



# The Baltics – raising the bar

Terje Turnes,  
head of the Baltic Division



**Background**

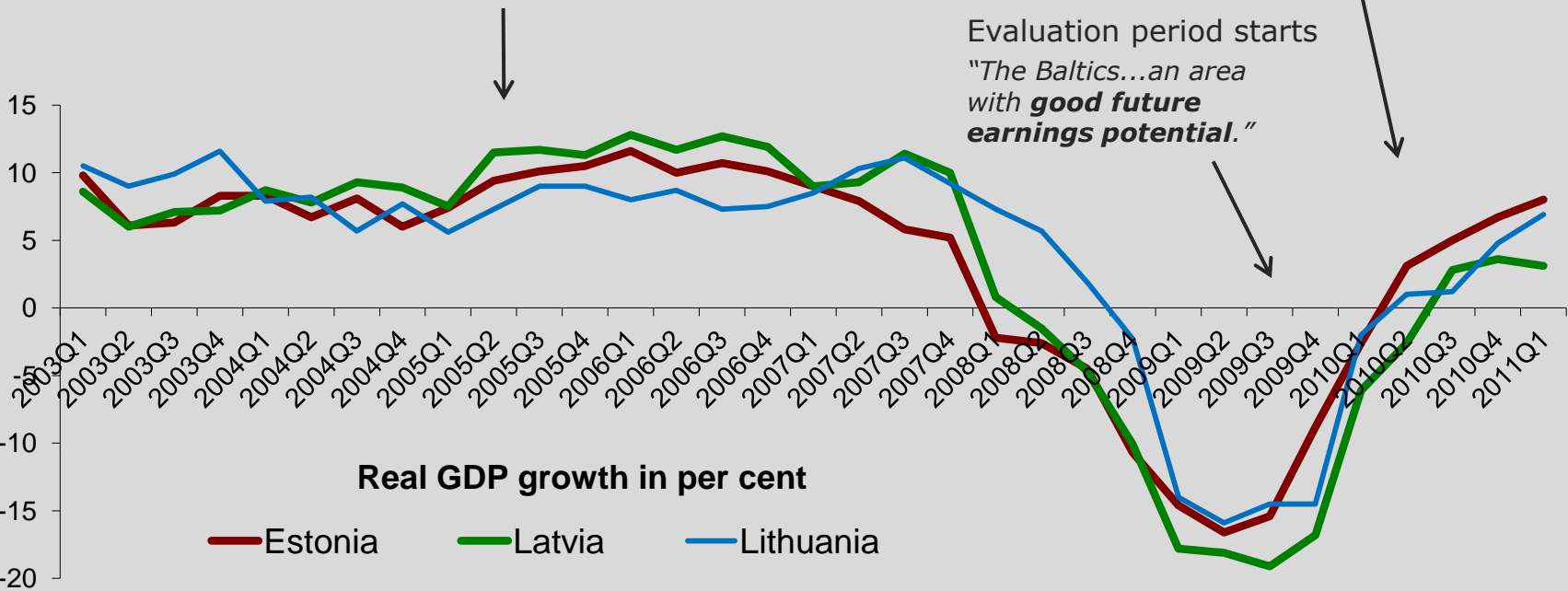
**Macroeconomic situation and future outlook**

**Growth**

# From joint venture to 100 per cent ownership

DnB NOR enters into JV with NORD/LB  
*"Establishing DnB NORD is strategically important to participate in the **expected growth in this region**, as well as being present for our **Nordic customers.**"*

DnB NOR acquires 100 %  
*"The Baltics...**higher growth potential** than Western Europe, and DnB NOR wishes to grow within the retail banking segment."*



Evaluation period starts  
*"The Baltics...an area with **good future earnings potential.**"*

