

DNB

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DNB Group  
SUPPLEMENTARY INFORMATION  
FOR INVESTORS AND ANALYSTS

Fourth quarter 2011

(PRELIMINARY AND UNAUDITED)

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Rune Bjerke

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### **Information on the Internet**

DNB's home page: [dnb.no](http://dnb.no)

### **Financial Calendar 2012**

Preliminary results 2011 and fourth quarter 2011	9 February
Annual general meeting	25 April
Ex-dividend date	26 April
First quarter 2012	27 April
Second quarter 2012	12 July
Third quarter 2012	25 October

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Statements regarding DNB's relative market positions are, unless otherwise specified, based on internal DNB analyses.

## **Section 1**

# **DNB – an overview**

## Financial highlights

Income statement	DNB Group			
	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
<i>Amounts in NOK million</i>				
Net interest income	6 792	6 153	25 252	23 436
<i>Net commissions and fees, core business</i> <sup>1)</sup>	1 632	1 926	7 436	7 293
<i>Net financial items</i> <sup>1)</sup>	3 967	2 627	9 317	8 863
Net other operating income, total	5 599	4 553	16 754	16 156
Ordinary operating expenses	5 206	4 610	19 792	17 920
Other expenses	380	0	380	591
Pre-tax operating profit before write-downs	6 806	6 096	21 833	21 081
Net gains on fixed and intangible assets	(1)	26	19	24
Write-downs on loans and guarantees	926	529	3 445	2 997
Pre-tax operating profit	5 878	5 593	18 407	18 108
Taxes	1 790	367	5 423	4 121
Profit from operations held for sale, after taxes	0	57	(5)	75
<b>Profit for the period</b>	<b>4 089</b>	<b>5 284</b>	<b>12 979</b>	<b>14 062</b>
Profit attributable to shareholders	4 089	5 349	12 979	14 814
Profit attributable to minority interests	0	(65)	0	(752)

Balance sheet	31 Dec. 2011	31 Dec. 2010
<i>Amounts in NOK million</i>		
Total assets	2 126 098	1 861 620
Lending to customers	1 279 259	1 170 341
Deposits from customers	740 036	641 914
Total equity	117 815	111 196
Average total assets	2 147 853	1 969 557
Total combined assets	2 388 588	2 140 868

Key figures	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
Combined weighted total average spread for lending and deposits (per cent)	1.14	1.17	1.12	1.15
Cost/income ratio (per cent)	42.0	43.1	47.1	47.6
Write-downs relative to average net lending to customers, annualised	0.29	0.18	0.28	0.26
Return on equity, annualised (per cent)	13.8	19.6	11.4	13.6
Earnings per share (NOK)	2.51	3.25	7.98	8.66
Dividend per share (NOK) <sup>2)</sup>	-	-	2.00	4.00
Equity Tier 1 capital ratio at end of period (per cent)	9.4	9.2	9.4	9.2
Tier 1 capital ratio at end of period (per cent)	9.9	10.1	9.9	10.1
Capital ratio at end of period (per cent)	11.4	12.4	11.4	12.4
Share price at end of period (NOK)	58.55	81.90	58.55	81.90
Price/book value	0.81	1.20	0.81	1.20

1) See "Net other operating income" on page 23 for specification.

2) Proposed dividend for 2011.

## DNB – Norway's leading financial services group

### DNB Group

As at 31 December 2011

• Total combined assets	NOK	2 389 billion
• Total balance sheet	NOK	2 126 billion
• Net lending to customers	NOK	1 279 billion
• Customer deposits	NOK	740 billion
• Market capitalisation	NOK	95 billion

### Insurance and Asset Management

• Total assets under management	NOK	523 billion
<u>of which:</u>		
▪ total assets under management (external clients)	NOK	246 billion
· mutual funds	NOK	59 billion
· discretionary management	NOK	187 billion
▪ total assets under operations (external clients)	NOK	17 billion
▪ total assets in DNB Livsforsikring	NOK	259 billion
· financial assets, customers bearing the risk	NOK	24 billion
▪ total assets in DNB Skadeforsikring	NOK	2 billion

### Customer base

- Serving 2.1 million private individuals throughout Norway, of whom 1.5 million use one of the Group's Internet banks and 1.4 million use the Internet in active communication (e-dialogue customers)
- More than 200 000 corporate customers in Norway
- Some 1 000 000 individuals insured in Norway
- Approximately 565 000 mutual fund customers in Norway and 268 institutional asset management clients in Norway and Sweden

### Market shares

See Section 3 for market shares.

### Distribution network

- 172 domestic DNB branches
- 15 Nordlandsbanken branches
- 9 international branches
- 5 international representative offices
- 159 DNB Baltics and Poland branches
- 7 DnB NOR Monchebank branches
- DNB Luxembourg (subsidiary)
- Internet banking
- Mobile bank and SMS services
- Telephone banking
- Online equities trading in 16 markets
- Online mutual fund trading
- 179 post office counters <sup>1)</sup>
- About 1 250 in-store postal outlets <sup>1)</sup>
- About 1 700 rural postmen <sup>1)</sup>
- About 1 000 in-store banking outlets <sup>2)</sup>
- 108 DNB Eiendom sales offices
- 30 Postbanken Eiendom sales offices
- 226 Svensk Fastighetsförmedling sales offices
- 14 DNB Livsforsikring sales offices
- 49 DNB Livsforsikring agent companies

1) Provided by Norway Post (the Norwegian postal system).

2) Provided by NorgesGruppen.

### Credit ratings from international rating agencies

	Moody's		Standard & Poor's		Dominion Bond Rating Service	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
DNB Bank ASA	Aa3	P-1	A+	A-1	AA	R-1 (high)

## DNB's strategy

DNB's vision and values are about putting the customers in focus. By having satisfied customers whose needs for financial services are well met, DNB aims to become the leading bank throughout Norway and a leading international player within selected customer segments, products and geographic areas.

### Vision and values

An important target for the Group is to achieve even stronger customer orientation in its operations and improve customer satisfaction.

#### DNB's vision:

##### **Creating value through the art of serving the customer**

DNB will create value for customers, owners, employees and society in general.

#### DNB's values:

##### **Helpful, professional and show initiative**

The values reflect what should characterise DNB in meetings with its customers. Employees who are helpful, professional and show initiative are vital if DNB is to succeed in implementing its strategy.

### Strategy

DNB will capitalise on its strengths and unique position. The Group's strategic ambitions are to strengthen and consolidate its position in Norway, achieve profitable international growth and be among the most productive banks in Europe.

#### **Strengthen and consolidate DNB's position in Norway**

DNB will build and strengthen long-term relations with high-quality customers by:

- offering extensive distribution – present a uniform corporate image under one brand
- offering a complete range of attractive products which meet customer needs, which includes developing the best mobile phone and online services
- offering competitive prices and products which create value for customers
- engaging in long-term, honest and relevant communication with customers
- meeting the needs of the largest corporate clients in Norway through strong industry expertise and local competitive power

#### **Profitable international operations**

DNB will capitalise on its Norwegian expertise to become a leading international player within selected segments and product areas. DNB will build long-term relations with the largest corporate clients and focus on selected industries based on its core competencies.

DNB's target segments are:

- shipping
- energy
- seafood

DNB will further develop its operations in the Baltic region and Poland. The integration of operations and streamlining of the organisation will promote long-term value creation.

#### **Among the most cost-effective market players in Europe**

DNB will coordinate group and support functions to ensure consistent deliveries, standardised processes and greater automation.

DNB will give high priority to cost-efficiency by:

- strengthening and coordinating procurement functions in the Group
- coordinating and consolidating IT functions
- standardising and automating products, services and customer service where expedient
- coordinating and rationalising staff and support functions

### Long-term ambitions

DNB gives priority to long-term value creation for its shareholders and aims to achieve a return on equity, growth and a market capitalisation which are competitive in relation to its Nordic peers.

Financial targets 2012:

- pre-tax operating profit NOK 22-25 billion in 2012
- return on equity above 13 per cent
- annual effect of cost saving measures of NOK 2.3 billion from year-end 2012
- ordinary cost/income ratio below 46 per cent from 2012

Financial ambitions towards 2015:

- return on equity above 14 per cent
- NOK 30 billion in pre-tax operating profit before write-downs
- NOK 3 billion in total cost reductions
- Cost/income ratio below 45 per cent

Capital strategy and dividend policy:

- among the best capitalised financial groups in the Nordic region
- AA level ratings for long-term funding to DNB Bank ASA
- dividend payments representing approximately 50 per cent of annual profits

