

Q4

FOURTH QUARTER 2017

DNB Group

Results

Rune Bjerke (CEO)
Kjerstin Braathen (CFO)

1 February 2018

DNB



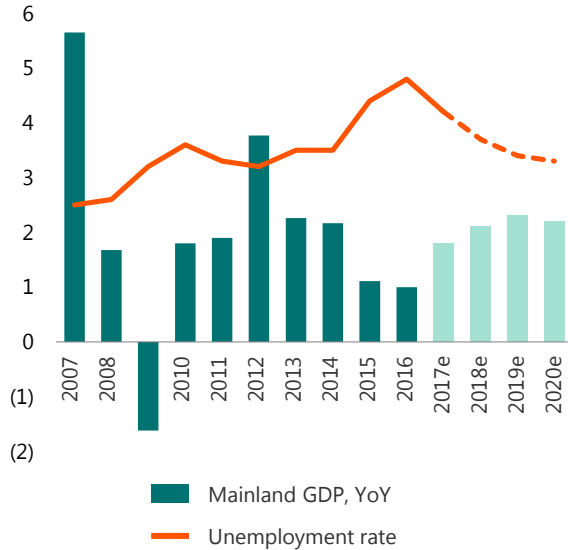
DNB is committed to renewable energy

Positive macroeconomic development in Norway

- decline in housing prices slowing down

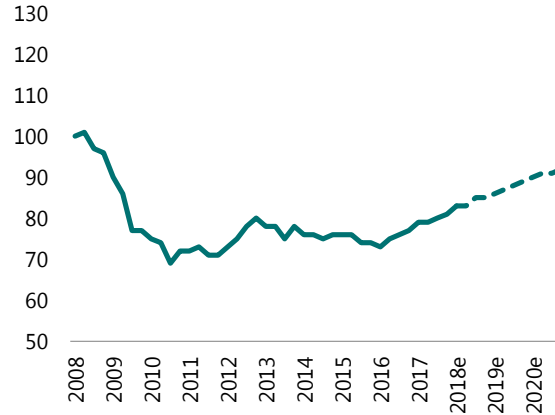
Mainland GDP and unemployment rate

Per cent



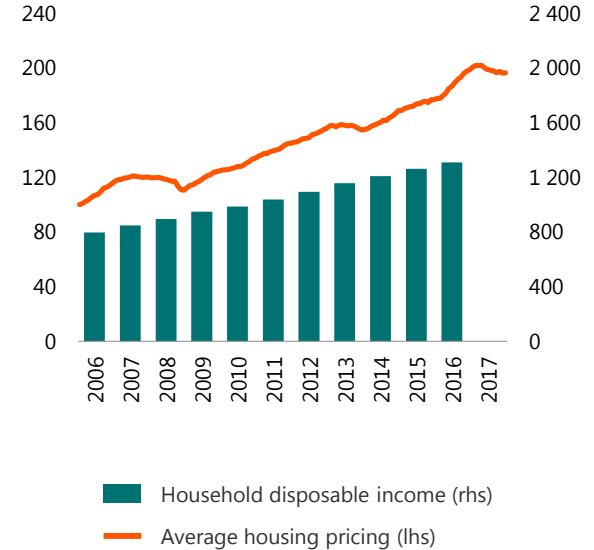
Mainland business investments

1Q08=100, three quarters moving average



Housing prices

Index, 2006=100

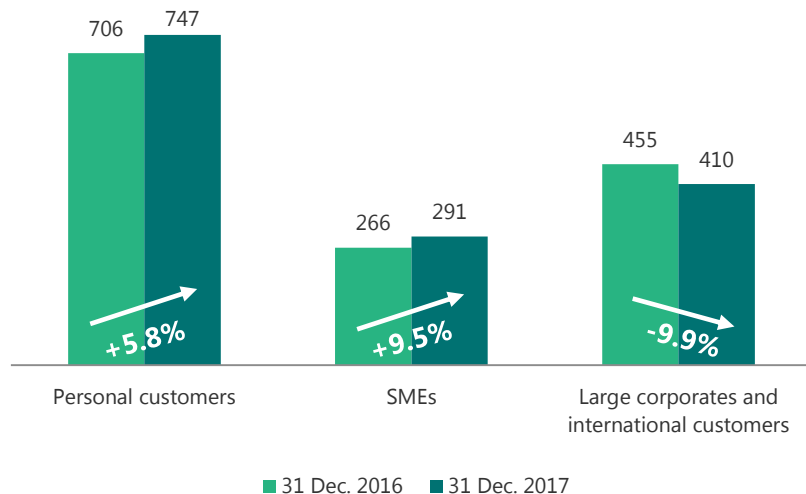


Strong growth for personal customers and SMEs, while rebalancing continues in LCI

