	(1)
Total defined benefit pension schemes	(652)	(266)
Contractual pensions, new scheme	(146)	(135)
Risk coverage premium	(70)	(50)
Defined contribution pension schemes	(1 012)	(938)
Net pension expenses	(1 881)	(1 389)

Pension commitments

Amounts in NOK million	2023	2022
Opening balance	6 684	7 222
Additions through acquisitions		90
Accumulated pension entitlements	606	101
Interest expenses	97	52
Actuarial losses/(gains), net	274	(264)
Changes in the pension schemes		(125)
Pension payments	(281)	(279)
Exchange rate differences	65	(113)
Closing balance	7 446	6 684

Pension funds

Amounts in NOK million	2023	2022
Opening balance	2 027	2 149
Additions through acquisitions		68
Expected return	51	23
Actuarial gains/(losses), net	(4)	46
Correction members	(44)	
Premium paid	182	76
Pension payments	(109)	(100)
Administrative expenses	(1)	(1)
Exchange rate differences		(234)
Closing balance	2 102	2 027
Net defined benefit obligation	5 343	4 657

Sensitivity analysis for pension calculations

The following estimates are based on facts and conditions prevailing per 31 December 2023, assuming that all other parameters are constant. Actual results may deviate significantly from these estimates.

	Discount rate		Annual rise in salaries/basic amount		Annual adjustment of pensions		Life expectancy	
Change in percentage points	+1%	-1%	+1%	-1%	+1%	-1%	+1 year	-1 year
Percentage change in pensions								
Pension commitments	10-17	14-17	16-18	12-16	10-14	10-14	3	3
Net pension expenses for the period	17-20	18-20	16-18	16-18	10-14	9-11	3	3

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Note G24 Taxes

Tax expense on pre-tax operating profit

Amounts in NOK million	2023	2022
Current taxes	(9 658)	(3 461)
Changes in deferred taxes	(953)	(3 950)
Tax expense	(10 611)	(7 411)

Reconciliation of tax expense against nominal tax rate

Amounts in NOK million		
Pre-tax operating profit	50 440	40 579
Estimated tax expense at nominal tax rate 22 per cent	(11 097)	(8 927)
Tax effect of financial tax in Norway[1]	(954)	(847)
Tax effect of different tax rates in other countries	(51)	31
Tax effect of debt interest distribution with international branches[2]	2 464	905
Tax effect of tax-exempt income from shareholdings[3]	215	244
Tax effect of other tax-exempt income and non-deductible expenses	(319)	592
Tax effect reclassified from other comprehensive income statement		1 284
Tax effect of changed tax rate for deferred taxes recognised in the balance sheet	27	(4)
Tax related to previous years[4]	(1 096)	(289)
Tax expense	(10 611)	(7 411)
Effective tax rate	21%	18%

Income tax on other comprehensive income

Amounts in NOK million		
Items that will not be reclassified to the income statement	117	52
Hedges of net investments	961	720
Total income tax on other comprehensive income	1 078	772

1) *The financial activities tax is an additional tax imposed on companies within the financial services sector. This tax represents an increased income tax rate of 3 percentage points for financial institutions.*

2) *In 2023, the debt interest distribution resulted in an interest deduction in Norway which reduced the tax expenses for the Group by NOK 2 464 million, compared with NOK 905 million in 2022. The increased deduction in 2023 follows from higher activity and a higher interest rate level in the United States.*

3) *In Norway, a company's income from share investments is normally exempt from tax. As a rule, this applies to investments in companies domiciled in the EU/EEA. The tax exemption applies to both dividends and gains/(losses) upon realisation. However, 3 per cent of dividends from tax-exempt investments is included in taxable income.*

4) *The tax treatment of the liquidation of the Group's subsidiary in Singapore in 2022 has been assessed as uncertain, and after a new assessment, DNB has recognised provisions in the accounts based on its best estimate in the case.*

Note G24 Taxes (continued)

Deferred tax assets/(deferred taxes)

Amounts in NOK million	2023	2022
The year's changes in deferred tax assets/(deferred taxes)		
Deferred tax assets/(deferred taxes) as at 1 January	(1 545)	(922)
Implementation of IFRS 17		3 251
Changes recorded against profits	1 097	408
Changes recorded against comprehensive income	117	52
Currency translation differences on deferred taxes	25	49
Additions through acquisitions	22	(5)
Changes due to group contribution	(2 050)	(4 350)
Deferred tax assets/(deferred taxes) as at 31 December	(2 334)	(1 545)

Deferred tax assets and deferred taxes in the balance sheet relates to the following temporary differences

	Deferred tax assets		Deferred taxes	
Amounts in NOK million	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Fixed assets and intangible assets	(186)	(107)	4 765	5 133
Commercial paper and bonds	143	140	(1 252)	(1 732)
Debt securities issued			4 694	8 526
Financial derivatives			(2 207)	(4 096)
Net pension liabilities	46	47	(1 264)	(1 093)
Insurance liabilities, IFRS 17			(2 980)	(2 986)
Net other tax deductible temporary differences	59	55	614	813
Tax losses and tax credits carried forward	305	375	(758)	(1 160)
Total deferred tax assets	**368**	**510**	**2 722**	**2 865**

A significant share of the financial instruments are measured at fair value in the accounts, while for tax purposes the same instruments are recorded on an accrual basis in accordance with the realisation principle. This gives rise to large differences between profits stated in the accounts and profits computed for tax purposes for the individual accounting years, especially in years with significant fluctuations in interest rate levels and exchange rates. These differences are offset in the longer term.

Due to large exchange rate fluctuations in 2023 and 2022, there were significant changes in unrealised gains and losses on financial instruments used in managing the Group's currency and interest rate risk. Financial instruments are recorded in accordance with the realisation principle, while the current rate method is used for receivables and liabilities in foreign currency. These differences are expected to be reversed within a short period of time.

Overview over deferred tax assets from tax losses and tax credits carried forward

	31 December 2023			31 December 2022		
Amounts in NOK million	Total tax losses carried forward	Of which basis for tax assets	Recognised tax asset	Total tax losses carried forward	Of which basis for tax assets	Recognised tax assets
Tax losses carried forward						
Norway	862	664	146	725	559	123
Singapore	80	80	14	139	139	24
Denmark	1 330	1 330	292	1 603	1 603	351
Total of tax losses and tax assets	2 272	2 074	452	2 467	2 301	498
Tax credits carried forward[1]			612			1 037
Total of deferred tax assets from tax losses and tax credits carried forward			**1 064**			**1 535**
Of which presented under net deferred tax assets			306			375
Of which presented under net deferred tax			759			1 160

1) All tax credits carried forward relates to tax payers in Norway

Note G24 Taxes (continued)

Uncertain tax liabilities

Tax effect of debt interest distribution between DNB Bank ASA in Norway and international branch offices

In the second half of 2021, DNB Bank ASA received a decision from the tax authorities relating to the deduction of external interest expenses. According to Norwegian tax legislation, external interest expenses are to be distributed proportionally between DNB Bank ASA's operations in Norway and certain international branch offices, based on the respective entities' total assets. This could result in additions to or deductions from the bank's income in Norway. The decision covers the fiscal years 2015–2019 whereby the limitation of interest deduction in Norwegian taxation is calculated by including internal receivables. The decision involves a tax exposure of NOK 1.7 billion for the period in question. The estimated tax effect for the years 2020–2023 as a result of the decision amounts to a total of approximately NOK 180 million.

DNB disagrees with the tax authorities' interpretation of the legislation. Legal proceedings were initiated in 2021. The District Court ruled in DNB's disfavour in June 2022, and DNB appealed the decision. On 29 November 2023, the Court of Appeal ruled fully in favour of DNB. In January 2024, the Norwegian state appealed the judgment. On 22 February 2024, the Appeals Selection Committee of the High Court allowed that the appeal can be brought before the High Court. DNB is still of the opinion that it has a strong case, and no provisions have been recognised in the accounts.

Notice of change in the tax assessment for DNB Bank ASA for 2018–2022

On 27 February 2023, DNB Bank ASA received a notice from the Norwegian tax authorities of a change in the tax assessment of dividends received from its US subsidiary in 2019 and 2020. DNB has treated dividends received from the subsidiary as covered by the tax exemption method and has treated 3 per cent of the dividends as taxable income. The subsidiary is jointly taxed with the bank's branch office in New York. Due to the joint taxation, it is the tax authorities' opinion that the US must be considered a low-tax country, and thus that the dividends should be considered taxable. In a low-tax country assessment, the tax authorities assess the operations of – and tax rules for – the subsidiary and the bank's branch office jointly, rather than considering the subsidiary in isolation. In the tax authorities' view, this gives an effective taxation that is less than two thirds of Norwegian taxation, and the tax authorities therefore consider the US to be a low-tax country. The tax authorities have also announced that payments from the subsidiary that relate to the company's share of the tax payment under the joint taxation are to be considered taxable dividends. In an updated notice of 19 December 2023, the tax authorities extended the number of years for the part that applies to the subsidiary's tax payments, so that payments for 2018, 2021 and 2022 are also covered. The notice means a total tax exposure of around NOK 1.8 billion for DNB for the period. DNB does not agree that the US should be regarded as a low-tax country, or that there are grounds for regarding the tax payments as taxable dividends, and for this reason no provisions have been recognised in the accounts.

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

In the second quarter of 2023, DNB Bank ASA received a draft decision from the Norwegian tax authorities relating to a reorganisation of the lending activities in Sweden and in the UK in 2015. The tax authorities questioned the valuation and calculation of taxable gains/losses relating to loan portfolios that were sold from branches of DNB Bank ASA to subsidiaries in Sweden and the UK. The Group's maximum tax exposure is estimated to be approximately NOK 1.2 billion. DNB disagrees with the Norwegian tax authorities' approach. It is DNB's view that it has a strong case, and no provisions have been recognised in the accounts.

Decision of change in 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 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.

Pillar 2 income taxes

A minimum tax regime for multinationals, the Pillar 2 model rules, has been implemented in Norway, and other jurisdictions in which the Group operates, effective from 1 January 2024. Based on these model rules, the Group is required to calculate an effective tax rate (as defined in the Pillar 2 model rules) for each jurisdiction in which it operates, and to pay a top-up tax that is the difference between the calculated effective tax rate for each jurisdiction and a 15 per cent minimum tax rate.

The Group has applied the mandatory exception in recognising and disclosing information about deferred tax assets and liabilities related to the implementation of the Pillar 2 model rules.

The assessment of the Group's potential exposure to Pillar 2 income taxes is based on the most recent tax filings and country-by-country reporting for the relevant entities in the Group. Based on the assessment, the Group's Pillar 2 effective tax rate is above 15 per cent in almost all jurisdictions in which it operates, and it has been assessed that the Group will not be subject to Pillar 2 top-up taxes in these jurisdictions. In a few jurisdictions, there is a risk that the Pillar 2 effective tax rate will be below 15 per cent in certain years. The Group does not expect any material exposure to Pillar 2 income taxes in these jurisdictions.

Note G25 Country-by-country reporting

Under CRD, a financial institution must, for each country in which it operates through a subsidiary or a branch office, disclose information about income, number of employees and pre-tax operating profit. DNB has not received any public subsidies that relate to the Group's activities as a financial institution. The table below contains consolidated figures by country, taken from the consolidated financial statements.

Amounts in NOK million

		2023				2022			
Country	Business area[1]	Total income[2]	Pre-tax operating profit	Tax expense[3]	Full-time-equivalent staff[4]	Total income[2]	Pre-tax operating profit	Tax expense[3]	Full-time-equivalent staff[4]
Norway	CB, M, WM, PM, O	60 199	40 845	(8 919)	9 212	52 574	32 756	(6 857)	8 319
Denmark	CB, O	1 194	893	(205)	52	773	426	(61)	51
Luxembourg	WM	107	256	(64)	55	385	280	(70)	62
Poland	CB, PM	439	(554)	(44)	68	406	(8)	(20)	163
Singapore	CB, M	38	17	(11)	34	27	(123)	(1)	33
Sweden	CB, M, WM, PM, O	7 990	3 757	(426)	460	5 837	3 138	(614)	419
United Kingdom	CB, M	(994)	1 816	(557)	148	895	1 464	(277)	140
USA	CB, M	12 877	3 339	(566)	160	5 286	2 569	(516)	157
Latvia	O	(1)	15		372	(9)	(9)		270
Germany	CB	(21)	12	2	10	22	(0)	(0)	9
Finland	CB, O	(162)	38	1	37	123	(10)	1	33
Chile	CB	(0)	6	(1)	9	(1)	4	(1)	9
China	CB					11	10	6	7
Total before eliminations		81 897	50 440	(10 911)	10 617	66 133	40 578	(7 411)	9 663
Eliminations		253				495			
Total		81 950	50 440	(10 911)	10 617	66 628	40 578	(7 411)	9 663

1) *The split is based on business area/operational structure and not on DNB's segment reporting.*
CB = Corporate Banking, PM = Personal Banking, WM = Wealth Management, M = Markets, O = Other.
2) *Total income is defined as the sum of net interest income, and net other operating income.*
3) *Tax expense consists of current and deferred taxes.*
4) *Number of employees calculated on a full-time basis*

Note G25 Country-by-country reporting (continued)

DNB discloses the names of the Group's subsidiaries, associated companies and branches for each country where DNB is established in the table below. Please note that representation offices and entities held for sale are not disclosed in this table. Note P31 Investments in subsidiaries and note G35 Investments accounted for by the equity method also discloses the company names of the Group's significant subsidiaries and associated companies.

Norway:
DNB Livsforsikring AS
DNB Asset Management Holding AS
DNB Asset Management AS
DNB Boligkreditt AS
DNB Eiendom AS
S fra DNB AS
DNB Eiendomsutvikling AS
DNB Gjenstandsadministrasjon AS
Mosetertoppen AS
Godtjellet AS
DNB Næringsmegling AS
Eksportfinans ASA
DNB Bank ASA
DNB Bank ASA Norway Finans
Eiendomsverdi AS
DNB Ventures AS
Fremtind Forsikring AS
Norsk Gjeldsinformasjon AS
Ocean Holding AS
Godgata AS (sold in 2023)
Rental Group Mobility AS
Skandinaviske Handelsparker AS
B&R Holding AS
Vipps Holding AS
Godskipet 7 AS (sold in 2023)
Godbiterne AS
iMove AS
Nordic Mobility Services AS

Denmark:
DNB Bank ASA, Denmark branch office
DNB Invest Denmark A/S

Luxembourg:
DNB Luxembourg S.A.
DNB Asset Management S.A.

Poland:
DNB Bank Polska S.A.

Singapore:
DNB Bank ASA, Singapore branch office

Sweden:
DNB Bank ASA, Sweden branch office
DNB Sweden AB
DNB Asset Management AB
DNB Invest AB
DNB Baltic Invest AB
Täcksfors Handelspark AB

United Kingdom:
DNB Bank ASA, London branch office
DNB (UK) Limited

USA:
DNB Bank ASA, New York branch office
DNB Bank ASA, Cayman Islands branch office
DNB Markets Inc.
DNB Capital LLC

Latvia:
DNB Bank ASA, Latvia branch office

Germany:
DNB Bank ASA, Germany branch office

Finland:
DNB Bank ASA, Finland branch office
DNB Auto Finance OY

Chile:
DNB Bank ASA, Chile branch office

China:
DNB Bank ASA, Shanghai branch office (dissolved in 2022)

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Note G26 Classification of financial instruments

As at 31 December 2023

	Mandatorily at FVTPL		Designated as at			
Amounts in NOK million	Trading	Other	FVTPL[1]	FVOCI	Amortised cost	Carrying amount
Cash and deposits with central banks					331 408	331 408
Due from credit institutions					94 259	94 259
Loans to customers			42 099	101	1 955 264	1 997 363
Commercial paper and bonds	35 219	137	322 218	194 544	17 326	569 464
Shareholdings	2 947	19 334				22 281
Financial assets customers bearing the risk		166 722				166 722
Financial derivatives	164 405	13 858				178 263
Other assets					7 932	7 932
Total financial assets	202 591	200 051	364 317	194 544	2 406 189	3 367 692
Due to credit institutions					206 714	206 714
Deposits from customers			44 308		1 378 632	1 422 941
Financial derivatives	164 068	25 110				189 178
Debt securities issued			4 493		803 434	807 928
Other liabilities	3 026				10 376	13 411
Senior non-preferred bonds			1 757		98 092	99 848
Subordinated loan capital			1 090		38 864	39 957
Total financial liabilities[4]	167 103	25 110	51 651		2 536 112	2 779 977

1) Including derivatives used as hedging instruments
2) For liabilities designated as at FVTPL, changes in fair value due to credit risk are recognised in other comprehensive income
3) Including hedged liabilities
4) Contractual obligations of financial liabilities designated as at fair value totalled NOK 57 054 million

As at 31 December 2022

	Mandatorily at FVTPL		Designated as at			
Amounts in NOK million	Trading	Other	FVTPL[1]	FVOCI	Amortised cost[2]	Carrying amount
Cash and deposits with central banks					309 988	309 988
Due from credit institutions					20 568	20 568
Loans to customers			49 108	0	1 912 356	1 961 464
Commercial paper and bonds	38 564		283 903	145 172	17 811	485 440
Shareholdings	1 073	30 277				31 350
Financial assets customers bearing the risk		138 259				138 259
Financial derivatives	172 401	13 286				185 687
Other assets					11 754	11 754
Total financial assets	214 038	181 823	333 011	145 172	2 272 470	3 146 501
Due to credit institutions					177 298	177 298
Deposits from customers			25 459		1 371 171	1 396 630
Financial derivatives	153 048	37 094				190 142
Debt securities issued			6 929		730 957	737 886
Other liabilities	1 394				8 644	12 038
Senior non-preferred bonds			973		58 729	59 702
Subordinated loan capital			420		36 368	36 788
Total financial liabilities[4]	156 442	37 094	33 781		2 383 166	2 610 484

1) Including derivatives used as hedging instruments
2) For liabilities designated as at FVTPL, changes in fair value due to credit risk are recognised in other comprehensive income
3) Includes hedged liabilities
4) Contractual obligations of financial liabilities designated as at fair value totalled NOK 34 444 million

Note G27 Fair value of financial instruments at amortised cost

The table below includes the fair value of financial instruments at amortised cost. Financial instruments held at amortised cost where amortised cost is a reasonable approximation of fair value are excluded

	31 December 2023				31 December 2022			
Amounts in NOK million	Carrying amount	Level 2	Level 3	Fair value	Carrying amount	Level 2	Level 3	Fair value
Assets								
Loans to customers	1 955 264	883 756	1 072 847	1 960 602	1 912 356	792 959	1 121 152	1 914 111
Liabilities								
Debt securities issued	803 434	798 143	676	798 819	730 957	730 478		730 478
Non-preferred senior bonds	98 092	97 741		97 741	58 729	58 716		58 716
Subordinated loan capital	38 864	11 515	27 149	38 664	36 368	19 251	16 783	36 033

See note G28 Financial instruments at fair value for a general definition of the levels in the fair value hierarchy

Loans to customers (levels 2 and 3)

Loans to customers in level 2 mainly consist of retail loans with floating interest rate measured at amortised cost. Since the fixed-rate period is very short, amortised cost is considered a good estimate of fair value. All other loans measured at amortised cost are classified in level 3.

The valuations of loans in level 3 are based on average margins in December, considered relative to the business units' best estimate of the potential margin requirement at year-end 2022, as if the loans had been originated at that time. Differentiated margin requirements have been calculated for each portfolio of loans.

A margin requirement is calculated for margin loans, and the difference between the margin requirement and the agreed margin is discounted over the average expected time to repricing of the loan.

Securities issued, non-preferred senior bonds and subordinated loan capital (levels 2 and 3)

The valuation in level 2 is based on observable market data in the form of interest rate curves and credit margins when available, while the valuation in level 3 is based on internal models. These instruments consist mainly of funding in foreign currency and floating rate securities in Norwegian kroner.

Note G28 Financial instruments at fair value

Amounts in NOK million	Level 1	Level 2	Level 3	Total
Assets as at 31 December 2023				
Loans to customers			42 099	42 099
Commercial paper and bonds	29 801	521 952	386	552 138
Shareholdings	4 122	4 144	14 015	22 281
Financial assets, customers bearing the risk		166 722		166 722
Financial derivatives	1 172	174 339	2 752	178 263
Liabilities as at 31 December 2023				
Deposits from customers		44 308		44 308
Debt securities issued		4 493		4 493
Senior non-preferred bonds		1 757		1 757
Subordinated loan capital		1 093		1 093
Financial derivatives	1 853	185 180	2 345	189 178
Other financial liabilities[1]	3 036	0		3 036
Assets as at 31 December 2022				
Loans to customers			49 105	49 105
Commercial paper and bonds	34 754	432 028	847	467 629
Shareholdings	4 458	12 149	16 744	33 350
Financial assets, customers bearing the risk		136 259		136 259
Financial derivatives	1 674	180 592	3 431	185 697
Liabilities as at 31 December 2022				
Deposits from customers		25 459		25 459
Debt securities issued		6 929		6 929
Senior non-preferred bonds		973		973
Subordinated loan capital		420		420
Financial derivatives	4 929	182 083	3 129	190 142
Other financial liabilities[1]	3 394			3 394

1) Short positions, trading activities

The levels

Financial instruments are categorised within different levels based on the observability of the market data for the individual instruments. Transfers between levels in the fair value hierarchy are reflected as taking place at the end of each quarter. With respect to financial instruments categorised as level 2, the observability of market data may vary depending on whether the relevant instrument has been traded. Thus, it will be natural that some instruments are moved between level 2 and level 3. This applies primarily to commercial paper and bonds.

Level 1: Valuation based on quoted prices in an active market

Classified as level 1 are financial instruments valued by using quoted prices in active markets for identical assets or liabilities. Instruments in this category include listed shares and mutual funds, Treasury bills and commercial paper traded in active markets.

Level 2: Valuation based on observable market data

Classified as level 2 are financial instruments which are valued by using inputs other than quoted prices, but where prices are directly or indirectly observable for the assets or liabilities, including quoted prices in non-active markets for identical assets or liabilities.

Included in this category are, among others, interbank derivatives such as interest rate swaps, currency swaps and forward contracts with prices quoted on Reuters or Bloomberg, basis swaps between the currencies NOK, EUR, USD and GBP and cross-currency interest rate derivatives with customers with insignificant credit margins. Exchange-traded options are classified as level 2 if it is possible to scan or interpolate/extrapolate implicit volatility based on observable prices.

Level 3: Valuation based on other than observable market data

Classified as level 3 are financial instruments which cannot be valued based on directly observable prices. For these instruments other valuation techniques are used, such as valuation of assets and liabilities in companies, estimated cash flows and other models where key parameters are not based on observable market data.

Included in this category are loans to customers and instruments where credit margins constitute a major part of adjustments to market value.

Gains or losses, that occur when the estimated fair value is different from the transaction price (day-one gain/loss) has not had significant impact to the financial statement neither for 2023 nor 2022.

Note G28 Financial instruments at fair value (continued)

The instruments in the different levels

Loans to customers (level 3)

Loans in level 3 consist primarily of fixed-rate loans in Norwegian kroner. The value of fixed-rate loans is determined by discounting agreed cash flows over the term of the loan, using a discount factor adjusted for margin requirements. The discount factor used has as a starting point a swap rate based on a duration equal to the average remaining lock-in period for the relevant fixed-rate loans. The assumptions underlying the calculation of the margin requirement are based on a review of the market conditions on the balance sheet date and on an assessment of the deliberations made by external investors when investing in a corresponding portfolio.

Commercial paper and bonds (levels 2 and 3)

The valuation in level 2 is primarily based on observable market data in the form of interest rate curves, exchange rates and credit margins related to the individual credit and the characteristics of the bond or commercial paper. For paper classified as level 3, the valuation is based on indicative prices from third parties or comparable paper. Investments classified as level 3 primarily consist of corporate high-yield bonds with limited liquidity.

Equities including mutual fund holdings (levels 2 and 3)

Equities in level 2 comprise mutual fund holdings where the underlying investments are quoted equities, as well as a small volume of other mutual funds. Investments classified as level 3 consist of private equity funds, limited partnerships and unquoted equities. A common denominator for these investments is that there is a lag in the access to information from the units. In times of financial market turmoil, there may be considerable uncertainty related to the valuation of these investments

When determining the fair value of private equity, PE, investments, an industry standard prepared by the European Private Equity & Venture Capital Association, EVCA, is used. The method is considered to represent the best basis for the best estimate of fair values for investments in not very liquid equity instruments. The value of the PE funds on the balance sheet date is reported by the fund managers after the Group has finalised its accounts. Valuations in the consolidated accounts are thus based on valuations received for previous periods, adjusted for a reporting lag of approximately three months. The time lag is determined based on developments in a weighted index consisting of a stock market parameter, using MSCI World as reference index, along with a parameter for anticipated long-term returns on PE investments.

Financial assets, customers bearing the risk (level 2)

The item applies to unit-linked products in DNB Livsforsikring, and the value development of the underlying funds is available on a daily basis.

