

DNB Invest Denmark A/S

Arne Jacobsen Allé 15
2300 Copenhagen S
CVR No. 28691947

Annual Report 2023

19th financial year

The annual Report was presented and
adopted at the Annual General Meeting of
the Company on 1 March 2024

Torben Kjær Kristensen
Chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and Executive Board have today discussed and approved the annual report of DNB Invest Denmark A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's Review gives a fair view of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 16 February 2024

Executive Board

Torben Kjær Kristensen
CEO

Board of Directors

Bjørn Berg
Chairman

Peter Bisgaard Svanberg
Vice Chairman

Katrine Kleppan Blystad
Member

Karin Remøe
Member

Jan Erik Hedemark
Member

Independent Auditors' Report

To the shareholders of DNB Invest Denmark A/S

Opinion

We have audited the financial statements of DNB Invest Denmark A/S for the financial year 1 January 2023 - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, accounting policies and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January 2023 - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent Auditors' Report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Independent Auditors' Report

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 16 February 2024

EY Godkendt Revisionspartnerselskab
CVR-no.: 30700228

Rasmus Berntsen
State Authorised Public Accountant
mne35461

Company information

Company	DNB Invest Denmark A/S Arne Jacobsen Allé 15 2300 Copenhagen S
CVR No.	28691947
Date of formation	27 April 2005
Registered Office	Copenhagen
Financial year	1 January - 31 December 2023
Board of Directors	Bjørn Berg Peter Bisgaard Svanberg Katrine Kleppan Blystad Karin Remøe Jan Erik Hedemark
Executive Board	Torben Kjær Kristensen
Ownership	The Company is wholly-owned by DNB Bank ASA, Dronning Eufemias Gate 30, P.O. Box 1600 Sentrum, 0021 Oslo, Norway
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg CVR-no.: 30700228
Annual General Meeting	The Annual General Meeting is held on the 1 March 2024

Management's review

Financial highlights

DKKm	2023	2022	2021	2020	2019
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Key Figures

Net investment result	412	205	102	147	125
Profit before net financials	410	203	102	147	124
Profit for the year after tax of continued activities	320	158	79	115	97
Profit/loss for the year	320	158	79	115	97

Total assets	10.590	10.138	9.601	9.980	9.266
Equity	9.604	9.283	9.125	9.046	8.932

Financial ratios

Solvency ratios	90,7%	91,6%	95,0%	90,6%	96,4%
Return on equity	3,4%	1,7%	0,9%	1,3%	1,1%

Average number of full-time employees	1	1	1	1	1
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Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios". For terms and definitions, please see the accounting policies.

Management's review

Principal activities of the Company

The Company is an investment company. Investment activities of the Company are primarily related to financial assets and are aimed at securing a stable growth of capital through an attractive return with acceptable risk. Main current investments are related to funding within the DNB Group.

Development in activities of the Company

The income statement for 2023 shows a profit for the year after tax of DKK'000 320.025. The balance sheet at 31 December 2023 shows equity of DKK'000 9.603.530.

The Company expectations for the year 2023 was a pre-tax result around MDKK 300 – MDKK 375. The 2023 result exceeds the expectations for the year primarily due to interest rate increases.

Risk profile and risk management

The Company is subject to risks customary within the investment business. The Company's investment policy is based on firm and conservative investment principles, aligned with the risk policies and risk framework of the DNB Group.

Foreign exchange risk is mainly related to cash inflows from investments denominated in foreign currencies. Investments in currencies other than DKK (and, on selective basis, EUR) are hedged.

The Company's interest rate risk relates to the Company's investment portfolio in loans. Investments in loans (other than investments dominated in DKK or, on selective basis, EUR) are hedged to CIBOR. Consequently, the Company has interest income risk related to the development of CIBOR.

The Company's investment portfolio is inherently subject to counterparty risk. However, counterparties are sound and robust and all investment arrangements are subject to thorough assessments upon establishment as well as ongoing monitoring and assessment.

The Company has entered into cash collateral arrangements as ongoing credit support for hedging arrangements for the purpose of mitigating default risk on the Company's hedge counterparty and the Company therefore incurs liquidity risk. However, the Company has policies for handling liquidity risk and has taken appropriate measures to mitigate liquidity risk and the Company has established substantial credit lines.

Corporate social responsibility

The Company's business model is an investment company. Investment activities of the Company are primarily related to financial assets and are aimed at securing a stable growth of capital through an attractive return with acceptable risk. Main current investments are related to funding within the DNB Group.

Based on a risk assessment, the Company has not identified any significant risks related to human rights, climate impact, environment, social matters, labour and anti-corruption. Based on a specific risk assessment, the Company did not identify any significant risks for the area and has therefore not drawn up any policies in that respect.

Management's review

Gender composition of management

At present, the Company's Board of Directors comprises three men and two women and as the Parent Company, DNB Bank ASA, the Company focuses on appointing members of the Board of Directors where the individual candidates' qualifications and experience are in focus just as is an equal distribution of gender of at least 40/60 percent. The Board of Directors is appointed for one year at a time and the qualifications and other management positions of the board members are evaluated.

