



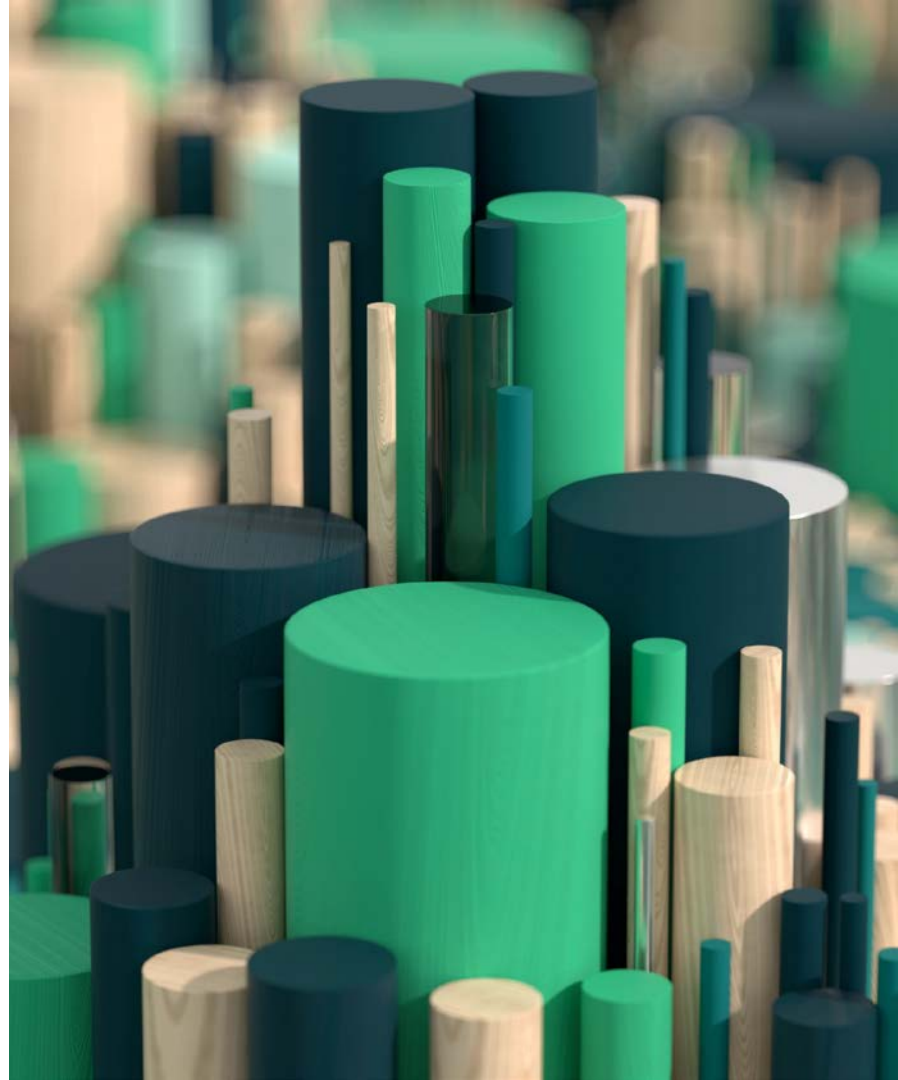
# Results DNB Group

Fourth quarter 2023

Kjerstin R. Braathen (CEO)  
Ida Lerner (CFO)

# Q4

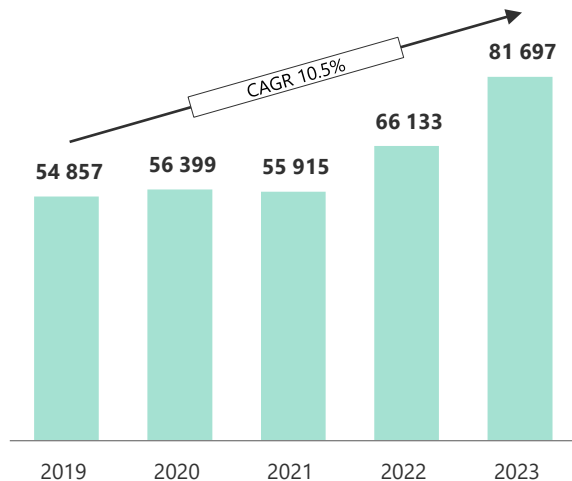
31 January 2024



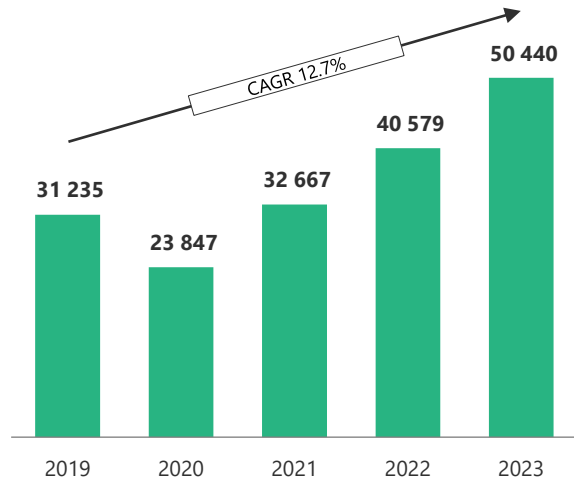
# Strong performance in 2023 – delivering on financial ambitions

- Net interest income (NII) up 27.4 per cent from last year, driven by profitable volume growth and repricing effects
- All-time high result from net commissions and fees (NCF), up 7.6 per cent from last year, strong performance across product areas
- Solid capital position with CET1 capital ratio of 18.2 per cent with ~140 basis-point headroom to Financial Supervisory Authority's (FSA) expectation

