



DNB

Extended
fourth quarter 2021
presentation

Q4

Agenda

Continued profitability and delivery on dividend policy

Kjerstin R. Braathen

Financial ambitions and 4Q results

Ida Lerner

Solid foundation for continued profitable growth

Ingjerd Blekeli Spiten

Savings and pensions

Håkon Hansen

Continued profitability and delivery on dividend policy

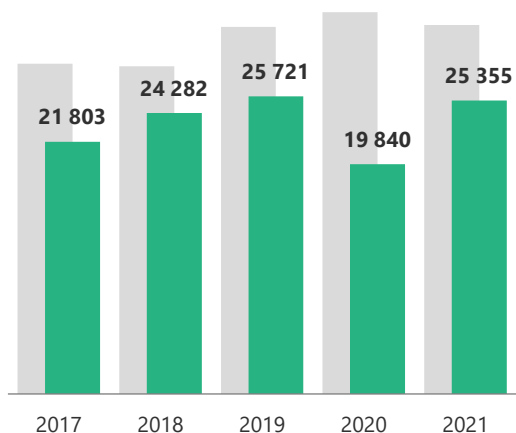
- Results 2021
- Norwegian macro
- DNB's strategy



Solid performance with low impairment provisions

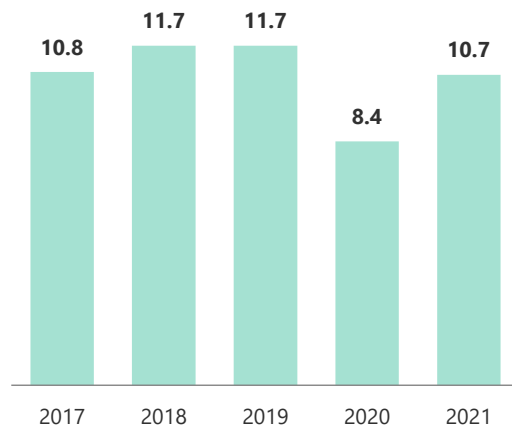
- Strong performance across all product areas with all-time high levels for commissions and fees
- Low impairment provisions reflecting improved underlying credit quality and positive macroeconomic conditions
- Solid recovery in profitability, well underway towards the goal of at least 12 per cent return on equity

Profit for the year
NOK million

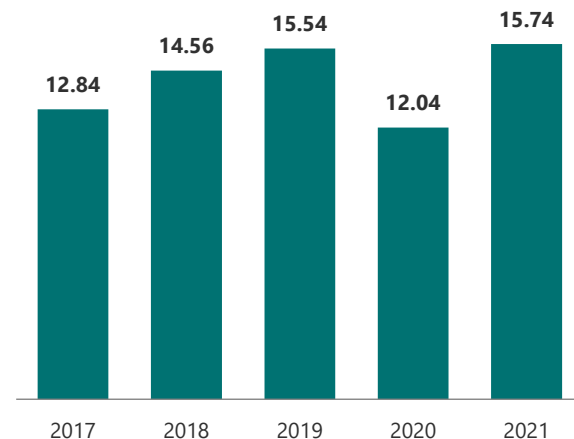


■ Pre-tax operating profit before impairment provisions

Return on equity
Per cent



Earnings per share
NOK



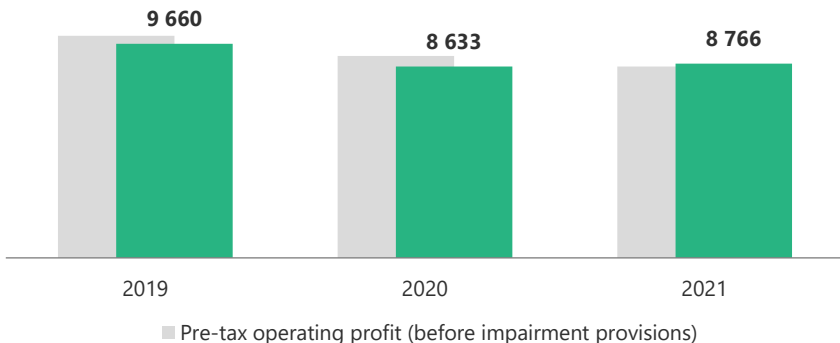
High level of activity across customer segments

Personal customers

Highlights of the year

- Continued profitable currency adjusted growth in both lending and deposits with 2.7 and 7.1 per cent, respectively
- Other operating income up 13.7 per cent, driven by asset management services and sale of insurance products

Pre-tax operating profit (NOK million)

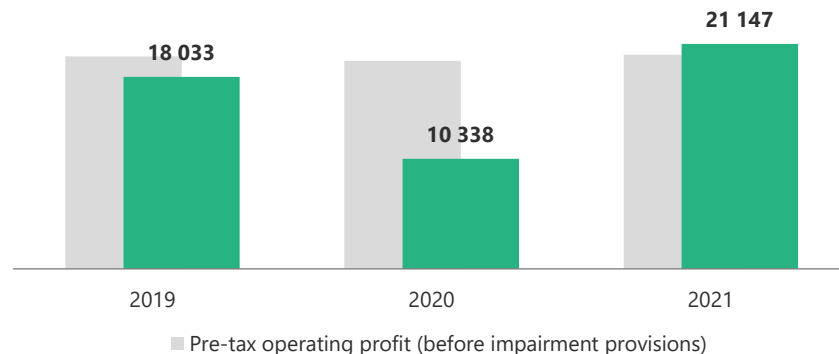


Corporate customers

Highlights of the year

- Continued profitable currency adjusted growth in both lending and deposits with 4.5 and 16.7 per cent, respectively
- All-time high income from Markets up 23.2 per cent, driven by strong performance across industries, geographies and products

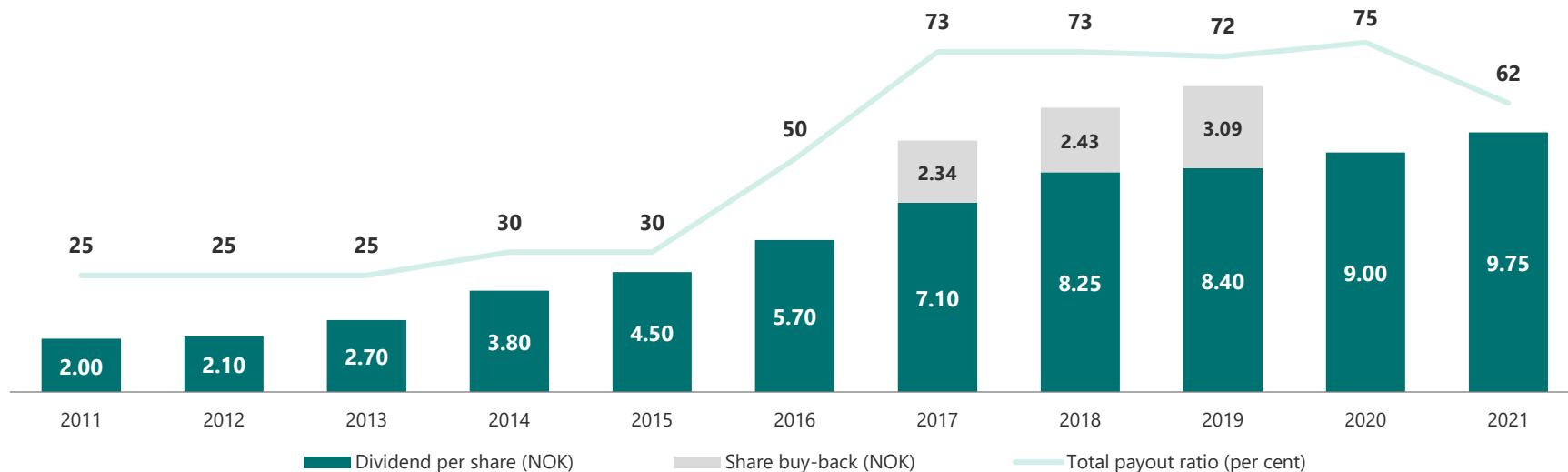
Pre-tax operating profit (NOK million)



Delivering on dividend policy – reflecting a robust capital position

- Continued to deliver on long-term dividend policy – payout ratio of more than 50 per cent
- Proposed cash dividend per share of NOK 9.75 for 2021

Dividend per share and payout ratio
NOK per share



Financial ambitions adjusted for new capital expectation



CET1 capital ratio

> 17.6%¹⁾

Capital level

C/I ratio

< 40%

Key performance indicator

Payout ratio

> 50%

Dividend policy

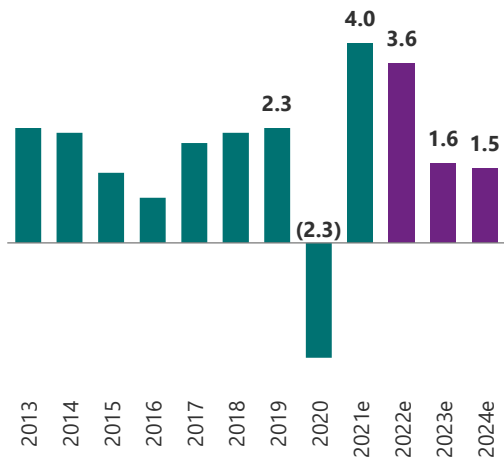
1) Financial Supervisory Authority of Norway's (FSA) expectation including pre-pandemic counter-cyclical buffer requirements.