## Governance model aligned with DnB NOR

"One Group" in the Baltics

New legal structure

New operational governance structure implemented

Strong central control of risk

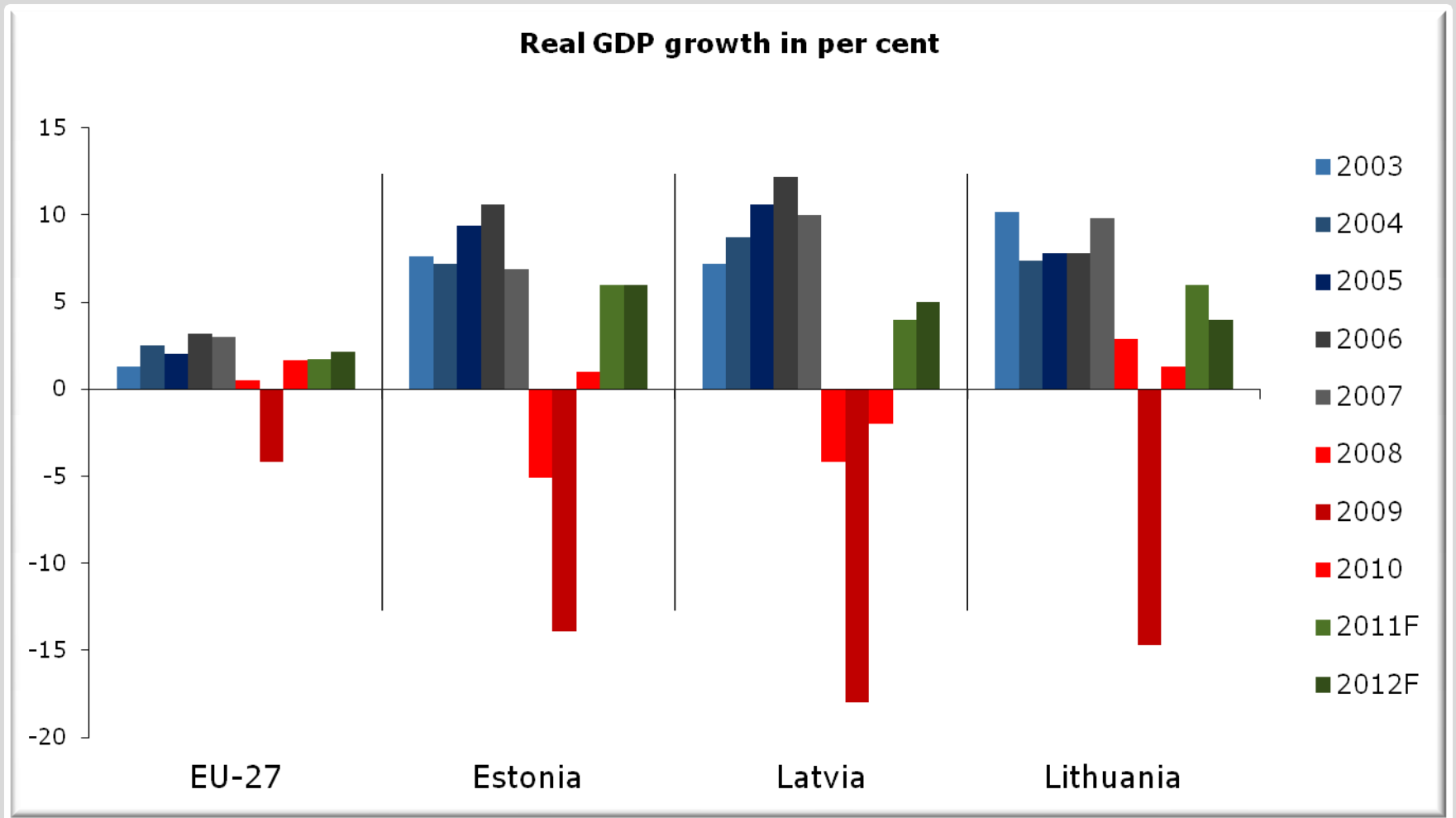
Centralised funding

Background

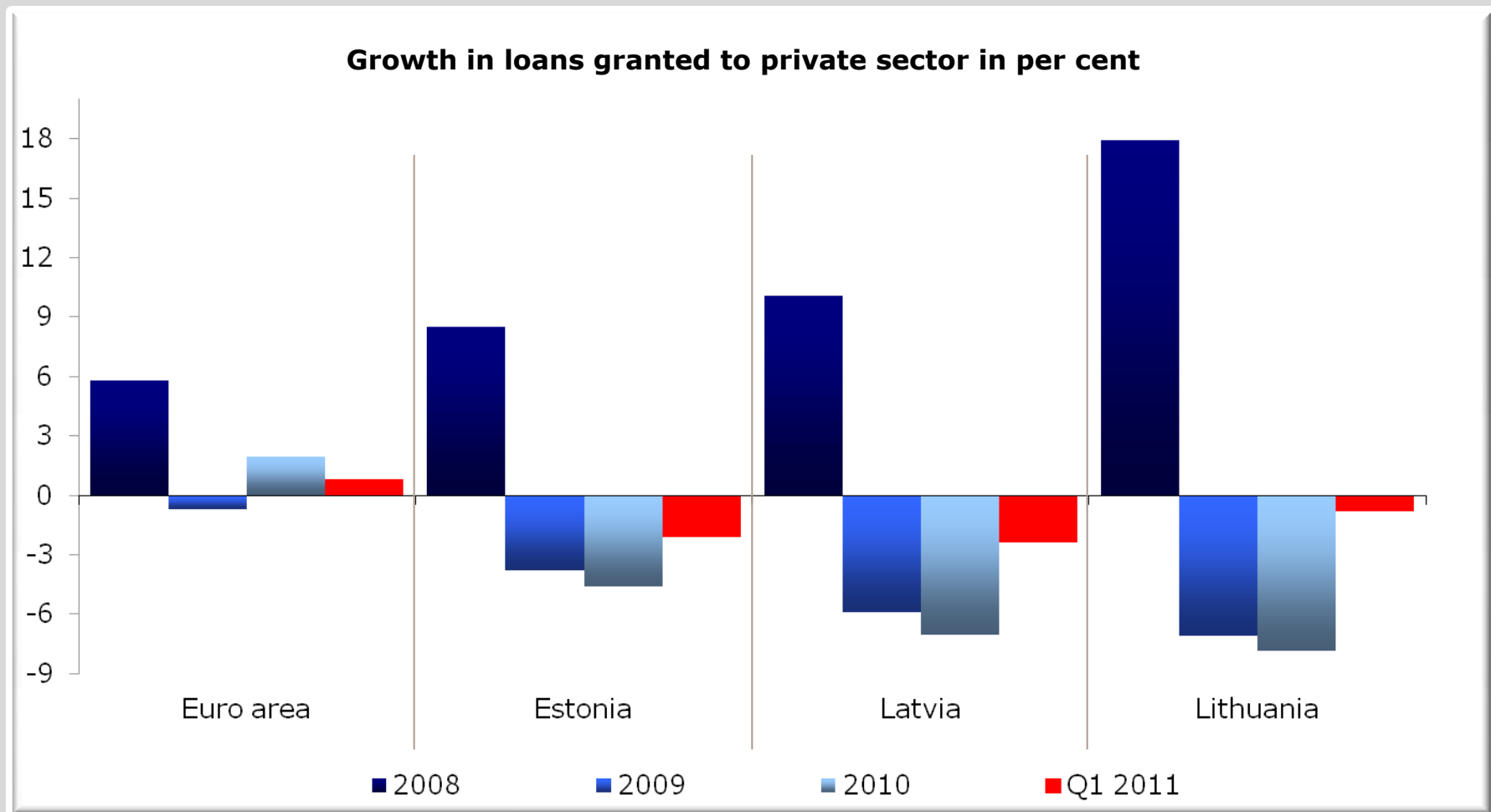
**Macroeconomic situation and future outlook**

