

# Equity story

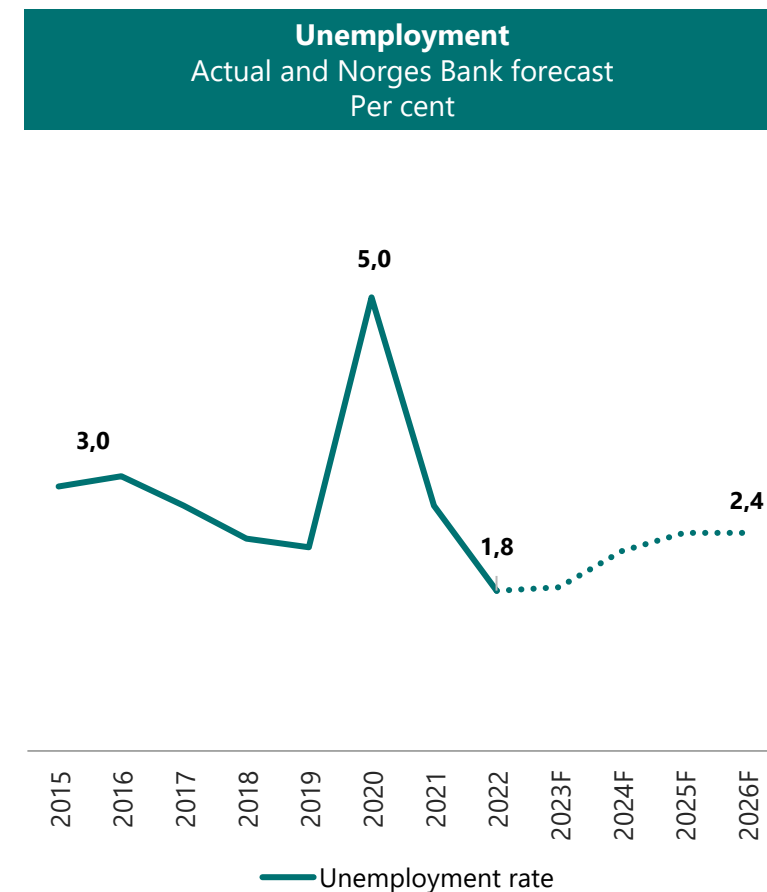
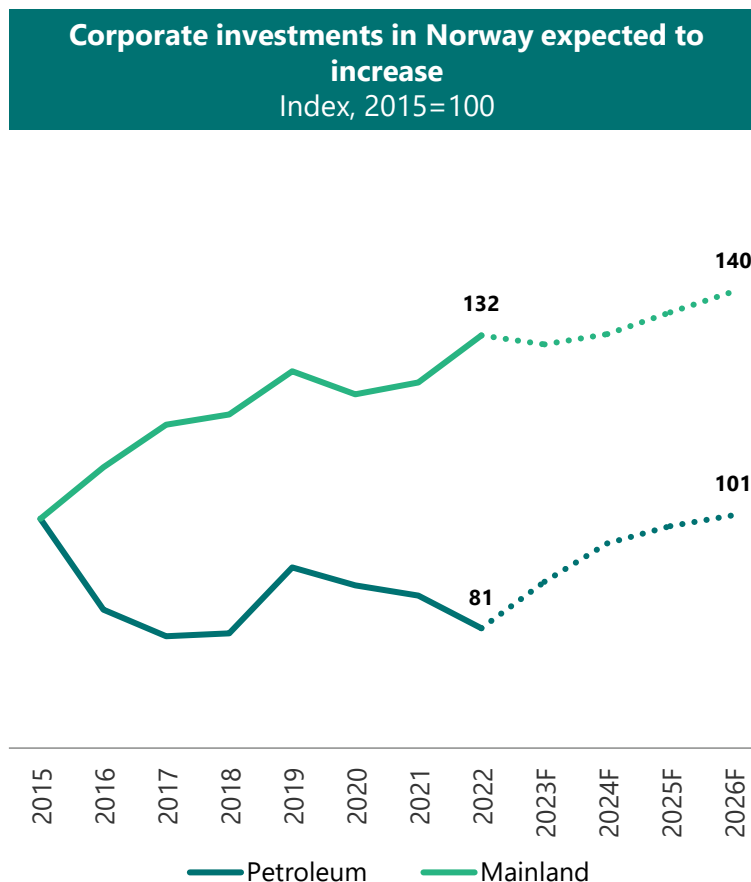
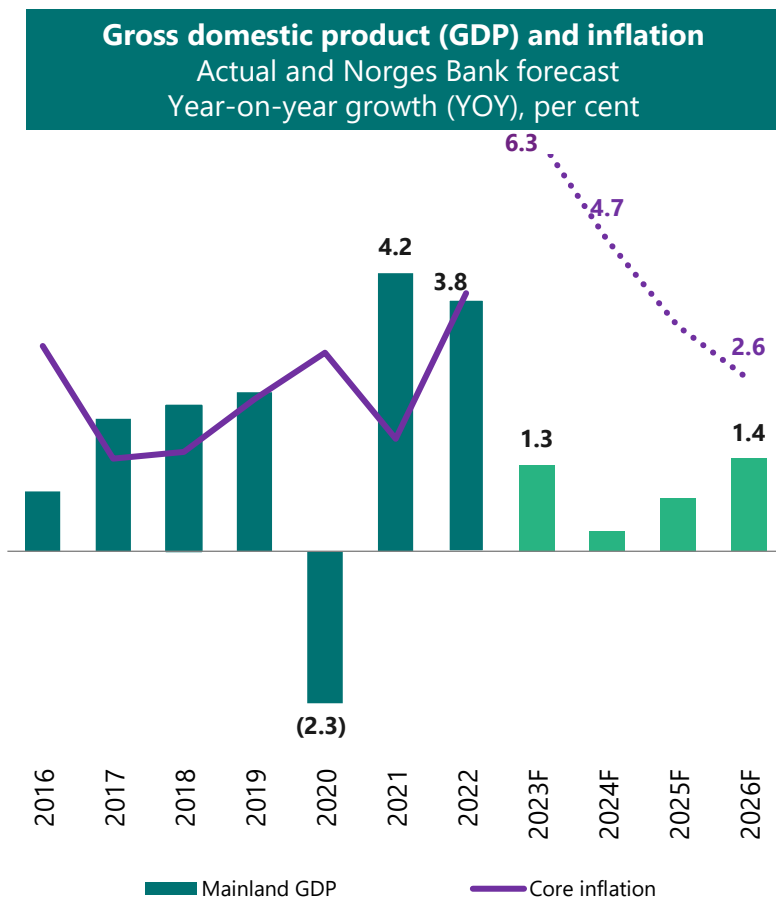
November 2023

DNB



# Continued high activity in the Norwegian economy

- Mainland GDP expected to decrease temporarily as efforts to combat inflation are implemented
- Growing corporate investments expected to keep unemployment at low level

