

DnB NOR Group – 3rd quarter 2010 results



Rune Bjerke, group chief executive
Bjørn Erik Næss, chief financial officer

DnB NOR

3rd quarter 2010

Sound development in net interest income and other customer-related revenues

Strong progress in Vital. Pronounced improvement in DnB NOR

Positive development in operating expenses

Lower other operating income due to negative effects of mark-to-market adjustments

Reduced write-downs on loans

Final clarification DnB NOR

Agreement entered into to acquire the remaining 49 per cent of the shares in DnB NOR¹⁾

Agreed price of EUR 160 million

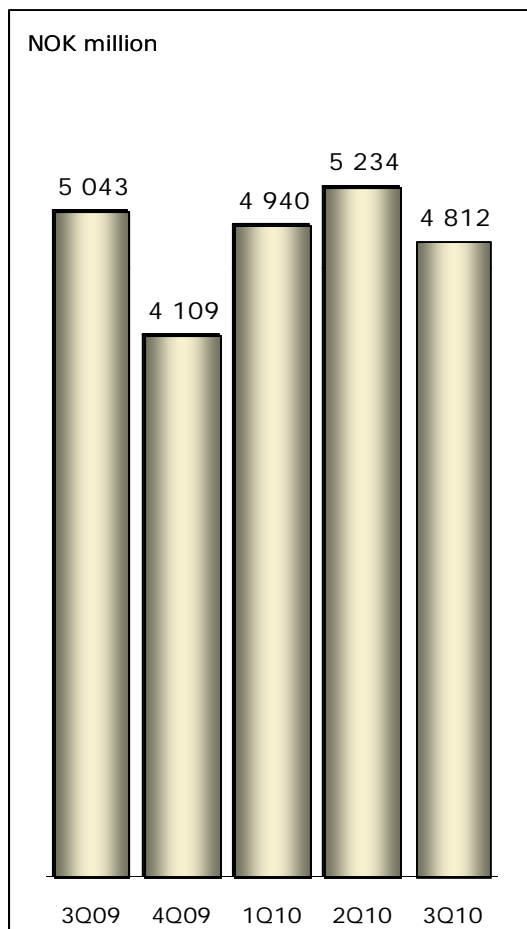
DnB NOR is optimistic with respect to the Baltic States

An efficient integration process is under preparation

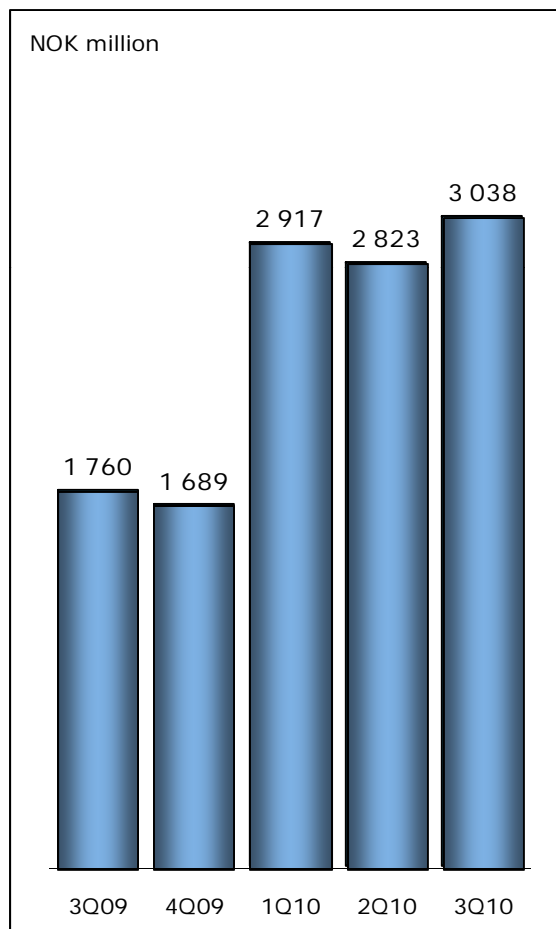
1) The agreement is dependent on approval from the parties' governing bodies and national supervisory authorities

Profit for the 3rd quarter

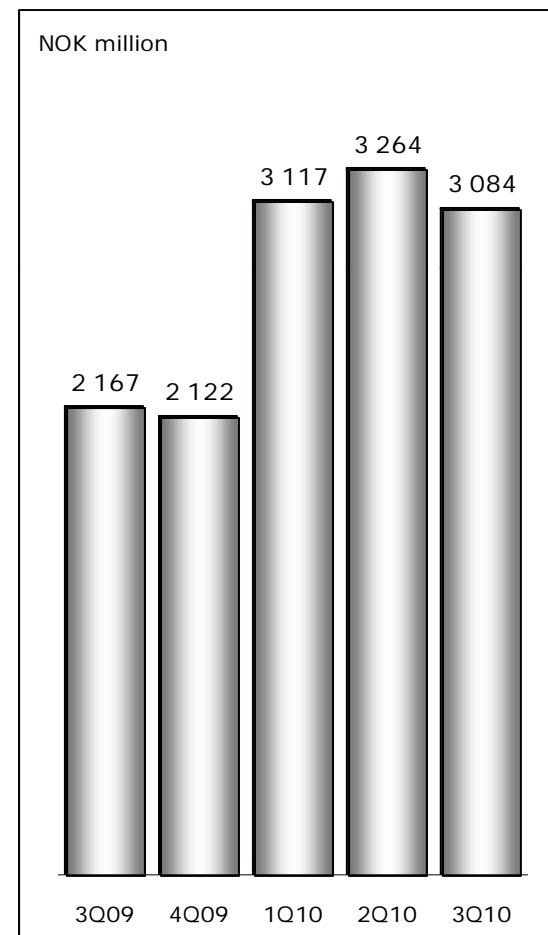
Pre-tax operating profit before write-downs



