

DNB Bank

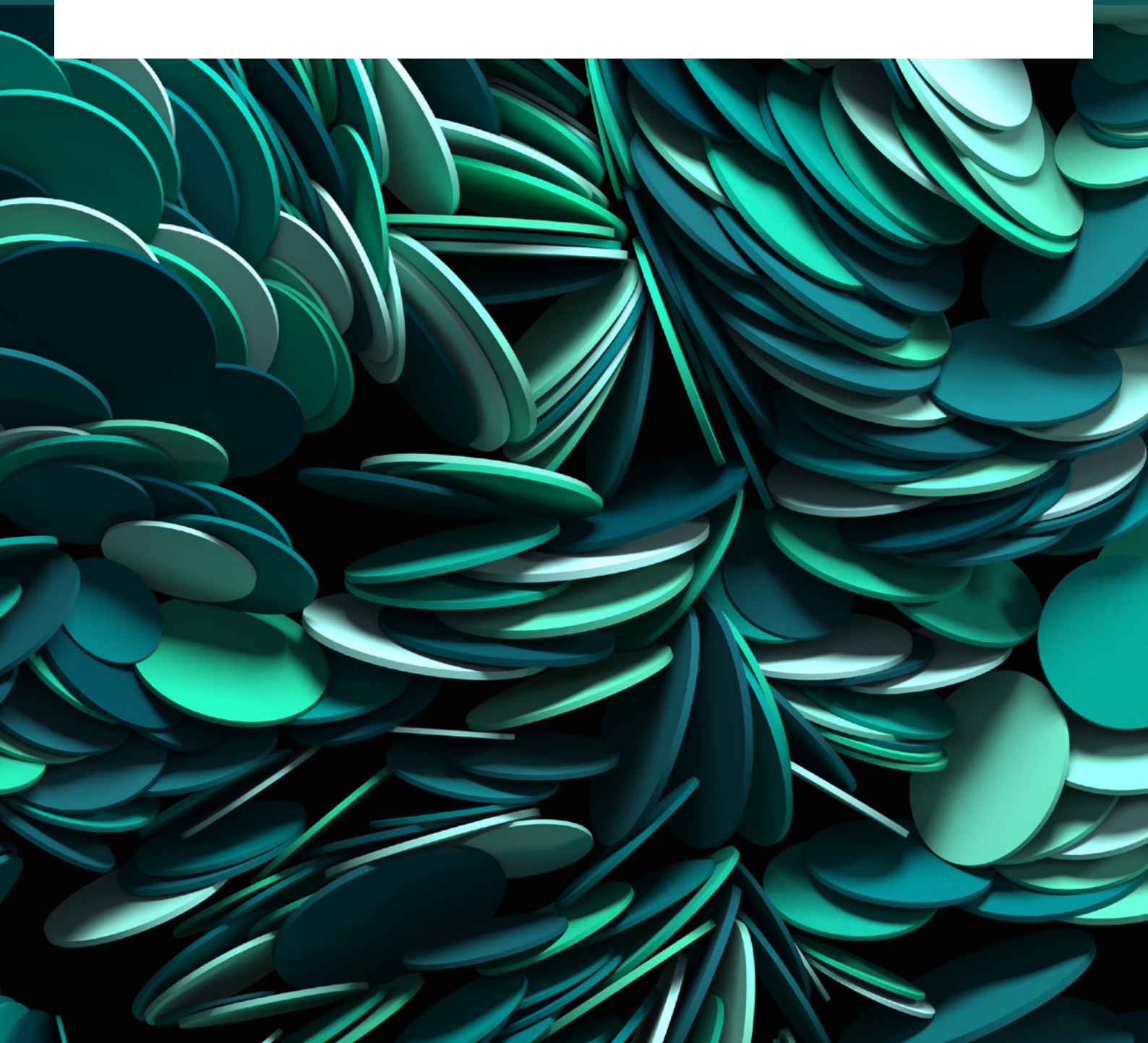
A company in the DNB Group

Second quarter and first half report 2021

(Unaudited)

DNB

Q2



Financial highlights

Income statement

Amounts in NOK million	DNB Bank Group				
	2nd quarter 2021	2nd quarter 2020	2021	January-June 2020	Full year 2020
Net interest income	9 544	9 638	18 909	20 253	39 285
Net commissions and fees	1 993	1 601	3 785	3 049	6 266
Net gains on financial instruments at fair value	534	1 667	1 328	4 933	5 938
Other operating income	543	588	1 131	973	2 374
Net other operating income	3 070	3 856	6 244	8 955	14 578
Total income	12 614	13 494	25 153	29 208	53 862
Operating expenses	(5 806)	(5 548)	(11 358)	(10 731)	(22 103)
Restructuring costs and non-recurring effects	(58)	(12)	(170)	(27)	(474)
Pre-tax operating profit before impairment	6 750	7 934	13 625	18 450	31 286
Net gains on fixed and intangible assets	1	0	(1)	(0)	(1)
Impairment of financial instruments	833	(2 120)	943	(7 892)	(9 918)
Pre-tax operating profit	7 584	5 814	14 567	10 559	21 366
Tax expense	(1 668)	(1 163)	(3 205)	(2 112)	(3 926)
Profit from operations held for sale, after taxes	(30)	(17)	(101)	(73)	221
Profit for the period	5 885	4 634	11 261	8 374	17 661

Balance sheet

Amounts in NOK million	30 June 2021	31 Dec. 2020	30 June 2020
Total assets	2 723 430	2 582 304	2 728 738
Loans to customers	1 722 129	1 703 524	1 709 736
Deposits from customers	1 237 374	1 112 058	1 108 804
Total equity	232 245	236 161	229 557
Average total assets	2 973 601	2 905 570	2 913 612

Key figures and alternative performance measures

	2nd quarter 2021	2nd quarter 2020	2021	January-June 2020	Full year 2020
Return on equity, annualised (per cent) ¹⁾	10.7	8.4	10.3	7.4	7.8
Combined weighted total average spreads for lending and deposits (per cent) ¹⁾	1.18	1.25	1.18	1.32	1.27
Average spreads for ordinary lending to customers (per cent) ¹⁾	2.05	2.14	2.00	2.04	2.04
Average spreads for deposits from customers (per cent) ¹⁾	0.02	(0.07)	0.07	0.20	0.12
Cost/income ratio (per cent) ¹⁾	46.5	41.2	45.8	36.8	41.9
Ratio of customer deposits to net loans to customers at end of period ¹⁾	72.5	64.9	72.5	64.9	67.3
Net loans at amortised cost and financial commitments in stage 2, per cent of net loans at amortised cost ¹⁾	9.27	12.35	9.27	12.35	10.39
Net loans at amortised cost and financial commitments in stage 3, per cent of net loans at amortised cost ¹⁾	1.53	1.81	1.53	1.81	1.53
Impairment relative to average net loans to customers at amortised cost, annualised (per cent) ¹⁾	0.20	(0.51)	0.11	(0.95)	(0.60)
Common equity Tier 1 capital ratio at end of period (per cent)	19.9	18.0	19.9	18.0	19.6
Leverage ratio (per cent)	6.9	6.6	6.9	6.6	7.3
Number of full-time positions at end of period	8 747	8 502	8 747	8 502	8 643

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

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There has been no full or partial external audit of the quarterly directors' report and accounts.

Directors' report

DNB Bank Group's¹⁾ financial performance continued to improve in the second quarter, supported by a gradual reopening of the Norwegian economy and strong liquidity in most households.

The vaccine rollout in Norway has picked up speed, and as more restrictions are being lifted, there is a sense of optimism about the second half of the year, backed by brisk activity in the Norwegian housing, saving and capital markets. A clear upturn in economic activity is expected in the second half of 2021, and the Norwegian central bank, Norges Bank, has signalled a rise in the key policy rate as soon as in September

Second quarter financial performance

The profit in the quarter was NOK 5 885 million, an increase of NOK 1 251 million from the year-earlier period. Compared with the previous quarter, profits increased by NOK 509 million.

The common equity Tier 1 (CET1) capital ratio was 19.9 per cent, up from 18.0 per cent a year earlier, and down from 20.1 per cent in the first quarter of 2021.

The leverage ratio for the banking group was 6.9 per cent, up from 6.6 per cent in the second quarter of 2020, and down from 7.1 per cent in the first quarter of 2021, due to higher deposits with central banks.

Return on equity (ROE) was positively impacted by net reversals of impairment of financial instruments and strong results from net commissions and fees, and ended at 10.7 per cent. The comparable figures were 8.4 per cent in the second quarter of 2020 and 9.8 per cent in the first quarter of 2021.

Net interest income was down NOK 94 million from the second quarter of 2020. Deposit volumes contributed positively, but were offset by negative exchange rate effects. Compared with the first quarter of 2021, net interest income was up NOK 178 million, mainly due to increased deposit and lending volumes from both the personal customers and corporate customers portfolios and an additional interest day.

Net other operating income amounted to NOK 3 070 million in the second quarter, down NOK 786 million from the corresponding

period in 2020, affected by a negative effect on basis swaps and a financial market returning to more normalised levels. Net commissions and fees showed a strong result and increased by NOK 392 million, or 24.5 per cent, from the year-earlier period, due to higher income from real estate broking and investment banking services. Compared with the first quarter of 2021, net other operating income was down NOK 104 million. Net commissions and fees increased by NOK 200 million or 11.2 per cent, due to higher income from real estate broking and investment banking services, where there was a high level of activity.

Operating expenses amounted to NOK 5 864 million in the second quarter, up NOK 304 million from the same period a year earlier, affected by increased activity within IT projects following the reopening of the society, and higher salaries and other personnel expenses. Compared with the previous quarter, operating expenses were up NOK 200 million.

Impairment of financial instruments showed net reversals of NOK 833 million in the second quarter. This is an improvement compared with both the second quarter of last year and the first quarter of 2021, which saw impairment provisions of NOK 2 120 million and net reversals of NOK 110 million, respectively. The net reversals of NOK 833 million in the quarter are mainly due to reversals in the corporate customers industry segments. The personal customers industry segment saw a small net reversal in the quarter.

Completion of intragroup merger

On 30 November 2020, it was decided at the extraordinary general meetings of DNB ASA and DNB Bank ASA to merge the two companies, with DNB Bank ASA as the surviving company. The completion of the merger was conditional on obtaining the necessary regulatory permissions, which were granted on 27 May 2021 by the Norwegian Ministry of Finance. The merger was completed on 1 July 2021. The shares in DNB Bank ASA were listed on Oslo Børs (Oslo Stock Exchange) on the same date. As decided at DNB Bank ASA's Annual General Meeting on 27 April 2021, the new Board of Directors is effective from the merger date and has approved the company's interim accounts.

¹⁾ DNB Bank ASA is a subsidiary of DNB ASA and part of the DNB Group. The DNB Bank Group, hereinafter called "the banking group", comprises the bank and the bank's subsidiaries. Other companies owned by DNB ASA, including DNB Livsforsikring and DNB Asset Management, are not part of the banking group. Operations in DNB ASA and the total DNB Group are not covered in this report but described in a separate report and presentation.

Other events in the second quarter

As announced on 17 June 2021, DNB received acceptances from shareholders of its offer representing approximately 81.3 per cent of the outstanding shares and votes in Sbanken. In addition, DNB has a holding of approximately 9.9 per cent of the shares and votes in Sbanken. Following the completion of the acquisition, this holding will be approximately 91.2 per cent. Following a positive recommendation from Finanstilsynet (the Financial Supervisory Authority of Norway) on 25 June, on 1 July the Ministry of Finance authorised DNB to acquire Sbanken on the condition that the merger with DNB Bank ASA is completed by 1 January 2023. The acquisition is subject to the Norwegian Competition Authority (NCA) not making any objections. The NCA has opened a phase II review to assess the proposed acquisition, and will now carry out an in-depth assessment of the potential effects of the proposed transaction on the distribution of mutual funds. The final deadline for the NCA's review is 7 October 2021.

In June, the banking group's associated company Vipps signed a merger agreement with the Danish company MobilePay and the Finnish company Pivo, to create a joint digital wallet. The merger will enable cross-border mobile payments and better solutions for people and businesses in Denmark, Finland and Norway. The transaction is subject to the approval of the relevant authorities, such as the European Commission.

In May, DNB launched Norway's first bank card made from recycled materials. Initially, this type of card will be available to the around 300 000 members of DNB's programme for young customers, DNB Ung, but the goal is to offer this to all customers. The cards are made of 75 per cent recycled PVC plastic from industrial waste.

In December 2020, DNB received a preliminary report from Finanstilsynet following an ordinary AML inspection in February 2020. According to the report, DNB had not been complicit in money laundering, but Finanstilsynet criticised the bank for inadequate compliance with the Norwegian Anti-Money Laundering Act. On the basis of this criticism, Finanstilsynet wrote that it was considering imposing an administrative fine of NOK 400 million on the bank. In May, Finanstilsynet announced that it was maintaining the administrative fine.

