

# DnB NOR Group

## - results 1st quarter 2009



Rune Bjerke, group chief executive  
Bjørn Erik Næss, CFO

1st quarter 2009

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Sound performance under challenging circumstances

Positive trend in spreads

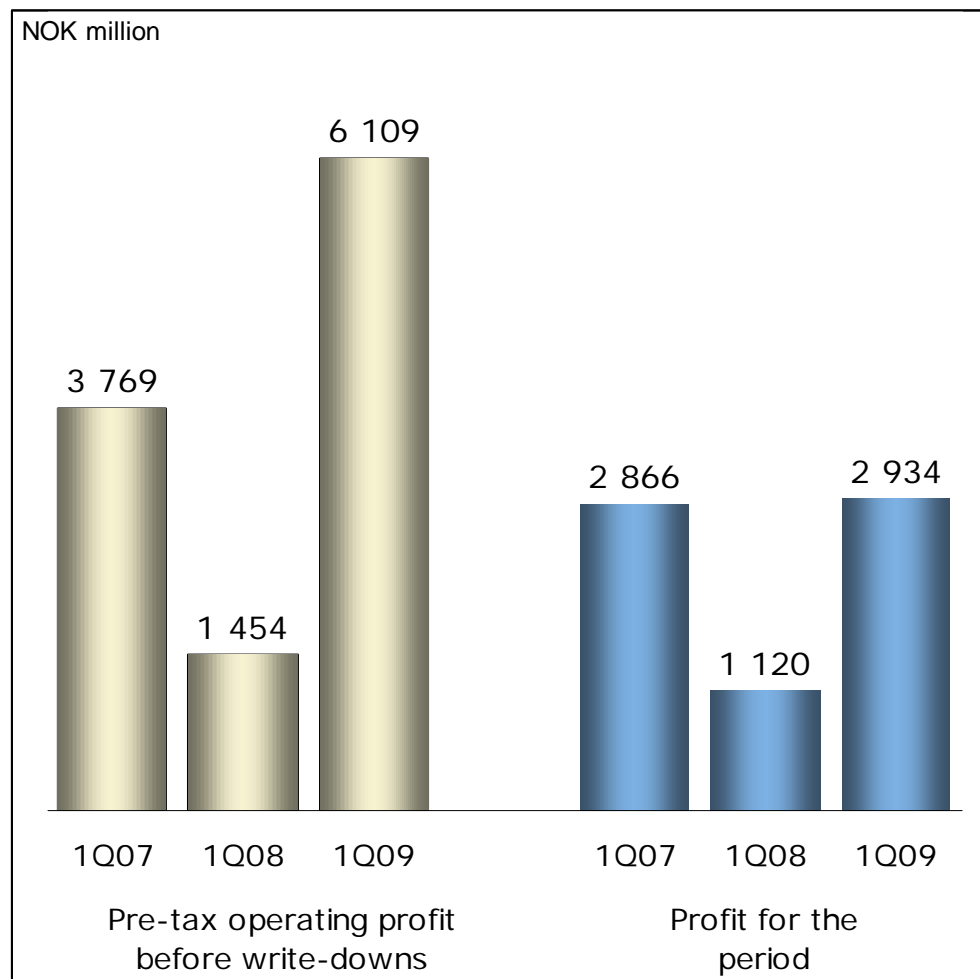
High level of other operating income

Write-downs on loans in line with estimates

High tax charge

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## 1st quarter results

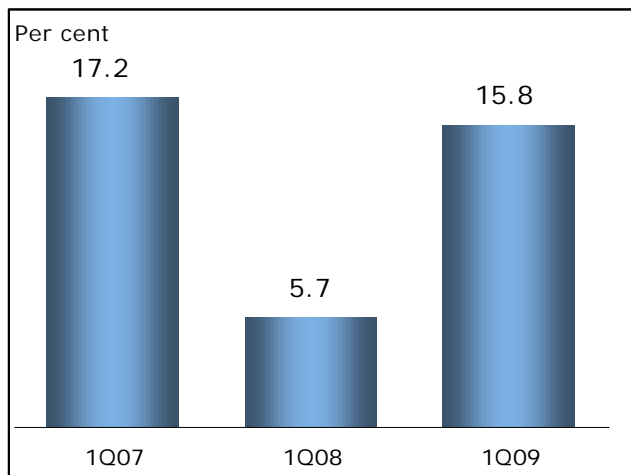


## Strong income growth

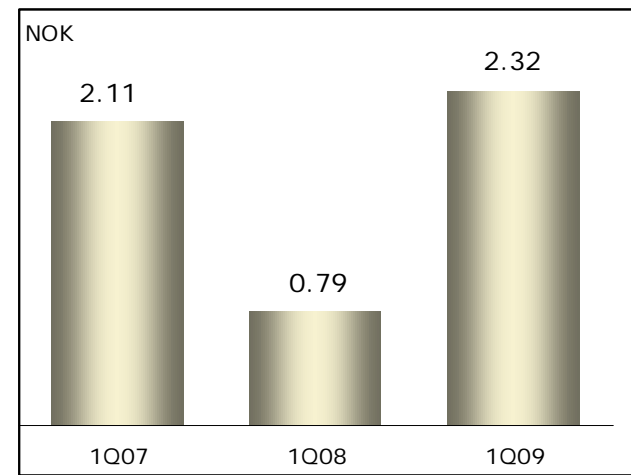
- Increase in net interest income due to growth in volumes and widening spreads
- Very high other operating income due to market volatility, counteracting negative effects of the financial turmoil
- Higher write-downs resulting from weak international economic conditions
- High effective tax charge

