

Q2

Second quarter 2018

DNB Group

Results

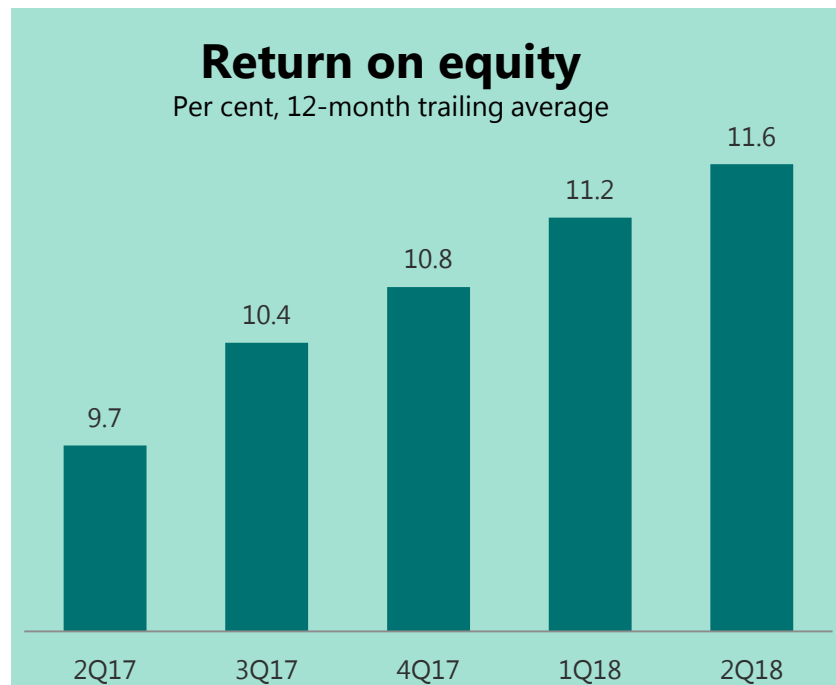
Rune Bjerke (CEO)
Kjerstin Braathen (CFO)

12 July 2018

DNB



Approaching ROE >12 per cent



Return on equity 11.8 per cent in 2Q18

On track to target

Earnings per share NOK 3.65

Up from NOK 3.07 in 2Q17

Strong growth in loans to customers

Annualised growth of 5.7 per cent in first half 2018 ¹⁾

Continued improvement in asset quality

Net impairment reversals of NOK 54 million

Increased revenue from commissions and fees

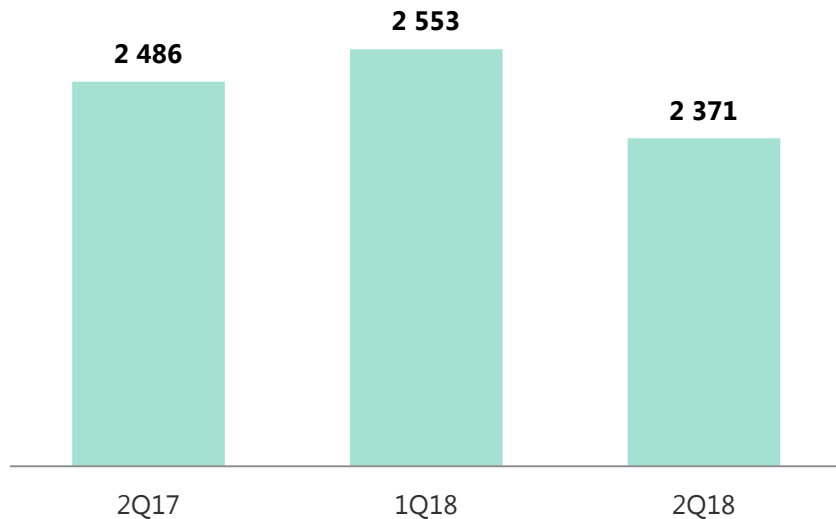
High IBD activity and income from money transfers

1) Total customer segments – currency adjusted

Personal customers – steady loan growth

Pre-tax operating profit

NOK million

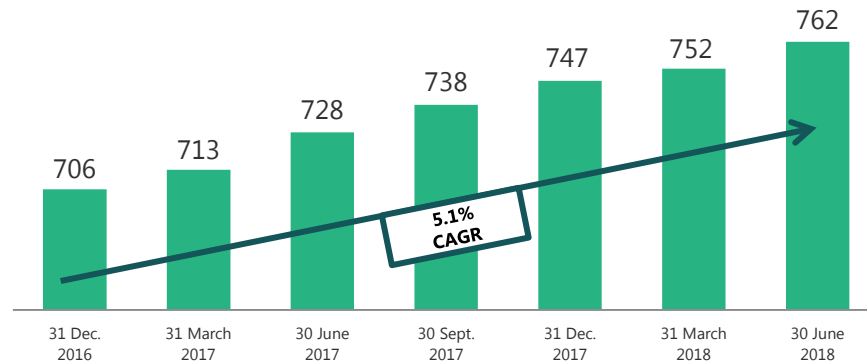


Financial highlights

- Lending growth of 1.4 per cent in 2Q18 and 4.1 per cent over the last six months, annualised
- NII negatively affected by increased money market rates in 2Q18
- Sound cost control

