

DNB

15 April 2021

*Latest news: Possible acquisition of
Sbanken (p 4-5)*



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DNB – A Brief Overview

Possible Acquisition of Sbanken (1/2)

- On 15 April 2021, DNB announced it had reached an agreement to launch a voluntary cash tender offer of 100% of the shares of Sbanken.
- Sbanken was established in 2000 as the first pure-play digital bank in Norway.
- Sbanken is one of the leading digital retail banks in Norway with 476,000 retail customers at year-end 2020. Sbanken has had the most satisfied banking customers in Norway the last 19 years.
- Sbanken's loan book has low risk as 95% of Sbanken's NOK 83 billion loan book consists of high-quality residential mortgages with an LTV of approximately 53% as of fourth quarter-end 2020 and an average loan loss ratio of 0.11% over the last four years.
- DNB believes that the acquisition of Sbanken will further strengthen its position within retail banking in its home market. DNB's market share within mortgages in Norway is estimated to increase from approximately 24% to approximately 27%.

The logo for DNB, consisting of the letters 'D', 'N', and 'B' in a stylized, teal-colored font. The 'N' is formed by two vertical bars connected at the top.The logo for Sbanken, consisting of the word 'Sbanken' in a bold, black, sans-serif font. The 'S' is significantly larger than the other letters.

Possible Acquisition of Sbanken (2/2)

- The offer includes a cash consideration of NOK 103.85 per share, implying a total consideration of approx. NOK 11.1 billion, a premium of 29.8% over Sbanken's market price.
- The BoD of Sbanken has recommended the offer, and shareholders of Sbanken representing approx 29% of the shares have, on certain conditions, undertaken to accept the offer.
- The transaction is estimated to positively impact EPS and ROE of DNB. Cost synergies are expected to be realised within both Sbanken and DNB. If the transaction is completed, DNB's CET1 ratio will be reduced with ~100 bps.
- The transaction is subject to approvals from the Ministry of Finance, and the Norwegian Competition Authority, which are expected during Q3 2021.

DNB

Sbanken

2020 Highlights

- **Continued resilient and solid earnings**

- Pre-tax operating profit before impairment NOK 33.0 bill

- **High impairments, mainly due to Covid-19 and oil price effects**

- Total impairments NOK 9.9 bill

- **Profit for the period**

NOK 19.8 bill

- Still solid profitability with ROE of 8.4%

- **A very solid capital ratio: CET1 Ratio: 18.7%**

- **CET 1 Capital Requirement** (including Pillar 2 Guidance/Mgt buffer): **~16.0%**

- **Leverage ratio: 7.1%**

- **MDA is currently at: 13.0%**

- **Dividend**

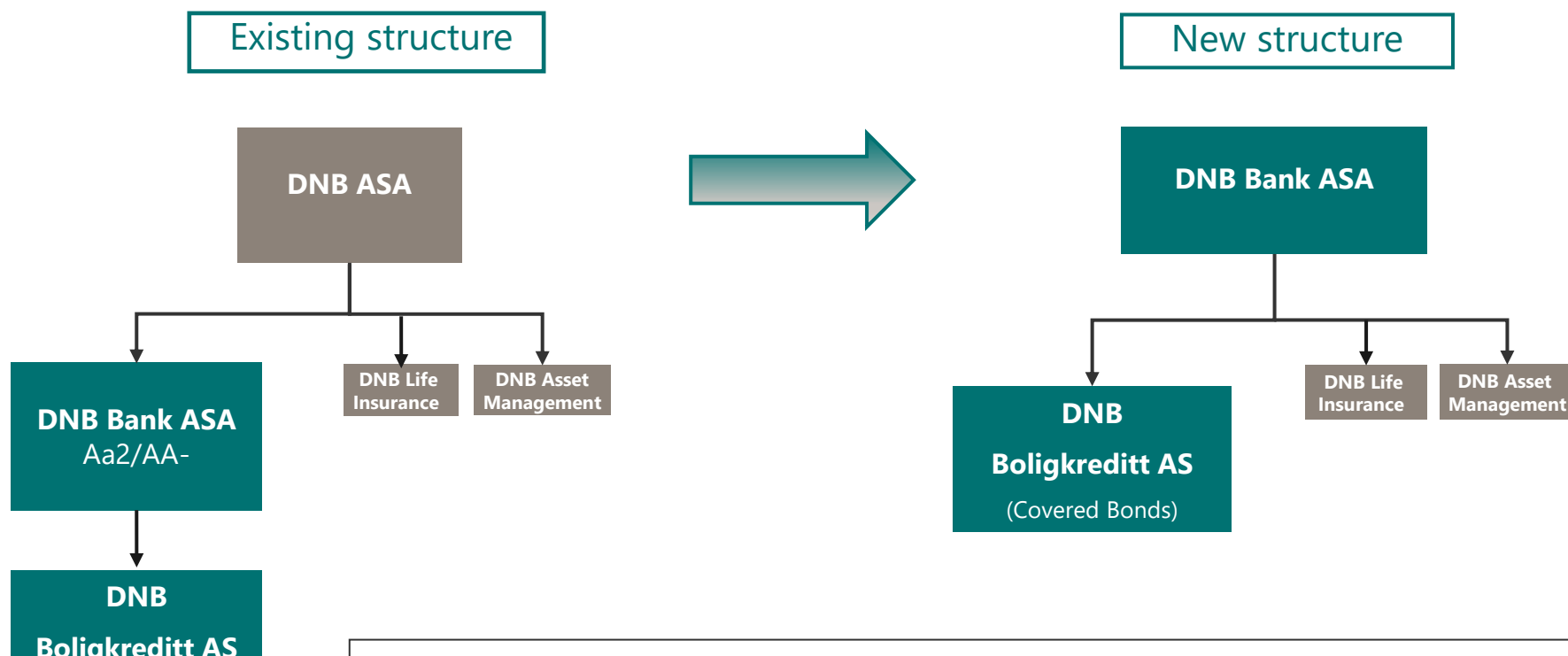
- DNB has decided to pay a dividend of NOK 8.40 per share for 2019.
- The Board of Directors will ask the Annual General Meeting in April 2021 for an authorisation to pay a dividend of up to NOK 9.00 per share for 2020, for distribution after September 2021.
- The proposed dividend has already been deducted from the capital ratio

DNB – Norway's Leading Financial Services Group

- Approximately 30% market share in Norway
- 34% owned by the Norwegian Government
- Credit Ratings:
 - **Moody's:** **Aa2 (stable outlook)** Affirmed Dec. 2020
 - **S&P:** **AA- (stable outlook)** Affirmed Dec. 2020
- Sustainability/ESG Ratings:
 - Sustainalytics: 16.9 (Low Risk) Management Score: 61.7
 - ISS QualityScore: 1
 - MSCI ESG Ratings: AA
 - CDP: A List

DNB Group Structure

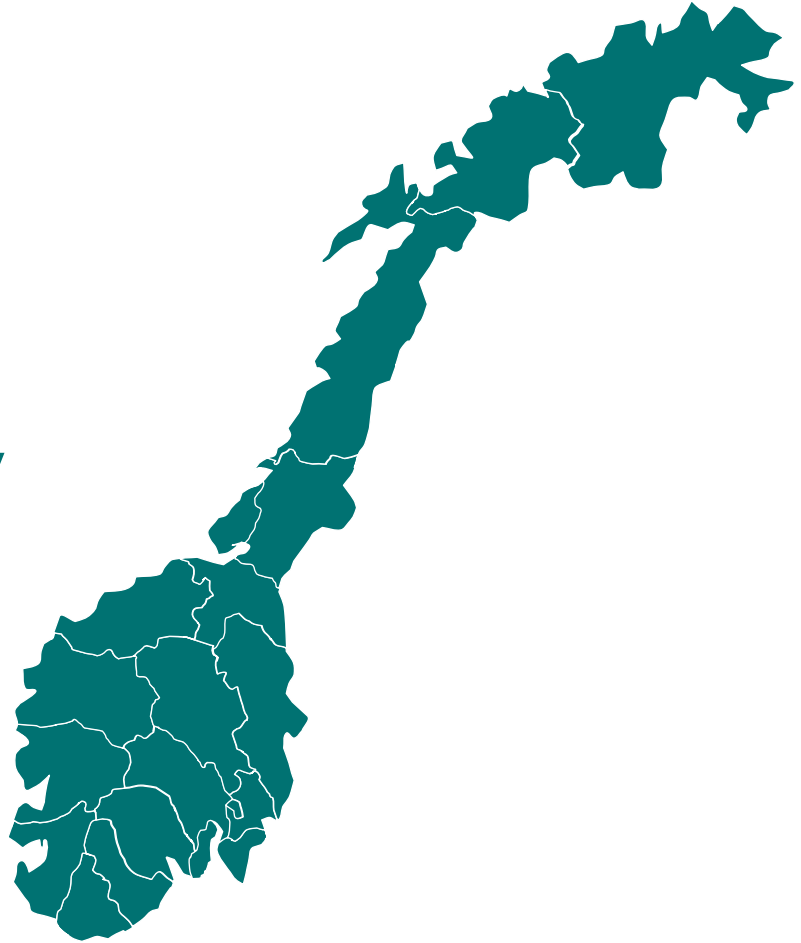
- On 2 July 2020, the Ministry of Finance approved DNB's application to merge DNB (HoldCo) and DNB Bank, enabling DNB Bank to be the ultimate parent company of the DNB Group and to be the entity issuing MREL eligible debt.
- The merger is subject to certain further regulatory permissions and **is likely to be completed mid-2021**.



DNB Boligkreditt

- ✓ 100% owned by DNB Bank and functionally an integrated part of the parent
- ✓ Mortgages originated within DNB Bank's distribution network in accordance with the bank's credit policy

The Norwegian Economy



COVID-19: The spread of the virus remains relatively contained in Norway

The Government has ample fiscal room to finance stimulus packages

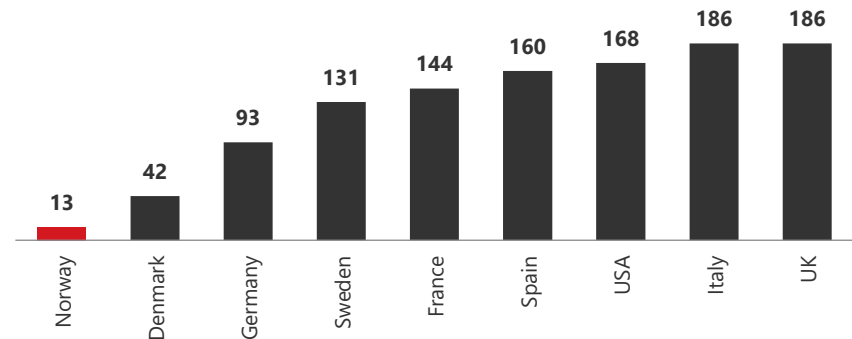
- Several targeted stimulus packages have been initiated
- Costs will be covered by increased spending from the oil fund. Estimated use for 2020 is 3.9% and 3.3%¹⁾ for 2021.
 - Current cost impact related to the pandemic in the Government budget for 2020 is estimated to be approximately NOK 192 billion²⁾
- The Norwegian Central Bank lowered the key policy rate from 1.5% to 0% in May

Most Important Measures

- **Government compensation scheme for businesses**
 - Offers compensation to cover up to 85% of fixed costs for businesses losing revenue due to COVID-19.
- **Increased Unemployment Benefits**
 - Up to 80% compensation (normally 62%), depending on salary level.
 - Unemployment/furlough compensation period expanded from 26 to 52 weeks.
 - Proposed to extend compensation period (including higher compensation level) to 1 October 2021.
- **Other measures**
 - Government Guarantee Fund; NOK 50bn – 90/10% risk sharing between government and banks.
 - Delayed payment of VAT and employers tax.
 - Renumeration support – part compensation to re-employ furloughed staff.
- **Reduced countercyclical buffer from 2.5% to 1.0%**
 - Allows for higher lending capacity in the banking sector.

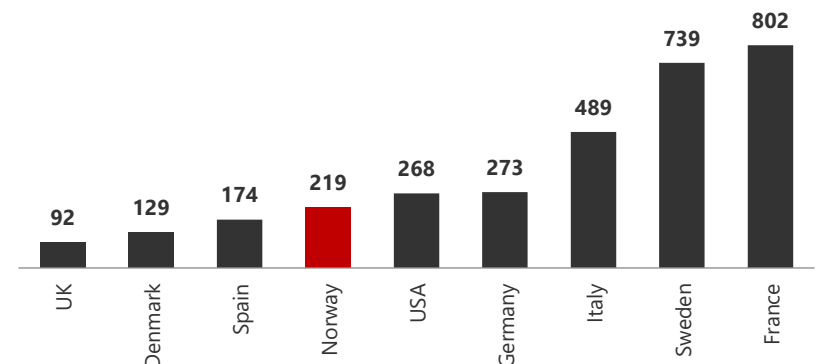
COVID-19 Deaths³⁾

Cumulative number of COVID-19 deaths per 100K



COVID-19 Cases³⁾

14-day cumulative number of COVID-19 cases per 100K



1) The fiscal rule states that transfers over time from the Norwegian Government Pension Fund Global (the oil fund) to the annual national budget should not be higher than the expected real return of the fund, estimated to 3% p.a. (reduced from 4% in 2017).

2) Unadjusted deficit in the Government budget for 2020 is estimated to be NOK 433 billion, compared with NOK 241 billion in the revised budget.

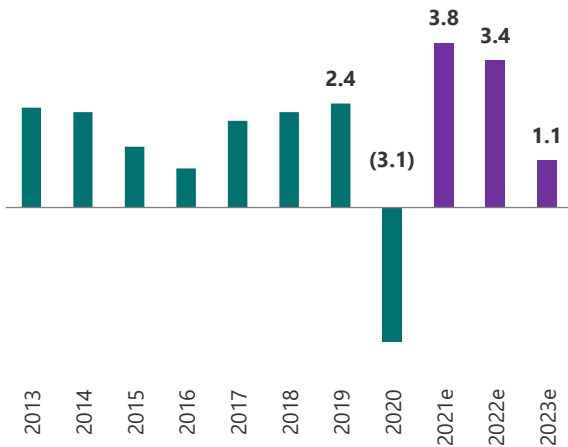
3) Per 8 April 2021. Source: European Centre for Disease Prevention and Control, <https://www.ecdc.europa.eu/en/covid-19/situation-updates>

Norwegian Economy (1)

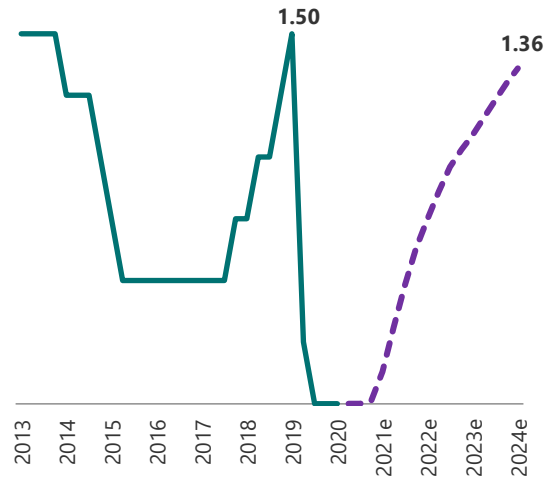
– Improved outlook

- The recovery of the Norwegian economy continues to progress
- Four 25 bps key policy rate hikes expected by the end of 2023
- Registered full-time unemployment has fallen by close to two thirds since peaking in April 2020

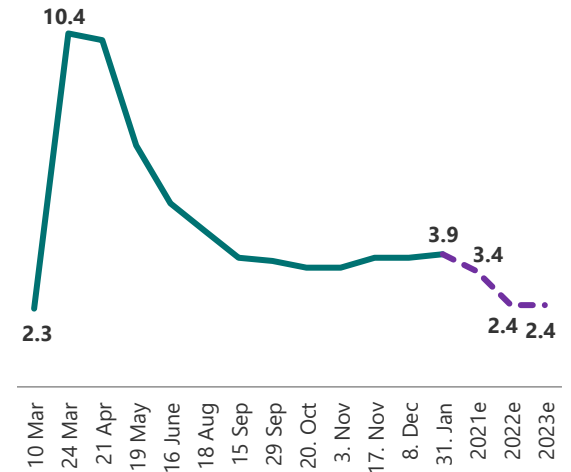
Mainland real GDP growth
YoY, per cent



Key policy rate
Per cent



Registered unemployment
Full-time unemployment, per cent

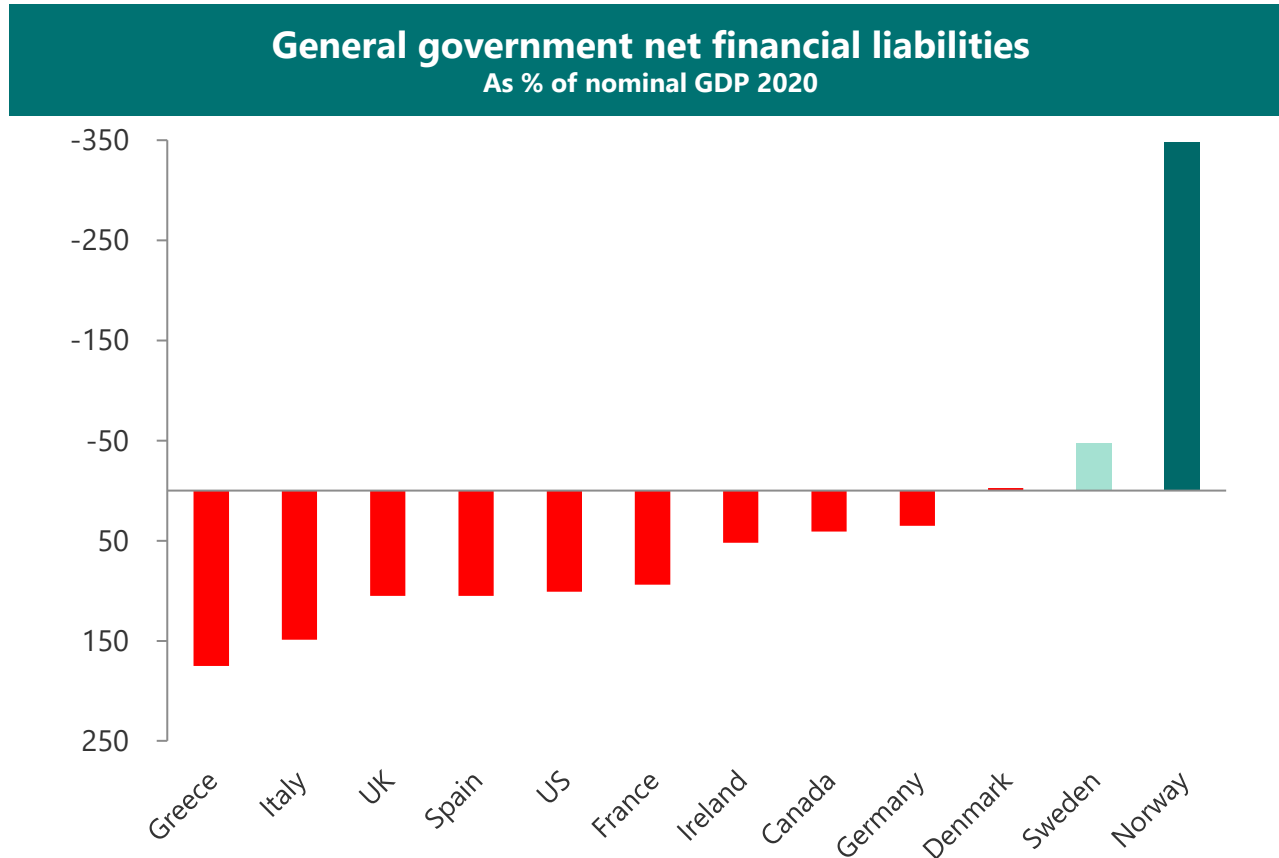


Sources: DNB Markets, Norges Bank, NAV (the Norwegian Labour and Welfare Administration).

Norwegian Economy (2)

– Ample fiscal room to manoeuvre if necessary

- Expected use of the Norwegian oil fund in the national budget for 2020 is 3.9% and 3.3% for 2021¹⁾, leaving room for further measures



1) The fiscal rule states that transfers over time from the Norwegian Government Pension Fund Global (the oil fund) to the annual national budget should not be higher than the expected real return of the fund, estimated to 3% p.a. (reduced from 4% in 2017).

Oil Price Development

- Oil price back to pre-pandemic level
- Even with an oil price of 20-25 USD/barrel, 55 out of in total 98 oil fields in the North Sea will be profitable or go break-even.

