DNB

Q1 Investor presentation

RESULTS
DNB GROUP
FIRST QUARTER 2014

Rune Bjerke (CEO)
Bjørn Erik Næss (CFO)

First quarter 2014

Pre-tax operating profit before impairment in NOK billion

7.4 (5.1)

Cost/income ratio in per cent

41.3 (52.0)

Return on equity in per cent

15.5 (10.0)

Earnings per share

3.39 (1.96)

Common equity Tier 1 capital ratio in per cent (transitional rules)

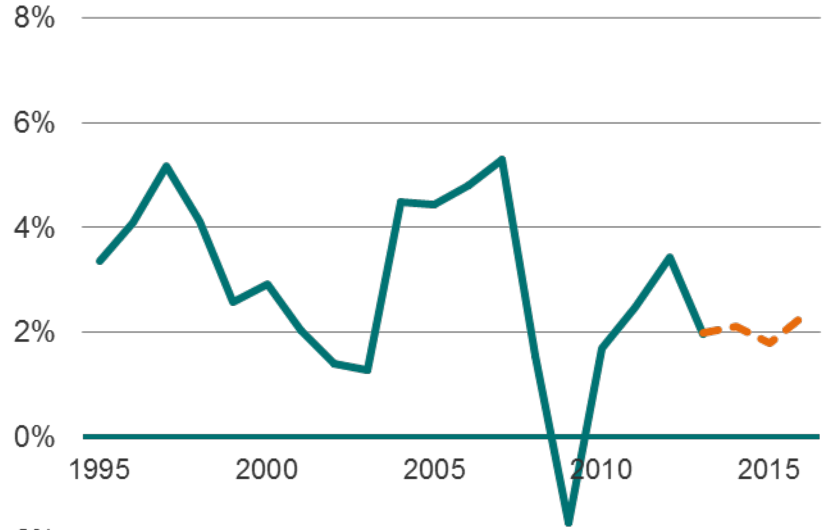
11.9 (10.6)[1)]

Figures in parentheses refer to 1Q13

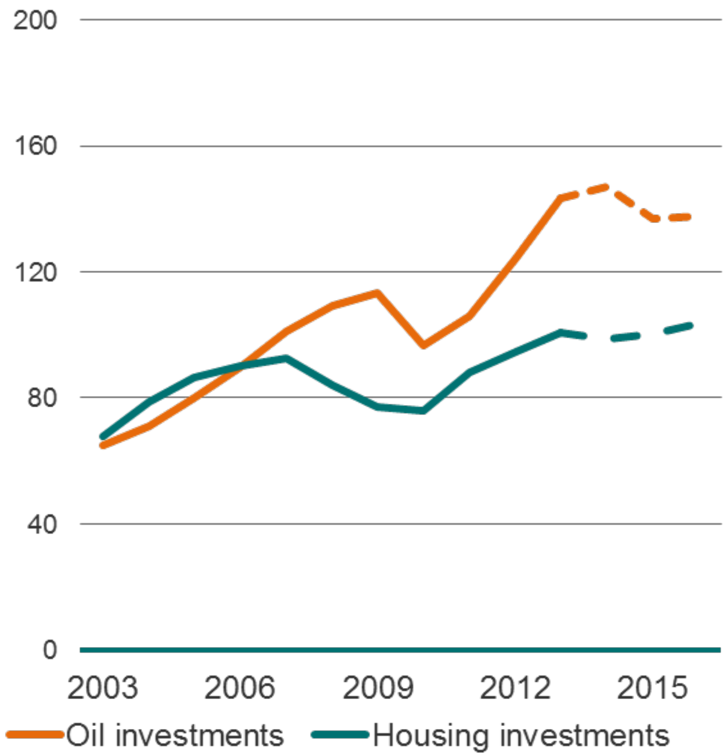
1) Including 50 per cent of profit for the period

Solid development in a robust Norwegian economy

Gross Domestic Product
Mainland, year on year



Development in oil and housing investments
In 2005 prices, NOK billion

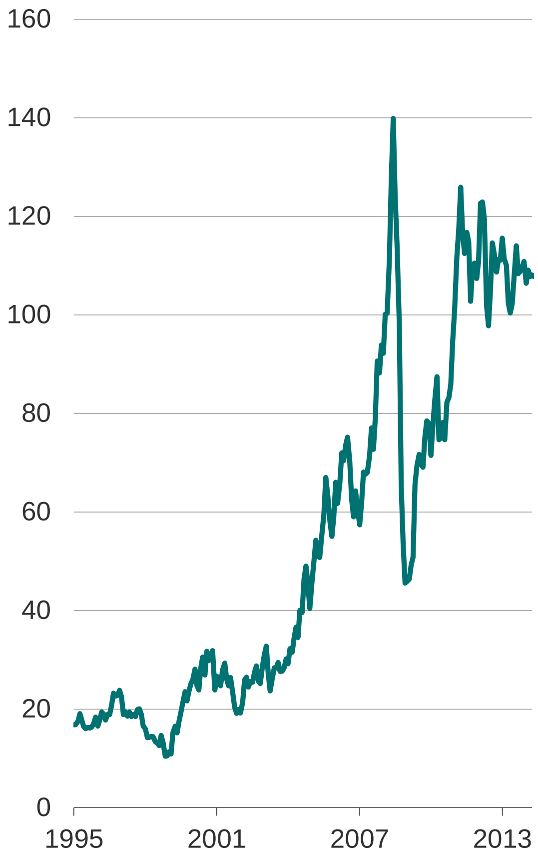


Continuous GDP growth at approx. 2 per cent
Still high level of investments in both oil and housing

