

# DnB NOR Group - results 2007



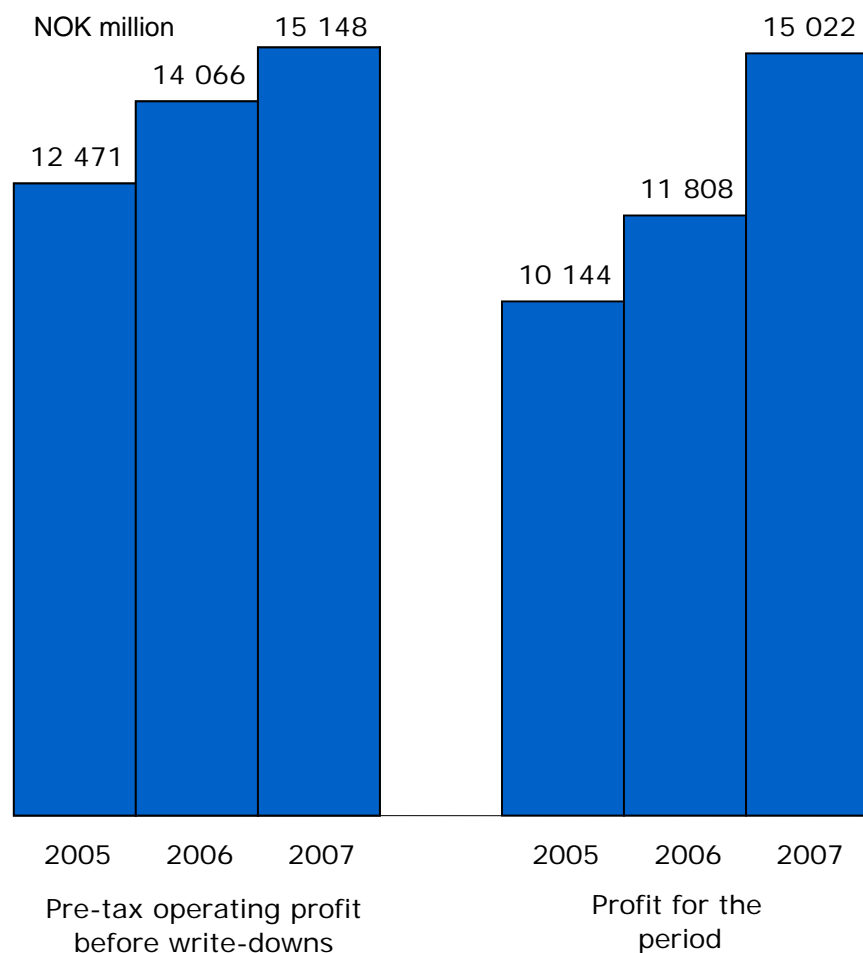
Rune Bjerke, group chief executive  
Tom Grøndahl, deputy CEO

**DnBNOR**

## Full year 2007

- Stronger financial performance – in spite of financial market turmoil
- Strong increase in income:
  - Volumes
  - Spreads
  - International expansion
- Certain negative non-recurring effects...
  - Change in value of the bond portfolio
  - Dissolution of employee investment funds
  - IT write-downs in Vital
- ... are more than compensated by positive non-recurring effects
  - Gains from the sale of properties
  - Low taxes

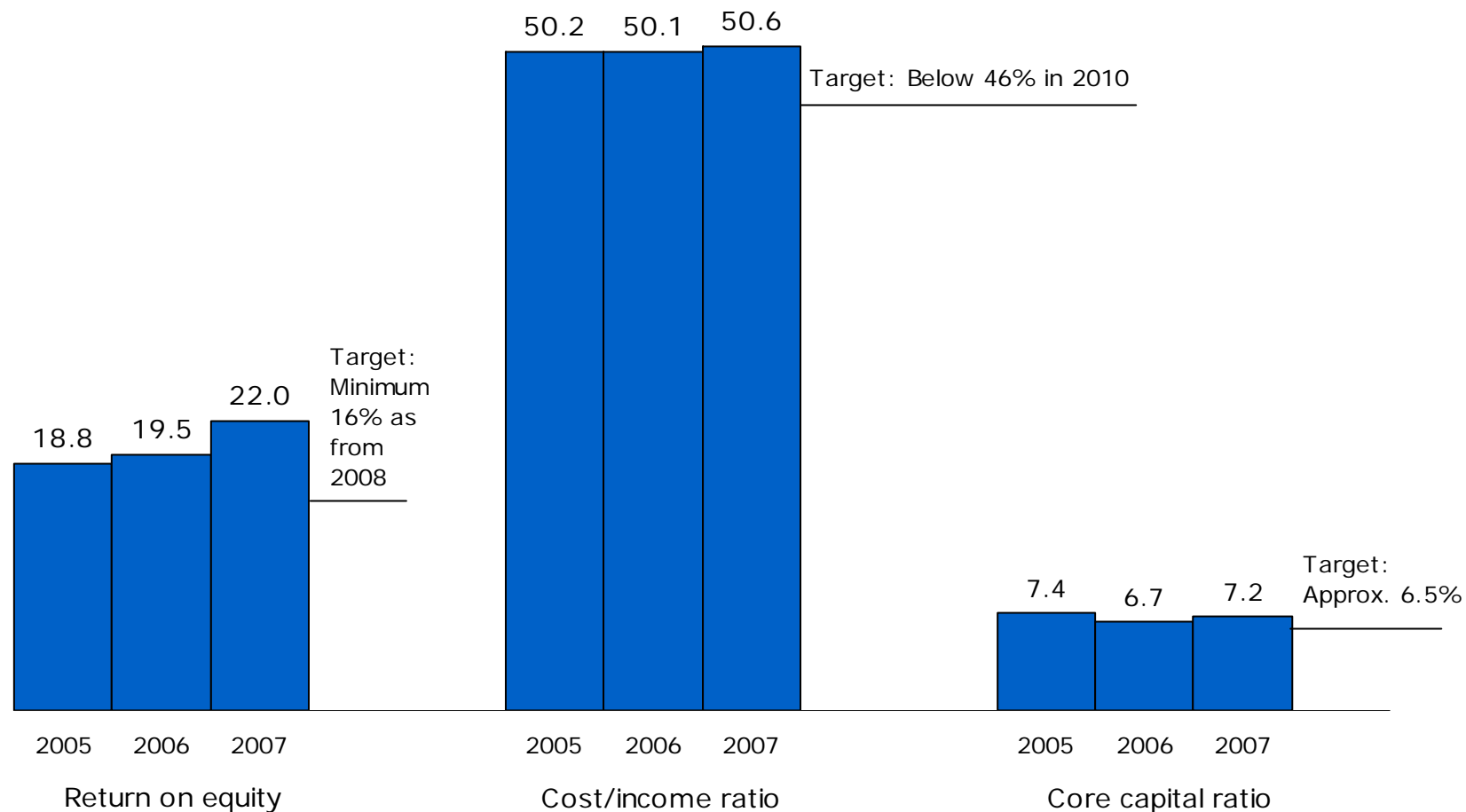
## Full year results

Non-recurring effects (in NOK million)  
2007:

- MTM write-downs reflecting widening credit spreads in the bond portfolio - 1 258
- Costs from dissolution of employee funds and allocations for 2007 - 476
- Gains from the sale of bank buildings + 2 335
- Normalised tax (23%) + 1 479
- Net non-recurring items = 2 080

