



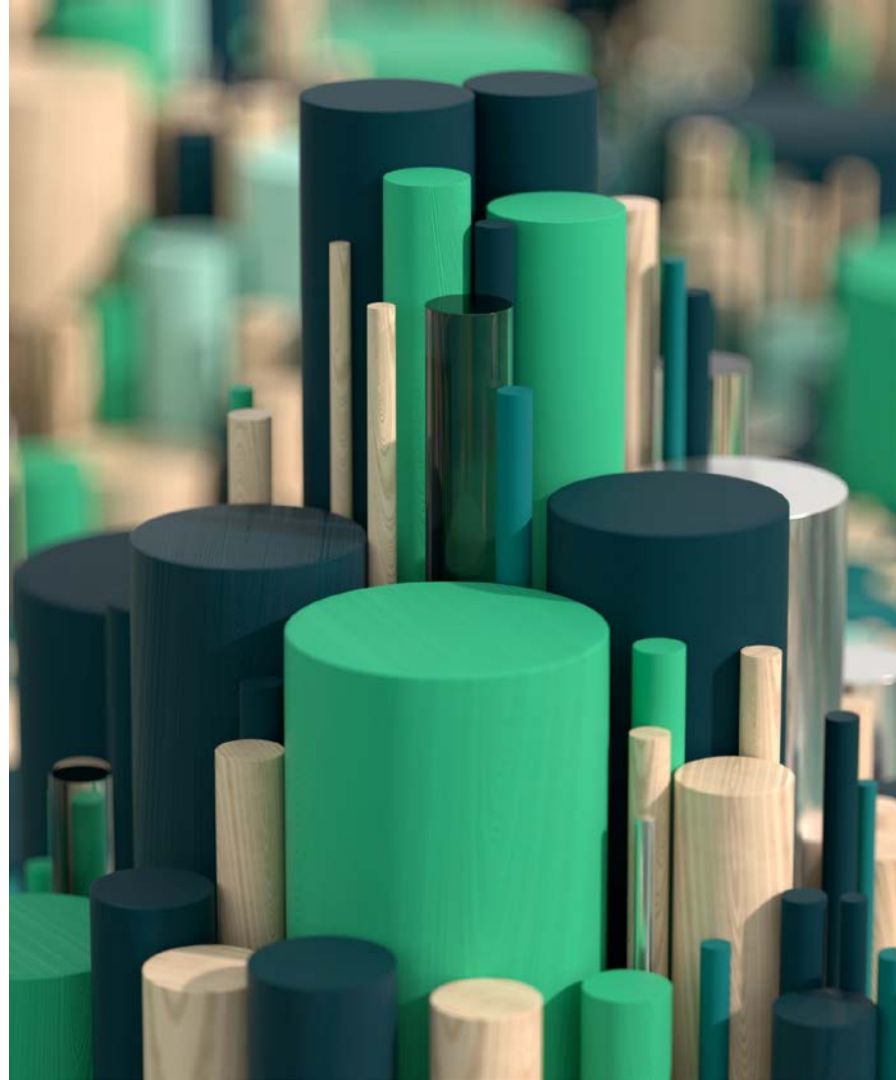
# Results DNB Group

Third quarter 2023

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Ida Lerner (CFO)

# Q3

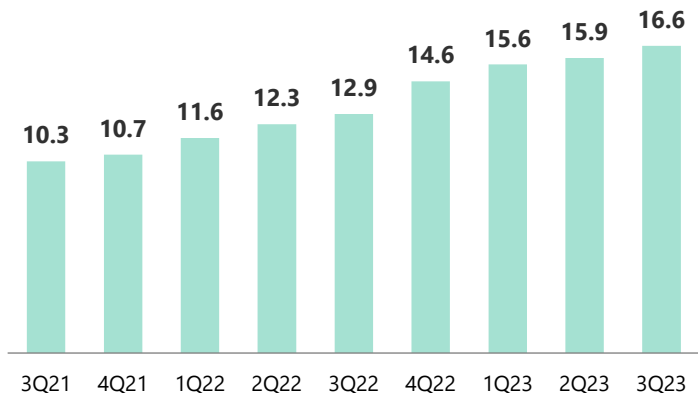
19 October 2023



# Strong performance and solid asset quality

## Return on equity

Per cent, trailing 12-month figures



Profit for  
the period  
NOK billion  
**10.1**

CET1  
capital ratio  
Per cent  
**18.3**

### Return on equity (ROE) of 16.3 per cent in the quarter

Solid result across customer segments and product areas.

### Net interest income (NII) up 3.2 per cent from 2Q23

Driven by higher interest rates.

### Net commissions and fees (NCF) up 10.5 per cent from 3Q22

All-time high third quarter result, strong deliveries across product areas.  
Robust and diversified fee platform.

### Impairment provisions of NOK 937 million

Primarily driven by customer-specific situations in Corporate customers.  
Overall robust asset quality, 99.3 per cent in stages 1 and 2.

### Earnings per share (EPS) up 7.8 per cent from 2Q23 and 31.2 per cent from 3Q22

EPS of NOK 6.39 for the quarter.

