



Results DNB Group

Second quarter 2019

Rune Bjerke (CEO)

Kjerstin Braathen (CFO)



Q2

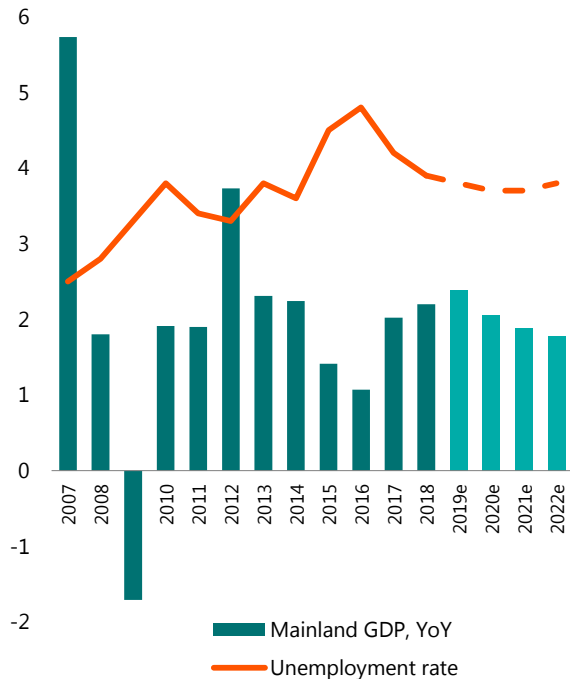


11 July 2019

Positive macroeconomic development in Norway

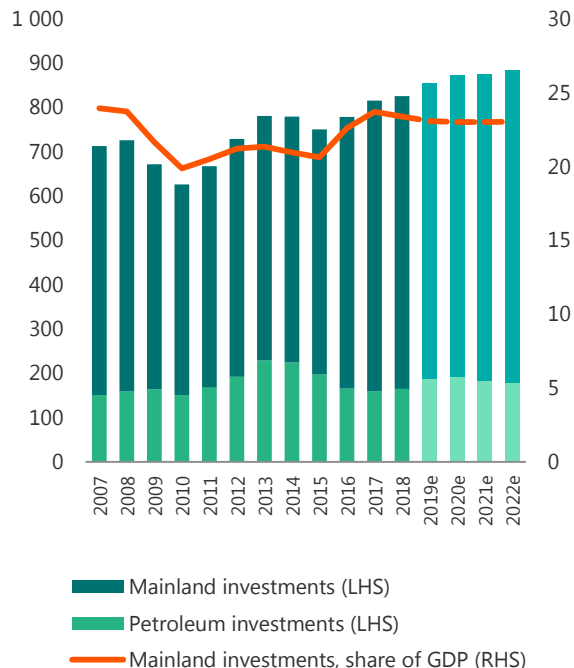
Mainland GDP and unemployment rate

Per cent



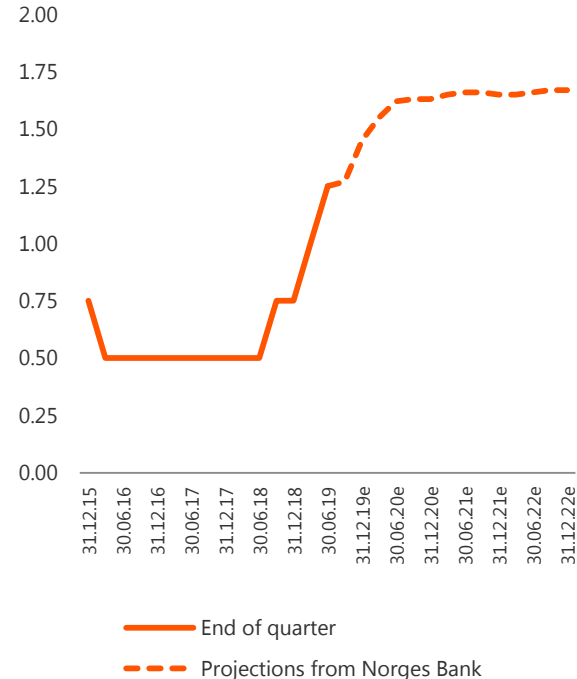
Investments in Norway

NOK bn (constant 2016 prices), share of GDP in per cent



Key policy rate

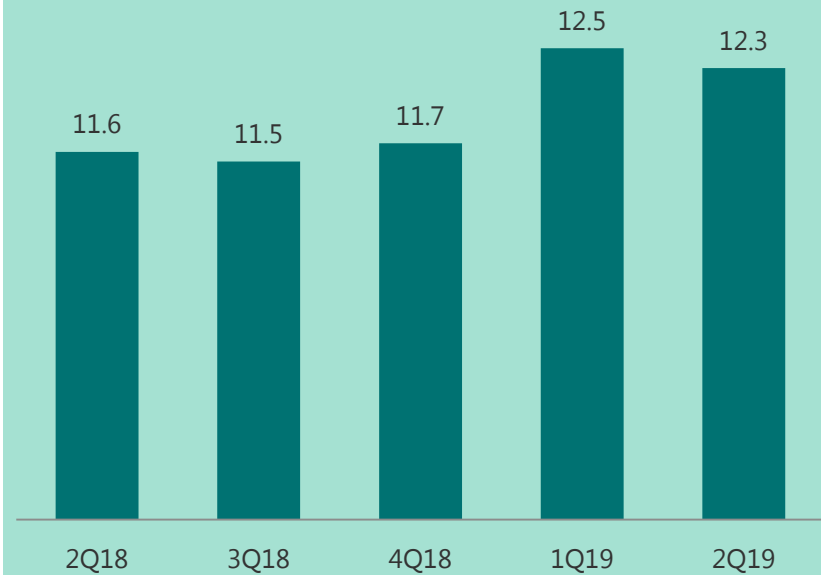
Per cent



Strong second quarter

Return on equity

Per cent, trailing 12-month figures



Return on equity of 11.3 per cent and CET1 ratio of 16.5 per cent in 2Q19

Solid performance in all segments

NII up 3.1 per cent from 1Q19 and 5.8 per cent from 2Q18

Positively affected by repricing and increased volumes

Sound increase in commissions and fees

Up 3.4 per cent from a strong 2Q18, mainly driven by real estate broking and sales of insurance products