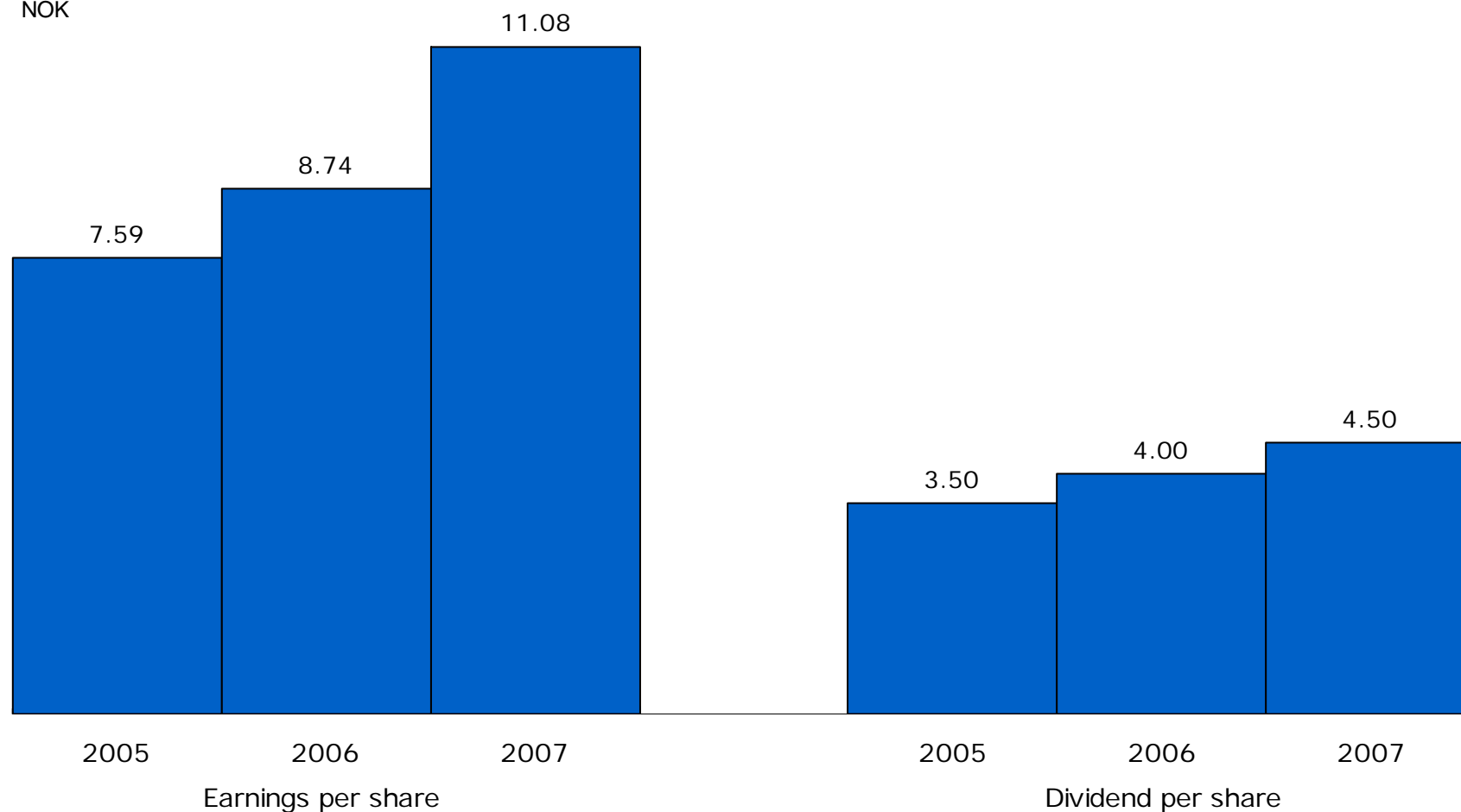
# Key figures

Per cent



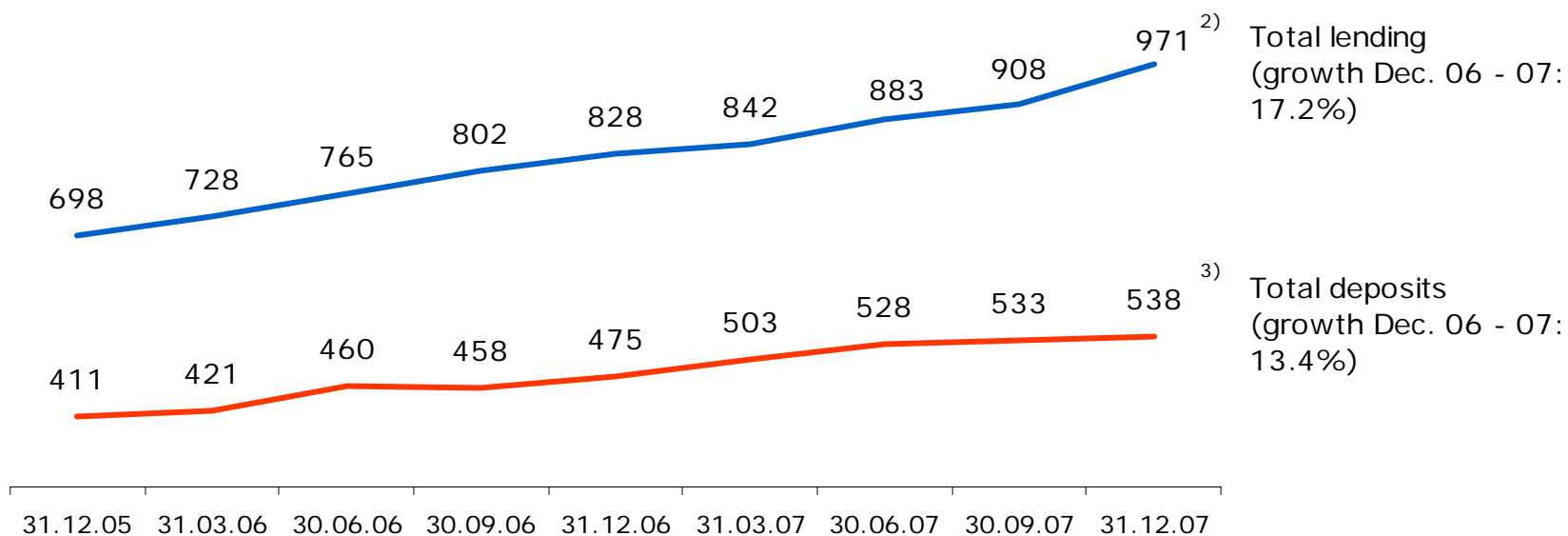
# Earnings per share and dividend per share

NOK



# Developments in volumes <sup>1)</sup>

NOK billion



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

2) Of which DnB NORD: NOK 60 billion

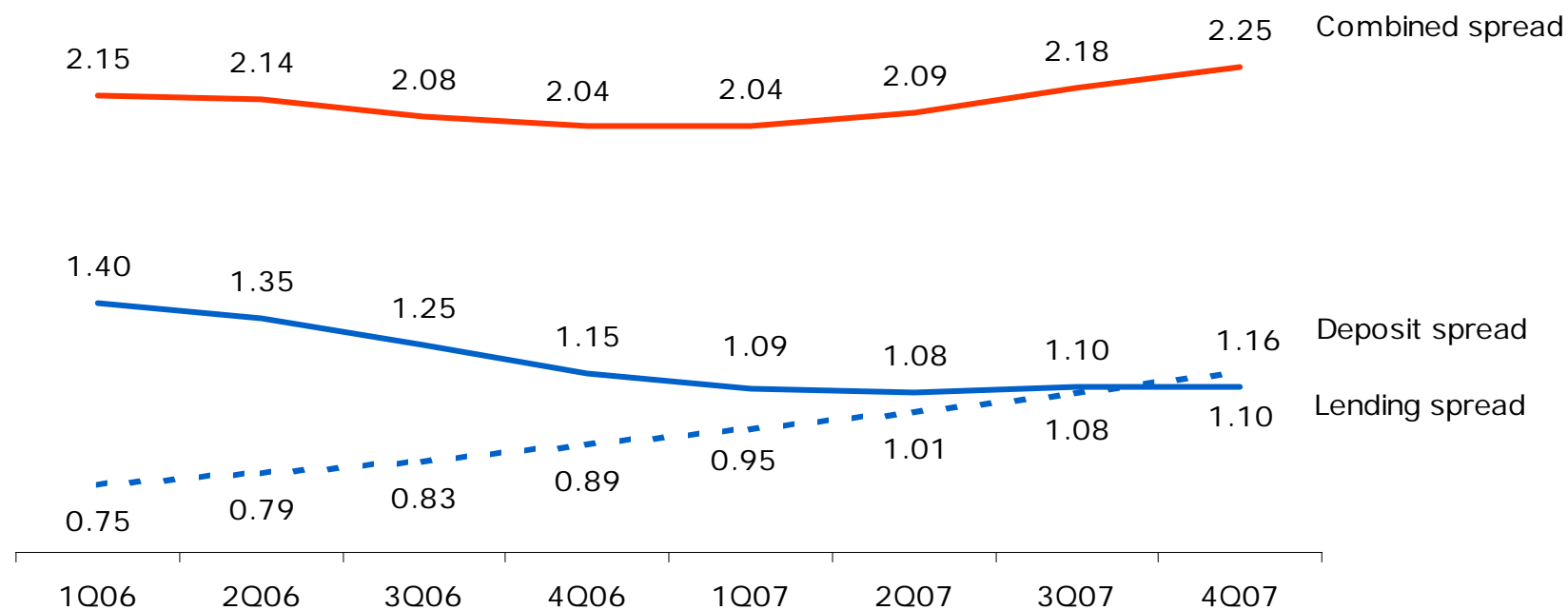
Total lending excluding DnB NORD: NOK 910 billion (15.2% growth)

3) Of which DnB NORD: NOK 20 billion and other entities NOK 24 billion.

