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RESULTS DNB GROUP  
**SECOND QUARTER 2013**

Rune Bjerke (CEO)  
Bjørn Erik Næss (CFO)

DNB



## Second quarter 2013

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Pre-tax operating profit before impairment in NOK billion

**6.1 (6.7)**

Cost/income ratio in per cent

**48.0 (43.1)**

Return on equity in per cent

**11.6 (15.9)**

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

**10.8 (9.6)**

Figures in parentheses refer to 2Q12.

## Second quarter 2013

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○ Healthy profits, but somewhat lower returns

○ Higher net interest income contributed to further capital build-up

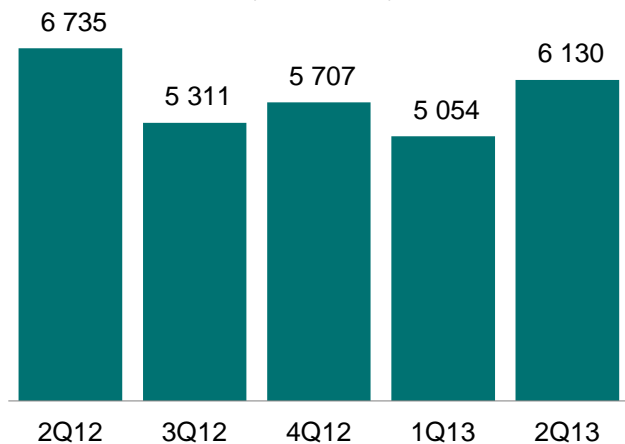
○ Strong growth in commission and fee income

○ Downsizing of more than 1 000 full-time positions over the past 12 months

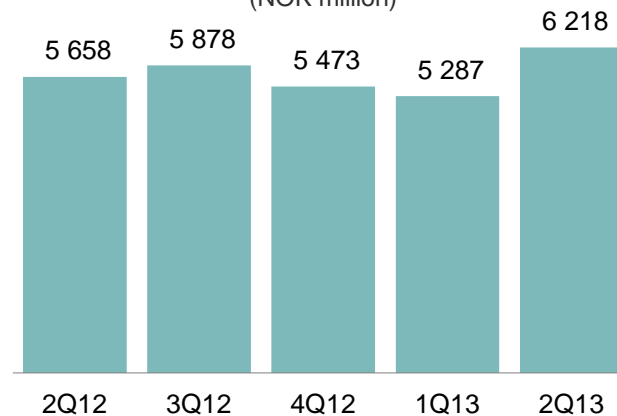
○ Stable underlying operating expenses, but significant non-recurring costs due to restructuring

# Quarterly profit figures

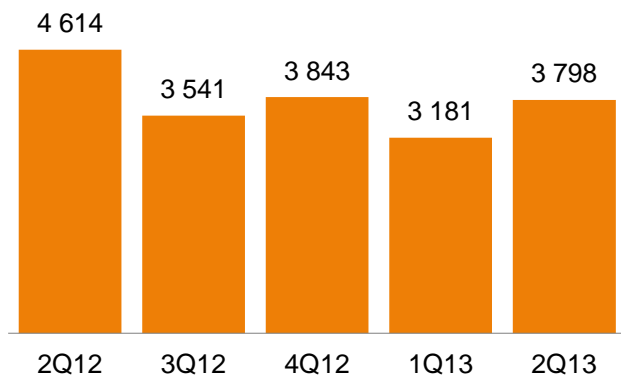
**Pre-tax operating profit before impairment**  
(NOK million)



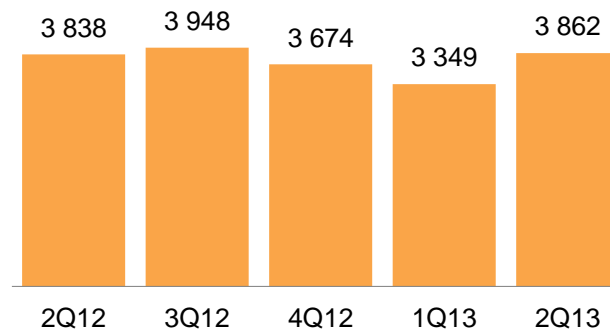
**Pre-tax operating profit before impairment  
excl. basis swaps**  
(NOK million)



**Profit for the period**  
(NOK million)



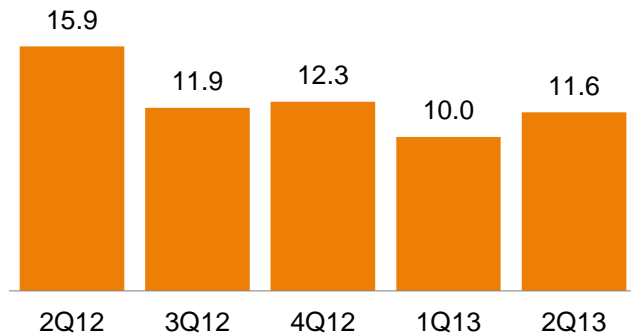
**Profit for the period  
excl. basis swaps**  
(NOK million)



# Return on equity and cost/income ratio

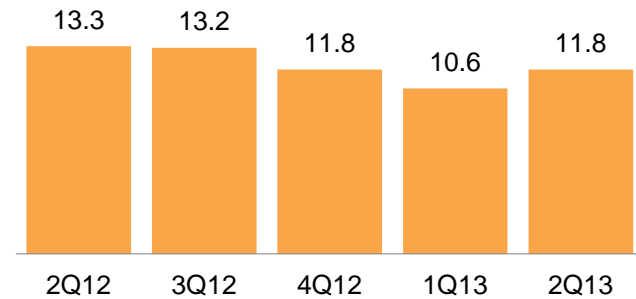
## Return on equity

(Per cent)



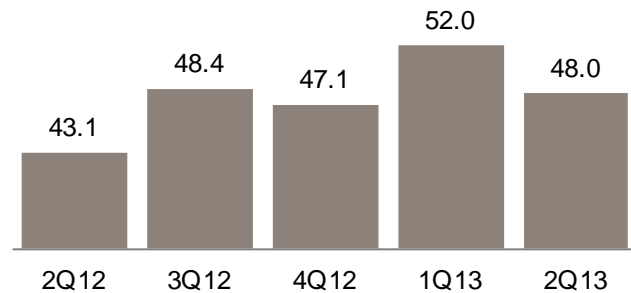
## Return on equity excl. basis swaps

(Per cent)



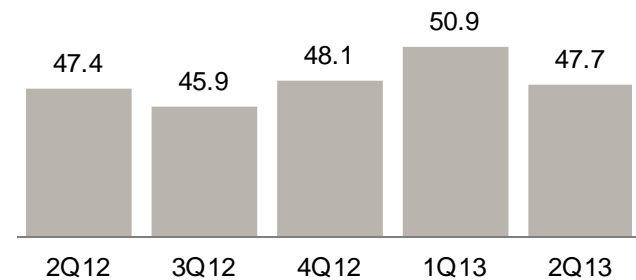
## Cost/income ratio

(Per cent)



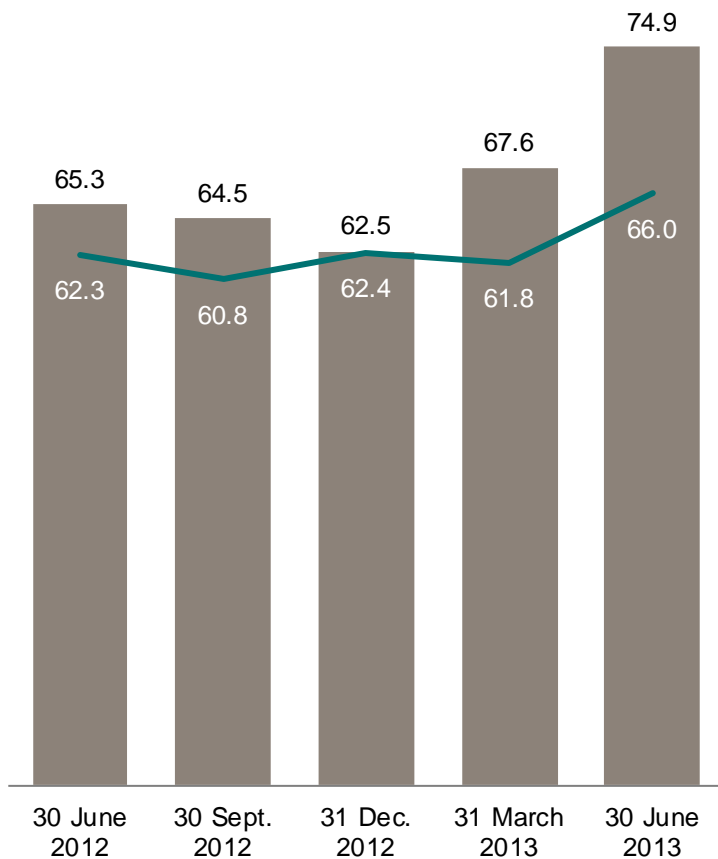
## Cost/income ratio excl. basis swaps

(Per cent)