Break-even price for the 10 largest oil fields

USD per barrel, Brent Blend

Field	Remaining Size in BOE	Break-even Price
Troll East (Gas)	5,350 mn	USD 5-10
Johan Svedrup – Phase 1	2,326 mn	USD 10-15
Snohvit Phase 1	1,113 mn	USD 5-10
Oseberg	974 mn	USD 15-20
Ekofisk	796 mn	USD 35-40
Johan Sverdrup – Phase 2	614 mn	USD 15-20
Gullfaks South	571 mn	USD 30-35
Snorre	562 mn	USD 25-30
Johan Castberg	560 mn	USD 15-20
Ormen Lange	547 mn	USD 10-15

Source: Rystad Energy/Dagens Næringsliv, March 2020



Source: Bloomberg

Financial Targets, Performance and Capital

Financial ambitions towards year-end 2023



CET1 ratio
> 17.1%¹⁾
Capital level

C/I ratio
< 40%
Key performance indicator

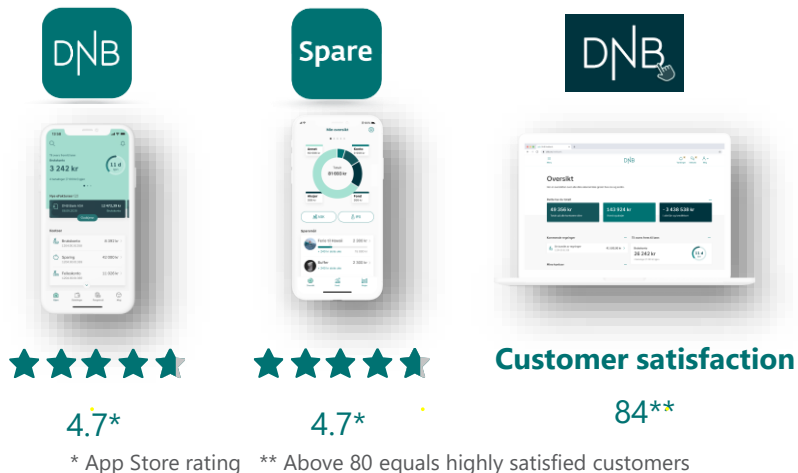
Payout ratio
> 50%
Dividend policy

1) Approximately supervisory authorities' expectation 31 December 2020 plus full Norwegian counter cyclical buffer requirement.

DNB is a Digital Front Runner

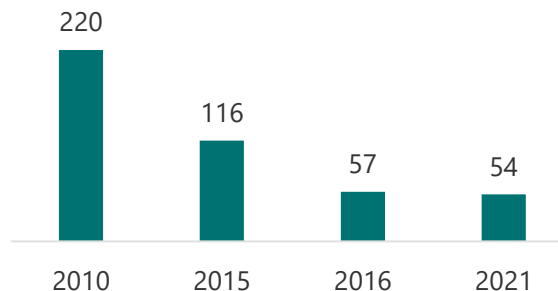
- leading the development of digital distribution channels

World-class digital distribution channels
Cloud flexibility enables speed and scalability



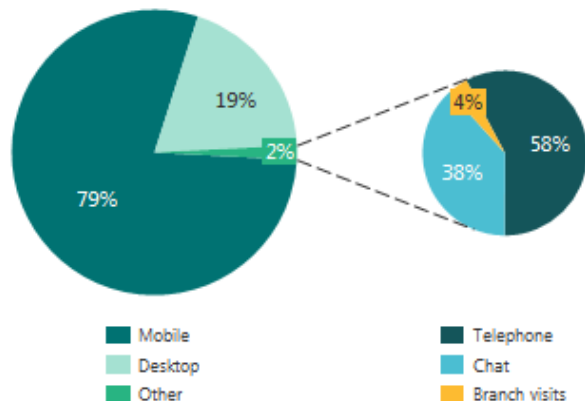
Transforming our branch network

Number of branch offices



Customer interactions are mainly digital – less than 1% of interactions being physical

Personal customer interactions by channel, per cent



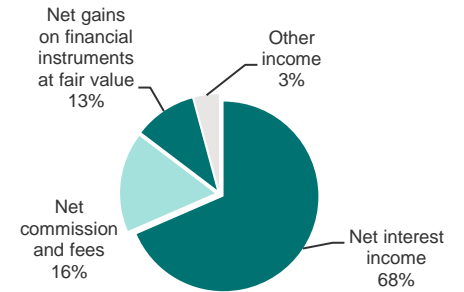
Digital first, supported by humans

Main drivers increased efficiency:

- 66% of mortgage applications are submitted digitally in 2020
- 29% of digitally submitted refinancing mortgage applications are handled automatically
- 16% reduction in incoming service inquiries to call centre
- 23% of total inquiries handled by chatbot

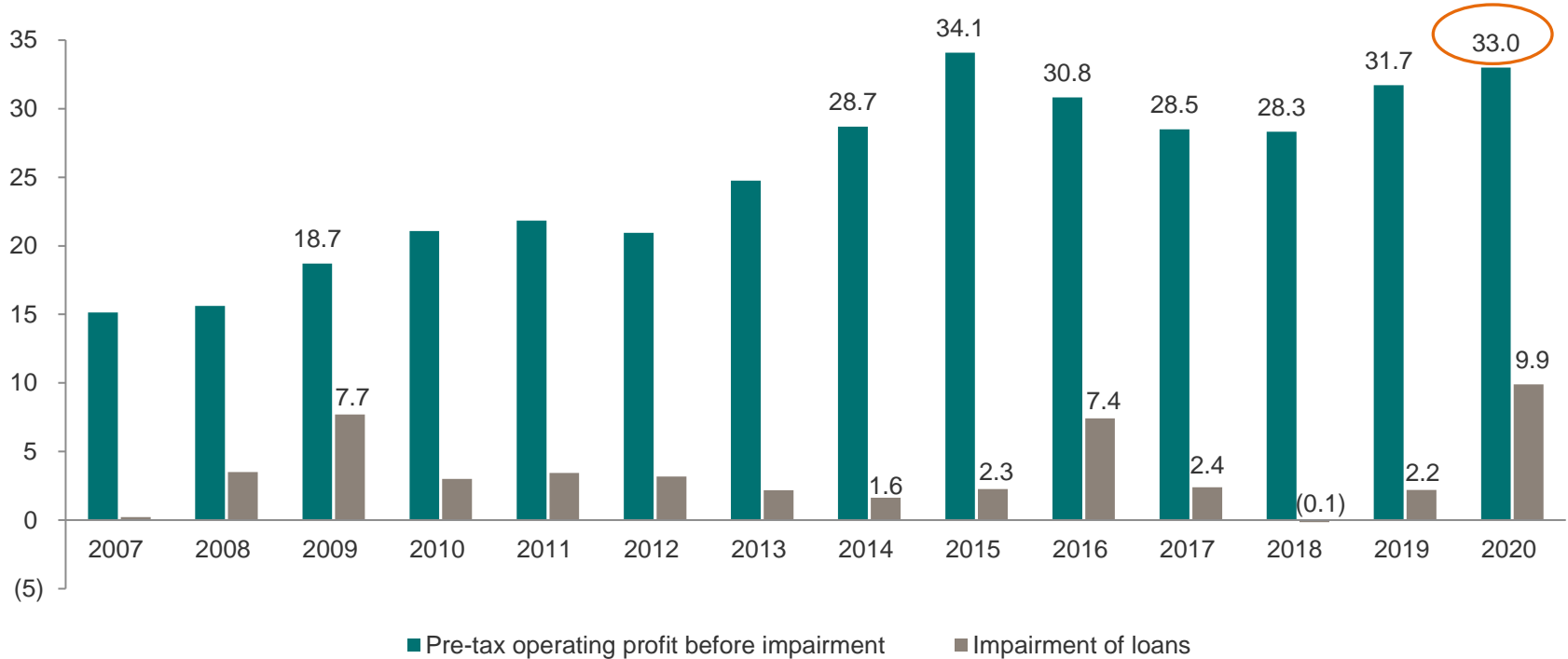
DNB Delivers Resilient and Solid Earnings

Total income split 2020



Pre-tax operating profit before impairment

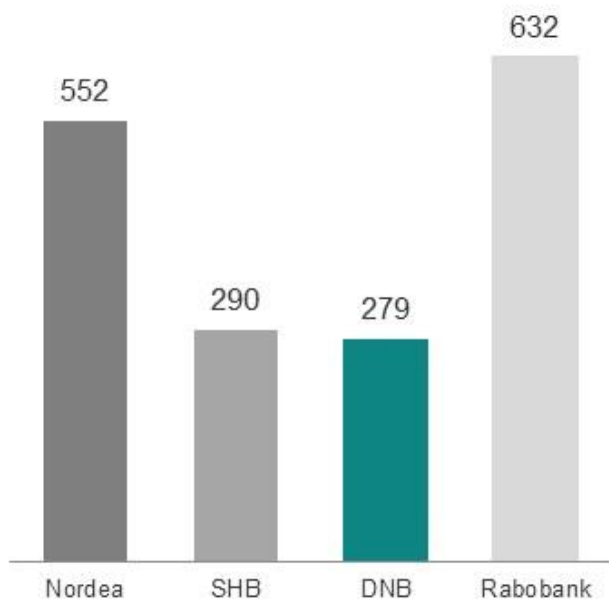
NOK billion



DNB Earnings in the Context of Peers

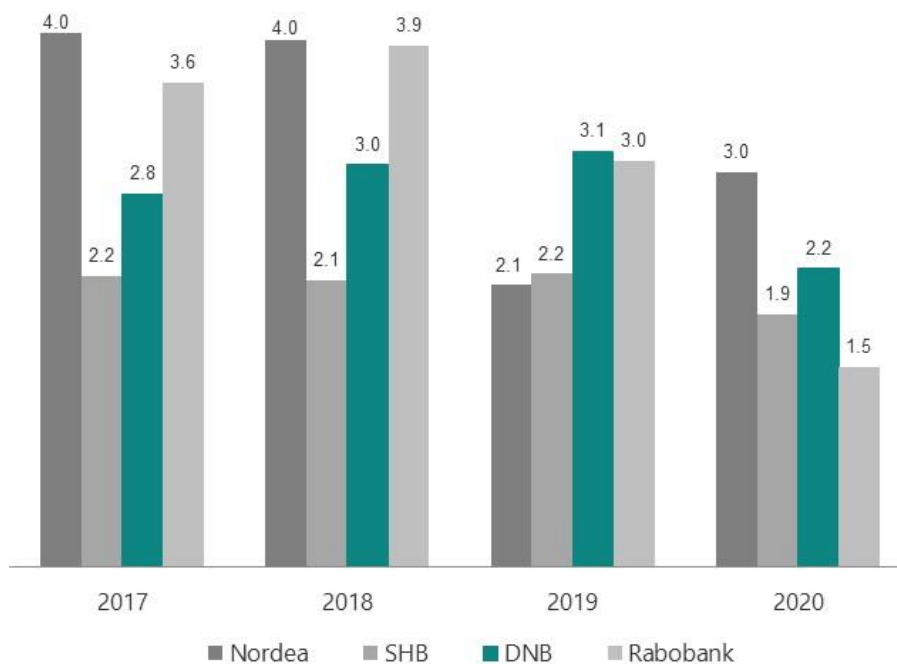
- Pre Tax Operating Profit After Impairments

Balance Sheet Size (31 Dec 2020, EUR bn eqv)



Pre-Tax Operating Profit (EUR bn eqv)

Pre-tax operating profit / Avg Assets (%)				
	Nordea	SHB	DNB	Rabo
2019	0.38	0.72	1.15	0.51
2020	0.54	0.62	0.81	0.24



Source: Company Websites, Factbooks, Annual Reports. End of Period Exchange Rates used for Balance Sheet Size and Average Exchange Rate used for Operating Profit. Source of Exchange Rates: Bloomberg

Impairment of Financial Instruments

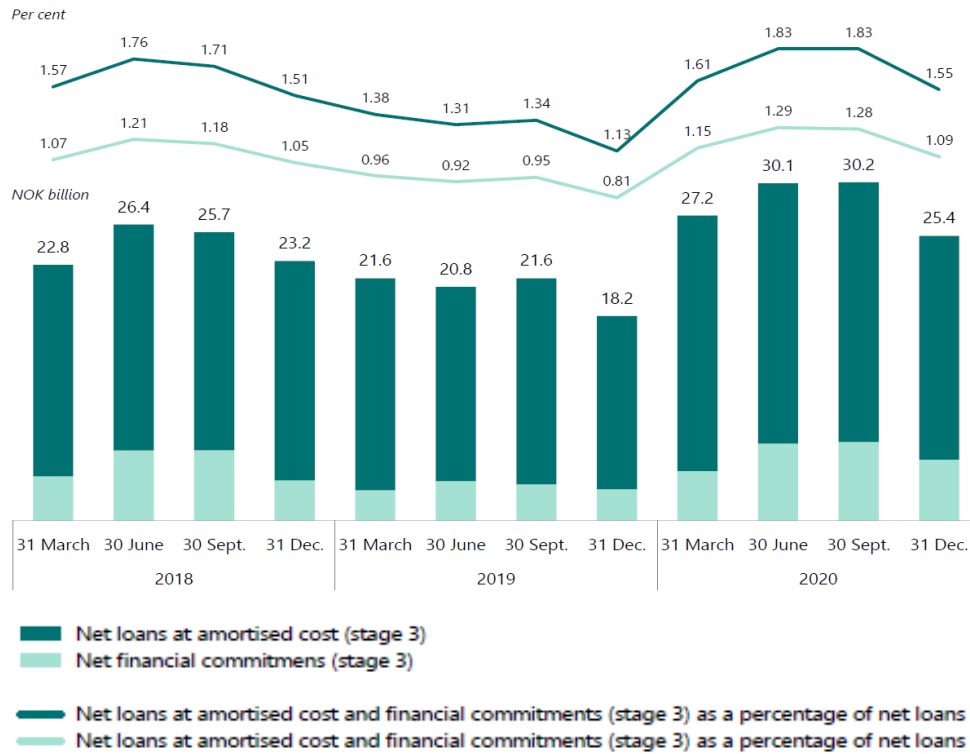
- Mainly within the Oil, Gas and Offshore Segment

Impairment of financial instruments per industry segment NOK million		
	2020	2019
Personal customers	(65)	(354)
Commercial Real Estate	(146)	(124)
Shipping	(351)	105
Oil, gas and offshore	(6 845)	(274)
Other Industry segments	(2 511)	(1 544)
Total impairment of financial instruments	(9 918)	(2 191)

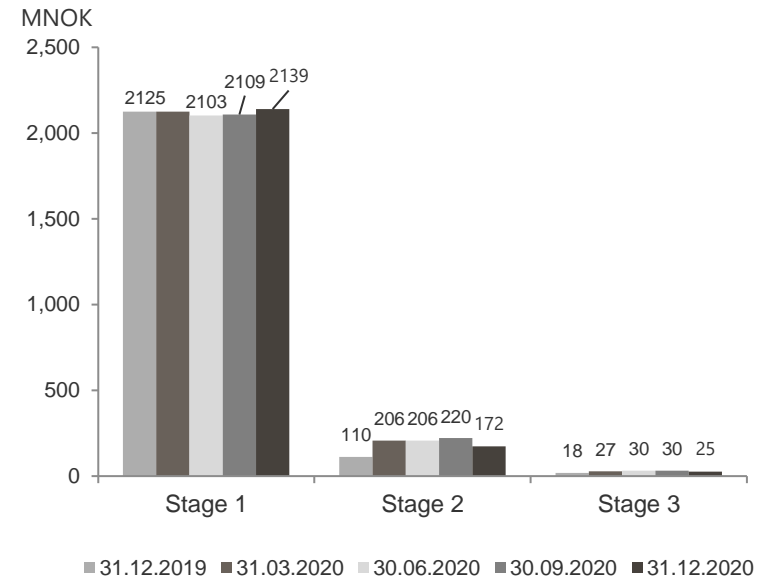
	2020 (Full year)	Q4	Q3	Q2	Q1
Total	(9 918)	(1 250)	(776)	(2 120)	(5 771)
Of Which:					
Personal customers					
- Stages 1 and 2	174	175	380	24	(405)
- Stage 3	(240)	(36)	(20)	(67)	(117)
Corporate customers*					
- Stages 1 and 2	(820)	389	636	558	(2 403)
- Stage 3	(9 033)	(1 777)	(1 773)	(2636)	(2 847)
<i>of which oil, gas and offshore</i>					
- Stages 1 and 2	230	125	294	861	(1 050)
- Stage 3	(7 075)	(1 465)	(1 331)	(2 724)	(1 555)

Stage 3 Net Loans and Financial Commitments (IFRS)

Stage 3 Net Loans and Financial Commitments (IFRS)



Net Loans and Financial Commitments Stage 1-2-3



Figures from 1 January 2020 are recognised excluding loans at fair value. Historical figures have been adjusted accordingly.

Key Financial Ratios

	2020	2019	2018	2017	2016
Return on equity (%)	8.4	11.7	11.7	10.8	10.1
Cost income (%)	41.5	42.2	43.8	44.2	40.9
Comb. weighted total average spread (%)	1.27	1.33	1.30	1.30	1.32
Write-down ratio (%) ¹⁾	0.60	0.14	(0.01)	0.15	0.48
Common equity tier 1 ratio (%) ²⁾	18.7	18.6	17.2	16.7	17.6
Total capital ratio (%) ²⁾	22.1	22.9	20.8	20.3	21.4
Leverage Ratio (%)	7.1	7.4	7.5	7.2	7.3

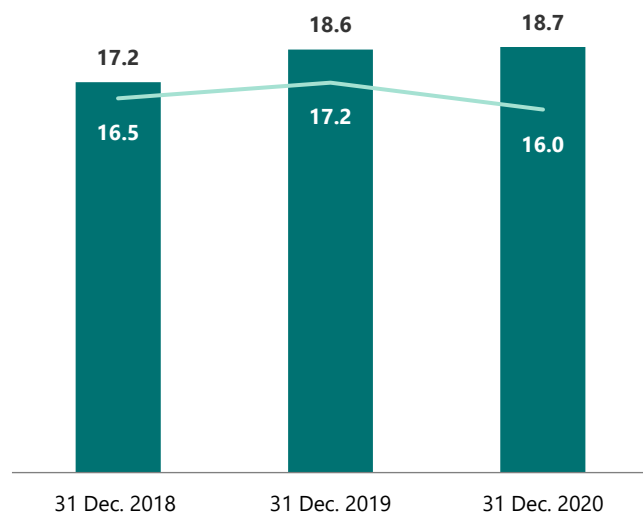
1) Figures from 1 January 2020 are recognised excluding loans at fair value. Historical figures have been adjusted accordingly.

2) On 31 December 2019, Norway fully implemented the EU's capital requirements legislation CRR/CRD IV, and the so-called Basel I floor was removed. The additional capital requirements due to the transitional rules have been removed from the historical figures. The harmonised rules include the introduction of the SME discount factor.

DNB – A Very Strong Capital Position

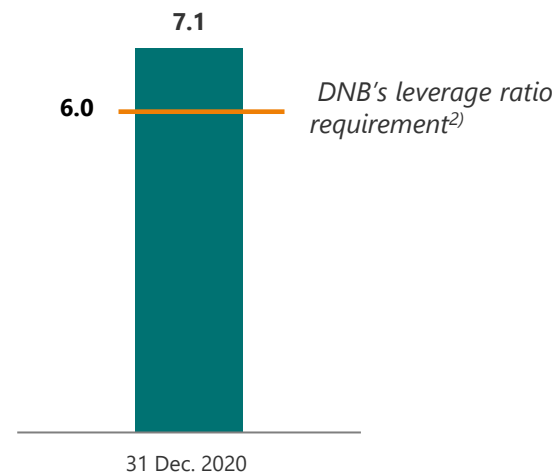
- well above capital requirements

Common Equity Tier 1 (CET1) capital ratio¹⁾
Per cent



■ CET1 capital ratio — Norwegian FSA's expectation

Leverage Ratio
Per cent



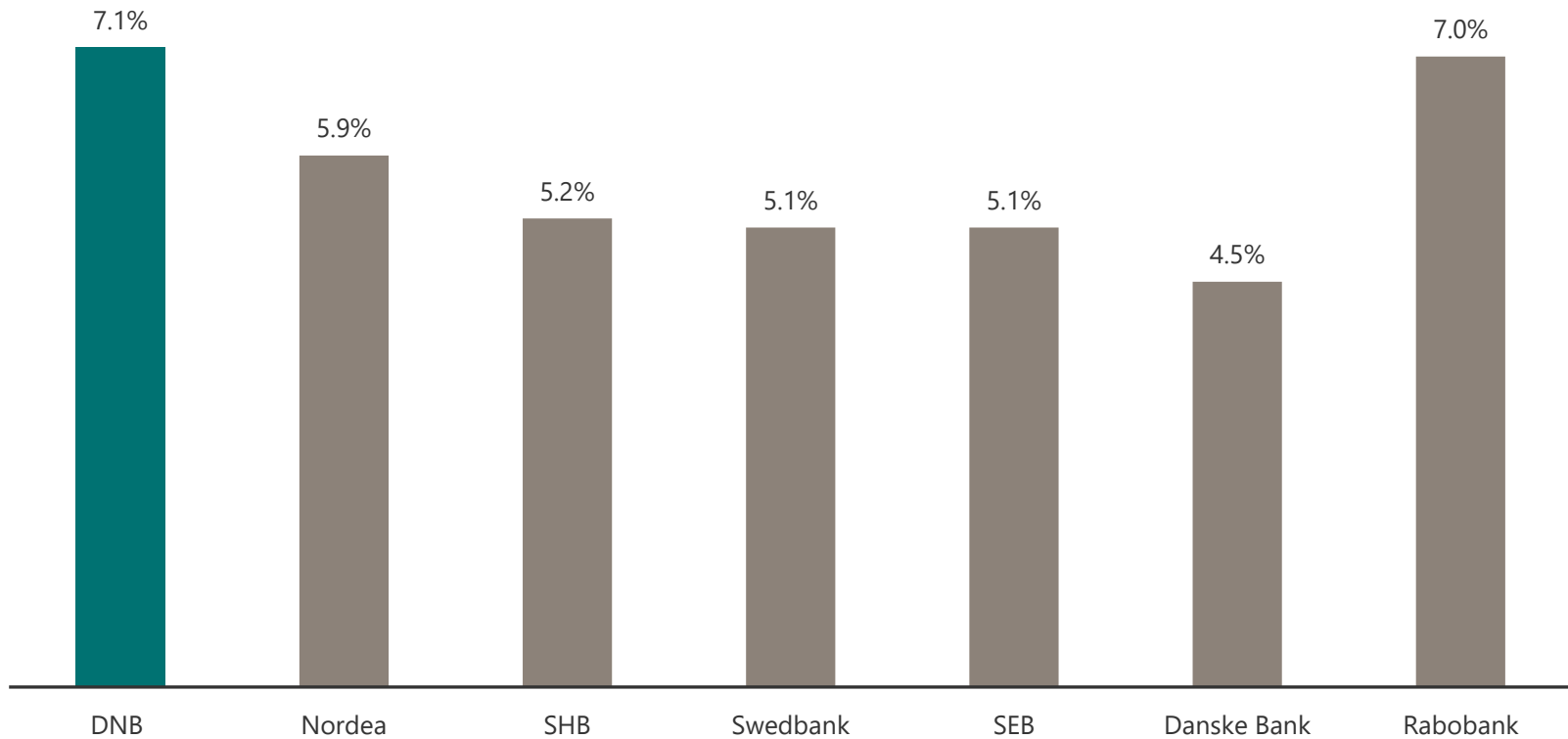
1) Proposed NOK 9 dividend per share authorisation for 2020 is not included in the ratios.

