

DNB on track

Rune Bjerke
CEO

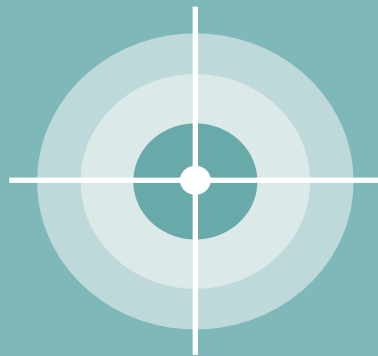
DNB



Financial ambitions - 2016 and 2017

Return on equity

> 12 per cent



Min. 14% CET1-ratio*

as capital plateau

> 50% dividend

when capital plateau is reached

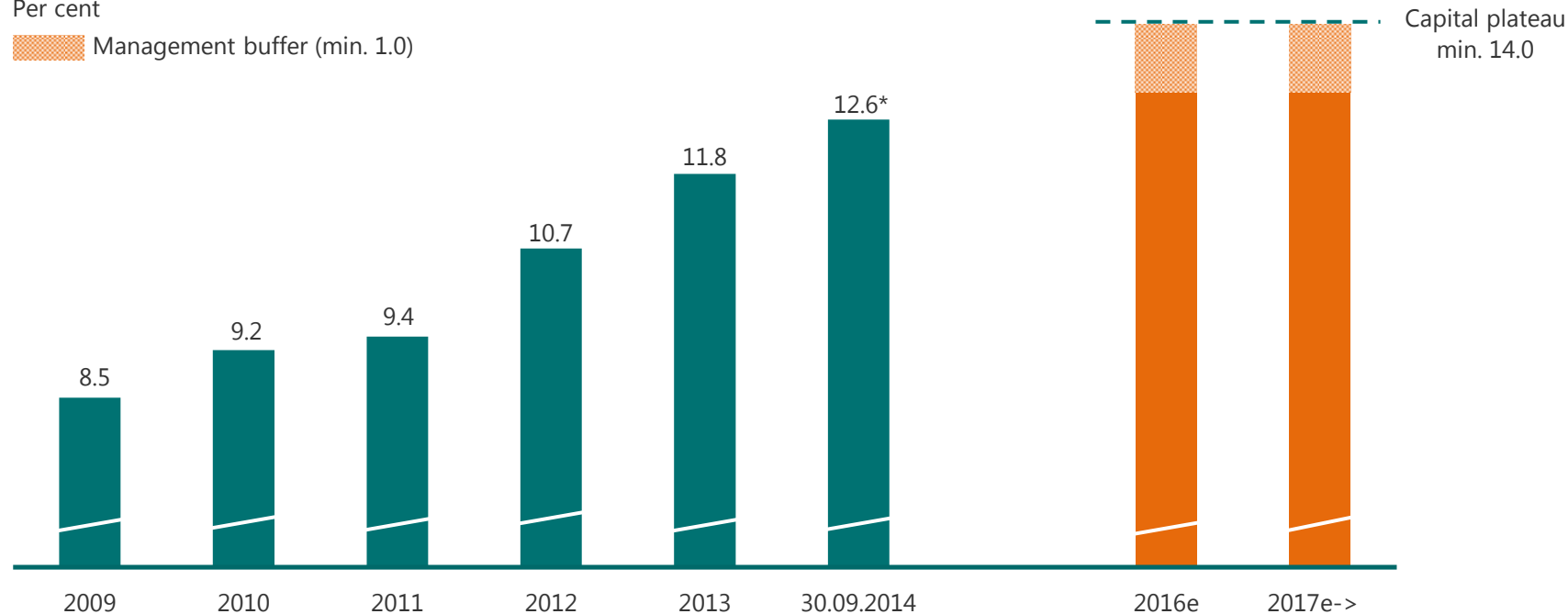
Capital generation ahead of plan

– expecting to reach the capital plateau in 2016 at the latest

CET1 capital ratio - transitional rules

Per cent

Management buffer (min. 1.0)



Increasing our payout ratio

Dividend ambition during the capital build-up period

≥ 25 per cent

A gradual return to long-term ambition.
Intention to start in 2014

Long-term ambition when capital plateau is reached

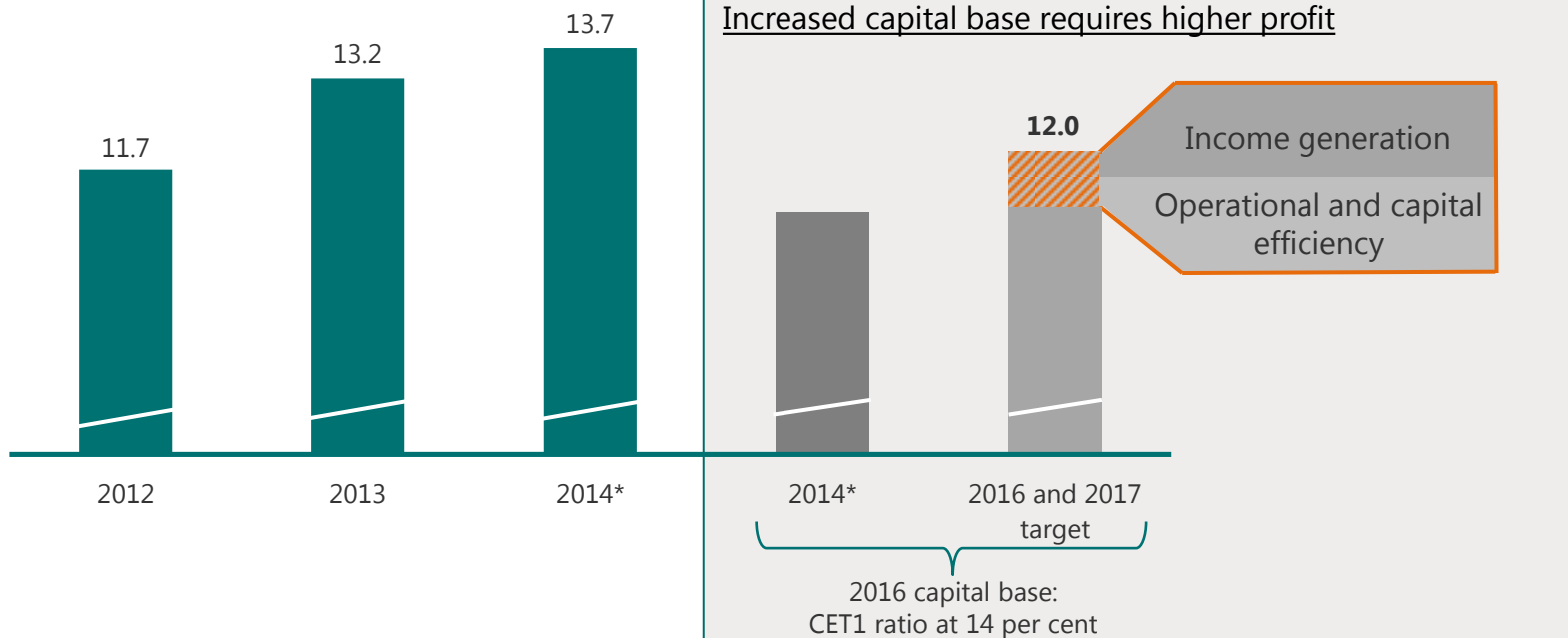
> 50 per cent

Potentially in combination with buybacks when dividend payout ratio exceeds 50 per cent

Committed to deliver on our ROE target – despite increased capital level

Return on equity



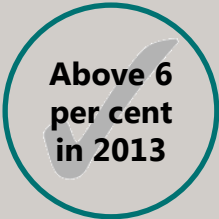


Illustration, per cent



Five reasons to choose DNB towards 2017 and beyond

① Proven financial track record

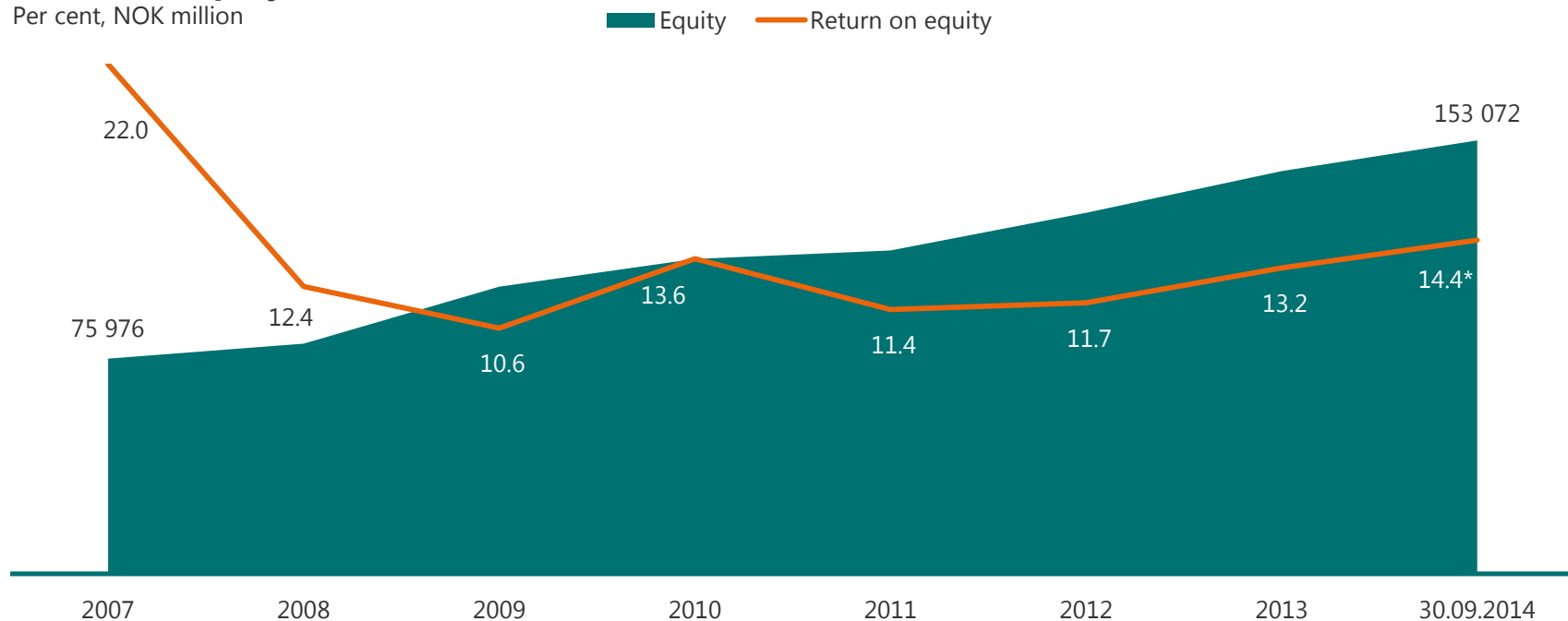
DNB has delivered in the past

Previous targets				Current target
2007	2009	2012	2012	2013
 NOK 20 bn in 2010	 NOK 8-10 bn in 2009	 Above 6 per cent in 2013	 Flat costs towards 2015	 >12 per cent
Pre-tax operating profit before impairment	Impairment losses	Annual NII growth	Annual growth in nominal costs excl. restructuring costs	Return on equity

Stable double-digit return in a challenging period with strong capital accumulation

Return on equity

Per cent, NOK million

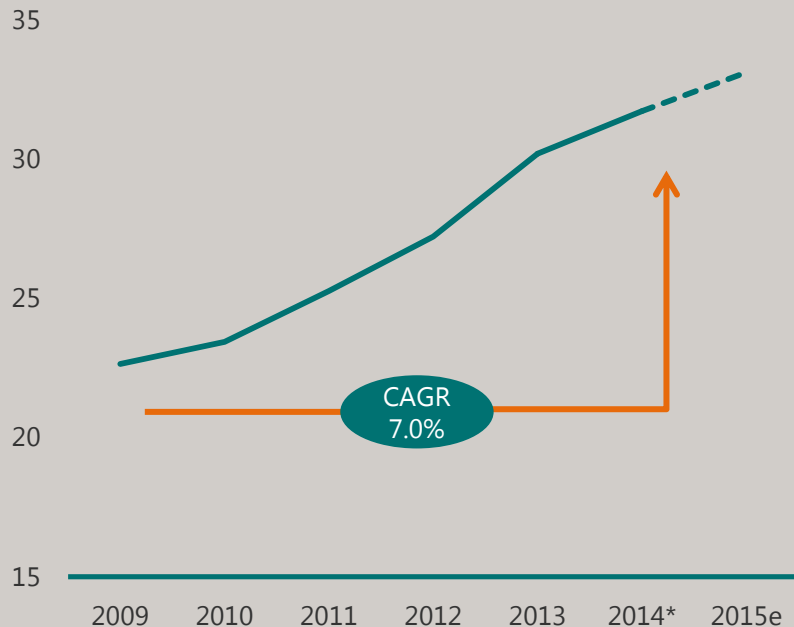


② Prudent growth in quality earnings

Continued growth in net interest income

Net interest income

NOK billion

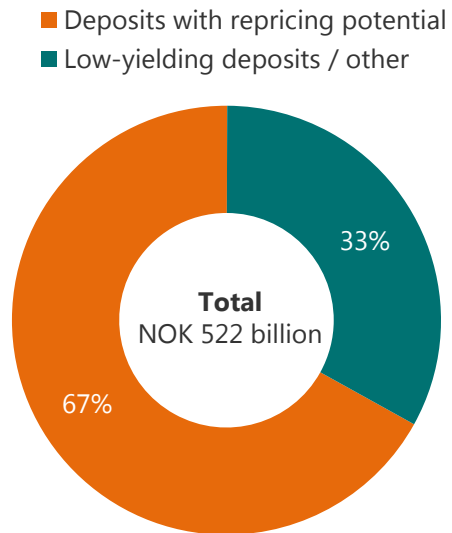


Net interest income expectations

- Stable development in volume-weighted spreads
- Lending volume is expected to grow at around 3-4 per cent annually

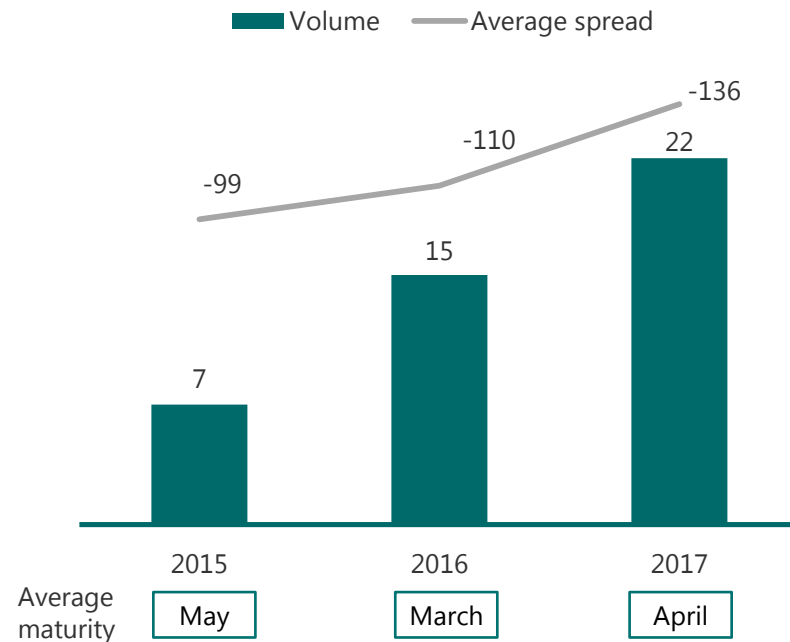
Deposit repricing potential across customer segments

Deposits in Personal banking and SMEs



LCI* maturing volumes and spreads public clients

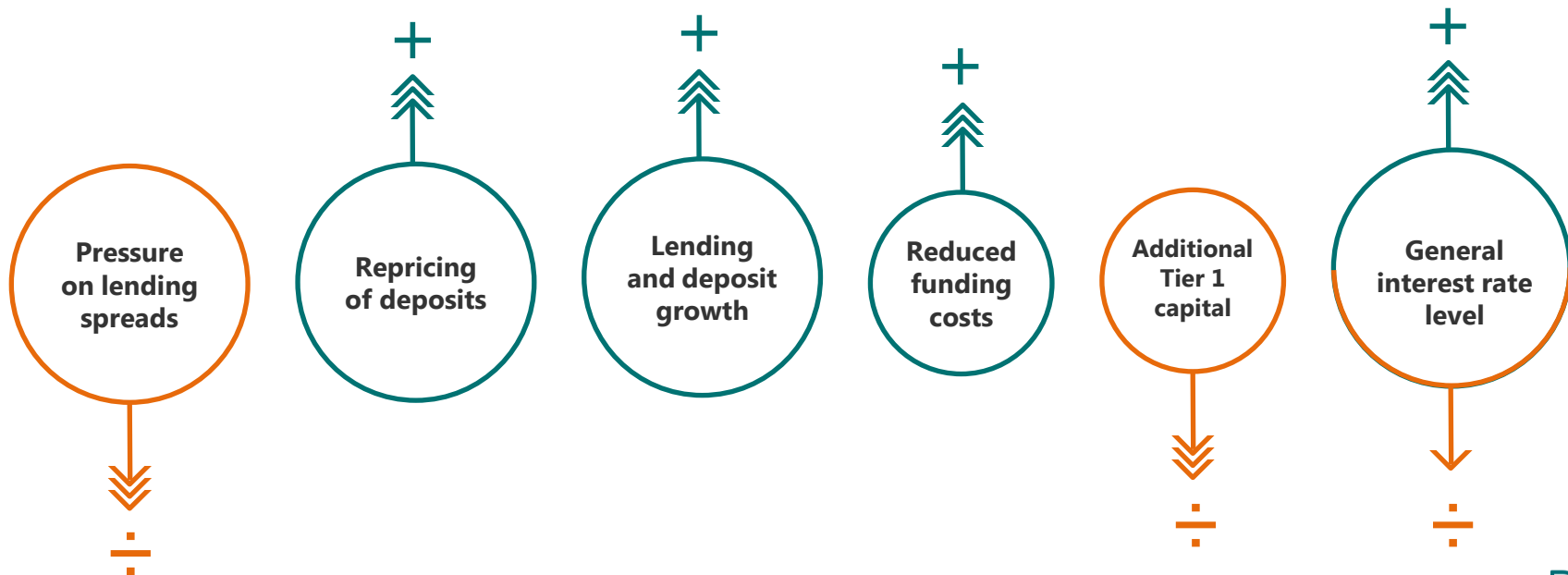
NOK billion, bps



Multiple factors influence the level of NII growth

Elements affecting net interest income

○ ○ ○
Scope of impact

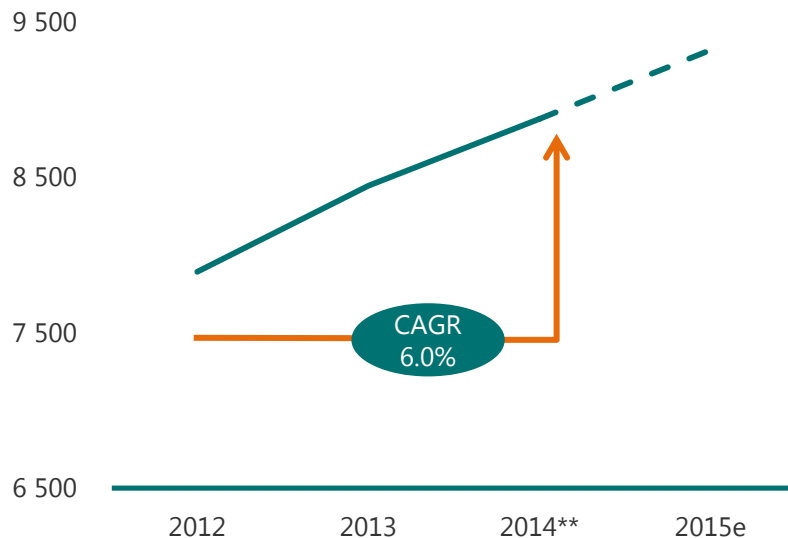




Net commissions and fees are increasingly important

Net commissions and fees*

NOK million, per cent



Expectations for net commissions and fees

- Underlying growth of 5 per cent

Expectations for other non-interest income

- **Life insurance:** contribution above NOK 300 million per quarter
- **Non-life insurance:** positive trends in cross-sales to households
- **Net gains:** lower non-recurring income