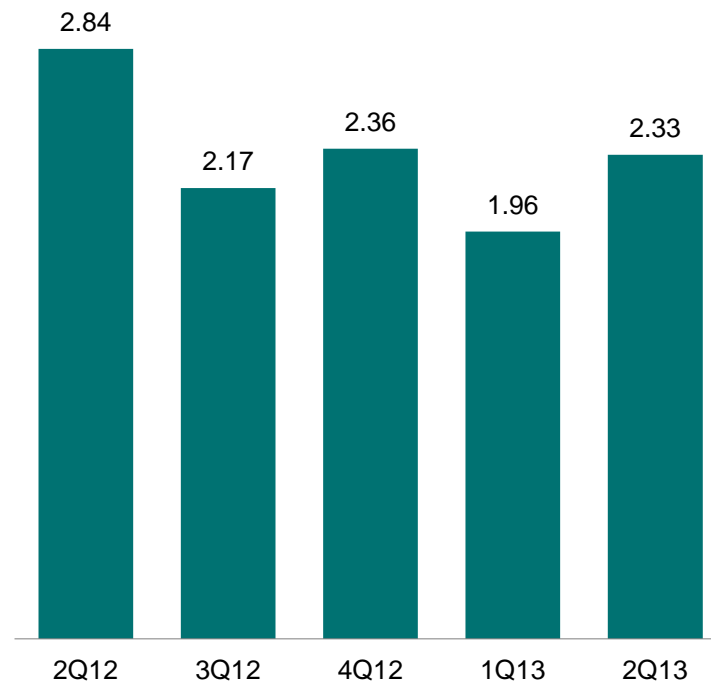


# Ratio of deposits to net loans and earnings per share

Ratio of deposits to net loans  
(Per cent)



Earnings per share  
(NOK)

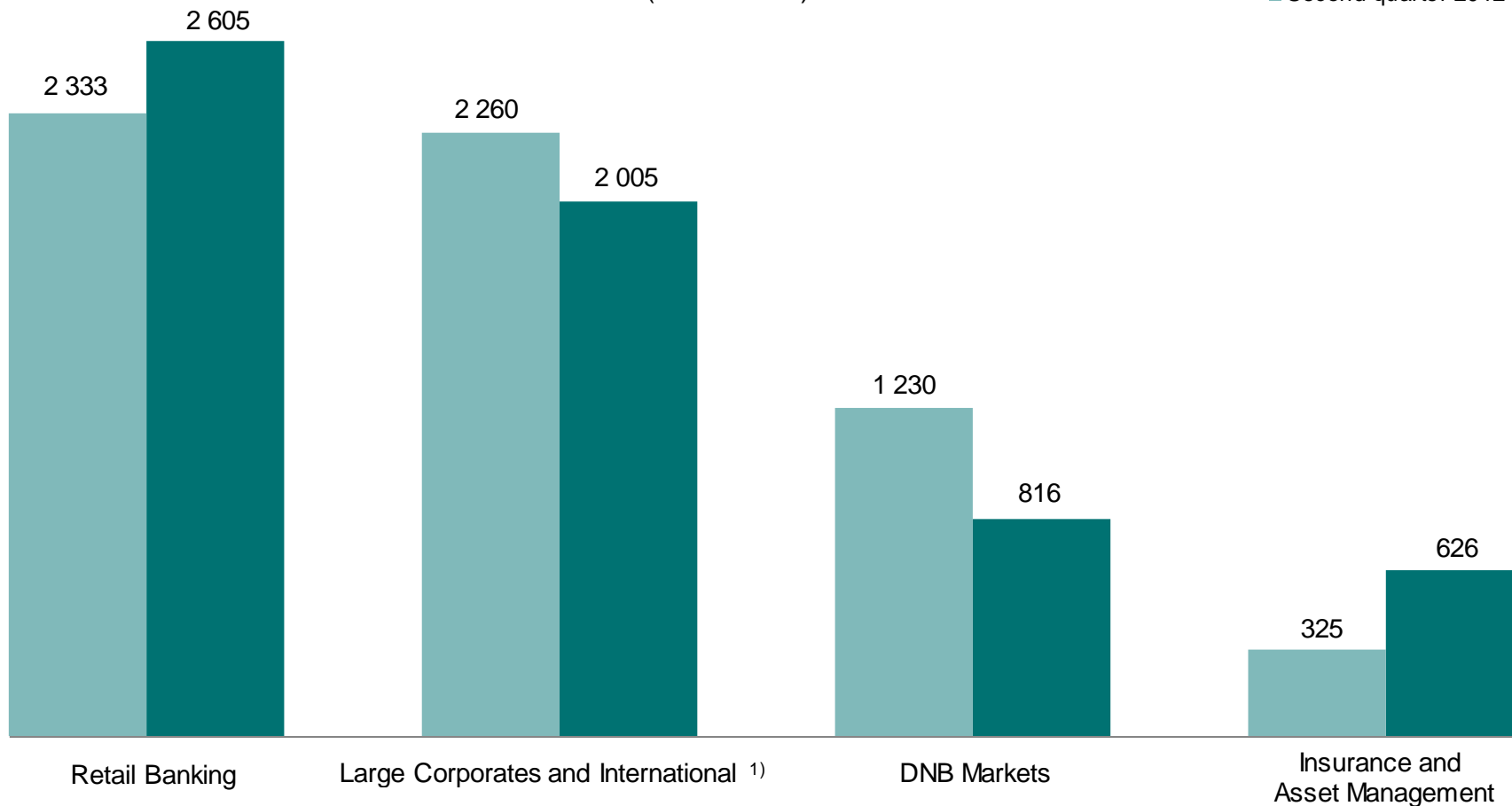


The ratio of deposits to net loans does not include short-term money market investments in DNB New York.

# Business areas

## Pre-tax operating profit after impairment (NOK million)

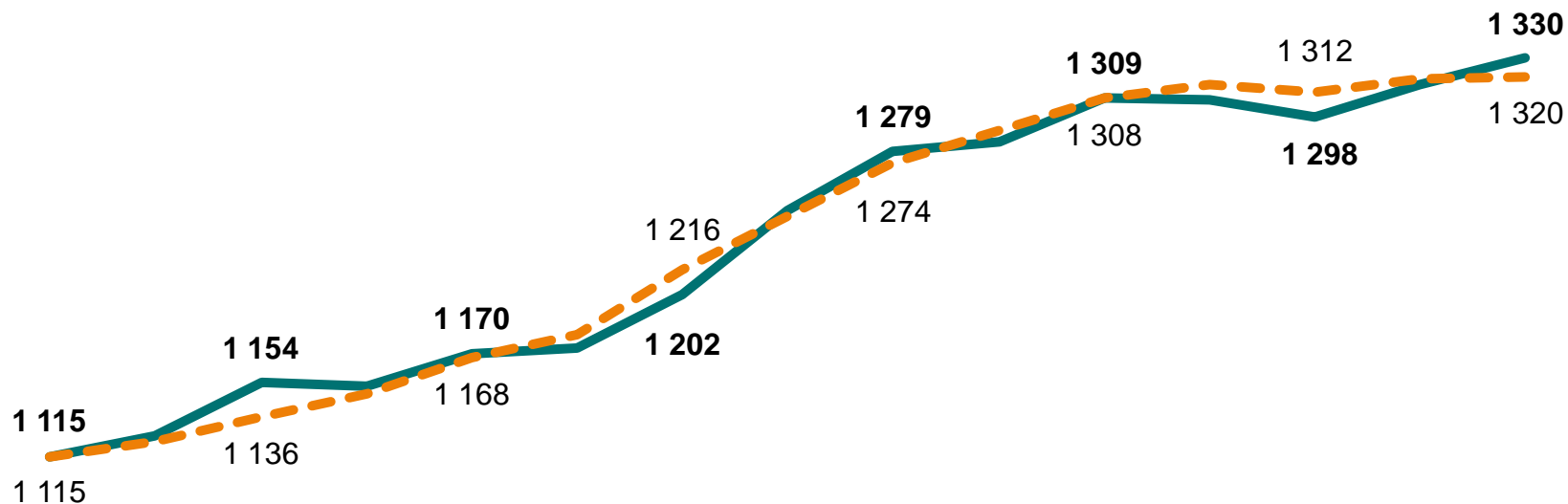
■ Second quarter 2013  
■ Second quarter 2012



1) Including Baltics and Poland.

# Development in loans

NOK billion



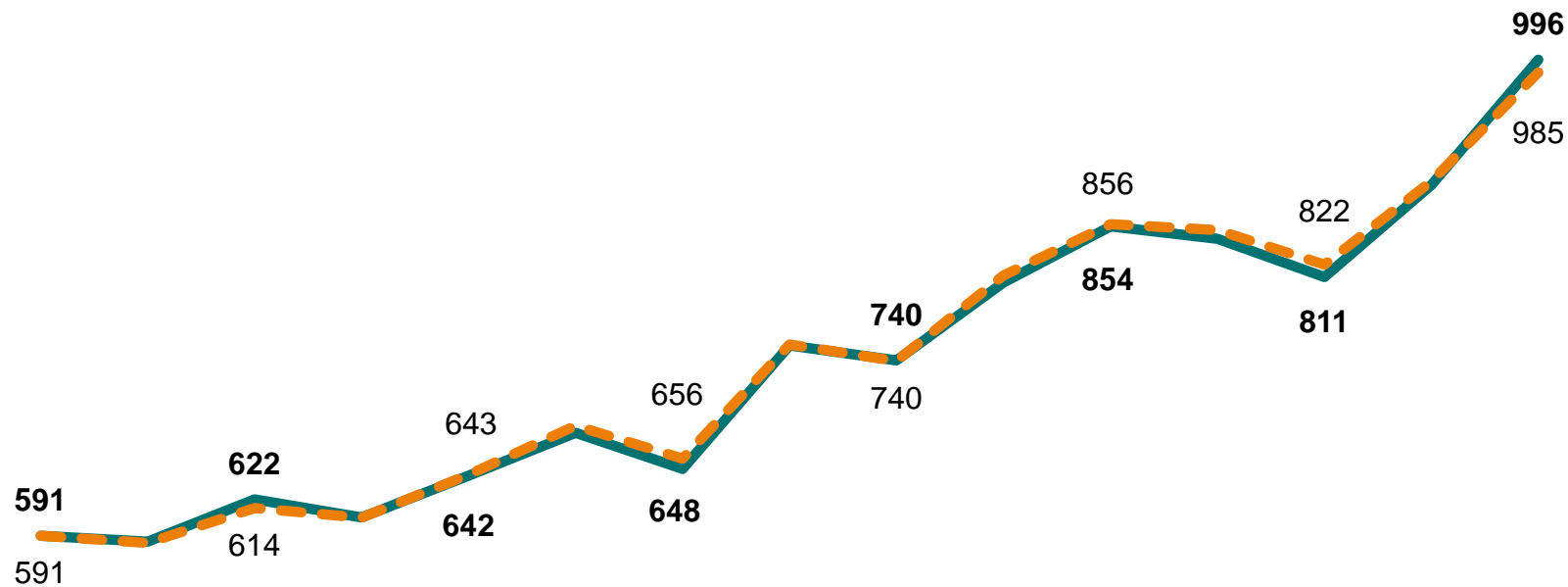
31 Dec. 2009	31 March	30 June	30 Sept.	31 Dec.	31 March	30 June	30 Sept.	31 Dec.	31 March	30 June	30 Sept.	31 Dec.	31 March	30 June	
		2010				2011				2012				2013	

