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## **Rise in income in DnB NOR and higher write-downs in Latvia**

**DnB NOR achieved a profit of NOK 2 493 million in the third quarter of 2011, compared with NOK 3 038 million in the third quarter of 2010. Total income rose by NOK 803 million from the year-earlier period.**

"The Group's financial performance in the third quarter reflects the turbulence in the financial markets, which had a particularly negative impact on profits in Vital. On the other hand, the turmoil has also ensured significant mark-to-market adjustments in other areas of operations, offsetting the decline in profits in Vital. There is also a positive trend in the Group's banking operations," says Rune Bjerke, group chief executive.

DnB NOR is continuing to take market share. Average lending volumes rose by 7.1 per cent from the third quarter of 2010. Lending spreads contracted by 0.02 percentage points from the year-earlier period, reflecting continued strong competition.

### **Increase in write-downs**

There was a generally low level of write-downs in the Group's Norwegian-based operations in the third quarter. Write-downs in Retail Banking were reduced by NOK 100 million from the third quarter of 2010. Write-downs in other segments, including shipping, remained at a low level. Nevertheless, total write-downs on loans and guarantees increased by NOK 527 million from the third quarter of 2010, which largely represents write-downs on the home mortgage portfolio in Latvia.

"Latvia accounted for 90 per cent of write-downs on loans in DnB NORD, our Baltic operations, due to a reassessment of collateral values and rising costs associated with the repossession of residential properties. We intend to monitor the operations in Latvia more closely and expect a reduction in write-downs on loans," says Bjerke.

The Group's write-downs totalled NOK 1 170 million in the third quarter.

### **Sound performance in the first three quarters**

DnB NOR recorded a profit of NOK 8 890 million in the first three quarters of 2011, an increase from NOK 8 778 million in the corresponding period of 2010. Average lending volumes increased by NOK 63.5 billion or 5.7 per cent from the first three quarters of 2010.

### **Strategy and long-term targets remain unchanged**

"DnB NOR has more than 80 per cent of its operations in Norway, and we expect a continued strong trend in our home market and a healthy economic situation in Norway. Internationally, we anticipate more selective growth in our priority areas, which are shipping, energy and seafood," says Bjerke.

The European economy is going through a challenging period, and there is great uncertainty as to whether the most heavily indebted countries will be able to serve their debt. Even though most of DnB NOR's operations are concentrated in Norway, the bank is also affected by the serious situation in Europe. Overall, DnB NOR expects a positive future financial trend for the Group. Though it may be more demanding to reach its

financial targets in the short term, the Group's strategy and long-term targets remain unchanged.

### **Key figures for the third quarter of 2011**

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- Pre-tax operating profits before write-downs were NOK 5.2 billion (4.8)
- Profit for the period was NOK 2.5 billion (3.0)
- Earnings per share were NOK 1.53 (1.90)
- Return on equity was 8.8 per cent (11.8)
- The ordinary cost/income ratio was 48.2 per cent (48.2)

*Comparable figures for the third 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](http://www.dnbnor.no)*