



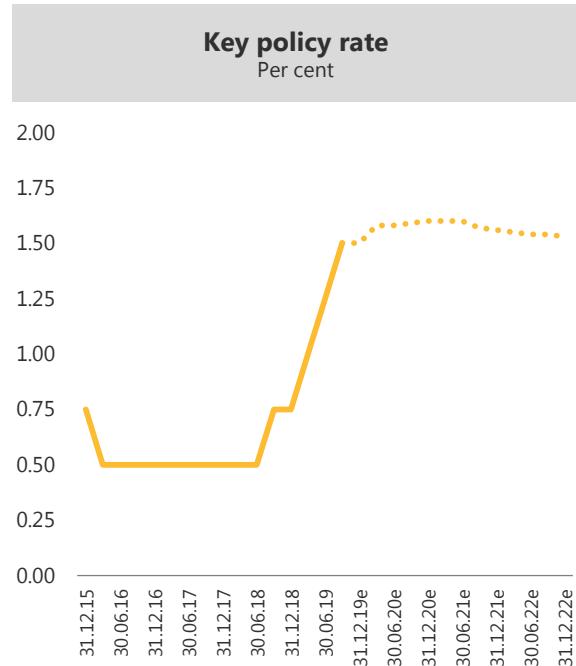
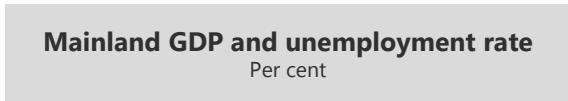
Results DNB Group

Third quarter 2019

Kjerstin R. Braathen (CEO)
Ottar Ertzeid (CFO)

Q3

Positive Norwegian macro outlook confirmed by a fourth interest rate hike



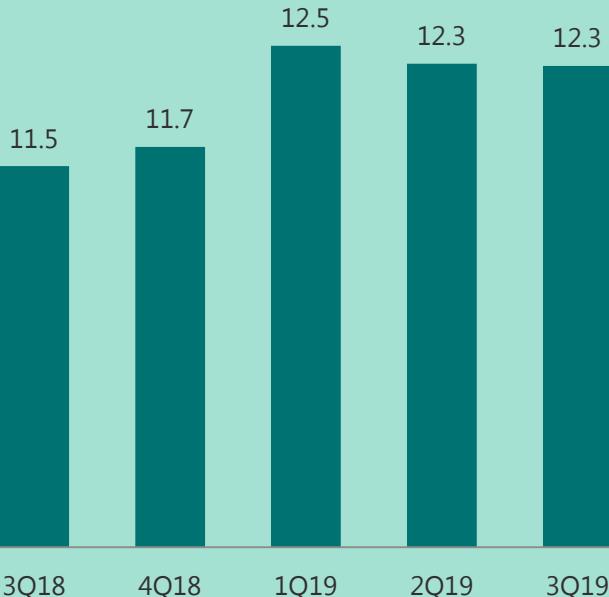
█ Mainland investments (LHS)
█ Petroleum investments (LHS)
█ Mainland investments, share of GDP (RHS)

— Key policy rate at end of quarter
••••• Projections from Norges Bank

Strong third quarter

Return on equity

Per cent, trailing 12-month figures



Return on equity of 10.9 per cent in 3Q19

Solid performance in all segments

Net interest income up 9.1 per cent from 3Q18 and 4.2 from 2Q19

Positively affected by repricing and increased volumes

Net commissions and fees up 11.6 per cent from 3Q18

Positive development in investment banking, real estate broking, pensions and non-life insurance

Earnings per share of NOK 3.64

Up 6.8 per cent from NOK 3.41 in 3Q18

New share buy-back programme of 0.5 per cent announced

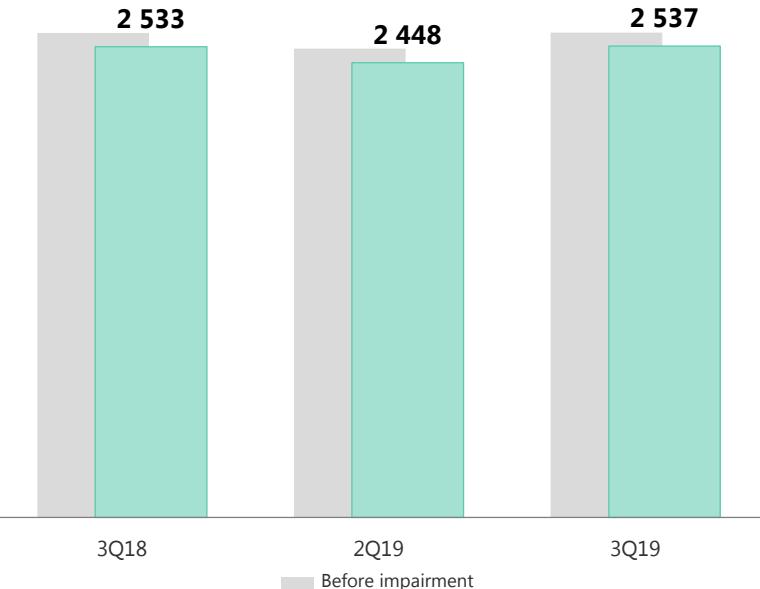
Reflecting the strong CET1 capital ratio of 18.3 per cent ¹⁾

1) Without transitional rules.