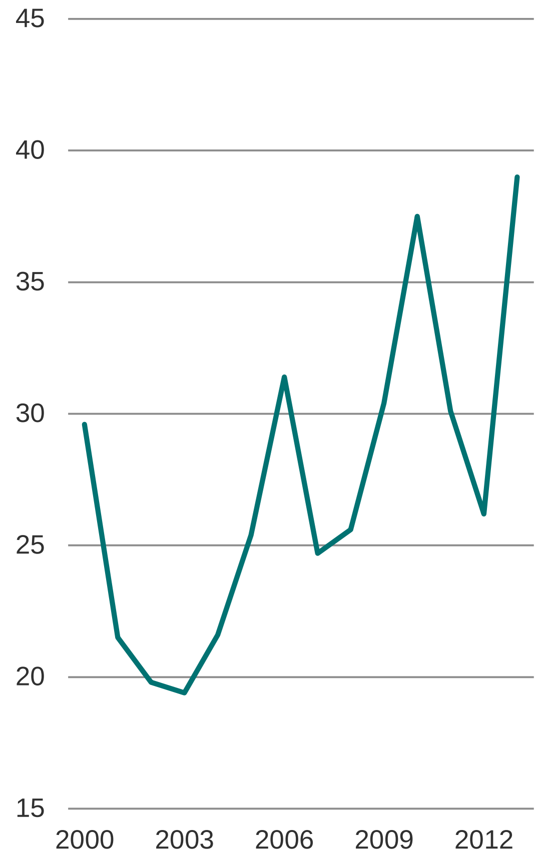
Source: Statistics Norway

High price levels for important Norwegian goods and services – continued high portfolio quality and low impairments

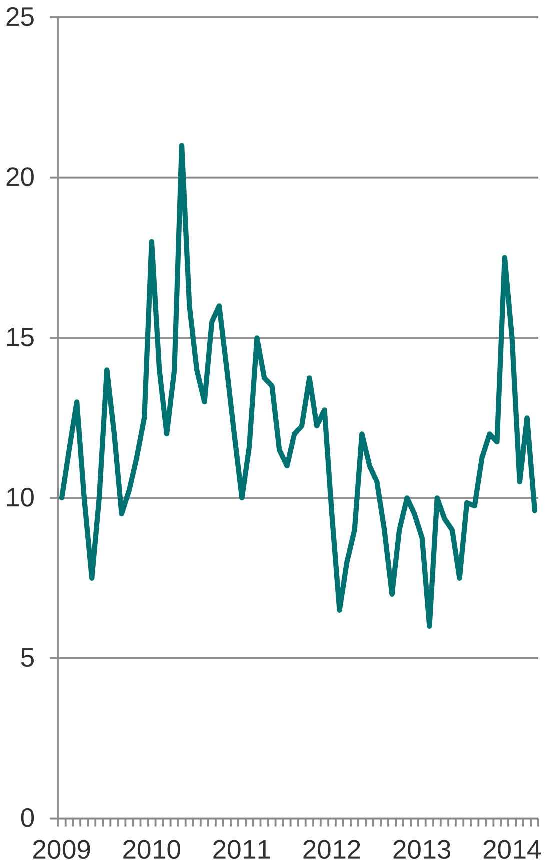
Oil price Spot Brent 1995-1Q14
Dollar/Barrel



Salmon Prices 2000-2013
Kroner / Kg



ClarkSea Index 2009-1Q 14
1000$/day



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Source: Reuters, FHL/NOS, Clarkson Research Service, Statistics Norway

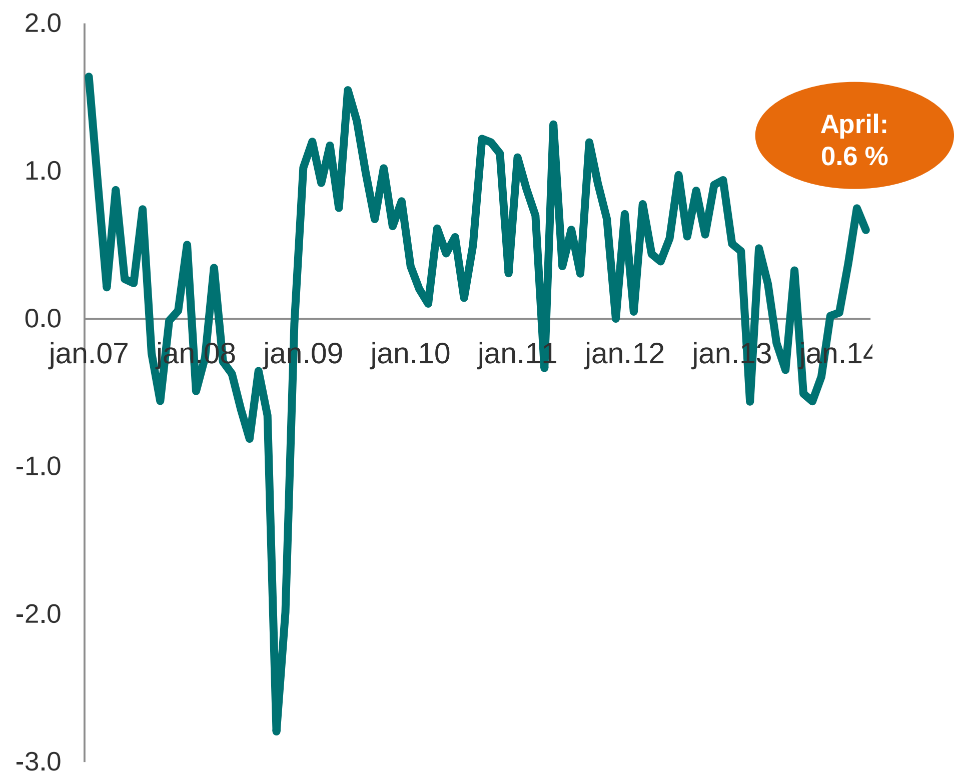
Norwegian housing market show a upward trend again this spring, post the back-drop last autumn