2) Norwegian leverage ratio requirement for banks is 5% effective as from 30 June 2017. For systemically important banks, such as DNB, the minimum requirement is 6%. A potential breach of the leverage ratio requirement will not trigger automatic restrictions on AT1 coupon payments.

DNB – A Very Strong Capital Position

- Leverage ratio versus Peers

As per 31 December 2020



DNB – A Very Strong Capital Position

The rating agencies' view of DNBs capital

Moody's

Moody's assigns DNB a Capital Score* of 'aa1'

As per 8 Apr 2021

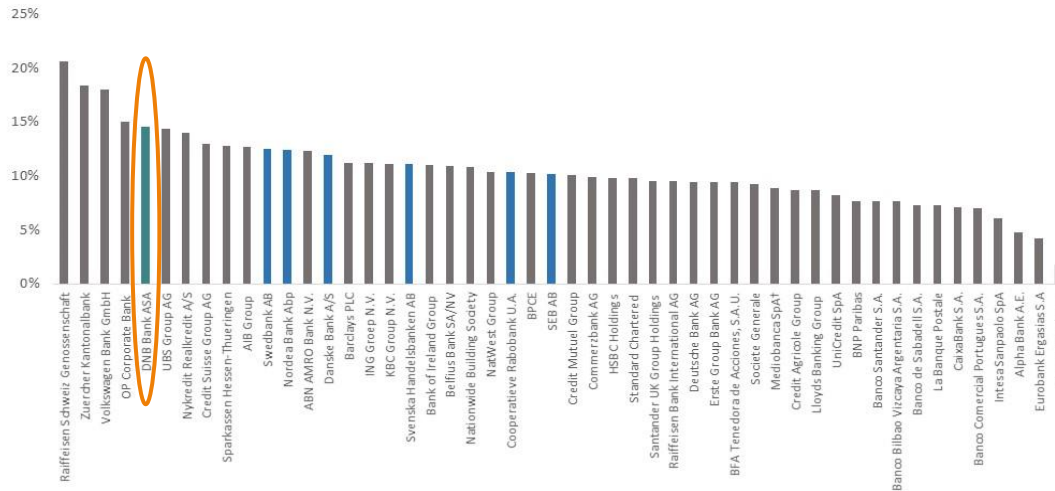
Moody's Capital Score* vs Peers

DNB	Nordea	SHB	SEB	Swedbank	Rabobank
aa1	aa3	aa3	aa3	aa3	aa3

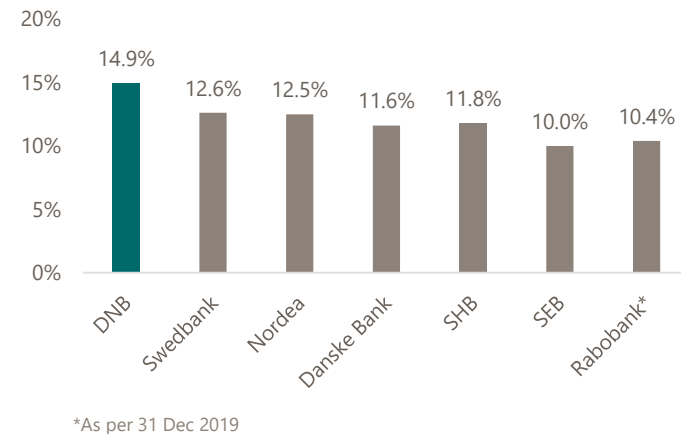
* Tangible Common Equity / Risk-Weighted Assets
Source: Moody's latest Credit Opinion

S&P

S&P RAC Ratios for Top 50 Rated Western European Banks Per Cent, 31 Dec 2019



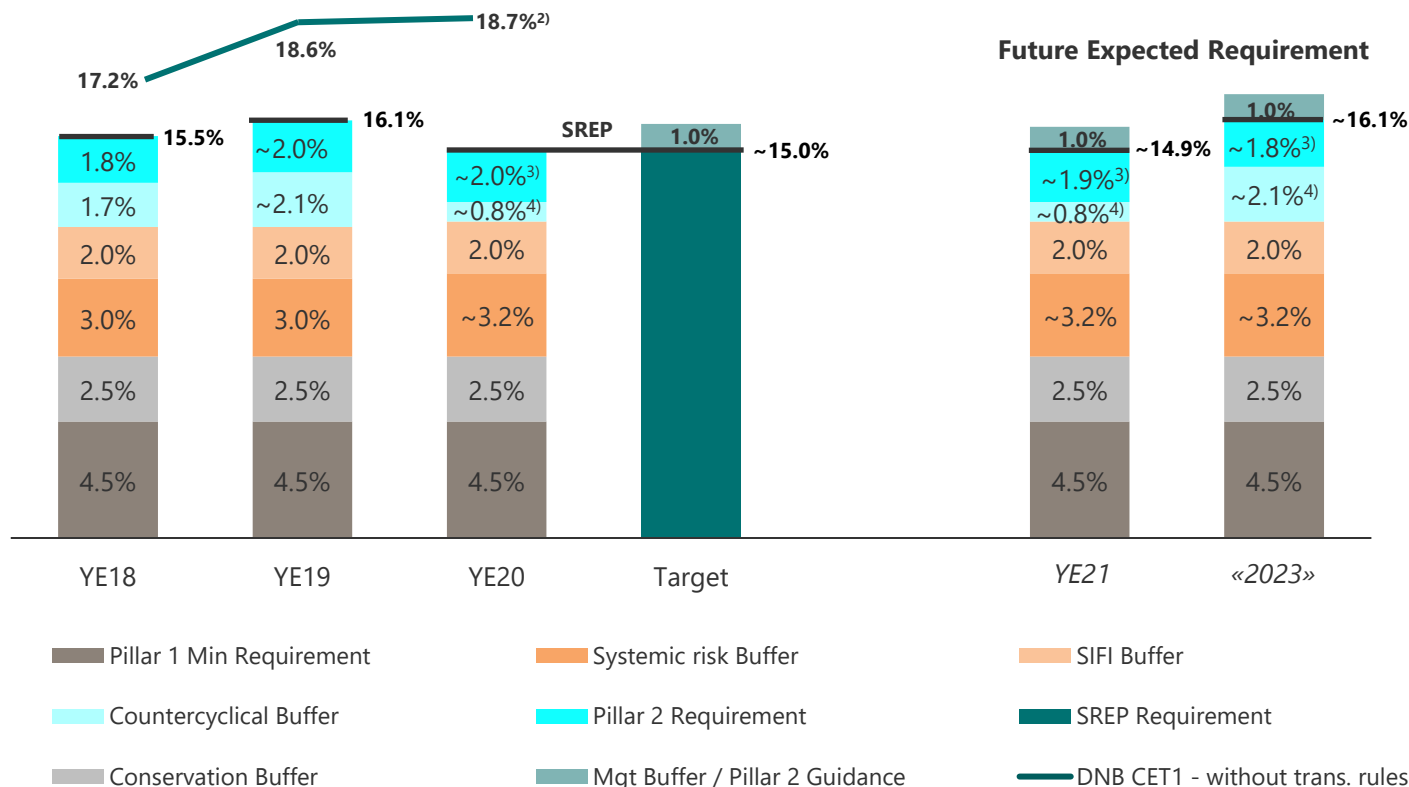
S&P RAC Ratio vs Peers Per Cent, 30 June 2020



*As per 31 Dec 2019

CET1 Capital Requirements

- SREP includes the Pillar 2 requirement, but the P2R is not included in the MDA trigger level¹⁾
- Norway has imposed a systemic risk buffer of 4.5%. For DNB, the weighted systemic risk buffer equals approx. 3% (due to exposures outside Norway)



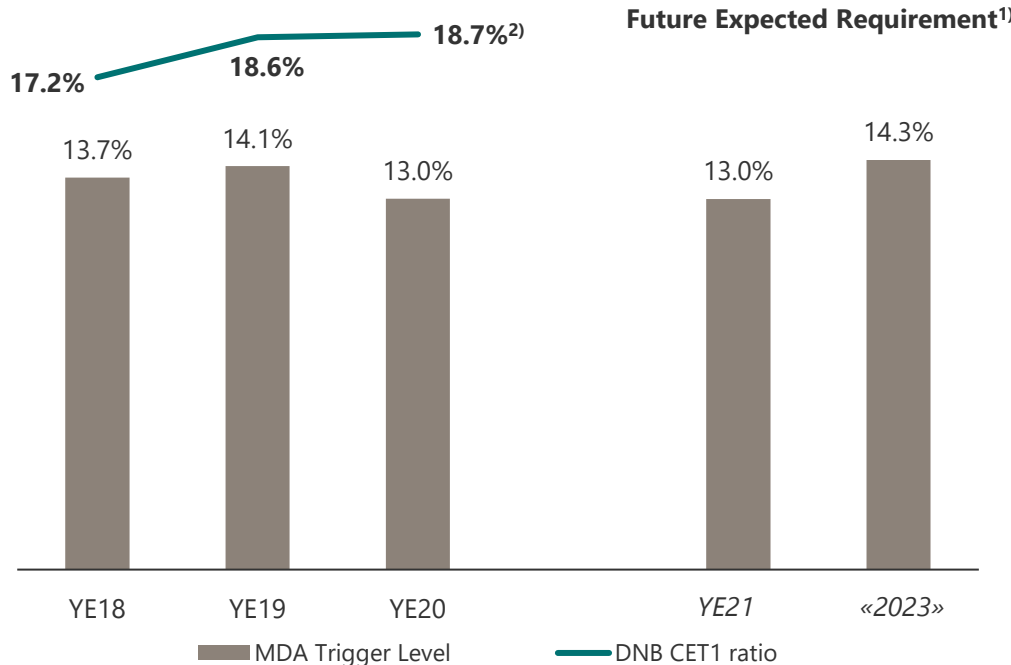
1) In the Ministry of Finance's proposal regarding the implementation of CRDV in Norway, it is proposed that the P2R will be included in the MDA trigger level. Possible implementation late 2021/early 2022.

2) If the acquisition of Sbanken is completed (see above), this will reduce DNB's CET1 ratio with approx. 100 bps.

3) The Pillar 2 requirement is set to be the higher of (i) 1.8% of RWA and (ii) NOK 19.4bn. Currently, the nominal requirement applies, leading to an effective Pillar 2 Requirement of ~2.0% as per 31 December 2020

4) Based on current countercyclical buffer (CCyB) rates in relevant countries. In the long term capital planning, DNB takes into account full counter-cyclical buffer requirement of 2.5% in Norway. Final timing uncertain.

MDA – DNB well above CET1 MDA Trigger Level



- Pillar 2 requirement in Norway is currently not included in the MDA trigger level
 - In the Ministry of Finance’s proposal regarding the implementation of CRDV in Norway, it is proposed that the P2R will be included in the MDA trigger level. Possible implementation late 2021/early 2022.
- MDA buffer must be seen in connection with DNB’s capital generation abilities
- If DNB should fail to meet the capital requirement, DNB will have to develop a plan to the NFSA, and cannot without the NFSA’s consent distribute dividend, pay interest on AT1 etc

1) Based on expected long term capital requirement. In the long term capital planning, DNB takes into account full counter-cyclical buffer requirement of 2.5% in Norway. Final timing uncertain.

2) If the acquisition of Sbanken is completed (see above), this will reduce DNB’s CET1 ratio with approx. 100 bps.

Latest changes to DNB's Capital Requirements – Core Tier 1

- On 13 March 2020, the Ministry of Finance decided to reduce the countercyclical buffer (CCyB) from 2.5% to 1% for Norwegian exposures with immediate effect. Taking into account countercyclical buffers in other countries, **DNB's effective CCyB is now at ~0.8%**. The authorities have indicated that the CCyB in Norway will not be increased before Q1 2022, at the earliest.
- The systemic risk buffer increased from 3.0% to 4.5% for Norwegian exposures from 31 December 2020. Taking into account systemic risk buffers in other countries, **DNB's effective systemic risk buffer is now at ~3.2%**.
- With the final implementation of CRR/CRD IV in Norway from 31 December 2019, the Basel I floor was removed and the capital requirements for exposures to Small and Medium sized enterprises were reduced (SME discount).

MREL Requirement

Expected Remaining SNP Requirement to be in the range of EUR 5 – 10.5 bn

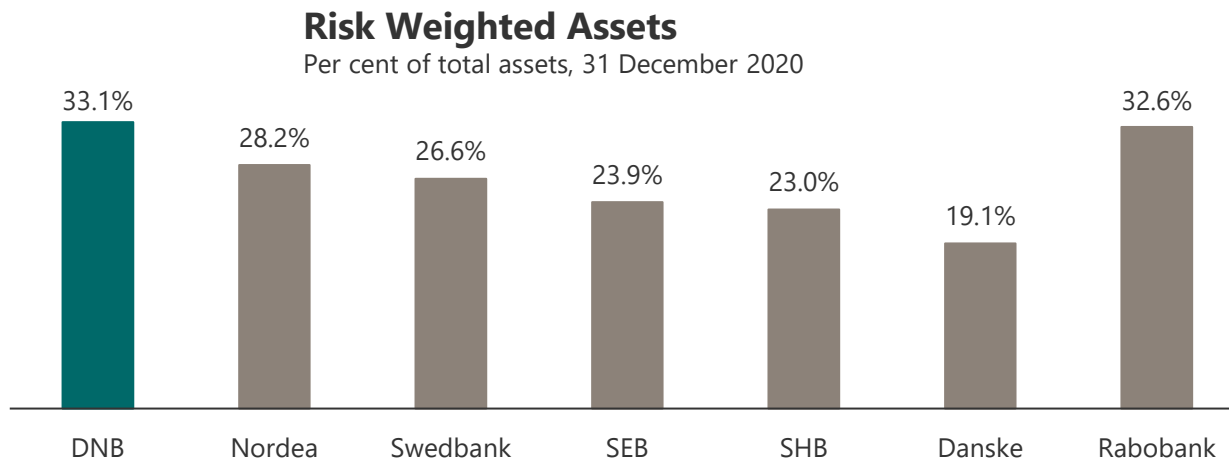
- **DNB's current MREL requirement is 35.54% of adjusted (for DNB Boligkreditt) RWAs – leading to an estimated need for MREL eligible debt of total approx. EUR 12.5 bn**
 - Senior preferred debt with a minimum remaining tenor of one year qualify as MREL capital until 1 January 2024.
- **DNB has so far issued approx. EUR 1.8 bn in Senior Non-Preferred Debt.** Remaining MREL debt to be built up gradually within **1 January 2024**.
- **If a subordination cap is introduced in Norway, this will reduce the need for Senior Non-Preferred Debt to total approx. EUR 7-8 bn, with remaining MREL requirement to be fulfilled with Senior Preferred¹⁾**
- The MREL requirement will vary over time based on changes in RWA and capital requirements.

1) *The proposal from the Ministry of Finance regarding the implementation of BRRD2/CRR2/CRDV in Norway was published 9 April 2021. The subordination cap was not discussed specifically, but will be assessed at a later stage. Possible implementation late 2021/early 2022. For further details on the subordination cap, see our capital presentation: <https://www.ir.dnb.no/funding-and-rating/debt-investor-presentations>*

IFRS 9 | Basel IV | Risk Weighted Density

- DNB is well positioned for future regulatory requirements

- IFRS 9
 - IFRS 9 was implemented from 1 January 2018 and reduced the common equity Tier 1 capital ratio by approximately 28 basis points in Q12018 as a one off effect.
 - IFRS 9 is now fully implemented, hence, DNB will not apply for transitional rules.
- Basel IV
 - DNB is well positioned due to already high risk weights.
 - The implementation of Basel IV is expected to have limited effects for DNB.
- Risk Weighted Density



Future Changes in Regulatory Framework – Capital and Bank Recovery and Resolution

2021+

CRDV/CRR2/BRRD2

- Composition of buffers and Pillar 2 Requirements
- Subordination cap
- SME and Infrastructure discount
- New considerations: Climate Risk

2023+

Basel IV/CRR3

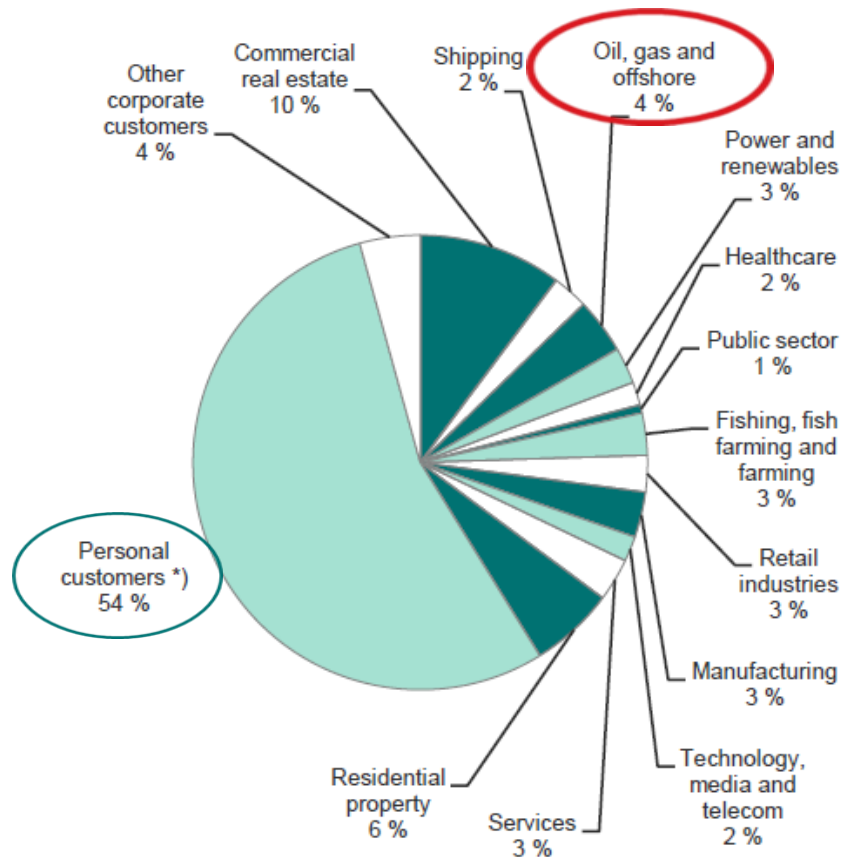
- New Standard methods
- New floor

- **Implementation of EU Directives/Regulations in Norwegian Law**
- EU Directives and Regulations do not have direct effect in Norway
- First step: Implementation in the EEC agreement
- Second step: Relevant rules to be implemented in Norwegian law
- Time lag might vary from months to years
- On 9 April 2021, the Ministry of Finance published a proposal regarding the implementation of CRDV/CRR2/BRRD2 in Norwegian law. Possible implementation late 2021/early 2022.