The Company's goal of at least a 40/60 gender distribution was fulfilled for 2023.

The Company's Executive Board consists of one person.

Due to the number of employees in the Company, which is below 50 and in accordance with the Danish Business Authority, the Company is not under an obligation to draw up policies and target figures for the Company's other levels of management.

Supreme governing body	2023
Total number of members	5
Underrepresented gender in %	40
Target figure in %	-
Year of fulfilment	-

Other levels of management	2023
Total number of members	1
Underrepresented gender in %	-
Target figure in %	-
Year of fulfilment	-

Report on data ethics

The Company has assessed that it is not relevant to draw up a policy for data ethics. In that connection, the Company emphasises that the Company only to a limited extent collects and processes data, does not apply new technologies for the Company's principal activities and does not make specific data analyses, evaluations or segmentations single-handedly or through external suppliers.

Events after the balance sheet date

No significant events have occurred subsequent to the balance sheet date, which impact the financial statements for 2023.

Outlook

The Company will continue to pursue relevant investment opportunities and manage and monitor existing investment portfolio.

The Company expects a Net investment result and Profit before tax for 2024 around MDKK 425 - MDKK 475, mainly depending, however, on interest rate levels and gain/losses on the Company's hedging portfolio.

Accounting policies

Accounting policies

The annual report of DNB Invest Denmark A/S for 2023 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements act.

The annual report is reported in DKK thousands.

The Company's principal activities are activities customary to investments companies. In accordance with Danish Financial Statements Act, the presentation of the Company's income statement and balance sheet has been adjusted hereto.

The company has surpassed from reporting class C medium to reporting class C large. The change in reporting class has no effect on recognition and measurement, but only has an effect on presentation of notes.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in receivables from and debt to related parties, respectively.

The calculation of fair value of these derivatives is based on observable inputs such as forward interest rates etc.(Level 2 in the fair value hierarchy).

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Income statement

Net investment result

Net investment result comprise interest income and costs, gains and losses on derivative financial instruments and foreign currency translation adjustments from the Company's principal activities.

Other operating income

Other operating income comprise items of a secondary nature to the principal activity of the Company.

Administration expenses

Administration expenses comprise expenses for the administrative staff, Management, offices as well as office expenses and similar expenses.

Accounting policies

Other financial income

Other financial income comprise interest income and foreign currency translation adjustments on items of a secondary nature to the principal activity of the Company, e.g. interests from tax authorities.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including impairment charges on capitalised tax losses carried forward. The tax expense relating to the profit/loss for the year is recognised in the income statement.

The Company is covered by the Danish rules on compulsory joint taxation of the Danish legal entities of the DNB Group. On payment of joint taxation contributions, the current Danish corporation tax is allocated between the jointly taxed companies in the proportion to their taxable income.

Balance sheet

Receivables

Receivables are recognized in the balance sheet and measured at amortised cost. Provisions are made for anticipated losses at net realisable value.

Cash and cash equivalents from group related parties are presented as receivables from related parties.

Prepayments

Prepayments, recognized as current assets, comprise costs incurred concerning subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forward, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Accounting policies

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets or liabilities measured at fair value, or for which the fair value is disclosed, are categorized according to the fair value hierarchy described below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information)

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

Accounting policies

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios". The financial ratios stated in the survey of financial highlights have been calculated as follows:

Solvency ratio $(\text{Equity at year end} \times 100) / \text{Total equity and liabilities at year end}$

Return on equity (ROE) $(\text{Profit from ordinary activities after tax} \times 100) / \text{Average equity}$

Income statement

	Note	2023 DKK'000	2022 DKK'000
Investment income	1	499.577	347.159
Investment loss	2	-87.822	-142.523
Net investment result		411.755	204.636
Other operating income		35	0
Administrative expenses	3	-1.502	-1.680
Profit before tax		410.288	202.956
Tax for the year	4	-90.263	-44.650
Profit for the year		320.025	158.306
Proposed distribution of results	5		

Balance sheet as of 31 December

	Note	2023 DKK'000	2022 DKK'000
Assets			
Loans to related parties	6	7.702.150	7.345.122
Deferred tax assets	7	194.473	249.434
Total non-current assets		<u>7.896.623</u>	<u>7.594.556</u>
Fixed assets		<u>7.896.623</u>	<u>7.594.556</u>
Receivables from related parties	8	828.995	888.351
Other receivables		92	90
Total current assets		<u>829.087</u>	<u>888.441</u>
Cash and cash equivalents		<u>1.864.343</u>	<u>1.655.236</u>
Total assets		<u>10.590.053</u>	<u>10.138.233</u>

Balance sheet as of 31 December

	Note	2023 DKK'000	2022 DKK'000
Liabilities and equity			
Contributed capital		877.579	877.579
Retained earnings		8.725.951	8.405.927
Total equity		9.603.530	9.283.506
Trade payables		0	67
Debt to related parties	9	969.190	838.269
Tax payables		17.281	16.339
Other payables		52	52
Short-term liabilities other than provisions		986.523	854.727
Total liabilities		986.523	854.727
Liabilities and equity		10.590.053	10.138.233
Contingent liabilities	10		
Related parties - shareholders	11		

Statement of changes in equity

	Contributed capital	Retained earnings	Total
Equity 1 January 2023	877.579	8.405.926	9.283.505
Profit	0	320.025	320.025
Equity 31 December 2023	877.579	8.725.951	9.603.530

The share capital comprises 877.578.841 shares of nominally DKK 1.0

The share capital has remained unchanged for the last 5 years.

