



# Results DnB NOR Group First half and second quarter

## 2011

Rune Bjerke (CEO)

Bjørn Erik Næss (CFO)



# 2

# First half and second quarter 2011

---

**Rise in profits - both in second quarter and first half**

**Enhanced profitability in all business areas**

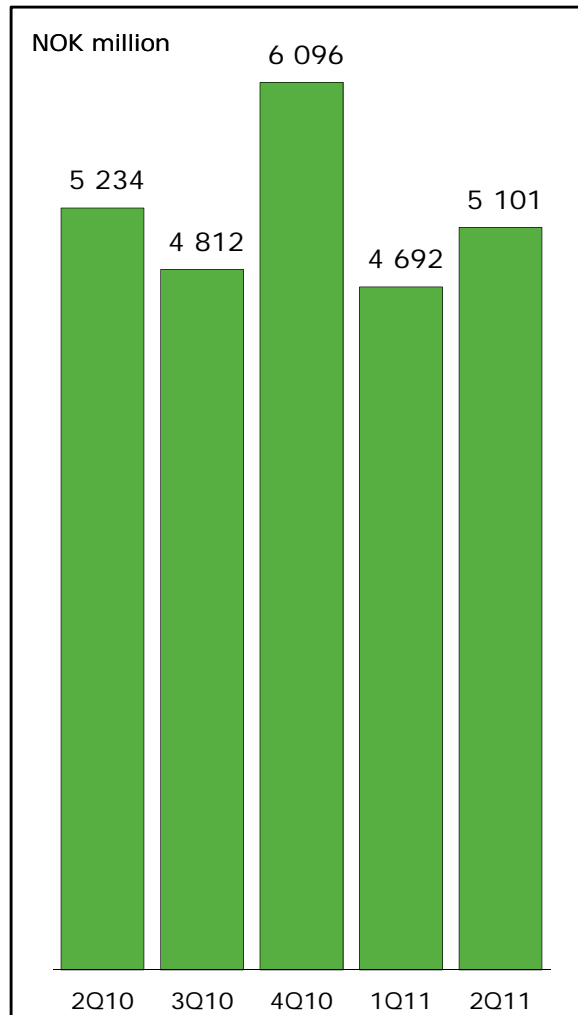
**Volume growth compensates for a decline in spreads**

**High activity levels affect commission income and operating expenses**

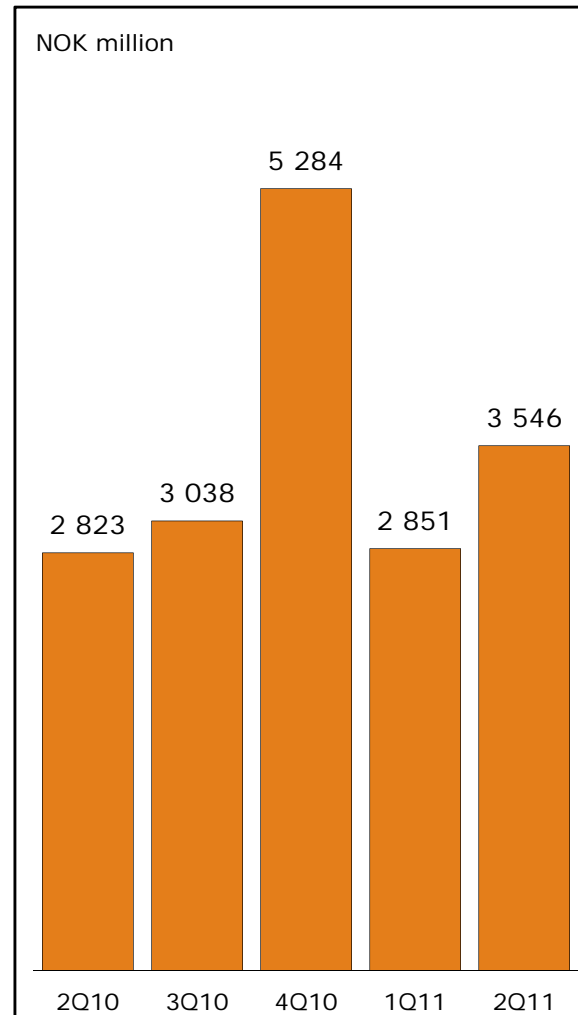
**Significantly reduced write-downs on loans**

# Profit per quarter

## Pre-tax operating profit before write-downs



## Profit for the period



### Second quarter 2011

- No material MTM adjustments

### Second quarter 2010

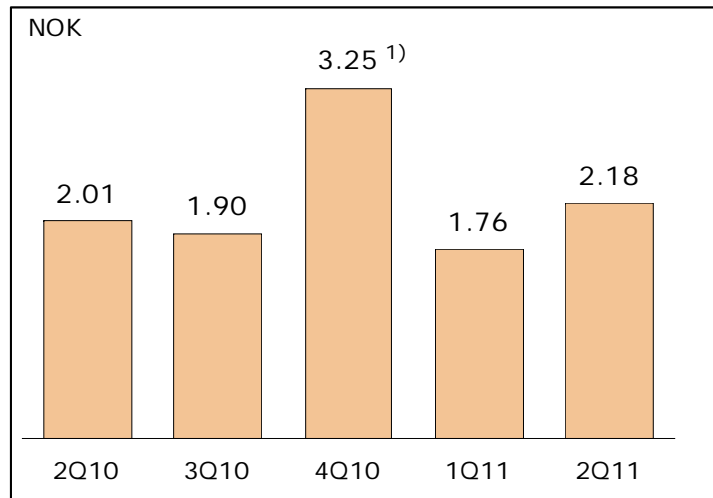
- Net non-recurring items of NOK 1.2 billion

### Positive underlying trend

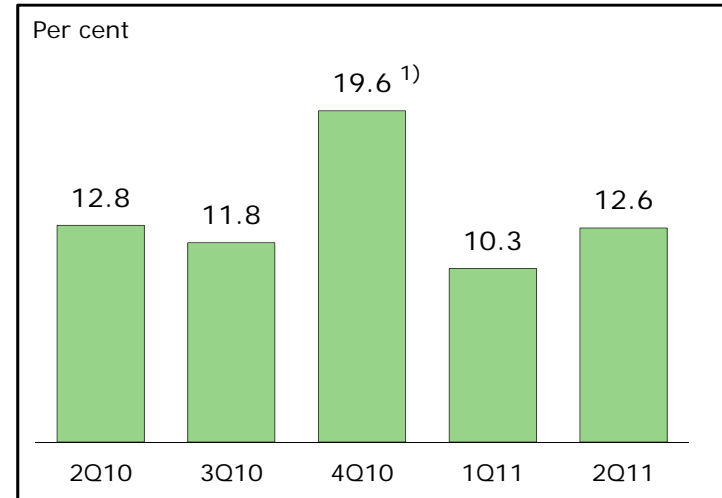
- Higher interest income
- Reduced write-downs
- Reduced tax charge