Strong fundamentals

- A broad, solid increase in household's disposable income
  - House price increase adjusting for growth in disposable income: *1.2 % per year on average since 1985.*
- New building is lagging population growth
  - Population growth in Oslo is almost 3x higher than completed new dwellings in 2013.

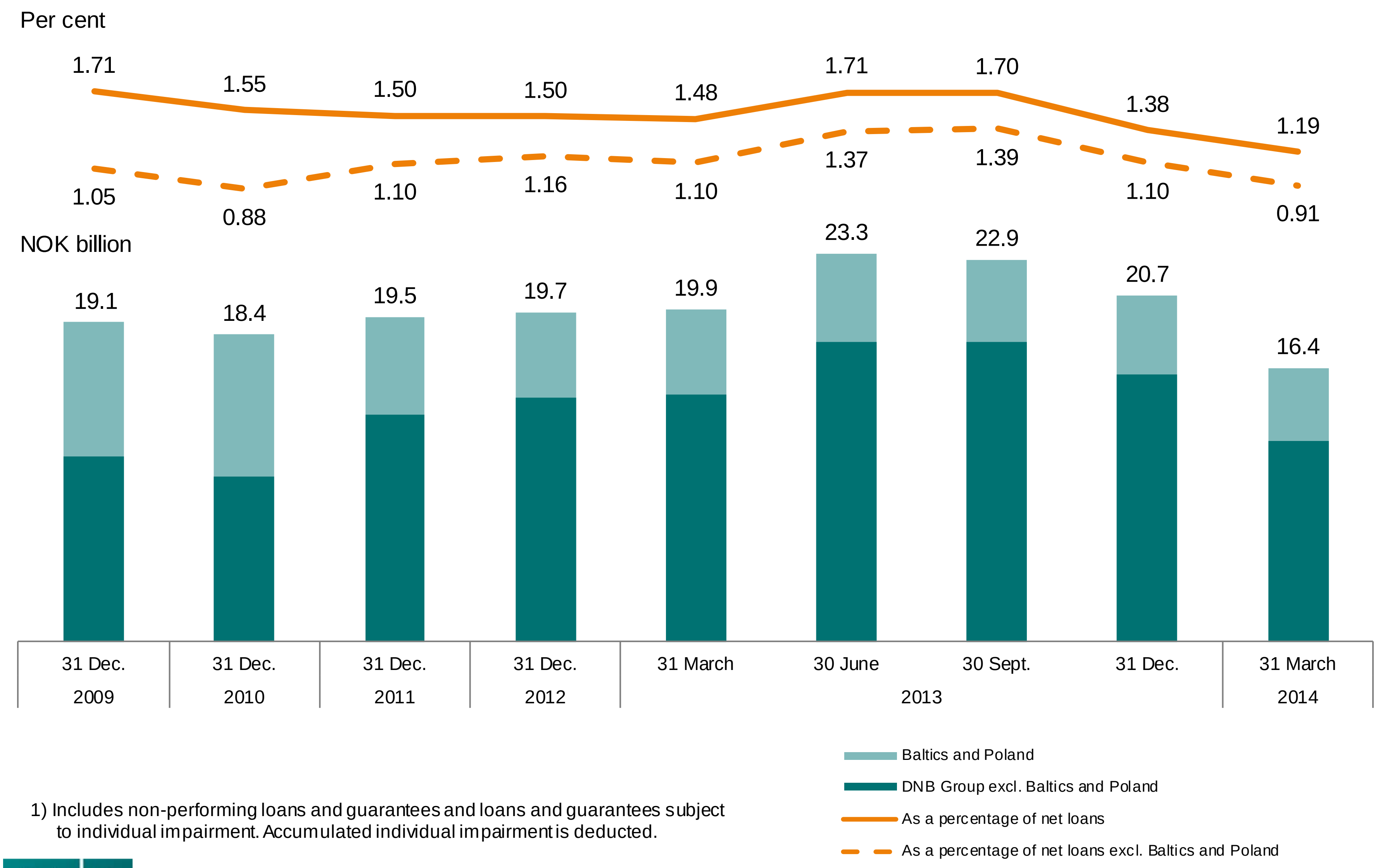
House prices are picking up
– 4 months in a row

Seasonally adjusted house price index *



* All dwellings, Month over Month price change.