Growth in loans to personal customers

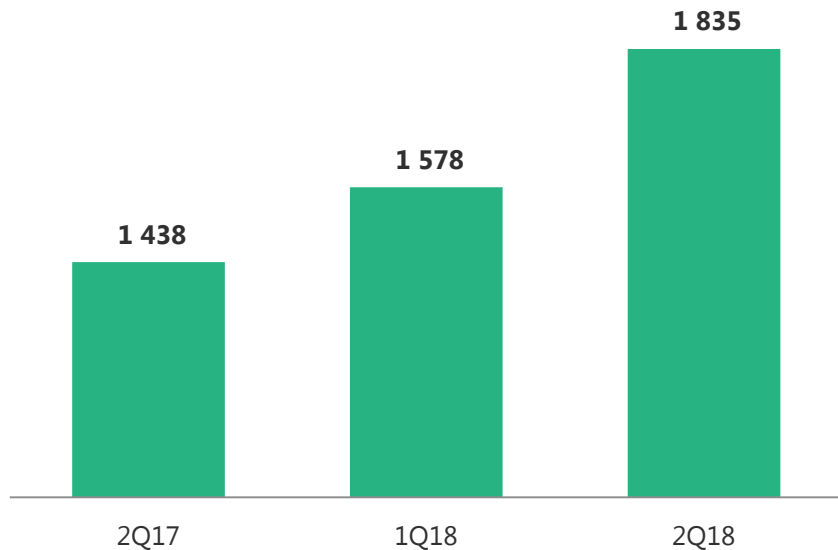
NOK billion



Small and medium-sized enterprises – all-time high profits in 2Q18

Pre-tax operating profit

NOK million

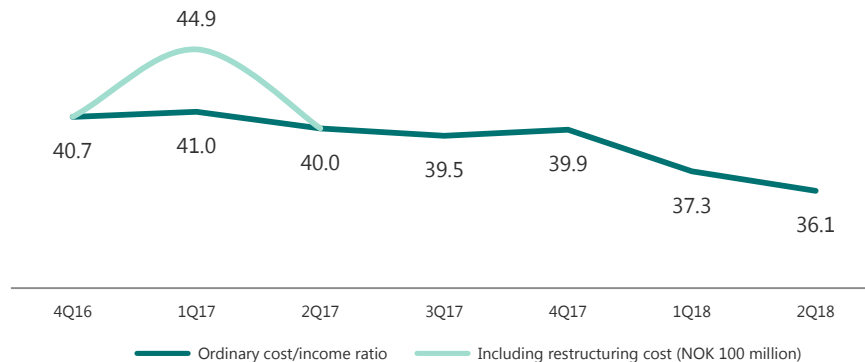


Financial highlights

- Pre-tax operating profit up 28 per cent from 2Q17
- Profit positively affected by increased money market rates, volume growth, high IBD activity and low impairment losses
- Lending growth of 1.7 per cent in 2Q18 and 6.4 per cent over the last six months, annualised

Positive development in cost/income ratio

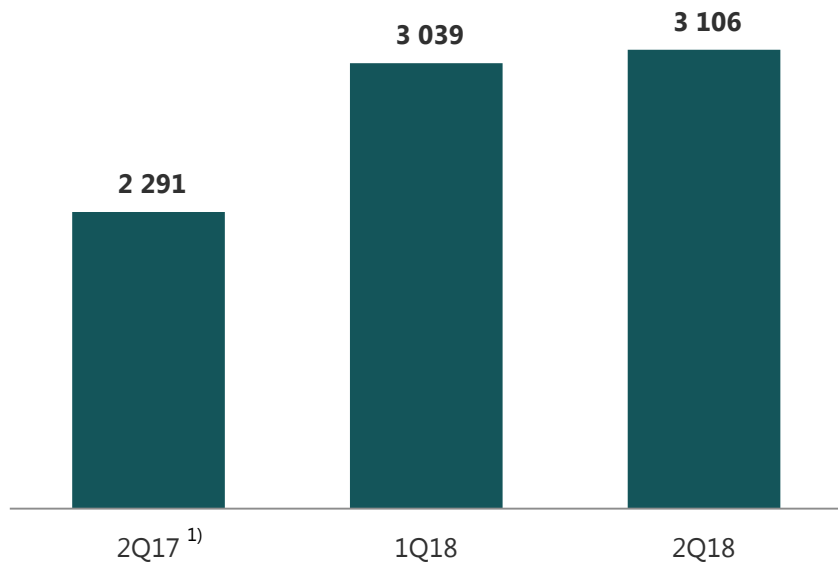
Per cent



Large corporates and international customers – improved profitability

Pre-tax operating profit

NOK million



1) Excluding the Baltics

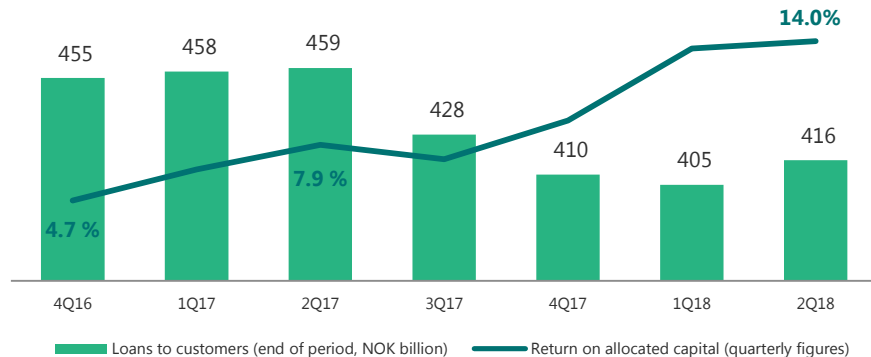


Financial highlights

- 8.7 per cent improvement in net interest income from 1Q18
- Reversal of impairment losses
- Activity level up in prioritised segments; lending growth of 2.0 per cent in 2Q18 and 6.6 per cent over the last six months, annualised and currency-adjusted

Loans to customers and return on allocated capital

Return on equity positively affected by rebalancing



Strategic positioning for the future

Strategic positioning



Signed letter of intent to merge
non-life insurance operations in
DNB and SpareBank 1