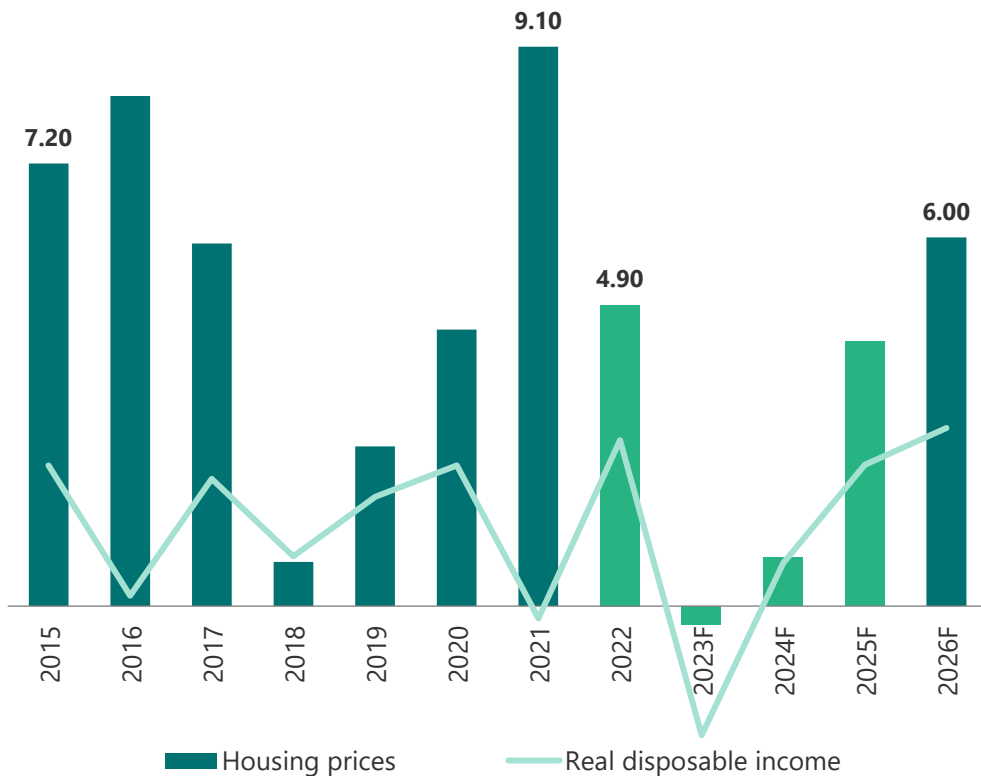


80% of DNB group's revenue comes from the Norwegian units

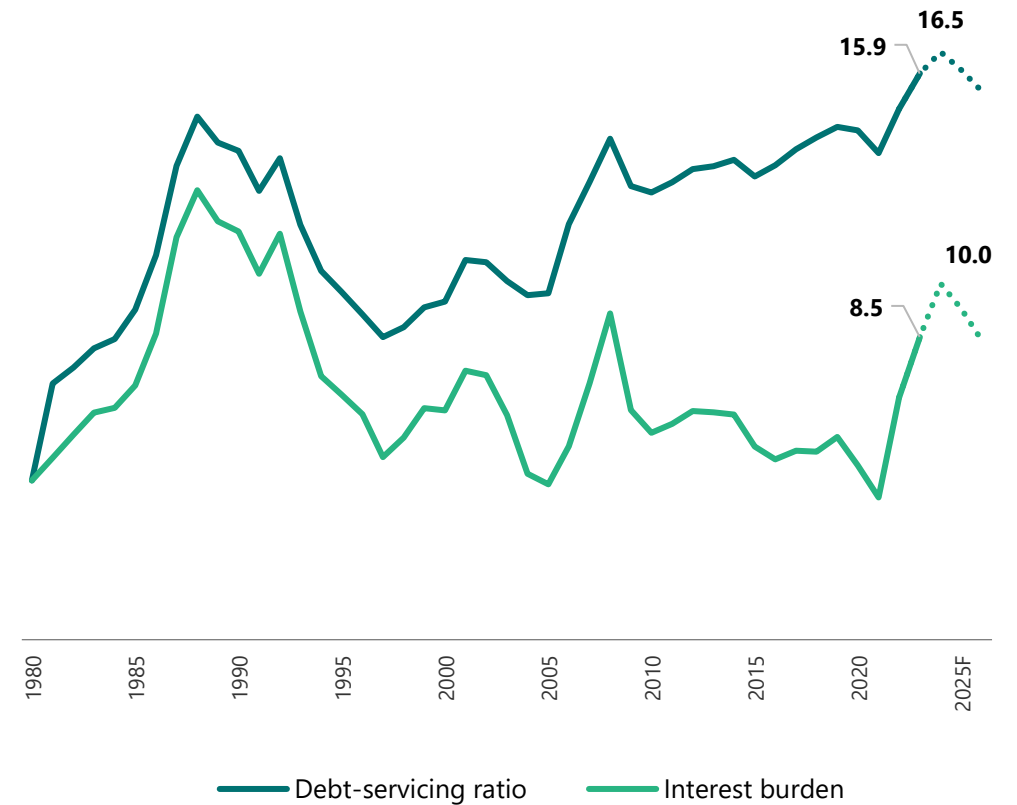
# Robust Norwegian households

- Norwegian households have built more than NOK 260 billion in excess savings in the past three years
- Leverage towards house prices remains modest
- Norwegians have proven strong ability and habit to amortize on their mortgage loans

**Housing prices and disposable income**  
Actual and DNB Markets forecast  
Per cent growth



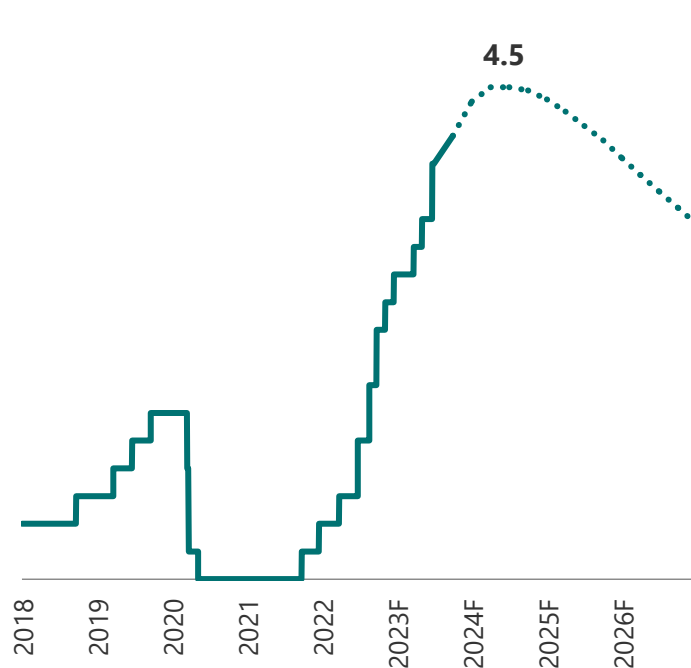
**Debt-servicing ratio of Norwegian households**  
Per cent of disposable income



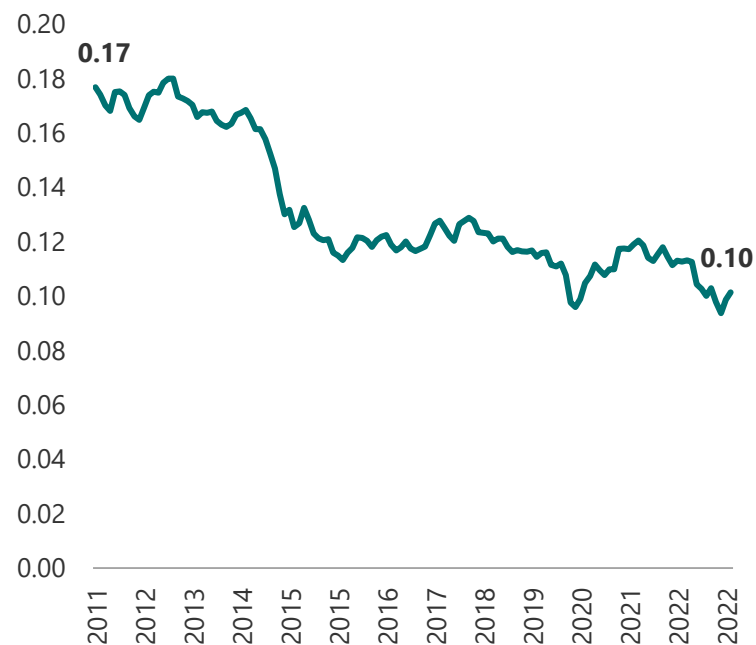
# Three stabilisers in Norwegian economy

- The Norwegian central bank has proactively utilised monetary policy to mitigate pressure
- An independent and floating currency serves as a natural hedge
- The Norwegian Government Pension Fund Global provides ample fiscal flexibility to manoeuvre if necessary

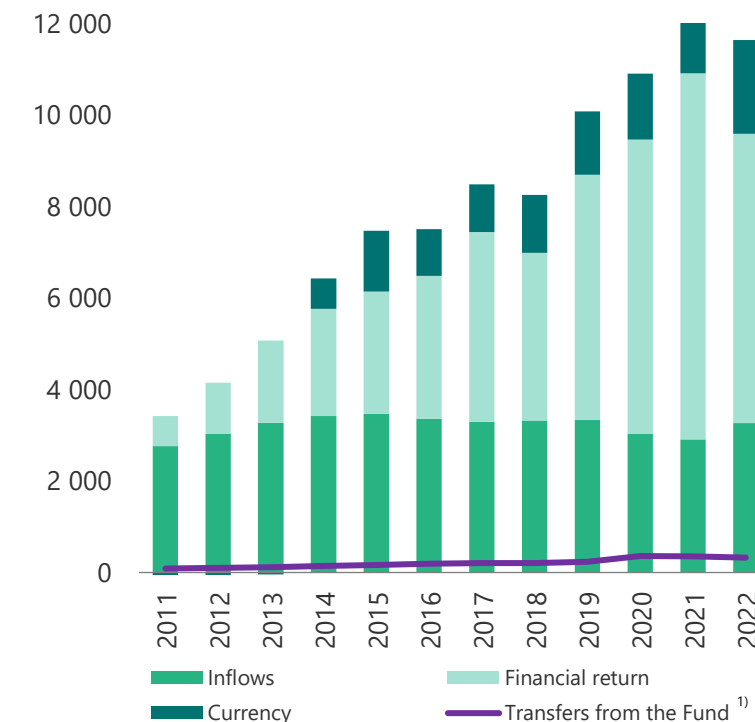
**Monetary policy**  
Key policy rate, actual and Norges Bank forecast  
Per cent



