

A man and a woman are walking on a modern building's outdoor terrace. The woman is wearing a floral dress and a grey blazer, carrying a brown bag. The man is wearing a light blue shirt and dark trousers, carrying a brown bag and a blue jacket. They are both smiling and looking at each other. The background shows a modern building with large windows and a garden area with green plants.

# Q2

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## RESULTS DNB GROUP SECOND QUARTER AND FIRST HALF 2014

Rune Bjerke (CEO)  
Bjørn Erik Næss (CFO)

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DNB

## Second quarter 2014

Pre-tax operating profit before impairment in NOK billion

**6.7 (6.1)**

Cost/income ratio in per cent

**43.8 (48.0)**

Return on equity in per cent

**12.7 (11.6)**

Earnings per share

**2.86 (2.33)**

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

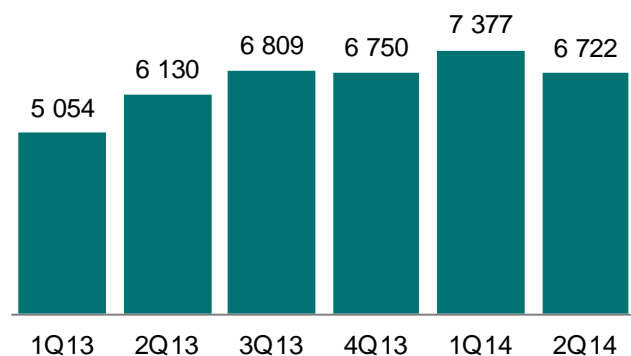
**12.1 (10.8) <sup>1)</sup>**

Figures in parentheses refer to 2Q13

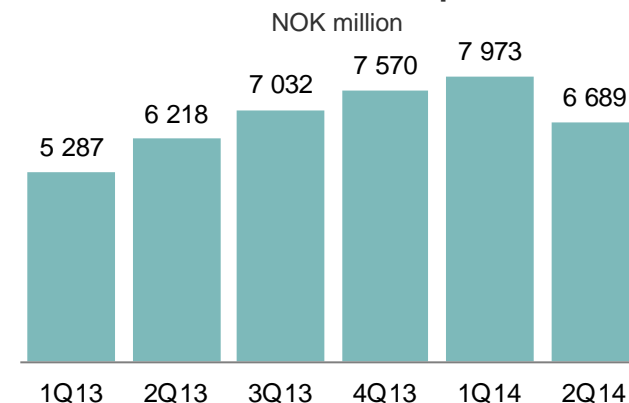
1) Including 50 per cent of profit for the period

# Quarterly profit figures

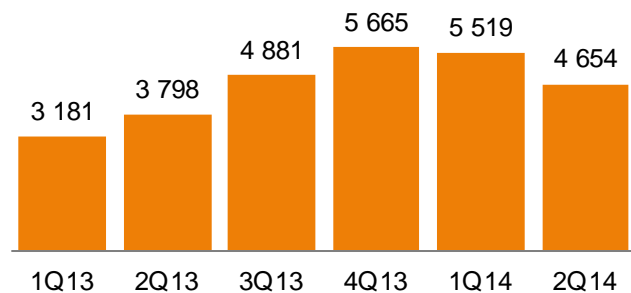
**Pre-tax operating profit before impairment**  
NOK million



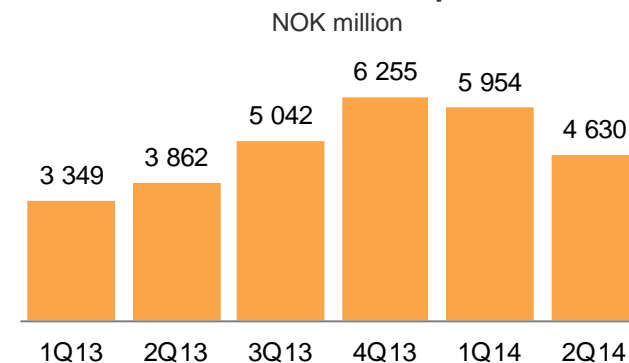
**Pre-tax operating profit before impairment  
excl. basis swaps**  
NOK million



**Profit for the period**  
NOK million



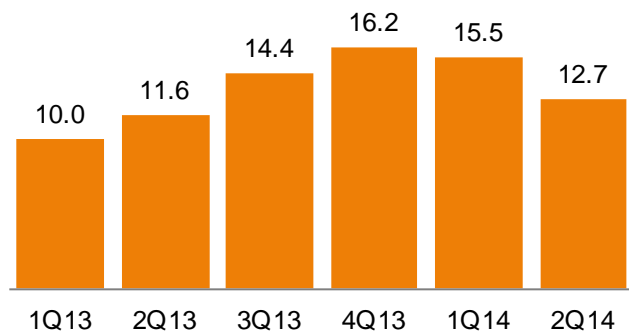
**Profit for the period  
excl. basis swaps**  
NOK million



# Return on equity and cost/income ratio

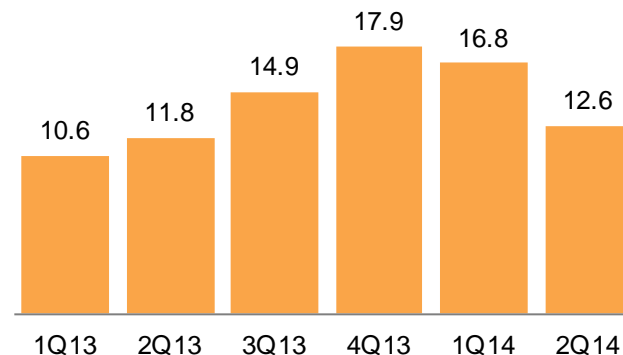
**Return on equity**

Per cent



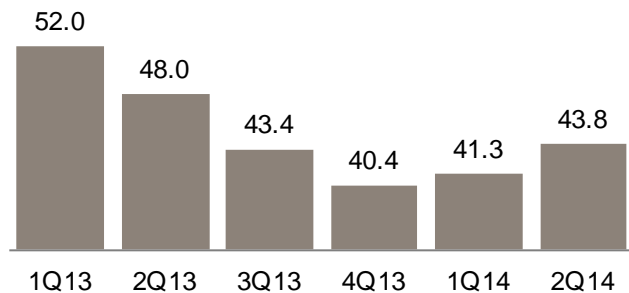
**Return on equity excl. basis swaps**

Per cent



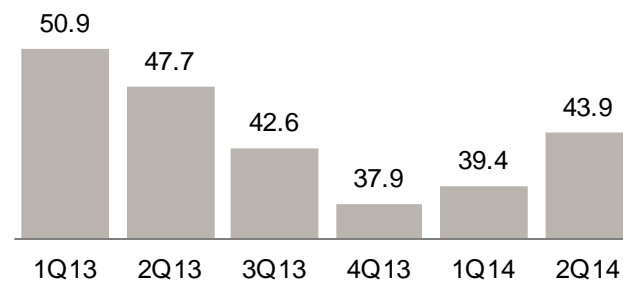
**Cost/income ratio**

Per cent



**Cost/income ratio excl. basis swaps**

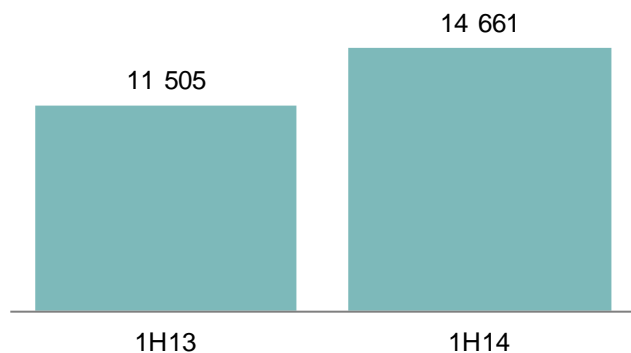
Per cent



# Development in first half 2014

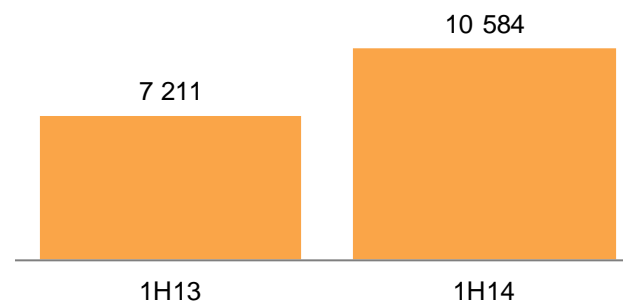
## Pre-tax operating profit before impairment excl. basis swaps

