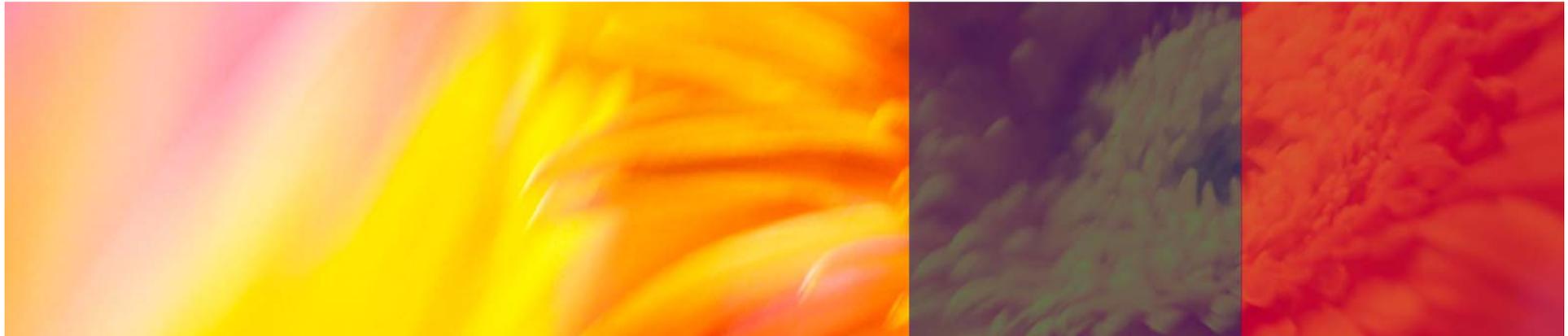


# DnB NOR Group

## - results 2nd quarter 2007



Rune Bjerke, group chief executive  
Tom Grøndahl, deputy CEO

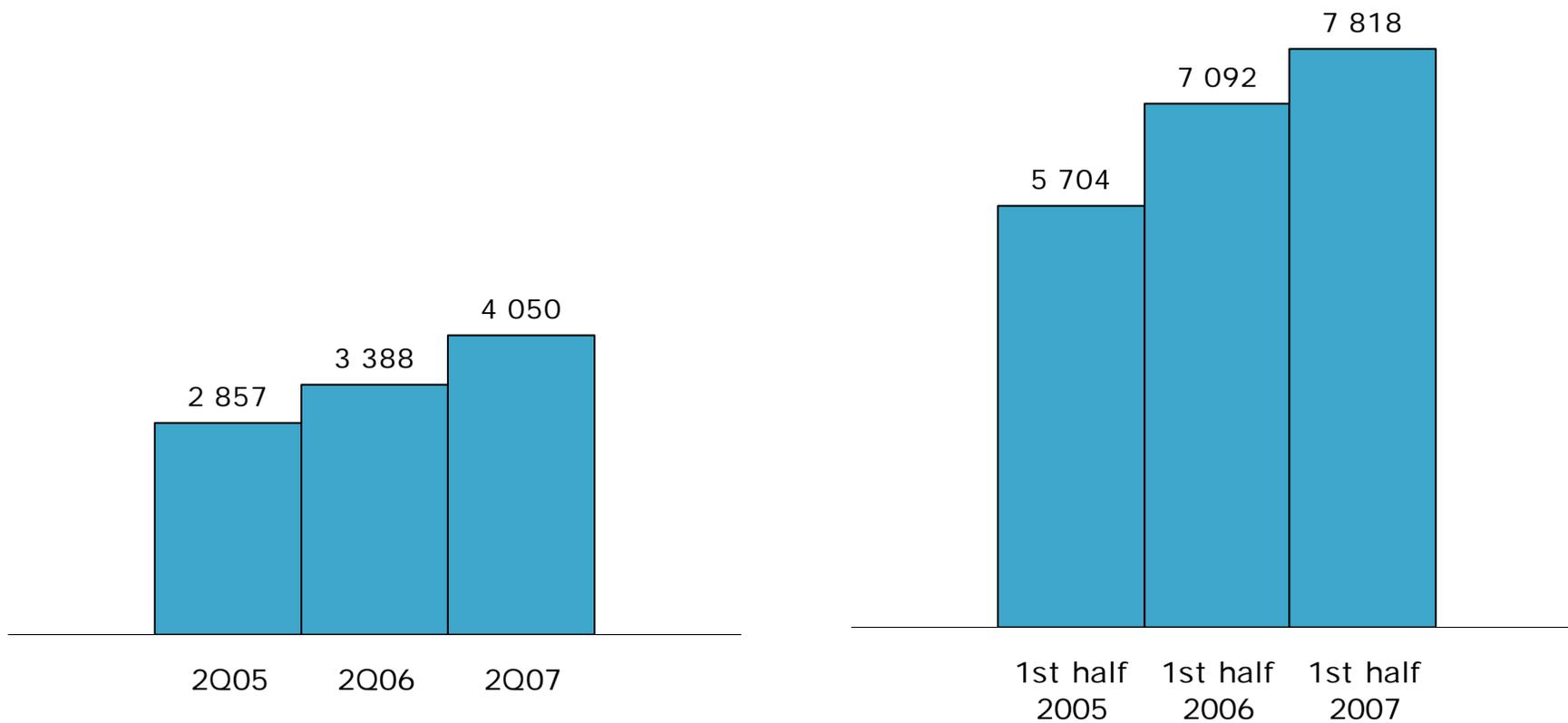
## 2nd quarter 2007 – strong profit trend

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- Healthy lending growth in all markets
- Diminishing pressure on spreads
- Improved cost/income ratio
- Sound portfolio quality – no direct subprime exposure
- Strong rise in profits from international operations

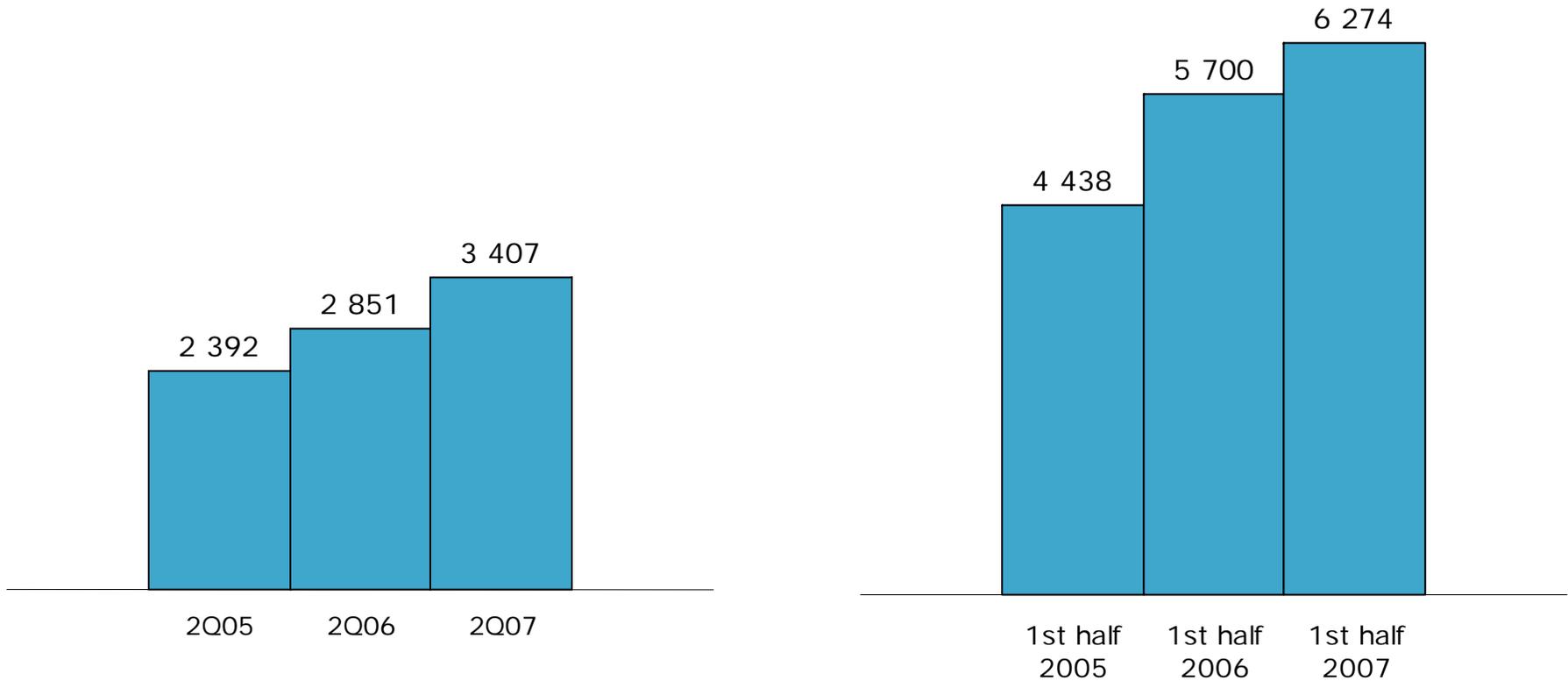
# Pre-tax operating profit before write-downs