Several areas with untapped potential

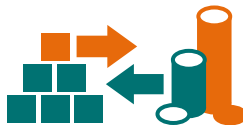
– capital-light commissions and fees



Real estate broking



Investment banking



Trade finance



Defined contribution



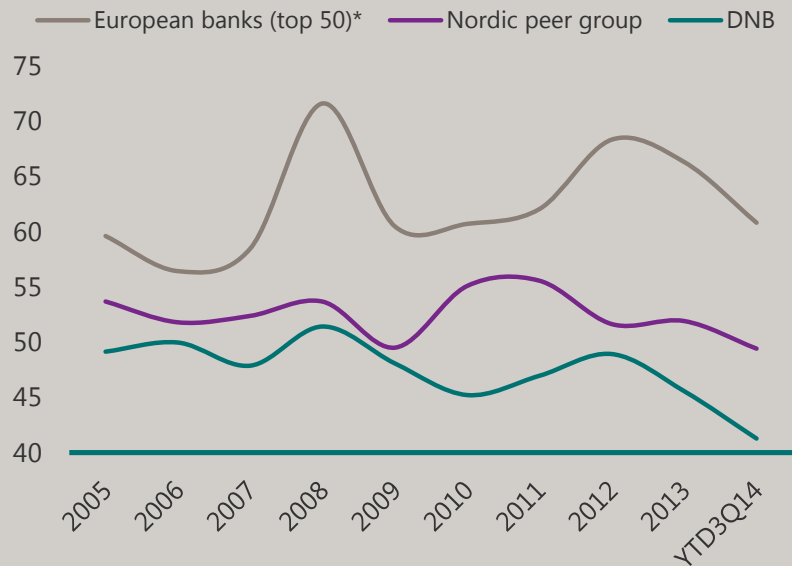
Private Banking

③ Best-in-class cost efficiency

Increasing our cost/income ambition

Cost/income DNB vs peer groups

Per cent



Cost/income ambition for 2017

Per cent

From below

45 per cent
to
~40 per cent

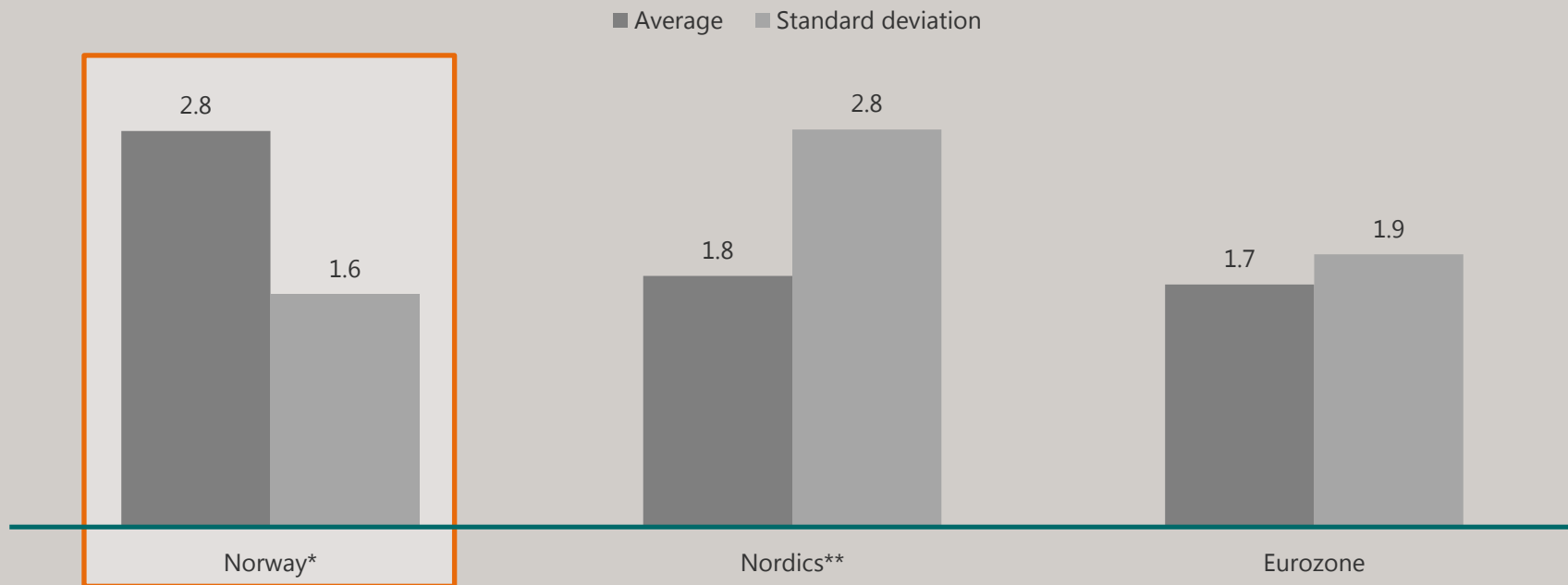
Flat nominal costs throughout 2015
(excluding restructuring costs)

④ Operating in a strong Norwegian economy

Norway has performed well throughout the cycle
– higher and more stable GDP growth

Historical average real GDP growth and standard deviation

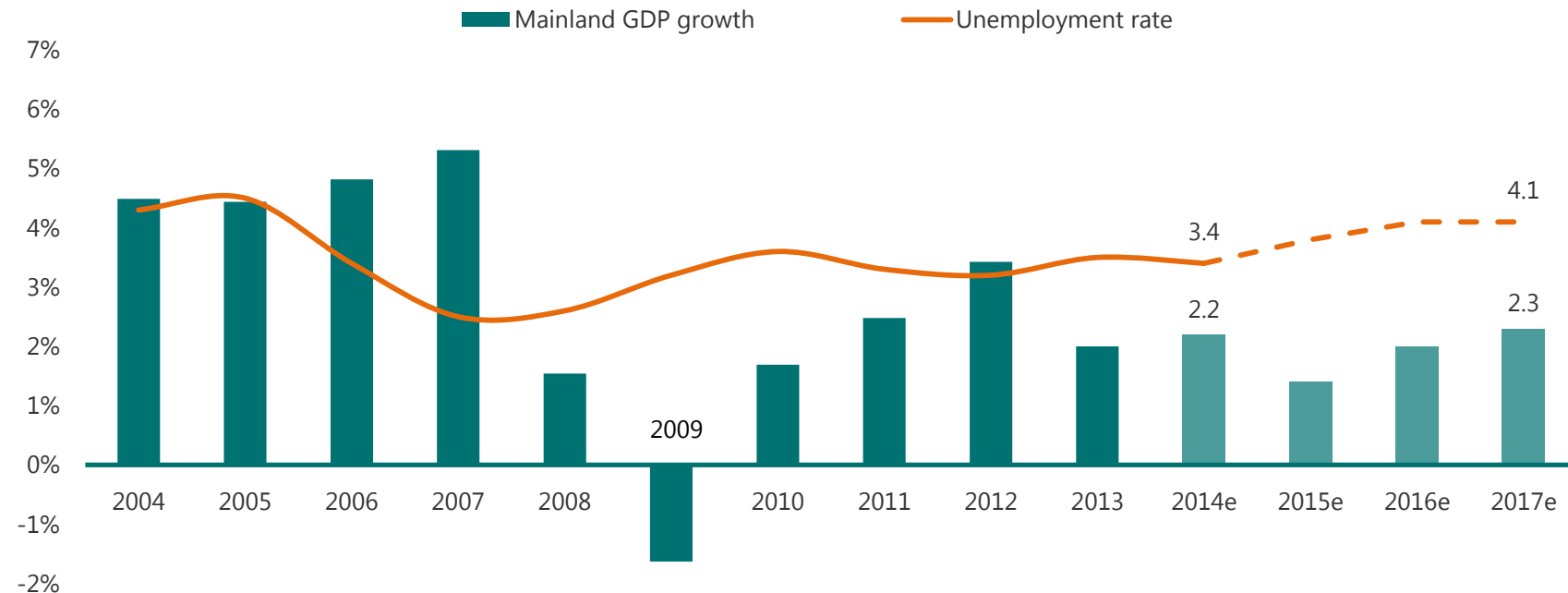
1990-2013, per cent



Slower speed ahead – still GDP growth at around 2 per cent

GDP growth and unemployment

Year on year, per cent



Substantial petroleum investments despite lower oil price

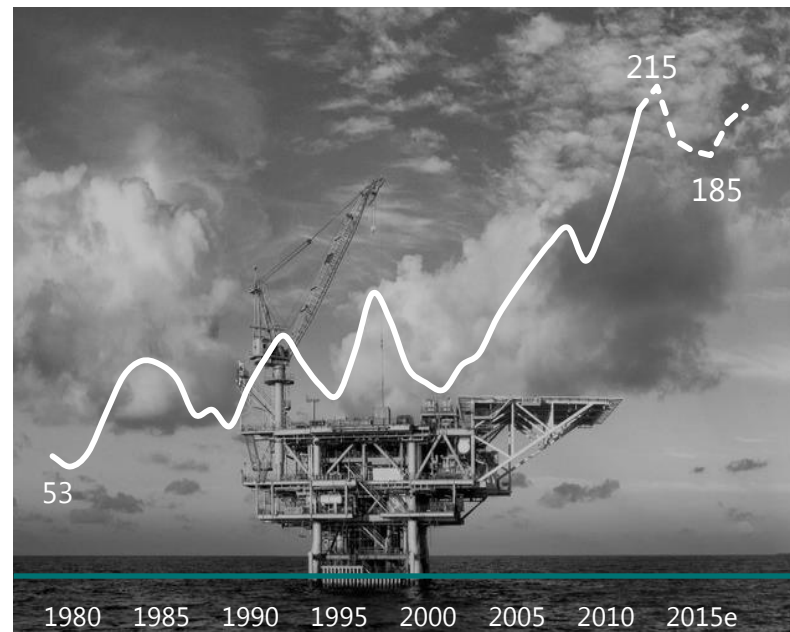
Long-term oil price forecast

US \$ per barrel



Norwegian petroleum investments

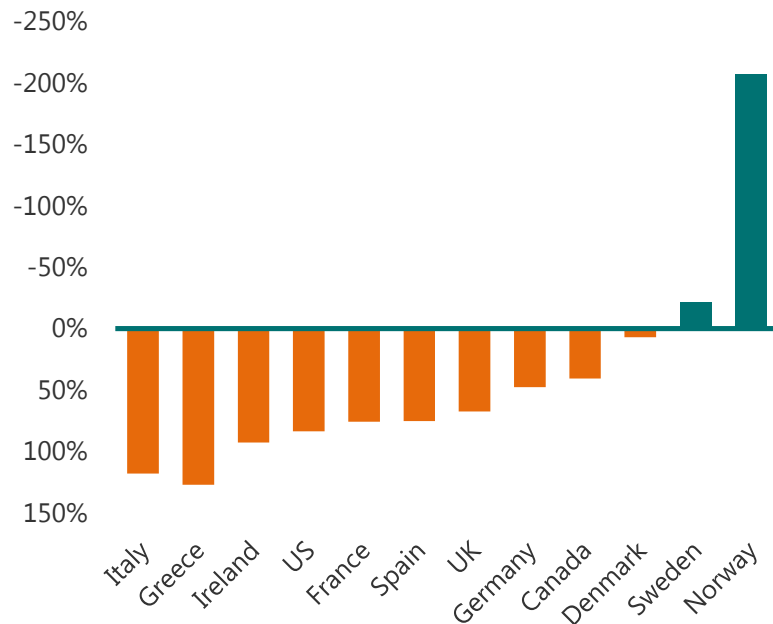
2013 prices, NOK billion



From natural resources to financial wealth

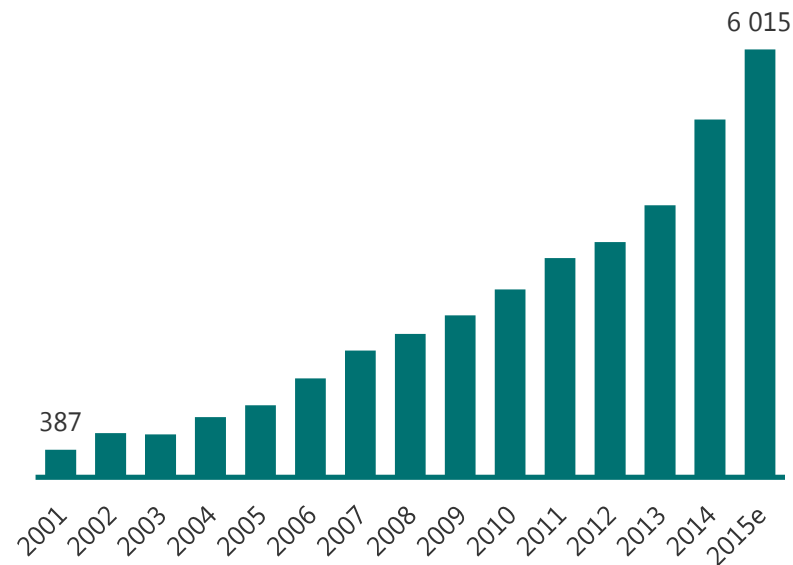
General government net financial liabilities

Per cent of nominal GDP 2014



Government Pension Fund Global

Beginning of the year, NOK billion



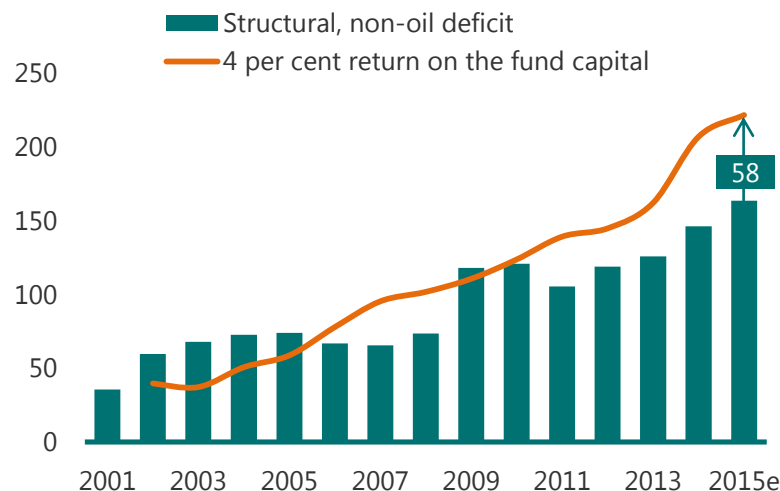
Two powerful tools to ensure a stable macro development

Fiscal policy

Large public wealth gives ample leeway to smooth business cycles

National budget structural, non-oil deficit

2015 prices, NOK billion

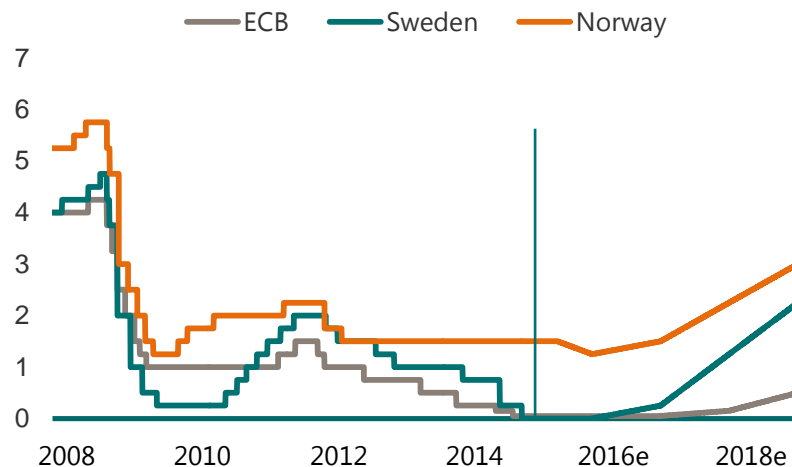


Monetary policy

Higher interest rates in Norway than in the rest of Europe

Central bank rates

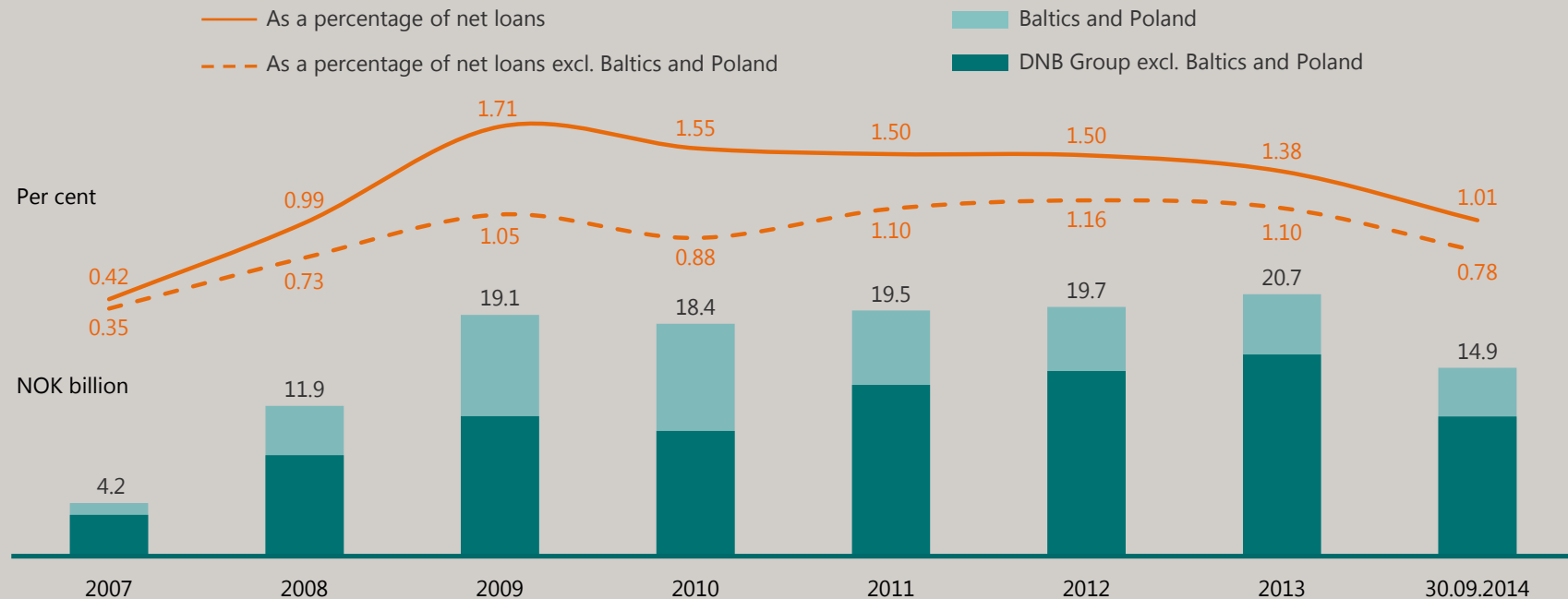
Per cent



⑤ Robust asset quality

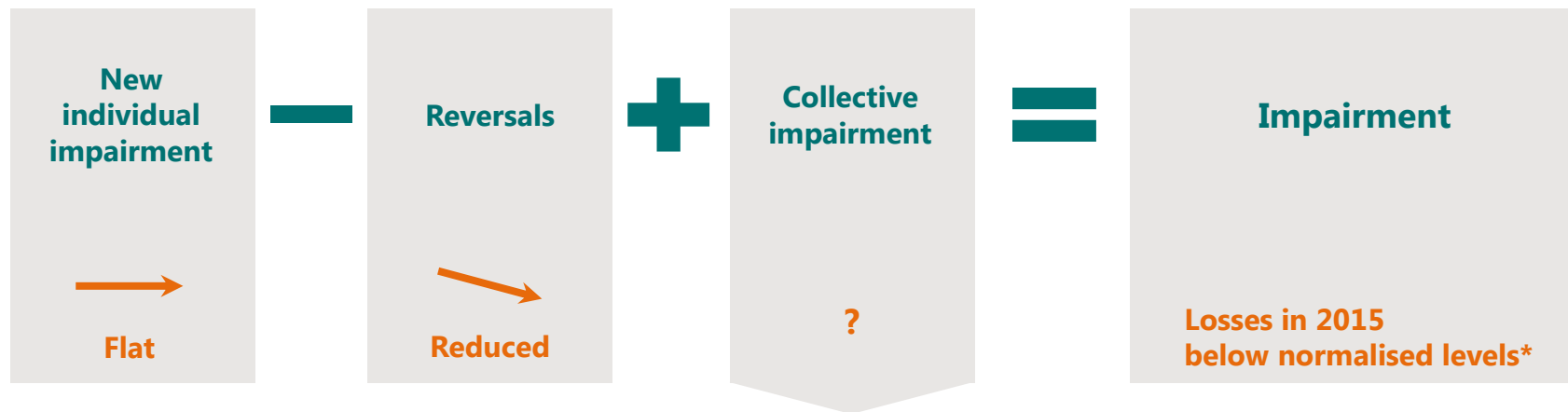
Continued reduction in non-performing loans