Loan Book and Asset Quality

Loan Book

EAD by Segments as of 31 December 2020



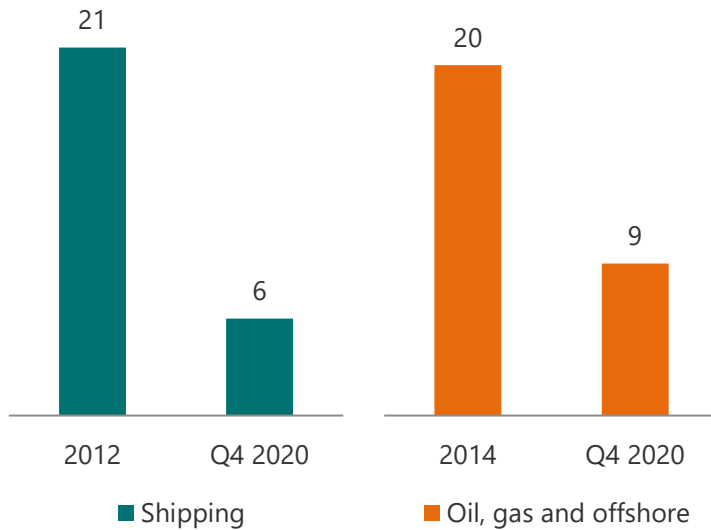
Including net non-performing and net doubtful loans and guarantees. Exposures at default are based on full implementation of IRB.

**) Of which mortgages 48% of total exposure at default.*

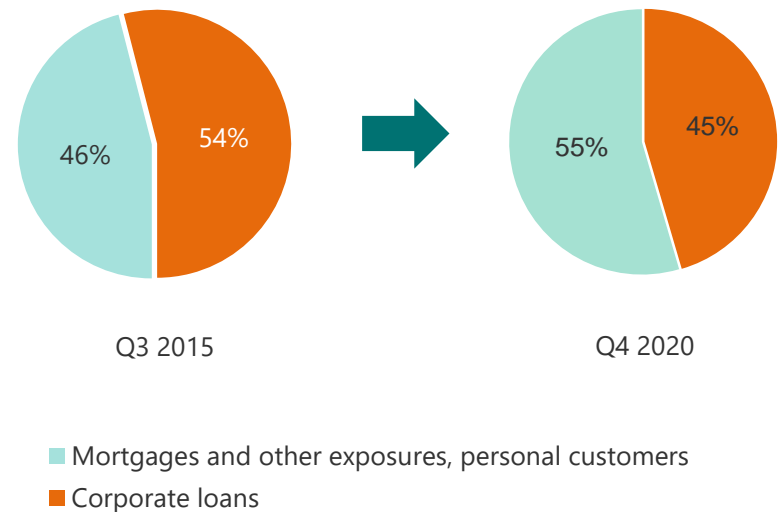
Rebalancing of the Shipping and Oil Related Portfolio

Reducing Exposure in Cyclical Industries

USD billion



Rebalancing Between Large Corporates and Personal Customers



Mortgage Lending in DNB is Based on Cash Flow

1.

Willingness to repay the loan

Credit history

2.

Capability of repaying the loan

Including 5% interest rate stress
Amortization requirement above 60% LTV
Max 5x gross income

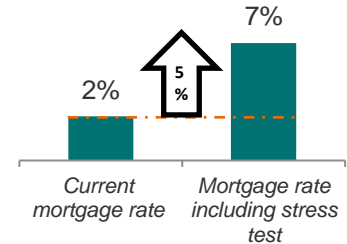
3.

Collateral

LTV max 85%

4.

Monthly behavior scoring of borrowers



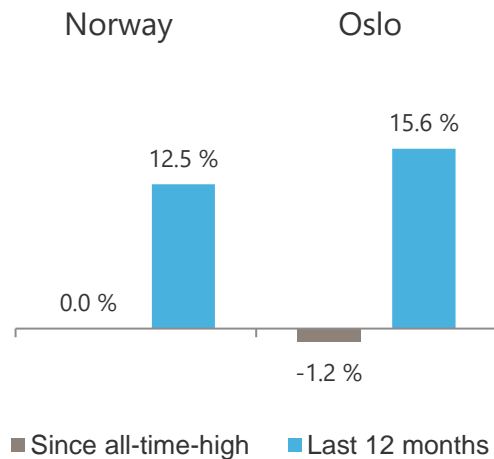
House Price Development in Norway and Oslo

- All-time high in March 2021 for Norway, prices in Oslo fell by 1.2% in March.
- For Norway; house prices have grown 12.5% the last 12 months.

House Price Growth

As of March 2021

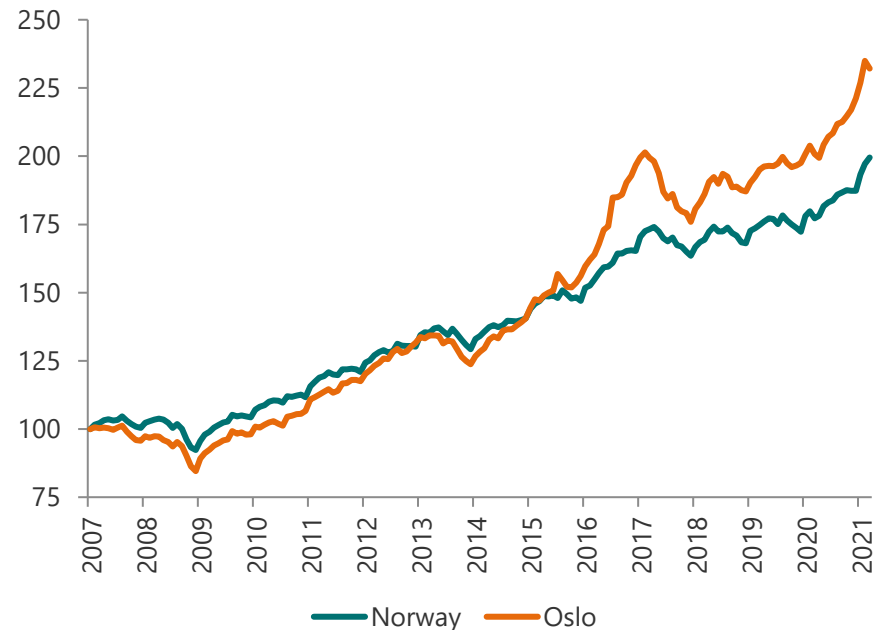
All-time High = Mar 2021 for Norway
Feb 2021 for Oslo



Source: Eiendomsverdi AS
(member of the European AVM Alliance)

House Price Growth

1 Jan 2007 = Index 100



Source: Eiendomsverdi AS
(member of the European AVM Alliance)

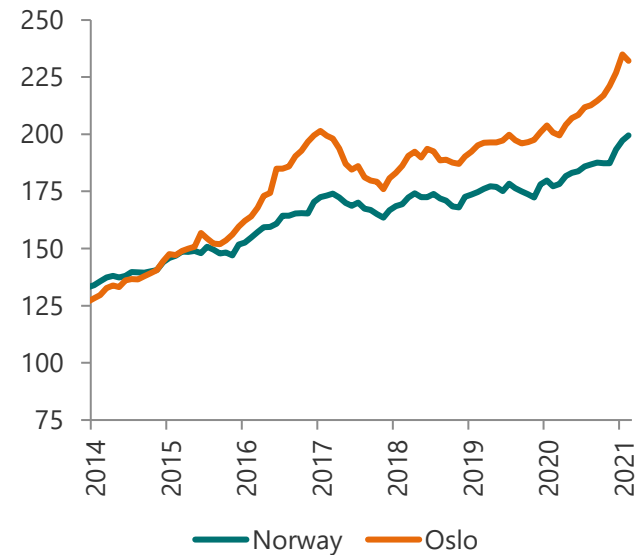
Mortgage Lending Regulation

Tightened Regulation from January 2017 has Impacted House Price Growth

- Max 5x gross income
- Max 85% LTV
 - 60% for secondary home in Oslo
- Debt servicing capacity
 - 5 percentage points interest rate increase
- Amortization requirement above 60% LTV
 - 2.5% of approved loan or principal payment as for 30 year annuity
- Banks have some flexibility
 - Banks can deviate in 10% of mortgage applications each quarter
 - In Oslo this flexibility is limited to 8%

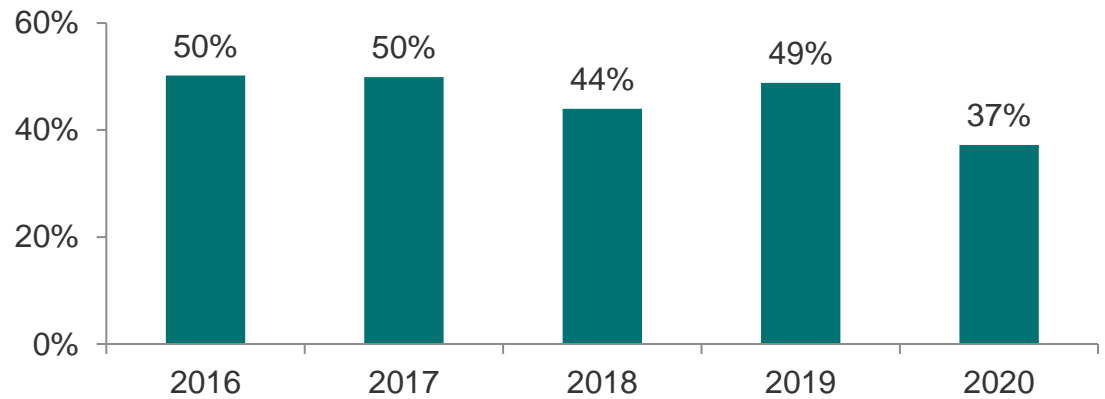
House Price Growth

1 Jan 2007 = Index 100

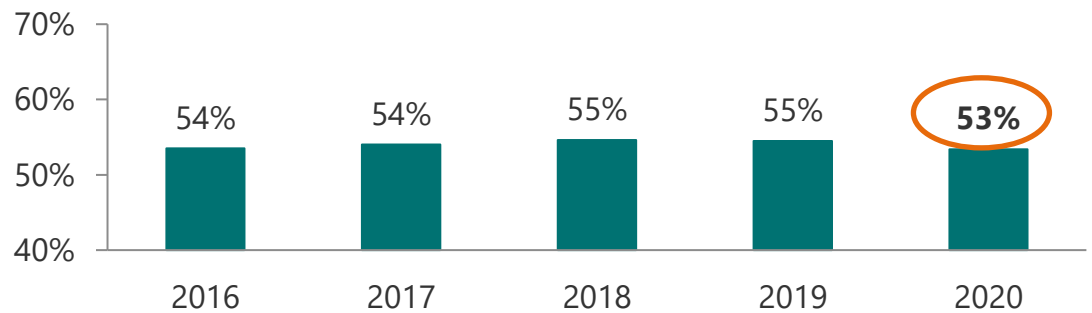


A Robust Cover Pool

High OC



LTV around 55%
(Weighted average)

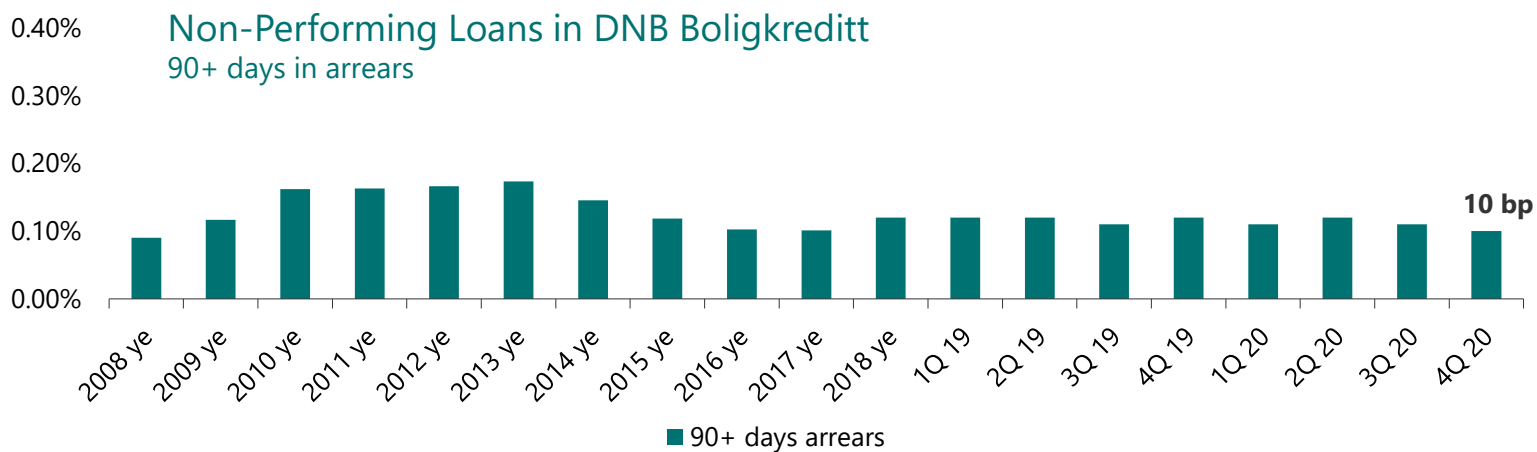
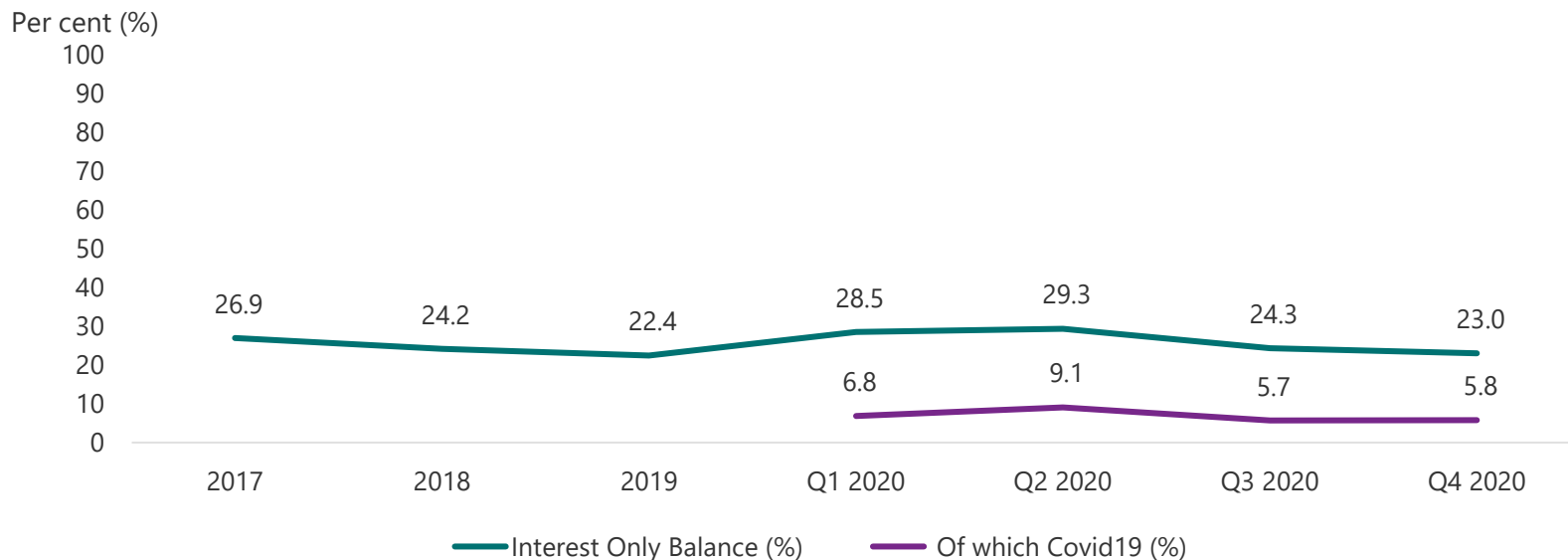


Stress test
-house price decline

House Price Decline	Current	10%	20%	30%
WA Indexed LTV	53.4%	59.1%	66.5%	76%
Eligible OC	36.8%	34.9%	29.9%	22.0%

No Interest Payment Holiday in the Cover Pool

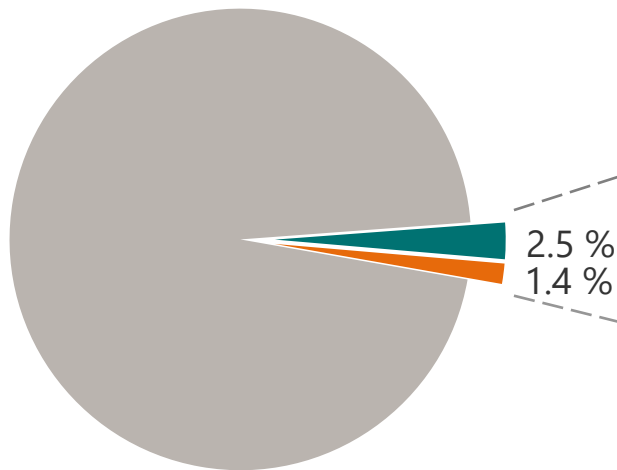
- DNB has only granted payment holiday for **instalments**
- No instalment payment holidays longer than 12 months
 - Approx 50% of instalment payment holidays related to Covid-19 are six months or less



Oil-Related Portfolio – less than 4% of Total Customer EaD

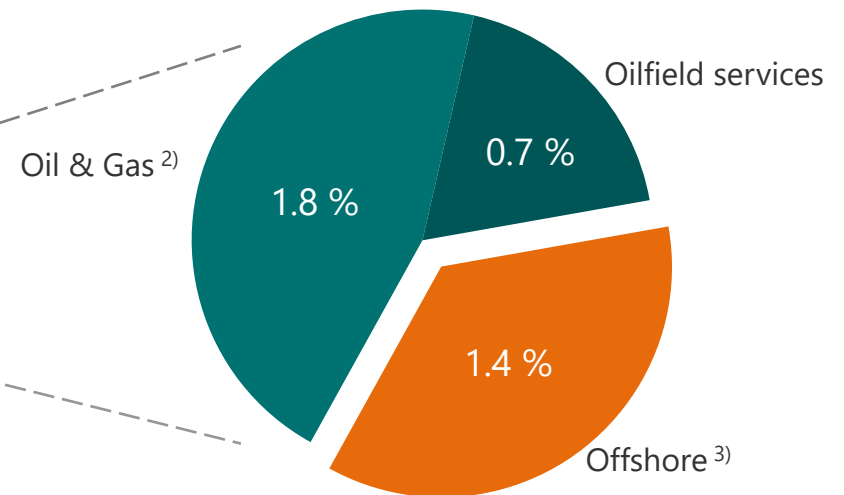
Total loan portfolio¹⁾ – EaD NOK 1,978 billion

Per cent, as at 31 December 2020



Oil-related portfolio – EAD NOK 78 billion

3.9% of DNB's total EaD as at 31 December 2020



Offshore – EAD NOK 28.1 billion

- The oil-related portfolio has been reduced significantly:
Down from NOK 167.1bn (8.4% of total EaD) in September 2015

1) Excluding Credit Institutions

2) Oil & Gas: Reserve-based lending, Midstream, Exploration/Production, Downstream/Petrochemical

3) Offshore: OSV, Rig, Other offshore

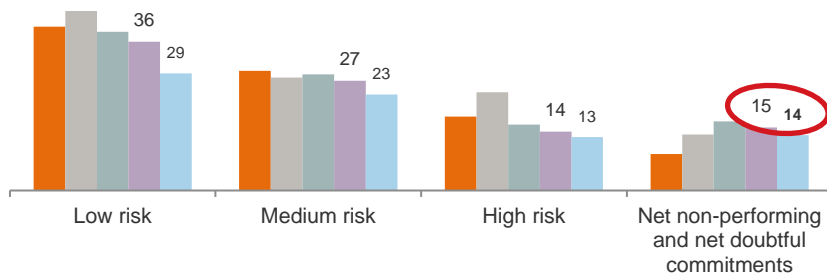
Oil-Related Portfolio

Offshore the Most Challenging Sector

DNB's oil-related portfolio split by sub-segment in terms of exposure (EaD) and by risk grade

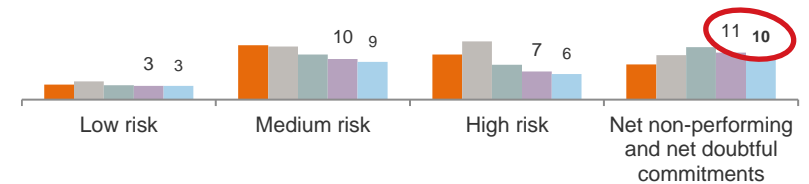
Total Oil related segments

EaD in NOK billion



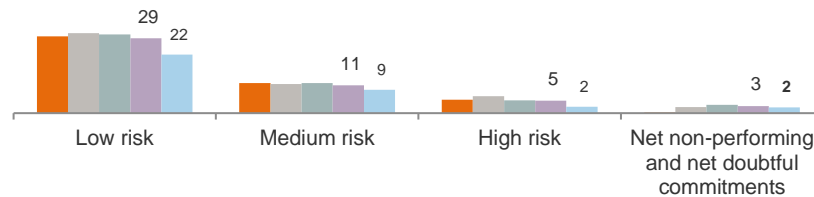
Offshore

EaD in NOK billion



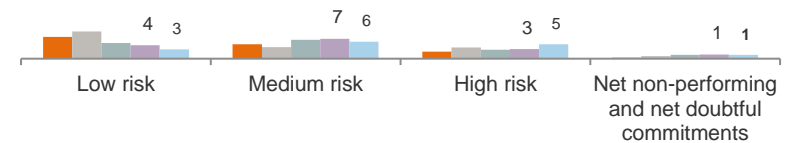
Oil and Gas

EaD in NOK billion



Oilfield Service

EaD in NOK billion



	Probability of default (per cent)
Low risk	0.01 – 0.75
Medium risk	0.75 – 3.00
High risk	3.00 - impaired