- LCI rebalancing continued at a high pace in 4Q. Expected to continue at a slower pace in 2018
- The deposits-to-loans ratio was slightly up
- Lending growth was of 1.5 per cent in 2017. Expected growth of 3-4 per cent in 2018

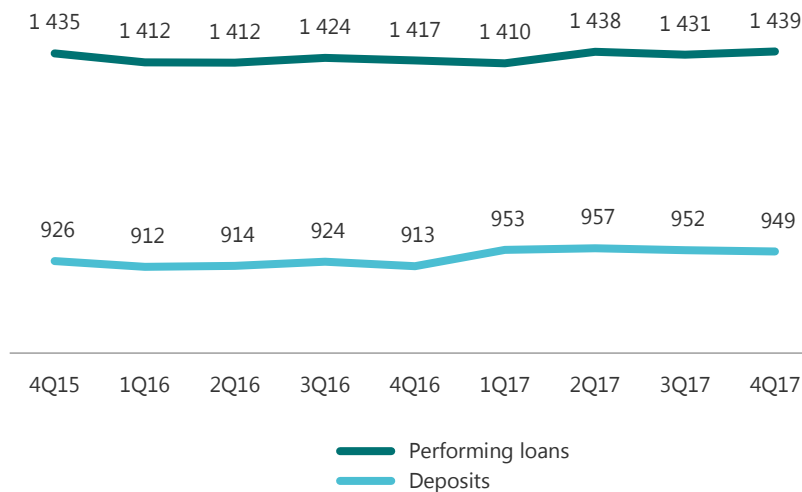
Loans per customer segment ¹⁾

NOK billion



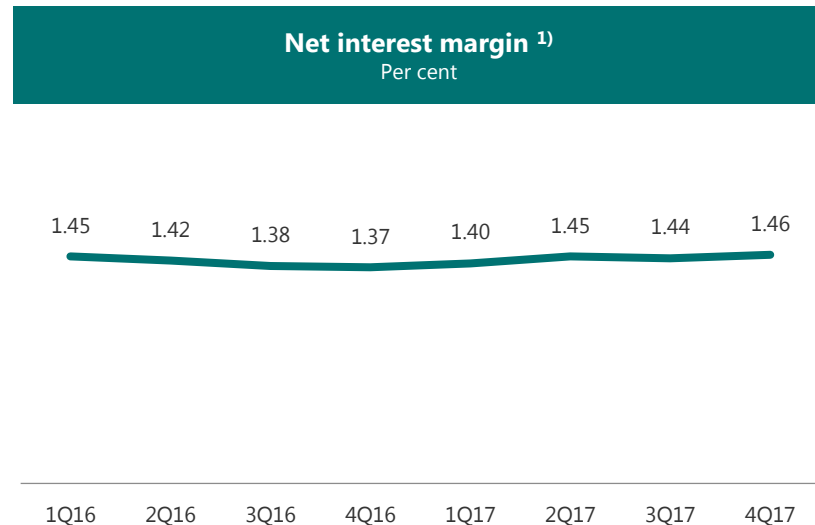
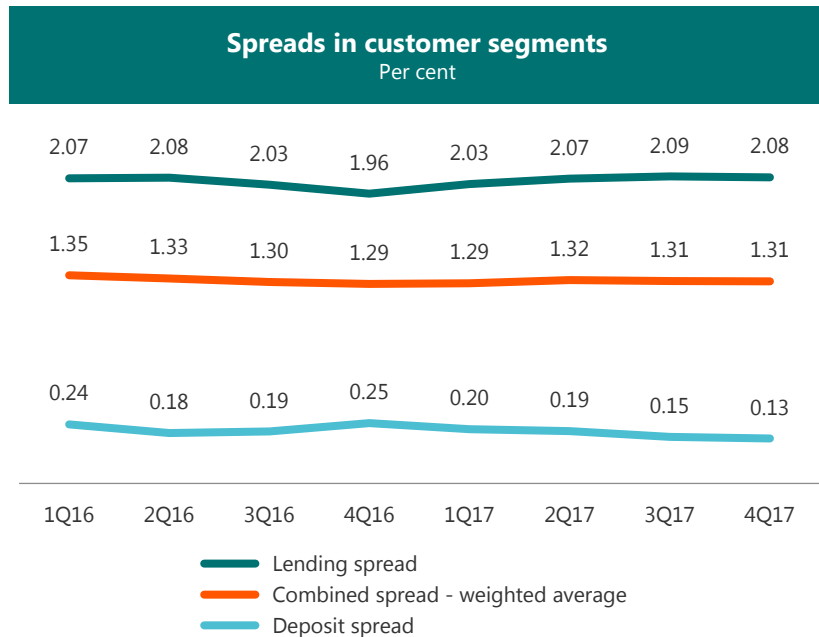
Average loans and deposits in the customer segments ¹⁾

