

Q1

FIRST QUARTER 2017

DNB Group

Results

Rune Bjerke (CEO)
Kjerstin Braathen (CFO)

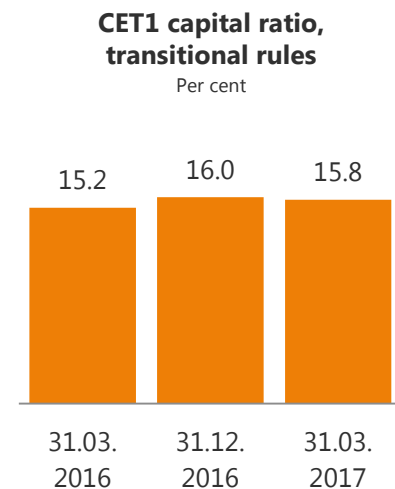
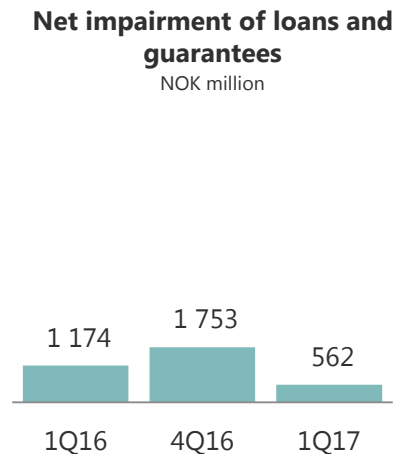
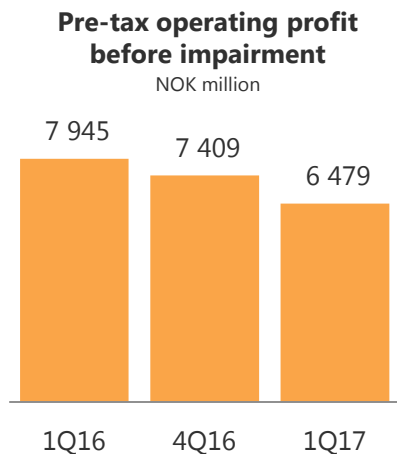
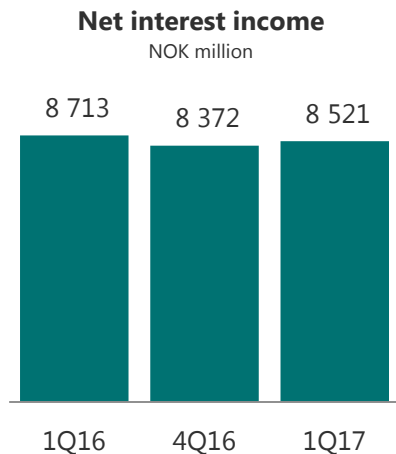
28.04.2017



From the DNB NXT Conference in October 2016

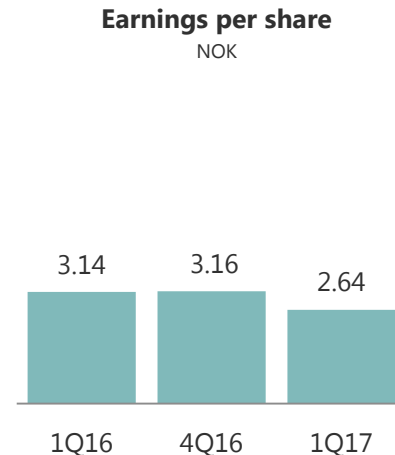
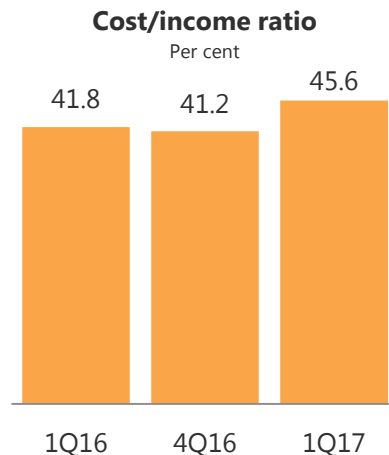
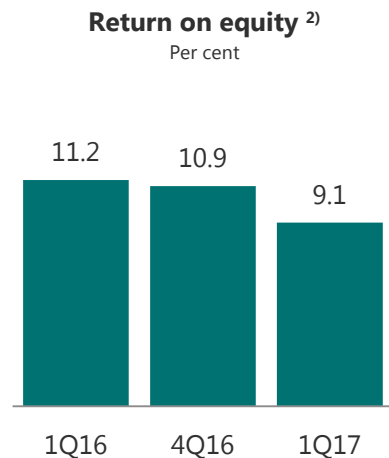
Profits on track – sound trend in net interest income

- Net interest income increased by NOK 149 million compared with 4Q16 despite two fewer interest days
- Negative mark-to-market adjustments on basis swaps represented NOK 620 million in 1Q17
- Impairment losses were NOK 1.2 billion lower in 1Q17 than in 4Q16 due to a reduction in new individual and collective impairment losses, in addition to increased reversals
- Changes in regulations for investments in insurance companies gave higher RWA and had a negative effect of 23 bps on the CET1 ratio



Return on equity is affected by market valuations on basis swaps and currency effects on AT1 capital ¹⁾

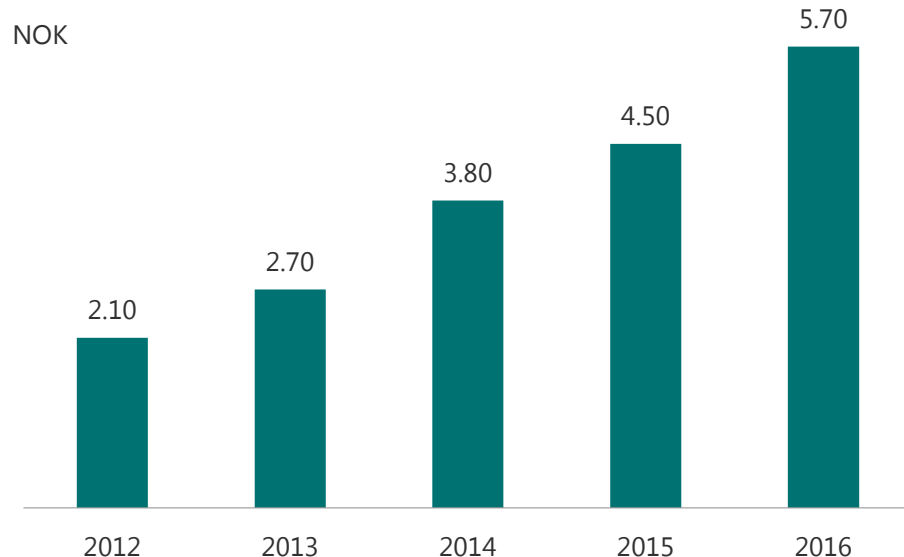
- Return on equity adjusted for basis swaps (minus NOK 620 million) was 10.1 per cent in 1Q17
- The cost/income ratio adjusted for basis swaps was 43.4 per cent in 1Q17
- Earnings per share adjusted for basis swaps was NOK 2.93 in 1Q17