NOK million



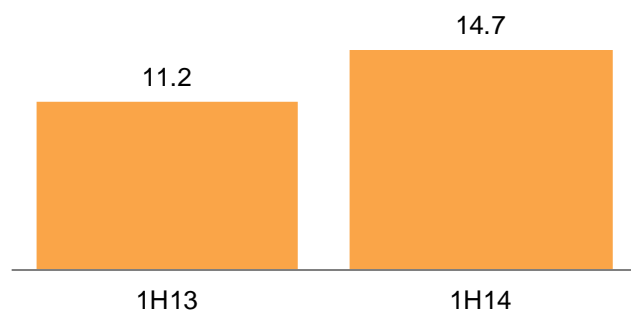
## Profit for the period excl. basis swaps

NOK million



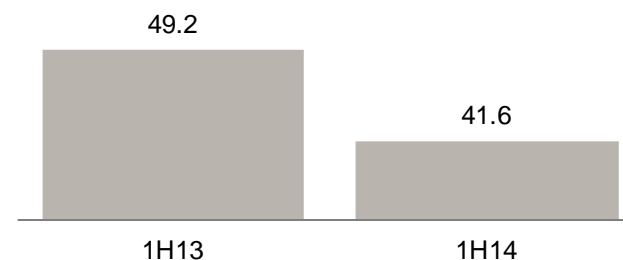
## Return on equity excl. basis swaps

Per cent



## Cost/income ratio excl. basis swaps

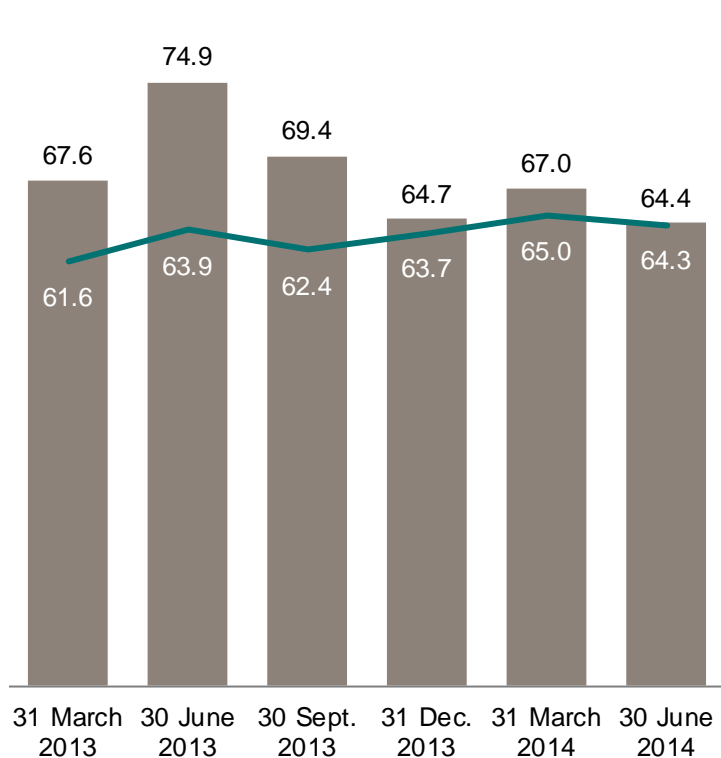
Per cent



# Ratio of deposits to net loans and earnings per share

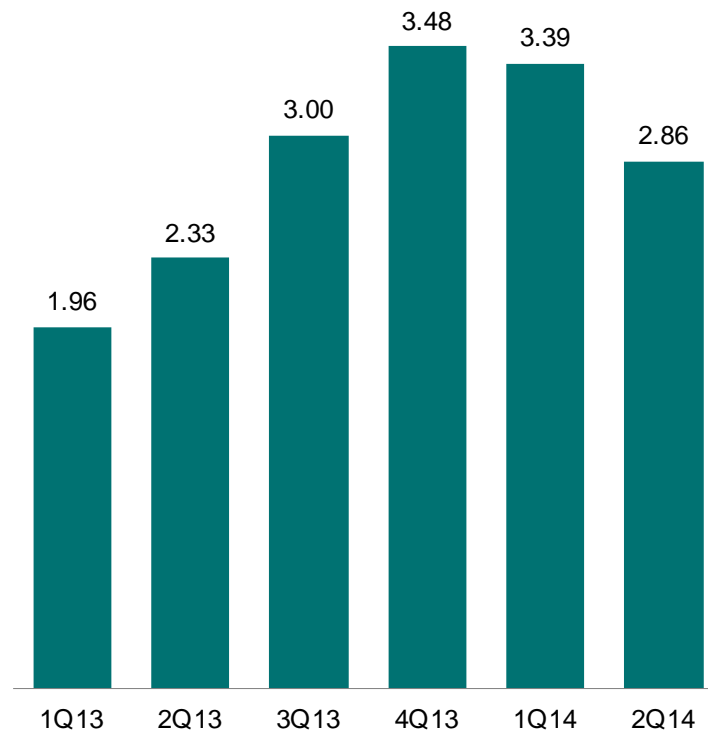
## Ratio of deposits to net loans

Per cent



## Earnings per share

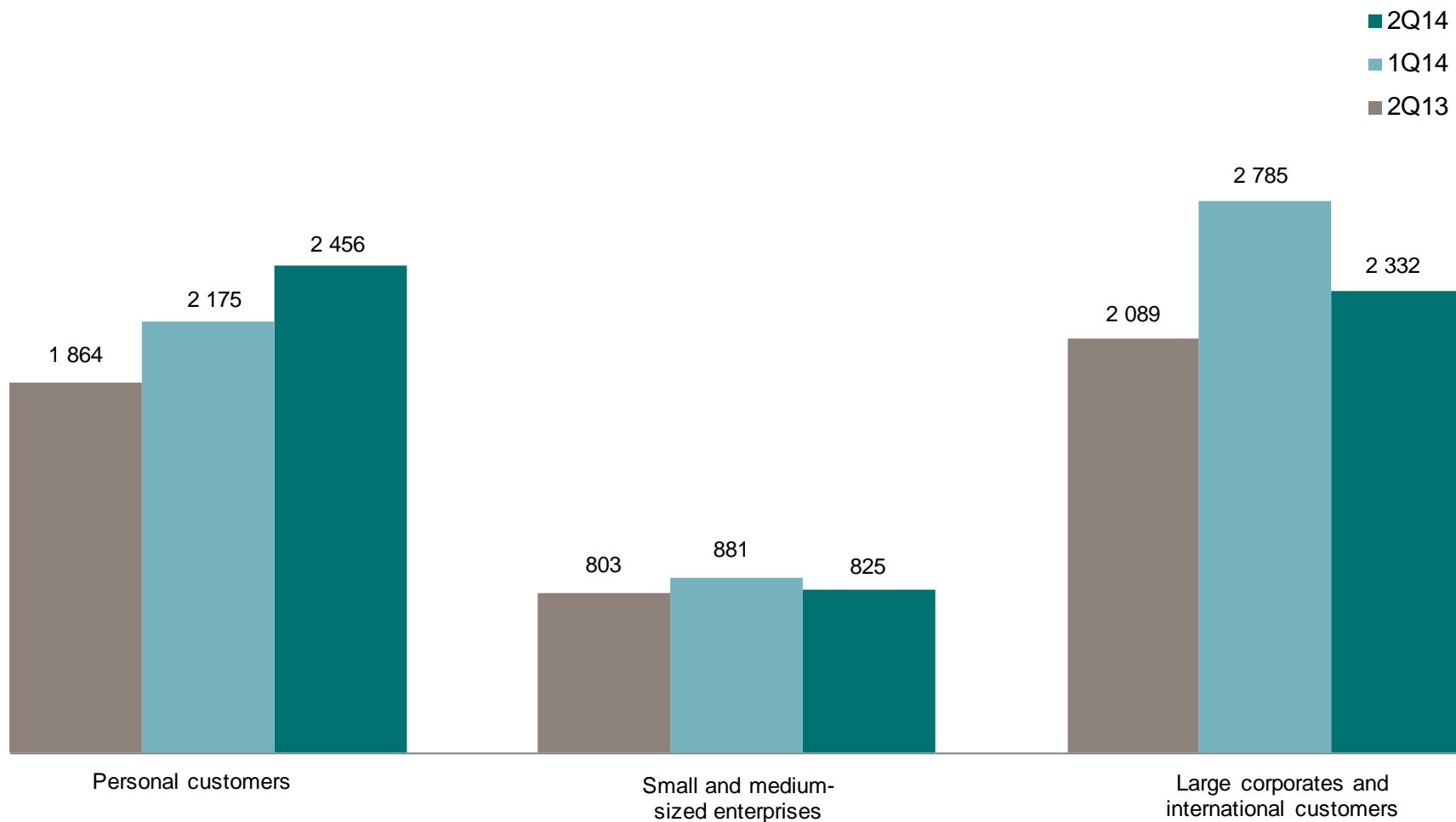
NOK



# Customer segments

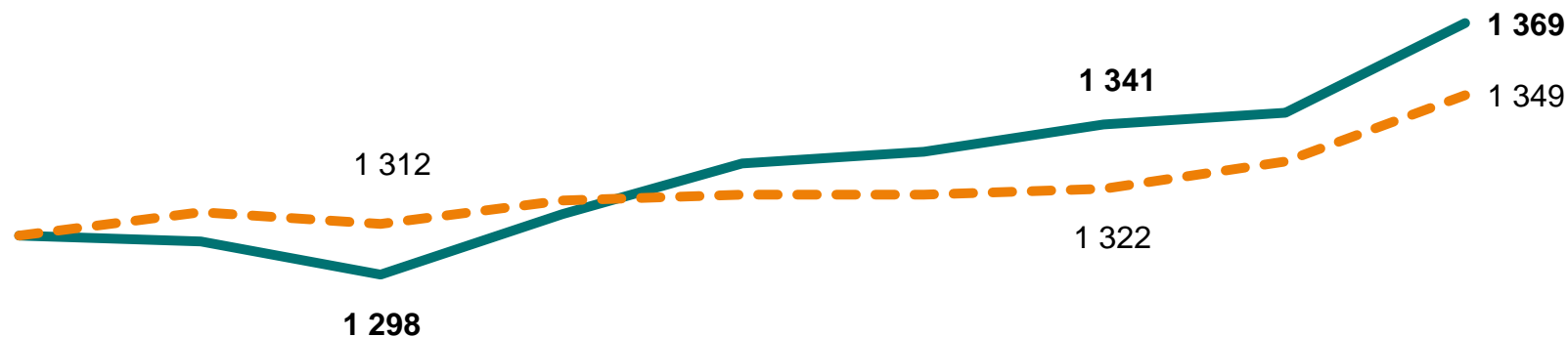
NOK million

## Pre-tax operating profit after impairment



# Development in loans

NOK billion



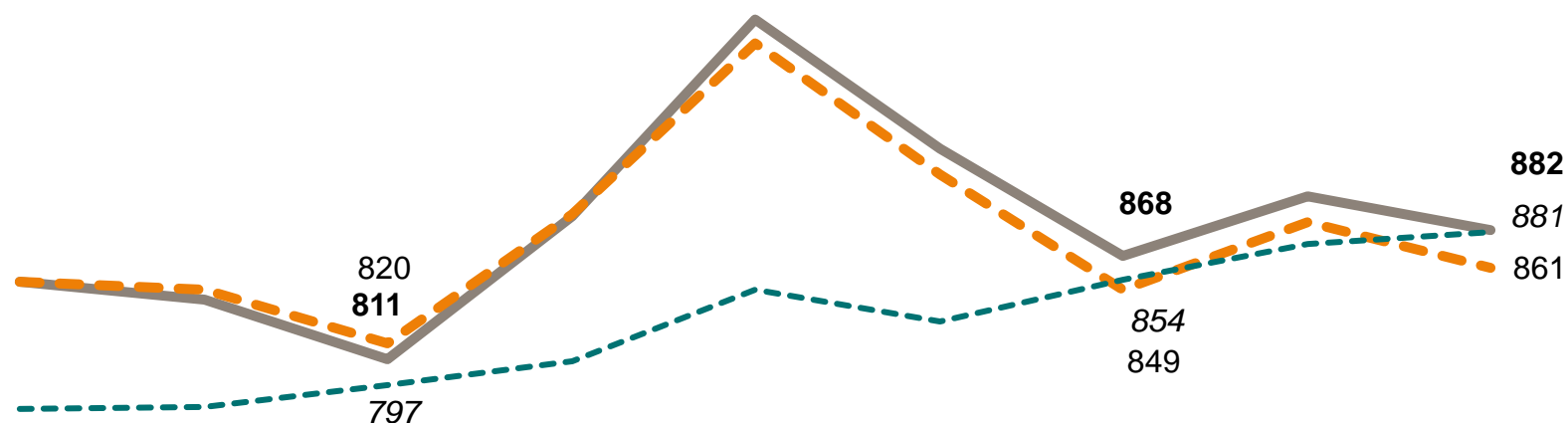
30 June	30 Sept. 2012	31 Dec.	31 March	30 June 2013	30 Sept.	31 Dec.	31 March	30 June 2014
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Loans at end of period      Loans adjusted for exchange rate movements