Vipps merger approved

Expanding business models



First venture investments
– Payr and Luca Labs

Nordic cooperation to
create KYC infrastructure ¹⁾

Initiated fintech cooperation
with NTNU and Telenor
on artificial intelligence

Sustainability



Launched green mortgages

Issued several green bonds

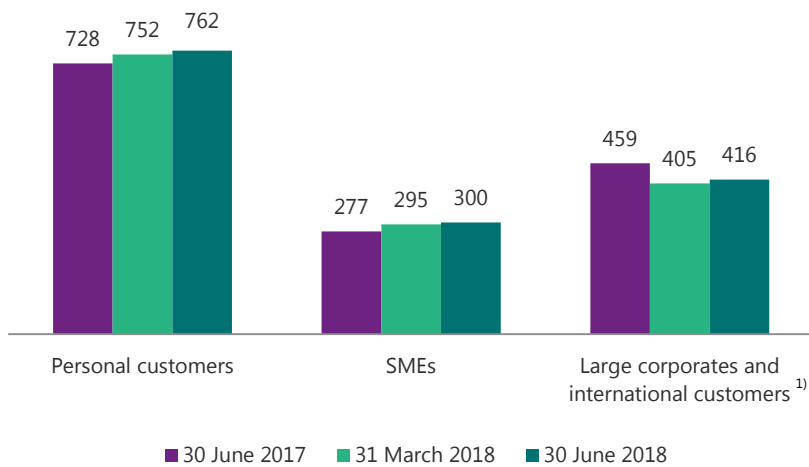
1) KYC = Know your customer

Continued growth in core business areas

- Increase in loans to all customer segments over the last six months; 5.7 per cent annualised and currency-adjusted
- Annualised growth in deposits of 6.2 per cent in the last six months

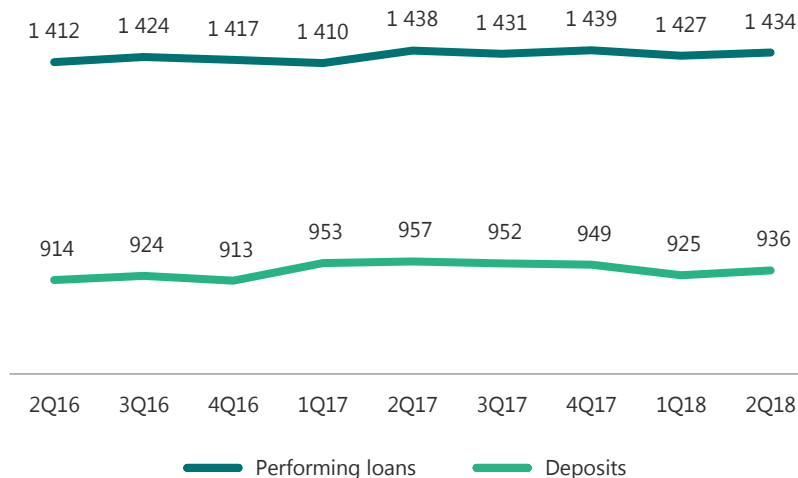
Loans per customer segment

NOK billion



Average loans and deposits in the customer segments ¹⁾

NOK billion



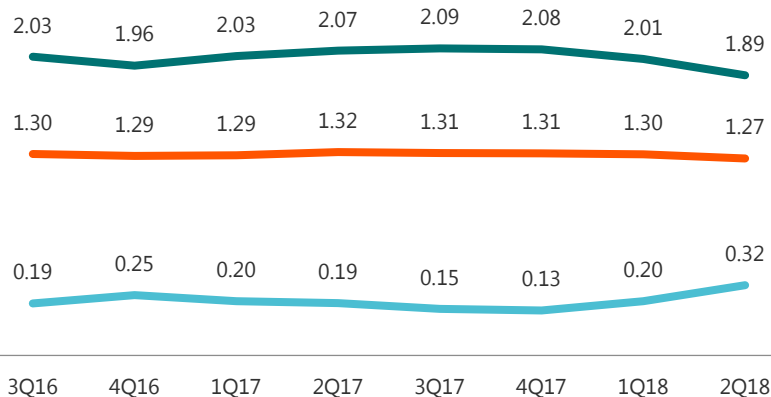
¹⁾ Excluding the Baltics

Stable net interest margin

- Combined spreads negatively affected by increased money market rates in 2Q18 and changes in the product mix
- Net interest margin affected by reduced net interest income from money market activities

