

DnB NOR Group - results 2008

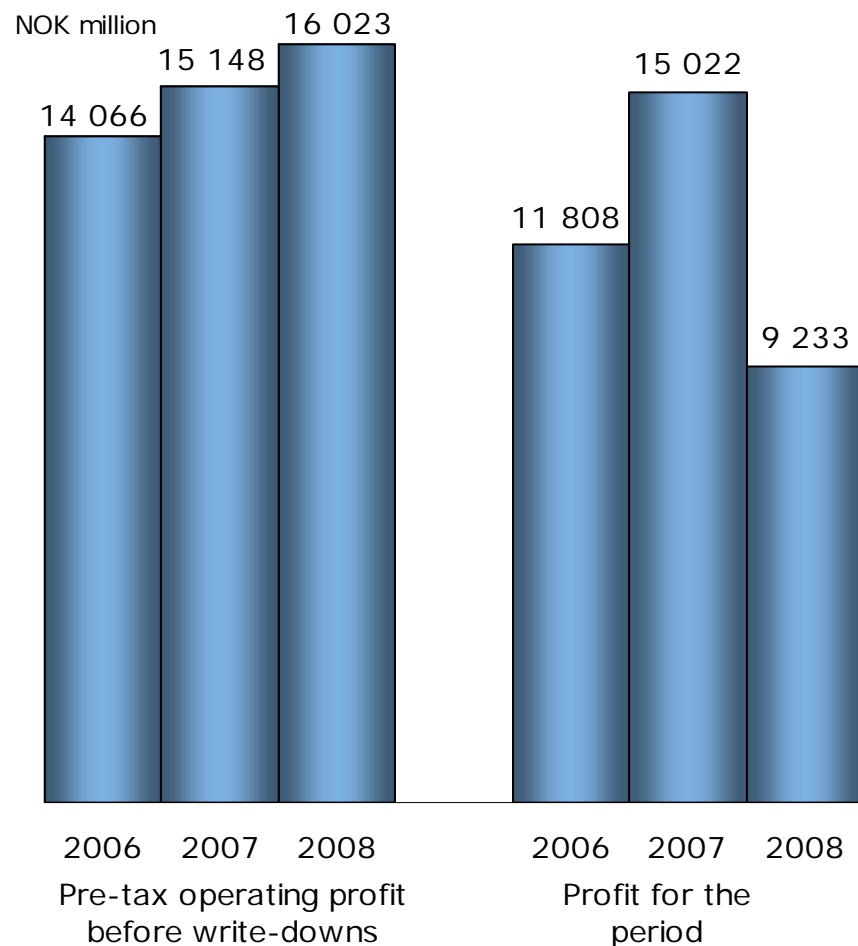


Rune Bjerke, group chief executive
Bjørn Erik Næss, CFO

Full year 2008

- Healthy profits in spite of deep downturn in the global economy
- Strong underlying earnings
- Extreme market volatility presented challenges, but also opportunities
- Strict cost control
- Rise in write-downs on loans, particularly in DnB NORD
- The Board of Directors recommends no dividend distribution for 2008

Full year results

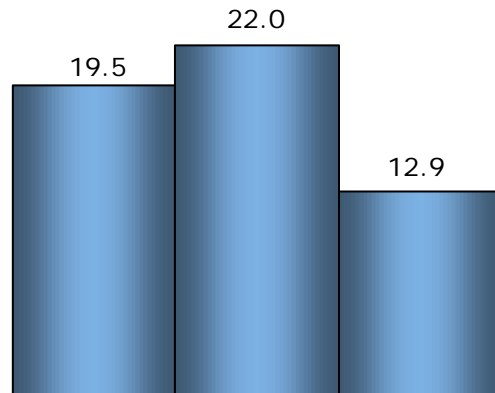


- 10.0 per cent rise in total income
- 13.8 per cent rise in operating expenses
- 5.8 per cent rise in pre-tax operating profit before write-downs
- 38.5 per cent decrease in profit for the period due to:
 - higher write-downs
 - profits from the sale of properties in 2007
 - low tax in 2007