Total deposits excluding DnB NORD: NOK 518 billion (12.2% growth)

# Developments in average interest rate spreads <sup>1)</sup>

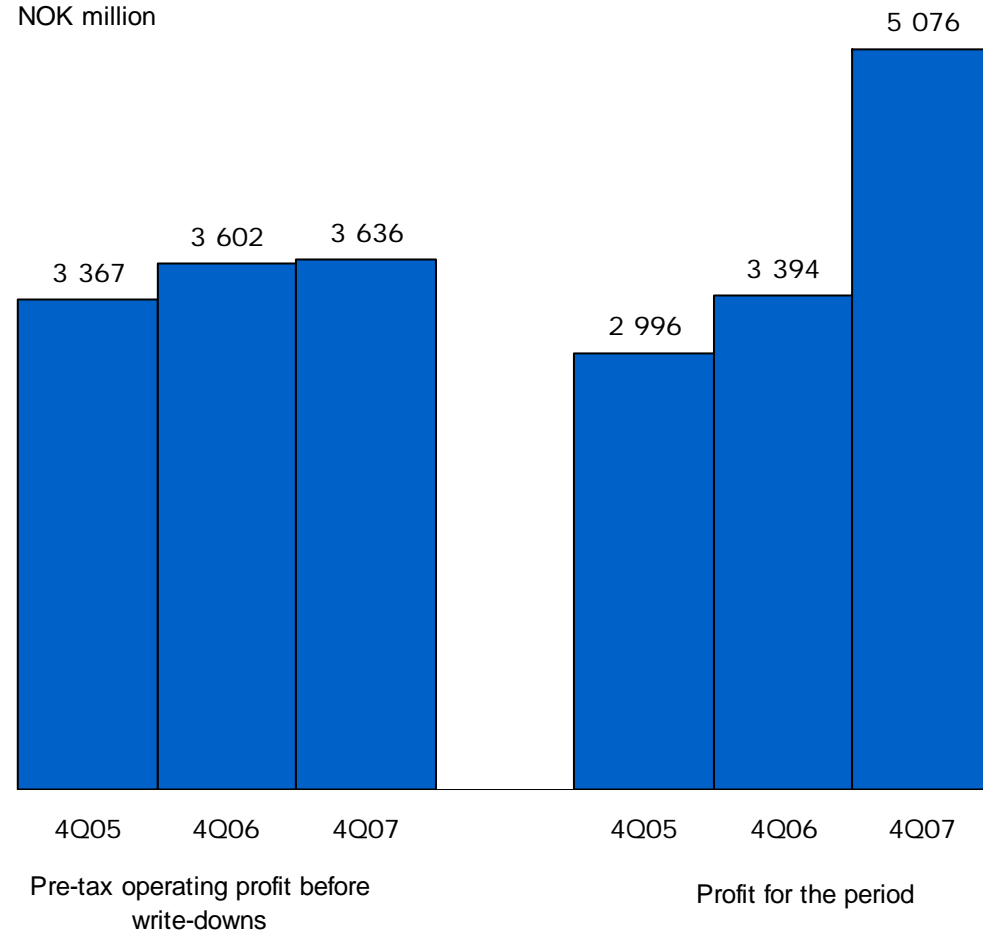
Per cent



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

# 4th quarter performance

NOK million



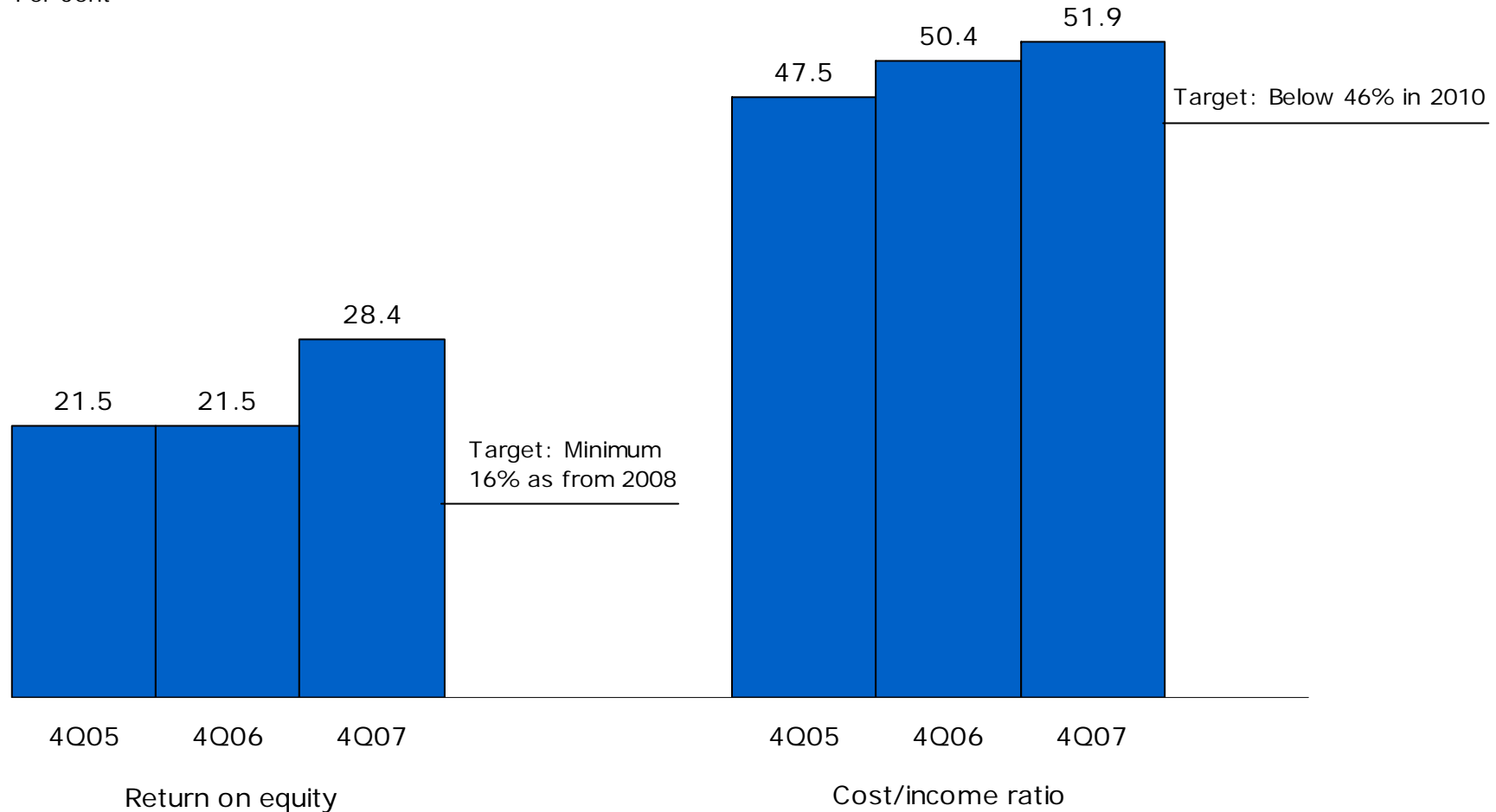
Non-recurring effects (in NOK million):

• MTM write-downs reflecting widening credit spreads in the bond portfolio	- 658
• Costs from dissolution of employee funds and allocations for 2007	- 476
• Gains from the sale of bank buildings	+ 1 470
• Normalised tax (23%)	<u>+ 941</u>
• Net non-recurring items	<u>= 1 277</u>