Personal customers – healthy growth in both loans and deposits

Pre-tax operating profit

NOK million

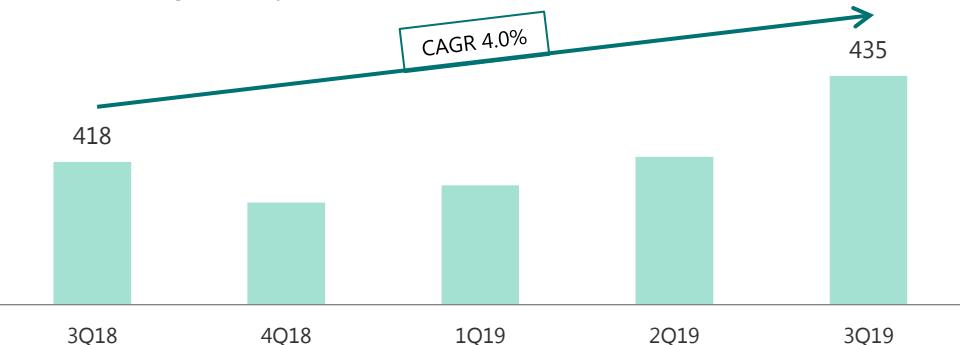


Financial highlights

- Stable operating profit despite increased NOK interest rates and lag in repricing
- Loans to customers up 0.9 per cent from 2Q19 and 3.2 per cent from 3Q18
- Fourth interest rate hike implemented, with effect from 7 November

Deposits from customers

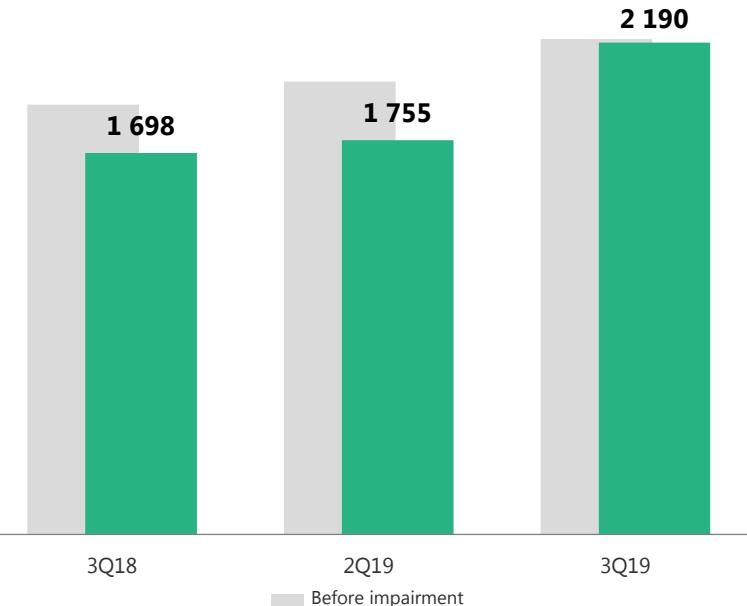
NOK billion, average quarterly volumes



Small and medium-sized enterprises – profitable growth continues

Pre-tax operating profit

NOK million

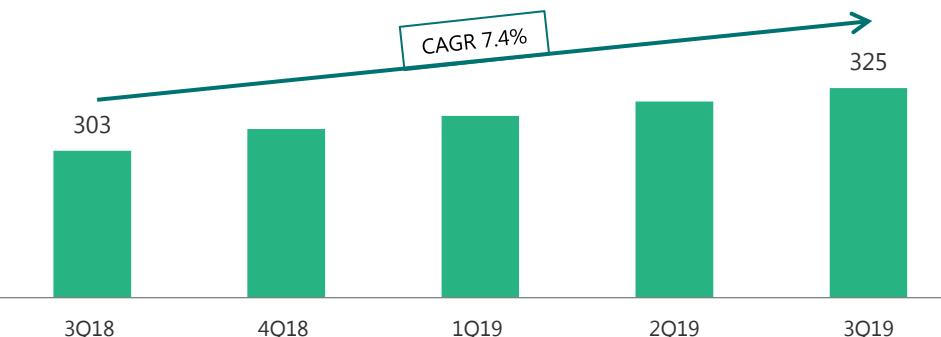


Financial highlights

- Pre-tax operating profit up 29.0 per cent from 3Q18, partly due to low impairment losses in the quarter
- Net interest income up 14.0 per cent from 3Q18, driven by increased volumes and wider deposit spreads
- Fourth interest rate hike implemented, with effect from 18 October