Strong outlook for the Norwegian economy going forward

- High activity level in the Norwegian economy with partial reopening after COVID-19 restrictions at the end of 2021
- Unemployment back at pre-pandemic level, indicating a positive outlook for the economy
- Two rate hikes already implemented, creating room to manoeuvre in the event of further lock-downs

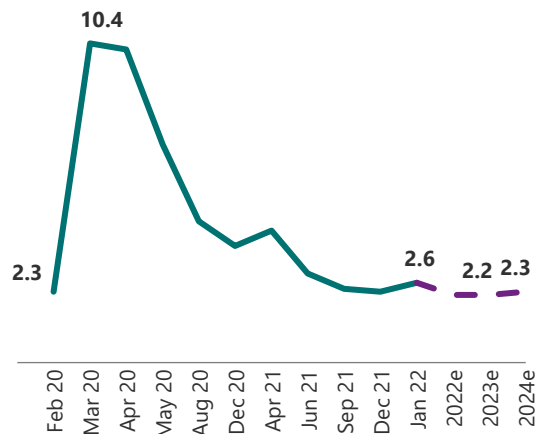
Mainland GDP expected to grow

YoY growth, per cent



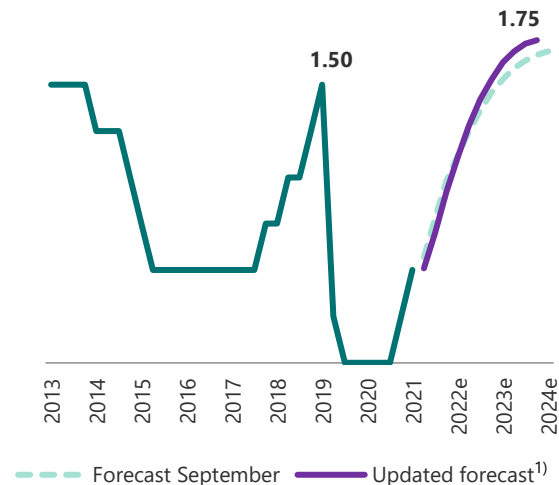
Unemployment back at pre-pandemic level

Registered full-time unemployment, per cent



Several policy rate hikes expected

Norges Bank's key policy rate path, per cent



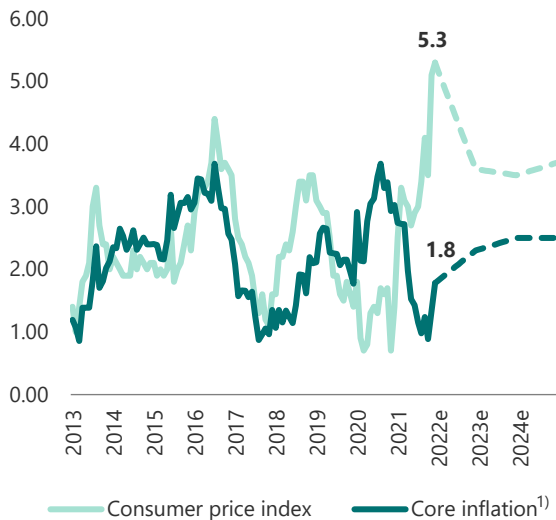
1) Forecast updated in December 2021.

Source: DNB Markets, NAV (the Norwegian Labour and Welfare Administration), Norges Bank (the Norwegian central bank).

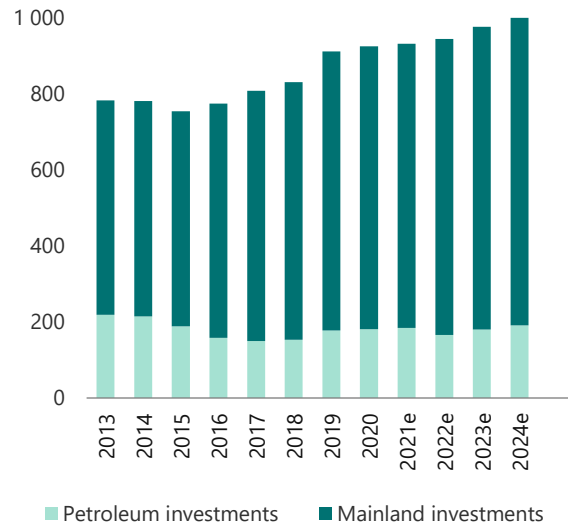
Mainland investment activity expected to increase

- Increase in consumer price index mainly driven by energy and utility prices
- Mainland investment activity expected to increase, shifting away from petroleum investments
- Norwegian sovereign wealth fund continues to grow, with lower petroleum dependency

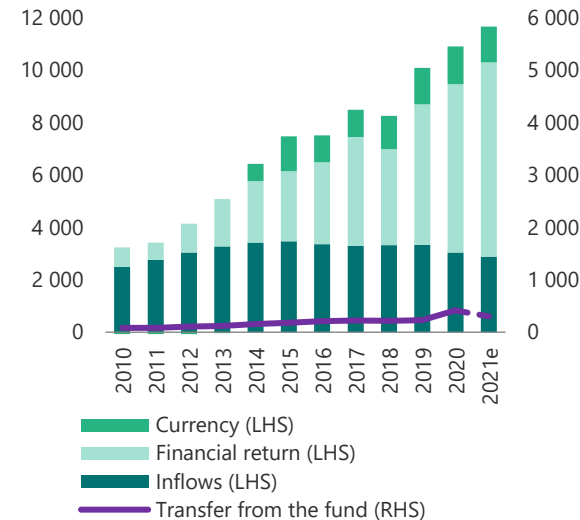
Core inflation at a healthy level
Consumer price index and core inflation, per cent



Investments in Norway
NOK billion (constant 2020 prices)



Ample room to manoeuvre if necessary
Norwegian sovereign wealth fund, NOK billion



1) Core inflation, excluding energy and utility prices.
Source: DNB Markets, Norges Bank, Norwegian Ministry of Finance.

Sustainability is an integrated part of our business and our customer interaction

1

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



2

DNB is a driving force for diversity and inclusion

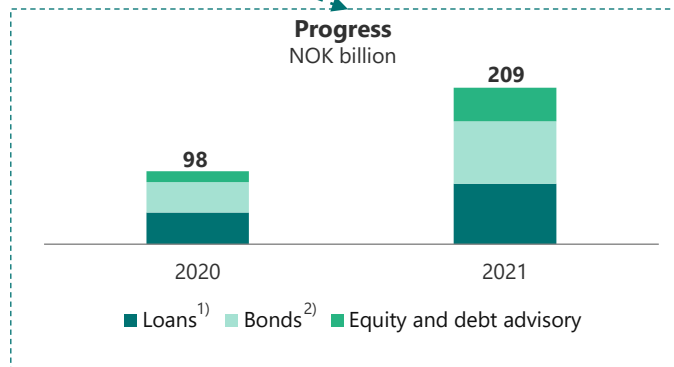
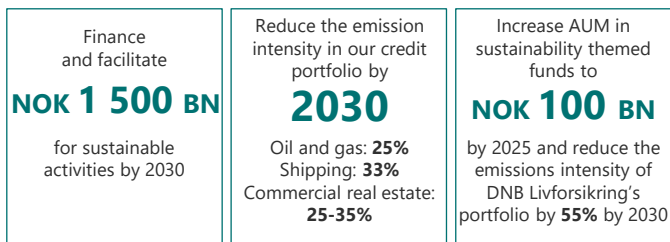


3

DNB combats financial crime and contributes to a secure digital economy



Net-zero emissions in 2050 across our financing and investment activities and own operations



Recent highlights in the transition

- Market leader in NOK-denominated sustainable bonds in 2021 with a 14 per cent market share
- 16 per cent of bond transaction volume had a sustainable label, up from 8 per cent in 2020³⁾
- Issued first green senior bond for internal funding, 85 per cent taxonomy-aligned, validated by Sustainalytics
- Further strengthened sustainability governance through a Group Sustainability Committee – defining, coordinating and prioritising sustainable activities

1) Of which 31 per cent and 44 per cent were sustainability labelled loans in 2020 and 2021 respectively.
 2) Of which 83 per cent and 99 per cent were sustainability labelled bonds in 2020 and 2021 respectively.
 3) Percentage of the deals where DNB participated.

Leveraging our position in a digital environment

Engage and scale

- Strong digital ecosystem among top-ranked financial apps in Norway
- 30 per cent increase in corporates using the corporate app Puls
- 62 per cent growth in active users of the Spare savings app

DNB has some of the most popular financial apps in Norway



No. 1
savings platform
in Norway



~30 per cent
of Norwegians
use DNBs mobile
banking app¹⁾

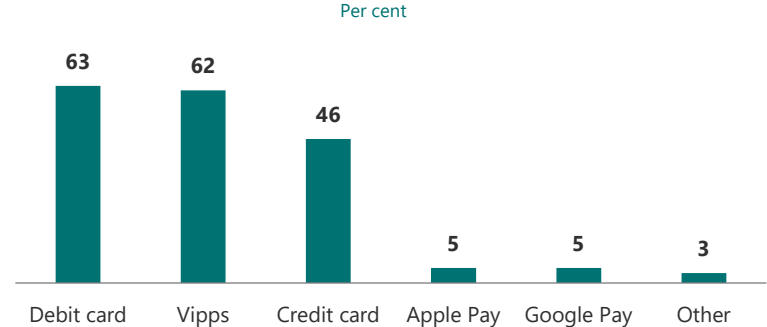


75 per cent of
Norwegian
population uses
Vipps

Utilising strong digital position to boost sales

- Continued strong position for traditional banks in Norway
- Vipps, MobilePay and Pivo merging to form one of Europe's largest mobile wallets
- > 98 per cent of savings schemes sold digitally, 38 per cent through the Spare app

Bank-run payment options preferred in Norway²⁾



1) Norwegians aged 16 and above, Source: Statistics Norway.

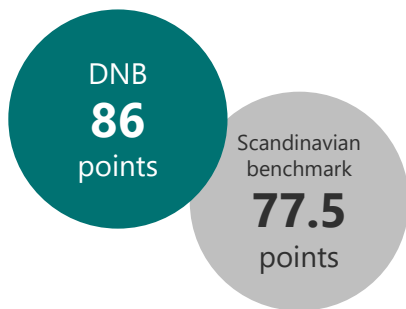
2) Public survey 2021 Ipsos for DNB – “Which of the following payment methods have you used for online purchases in the last six months”

DNB at the forefront in the race for competence and talent

Develop the competence of our people

- Leading and managing diversity to add value for stakeholders – ranked no. 1 among European financial institutions on D&I¹⁾
- Developing a culture for on-the-job training and continuous learning to increase internal mobility and reduce churn
- More than 50 per cent of vacant positions are recruited internally

Willingness to recommend own employer²⁾



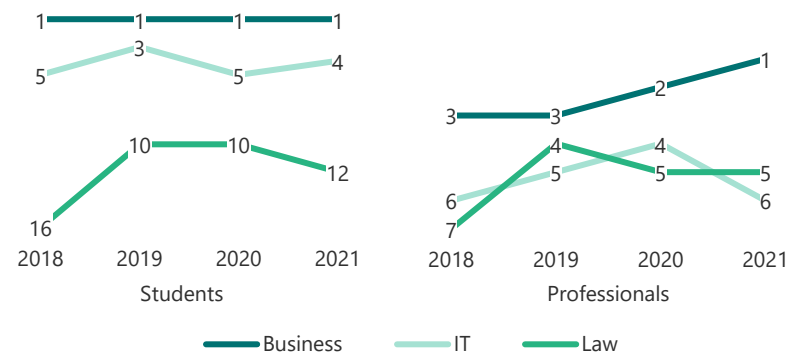
1) Financial Times Diversity Leaders 2022, D&I = Diversity & Inclusion.