# Key figures

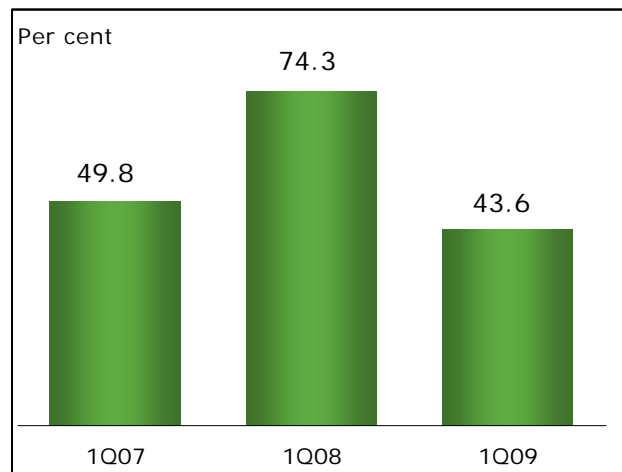
**Return on equity**



**Earnings per share**

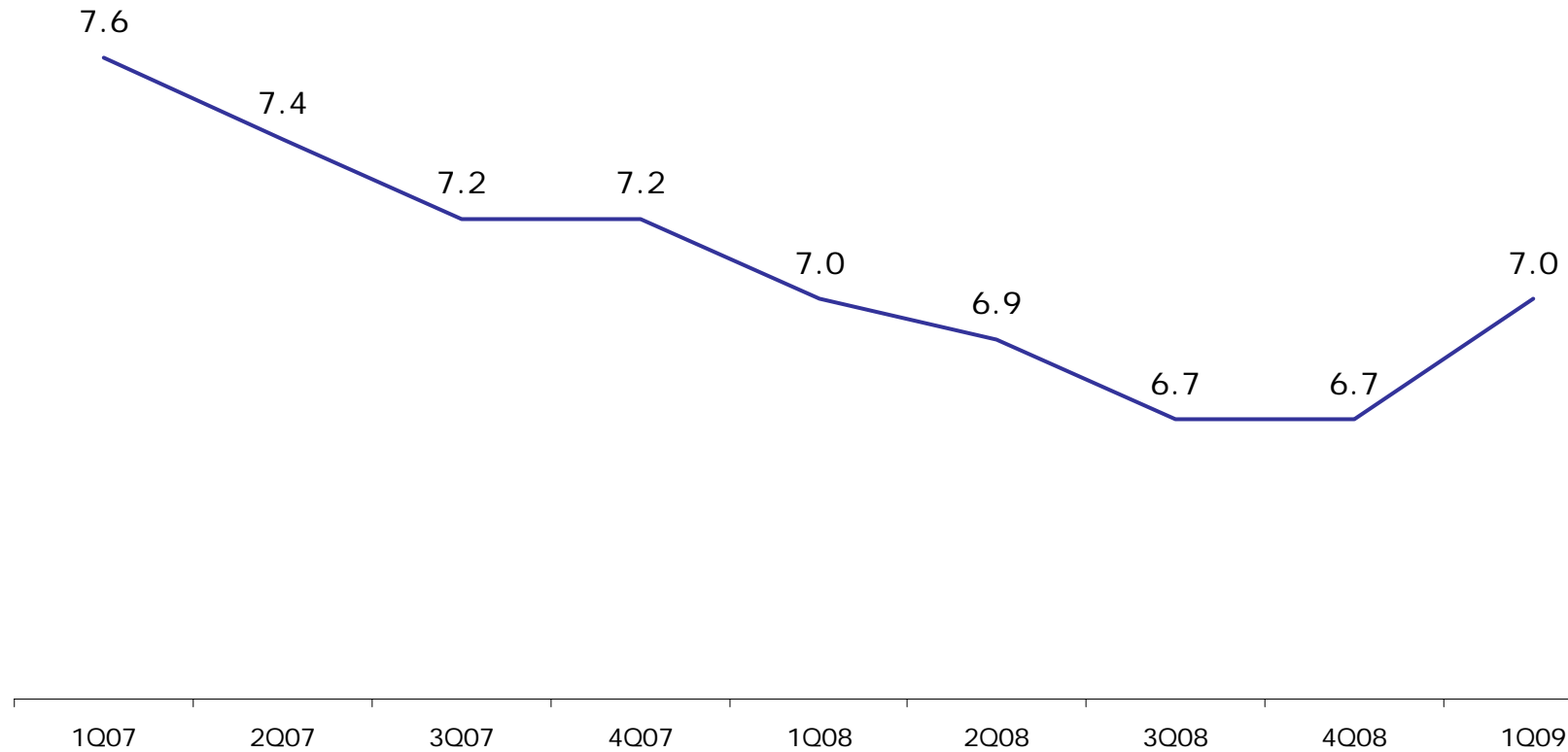


**Cost/income ratio**



# Core capital ratio

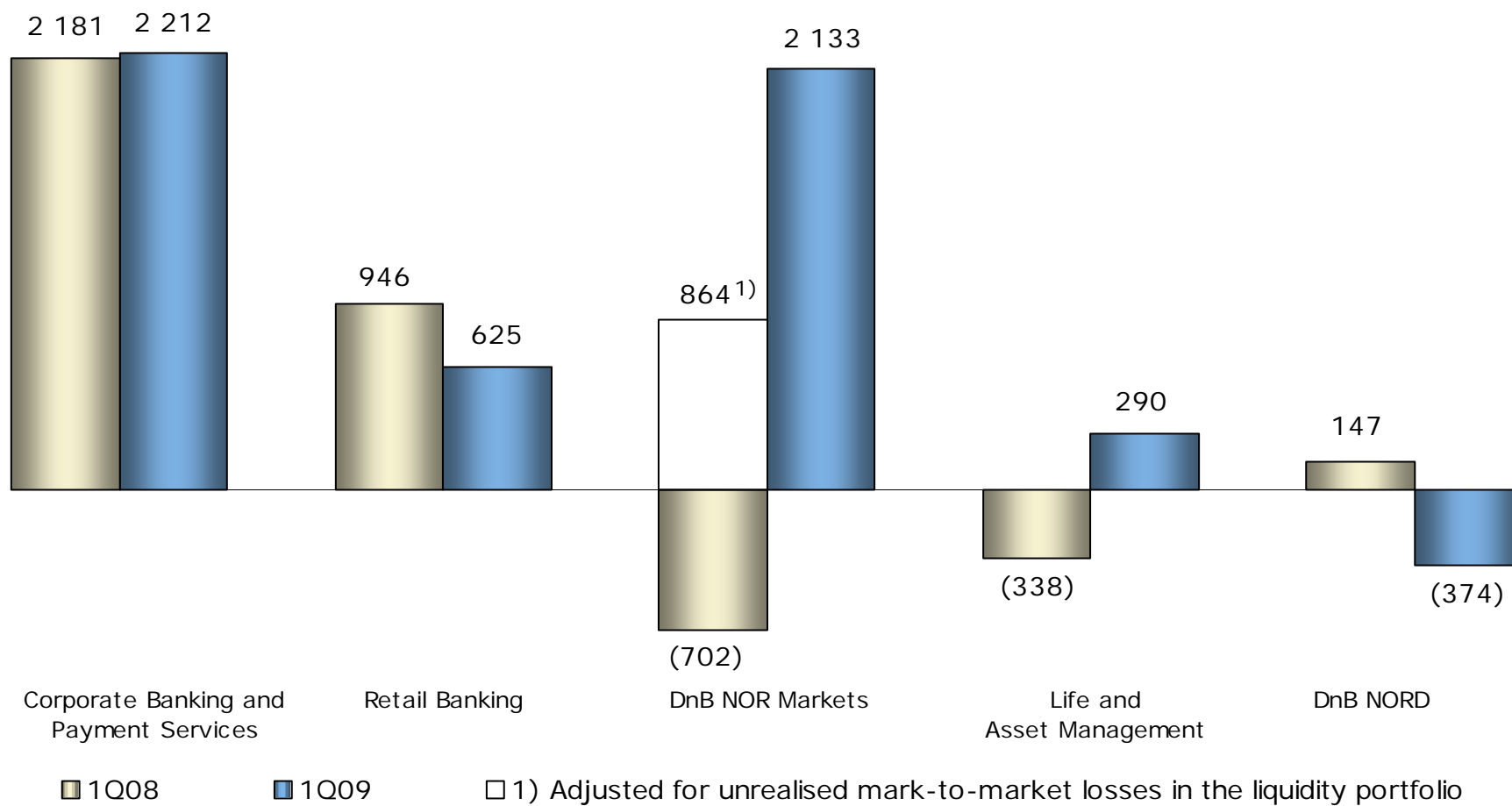