Financial derivatives (levels 2 and 3)

Financial derivatives classified as level 2 are primarily currency forward contracts and interest rate and currency swaps. The valuation is based on swap curves, and credit margins constitute a minor part of the value. In addition, the item comprises derivatives related to commodities and forward rate agreements. These are valued based on observable market prices. Derivatives classified as level 2 also comprise equity derivatives used in Markets' market-making activities. Most of these derivatives are related to the most traded equities on Oslo Børs, and the valuation is based on the price development of the relevant underlying equity and observable or estimated volatility. Financial derivatives classified as level 3 are primarily connected to currency options, interest rate options in Norwegian kroner, as well as index derivatives. The valuation is based on indicative prices from third parties.

Deposits from customers (level 2)

The valuation of deposits carried at fair value includes primarily fixed-rate deposits. The valuation is based on measurement in relation to a swap curve, and changes in credit margins have an insignificant effect.

Debt securities issued and senior non-preferred bonds (level 2)

The valuation is primarily based on observable market data in the form of interest rate curves and credit margins. The item consists mainly of funding in Norwegian kroner. For fixed rate foreign currency funding, hedge accounting is used where hedges are entered into. In all other respects, debt securities issued and senior non-preferred bonds are carried at amortised cost.

Subordinated loan capital (level 2)

Subordinated loans carried at fair value consist of one loan in Norwegian kroner, and the valuation is based on observable interest rate curves and credit margins.

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Note G28 Financial instruments at fair value (continued)

Financial instruments at fair value, level 3

	Financial assets				Financial liabilities
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
Carrying amount as at 1 January 2022	**46 193**	**351**	**12 802**	**1 858**	**1 605**
Net gains recognised in the income statement	(1 827)	(104)	1 543	827	916
Acquisition of Sbanken	8 053		144		
Additions/purchases	7 258	626	3 749	1 977	1 796
Sales		(358)	(1 447)		
Settled	(10 473)		(47)	(1 177)	(1 193)
Transferred from level 1 or level 2		153			
Transferred to level 1 or level 2		(291)	(0)		
Other	(30)	133	9	(3)	2
Carrying amount as at 31 December 2022	**49 105**	**847**	**16 744**	**3 431**	**3 129**
Net gains recognised in the income statement	492	8	948	108	(21)
Additions/purchases	4 368	1 045	1 830	1 353	1 294
Sales		(1 071)	(4 409)		
Settled	(11 866)			(2 141)	(2 057)
Transferred from level 1 or level 2		241			
Transferred to level 1 or level 2		(728)	(1 096)		
Other		(8)	(103)	1	
Carrying amount as at 31 December 2023	**42 099**	**385**	**14 015**	**2 752**	**2 345**

Breakdown of fair value, level 3

	31 December 2023			31 December 2022		
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings	Loans to customers	Commercial paper and bonds	Share-holdings
Principal amount/purchase price	43 709	398	12 147	51 207	858	12 949
Fair value adjustment	(1 676)	(15)	1 868	(2 166)	(11)	3 795
Accrued interest	67	2		64	11	
Carrying amount	42 099	385	14 015	49 105	847	16 744

Breakdown of shareholdings, level 3

Amounts in NOK million	Property funds	Hedge funds	Unquoted equities	Private Equity (PE) funds	Other	Total
Carrying amount as at 31 December 2023	5	615	1 475	3 350	8 541	14 015
Carrying amount as at 31 December 2022	11	1 539	2 905	4 229	8 059	16 744

Sensitivity analysis, level 3

An increase in the discount rate on fixed rate loans by 10 basis points will decrease the fair value of loans to customers by NOK 110 million as at 31 December 2023 (NOK 128 million as at 31 December 2022). The effects on other Level 3 instruments are not material.

Level 3 equities represent a total of NOK 12 999 million in private equity investments, property funds, hedge funds and unquoted equities in DNB Livsforsikring as at 31 December 2023. The fair values of the funds are largely based on reported values from the fund managers. For private equity and property funds, the fund managers use cash flow-based models or multiples when determining fair values. The Group does not have full access to information about all elements in these valuations and thus has no basis for determining alternative values for alternative assumptions. The use of alternative values will have a limited effect on the Group's profits, as the investments are included in DNB Livsforsikring's common portfolio.

Note G29 Offsetting

The table below presents the potential effects of the group's netting arrangements on financial assets and financial liabilities.

Amounts in NOK million	Gross amount	Amounts offset in the statement of financial position	Carrying amount	Netting agreements	Other collateral	Amounts after possible netting
Assets as at 31 December 2023						
Cash and deposits with central banks	26 522		26 522		26 522	
Due from credit institutions	127 860	41 248	86 612		86 612	
Loans to customers	83 910		83 910		83 910	
Financial derivatives[4]	176 263		176 263	25 421	69 379	81 463
Liabilities as at 31 December 2023						
Due to credit institutions	125 158	41 248	83 910		83 910	
Deposits from customers	8 744		8 744		8 744	
Financial derivatives[4]	189 178		189 178	25 421	70 155	93 602
Assets as at 31 December 2022						
Cash and deposits with central banks	9 470		9 470		9 470	
Due from credit institutions	41 149	31 417	11 732		11 732	
Loans to customers	90 640		90 640		90 640	
Financial derivatives[4]	185 687		185 687	17 173	84 427	84 182
Liabilities as at 31 December 2022						
Due to credit institutions	84 478	31 417	53 062		53 062	
Deposits from customers	3 911		3 911		3 911	
Financial derivatives[4]	190 142		190 142	17 173	84 661	88 308

1) Combined repurchase and reverse repurchase agreements with the purpose of exchanging the underlying collateral
2) Includes cash collateral and securities received/transferred from/to counterparties and securities received/placed as collateral in central securities depositories
3) Includes repurchase and reverse repurchase agreements, securities borrowing and lending transactions
4) Gross amounts represent the market value of the derivatives subject to master netting agreements or collateralised by cash or securities under Credit Support Annex

Note G30 Shareholdings

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Investments in shares, mutual funds and equity certificates, excluding DNB Livsforsikring	6 316	7 989
Investments in shares, mutual funds and equity certificates, DNB Livsforsikring	15 965	25 361
Total shareholdings	**22 281**	**33 350**

Note G31 Transferred assets or assets with other restrictions

Transferred assets still recognised in the balance sheet

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Repurchase agreements		
Commercial papers and bonds	12 943	11 856
Collateralised deposits other than repurchase agreements		
Commercial papers and bonds	22 718	20 881
Securities lending		
Shares	362	701
Total repurchase agreements, derivatives and securities lending	36 023	33 438

Liabilities associated with the assets

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Repurchase agreements	12 818	11 872
Collateralised deposits other than repurchase agreements	22 718	20 881
Securities lending	380	736
Total liabilities	35 916	33 489

Restricted assets

Local statutory capital requirements might restrict the ability of the Group to access or transfer assets freely to or from other entities within the Group and to settle liabilities within the Group.

Restrictions affecting the Group's ability to use assets:

- The Group has pledged assets to collateralise its obligations (pledged securities) and issued covered bonds (cover pool). The Group has pledged collateral in connection with derivative instruments, see note G15 Financial derivatives and hedge accounting for further information.
- The assets of consolidated structured entities (investment funds) are held for the benefit of the parties that have bought the notes issued by these entities. At year-end 2023 and 2022, assets related to holdings outside the Group represented NOK 2 059 million and NOK 14 509 million, respectively, which is reflected as a corresponding liability in the balance sheet.
- Assets held by DNB Livsforsikring AS are primarily held to satisfy the obligations to the company's policy holders. At year-end 2023 assets held by the company amounted to NOK 390 948 million, compared to NOK 366 184 million at year-end 2022. These assets include Financial assets, customers bearing the risk.
- Sbanken Boligkreditt AS had issued covered bonds with a carrying amount of NOK 30 056 million at year-end 2022.

Cover pool DNB Boligkreditt

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Pool of eligible loans	662 690	683 646
Market value of eligible derivatives	10 343	
Total collateralised assets	673 033	683 646
Debt securities issued, carrying value	383 695	365 316
Valuation changes attributable to changes in credit risk on debt carried at fair value	26	33
Market value of eligible derivatives		9 599
Debt securities issued, valued according to regulation[1]	383 720	374 948
Collateralisation (per cent)	175.4	182.3

1) The debt securities issued are bonds with preferred rights in the appurtenant cover pool. The composition and calculation of values in the cover pool are defined in Sections 11-8 and 11-11 of the Financial Institutions Act with appurtenant regulations.

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Note G32 Securities received which can be sold or repledged

Securities received

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Reverse repurchase agreements		
Commercial paper and bonds	232 255	130 062
Securities borrowing		
Shares	38 022	37 672
Total securities received	270 277	167 734
Of which securities received and subsequently sold or repledged:		
Commercial paper and bonds	61 226	20 307
Shares	29 579	31 052

Note G33 Assets and insurance liabilities, customers bearing the risk

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Mutual funds	95 240	76 456
Bond funds	44 057	37 679
Money market funds	15 240	13 396
Combination funds	5 868	5 251
Bank deposits	1 539	1 812
Investment properties	4 778	5 663
Total assets, customers bearing the risk	166 722	139 259
Total insurance liabilities, customers bearing the risk	166 722	139 259

Assets, customers bearing the risk, comprises financial assets and investment properties, and covers assets held by DNB Livsforsikring on behalf of policyholders. The assets consist of deposits received through defined-contribution pensions and unit-linked insurance contracts. The assets are measured at fair value through profit and loss. Each asset has a corresponding liability, as the policyholder is entitled to the value of the underlying assets. The net effect of the fair value changes on the Group's profit and loss is therefore zero.

Defined-contribution pensions contracts are group pension schemes where the employees bear the financial risk. However, full or partial hedging of the paid amount can be bought. If a member is disenrolled from the pension agreement, a pension capital certificate is issued, which secures the retirement pension capital.

Individual unit-linked insurance contracts are endowment insurance policies or annuity insurance policies where policyholders bear the financial risk.

Note G34 Investment properties

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
DNB Livsforsikring	14 750	20 520
Properties for own use	(5 740)	(6 424)
Other investment properties	444	555
Total investment properties	**9 454**	**14 651**

1) Other investment properties are mainly related to acquired companies

Investment properties in DNB Livsforsikring

Investment properties in DNB Livsforsikring are part of the common portfolio and are owned with the intention of achieving long-term returns for policyholders. The property portfolio is measured at fair value on the balance sheet date. The investment properties are predominantly located in Oslo and other central Norwegian cities. The properties are valued using an internal valuation model and are thus classified at level three in the valuation hierarchy. As a supplement, external appraisals are obtained for a representative selection of properties in the portfolio at regular intervals throughout the year. This selection represents close to 95 per cent of the value of the portfolio.

In the internal model, fair value is calculated as the present value of future cash flows during and after the contract period. The required rate of return stipulated in the model reflects market risk. At the end of 2023, a required rate of return of 8.5 or 8.7 per cent was generally used. However, certain individual assessments of the required rate of return are made at segment level. The model uses the same required rates of return for cash flow both during and after the contract period.

Specific property risk is reflected in the cash flow through contractual rent, future market rent, operating expenses, required investments, adaptations for new tenants upon expiry of the contract, vacancy risk and adjustments for future price inflation (Norges Bank's inflation target: CPI). Specific property risk is borne by the policyholders, except to the extent that the aggregate common portfolio, including investment properties and financial assets, should achieve actual returns that are lower than the guaranteed rate of return. See note G42 Insurance liabilities for a closer description of risk in the Group's insurance operations.

During 2023, total contractual rent for the wholly-owned portfolio in Norway increased by NOK 32 million to NOK 950 million, while the estimated market rent for the same portfolio went up by NOK 36 million to NOK 1 001 million.

At year-end 2023, economic vacancy in the portfolio was 2.8 per cent, compared with 3.2 per cent a year earlier.

The valuations resulted in a NOK 1 898 million impairment of the property portfolio in 2023.

Amounts included in the income statement

Amounts in NOK million	2023	2022
Rental income from investment properties	684	715
Direct expenses related to investment properties	(169)	(194)
Total	515	522

Changes in the value of investment properties

Amounts in NOK million	
Carrying amount as at 31 December 2021	**17 823**
Additions, purchases of new properties	37
Additions, capitalised investments	258
Additions, acquired companies	
Net gains	725
Disposals	(3 996)
Other	(97)
Exchange rate movements	(106)
Carrying amount as at 31 December 2022	**14 651**
Additions, purchases of new properties	16
Additions, capitalised investments	291
Additions, acquired companies	0
Net gains	(954)
Disposals	(2 616)
Other	(1 978)
Exchange rate movements	24
Carrying amount as at 31 December 2023	**9 454**

1) Of which NOK 43 million represented a net gains on investment properties which are not owned by DNB Livsforsikring

Note G35 Investments accounted for by the equity method

Income statement

Amounts in NOK million	Luminor 2023	Luminor 2022	Fremtind 2023	Fremtind 2022	Vipps 2023	Vipps 2022	Eksportfinans 2023	Eksportfinans 2022	Other 2023	Other 2022	Total 2023	Total 2022
Income	7 642	8 152	15 807	14 460	3 278	1 167	143	77				
Profits after tax	2 220	1 267	1 182	1 184	(854)	(411)	30	(6)				
Share of profits after tax	443	251	414	415	(360)	(203)	128	(3)	41	78	669	746
Depreciation and impairment of value adjustments after tax			(243)	(243)		(2)						
Other adjustments		0	(11)	1	33	34	(2)					
The Group's share of profits after tax	443	251	160	173	(326)	(206)	126	(3)	41	78	669	746

Balance sheets

Amounts in NOK million	Luminor 31.12.23	Luminor 31.12.22	Fremtind 31.12.23	Fremtind 31.12.22	Vipps 31.12.23	Vipps 31.12.22	Eksportfinans 31.12.23	Eksportfinans 31.12.22	Other 31.12.23	Other 31.12.22	Total 31.12.23	Total 31.12.22
Financial instruments	370 969	353 824	44 197	42 559	2 418	2 202	6 970	8 172				
Goodwill and intangible assets	628	661	2 466	2 779	2 205	2 161	5	5				
Other assets	1 121	1 434	1 155	1 269	315	319	655	862				
Debt	353 777	338 510	18 171	17 056	909	297	1 186	2 511				
Equity[1]	13 941	16 659	9 665	9 941	4 629	4 446	6 293	6 172				
The Group's share of equity	1 918	3 323	3 361	3 211	2 109	2 063	2 517	2 449				
Goodwill			1 467	1 467								
Value adjustments after tax			1 191	1 434								
Eliminations			4	(6)	(184)	(156)	(2)	(1)				
Carrying amount	1 918	3 323	6 043	6 164	2 025	1 893	2 515	2 446	4 539	5 420	19 100	19 246

Amounts in NOK million	Head office	Industry	Ownership share (%) 31 Dec. 2023	Ownership share (%) 31 Dec. 2022	Carrying amount 31 Dec. 2023	Carrying amount 31 Dec. 2022
Luminor Holding AS	Tallinn	Financial services	20.0	20.0	3 978	3 323
Fremtind Forsikring AS	Oslo	Insurance	35.0	35.0	6 043	6 164
Vipps Holding AS	Oslo	Payment services	47.1	46.9	2 025	1 893
Eksportfinans AS	Oslo	Financial services	40.0	40.0	2 515	2 446
Other associated companies					4 539	5 420
Total					**19 100**	**19 246**

1) Other investments include investments in real estate companies in DNB Livsforsikring of NOK 4 047 million (NOK 5 064 million in 2022) owned in the common customer portfolio.
2) Values in the accounts of associated companies. Preliminary and unaudited accounts have been used.
3) Include deferred tax positions and value adjustments not reflected in the company's balance sheet.
4) Including dividends.

Transactions 2023

There were no significant transactions in 2023.

Transactions 2022

On 1 November 2022, the companies Vipps AS and MobilePay AS were merged. Before the merger, the company Vipps Holding AS was established, and DNB Bank ASA received shares in Vipps Holding AS in exchange for its shares in Vipps AS. As part of these transactions, DNB Bank ASA has participated in issues relating to Vipps Holding AS in 2022. Prior to the merger, Vipps Holding AS owned 100 per cent of the shares in the Vipps Group. Following completion of the merger, Vipps Holding owns 72.22 per cent of the shares in Vipps AS, and Danske Bank owns 27.78 per cent. As a result of this, the DNB Group now has a lower indirect ownership interest in Vipps AS, which amounted to 33.84 per cent at the end of the year. In Vipps Holding AS, a gain has been calculated as a result of the NOK 851 million transaction, which amounts to NOK 400 million for the DNB Group and is included in the Group's share of profit after tax in 2022.

In 2022, the DNB Group's ownership interest in Vipps Holding AS increased from 45.0 per cent to 46.9 per cent as part of the acquisition of Sbanken in March 2022. In addition, there were some minor changes as a result of the fact that not all Norwegian banks participated in capital increases in connection with the merger between Vipps AS and MobilePay AS.

Note G36 Intangible assets

Amounts in NOK million	Goodwill	Capitalised systems development	Other intangible assets	Total
Cost as at 1 January 2022	7 820	5 114	911	13 845
Additions		474	23	497
Additions through acquisition	4 026	228	425	4 679
Derecognition and disposals	(41)	(0)	(52)	(93)
Reclassification	10			10
Exchange rate movements	(17)	(5)	3	(18)
Cost as at 31 December 2022	11 799	5 811	1 311	18 920
Total depreciation and impairment as at 1 January 2022	(3 426)	(3 907)	(708)	(8 041)
Depreciation		(371)	(88)	(459)
Impairment		(9)		(9)
Derecognition and disposals		0	51	51
Additions through acquisition		(147)	(37)	(184)
Reclassification	(10)	(0)	1	(9)
Exchange rate movements	1	3	0	4
Total depreciation and impairment as at 31 December 2022	(3 434)	(4 432)	(782)	(8 647)
Carrying amount as at 31 December 2022	8 364	1 380	529	10 273
Cost as at 1 January 2023	11 799	5 811	1 311	18 920
Additions		603	13	616
Additions through acquisition			2	2
Derecognition and disposals	(0)	(300)	(21)	(321)
Exchange rate movements	36	(5)	54	86
Cost as at 31 December 2023	11 835	6 109	1 359	19 303
Total depreciation and impairment as at 1 January 2023	(3 434)	(4 432)	(782)	(8 647)
Depreciation		(283)	(107)	(389)
Derecognition and disposals		7	29	36
Reclassification		166	37	203
Exchange rate movements	(1)	5	(44)	(41)
Total depreciation and impairment as at 31 December 2023	(3 436)	(4 536)	(875)	(8 847)
Carrying amount as at 31 December 2023	8 399	1 573	484	10 456

Goodwill

The risk-free interest rate is set at 3.5 per cent, the market risk premium is set at 5.0 per cent, and the long-term growth factor is set at 2.0 per cent for all cash-generating units. Beta values are estimated separately for each cash-generating unit. Required rate of return is before tax. The recoverable amount in the goodwill impairment test is based on a value in use calculation, where DNB discounts expected future cash flows for each cash-generating unit. The calculations are based on historical results and plan figures approved by management.

Goodwill per unit

	31 December 2023		31 December 2022	
	Required rate of return Per cent	Recorded NOK million	Required rate of return Per cent	Recorded NOK million
Personal customers	12.7	5 008	12.0	5 008
DNB Asset Management	12.7	1 679	12.0	1 679
Other	12.7	1 712	12.0	1 677
Total goodwill		8 399		8 364

Personal customers

This unit encompasses banking operations (loans and deposits) for personal customers in the regional network in Norway. Goodwill relates to the acquisition of Sbanken, the merger between DnB and Gjensidige NOR and the acquisition of Nordlandsbanken. In addition, some goodwill remains from previously acquired offices in Gjensidige NOR. Key assumptions for cash flows during the plan period are developments in margins, volumes and impairment of loans.

DNB Asset Management

The unit includes asset management operations, mainly in Norway and Sweden. Total goodwill from units in the operational area is assessed collectively, and the cash-generating unit represents the entire operational area. Operations are integrated, and synergies and rationalisation effects have been realised throughout the organisation. The most critical assumptions for cash flows during the plan period are developments in the securities markets, net sales of mutual funds and margins.

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Note G37 Fixed assets

Amounts in NOK million	Real property at historic cost	Real property at fair value	Machinery, equipment and vehicles	Fixed assets operational leases	Other fixed assets	Right of use assets	Total
Accumulated cost as at 31 Dec. 2021	161	7 077	4 220	14 572	55	4 044	30 130
IFRS17 implementation		(486)					(486)
Accumulated cost as at 1 Jan. 2022	161	6 592	4 220	14 572	55	4 044	29 645
Adjustments						(12)	(12)
Additions	0	(2)	253	2 947	7	262	3 468
Additions through acquisitions			41			151	192
Revaluation		(166)			(0)	37	(130)
Disposals	(1)		(90)	(2 059)		(72)	(2 223)
Exchange rate movements	(0)		10	(23)	(2)	1	(15)
Cost as at 31 Dec. 2022	160	6 424	4 434	15 436	60	4 412	30 925
Total depreciation and impairment as at 31 Dec. 2021	(90)	(486)	(3 075)	(3 613)	(40)	(1 397)	(8 700)
IFRS17 implementation		485					486
Total depreciation and impairment as at 1 Jan. 2022	(90)		(3 075)	(3 613)	(40)	(1 397)	(8 215)
Adjustments						(2)	(2)
Additions through acquisitions			(32)			(78)	(110)
Disposals	2		6	1 592	5	68	1 673
Depreciation[1]	(10)		(325)	(2 111)	(4)	(549)	(2 998)
Exchange rate movements	0		(7)	(17)	(2)	7	(19)
Total depreciation and impairment as at 31 Dec. 2022	(98)		(3 433)	(4 149)	(41)	(1 950)	(9 671)
Carrying amount as at 31 Dec. 2022	62	6 424	1 001	11 287	18	2 462	21 254
Value of property classified at fair value according to the historic cost principle		4 513					
Accumulated cost as at 31 Dec. 2022	160	6 424	4 434	15 436	60	4 412	30 925
Adjustments			14		(12)	12	13
Additions	0	2	124	5 890	11	786	6 814
Additions through acquisitions						1	1
Revaluation		(696)				(553)	(1 249)
Disposals			(109)	(3 807)	(21)	(96)	(4 035)
Exchange rate movements	6		26	523	4	42	601
Cost as at 31 Dec. 2023	166	5 740	4 485	18 042	42	4 601	33 078
Total depreciation and impairment as at 31 Dec. 2022	(98)		(3 433)	(4 149)	(41)	(1 950)	(9 671)
Adjustments			77				77
Disposals			101	1 359	20	84	1 564
Depreciation[1]	(11)		(286)	(2 321)	(5)	(554)	(3 176)
Impairment						(132)	(132)
Exchange rate movements	(5)		(19)	(149)	(4)	(124)	(301)
Total depreciation and impairment as at 31 Dec. 2023	(113)		(3 560)	(5 260)	(30)	(2 677)	(11 639)
Carrying amount as at 31 Dec. 2023	53	5 740	926	12 782	12	1 924	21 439
Value of property classified at fair value according to the historic cost principle		4 515					

1) *Based on cost less any residual value, other assets are subject to straight-line depreciation over their expected useful life within the following limits:*

Technical installations	*10 years*
Machinery	*3-10 years*
Fixtures and fittings	*5-10 years*
Computer equipment	*3-5 years*
Means of transport	*5-7 years*

DNB Bank ASA has not placed any collateral for loans/funding of fixed assets, including property.

Note G38 Leasing

DNB Finans offers operational and financial leasing contracts, fleet management and loans to corporate customers, public sector entities and consumers in Norway, Sweden, Denmark and Finland. The business is conducted through vendor partnerships and direct sales, in close cooperation with the client advisers in DNB Bank where possible. Focus is on financing standard assets where there is an existing and functioning second hand market. The largest asset class in the portfolio is passenger cars and LCVs. Other large asset classes are buses, trucks and trailers and construction equipment and machinery.

Financial leases (as lessor)

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Gross investment in the lease		
Due within 1 year	671	1 299
Due in 1-5 years	57 588	64 784
Due in more than 5 years	26 440	8 124
Total gross investment in the lease	84 699	74 206
Present value of minimum lease payments		
Due within 1 year	644	1 253
Due in 1-5 years	46 354	52 142
Due in more than 5 years	16 970	4 917
Total present value of lease payments	63 968	58 312
Unearned financial income	20 732	15 894
Unguaranteed residual values accruing to the lessor	128	216
Accumulated loan loss provisions	720	3 418
Variable lease payments recognised as income during the period	100	92

Operational leases (as lessor)

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Future minimum lease payments under non-cancellable leases		
Due within 1 year	98	216
Due in 1-5 years	7 701	7 245
Due in more than 5 years	336	62
Total future minimum lease payments under non-cancellable leases	8 075	7 523

Leases (as lessee)

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Future minimum lease payments under non-cancellable leases		
Due within 1 year	102	137
Due in 1-5 years	690	1 497
Due in more than 5 years	1 769	1 182
Total future minimum lease payments under non-cancellable leases	2 562	2 816
Total future minimum sublease payments expected to be received under non-cancellable subleases	115	106

Amounts in NOK million	Total lease liability
Lease liabilities as at 1 January 2022	2 796
Interest expense	70
Additions	293
Additions through acquisition	76
Revaluation of existing lease liability	(5)
Cancellations	(99)
Payments	(569)
Other	57
Lease liabilities as at 31 December 2022	2 605
Interest expense	85
Additions	104
Cancellations	(8)
Payments	(627)
Other	24
Lease liabilities as at 31 December 2023	2 183

Note G39 Other assets

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Prepayments/accrued income	1 672	5 304
Amounts outstanding on documentary credits and other payment services	212	269
Unsettled contract notes	1 253	1 609
Past due unpaid insurance premiums	211	653
Investment funds owned by non-controlling interests	2 059	14 509
Wholesale: DNB Finans	3 709	1 650
Other amounts outstanding	8 916	6 951
Total other assets	**17 932**	**30 966**

Other assets are generally of a short nature.