NOK million

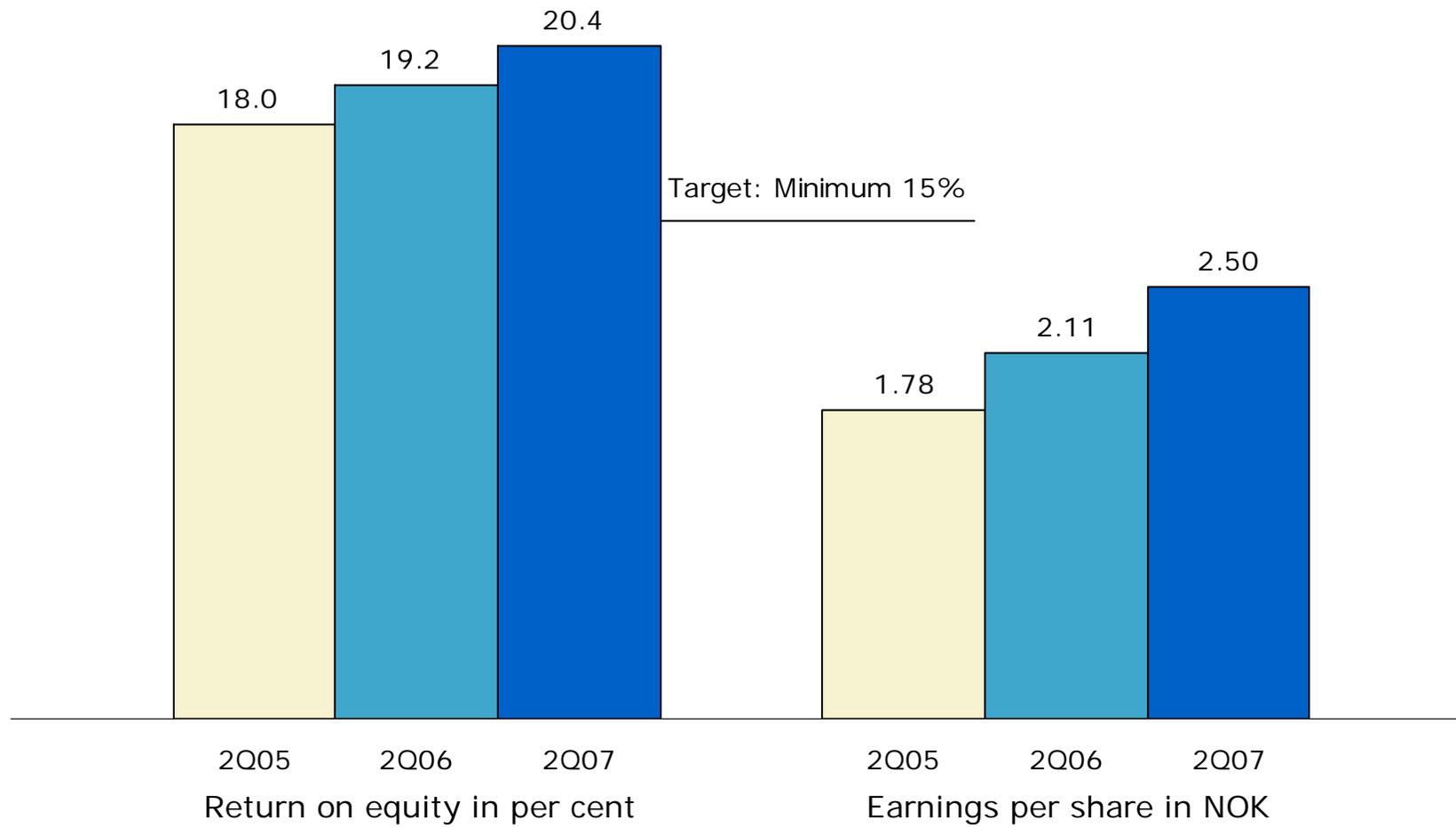


# Profit for the period

NOK million

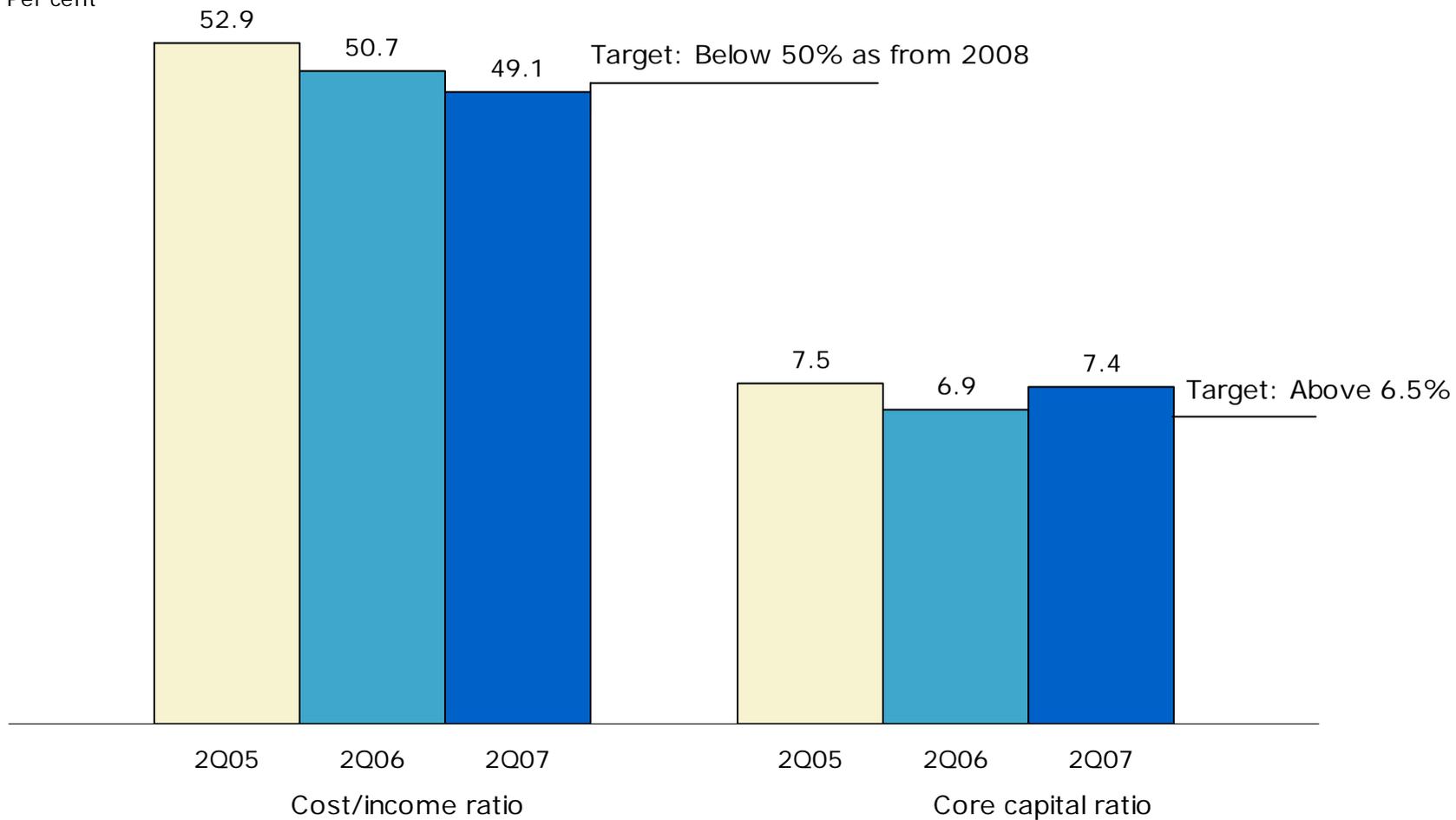


# Key figures



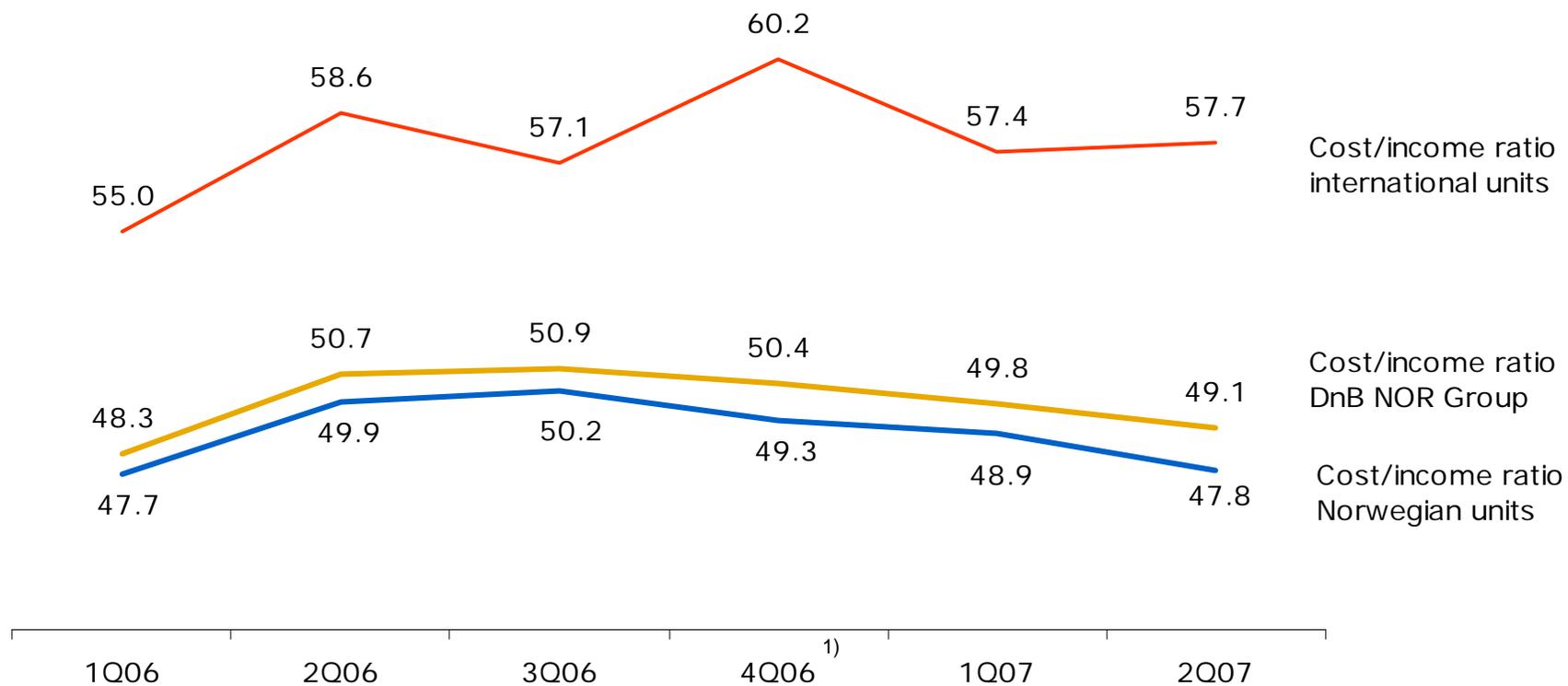
# Key figures

Per cent



# Cost/income ratio

Per cent



1) Excluding allocation to employees

## Cost/income ratio

### **International units**

<i>Amounts in NOK million</i>	<b>2Q07</b>	1Q07	4Q06 <sup>1)</sup>	3Q06	<b>2Q06</b>	1Q06
Total income	<b>1 064</b>	808	779	671	<b>652</b>	615
Operating expenses	<b>613</b>	464	469	383	<b>382</b>	338
<b>Cost/income ratio (%)</b>	<b>57.7</b>	57.4	60.2	57.1	<b>58.6</b>	55.0
Share of group income (%)	<b>13.4</b>	10.8	10.3	9.8	<b>9.5</b>	8.6

### **Norwegian units**

<i>Amounts in NOK million</i>	<b>2Q07</b>	1Q07	4Q06 <sup>1)</sup>	3Q06	<b>2Q06</b>	1Q06
Total income	<b>6 891</b>	6 707	6 819	6 193	<b>6 219</b>	6 549