Per cent



# Varied impact of the financial turmoil on the business areas

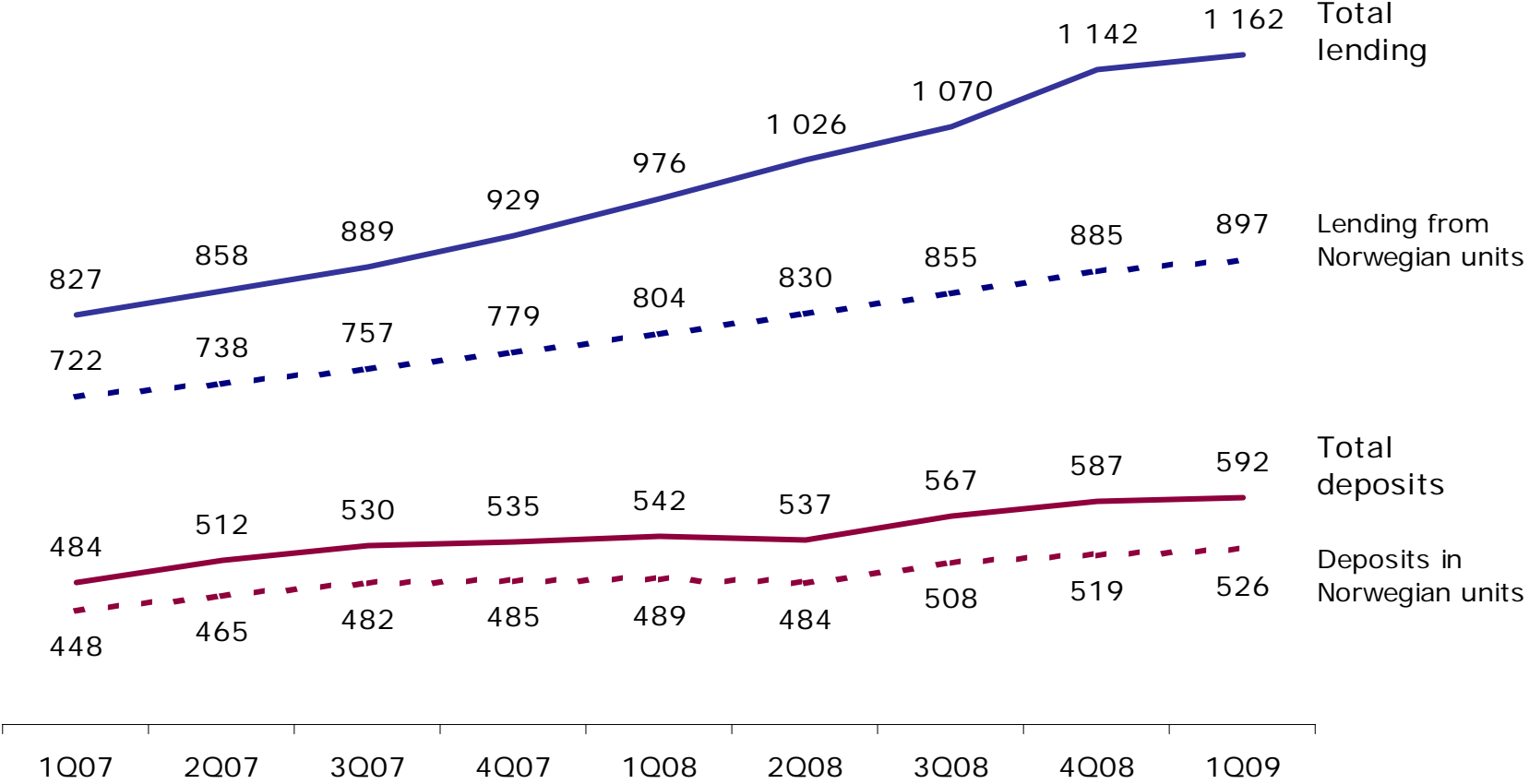
NOK million

## Pre-tax operating profit (after write-downs) in the first quarter



# Subdued