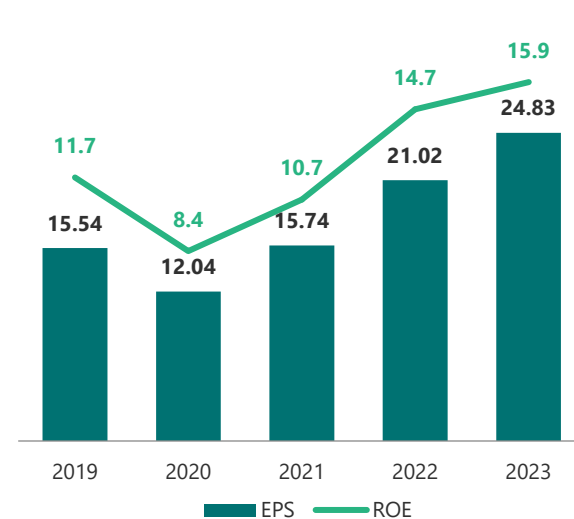
**Total income**  
NOK million



**Pre-tax operating profit**  
NOK million



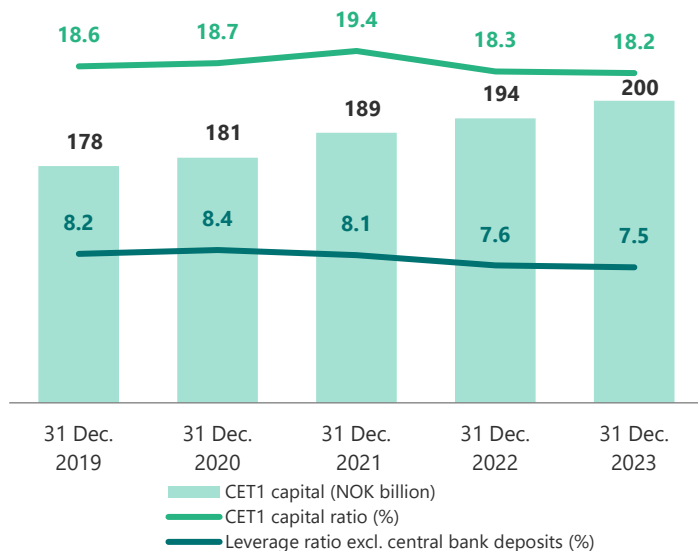
**Earnings per share/ Return on equity**  
NOK, Per cent



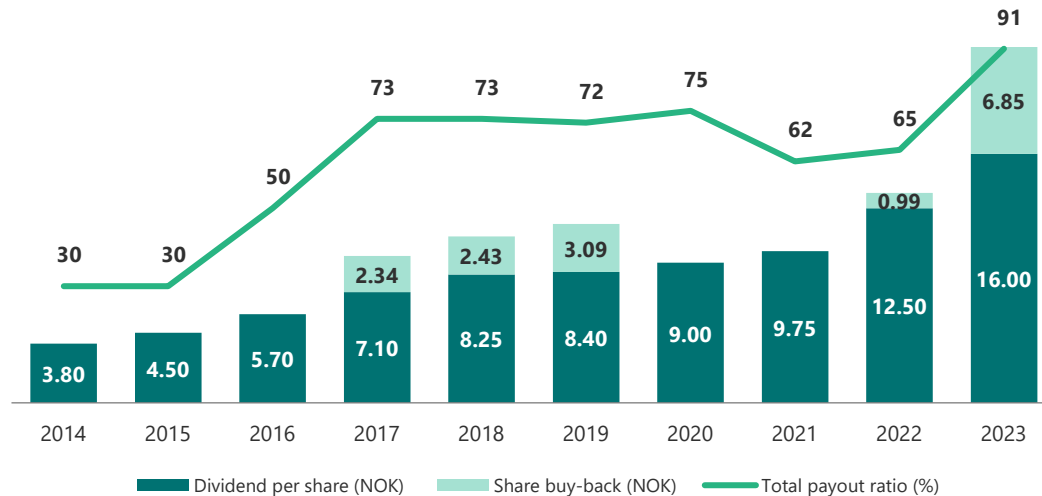
# Strong commitment to dividend policy – continued increase in dividend per share

- Dividend per share of NOK 16.00 to be proposed by Board of Directors – increase of NOK 3.50 from 2022
- Total share buy-back programmes of 3.25 per cent initiated in 2023 – 78 per cent completed at year-end
- Board of Directors expected to request authorisation from Annual General Meeting for share buy-back programme in line with previous years
- Robust Solvency II margin of 248 per cent in DNB Liv enabled capital repayment of NOK 1 billion in 4Q23. Ordinary dividend to be paid in 1Q24.

**CET1 capital**  
NOK billion, Per cent



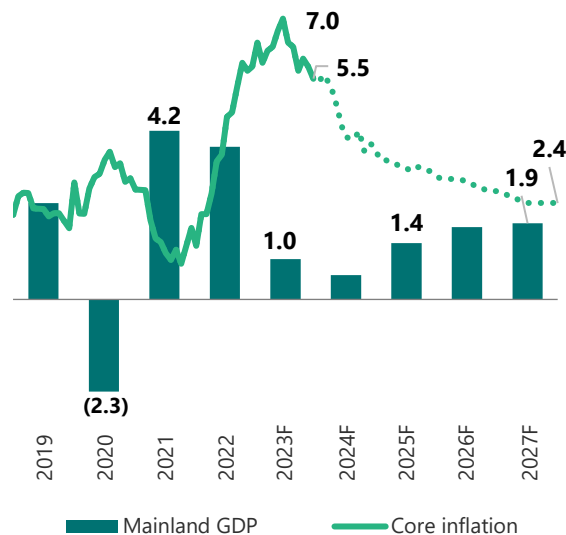
**Dividend per share and payout ratio**  
NOK, Per cent



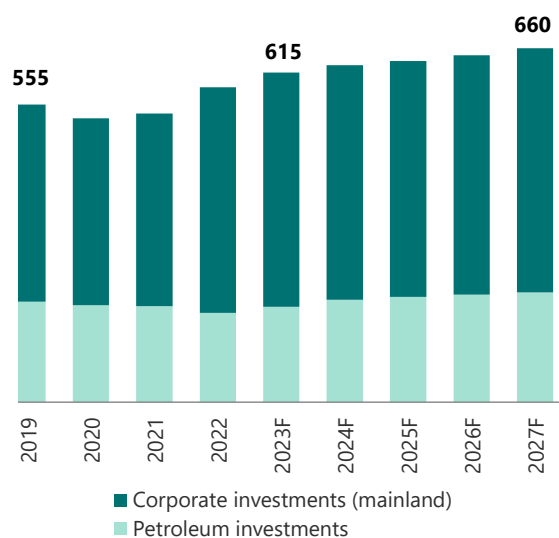
# Norwegian economy heading for soft landing

- Moderate growth in mainland economy anticipated in short term – growth expected to pick up from 2025
- Corporate investments expected to increase in both mainland economy and petroleum sector
- Key policy rate expected to remain at 4.50 per cent until September, and then gradually decrease to 3.25 per cent year-end 2025

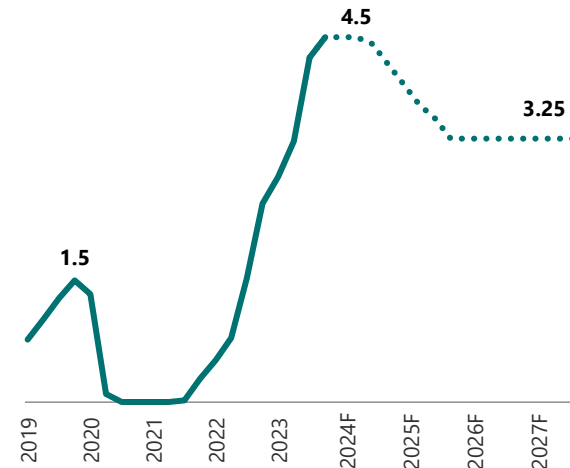
**Mainland GDP and inflation<sup>1</sup>**  
Actual and DNB Markets forecast  
Per cent



