DNB Group

Fourth quarter report 2023

Preliminary and unaudited

DNB

Financial highlights

Income statement *Amounts in NOK million*	4th quarter 2023	4th quarter 2022	Full year 2023	Full year 2022
Net interest income	15 997	14 071	61 547	48 294
Net commissions and fees	2 927	2 709	11 115	10 328
Net gains on financial instruments at fair value	(162)	256	5 283	4 147
Net insurance result	326	504	1 183	1 235
Other operating income	900	1 018	2 569	2 129
Net other operating income	3 991	4 487	20 150	17 840
Total income	19 988	18 558	81 697	66 133
Operating expenses	(7 639)	(7 340)	(28 395)	(25 627)
Restructuring costs and non-recurring effects	(64)	(26)	(225)	(176)
Pre-tax operating profit before impairment	12 286	11 192	53 077	40 331
Net gains on fixed and intangible assets	0	(25)	11	(24)
Impairment of financial instruments	(920)	(674)	(2 649)	272
Pre-tax operating profit	11 366	10 493	50 440	40 579
Tax expense	(1 824)	(519)	(10 811)	(7 411)
Profit from operations held for sale, after taxes	(138)	127	(149)	270
Profit for the period	9 403	10 101	39 479	33 438

Balance sheet *Amounts in NOK million*	31 Dec. 2023	31 Dec. 2022
Total assets	3 439 724	3 233 405
Loans to customers	1 997 363	1 961 464
Deposits from customers	1 422 941	1 396 630
Total equity	269 296	249 840
Average total assets	3 687 312	3 502 400
Total combined assets[1]	4 034 568	3 726 791

Key figures and alternative performance measures	4th quarter 2023	4th quarter 2022	Full year 2023	Full year 2022
Return on equity, annualised (per cent)[1]	14.6	17.1	15.9	14.7
Earnings per share (NOK)	5.93	6.36	24.83	21.02
Combined weighted total average spreads for lending and deposits (per cent)[1]	1.42	1.30	1.39	1.21
Average spreads for ordinary lending to customers (per cent)[1]	1.50	1.29	1.45	1.47
Average spreads for deposits from customers (per cent)[1]	1.31	1.31	1.32	0.88
Cost/income ratio (per cent)[1]	38.5	39.7	35.0	39.0
Ratio of customer deposits to net loans to customers at end of period, customer segments (per cent)[1]	74.9	75.1	74.9	75.1
Net loans at amortised cost and financial commitments in stage 2, per cent of net loans at amortised cost[1]	9.35	9.28	9.35	9.28
Net loans at amortised cost and financial commitments in stage 3, per cent of net loans at amortised cost[1]	1.17	1.25	1.17	1.25
Impairment relative to average net loans to customers at amortised cost, annualised (per cent)[1]	(0.18)	(0.14)	(0.13)	0.01
Common equity Tier 1 capital ratio at end of period (per cent)	18.2	18.3	18.2	18.3
Leverage ratio (per cent)	6.8	6.8	6.8	6.8
Share price at end of period (NOK)	216.00	194.45	216.00	194.45
Book value per share	162.92	150.64	162.92	150.64
Price/book value[1]	1.33	1.29	1.33	1.29
Dividend per share[2]			16.00	12.50
Sustainability:				
Finance and facilitate sustainable activities (NOK billion, accumulated)	561.8	390.9	561.8	390.9
Total assets invested in mutual funds with a sustainability profile (NOK billion)	124.3	27.4	124.3	27.4
Score from Traction's reputation survey in Norway (points)	57	60	57	60
Customer satisfaction index, CSI, personal customers in Norway (score)	68.5	71.1	71.4	72.8
Female representation at management levels 1-4 (per cent)	38.8	38.3	38.8	38.3

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

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

Contents

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

Directors' report

In the fourth quarter of 2023, mainland GDP growth in Norway was moderate, while activity levels in the economy showed further signs of cooling down. The unemployment rate remained low. To reduce the inflationary pressure, the Norwegian central bank, Norges Bank, raised the key policy rate by 0.25 percentage point to 4.50 per cent in December. DNB's results in 2023 were strong, driven by increased interest rates and a robust and diversified fee platform. The capital situation remained solid, and the portfolio well-diversified and robust. With a proposed cash dividend of NOK 16 per share for 2023 and share buy-backs of NOK 6.85 per share, the Group delivers on its dividend policy.

Fourth quarter financial performance

The Group delivered profits of NOK 9 403 million in the quarter, a decrease of NOK 698 million, or 6.9 per cent, from the corresponding quarter of last year. Compared with the third quarter, profits decreased by NOK 739 million.

Earnings per share were NOK 5.93 compared with NOK 6.36 in the year-earlier period, and NOK 6.39 in the third quarter.

The common equity Tier 1 (CET1) capital ratio was 18.2 per cent at end-December, down from 18.3 per cent a year earlier and in the previous quarter.

The leverage ratio was 6.8 per cent at end-December, at the same level as in the year-earlier period and up from 6.3 per cent at end-September.

Annualised return on equity (ROE) came in at 14.6 per cent for the fourth quarter, impacted by strong results across customer segments and product areas, as well as increased net interest income. The corresponding figures were 17.1 per cent in the fourth quarter of 2022, and 16.3 per cent in the third quarter of 2023.

The Board of Directors proposes a dividend for 2023 of NOK 16 per share, or a total of NOK 24 153 million.

Net interest income was up NOK 1 926 million, or 13.7 per cent, and NOK 279 million, or 1.8 per cent, from the fourth quarter of 2022 and from the previous quarter, respectively. The increase can be ascribed to higher interest rates.

Net other operating income amounted to NOK 3 991 million, down NOK 496 million from the corresponding period in 2022. This can be ascribed to negative mark-to-market adjustments. However, net commissions and fees contributed positively with strong deliveries across product areas. Compared with the previous quarter, net operating income decreased by NOK 1 260 million.

Operating expenses amounted to NOK 7 703 million in the fourth quarter, up NOK 337 million from the corresponding period a year earlier, due to a further strengthening of core competence. Compared with the previous quarter, operating expenses were up NOK 845 million, reflecting a seasonally higher activity level.

Impairment of financial instruments amounted to NOK 920 million in the fourth quarter, mainly driven by impairment provisions in stage 3 related to customer-specific events.

Sustainability

DNB's transition plan was published on 17 October. The plan sets out DNB's 2030 interim targets, how DNB will drive the transition, the business implications of the net-zero commitment, and the tools DNB has for engaging with customers to reduce their greenhouse gas emissions. To secure implementation of the transition plan across the Group, a project group has started to carry out the activities described in the plan, in addition to updating the relevant governing documents.

DNB's updated Sustainable Product Framework, which was developed in collaboration with DNB's business partner Sustainalytics, and the updated Green Finance Framework, under which DNB can issue green bonds, were also published in the fourth quarter of 2023.

Further on, in the fourth quarter, DNB entered into a cooperation agreement with the environmental foundation ZERO on enhancing the Group's work relating to energy efficiency and renewable energy. The aim of the agreement is to combine ZERO's climate expertise and DNB's financial and industrial expertise with a view to exploring possible solutions for the energy transition. DNB also became a project partner in a consortium led by Nordic Circles, which promotes the upcycling of metal from the maritime industry into environmentally friendly building materials.

To strengthen the Group's work on nature and biodiversity, a project group has been established to map DNB's impact on nature within relevant sectors in the lending and investment portfolio, in addition to mapping the risks and opportunities for DNB.

In the fourth quarter, DNB Livsforsikring launched the pension profile Green Transition, which is an actively managed pension profile that has a special focus on responsible and sustainable investments. The funds selected for the pension profile have a clear sustainability theme that will contribute to reducing greenhouse gas emissions and promoting climate adaptation by down-weighting companies with high levels of greenhouse gas emissions, and/or selecting opportunities arising from the transition to a low-emission society.

DNB Asset Management (DAM) updated the Group instructions for responsible investments and their expectation documents during the quarter. DAM also signed up to the FAIRR Initiative's Protein Diversification engagement.

As of 31 December, DNB had facilitated a cumulative total of NOK 562 billion in sustainable financing. This was an increase of 11.3 per cent from the previous quarter and shows that DNB is on track to reach the target of NOK 1 500 billion by 2030. With regard to DAM's target of NOK 200 billion in assets in mutual funds with a sustainability profile by 2025, NOK 124 billion had been invested as of 31 December. More in-depth reporting on DNB's sustainability efforts will be included in the integrated annual report, which will be published on 14 March 2024.

Share buy-back programme

The Annual General Meeting (AGM) in 2023 gave the Board of Directors an authorisation to repurchase up to 3.5 per cent of the company's share capital, as well as an authorisation to DNB Markets of 0.5 per cent for hedging purposes, valid up to the AGM in 2024.

A repurchase programme of 1.5 per cent was announced on 17 July 2023 and was completed on 18 October. On 19 October, a new programme of 1.0 per cent was announced, and was completed on 21 December. On 22 December, a third programme of 0.75 per cent was announced. Under the third program, DNB purchased 355 935 shares up to 31 December 2023, representing 0.02 per cent of its issued shares.

A total of 25 774 725 shares were repurchased in 2023 under the three buy-back programmes, corresponding to 1.67 per cent of the share capital. In addition, 0.86 per cent of the shares owned by the Norwegian government will be redeemed after the AGM in 2024, bringing total buy-backs to 2.53 per cent at 31 December 2023.

Other events in the fourth quarter

Every year, Universum ranks Norway's most attractive employers among professionals. This year, around 8 400 professionals expressed their opinion. DNB was ranked the second-best employer among professionals in the survey. The bank retained its title as the financial industry's best in the category of banking and finance.

In the fourth quarter, DNB had become Norway's leading transaction bank, with an increase in the transaction volume of 20 per cent in 2023 compared with 2022.

In the Prospera surveys, DNB Markets ranked first in Domestic Equity in Norway for the ninth year running. DNB Markets also ranked first in all subcategories across Execution, Research & advisory and Corporate access. Furthermore, DNB's ranking for Large Corporates advanced from fourth to second place.

Following the decisions made in the fourth quarter by the Norwegian central bank, Norges Bank, to raise the key policy rate by a total of 0.25 percentage point to 4.50 per cent, DNB decided to increase its interest rates by up to 0.25 percentage point in the same period.

In Traction's reputation survey for the fourth quarter of 2023, DNB scored 57 points. The goal is a result over 65 points.

Fourth quarter income statement – main items

Net interest income

Amounts in NOK million	4Q23	3Q23	4Q22
Lending spreads, customer segments	7 179	6 105	5 999
Deposit spreads, customer segments	4 680	5 374	4 643
Amortisation effects and fees	1 150	1 074	1 044
Operational leasing	791	762	661
Contributions to the deposit guarantee and resolution funds	(308)	(309)	(296)
Other net interest income	2 504	2 713	2 020
Net interest income	15 997	15 718	14 071

Net interest income increased by NOK 1 926 million, or 13.7 per cent, from the fourth quarter of 2022. This was mainly due to increased interest rates and subsequent customer repricings, as well as higher interest on equity. There was an average increase of NOK 54.9 billion, or 3.0 per cent, in the healthy loan portfolio compared with the fourth quarter of 2022. Adjusted for exchange rate effects, volumes were up NOK 20.2 billion, or 1.1 per cent. During the same period, deposits were up NOK 2.4 billion, or 0.2 per cent. Adjusted for exchange rate effects, there was a decrease of NOK 29.1 billion, or 2.1 per cent. Average lending spreads widened by 21 basis points, and deposit spreads widened by 1 basis point compared with the fourth quarter of 2022. Volume-weighted spreads for the customer segments widened by 12 basis points.

Compared with the third quarter of 2023, net interest income increased by NOK 279 million, or 1.8 per cent, driven by increased interest rates. There was an average increase of NOK 10.8 billion, or 0.6 per cent, in the healthy loan portfolio, and deposits were down NOK 2.8 billion, or 0.2 per cent. Average lending spreads widened by 22 basis points, and deposit spreads narrowed by 19 basis points compared with the previous quarter. Volume-weighted spreads for the customer segments widened by 4 basis points.

Net other operating income

Amounts in NOK million	4Q23	3Q23	4Q22
Net commissions and fees	2 927	2 735	2 709
Basis swaps	(500)	(162)	(604)
Exchange rate effects related to additional Tier 1 capital	(392)	(11)	(847)
Net gains on other financial instruments at fair value	730	1 876	1 707
Net insurance result	326	364	504
Net profit from associated companies	274	(65)	460
Other operating income	626	515	558
Net other operating income	3 991	5 252	4 487

Net other operating income decreased by NOK 496 million, or 11.0 per cent compared with the fourth quarter of 2022. This was mainly due to negative mark-to-market effects on financial instruments. Exchange rate effects related to additional Tier 1 (AT1) capital contributed negatively. Net commissions and fees showed solid results with an increase of NOK 218 million, or 8.1 per cent. The increase can be ascribed to strong performance across product areas, especially from investment banking and asset management services.

