

SECOND QUARTER 2016

Q2

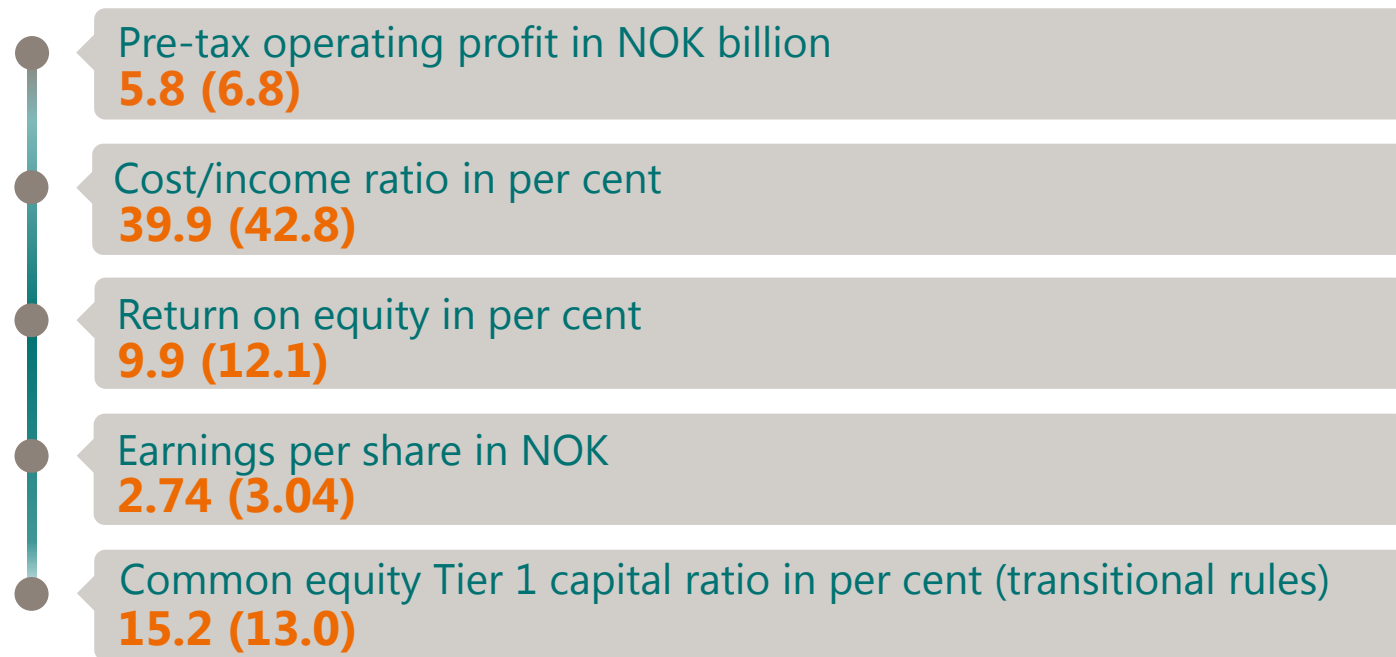
RESULTS DNB GROUP SECOND QUARTER AND FIRST HALF 2016

Rune Bjerke (CEO)

Bjørn Erik Næss (CFO)



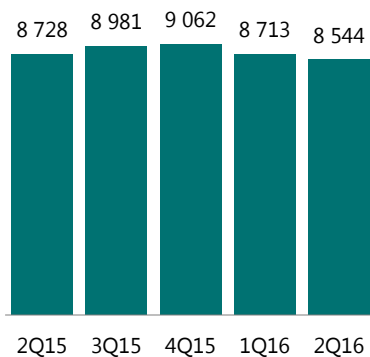
Second quarter 2016



Profit development

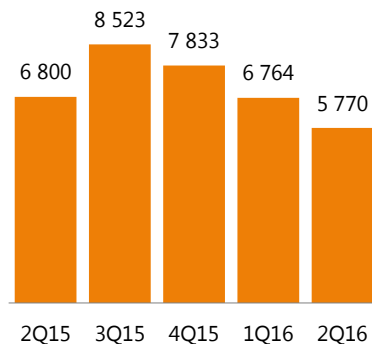
Net interest income

NOK million



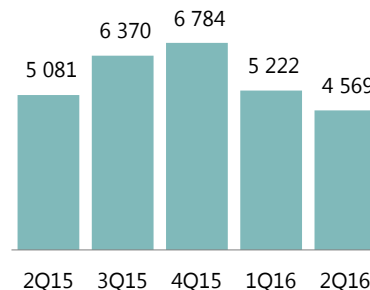
Pre-tax operating profit

NOK million



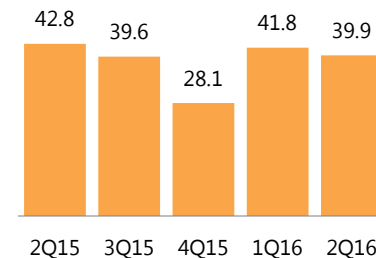
Profit for the period

NOK million



Cost/income ratio

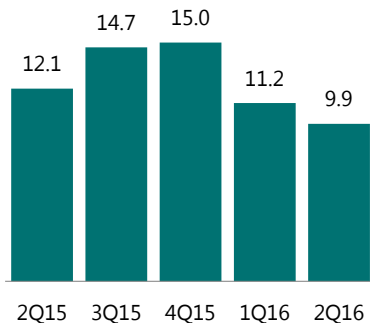
Per cent



Key performance indicators

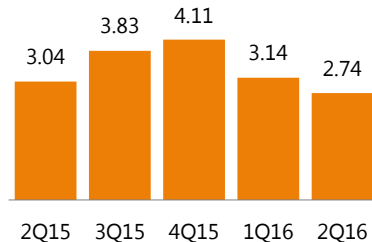
Return on equity ¹⁾

Per cent



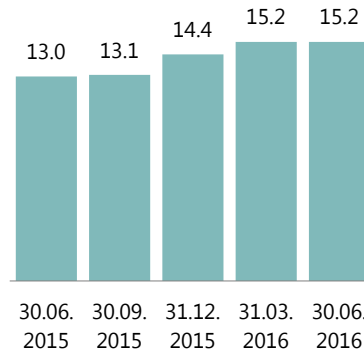
Earnings per share

NOK



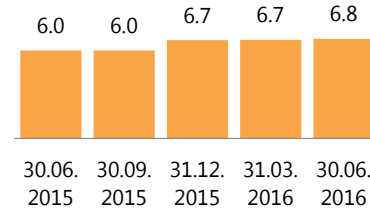
CET 1 capital ratio transitional rules ²⁾