Net non-performing and net doubtful loans and guarantees



Impairment expected to stay below normalised levels in 2015

Expected development in impairment of loans and guarantees 2014-2015



Key factors affecting collective impairment

- Portfolio migration
- Volume growth
- Sector-specific economic cycles (Clark Sea Index, production gap, housing prices)

Key takeaways from the CEO

On track towards 2017 and beyond

- ROE target firm at above 12 per cent
- A step up towards our increased long-term dividend ambition of above 50 per cent

Delivering on our promises – five reasons to choose DNB

- Proven financial track record
- Prudent growth in quality earnings
- Best-in-class cost efficiency
- Operating in a strong and stable Norwegian economy
- Robust asset quality



Capital, liquidity and costs

Supporting a more ambitious dividend level

- Greater regulatory clarity
- Approaching capital requirements
- On track to comply with future liquidity regulations
- Retaining cost leadership

Bjørn Erik Næss
CFO



DNB

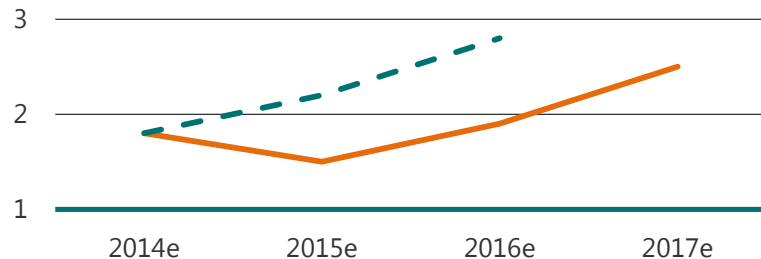
Weaker NOK and lower interest rates

– adjusted macro parameters from CMD 2013

— CMD 2014 assumptions
- - - CMD 2013 assumptions

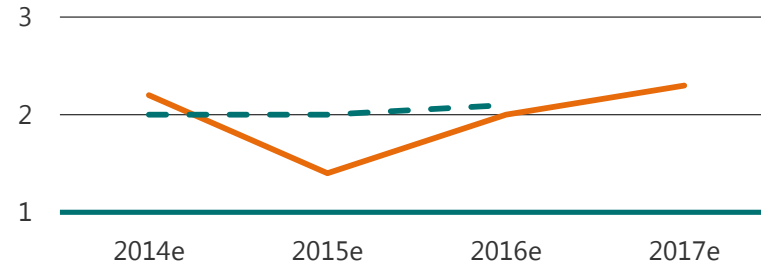
3-month NIBOR

Per cent



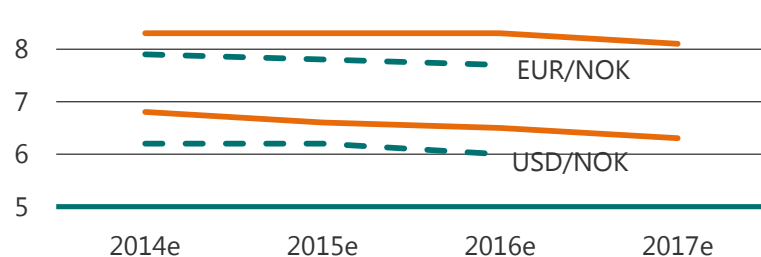
GDP growth*

Per cent



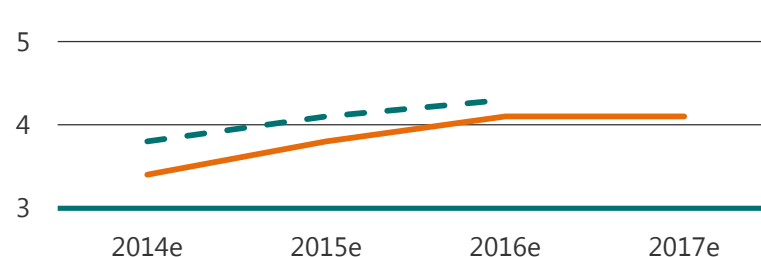
Exchange rates

EUR/NOK, USD/NOK



Unemployment rate in Norway

Per cent



Supporting a more ambitious dividend level

Key messages



**Greater
regulatory
clarity**

**Approaching
capital
requirements**

**On track to
comply with
future liquidity
regulations**

**Retaining
cost
leadership**

Unharmonised capital requirements and definitions




– making direct peer comparisons difficult

Differences in regulations between DNB/Norway and other Nordic banks



Higher risk weights but lower CET1-ratio hurdle for Norway

Examples of differences in regulations

Risk weights	Norwegian transitional rules*	Swedish peers Basel III with IRB
 Mortgages	40%	5-12%
 Corporates	80%	25-43%
Capital requirement	DNB	Swedish peers
 2016 CET1 ratio	13.0%	14.7-19.0%



Clearer regulatory picture

Important regulatory clarifications

	Clarifications since CMD 2013	Remaining clarifications
Banking regulations	<ul style="list-style-type: none"> • Risk weight for mortgages • Countercyclical buffer (CCB) rate in Norway • SIFI buffer • CRD IV / CRR to be included in the EEA agreement 	<ul style="list-style-type: none"> • Leverage ratio • System for Pillar 2 • TLAC requirements • Possible positive impact of CRD IV / CRR inclusion in the EEA agreement
Liquidity regulations	<ul style="list-style-type: none"> • LCR • Definition of NSFR 	<ul style="list-style-type: none"> • Norwegian LCR • Implementation of NSFR
Insurance regulations	<ul style="list-style-type: none"> • Guidelines for longevity reserves • Solvency II from 2016 • Omnibus II transitional measures • Conversion to paid-up policies with investment choice 	<ul style="list-style-type: none"> • Norwegian implementation of Omnibus II transitional measures

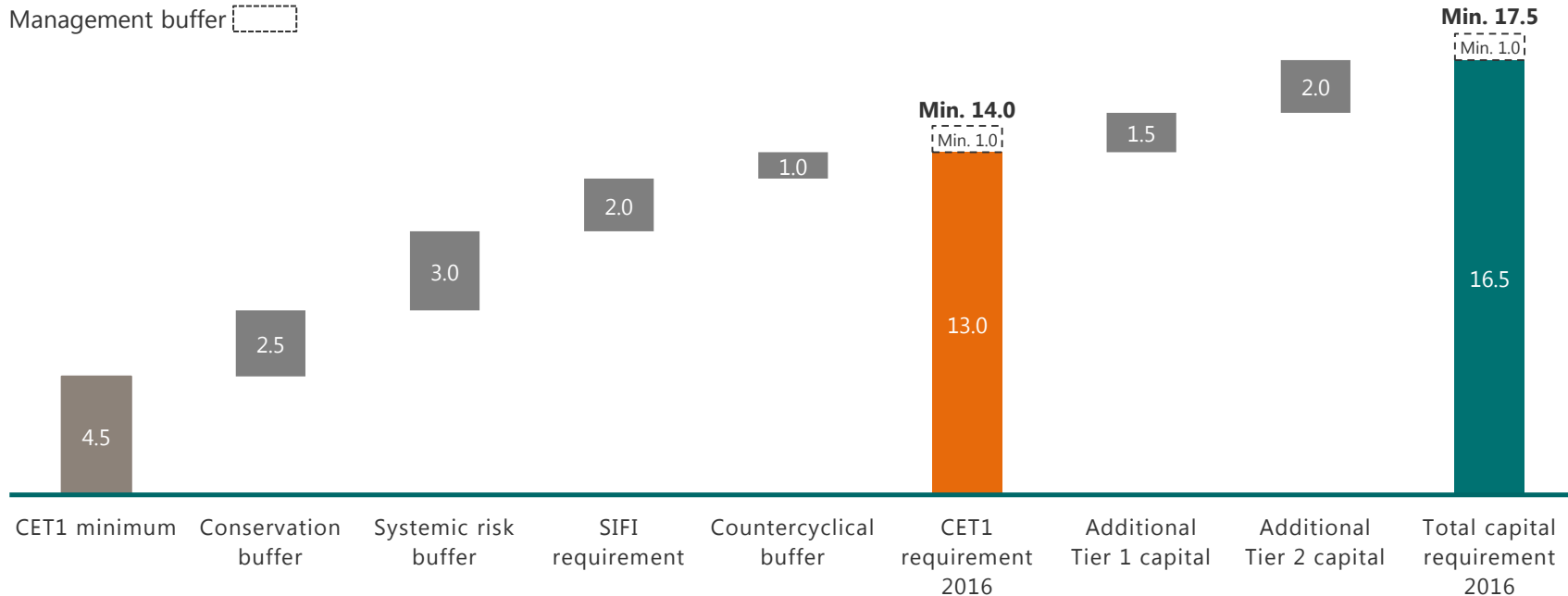
CET1-ratio requirement is 13.0 per cent by July 2016

– targeting minimum 1.0 per cent management buffer by year-end 2016

Expected capital requirement 2016 and beyond

Per cent

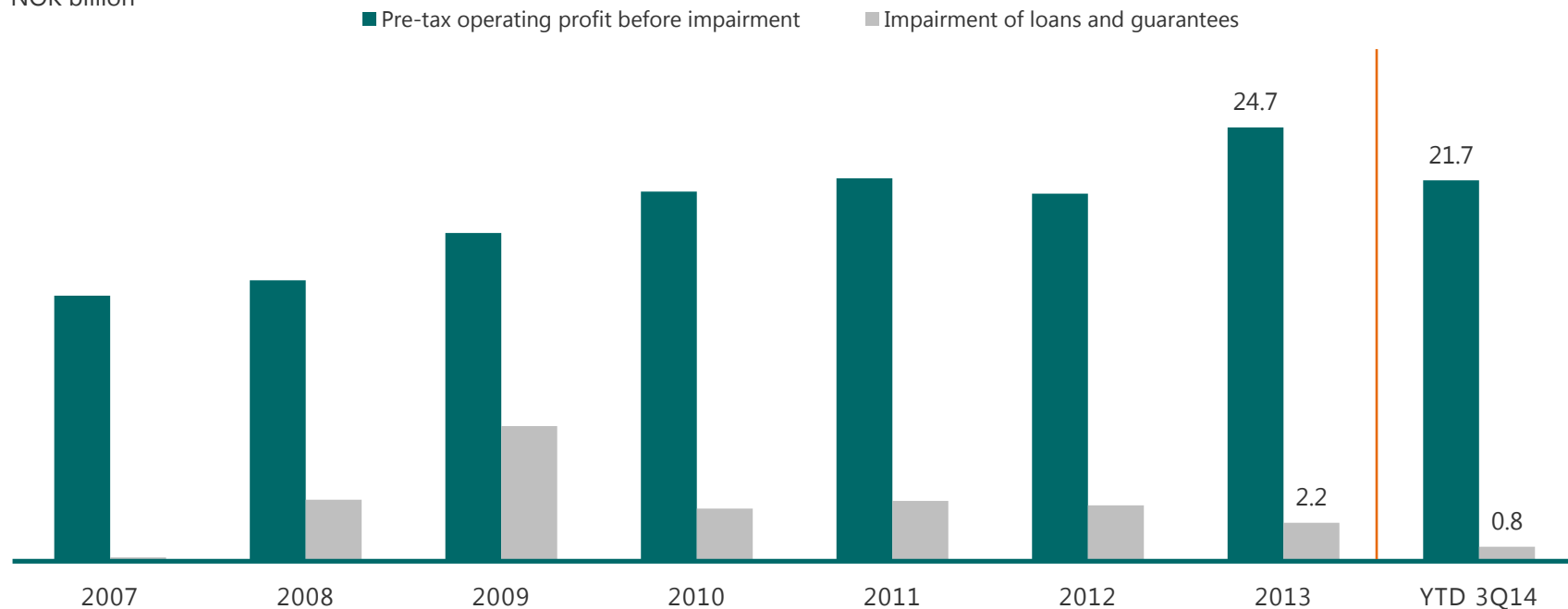
Management buffer



DNB delivers healthy profit growth

Pre-tax operating profit

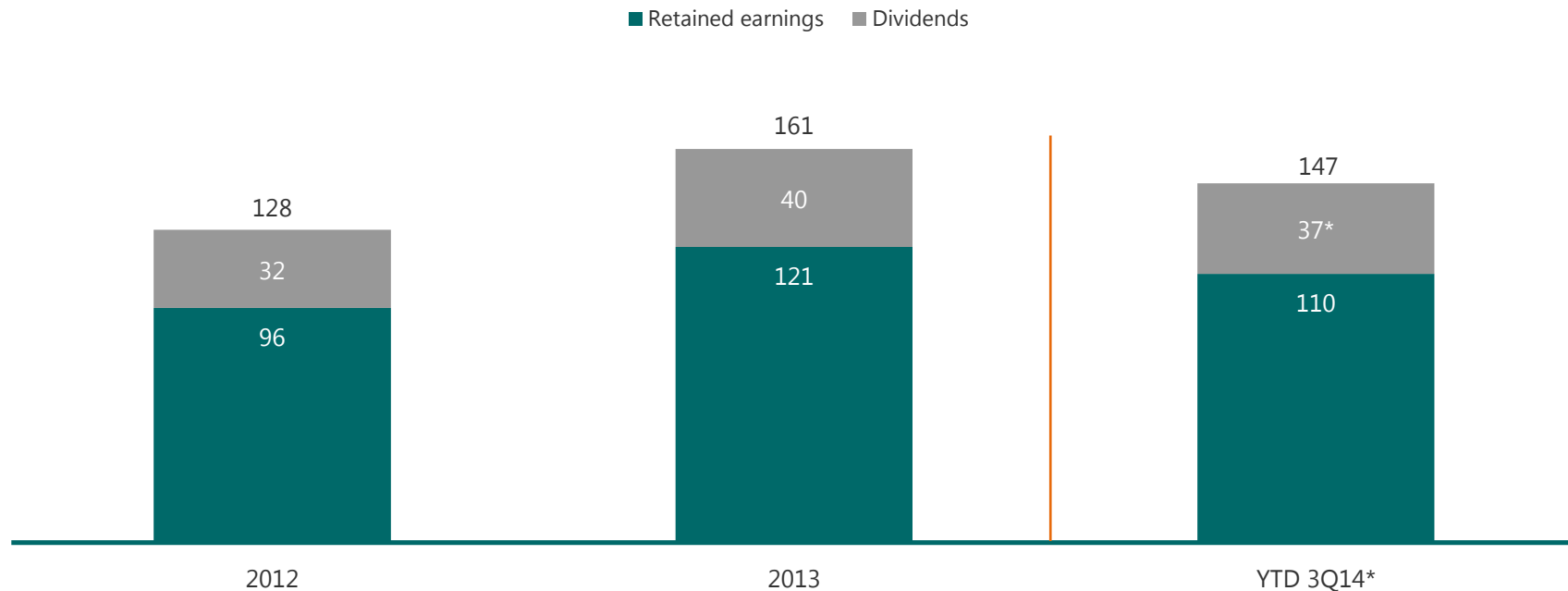
NOK billion



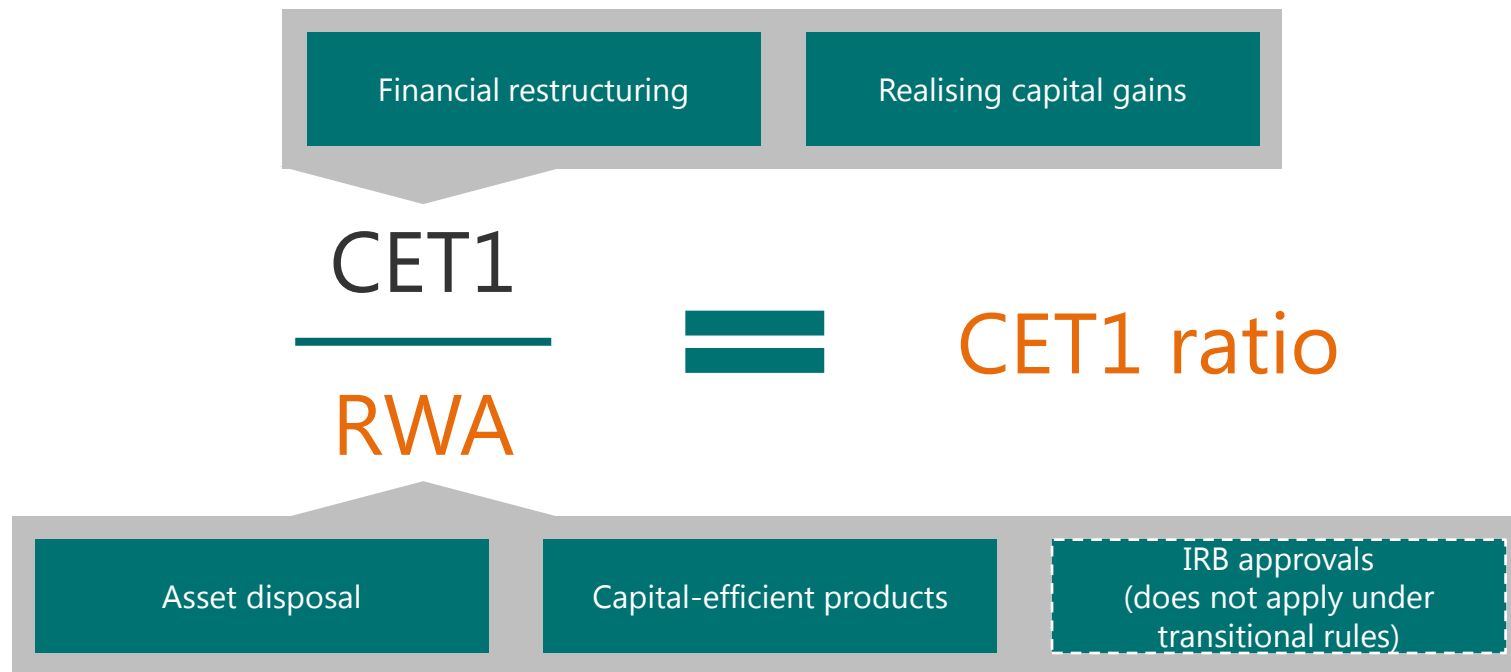
Healthy profit ensures strong capital generation