Operating expenses	<b>3 291</b>	3 282	3 363	3 109	<b>3 102</b>	3 122
<b>Cost/income ratio (%)</b>	<b>47.8</b>	48.9	49.3	50.2	<b>49.9</b>	47.7
Share of group income (%)	<b>86.7</b>	89.3	89.8	90.2	<b>90.5</b>	91.4

1) Excluding allocation to employees

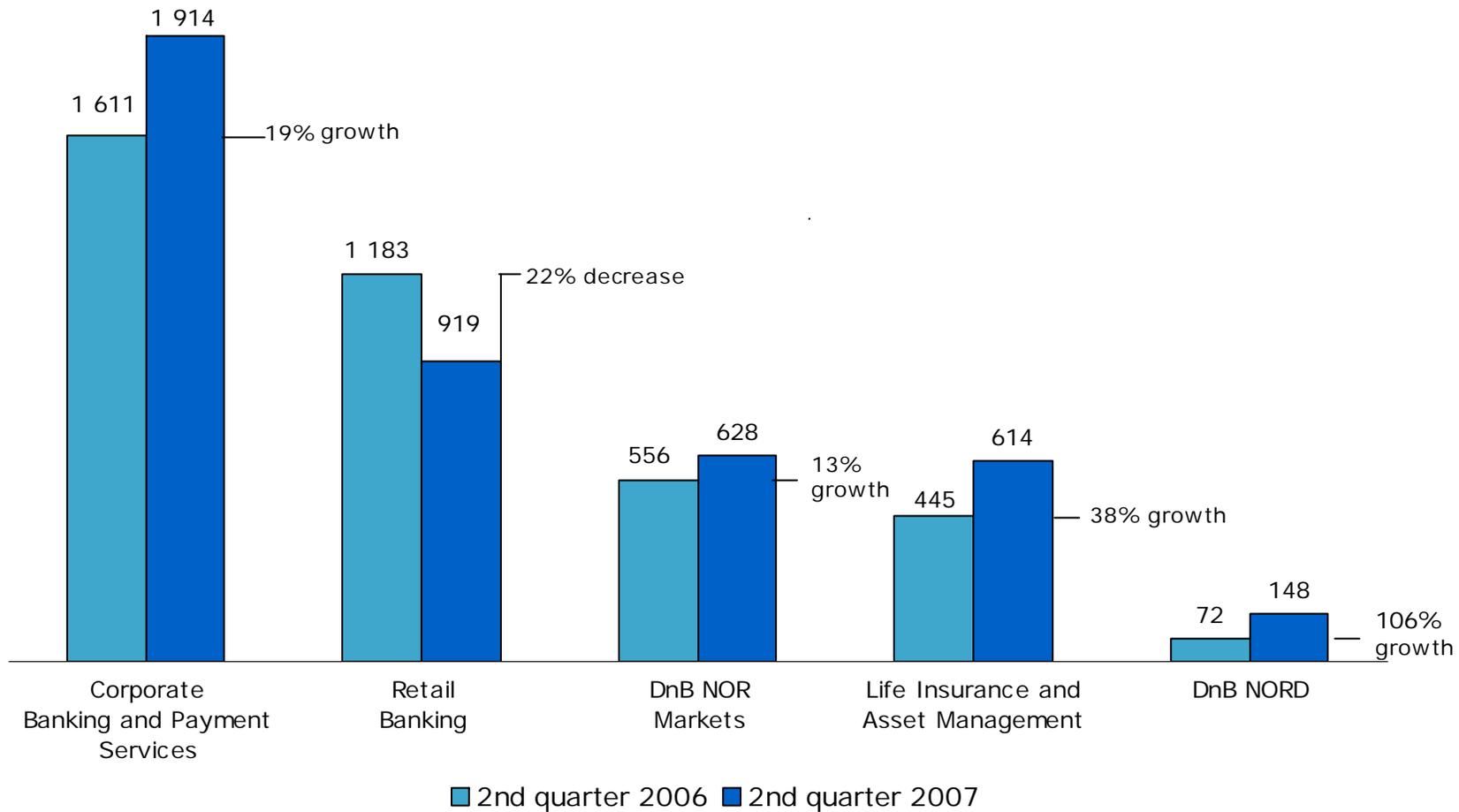
## Important events in 2nd quarter 2007

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- Bank buildings put up for sale – premises at Aker Brygge sold with a gain of NOK 860 million, to be taken to income in the third quarter
- Polish BISE Bank consolidated in the accounts
- Covered bonds – AAA rating to DnB NOR Boligkreditt
  - First bond issues of NOK 17 billion in the Norwegian and international markets completed in July
  - 0.14 percentage point reduction in funding costs
- The bid for Svensk Fastighetsförmedling accepted by all shareholders
- Organisational changes implemented