growth in lending and deposit volumes <sup>1)</sup>

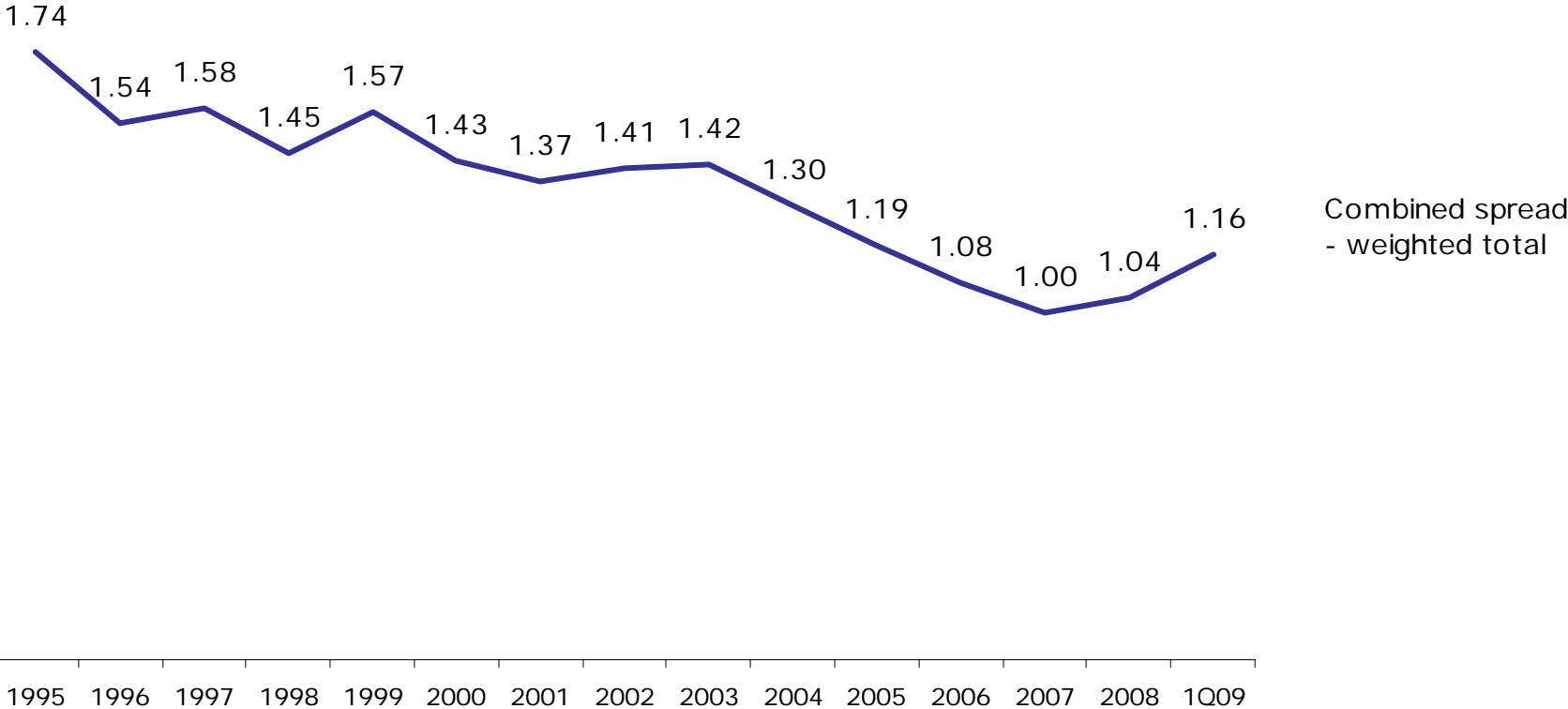
NOK billion



1) Average volumes in the period excluding lending to and deposits from credit institutions and impaired loans