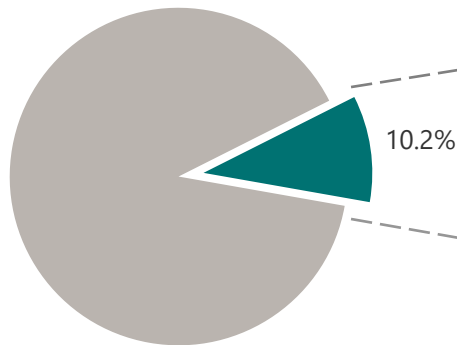
■ 31.12.2019
 ■ 31.03.2020
 ■ 30.06.2020
■ 30.09.2020
 ■ 31.12.2020

Commercial Real Estate – about 10% of Total Customer EaD

- 74% of the exposure in low risk

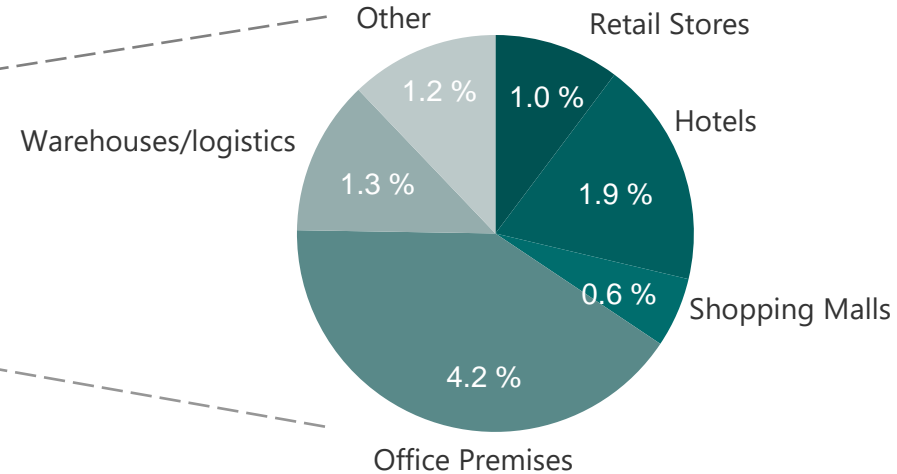
Total loan portfolio – EaD NOK 1,978 billion

Per cent, as at 31 December 2020



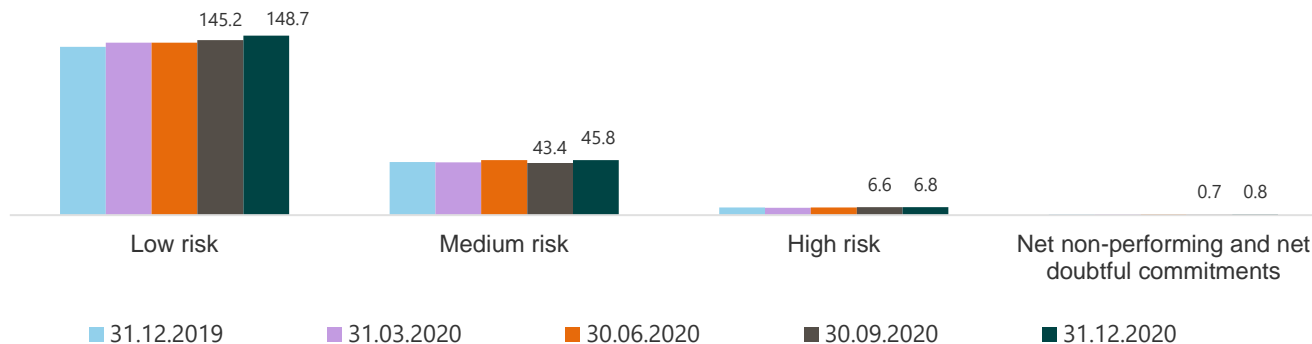
CRE portfolio – EaD NOK 202 billion

Per cent of DNB's total EAD, as at 31 December 2020



CRE – EaD distribution by PD bracket

NOK billion



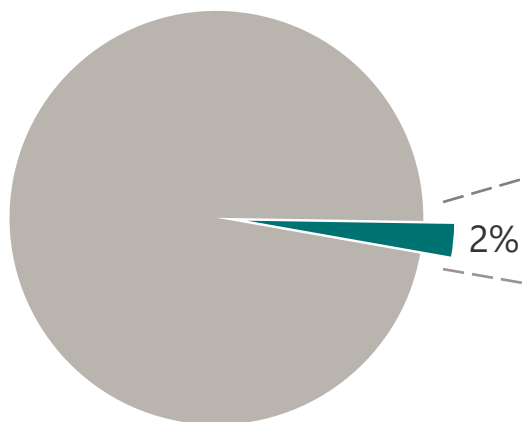
Shipping Exposure – about 2% of DNB’s Total Loan Portfolio

- Shipping portfolio of large companies with financially strong owners

- Dry bulk and container segments particularly impacted by lower international trade and demand
- The exposure towards Container segments has been reduced by 70% since 2015

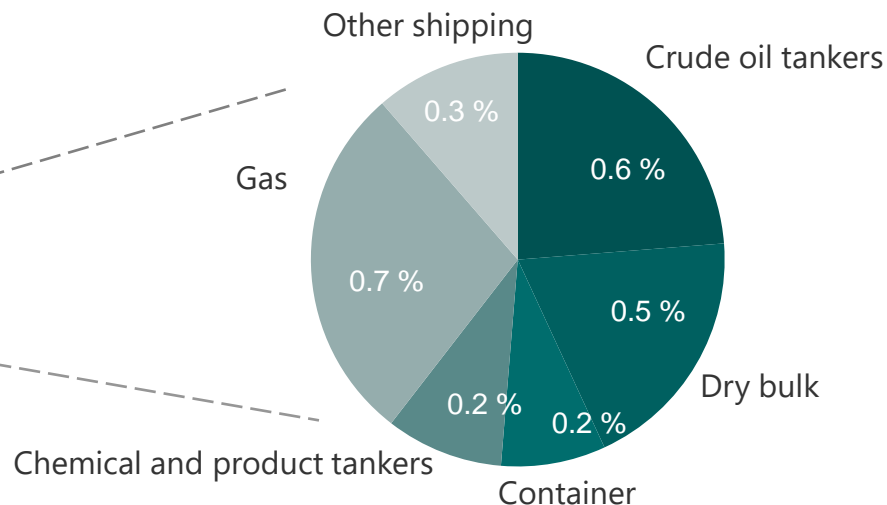
Total loan portfolio¹⁾ – EaD NOK 1,978 billion

Per cent, as at 31 December 2020



Shipping portfolio²⁾ – EaD NOK 50 billion

Per cent of DNB’s total EAD, as at 31 December 2020



- The shipping portfolio has been reduced significantly
 - Down from NOK 138.1bn (6.9% of total EAD) in September 2015

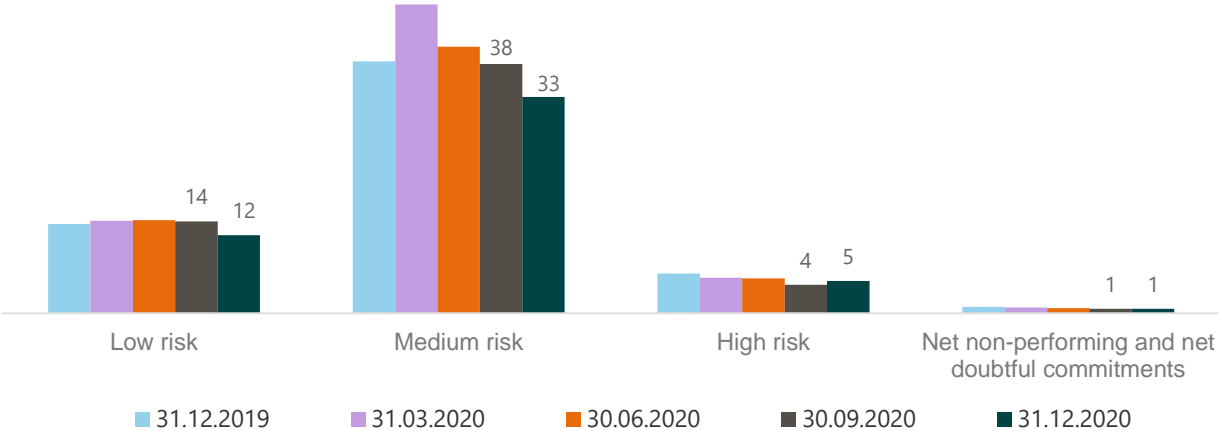
1) Excluding Credit Institutions

2) Excluding offshore portfolio. Offshore is included in oil-related portfolio.

Risk Classification and Migration DNB's Shipping Book (Excluding Offshore)

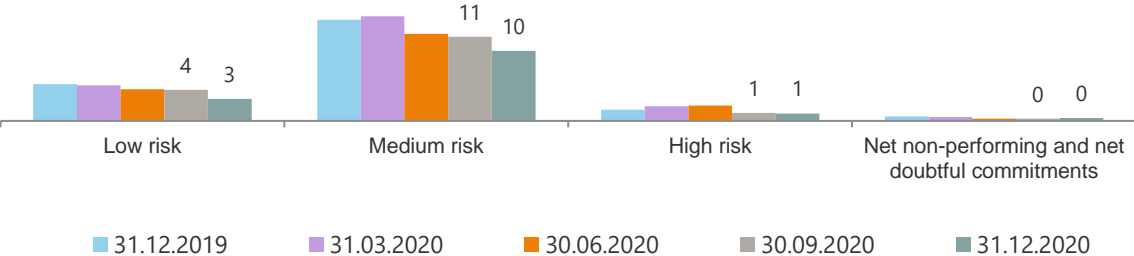
Shipping – EaD distribution by PD bracket

NOK billion



Dry bulk and Container

EaD in NOK billion



	Probability of default (per cent)
Low risk	0.01 – 0.75
Medium risk	0.75 – 3.00
High risk	3.00 - impaired

Luminor (Baltics) and Samherji (Iceland)

Luminor

- DNB currently has a 20% ownership in the Baltic bank Luminor, a joint venture with Blackstone and Nordea¹⁾
- Blackstone acquired 60% of Luminor in September 2019
- DNB's strategy in the Baltics has been to serve the local personal customers and SME segments – non-resident customers (outside EEA) have been out of scope
- Two due diligence processes completed the last few years, in connection with:
 - The merger between Nordea's and DNB's Baltic units (completed 2017)
 - The sale to Blackstone (completed 2019)
- **Luminor has not been subject to AML sanctions or regulatory fines**

Samherji Case

- On 12 February 2021, it was announced that the public prosecutor's investigation of DNB related to the Samherji matter did not generate any information giving grounds for criminal prosecution of individuals. Further, the public prosecutor was not of the view that a corporate penalty was applicable. **The case has therefore been dismissed.**
- *12 November 2019, allegations were published in the Icelandic media that funds from Samherji (Icelandic fisheries company) were used for illegal payments.*
- *On 28 November 2019, the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim) opened investigation of DNB related to the matter.*

1) Nordea and Blackstone have entered into a forward sale agreement for the sale of Nordea's remaining 20 per cent stake. The forward sale is subject to certain conditions but is expected to complete over the next two financial years

Possible administrative fine from the Norwegian FSA (Finanstilsynet) following supervisory inspection

7 December 2020

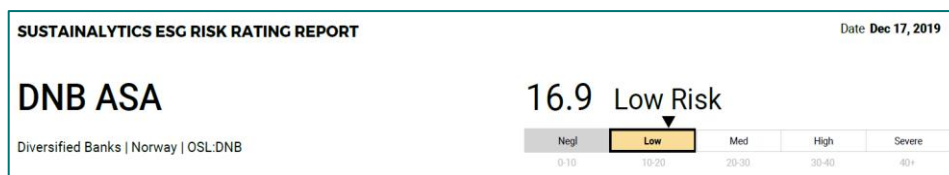
- In February 2020, Finanstilsynet conducted an ordinary AML inspection in DNB. DNB has now received a preliminary report from the inspection, which indicates that there is a possibility that an administrative fine of NOK 400 million may be imposed on the bank.
- **DNB has not been complicit in money laundering, but Finanstilsynet criticises the bank for inadequate compliance with the Norwegian Anti-Money Laundering Act.**
- On the basis of the criticism, **Finanstilsynet writes in a preliminary report that it is considering imposing an administrative fine of NOK 400 million on the bank.** This constitutes about 7% of the maximum amount Finanstilsynet is at liberty to impose, and 0.7% of DNB's annual turnover. The maximum administrative fine it is possible to impose corresponds to 10% of a company's annual turnover.
- **The possible fine** that DNB has been notified of **is not related to any suspicions of money laundering or complicity in money laundering**, but rather what Finanstilsynet considers to be inadequate compliance with the anti-money laundering rules and legislation. The inspection only applies to DNB's operations in Norway.
- DNB takes the notice from Finanstilsynet very seriously. The fight against financial crime is an important part of DNB's corporate responsibility, and it is a task on which the company spends considerable resources. This work has the highest priority in DNB.

ESG and Sustainability

ESG and Sustainability

- ESG has been **high on DNB's agenda** for many years
- ESG is **part of the risk assessment** for corporate loans (>8 MNOK)
- **DNB** has a **clear ambition to increase its financing of renewable energy and infrastructure and green real estate**
- **Sustainability/ESG disclosures in accordance with standards** (GRI, SASB, TCFD)
- Driving Force for **Equality and Diversity**: Ranked as the **world's most gender diverse corporation** in March 2021
- DNB's has a **large Online Sustainability Library**, including a Sustainability Factbook

ESG Ratings:



DNB Finances Sustainable Growth through Loans and Investments

- **Towards 2025 DNB will have contributed¹⁾ with:**
 - **NOK 450 billion** in financing **renewable energy and infrastructure**
 - **NOK 130 billion** to the financing of **green real estate**, including short-term construction loans
- All new and refinanced shipping loans include a **clause on responsible ship recycling**
- DNBs start-up pilots will **help at least 5,000 start-ups every year**
- DNB will **contribute with NOK 200 million in start-up loans**
- DNB commits to **climate and decarbonizing partnerships for our key industry sectors**, such as the Poseidon Principles²⁾ for the shipping industry

1) Including bond facilitation by DNB Markets

2) Framework for assessing and disclosing the climate alignment of ship finance portfolios, see <https://www.poseidonprinciples.org>

DNB is a Driving Force for Equality and Diversity

- Established internal goal in 2015 of **40% female representation on management levels 1-4**
 - Management level 1-3 currently within the goal
- Using **purchase power to promote diversity and equal opportunities** – law firms, IT and consultancy services
- Increased focus on equal financial opportunities** through #girlsinvest campaign launched Sept. 2019
 - 110% increase in female fund owners in September 2019 – April 2020
 - More woman save more, and more frequently in funds (75% increase in customers with regular savings in funds)

- Ranked by Epuileap as the **world's most gender diverse corporation** in March 2021¹⁾

Most Gender Equal				
Rank	Company	Country	Sector	Score
1	DNB	Norway	Financials	74%
2	Mirvac	Australia	Real Estate	74
3	WPP	U.K.	Communication Services	72
4	L'Oreal	France	Consumer Staples	72
5	General Motors	U.S.	Consumer Discretionary	71
6	Diageo	U.K.	Consumer Staples	70
7	Nielsen Holdings	U.S.	Industrials	70
8	Enel	Italy	Utilities	68
9	Kering	France	Consumer Discretionary	68
10	Orange	France	Communication Services	68

Source: Equileap Gender Equality Global Report & Ranking 2021

Bloomberg

1) <https://www.bloomberg.com/news/articles/2021-03-07/top-banker-in-norway-links-latest-no-1-ranking-to-childcare>

DNB Sustainability – Online Resources

- [DNB and Society](#)
- [DNB's Sustainability library](#)
- [DNB group - Sustainability Factbook 2020](#)

DNB Group
Sustainability Factbook 2020

DNB



Sustainability library [Go to Corporate social responsibility](#)

In our library you can find our reports, fact books, guidelines and other documents concerning DNB's work with sustainability and corporate responsibility.

Reporting 2020

- ↳ [Integrated report 2020](#)
- ↳ [Sustainability Factbook DNB 2020](#)
- ↳ [Corporate Governance 2020](#)
- ↳ [Tax footprint 2020](#)
- ↳ [Key Figures 2020](#)
- ↳ [GRI Index 2020](#)
- ↳ [Carbon accounting report 2020](#)
- ↳ [Stakeholder dialogue 2020](#)
- ↳ [Equator principles reporting 2020](#)

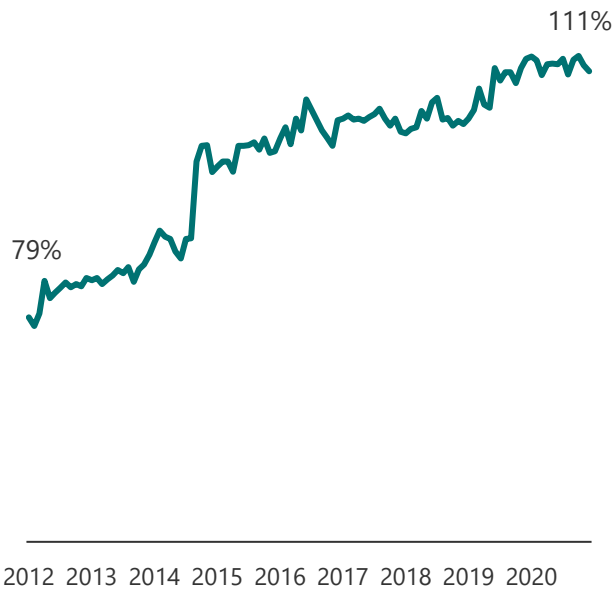
Contact us

- ↳ [Our ESG contacts](#)

Funding

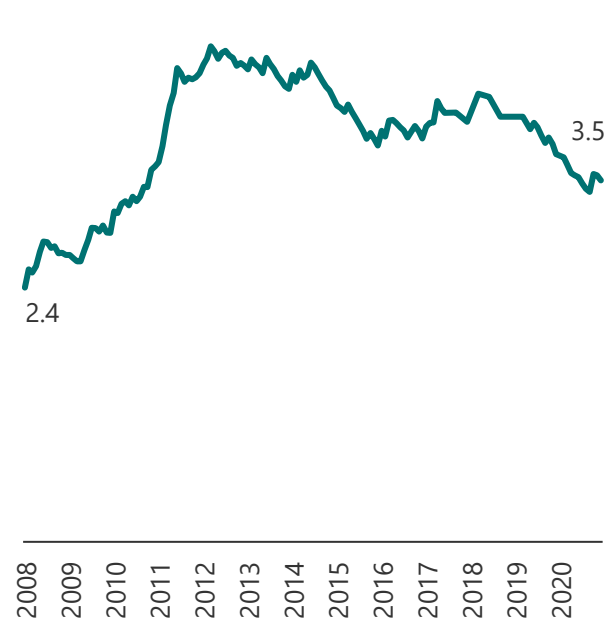
DNB Funding Structure

Net Stable Funding Ratio (NSFR)



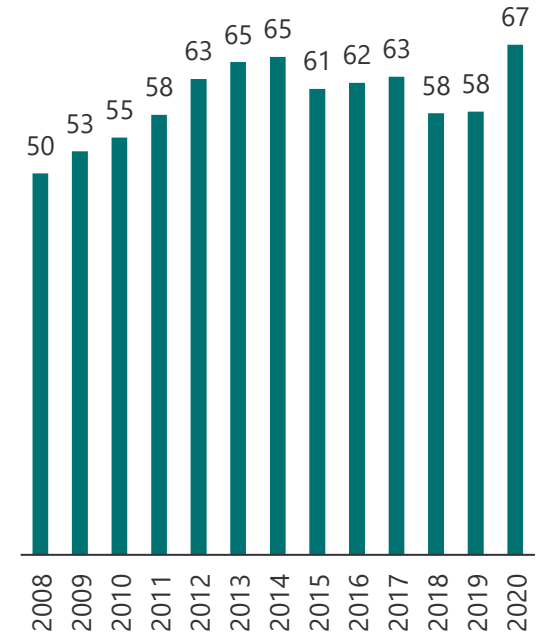
Average Life of Long-term Funding

Senior debt and covered bonds, years



Ratio of Deposits to Net Loans

Per Cent



Issuance of Long Term Debt

2021	EURO bill	Tenor
Covered Bonds	1.5	10.0
Senior Bonds	0.0	0.0
Senior Non-Preferred Bonds*	1.0	7.0
Sum	2.5	8.8
Tier 1 / Tier 2	0.0	
Total	2.5	