**Floating currency**  
Development in USD/NOK



**Strong Government Pension Fund Global**  
NOK billion



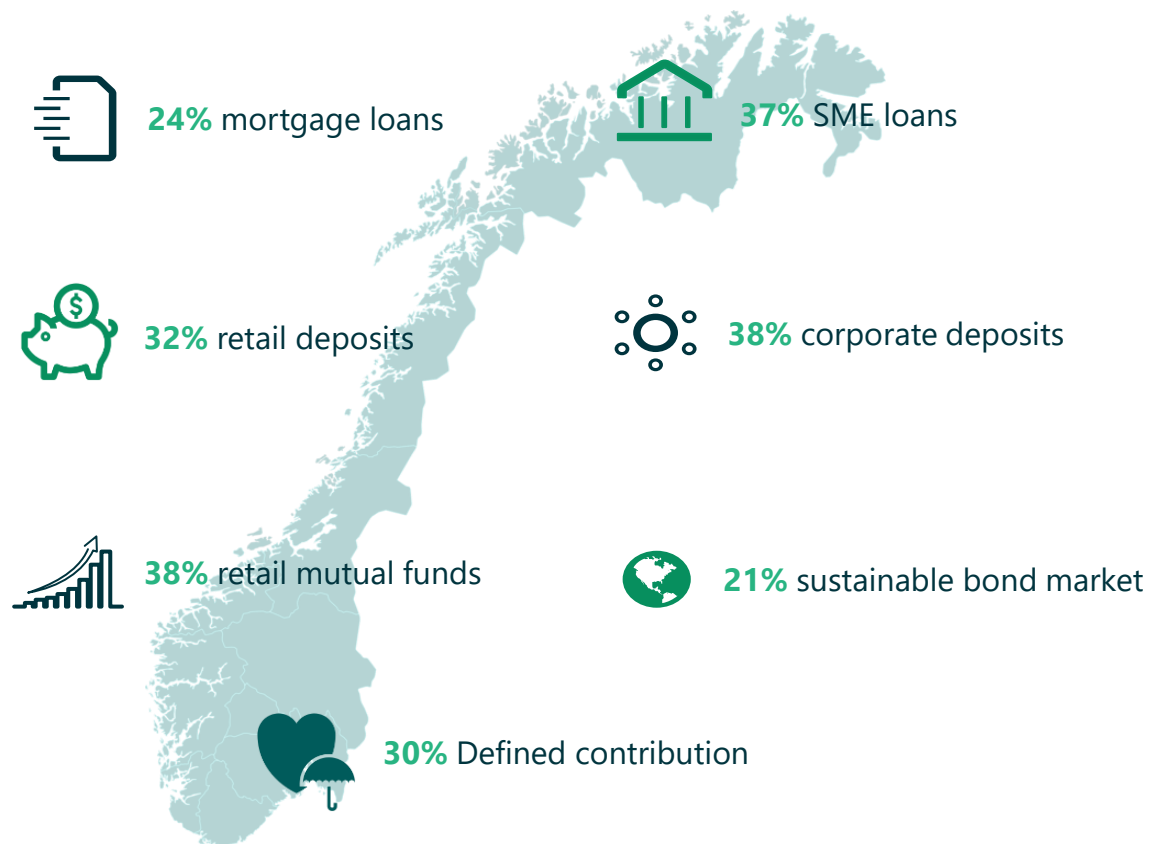
1) Fiscal rule: Transfers from Government Pension Fund Global should not be higher than expected real return, estimated at 3 per cent p.a. (reduced from 4 per cent in 2017).

Sources: Norges Bank (Norwegian central bank), DNB Markets forecast, NBIM (Norges Bank Investment Management), proposed national budget for 2023 (Norwegian Government).

# DNB is a broad-based financial institution and by far the largest in Norway

## A full-service financial institution and market leader in Norway

Market shares in Norway



## Partnership

### The dominant mobile wallet in Norway

- 91% of Norwegians 13 years and older have the app
- More than 80% are active users
- Expansion through Vipps and MobilePay merger (approved October 2022):
  - From 4 to 11 million consumers
  - From 120 000 to 400 000 shops and e-commerce outlets
  - Active in Norway, Denmark and Finland
- DNB owns 45% of Vipps

### Leading non-life insurance provider

- Joint venture with SpareBank 1 alliance
- Third largest insurance provider in Norway
- DNB owns 35% of Fremtind

# Financial targets 2022–2025



## Key performance indicator

Cost/income ratio

**< 40%**

## Capital level

CET1 capital ratio

**> 17.0%<sup>1)</sup>**

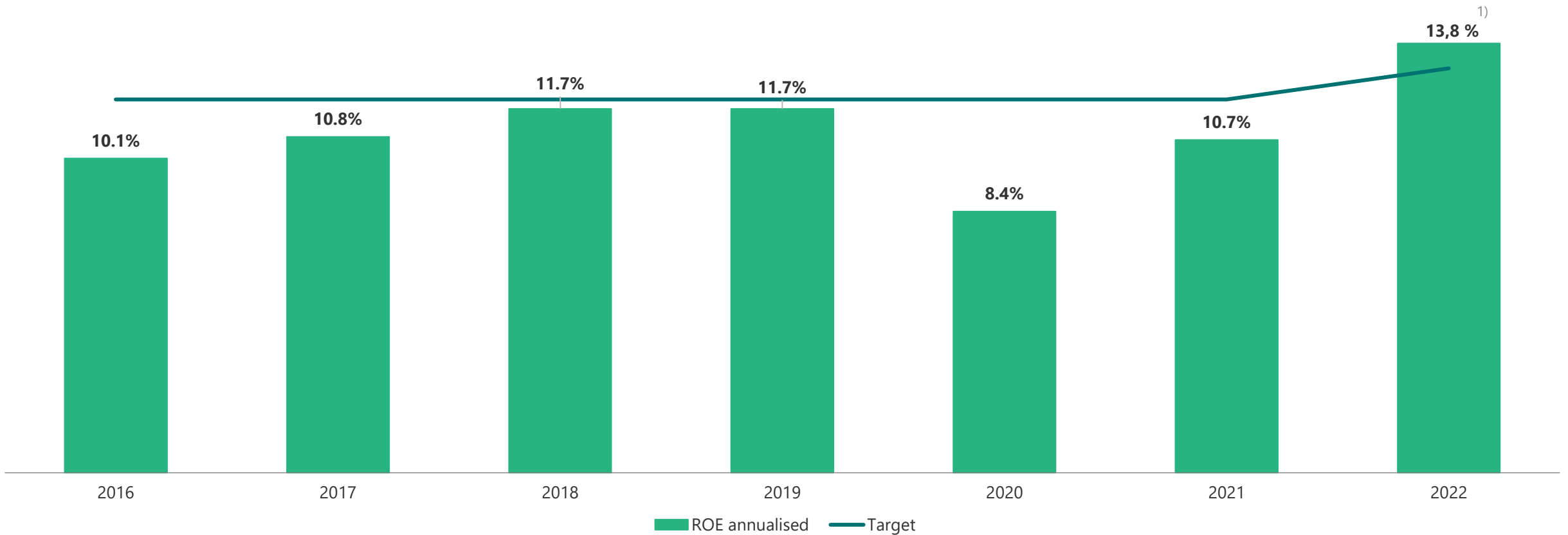
## Dividend policy

**> 50% payout ratio**

1) The FSA's expectation including pre-pandemic counter-cyclical buffer requirements across geographies (with effect from 1Q23).

# On track to deliver on our ROE ambition

## Annualised ROE in per cent

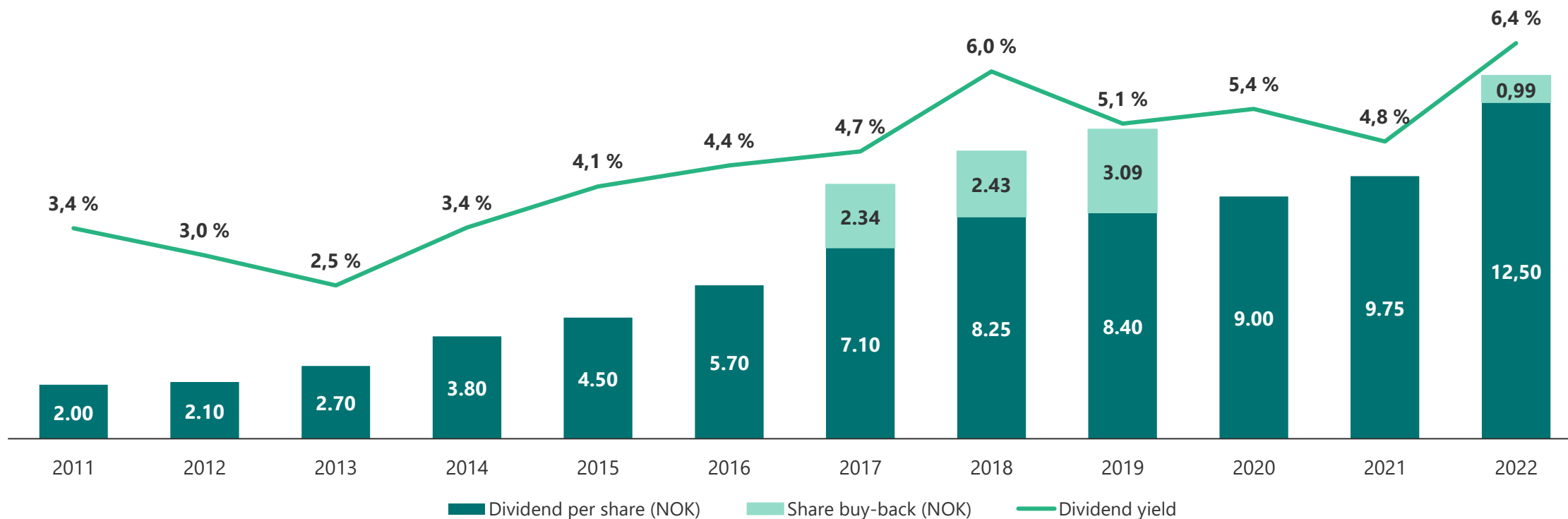


1) Return on equity of 13.0 per cent with a normalised tax level of 23.0 per cent.