# Annual developments in interest rate spreads

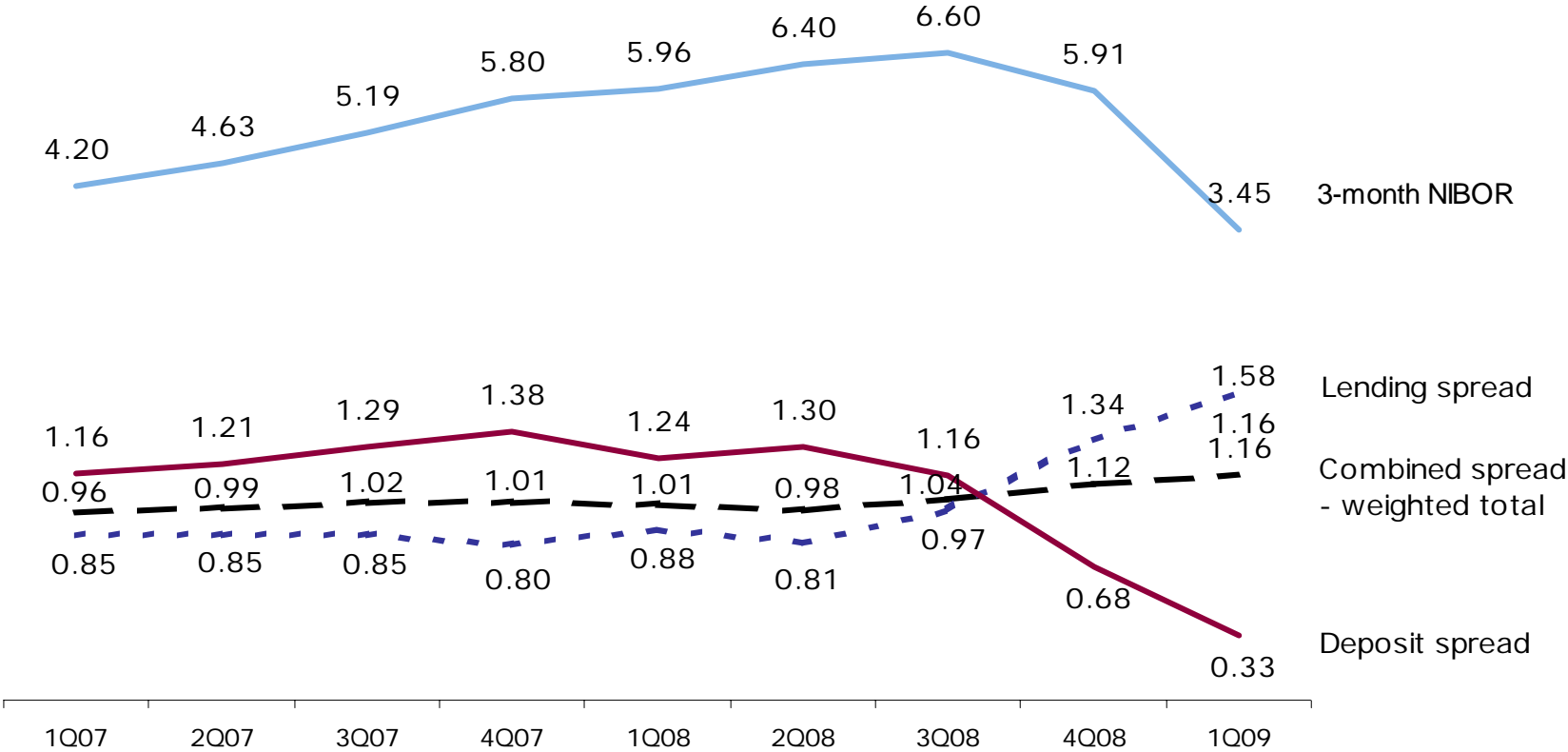
Per cent





# Quarterly developments in interest rate spreads 1)

Per cent



1) Excluding lending to and deposits from credit institutions and impaired loans

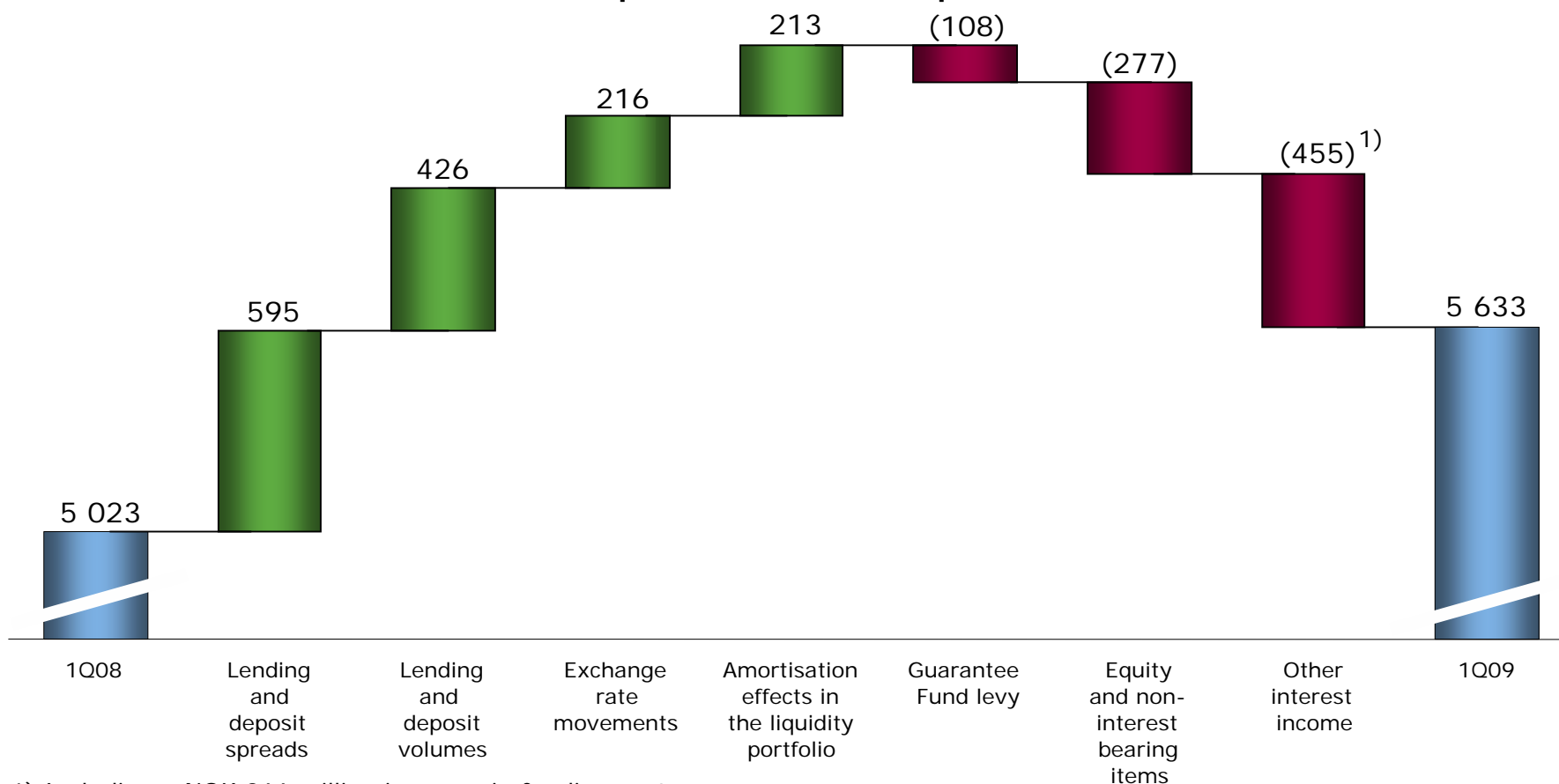
## Income statement

Amounts in NOK million	1Q09	4Q08	3Q08	2Q08	1Q08	Full year	Full year
						2008	2007
Net interest income	<b>5 633</b>	6 179	5 691	5 016	<b>5 023</b>	21 910	17 866
Net other operating income	<b>5 190</b>	4 615	3 134	4 064	<b>625</b>	12 438	13 732
Total income	<b>10 823</b>	10 794	8 825	9 080	<b>5 648</b>	34 347	31 598
Total operating expenses	<b>4 714</b>	4 559	4 464	4 445	<b>4 194</b>	17 662	16 450
Impairment loss for goodwill	<b>0</b>	1 058	0	0	<b>0</b>	1 058	0
Pre-tax operating profit before write-downs	<b>6 109</b>	5 176	4 361	4 635	<b>1 454</b>	15 627	15 148
Net gains on fixed and intangible assets	<b>4</b>	5	13	3	<b>31</b>	52	2 481
Write-downs on loans and guarantees	<b>1 598</b>	2 314	725	275	<b>195</b>	3 509	220
Pre-tax operating profit	<b>4 514</b>	2 868	3 649	4 363	<b>1 290</b>	12 170	17 409
Taxes	<b>1 580</b>	1 240	839	1 003	<b>170</b>	3 252	2 387
Profit for the period	<b>2 934</b>	1 629	2 810	3 360	<b>1 120</b>	8 918	15 022