Loans to customers

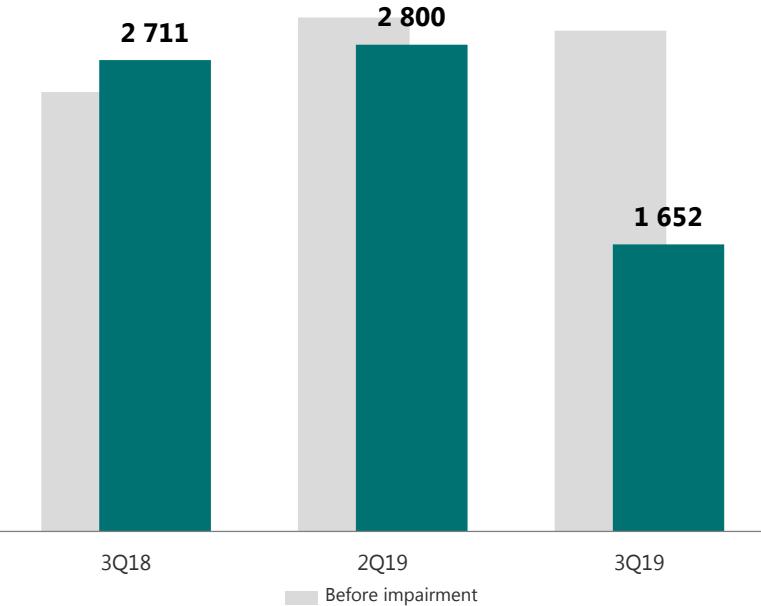
NOK billion, average quarterly volumes



Large corporates and international customers – solid underlying performance

Pre-tax operating profit

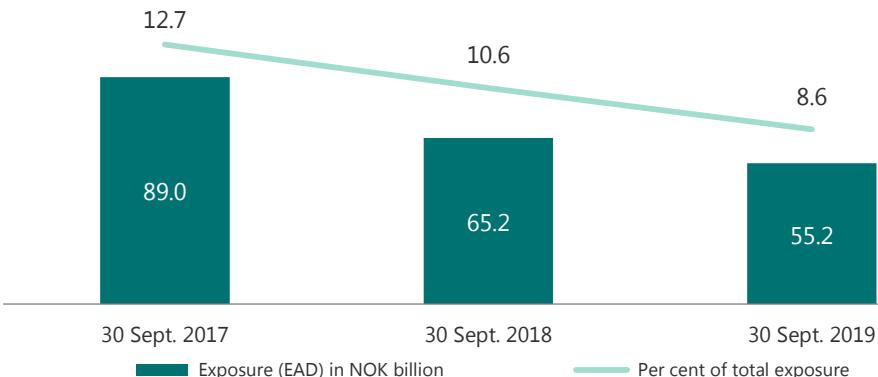
NOK million



Financial highlights

- Net interest income up 10.0 per cent from 3Q18 and 2.9 per cent from 2Q19
- Healthy net other operating income from Markets in a seasonally slow quarter
- Pre-tax operating profit affected by a single large impairment loss
- Sound and diversified credit portfolio

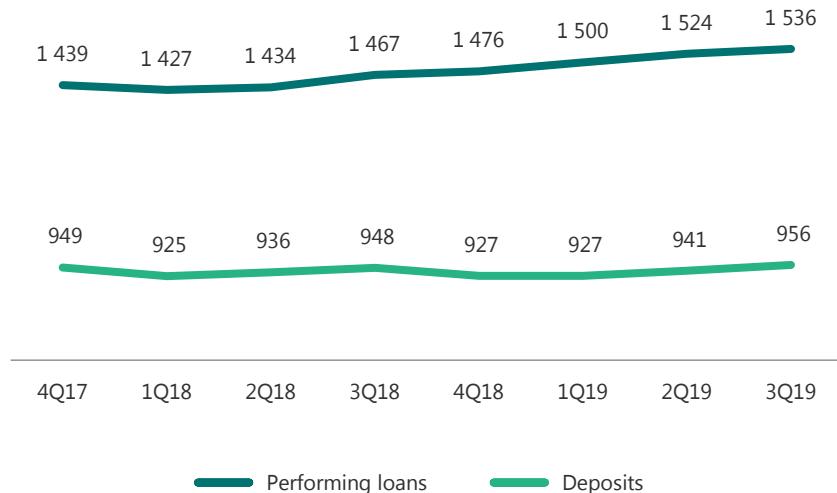
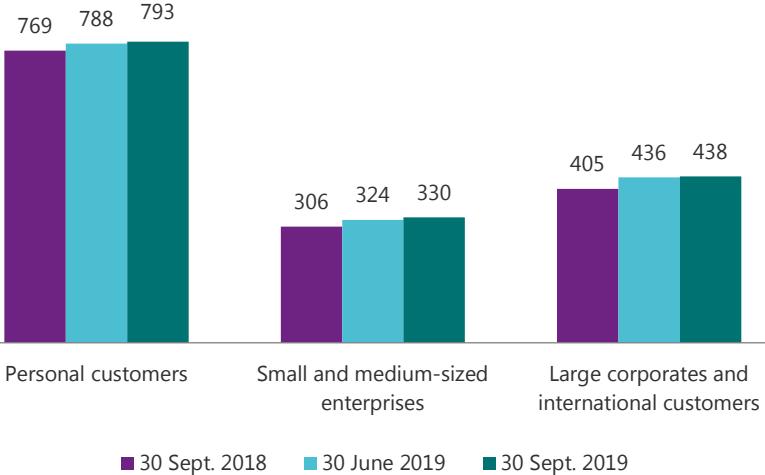
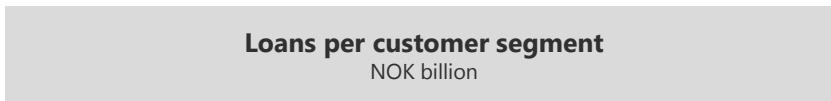
Development in high-risk and stage 3 exposures in LCI portfolio ¹⁾