Compared with the previous quarter, net other operating income decreased by NOK 1 261 million, or 24.0 per cent, mainly due to basis swaps and negative exchange rate effects related to AT1 capital. Net commissions and fees were strong and increased by NOK 192 million, or 7.0 per cent as a result of a robust fee platform.

Operating expenses

Amounts in NOK million	4Q23	3Q23	4Q22
Salaries and other personnel expenses	(4 413)	(3 932)	(4 216)
Restructuring expenses	(15)	(8)	(10)
Other expenses	(2 298)	(2 018)	(2 243)
Depreciation of fixed and intangible assets	(929)	(900)	(882)
Impairment of fixed and intangible assets	(49)		(14)
Total operating expenses	(7 703)	(6 858)	(7 366)

Operating expenses were up NOK 337 million, or 4.6 per cent compared with the fourth quarter of 2022. This was due to a higher number of full-time employees, relating to a further strengthening of core competence and the annual salary adjustment, as well as an increase in IT expenses.

Compared with the third quarter of 2023, operating expenses were up NOK 845 million, or 12.3 per cent, reflecting a seasonally high activity level, as well as an increase in IT-expenses. In addition, there were higher pension expenses driven by the increased return on the closed defined-benefit pension scheme. The scheme is partly hedged, and a corresponding gain was recognised in net gains on financial instruments.

The cost/income ratio was 38.5 per cent in the fourth quarter.

Impairment of financial instruments by industry segment

Amounts in NOK million	4Q23	3Q23	4Q22
Personal customers	(117)	(86)	(147)
Commercial real estate	(122)	(98)	(249)
Residential property	(67)	(132)	(121)
Power and renewables	(88)	(20)	8
Oil, gas and offshore	(45)	(171)	152
Other	(482)	(430)	(317)
Total impairment of financial instruments	(920)	(937)	(674)

Impairment of financial instruments amounted to NOK 920 million in the quarter. Impairment provisions amounted to NOK 117 million in the personal customers industry segment, mainly driven by consumer finance. The corporate customers industry segment saw impairment provisions across all three stages, amounting to NOK 803 million. The impairment provisions for the quarter could primarily be ascribed to specific customers in stage 3, spread across various industry segments. The quarter saw no changes in the impairment provisions for the legacy portfolio in Poland.

Net stage 3 loans and financial commitments amounted to NOK 23 billion at end-December 2023, which was an increase of NOK 3 billion from the previous quarter and a decrease of NOK 1 billion from the corresponding period of 2022. The increase for the quarter was driven by a few specific customers in various segments migrating to stage 3.

Taxes

The DNB Group's tax expense for the fourth quarter has been estimated at NOK 1 824 million, or 16.0 per cent of the pre-tax operating profit. The tax rate is affected by the year-end calculation of debt interest distribution, increase in tax-exempt income and non-deductible expenses.

Financial performance – segments

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

Personal customers

Income statement in NOK million	4Q23	3Q23	4Q22
Net interest income	5 703	5 507	4 793
Net other operating income	1 186	1 474	1 487
Total income	6 889	6 981	6 280
Operating expenses	(2 911)	(2 785)	(2 753)
Pre-tax operating profit before impairment	3 978	4 196	3 527
Impairment of financial instruments	(149)	(111)	(136)
Pre-tax operating profit	3 829	4 085	3 391
Tax expense	(957)	(1 021)	(848)
Profit for the period	2 872	3 064	2 543
Average balance sheet items in NOK billion			
Loans to customers	957.6	960.1	952.3
Deposits from customers	582.4	592.7	584.6
Key figures in per cent			
Lending spreads[1]	0.74	0.39	0.41
Deposit spreads[1]	2.21	2.51	2.15
Return on allocated capital	18.5	19.4	16.6
Cost/income ratio	42.2	39.9	43.8
Ratio of deposits to loans	60.8	61.7	61.4

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

The personal customers segment delivered strong profits and a return on allocated capital of 18.5 per cent in the fourth quarter. An increase in net interest income due to lag effects from the repricing of customer loans and deposits contributed to the positive development. Average loans to customers grew moderately by 0.5 per cent from the fourth quarter of 2022, with the healthy mortgage portfolio increasing by 0.4 per cent. Deposits from customers decreased by 0.4 per cent in the corresponding period, and the ratio of deposits to loans declined by 0.6 percentage point, to 60.8 per cent. Combined spreads on loans and deposits widened by 22 basis points from the fourth quarter of 2022, and by 9 basis points compared with the previous quarter.

Net other operating income fell by 19.5 per cent from the previous quarter. Seasonal variations in income from payment services and real estate services, as well as lower income from pension products in DNB Livsforsikring were the main reasons for this. The decline from the corresponding quarter in 2022 is explained by lower income from pension products, as well as extraordinary effects related to financial instruments and the reorganisation of the Vipps customer service centre.

Operating expenses rose by 4.5 per cent from the previous quarter. Increasing IT costs and the write-down of an IT system were partly counteracted by seasonally lower activity in real estate services.

Impairment provisions amounted to NOK 149 million in the personal customer segment in the quarter, compared with impairment provisions of NOK 136 million and NOK 111 million in the corresponding quarter of 2022 and the third quarter of 2023, respectively. The impairment provisions were mainly in stage 3 and driven by consumer finance. There was a slight migration from stage 2 to stage 1 within the mortgage portfolio of approximately NOK 5 billion, mainly due to a somewhat improved macro forecast as well as a small improvement in the underlying credit quality in the segment. The effect on the impairment provisions for the quarter was limited. Overall, the credit portfolio remained robust.

DNB's market share of credit to households in Norway was 23.5 per cent at end-November 2023. The market share of total household savings was 30.3 per cent at the same point in time, while the market share of savings in mutual funds amounted to 37.8 per cent. DNB Eiendom had an average market share of 14.9 per cent in the fourth quarter.

Corporate customers

Income statement in NOK million	4Q23	3Q23	4Q22
Net interest income	9 896	9 674	9 044
Net other operating income	3 104	2 728	3 349
Total income	13 000	12 403	12 393
Operating expenses	(4 328)	(4 019)	(4 105)
Pre-tax operating profit before impairment	8 672	8 384	8 288
Net gains on fixed and intangible assets	0	(0)	0
Impairment of financial instruments	(770)	(827)	(537)
Profit from repossessed operations	(111)	(6)	199
Pre-tax operating profit	7 791	7 551	7 950
Tax expense	(1 948)	(1 888)	(1 988)
Profit for the period	5 843	5 663	5 963
Average balance sheet items in NOK billion			
Loans to customers	964.2	949.7	914.6
Deposits from customers	844.5	833.0	830.4
Key figures in per cent			
Lending spreads[1]	2.26	2.19	2.22
Deposit spreads[1]	0.70	0.79	0.71
Return on allocated capital	21.0	20.8	21.4
Cost/income ratio	33.3	32.4	33.1
Ratio of deposits to loans	87.6	87.7	90.8

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

The corporate customers segment delivered a solid profit and a return on allocated capital of 21.0 per cent in the fourth quarter, down from 21.4 per cent in the corresponding quarter of 2022, but slightly up from 20.8 per cent in the previous quarter. The profit was mainly driven by increased net interest income from loans, in addition to solid interest income from deposits and net other operating income from a broad range of products.

Net interest income increased by NOK 852 million compared with the fourth quarter of 2022, and NOK 222 million compared with the previous quarter. Lending volumes were up 5.4 per cent compared with the corresponding quarter of last year. Adjusted for exchange rate effects volumes increased by 2.0 per cent. Compared with the previous quarter, lending volumes were up 1.5 per cent, and up 0.2 per cent adjusted for exchange rate effects. Lending spreads widened by 7 basis points in the fourth quarter of 2023. Compared with the level in the corresponding quarter of 2022, lending spreads widened by 4 basis points. Deposit volumes increased by 1.7 per cent compared with the corresponding quarter of 2022, but decreased by 1.8 per cent adjusted for exchange rate effects. Compared with the previous quarter, deposit volumes were up 1.4 per cent, though down 0.1 per cent adjusted for exchange rate effects. Deposit spreads narrowed by 9 basis points in the fourth quarter of 2023. The ratio of deposits to loans has remained high for some time, but in the longer term it is expected to gradually decrease towards a more normalised level.

Net other operating income amounted to NOK 3 104 million in the fourth quarter, down NOK 245 million from the fourth quarter of 2022, but up by NOK 376 million compared with the previous quarter. Income from net commissions and fees increased by NOK 188 million from the corresponding quarter last year, and by NOK 174 million from the previous quarter. Income from Markets activities increased as well, and was up NOK 84 million from the corresponding quarter of last year and NOK 269 million from the previous quarter. Net gains on financial instruments at fair value, however, amounted to a negative NOK 16 million in the fourth quarter, compared with net gains of NOK 505 million in the corresponding quarter of 2022, and net gains of NOK 143 million in the previous quarter. Total income for the quarter ended at NOK 13 000 million, an increase of 4.9 per cent compared with the fourth quarter of 2022, and an increase of 4.8 per cent compared with the previous quarter.

Operating expenses were up 5.4 per cent from the fourth quarter of last year, primarily driven by higher IT expenses. Compared with the previous quarter, operating expenses were up 7.7 per cent, mainly resulting from higher IT expenses and an increase in personnel expenses.

There were impairment provisions of NOK 770 million in the corporate customers segment, which were mainly driven by specific customers in stage 3, spread across various industry segments. This is up NOK 233 million from the corresponding quarter of 2022.

DNB is well positioned for continued profitable growth in the large corporate customers segment and for building further on its market-leading position in the SME segment. The corporate customers segment has embedded DNB's net-zero ambition into key sectoral strategies and further strengthened the focus on new and existing profitable opportunities relating to the green transition.

Other operations

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

Income statement in NOK million	4Q23	3Q23	4Q22
Net interest income	398	537	233
Net other operating income	(571)	768	(927)
Total income	(174)	1 305	(694)
Operating expenses	(191)	227	70
Pre-tax operating profit before impairment	(364)	1 532	(623)
Net gains on fixed and intangible assets	(0)	(4)	(25)
Impairment of financial instruments	(1)	1	(1)
Profit from repossessed operations	111	6	(199)
Pre-tax operating profit	(254)	1 536	(848)
Tax expense	1 081	(121)	2 317
Profit from operations held for sale, after taxes	(138)	(0)	127
Profit for the period	688	1 415	1 595
Average balance sheet items in NOK billion			
Loans to customers	108.4	106.7	105.3
Deposits from customers	53.1	89.5	58.1

The profit for the other operations segment was NOK 688 million in the fourth quarter.

Risk management income was down from NOK 497 million in the corresponding quarter of last year, to NOK 246 million this quarter. The reduction was mainly due to slightly lower performance related to interest rate trading, volatility in counter-party risk (XVA) and lower performance in the bond portfolio compared with its high performance at the end of last year.

The pre-tax profit for guaranteed pension products was NOK 442 million, compared with NOK 481 million in the fourth quarter of 2022. This can primarily be ascribed to a change in the best estimate for technical provisions.

The solvency margin without transitional rules was 248 per cent as of 31 December 2023, a decrease from 270 per cent at the end of the third quarter, mainly due to lower interest rates. Somewhat reduced market risk in the common portfolio has made a positive contribution to the solvency margin. In December, DNB Livsforsikring made a capital repayment of NOK 1 billion to DNB Bank ASA. In addition, the solvency calculation takes into account dividends for the financial year 2023 of NOK 887 million. Total dividends in the fourth quarter caused a reduction in the solvency margin of 12 percentage points. At the current interest rate level, the transitional rules for technical insurance provisions have no effect, and the solvency margins with and without transitional rules are equal.

DNB's share of the profit in associated companies (most importantly Luminor, Vipps and Fremtind) is included in this segment. There was a decrease in profit from these companies of NOK 185 million compared with the fourth quarter of 2022, but an increase in profit of NOK 343 million compared with the previous quarter. An additional factor, when comparing with the fourth quarter of 2022, is the gain related to the merger.

Full year 2023

DNB recorded profits of NOK 39 479 million in 2023, up NOK 6 041 million, or 18.1 per cent, from 2022. Annualised return on equity was 15.9 per cent, compared with 14.7 per cent in the year-earlier period, and earnings per share were NOK 24.83, up from NOK 21.02 in 2022.

Net interest income increased by NOK 13 253 million from 2022, driven by repricing effects following interest rate hikes from the Norwegian central bank, Norges Bank, and by volume growth, as well as higher interest on equity.

Net other operating income increased by NOK 2 310 million, or 12.9 per cent. Net commissions and fees showed a strong development in 2023 and increased by NOK 787 million, or 7.6 per cent. Money transfer and asset management services were the main contributors.