# Consistently delivering on our dividend policy reflecting our robust capital position

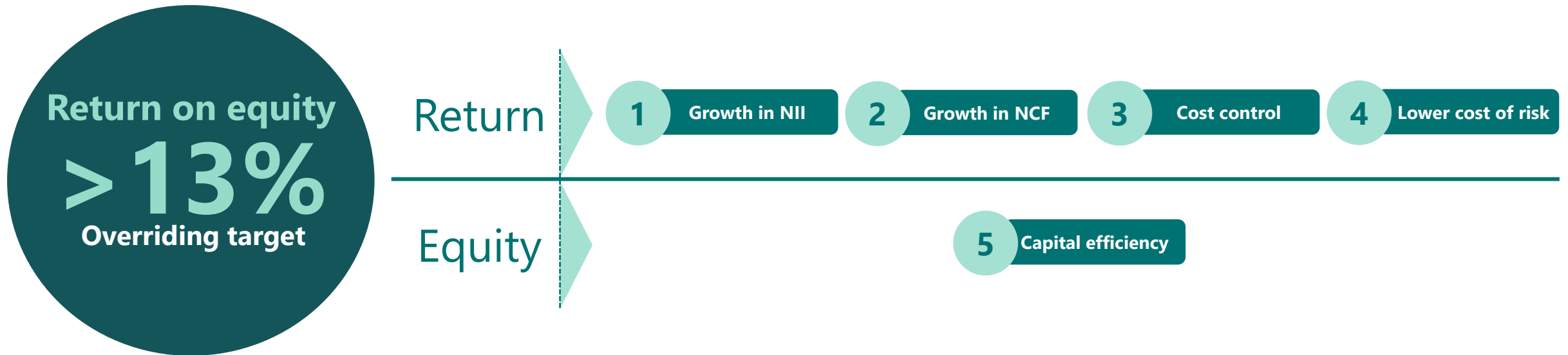
- DNB's overall objective is to create long-term value for its owners, partly through a positive share price development and partly through a predictable dividend policy
- The Group's long-term dividend policy is to have a payout ratio of more than 50 per cent of profits in cash dividends. DNB's ambition is to increase the nominal dividend per share every year. Excess capital will be paid out to the owners through a combination of cash dividends and share buy-backs

## Dividend per share and dividend yield





A return on equity above 13 per cent is our main priority

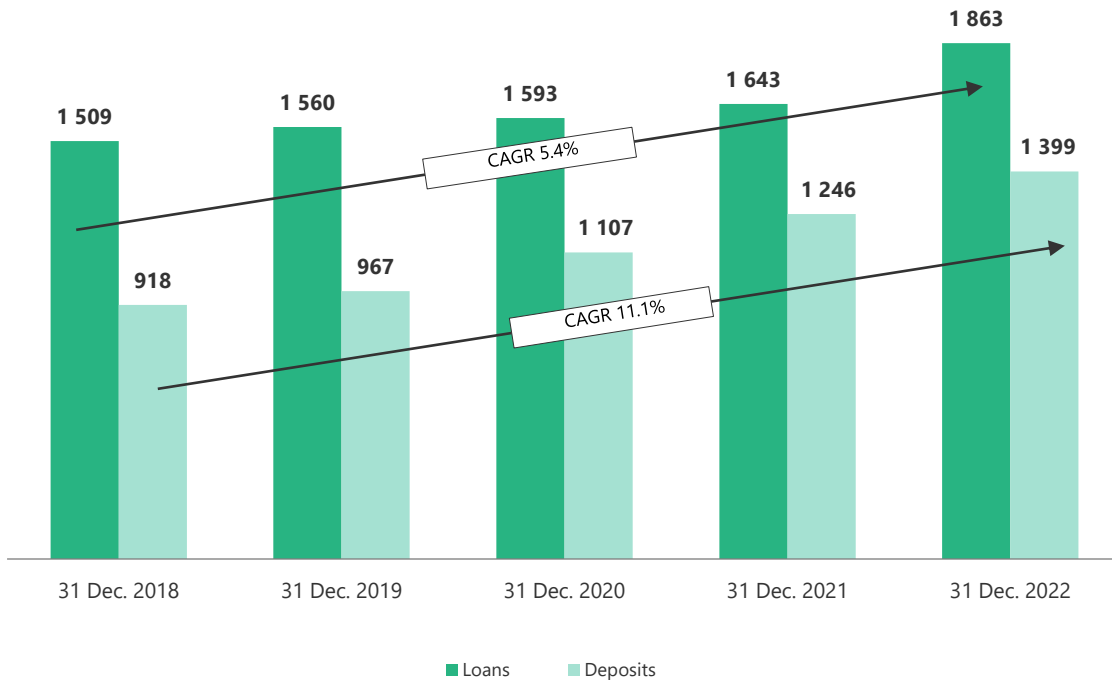


# NII increase supported by profitable growth and customer repricing

- Loan and deposit growth combined with repricing generated strong result in competitive market
- Well positioned to capture future growth within personal customers through DNB and Sbanken combined, and within corporate customers through strong position in SME segment and industries with growth potential
- Maintaining long-term ambition of annual loan growth of 3–4 per cent