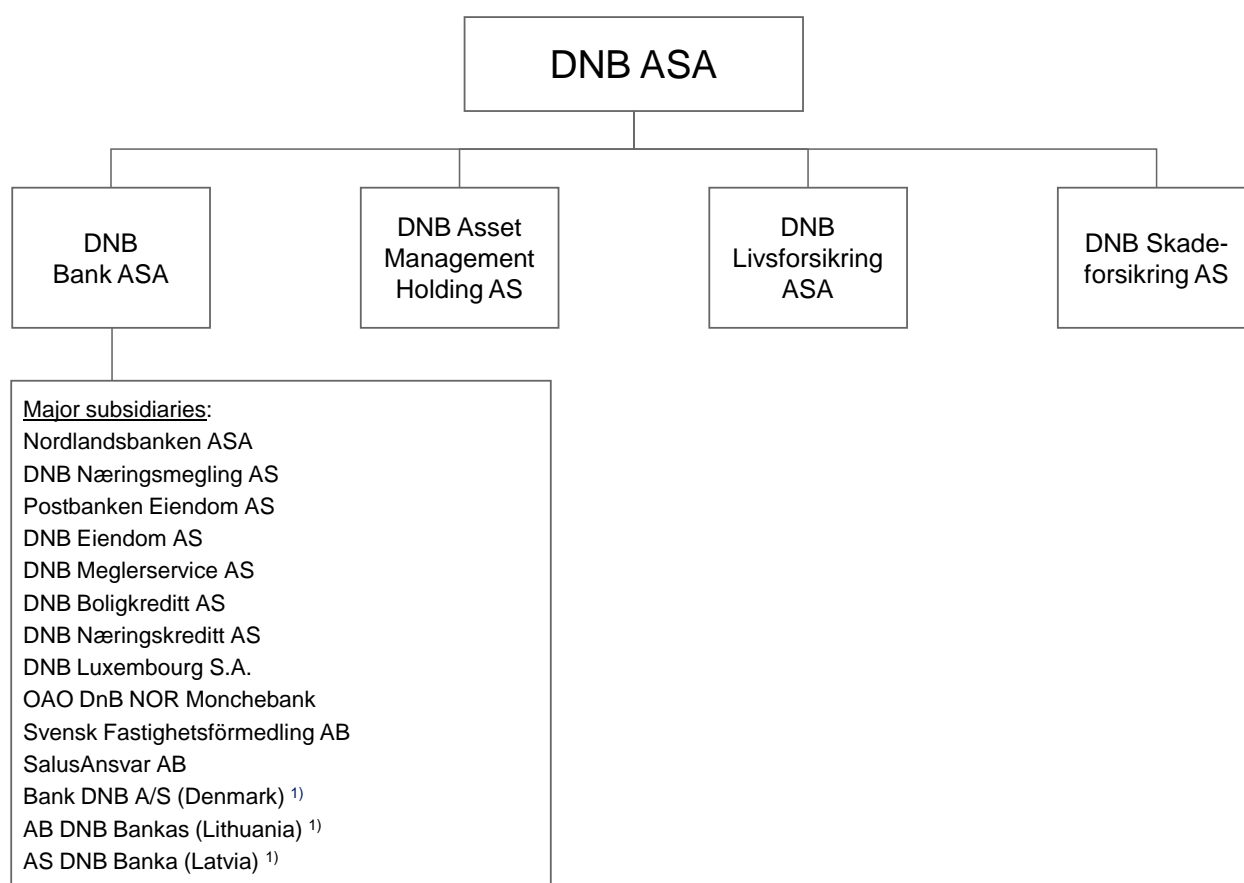
Dividends will be determined on the basis of expected profit levels in a normal situation, external parameters and the need to maintain capital adequacy at a satisfactory level.

## Legal structure

In accordance with the requirements of the Norwegian regulatory authorities, the banking, asset management and insurance activities of the DNB Group are organised in separate limited companies under the holding company DNB ASA. Banking activities are organised in DNB Bank ASA and its subsidiaries. All asset management activities are organised under a common holding company, DNB Asset Management Holding AS. DNB Livsforsikring ASA offers life insurance and pension saving products, both products with guaranteed returns and products with a choice of investment profile. DNB Skadeforsikring AS offers non-life insurance products as part of a total product package for retail customers and small and medium-sized companies.

The chart below shows the legal structure of the DNB Group.

### DNB Group - legal structure at end-December 2011



1) Operations in DNB Baltics and Poland will be integrated in DNB and are thus under restructuring. As part of the integration, ownership of the banks in Lithuania and Latvia was transferred to DNB at end-June 2011. Bank DNB A/S in Denmark still owns the operations in Poland and Estonia, but the ownership will be transferred as soon as possible in 2012. Following the restructuring, Bank DNB A/S in Denmark will only engage in investment activity.

## Group business structure

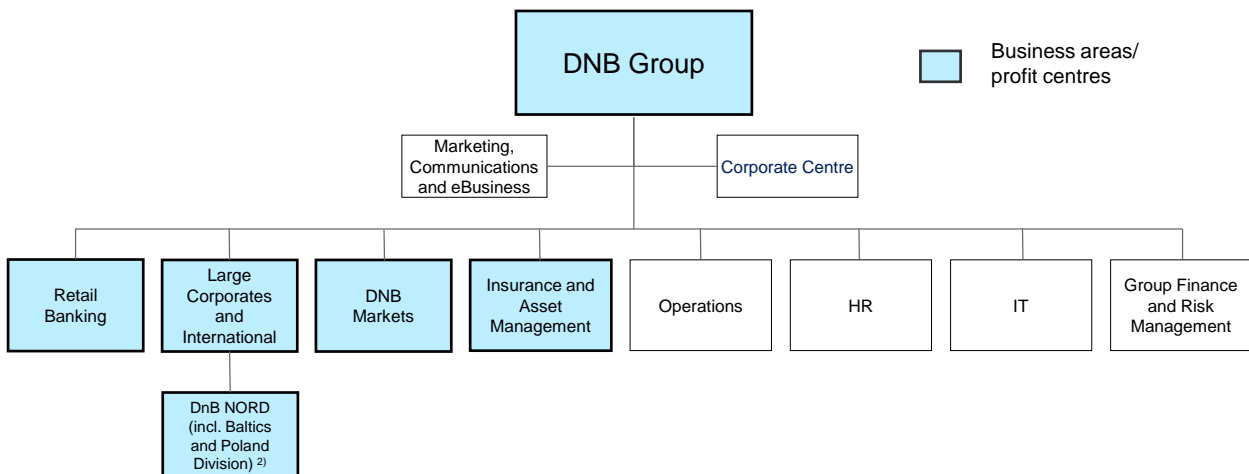
The activities in DNB are organised in the business areas Retail Banking, Large Corporates and International, DNB Markets and Insurance and Asset Management. The business areas operate as independent profit centres and have responsibility for serving the Group's customers and for the total range of products. DNB Baltics and Poland's operations are organised as a separate division in Large Corporates and International, but will also in the future be reported as a separate profit centre.

- *Retail Banking* is responsible for serving private customers and small and medium-sized corporate customers in the regional network in Norway. The organisation will enable the Group to utilise its wide range of products and services and expert skills in an optimal manner by coordinating activities in local markets and thus strengthen relations to customers in all Norwegian market segments.
- The largest corporate clients in Norway and the international customers are served by the business area *Large Corporates and International*. The business area will concentrate on large corporates and further reinforce sound industry expertise.
- *DNB Markets* is the Group's investment firm.
- *Insurance and Asset Management* is responsible for life insurance, pension savings, non-life insurance and asset management in the Group.

Operational tasks and group services are carried out by the Group's staff and support units, which provide infrastructure and cost efficient services to the business areas. In addition, they perform functions for governing bodies and group management. The business areas have the opportunity to influence staff and support units in the Group by changing their demand patterns and levels of ambition.

The operational structure of DNB deviates from its legal structure. The operational structure is adapted to the Group's business operations and should ensure good customer service, innovative product development and more efficient operations. All activities in subsidiaries fall within the business area relevant to the company's primary operations.

### DNB Group - organisation chart at end-December 2011 <sup>1)</sup>



1) Reporting structure.

2) In the presentation DnB NORD is used as a description of the entire former DnB NORD Group, including activities in Copenhagen and the Baltics and Poland Division.

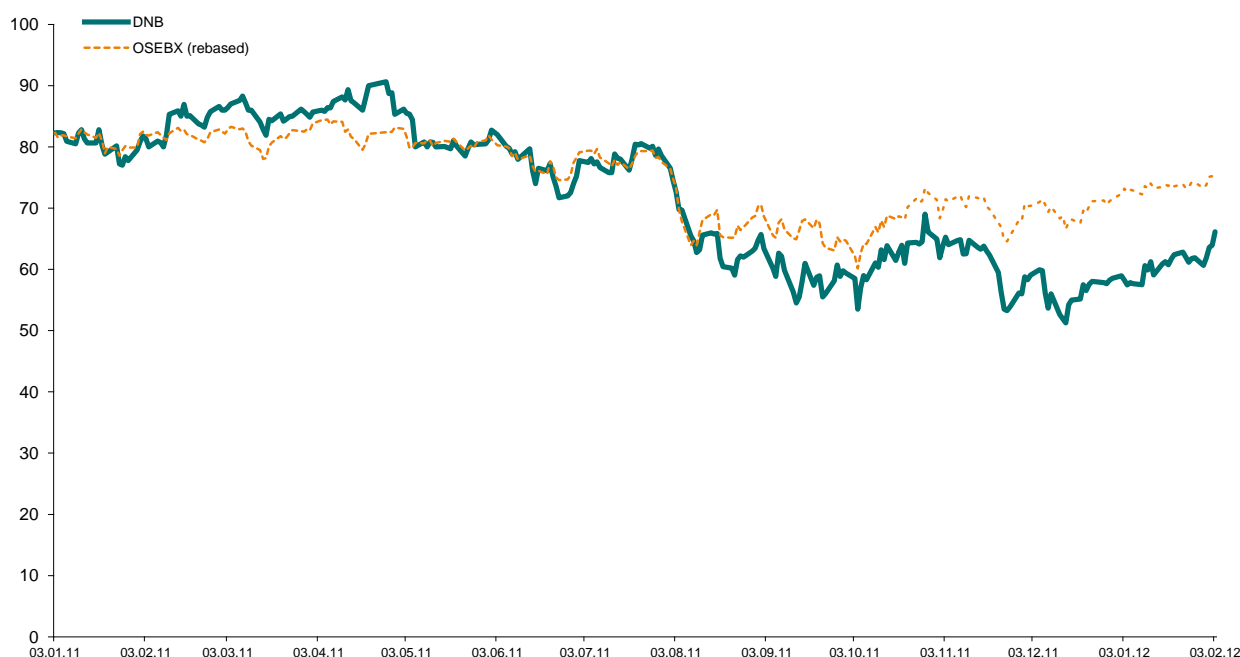
## Equity-related data

### Key figures

	2011	2010	2009	2008	2007
Number of shares at end of period (1 000) <sup>1)</sup>	1 628 799	1 628 799	1 628 799	1 332 654	1 332 654
Average number of shares (1 000)	1 628 799	1 628 799	1 335 838	1 332 654	1 333 402
Earnings per share (NOK)	7.98	8.66	6.43	6.91	11.08
Return on equity, annualised (%)	11.4	13.6	10.6	12.4	22.0
RARORAC, annualised (%) <sup>2)</sup>	14.3	19.0	17.2	13.6	21.6
RORAC, annualised (%) <sup>3)</sup>	19.1	25.2	12.6	15.3	31.9
Share price at end of period (NOK)	58.55	81.90	62.75	27.00	83.00
Diluted share price at end of period, adjusted for rights issue (NOK)	58.55	81.90	62.75	25.64	78.82
Price/earnings ratio <sup>4)</sup>	7.33	9.50	9.85	3.91	7.49
Price/book value <sup>5)</sup>	0.81	1.20	1.04	0.47	1.51
Dividend per share (NOK) <sup>6)</sup>	2.00	4.00	1.75	0.00	4.50
Dividend yield (%)	3.42	4.88	2.79	0.00	5.42
Equity per share including allocated dividend at end of period (NOK)	72.33	68.27	60.56	57.83	55.01

