



## New financial targets and regulatory changes

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Capital Markets Day  
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# Financial ambitions

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## Ambitions 2012

NOK 22-25 billion in pre-tax operating profits before write-downs

NOK 2 billion in cost reductions

Cost/income ratio below 46 per cent

## Long-term ambitions

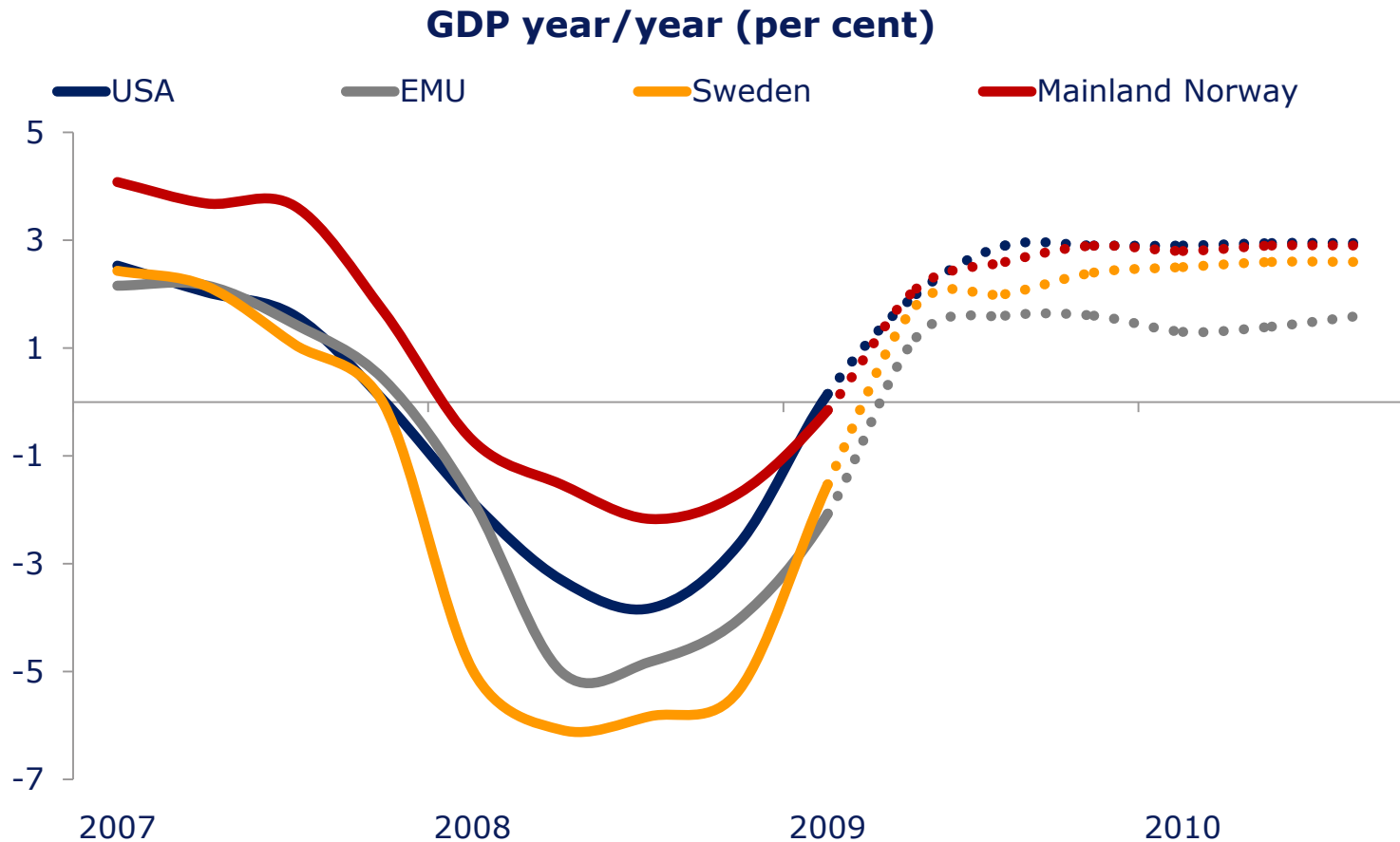
Return on equity above 13 per cent

Be among the best capitalised banks in the Nordics

Long-term AA rating

Approx 50 per cent dividend

# Key assumption – rebound to positive global growth

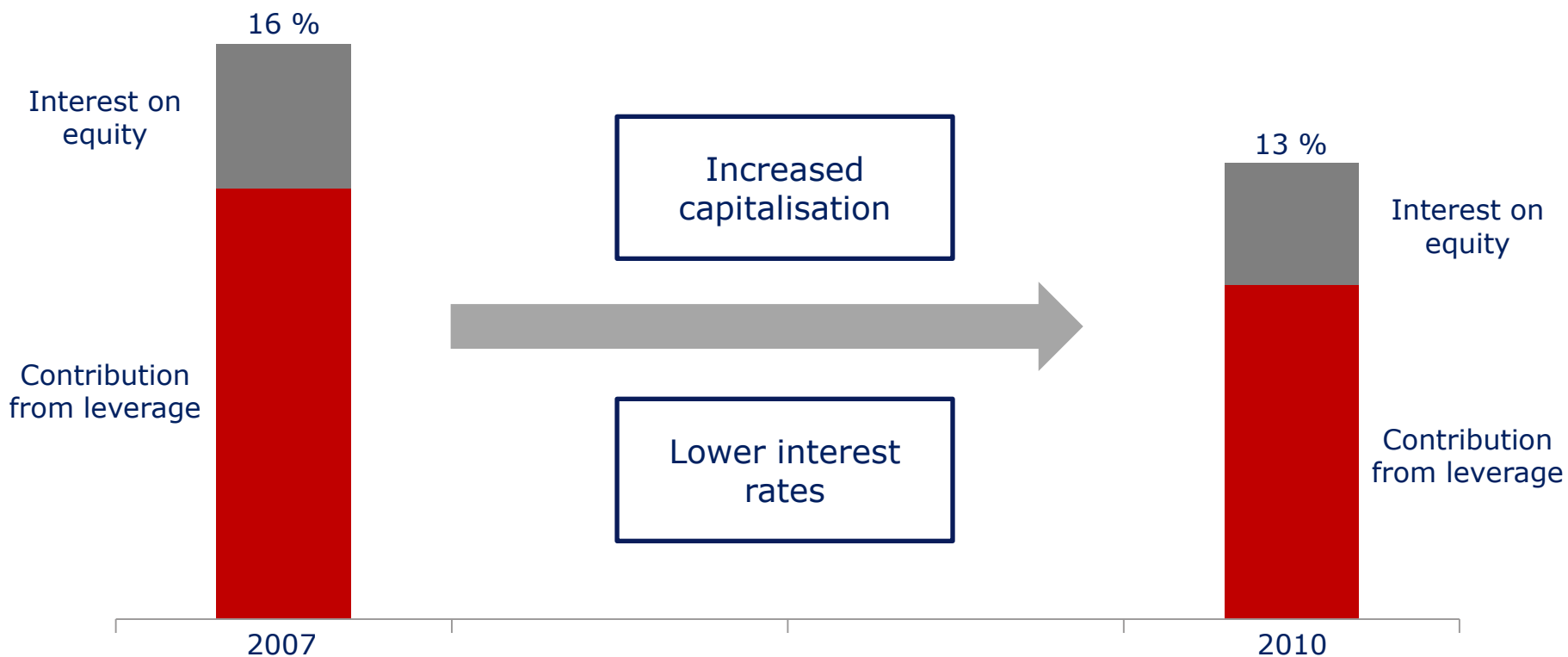


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*How will we reach our  
new financial targets?*

