

## Strong reduction in write-downs

**DnB NOR recorded a profit of NOK 2 823 million in the second quarter of 2010, a significant improvement from the year-earlier period. Write-downs on loans were more than halved compared with the second quarter of 2009, and there are signs of rising credit growth in the corporate market.**

"This quarter was characterised by considerable volatility in the European financial markets. On the whole, our domestic customers have escaped the tumult, and we are experiencing a strong reduction in write-downs on loans. We must now be able to say that write-downs have settled at a level which is considerably lower than last year," says Rune Bjerke, group chief executive.

Rune Bjerke is very satisfied with the quarterly results, which show a clear improvement compared with the year-earlier period, when profits totalled NOK 643 million. Non-recurring items reinforce the underlying positive trend.

### Key figures for the second quarter of 2010:

- Pre-tax operating profits before write-downs were NOK 5.2 billion (3.5)
- Profit for the period was NOK 2.8 billion (0.6)
- Profit after minority interests was NOK 3.3 billion (1.2)
- Earnings per share were NOK 2.01 (0.90)
- Return on equity was 12.8 per cent (6.0)
- The ordinary cost/income ratio was 50.3 per cent (55.1)

(Comparable figures for the second quarter of 2009 in parentheses)

Adjusted for exchange rate movements, lending volumes rose by NOK 7 billion compared with the year-earlier period, and there was moderate lending growth towards the end of the second quarter. Net interest income rose by 1.6 per cent from the second quarter of 2009, while funding costs were higher in the quarter.

### Increase in other operating income

Other operating income includes a gain of NOK 1.2 billion resulting from the merger between the payment services company Nordito and the Danish PBS Holding. Even adjusted for this gain, other operating income rose by 34.6 per cent from the second quarter of 2009, partly on account of the highly volatile financial markets.

Costs increased by 2.5 per cent from the second quarter of 2009, adjusted for non-recurring items. The Group's cost reduction programme is ahead of schedule and compensates for higher wage and price inflation.

### Lower write-downs than expected

Write-downs on loans came to NOK 878 million in the April through June period, a significant decline from NOK 2 318 million in the second quarter last year.

"We are very pleased that we have more than halved our write-downs compared with the year-earlier period, which is positive for both us and our customers. The Norwegian economy continues to be in a class of its own in Europe, which is also reflected in DnB NOR's reduced write-downs," says Bjerke.

DnB NOR still believes that uncertainty will prevail in the international financial markets over the coming period, but that the bank's most important markets will experience an upturn.

"Europe will still face major challenges, but we believe that we will see healthy economic developments in the Asian markets and also a cautious improvement in the US. In Norway, we are experiencing increasing credit demand, both from people who wish to take out mortgages and from our largest clients," says Bjerke.

**Contact persons:**

Trond Bentestuen, group executive vice president, Corporate Communications,  
tel.: +47 950 28 448

Thomas Midteide, vice president External Communication, tel.: + 47 962 32 017

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