Every year, Universum ranks Norway's most attractive employers among students, as well as the career preferences of students at Norwegian universities and university colleges. This year, just under 14 000 students expressed their opinion. DNB still has the top ranking among business students in the Universum survey. The bank has also retained its title as the financial industry's best in the category of banks. In addition, DNB is ranked in the top 4 among IT students and number 12 among law students.

In June, the Ministry of Finance decided to raise the counter-cyclical capital buffer for banks to 1.5 per cent, with effect from 30 June 2022.

Half-year financial performance

The banking group recorded profits of NOK 11 261 million in the first half of 2021, up NOK 2 888 million from the previous year. Return on equity was 10.3 per cent, compared with 7.4 per cent in the year-earlier period

Net interest income decreased by NOK 1 344 million from the same period last year, driven by negative exchange rate effects and a negative contribution from spreads. There was an average decrease in the healthy loan portfolio of 0.2 per cent in parallel with a 12.6 per cent increase in average deposit volumes from the first half of 2020. Both lending and deposit volumes increased towards the end of the quarter and showed growth compared to end-June 2020 of 1.0 per cent and 12.7 per cent, respectively. The combined spreads narrowed by 13 basis points compared with the year-earlier period. Average lending spreads for the customer segments narrowed by 4 basis points, and deposit spreads narrowed by 13 basis points.

Net other operating income decreased by NOK 2 711 million from the first half of 2020, mainly due to negative exchange rate effects on AT1 capital and basis swaps. Net commissions and fees showed a strong development and increased by NOK 736 million, or 24.1 per cent, compared with the first half of 2020. The increase was due to higher income from investment banking services.

Total operating expenses were up by NOK 770 million from the first half of 2020 due to increased salaries and other personnel expenses.

There were net reversals of financial instruments of NOK 943 million in the first half of 2021, a decrease of NOK 8 835 million from the previous year. The large decrease is explained by the COVID-19 pandemic's impact on the economy last year, in combination with the effect of the oil price fall.

For the corporate customers industry segments there were reversals across all stages and spreads across different segments. About half of the reversals were in stages 1 and 2 and can be explained by improved underlying credit quality and a slightly improved macro outlook. The remaining stage 3 reversals were mainly driven by a few specific customers. The reversals for the personal customers industry segment amounted to NOK 15 million driven by customers in stages 1 and 2, but were curtailed by increased impairment provisions in stage 3.

Second quarter income statement – main items

Net interest income

Amounts in NOK million	2Q21	1Q21	2Q20
Lending spreads, customer segments	8 067	7 572	8 454
Deposit spreads, customer segments	65	353	(180)
Amortisation effects and fees	884	941	909
Operational leasing	535	529	510
Contributions to the deposit guarantee and resolution funds	(277)	(280)	(217)
Other net interest income	268	251	161
Net interest income	9 544	9 365	9 638

Net interest income decreased by NOK 94 million, or 1.0 per cent, from the second quarter of 2020. Deposit volumes contributed positively, but were offset by negative exchange rate effects. There was an average decrease of NOK 10.2 billion, or 0.6 per cent, in the healthy loan portfolio compared with the second quarter of 2020. Adjusted for exchange rate effects, volumes were up NOK 35.6 billion, or 2.2 per cent, and lending volumes showed an upturn towards the end of the quarter, both within the personal customers and corporate customers portfolios. During the same period, deposits were up NOK 115.2 billion, or 10.8 per cent. Adjusted for exchange rate effects, there was an increase of NOK 151.0 billion, or 14.2 per cent. Average lending spreads narrowed by 9 basis points, and deposit spreads widened by 9 basis points compared with the second quarter of 2020. Volume-weighted spreads for the customer segments narrowed by 7 basis points compared with the same period in 2020.

Compared with the first quarter of 2021, net interest income increased by NOK 178 million, or 1.9 per cent, mainly due to increased deposit and lending volumes from both the personal customers and corporate customers portfolios and an additional interest day. In addition, spreads contributed positively, but were offset by decreased interest income on equity. There was an average increase of NOK 7.3 billion, or 0.5 per cent, in the healthy loan portfolio, and deposits were up NOK 42.4 billion, or 3.7 per cent. Volume-weighted spreads for the customer segments were at the same level compared with the previous quarter. Spreads on lending and deposits reflected the 19-basis-point decrease in average NOK money market rates. The volume-weighted spreads were negatively affected by portfolio mix effects with higher growth in deposits compared to loans.

Net other operating income

Amounts in NOK million	2Q21	1Q21	2Q20
Net commissions and fees	1 993	1 792	1 601
Basis swaps	(212)	(345)	(19)
Exchange rate effects on additional Tier 1 capital	59	29	(1 343)
Net gains on other financial instruments at fair value	687	1 110	3 029
Net profit from associated companies	37	(17)	75
Other operating income	506	605	513
Net other operating income	3 070	3 174	3 856

Net other operating income decreased by NOK 786 million from the second quarter of 2020, and was affected by a negative effect on basis swaps and a financial market returning to more normalised levels from high volatility in the year-earlier period. Net commissions and fees showed solid development and increased by NOK 392 million, or 24.5 per cent, from the year-earlier period, driven by higher income from real estate broking, custodial and investment banking services. In addition, this quarter included a recognition of an expected discount on the personal customer lending portfolio in DNB Poland of NOK 116 million as a result of the banking group's intended withdrawal from Poland.

Compared with the previous quarter, net other operating income decreased by NOK 104 million. Net commissions and fees showed a positive development and increased by NOK 200 million, or 11.2 per cent, from the first quarter of 2021, mainly driven by higher income from investment banking services and real estate broking.

Operating expenses

Amounts in NOK million	2Q21	1Q21	2Q20
Salaries and other personnel expenses	(3 279)	(3 093)	(3 067)
Restructuring expenses	(37)	(83)	(12)
Other expenses	(1 681)	(1 634)	(1 634)
Depreciation of fixed and intangible assets	(866)	(854)	(848)
Impairment of fixed and intangible assets	(1)		(0)
Total operating expenses	(5 864)	(5 664)	(5 560)

Operating expenses were up NOK 304 million, or 5.5 per cent, compared with the second quarter of 2020. This can be ascribed to increased expenses related to IT projects, due to higher activity following the reopening of society, as well as an increase in salaries and other personnel expenses.

Compared with the first quarter of 2021, operating expenses were up NOK 200 million, or 3.5 per cent. The operating expenses this quarter were negatively impacted by higher salaries and other personnel expenses. The high activity within Markets and real estate broking contributed to a NOK 67 million increase in variable salaries. In addition, there was an increase in pension costs related to the increased return on the closed defined-benefit pension scheme, where the hedging is presented as gains on financial instruments.

The cost/income ratio was 46.5 per cent in the second quarter.

Impairment of financial instruments by industry segment

Amounts in NOK million	2Q21	1Q21	2Q20
Personal customers	39	(24)	(43)
Commercial real estate	7	46	15
Shipping	81	155	(136)
Oil, gas and offshore	(26)	127	(1 863)
Other industry segments	733	(193)	(93)
Total impairment of financial instruments	833	110	(2 120)

There were net reversals of impairment of financial instruments of NOK 833 million in the second quarter. This is a decrease in impairment provisions of NOK 2 953 million and NOK 723 million compared with the second quarter of 2020 and the first quarter of 2021, respectively. The decrease from the year-earlier period can be ascribed to the severe effects of the pandemic in the second quarter of last year. Overall, the macro forecasts have gradually improved since the second quarter of last year.

The personal customers industry segment had net reversals of NOK 39 million in the quarter, compared with impairment provisions of NOK 43 million in the same quarter of 2020, and impairment provisions of NOK 24 million in the first quarter of 2021. The generally low level of impairment was due to a stable macro outlook and sound credit quality.

Impairment of financial instruments in the commercial real estate industry segment showed net reversals of NOK 7 million, compared with the second quarter of 2020 and the first quarter of 2021, which saw net reversals of NOK 15 million and NOK 46 million, respectively. Commercial real estate had somewhat better macro forecasts in the quarter.

There were net reversals in the shipping segment, amounting to a total of NOK 81 million in the second quarter. This is an improvement of NOK 216 million compared with the second quarter of 2020, while net reversals were down NOK 74 million compared with the first quarter of 2021. The net reversals could be seen in both stage 2 and 3 and were spreads across several segments.

The oil, gas and offshore industry segment showed impairments of NOK 26 million compared with NOK 1 863 million and net reversals of NOK 127 million in the second quarter of 2020 and first quarter of 2021, respectively. The impairment provisions can generally be attributed to the offshore segment, where the increase in stage 3 for a few specific customers was partly offset by reversals in stages 1 and 2.

Other industry segments experienced net reversals amounting to NOK 733 million in the quarter. This is a large decrease compared with the second quarter of 2020 and the first quarter of 2021, which showed impairment provisions of NOK 93 million and NOK 193 million respectively. The large reversals can mainly be ascribed to a few specific customers in stage 3 and a slightly improved underlying credit quality.

Net stage 3 loans and financial commitments amounted to NOK 26 billion at end-June 2021, which is down NOK 4 billion compared with last year and down NOK 1 billion from the first quarter of 2021.

Taxes

The banking group's tax expense for the second quarter has been estimated at NOK 1 668 million, or 22.0 per cent of pre-tax operating profits.

Financial performance – segments

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

Personal customers

<i>Income statement in NOK million</i>	2Q21	1Q21	2Q20
Net interest income	3 244	2 982	3 389
Net other operating income	1 055	922	884
Total income	4 299	3 904	4 273
Operating expenses	(2 246)	(2 175)	(2 151)
Pre-tax operating profit before impairment	2 053	1 729	2 122
Impairment of financial instruments	114	23	(82)
Pre-tax operating profit	2 167	1 753	2 041
Tax expense	(542)	(438)	(510)
Profit for the period	1 625	1 314	1 530
Average balance sheet items in NOK billion			
Loans to customers	825.2	819.2	795.6
Deposits from customers	477.2	464.1	453.4
Key figures in per cent			
Lending spreads ¹⁾	1.64	1.50	1.81
Deposit spreads ¹⁾	(0.00)	0.15	(0.22)
Return on allocated capital	14.1	11.5	12.8
Cost/income ratio	52.2	55.7	50.3
Ratio of deposits to loans	57.8	56.7	57.0

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 sound results in the second quarter of 2021, with a return on allocated capital of 14.1 per cent. A rise in total income contributed to the positive development.

Combined spreads on loans and deposits narrowed by 3 basis points from the corresponding quarter of 2020. Compared with the previous quarter, combined spreads widened by 3 basis points, mainly due to decreasing NOK money market rates.

Loans to customers grew by 3.7 per cent from the second quarter of 2020. The healthy home mortgage portfolio grew by 4.0 per cent in the same period. Deposits from customers continued to show a solid average growth of 5.2 per cent compared with the year-earlier period, and the ratio of deposits to loans improved by 0.8 percentage points.

Net other operating income improved by 19.3 per cent from the second quarter of 2020. Increased income from real estate broking, as well as long-term savings products and securities, contributed to the positive development. Revenues from payment services were relatively stable in the period.

Operating expenses rose by 4.4 per cent from the corresponding quarter last year, explained by rising activity in areas such as IT, real estate broking, long-term savings and securities, and annual pay settlements. The termination of the agreement with Posten Norge AS (the Norwegian postal service) has had a positive effect since the second quarter of 2020.

The personal customers segment saw net reversals of impairment of financial instruments of NOK 114 million in the second quarter. Overall, the credit quality and macro forecasts were stable in the quarter, and impairment losses remained at a very low level.

DNB's market share of credit to households stood at 22.8 per cent at end-May 2021, while the market share of total household savings was 30.7 per cent at the same point in time. DNB Eiendom had a market share of 16.7 per cent in June 2021.

The second quarter was characterised by the reopening of the banking group's regional head offices, DNB Finanshus, as well as high activity in the customer service centre.

Corporate customers

<i>Income statement in NOK million</i>	2Q21	1Q21	2Q20
Net interest income	5 912	5 778	5 944
Net other operating income	1 935	1 768	1 523
Total income	7 847	7 546	7 467
Operating expenses	(3 067)	(3 043)	(2 939)
Pre-tax operating profit before impairment	4 780	4 503	4 528
Impairment of financial instruments	709	94	(2 030)
Profit from repossessed operations	(61)	(39)	(29)
Pre-tax operating profit	5 428	4 558	2 469
Tax expense	(1 357)	(1 139)	(617)
Profit for the period	4 071	3 418	1 852
Average balance sheet items in NOK billion			
Loans to customers	773.6	773.4	815.8
Deposits from customers	703.6	674.0	613.8
Key figures in per cent			
Lending spreads ¹⁾	2.48	2.44	2.46
Deposit spreads ¹⁾	0.04	0.11	0.05
Return on allocated capital	17.2	14.0	7.0
Cost/income ratio	39.1	40.3	39.4
Ratio of deposits to loans	91.0	87.2	75.2

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 return on allocated capital in the second quarter, improving on the levels in the previous quarter. The profitability in the second quarter was mainly driven by increased net interest income from lending, high income within investment banking services, and a net reversal of impairment of financial instruments.