Dividend policy unchanged

- A share buy-back has been approved by the Annual General Meeting. A buy-back programme will comprise up to 1.5 per cent of outstanding shares
- The buy-back is dependent on approval from the Norwegian FSA. An application has been sent

Dividend per share



Dividend policy

Payout ratio

> 50 per cent



Aiming for a stable and increasing cash dividend per share

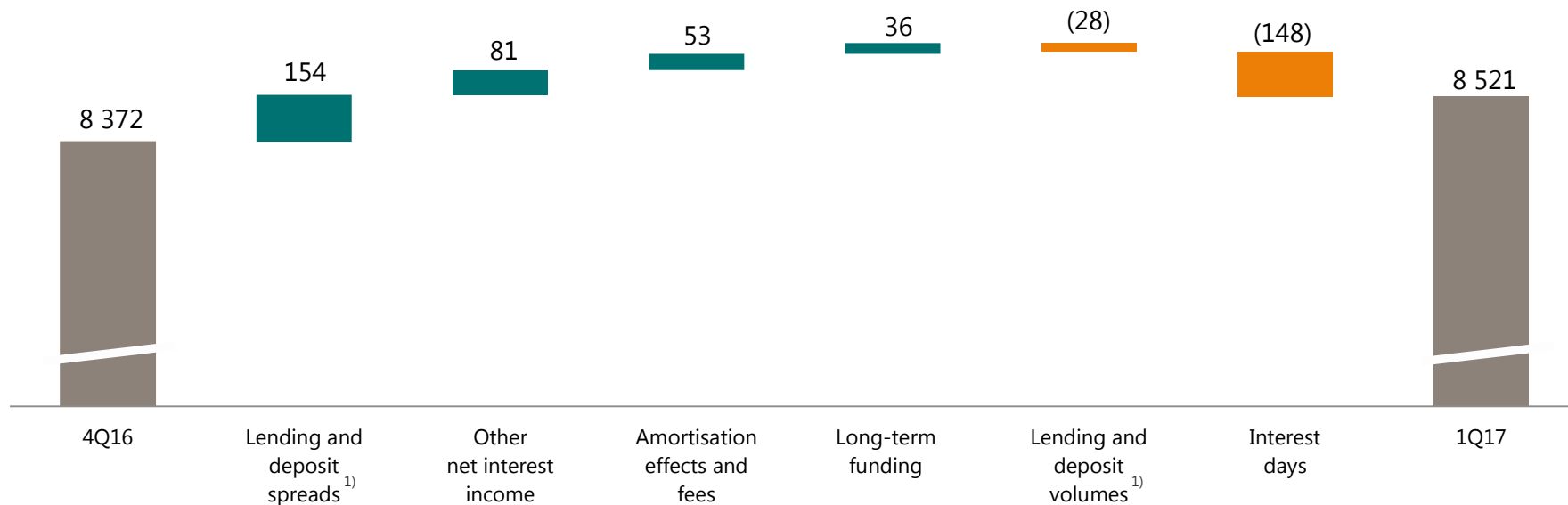
Strong profits and lower net impairment losses