NOK billion



Stable development in combined spreads despite rebalancing

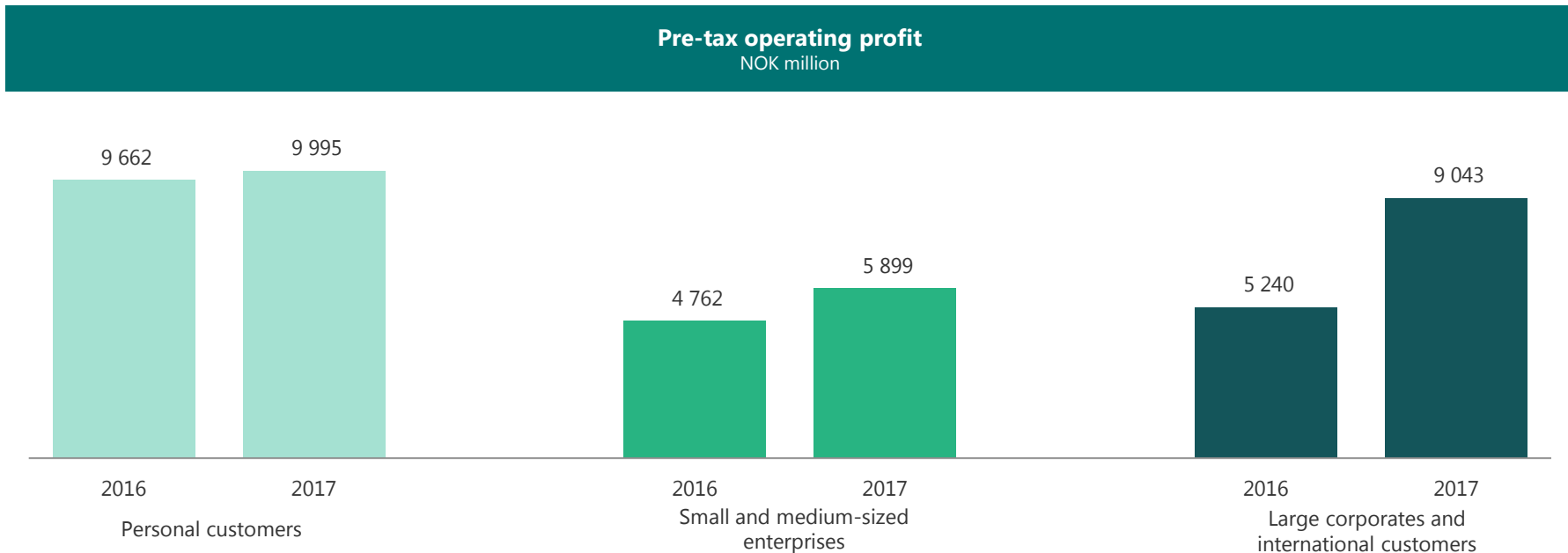
- 9 bps increase in net interest margin through 2017
- Increased lending spreads in the personal customer segment, increased deposit spreads in LCI and reduced funding costs are the main drivers