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# Recession over – strong recovery

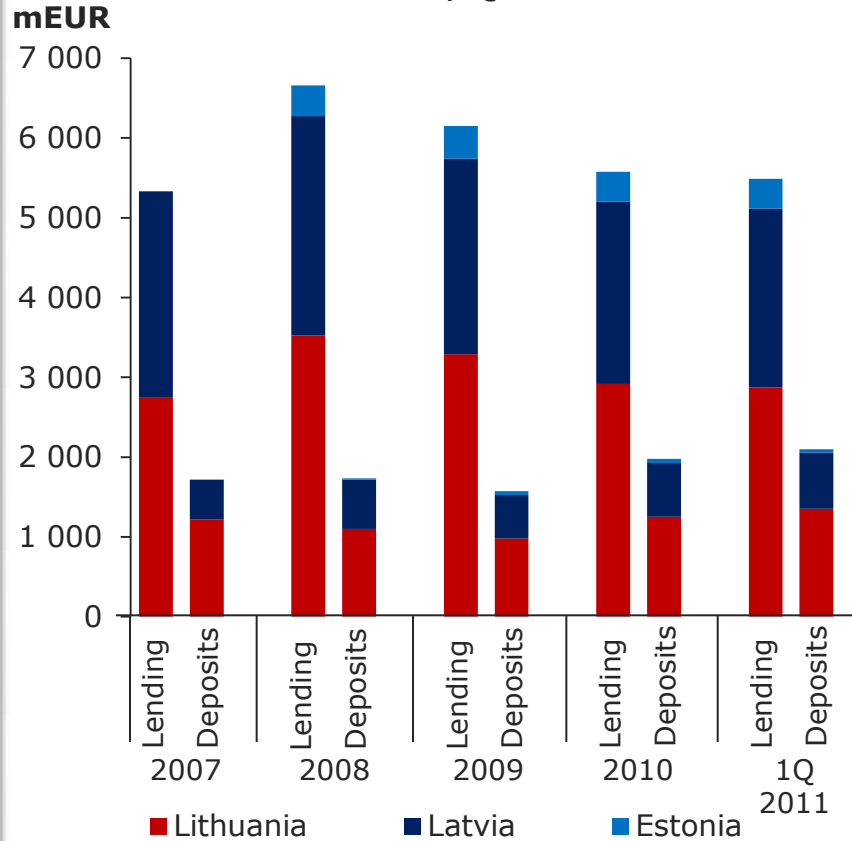


# Positive credit demand expected

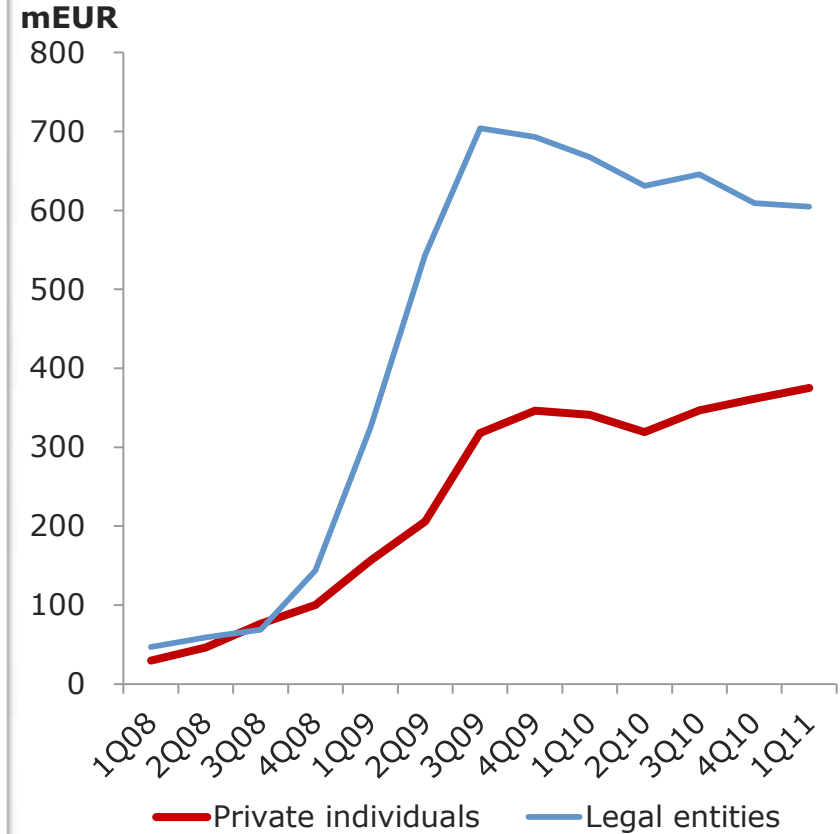


# Customers have been safeguarding their financial position

**Lending and deposit volumes  
DnB NORD , Q1 2011**

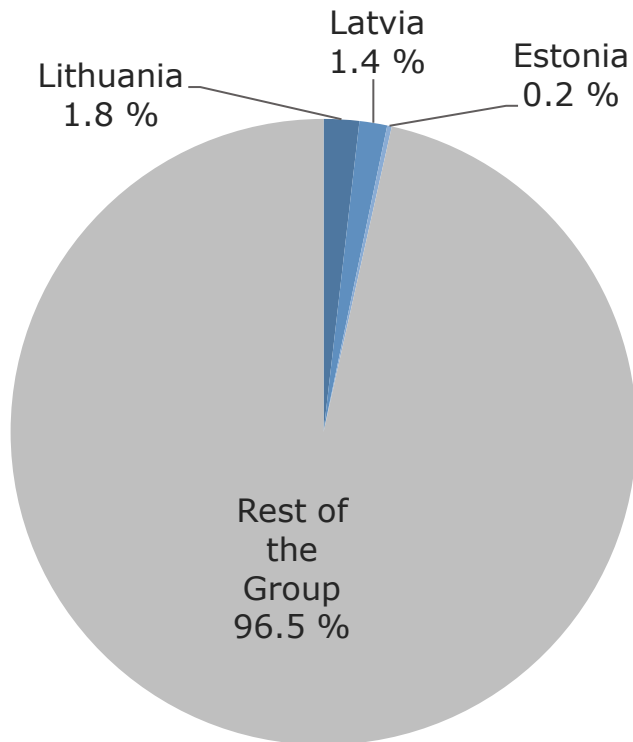