# Key figures per quarter

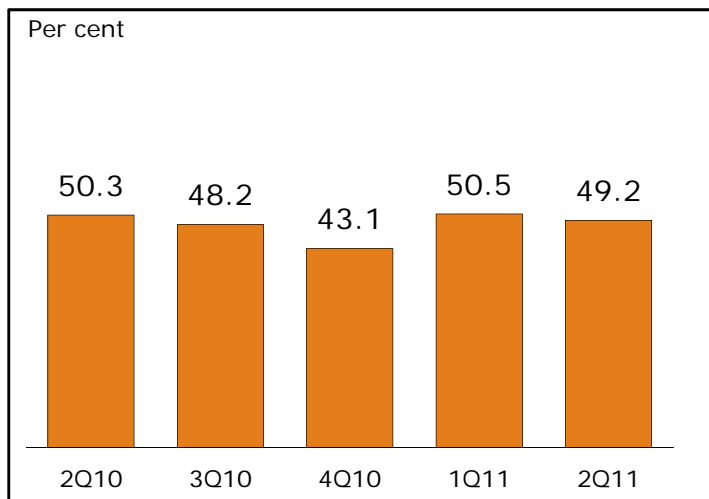
## Earnings per share



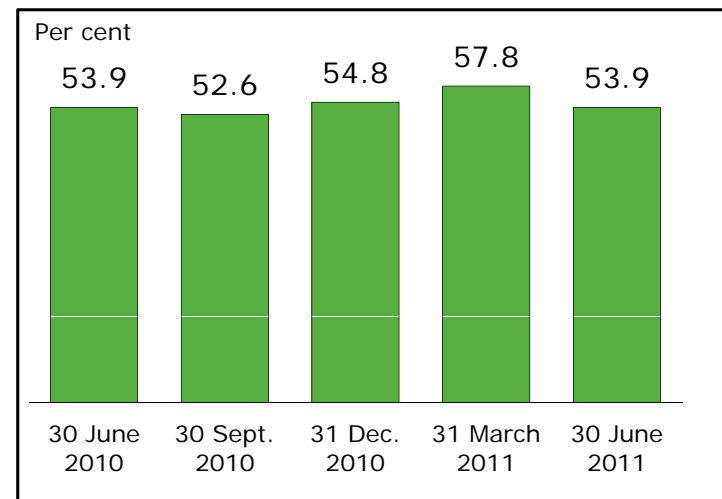
## Return on equity



## Cost/income ratio



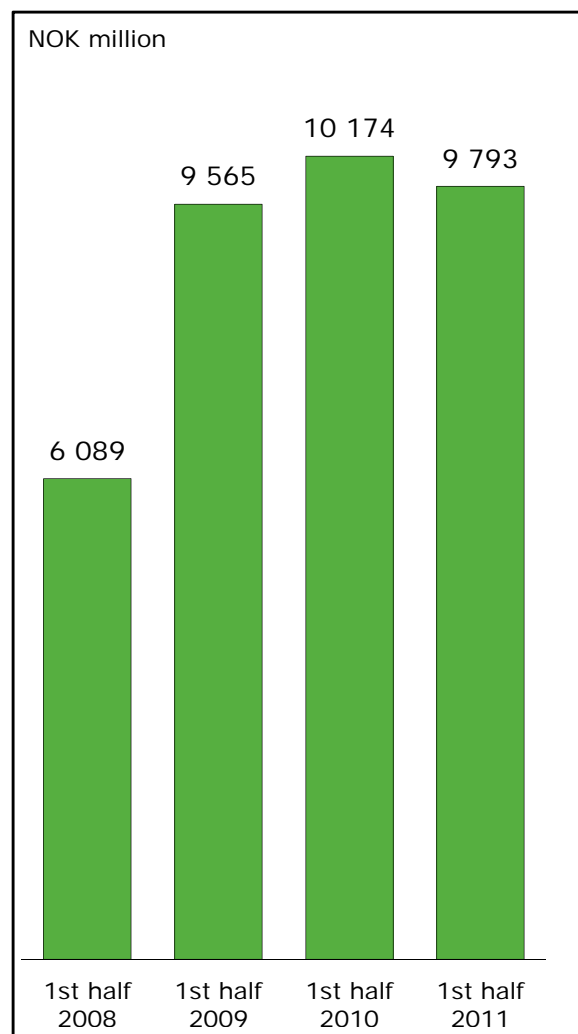
## Ratio of deposits to lending



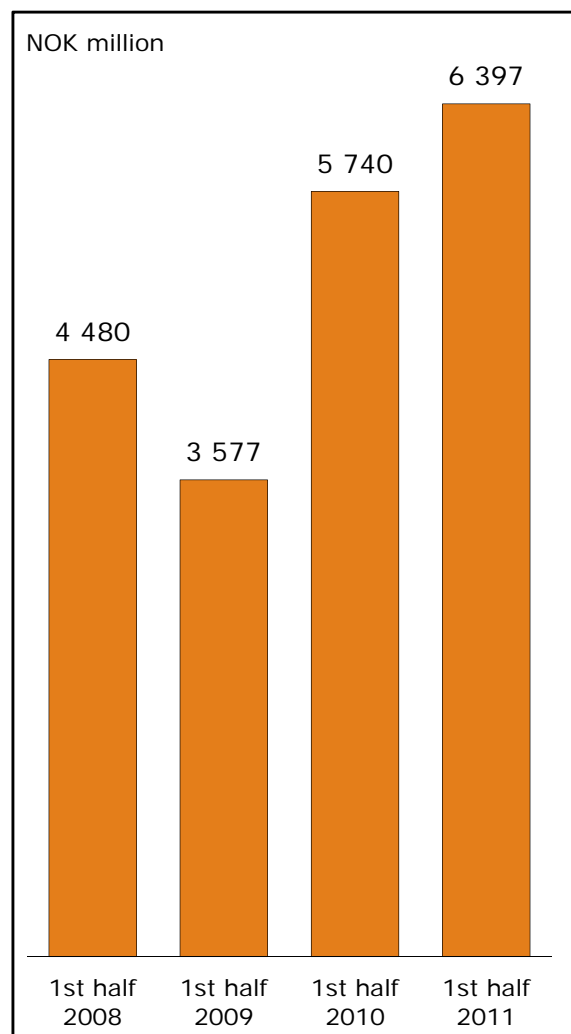
1) Based on profit for the period without adjustment for minority interests due to the purchase of the remaining shares in DnB NORD

# Profit for the first half

## Pre-tax operating profit before write-downs



## Profit for the period



### First half 2011:

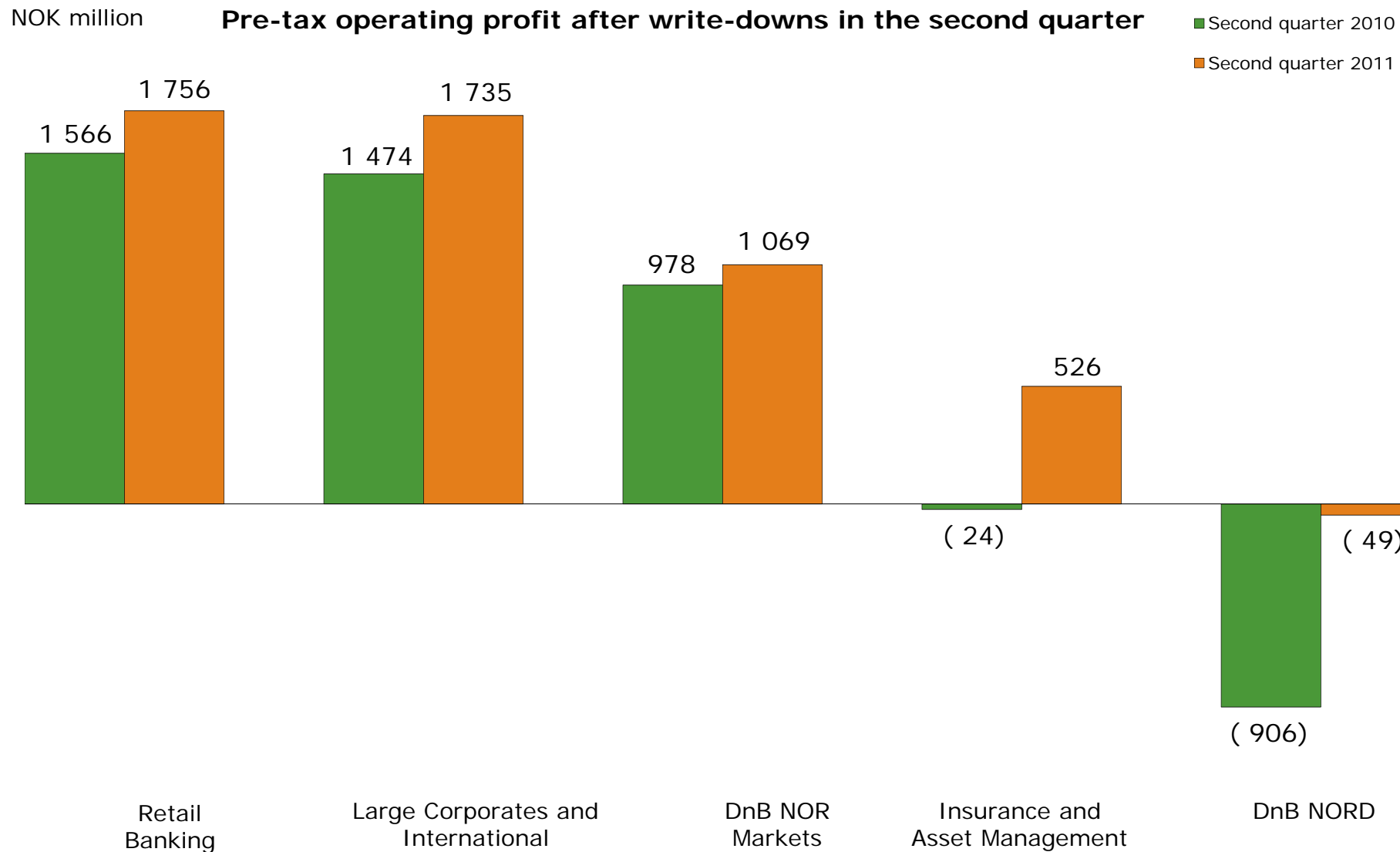
- Negative MTM adjustments of NOK 0.5 billion