**Investments in Norway**  
Actual and DNB Markets forecast  
NOK billion



**Key policy rate**  
Actual and DNB Markets forecast  
Per cent



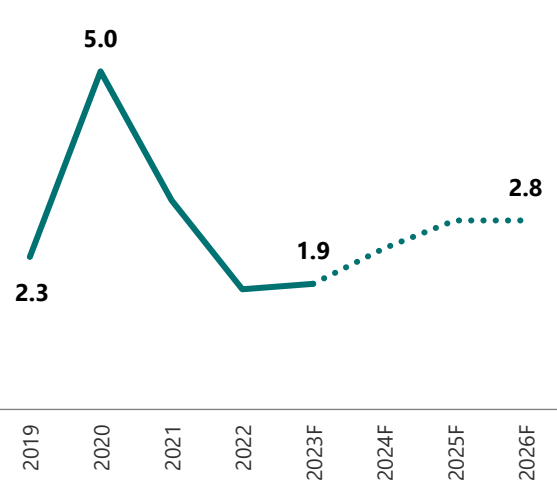
1) Consumer price index adjusted for taxes and energy prices.  
Sources: Statistics Norway, DNB Markets, Norges Bank (Norwegian central bank).

# Norwegian households remain resilient

- Unemployment expected to remain low in coming years
- Debt-servicing ratio close to peak – annuity loan structure alleviating burden on households of higher interest rates
- Positive real wage development expected from 2024 onwards, improving households' purchasing power in coming years

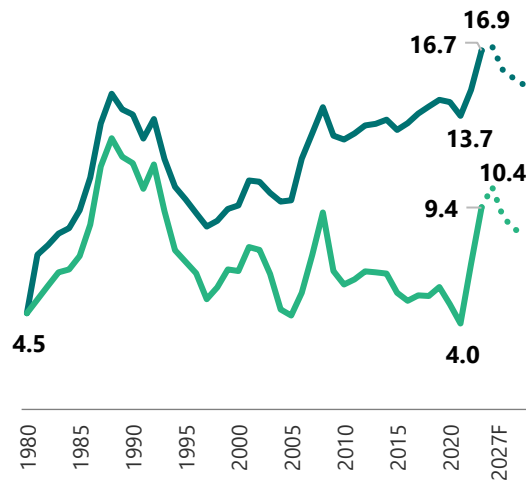
## Unemployment rate

Actual and DNB Markets forecast  
Per cent



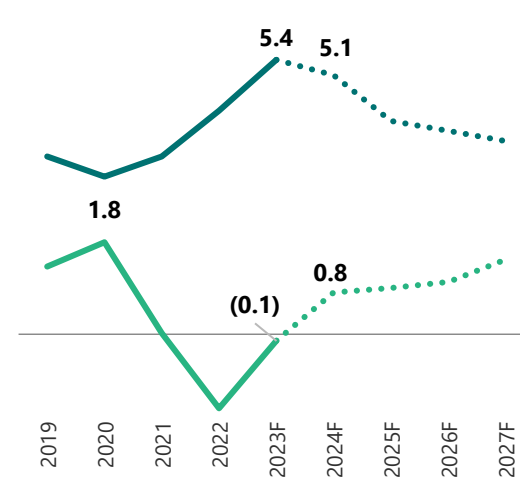
## Debt-servicing ratio of Norwegian households