Positive development in net interest income

From 4Q16 to 1Q17

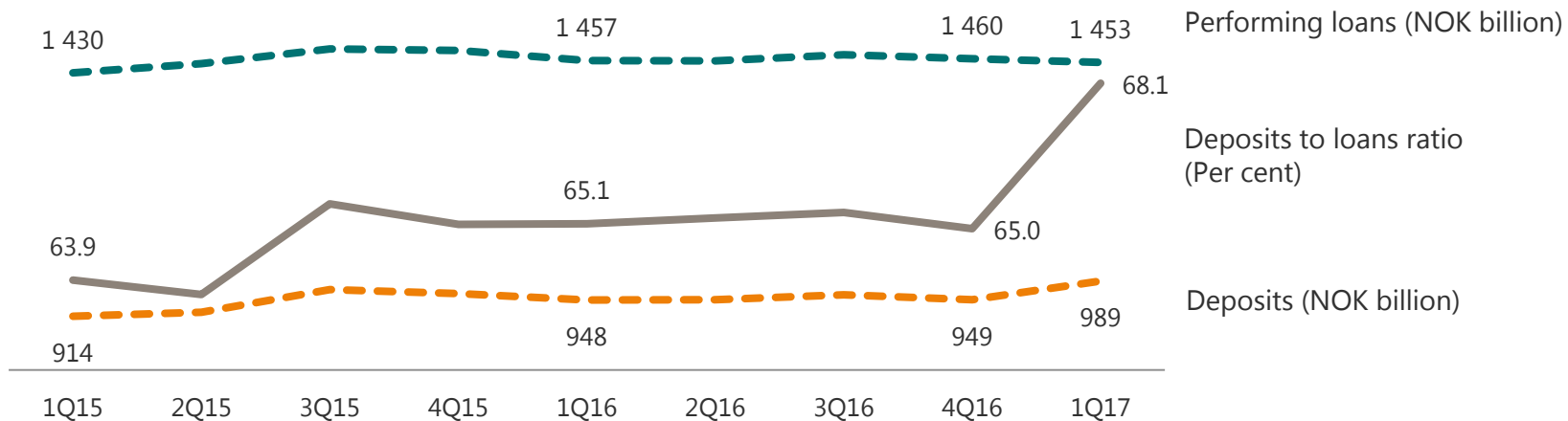
NOK million



Growth and rebalancing according to plan

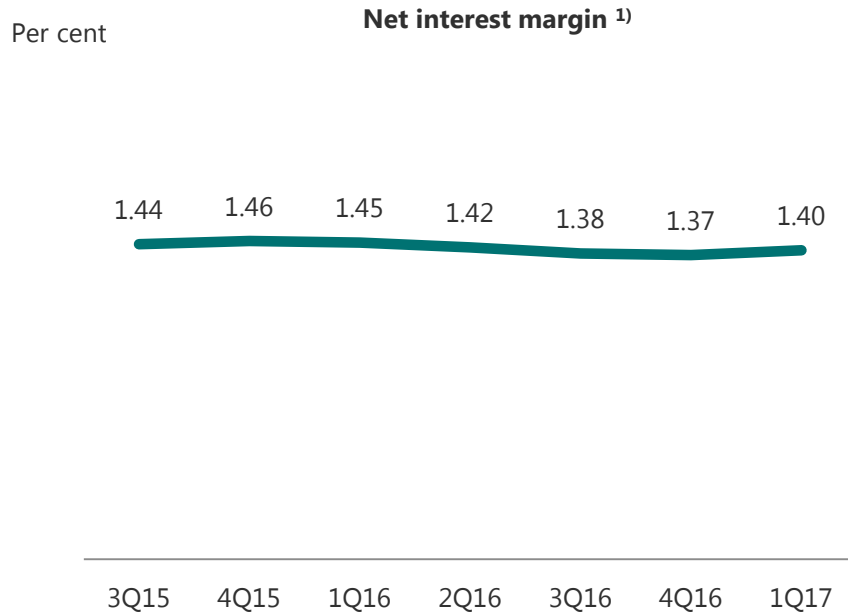
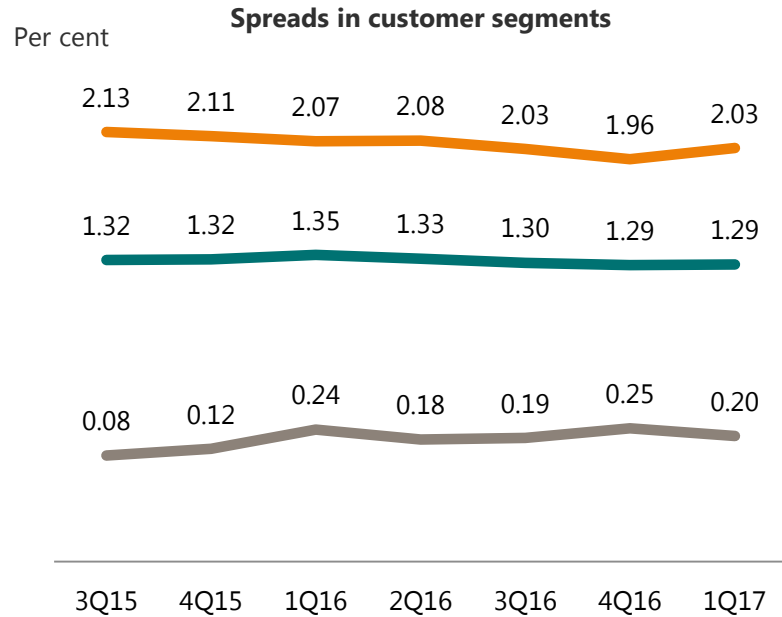
- Growth in the personal customer and small and medium-sized enterprises segments
- Rebalancing in the large corporate segment (LCI) progressing as planned
- Average loans down NOK 7.6 billion from 4Q16, with a NOK 14.6 billion reduction in LCI
- Average deposits up NOK 39.8 billion from 4Q16. Ratio of deposits to loans above 60 per cent

Average volumes in the customer segments



Wider lending spreads – mainly driven by mortgage repricing

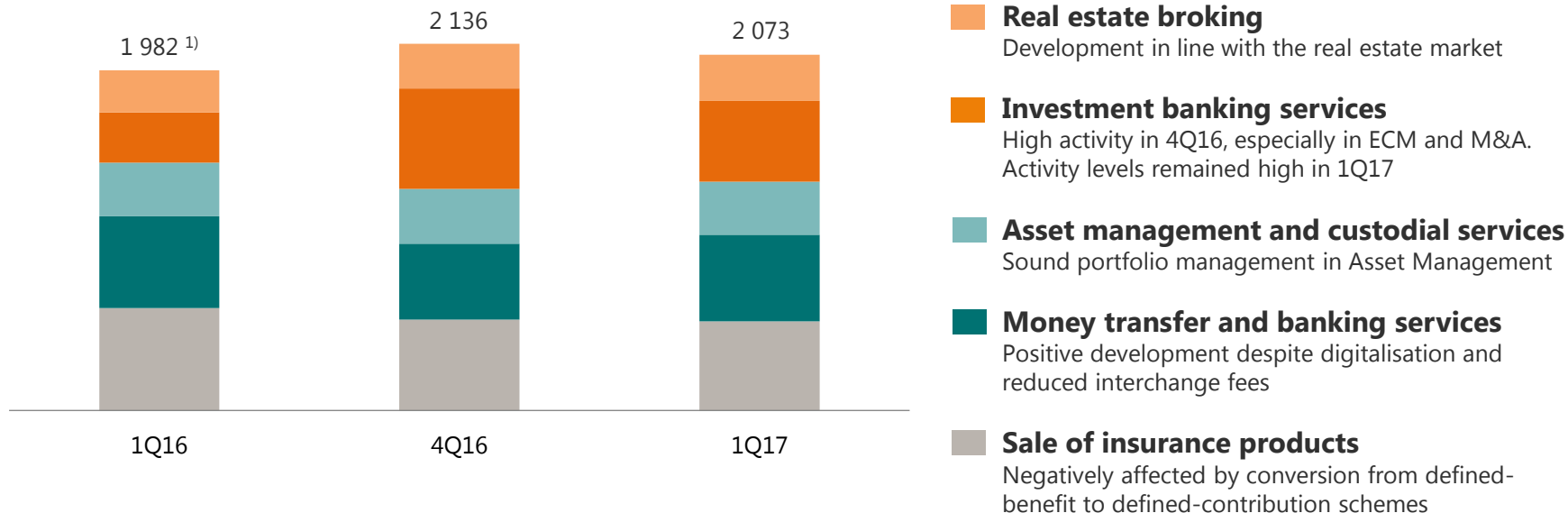
- Due to a significant increase in the ratio of deposits to loans, there was a flat development in weighted spreads in 1Q17, despite a 7 bps increase in the lending spread



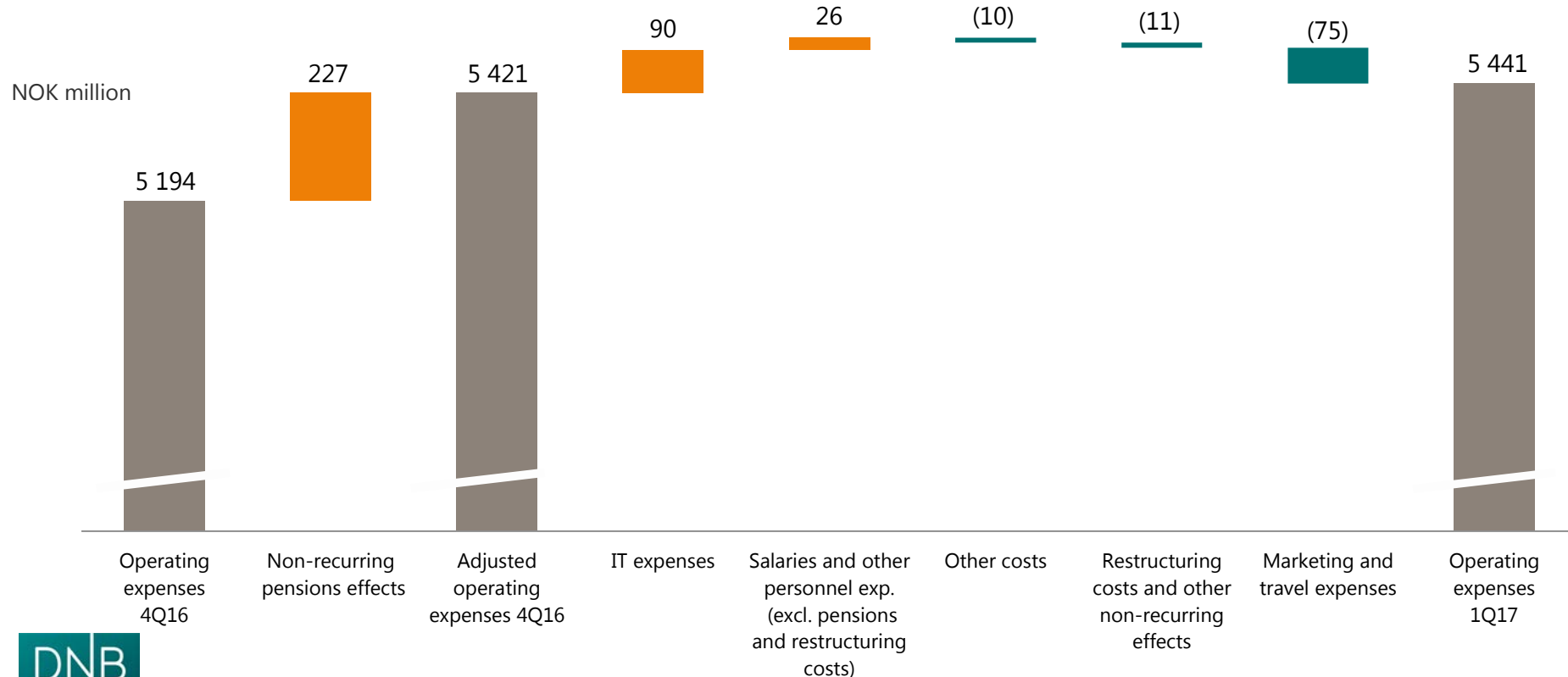
Commissions and fees in line with expectations