- 1) The Annual General Meeting on 28 April 2011 authorised the Board of Directors of DNB ASA to acquire own shares for a total face value of up to NOK 732 959 487, corresponding to 4.5 per cent of share capital. The shares may be purchased through the stock market. Each share may be purchased at a price between NOK 10 and NOK 150. The authorisation is valid for a period of 12 months from 28 April 2011. Acquired shares shall be redeemed in accordance with regulations on the reduction of capital. An agreement has been signed with Norwegian Government/Ministry of Trade and Industry for the redemption of a proportional share of government holdings to ensure that the government's percentage ownership does not change as a result of the redemption of repurchased shares.
- 2) RARORAC (Risk-Adjusted Return On Risk-Adjusted Capital) is defined as risk-adjusted profits relative to the risk-adjusted capital requirement. Risk-adjusted profits indicate the level of profits in a normalised situation.
- 3) RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to the risk-adjusted capital requirement. Profits for the period exclude profits attributable to minority interests and are adjusted for the period's change in fair value recognised directly in equity and for the difference between recorded interest on average equity and interest on risk-adjusted capital.
- 4) Closing price at end of period relative to annualised earnings per share.
- 5) Closing price at end of period relative to recorded equity at end of period.
- 6) Proposed dividend for 2011.

### Share price development – 3 January 2011 to 3 February 2012

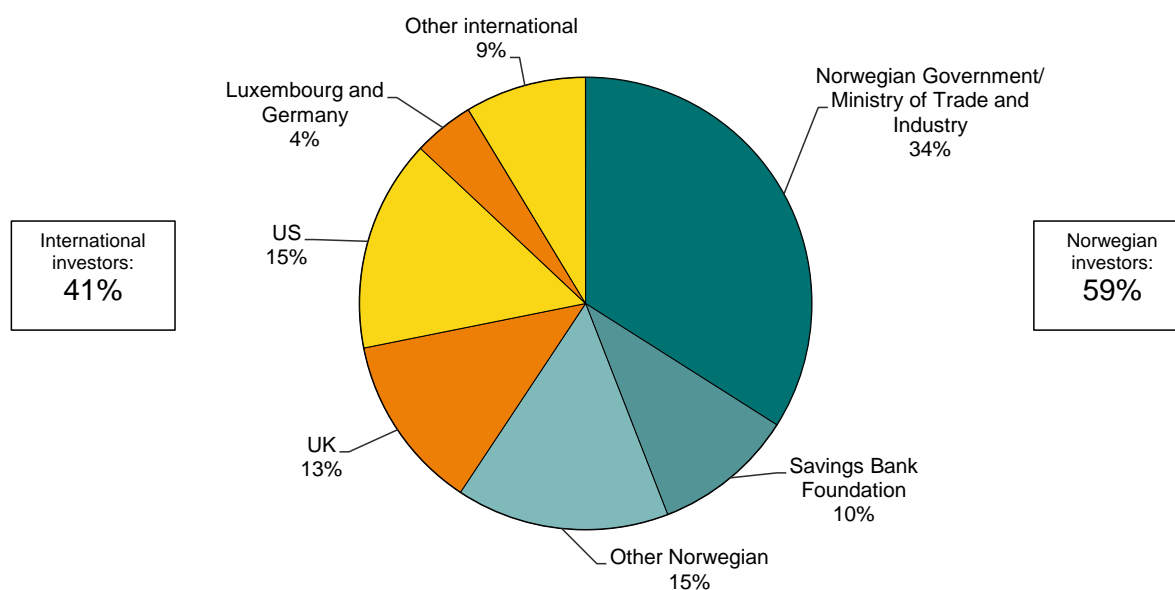


## Shareholder structure as at 31 December 2011

### Major shareholders

	Shares in 1 000	Ownership in %
Norwegian Government/Ministry of Trade and Industry	553 792	34.00
Sparebankstiftelsen DnB NOR (Savings Bank Foundation)	164 368	10.09
Folketrygdfondet (National Insurance Scheme Fund)	87 441	5.37
Blackrock Investments	33 653	2.07
Capital Research/Capital International	25 790	1.58
People's Bank of China	24 826	1.52
Fidelity Investments	23 945	1.47
Threadneedle Investment Funds	21 116	1.30
Newton Investment Management	20 318	1.25
DNB Funds	17 277	1.06
Standard Life	15 259	0.94
Jupiter Asset Management	14 357	0.88
Vanguard Investment Funds	13 142	0.81
State Street Global Advisors	12 084	0.74
Schroder Investment	11 420	0.70
Nordea Funds	10 386	0.64
Kuwait Investment Authority Funds	10 328	0.63
Storebrand Funds	10 293	0.63
T. Rowe Price	9 131	0.56
Legal and General	8 628	0.53
<b>Total largest shareholders</b>	<b>1 087 553</b>	<b>66.77</b>
Other	541 246	33.23
<b>Total</b>	<b>1 628 799</b>	<b>100.00</b>

### Ownership according to investor category



## **Accounting principles etc.**

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### **Accounting principles**

The fourth quarter accounts 2011 have been prepared according to IAS 34 Interim Financial Reporting. A description of the accounting principles applied by the Group is found in the annual report for 2010. The annual and interim accounts are prepared according to IFRS principles as endorsed by the EU. The Group's accounting principles and calculation methods are essentially the same as those described in the annual report for 2010. No new or amended accounting standards or interpretations entered into force during the fourth quarter of 2011.

### **Important accounting estimates and discretionary assessments**

When preparing the consolidated accounts, management makes estimates and discretionary assessments and prepares assumptions that influence the effect of the accounting principles applied and thus the recorded values of assets, liabilities, income and expenses. A more detailed description of important estimates and assumptions is presented in note 1 Important accounting estimates and discretionary assessments in the annual report for 2010.



## **Section 2**

# **Financial results DNB Group**

## Financial results

### Income statement – condensed <sup>1)</sup>

<i>Amounts in NOK million</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Net interest income	6 792	6 394	6 048	6 018	6 153	25 252	23 436
<i>Net commissions and fees, core business <sup>2)</sup></i>	1 632	1 933	2 007	1 864	1 926	7 436	7 293
<i>Net financial items <sup>2)</sup></i>	3 967	1 770	1 977	1 604	2 627	9 317	8 863
Net other operating income, total	5 599	3 703	3 984	3 467	4 553	16 754	16 156
Total operating expenses before impairment losses for goodwill and intangible assets	5 206	4 862	4 931	4 793	4 610	19 792	17 920
Impairment losses for goodwill and intangible assets	380	0	0	0	0	380	591
Pre-tax operating profit before write-downs	6 806	5 235	5 101	4 692	6 096	21 833	21 081
Net gains on fixed and intangible assets	(1)	6	9	5	26	19	24
Write-downs on loans and guarantees	926	1 170	457	892	529	3 445	2 997
Pre-tax operating profit	5 878	4 072	4 652	3 805	5 593	18 407	18 108
Taxes	1 790	1 604	1 116	913	367	5 423	4 121
Profit from operations held for sale, after taxes	0	25	11	(41)	57	(5)	75
<b>Profit for the period</b>	<b>4 089</b>	<b>2 493</b>	<b>3 546</b>	<b>2 851</b>	<b>5 284</b>	<b>12 979</b>	<b>14 062</b>
Profit attributable to shareholders	4 089	2 493	3 546	2 851	5 349	12 979	14 814
Profit attributable to minority interests	0	0	0	0	(65)	0	(752)

1) For a more detailed income statement, see page 40.

2) See "Net other operating income" on page 23 for specification.

### Mark-to-market changes on own debt and other items not related to underlying operations and non-recurring items

<i>Amounts in NOK million</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Gain on Nordito shareholding	-	-	-	-	-	-	1 170
Total income, other	272	1	(105)	78	394	246	223
Fair value of spreads, basis swap agreements	2 069	1 398	149	(584)	436	3 031	567
Termination of contractual pension scheme <sup>1)</sup>	-	-	-	-	-	-	367
Impairment losses for goodwill and intangible assets	380	0	0	0	0	380	591
Pre-tax operating profit before write-downs	1 961	1 398	44	(506)	830	2 897	1 736

1) The contractual pension scheme for early retirement was terminated during 2010, and excess provisions were reversed in the first quarter of 2010. A new contractual pension scheme was introduced in 2011.