Costs up 3.6 per cent adjusted for one-off provision for legal claim

Impacted by inflation and increased investments in compliance and IT security

Earnings per share of NOK 3.71

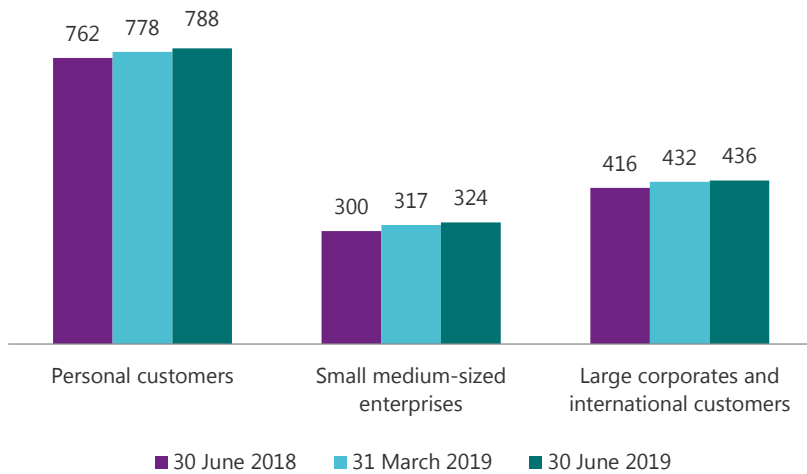
Up 1.6 per cent from 3.65 in 2Q18

Solid growth in all customer segments

- Loans to customers in the customer segments increased by 1.4 per cent in 2Q19, 1.5 per cent currency adjusted
- Both average loans and average deposits increased by 1.5 per cent in the quarter
- Annual increase in loans to customers anticipated to be 3–4 per cent

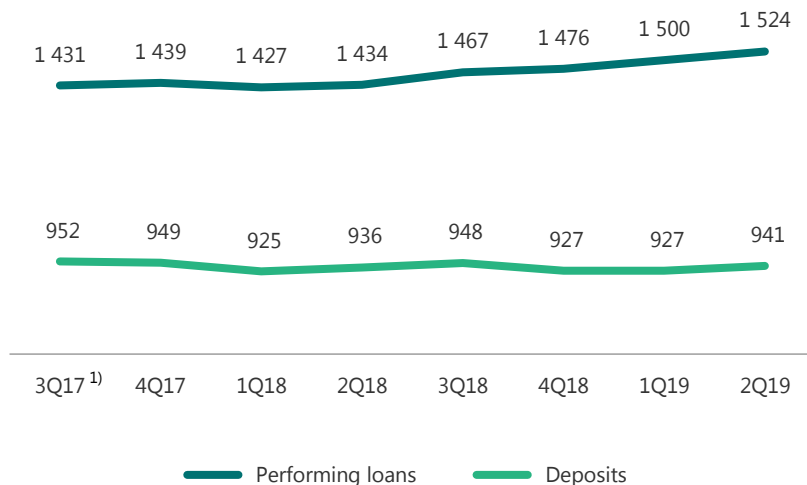
Loans per customer segment

NOK billion



Average loans and deposits in the customer segments

NOK billion

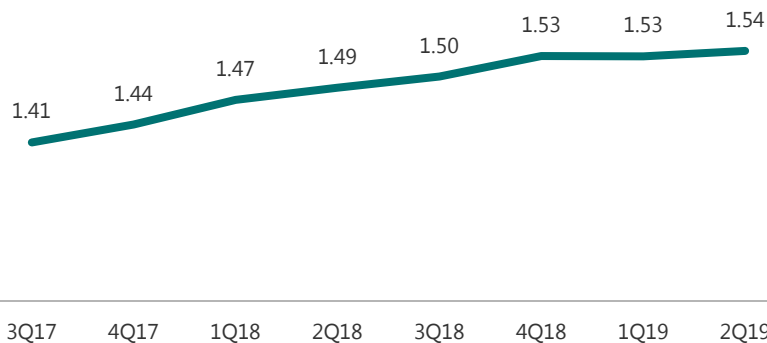


1) Excluding the Baltics.

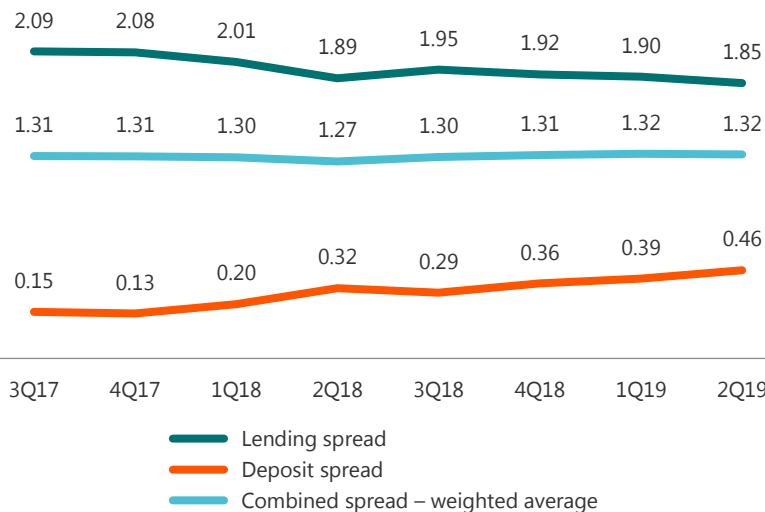
Net interest margin increases as a result of repricing

- Further positive effect on net interest margin from the March interest hike in the SMEs and personal customers portfolios
- Stable development in combined spreads despite lag effects
- Rate adjustment from the June interest hike to take effect in July for the SMEs and August for personal customers

Net interest margin ¹⁾
Per cent, trailing 12-month figures



Spreads in customer segments
Per cent

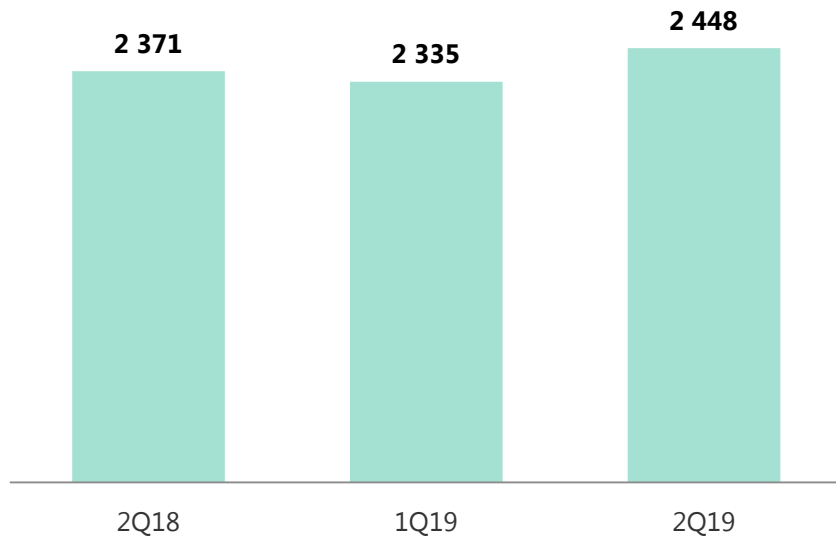


1) Total net interest income relative to average loans and deposits in the customer segments.

