

Q3

Third quarter 2018

DNB Group

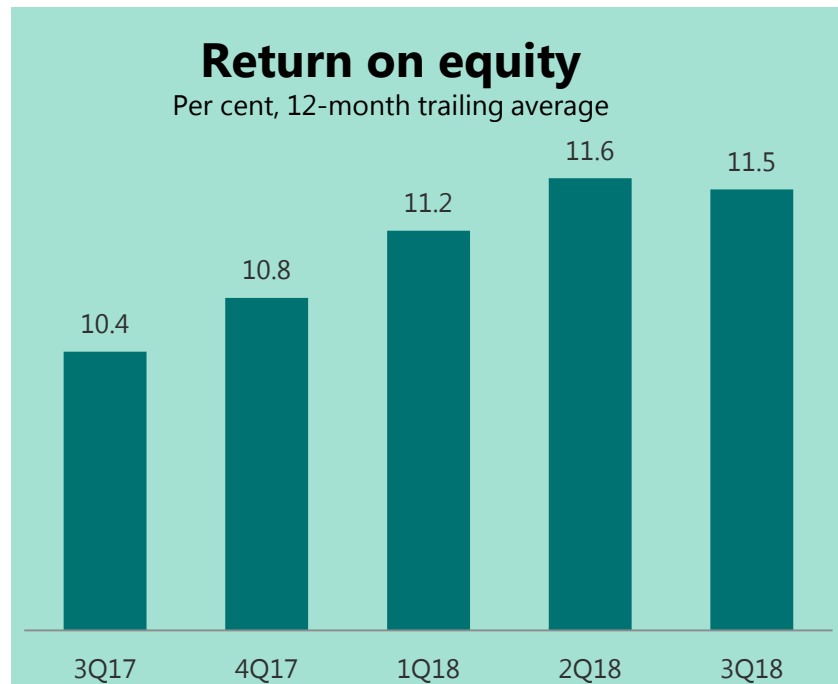
Results

Rune Bjerke (CEO)
Kjerstin Braathen (CFO)

25 October 2018



Approaching ROE >12 per cent



Return on equity 10.9 per cent in 3Q18

Trailing average on track to target

Solid CET1 ratio of 16.5 per cent at end-September 2018

Up from 16.2 per cent at end-June 2018

Positive macroeconomic environment in Norway

Sound growth in loans to customers in the Personal Customers and SME segments

Low activity in the capital markets lead to a reduction in commissions and fees

Increased activity expected in 4Q18

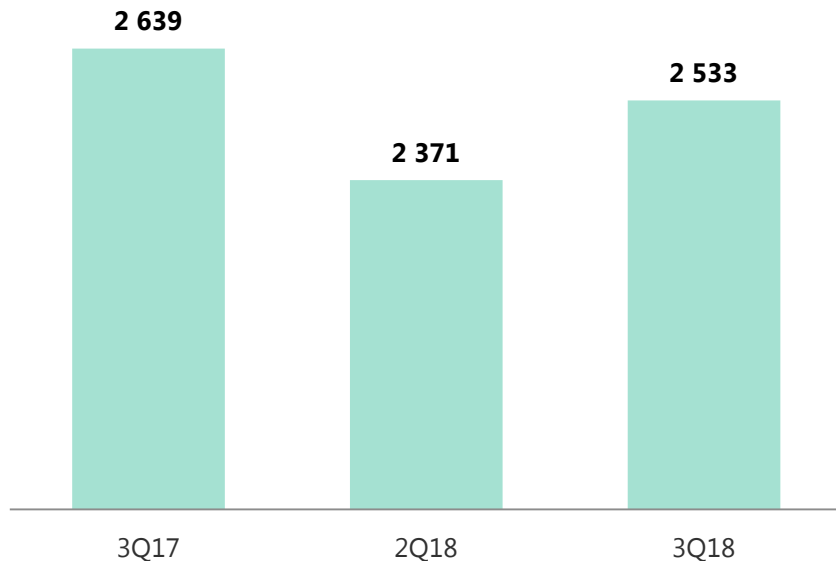
Earnings per share NOK 3.41

Up from NOK 3.34 in 3Q17

Personal customers – growth in line with expectations

Pre-tax operating profit

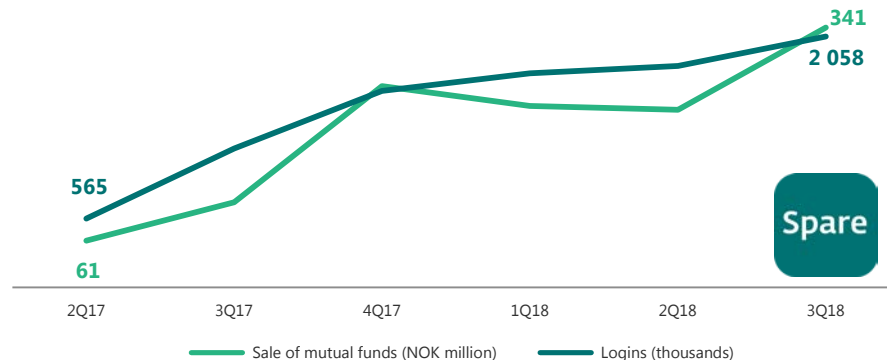
NOK million



Financial highlights

- Announced interest rate hike will have a positive effect as of 4 November
- Lending growth of 0.9 per cent in 3Q18. Year to date 3.9 per cent annualised
- The savings app Spare leads to increasing digital sales of mutual funds