Key figures for the year

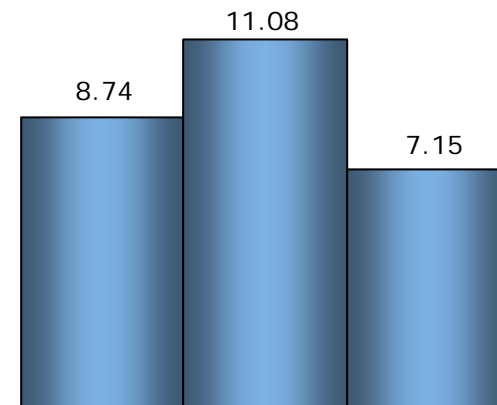
Return on equity

Per cent



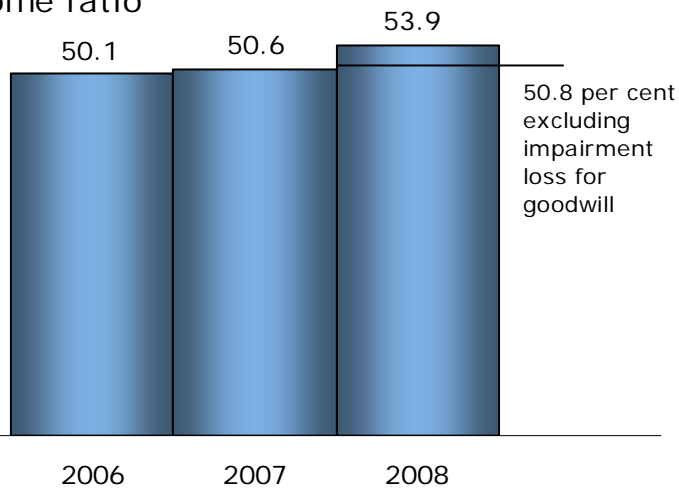
Earnings per share

NOK



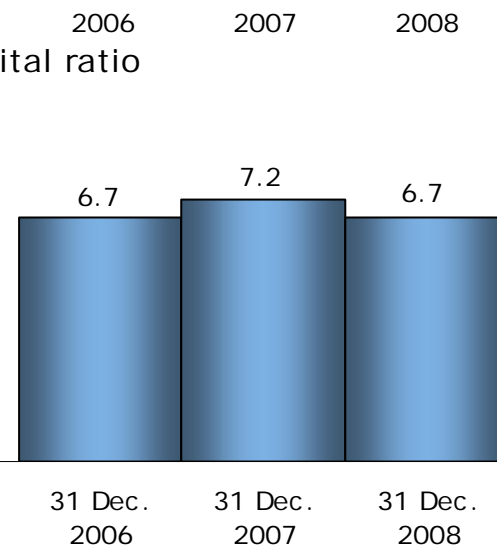
Cost/income ratio

Per cent

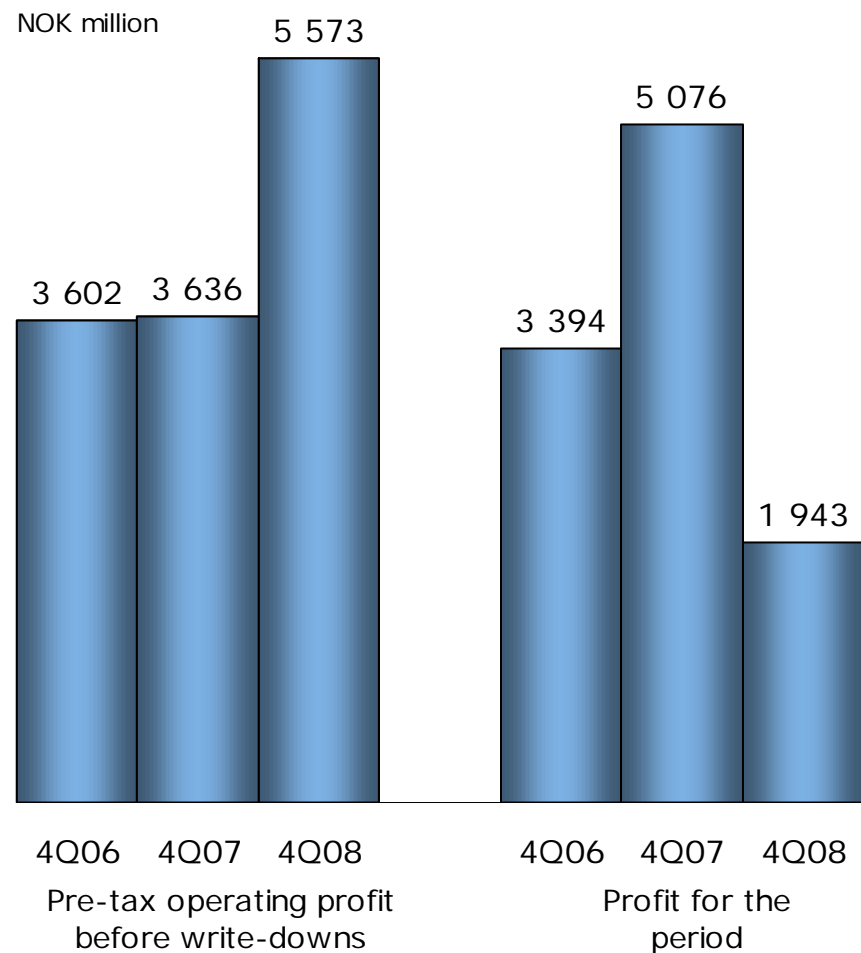


Core capital ratio

Per cent



4th quarter results

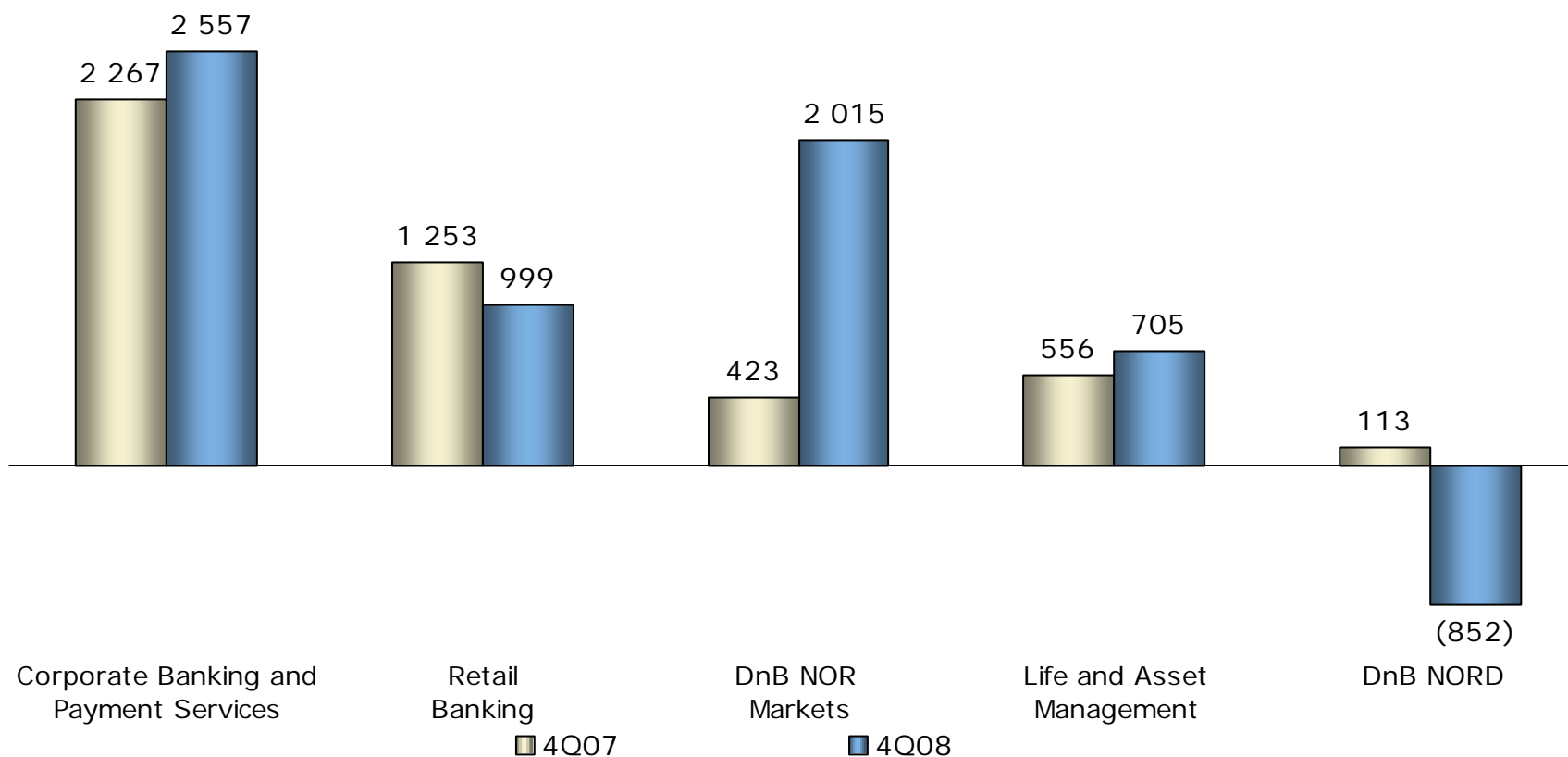


- 31.0 per cent rise in total income
- 14.5 per cent rise in operating expenses
- 53.3 per cent rise in pre-tax operating profit before write-downs
- 61.7 per cent decrease in profit for the period:
 - impairment loss for goodwill
 - higher write-downs on loans
 - profits from the sale of property in 2007
 - low tax in 4Q07, high tax in 4Q08