Note G40 Deposits from customers by industry segment

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Bank, insurance and portfolio management	49 231	40 207
Commercial real estate	44 227	47 185
Shipping	125 794	102 581
Oil, gas and offshore	87 226	100 321
Power and renewables	28 157	49 208
Healthcare	12 171	11 096
Public sector	86 263	61 869
Fishing, fish farming and farming	19 545	18 937
Retail industries	33 838	36 179
Manufacturing	76 463	77 001
Technology, media and telecom	28 168	30 279
Services	125 797	122 464
Residential property	16 736	19 330
Personal customers	511 973	515 733
Other corporate customers	177 329	164 261
Deposits from customers	**1 422 941**	**1 396 630**

Note G41 Debt securities issued

Changes in debt securities issued

Amounts in NOK million	Balance sheet 31 Dec. 2023	Issued 2023	Matured/ redeemed 2023	Exchange movements 2023	Other changes 2023	Merger of Sbanken 2023	Balance sheet 31 Dec. 2022
Commercial papers issued, nominal amount	422 469	1 514 109	(1 351 699)	(22 403)			282 462
Bond debt, nominal amount[1]	118 885	14 416	(63 953)	9 309			159 111
Covered bonds, nominal amount[1]	284 857	39 008	(85 473)	19 197			313 125
Value adjustments[2]	(18 284)			33	8 496		(26 812)
Debt securities issued	807 928	1 566 535	(1 511 124)	6 135	8 496	0	737 886

Maturity of debt securities issued as at 31 December 2023[1,3]

Amounts in NOK million	NOK	Foreign currency	Total
2024		422 469	422 469
Commercial papers issued, nominal amount		422 469	422 469
2024	2 128	61 472	63 599
2025	1	18 589	18 589
2026	3	18 634	18 637
2027	(9)	14 264	14 255
2028		12 572	12 572
2029		551	551
2030 and later		673	673
Bond debt, nominal amount	2 121	116 764	118 885
2024	7 712	38 447	46 159
2025	16 221	34 930	51 150
2026	16 656	39 649	56 305
2027	11 000	21 059	32 059
2028		30 646	30 646
2029		2 422	2 422
2030 and later	1 100	65 008	66 108
Covered bonds, nominal amount	52 689	232 168	284 857
Value adjustments[2]	435	(18 719)	(18 284)
Debt securities issued	55 245	732 682	807 928

1) *Excluding own bonds. Nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 395.1 billion as at 31 December 2023. The cover pool market value represented NOK 673.0 billion.*
2) *Including accrued interest, fair value adjustments and premiums/discounts.*
3) *The maturity profile is based on the call date, i.e. DNB's first option to redeem the bond.*

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Note G42 Insurance liabilities

In the Group, insurance contracts are held by the wholly owned subsidiary DNB Livsforsikring AS (a life insurance company). All figures in this note represent the Group's insurance liabilities, except for references to solvency capital, which is disclosed for the subsidiary DNB Livsforsikring AS.

Insurance contracts

The insurance contracts include traditional guaranteed products, risk pension and employer's liability insurance. The portfolio of traditional guaranteed products is closed for new business, which means that it is in run-off.

Traditional guaranteed products

The largest portfolios under this category are the defined-benefit pension and paid-up policies.

A defined-benefit pension may include a retirement pension, disability pension, spouse's pension, cohabitant's pension or child's pension. Under a retirement pension, the payments are disbursed from an agreed age and for long as the insured lives. It may also be agreed that the pension payments cease at a certain age. In addition to the savings-premium, a premium payment is made in advance for interest rate risk, insurance risk and administration. Defined-benefit pensions include an annual guaranteed rate of return to the policyholder. The distribution to the policyholder is defined in the Norwegian act on insurance activities, and the company can use buffer accounts to achieve the guaranteed rate of return.

When a member withdraws from a pension agreement or a pension agreement ends, the member is entitled to a paid-up policy. Rights earned on the termination date are continued in paid-up policies. Paid-up policies have a separate profit-distribution model. The company can, as defined-benefit pensions, use additional allocations to achieve the guaranteed rate of return.

Risk pensions

A risk pension is linked to a defined-contribution pension, and may include a waiver of contribution, disability pension, spouse's pension, cohabitant's pension or child's pension. The waiver of contribution is mandatory for all enterprises in Norway.

Employer's liability insurance

Employer's liability insurance is a one-year risk product. This may be corporate group life insurance, accident insurance or health insurance. Occupational injury insurance is mandatory for all enterprises in Norway.

Risk in insurance contracts

Risk in insurance contracts includes financial risk and insurance risk, in addition to operational risk and business risk. Financial risk comprises credit and market risk. Market risk consist of risk linked to share price, interest rates and property. Insurance risk mainly relates to changes in future insurance payments due to changes in life expectancy (mortality) and disability rates. Risk in insurance contracts is divided, to varying degrees, between policyholders and the company.

Market risk

The main risk is that the return on financial assets will not be sufficient to meet the obligations specified in insurance policies, which includes the annual guaranteed rate of return. The weighted average guaranteed rate of return on the traditional products as a percentage of the premium reserve, premium fund and additional allocations, was 2.9 per cent as at 31 December 2023, compared to 3.0 per cent as at 31 December 2022. If the return for any year is below the guaranteed rate of return, the company can use available buffer accounts to cover the deficits; otherwise, the company must compensate for the shortfall.

Insurance risk

Insurance risk arises when actual data for mortality, disability and claims deviates from the assumptions underlying the calculation base for premiums and provisions. For instance, a general increase in life expectancy or disability rates will lead to increased payouts under the insurance contract. As a result, the profitability may decline if mortality experience or disability experience differ significantly from the pricing expectations.

Liquidity risk

Liquidity risk is the risk that DNB will be unable to meet its obligations as they fall due or will be unable to meet its liquidity obligations without a substantial rise in associated costs. DNB manages liquidity risk to ensure that sufficient liquid funds are always available to meet its obligations. The insurance liabilities have an average long duration compared to the asset placements with relatively short duration. Liquidity risk has generally been assessed to be low for insurance liabilities.

The table below presents a maturity analysis of the Group's insurance contracts, which reflects the time intervals for the present value of expected future cash flows.

Amounts in NOK million	Payable on demand	Up to 1 year	From 1 year to 2 years	From 2 years to 3 years	From 3 years to 4 years	From 4 years to 5 years	Over 5 years	Total
Maturity as at 31 December 2023	947	6 831	6 355	6 427	6 332	6 501	150 202	182 146
Maturity as at 31 December 2022	1 089	6 824	6 794	7 124	6 360	6 139	153 452	186 712

Note G42 Insurance liabilities (continued)

Montering

DNB Livsforsikring uses among other things a risk appetite framework for risk management. The risk appetite is set with targets for capitalisation, market risk, insurance risk and operational risk. The Board of Directors sets annual limits for financial and insurance risk, in addition to the limits for risk appetite. The limits are followed up on an ongoing basis.

DNB Livsforsikring has entered into reinsurance agreements that protect against the risk of death and disability if disaster-like events occur. In addition, the return on the company's investments is assessed on an ongoing basis. This includes assessments relating to the realisation of investments to achieve a sufficient return to meet the annual guaranteed rate of return, as well as the provision/use of additional allocations.

Insurance liabilities

The insurance liabilities for the general measurement model (GMM) and variable fee approach (VFA) are estimated based on the fulfilment cash flow, with the addition of the contractual service margin (CSM).

The table below shows the insurance liabilities for each measurement method.

Amounts in NOK million	31 December 2023	31 December 2022
Variable fee approach (VFA)	186 382	192 634
General measurement model (GMM)	5 710	5 082
Premium allocation approach (PAA)	3 217	2 899
Total insurance liabilities	**195 310**	**200 615**

The following table shows the movements in the insurance liabilities analysed by measurement components, and includes contracts measured under GMM and VFA.

	2023				2022			
Amounts in NOK million	Present value of future cash flows	Risk adjustment	CSM	Total	Present value of future cash flows	Risk adjustment	CSM	Total
Insurance liabilities VFA and GMM as at 1 Jan	184 369	1 900	11 527	197 796	206 968	1 919	5 021	213 909
Changes that relate to current services	(74)	(204)	(977)	(1 256)	(57)	(206)	(1 040)	(1 297)
New contracts in the period profitable	(141)	22	119		(181)	12	169	
New contracts in the period onerous	127	14		141	213	17		229
Changes that relate to future service that adjust the CSM	(188)	254	(166)		(7 420)	46	7 375	
Changes that relate to future service that do not adjust the CSM	110	13		123	(22)	6		(17)
Insurance finance income or expense	5 565		7	5 572	(4 981)		4	(4 977)
Cash flows from premiums received	2 948			2 948	2 650			2 650
Cash flows from claims and other expenses paid	(13 143)			(13 143)	(12 781)			(12 781)
Insurance liabilities VFA and GMM as at 31 Dec	179 593	1 999	10 510	192 103	184 390	1 900	11 527	197 816

1) *Of which NOK 12 156 million investment component (NOK 11 842 million in 2022).*

The estimate of the present value of future cash inflows for onerous contracts in 2023 was NOK 130 million (NOK 179 million in 2022), while for claims and other insurance service expenses it was NOK 257 million (NOK 392 million in 2022). The estimate of the present value of future cash inflows for profitable contracts in 2023 was NOK 567 million (NOK 453 million in 2022), while for claims and other insurance service expenses it was NOK 417 million (NOK 272 million in 2022).

The tables below set out the yield curves used to discount the cash flows of insurance contracts. The forward rate converges towards the Ultimate Forward Rate (UFR) from the last liquid point of 10 years until 40 years. The UFR was 3.7 per cent as at 31 December 2023 and 3.7 per cent as at 31 December 2022.

Per cent	1 year	5 years	10 years	15 years	20 years
Yield curve 2023	4.4	3.7	3.6	3.6	3.6
Yield curve 2022	3.8	3.5	3.6	3.6	3.6

Note G42 Insurance liabilities (continued)

The changes that relate to future services that adjust the CSM were in 2023 and 2022 mainly driven by the interest rate changes during the period. Higher interest rates reduce the estimated present value of future cash flows and increase the CSM under the VFA which is the dominant measurement approach.

The CSM at year-end 2023 consisted of NOK 10 503 million for contracts where the fair value approach was applied as at the transition date (NOK 11 459 million as at year-end 2022) and NOK 7 million for other contracts (NOK 67 million as at year-end 2022). For contracts where the fair value approach was applied as at the transition date, the change in current services for CSM was NOK 845 million (NOK 829 million in 2022) and the change in future service for CSM was negative by NOK 112 million (positive by NOK 7 267 million in 2022).

The following table sets out when the remaining CSM is expected to be recognised in profit and loss.

Amounts in NOK million	1 year or less	2-3 years	4-5 years	6-10 years	More than 10 years	Total
CSM release	762	1 397	1 245	2 529	4 578	10 510

The average duration of the contracts was 11.25 years at end-December 2023.

The following table specifies the composition of the carrying amount of the assets in the Group that are held in connection with the VFA and other insurance contracts, and which is mainly measured at fair value.

	31 December 2023			31 December 2022		
Amounts in NOK million	VFA	Other	Total portfolio	VFA	Other	Total portfolio
Commercial papers and bonds	141 187	6 885	148 072	129 483	5 321	134 804
Shares/units	10 949	1 521	12 470	22 144	1 514	23 658
Investment properties	8 041	285	8 326	13 614	483	14 097
Fixed assets (owner occupied properties)	6 204	220	6 424	6 208	221	6 430
Loans to customers	6 000		6 000	8 360		8 360
Other	3 415	163	3 578	1 351	172	1 523
Total assets	**175 794**	**9 075**	**184 869**	**181 661**	**7 771**	**189 432**

Net insurance result

The following table specifies the major line items of the Net insurance result.

Amounts in NOK million	2023	2022
Insurance revenue	3 932	3 895
Contractual service margin for service provided	977	1 040
Risk adjustment for risk expired	202	198
Expected claims and other expenses	1 036	994
Insurance revenue from contracts measured under PAA	1 718	1 662
Insurance service expenses incl. operating expenses	(2 869)	(2 791)
Net revenue/expense from reinsurance contracts	53	58
Insurance service result	**1 096**	**1 162**
Investment income from underlying assets or pool of assets measured at fair value	5 745	(4 920)
Insurance finance income or expense	(5 659)	4 954
Interest accreted to insurance contracts	(8 156)	(5 470)
Change in financial assumptions for contracts measured under GMM or PAA	114	238
Change in financial assumptions for contracts measured under VFA	2 384	10 226
Reinsurance finance income or expense	1	
Finance result, life insurance	**86**	**73**
Net insurance result	**1 183**	**1 236**

Insurance revenues in 2023 consisted of NOK 2 017 million for contracts where the fair value approach was applied as at the transition date and NOK 1 915 million for other contracts.

Note G42 Insurance liabilities (continued)

Sensitivities

Each sensitivity is based on a change in the single parameter or assumption concerned, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in assumptions are expected to be correlated.

- Shareholdings: The fair value of shareholdings is reduced by 25 per cent. See Investment properties.
- Investment properties: The fair value of all investment properties is reduced by 10 per cent. Includes effect of investment properties presented as shareholdings in the balance sheet, where underlying assets are investment properties.
- Interest rate: The interest rate curve experiences a parallel upward or downward shift of 50 basis points for the initial ten years, representing the liquid part of the curve. After ten years the curve is extrapolated towards the UFR. Also includes effect on interest-rate instruments.
- Spread: The credit spreads are increased by 50 basis points. The liquidity premium of the discount curve is increased by 15 basis points. Also includes effect on interest-rate instruments.
- Mortality -10 per cent: The level of the best estimate for mortality is reduced by 10 per cent, reducing the mortality intensity for all the years of the projection. The trend is kept unchanged.
- Disability +10 per cent and reactivation -10 per cent: Best estimate for disability is increased by 10 per cent for all the years of the projection, while the reactivation is reduced by 10 per cent.

The following tables present information on how reasonably possible changes in assumptions regarding financial risk and insurance risk variables impact the CSM and profit or loss. All changes are based on DNB's assets and liabilities related to insurance contracts as at 31 December 2023. The effects shown below include the estimated annual release of the CSM.

Amounts in NOK million	Change	Impact of the CSM	Impact on net insurance result
Shareholdings	-25%	(613)	(125)
Investment properties	-10%	(691)	(80)
Interest rate	+50bp	1 280	117
Interest rate	-50bp	(1 601)	(150)
Spread risk	+50bp	(798)	(85)
Mortality	-10%	(298)	(20)
Disability	+10%	(88)	(160)

Solvency capital

Regulatory capital requirements for European insurance companies are specified in the Solvency II Directive.

The solvency capital requirement is set at a level to ensure that there is a 99.5 per cent probability that total losses, including insurance and financial losses, over a period of 12 months do not exceed the estimated capital requirement. The calculations take risk-mitigating measures and systems into consideration. The minimum requirement is set at a level to ensure that there is an 85 per cent probability that total losses over a period of 12 months will not exceed the estimated capital requirement. Regulations allow the use of transitional rules when calculating solvency capital. In December 2015, DNB Livsforsikring was given permission by Finanstilsynet to use the transitional rules for insurance provisions. This means that the company is allowed to use recorded insurance provisions instead of the market value of the liabilities. The transitional rules apply for 16 years, and will be reduced linearly, starting from 1 January 2017.

As at 31 December 2023, DNB Livsforsikring had a solvency margin of 248 per cent (with or without the transitional rules).

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Note G42 Insurance liabilities (continued)

Solvency capital

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Capital group 1		
Share capital	1 641	1 641
Share premium reserve	6 016	6 016
Subordinated loans	1 500	1 500
Reconciliation reserve[1]	16 225	14 416
Total capital group 1	25 382	23 573
Capital group 2		
Subordinated loan capital	5 500	5 500
Risk equalisation fund	1 291	1 128
Capital limitation	(394)	
Total capital group 2	6 398	6 628
Capital group 3		
Deferred taxes		152
Total capital group 3		152
Total solvency capital	31 780	30 354
Total solvency capital without the transitional rules	31 780	30 354

1) *Retained earnings are included in the reconciliation reserve. In addition, changes in capital due to the transition to market values for assets and liabilities will be a part of the reconciliation reserve.*

Solvency capital requirement

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Market and counterparty risk	23 565	28 654
Insurance risk	11 021	10 872
Operational risk	1 043	1 053
Diversification between market and counterparty risk and insurance risk	(7 002)	(7 118)
Loss absorption, deferred taxes	(4 114)	(6 232)
Loss absorption, technical insurance reserves	(11 717)	(12 024)
Solvency capital requirement	12 795	16 204
Minimum capital requirement	6 758	7 292

Solvency margin

Amounts in per cent	31 Dec. 2023	31 Dec. 2022
Solvency margin with transitional rules	248	187
Solvency margin without transitional rules	248	187

Note G43 Senior non-preferred bonds

Changes in senior non-preferred bonds

Amounts in NOK million	Balance sheet 31 Dec 2023	Issued 2023	Matured redeemed 2023	Exchange movements 2023	Other changes 2023	Merger of Sbanken 2023	Balance sheet 31 Dec 2022
Senior non-preferred bonds, nominal amount	102 155	34 686	(80)	2 363			65 186
Value adjustments	(2 305)				3 178		(5 483)
Senior non-preferred bonds	99 848	34 685	(80)	2 363	3 178		59 702
Of which DNB Bank ASA	*99 848*	*34 675*	*(4)*	*2 363*	*3 169*	*1 903*	*57 746*

Maturity of Senior non-preferred bonds as at 31 December 2023[2]

Amounts in NOK million	NOK	Foreign currency	Total
2024	1 154		1 154
2025		22 270	22 270
2026	800	33 738	34 538
2027		20 933	20 933
2028	2 100	20 318	22 418
2029			
2030 and later		841	841
Senior non-preferred bonds, nominal amount	4 054	98 099	102 153
Value adjustments	(147)	(2 158)	(2 305)
Senior non-preferred bonds	3 907	95 941	99 848

1) *Including accrued interest, fair value adjustments and premium/discounts.*
2) *In the table above, the maturity profile is based on the call date, i.e. DNB's first option to redeem the bond.*

Note G44 Subordinated loan capital and perpetual subordinated loan capital securities

Changes in subordinated loan capital and perpetual subordinated loan capital securities

Amounts in NOK million	Balance sheet 31 Dec 2023	Issued 2023	Matured redeemed 2023	Exchange movements 2023	Other changes 2023	Merger of Sbanken 2023	Balance sheet 31 Dec 2022
Term subordinated loan capital, nominal amount	32 772	11 788	(10 030)	416			30 598
Perpetual subordinated loan capital, nominal amount	6 439			133			6 306
Value adjustments	746		(4)	896			(114)
Subordinated loan capital and perpetual subordinated loan capital securities	39 957	11 788	(10 034)	551	864		36 788
Of which DNB Bank ASA	*39 957*	*11 788*	*(10 034)*	*557*	*869*	*906*	*35 877*

Maturity of subordinated loan capital as at 31 December 2023

Year raised	Carrying amount in foreign currency		Interest rate	Maturity	Call date	Carrying amount in NOK
Term subordinated loan capital						
2019	NOK	125	3 month NIBOR + 1.60%	2029	2024	125
2019	NOK	125	3-month NIBOR + 1.30%	2029	2024	125
2020	NOK	350	3-month NIBOR + 1.60%	2030	2025	350
2020	NOK	150	3-month NIBOR + 1.25%	2030	2025	150
2020	NOK	2 500	3-month NIBOR + 2.30%	2030	2025	2 500
2020	SEK	1 500	3 month STIBOR + 2.35%	2030	2025	1 512
2021	NOK	446	2.72% p.a.	2032	2027	446
2021	NOK	2 350	3-month NIBOR + 1.60%	2032	2027	2 350
2021	SEK	500	1.506% p.a.	2032	2027	504
2021	SEK	1 600	3-month NIBOR + 0.95%	2032	2027	1 612
2022	NOK	2 500	3 month NIBOR + 1.05%	2032	2027	2 500
2022	NOK	150	3 month NIBOR + 1.08%	2032	2027	150
2022	JPY	9 000	1.35% p.a.	2033	2028	644
2022	EUR	750	4.625% p.a.	2033	2028	8 410
2023	JPY	12 500	1.65% p.a.	2033	2028	895
2023	NOK	650	5.01% p.a.	2033	2028	650
2023	NOK	1 100	3-month NIBOR + 1.75%	2033	2028	1 100
2023	SEK	500	4.905% p.a.	2033	2028	504
2023	SEK	700	3 month STIBOR + 1.80%	2033	2028	705
2023	JPY	27 000	1.58% p.a.	2033	2028	1 933
2023	EUR	500	5.00% p.a.	2033	2028	5 607
Term subordinated loan capital, nominal amount						32 772
Perpetual subordinated loan capital						
1996	USD	200	3 month LIBOR + 0.25 %			2 026
1996	USD	150	6-month LIBOR + 0.13 %			1 519
2001	USD	215	6-month LIBOR + 0.15 %			2 178
2004	JPY	10 000	4.51%		2029	716
Perpetual subordinated loan capital, nominal amount						6 439

1) *Including accrued interest, fair value adjustments and premium/discounts.*

Note G45 Other liabilities

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Short-term funding	260	532
Short positions trading	3 036	3 394
Accrued expenses and prepaid revenues	4 693	4 502
Documentary credits, cheques and other payment services	740	565
Unsettled contract notes	2 212	1 161
Accounts payable	1 008	3 456
General employee bonus	266	310
Non-controlling interests	2 059	14 509
Lease liabilities	2 163	2 605
Other liabilities	6 155	2 938
Total other liabilities	22 593	33 972

Other liabilities are generally of a short-term nature.

Note G46 Equity

Share capital

The Annual General Meeting held on 25 April 2023 resolved a reduction in share capital by cancelling own shares and redeeming shares held by the Norwegian government. The cancellation of the shares was registered in the Register of Business Enterprises on 4 July 2023. The number of issued shares was reduced by 7 751 818 to 1 542 613 203.

The share capital of DNB Bank ASA at 31 December 2023 was NOK 19 282 665 036 divided into 1 542 613 203 shares, each with a nominal value of NOK 12.50. The share capital of DNB Bank ASA at 31 December 2022 was NOK 19 379 582 783 divided into 1 550 365 021 shares, each with a nominal value of NOK 12.50.

DNB Bank ASA has one class of shares, and all shares carry voting rights. Shareholders are entitled to receive the dividend proposed at any time and have one voting right per share at the company's general meeting.

The Board of Directors has proposed a dividend of NOK 16.00 per share for 2023, for distribution from 8 May 2024.

Own shares

The Annual General Meeting held on 25 April 2023 authorised the Board of Directors of DNB Bank ASA to repurchase up to 3.5 per cent of the company's share capital. In addition, DNB Markets was authorised to repurchase 0.5 per cent for hedging purposes. DNB Bank ASA has previously signed an agreement with the Norwegian government, represented by the Ministry of Trade, Industry and Fisheries, to ensure that the government maintains its 34 per cent ownership interest in DNB Bank ASA after completion of the buy-back programme(s).

A repurchase programme of 1.5 per cent, as well as 0.25 per cent for hedging purposes, was announced on 17 July 2023 and was completed on 16 October. On 19 October, a new programme of 1.0 per cent was announced, and which was completed on 21 December. On 22 December, a third programme of 0.75 per cent was announced. Under the third programme, DNB repurchased 355 935 shares up to 31 December 2023, representing 0.02 per cent of its issued shares, at an average price of NOK 213.22 per share.

Total repurchased shares in 2023 under the three buy-back programmes were 25 774 725 shares, representing 1.67 per cent of the issued shares, and at an average price of NOK 209.49. In addition, a proportion of the Norwegian government's holding, equivalent to 0.86 per cent of issued shares, will be redeemed after the Annual General Meeting in 2024, bringing total buy-backs to 2.53 per cent.

Treasury shares

Treasury shares held by DNB Markets for trading purposes are presented below.

Amounts in NOK million	Share capital	Other equity	Total equity
Balance sheet as at 31 December 2021	(0)	(0)	(0)
Net purchase of treasury shares	(1)	(14)	(15)
Reversals of fair value adjustments through the income statement		(5)	(5)
Balance sheet as at 31 December 2022	(1)	(19)	(20)
Net sale of treasury shares	1	19	20
Balance sheet as at 31 December 2023	0	0	0

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Note G46 Equity (continued)

Additional Tier 1 capital

The additional Tier 1 capital is issued by DNB Bank ASA. Five additional Tier 1 capital instruments were issued in 2023, with a total nominal value of NOK 5 829 million.