Profit for the period

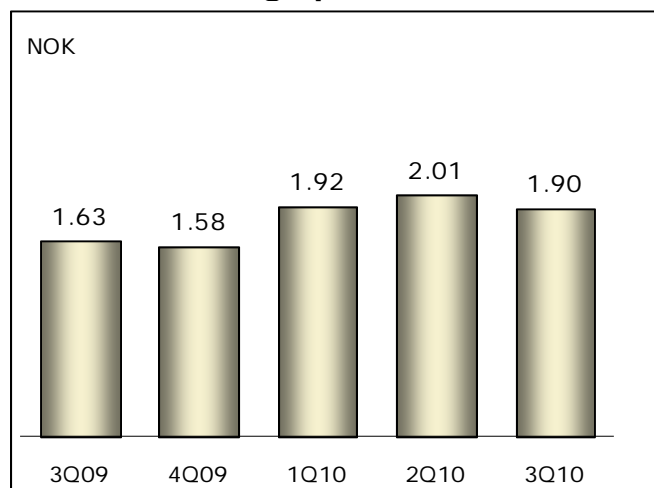


Profit for the period after minority interests

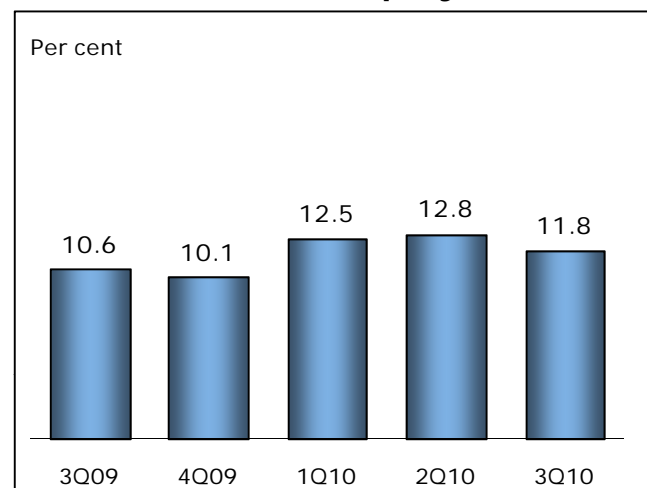


Key figures for the 3rd quarter

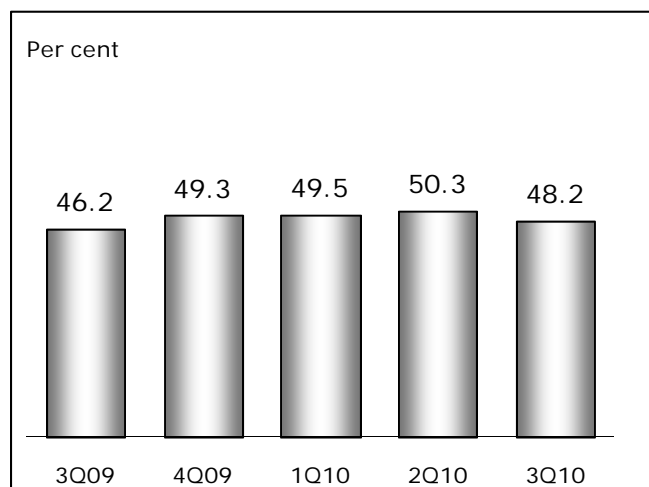
Earnings per share



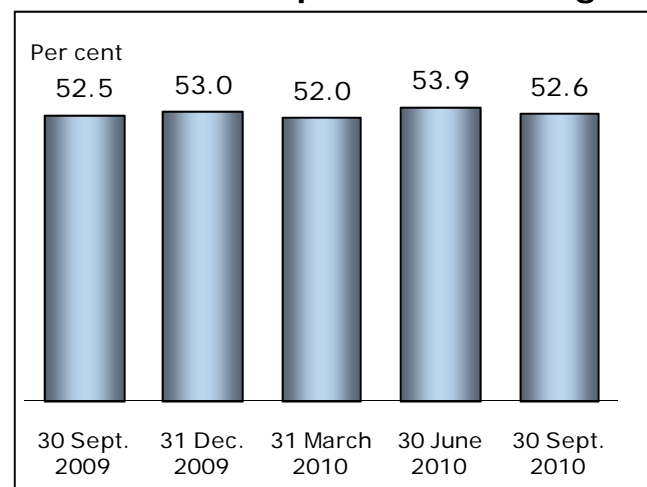
Return on equity



Cost/income ratio



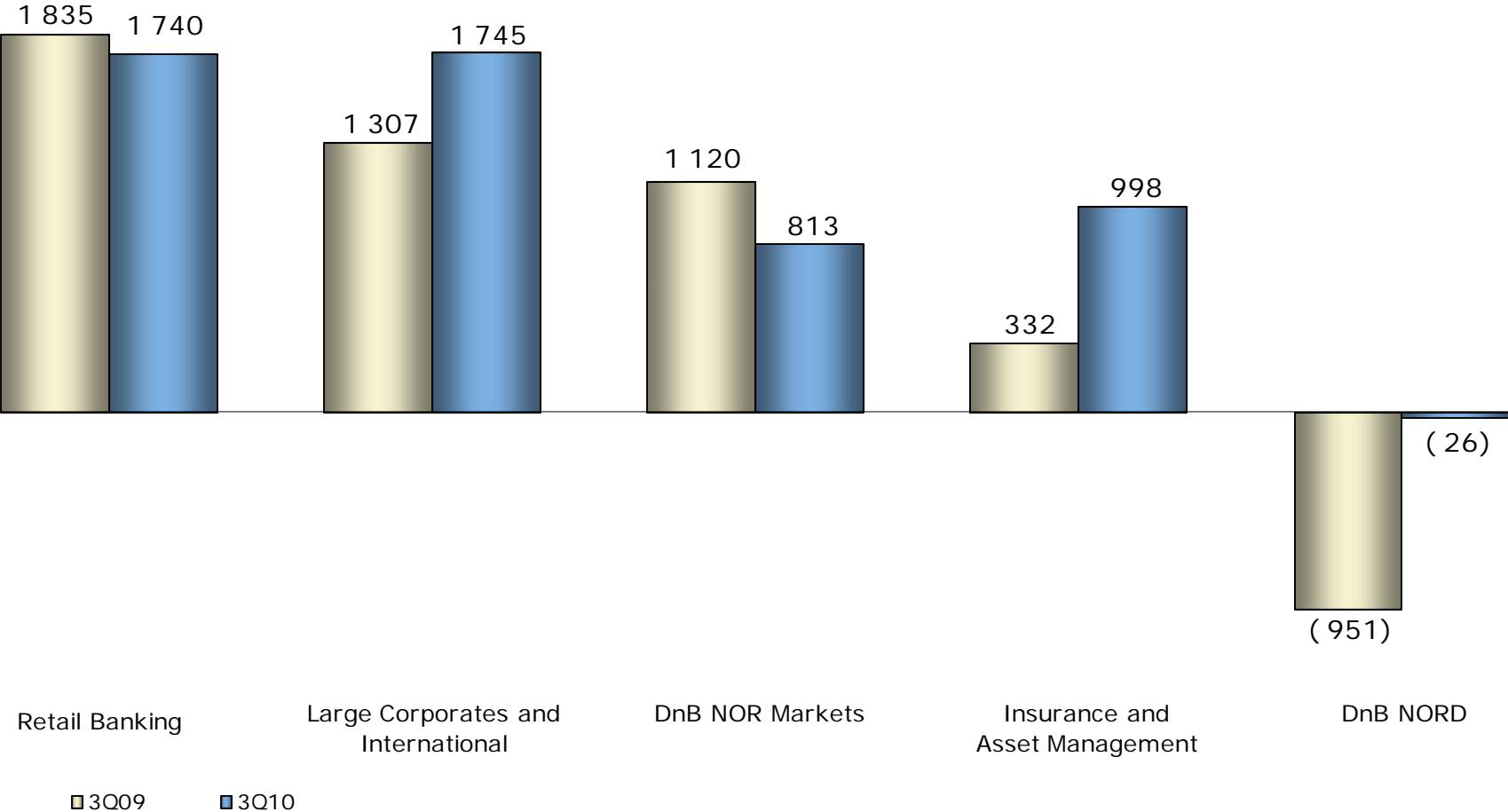
Ratio of deposits to lending



Business areas

