



DNB

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RESULTS DNB GROUP
Second quarter 2012

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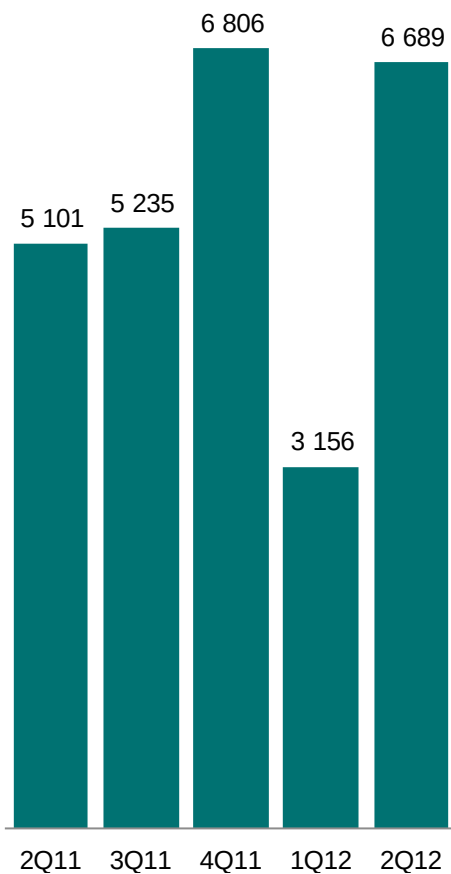
Second quarter 2012

- **Strengthened Tier 1 capital ratio**
- **Wider lending spreads and continued volume growth**
- **Strengthened ratio of deposits to lending, but narrower deposit spreads**
- **Low level of write-downs on loans**
- **Positive contribution from mark-to-market adjustments of basis swaps**

Quarterly profits

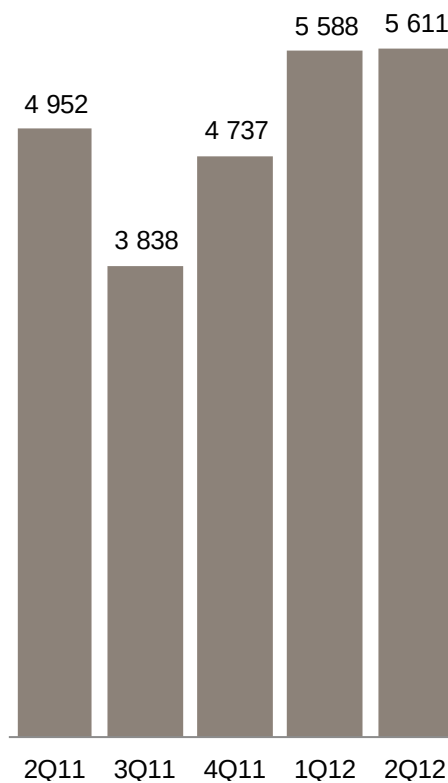
Pre-tax operating profit before write-downs

(NOK million)



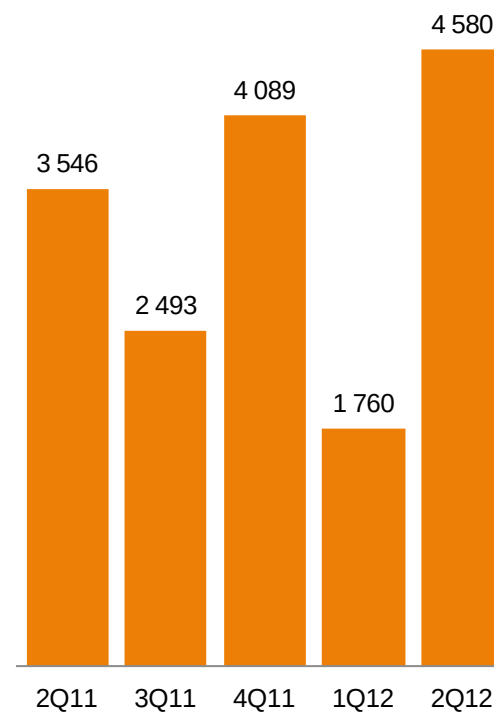
Pre-tax operating profit before write-downs excl. basis swaps

(NOK million)



Profit for the period

(NOK million)



Half-year profits

Pre-tax operating profit before write-downs

(NOK million)



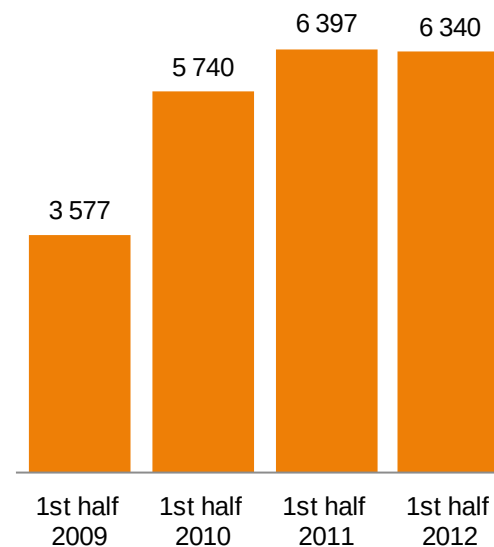
Pre-tax operating profit before write-downs excl. basis swaps

(NOK million)



Profit for the period

(NOK million)

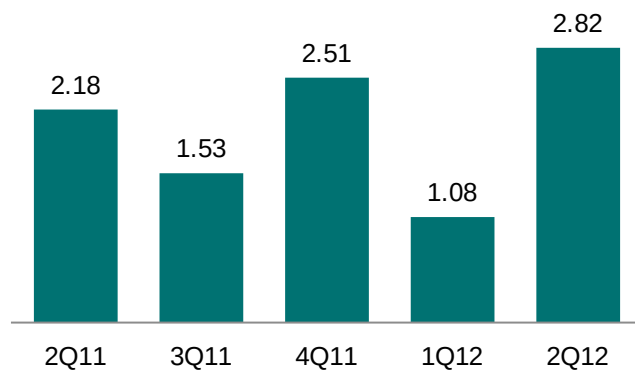


Special items

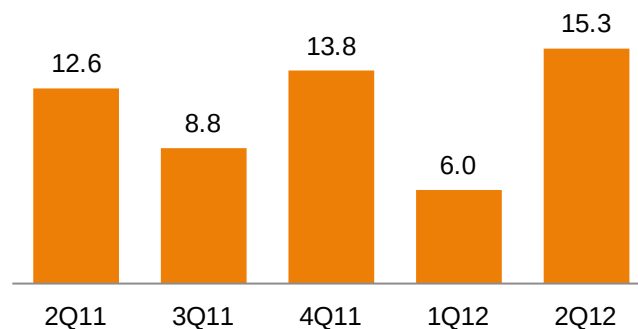
Amounts in NOK million	2Q12	1Q12	4Q11	3Q11	2Q11	1st half 2012	1st half 2011
Mark-to-market adjustments - basis swaps	1 078	(2 432)	2 069	1 398	149	(1 355)	(435)
Net mark-to-market adjustments - other items	76	176	272	1	(105)	252	(27)
Impairment losses for goodwill and intangible assets	0	0	380	0	0	0	0
Effect on pre-tax operating profit before write-downs	1 154	(2 256)	1 961	1 398	44	(1 103)	(462)

Quarterly key figures

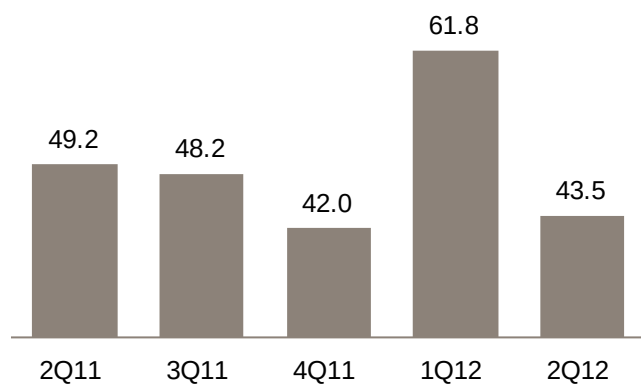
Earnings per share
(NOK)



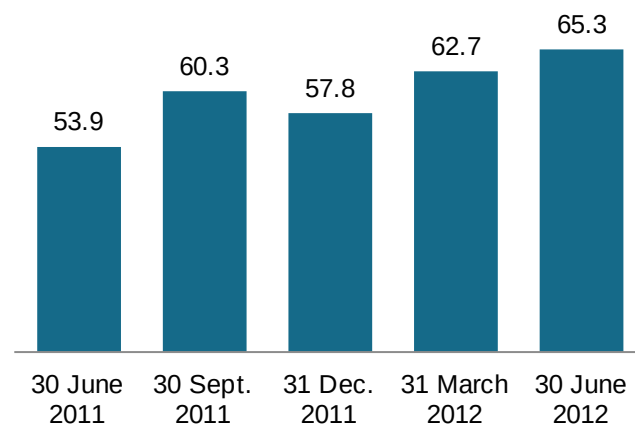
Return on equity
(Per cent)