Personal customers – steady growth in loans to customers

Pre-tax operating profit

NOK million

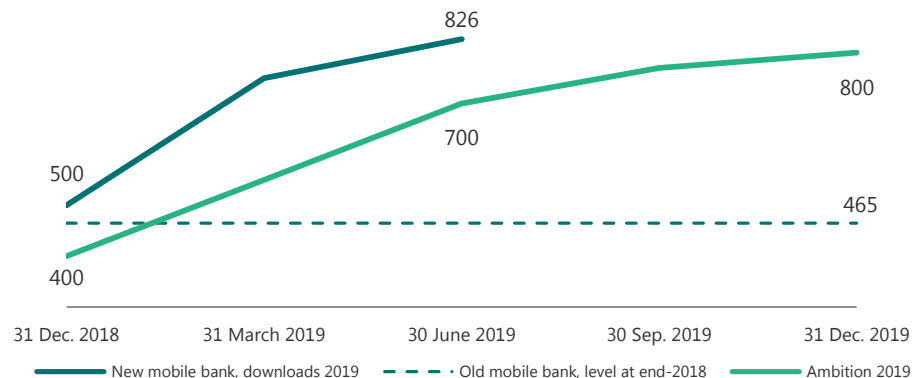


Financial highlights

- Higher operating profit despite increased NOK interest rates and lag in repricing
- Loans to customers up 1.2 per cent from 1Q19, 3.4 per cent from 2Q18
- Successfully implemented a third interest rate hike, with effect as of 8 August
- Our new, cloud-based mobile bank embraced by customers

The new, cloud based mobile bank, downloads

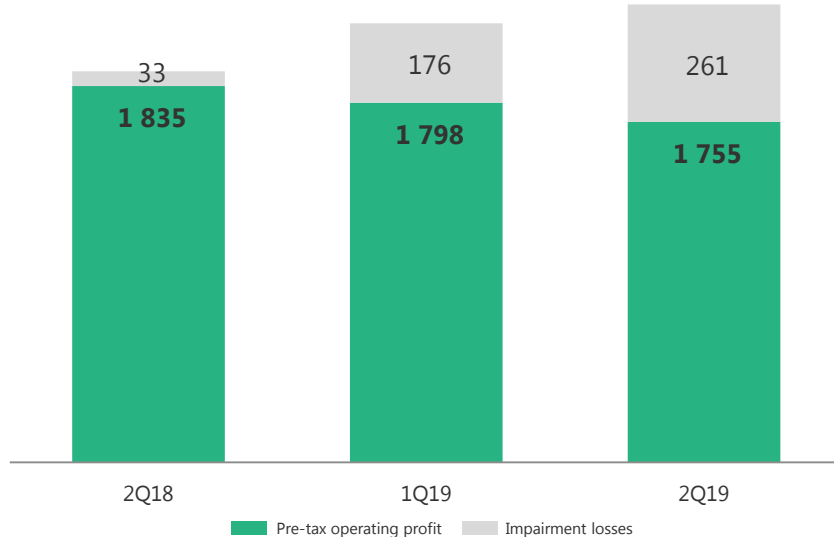
Thousands



Small and medium-sized enterprises – profitable growth continues

Pre-tax operating profit

NOK million

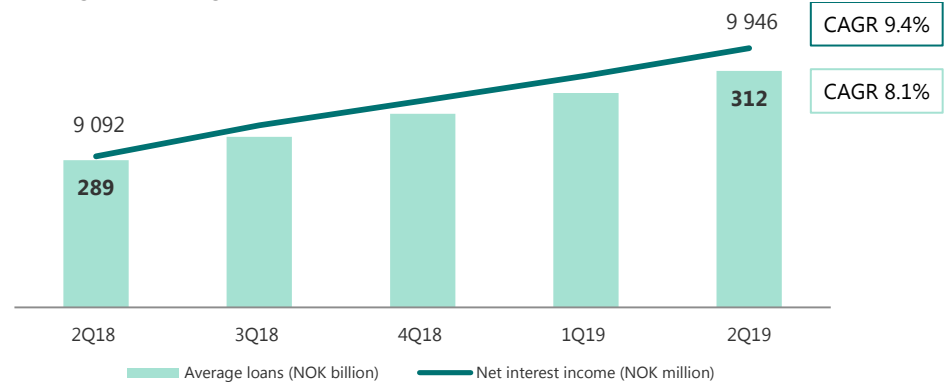


Financial highlights

- Pre-tax operating profit before impairment losses up 2.3 per cent from 1Q19
- Net interest income up 3.1 per cent from 1Q19, driven by increased volumes and deposit spreads
- Successfully implemented a third interest rate hike, with effect as of 19 July