Per cent



Leverage Ratio ²⁾

Per cent



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

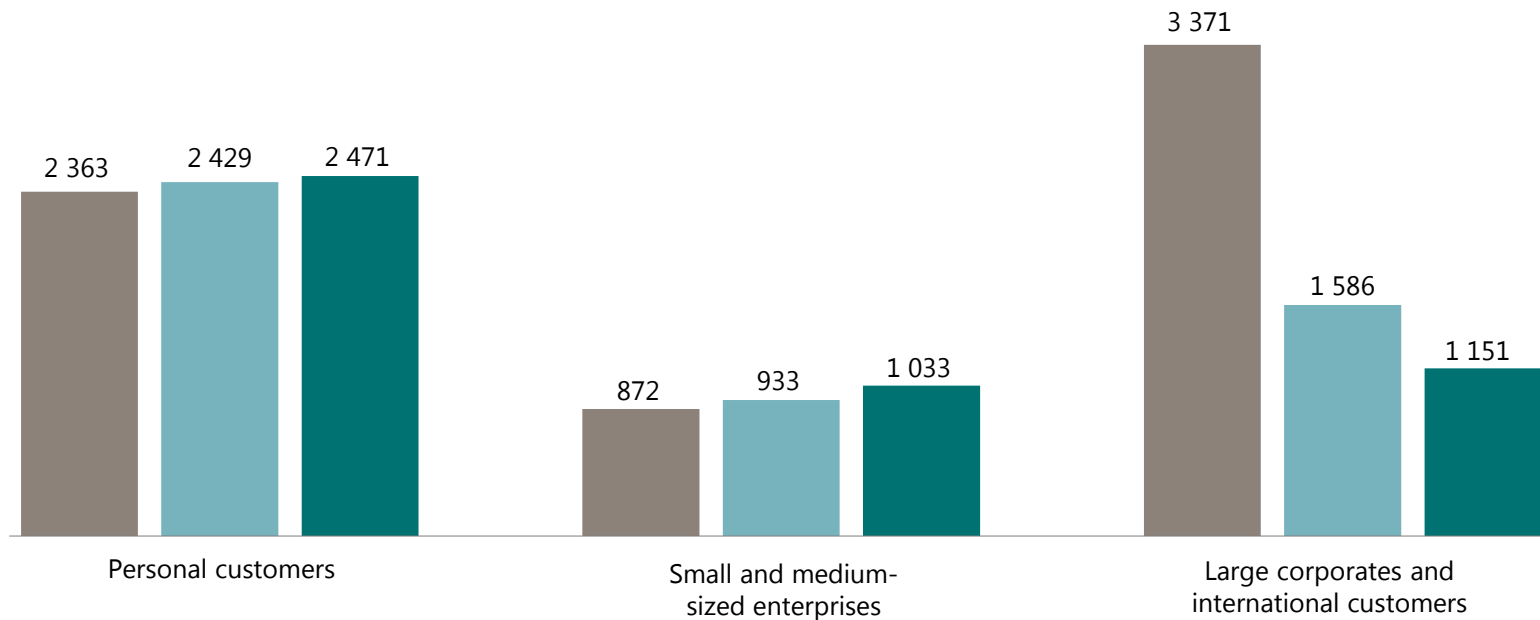
2) All figures include 50 per cent of interim profits, apart from the figures as at 31 December, which are exclusive of dividend payments

