



9 February 2012

### Strong profits in spite of financial turmoil

**DNB recorded profits of NOK 4 089 million in the fourth quarter of 2011, compared with NOK 5 284 million in the fourth quarter of 2010. Profits for the full year 2011 were NOK 12 979 million, a reduction of NOK 1 083 million compared with 2010.**

"This was another quarter affected by financial turmoil. However, there was a high level of activity in the bank, with a close to NOK 1.7 billion rise in income. We are pleased to note that we are continuing to gain market share and that we are the preferred bank for a large number of large and small customers. Total lending was up 9.3 per cent from end-December 2010, which is a gratifying development," says Rune Bjerke, group chief executive.

At year-end 2011, DNB had lent a total of NOK 1 279 billion to companies and households.

DNB has also succeeded in increasing the bank's deposit volumes. Deposits were up 15.3 per cent from end-December 2010, and the bank's ratio of deposits to lending increased to 57.8 per cent at year-end 2011. Average lending spreads contracted by 0.03 percentage points from the fourth quarter of 2010, but widened compared with the third quarter of 2011.

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

Write-downs on loans and guarantees totalled NOK 926 million for the quarter, an increase of NOK 397 million from the fourth quarter of 2010, but a reduction of NOK 244 million from the third quarter of 2011.

"Though write-downs have increased somewhat compared with the corresponding period last year, they remain at a low level," says Bjerke.

The volume of non-performing and doubtful commitments increased during the fourth quarter, related to a few large commitments which have been subject to relatively low write-downs due to a limited risk of losses.

"Write-downs for the Group in 2012 are expected to be on a level with 2011," says Bjerke.

#### **A good year for DNB**

The Group's performance in 2011 reflected the significant financial market turmoil in the second half of the year.

"Even though we have no exposure to the crisis-hit countries in Europe, we are also affected by the financial market turmoil and fall in share prices. This has a particular impact on operations in DNB Livsforsikring. On the other hand, the financial turmoil ensures higher income in other areas due to mark-to-market adjustments of foreign exchange and interest rate instruments," says Bjerke.

Pre-tax operating profits before write-downs rose by NOK 752 million, to NOK 21 833 million.

The Board of Directors has proposed dividend for 2011 of NOK 2.00 per share. The dividend for 2010 was NOK 4.00. When considering the dividend proposal for 2011, the Board of Directors has taken the new regulatory capital adequacy requirements into account while focusing on conducting a consistent long-term dividend policy.

#### **Expecting further growth in 2012**

"DNB has 80 per cent of its operations in Norway, and the economic crisis in Europe is expected to have a relatively limited impact on our home market. Still, a prolonged European recession may have negative consequences even for us," says Bjerke.

The bank's funding costs are expected to remain at a high level, reflecting strong demand for capital due to new requirements from the authorities. Profits will be challenged by rising funding costs, though DNB nevertheless anticipates a positive trend in 2012.

Operations in the Baltics and Poland are expected to show further improvement, though the situation may remain challenging.

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

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- Pre-tax operating profits before write-downs were NOK 6.8 billion (6.1)
- Profit for the period was NOK 4.1 billion (5.3)
- Earnings per share were NOK 2.51 (3.25)
- Return on equity was 13.8 per cent (19.6)
- The ordinary cost/income ratio was 42.0 per cent (43.1)

*Comparable figures for the fourth quarter of 2010 in parentheses.*

### **Key figures for 2011**

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- Pre-tax operating profits before write-downs were NOK 21.8 billion (21.1)
- Profit for the period was NOK 13.0 billion (14.1)
- Earnings per share were NOK 7.98 (8.66)
- Return on equity was 11.4 per cent (13.6)
- The ordinary cost/income ratio was 47.1 per cent (47.6)
- The proposed dividend per share is NOK 2.00 (4.00)

*Comparable figures for 2010 in parentheses.*

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*The quarterly report, presentation and Supplementary Information for Investors and Analysts can be downloaded from [www.dnb.no/investor-relations](http://www.dnb.no/investor-relations)*