1) «High-risk» is defined as probability of default (PD) ≥ 3 per cent. «Stage 3» is defined as non-performing and doubtful portfolio.

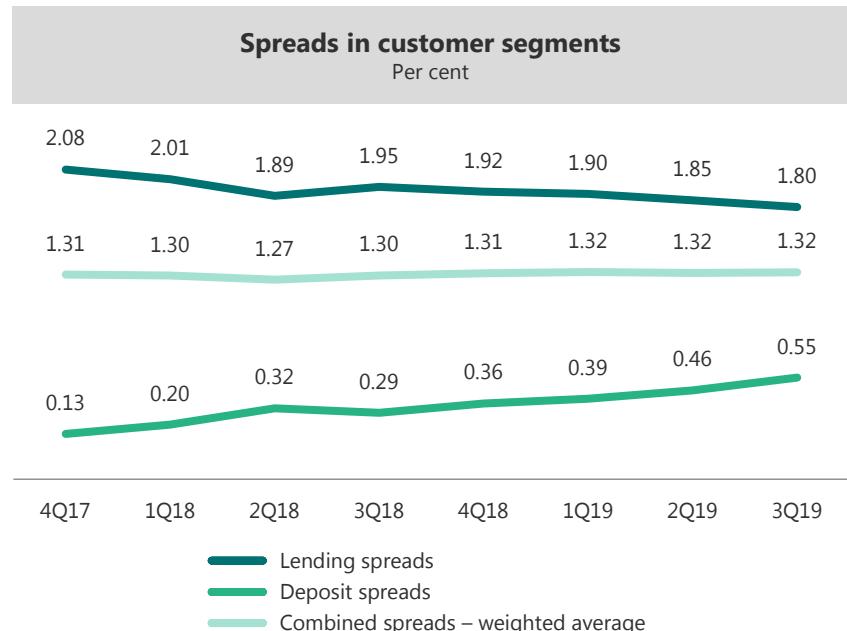
Growth in the segments in line with expectations

- Loans in the customer segments increased by 0.9 per cent and customer deposits by 1.3 per cent in 3Q19
- Average loans increased by 0.8 per cent and average deposits by 1.6 per cent in the quarter
- Year-to-date growth in loans to customers ended at 3.4 per cent and in customer deposits at 6.1 per cent



Net interest margin increased as a result of repricing

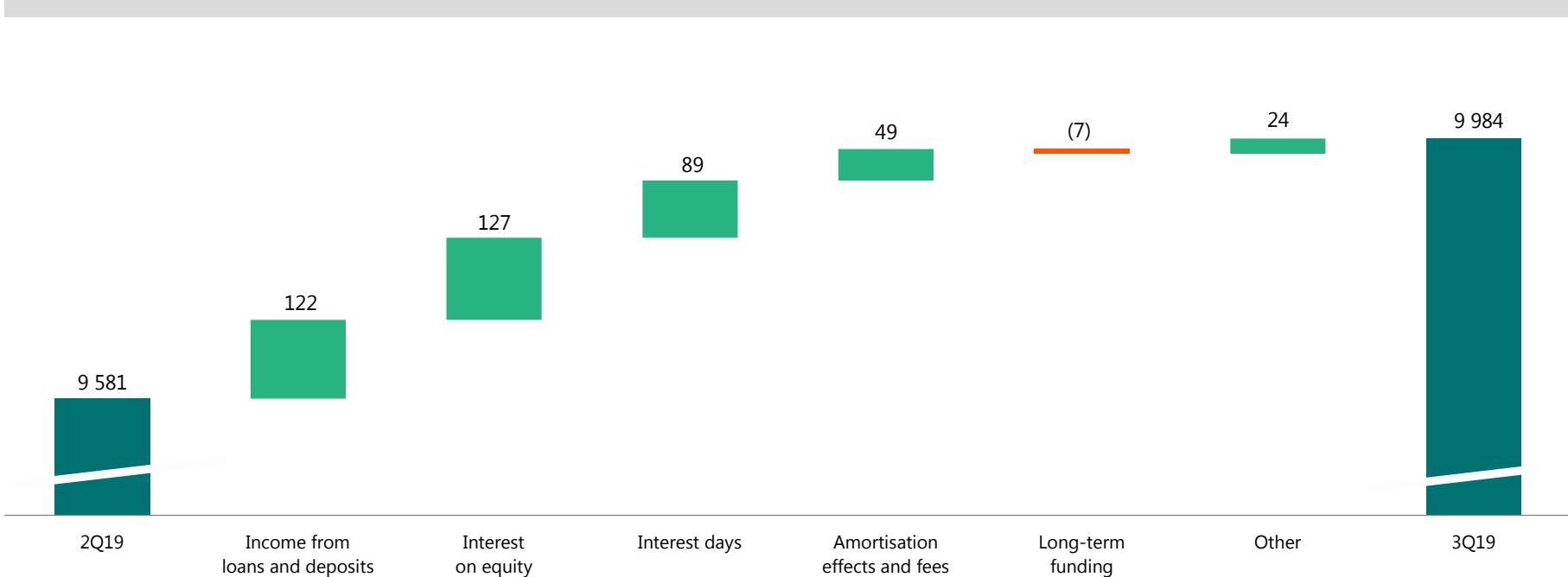
- Stable development in combined spreads despite lag effects, with wider deposit spreads compensating for narrower lending spreads
- Further increase in net interest margin from announced repricing expected in 4Q19, with full effect from 1Q20
- Final 2019 resolution fund fee and guarantee fund levy of NOK 170 million higher than expected, will reduce net interest income in 4Q19