Business areas affected by the financial turmoil

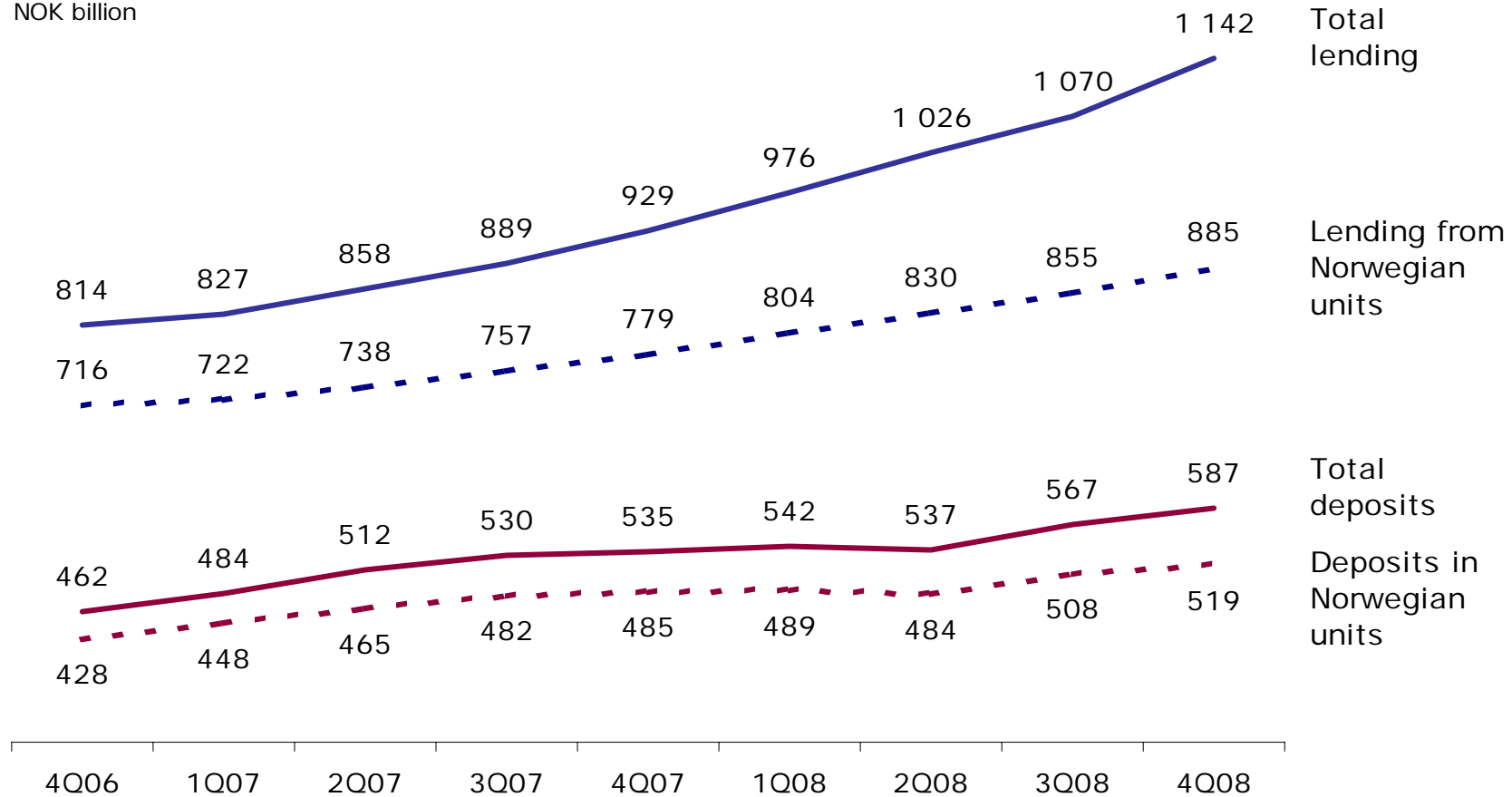
Pre-tax operating profit in the fourth quarter of 2008