Sale of mutual funds and logins in the savings app Spare

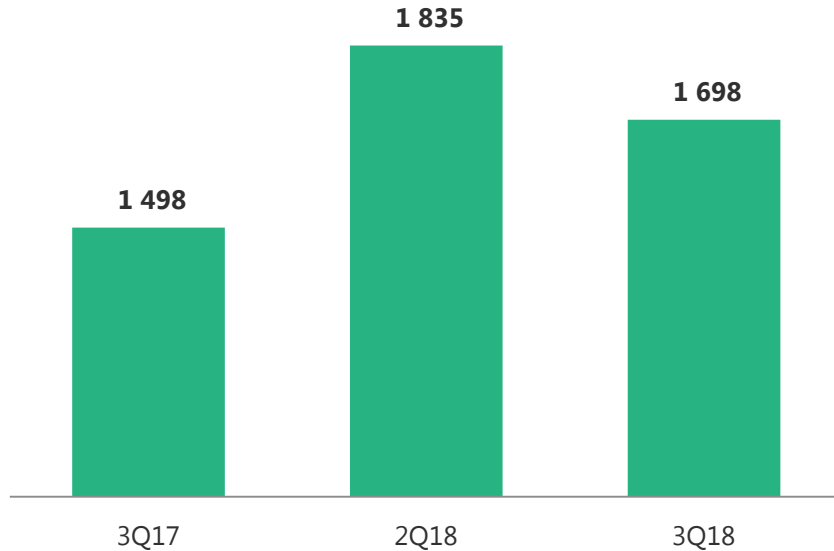


Spare

Small and medium-sized enterprises – strong profitable growth

Pre-tax operating profit

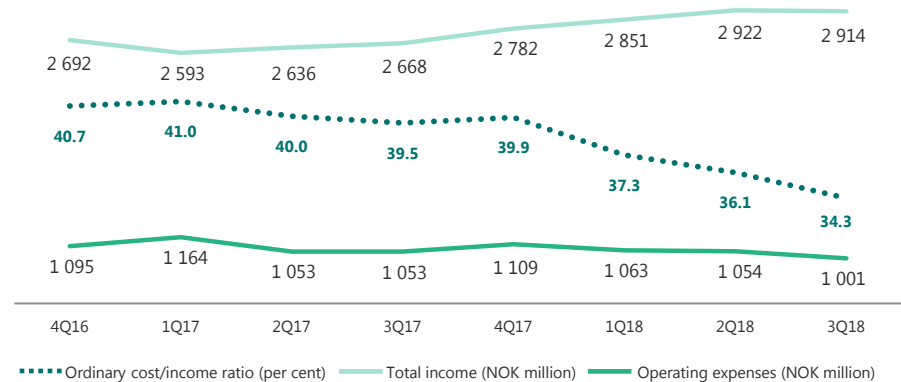
NOK million



Financial highlights

- NII up 11.5 per cent from 3Q17, affected by volume growth and improved spreads. Announced interest rate hike with effect from 23 October
- Positive development in income, up 9 per cent, and expenses reduced by 5 per cent from 3Q17
- Solid portfolio quality. Quarterly impairment of NOK 217 million (NOK 33 million in 2Q18)

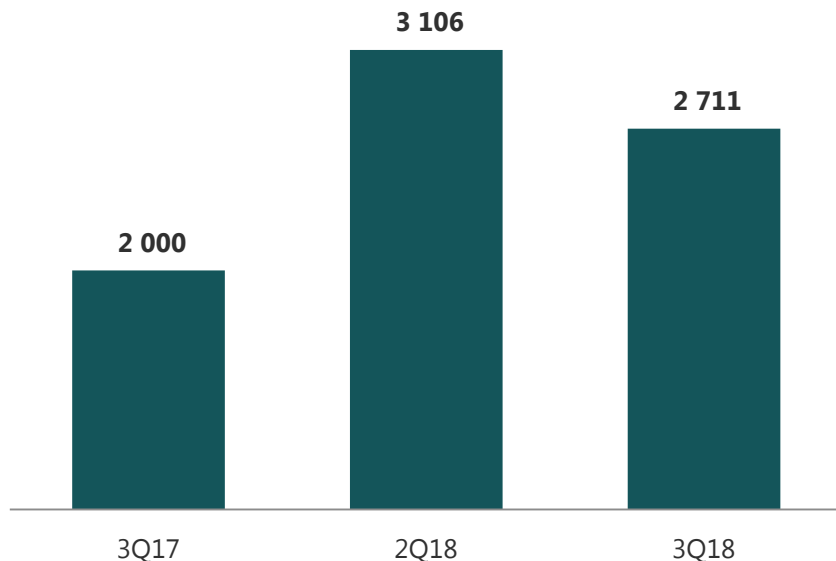
Positive development in cost/income ratio



Large corporates and international customers – solid performance

Pre-tax operating profit

NOK million



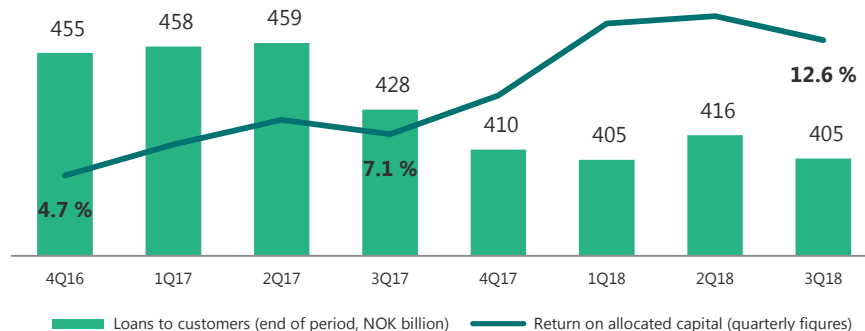
Excluding the Baltics



Financial highlights

- Growth in NII of 3.2 per cent from 3Q17 and lending volume reduced by 5.7 per cent
- Low capital markets activity
- Sound development in all industries. Quarterly impairment reversals of NOK 281 million (NOK 189 million in 2Q18)

Loans to customers and return on allocated capital



Strategic positioning for the future

Strategic positioning



Signed agreement to sell down to 20 per cent ownership in Luminor

Norwegian Competition Authority approved the merge of non-life insurance operations in DNB and SpareBank 1 Gruppen

Expanding business models



Launch of new digital channels in B2B – DNB Accounting

New strategic technology partnership with 11:FS, including joint venture Foundry

Established the DNB Lending fund

Sustainability



Ranked as the third best bank in the world on ESG issues by Sustainalytics

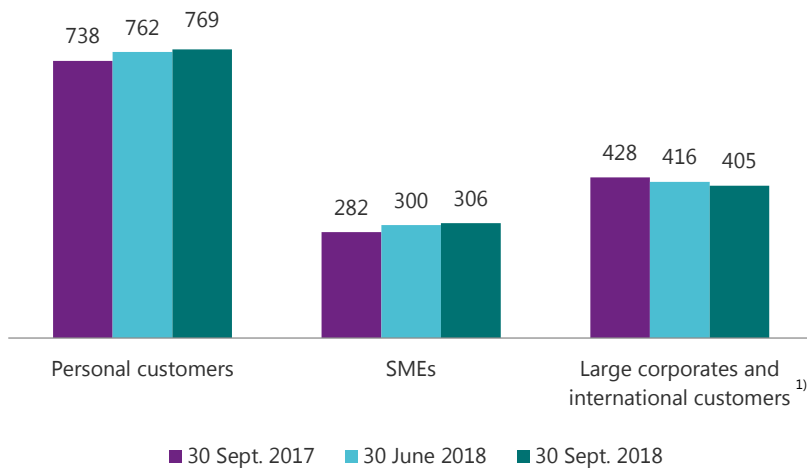
DNB closed its first green certified shipping loan