2) Average rating (0-100 scale) on "willingness to recommend own employer externally", Rambøll client database 2021.

Attract new talent

- Employer branding strategy to attract tech-related engineers
- More than 50 per cent of our graduate hires in the past five years have had a technology background
- Consistently perceived as one of the most attractive employers in Norway across various educational backgrounds

DNB's score on Universum surveys ranking the most attractive employers



Financial ambitions

- OVERRIDING TARGET:
- CAPITAL LEVEL:
- KEY PERFORMANCE INDICATOR:
- DIVIDEND POLICY:

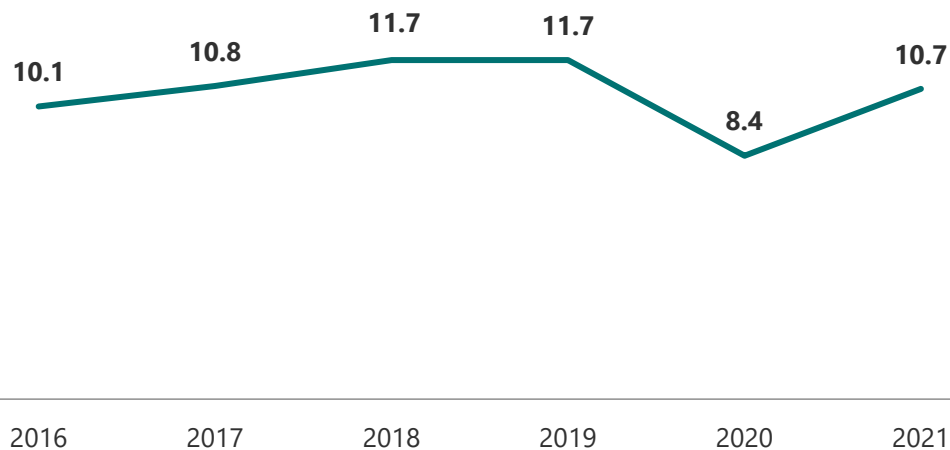
Return on equity > 12 per cent
CET1 capital ratio > supervisory authorities' long-term expectation
Cost/income ratio < 40 per cent
Payout ratio > 50 per cent



On track to deliver on ambition by year-end 2023

Strong recovery for ROE

Per cent



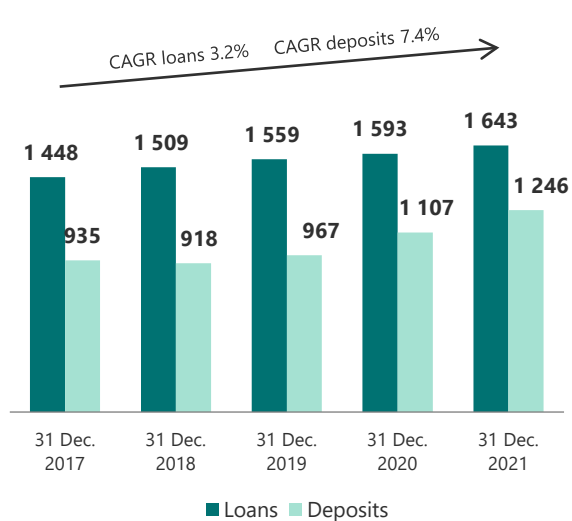
Overriding target:
Return on equity

> 12%

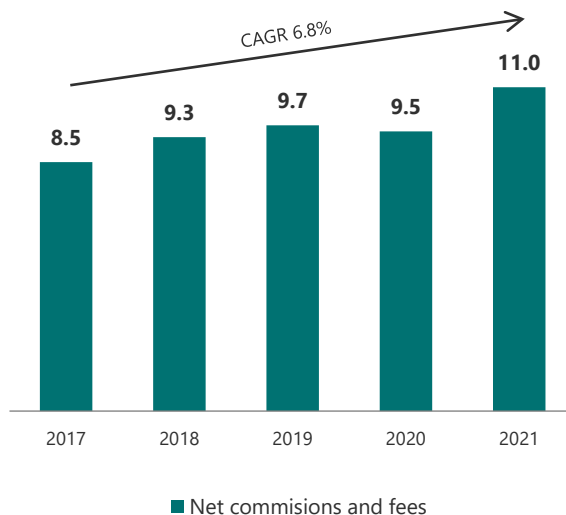
Delivering on ambitions through volume growth, increased income and cost control

- Annual loan growth of 3–4 per cent and increased NOK interest rate will lay the foundation for net interest income (NII)
- Strong performance and high activity support the ambition of a through-the-cycle growth rate of 4–5 per cent in net commissions and fees
- Remain committed to meeting our cost/income ratio target of below 40 per cent

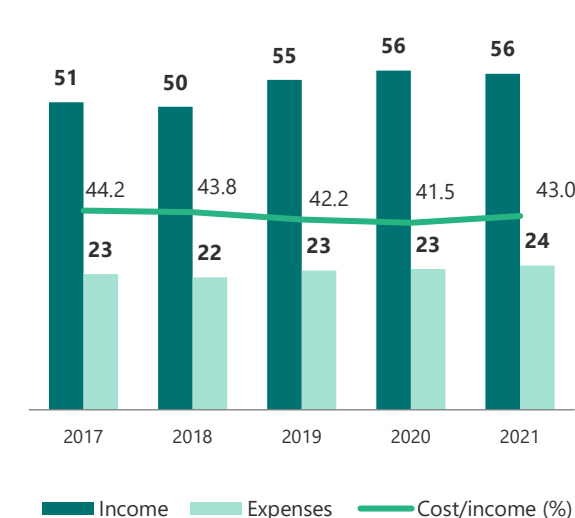
Volume growth NOK billion



Net commissions and fees NOK billion



Income and expenses NOK billion

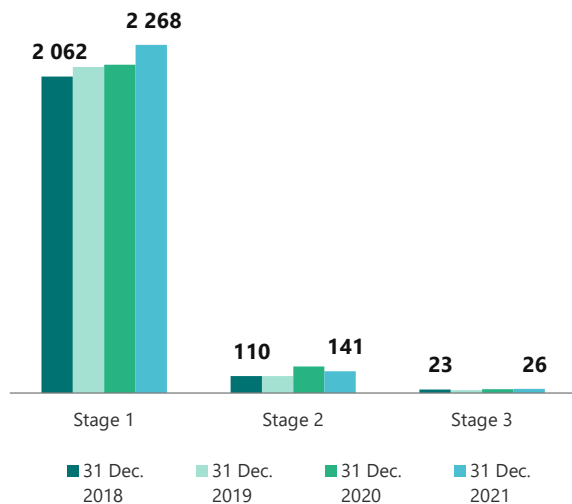


Strong Norwegian macroeconomic situation and well-diversified portfolio

- Healthy asset quality – 98.9 per cent of exposure in stages 1 and 2
- Reduced exposure towards cyclical industries and high-quality personal customer portfolio constitute >50 per cent
- Marginal loan-to-value distribution – 98.6 per cent of mortgage portfolio below 75 per cent

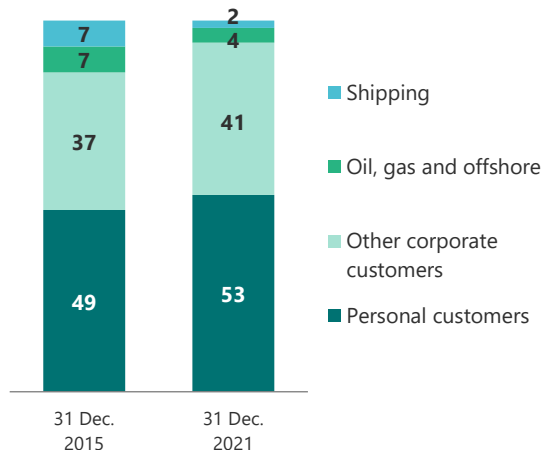
Maximum exposure net of accumulated impairment provisions

NOK billion



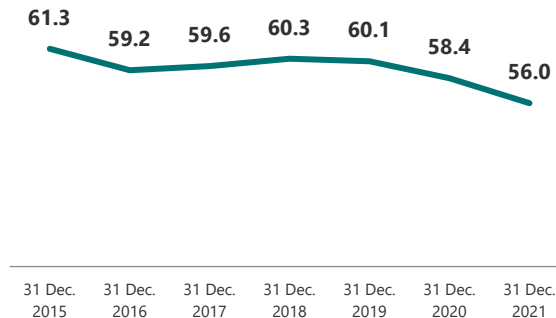
Net exposure at default (EAD) by industry segment

Per cent



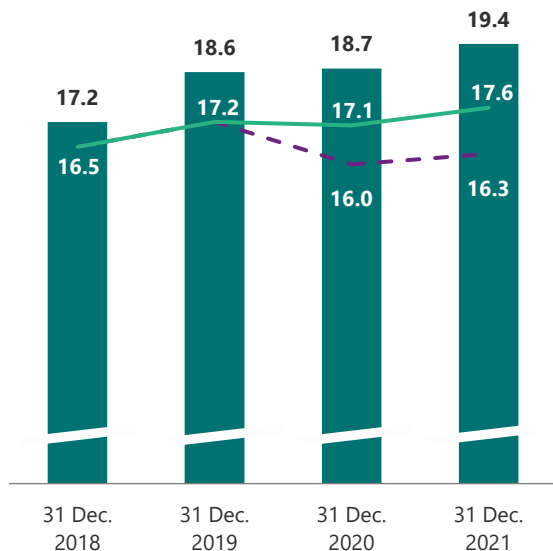
Average loan-to-value ratio in the mortgage portfolio

Per cent

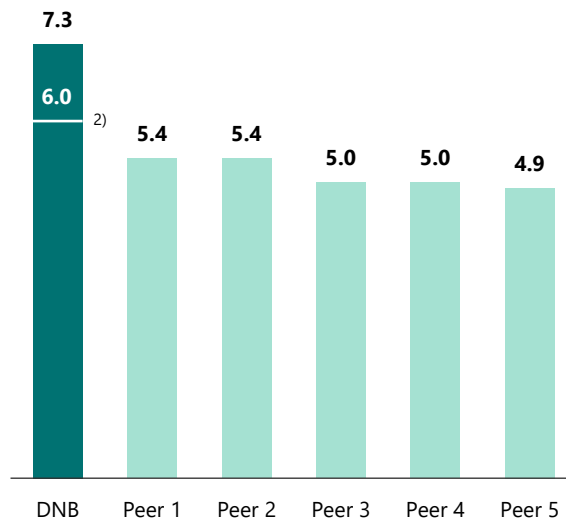


Solid CET1 capital and leverage ratio – well positioned to deliver on dividend policy

CET1 capital ratio Per cent



Leverage ratio vs. Nordic peers at year-end 2021 Per cent



Key points moving forward

- Update from Supervisory Review and Evaluation Process (SREP):
 - Pillar 2 Requirement 1.9 per cent
 - Pillar 2 Guidance 1.5 per cent (up 50 bps)
- Norwegian implementation of CRR II/CRD V³⁾ and impact from CRR III/CRD VI output floor expected to be limited
- Decision on Sbanken appeal still pending
- Dividend policy stands
- Expected tax rate for 2022 : 23 per cent

■ CET1 capital ratio
- - - FSA's current expectation
— FSA's expectation incl. pre-pandemic CCyB requirements¹⁾

1) CCyB: Counter-cyclical capital buffer.
 2) Current regulatory requirement.
 3) CRR = Capital Requirements Regulation. CRD = Capital Requirements Directives.