# Pre-tax operating profit

NOK million



# Income statements

<i>Amounts in NOK million</i>	2007	2006
Net interest income	4 219	3 781
Net other operating income	3 733	3 090
Total income	7 952	6 871
Operating expenses	3 902	3 483
Pre-tax operating profit before write-downs	4 050	3 388

- Total income up 15.7%
- Total expenses up 12.0%
- Operating profit up 19.5%

# Income statements

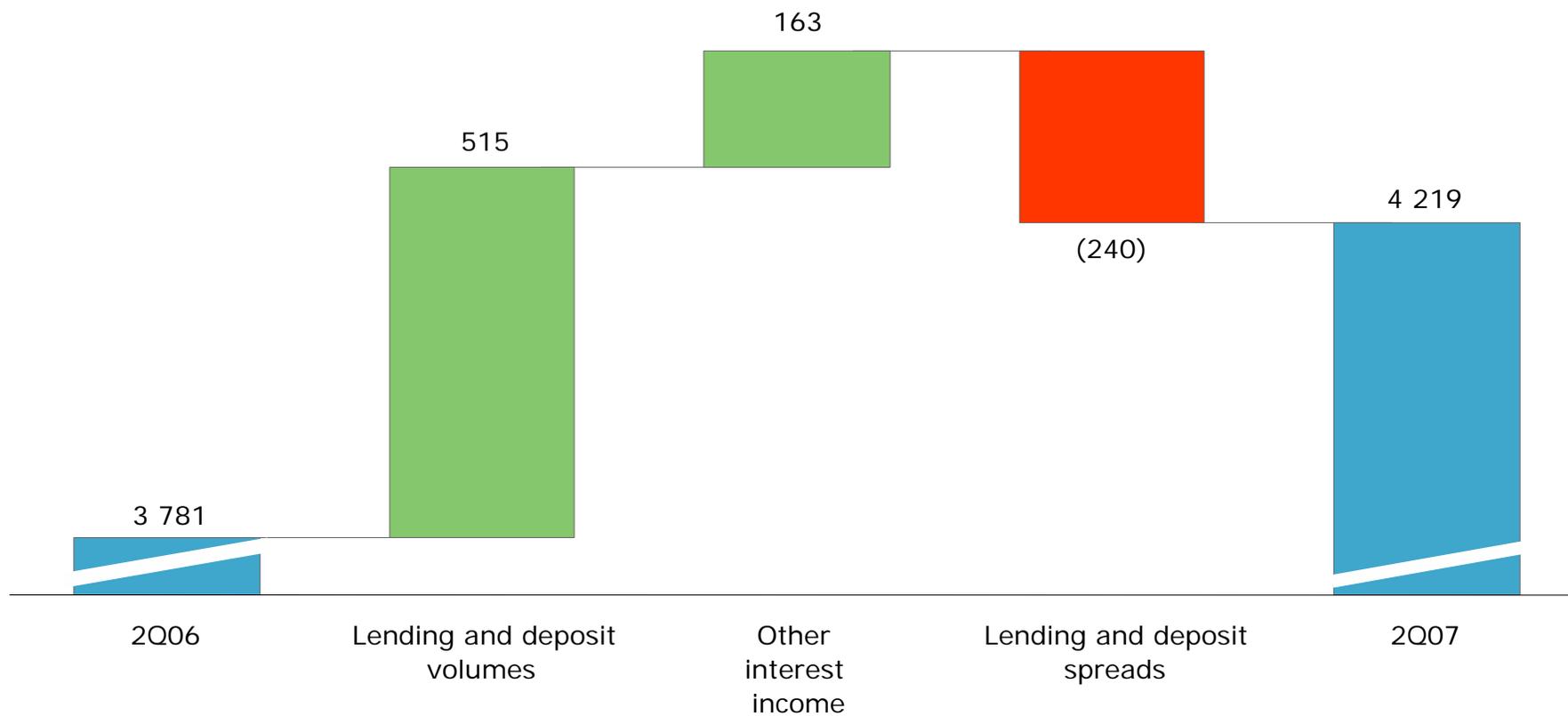
<i>Amounts in NOK million</i>	2007	2006
Pre-tax operating profit before write-downs	4 050	3 388
Net gains on fixed and intangible assets	9	151
Write-downs on loans and guarantees	140	(165)
Pre-tax operating profit	3 919	3 703
Taxes	512	853
Profit for the period	3 407	2 851

- Write-downs in 2nd quarter represented 0.06% of lending (annualised)
- 13% tax charge in 2nd quarter due to changes in the taxation of properties in Vital

# Change in net interest income

NOK million

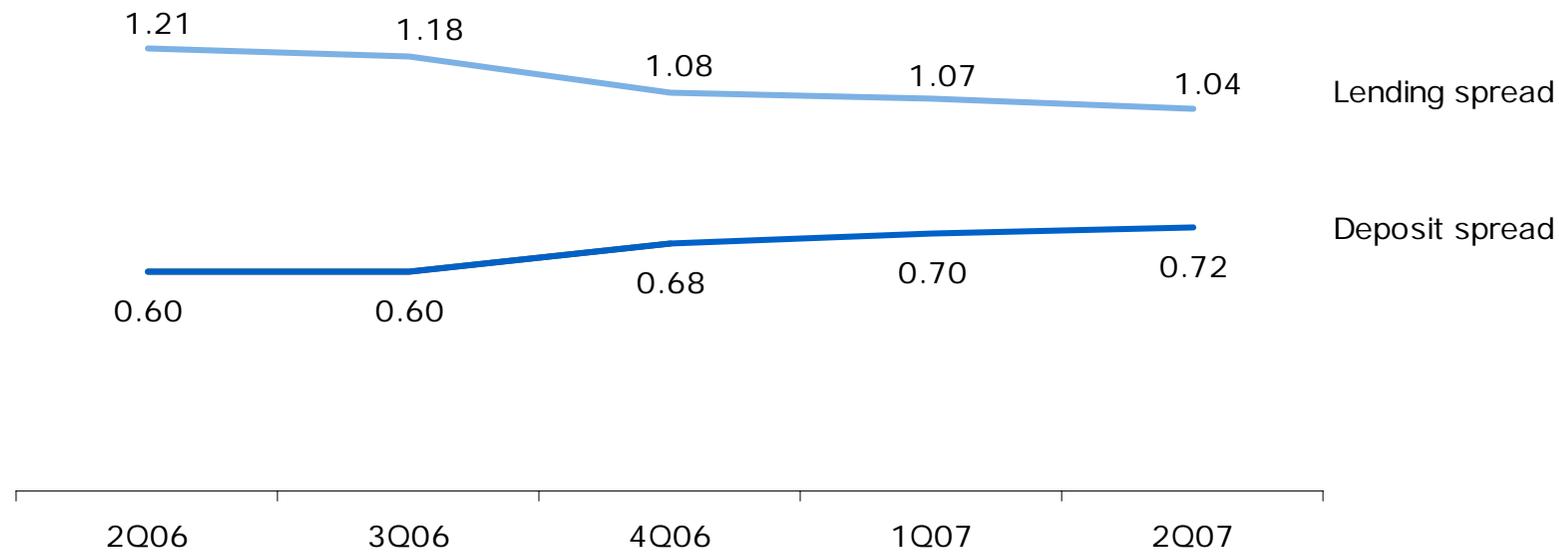
From 2nd quarter 2006 to 2nd quarter 2007