Cost/income ratio
(Per cent)

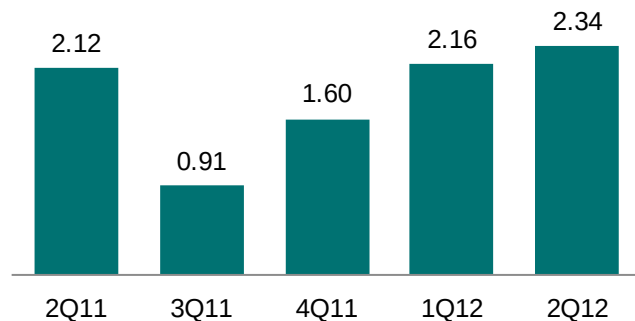


Ratio of deposits to lending
(Per cent)

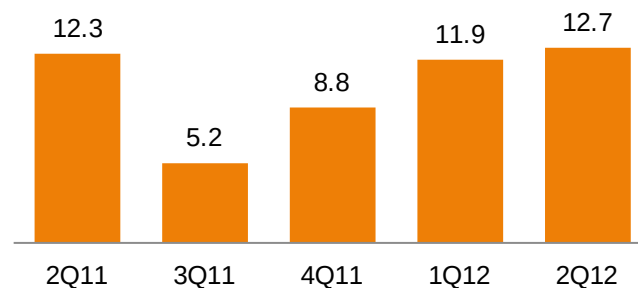


Quarterly key figures, adjusted for basis swaps

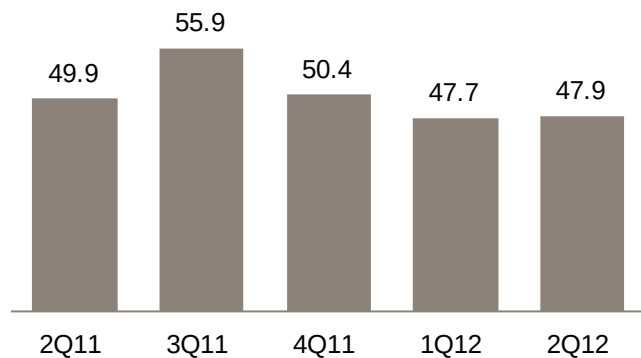
Earnings per share
(NOK)



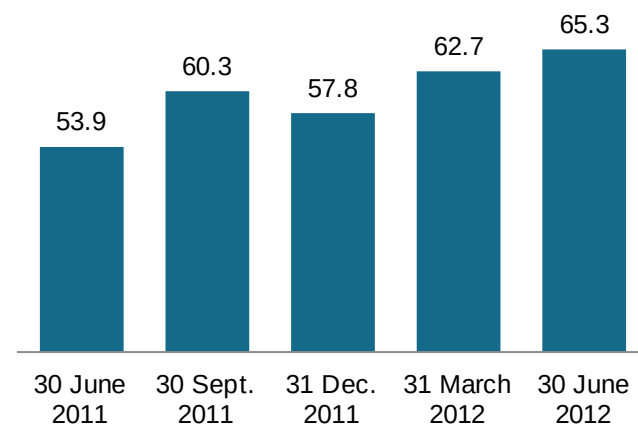
Return on equity
(Per cent)



Cost/income ratio
(Per cent)



Ratio of deposits to lending
(Per cent)



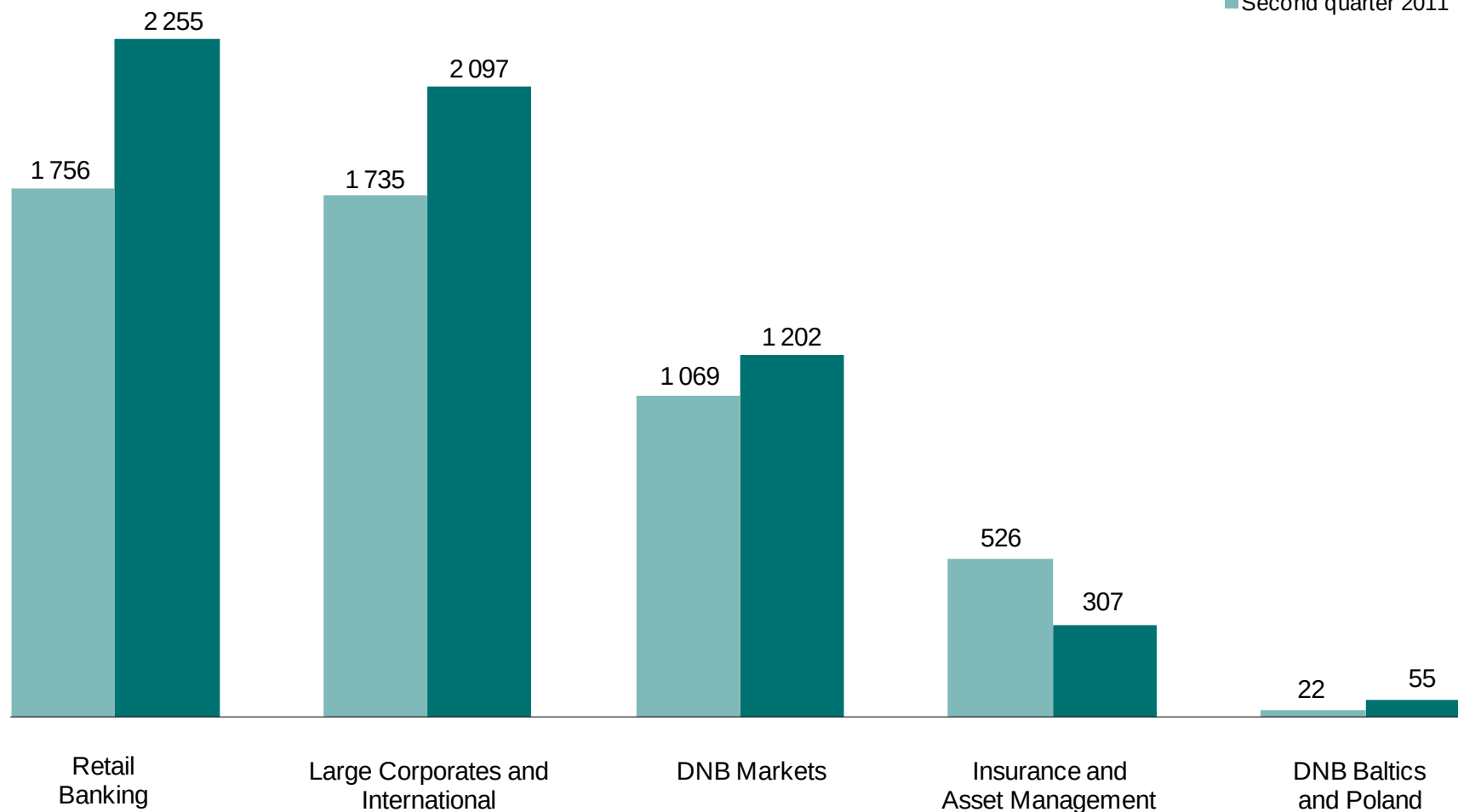
Business areas

Pre-tax operating profit after write-downs in the second quarter

(NOK million)