*Maturity as per first call option

2020	EURO bill	Tenor
Covered Bonds	3.3	5.9
Senior Bonds	0.0	0.0
Senior Non-Preferred Bonds*	0.8	5.0
Sum	4.1	5.7
Tier 1 / Tier 2	0.4	
Total	4.5	

*Maturity as per first call option

2019	EURO bill	Tenor
Covered Bonds	4.7	6.7
Senior Bonds	8.6	3.7
Sum	13.2	4.8
Tier 1 / Tier 2	1.0	
Total	14.2	

A Well Established International Covered Bond Issuer

Volume	Tenor	Maturity
EUR 1,500 mn	10 years	2021 – Jun
EUR 2,000 mn	5 years	2022 – Jan
EUR 2,000 mn	10 years	2022 – Mar
EUR 1,000 mn	10 years	2022 – Nov
EUR 1,500 mn	5 years	2023 – Jan
EUR 1,500 mn	7 years	2023 – Apr
EUR 1,750 mn	5 years	2023 – Nov
EUR 1,500 mn	7 years	2024 – Nov
EUR 1,500 mn (Green)	7 years	2025 – Jun
EUR 1,500 mn	7 years	2026 – Jan
EUR 1,500 mn	10 years	2026 – Sep
EUR 1,500 mn	7 years	2027 – Oct
EUR 1,500 mn (Green)	10 years	2031 – Jan
EUR 1,000 mn (FRN)	7 years	2021 – Nov
USD 1,500 mn	5 years	2022 – Mar
USD 1,000 mn	5 years	2023 – Jun



Best Euro Deal 2018



DNB Boligkreditt

Award for Excellence:
Global Issuer of the Year

★ ★ ★

DNB Green Covered Bonds

❖ Eligibility criteria


- **Residential buildings completed in 2012 or later**
 - (derived from the implementation of the TEK10 and TEK17 building codes)

❖ Green Cover pool

- **~ NOK 90 bn eligible green assets**
 - Within 15% of the most energy efficient residential buildings in Norway
- An aggregated portfolio approach has been used to manage the green assets
- Eligible green assets at all times exceed all outstanding liabilities

❖ Outstanding DNB Green Covered Bonds

Volume	Tenor	Maturity	
EUR 1,500 mn	7 years	2025	Fixed
SEK 10,000 mn	5 years	2024	Fixed
EUR 1,500 mn	10 years	2031	Fixed



Climate Bond Certified

Climate Bond Certified

Climate Bond Certified

For more information, please see <https://www.ir.dnb.no/funding-and-rating/green-covered-bonds>

DNB Senior Curve

Volume	Tenor	Maturity
EUR 1,000 mn	10 years	2022 – Jan
EUR 750 mn	7 years	2023 – Mar
EUR 750 mn	5 years	2023 – Sep
EUR 2,000 mn	4 years	2023 – Nov
EUR 750 mn	5 years	2024 – Mar
EUR 1,000 mn (FRN)	3.5 years	2022 – Jul
GBP 300 mn	4.7 years	2020 - Dec
GBP 500 mn	3.5 years	2023 – Jun
USD 1,250 mn	5 years	2021 – Jun
USD 1,400 mn	3 years	2022 – Nov
USD 250 mn (FRN)	5 years	2021 – Jun
USD 600 mn (FRN)	3 years	2022 – Nov

DNB Senior Non-Preferred

Volume	Tenor	First call date	Maturity
USD 1,000 mn	6NC5	2025 – Sep	2026 – Sep
EUR 1,000 mn	8NC7	2028 – Feb	2029 – Feb

For more information on Senior Non-Preferred bonds, please see slide regarding MREL Requirements.

DNB Bank Green Bond Framework



- **DNB Green Bond Framework:**

- In line with the ICMA Green Bond Principles
- Follows best market practice
- DNB is monitoring the development of the EU Taxonomy and may update criteria over time to harmonise with future best market practice

- **Green Eligible Categories:**

- Renewable Energy: Wind Power, Solar Power, Hydropower and others
- Clean Transportation: Low Carbon Vehicles, Public Transportation, Transportation Infrastructure
- Green Buildings: Environmentally certified and refurbished

❖ DNB Green Bond Framework will most likely be used for Senior Non-Preferred

❖ Current volume of Eligible Green Assets: EUR 3-4 billion

❖ Second Party Opinion provided by Sustainalytics

❖ Impact Reports provided by Multiconsult and Navigant

❖ Green Bond Framework and additional documentation available at <https://www.ir.dnb.no/funding-and-rating/green-bonds>

Funding Contacts

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E-mail: stephen.danna@dnb.no
sdanna@bloomberg.net

Online Resources:

[Funding and Rating](#)

[DNB Fact Book 4Q20](#)

[Pillar 3 Report 2020](#)

Appendix

Appendix A: Cover Pool Portfolio Information and LCR eligibility

Future Updates On Cover Pool Developments



DNB has implemented the common **Harmonised Transparency Template** of the European Covered Bond Council which is available on the DNB website.

Information about the cover pool of DNB Boligkreditt may be accessed via DNB's web page:

<https://www.ir.dnb.no/funding-and-rating/cover-pool-data>

Contacts DNB Boligkreditt AS:

- Per Sagbakken, CEO: per.sagbakken@dnb.no +47 906 61 159

Portfolio information is updated when DNB quarterly results are released

DNB Boligkreditt Covered Bonds – Cover Pool Data



Cover Pool Data

Rating (Moody's/S&P)	Aaa/AAA
Cover Pool Size (million)	674,554
No. of Mortgages in the Cover Pool	387,730
Average Loan Balance (thousands)	1,740
Regulatory Overcollateralisation Requirement	2.0%
Overcollateralisation	37.3%
Weighted Average LTV (Indexed)	53.4%

Pool statistics as of 31 December 2020. Cover pool reporting coincides with DNB quarterly financial reporting.

Stresstest

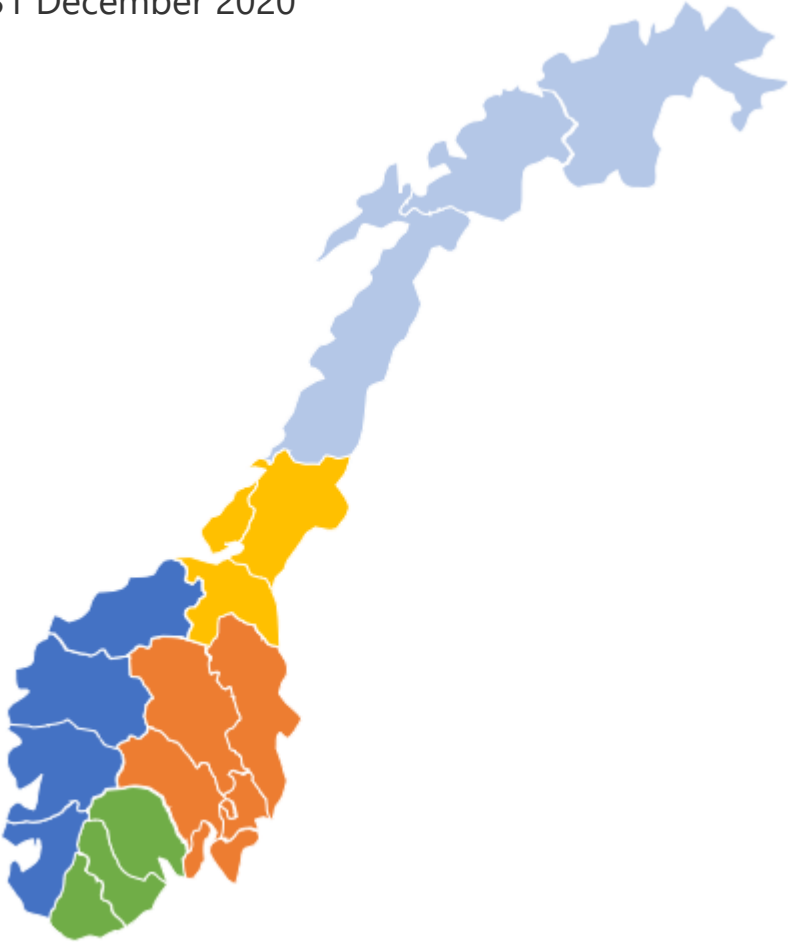
Cover Pool Sensitivity Analysis

House Price Decline	Current	10%	20%	30%
WA Indexed LTV	53.4%	59.1%	66.5%	76.0%
Eligible OC	36.8%	34.9%	29.9%	22.0%

Well diversified residential mortgage book within Norway

DNB Boligkreditt cover pool as of 31 December 2020

Eastern Norway	69%
Western Norway	15%
Northern Norway	8%
Southern Norway	3%
Mid-Norway	5%



Portfolio Characteristics

Report date: 31.12.2020
Report currency: NOK

Key Characteristics	
Total cover pool, nominal balance* (mill.)	674 554
Number of mortgages	387 730
Number of borrowers	334 303
Average loan balance (thousands)	1 740
Outstanding covered bonds, nominal balance (mill.)	491 210
Substitute assets (% of total cover pool)	0
WA indexed LTV (%)	53,4
WAL of cover pool (contractual maturity in years)	12,8
WAL of outstanding covered bonds (extended maturity in years)	3,5

* All cover pool assets are denominated in NOK.

** Seasoning indicates the number of months since collateral for the loan was established.

Maturity Structure Cover Pool		
Contractual maturity (years)	Loan balance (mill.)	%
≥ 0 ≤ 1	24 391	3,6 %
1 ≤ 2	26 061	3,9 %
2 ≤ 3	27 028	4,0 %
3 ≤ 5	57 179	8,5 %
5 ≤ 10	150 155	22,3 %
> 10	389 740	57,8 %
Total	674 554	100,0 %

Overcollateralisation	
Cover pool size:	
Residential mortgages, loan balance (mill.)	674 554
Covered bonds outstanding (mill.)	491 210
Overcollateralisation	37,3 %

Maturity Structure Covered Bonds		
Extended maturity (years)	Loan balance (mill.)	%
≥ 0 ≤ 1	4 611	0,9 %
1 ≤ 2	76 703	15,6 %
2 ≤ 3	158 757	32,3 %
3 ≤ 5	120 644	24,6 %
5 ≤ 10	96 611	19,7 %
> 10	33 884	6,9 %
Total	491 210	100,0 %

Expected maturity (years)		
Expected maturity (years)	Loan balance (mill.)	%
≥ 0 ≤ 1	78 451	16,0 %
1 ≤ 2	154 180	31,4 %
2 ≤ 3	72 292	14,7 %
3 ≤ 5	85 332	17,4 %
5 ≤ 10	67 754	13,8 %
> 10	33 201	6,8 %
Total	491 210	100,0 %

Portfolio Characteristics cont.

Loan Size		
Private individuals	Loan balance (mill.)	Number of loans
≤ 1,000,000	64 993	149 525
> 1,000,000 ≤ 2,000,000	163 021	109 097
> 2,000,000 ≤ 3,000,000	167 094	68 188
> 3,000,000 ≤ 4,000,000	106 017	30 776
> 4,000,000 ≤ 5,000,000	61 588	13 827
> 5,000,000	92 306	13 622
Total	655 019	385 035
Housing Cooperatives		
Loan balance (mill.)	Number of loans	
≤ 5,000,000	3 031	1 705
> 5,000,000 ≤ 10,000,000	3 136	442
> 10,000,000 ≤ 20,000,000	4 486	325
> 20,000,000 ≤ 50,000,000	5 813	185
> 50,000,000 ≤ 100,000,000	1 954	30
> 100,000,000	1 116	8
Total	19 535	2 695

LTV buckets		
Indexed LTV	Loan balance (mill.)	%
≥ 0 ≤ 40	142 702	21,2 %
40 ≤ 50	99 081	14,7 %
50 ≤ 60	167 637	24,9 %
60 ≤ 70	161 079	23,9 %
70 ≤ 80	95 099	14,1 %
80 ≤ 90	5 367	0,8 %
90 ≤ 100	1 728	0,3 %
>100	1 860	0,3 %
Total	674 554	100,0 %

Concentration Risk	
	%
10 largest exposures	0,2 %
10 largest exposures excl. housing cooperatives	0,0 %

Property Types		
	Loan balance (mill.)	%
Residential	674 554	100,0 %
Commercial	0	0,0 %
Other	0	0,0 %
Total	674 554	100,0 %
<i>o/w Housing Cooperatives / Multi-family</i>	<i>19 535</i>	<i>2,9 %</i>
<i>o/w Forest & Agriculture</i>	<i>0</i>	<i>0,0 %</i>

Occupancy Type	
	%
Owner occupied	70,4%
Second homes / Holiday houses	0,2%
Buy to let / Non owner occupied houses	0,1%
Other	0,2%
Total	70,9%

Repayment Type	
	%
Amortization	79,5 %
Interest only*	20,5 %
Total	100,0 %

*No principal payments for a limited period of time.

Portfolio Characteristics cont.

Seasoning	
	%
Up to 12months	19,5 %
≥ 12 - ≤ 24 months	14,4 %
≥ 24 - ≤ 36 months	11,1 %
≥ 36 - ≤ 60 months	18,2 %
≥ 60 months	36,9 %
Total	100,0 %

Interest Rate Type	
Fixed Rate	5,9 %
Floating Rate	94,1 %

Geographical Distribution		
	Loan balance (mill.)	%
VIKEN	214 132	31,7 %
OSLO	166 980	24,8 %
INNLANDET	29 306	4,3 %
VESTFOLD OG TELEMARK	55 666	8,3 %
AGDER	18 267	2,7 %
ROGALAND	39 668	5,9 %
VESTLAND	51 046	7,6 %
MØRE OG ROMSDAL	10 085	1,5 %
TRØNDELAG	35 544	5,3 %
NORDLAND	25 264	3,7 %
TROMS OG FINNMARK	28 585	4,2 %
SVALBARD	11	0,0 %
Total	674 554	100 %

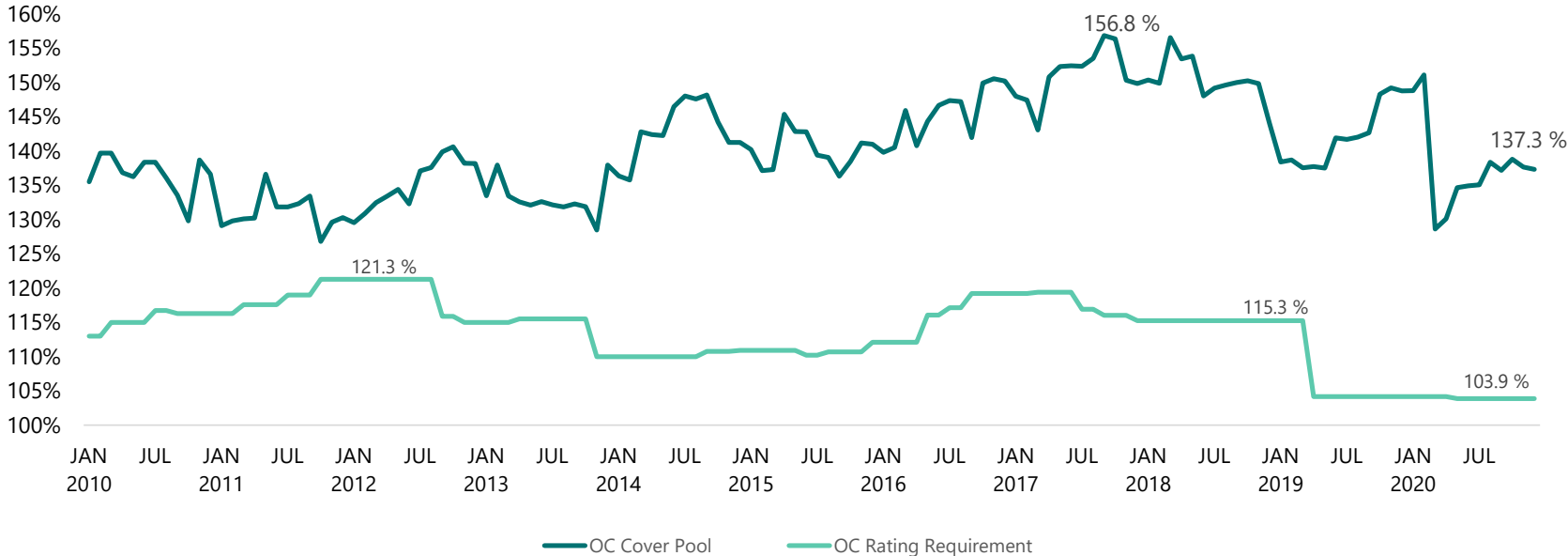
Non Performing	
Non performing loans	0.10%

Arrears	
≥ 30 - < 60 days	0.08%
≥ 60 - < 90 days	0.02%
≥ 90 - < 180 days	0.02%
≥ 180 days	0.07%

Cover Pool Sensitivity Analysis and Overcollateralisation History

Stresstest - House price decline				
House price decline	Current	10 %	20 %	30 %
Total cover pool balance (nominal, NOKbn)	674 554	674 554	674 554	674 554
WA indexed LTV (%)	53,4	59,1	66,5	76,0
Eligible cover pool balance (nominal, NOKbn)	671 807	662 488	637 911	599 494
Total outstanding covered bonds (nominal, NOKbn)	491 210	491 210	491 210	491 210
Eligible overcollateralization	36,8 %	34,9 %	29,9 %	22,0 %

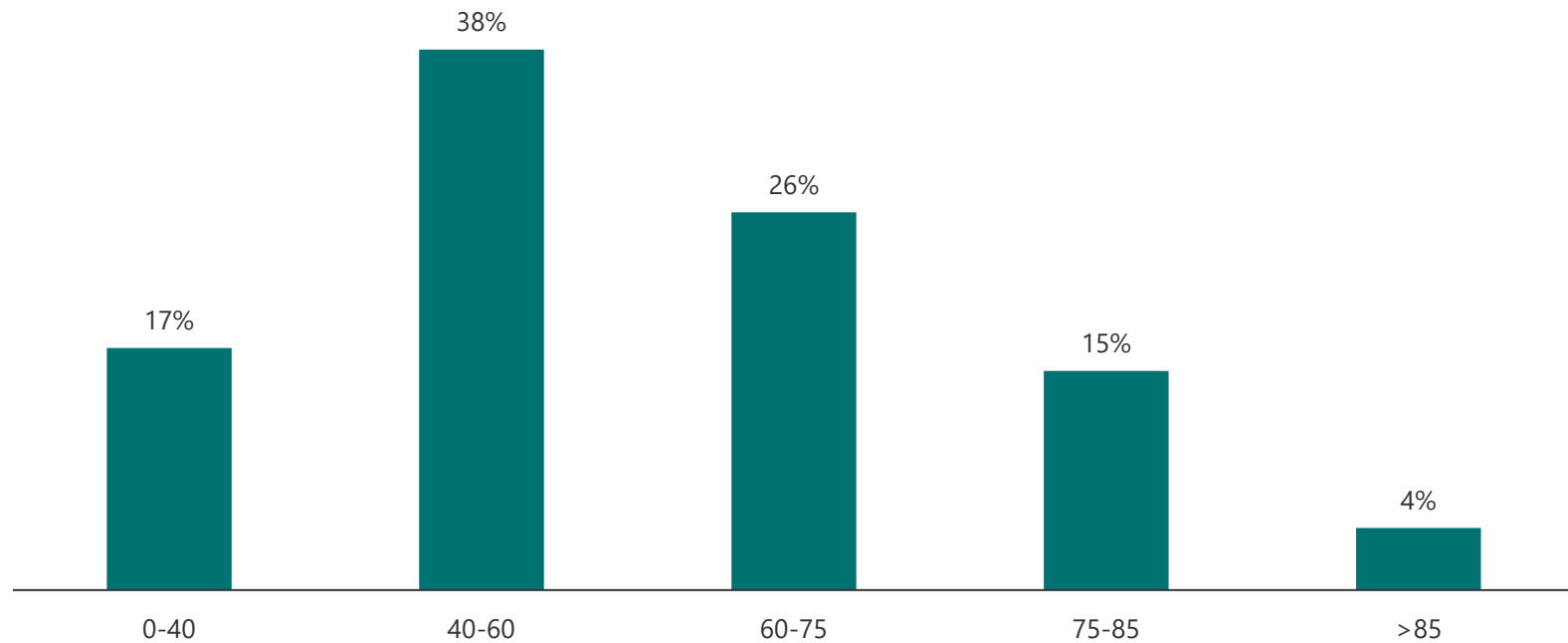
Cover Pool Overcollateralisation History



A Very Robust Residential Loan Portfolio

Loan-to-Value (LTV)

Per Cent of Residential Mortgage Book, 31 December 2020



Includes mortgages in DNB Bank and DNB Boligkreditt

Green Bond Allocation Report

DNB Boligkreditt AS - Green Covered Bond Allocation Report 4Q20

As of 31 December 2020, DNB Boligkreditt AS had an Eligible Green Loan Portfolio of MNOK 90,823 and a total amount outstanding Green Covered Bonds of MNOK 25,675 (MEUR 1,500+ MSEK 10,000).

