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Profits of NOK 2.85 billion and healthy trend in the business areas

DnB NOR recorded a profit of NOK 2 851 million in the first quarter of 2011, which is about the same as in the first quarter of 2010. There were sound underlying operations and a healthy profit trend in all business areas.

"The Group delivered a sound profit performance in the first quarter of the year, in spite of negative effects of changes in market values and non-recurring items. All of our business areas delivered better operating profits than in the first quarter of 2010, and the level of write-downs remains low", says Rune Bjerke, group chief executive.

The Group recorded a rise in income of NOK 431 million or 4.8 per cent from the first quarter of 2010. Excluding changes in mark-to-market adjustments of liabilities and associated instruments, the increase in income was approximately NOK 1 billion.

Write-downs on loans and guarantees totalled NOK 892 million for the quarter, down NOK 55 million from the first quarter of 2010. There is a general trend towards a lower write-down level, and write-downs in the first quarter mainly related to a limited number of commitments.

Profits in the Baltic region and Poland

DnB NOR acquired all shares in the bank DnB NORD in December 2010. For the first time in a long while, the operations in the Baltic States and Poland show a small profit of NOK 26 million.

"The macroeconomic situation in the Baltic States and developments in our own operations in this region improved significantly. Write-downs on loans in the Baltic States and Poland were reduced by more than NOK 180 million from the first quarter of 2010, and we expect this positive trend to continue through 2011," says Bjerke. Write-downs for the entire DnB NORD operation declined by more than NOK 340 million.

DnB NORD is in the process of being further integrated into DnB NOR, and operations at the head office in Copenhagen are being wound up.

Rise in lending volumes

Average lending volumes, adjusted for exchange rate movements, rose by 6.4 per cent from the year-earlier period. Lending spreads widened by 0.04 percentage points from the first quarter of 2010, while deposit spreads remained stable.

"According to our estimates, lending growth will be between 5 and 7 per cent in 2011, and the increase in lending during the first three months of the year is in line with these estimates. Due to higher levels of activity in the market, we anticipate balanced growth and a continued positive trend in all of the Group's business areas in 2011," says Bjerke.

DnB NOR will present updated financial target figures at its Capital Markets Day on 15 June 2011.

Key figures for the first quarter of 2011

- Pre-tax operating profits before write-downs were NOK 4.7 billion (4.9)
- Profit for the period was NOK 2.9 billion (2.9)
- Earnings per share were NOK 1.76 (1.92)
- Return on equity was 10.3 per cent (12.5)
- The ordinary cost/income ratio was 50.5 per cent (49.5)

Comparable figures for the first quarter of 2010 in parentheses.

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The quarterly report, presentation and Supplementary Information for Investors and Analysts can be downloaded from www.dnbnor.no