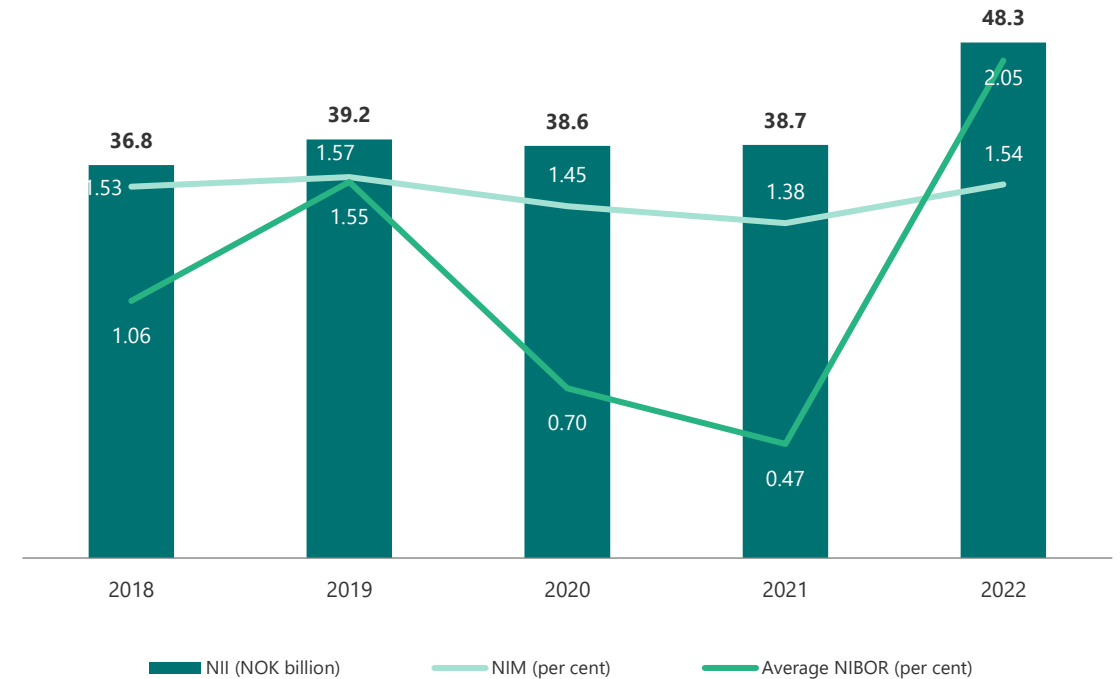
## Volume growth in customer segments

NOK billion



## Development in NII and NIM<sup>1)</sup>

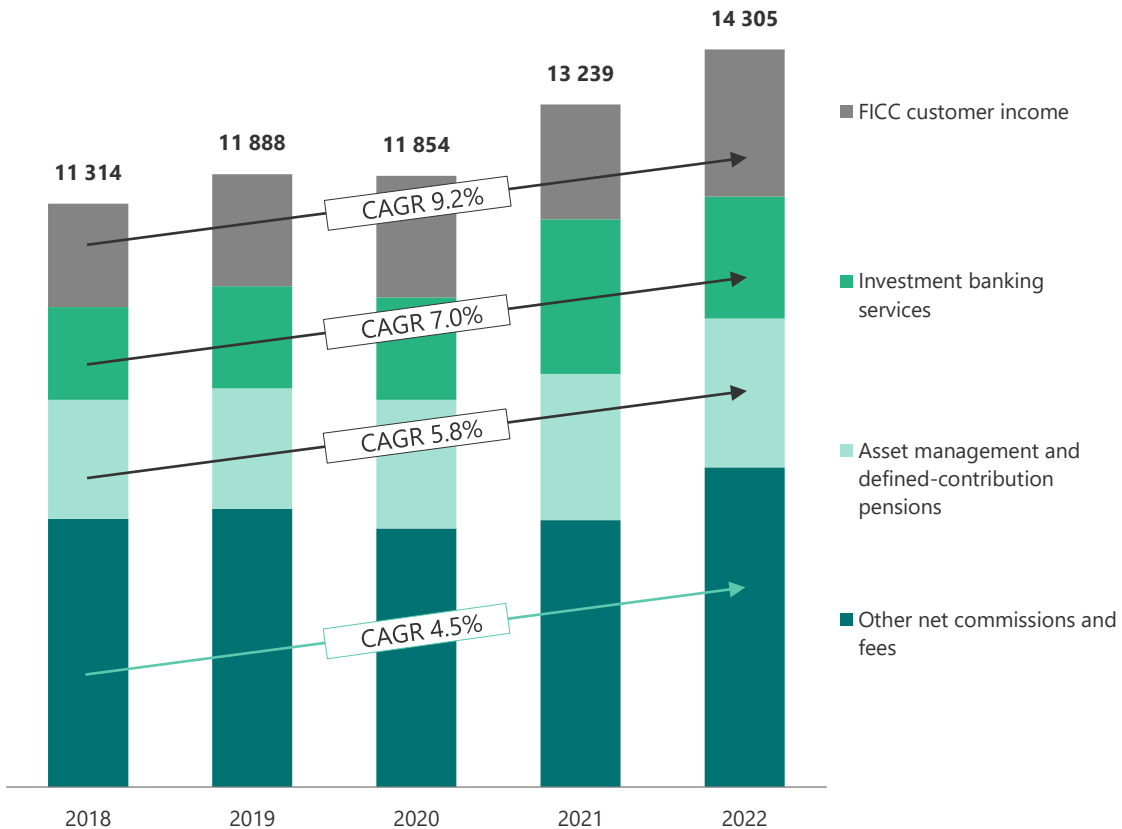
NOK billion, per cent



1) NIM: Net interest margin. NIBOR: Norwegian interbank offered rate.  
CAGR: Compound annual growth rate

# Strengthened and diversified product offering provides solid foundation for income growth

## Other operating income from customers NOK million



## Well positioned to deliver on ambition of 4–5 per cent through the cycle growth

- Increased FICC<sup>1)</sup> customer income in Markets driven by higher volumes and competitive pricing
- Broad-based product offering ensuring recurring income from real estate broking, money transfer and banking services, guarantee commissions and sale of insurance products
- Strengthened position across products, industries and geographies within investment banking services
- Well positioned for further growth in savings and pensions through strong footprint in Norwegian market

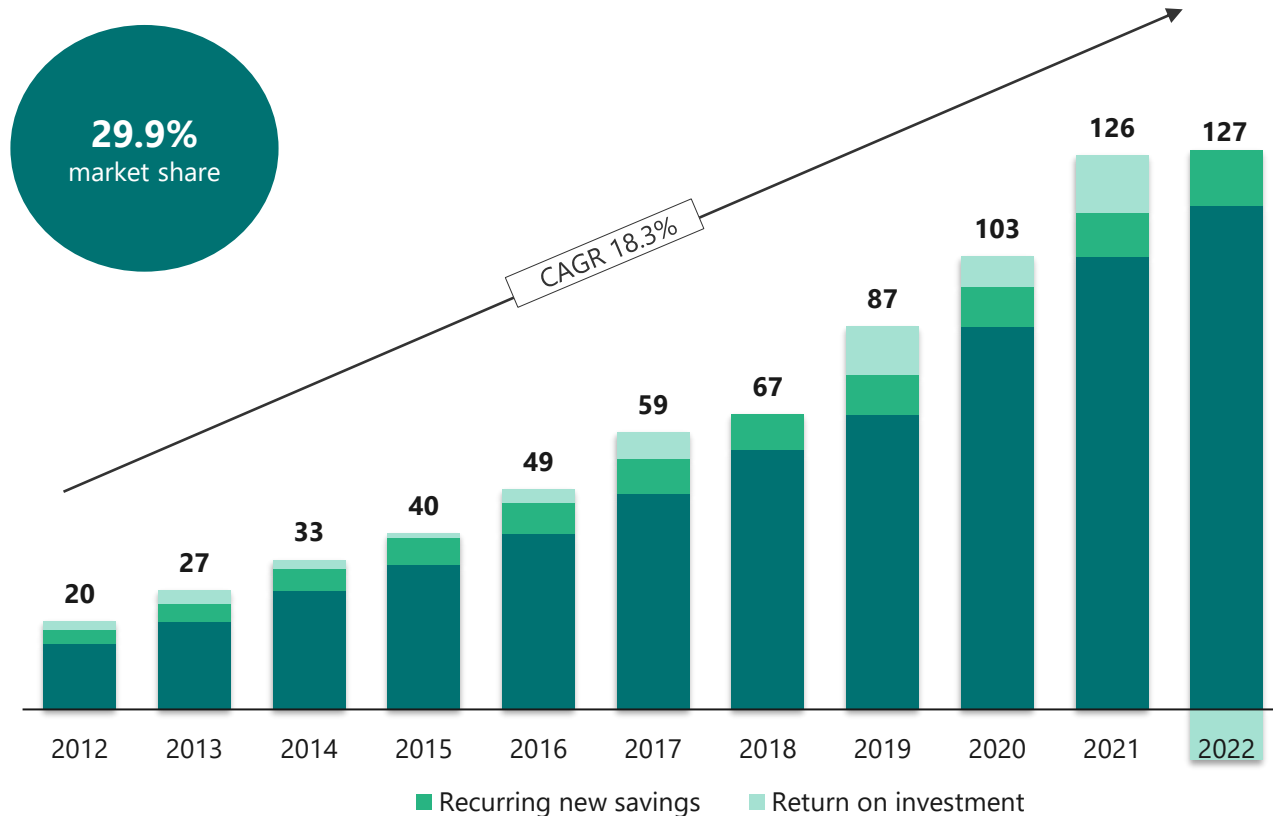
1) FICC: Fixed income, currencies and commodities.

# Regulatory changes driving growth in savings and pensions

- Growth driven especially by regulatory changes and recurring new savings schemes

