



## **CAPITAL MARKETS DAY 2019**

*20 November 2019*



# DNB Capital Markets Day 2019

**DNB towards 2022**

Kjerstin R. Braathen

**Achieving financial ambitions**

Ottar Ertzeid

**High quality portfolio and increased profitability**

Harald Serck-Hanssen

**Delivering more with less**

Ingjerd Blekeli Spiten

**The unique combination of mobile wallet,  
eID and payment scheme**

Rune Garborg

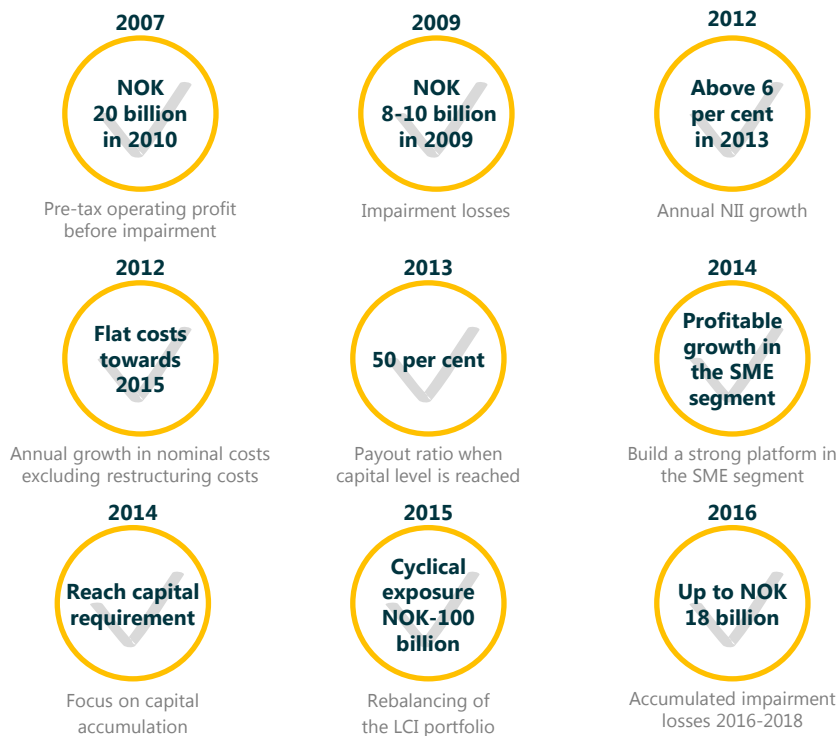
# DNB towards 2022

- Financial ambitions
- The Norwegian economy
- DNB well positioned to deliver on financial ambitions



# DNB continues the long track record of delivering in line with stated ambitions

## Ambitions communicated at previous CMDs



## Ambitions towards year-end 2019

Communicated at CMD 2016 and 2017

	FINANCIAL AMBITIONS	ACHIEVED YEAR-TO-DATE
Return on equity (ROE) (Overriding target)	> <b>12.0%</b>	<b>12.1%</b>
Cost/income ratio (Key performance indicator)	< <b>40.0%</b>	<b>40.9%</b>
Common equity Tier 1 capital ratio <sup>1)</sup> (Capitalisation level)	~ <b>16.5%</b> <sup>2)</sup>	<b>16.9%</b>
Payout ratio (Dividend policy)	> <b>50.0%</b>	<b>73.0%</b> <sup>3)</sup>

1) Based on Basel I transitional rules and including a management buffer

2) Ambition originally at ~16.1% when communicated at CMD 2017

3) For FY2018 and including the share buy-back programme of 1.5 per cent

# Financial ambitions 2019–2022

Return on equity

**> 12%**

Overriding target

CET1 ratio<sup>1)</sup>

~ **17.9%**<sup>2)</sup>

Capital level

C/I ratio

**< 40%**

Key performance indicator

Payout ratio

**> 50%**

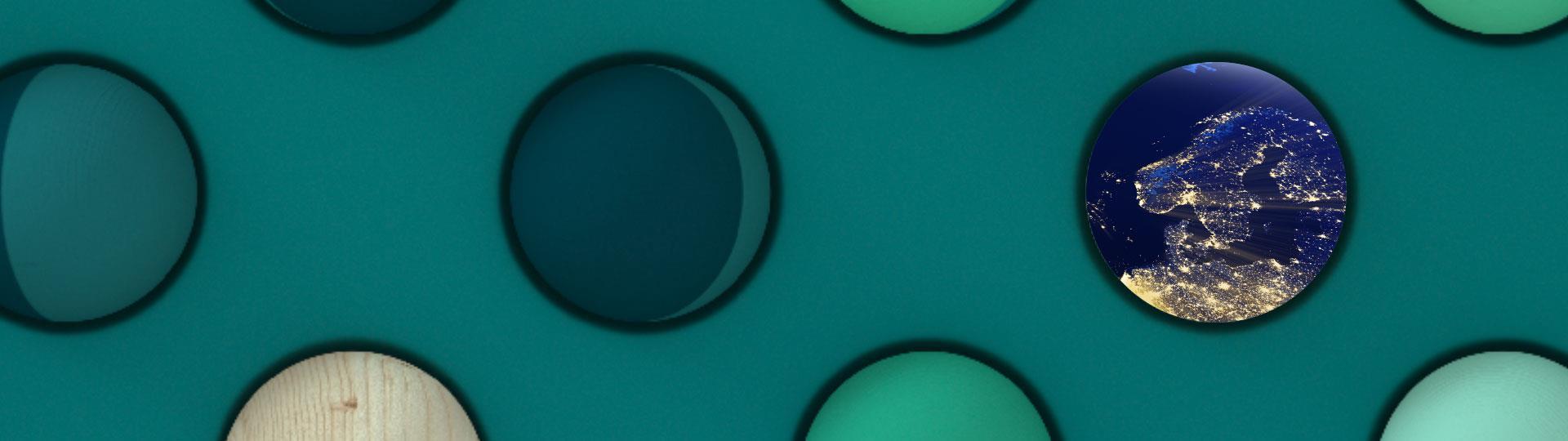
Dividend policy

1) CET1 capital ratio without transitional rules

2) Proposed requirement including management buffer 31 December 2019

# Norwegian macro provides a solid backdrop for continued delivery on financial ambitions

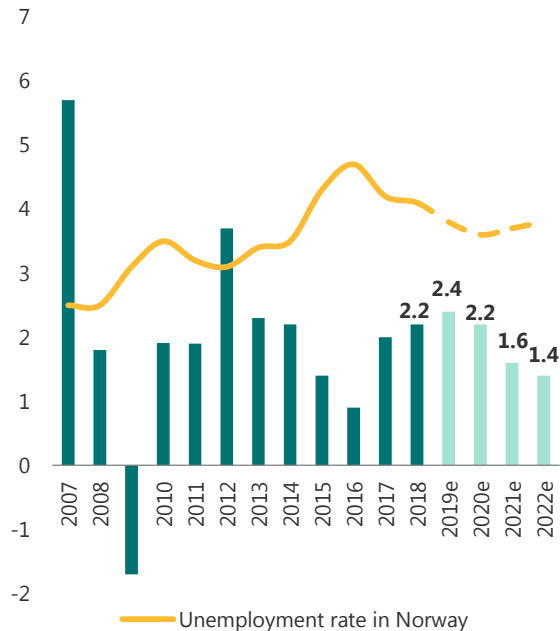
- Solid GDP growth and activity
- Low volatility
- Resilient economy with flexibility to smooth out cycles



# Solid growth in GDP on the basis of a stable investment outlook, with the petroleum sector's use of resources gradually decreasing

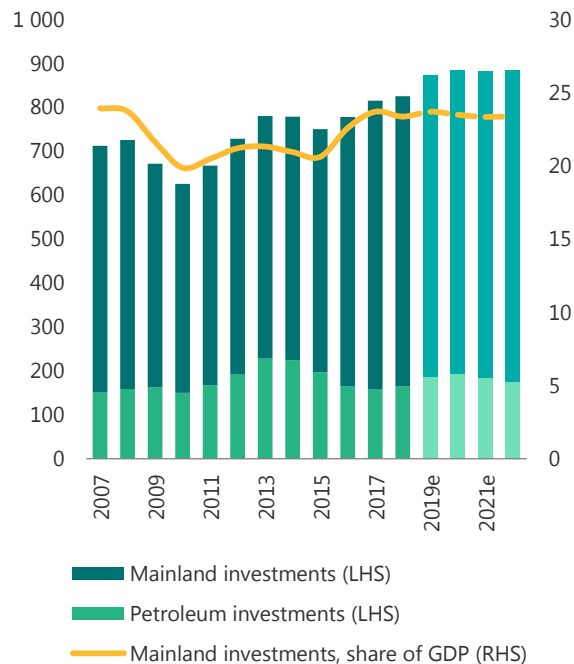
## Mainland real GDP growth

Per cent



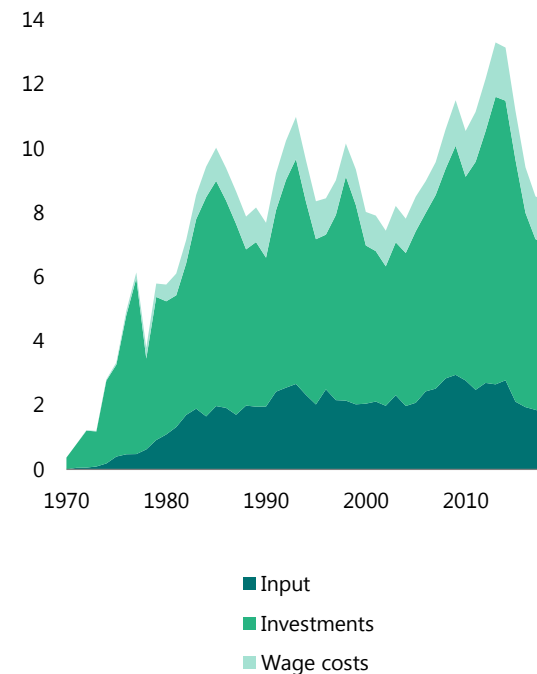
## Investments in Norway

NOK billion (constant 2016 prices), GDP share in per cent



## Oil sector's use of resources

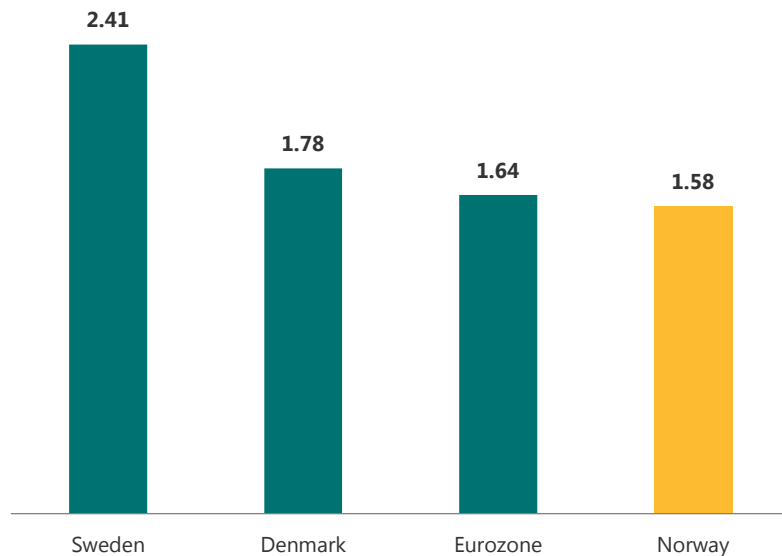
Per cent of mainland GDP



# Low volatility in the Norwegian economy underpinned by flexible labour force

## Average real GDP – standard deviation

Historical, year-on-year, 1990–2018, per cent



## Employment flexibility

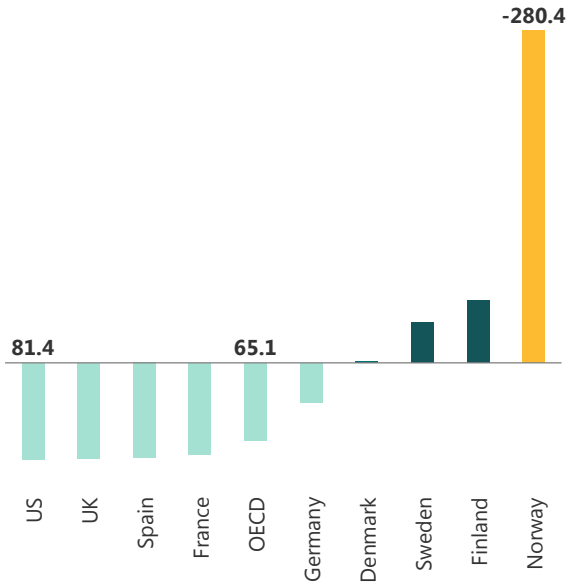
Score 0–100, higher score reflects more flexible labour regulations





# Fiscal policy: Allows room for flexibility in smoothing out cycles

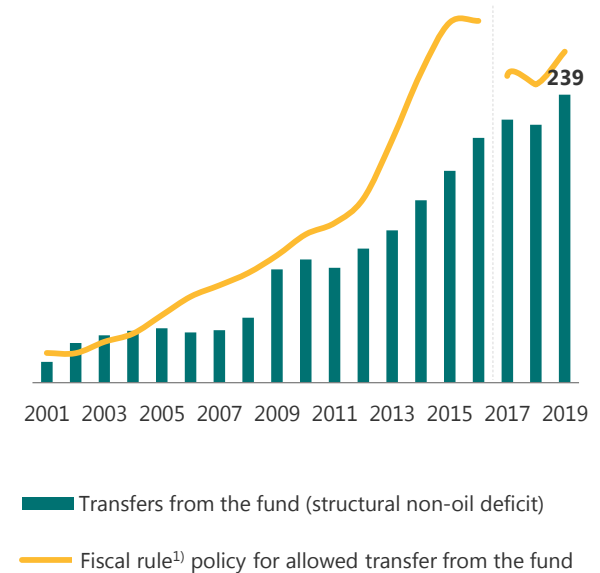
## General government net financial liabilities Per cent of nominal GDP, 2018