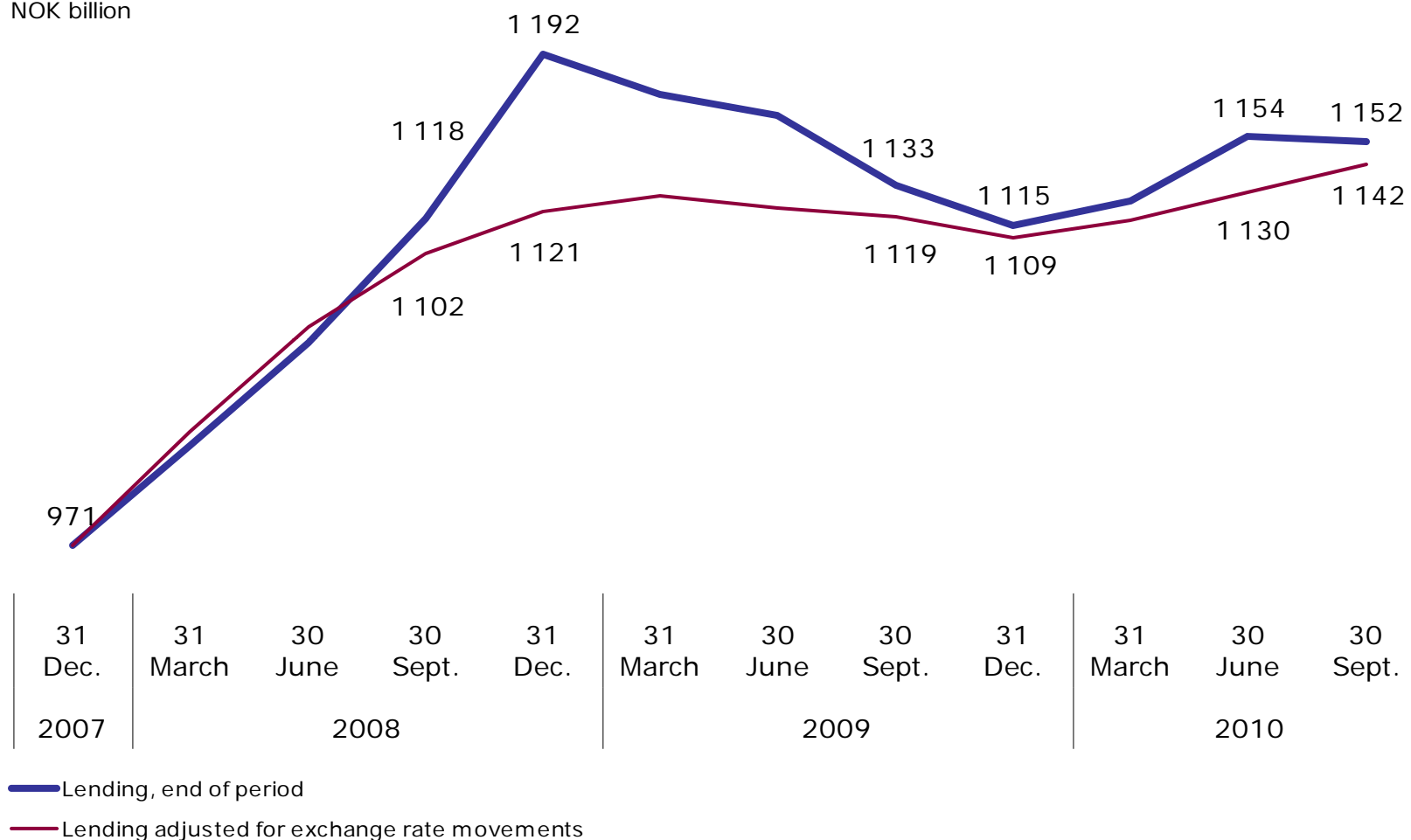
NOK million

Pre-tax operating profit after write-downs in the third quarter



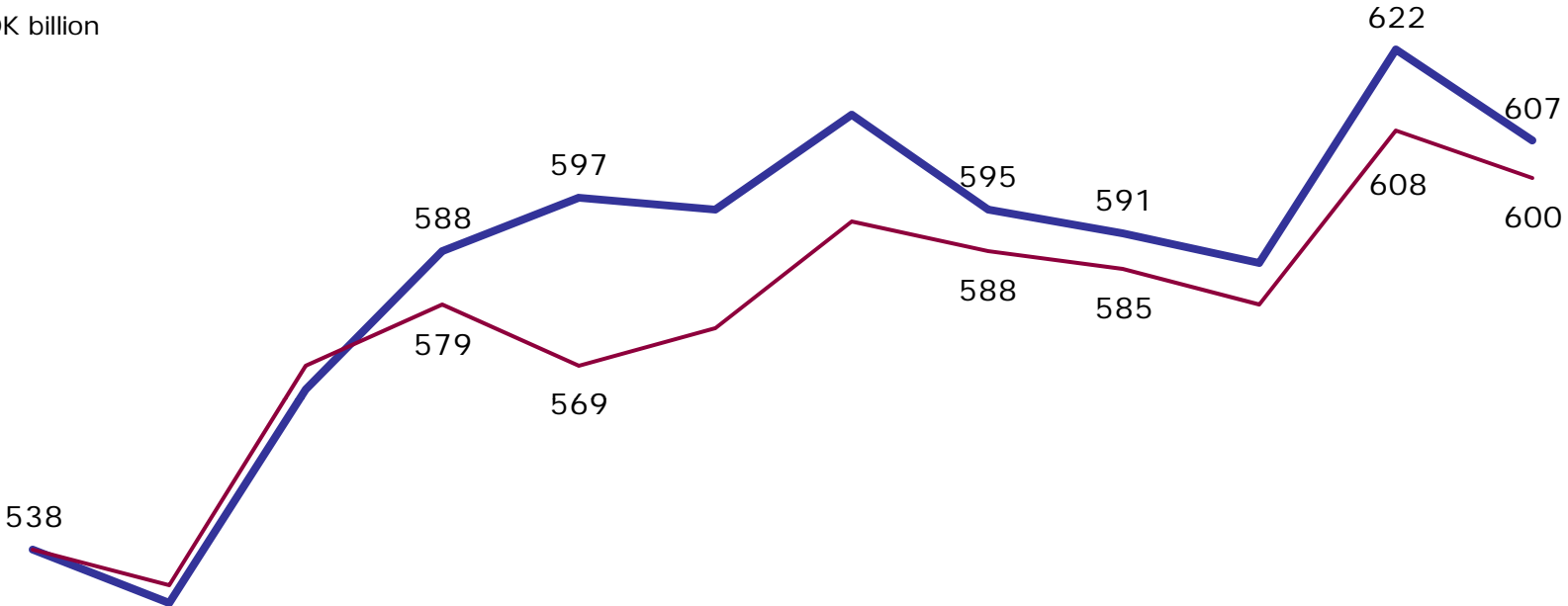
Development in lending volumes

NOK billion



Development in deposits

NOK billion

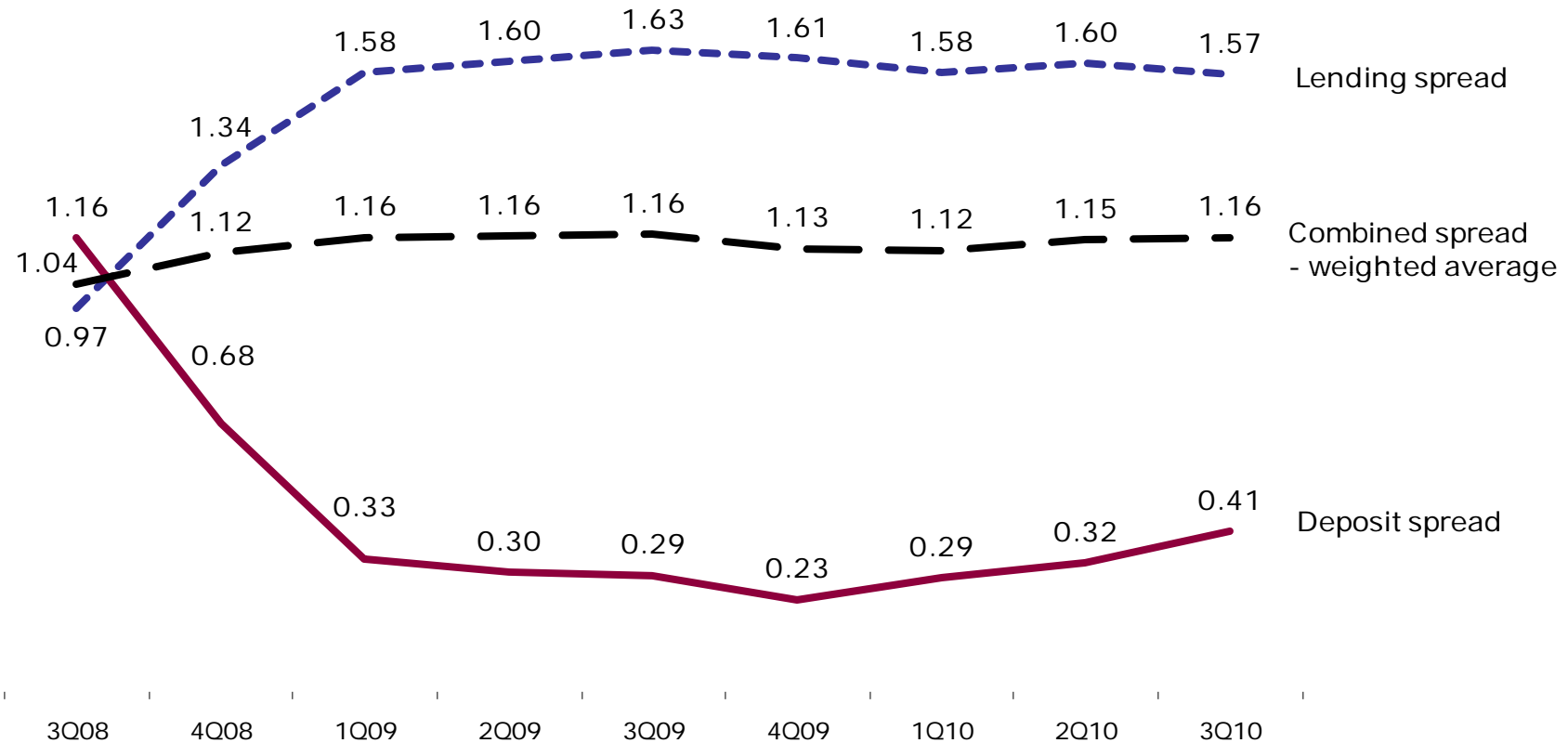


31 Dec.	31 March	30 June	30 Sept.	31 Dec.	31 March	30 June	30 Sept.	31 Dec.	31 March	30 June	30 Sept.
2007	2008			2009			2010				