Solid growth in the Personal Customers and SME segments

- Growth rate in 3Q18 in loans to customers of 0.1 per cent (3.0 YTD annualised, 4.0 currency adjusted)
 - PC: 0.9 per cent in 3Q (3.9 YTD annualised)
 - SME: 1.8 per cent in 3Q (6.7 YTD annualised)
 - LCI: -2.5 per cent in 3Q (-1.3 YTD annualised, currency adjusted 1.2)
- Average loans increased by 2.3 per cent from 2Q18 and deposits by 1.2 per cent. Strong development in deposits in PC and SME.

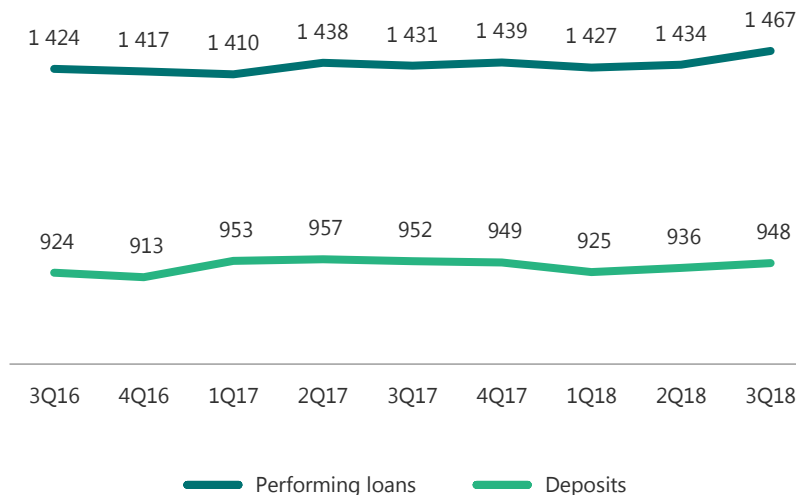
Loans per customer segment

NOK billion



Average loans and deposits in the customer segments¹⁾

NOK billion



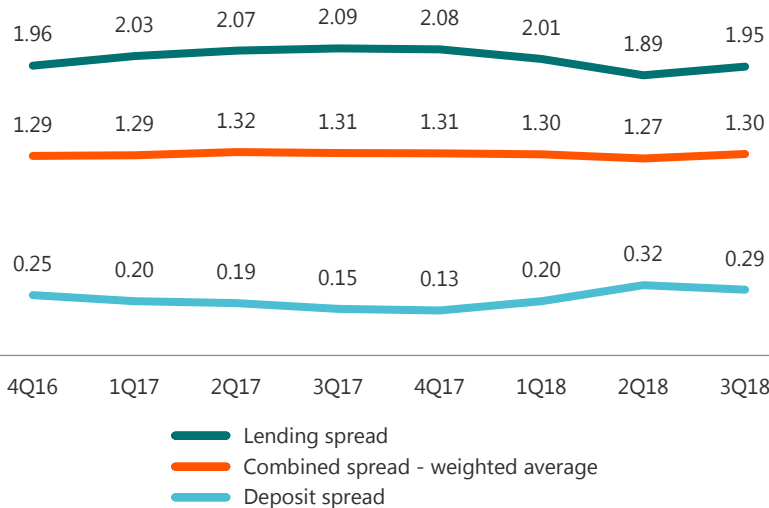
¹⁾ Excluding the Baltics

Slight reduction in net interest margin

- Net interest margin negatively affected by several factors, such as dividend payment, share buy-backs and lower activity
- Repricing will give positive effects in 4Q18