## Balance sheet – condensed <sup>1)</sup>

<i>Amounts in NOK billion</i>	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010
Deposits with central banks	225	277	16	242	16
Lending to and deposits with credit institutions	29	56	41	73	48
Net lending to customers	1 279	1 247	1 202	1 173	1 170
Other assets	594	603	595	609	627
<b>Total assets</b>	<b>2 126</b>	<b>2 183</b>	<b>1 854</b>	<b>2 097</b>	<b>1 862</b>
Loans and deposits from credit institutions	280	356	207	385	258
Deposits from customers	740	753	648	678	642
Short-term debt securities issued	228	206	170	186	154
Long-term debt securities issued	407	391	368	381	348
Other liabilities and provisions	354	364	349	354	349
Equity	118	114	111	114	111
<b>Total liabilities and equity</b>	<b>2 126</b>	<b>2 183</b>	<b>1 854</b>	<b>2 097</b>	<b>1 862</b>
Ratio of deposits to net lending (%)	57.8	60.3	53.9	57.8	54.8
Adjusted ratio of deposits to net lending (%) <sup>2)</sup>	57.3	58.3	53.9	55.6	54.7
Total combined assets	2 389	2 439	2 119	2 380	2 141

1) For a more detailed balance sheet, see page 40.

2) Excluding short-term money market deposits in DNB New York.

## Funding

DNB Bank ASA issues senior debt and subordinated debt. DNB Boligkreditt AS, which is a wholly owned subsidiary of DNB Bank ASA, issues covered bonds. DNB issues bonds through both large public transactions and private placements.

		NOK billion	Maturity	Spread 3-month Euribor
2012	Covered bonds	18.5	5.5	83
	Senior bonds	20.1	7.8	199
	<b>Total</b>	<b>38.6</b>	<b>6.7</b>	<b>143 bp</b>
2011	Covered bonds	98.3	6.5	53
	Senior bonds	27.8	8.8	108
	<b>Total</b>	<b>126.1</b>	<b>7.0</b>	<b>65 bp</b>
	In addition LTRO funding	15.7	3.0	n.a.
2010	Covered bonds	84.4	7.5	49
	Senior bonds	32.3	7.3	84
	<b>Total</b>	<b>116.6</b>	<b>7.5</b>	<b>59 bp</b>

## Financial highlights

	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Cost/income ratio (%) <sup>1)</sup>	42.0	48.2	49.2	50.5	43.1	47.1	47.6
Return on equity, annualised (%) <sup>2)</sup>	13.8	8.8	12.6	10.3	19.6	11.4	13.6
Earnings per share (NOK) <sup>2)</sup>	2.51	1.53	2.18	1.76	3.25	7.98	8.66
Total combined assets at end of period (NOK billion)	2 389	2 439	2 119	2 380	2 141	2 389	2 141
Equity Tier 1 capital ratio at end of period (%) <sup>3)</sup>	9.4	8.8	9.2	9.2	9.2	9.4	9.2

- 1) Excluding impairment losses for goodwill, other intangible assets and reversals of provisions for contractual early retirement pensions. Total income excludes a gain resulting from the merger between the payment services company Nordito and the Danish PBS Holding in the second quarter of 2010.
- 2) The figures for the fourth quarter of 2010 are based on profit for the period without adjustment for minority interests due to the purchase of the remaining shares in DnB NORD.
- 3) Including 50 per cent of profit for the year, except for year-end figures.

## Norwegian and international units

### Norwegian units

<i>Per cent</i>	4Q11	3Q11	4Q10
Share of group income	82.7	81.6	83.5
Cost/income ratio	39.4	47.8	41.0
Share of net Group lending to customers	81.2	81.4	81.1
Non-performing and doubtful commitments relative to total commitments	0.8	0.7	0.9
Write-down ratio (per cent) <sup>1)</sup>	38.6	40.6	37.7
Individual write-downs in relation to net lending, annualised	0.19	0.11	0.17

### International units excl. DNB Baltics and Poland

<i>Per cent</i>	4Q11	3Q11	4Q10
Share of group income	12.8	13.2	12.1
Cost/income ratio	45.9	44.7	46.7
Share of net Group lending to customers	14.4	13.9	13.8
Non-performing and doubtful commitments relative to total commitments	2.6	0.2	1.0
Write-down ratio (per cent) <sup>1)</sup>	26.7	138.1	53.0
Individual write-downs in relation to net lending, annualised	0.39	0.31	0.34

### DNB Baltics and Poland

<i>Per cent</i>	4Q11	3Q11	4Q10
Share of group income	4.5	5.2	4.4
Cost/income ratio <sup>2)</sup>	79.0	62.5	72.1
Share of net Group lending to customers	4.3	4.7	5.1
Non-performing and doubtful commitments relative to total commitments	12.2	11.6	14.4
Write-down ratio (per cent) <sup>1)</sup>	49.6	47.9	40.1
Individual write-downs in relation to net lending, annualised	2.60	3.49	2.60

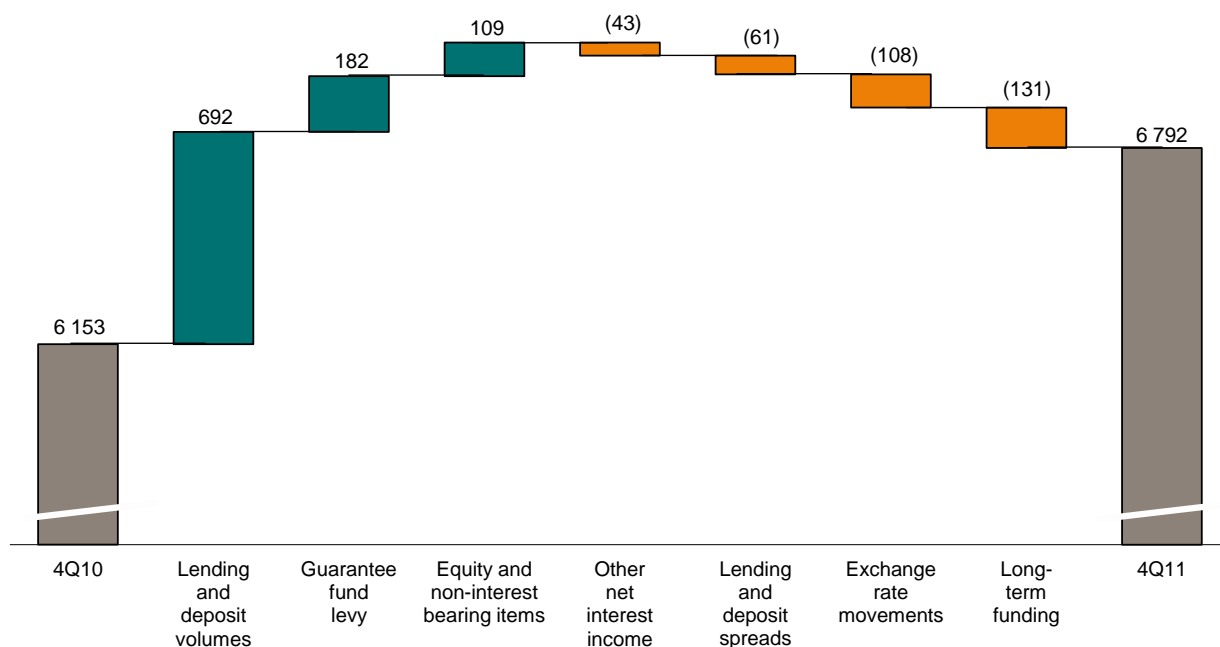
- 1) Write-down ratio includes individual and collective write-downs as a percentage of gross non-performing and gross doubtful commitments.
- 2) Excluding impairment losses for goodwill and intangible assets in the fourth quarter of 2011.

## Net interest income

### Changes in net interest income

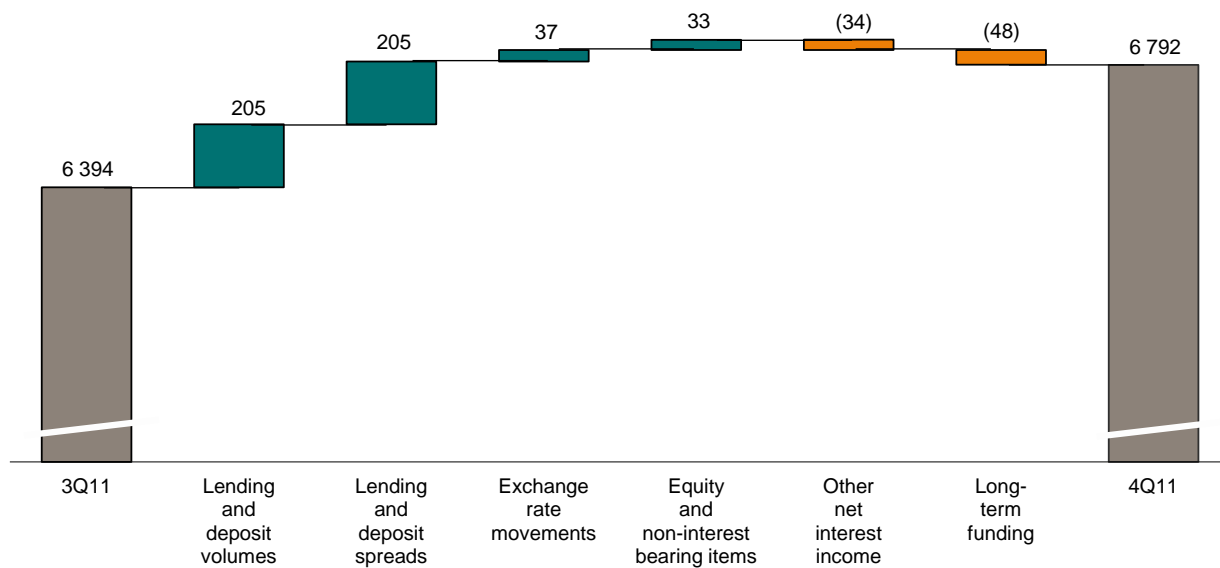
NOK million

From 4th quarter 2010 to 4th quarter 2011



NOK million

From 3rd quarter 2011 to 4th quarter 2011



## Changes in net interest income

<i>Amounts in NOK million</i>	2011	Change	2010
<b>Net interest income</b>	<b>25 252</b>	<b>1 816</b>	<b>23 436</b>
Lending and deposit volumes		2 172	
Guarantee fund levy		732	
Equity and non-interest bearing items		251	
Lending and deposit spreads		(257)	
Exchange rate movements		(479)	
Long term funding		(579)	
Other interest items		(24)	

## Net interest income

<i>Amounts in NOK million</i>	Average volumes			Spreads in per cent			Net interest income <sup>2)</sup>		
	4Q11	3Q11	4Q10	4Q11	3Q11	4Q10	4Q11	3Q11	4Q10
Lending to customers <sup>1)</sup>	1 246 953	1 210 766	1 146 864	1.64	1.55	1.67	5 170	4 727	4 838
Deposits from customers <sup>1)</sup>	730 801	691 351	646 538	0.28	0.33	0.27	512	573	443
Equity and non-interest bearing items	85 721	82 732	84 031	2.99	2.94	2.53	646	613	537
Other							464	481	335
<b>Total net interest income</b>							<b>6 792</b>	<b>6 394</b>	<b>6 153</b>

1) Average nominal amounts, excluding impaired loans.