Total operating expenses were up NOK 2 817 million from 2022, due to higher activity and a larger number of full-time employees.

Impairment of financial instruments totalled NOK 2 649 million in 2023. Impairment provisions of NOK 276 million and NOK 2 376 million could be seen in the personal customers and corporate customers industry segments, respectively. The impairment provisions in the corporate customers segment were primarily related to the legacy portfolio in Poland and customer-specific events in stage 3, spread across various industry segments. The impairment provisions were partly curtailed by net reversals from restructuring in the oil, gas and offshore industry segment.

Income statement for 2023 – main items

Net interest income

Amounts in NOK million	2023	2022
Lending spreads, customer segments	27 261	25 767
Deposit spreads, customer segments	18 925	11 842
Amortisation effects and fees	4 327	4 197
Operational leasing	2 993	2 467
Resolution fund fee and deposit guarantee fund levy	(1 259)	(1 231)
Other net interest income	9 300	5 251
Net interest income	61 547	48 294

Net interest income increased by NOK 13 253 million, or 27.4 per cent from 2022, mainly due to positive effects from repricing, increased volumes, and higher interest on equity. There was an average increase in the healthy loan portfolio of NOK 126.8 billion, or 7.2 per cent, from 2022. In the same period, there was an increase of NOK 77.2 billion, or 5.7 per cent, in average deposit volumes. Combined spreads widened by 18 basis points compared with the year-earlier period. Average lending spreads for the customer segments narrowed by 2 basis points, and average deposit spreads widened by 45 basis points.

Net other operating income

Amounts in NOK million	2023	2022
Net commissions and fees	11 115	10 328
Basis swaps	(612)	822
Exchange rate effects related to additional Tier 1 capital	332	794
Net gains on other financial instruments at fair value	5 563	2 531
Net insurance result	1 183	1 235
Net profit from associated companies	449	746
Other operating income	2 120	1 384
Net other operating income	20 150	17 840

Net other operating income increased by NOK 2 310 million, or 12.9 per cent compared with 2022. There were solid results for both customer- and trading revenues in DNB Markets, which contributed positively in income from financial instruments. However, this was partly offset by exchange rate effects related to AT1 capital and basis swaps. Net commissions and fees showed a strong development and increased by NOK 787 million, or 7.6 per cent, in 2023, driven by solid performance across product areas, particularly within money transfer services with higher income than pre-pandemic levels, as well as higher income from asset management services.

Operating expenses

Amounts in NOK million	2023	2022
Salaries and other personnel expenses	(16 278)	(14 673)
Restructuring expenses	(42)	(18)
Other expenses	(8 506)	(7 648)
Depreciation of fixed and intangible assets	(3 613)	(3 455)
Impairment of fixed and intangible assets	(181)	(10)
Operating expenses	(28 620)	(25 803)

Total operating expenses were up NOK 2 817 million in 2023, due to higher salary and personnel expenses reflecting increased activity, and a further strengthening of competence in the area of compliance and technology, as well as an increase in IT-expenses.

The cost/income ratio was 35.0 per cent in 2023.

Impairment of financial instruments by industry segment

Amounts in NOK million	2023	2022
Personal customers	(276)	(413)
Commercial real estate	(241)	(212)
Residential property	(200)	(156)
Power and renewables	(292)	(66)
Oil, gas and offshore	905	1 558
Other	(2 545)	(438)
Total impairment of financial instruments	(2 649)	272

Impairment of financial instruments amounted to NOK 2 649 million for the full year 2023, compared to a net reversal of NOK 272 million for the full year 2022. The year 2023 was affected both by increased interest rates and high inflation affected different segments.

The personal customers industry segment saw impairment provisions of NOK 276 million in 2023, compared with impairment provisions of NOK 413 million in 2022. The impairment provisions could be seen in stage 3, partly curtailed by net reversals within stage 2. The impairment provisions for the year were mainly within consumer finance.

Impairment provisions for the corporate customers industry segments could be seen in all three stages, amounting to NOK 2 373 million. This was an increase compared to the full year 2022, which showed impairment provisions of NOK 141 million. The figures also include impairment provisions relating to the legacy portfolio in Poland of NOK 671 million for the full year. Excluding the legacy portfolio, the impairment provisions could primarily be seen in stage 3, relating to negative developments for specific customers within various industry segments. The stage 3 impairment provisions were partly curtailed by successful restructurings for customers in offshore-related industries. In stage 1 and 2, an increase could be seen within the retail industries and services. For the portfolio as a whole, the macro forecast had a relatively limited effect on stage 1 and 2 for the year.

Net stage 3 loans and financial commitments amounted to NOK 23 billion at end-December 2023, which is a decrease of NOK 1 billion from the end of the fourth quarter of 2022.

Funding, liquidity and balance sheet

The US Commercial Paper (USCP) programme was the most stable source of short-term funding for DNB in 2023. The focus on stability in the outstanding volume, and the requirements relating to liquidity reserves meant that the level of activity was high. At year-end, the outstanding volume under the USCP programme was approximately USD 25 billion. Issues under the USCP programme have experienced healthy growth, as have issues under the European Commercial Paper/Certificates of Deposit (ECP/ECD) Programmes, were the year ended with an outstanding volume of approximately EUR 13.5 billion. In both markets, DNB has focused on issues with terms to maturity of 6–12 months, but has also issued shorter-term funding in the interest of our investors. Access to short-term funding has been good throughout the year, with USD remaining the most important currency, but with a growing interest in EUR and GBP, which provides a positive diversification effect in the short-term funding.

There were large fluctuations in credit risk premiums for long-term funding in 2023, but the levels at the end of the year were similar to those at the start of the year, with the exception of covered bonds, where credit risk premiums increased significantly throughout the year. This is partly a result of fewer purchases from central banks.

After a positive start to the year, March saw a significant shift in market conditions, caused by turmoil in some parts of the banking sector. The markets subsequently recovered and showed marginally better developments towards the summer. The market sentiment in the second quarter was to some extent characterised by the negotiations surrounding the raising of the debt ceiling in the US. In the third quarter, developments remained relatively flat. The fourth quarter started with a weaker risk sentiment, but changed towards the end of the fourth quarter, helped by lower inflation figures and relatively favourable macro figures. The improvement in risk sentiment led to a solid reduction in credit risk premiums towards the end of 2023.

DNB made long-term issues in the SEK, JPY, NOK, EUR, USD and CHF markets totalling NOK 101 billion in 2023, compared with NOK 98 billion in 2022. In the fourth quarter, DNB issued long-term financing equivalent to NOK 33 billion. Among new issues in 2023, approximately half of the volume was issued in senior instruments that help to meet the minimum requirement for own funds and eligible liabilities (MREL). A significant volume of covered bonds was also issued (around 35 per cent of the total volume). The remaining volume was issued as own funds (AT1/T2). The terms to maturity of new issues in 2023 have mainly been from 3 to 5 years.

The total nominal value of long-term debt securities issued by the Group was 506 NOK billion at end-December, compared with NOK 537 billion a year earlier. The average remaining term to maturity for long-term debt securities issued was 3.6 years, compared with 3.5 years a year earlier.

The short-term liquidity requirement, the Liquidity Coverage Ratio (LCR), remained stable at above 100 per cent throughout the quarter and stood at 146 per cent at the end of December. The net long-term stable funding ratio, NSFR, was 117 per cent, which was well above the minimum requirement of 100 per cent for stable and long-term funding.

Total combined assets in the DNB Group were NOK 4 035 billion at the end of December, up from NOK 3 727 billion a year earlier. Total assets in the Group's balance sheet were NOK 3 440 billion, and NOK 3 233 billion at the end of 2022.

Loans to customers increased by NOK 36 billion, or 1.8 per cent, from the end of 2022 to the end of 2023. Customer deposits were up NOK 26 billion, or 1.9 per cent, during the same period. The ratio of customer deposits to net loans to customers was 74.9 per cent, down from 75.1 per cent a year earlier.

Capital position

The common equity Tier 1 (CET1) capital ratio was 18.2 per cent at end-December, down from 18.3 per cent a year earlier and at end-September 2023. Share-buy back programmes are deducted from the CET1 capital ratio when approved, and the buy-back programme of 0.75 per cent announced in December 2023 contributed to a reduction in the CET1 capital ratio of 23 basis points in the quarter.

Retained earnings in the period contributed to a 37 basis-point increase in the CET1 capital ratio.

The CET1 requirement for DNB at end-December was 15.6 per cent, while the expectation from the supervisory authorities was 16.8 per cent including Pillar 2 Guidance, after the assessment (SREP) and decision by Finanstilsynet (the Financial Supervisory Authority of Norway) in December. The Group thus had a solid 1.4 percentage-point headroom above the current supervisory authorities' capital level expectation.

The risk exposure amount increased by NOK 21 billion from end-September, to NOK 1 100 billion at end-December, and led to a decrease in CET1 capital ratio of 36 basis points in the quarter.

The leverage ratio was 6.8 per cent at end-December, at the same level as in the year-earlier period and up from 6.3 per cent at end-September.

Capital adequacy

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

Capital and risk

	4Q23	3Q23	4Q22
CET1 capital ratio, per cent	18.2	18.3	18.3
Tier 1 capital ratio, per cent	20.0	20.2	19.6
Capital ratio, per cent	22.5	22.7	21.8
Risk exposure amount, NOK billion	1 100	1 079	1 062
Leverage ratio, per cent	6.8	6.3	6.8

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

New regulatory framework

Reduction in DNB's Pillar 2 requirement

Finanstilsynet carries out an assessment of DNB's risk and capital requirements (the Supervisory Review and Evaluation Process (SREP)) on a regular basis, normally once a year. As part of the SREP process, a decision is made on Pillar 2 requirements and Pillar 2 Guidance, which comes in addition to the minimum requirement and the overall buffer requirement under Pillar 1. In December 2023, DNB received a decision from Finanstilsynet, which applied from 31 December 2023.

Finanstilsynet decided that the Pillar 2 requirement for DNB at Group level was to be reduced from 2.1 per cent to 2.0 per cent of the total risk exposure amount. At least 56.25 per cent of the requirement must be met with CET1 capital, while 75 per cent must be covered by Tier 1 capital (Additional Tier 1). The new Pillar 2 requirement will therefore reduce the total capital adequacy requirement by 0.1 percentage point, while the CET1 capital ratio requirement will be reduced by 0.056 percentage point and the Tier 1 capital ratio requirement will be reduced by 0.075 percentage point.

The Pillar 2 Guidance will be reduced from 1.5 per cent to 1.25 per cent of the total risk exposure amount. The new Pillar 2 requirement and the new Pillar 2 Guidance mean that Finanstilsynet's overall expectation of DNB's CET1 capital ratio is reduced by 0.3 percentage point.

Counter-cyclical capital buffer maintained at current level

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

Changes in the order of priority in the Financial Institutions Act

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

Increased systemic risk buffer requirement for banks using the standardised approach

In 2019, the Norwegian Ministry of Finance decided to increase the systemic risk buffer requirement from 3 to 4.5 per cent. The requirement entered into force at year-end 2020 for banks using the advanced IRB approach (A-IRB), and was initially meant to apply from the end of 2022 to other banks. In December 2022, the transitional rule was extended by one year until year-end 2023, and the new requirement thus applied from 1 January 2024.

The Swedish, Danish and Finnish authorities have all made decisions concerning reciprocity for the Norwegian systemic risk buffer (SyRB) requirement. Both Sweden and Denmark have decided to fully reciprocate the Norwegian SyRB, while the Finnish authorities have only recognised partial reciprocity, with a systemic risk buffer of 3.5 per cent on Norwegian exposures as of 1 July 2024.

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

On 6 December 2023, the EU countries approved the agreement on the implementation of the final parts of the Basel IV recommendations in the EU. The regulatory changes include a new standardised approach for calculating capital requirements for credit risk and a new capital requirement floor for banks using internal models, as well as new requirements for ESG risk assessments and enhanced supervision.

The regulatory amendments for implementing Basel IV are set out in the CRR3 and the CRD6. This legislation has EEA relevance and the Ministry's goal is that the new standardised approach and the other amendments in the CRR3 will enter into force in Norway on the same date as in the EU, that is, from 1 January 2025 while the rules in the CRD6 will apply from mid 2025.

The Ministry of Finance gave Finanstilsynet the task of preparing a consultation paper on the implementation of expected EEA rules corresponding to those set out in the CRR3 and the CRD6. Finanstilsynet is also to assess the effects of the rules, and whether any options available to Norway, such as national regulatory measures, should be used, and if so, how.

