

Strong performance

DnB NOR achieved a profit of NOK 3 546 million in the second quarter of 2011, an increase of NOK 723 million from the second quarter of 2010.

"We are very pleased with these profit figures. This is our second best quarterly performance since the financial crisis, surpassed only by the particularly healthy profits recorded in the fourth quarter of 2010. Rising interest rate levels and low write-downs had a positive impact on the quarter, though there is still intense competition for both loans and deposits in the Norwegian market," says Rune Bjerke, group chief executive.

DnB NOR is in the process of reversing the falling trend in its market shares of lending. There was a NOK 47.5 billion increase in lending volumes from end-June 2010. Lending spreads contracted by 0.05 percentage points from the second quarter of 2010, while deposit spreads remained relatively unchanged.

Write-downs remain low

There was a generally low level of write-downs in the second quarter, with a further reduction in write-downs in DnB NOR. Write-downs on loans and guarantees totalled NOK 457 million for the quarter, down NOK 421 million from the second quarter of 2010.

"The low level of write-downs once again demonstrates the sound quality of our loan portfolio. In addition, the Norwegian economy is generally in good shape. There is a continued decline in the level of individual write-downs, which is lower than normalised losses for the Group as a whole," says Bjerke.

Individual write-downs in DnB NOR were reduced by close to 72 per cent, from NOK 653 million in the second quarter of 2010 to NOK 184 million in the corresponding period in 2011.

Good first half year

DnB NOR recorded a profit of NOK 6 397 million in the first half of 2011, an increase from NOK 5 740 million in the first half of 2010.

There was a NOK 47.5 billion increase in lending from end-June 2010. Lending spreads were stable measured against the 3-month money market rate. Net interest income increased by NOK 761 million during the period, mainly due to rising volumes.

Further growth expected

"Norway is doing well, with low unemployment and strong growth, both in GDP and in the population. This provides a sound basis for our growth ambitions, as we are influenced by increased investment willingness among our customers. In the personal customer market, intense competition and pressure on home mortgage margins will continue," says Bjerke.

DnB NOR anticipates rising growth both in Norway and internationally over the next six months and expects greater financial market activity to compensate for pressure on margins and ensure a continued high level of income in DnB NOR Markets. In the longer term, it is expected that growth in the Baltic States will again surpass average European levels.

Key figures for the second quarter of 2011

- Pre-tax operating profits before write-downs were NOK 5.1 billion (5.2)
- Profit for the period was NOK 3.5 billion (2.8)
- Earnings per share were NOK 2.18 (2.01)
- Return on equity was 12.6 per cent (12.8)

- The ordinary cost/income ratio was 49.2 per cent (50.3)

Comparable figures for the second 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