CET1 ratio contribution based on retained earnings

Basis points (bps) – transitional rules



Several measures to increase capital efficiency

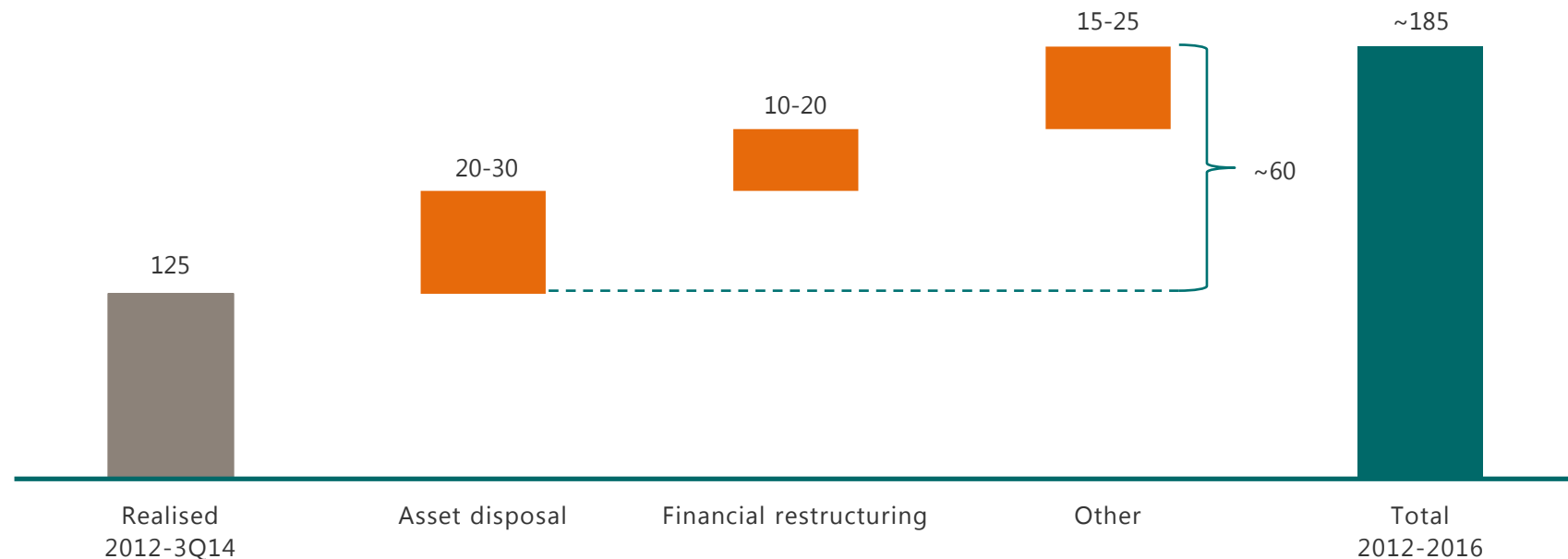


Building capital through capital efficiency measures

– remaining potential of 60 bps up to 2016 under transitional rules

Capital build-up through capital efficiency - transitional rules

CET1 effects, bps



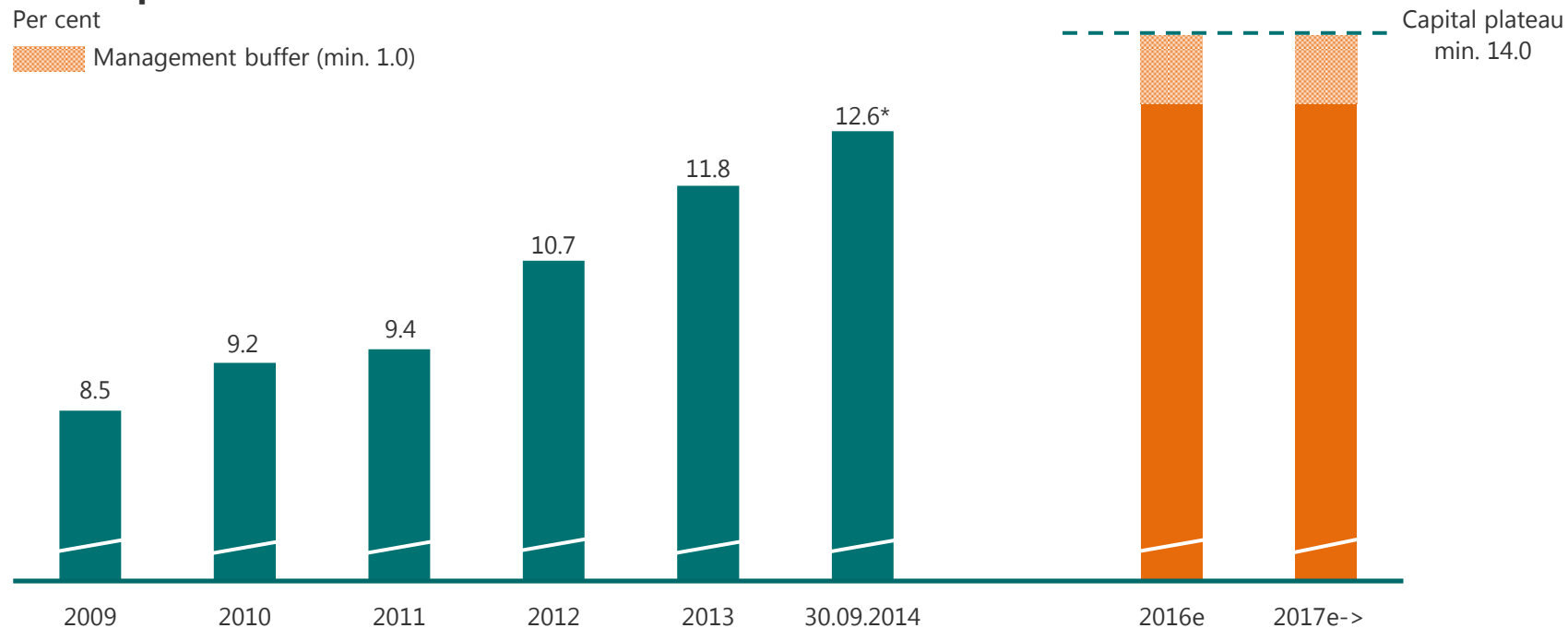
Capital generation ahead of plan

– expecting to reach the capital plateau no later than 2016

CET1 capital ratio - transitional rules

Per cent

Management buffer (min. 1.0)

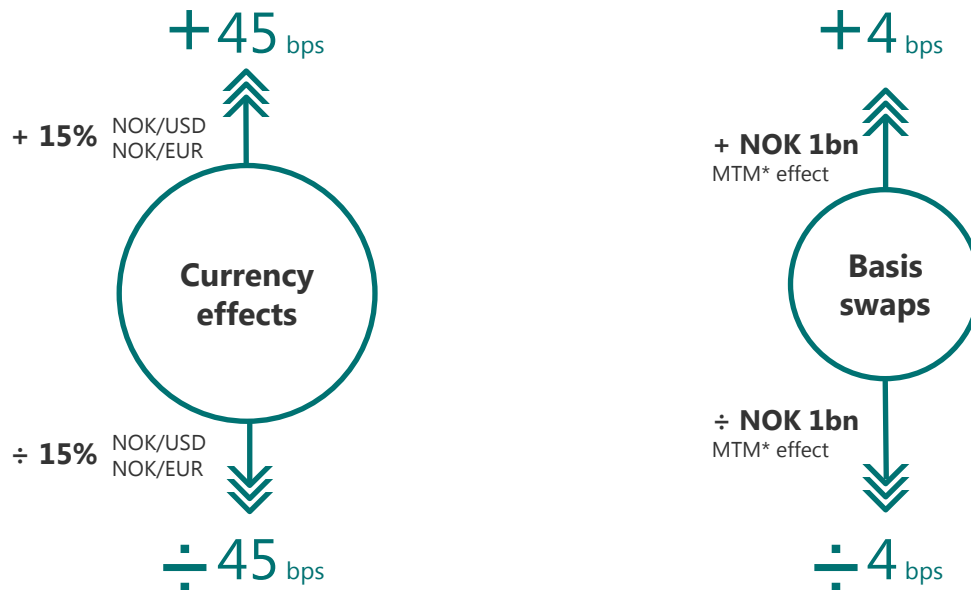


CET1 ratio is sensitive to currency fluctuations

– other external factors have less impact

Factors affecting the CET1 ratio

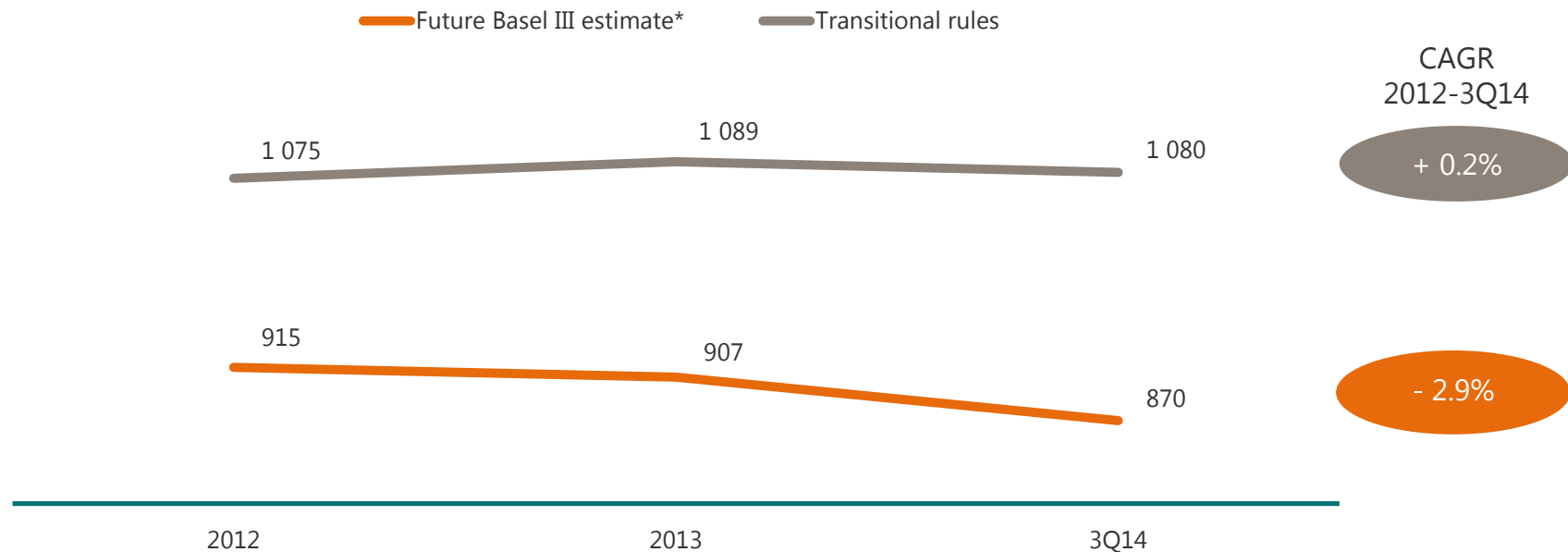
2016 effect, bps



RWA reduction is restricted by transitional rules

Development in risk-weighted assets, Basel III estimate vs. transitional rules

Risk-weighted-assets, NOK billion

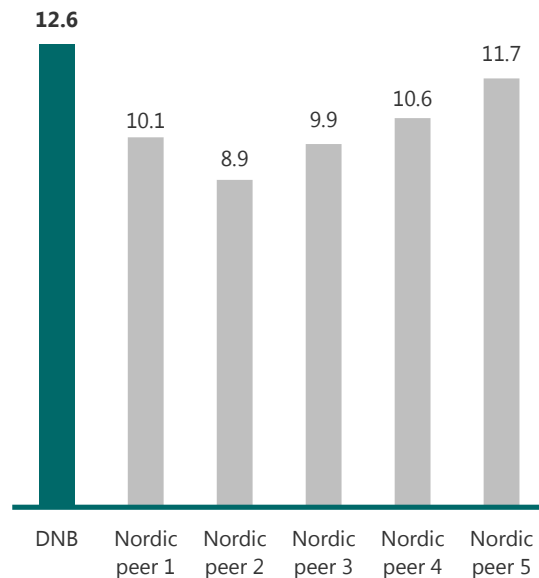




DNB is well capitalised despite regulatory hurdles

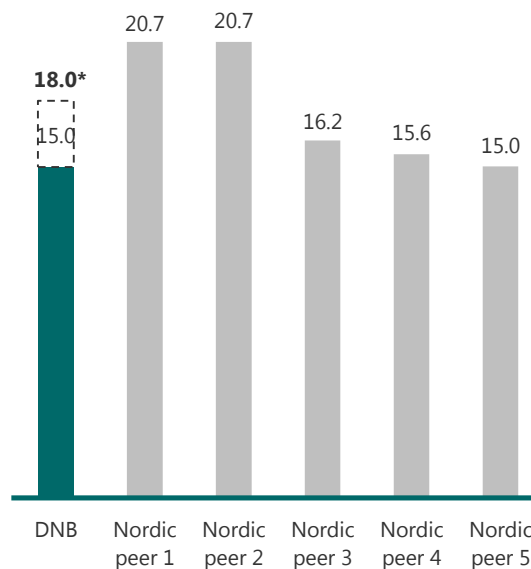
CET1 ratio under transitional rules

As of 3Q14, per cent



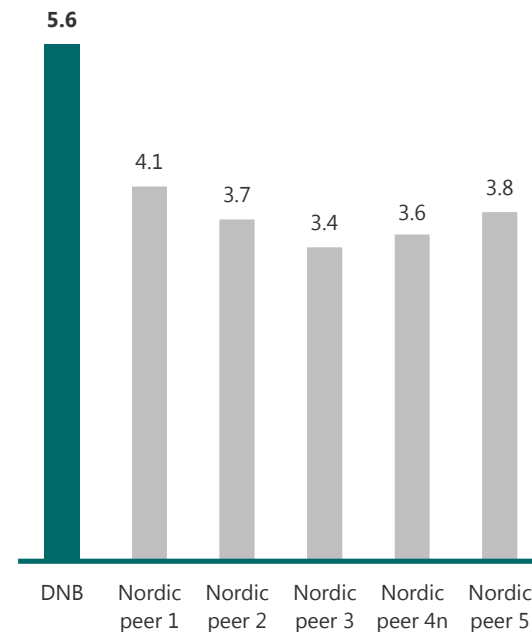
CET1 CRD IV

As of 3Q14, per cent. Applying average risk weights used by Swedish banks also for DNB



Simple leverage ratio**

As of 3Q14, per cent



Approaching Solvency II with sound management actions

- Omnibus II provides a softer implementation

Solvency II toolbox for traditional back book



Omnibus II measures supported by the FSA*

Volatility adjustment

- *Permanent measure*
- Adjustment to the risk-free discount rate, reducing the value of liabilities and stabilising the solvency position

16-years full phase-in

- *Transitional measure*
- Phasing in the full impact of Solvency II over 16 years for existing business

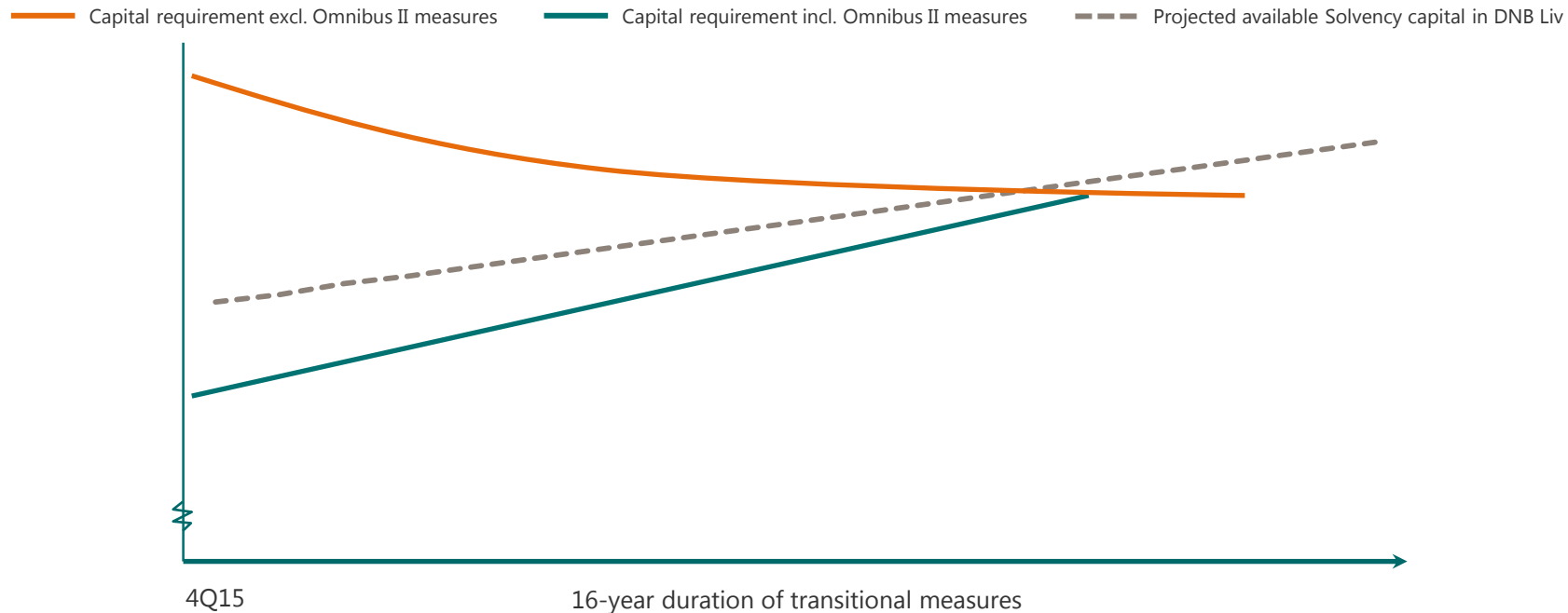
7-years phase-in of equity stress

- *Transitional measure*
- Equity stress phased in over seven years, from 22 to 39 per cent

Sufficiently capitalised under Solvency II

- Omnibus II measures curb the effects of a persistent low interest rate level

DNB's solvency capital versus requirements



On track to comply with future liquidity regulations

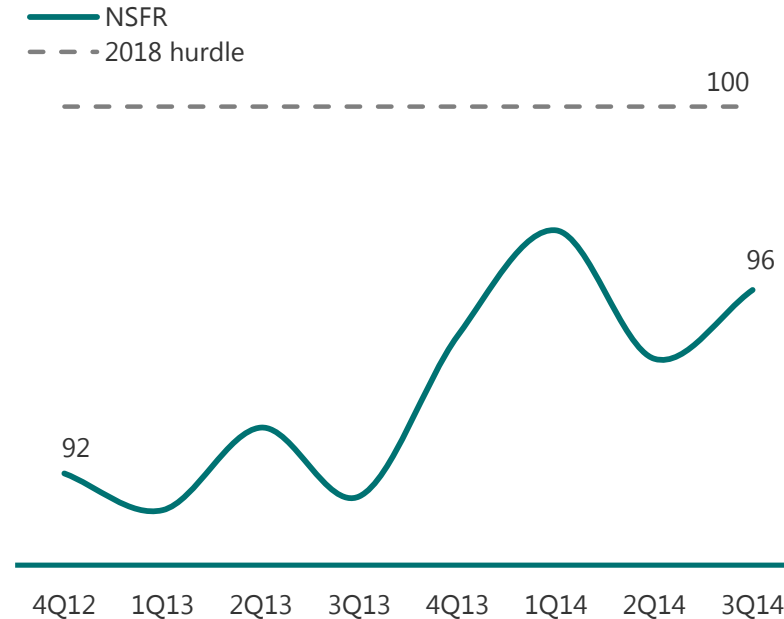
Liquidity coverage ratio (LCR)

