

DNB Bank

Issuer View • 20. March 2025

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Ratings

DNB Bank ASA

	Rating	Outlook
Fitch	-	-
Moody's	Aa2	Stable
S&P	AA-	Stable

Homepage

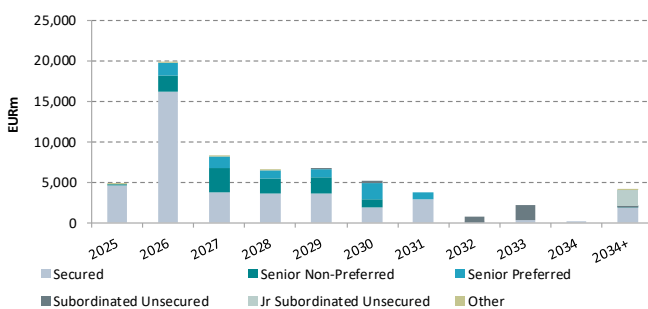
www.ir.dnb.no

DNB Bank ASA (DNB) is a leading Norwegian financial group with a market capitalisation of NOK 336bn (FY/2024). The largest shareholder of the group, which is listed on the Oslo Stock Exchange, is the Norwegian state with 34.2%. DNB serves a total of around 2.4 million retail customers and 236,000 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, whereby the branch network consisting of 52 branches in Norway has been continuously reduced in recent years as part of the digital transformation. Business activities are divided into the following segments: "Personal customers" (FY/2024; 30.2% of pre-tax profit), "Corporate customers Norway" (29.1%), "Large corporates and international customers" (28.7%) and "Other operations" (12.0%), 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/2024: 29%), corporate customers (34%) and investment funds (34%). 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 evenly between private customers and corporate customers. DNB is a regular issuer of green bonds with a total outstanding volume of NOK 156.2bn spread across 19 bonds, of which five are covered bonds, eight are senior preferred bonds and six are senior non-preferred bonds (March 2025).

Balance Sheet

(EURm)	2022Y	2023Y	2024Y
Net Loans to Customers	186,291	178,201	191,424
Total Securities	66,908	68,699	65,283
Total Deposits	132,645	126,952	126,490
Tier 1 Common Capital	18,434	17,837	18,470
Total Assets	307,094	306,886	307,273
Total Risk-weighted Assets	100,863	98,135	95,318

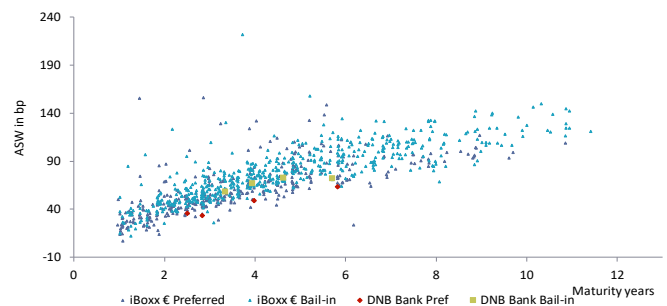
Redemption Profile



Income Statement

(EURm)	2022Y	2023Y	2024Y
Net Interest Income	4,783	5,392	5,519
Net Fee & Commission Inc.	1,023	974	1,072
Net Trading Income	397	450	363
Operating Expense	2,536	2,472	2,585
Credit Commit. Impairment	-27	232	104
Pre-tax Profit	4,019	4,419	4,719

Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2022Y	2023Y	2024Y	2022Y	2023Y	2024Y	
Net Interest Margin	1.61	1.88	1.86	Liquidity Coverage Ratio	120.00	146.30	148.00
ROAE	14.04	15.16	16.53	IFRS Tier 1 Leverage Ratio	6.40	6.17	6.31
Cost-to-Income	38.73	34.53	34.74	NPL/ Loans at Amortised Cost	-	-	-
Core Tier 1 Ratio	18.28	18.18	19.38	Reserves/Loans at Amort. Cost	0.42	0.40	0.32

Per 20.03.2025; Quelle: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

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

Risks / Weaknesses

- Dependence on capital market refinancing
- Exposure to cyclical sectors
- Concentration risks for property loans

Covered Bonds

Authors: Alexander Grenner // Lukas Kühne // Dr Frederik Kunze

Mortgage cover pool with a volume equivalent to EUR 63bn

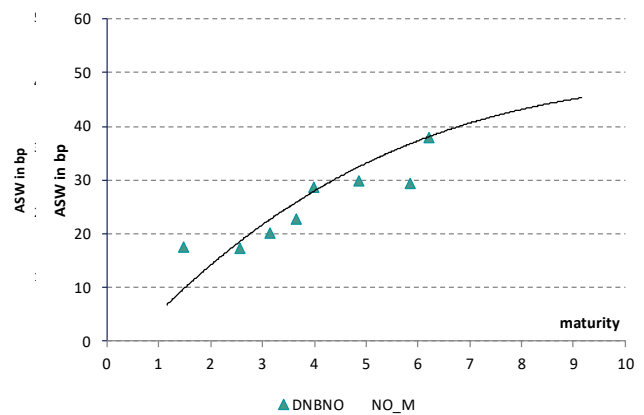
As at the reporting date of 31 December 2024, DNB Boligkreditt's mortgage-backed cover pool had cover assets with a total volume of NOK 726.3bn, which corresponds to around EUR 63.0bn. This is offset by outstanding covered bonds totalling NOK 448.7bn (approx. EUR 38.9bn), resulting in an arithmetical overcollateralisation ratio of 61.9%. This is made up of a statutory minimum requirement of 5.0% and voluntary overcollateralisation by the issuer of 56.9%. The institute is represented in the current composition of the iBoxx EUR Covered benchmark index with eight issues totalling EUR 10.5bn. Two further bonds no longer fall under the index criteria due to their remaining term of less than one year.

Programme data

31 December 2024	Mortgage
Covered bonds outstanding	NOK 448.7bn (EUR 38.9bn)
Cover pool volume	NOK 726.3bn (EUR 63.0bn)
Current OC (nominal / legal)	61.9% / 5.0%
Type	100% Residential
Main country	100% Norway
Main region	24.9% Oslo
Number of loans / exposures	367,582
Share of 10 largest exposures	0.2%
Fixed interest (Cover Pool / CBs)	5.8% / 46.6%
WAL (Cover Pool / CBs)	14.7y/ 3.2y
NPL	0.1%
CB Rating (Fitch / Moody's / S&P)	- / Aaa / AAA

Quelle: Emittent, Ratingagenturen, 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%. 93.2% of the cover pool is accounted for by assets used to finance owner-occupied residential property. In total, the cover pool comprised 367,582 loans as at 31 December 2024, with these property loans being located exclusively in Norway. The Oslo and Akershus regions dominate the cover pool with 24.9% and 20.6% respectively. The average loan volume amounts to NOK 1,975,860 (approx. EUR 171,364) and the average loan-to-value ratio is stated as 60% for the non-indexed case. The indexed LTV, which takes into account price changes on the property market, is 53%. Over 70% of the loans have been running for more than two years.

Rating and regulatory treatment

The rating agencies Moody's and S&P both give DNB Boligkreditt's covered bonds top ratings (Aaa and AAA respectively). The Moody's Collateral Score, which is regularly used to assess the quality of the cover assets, is 4.0%, 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

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