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

Improved performance through 2017 in all customer segments

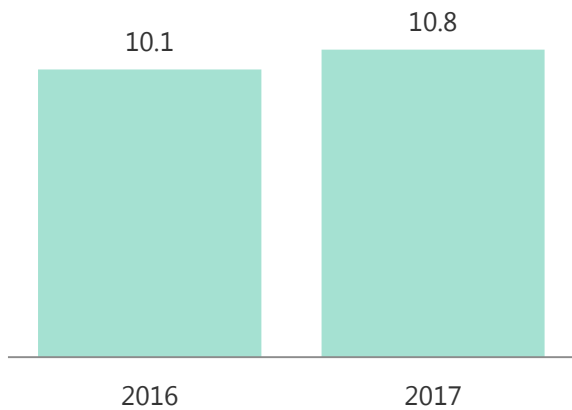
- Driven by an increase in net interest income and net commissions and fees compared with 2016
- Backed by strong Norwegian macroeconomic fundamentals and profitable growth
- Lower impairment losses



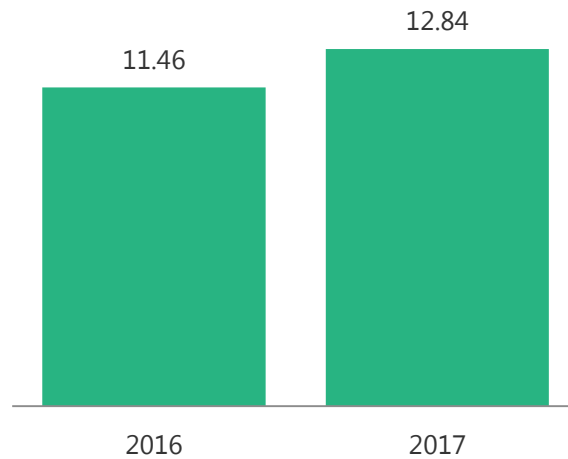
Increase in ROE and EPS

- Growth in high quality revenues: net interest income and commissions and fees
- Net profit increased by NOK 2.55 billion

Return on equity ¹⁾
Per cent



Earnings per share
NOK



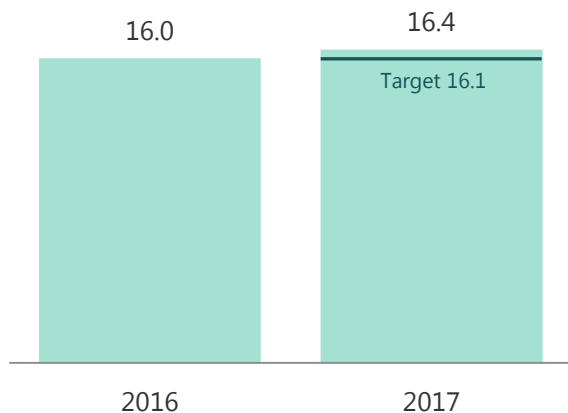
1) Return on equity is calculated on the assumption that additional Tier 1 capital is classified as a liability

Rebalancing strengthens capital position and reduces risk

- Strong CET1 ratio enables absorption of IFRS 9 effect of approximately 25 bps
- Leverage ratio well above requirement
- Well positioned for future regulatory changes