Spreads in customer segments

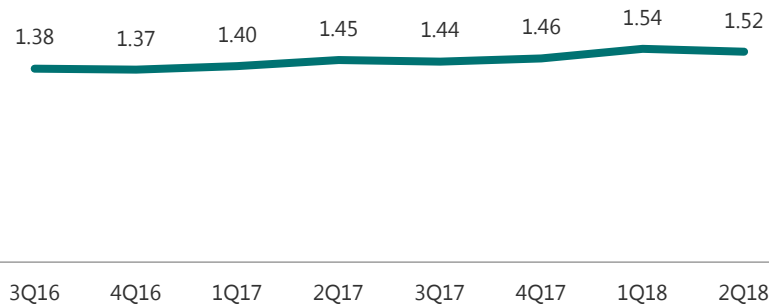
Per cent



- Lending spread
- Combined spread - weighted average
- Deposit spread

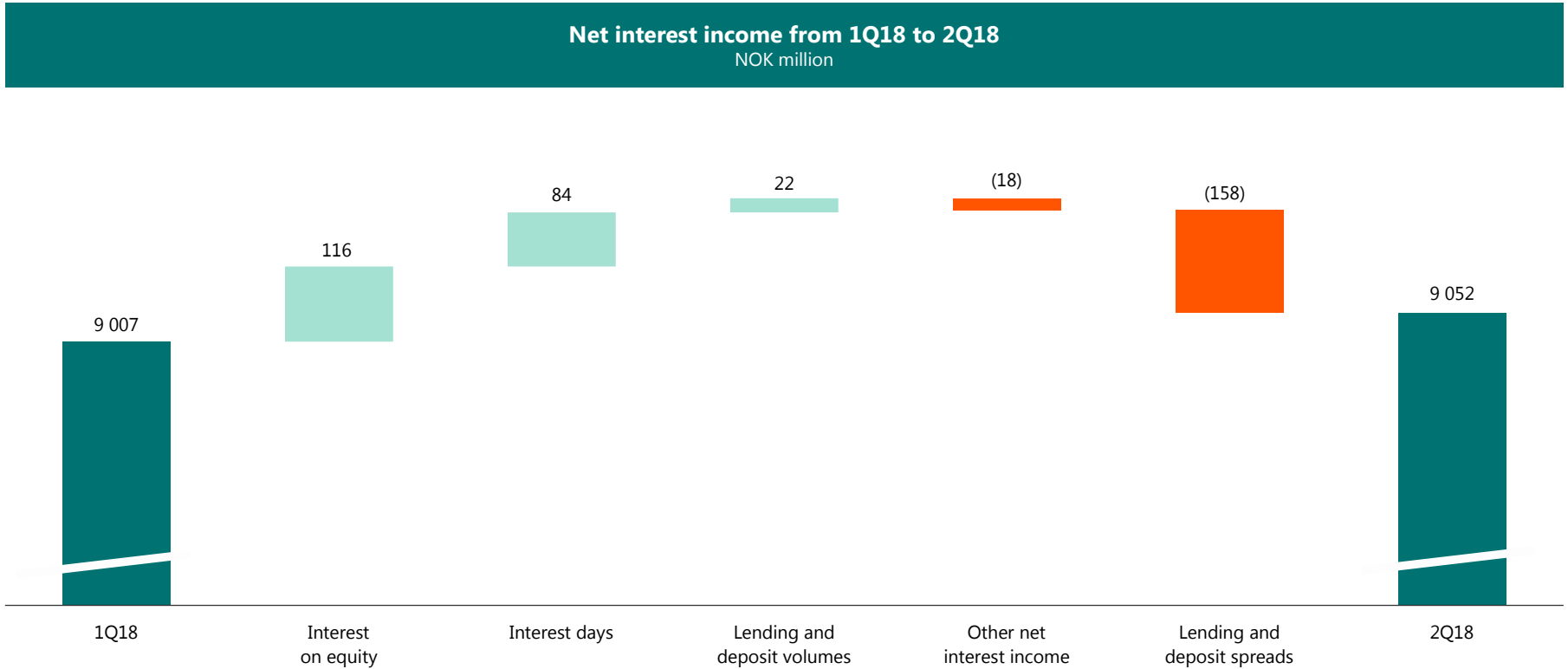
Net interest margin ¹⁾

Per cent

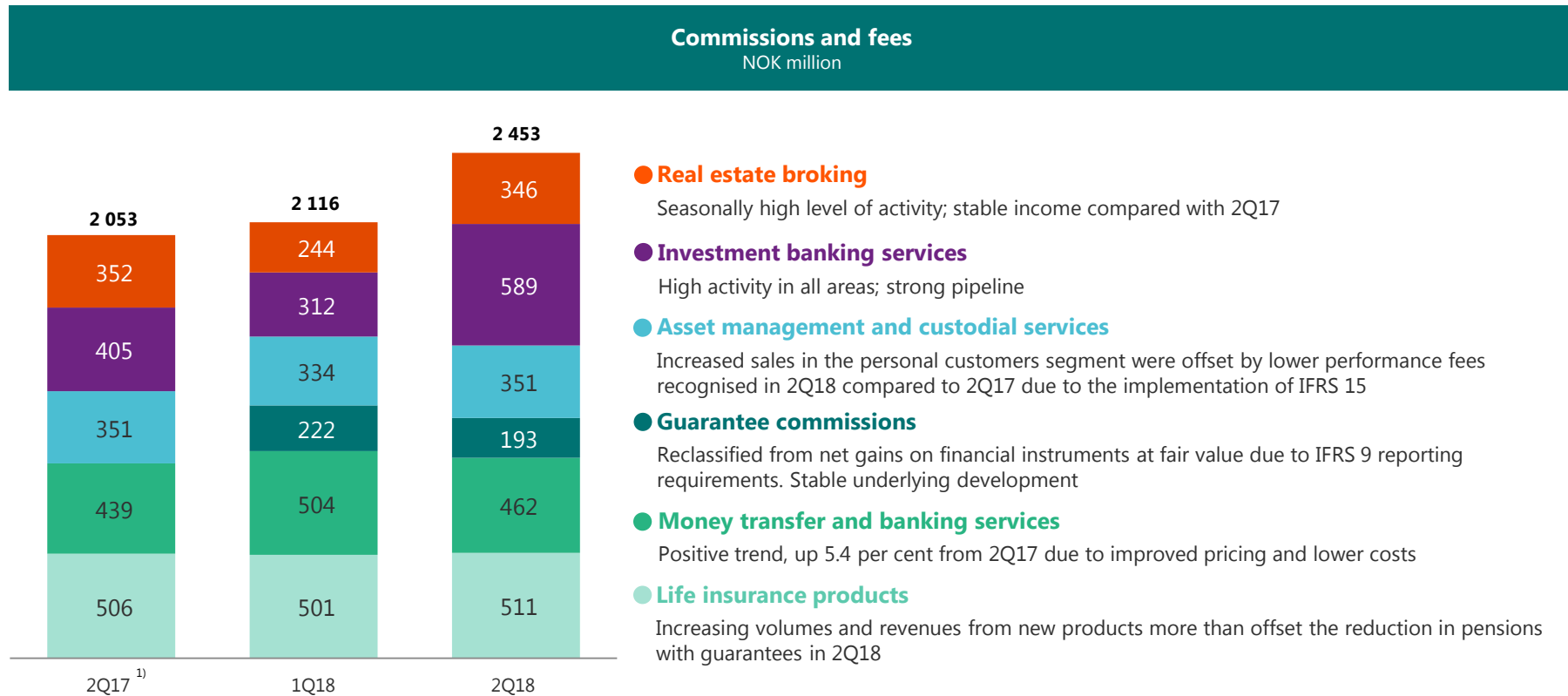


1) Total net interest income relative to average loans and deposits in the customer segments