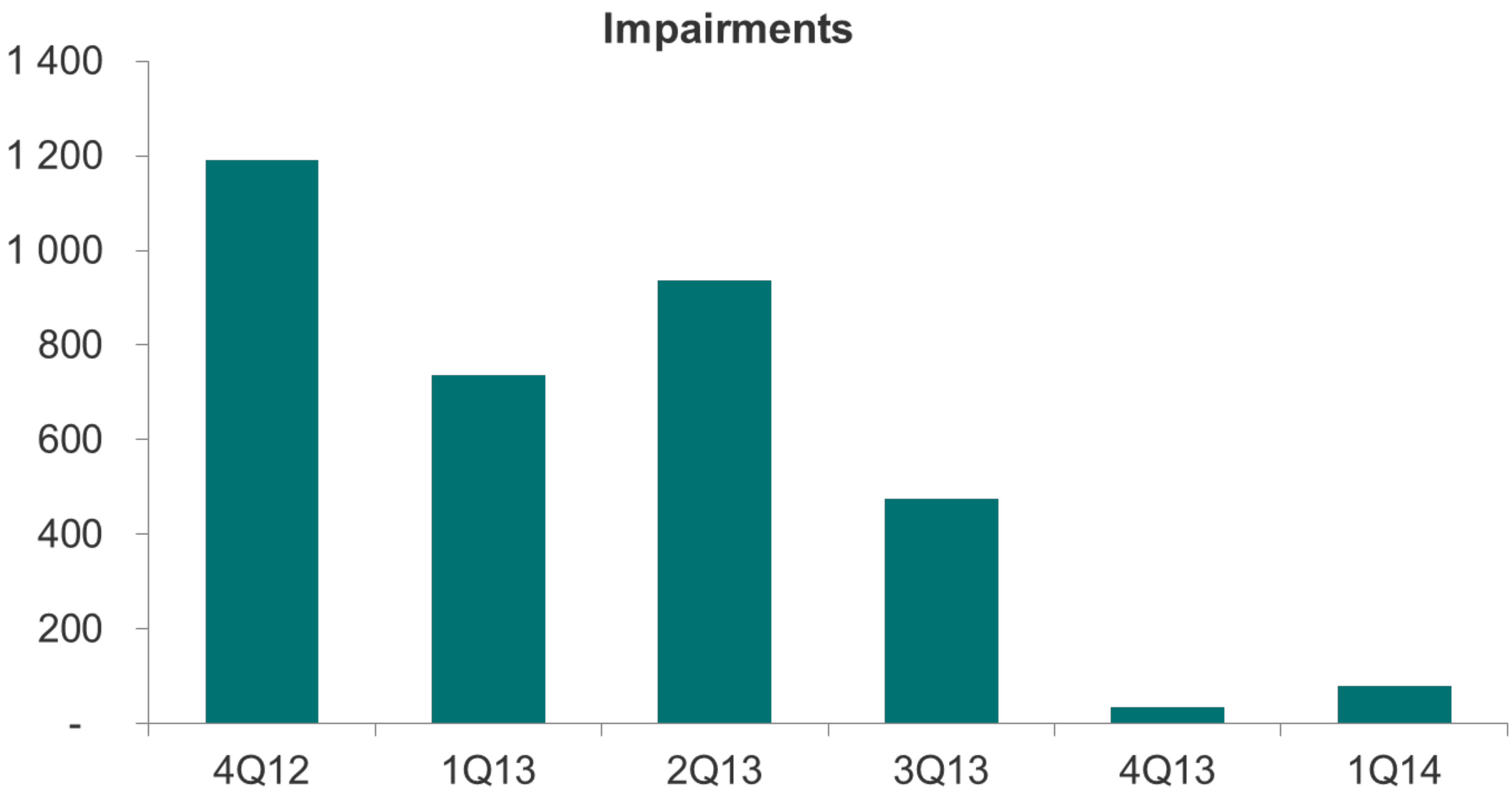
Positive development in asset quality – decline in net non-performing and net doubtful loans and guarantees 1)



1) Includes non-performing loans and guarantees and loans and guarantees subject to individual impairment. Accumulated individual impairment is deducted.

Positive development in impairment levels driven by shipping recoveries and strong underlying development

NOK millions.



Credit quality will improve further, and losses are expected to be well below normalised levels