- 4.6 per cent increase from 1Q16 to 1Q17, mainly due to growth within investment banking
- Positive trend in money transfer and banking services

NOK million



Operating expenses adjusted for non-recurring items were on a level with the previous quarter



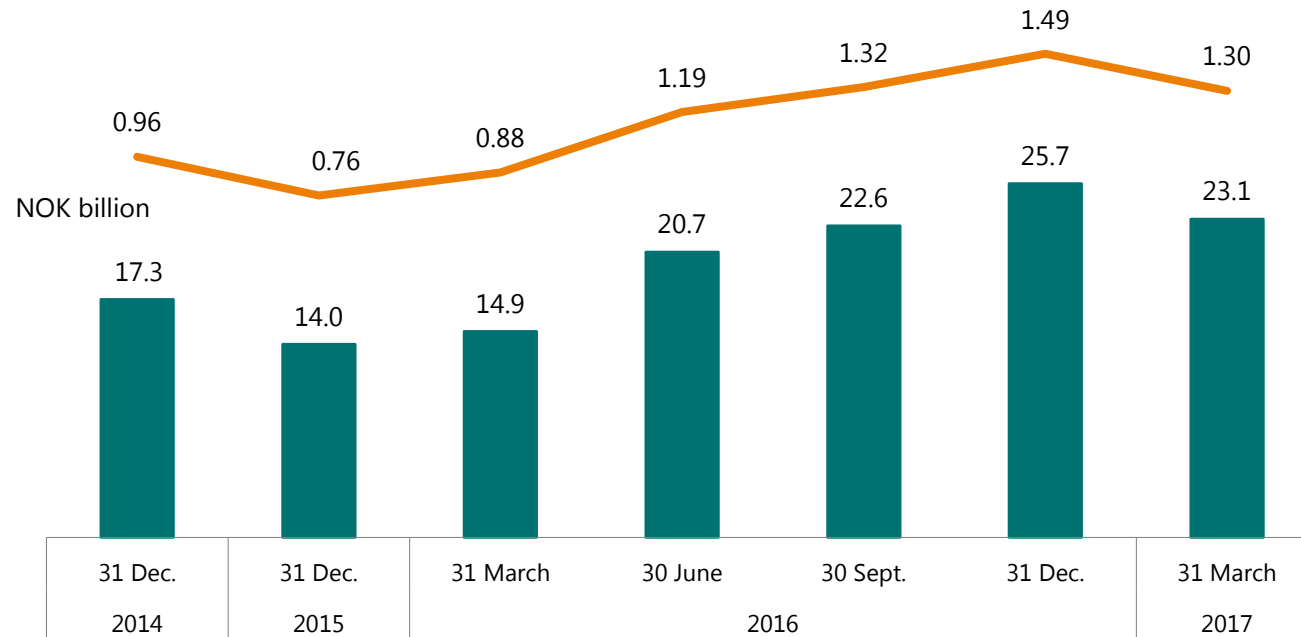
Lower impairment losses

Amounts in NOK million	1Q17	4Q16	1Q16
Personal customers	36	75	440
- Mortgage loans	(37)	(4)	531
- Other exposure	73	79	(91)
Small and medium-sized enterprises	(70)	(333)	(240)
Large corporates and international customers	(430)	(1 322)	(728)
- Shipping, Offshore and Logistics Division	(462)	(844)	(610)
- Energy Division	(7)	(238)	(81)
- Other units	39	(241)	(36)
Total individual impairment	(464)	(1 580)	(528)
Total collective impairment of loans	(98)	(172)	(646)
Impairment of loans and guarantees	(562)	(1 753)	(1 174)

Total impairment in relation to average volumes, annualised	(0.15)	(0.45)	(0.31)
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The decrease in non-performing and doubtful loans mainly referred to the oil-related portfolio

Per cent



- There are no signs of spill-over effects from oil-related industries



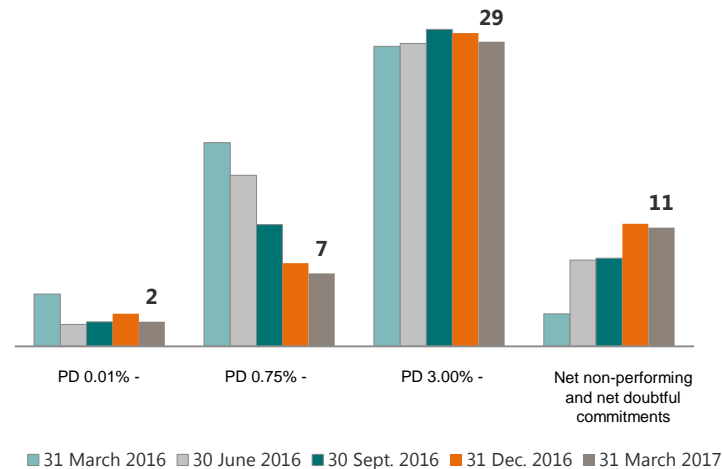
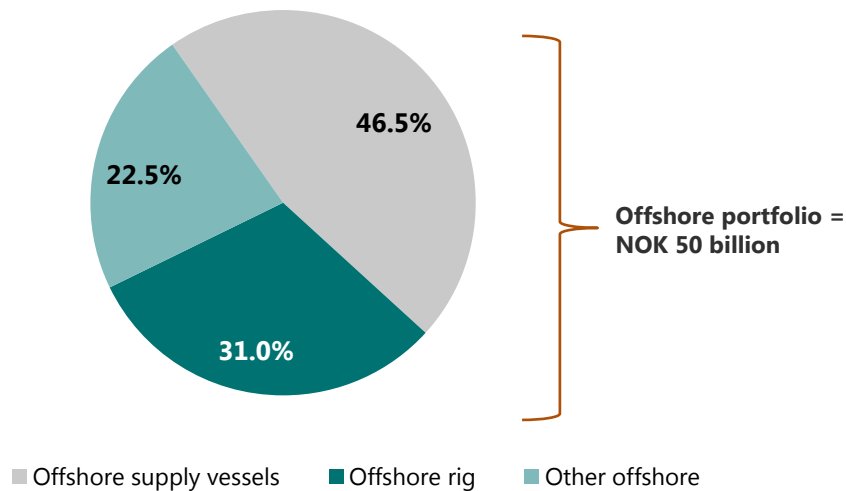
Includes non-performing commitments and commitments subject to individual impairment. Accumulated individual impairment is deducted