### First half 2010:

- Net positive non-recurring items of NOK 1.6 billion

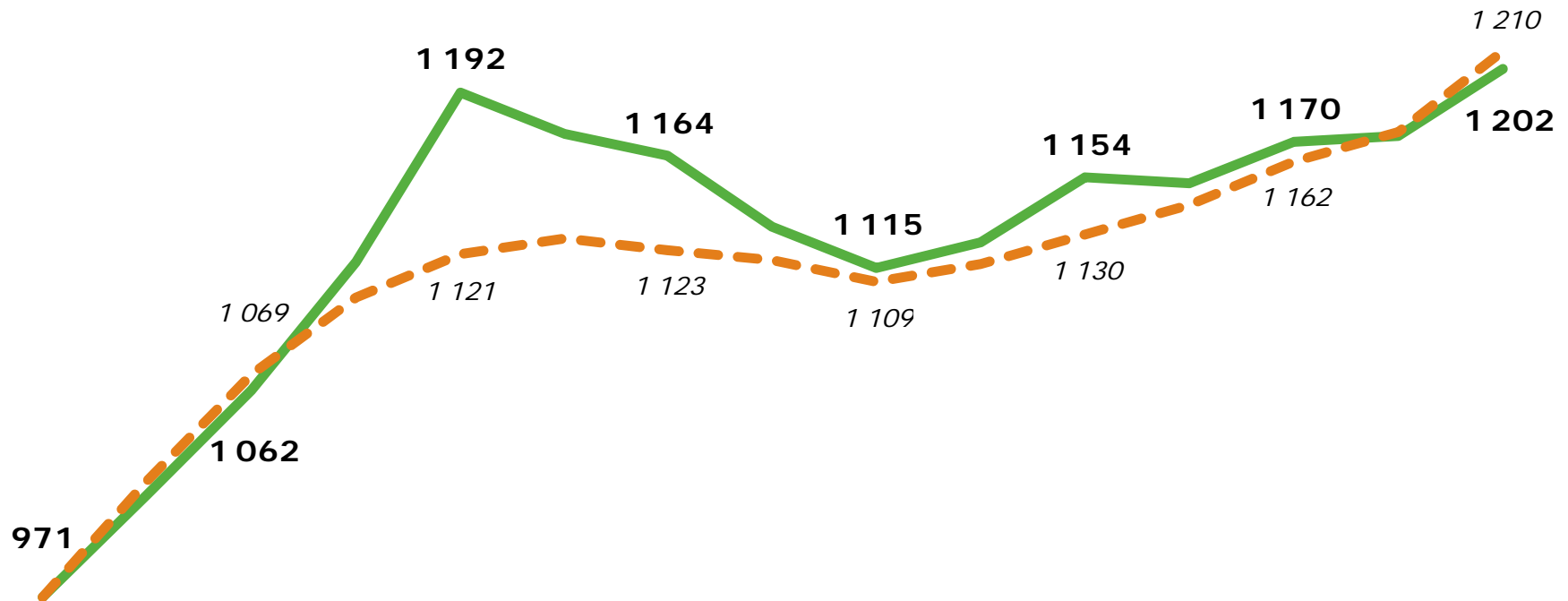
**Adjusted increase in pre-tax operating profit before write-downs was NOK 1.7 billion or 19.9 per cent**

# Business areas



# Development in lending

NOK billion

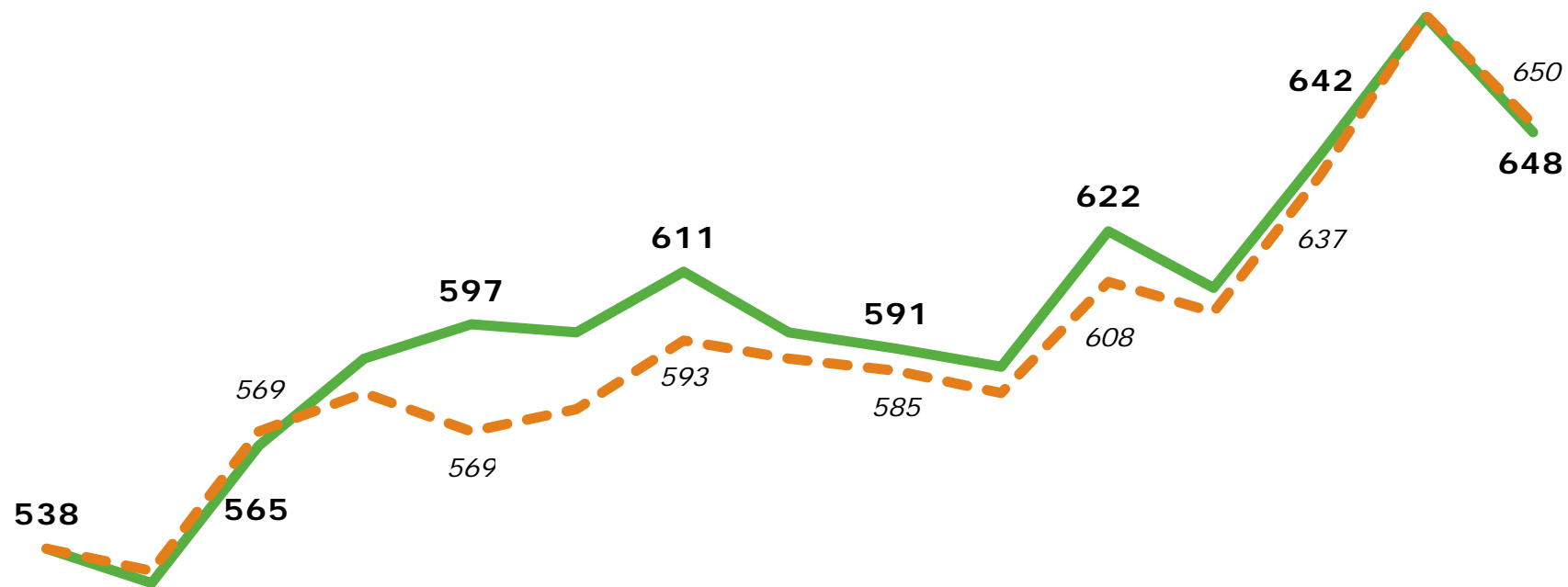


31	31	30	30	31	31	30	30	31	31	30	30	31	31	30
Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June
2007	2008			2009			2010			2011				