Per cent of disposable income



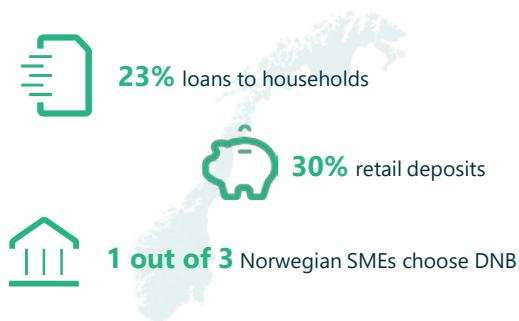
## Wage growth

Actual and DNB Markets forecast  
Per cent

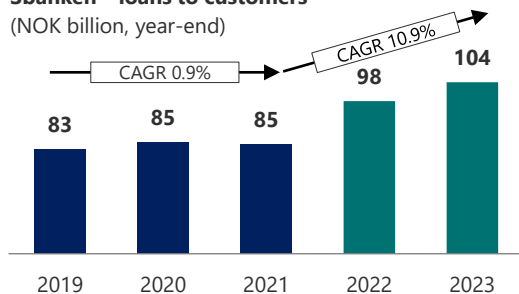


# Solid platform for profitable growth

## Market-leading position in Norwegian banking



### Sbanken – loans to customers (NOK billion, year-end)



## International presence within selected growth industries



Seafood



Healthcare



Energy and maritime

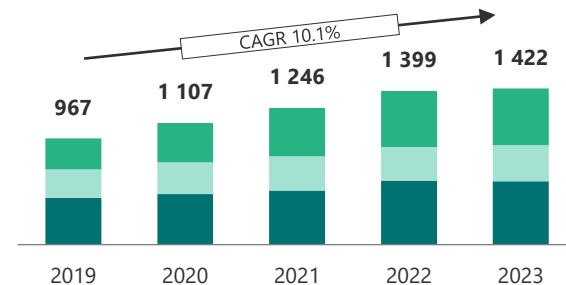


Infrastructure, power and renewables

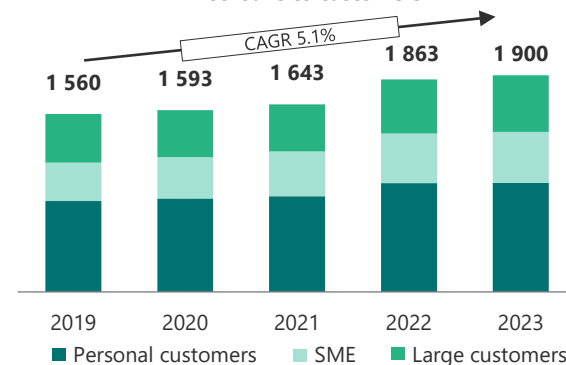
## Growth across customer segments

NOK billion, year-end

### Deposits from customers



### Net loans to customers



# Leading positions within savings and investment supporting future growth

## Leading strategic positions



**No. 1 in asset management in Norway**



**Strong market position for pensions in corporate segment**



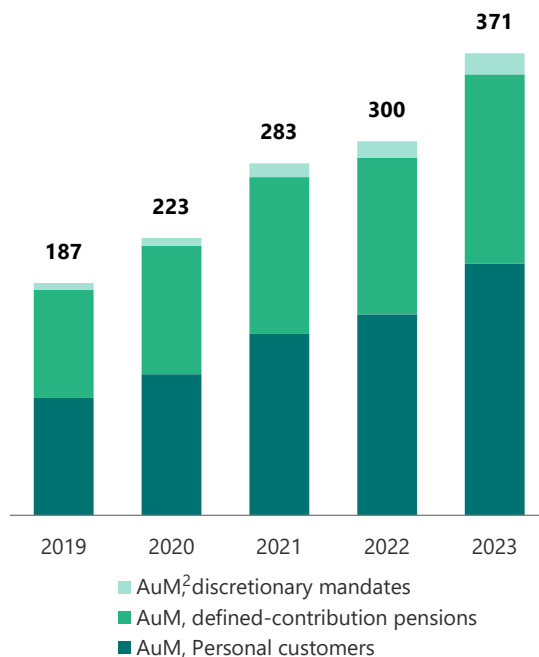
**No. 1 digital savings platform for retail**



**Market-leading position for Private Banking in Norway**

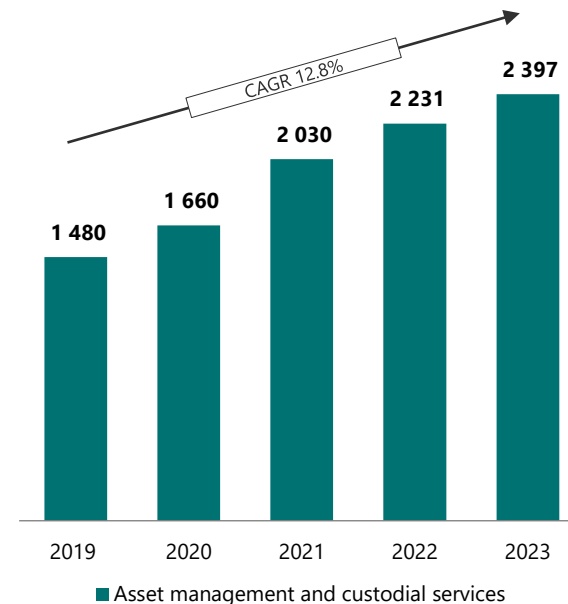
## Assets under management from DC pensions<sup>1</sup> and savings

NOK billion, year-end



## Commissions and fees

NOK million



1) Defined-contribution pensions.  
 2) AuM: Assets under management.

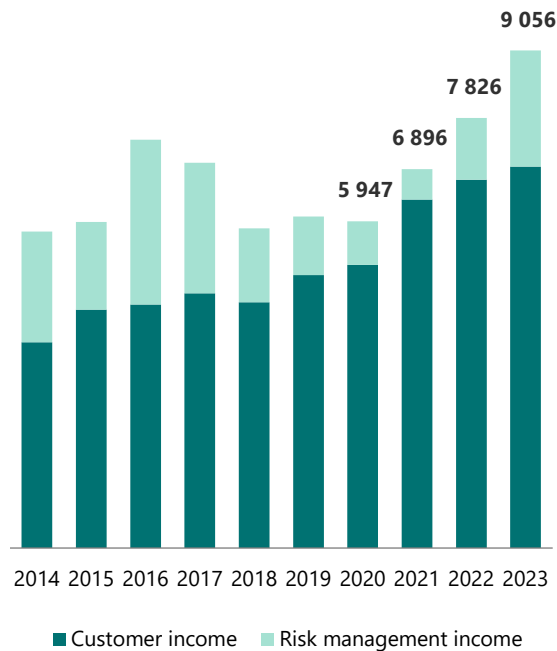
# Continued growth in customer revenue from DNB Markets

## Ranked no.1 across most advisory and securities categories

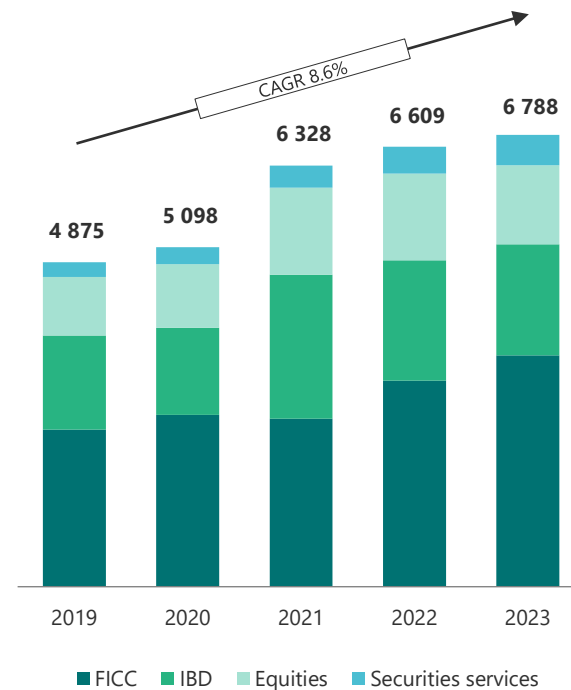
- Unique market position in Norway
- Leading bank globally in NOK foreign exchange (FX) and rates
- Continuously strengthening market position in the Nordics



## Total income NOK million



## Customer income – breakdown of Revenues per product area NOK million





# Constantly aiming to deliver better customer value in highly competitive market

## Capitalising on our strong digital platform and physical distribution



DNB mobile banking app highly rated by customers<sup>1</sup> (4.7 of 5 rating)



63 per cent growth in users of our digital solution for SMEs – *DNB Bedrift*

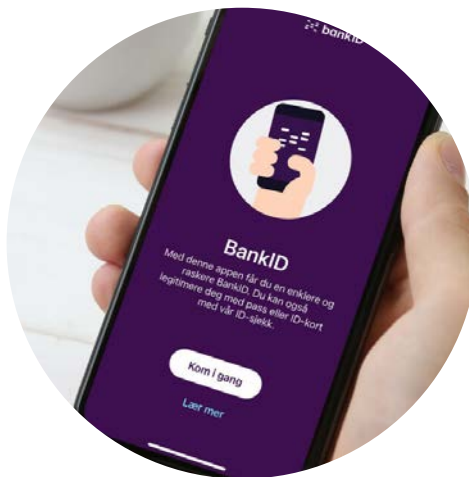


3.8 million customer conversations in 2023, 90 per cent of queries resolved at first point of contact