### New share buy-back programme of 1.0 per cent announced today

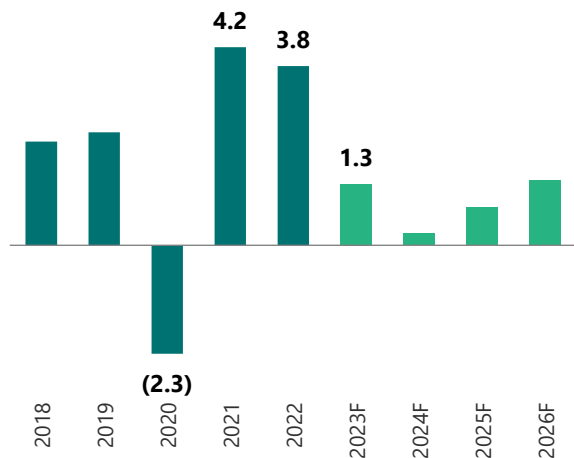
Buy-back programme of 1.5 per cent of shares initiated in July completed.

# Norwegian economy slowing down and heading for a soft landing

- Modest growth in mainland GDP expected in coming years – inflation levels showing tapering trend, reflecting effectiveness of monetary policy
- Key policy rate expected to peak at 4.50 per cent in December and remain at this level through 2024
- Corporate investments expected to hold up well in a challenging environment

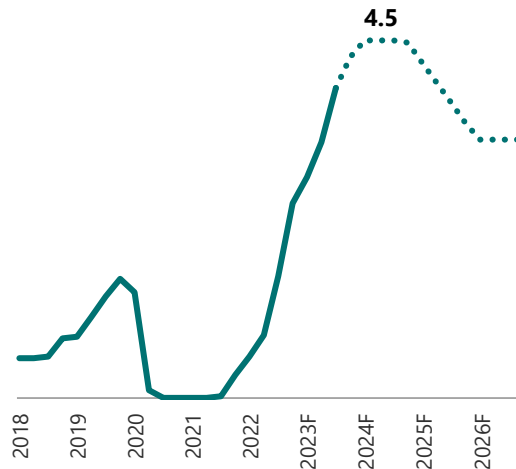
## Mainland GDP

Actual and Norges Bank forecast  
Per cent



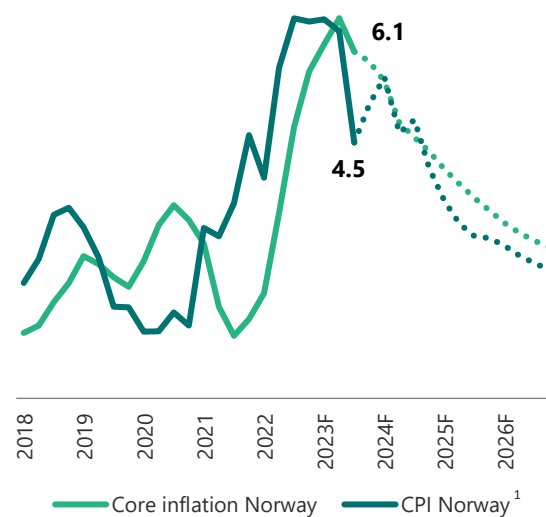
## Key policy rate

Actual and DNB Markets forecast  
Per cent



## Inflation

Actual and Norges Bank forecast  
Per cent



1) Consumer price index.

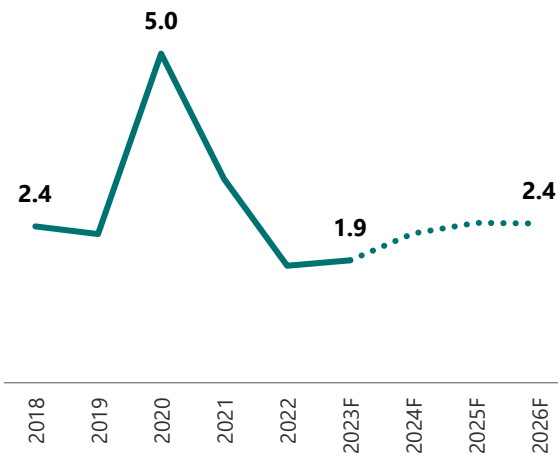
Sources: Statistics Norway, DNB Markets, Norges Bank (Norwegian central bank).

# Continued resilience in Norwegian households

- Unemployment rate remaining historically low – some easing of a tight labour market is expected in coming years
- Structure of annuity loans dampening impact of higher interest rates on total debt servicing burden
- Return to real wage growth expected in 2024, following a decline of 0.3 per cent in 2023

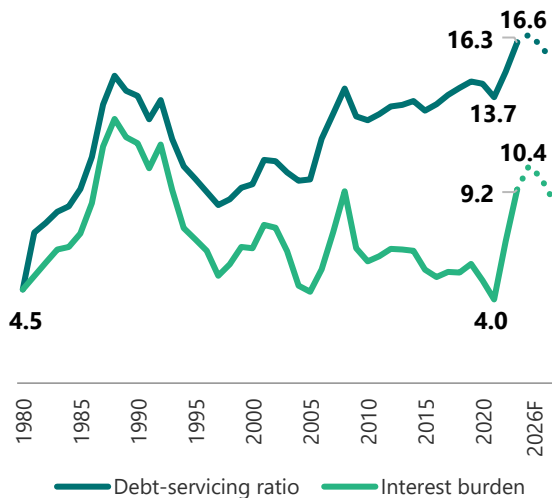
## Unemployment rate

Actual and Norges Bank forecast  
Per cent



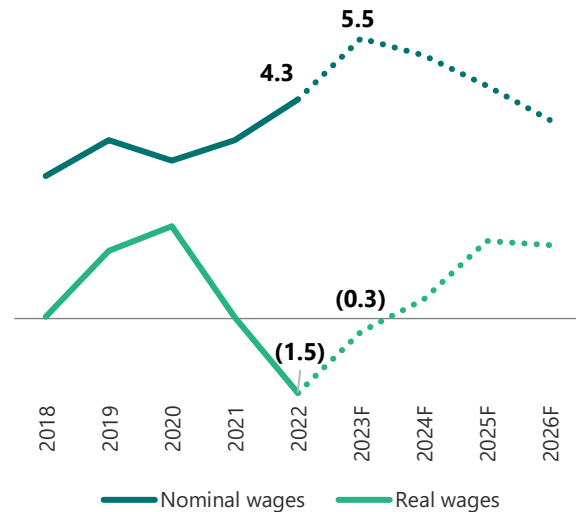
## Debt-servicing ratio of Norwegian households