# 13 per cent return on equity just as ambitious as the 16 per cent target set in 2007

## Simplified illustration of effects of changes on RoE targets set in 2007 and in 2010



# Several variables will help DnB NOR achieve our 13 per cent RoE target

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Volume growth

Increased interest rates

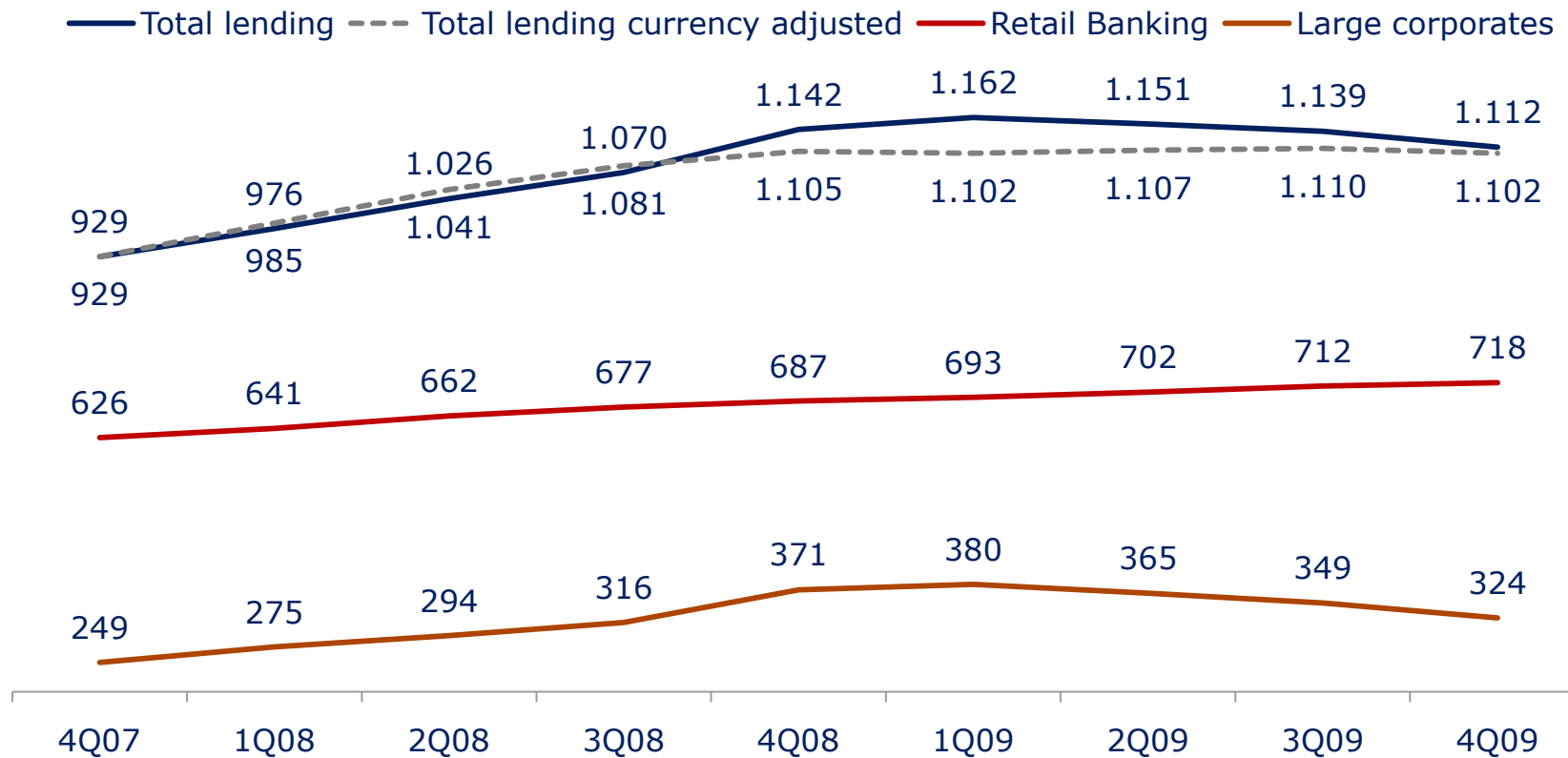