Per cent



Net Stable Funding Ratio (NSFR)*

Per cent

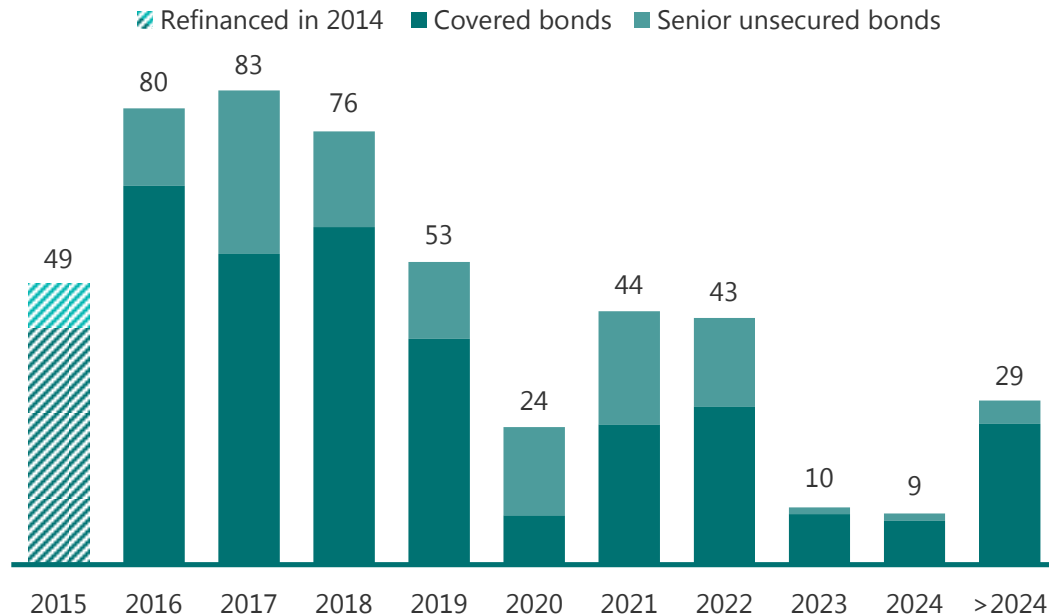


Refinancing need for 2015 is NOK 85 billion

- mainly covered bonds/senior unsecured

Redemption profile

NOK billion

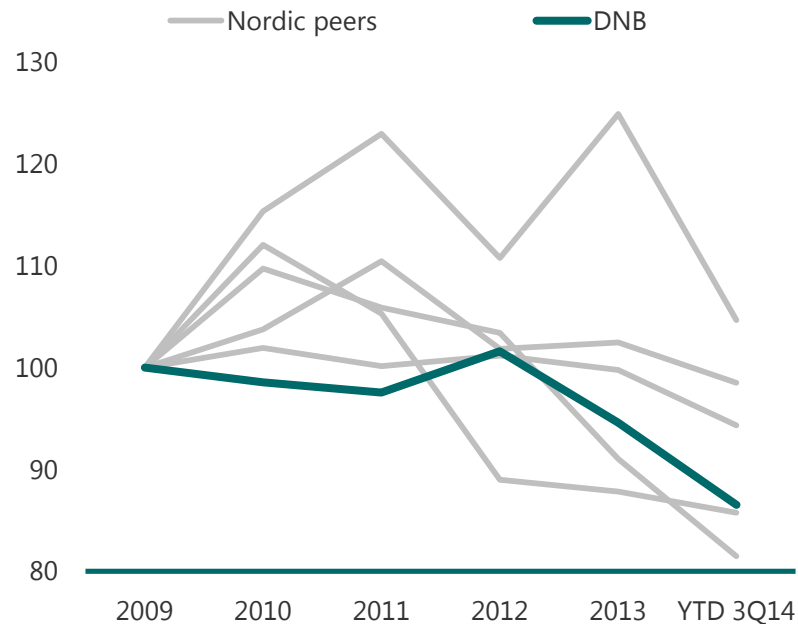


- Refinancing at least 12 months before maturity
- NOK 80 billion in senior/covered bonds, and NOK 5 billion in subordinated loans to be refinanced in 2015
- Expect to raise the equivalent of USD 2bn in AT1/hybrid capital during 2015/2016. Only a moderate share of the total during 2015
- DNB will give due consideration to the capital hierarchy and look to preserve the seniority of claims going forward

DNB has retained cost leadership over time

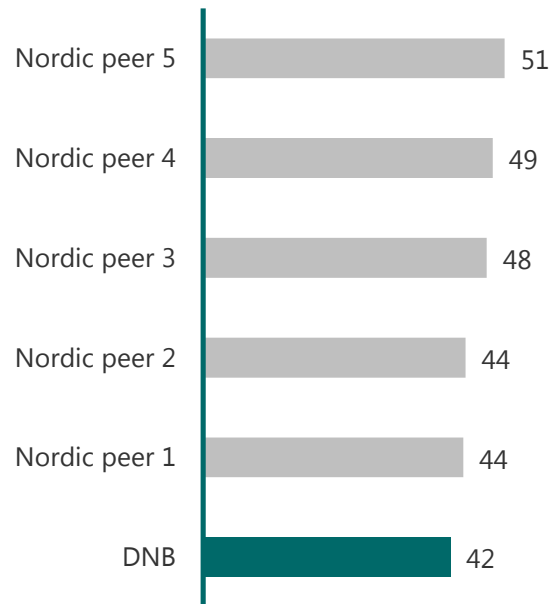
Development in relative cost-income ratio

Index base year 2009 = 100



Cost-income ratio for Nordic banks

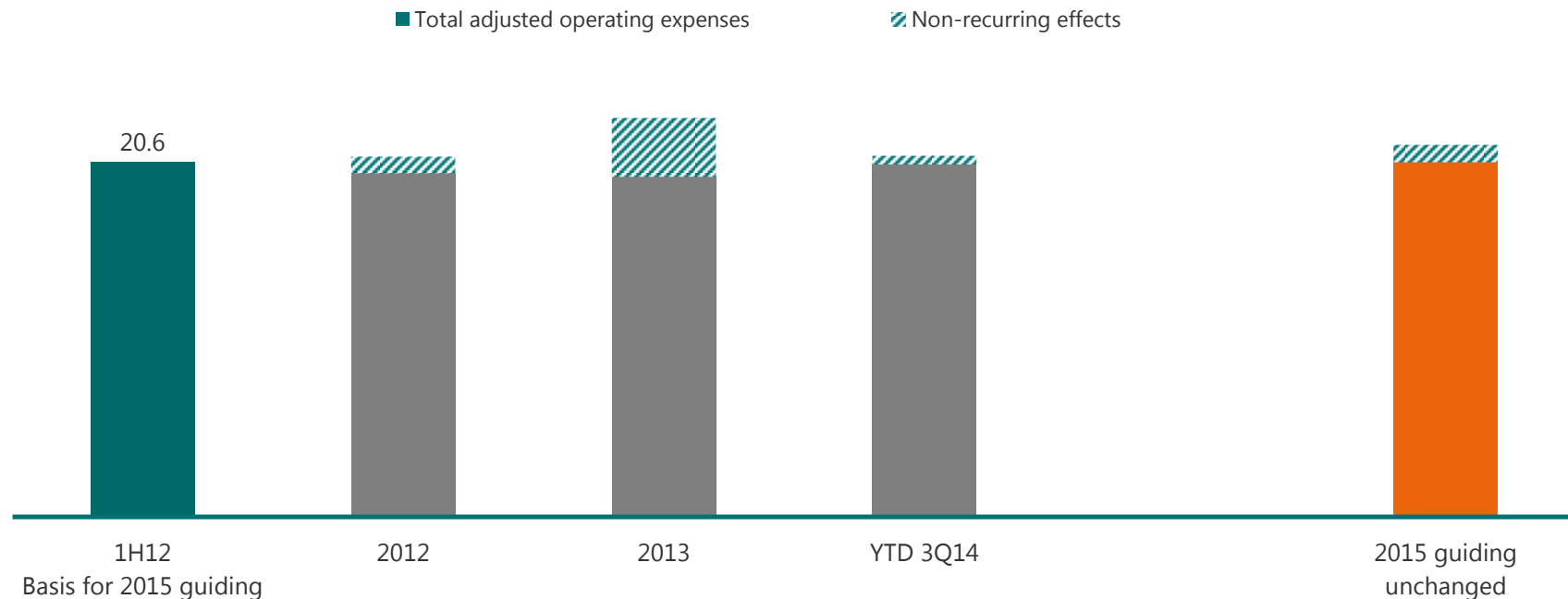
YTD 3Q14, per cent



Nominal cost level in line with guiding

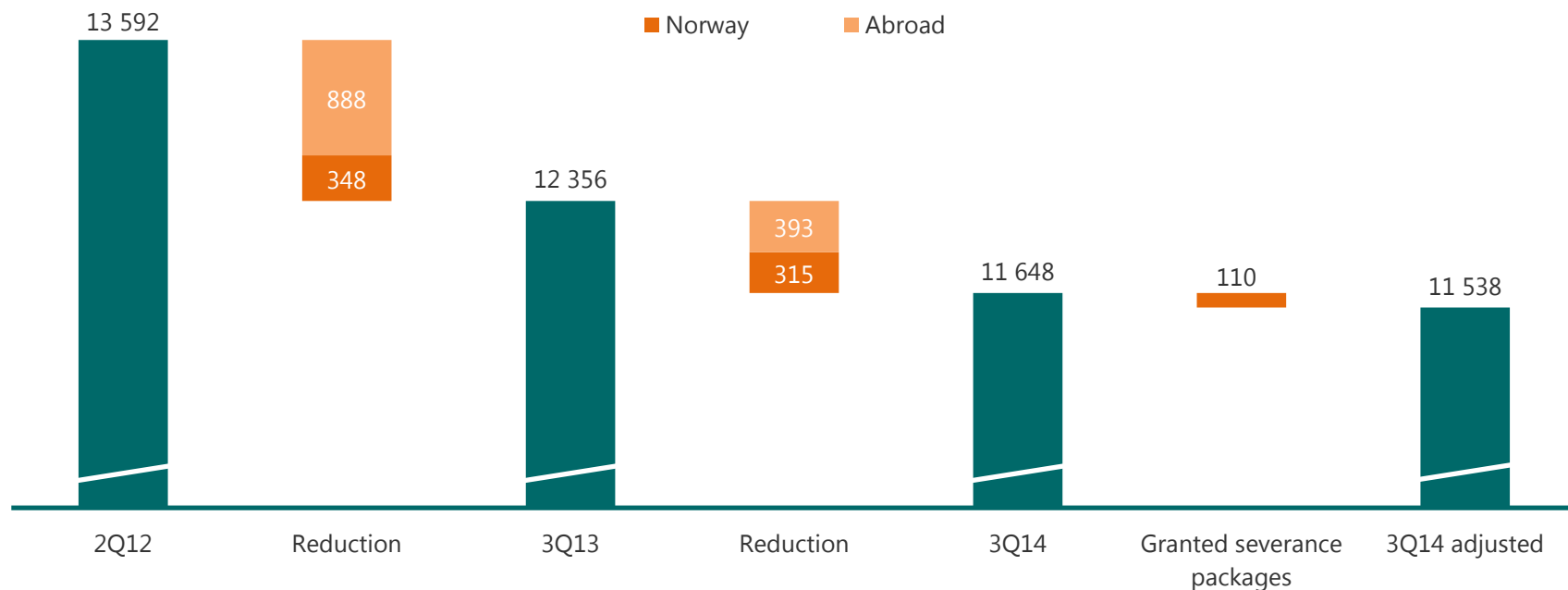
Total operating expenses

Annualised, NOK billion



FTE reductions ahead of projections

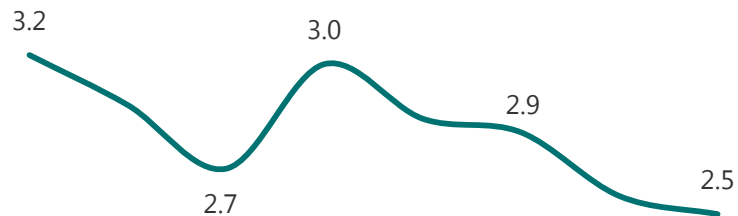
Development in full-time equivalents



Cost initiatives necessary to counteract inflation

Price and wage inflation* in Norway

Per cent



Cost base growing
by NOK 500-600
million annually
before efficiency
improvements

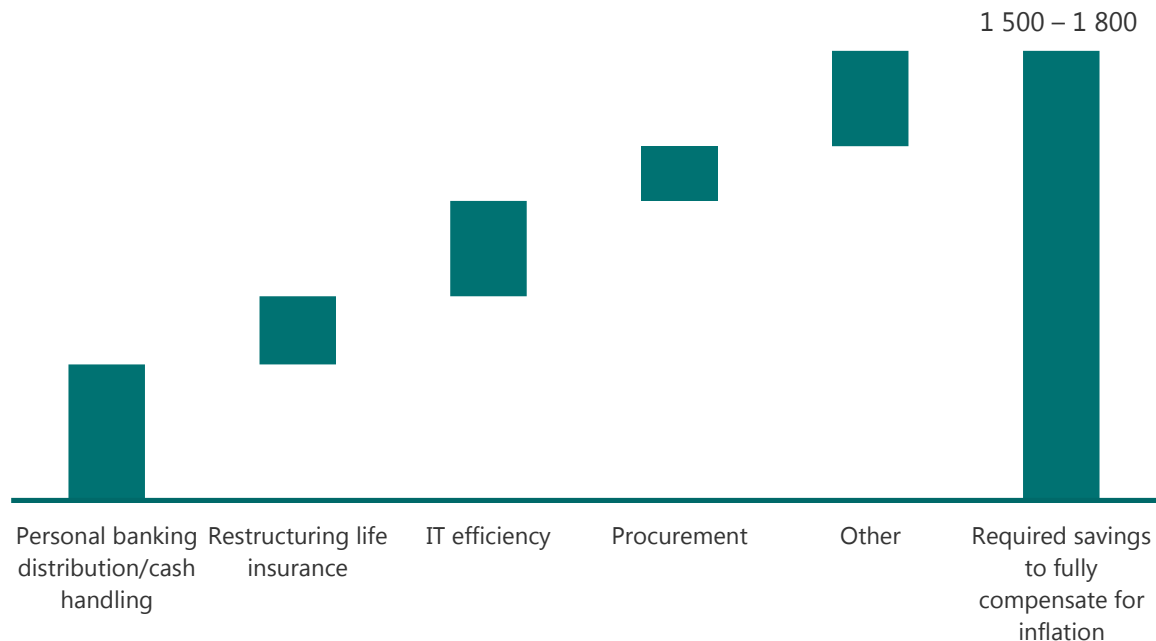
2010 2011 2012 2013 2014e 2015e 2016e 2017e

Cost/income ambition raised

– continuous initiatives to improve efficiency

Cost savings from efficiency initiatives

Full-year effects by 2017, NOK million



C/I ambition for 2017

~40%

Combination of
top line growth and
cost focus

Capital, liquidity and costs

Supporting a more ambitious dividend level

- Greater regulatory clarity
- Approaching capital requirements
- On track to comply with future liquidity regulations
- Retaining cost leadership

Wealth Management

Releasing our potential in high-growth markets

- Private Banking: moving from traditional banker to wealth manager
- Defined contribution: profitable growth by accumulating assets under management

Tom Rathke

Head of Wealth Management

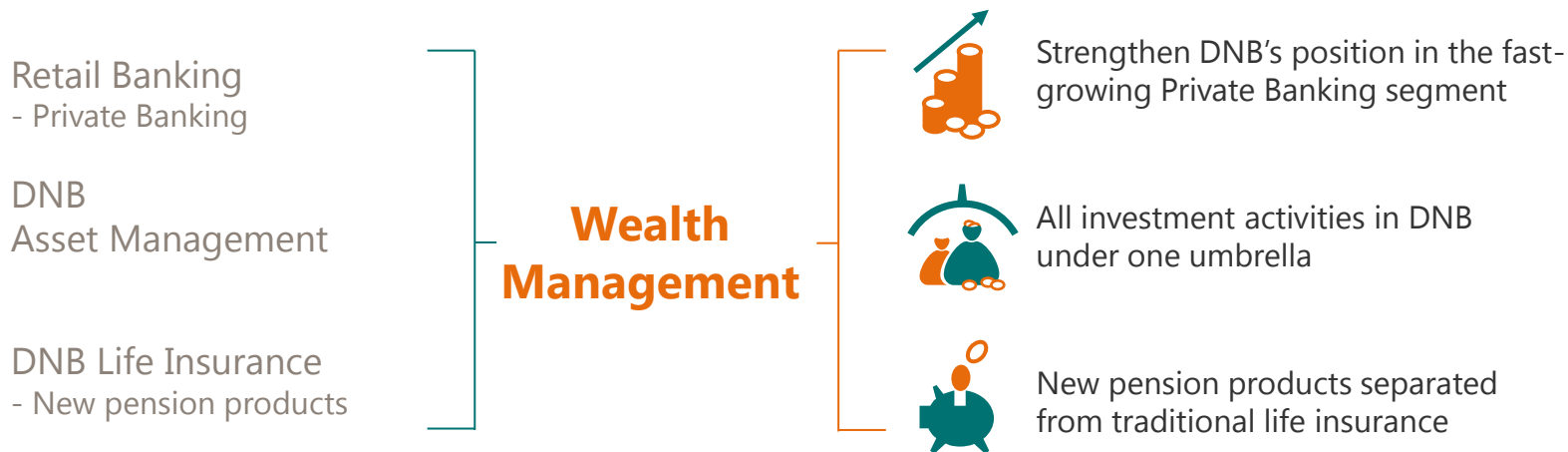


DNB

Wealth Management established as a new business area

– to enhance focus on savings and investments

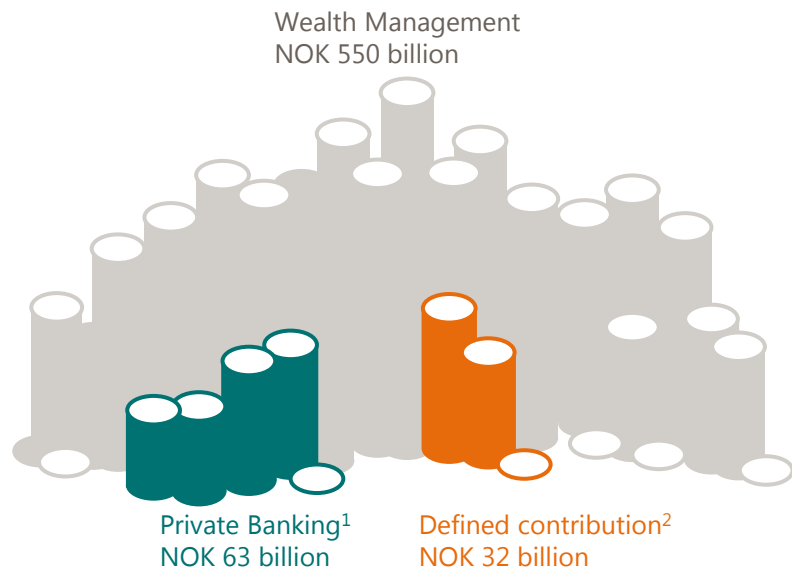
Rationale behind the new business area



Targeting Private Banking and defined contribution

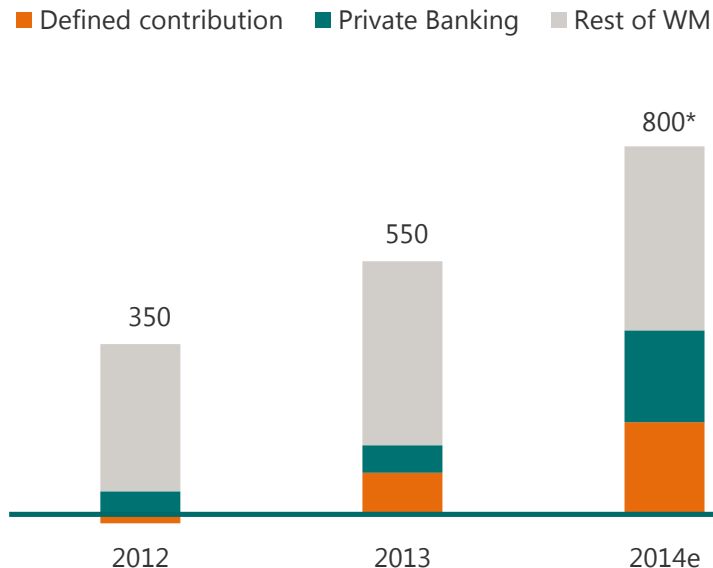
Benefiting from economies of scale

Assets under management (AuM)