Includes NOK 2.0 billion in the Baltics at end-March 2017, reclassified as assets held for sale in August 2016

- Net non-performing and doubtful loans
- As a percentage of net loans

Offshore still the most challenging sector in the portfolio

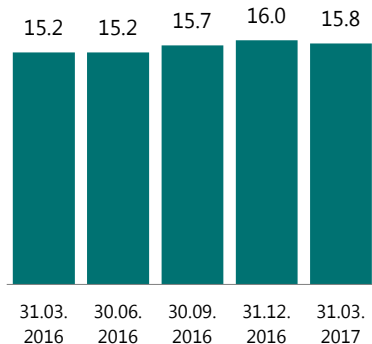
Offshore portfolio – EAD NOK 50 billion
2.6 per cent of DNB's total EAD



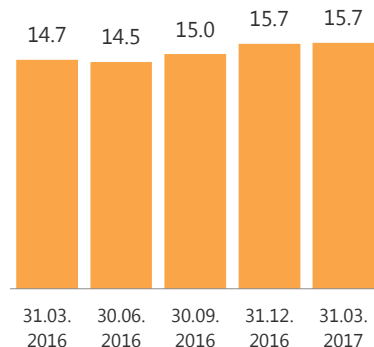
Solid and well-positioned to meet future capital requirements

- The DNB Group's CET1 ratio according to transitional rules declined due to changes in regulations for investments in insurance companies, resulting in higher risk weights
- Leverage ratio of 6.7 per cent – decreased due to short-term money market deposits

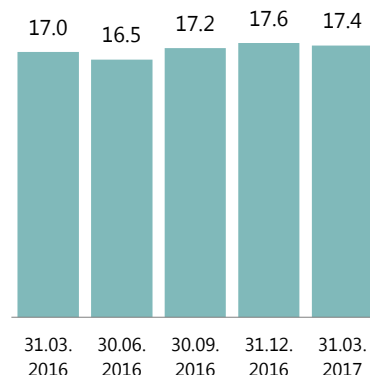
**CET1 capital ratio
DNB Group
Transitional rules**
Per cent



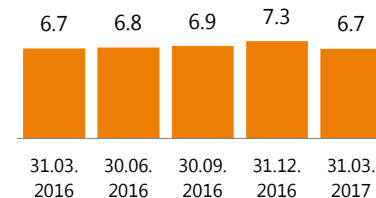
**CET1 capital ratio
DNB Bank Group
Transitional rules**
Per cent



**CET1 capital ratio
DNB Group
Basel III without transitional rules**
Per cent

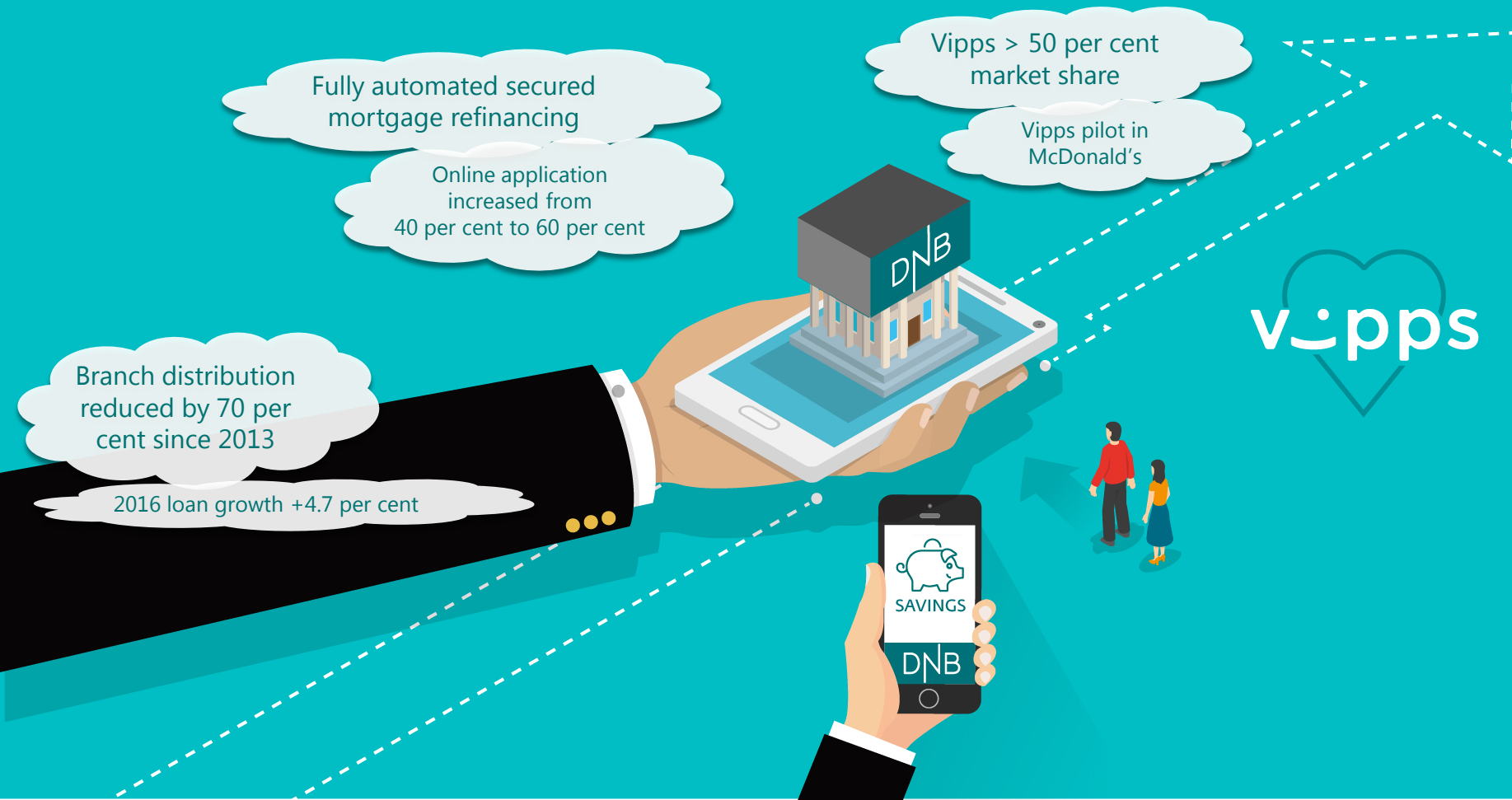


**Leverage ratio
DNB Group**
Per cent



All CET1 figures include 50 per cent of interim profits, apart from the figures as at 31 December, which are exclusive of dividend payments
When calculating leverage ratio, profit for the period is only included at year-end