Additional employer's national insurance contribution of 5 per cent for salaries above NOK 850 000

On 1 January 2023, an additional employer's national insurance contribution of 5 per cent was introduced for employees with an annual income of more than NOK 750 000. This fee applied to the part of the salary that exceeded NOK 750 000, and was described by the authorities as a measure adapted to the situation at the time and intended to contribute to covering the national budget for 2023.

In connection with the national budget for 2024, a political decision was made to phase out the additional employer's national insurance contribution. From 1 January 2024, the threshold for this contribution will be raised from NOK 750 000 to NOK 850 000.

Macroeconomic developments

In 2023, the key policy rate rose in Norway, from 2.75 per cent at the beginning of the year to 4.50 per cent at the monetary policy meeting of the Norwegian central bank, Norges Bank, in December. The NOK weakened against the EUR, from NOK 10.50 at the beginning of 2023 to NOK 12.00 at the end of May 2023. This weakening contributed to the Norwegian central bank, Norges Bank, raising the key policy rate by 0.5 percentage point at its meeting in June, rather than the warned increase of 0.25 percentage point. The NOK strengthened somewhat after this, but weakened again in the fourth quarter, and until the monetary policy meeting in December, it was somewhat weaker than forecast by the central bank. Norges Bank therefore decided to raise the key policy rate again in December, even though other central banks did not change their key policy rates. At the end of the year the EUR/NOK exchange rate was recorded at 11.22. Against the USD, the NOK weakened from USD/NOK 9.80 at the end of 2022 to USD/NOK 10.17 at the end of 2023.

The growth in activity in the Norwegian economy slowed in 2023. Preliminary figures show that mainland GDP rose by 0.1 per cent in both the second and third quarters, compared with the previous quarter. Growth of about 1 per cent is expected for 2023, adjusted for changes in the number of business days. Petroleum-related industries have operated at close to full capacity, and parts of the service sector have made substantial contributions to growth during the past year. However, there has been a pronounced decline in housing construction, and parts of the retail sector have experienced a fairly sharp fall in activity from the high levels during the pandemic.

Inflation showed a declining tendency throughout the year, but particularly low energy prices resulted in CPI growth of a mere 3.3 per cent year-on-year in September 2023. Core inflation was 5.5 per cent in December, while growth from 2022 to 2023 was 6.2 per cent. While inflation in 2022 and into 2023 was to a great extent linked to energy and import prices, wage growth and corporate margins became increasingly important for inflation in 2023. In 2023, the rise in wages and prices appeared to be similar. There are indications that inflation will decline in 2024 and real wages will rise somewhat. In addition, the interest rates for households may decline slightly in the second half of the year. If so, these developments will, combined, contribute to strengthening demand from consumers and strengthening the demand for homes.

House prices, adjusted for seasonal variation, rose slightly through all of the three last months of 2023, but ended down by 0.3 per cent for the year as a whole, compared with 2022. However, there were considerable differences in developments in prices in different parts of the country. Total sales of used homes declined, but were at about the same level as in the years before the pandemic. Households' credit growth declined during 2023, and was 3.3 per cent year-on-year in November. By comparison, at the end of 2022, household credit growth was 4.1 per cent.

Future prospects

The DNB Group's overriding financial target is a return on equity (ROE) above 13 per cent.

Norges Bank's stepwise increase of the key policy rate, from 2.75 per cent to 4.50 per cent during 2023, followed by DNB's repricing announcements, will have full effect from end-February 2024.

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

The tax rate going forward is expected to be 23 per cent.

The supervisory expectation for the common equity Tier 1 (CET1) capital ratio for DNB is above 16.8 per cent. In its capital planning, DNB has set the supervisory expectation plus some headroom as its target capital level. The headroom will reflect market-driven fluctuations, including in foreign exchange, and potential minor regulatory changes. The actual ratio achieved in the fourth quarter was 18.2 per cent.

The Group's dividend policy remains unchanged, with a payout ratio of more than 50 per cent in cash dividends and an ambition to increase the nominal dividend per share each year. In addition to dividend payments, repurchases of own shares are being used as a flexible tool for allocating excess capital to DNB's owners.

The Board of Directors will propose a dividend for 2023 of NOK 16 per share, or a total of NOK 24 153 million, corresponding to a payout ratio of 63 per cent (91 per cent including the announced share buy-back programs of 3.25 per cent).

Oslo, 30 January 2024
The Board of Directors of DNB Bank ASA

Olaug Svarva
(Chair of the Board)

Jens Petter Olsen
(Vice Chair of the Board)

Gro Bakstad

Christine Bosse

Petter-Børre Furberg

Julie Galbo

Lillian Hattrem

Stian Tegler Samuelsen

Jannicke Skaanes

Kim Wahl

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

Accounts for the DNB Group

G – INCOME STATEMENT

Amounts in NOK million	4th quarter 2023	4th quarter 2022	Full year 2023	Full year 2022
Interest income, effective interest method	43 595	27 417	153 550	75 241
Other interest income	1 236	1 811	7 095	4 751
Interest expenses, effective interest method	(29 441)	(14 992)	(101 757)	(29 080)
Other interest expenses	607	(166)	2 658	(2 619)
Net interest income	**15 997**	**14 071**	**61 547**	**48 294**
Commission and fee income	3 856	3 678	14 772	14 184
Commission and fee expenses	(929)	(970)	(3 658)	(3 856)
Net gains on financial instruments at fair value	(162)	256	5 283	4 147
Net insurance result	326	504	1 183	1 235
Profit from investments accounted for by the equity method	274	460	449	746
Net gains on investment properties	45	(9)	43	(7)
Other income	581	567	2 077	1 390
Net other operating income	**3 991**	**4 487**	**20 150**	**17 840**
Total income	**19 988**	**18 558**	**81 697**	**66 133**
Salaries and other personnel expenses	(4 428)	(4 226)	(16 320)	(14 690)
Other expenses	(2 298)	(2 243)	(8 506)	(7 648)
Depreciation and impairment of fixed and intangible assets	(977)	(897)	(3 794)	(3 465)
Total operating expenses	**(7 703)**	**(7 366)**	**(28 620)**	**(25 803)**
Pre-tax operating profit before impairment	**12 286**	**11 192**	**53 077**	**40 331**
Net gains on fixed and intangible assets	0	(25)	11	(24)
Impairment of financial instruments	(920)	(674)	(2 649)	272
Pre-tax operating profit	**11 366**	**10 493**	**50 440**	**40 579**
Tax expense	(1 824)	(519)	(10 811)	(7 411)
Profit from operations held for sale, after taxes	(138)	127	(149)	270
Profit for the period	**9 403**	**10 101**	**39 479**	**33 438**
Portion attributable to shareholders	9 019	9 858	38 166	32 587
Portion attributable to non-controlling interests	(15)	9	2	82
Portion attributable to additional Tier 1 capital holders	400	234	1 312	769
Profit for the period	**9 403**	**10 101**	**39 479**	**33 438**
Earnings/diluted earnings per share (NOK)	5.93	6.36	24.83	21.02
Earnings per share excluding operations held for sale (NOK)	6.02	6.28	24.93	20.85

G – COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	4th quarter 2023	4th quarter 2022	Full year 2023	Full year 2022
Profit for the period	**9 403**	**10 101**	**39 479**	**33 438**
Actuarial gains and losses	(331)	(237)	(291)	414
Property revaluation	3	10	2	5
Financial liabilities designated at FVTPL, changes in credit risk	(52)	(74)	(102)	140
Tax	96	78	99	(131)
Items that will not be reclassified to the income statement	(284)	(223)	(292)	428
Currency translation of foreign operations	(1 030)	(3 674)	4 950	3 275
Currency translation reserve reclassified to the income statement		(5 213)		(5 213)
Hedging of net investment	1 075	3 182	(3 845)	(2 878)
Hedging reserve reclassified to the income statement		5 137		5 137
Financial assets at fair value through OCI	(139)	248	(147)	(704)
Tax	(234)	(854)	998	900
Tax reclassified to the income statement		(1 284)		(1 284)
Items that may subsequently be reclassified to the income statement	(328)	(2 457)	1 955	(767)
Other comprehensive income for the period	**(611)**	**(2 680)**	**1 663**	**(340)**
Comprehensive income for the period	**8 792**	**7 421**	**41 142**	**33 098**

G – BALANCE SHEET

Amounts in NOK million	Note	31 Dec. 2023	31 Dec. 2022
Assets			
Cash and deposits with central banks		331 408	309 988
Due from credit institutions		94 259	20 558
Loans to customers	G5, G6, G7, G8	1 997 363	1 961 464
Commercial paper and bonds	G8	569 464	485 440
Shareholdings	G8	22 281	33 350
Assets, customers bearing the risk	G8	166 722	138 259
Financial derivatives	G8	178 263	185 687
Investment properties		9 454	14 651
Investments accounted for by the equity method		19 100	19 246
Intangible assets		10 456	10 273
Deferred tax assets		388	510
Fixed assets		21 439	21 254
Assets held for sale		1 195	1 767
Other assets		17 932	30 956
Total assets		**3 439 724**	**3 233 405**
Liabilities and equity			
Due to credit institutions		206 714	177 298
Deposits from customers	G8	1 422 941	1 396 630
Financial derivatives	G8	189 178	190 142
Debt securities issued	G8, G9	807 928	737 886
Insurance liabilities, customers bearing the risk		166 722	138 259
Insurance liabilities		195 319	200 601
Payable taxes		9 488	4 057
Deferred taxes		2 722	2 055
Other liabilities		22 583	33 972
Liabilities held for sale		540	541
Provisions		1 146	977
Pension commitments		5 343	4 657
Senior non-preferred bonds	G9	99 848	59 702
Subordinated loan capital	G8, G9	39 957	36 788
Total liabilities		**3 170 428**	**2 983 565**
Additional Tier 1 capital		22 004	16 089
Non-controlling interests		168	227
Share capital		18 960	19 378
Share premium		18 733	18 733
Other equity		209 431	195 413
Total equity		**269 296**	**249 840**
Total liabilities and equity		**3 439 724**	**3 233 405**

G – STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	Non-controlling interests	Share capital[1]	Share premium	Additional Tier 1 capital	Net currency translation reserve	Liability credit reserve	Other equity[1]	Total equity[1]
Balance sheet as at 31 Dec. 2021	**266**	**19 379**	**18 733**	**16 974**	**5 444**	**45**	**183 071**	**243 912**
IFRS17 implementation							(9 836)	(9 836)
Balance sheet as at 1 Jan. 2022	**266**	**19 379**	**18 733**	**16 974**	**5 444**	**45**	**173 235**	**234 076**
Profit for the period	82			769			32 587	33 438
Actuarial gains and losses							414	414
Property revaluation							5	5
Financial assets at fair value through OCI							(704)	(704)
Financial liabilities designated at FVTPL, changes in credit risk						140		140
Currency translation of foreign operations					3 275			3 275
Hedging of net investment					(2 878)			(2 878)
Tax on other comprehensive income					719	(35)	84	768
Reclassified to the income statement on the liquidation of foreign operations					(1 360)			(1 360)
Comprehensive income for the period	82			769	(243)	105	32 385	33 098
Interest payments AT1 capital				(1 037)				(1 037)
AT1 capital redeemed				(6 548)				(6 548)
Currency movements on redemption AT1 capital				428			(428)	
AT1 capital issued				4 800				4 800
Net purchase of treasury shares		(1)					(14)	(15)
Non-controlling interests	(120)							(120)
Aquisition of Sbanken				702				702
Dividends paid for 2021 (NOK 9.75 per share)							(15 116)	(15 116)
Balance sheet as at 31 Dec. 2022	**227**	**19 378**	**18 733**	**16 089**	**5 200**	**150**	**190 063**	**249 840**
Profit for the period	2			1 312			38 166	39 479
Actuarial gains and losses							(291)	(291)
Property revaluation							2	2
Financial assets at fair value through OCI							(147)	(147)
Financial liabilities designated at FVTPL, changes in credit risk						(102)		(102)
Currency translation of foreign operations					4 950			4 950
Hedging of net investment					(3 845)			(3 845)
Tax on other comprehensive income					961	25	110	1 096
Comprehensive income for the period	2			1 312	2 066	(76)	37 839	41 142
Interest payments AT1 capital				(1 225)				(1 225)
AT1 capital issued[2]				5 829			(5)	5 823
Net purchase of treasury shares[1]		1					19	20
Share buyback program		(419)					(6 517)	(6 936)
Non-controlling interests	(62)							(62)
Dividends paid for 2022 (NOK 12.50 per share)							(19 316)	(19 316)
Other equity transactions							10	10
Balance sheet as at 31 Dec. 2023	**168**	**18 960**	**18 733**	**22 004**	**7 266**	**73**	**202 092**	**269 296**

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

Balance sheet as at 31 December 2022		*(1)*					*(19)*	*(20)*
Net purchase of treasury shares		*1*					*19*	*20*
Balance sheet as at 31 December 2023								