NOK million



Lending growth reflected exchange rate movements ¹⁾

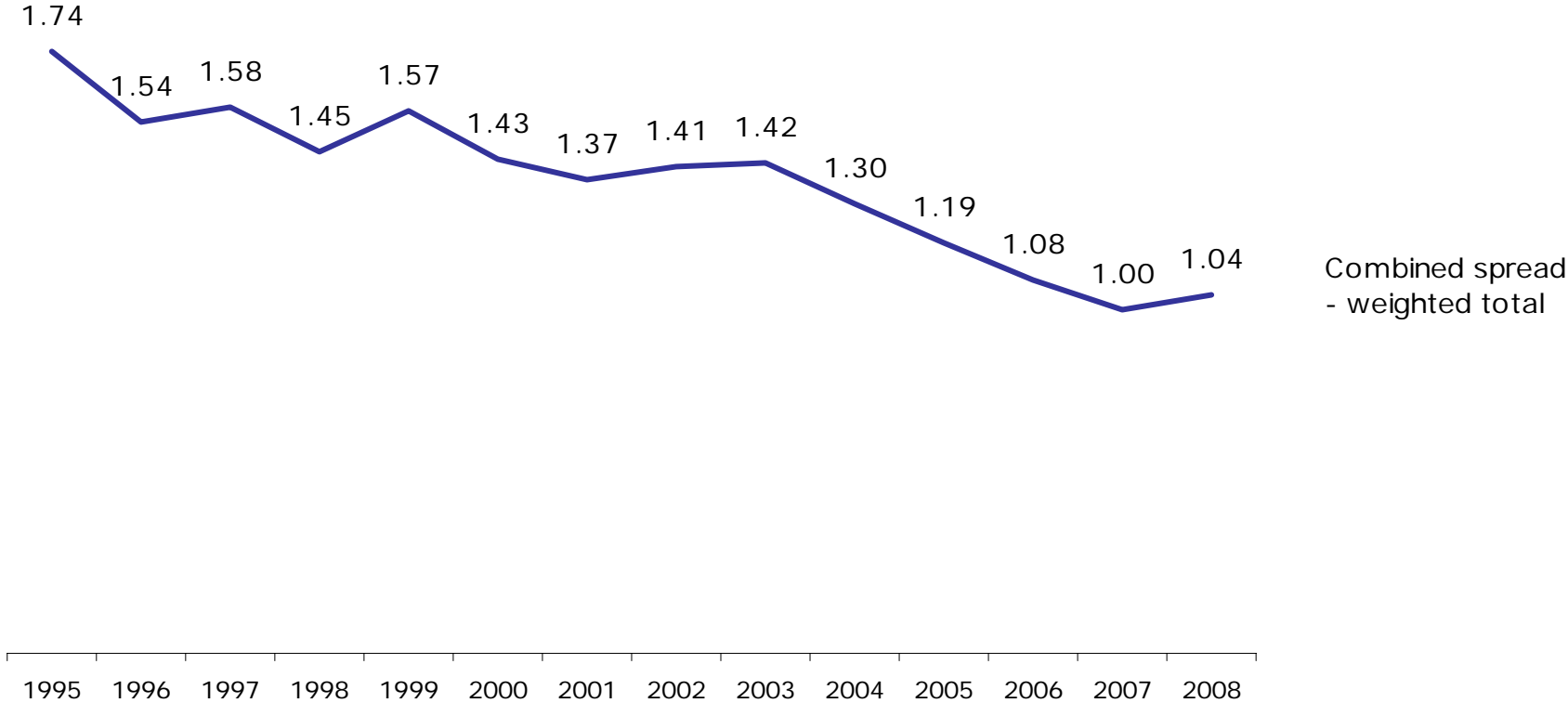
NOK billion



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

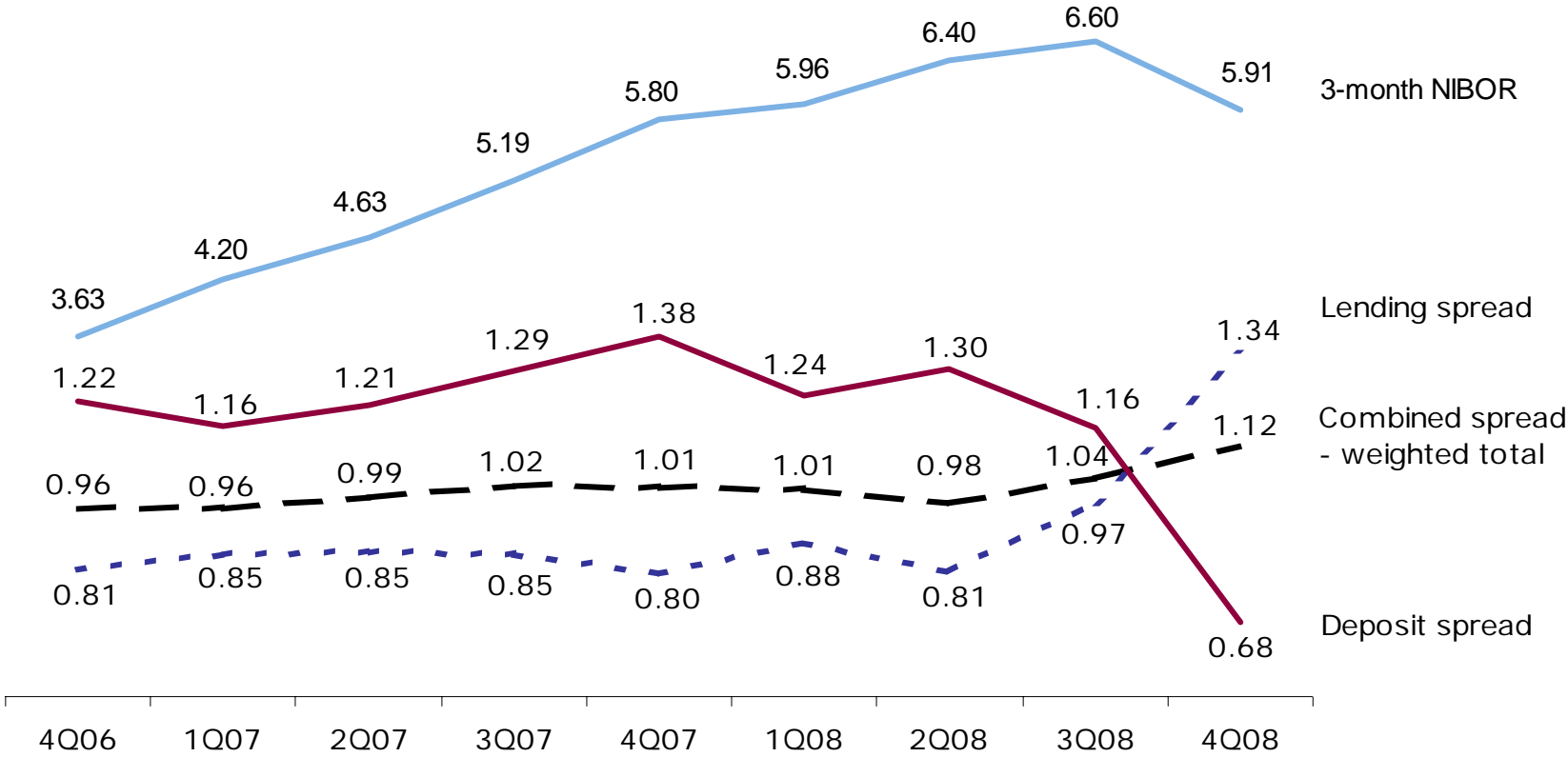
Yearly developments in interest rate spreads

Per cent



Quarterly developments in interest rate spreads ¹⁾

Per cent



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

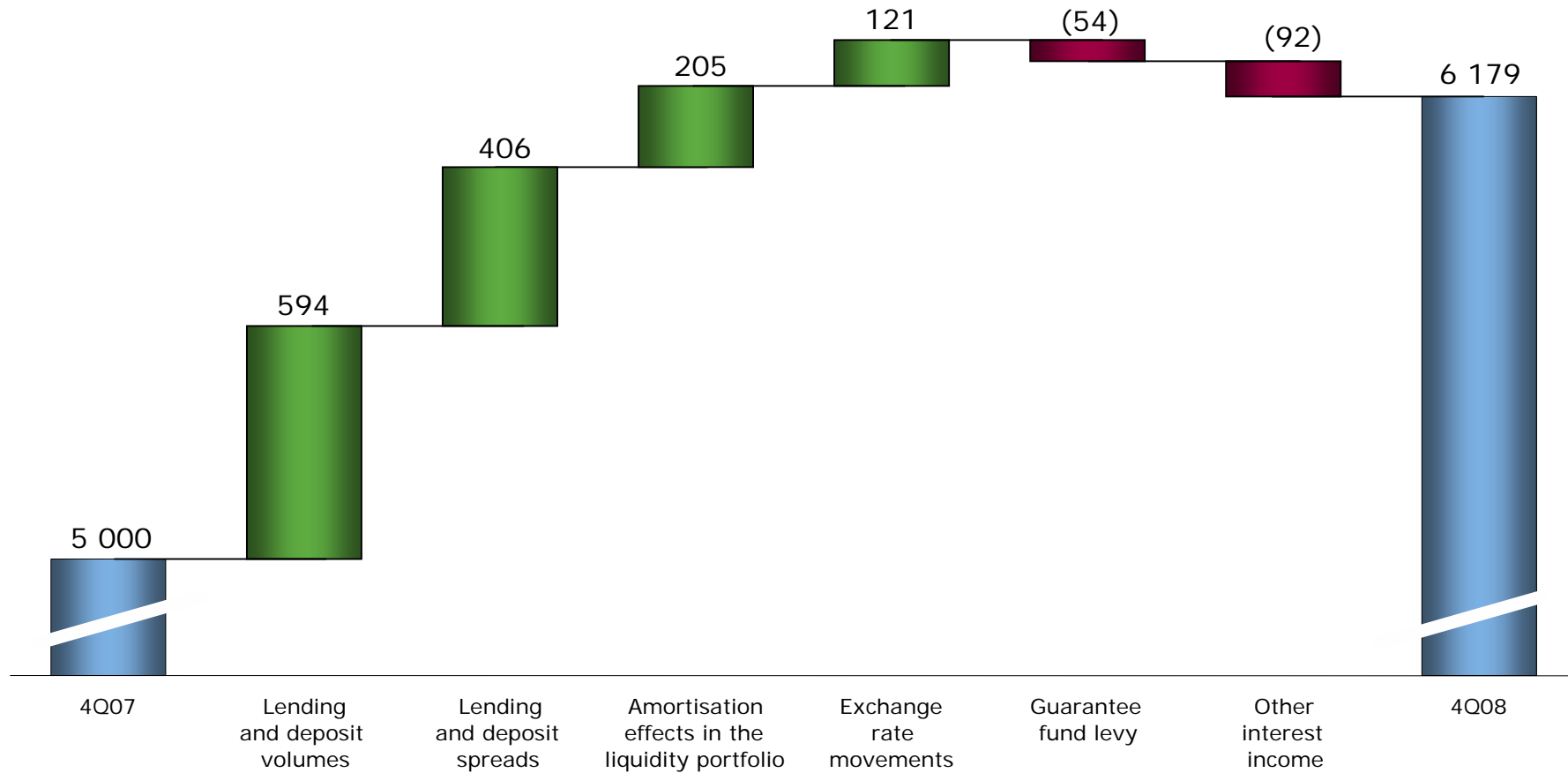
Income statement

<i>Amounts in NOK million</i>	4Q08	3Q08	2Q08	1Q08	4Q07	<i>Full year</i> 2008	<i>Full year</i> 2007
Net interest income	6 179	5 691	5 016	5 023	5 000	21 910	17 866
Net other operating income	5 012	3 134	4 064	625	3 545	12 834	13 732
Total income	11 191	8 825	9 080	5 648	8 545	34 744	31 598
Total operating expenses	4 559	4 464	4 445	4 194	4 908	17 662	16 450
Impairment loss for goodwill	1 058	0	0	0	0	1 058	0
Pre-tax operating profit before write-downs	5 573	4 361	4 635	1 454	3 636	16 023	15 148
Net gains on fixed and intangible assets	5	13	3	31	1 593	52	2 481
Write-downs on loans and guarantees	2 314	725	275	195	(41)	3 509	220
Pre-tax operating profit	3 265	3 649	4 363	1 290	5 269	12 566	17 409
Taxes	1 321	839	1 003	170	193	3 334	2 387
Profit for the period	1 943	2 810	3 360	1 120	5 076	9 233	15 022