Stable net interest income



Growth in commissions and fees

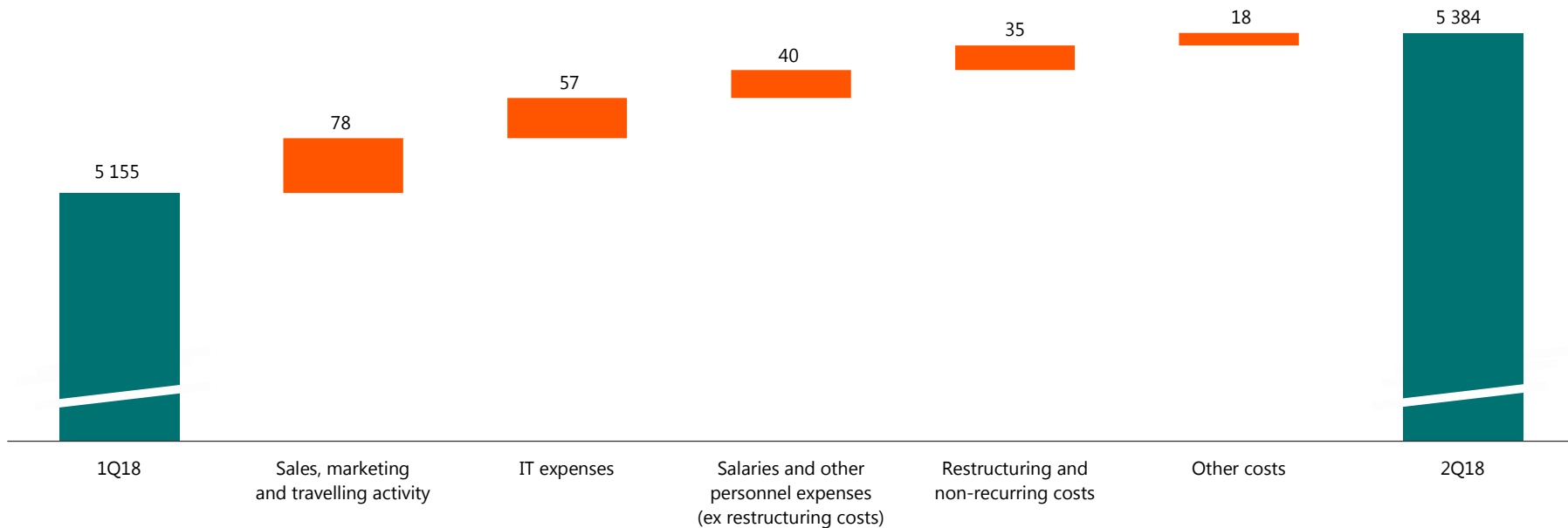


1) Excluding the Baltics

Increased expenses driven by higher activity level in all segments

Operating expenses from 1Q18 to 2Q18

NOK million



Asset quality continued to improve

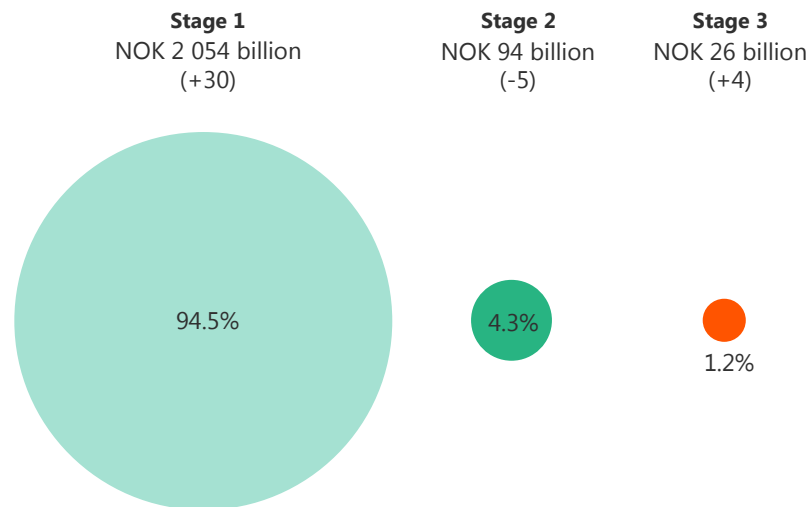
- Net impairment losses had a positive impact on the income statement of NOK 54 million in the period
- Overall, the most significant macroeconomic drivers (Norway and oil industry) were stable in the quarter