All of the Green Covered Bonds proceeds have been allocated to green assets. Usage of green assets is 28.3%.

Since the establishment of the Green Covered Bond Framework, the Eligible Green Loan Portfolio has grown by approximately NOK 35 billion.

DNB Green Covered Bond Allocation Report – 4Q20	
Eligible Green Loan Portfolio - Houses completed after 1 January 2012 (TEK10 or later)	MNOK 90,823
Outstanding Green Covered Bonds (XS1839888754) (XS1945126867)	MNOK 25,675 (MEUR 1,500) (MSEK 10,000)
Percentage of proceeds allocated to green assets	100%
Percentage of new financing / refinancing	0% / 100%
Usage of green assets	28.3%

Green Bond Impact Report August 2020

Portfolio date: August 2020

Eligible Project Category	Eligible portfolio (NOK mn)	Share of Total Financing	Eligibility for Green Bonds	Estimated Site Energy Savings (in MWh/year)	Estimated Emissions Avoidance (in tons of CO2 /year)
a/	b/	c/	d/	e/	e/
Residential Green Buildings	88,680	100%	100%	468,942	58,651
Total	88,680	100%	100%	468,942	58,651

- a/ Eligible category
- b/ Amount committed by the issuer for the portfolio eligible for Green Bond financing
- c/ This is the share of the total budget financing
- d/ This is the share of the total portfolio costs that is Green Bond eligible
- e/ Impact indicators

Per NOK 1m invested in DNB Green Covered Bonds, the estimated energy savings are 5.3MWh/year and 0.66 tons CO2/year.

Covered Bonds Issued by DNB Boligkreditt AS Qualifies for Level 1-Assets Pursuant to LCR-regulation (Slide 1 of 2)




Covered bonds issued by DNB Boligkreditt AS fulfil the requirements to qualify as Level 1-assets pursuant to Commission Delegated Regulation (EU) 2015/61 regarding liquidity coverage requirement for credit institutions ("LCR-regulation").

With reference to Article 10(1)(f) of the LCR-regulation, DNB Boligkreditt AS confirms the following:

- Covered bonds issued by DNB Boligkreditt AS meet the requirements to be eligible for the treatment set out in Article 129(4) of Regulation (EU) No 575/2013 ("CRR") and the requirements referred to in Article 52(4) of Directive 2009/65/EC, cf. the European Commission's website:
http://ec.europa.eu/finance/investment/legal_texts/index_en.htm
- The exposures to institutions in the cover pool meet the conditions laid down in Article 129(1)(c) and in Article 129(1) last subparagraph of CRR

Covered Bonds Issued by DNB Boligkreditt AS Qualifies as Level 1-Assets Pursuant to LCR-regulation (Slide 2 of 2)

With reference to Article 10(1)(f) of the LCR-regulation, DNB Boligkreditt AS confirms the following (cont.):

- DNB Boligkreditt AS gives the information required in Article 129(7) of CRR to its investors 
- Covered bonds issued by DNB Boligkreditt AS are assigned a credit assessment by a nominated ECAI which is at least credit quality step 1 in accordance with Article 129(4) of CRR, and the equivalent credit quality step in the event of short term credit assessment 
- The cover pool does at all times meet an asset coverage requirement of at least 2% in excess of the amount required to meet the claims attaching to the covered bonds issued by DNB Boligkreditt AS 

ECB Eligibility and CRD-Compliance of Covered Bonds Issued by DNB Boligkreditt AS

- All covered bonds issued by DNB Boligkreditt AS fulfil the eligibility criteria for marketable assets set by the Eurosystem and are thus eligible for Eurosystem monetary policy operations.
- The Eurosystem set additional criteria for own use of eligible instruments in the Eurosystem monetary policy operations. In the case of covered bonds, the instruments must be issued in accordance with the criteria set out in Part 1, points 68 to 70 of Annex VI to Directive *2006/48/EC*. The covered bonds issued by DNB Boligkreditt AS fulfil these criteria, but the Eurosystem has not checked the fulfilment of these conditions for Norway, since Norway is not part of the EU. Therefore, covered bonds issued by DNB Boligkreditt AS are marked with a "N/A" what regards 'own-use covered bonds' in ECB's eligible asset database.
- **DNB Boligkreditt AS confirms that the covered bonds it issues are compliant with the CRD-requirement set forth in the Eurosystem guidelines.** In addition, DNB Boligkreditt AS confirms that it gives the information required in Regulation (EU) No *575/2013* ("CRR") article 129 (7) to its investors, so that the covered bonds issued by DNB Boligkreditt AS are eligible for the preferential treatment set out in CRR article 129 (4).

Appendix

Appendix B: Norwegian Macro and Residential Mortgage Market

Norwegian Economy (1)

- Improved outlook

*Estimates on future macro developments are still highly uncertain

	2018	2019	2020*	2021e*
Oil fund	EUR 801bn	EUR 970bn	EUR 1080bn ³⁾	
Budget surplus/deficit ¹⁾	8.1%	8.8%	-3.9% ²⁾	
Unemployment ⁴⁾	3.9%	3.7%	4.7%	4.8%
GDP growth ⁵⁾	+2.2%	+2.3%	-3.1%	+3.8%
Central Bank Rate ⁵⁾	0.75%	1.5%	0.0%	0.01%

Sources:

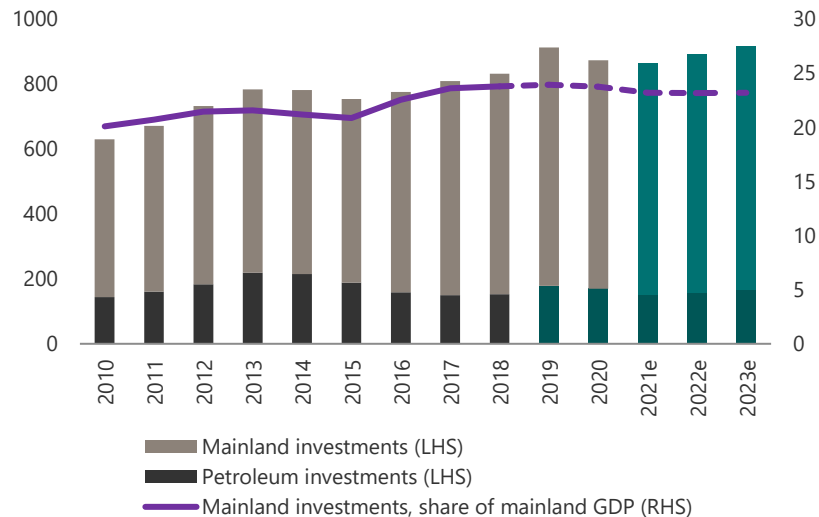
- 1) General Government net lending as percentage of GDP, OECD Economic Outlook No. 106, November 2019
- 2) Revised National Budget as per 12 May 2020
- 3) Norges Bank Investment Management, <https://www.nbim.no/en/the-fund/market-value/>, updated as of 21 January 2021
- 4) DNB Markets, 21 January 2021, based on Labour Force Survey figures. As opposed to registered unemployment, the Labour Force Survey figures include non-registered unemployed, however not short-term furloughed.
- 5) Norges Bank, PPR 1/21, 18 March 2021.

Norwegian Economy (2)

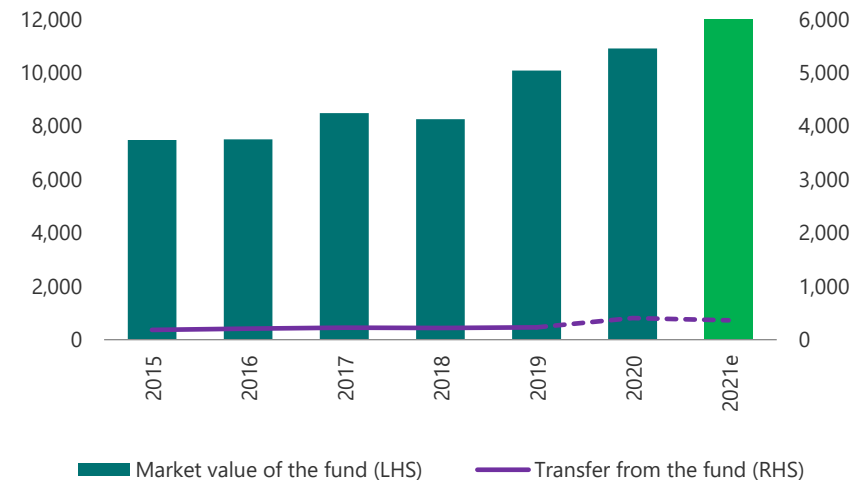
- Activity expected to pick up with ample fiscal room to manoeuvre if necessary

- Mainland investments expected to increase by 1.3% in 2021 and 2.9% in 2022 compared with 2020
- Expected use of the Norwegian oil fund in the national budget for 2020 is 3.9% and 3.3% for 2021¹⁾, leaving room for further measures

Investments in Norway
NOK billion, share of GDP in per cent



Flexible fiscal room to manoeuvre
Norway's oil fund, NOK billion



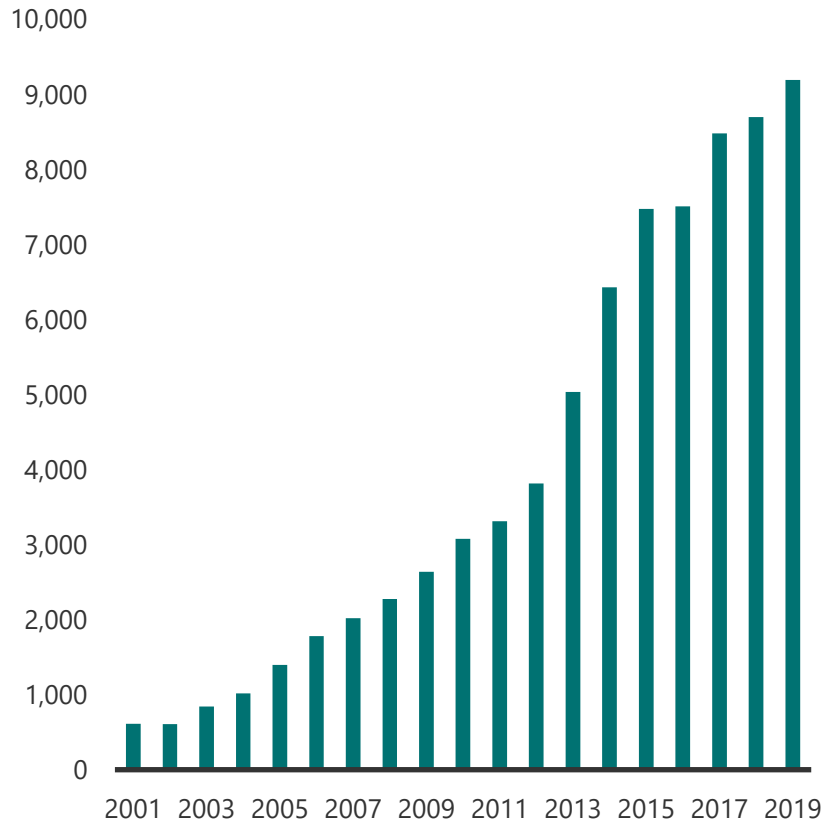
The fiscal rule states that transfers over time from the Norwegian Government Pension Fund Global (the oil fund) to the annual national budget should not be higher than the expected real return of the fund, estimated to 3% p.a. (reduced from 4% in 2017).

Sources: DNB Markets, Norwegian Ministry of Finance

The Growth of the Sovereign Wealth Fund Adds Flexibility

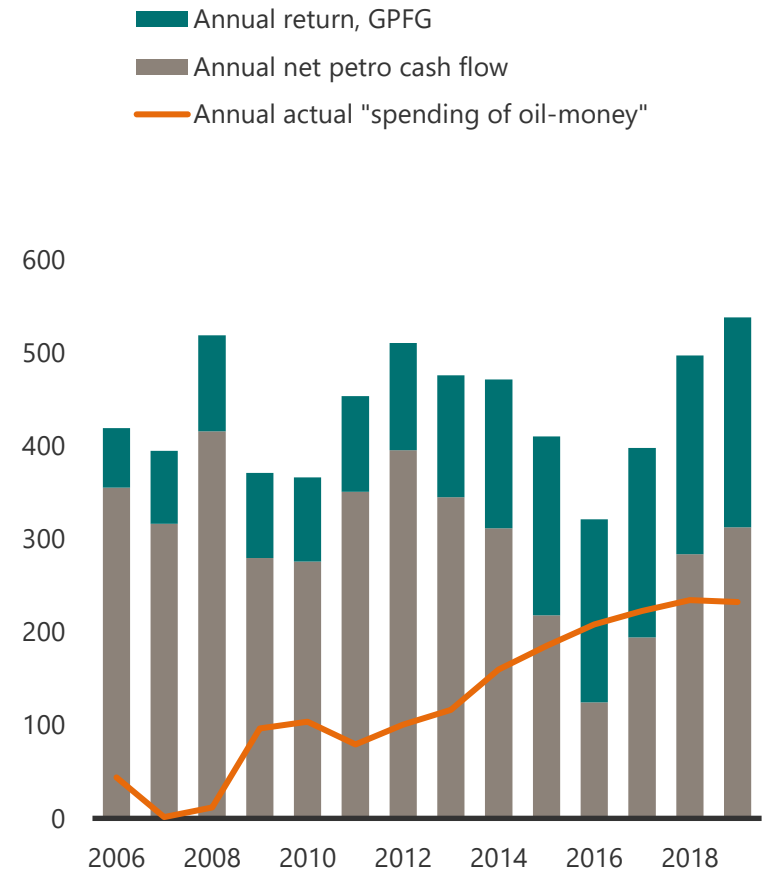
Government Pension Fund Global

2001-2019, NOK billion



Oil income versus spending

2006-2019, NOK billion

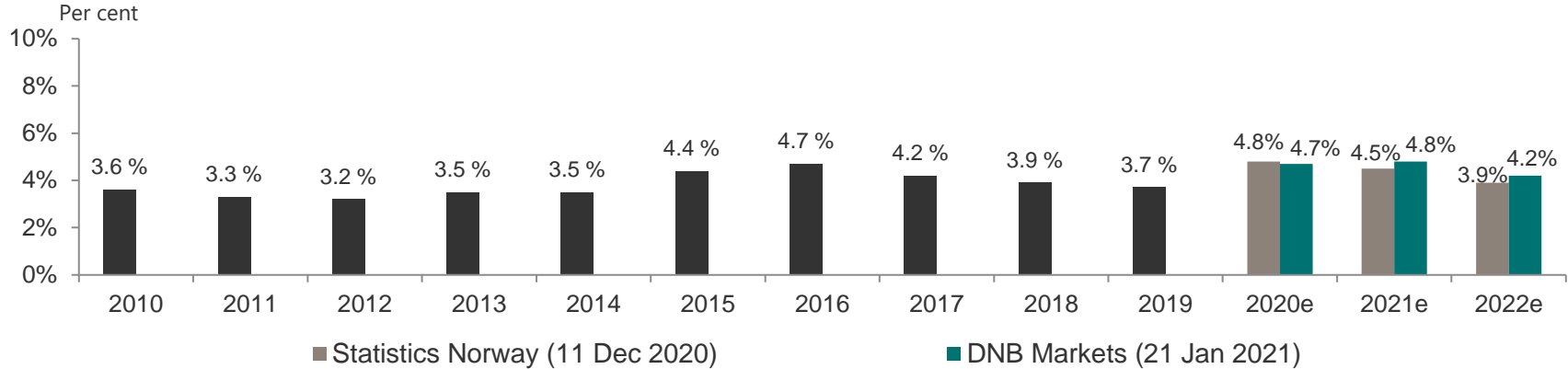


Source: Ministry of Finance (National Budget 2019), DNB Markets, NBIM

Unemployment – Among the Lowest in Europe

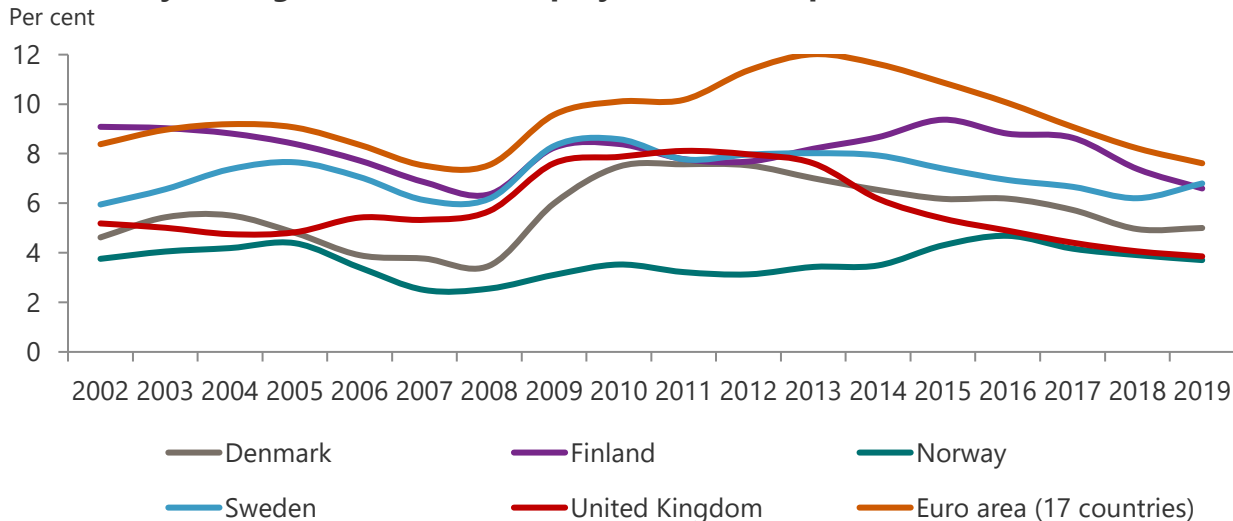
Estimates on future macro developments are still highly uncertain

Forecasted unemployment¹⁾



1) Based on Labour Force Survey figures. As opposed to registered unemployment, the Labour Force Survey figures include non-registered unemployed, however not short-term furloughed.