## Norwegian sovereign wealth fund Market value, NOK billion



## Limited use of sovereign wealth fund in annual central government budget NOK billion



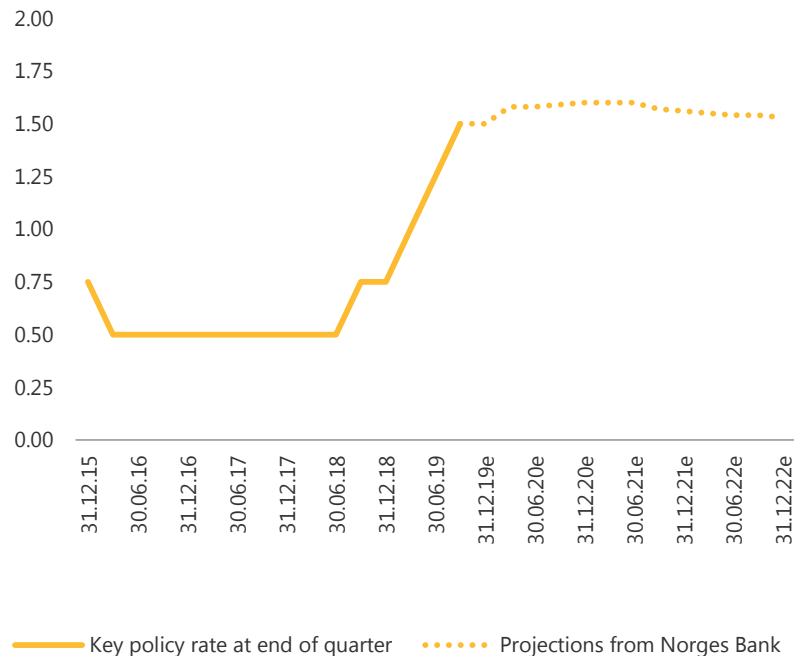
Sources: Norges Bank, National Budget, OECD

1) The fiscal rule states that transfers over time from the Norwegian Government Global Pension Fund to the annual budget should not be higher than the expected real return of the fund, estimated to 3 per cent p.a. (reduced from 4 per cent in 2017)

# Monetary policy: Increased interest rates provide room to manoeuvre

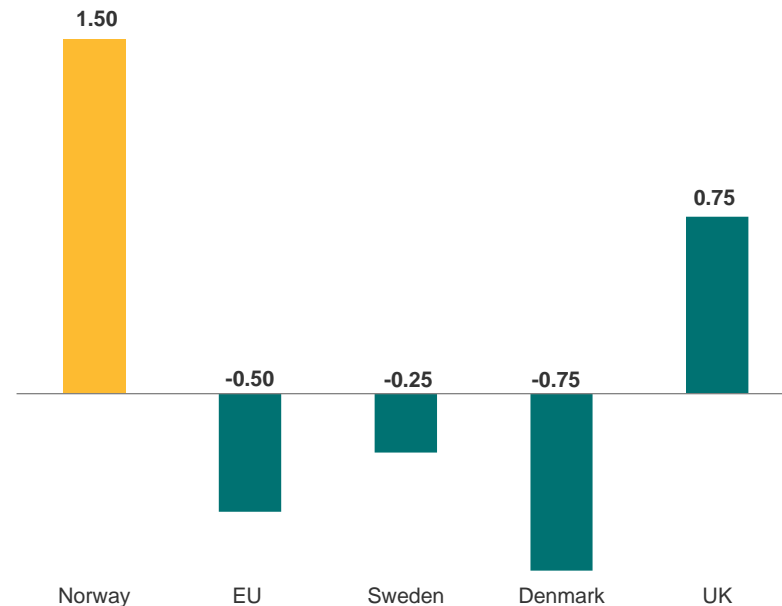
## Key policy rate outlook in Norway

Per cent



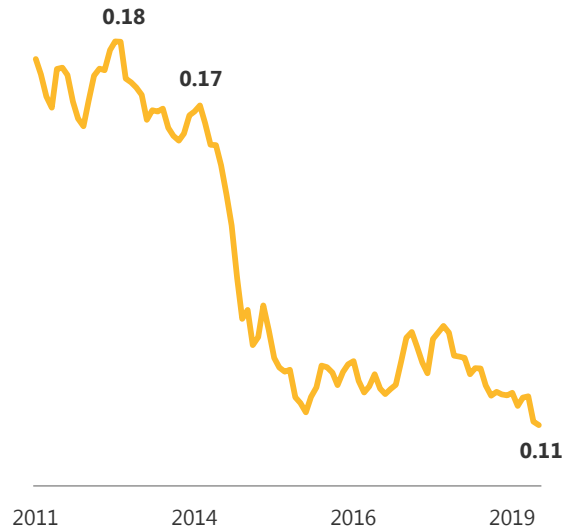
## Key policy rates in Europe

Per cent



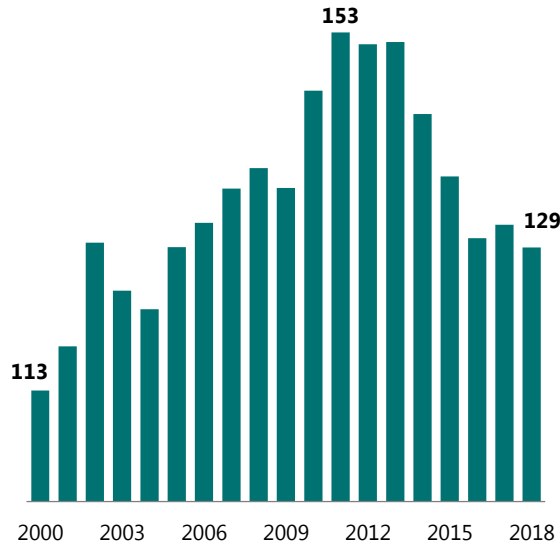
# Floating currency: Provides a natural hedge

## Development in USD/NOK



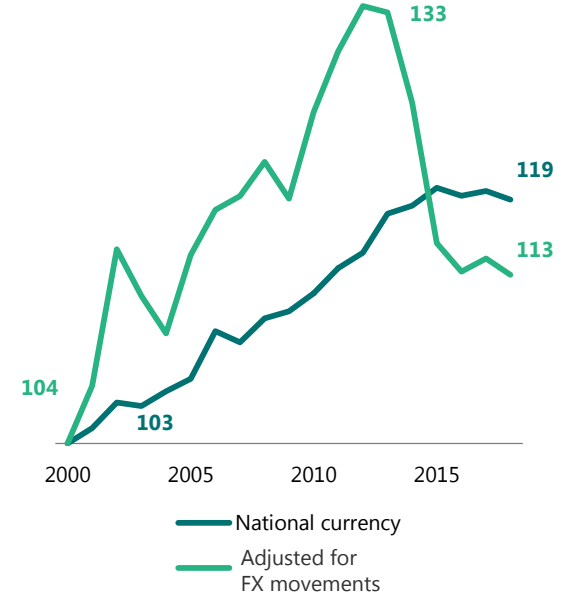
## Manufacturing wage cost in Norway

Indexed, EU trading partners = 100



## Relative manufacturing wage cost<sup>1)</sup> in Norway

Indexed



# DNB well positioned to deliver on financial ambitions

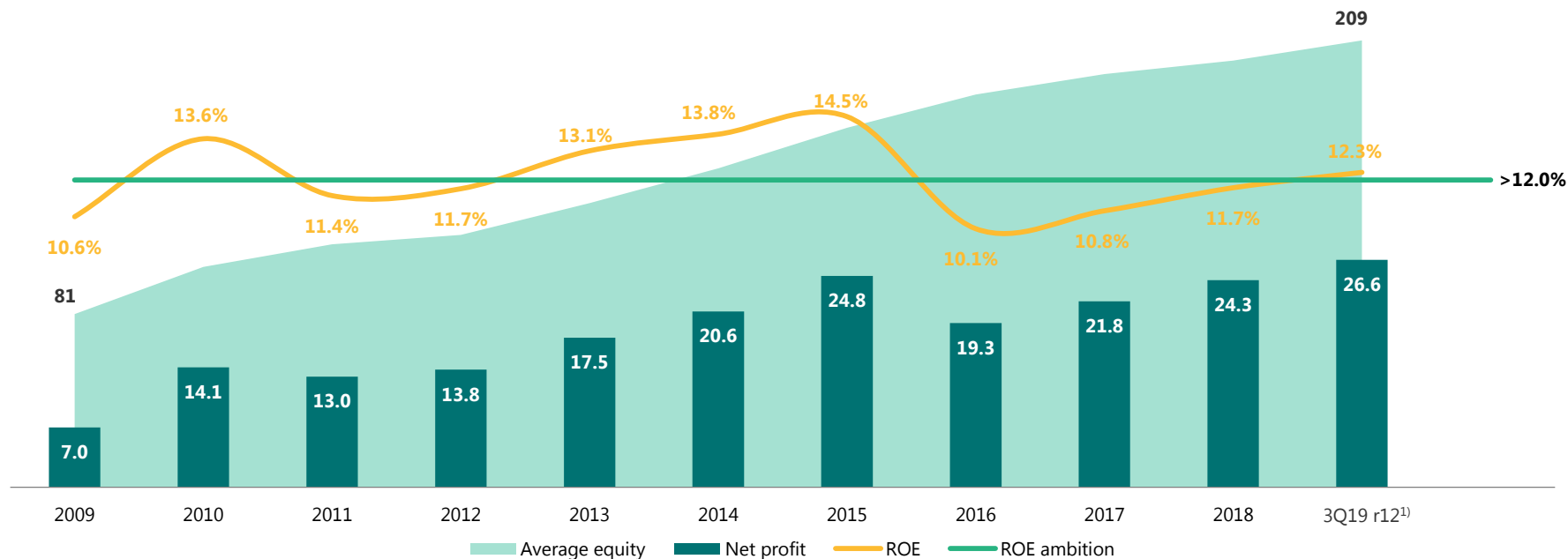
- ROE >12 per cent continues to be our most important financial ambition
- Strong foundation for continued delivery



# ROE >12 per cent continues to be our most important financial ambition

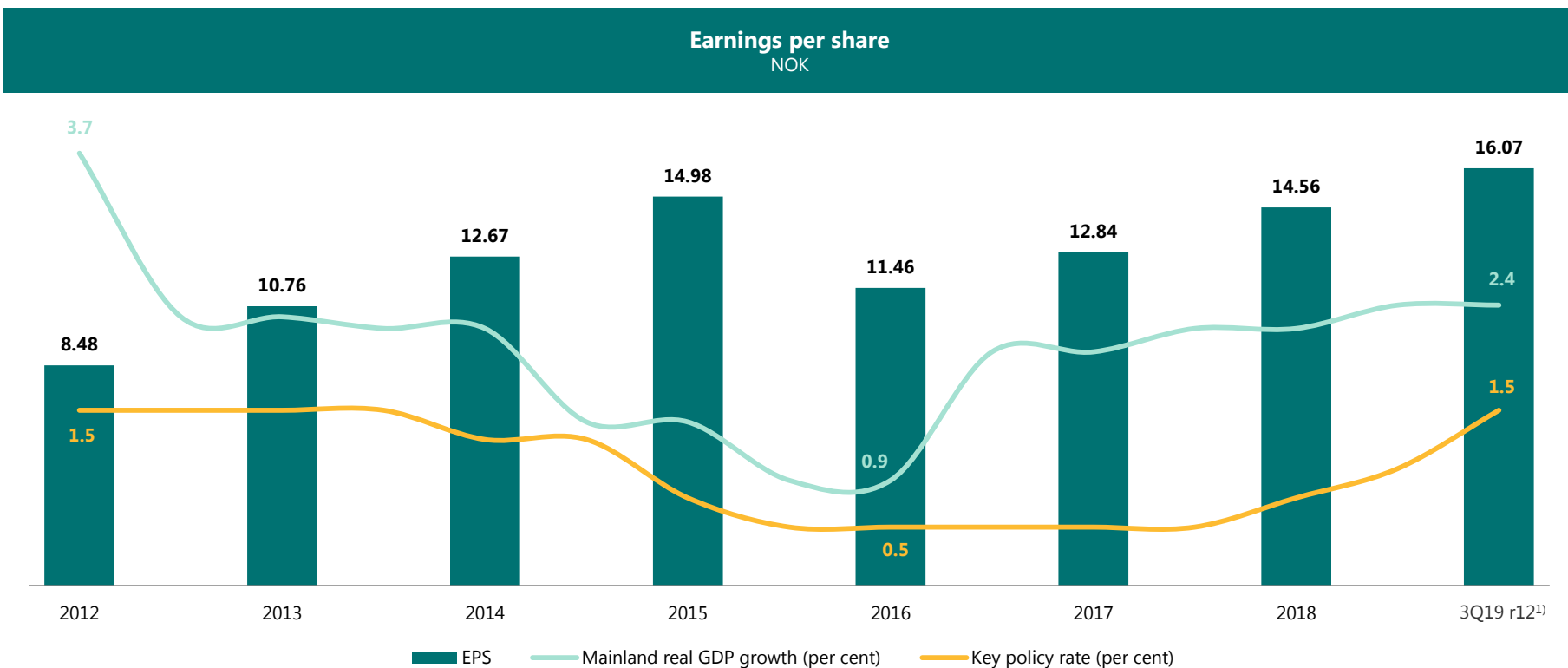
## Return on equity and net profit

Per cent, NOK billion



1) 3Q19 12-month trailing ROE and net profit

# DNB's ability to generate earnings has been resilient through various cycles

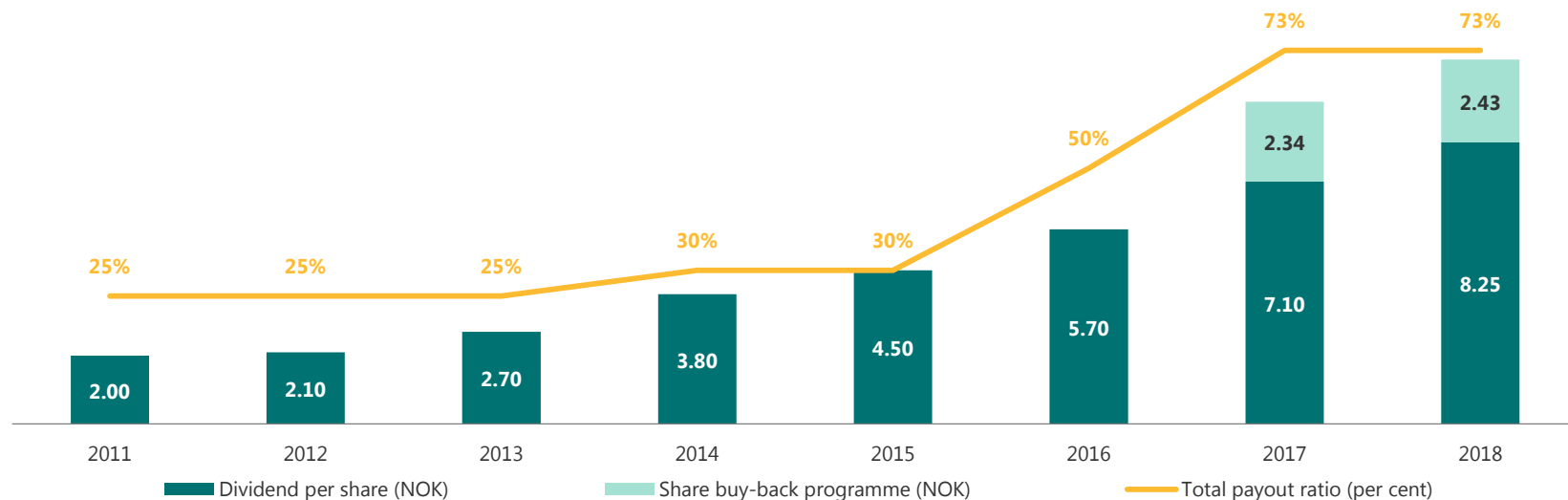


# Delivering on ROE generates capital both for profitable growth and rising nominal dividends

- >50 per cent cash dividend and increase in nominal dividend per share per year
- Distribution of excess capital through nominal increase in cash dividends and share buybacks
- Share buybacks a flexible tool for optimising capital position

