DNB Q1 2026 pre-close call

Introduction

Good afternoon and welcome to DNB's pre-close call for the first quarter of 2026.

The reason for this call is to remind you of what we have already shared with the market and some relevant public data which could possibly affect the Q1 results. There will be no new information during this call. The script for the call will be published on our IR website.

I will start with NII and capital and Anne will go through the rest of the P&L.

Net interest income

There are 2 fewer interest days in the first quarter compared to the fourth, so this is expected to impact the Q1 NII negatively by approximately MNOK 240.

On the lending volume side, we saw average growth of 1% in Q4. Keep in mind that Q1 typically sees a seasonally lower activity level than Q4.

In the first quarter, we've seen the NOK strengthen, impacting NII negatively. The FX split in the loan portfolio per the fourth quarter was 8% USD, 7% EUR, and 7% SEK.

The second 25 bps key policy rate cut by the central bank in September of last year, and our corresponding customer repricing of a cut of up to 25 bps on loans and deposits, took effect from November 18th, meaning that it will have full impact in the first quarter.

With the central bank's latest policy rate decision today, where the key policy rate was kept unchanged at 4.00%, they published an updated expected future rate path indicating that the key policy rate will be hiked by 25 bps to 50 bps by YE2026. DNB Carnegie's macro team expects two 25 bps hikes in 2026, in June and September, followed by two 25 bps cuts in 2027, in September and December, to stabilize at a terminal rate of 4.00%.

We continue to see strong competition in the bank market.

«Other NII» includes a number of line items. In the fourth quarter, almost all were positive, and included a non-recurring effect of MNOK 171.

As we've informed the market of several times before, we expect NII to be negatively impacted by a regulatory change related to tax accounts in Norway which became effective on January 1st. The loss of deposit volume as a result of this change is expected to have a negative annual NII effect for DNB of approximately 300 MNOK.

Capital

In the fourth quarter, we reported a CET1 ratio of 17.9%, well above the NFSA's expected level of 16.3%.

Based on the FX development in the first quarter, there will be a positive effect on CET1. We repeat the FX sensitivity on CET1: When there is a 10% change in FX, there is approximately 20 bps change in CET1.

Just as a reminder, the capital cost of the 0.5% share buyback program we announced in February was taken in the fourth quarter. We have completed the program.

The ordinary dividend of NOK 1.9 bn from DNB Liv will be booked in the first quarter. This corresponds to approximately 15 bps in CET1 ratio.

<u>Net commissions and fees and other operating income</u>

Generally, activity levels tend to be lower in the first quarter compared to the fourth quarter, impacting fee levels negatively.

A reminder on Net Insurance Result: This is negatively impacted (every year) in the first quarter (after the introduction of IFRS 17) due to booking/recognition of expected losses arising from loss-making/onerous contracts.

<u>Financial instruments at fair value</u>

Customer revenues in DNB Carnegie (FICC): Typically sees a seasonally lower activity level in the first quarter compared to the fourth quarter, and is of course also impacted by market volatility.

The mark-to-market effects on AT1s and basis swaps will be announced shortly after quarter end. A reminder on the outstanding FX AT1 amounts: USD 700m and SEK 4.95 bn.

<u>Costs</u>

A seasonally lower activity level than we typically see in the fourth quarter, all else equal, typically leads to somewhat lower costs in the first quarter.

In the fourth quarter, we had non-recurring costs of approximately MNOK 200, driven by year-end effects impacting operating expenses including Carnegie integration costs of MNOK 50.

As communicated previously, we expect to incur non-recurring integration costs related to Carnegie of up to NOK 200 million in 2026.

Salary inflation in Norway came in just below 5% for 2025. In its latest monetary policy report, the central bank expects salary inflation in Norway to come in at 4.5% in 2026.

A reminder on pension expenses: As previously mentioned, normalized pension expenses are expected to be approximately MNOK 500 per quarter. The closed defined benefit compensation scheme is primarily linked to the development in global equities.

<u>Asset quality</u>

There is no change in our message on asset quality compared to what we presented at our fourth quarter release. The portfolio is carefully monitored, and we are still generally comfortable with the risk in the portfolio.

As you know, impairments will vary from quarter to quarter, driven by potential changes to macro input factors in the ECL model and/or company-specific events, as you’ve seen in past quarters.

As we've said previously, given the elevated level of uncertainty driven by the global macro picture, it would be natural to see more company-specific events.

Consensus

We would appreciate your consensus contribution by end of business on Wednesday April 8th to Rune (rune.helland@dnb.no).

That marks the end of the call. We thank you very much for attending and wish you all a nice day ahead.