- Lending at end of period
- - - Lending, adjusted for exchange rate movements

# Development in deposits

NOK billion



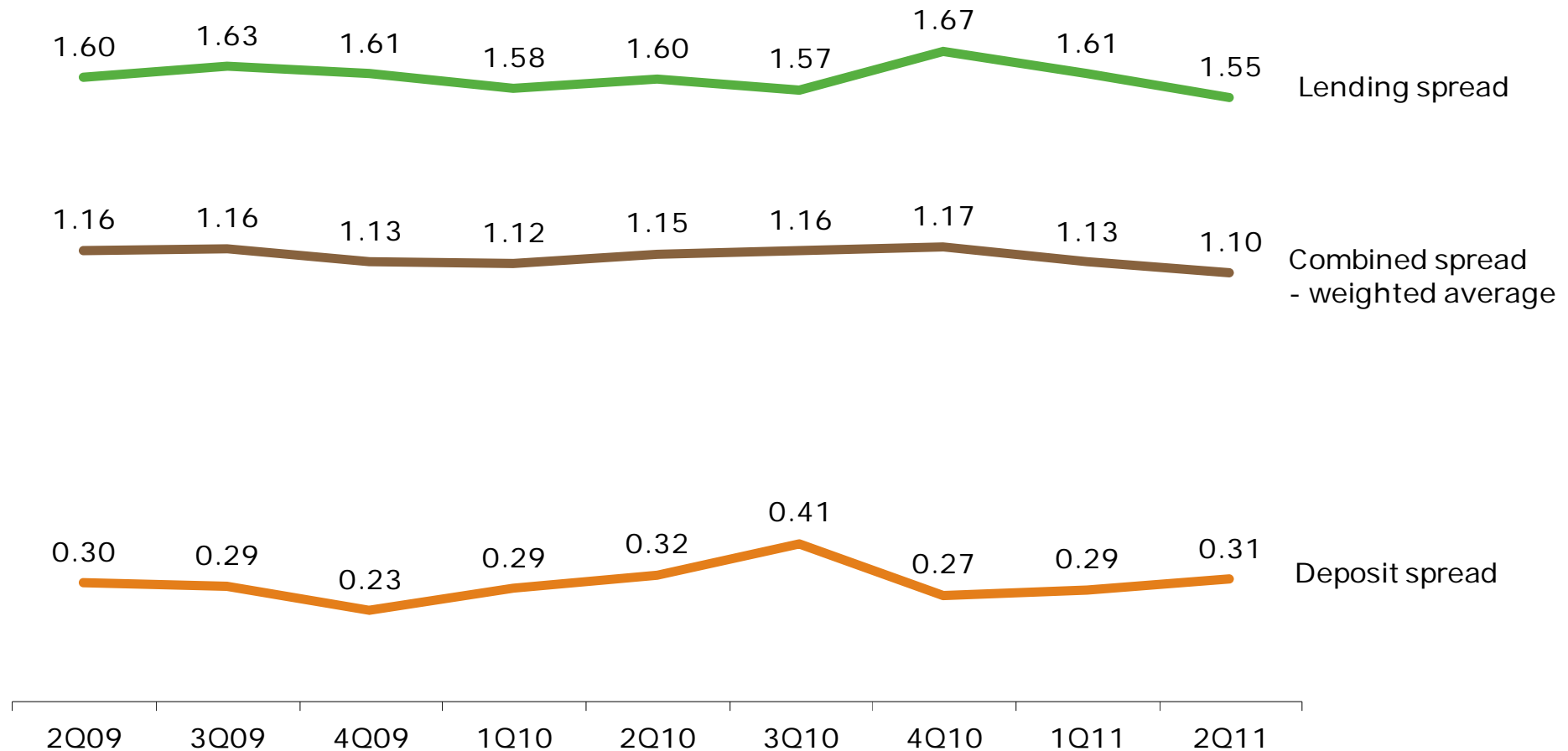
31	31	30	30	31	31	30	30	31	31	30	30	31	31	30
Dec	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June
2007	2008			2009			2010			2011				

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



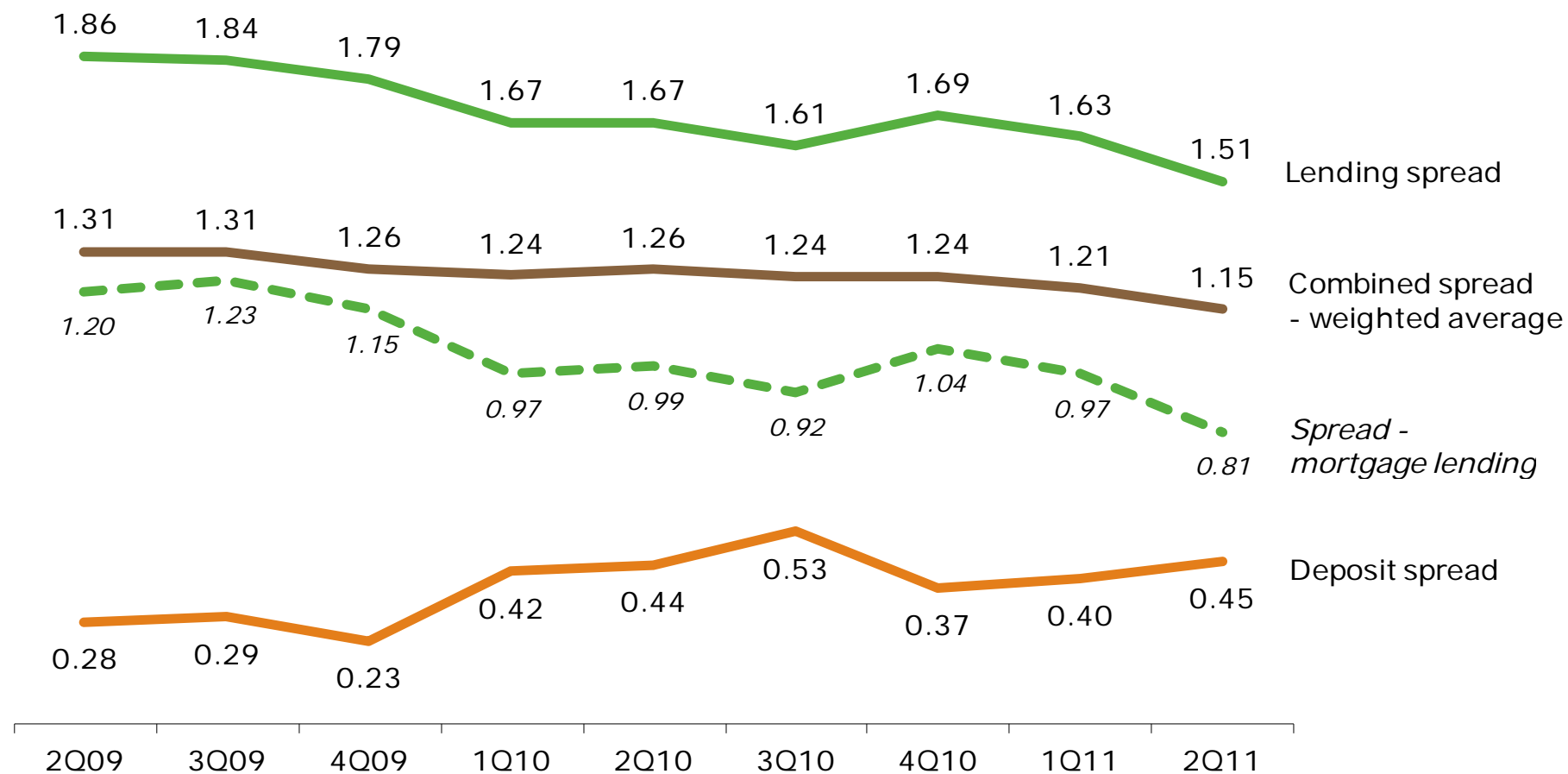
# Development in average interest rate spreads – DnB NOR Group