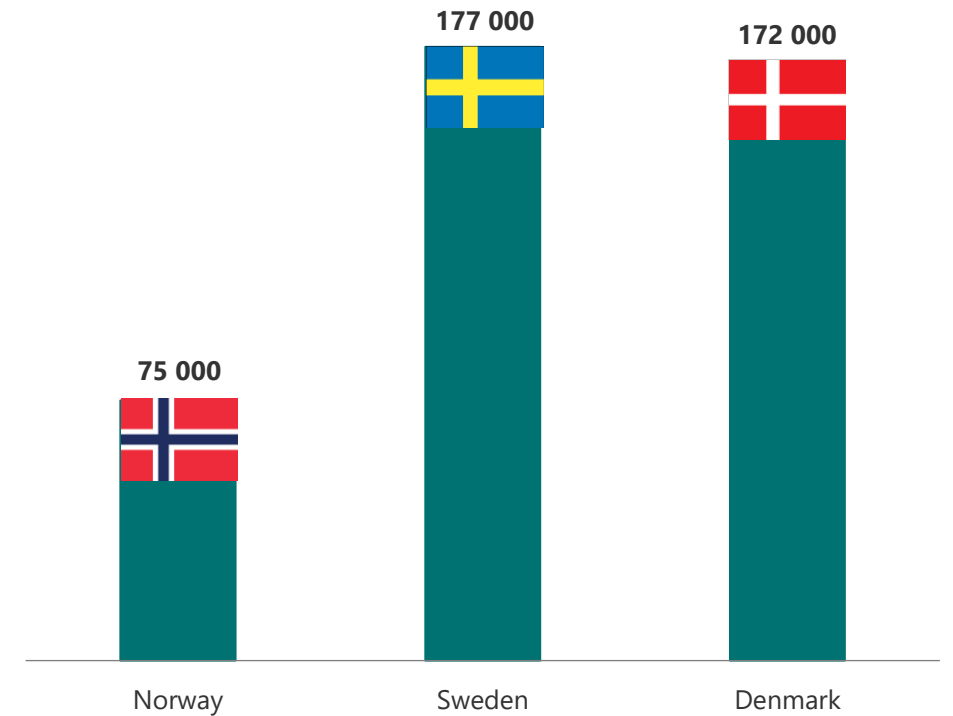
## Defined-contribution pensions

AUM<sup>1)</sup>, NOK billion



## Swedes and Danes save >2 times more in mutual funds than Norwegians<sup>2)</sup>

Mutual fund savings per inhabitant, NOK

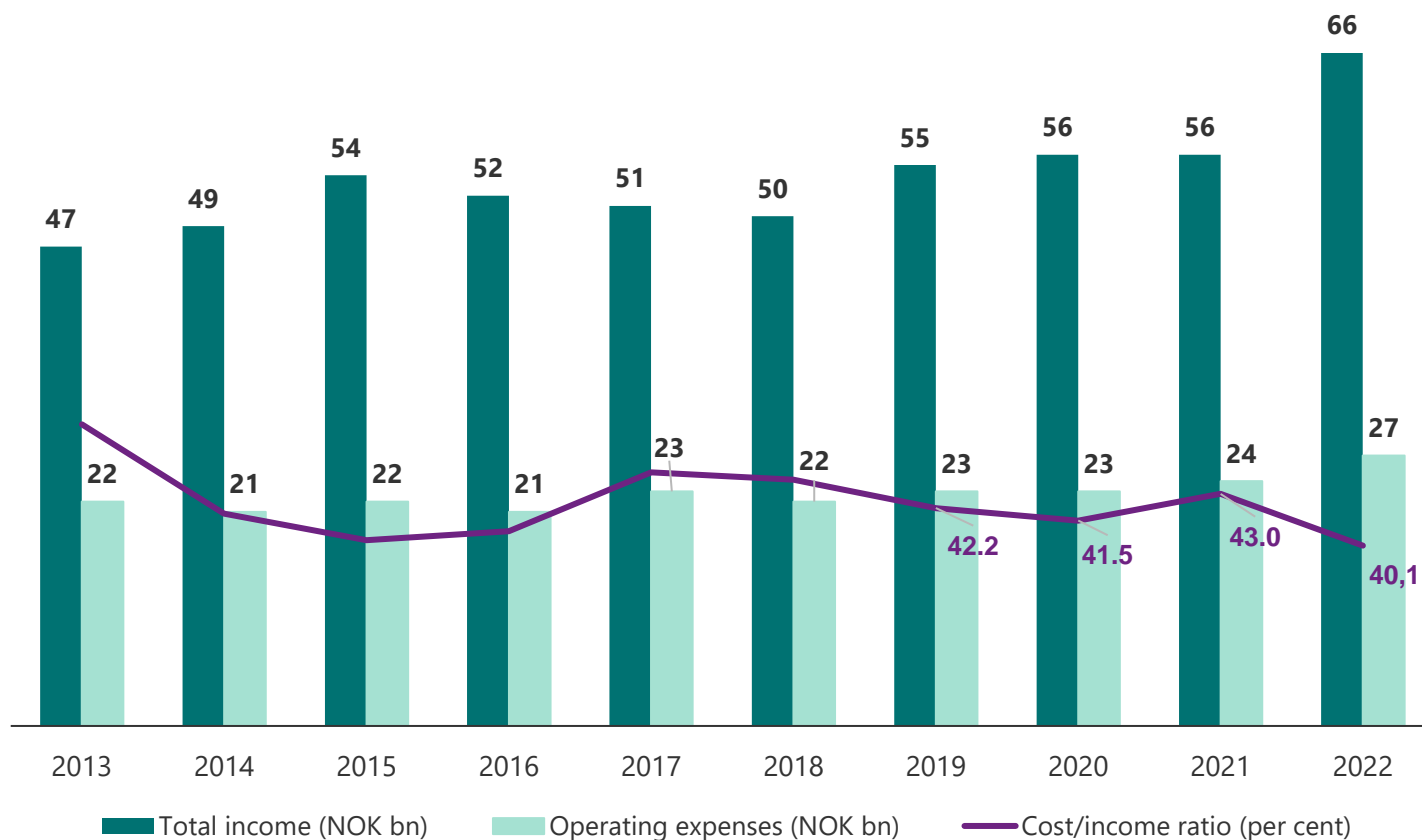


1) AUM = assets under management.

2) Source: Household composition statistics, Eurostat 2021.

# Our cost/income target below 40 per cent stands

## Cost initiatives and positive jaws to improve cost/income level



## Committed to deliver on cost control

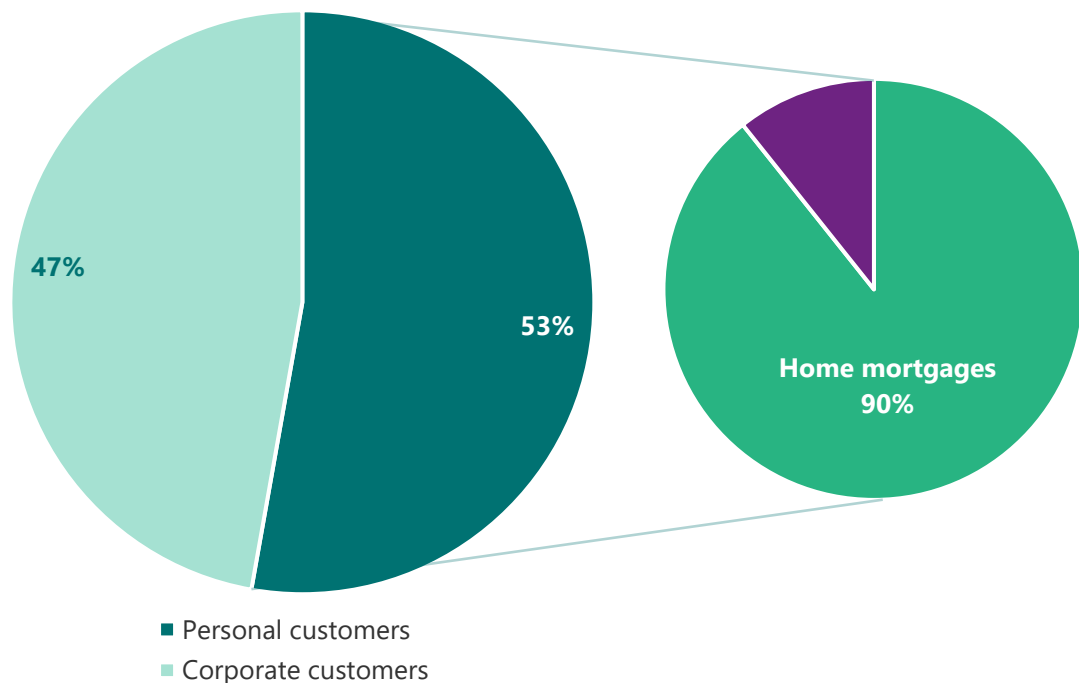
- In combination with income growth, we will execute on cost initiatives to reach our cost/income target
- Planned cost initiatives for 2022–2025 primarily within:
  - Automation and operational efficiency: NOK 1 000-1 400 million
  - Supplier cost: NOK 500-600 million

# An overall robust and well-diversified portfolio

- Solid portfolio quality with 99.1 per cent of exposure at default in stages 1 and 2
- Personal customers portfolio constitutes 53 per cent of DNB's net EAD
- Robust personal customers portfolio with home mortgages counting for 90 per cent of EAD with an average LTV of 56 per cent
- Reduced exposure towards cyclical industries