Transforming the way we do business – digitalisation and automatisisation



Transforming the way we do business – smarter use of capital

Capital
reallocation

Average volumes
in LCI reduced by
2.9 per cent

Reduced EAD by
NOK 9 billion in
cyclical industries

Investment in
capital-light
products

IBD Sweden – Prospera
#1 for HY

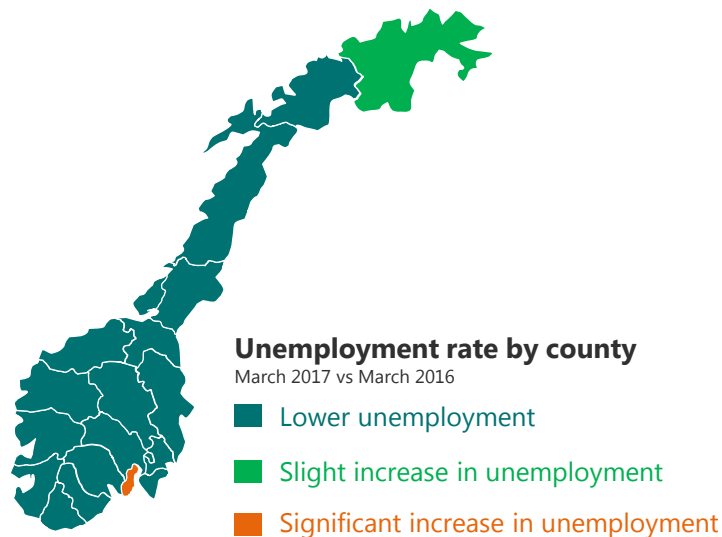
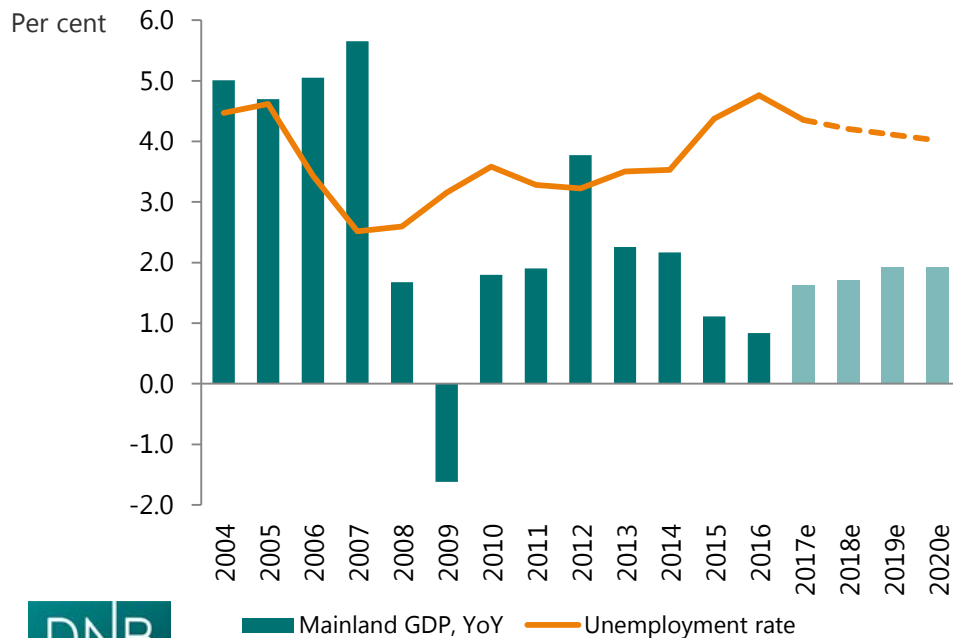
Capital Turnover

Organisational
changes

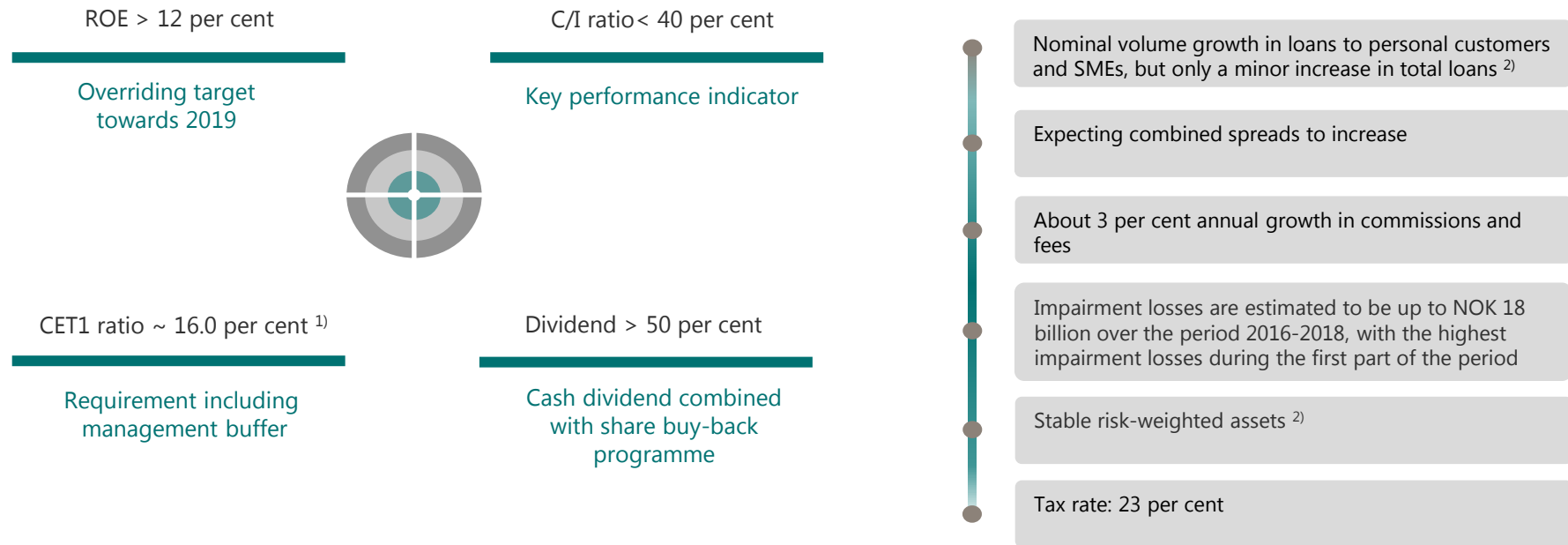


Norwegian economy moving in the right direction

- Growth in the mainland economy expected to pick up
- Unemployment has peaked and is expected to decrease somewhat in the period ahead
- Current key figures for households, manufacturing and other companies indicate a recovery this year