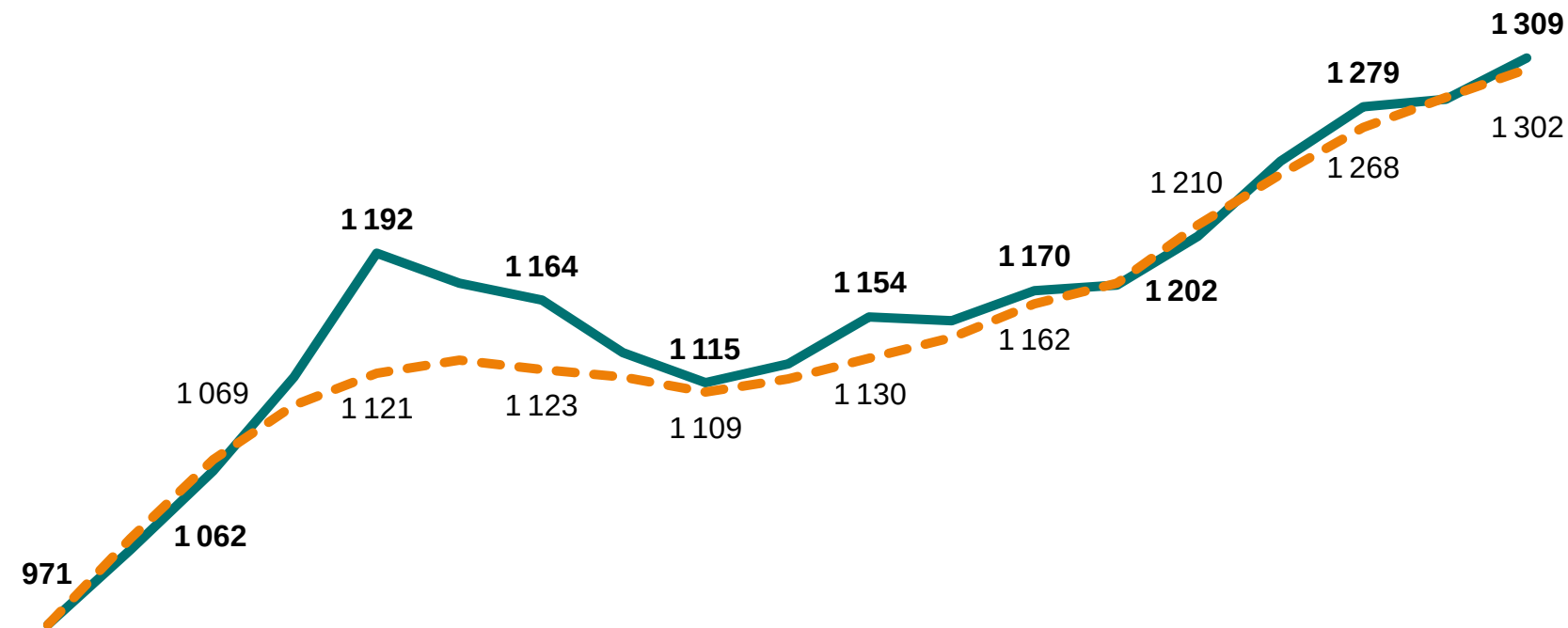
■ Second quarter 2012

■ Second quarter 2011



Development in lending

NOK billion

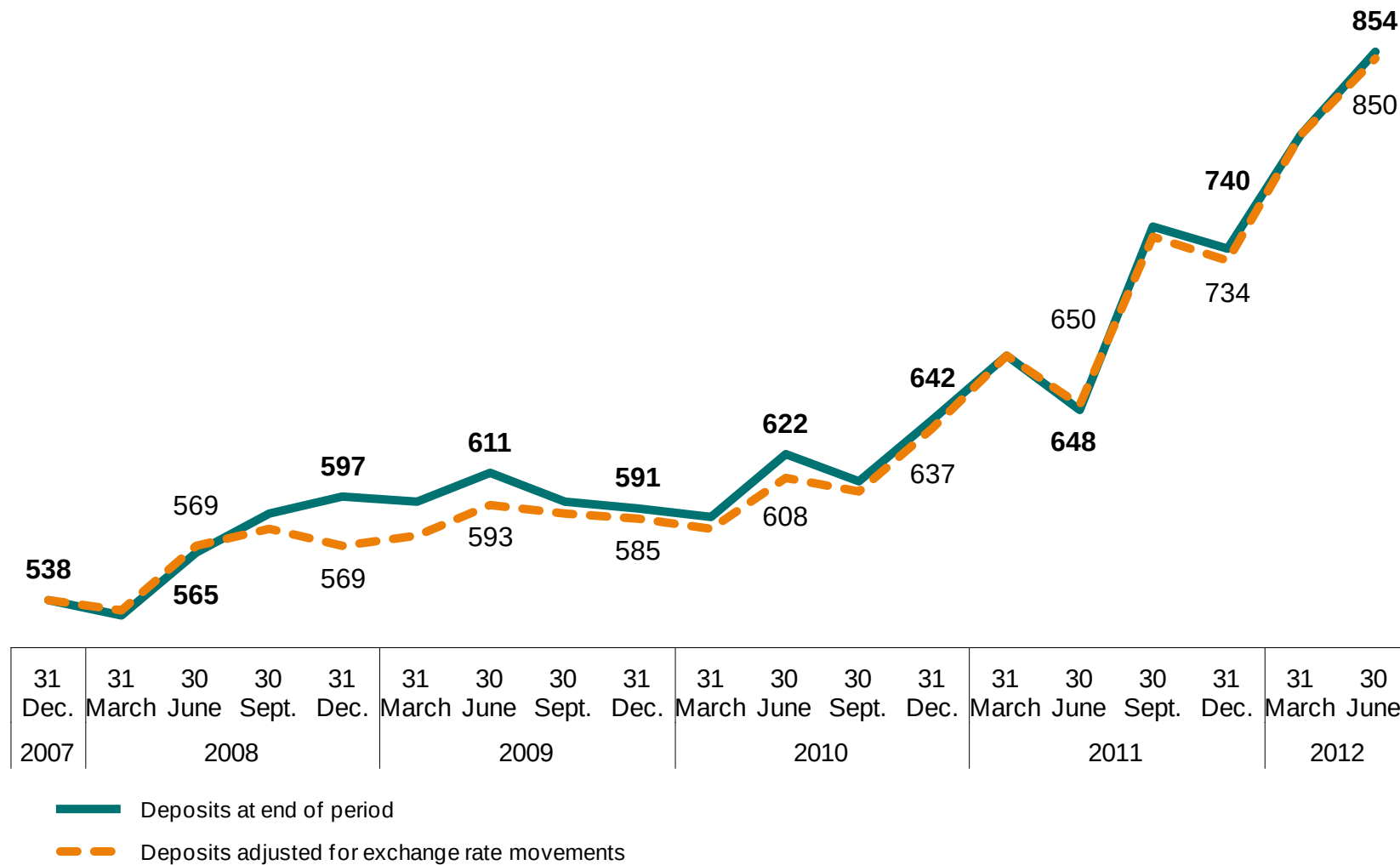


31 Dec.	31 March	30 June	30 Sept.	31 Dec.	31 March	30 June	30 Sept.	31 Dec.	31 March	30 June	30 Sept.	31 Dec.	31 March	30 June	30 Sept.	31 Dec.	31 March	30 June
2007	2008				2009				2010				2011				2012	