2) Including exchange rate movements.

## Segmental interest rate spreads <sup>1)</sup>

<i>Per cent</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
<b>Lending:</b>							
Retail Banking <sup>1)</sup>	1.57	1.46	1.51	1.63	1.69	1.54	1.66
Large Corporates and International	1.76	1.68	1.62	1.56	1.52	1.66	1.44
DnB NORD <sup>2)</sup>	1.86	1.80	1.72	1.65	1.97	1.75	1.80
<b>Total</b>	<b>1.64</b>	<b>1.55</b>	<b>1.55</b>	<b>1.61</b>	<b>1.67</b>	<b>1.59</b>	<b>1.61</b>
<b>Deposits:</b>							
Retail Banking	0.43	0.50	0.45	0.40	0.37	0.45	0.44
Large Corporates and International	(0.01)	0.01	0.03	0.05	0.06	0.02	0.10
DnB NORD <sup>2)</sup>	1.07	1.10	0.79	0.66	0.64	0.90	0.60
<b>Total</b>	<b>0.28</b>	<b>0.33</b>	<b>0.31</b>	<b>0.29</b>	<b>0.27</b>	<b>0.30</b>	<b>0.32</b>
<b>Combined spread - lending and deposits:</b>							
Retail Banking	1.18	1.13	1.15	1.21	1.24	1.17	1.25
Large Corporates and International	1.08	1.04	0.99	0.96	0.94	1.02	0.93
DnB NORD <sup>2)</sup>	1.61	1.59	1.43	1.33	1.57	1.49	1.47
<b>Weighted total average</b>	<b>1.14</b>	<b>1.11</b>	<b>1.10</b>	<b>1.13</b>	<b>1.17</b>	<b>1.12</b>	<b>1.15</b>

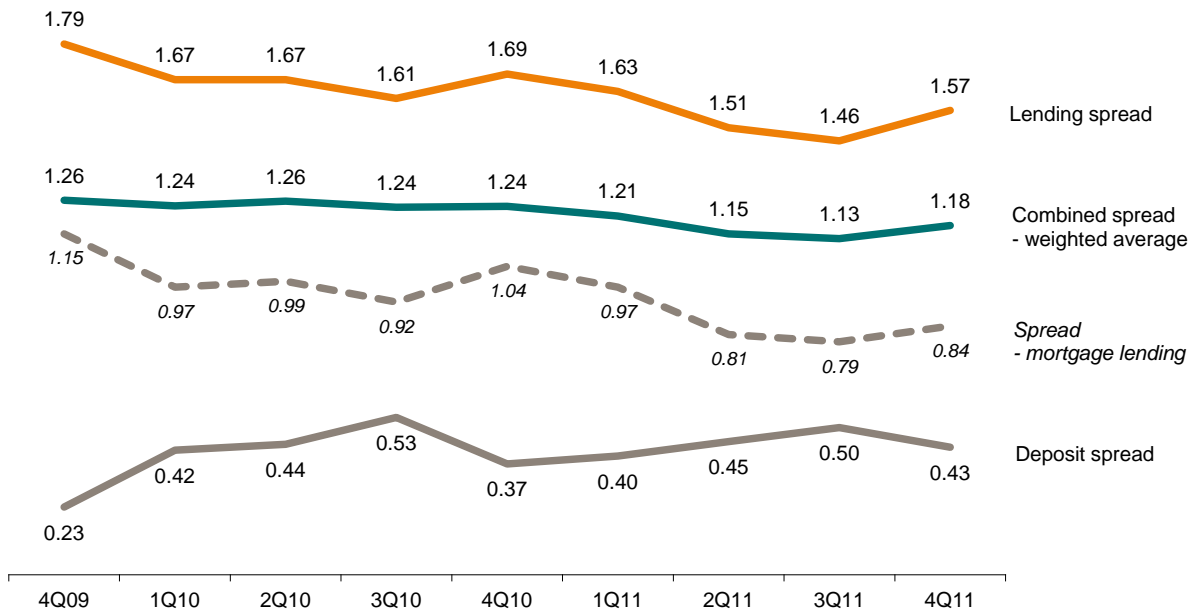
\*) of which mortgage lending portfolio 0.84 0.79 0.81 0.97 1.04 0.85 0.98

1) Margins are calculated based on money market rates and do not include additional funding costs related to liquidity measures.

2) Figures for total operations in DnB NORD.

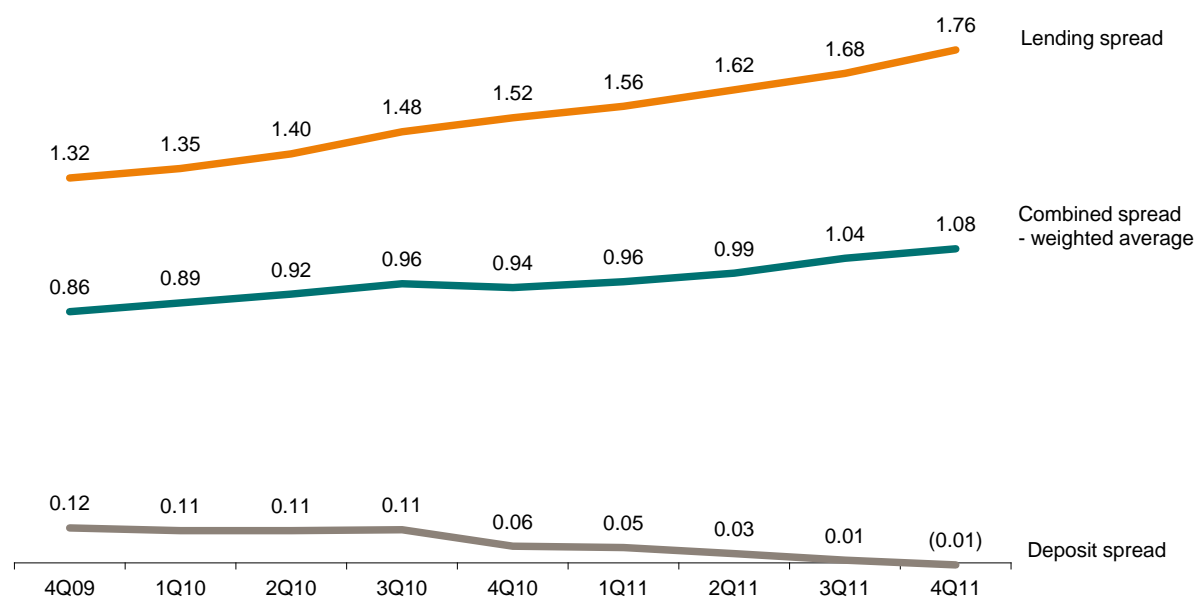
### Development in average interest rate spreads – Retail Banking

Per cent



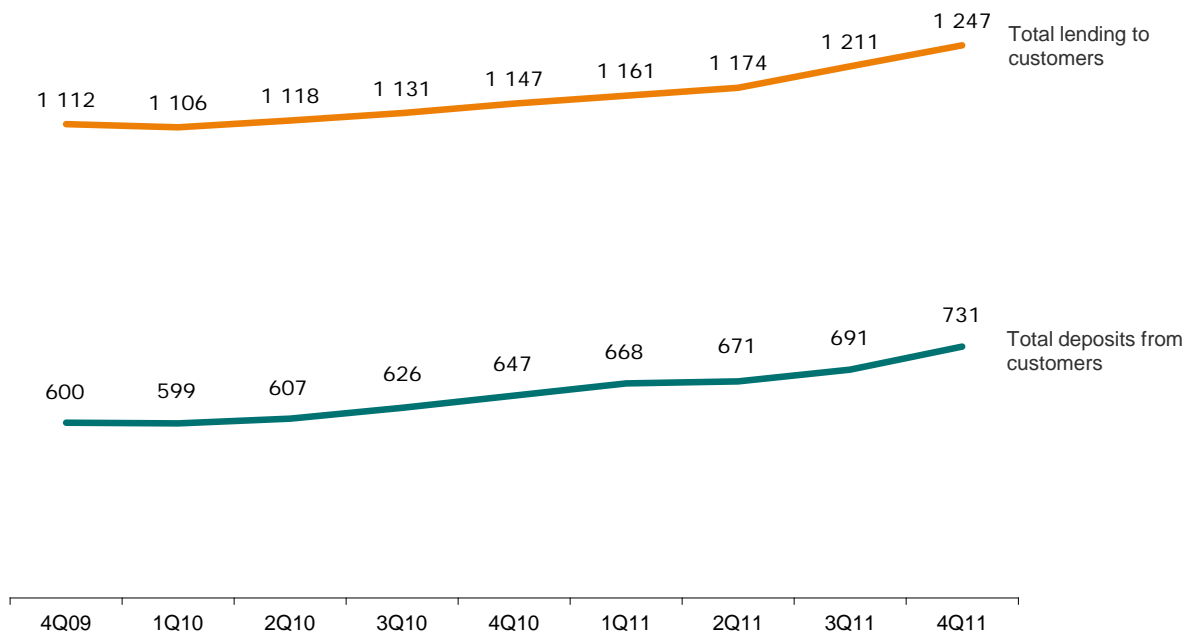
### Development in average interest rate spreads – Large Corporates and International