Net interest income increased from the previous quarter but was slightly lower than in the corresponding quarter of 2020. The second quarter's average loan volumes in NOK remained at the same level as in the first quarter of 2021. However, adjusted for exchange rate effects, volumes were up 0.7 per cent. Both lending and deposit volumes increased towards the end of the quarter and showed growth compared to end-March 2021 of 2.7 per cent and 3.1 per cent respectively.

There was continued growth in deposit volumes in the second quarter in all segments. The strong increase in deposit volumes over the last five quarters has resulted in a record-high deposits to loans ratio of 91.0 per cent. Deposit spreads were negatively affected by decreasing NOK money market rates throughout the second quarter. NOK money market rates and deposit spreads are expected to increase in the second half of the year.

Net other operating income remains at a high level. The income in the second quarter was up 27.1 per cent compared with the corresponding quarter last year, and up 9.4 per cent from the previous quarter. Income from Markets was strong, driven by high activity within investment banking services. The income from Markets activities was up 24.2 per cent from the second quarter of 2020, and up 12.4 per cent from the previous quarter.

Net gains on financial instruments at fair value amounted to NOK 174 million in the quarter, mainly due to mark-to-market adjustments. This is an increase from NOK 45 million in the first quarter of the year.

Operating expenses were up 4.4 per cent compared with the second quarter of 2020, mainly due to higher personnel expenses and depreciations of fixed and intangible assets linked to higher business volumes in DNB Finans. Compared with the previous quarter, operating expenses were at the same level.

Impairment of financial instruments amounted to a net reversal of NOK 709 million in the second quarter of 2021, compared with a net reversal of NOK 94 million in the previous quarter. Net impairments of NOK 2 030 million were recognised in the corresponding quarter last year. The significant reversals of impairment in the second quarter of 2021 were primarily driven by customer specific reversals in stage 3. There were also reversals within stage 2, due to improved credit quality and a slightly better macro-outlook.

In the time ahead, DNB will focus on capital optimisation and a further strengthening of the bank's position within the large corporates portfolio, as well as on ensuring continued profitable growth within the SME segment. DNB will continue to improve its range of sustainable and green products.

With the expected easing of the COVID-19 pandemic restrictions, the outlook for increased economic activity is positive. However, a number of corporate customers are still in an uncertain financial situation due to the pandemic, and DNB will continue to support and advise its customers during this challenging period.

Other operations

This segment includes the results from risk management in DNB Markets and the banking group items not allocated to the customer segments.

<i>Income statement in NOK million</i>	2Q21	1Q21	2Q20
Net interest income	387	605	305
Net other operating income	764	1 038	1 528
Total income	1 152	1 643	1 833
Operating expenses	(1 235)	(999)	(549)
Pre-tax operating profit before impairment	(83)	644	1 284
Net gains on fixed and intangible assets	1	(2)	(0)
Impairment of financial instruments	10	(7)	(8)
Profit from repossessed operations	61	39	29
Pre-tax operating profit	(12)	673	1 304
Tax expense	230	41	(35)
Profit from operations held for sale, after taxes	(30)	(71)	(17)
Profit for the period	189	643	1 252
Average balance sheet items in NOK billion			
Loans to customers	110.5	114.1	110.7
Deposits from customers	101.4	94.3	73.4

The profit for the other operations segment was NOK 189 million in the second quarter of 2021.

Risk management income fell from NOK 1 166 million in the second quarter of 2020, influenced by the effects of the outbreak of the pandemic in the first quarter of the same year, to NOK 128 million in the second quarter of this year. Interest rates and bonds were the main contributor to this quarter's income. There was a high degree of volatility within value adjustments of derivatives (XVA factors).

The banking group's share of the profit in associated companies (most importantly Luminor and Vipps) is included in this segment with a profit of NOK 37 million in the second quarter. There was an increase in profit from these companies of NOK 54 million compared with the second quarter of 2020, and a decrease of NOK 37 million compared with the previous quarter.

Funding, liquidity and balance sheet

Access to short-term funding through the bank's funding programmes was very good throughout the second quarter. The US market still provides the best levels. The bank expects to continue to have good access to liquidity during all periods.

The long-term funding markets have also been strong in the second quarter. The cost of long-term funding has remained stable in most markets, but in May, credit risk premiums increased somewhat for covered bonds, which have long been very low-priced. Prices in the markets for senior non-preferred bonds have varied somewhat more, particularly for new issues, although prices in the secondary market have remained relatively stable. In the second quarter, the banking group successfully completed several issues of senior non-preferred bonds in the NOK, USD and JPY markets. The banking group still has ample access to long-term funding in all markets.

The total nominal value of long-term debt securities issued by the banking group was NOK 573 billion at the end of the quarter, compared with NOK 661 billion a year earlier. Average remaining

term to maturity for long-term debt securities issued was 3.8 years at the end of the quarter, 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 148 per cent at the end of the quarter.

Total assets in the banking group were NOK 2 723 billion at the end of the quarter, and NOK 2 729 billion a year earlier.

Loans to customers increased by NOK 12.4 billion, or 0.7 per cent, in the second quarter, compared with the year-earlier period. Customer deposits were up NOK 128.6 billion, or 11.6 per cent, during the same period. The ratio of customer deposits to net loans to customers was 72.5 per cent at the end of the quarter, up from 64.9 per cent a year earlier.

Capital position

The banking group's capital position remained strong during the second quarter and the CET1 capital ratio reached 19.9 per cent at the end of the quarter, up from 18.0 per cent a year earlier, and down from 20.1 per cent at end-March 2021.

The risk exposure amount increased by NOK 22 billion from end-March to NOK 940 billion at end-June 2021. The increase was mainly driven by lending growth.

The non-risk based leverage ratio was 6.9 per cent at end-June, up from 6.6 per cent from the year-earlier period, and down from 7.1 per cent at end-March 2021, mainly due to an increase in deposits with central banks.

Capital adequacy

The capital adequacy regulations specify a minimum for own funds based on a risk exposure amount that includes credit risk, market risk and operational risk. In addition to meeting the minimum requirement, the banking group must satisfy various buffer requirements (Pillar 1 and Pillar 2 requirements).

Capital and risk

	2Q21	1Q21	2Q20
CET1 capital ratio, per cent	19.9	20.1	18.0
Tier 1 capital ratio, per cent	21.7	22.0	19.9
Capital ratio, per cent	25.0	25.4	23.3
Risk exposure amount, NOK billion	940	917	972
Leverage ratio, per cent	6.9	7.1	6.6

New regulatory framework

European Systemic Risk Board has asked other countries to recognise Norwegian capital requirements

On 30 April, the European Systemic Risk Board (ESRB) adopted a recommendation that other EEA countries should recognise Norwegian capital requirements for banks, so that these requirements can also be made applicable to foreign banks in Norway. The recommendation applies to the new systemic risk buffer requirement and the temporary risk weight floors of home mortgages and commercial property loans, which were introduced for Norwegian banks from the end of 2020. Other EEA countries are advised to recognise the Norwegian systemic risk buffer requirement within 18 months, and the floors for risk weighting within 3 months. On 21 June 2021, the Swedish financial supervisory authority (FI) confirmed that it will recognise the risk weight floors for real estate exposures with effect from 30 September 2021.

The recommendation came after the Norwegian Ministry of Finance, on 2 February this year, asked the ESRB to recommend that other EEA countries' authorities recognise the Norwegian requirements. The Ministry emphasises that capital requirements that are as similar as possible for Norwegian and foreign banks contribute to stability and equal conditions of competition in the Norwegian banking market.

Counter-cyclical capital buffer requirement increased to 1.5 per cent

The Ministry of Finance has decided to increase the countercyclical capital buffer to 1.5 per cent as of 30 June 2022, in line with guidance from the Norwegian central bank, Norges Bank. The requirement was lowered from 2.5 per cent to 1 per cent in March last year, to prevent more stringent lending practices in banks from reinforcing a downturn in the economy.

Norges Bank's current assessment of economic developments, projected losses and banks' expected lending capacity indicates that guidance will be given to further increase the buffer requirement in the course of 2021. In its capital planning, DNB has factored in that the buffer requirement in Norway is expected to return to 2.5 per cent.

Circular on IRB models

On 9 June 2021, Finanstilsynet published a circular that is intended to guide banks on the Authority's practice for the approval and supervision of IRB models. DNB's assessment is that the circular does not suggest that there will be any significant changes to the capital adequacy calculation. Nevertheless, the circular contains important points that will entail stricter regulation of risk weights than proposed in the EU capital requirements rules and legislation. Finanstilsynet warns that if the effective maturity parameter (M), which is used, among other things, in the risk weight calculation for the financing of commercial property, does not reflect the actual maturity, this must be considered as a risk in the calculation of Pillar 2 capital requirements.

Capital requirements for loans to real estate projects

On 10 December 2020, Finanstilsynet issued a circular assessing the types of exposures to be regarded as high risk under the EU capital requirements rules and legislation for banks, and which should as a consequence have higher capital requirements according to the standard method of calculating credit risk. In the circular, Finanstilsynet set out that all financing for the development and construction of real estate with a view to reselling at a profit must be given a risk weighting of 150 per cent, up from 100 per cent. The circular led to a reduction in DNB's common equity Tier 1 (CET1) capital ratio of 4 basis points.

However, in an interpretive statement of 25 May 2021, the Ministry of Finance wrote that Finanstilsynet should take a different approach when assessing which exposures should be considered high risk. When the borrower has entered into legally binding purchase agreements on pre-sales that cover more than half of the amount of the exposure, and from which the purchaser does not unilaterally have the right to withdraw, the Ministry stated that it will not as a rule be possible for the project to be considered high risk. This means that the loan exposure should not have higher capital requirements and should retain a risk weighting of 100 per cent. As a result of the statement from the Ministry of Finance, Finanstilsynet amended its circular. The Ministry's interpretation of the law meant that, in the second quarter of 2021, DNB regained the 4 CET1 capital ratio basis points that were lost in the fourth quarter of 2020.

Changes in the banking rules and legislation for problem loans

The Ministry of Finance has recently laid down amendments to the Norwegian CRR/CRD IV Regulations, which implement the EU Regulation on loss coverage for non-performing exposures. The Regulation amends the EU Capital Requirements Regulation (CRR), and introduces requirements relating to reductions in companies' common equity Tier 1 capital for problem loans that have not been sufficiently written down. The new rules will apply to loans granted after 7 February 2020. A new directive that is to help strengthen the secondary market for problem loans is being prepared in the EU, and the Ministry of Finance has announced that it will consider implementing this directive once it has been finalised.

Deferred implementation of new guidelines on granting loans

On 29 May 2020, the European Banking Authority (EBA) published new guidelines for granting and monitoring loans. The purpose of the guidelines is to ensure a common minimum standard for lending practices and to harmonise supervisory practices. The guidelines took effect on 30 June 2021, but in several countries there are concerns that a number of issues and interpretations have not yet been clarified. Finanstilsynet has made clear that some more time will be needed for the implementation of the guidelines, and that the new requirements will not be made fully applicable in Norway until 1 January 2022. Finanstilsynet will clarify the implementation of certain parts of the EBA guidelines, including the use of statistical models for the valuation of real estate, through a circular and by updating risk modules.

Bill on sustainability-related disclosures submitted to the Storting

On 4 June 2021, the Ministry of Finance presented a proposal for a new act on the disclosure of sustainability-related information in the financial sector. The draft legislation (bill) covers the Norwegian implementation of the EU Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy Regulation. Both Regulations are EEA relevant, but they have not yet been incorporated into the EEA Agreement. The bill will not be considered by the Storting (Norwegian parliament) until autumn 2021 at the earliest.

New proposals to improve real estate broking

In October 2019, the Ministry of Finance appointed a committee to evaluate the current Norwegian Estate Agency Act. On 4 June 2021, the committee submitted its recommendations to the Ministry. The purpose of the recommendations is, among other things, to ensure safe and simple real estate broking, to strengthen consumer rights and to reduce the time pressure in the home purchasing process. The recommendations have been circulated for public comment.