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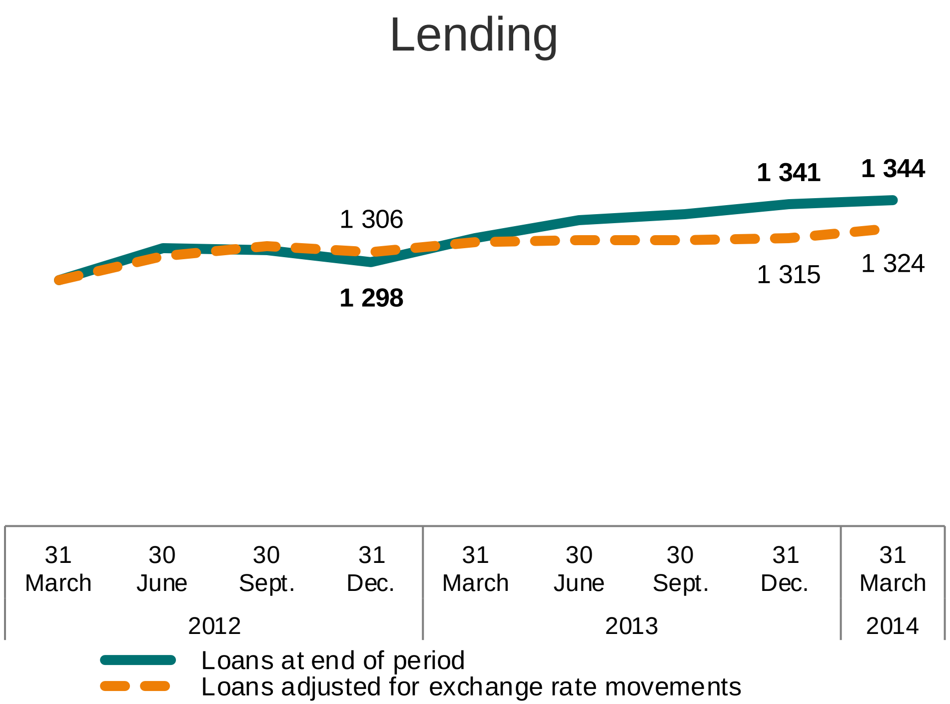
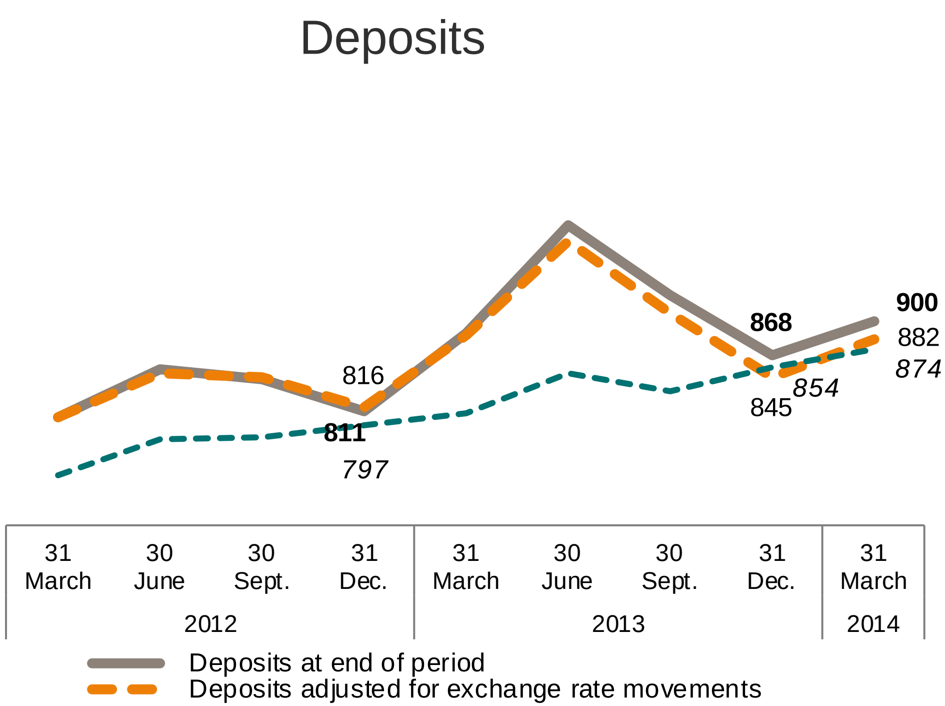
Annualised 1Q growth of 2.5% for lending and 9% for deposits