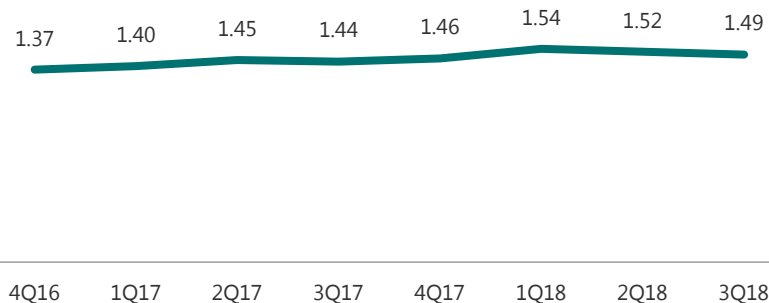
Spreads in customer segments

Per cent



Net interest margin ¹⁾

Per cent

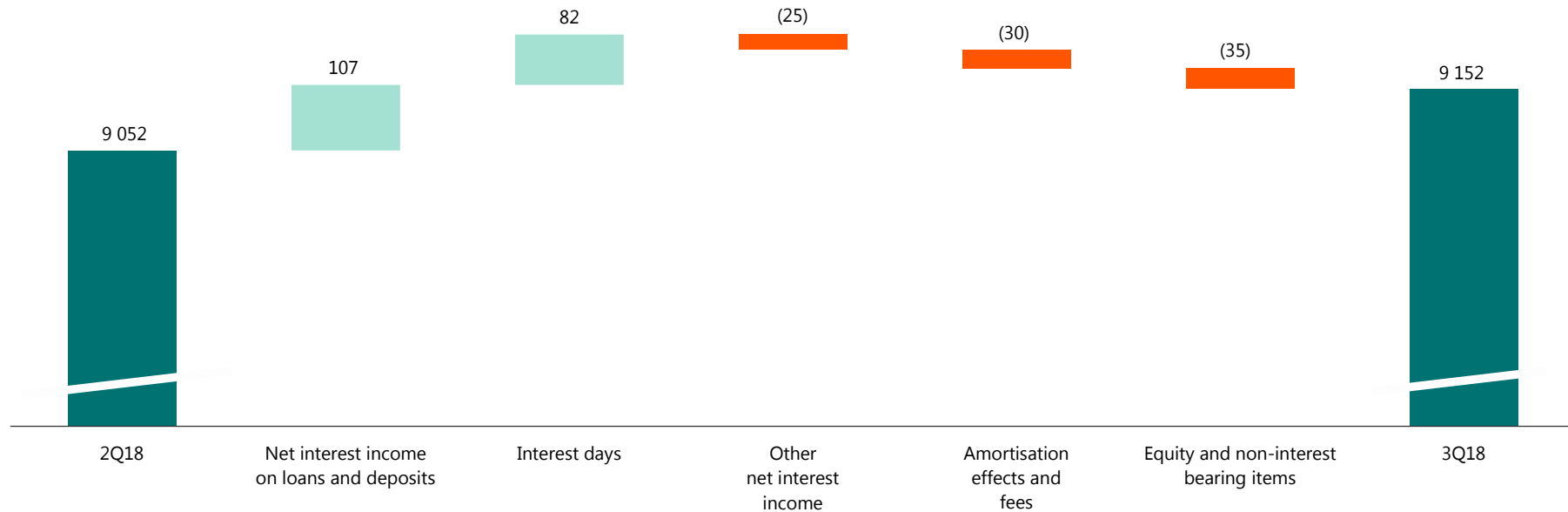


1) Total net interest income relative to average loans and deposits in the customer segments

Stable net interest income

Net interest income from 2Q18 to 3Q18

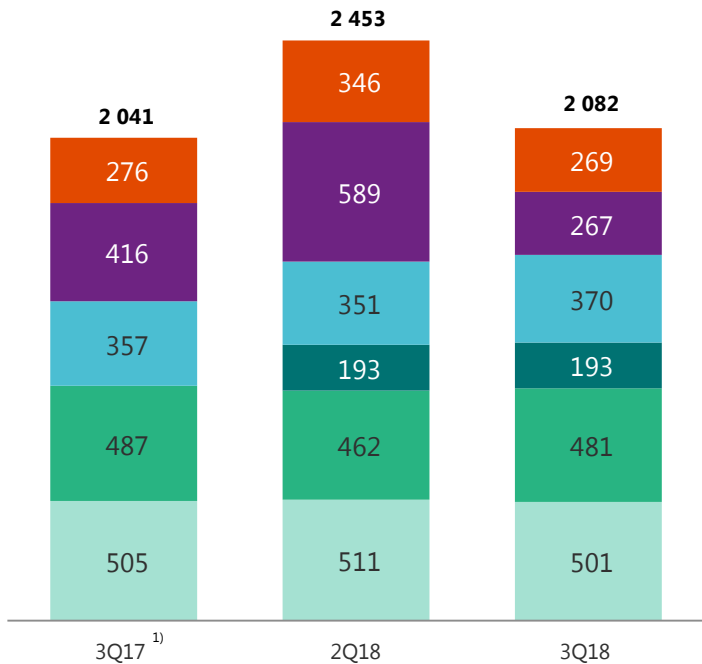
NOK million



Fees impacted by seasonal effects and low activity in the capital markets

Commissions and fees

NOK million



● Real estate broking

Stable income compared with 3Q17

● Investment banking services

Low activity in the capital markets in 3Q18. Expects higher activity in 4Q18

● Asset management and custodial services

Underlying sound development. Lower booking of accrued performance fees due to new accounting standards

● Guarantee commissions

Reclassified from net gains on financial instruments at fair value due to IFRS 9 reporting requirements. Stable underlying development

● Money transfer and banking services

Stable compared with 3Q17

● Life insurance products

Stable income compared with 3Q17 and 2Q18

1) Excluding the Baltics

Net gains on financial instruments

- Customer revenues in Markets remained at a relatively high level
- Lower level of trading revenues due to reduced volumes and increased competition in the money market
- Credit spread tightening until 1Q18 leveling off in 2Q and 3Q – lower gains from bonds and CVA/DVA/FVA
- Reclassification of net interest income from 2018

Net gains on financial instruments at fair value

NOK million

	3Q17	4Q17	1Q18	2Q18	3Q18
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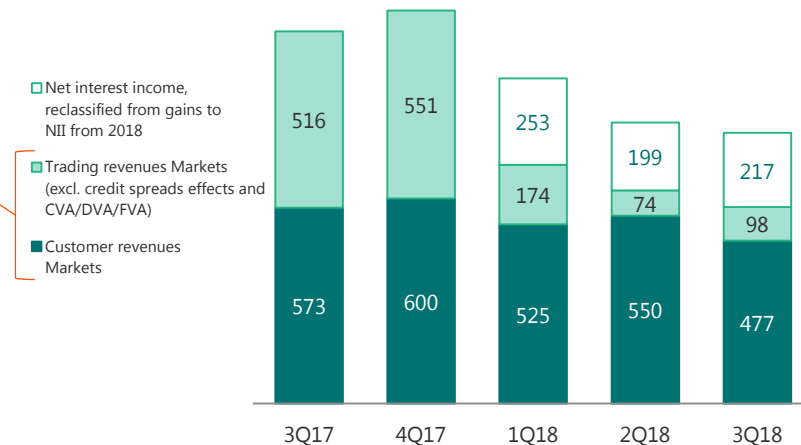
Net gains on financial instruments at fair value	1 065	1 694	162	134	616
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Of which:

Customer and trading revenues in Markets (excl. credit spread effects and CVA/DVA/FVA)	1 089	1 151	699	624	575
Credit spread effects on bonds and CVA/DVA/FVA	255	71	431	10	96
Basis swaps	(54)	62	(372)	(747)	103
Exchange rate effects on additional Tier 1 capital	(624)	330	(527)	497	(18)
Financial guarantees ¹⁾	300	246			
Other net gains on financial instruments	98	(166)	(69)	(249)	(140)