Per cent



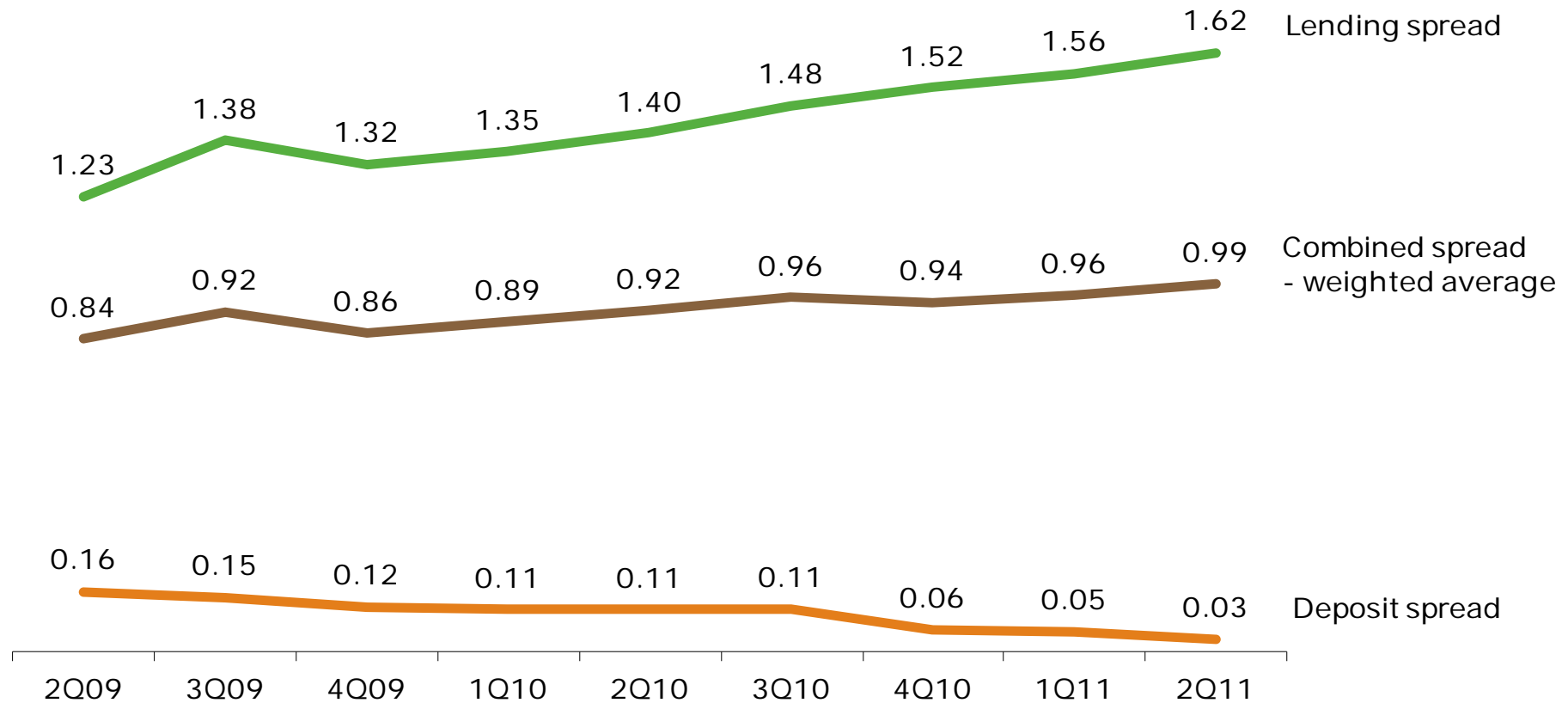
# Development in average interest rate spreads – Retail Banking