Impairment of financial instruments per customer segment, P&L

Amounts in NOK million

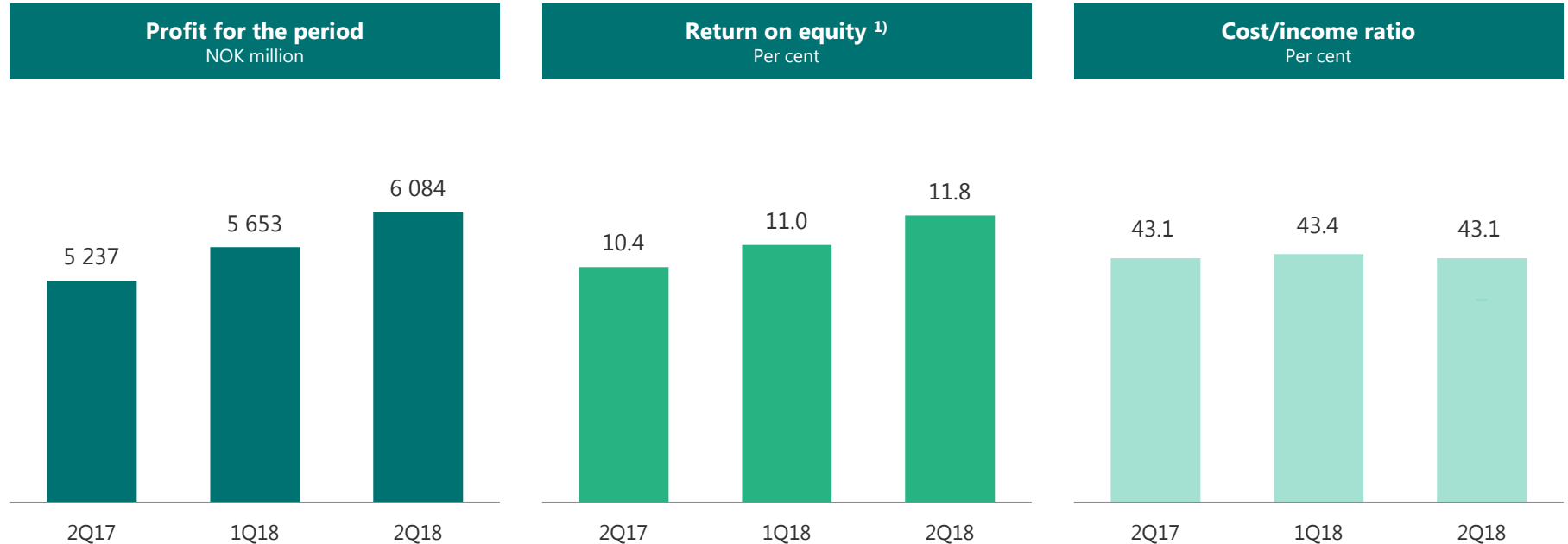
	2Q18	1Q18
Personal customers	(101)	(53)
Small and medium-sized enterprises	(33)	(215)
Large corporates and international customers	189	598
Total (net reversals)	54	330

Maximum exposure (on and off-balance sheet items), net of accumulated impairment



Profit and ROE affected by reversal of impairment

- Profit for the period up 16 per cent from the same quarter last year
- Cost/income ratio 42.2 per cent, adjusted for mark-to-market (basis swaps and AT1)

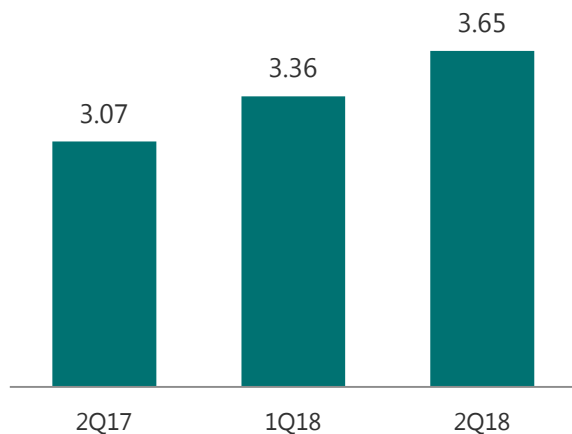


1) Return on equity is calculated on the assumption that additional Tier 1 capital is classified as a liability

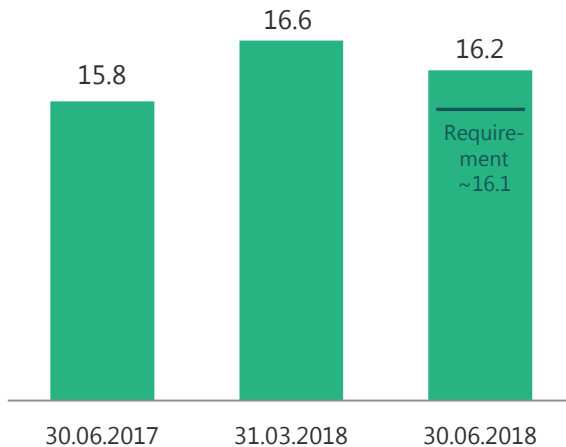
Strong capital position – new share buy-back programme launched

- New buy-back programme of 1.5 per cent expected to reduce equity by approx. NOK 3.8 billion
- CET1 capital ratio reduced by 37 basis points due to new share buy-back programme
- Dividend from DNB Livsforsikring contributed positively to the CET1 capital ratio with 14 basis points