Results DNB Group

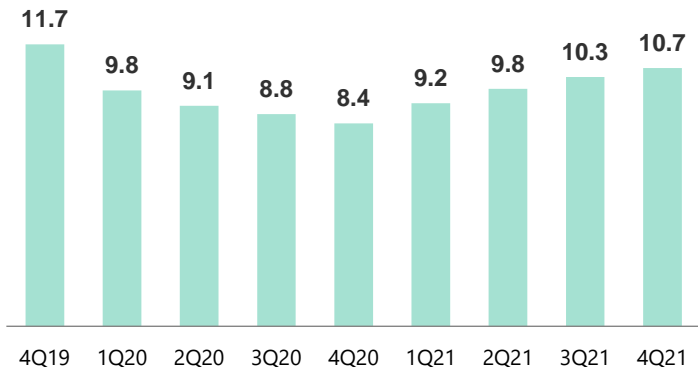
Fourth quarter 2021



Continued strong performance and solid asset quality

Return on equity

Per cent, trailing 12-month figures



Profit for the period
NOK billion

6.2

CET1 capital ratio
Per cent

19.4

Return on equity (ROE) of 10.3 per cent in 4Q21

Solid performance across customer segments

Net interest income up 5.3 per cent from the last quarter

Driven by volume growth and repricing

High activity – net commissions and fees up 22.2 per cent from 4Q20

All-time high result mainly from investment banking and asset management

Low impairment provisions in the quarter

Reflecting the robust portfolio and improved macroeconomic outlook

Strong earnings per share (EPS) – basis for delivering on dividend policy

EPS of NOK 3.79 for the quarter, up 15.6 per cent from 4Q20

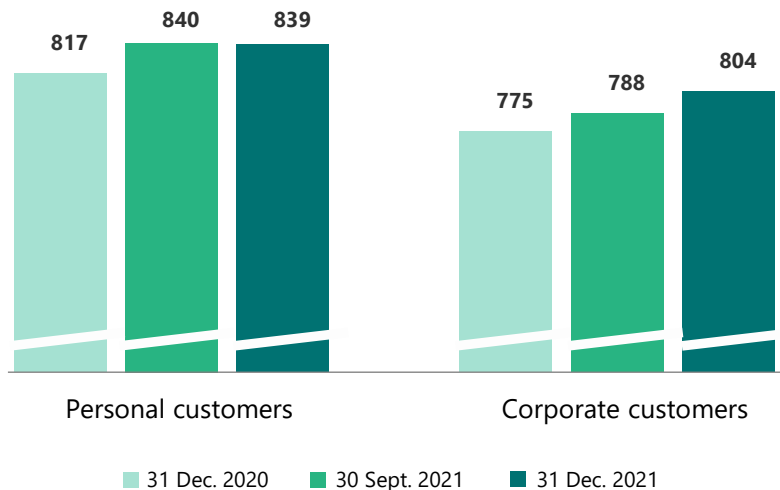
EPS of NOK 15.74 for the year, up 30.8 per cent

Solid growth within loans and deposits

- For the year (currency-adjusted): loans and deposits in customer segments up 3.6 per cent and 12.7 per cent, respectively
- For the quarter (currency-adjusted):
 - loans in customer segments up 1.1 per cent – healthy growth in Corporate customers and stable volumes in Personal customers
 - deposits in customer segments up 1.5 per cent – solid growth in both segments

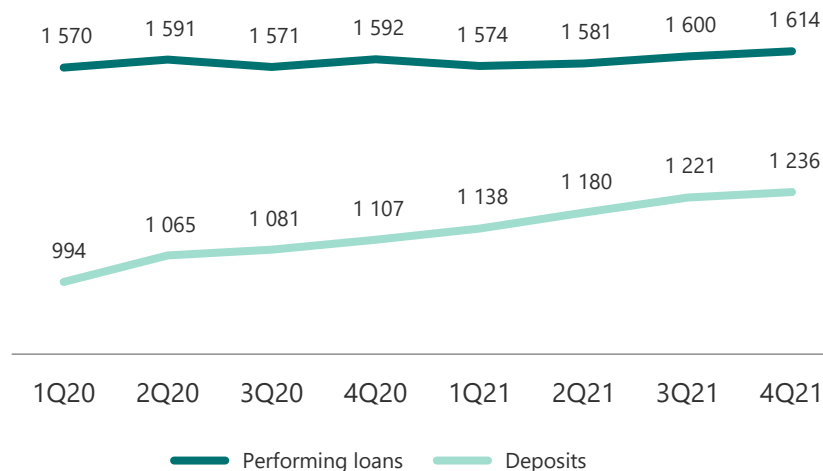
Loans per customer segment

NOK billion



Average loans and deposits in the customer segments

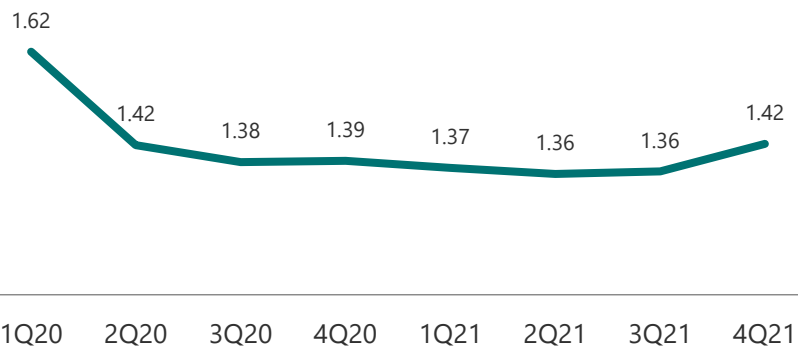
NOK billion



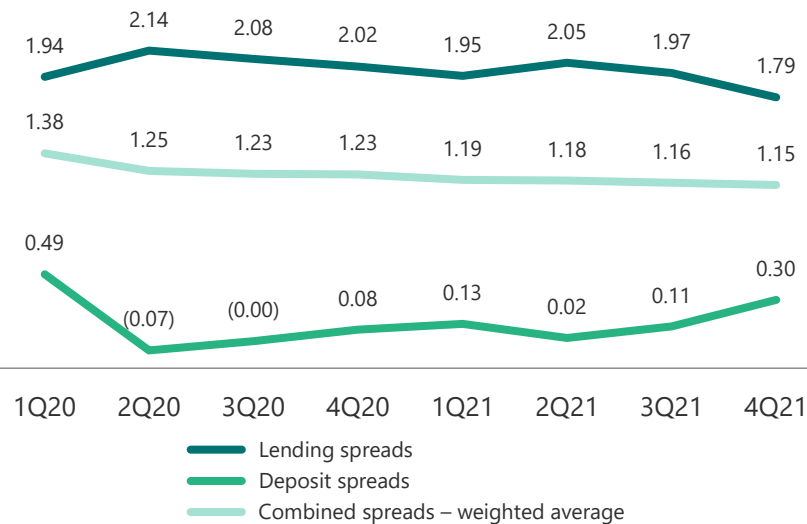
Increased net interest margin

- Net interest margin reflected the repricing of loans and deposits with effect from mid-November
- Spreads on loans and deposits affected by increased money market rates and lag effects from notice period for customer repricing

Net interest margin¹⁾
Per cent



Spreads in customer segments
Per cent

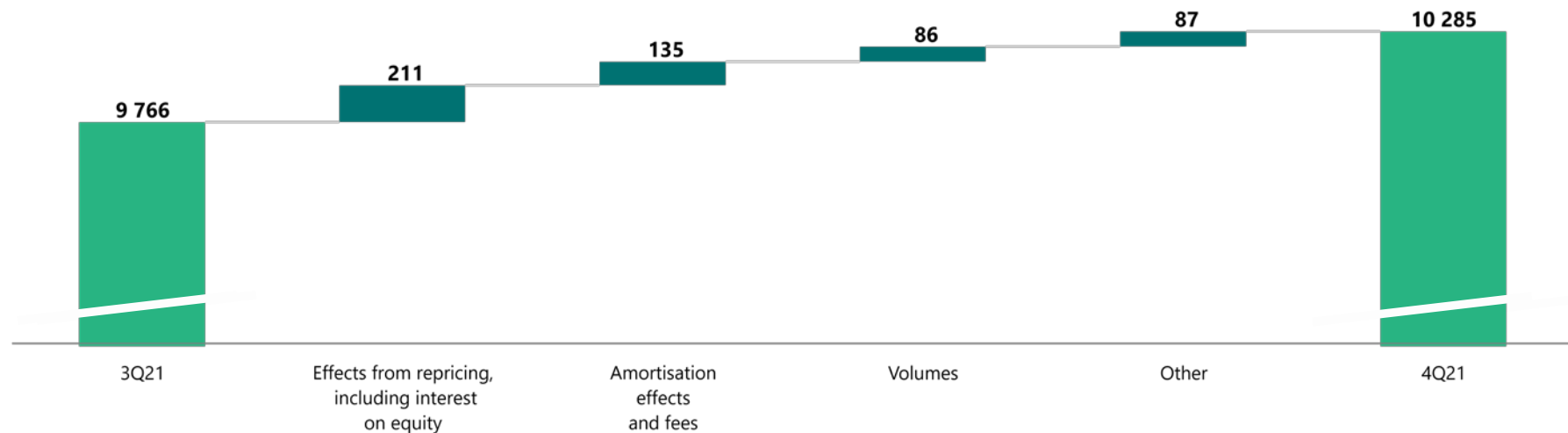


1) Total net interest income relative to average loans and deposits in the customer segments.