Customer and trading revenues in Markets

NOK million

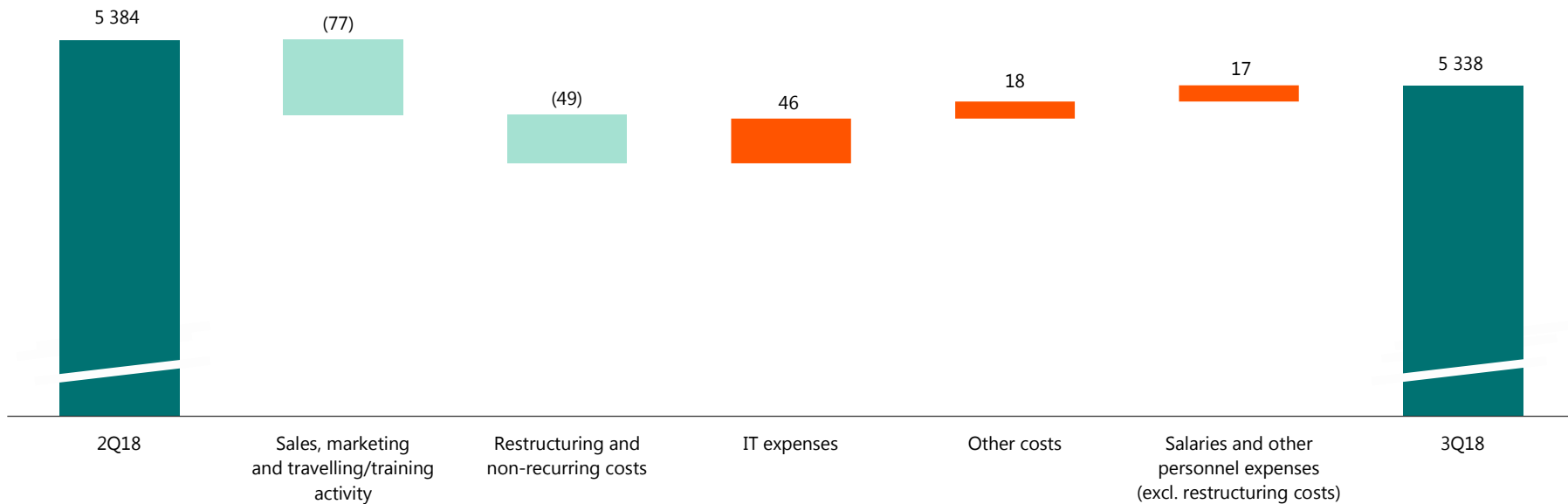


1) Guarantee commissions have been reclassified from Net gains on financial instruments at fair value to Net commissions and fees from 2018

Sound cost control

Operating expenses from 2Q18 to 3Q18

NOK million



Strong asset quality

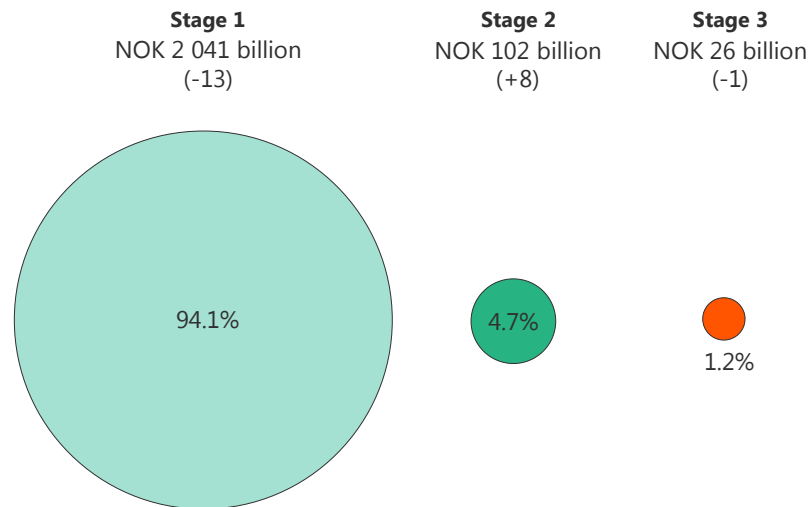
- Personal customers: continued low level of impairment losses
- SME: impacted by impairment on a few specific commitments
- LCI: positive macro development in oil and gas and underlying improvement in credit quality

Impairment of financial instruments per customer segment, P&L

Amounts in NOK million

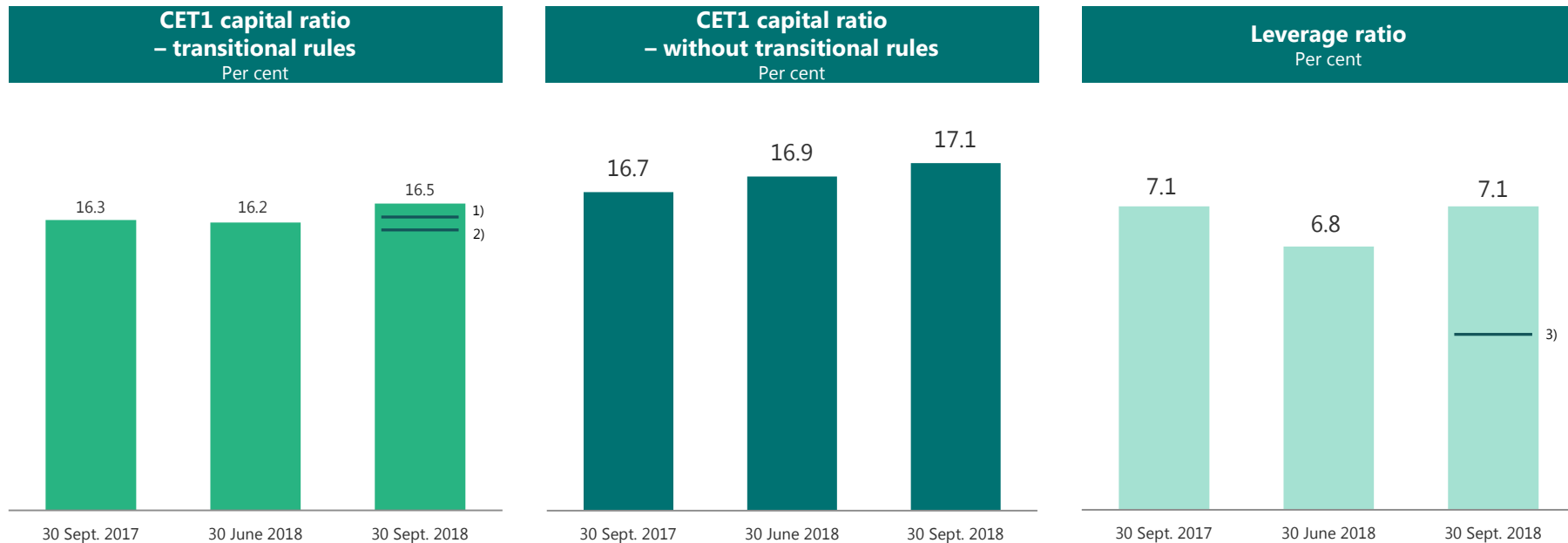
	3Q18	2Q18
Personal customers	(75)	(101)
Small and medium-sized enterprises	(217)	(33)
Large corporates and international customers	281	189
Total	(11)	54