— Deposits, end of period
— Deposits adjusted for exchange rate movements

Development in average interest rate spreads – DnB NOR Group ¹⁾

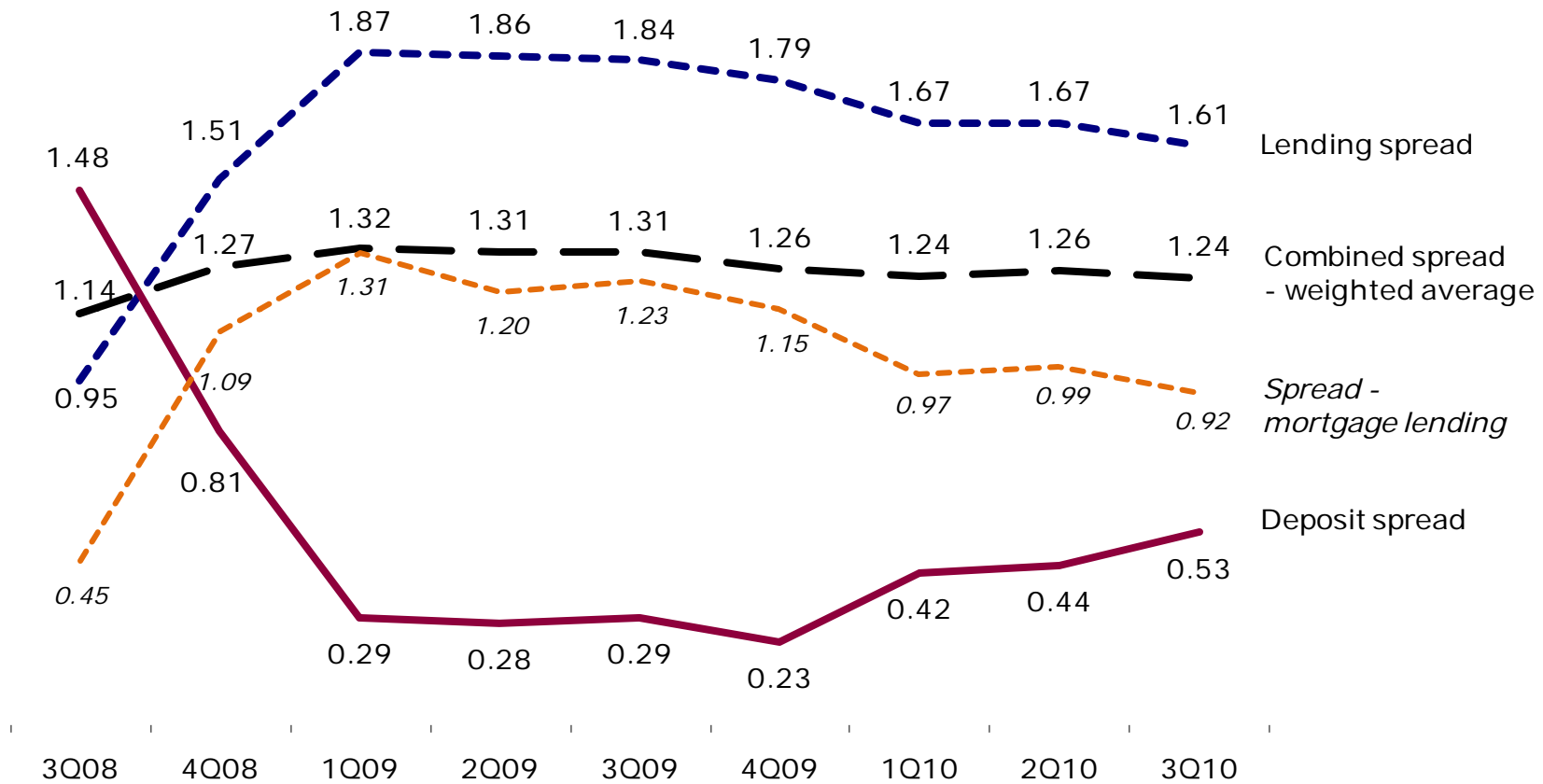
Per cent



1) Excluding lending to and deposits from credit institutions and impaired loans

Development in average interest rate spreads – Retail Banking ¹⁾

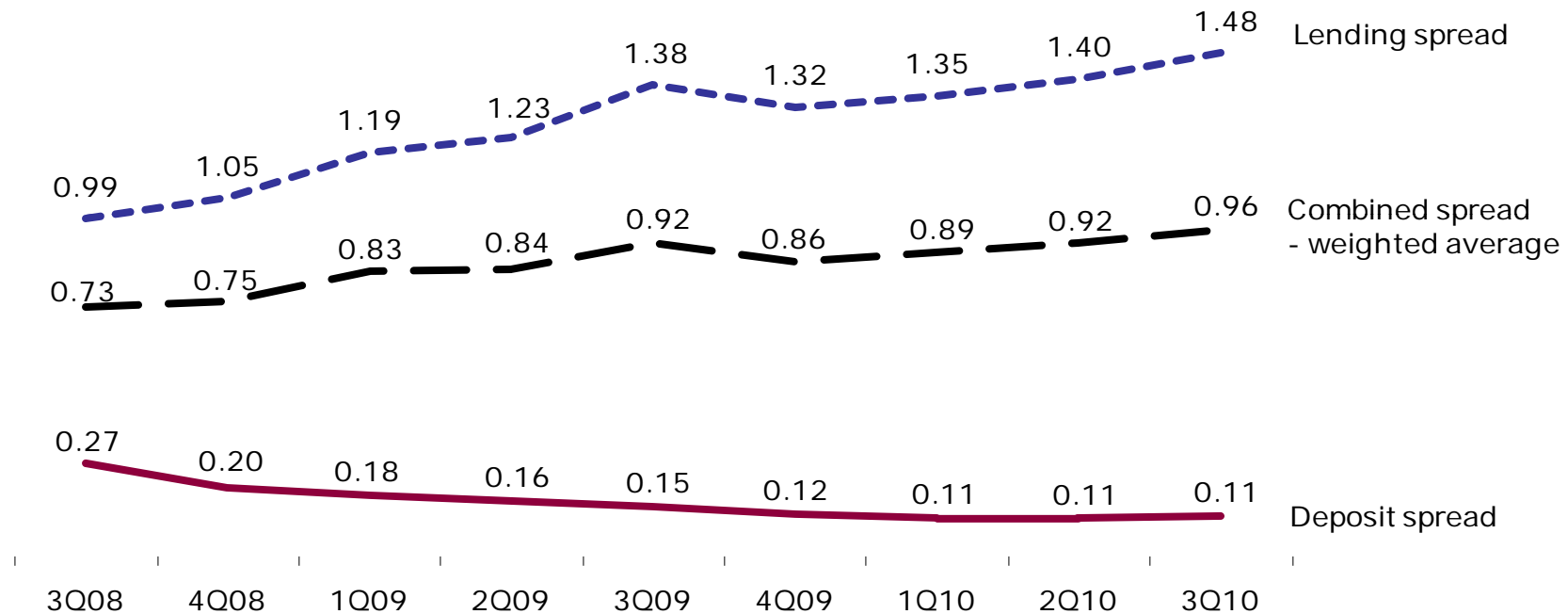
Per cent



1) Excluding impaired loans

Development in average interest rate spreads – Large Corporates and International ¹⁾

Per cent



1) Excluding lending to and deposits from credit institutions and impaired loans

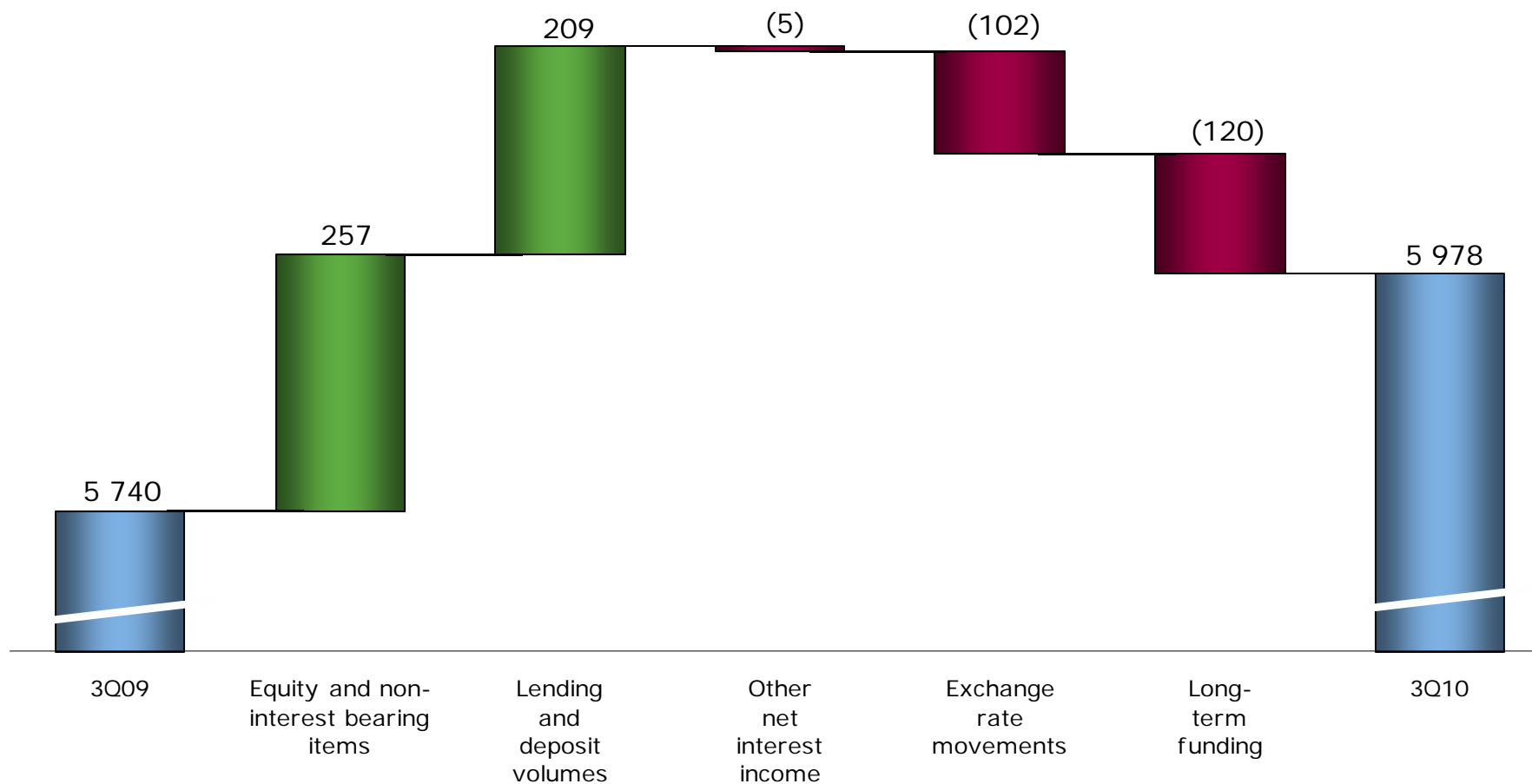
Income statement

Amounts in NOK million	3Q10	2Q10	1Q10	4Q09	3Q09	January-September	
						2010	2009
Net interest income	5 978	5 744	5 561	5 606	5 740	17 283	17 027
Net other operating income	3 315	4 795	3 493	3 160	3 951	11 603	11 834
Total income	9 294	10 538	9 054	8 766	9 691	28 886	28 862
Total operating expenses before impairment losses for goodwill and intangible assets	4 482	4 713	4 115	4 319	4 482	13 310	13 796
Impairment losses for goodwill and intangible assets	0	591	0	338	166	591	457
Pre-tax operating profit before write-downs	4 812	5 234	4 940	4 109	5 043	14 985	14 608
Net gains on fixed and intangible assets	(11)	(1)	10	19	(4)	(2)	7
Write-downs on loans and guarantees	643	878	947	1 517	2 277	2 468	6 193
Pre-tax operating profit	4 157	4 355	4 002	2 610	2 762	12 515	8 422
Taxes	1 149	1 524	1 081	1 001	1 002	3 754	3 085
Profit from operations held for sale	30	(8)	(4)	80	0	17	0
Profit for the period	3 038	2 823	2 917	1 689	1 760	8 778	5 337
Profit after minority interests	3 084	3 264	3 117	2 122	2 167	9 465	6 463

Changes in net interest income

NOK million

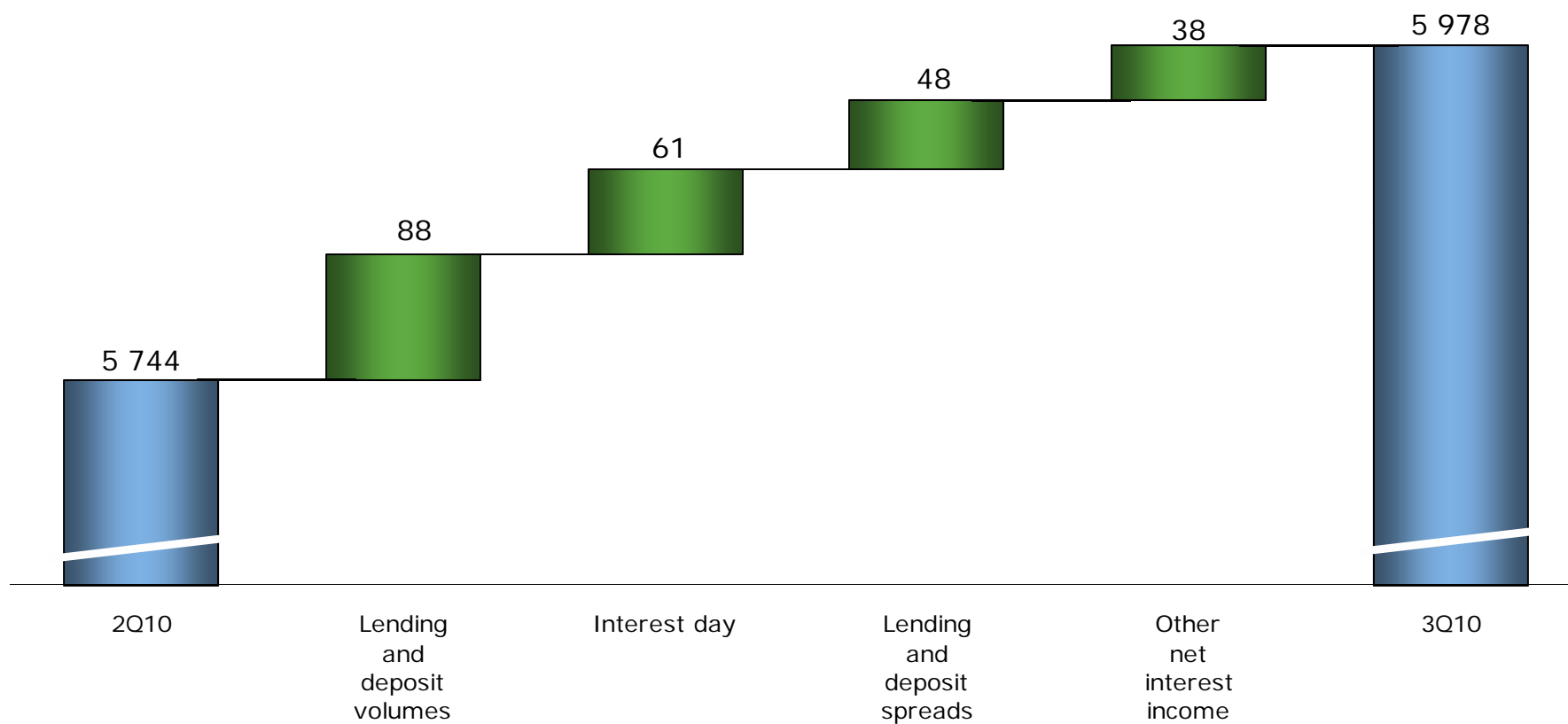
From 3rd quarter 2009 to 3rd quarter 2010