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

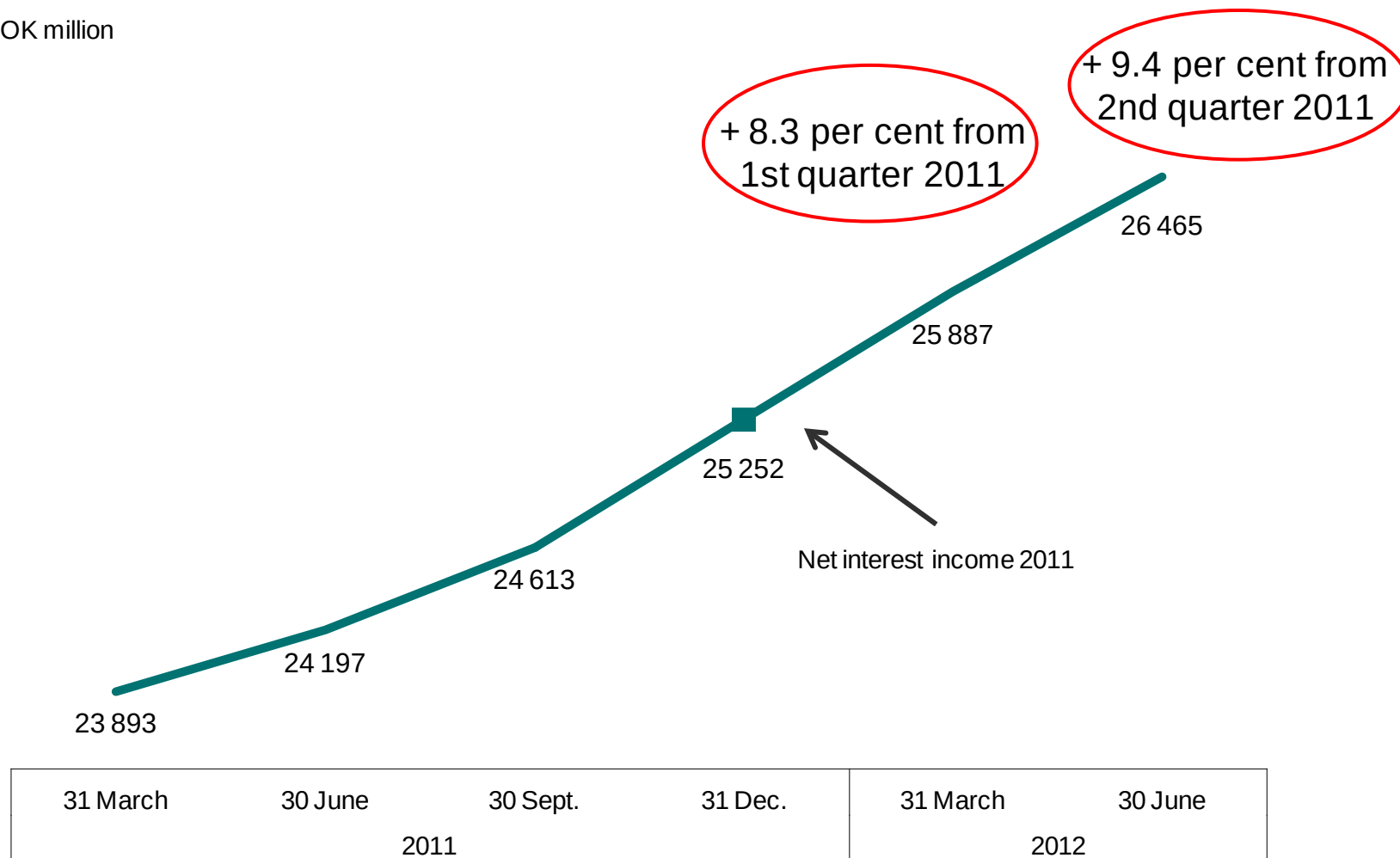
Development in deposits

NOK billion



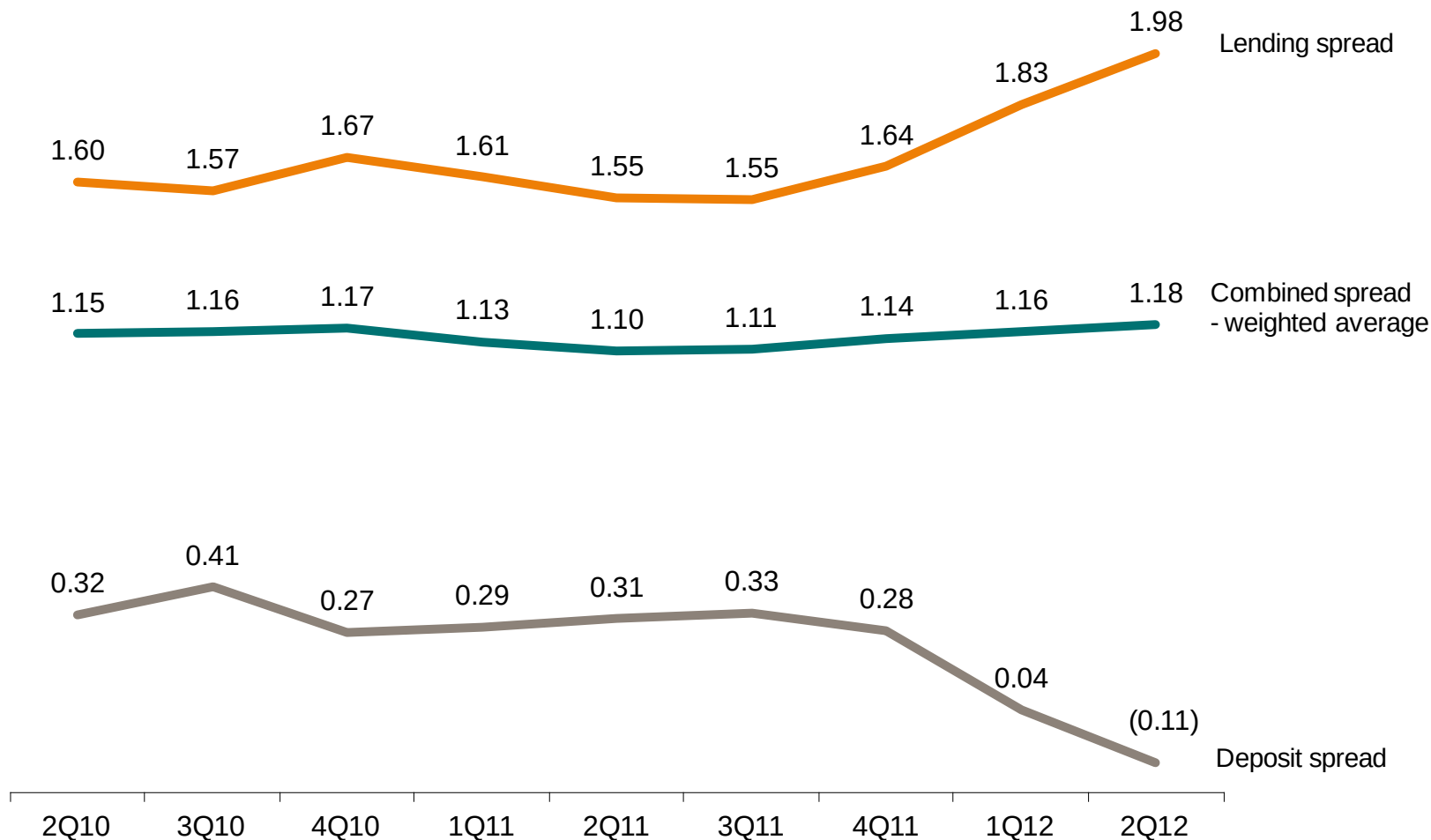
Net interest income – trailing 12 months

NOK million



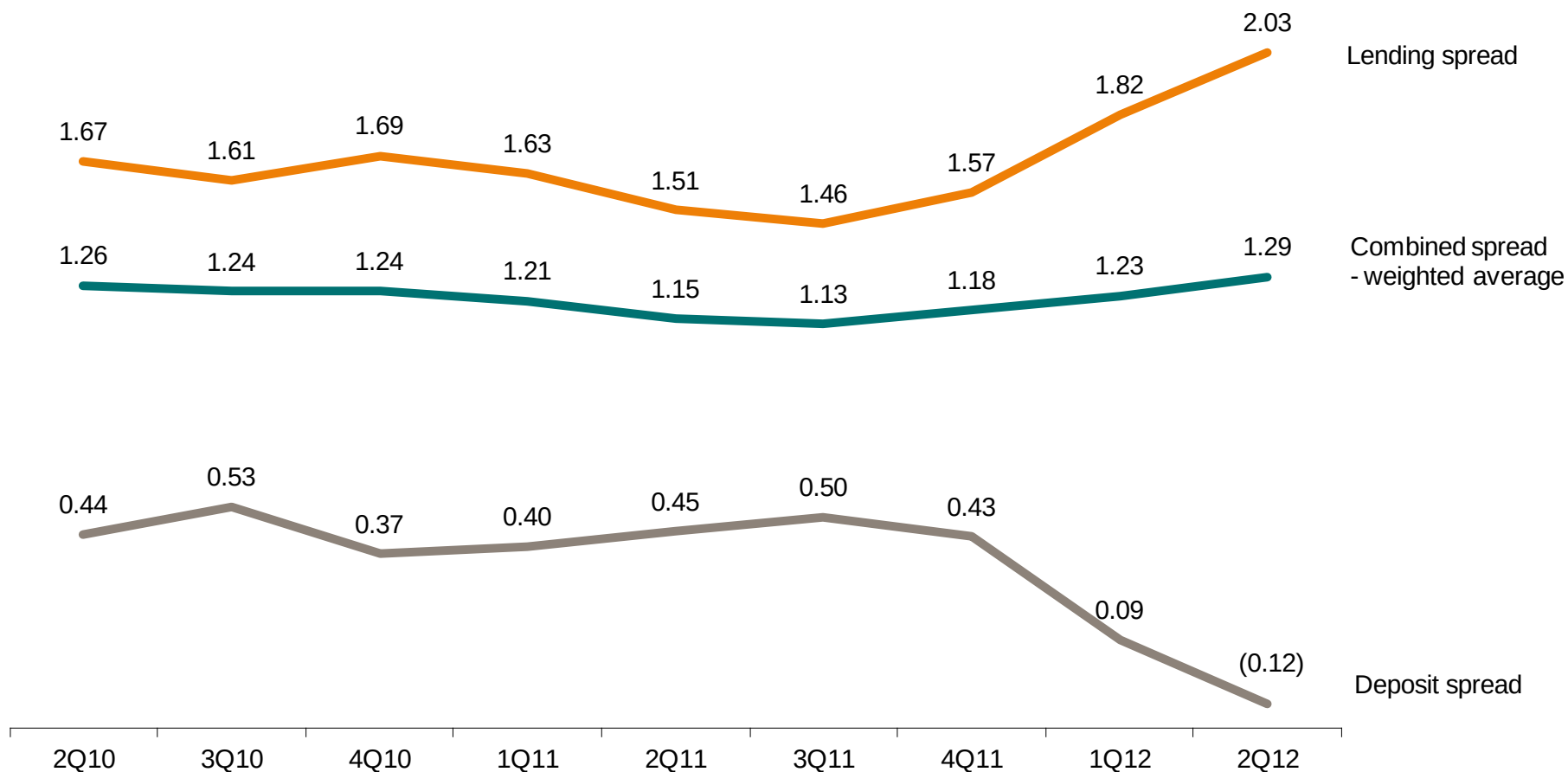
Development in average interest rate spreads – DNB Group