- Loans at end of period
- Loans adjusted for exchange rate movements



# Development in deposits

NOK billion

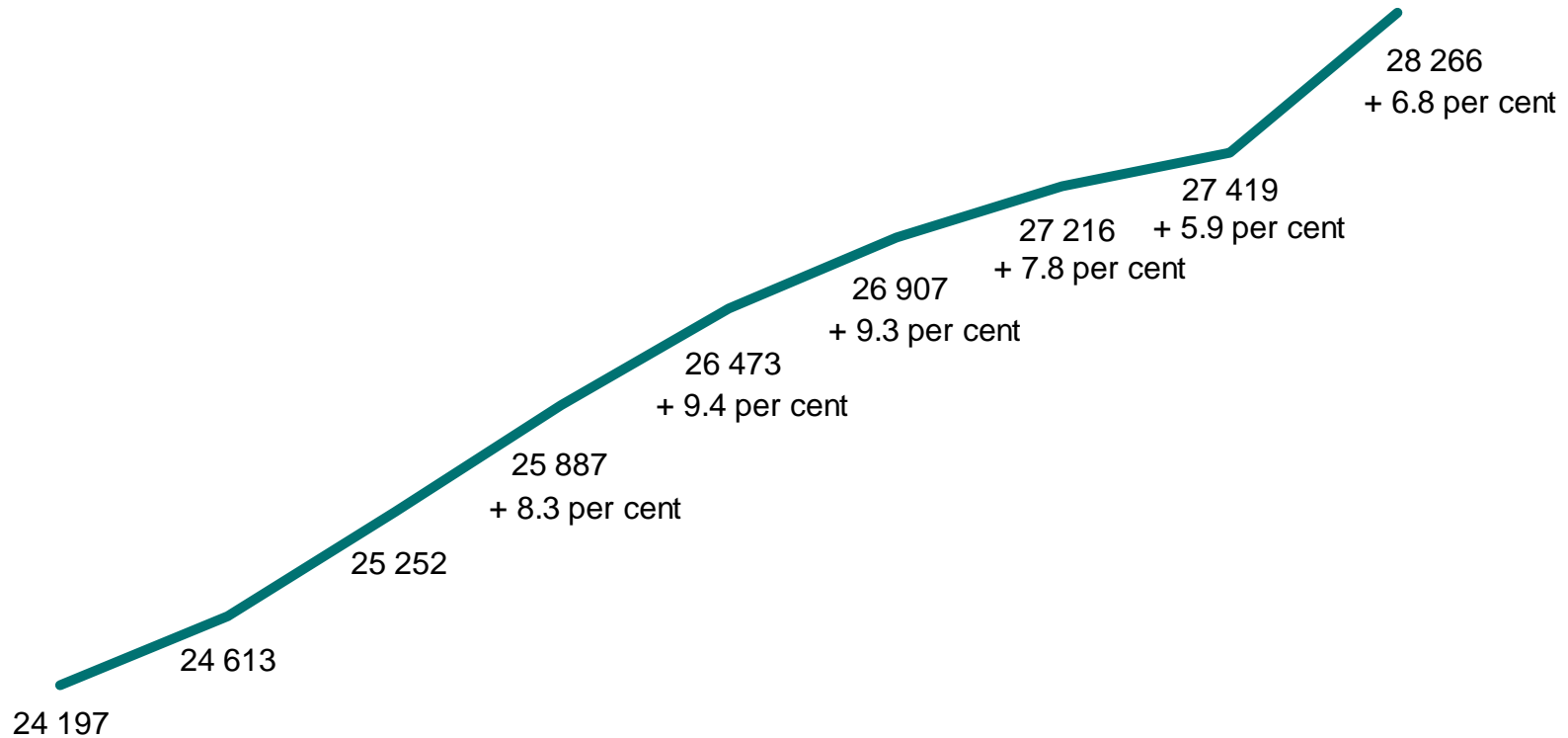


31 Dec.	31 March	30 June	30 Sept.	31 Dec.	31 March	30 June	30 Sept.	31 Dec.	31 March	30 June	30 Sept.	31 Dec.	31 March	30 June
2009		2010			2011				2012				2013	