Changes in net interest income

NOK million

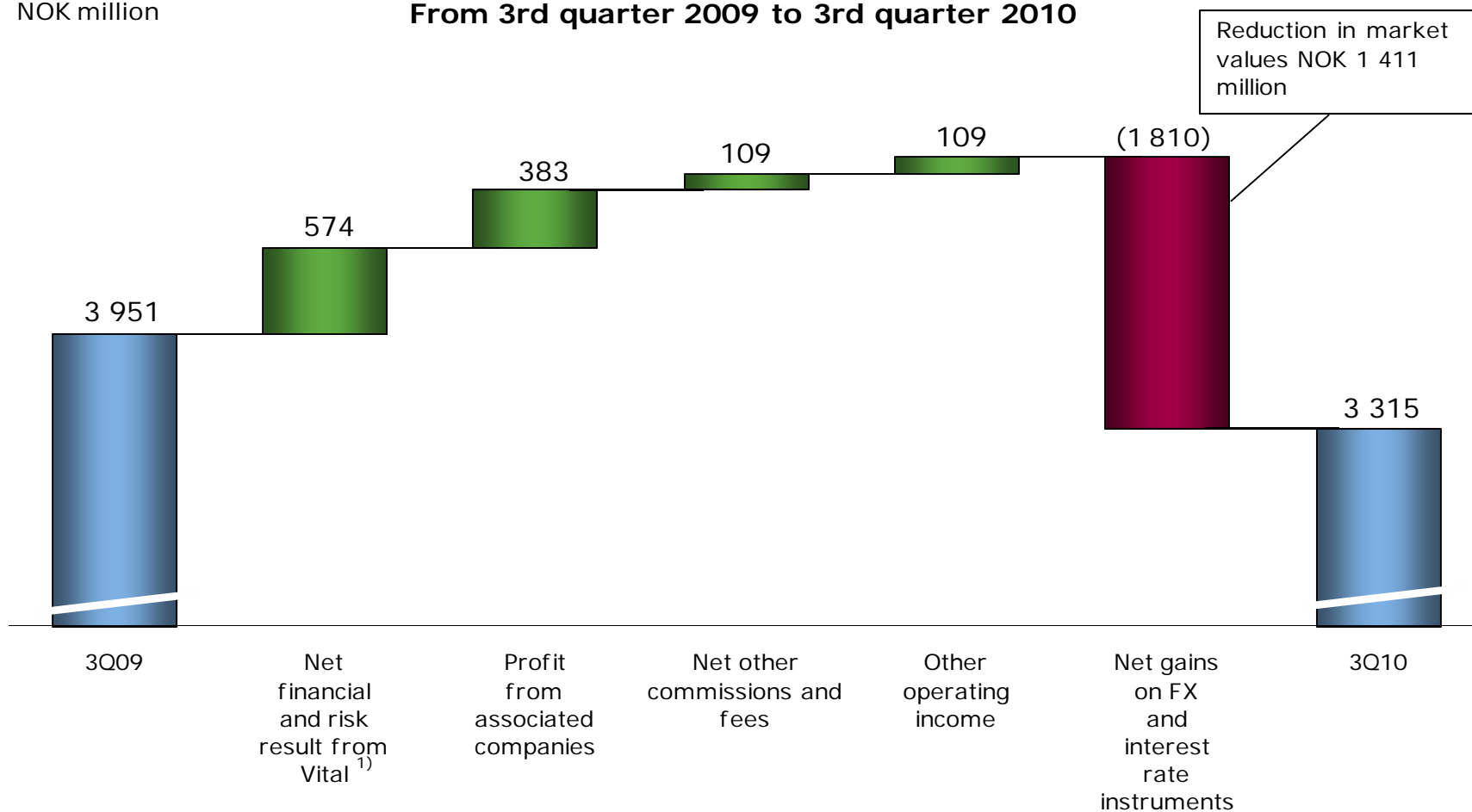
From 2nd quarter 2010 to 3rd quarter 2010