## Dividend per share and payout ratio

NOK

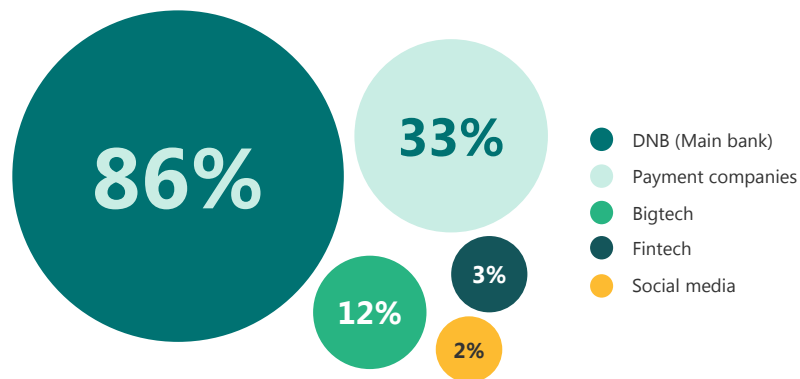


# Maintaining trust and meeting customer expectations is increasingly important

## Meeting customer expectations in a responsible way

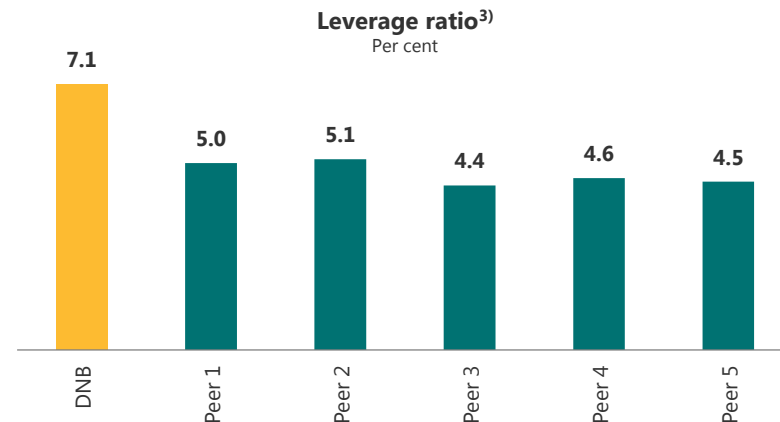
- DNB's **reputation** is at an all-time high level<sup>1)</sup>
- Customers have the highest level of **trust** in established banks with regards to delivering financial services in Norway, with trust levels increasing since 2017

### Banks are more trusted to deliver financial services in Norway<sup>2)</sup>



## Rock-solid balance sheet

- DNB is among the most solid and best-capitalised banks in Europe, further confirmed by EU-wide bank stress tests
- Equity base is 2.5x the level it was before the financial crisis



1) According to RepTrak, score over 70 equals well-liked. DNB has scored above 70 for more than a year.

2) According to Ipsos' Future Banking report. Question asked: "Who do you trust the most to deliver your financial services in the future?". Multiple answers allowed.

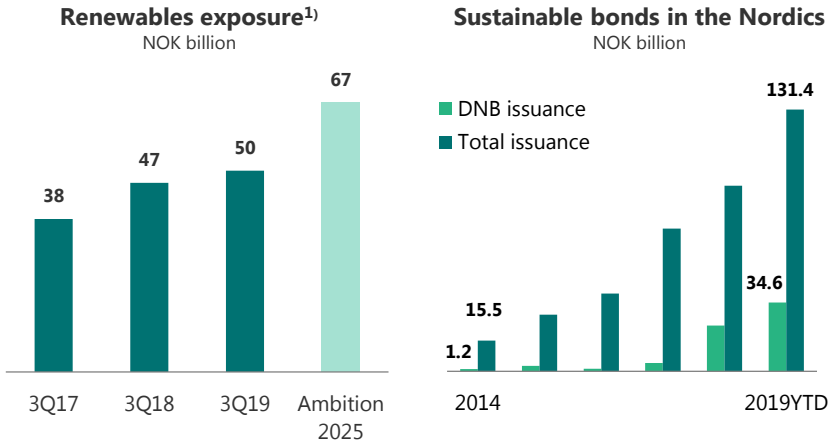
3) Based on reported 3Q19 numbers



# Integrating ESG in our business

## Leveraging growth opportunities

- ESG integrated in credit processes
- In the process of integrating ESG in all our equity research
- Since 2016, carbon footprint has been measured in all our mutual funds
- DNB requires specific ESG requirements to be met by suppliers



1) Exposure at default

## Four core ambitions for our sustainability work



DNB fights financial crime and promotes a safe, digital economy



DNB is a driving force for equality and diversity



DNB provides loans and investments for sustainable growth



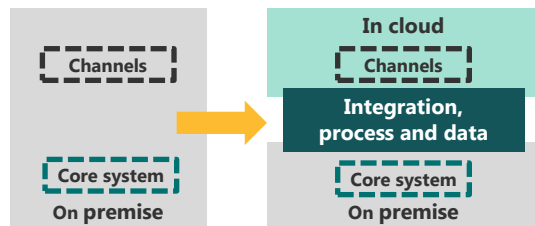
DNB helps its customers manage and understand their own finances



# Continuously developing our technology platform

## Modernising our core

- Stable and secure operations
- Untangling our core and building API layers
- Seeking to utilise cost-efficient and flexible technology to handle legacy systems

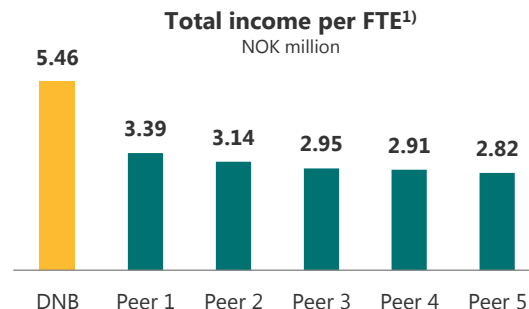


## Increasing efficiency

- Increased efficiency of our self-service solutions, our chatbot handles **60** per cent of chat requests
- Leveraging highly digital Norwegian public infrastructure for more automated processes

## Strategic customer channels

- IT integrated with business units for improved productivity and efficient resource allocation
- Developing customer channels in the cloud, allowing for faster time-to-market and reduced risk



## Cloud-based digital channels



Savings platform



Mobile bank



SME platform

1) FY2018 numbers, currency adjusted as per 13 November 2019

# Scaling activity and innovation through partnerships

## Partnerships to increase scale and innovation power

### Market position

Fremtind

Joint venture with SpareBank 1 to build a strong non-life insurance company

Luminor

Joint venture with Nordea to build scale, strengthen market position and attract investors

### Technology



Open Banking API capabilities



Modular core banking technology

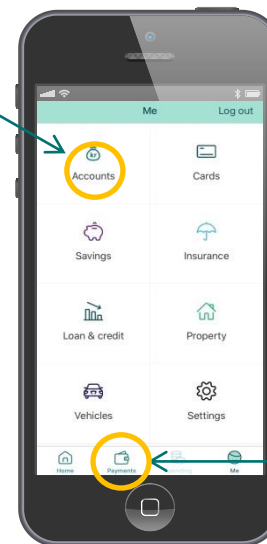


OCR AI technology to validate and extract data from invoices and receipts



AI virtual agent that increases efficiency in customer service

## Developing our solutions together with partners



Hi, I'm a chatbot that can help you with your questions.

boost.ai

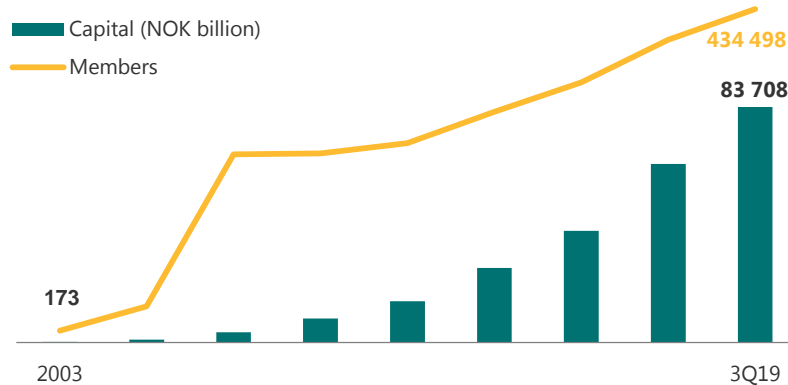


# Monetising cooperation and execution across the Group

## Strong corporate culture

- Built position within defined-contribution pensions by leveraging distribution capabilities in the LCI and SME segment, now gathered in Corporate Banking
- Business units across customer segments working towards common goals, yielding results

### Defined-contribution premium reserves

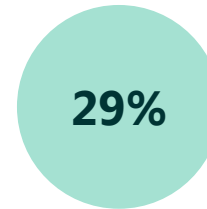


## Well positioned for expected growth in savings

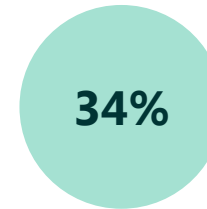
- Norwegian household savings rate expected to increase to 7.3 per cent in 2022 from today's level of 6.4 per cent
- Spare is the number one savings app in Norway
- Responsibility for pension savings gradually transitioning from employers to individuals

### DNB market shares in Norway

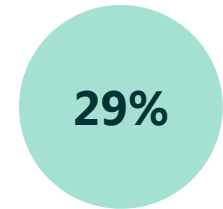
#### Retail deposits



#### Mutual funds<sup>1)</sup>



#### Defined contribution<sup>2)</sup>



Sources: Finance Norway, Statistics Norway, DNB Markets, Norwegian Mutual Fund Association

1) Retail market, equity funds

2) Corporate market

# DNB towards 2022

- Financial ambitions
- The Norwegian economy
- DNB well positioned to deliver on financial ambitions



# Achieving financial ambitions

- OVERRIDING TARGET: Return on equity >12 per cent
- CAPITAL LEVEL: CET1 capital ratio ~17.9 per cent
- KEY PERFORMANCE INDICATOR: Cost/income ratio <40 per cent
- DIVIDEND POLICY: Payout ratio >50 per cent



# Achieving financial ambitions 2019–2022



**CET1 ratio<sup>1)</sup>**  
**~ 17.9%<sup>2)</sup>**

Capital level

**C/I ratio**  
**< 40%**

Key performance indicator

**Payout ratio**  
**> 50%**

Dividend policy

1) CET1 capital ratio without transitional rules

2) Proposed requirement including management buffer 31 Dec. 2019

# Positive jaws and efficient use of capital to deliver on financial ambitions

**1. Growth in NII**

**2. Growth in C&F**

**3. Cost initiatives**

**4. Cost of risk**

**Return**  

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**Equity**

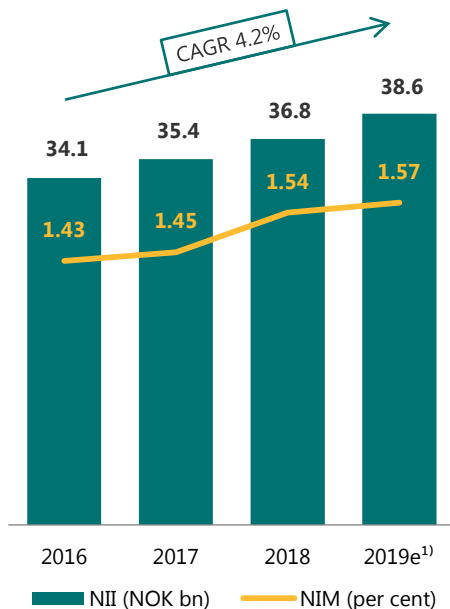
Return on equity  
**> 12%**  
Overriding target

**5. Capital efficiency with Basel III**



# Repricing and further volume growth ensures increase in net interest income

## Solid historical development



## Positive effects from repricing and interest rate hikes



## Key points moving forward

- Successfully implemented four interest rate hikes – full effect from 2020
- Mortgage margin front book now at approx. the same level as the back book
- Annual loan growth of ~3–4 per cent
- Annual deposit growth of ~3–4 per cent
- Lower spreads on funding expected to compensate for MREL<sup>2)</sup> costs