# Strong increase in net interest income

NOK million

From 1st quarter 2008 to 1st quarter 2009

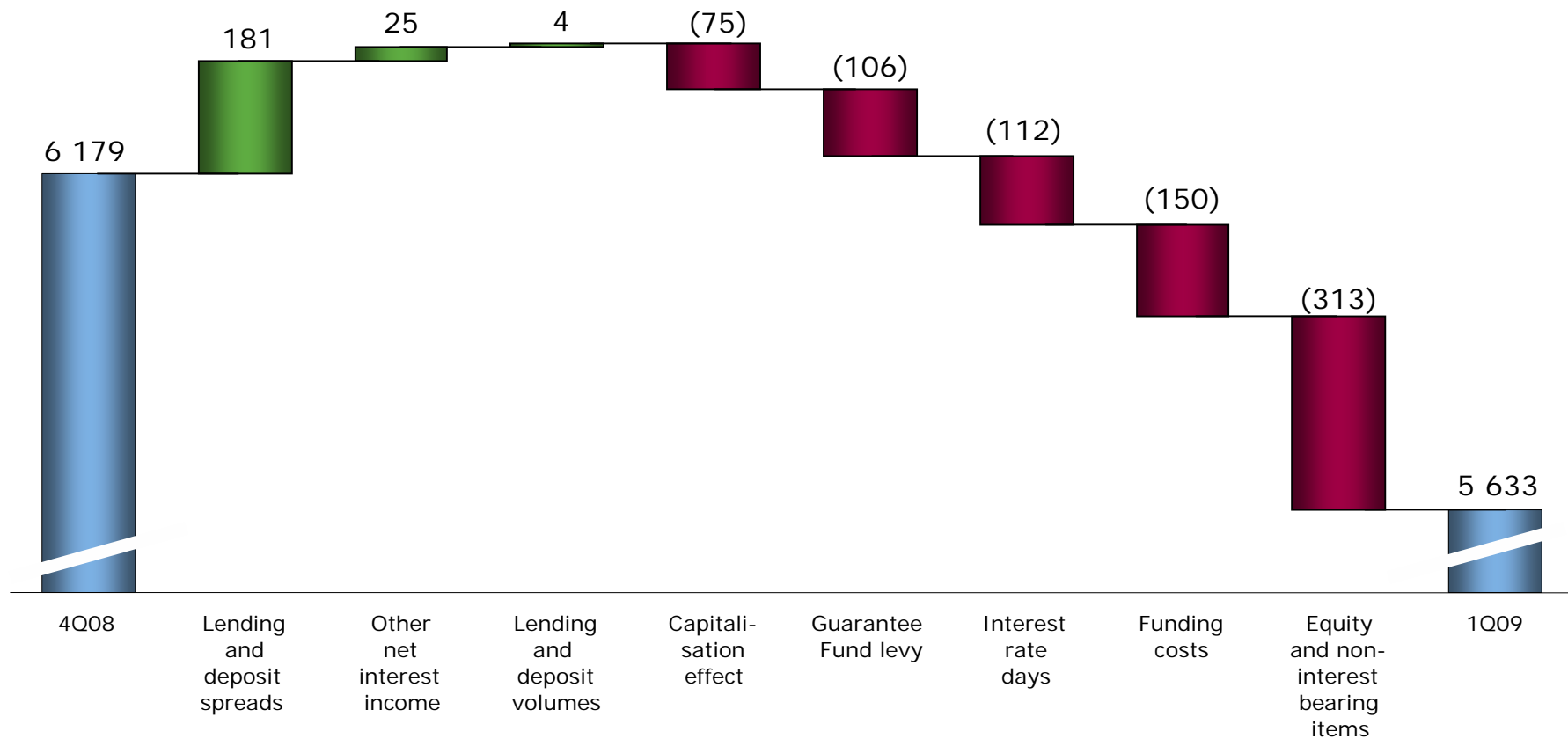


1) Including a NOK 366 million increase in funding costs.

# Change in net interest income

NOK million

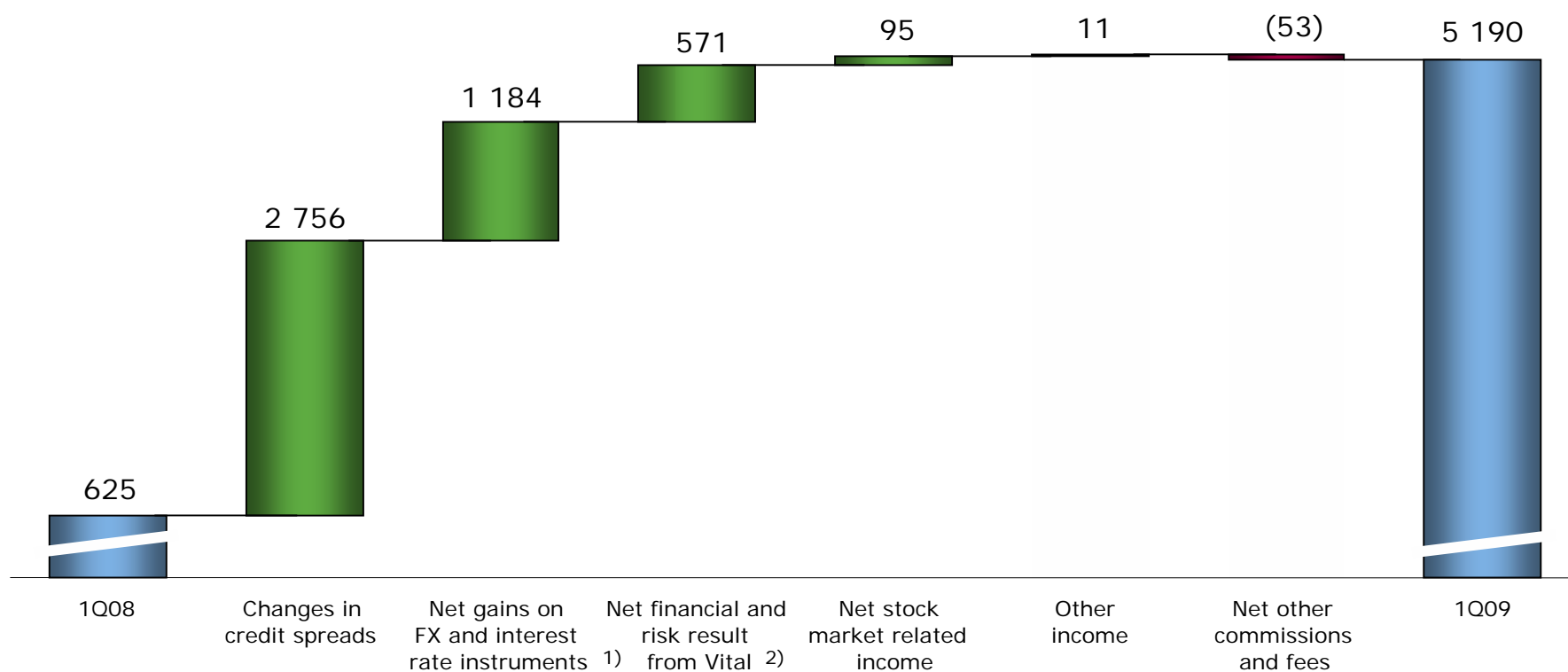
From 4th quarter 2008 to 1st quarter 2009