- Deposits at end of period
- - Deposits adjusted for exchange rate movements

# Net interest income – trailing 12 months

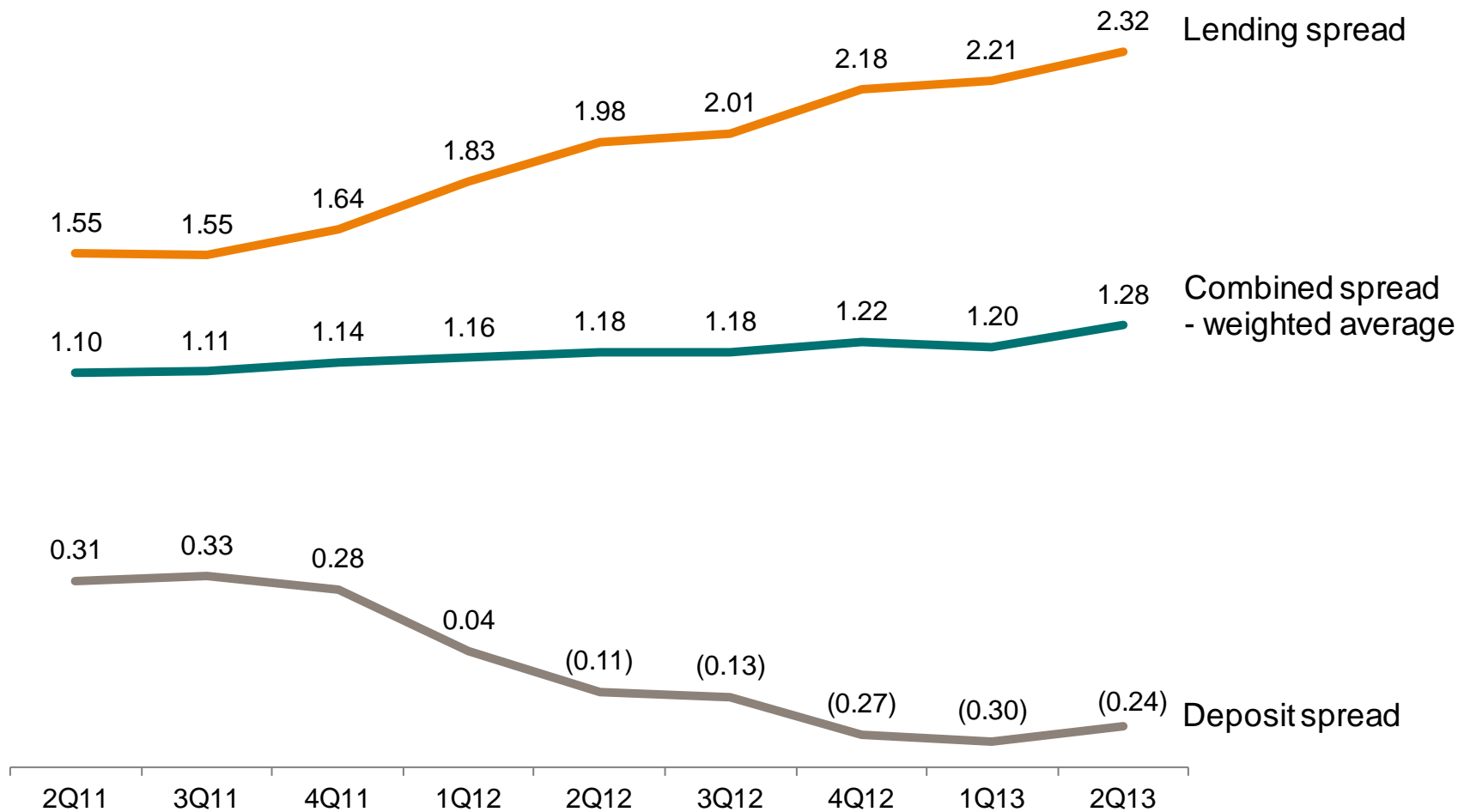
NOK million



30 June	30 Sept.	31 Dec.	31 March	30 June	30 Sept.	31 Dec.	31 March	30 June
	2011			2012				2013

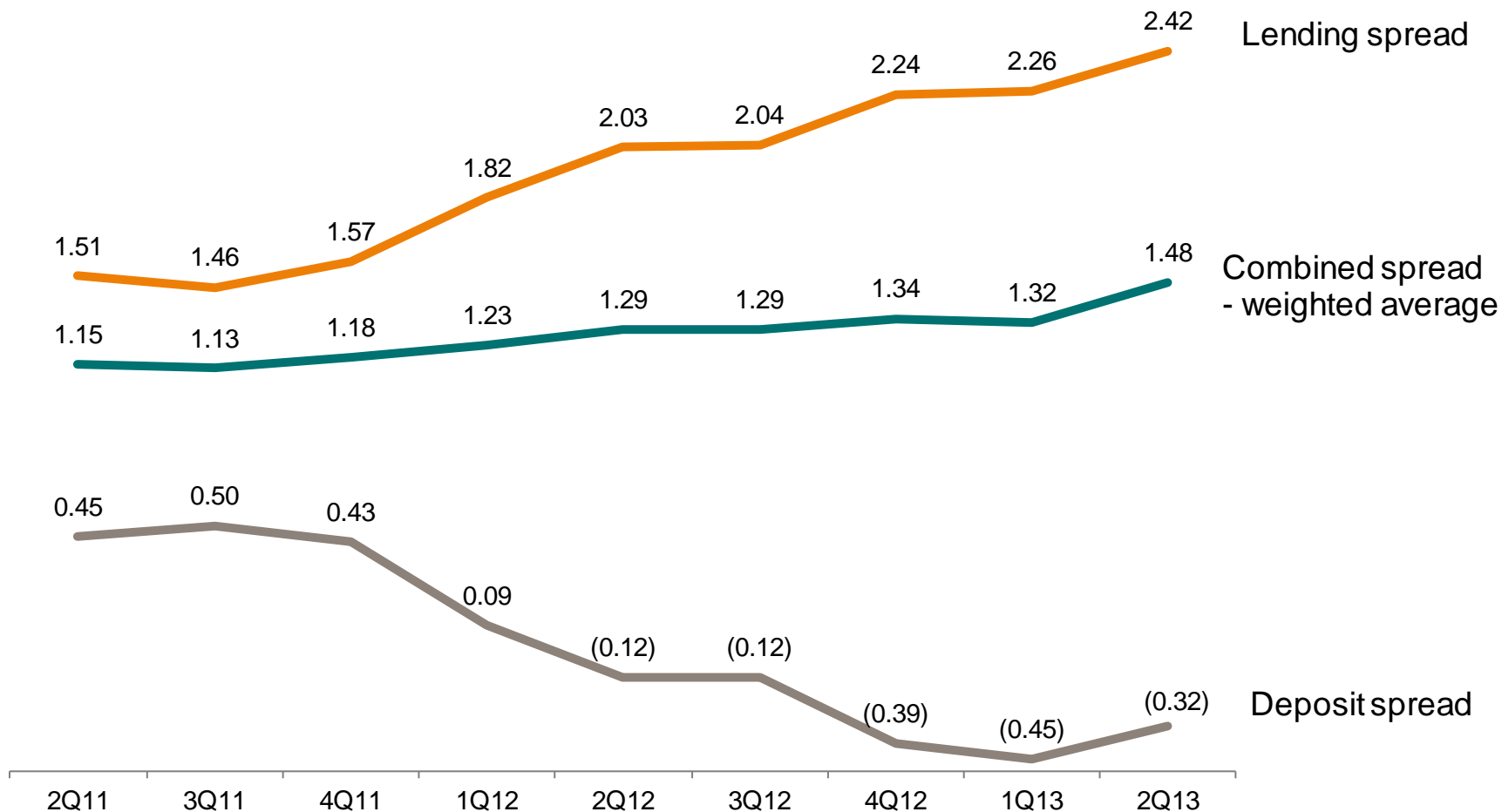
# Development in average interest rate spreads – DNB Group

Per cent



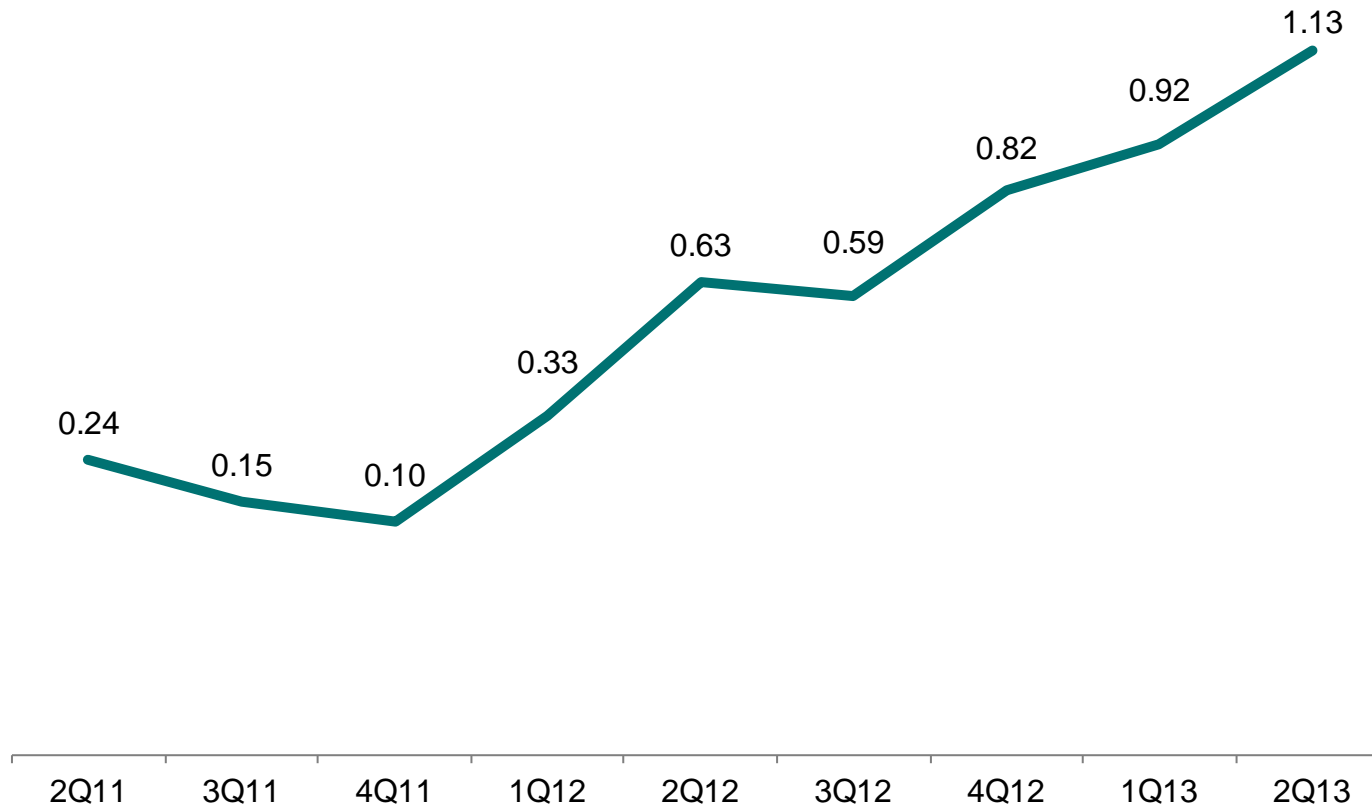
# Development in average interest rate spreads – Retail Banking