Rule changes in the field of anti-money laundering (AML)

The Ministry of Finance has decided on amendments to the Norwegian regulations relating to anti-money laundering and to payment services. The amendments concern, for example, providers of virtual currency services, the issuance of e-money, the termination and blocking of customer relationships, minimum requirements for electronic monitoring systems, and rules on high-risk countries. They are partly based on changes in international standards (FATF) and the EU's 5th Anti-Money Laundering Directive. Most of the new regulatory provisions will come into force on 1 July 2021.

Macroeconomic developments

After a downturn in economic activity in the first quarter, this development was gradually reversed during the second quarter. The number of infections has been reduced and in April the Government initiated the first of a total of four steps in the re-opening of the economy. Step two was introduced at the end of May, and the Government reopened Norwegian society even more towards the end of June. The easing of the infection control measures contributed to economic activity picking up during the second quarter.

Despite a decline in mainland GDP in the first quarter, the recorded unemployment rate remained unchanged at 4 per cent, adjusted for normal seasonal variations. However, the upturn in activity in May and June helped bring registered unemployment down to 2.9 per cent in June. The largest reduction in unemployment in the second quarter, in percentage terms was among employees in the transport and tourism sector.

Annual consumer price growth was 3 per cent in the first quarter, declining to 2.7 per cent in May. Adjusted for developments in energy prices and fees, there was a more marked reduction in consumer price growth from 2.7 per cent in the first quarter to 1.5 per cent in May. In the housing market, there are indications that the market might be cooling off. Prospects of increased interest rates may contribute to keeping price growth at a moderate level in the time ahead. Higher oil prices and increased activity have not yet led to any substantial strengthening of the Norwegian krone.

In the revised national budget for Norway, the Government proposed a further increase in the use of money from the Norwegian oil fund, and for 2021, the deficit is expected to increase by 4.3 per cent of mainland GDP. By contrast, Norges Bank has signalled a monetary policy involving a possible rise in the key policy rate in September this year and is expecting a clear upturn in economic activity in the second half of this year and the beginning of next. This will help raise capacity utilisation in the economy towards a normal level. Unemployment rates are projected to decline further. This will allow the central bank to start reducing the powerful monetary policy stimuli introduced during the pandemic. In the interest rate path presented in June, Norges Bank indicates that interest rates will go up by a quarter of a percentage point in September and December this year.

Future prospects

The Group's financial target of a return on equity (ROE) above 12 per cent remains unchanged for the period 2021 to 2023. Due to the COVID-19 pandemic and the subsequent developments in the macroeconomic environment, the ROE target is, however, unlikely to be achieved in 2021. This said, the following factors will help DNB to reach the ROE target in the course of the target period: increased net interest income as a result of increasing NOK interest rates and growth in loans and deposits; growth in commissions and fees from capital-light products; and reduced impairment provisions combined with cost control measures. Capital efficiency will also contribute to higher ROE when the payment of the 2019 dividends and expected 2020 dividends is taken into account, as well as the effect of DNB's potential acquisition of Sbanken.

In the period 2021 to 2023, the annual increase in lending volumes is expected to be between 3 and 4 per cent, while maintaining a sound deposit-to-loan ratio. According to Norges Bank's own forecasts, the key policy rate is expected to increase by 0.25 per cent in September and each quarter until June 2022, to 1 per cent. Thereafter, another two or three hikes to 1.56 per cent are projected until 2024.

During the period 2021 to 2023, DNB has an ambition to increase net commissions and fees by 4 to 5 per cent annually and to achieve a cost/income ratio below 40 per cent.

Oslo, 12 July 2021
The Board of Directors of DNB Bank ASA


Olaug Svarva
(Chair of the Board)


Svein Richard Brandtzæg
(Vice Chair of the Board)


Gro Bakstad


Julie Galbo


Lillian Hattrem


Jens Petter Olsen


Stian Tegler Samuelsen


Jaan Ivar Semlitsch


Eli Solhaug


Kim Wahl


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

Income statement

<i>Amounts in NOK million</i>	DNB Bank ASA				
	2nd quarter 2021	2nd quarter 2020	2021	January-June 2020	Full year 2020
Interest income, amortised cost	7 238	9 042	14 694	20 537	35 587
Other interest income	565	1 223	1 282	2 480	4 103
Interest expenses, amortised cost	(1 242)	(2 797)	(2 603)	(8 238)	(11 233)
Other interest expenses	382	(86)	506	714	526
Net interest income	6 943	7 382	13 879	15 493	28 984
Commission and fee income	2 315	1 921	4 532	3 817	7 828
Commission and expenses	(784)	(793)	(1 634)	(1 550)	(3 168)
Net gains on financial instruments at fair value	608	1 048	2 164	4 681	5 184
Other income	1 093	1 376	2 585	2 096	12 971
Net other operating income	3 232	3 552	7 648	9 043	22 815
Total income	10 175	10 934	21 527	24 536	51 799
Salaries and other personnel expenses	(2 836)	(2 651)	(5 519)	(4 957)	(10 566)
Other expenses	(1 467)	(1 458)	(2 906)	(2 957)	(6 190)
Depreciation and impairment of fixed and intangible assets	(840)	(827)	(1 645)	(1 627)	(3 362)
Total operating expenses	(5 143)	(4 936)	(10 070)	(9 541)	(20 118)
Pre-tax operating profit before impairment	5 032	5 998	11 457	14 995	31 681
Net gains on fixed and intangible assets	1	0	17	(0)	(1)
Impairment of financial instruments	674	(2 484)	666	(6 933)	(8 085)
Pre-tax operating profit	5 707	3 515	12 139	8 062	23 595
Tax expense	(1 256)	(703)	(2 671)	(1 613)	(2 542)
Profit for the period	4 452	2 812	9 469	6 449	21 053
Portion attributable to shareholders of DNB Bank ASA	4 217	2 554	8 994	5 759	19 909
Portion attributable to additional Tier 1 capital holders	235	258	474	690	1 143
Profit for the period	4 452	2 812	9 469	6 449	21 053

Comprehensive income statement

<i>Amounts in NOK million</i>	DNB Bank ASA				
	2nd quarter 2021	2nd quarter 2020	2021	January-June 2020	Full year 2020
Profit for the period	4 452	2 812	9 469	6 449	21 053
Actuarial gains and losses			(151)	(278)	(308)
Financial liabilities designated at FVTPL, changes in credit risk	(3)	(140)	(2)	34	36
Tax	1	35	38	61	67
Items that will not be reclassified to the income statement	(2)	(105)	(115)	(183)	(204)
Currency translation of foreign operations	19	9	(52)	161	137
Financial assets at fair value through OCI	(82)	114	23	(240)	108
Tax	20	(28)	(6)	60	(27)
Items that may subsequently be reclassified to the income statement	(42)	94	(35)	(19)	218
Other comprehensive income for the period	(44)	(11)	(150)	(203)	13
Comprehensive income for the period	4 407	2 801	9 319	6 247	21 066

Balance sheet

		DNB Bank ASA		
<i>Amounts in NOK million</i>	Note	30 June 2021	31 Dec. 2020	30 June 2020
Assets				
Cash and deposits with central banks		511 533	281 956	335 269
Due from credit institutions		359 660	360 174	390 142
Loans to customers	4, 5, 6, 7	887 919	883 722	883 348
Commercial paper and bonds	7	293 846	327 983	364 002
Shareholdings	7	7 368	5 428	3 790
Financial derivatives	7	138 706	198 009	213 813
Investment properties				144
Investments in associated companies		2 720	2 568	2 575
Investments in subsidiaries		105 647	105 265	108 843
Intangible assets		3 228	3 441	3 294
Deferred tax assets		5 150	5 150	6 297
Fixed assets		15 525	15 219	15 474
Other assets		16 065	13 395	15 903
Total assets		2 347 365	2 202 311	2 342 893
Liabilities and equity				
Due to credit institutions		351 761	296 349	381 494
Deposits from customers	7	1 213 651	1 086 618	1 084 596
Financial derivatives	7	138 508	212 505	233 851
Debt securities issued	7, 8	332 459	318 252	355 500
Payable taxes		2 478	1 457	8 530
Deferred taxes		18	92	98
Other liabilities		23 983	31 444	55 427
Provisions		1 099	1 879	2 557
Pension commitments		4 350	3 967	3 734
Senior non-preferred bonds	8	31 351	8 523	
Subordinated loan capital	7, 8	31 400	32 319	33 879
Total liabilities		2 131 057	1 993 406	2 159 666
Additional Tier 1 capital		16 932	18 362	18 376
Share capital		19 380	19 380	18 256
Share premium		19 895	19 895	19 895
Other equity		160 101	151 268	126 700
Total equity		216 308	208 905	183 227
Total liabilities and equity		2 347 365	2 202 311	2 342 893

Income statement

	DNB Bank Group				
<i>Amounts in NOK million</i>	2nd quarter 2021	2nd quarter 2020	2021	January-June 2020	Full year 2020
Interest income, amortised cost	10 685	12 985	21 479	29 210	51 383
Other interest income	733	1 232	1 613	2 638	4 636
Interest expenses, amortised cost	(1 106)	(2 929)	(2 384)	(8 661)	(11 573)
Other interest expenses	(769)	(1 650)	(1 799)	(2 934)	(5 161)
Net interest income	9 544	9 638	18 909	20 253	39 285
Commission and fee income	2 770	2 387	5 407	4 582	9 387
Commission and fee expenses	(777)	(786)	(1 622)	(1 533)	(3 121)
Net gains on financial instruments at fair value	534	1 667	1 328	4 933	5 938
Profit from investments accounted for by the equity method	37	75	20	(21)	228
Net gains on investment properties	6	(7)	36	(32)	(61)
Other income	500	520	1 074	1 027	2 207
Net other operating income	3 070	3 856	6 244	8 955	14 578
Total income	12 614	13 494	25 153	29 208	53 862
Salaries and other personnel expenses	(3 317)	(3 079)	(6 493)	(5 771)	(12 238)
Other expenses	(1 681)	(1 634)	(3 314)	(3 310)	(6 901)
Depreciation and impairment of fixed and intangible assets	(867)	(848)	(1 720)	(1 677)	(3 437)
Total operating expenses	(5 864)	(5 560)	(11 528)	(10 757)	(22 576)
Pre-tax operating profit before impairment	6 750	7 934	13 625	18 450	31 286
Net gains on fixed and intangible assets	1	0	(1)	(0)	(1)
Impairment of financial instruments	833	(2 120)	943	(7 892)	(9 918)
Pre-tax operating profit	7 584	5 814	14 567	10 559	21 366
Tax expense	(1 668)	(1 163)	(3 205)	(2 112)	(3 926)
Profit from operations held for sale, after taxes	(30)	(17)	(101)	(73)	221
Profit for the period	5 885	4 634	11 261	8 374	17 661
Portion attributable to shareholders of DNB Bank ASA	5 663	4 381	10 819	7 690	16 534
Portion attributable to non-controlling interests	(12)	(4)	(32)	(7)	(15)
Portion attributable to additional Tier 1 capital holders	235	258	474	690	1 143
Profit for the period	5 885	4 634	11 261	8 374	17 661

Comprehensive income statement

	DNB Bank Group				
<i>Amounts in NOK million</i>	2nd quarter 2021	2nd quarter 2020	2021	January-June 2020	Full year 2020
Profit for the period	5 885	4 634	11 261	8 374	17 661
Actuarial gains and losses			(151)	(278)	(323)
Financial liabilities designated at FVTPL, changes in credit risk	(3)	(399)	(34)	216	33
Tax	1	100	46	15	72
Items that will not be reclassified to the income statement	(2)	(299)	(139)	(46)	(217)
Currency translation of foreign operations	1 119	(5 275)	(693)	8 062	3 517
Currency translation reserve reclassified to the income statement			(6)		
Hedging of net investment	(864)	4 735	528	(7 010)	(3 246)
Financial assets at fair value through OCI	(70)	114	30	(240)	103
Tax	234	(1 212)	(139)	1 812	786
Items that may subsequently be reclassified to the income statement	419	(1 638)	(280)	2 624	1 159
Other comprehensive income for the period	416	(1 937)	(419)	2 578	942
Comprehensive income for the period	6 302	2 697	10 842	10 951	18 603