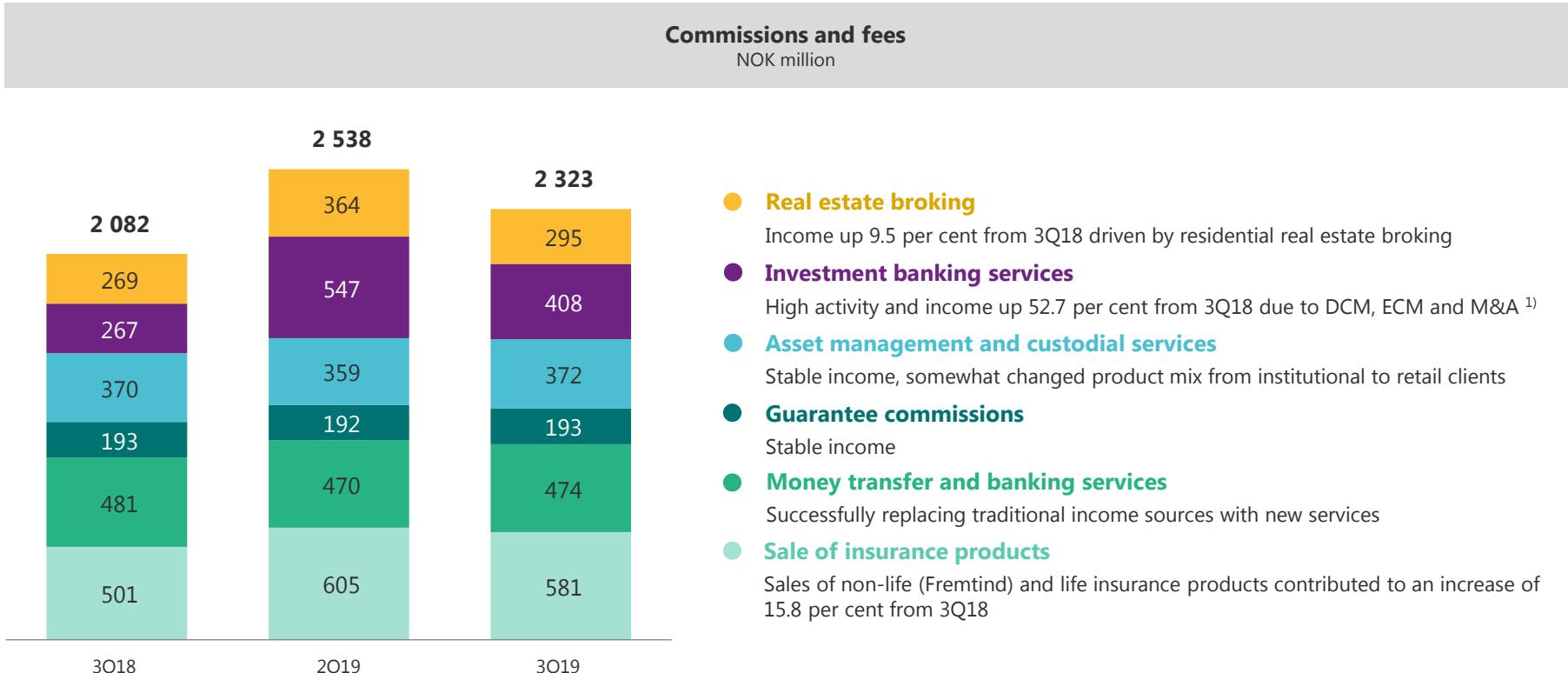
1) Total net interest income relative to average loans and deposits in the customer segments.