Customer segments

■ 2Q16
■ 1Q16
■ 2Q15

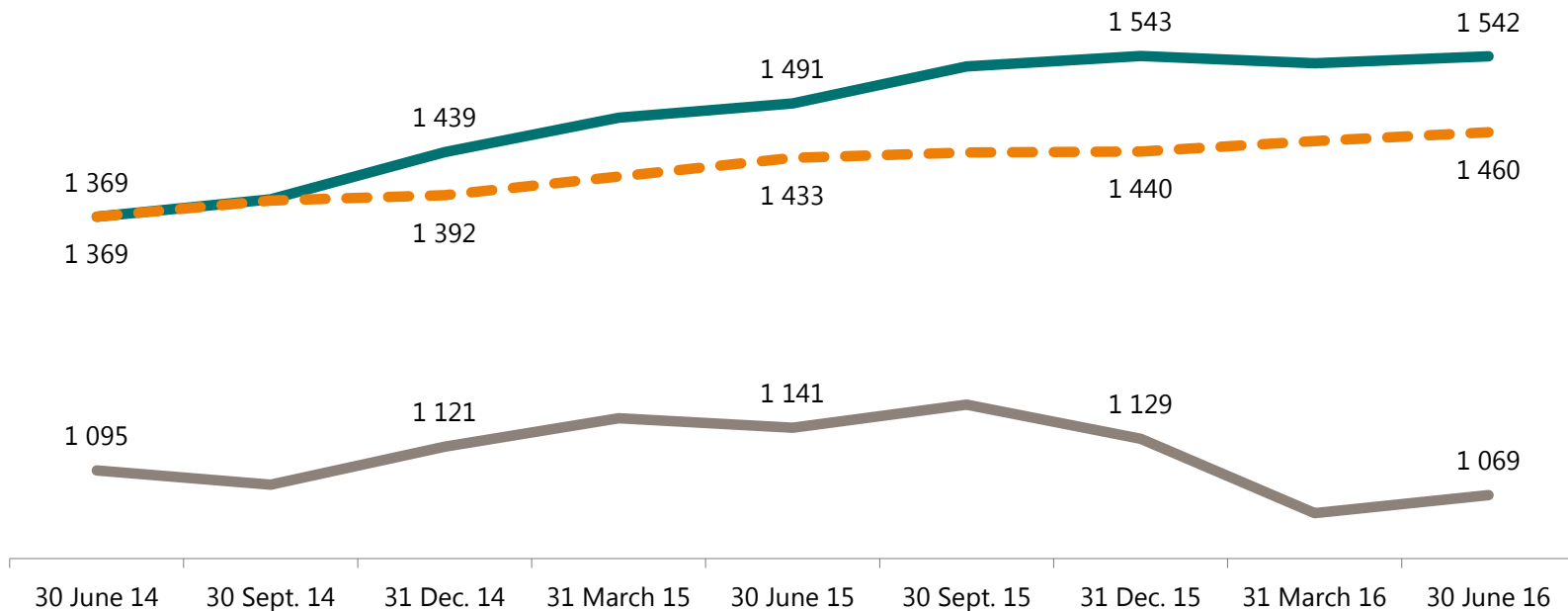
NOK million

Pre-tax operating profit after impairment



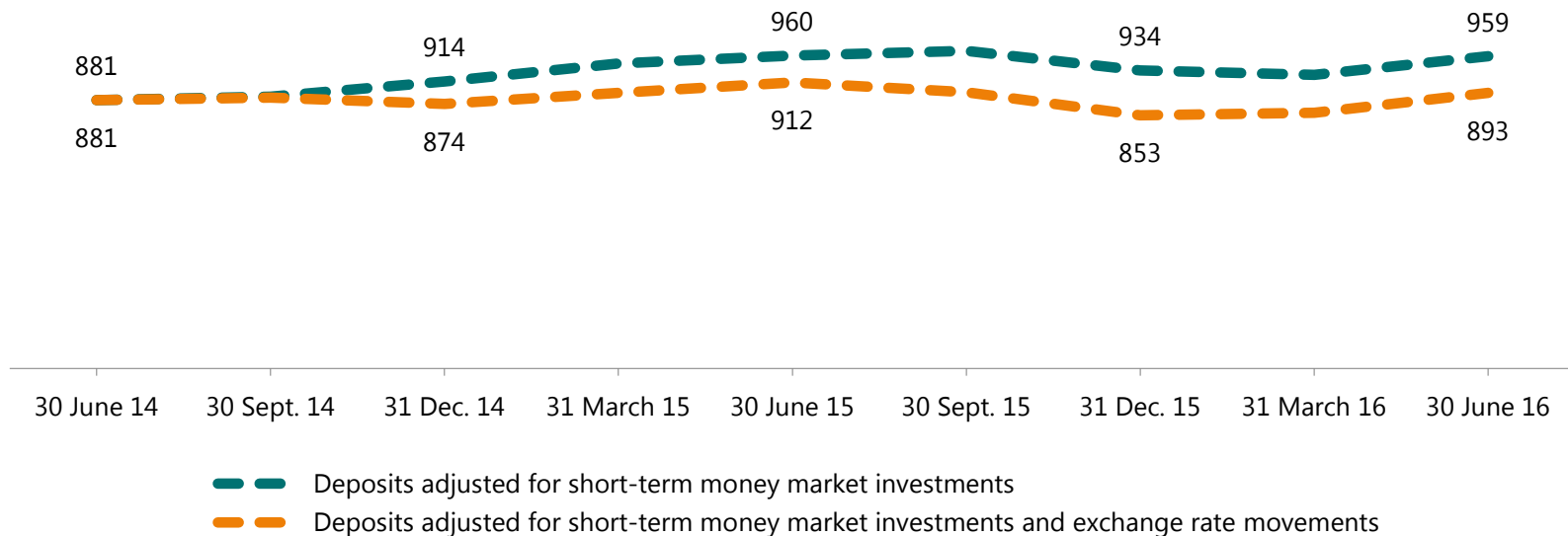
Development in loans and risk-weighted assets

NOK billion



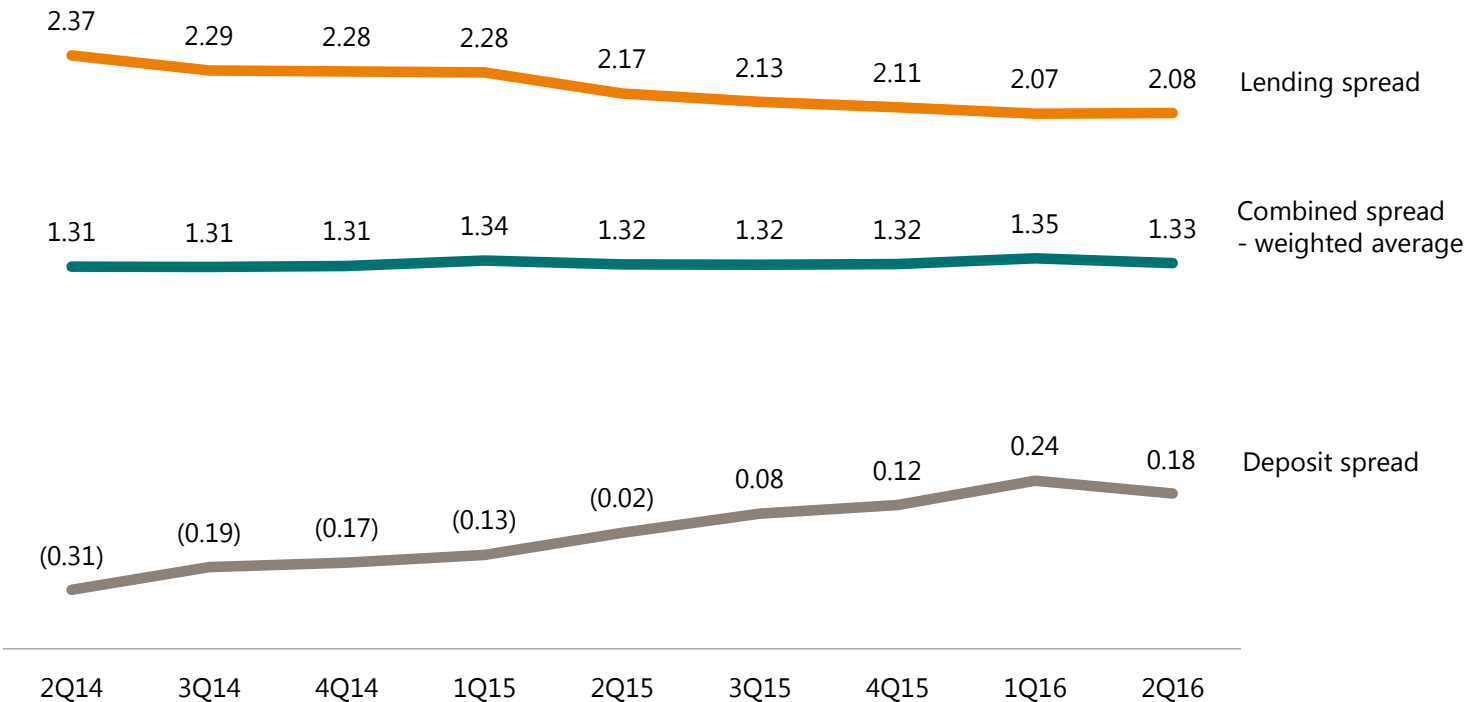
Development in deposits – adjusted for short-term money market investments