Net interest income driven by volume growth and repricing effects

- Norges Bank increased the key policy rate from 0 to 0.25 per cent in September and to 0.50 per cent in December
- DNB implemented an increase in customer interest rates with effect from mid-November
- A second repricing with effect from February 2022 has been announced by DNB

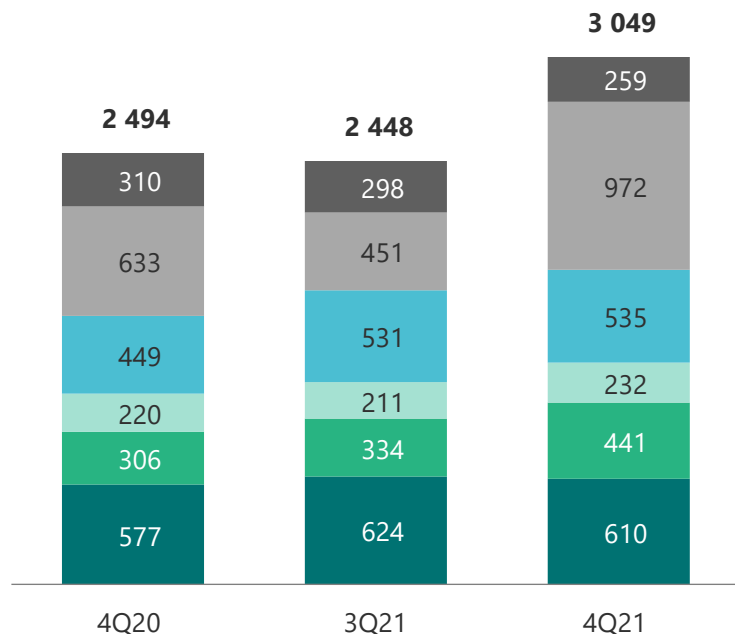
Net interest income from 3Q21 to 4Q21 NOK million



Commissions and fees – strong deliveries across product areas

Commissions and fees

NOK million / Change in per cent from 4Q20

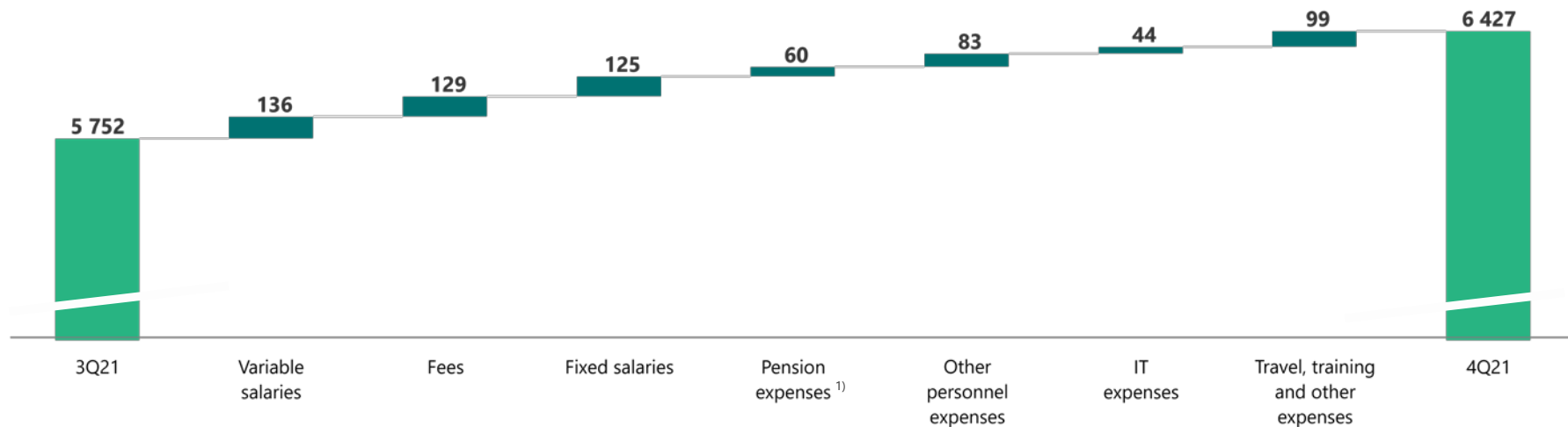


- 16.2 Real estate broking
Seasonally slow quarter
- +53.5 Investment banking services
All-time high income driven by activity within corporate finance – strong performance across industries, geographies and products
- +19.2 Asset management and custodial services
Strong performance and continued volume growth
- +5.7 Guarantee commissions
Increased activity level in the market
- +43.8 Money transfer and banking services
Positive effect of increased travel activity and income from Uni Micro
- +5.8 Sale of insurance products
Increased profitability in the insurance portfolio combined with volume growth within non-guaranteed pensions

Operating expenses affected by high activity

- Increase in fixed salaries as a result of consolidation of Uni Micro and investments in technology and compliance competence
- Growth in variable salaries driven by high activity – reflected in all-time high commissions and fees

Operating expenses from 3Q21 to 4Q21
NOK million

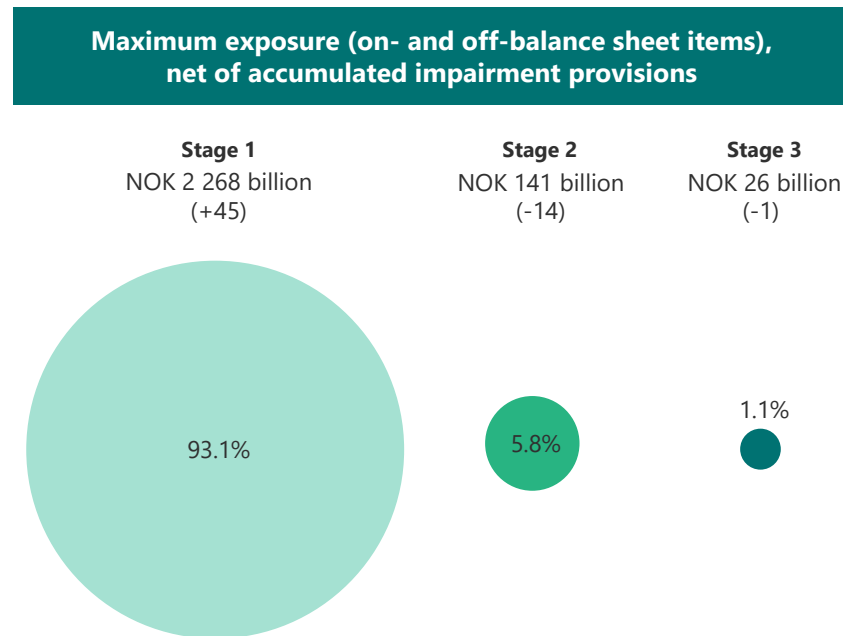


1) The scheme is partly hedged and a corresponding gain is recognised in net gains on financial instruments with an increase from 3Q21 of NOK 66 million.

Low impairment provisions reflecting robust portfolio

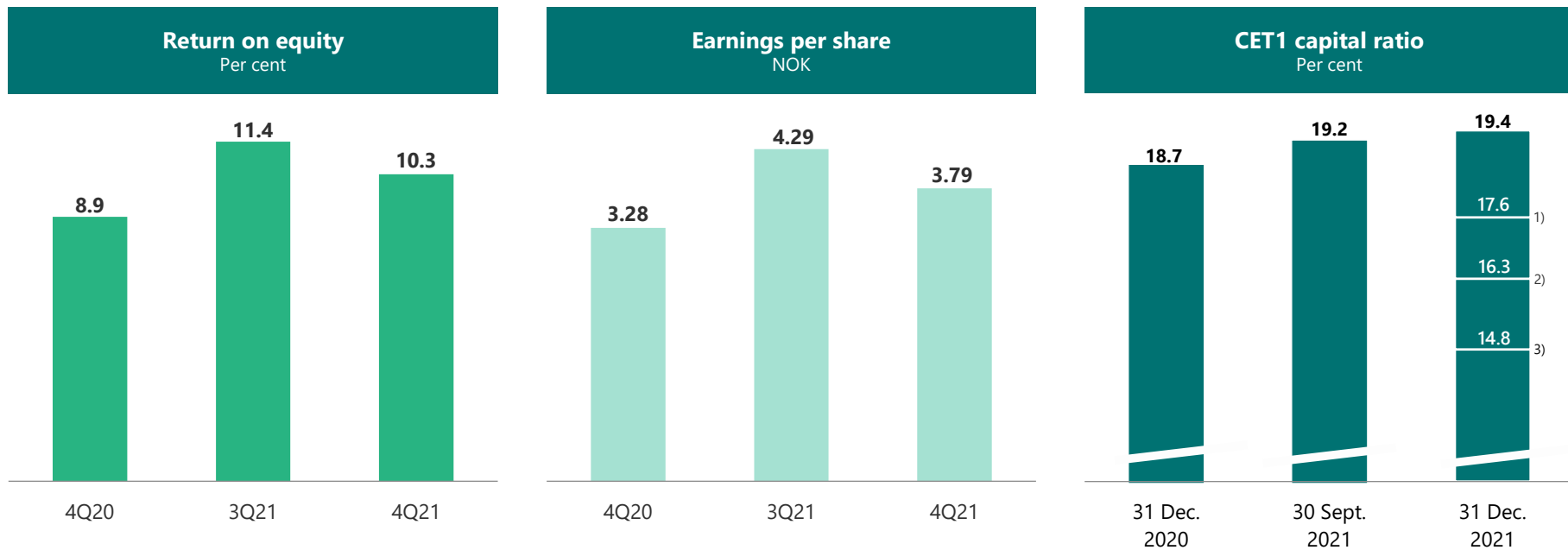
- 98.9 per cent of the portfolio in stages 1 and 2
- Reversals in stages 1 and 2 reflected improved underlying credit quality and macroeconomic outlook

Impairment of financial instruments by industry segment			
NOK million			
	4Q21	3Q21	4Q20
Total	(275)	200	(1 250)
Of which:			
Personal customers			
- Stages 1 and 2	(2)	25	175
- Stage 3	(62)	(51)	(36)
Corporate customers^{*)}			
- Stages 1 and 2	177	289	389
- Stage 3	(388)	(62)	(1 777)
*) Of which oil, gas and offshore:			
- Stages 1 and 2	41	82	125
- Stage 3	92	8	(1 465)



Solid capital position and strong earnings per share

- Return on equity compared with previous year positively affected by increased income and low impairment provisions
- Earnings per share of NOK 15.74 for the year, up 30.8 per cent from 2020
- Proposed dividend per share of NOK 9.75



- 1) FSA's expectation including pre-pandemic counter-cyclical buffer requirements.
- 2) FSA's current expectation.
- 3) FSA's current requirement.