Continued profitable growth and further positive effects from repricing – net interest income up 4.2 per cent

Net interest income from 2Q19 to 3Q19
NOK million



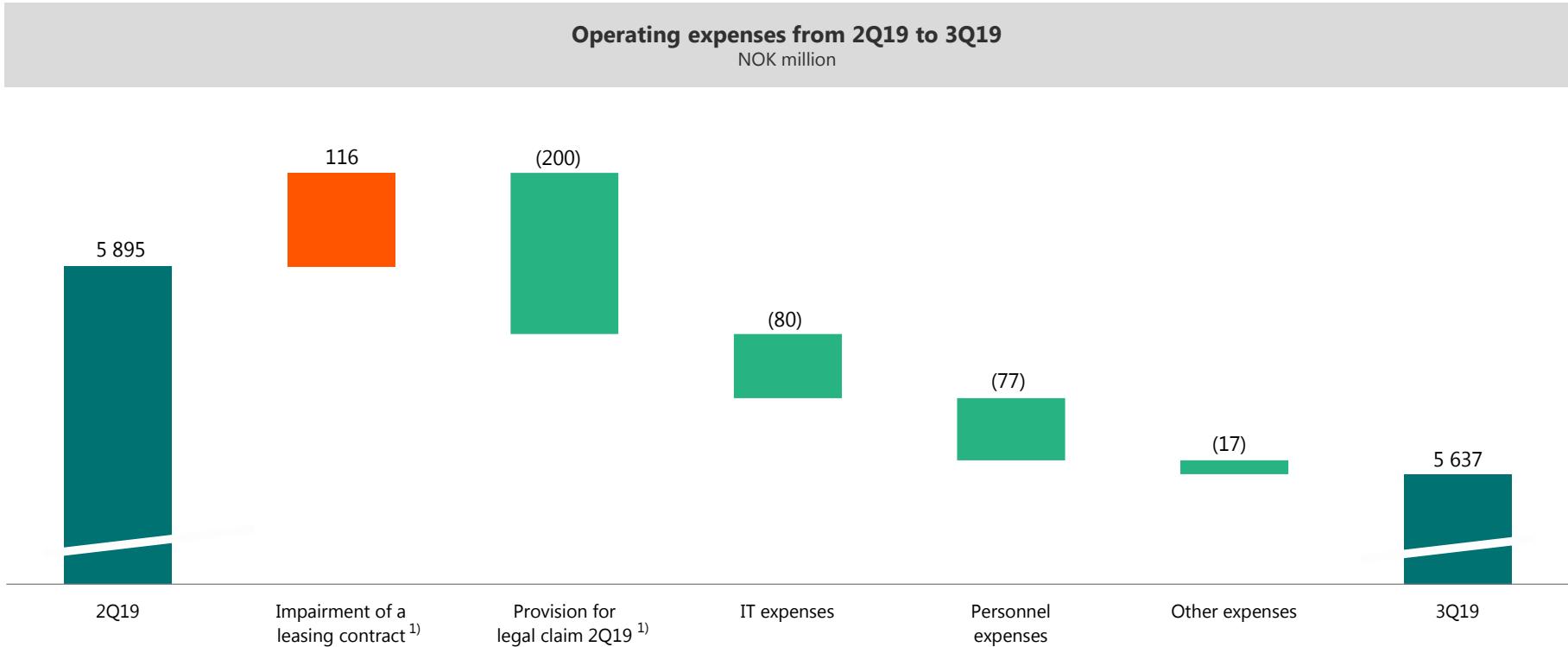
Income from commissions and fees up 11.6 per cent from 3Q18



1) DCM: Debt capital markets. ECM: Equity capital markets. M&A: Mergers and acquisitions.

Operating expenses affected by seasonally lower activity and one-offs

Operating expenses from 2Q19 to 3Q19
NOK million

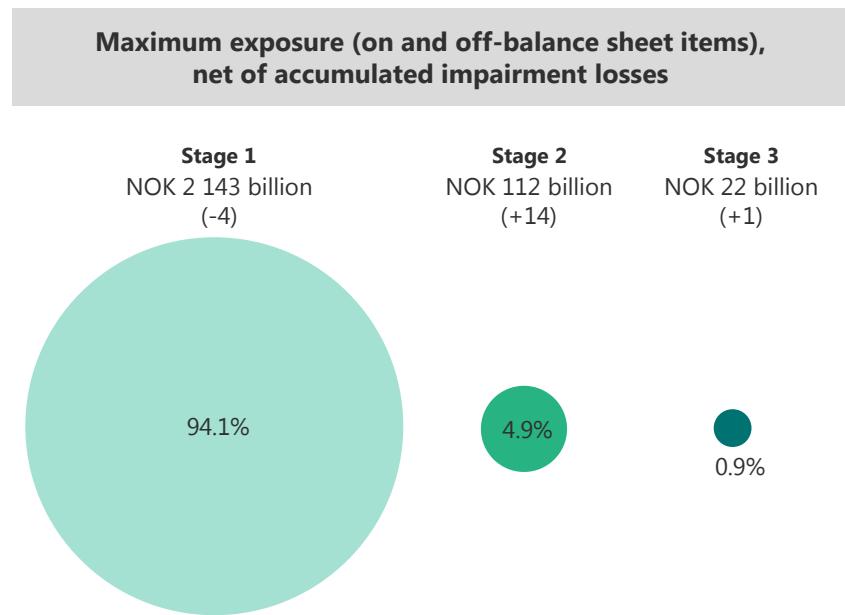


1) Non-recurring effects.

