

Authors: Dr Frederik Kunze // Lukas Kühne

Ratings**DNB BANK ASA**

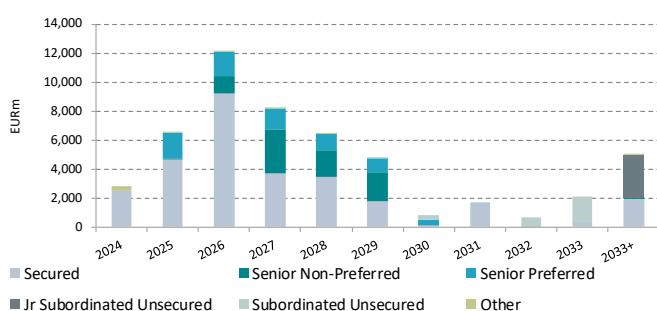
	Rating	Outlook
Fitch	-	-
Moody's	Aa1	Stable
S&P	AA-	Stable

Homepagewww.ir.dnb.no

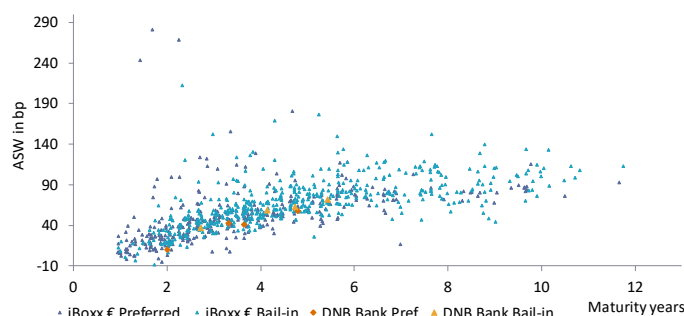
DNB Bank ASA (DNB) is a leading Norwegian financial group with a market capitalisation of NOK 328bn (FY/2023). The largest shareholder of the group, which is listed on the Oslo Stock Exchange, is the Norwegian state with 34.6%. DNB serves a total of around 2m retail customers and 237,000 corporate customers, with a focus on digital distribution channels. According to its own statements, the bank sees itself as the number one for digital private savers. The branch network consists of 51 branches in Norway and 17 international branches (FY/2023). The business activities are divided into the following segments: "Personal Customers" (FY/2023; 29.3% of profit excluding "Eliminations"), "Corporate Customers" (58.5%) and "Other Operations" (12.2%), with the latter including risk management and pension products. DNB is the market leader in Norway and has high market shares, particularly in retail deposits (FY/2023: 30.0%), corporate customers (35.0%), SME loans (37%) and investment funds (37.8%). In May 2023, the merger with Sbanken was completed, which is now a full part of DNB. The loan portfolio (net exposure at default) is split roughly even between private customers and corporate customers, with mortgages accounting for 90% of the private customer portfolio. DNB has 13 outstanding green bonds, of which four are covered bonds, four are senior preferred bonds and five are senior non-preferred bonds. With a total outstanding volume of NOK 106bn (Q4/2023), it is the leading Nordic bank and one of the largest green bond issuers in the European banking sector.

Balance Sheet

(EURm)	2022Y	2023Y	2024Q1
Net Loans to Customers	186,291	178,201	171,897
Total Securities	66,908	68,699	57,080
Total Deposits	132,645	126,952	134,023
Tier 1 Common Capital	18,434	17,837	17,671
Total Assets	307,094	306,886	333,469
Total Risk-weighted Assets	100,863	98,135	93,212

Redemption Profile**Income Statement**

(EURm)	2022Y	2023Y	2024Q1
Net Interest Income	4,783	5,392	1,360
Net Fee & Commission Inc.	1,023	974	237
Net Trading Income	397	450	104
Operating Expense	2,536	2,472	643
Credit Commit. Impairment	-27	232	28
Pre-tax Profit	4,019	4,419	1,120

Senior Unsecured Bonds (EUR BMK)**Company Ratios**

	2022Y	2023Y	2024Q1	2022Y	2023Y	2024Q1	
Net Interest Margin	1.61	1.88	1.82	Liquidity Coverage Ratio	120.00	146.30	139.00
ROAE	14.04	15.16	14.79	IFRS Tier 1 Leverage Ratio	6.40	6.17	5.56
Cost-to-Income	38.73	34.53	35.98	NPL/Loans at Amortised Cost	-	-	-
Core Tier 1 Ratio	18.28	18.18	18.96	Reserves/Loans at Amort. Cost	0.42	0.40	0.40