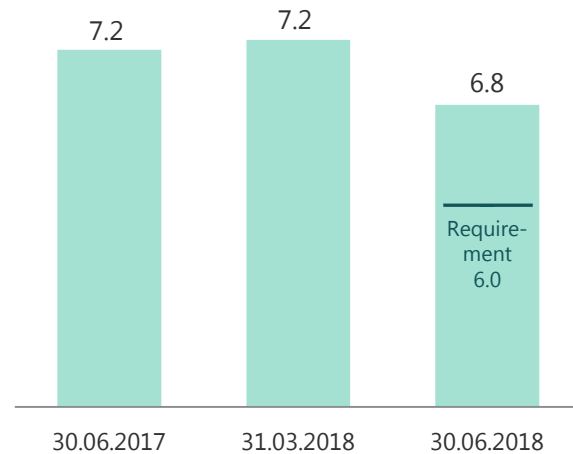
Earnings per share
NOK



CET1 capital ratio – transitional rules
Per cent



Leverage ratio
Per cent

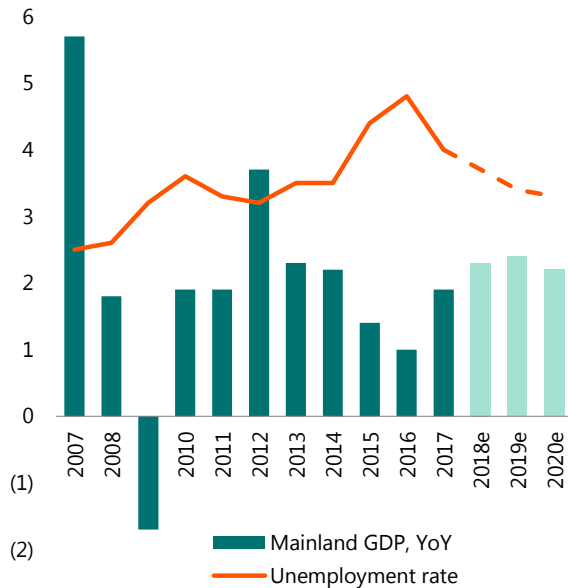


APPENDIX

Positive macroeconomic development in Norway

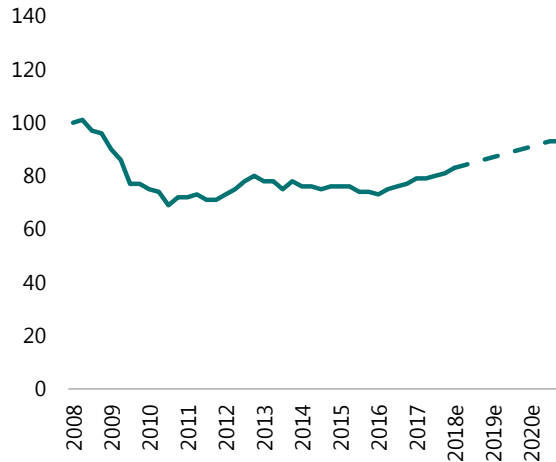
Mainland GDP and unemployment rate

Per cent

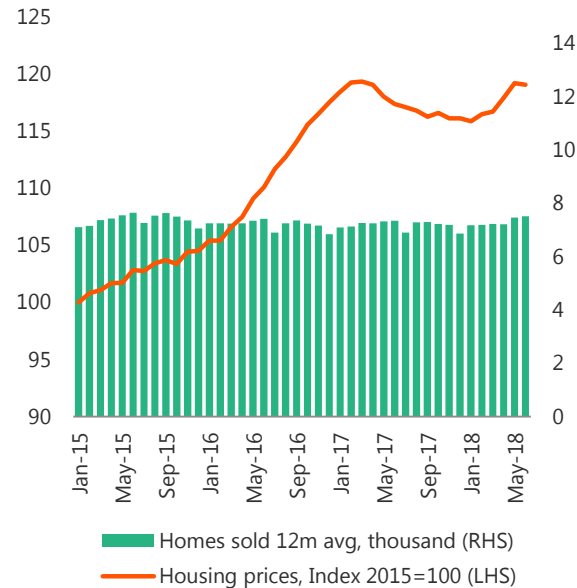


Mainland business investments

1Q08=100, three quarters moving average



Housing prices and activity level



Shareholder distribution

Top 20 shareholders

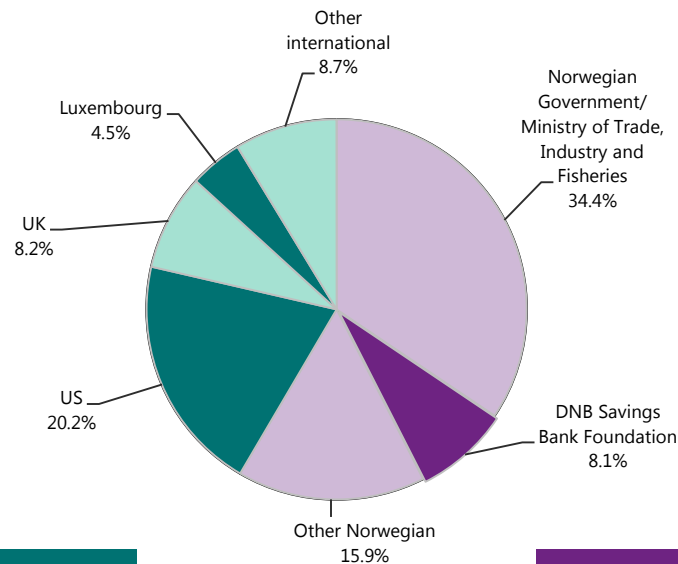
As at 30 June 2018

	Shares (1 000)	Ownership (per cent)	Quarterly change in shares (1 000)
Norwegian Government/Ministry of Trade, Industry and Fisheries ¹⁾	553 792	34.4	-
DNB Savings Bank Foundation	130 001	8.1	-
Folketrygdfondet ²⁾	97 058	6.0	1 865
Fidelity International	31 165	1.9	755
BlackRock	28 314	1.8	(1 281)
The Vanguard Group	27 771	1.7	(249)
Deutsche Asset Management	24 639	1.5	2 307
Schroder Investment Management	20 511	1.3	(303)
Capital World Investors	18 043	1.1	-
Storebrand Kapitalforvaltning	16 571	1.0	(133)
T. Rowe Price	15 164	0.9	6 063
KLP	14 576	0.9	(149)
MFS Investment Management	13 897	0.9	(1 833)
SAFE Investment Company	13 442	0.8	157
Newton Investment Management	12 997	0.8	859
DNB Asset Management	12 511	0.8	(1 036)
Davis Selected Advisers	12 424	0.8	9 413
State Street Global Advisors	11 975	0.7	(655)
Nordea Funds	10 667	0.7	(114)
LSV Asset Management	10 288	0.6	1 148
Total largest shareholders	1 075 804	66.9	2
Other shareholders	532 757	33.1	(6)
Total	1 608 561	100.0	(4)

- 1) DNB has completed three buy-back programmes totalling 1.5 per cent of outstanding shares. According to an agreement, the Norwegian government will redeem shares on a proportional basis so that its holding will remain at 34 per cent.
- 2) Folketrygdfondet's ownership fluctuates due to lending of shares.

