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Profit target reached

DnB NOR achieved a profit of NOK 5 284 million in the fourth quarter of 2010, which is the highest quarterly profit figure in the history of the Group. The strong profits reflect hard work, higher income and low write-downs on loans.

Profits for the full year 2010 came to NOK 14 062 million. Pre-tax operating profits before write-downs rose from NOK 18 717 million in 2009 to NOK 21 081 million in 2010.

"We set ourselves ambitious financial targets four years ago to achieve, among other things, pre-tax operating profits before write-downs of NOK 20 billion in 2010. Due to the turmoil in the international economy over the last few years, it has been a demanding process to reach this target. I am therefore very happy that recorded profits surpass the target," says Rune Bjerke, group chief executive.

The Group's cost programme had generated annual cost savings of more than NOK 1 600 million at year-end 2010. This more than compensates for wage and price inflation. The programme is ahead of schedule to reach the target of annual cost savings of NOK 2 billion by year-end 2012.

Net interest income rose by NOK 803 million or 3.5 per cent from 2009 to 2010. Lending volumes rose by 4.9 per cent from year-end 2009 to end-December 2010.

Lower write-downs

"There was a significant reduction in write-downs in 2010, benefiting both shareholders and customers. While the macroeconomic situation has improved, this also proves that our loan portfolios are of sound quality," says Bjerke.

Write-downs were reduced by 61 per cent, from NOK 7 710 million in 2009 to NOK 2 997 million in 2010. In the fourth quarter, write-downs declined by 65 per cent or NOK 988 million compared with the fourth quarter of 2009.

Higher dividend

On the basis of the Group's sound performance, the Board of Directors has proposed a dividend of NOK 4.00 per share for 2010. The dividend for 2009 was NOK 1.75.

Improved customer satisfaction

"I am pleased that we are succeeding in two areas that are important to us. We reached our profit targets while also improving our customer satisfaction scores in 2010. This is partly due to the fact that we launched the best housing loans for young people during the year, along with low-priced index funds, which make equity investments simple and easy for everyone. In addition, customers can now reach us by phone 24 hours a day, which is important for many people," says Rune Bjerke.

Bjerke expects continued growth in the Norwegian economy in 2011, which will enable domestic households to benefit from low unemployment and strong purchasing power.

"Looking outside Norway, we expect moderate growth in the global economy, but see that the debt situation in some countries could dampen growth. We anticipate a positive trend in the Baltic region, where we now have a large, wholly-owned banking operation," says Bjerke.

Full year 2010

- Pre-tax operating profits before write-downs were NOK 21.1 billion (18.7)
- Profit for the year was NOK 14.1 billion (7.0)
- Profit after minority interests was NOK 14.8 billion (8.6)
- Earnings per share were NOK 8.66 (6.43)
- Return on equity was 13.6 per cent (10.6)
- The ordinary cost/income ratio was 47.6 per cent (48.1)
- The Tier 1 capital ratio was 10.1 per cent (9.3)

Fourth quarter 2010

- Pre-tax operating profits before write-downs were NOK 6.1 billion (4.1)
- Profit for the period was NOK 5.3 billion (1.7)
- Profit after minority interests was NOK 5.3 billion (2.1)
- Earnings per share were NOK 3.25 (1.58)
- Return on equity was 19.6 per cent (10.1)
- The ordinary cost/income ratio was 43.1 per cent (49.3)

Comparable figures for 2009 in parentheses.

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The quarterly report, presentation and Supplementary Information for Investors and Analysts can be downloaded from www.dnbnor.no