Per cent



## Development in average volumes – lending and deposits <sup>1)</sup>

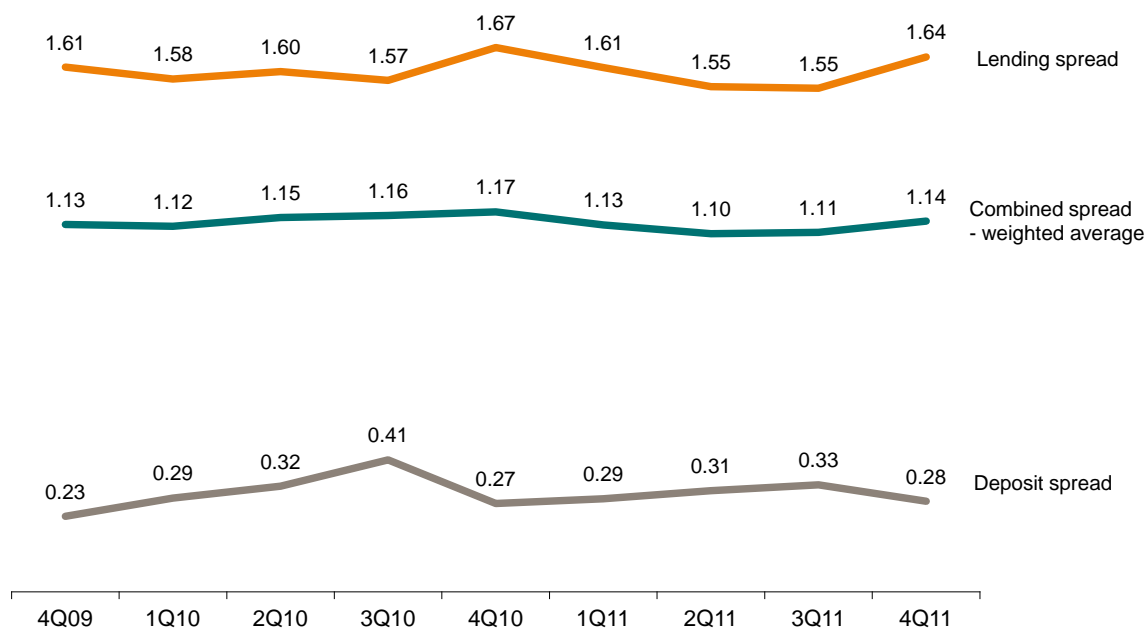
NOK billion



1) Average nominal amounts, excluding impaired loans

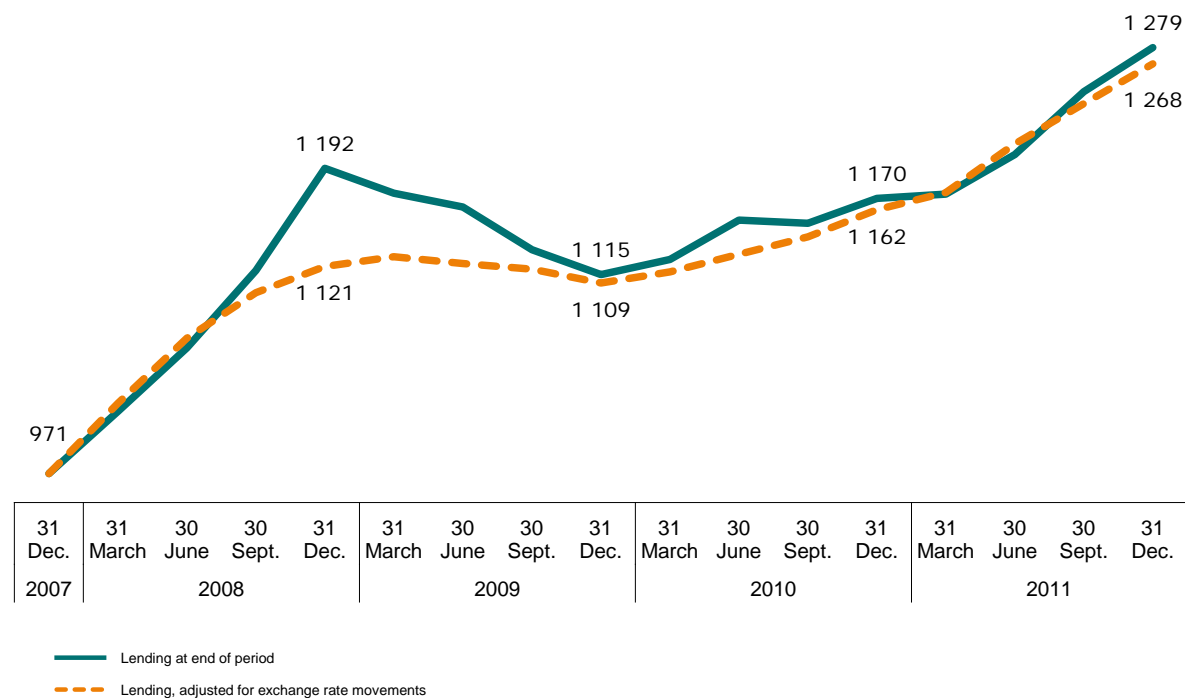
## Quarterly development in average interest rate spreads

Per cent



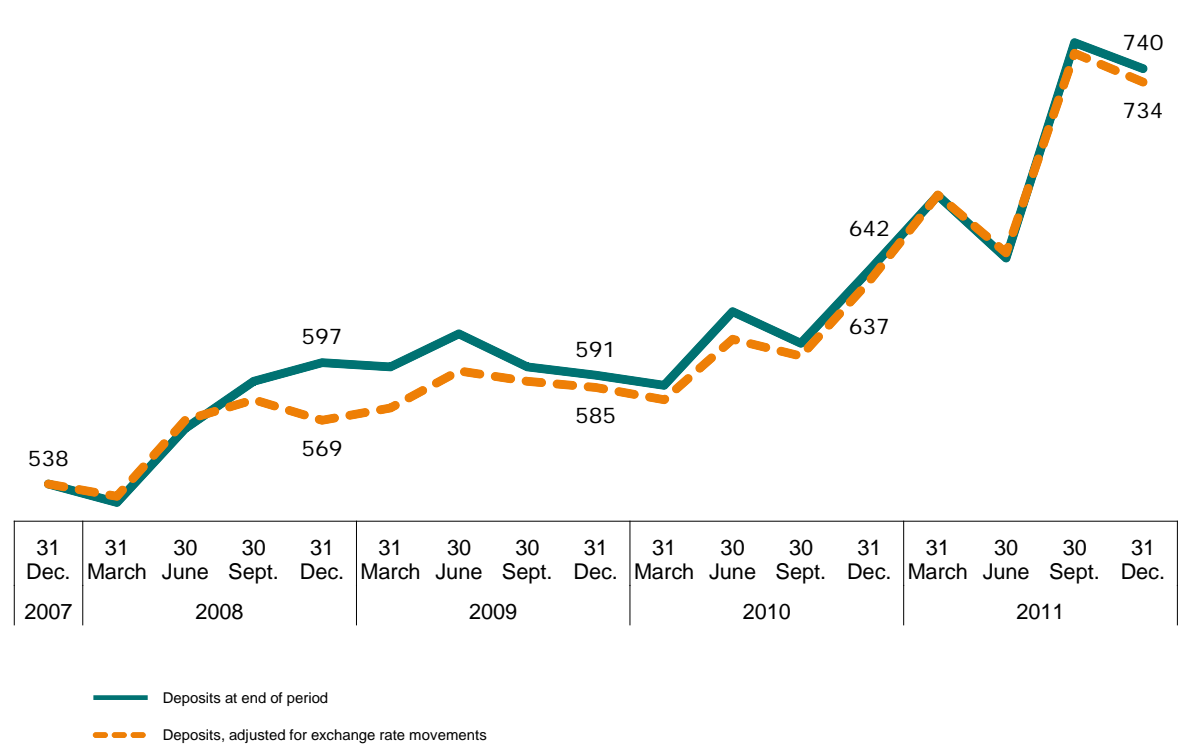
### Development in volumes – net lending to customers

NOK billion



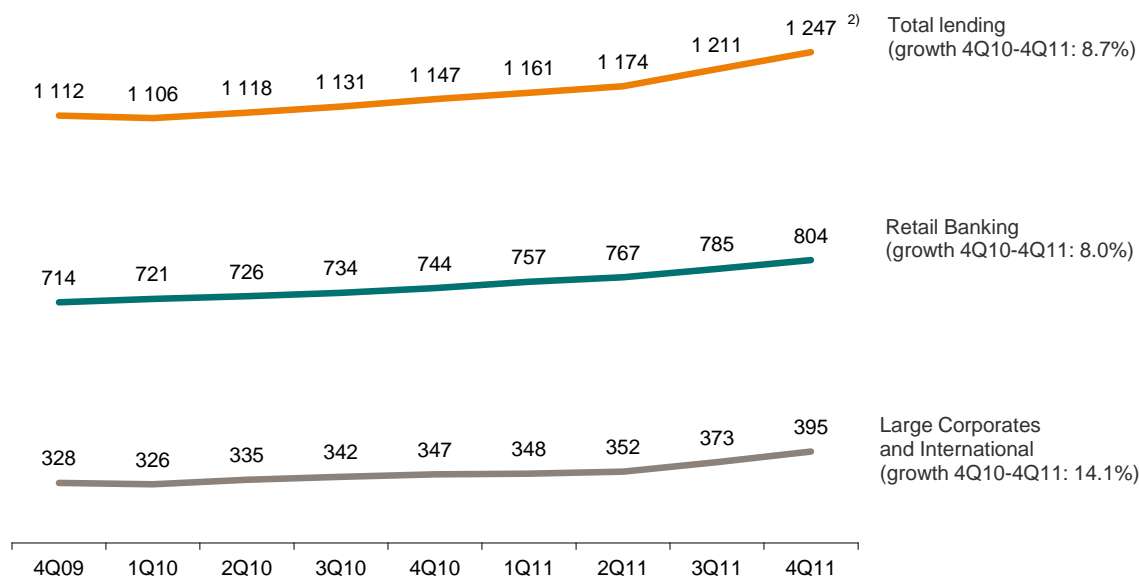
### Development in volumes – deposits from customers