Year	Carrying amount in currency		Interest rate	Carrying amount in NOK
2019	NOK	100	3-month NIBOR + 5.60%	100
2019	NOK	2 700	3-month NIBOR + 3.50%	2 700
2019	USD	850	4.875% p.a.	7 774
2019	NOK	100	3-month NIBOR + 3.15%	100
2020	NOK	300	3-month NIBOR + 3.10%	300
2020	NOK	100	3-month NIBOR + 3.00%	100
2022	NOK	100	3-month NIBOR + 2.60%	100
2022	NOK	2 750	3-month NIBOR + 3.75%	2 750
2022	NOK	500	6.72% p.a. until 18 February 2028, thereafter 3-month NIBOR + 3.75%	500
2022	NOK	600	3-month NIBOR + 4.00%	600
2022	NOK	950	7.75% p.a. until 4 May 2028, thereafter 3-month NIBOR + 4.00%	950
2023	NOK	2 300	3-month NIBOR + 3.50 %	2 300
2023	SEK	1 000	3-month STIBOR + 3.50 %	961
2023	SEK	850	6.89% p.a. until 14 March 2029, thereafter 3-month STIBOR + 3.50%	817
2023	NOK	1 100	3-month NIBOR + 3.50 %	1 100
2023	NOK	650	7.69% p.a. until 14 March 2029, thereafter 3-month STIBOR + 3.50%	650
Total, nominal amount				21 803

For further details about issued and redeemed AT1 capital, please refer to G – Statement of changes in equity.

Net currency translation reserve

A specification of the net currency translation reserve is presented below.

Amounts in NOK million	Currency translation reserve	Net investment hedging reserve	Tax	Net currency translation reserve
Balance sheet as at 31 December 2021	15 947	(14 004)	3 501	5 444
Currency translation of foreign operations and hedging of net investment	3 276	(2 878)		397
Tax on hedging instruments			719	719
Reclassified to the income statement on the liquidation of foreign operations	(5 213)	5 137	(1 284)	(1 360)
Balance sheet as at 31 December 2022	14 009	(11 745)	2 936	5 200
Currency translation of foreign operations and hedging of net investment	4 950	(3 845)		1 104
Tax on hedging instruments			961	961
Balance sheet as at 31 December 2023	18 959	(15 590)	3 898	7 266

Note G47 Remunerations etc.

The table below shows remuneration to the Group Management team and the Board of Directors as at end-2023. The table has been designed to show rights earned during the period. In 2023, remuneration to the Group Management team has been carried out in line with The Board of Directors' guidelines for the remuneration of senior executives, adopted at the Annual General Meeting in 2022, and published on dnb.no.

In accordance with Section 6-16 b, (2) of the Norwegian Public Limited Liability Companies Act and the Norwegian regulations on guidelines and report on remuneration for directors, DNB will publish a separate report on remuneration to directors for presentation at the Annual General Meeting on 29 April 2024. In addition to detailed information on paid and pending remuneration to directors for the 2023 accounting year, the report on remuneration for directors will contain an overview of performance targets that form the basis for variable remuneration. Shareholdings and allocated shares will also be included.

Note G47 Remunerations etc. (continued)

Remunerations etc. in 2023

Amounts in NOK 1 000	Fixed annual salary as at 31 Dec 2023	Remuneration paid in 2023	Paid salaries in 2023	Variable remuneration earned in 2023[1]	Fixed salary shares in 2023	Benefits in kind and other benefits in 2023	Accrued pension expenses in 2023[3]	Total remuneration in 2023	Loan as at 31 Dec 2023[4]
Board of Directors of DNB Bank ASA									
Olaug Svarva (Chair)		1 193						1 193	
Jens Petter Olsen (Vice chair)		922						922	822
Svein Richard Brandtzæg (Vice chair) (until 25 04 23)		202						202	
Gro Bakstad		658						658	35
Christina Bazbouz (from 25 04 23)		505						505	
Petter Bone Furberg (from 25 04 23)[5]		361						361	3 270
Julie Galbo		773						773	
Lillian Hattrem[5, 6]		632						632	3 534
Stian Tegler Samuelsen[5]		441						441	1 879
Jaan Ivar Semlitsch (until 25 04 23)[7]		160						160	
Jannicke Skaanes[5]		441						441	5 775
Kim Wahl[5]		496						496	116
Group Management									
Kjersan H. Braathen, CEO	8 720		9 030	2 948	2 616	142	895	15 631	48
Ida Lerner, CFO	5 566		5 805	2 308	252	104	143	8 393	10 947
Fredrik Bergh, group EVP (from 10 01 23) (CCO)	4 540		4 172	33		104	165	4 452	5 877
Benjamin Kristoffer Golding, group EVP (until 17 04 23)			907			56	45	1 008	
Mirella E. Grant, group EVP (until 10 01 23)			116			1	12	129	
Håkon Hansen, group EVP	4 200		4 309	1 537		71	308	6 194	8 041
Sverre Krog, group EVP (CRO)	4 100		4 394	33		112	220	4 749	11 110
Maria Eriksli Lovold, group EVP (CCO)	3 975		4 076	1 664		102	247	6 089	8 968
Thomas Midtlide, group EVP (until 05 06 23)			1 518			8	106	1 632	
Anne Sigrun Moen, group EVP	3 330		3 448	1 345		78	143	5 014	22
Per Kristian Nesse Flaaset, group EVP (from 12 04 23)	3 050		2 364	965		53	107	3 489	8 985
Alexander Opstad, group EVP	7 365		7 229	3 054	2 102	112	204	12 703	48 089
Harald Serck-Hanssen, group EVP	5 500		5 872	2 338		153	1 564	9 927	78
Ingjerd Blekeli Spiten, group EVP	4 400		4 470	1 681		101	143	6 396	6 855
Evert Gralf Westervelt, group EVP (from 14 08 23)	3 400		1 296	575		1	66	1 938	8 629
Loans to other employees								27 796 858	

1) Includes salary payments for the part of year the person concerned was a member of the Group Management Team
2) Variable remuneration (excluding holiday pay) earned in 2023 for the period they were a member of Group Management. The company's variable remuneration scheme was changed in 2021 so that the schemes for individual variable remuneration and for Group bonus are mutually exclusive. For the Group EVPs, this means that the Group bonus is no longer a remuneration component from 2023. The CHO and the CCO do not receive individual variable remuneration. They therefore receive the Group bonus like other employees
3) An agreement has been entered into with some members of the Group Management team concerning a fixed salary supplement, which will be allocated for share purchases (see description in Guidelines for the remuneration of senior executives on dnb.no)
4) Pension rights earned during the year (SCC). The calculation of pension entitlements is based on the same economic and actuarial assumptions as those used in note G23 Pensions
5) Loans to shareholder-elected representatives are extended on ordinary customer terms. Loans to DNB employees are extended on special terms, which are close to ordinary customer terms
6) Also a member of the Compensation and Organisation Committee
7) Also a member of the Audit Committee and the Risk Management Committee
8) Employee elected board member

See also note G48 Information on related parties for information on loans to and deposits from senior executives

Note G47 Remunerations etc. (continued)

Remunerations etc. in 2022

Amounts in NOK 1 000	Fixed annual salary as at 31 Dec 2022	Remuneration paid in 2022	Paid salaries in 2022	Variable remuneration earned in 2022	Fixed salary shares in 2022[1]	Benefits in kind and other benefits in 2022	Accrued pension expenses in 2022[2]	Total remuneration in 2022	Loan as at 31 Dec 2022[3]
Board of Directors of DNB Bank ASA									
Olaug Svarva (Chair)		1 147						1 147	
Svein Richard Brandtzæg (Vice chair)[8]		599						599	
Gro Bakstad[8]		632						632	
Julie Galbo[8]		713						713	
Lillian Hattrem[5, 6]		607						607	3 549
Jens Petter Olsen[8]		757						757	101
Stian Tegler Samuelsen		423						423	1 931
Jaan Ivar Semlitsch[7]		476						476	
Jannicke Skaanes (from 05 04 22)		423						423	4 364
Eli Solhaug (until 05 04 22)		171						171	1 509
Kim Wahl[8]		502						502	59
Group Management									
Kjersan H. Braathen, CEO	8 790		9 560	3 170	2 487	302	849	15 368	48
Ida Lerner, group EVP	5 125		5 187	2 172		99	145	7 583	10 719
Benjamin Kristoffer Golding, group EVP	3 200		3 337	1 216		236	185	4 923	6 002
Mirella E. Grant, group EVP	4 185		4 283	26		89	136	4 513	7 406
Håkon Hansen, group EVP	3 960		4 129	1 389		104	291	5 913	7 414
Maria Eriksli Lovold, group EVP	3 700		3 821	1 573		46	233	5 673	8 194
Sverre Krog, group EVP	4 150		4 118	26		91	208	4 443	11 460
Thomas Midtlide, group EVP	3 525		3 538	1 463		28	305	5 434	1 852
Anne Sigrun Moen, group EVP	3 200		3 294	1 346		86	135	4 781	5
Alexander Opstad, group EVP	6 560		6 736	2 757	1 950	67	193	11 683	46 365
Harald Serck-Hanssen, group EVP	5 335		5 500	2 246		53	1 485	9 284	
Ingjerd Blekeli Spiten, group EVP	4 015		4 198	1 443		89	135	5 865	6 629
Loans to other employees								25 387 043	

1) Variable remuneration earned in 2022 (excluding holiday pay). The amount includes the Group bonus of NOK 25 5 thousand, which is paid according to defined allocation criteria to all permanent employees as at 31 December 2022
2) An agreement has been entered into with some members of the Group Management team concerning a fixed salary supplement, which will be allocated for share purchases (see description in Guidelines for the remuneration of senior executives on dnb.no)
3) Pension rights earned during the year (SCC). The calculation of pension entitlements is based on the same economic and actuarial assumptions as those used in note G23 Pensions
4) Loans to shareholder-elected representatives are extended on ordinary customer terms. Loans to DNB employees are extended on special terms, which are close to ordinary customer terms
5) Also a member of the Compensation and Organisation Committee
6) Also a member of the Audit Committee and the Risk Management Committee
7) Employee elected board member

Remuneration to the statutory auditor

Amounts in NOK 1 000, excluding VAT	2023	2022
Statutory audit	(43 740)	(36 127)
Other certification services	(3 715)	(4 461)
Tax related advice[2]	(1 339)	(1 569)
Other services		(381)
Total remuneration to the statutory auditor	(48 793)	(42 538)

1) Includes fees for interim review
2) Mainly refers to tax related advice to employees on international assignments

Note G48 Information on related parties

The largest owner of the DNB Group is the Norwegian government, represented by the Ministry of Trade, Industry and Fisheries, which owns and controls 34 per cent of the shares in the parent company DNB Bank ASA. See note P44 Largest shareholders.

A large number of bank transactions are entered into with related parties as part of ordinary business transactions, comprising loans, deposits and foreign exchange transactions. These transactions are based on market terms. The table below shows transactions with related parties, including balance sheets at year-end and related expenses and income for the year. Related companies are associated companies plus DNB Savings Bank Foundation. See note G35 Investment accounted for by the equity method for a specification of associated companies. Loans to board members and their spouses/partners and under-age children are extended on ordinary customer terms. Loans to group management, like loans to other group employees, are extended on special terms, which are close to ordinary customer terms.

Transactions with related parties

	Group management and Board of Directors		Related companies	
Amounts in NOK million	2023	2022	2023	2022
Loans as at 31 December	156	141	463	421
Deposits as at 31 December	123	174	7 678	5 297
Interest income	6	3	2	5
Interest expenses	3	(1)	55	16

No impairments were made on loans to related parties in 2023 and 2022. See note G47 for other remunerations etc. to Group management and Board of Directors. Transactions with deputy members of the Board of Directors are not included in the table above. In general, DNB employee loans should be paid by automatic debit in monthly instalments in arrears. Employee loans are within the term limits applying to general customer relationships. Security is furnished for employee loans in accordance with legal requirements.

Note G49 Earnings per share

	2023	2022
Profit for the year (NOK million)	39 479	33 438
Profit attributable to shareholders (NOK million)	38 166	32 587
Profit attributable to shareholders excluding operations held for sale (NOK million)	38 315	32 317
Profit from operations held for sale, after taxes (NOK million)	(149)	270
Issued shares opening balance (in 1000)	1 550 365	1 550 365
Average number of cancelled shares (in 1000)	4 922	
Average number of own shares (in 1 000)	8 991	32
Average number of outstanding shares (in 1 000)	1 536 882	1 550 333
Average number of outstanding shares, fully diluted (in 1 000)	1 536 882	1 550 333
Earnings/diluted earnings per share (NOK)	24.83	21.02
Earnings/diluted earnings per share excluding operations held for sale (NOK)	24.93	20.86
Earnings/diluted earnings per share, operations held for sale (NOK)	(0.10)	0.17

The main purpose of the financial ratio earnings per share is to show the return for the Group's ordinary shareholders. Accumulated interest for the period, which will be paid to those investing in the additional Tier 1 capital instruments, has therefore been deducted from Profit for the period in the calculation of the period's earnings per share.

Note G50 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.

Legal risk associated with the legacy foreign currency portfolio in DNB Bank Polska S.A.

In June 2023, the Court of Justice of the European Union (CJEU) issued a judgment relating to legal proceedings against a Polish bank without ties to DNB concerning foreign currency loan agreements in Poland. The judgment clarified which claims the parties to a loan agreement can make against each other if a national court finds that a loan agreement is invalid. The CJEU's ruling is expected to affect other Polish banks with similar loan agreements. Based on the clarification from the CJEU, DNB Polska estimates that there is an increased legal risk associated with the legacy foreign currency portfolio. Total provisions at the end of the fourth quarter of 2023 were NOK 987 million (PLN 344 million). The Group has recognised the provisions by reducing the gross carrying amount in line with IFRS 9. If the recognised exposure is insufficient, the provisions will be recognised in accordance with IAS 37.

See also note G24 Taxes for further information about contingent tax liability.

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P – Income statement

Amounts in NOK million	Note	2023	2022
Interest income, effective interest method	P16	130 687	58 681
Other interest income	P16	10 507	5 136
Interest expenses, effective interest method	P16	(84 894)	(27 756)
Other interest expenses	P16	3 175	2 499
Net interest income	P16	**49 675**	**38 562**
Commission and fee income etc	P17	10 587	9 048
Commission and fee expenses etc	P17	(3 203)	(2 973)
Net gains on financial instruments at fair value	P18	5 665	2 246
Other income		10 099	10 638
Net other operating income		**23 149**	**18 959**
Total income		**72 824**	**57 521**
Salaries and other personnel expenses	P19	(13 795)	(12 113)
Other expenses	P20	(7 861)	(6 794)
Depreciation and impairment of fixed and intangible assets	P21	(4 345)	(3 445)
Total operating expenses		**(26 002)**	**(22 352)**
Pre-tax operating profit before impairment		**46 822**	**35 169**
Net gains on fixed and intangible assets		36	115
Impairment of financial instruments	P7	(848)	47
Pre-tax operating profit		**46 010**	**35 401**
Tax expense	P23	(6 694)	(4 632)
Profit for the year		**39 316**	**30 768**
Portion attributable to shareholders		38 019	30 026
Portion attributable to additional Tier 1 capital holders		1 297	743
Profit for the year		**39 316**	**30 768**
Profit for the year as a percentage of total assets		1.25	1.05

P – Comprehensive income statement

Amounts in NOK million	2023	2022
Profit for the year	**39 316**	**30 768**
Actuarial gains and losses	(274)	408
Financial liabilities designated at FVTPL, changes in credit risk	(24)	17
Tax	75	(114)
Items that will not be reclassified to the income statement	(223)	311
Currency translation of foreign operations	135	(52)
Currency translation reserve reclassified to the income statement	-	3
Financial assets at fair value through OCI	(196)	(732)
Tax	49	183
Items that may subsequently be reclassified to the income statement	(12)	(597)
Other comprehensive income for the year	**(235)**	**(287)**
Comprehensive income for the year	**39 081**	**30 542**

P – Balance sheet

Amounts in NOK million	Note	31 Dec. 2023	31 Dec. 2022
Assets			
Cash and deposits with central banks		330 265	509 331
Due from credit institutions		547 958	471 949
Loans to customers	P8, P9, P10	1 128 358	1 010 029
Commercial paper and bonds		503 075	413 875
Shareholdings		5 052	5 575
Financial derivatives	P14	203 041	213 665
Investments in associated companies	P30	10 697	10 232
Investments in subsidiaries	P31	127 654	133 360
Intangible assets	P32	8 231	9 561
Deferred tax assets	P23	1 089	94
Fixed assets	P33	17 576	15 434
Other assets	P35	22 334	31 107
Total assets		2 905 278	2 818 215
Liabilities and equity			
Due to credit institutions		296 319	275 556
Deposits from customers	P36	1 419 130	1 322 995
Financial derivatives	P14	221 388	206 820
Debt securities issued	P37	534 923	441 903
Payable taxes	P23	7 746	1 719
Deferred taxes	P23	937	2 325
Other liabilities	P40	52 146	54 672
Provisions		727	656
Pension commitments	P22	4 723	4 095
Senior non-preferred bonds	P38	99 846	57 748
Subordinated loan capital	P39	39 957	35 677
Total liabilities		2 677 845	2 404 354
Additional Tier 1 capital		22 004	16 385
Share capital		18 960	19 378
Share premium		18 733	18 733
Other equity		167 736	160 354
Total equity	P41	227 433	213 851
Total liabilities and equity		2 905 278	2 618 215

P – Statement of changes in equity

Amounts in NOK million	Share capital	Share premium	Additional Tier 1 capital	Net currency translation reserve	Liability credit reserve	Retained earnings	Total equity
Balance sheet as at 31 December 2021	19 379	18 733	16 974	554	(8)	149 765	205 399
Profit for the year			743			30 026	30 768
Actuarial gains and losses						408	408
Financial assets at fair value through OCI						(732)	(732)
Financial liabilities designated at FVTPL, changes in credit risk					77		77
Currency translation of foreign operations				(49)			(49)
Tax on other comprehensive income					(19)	88	69
Comprehensive income for the year			743	(49)	58	29 790	30 542
Interest payments AT1 capital			(1 011)				(1 011)
AT1 capital redeemed			(6 548)				(6 548)
Currency movements on redemption AT1 capital			428			(428)	
AT1 capital issued			4 800				4 800
Net purchase of treasury shares	(1)					(14)	(15)
Dividends for 2022 (NOK 12.50 per share)						(19 316)	(19 316)
Balance sheet as at 31 December 2022	19 378	18 733	15 386	506	50	159 798	213 851
Profit for the year			1 297			38 019	39 316
Actuarial gains and losses						(274)	(274)
Financial assets at fair value through OCI						(198)	(198)
Financial liabilities designated at FVTPL, changes in credit risk					(24)		(24)
Currency translation of foreign operations				135			135
Tax on other comprehensive income					6	118	124
Comprehensive income for the year			1 297	135	(18)	37 667	39 081
Interest payments AT1 capital			(1 213)				(1 213)
AT1 capital issued			5 829			(5)	5 823
Net purchase of treasury shares	1					19	20
Share buyback program	(419)					(6 517)	(6 936)
Merger Sbanken ASA			705			245	950
Other equity transactions						10	10
Dividends for 2023 (NOK 16.00 proposed per share)						(24 153)	(24 153)
Balance sheet as at 31 December 2023	18 960	18 733	22 004	641	33	167 053	227 433

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P – Cash flow statement

Amounts in NOK million	2023	2022
Operating activities		
Net payments on loans to customers	(31 596)	(191 534)
Net receipts on deposits from customers	10 702	62 496
Receipts on issued bonds and commercial paper (see note P37)	1 528 931	1 767 613
Payments on redeemed bonds and commercial paper (see note P37)	(1 425 329)	(1 628 569)
Net payments on loans to credit institutions	(42 999)	(12 549)
Interest received	137 712	64 103
Interest paid	(85 734)	(26 980)
Net receipts on commissions and fees	6 873	5 173
Net payments on the sale of financial assets in liquidity or trading portfolio	(89 387)	(105 259)
Payments to operators	(21 172)	(19 015)
Taxes paid	(1 409)	(377)
Other net payments	8 466	11 603
Net cash flow from operating activities	**(5 343)**	**16 708**
Investing activities		
Net payments on the acquisition or disposal of fixed assets	(5 530)	(2 895)
Investment in long-term shares	(823)	(12 497)
Disposals of long-term shares	2	54
Dividends received on long-term investments in shares	4 861	5 196
Net cash flow from investing activities	**(1 490)**	**(10 143)**
Financing activities		
Receipts on issued senior non preferred bonds (see note G43)	34 675	21 961
Payments on redeemed senior non preferred bonds (see note G43)	(4)	-
Receipts on issued subordinated loan capital (see note G44)	11 788	13 227
Redemptions of subordinated loan capital (see note G44)	(10 034)	(10 787)
Receipts on issued AT1 capital (see note P41)	5 829	4 809
Redemptions of AT1 capital (see note P41)		(6 548)
Interest payments on AT1 capital	(1 219)	(1 030)
Lease payments	(732)	(754)
Net purchase of own shares	(6 916)	(15)
Dividend payments	(19 316)	(15 116)
Net cash flow from financing activities	**14 077**	**5 362**
Effects of exchange rate changes on cash and cash equivalents	**2 979**	**3 987**
Net cash flow	**10 224**	**15 974**
Cash as at 1 January	319 510	303 536
Merger Storebrand	4 087	-
Net receipts of cash	10 224	15 974
Cash as at 31 December	333 821	319 510
*) *Of which Cash and deposits with central banks*	*330 263*	*309 331*
Deposits with credit institutions with no agreed period of notice	*3 559*	*10 179*

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

Note P1 Accounting principles

Basis for preparation

DNB Bank ASA is the parent company in the DNB Group. DNB Bank ASA has prepared its financial statement according to the Norwegian Ministry of Finance's regulations on annual accounts, which implies that recognition and measurements are in accordance with IFRS. The only exception is that the regulations on annual accounts also give permission to recognise provisions for dividends and group contributions in subsidiaries as income and to record the Board of Directors' proposed dividends and group contributions as liabilities on the balance sheet date. Under IFRS, dividends should be classified as equity until approved by the general meeting.

Intra-Group merger

The merger of Sbanken ASA and DNB Bank ASA was completed on 2 May 2023.

The merger was completed with accounting and tax continuity. No additional consideration has been paid. As part of the merger, Sbanken's net assets were transferred to DNB Bank ASA for the sake of Group continuity in the parent company accounts, except for Sbanken's ownership of the wholly owned subsidiary Sbanken Boligkreditt AS and loans to customers measured at fair value through other comprehensive income (FVOCI) in the Sbanken ASA accounts, which were transferred with company continuity. Group continuity means that identified intangible assets and goodwill from the acquisition of Sbanken in March 2022, with a total book value of NOK 4 3 billion, are recognised in DNB Bank ASA's accounts as a result of the merger.

Comparative figures for DNB Bank ASA have not been restated. As a result of the merger, DNB Bank equity increased by NOK 950 million (including NOK 705 million in additional Tier 1 capital) at the date of completion.

Differences in the parent company's accounting principles compared with the Group's accounting principles

Investments in subsidiaries, associated companies, and joint ventures

In the financial statement of DNB Bank ASA, investments in subsidiaries, associated companies and joint ventures are recognised at cost. At the end of each reporting period, the company assesses whether any indication of impairment exists. If any such indication exists, the investment is tested for impairment.

Dividends and group contributions

Dividends and group contributions from Group companies are recognised in DNB Bank ASA in the same year as provisions are made in the relevant companies. Group contributions received are classified as dividends when considered to represent return on invested capital. The Board of Directors' proposed dividends and group contributions are recognised as liabilities on the balance sheet date. Provisions for dividends are presented under Other liabilities and provisions in the balance sheet.

Operating segments

The parent company does not provide segment information. This information is provided in note G2 Segments in the Group's annual report.

Note P2 Capitalisation policy and capital adequacy

Capital adequacy is measured and reported in accordance with the EU capital requirements regulations for banks and investment firms (CRR/CRD), which were implemented in Norway on 1 June 2022.

Risk Exposure Amount (REA) in relation to the capital base determines the banks' regulatory capital adequacy. The minimum requirement for total own funds is 8 per cent of REA for credit risk, market risk and operational risk. REA is also used for the calculation of the capital conservation buffer, systemic risk buffer, buffer for systemically important institutions and the countercyclical capital buffer.

Finanstilsynet (The Norwegian FSA) expects DNB Bank ASA to maintain a Pillar 2 Guidance (P2G), i.e. a margin in the form of common equity Tier 1 (CET1) capital that exceeds the total capital requirement with 1.25 per cent of total risk exposure amount (REA). At year-end 2023, the regulatory CET1 capital ratio requirement was 15.5 per cent, while the supervisory expectation was 16.7 per cent (incl. P2G). The requirement will vary due to the counter-cyclical buffer and systemic risk buffer, which are determined based on the total exposure in each country and their prevailing rates.