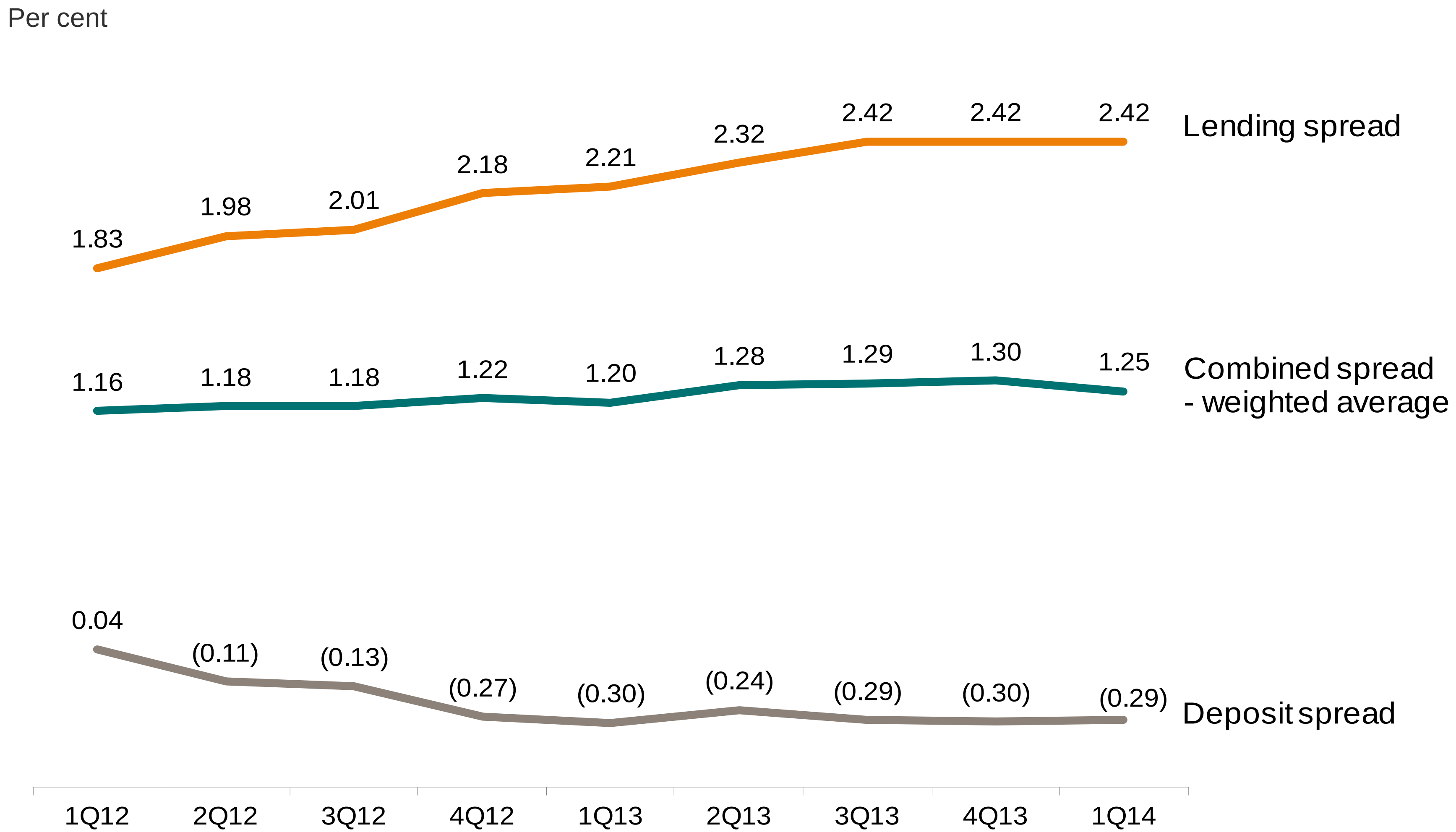
NOK billion





Ambition of 3-4 per cent annual lending growth maintained

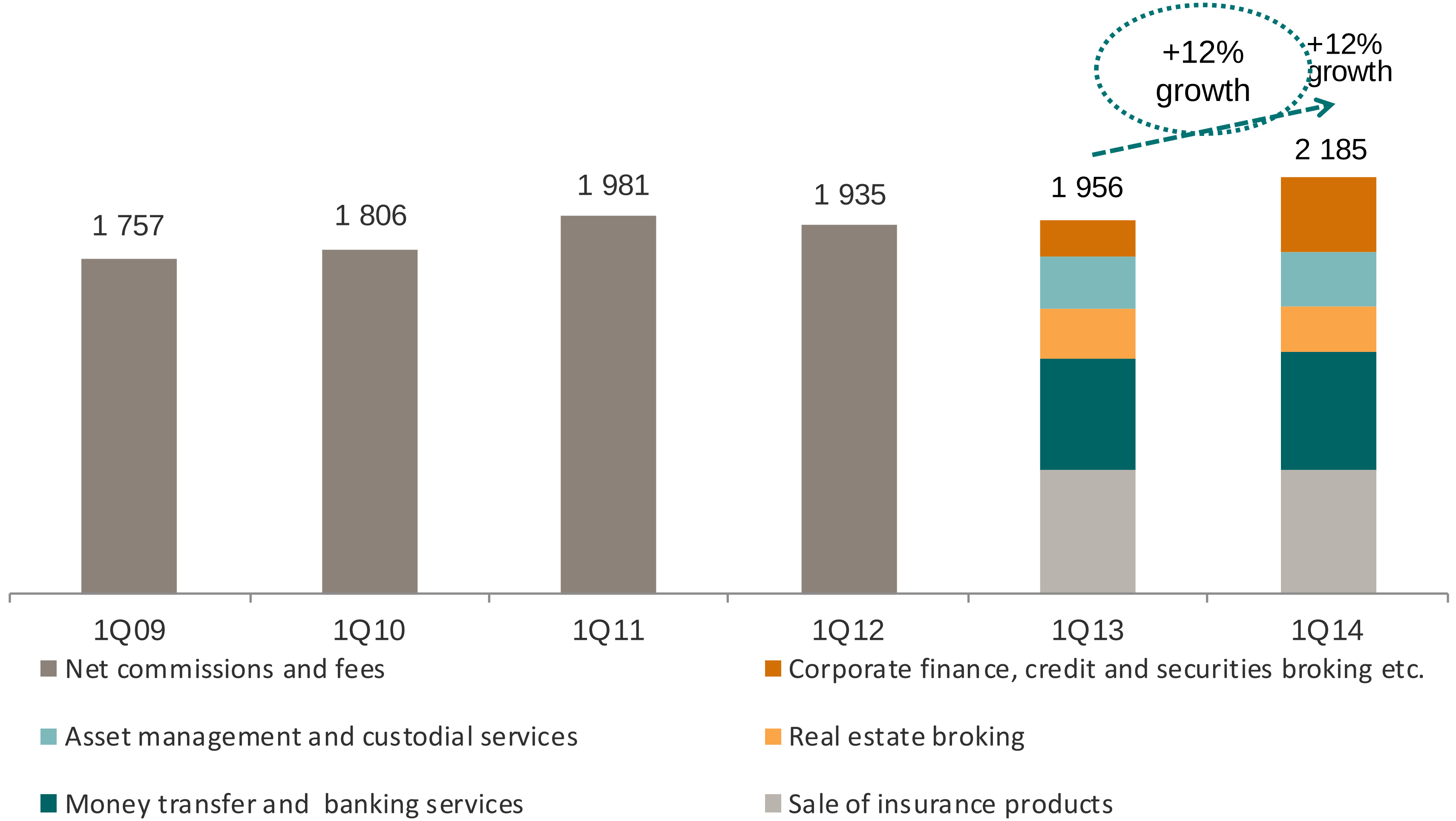
Combined spread down due to higher volume growth in deposits than lending