NOK billion



Development in average interest rate spreads – customer segments

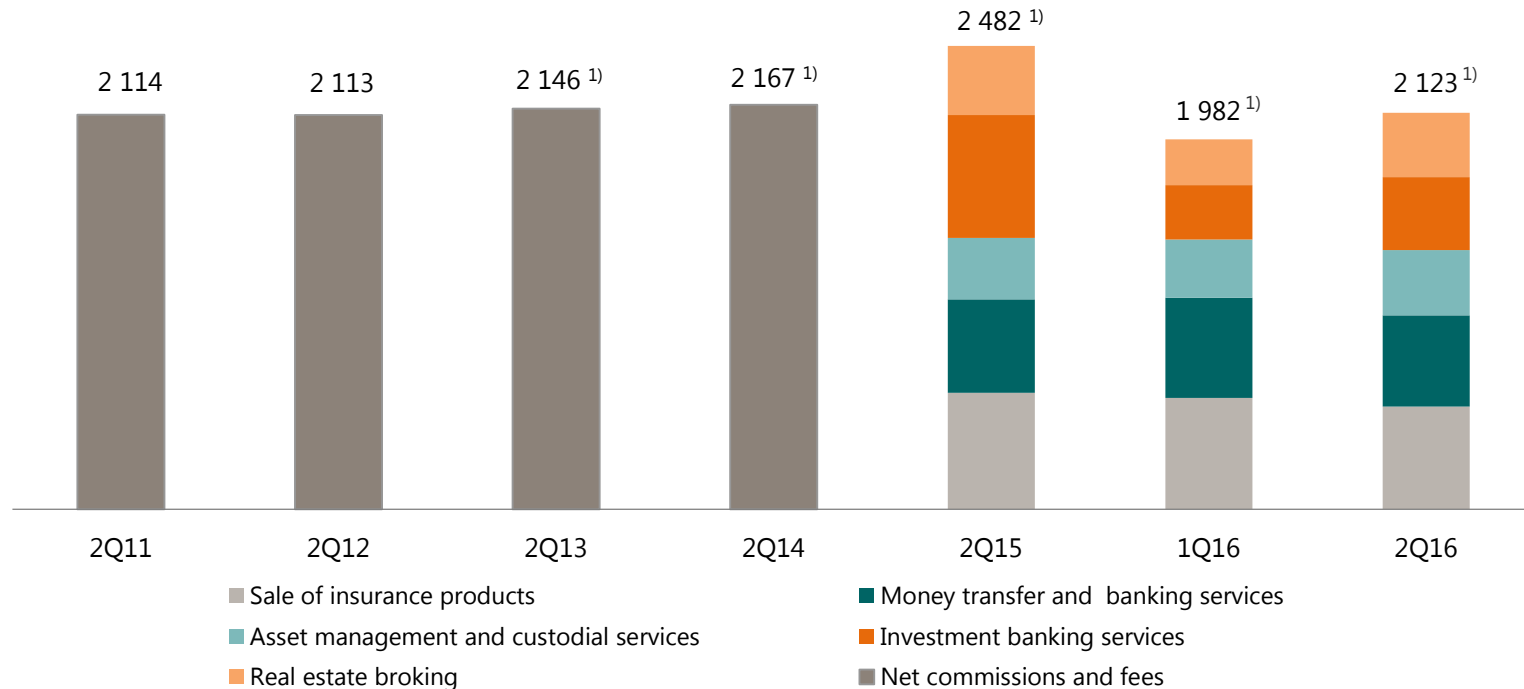
Per cent



Development in commissions and fees

NOK million

- 9.6% YoY growth



Income statement

Amounts in NOK million	2Q16	1Q16	2Q15	1st half 2016	1st half 2015
Net interest income	8 544	8 713	8 728	17 257	17 315
<i>Net commissions and fees</i>	2 136	1 991	2 489	4 127	4 701
<i>Net gains on financial instruments at fair value</i>	1 029	2 384	1 174	3 413	4 574
<i>Net financial and risk result, DNB Livsforsikring</i>	166	112	170	278	223
<i>Net insurance result, DNB Forsikring</i>	204	115	166	319	270
<i>Other operating income</i>	1 418	340	221	1 757	582
Net other operating income, total	4 952	4 942	4 221	9 894	10 350
Total income	13 496	13 655	12 949	27 151	27 665
Operating expenses	(5 281)	(5 157)	(5 312)	(10 438)	(10 527)
Restructuring costs and non-recurring effects	(104)	(553)	(215)	(657)	(438)
Pre-tax operating profit before impairment	8 111	7 945	7 422	16 056	16 700
Net gains on fixed and intangible assets	(20)	(6)	45	(26)	56
Impairment of loans and guarantees	(2 321)	(1 174)	(667)	(3 495)	(1 241)
Pre-tax operating profit	5 770	6 764	6 800	12 534	15 515
Tax expense	(1 190)	(1 529)	(1 702)	(2 720)	(3 833)
Profit from operations held for sale, after taxes	(10)	(13)	(17)	(23)	(64)
Profit for the period	4 569	5 222	5 081	9 791	11 618
Profit attributable to shareholders	4 454	5 107	4 971	9 561	11 494