# Changes in net other operating income

NOK million

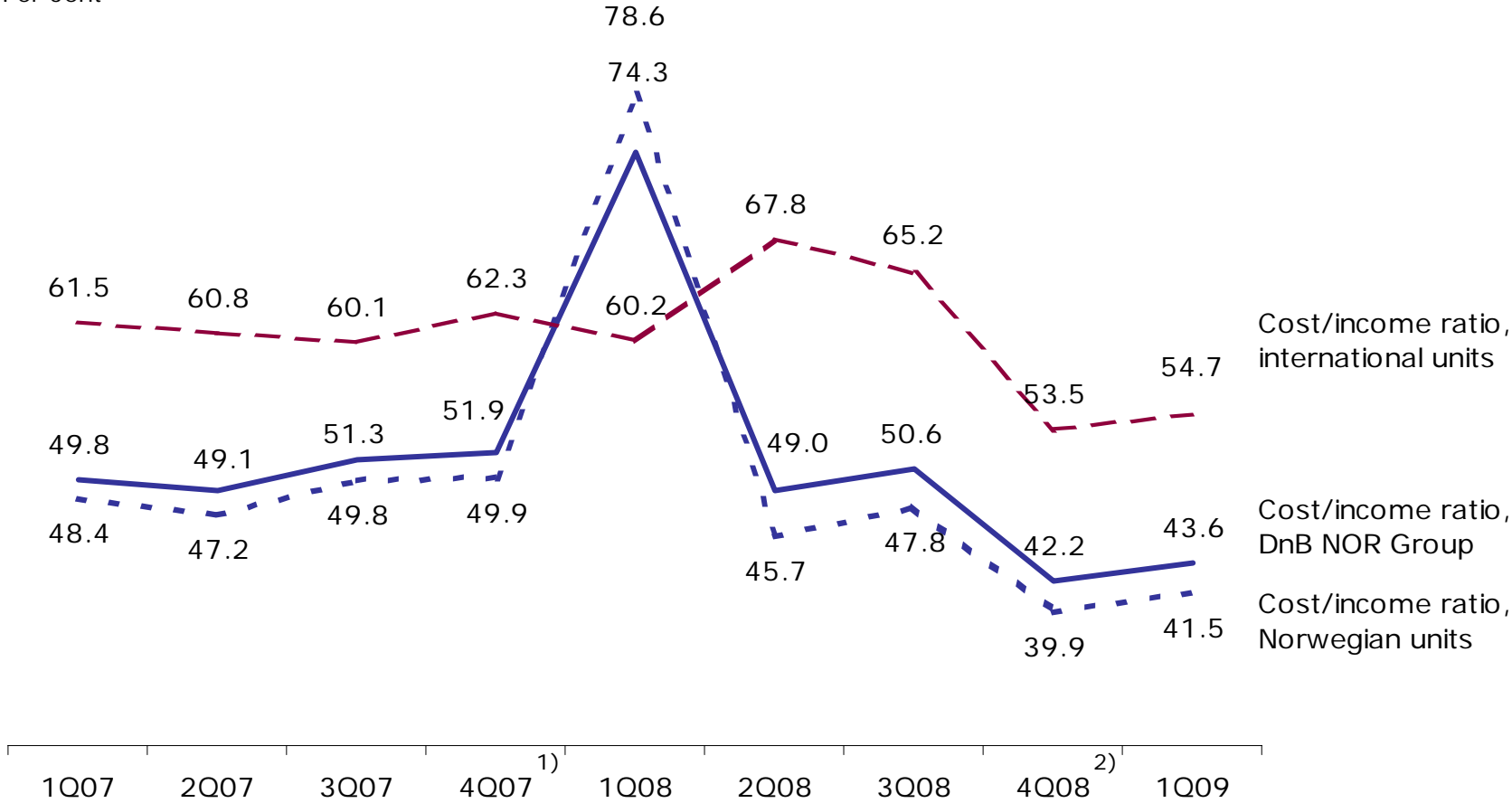
From 1st quarter 2008 to 1st quarter 2009



1) Excluding guarantees and changes in credit spreads  
 2) After guaranteed returns and allocations to policyholders

# Cost/income ratio

Per cent

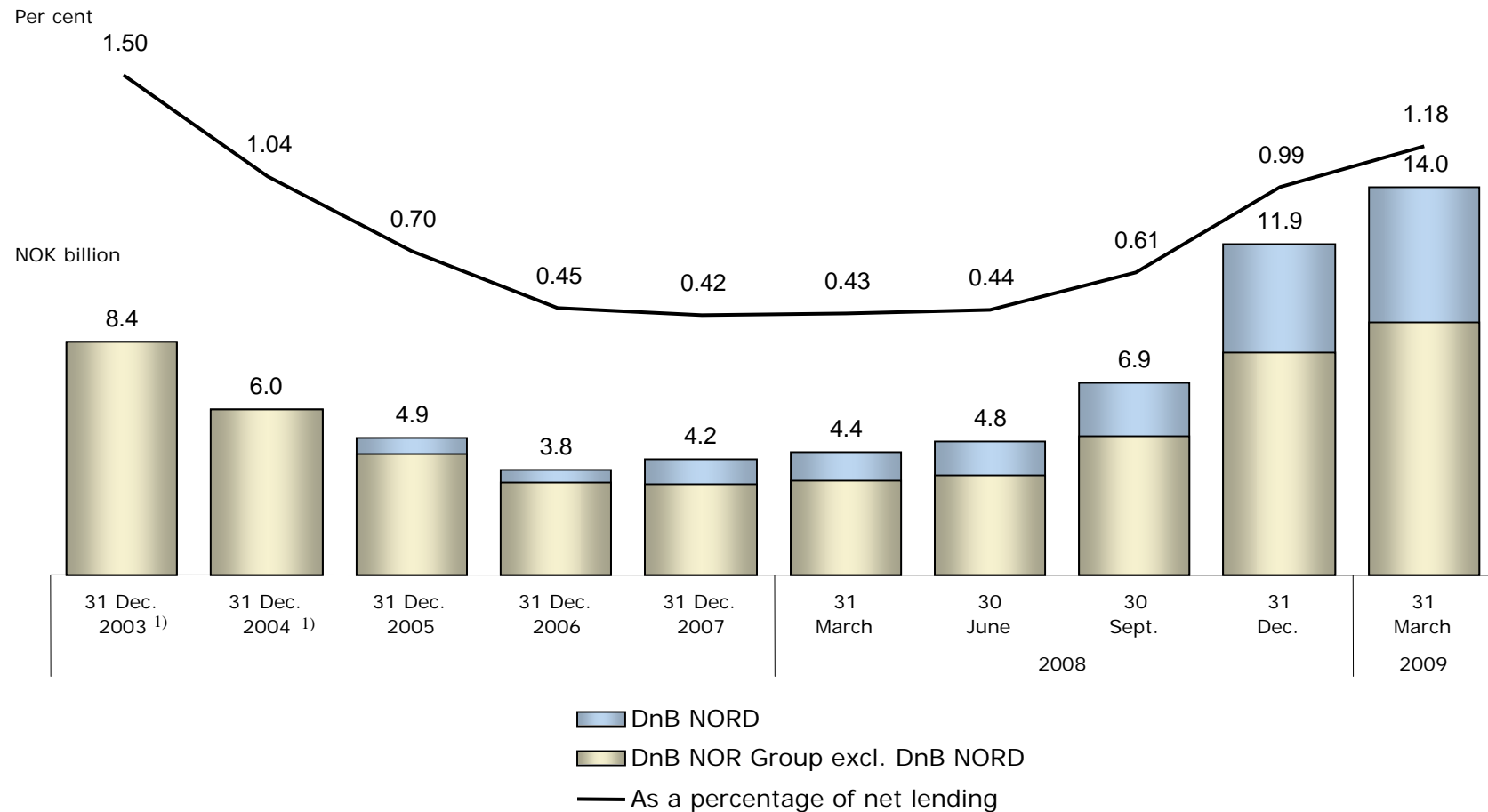


1) Excluding allocations to employees  
 2) Excluding impairment loss for goodwill