Per cent



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

Per cent



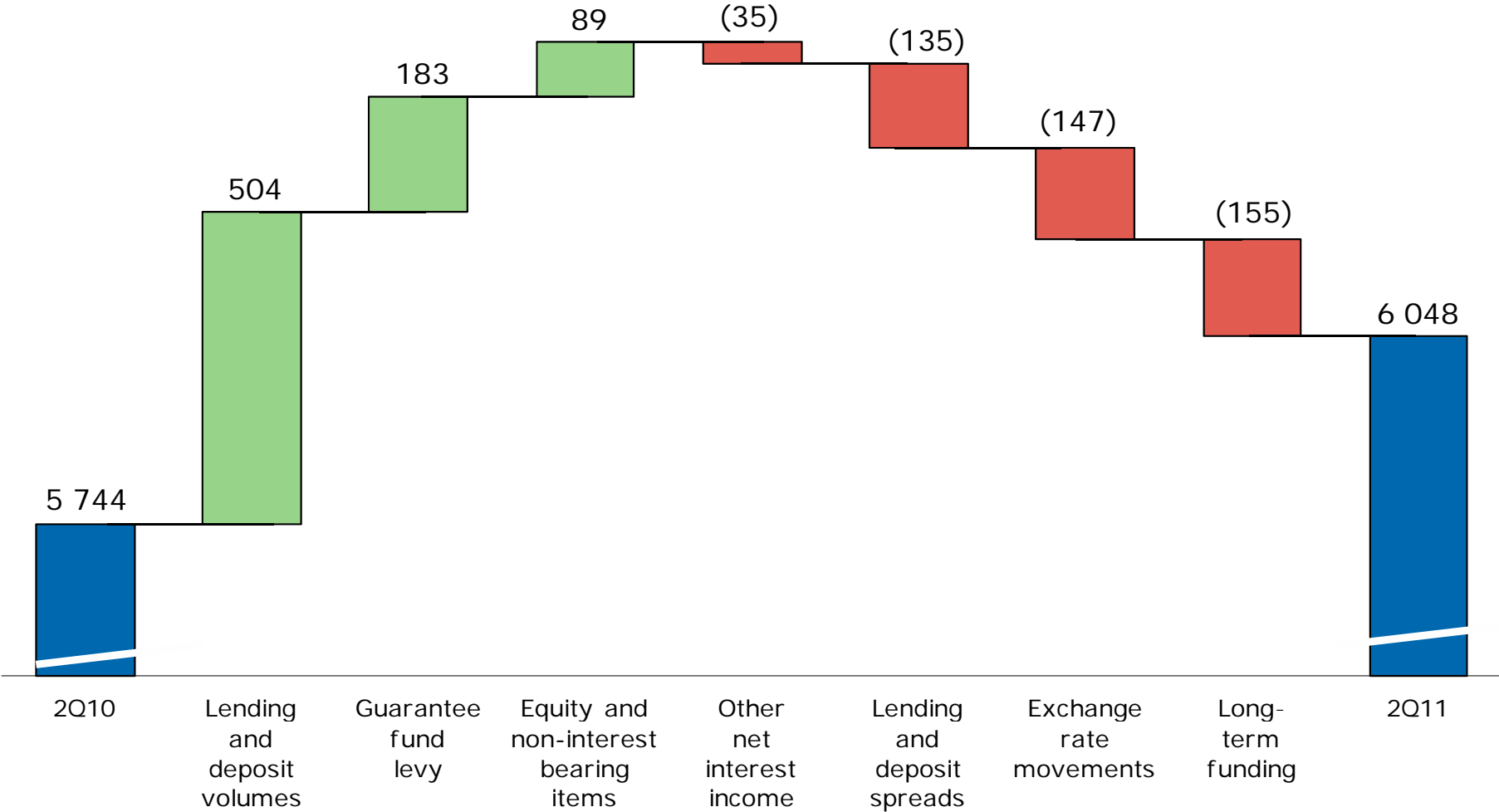
# Income statement

Amounts in NOK million	2Q11	1Q11	4Q10	3Q10	2Q10	1st half 2011	1st half 2010
Net interest income	<b>6 048</b>	6 018	6 153	5 978	<b>5 744</b>	12 066	11 305
<i>Net commissions and fees, operational reporting</i>	<b>2 007</b>	1 864	1 926	1 843	<b>1 814</b>	3 871	3 524
<i>Net financial items</i>	<b>1 977</b>	1 604	2 627	1 472	<b>2 980</b>	3 581	4 763
Net other operating income, total	<b>3 984</b>	3 467	4 553	3 315	<b>4 795</b>	7 451	8 288
Total income	<b>10 032</b>	9 485	10 706	9 294	<b>10 538</b>	19 518	19 592
Total operating expenses before impairment losses for goodwill and intangible assets	<b>4 931</b>	4 793	4 610	4 482	<b>4 713</b>	9 725	8 828
Impairment losses for goodwill and intangible assets	<b>0</b>	0	0	0	<b>591</b>	0	591
Pre-tax operating profit before write-downs	<b>5 101</b>	4 692	6 096	4 812	<b>5 234</b>	9 793	10 174
Net gains on fixed and intangible assets	<b>9</b>	5	26	(11)	<b>(1)</b>	13	9
Write-downs on loans and guarantees	<b>457</b>	892	529	643	<b>878</b>	1 349	1 825
Pre-tax operating profit	<b>4 652</b>	3 805	5 593	4 157	<b>4 355</b>	8 457	8 358
Taxes	<b>1 116</b>	913	367	1 149	<b>1 524</b>	2 030	2 605
Profit from operations held for sale	<b>11</b>	(41)	57	30	<b>(8)</b>	(30)	(13)
Profit for the period	<b>3 546</b>	2 851	5 284	3 038	<b>2 823</b>	6 397	5 740
Profit after minority interests	<b>3 546</b>	2 851	5 349	3 084	<b>3 264</b>	6 397	6 381

# Changes in net interest income

NOK million

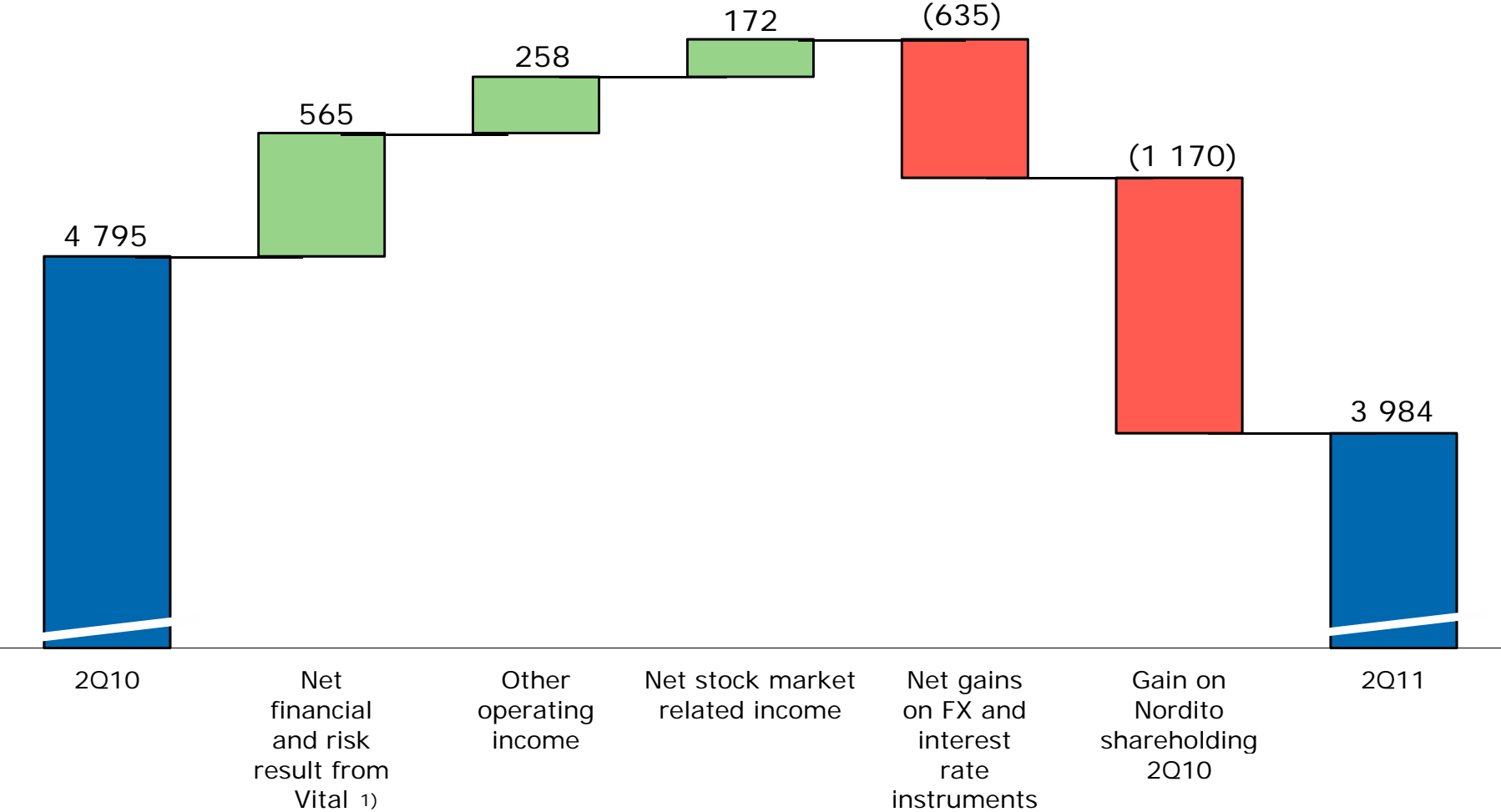
From 2nd quarter 2010 to 2nd quarter 2011



# Changes in net other operating income

NOK million

From 2nd quarter 2010 to 2nd quarter 2011



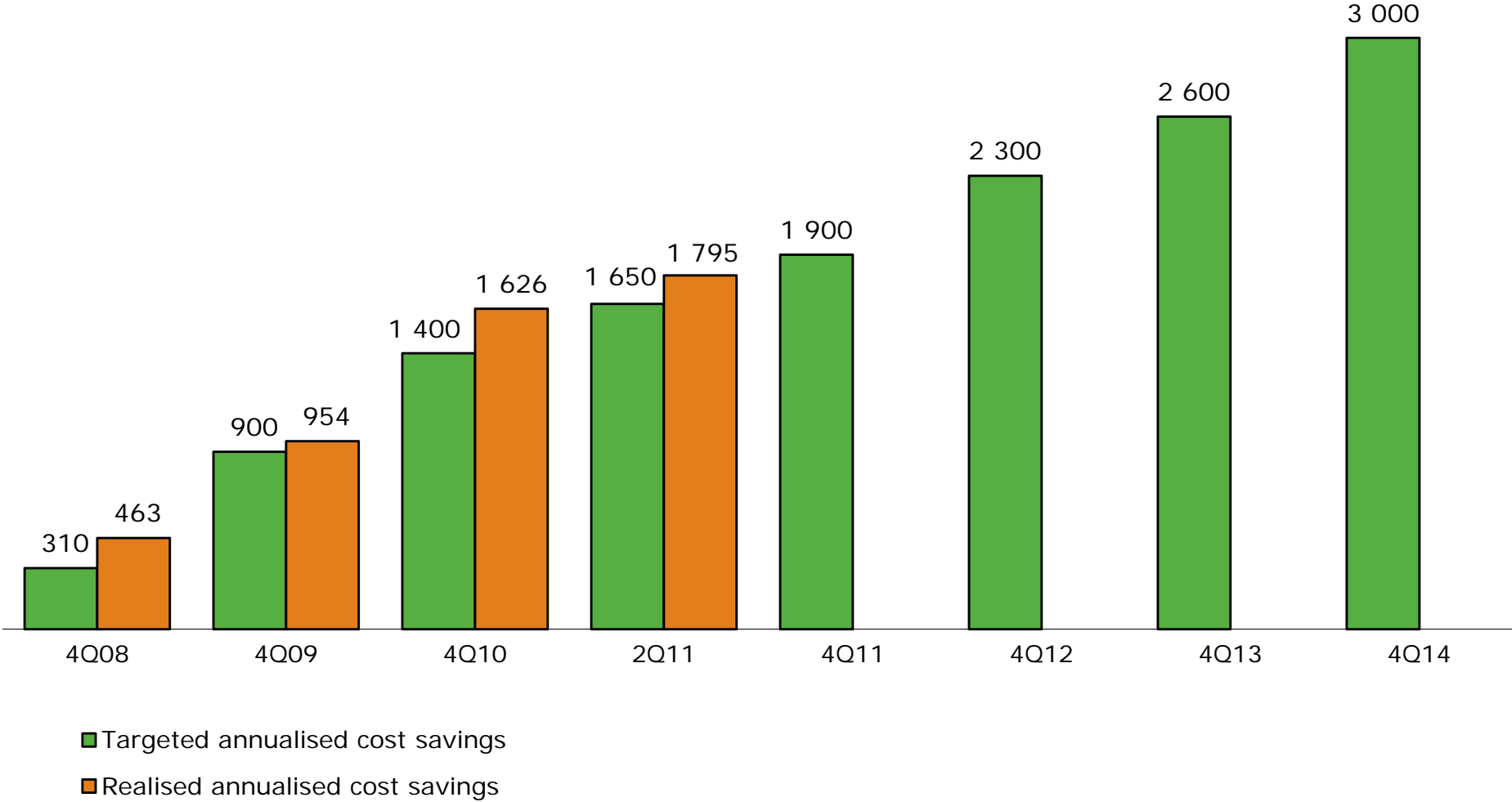
1) After guaranteed returns and allocations to policyholders