Per cent



# Development in average spreads on home mortgages <sup>1)</sup>

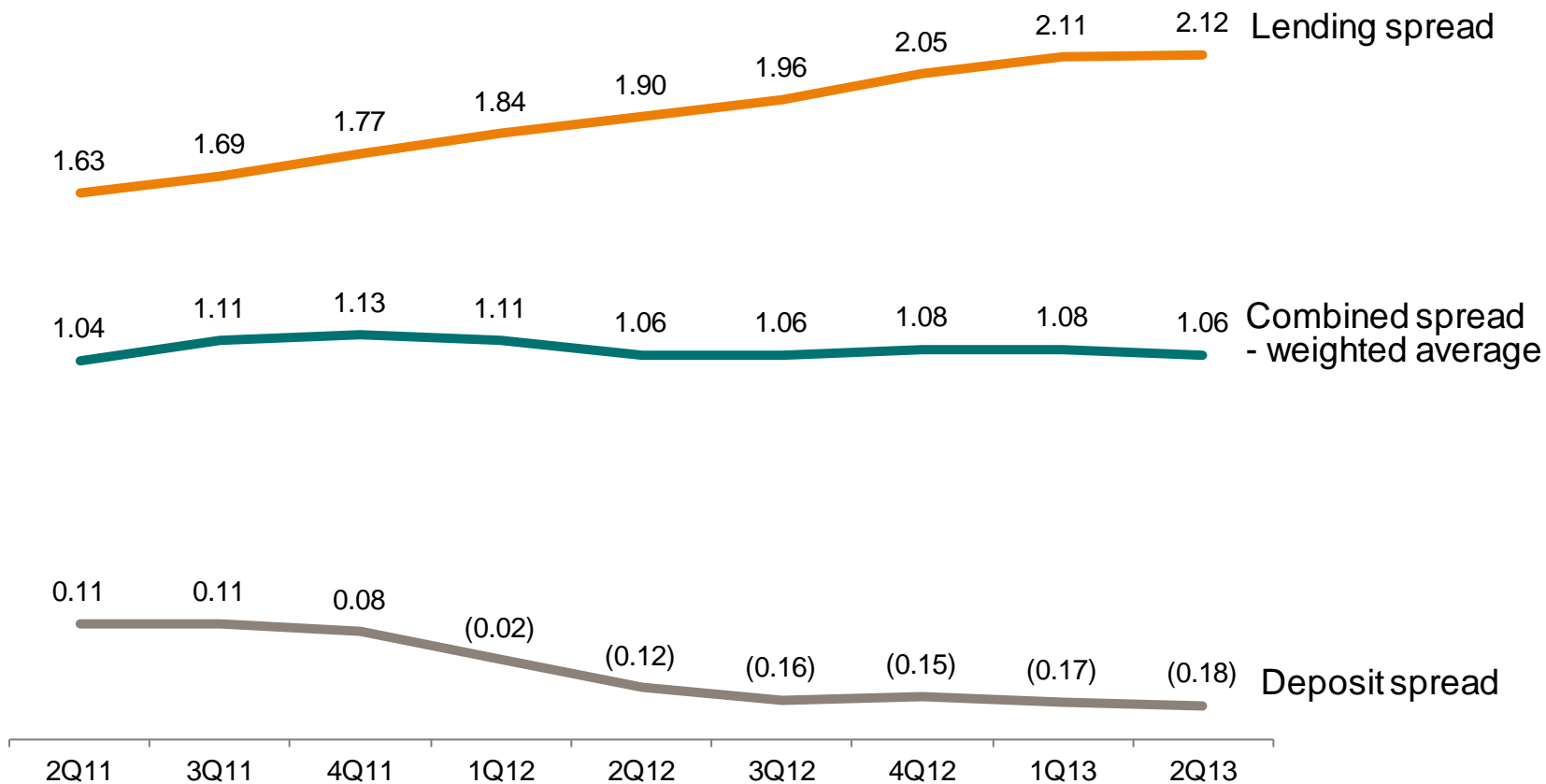
Per cent



1) Spreads in DNB Boligkreditt measured against funding costs.

# Development in average interest rate spreads – Large Corporates and International

Per cent



## Income statement

Amounts in NOK million	2Q13	1Q13	4Q12	3Q12	2Q12	1st half 2013	1st half 2012
Net interest income	<b>7 480</b>	6 857	7 101	6 828	<b>6 634</b>	14 337	13 287
<i>Net commissions and fees, core business</i>	<b>2 142</b>	1 851	1 896	1 852	<b>2 013</b>	3 994	3 763
<i>Net financial items</i>	<b>2 167</b>	1 831	2 165	1 776	<b>3 191</b>	3 998	3 048
Net other operating income, total	<b>4 310</b>	3 682	4 061	3 628	<b>5 204</b>	7 992	6 811
Total income	<b>11 790</b>	10 539	11 162	10 456	<b>11 837</b>	22 329	20 098
Operating expenses	<b>5 010</b>	5 026	5 220	5 004	<b>5 081</b>	10 036	10 151
Non-recurring effects	<b>650</b>	8	33	56	<b>21</b>	659	9
Expenses relating to debt-financed structured products	<b>0</b>	450	0	0	<b>0</b>	450	0
Impairment losses for goodwill and intangible assets	<b>0</b>	0	202	85	<b>0</b>	0	0
Pre-tax operating profit before impairment	<b>6 130</b>	5 054	5 707	5 311	<b>6 735</b>	11 184	9 938
Net gains on fixed and intangible assets	<b>(9)</b>	4	(65)	20	<b>37</b>	(5)	44
Impairment of loans and guarantees	<b>937</b>	737	1 190	521	<b>685</b>	1 674	1 469
Pre-tax operating profit	<b>5 184</b>	4 321	4 453	4 810	<b>6 088</b>	9 505	8 513
Taxes	<b>1 379</b>	1 149	614	1 269	<b>1 566</b>	2 528	2 197
Profit from operations held for sale, after taxes	<b>(7)</b>	10	4	0	<b>92</b>	3	92
Profit for the period	<b>3 798</b>	3 181	3 843	3 541	<b>4 614</b>	6 979	6 408

## Special items

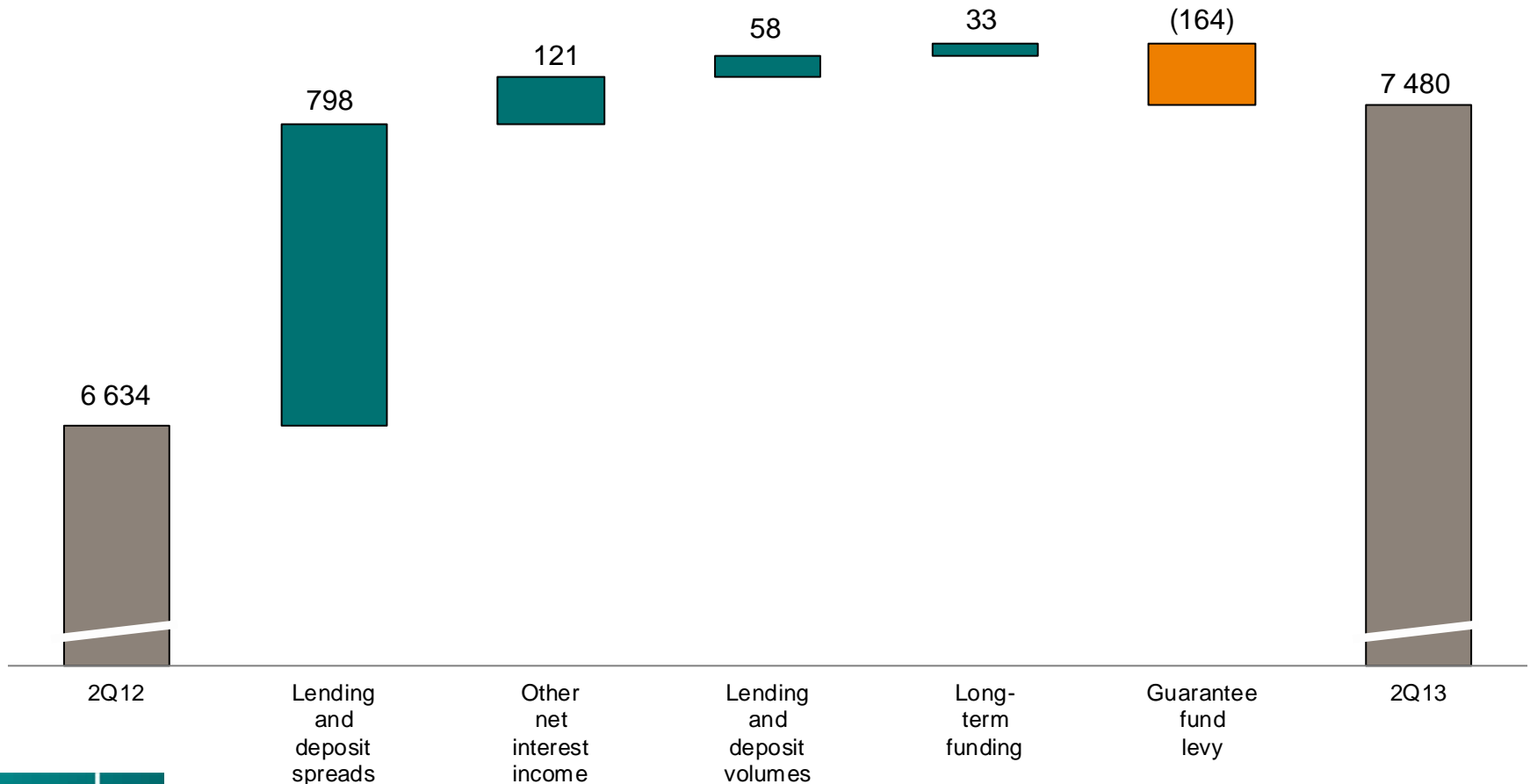
Amounts in NOK million	<b>2Q13</b>	1Q13	4Q12	3Q12	<b>2Q12</b>	1st half 2013	1st half 2012
Mark-to-market adjustments - basis swaps	<b>(88)</b>	(233)	235	(566)	<b>1 078</b>	(321)	(1 355)
Net mark-to-market adjustments - other items	<b>(67)</b>	32	95	79	<b>76</b>	(34)	252
Impairment losses for goodwill and intangible assets	<b>0</b>	0	202	85	<b>0</b>	0	0
Expenses relating to debt-financed structured products	<b>0</b>	450	0	0	<b>0</b>	450	0
Effect on pre-tax operating profit before impairment	<b>(155)</b>	(651)	128	(573)	<b>1 154</b>	(806)	(1 103)