## Changes in operating expenses

Amounts in NOK million	1Q09	Change	1Q08
<b>Total operating expenses</b>	<b>4 714</b>	<b>520</b>	<b>4 194</b>
<b>Of which Norwegian units</b>		<b>398</b>	
<b>Costs which vary directly with income:</b>			
Agreement with Norway Post (including financial advisers)		36	
Performance-based pay		136	
Operational leasing		33	
<b>Non-recurring costs:</b>			
Restructuring		18	
<b>Costs/investments generating long-term income:</b>			
IT development		50	
New operations (DnB NOR Skadeforsikring, Bilfinans etc.)		51	
<b>Other cost increases</b>			
IT operations		82	
Wage and price inflation		111	
<b>Cost reductions:</b>			
Cost programme		(119)	

# Net non-performing and impaired commitments



1) Pro forma figures prior to 2005



## Write-downs on loans and guarantees for group units

Amounts in NOK million	1Q09	4Q08	3Q08	2Q08	1Q08	Full year 2008	Full year 2007
<i>Individual write-downs:</i>							
Corporate Banking and Payment Services							
- Regional divisions	183	349	96	53	24	521	74
- Norwegian and international large corporates	265	57	83	2	(5)	136	(1)
- Shipping, Offshore and Logistics Division	(23)	3	0	(1)	0	2	(4)
- DnB NOR Finans	102	208	58	37	27	330	30
Retail Banking	152	95	182	87	58	423	266
Other units	42	80	(21)	2	27	89	(40)
DnB NOR excl. DnB NORD	721	792	398	180	131	1 501	325
DnB NORD	487	907	201	42	28	1 178	97
Total individual write-downs	1 208	1 699	599	222	159	2 679	422
<i>Group write-downs:</i>							
DnB NOR excl. DnB NORD	286	469	77	42	32	620	(227)
DnB NORD	104	146	49	10	5	210	25
Total group write-downs on loans	390	615	126	52	37	830	(202)
Write-downs on loans and guarantees <sup>1)</sup>	1 598	2 314	725	275	195	3 509	220
1) Of which Norwegian units	931	1 014	374	211	160	1 760	94

## Write-downs in per cent of lending

Per cent	1Q09	4Q08	3Q08	2Q08	1Q08	Full year 2008	Full year 2007
Individual write-downs in relation to							
average volumes (annual basis)	<b>0.41</b>	<b>0.59</b>	0.22	0.09	0.06	0.25	0.05
- Norwegian units	<b>0.29</b>	<b>0.25</b>	0.14	0.08	0.06	0.13	0.04
- International units excl. DnB NORD	<b>0.07</b>	<b>0.54</b>	0.30	0.04	0.01	0.13	0.01
- DnB NORD	<b>2.15</b>	<b>4.14</b>	1.02	0.24	0.18	1.57	0.20
Total write-downs in relation to							
average volumes (annual basis)	<b>0.55</b>	<b>0.80</b>	0.27	0.11	0.08	0.33	0.02

## Lending and write-downs on loans in DnB NORD

Amounts in NOK million	Net lending as at 31 March 2009	1st quarter 2009		4th quarter 2008
		Write-downs on loans and guarantees	Write-downs in per cent of net lending <sup>1)</sup>	Write-downs in per cent of net lending <sup>1)</sup>
The Baltic States:				
Latvia	23 370	220	3.82	2.17
Lithuania	30 194	301	4.04	2.03
Estonia	3 434	16	1.89	3.94
The Baltic States - total	56 998	537	3.82	2.20
Poland	10 248	15	0.59	1.32
Denmark	12 296	35	1.15	20.35
Finland	8 899	2	0.09	0.05
DnB NORD total	88 441	590	2.71	4.25

1) Annualised figures, including group write-downs

## Vital

Amounts in NOK million	1Q09	1Q08
Interest result	(72)	(1 801)
Application of additional allocations	189	1 344
Risk result	84	111
Administration result	(28)	(17)
Profit on risk and guaranteed rate of return	119	108
Other	(14)	(23)
Transferred to policyholders	47	84
Pre-tax operating profit	232	(361)
Taxes	216	0
Profit for the period	16	(361)
Total assets (NOK billion) <sup>1)</sup>	223	229
Return on capital (%) <sup>2)</sup>	0.4	(20.2)

1) Assets at end of period

2) Calculated based on recorded equity

- Value-adjusted return in the common portfolio of 0.7 per cent
- High tax charge (93 per cent) due to the tax exemption method on capital gains
- Capital adequacy ratio of 12.4 per cent

## Balance sheets and funding

Amounts in NOK billion	DnB NOR Group			DnB NOR Bank ASA		
	31 March 2009	31 Dec. 2008	31 March 2008	31 March 2009	31 Dec. 2008	31 March 2008
Net lending to customers	1 174	1 192	1 016	777	824	786
Other assets	636	640	549	678	652	450
<b>Total assets</b>	<b>1 809</b>	<b>1 832</b>	<b>1 565</b>	<b>1 455</b>	<b>1 476</b>	<b>1 236</b>
Deposits from customers	595	597	529	571	570	503
Short-term securities issued	187	195	124	187	195	124
Long-term securities issued	362	411	297	270	313	241
Other liabilities and provisions	582	547	537	356	329	305
Equity	83	81	78	72	69	62
<b>Total liabilities and equity</b>	<b>1 809</b>	<b>1 832</b>	<b>1 565</b>	<b>1 455</b>	<b>1 476</b>	<b>1 236</b>
Ratio of deposits to net lending (%)	50.7	50.1	52.0	73.5	69.2	64.0
Total combined assets	2 092	2 141	1 906	1 455	1 476	1 236

## DnB NOR's AA- rating recently confirmed by Standard & Poor's

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### Strengths

- Leading position in Norway
- Strong and diverse revenue base
- Sound and conservative risk management in domestic operations
- Strong liquidity and diverse funding base

### Challenges

- Asset quality in exposed areas
- Concentration risk
- Possible protracted period with low interest rates
- Future international growth platform

## DnB NOR's priorities and goals are unchanged

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**Risk management**  
- relationship banking

**Capital management**  
- strengthen the Group's position  
through organic growth

**Cost management**  
- accelerate streamlining  
programmes

**NOK 20 billion** in pre-tax operating  
profit before write-downs in 2010

Tier 1 capital ratio above  
**8 per cent by year-end 2010**

Cost programme:  
**NOK 2 billion** per annum as of end-  
2012

**Loss absorption capacity**

# DnB NOR