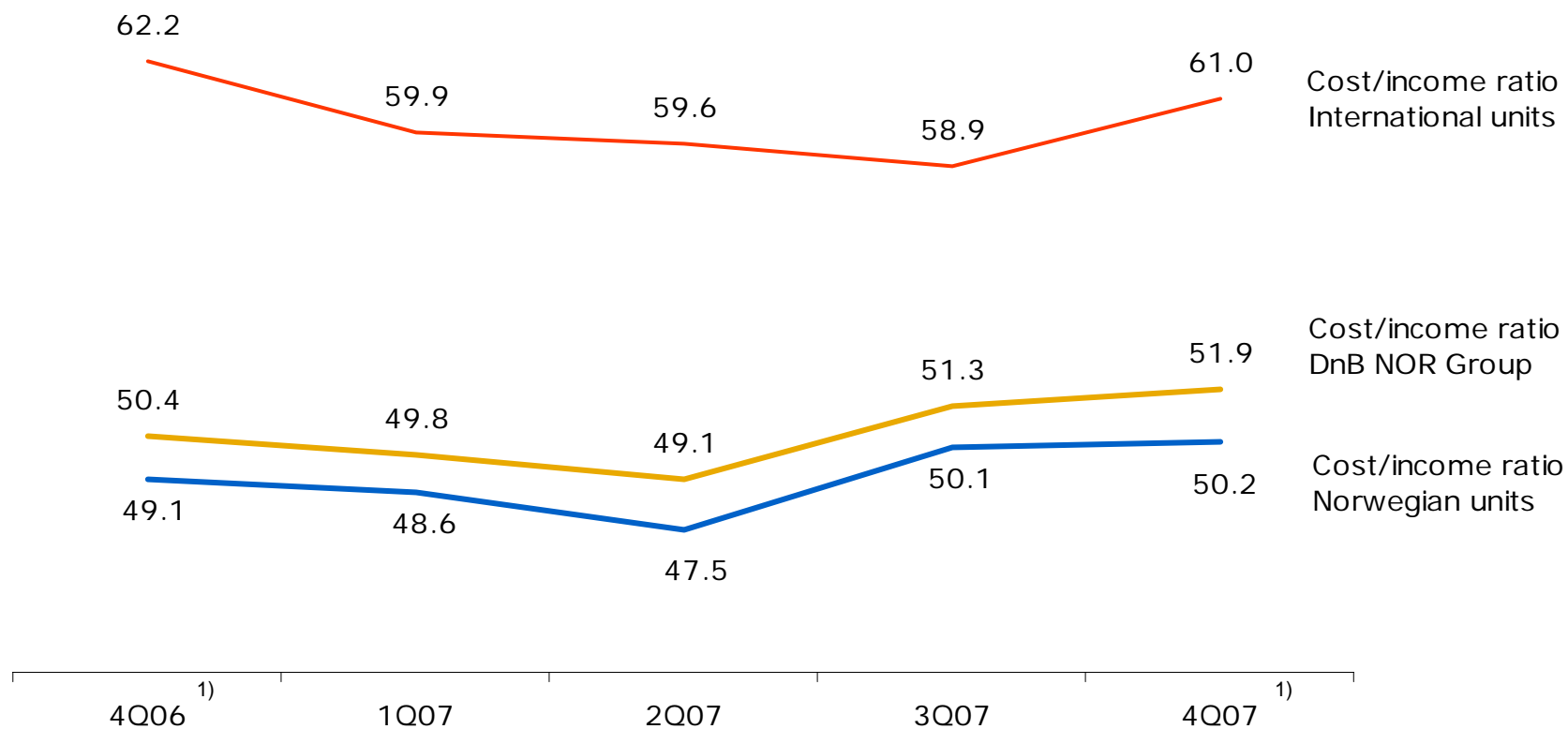
# Key figures 4th quarter

Per cent



# Cost/income ratio

Per cent



1) Excluding allocations to employees

## Norwegian and international operations

### *Norwegian units*

<i>Amounts in NOK million</i>	<b>4Q07 <sup>1)</sup></b>	3Q07	2Q07	1Q07	<b>4Q06 <sup>1)</sup></b>
Total income	<b>7 221</b>	6 525	6 889	6 704	<b>6 818</b>
Operating expenses	<b>3 625</b>	3 268	3 269	3 260	<b>3 346</b>
<b>Cost/income ratio (%)</b>	<b>50.2</b>	50.1	47.5	48.6	<b>49.1</b>
Share of group income (%)	<b>84.5</b>	86.0	86.6	89.2	<b>89.7</b>
Full-time positions at end of period	<b>9 165</b>	9 270	9 274	9 245	<b>9 206</b>

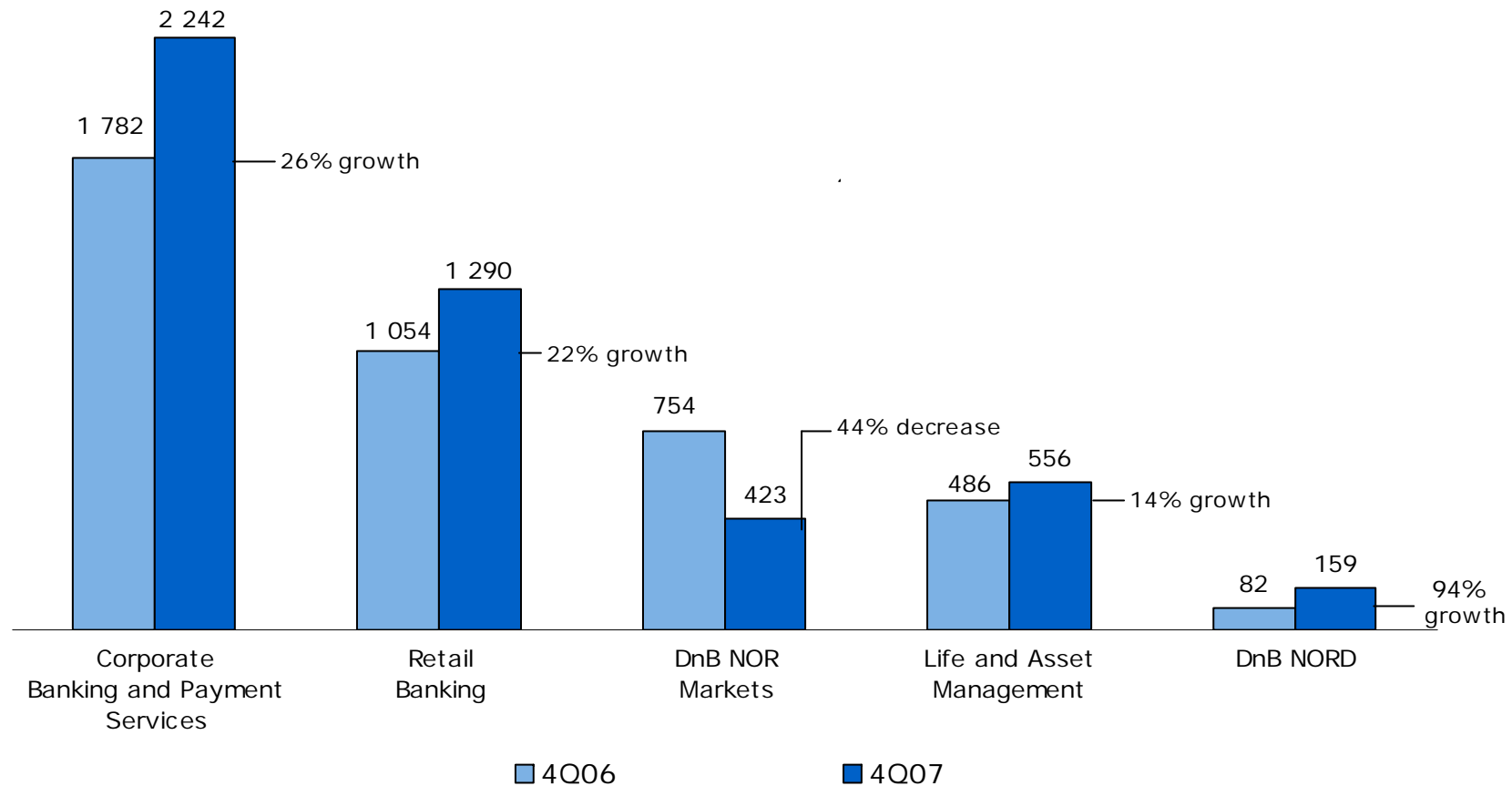
### *International units*

<i>Amounts in NOK million</i>	<b>4Q07 <sup>1)</sup></b>	3Q07	2Q07	1Q07	<b>4Q06 <sup>1)</sup></b>
Total income	<b>1 324</b>	1 064	1 064	808	<b>779</b>
Operating expenses	<b>807</b>	627	634	484	<b>485</b>
<b>Cost/income ratio (%)</b>	<b>61.0</b>	58.9	59.6	59.9	<b>62.2</b>
Share of group income (%)	<b>15.5</b>	14.0	13.4	10.8	<b>10.3</b>
Full-time positions at end of period	<b>4 290</b>	3 931	3 747	2 766	<b>2 618</b>