2) *The DNB Group's parent, DNB Bank ASA, has issued five additional Tier 1 capital instruments in 2023. The first was issued in January, has a nominal value of NOK 2 300 million and is perpetual with a floating interest of 3-month NIBOR plus 3.5 per cent p.a. The second was issued in September, has a nominal value of NOK 650 million and is perpetual with an interest rate of 7.686 per cent p.a. until 14 March 2029. Thereafter 3-month NIBOR plus 3.5 percent. The third was issued in September, has a nominal value of NOK 1 100 million and is perpetual with a floating interest rate of 3-month NIBOR plus 3.5 per cent p.a. The fourth was issued in September, has a nominal value of SEK 850 million and is perpetual with an interest rate of 6.888 per cent p.a. until 14 March 2029. Thereafter 3-month STIBOR plus 3.5 per cent p.a. The fifth was issued in September, has a nominal value of SEK 1 000 million and is perpetual with a floating interest rate of 3-month STIBOR plus 3.5 per cent p.a.*

G – CASH FLOW STATEMENT

Amounts in NOK million	Full year 2023	Full year 2022
Operating activities		
Net payments on loans to customers	(13 895)	(108 632)
Net receipts on deposits from customers	6 476	57 382
Receipts on issued bonds and commercial paper	1 566 536	1 773 567
Payments on redeemed bonds and commercial paper	(1 511 124)	(1 732 556)
Net receipts/(payments) on loans to credit institutions	(38 759)	53 607
Interest received	157 263	74 480
Interest paid	(94 298)	(29 465)
Net receipts on commissions and fees	10 577	10 672
Net payments on the sale of financial assets in liquidity or trading portfolio	(52 503)	(55 399)
Payments to operations	(23 960)	(22 701)
Taxes paid	(2 956)	(3 645)
Receipts on premiums	18 852	17 357
Net receipts/(payments) on premium reserve transfers	(1 496)	666
Payments of insurance settlements	(15 270)	(14 528)
Other net payments	(1 319)	(11 854)
Net cash flow from operating activities	**4 124**	**8 952**
Investing activities		
Net payments on the acquisition or disposal of fixed assets	(4 081)	(3 513)
Receipts on investment properties	2 616	3 990
Payments on and for investment properties	(16)	(37)
Investment in long-term shares	(407)	(9 135)
Disposals of long-term shares	117	54
Dividends received on long-term investments in shares	14	993
Net cash flow from investing activities	**(1 756)**	**(7 649)**
Financing activities		
Receipts on issued senior non-preferred bonds	34 685	21 584
Payments on redeemed senior non-preferred bonds	(80)	
Receipts on issued subordinated loan capital	11 788	13 227
Redemptions of subordinated loan capital	(10 030)	(10 767)
Receipts on issued AT1 capital	5 829	4 800
Redemptions of AT1 capital		(6 548)
Interest payments on AT1 capital	(1 225)	(1 056)
Lease payments	(559)	(629)
Net purchase of own shares	(6 916)	(15)
Dividend payments	(19 316)	(15 116)
Net cash flow from financing activities	**14 176**	**5 481**
Effects of exchange rate changes on cash and cash equivalents	**1 913**	**2 603**
Net cash flow	**18 458**	**9 387**
Cash as at 1 January	317 123	307 735
Net receipts of cash	18 458	9 387
Cash at end of period*	335 580	317 123

**) Of which: Cash and deposits with central banks*	*331 408*	*309 988*
Deposits with credit institutions with no agreed period of notice[1]	*4 172*	*7 135*

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

NOTE G1 BASIS FOR PREPARATION

The quarterly financial statements for the Group have been prepared in accordance with IAS 34 Interim Financial Reporting, as issued by the International Accounting Standards Board and as adopted by the European Union. When preparing the consolidated financial statements, the management makes estimates, judgements and assumptions that affect the application of the accounting principles, as well as income, expenses, and the carrying amount of assets and liabilities. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the accounting policies, significant estimates, and areas where judgement is applied by the Group, can be found in Note G1 Accounting principles in the annual report for 2022. In the interim report, the accounting policies, significant estimates, and areas where judgement is applied by the Group are in conformity with those described in the annual report except for the accounting policy for insurance contracts, which is described below.

IFRS 17

IFRS 17 is the new standard for Insurance Contracts that replaces IFRS 4 Insurance Contracts. The DNB Group has applied IFRS 17 from 1 January 2023. The implementation of the new standard involves significant changes to the Group's accounting for insurance and reinsurance contracts. At the same time the DNB Group has changed its classification of some financial instruments under IFRS 9. IFRS 17 requires comparative figures for 2022.

The new IFRS 17 rules entail a new measurement method for the Group's life insurance liabilities, whereby estimated future cashflows in the insurance contracts are discounted using a marked-based interest rate. This affects the transition effect as at 1 January 2022, recognised liabilities and future profit and loss. There are also changes from the previous presentation in the income statement, as operating expenses relating to insurance contracts under the new rules are included in net operating income, whereas they were previously presented under operating expenses.

The full implementation effect of IFRS 17, including the effect of the changed measurement method for some financial instruments under IFRS 9, is NOK 9 836 million after tax, and the Group's equity at the transition date, 1 January 2022, has been reduced accordingly. The transition to IFRS 17 does not affect the DNB Group's common equity Tier 1 (CET1) capital, and thus does not affect the Group's capital adequacy, leverage ratio, minimum distributable amount (MDA) or dividend capacity.

For additional information on the adoption of IFRS 17, see note G52 Transition to IFRS 17 in the annual report for 2022.

Cash flow statement

As of 1 January 2023, the DNB Group presents the line items 'Receipts on issued bonds and commercial paper', 'Payments on redeemed bonds and commercial paper', 'Interest paid' and 'Interest received' as cash flow from operating activities in the cash flow statement. The changes are reflected in the comparative figures.

NOTE G2 SEGMENTS

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

Income statement, fourth quarter

	Personal customers		Corporate customers		Other operations		Eliminations		DNB Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Amounts in NOK million	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net interest income	5 703	4 793	9 896	9 044	398	233			15 997	14 071
Net other operating income	1 186	1 487	3 104	3 349	(571)	(927)	272	578	3 991	4 487
Total income	6 889	6 280	13 000	12 393	(174)	(694)	272	578	19 988	18 558
Operating expenses	(2 911)	(2 753)	(4 328)	(4 105)	(191)	70	(272)	(578)	(7 703)	(7 366)
Pre-tax operating profit before impairment	3 978	3 527	8 672	8 288	(364)	(623)			12 286	11 192
Net gains on fixed and intangible assets			0	0	(0)	(25)			0	(25)
Impairment of financial instruments	(149)	(136)	(770)	(537)	(1)	(1)			(920)	(674)
Profit from repossessed operations			(111)	199	111	(199)				
Pre-tax operating profit	3 829	3 391	7 791	7 950	(254)	(848)			11 366	10 493
Tax expense	(957)	(848)	(1 948)	(1 988)	1 081	2 317			(1 824)	(519)
Profit from operations held for sale, after taxes					(138)	127			(138)	127
Profit for the period	2 872	2 543	5 843	5 963	688	1 595			9 403	10 101

Income statement, Full year

	Personal customers		Corporate customers		Other operations		Eliminations		DNB Group	
	Full year		Full year		Full year		Full year		Full year	
Amounts in NOK million	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net interest income	21 658	15 907	37 961	30 748	1 929	1 638			61 547	48 294
Net other operating income	5 423	5 472	11 371	10 785	2 364	997	992	585	20 150	17 840
Total income	27 081	21 380	49 332	41 534	4 292	2 635	992	585	81 697	66 133
Operating expenses	(11 135)	(10 246)	(16 445)	(14 875)	(47)	(97)	(992)	(585)	(28 620)	(25 803)
Pre-tax operating profit before impairment	15 945	11 134	32 886	26 659	4 246	2 538			53 077	40 331
Net gains on fixed and intangible assets	0		1	1	10	(24)			11	(24)
Impairment of financial instruments	(511)	(288)	(2 137)	560	(1)	0			(2 649)	272
Profit from repossessed operations			28	348	(28)	(348)				
Pre-tax operating profit	15 434	10 846	30 778	27 567	4 227	2 166			50 440	40 579
Tax expense	(3 859)	(2 712)	(7 695)	(6 892)	742	2 192			(10 811)	(7 411)
Profit from operations held for sale, after taxes					(149)	270			(149)	270
Profit for the period	11 576	8 135	23 084	20 676	4 820	4 628			39 479	33 438

NOTE G3 CAPITAL ADEQUACY

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

Own funds

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Total equity	269 296	249 840
Effect from regulatory consolidation	2 835	2 244
Additional Tier 1 capital instruments included in total equity	(21 803)	(15 974)
Net accrued interest on additional Tier 1 capital instruments	(201)	(114)
Common equity Tier 1 capital instruments	250 127	235 994
Regulatory adjustments		
Pension funds above pension commitments	(44)	
Goodwill	(9 516)	(9 555)
Deferred tax assets that rely on future profitability, excluding temporary differences	(306)	(415)
Other intangible assets	(2 355)	(2 165)
Dividends payable and group contributions[1]	(24 153)	(19 316)
Share buy-back program	(5 165)	(1 437)
Deduction for investments in insurance companies[2]	(4 277)	(4 677)
IRB provisions shortfall	(2 876)	(2 694)
Additional value adjustments (AVA)	(939)	(1 194)
Insufficient coverage for non-performing exposures	(362)	(90)
(Gains) or losses on liabilities at fair value resulting from own credit risk	(73)	(150)
(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(134)	(214)
Common equity Tier 1 capital	199 927	194 088
Additional Tier 1 capital instruments	21 803	15 974
Deduction of holdings of Tier 1 instruments in insurance companies[3]	(1 500)	(1 500)
Non-eligible Tier 1 capital, DNB Group[4]		(117)
Additional Tier 1 capital instruments	20 303	14 357
Tier 1 capital	220 230	208 445
Perpetual subordinated loan capital		
Term subordinated loan capital	32 772	28 729
Deduction of holdings of Tier 2 instruments in insurance companies[3]	(5 588)	(5 588)
Non-eligible Tier 2 capital, DNB Group[4]		(123)
Additional Tier 2 capital instruments	27 184	23 018
Own funds	247 414	231 463
Total risk exposure amount	1 099 949	1 061 993
Minimum capital requirement	87 996	84 959
Capital ratios:		
Common equity Tier 1 capital ratio	18.2	18.3
Tier 1 capital ratio	20.0	19.6
Total capital ratio	22.5	21.8

1) The Board will propose a dividend of NOK 16 per share for 2023.

2) Deductions are made for significant investments in financial sector entities when the total value of the investments exceeds 10 per cent of common equity Tier 1 capital. The amounts that are not deducted are given a risk weight of 250 per cent.

3) Investments in Tier 1 and Tier 2 instruments issued by the Group's insurance companies are deducted from the Group's Tier 1 and Tier 2 capital.

4) Tier 1 and Tier 2 capital in subsidiaries not included in consolidated own funds in accordance with Articles 85-88 of the CRR.