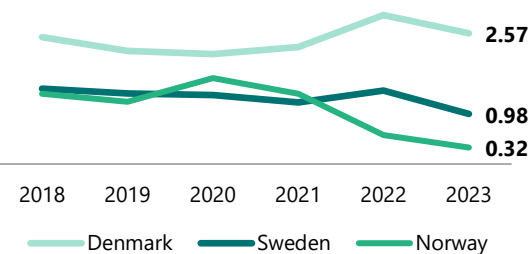
Substantial annual investment in cyber defence - stopped attempted fraud worth NOK 1.5 billion in 2023

## Innovative solutions promoting a transparent banking market



## Customers benefiting from efficient Norwegian banks<sup>2</sup>

Average annual lending spread for mortgages (per cent)

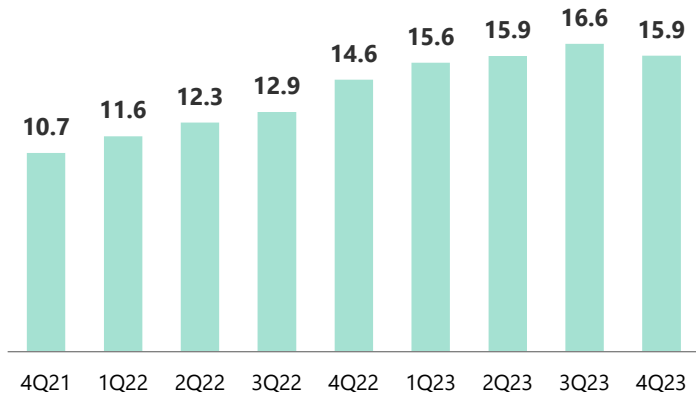


1) Among iOS users (194 000 reviews).  
2) Source: Finance Norway.

# Strong performance in the fourth quarter

## Return on equity

Per cent, trailing 12-month figures



Profit for the period  
NOK billion  
**9.4**

CET1 capital ratio  
Per cent  
**18.2**

### Return on equity (ROE) of 14.6 per cent in the quarter

Driven by strong results across customer segments and product areas and extraordinarily low tax rate in the quarter

### Net interest income (NII) up 1.8 per cent from 3Q23

Driven by higher interest rates

### Net commissions and fees (NCF) up 8.1 per cent from 4Q22

Strong performance across product areas – well-diversified fee platform

### Robust and solid asset quality

99.2 per cent in stages 1 and 2  
Impairment provisions of NOK 920 million in the quarter

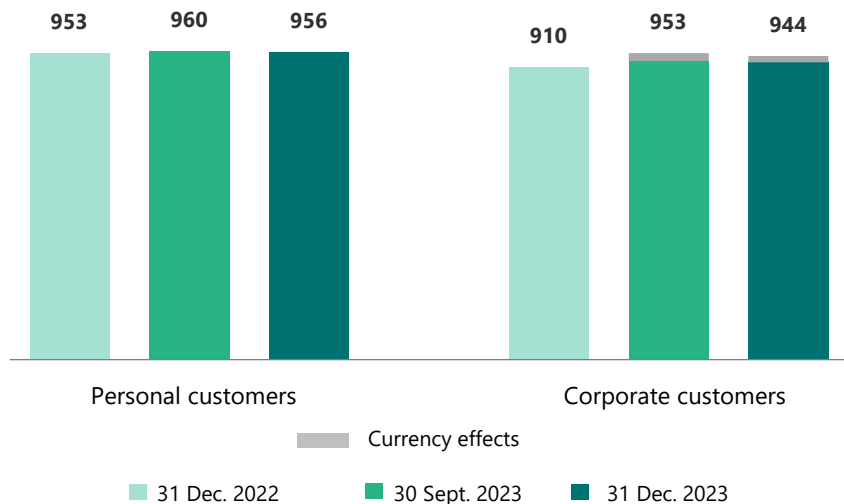
### Solid earnings per share (EPS)

EPS of NOK 5.93 in the quarter

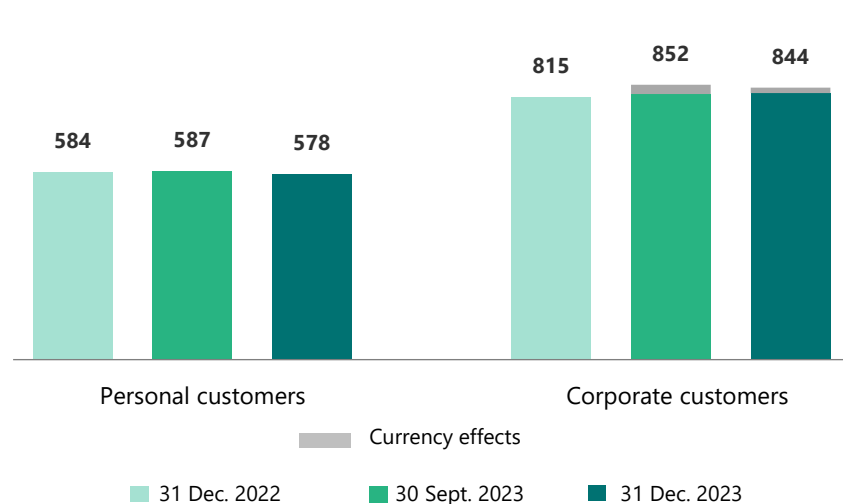
# Volumes affected by lower market activity

- Loans down 0.5 per cent, currency adjusted, in both customer segments
- Deposits down 0.3 per cent, currency adjusted
  - Personal customers down 1.3 per cent and Corporate customers up 0.4 per cent
- Continued strong deposit-to-loan ratio within the customer segments – 74.9 per cent in the quarter

**Loans by customer segment**  
NOK billion



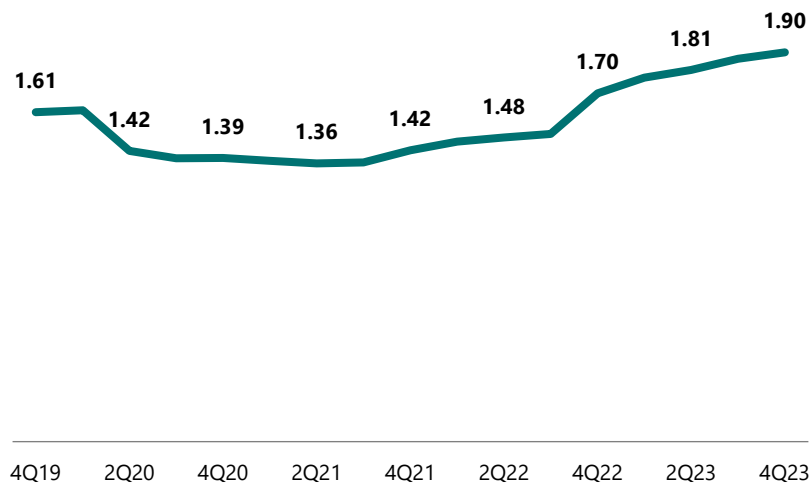
**Deposits by customer segment**  
NOK billion