1) Excluding allocations to employees

# Pre-tax operating profit before write-downs

NOK million



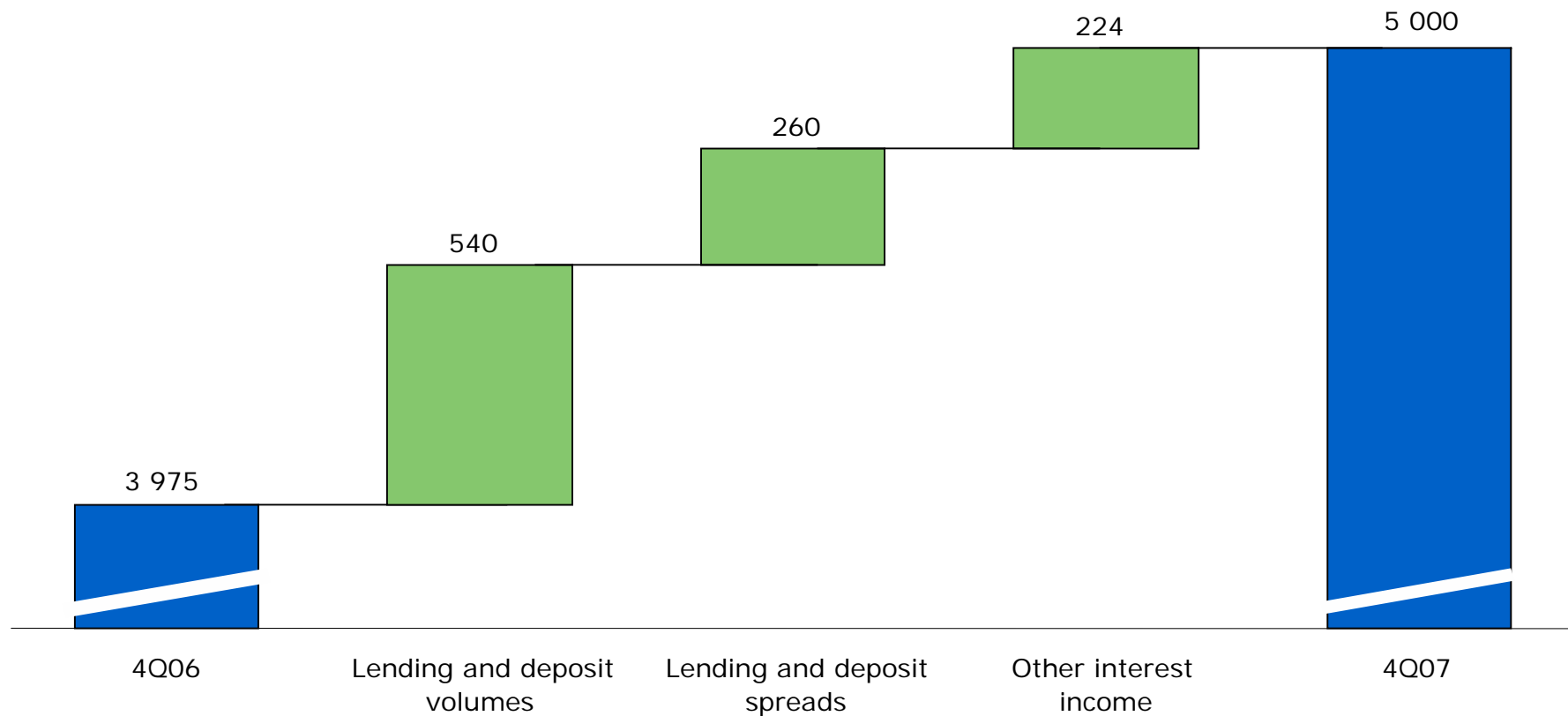
# Income statement

<i>Amounts in NOK million</i>	<b>4Q07</b>	3Q07	2Q07	1Q07	<b>4Q06</b>
Net interest income	<b>5 000</b>	4 663	4 219	3 985	<b>3 975</b>
Net other operating income	<b>3 545</b>	2 926	3 733	3 528	<b>3 622</b>
Total income	<b>8 545</b>	7 589	7 952	7 513	<b>7 597</b>
Total operating expenses	<b>4 908</b>	3 895	3 902	3 744	<b>3 994</b>
Pre-tax operating profit before write-downs	<b>3 636</b>	3 694	4 050	3 769	<b>3 602</b>
Net gains on fixed and intangible assets	<b>1 593</b>	874	9	5	<b>66</b>
Write-downs on loans and guarantees	<b>(41)</b>	70	140	51	<b>(16)</b>
Pre-tax operating profit	<b>5 269</b>	4 498	3 919	3 723	<b>3 684</b>
Taxes	<b>193</b>	826	512	856	<b>291</b>
Profit for the period	<b>5 076</b>	3 673	3 407	2 866	<b>3 394</b>