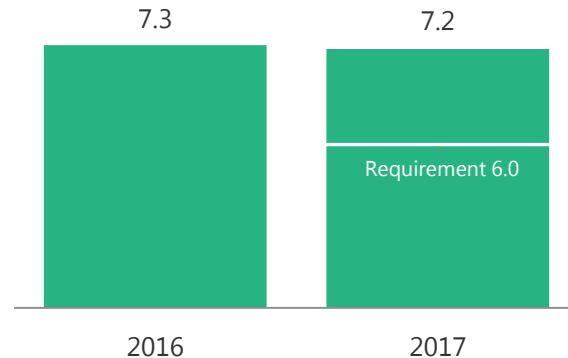
CET1 capital ratio - transitional rules

Per cent



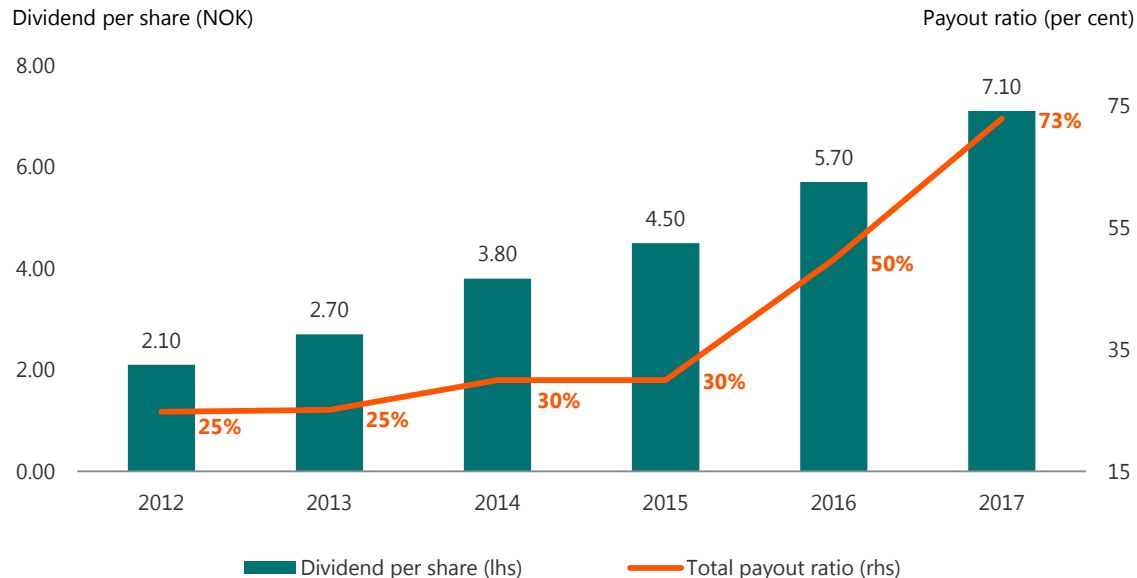
Leverage ratio

Per cent



Dividend per share increased by 25 per cent to NOK 7.10

Dividend per share and payout ratio

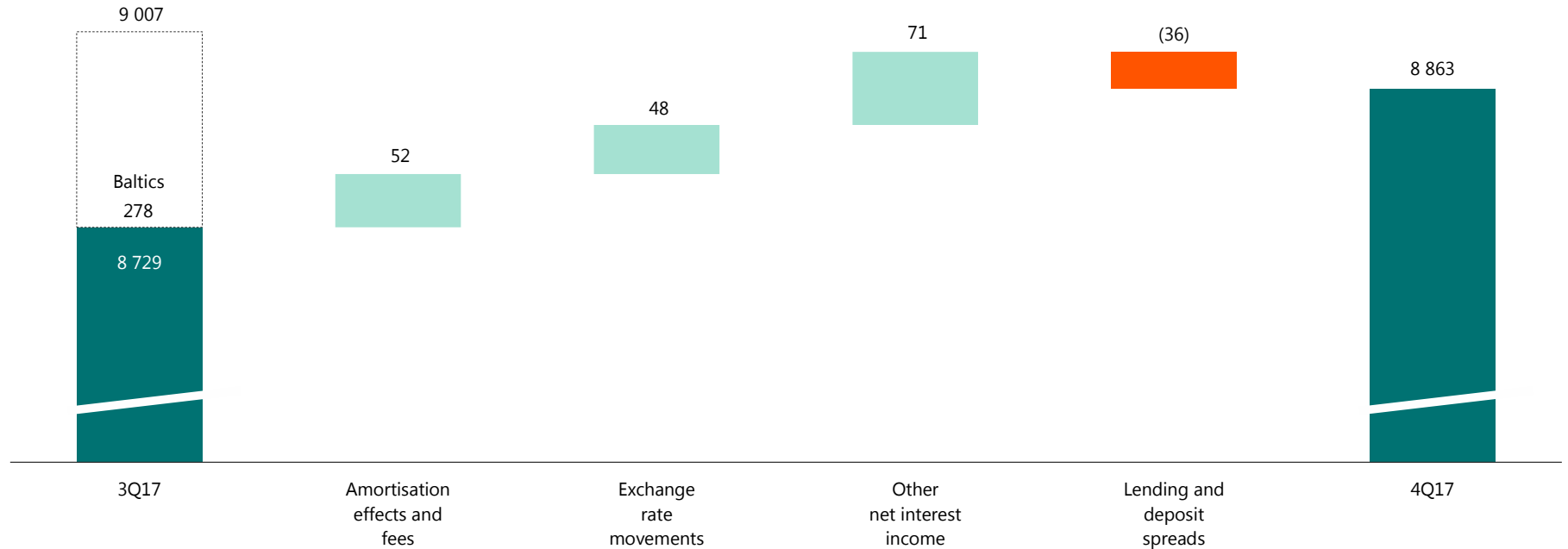


- Cash dividend of 55 per cent and total distribution to shareholders of 73 per cent of profits in 2017
- Completed buy-backs for 1.0 per cent of registered shares ^{1) 2)} and announced a third programme for 0.5 per cent in accordance with the authorisation given at the Annual General Meeting in April 2017
- Proposed dividend of NOK 1.5 billion from DNB Livsforsikring (75 per cent of profits), will strengthen DNB's total payout capacity from April 2018