Loans to customers and net interest income

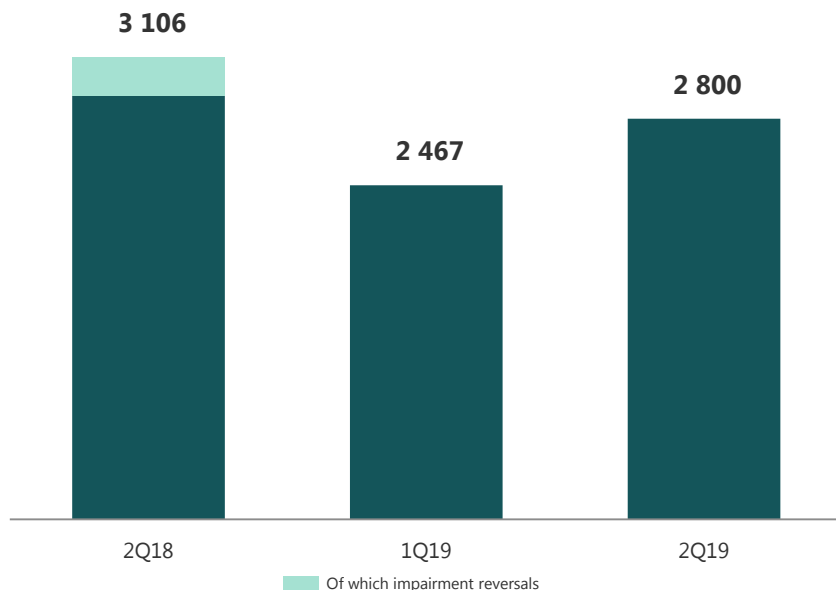
Trailing 12-month figures



Large corporates and international customers – solid performance

Pre-tax operating profit

NOK million

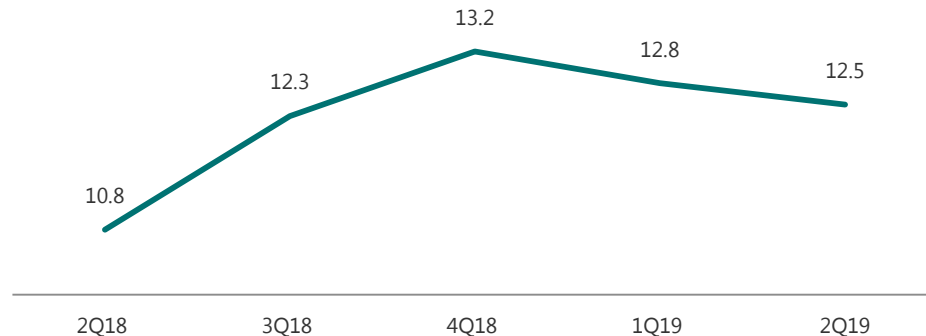


Financial highlights

- Pre-tax operating profit up 13.5 per cent from 1Q19, driven by increased income
- Net interest income up 5.7 per cent from 1Q19, mainly due to increased volumes
- Other income up 13.9 per cent, strong results from FICC and DCM¹⁾

Return on allocated capital

Per cent, trailing 12-month figures

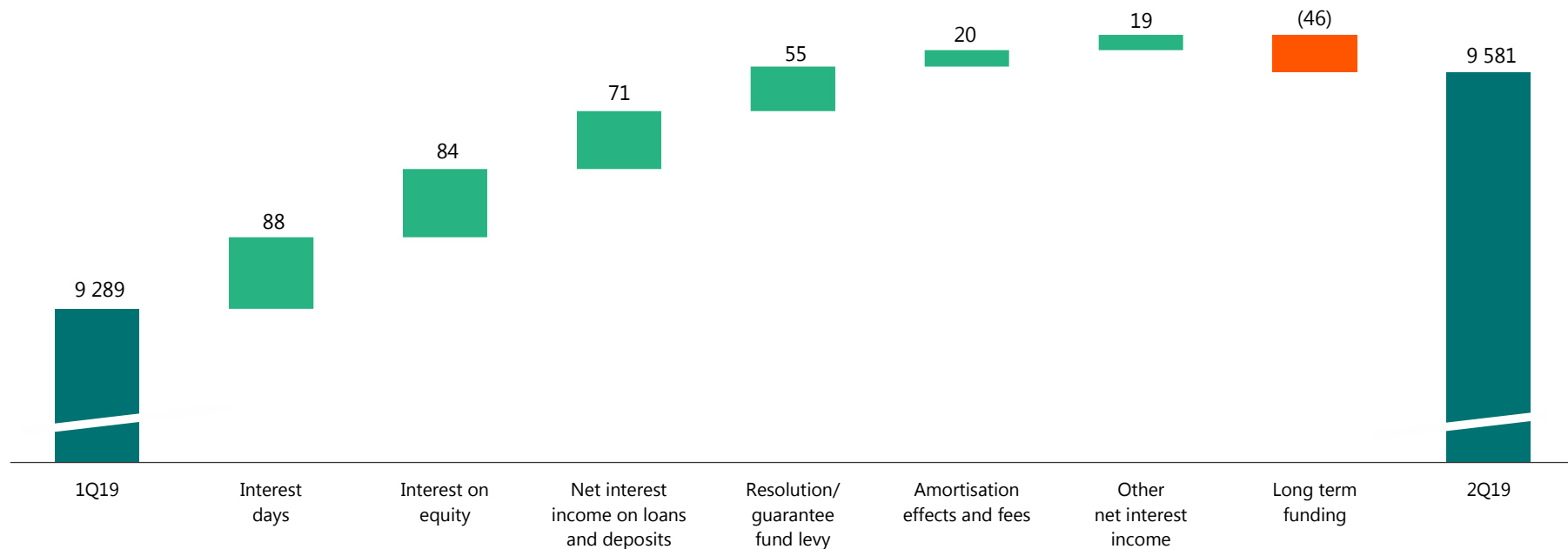


1) Fixed Income, Currencies and Commodities and Debt Capital Markets

Continued profitable growth and further positive effect from repricing

Net interest income from 1Q19 to 2Q19

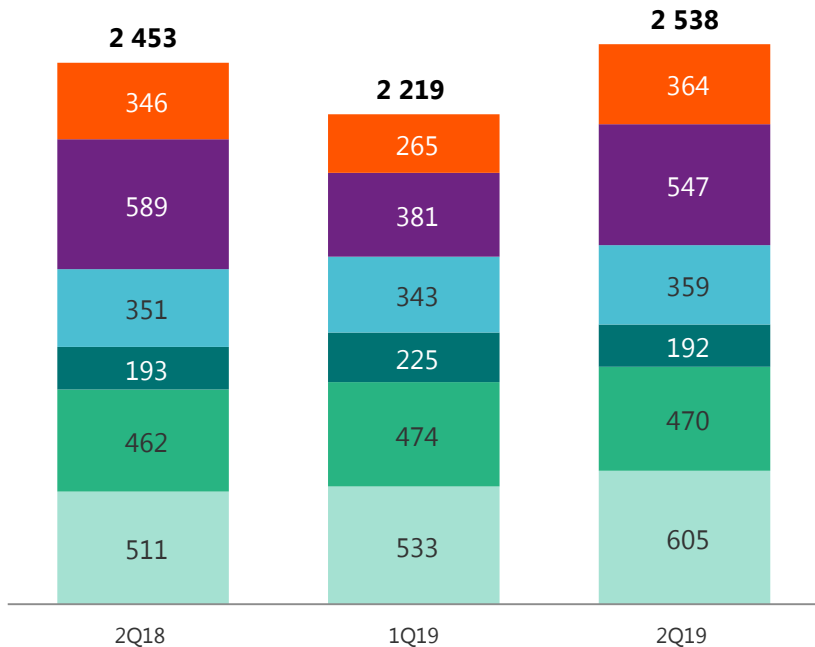
NOK million



Income from commissions and fees up 3.4 per cent from 2Q18

Commissions and fees

NOK million



● Real estate broking

Income up 5.0 per cent from 2Q18 driven by high activity

● Investment banking services

Solid results in debt capital markets offset by somewhat slower equity capital markets