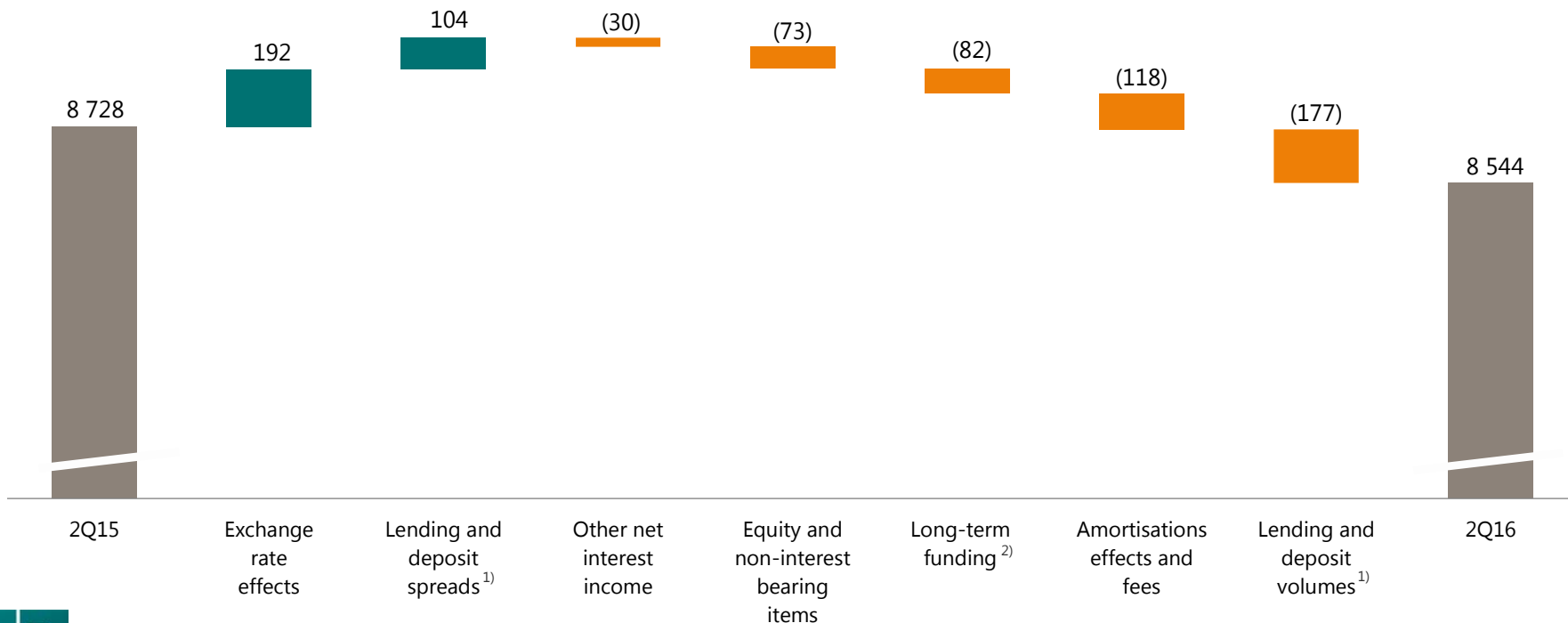
Net gains on financial instruments

Amounts in NOK million	2Q16	1Q16	2Q15	Change	
				1Q16- 2Q16	2Q15- 2Q16
Customer revenues in DNB Markets	665	562	573	103	92
Trading revenues in DNB Markets (excl. CVA/DVA/FVA and credit spread effects)	671	464	440	207	230
Credit spread effects on bonds in DNB Markets	67	(114)	(132)	181	199
Financial guarantees	110	194	233	(84)	(123)
Basis swaps	(388)	1 003	(54)	(1 391)	(334)
CVA/DVA	(133)	(93)	252	(39)	(385)
FVA	(400)	-	-	(400)	(400)
Other mark-to-market adjustments	438	368	(139)	70	577
Net gains on financial instruments at fair value	1 029	2 384	1 174	(1 355)	(145)

Changes in net interest income

NOK million

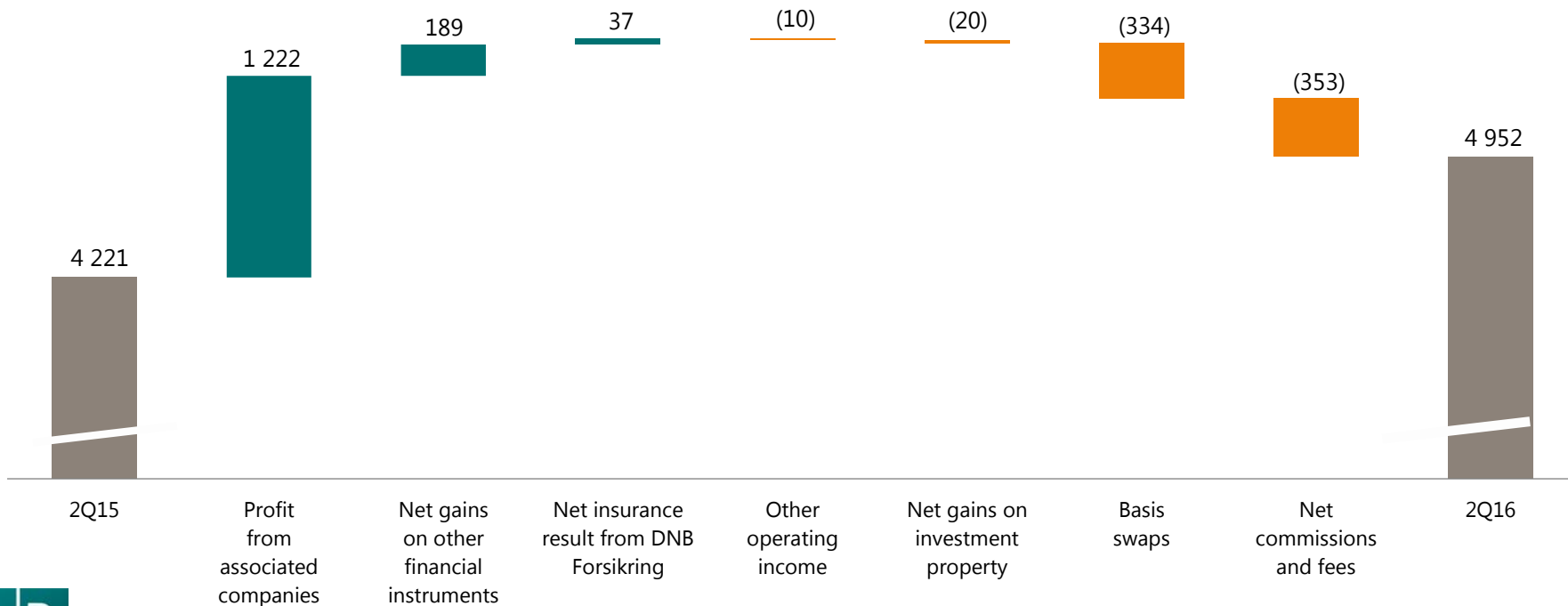
From 2nd quarter 2015 to 2nd quarter 2016