**Non-performing portfolio Baltic States  
1Q 2008 – 1Q 2011**



# Growth potential in a sizeable market

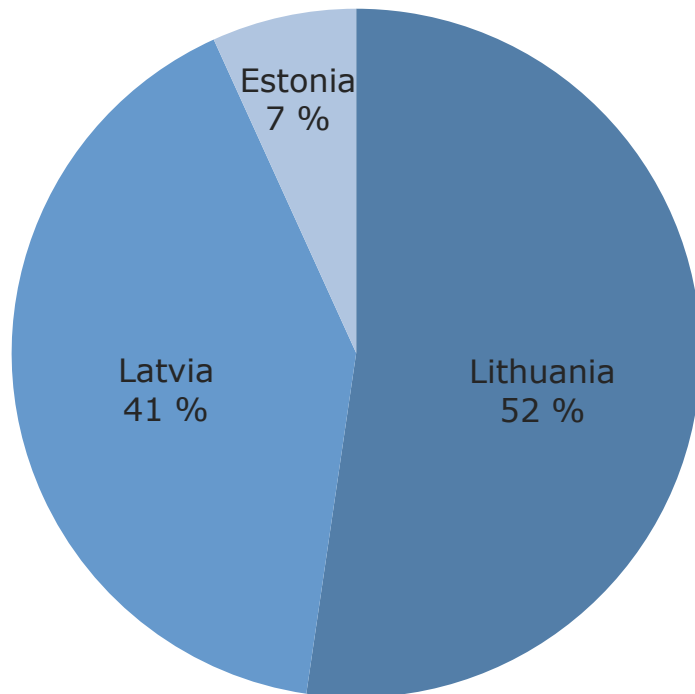
**DnB NOR lending per country  
Q1 2011**



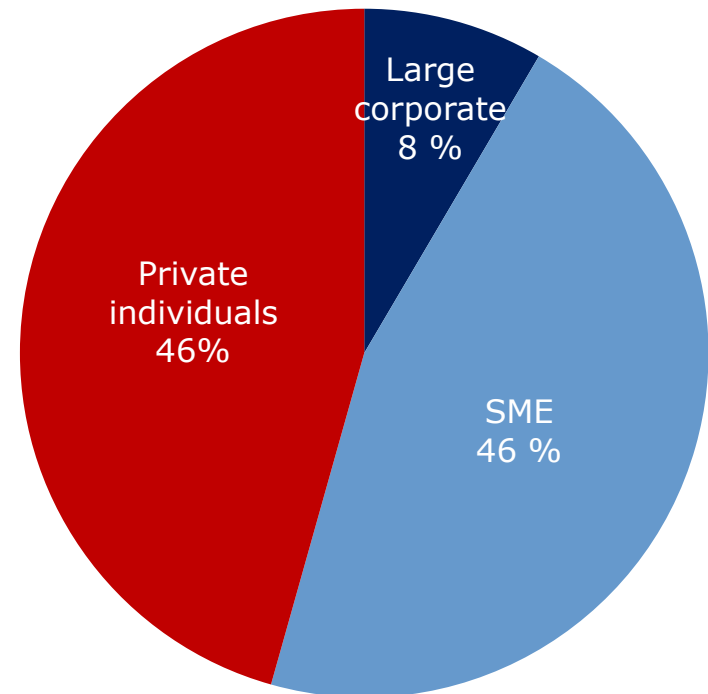
Country	Population	Market position	No of customers
Lithuania	3.3 mill	3	0.7 mill
Latvia	2.3 mill	4	0.2 mill
Estonia	1.3 mill	5	0.01 mill
Total Baltics	6.9 mill		0.9 mill
Norway	4.9 mill	1	2.1 mill