# Change in net interest income

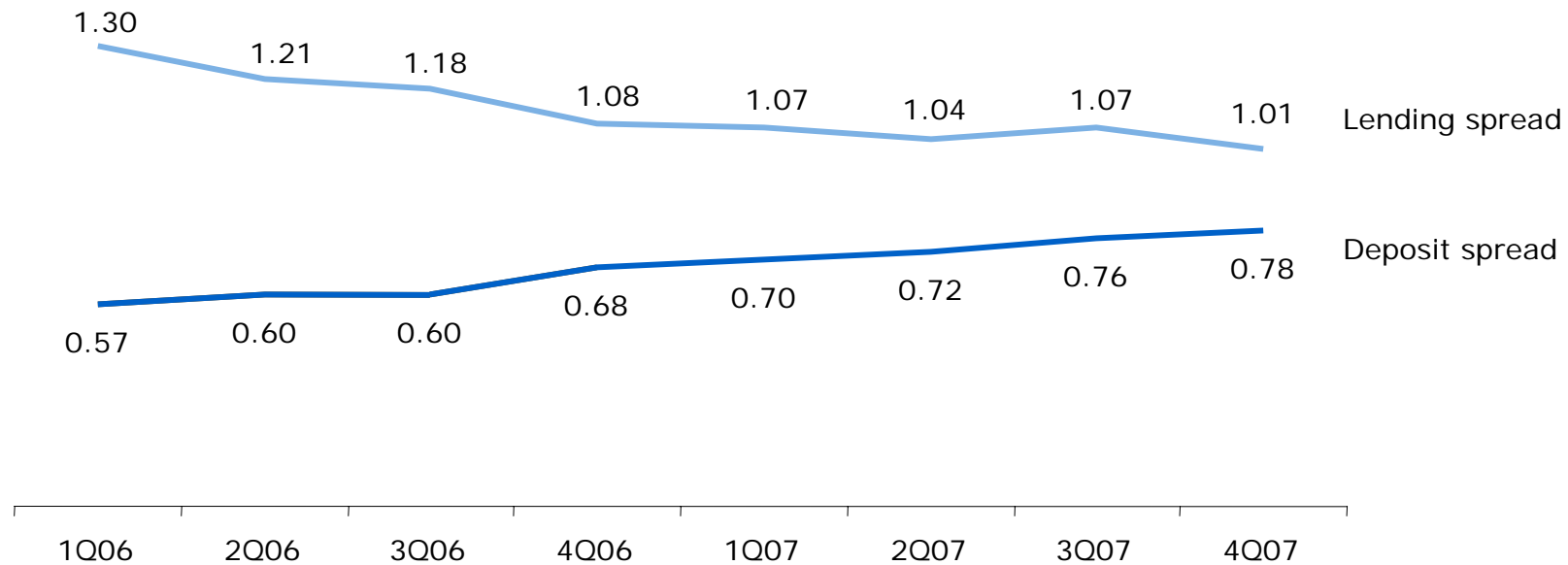
NOK million

From 4th quarter 2006 to 4th quarter 2007



# Developments in average interest rate spreads Corporate Banking and Payment Services <sup>1)</sup>

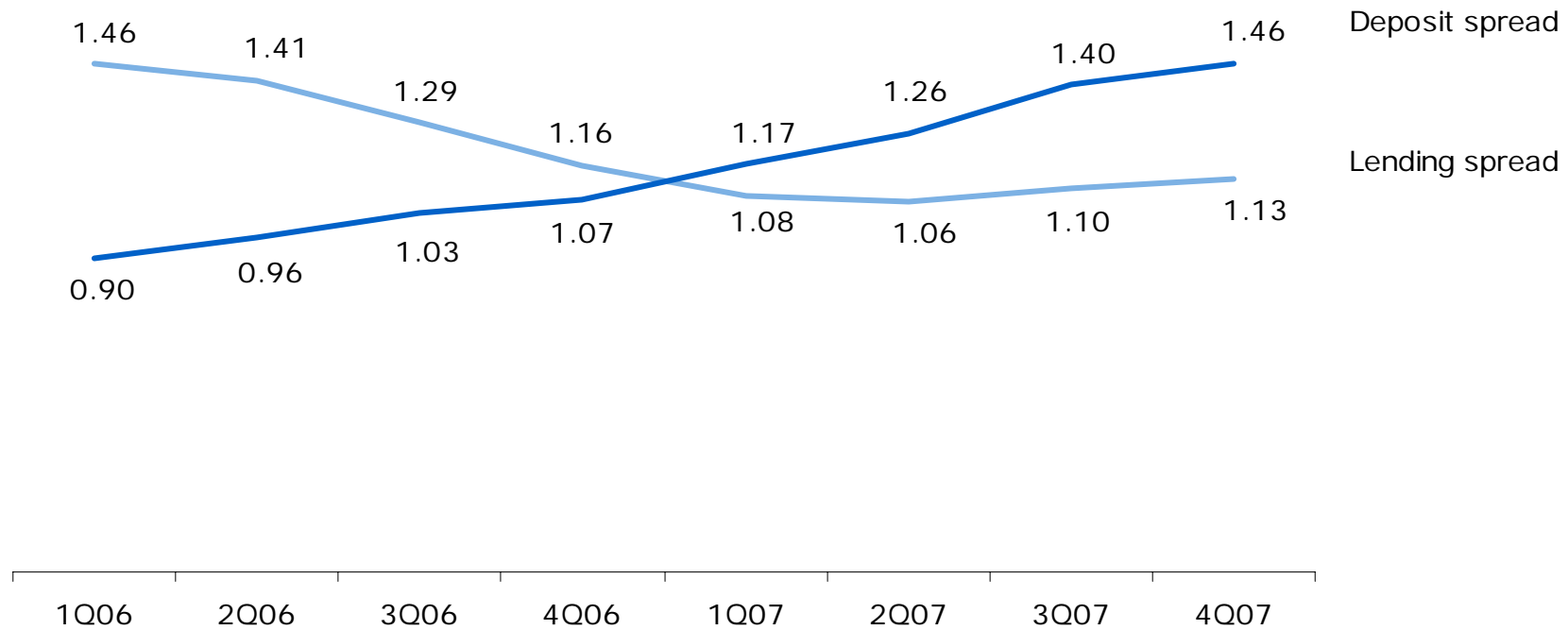
Per cent



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

# Developments in average interest rate spreads Retail Banking <sup>1)</sup>

Per cent



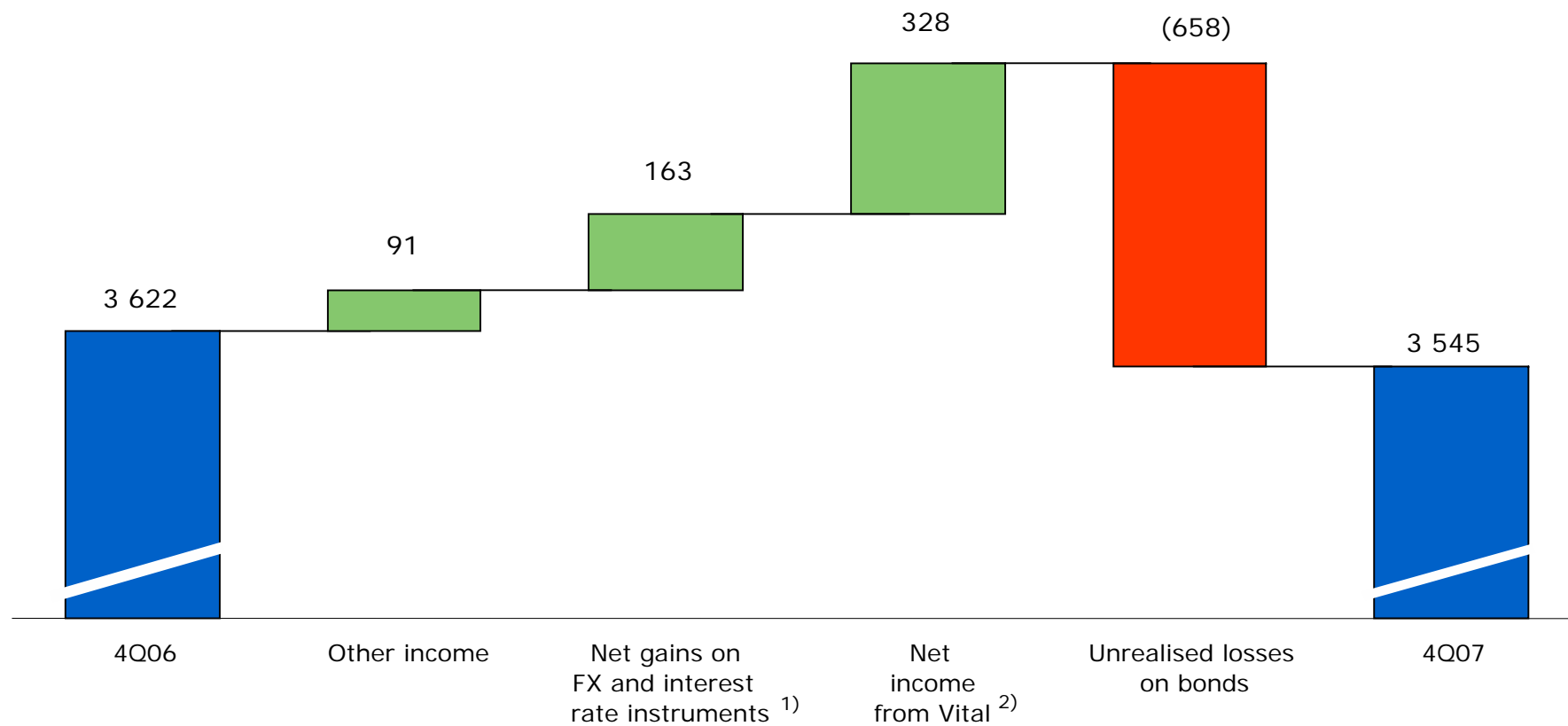
1) Excluding impaired loans



# Changes in net other operating income

NOK million

From 4th quarter 2006 to 4th quarter 2007



1) Excluding guarantees and income reductions resulting from widening credit spreads

2) Excluding guaranteed returns and allocations to policyholders. After eliminations

## Changes in operating expenses

<i>Amounts in NOK million</i>	<i>4Q07</i>	<i>Changes</i>	<i>4Q06</i>
<b>Total operating expenses</b>	<b>4 908</b>	<b>914</b>	<b>3 994</b>
<b>Norwegian units</b>		<b>590</b>	
<i>Of which:</i>			
Costs from dissolution of employee funds		295	
Rise in allocations to employees		15	
Performance-based pay		45	
Pension expenses		33	
IT expenses Vital		152	
IT expenses, excl. Vital		6	
Properties		41	
Operational leasing		28	
Other operating expenses		(26)	
<b>International units</b>		<b>324</b>	
<i>Of which:</i>			
DnB NORD		177	
Sweden		97	
Others		50	

## Full-time positions

	<i>31 Dec. 2007 <sup>1)</sup></i>	<i>30 Sept. 2007</i>	<i>30 June 2007 <sup>2)</sup></i>	<i>31 March 2007</i>	<i>31 Dec. 2006</i>
Full-time positions at end of period in Norway	9 165	9 270	9 274	9 245	9 206
Full-time positions at end of period abroad	4 290	3 931	3 747	2 766	2 618
- of which full-time positions in DnB NORD	3 236	3 144	3 053	2 111	1 989
- of which full-time positions in Sweden	520	267	207	174	166
- of which full-time positions in other areas	535	520	488	481	463

1) Staff in SalusAnsvar, which was acquired on 31 December 2007, represented 218 full-time positions

2) There was an increase of 863 full-time positions resulting from the acquisition of BISE Bank in April 2007

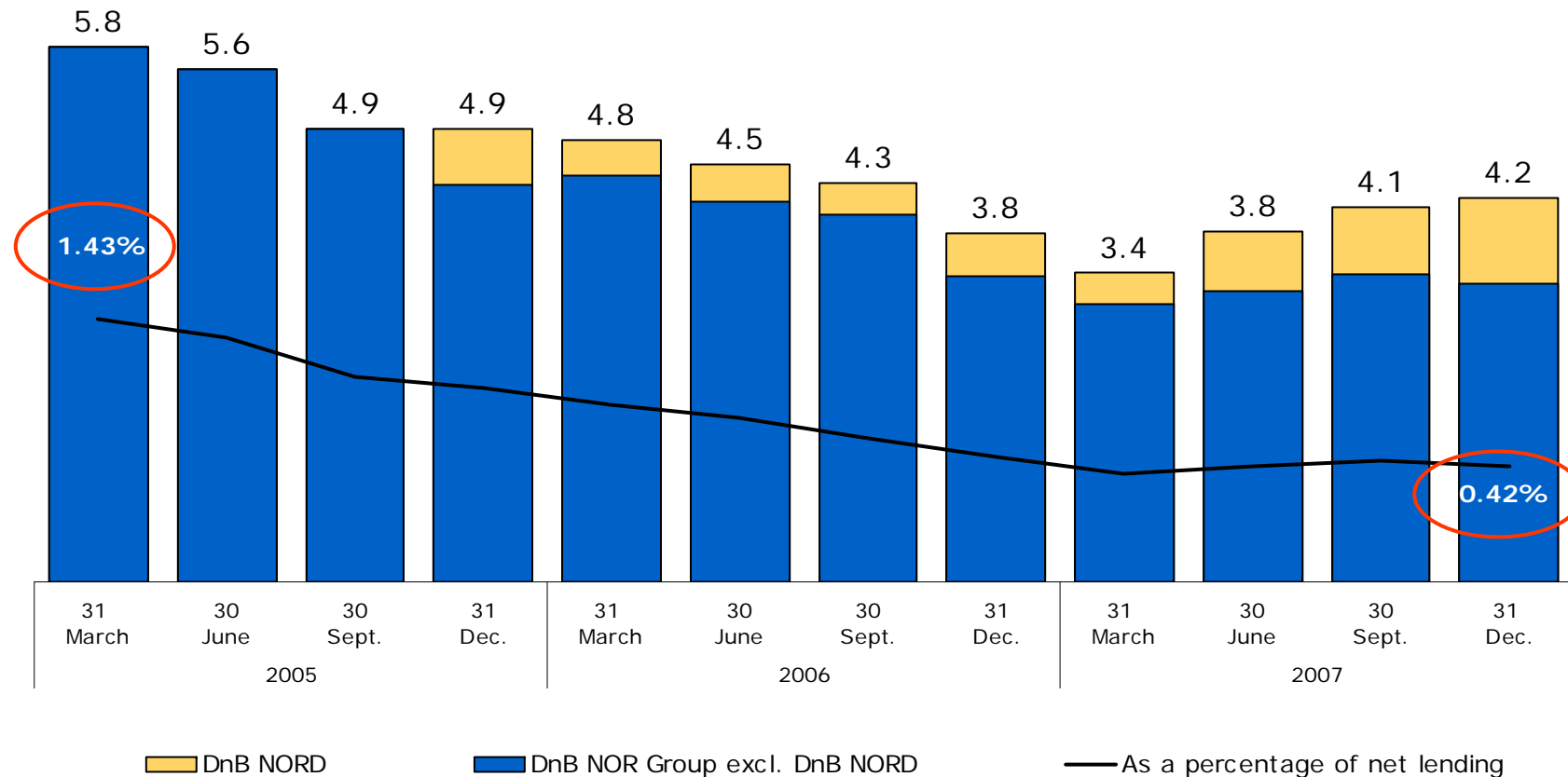
## Write-downs on loans and guarantees

<i>Income statement</i>						<i>Full year</i>	<i>Full year</i>
<i>Amounts in NOK million</i>	<b>4Q07</b>	3Q07	2Q07	1Q07	<b>4Q06</b>	2007	2006
New individual write-downs	<b>314</b>	217	266	283	<b>225</b>	1 080	919
Reassessments and recoveries	<b>166</b>	141	156	195	<b>220</b>	658	759
Individual write-downs	<b>148</b>	76	110	88	<b>5</b>	422	160
Group write-downs on loans <sup>1)</sup>	<b>(189)</b>	(6)	30	(37)	<b>(21)</b>	(202)	(418)
Total write-downs	<b>(41)</b>	70	140	51	<b>(16)</b>	220	(258)

1) Changes in the group write-down model caused a reduction in the fourth quarter of 2007