Per cent of disposable income



## Real wage development

Actual and Norges Bank forecast  
Per cent



Proactively  
reached out to

169 000

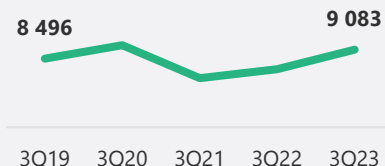
customers with  
excess liquidity about  
individual saving  
alternatives (YTD)



Dedicated advisory teams for customers with  
financial challenges and youth segment

9 083

mortgage customers  
granted interest-only  
periods in 3Q23  
(2.2% of total mortgages)



Mobile Banking

64%

of customers  
actively using  
DNB's personal finance  
management tool

## Staying close to our customers in uncertain times



1 500 000

conversations with customers in 3Q23  
90% of queries are resolved at first point of contact  
(phone, chat, email)



Stopped attempted  
fraud worth

422 MNOK

in 3Q23

# DNB will be a driving force for sustainable transition



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

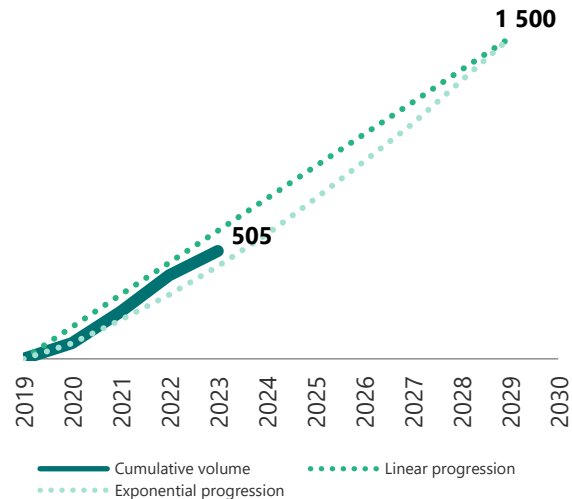
Increase the total assets in mutual funds with a sustainability profile to

**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



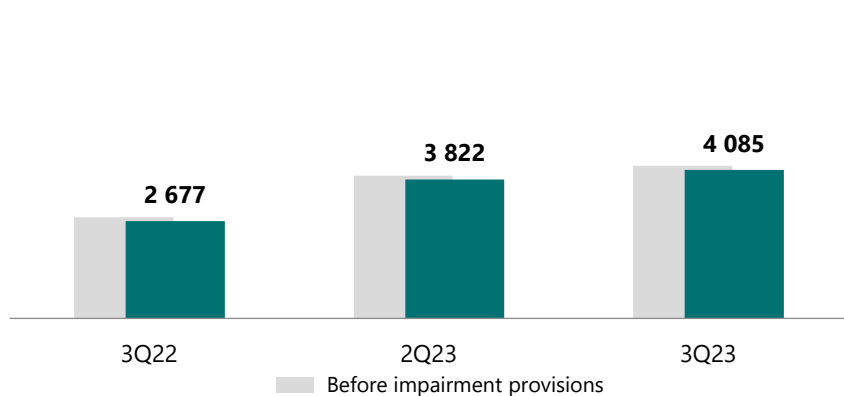
1) Activity classification pre-dates the EU Taxonomy Regulation.

# Strong performance across customer segments

## Personal customers

- Pre-tax operating profit up 6.9 per cent from 2Q23
- Slower volume growth both in lending (-0.4 per cent) and deposits (-2.5 per cent), as expected
- Continued growth in number of savings schemes and firm customer commitment to savings

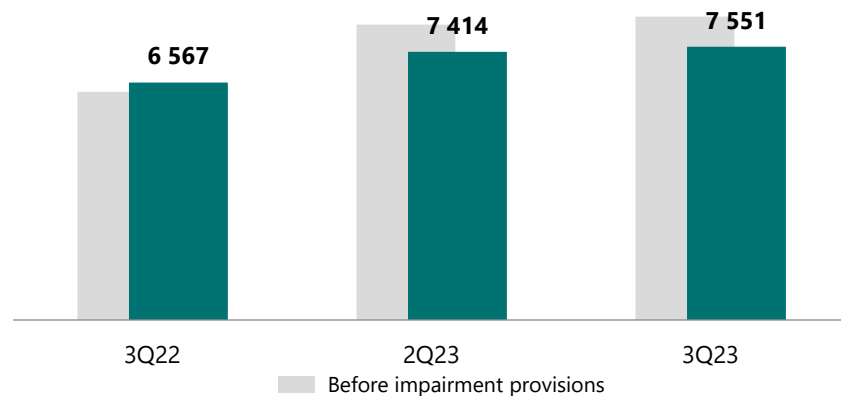
### Pre-tax operating profit (NOK million)



## Corporate customers

- Pre-tax operating profit up 1.8 per cent from 2Q23
- Seasonally slower third quarter with flat development in lending volumes and deposits growth of 1.7 per cent, currency adjusted
- All-time high third quarter for IBS<sup>1</sup> and solid result from FICC<sup>2</sup>