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



Strong capital position

- The Norwegian Financial Supervisory Authority has today published updated Pillar 2 requirements leading to an increase of 20 basis points from 1.6 to 1.8 per cent
- The DNB Group's revised target as from 31 December 2018 will be about 16.3 per cent including management buffer



1) Revised target from 31 December 2018 according to SREP (including management buffer): ~16.3

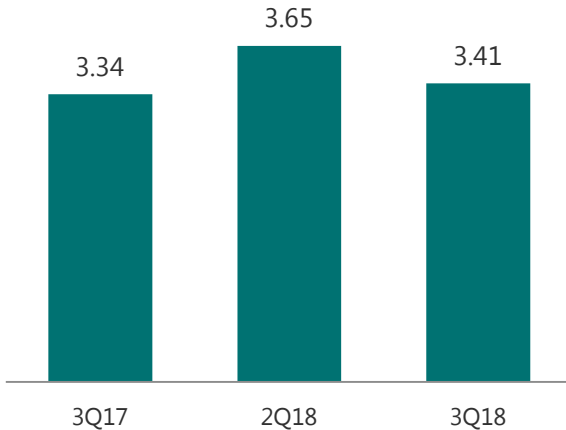
2) Current target: ~16.1

3) Current requirement: 6.0

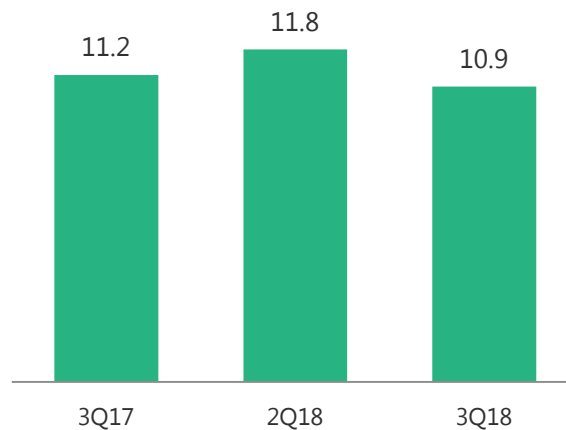
Stable quarterly performance

- 3Q18 affected by reduced contribution from commissions and fees, mainly in the capital markets
- 2Q18 affected by gains from Vipps merger

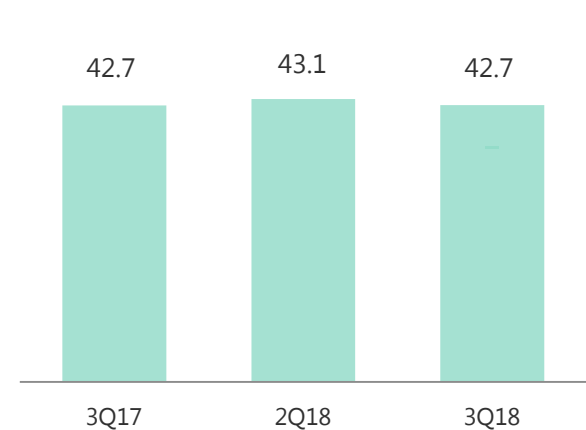
Earnings per share
NOK



Return on equity ¹⁾
Per cent



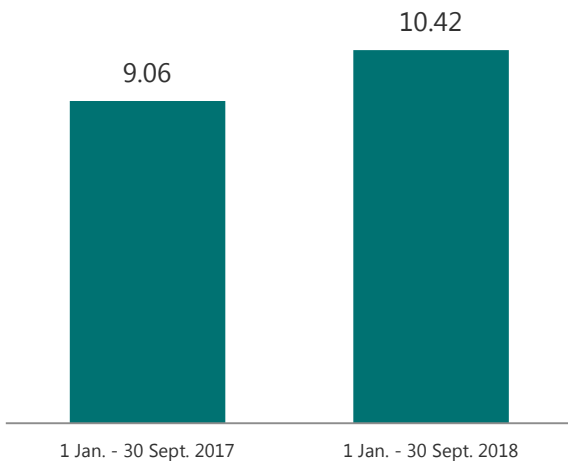
Cost/income ratio
Per cent



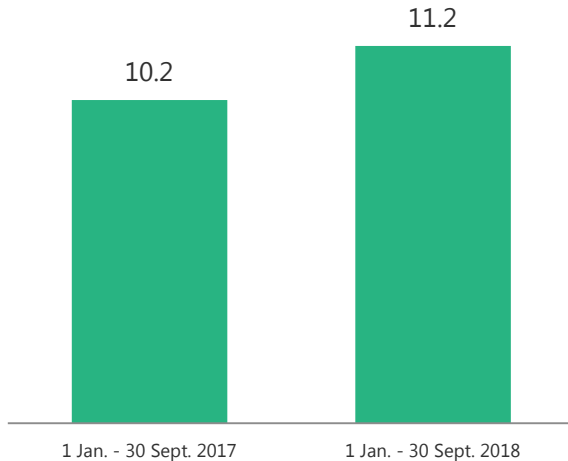
1) Return on equity is calculated on the assumption that additional Tier 1 capital is classified as a liability