# Changes in operating expenses

Amounts in NOK million	2Q11	Changes	2Q10
<b>Total operating expenses</b>	<b>4 931</b>	<b>(373)</b>	<b>5 304</b>
<b>Non-recurring costs</b>			
Impairment losses for goodwill and intangible assets in the second quarter of 2010		(591)	
<b>Income-related items</b>			
Operational leasing		26	
København Ejendomme		11	
Performance-based pay		29	
Marketing expenses		22	
<b>Expenses directly related to operations</b>			
Cost programme		(108)	
Wage and price inflation		152	
Rise in pension expenses		34	
Increase in investments		52	

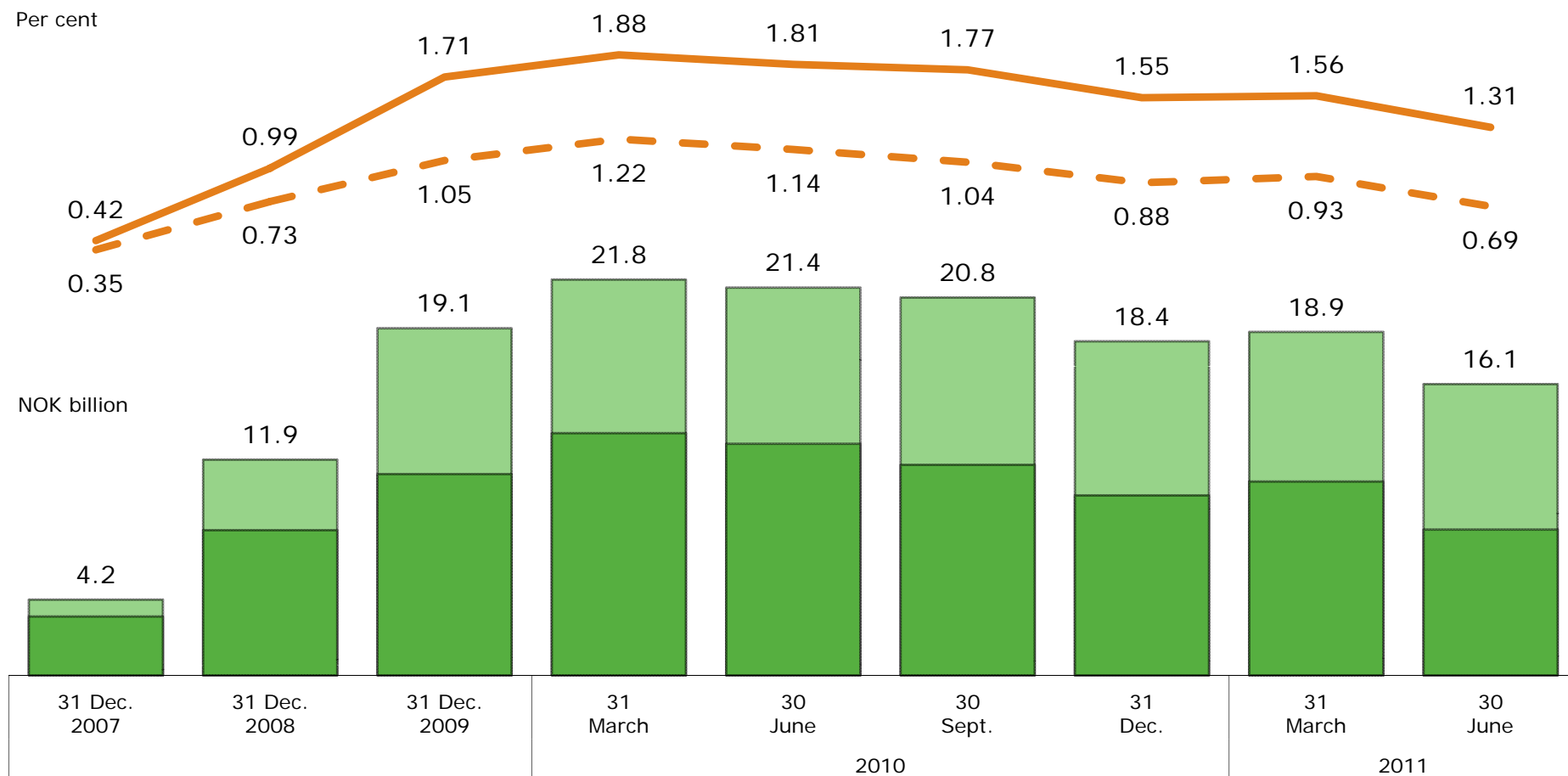
# Cost programme

NOK million





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



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

- 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	2Q11	1Q11	4Q10	3Q10	2Q10	1st half 2011	1st half 2010
<i>Individual write-downs:</i>							
<b>Retail Banking</b>							
- Private Customer Divisions	58	13	132	146	57	71	8
- SME Divisions	(45)	96	182	73	23	50	101
- DnB NOR Finans <sup>1)</sup>	97	138	49	153	202	235	380
<b>Large Corporates and International</b>							
- Nordic Corporates Division	145	120	4	66	0	264	(42)
- International Corporates and Institutions Division	(10)	273	196	1	(12)	263	52
- Shipping, Offshore and Logistics Division	(13)	13	3	8	47	0	208
- Energy Division	(11)	0	(10)	0	34	(11)	98
- Other units	3	(4)	(1)	10	(5)	(1)	(5)
DnB NOR excl. DnB NORD	223	649	553	456	347	873	803
DnB NORD	184	221	407	321	653	405	1 534
<b>Total individual write-downs</b>	<b>408</b>	<b>870</b>	<b>961</b>	<b>776</b>	<b>1 000</b>	<b>1 278</b>	<b>2 337</b>
<i>Collective write-downs:</i>							
DnB NOR excl. DnB NORD	54	29	(329)	(66)	(168)	83	(233)
DnB NORD	(4)	(8)	(103)	(67)	46	(12)	(279)
<b>Total collective write-downs on loans</b>	<b>50</b>	<b>21</b>	<b>(432)</b>	<b>(134)</b>	<b>(122)</b>	<b>71</b>	<b>(512)</b>
<b>Write-downs on loans and guarantees</b>	<b>457</b>	<b>892</b>	<b>529</b>	<b>643</b>	<b>878</b>	<b>1 349</b>	<b>1 825</b>