### Pre-tax operating profit (NOK million)



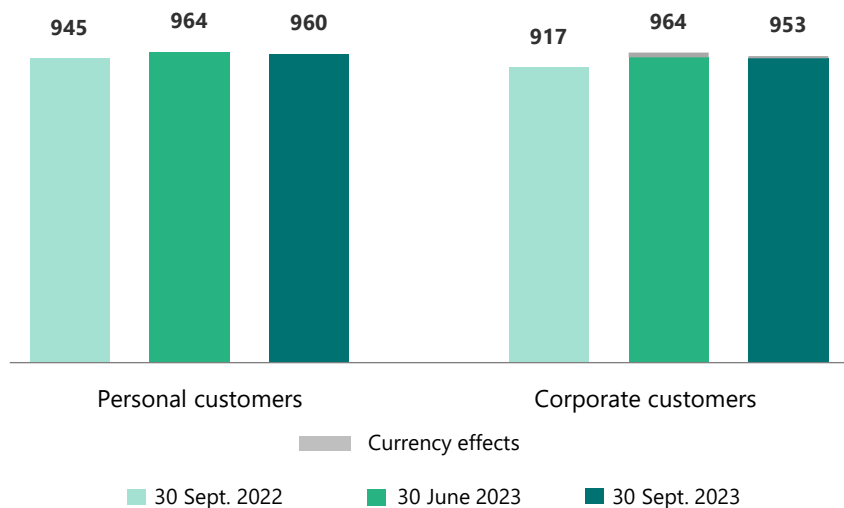
1) IBS: Investment banking services.

2) FICC: Fixed income, currencies and commodities.

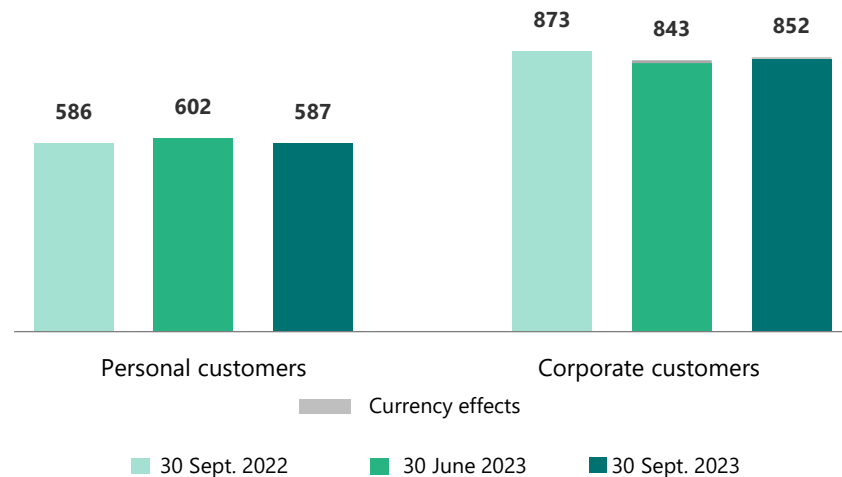
# Volumes affected by lower market activity

- Loans down 0.3 per cent currency-adjusted
  - Personal customers down 0.4 per cent and Corporate customers down 0.2 per cent
- Deposits stable currency-adjusted
  - Personal customers down 2.5 per cent and Corporate customers up 1.7 per cent