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

## Corporate Banking

Per cent

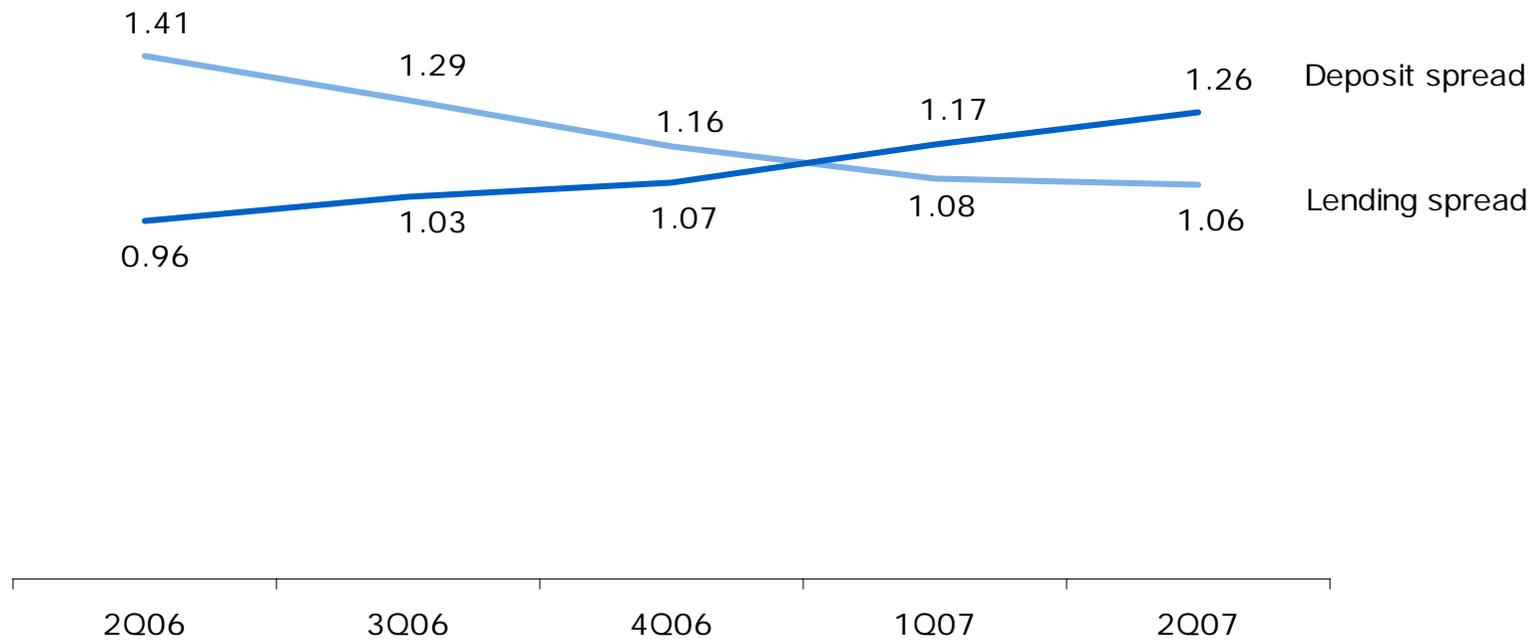


1) Based on nominal values excluding lending to and deposits from credit institutions and impaired loans