NOTE G3 CAPITAL ADEQUACY (continued)

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

Specification of exposures

Amounts in NOK million	Original exposure 31 Dec. 2023	Exposure at default (EAD) 31 Dec. 2023	Average risk weight in per cent 31 Dec. 2023	Risk exposure amount (REA) 31 Dec. 2023	Capital requirement 31 Dec. 2023	Capital requirement 31 Dec. 2022
IRB approach						
Corporate exposures	1 226 801	976 834	43.4	423 906	33 912	32 642
of which specialised lending (SL)	*7 367*	*7 051*	*33.3*	*2 349*	*188*	*334*
of which small and medium-sized enterprises (SME)	*217 566*	*198 699*	*46.3*	*92 035*	*7 363*	*6 884*
of which other corporates	*1 001 868*	*771 083*	*42.7*	*329 522*	*26 362*	*25 425*
Retail exposures	1 006 455	992 650	22.4	222 345	17 788	17 792
of which secured by mortgages on immovable property	*925 692*	*925 692*	*21.8*	*201 714*	*16 137*	*16 008*
of which other retail	*80 763*	*66 958*	*30.8*	*20 631*	*1 651*	*1 785*
Total credit risk, IRB approach	2 233 256	1 969 484	32.8	646 251	51 700	50 435
Standardised approach						
Central government and central banks	458 822	458 206	0.0	86	7	0
Regional government or local authorities	49 017	42 322	1.7	727	58	61
Public sector entities	81 545	79 929	0.0	14	1	4
Multilateral development banks	54 305	54 305	1.1	594	48	
International organisations	987	987				
Institutions	85 656	59 076	31.6	18 679	1 494	1 530
Corporate	195 825	168 934	67.8	114 560	9 165	9 326
Retail	140 791	67 911	74.6	50 659	4 053	3 947
Secured by mortgages on immovable property	153 913	138 845	38.8	53 842	4 307	4 117
Exposures in default	3 986	3 072	132.2	4 061	325	211
Items associated with particular high risk	735	732	150.0	1 099	88	108
Covered bonds	54 010	54 010	10.0	5 401	432	351
Collective investment undertakings	1 583	1 583	35.9	568	45	19
Equity positions	22 957	22 956	233.4	53 586	4 287	4 368
Other assets	29 631	29 631	54.8	16 233	1 299	926
Total credit risk, standardised approach	1 333 762	1 182 498	27.1	320 109	25 609	24 969
Total credit risk	3 567 018	3 151 982	30.7	966 360	77 309	75 403
Settlement risk				0	0	
Market risk						
Position and general risk, debt instruments				8 136	651	687
Position and general risk, equity instruments				757	61	41
Currency risk				0	0	12
Commodity risk				5	0	0
Total market risk				8 899	712	740
Credit value adjustment risk (CVA)				3 500	280	383
Operational risk				121 190	9 695	8 433
Total risk exposure amount				1 099 949	87 996	84 959

NOTE G4 TAXES

Reconciliation of tax expense against nominal tax rate

Amounts in NOK million	Full year 2023	Full year 2022
Pre-tax operating profit	50 440	40 579
Estimated tax expense - nominal tax rate - 22 per cent	(11 097)	(8 927)
Tax effect of financial tax	(954)	(847)
Tax effect of different tax rates in other countries	(51)	31
Tax effect of debt interest distribution with international branches	2 464	505
Tax effect of tax-exempt income and non-deductible expenses	(104)	835
Tax effect reclassified from other comprehensive income statement		1 284
Tax effect of changed tax rate for deferred taxes recognised in the balance sheet	27	(3)
Tax related to previous years	(1 096)	(289)
Total tax expense	(10 811)	(7 411)
Effective tax rate	21%	18%

In 2023, the debt interest distribution resulted in an interest deduction in Norway which reduced the tax expenses for the Group by NOK 2 464 million, compared with NOK 505 million in 2022. The increased deduction in 2023 follows from higher activity and a higher interest rate level in the United States.

The tax treatment of the liquidation of the Group's subsidiary in Singapore in 2022 has been assessed as uncertain, and after a new assessment, DNB has recognised provisions in the accounts based on its best estimate in the case. The amount is included in the line 'Tax related to previous years' in the table above.

Uncertain tax liabilities

Tax effect of debt interest distribution between DNB Bank ASA in Norway and international branch offices

In the second half of 2021, DNB Bank ASA received a decision from the tax authorities relating to the deduction of external interest expenses. According to Norwegian tax legislation, external interest expenses are to be distributed proportionally between DNB Bank ASA's operations in Norway and certain international branch offices, based on the respective entities' total assets. This could result in additions to or deductions from the bank's income in Norway. The decision covers the fiscal years 2015–2019 whereby the limitation of interest deduction in Norwegian taxation is calculated by including internal receivables. The decision involves a tax exposure of NOK 1.7 billion for the period in question. The estimated tax effect for the years 2020–2023 as a result of the decision amounts to a total of approximately NOK 180 million.

DNB disagrees with the tax authorities' interpretation of the legislation. Legal proceedings were initiated in 2021. The District Court ruled in DNB's disfavour in June 2022, and DNB appealed the decision. On 29 November 2023, the Court of Appeal ruled fully in favour of DNB. In January 2024, the Norwegian state appealed the judgment. It is expected that the appeals committee will make a decision at the end of March 2024 as to whether the matter can proceed to the High Court. DNB is still of the opinion that it has a strong case, and no provisions have been recognised in the accounts.

Notice of change in the tax assessment for DNB Bank ASA for 2018–2022

On 27 February 2023, DNB Bank ASA received a notice from the Norwegian tax authorities of a change in the tax assessment of dividends received from its US subsidiary in 2019 and 2020. DNB has treated dividends received from the subsidiary as covered by the tax exemption method and has treated 3 per cent of the dividends as taxable income. The subsidiary is jointly taxed with the bank's branch office in New York. Due to the joint taxation, it is the tax authorities opinion that the US must be considered a low-tax country, and thus that the dividends should be considered taxable. In a low-tax country assessment, the tax authorities assess the operations of – and tax rules for – the subsidiary and the bank's branch office jointly, rather than considering the subsidiary in isolation. In the tax authorities' view, this gives an effective taxation that is less than two thirds of Norwegian taxation, and the tax authorities therefore consider the US to be a low-tax country. The tax authorities have also announced that payments from the subsidiary that relate to the company's share of the tax payment under the joint taxation are to be considered taxable dividends. In an updated notice of 19 December 2023, the tax authorities extended the number of years for the part that applies to the subsidiary's tax payments, so that payments for 2018, 2021 and 2022 are also covered. The notice means a total tax exposure of around NOK 1.8 billion for DNB for the period. DNB does not agree that the US should be regarded as a low-tax country, or that there are grounds for regarding the tax payments as taxable dividends, and for this reason no provisions have been recognised in the accounts.

See also note G26 Taxes in the annual report for 2022.

NOTE G5 DEVELOPMENT IN GROSS CARRYING AMOUNT AND MAXIMUM EXPOSURE

Loans to customers at amortised cost

	2023				2022			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 Jan.	**1 750 560**	**142 273**	**27 499**	**1 920 333**	**1 566 150**	**112 099**	**30 453**	**1 708 702**
Transfer to stage 1	98 766	(95 121)	(3 644)		94 566	(89 918)	(4 647)	
Transfer to stage 2	(146 983)	151 640	(4 657)		(155 298)	158 089	(2 792)	
Transfer to stage 3	(5 174)	(8 846)	14 020		(3 100)	(5 190)	8 290	
Originated and purchased	459 375	10 524	2 735	472 634	505 979	8 247	2 897	517 123
Derecognition	(377 292)	(55 901)	(9 891)	(443 084)	(336 825)	(45 214)	(7 581)	(389 620)
Acquisition of Sbanken					77 255	3 309	826	81 390
Exchange rate movements	12 424	1 166	232	13 823	1 833	851	53	2 737
Other[1]	(325)	(329)	(10)	(665)				
Gross carrying amount as at 31 Dec.	**1 791 350**	**145 406**	**26 283**	**1 963 040**	**1 750 560**	**142 273**	**27 499**	**1 920 333**

Financial commitments

	2023				2022			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Maximum exposure as at 1 Jan.	**686 122**	**36 127**	**3 194**	**725 444**	**702 470**	**30 054**	**5 330**	**737 854**
Transfer to stage 1	21 467	(20 835)	(631)		25 758	(23 939)	(1 818)	
Transfer to stage 2	(31 434)	31 560	(126)		(38 436)	38 554	(117)	
Transfer to stage 3	(686)	(1 933)	2 619		(638)	(349)	988	
Originated and purchased	425 524	3 608	88	429 219	382 671	2 057	1 283	386 011
Derecognition	(362 389)	(10 246)	(2 063)	(374 697)	(419 648)	(10 664)	(2 468)	(432 780)
Acquisition of Sbanken					28 435			28 435
Exchange rate movements	8 683	225	11	8 919	5 510	414	(1)	5 924
Maximum exposure as at 31 Dec.	**747 287**	**38 506**	**3 091**	**788 885**	**686 122**	**36 127**	**3 194**	**725 444**

1) The reduction of the gross carrying value is related to a legacy foreign currency portfolio in Poland. See note G10 Contingencies.

NOTE G6 DEVELOPMENT IN ACCUMULATED IMPAIRMENT OF FINANCIAL INSTRUMENTS

Loans to customers at amortised cost

	2023				2022			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 1 Jan.	**(637)**	**(793)**	**(6 544)**	**(7 974)**	**(533)**	**(749)**	**(8 700)**	**(9 982)**
Transfer to stage 1	(354)	262	92		(269)	248	21	
Transfer to stage 2	91	(116)	26		89	(114)	25	
Transfer to stage 3	7	51	(58)		3	27	(30)	
Originated and purchased	(237)	(50)	(1)	(288)	(230)	(136)	(4)	(370)
Increased expected credit loss	(374)	(884)	(4 892)	(6 150)	(443)	(846)	(3 688)	(4 978)
Decreased (reversed) expected credit loss	799	488	3 299	4 586	672	526	2 881	4 079
Write-offs			1 556	1 556			2 943	2 943
Derecognition	31	217	297	546	87	313	316	716
Acquisition of Sbanken					(9)	(44)	(275)	(328)
Exchange rate movements	(6)	(10)	(35)	(51)	(3)	(17)	(33)	(54)
Other								
Accumulated impairment as at 31 Dec.	**(680)**	**(834)**	**(6 261)**	**(7 775)**	**(637)**	**(793)**	**(6 544)**	**(7 974)**

Financial commitments

	2023				2022			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 1 Jan.	**(194)**	**(195)**	**(204)**	**(593)**	**(211)**	**(330)**	**(669)**	**(1 209)**
Transfer to stage 1	(113)	111	2		(125)	119	7	
Transfer to stage 2	22	(25)	3		29	(30)	1	
Transfer to stage 3	1	14	(14)			4	(5)	
Originated and purchased	(209)	(110)		(319)	(147)	(76)		(223)
Increased expected credit loss	(66)	(202)	(110)	(378)	(64)	(158)	(22)	(244)
Decreased (reversed) expected credit loss	315	82	113	510	317	171	476	965
Derecognition	1	98	6	105	10	114	9	134
Acquisition of Sbanken					(2)	(2)	(1)	(5)
Exchange rate movements	(2)	(1)	(0)	(3)	(2)	(8)		(10)
Other								
Accumulated impairment as at 31 Dec.	**(245)**	**(228)**	**(205)**	**(679)**	**(194)**	**(195)**	**(204)**	**(593)**

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

NOTE G7 LOANS AND FINANCIAL COMMITMENTS TO CUSTOMERS BY INDUSTRY SEGMENT

Loans to customers as at 31 December 2023

Amounts in NOK million	Gross carrying amount	Accumulated impairment Stage 1	Accumulated impairment Stage 2	Accumulated impairment Stage 3	Loans at fair value	Total
Bank, insurance and portfolio management	107 209	(20)	(18)	(46)		107 125
Commercial real estate	234 327	(163)	(71)	(572)	78	233 598
Shipping	33 972	(17)	(1)	(206)		33 749
Oil, gas and offshore	32 931	(8)	(4)	(1 099)		31 820
Power and renewables	59 366	(25)	(17)	(766)		58 558
Healthcare	30 411	(9)	(6)	(12)		30 384
Public sector	1 820	(0)	(0)	(0)		1 820
Fishing, fish farming and farming	77 590	(13)	(46)	(120)	87	77 498
Retail industries	52 363	(40)	(105)	(395)	1	51 824
Manufacturing	45 632	(33)	(37)	(156)		45 405
Technology, media and telecom	31 316	(11)	(9)	(315)	1	30 981
Services	85 517	(84)	(139)	(427)	16	84 882
Residential property	127 397	(70)	(29)	(387)	269	127 179
Personal customers	972 110	(110)	(210)	(563)	41 635	1 012 862
Other corporate customers	71 081	(76)	(142)	(1 197)	12	69 677
Total[1]	**1 963 040**	**(680)**	**(834)**	**(6 261)**	**42 099**	**1 997 364**

1) Of which NOK 66 698 million in repo trading volumes.