1) Including the agreed share to be redeemed by the Norwegian government to keep its holding unchanged at 34 per cent
2) The Norwegian FSA has approved the authorisation, provided that the targeted capital level is met and that the sum of the amounts spent on dividends and the repurchase of shares does not exceed 75 per cent of the annual profit for 2016

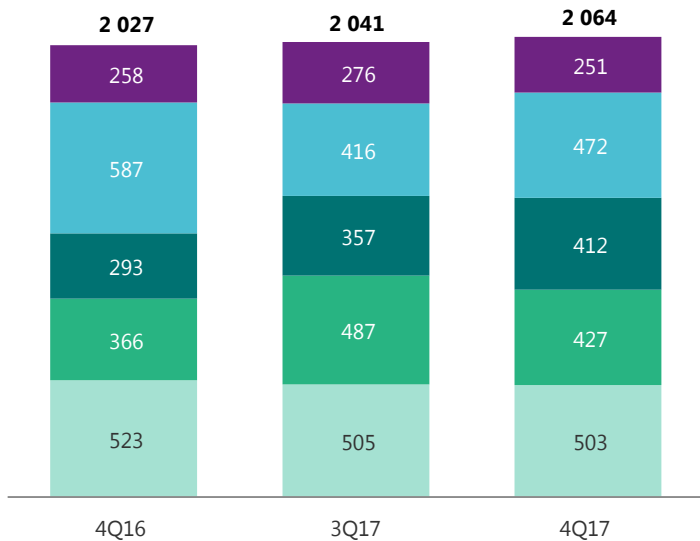
Continued increase in NII in the fourth quarter

Net interest income from 3Q17 to 4Q17 NOK million



Strong development in commissions and fees - 3.1 per cent growth in 2017

NOK million



Real estate broking

Seasonal decline in December, but 2.8 per cent increase on a yearly basis

Investment banking services

Strong activity particularly in M&A, but reduced from the very high level in 4Q16