# Changes in net interest income

NOK million

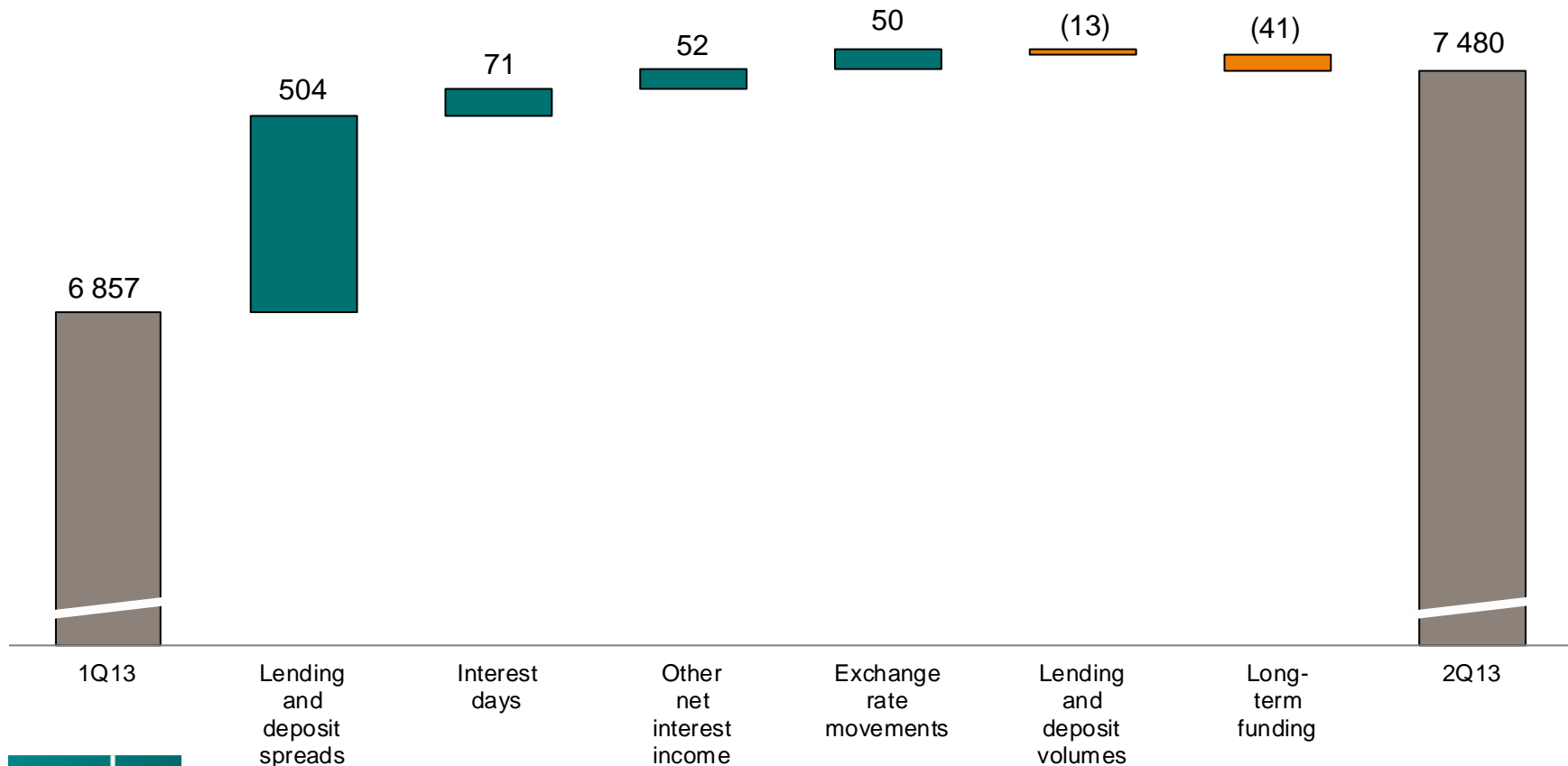
From 2nd quarter 2012 to 2nd quarter 2013



# Changes in net interest income

NOK million

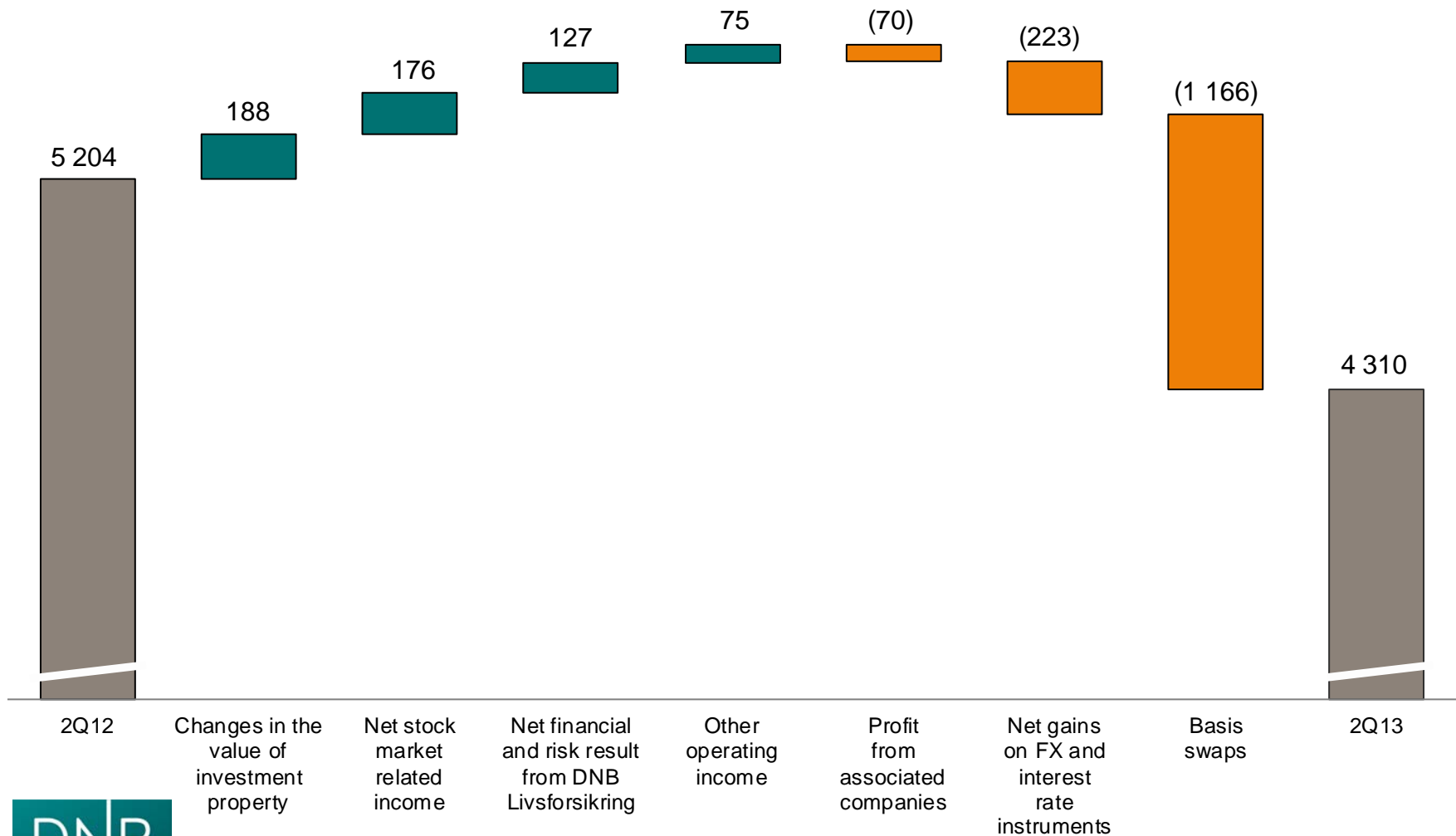
From 1st quarter 2013 to 2nd quarter 2013



# Changes in net other operating income

NOK million

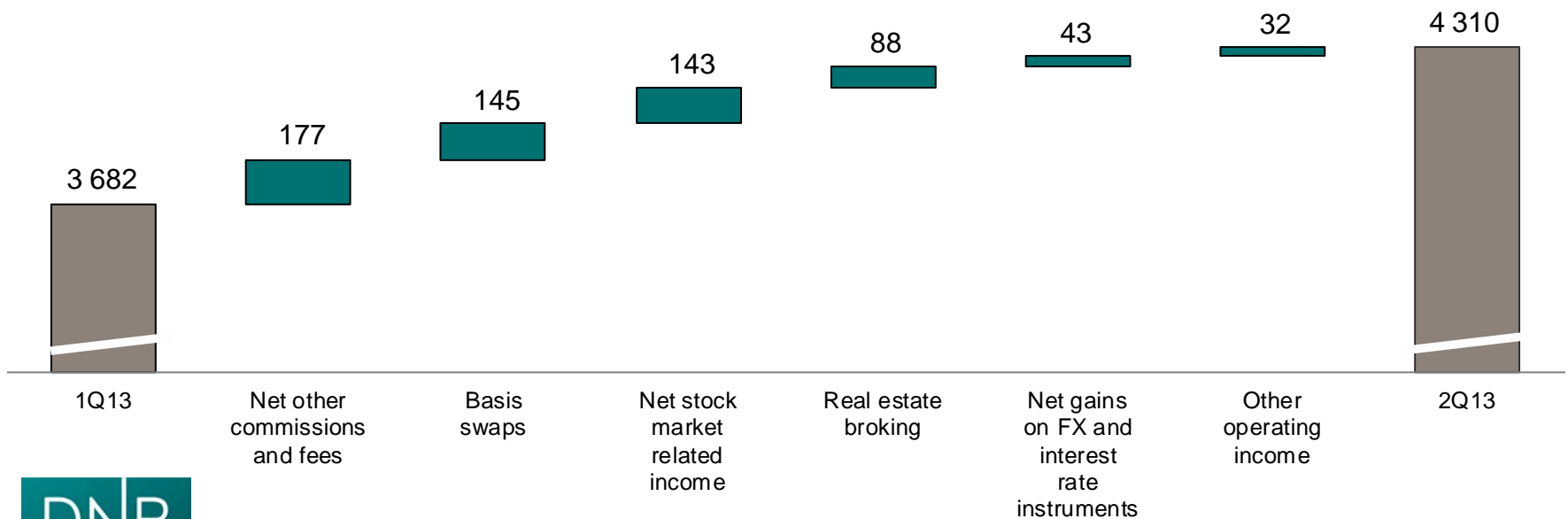
From 2nd quarter 2012 to 2nd quarter 2013