Improvement in key figures year to date

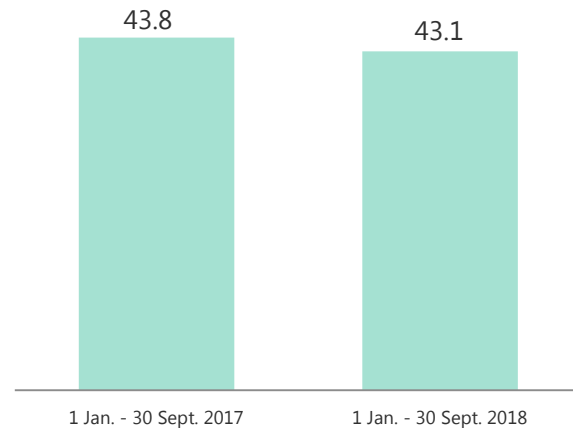
Earnings per share
NOK



Return on equity ¹⁾
Per cent



Cost/income ratio
Per cent



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

APPENDIX

DNB in the Baltics

Strong focus on anti-money laundering

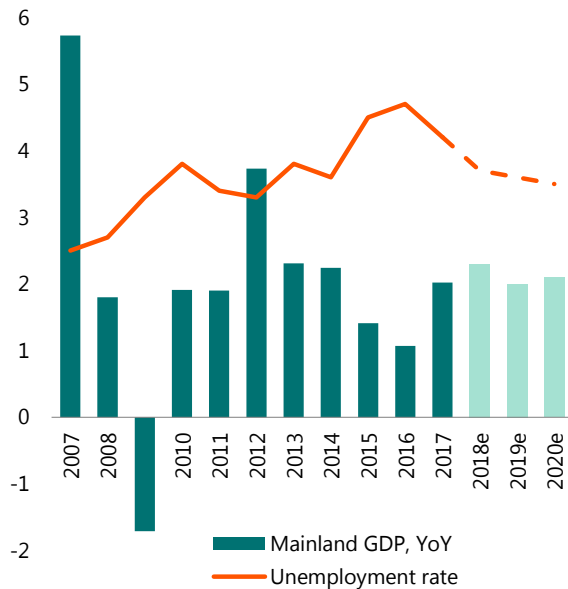


- 43.5 per cent ownership in Luminor, Nordea is the other shareholder
- Luminor operates in Estonia, Latvia and Lithuania
- Blackstone is to acquire 80 per cent of Luminor, while DNB retains the remaining 20 per cent. The deal is expected to close 1H2019
- The strategy has been to serve retail and SME customers in the Baltic countries. Non-residents have been out of scope
 - Between 0.2 and 1.4 per cent of the deposit volumes in the different countries are from customers from Russia, Ukraine and Cyprus
- Two major due diligence processes completed in the last 18 months, in connection with:
 1. The merger between Nordea's and DNB's units in the Baltics
 2. The sale to Blackstone
- Luminor has not been subject to AML sanctions or regulatory fines, nor are we aware of any ongoing investigations
- Investing to fulfil regulatory control requirements

Positive macroeconomic development in Norway

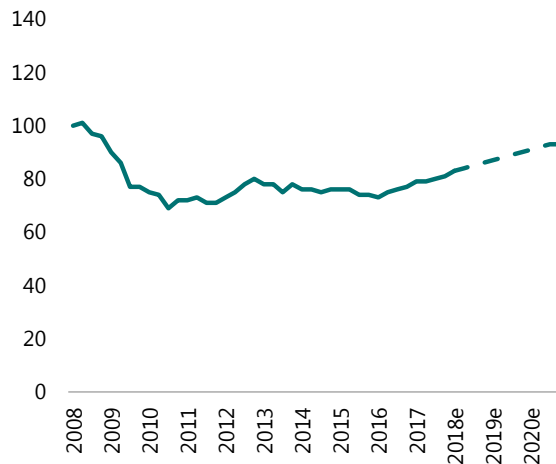
Mainland GDP and unemployment rate

Per cent

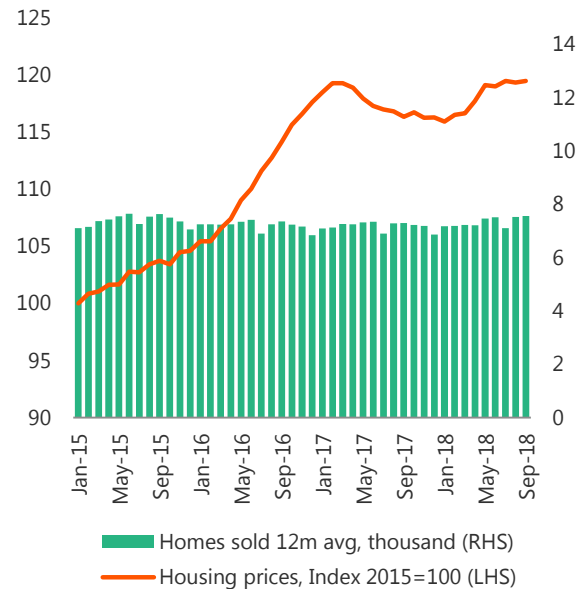


Mainland business investments

1Q08=100, three quarters moving average



Housing prices and activity level



Shareholder distribution

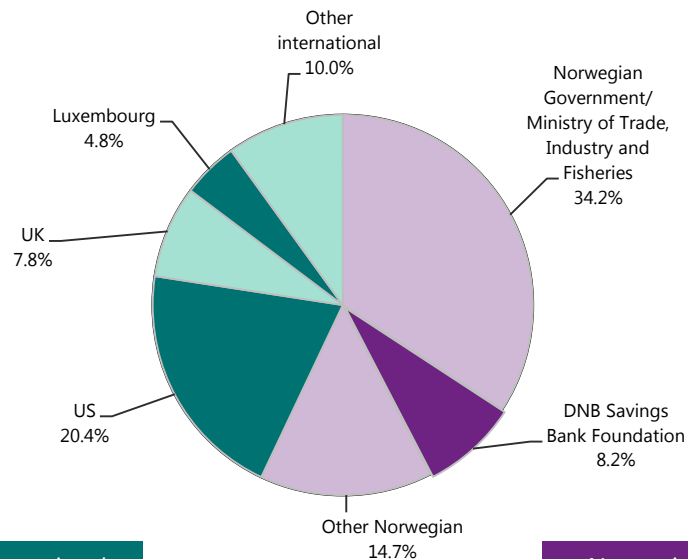
Top 20 shareholders

As at 30 September 2018

	Shares (1 000)	Ownership (per cent)	Quarterly change in shares (1 000)
Norwegian Government/ Ministry of Trade, Industry and Fisheries ¹⁾	545 485	34.2	(8 307)
DNB Savings Bank Foundation	130 001	8.2	-
Folketrygdfondet ²⁾	97 229	6.1	172
Fidelity International	30 615	1.9	(550)
BlackRock	30 453	1.9	2 139
The Vanguard Group	28 186	1.8	415
DWS Investment	25 449	1.6	96
Schroder Investment Management	20 198	1.3	(313)
Capital World Investors	18 601	1.2	558
Storebrand Kapitalforvaltning	16 661	1.0	90
T. Rowe Price	15 839	1.0	675
KLP Forsikring	14 469	0.9	(107)
MFS Investment Management	13 783	0.9	31
DNB Asset Management	13 846	0.9	1 334
Nordea Funds	13 496	0.8	2 828
SAFE Investment Company	12 630	0.8	(811)
Davis Selected Advisers	12 424	0.8	-
Newton Investment Management	12 236	0.8	(760)
State Street Global Advisors	12 049	0.8	74
LSV Asset Management	10 268	0.6	(21)
Total largest shareholders	1 073 915	67.4	(2 458)
Other shareholders	520 437	32.6	749
Total	1 594 352	100.0	(1 709)