Asset management and custodial services

Growth in assets under management and increase in performance fees

Money transfer and banking services

Substantial growth from 4Q16

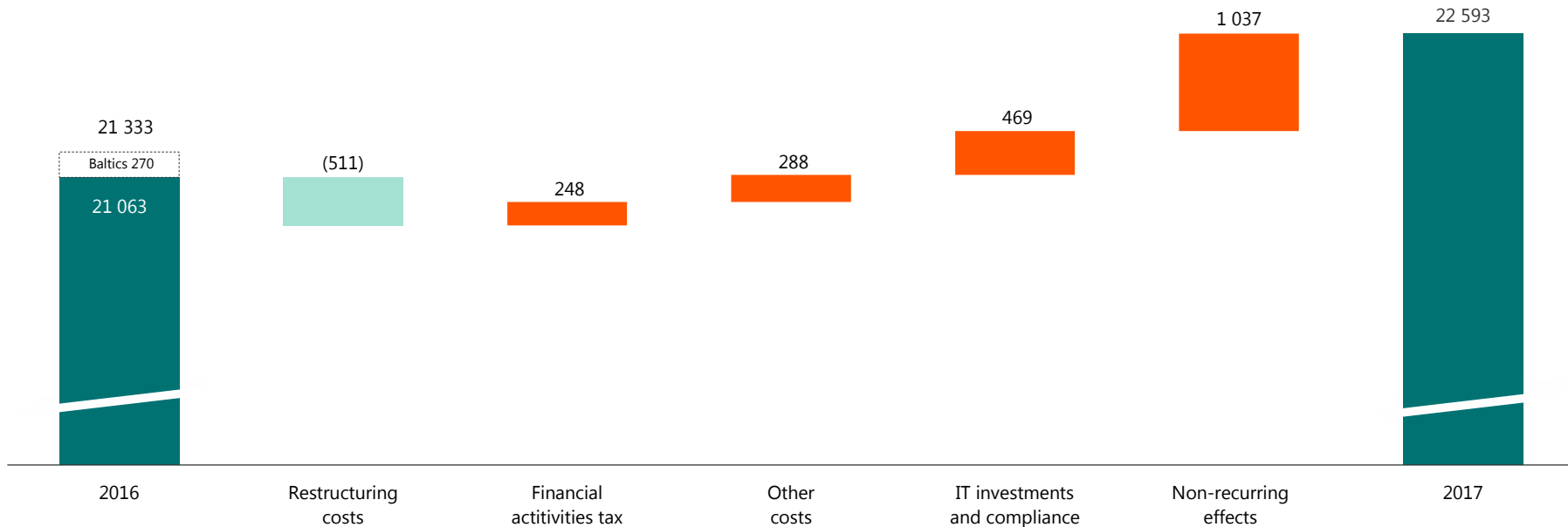
Life insurance products

Higher volumes and revenues from new products offsetting the reduction in traditional products

Cost development influenced by increased IT investment, financial activities tax and non-recurring effects

Operating expenses from 2016 to 2017

NOK million



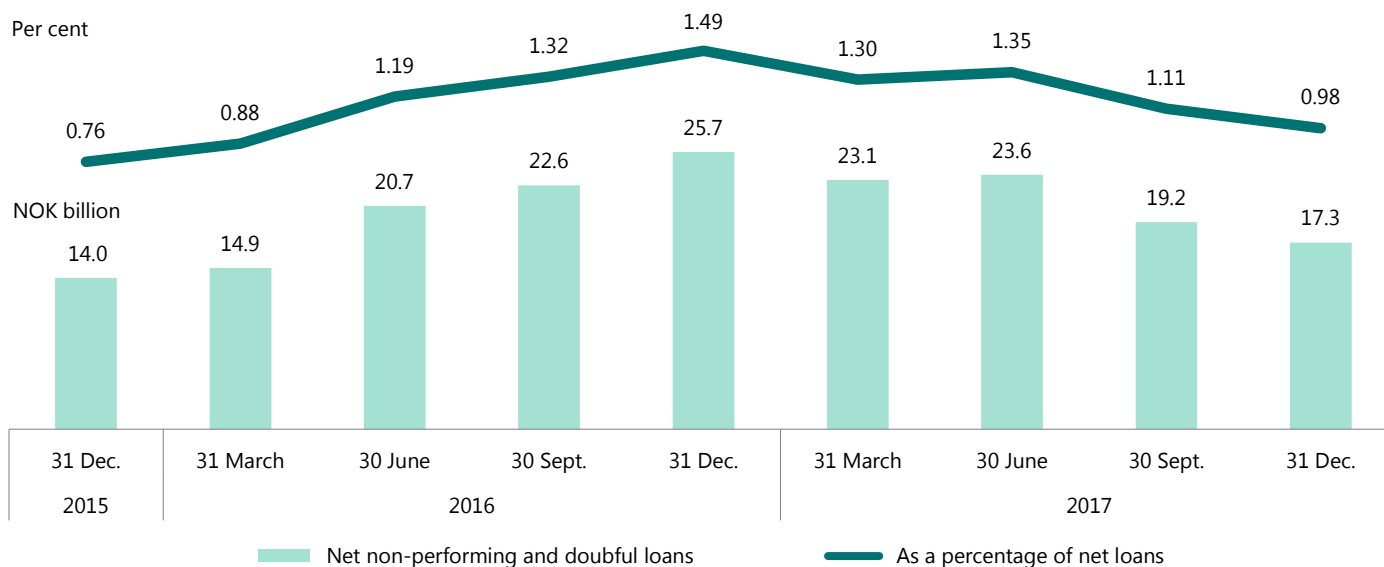
Net impairment losses reduced mainly due to reversals (of collective impairment)