Profitable growth in targeted areas

Operating profit, NOK million



¹ In the external reporting, profits from Private Banking are included in the Personal customers segment

² In the external reporting, profits from defined contribution are included under Personal customers, SME and LCI customers

* Based on annualised YTD 3Q14 operating profit

Releasing our potential in high-growth markets

Key messages

Private Banking



From traditional banker
to wealth manager

Defined contribution



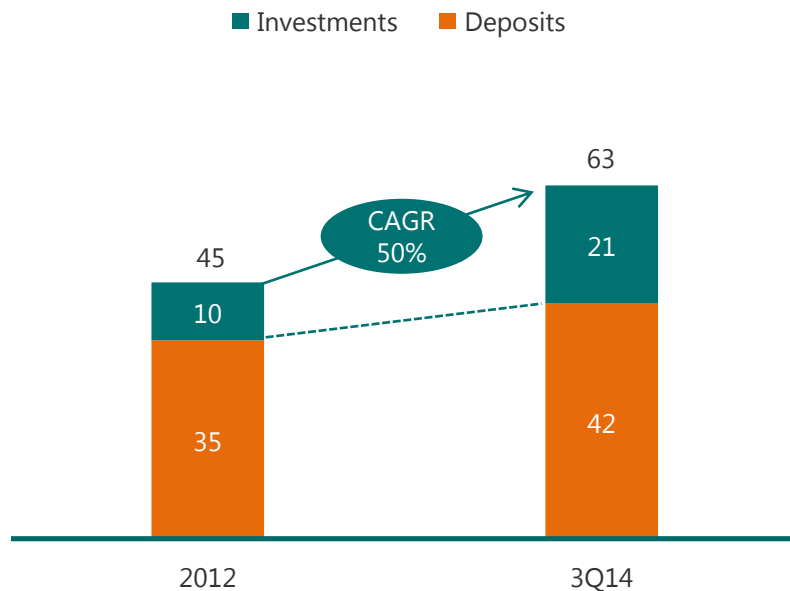
Profitable growth by
accumulating AuM

From traditional banker to wealth manager

- promising track record

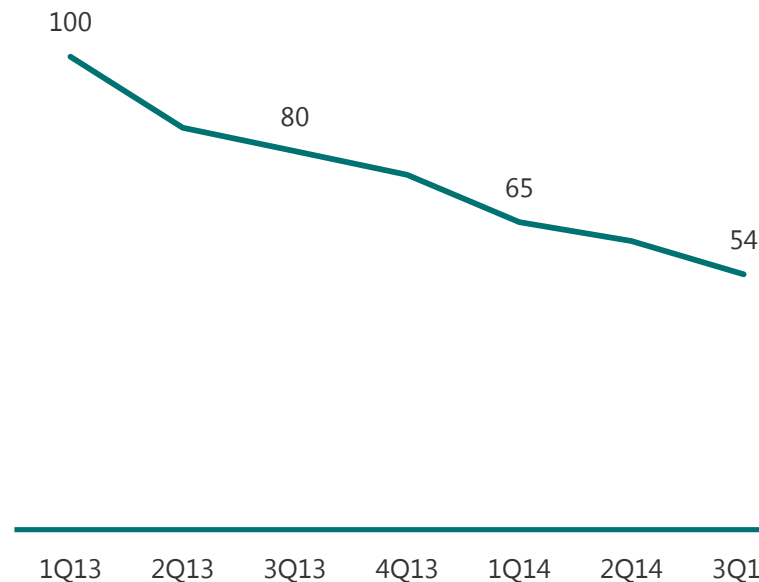
Private Banking AuM

End of period, NOK billion



Cost/income ratio

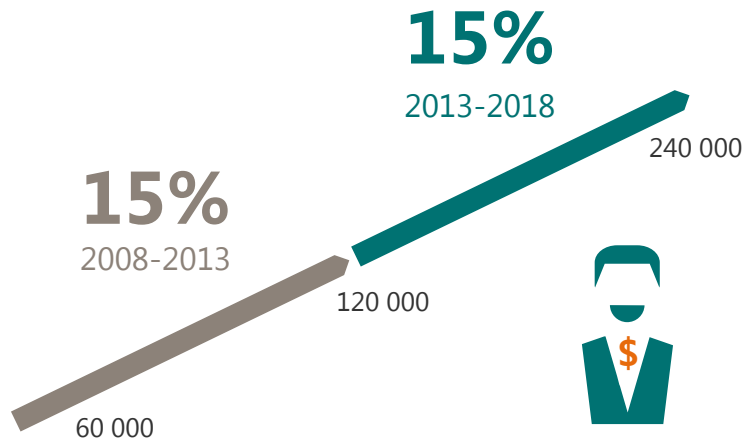
Per cent



Substantial market opportunity in Norway

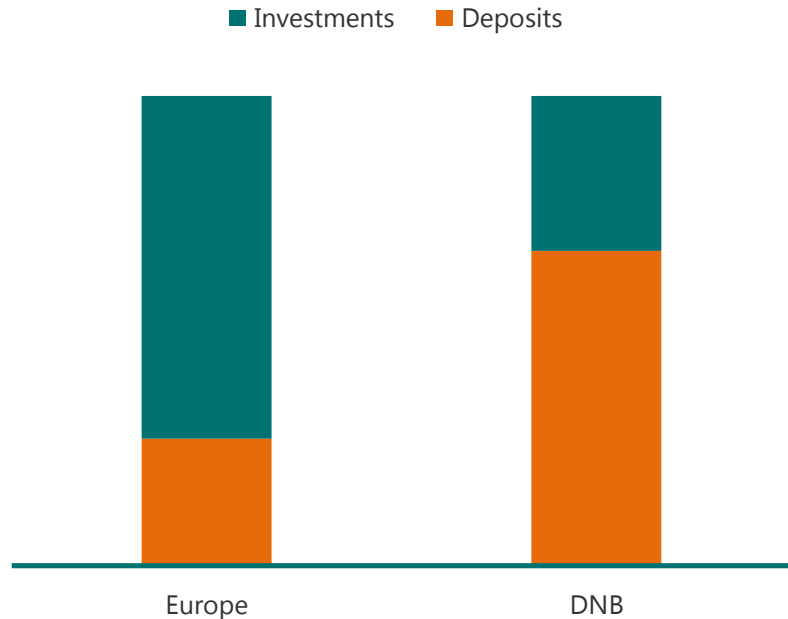
High growth in Norwegian USD millionaires

Number of individuals, CAGR



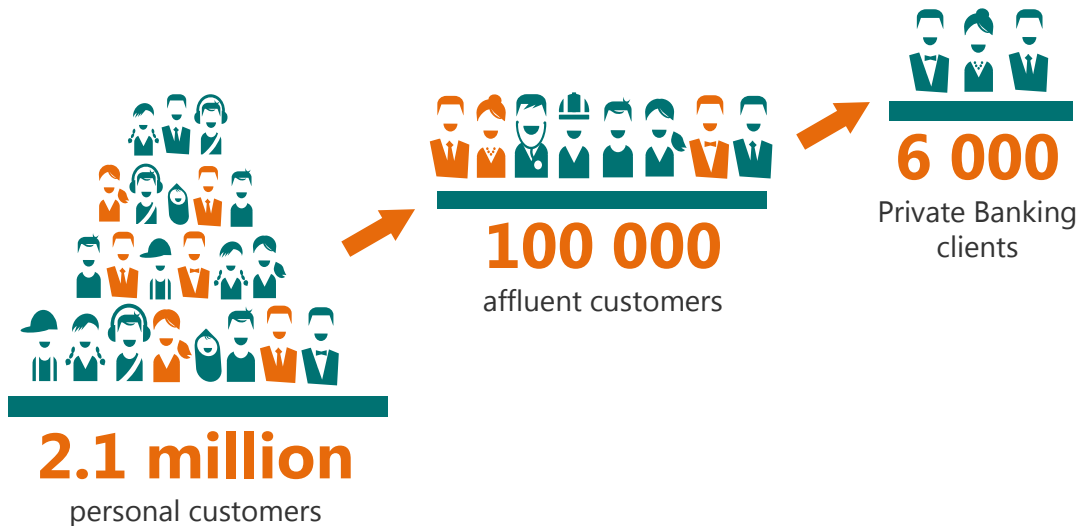
Low share of assets placed in investments

Breakdown of Norwegian USD millionaires' investable assets



Leveraging on DNB's customer base and competence

Solid base to increase the number of clients



Key initiatives to increase share of wallet

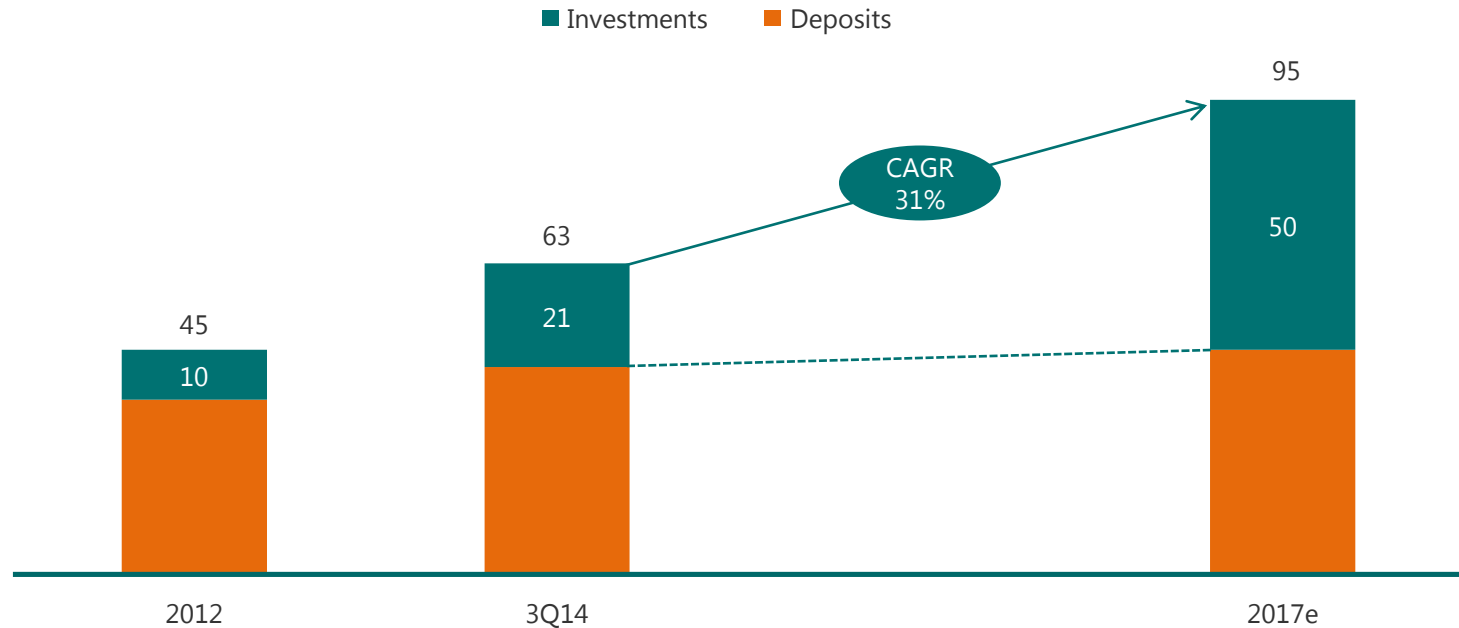


- Professional advisors
- Selected 3rd party product offerings combined with in-house solutions
- Customer friendly digital solutions

Ambitions for Private Banking towards 2017

Private Banking AuM

End of period, NOK billion

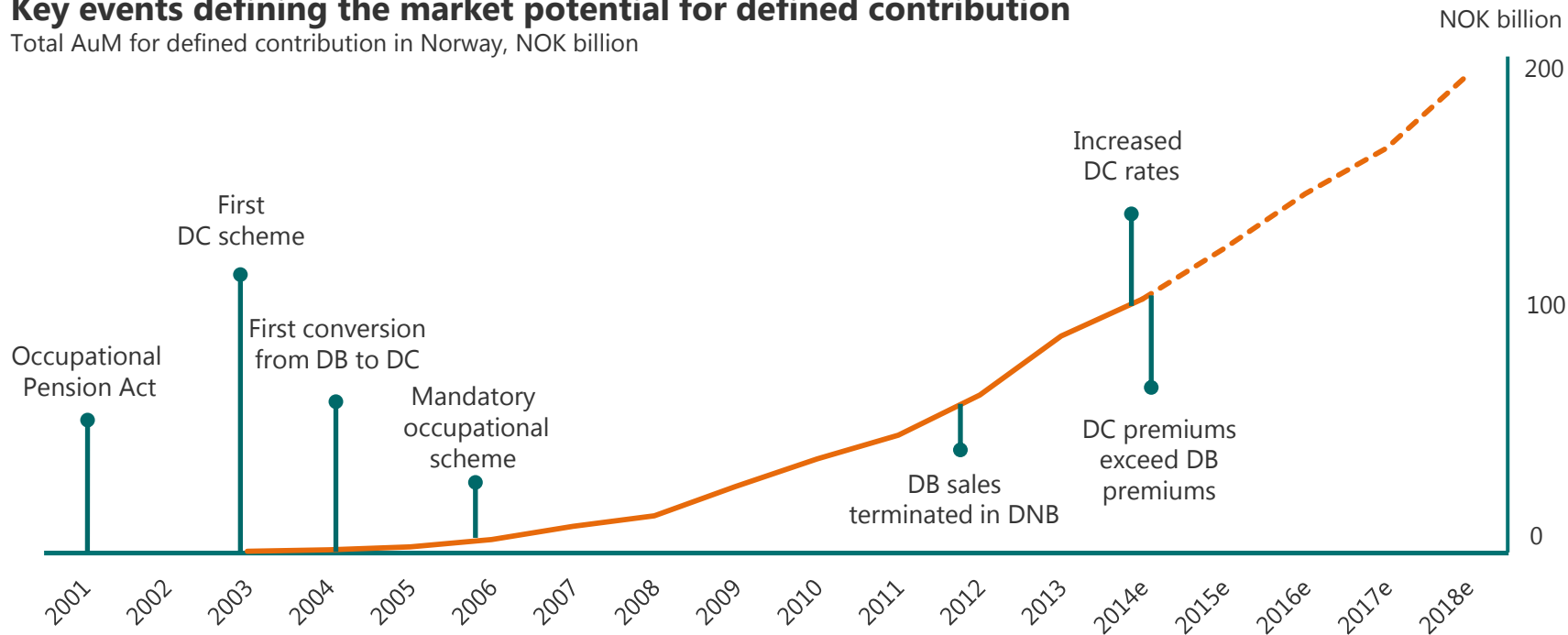


The Norwegian pension system is in transition

- from defined benefit to defined contribution

Key events defining the market potential for defined contribution

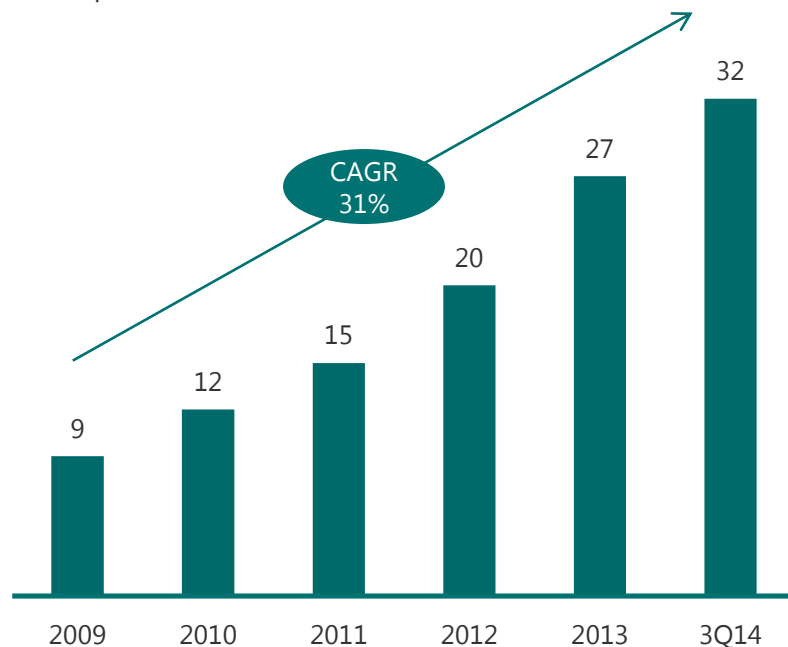
Total AuM for defined contribution in Norway, NOK billion