# A well diversified retail portfolio

**Lending per country - Q1 2011**  
EUR 5 450 million



**Lending per segment - Q1 2011**  
EUR 5 450 million



**Background**

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# Good market coverage in Latvia and Lithuania

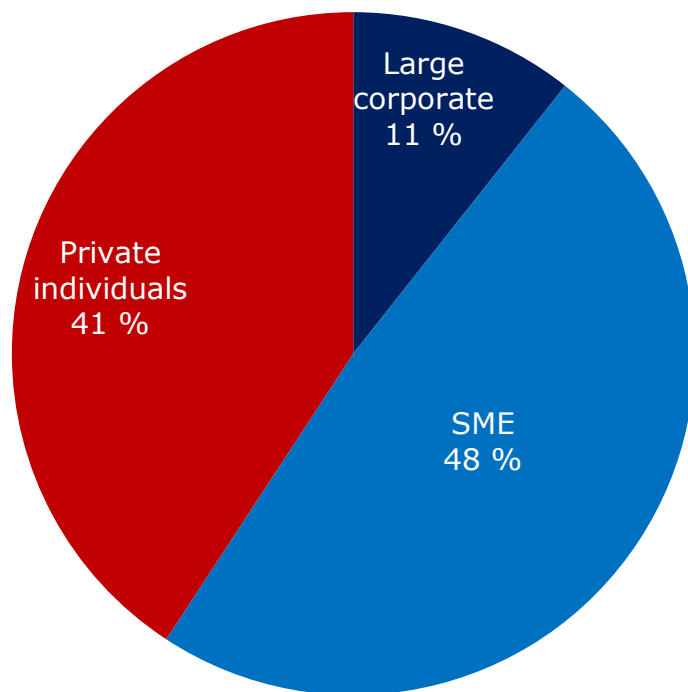
## DnB NORD branches in the Baltics



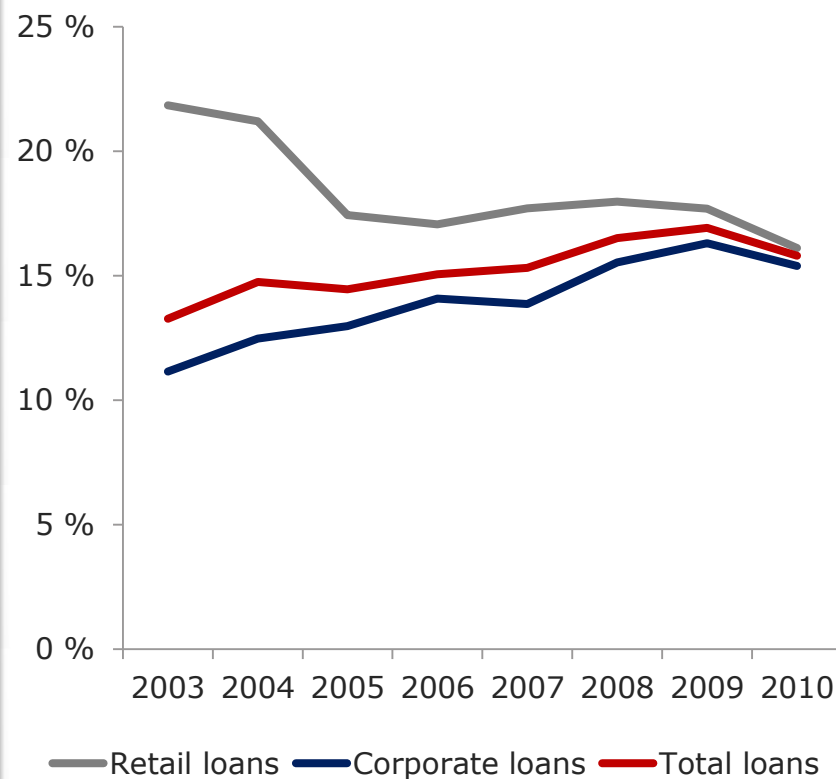
- Estonia: Mainly a corporate and leasing bank with efficient operations
- Latvia: A universal bank ranked number 2 within lending to private individuals
- Lithuania: A universal bank with an extensive branch network and a top position in rural areas and the public sector