Changes in net other operating income

NOK million

From 2nd quarter 2015 to 2nd quarter 2016



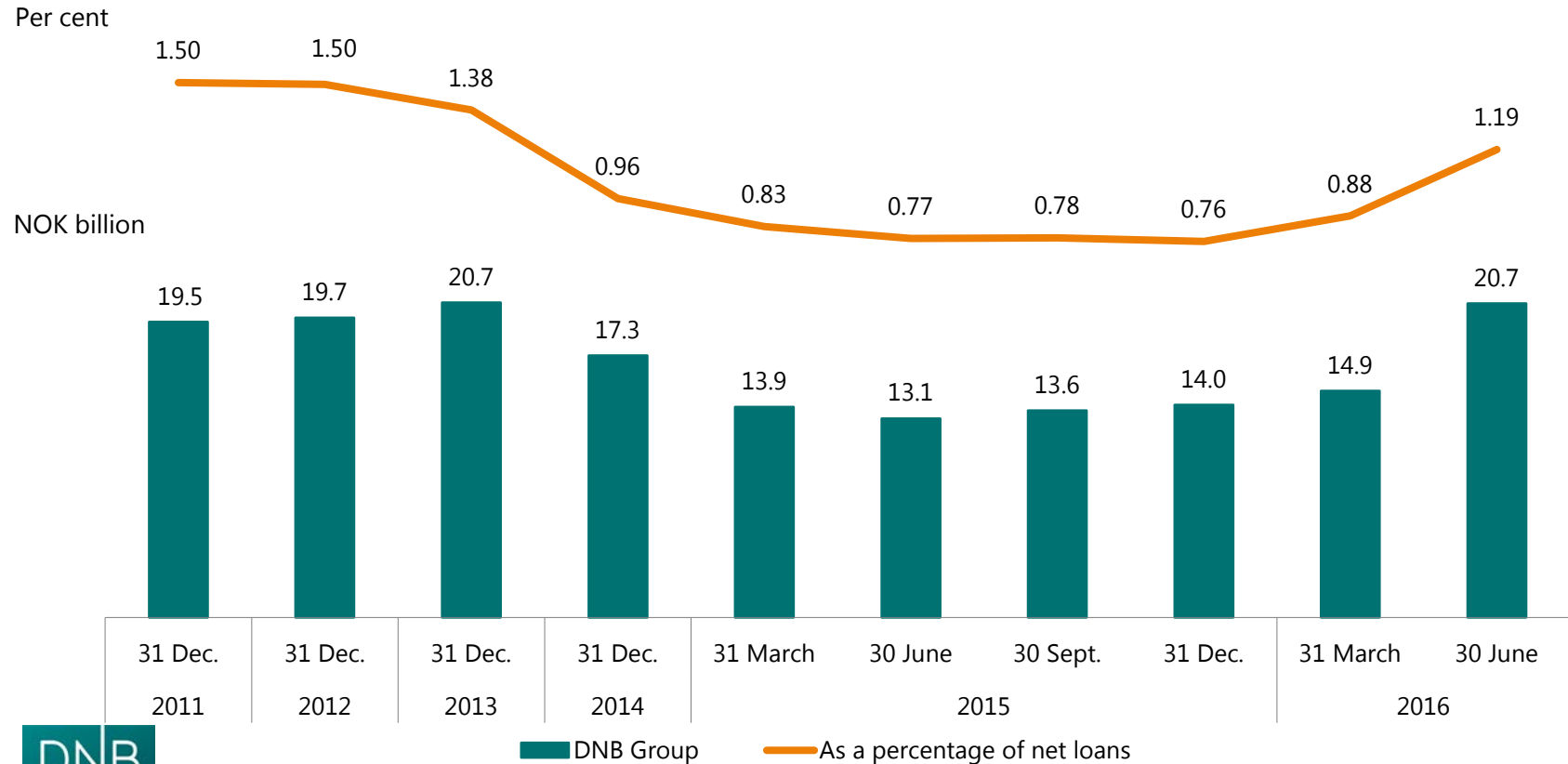
Changes in operating expenses

Amounts in NOK million	2Q16	Change	2Q15
Total adjusted operating expenses	(5 281)	31	(5 312)
Of which :			
Exchange rate effects for units outside Norway		(79)	
Currency-adjusted operating expenses	(5 202)	110	(5 312)
Total adjusted operating expenses	(5 281)	31	(5 312)
Income-related costs			
Ordinary depreciation on operational leasing		(19)	
Expenses directly related to operations			
Pension expenses		(37)	
IT expenses		59	
Travel and training expenses		25	
Other costs		3	
Non-recurring effects	(104)	111	(215)
Restructuring costs, employees	(101)	33	(134)
Other restructuring costs and non-recurring effects	(3)	(0)	(3)
IT restructuring	0	78	(78)
Operating expenses	(5 385)	142	(5 527)

Impairment of loans and guarantees

Amounts in NOK million	2Q16	1Q16	2Q15	1st half 2016	1st half 2015
Personal customers	(106)	432	(58)	326	(24)
- Mortgage loans	(30)	531	17	501	98
- Consumer finance	(76)	(99)	(75)	(175)	(122)
Small and medium-sized enterprises	(181)	(231)	(284)	(413)	(592)
Large corporates and international customers	(1 305)	(728)	(425)	(2 034)	(682)
- Nordic Corporates Division	(66)	6	5	(60)	20
- International Corporates Division	72	(7)	(93)	65	(54)
- Shipping, Offshore and Logistics Division	(823)	(610)	(302)	(1 434)	(544)
- Energy Division	(458)	(81)	(43)	(539)	(56)
- Baltics and Poland	(24)	(36)	(47)	(60)	(98)
- Other units	(6)	0	56	(6)	50
Total individual impairment	(1 592)	(528)	(767)	(2 120)	(1 298)
Total collective impairment of loans	(729)	(646)	101	(1 375)	57
Impairment of loans and guarantees	(2 321)	(1 174)	(667)	(3 495)	(1 241)
Total impairment in relation to average volumes (annualised)	(0.61)	(0.31)	(0.18)	(0.46)	(0.17)