Profitable growth by accumulating assets under management

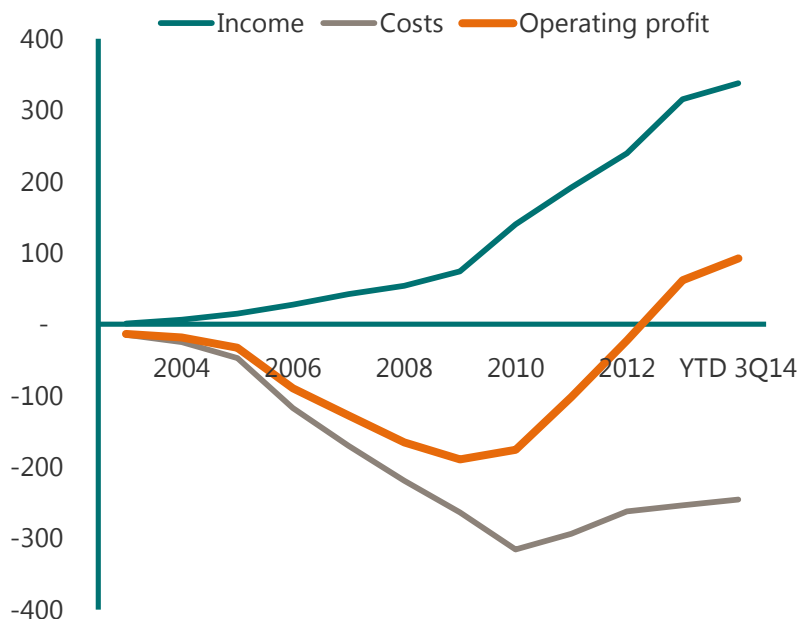
DNB's defined contribution portfolio

End of period, NOK billion



Operating profit*

NOK million



Leveraging on DNB's position as Norway's largest bank

Exploiting bank assurance opportunities

DNB's market share relative to peers

Defined contribution



Banking



Capitalising on our existing customer base



30 000

corporate banking customers without pension schemes in DNB

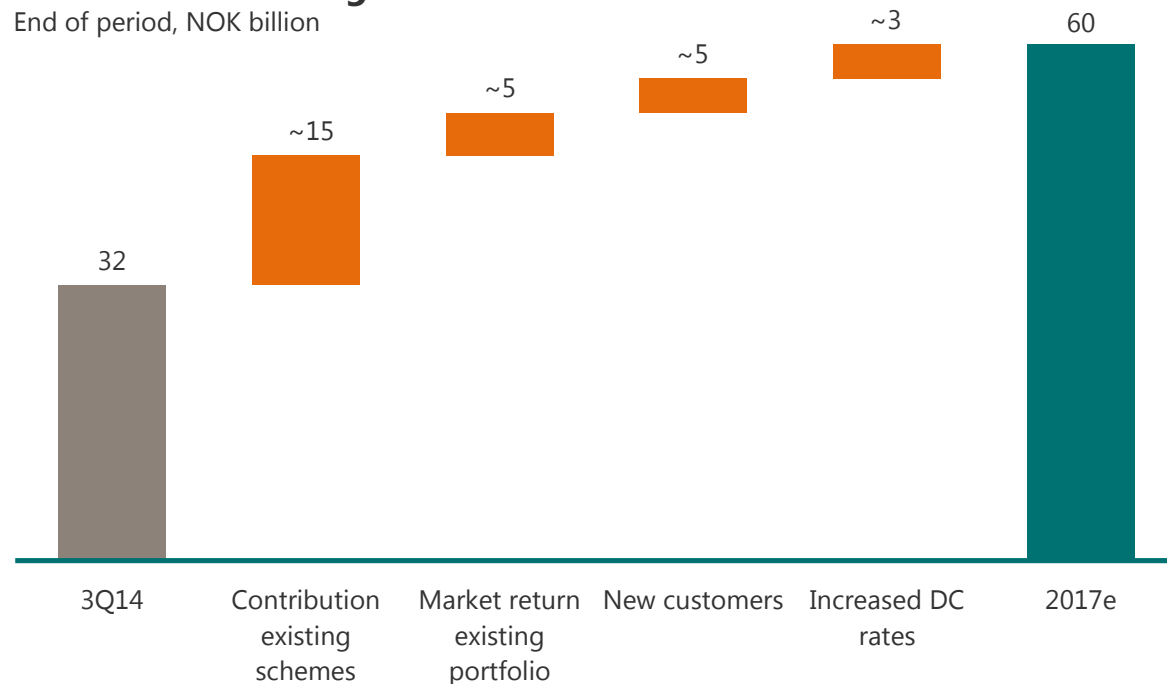
18 000

corporate banking customers with pension schemes in DNB

Ambitions for defined contribution towards 2017

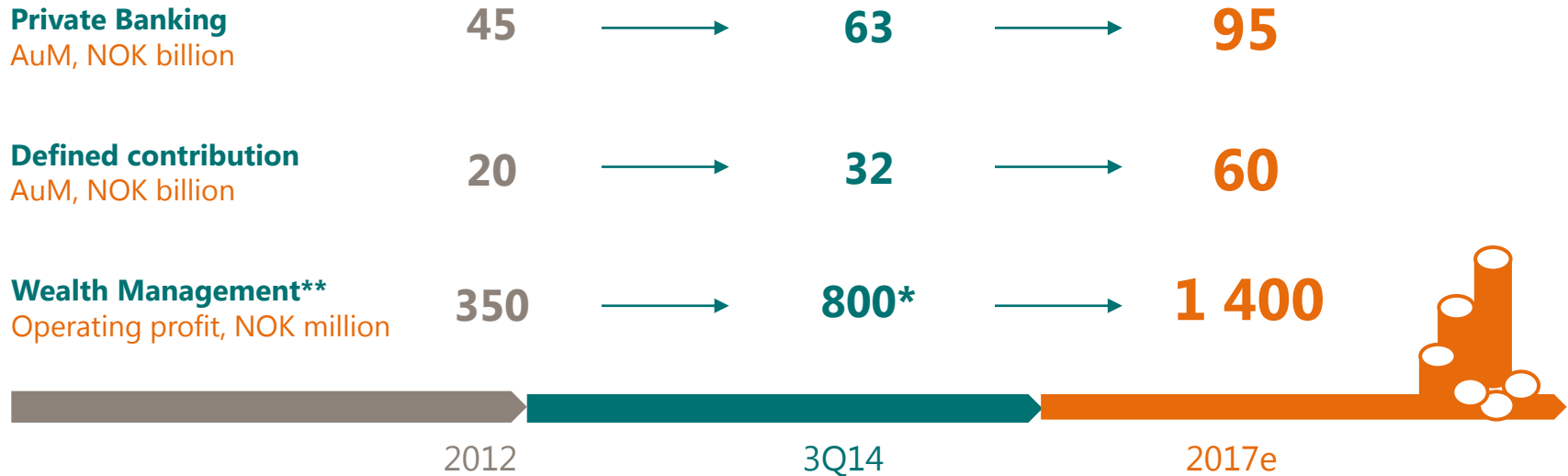
Assets under management

End of period, NOK billion



- The main growth driver is the accumulation of capital
- Increased DC rates approved by several large corporates
- Savings from employees represent an additional growth potential

Growth ambitions for Wealth Management



Wealth Management

Releasing our potential in high-growth markets

- Private Banking: moving from traditional banker to wealth manager
- Defined contribution: profitable growth by accumulating assets under management



DNB

Small and medium-sized enterprises Well-positioned for growth and enhanced profitability

- Growth in net interest income at least in line with volume growth
- Boost market share among small businesses
- Growth in other income to outperform NII growth

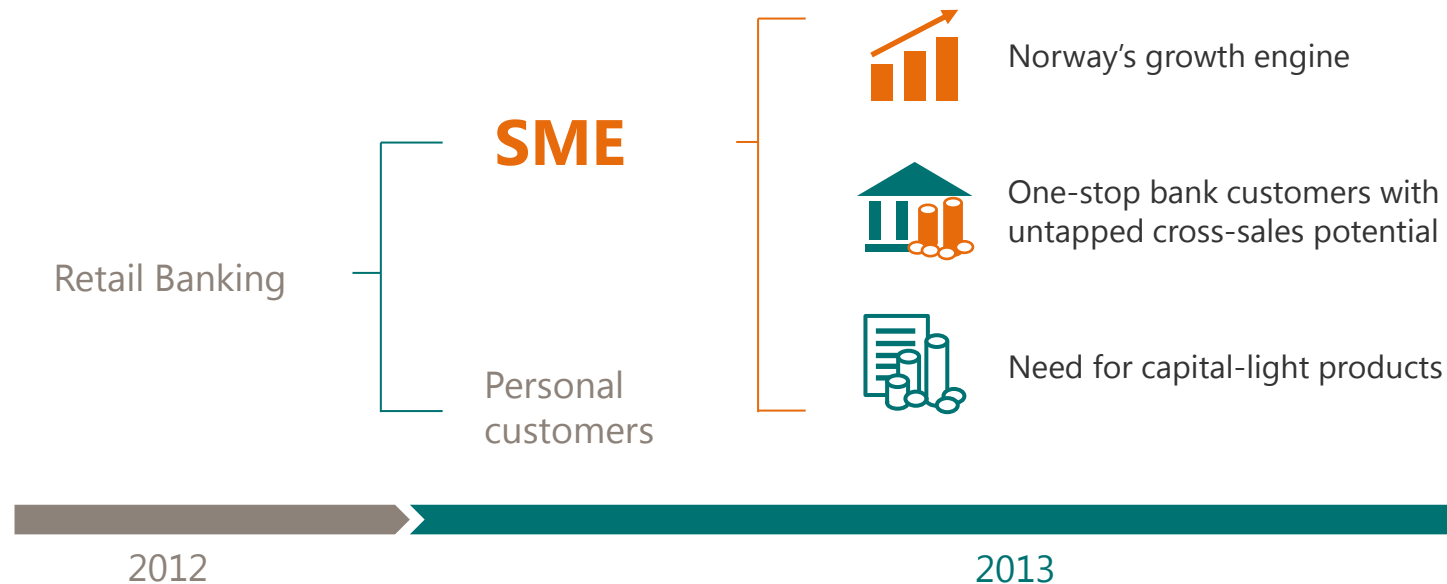
Kjerstin Braathen

Head of Corporate Banking Norway



New business area established to better serve Norwegian SMEs

Rationale behind the new business area

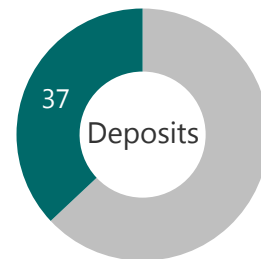
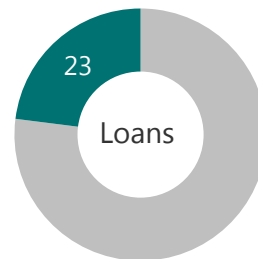


DNB has a solid platform in the SME segment



Norway's leading financial services group

Market share* as of 30 June 2014



- Unmatched customer reach and broad product range
- Proven ability to deliver stable and attractive returns in a period of high capital accumulation

Well-positioned for growth and enhanced profitability

Key messages



Continue growth in net interest income



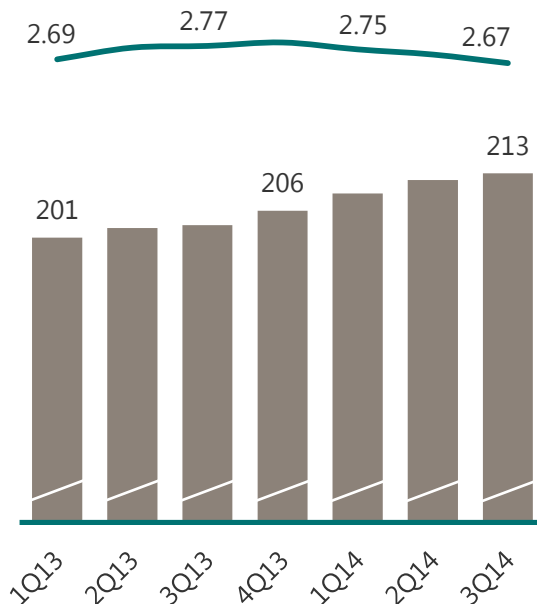
Boost market share among small businesses



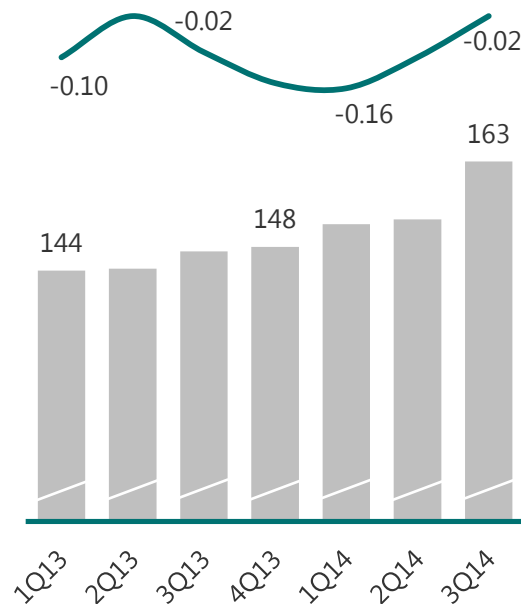
Increase cross-sales

Proven track record for increasing net interest income

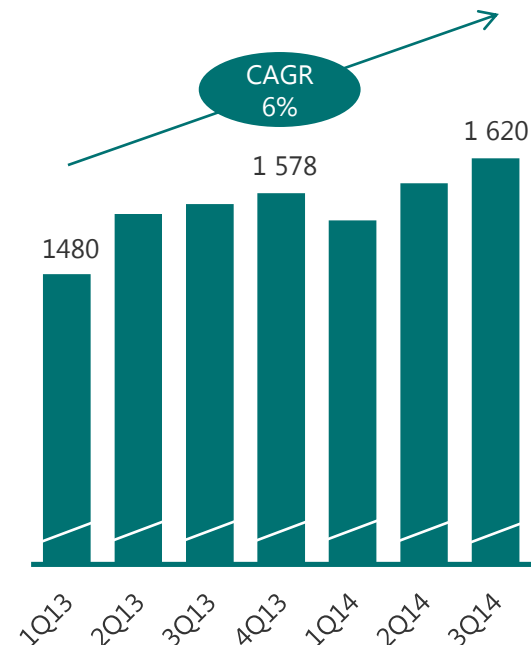
Lending volumes*, NOK billion
Lending spread*, per cent



Deposit volumes*, NOK billion
Deposit spread*, per cent



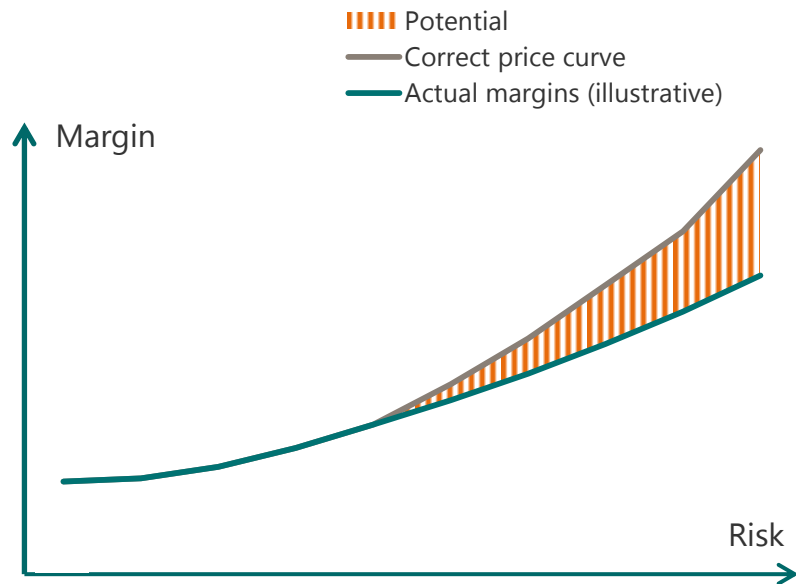
SME net interest income, NOK million



Several tools to support continued growth in net interest income

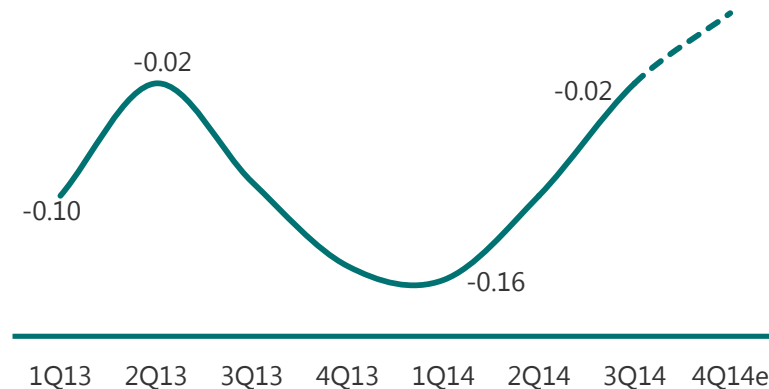
Potential to increase risk differentiation

(Illustrative)



Significant effect from repricing deposits

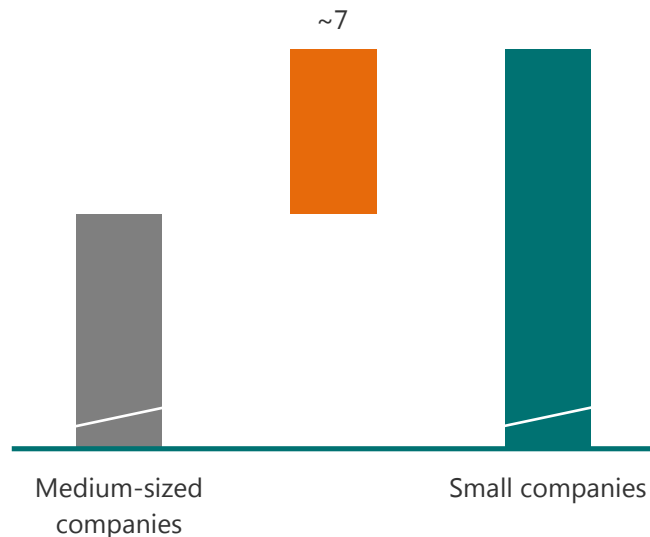
Average deposit spread, per cent



Boost market share among small businesses

Return on risk-adjusted capital*

Per cent



Key drivers for profitability

- 50% of small SME customers are deposit customers with no loans
- The majority of deposits are placed in operating accounts
- Smaller customers are more loyal
- Simple needs and low cost to serve

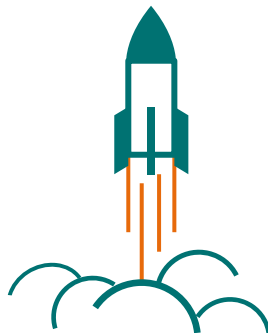
Benefiting from DNB's unmatched customer reach

Recruiting from a broad base of personal customers

DNB's personal customer base and annual start-ups



2.1 million
personal customers



50 000
start-ups
in Norway annually

Changing customer behaviour favours DNB's size and solid platform



Unlimited
Web & app



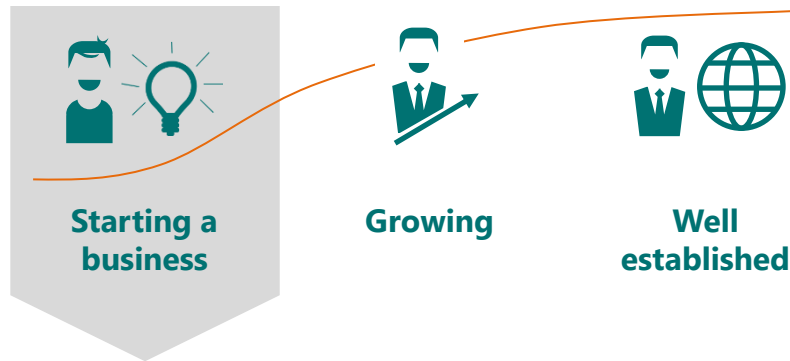
24/7
Call centre



139
Branches

Winning the start-ups is a prerequisite to increase our market share

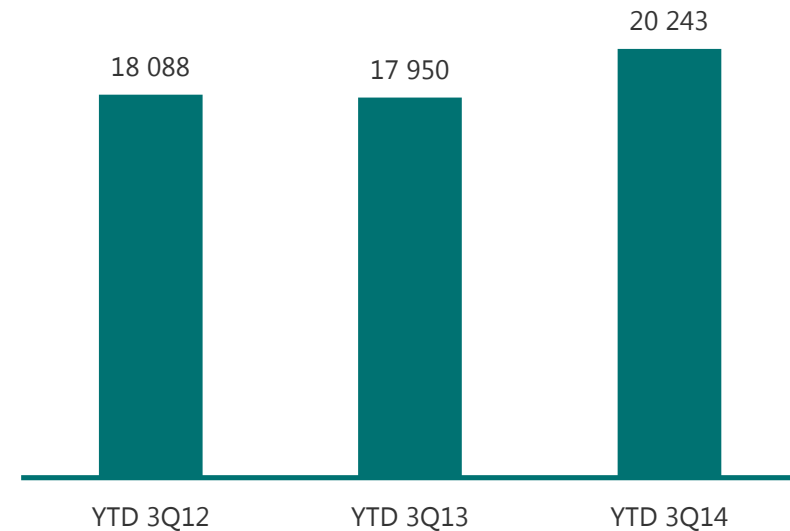
Measures to win start-ups



- Specialised unit with start-up advisors
- 24/7 customer service
- Packaging products and services to start-ups

Development in number of new customers

Gross new customers

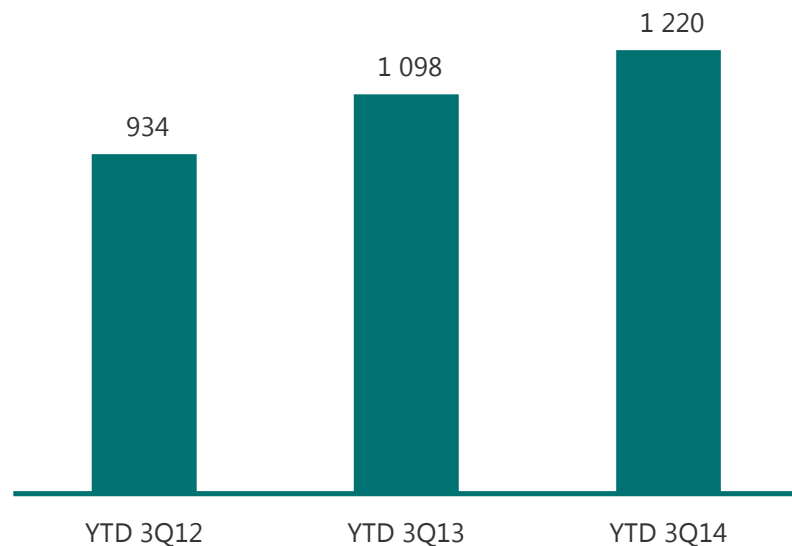




Several initiatives taken to increase cross-sales

Net other operating income

SME segment, NOK million



Key initiatives

- Reallocated more resources to sales
- Implemented structured sales processes adapted to sub-segments
- Introduced incentives for relationship managers based on customer profitability