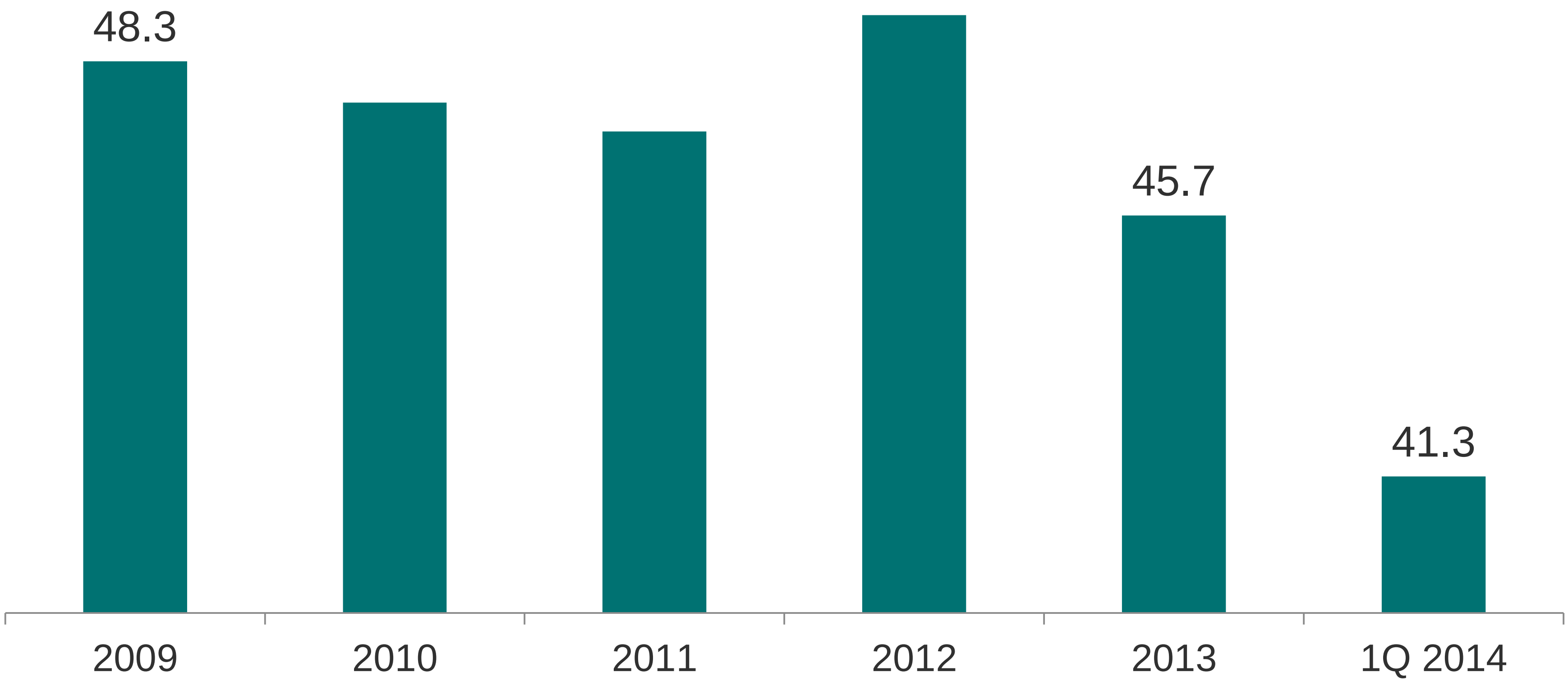
DNB expects stable combined spreads

Upward trend in commissions & fees
– especially the “capital light” products/services are growing

NOK million



The cost-income-ratio is now below 45 per cent

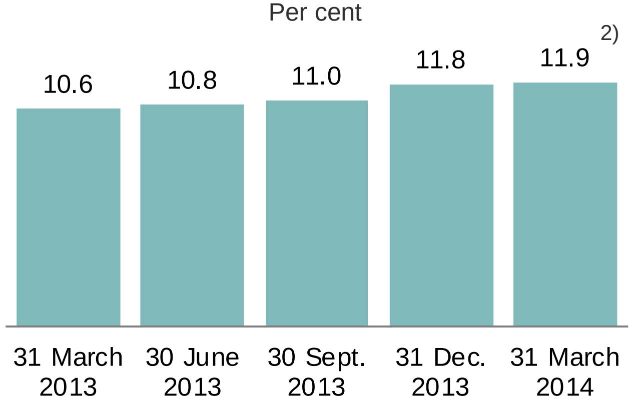


Underlying nominal costs are expected to be stable in the period up to 2016, and the Group's cost/income ratio will remain highly competitive

Common equity Tier 1 capital ratio [1)]
- on track to reach all required capital levels