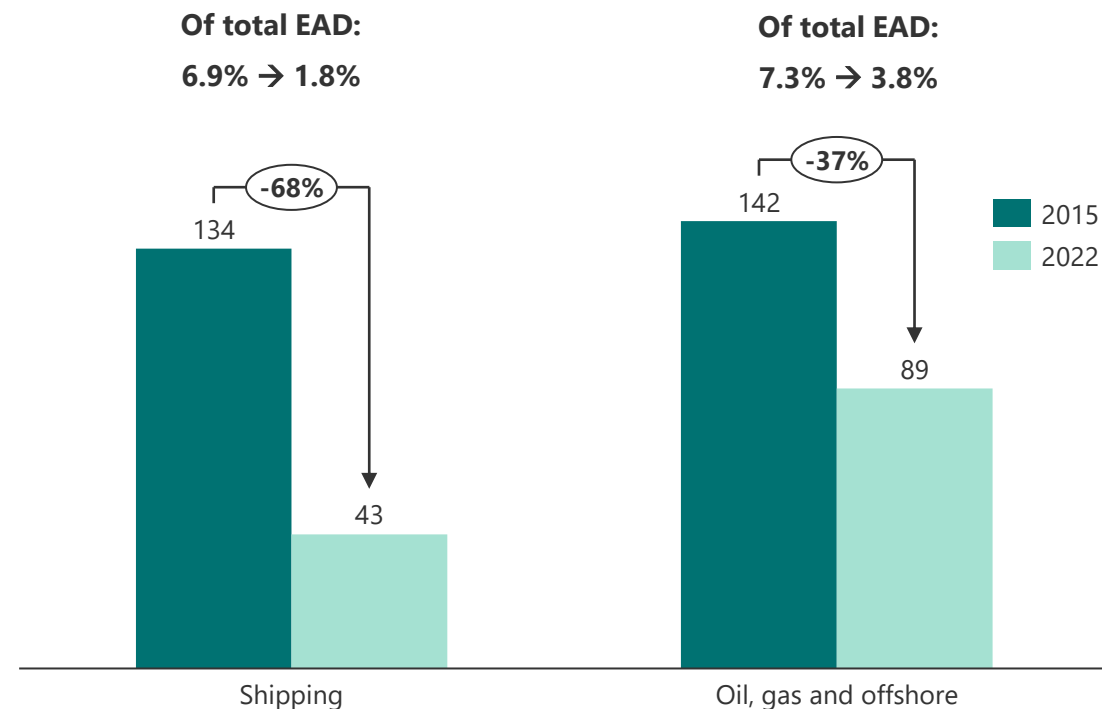
## Total loan portfolio

Net exposure at default (EAD) as at 31 Dec. 2022



## Exposure at default by industry segment

Net exposure at default (EAD) in NOK billion

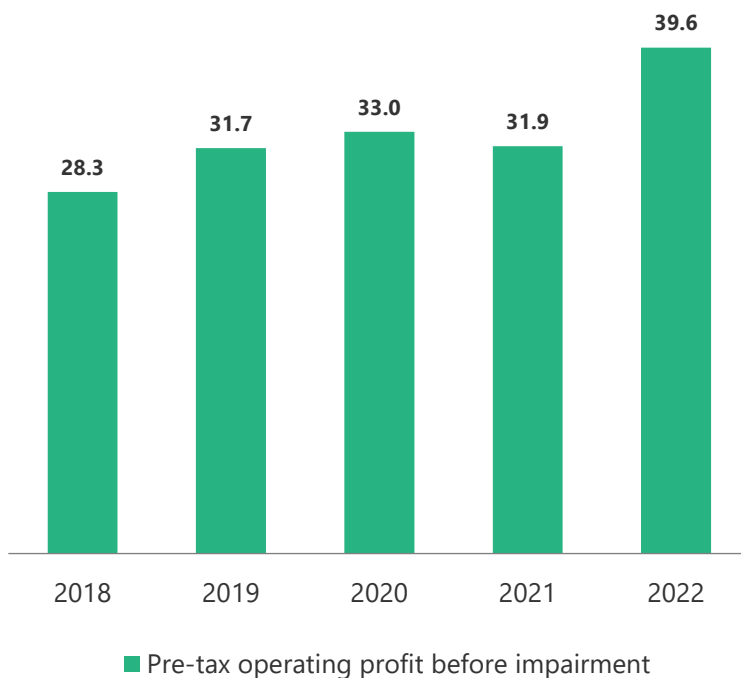


# Robust and resilient capital position

- Strong profitability provides recurring through-the-cycle capital generation
- High leverage ratio compared to peers
- Profit generation and conservative internal ratings-based (IRB) models result in limited downside in the European Banking Authority (EBA) stress test

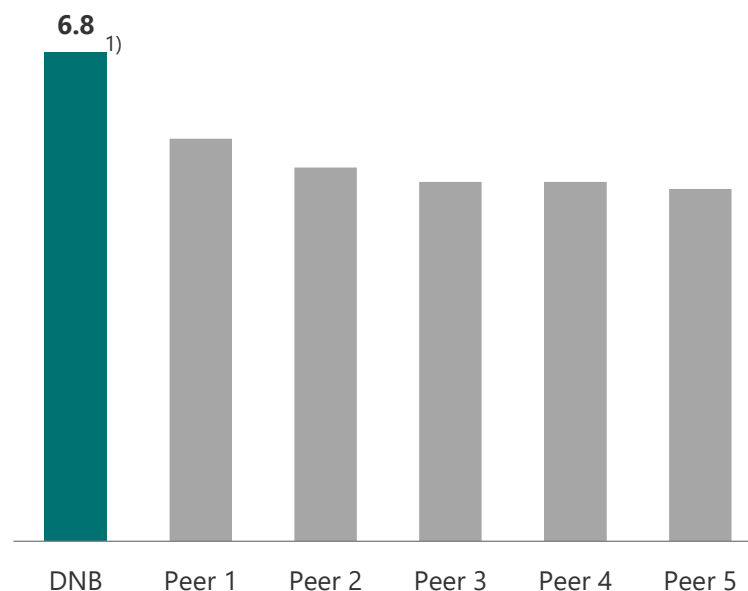
## Profitability supporting capital stability

NOK billion



## Leverage ratio vs. Nordic peers

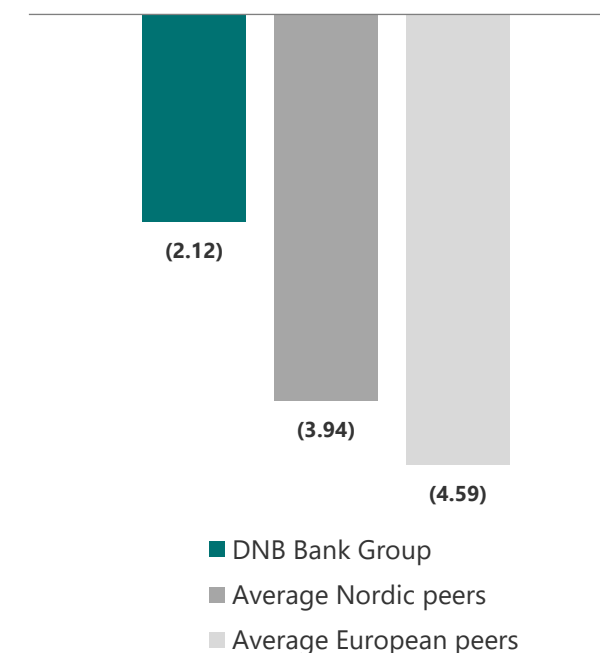
As at 31 Dec. 2022, per cent



1) Leverage ratio at 7.6% excluding central bank deposits

## EBA stress test 2023

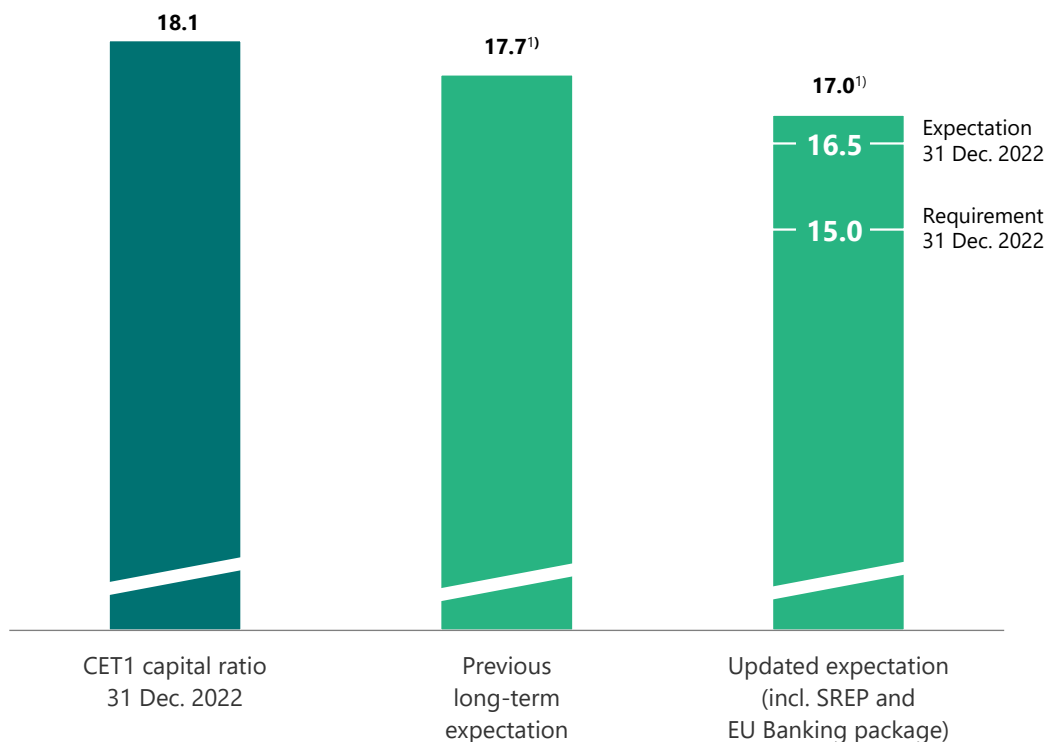
Reduction in CET1 capital ratio, per cent



# Solid capital position enables delivery on our dividend policy

## CET1 capital ratio – status and expectations

Per cent



1) Expectation including full counter-cyclical buffer across geographies.