Balance sheet

		DNB Bank Group		
<i>Amounts in NOK million</i>	Note	30 June 2021	31 Dec. 2020	30 June 2020
Assets				
Cash and deposits with central banks		513 674	283 526	337 282
Due from credit institutions		46 758	77 289	116 017
Loans to customers	4, 5, 6, 7	1 722 129	1 703 524	1 709 736
Commercial paper and bonds	7	250 284	279 732	310 178
Shareholdings	7	9 259	6 876	6 196
Financial derivatives	7	129 204	187 534	200 891
Investment properties		615	672	721
Investments accounted for by the equity method		7 343	7 450	7 848
Intangible assets		3 572	3 792	3 654
Deferred tax assets		5 103	5 106	2 030
Fixed assets		15 858	15 522	15 797
Assets held for sale		2 456	2 402	1 315
Other assets		17 176	8 879	17 072
Total assets		2 723 430	2 582 304	2 728 738
Liabilities and equity				
Due to credit institutions		279 295	206 995	304 780
Deposits from customers	7	1 237 374	1 112 058	1 108 804
Financial derivatives	7	117 888	174 170	174 537
Debt securities issued	7, 8	755 268	779 290	830 149
Payable taxes		6 551	6 370	9 207
Deferred taxes		(12)	62	63
Other liabilities		25 110	19 145	30 688
Liabilities held for sale		882	1 016	385
Provisions		1 576	2 096	2 831
Pension commitments		4 501	4 099	3 858
Senior non-preferred bonds	8	31 351	8 523	
Subordinated loan capital	7, 8	31 400	32 319	33 878
Total liabilities		2 491 185	2 346 143	2 499 180
Additional Tier 1 capital		16 932	18 362	18 376
Non-controlling interests		270	119	43
Share capital		19 380	19 380	18 256
Share premium		20 611	20 611	20 611
Other equity		175 052	177 689	172 271
Total equity		232 245	236 161	229 557
Total liabilities and equity		2 723 430	2 582 304	2 728 738

Statement of changes in equity

DNB Bank ASA

<i>Amounts in NOK million</i>	Share capital	Share premium	Additional Tier 1 capital	Net currency translation reserve	Liability credit reserve	Other equity	Total equity
Balance sheet as at 31 December 2019	18 256	19 895	26 729	492	(57)	122 678	187 993
Profit for the period			690			5 759	6 449
Actuarial gains and losses						(278)	(278)
Financial assets at fair value through OCI						(240)	(240)
Financial liabilities designated at FVTPL, changes in credit risk					34		34
Currency translation of foreign operations				161			161
Tax on other comprehensive income					(8)	130	121
Comprehensive income for the period			690	161	25	5 370	6 247
Interest payments additional Tier 1 capital			(1 110)				(1 110)
Additional Tier 1 capital redeemed			(10 024)				(10 024)
Currency movements on interest payments and redemption additional Tier 1 capital			2 091			(1 971)	120
Balance sheet as at 30 June 2020	18 256	19 895	18 376	653	(31)	126 078	183 227
Balance sheet as at 31 December 2020	19 380	19 895	18 362	629	(29)	150 669	208 905
Profit for the period			474			8 994	9 469
Actuarial gains and losses						(151)	(151)
Financial assets at fair value through OCI						23	23
Financial liabilities designated at FVTPL, changes in credit risk					(2)		(2)
Currency translation of foreign operations				(52)			(52)
Tax on other comprehensive income					1	32	33
Comprehensive income for the period			474	(52)	(2)	8 898	9 319
Interest payments additional Tier 1 capital			(513)				(513)
Currency movements on interest payments additional Tier 1 capital			9			(11)	(3)
Additional Tier 1 capital redeemed ¹⁾			(1 400)				(1 400)
Balance sheet as at 30 June 2021	19 380	19 895	16 932	577	(31)	159 556	216 308

1) An additional Tier 1 capital instrument of NOK 1 400 million, issued in 2016, was redeemed in the second quarter of 2021.

Statement of changes in equity (continued)

DNB Bank Group

<i>Amounts in NOK million</i>	Non-controlling interests	Share capital	Share premium	Additional Tier 1 capital	Net currency translation reserve	Liability credit reserve	Other equity	Total equity
Balance sheet as at 31 December 2019	45	18 256	20 611	26 729	4 840	(2)	159 141	229 619
Profit for the period	(7)			690			7 690	8 374
Actuarial gains and losses							(278)	(278)
Financial assets at fair value through OCI							(240)	(240)
Financial liabilities designated at FVTPL, changes in credit risk						216		216
Currency translation of foreign operations	5				8 057			8 062
Hedging of net investment					(7 010)			(7 010)
Tax on other comprehensive income					1 752	(54)	130	1 828
Comprehensive income for the period	(2)			690	2 800	162	7 301	10 951
Interest payments additional								
Tier 1 capital				(1 110)				(1 110)
Additional Tier 1 capital redeemed				(10 024)				(10 024)
Currency movements on interest payments and redemption additional								
Tier 1 capital				2 091			(1 971)	120
Balance sheet as at 30 June 2020	43	18 256	20 611	18 376	7 639	160	164 472	229 557
Balance sheet as at 31 December 2020	119	19 380	20 611	18 362	5 918	23	171 748	236 161
Profit for the period	(32)			474			10 819	11 261
Actuarial gains and losses							(151)	(151)
Financial assets at fair value through OCI							30	30
Financial liabilities designated at FVTPL, changes in credit risk						(34)		(34)
Currency translation of foreign operations	(1)				(698)			(699)
Hedging of net investment					528			528
Tax on other comprehensive income					(132)	8	31	(93)
Comprehensive income for the period	(33)			474	(302)	(25)	10 729	10 842
Interest payments additional								
Tier 1 capital				(513)				(513)
Currency movements on interest payments additional								
Tier 1 capital				9			(11)	(3)
Additional Tier 1 capital redeemed ¹⁾				(1 400)				(1 400)
Non-controlling interests	184						(3)	182
Group contribution to DNB ASA for 2019							(12 478)	(12 478)
Group contribution to DNB ASA for 2020							(545)	(545)
Balance sheet as at 30 June 2021	270	19 380	20 611	16 932	5 616	(3)	169 439	232 245

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

Cash flow statement

DNB Bank ASA

<i>Amounts in NOK million</i>	2021	January-June 2020	Full year 2020
Operating activities			
Net receipts/(payments) on loans to customers	(2 690)	13 888	(3 679)
Interest received from customers	15 603	20 066	35 619
Net receipts on deposits from customers	125 582	89 766	127 133
Interest paid to customers	(1 017)	(2 305)	(6 459)
Net receipts on loans to credit institutions	49 851	142 714	58 068
Net interest received from/(paid) to credit institutions	(476)	357	(68)
Net receipts/(payments) on financial assets for investment or trading	16 408	(147 076)	(168 453)
Interest received on bonds and commercial paper	2 195	2 669	3 880
Net receipts on commissions and fees	3 449	2 486	4 628
Payments to operations	(9 548)	(9 129)	(16 666)
Taxes paid	(1 819)	(610)	(7 278)
Other net receipts	9 327	9 694	11 849
Net cash flow from operating activities	206 867	122 521	38 574
Investing activities			
Net payments on the acquisition of fixed assets	(1 686)	(2 240)	(3 917)
Net disposal/(investment) in long-term shares	(205)	12 258	12 154
Dividends received on long-term investments in shares	528	1 039	4 774
Net cash flow from investment activities	(1 363)	11 057	13 011
Financing activities			
Receipts on issued bonds and commercial paper	1 089 852	737 582	1 126 072
Payments on redeemed bonds and commercial paper	(1 040 278)	(828 581)	(1 181 672)
Interest payments on issued bonds and commercial paper	(2 660)	(4 495)	(6 105)
Receipts on the raising of subordinated loan capital		4 056	4 056
Redemptions of subordinated loan capital		(4 207)	(4 207)
Interest payments on subordinated loan capital	(304)	(328)	(501)
Net payments on redemption of additional Tier 1 capital	(1 400)	(10 024)	(10 024)
Interest payments on additional Tier 1 capital	(513)	(1 110)	(1 578)
Lease payments	(331)	(311)	(717)
Group contribution payments	(13 023)		
Net cash flow from funding activities	31 343	(107 418)	(74 677)
Effects of exchange rate changes on cash and cash equivalents	(4 922)	6 123	3 044
Net cash flow	231 926	32 283	(20 047)
Cash as at 1 January	286 398	306 446	306 446
Net receipts of cash	231 926	32 283	(20 047)
Cash at end of period ¹⁾	518 324	338 729	286 398
<i>*) Of which: Cash and deposits with central banks</i>	<i>511 533</i>	<i>335 269</i>	<i>281 956</i>
<i>Deposits with credit institutions with no agreed period of notice ¹⁾</i>	<i>6 791</i>	<i>3 460</i>	<i>4 442</i>

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

Cash flow statement (continued)

	DNB Bank Group		
<i>Amounts in NOK million</i>	2021	January-June 2020	Full year 2020
Operating activities			
Net payments on loans to customers	(17 425)	(21 364)	(33 643)
Interest received from customers	21 164	27 515	49 329
Net receipts on deposits from customers	123 867	93 117	131 774
Interest paid to customers	(996)	(2 434)	(6 624)
Net receipts on loans to credit institutions	94 154	106 707	32 306
Net interest paid to credit institutions	(714)	(528)	(1 154)
Net receipts/(payments) on financial assets for investment or trading	13 362	(36 730)	(74 267)
Interest received on bonds and commercial paper	1 919	2 248	3 352
Net receipts on commissions and fees	4 344	3 206	6 344
Payments to operations	(11 091)	(10 468)	(19 425)
Taxes paid	(3 158)	(1 002)	(8 996)
Other net receipts	2 654	3 938	2 206
Net cash flow from operating activities	228 080	164 205	81 200
Investing activities			
Net payments on the acquisition of fixed assets	(1 765)	(2 344)	(3 967)
Net receipts on investment properties	85	21	35
Net investment in long-term shares	(17)		
Dividends received on long-term investments in shares	4	60	428
Net cash flow from investment activities	(1 693)	(2 263)	(3 504)
Financing activities			
Receipts on issued bonds and commercial paper	1 115 890	735 851	1 152 054
Payments on redeemed bonds and commercial paper	(1 087 401)	(848 416)	(1 225 085)
Interest payments on issued bonds and commercial paper	(6 544)	(9 072)	(13 193)
Receipts on the raising of subordinated loan capital		4 056	4 056
Redemptions of subordinated loan capital		(4 207)	(4 207)
Interest payments on subordinated loan capital	(306)	(330)	(504)
Net payments on redemption of additional Tier 1 capital	(1 400)	(10 024)	(10 024)
Interest payments on additional Tier 1 capital	(513)	(1 110)	(1 578)
Lease payments	(348)	(267)	(730)
Group contributions payments	(13 023)		(573)
Net cash flow from funding activities	6 354	(133 520)	(99 785)
Effects of exchange rate changes on cash and cash equivalents	(4 563)	5 204	3 428
Net cash flow	228 178	33 626	(18 661)
Cash as at 1 January	288 961	307 623	307 623
Net receipts of cash	228 178	33 626	(18 661)
Cash at end of period ¹⁾	517 140	341 249	288 961
<i>*) Of which: Cash and deposits with central banks</i>	513 674	337 282	283 526
<i>Deposits with credit institutions with no agreed period of notice ¹⁾</i>	3 466	3 967	5 435

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

Note 1 Basis for preparation

The quarterly financial statements for the Group have been prepared in accordance with IAS 34 Interim Financial Reporting, as issued by the International Accounting Standards Board and as adopted by the European Union. When preparing the consolidated financial statements, the management makes estimates, judgements and assumptions that affect the application of the accounting principles, as well as income, expenses, and the carrying amount of assets and liabilities. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the accounting policies, significant estimates, and areas where judgement is applied by the Group, can be found in Note 1 Accounting principles in the annual report for 2020. In the interim report, the accounting policies, significant estimates, and areas where judgement is applied by the Group are in conformity with those described in the annual report.

Note 2 Segments

According to DNB Bank'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 Bank has the following operating segments: Personal customers, Corporate customers and Risk management. The Risk management segment is included in Other operations. DNB's share of profit in associated companies (most importantly Luminor and Vipps) is included in Other operations.