**Loans by customer segment**  
NOK billion



**Deposits by customer segment**  
NOK billion

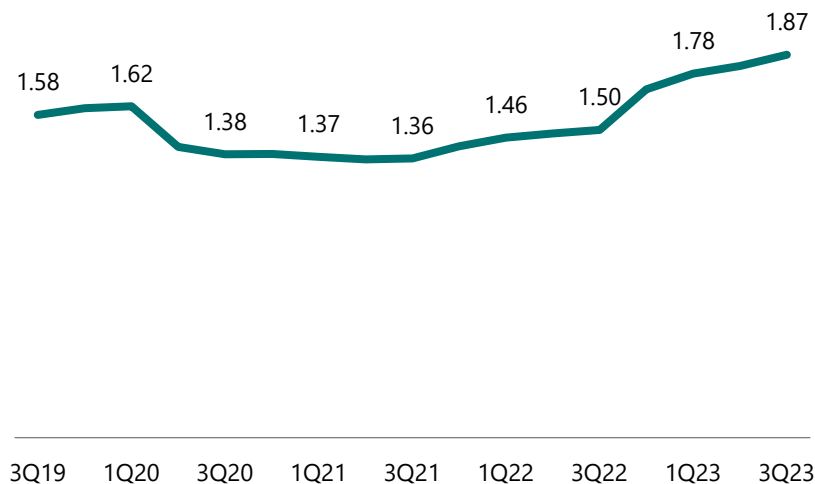




# Stable combined spreads and positive development in net interest margin

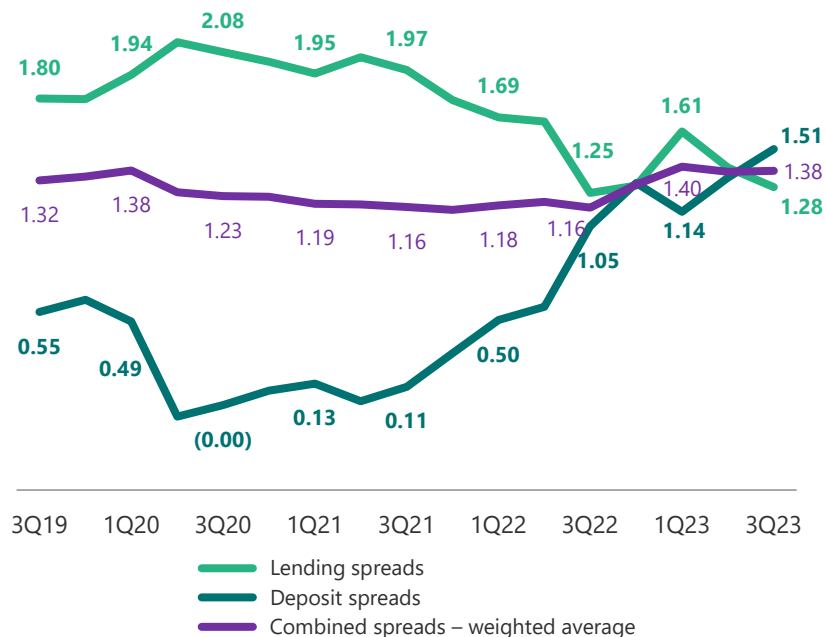
## Net interest margin<sup>1</sup>

Per cent



## Spreads in customer segments

Per cent



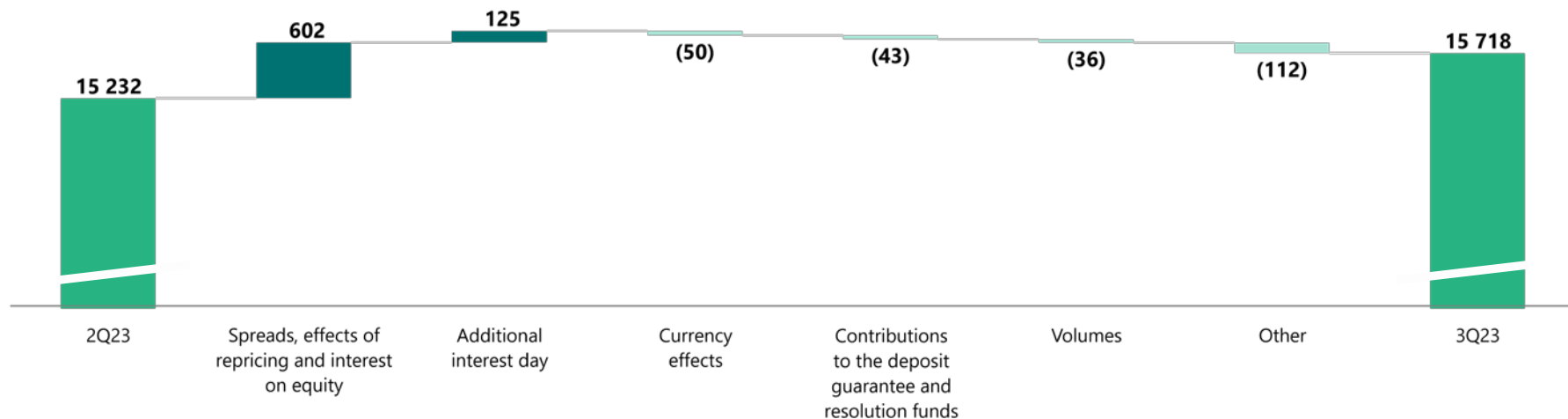
1) Total net interest income relative to average loans and deposits in the customer segments.

## Net interest income driven by increased interest rates

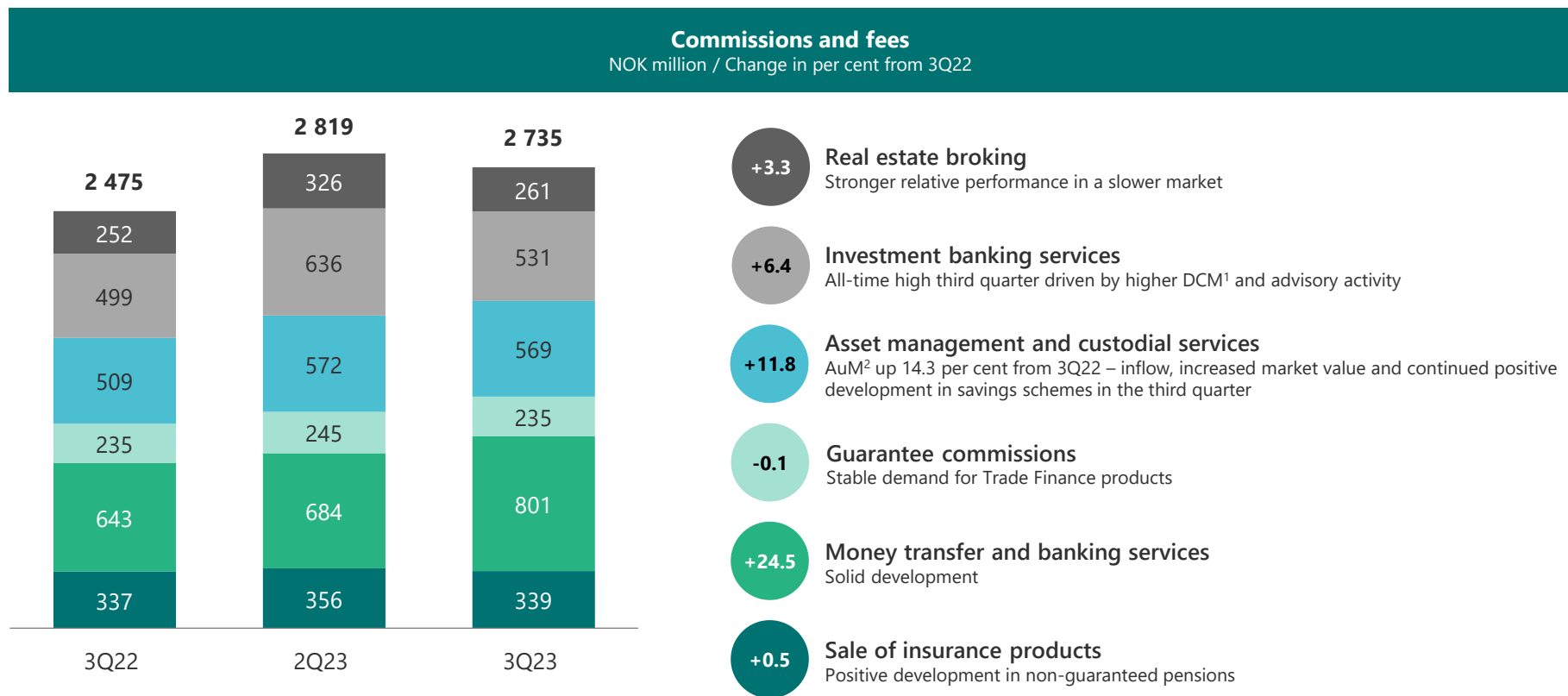
- Net interest income up NOK 486 million or 3.2 per cent
- Full effect of repricings implemented mid-May and end-June, and partial effect of repricing in early August
- Following Norges Bank's rate hikes in August and September, DNB announced repricings effective end-October and end-November, respectively