Changes in net other operating income

NOK million

From 3rd quarter 2009 to 3rd quarter 2010

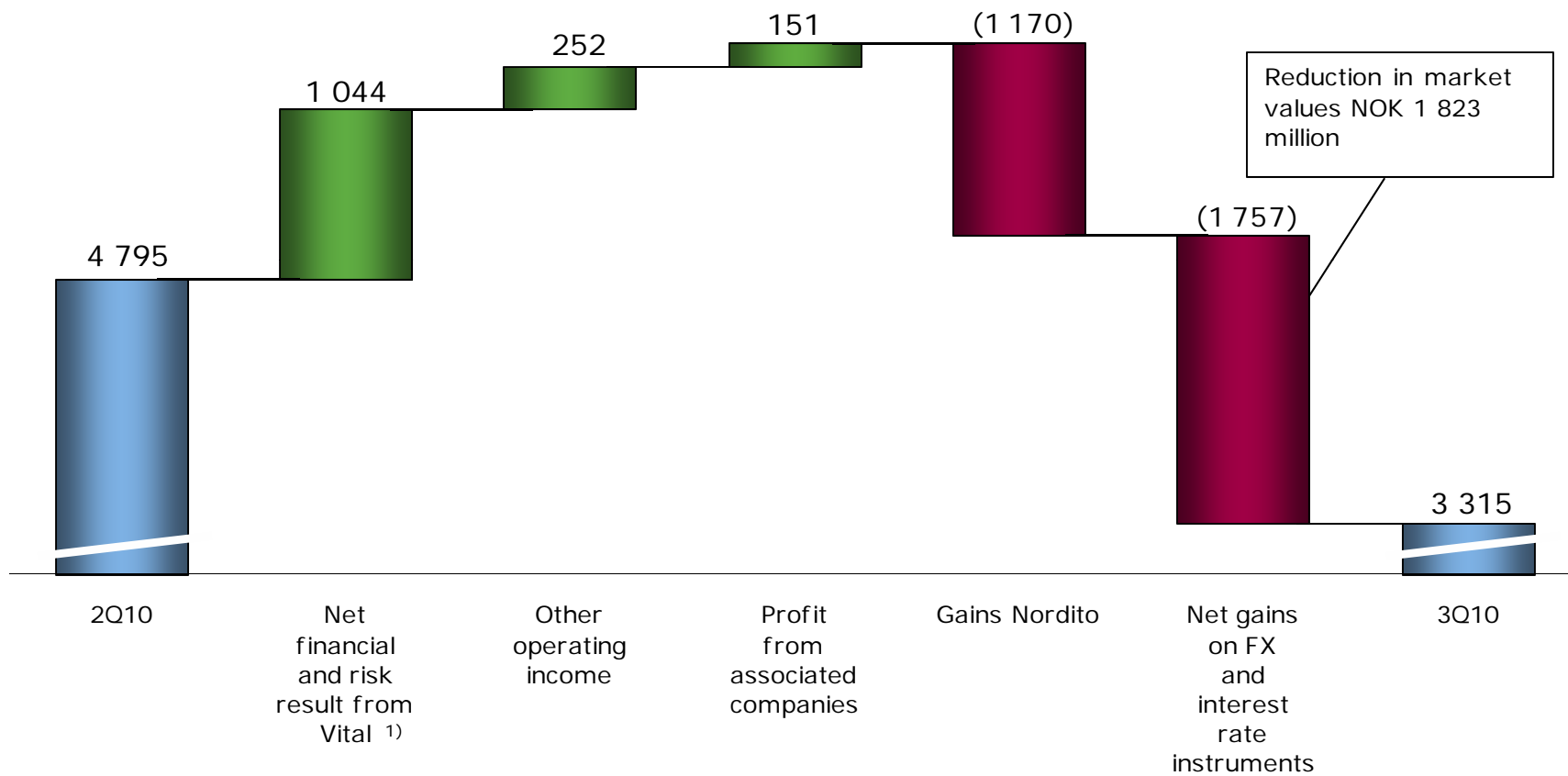


1) After guaranteed returns and allocations to policyholders

Changes in net other operating income

NOK million

From 2nd quarter 2010 to 3rd quarter 2010



1) After guaranteed returns and allocations to policyholders

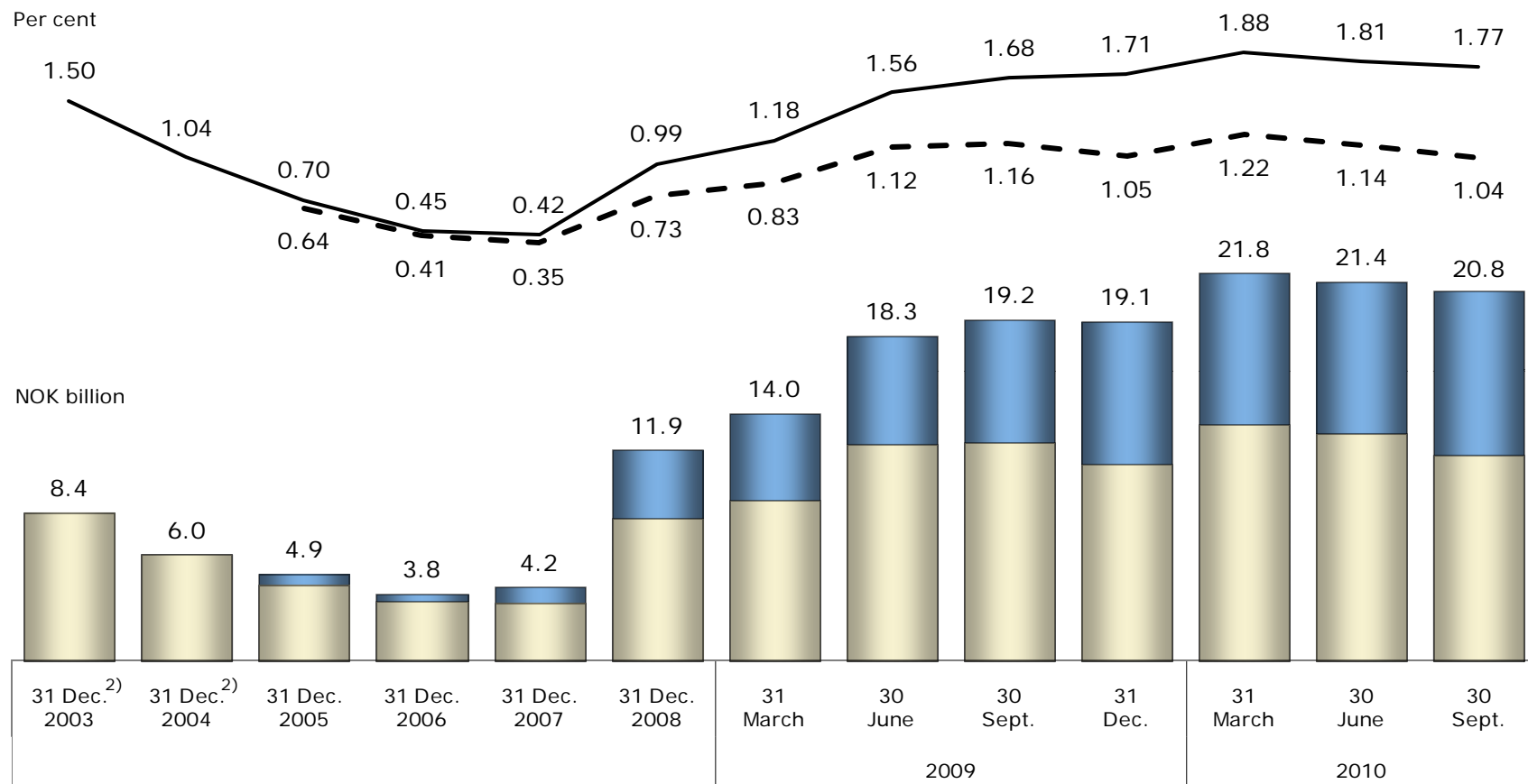
Changes in operating expenses

Amounts in NOK million	3Q10	Changes	3Q09
Total operating expenses	4 482	(166)	4 648
Cost programme		(183)	
Restructuring expenses		(29)	
Wage and price inflation		136	
IT expenses		58	
Operational leasing		40	
Impairment losses for goodwill and intangible assets		(166)	
Other operating expenses		(22)	

Changes in operating expenses

Amounts in NOK million	3Q10	Changes	2Q10
Total operating expenses	4 482	(822)	5 304
Cost programme		(33)	
Restructuring expenses		(16)	
Performance-based pay		(61)	
IT expenses		(49)	
Impairment losses for goodwill and intangible assets		(591)	
Other operating expenses		(72)	

Net non-performing and net doubtful commitments ¹⁾



1) Comprises all non-performing commitments and commitments classified as doubtful. Accumulated individual write-downs are deducted

2) Pro forma figures prior to 2005

- DnB NOR
- DnB NOR Group excl. DnB NOR
- As a percentage of net lending
- - - As a percentage of net lending excl. DnB NOR

Write-downs on loans and guarantees

Amounts in NOK million	3Q10	2Q10	1Q10	4Q09	3Q09	January-September	
						2010	2009
<i>Individual write-downs:</i>							
Retail Banking							
- Private Customer Divisions	227 ¹⁾	168	55	109	44	450	294
- SME Divisions	61	(3)	62	61	313	120	572
- DnB NOR Finans	76	84	71	158	91	231	298
- Nordlandsbanken	9	34	19	16	28	61	79
Large Corporates and International:							
- Nordic Corporates Division	0	0	(20)	(2)	31	(20)	396
- International Corporates and Institutions Division	1	(12)	13	135	(3)	1	73
- Shipping, Offshore and Logistics Division	8	47	161	55	243	216	421
- Energy Division	0	34	65	0	0	98	0
- Special and Structured Finance	0	(7)	(6)	2	0	(13)	0
- Northern Europe	66	0	33	0	9	100	48
- Other units	10	2	2	0	0	14	5
DnB NOR excl. DnB NORD	456	347	456	534	756	1 259	2 186
DnB NORD	321	653	881	768	948	1 855	2 578
Total individual write-downs	776	1 000	1 337	1 301	1 704	3 113	4 764
<i>Collective write-downs</i>							
DnB NOR excl. DnB NORD	(66)	(168)	(65)	139	480	(299)	923
DnB NORD	(67)	46	(325)	77	92	(346)	506
Total collective write-downs on loans	(134)	(122)	(390)	216	572	(645)	1 429
Write-downs on loans and guarantees	643	878	947	1 517	2 277	2 468	6 193

1) The figure for the third quarter of 2010 includes a NOK 98 million adjustment for commitments previously written down.

Write-downs in per cent of lending

Per cent	3Q10	2Q10	1Q10	4Q09	3Q09	January-September	
						2010	2009
Total write-downs in relation to average volumes (annual basis)	0.22	0.31	0.34	0.53	0.78	0.29	0.71
Of which:							
- DnB NOR excluding DnB NORD	0.14	0.07	0.15	0.25	0.46	0.12	0.39
- DnB NORD	1.62	4.46	3.43	4.40	5.03	3.17	4.78

Lending and write-downs in DnB NORD

Amounts in NOK million	Net lending as at 30 Sept. 2010	3rd quarter 2010		Full year 2009	
		Write-downs on loans and guarantees	Write-downs in per cent of net lending ¹⁾	Write-downs on loans and guarantees	Write-downs in per cent of net lending ¹⁾
Latvia	17 040	124	2.88	1 603	7.39
Lithuania	21 402	87	1.60	1 728	5.99
Estonia	2 225	3	0.42	58	1.71
The Baltic States - total	40 667	214	2.04	3 389	6.29
Poland	13 869	5	0.15	249	2.25
Other	8 033	34	1.65	291	1.55
DnB NORD total	62 569	253	1.62	3 929	4.69

1) Individual and collective write-downs, relative to average volumes (annual basis)

Balance sheets

Amounts in NOK billion	DnB NOR Group			DnB NOR Bank ASA		
	30 Sept. 2010	31 Dec. 2009	30 Sept. 2009	30 Sept. 2010	31 Dec. 2009	30 Sept. 2009
Net lending to customers ¹⁾	1 152	1 115	1 133	665	627	667
Other assets	711	709	716	774	845	835
Total assets	1 863	1 823	1 849	1 439	1 472	1 502
Deposits from customers ²⁾	607	591	595	592	581	570
Short-term debt securities issued	175	168	171	175	168	171
Long-term debt securities issued	358	326	350	198	230	255
Other liabilities and provisions	616	638	647	392	420	430
Equity	107	101	86	81	72	75
Total liabilities and equity	1 863	1 823	1 849	1 439	1 472	1 502
Ratio of deposits to net lending (%)	52.6	53.0	52.5	89.1	92.7	85.5
Total combined assets	2 134	2 076	2 094	1 439	1 472	1 502
1) Currency-adjusted lending	1 156	1 123		664	630	
2) Currency-adjusted deposits	606	591		593	582	