Income statement, second quarter

<i>Amounts in NOK million</i>	Personal customers		Corporate customers		Other operations		Eliminations		DNB Bank Group	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net interest income	3 244	3 389	5 912	5 944	387	305			9 544	9 638
Net other operating income	1 055	884	1 935	1 523	764	1 528	(684)	(79)	3 070	3 856
Total income	4 299	4 273	7 847	7 467	1 152	1 833	(684)	(79)	12 614	13 494
Operating expenses	(2 246)	(2 151)	(3 067)	(2 939)	(1 235)	(549)	684	79	(5 864)	(5 560)
Pre-tax operating profit before impairment	2 053	2 122	4 780	4 528	(83)	1 284			6 750	7 934
Net gains on fixed and intangible assets	0		(0)	0	1	(0)			1	0
Impairment of financial instruments	114	(82)	709	(2 030)	10	(8)			833	(2 120)
Profit from repossessed operations			(61)	(29)	61	29				
Pre-tax operating profit	2 167	2 041	5 428	2 469	(12)	1 304			7 584	5 814
Tax expense	(542)	(510)	(1 357)	(617)	230	(35)			(1 668)	(1 163)
Profit from operations held for sale, after taxes					(30)	(17)			(30)	(17)
Profit for the period	1 625	1 530	4 071	1 852	189	1 252			5 885	4 634

Income statement, January-June

<i>Amounts in NOK million</i>	Personal customers		Corporate customers		Other operations		Eliminations		DNB Bank Group	
	Jan.-June		Jan.-June		Jan.-June		Jan.-June		Jan.-June	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net interest income	6 227	7 091	11 690	12 051	993	1 111			18 909	20 253
Net other operating income	1 977	1 804	3 703	2 905	1 802	4 639	(1 238)	(393)	6 244	8 955
Total income	8 203	8 895	15 393	14 956	2 794	5 750	(1 238)	(393)	25 153	29 208
Operating expenses	(4 422)	(4 345)	(6 110)	(5 804)	(2 234)	(1 002)	1 238	393	(11 528)	(10 757)
Pre-tax operating profit before impairment	3 782	4 550	9 283	9 152	561	4 748			13 625	18 450
Net gains on fixed and intangible assets	1		(0)	(0)	(2)	(0)			(1)	(0)
Impairment of financial instruments	137	(815)	803	(7 068)	3	(9)			943	(7 892)
Profit from repossessed operations			(100)	(109)	100	109				
Pre-tax operating profit	3 920	3 735	9 986	1 975	662	4 848			14 567	10 559
Taxes	(980)	(934)	(2 496)	(494)	272	(684)			(3 205)	(2 112)
Profit from operations held for sale, after taxes					(101)	(73)			(101)	(73)
Profit for the period	2 940	2 801	7 489	1 481	832	4 091			11 261	8 374

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

Note 3 Capital adequacy

Capital adequacy is calculated and reported in accordance with the EU capital requirements regulations for banks and investment firms (CRR/CRD IV). The regulatory consolidation deviates from consolidation in the accounts and comprises the parent company, subsidiaries and associated companies within the financial sector. Associated companies are consolidated pro rata. The figures as at 30 June are partially based on estimates.

DNB Bank ASA		Own funds	DNB Bank Group	
31 Dec. 2020	30 June 2021	<i>Amounts in NOK million</i>	30 June 2021	31 Dec. 2020
208 905	216 308	Total equity	232 245	236 161
	(4 497)	Effect from regulatory consolidation	(175)	(250)
(17 995)	(16 595)	Adjustment to retained earnings for foreseeable dividends	(5 453)	
(276)	(253)	Additional Tier 1 capital instruments included in total equity	(16 595)	(17 995)
190 635	194 963	Net accrued interest on additional Tier 1 capital instruments	(253)	(276)
		Common equity Tier 1 capital instruments	209 769	217 641
(2 427)	(2 408)	Regulatory adjustments		
		Goodwill	(2 972)	(2 992)
(453)	(453)	Deferred tax assets that rely of future profitability, excluding temporary differences	(978)	(970)
(1 014)	(820)	Other intangible assets	(1 388)	(1 583)
(13 953)	(13 953)	Proposed dividends and group contributions ¹⁾	(13 953)	(26 949)
(788)	(1 092)	IRB provisions shortfall (-)	(2 068)	(1 781)
(683)	(1 023)	Additional value adjustments (AVA)	(1 146)	(855)
		Insufficient coverage for non-performing exposures	(0)	
29	31	(Gains) or losses on liabilities at fair value resulting from own credit risk	3	(23)
(527)	(373)	(Gains) or losses on derivative liabilities resulting from own credit risk (DVA)	(85)	(94)
170 819	174 872	Common equity Tier 1 capital	187 182	182 393
17 995	16 595	Additional Tier 1 capital instruments	16 595	17 995
188 814	191 466	Tier 1 capital	203 777	200 388
5 640	5 619	Perpetual subordinated loan capital	5 619	5 640
26 320	25 577	Term subordinated loan capital	25 577	26 320
31 960	31 196	Additional Tier 2 capital instruments	31 196	31 960
220 774	222 663	Own funds	234 973	232 348
801 447	808 045	Total risk exposure amount	939 620	930 384
64 116	64 644	Minimum capital requirement	75 170	74 431
		Capital ratios:		
21.3	21.6	Common equity Tier 1 capital ratio	19.9	19.6
23.6	23.7	Tier 1 capital ratio	21.7	21.5
27.5	27.6	Total capital ratio	25.0	25.0
Own funds and capital ratios excluding interim profit				
	170 374	Common equity Tier 1 capital	181 729	
	186 969	Tier 1 capital	198 324	
	218 165	Own funds	229 520	
	21.1	Common equity Tier 1 capital ratio	19.3	
	23.1	Tier 1 capital ratio	21.1	
	27.0	Total capital ratio	24.4	

1) The Board of Directors in DNB Bank ASA was given an authorisation at the Annual General Meeting on 27 April 2021 to pay a dividend of up to NOK 9.00 per share for 2020, for distribution after September 2021.

Note 3 Capital adequacy (continued)

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

Specification of exposures

	DNB Bank ASA					
	Original exposure	Exposure at default EAD ¹⁾	Average risk weight in per cent	Risk exposure amount REA	Capital requirement	Capital requirement
	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	31 Dec. 2020
<i>Amounts in NOK million</i>						
IRB approach						
Corporate exposures	804 738	651 565	45.3	295 279	23 622	24 433
<i>of which specialised lending (SL)</i>	12 821	12 080	37.0	4 472	358	474
<i>of which small and medium-sized enterprises (SME)</i>	212 523	187 971	45.9	86 329	6 906	6 927
<i>of which other corporate</i>	579 394	451 514	45.3	204 477	16 358	17 033
Retail exposures	216 015	198 895	25.2	50 122	4 010	3 940
<i>of which secured by mortgages on immovable property</i>	129 221	129 218	23.8	30 719	2 458	2 500
<i>of which other retail</i>	86 795	69 677	27.8	19 403	1 552	1 440
Total credit risk, IRB approach	1 020 753	850 460	40.6	345 401	27 632	28 374
Standardised approach						
Central government and central banks	507 293	506 151	0.0	1	0	6
Regional governments or local authorities	42 833	39 315	1.1	439	35	40
Public sector entities	30 724	30 707	0.1	29	2	1
Multilateral development banks	31 641	31 570				
International organisations	4 958	4 958				
Institutions	553 326	460 008	20.2	93 013	7 441	7 471
Corporate	131 928	109 151	77.9	85 077	6 806	5 497
Retail	187 344	64 273	74.8	48 102	3 848	3 343
Secured by mortgages on immovable property	4 836	4 626	57.6	2 664	213	80
Exposures in default	1 778	1 279	143.5	1 836	147	150
Items associated with particular high risk	458	458	150.0	687	55	609
Covered bonds	84 398	84 398	10.0	8 440	675	812
Collective investments undertakings	180	180	100.0	180	14	24
Equity positions	112 659	112 659	100.0	112 659	9 013	8 852
Other assets	17 068	17 068	114.0	19 451	1 556	1 500
Total credit risk, standardised approach	1 711 426	1 466 802	25.4	372 579	29 806	28 384
Total credit risk	2 732 179	2 317 262	31.0	717 979	57 438	56 758
Market risk						
Position and general risk, debt instruments				8 393	671	752
Position and general risk, equity instruments				700	56	52
Currency risk				131	10	4
Commodity risk				0	0	0
Total market risk				9 223	738	808
Credit value adjustment risk (CVA)				4 184	335	417
Operational risk				76 658	6 133	6 133
Total risk exposure amount				808 045	64 644	64 116

Note 3 Capital adequacy (continued)

Specification of exposures	DNB Bank Group					
	Original exposure 30 June 2021	Exposure at default EAD ¹⁾ 30 June 2021	Average risk weight in per cent 30 June 2021	Risk exposure amount REA 30 June 2021	Capital requirement 30 June 2021	Capital requirement 31 Dec. 2020
<i>Amounts in NOK million</i>						
IRB approach						
Corporate exposures	983 508	795 035	45.1	358 492	28 679	30 405
<i>of which specialised lending (SL)</i>	13 298	12 558	37.8	4 742	379	516
<i>of which small and medium-sized enterprises (SME)</i>	212 843	188 291	45.9	86 442	6 915	6 931
<i>of which other corporate</i>	757 367	594 186	45.0	267 307	21 385	22 958
Retail exposures	971 250	954 129	22.1	210 391	16 831	16 371
<i>of which secured by mortgages on immovable property</i>	884 455	884 452	21.6	190 987	15 279	14 931
<i>of which other retail</i>	86 795	69 677	27.8	19 403	1 552	1 440
Total credit risk, IRB approach	1 954 757	1 749 164	32.5	568 882	45 511	46 776
Standardised approach						
Central government and central banks	525 263	524 532	0.1	264	21	19
Regional governments or local authorities	48 481	43 833	2.3	1 024	82	88
Public sector entities	32 002	31 389	1.2	370	30	31
Multilateral development banks	31 662	31 591				
International organisations	4 958	4 958				
Institutions	124 132	93 332	21.7	20 238	1 619	1 847
Corporate	202 913	170 416	76.9	130 975	10 478	8 403
Retail	193 617	68 397	74.4	50 861	4 069	3 580
Secured by mortgages on immovable property	35 105	33 609	57.6	19 355	1 548	1 366
Exposures in default	2 801	2 017	137.5	2 774	222	233
Items associated with particular high risk	733	709	150.0	1 064	85	641
Covered bonds	33 684	33 684	10.0	3 368	269	348
Collective investment undertakings	737	737	24.4	180	14	24
Equity positions	12 045	12 044	100.0	12 044	964	746
Other assets	20 755	20 754	97.9	20 326	1 626	1 549
Total credit risk, standardised approach	1 268 888	1 072 002	24.5	262 844	21 028	18 875
Total credit risk	3 223 646	2 821 166	29.5	831 727	66 538	65 652
Market risk						
Position and general risk, debt instruments				8 449	676	748
Position and general risk, equity instruments				700	56	52
Currency risk				131	10	4
Commodity risk				0	0	0
Total market risk				9 280	742	803
Credit value adjustment risk (CVA)				4 662	373	459
Operational risk				93 951	7 516	7 516
Total risk exposure amount				939 620	75 170	74 431

Note 4 Development in gross carrying amount and maximum exposure

Loans to customers at amortised cost

Amounts in NOK million	January-June 2021				DNB Bank Group January-June 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Gross carrying amount as at 31 Dec.	1 500 223	137 333	32 006	1 669 563	1 519 017	88 291	24 297
Transfer to stage 1	54 481	(53 585)	(896)		48 272	(47 301)	(972)	
Transfer to stage 2	(59 272)	59 904	(632)		(135 320)	137 106	(1 786)	
Transfer to stage 3	(1 910)	(5 413)	7 323		(3 515)	(12 432)	15 947	
Originated and purchased	217 840	4 631	1 212	223 683	216 161	10 575		226 737
Derecognition	(172 403)	(21 191)	(7 114)	(200 709)	(177 328)	(20 454)	(1 848)	(199 630)
Exchange rate movements	(3 237)	(199)	(28)	(3 464)	16 450	1 163	227	17 839
Other								
Gross carrying amount as at 30 June ¹⁾	1 535 721	121 481	31 870	1 689 072	1 483 737	156 949	35 864	1 676 550

1) On 1 January 2021, DNB introduced a new definition of default. According to the new definition, the gross carrying amount for stage 3 customers in probation after default was NOK 3 172 million as at 30 June 2021.

Financial commitments

Amounts in NOK million	January-June 2021				DNB Bank Group January-June 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Maximum exposure as at 31 Dec.	647 981	36 478	6 024	690 484	617 345	23 794	3 343
Transfer to stage 1	12 514	(11 988)	(526)		13 278	(13 132)	(146)	
Transfer to stage 2	(14 141)	15 306	(1 164)		(54 416)	54 801	(385)	
Transfer to stage 3		(283)	282		(1 509)	(6 120)	7 629	
Originated and purchased	236 096	2 476	93	238 665	201 974	1 184		203 158
Derecognition	(201 584)	(6 473)	(4)	(208 061)	(160 913)	(10 170)	(2 524)	(173 608)
Exchange rate movements	(1 674)	22	(12)	(1 665)	13 073	772	14	13 860
Maximum exposure as at 30 June ¹⁾	679 193	35 538	4 693	719 424	628 830	51 130	7 931	687 891

1) On 1 January 2021, DNB introduced a new definition of default. According to the new definition, the maximum exposure relating to stage 3 customers in probation after default was NOK 350 million as at 30 June 2021.