Loans to customers as at 31 December 2022

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

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

NOTE G7 LOANS AND FINANCIAL COMMITMENTS TO CUSTOMERS BY INDUSTRY SEGMENT (continued)

Financial commitments as at 31 December 2023

Amounts in NOK million	Maximum exposure	Accumulated impairment Stage 1	Stage 2	Stage 3	Total
Bank, insurance and portfolio management	37 177	(20)	(4)	(0)	37 153
Commercial real estate	29 480	(21)	(2)	(2)	29 455
Shipping	21 452	(7)	(0)		21 445
Oil, gas and offshore	79 394	(10)	(6)	(0)	79 378
Power and renewables	64 615	(20)	(8)		64 587
Healthcare	25 220	(6)	(30)		25 184
Public sector	13 416	(0)	(0)		13 416
Fishing, fish farming and farming	26 280	(4)	(3)	(0)	26 273
Retail industries	37 602	(29)	(42)	(12)	37 519
Manufacturing	59 176	(34)	(15)	(4)	59 122
Technology, media and telecom	38 685	(9)	(5)	(30)	38 641
Services	26 787	(25)	(51)	(9)	26 702
Residential property	25 178	(25)	(9)	(9)	25 135
Personal customers	269 591	(11)	(23)	(3)	269 554
Other corporate customers	34 832	(23)	(29)	(135)	34 644
Total	**788 885**	**(245)**	**(228)**	**(205)**	**788 206**

Financial commitments as at 31 December 2022

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

NOTE G8 FINANCIAL INSTRUMENTS AT FAIR VALUE

Amounts in NOK million	Level 1	Level 2	Level 3	Total
Assets as at 31 December 2023				
Loans to customers			42 099	42 099
Commercial paper and bonds	29 801	521 952	385	552 138
Shareholdings	4 122	4 144	14 015	22 281
Assets, customers bearing the risk		166 722		166 722
Financial derivatives	1 172	174 339	2 752	178 263
Liabilities as at 31 December 2023				
Deposits from customers		44 308		44 308
Debt securities issued		4 493		4 493
Senior non-preferred bonds		1 757		1 757
Subordinated loan capital		1 093		1 093
Financial derivatives	1 653	185 180	2 345	189 178
Other financial liabilities[1]	3 036			3 036
Assets as at 31 December 2022				
Loans to customers			49 105	49 105
Commercial paper and bonds	34 754	432 028	847	467 629
Shareholdings	4 458	12 149	16 744	33 350
Assets, customers bearing the risk		138 259		138 259
Financial derivatives	1 674	180 582	3 431	185 687
Liabilities as at 31 December 2022				
Deposits from customers		25 459		25 459
Debt securities issued		6 929		6 929
Senior non-preferred bonds		973		973
Subordinated loan capital		420		420
Financial derivatives	4 929	182 083	3 129	190 142
Other financial liabilities[1]	3 394			3 394

1) Short positions, trading activities.

For a further description of the instruments and valuation techniques, see the annual report for 2022.

Financial instruments at fair value, level 3

	Financial assets				Financial liabilities
Amounts in NOK million	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
Carrying amount as at 1 January 2022	**46 193**	**351**	**12 802**	**1 858**	**1 605**
Net gains recognised in the income statement	(1 877)	(104)	1 543	827	916
Acquisition of Sbanken	8 033		144		
Additions/purchases	7 258	626	3 749	1 927	1 799
Sales		(358)	(1 447)		
Settled	(10 473)		(47)	(1 177)	(1 193)
Transferred from level 1 or level 2		763			
Transferred to level 1 or level 2		(561)	(0)		
Other	(30)	131	0	(3)	2
Carrying amount as at 31 December 2022	**49 105**	**847**	**16 744**	**3 431**	**3 129**
Net gains recognised in the income statement	492	8	948	108	(21)
Additions/purchases	4 368	1 045	1 830	1 353	1 294
Sales		(1 021)	(4 309)		
Settled	(11 866)			(2 141)	(2 057)
Transferred from level 1 or level 2		241			
Transferred to level 1 or level 2		(728)	(1 096)		
Other		(8)	(103)	1	
Carrying amount as at 31 December 2023	**42 099**	**385**	**14 015**	**2 752**	**2 345**

NOTE G8 FINANCIAL INSTRUMENTS AT FAIR VALUE (continued)

Sensitivity analysis, level 3

An increase in the discount rate on fixed-rate loans by 10 basis points will decrease the fair value by NOK 110 million. The effects on other Level 3 financial instruments are insignificant.

NOTE G9 DEBT SECURITIES ISSUED, SENIOR NON-PREFERRED BONDS AND SUBORDINATED LOAN CAPITAL

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

Debt securities issued 2023

Amounts in NOK million	Balance sheet 31 Dec. 2023	Issued 2023	Matured/ redeemed 2023	Exchange rate movements 2023	Other changes 2023	Merger of Sbanken 2023	Balance sheet 31 Dec. 2022
Commercial papers issued, nominal amount	422 469	1 514 109	(1 361 699)	(22 403)			292 462
Bond debt, nominal amount[1]	118 885	14 418	(63 953)	9 309			159 111
Covered bonds, nominal amount[1]	284 857	38 008	(85 473)	19 197			313 125
Value adjustments[2]	(18 284)			33	8 496		(26 812)
Debt securities issued	**807 928**	**1 566 536**	**(1 511 124)**	**6 135**	**8 496**	**0**	**737 886**
DNB Bank ASA	534 923	1 528 531	(1 425 329)	(13 063)	216	2 664	441 903

1) Excluding own bonds. The total nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 395.1 billion as at 31 December 2023. The market value of the cover pool represented NOK 673.0 billion.

Debt securities issued 2022

Amounts in NOK million	Balance sheet 31 Dec. 2022	Issued 2022	Matured/ redeemed 2022	Exchange rate movements 2022	Other changes 2022	Acquisition of Sbanken 2022	Balance sheet 31 Dec. 2021
Commercial papers issued, nominal amount	292 462	1 704 322	(1 562 598)	(16 109)			166 847
Bond debt, nominal amount	159 111	64 292	(68 037)	11 455		4 034	147 367
Covered bonds, nominal amount	313 125	4 954	(101 922)	13 674		22 682	373 736
Value adjustments[2]	(26 812)			1	(41 856)	234	14 809
Debt securities issued	**737 886**	**1 773 567**	**(1 732 556)**	**9 022**	**(41 856)**	**26 950**	**702 759**
DNB Bank ASA	441 903	1 767 613	(1 628 569)	(4 652)	(8 726)		316 238

Senior non-preferred bonds 2023

Amounts in NOK million	Balance sheet 31 Dec. 2023	Issued 2023	Matured/ redeemed 2023	Exchange rate movements 2023	Other changes 2023	Merger of Sbanken 2023	Balance sheet 31 Dec. 2022
Senior non-preferred bonds, nominal amount	102 153	34 685	(80)	2 363			65 185
Value adjustments[2]	(2 305)				3 178		(5 483)
Senior non-preferred bonds	**99 848**	**34 685**	**(80)**	**2 363**	**3 178**	**0**	**59 702**
DNB Bank ASA	99 848	34 675	(4)	2 363	3 166	1 903	57 746

Senior non-preferred bonds 2022

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

NOTE G9 DEBT SECURITIES ISSUED, SENIOR NON-PREFERRED BONDS AND SUBORDINATED LOAN CAPITAL (continued)

Subordinated loan capital and perpetual subordinated loan capital securities 2023

Amounts in NOK million	Balance sheet 31 Dec. 2023	Issued 2023	Matured/ redeemed 2023	Exchange rate movements 2023	Other changes 2023	Merger of Sbanken 2023	Balance sheet 31 Dec. 2022
Term subordinated loan capital, nominal amount	32 772	11 788	(10 030)	418			30 596
Perpetual subordinated loan capital, nominal amount	6 439			133			6 306
Value adjustments[2]	746		(4)		864		(114)
Subordinated loan capital and perpetual subordinated loan capital securities	**39 957**	**11 788**	**(10 034)**	**551**	**864**	**0**	**36 788**
DNB Bank ASA	39 957	11 788	(10 034)	551	869	905	35 877

Subordinated loan capital and perpetual subordinated loan capital securities 2022

Amounts in NOK million	Balance sheet 31 Dec. 2022	Issued 2022	Matured/ redeemed 2022	Exchange rate movements 2022	Other changes 2022	Acquisition of Sbanken 2022	Balance sheet 31 Dec. 2021
Term subordinated loan capital, nominal amount	30 596	13 227	(10 767)	163		900	27 073
Perpetual subordinated loan capital, nominal amount	6 306			554			5 752
Value adjustments[2]	(114)		3		(352)	12	223
Subordinated loan capital and perpetual subordinated loan capital securities	**36 788**	**13 227**	**(10 764)**	**717**	**(352)**	**912**	**33 047**
DNB Bank ASA	35 877	13 227	(10 767)	717	(348)		33 047

2) Including accrued interest, fair value adjustments and premiums/discounts.

NOTE G10 CONTINGENCIES

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

Legal risk associated with legacy foreign currency portfolio in DNB Bank Polska S.A.

In June 2023, the Court of Justice of the European Union (CJEU) issued a judgment relating to legal proceedings against a Polish bank without ties to DNB concerning foreign currency loan agreements in Poland. The judgment clarified which claims the parties to a loan agreement can make against each other if a national court finds that a loan agreement is invalid. The CJEU's ruling is expected to affect other Polish banks with similar loan agreements. Based on the clarification from the CJEU, DNB Poland estimates that there is an increased legal risk associated with a legacy foreign currency portfolio. Total provisions at the end of the fourth quarter of 2023 were NOK 887 million (PLN 344 million). The Group has recognised the provisions by reducing the gross carrying amount in line with IFRS 9. If the recognised exposure is insufficient, the provisions will be recognised in accordance with IAS 37. There were no changes in the provision in PLN in the fourth quarter.

See note G4 Taxes for tax related disputes.

Accounts for DNB Bank ASA

P – INCOME STATEMENT

Amounts in NOK million	4th quarter 2023	4th quarter 2022	Full year 2023	Full year 2022
Interest income, effective interest method	37 377	22 297	130 687	58 681
Other interest income	3 138	2 277	10 507	5 136
Interest expenses, effective interest method	(28 229)	(13 997)	(94 694)	(27 755)
Other interest expenses	691	980	3 175	2 499
Net interest income	**12 977**	**11 557**	**49 675**	**38 562**
Commission and fee income	2 652	2 296	10 587	9 048
Commission and fee expenses	(826)	(724)	(3 203)	(2 973)
Net gains on financial instruments at fair value	292	1 524	5 665	2 246
Other income	7 593	7 962	10 099	10 638
Net other operating income	**9 711**	**11 059**	**23 149**	**18 959**
Total income	**22 688**	**22 616**	**72 824**	**57 521**
Salaries and other personnel expenses	(3 804)	(3 498)	(13 795)	(12 113)
Other expenses	(2 210)	(1 917)	(7 861)	(6 794)
Depreciation and impairment of fixed and intangible assets	(1 501)	(879)	(4 346)	(3 445)
Total operating expenses	**(7 515)**	**(6 294)**	**(26 002)**	**(22 352)**
Pre-tax operating profit before impairment	**15 173**	**16 322**	**46 822**	**35 169**
Net gains on fixed and intangible assets	36	140	36	175
Impairment of financial instruments	(550)	(670)	(848)	57
Pre-tax operating profit	**14 659**	**15 792**	**46 010**	**35 401**
Tax expense	516	(122)	(6 695)	(4 632)
Profit for the period	**15 175**	**15 670**	**39 316**	**30 768**
Portion attributable to shareholders of DNB Bank ASA	14 776	15 447	38 019	30 026
Portion attributable to additional Tier 1 capital holders	400	223	1 297	743
Profit for the period	**15 175**	**15 670**	**39 316**	**30 768**

P – COMPREHENSIVE INCOME STATEMENT

Amounts in NOK million	4th quarter 2023	4th quarter 2022	Full year 2023	Full year 2022
Profit for the period	**15 175**	**15 670**	**39 316**	**30 768**
Actuarial gains and losses	(303)	(240)	(274)	408
Financial liabilities designated at FVTPL, changes in credit risk	(38)	(31)	(24)	77
Tax	86	68	75	(114)
Items that will not be reclassified to the income statement	(254)	(203)	(223)	371
Currency translation of foreign operations	17	(29)	135	(52)
Currency translation reserve reclassified to the income statement		3		3
Financial assets at fair value through OCI	(140)	170	(196)	(732)
Tax	35	(42)	49	183
Items that may subsequently be reclassified to the income statement	(88)	101	(12)	(597)
Other comprehensive income for the period	**(342)**	**(102)**	**(235)**	**(227)**
Comprehensive income for the period	**14 833**	**15 568**	**39 081**	**30 542**

P – BALANCE SHEET

Amounts in NOK million	Note	31 Dec. 2023	31 Dec. 2022
Assets			
Cash and deposits with central banks		330 263	309 331
Due from credit institutions		547 958	471 949
Loans to customers	P3, P4	1 128 358	1 010 029
Commercial paper and bonds	P4	503 075	413 878
Shareholdings	P4	5 052	5 575
Financial derivatives	P4	203 041	213 665
Investments in associated companies		10 697	10 232
Investments in subsidiaries		127 604	133 360
Intangible assets		8 231	3 561
Deferred tax assets		1 089	94
Fixed assets		17 578	15 434
Other assets		22 334	31 107
Total assets		**2 905 278**	**2 618 215**
Liabilities and equity			
Due to credit institutions		296 319	275 556
Deposits from customers	P4	1 419 130	1 322 995
Financial derivatives	P4	221 388	206 820
Debt securities issued	P4	534 923	441 903
Payable taxes		7 746	1 719
Deferred taxes		937	2 325
Other liabilities		52 146	54 672
Provisions		727	656
Pension commitments		4 723	4 095
Senior non-preferred bonds		99 848	57 746
Subordinated loan capital	P4	39 957	35 877
Total liabilities		**2 677 845**	**2 404 364**
Additional Tier 1 capital		22 004	15 386
Share capital		18 960	19 378
Share premium		18 733	18 733
Other equity		167 736	160 354
Total equity		**227 433**	**213 851**
Total liabilities and equity		**2 905 278**	**2 618 215**

P – STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	Share capital[1]	Share premium	Additional Tier 1 capital	Net currency translation reserve	Liability credit reserve	Other equity[1]	Total equity[1]
Balance sheet as at 31 December 2021	**19 379**	**18 733**	**16 974**	**554**	**(8)**	**149 765**	**205 399**
Profit for the period			743			30 026	30 768
Actuarial gains and losses						408	408
Financial assets at fair value through OCI						(732)	(732)
Financial liabilities designated at FVTPL, changes in credit risk					77		77
Currency translation of foreign operations				(49)			(49)
Tax on other comprehensive income					(19)	88	69
Comprehensive income for the period			743	(49)	58	29 790	30 542
Interest payments AT1 capital			(1 011)				(1 011)
AT1 capital redeemed			(6 548)				(6 548)
Currency movements on redemption AT1 capital			428			(428)	
AT1 capital issued			4 800				4 800
Net purchase of treasury shares	(1)					(14)	(15)
Dividends paid for 2022 (NOK 12.5 per share)						(19 316)	(19 316)
Balance sheet as at 31 December 2022	**19 378**	**18 733**	**15 386**	**506**	**50**	**159 798**	**213 851**
Profit for the period			1 297			38 019	39 316
Actuarial gains and losses						(274)	(274)
Financial assets at fair value through OCI						(196)	(196)
Financial liabilities designated at FVTPL, changes in credit risk					(24)		(24)
Currency translation of foreign operations				135			135
Tax on other comprehensive income					6	118	124
Comprehensive income for the period			1 297	135	(18)	37 667	39 081
Interest payments AT1 capital			(1 213)				(1 213)
AT1 capital issued[2]			5 829			(5)	5 823
Net purchase of treasury shares[1]	1					19	20
Share buyback program	(419)					(6 517)	(6 936)
Merger Sbanken ASA			705			245	950
Other equity transactions						10	10
Dividends for 2023 (NOK 16.0 proposed per share)						(24 153)	(24 153)
Balance sheet as at 31 December 2023	**18 960**	**18 733**	**22 004**	**641**	**33**	**167 063**	**227 433**

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

	Share capital	Other equity	Total equity
Balance sheet as at 31 December 2022	*(1)*	*(19)*	*(20)*
Net purchase of treasury shares	*1*	*19*	*20*
Balance sheet as at 31 December 2023			

2) *DNB Bank ASA has issued five additional Tier 1 capital instruments in 2023. The first was issued in January, has a nominal value of NOK 2 300 million and is perpetual with a floating interest of 3-month NIBOR plus 3.5 per cent p.a. The second was issued in September, has a nominal value of NOK 650 million and is perpetual with an interest rate of 7.686 per cent p.a. until 14 March 2029. Thereafter 3-month NIBOR plus 3.5 percent. The third was issued in September, has a nominal value of NOK 1 100 million and is perpetual with a floating interest rate of 3-month NIBOR plus 3.5 per cent p.a. The fourth was issued in September, has a nominal value of SEK 850 million and is perpetual with an interest rate of 6.888 per cent p.a. until 14 March 2029. Thereafter 3-month STIBOR plus 3.5 per cent p.a. The fifth was issued in September, has a nominal value of SEK 1 000 million and is perpetual with a floating interest rate of 3-month STIBOR plus 3.5 per cent p.a.*

NOTE P1 BASIS FOR PREPARATION

DNB Bank ASA has prepared the financial statements according to the Norwegian Ministry of Finance's regulations on annual accounts. A description of the accounting principles applied by the company when preparing the financial statements can be found in Note 1 Accounting principles in the annual report for 2022. In the interim report, the accounting policies, significant estimates, and areas where judgement is applied by the company are in conformity with those described in the annual report.

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

Intragroup merger

The merger of Sbanken ASA and DNB Bank ASA was completed on 2 May 2023.

The merger was completed with accounting and tax continuity. No additional consideration has been paid. As part of the merger, Sbanken's net assets were transferred to DNB Bank ASA for the sake of Group continuity in the parent company accounts, except for Sbanken's ownership of the wholly owned subsidiary Sbanken Boligkreditt AS and loans to customers measured at fair value through other comprehensive income (FVOCI) in the Sbanken ASA accounts, which were transferred at company continuity. Group continuity means that identified intangible assets and goodwill from the acquisition of Sbanken in March 2022, with a total book value of NOK 4.3 billion, are recognised in DNB Bank ASA's accounts as a result of the merger.

Comparative figures for DNB Bank ASA have not been restated. As a result of the merger, DNB Bank ASA's equity increased by NOK 950 million (including NOK 705 million in additional Tier 1 capital) at the date of completion.

NOTE P2 CAPITAL ADEQUACY

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

Own funds

Amounts in NOK million	31 Dec. 2023	31 Dec. 2022
Total equity	227 433	213 851
Additional Tier 1 capital instruments included in total equity	(21 803)	(15 274)
Net accrued interest on additional Tier 1 capital instruments	(201)	(111)
Common equity Tier 1 capital instruments	205 430	198 465
Regulatory adjustments		
Pension funds above pension commitments	(44)	
Goodwill	(6 435)	(2 376)
Deferred tax assets that rely of future profitability, excluding temporary differences	(14)	(24)
Other intangible assets	(1 429)	(1 020)
Share buy-back program	(5 165)	(1 437)
IRB provisions shortfall	(1 553)	(1 412)
Additional value adjustments (AVA)	(933)	(1 047)
Insufficient coverage for non-performing exposures	(316)	(49)
(Gains) or losses on liabilities at fair value resulting from own credit risk	(33)	(50)
(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(380)	(391)
Common equity Tier 1 capital	189 129	190 659
Additional Tier 1 capital instruments	21 803	15 274
Tier 1 capital	210 932	205 934
Perpetual subordinated loan capital		
Term subordinated loan capital	32 772	27 829
Additonal Tier 2 capital instruments	32 772	27 829
Own funds	243 704	233 763
Total risk exposure amount	966 418	904 035
Minimum capital requirement	77 313	72 323
Capital ratios:		
Common equity Tier 1 capital ratio	19.6	21.1
Tier 1 capital ratio	21.8	22.8
Total capital ratio	25.2	25.9

NOTE P3 DEVELOPMENT IN ACCUMULATED IMPAIRMENT OF FINANCIAL INSTRUMENTS

Loans to customers at amortised cost

	2023				2022			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 1 Jan.	**(483)**	**(617)**	**(5 806)**	**(6 905)**	**(433)**	**(494)**	**(7 979)**	**(8 905)**
Transfer to stage 1	(309)	221	88		(184)	165	19	
Transfer to stage 2	79	(103)	24		71	(89)	18	
Transfer to stage 3	5	50	(54)		2	24	(26)	
Originated and purchased	(163)	(49)	(0)	(212)	(164)	(57)		(221)
Increased expected credit loss	(272)	(717)	(3 307)	(4 296)	(335)	(701)	(3 255)	(4 291)
Decreased (reversed) expected credit loss	558	354	2 875	3 787	492	323	2 501	3 316
Write-offs			952	952			2 669	2 669
Derecognition (including repayments)	31	149	44	224	67	211	244	523
Merger Sbanken ASA	(12)	(46)	(252)	(309)				
Exchange rate movements	(2)	(3)	(5)	(10)			3	4
Accumulated impairment as at 31 Dec.	**(569)**	**(761)**	**(5 442)**	**(6 771)**	**(483)**	**(617)**	**(5 806)**	**(6 905)**

Financial commitments

	2023				2022			
Amounts in NOK million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Accumulated impairment as at 1 Jan.	**(165)**	**(173)**	**(203)**	**(540)**	**(169)**	**(250)**	**(669)**	**(1 087)**
Transfer to stage 1	(94)	92	2		(117)	111	7	
Transfer to stage 2	20	(22)	3		28	(29)	1	
Transfer to stage 3	1	13	(14)			4	(5)	
Originated and purchased	(178)	(95)		(273)	(127)	(16)		(144)
Increased expected credit loss	(62)	(171)	(110)	(343)	(53)	(150)	(22)	(225)
Decreased (reversed) expected credit loss	268	85	112	465	263	105	476	845
Derecognition	3	92	7	102	10	54	9	73
Merger Sbanken ASA	(2)	(2)	(1)	(5)				
Exchange rate movements	(1)	(1)	(0)	(2)		(1)		(2)
Other								
Accumulated impairment as at 31 Dec.	**(210)**	**(181)**	**(205)**	**(596)**	**(165)**	**(173)**	**(203)**	**(540)**

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

NOTE P4 FINANCIAL INSTRUMENTS AT FAIR VALUE

Amounts in NOK million	Level 1	Level 2	Level 3	Total
Assets as at 31 December 2023				
Loans to customers		229 137	10 064	239 201
Commercial paper and bonds	26 770	476 057	248	503 075
Shareholdings	3 315	962	775	5 052
Financial derivatives	1 172	199 117	2 752	203 041
Liabilities as at 31 December 2023				
Deposits from customers		44 308		44 308
Debt securities issued		117		117
Senior non-preferred bonds		1 757		1 757
Subordinated loan capital		1 093		1 093
Financial derivatives	1 653	217 390	2 345	221 388
Other financial liabilities[1]	3 036			3 036
Assets as at 31 December 2022				
Loans to customers		140 854	7 024	147 879
Commercial paper and bonds	32 202	380 829	847	413 878
Shareholdings	3 343	450	1 782	5 575
Financial derivatives	1 674	208 560	3 431	213 665
Liabilities as at 31 December 2022				
Deposits from customers		25 459		25 459
Debt securities issued		2 354		2 354
Senior non-preferred bonds		973		973
Subordinated loan capital		420		420
Financial derivatives	4 929	198 762	3 129	206 820
Other financial liabilities[1]	3 394			3 394

1) Short positions, trading activities.

Loans with floating interest rate measured at fair value through other comprehensive income are categorised within level 2, since the valuation is mainly based on observable inputs. This portfolio has increased as a result of the Sbanken merger. The corresponding loans are measured at amortised cost in the Group, due to a hold to collect business model.

For a further description of the instruments and valuation techniques, see the annual report for 2022.

NOTE P5 INFORMATION ON RELATED PARTIES

DNB Boligkreditt AS

In 2023, loan portfolios representing NOK 1.2 billion (NOK 10.7 billion in 2022) were transferred from the bank to DNB Boligkreditt in accordance with the ”Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkreditt AS”.

At end-December 2023, the bank had invested NOK 110.3 billion in covered bonds issued by DNB Boligkreditt.

The servicing agreement between DNB Boligkreditt and DNB Bank ensures DNB Boligkreditt a minimum margin achieved on loans to customers. A margin below the minimum level will be at DNB Bank’s risk, resulting in a negative management fee (payment from DNB Bank to DNB Boligkreditt). The management fee paid to the bank for purchased services amounted to a negative NOK 1 915 million in 2023 (a negative NOK 1 442 million in 2022).

In 2023, DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 7.1 billion at end-December 2023.

DNB Boligkreditt has a long-term overdraft facility in DNB Bank with a limit of NOK 325 billion.

Information about DNB

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Internet	dnb.no
Organisation number	Register of Business Enterprises NO 984 851 006 MVA

Board of Directors

Olaug Svarva	Chair of the Board
Jens Petter Olsen	Vice Chair of the Board
Gro Bakstad	
Christine Bosse	
Petter-Børre Furberg	
Julie Galbo	
Lillian Hattrem	
Stian Tegler Samuelsen	
Jannicke Skaanes	
Kim Wahl	

Group Management

Kjerstin R. Braathen	Group Chief Executive Officer (CEO)
Ida Lerner	Group Chief Financial Officer (CFO)
Ingjerd Blekeli Spiten	Group Executive Vice President of Personal Banking
Harald Serck-Hanssen	Group Executive Vice President of Corporate Banking
Håkon Hansen	Group Executive Vice President of Wealth Management
Alexander Opstad	Group Executive Vice President of Markets
Per Kristian Næss-Fladset	Group Executive Vice President of Products & Innovation
Fredrik Berger	Group Chief Compliance Officer (CCO)
Sverre Krog	Group Chief Risk Officer (CRO)
Maria Ervik Løvold	Group Executive Vice President of Technology & Services and Chief Operating Officer (COO)
Anne Sigrun Moen	Group Executive Vice President of People
Even Graff Westerveld	Group Executive Vice President of Communications & Sustainability

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Financial calendar

2024

14 March	Annual report 2023
23 April	Q1 2024
29 April	Annual General Meeting
30 April	Ex-dividend date
8 May	Distribution of dividends
11 July	Q2 2024
22 October	Q3 2024

Other sources of information

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

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

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