# Positive development in net interest margin

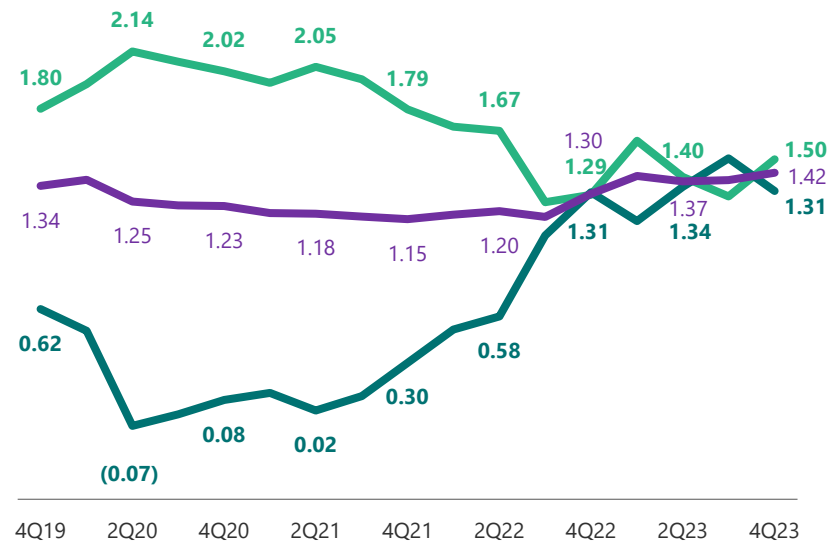
## Net interest margin<sup>1</sup>

Per cent



## Spreads in customer segments

Per cent

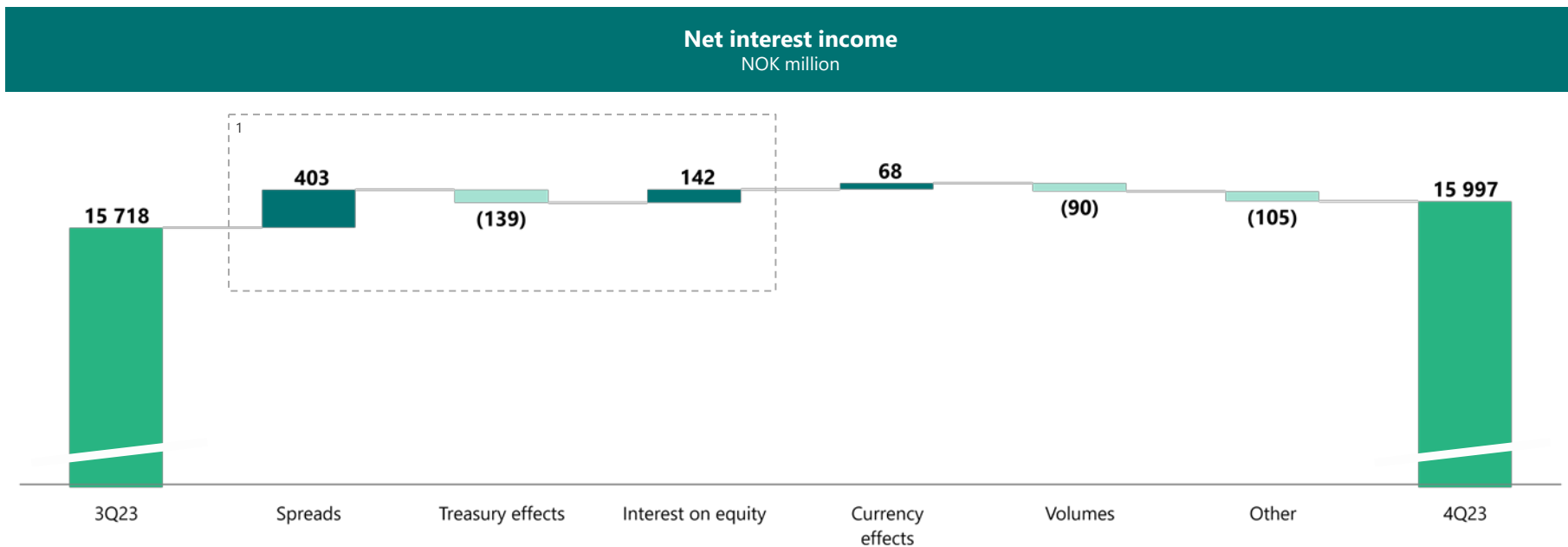


- Lending spreads
- Deposit spreads
- Combined spreads – weighted average

1) Total net interest income relative to average loans and deposits in the customer segments.

# Net interest income driven by increased interest rates

- Net interest income up NOK 279 million, or 1.8 per cent
- Full effect of repricing implemented in early August and partial effect of repricings implemented end-October and end-November, respectively
- Following Norges Bank's key policy rate hike in December, DNB announced repricing effective end-February 2024

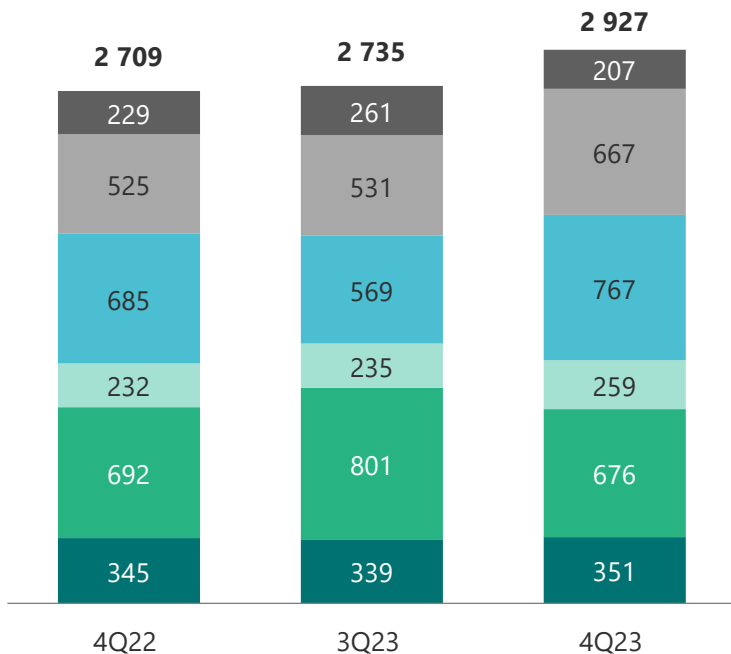


1) Effect of customer repricings and increased NOK money market rates.