Stable access to long-term funding

– longer maturities at competitive prices

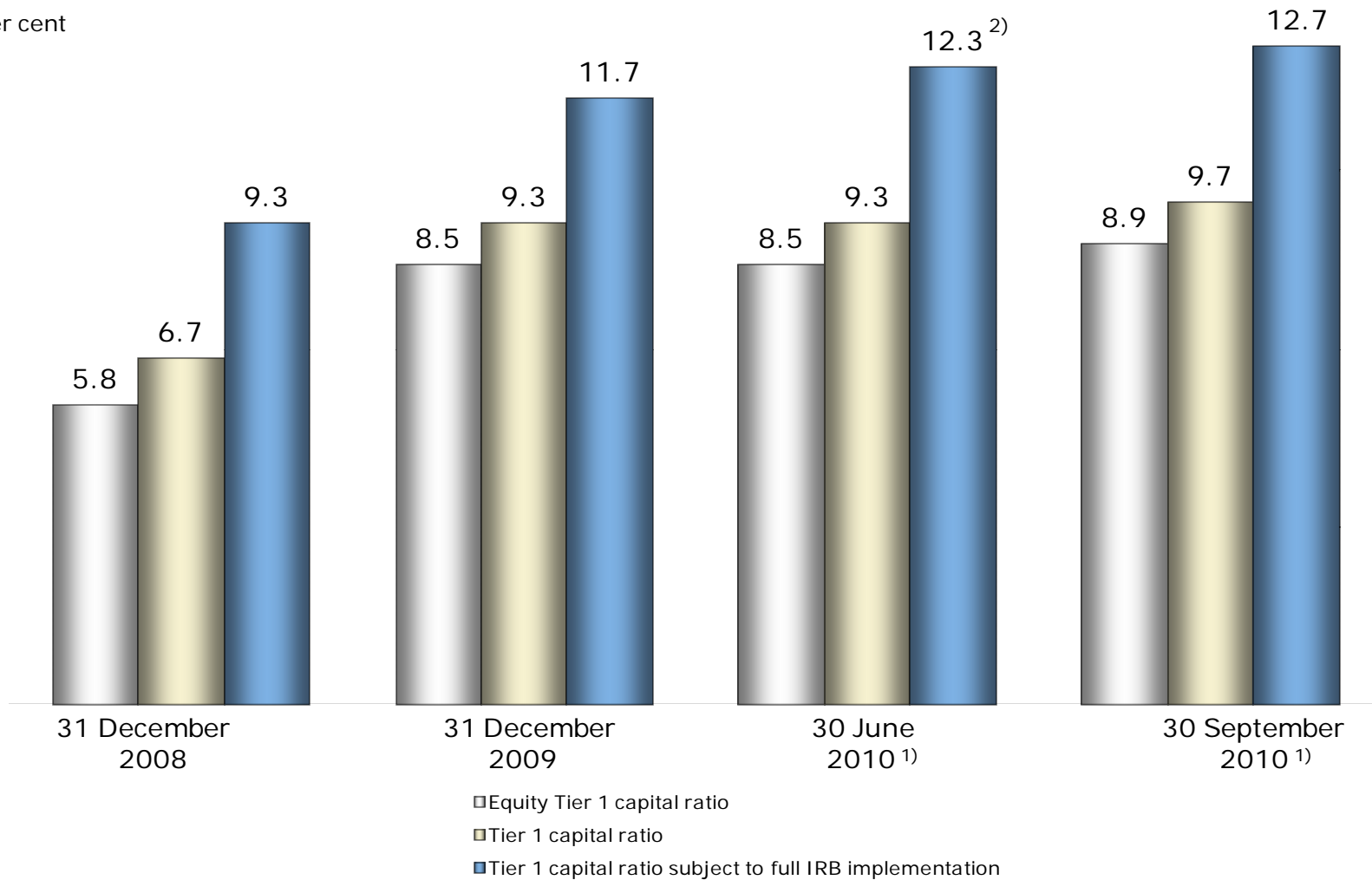
2010		NOK billion	Maturity	Spread (3-month Euribor)
	Covered bonds	76.8	7.0	
Senior bonds	27.0	7.3		
Total	103.8	7.1		59bp

2009		NOK billion	Maturity	Spread (3-month Euribor)
	Covered bonds	101.1	5.1	
Senior bonds	38.0	4.6		
Total	139.1	4.9		50bp

2008		NOK billion	Maturity	Spread (3-month Euribor)
	Covered bonds	86.6	4.9	
Senior bonds	100.5	3.7		
Total	187.2	4.3		46bp

Tier 1 capital ratio

Per cent



1) Including 50 per cent of profit for the period

2) The estimate is recalculated from 11.9 per cent

DnB NOR – process

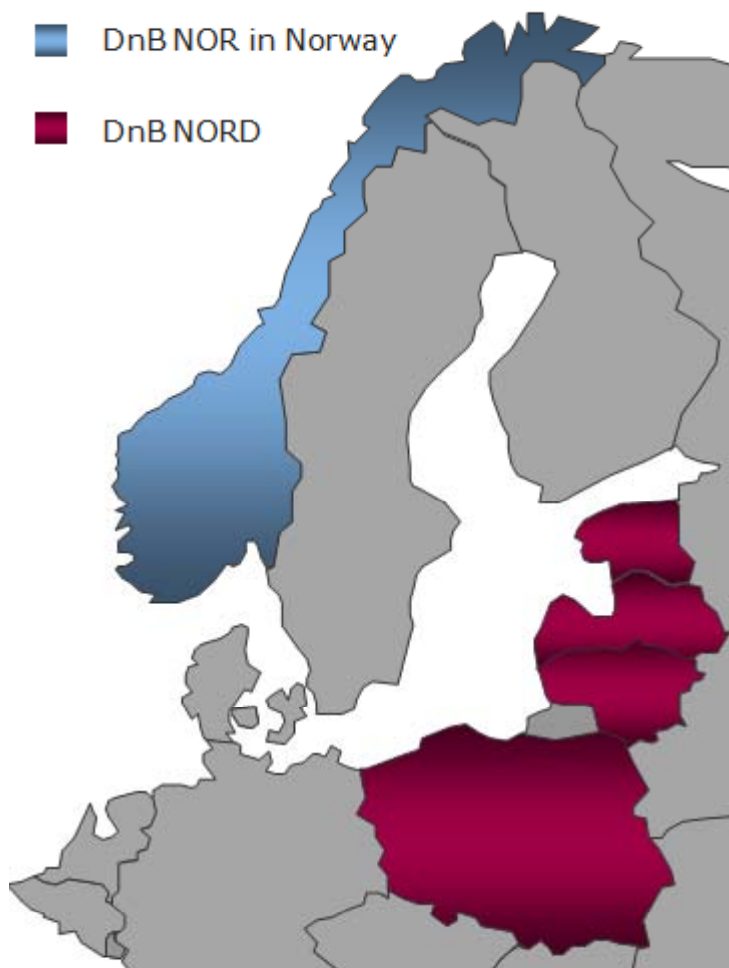
On 2 August DnB NOR notified NORDB/LB that it would exercise its option to acquire all the shares in DnB NOR

The parties have negotiated and agreed on the price

Operations in DnB NOR are expected to be profitable within a few years

DnB NOR will be a well capitalised and dedicated owner

DnB NOR – transaction details



DnB NOR will pay EUR 160 million for 49 per cent of the shares in DnB NORD

DnB NORD has 155 branch offices in four countries and headquarter in Denmark

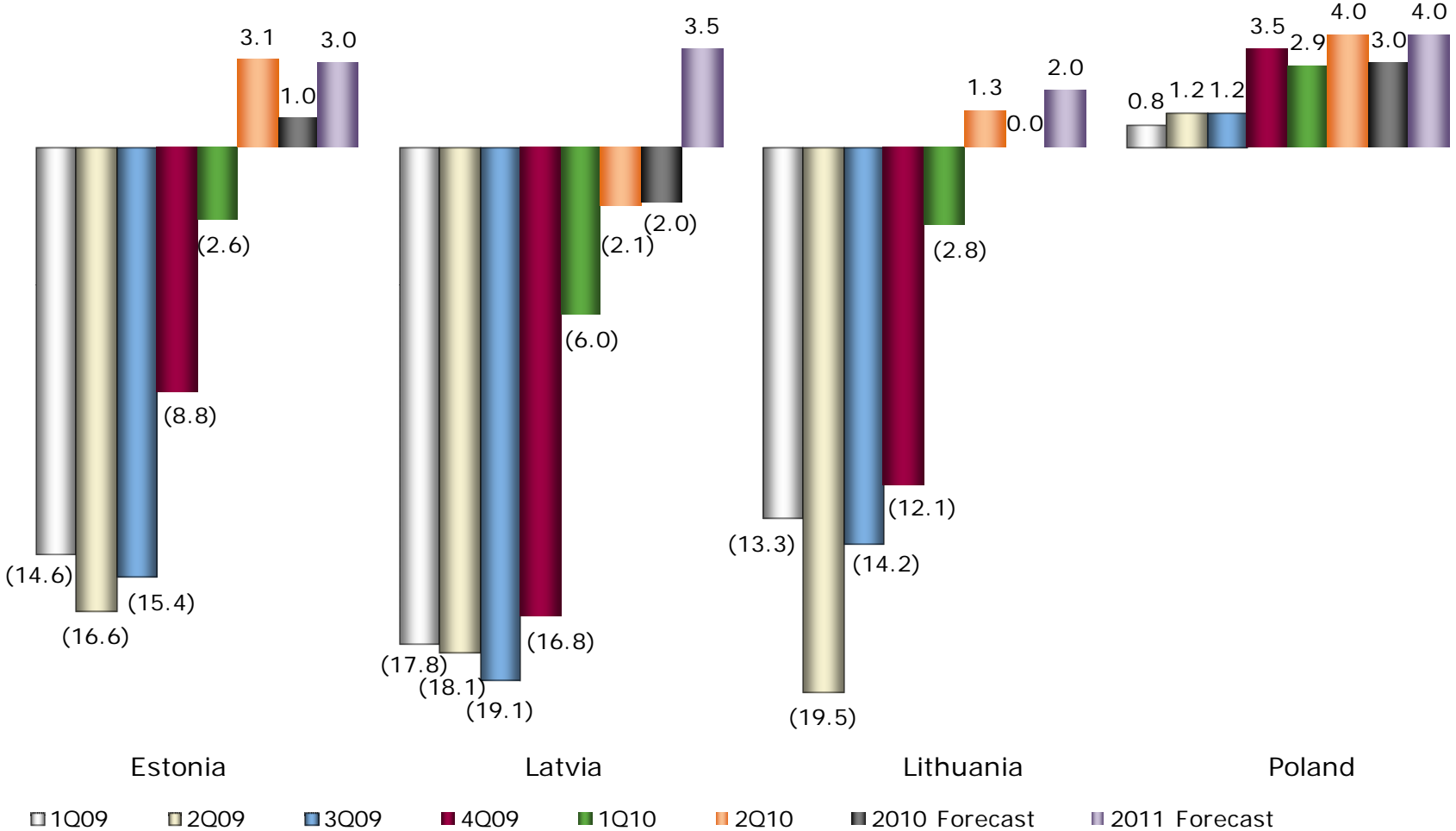
DnB NORD is the third largest bank in Lithuania and number four in Latvia, in terms of total assets