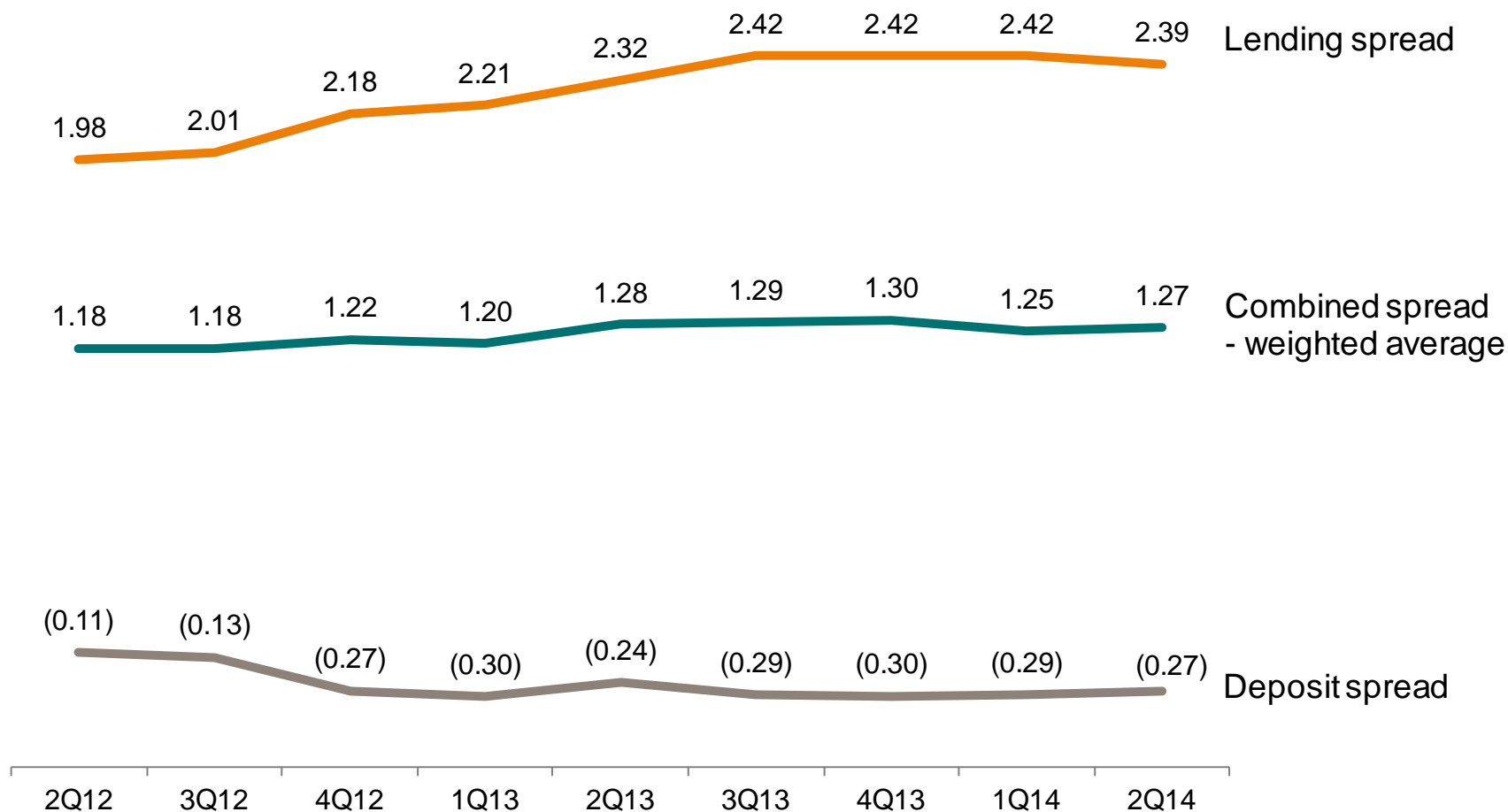
# Development in deposits

NOK billion



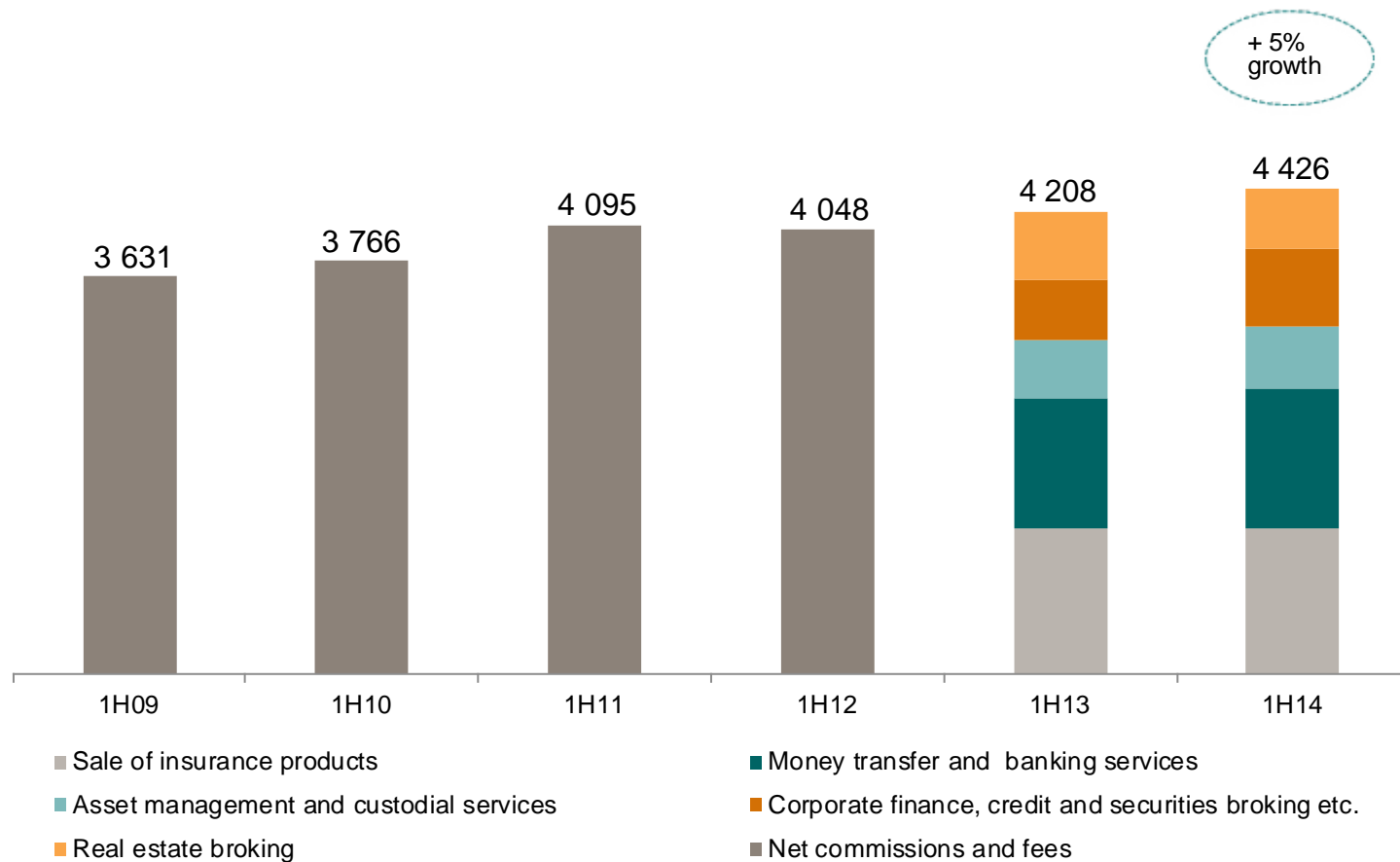
# Development in average interest rate spreads

Per cent



# Development in commissions and fees

NOK million



# Income statement

Amounts in NOK million	2Q14	1Q14	4Q13	3Q13	2Q13	1st half 2014	1st half 2013
Net interest income	7 867	7 691	7 940	7 915	7 480	15 559	14 337
<i>Net commissions and fees</i>	2 242	2 185	2 147	2 182	2 252	4 426	4 208
<i>Net gains on financial instruments at fair value</i>	1 132	2 089	1 342	1 264	1 363	3 221	2 426
<i>Net financial and risk result, DNB Livsforsikring</i>	183	105	365	205	230	288	450
<i>Net insurance result, DNB Skadeforsikring</i>	139	102	122	102	119	241	194
<i>Other operating income</i>	391	397	343	364	346	788	713
Net other operating income, total	4 087	4 877	4 318	4 117	4 310	8 965	7 992
Total income	11 954	12 569	12 258	12 032	11 790	24 523	22 329
Operating expenses	5 150	5 168	5 163	4 987	5 010	10 318	10 036
Restructuring costs and non-recurring effects	83	24	(212)	236	650	106	659
Expenses relating to debt-financed structured products	0	0	0	0	0	0	450
Impairment losses for goodwill and intangible assets	0	0	557	0	0	0	0
Pre-tax operating profit before impairment	6 722	7 377	6 750	6 809	6 130	14 099	11 184
Net gains on fixed and intangible assets	(3)	0	153	2	(9)	(3)	(5)
Impairment of loans and guarantees	554	80	36	475	937	634	1 674
Pre-tax operating profit	6 165	7 297	6 868	6 337	5 184	13 462	9 505
Tax expense	1 499	1 758	1 212	1 448	1 379	3 258	2 528
Profit from operations held for sale, after taxes	(11)	(19)	9	(7)	(7)	(30)	3
Profit for the period	4 654	5 519	5 665	4 881	3 798	10 173	6 979