Significant cost efforts

Lower write-downs

Reduced effective tax-rate

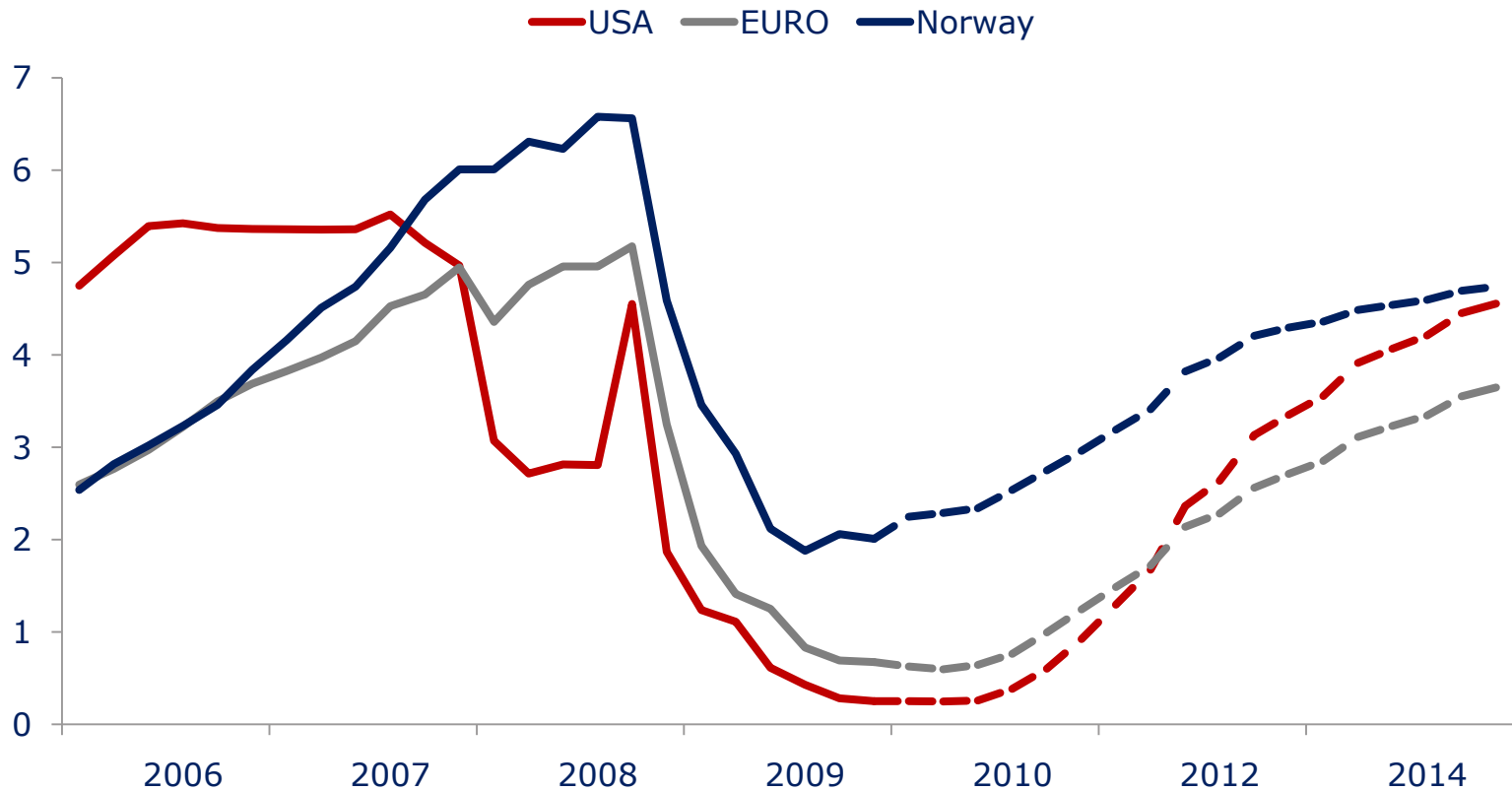
# Steady growth in retail – expected increase in corporate

**Quarterly lending development (NOK billion)**



# Interest rates are expected to increase

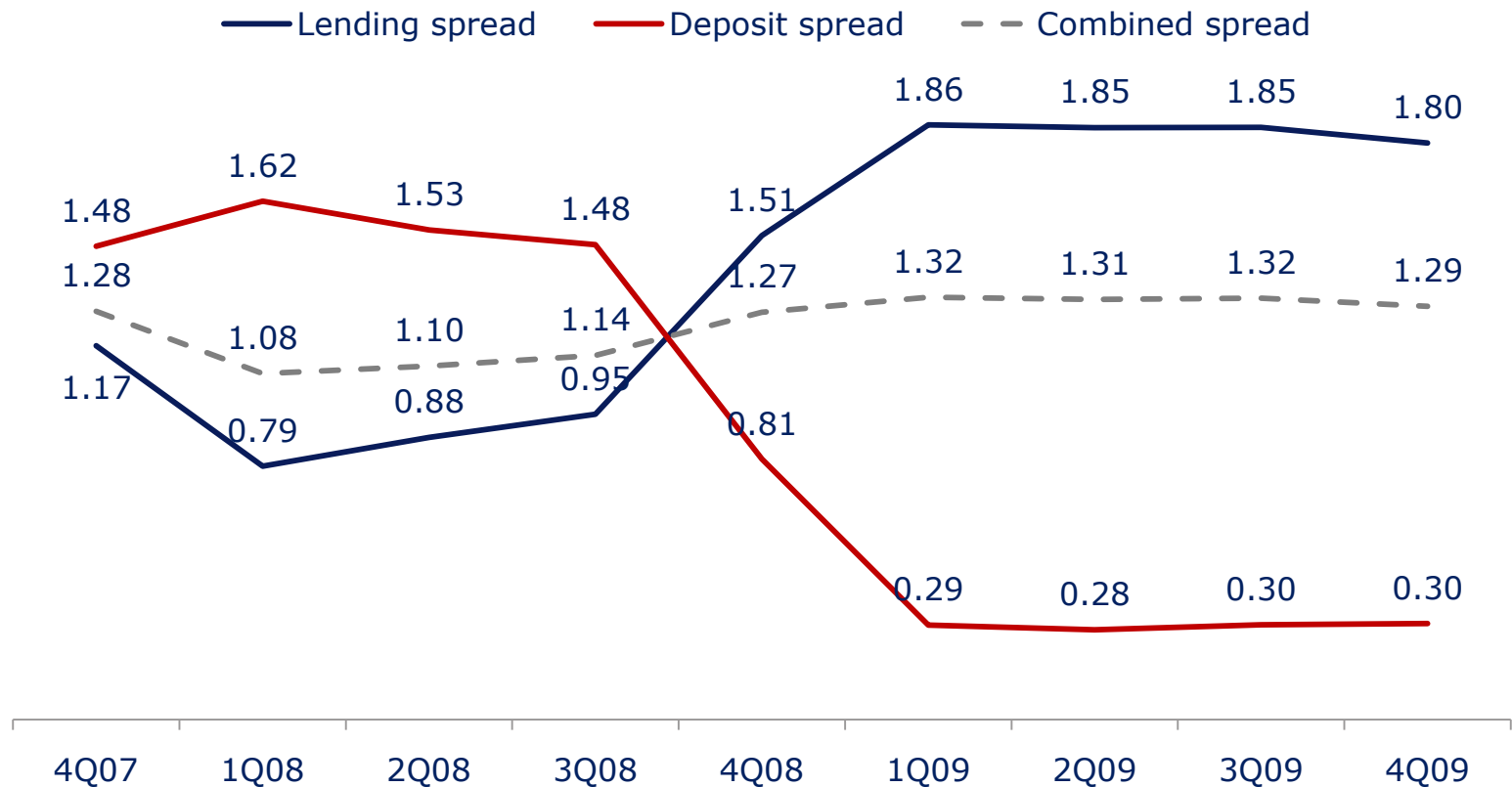
**3-month money market rate and forward curves (per cent)**