Strong increase in net interest income

NOK million

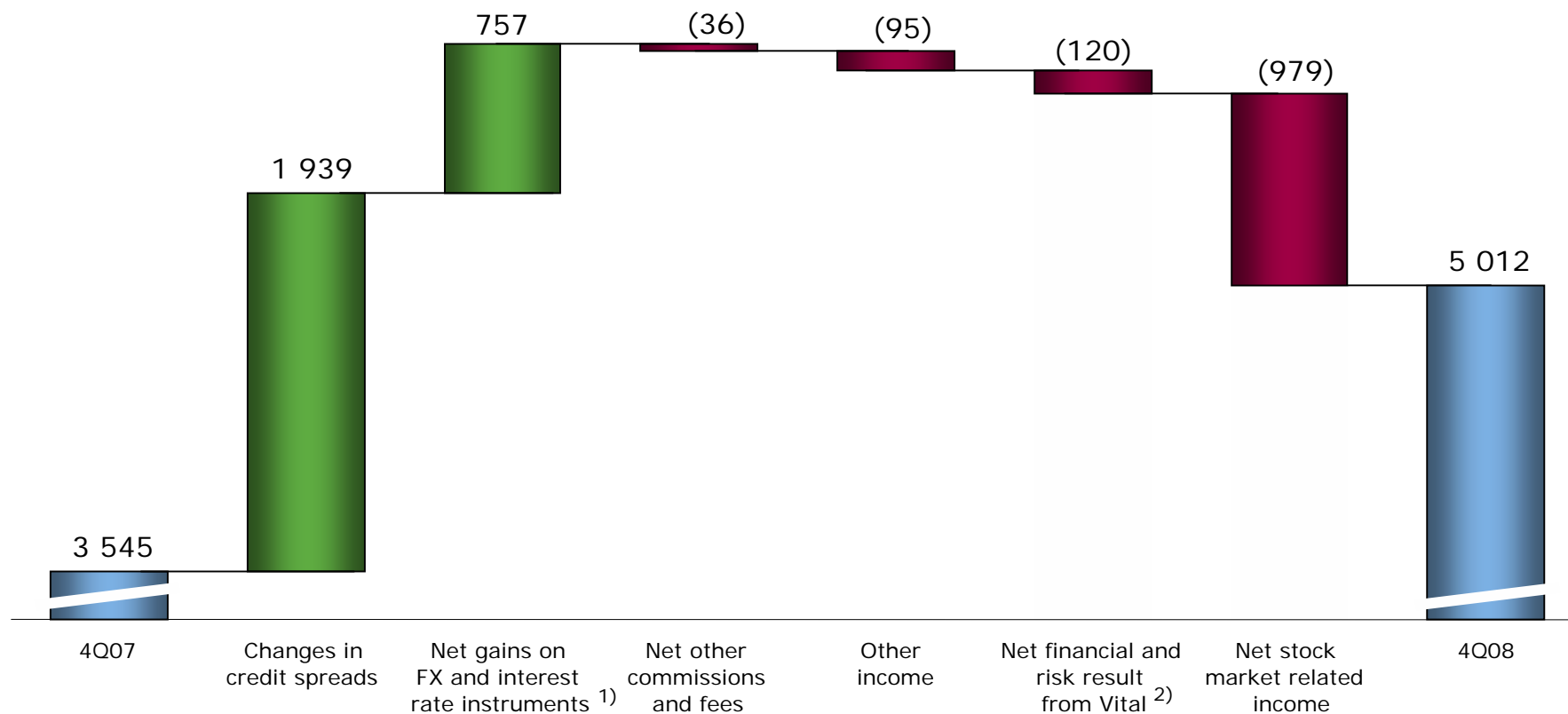
From 4th quarter 2007 to 4th quarter 2008



Changes in net other operating income

NOK million

From 4th quarter 2007 to 4th quarter 2008



1) Excluding guarantees and changes in credit spreads

2) After guaranteed returns and allocations to policyholders

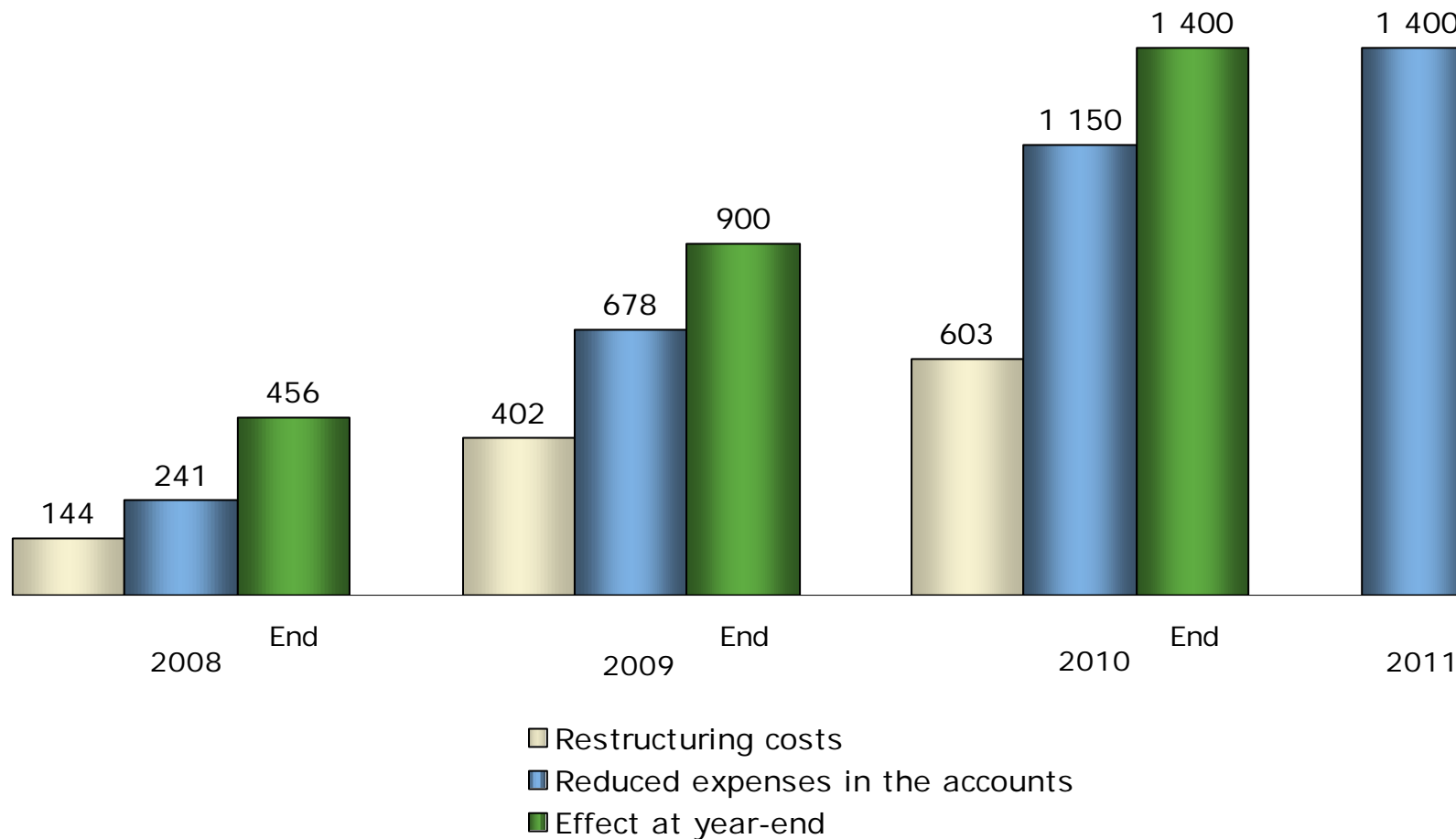
Changes in operating expenses

<i>Amounts in NOK million</i>	<i>4Q08</i>	<i>Change</i>	<i>4Q07</i>
Total operating expenses	5 618	709	4 908
Impairment loss for goodwill/allocations to employees ¹⁾	1 058	583	476
Total ordinary operating expenses		127	
Norwegian units		29	
<i>Of which:</i>			
Wage settlements		65	
Operational leasing		59	
Cost programme		(95)	
Restructuring expenses, cost programme		61	
Other operating expenses		(61)	
International units		98	
<i>Of which:</i>			
SalusAnsvar		55	
DnB NOR Finans in Sweden, new operations		30	
Banking operations in Singapore		27	
DnB NORD		4	
Other units		(18)	