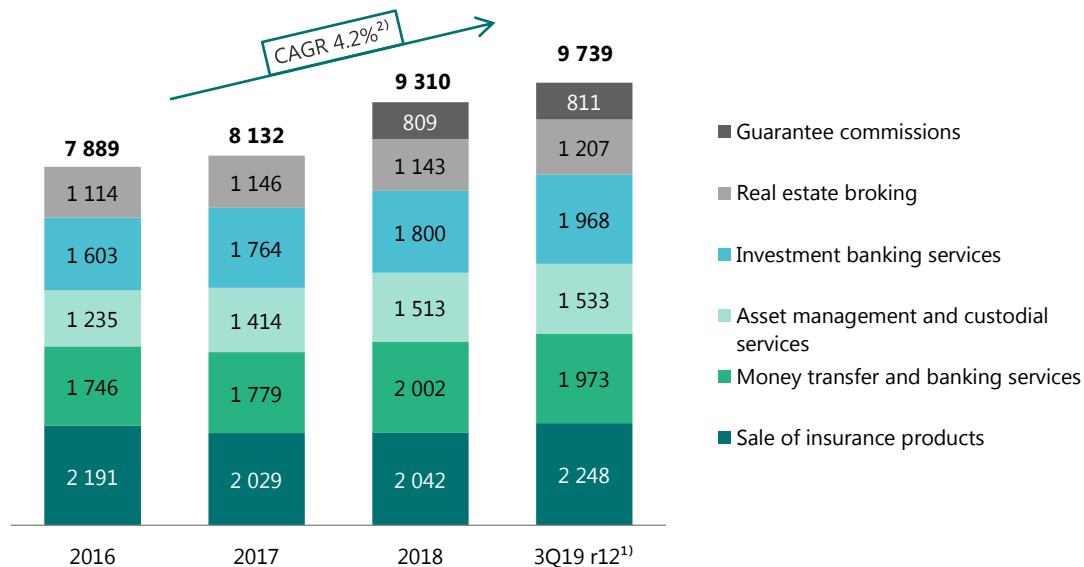
1) 2019 annualised per Q3

2) Minimum Requirement for own funds and Eligible Liabilities

# Solid foundation for profitable growth in commissions and fees

## Commissions and fees

NOK million



## Strong position in all product areas

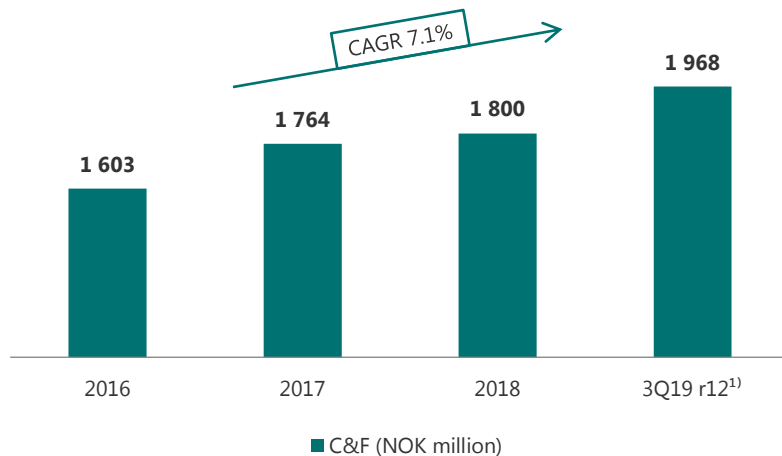
- Ambition: ~4–5 per cent annual growth
- Delivered solid results despite turbulence in the markets
- Lower income from self-service products compensated by reduced production costs and improved pricing

1) 12-month trailing per 3Q19  
2) Excluding guarantee commissions

# Leading position within investment banking and asset management

## Investment banking services

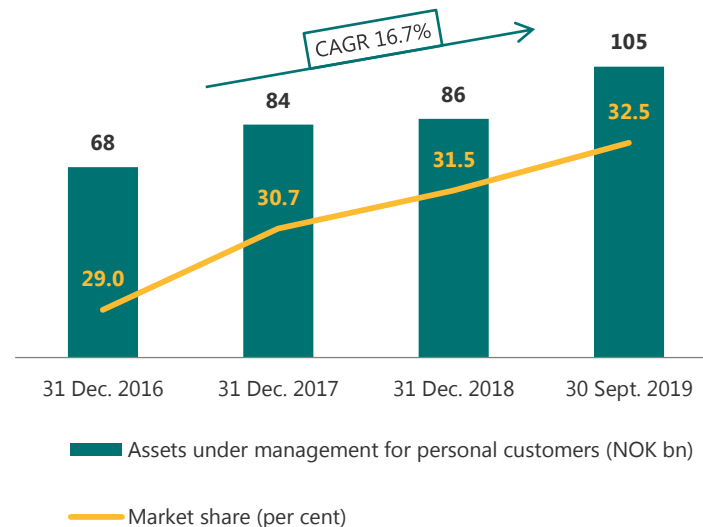
- Increased Originate-and-Distribute activity
- Growth opportunities available



1) 12-month trailing per 3Q19

## Asset management

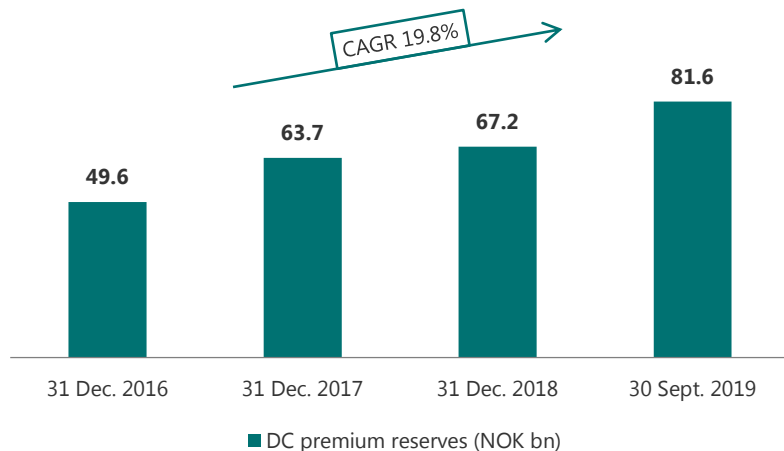
- The market is growing – stimulated by government incentives and increased wealth accumulation
- Unique position in the Norwegian retail market – close to 60 per cent of net sales YTD



# Continued growth in insurance products through leveraging our distribution model

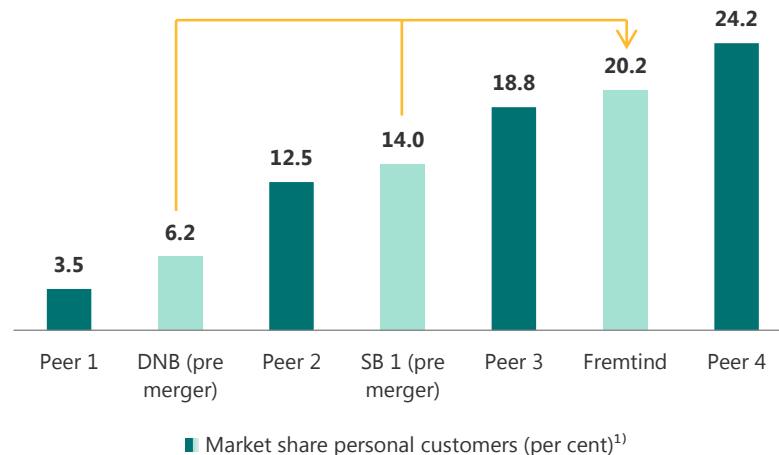
## Defined-contribution pensions

- Strong growth supported by existing agreements
- Competitive investment returns
- One pension account



## Non-life insurance

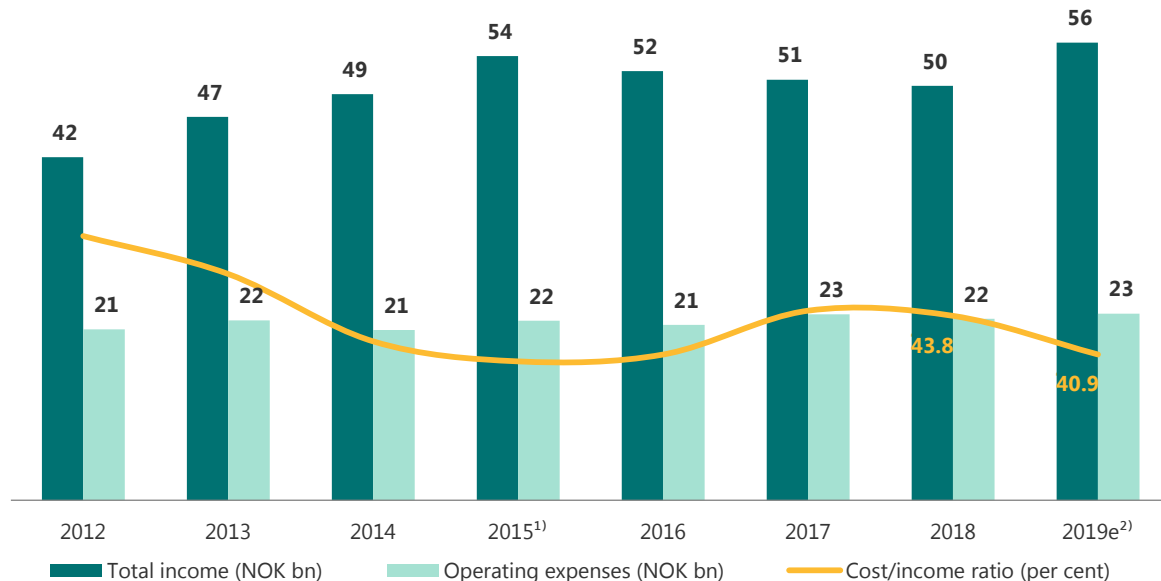
- Strategic partnership increases market share within non-life insurance in the personal customer segment
- Cost synergies and strong distribution power



1) Source: Finans Norge as per 1 Jan. 2019

# Our ambition of a cost/income ratio <40 per cent stands

## Stable cost level – positive jaws



## Committed to delivering on cost control

- Solid investments in technology and compliance largely covered by efficiency gains
- Changes in organisation initiated to increase efficiency
- Cost initiatives implemented to contain wage growth and other cost inflation
- IT: Our strategy stands: evolving – not replacing – the core

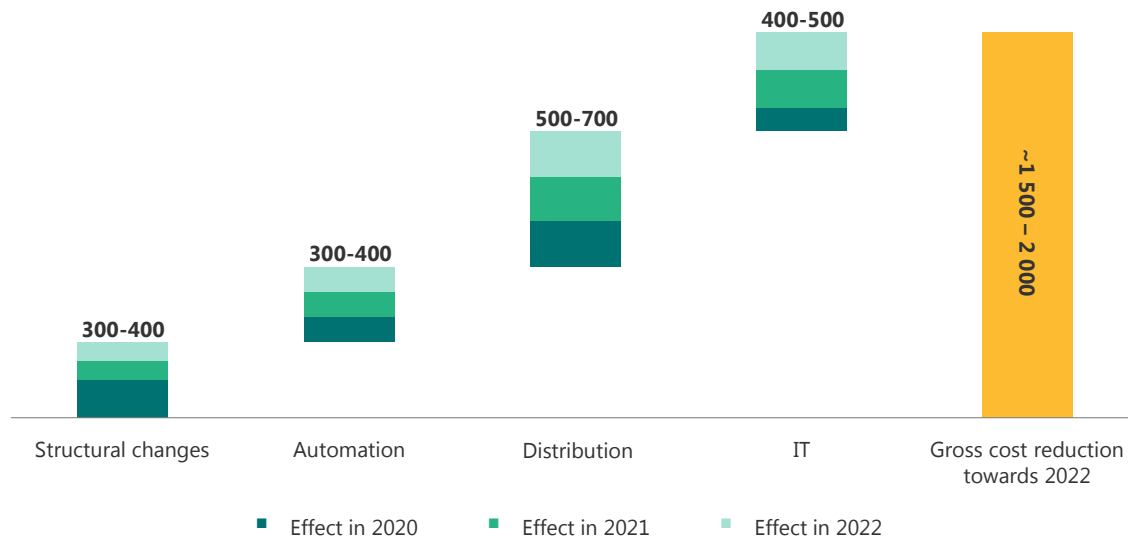
1) Operating expenses adjusted for large one-offs

2) 2019 annualised per Q3

# Continuing strong cost control – still potential for cost savings

## Accumulated cost reduction 2020–2022

NOK million, not adjusted for inflation



## Examples of cost initiatives

### STRUCTURAL CHANGES:

- New organisation
- Simplification of legal structure outside Norway

### AUTOMATION:

- Credit processes
- Real estate broking

### DISTRIBUTION:

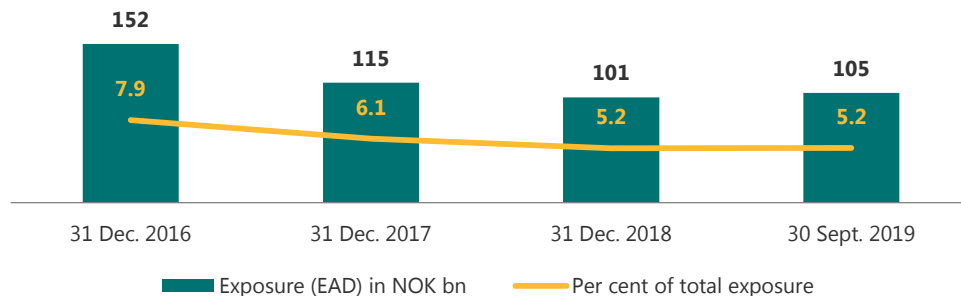
- Artificial intelligence
- Office network

### IT – NEW WAYS OF WORKING:

- IT integrated into business
- Offshoring

# Healthy asset quality reduces cost of risk

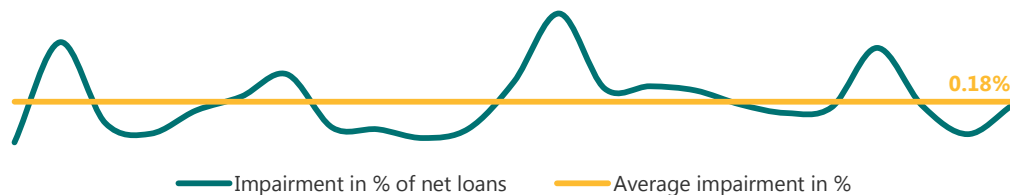
## Development in high-risk and stage 3 exposures<sup>1)</sup>



## Reduced risk

- Strong Norwegian macro
- Solid and diversified portfolio
- Reduced exposure to cyclical industries
- Quarterly fluctuations, but expecting lower impairment losses than 1997-2019 average

## Impairment losses 1997–2019

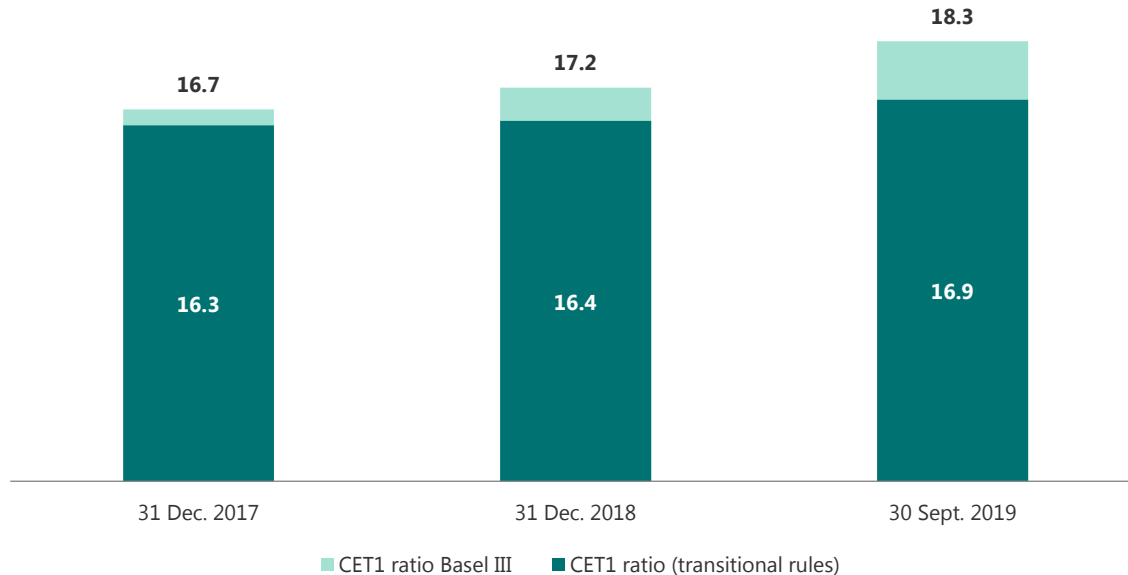


<sup>1)</sup> "High-risk" is defined as probability of default (PD)  $\geq 3$  per cent. "Stage 3" is defined as non-performing and doubtful portfolio.