# Net commissions and fees up 8.1 per cent from 4Q22

## Commissions and fees

NOK million / Change in per cent from 4Q22



-9.7

### Real estate broking

Lower number of transactions in the market compared with 2022

+27.0

### Investment banking services

All-time high activity in DCM<sup>1</sup> and solid quarter for M&A<sup>2</sup>

+12.0

### Asset management and custodial services

All-time high result – AuM up NOK 136 billion from 4Q22 including positive net in-flow of NOK 22.6 billion from 4Q22

+11.5

### Guarantee commissions

Increased demand for Trade Finance products

-2.3

### Money transfer and banking services

Higher than pre-pandemic levels, but somewhat affected by lower travel activity this quarter

+1.7

### Sale of insurance products

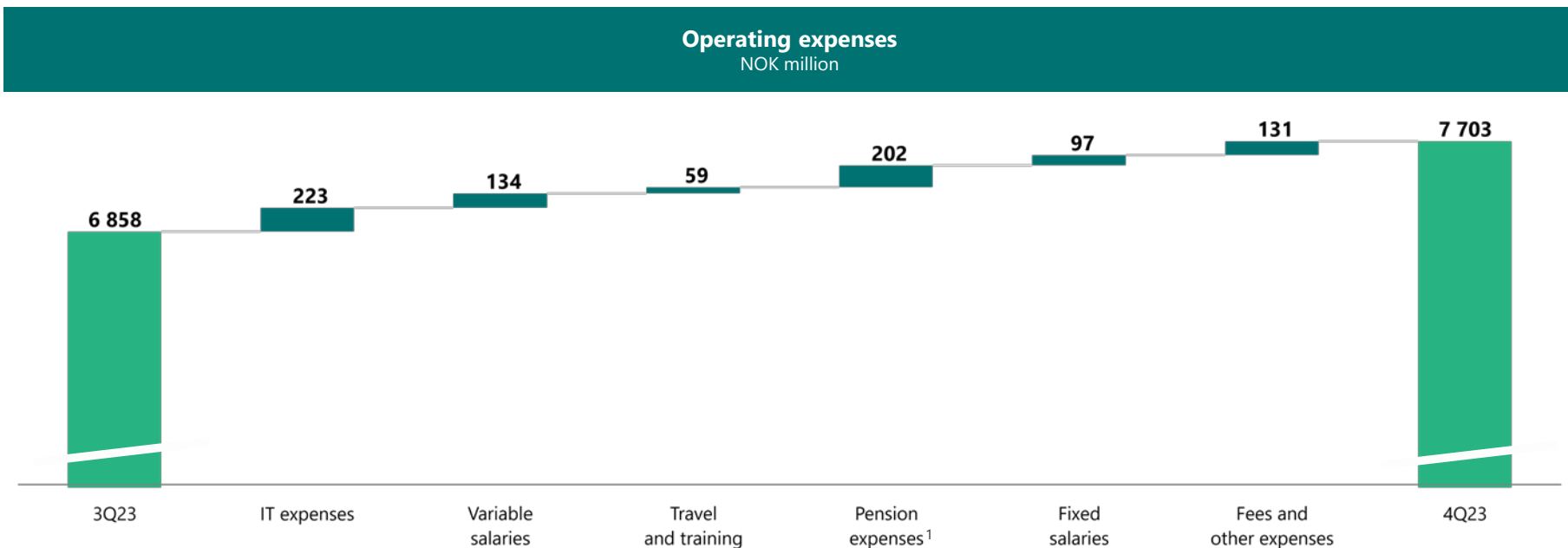
Positive development in non-guaranteed pensions

1) DCM: Debt capital markets.

2) M&A: Mergers and acquisitions.

## Operating expenses reflecting seasonally high activity level

- Seasonally high activity level combined with strong results led to increase of approximately NOK 200 million in activity-based expenses
- Non-recurring expenses of approximately NOK 80 million in the quarter
- Higher return on closed defined-benefit pension scheme driving pension expenses of approximately NOK 170 million this quarter



1) The pension scheme is partly hedged, and a gain is recognised in net gains on financial instruments.

# Robust and well-diversified portfolio – 99.2 per cent in stages 1 and 2

- Personal customer portfolio – continued strong credit quality
- Corporate customer portfolio – increase in stage 3 impairment provisions relating to customer-specific events in both large corporates and small and medium-sized enterprises

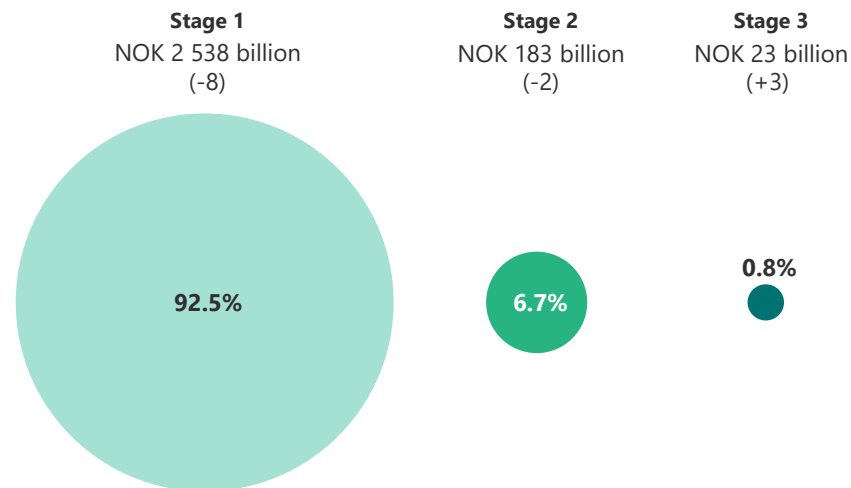
## Impairment of financial instruments by industry segment

NOK million

	4Q23	3Q23	4Q22
<b>Personal customers</b>			
- Stages 1 and 2	16	(24)	(5)
- Stage 3	(132)	(62)	(142)
<b>Corporate customers</b>			
- Stages 1 and 2	(118)	(25)	30
- Stage 3	(685)	(826)	(557)
<b>Total</b>	<b>(920)</b>	<b>(937)</b>	<b>(674)</b>