● Asset management and custodial services

2.3 per cent growth from 2Q18 due to higher volumes in retail

● Guarantee commissions

Stable income

● Money transfer and banking services

Successfully replacing traditional income sources with new services

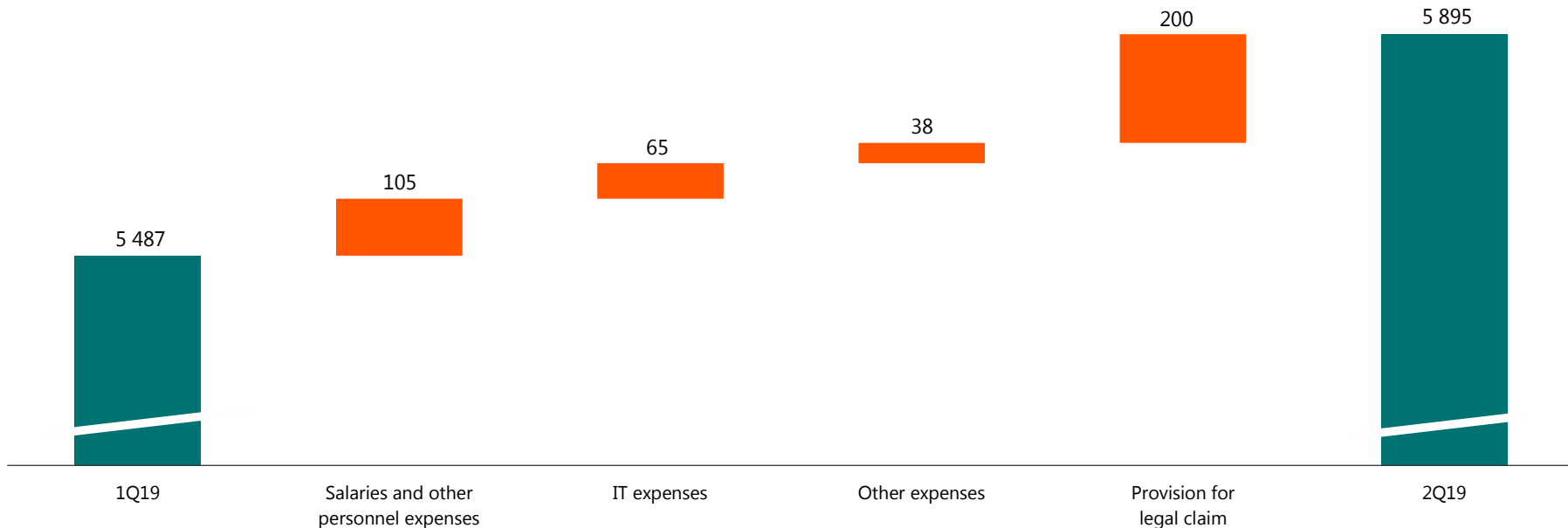
● Sale of insurance products

Sales of non-life (Fremtind) and life insurance products are contributing to the strong development

Costs impacted by inflation, increased investments in compliance and IT security as well as a one-off provision for legal claim

Operating expenses from 1Q19 to 2Q19

NOK million



Stable asset quality and macro outlook for the total portfolio

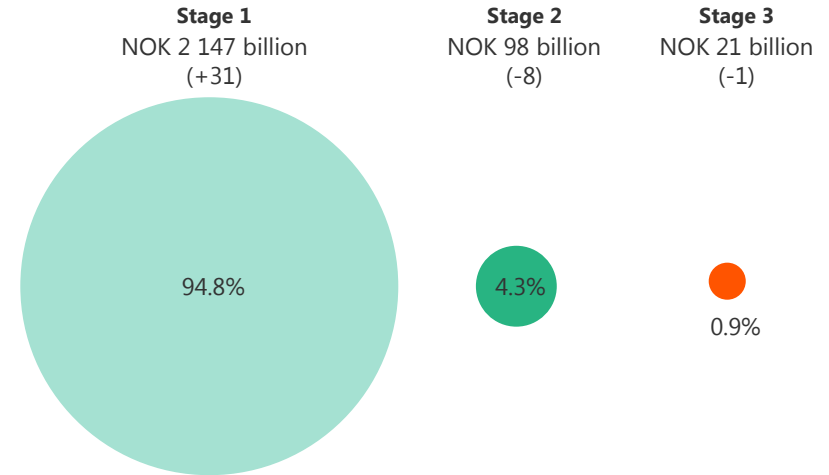
- Overall impairment losses remain at a low level of 8 basis points of exposure at default