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

## Retail Banking

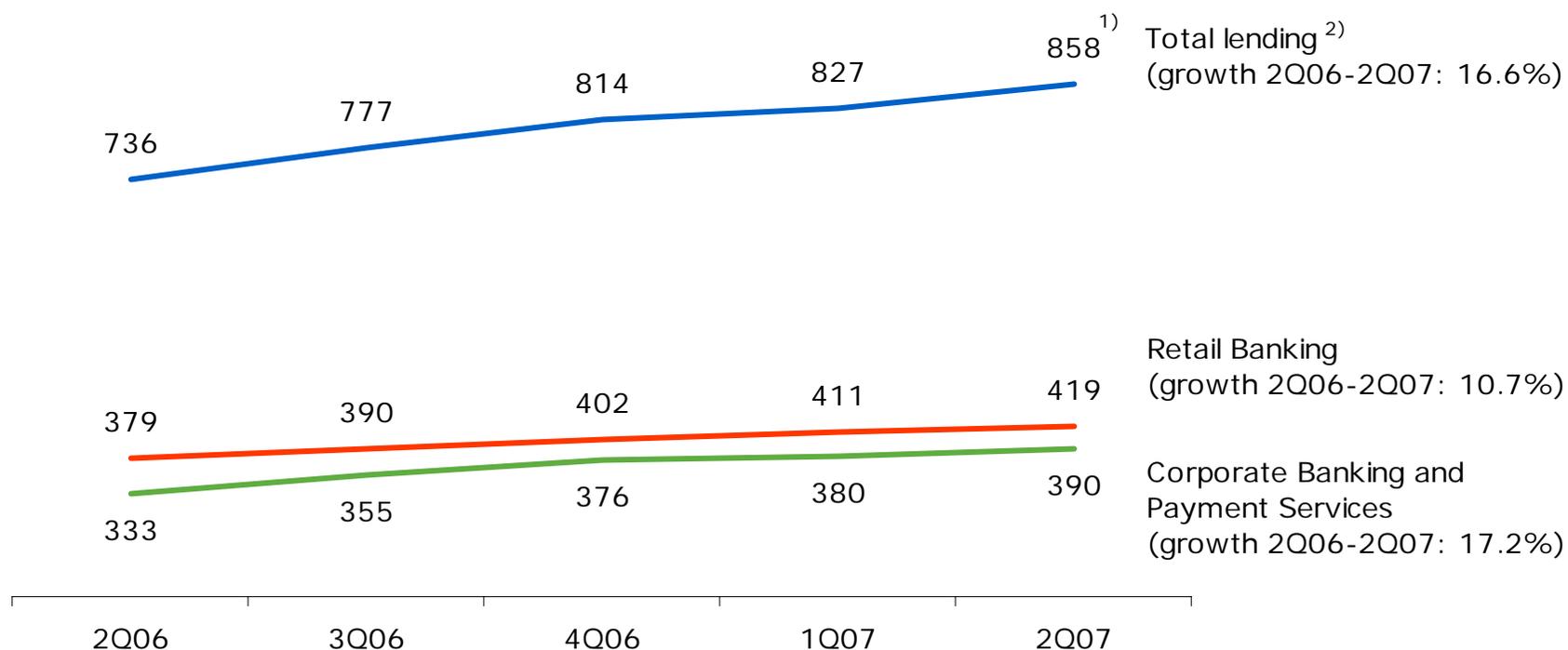
Per cent



1) Based on nominal values excluding impaired loans

# Developments in average lending volumes

NOK billion



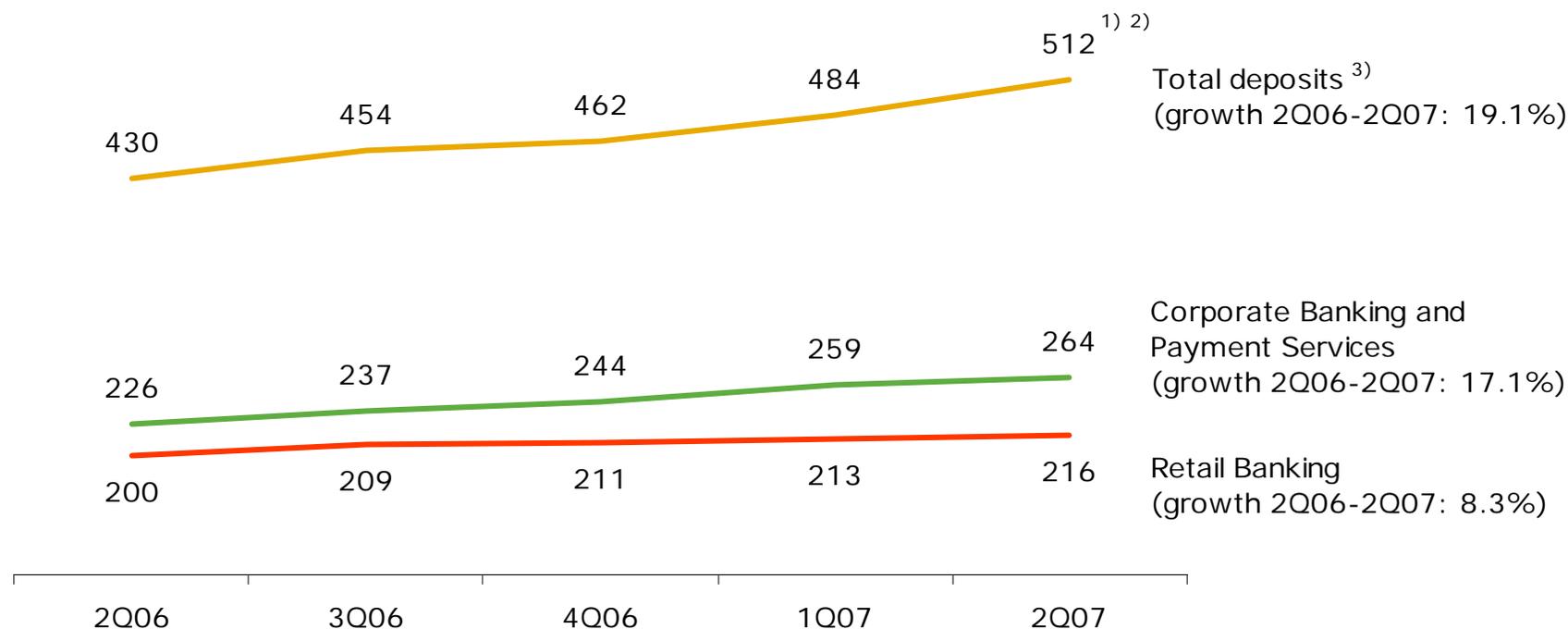
1) Of which DnB NORD: NOK 46 billion

Total lending excluding DnB NORD: NOK 812 billion (14.7% growth)

2) Based on nominal values excluding lending to and deposits with credit institutions and impaired loans

# Developments in average deposit volumes

NOK billion

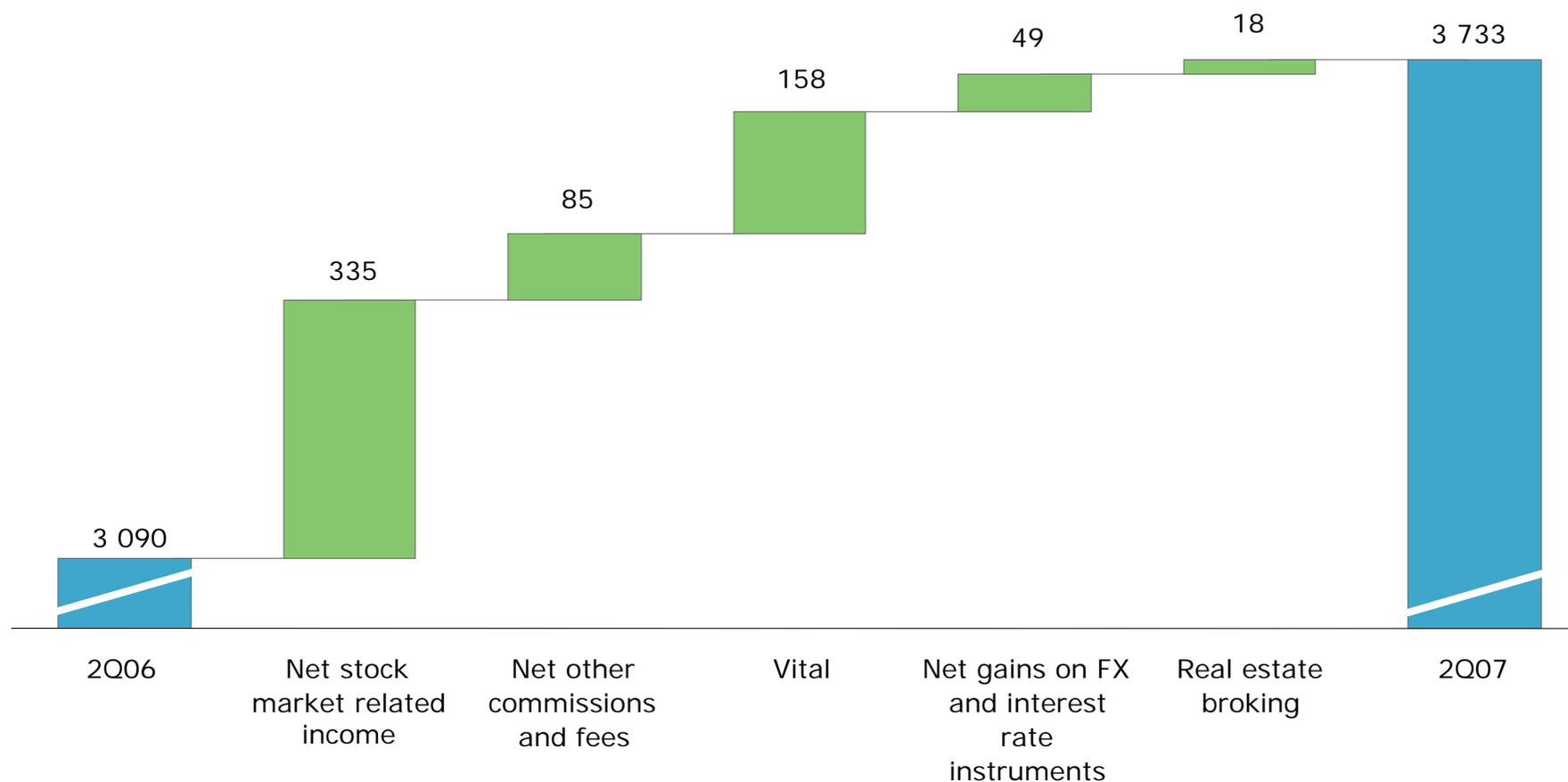


- 1) Of which DnB NORD: NOK 19 billion  
Total deposits excluding DnB NORD: NOK 493 billion (17.6% growth)
- 2) Nominal growth in other units: NOK 25 billion
- 3) Based on nominal values excluding deposits from credit institutions

# Change in net other operating income

NOK million

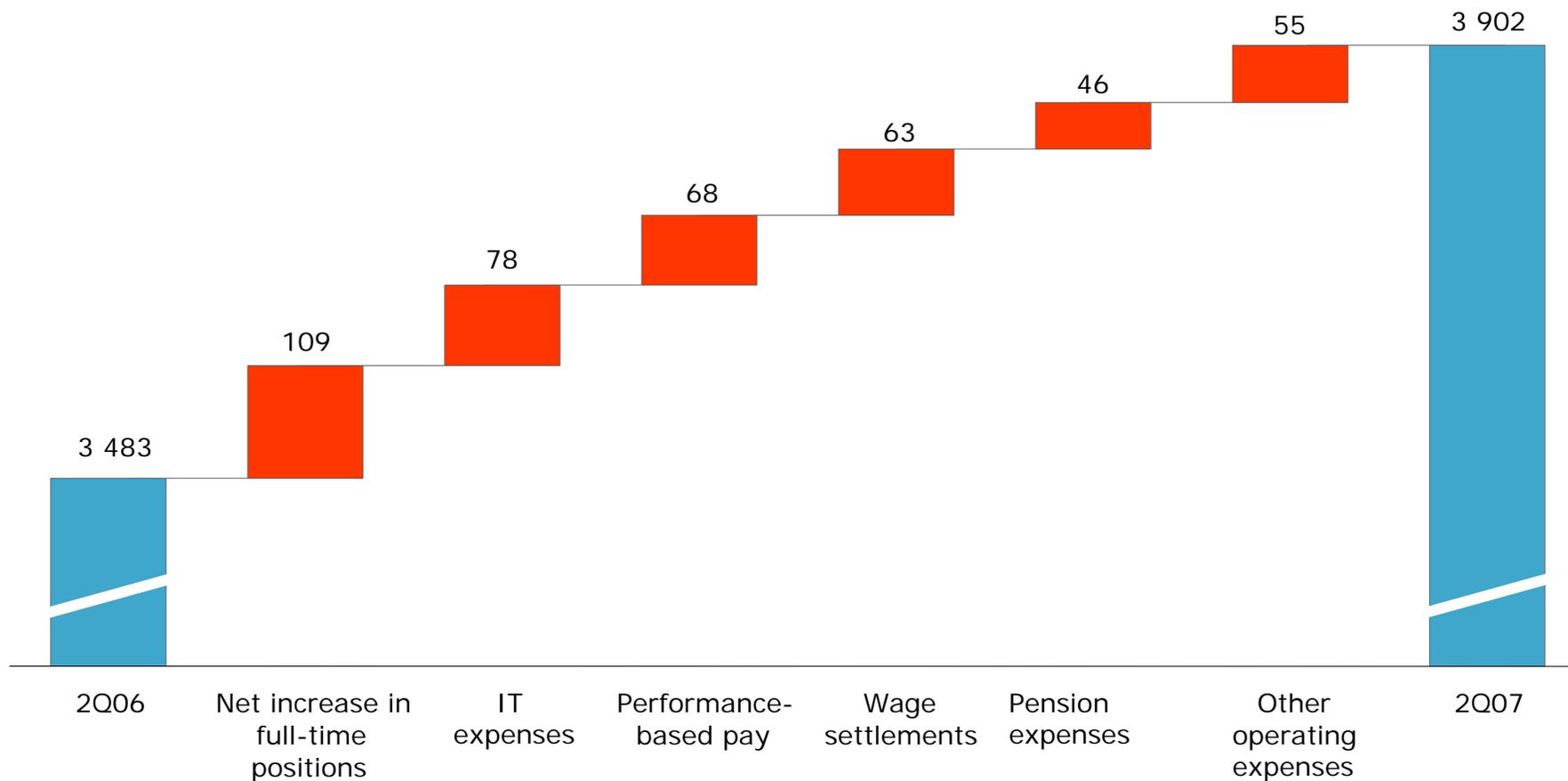
From 2nd quarter 2006 to 2nd quarter 2007