### Net interest income from 2Q23 to 3Q23

NOK million



# Net commissions and fees up 10.5 per cent from 3Q22 – all-time high third quarter



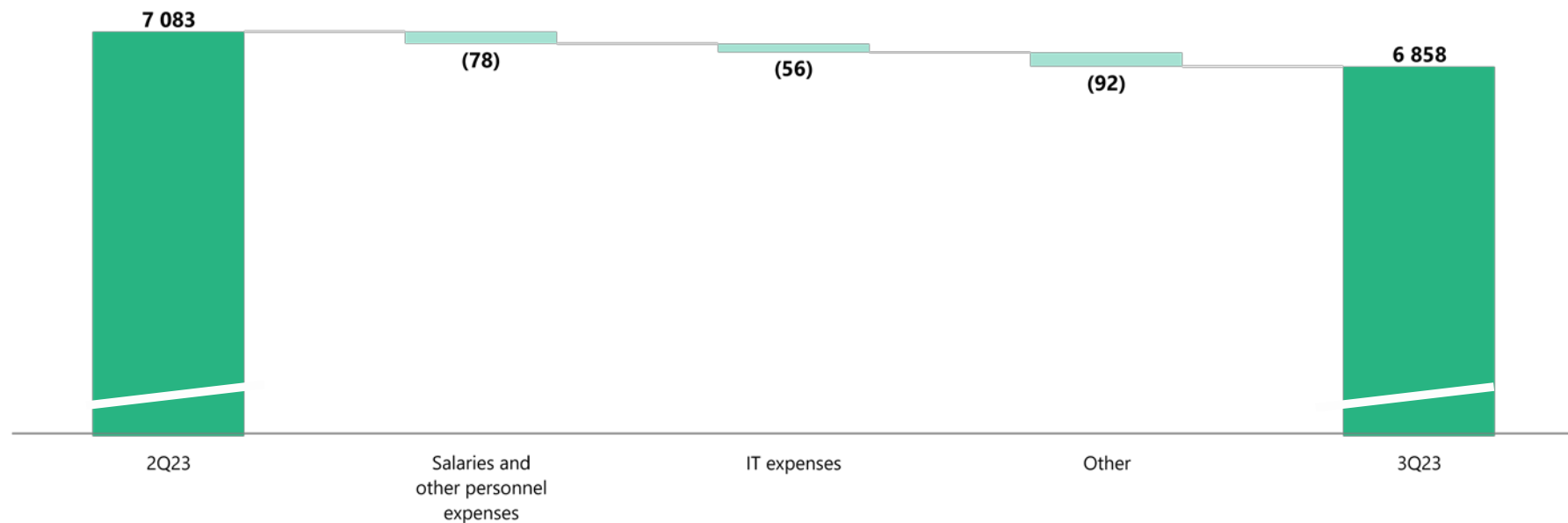
1) DCM: Debt capital market.

2) AuM: Assets under management.

# Operating expenses reflecting seasonally lower activity level

## Operating expenses from 2Q23 to 3Q23

NOK million



# Robust and well-diversified portfolio – 99.3 per cent in stages 1 and 2

- Personal customers portfolio – continued low impairment provisions
- Corporate customers portfolio – increase in stage 3 impairment provisions related to customer-specific events

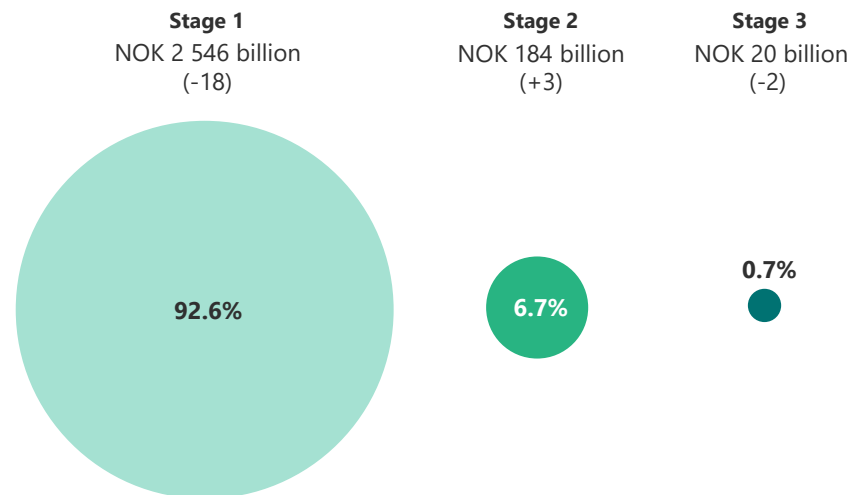
## Impairment of financial instruments by industry segment