Impairment of financial instruments per customer segment

Amounts in NOK million

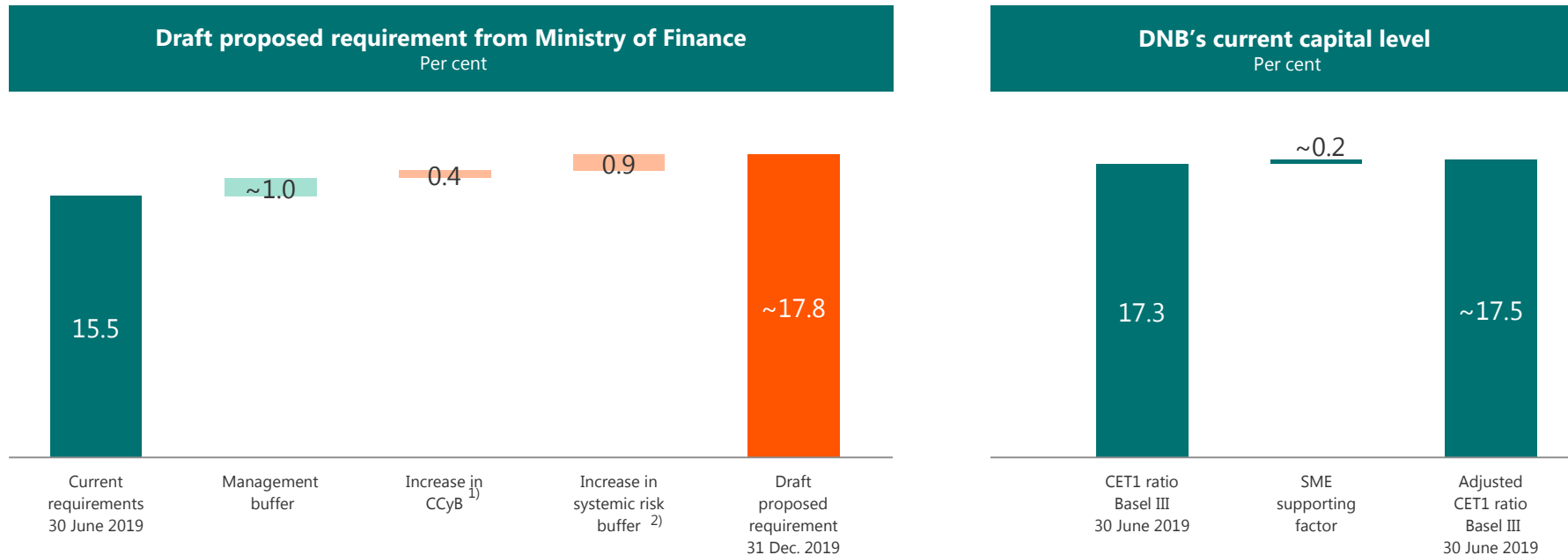
	2Q19	1Q19	2Q18
Personal customers	(76)	(101)	(101)
Small and medium-sized enterprises	(261)	(176)	(33)
Large corporates and international customers	(110)	(39)	189
Total	(450)	(316)	54

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



Update on CRR/CRD IV and new draft proposal from Ministry of Finance

- The Norwegian Ministry of Finance has signalled overall required capital level for Norwegian banks to be maintained after removal of the Basel I transitional floor
- Current draft proposal from Ministry of Finance indicates an increase in the capital requirement for DNB of approximately 30 bps



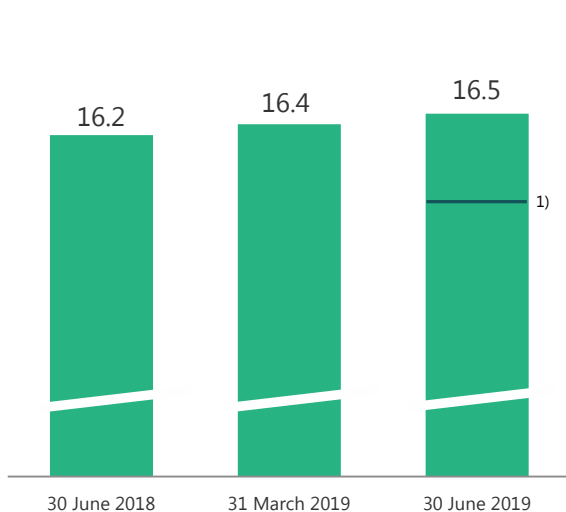
1) Countercyclical buffer (CCyB) – based on DNB's exposure and relevant local CCyB rates (already adopted, with effect from end 2019).

2) Based on the Ministry of Finance's proposal for amendment of capital requirements published 25 June 2019, with effect from end 2019.

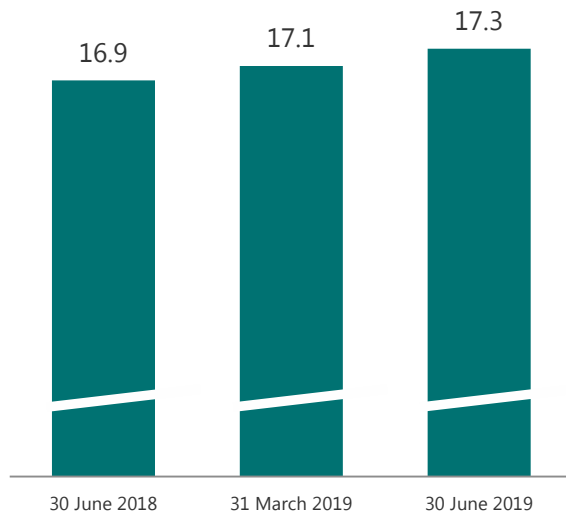
CET1 capital ratio further increased from a comfortable level

- Planned transactions impacting the CET1 ratio:
 - Luminor estimated to give a positive effect of 30 basis points
 - Personal risk products (Fremtind) estimated to give a negative effect of 10 basis points

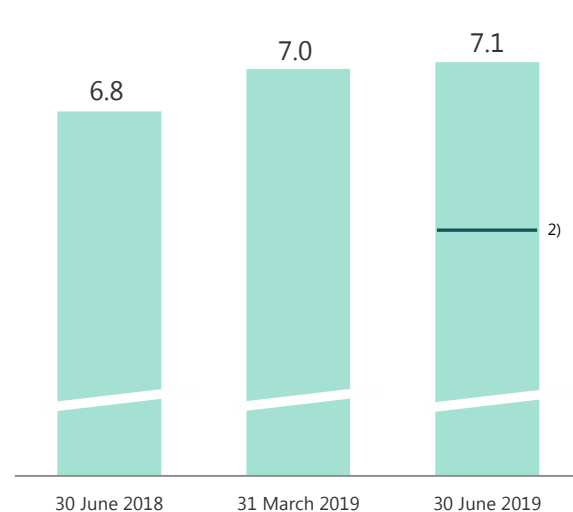
**CET1 capital ratio
– transitional rules**
Per cent



**CET1 capital ratio
– without transitional rules**
Per cent



Leverage ratio
Per cent



1) CET1 capital ratio requirement of 15.5 per cent. Management buffer of about 1 per cent.