Historically among the lowest unemployment in Europe



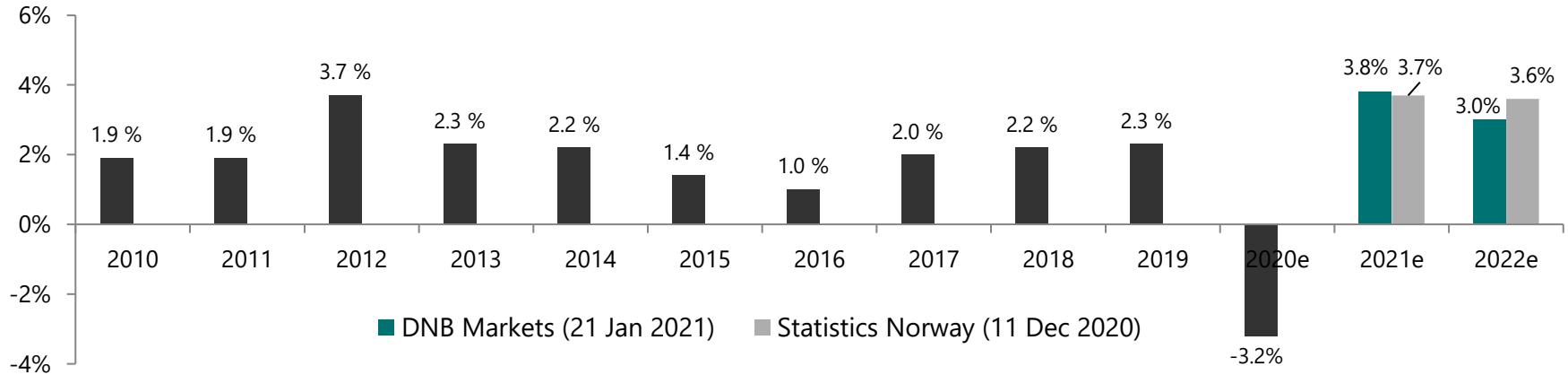
Source: OECD Economic Outlook No. 106 November 2019/DNB Markets (Jan 20)

Economic Growth in Norway

Estimates on future macro developments are still highly uncertain

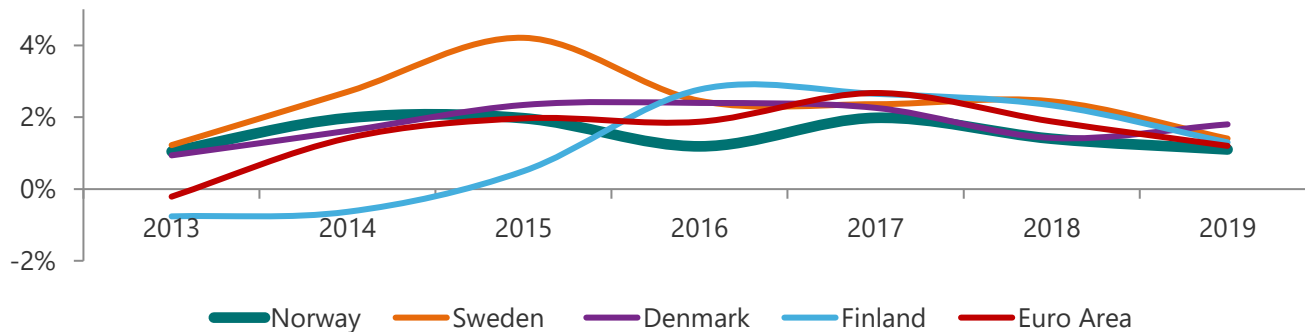
GDP growth

Year on year, per cent



Historical GDP growth

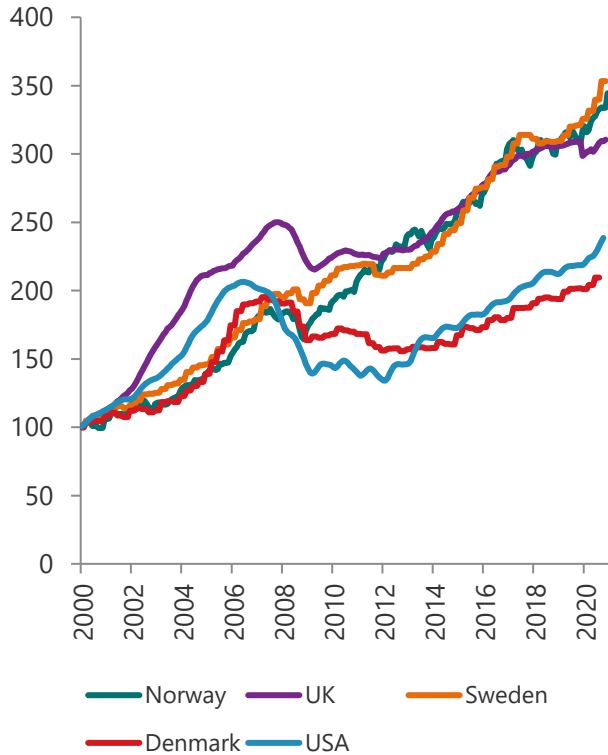
Per cent



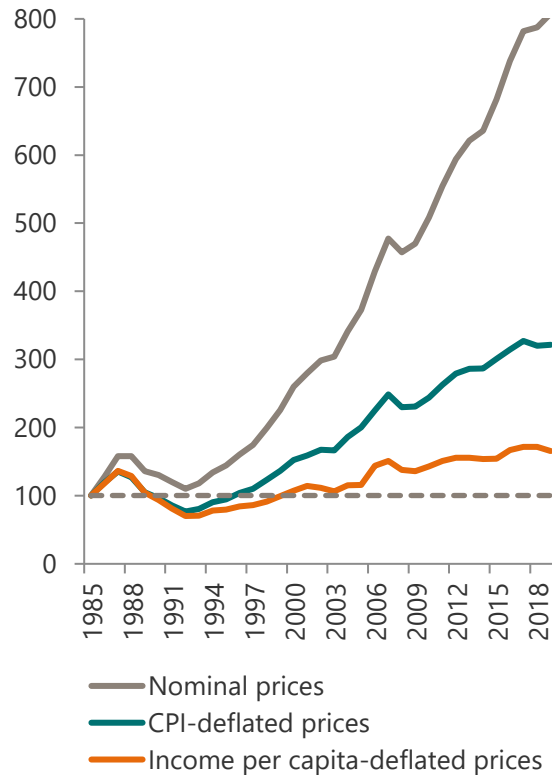
Source: OECD Economic Outlook No. 106, November 2019

House Price development

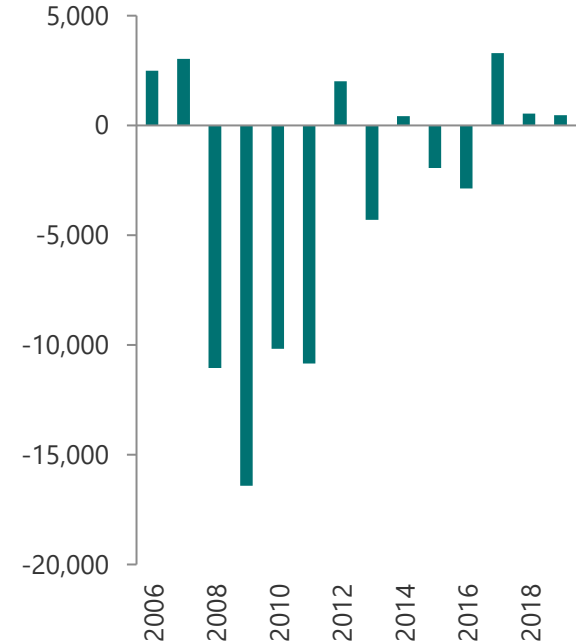
Nominal House Prices 2000-2020



Norwegian House Prices



Completed housings less growth in households



Source: Eiendomsverdi AS
(member of the European AVM Alliance)

Source: Real Estate Norway, Statistics Norway

Source: Norges Bank, Statistics Norway

The Norwegian Residential Mortgage Market

- Nearly 80% of Norwegians own their home:
 - Few mortgages are buy-to-let.
- Norway is primarily a floating interest rate market:
 - The large majority of mortgages originated by DNB are floating rate.
 - Rates on floating rate mortgages can be reset at any time and at the bank's own discretion, by giving debtors six weeks notice.
- Loans are normally underwritten with a term of 15-25 years:
 - Average size for new mortgages originated by DNB is approximately NOK 1,000,000 (EUR 110,000).
- In Norway, all borrowing costs are deductible from taxable income at the current rate of 23%:
 - Households are therefore better able to withstand an increase in interest rates.

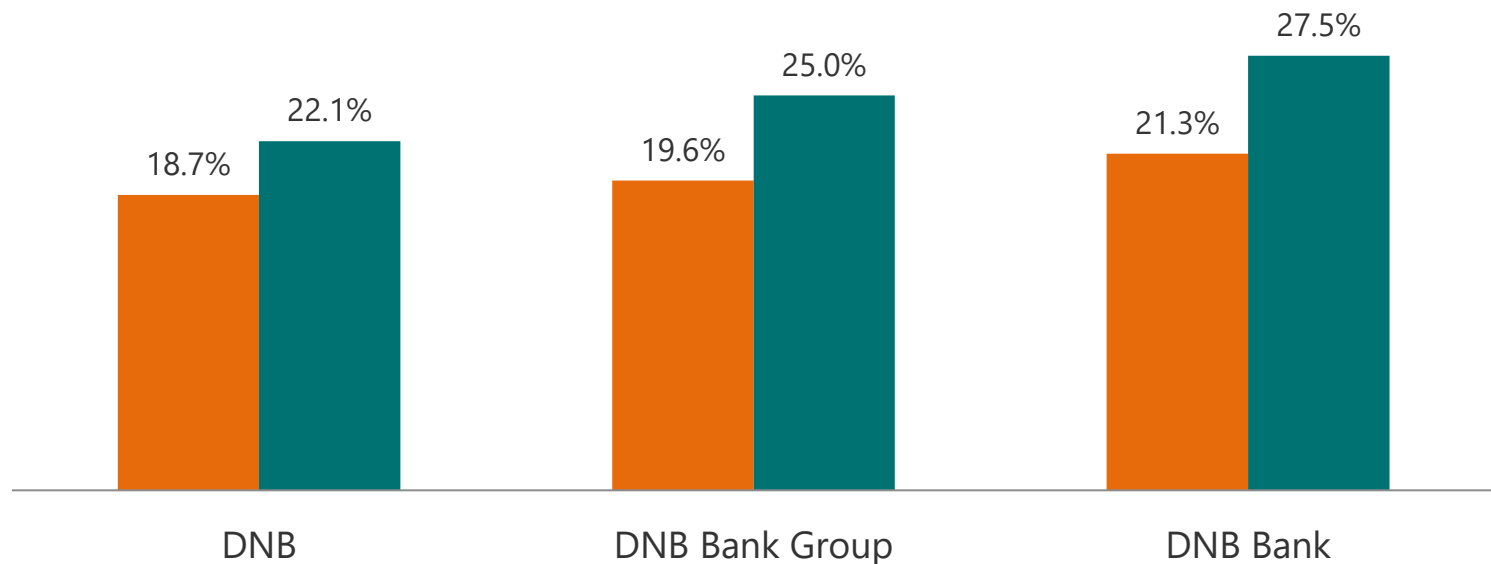
Appendix

Appendix C: Capital and Tier 1

DNB – Capital Ratios

DNB has to meet all capital requirements on DNB ASA group level (“DNB”), DNB Bank Group level (“DNB Bank Group”) and DNB Bank ASA solo level (“DNB Bank”)

CET1 and Total Capital Ratios as per 31 December 2020



Overall Capital Requirements under SREP

- Pillar 1 capital requirements in Norway consist of minimum requirements and combined buffer requirements.
- As a result of the **SREP**, the supervisors may decide on additional capital add-on (Pillar 2), which together with the Pillar 1 requirements form the **Overall capital requirement**.
- If there is a breach of the combined buffer requirements under Pillar 1, there will be automatic restrictions on dividends etc. (ref. CRD IV article 141).
- However, a breach of the overall capital requirements under SREP will not cause automatic restrictions¹⁾:
 - The Bank will have to present a plan to the NFSA how to restore the capital ratios
 - If the plan is not sufficient, the NFSA will consider other measures.
 - The measures will depend on the reasons behind the breach

1) In the Ministry of Finance's proposal regarding the implementation of CRDV in Norway, it is proposed that the P2R will be included in the MDA trigger level. Possible implementation late 2021/early 2022.

Pillar 2 Requirement in Norway

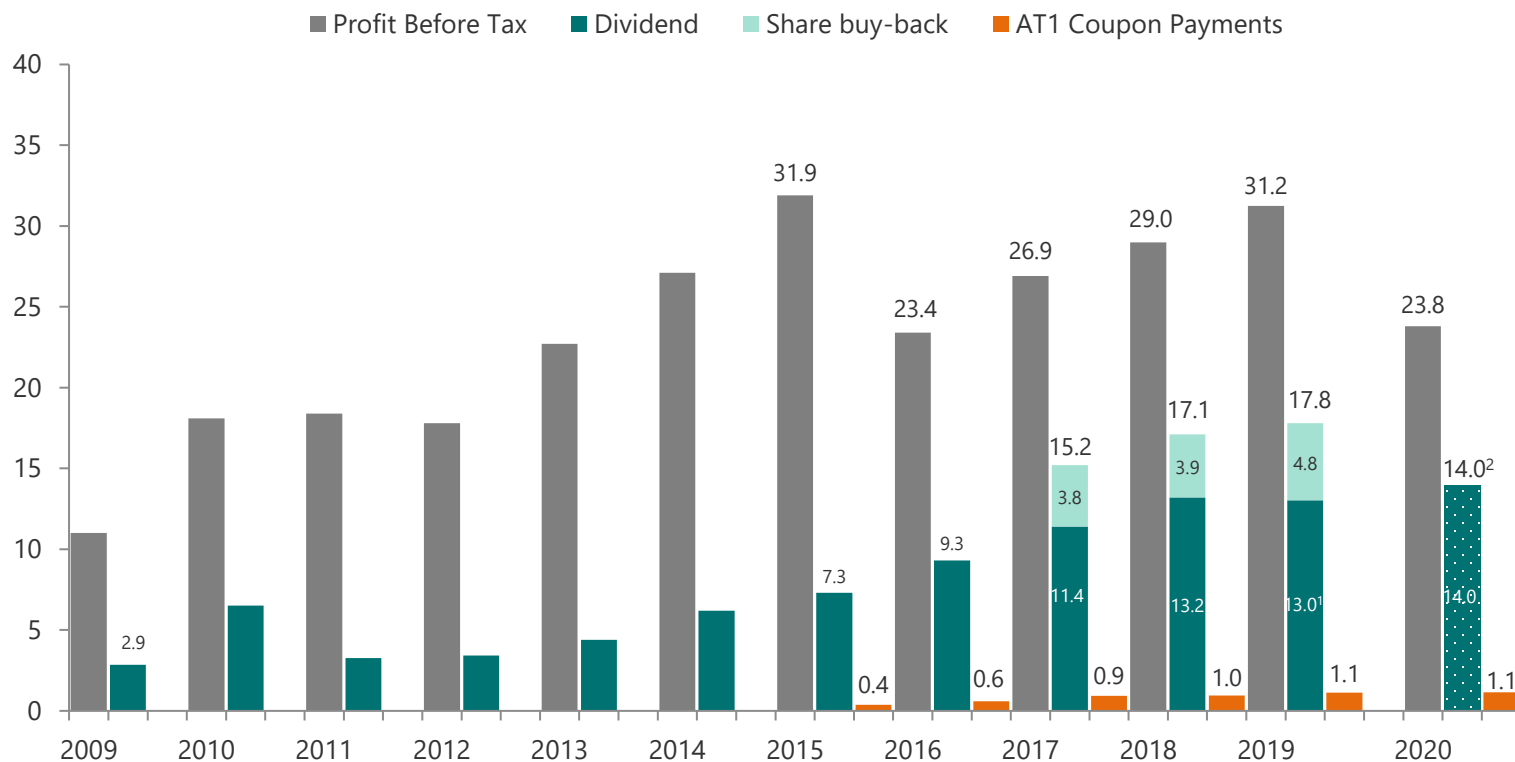
- Not included in the MDA Trigger Level
- To be fulfilled with CET1 Capital

- MDA restrictions will only apply if there is a breach of the Pillar 1 requirements (Minimum capital requirements + Combined buffer requirements)
 - Pillar 2 requirement in Norway currently do not influence the MDA trigger level
 - In the Ministry of Finance's proposal regarding the implementation of CRDV in Norway, it is **proposed that the P2R will be included in the MDA trigger level**. Possible implementation late 2021/early 2022.
- Current practice from the Norwegian FSA requires the Pillar 2 Requirement to be fulfilled by using CET1 Capital.
 - CRDV allows for parts of the Pillar 2 Requirement can be fulfilled with AT1 and Tier 2 Capital.
 - However, **NFSA can according to CRDV require that a higher portion of the Pillar 2 Requirement to be fulfilled with CET1 Capital**

Implementation of BRRD and change in creditor hierarchy

- The legislation implementing BRRD in Norway, entered into force 1 January 2019.
- The legislation sets forth that the resolution authorities shall establish a resolution plan for each institution with specific description of the tools available in a crisis situation. The resolution plan for DNB is not yet in place.
- In line with the BRRD, the creditor hierarchy is now changed so that deposits that are guaranteed by the Norwegian deposit guarantee scheme, as well as deposits from private individuals and small and medium sized enterprises, have priority before deposits from large corporates and unsecured senior debt, which again has priority before senior non-preferred debt and own funds instruments.
- One of the tools contemplated under the BRRD is the bail-in tool. According to the Norwegian legislation, any unsecured debt, except guaranteed deposits, may in principle be bailed in. The resolution authorities will however respect the hierarchy of claims.
- The implementation of the MREL requirement, including the subordination requirement, shall be made in such a way that no creditor will be worse off than it would have been in liquidation.

DNB's Solid Profitability Should Ensure AT1 Coupon Payments



Dividend payments on ordinary shares and coupon payments on Additional Tier 1 (AT1) instruments are at the discretion of the issuer

DNB will give due consideration to the capital hierarchy and look to preserve the seniority of claims going forward*

- 1) Dividends for 2019 are due to be paid in March 2021.
- 2) Dividends for 2020 will be finally decided after September 2021.

* Statement given at the DNB Capital Markets Day 27 November 2014

Leverage Ratio Requirement

- Norwegian leverage ratio requirement effective as from 30 June 2017:

• Minimum leverage ratio	3% ¹⁾
• Bank requirement	2%
• <u>SIFI requirement</u>	1%
⇒ Total SIFI/DNB requirement	6%

- As at 31 December 2020, DNB Group reported a leverage ratio of 7.1 %
⇒ Well above regulatory requirement

- A breach of the leverage ratio requirements will not trigger automatic restrictions on AT1 coupon payments.
- If there is a breach of the leverage ratio requirement, the financial institution will have to present to the NFSA a plan how to restore the leverage ratio.

Regulation dated 20 December 2016

1) Requirement for credit institutions such as DNB Boligkreditt AS.

ADI – Available Distributable Items

- Items available for distribution is defined in the Norwegian Public Limited Liability Companies Act¹⁾:

Following this definition, the ADI level is calculated as follows:

$ADI = \text{total equity} - \text{share capital} - \text{fund for unrealised gains}$

- For 2020, DNB decided also to deduct additional tier 1 capital from the ADI

DNB Bank ASA (31 December 2020):

$ADI = \text{NOK } 209\text{bn} - 19\text{bn} - 4\text{bn} - 18\text{bn (AT1)} = \text{NOK } 168\text{bn}$

- ⇒ Due to the significant amount available for distribution, we don't assess the ADI as a potential restriction for coupon payments.

1) The Norwegian CRD IV Regulation does not include any definition of ADI

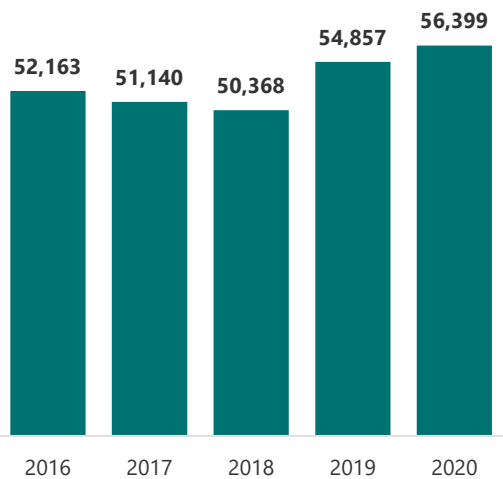
Appendix

Appendix D: Financial performance and Other information

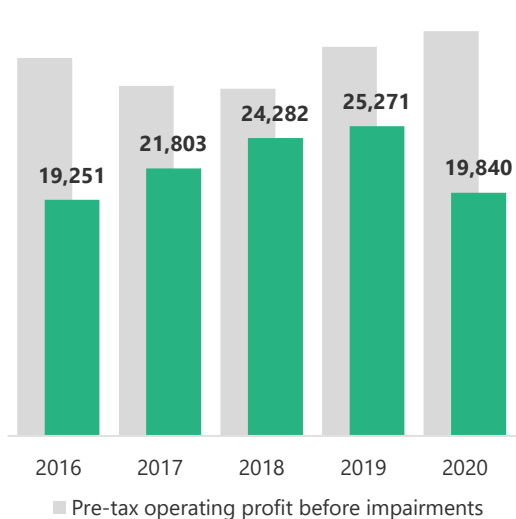
Solid earnings despite impact of the pandemic

- Total income up 2.8 per cent compared to 2019
- Earnings affected by reduced net interest income (NII) due to the lowered NOK key policy rate, and higher impairment provisions
- Return on equity impacted by yet-to-be distributed dividend for 2019

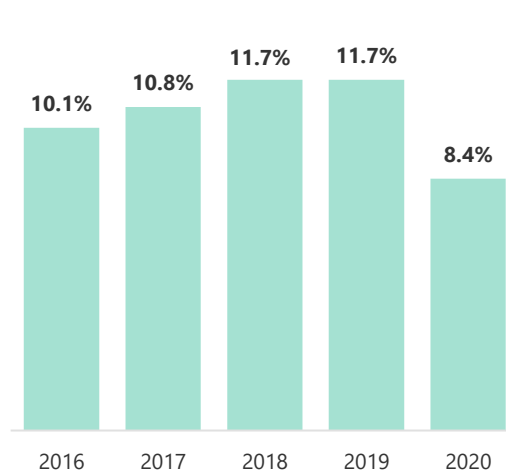
Total income
NOK million



Profit for the year
NOK million



Return on equity
Per cent



Appendix

Appendix E: ESG

Expected impact of ESG regulation

Portfolio analysis and reporting

The implementation of the **EU Taxonomy and related EU Sustainable Finance initiatives** will have a significant impact on DNB in terms of portfolio analysis, especially within credit.

In order to comply with the need for increased transparency on **taxonomy alignment**, there is a need for better reporting on ESG from our customers.

Being a signatory to the **Poseidon Principles**, we have started the process of measuring the carbon intensity of our shipping portfolio, and plan to report on this annually. We have also begun using **Rystad Energy tools** to measure carbon intensity in the oil & gas portfolio.

The **Non-Financial Reporting Directive** will imply new demands within ESG reporting, and we will continue to improve our ESG reporting in line with the revision.

Integrating climate risk and stresstesting

We have ongoing pilots within the credit portfolio, stress testing for climate risk within shipping, oil/gas/offshore and power/renewables based on the **TCFD methodology**.

There will be an increased need for more forward-looking information, where the TCFD pilot is an important contribution. In 2019 DNB reported in line with the TCFD recommendations.

Climate risk (and ESG risk) is included in the **DNB Credit manual**, as part of the risk assessment for corporate loans (>8 MNOK)



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