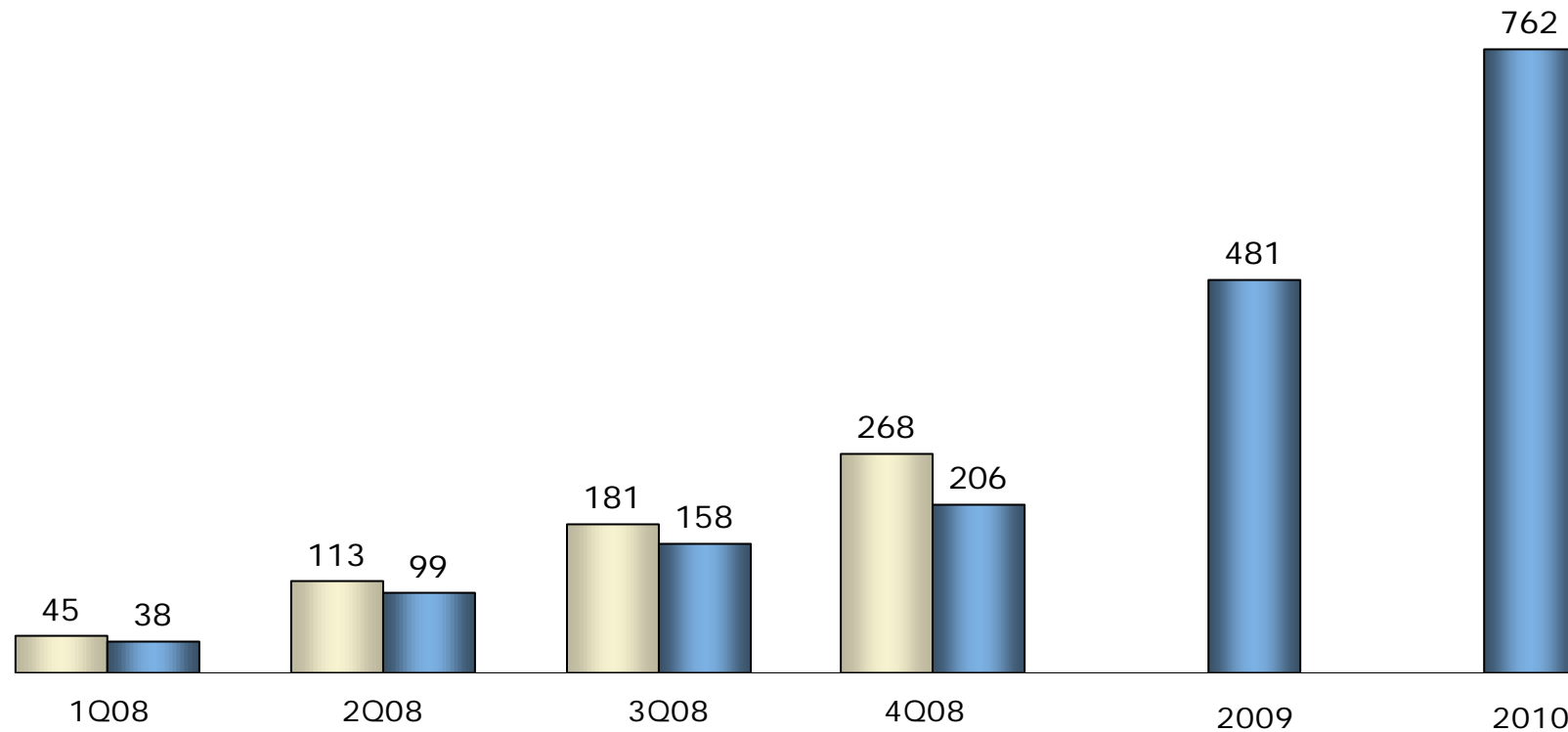
1) Including impairment loss for goodwill in DnB NORD