Cash flow statement

	2023 DKK'000	2022 DKK'000
Investment income	499.577	347.159
Costs	-89.324	-144.203
Other operating income, net	35	0
Change in working capital	-70	66
Other adjustments of non-liquid operating items	35.451	-30.931
Cash flows from operating activities before tax	<u>445.669</u>	<u>172.091</u>
Corporation tax paid	-34.360	0
Cash flows from operating activities	411.309	172.091
Loans to and receivables from related parties	-333.123	-8.528
Cash flows from investing activities	-333.123	-8.528
Debt to related parties	130.921	361.667
Cash flows from financing activities	130.921	361.667
Net cash flows for the year	209.107	525.230
Cash and cash equivalents at 1 January	1.655.236	1.130.006
Cash and cash equivalents at 31 December	1.864.343	1.655.236

Notes

	2023	2022
	DKK'000	DKK'000
1. Investment income		
Interest, related parties	499.577	310.612
Unrealized market value changes, cross-currency swaps, related parties	0	30.931
Other financial income	0	5.616
	<u>499.577</u>	<u>347.159</u>
2. Investment loss		
Interest, related parties	56.610	142.523
Unrealized market value changes, cross-currency swaps, related parties	31.211	0
	<u>87.822</u>	<u>142.523</u>
3. Administrative expenses		
Staff costs has been included in administrative expenses and can be specified as follows:		
Wages and salaries	<u>289</u>	<u>280</u>
	<u>289</u>	<u>280</u>
Average number of employees	<u>1</u>	<u>1</u>
In accordance with §98a of the Danish Financial Statements Act, the Company must provide information of remuneration to the management of the Company. No remuneration has been paid to the management or the Board of Directors throughout the year.		
Fee to auditors appointed at the general meeting has been included in administrative expenses and can be specified as follows:		
Fees for statutory audit	265	298
Fees for tax advisory services	80	83
	<u>345</u>	<u>381</u>
4. Tax for the year		
Estimated tax charge for the year	35.302	17.079
Deferred tax adjustments for the year	54.962	27.571
	<u>90.263</u>	<u>44.650</u>
5. Proposed distribution of results		
Retained earnings	<u>320.025</u>	<u>158.306</u>
	<u>320.025</u>	<u>158.306</u>

Notes

6. Loans to related parties

Loans to group parties amounts to a total of DKK'000 7.643.659 and encompass different debt instruments with different maturity and call options for borrowers. In addition the Company has issued a loan to associated party in the amount of DKK'000 58.491. The interest rate risk and exchange risk is, until the call dates, covered by financial derivatives.

	2023	2022
	DKK'000	DKK'000
Related parties	7.643.659	7.282.899
Associated parties	58.491	62.223
Unrealized currency value adjustments in the income statement	-31.211	30.931

7. Deferred tax assets

Tax loss carried forward	194.473	249.434
	194.473	249.434

Based on the Company's budget and financial capacity, it is expected that future taxable income will be available to utilize the deferred tax asset.

8. Receivables from related parties

Accrued interests	21.258	13.875
Fair value financial derivatives	807.737	874.476
	828.995	888.351

		Loans to	Hedged by	
	Currency	related parties	currency	Net position
			forward	
			contracts	
Currency risks and the use of derivative financial instruments	NOK	7.702.150	8.509.887	807.737

DNB Invest Denmark A/S hedges its foreign currency loan exposure using DKK-NOK currency basis swaps. The fair value of these swaps is calculated in line with market practices, taking into account the following observable market data:

- Interest rate curves for both NOK and DKK (forecast and discount curves)
- Cross-currency basis spread
- FX spot exchange rates

Notes

	2023	2022
	DKK'000	DKK'000
9. Debt to related parties		
Debt to related parties	4.240	0
Collateral for financial derivatives transactions	964.950	838.269
	<u>969.190</u>	<u>838.269</u>

10. Contingent liabilities

The Company is jointly taxed with the Danish entities of the DNB Group. As a jointly taxed company the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, interest and royalties may entail that the Company's liability will increase.

11. Related parties - shareholders

All transactions with related parties stated in the annual report are carried out on market terms.

The following shareholders are registered in the Company's register of shareholders, who owns 100% of the share capital:

DNB Bank ASA
Dronning Eufemias Gate 30
P.O. Box 1600 Sentrum
0021 Oslo
Norway

The financial statements of DNB Bank ASA are available at DNB Bank ASA's website www.dnb.no.