Ownership according to nationality

As at 30 September 2018



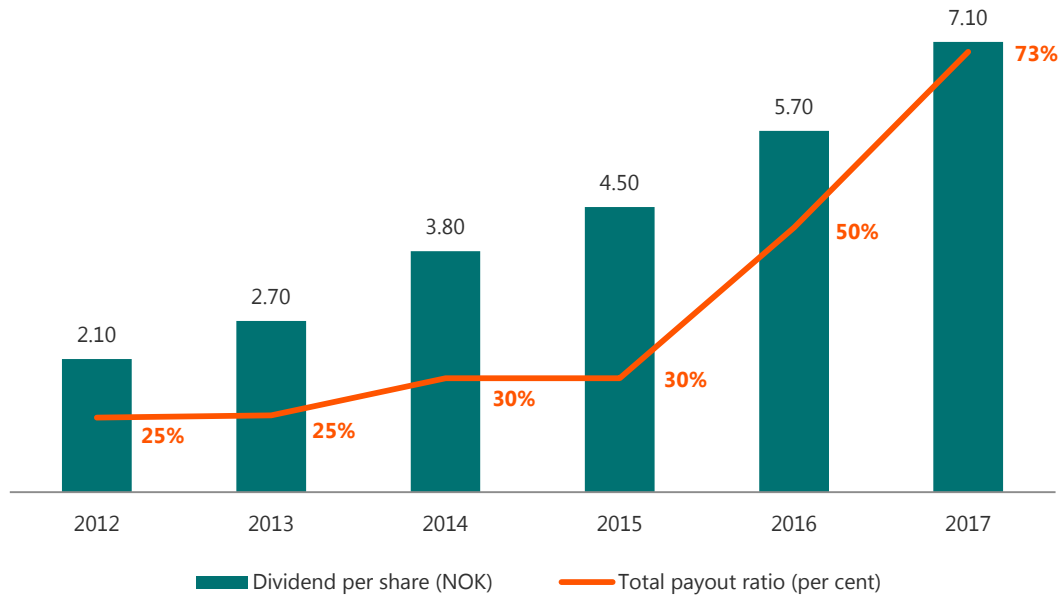
International investors: 43%

Norwegian investors: 57%

- 1) Earlier in 2018, DNB completed three buy-back programmes totaling 1.5 per cent of outstanding shares. The cancellation of these shares, including redemption of the Norwegian government's holdings, were registered on 30 July 2018. In the third quarter of 2018, the first programme (comprising 1.5 per cent) under the new authorisation of 3.5 per cent was initiated
- 2) Folketrygdfondet's ownership fluctuates due to lending of shares

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

Dividend per share and payout ratio

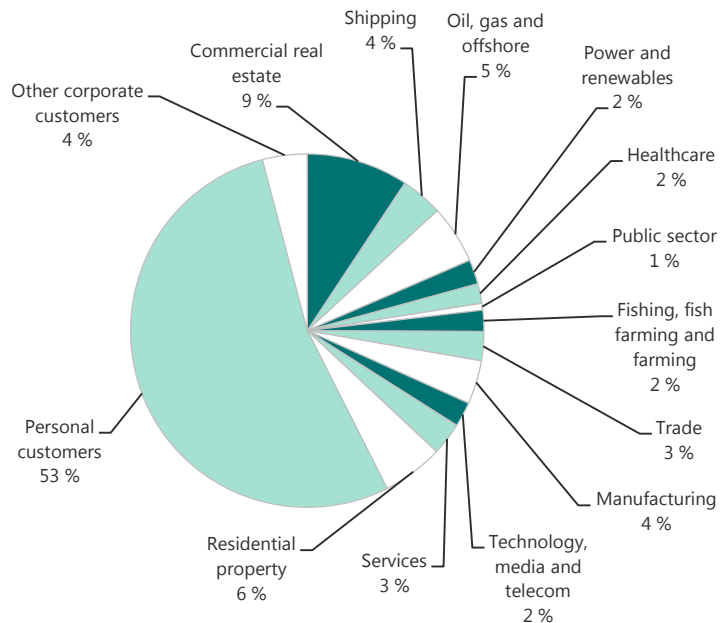


- Cash dividend of 55 per cent and total distribution to shareholders of 73 per cent of profits in 2017
- New authorisation for 2018 approved at AGM for buy-backs of up to 3.5 per cent of outstanding shares. DNB has initially applied for and received approval from the FSA for up to 2 per cent
- Buy-back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

DNB portfolio and income split

Distribution of exposure at default by industry segment

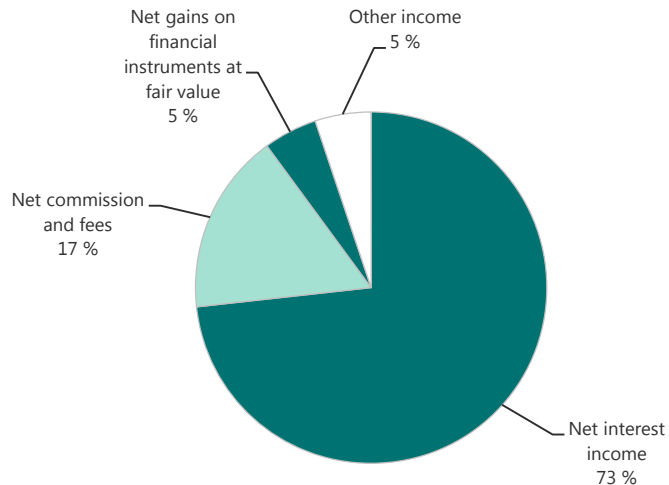
30 September 2018



Around 80 per cent from Norwegian units

Total income split

3Q18



Q3

Third quarter 2018

We are here.
So you can
stay ahead.