As at: 29.05.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Market leader in Norway
- Efficiency through digital infrastructure
- Capitalisation

Risks / Weaknesses

- Dependency on capital market refinancing
- Exposure in cyclical sectors
- Concentration risks for property loans

Covered Bonds

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Mortgage cover pool with a volume equivalent to EUR 57.7bn

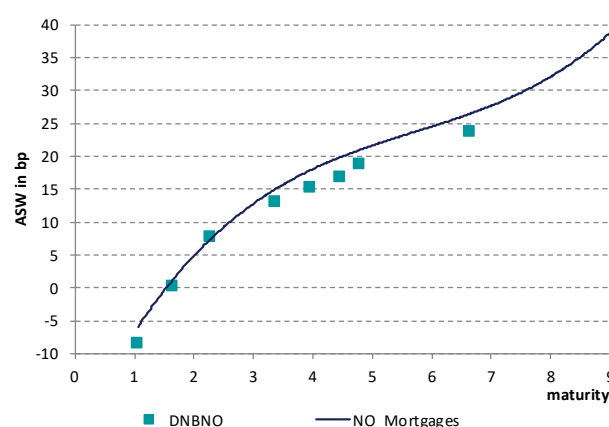
As at the reporting date of 31 March 2024, DNB Boligkreditt's mortgage-backed cover pool had cover assets with a total volume of NOK 659.5bn, which corresponds to around EUR 57.7bn. This is offset by outstanding covered bonds totalling NOK 400.3bn (approx. EUR 35.0bn), resulting in an arithmetical overcollateralisation ratio of 64.7%. This is made up of a statutory minimum requirement of 5.0% and voluntary overcollateralisation by the issuer of 59.7%. The institute is represented in the current composition of the iBoxx EUR Covered benchmark index with eight issues totalling EUR 12.5bn. Two of the currently outstanding covered bonds are green bonds, making DNB Boligkreditt one of the active ESG issuers.

Programme data

31 March 2024	Mortgage
Covered bonds outstanding	NOK 400.3bn (EUR 35.0bn)
Cover pool volume	NOK 659.5bn (EUR 57.7bn)
Current OC (nominal / legal)	64.7% / 5.0%
Type	100% Residential
Main country	100% Norway
Main region	24.6% Oslo
Number of loans / exposures	335,974
Share of 10 largest exposures	0.3%
Fixed interest (Cover Pool / CBs)	4.9% / 53.2%
WAL (Cover Pool / CBs)	14.5y / 3.7y
NPL	0.1%
CB Rating (Fitch / Moody's / S&P)	- / Aaa / AAA

Source: Issuer, rating agencies, Bloomberg, NORD/LB Floor Research

Spread overview (BMK) – Norway



Loans in the cover pool with exclusively residential use

DNB Boligkreditt's mortgage cover pool consists exclusively of primary cover assets. The proportion of residential use of the financed properties is 100%. 69.0% of the cover pool is attributable to assets for the financing of owner-occupied residential property, while 12.5% is attributable to the "multi-family housing" category. In total, the cover pool comprised 335,974 loans as at 31 March 2024, whereby these property loans are located exclusively in Norway. The Oslo and Akershus regions dominate the cover pool with 24.6% and 20.5% respectively. The average loan volume amounts to NOK 1,962,862 (approx. EUR 171,657) and the average loan-to-value ratio is stated as 60.5% for the non-indexed case. The indexed LTV, which takes into account price changes on the property market, is 52.6%. Over 70% of the loans have been running for more than two years.

Rating and regulation

The rating agencies Moody's and S&P both give DNB Boligkreditt's covered bonds top ratings (Aaa and AAA respectively). Moody's collateral score, which is regularly used to assess the quality of the cover assets, is 4.2%, which is also low by international standards and indicates a high credit quality. A risk weight of 10% in accordance with the CRR is also relevant for the covered bonds due to the rating characteristics. In the context of LCR management, we believe that the issuer's EUR benchmarks are suitable as Level 1 assets. Newly placed issues can also be marketed under the "European Covered Bond (Premium)" label.

Appendix

Contacts at NORD/LB

Floor Research



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Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9660
Frequent Issuers	+49 511 9818-9640

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