Per cent



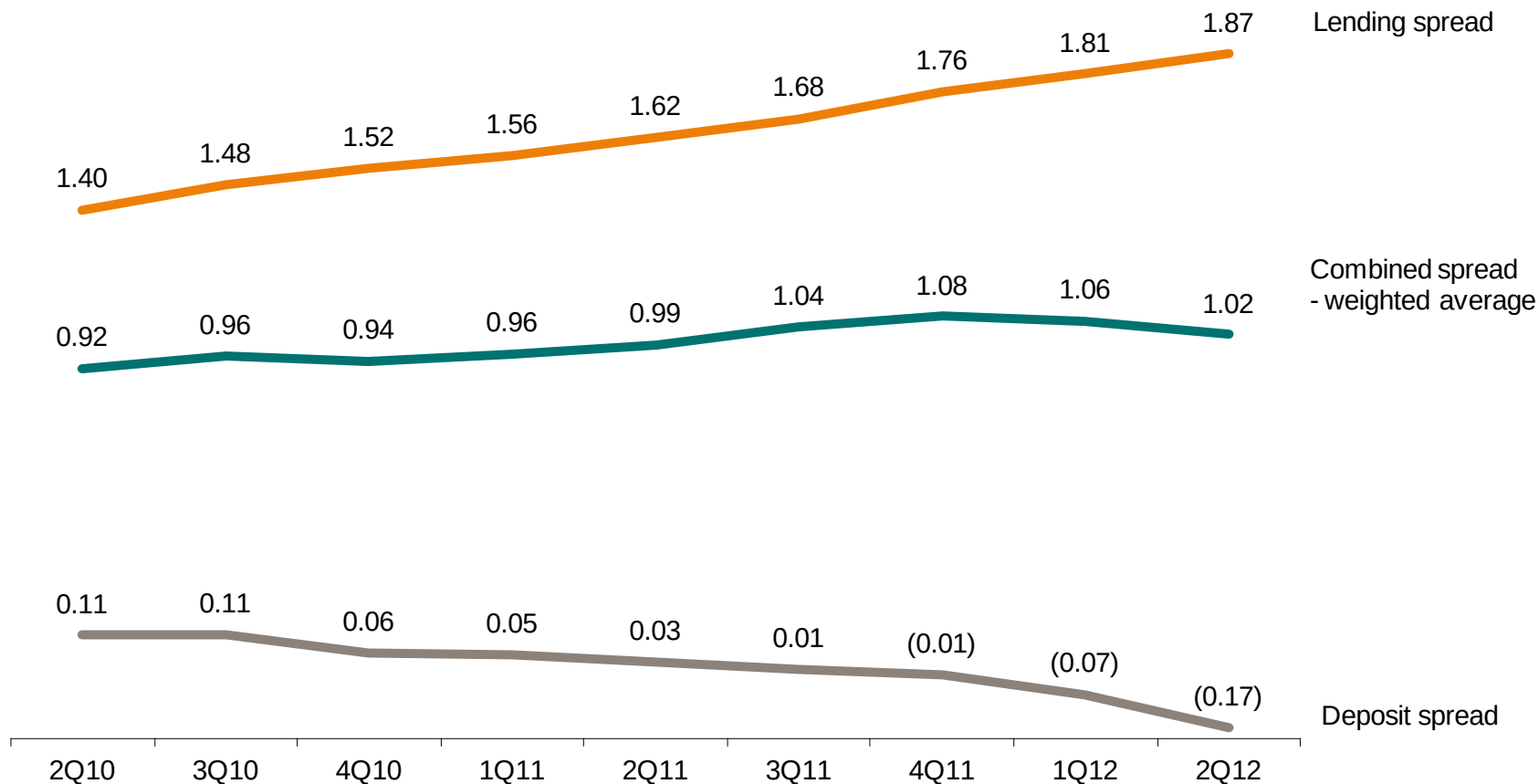
Development in average interest rate spreads – Retail Banking

Per cent



Development in average interest rate spreads – Large Corporates and International

Per cent



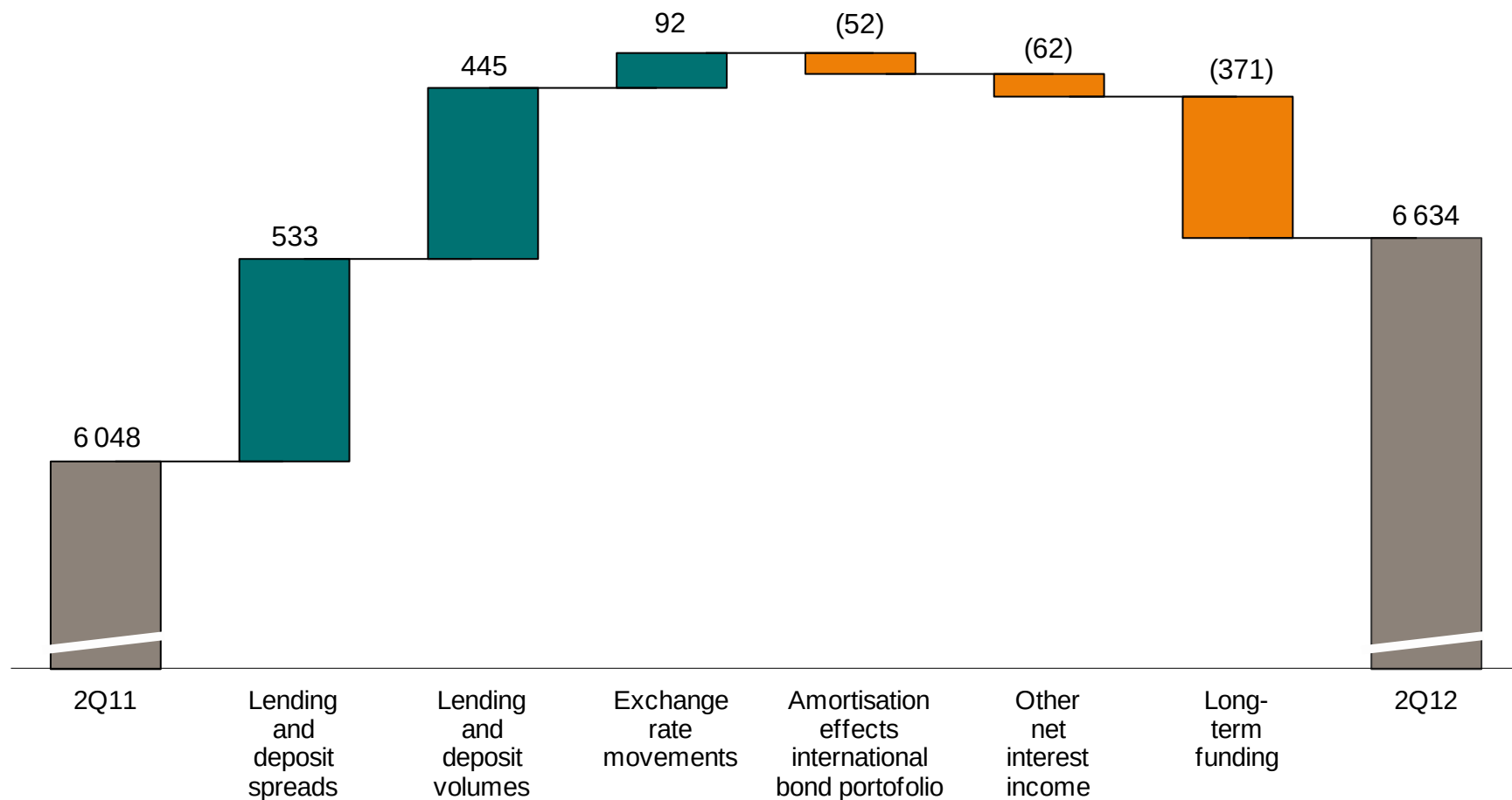
Income statement

						1st half	1st half
Amounts in NOK million	2Q12	1Q12	4Q11	3Q11	2Q11	2012	2011
Net interest income	6 634	6 653	6 792	6 394	6 048	13 287	12 066
Net commissions and fees, core business	2 013	1 750	1 632	1 933	2 007	3 763	3 871
Net financial items	3 191	(143)	3 967	1 770	1 977	3 048	3 581
Net other operating income, total	5 204	1 607	5 599	3 703	3 984	6 811	7 451
Total income	11 837	8 261	12 392	10 097	10 032	20 098	19 518
Total operating expenses before impairment losses for goodwill and intangible assets	5 149	5 105	5 206	4 862	4 931	10 254	9 725
Impairment losses for goodwill and intangible assets	0	0	380	0	0	0	0
Pre-tax operating profit before write-downs	6 689	3 156	6 806	5 235	5 101	9 844	9 793
Net gains on fixed and intangible assets	37	7	(1)	6	9	44	13
Write-downs on loans and guarantees	685	784	926	1 170	457	1 469	1 349
Pre-tax operating profit	6 041	2 378	5 878	4 072	4 652	8 419	8 457
Taxes	1 553	618	1 790	1 604	1 116	2 171	2 030
Profit from operations held for sale	92	0	0	25	11	92	(30)
Profit for the period	4 580	1 760	4 089	2 493	3 546	6 340	6 397