# Changes in net other operating income

NOK million

From 1st quarter 2013 to 2nd quarter 2013



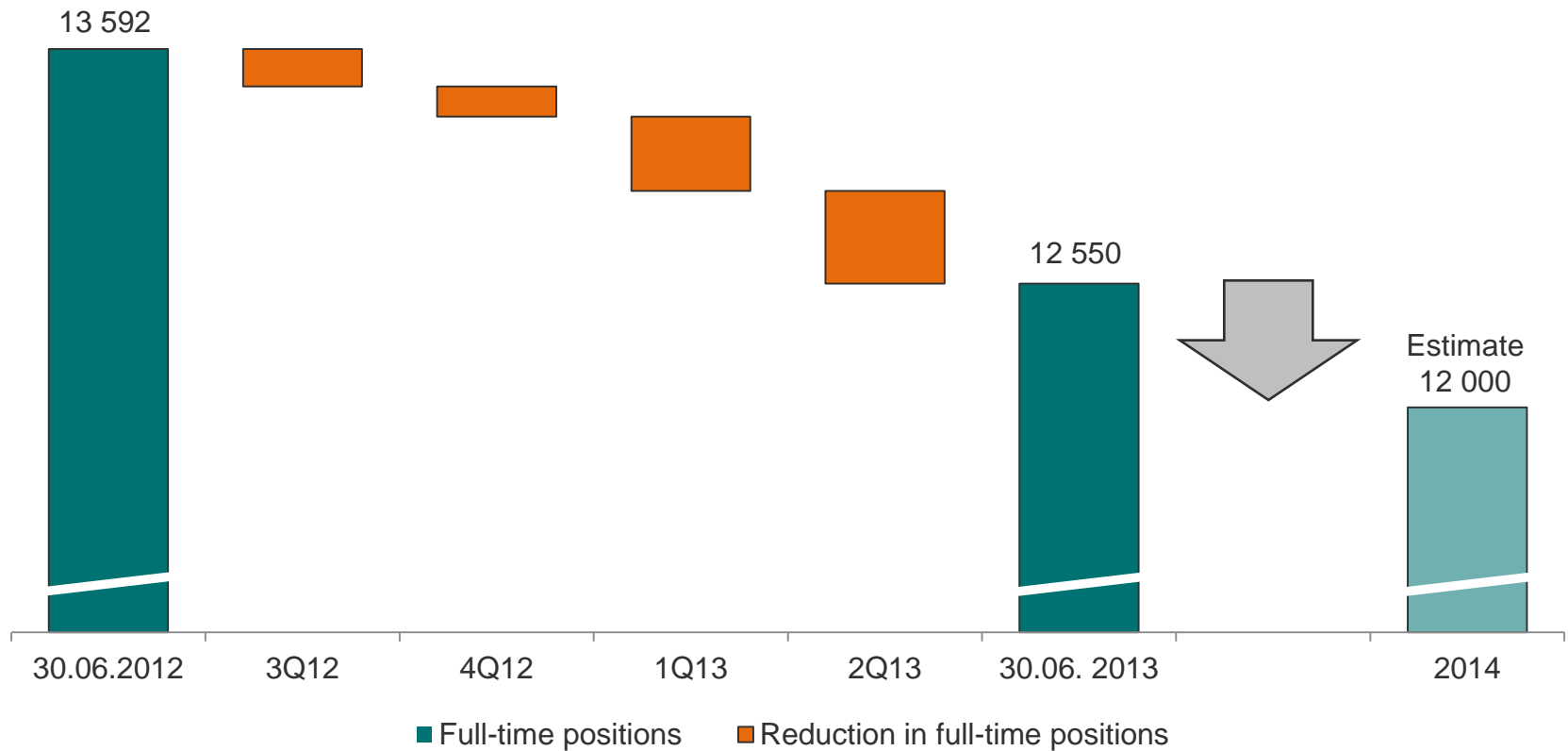
## Changes in operating expenses

Amounts in NOK million	2Q13	Change	2Q12	Change in per cent
<b>Total adjusted operating expenses</b>	<b>5 010</b>	<b>(71)</b>	<b>5 081</b>	<b>(1.4)</b>
<b>Income-related costs</b>				
Ordinary depreciation on operational leasing		23		
Performance-based pay		(77)		
Reclassifications		(20)		
<b>Expenses directly related to operations</b>				
Pension expenses		(18)		
IT expenses		89		
Wage inflation		72		
Staff reductions		(110)		
Other cost reductions		(29)		
<b>Non-recurring effects</b>	<b>650</b>	<b>629</b>	<b>21</b>	
Restructuring costs - employees	459	454	5	
Other restructuring costs	110	53	57	
Sale of SalusAnsvar	0	(25)	25	
Other	81	147	(66)	
<b>Operating expenses</b>	<b>5 660</b>	<b>558</b>	<b>5 102</b>	<b>10.9</b>

## Changes in operating expenses

Amounts in NOK million	2Q13	Change	1Q13	Change in per cent
<b>Total adjusted operating expenses</b>	<b>5 010</b>	<b>(16)</b>	<b>5 026</b>	<b>(0.3)</b>
<b>Income-related costs</b>				
Performance-based pay		57		
<b>Expenses directly related to operations</b>				
Pension expenses		(13)		
Fees		32		
Properties and premises		(44)		
Staff reductions		(24)		
Other cost reductions		(23)		
<b>Non-recurring effects</b>	<b>650</b>	<b>192</b>	<b>458</b>	
Expenses relating to debt-financed structured products	0	(450)	450	
Restructuring costs - employees	459	430	29	
Other restructuring costs	110	83	27	
Other	81	129	(48)	
<b>Operating expenses</b>	<b>5 660</b>	<b>176</b>	<b>5 485</b>	<b>3.2</b>

# Development in staff levels



# Impairment of loans and guarantees

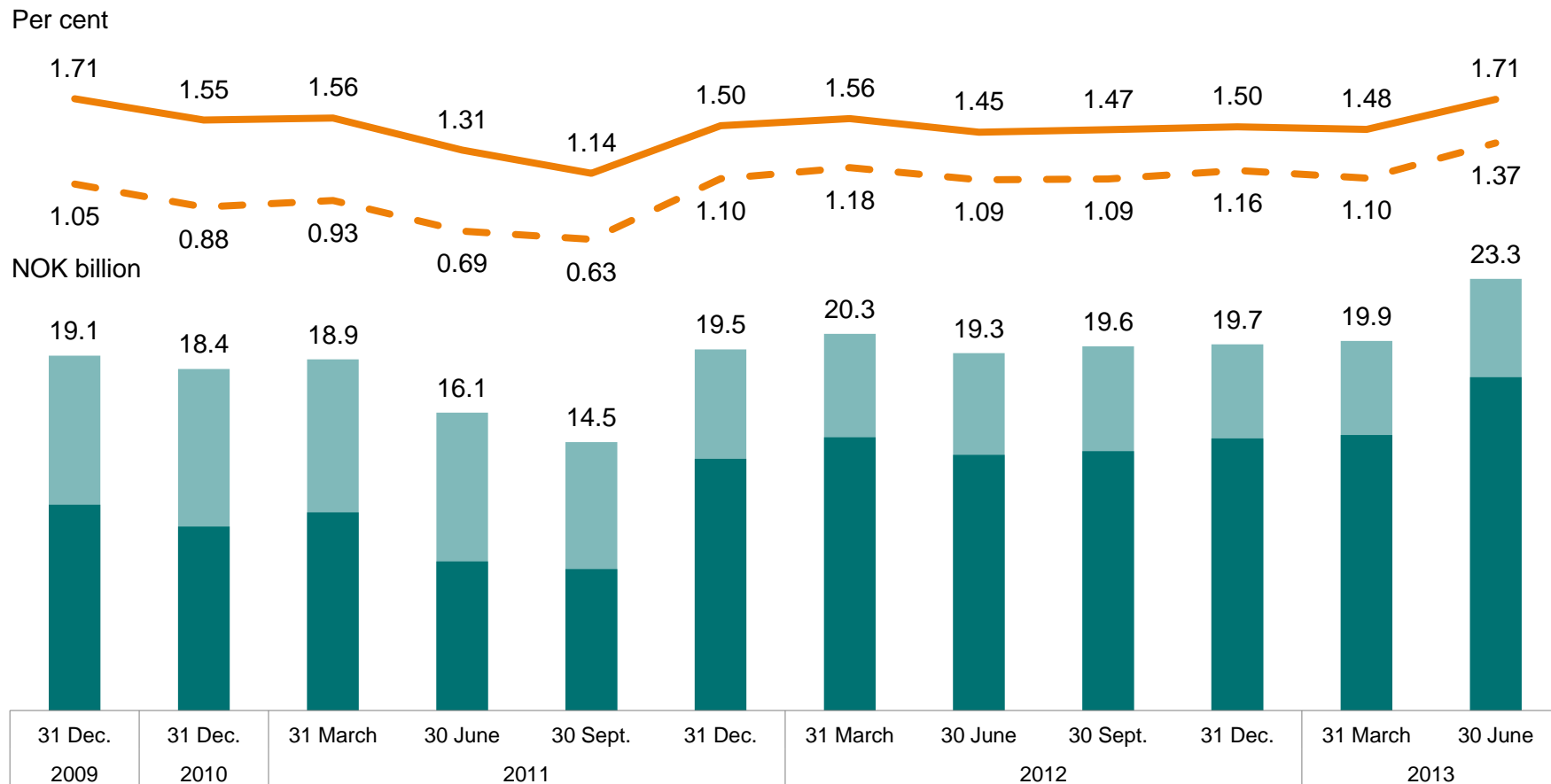
Amounts in NOK million	2Q13	1Q13	4Q12	3Q12	2Q12	1 st half 2013	1st half 2012
<i>Individual impairment:</i>							
<b>Retail Banking</b>							
- Private customer divisions	17	11	7	38	7	28	66
- SME divisions	162	76	317	96	80	238	240
- DNB Finans	131	95	78	68	123	225	212
<b>Large Corporates and International</b>							
- Nordic Corporates Division	61	(24)	27	(14)	(22)	37	(34)
- International Corporates and Institutions Division	82	8	(18)	12	144	90	127
- Shipping, Offshore and Logistics Division	198	347	315	293	142	545	357
- Energy Division	50	0	92	0	0	50	0
- Other units	1	1	70	60	5	2	91
DNB excl. Baltics and Poland	703	513	886	554	478	1 216	1 059
- Baltics and Poland	88	104	62	115	132	192	238
Total individual impairment	791	616	949	670	609	1 408	1 297
<i>Collective impairment:</i>							
DNB excl. Baltics and Poland	173	159	268	(90)	108	332	246
Baltics and Poland	(27)	(38)	(27)	(58)	(32)	(65)	(74)
Total collective impairment of loans	146	121	241	(148)	76	267	172
Impairment of loans and guarantees	937	737	1 190	521	685	1 674	1 469