Note 5 Development in accumulated impairment of financial instruments

Amounts in NOK million	January-June 2021				January-June 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Accumulated impairment as at 31 Dec.	(555)	(987)	(10 506)	(12 048)	(168)	(777)	(8 252)
Transfer to stage 1	(156)	155			(213)	192	21	
Transfer to stage 2	101	(103)	2		67	(108)	41	
Transfer to stage 3	1	57	(59)		1	211	(212)	
Originated and purchased	(119)	(54)		(172)	(138)	(153)		(291)
Increased expected credit loss ¹⁾	(177)	(532)	(1 948)	(2 657)	(581)	(1 352)	(5 951)	(7 884)
Decreased (reversed) expected credit loss ¹⁾	428	423	2 121	2 972	338	362	1 794	2 493
Write-offs			756	756			879	879
Derecognition (including repayments)	74	229	47	351	43	209	47	299
Exchange rate movements	2	2	(4)		(4)	(3)	(51)	(58)
Accumulated impairment as at 30 June ¹⁾	(400)	(808)	(9 590)	(10 799)	(655)	(1 419)	(11 685)	(13 758)

Amounts in NOK million	January-June 2021				January-June 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	Accumulated impairment as at 31 Dec.	(761)	(1 213)	(12 039)	(14 013)	(305)	(1 041)	(8 904)
Transfer to stage 1	(179)	178	1		(281)	250	30	
Transfer to stage 2	141	(154)	13		107	(176)	70	
Transfer to stage 3	1	58	(60)		1	217	(218)	
Originated and purchased	(174)	(109)		(283)	(198)	(157)		(355)
Increased expected credit loss ¹⁾	(197)	(715)	(2 193)	(3 105)	(821)	(1 870)	(6 968)	(9 660)
Decreased (reversed) expected credit loss ¹⁾	518	588	2 640	3 746	477	435	2 208	3 120
Write-offs			1 065	1 065			1 167	1 167
Derecognition (including repayments)	85	277	64	426	55	386	47	488
Exchange rate movements	3			4	(12)	(14)	(91)	(118)
Other								
Accumulated impairment as at 30 June ¹⁾	(563)	(1 091)	(10 507)	(12 160)	(978)	(1 971)	(12 660)	(15 609)

1) On 1 January 2021, DNB introduced a new definition of default. According to the new definition for customers in probation after default, the effect on expected credit loss was not significant as at 30 June 2021.

Note 5 Development in accumulated impairment of financial instruments (continued)

Financial commitments	DNB Bank ASA							
	January-June 2021				January-June 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<i>Amounts in NOK million</i>								
Accumulated impairment as at 31 Dec.	(231)	(438)	(601)	(1 270)	(111)	(358)	(546)	(1 016)
Transfer to stage 1	(57)	57			(74)	72	3	
Transfer to stage 2	30	(30)			47	(50)	3	
Transfer to stage 3		13	(13)		1	107	(107)	
Originated and purchased	(77)	(14)		(91)	(187)	(30)		(217)
Increased expected credit loss ¹⁾	(38)	(150)	(249)	(437)	(279)	(712)	(985)	(1 975)
Decreased (reversed) expected credit loss ¹⁾	186	177	403	765	145	130	563	838
Derecognition	2	91		93	2	72		74
Exchange rate movements		1		1	(2)	(1)		(3)
Other								
Accumulated impairment as at 30 June ¹⁾	(186)	(293)	(460)	(939)	(459)	(770)	(1 070)	(2 299)

Financial commitments	DNB Bank Group							
	January-June 2021				January-June 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<i>Amounts in NOK million</i>								
Accumulated impairment as at 31 Dec.	(284)	(566)	(601)	(1 451)	(146)	(667)	(543)	(1 357)
Transfer to stage 1	(59)	59			(88)	85	3	
Transfer to stage 2	34	(36)	1		52	(56)	3	
Transfer to stage 3		13	(13)		1	250	(250)	
Originated and purchased	(99)	(17)		(116)	(218)	(30)		(249)
Increased expected credit loss ¹⁾	(48)	(155)	(254)	(458)	(334)	(1 405)	(1 393)	(3 132)
Decreased (reversed) expected credit loss ¹⁾	212	196	407	814	191	739	1 114	2 044
Derecognition	5	96		101	2	196		198
Exchange rate movements	1			1	(4)	(33)	(1)	(38)
Other								
Accumulated impairment as at 30 June ¹⁾	(238)	(410)	(460)	(1 108)	(545)	(922)	(1 067)	(2 535)

1) On 1 January 2021, DNB introduced a new definition of default. According to the new definition for customers in probation after default, the effect on expected credit loss was not significant as at 30 June 2021.

Note 6 Loans and financial commitments to customers by industry segment

Loans to customers as at 30 June 2021	Gross carrying amount	Accumulated impairment			DNB Bank Group	
		Stage 1	Stage 2	Stage 3	Loans at fair value	Total
<i>Amounts in NOK million</i>						
Bank, insurance and portfolio management	105 037	(20)	(27)	(150)		104 840
Commercial real estate	194 745	(83)	(64)	(332)	77	194 343
Shipping	37 259	(40)	(98)	(268)		36 853
Oil, gas and offshore	51 489	(47)	(248)	(6 689)		44 505
Power and renewables	35 959	(29)	(9)	(238)		35 684
Healthcare	15 096	(3)	(0)			15 092
Public sector	8 692	(15)	(0)	(0)		8 676
Fishing, fish farming and farming	50 668	(42)	(69)	(154)	106	50 509
Retail industries	38 727	(27)	(44)	(409)	3	38 250
Manufacturing	35 075	(32)	(55)	(79)		34 909
Technology, media and telecom	23 491	(15)	(8)	(20)		23 447
Services	79 737	(68)	(88)	(936)	20	78 665
Residential property	103 122	(35)	(21)	(149)	238	103 155
Personal customers	843 422	(64)	(137)	(370)	44 762	887 612
Other corporate customers	66 555	(41)	(222)	(712)	11	65 589
Total ¹⁾	1 689 072	(563)	(1 091)	(10 507)	45 218	1 722 129

1) Of which NOK 47 857 million in repo trading volumes.

Loans to customers as at 30 June 2020	Gross carrying amount	Accumulated impairment			DNB Bank Group	
		Stage 1	Stage 2	Stage 3	Loans at fair value	Total
<i>Amounts in NOK million</i>						
Bank, insurance and portfolio management	109 127	(60)	(20)	(311)		108 737
Commercial real estate	177 125	(84)	(91)	(369)	140	176 722
Shipping	48 920	(61)	(199)	(338)		48 322
Oil, gas and offshore	70 242	(93)	(513)	(8 419)		61 218
Power and renewables	34 257	(46)	(20)	(27)		34 165
Healthcare	23 432	(22)	(2)			23 409
Public sector	15 866	(9)	(0)	(0)		15 856
Fishing, fish farming and farming	47 201	(56)	(60)	(138)	121	47 069
Retail industries	38 516	(40)	(65)	(396)	27	38 043
Manufacturing	44 861	(54)	(83)	(229)	5	44 501
Technology, media and telecom	27 771	(46)	(16)	(30)	6	27 684
Services	82 408	(100)	(130)	(659)	67	81 586
Residential property	95 254	(30)	(23)	(138)	363	95 425
Personal customers	797 363	(210)	(415)	(680)	48 003	844 061
Other corporate customers	64 205	(68)	(333)	(928)	63	62 939
Total ¹⁾	1 676 550	(978)	(1 971)	(12 660)	48 795	1 709 736

1) Of which NOK 51 657 million in repo trading volumes.

Note 6 Loans and financial commitments to customers by industry segment (continued)

Financial commitments as at 30 June 2021	Accumulated impairment			DNB Bank Group	
	Maximum exposure	Stage 1	Stage 2	Stage 3	Total
<i>Amounts in NOK million</i>					
Bank, insurance and portfolio management	32 100	(11)	(3)	(0)	32 086
Commercial real estate	30 442	(16)	(1)	(1)	30 423
Shipping	10 029	(9)	(2)		10 019
Oil, gas and offshore	47 402	(47)	(213)	(254)	46 888
Power and renewables	34 739	(20)	(3)	0	34 716
Healthcare	20 281	(4)	(0)		20 277
Public sector	7 944	(0)			7 944
Fishing, fish farming and farming	21 312	(16)	(7)	(4)	21 286
Retail industries	34 182	(18)	(11)	(6)	34 146
Manufacturing	50 796	(16)	(39)	(1)	50 741
Technology, media and telecom	22 450	(9)	(5)	(0)	22 437
Services	29 566	(29)	(29)	(9)	29 499
Residential property	41 140	(14)	(2)	(8)	41 116
Personal customers	300 570	(12)	(24)	(1)	300 534
Other corporate customers	36 470	(17)	(71)	(177)	36 206
Total	719 424	(238)	(410)	(460)	718 316

Financial commitments as at 30 June 2020	Accumulated impairment			DNB Bank Group	
	Maximum exposure	Stage 1	Stage 2	Stage 3	Total
<i>Amounts in NOK million</i>					
Bank, insurance and portfolio management	32 657	(51)	(4)	(0)	32 602
Commercial real estate	26 047	(32)	(2)	(4)	26 010
Shipping	9 124	(13)	(75)	(5)	9 031
Oil, gas and offshore	57 703	(76)	(484)	(685)	56 459
Power and renewables	31 821	(29)	(34)		31 759
Healthcare	23 073	(11)	(0)		23 062
Public sector	10 030	(0)	(0)		10 030
Fishing, fish farming and farming	17 645	(24)	(5)	(4)	17 612
Retail industries	34 936	(24)	(32)	(21)	34 859
Manufacturing	55 712	(51)	(59)	(6)	55 596
Technology, media and telecom	18 559	(21)	(4)		18 534
Services	26 645	(35)	(34)	(35)	26 542
Residential property	33 750	(14)	(5)	(5)	33 726
Personal customers	274 943	(135)	(99)	(0)	274 710
Other corporate customers	35 244	(30)	(85)	(304)	34 825
Total	687 891	(545)	(922)	(1 067)	685 357

Note 7 Financial instruments at fair value

<i>Amounts in NOK million</i>	DNB Bank ASA			
	Level 1	Level 2	Level 3	Total
Assets as at 30 June 2021				
Loans to customers		120 430	6 362	126 792
Commercial paper and bonds	26 040	266 838	954	293 832
Shareholdings	5 682	932	753	7 368
Financial derivatives	1 878	135 384	1 445	138 706
Liabilities as at 30 June 2021				
Deposits from customers		10 351		10 351
Debt securities issued		6 337		6 337
Senior non-preferred bonds		1 117		1 117
Subordinated loan capital		175		175
Financial derivatives	2 209	135 155	1 143	138 508
Other financial liabilities ¹⁾	2 623	(0)	0	2 623
Assets as at 30 June 2020				
Loans to customers		117 343	7 640	124 983
Commercial paper and bonds	42 185	321 093	406	363 684
Shareholdings	2 546	655	589	3 790
Financial derivatives	878	210 881	2 054	213 813
Liabilities as at 30 June 2020				
Deposits from customers		20 591		20 591
Debt securities issued		7 690		7 690
Subordinated loan capital		176		176
Financial derivatives	631	231 722	1 499	233 851
Other financial liabilities ¹⁾	3 413			3 413

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.

<i>Amounts in NOK million</i>	DNB Bank Group			
	Level 1	Level 2	Level 3	Total
Assets as at 30 June 2021				
Loans to customers			45 218	45 218
Commercial paper and bonds	33 789	215 233	954	249 975
Shareholdings	7 212	975	1 072	9 259
Financial derivatives	1 878	125 881	1 445	129 204
Liabilities as at 30 June 2021				
Deposits from customers		10 351		10 351
Debt securities issued		17 305		17 305
Senior non-preferred bonds		1 117		1 117
Subordinated loan capital		175		175
Financial derivatives	2 209	114 535	1 143	117 888
Other financial liabilities ¹⁾	2 623	(0)	0	2 623
Assets as at 30 June 2020				
Loans to customers			48 795	48 795
Commercial paper and bonds	42 185	259 620	406	302 211
Shareholdings	4 793	668	735	6 196
Financial derivatives	878	197 959	2 054	200 891
Liabilities as at 30 June 2020				
Deposits from customers		20 591		20 591
Debt securities issued		22 457		22 457
Subordinated loan capital		176		176
Financial derivatives	631	172 408	1 499	174 537
Other financial liabilities ¹⁾	3 413			3 413

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

1) Short positions, trading activities.