# More tools available for increased capital efficiency with CRD IV/CRR

## Development in CET1 capital ratios

Per cent



## Background

- Basel I has been the capital constraint for DNB until the end of 3Q19
- CRD IV/CRR (Basel III) from 4Q19

## Adaption to new regulations

- Focus on capital discipline and efficiency
- Improvements include e.g. increasing share of IRB portfolio
- SME supporting factor will contribute with ~0.3 percentage points to CET1



# Positive jaws and efficient use of capital to deliver on financial ambitions

**1. Growth in NII**

**2. Growth in C&F**

**3. Cost initiatives**

**4. Cost of risk**

**Return**  

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**Equity**

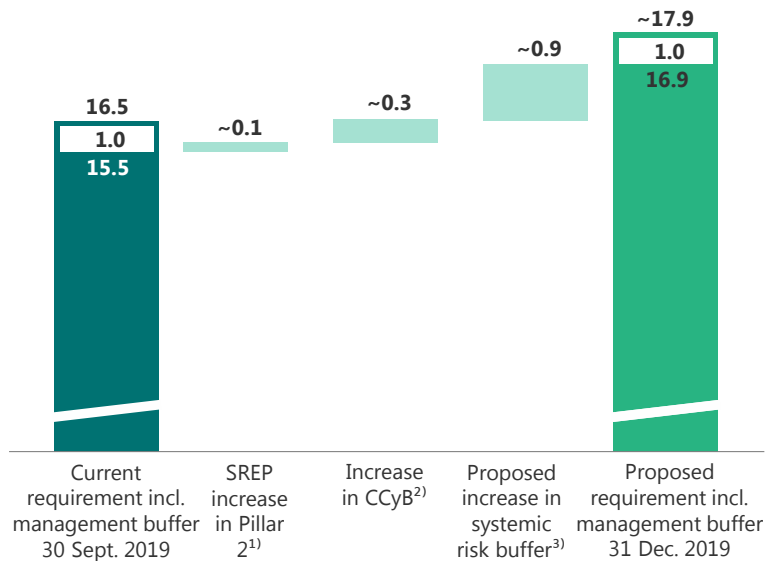
Return on equity  
**>12%**  
Overriding target

**5. Capital efficiency with Basel III**

# Update on CRD IV/CRR and draft proposal from the Ministry of Finance

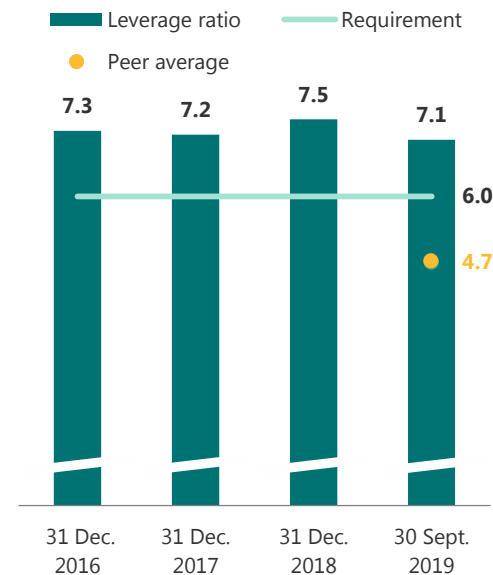
## CET1 ratio requirement including new SREP and proposed systemic buffer from MoF

Per cent



## Among the best-capitalised banks worldwide

Per cent



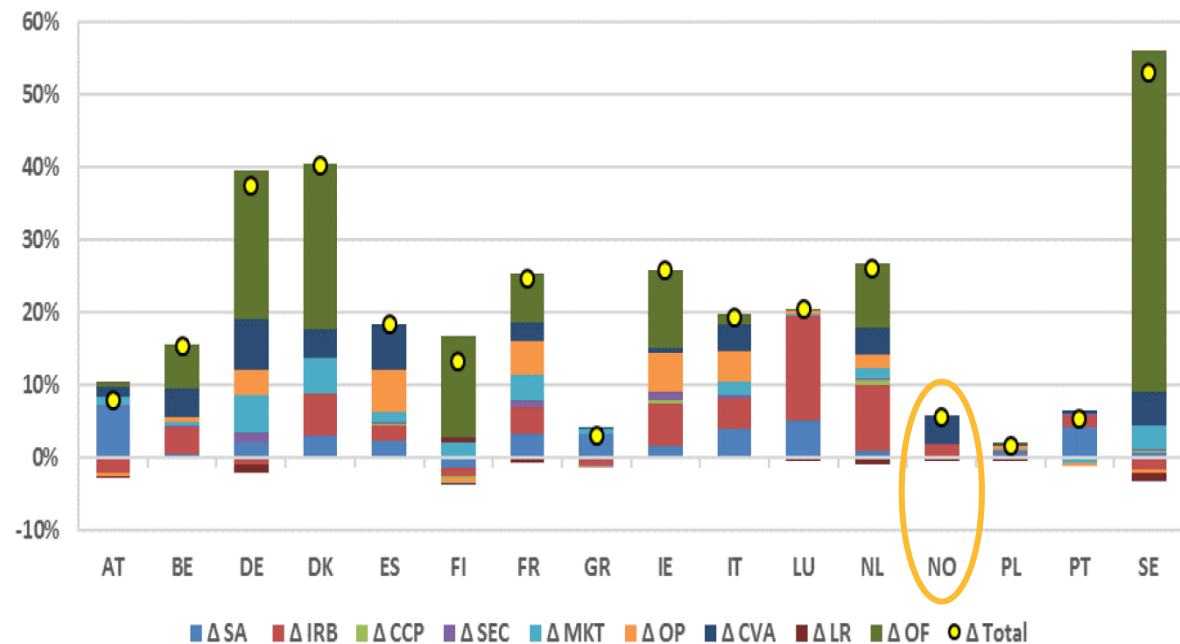
1) Pillar 2 capital floor of NOK 19.4 billion introduced, implying an increased capital requirement at end 2019 of ~0.1 percentage point based on RWA at end-September

2) Countercyclical buffer (CCyB) – based on DNB's exposure and relevant local CCyB rates (already adopted, with effect from end of 2019)

3) Based on the Ministry of Finance's proposal for amendment of capital requirements published on 25 June 2019, with effect from end of 2019

# Well positioned for future capital requirements

## Snapshot from EBA 2018-Q2 Quantitative Impact Study (QIS)



## Estimated effect on RWA

- Norwegian banks are well capitalised with a limited effect of ~5 per cent increase in RWA with completion of Basel III
- Nordic peers ~40–55 per cent increase

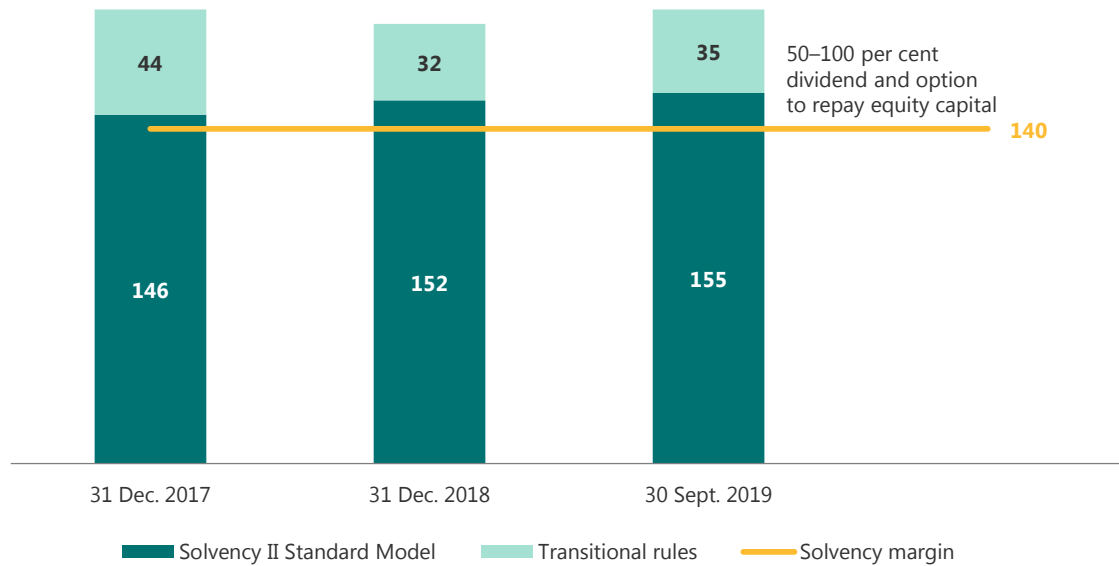
Sources: EBA 2018-Q2 QIS data and EBA calculations.

SA – standardised approach to credit risk; IRB – internal ratings-based approach to credit risk; CCP – central counterparty; SEC – securitisation; MKT – market risk; OP – operational risk; CVA – credit valuation adjustment; LR – leverage ratio; OF – output floor.

# Dividend capacity in DNB Livsforsikring

## Solvency margin supports upstream of capital

Per cent



## Strong development in dividends and payout ratio

### 2017:

- Ordinary dividend NOK 1.5 billion (75%)

### 2018:

- Ordinary dividend NOK 1.4 billion (100%)
- Extraordinary dividend NOK 1.5 billion

### 2019:

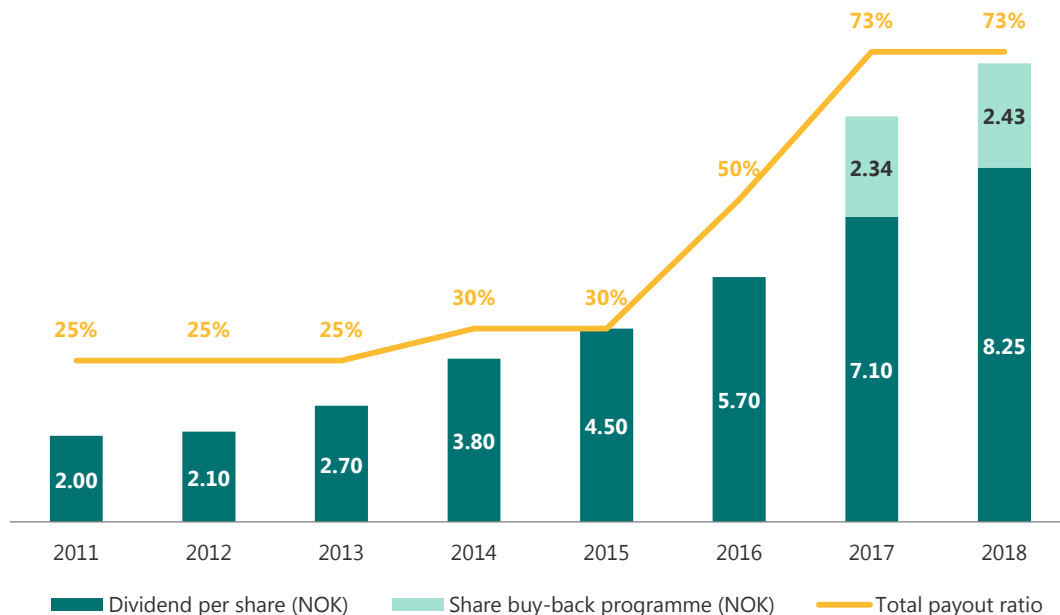
- Ordinary dividend expected

### 2020:

- DNB Livsforsikring recognises a gain of NOK 1.2 billion in second part of Fremtind transaction
- DNB Group expects to book a gain of ~NOK 750 million

# Profitability and solid capital position enables delivery on our dividend policy

## Dividend per share (DPS) and payout ratio



## Additional share buy-back of 0.5 per cent

- Our dividend policy stands: Excess capital will be distributed through dividends or share buybacks
- Dividend policy: Payout ratio >50 per cent
- Ambition of annual increase in DPS
- Share buy-back programme of 0.5 per cent announced on 24 October to be completed in November
- Additional share buy-back of 0.5 per cent announced today

# Delivering on financial ambitions

## Our financial ambitions affirmed

Return on equity  
**> 12%**  
Overriding target

CET1 ratio<sup>1)</sup>  
**~ 17.9%<sup>2)</sup>**  
Capital level

C/I ratio  
**< 40%**  
Key performance indicator

Payout ratio  
**> 50%**  
Dividend policy

## Main drivers for reaching our ambitions

| Growth in NII

| Growth in C&F

| Strong cost control

| Capital efficiency

1) CET1 capital ratio without transitional rules

2) Proposed requirement incl. management buffer 31 Dec. 2019

# Achieving financial ambitions

- OVERRIDING TARGET:
- CAPITAL LEVEL:
- KEY PERFORMANCE INDICATOR:
- DIVIDEND POLICY:

Return on equity >12 per cent  
CET1 capital ratio ~17.9 per cent  
Cost/income ratio <40 per cent  
Payout ratio >50 per cent



# High-quality portfolio and increased profitability

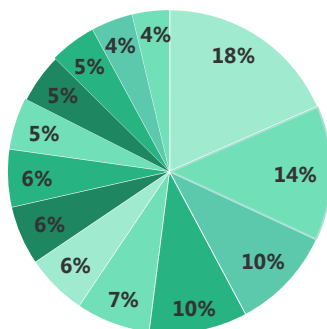
- Corporate Banking has a high-quality portfolio both domestically and internationally
- Strong track record in the SME segment, which is set to continue
- Substantial positive synergies and potential for uplift in income in new Corporate Banking





# Diversified portfolio and strong improvement on all key parameters

## Key industries Corporate Banking (EAD)



- Commercial real estate (18%)
- Residential property (10%)
- Manufacturing (7%)
- Credit institutions (6%)
- Retail (5%)
- Fishing, fish farming and farming (5%)
- Technology, media and telecom (4%)
- Other (14%)
- Oil, gas and offshore (10%)
- Shipping (6%)
- Services (6%)
- Power and renewables (5%)
- Healthcare (4%)