# Lithuania: Expecting pick-up in retail market

**Lending volumes in Lithuania by segment  
Q1 2011 EUR 3 171 million**

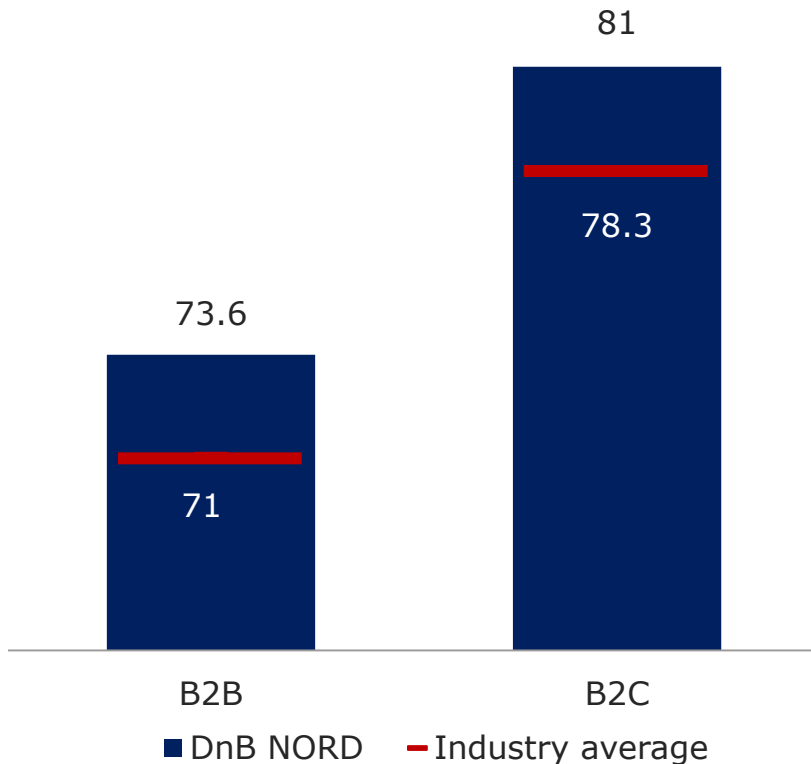


**Market share in Lithuania  
2003 - 2010**

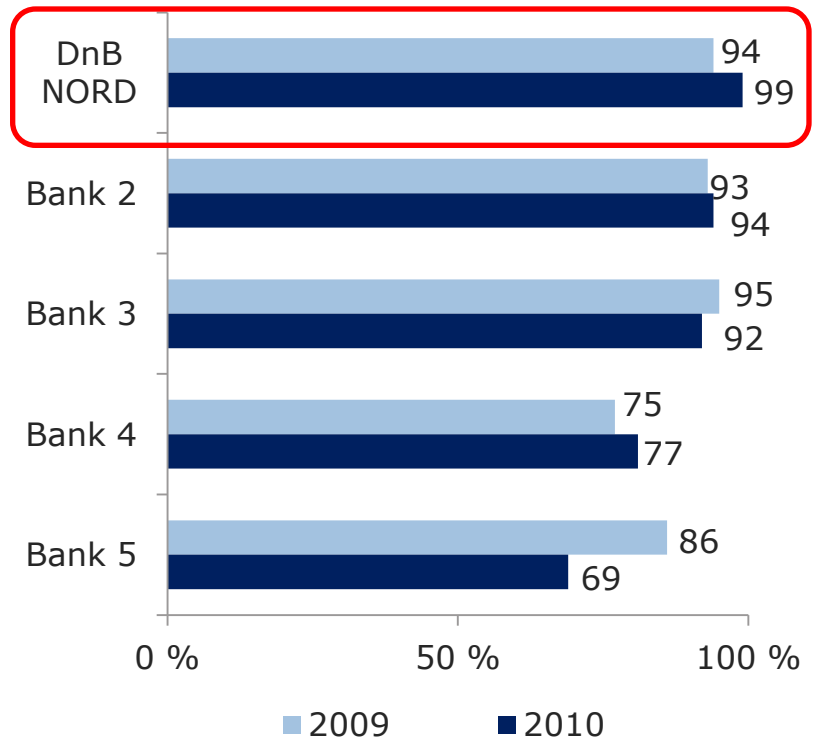


# Lithuania: Customer feedback supports the potential for growth

**Customer survey index for banking sector in Lithuania 2010<sup>1</sup>**



**Mystery shopping ranking Lithuania<sup>2</sup>  
(Top 5 banks 2009 – 2010)**



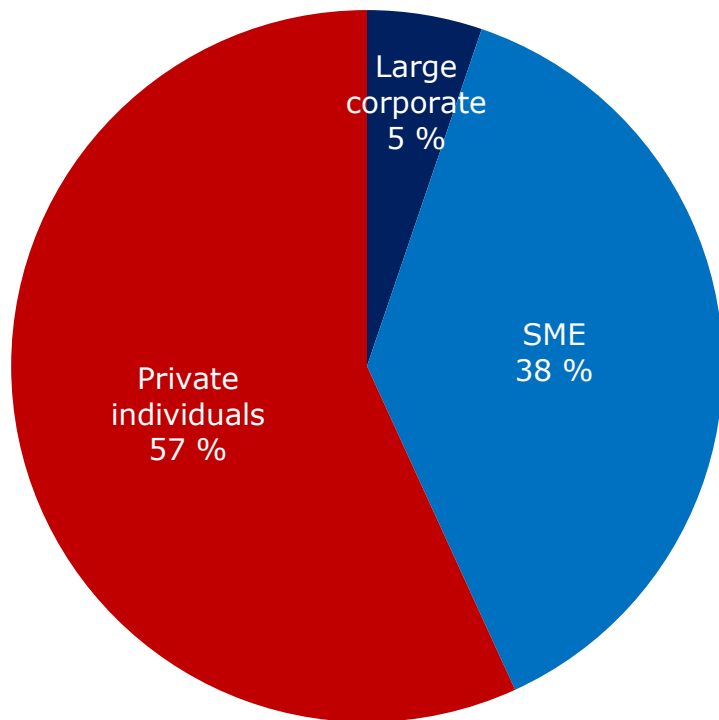
## Lithuania: Further develop an already strong position