Net non-performing and net doubtful loans and guarantees ¹⁾

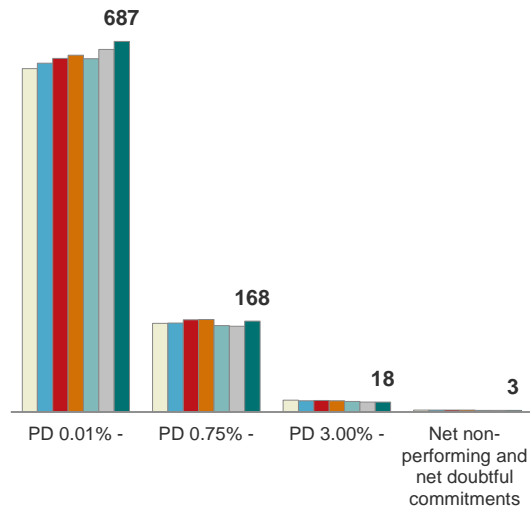


¹⁾ Includes non-performing commitments and commitments subject to individual impairment. Accumulated individual impairment is deducted.

DNB's loan book is robust – except for oil-related portfolio

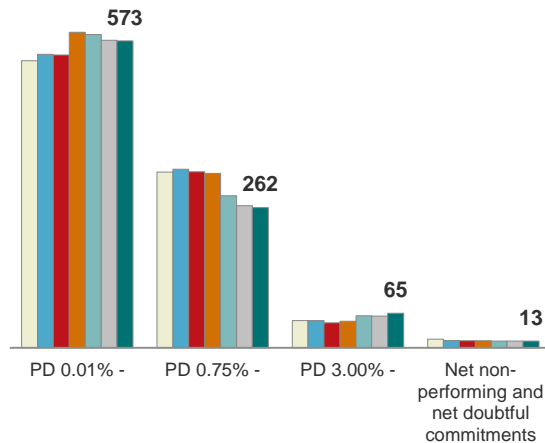
Personal customers

EAD in NOK billion



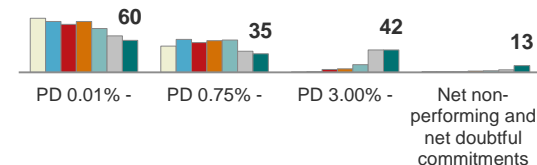
Corporate customers excl. oil-related portfolio