NOK million

	3Q23	2Q23	3Q22
<b>Personal customers</b>			
- Stages 1 and 2	(24)	34	(66)
- Stage 3	(62)	(37)	(70)
<b>Corporate customers</b>			
- Stages 1 and 2	(18)	(22)	1
- Stage 3	(826)	(193)	283
<b>Other</b>	(7)	(653)	0
<b>Total</b>	<b>(937)</b>	<b>(871)</b>	<b>148</b>

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

Changes from 2Q23 in parentheses

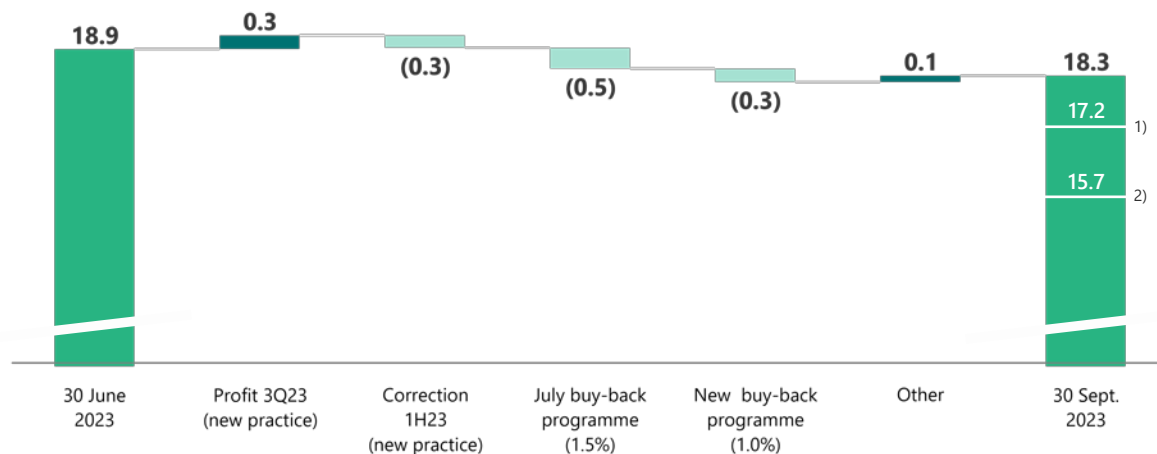


1) On- and off-balance sheet items, net of accumulated impairment provisions.

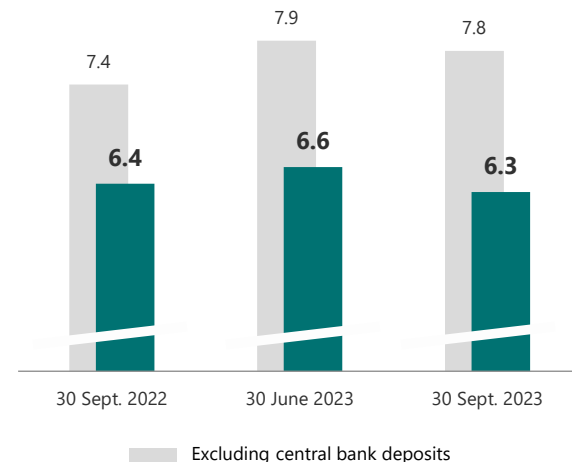
# Continued strong capital position – no change in dividend policy

- CET1 capital ratio of 18.3 per cent with ~110 basis-point headroom to the Financial Supervisory Authority's (FSA) expectations
- Following FSA clarification – practice for recognising retained earnings in CET1 capital changed from 50 per cent to average retained earnings for past 3 years, leading to a 30 basis-point reduction in CET1 capital ratio accumulated from 1H23
- Buy-back programme of 1.5 per cent initiated in July completed – new 1.0 per cent programme announced today

**CET1 capital ratio**  
Per cent



**Leverage ratio**  
Per cent

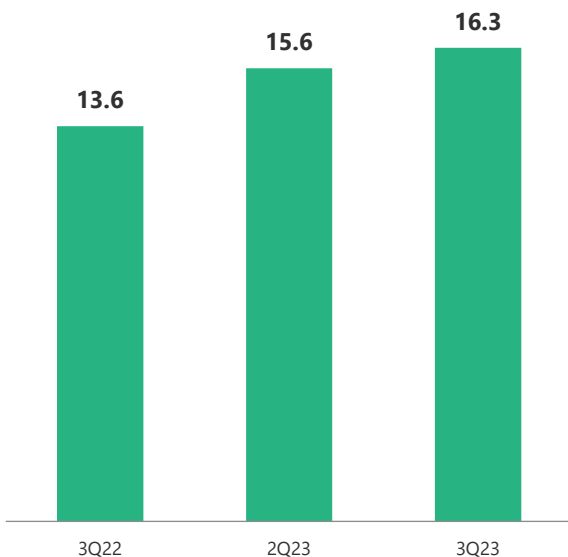


1) The FSA's current expectation. Increased from 17.1 per cent to 17.2 per cent as at 30 September 2023, partly due to increased counter-cyclical buffer in the UK.