Setting clear ambitions to achieve cross-sale results

Ambitions towards 2017



Pensions

Share of customers

24% → 35%



Leasing products

New business

+ 30%



Start-up pension and insurance package

Share of new customers

~0% → 80%



New digital service model for small businesses

Number of customers enrolled

+ 35%



Self-service account openings

Share of customers

61% → 80%

Small and medium-sized enterprises Well-positioned for growth and enhanced profitability

- Growth in net interest income at least in line with volume growth
- Boost market share among small businesses
- Growth in other income to outperform NII growth



Personal Banking

Status and outlook

- Performance on track
- Stable net interest income
- Modernising the way we do banking

Trond Bentestuen






Head of Personal Banking Norway



Performance on track

- we will deliver on set ambitions by end of 2016

Status on ambitions

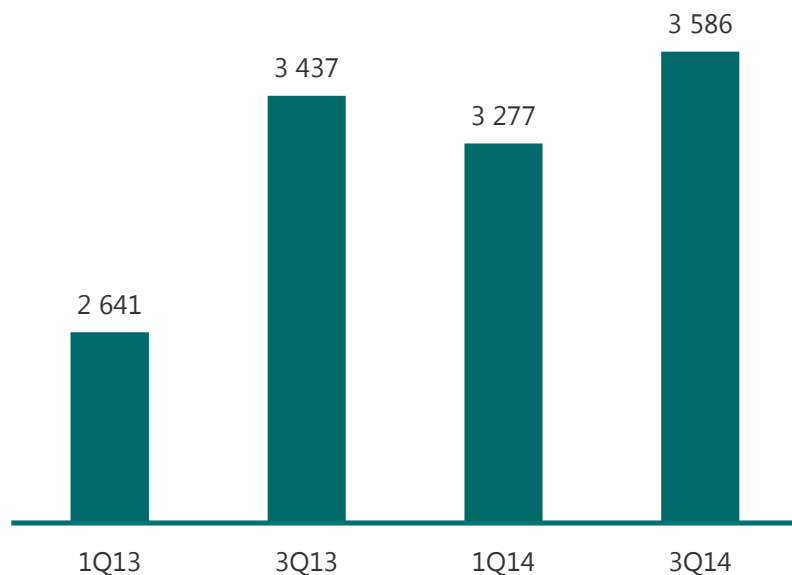
		Q3 2013	Q3 2014	Target 2016	Revised target 2017
	Pre-qualification letters Increase conversion rate	50%	60%	60%	65%
	Non-life insurance coverage Coverage for new customers	10%	20%	40%	
	DNB real estate agents Financing of properties sold	40%	40%	50%	
	Pension schemes Share of customers	4%	10%	10%	20%
	Monthly savings schemes Share of customers	40%	50%	60%	

Profitable mortgage portfolio

- sustained net interest income levels

Net interest income for personal customers*

NOK billion



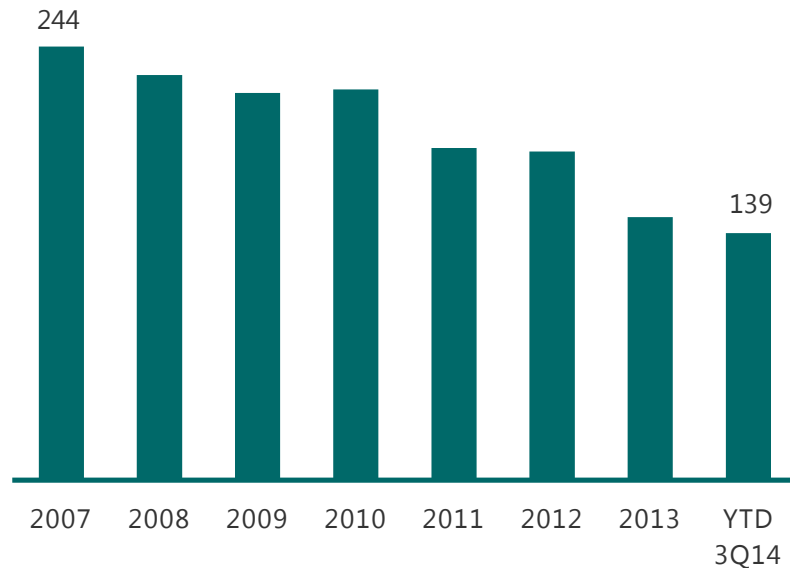
Key takeaways

- Targeting profitable growth and stable net interest income
 - Balancing interest rates for deposits and mortgages
 - Market share growth is not a target in itself
- Solid mortgage portfolio with very low risk
 - Full recourse on mortgages
 - Close to zero losses
- Stable market outlook for mortgages
 - Wages set to grow more than housing prices
 - Debt-to-income ratio** expected to stabilise at around 210 per cent

Continuous efficiency improvements in distribution

- number of branches reduced by more than 40% since 2007

Development in number of DNB branches in Norway



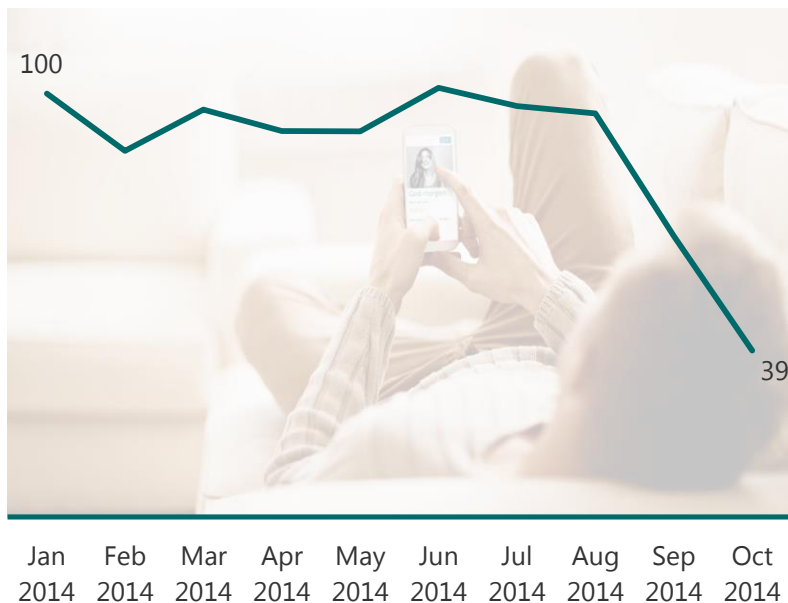
Key takeaways

- Optimising the balance between branches and digital presence
- Customers are embracing digital banking
- Efficiency gains by reducing cost-to-serve through use of digital channels

Modernising the way we do banking

- we expect 50-70 per cent reduction in manual transactions

Average number of manual transactions in pilot branches (rebased)



Key takeaways

- Fundamentally changing the way we operate our branches:
 - Eliminating manual cash-services
 - Moving manual banking transactions to digital channels
- Continued reduction in number of branches

Large Corporates and International Status and outlook

- Performance on track
- Robust portfolio in oil and energy

Harald Serck-Hanssen

Head of Large Corporates and International

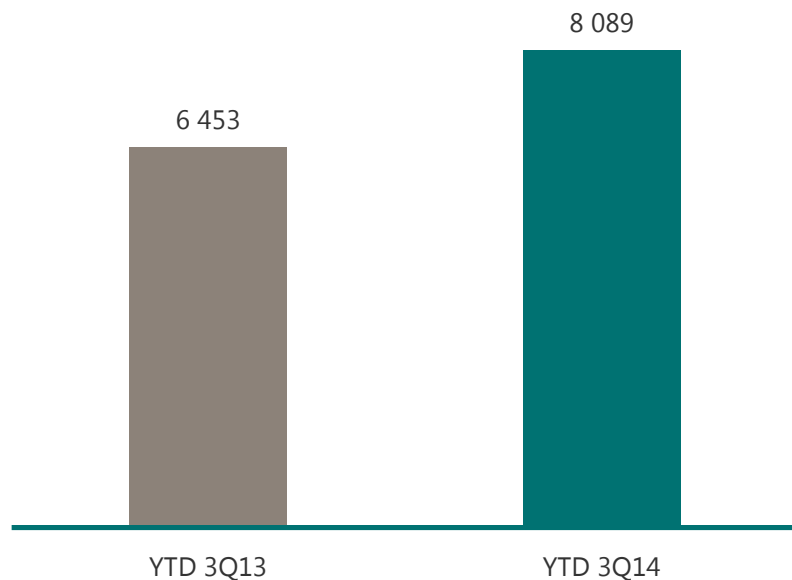


DNB

Improved profitability and reduced individual impairments

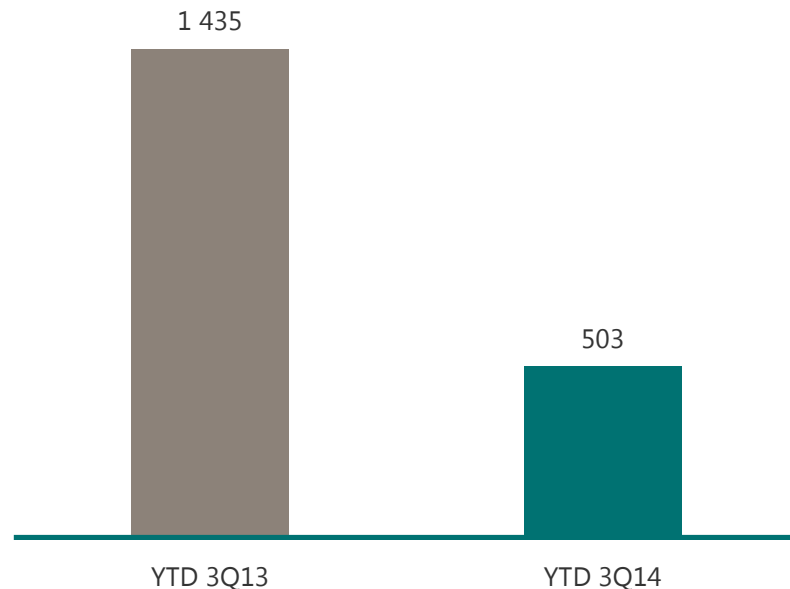
Pre-tax operating profit – improving

LCI segment, NOK million



Individual impairments - falling

LCI segment, NOK million



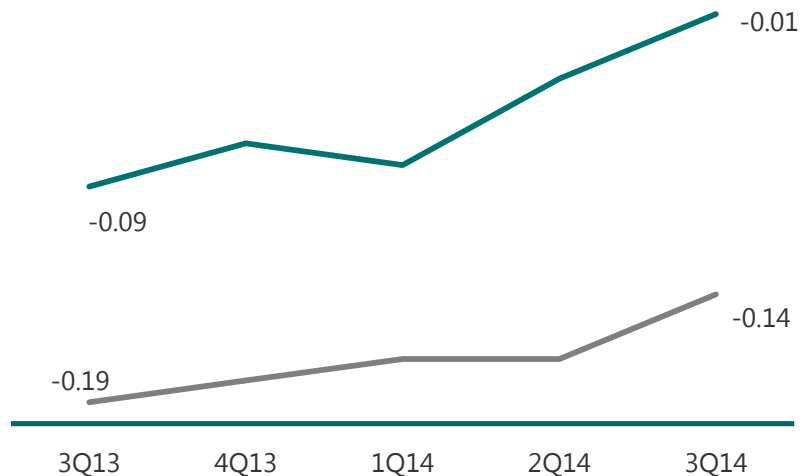
Improving deposit and lending margins

Deposit margins – towards zero

LCI segment, per cent*

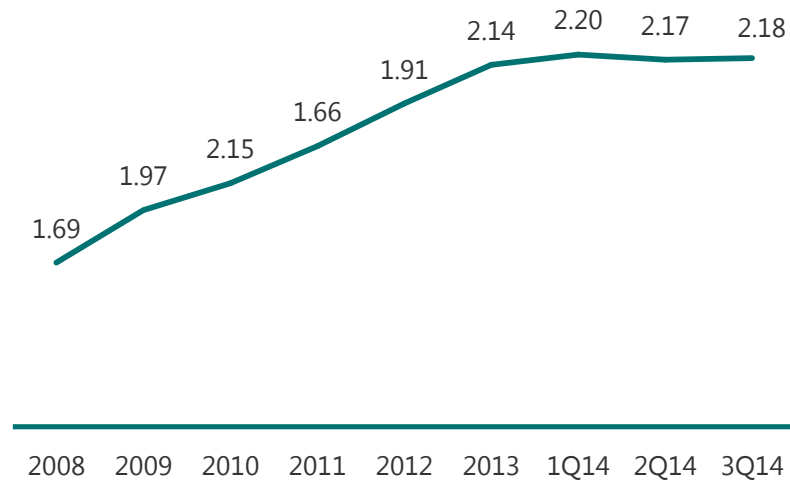
— Deposit margins

— Deposit margins excl. public sector



Lending margins – flattening out

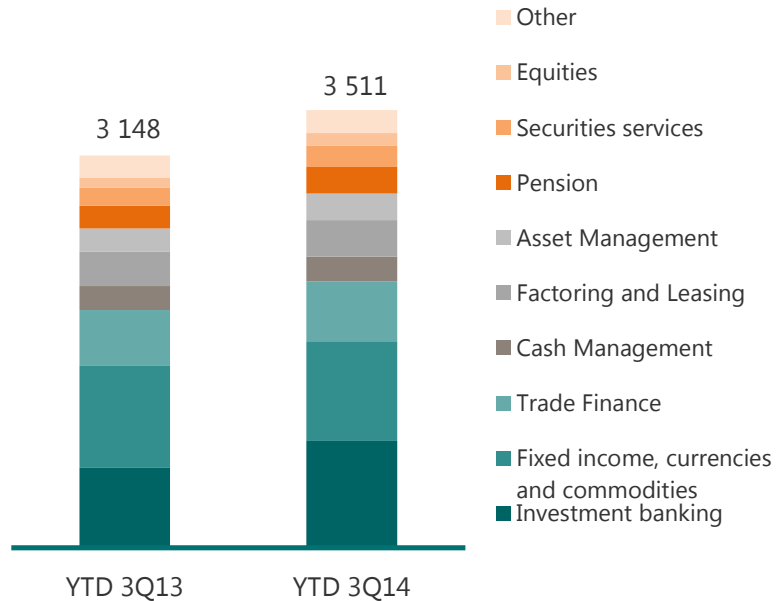
LCI segment, per cent*



Increasing cross-selling while improving cost efficiency

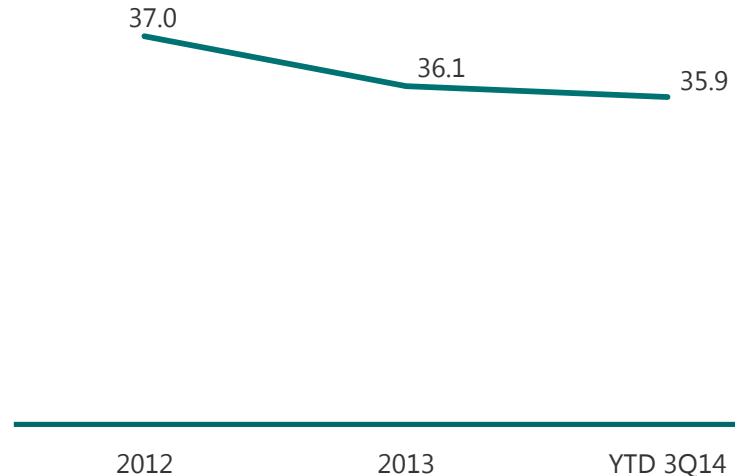
Income from cross-selling - increasing*

LCI segment, NOK million



Cost/income ratio – falling

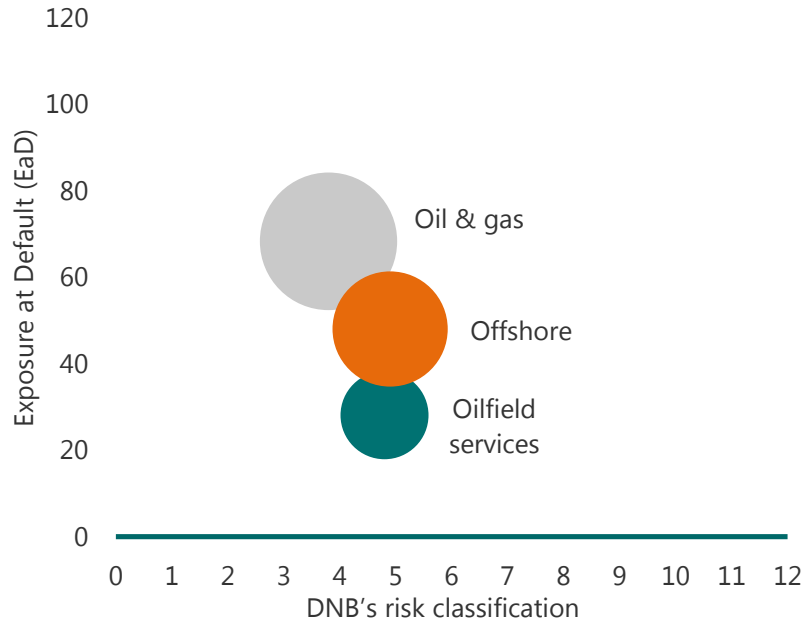
LCI segment, per cent



Robust portfolio in oil and energy

DNB total exposure in select industries

NOK billion

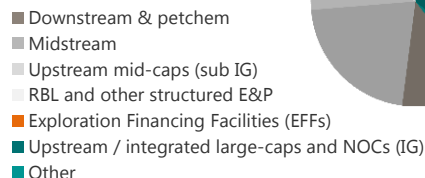


Key takeaways

- DNB expected a lower oil price going forward and planned for this in its credit practices
- Less than 10% of DNB's EaD is linked to oil and offshore-related products and services
- Relevant oil & gas exposure is stress tested at prices below \$60 per barrel

Confident about the robustness in our exposure

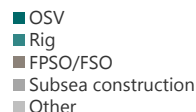
Oil & gas NOK 68 billion



Well diversified – robust to oil price movements

- ~35% of EaD in investment grade companies
- RBL exposure of NOK 9bn stress tested at prices below USD 60/bbl and liquidity tested for USD 35/bbl for one year
- EFF does not involve any direct oil price risk
- Mid- and downstream: Limited direct exposure to oil prices, mainly fee and/or margin business

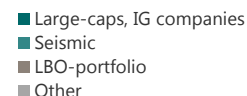
Offshore NOK 48 billion



Solid companies and high contract coverage

- OSV: Mainly corporates with modern fleets and good contract coverage. Average fleet age 6-8 years, contract coverage 2015 around 60%. Most of exposure is to the production phase and inspection, maintenance and repair of existing infrastructure.
- Rig: more than 40% of EaD are either IG-companies or have full contract coverage. 70% of the remaining are latest generation rigs. Weighted average contract coverage for rig portfolio in 2015 is 75%
- FPSO: 100% contract coverage to strong counterparties such as oil majors, with full down payment during contract period

Oilfield services NOK 28 billion



Mainly low risk exposure

- ~60% of EaD in large cap investment grade companies with strong balance sheets and high exposure to the US
- Seismic: low exposure – EaD of NOK 1bn
- LBO: EaD of NOK 6bn mainly related to development and production
- Other: wide range of companies through the oil and gas service value chain

Large Corporates and International Going forward

- NII – at least in line with volume growth
- Continue strong cost control
- Loan losses – projected below expected loss



DISCLAIMER

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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Although DNB believes that the expectations reflected in any such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Actual results, performance or events may differ materially from those set out or implied in the forward-looking statements. Important factors that may cause such a difference include, but are not limited to: (i) general economic conditions, (ii) performance of financial markets, including market volatility and liquidity (iii) the extent of credit defaults, (iv) interest rate levels, (v) currency exchange rates, (vi) changes in the competitive climate, (vii) changes in laws and regulations, (viii) changes in the policies of central banks and/ or foreign governments, or supra-national entities.

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