Planned phasing of cost savings

NOK million

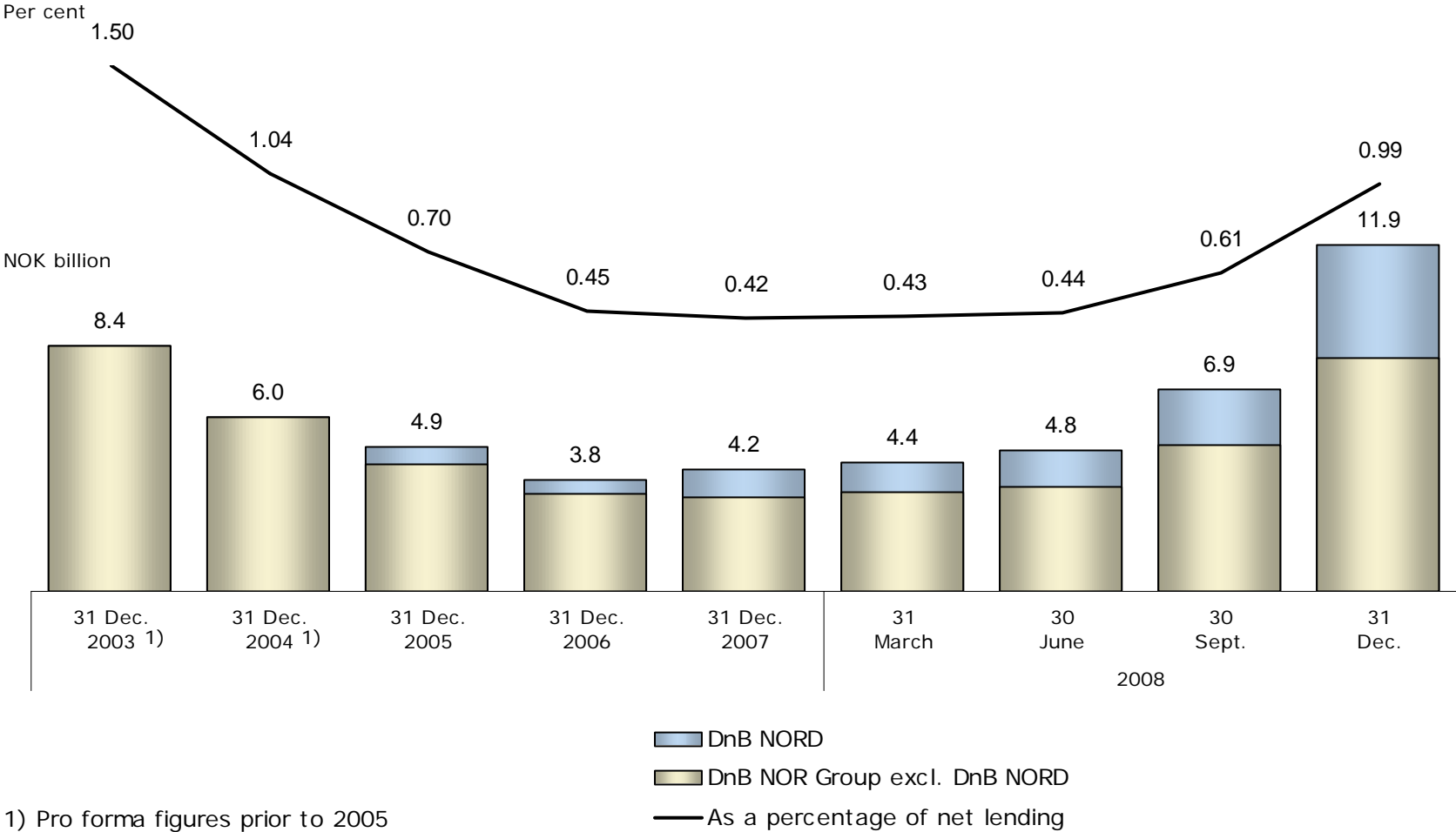


Reduction in full-time positions



■ Reduction in full-time positions under the cost programme (at end of period)
■ Target for reduction in full-time positions (at end of period)

Net non-performing and impaired commitments



Write-downs on loans and guarantees for group units

<i>Amounts in NOK million</i>	4Q08	3Q08	2Q08	1Q08	4Q07	Full year 2008	Full year 2007
<i>Individual write-downs:</i>							
Corporate Banking and Payment Services							
- Regional Divisions	349	96	53	24	19	521	74
- Norwegian and international large corporates	57	83	2	(5)	(1)	136	(1)
- Shipping Division	3	0	(1)	0	(4)	2	(4)
- DnB NOR Finans	208	58	37	27	15	330	30
Retail Banking	95	182	87	58	71	423	266
Other units	80	(21)	2	27	1	89	(40)
DnB NOR excl. DnB NORD	792	398	180	131	101	1 501	325
DnB NORD	907	201	42	28	47	1 178	97
Total individual write-downs	1 699	599	222	159	148	2 679	422
<i>Group write-downs:</i>							
DnB NOR excl. DnB NORD	469	77	42	32	(190)	620	(227)
DnB NORD	146	49	10	5	1	210	25
Total group write-downs on loans	615	126	52	37	(189)	830	(202)
Write-downs on loans and guarantees ¹⁾	2 314	725	275	195	(41)	3 509	220
1) Of which Norwegian units	1 014	374	211	160	(94)	1 760	94

Significant increase in write-downs, particularly in DnB NORD Denmark

<i>Per cent</i>	4Q08	3Q08	2Q08	1Q08	4Q07	<i>Full year</i>	<i>Full year</i>
						2008	2007
Individual write-downs in relation							
to average volumes (annual basis)	0.59	0.22	0.09	0.06	0.06	0.25	0.05
- Norwegian units	0.25	0.14	0.08	0.06	0.05	0.13	0.04
- International units excl. DnB NORD	0.54	0.30	0.04	0.01	0.02	0.13	0.01
- DnB NORD	4.14	1.02	0.24	0.18	0.33	1.57	0.20
Total write-downs in relation							
to average volumes (annual basis)	0.80	0.27	0.11	0.08	(0.02)	0.33	0.02

DnB NORD - lending and write-downs

<i>Amounts in NOK million</i>	<i>Net lending as at 31 Dec. 2008</i>	<i>Individual write-downs</i>	<i>Group write-downs</i>	<i>Total write-downs</i>
Denmark	12 865	673	159	832
Latvia	26 430	228	(10)	218
Lithuania	34 056	218	23	241
Poland	11 622	35	19	54
Estonia	3 728	24	17	41
Finland	9 821	0	2	2
Total	98 522	1 178	210	1 388

Vital

<i>Amounts in NOK million</i>	<i>4Q08</i>	<i>4Q07</i>
Interest result	2 432	2 048
Transferred to additional allocations	1 727	3 000
Risk result	(135)	(2 075)
Administration result	(34)	(186)
Profit on risk and guaranteed rate of return	116	-
Other	(61)	(71)
Transferred to policyholders	(4)	(3 710)
Pre-tax operating profit	596	424
Taxes	427	(1 475)
Profit for the period	170	1 899
Total assets (NOK billion) ¹⁾	224	233
Return on capital (%) ²⁾	7.6	75.7

1) Assets at end of period

2) Calculated based on recorded equity

- Falling interest rate levels contributed to strong profits in 4Q08
- The value of the properties has been adjusted downwards by NOK 1.2 billion and PE investments by NOK 400 million
- Pre-tax profits of NOK 644 million for 2008
- Value-adjusted return for 4Q08: 1.9 per cent
- Recorded return for 4Q08: 1.9 per cent

Balance sheets and funding

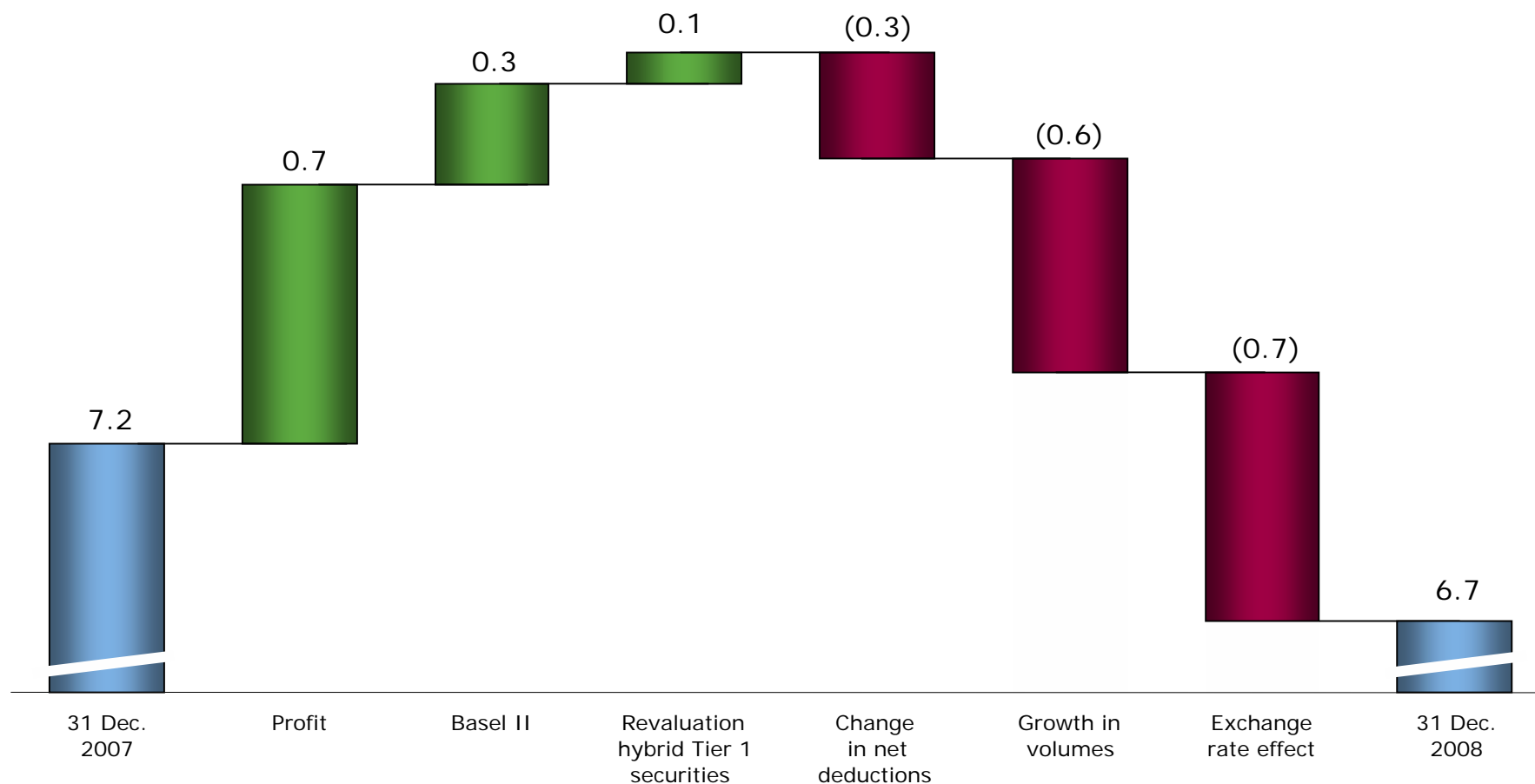
	<i>DnB NOR Group</i>		<i>DnB NOR Bank ASA</i>	
	<i>31 Dec.</i>	<i>31 Dec.</i>	<i>31 Dec.</i>	<i>31 Dec.</i>
<i>Amounts in NOK billion</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
Net lending to customers	1 192	971	825	763
Other assets	640	503	652	401
Total assets	1 832	1 474	1 477	1 164
Deposits from customers	597	538	570	511
Short-term securities issued	195	97	195	97
Long-term securities issued	411	274	313	238
Other liabilities and provisions	547	488	329	257
Equity	82	76	69	61
Total liabilities and equity	1 832	1 474	1 477	1 164
Ratio of deposits to net lending (%)	50.1	55.5	69.2	66.9
Total combined assets	2 141	1 834	1 477	1 164