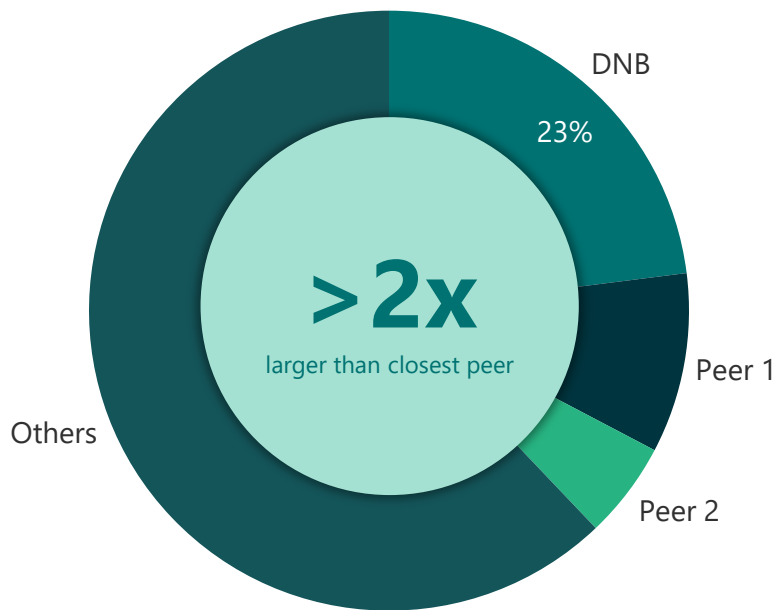
Solid foundation for continued profitable growth

- Market leader well positioned for continued growth
- Leveraging our digital platforms to increase sales

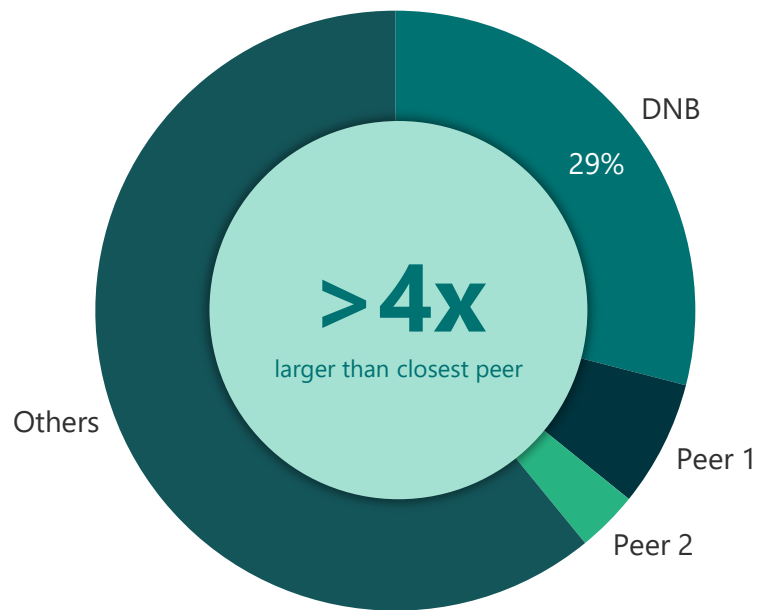


Maintaining our solid position as market leader

Market share in lending



Market share in deposits

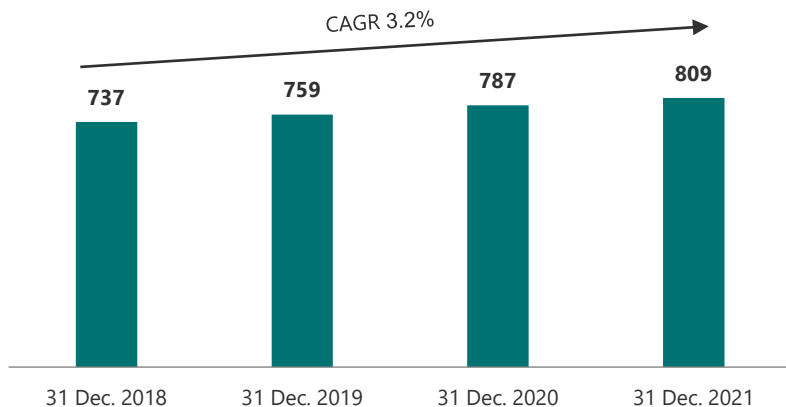


Profitable growth in mortgages and deposits

Profitable growth in Norwegian mortgage portfolio

NOK billion

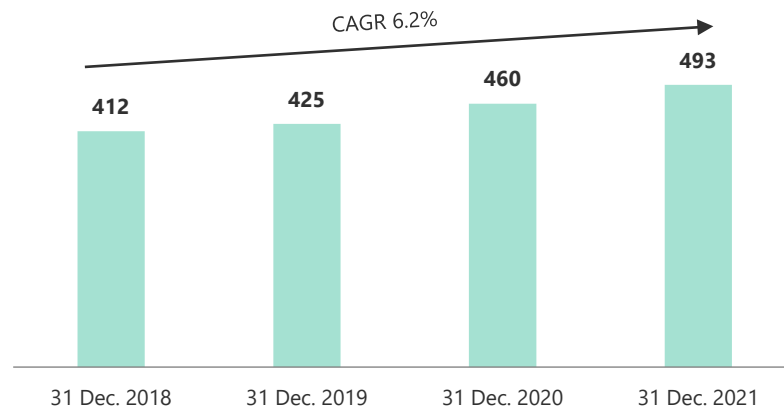
- Consistent organic growth over time
- High flexibility with floating interest rates for >90 per cent of loans
- Robust portfolio with low risk and low losses



Strong growth in deposit portfolio

NOK billion

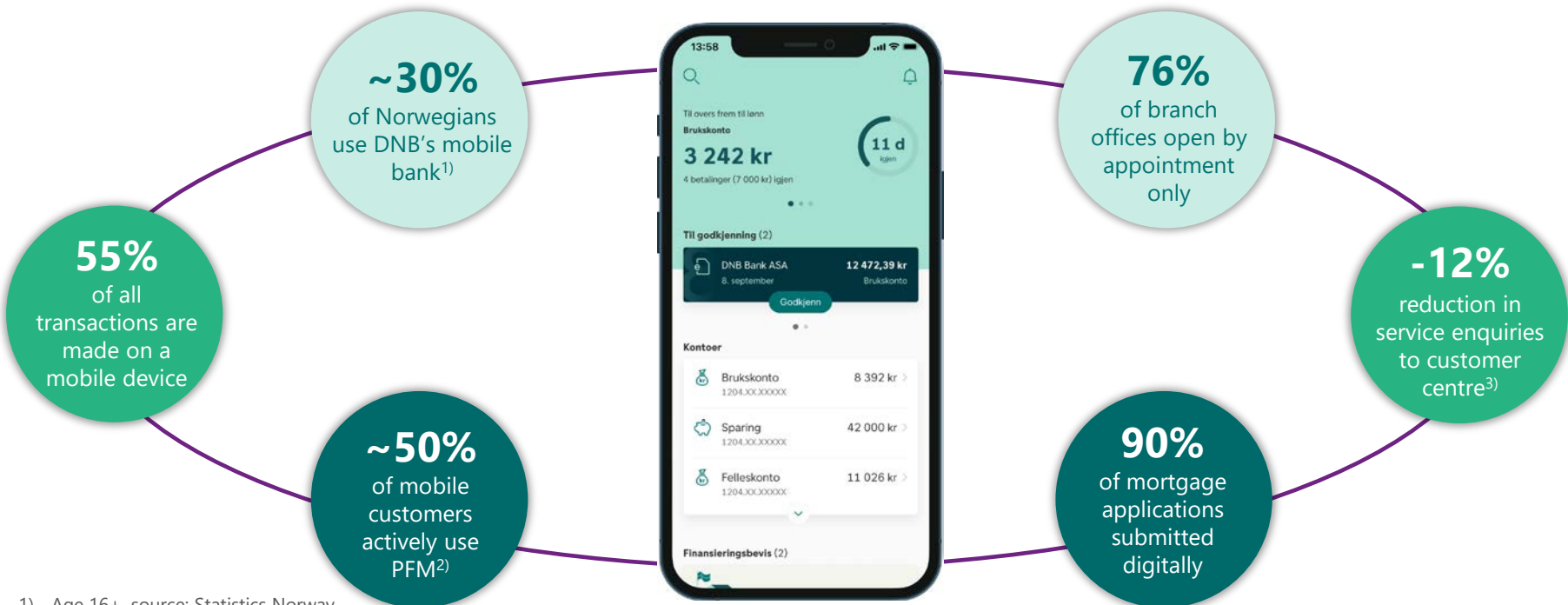
- 7.1 per cent growth in deposits last 12 months
- Increasing profitability
- Deposits are the foundation for long-term savings



The preferred digital banking platform in Norway

World-class engagement on our mobile platform

Accelerated the transition from manual to digital

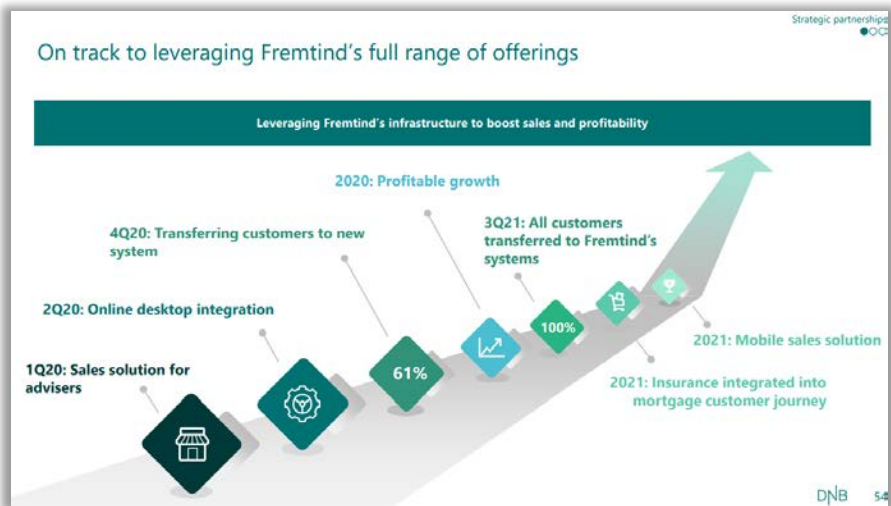


1) Age 16+, source: Statistics Norway.
2) PFM – personal financial management.
3) Daily banking service enquiries 2021 vs. 2019.