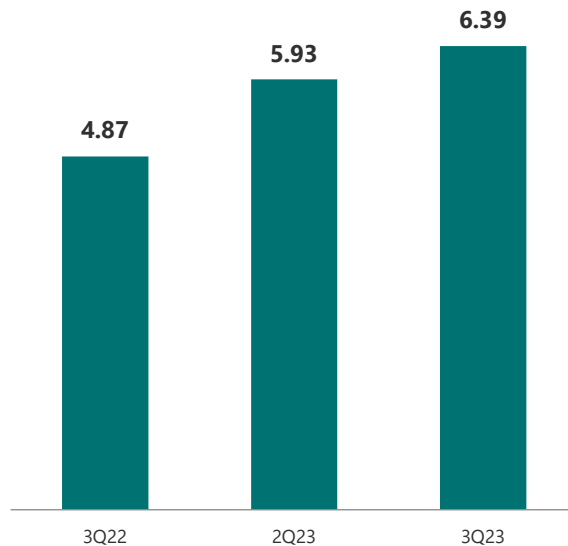
2) The FSA's current requirement.

# Strong third quarter result

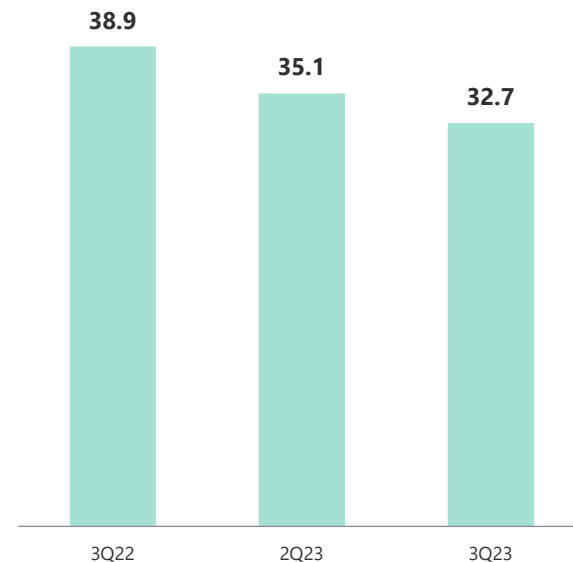
**Return on equity**  
Per cent



**Earnings per share**  
NOK



**Cost/income ratio**  
Per cent



# Appendix





# Income statement

NOK million	3Q23	2Q23	3Q22	Change from 2Q23	Change from 3Q22
Net interest income	15 718	15 232	12 253	486	3 465
Other operating income	5 252	4 971	3 867	281	1 385
<b>Total income</b>	<b>20 970</b>	<b>20 203</b>	<b>16 120</b>	<b>767</b>	<b>4 850</b>
<b>Operating expenses</b>	<b>(6 858)</b>	<b>(7 083)</b>	<b>(6 272)</b>	<b>225</b>	<b>(586)</b>
<b>Pre-tax operating profit before impairment</b>	<b>14 112</b>	<b>13 120</b>	<b>9 848</b>	<b>992</b>	<b>4 265</b>
Impairment of loans and guarantees and gains on assets	(941)	(856)	148	(84)	(1 089)
<b>Pre-tax operating profit</b>	<b>13 172</b>	<b>12 263</b>	<b>9 996</b>	<b>908</b>	<b>3 176</b>
Tax expense	(3 029)	(2 821)	(2 289)	(209)	(740)
Profit from operations held for sale, after taxes	(0)	19	26	(19)	(26)
<b>Profit for the period</b>	<b>10 142</b>	<b>9 462</b>	<b>7 733</b>	<b>680</b>	<b>2 409</b>
<b>Portion attributable to shareholders</b>	<b>9 805</b>	<b>9 149</b>	<b>7 555</b>	<b>656</b>	<b>2 251</b>

## Other operating income

NOK million	3Q23	2Q23	3Q22	Change from 2Q23	Change from 3Q22
<b>Net commissions and fees</b>	<b>2 735</b>	<b>2 819</b>	<b>2 475</b>	<b>(84)</b>	<b>260</b>
Customer revenues in DNB Markets	752	771	712	(18)	40
Trading revenues in DNB Markets	251	401	86	(150)	164
Hedging of defined-benefit pension scheme	(19)	48	(58)	(67)	39
Credit spreads on bonds	(12)	27	(41)	(39)	29
Credit spreads on fixed-rate loans	136	58	(61)	77	197
CVA/DVA/FVA	65	36	(107)	29	172
Other mark-to-market adjustments	702	(326)	(978)	1 028	1 681
Basis swaps	(162)	53	369	(214)	(531)
Exchange rate effects on additional Tier 1 capital	(11)	209	783	(220)	(794)
<b>Net gains on financial instruments at fair value</b>	<b>1 703</b>	<b>1 277</b>	<b>706</b>	<b>426</b>	<b>998</b>
<b>Net life insurance result</b>	<b>364</b>	<b>338</b>	<b>261</b>	<b>26</b>	<b>103</b>
<b>Profit from investments accounted for by the equity method</b>	<b>(65)</b>	<b>76</b>	<b>60</b>	<b>(142)</b>	<b>(125)</b>
<b>Other</b>	<b>515</b>	<b>460</b>	<b>365</b>	<b>55</b>	<b>150</b>
<b>Net other operating income, total</b>	<b>5 252</b>	<b>4 971</b>	<b>3 867</b>	<b>281</b>	<b>1 385</b>

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