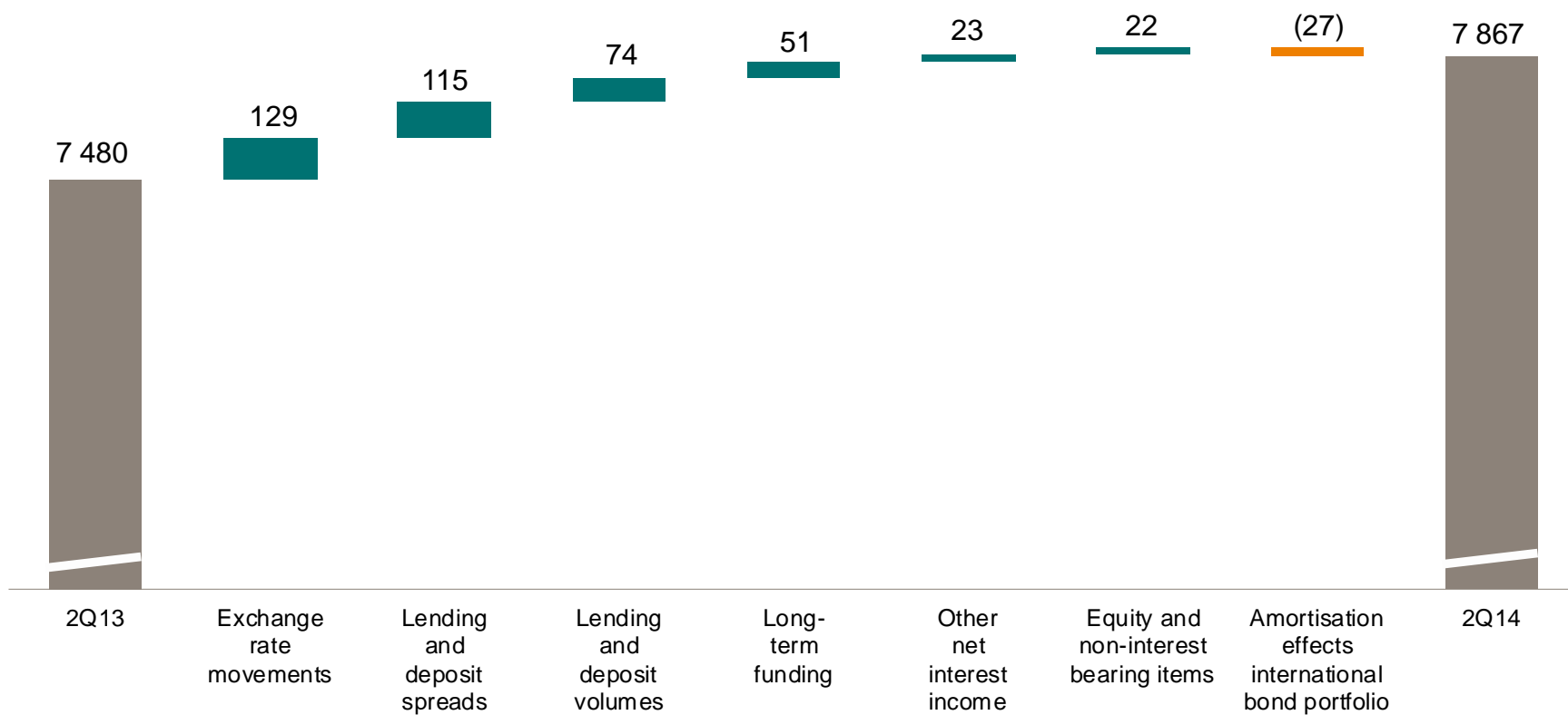
## Special items

Amounts in NOK million	2Q14	1Q14	4Q13	3Q13	2Q13	1st half 2014	1st half 2013
Mark-to-market adjustments - basis swaps	<b>33</b>	(596)	(819)	(223)	<b>(88)</b>	(563)	(321)
Net mark-to-market adjustments - other items	<b>(44)</b>	(143)	(51)	83	<b>(67)</b>	(187)	(34)
Impairment losses for goodwill and intangible assets	<b>0</b>	0	557	0	<b>0</b>	0	0
Expenses relating to debt-financed structured products	<b>0</b>	0	0	0	<b>0</b>	0	450
Effect on pre-tax operating profit before impairment	<b>(10)</b>	(739)	(1 428)	(140)	<b>(155)</b>	(749)	(806)

# Changes in net interest income

NOK million

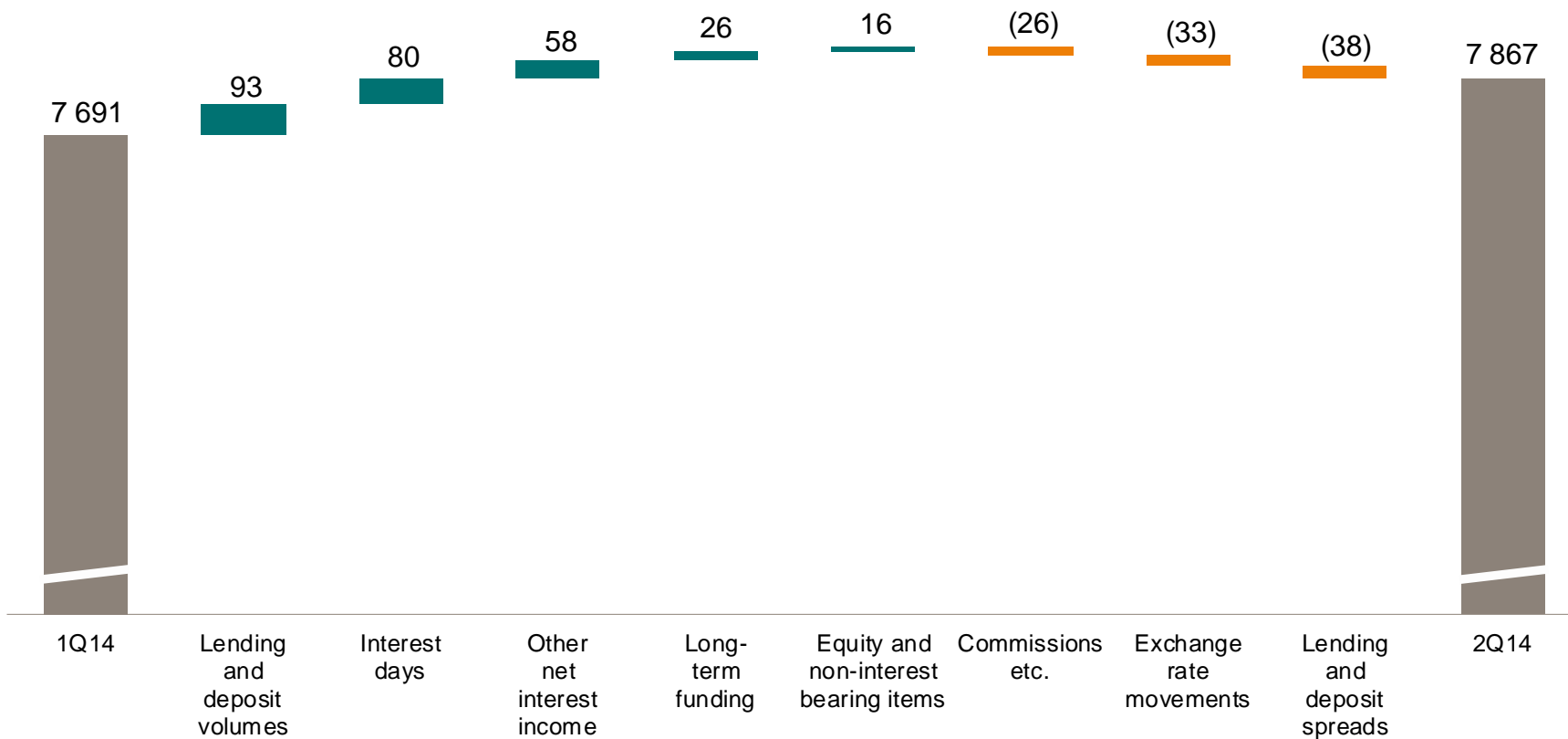
From 2nd quarter 2013 to 2nd quarter 2014