- NOK 30 billion in covered bonds issued in 4Q08
- NOK 29 billion of covered bonds swapped for Treasury bills under the Norges Bank scheme
- Swap scheme extended from three to five years

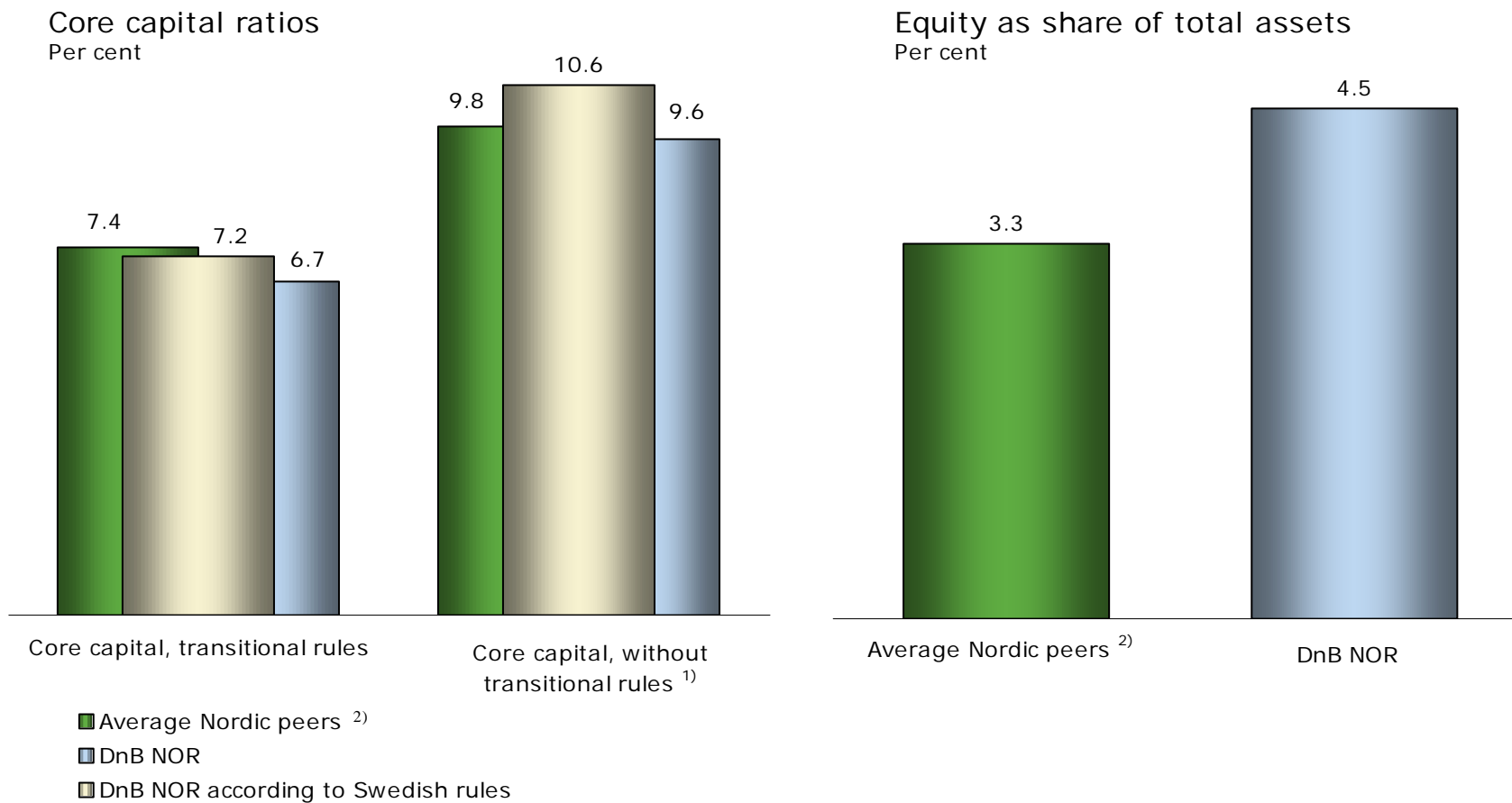
Capital adequacy (1) - Tier 1 capital ratio

Per cent

From 31 December 2007 to 31 December 2008



Capital adequacy (2) as at 31 December 2008



1) Pro forma DnB NOR after full IRB-implementation

2) Nordic peers: Nordea, SEB, SHB and Danske Bank (Swedbank not available)

Government bank support package announced

- NOK 100 billion package, consisting of two parts:
 - ✓ A Bond Fund for corporate financing
 - ✓ A Finance Fund for capital support
- Voluntary scheme for Norwegian banks
- DnB NOR is positive to the measures and will consider participation
- The Norwegian government also strengthened the swap scheme

Further information on preference capital

- Will be converted to ordinary shares after five years if the capital is not redeemed
- Conversion rate is determined when capital is injected, based on market value
- The issuer has the right to redeem the capital within five years
- A number of terms and conditions and the details of the scheme will be decided in subsequent negotiations
 - ✓ Interest or payment of dividend
 - ✓ Redemption terms
 - ✓ Issuer's conversion right during the term of the scheme
 - ✓ Priority of the instrument during ongoing operations and upon liquidation

Main priorities for the Group in 2009

- Pursue profitable organic growth in core operations
- Consolidate the Group's international position
- Cost programme
- Prevent losses
- Strengthen the capital base
 - ✓ Tier 1 capital above 8 per cent by the end of 2010

Future prospects

- Great uncertainty about macroeconomic developments in 2009
- Even with pessimistic macroeconomic forecasts, the Norwegian economy shows a healthier trend
 - ✓ Sound financial position
 - ✓ Large parts of the labour market are protected
 - ✓ Norway better equipped than the other countries in the Nordic region
 - ✓ Nordic region better equipped than the rest of Europe
- Based on today's information, there is no reason to expect higher write-downs on loans in future than those in the fourth quarter

DnB NOR