Unchanged financial ambitions 2017-2019



APPENDIX

Income statement

Amounts in NOK million	1Q17	4Q16	1Q16
Net interest income	8 521	8 372	8 713
Net commissions and fees	2 073	2 136	1 991
Net gains on financial instruments at fair value	808	1 689	2 384
Net financial and risk result, DNB Livsforsikring	240	232	112
Net insurance result, DNB Forsikring	155	181	115
Other operating income	123	(9)	340
Net other operating income, total	3 399	4 230	4 942
Total income	11 920	12 602	13 655
Operating expenses	(5 243)	(5 213)	(5 157)
Restructuring costs and non-recurring effects	(197)	19	(553)
Pre-tax operating profit before impairment	6 479	7 409	7 945
Net gains on fixed and intangible assets	6	(12)	(6)
Impairment of loans and guarantees	(562)	(1 753)	(1 174)
Pre-tax operating profit	5 923	5 644	6 764
Tax expense	(1 362)	(290)	(1 529)
Profit from operations held for sale, after taxes	(17)	26	(13)
Profit for the period	4 544	5 380	5 222
Profit attributable to shareholders	4 304	5 143	5 107

Negative contribution from basis swaps of NOK 1 624 million compared with 1Q16. Negative effect from FX on AT1 capital of NOK 820 million in 1Q17 vs 4Q16

Restructuring costs in SME segment of NOK 100 million

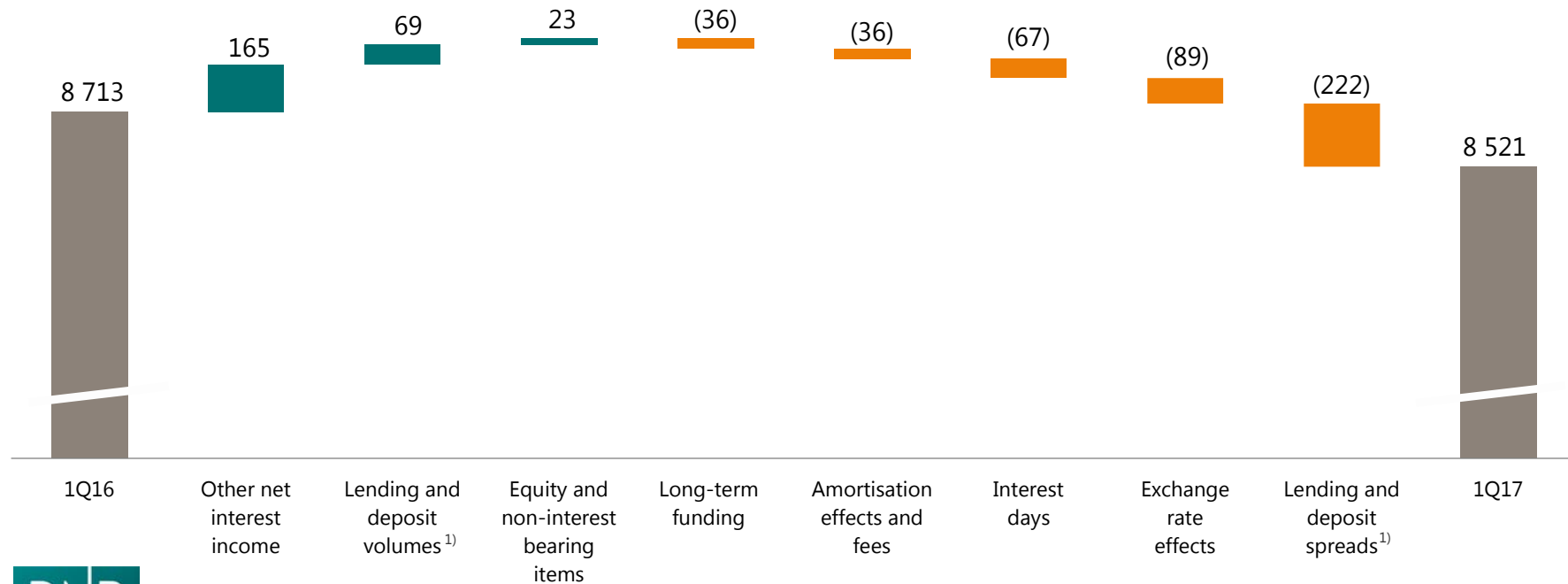
Lower impairment due to restructuring and more favourable economic conditions