## Key figures Corporate Banking

*Pre-tax operating profit before impairment (YTD 3Q19)*

**NOK 14.6 billion**

+13.0% from YTD 3Q17

*No. of FTEs (per 3Q19)<sup>1)</sup>*

**2 265**

-1% from 3Q17

*Cost/income ratio (YTD 3Q19)*

**36.7%**

-4.4 percentage points from 3Q17

*Return on allocated capital (YTD 3Q19)*

**13.2%**

+3.4 percentage points from YTD 3Q17

1) Ex. Baltics and does not include IT FTEs moved from IT to Corporate Banking during 4Q19

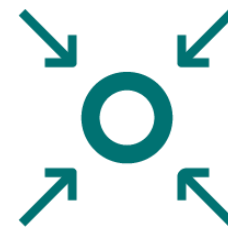
# Substantial positive synergies and potential for uplift in income

## Externally Stronger customer experience



- Leverage industry expertise
- Reduce time-to-market for digital solutions
- Create consistent customer experiences across customer segments

## Internally Better utilisation of finite resources

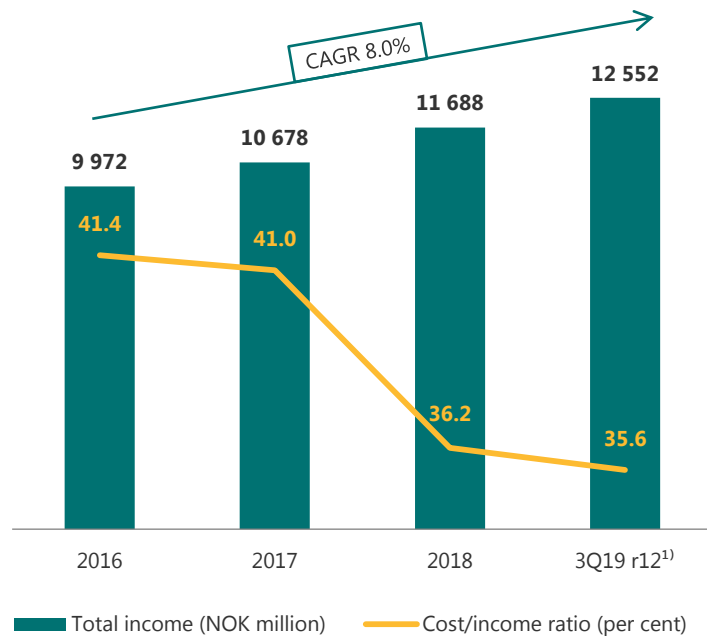


- Standardise processes and streamlined operations across customer segments
- Increase pace and quality of compliance efforts
- Increase efficiency and tighter alignment of IT development and resources

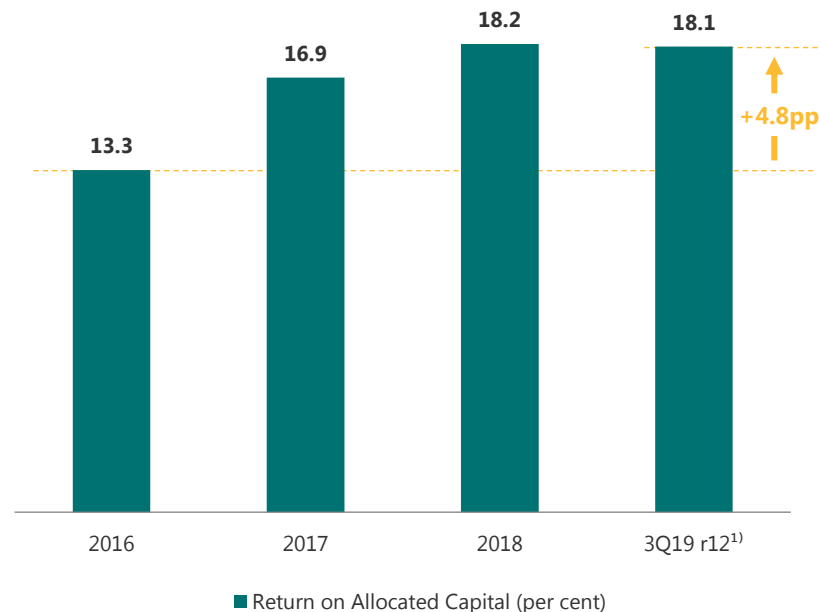
**Cost synergies: 6–7% reduction in FTEs, including ongoing reductions internationally**

# Strong track record in the SME segment, which is set to continue

Revenue growth and strong cost control resulting in a 5.8 percentage point improvement in C/I



Strong increase in profitability



1) 12-month trailing per 3Q19

# The SME segment's scalable distribution model is a platform for further growth

## Scalable, flexible and cost-efficient distribution model



- 65% of all SME customers served digitally
- Digital credit solution available to >80% of SMEs
- Transformation of customer service has reduced inbound traffic and increased sales

## Proven distribution power as a competitive advantage



- Market-leading position within pension
- >50% conversion rate on non-life insurance
- 23% uplift in income from DNB Markets from last CMD (3Q17)

## Expanding digital distribution and increasing customer engagement

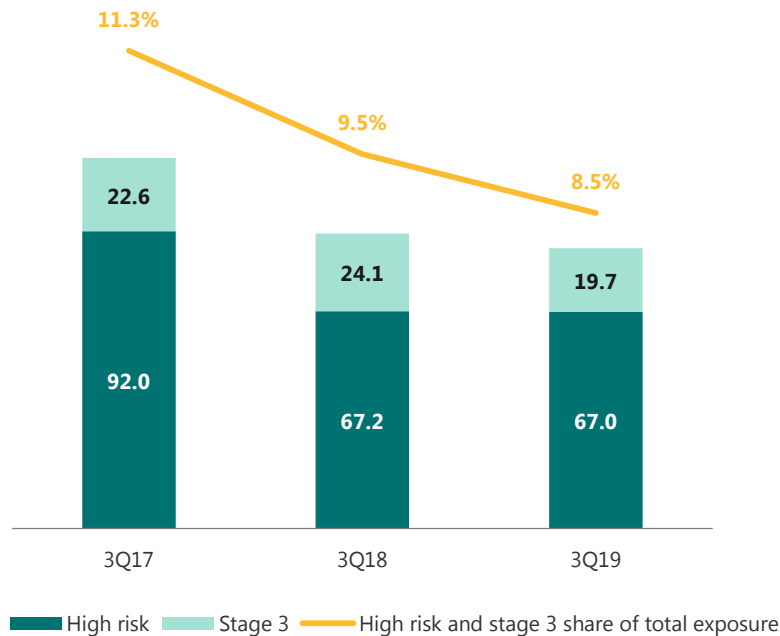


- DNB Puls developed as a platform for distribution and digital advice
- Launched integrated accounting software
- Onboarding time reduced from ~30 days to ~5 minutes through digitalisation

# Corporate Banking has a high-quality portfolio both domestically and internationally

## Exposure development in the Corporate Banking portfolio

EAD, NOK billion



## Share of low-risk exposure in the Corporate Banking portfolio

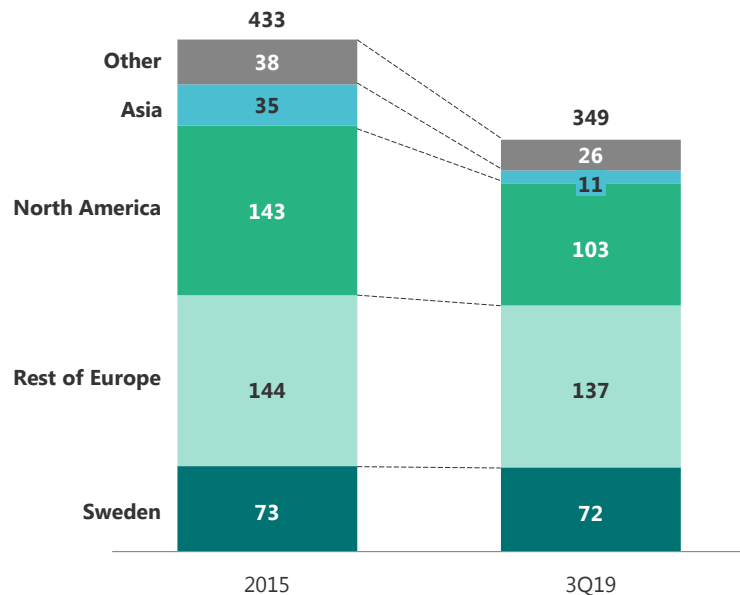
EAD, per cent



# Reduced geographic exposure and limited concentration risk within international industries with a selective scope

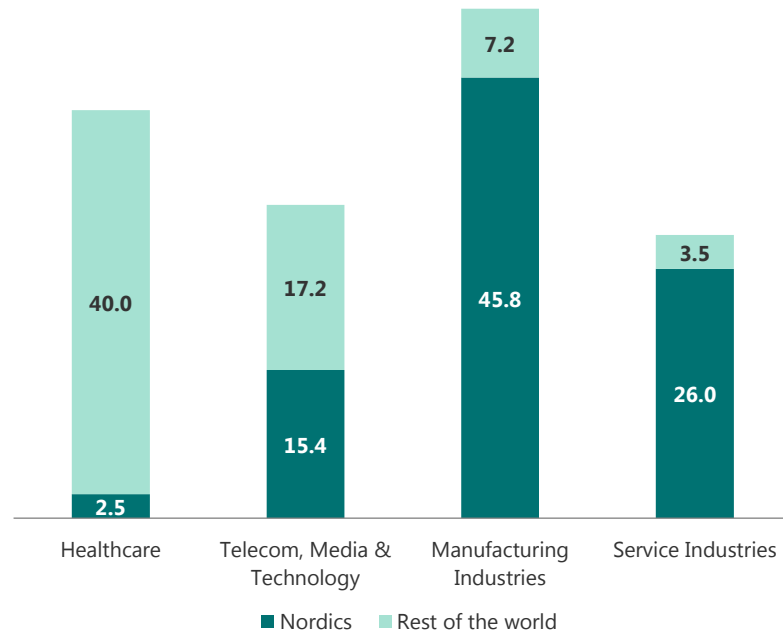
## Largest reductions in far-away markets

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



## Concentration risk within selective international industries is under control

EAD per 3Q19, NOK billion<sup>2)</sup>



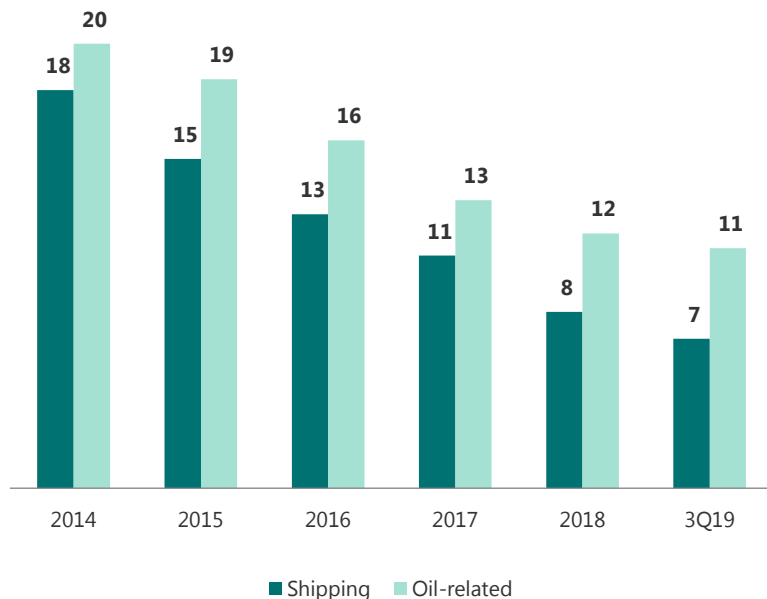
1) Large Corporate and International portfolio

2) Exposure outside the Nordics in these four industries represents 7% of Corporate Banking's total Exposure at Default (EAD). Probability of Default (PD) of exposure outside the Nordics by industry: Healthcare 0.32%, TMT 0.55%, Manufacturing Industries 0.79%, Service Industries 1.30%.

# Reductions in shipping and oil-related industries and increased focus on ESG

**Shipping exposure reduced by about 2/3 since 2012  
and oil-related exposure by more than 40 per cent since 2014**

EAD, USD billion



**ESG is an integrated part of our business**

ESG is integrated in all industry strategies and credit rules throughout the organisation

Joined industry-specific initiatives including Poseidon Principles and Responsible Ship Recycling

Arrange NOK 450 billion in financing to renewable energy and infrastructure<sup>1)</sup>

NOK 130 billion in green real estate loans and NOK 200 million in growth loans

DNB has arranged Sustainable Bond volumes totalling EUR 3.3 billion in 2019 (per 3Q)

Developed a framework for green products in DNB

1) Including bank loans, equity and bonds

# High-quality portfolio and increased profitability

- Corporate Banking has a high-quality portfolio both domestically and internationally
- Strong track record in the SME segment, which is set to continue
- Substantial positive synergies and potential for uplift in income in new Corporate Banking





# Delivering more with less

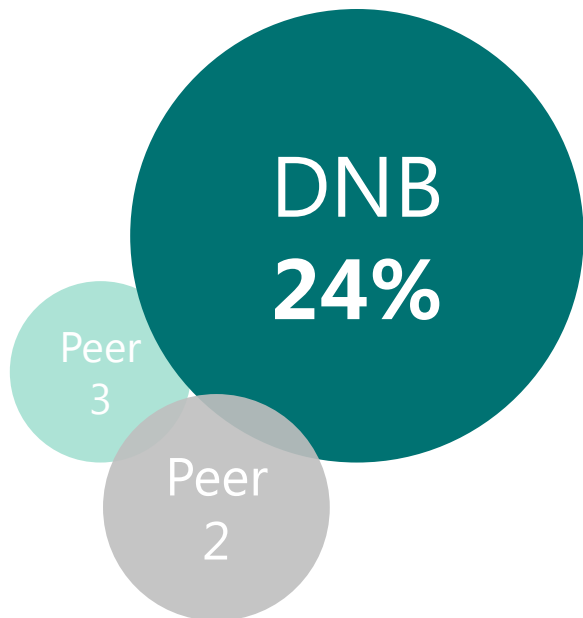
- The market and DNB's competitive position
- Leveraging our distribution power
- Maximising efficiencies in use of existing resources