Note 7 Financial instruments at fair value (continued)

Financial instruments at fair value, level 3

DNB Bank ASA

<i>Amounts in NOK million</i>	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2019	8 495	356	633	1 868	1 536
Net gains recognised in the income statement	260	(8)	(54)	642	418
Additions/purchases	2 483	277	15	224	219
Sales	(1 342)	(90)	(5)		
Settled	(2 256)			(707)	(695)
Transferred from level 1 or level 2		85			
Transferred to level 1 or level 2		(204)	(0)		
Other		(9)		27	22
Carrying amount as at 30 June 2020	7 640	406	589	2 054	1 499
Carrying amount as at 31 December 2020	7 030	283	699	1 877	1 513
Net gains recognised in the income statement	(102)	(1)	69	(285)	(214)
Additions/purchases	1 727	488	10	215	206
Sales	(752)	(368)	(22)		
Settled	(1 541)	(11)		(362)	(361)
Transferred from level 1 or level 2		740			
Transferred to level 1 or level 2		(200)	(2)		
Other		24			
Carrying amount as at 30 June 2021	6 362	954	753	1 445	1 143

Financial instruments at fair value, level 3

DNB Bank Group

<i>Amounts in NOK million</i>	Financial assets				Financial liabilities
	Loans to customers	Commercial paper and bonds	Share-holdings	Financial derivatives	Financial derivatives
Carrying amount as at 31 December 2019	49 995	356	795	1 868	1 536
Net gains recognised in the income statement	1 548	(8)	(68)	642	418
Additions/purchases	6 242	277	18	224	219
Sales		(90)	(9)		
Settled	(8 991)			(707)	(695)
Transferred from level 1 or level 2		85			
Transferred to level 1 or level 2		(204)	(0)		
Other		(9)	0	27	22
Carrying amount as at 30 June 2020	48 795	406	735	2 054	1 499
Carrying amount as at 31 December 2020	47 975	283	941	1 877	1 513
Net gains recognised in the income statement	(643)	(1)	118	(285)	(214)
Additions/purchases	4 421	488	46	215	206
Sales		(368)	(32)		
Settled	(6 536)	(11)		(362)	(361)
Transferred from level 1 or level 2		740			
Transferred to level 1 or level 2		(200)	(2)		
Other		24	(0)		
Carrying amount as at 30 June 2021	45 218	954	1 072	1 445	1 143

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 26 million in DNB Bank ASA and 140 million in DNB Bank Group. The effects on other Level 3 financial instruments are insignificant.

Note 8 Debt securities issued, senior non-preferred bonds and subordinated loan capital

As an element in liquidity management, the DNB Bank Group issues and redeems own securities.

	DNB Bank ASA					
	Balance sheet 30 June 2021	Issued 2021	Matured/ redeemed 2021	Exchange rate movements 2021	Other changes 2021	Balance sheet 31 Dec. 2020
<i>Amounts in NOK million</i>						
Commercial papers issued, nominal amount	193 710	1 066 597	(1 003 139)	(7 678)		137 931
Bond debt, nominal amount	135 906	393	(37 139)	(2 463)		175 115
Value adjustments	2 844				(2 363)	5 206
Debt securities issued	332 459	1 066 989	(1 040 278)	(10 142)	(2 363)	318 252

	DNB Bank ASA					
	Balance sheet 30 June 2020	Issued 2020	Matured/ redeemed 2020	Exchange rate movements 2020	Other changes 2020	Balance sheet 31 Dec. 2019
<i>Amounts in NOK million</i>						
Commercial papers issued, nominal amount	135 092	734 970	(798 236)	10 238		188 120
Bond debt, nominal amount	214 415	2 612	(30 345)	19 598		222 550
Value adjustments	5 993				98	5 895
Debt securities issued	355 500	737 582	(828 581)	29 836	98	416 565

	DNB Bank Group					
	Balance sheet 30 June 2021	Issued 2021	Matured/ redeemed 2021	Exchange rate movements 2021	Other changes 2021	Balance sheet 31 Dec. 2020
<i>Amounts in NOK million</i>						
Commercial papers issued, nominal amount	193 710	1 066 597	(1 003 139)	(7 678)		137 931
Bond debt, nominal amount ¹⁾	135 906	393	(37 139)	(2 463)		175 115
Covered bonds, nominal amount ¹⁾	405 618	26 038	(47 123)	(8 776)		435 479
Value adjustments	20 034				(10 731)	30 765
Debt securities issued	755 268	1 093 027	(1 087 401)	(18 918)	(10 731)	779 290

1) Minus own bonds. The total nominal amount of outstanding covered bonds in DNB Boligkreditt was NOK 339.7 billion as at 30 June 2021. The market value of the cover pool represented NOK 689.6 billion.

	DNB Bank Group					
	Balance sheet 30 June 2020	Issued 2020	Matured/ redeemed 2020	Exchange rate movements 2020	Other changes 2020	Balance sheet 31 Dec. 2019
<i>Amounts in NOK million</i>						
Commercial papers issued, nominal amount	135 092	734 970	(798 236)	10 238		188 120
Bond debt, nominal amount ¹⁾	214 415	2 612	(30 345)	19 598		222 550
Covered bonds, nominal amount ¹⁾	446 791	(1 731)	(19 835)	35 452		432 905
Value adjustments	33 850				5 793	28 057
Debt securities issued	830 149	735 851	(848 416)	65 288	5 793	871 632

1) Minus own bonds.

	DNB Bank ASA					
	Balance sheet 30 June 2021	Issued 2021	Matured/ redeemed 2021	Exchange rate movements 2021	Other changes 2021	Balance sheet 31 Dec. 2020
<i>Amounts in NOK million</i>						
Senior non-preferred bonds, nominal amount	31 598	22 862		217		8 519
Value adjustments	(248)				(252)	4
Senior non-preferred bonds	31 351	22 862		217	(252)	8 523

Note 8 Debt securities issued, senior non-preferred bonds and subordinated loan capital (continued)

Senior non-preferred bonds 2021	DNB Bank Group					
	Balance sheet		Matured/	Exchange	Other	Balance sheet
	30 June	Issued	redeemed	rate	changes	31 Dec.
<i>Amounts in NOK million</i>	2021	2021	2021	movements	2021	2020
Senior non-preferred bonds, nominal amount	31 598	22 862		217		8 519
Value adjustments	(248)				(252)	4
Senior non-preferred bonds	31 351	22 862		217	(252)	8 523

Subordinated loan capital and perpetual subordinated loan capital securities 2021	DNB Bank ASA					
	Balance sheet		Matured/	Exchange	Other	Balance sheet
	30 June	Issued	redeemed	rate	changes	31 Dec.
<i>Amounts in NOK million</i>	2021	2021	2021	movements	2021	2020
Term subordinated loan capital, nominal amount	25 577			(743)		26 320
Perpetual subordinated loan capital, nominal amount	5 619			(21)		5 640
Value adjustments	204				(155)	359
Total subordinated loan capital and perpetual subordinated loan capital securities	31 400			(764)	(155)	32 319

Subordinated loan capital and perpetual subordinated loan capital securities 2020	DNB Bank ASA					
	Balance sheet		Matured/	Exchange	Other	Balance sheet
	30 June	Issued	redeemed	rate	changes	31 Dec.
<i>Amounts in NOK million</i>	2020	2020	2020	movements	2020	2019
Term subordinated loan capital, nominal amount	27 168	4 056	(4 207)	2 376		24 943
Perpetual subordinated loan capital, nominal amount	6 385			611		5 774
Value adjustments	325				(53)	378
Total subordinated loan capital and perpetual subordinated loan capital securities	33 879	4 056	(4 207)	2 988	(53)	31 095

Subordinated loan capital and perpetual subordinated loan capital securities 2021	DNB Bank Group					
	Balance sheet		Matured/	Exchange	Other	Balance sheet
	30 June	Issued	redeemed	rate	changes	31 Dec.
<i>Amounts in NOK million</i>	2021	2021	2021	movements	2021	2020
Term subordinated loan capital, nominal amount	25 577			(743)		26 320
Perpetual subordinated loan capital, nominal amount	5 619			(21)		5 640
Value adjustments	204				(155)	359
Total subordinated loan capital and perpetual subordinated loan capital securities	31 400			(764)	(155)	32 319

Subordinated loan capital and perpetual subordinated loan capital securities 2020	DNB Bank Group					
	Balance sheet		Matured/	Exchange	Other	Balance sheet
	30 June	Issued	redeemed	rate	changes	31 Dec.
<i>Amounts in NOK million</i>	2020	2020	2020	movements	2020	2019
Term subordinated loan capital, nominal amount	27 168	4 056	(4 207)	2 376		24 943
Perpetual subordinated loan capital, nominal amount	6 385			611		5 774
Value adjustments	324				(54)	378
Total subordinated loan capital and perpetual subordinated loan capital securities	33 878	4 056	(4 207)	2 988	(54)	31 095

Note 9 Information on related parties

DNB Boligkreditt AS

In the first half of 2021, loan portfolios representing NOK 19.5 billion (NOK 29.4 billion in the first half of 2020) were transferred from the bank to DNB Boligkreditt in accordance with the "Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkreditt AS".

At end-June 2021, the bank had invested NOK 51.8 billion in covered bonds issued by DNB Boligkreditt.

The management fee paid to the bank for purchased services amounted to NOK 917 million in the first half of 2021 (NOK 63 million in the first half of 2020).

In the first half of 2021, DNB Boligkreditt entered into reverse repurchasing agreements (reverse repos) with the bank as counterparty. The value of the repos amounted to NOK 8.5 billion at end-June 2021.

DNB Boligkreditt AS has a long-term overdraft facility in DNB Bank ASA with a limit of NOK 200 billion.

DNB Livsforsikring AS

At end-June 2021 DNB Livsforsikring's holding of DNB Boligkreditt bonds was valued at NOK 266 million.

Note 10 Contingencies and subsequent events

Contingencies

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

Fine in connection with AML inspection

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

Tax effect of debt interest distribution with international branch offices

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

In May 2021, DNB Bank ASA received a draft decision from the Norwegian tax authorities relating to the deduction of external interest expenses. The draft decision covers the fiscal years 2015–2019 and represents a tax exposure of NOK 1.7 billion for the period in question. DNB disagrees with the tax authorities' interpretation of the legislation and will actively pursue the matter. DNB is still of the opinion that it has a strong case, and no provisions have been recognised in the accounts at the end of the second quarter of 2021. See also note 25 Taxes in the annual report for 2020.

Subsequent events

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

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

As of the third quarter of 2021, the DNB Group, with DNB Bank ASA as the parent company, will prepare only one consolidated financial statement. Comparative figures for the DNB Group after the merger will be based on the principle of continuity, and will thus correspond with previous figures for the DNB Group.

Statement

pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that the half-yearly financial statements for the banking group and the company for the period 1 January through 30 June 2021 to the best of our knowledge have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the banking group and the company taken as a whole.

To the best of our knowledge, the half-yearly report gives a true and fair:

- overview of important events that occurred during the accounting period and their impact on the half-yearly financial statements
- description of the principal risks and uncertainties facing the banking group over the next accounting period
- description of major transactions with related parties.

Oslo, 12 July 2021
The Board of Directors of DNB Bank ASA



Olaug Svarva
(Chair of the Board)



Svein Richard Brandtzæg
(Vice Chair of the Board)



Gro Bakstad



Julie Galbo



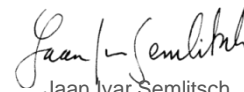
Lillian Hattrem



Jens Petter Olsen



Stian Tegler Samuelsen



Jaan Ivar Semlitsch



Eli Solhaug



Kim Wahl



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



Ottar Ertzeid
(Group Chief Financial Officer, CFO)

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Board of Directors

Olaug Svarva, Chair of the Board
Svein Richard Brandtzæg, Vice Chair of the Board
Gro Bakstad
Julie Galbo
Lillian Hattrem
Jens Petter Olsen
Stian Tegler Samuelsen
Jaan Ivar Semlitsch
Eli Solhaug
Kim Wahl

Group Management

Kjerstin R. Braathen	Group Chief Executive Officer (CEO)
Ottar Ertzeid	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
Rasmus Figenschou	Group Executive Vice President of Payments & Innovation
Mirella E. Grant	Group Chief Compliance Officer (CCO)
Ida Lerner	Group Chief Risk Officer (CRO)
Maria Ervik Løvold	Group Executive Vice President of Technology & Services
Øystein Torbal	Acting Group Executive Vice President of People
Thomas Midteide	Group Executive Vice President of Communications & Sustainability

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Financial calendar 2021

21 October Q3 2021

Financial calendar 2022

10 February	Q4 2021
10 March	Annual report 2021
26 April	Annual General Meeting
27 April	Ex-dividend date
As of 5 May	Distribution of dividends
28 April	Q1 2022
12 July	Q2 2022
20 October	Q3 2022

Other sources of information

Annual and quarterly reports

Separate annual and quarterly reports are prepared for the DNB Group, DNB Boligkreditt and DNB Livsforsikring. The reports 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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**We are here.
So you can stay ahead.**

DNB Bank

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