At year-end 2023, DNB Bank ASA had a CET1 capital ratio of 19.6 per cent and a total capital ratio of 25.2 per cent, compared with 21.1 per cent and 25.9 per cent, respectively, a year earlier. REA came to NOK 968 billion at year-end 2023, compared with NOK 904 billion the year before.

Following the global financial crisis, leverage ratio was introduced as a supplement to the risk-weighted capital requirements. Tier 1 capital is used when calculating leverage ratio. The exposure measurement consists of both on balance sheet- and off-balance sheet items. The same conversion factors are used as in the standardised approach for the risk-weighted calculation. In addition, there are specific methods for calculating exposure values for derivatives and add-ons for repo transactions.

At year-end 2023, DNB Bank ASA's leverage ratio was 7.1 per cent, compared to 7.6 per cent a year earlier. DNB Bank ASA meets the total requirement of 3 per cent by a good margin.

Own funds

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Total equity	227 433	213 851
Additional Tier 1 capital instruments included in total equity	(21 803)	(15 274)
Net accrued interest on additional Tier 1 capital instruments	(201)	(111)
Common equity Tier 1 capital instruments	205 430	198 465
Deductions		
Pension funds above pension commitments	(44)	
Goodwill	(5 435)	(2 376)
Deferred tax assets that are not due to temporary differences	(14)	(24)
Other intangible assets	(1 429)	(1 020)
Share buy-back program	(5 185)	(1 497)
IRB provisions shortfall	(1 553)	(1 412)
Additional value adjustments (AVA)	(933)	(1 047)
Insufficient coverage for non-performing exposures	(316)	(49)
(Gains) or losses on liabilities at fair value resulting from own credit risk	(33)	(50)
(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(398)	(391)
Common equity Tier 1 capital	189 129	190 559
Additional Tier 1 capital instruments	21 803	15 274
Tier 1 capital	210 932	205 834
Perpetual subordinated loan capital		
Term subordinated loan capital	32 772	27 929
Tier 2 capital	32 772	27 929
Own funds	243 704	233 763
Total risk exposure amount	965 418	904 035
Minimum capital requirement	77 313	72 323
Common equity Tier 1 capital ratio	19.6	21.1
Tier 1 capital ratio (%)	21.8	22.8
Total capital ratio (%)	25.2	25.9

Note P2 Capitalisation policy and 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 risk exposure amount and capital requirements

Amounts in NOK million	Nominal exposure 31 Dec. 2023	Exposure at default (EAD) 31 Dec. 2023	Average risk weights in per cent 31 Dec. 2023	Risk exposure amount (REA) 31 Dec. 2023	Capital requirements 31 Dec. 2023	Capital requirements 31 Dec. 2022
IRB approach						
Corporate exposures	971 901	768 019	43.3	332 289	26 582	25 824
Of which specialised lending (SL)	7 214	6 899	33.4	2 304	184	326
Of which small and medium- sized entities (SME)	217 485	196 617	46.3	91 073	7 359	6 879
Of which other corporates	747 202	562 503	42.3	237 993	19 039	18 620
Retail exposures	249 700	235 695	25.4	59 828	4 786	4 690
Of which secured by mortgages on immovable property	199 527	188 937	23.2	39 196	3 135	2 905
Of which other retail	50 763	46 958	30.8	20 631	1 651	1 785
Total credit risk, IRB approach	1 221 601	1 003 915	39.1	392 097	31 369	30 514
Standardised approach						
Central government and central banks	444 725	443 737	0.0	82	7	0
Regional governments or local authorities	41 615	38 211	1.5	569	45	32
Public sector entities	81 385	79 917	0.0	8	1	1
Multilateral development banks	54 168	54 168	1.1	594	48	
International organisations	878	878				
Institutions	645 619	576 655	21.1	121 506	9 720	9 701
Corporates	155 669	135 435	69.9	94 644	7 572	7 343
Retail	126 439	56 215	75.9	42 161	3 373	3 063
Secured by mortgages on immovable property	103 653	89 174	36.3	32 359	2 589	113
Exposures in default	3 023	2 356	133.7	3 153	252	116
Items associated with particular high risk	473	473	150.0	709	57	60
Covered bonds	163 190	163 190	10.0	16 319	1 306	1 082
Collective investment undertakings	591	591	59.4	351	28	
Equity positions	139 471	139 471	100.0	139 471	11 158	11 812
Other assets	21 618	21 618	67.4	14 562	1 165	688
Total credit risk, standardised approach	1 982 718	1 802 092	25.9	466 490	37 319	34 030
Total credit risk	3 204 320	2 806 007	30.6	858 577	68 686	64 544
Settlement risk				0	0	
Market risk						
Position and general risk, debt instruments				8 116	649	687
Position and general risk, equity instruments				757	61	41
Currency risk				0	0	12
Commodity risk				5	0	
Total market risk				8 879	710	740
Credit value adjustment risk (CVA)				3 103	249	341
Operational risk				95 860	7 669	6 697
Total risk exposure amount				966 418	77 313	72 323

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Note P3 Credit risk management

See note G4

The DNB Bank ASA's total forbearance exposures, in accordance with the definition of forbearance in CRD, are shown in the table below.

Forbearance

	31 December 2023			31 December 2022		
Amounts in NOK million	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total
Gross carrying amount and loan commitments	8 644	8 292	16 936	14 122	11 711	25 833
Expected credit loss	34	2 616	2 651	44	2 917	2 961

Note P4 Measurement of expected credit loss

See note G5

Note P5 Credit risk exposure and collateral

The table under includes on and off-balance sheet items which entail credit risk and the assessed value of related collateral. If available, fair values are used. In general, fair values are estimated according to different techniques depending on the type of collateral. With respect to properties, models estimating the value of collateral based on market parameters for similar properties, are used. Corresponding techniques are used for other non-financial collateral. In order to reflect the effective available collateral value, the fair value of collateral included in the table is limited to the maximum credit exposure of the individual loan or exposure.

Other collateral includes the assessed fair value of movables, sureties, ships and cash as well as other credit enhancements, such as netting agreements and guarantees received.

Credit risk exposure and collateral as at 31 December 2023

Amounts in NOK million	Maximum exposure to credit risk	Secured by real estate	Collateralised by securities	Other collateral	Total collateral	Net exposure to credit risk
Deposits with central banks	329 954					329 954
Due from credit institutions	547 958		113 134	2	113 135	434 823
Loans to customers	1 126 358	531 625	167 727	214 690	914 042	214 316
Commercial paper and bonds	503 075					503 075
Financial derivatives	203 041		70	94 165	94 235	108 805
Other assets	21 358					21 358
Total maximum exposure to credit risk reflected on the balance sheet	2 733 743	531 625	280 931	308 857	1 121 413	1 612 330
Guarantees	9 138	8		4 701	4 708	4 430
Unutilised credit lines and loan offers	574 694	67 350	169	81 169	148 388	426 306
Other commitments	113 375	4 311		15 242	19 553	93 822
Total maximum exposure to credit risk not reflected on the balance sheet	697 207	71 369	169	101 111	172 649	524 558
Total	3 430 949	602 994	281 100	409 968	1 294 062	2 136 887
Of which subject to expected credit loss						
Deposits with central banks	329 954					329 954
Due from credit institutions	547 958			2	2	547 957
Loans to customers	1 118 294	522 493	75 607	214 670	812 770	305 517
Commercial paper and bonds	191 513					191 513
Total maximum exposure to credit risk reflected on the balance sheet	2 187 719	522 493	75 607	214 672	812 778	1 374 941
Guarantees	9 138	8		4 701	4 708	4 430
Unutilised credit lines and loan offers	574 694	49 857	169	81 168	131 194	443 500
Other commitments	113 375	4 311		15 242	19 553	93 822
Total maximum exposure to credit risk not reflected on the balance sheet	697 207	54 176	169	101 111	155 455	541 752
Total	2 884 925	576 670	75 776	315 782	968 233	1 916 693
Of which stage 3						
Loans to customers	14 311	5 975		7 301	13 276	1 035
Total maximum exposure to credit risk reflected on the balance sheet	14 311	5 975		7 301	13 276	1 035
Guarantees	658			855	855	0
Unutilised credit lines and loan offers	1 303	205		185	390	913
Other commitments	602	91		108	199	403
Total maximum exposure to credit risk not reflected on the balance sheet	2 840	296		1 149	1 445	1 396
Total	17 151	6 271		8 449	14 721	2 430

Financial assets of NOK 2.1 billion in stage 3 has no credit loss due to collateralisation

Note P5 Credit risk exposure and collateral (continued)

Comments to the main items as at 31 December 2023:

- Deposits with central banks: DNB engages only in short-term transactions with central banks, mainly in OECD countries.
- Loans to customers: See further description under "Guidelines for credit activity" in note P3 Credit risk management.
- Commercial paper and bonds: The Group's investments in commercial paper and bonds, are within market risk limits approved by the Board of Directors.
- Financial derivatives: Other collateral represents netting opportunities against other outstanding balances with customers and cash collateral received.
- Guarantees: See further description under "Guidelines for credit activity" in note P3 Credit risk management.
- Unutilised credit lines and loan offers: Offers of loans, credits and credit lines totalling NOK 108 722 million were included in the maximum credit exposure. No formal collateral has been established for such exposure, and the assessed value is not included in the table. Collateral is established once the offers are accepted by the customers. The assessment of the value of any collateral established in connection with such offers follows the procedure and criteria described under "Guidelines for credit activity" in note G4 Credit risk management.

Credit risk exposure and collateral as at 31 December 2022

Amounts in NOK million	Maximum exposure to credit risk	Secured by real estate	Collateralised by securities[1]	Other collateral	Total collateral	Net exposure to credit risk
Deposits with central banks	309 004		9 470		9 470	299 534
Due from credit institutions	471 949		11 732	2	11 734	460 215
Loans to customers	1 010 029	427 902	159 895	227 912	815 808	194 221
Commercial paper and bonds	413 978					413 978
Financial derivatives	213 665		163	101 555	101 718	111 947
Other assets	30 161					30 161
Total maximum exposure to credit risk reflected on the balance sheet	2 449 687	427 902	181 360	329 468	938 730	1 509 957
Guarantees	10 136	15		5 103	5 118	5 018
Unutilised credit lines and loan offers	503 199	59 977		74 729	134 706	368 493
Other commitments	99 711	5 566		15 825	21 392	78 319
Total maximum exposure to credit risk not reflected on the balance sheet	613 046	65 559		95 657	161 216	451 830
Total	3 061 733	493 461	181 360	425 125	1 099 946	1 961 787
Of which subject to expected credit loss						
Deposits with central banks	*309 004*					*309 004*
Due from credit institutions	*471 949*			*2*	*2*	*471 947*
Loans to customers	*1 003 005*	*421 819*	*69 342*	*227 891*	*719 052*	*283 959*
Commercial paper and bonds	*128 443*					*128 443*
Total maximum exposure to credit risk reflected on the balance sheet	*1 912 402*	*421 819*	*69 342*	*227 892*	*719 054*	*1 193 348*
Guarantees	*10 136*	*15*		*5 103*	*5 118*	*5 018*
Unutilised credit lines and loan offers	*503 199*	*59 977*		*75 207*	*135 184*	*368 015*
Other commitments	*99 711*	*5 566*		*15 825*	*21 392*	*78 319*
Total maximum exposure to credit risk not reflected on the balance sheet	*613 046*	*65 559*		*96 136*	*161 694*	*451 352*
Total	*2 525 448*	*487 379*	*69 342*	*324 027*	*880 748*	*1 644 699*
Of which stage 3						
Loans to customers	*16 543*	*3 976*	*717*	*11 851*	*16 543*	*(0)*
Total maximum exposure to credit risk reflected on the balance sheet	*16 543*	*3 976*	*717*	*11 851*	*16 543*	*(0)*
Guarantees	*1 609*			*1 259*	*1 259*	*289*
Unutilised credit lines and loan offers	*578*	*208*		*104*	*312*	*266*
Other commitments	*793*	*45*		*590*	*635*	*158*
Total maximum exposure to credit risk not reflected on the balance sheet	*2 909*	*253*		*1 953*	*2 206*	*703*
Total	*19 452*	*4 228*	*717*	*13 804*	*18 749*	*703*

1) NOK 69 billion has been reclassified from other collateral to collateralised by securities.

Financial assets of NOK 1.4 billion in stage 3 has no credit loss due to collateralisation.

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Note P6 Credit risk exposure by risk grade

In the tables below, all loans to customers and financial commitments to customers are presented by risk grade. The division between risk classes is based on an IRB probability of default (PD) as shown in the table DNB's risk classification in note G4. See also the section Probability of default (PD) in note G5 for a description of the correlation between IRB PD and IFRS PD. The amounts are based on the gross carrying amount and the maximum exposure before adjustments for impairments.

Loans as at 31 December 2023

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Risk grade based on probability of default					
1 - 4	595 320	12 242		198 383	805 945
5 - 7	164 665	60 256		34 871	259 793
8 - 10	21 125	23 679		4 871	49 665
Credit impaired			18 649	1 180	19 829
Total	781 111	96 188	18 649	239 305	1 135 233

Loans as at 31 December 2022

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Risk grade based on probability of default					
1 - 4	569 398	18 906		112 633	700 937
5 - 7	161 113	52 587		32 431	246 130
8 - 10	18 313	27 043		2 191	47 547
Credit impaired			21 696	713	22 409
Total	748 823	98 537	21 696	147 968	1 017 023

Financial commitments as at 31 December 2023

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Risk grade based on probability of default				
1 - 4	439 826	4 934		444 760
5 - 7	78 069	18 115		96 185
8 - 10	5 330	5 232		10 561
Credit impaired			3 045	3 045
Total	523 225	28 281	3 045	554 552

Financial commitments as at 31 December 2022

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Risk grade based on probability of default				
1 - 4	379 588	7 141		387 028
5 - 7	65 196	13 751		78 947
8 - 10	5 819	8 582		14 401
Credit impaired			3 112	3 112
Total	450 603	29 474	3 112	483 489

Note P7 Impairment of financial instruments

	2023				2022			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Originated and purchased	(7)	(12)	(33)	(52)				
Increased expected credit loss	(530)	(1 130)	(3 601)	(5 260)	(556)	(962)	(3 014)	(4 533)
Decreased expected credit loss	387	984	3 374	4 745	413	822	3 409	4 664
Derecognition	32	55	240	327	73	98	244	405
Write-offs			(640)	(640)			(577)	(578)
Recoveries on loans previously written off			232	232			98	98
Other								
Total impairment	(119)	(102)	(627)	(849)	(50)	(53)	160	57

The contractual amount outstanding on financial assets that were written off during the reporting period and is still subject to enforcement activity was NOK 69 million as at 31 December 2023 for DNB Bank ASA (NOK 41 million as at 31 December 2022)

Note P8 Development in gross carrying amount and maximum exposure

The following tables reconcile the opening and closing balances for gross carrying amount and the maximum exposure for loans to customers at amortised cost and financial commitments. Maximum exposure to credit risk is the gross carrying amount of loans to customers plus off-balance exposure, which mainly includes guarantees, unutilised credit lines and loan offers. Reconciling items include the following

- Transfers between stages due to significant changes in credit risk
- Changes due to the derecognition of loans and financial commitments during the period
- Changes due to the origination of new financial instruments during the period
- Exchange rate effect from consolidation and other changes affecting the gross carrying amount and maximum exposure

Loans to customers at amortised cost

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	**670 921**	**77 556**	**26 294**	**774 772**
Transfer to stage 1	57 506	(53 629)	(3 878)	
Transfer to stage 2	(97 727)	99 823	(2 096)	
Transfer to stage 3	(2 382)	(3 450)	5 832	
Originated and purchased	287 675	11 714	2 042	300 932
Derecognition	(165 715)	(32 908)	(6 493)	(205 117)
Exchange rate movements	(1 456)	(69)	(6)	(1 531)
Gross carrying amount as at 31 December 2022	**748 823**	**98 837**	**21 696**	**869 356**
Transfer to stage 1	54 439	(51 933)	(2 507)	
Transfer to stage 2	(79 027)	83 157	(4 134)	
Transfer to stage 3	(2 772)	(6 299)	9 071	
Originated and purchased	289 036	15 014	1 653	305 703
Merger Sbanken ASA	2 636	2 379	542	5 557
Derecognition	(236 001)	(45 728)	(7 669)	(288 918)
Exchange rate movements	3 972	541	15	4 528
Gross carrying amount as at 31 December 2023	**781 111**	**96 169**	**18 649**	**895 928**

Financial commitments

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Maximum exposure as at 1 January 2022	**507 789**	**19 998**	**6 233**	**533 020**
Transfer to stage 1	17 121	(16 315)	(1 805)	
Transfer to stage 2	(31 267)	31 375	(107)	
Transfer to stage 3	(623)	(338)	961	
Originated and purchased	342 466	2 099	1 466	346 031
Derecognition	(386 988)	(6 386)	(2 636)	(396 009)
Exchange rate movements	2 406	41		2 447
Maximum exposure as at 31 December 2022	**450 883**	**29 474**	**3 112**	**483 469**
Transfer to stage 1	13 745	(13 134)	(611)	
Transfer to stage 2	(20 440)	20 534	(94)	
Transfer to stage 3	(557)	(1 357)	2 014	
Originated and purchased	366 724	2 523	589	369 836
Merger Sbanken ASA	29 386	145	11	29 541
Derecognition	(319 435)	(10 056)	(1 983)	(331 473)
Exchange rate movements	2 999	151	9	3 159
Maximum exposure as at 31 December 2023	**523 225**	**28 281**	**3 045**	**554 552**

Note P9 Development in accumulated impairment of financial instruments

The following tables reconcile the opening and closing balances for accumulated impairment of loans to customers at amortised cost and financial commitments. Reconciling items includes the following:

- Transfers between stages due to significant changes in credit risk. The transfers are presumed to occur before the subsequent remeasurement of the allowance.
- Changes due to transfers between 12-month expected credit loss in stage 1 and lifetime expected credit loss in stages 2 and 3.
- Changes in allowance due to the origination of new financial instruments during the period.
- Increases and decreases in expected credit loss resulting from changes in input parameters and assumptions, including macro forecasts, as well as the effect of partial repayments on existing facilities and the unwinding of the time value of discounts due to the passage of time.
- Changes in allowance due to the derecognition of financial instruments during the period.
- Write-offs, exchange rate effect from consolidation and other changes affecting the expected credit loss.

Loans to customers at amortised cost

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 1 January 2022	(433)	(494)	(7 979)	(8 905)
Transfer to stage 1	(184)	165	19	
Transfer to stage 2	71	(89)	18	
Transfer to stage 3	2	24	(26)	
Originated and purchased	(164)	(57)		(221)
Increased expected credit loss	(335)	(701)	(3 255)	(4 291)
Decreased (reversed) expected credit loss	492	323	2 501	3 316
Write-offs			2 669	2 669
Derecognition	67	211	244	523
Exchange rate movements			3	4
Accumulated impairment as at 31 December 2022	(463)	(617)	(5 806)	(6 905)
Transfer to stage 1	(309)	221	88	
Transfer to stage 2	79	(103)	24	
Transfer to stage 3	5	50	(54)	
Originated and purchased	(163)	(49)		(212)
Increased expected credit loss	(272)	(717)	(3 307)	(4 296)
Decreased (reversed) expected credit loss	558	304	2 875	3 737
Write-offs			952	952
Derecognition	31	149	44	224
Merger Sbanken ASA	(12)	(46)	(252)	(309)
Exchange rate movements	(2)	(3)	(5)	(10)
Accumulated impairment as at 31 December 2023	(569)	(761)	(5 442)	(6 771)

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Note P9 Development in accumulated impairment of financial instruments (continued)

Financial commitments

Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 1 January 2022	(169)	(250)	(668)	(1 087)
Transfer to stage 1	(117)	111	7	
Transfer to stage 2	28	(29)	1	
Transfer to stage 3		4	(5)	
Originated and purchased	(127)	(16)		(144)
Increased expected credit loss	(53)	(150)	(22)	(225)
Decreased (reversed) expected credit loss	283	106	476	845
Derecognition	10	54	9	73
Exchange rate movements		(1)		(2)
Accumulated impairment as at 31 December 2022	(185)	(173)	(203)	(560)
Transfer to stage 1	(94)	92	2	
Transfer to stage 2	20	(22)	3	
Transfer to stage 3	1	13	(14)	
Originated and purchased	(178)	(95)		(273)
Increased expected credit loss	(82)	(171)	(110)	(343)
Decreased (reversed) expected credit loss	268	85	112	465
Derecognition	3	92	7	102
Merger Sbanken ASA	(2)	(2)	(1)	(5)
Exchange rate movements	(1)	(1)		(2)
Accumulated impairment as at 31 December 2023	(210)	(181)	(205)	(596)

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

Note P10 Loans and financial commitments to customers by industry segment

Loans to customers as at 31 December 2023

Amounts in NOK million	Gross carrying amount	Accumulated impairment Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	92 760	(78)	(17)	(45)		92 681
Commercial real estate	224 697	(158)	(68)	(466)	82	224 087
Shipping	19 630	(8)	(1)	(206)		19 415
Oil, gas and offshore	19 609	(4)	(3)	(1 018)		18 584
Power and renewables	37 663	(12)	(18)	(766)		36 866
Healthcare	4 489	(1)	(0)	(12)		4 477
Public sector	1 818	(0)	(0)	(0)		1 818
Fishing, fish farming and farming	70 245	(11)	(46)	(120)	86	70 154
Retail industries	45 527	(37)	(101)	(282)		45 107
Manufacturing	39 303	(29)	(37)	(155)		39 112
Technology, media and telecom	13 700	(4)	(6)	(47)		13 644
Services	78 952	(75)	(134)	(403)	9	78 349
Residential property	105 478	(68)	(25)	(382)	2 097	107 097
Personal customers	83 769	(77)	(159)	(331)	236 913	320 116
Other corporate customers	58 257	(68)	(142)	(1 195)	15	56 865
Total[1]	895 928	(569)	(761)	(5 442)	239 201	1 128 358

1) Of which NOK 66 648 million in repo trading volumes

Loans to customers as at 31 December 2022

Amounts in NOK million	Gross carrying amount	Accumulated impairment Stage 1	Stage 2	Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	73 586	(17)	(15)	(71)	10	73 493
Commercial real estate	219 606	(129)	(53)	(391)	129	219 161
Shipping	22 120	(15)	(1)	(189)		21 916
Oil, gas and offshore	28 358	(5)	(8)	(2 339)		26 007
Power and renewables	37 117	(12)	(12)	(596)		36 498
Healthcare	4 404	(1)	(1)	(0)		4 403
Public sector	5 947	(0)	(0)	(0)	2	5 948
Fishing, fish farming and farming	64 933	(13)	(29)	(133)	187	64 945
Retail industries	44 700	(37)	(49)	(199)	5	44 420
Manufacturing	37 614	(21)	(31)	(92)		37 470
Technology, media and telecom	13 226	(4)	(4)	(26)	0	13 192
Services	74 524	(62)	(92)	(349)	11	74 033
Residential property	100 789	(53)	(28)	(241)	1 953	102 422
Personal customers	84 017	(58)	(176)	(265)	145 562	229 080
Other corporate customers	58 116	(86)	(119)	(916)	10	57 044
Total[1]	869 055	(483)	(617)	(5 806)	147 879	1 010 029

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

Note P10 Loans and financial commitments to customers by industry segment (continued)

Financial commitments as at 31 December 2023

Amounts in NOK million	Maximum exposure	Accumulated impairment Stage 1	Stage 2	Stage 3	Total
Bank, insurance and portfolio management	26 467	(17)	(4)	(0)	26 446
Commercial real estate	28 930	(21)	(2)	(2)	28 905
Shipping	13 487	(4)	(0)		13 483
Oil, gas and offshore	56 701	(7)	(0)	(0)	56 694
Power and renewables	55 279	(17)	(8)		55 253
Healthcare	3 535	(2)	(2)		3 531
Public sector	7 236	(0)	(0)		7 236
Fishing, fish farming and farming	24 465	(3)	(3)	(0)	24 479
Retail industries	33 133	(28)	(35)	(12)	33 058
Manufacturing	45 927	(30)	(15)	(4)	45 878
Technology, media and telecom	26 136	(9)	(5)	(30)	26 096
Services	22 250	(22)	(49)	(9)	22 169
Residential property	25 275	(25)	(9)	(9)	25 232
Personal customers	160 740	(9)	(20)	(3)	160 707
Other corporate customers	24 973	(18)	(29)	(135)	24 790
Total	554 552	(210)	(181)	(205)	553 956

Financial commitments as at 31 December 2022

Amounts in NOK million	Maximum exposure	Accumulated impairment Stage 1	Stage 2	Stage 3	Total
Bank, insurance and portfolio management	23 307	(8)	(1)	(0)	23 298
Commercial real estate	31 522	(19)	(2)	(2)	31 501
Shipping	6 009	(4)	(0)		6 005
Oil, gas and offshore	35 759	(9)	(3)	(20)	35 730
Power and renewables	45 992	(12)	(11)		45 970
Healthcare	2 372	(1)	(0)		2 371
Public sector	8 052	(0)	(0)		8 052
Fishing, fish farming and farming	22 091	(4)	(2)	(0)	22 086
Retail industries	30 497	(17)	(20)	(9)	30 451
Manufacturing	40 416	(19)	(13)	(2)	40 382
Technology, media and telecom	9 479	(4)	(8)	(1)	9 467
Services	23 727	(22)	(35)	(9)	23 661
Residential property	35 687	(19)	(7)	(7)	35 654
Personal customers	140 526	(6)	(19)	(3)	140 498
Other corporate customers	28 052	(25)	(53)	(150)	27 823
Total	483 489	(165)	(173)	(203)	482 948

Note P11 Market risk

See note G12.