## SREP 2022 and updated capital guidance

- Supervisory Review and Evaluation Process (SREP)
  - Pillar 2 requirement: 2.1 per cent (up 20 bps)
  - Pillar 2 CET1 requirement: 1.2 per cent (down 70 bps due to implementation of EU Banking Package)
  - Pillar 2 guidance (P2G): 1.5 per cent (unchanged)
- CET1 capital ratio long-term expectation: 17.0 per cent from 31 March 2023
- Sbanken portfolio expected to be included in IRB models in 2024
  - Estimated CET1 capital ratio increase of ~25 basis points
- Dividend policy stands
  - Payout ratio >50 per cent of net profits in cash dividends
  - Ambition of annual increase in nominal dividend per share
  - Share buy-backs used to optimise capital position



# DNB will be a driving force for a sustainable transition

- ESG is integrated in corporate governance structures and industry strategies
- We work proactively with our customers in the transition process
- DNB consistently ranks in the upper quartile in ESG rankings

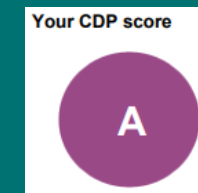
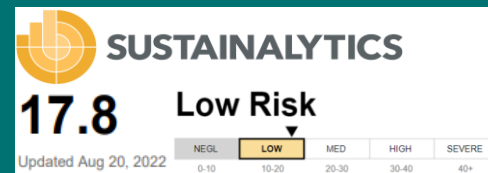
**DNB is financing the climate transition and sustainable value creation**



**DNB is a driving force for diversity and inclusion**



**DNB combats financial crime and contributes to a secure digital economy**



# Transition plan published



Net-zero emissions by

**2050**

from our financing and investment activities and own operations

Finance and facilitate

**NOK 1 500 billion**

for sustainable activities by 2030<sup>1</sup>

Transition plan outlining DNB's science-based targets for

**2030**

with specific targets within lending, investments and own operations

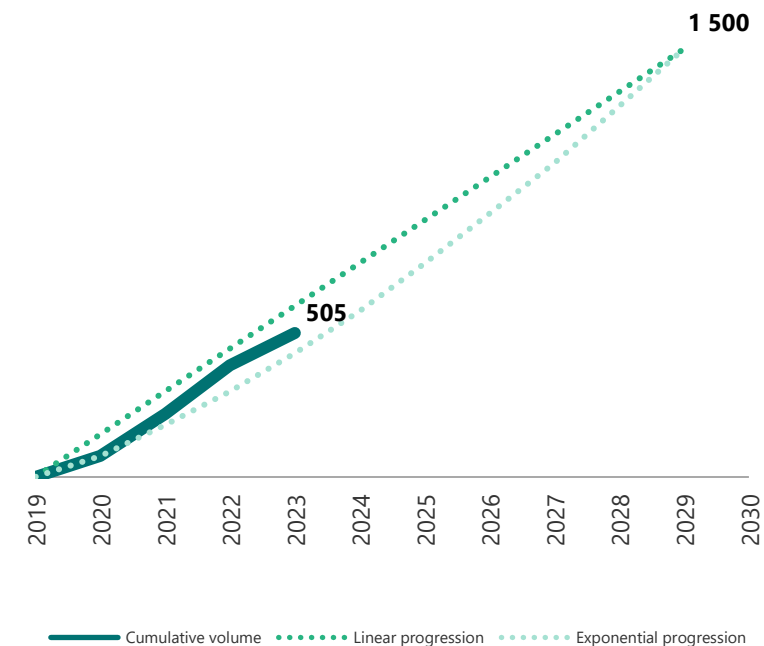
Increase the total assets in mutual funds with a sustainability profile to

**NOK 200 billion**

by 2025

**On track towards financing target of NOK 1 500 billion**

- 22 per cent of facilitated bonds have a sustainability profile
- Renewable projects contribute to 44 per cent of sustainable financing



1) These activities are not based on the definition in the Taxonomy Regulation or the classification system.

# Major shareholders

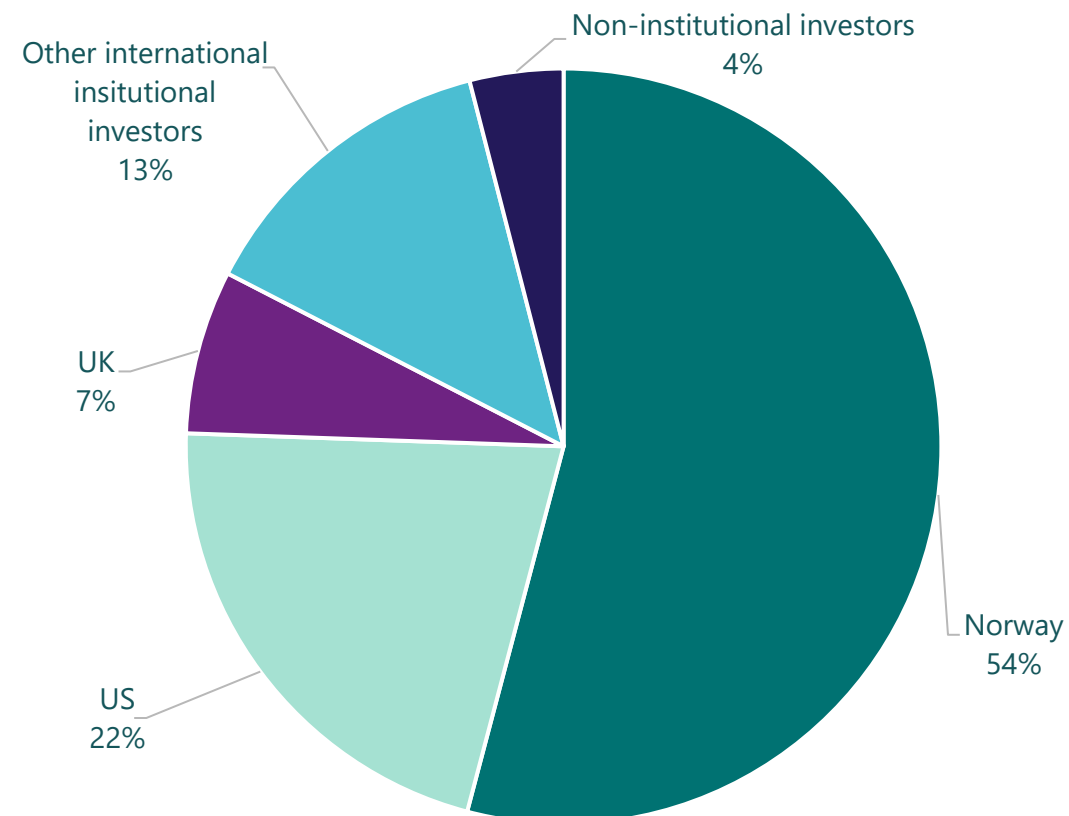


	Shares in 1 000	Ownership in per cent
Norwegian Government/Ministry of Trade, Industry and Fisheries	527,124	34.0
DNB Savings Bank Foundation	130,001	8.4
The Capital Group Companies, Inc.	112,580	7.3
Folketrygdfondet	88,232	5.7
BlackRock, Inc.	58,294	3.8
Vanguard Group Holdings	37,895	2.4
Deutsche Bank AG Group	31,076	2.0
T. Rowe Price Group, Inc.	20,934	1.4
Storebrand Kapitalforvaltning	19,791	1.3
State Street Corporation	19,073	1.2
DNB Asset Management AS	18,387	1.2
Kommunal Landspensjonskasse	16,743	1.1
Danske Bank Group	15,062	1.0
Crédit Agricole S.A.	14,851	1.0
Schroders PLC	13,611	0.9
Nordea AB	13,173	0.8
Ameriprise Financials, Inc.	11,336	0.7
BNP Paribas, S.A.	10,636	0.7
Polaris Capital Management, LLC	10,418	0.7
Legal & General Group Plc	9,615	0.6
<b>Total largest shareholders</b>	<b>1,178,833</b>	<b>76.0</b>
Other shareholders	371,532	24.0
<b>Total</b>	<b>1,550,365</b>	<b>100.0</b>



## Ownership according to nationality

As at 31 December 2022



DNB