## Impairment in per cent of loans

Per cent	2Q13	1Q13	4Q12	3Q12	2Q12	1st half 2013	1 st half 2012
Total impairment in relation to average volumes (annual basis)	<b>0.29</b>	0.23	0.36	0.16	<b>0.21</b>	0.26	0.23
- DNB excl. Baltics and Poland	<b>0.28</b>	0.22	0.37	0.15	<b>0.19</b>	0.25	0.21
- Baltics and Poland	<b>0.47</b>	0.51	0.27	0.43	<b>0.74</b>	0.49	0.61

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



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

- Baltics and Poland
- DNB Group excl. Baltics and Poland
- As a percentage of net loans
- - - As a percentage of net loans excl. Baltics and Poland

## Balance sheets

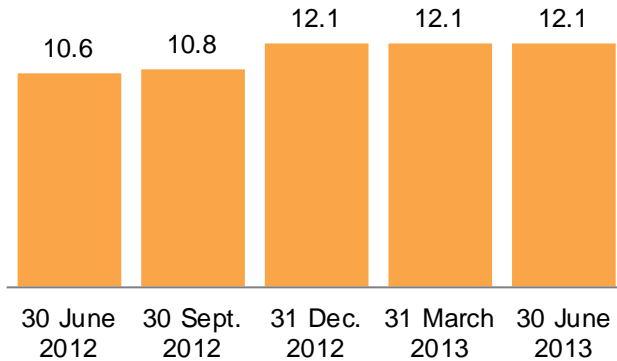
	DNB Group		DNB Bank ASA	
	30 June 2013	31 Dec. 2012	30 June 2013	31 Dec. 2012
Amounts in NOK billion				
Deposits with central banks	482	299	479	296
Due from credit institutions	53	37	209	209
Loans to customers	1 330	1 298	725	714
Other assets	659	631	525	518
<b>Total assets</b>	<b>2 523</b>	<b>2 265</b>	<b>1 938</b>	<b>1 737</b>
Due to credit institutions	319	251	346	283
Deposits from customers	996	811	967	787
Short-term debt securities issued	208	244	208	244
Long-term debt securities issued	488	464	161	171
Other liabilities and provisions	381	367	146	146
Equity	132	127	111	105
<b>Total liabilities and equity</b>	<b>2 523</b>	<b>2 265</b>	<b>1 938</b>	<b>1 737</b>
Ratio of deposits to net loans (%)	74.9	62.5	133.3	110.3
Adjusted ratio of deposits to net loans (%) <sup>1)</sup>	66.0	62.4	116.9	110.2
Total combined assets	2 749	2 473	1 938	1 737
Currency-adjusted loans to customers	1 306		705	
Currency-adjusted deposits from customers	975		947	

1) Excluding short-term money market deposits in DNB New York

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

**CET1/Basel III estimate**

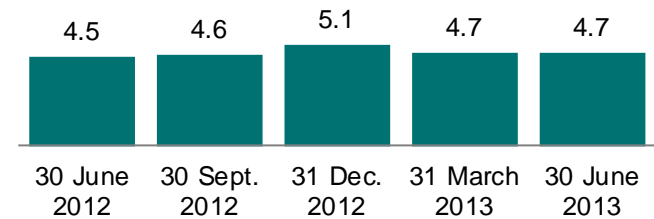
(Per cent)



**CET1/total assets**

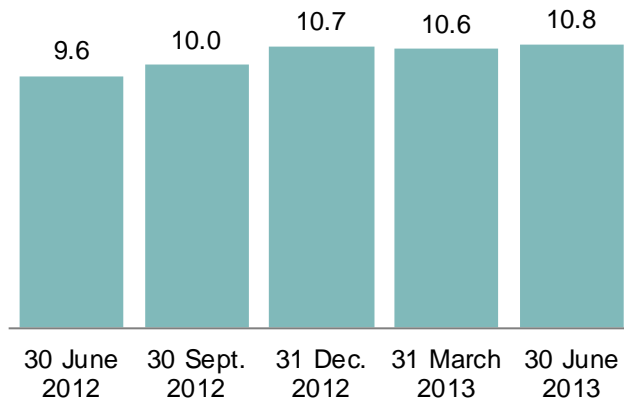
**"leverage ratio"**

(Per cent)



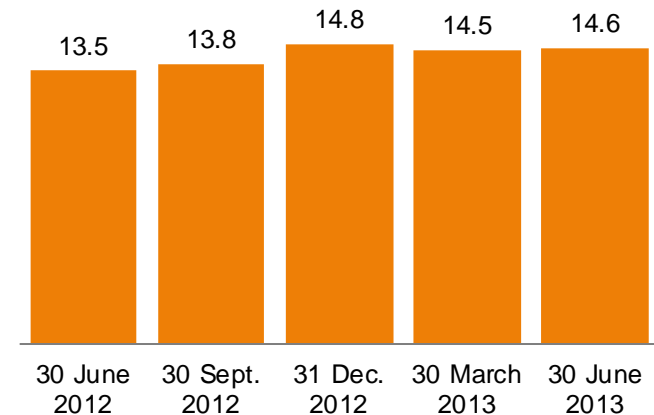
**CET1/Transitional rules**

(Per cent)



**CET1/full IRB <sup>2)</sup>**

(Per cent)



1) Including 50 per cent of profit for the period, except for the full year figures.

2) Average weights used by Swedish banks.

# Capital and regulatory status

Common equity Tier 1 capital in DNB

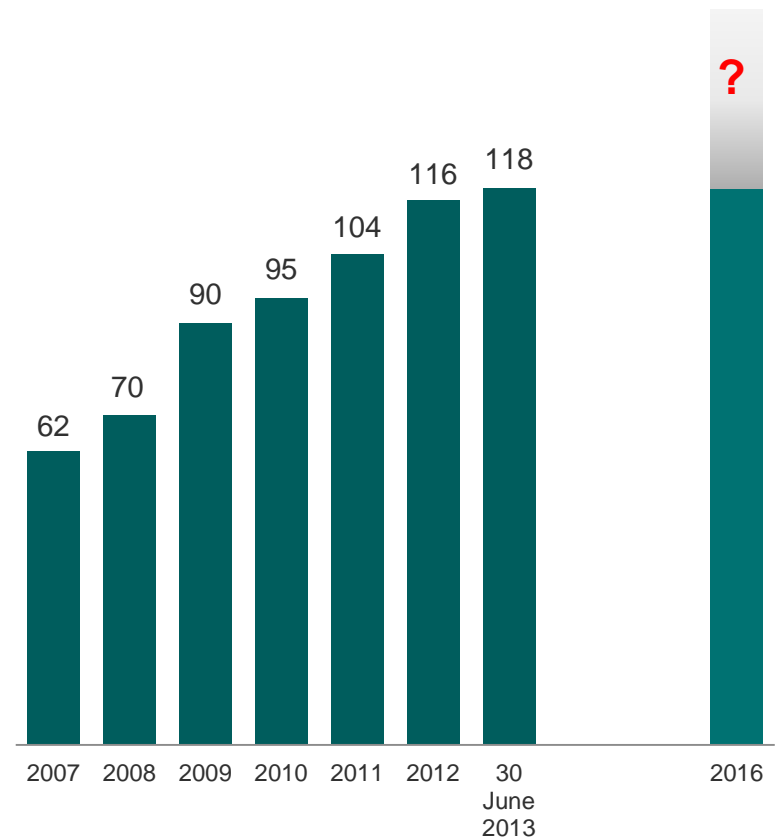
DNB has increased CET1 capital by NOK 56 billion since 2007 and by NOK 11 billion over the past 12 months

The counter-cyclical capital buffer and risk weights on home mortgages are expected to be clarified in the second half of 2013

The new capital requirements will require a significant increase in Tier 1 capital

DNB is well capitalised, but will build additional capital organically in accordance with the authorities' requirements

NOK billion



## Future prospects

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Lower growth rate in the Norwegian economy

Somewhat lower lending growth, especially in the corporate market

Zero growth expected in underlying costs, though restructuring costs will accrue also in the second half of the year

Other financial targets communicated on the Capital Markets Day remain unchanged