# Change in operating expenses

NOK million

From 2nd quarter 2006 to 2nd quarter 2007



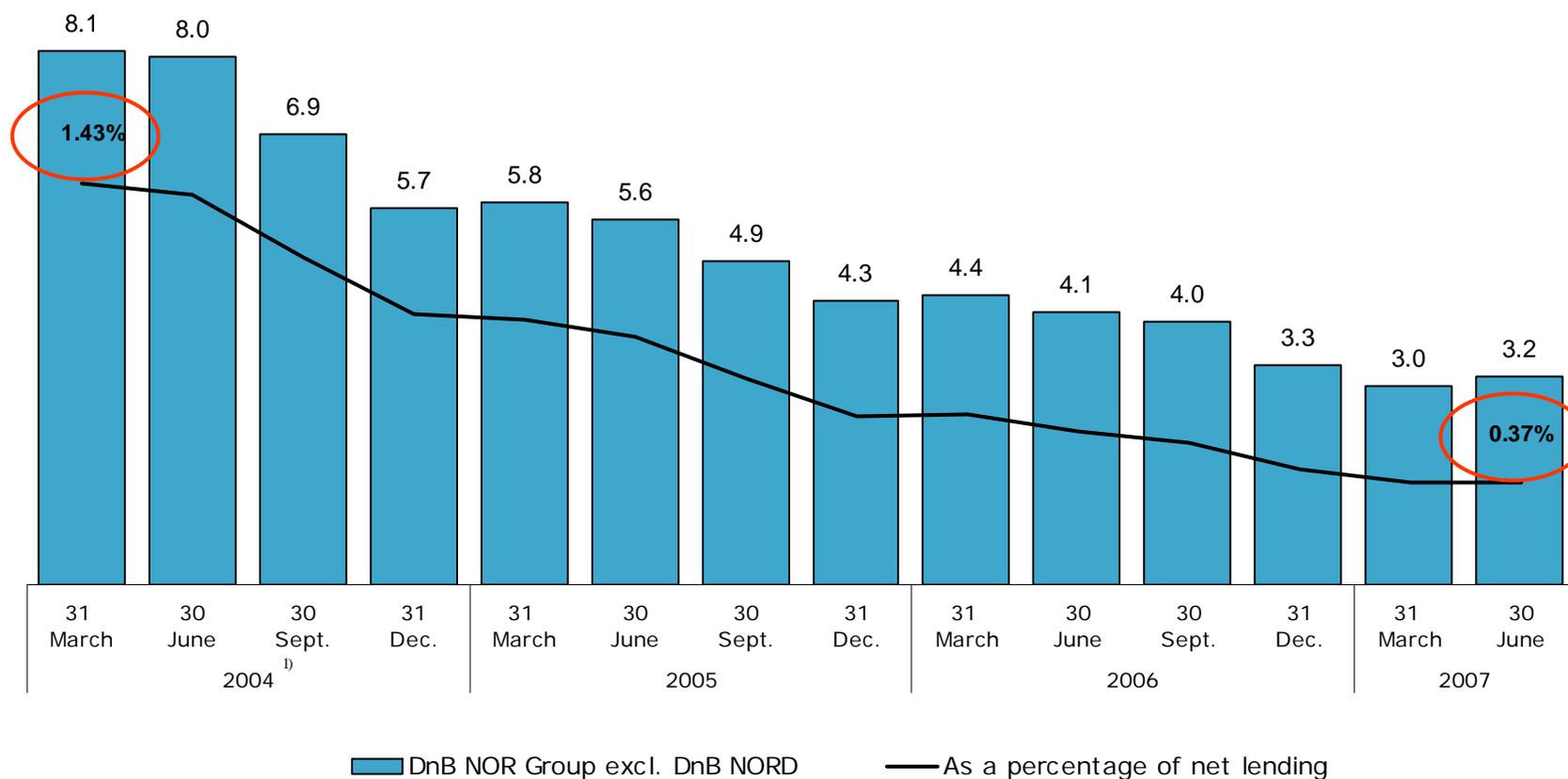
## Write-downs on loans and guarantees

<i>Income statement</i>						<i>First half</i>	<i>First half</i>
<i>Amounts in NOK million</i>	<b>2007</b>	<i>1Q07</i>	<i>4Q06</i>	<i>3Q06</i>	<b>2006</b>	<i>2007</i>	<i>2006</i>
New individual write-downs	<b>266</b>	283	225	185	<b>251</b>	549	508
Reassessments and recoveries	<b>156</b>	195	220	160	<b>193</b>	351	379
Individual write-downs	<b>110</b>	88	5	25	<b>59</b>	198	129
Group write-downs on loans <sup>1)</sup>	<b>30</b>	(37)	(21)	(76)	<b>(224)</b>	(7)	(321)
Total write-downs	<b>140</b>	51	(16)	(51)	<b>(165)</b>	191	(192)

1) Figures have been reclassified according to new accounting rules for guarantees

# Net non-performing and impaired commitments

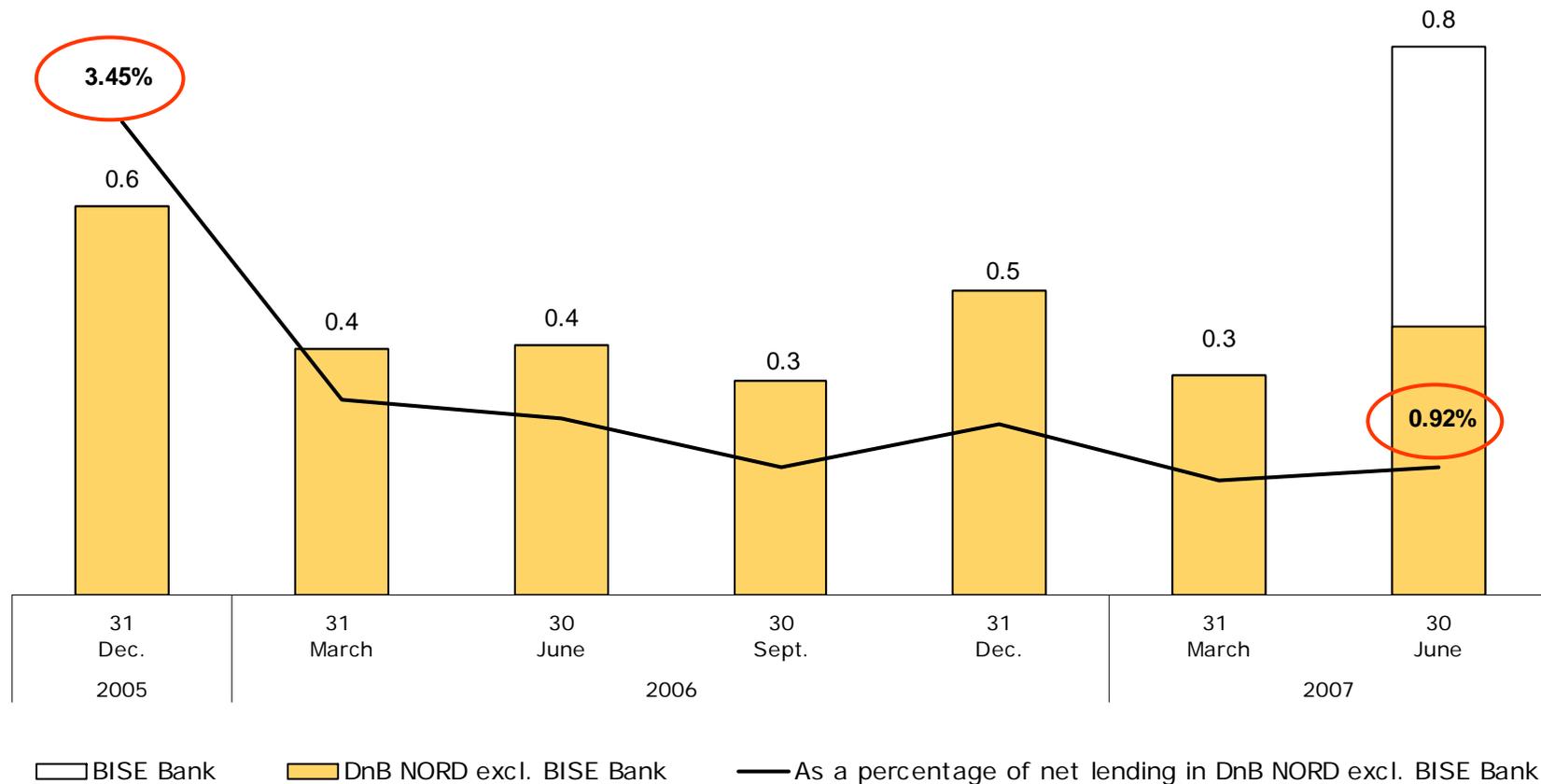
Figures in NOK billion for the DnB NOR Group excluding DnB NORD