Tax rate of 23.0 per cent in 1Q17, compared with 5.1 per cent in 4Q16

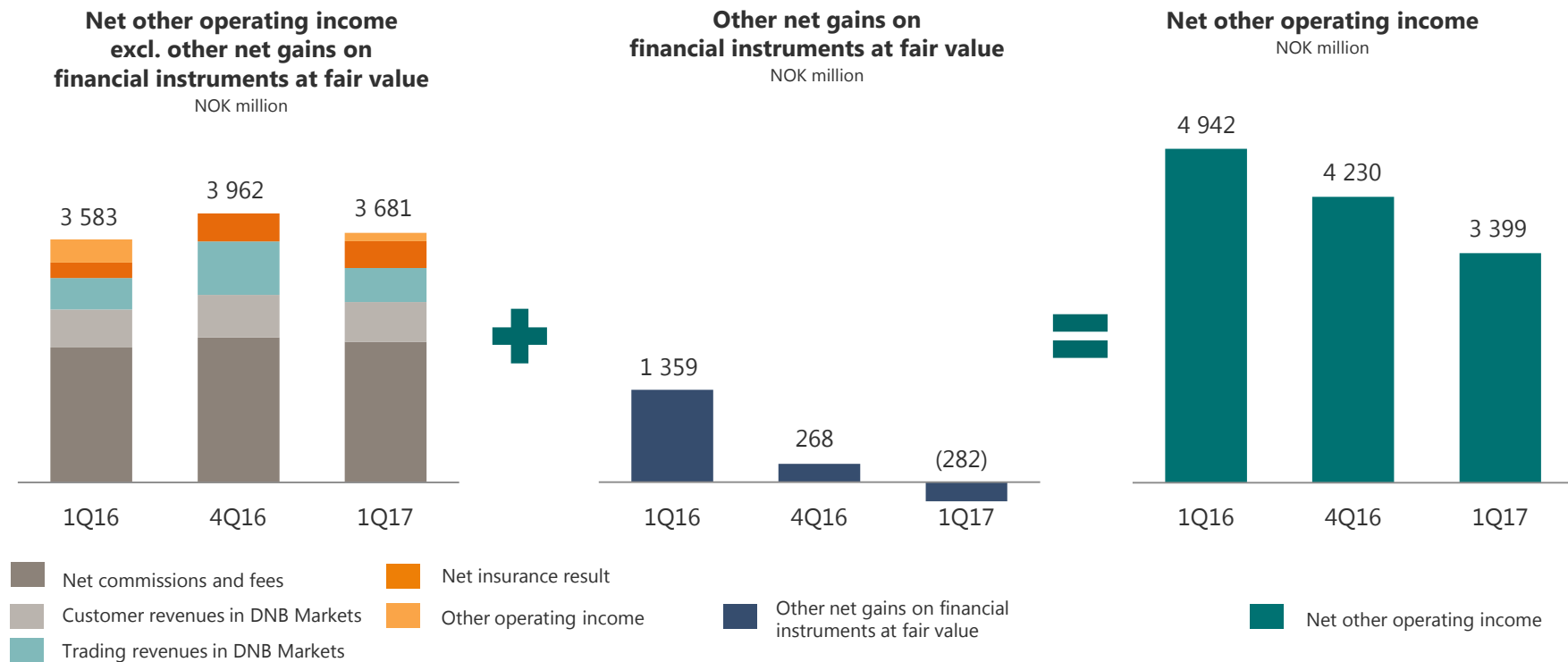
Changes in net interest income

From 1Q16 to 1Q17

NOK million



Stable other income from customer products



Net gains on financial instruments

Amounts in NOK million	1Q17	4Q16	1Q16	Change	
				4Q16- 1Q17	1Q16- 1Q17
Customer revenues in DNB Markets	588	631	562	(44)	26
Trading revenues in DNB Markets (excl. CVA/DVA/FVA and credit spread effects)	503	790	464	(287)	39
Credit spread effects on bonds in DNB Markets	185	(24)	(114)	209	299
Financial guarantees	168	103	194	65	(26)
Basis swaps	(620)	(713)	1 003	93	(1 624)
CVA/DVA/FVA	50	321	(93)	(272)	143
FX effects on additional Tier 1 capital	(25)	794	(389)	(820)	363
Other mark-to-market adjustments	(39)	(214)	757	174	(797)
Net gains on financial instruments at fair value	808	1 689	2 384	(880)	(1 576)

Balance sheets

DNB Group		
	31 March	31 Dec.
Amounts in NOK billion	2017	2016
Deposits with central banks	369	208
Due from credit institutions	201	176
Loans to customers	1 531	1 509
Other assets	770	759
Total assets	2 870	2 653
Due to credit institutions	273	213
Deposits from customers	1 017	935
Short-term debt securities issued	206	153
Long-term debt securities issued	627	612
Other liabilities and provisions	537	533
Additional Tier 1 capital	16	16
Other equity	195	190
Total liabilities and equity	2 870	2 653
Ratio of deposits to net loans (%)	66.4	62.0
Adjusted ratio of deposits to net loans (%) ¹⁾	63.3	61.3
Total combined assets	3 163	2 931
Currency-adjusted loans to customers	1 528	1 531
Currency-adjusted deposits from customers	1 021	951
Liquidity coverage ratio	135	138

Increased deposits with the Federal Reserve

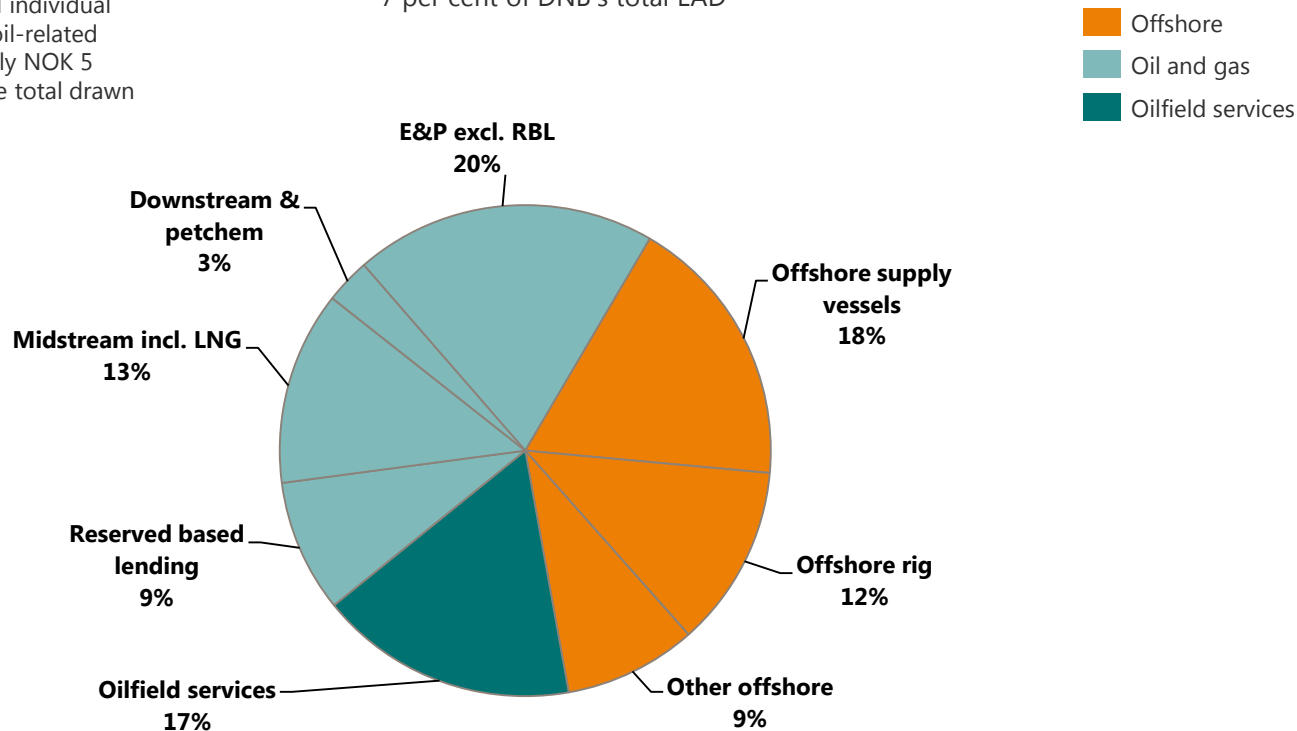
Increased deposits – mainly in LCI

The Liquidity coverage ratio remained stable at above 100 per cent throughout the quarter

The negative migration in the oil-related portfolio is levelling off

- Accumulated collective and individual impairment losses for the oil-related portfolio total approximately NOK 5 billion or 7.2 per cent of the total drawn amount

Oil-related portfolio – EAD NOK 131 billion
7 per cent of DNB's total EAD



Q1

FIRST QUARTER 2017

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



From the DNB NXT Conference in October 2016