Successful merger – positioned for growth in insurance

Ambitions communicated in 4Q20 presentation



Achievements on target

Achievements in 2021

- ✓ All customers transferred to Fremtind system
- ✓ Improved pricing models
- ✓ 41 per cent increase in commissions
- ✓ 20 per cent increase in sales volume

Ambitions for 2022

- Increase digital sales to personal and corporate customers
- Profitable growth for major product categories

Leveraging the Spare savings platform to increase sales

The Spare savings platform – an important channel for customer recruitment and sales

2021 Spare highlights:

29%

share of mutual fund
net flow in personal
customer segment

38%

share of savings
schemes sold

+62%

increase in active
users



**No.1
savings
platform**

Savings and pensions

- Profitable growth and growth drivers



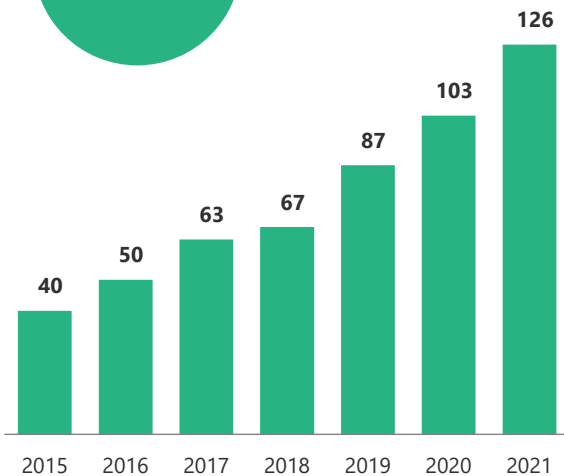
No. 1 choice for Norwegian savers and investors

Defined-contribution pensions

AUM¹⁾, NOK billion

29.3%

market share

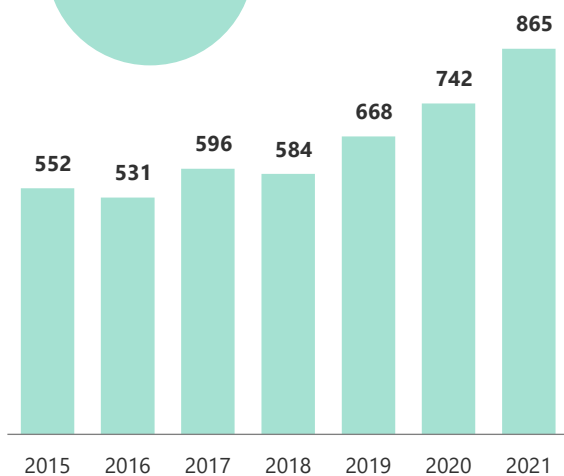


Asset management services

AUM, NOK billion

26.3%

market share

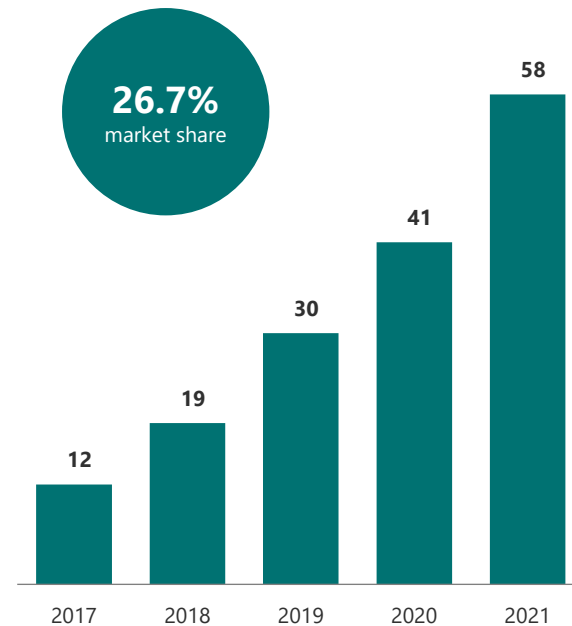


Share savings accounts

AUM, NOK billion

26.7%

market share



1) AUM = assets under management.

Source market shares: Fund and Asset Management Association, Norway.

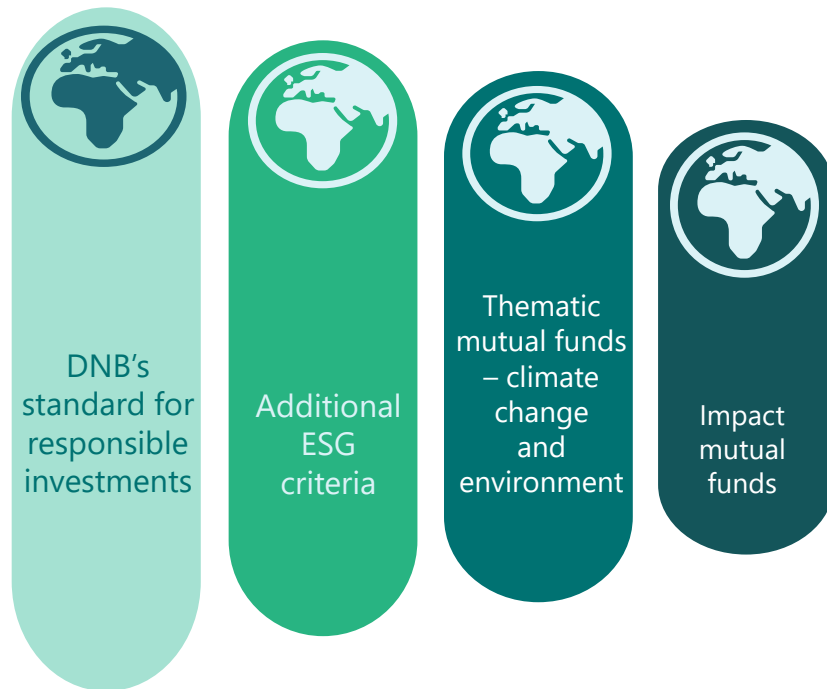
Regulatory changes driving growth in savings and pensions – fuelling demand for sustainable investments

Growth driven by regulatory changes

- 2022 – Pension will be calculated from the first krone
- 2021 – SFDR¹⁾ and own pension account scheme
- 2017 – Share savings and personal pensions account
- 2011 – Pension reform
- 2006 – Mandatory occupational pension
- 2001 – Structural change from defined-benefit to defined-contribution pensions

Systematic approach to build products for the future²⁾

DNB ESG Lab



1) SFDR = Sustainable Finance Disclosure Regulation.

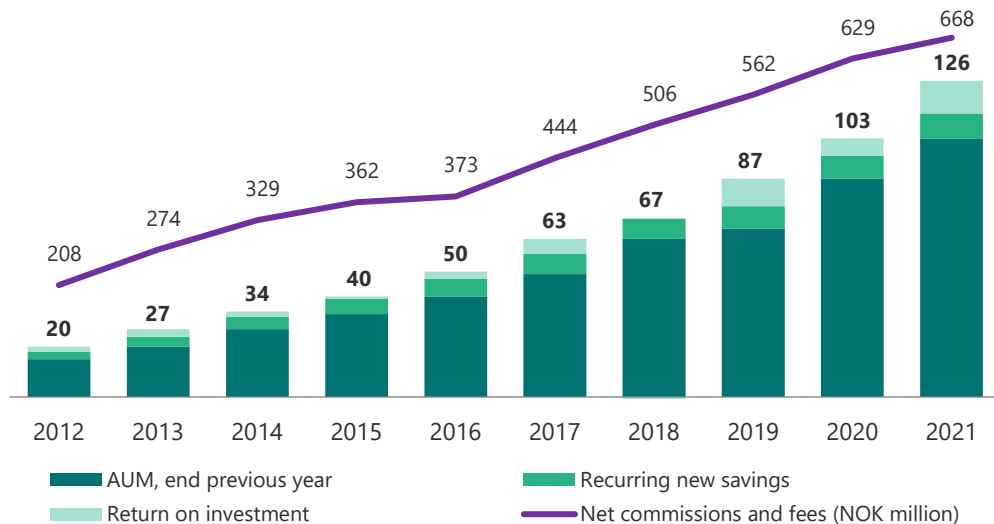
2) All mutual funds produced or distributed by DNB fulfil DNB's standard for responsible investments. Additional criteria to obtain higher ESG classifications.

Current position driving future growth in defined-contribution pensions

- Growth in defined-contribution pensions with recurring new savings schemes expected to increase AUM up to NOK 250 billion over next five years
- Proportion of shares in employees' pension savings up from 44 per cent in 2012 to 60 per cent in 2021

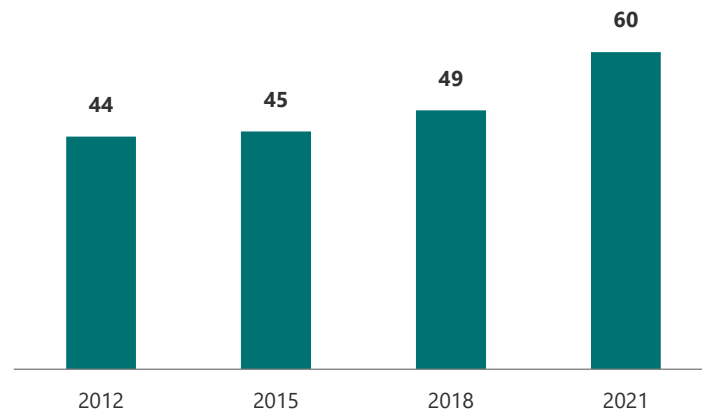
Defined-contribution pensions – AUM and revenue growth

AUM, NOK billion



Proportion of shares in employees' pension savings

Per cent, equity investments

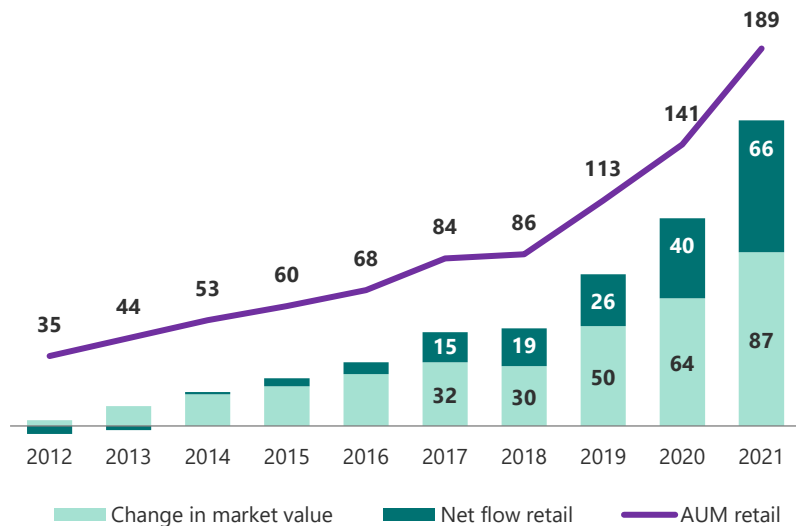


Retail segment driving income growth for DNB Asset Management

- Retail customers' share of net commissions and fees has increased from 35 to 55 per cent over the last decade

