

DNB Bank ASA

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Ratings Score Snapshot

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Issuer Credit Rating

AA-/Stable/A-1+

Resolution Counterparty Rating

AA-/--/A-1+

SACP: a+

Support: +1

Additional factors: 0

Anchor	a-	
Business position	Strong	+1
Capital and earnings	Strong	+1
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

ALAC support	+1
GRE support	0
Group support	0
Sovereign support	0

Issuer credit rating
AA-/Stable/A-1+
Resolution counterparty rating
AA-/A-1+

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths

Market leader in Norway, a wealthy, competitive, and resilient economy.

Outstanding efficiency on the back of an advanced digital agenda.

Robust capitalization thanks to strong profitability.

Key risks

Certain exposure to highly cyclical sectors.

Large exposure to the Norwegian property market.

S&P Global Ratings anticipates that Norway's preeminent bank DNB Bank ASA will generate strong earnings in 2025-2027. DNB's pursuit to strengthen its position over the past three years has led to total assets increasing by 25% to Norwegian krone (NOK) 4 trillion (about €351 billion) as of March 31, 2025. Two elements boosted this growth: first the acquisition of Norwegian digital mortgage lender Sbanken in 2023, and more recently that of Swedish investment bank Carnegie in first-quarter 2025. Both moves seek to compliment DNB's robust coverage of retail and corporate customers. In particular, the launch of DNB Carnegie will likely primarily bolster non-interest income. We currently forecast annual net profits of about NOK39 billion-NOK45 billion (about €3.4 billion-€3.9 billion) over 2025-2027 compared with NOK46 billion in 2024.

The bank's well-diversified revenue mix will reinforce its solid capitalization. Faced with stickier inflation, interest rates in Norway have remained higher-for-longer and have been a tailwind to DNB's earnings. Although the recent acquisition of Carnegie will likely constrain DNB's risk-adjusted capital (RAC) ratio by about 50-70 basis points (bps), we continue to forecast a RAC ratio of 13.0%-14.0%—a level we consider to be strong. This incorporates a forecast of annual lending growth of about 3.0%-4.0% that will partly counter a tightening net interest margin. Following the recent acquisitions, fees and commissions will grow to represent about 30% of operating revenues by 2027 (currently 25%), leading to a projected return on equity above the bank's 14% target. The bank's advanced digital agenda supports this, partly due to a superior local IT infrastructure. This leads to comparatively better operating efficiency metrics than European peers near or below 40%.

Loan loss performance and asset quality should remain stable over 2024-2025. DNB maintains a loan book representative of its market position, with mortgages and other retail loans representing about 43% of gross lending, and corporate loans representing about 57% as of first-quarter 2025. Residential and commercial real estate (CRE) are about 30% of corporate lending and while some sectors have faced challenges over the past few quarters, improving financing conditions will likely be supportive going forward. During 2024, the bank's cost of risk remained stable at 8 bps, and while there was some pressure in the second and third quarters, asset quality remained broadly intact. We consider the stable reserve coverage at just below 30% reflective of the bank's adequate provisioning and high share of collateralized lending. Credit losses are set to remain at near 5-10 bps over the next 12-24 months, which is in line with historical loss figures.

The long-term issuer credit rating on DNB includes one notch of additional loss-absorbing capacity (ALAC) uplift. As of first-quarter 2025, DNB's minimum requirement for own funds and eligible liabilities (MREL) is around 37% of regulatory risk-weighted assets, equivalent to approximately €32.6 billion. The portion of MREL that provides the bank with a bail-inable buffer is considerable and is included in our ALAC analysis. As of year-end 2023, the bank's ALAC was approximately 9.2% of S&P's risk-weighted assets (RWAs). We expect DNB will keep its ALAC buffer materially above our 3.0% minimum threshold for one notch of uplift in the rating over the next two years.

Outlook

The stable outlook reflects our expectation that DNB will sustain robust creditworthiness and solid capital buffers over the coming two years. We expect the bank will maintain its sound financial profile, underpinned by strong capitalization and profitability that provide a buffer against potential losses related to pressure from cyclical sectors and the residential property markets. We expect continued senior nonpreferred issuance to support DNB's ALAC buffer over the coming years.

Downside scenario

We could also consider a negative rating action if a deterioration in Norway's operating climate led to significantly worse asset quality than we expect. Weaker macroeconomic conditions could hinder the credit quality of some of DNB's lending exposures and substantially increase its credit costs.