Changes in net interest income

NOK million

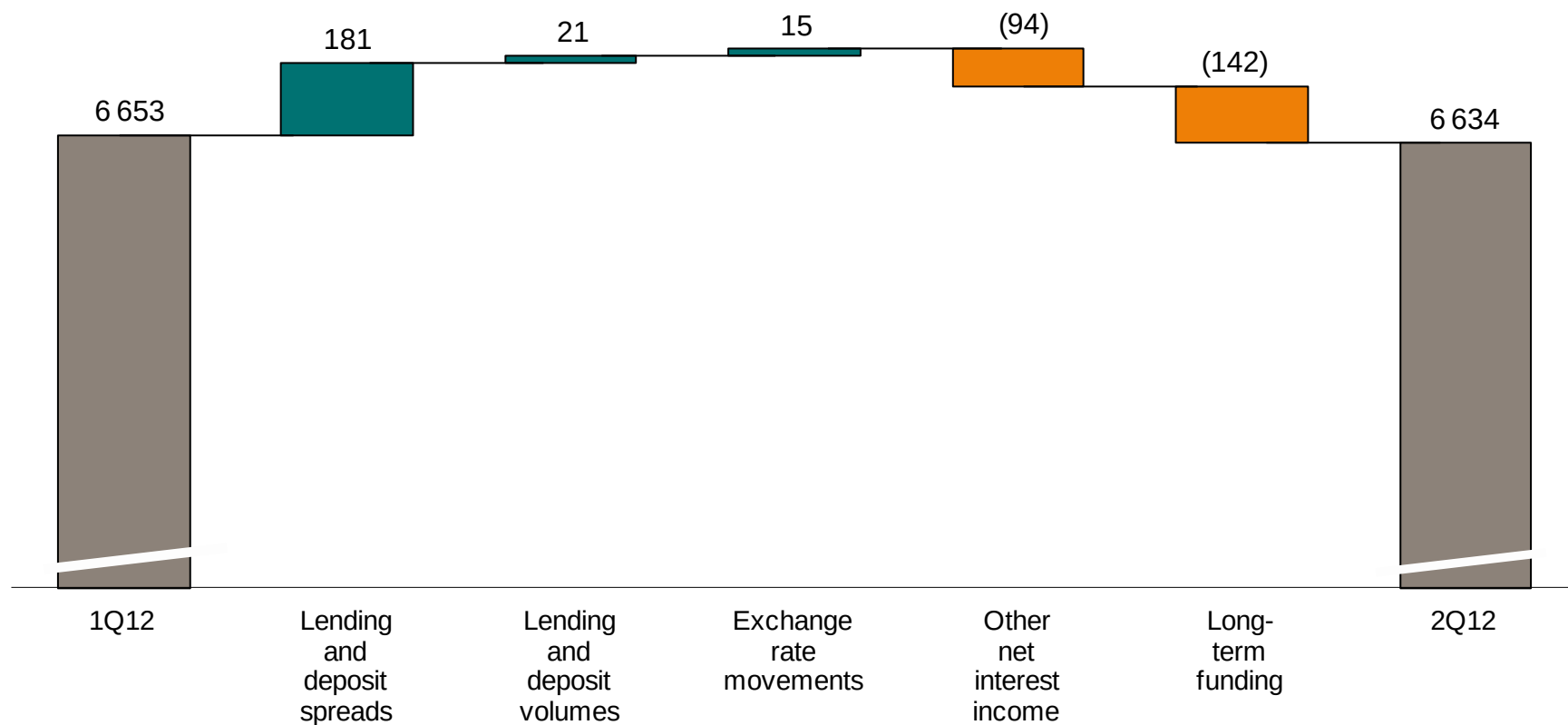
From 2nd quarter 2011 to 2nd quarter 2012



Changes in net interest income

NOK million

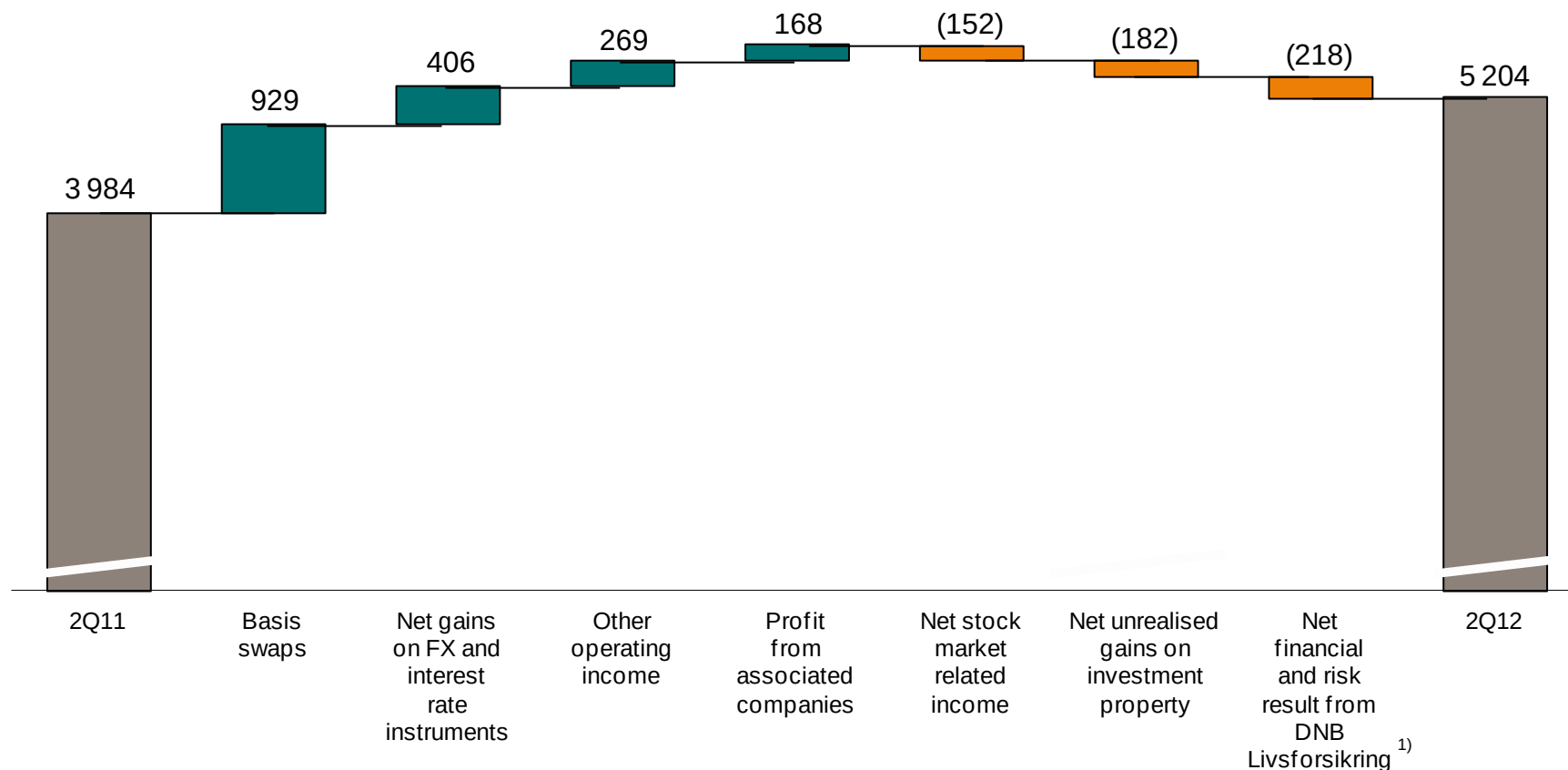
From 1st quarter 2012 to 2nd quarter 2012