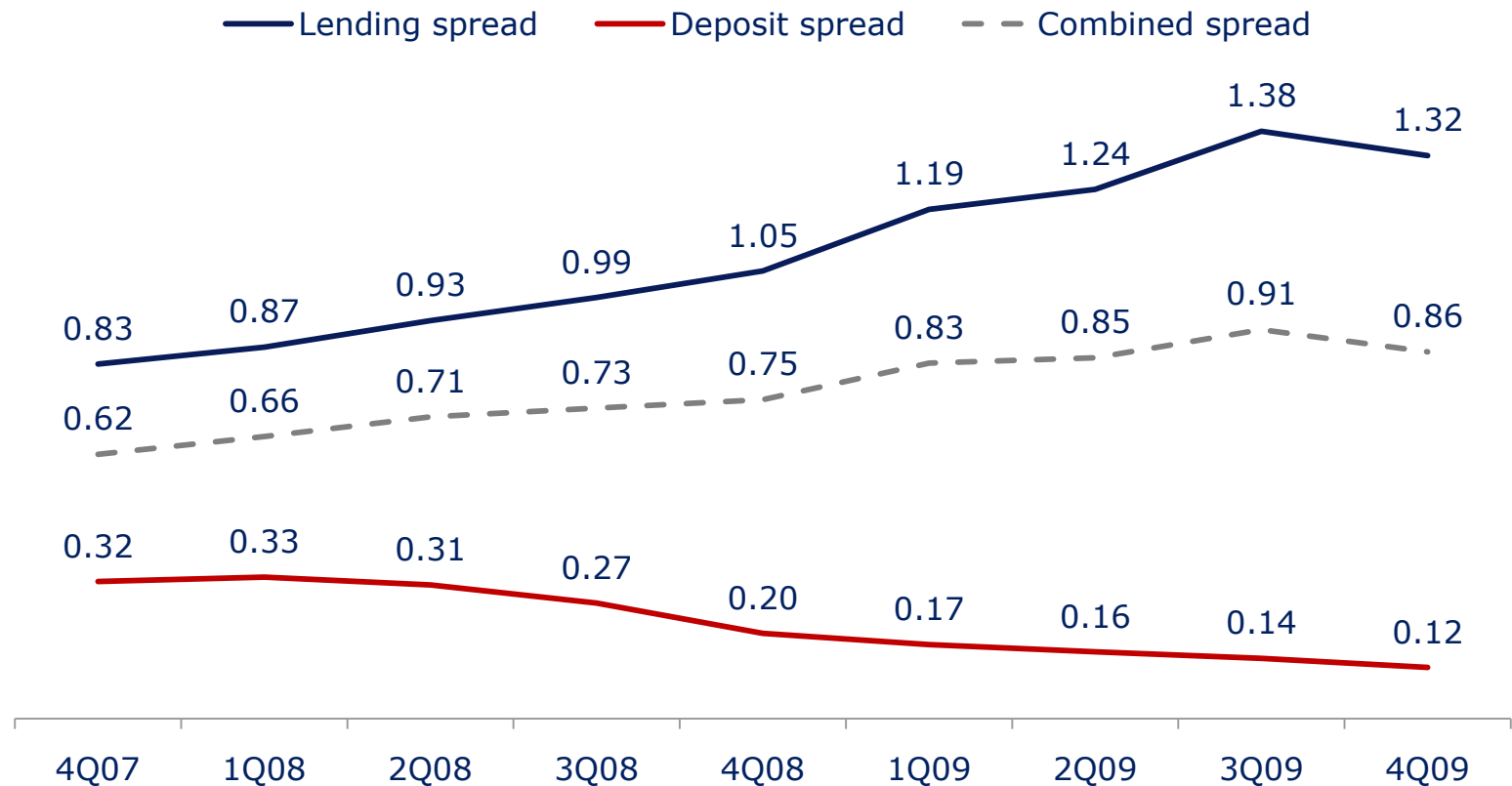
# Interest margins retail banking – stable