Note P12 Interest rate sensitivity

See note G13.

Note P13 Currency positions

The table shows net currency positions including financial derivatives. Foreign exchange risk related to investments in subsidiaries is included in the currency position by the amount recorded in the accounts.

	Net currency positions	
Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
USD	1 119	1 350
EUR	(1)	(1 036)
GBP	(22)	(40)
SEK	(237)	(29)
DKK	242	8
CHF	(4)	(4)
JPY		(1)
Other	94	141
Total foreign currencies	1 192	389

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Note P14 Financial derivatives and hedge accounting

The majority of derivative transactions in DNB relate to transactions with customers, where DNB enables them to transfer, modify, take or reduce prevailing or expected risk. Derivatives are also used to hedge currency and interest rate risk arising in connection with funding and lending. In addition, Markets conducts derivative trading for their own account and also acts as market maker. A market maker is obliged to furnish both offer and bid prices with a maximum differential between offer and bid price, together with a minimum volume. Market makers always trade for their own account.

DNB uses a range of financial derivatives for both trading and hedging purposes. "Over the counter" (OTC) derivatives are contracts entered into outside an exchange, where terms are negotiated directly with the counterparties. OTC derivatives are usually traded under a standardised International Swaps and Derivatives Association (ISDA) master agreement between DNB and its counterparties. Exchange-traded derivatives are derivative contracts with standardised terms for amounts and settlement dates, which are bought and sold on regulated exchanges.

	31 December 2023			31 December 2022		
Amounts in NOK million	Total nominal values	Positive market value	Negative market value	Total nominal values	Positive market value	Negative market value
Derivatives in economic hedges						
Interest rate-related contracts						
Forward rate agreements	1 022 335	2 506	2 427	819 818	2 467	2 121
Swaps	4 526 695	86 127	84 659	4 053 945	85 885	86 234
OTC options	242 324	1 735	1 681	106 245	1 780	1 759
Total interest rate-related contracts	5 891 354	92 367	88 768	4 980 008	90 132	90 114
Foreign exchange-related contracts						
Forward contracts	101 549	7 074	7 681	64 770	7 956	7 947
Swaps	1 830 421	45 590	75 520	1 916 814	29 664	34 897
OTC options	31 412	997	664	29 053	1 632	1 370
Total foreign exchange-related contracts	1 963 373	53 660	83 865	2 010 637	39 252	44 215
Equity-related contracts						
Forward contracts	801	1 103	1 096	1 623	1 125	1 142
Other	2 623	502	371	2 893	468	367
Total OTC derivatives	3 424	1 605	1 468	4 515	1 593	1 509
Futures	2 315	0	0	3 631	0	0
Other	1 835	31	35	2 479	33	36
Total exchange-traded contracts	4 150	31	35	6 109	33	36
Total equity-related contracts	7 574	1 636	1 502	10 625	1 625	1 546
Commodity-related contracts						
Swaps and options	72 927	6 351	5 651	79 631	21 905	20 842
Total commodity related contracts	72 927	6 351	5 651	79 631	21 905	20 842
Total financial derivatives trading	7 935 228	154 014	179 786	7 080 900	152 915	156 716
Derivatives designated as hedging						
Fair value hedges of interest rate risk						
Interest rate swaps	333 407	11 974	10 105	308 798	11 520	14 958
Total financial derivatives hedge accounting	333 407	11 974	10 105	308 798	11 520	14 958
Collateral pledged/received on financial derivatives						
Total cash collateral pledged/received		37 053	31 496		49 230	35 147
Total financial derivatives	8 268 636	203 041	221 388	7 389 698	213 665	206 820

Risk related to financial derivatives

Derivatives are traded in portfolios which also include balance sheet products. The market risk on derivatives is handled, monitored and controlled as an integral part of the market risk of these portfolios. See note G12 Market risk. Derivatives are traded with many different counterparties and most of these are also engaged in other types of business with DNB. The credit risk arising in connection with derivatives trading is included in the total credit risk measurement of the DNB Group. Netting and margining agreements are entered into with a number of counterparties, thus reducing credit risk. The authorities' capital adequacy requirements take into account netting agreements and similar bilateral agreements, resulting in a reduction of capital adequacy requirements. Most OTC derivatives with financial counterparties are cleared at a central counterparty clearing house. See note G4 Credit risk management for a description of counterparty risk.

DNB uses basis swaps and cross currency interest swaps to convert foreign currency borrowings into the desired currency. As a typical example, DNB raises a loan in euro and converts it into US dollars through a basis swap. In this example DNB pays a US dollar interest rate based on a swap curve and receives a euro interest rate reduced or increased by a margin. The basis swaps are financial derivatives measured at fair value. There may be significant variations in the value of the basis swaps from day to day, due to changes in basis swap spreads. This unhedged risk causes unrealised gains and losses. For the year 2023, there was a positive mark-to-market effect of NOK 542 million, compared with a negative mark-to-market effect of NOK 761 million in 2022.

Note P14 Financial derivatives and hedge accounting (continued)

Hedge accounting

DNB applies fair value hedge of interest rate risk on investments in fixed rate commercial papers and bonds in foreign currency, issued bonds and subordinated debt with fixed interest in foreign currency and net investment hedge of investments in foreign operations. Both derivative and non-derivative instruments are designated as hedging instruments in the hedge relationships that qualify for hedge accounting.

In fair value hedges of interest rate risk, the interest rate exposure on fixed-rate borrowings and investments is converted to floating rates. Only the interest rate component is hedged. Interest rate swaps are used to hedge the interest rate component, where the change in fair value is a result of the changes in the swap interest rate.

The critical terms of the hedging instruments and the hedging objects are set to match at the inception of the hedge and the hedge ratio is 1:1. Consequently, there was no significant hedge ineffectiveness during the year.

Fair value hedges of interest rate risk as at 31 December 2023

Amounts in NOK million	Balance sheet item	Carrying amount	Accumulated fair value adjustment of the hedged item	Value changes used for calculating hedge ineffectiveness
Hedged exposure				
Investments in bonds	Commercial paper and bonds	105 245	(2 743)	2 824
Issued bonds	Debt securities issued	104 480	(1 624)	(4 296)
Issued bonds, non-preferred	Debt securities issued	94 929	(3 758)	(2 984)
Subordinated debt	Debt securities issued	19 778	116	(504)
Hedging instrument				
Interest rate swaps	Financial derivatives			4 672

Fair value hedges of interest rate risk as at 31 December 2022

Amounts in NOK million	Balance sheet item	Carrying amount	Accumulated fair value adjustment of the hedged item	Value changes used for calculating hedge ineffectiveness
Hedged exposure				
Investments in bonds	Commercial paper and bonds	82 853	(5 786)	(5 680)
Issued bonds	Debt securities issued	134 436	(5 666)	6 949
Issued bonds	Debt securities issued	54 827	(5 673)	4 011
Subordinated debt	Debt securities issued	18 027	(322)	285
Hedging instrument				
Interest rate swaps	Financial derivatives			(5 666)

The accumulated amount of fair value hedge adjustments remaining in the balance sheet for hedged items that have ceased to be adjusted for hedging gains and losses is NOK 20 million as at end-December 2023.

Residual maturity of interest rate swaps held as hedging instruments at 31 December 2023

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	Maturity: From 3 months to 1 year	From 1 year to 5 years	Over 5 years
Fair value hedges of interest rate risk, nominal amounts					
Investments in bonds	168	0	9 644	97 290	3 219
Hedges of issued bonds	673	11 479	28 923	161 541	2 074
Hedges of subordinated debt				18 497	

Residual maturity of interest rate swaps held as hedging instruments at 31 December 2022

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	Maturity: From 3 months to 1 year	From 1 year to 5 years	Over 5 years
Fair value hedges of interest rate risk, nominal amounts					
Investments in bonds	1 914	1 682	4 192	72 927	9 466
Hedges of issued bonds		8 509	42 899	137 306	13 009
Hedges of subordinated debt	1 867	6 594		473	8 560

Note P15 Liquidity risk

Liquidity risk is the risk that the DNB Group will be unable to meet its obligations as they fall due or will be unable to meet its liquidity obligations without a substantial rise in associated costs.

The Group's risk appetite framework defines the limits for liquidity management in DNB. Over the last decade, DNB has drawn up internal risk appetite statements for the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR) and the loan-to-deposit ratio for the Group. In 2022, a new risk appetite statement on the minimum requirement for own funds and eligible liabilities (MREL) was introduced as well. Risk appetite is operationalised through DNB's liquidity strategy, which is reviewed at least annually by the Board of Directors. The liquidity strategy includes internal limits which restrict the short-term maturity of liabilities within different time frames. The various maturities are subject to stress testing based on a bank-specific crisis, a systemic crisis and a combination of these, and a contingency plan has been established to handle market events. In addition, limits have been set for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. Ordinary senior bond debt and covered bonds are the major sources of long-term funding.

The principles for Group liquidity risk management and control are set in the Group risk policy and further elaborated on in the Group instructions for management, reporting and control of liquidity risk. This instruction sets out detailed requirements for governance, accountability and responsibilities relating to monitoring, measurement, controls and reporting of liquidity risk. Group Treasury manages the liquidity risk on a daily basis, while Group Risk Management represents the independent second-line risk management function.

The short-term liquidity requirement (LCR) for DNB Bank ASA remained stable at above 100 per cent throughout the year and stood at 142.3 per cent at end-December 2023.

Note P15 Liquidity risk (continued)

Nominal future interest payments in excess of accrued interest are not included on the balance sheet date.

Residual maturity as at 31 December 2023

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets							
Cash and deposits with central banks	317 682	3 692	8 889				330 263
Due from credit institutions	423 674	99 688	12 339	11 411	847		547 959
Loans to customers	269 646	110 945	139 803	275 052	345 663		1 130 139
Commercial paper and bonds	109 033	25 755	27 314	328 375	16 724		507 196
Shareholdings						142 683	142 683
Total	1 120 036	240 076	179 344	614 857	363 233	142 683	2 658 241
Liabilities							
Due to credit institutions	187 006	39 915	54 623	14 773			296 319
Deposits from customers	1 419 130						1 419 130
Debt securities issued	60 621	68 590	347 760	160 986	2 063		640 010
Other liabilities etc.	32 687	9 904			1 031		43 621
Subordinated loan capital		5 723		34 151			39 875
Total	1 699 446	124 132	402 383	209 910	3 094		2 438 955
Financial derivatives							
Financial derivatives, gross settlement							
Incoming cash flows	577 033	394 697	421 275	569 597	175 351		2 047 953
Outgoing cash flows	585 105	314 360	420 279	560 071	187 564		2 067 369
Financial derivatives, net settlement	(640)	756	8 393	(73)	(121)		8 315
Total financial derivatives	(8 713)	(8 895)	9 389	9 453	(12 334)		(11 102)
Credit lines, commitments and documentary credit	393 995	78 747	16 520	164 828	53 117		697 207

Residual maturity as at 31 December 2022

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets							
Cash and deposits with central banks	294 585	5 596	9 150				309 331
Due from credit institutions	377 676	85 308	16 814	9 525	2 626		471 949
Loans to customers	268 502	100 735	122 970	308 560	212 963		1 011 730
Commercial paper and bonds	83 008	7 781	35 228	275 998	20 579		421 591
Shareholdings						148 014	148 014
Total	1 021 771	179 421	184 161	593 490	236 168	148 014	2 363 015
Liabilities							
Due to credit institutions	173 453	24 952	63 356	13 795			275 556
Deposits from customers	1 322 995						1 322 995
Debt securities issued	51 935	95 200	145 267	203 764	15 209		511 435
Other liabilities etc.	43 816	1 333	49	318	1 550		47 166
Subordinated loan capital	1 867	8 085		11 442	14 866		36 240
Total	1 594 226	129 558	208 672	229 319	31 625		2 193 392
Financial derivatives							
Financial derivatives, gross settlement							
Incoming cash flows	826 444	384 859	463 552	569 864	197 209		2 234 729
Outgoing cash flows	832 188	382 399	459 647	567 713	201 049		2 232 995
Financial derivatives, net settlement	609	466	2 150	1 669	525		5 432
Total financial derivatives	(3 144)	2 926	5 856	4 940	(3 315)		7 166
Credit lines, commitments and documentary credit	364 691	70 667	15 096	134 573	27 619		613 046

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Note P16 Net interest income

Amounts in NOK million	2023 Measured at FVTPL	2023 Measured at FVOCI[1]	2023 Measured at amortised cost[2]	2023 Total	2022 Measured at FVTPL	2022 Measured at FVOCI[1]	2022 Measured at at amortised cost[2]	2022 Total
Interest on amounts due from credit institutions			51 252	51 252	22		13 839	13 861
Interest on loans to customers	294	9 150	57 110	66 554	192	3 563	32 762	36 517
Interest on commercial paper and bonds	7 698	8 820	0	16 518	4 131	2 474		6 605
Front-end fees etc.	0	2	328	330	0	2	405	407
Other interest income	(970)		7 510	6 540	318		6 110	6 428
Total interest income	7 022	17 972	116 201	141 194	4 662	6 040	53 116	63 818
Interest on amounts due to credit institutions			(20 038)	(20 038)	(25)		(5 645)	(5 670)
Interest on deposits from customers	(1 905)		(42 387)	(43 692)	(219)		(12 571)	(12 790)
Interest on debt securities issued	(161)		(28 957)	(29 118)	(36)		(7 654)	(7 690)
Interest on subordinated loan capital	(39)		(1 821)	(1 860)	(12)		(591)	(602)
Contributions to the deposit guarantee and resolution funds			(1 056)	(1 056)			(956)	(956)
Other interest expenses[3]	(113)		4 357	4 244	2 791		(340)	2 451
Total interest expenses	(1 617)		(89 902)	(91 519)	2 499		(27 755)	(25 256)
Net interest income	5 404	17 972	26 299	49 675	7 161	6 040	25 361	38 562

1) Includes NOK 3 485 million (compared with NOK 474 million in 2022) in interest on derivatives presented in the income statement as other interest income.
2) Of which NOK 3 323 million was finance lease (compared with NOK 1 838 million in 2022). Includes also hedged items.
3) Other interest expenses include interest rate adjustments resulting from interest rate swaps. Derivatives are measured at FVTPL.

Note P17 Net commission and fee income

Amounts in NOK million	2023	2022
Money transfer and interbank transactions	3 740	3 307
Guarantee commissions	960	916
Asset management services	295	217
Custodial services	790	636
Securities broking	682	716
Corporate finance	1 400	1 329
Credit broking	855	340
Sales of insurance products	599	656
Other commissions and fees	1 246	929
Total commission and fee income	10 587	9 048
Money transfer and interbank transactions	(1 414)	(1 338)
Guarantee commissions	(29)	(29)
Asset management services	(23)	(37)
Custodial services	(424)	(277)
Securities broking	(129)	(175)
Corporate finance	(165)	(176)
Sale of insurance products	(139)	(147)
Other commissions and fees	(861)	(794)
Total commission and fee expenses	(3 203)	(2 973)
Net commission and fee income	7 385	6 075

Note P18 Net gains on financial instruments at fair value

Amounts in NOK million	2023	2022
Foreign exchange and financial derivatives	4 080	4 838
Commercial paper and bonds	532	(1 385)
Shareholdings	1 105	452
Financial liabilities	79	13
Net gains on financial instruments, mandatorily at FVTPL	5 796	3 958
Loans at fair value[1]	185	(362)
Commercial paper and bonds[2]	205	(1 473)
Financial liabilities	(324)	62
Net gains on financial instruments designated as at FVTPL	28	(1 673)
Financial derivatives, hedging	4 672	(5 666)
Commercial paper and bonds FVOCI, hedged[3]	2 824	(5 580)
Financial liabilities, hedged	(7 784)	11 245
Net gains on hedged items	(288)	(101)
Net realised gains on financial assets at FVOCI[3]	50	(16)
Dividends	79	79
Net gains on financial instruments at fair value	5 668	2 846

1) *The change in fair value due to credit risk amounted to a NOK 50 thousand gain during the year and a NOK 10 million loss cumulatively. Credit risk reflected in fair value measurements is based on normalised losses and changes in normalised losses in the relevant portfolio.*
2) *The change in fair value due to changes in credit spreads amounted to a NOK 66 million gain during the year and a NOK 24 million loss cumulatively.*
3) *Reclassified from other comprehensive income.*

Note P19 Salaries and other personnel expenses

Amounts in NOK million	2023	2022
Salaries	(9 666)	(8 650)
Employer's national insurance contributions	(1 939)	(1 682)
Pension expenses	(1 667)	(1 158)
Restructuring expenses	(30)	(10)
Other personnel expenses	(494)	(574)
Total salaries and other personnel expenses	**(13 795)**	**(12 113)**
1) *Of which Ordinary salaries*	(8 445)	(7 249)
Performance-based pay	(927)	(968)

Number of employees/full-time positions

	2023	2022
Number of employees as at 31 December	9 309	8 585
of which number of employees abroad	1 179	1 143
Average number of employees	8 951	8 241
Number of employees calculated on a full-time basis as at 31 December	9 087	8 386
of which number of employees calculated on a full-time basis abroad	1 174	1 132
Average number of employees calculated on a full-time basis	8 747	8 056

Note P20 Other expenses

Amounts in NOK million	2023	2022
Fees	(560)	(591)
IT expenses	(4 969)	(3 984)
Postage and telecommunications	(92)	(114)
Office supplies	(18)	(23)
Marketing and public relations	(652)	(574)
Travel expenses	(179)	(142)
Training expenses	(66)	(61)
Operating expenses on properties and premises	(457)	(442)
Operating expenses on machinery, vehicles and office equipment	(24)	(25)
Other operating expenses	(845)	(827)
Total other expenses	(7 861)	(6 784)

1) *Costs relating to leased premises were NOK 1 063 million in 2023 and NOK 988 million in 2022.*

Note P21 Depreciation and impairment of fixed and intangible assets

Amounts in NOK million	2023	2022
Depreciation of machinery, vehicles and office equipment	(2 441)	(2 248)
Depreciation of right of use assets	(722)	(693)
Other depreciation of tangible and intangible assets	(482)	(497)
Impairment of fixed and intangible assets	(700)	(7)
Total depreciation and impairment of fixed and intangible assets	(4 346)	(3 445)

See note P32 Intangible assets and note P33 Fixed assets

Note P22 Pensions

Description of the pension schemes

The DNB Group has a defined-contribution pension scheme for all employees in Norway, with the exception of around 195 employees from the former Postbanken who are covered by a closed, group pension plan in the Norwegian Public Service Pension Fund.

The contribution rates are:

- Salary equivalent to 0 to 7.1 times the National Insurance basic amount, G: 7 per cent
- Salary equivalent to 7.1 to 12 times G: 15 per cent
- The Group has no defined-contribution pension scheme for salaries exceeding 12G (apart from the closed scheme for employees from before 2008).

Employees who were enrolled in the former defined-benefit pension schemes (terminated between 2015 and 2017) are also covered by a compensation scheme that is structured as a supplementary, contribution-based direct pension scheme.

Based on the terms and conditions approved at the time of conversion, the savings plan in the compensation scheme aims to give the individual employee a total pension capital when reaching the age of 67 corresponding to what he or she would have received if the defined-benefit pension scheme had been retained. Both the pension entitlements and the return on the pension funds are funded through operations.

The DNB Group has a disability pension scheme for all employees in Norway. The disability pension represents:

- 3 per cent of pensionable income up to 12G
- 25 per cent of G, maximum 6 per cent of pensionable income, up to 12G
- 66 per cent of pensionable income in the interval between 6G and 12G

The Norwegian companies in the Group are part of the contractual early retirement pension (AFP) scheme for the private sector. In addition, the Group has an agreement on contractual early retirement pension according to public sector rules for employees who are members of the Norwegian Public Service Pension Fund.

The private early retirement pension scheme will be funded through an annual premium established as a percentage of salaries between 1 and 7.1G.

Employer's contributions and financial activities tax are included in pension expenses and commitments.

Subsidiaries and branch offices outside Norway have separate schemes for their employees, mainly in the form of defined-contribution pension schemes. Pension expenses for employees outside Norway represented NOK 221 million.

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Note P22 Pensions (continued)

Economic assumptions applied in calculating pension expenses and commitments are in accordance with the guidance from the Norwegian Accounting Standards Board per 31 December 2023.

Pension expenses

Amounts in NOK million	2023	2022
Net present value of pension entitlements	(549)	(94)
Interest expenses on pension commitments	(91)	(47)
Calculated return on pension funds	51	22
Sale		(136)
Administrative expenses	(1)	(1)
Total defined benefit pension schemes	(591)	(256)
Contractual pensions, new scheme	(128)	(113)
Risk coverage premium	(70)	(50)
Defined contribution pension schemes	(878)	(773)
Net pension expenses	(1 667)	(1 193)

Pension commitments

Amounts in NOK million	2023	2022
Opening balance	6 137	6 564
Additions through mergers	88	
Accumulated pension entitlements	549	94
Interest expenses	91	47
Actuarial losses/(gains), net	369	(262)
Changes in the pension schemes		(125)
Pension payments	(258)	(257)
Exchange rate differences	94	56
Closing balance	6 965	6 137

Pension funds

Amounts in NOK million	2023	2022
Opening balance	2 042	2 071
Additions through mergers	79	
Expected return	51	22
Actuarial gains/(losses), net		46
Premium paid	181	88
Pension payments	(108)	(99)
Administrative expenses	(1)	(1)
Exchange rate differences		(63)
Closing balance	2 243	2 042
Net defined benefit obligation	4 723	4 095

Sensitivity analysis for pension calculations

The following estimates are based on facts and conditions prevailing per 31 December 2023, assuming that all other parameters are constant. Actual results may deviate significantly from these estimates.

	Discount rate		Annual rise in salaries/basic amount		Annual adjustment of pensions		Life expectancy	
Change in percentage points	+1%	-1%	+1%	-1%	+1%	-1%	+1 year	-1 year
Percentage change in pensions								
Pension commitments	10-17	14-17	16-18	12-16	10-14	10-14	3	3
Net pension expenses for the period	17-20	18-20	16-18	16-18	10-14	9-11	3	3

Note P23 Taxes

Tax expense on pre-tax operating profit

Amounts in NOK million	2023	2022
Current taxes	(9 002)	(6 953)
Changes in deferred taxes	2 307	1 321
Tax expense	(6 694)	(4 632)

Reconciliation of tax expense against nominal tax rate

Amounts in NOK million		
Pre-tax operating profit	46 010	35 401
Estimated tax expense at nominal tax rate 22 per cent	(10 122)	(7 788)
Tax effect of financial tax in Norway	(626)	(556)
Tax effect of different tax rates in other countries	11	7
Tax effect of debt interest distribution with international branches[2]	2 464	505
Tax effect of tax-exempt income from shareholdings[3]	2 847	2 891
Tax effect of other tax-exempt income and non-deductible expenses	73	402
Tax related to previous years[4]	(1 341)	(92)
Tax expense	(6 694)	(4 632)
Effective tax rate	15%	13%

Income tax on other comprehensive income

Amounts in NOK million		
Items that will not be reclassified to the income statement	112	69
Total income tax on other comprehensive income	112	69

1) *The financial activities tax is an additional tax imposed on companies within the financial services sector. This tax represents an increased income tax rate of 7 percentage points for financial institutions.*

2) *In 2023, the debt interest distribution resulted in an interest deduction in Norway which reduced the tax expenses for the DNB Bank ASA by NOK 2 464 million compared with NOK 505 million in 2022. The increased deduction in 2023 follows from higher activity and a higher interest rate level in the United States.*

3) *In Norway, a company's income from share investments is normally exempt from tax. As a rule, this applies to investments in companies domiciled in the EU/EEA. The tax exemption applies to both dividends and gains/(losses) upon realisation. However, 3 per cent of dividends from tax exempt investments is included in taxable income.*

4) *The tax treatment of the liquidation of the subsidiary in Singapore in 2022 has been assessed as uncertain, and after a new assessment, DNB has recognised provisions in the accounts based on its best estimate in the case.*

Note P23 Taxes (continued)

Deferred tax assets/(deferred taxes)

Amounts in NOK million	2023	2022
The year's changes in deferred tax assets/(deferred taxes)		
Deferred tax assets/(deferred taxes) as at 1 January	(2 231)	(3 628)
Changes recorded against profits	2 307	1 321
Changes recorded against comprehensive income	112	69
Currency translation differences on deferred taxes		7
Changes due to merger	(38)	
Deferred tax assets/(deferred taxes) as at 31 December	151	(2 231)

Deferred tax assets and deferred taxes in the balance sheet relates to the following temporary differences

	Deferred tax assets		Deferred taxes	
Amounts in NOK million	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Fixed assets and intangible assets	(3 908)	(3)	939	3 601
Commercial paper and bonds	262			(676)
Debt securities issued	(1 296)			3 039
Financial derivatives	4 711			(1 453)
Net pension liabilities	1 210	34	2	(1 014)
Net other tax deductible temporary differences	(516)	39	(3)	467
Tax losses and tax credits carried forward	625	24		(1 037)
Total deferred tax assets	**1 089**	**94**	**937**	**2 325**

A significant share of the financial instruments are measured at fair value in the accounts, while for tax purposes, the same instruments are recorded on an accrual basis in accordance with the realisation principle. This gives rise to large differences between profits stated in the accounts and profits computed for tax purposes for the individual accounting years, especially in years with significant fluctuations in interest rate levels and exchange rates. These differences are offset in the longer term.

