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## Healthy profits and lower-than-expected write-downs

**DnB NOR recorded profits of NOK 1 689 million in the fourth quarter of 2009, up from NOK 1 629 million in the year-earlier period. Profits for the year came to NOK 7 026 million, which demonstrates sound performance in a very demanding year for both the Norwegian and the international economy.**

### Full year 2009

- Pre-tax operating profits before write-downs were NOK 18.7 billion (15.6)
  - Profit for the year was NOK 7.0 billion (8.9)
  - Profit after minority interests was NOK 8.6 billion (9.2)
  - Earnings per share were NOK 6.43 (6.91)
  - Return on equity was 10.6 per cent (12.4)
  - The cost/income ratio, excluding impairment losses for goodwill, was 48.3 per cent (51.4)
  - The proposed dividend per share is NOK 1.75 (0)
- (Comparable figures for 2008 in parentheses)

2009 was a turbulent and demanding year for DnB NOR, characterised by financial turmoil and a period of contraction both in Norway and internationally. However, the economic situation gradually improved during the second half of the year.

"As one of few banks in Europe, we have delivered profits throughout the financial crisis. We managed to do so through 2009 on account of our highly competent and dedicated employees, who have practised the craft of banking in a good manner in all parts of our operations. These results also enable us to start the normalisation of our dividend policy," says Rune Bjerke, group chief executive of DnB NOR.

Write-downs on loans were lower than expected in 2009 and totalled NOK 7.7 billion for the full year. DnB NOR accounted for 51 per cent of total write-downs on loans in the DnB NOR Group in 2009.

"At our Capital Markets Day in March 2009, we presented a write-down estimate of NOK 8-10 billion for 2009. It is gratifying to note that our write-downs are below this estimate," says Bjerke.

### Fourth quarter 2009

- Pre-tax operating profits before write-downs were NOK 4.1 billion (5.2)
  - Profit for the period was NOK 1.7 billion (1.6)
  - Profit after minority interests was NOK 2.1 billion (2.0)
  - Earnings per share were NOK 1.58 (1.52)
  - Return on equity was 10.1 per cent (10.7)
  - The cost/income ratio, excluding impairment losses for goodwill, was 49.3 per cent (42.2)
  - The core capital ratio was 9.3 per cent (6.7)
- (Comparable figures for the fourth quarter of 2008 in parentheses)

Write-downs totalled NOK 1 517 million in the fourth quarter of 2009, which was significantly lower than in the two preceding quarters. NOK 845 million of the write-downs related to operations in DnB NOR, and the Group's financial performance is thus still materially affected by the recession in the Baltic States.

**Future prospects**

The Group is not departing from its goal to achieve pre-tax operating profits before write-downs of NOK 20 billion in 2010, though this will be challenging to reach.

"We are winning market shares in the retail market and have just been named Norway's best housing loan bank. In addition, we were one of the world's largest arrangers of shipping and energy loans last year. We also plan to step up our initiatives in selected segments such as energy in future," says Bjerke.

DnB NOR expects limited growth in the first half of 2010, followed by a slight rise in activity levels in the second half of the year. The future level of write-downs in both Norwegian-related and international operations is uncertain. However, write-downs in 2010 are expected to be roughly on a level with 2009.

Towards the end of 2009, DnB NOR's equity was strengthened by NOK 13.9 billion. The capital increase will make the Group better positioned for stricter future capital adequacy requirements while enhancing the Group's ability to meet customers' future financing needs and to pursue profitable business opportunities as part of its future growth strategy.

The capital increase helped raise the core capital ratio from 6.7 per cent at year-end 2008 to 9.3 per cent at end-December 2009. Subject to full implementation of the Basel II regulations, the core capital ratio would have been 11.7 per cent. DnB NOR is adequately capitalised in relation to regulatory requirements and its competitors.

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*The quarterly report, presentation and Supplementary Information for Investors and Analysts can be downloaded from [www.dnbnor.com](http://www.dnbnor.com)*