1) Includes leasing, factoring, credit card and consumer financing

# Write-downs in per cent of lending

Per cent	2Q11	1Q11	4Q10	3Q10	2Q10	1st half 2011	1st half 2010
Total write-downs in relation to average volumes (annual basis)	<b>0.15</b>	0.31	0.18	0.22	<b>0.31</b>	0.23	0.33
- DnB NOR excluding DnB NORD	<b>0.10</b>	0.25	0.08	0.14	<b>0.07</b>	0.17	0.11
- DnB NORD	<b>1.21</b>	1.45	1.95	1.62	<b>4.46</b>	1.33	3.94

# Lending and write-downs in DnB NORD

Amounts in NOK million	Net lending as at 30 June 2011	2nd quarter 2011		Full year 2010	
		<b>on loans and guarantees</b>	in per cent of net lending <sup>1)</sup>	<b>on loans and guarantees</b>	in per cent of net lending <sup>1)</sup>
Latvia	15 252	<b>95</b>	2.51	<b>635</b>	3.65
Lithuania	20 289	<b>52</b>	1.02	<b>579</b>	2.57
Estonia	2 865	<b>(1)</b>	(0.17)	<b>69</b>	2.28
Poland	15 151	<b>27</b>	0.75	<b>102</b>	0.79
The Baltic States and Poland	53 557	<b>173</b>	1.31	<b>1 385</b>	2.48
Other	6 219	<b>7</b>	0.39	<b>428</b>	5.11
DnB NORD	59 776	<b>180</b>	1.21	<b>1 813</b>	2.87

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

# Balance sheets

	DnB NOR Group		DnB NOR Bank ASA	
	30 June 2011	31 Dec. 2010	30 June 2011	31 Dec. 2010
Amounts in NOK billion				
Deposits with central banks	16	16	12	13
Lending to and deposits with credit institutions	41	48	212	216
Net lending to customers	1 202	1 170	666	669
Other assets	595	627	478	536
<b>Total assets</b>	<b>1 854</b>	<b>1 862</b>	<b>1 368</b>	<b>1 435</b>
Loans and deposits from credit institutions	207	258	215	257
Deposits from customers	648	642	627	625
Short-term debt securities issued	170	154	170	154
Long-term debt securities issued	368	348	158	189
Other liabilities and provisions	349	349	114	132
Equity	111	111	84	79
<b>Total liabilities and equity</b>	<b>1 854</b>	<b>1 862</b>	<b>1 368</b>	<b>1 435</b>
Ratio of deposits to net lending (%)	53.9	54.8	94.1	93.3
Adjusted ratio of deposits to net lending (%) <sup>1)</sup>	53.9	54.7	94.1	93.1
Total combined assets	2 119	2 141	1 368	1 435
Currency-adjusted customer lending	1 218		682	
Currency-adjusted customer deposits	656		634	

1) Excluding short-term money market deposits in DnB NOR New York

# Stable access to long-term funding – longer maturities at competitive prices

2011

	NOK billion	Maturity	Spread 3-month Euribor
Covered bonds	69.7	6.7	48
Senior bonds	23.6	9.1	100
<b>Total</b>	<b>93.2</b>	<b>7.3</b>	<b>61 bp</b>

2010

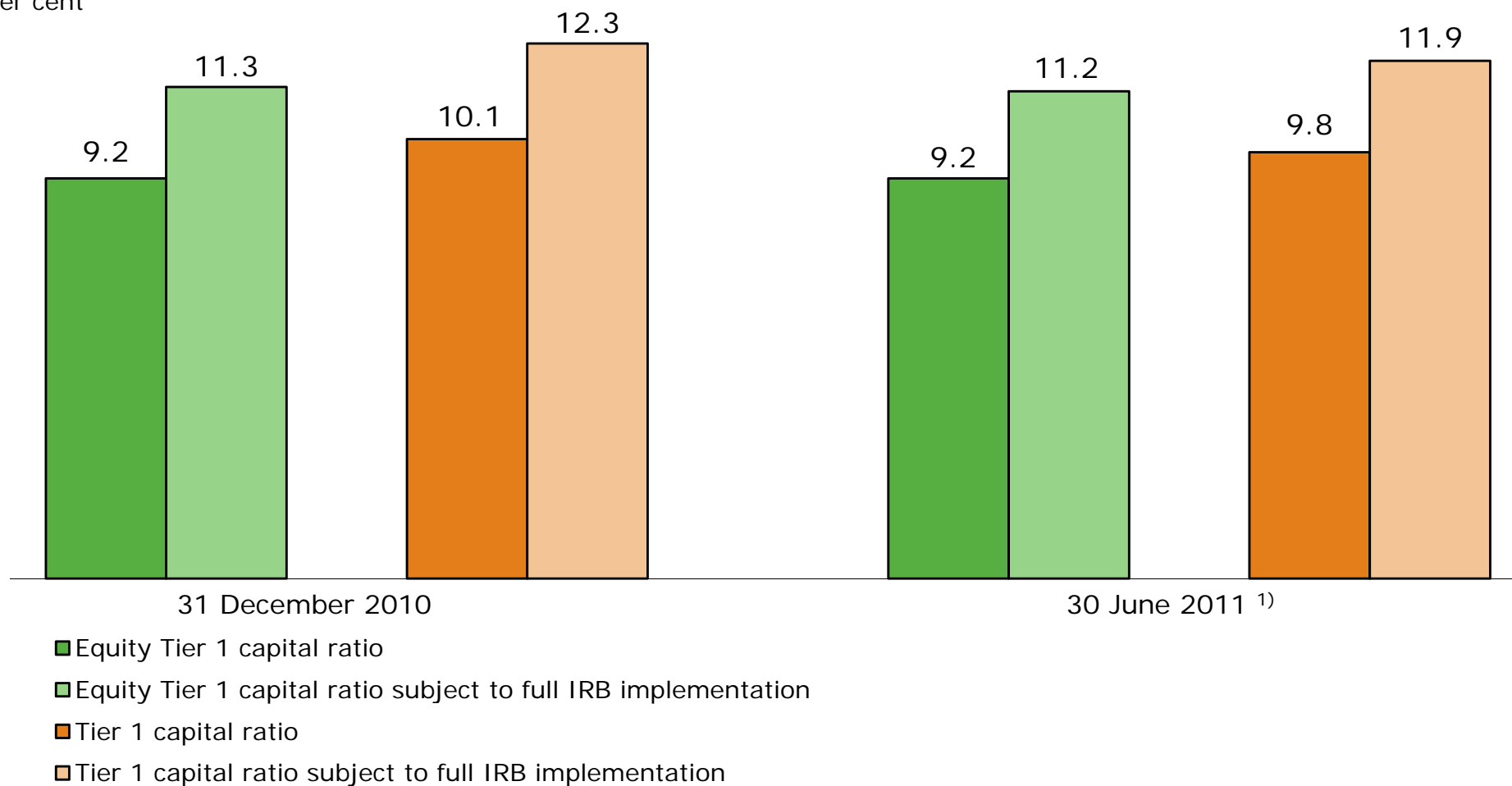
	NOK billion	Maturity	Spread 3-month Euribor
Covered bonds	84.4	7.5	49
Senior bonds	32.1	7.3	84
<b>Total</b>	<b>116.5</b>	<b>7.4</b>	<b>56 bp</b>

2009

	NOK billion	Maturity	Spread 3-month Euribor
Covered bonds	101.1	5.1	
Senior bonds	38.0	4.6	
<b>Total</b>	<b>139.1</b>	<b>4.9</b>	<b>50 bp</b>

# Tier 1 capital ratio

Per cent



1) Including 50 per cent of profit for the period

# Macroeconomic outlook

---

**Positive prognosis for the Norwegian economy**

**Low unemployment, rising housing prices, higher interest rate levels**

**High oil price**

**Strong growth in emerging economies**



# DnB NOR's financial ambitions remain firm

---

**Pre-tax operating profit before write-downs: NOK 22-25 billion in 2012**

**Pre-tax operating profit before write-downs: NOK 30 billion within 2015**

**Return on equity: above 14 per cent within 2015**



2