Due to large exchange rate fluctuations in 2023 and 2022, there were significant changes in unrealised gains and losses on financial instruments used in managing the Group's currency and interest rate risk. Financial instruments are recorded in accordance with the realisation principle, while the current rate method is used for receivables and liabilities in foreign currency. These differences are expected to be reversed within a short period of time.

Overview over tax assets from tax losses and tax credits carried forward

	31 December 2023			31 December 2022		
Amounts in NOK million	Total tax losses carried forward	Of which basis for tax assets	Recognised tax asset	Total tax carried	Of which basis for tax assets	Recognised tax asset
Tax losses carried forward						
Singapore	80	80	14	139	139	24
Total of tax losses and tax assets	80	80	14	139	139	24
Tax credits carried forward[1]			612			1 037
Total of deferred tax assets from tax losses and tax credits carried forward			**625**			**1 061**
Of which presented under net deferred tax assets			*625*			*24*
Of which presented under net deferred tax						*1 037*

1) *All tax credits carried forward relates to tax payers in Norway.*

Note P23 Taxes (continued)

Uncertain tax liabilities

Tax effect of debt interest distribution between DNB Bank ASA in Norway and international branch offices

According to Norwegian tax legislation, external interest expenses shall be distributed proportionally among operations in Norway and international branches based on the respective units' total assets. This could result in additions or deductions from income in Norway.

In the second half of 2021, DNB Bank ASA received a decision from the tax authorities relating to the deduction of external interest expenses. According to Norwegian tax legislation, external interest expenses are to be distributed proportionally between DNB Bank ASA's operations in Norway and certain international branch offices, based on the respective entities' total assets. This could result in additions to or deductions from the bank's income in Norway. The decision covers the fiscal years 2015–2019 whereby the limitation of interest deduction in Norwegian taxation is calculated by including internal receivables. The decision involves a tax exposure of NOK 1.7 billion for the period in question. The estimated tax effect for the years 2020–2023 as a result of the decision amounts to a total of approximately NOK 180 million.

DNB disagrees with the tax authorities' interpretation of the legislation. Legal proceedings were initiated in 2021. The District Court ruled in DNB's disfavour in June 2022, and DNB appealed the decision. On 29 November 2023, the Court of Appeal ruled fully in favour of DNB. In January 2024, the Norwegian state appealed the judgment. On 22 February 2024, the Appeals Selection Committee of the High Court allowed that the appeal can be brought before the High Court. DNB is still of the opinion that it has a strong case, and no provisions have been recognised in the accounts.

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

In the second quarter of 2023, DNB Bank ASA received a draft decision from the Norwegian tax authorities relating to a reorganisation of the lending activities in Sweden and in the UK in 2015. The tax authorities questioned the valuation and calculation of taxable gains/losses relating to loan portfolios that were sold from branches of DNB Bank ASA to subsidiaries in Sweden and the UK. The Group's maximum tax exposure is estimated to be approximately NOK 1.2 billion. DNB disagrees with the Norwegian tax authorities' approach. It is DNB's view that it has a strong case, and no provisions have been recognised in the accounts.

Notice of change in the tax assessment for DNB Bank ASA for 2018–2022

On 27 February 2023, DNB Bank ASA received a notice from the Norwegian tax authorities of a change in the tax assessment of dividends received from its US subsidiary in 2019 and 2020. DNB has treated dividends received from the subsidiary as covered by the tax exemption method and has treated 3 per cent of the dividends as taxable income. The subsidiary is jointly taxed with the bank's branch office in New York. Due to the joint taxation, it is the tax authorities opinion that the US must be considered a low-tax country, and thus that the dividends should be considered taxable. In a low-tax country assessment, the tax authorities assess the operations of – and tax rules for – the subsidiary and the bank's branch office jointly, rather than considering the subsidiary in isolation. In the tax authorities' view, this gives an effective taxation that is less than two thirds of Norwegian taxation, and the tax authorities therefore consider the US to be a low-tax country. The tax authorities have also announced that payments from the subsidiary that relate to the company's share of the tax payment under the joint taxation are to be considered taxable dividends. In an updated notice of 19 December 2023, the tax authorities extended the number of years for the part that applies to the subsidiary's tax payments, so that payments for 2018, 2021 and 2022 are also covered. The notice means a total tax exposure of around NOK 1.3 billion for DNB for the period. DNB does not agree that the US should be regarded as a low-tax country, or that there are grounds for regarding the tax payments as taxable dividends, and for this reason no provisions have been recognised in the accounts.

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Note P24 Classification of financial instruments

As at 31 December 2023

	Mandatorily at FVTPL		Designated as at			
Amounts in NOK million	Trading	Other[1]	FVTPL[2]	FVOCI	Amortised cost[3]	Carrying amount
Cash and deposits with central banks					330 263	330 263
Due from credit institutions					547 958	547 958
Loans to customers			10 064	229 137	889 157	1 128 358
Commercial paper and bonds	35 655		275 906	191 513		503 075
Shareholdings	2 947	2 105				5 052
Financial derivatives	191 067	11 974				203 041
Investments in associated companies					10 697	10 697
Investments in subsidiaries					127 604	127 604
Other assets					16 788	16 788
Total financial assets	229 669	14 078	285 971	420 650	1 922 447	2 872 815
Due to credit institutions					256 319	256 319
Deposits from customers			44 308		1 374 822	1 419 130
Financial derivatives	211 282	10 105				221 388
Debt securities issued			117		534 806	534 923
Other liabilities	3 036				40 418	43 453
Senior non-preferred bonds			1 757		98 092	99 849
Subordinated loan capital			1 093		38 564	39 657
Total financial liabilities[4]	214 318	10 105	47 275		2 363 321	2 655 019

1) *Including derivatives used as hedging instruments.*
2) *For liabilities designated as at FVTPL, changes in fair value due to credit risk are recognised in other comprehensive income.*
3) *Including hedged liabilities.*
4) *Contractual obligations of financial liabilities designated as at fair value totalled NOK 47 476 million.*

As at 31 December 2022

	Mandatorily at FVTPL		Designated as at			
Amounts in NOK million	Trading	Other[1]	FVTPL[2]	FVOCI	Amortised cost[3]	Carrying amount
Cash and deposits with central banks					309 331	309 331
Due from credit institutions					471 949	471 949
Loans to customers			7 024	149 854	852 151	1 010 029
Commercial paper and bonds	39 288		246 148	128 443		413 878
Shareholdings	3 073	2 502				5 575
Financial derivatives	202 145	11 520				213 665
Investments in associated companies					10 232	10 232
Investments in subsidiaries					133 360	133 360
Other assets					27 290	27 290
Total financial assets	244 506	14 022	253 172	278 298	1 814 313	2 595 310
Due to credit institutions					275 556	275 556
Deposits from customers			25 459		1 297 536	1 322 995
Financial derivatives	191 863	14 958				206 820
Debt securities issued			2 354		439 549	441 903
Other liabilities	3 394				43 701	47 095
Senior non-preferred bonds			973		56 773	57 746
Subordinated loan capital			420		35 457	35 877
Total financial liabilities[4]	195 257	14 958	29 206		2 149 571	2 387 992

1) *Including derivatives used as hedging instruments.*
2) *For liabilities designated as at FVTPL, changes in fair value due to credit risk are recognised in other comprehensive income.*
3) *Includes hedged liabilities.*
4) *Contractual obligations of financial liabilities designated as at fair value totalled NOK 29 675 million.*

Note P25 Fair value of financial instruments at amortised cost

The table below includes the fair value of financial instruments at amortised cost. Financial instruments held at amortised cost where amortised cost is a reasonable approximation of fair value are excluded.

	31 December 2023				31 December 2022			
Amounts in NOK million	Carrying amount	Level 2	Level 3	Fair value	Carrying amount	Level 2	Level 3	Fair value
Assets								
Loans to customers	869 157		893 247	893 247	862 151		864 522	864 522
Liabilities								
Debt securities issued	534 805	528 438	676	529 113	439 549	438 425		438 425
Non-preferred senior bonds	99 092	97 741		97 741	56 773	56 759		56 759
Subordinated loan capital	38 864	11 515	27 149	38 664	35 457	18 340	16 783	35 123

For information about the instruments' levels and valuation techniques used, see note G28.

Note P26 Financial instruments at fair value

Amounts in NOK million	Level 1	Level 2	Level 3	Total
Assets as at 31 December 2023				
Loans to customers		229 137	10 064	239 201
Commercial paper and bonds	26 770	476 057	248	503 075
Shareholdings	3 315	962	775	5 052
Financial derivatives	1 172	199 117	2 752	203 041
Liabilities as at 31 December 2023				
Deposits from customers		44 308		44 308
Debt securities issued		117		117
Senior non-preferred bonds		1 757		1 757
Subordinated loan capital		1 093		1 093
Financial derivatives	1 653	217 390	2 345	221 388
Other financial liabilities[1]	3 036	0		3 036
Assets as at 31 December 2022				
Loans to customers		140 854	7 024	147 879
Commercial paper and bonds	32 202	380 829	847	413 878
Shareholdings	3 343	450	1 782	5 575
Financial derivatives	1 574	206 560	3 431	213 565
Liabilities as at 31 December 2022				
Deposits from customers		25 459		25 459
Debt securities issued		2 354		2 354
Senior non-preferred bonds		973		973
Subordinated loan capital		420		420
Financial derivatives	4 929	198 752	3 129	206 809
Other financial liabilities[1]	3 394			3 394

1) *Short positions, trading activities*

The levels

For information about the levels in the fair value hierarchy, see note G28.

The instruments in the different levels

Loans to customers (level 2 and 3)

Loans in level 2 in DNB Bank ASA mainly consist of retail loans with floating interest rate measured at FVOCI. Since the fixed-rate period is very short, amortised cost is considered to be a good estimate of fair value. The corresponding loans are measured at amortised cost in the Group due to a hold to collect business model.

Loans in level 3 consist primarily of fixed-rate loans in Norwegian kroner. The value of fixed-rate loans is determined by discounting agreed cash flows over the term of the loan, using a discount factor adjusted for margin requirements. The discount factor used has as a starting point a swap rate based on a duration equal to the average remaining lock-in period for the relevant fixed-rate loans. The assumptions underlying the calculation of the margin requirement are based on a review of the market conditions on the balance sheet date and on an assessment of the deliberations made by external investors when investing in a corresponding portfolio.

For information about the other financial instruments included in the table, see note G28 to the consolidated accounts.

Note P26 Financial instruments at fair value (continued)

Financial instruments at fair value, level 3

	Financial assets				Financial liabilities
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2021	6 145	351	679	1 858	1 605
Net gains recognised in the income statement	(402)	(104)	110	827	916
Additions/purchases	5 127	626	896	1 927	1 799
Sales	(2 445)	(358)	(102)		
Settled	(1 399)			(1 177)	(1 193)
Transferred from level 1 or level 2		783			
Transferred to level 1 or level 2		(561)			
Other		131		(3)	2
Carrying amount as at 31 December 2022	7 024	847	1 782	3 431	3 129
Net gains recognised in the income statement	187	9	15	108	(21)
Merger Sbanken ASA	7 225				
Additions/purchases	1 085	901	89	1 353	1 294
Sales	(175)	(1 021)	(15)		
Settled	(5 279)			(2 141)	(2 057)
Transferred from level 1 or level 2		241			
Transferred to level 1 or level 2		(726)	(1 096)		
Other		(2)		1	
Carrying amount as at 31 December 2023	10 064	248	775	2 752	2 345

Breakdown of fair value, level 3

	31 December 2023			31 December 2022		
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings	Loans to customers	Commercial paper and bonds	Share-holdings
Principal amount/purchase price	10 537	260	558	7 494	866	1 328
Fair value adjustment	(489)	(15)	217	(460)	(31)	454
Accrued interest	17	2		10	11	
Carrying amount	10 064	248	775	7 024	847	1 782

Breakdown of shareholdings, level 3

Amounts in NOK million	Unquoted equities	Private Equity (PE) funds	Other	Total
Carrying amount as at 31 December 2023	636	136	4	775
Carrying amount as at 31 December 2022	1 637	140	5	1 782

Sensitivity analysis, level 3

An increase in the discount rate on fixed-rate loans by 10 basis points will decrease the fair value of loans to customers by NOK 22 million as at 31 December 2023 (NOK 25 million as at 31 December 2022). The effects on other Level 3 instruments are not material.

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Note P27 Offsetting

The table below presents the potential effects of DNB Bank ASA's netting arrangements on financial assets and financial liabilities.

Amounts in NOK million	Gross amount	Amounts offset in the statement of financial position[1]	Carrying amount	Netting agreements	Other collateral[2]	Amounts after possible netting
Assets as at 31 December 2023						
Cash and deposits with central banks[3]	26 522		26 522		26 522	
Due from credit institutions[3]	127 860	41 248	86 612		86 612	
Loans to customers[3]	92 093		92 093		92 093	
Financial derivatives[4]	203 041		203 041	25 421	68 815	106 805
Liabilities as at 31 December 2023						
Due to credit institutions[3]	132 241	41 248	90 993		90 993	
Deposits from customers[3]	8 744		8 744		8 744	
Financial derivatives[4]	221 388		221 388	25 421	69 631	126 337
Assets as at 31 December 2022						
Cash and deposits with central banks[3]	9 470		9 470		9 470	
Due from credit institutions[3]	43 149	31 417	11 732		11 732	
Loans to customers[3]	90 640		90 640		90 640	
Financial derivatives[4]	213 665		213 665	17 178	84 540	111 947
Liabilities as at 31 December 2022						
Due to credit institutions[3]	109 556	31 417	78 140		78 140	
Deposits from customers[3]	3 911		3 911		3 911	
Financial derivatives[4]	206 820		206 820	17 178	84 393	104 749

1) Combined repurchase and reverse repurchase agreements with the purpose of exchanging the underlying collateral.
2) Includes cash collateral and securities received/transferred from/to counterparties and securities received/placed as collateral in central securities depositories.
3) Includes repurchase and reverse repurchase agreements, securities borrowing and lending transactions.
4) Gross amounts represent the market value of the derivatives subject to master netting agreements or collateralised by cash or securities under Credit Support Annex.

Note P28 Transferred assets or assets with other restrictions

Transferred assets still recognised in the balance sheet

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Repurchase agreements		
Commercial papers and bonds	52 326	43 297
Collateralised deposits other than repurchase agreements		
Commercial papers and bonds	29 506	34 895
Securities lending		
Shares	362	701
Total repurchase agreements and securities lending	82 195	78 893

Liabilities associated with the assets

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Repurchase agreements	51 820	43 368
Collateralised deposits other than repurchase agreements	29 506	34 895
Securities lending	360	736
Total liabilities	81 707	78 999

Note P29 Securities received which can be sold or repledged

Securities received

Amounts in NOK million	31 Dec. 2023	31 Dec 2022
Reverse repurchase agreements		
Commercial paper and bonds	232 255	127 317
Securities borrowing		
Shares	38 022	37 672
Total securities received	270 277	164 989
Of which securities received and subsequently sold or repledged		
Commercial paper and bonds	68 728	39 104
Shares	29 579	31 052

Note P30 Investments in associated companies

			Ownership share (%)		Carrying amount	
Amounts in NOK million	Head office	Industry	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Fremtind Forsikring AS	Oslo	Insurance	35 0	35 0	6 714	6 714
Vipps Holding AS[1]	Oslo	Payment services	47 3	46 9	3 067	2 663
Eksportinvest AS	Oslo	Financial services	40 0	40 0	719	719
Other associated companies					197	136
Total					10 697	10 232

1) See Note G 15 for information on changes relating to Vipps Holding AS

Note P31 Investments in subsidiaries

Amounts in 1 000 Values in NOK unless otherwise indicated		Share capital	Number of shares	Ownership share in percent	Carrying amount
Foreign subsidiaries					
DNB Invest Denmark	DKK	877 579	877 578 841	100	12 272 057
DNB Baltic Invest	EUR	5 000	1 000	100	3 468 742
DNB Bank Polska	PLN	1 257 200	1 257 200 000	100	1 773 564
DNB Auto Finance	EUR	100	100	100	1 745 230
DNB Capital	USD			100	24 311 760
DNB Luxembourg	EUR	70 000	70 000	100	764 931
DNB Markets Inc	USD	1	1 000	100	3 712
DNB Sweden	SEK	100 000	100 000 000	100	14 611 862
DNB (UK) Limited	GBP	1 154 200	1 154 200 000	100	14 857 921
Domestic subsidiaries					
DNB Livsforsikring		1 641 492	64 827 288	100	17 982 795
DNB Asset management		274 842	220 050	100	2 182 107
DNB Boligkreditt		4 527 009	1	100	32 033 980
DNB Eiendom		12 004	160 033	100	285 241
DNB Eiendomsutvikling		91 200	91 200 000	100	330 885
DNB Gjensidesadministrasjon		3 000	30	100	3 000
DNB Invest Holding AS		1 000	200 000	100	22 703
DNB Næringsmegling		1 000	10 000	100	24 000
Improve		1 039	1 038 758	100	24 567
DNB Ventures		100	1 000	100	83 468
Ocean Holding		22 000	1 000	100	45 129
Goelpilot		9 836	9 030	100	500 000
UniMicro		1 100	600 000	60	223 200
Total investments in subsidiaries as at 31 December 2023					**127 803 754**

1) DNB Capital LLC, a limited liability company, has paid-in capital of USD 2 5 billion

Hedging of investments in subsidiaries

In DNB Bank ASA, currency risk associated with foreign currency investments in subsidiaries is subject to fair value hedging. The hedging instruments used are mainly debt securities issued. Changes in the value of the investments and hedging instruments resulting from exchange rate movements are recorded in the income statement.

Note P32 Intangible assets

Amounts in NOK million	Goodwill	Capitalised systems development	Other intangible assets	Total
Cost as at 1 January 2022	2 615	3 652	490	6 757
Additions		452		452
Derecognition and disposals		(0)		(0)
Exchange rate movements	(15)	(5)	(7)	(27)
Cost as at 31 December 2022	2 599	4 099	483	7 182
Total depreciation and impairment as at 1 January 2022	(224)	(2 612)	(483)	(3 319)
Depreciation		(311)	(1)	(313)
Derecognition and disposals		0	(1)	(0)
Exchange rate movements	1	3	7	11
Total depreciation and impairment as at 31 December 2022	(223)	(2 920)	(478)	(3 621)
Carrying amount as at 31 December 2022	**2 376**	**1 179**	**5**	**3 561**
Cost as at 1 January 2023	2 599	4 099	483	7 182
Additions		601	12	613
Merger Sbanken ASA	4 026	238	425	4 690
Derecognition and disposals		(300)		(300)
Exchange rate movements	34	(5)	16	45
Cost as at 31 December 2023	6 660	4 634	935	12 229
Total depreciation and impairment as at 1 January 2023	(223)	(2 920)	(478)	(3 621)
Depreciation		(254)	(60)	(313)
Derecognition and disposals		7		7
Merger Sbanken ASA		(177)	(85)	(262)
Revaluation		168	37	203
Exchange rate movements	(1)	5	(16)	(12)
Total depreciation and impairment as at 31 December 2023	(224)	(3 173)	(601)	(3 998)
Carrying amount as at 31 December 2023	**6 435**	**1 461**	**334**	**8 231**

Goodwill

The risk-free interest rate is set at 3.5 per cent, the market risk premium is set at 5.0 per cent, and the long-term growth factor is set at 2.0 per cent for all cash-generating units. Beta values are estimated separately for each cash-generating unit. Required rate of return is before tax. The recoverable amount in the goodwill impairment test is based on a value in use calculation, where DNB discounts expected future cash flows for each cash-generating unit. The calculations are based on historical results and plan figures approved by management.

Goodwill per unit

	31 December 2023		31 December 2022	
	Required rate of return	Recorded	Required rate of return	Recorded
	Per cent	*NOK million*	*Per cent*	*NOK million*
Personal customers	12.7	5 008	12.0	982
Other	12.7	1 427	12.0	1 394
Total goodwill		6 435		2 376

Personal customers

This unit encompasses banking operations (loans and deposits) for personal customers in the regional network in Norway. Goodwill relates to the merger of Sbanken, the merger between DnB and Gjensidige NOR and the acquisition of Nordlandsbanken. In addition, some goodwill remains from previously acquired offices in Gjensidige NOR. Key assumptions for cash flows during the plan period are developments in margins, volumes and impairment of loans.

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Note P33 Fixed assets

Amounts in NOK million	Bank buildings and other properties	Machinery, equipment and vehicles	Fixed assets operating leases	Other fixed assets	Right of use assets	Total
Accumulated cost as at 31 Dec. 2021	160	3 991	14 567	23	5 314	23 967
Additions	0	231	2 936	7	300	3 473
Revaluation					37	37
Disposals	(1)	(65)	(2 059)		(2)	(2 127)
Reorganisations						
Exchange rate movements	(0)	16	(24)	1	43	35
Cost as at 31 Dec. 2022	159	4 083	15 419	31	5 692	25 385
Total depreciation and impairment as at 31 Dec. 2021	(89)	(2 848)	(3 612)	(10)	(1 830)	(8 387)
Adjustments					(2)	(2)
Disposals	1	1	1 592	1	2	1 597
Depreciation[1]	(10)	(310)	(2 109)	(4)	(697)	(3 130)
Exchange rate movements	0	(5)	(17)	(1)	(7)	(30)
Total depreciation and impairment as at 31 Dec. 2022	(97)	(3 160)	(4 146)	(13)	(2 534)	(9 951)
Carrying amount as at 31 Dec. 2022	62	923	11 273	18	3 158	15 434
Accumulated cost as at 31 Dec. 2022	159	4 083	15 419	31	5 692	25 385
Additions	0	116	5 878	6	761	6 761
Merger Sbanken ASA		46			151	197
Revaluation					14	14
Disposals		(12)	(3 806)	(1)	(2)	(3 821)
Reorganisations		14		(12)		1
Exchange rate movements	6	17	522	1	32	578
Cost as at 31 Dec. 2023	165	4 263	18 013	25	6 649	29 115
Total depreciation and impairment as at 31 Dec. 2022	(97)	(3 160)	(4 146)	(13)	(2 534)	(9 951)
Adjustments		77			846	924
Merger Sbanken ASA		(42)			(93)	(135)
Disposals		12	1 359	0	1	1 372
Depreciation[1]	(10)	(270)	(2 317)	(4)	(725)	(3 327)
Impairment					(132)	(132)
Exchange rate movements	(5)	(13)	(149)	(1)	(120)	(288)
Total depreciation and impairment as at 31 Dec. 2023	(112)	(3 395)	(5 254)	(18)	(2 756)	(11 535)
Carrying amount as at 31 Dec. 2023	52	868	12 759	6	3 892	17 578

1) Based on cost less any residual value, other assets are subject to straight-line depreciation over their expected useful life within the following limits:

Technical installations	*10 years*
Machinery	*3-10 years*
Fixtures and fittings	*5-10 years*
Computer equipment	*3-5 years*
Means of transport	*5-7 years*

DNB Bank ASA has not provided any collateral for loan/financing of fixed assets, including property.

Note P34 Leasing

DNB Finans offers operational and financial leasing contracts, fleet management and loans to corporate customers, public sector entities and consumers in Norway, Sweden, Denmark and Finland. The business is conducted through vendor partnerships and direct sales, in close cooperation with the client advisers in DNB Bank where possible. Focus is on financing standard assets where there is an existing and functioning second hand market. The largest asset class in the portfolio is passenger cars and LCVs. Other large asset classes are buses, trucks and trailers and construction equipment and machinery.