Changes in net other operating income

NOK million

From 2nd quarter 2011 to 2nd quarter 2012



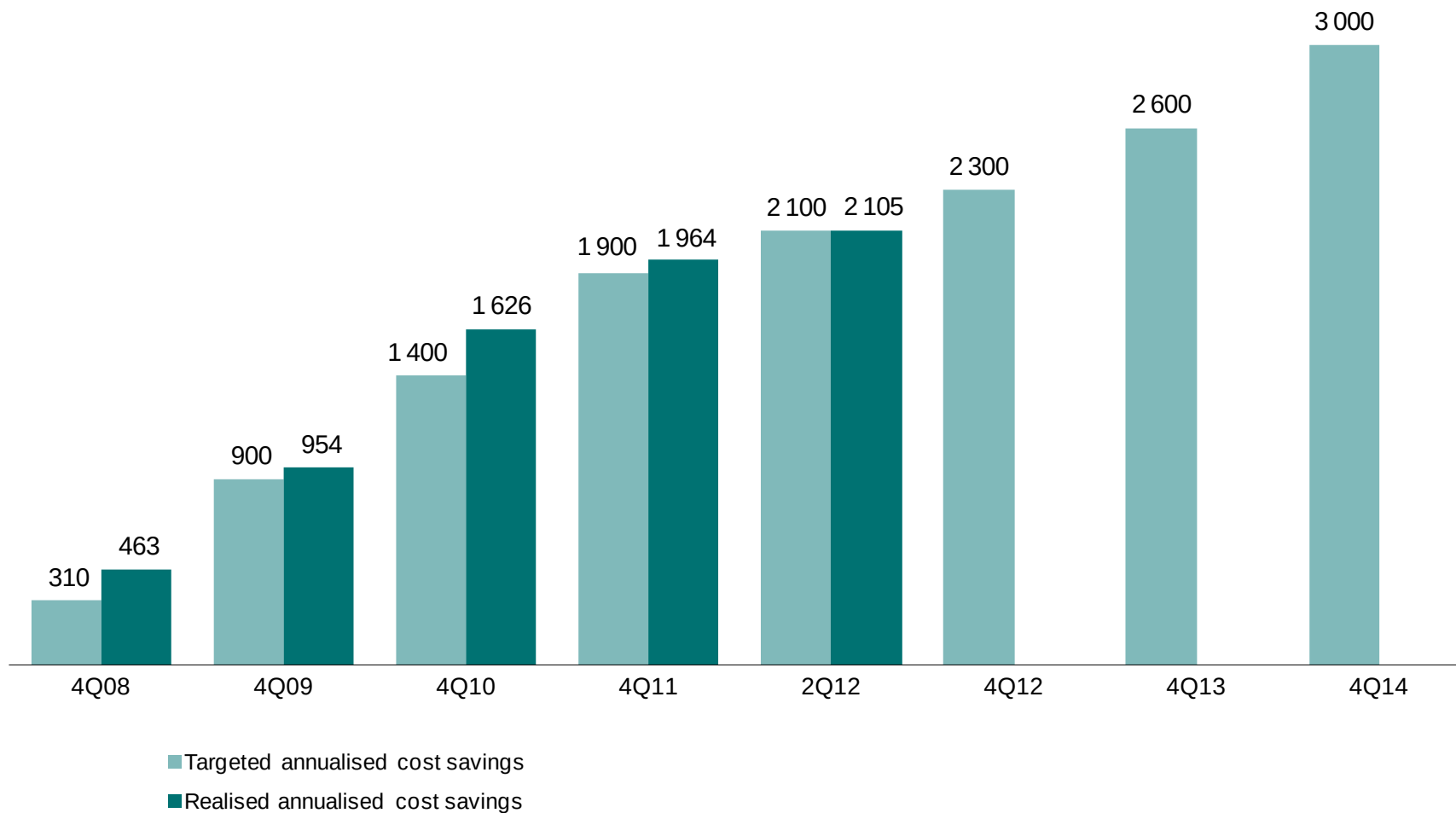
1) After guaranteed returns and allocations to policyholders

Changes in operating expenses

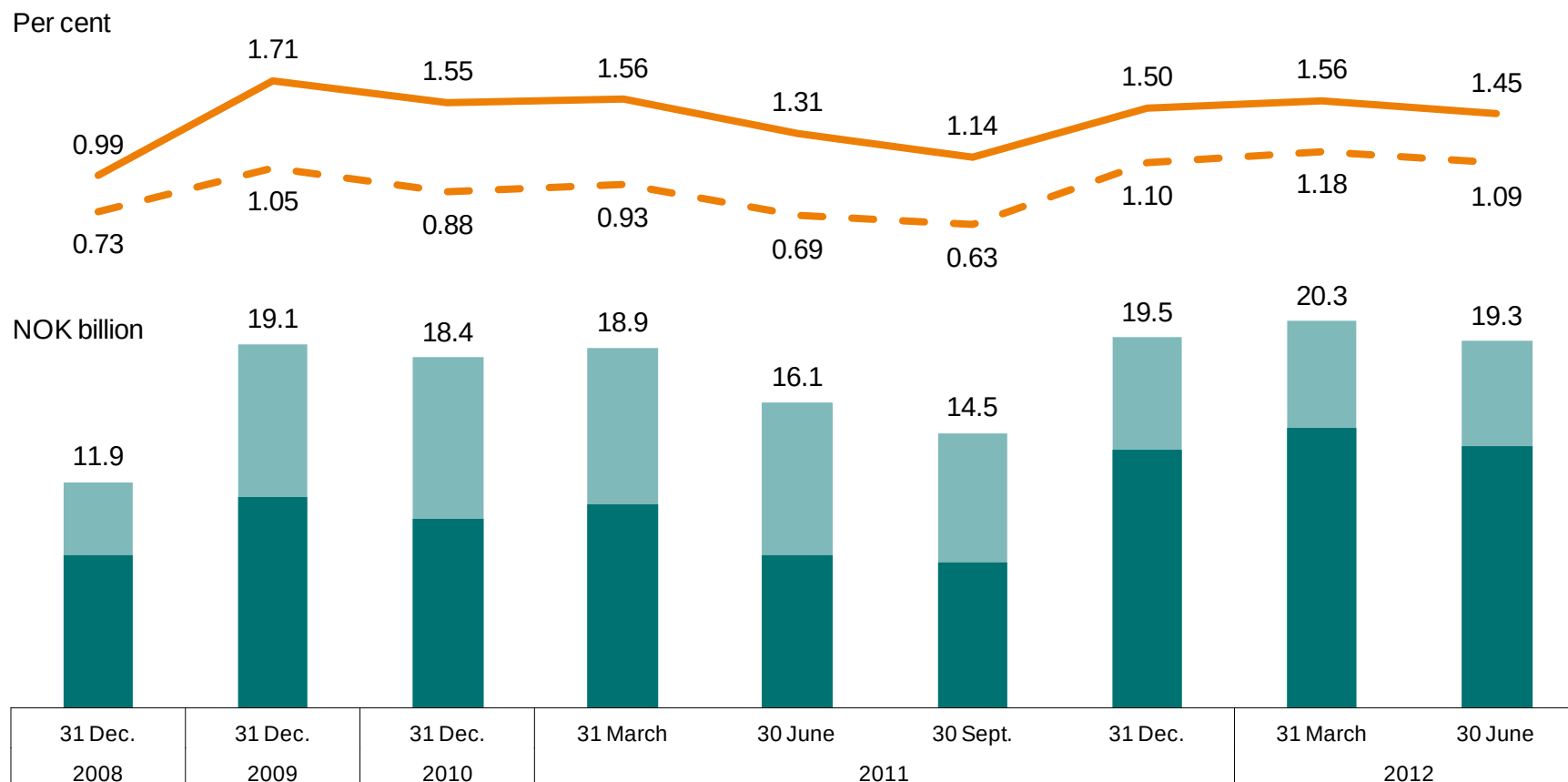
Amounts in NOK million	2Q12	Changes	2Q11
Total operating expenses	5 149	217	4 931
Costs for non-core operations		37	
Non-recurring costs			
Premature termination of leases in connection with the move to new headquarters		54	
Write-downs on balance sheet assets in second quarter of 2011		(22)	
Income-related items			
Increase in full-time positions		72	
Operational leasing		24	
Marketing costs etc.		(24)	
Performance-based pay		(16)	
Expenses directly related to operations			
Cost programme		(63)	
Wage and price inflation		133	
Rise in pension expenses		72	
Other cost reductions		(50)	

Cost programme

NOK million



Net non-performing and net doubtful commitments ^{1) 2)}



1) Includes non-performing commitments and commitments subject to individual write-downs. Accumulated individual write-downs are deducted.

2) Figures for DNB Baltics and Poland/DnB NORD prior to 31 March 2012 also include the former DnB NORD's portfolios in Denmark and Finland.