Stable asset quality and macro outlook for the total portfolio

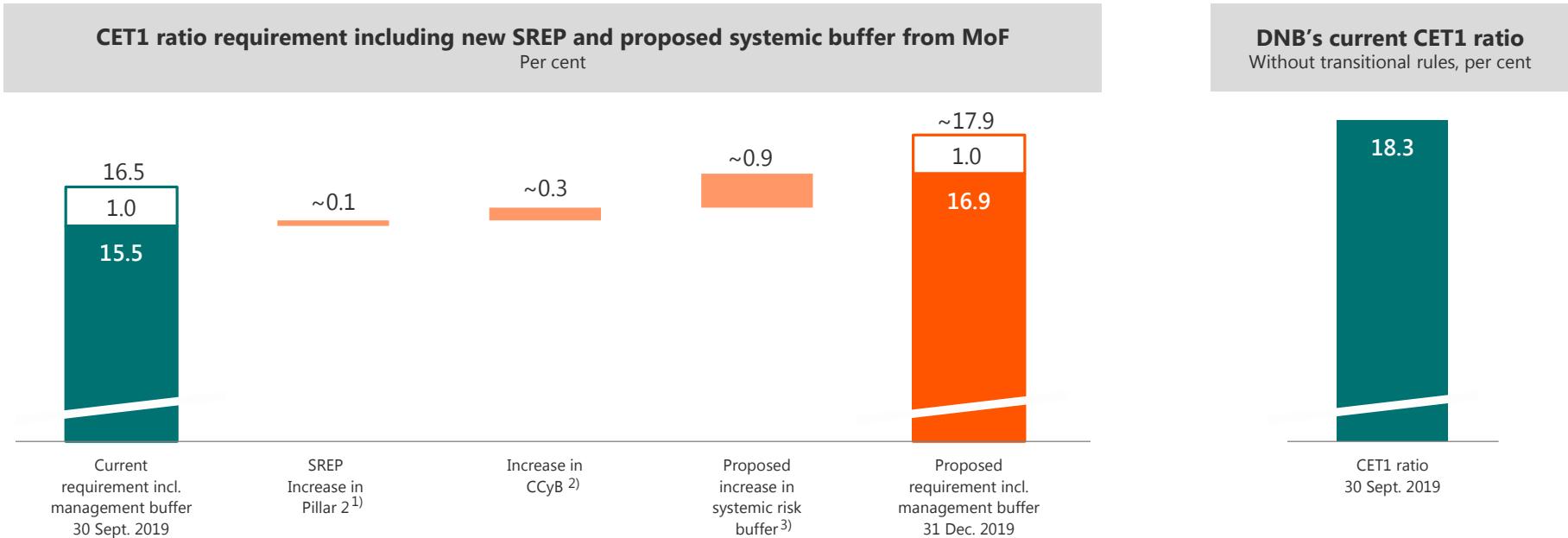
- 94.1 per cent of the exposure is low risk (stage 1), unchanged from 3Q18
- 85 per cent of the impairment losses is related to a single exposure

	Impairment of financial instruments per customer segment NOK million		
	3Q19	2Q19	3Q18
Personal customers	(73)	(76)	(75)
Small and medium-sized enterprises	(16)	(261)	(217)
Large corporates and international customers	(1 159)	(110)	281
Total	(1 247)	(450)	(11)



Update on SREP, CRR/CRD IV and draft proposal from the Ministry of Finance

- Unchanged overall buffer requirements in new SREP from Finanstilsynet (FSA)
- No updates on the increase in the systemic risk buffer proposed by the Norwegian Ministry of Finance (MoF)