Financial leases (as lessor)

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Gross investment in the lease:		
Due within 1 year	677	1 298
Due in 1-5 years	55 883	64 109
Due in more than 5 years	25 658	7 531
Total gross investment in the lease	83 217	72 938
Present value of minimum lease payments:		
Due within 1 year	656	1 258
Due in 1-5 years	45 605	51 619
Due in more than 5 years	17 046	5 032
Total present value of lease payments	63 307	57 909
Unearned financial income	19 710	15 029
Unguaranteed residual values accruing to the lessor	126	116
Accumulated loan-loss provisions	3 684	3 359
Variable lease payments recognised as income during the period	99	91

Operational leases (as lessor)

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Future minimum lease payments under non-cancellable leases:		
Due within 1 year	13	196
Due in 1-5 years	7 682	7 215
Due in more than 5 years	337	61
Total future minimum lease payments under non-cancellable leases	8 033	7 475

Leases (as lessee)

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Future minimum lease payments under non-cancellable leases:		
Due within 1 year	187	121
Due in 1-5 years	1 260	2 237
Due in more than 5 years	4 070	1 437
Total future minimum lease payments under non-cancellable leases	5 431	3 775
Total future minimum sublease payments expected to be received under non-cancellable subleases	250	228

Amounts in NOK million	Total lease liability
Lease liabilities as at 1 January 2022	3 964
Interest expense	69
Additions	297
Revaluation of existing lease liability	97
Cancellations	(1)
Payments	(804)
Other	57
Lease liabilities as at 31 December 2022	3 519
Interest expense	102
Additions	87
Merger Sparebank ASA	66
Revaluation of existing lease liability	1 455
Cancellations	(0)
Payments	(868)
Other	24
Lease liabilities as at 31 December 2023	4 404

Note P35 Other assets

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Prepayments/accrued income	977	4 782
Amounts outstanding on documentary credits and other payment services	212	269
Unsettled contract notes	1 231	1 588
Group contributions	10 836	17 917
Wholesale, DNB Finans	2 303	1 660
Other amounts outstanding	6 694	4 901
Total other assets	**22 334**	**31 107**

Other assets are generally of a short nature.

Note P36 Deposits from customers by industry segment

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Bank, insurance and portfolio management	49 237	49 236
Commercial real estate	47 100	49 485
Shipping	125 775	102 504
Oil, gas and offshore	87 226	100 347
Power and renewables	28 157	49 208
Healthcare	12 171	11 096
Public sector	86 263	61 869
Fishing, fish farming and farming	19 545	18 937
Retail industries	33 953	36 236
Manufacturing	76 206	77 604
Technology, media and telecom	28 173	30 179
Services	125 787	122 493
Residential property	16 796	19 434
Personal customers	504 508	446 737
Other corporate customers	178 233	157 321
Deposits from customers	**1 419 130**	**1 322 995**

Note P37 Debt securities issued

Changes in debt securities issued

Amounts in NOK million	Balance sheet 31 Dec. 2023	Issued 2023	Matured/ redeemed 2023	Exchange movements 2023	Other changes 2023	Balance sheet 31 Dec. 2022
Commercial papers issued, nominal amount	422 469	1 514 109	(1 961 699)	(22 403)		292 462
Bond debt, nominal amount[1]	118 885	14 422	(53 630)	9 308		156 143
Value adjustments[2]	(6 431)			33	215	(6 702)
Debt securities issued	534 923	1 528 531	(1 425 329)	(13 063)	215	441 903

Maturity of debt securities issued as at 31 December 2023[1,3]

Amounts in NOK million	NOK	Foreign currency	Total
2024		422 469	422 469
Commercial papers issued, nominal amount		422 469	422 469
2024	2 126	51 472	53 599
2025	1	18 589	18 589
2026	3	18 634	18 637
2027	(9)	14 264	14 255
2028		12 572	12 572
2029		561	561
2030 and later		673	673
Bond debt, nominal amount	2 121	116 764	118 885
Value adjustments[2]	26	(6 457)	(6 431)
Debt securities issued	2 147	532 776	534 923

1) *Excluding own bonds.*
2) *Including accrued interest, fair value adjustments and premiums/discounts.*
3) *The maturity profile is based on the call date, i.e. DNB's first option to redeem the bond.*

Note P38 Senior non-preferred bonds

See note G43.

Note P39 Subordinated loan capital and perpetual subordinated loan capital securities

See note G44.

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Note P40 Other liabilities

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Short-term funding	260	532
Short positions trading	3 036	3 394
Accrued expenses and prepaid revenues	4 022	3 729
Documentary credits, cheques and other payment services	740	565
Unsettled contract notes	2 174	1 150
Group contributions/dividends (internal)	8 280	17 400
Accounts payable	763	3 124
General employee bonus	286	310
Lease liabilities	4 404	3 539
Dividends external	24 153	19 316
Other liabilities	4 128	1 613
Total other liabilities	52 146	64 672

Other liabilities are generally of a short-term nature.

Note P41 Equity

Share capital

The Annual General Meeting held on 25 April 2023 resolved a reduction in share capital by cancelling own shares and redeeming shares held by the Norwegian government. The cancellation of the shares was registered in the Register of Business Enterprises on 4 July 2023. The number of issued shares was reduced by 7 751 818 to 1 542 613 203.

The share capital of DNB Bank ASA at 31 December 2023 was NOK 19 282 665 038 divided into 1 542 613 203 shares, each with a nominal value of NOK 12.50. The share capital of DNB Bank ASA at 31 December 2022 was NOK 19 379 582 763 divided into 1 550 365 021 shares, each with a nominal value of NOK 12.50.

DNB Bank ASA has one class of shares, and all shares carry voting rights. Shareholders are entitled to receive the dividend proposed at any time and have one voting right per share at the company's general meeting.

The Board of Directors has proposed a dividend of NOK 16.00 per share for 2023, for distribution from 8 May 2024.

Fund for unrealised gains

The restricted share of retained earnings (fund for unrealised gains) in DNB Bank ASA totalled NOK 2 335 million at 31 December 2023 and NOK 2 345 million at 31 December 2022.

Own shares

The Annual General Meeting held on 25 April 2023 authorised the Board of Directors of DNB Bank ASA to repurchase up to 3.5 per cent of the company's share capital. In addition, DNB Markets was authorised to repurchase 0.5 per cent for hedging purposes. DNB Bank ASA has previously signed an agreement with the Norwegian government, represented by the Ministry of Trade, Industry and Fisheries, to ensure that the government maintains its 34 per cent ownership interest in DNB Bank ASA after completion of the buy-back programme(s).

A repurchase programme of 1.5 per cent, as well as 0.25 per cent for hedging purposes, was announced on 17 July 2023 and was completed on 18 October. On 19 October, a new programme of 1.0 per cent was announced, and which was completed on 21 December. On 22 December, a third programme of 0.75 per cent was announced. Under the third programme, DNB repurchased 365 935 shares up to 31 December 2023, representing 0.02 per cent of its issued shares, at an average price of NOK 213.22 per share.

Total repurchased shares in 2023 under the three buy-back programmes were 26 774 725 shares, representing 1.67 per cent of the issued shares, and at an average price of NOK 209.49. In addition, a proportion of the Norwegian government's holding, equivalent to 0.86 per cent of issued shares, will be redeemed after the Annual General Meeting in 2024, bringing total buy-backs to 2.53 per cent.

Note P41 Equity (continued)

Treasury shares

Treasury shares held by DNB Markets for trading purposes are presented below

Amounts in NOK million	Share capital	Other equity	Total equity
Balance sheet as at 31 December 2021	(0)	(0)	(0)
Net purchase of treasury shares	(1)	(14)	(15)
Reversals of fair value adjustments through the income statement		(5)	(5)
Balance sheet as at 31 December 2022	(1)	(19)	(20)
Net sale of treasury shares	1	19	20
Balance sheet as at 31 December 2023	0	0	0

Additional Tier 1 capital

The additional Tier 1 capital is issued by DNB Bank ASA. Five additional Tier 1 capital instruments were issued in 2023, with a total nominal value of NOK 5 829 million. Through the merger with Sbanken ASA, five additional Tier 1 capital instruments with a total nominal value of NOK 700 million were acquired.

Year	Carrying amount in currency		Interest rate	Carrying amount in NOK
2019	NOK	100	3 month NIBOR + 3.60%	100
2019	NOK	2 700	3-month NIBOR + 3.50%	2 700
2019	USD	850	4.875% p.a.	7 774
2019	NOK	100	3-month NIBOR + 3.15%	100
2020	NOK	300	3-month NIBOR + 3.10%	300
2020	NOK	100	3-month NIBOR + 3.00%	100
2022	NOK	100	3 month NIBOR + 2.60%	100
2022	NOK	2 750	3 month NIBOR + 3.75%	2 750
2022	NOK	500	6.72% p.a. until 16 February 2028, thereafter 3-month NIBOR + 3.75%	500
2022	NOK	600	3-month NIBOR + 4.00%	600
2022	NOK	950	7.75% p.a. until 4 May 2028, thereafter 3-month NIBOR + 4.00%	950
2023	NOK	2 300	3 month NIBOR + 3.50 %	2 300
2023	SEK	1 000	3-month STIBOR + 3.50 %	991
2023	SEK	850	6.99% p.a. until 14 March 2029, thereafter 3 month STIBOR + 3.50%	817
2023	NOK	1 100	3-month NIBOR + 3.50 %	1 109
2023	NOK	650	7.65% p.a. until 14 March 2029, thereafter 3 month STIBOR + 3.50%	650
Total, nominal amount				21 803

For further details about issued and redeemed AT1 capital, please refer to P - Statement of changes in equity

Note P42 Remunerations etc.

See note G47

Remuneration to the statutory auditor

Amounts in NOK 1 000, excluding VAT	2023	2022
Statutory audit	(22 729)	(17 842)
Other certification services	(2 970)	(3 464)
Tax-related advice[1]	(962)	(1 041)
Other services		(165)
Total remuneration to the statutory auditor	(26 662)	(22 342)

1) Includes fees for attest review
2) Mainly refers to tax-related advice to employees on international assignments

Note P43 Information on related parties

A large number of bank transactions are entered into with related parties as part of ordinary business transactions, comprising loans, deposits and foreign exchange transactions. These transactions are based on market terms. The table below shows transactions with related parties, including balance sheets at year-end and related expenses and income for the year. See note G48 for transactions with other companies.

Transactions with DNB Group companies

Amounts in NOK million	2023	2022
Loans as at 31 December	457 116	453 649
Other receivables as at 31 December[1]	36 449	46 951
Deposits as at 31 December	103 271	109 003
Other liabilities as at 31 December[1]	42 849	35 992
Interest income	23 493	10 201
Interest expenses	(4 557)	(1 271)
Net other operating income[2]	9 890	9 550
Operating expenses	(364)	(338)

1) Other receivables and other liabilities as at 31 December 2023 and 2022 were mainly group contributions and financial derivative contracts with DNB Boligkreditt as counterparty
2) DNB Bank ASA recognised NOK 9 476 million and NOK 9 070 million in group contributions from subsidiaries in 2023 and 2022, respectively

The table includes transactions with subsidiaries and sister companies. Investments in bonds issued by related parties are described below and are not included in the table.

Major transactions and agreements with related parties

DNB Boligkreditt AS

DNB Boligkreditt AS (Boligkreditt) is 100 per cent owned by DNB Bank ASA. As part of ordinary business transactions, a large number of banking transactions are entered into between Boligkreditt and the bank, including loans, deposits and financial derivatives used in currency and interest rate risk management. Transactions are carried out on market terms and are regulated in the "Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkreditt AS" (the transfer agreement) and the "Contract between DNB Bank ASA and DNB Boligkreditt AS concerning purchase of management services" (the management agreement).

The transfer agreement regulates the transfer of loan portfolios qualifying as collateral for the issue of covered bonds. During 2023, portfolios of NOK 1 2 billion (NOK 10 7 billion in 2022) were transferred from the bank to DNB Boligkreditt.

Under the management agreement, DNB Boligkreditt purchases services from the bank, including services relating to administration, bank production, distribution, customer contact, IT operations and financial and liquidity management. DNB Boligkreditt pays an annual management fee for these services based on the lending volume under management and the achieved lending spreads. However, the management agreement also ensures DNB Boligkreditt a minimum margin on loans to customers. A margin below the minimum level will be at DNB Bank's risk, resulting in a negative management fee (payment from DNB Bank to DNB Boligkreditt). The management fee paid to the bank for purchased services is recognised as "Other income" in the comprehensive income statement and amounted to a negative NOK 1 915 million in 2023 (a negative NOK 1 442 million in 2022).

At end-December 2023 the bank had invested NOK 110 3 billion (NOK 91 7 billion in 2022) in covered bonds issued by DNB Boligkreditt.

DNB Boligkreditt enters into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 7 1 billion at end-December 2023 (NOK 25 6 billion in 2022).

Boligkreditt has a long-term overdraft facility in DNB Bank ASA with a limit of NOK 325 billion.

Note P44 Largest shareholders

Shareholder structure in DNB Bank ASA as at 31 December 2023	Shares in 1 000	Ownership in per cent
Norwegian Government/Ministry of Trade, Industry and Fisheries	524 488	34.6
DNB Savings Bank Foundation	130 001	8.6
Folketrygdfondet	90 328	6.0
Capital Group Companies, Inc.	70 529	4.6
BlackRock, Inc.	52 368	3.5
Vanguard Group Holdings	39 512	2.6
Deutsche Bank AG Group	29 415	1.9
T. Rowe Price Group, Inc.	24 898	1.6
Storebrand Kapitalforvaltning	21 274	1.4
State Street Corporation	18 469	1.2
DNB Asset Management AS	17 341	1.1
Schroders PLC	16 499	1.1
Ameriprise Financials, Inc.	16 267	1.1
BNP Paribas, S.A.	14 987	1.0
Kommunal Landspensjonskasse	14 863	1.0
Danske Bank Group	14 135	0.9
Nordea AB	13 400	0.9
Svenska Handelsbanken AB	11 618	0.8
Credit Agricole S.A.	10 669	0.7
Alecta pensionsforsakring, omsesidigt	9 500	0.6
Total largest shareholders	1 149 573	75.2
Other shareholders	376 266	24.8
Total number of outstanding shares	1 516 838	100.0

The owners of shares in nominee accounts are determined on the basis of third-party analyses.

The table shows the number of outstanding shares. For information related to the share buy-back programme and redemption of shares, please see the Directors' report.

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Note P45 Shares in DNB Bank ASA held by senior executives

	Number of shares allotted in 2023[1]	Number of shares 31 Dec. 2023
Board of Directors of DNB Bank ASA		
Olaug Svarva, Chair		14 500
Jens Petter Olsen, Vice Chair		12 000
Gro Bakstad		4 000
Christine Bosse		7 855
Petter-Børre Furberg		5 000
Julie Galbo		755
Lillian Hattrem		2 369
Stian Tegler Samuelsen		1 858
Jannicke Skaanes		
Kim Wahl		25 000
Group Management as at 31 December 2023		
Kjerstin R. Braathen, CEO	19 537	81 219
Ida Lemer, CFO	3 073	11 491
Fredrik Berger, Group EVP (CCO)	1 672	11 587
Håkon Hansen, Group EVP	2 461	28 017
Sverre Krog, Group EVP (CRO)		3 212
Maria Ervik Lewold, Group EVP (COO)	2 446	13 027
Anne Sigrun Moen, Group EVP	1 969	3 673
Per Kristian Nasse-Fladset, Group EVP		1 047
Alexander Opstad, Group EVP	9 368	57 054
Harald Serck-Hanssen, Group EVP	3 113	56 820
Ingjerd Blekeli Spiten, Group EVP	2 240	19 244
Even Greff Westerveld, Group EVP		1 373
Group Audit		
Tor Steenfeldt-Foss, Group EVP		

1) *Including fixed salary shares. See note G47 for more information.*

The figures also include shares held by the immediate family and companies in which the shareholder has such influence as stated in Section 7-26 of the Norwegian Accounting Act. The statutory auditor owns no shares in DNB Bank ASA.

Note P46 Contingencies

See note G50.

Statement pursuant to Section 5-5 of the Norwegian Securities Trading Act

We [illegible] hereby confirm that, to the best of our knowledge, the Group financial statements for 2023 [illegible] have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the company taken as a whole.

The Directors' report gives a true and fair view of the development and performance of the business and the position of the Group and the company, as well as a description of the principal risks and uncertainties facing the Group.

Oslo, 13 March 2024
The Board of Directors of DNB Bank ASA

Olaug Svarva
(Chair of the Board)

Jens Petter Olsen
(Vice Chair of the Board)

Ove Bakstad

Christine Rosse

Petter Bøe Furberg

Julie Galbo

Ilham Kadri

Stian Tegler Samuelsen

Jannicke Skaurdal

Kim Wahl

Kjersti N. Braathen
Group Chief Executive Officer (CEO)

Ida Lerner
Group Chief Financial Officer (CFO)

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[illegible]

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholder's Meeting of DNB Bank ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of DNB Bank ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2023 and the income statement, comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the balance sheet as at 31 December 2023, the income statement, comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion:

- the financial statements comply with the applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5 (1) have been provided.

We have been the auditor of the Company for 3 years from the election at the general meeting on the 4 May 2020 for the accounting year 2020.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In our view, the key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our view, the key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment of loans and financial commitments

Basis for the key audit matter

Loans to customers represent NOK 1 997 363 million (58 per cent) of total assets for the Group as at 31 December 2023. Financial commitments amount to NOK 788 685 million as at 31 December 2023. The corresponding amounts in the financial statements of the Company are NOK 1 128 356 million and NOK 554 552 million, respectively. Total expected credit losses (ECL) on loans to customers and financial commitments for the Group amount to NOK 8 454 million, of which NOK 1 987 million is based on model calculations (stages 1 and 2) and NOK 6 466 million mainly is based on individual assessments (stage 3). The corresponding amounts in the financial statements of the Company are total expected credit losses (ECL) on loans to customers and financial commitments of NOK 7 367 million, of which NOK 1 721 million mainly is based on model calculations (stages 1 and 2) and NOK 5 647 million is based on individual assessments (stage 3).

The ECL calculation requires models, but IFRS 9 does not prescribe a specific approach, thus requiring management to use judgement to obtain an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes. In addition, the measurement of ECL shall reflect the time value of money and reasonable and supportable information about past events, current conditions and forecasts of economic expectations as well as criteria for significant increases in credit risk at engagement or portfolio level. To calculate the provision the Group is required to make estimates and assumptions, including the probability of default, exposure at default, loss given default and forecasts of economic development. Loans subject to individual assessments (stage 3) require judgement about various assumptions, including the expected future cash flows and the value of underlying collateral. Due to the use of judgement in applying the ECL measurement criteria, the complexity of the calculation and the effect on estimates, we consider ECL a key audit matter.

Expected credit losses are disclosed in note G4, G5, G6, G7, G8, G9, G10 and G11 in the financial statements of the Group and note P3, P4, P5, P6, P7, P8, P9 and P10 in the financial statements of the Company.

Our audit response

We assessed the Group's methodology applied for calculating ECL, including the criteria for determining significant increases in credit risk. We assessed the design and tested the effectiveness of controls related to assumptions, input and calculation of ECL. We also tested IT general controls over access and change management for related IT-systems. We involved specialists on our team and assessed management's internal validation of the ECL models. We evaluated the model structure, logic and back testing results as well as management's assessments of macroeconomic data used to create forward looking estimates applied in the ECL models to derive probability of default and loss given default, including parameters and conclusions from management's expert credit judgement forum. We assessed the completeness of the identification of exposures with significant increases in credit risk. For a sample of engagements subject to individual assessment by management (stage 3), we evaluated the assumptions applied to determine the expected credit losses, including the expected future cash flows and valuation of underlying collateral. We had an increased focus on the uncertainty in the estimated future cash flows and values of collateral for companies in segments that have been significantly affected by the current macro-economic uncertainty.

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Valuation of Financial Instruments

Basis for the key audit matter

Unlisted or illiquid financial instruments measured at fair value are valued based on models that use assumptions that are not observable in the marketplace. The valuation of these instruments requires the use of judgement. Such instruments comprise assets of NOK 59 251 million and liabilities of NOK 2 345 million measured at fair value in the consolidated balance sheet and classified as level 3 instruments within the fair value hierarchy. The corresponding amounts for the Company are NOK 13 839 million and NOK 2 345 million respectively. Due to the materiality of the unlisted or illiquid instruments, and the use of judgement, we considered the valuation of these instruments a key audit matter.

Level 3 instruments measured at fair value are disclosed in note G28 in the financial statements of the Group and note P25 in the financial statements of the Company.

Our audit response

We assessed the design and tested the operating effectiveness of internal controls over the valuation process including management's determination and approval of assumptions and methodologies used in model-based calculations as well as management's review of valuations provided by internal experts. We also assessed pricing model methodologies against industry practice and valuation guidelines. We performed independent valuations for selected instruments and used external source data where available and compared results of our valuations to the Group's valuations.

IT environment supporting financial reporting

Basis for the key audit matter

The Group has a complex and automated IT environment and is dependent on IT processes for reporting of financial information. To ensure complete and accurate processing and reporting of financial data it is important that controls over appropriate access rights and system changes are designed and operate effectively. Also, controls over transaction processing need to be designed and operate effectively. The operation of the IT environment is largely outsourced to various service providers. The IT environment supporting the financial reporting process is considered a Key Audit Matter as the IT environment is critical to ensure accurate, complete, and reliable financial reporting.

Our audit response

We obtained an understanding of the Group's IT environment, including outsourced services and controls related to financial reporting. We tested IT general controls over access management, change management and IT operations. Further we tested automated controls in the IT environment supporting financial reporting. For IT systems outsourced to service providers we evaluated third party attestation reports (ISAE 3402 reports) and assessed and tested the effectiveness of the controls. We involved specialists on our team in understanding the IT environment and in assessing and testing the operative effectiveness of controls.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Group Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially

Independent auditor's report - DNB Bank ASA 2023
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We have been engaged by the Board of Directors on 10 February 2023 to perform an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name dnbbankasa-2022-12-31-en.zip, have been prepared in all material respects in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and XBRL tagging of the consolidated financial statements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements in accordance with the ESEF Regulation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for ensuring that the Company's and the Group's bookkeeping and documentation comply with the requirements of the ESEF Regulation and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and XBRL tagging of the consolidated financial statements.

Auditor's responsibilities for the audit of the financial statements

Our objective is to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name dnbbankasa-2022-12-31-en.zip, have been prepared in all material respects in compliance with the ESEF Regulation, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an assurance engagement conducted in accordance with ISAE 3000 will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an assurance engagement in accordance with ISAE 3000, we exercise professional judgment and maintain professional scepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve deliberate omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the assurance engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of DNB Bank ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name dnbbankasa-2022-12-31-en.zip, have been prepared in all material respects in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and XBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared in all material respects in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an appropriate process and such internal control as management determines is necessary

Auditor's responsibilities

Our responsibility is based on audit evidence obtained to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

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As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 13 March 2024
ERNST & YOUNG AS

Kjetil Rimstad
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)

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INDEPENDENT ACCOUNTANT'S ASSURANCE REPORT

To the board of directors in DNB Bank ASA

Scope

We have been engaged by DNB Bank ASA to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on DNB Bank ASA's sustainability reporting as defined and specified in the DNB Bank ASA's GRI Index (see the document Sustainability indices 2023 on https://www.dnb.no/portalfront/nedlast/no/om-oss/aarsrapport/en-2023/Sustainability-indices-2023.pdf) (the "Subject Matter") as for the year then ended.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Annual report including the Sustainability report, and accordingly, we do not express a conclusion on this information.

Criteria applied by DNB Bank ASA

In preparing the Subject Matter, DNB Bank ASA applied the relevant criteria from the Global Reporting Initiative (GRI) sustainability reporting standards as well as its own defined published criteria (the "Criteria"). The Criteria can be accessed at globalreporting.org and information on where Custom criteria is defined and are available to the public. Such Criteria were specifically designed for companies and other organizations that want to report their sustainability impacts in a consistent and credible way. As a result, the Subject Matter information may not be suitable for another purpose.

DNB Bank ASA's responsibilities

The Board of Directors and Group Chief Executive Officer (management) are responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ("ISAE 3000"). This standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Control

We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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[illegible] International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially less than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation within systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Obtaining an understanding of the criteria used to prepare the Subject Matter and related information
- Making enquiries of management to understand the processes to collect, aggregate and report the Subject Matter during the reporting period
- Performing analytical procedures to understand and challenge the information reported in the Criteria and source data
- Analysing relevant documents of the data and information presented by management about any significant changes identified
- Reviewing the assumptions underlying significant estimates
- Comparison of a sample basis of data with the underlying supporting information
- Considering the presentation of the Subject Matter with the applicable requirements of the Criteria

We believe that our procedures provide us with an adequate basis for our conclusion. We have performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any matter that causes us to believe that the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria.

Oslo, 13 March 2024
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The assurance report is signed electronically

Kjetil Rimstad
State Authorised Public Accountant

Financial calendar 2024

Annual General Meeting	29 April
Distribution of dividends	8 May
First quarter	23 April
Second quarter	23 July
Third quarter	22 October

Annual General Meeting

The Annual General Meeting of DNB Bank ASA will be held on 29 April 2024 at 15:00

Shareholders can choose to participate in person at DNB Bank ASA's premises or digitally. Voting will take place electronically both for the shareholders who attend in person and for those who participate digitally. Information about the notice of the Annual General Meeting will be available on dnb.no/agm no later than 21 days before the meeting, along with a more detailed description of the agenda and how to register attendance.

DNB Bank ASA encourages all its shareholders to register for electronic communication in the VPS Investor Portal and to accept the electronic notice of the Annual General Meeting.

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Colophon

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