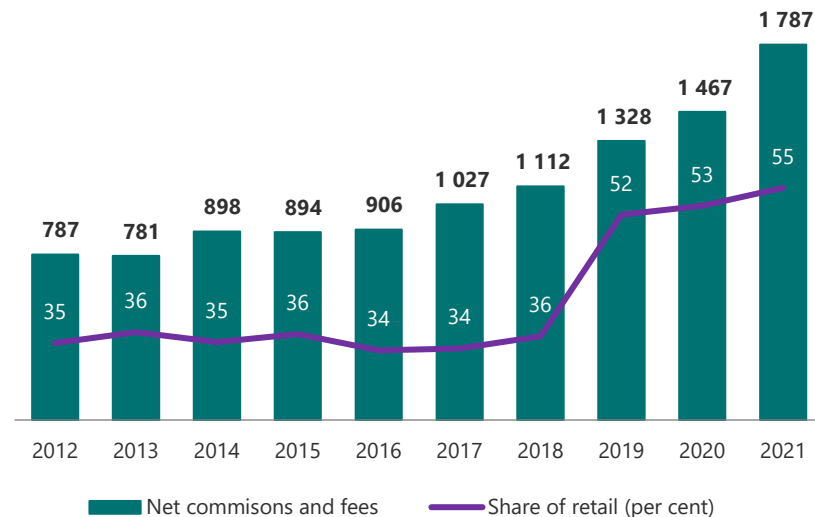
AUM from retail in DNB Asset Management

NOK billion, accumulated



Net commissions and fees in DNB Asset Management

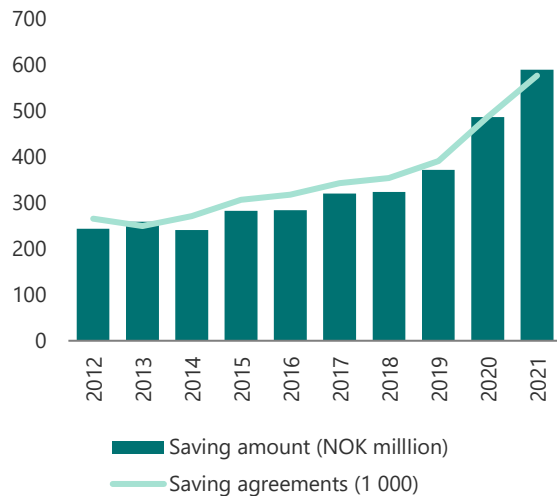
NOK million



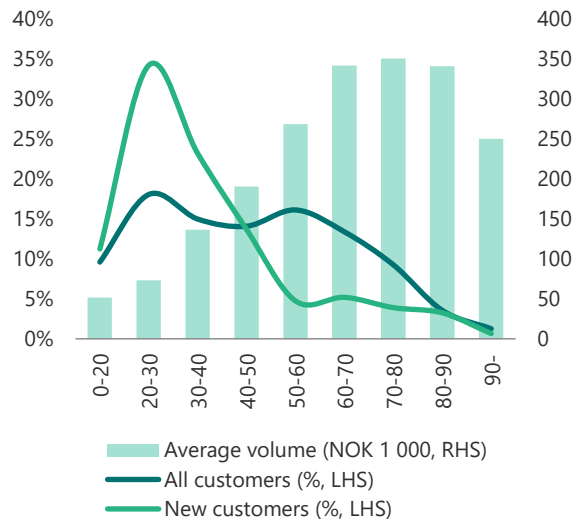
Well positioned for future growth

- Strong growth in saving schemes – increasing recurring volume
- Traditionally strong footprint within wealthy higher age groups – now successfully attracting new customers in younger population groups
- Scalable platform with leading in-house production and distribution – supported by human expertise

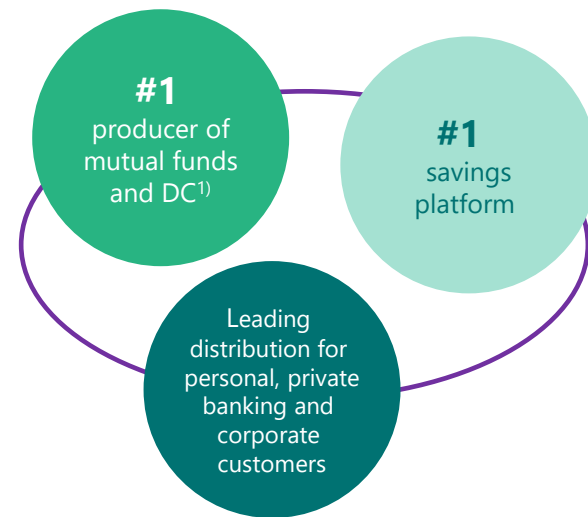
Savings schemes



Mutual funds in DNB Customers and capital by age group



Market leader – distributor and producer



1) DC = defined-contribution pensions.

Appendix

Income statement

NOK million	4Q21	3Q21	4Q20	Change from 3Q21	Change from 4Q20
Net interest income	10 285	9 766	9 479	519	806
Other operating income	4 348	4 577	3 847	(229)	501
Total income	14 633	14 343	13 326	291	1 308
Operating expenses	(6 427)	(5 752)	(6 509)	(675)	82
Pre-tax operating profit before impairment	8 206	8 591	6 816	(385)	1 390
Impairment of loans and guarantees and gains on assets	(251)	200	(1 265)	(451)	1 013
Pre-tax operating profit	7 955	8 791	5 552	(836)	2 403
Tax expense	(2 025)	(1 934)	(570)	(91)	(1 456)
Profit from operations held for sale, after taxes	225	26	292	199	(67)
Profit for the period	6 155	6 883	5 274	(728)	881
Portion attributable to shareholders	5 875	6 657	5 083	(783)	791

Other operating income

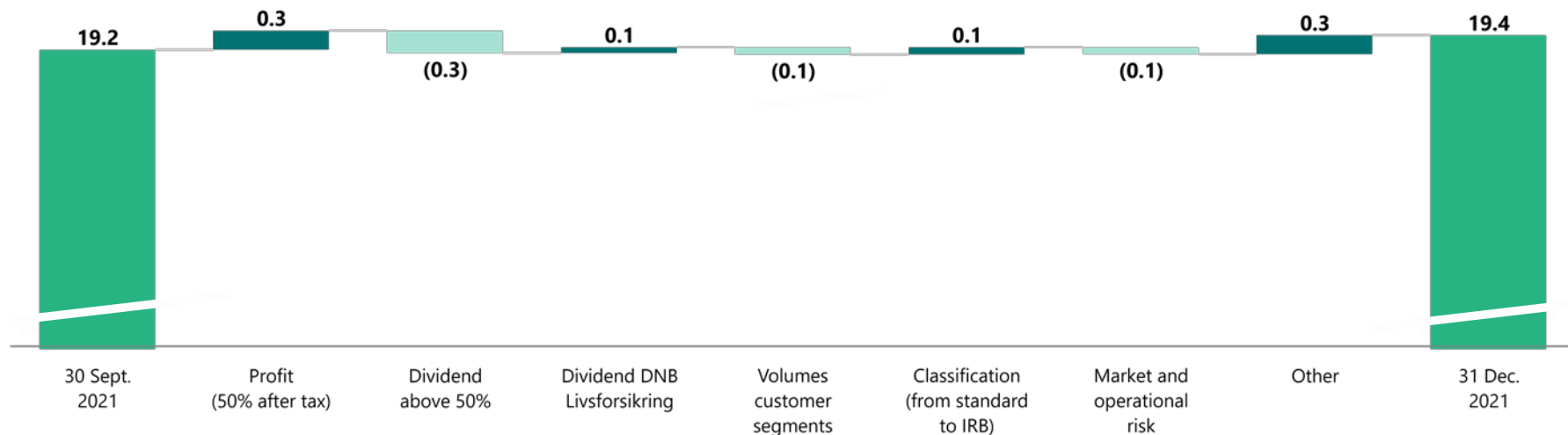
NOK million	4Q21	3Q21	4Q20	Change from 3Q21	Change from 4Q20
Net commissions and fees	3 049	2 448	2 494	601	555
Customer revenues in DNB Markets	653	558	559	95	94
Trading revenues in DNB Markets	2	81	32	(79)	(30)
Hedging of defined-benefit pension scheme	76	9	101	67	(25)
Credit spreads on bonds	(75)	86	92	(161)	(167)
Credit spreads on fixed-rate loans	(67)	47	84	(114)	(151)
CVA/DVA/FVA	1	(9)	238	10	(237)
Other mark-to-market adjustments	(110)	392	738	(502)	(848)
Basis swaps	100	147	(152)	(47)	252
Exchange rate effects on additional Tier 1 capital	125	274	(1 508)	(149)	1 633
Net gains on financial instruments at fair value	704	1 585	184	(881)	520
Net financial and risk result, life insurance	203	147	474	56	(271)
Profit from investments accounted for by the equity method	(6)	185	264	(191)	(270)
Other	397	212	431	186	(33)
Net other operating income, total	4 348	4 577	3 847	(229)	501

Solid CET1 capital ratio

- Profit for the period offset by payout ratio of more than 50 per cent
- Underlying volume growth offset by change in classification (from standard to IRB¹⁾ method)
- Other includes exchange rate effects, counterparty risk, exposure in Luminor and reduced deferred tax assets (a result of annual assessment)

Development in CET1 capital ratio from 30 September 2021 to 31 December 2021

Per cent



1) IRB = Internal Ratings Based.

DISCLAIMER

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in this presentation may include forward-looking statements, such as statements of future expectations. These statements are based on the management's current views and assumptions and involve both known and unknown risks and uncertainties.

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

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

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This presentation contains alternative performance measures, or non-IFRS financial measures. Definitions and calculations are presented on ir.dnb.no.



Extended
fourth quarter 2021
presentation

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ahead.**