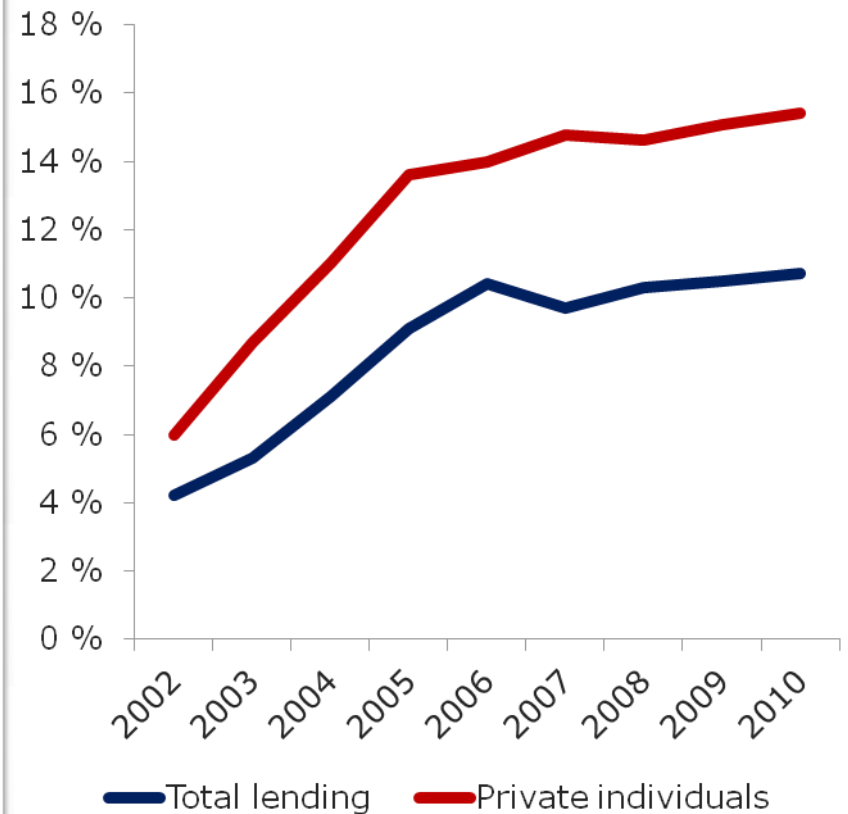
- Strengthen the position in the five main cities
- Protect the existing strong position in rural areas
- Cross-selling to existing customers
- Target to be number 1 or 2 in selected market segments