Although remote, we could also lower the rating if DNB's RAC were to drop materially below 10% or if the ALAC ratio dropped materially below our 3.0% threshold.

Upside scenario

We consider the possibility of an upgrade to be remote at this stage because the ratings are already among the highest of rated commercial banks globally, and we do not consider DNB to be a positive outlier.

Key Metrics

DNB Bank ASA--Key ratios and forecasts

	--Fiscal year ended Dec. 31 --				
(%)	2023a	2024a	2025f	2026f	2027f
Growth in operating revenue	23.5	5.9	3.0-5.0	(1.0)-(0.0)	(1.0)-(0.0)
Growth in customer loans	1.4	5.5	3.0-4.0	3.0-4.0	3.0-4.0
Growth in total assets	2.0-2.4	2.6-3.1	2.6-3.2	2.6-3.2	2.6-3.2
Net interest income/average earning assets (NIM)	2.39	2.25	2.0-2.2	1.9-2.1	1.8-2.0
Cost to income ratio	35.1	35.2	35.0-37.0	37.0-39.0	39.0-41.0
Return on average common equity	16.1	18.0	17.0-18.0	15.0-16.0	14.0-15.0
Return on assets	0.9-1.2	0.9-1.2	0.9-1.1	0.9-1.1	0.9-1.1
New loan loss provisions/average customer loans	0.1-0.1	0.1-0.1	0.0-0.1	0.0-0.1	0.0-0.1
Gross nonperforming assets/customer loans	1.42	1.24	1.2-1.4	1.2-1.4	1.1-1.3
Risk-adjusted capital ratio	13.7	13.0-14.0	13.0-14.0	13.0-14.0	13.0-14.0

All figures are S&P Global Ratings-adjusted. a--Actual. e--Estimate. f--Forecast. NIM--Net interest margin.

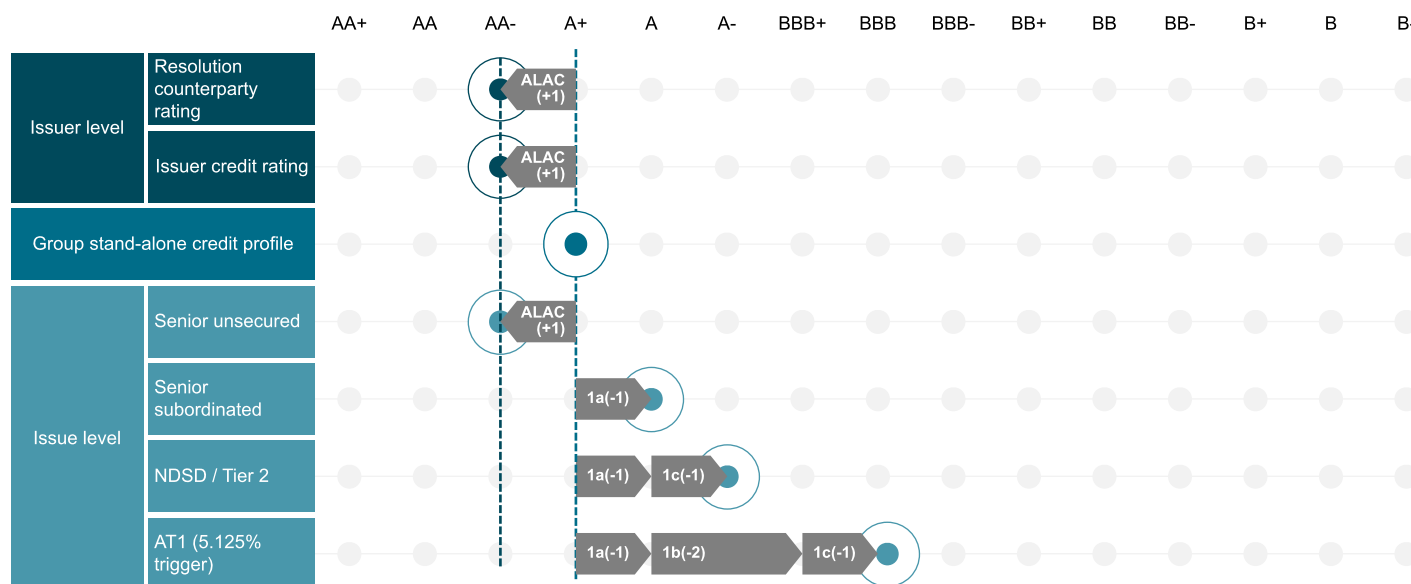
Environmental, Social, And Governance

We see environmental, social, and governance (ESG) factors for DNB as broadly in line with those of industry and domestic peers. Because Norway is an oil-producing country, DNB--the country's flagship bank--is committed to managing transition risks in its lending and securities portfolio. Even if direct exposure to carbon-intensive industries--including shipping, transportation, and oil and gas--is relatively small and contracting, the indirect exposure is much larger, since DNB provides financing to a large number of small and midsize companies that are part of the oil and gas supply chain.