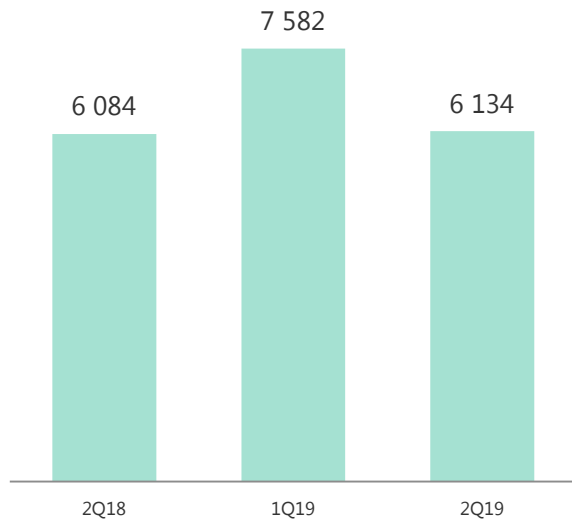
2) Leverage ratio requirement of 6.0 per cent.

Sound development in key figures

- Solid profit in the quarter
 - 1Q19 positively affected by NOK 1.7 billion gain from the Fremtind merger
 - 2Q18 positively affected by NOK 465 million gain from the Vipps, BankID Norge and BankAxept merger

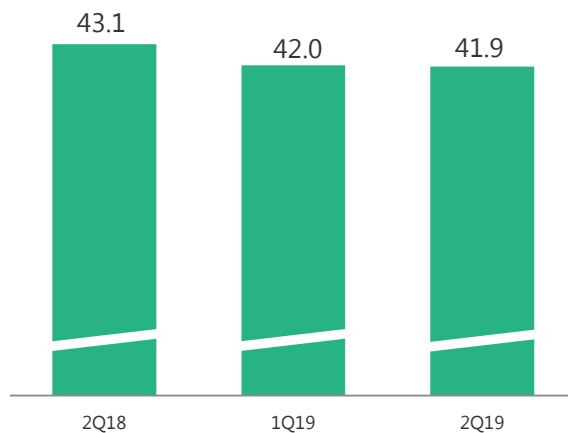
Profit for the period

NOK million



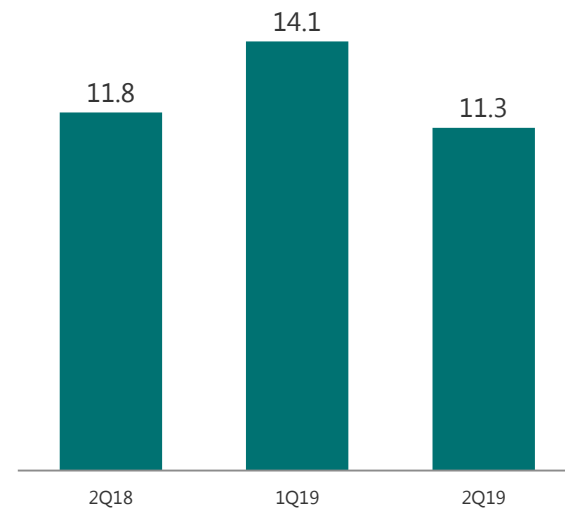
Cost/income ratio

Per cent



Return on equity

Per cent



APPENDIX

Helping authorities combat financial crime is at the top of the management's agenda

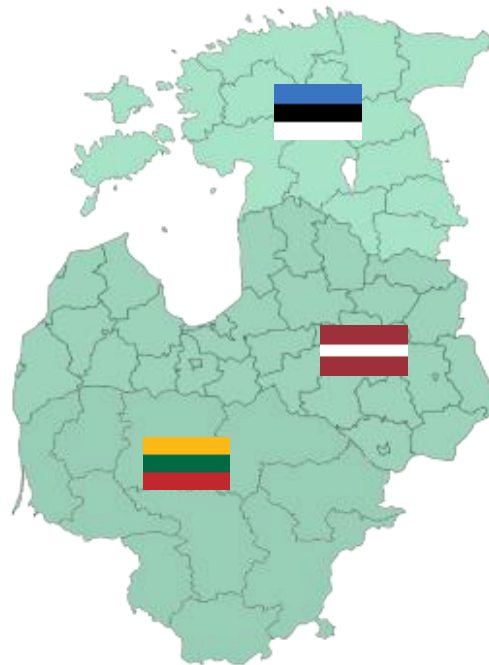
Commitment to compliance excellence

- DNB uses a considerable amount of resources on supporting authorities in the fight against financial crime
- Anti-money laundering is high on the agenda at all levels of our organisation, and a regular topic in management meetings and board meetings
- DNB has recently made organisational changes to further strengthen the AML routines in the first and second lines of defence
- The fight against money laundering is a fight against criminal networks constantly developing new methods
- Combatting financial crime is complex work, and the regulatory frameworks banks must comply with have changed over time – no bank can ever guarantee that suspicious transactions that should have been examined more carefully do not exist
- Our systems and procedures detect a large number of cases that are further investigated and reported to the authorities each year, DNB is working continuously to develop and improve our systems and analyses
- All information gathered from regulators and other institutions strengthens the ability to detect suspicious transactions and subsequently report these to authorities

Luminor – a joint venture with Nordea – has shown strong commitment towards compliance and anti-money laundering in the Baltics

Strong focus on AML in the Baltics

- 43.5 per cent ownership in Luminor, a joint venture with Nordea, Blackstone is to acquire 80 per cent of Luminor
- DNB's strategy in the Baltics has been to serve the local personal customers and SME segments – non-resident customers (outside EEA) have been out of scope
- Two due diligence processes completed in the past two years, in connection with:
 1. The merger between Nordea's and DNB's Baltic units
 2. The sale to Blackstone
- Luminor has not been subject to AML sanctions or regulatory fines
- In our experience, Luminor has shown a strong commitment towards detecting and reporting suspicious transactions.