## Maximum exposure<sup>1</sup>

Changes from 3Q23 in parentheses



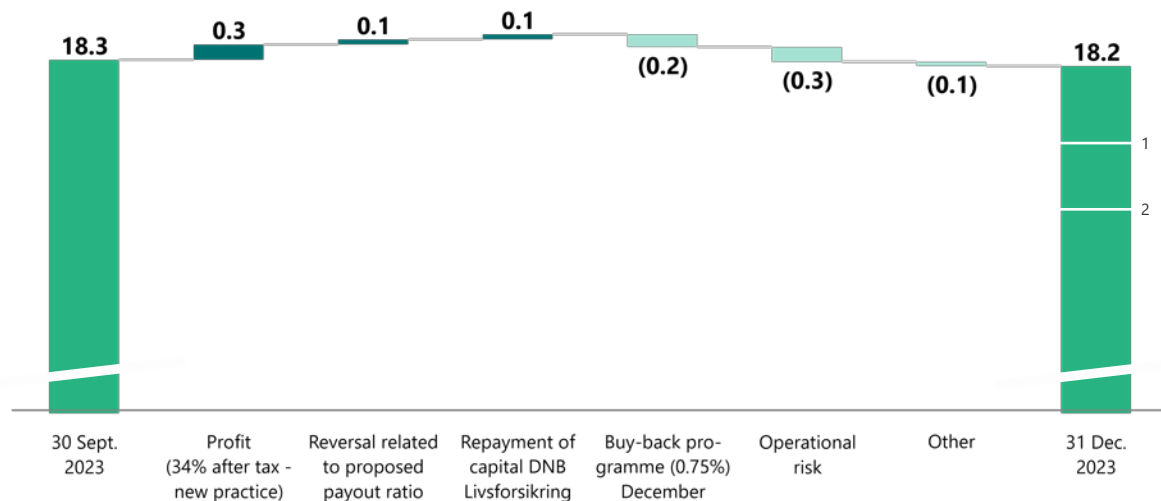
1) On- and off-balance sheet items, net of accumulated impairment provisions.



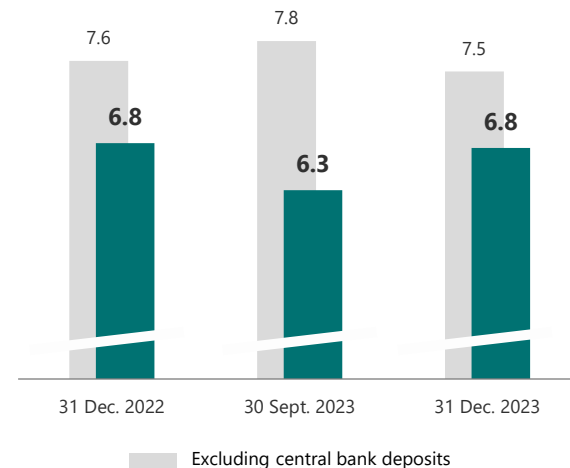
# Strong capital position enabling delivery on dividend policy

- CET1 capital ratio of 18.2 per cent with ~140 basis-point headroom to Financial Supervisory Authority's (FSA) expectation following new SREP
- Proposed cash dividend of NOK 16.00 per share (payout ratio of 63 per cent), up from NOK 12.50 in 2022
- New buy-back programme of 0.75 per cent initiated in December, expected to be finalised in March 2024
- Repayment of excess capital from DNB Livsforsikring of NOK 1.0 billion – ordinary dividend of NOK 887 million to be paid in 1Q24

**CET1 capital ratio**  
Per cent



**Leverage ratio**  
Per cent



1) The FSA's current expectation: 16.8 per cent (down from 17.2 per cent in September 2023).  
 2) The FSA's current requirement: 15.6 per cent.

# Appendix



# Income statement

NOK million	4Q23	3Q23	4Q22	Change from 3Q23	Change from 4Q22
Net interest income	15 997	15 718	14 071	279	1 926
Other operating income	3 991	5 252	4 487	(1 260)	(496)
<b>Total income</b>	<b>19 988</b>	<b>20 970</b>	<b>18 558</b>	<b>(982)</b>	<b>1 431</b>
<b>Operating expenses</b>	<b>(7 703)</b>	<b>(6 858)</b>	<b>(7 366)</b>	<b>(845)</b>	<b>(337)</b>
<b>Pre-tax operating profit before impairment</b>	<b>12 286</b>	<b>14 112</b>	<b>11 192</b>	<b>(1 827)</b>	<b>1 094</b>
Impairment of loans and guarantees and gains on assets	(920)	(941)	(699)	21	(221)
<b>Pre-tax operating profit</b>	<b>11 366</b>	<b>13 172</b>	<b>10 493</b>	<b>(1 806)</b>	<b>873</b>
Tax expense	(1 824)	(3 029)	(519)	1 205	(1 305)
Profit from operations held for sale, after taxes	(138)	(0)	127	(138)	(265)
<b>Profit for the period</b>	<b>9 403</b>	<b>10 142</b>	<b>10 101</b>	<b>(739)</b>	<b>(698)</b>
<b>Portion attributable to shareholders</b>	<b>9 019</b>	<b>9 805</b>	<b>9 858</b>	<b>(787)</b>	<b>(840)</b>

## Other operating income

NOK million	4Q23	3Q23	4Q22	Change from 3Q23	Change from 4Q22
<b>Net commissions and fees</b>	<b>2 927</b>	<b>2 735</b>	<b>2 709</b>	<b>192</b>	<b>218</b>
Customer revenues in DNB Markets	816	752	835	64	(18)
Trading revenues in DNB Markets	222	251	157	(28)	65
Hedging of defined-benefit pension scheme	82	(19)	63	101	19
Credit spreads on bonds	(16)	(12)	(67)	(4)	50
Credit spreads on fixed-rate loans	22	136	156	(114)	(134)
CVA/DVA/FVA	(137)	65	180	(202)	(317)
Other mark-to-market adjustments	(260)	702	382	(962)	(642)
Basis swaps	(500)	(162)	(604)	(338)	105
Exchange rate effects on additional Tier 1 capital	(392)	(11)	(847)	(381)	455
<b>Net gains on financial instruments at fair value</b>	<b>(162)</b>	<b>1 703</b>	<b>256</b>	<b>(1 865)</b>	<b>(417)</b>
<b>Net life insurance result</b>	<b>326</b>	<b>364</b>	<b>504</b>	<b>(38)</b>	<b>(178)</b>
<b>Profit from investments accounted for by the equity method</b>	<b>274</b>	<b>(65)</b>	<b>460</b>	<b>339</b>	<b>(187)</b>
<b>Other</b>	<b>626</b>	<b>515</b>	<b>558</b>	<b>111</b>	<b>68</b>
<b>Net other operating income, total</b>	<b>3 991</b>	<b>5 252</b>	<b>4 487</b>	<b>(1 260)</b>	<b>(496)</b>

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Actual results, performance or events may differ materially from those set out or implied in the forward-looking statements. Important factors that may cause such a difference include, but are not limited to: (i) general economic conditions, (ii) performance of financial markets, including market volatility and liquidity, (iii) the extent of credit defaults, (iv) interest rate levels, (v) currency exchange rates, (vi) changes in the competitive climate, (vii) changes in laws and regulations, (viii) changes in the policies of central banks and/or foreign governments, or supranational entities.

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