# Latvia: Second largest financial institution for private individuals

**Lending volumes in Latvia by segment  
1Q 2011 EUR 2 228 million**

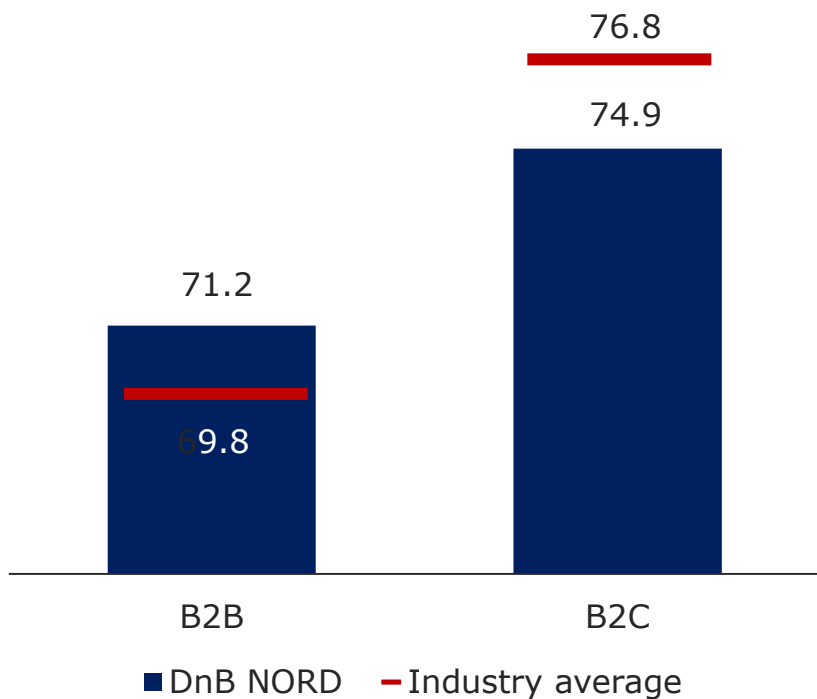


**Market share in Latvia  
DnB NOR 2002-2010**

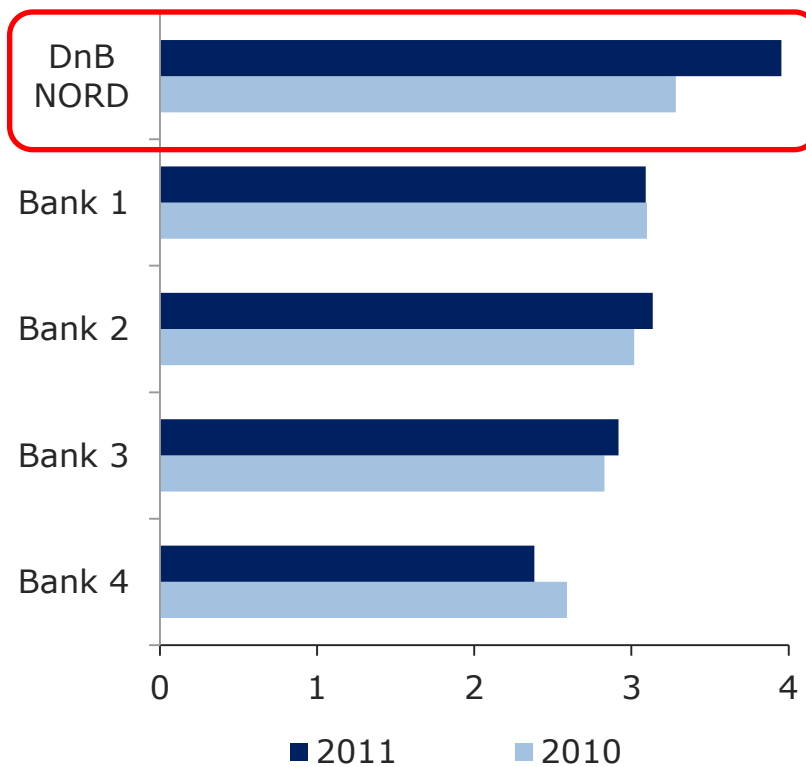


# Latvia: Customer satisfaction increased

### Customer survey index for Latvian banking sector 2010<sup>1</sup>



### Mystery shopping ranking in Latvia<sup>2</sup> (Top 5 banks, 2010-2011)



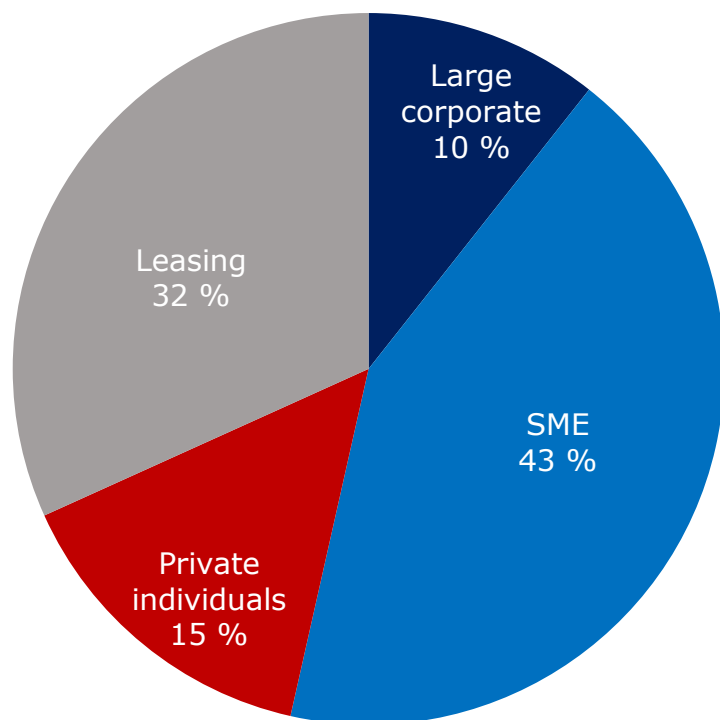
## Latvia: Increase quality of income



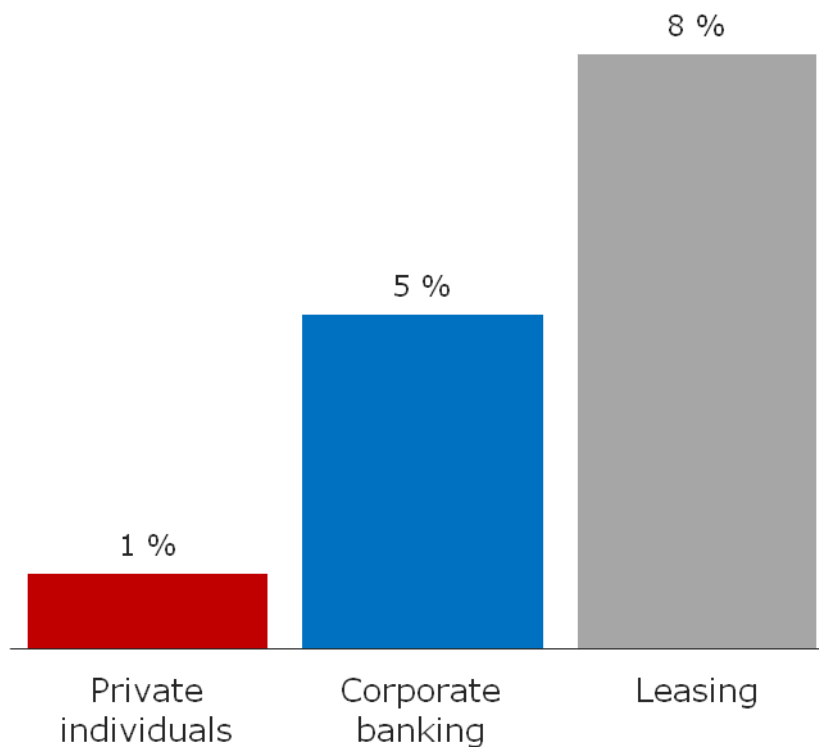
- Capitalise on position as the second largest bank for private individuals
- Focus on cost-efficient operations
- More emphasis on non-lending income
- Competence programme to enhance sales skills

# Estonia: A strong platform for leasing

**Lending volumes in Estonia by segment  
Q1 2011 EUR 372 million**



**Market share DnB NORD 2010**



## Estonia: Set to grow



- Niche player challenging a consolidated market
- Utilisation of the Group's industry competence
- Increase income from cross-border banking primarily from the Nordic client base
- Re-entry into retail banking to be evaluated

## Raising the bar in the Baltics



Lower write-downs

Pick-up in GDP growth

Increased cross-sales and  
quality of income

Evaluate organic and structural  
growth

**DnB NOR**