# Changes in net interest income

NOK million

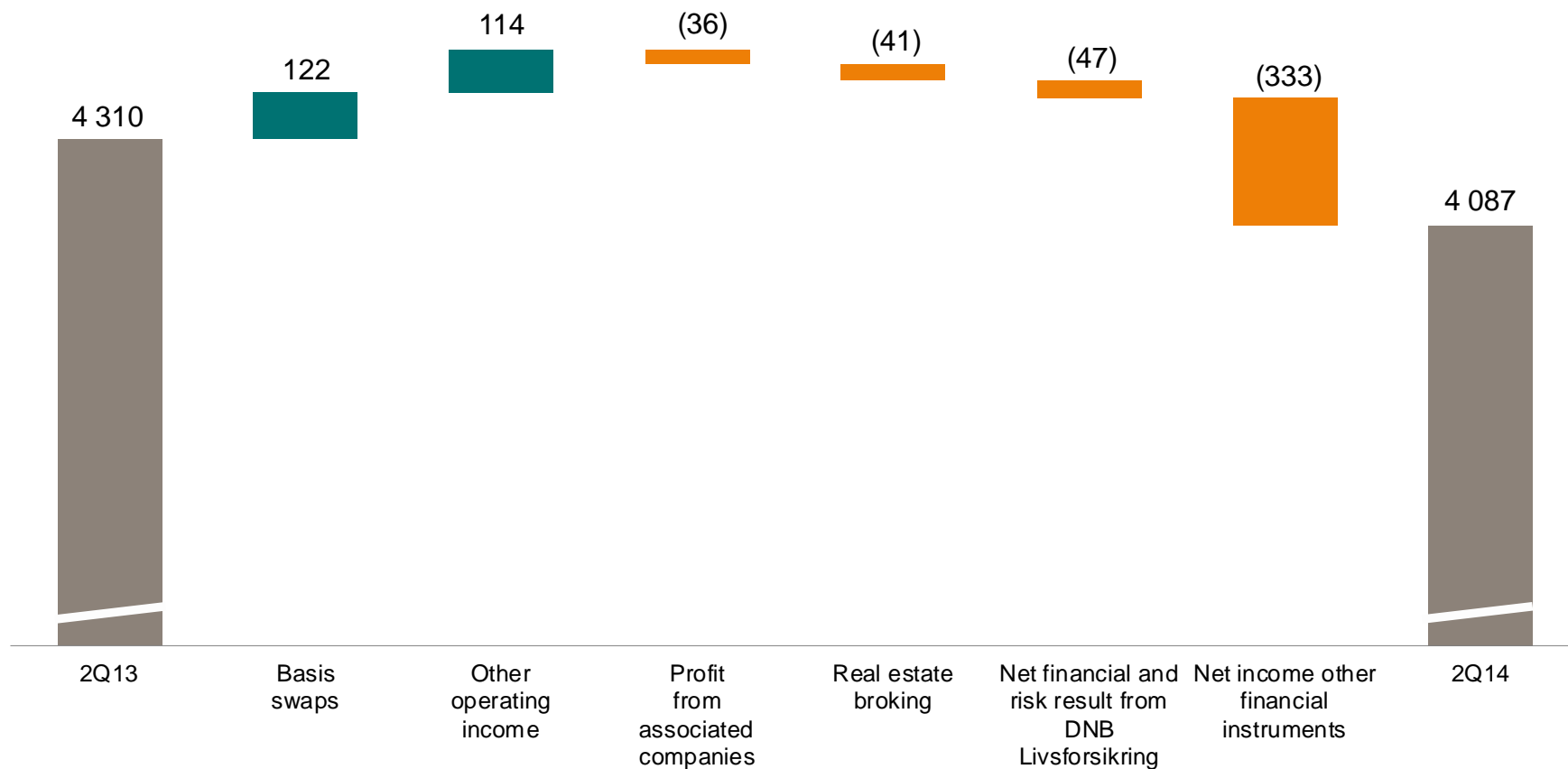
From 1st quarter 2014 to 2nd quarter 2014