EAD in NOK billion



Oil-related portfolio

EAD in NOK billion

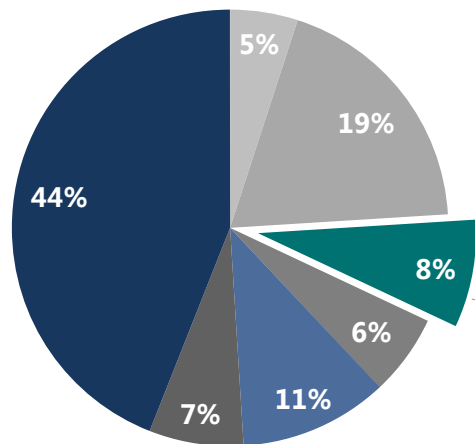


31 Dec. 2014 31 March 2015 30 June 2015 30 Sept. 2015 31 Dec. 2015 31 March 2016 30 June 2016

The oil-related portfolio represents 8 per cent of DNB's total loan portfolio

Total loan portfolio – EAD NOK 1 939 billion

Per cent



Residential mortgages

Manufacturing

Other corporate customers

Oil, gas and offshore

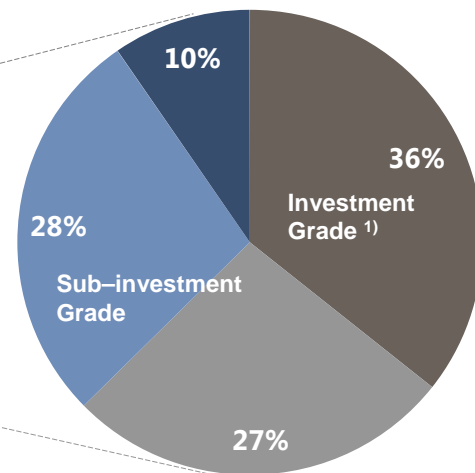
Shipping

Commercial real estate

Consumer finance

Oil-related portfolio – EAD NOK 151 billion

Lending breakdown by rating ¹⁾



Investment grade

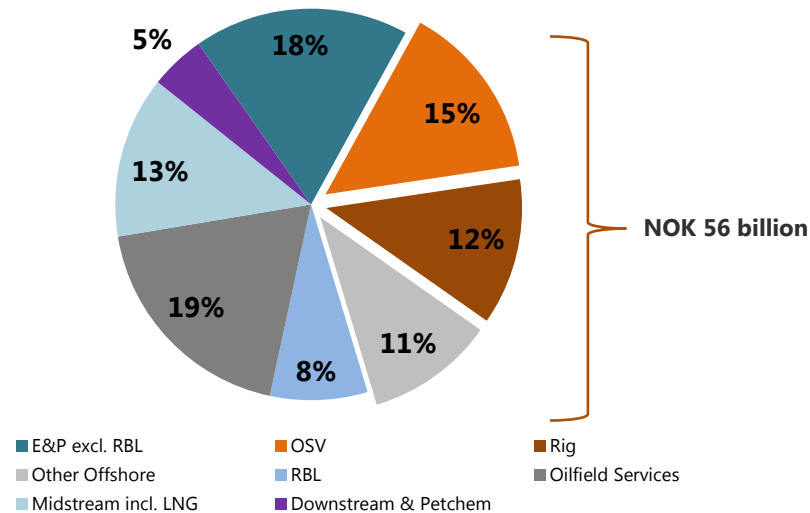
Sub-investment grade, BB/ Ba

Sub-investment grade B or below

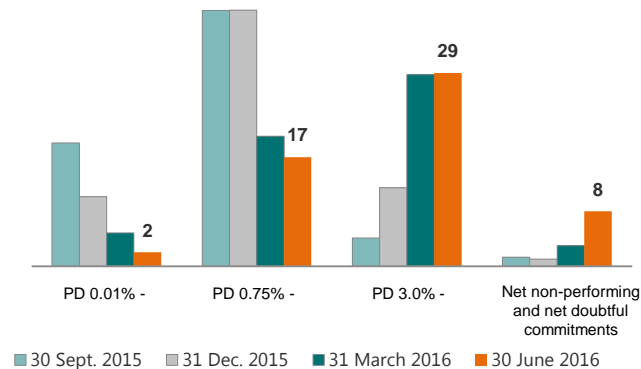
Net non-performing and doubtful loans

The negative migration in the offshore portfolio continued in 2Q

Oil-related portfolio – EAD ¹⁾ NOK 151 billion



Offshore – EAD ¹⁾ NOK 56 billion

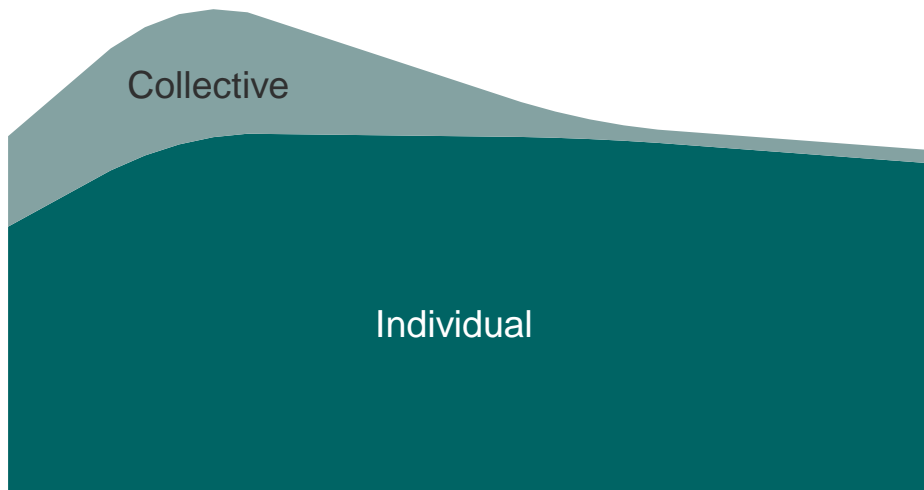


- Accumulated collective and individual impairment losses for the oil-related portfolio total approximately NOK 3.1 billion or 3.8 per cent of the total drawn amount

- A deterioration of the offshore markets has resulted in negative migration, primarily in the offshore supply vessel and rig portfolios
- Offshore supply vessels and rigs represent 2.1 per cent of DNB's total EAD ¹⁾

Total impairment in 2016 to 2018 < NOK 18 billion

Illustration of impairment losses (P&L effect) ¹⁾



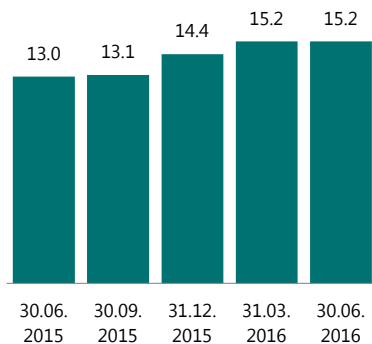
- Impairment losses are estimated to be up to NOK 18 billion over a three-year period, with the highest impairment losses during the first part of the period
- Total impairment losses in 2016 will exceed NOK 6 billion
- Migration expected to stabilise in 2017 and 2018 and the build-up of collective impairment to cease

Balance sheets

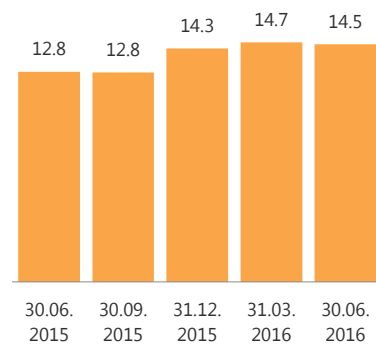
	DNB Group		DNB Bank ASA	
	30 June 2016	31 Dec. 2015	30 June 2016	31 Dec. 2015
Amounts in NOK billion				
Deposits with central banks	154	19	151	16
Due from credit institutions	215	301	564	631
Loans to customers	1 542	1 543	686	706
Other assets	754	735	596	613
Total assets	2 665	2 599	1 997	1 965
Due to credit institutions	190	162	301	262
Deposits from customers	961	944	901	896
Short-term debt securities issued	168	160	168	160
Long-term debt securities issued	644	645	192	180
Other liabilities and provisions	511	497	276	315
Additional Tier 1 capital	10	8	10	8
Other equity	182	182	150	143
Total liabilities and equity	2 665	2 599	1 997	1 965
Ratio of deposits to net loans (%)	62.3	61.2	131.4	127.1
Adjusted ratio of deposits to net loans (%) ¹⁾	62.2	60.5	131.1	125.5
Total combined assets	2 927	2 901	1 997	1 965
Currency-adjusted loans to customers	1 563		697	
Currency-adjusted deposits from customers	976		914	

Common equity Tier 1 capital ratio ¹⁾

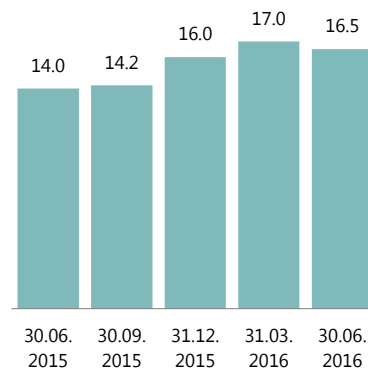
DNB Group
Transitional rules
Per cent



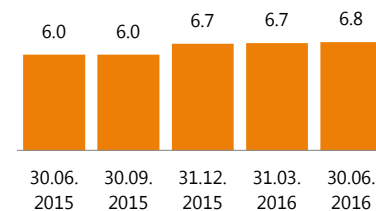
DNB Bank Group
Transitional rules
Per cent



DNB Group
Basel III without transitional rules
Per cent



DNB Group
Leverage ratio
Per cent



Financial ambitions 2016-2018



Guiding

Stable volume-weighted spreads

Lending growth 2-3%

Stable risk-weighted assets

Minimum 3% annual growth in commissions and fees

Impairment losses are estimated to be up to NOK 18 billion over a three-year period, with the highest impairment losses during the first part of the period

Tax rate: 22% in 2016, 24% in 2017 and 22% in 2018

SECOND QUARTER 2016

Q2

HERE FOR YOU.
EVERY DAY.
WHEN IT MATTERS
THE MOST.