## Retail Banking - quarterly developments in interest rate spread (per cent)



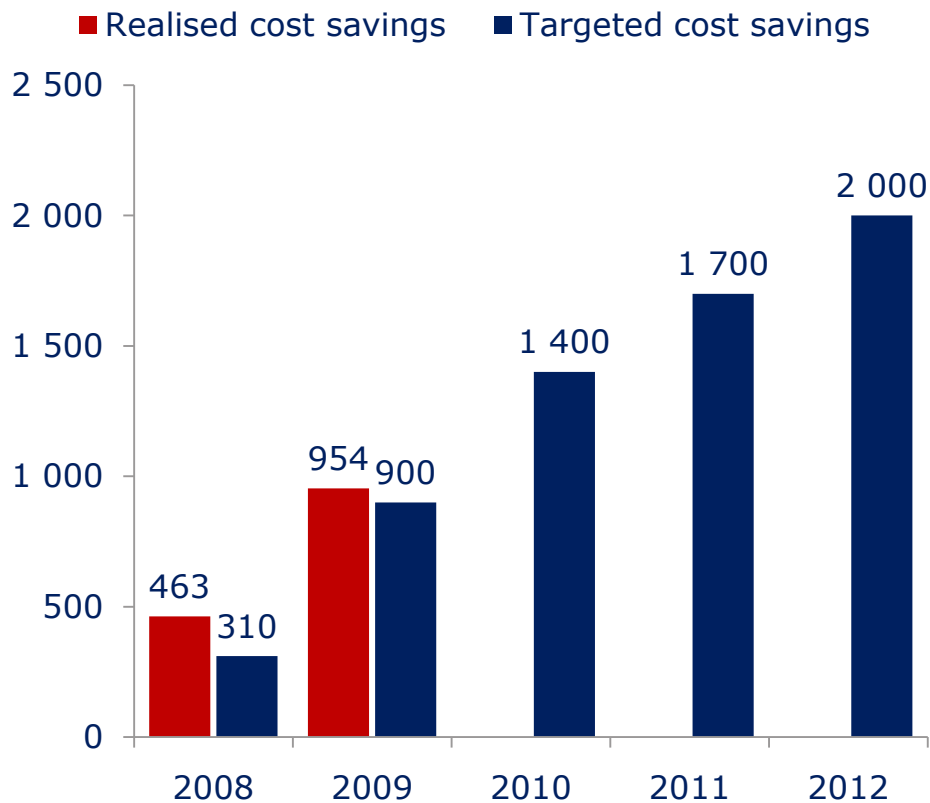
# Interest margins large corporates – upside potential