# Changes in net other operating income

NOK million

From 2nd quarter 2013 to 2nd quarter 2014

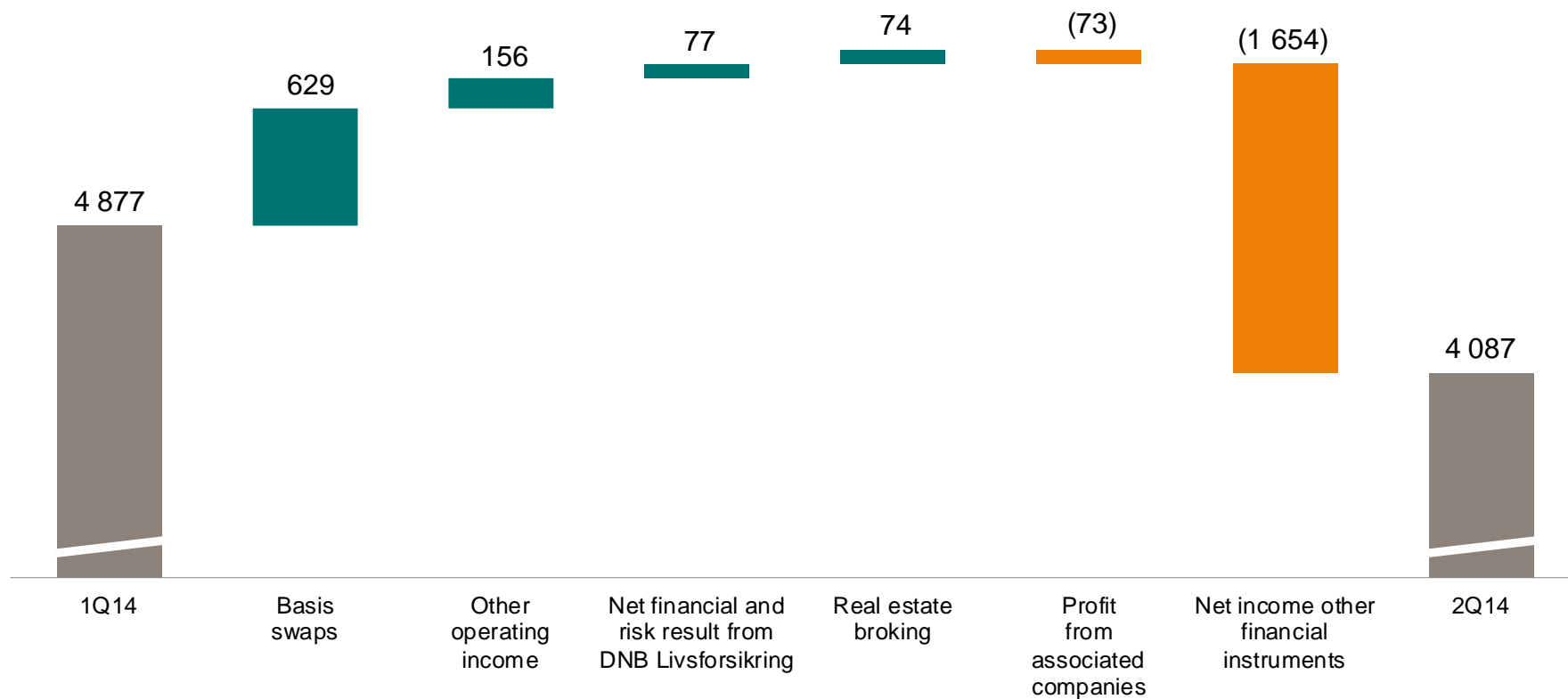




# Changes in net other operating income

NOK million

From 1st quarter 2014 to 2nd quarter 2014



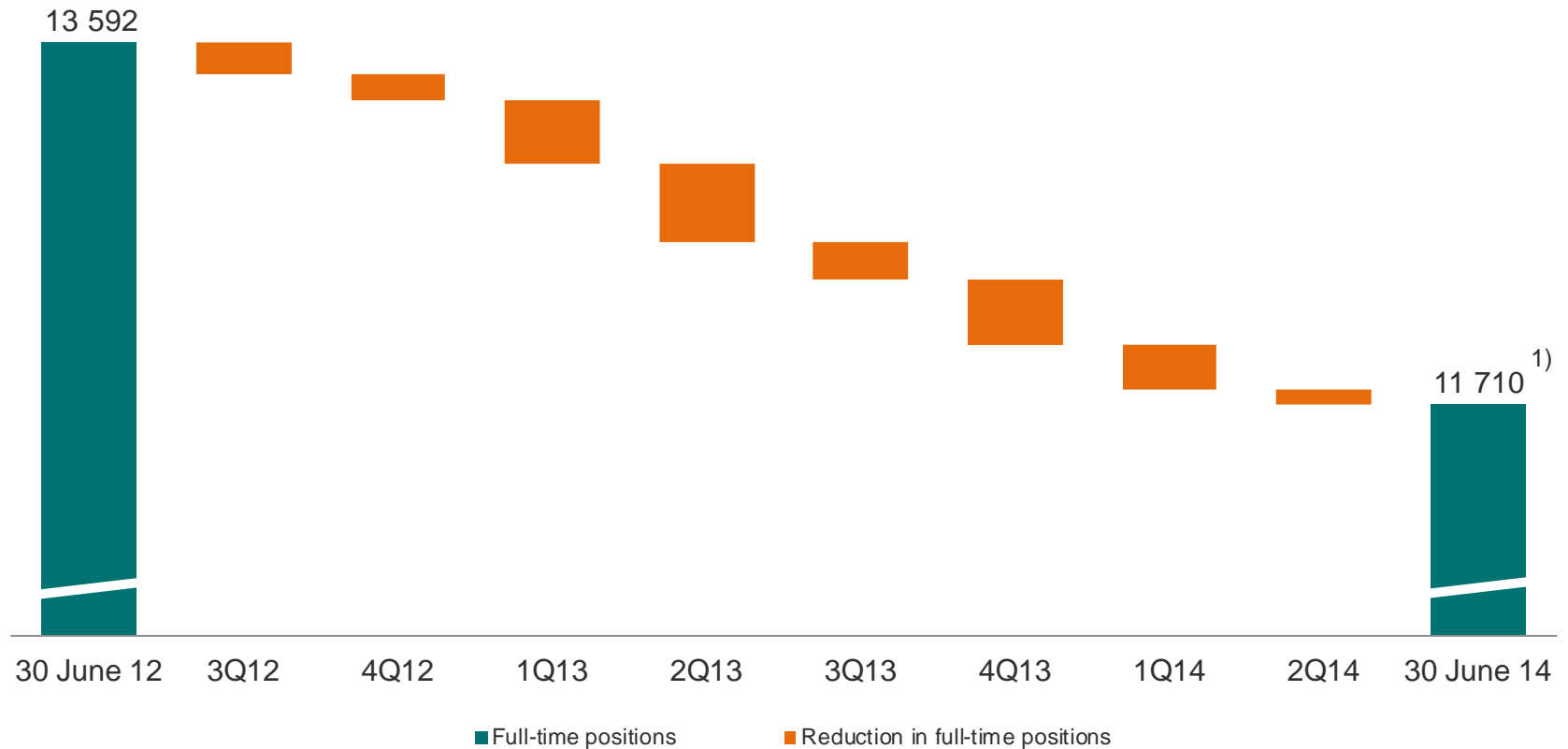
## Changes in operating expenses

Amounts in NOK million	2Q14	Change	2Q13	Change in per cent
<b>Total adjusted operating expenses</b>	<b>5 150</b>	<b>140</b>	<b>5 010</b>	<b>2.8</b>
<b>Income-related costs</b>				
Ordinary depreciation on operational leasing		33		
<b>Expenses directly related to operations</b>				
Marketing		29		
Properties and premises		26		
External distribution costs		18		
Other costs		34		
<b>Non-recurring effects</b>	<b>83</b>	<b>(567)</b>	<b>650</b>	
Restructuring costs - employees	75	(383)	457	
Other restructuring costs and non-recurring effects	8	(185)	193	
<b>Operating expenses</b>	<b>5 233</b>	<b>(428)</b>	<b>5 660</b>	<b>(7.6)</b>

## Changes in operating expenses

Amounts in NOK million	2Q14	Change	1Q14	Change in per cent
<b>Total adjusted operating expenses</b>	<b>5 150</b>	<b>(19)</b>	<b>5 168</b>	<b>(0.4)</b>
<b>Income-related costs</b>				
Prepaid advertising - real estate broking		20		
<b>Expenses directly related to operations</b>				
IT expenses		(66)		
Properties and premises		(23)		
Other costs		51		
<b>Non-recurring effects</b>	<b>83</b>	<b>59</b>	<b>24</b>	
Restructuring costs - employees	75	29	46	
Other restructuring costs and non-recurring effects	8	31	(22)	