## Leading the way in the Norwegian market

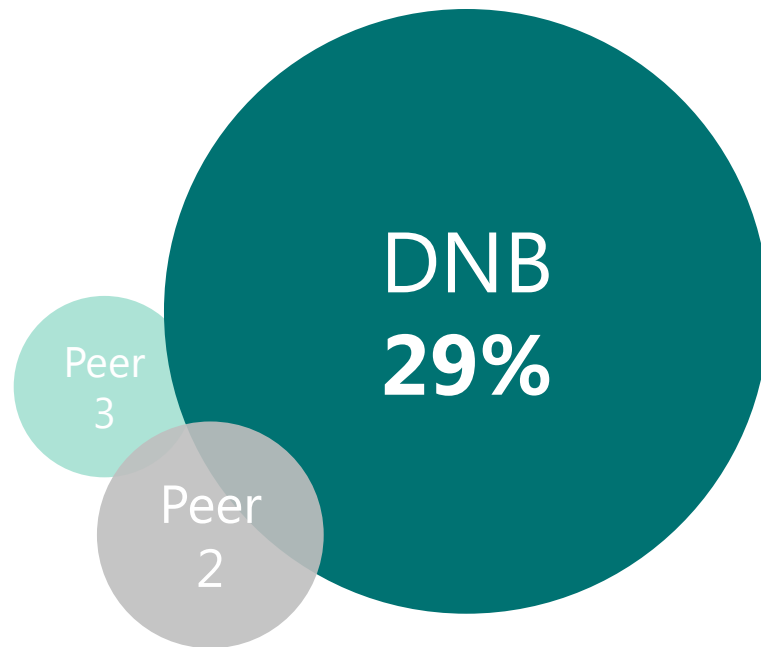
### Market share in lending

Portfolio ~2x as large as the second largest bank



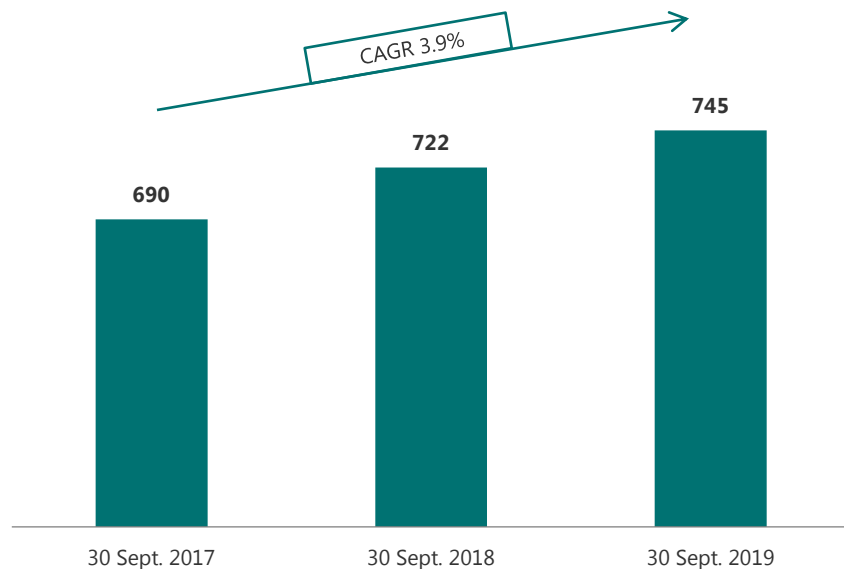
### Market share in deposits

Portfolio ~4x as large as the second largest bank



# High quality and profitable growth in mortgage portfolio

## Mortgage portfolio<sup>1)</sup> NOK billion



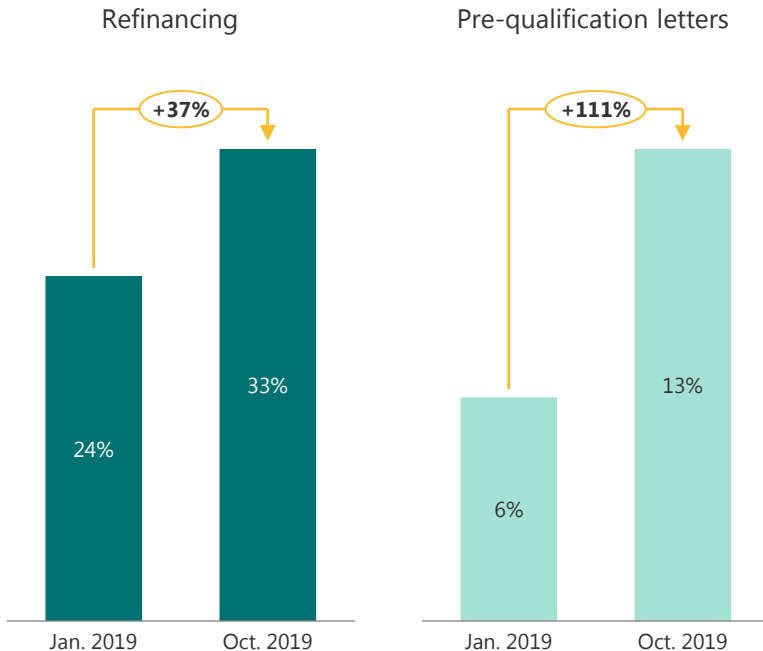
## Marginal loan-to-value ratio in mortgage portfolio



1) Excluding portfolio transferred to DNB Livsforsikring

# We will continue to improve our world-class efficiency in lending

## Fast growing share of digital approvals

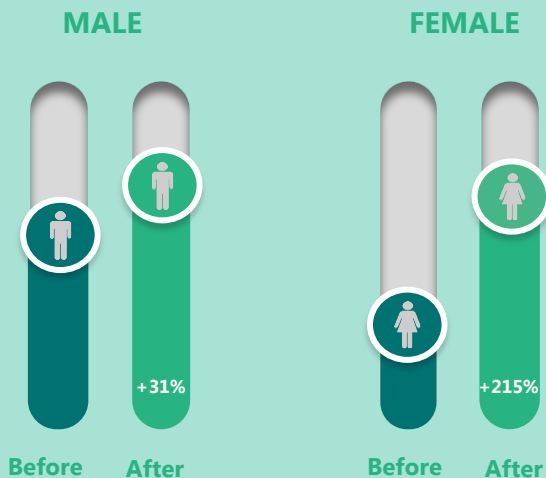


## Norwegians finance their homes efficiently

- Fully automated secured lending with excellent quality
- Speed is essential in a well-functioning real estate market
- 70 per cent of mortgage applications submitted digitally
- Process time per application significantly reduced
- Further potential to capitalise on the solution

# 76% increase in savings agreements from #girlsinvest

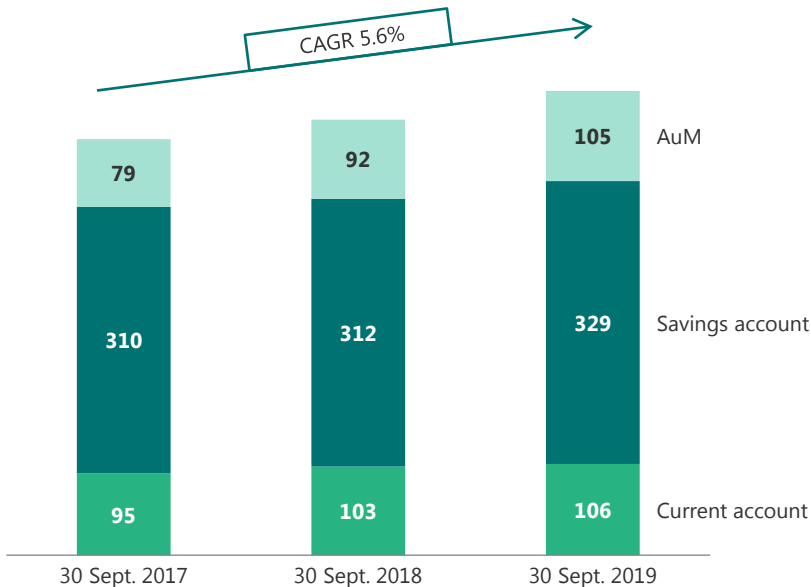
## Sale of savings agreements<sup>1)</sup> change in weekly average



# High growth in a profitable deposits and savings portfolio

## Strong platform in a growing market

NOK billion



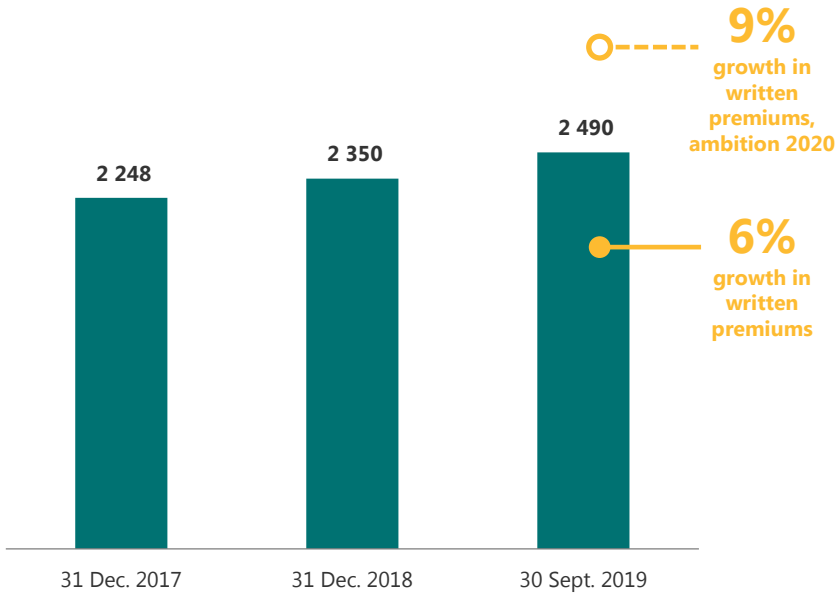
## Bank of choice for personal savings

- ~30 per cent market share in current accounts
- Current accounts: the gateway to short-term deposits and long-term savings
- Norwegian government announces changes in pension regime from 1 January 2021
- Focused sales strategy
  - Grow the overall market
  - Develop attractive products and services
  - Preferred bank for wealthy customers

# Insurance merger starting to pay off

## Increasing written premiums<sup>1)</sup>

Volume in NOK million



1) Non-life insurance

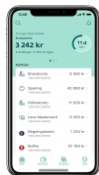
## Positive results across the board

- Better risk-based pricing model showing profitability effects
- Increased sales volume and high conversion rate on given offers
- Streamlining our distribution to boost sales efficiency
- Digital channels important sales contributor from 2021
- Ambition to increase growth rate in written premiums by 50 per cent in 2020



# World-class digital distribution channels to boost future sales

## Dominant digital platforms across all segments



**67%**

use mobile for daily banking services



**Top 5**

most visited websites in Norway include our website (DNB.no)



**#1**

savings app in Norway is Spare by DNB



**78%**

of Norwegians use Vipps for payments services<sup>1)</sup>

## Well positioned for digital distribution

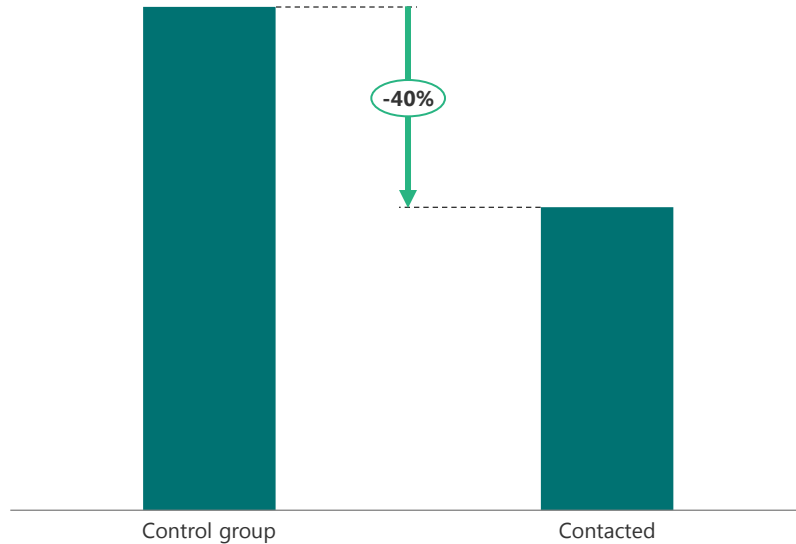
- Cloud architecture ensures flexibility and speed in development efforts
- Increasing customer traffic gives valuable customer data and sales opportunities
- Strong digital distribution power boosts efficiency and customer satisfaction
- 96 per cent of saving agreements sold digitally
- Untapped potential for insurance and unsecured credit

1) Users aged 13 and over







# Starting to monetise data investments by using our customer insight data

## Experimenting to reduce churn

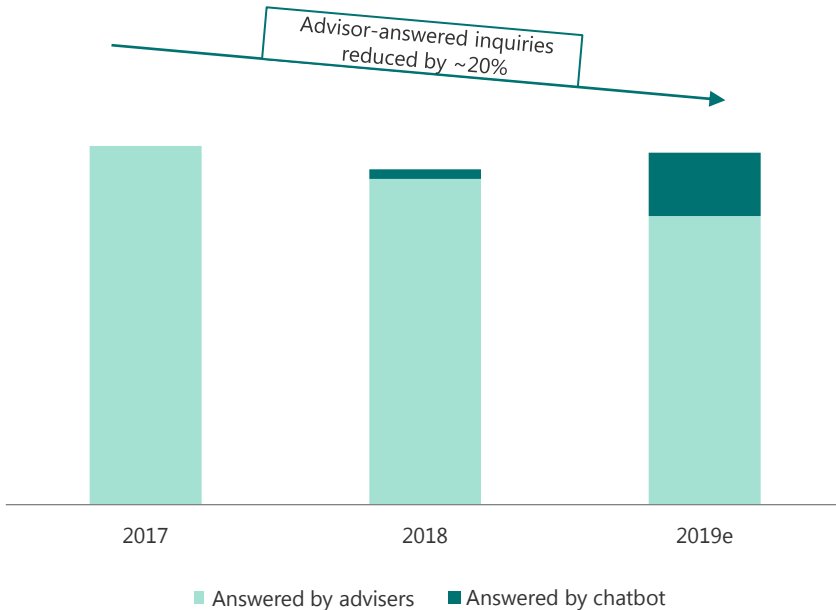


## Very promising results

-  Using churn leads for contacting customers with high probability of churning
-  Test results: 40 per cent reduced churn in the group that was contacted
-  Contacted customers buy one extra product on average
-  Monetising CRM and customer insight has a high strategic priority

# Investing in customer service pays off

## Greater efficiency with machine learning and improved solutions Inquiries



## Delivering more with less people

- More than 60 per cent seek answers online
- Strong focus on improving service solutions
- About 60 per cent of chats answered by the chatbot
- Machine learning makes communication more precise
- Aiming to solve the majority of all requests in first point of contact
- ~10 per cent reduction in FTEs in call centre

# Delivering more with less

- Positioned to deliver profitable growth going forward
- Leveraging our distribution power across all product areas
- Maximising efficiencies in use of existing resources