## Large corporates - quarterly developments in interest rate spread (per cent)



# Cost program ahead of schedule

## Realised and targeted cost savings (NOK million)

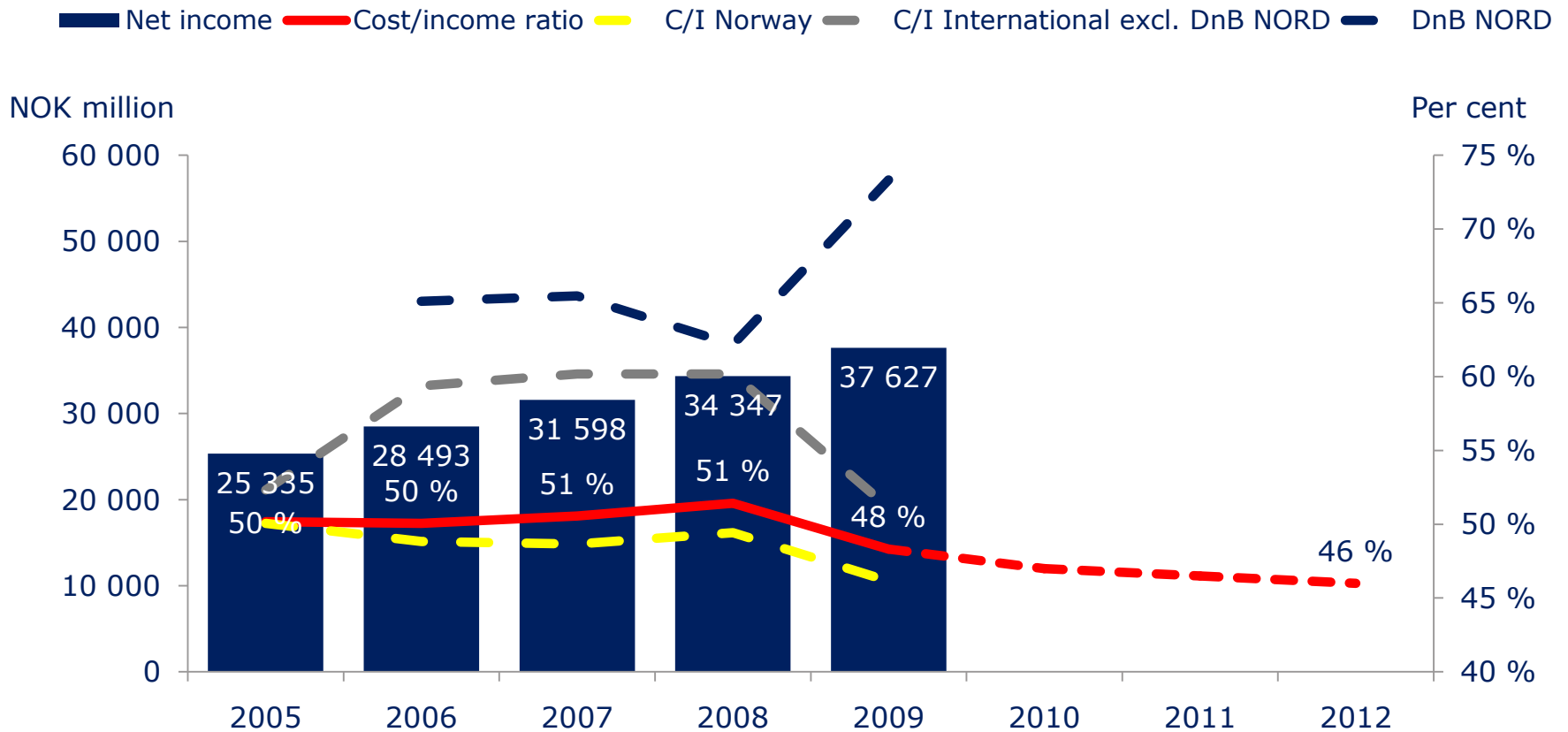


### Savings NOK million



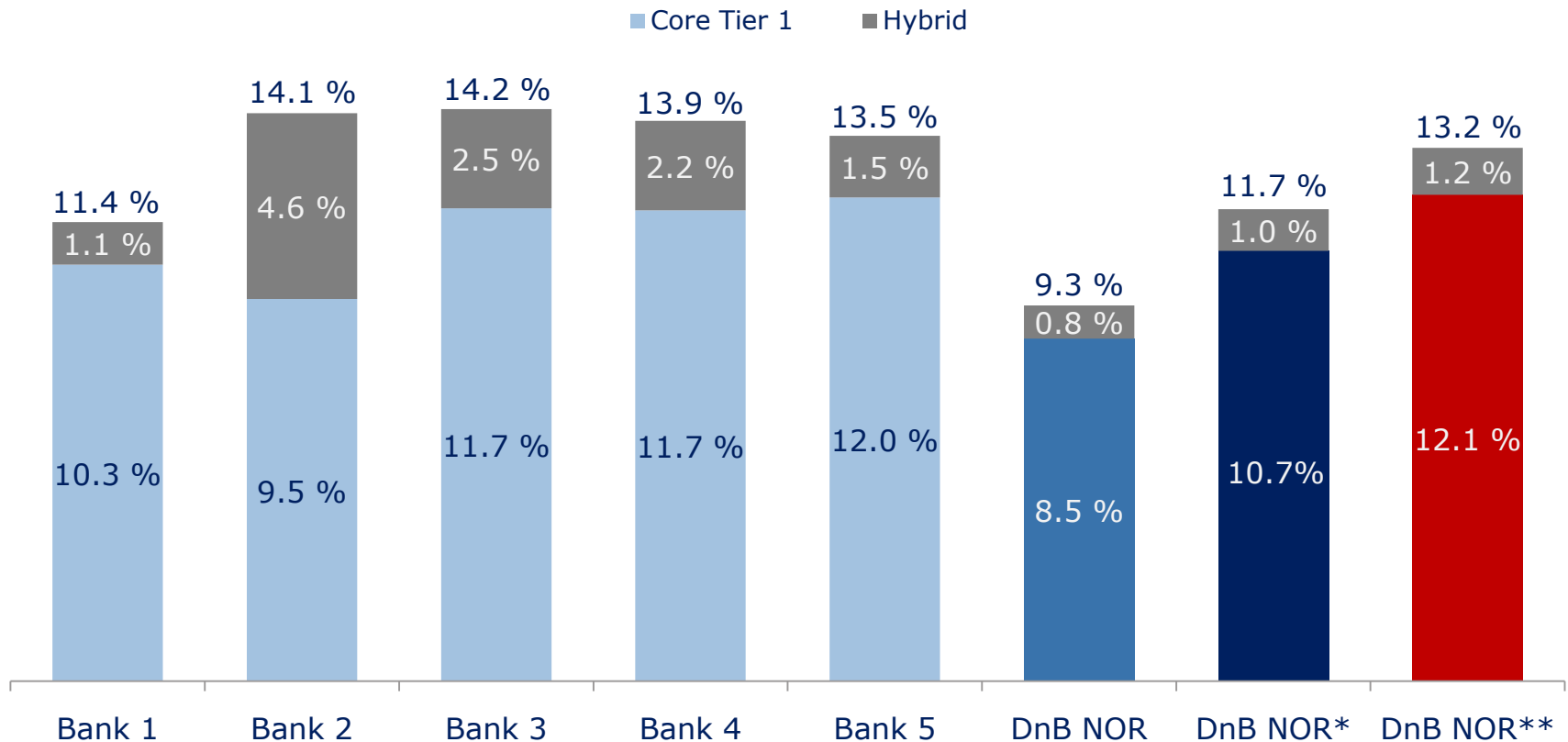
# Still room for lowering our cost/income ratio