# Net non-performing and impaired commitments

NOK billion



## Balance sheets

<i>Amounts in NOK billion</i>	<b>31 Dec. 2007</b>	<i>30 Sept. 2007</i>	<i>30 June 2007</i>	<i>31 March 2007</i>	<b>31 Dec. 2006</b>
Net lending to customers	<b>971</b>	908	883	842	<b>828</b>
Other assets	<b>503</b>	522	554	541	<b>492</b>
<b>Total assets</b>	<b>1 474</b>	<b>1 431</b>	<b>1 437</b>	<b>1 384</b>	<b>1 320</b>
Deposits from customers	<b>538</b>	532	528	503	<b>475</b>
Short-term securities issued	<b>97</b>	68	70	67	<b>68</b>
Long-term securities issued	<b>274</b>	249	258	263	<b>259</b>
Other liabilities and provisions	<b>488</b>	510	513	481	<b>452</b>
Equity	<b>76</b>	71	67	69	<b>66</b>
<b>Total liabilities and equity</b>	<b>1 474</b>	<b>1 431</b>	<b>1 437</b>	<b>1 384</b>	<b>1 320</b>

- Lending growth of NOK 143 billion financed by
  - deposit growth of NOK 64 billion
  - increase in securities issued of NOK 45 billion
  - rise in equity of NOK 10 billion
  - other balance sheet changes of NOK 24 billion

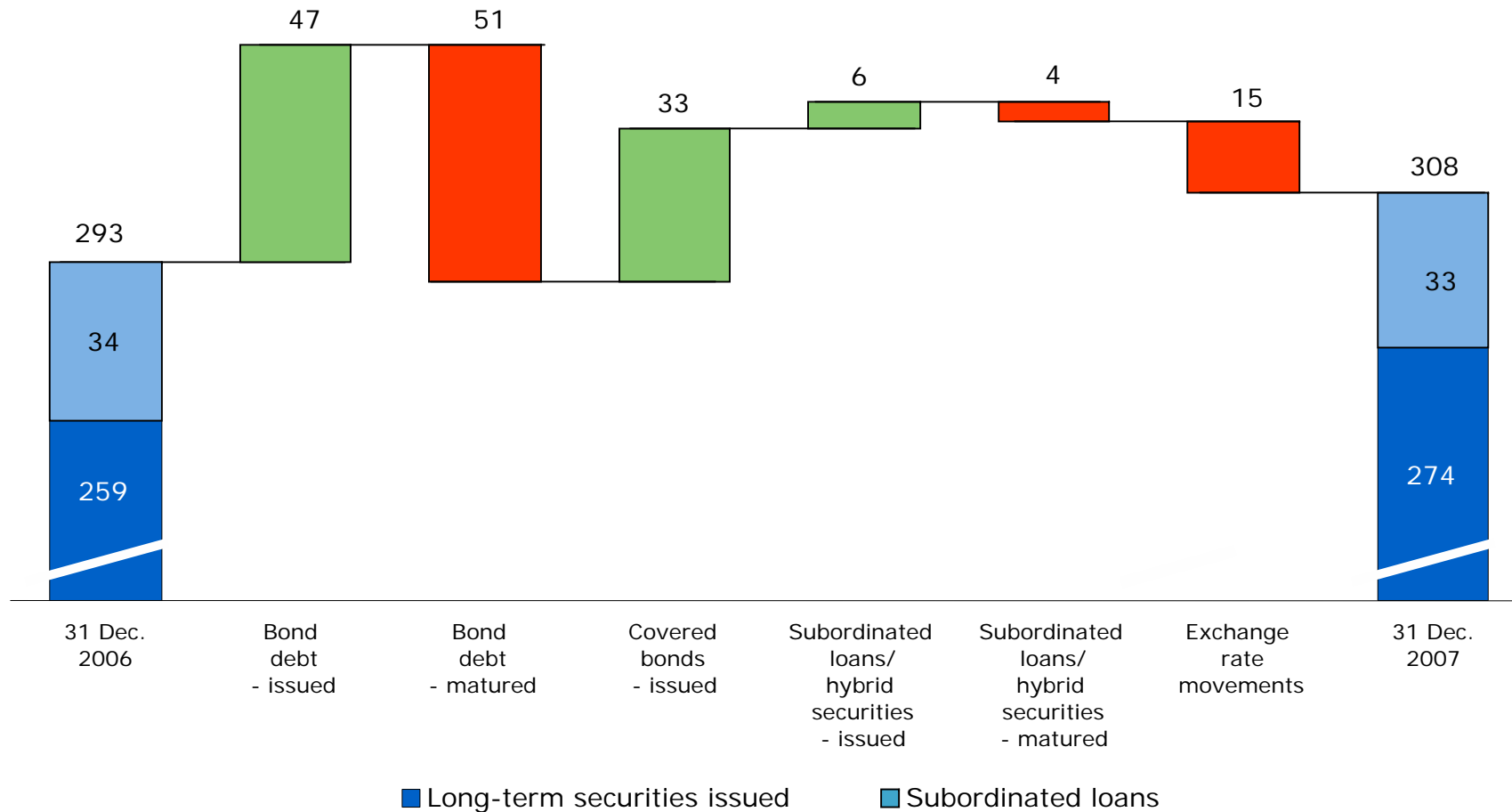
Ratio of average deposits to average net lending, quarterly (%)	<b>58.0</b>	59.6	59.6	58.3	<b>56.2</b>
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Total combined assets	<b>1 834</b>	1 789	1 802	1 747	<b>1 688</b>
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# Source of funds

## - long-term securities issued and subordinated loans

NOK billion



## Corporate Banking and Payment Services

<i>Amounts in NOK million</i>	4Q07	4Q06
Net interest income - ordinary operations	2 101	1 777
Interest on allocated capital	488	256
Net interest income	2 590	2 033
Net other operating income	830	799
Total income	3 420	2 832
Operating expenses	1 178	1 050
Pre-tax operating profit before write-downs	2 242	1 782
Net gains on fixed and intangible assets	7	(4)
Write-downs on loans and guarantees	30	(39)
Pre-tax operating profit	2 219	1 818
Net lending to customers (NOK billion) <sup>1)</sup>	450	383
Deposits from customers (NOK billion) <sup>1)</sup>	301	257
Cost/income ratio (%)	34.4	37.1
Ratio of deposits to lending (%)	67.0	67.2
Return on capital BIS (%)	18.6	18.4

- Strong growth in volumes
- Combined spread up 4 basis points, in spite of fierce competition
- Rise in costs due to international expansion

1) Average balances, including credit institutions



# Retail Banking

<i>Amounts in NOK million</i>	4Q07	4Q06
Net interest income - ordinary operations	1 962	1 718
Interest on allocated capital	196	129
Net interest income	2 158	1 847
Net other operating income	783	757
Total income	2 941	2 604
Operating expenses	1 651	1 551
Pre-tax operating profit before write-downs	1 290	1 054
Net gains on fixed and intangible assets	44	9
Write-downs on loans and guarantees	72	(32)
Pre-tax operating profit	1 263	1 094
Net lending to customers (NOK billion) <sup>1)</sup>	439	404
Deposits from customers (NOK billion) <sup>1)</sup>	223	211
Cost/income ratio (%)	56.1	59.5
Ratio of deposits to lending (%)	50.7	52.2
Return on capital BIS (%)	26.6	22.1

1) Average balances

- Mobile bank and SMS solutions
- In-store banking outlets increase accessibility and free resources for advisory services
- Certification of financial advisers and new advisory tools

## DnB NOR Markets

<i>Amounts in NOK million</i>	4Q07	4Q06
Net interest income - ordinary operations	44	57
Interest on allocated capital	58	30
Net interest income	101	87
Net other operating income	740	1 109
Total income	842	1 196
Operating expenses	419	443
Pre-tax operating profit before write-downs	423	754
Net gains on fixed and intangible assets	0	0
Write-downs on loans and guarantees	0	0
Pre-tax operating profit	423	754
Cost/income ratio (%)	49.8	37.0
Return on capital BIS (%)	30.3	64.4

- Higher credit margins reduces income from proprietary trading by NOK 592 million
  - will accrue to income over an average period of 2.7 years
- Customer-related income increased by 7 per cent

# DnB NOR Markets

## - Income trend

<i>Amounts in NOK million</i>	<b>4Q07</b>	3Q07	2Q07	1Q07	<b>4Q06</b>	<i>Full year</i>	<i>Full year</i>
						2007	2006
FX and interest rate derivatives	<b>358</b>	373	295	306	<b>330</b>	1 332	1 044
Investment products	<b>187</b>	107	181	230	<b>212</b>	705	851
Corporate finance	<b>249</b>	150	282	148	<b>208</b>	828	695
Securities services	<b>97</b>	96	104	91	<b>82</b>	388	316
Total customer revenues	<b>891</b>	727	861	774	<b>832</b>	3 253	2 907
Market making/trading revenues	<b>485</b>	244	125	251	<b>334</b>	1 105	906
Total ordinary income	<b>1 376</b>	971	986	1 025	<b>1 166</b>	4 358	3 814
Unrealised losses on bonds etc.	<b>(592)</b>	(666)				(1 258)	
Interest income on allocated capital	<b>58</b>	50	44	37	<b>30</b>	189	93
Total income	<b>842</b>	355	1 030	1 063	<b>1 196</b>	3 289	3 907