**The unique combination of mobile wallet, eID and payment scheme**



# The indisputable no. 1 mobile wallet, eID and payment scheme in Norway

**vopps**

Wallet

**78% adoption rate<sup>1)</sup>**  
92% monthly active users

**bankID**

eID

**91% adoption rate<sup>1)</sup>**  
93% monthly active users

**bank  
axept**

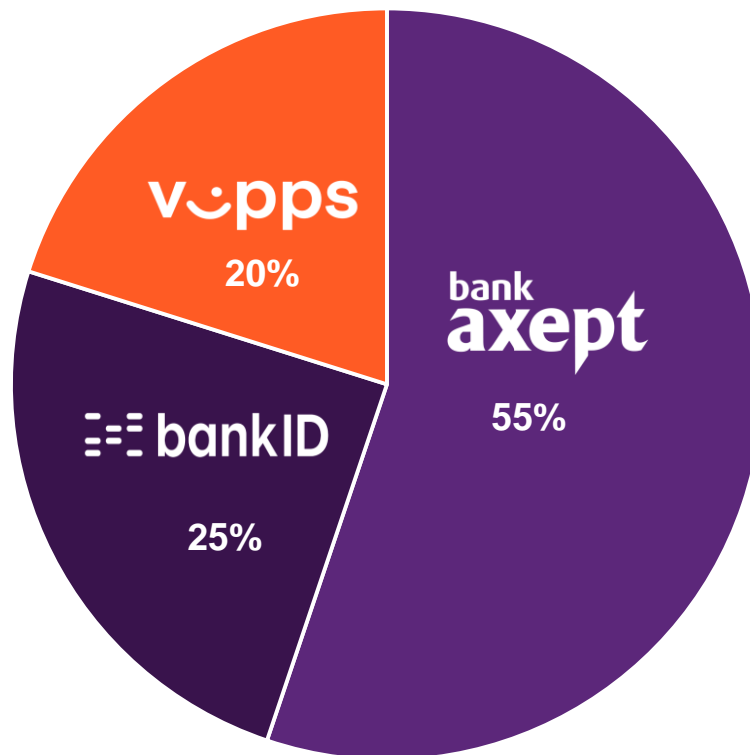
Payment scheme

**83% of in-store market**

**...8.5 million interactions every day**

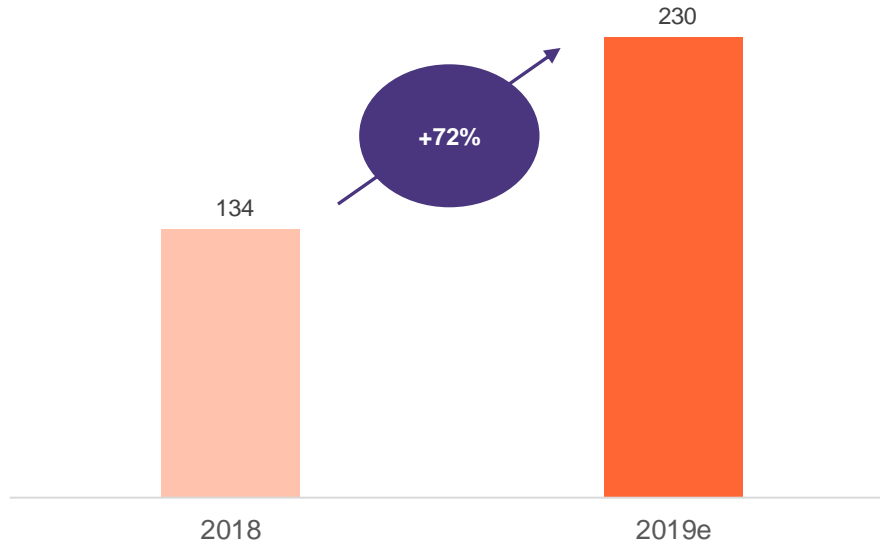


## Total gross transaction income 2019e NOK 1.1 billion



# Vipps wallet – 72% increase in fee income from 2018 to 2019e

Vipps wallet fee income in NOK million – 2018 and 2019e



Vipps wallet – future fee generators

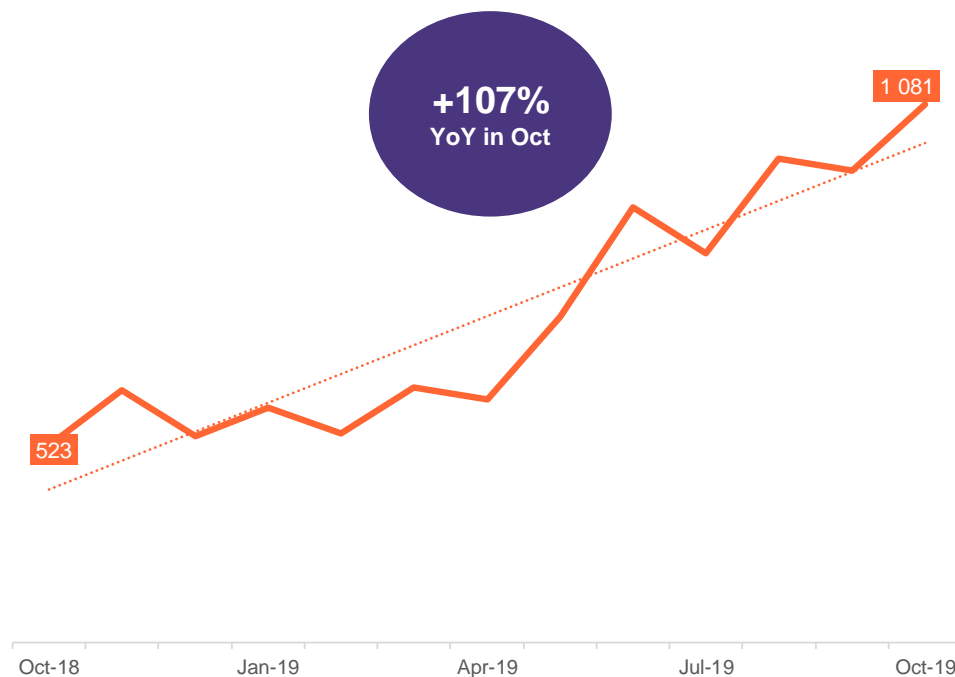
-  Vipps eCom
-  Vipps eInvoice
-  New products



# Vipps eCom – close to 15% market share by year-end (run-rate)

Volume in NOK million – per month over the last 12 months

Increasing market share and new products



- Total eCom market in 2019: approx. NOK 105 bn from Norwegian webshops
- Annual market growth at ~15 per cent compared with Vipps growth above 100 per cent
- Strong growth in transaction-based fees

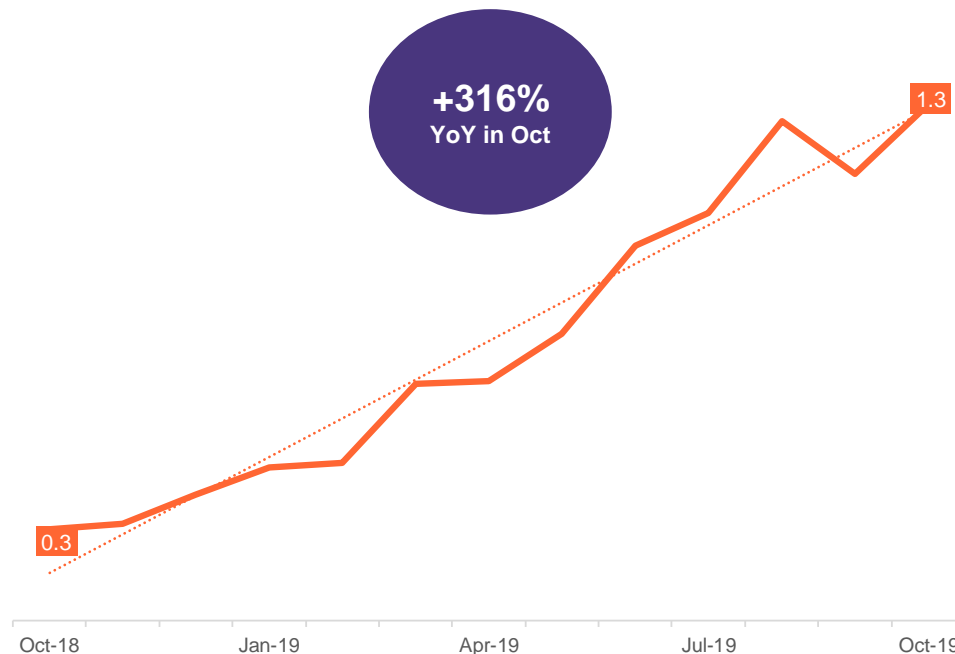




# elInvoices – growth from 0.3 to 1.3 million paid each month

Million invoices paid in Vipps – per month over the last 12 months

Removing paper invoices in Norway



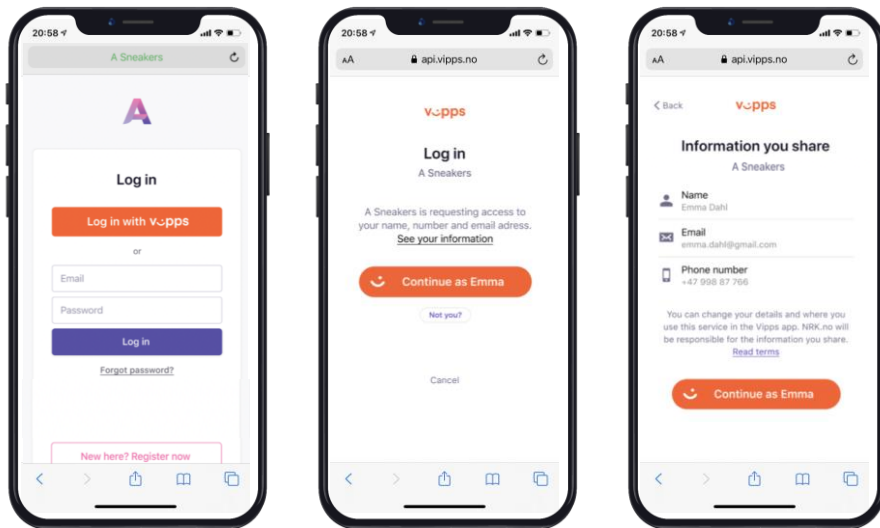
- Approx. 400 million invoices each year in Norway, and still 160–180 million on paper
- With Vipps' customer base, we have increased the number of digitised recipients from 1.2 to 3.2 million
- We will digitise more than 30 million paper invoices this year alone, which is the same number as in the last 10 years
- 75 per cent of the new, digital traffic goes to the banks



# Newly launched products: Login with Vipps – removing passwords

## Login with Vipps – enabled by BankID + Vipps

## Removing passwords in Norway



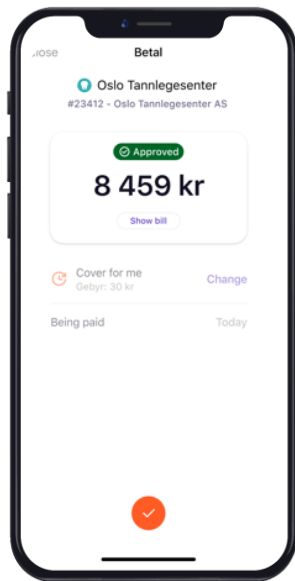
- Overall objective to remove the hassle of passwords and creating user profiles
- Combining signup, login and checkout and enriching user data
- The ease and convenience will further increase our growth in eCommerce



# Newly launched products: Deferred invoices in Vipps

Deferred invoices – launch in November

New market solution for deferred invoices

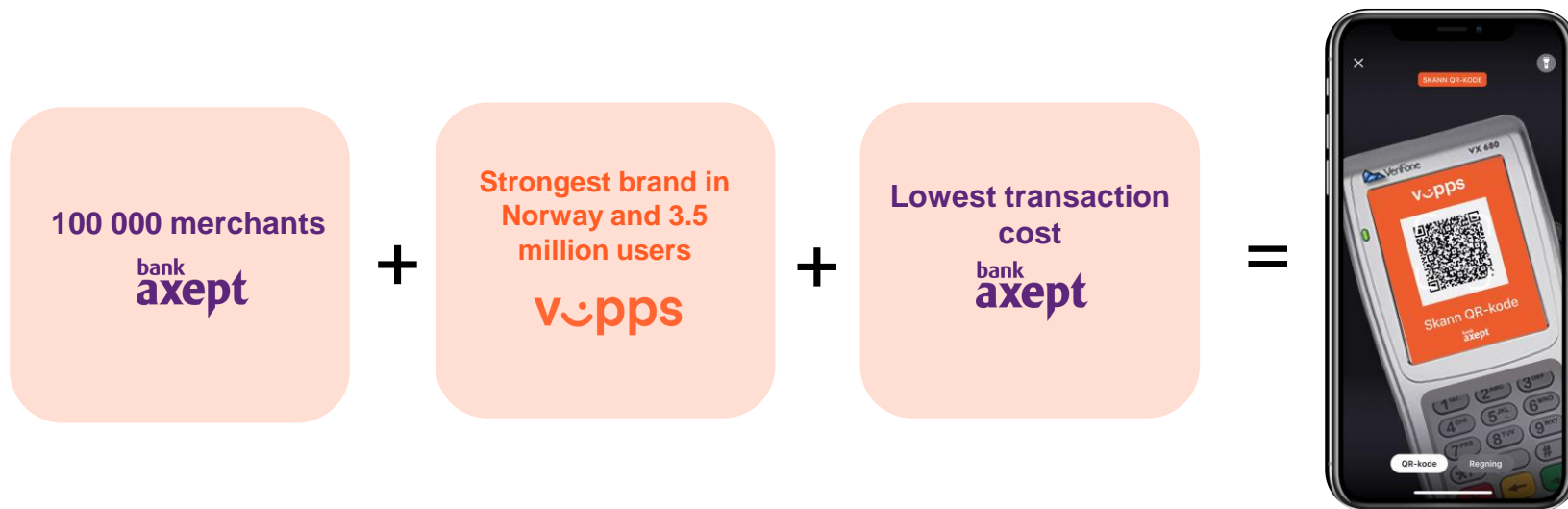


- New payment option called “Cover for me” which defers the payment against a small user fee
- Further expansion with the banks’ credit lines as payment options and other use cases like eCom checkout



# New products for launch: Vipps inStore – one unified solution with QR

## Criteria for success



## Positioned for continued growth in 2020 and higher fee income



### Vipps eCom

Closing in on 15% market share and targeting 25% in 2020 (run-rate)



### Vipps eInvoice

More than 300% increase in invoices paid in Vipps over the last 12 months



### New products

Vipps login and Vipps deferred invoices launched... Vipps inStore QR next

**In position to capitalise on deferred payments in more use cases in 2020**





**The unique combination of mobile wallet, eID and payment scheme**





## **CAPITAL MARKETS DAY 2019**

*20 November 2019*