1) Pro forma accounting figures for 2004

# Net non-performing and impaired commitments

Figures in NOK billion for DnB NORD



## Balance sheets

<i>Amounts in NOK billion</i>	<i>30 June 2007</i>	<i>31 March 2007</i>	<i>31 Dec. 2006</i>	<i>30 June 2006</i>
Net lending to customers	883	842	828	765
Other assets	554	541	492	457
<b>Total assets</b>	<b>1 437</b>	<b>1 384</b>	<b>1 320</b>	<b>1 222</b>
Deposits from customers	528	503	475	460
Borrowings through the issue of securities	329	330	327	282
Equity	67	69	66	60
Other liabilities and provisions	513	481	452	421
<b>Total liabilities and equity</b>	<b>1 437</b>	<b>1 384</b>	<b>1 320</b>	<b>1 222</b>

- 12-month increase in lending of NOK 118 billion
- Financed by deposit increase of NOK 68 billion
- NOK 47 billion of the increase in lending is covered through the issue of securities

Ratio of average deposits to average net lending, quarterly (%)	59.6	58.3	56.2	58.2
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Total combined assets	1 802	1 747	1 688	1 569
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# Corporate Banking and Payment Services

<i>Amounts in NOK million</i>	2007	2006
Net interest income - ordinary operations	1 794	1 627
Interest on allocated capital	347	184
Net interest income	2 141	1 810
Net other operating income	782	651
Total income	2 924	2 462
Operating expenses	988	884
Pre-tax operating profit before write-downs	1 935	1 578
Net gains on fixed and intangible assets	5	36
Write-downs on loans and guarantees	25	3
Pre-tax operating profit	1 914	1 611
Net lending to customers (NOK billion) <sup>1)</sup>	397	340
Deposits from customers (NOK billion) <sup>1)</sup>	279	239
Cost/income ratio (%)	33.8	35.9
Ratio of deposits to lending (%)	70.3	70.5
Return on capital BIS (%)	18.5	18.4

- Healthy lending growth - NOK 59 billion adjusted for exchange rate movements
- Strong increase in net other operating income, e.g. from foreign exchange, corporate finance activity and guarantees
- Increased international activity within shipping, energy and fishing

1) Average balances, including credit institutions

# Retail Banking

<i>Amounts in NOK million</i>	2007	2006
Net interest income - ordinary operations	1 632	1 858
Interest on allocated capital	147	104
Net interest income	1 780	1 962
Net other operating income	797	760
Total income	2 576	2 722
Operating expenses	1 594	1 492
Pre-tax operating profit before write-downs	983	1 230
Net gains on fixed and intangible assets	0	0
Write-downs on loans and guarantees	64	47
Pre-tax operating profit	919	1 183
Net lending to customers (NOK billion) <sup>1)</sup>	421	381
Deposits from customers (NOK billion) <sup>1)</sup>	216	200
Cost/income ratio (%)	61.9	54.8
Ratio of deposits to lending (%)	51.3	52.4
Return on capital BIS (%)	20.9	23.8

1) Average balances

- Interest rate adjustments will boost net interest income
- Lower funding costs in second half of 2007 through bond issues in DnB NOR Boligkreditt
- Rise in operating expenses due to:
  - IT investments for future streamlining
  - expansion within real estate broking
  - growth in non-life insurance

## DnB NOR Markets

<i>Amounts in NOK million</i>	2007	2006
Net interest income - ordinary operations	57	65
Interest on allocated capital	44	21
Net interest income	101	87
Net other operating income	929	822
Total income	1 030	908
Operating expenses	402	352
Pre-tax operating profit before write-downs	628	556
Net gains on fixed and intangible assets	0	0
Write-downs on loans and guarantees	0	0
Pre-tax operating profit	628	556
Cost/income ratio (%)	39.0	38.8
Return on capital BIS (%)	47.0	54.4

- Customer-related income up 18%, representing 84% of total income
- Reduced income from proprietary trading
- 14% increase in operating expenses:
  - new units
  - new products and services
- New launches:
  - Vital Eiendomsfond
  - deposits linked to property prices

# Life Insurance and Asset Management

<i>Amounts in NOK million</i>	2007	2006
Total income, Vital	846	656
Total operating expenses, Vital	383	321
Pre-tax operating profit, Vital	464	335
Total income, Asset Management	351	294
Total operating expenses, Asset Management	201	184
Pre-tax operating profit, Asset Management	150	110
Pre-tax operating profit	614	445
Taxes	(348)	28
Profit after taxes	961	417
Assets under management (NOK billion) <sup>1)</sup>	595	560
Return on capital (%) <sup>2)</sup>	35.2	16.4

1) Assets at end of period

2) Calculated based on recorded equity

- Strong rise in profit in both Vital and Asset Management
- Healthy return on assets in Vital:
  - value-adjusted 3.7%
  - recorded 2.6%
- Cost increase:
  - IT investments
  - non-recurring VAT costs
- New organisation will ensure future synergies

## DnB NORD

<i>Amounts in NOK million</i>	2007	2006
Net interest income - ordinary operations	303	156
Interest on allocated capital	35	15
Net interest income	338	170
Net other operating income	185	80
Total income	523	250
Operating expenses	354	173
Pre-tax operating profit before write-downs	169	78
Net gains on fixed and intangible assets	5	2
Write-downs on loans and guarantees	26	8
Pre-tax operating profit	148	72
Net lending to customers (NOK billion) <sup>1)</sup>	47	28
Deposits from customers (NOK billion) <sup>1)</sup>	19	11
Cost/income ratio (%)	67.7	68.9
Ratio of deposits to lending (%)	40.9	37.0
Return on capital BIS (%)	13.9	12.0

- Acquisition of BISE Bank in Poland - 91.9% holding at end-June
- BISE Bank accounted for NOK 142 million of income and NOK 121 million of costs in the 2nd quarter
- Initiated distribution of life insurance products in Latvia in cooperation with Vital

1) Average balances, including credit institutions

## Norway: Good prospects

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- Strong global growth – around 5 per cent this and next year – indicates good market prospects for Norwegian exports, including high commodity prices
- Gradual normalisation of interest rate levels will ensure a soft landing for the Norwegian economy
- 2¼-2½ per cent annual GDP growth in Mainland Norway in the years ahead
- Both fiscal and monetary policy provides significant scope for limiting the effects of a possible international recession

# Capital Markets Day in London – 9 October

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Presentation of

- Financial targets
- Strategy
- Plans and measures



DnB NOR – a local presence and a full range of services are our strengths