- DNB Baltics and Poland/DnB NORD
- DNB Group excl. DNB Baltics and Poland/DnB NORD
- As a percentage of net lending
- - - As a percentage of net lending excl. DNB Baltics and Poland/DnB NORD

Write-downs on loans and guarantees

Amounts in NOK million	2Q12	1Q12	4Q11	3Q11	2Q11	1st half 2012	1st half 2011
<i>Individual write-downs:</i>							
Retail Banking							
- Private customer divisions	7	59	78	38	58	66	71
- SME divisions	80	160	233	128	(45)	240	50
- DNB Finans ¹⁾	123	90	29	106	97	212	235
Large Corporates and International							
- Nordic Corporates Division	(22)	(12)	144	(3)	145	(34)	264
- International Corporates and Institutions Division	144	4	29	110	(10)	127	263
- Shipping, Offshore and Logistics Division	142	195	143	17	(13)	357	0
- Energy Division	0	0	1	2	(11)	0	(11)
- Other units ²⁾	5	87	1	(1)	3	91	(1)
DNB excl. former DnB NORD	478	582	657	397	223	1 059	873
Former DnB NORD							
- DNB Baltics and Poland	132	106	237	494	169	238	371
- Other units	0	0	126	28	15	0	34
Total individual write-downs	609	688	1 020	919	408	1 297	1 278
<i>Collective write-downs:</i>							
DNB excl. DNB Baltics and Poland	108	138	(44)	43	54	246	83
DNB Baltics and Poland	(32)	(42)	(50)	208	(4)	(74)	(12)
Total collective write-downs on loans	76	96	(94)	251	50	172	71
Write-downs on loans and guarantees	685	784	926	1 170	457	1 469	1 349

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

2) Commitments transferred from the former DnB NORD.

Write-downs in per cent of lending

Per cent	2Q12	1Q12	4Q11	3Q11	2Q11	1st half 2012	1st half 2011
Total write-downs in relation to average volumes (annual basis)	0.21	0.25	0.29	0.38	0.15	0.23	0.23
- DNB excl. DNB Baltics and Poland	0.19	0.24	0.23	0.16	0.10	0.21	0.17
- DNB Baltics and Poland	0.74	0.47	1.56	5.30	1.31	0.61	1.33

Balance sheets

	DNB Group			DNB Bank ASA	
	30 June 2012	31 March 2012	31 Dec. 2011	30 June 2012	31 Dec. 2011
Amounts in NOK billion					
Deposits with central banks	410	433	225	408	221
Lending to and deposits with credit institutions	32	35	29	200	193
Net lending to customers	1 309	1 285	1 279	709	712
Other assets	621	618	594	492	489
Total assets	2 372	2 371	2 126	1 809	1 615
Loans and deposits from credit institutions	294	353	280	306	296
Deposits from customers	854	806	740	812	704
Short-term debt securities issued	260	272	228	260	228
Long-term debt securities issued	469	445	407	177	156
Other liabilities and provisions	374	374	354	150	133
Equity	121	120	118	104	98
Total liabilities and equity	2 372	2 371	2 126	1 809	1 615
Ratio of deposits to net lending (%)	65.3	62.7	57.8	114.5	98.9
Adjusted ratio of deposits to net lending (%) ¹⁾	62.3	61.5	57.3	109.0	97.9
Total combined assets	2 633	2 636	2 395	1 809	1 615
Currency-adjusted customer lending	1 314	1 297		713	
Currency-adjusted customer deposits	856	813		814	

1) Excluding short-term money market deposits in DNB New York

Stable access to long-term funding

2012

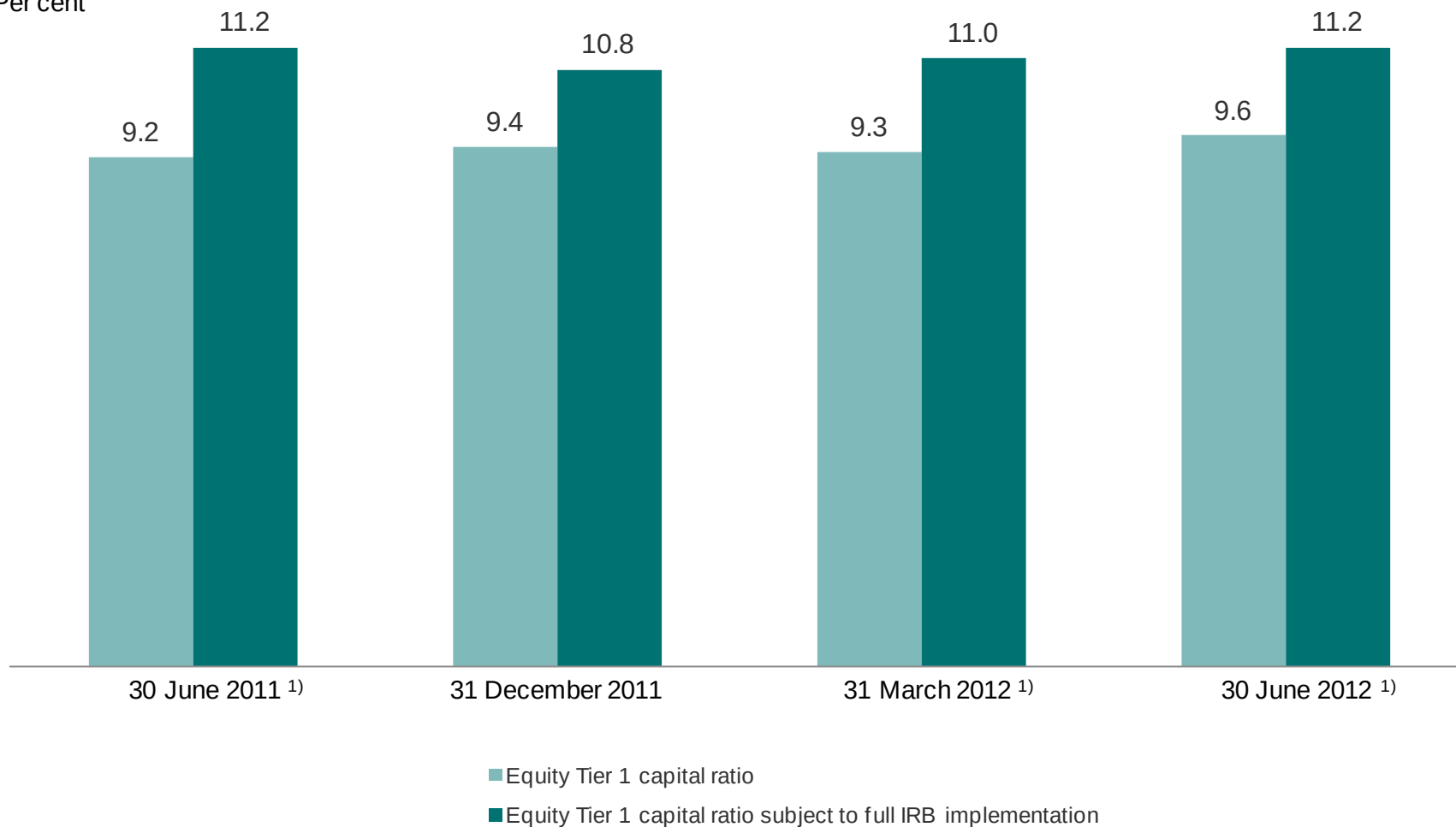
	NOK billion	Maturity	Spread (bp) 3-month Euribor	Spread (bp) 3-month Nibor
Covered bonds	47.6	7.4	68	96
Senior bonds	42.9	6.8	172	194
Total	90.5	7.1	117	143
Subordinated loans	5.7	5.0	340	367
Total including subordinated loans	96.2	7.0	130	156
In addition: LTRO funding	9.0	3.0		

2011

	NOK billion	Maturity	Spread (bp) 3-month Euribor	Spread (bp) 3-month Nibor
Covered bonds	98.3	6.5	53	68
Senior bonds	27.8	8.8	108	123
Total	126.1	7.0	65	80
In addition: LTRO funding	15.7	3.0		

Common equity Tier 1 capital ratio

Per cent



1) Including 50 per cent of profit year to date

Important regulatory topics

- Norwegian authorities positive to principles for harmonisation of regulations in the Nordic banking market
- Implementation of CRD IV in Norway; Norwegian authorities await clarification in the EU
- Norwegian Banking Law Commission's proposal for a new occupational pension product is positive – important clarifications remain
- Implementation of Solvency II awaits clarification in the EU

Macroeconomic outlook

- **Positive trend in the Norwegian economy**
 - **High level of investment in the oil, gas and energy sector**
 - **Robust housing market**
 - **Susceptible to international economic developments**
- **High level of uncertainty in Europe**
- **Global growth, but subdued expectations**

Outlook for DNB

- **Retail Banking**
Continued lending growth in the retail market, somewhat wider lending spreads, pressure on deposit spreads and low level of write-downs
- **Large Corporates and International**
Subdued lending growth in the corporate market, higher lending spreads, pressure on deposit spreads and continued low level of write-downs
- **DNB Markets**
Healthy earnings in spite of increasing price pressure
- **Insurance and Asset Management**
Lower risk and reduced equity exposure give more predictable profit levels, cost-effectiveness and focus on capital-efficient products
- **DNB Baltics**
Improved operations and lower write-downs



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