<b>Operating expenses</b>	<b>5 233</b>	<b>41</b>	<b>5 192</b>	<b>0.8</b>

## Development in staff levels



1) The estimate presented on the CMD 2012 was 12 000 full-time positions at year-end 2014

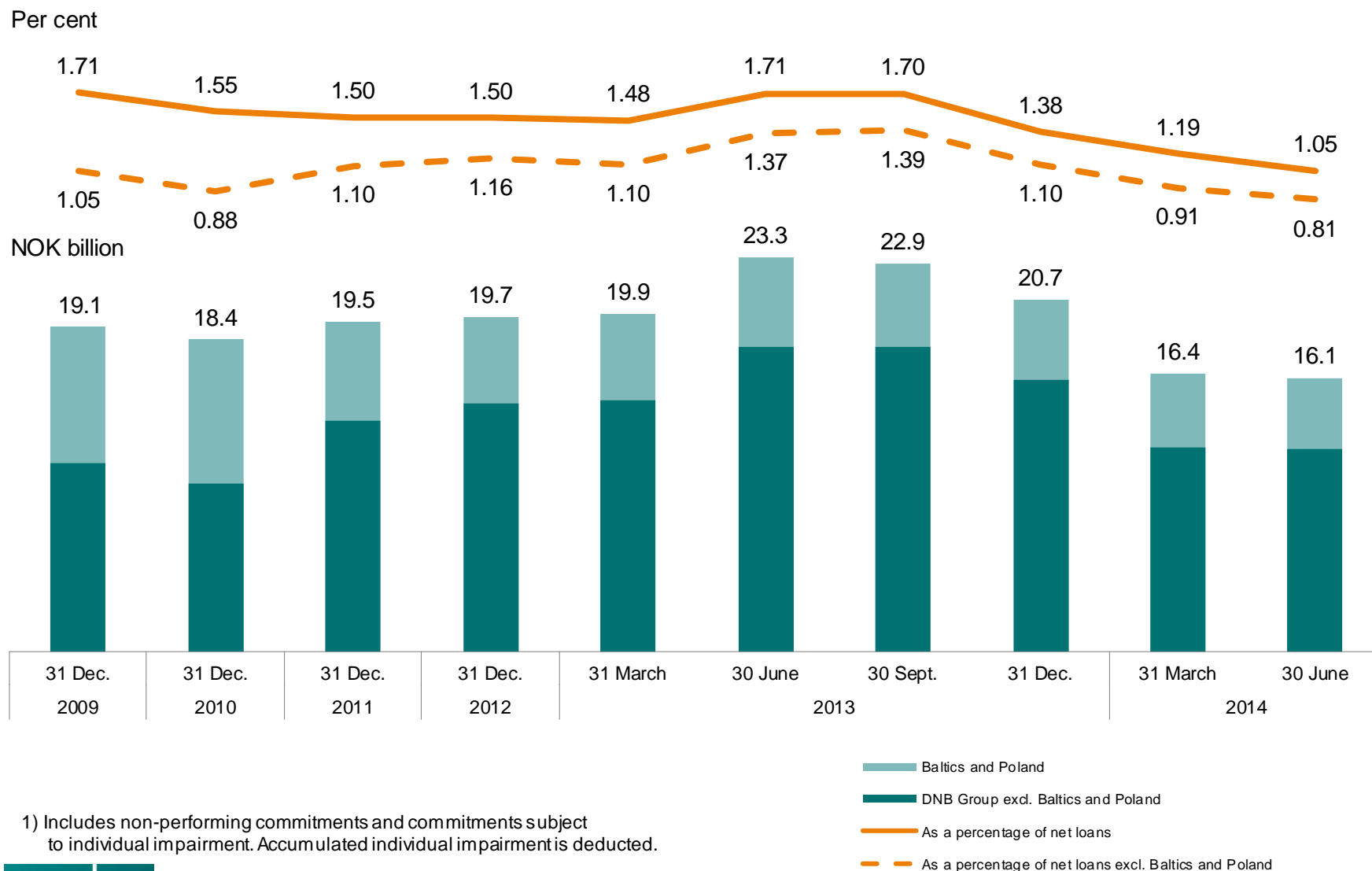
# Impairment of loans and guarantees

Amounts in NOK million	2Q14	1Q14	4Q13	3Q13	2Q13	1st half 2014	1st half 2013
<i>Individual impairment:</i>							
<b>Personal customers</b>							
- Mortgage loans	(5)	(16)	36	15	17	(21)	26
- Consumer finance	61	66	37	38	121	127	210
<b>Small and medium-sized enterprises</b>	162	73	207	119	156	235	238
<b>Large corporates and international customers</b>							
- Nordic Corporates Division	97	(56)	67	32	61	40	37
- International Corporates Division	(17)	56	86	51	82	39	90
- Shipping, Offshore and Logistics Division	152	152	(271)	225	198	304	545
- Energy Division	(2)	24	(17)	2	66	22	67
- Baltics, Russia and Poland	53	31	93	189	83	84	188
- Other units	1	3	(3)	1	6	4	6
<b>Total individual impairment</b>	<b>502</b>	<b>332</b>	<b>236</b>	<b>674</b>	<b>791</b>	<b>834</b>	<b>1 408</b>
<i>Collective impairment:</i>							
DNB excl. Baltics, Russia and Poland	71	(227)	(171)	(174)	173	(156)	332
Baltics, Russia and Poland	(19)	(25)	(29)	(25)	(27)	(44)	(65)
<b>Total collective impairment of loans</b>	<b>52</b>	<b>(252)</b>	<b>(200)</b>	<b>(199)</b>	<b>146</b>	<b>(200)</b>	<b>267</b>
<b>Impairment of loans and guarantees</b>	<b>554</b>	<b>80</b>	<b>36</b>	<b>475</b>	<b>937</b>	<b>634</b>	<b>1 674</b>