## Yearly developments cost/income ratio and net income



# A very robust and high-quality capital structure

**Tier 1 capital ratio Nordic peers 4Q2009, Basel II**

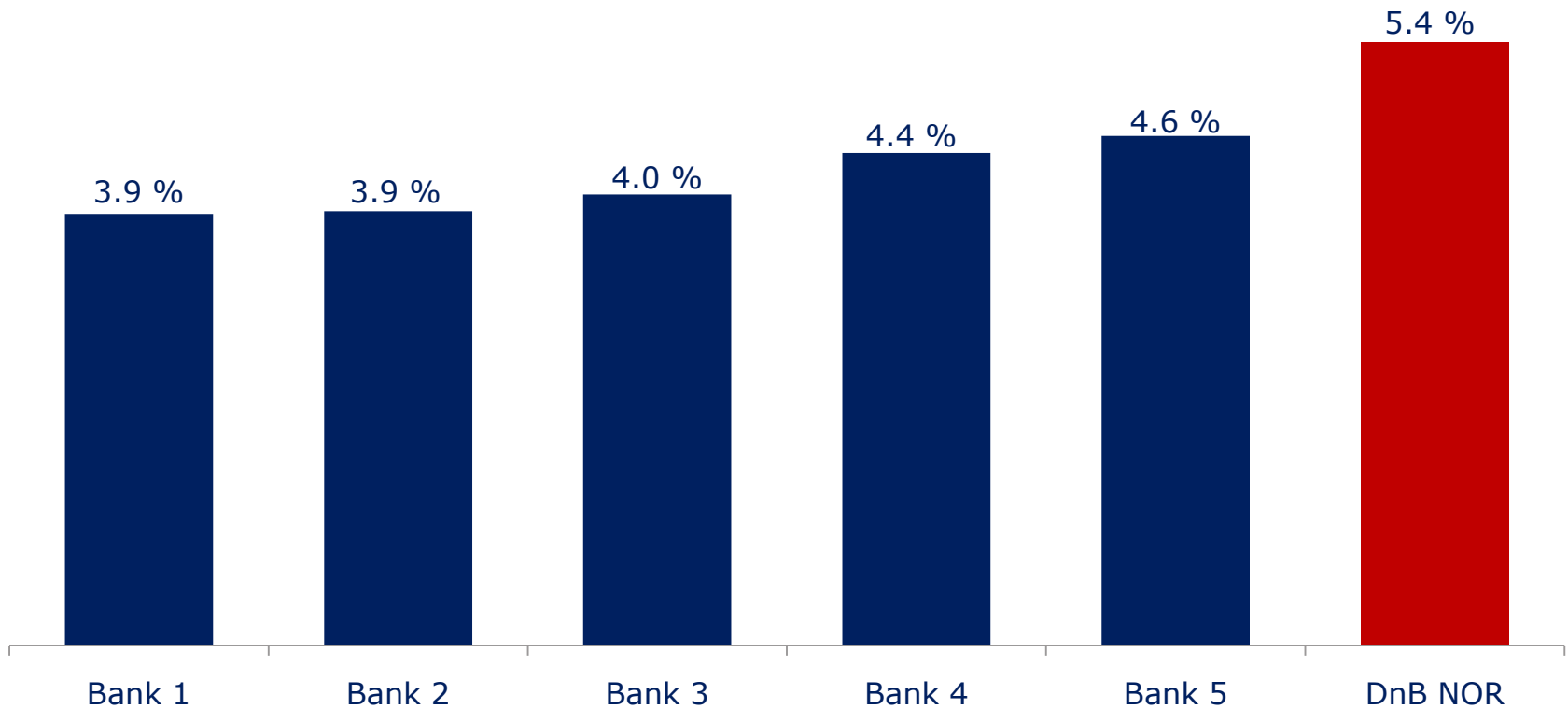


\* Full implementation of IRB

13 \*\*Full IRB and Swedish model for calibrating insurance exposure

# The strongest leverage ratio among Nordic peers

Leverage ratio\* Nordic peers 4Q2009



# Long-term funding

- longer maturities at competitive prices

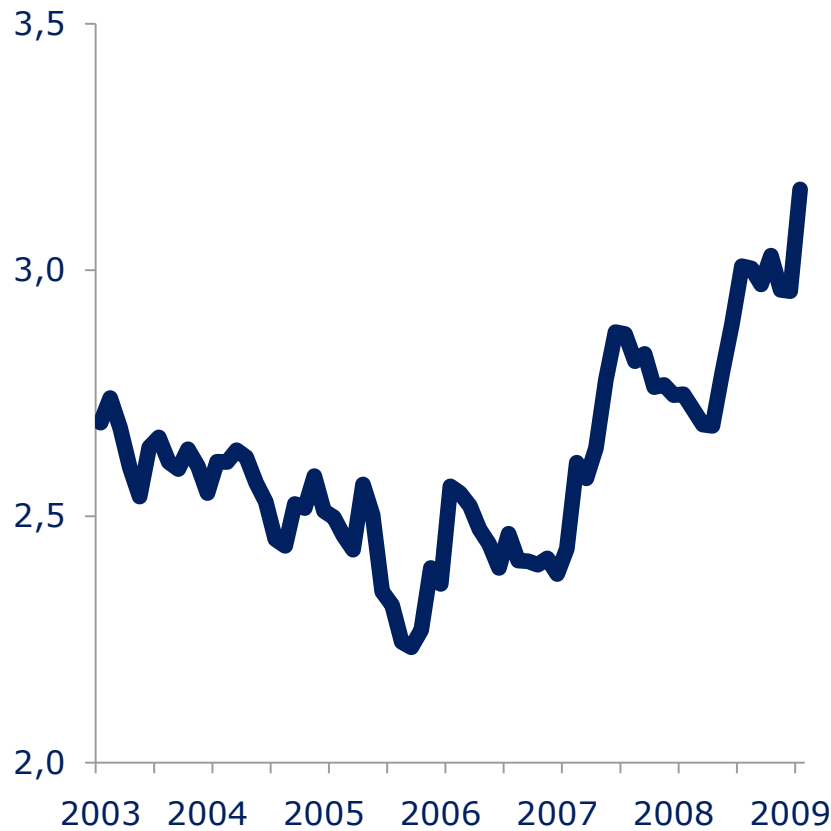
2010		NOK bn	Maturity	Spread (3-month Euribor)
		Covered bonds	19.7	8.9
	Senior bonds	9.9	6.0	
	<b>Total</b>	<b>29.6</b>	<b>7.9</b>	<b>55bp</b>

2009		NOK bn	Maturity	Spread
		Covered bonds	10.7	12.1
	Covered bonds (central bank)	90.3	4.2	
	Senior bonds	39.0	4.6	
	<b>Total</b>	<b>139.1</b>	<b>4.9</b>	<b>50bp</b>

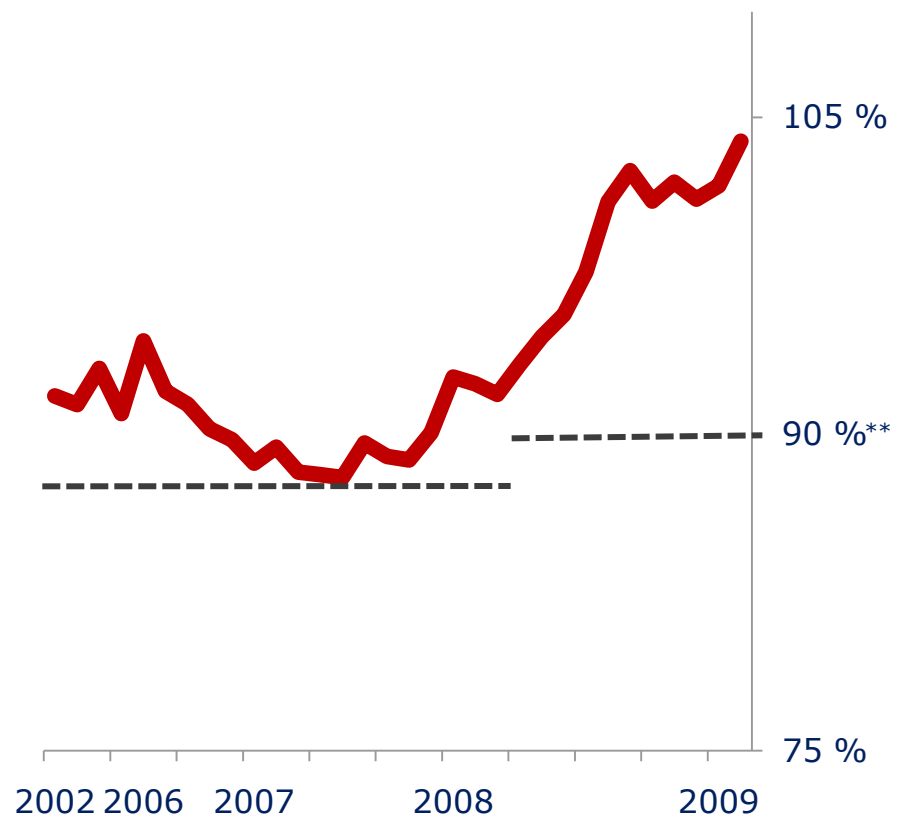
2008		NOK bn	Maturity	Spread
		Covered bonds	57.5	5.9
	Covered bonds (central bank)	29.1	2.8	
	Senior bonds	100.5	3.7	
	<b>Total</b>	<b>187.2</b>	<b>4.3</b>	<b>48bp</b>