Amounts in NOK million	4Q17	3Q17	Full Year 2017	Full Year 2016
Personal customers	(126)	(60)	(234)	341
- Mortgage loans	(37)	(2)	(84)	490
- Other exposures	(88)	(58)	(150)	(149)
Small and medium-sized enterprises	(102)	(135)	(463)	(1 088)
Large corporates and international customers	(1 465)	(791)	(2 999)	(4 533)
- Shipping, Offshore and Logistics	(844)	(238)	(1 720)	(2 988)
- Energy	4	(189)	(364)	(1 126)
- International Corporates	26	(238)	(205)	(25)
- Nordic Corporates	(651)	(94)	(759)	(283)
- Other	(0)	(32)	50	(112)
Total individual impairment	(1 693)	(985)	(3 696)	(5 280)
Total collective impairment of loans	1 292	118	1 268	(2 144)
Impairment of loans and guarantees	(402)	(867)	(2 428)	(7 424)
Total impairment in relation to average volumes, annualised	(0.10)	(0.22)	(0.15)	(0.48)
Total impairment in relation to exposure at default			(0.13)	

- Positive macroeconomic development
- Reduction in high-risk volumes
- Positive portfolio migration

Reduction in non-performing and doubtful loans

- Stable development in net non-performing and doubtful loans when adjusting for the Baltic operation

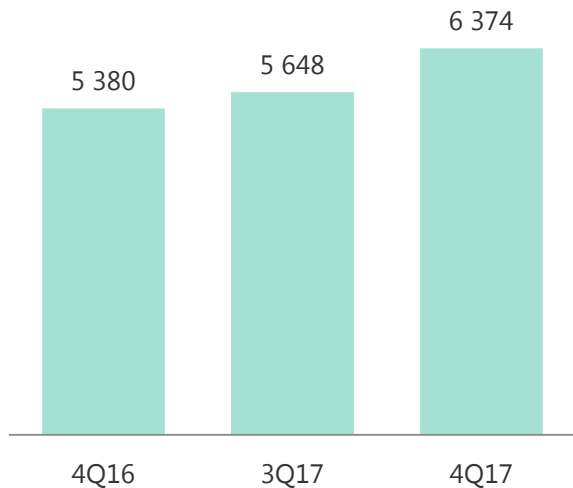


Includes non-performing commitments and commitments subject to individual impairment.
Accumulated individual impairment is deducted. Includes the Baltics up to 30 September 2017

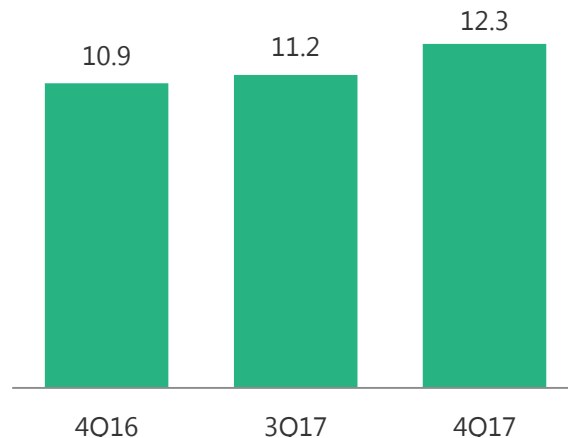
Solid results in the fourth quarter

- Strong business momentum with volume growth in the personal customer and SME segments and an increase in net gains on financial instruments
- Improved profits also reflected a lower tax expense and reduced impairment, more than offsetting increased IT costs and non-recurring effects

Profit for the period
NOK million



Return on equity ¹⁾
Per cent



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

Q4

FOURTH QUARTER 2017

WE ARE HERE.
SO YOU CAN
STAY AHEAD.

DNB



DNB is committed to renewable energy