## Impairment in per cent of loans

Per cent	2Q14	1Q14	4Q13	3Q13	2Q13	1st half 2014	1st half 2013
Total impairment in relation to average volumes (annual basis)	<b>0.16</b>	0.02	0.01	0.14	<b>0.29</b>	0.10	0.26
- DNB excl. Baltics and Poland	<b>0.16</b>	0.02	(0.01)	0.10	<b>0.28</b>	0.09	0.25
- Baltics and Poland	<b>0.25</b>	0.03	0.44	1.18	<b>0.47</b>	0.14	0.49

# Net non-performing and net doubtful loans and guarantees <sup>1)</sup>



## Balance sheets

	DNB Group		DNB Bank ASA	
	30 June 2014	31 Dec. 2013	30 June 2014	31 Dec. 2013
Amounts in NOK billion				
Deposits with central banks	171	167	169	163
Due from credit institutions	191	181	432	399
Loans to customers	1 369	1 341	693	680
Other assets	713	716	529	583
<b>Total assets</b>	<b>2 445</b>	<b>2 405</b>	<b>1 824</b>	<b>1 826</b>
Due to credit institutions	214	234	267	281
Deposits from customers	882	868	857	849
Short-term debt securities issued	199	184	199	184
Long-term debt securities issued	543	528	155	169
Other liabilities and provisions	459	449	223	228
Equity	148	142	123	115
<b>Total liabilities and equity</b>	<b>2 445</b>	<b>2 405</b>	<b>1 824</b>	<b>1 826</b>
Ratio of deposits to net loans (%)	64.4	64.7	123.7	124.9
Adjusted ratio of deposits to net loans (%) <sup>1)</sup>	64.3	63.7	123.5	122.9
Total combined assets	2 710	2 656	1 824	1 826
Currency-adjusted loans to customers	1 368		692	
Currency-adjusted deposits from customers	880		856	

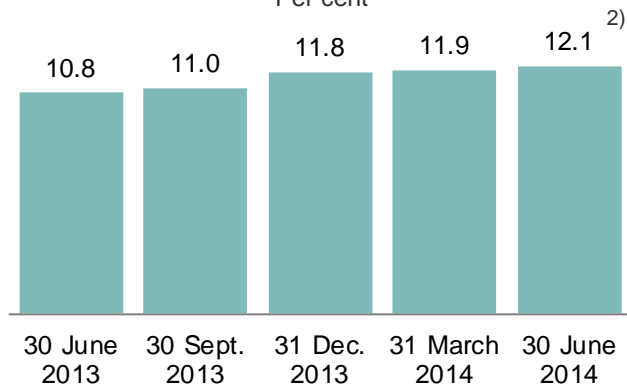
1) Excluding short-term money market deposits



# Common equity Tier 1 capital ratio <sup>1)</sup>

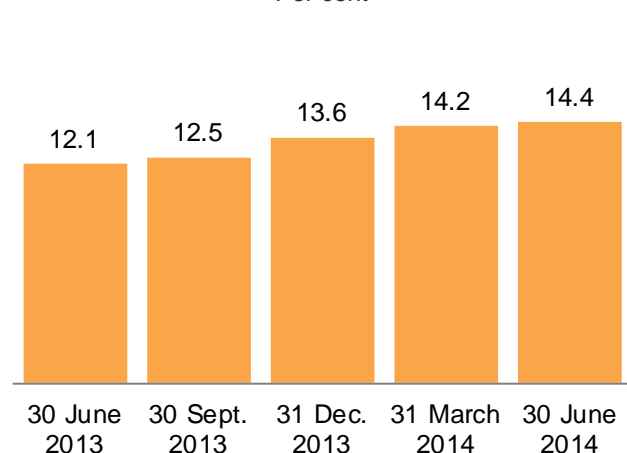
## CET1 transitional rules

Per cent



## CET1 Basel III estimate

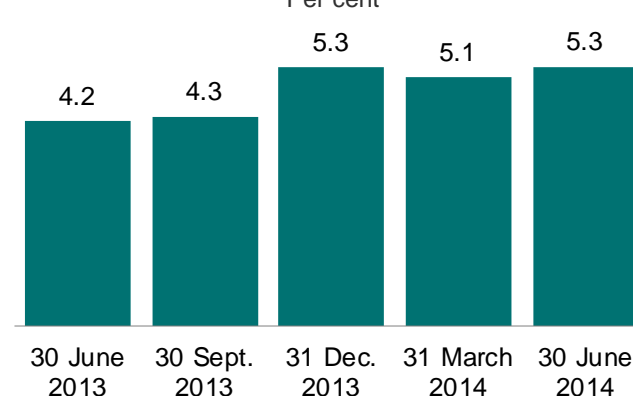
Per cent



- 1) Including 50 per cent of profit for the period, except for the full year figures  
 2) 12.4 per cent if 75 per cent of profit for the period is included

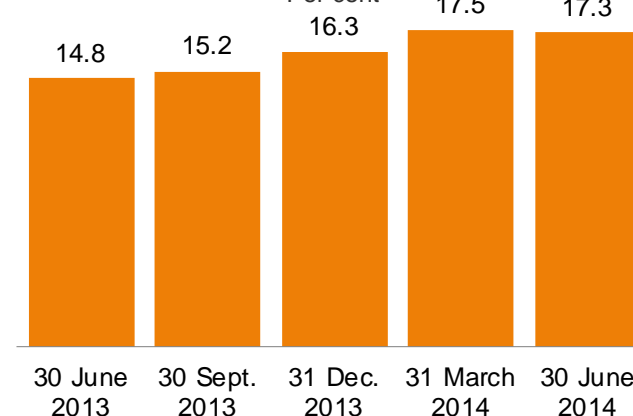
## Leverage ratio Basel III <sup>3)</sup>

Per cent



## Basel III applying average weights used by Swedish banks <sup>4)</sup>

Per cent



- 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

## Macroeconomic forecast for Norway



Robust Norwegian economy, anticipates GDP growth of approximately 2 per cent over the coming years

Strong growth in household disposable income. Production rate expected to increase for export companies

Continued low unemployment rate

Oil investment expected to decline in 2015, but to remain at a historically high level

Stable price trend in the housing market

## Prospects for 2014

The build-up of Tier 1 capital is on schedule, and regulatory uncertainty has been reduced

The ambition to achieve 3-4 per cent trailing 12-month lending growth and stable volume-weighted spreads remains firm

High level of activity in all customer segments and a continued increase in commissions is expected

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

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

A man and a woman are walking together on a modern rooftop terrace. The woman, on the left, has blonde hair and is wearing a grey blazer over a colorful floral dress and grey ankle boots. She is carrying a brown leather bag. The man, on the right, has a beard and glasses, wearing a light blue button-down shirt, dark blue trousers, and brown shoes. He is carrying a dark blue jacket and a brown leather bag. They are walking on a paved path with low wooden planters containing greenery on either side. In the background is a modern building with a glass and dark metal facade. A large, semi-transparent teal shape is overlaid on the left side of the image.

DNB