Shareholder distribution

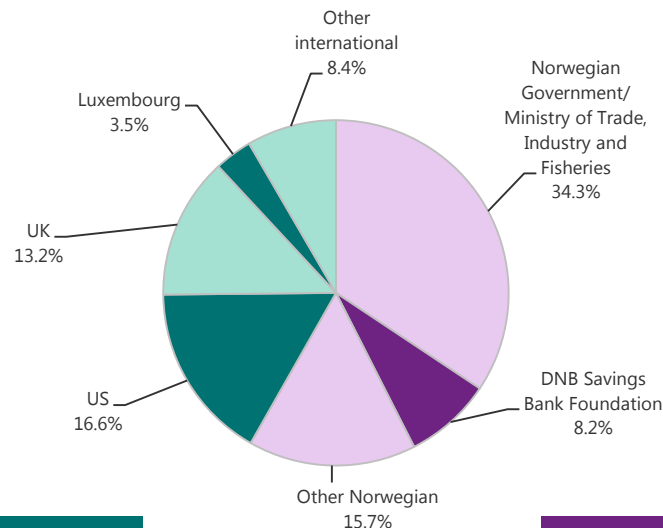
Top 20 shareholders

As at 30 June 2019

	Shares (1 000)	Ownership (per cent)	Quarterly change in shares (1 000)
Norwegian Government/ Ministry of Trade, Industry and Fisheries ¹⁾	545 485	34.3	-
DNB Savings Bank Foundation	130 001	8.2	-
Folketrygdfondet ²⁾	96 594	6.1	300
The Vanguard Group, Inc.	31 551	2.0	1 178
BlackRock Institutional Trust Company, N.A.	29 386	1.8	(848)
DWS Investment GmbH	29 075	1.8	3 421
Fidelity International	26 741	1.7	(462)
Schroder Investment Management Ltd. (SIM)	20 011	1.3	(77)
Capital World Investors	18 714	1.2	-
Storebrand Kapitalforvaltning AS	17 285	1.1	572
DNB Asset Management AS	16 421	1.0	3 904
T. Rowe Price Associates, Inc.	16 305	1.0	112
KLP Forsikring	14 597	0.9	173
Davis Selected Advisers, L.P.	14 460	0.9	(87)
Nordea Funds Oy	13 900	0.9	1 244
SAFE Investment Company Limited	12 248	0.8	-
State Street Global Advisors (US)	12 183	0.8	(63)
Polaris Capital Management, LLC	11 248	0.7	316
Newton Investment Management Ltd.	10 700	0.7	(67)
Danske Capital (Norway)	10 671	0.7	467
Total largest shareholders	1 077 574	67.8	10 084
Other shareholders	510 910	32.2	
Total	1 588 484	100.0	

Ownership according to nationality

As at 30 June 2019



International
investors: **42%**

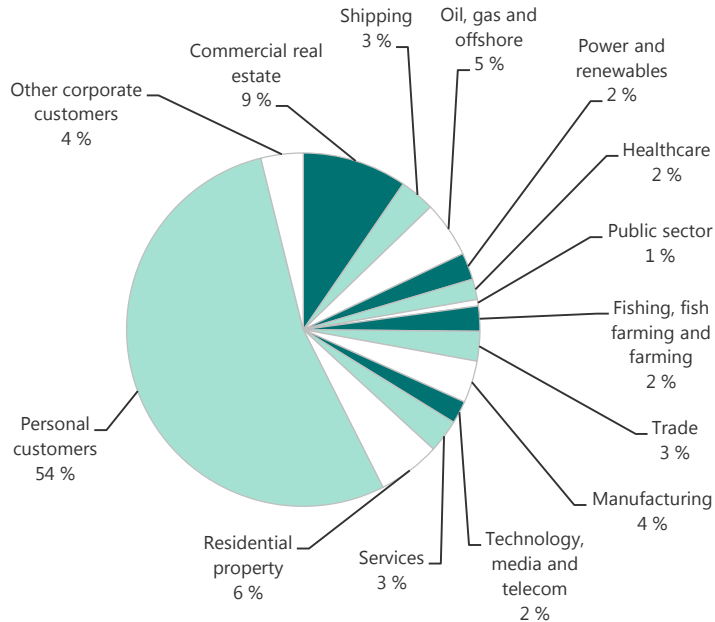
Norwegian
investors: **58%**

- 1) A share buy-back programme of 1.5 per cent of DNB's outstanding shares was initiated in June 2018 and completed during the first quarter of 2019. The Annual General Meeting held on 30 April 2019 adopted a resolution to reduce the Group's share capital by cancelling own shares and redeeming a proportionate number of shares held by the Norwegian government. The cancellation and redemption of shares is expected to be completed in the third quarter of 2019.
- 2) Folketrygdfondet's ownership fluctuates due to lending of shares.

DNB portfolio and income split

Distribution of exposure at default by industry segment

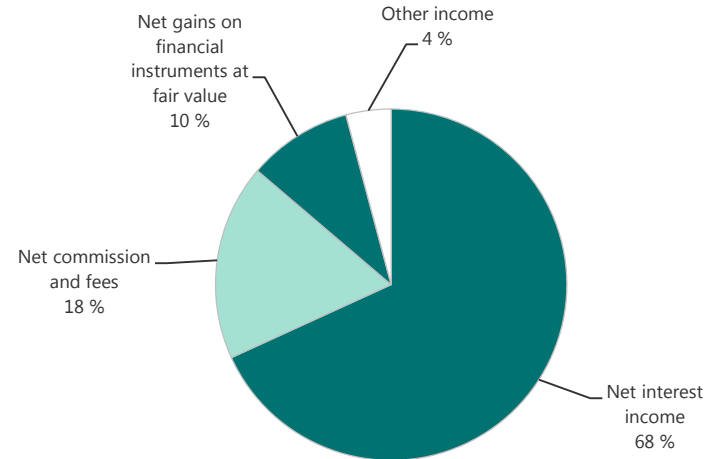
30 June 2019



Around 80 per cent from Norwegian units

Total income split

2Q19



DISCLAIMER

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in this presentation may include forward-looking statements, such as statements of future expectations. These statements are based on the management's current views and assumptions, and involve both known and unknown risks and uncertainties.

Although DNB believes that the expectations reflected in any such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Actual results, performance or events may differ materially from those set out or implied in the forward-looking statements. Important factors that may cause such a difference include, but are not limited to: (i) general economic conditions, (ii) performance of financial markets, including market volatility and liquidity (iii) the extent of credit defaults, (iv) interest rate levels, (v) currency exchange rates, (vi) changes in the competitive climate, (vii) changes in laws and regulations, (viii) changes in the policies of central banks and/or foreign governments, or supranational entities.

DNB assumes no obligation to update any forward-looking statement.

This presentation contains alternative performance measures, or non-IFRS financial measures. Definitions and calculations are presented in our quarterly reports.



Results DNB Group

Second quarter 2019

**We are here.
So you can stay
ahead.**

DNB