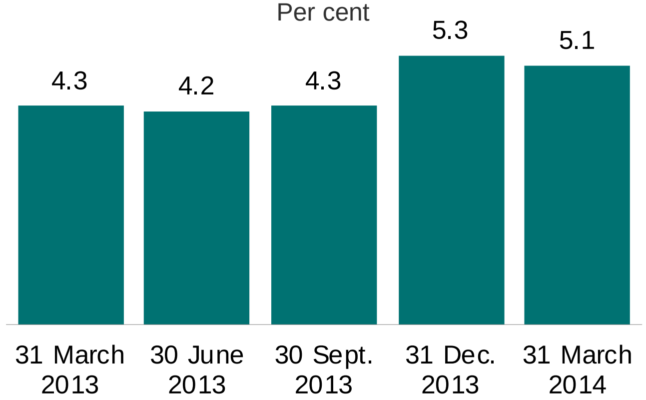
CET1 transitional rules

Per cent



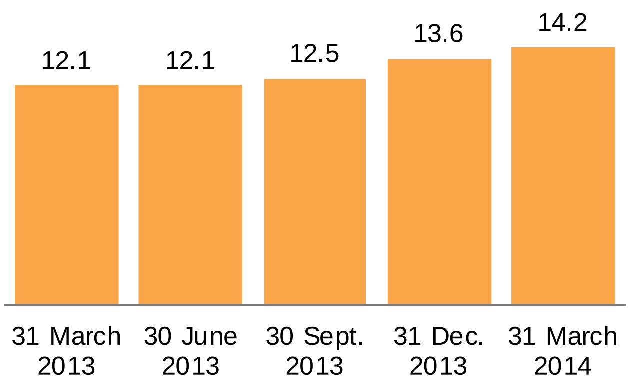
Leverage ratio Basel III [3)]

Per cent



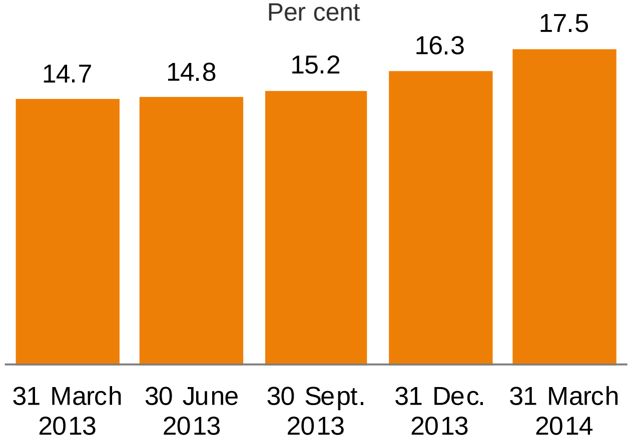
CET1 Basel III estimate

Per cent



Basel III applying average weights used by Swedish banks [4)]

Per cent



1) Including 50 per cent of profit for the period, except for the full year figures
2) 12.1 per cent if 75 per cent of profit for the period is included

3) Calculated according to CRD IV rules
4) Estimated common equity Tier 1 capital ratio according to Basel III, applying average weights used by Swedish banks

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Capital efficiency focus – track record so far

2012	2013	1Q 2014
~35-40 bps*	~40-45 bps*	~10 bps*
Sale of non-core assets	Sale of non-core assets	Sale of non-core assets
Product restructuring	Product restructuring	Sale of infrastructure company
Financial restructuring	Sale of non-performing assets	Quality assurance
Investment optimisation		

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*positive CET1 effect under transition rules

On track towards 2016 targets

Target

Return on equity

> 12 per cent

Requirement

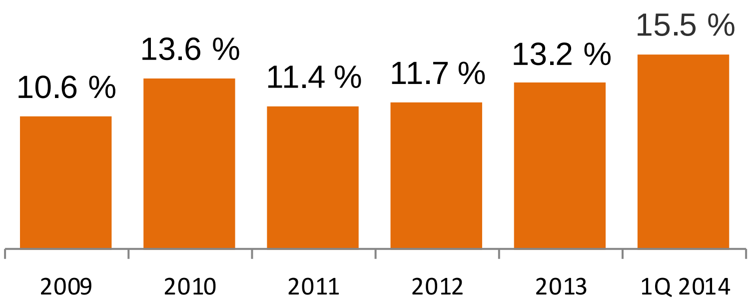
CET1 capital ratio

13.5-14.0 per cent

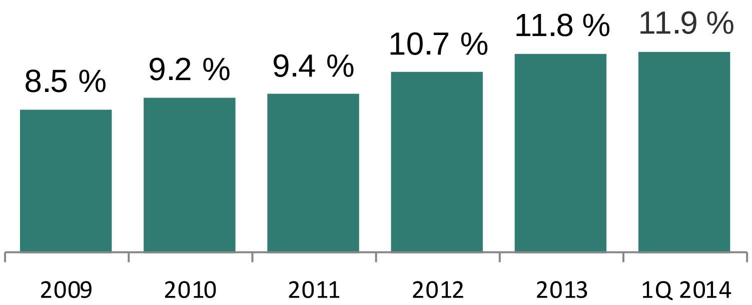
Long term dividend policy

50 per cent

Return on equity



CET 1 capital ratio (transition rules)



Temporary pay out ratio during capital build up period:

Minimum 25 per cent

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Q&A