In Estonia, the bank is number five in terms of total lending, whereas in Poland, DnB NORD is a relatively small market participant

A lending balance of EUR 7.8 billion

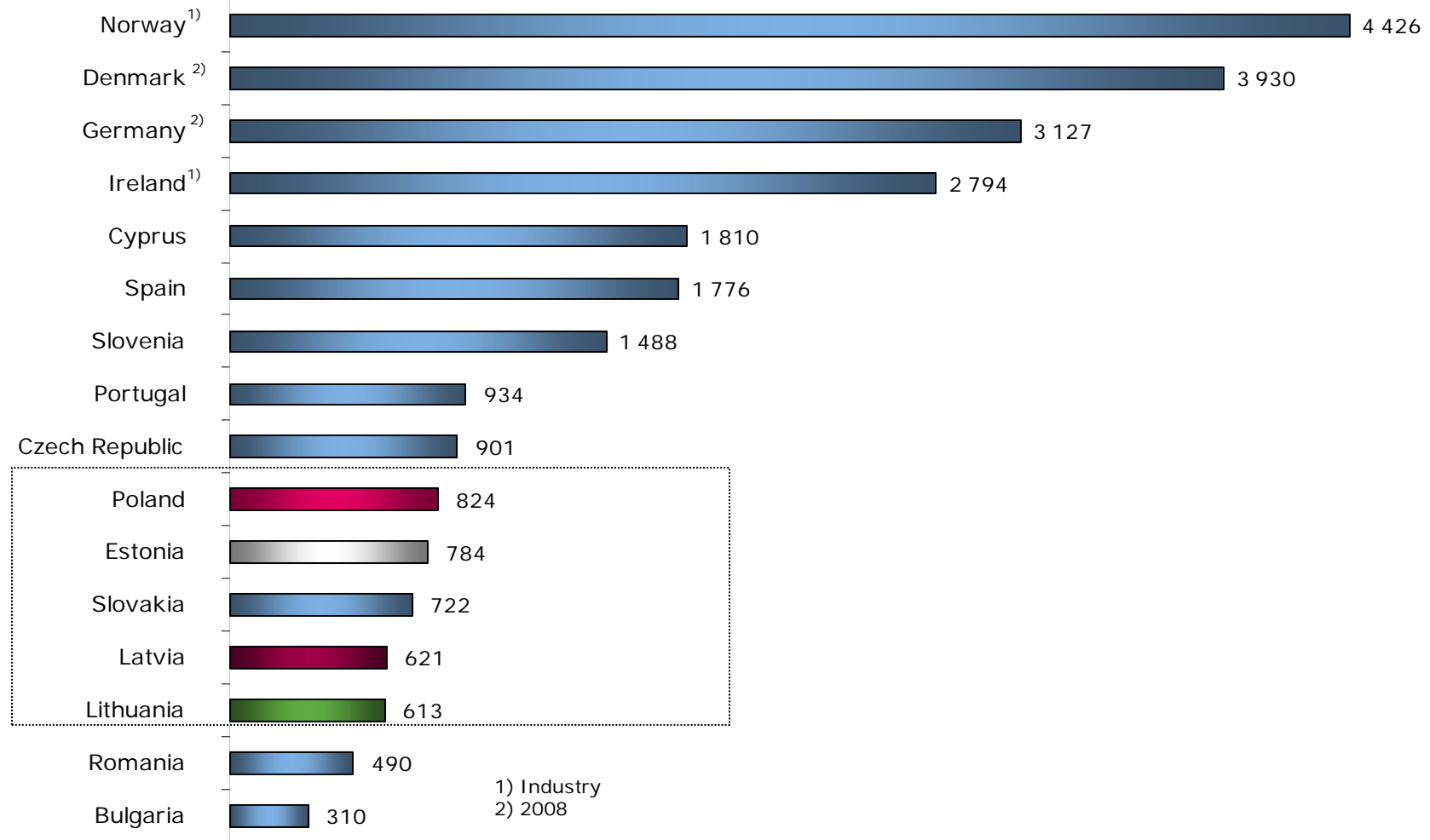
Economic recovery in DnB NORD's market areas is on its way

Annual change in GDP, per cent

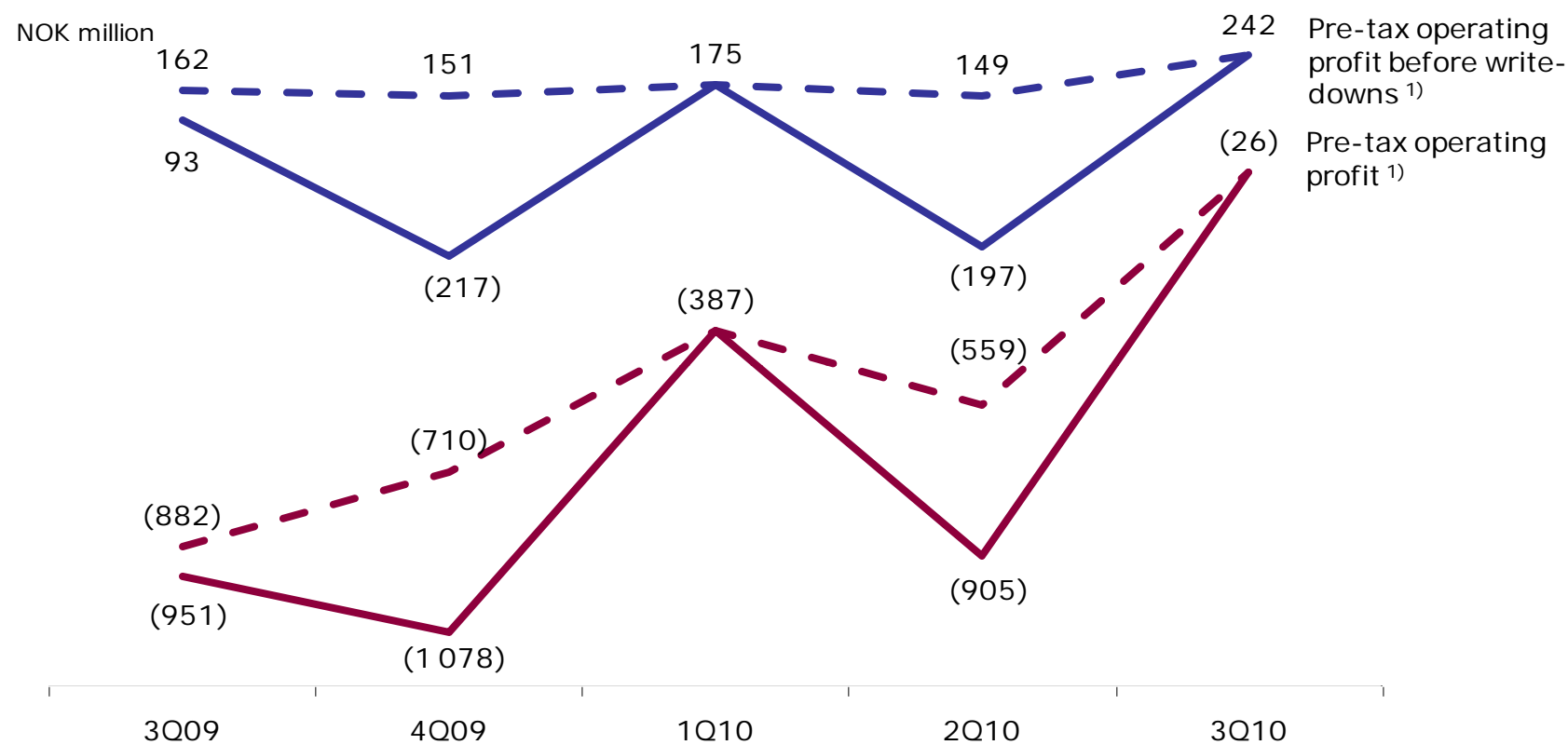


Low labour costs raise competitiveness

Average gross monthly earnings in 2009, EUR



DnB NOR – positive profit trend



1) The broken line is adjusted for impairment losses for goodwill and intangible assets. The continuous line represents recorded profits.

DnB NORD – key figures and consequences for DnB NOR

DnB NORD is already fully consolidated in the DnB NOR Group and an acquisition will have no immediate effect on the income statements and balance sheets

The acquisition of the remaining 49 per cent entails that the price/book value will be 0.6

After the transaction, DnB NORD will be valued at approximately NOK 3.5 billion in DnB NOR's balance sheet

The acquisition will strengthen the shareholders' share of equity, valued at just under NOK 0.7 billion

The effect on the Tier 1 capital ratio will be limited, approximately -0.12 percentage points

Macroeconomic outlook

Upturn in the global economy, but unemployment levels remain high.
Still large differences between countries and regions

Clear signs of growth in the Baltic region, primarily driven by strong export trend

Norwegian exports and manufacturing industry highly dependent on commodity prices

Fiscal policy has ensured high levels of activity in the public sector and stimulated activity in large parts of the private sector

Outlook for DnB NOR

Retail Banking

Stable and healthy earnings, pressure on spreads

Large Corporates and International

Growth in important sectors, positive development in spreads

DnB NOR Markets

Well positioned, increasing activity from a relatively low level

Insurance and Asset Management

Positive short-term outlook, high volatility, expecting rising long-term interest rate levels

DnB NORD

Market improvement, reduced write-downs on loans and guarantees

DnB NOR's financial targets

NOK 20 billion in pre-tax operating profit before write-downs in 2010
still within reach

Write-downs on loans in 2010
well within previous estimates



DnB NOR