# Continued focus on long-term funding, with conservative internal limits for short-term funding

**Average residual maturity, long-term senior debt and covered bonds (years)**



**Share of stable long-term funding\***  
--- Internal target\*\*



\* Deposits from customers, subordinated debt, covered bonds and senior debt > 12 months residual maturity

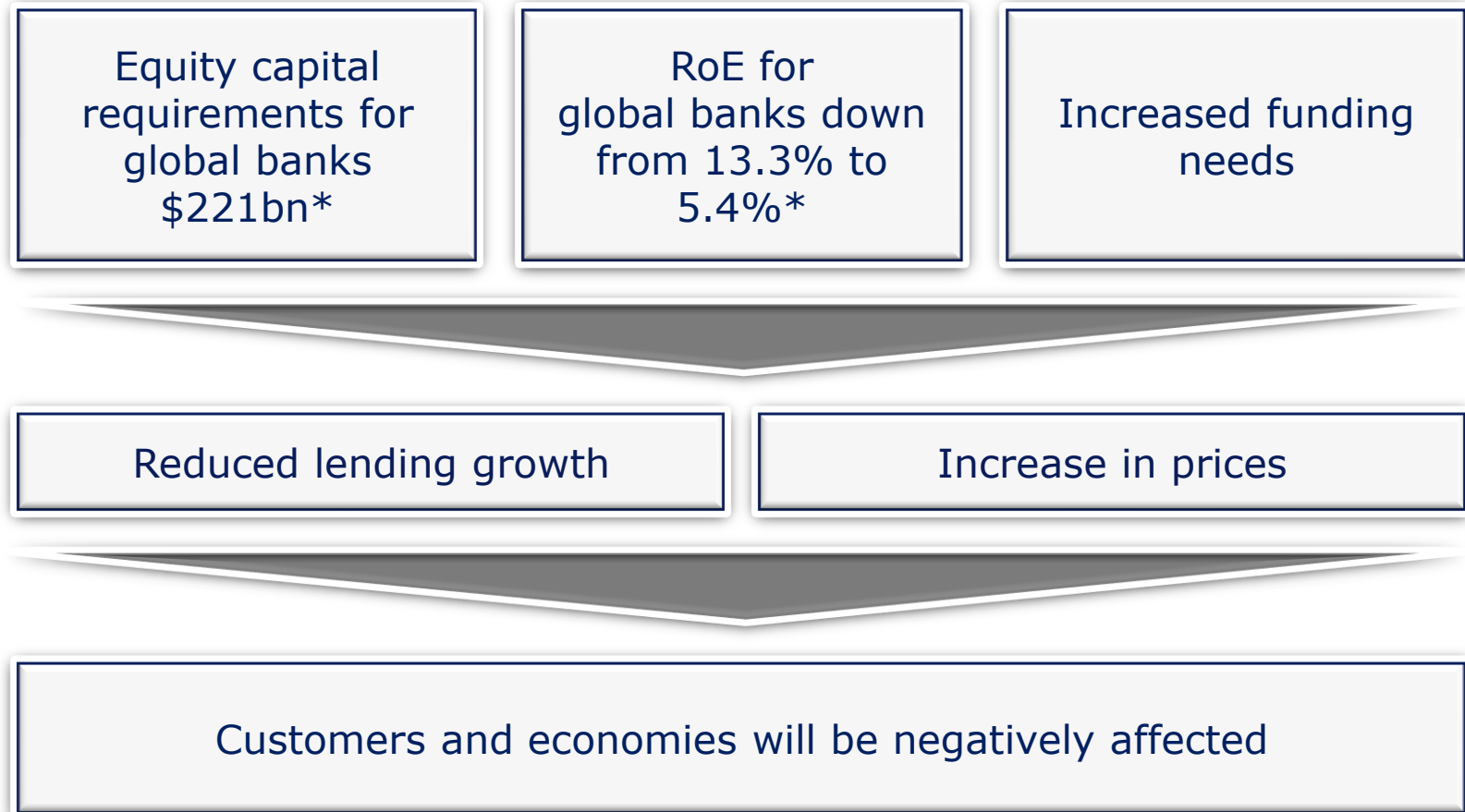
\*\* Internal target for stable long-term funding increased from 88% to 90% in 2009



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*How will proposed  
regulatory changes affect  
DnB NOR?*

# Several analyses conclude that the proposed Basel III will be too tough on traditional banking models



# DnB NOR will be among the least affected of the European banks

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## IFRS expected loss provisioning

- Best estimate will be lower than IRB expected loss



## Capital deductions

- Deductions for insurance subsidiaries already accounted for
- Deferred tax assets and goodwill fully deducted



## Capital level

- Already compliant
- High-quality composition



## Counterparty risk

- Minimal exposure to derivative markets

# Still less affected than peers – only proposed changes in net stable funding ratio will create a shortfall

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## Leverage ratio

- Strong capitalisation and business model



## Deposit guarantee scheme

- Already above EUR 100 000 and well funded



## Liquidity coverage ratio

- Compliant as of today



## Net stable funding ratio

- Shortfall, deposit haircuts are unreasonably high

# Stable long-term dividend distributions to shareholders

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NOK 1.75 dividend for 2009

Dividend of approx. 50 per cent of profit after tax

Average dividend yield of 4.5 per cent since 2000

"DnB NOR's primary objective is to create value for shareholders through an attractive and competitive return relative to comparable investment alternatives, partly through increases in share price and partly through dividend payments. The Board of Directors has approved a dividend policy for the company which aims to fulfil this objective. DnB NOR intends to distribute approximately 50 per cent of net annual profits as dividends provided that capital adequacy is at a satisfactory level."

# Ambition: To be the preferred bank in the Nordic region for investors

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