## Life and Asset Management - Vital

<i>Amounts in NOK million</i>	4Q07	4Q06
Interest result	2 048	2 990
- of which revaluation of property	344	533
Risk result	(2 075)	46
- of which provisions for higher life expectancy	(1 792)	0
Administration result	(186)	(12)
Transferred to security reserve	33	4
Profit in Vital Before additional allocations	(246)	3 020
Transferred to additional allocations	3 000	2 740
Profit for distribution in Vital	(3 246)	280
Funds transferred to policyholders	(3 710)	(51)
+ Reversal of goodwill amortisation	(39)	5
Pre-tax operating profit	424	336
Tax charge	(1 475)	(765)
Profit after taxes	1 899	1 101
Total assets (NOK billion) <sup>1)</sup>	233	224
Return on capital (%) <sup>2)</sup>	75.7	48.7

1) Assets at end of period

2) Calculated based on recorded equity

- Return in 4Q07:
  - Value-adjusted: 0.9%
  - Recorded: 1.8%
- Equity exposure reduced to 24.8%
- Administration result affected by non-recurring costs relating to IT
- Enhanced solvency through NOK 3 billion increase in additional allocations
- European Embedded Value of NOK 18.4 billion, an increase of NOK 2.2 billion after dividend payments

## Life and Asset Management - DnB NOR Asset Management

<i>Amounts in NOK million</i>	4Q07	4Q06
Net interest income - ordinary operations	10	0
Interest on allocated capital	27	16
Net interest income	37	16
Net other operating income	279	319
Total income	317	335
Operating expenses	184	184
Pre-tax operating profit before write-downs	132	151
Assets under management (NOK billion) <sup>1)</sup>	540	542
Assets under management (NOK billion) <sup>2)</sup>	541	549
Cost/income ratio (%)	58.2	55.0
Return on capital (%) <sup>3)</sup>	20.5	25.0

1) Average assets for the period

2) Assets at end of period

3) Calculated based on recorded equity

- Positive net sales in international retail markets
- Positive development in retail market shares in Norway  
- successful cross-sales
- Positive development in savings schemes
- DnB NOR Miljøinvest and Carlson Asian Small Cap  
- best mutual funds in 2007

# DnB NORD

<i>Amounts in NOK million</i>	4Q07	4Q06
Net interest income - ordinary operations	311	197
Interest on allocated capital	48	23
Net interest income	359	220
Net other operating income	206	91
Total income	565	311
Operating expenses	406	229
Pre-tax operating profit before write-downs	159	82
Net gains on fixed and intangible assets	2	2
Write-downs on loans and guarantees	48	38
Pre-tax operating profit	113	45
Net lending to customers (NOK billion) <sup>1)</sup>	57	37
Deposits from customers (NOK billion) <sup>1)</sup>	21	12
Cost/income ratio (%)	71.9	73.6
Ratio of deposits to lending (%)	36.6	32.1
Return on capital BIS (%)	8.8	5.7

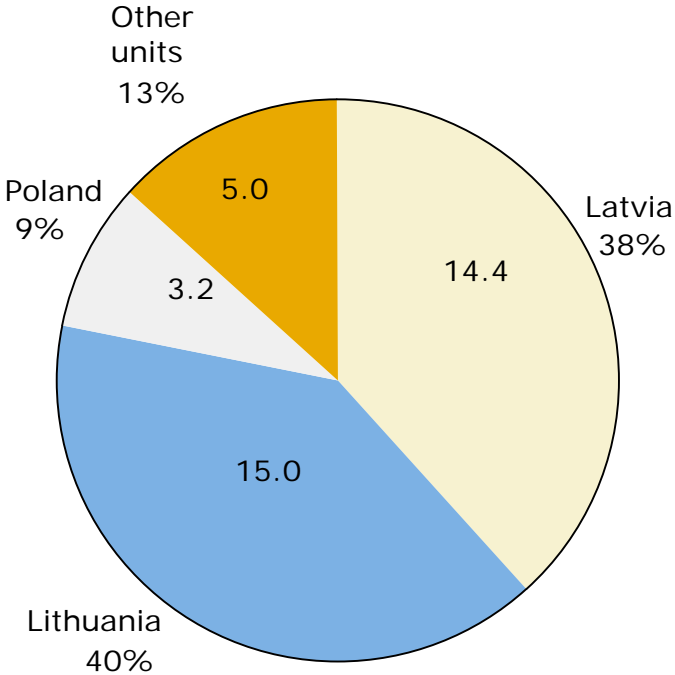
- Financial results still ahead of targets
- More subdued lending growth in the Baltic States
- Investment in future growth and streamlining of operations

1) Average balances, including credit institutions

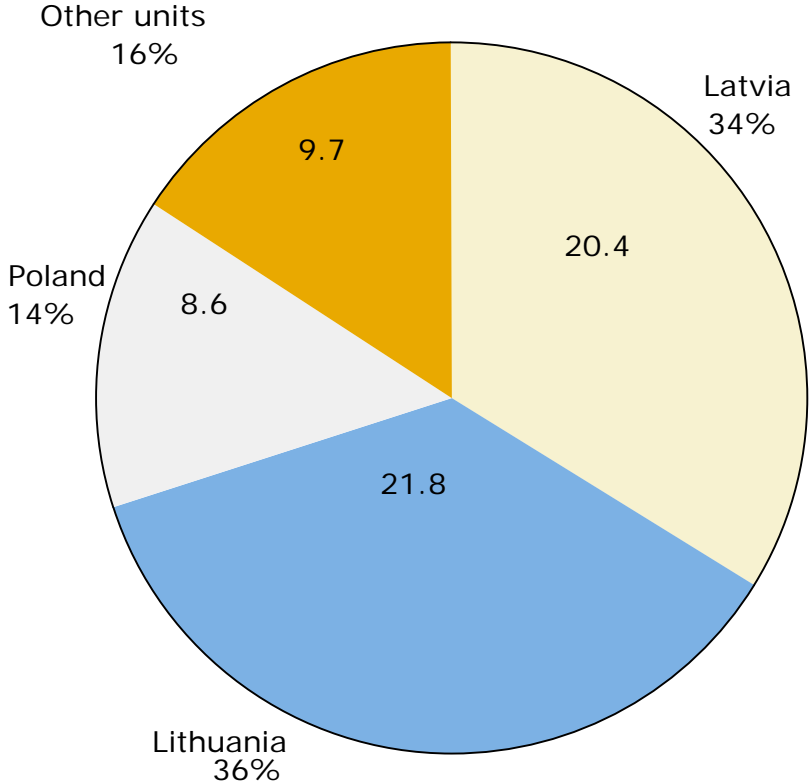
# DnB NORD

## - Developments in lending volumes

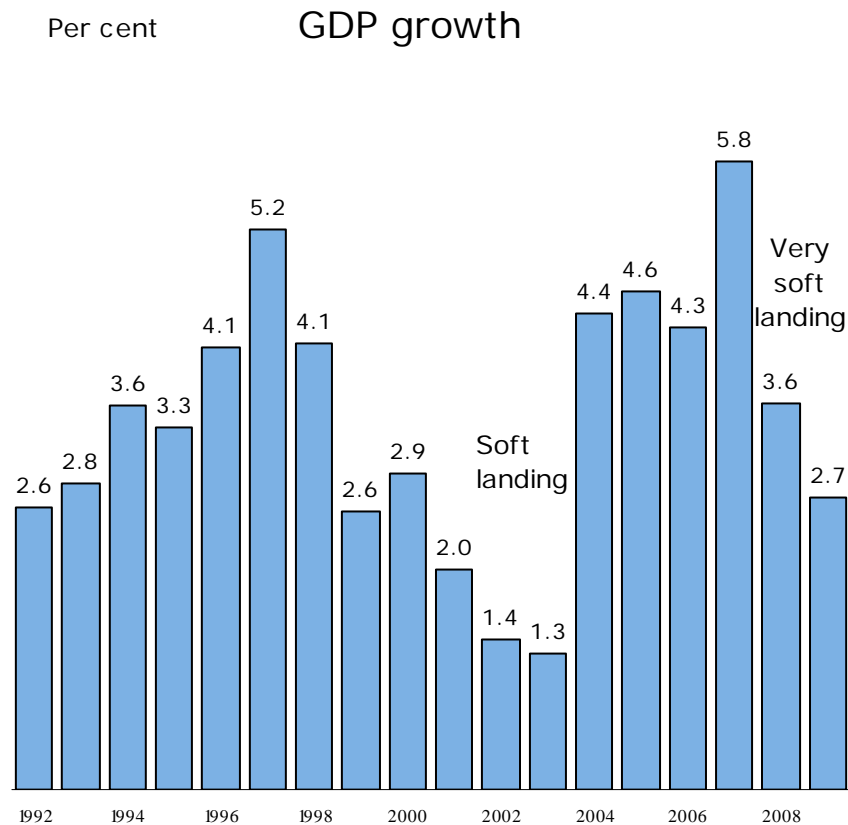
31 December 2006  
NOK 37.8 billion



31 December 2007  
NOK 60.5 billion



# DnB NOR - strong position in a robust economy



- Global growth somewhat subdued; Norwegian growth still above trend
  - high commodity prices – good terms of trade for Norway
- Solid income growth for Norwegian households
- Financial strength and high liquidity in Norwegian businesses
- Norwegian economy gives great manoeuvrability



# Target to reach "NOK 20 billion in 2010" remains unchanged

- Financial turmoil characterised the markets in the second half of 2007, but the fundamental conditions for DnB NOR continue very strong
- Positive trend in 4Q07 and into 2008
- Own initiatives for growth and costs are on track; further measures will be launched to reduce costs

# DnB NOR