Ownership according to nationality

As at 30 June 2018

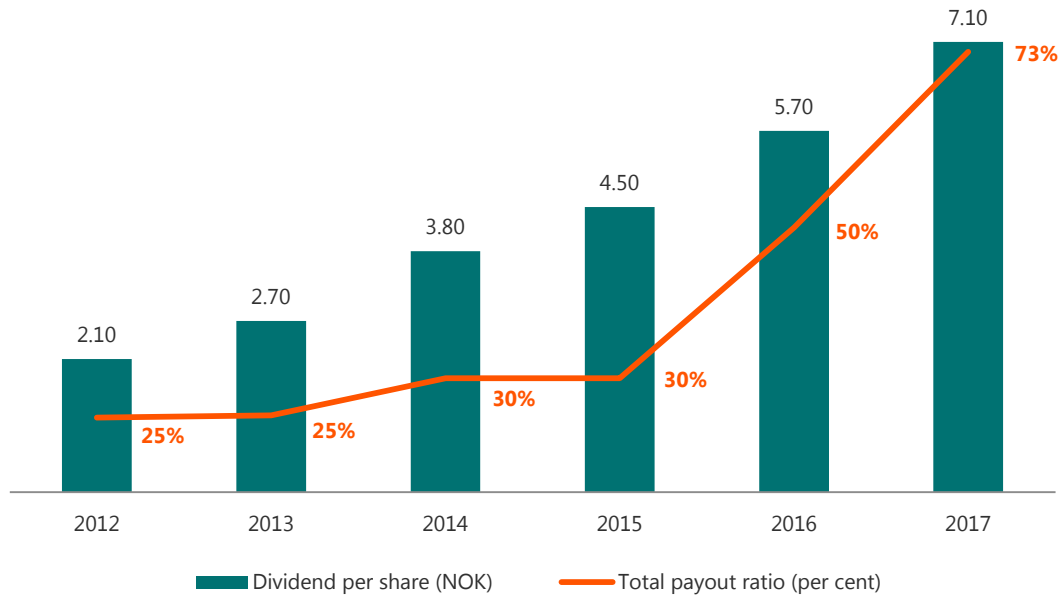


International
investors: **42%**

Norwegian
investors: **58%**

Dividend per share increased by 25 per cent to NOK 7.10 for 2017

Dividend per share and payout ratio

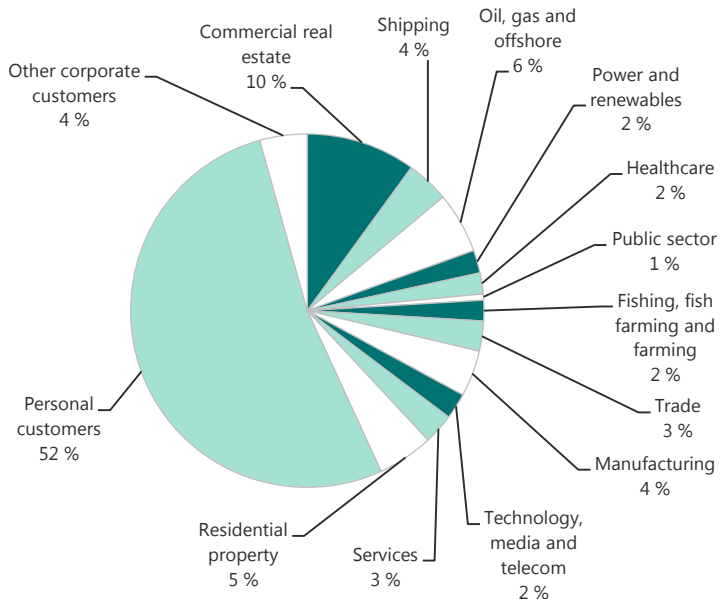


- Cash dividend of 55 per cent and total distribution to shareholders of 73 per cent of profits in 2017.
- New authorisation for 2018 approved at AGM for buy-backs of up to 3.5 per cent of outstanding shares. Initially DNB has applied for and got approval by the FSA for up to 2 per cent.
- Buy-back programme of 1.5 per cent initiated in the second quarter.

DNB portfolio and income split

Distribution of exposure at default by industry segment

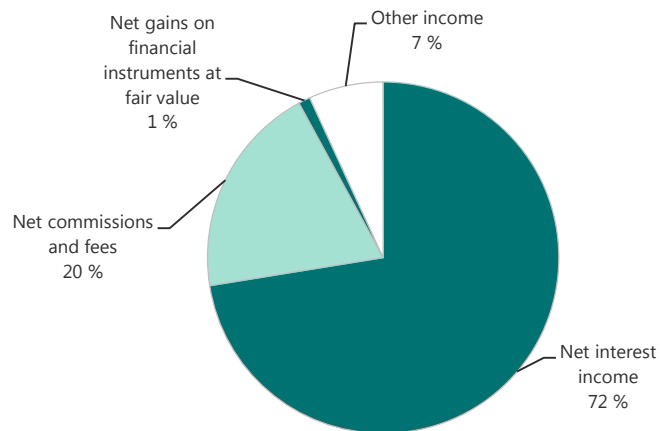
30 June 2018



>78 per cent from Norwegian units

Total income split

2Q18



Q2

Second quarter 2018

We are here.
So you can
stay ahead.

DNB