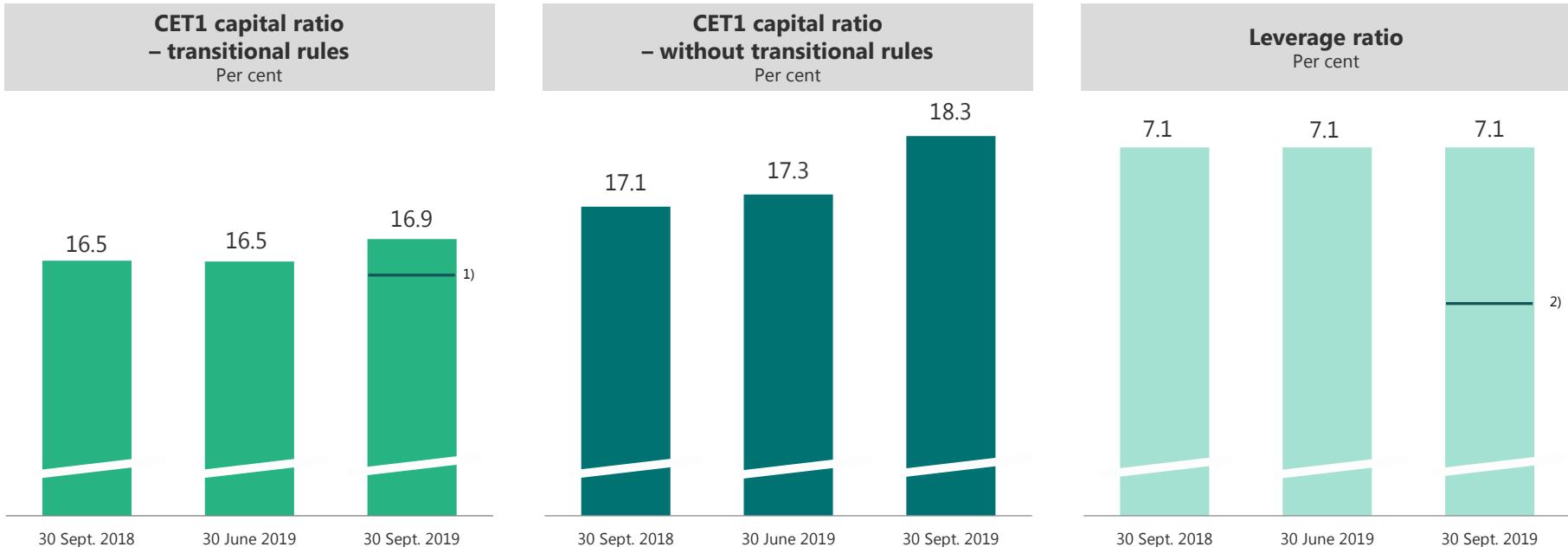
1) Pillar 2 capital floor of NOK 19.4 billion introduced, implying an increased capital requirement at end 2019 of ~0.1 percentage points based on RWA at end-September.

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

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

DNB delivers strong results and is well positioned for future regulatory requirements

- The closing of the Luminor transaction and retained earnings contributed to a strengthened CET1 capital ratio
- Share buy-back programme of 0.5 per cent announced

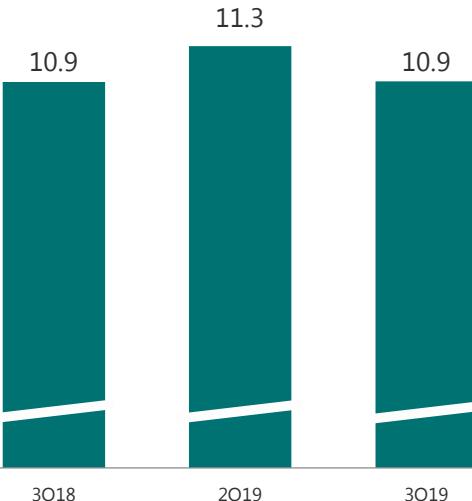


1) CET1 capital ratio requirement of 15.5 per cent. Management buffer of approx. 1.0 per cent.

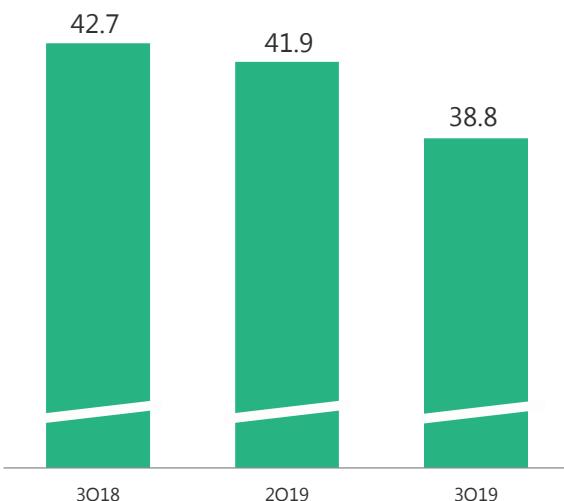
2) Leverage ratio requirement of 6.0 per cent.

Strong third quarter

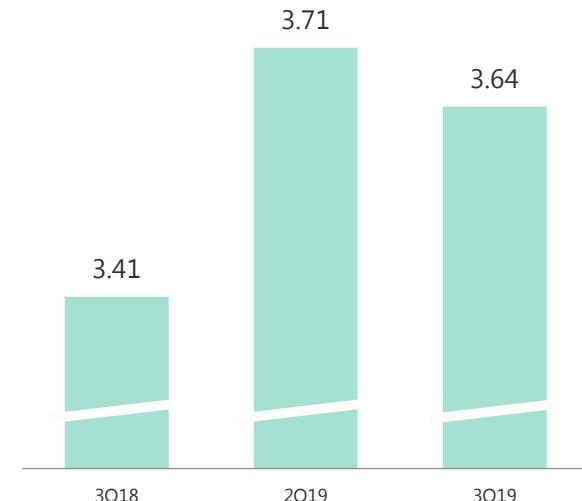
Return on equity
Per cent



Cost/income ratio
Per cent



Earnings per share
NOK



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

Third quarter 2019

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