In June 2021, DNB updated its sustainable strategy and set a goal to generate net-zero emissions by 2050. The bank has been continuously adapting transition plans to incorporate science-based targets. These include scenarios that influence how it approaches lending in certain sectors and their various product offerings. As of first-quarter 2025, DNB had facilitated a cumulative total of NOK792 billion (€69 billion) of sustainable financing volumes since 2020, with a target of reaching NOK1,500 billion (€130 billion) by 2030. Approximately 26% of total capital relates to customers raising sustainable debt via bond markets. Furthermore, with regard to asset management, as of first-quarter 2025, about NOK153 billion had been invested in assets within mutual funds with a sustainability profile, indicating the target of NOK200 billion by 2025 remains relevant.

With governance standards consistent with domestic norms and no distinctive social factors compared with industry and Norwegian peers, these components have no relevant effect on the ratings on DNB.

DNB Bank ASA: Notching



Key to notching

----	Issuer credit rating
-----	Group stand-alone credit profile
RC	Resolution counterparty liabilities (senior secured debt)
ALAC	Additional loss-absorbing capacity buffer
1a	Contractual subordination
1b	Discretionary or mandatory nonpayment clause and whether the regulator classifies it as regulatory capital
1c	Mandatory contingent capital clause or equivalent

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 2 of our "Hybrid Capital: Methodology And Assumptions" criteria, published on March 2, 2022.

The nonoperating holding company (NOHC) issuer credit rating and senior unsecured debt ratings are notched from the group stand-alone credit profile (SACP) under our criteria. Since ALAC notching does not benefit NOHCs, for simplicity the diagram above is stylized to show the positioning of these ratings with reference to the group SACP.

AT1--Additional Tier 1. NDSD--Non-deferrable subordinated debt. NVCC--nonviability contingent capital.

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Key Statistics

DNB Bank ASA--Rating component scores

Issuer credit rating	AA-/Stable/A-1+
SACP	a+
Anchor	a-
Economic risk	2
Industry risk	3
Business position	Strong

DNB Bank ASA--Rating component scores (cont.)

Issuer credit rating	AA-/Stable/A-1+
Capital and earnings	Strong
Risk position	Adequate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0
Support	+1
ALAC support	+1
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, Apr. 30, 2024
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Banking Industry Country Risk Assessment: Norway, April 30, 2025
- Norway 'AAA/A-1+' Ratings Affirmed; Outlook Stable, March 7, 2025
- DNB's Application To Acquire Eksportfinans Approved; Kicks Off Final Chapter Of Wind-Down, March 21, 2025
- Norwegian Banks Withstand Challenging Operating Climate; BICRA Group Remains '2', Feb. 25, 2025
- Nordic Banking Outlook 2025: Ample Resilience Amid Lingered Uncertainty, Jan. 24, 2025
- DNB Bank Asa Looks To Boost Non-Interest Income Sources By Carnegie Group Acquisition Ahead Of Strong Q3 Results, Oct. 23, 2024
- DNB Bank ASA, Oct. 10, 2024

Ratings Detail (As Of June 26, 2025)***DNB Bank ASA**

Issuer Credit Rating	AA-/Stable/A-1+
Resolution Counterparty Rating	AA/--/A-1+
Commercial Paper	A-1+
Junior Subordinated	BBB
Senior Subordinated	A
Senior Unsecured	A-1+
Senior Unsecured	AA-
Short-Term Debt	A-1+
Subordinated	A-

Issuer Credit Ratings History

22-Jan-2019	AA-/Stable/A-1+
26-Mar-2018	A+/Positive/A-1
29-Mar-2017	A+/Stable/A-1

Sovereign Rating

Norway	AAA/Stable/A-1+
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Related Entities**DNB Boligkreditt AS**

Senior Secured	AAA/Stable
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*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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