NOK billion



## Development in average volumes – lending to customers <sup>1)</sup>

NOK billion

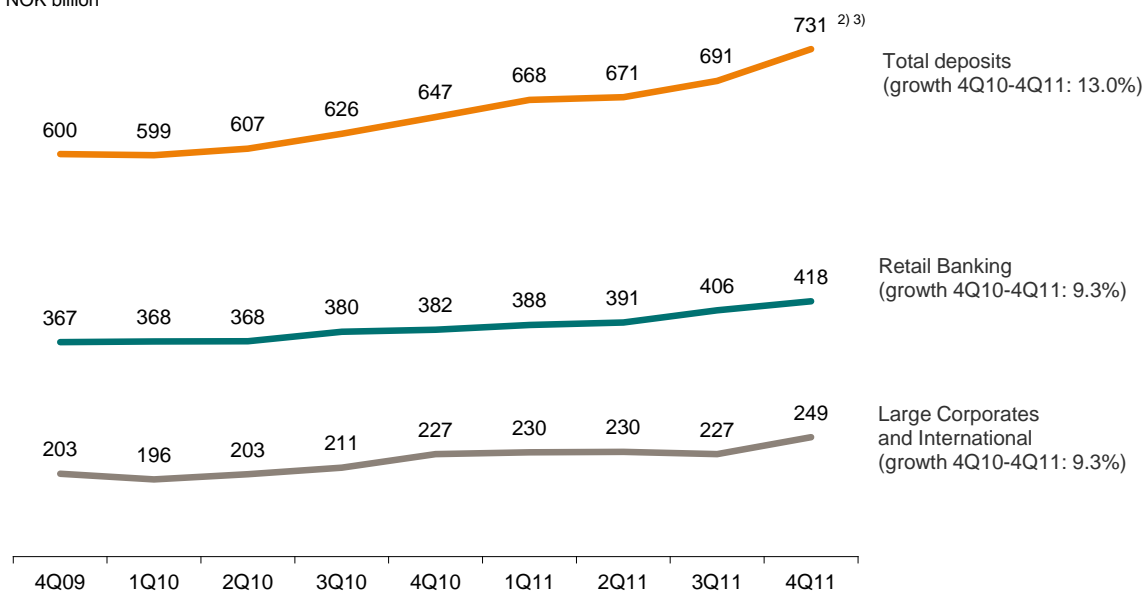


1) Average nominal amounts, excluding impaired loans

2) Of which DnB NORD: NOK 49 billion. Total lending excluding DnB NORD and Poland: NOK 1 198 billion (growth: 11.4%)

## Development in average volumes – deposits from customers <sup>1)</sup>

NOK billion



1) Average nominal amounts

2) Of which DnB NORD: NOK 22 billion. Total deposits excluding DnB NORD: NOK 709 billion (growth: 17.4%)

3) Growth in total deposits from 4Q10 to 4Q11 excluding short-term money market deposits: 11.5%

## Net other operating income

Amounts in NOK million	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Money transfer and interbank transactions	473	497	471	457	387	1 898	1 802
Asset management services	252	221	248	261	245	982	974
Credit broking	4	168	116	107	244	395	426
Real estate broking	260	252	301	199	223	1 012	860
Custodial services	45	43	49	52	50	189	183
Securities trading	18	27	56	76	73	177	224
Sale of insurance products	472	620	647	603	607	2 343	2 442
Other income from banking services	108	105	119	109	97	440	380
<b>Net commissions and fees, core business</b>	<b>1 632</b>	<b>1 933</b>	<b>2 007</b>	<b>1 864</b>	<b>1 926</b>	<b>7 436</b>	<b>7 293</b>
Net gains on equity investments including dividends	(163)	138	147	152	750	274	969
Corporate finance etc.	123	107	107	117	207	454	608
Profit from companies accounted for by the equity method <sup>1)</sup>	111	(79)	(28)	72	72	77	180
Net unrealised gains on investment property	(132)	93	(1)	9	0	(32)	0
Other income <sup>2)</sup>	214	187	173	189	121	763	1 704
Net financial and risk result from DNB Livsforsikring <sup>3)</sup>	190	(862)	322	501	519	151	1 318
Net premium income/insurance claims, DNB Skadeforsikring	63	74	53	53	25	244	91
Customer trading in FX and interest rate instruments, DNB Markets	411	376	296	327	391	1 410	1 357
FX and interest rate instruments, DNB Markets	755	404	641	640	232	2 441	1 434
FX and interest rate instruments, other	2 394	1 331	267	(458)	311	3 535	1 201
<b>Net financial items</b>	<b>3 967</b>	<b>1 770</b>	<b>1 977</b>	<b>1 604</b>	<b>2 627</b>	<b>9 317</b>	<b>8 863</b>
<b>Net other operating income, total <sup>**)</sup></b>	<b>5 599</b>	<b>3 703</b>	<b>3 984</b>	<b>3 467</b>	<b>4 553</b>	<b>16 754</b>	<b>16 156</b>
<i>As a percentage of total income</i>	<i>45.2</i>	<i>36.7</i>	<i>39.7</i>	<i>36.6</i>	<i>42.5</i>	<i>39.9</i>	<i>40.8</i>

\*) Of which:

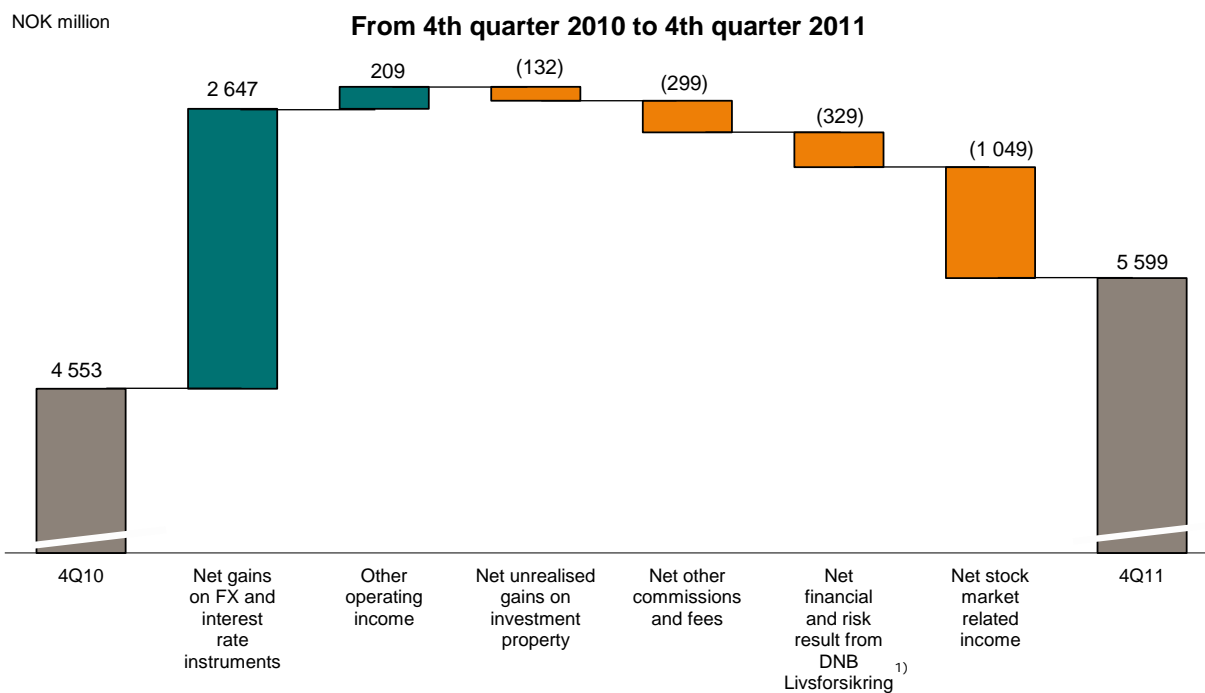
Net gains on assets in DNB Livsforsikring	4 255	(5 275)	3 342	3 473	6 414	5 795	15 068
Guaranteed returns and allocations to policyholders in DNB Livsforsikring	4 124	(4 208)	2 884	2 972	5 879	5 772	13 500
Premium income etc. included in the risk result in DNB Livsforsikring	1 291	1 213	1 211	1 226	1 242	4 941	4 721
Insurance claims etc. included in the risk result in DNB Livsforsikring	1 247	1 017	1 355	1 234	1 248	4 853	4 977
Net financial and risk result in DNB Livsforsikring	176	(871)	314	493	528	112	1 313
Eliminations in the group accounts	14	9	8	8	(9)	39	6
<b>Net financial and risk result from DNB Livsforsikring <sup>3)</sup></b>	<b>190</b>	<b>(862)</b>	<b>322</b>	<b>501</b>	<b>519</b>	<b>151</b>	<b>1 318</b>

\*\*\*) Of which:

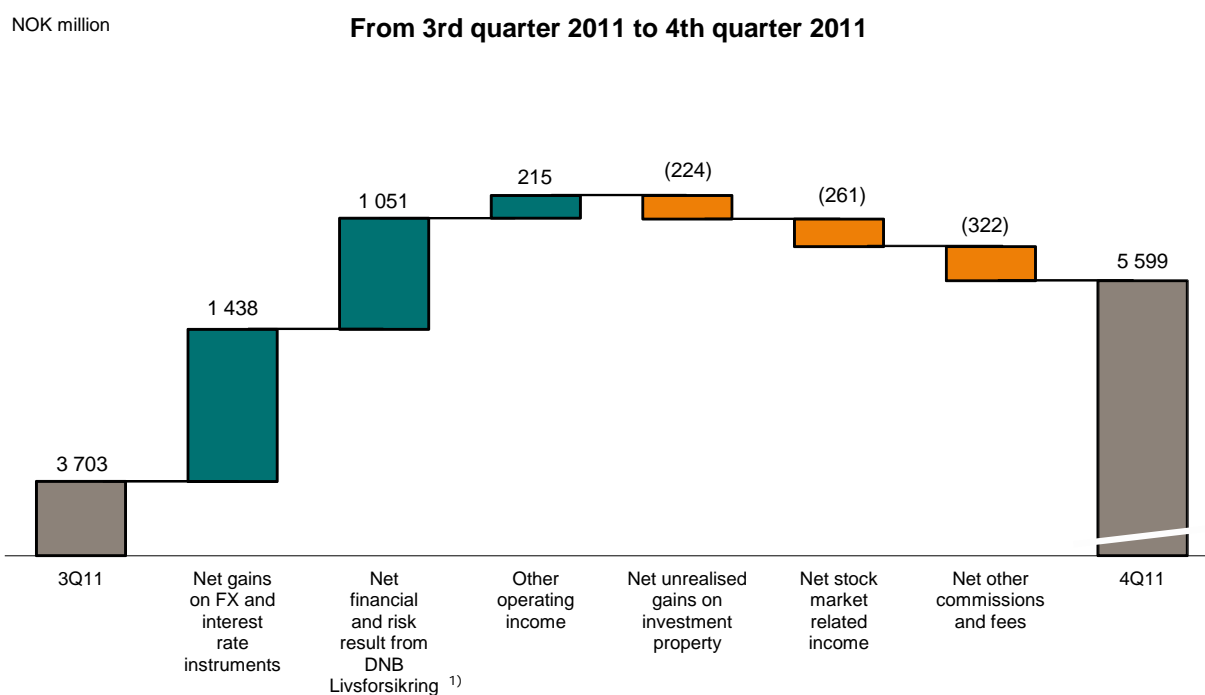
DNB Baltics and Poland	197	188	165	174	120	724	627
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- 1) Moody's and Standard & Poor's downgrades of Eksportfinans' credit rating in the fourth quarter of 2011 resulted in sizeable unrealised gains on the company's long-term funding. The effect of such unrealised gains on DNB's holding, after tax, represented more than NOK 11 billion in the fourth quarter of 2011. After reviewing the fair value of the company, DNB wrote down the value by an amount corresponding to unrealised gains on Eksportfinans' own debt in the fourth quarter. The write-down has been reported on the line "Profit from companies accounted for by the equity method" along with DNB's share of profits from the company.
- 2) Includes a gain of NOK 1 170 million from the merger between the payment services company Nordito and the Danish PBS Holding in the second quarter of 2010
- 3) For a detailed specification of DNB Livsforsikring's income statement, see page 75.

## Changes in net other operating income



1) After guaranteed returns and allocations to policyholders



1) After guaranteed returns and allocations to policyholders

## Changes in net other operating income

<i>Amounts in NOK million</i>	2011	Change	2010
<b>Net other operating income</b>	<b>16 754</b>	<b>598</b>	<b>16 156</b>
Net gains on FX and interest rate instruments <sup>1)</sup>		3 438	
Net income from DNB Skadeforsikring		153	
Real estate broking		152	
Net other commissions and fees		(18)	
Net unrealised gains on investment property		(32)	
Profit from associated companies		(104)	
Net stock market related income		(882)	
Net financial and risk result from DNB Livsforsikring <sup>2)</sup>		(1 167)	
Gain NORDITO		(1 170)	
Other operating income		229	

1) Excluding guarantees.

2) After guaranteed returns and allocations to policyholders.

## Operating expenses

<i>Amounts in NOK million</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Salaries	1 985	1 931	1 920	1 757	1 830	7 594	7 071
Employer's national insurance contributions	194	263	265	263	260	985	1 025
Pension expenses <sup>1)</sup>	229	250	257	253	158	989	448
Restructuring expenses	12	(4)	1	2	(19)	11	36
Other personnel expenses	199	163	171	169	209	701	680
<b>Total salaries and other personnel expenses</b>	<b>2 618</b>	<b>2 603</b>	<b>2 614</b>	<b>2 444</b>	<b>2 438</b>	<b>10 279</b>	<b>9 259</b>
Fees <sup>2)</sup>	526	434	408	407	365	1 775	1 437
IT expenses <sup>2)</sup>	404	420	401	433	345	1 658	1 635
Postage and telecommunications	97	87	91	95	98	370	377
Office supplies	38	21	23	23	28	105	99
Marketing and public relations	241	218	252	238	224	949	812
Travel expenses	94	54	70	59	83	277	244
Reimbursement to Norway Post for transactions executed	39	43	44	42	36	167	151
Training expenses	25	11	18	22	26	75	75
Operating expenses on properties and premises	354	328	349	352	308	1 383	1 280
Operating expenses on machinery, vehicles and office equipment	38	36	37	36	47	146	151
Other operating expenses	243	168	181	225	123	816	735
<b>Other expenses</b>	<b>2 098</b>	<b>1 819</b>	<b>1 874</b>	<b>1 930</b>	<b>1 685</b>	<b>7 722</b>	<b>6 995</b>
Impairment losses for goodwill <sup>3)</sup>	190	0	0	0	0	190	194
Depreciations and write-downs of fixed and intangible assets <sup>4)</sup>	680	439	444	419	487	1 982	2 063
<b>Total depreciations and write-downs of fixed and intangible assets</b>	<b>870</b>	<b>439</b>	<b>444</b>	<b>419</b>	<b>487</b>	<b>2 172</b>	<b>2 256</b>
<b>Total operating expenses</b>	<b>5 586</b>	<b>4 862</b>	<b>4 931</b>	<b>4 793</b>	<b>4 610</b>	<b>20 172</b>	<b>18 511</b>
Of which DNB Baltics and Poland	1 006	328	356	345	342	2 035	1 700

1) Pension expenses for the first quarter of 2010 were reduced by NOK 367 million due to the reversal of provisions for contractual early retirement pensions.

2) Fees include system development fees and must be viewed relative to IT expenses.

3) Impairment losses for goodwill of NOK 190 million relating to DNB Baltics and Poland were recorded in the fourth quarter of 2011.

Impairment losses for goodwill of NOK 194 million relating to Svensk Fastighetsförmedling were recorded in the second quarter of 2010.

4) Including write-downs on IT investments in DNB Baltics and Poland of NOK 191 million in the fourth quarter of 2011 and NOK 346 million in the second quarter of 2010.

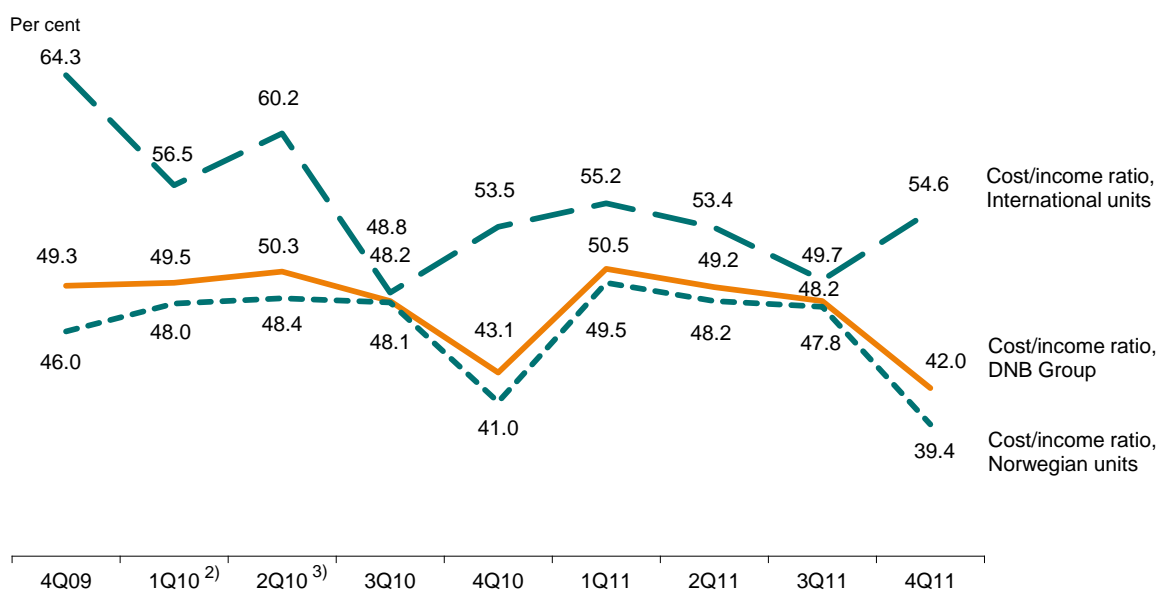
## Changes in operating expenses

<i>Amounts in NOK million</i>	4Q11	Change	4Q10
<b>Total operating expenses</b>	<b>5 586</b>	<b>976</b>	<b>4 610</b>
<i>Non-recurring costs:</i>			
Impairment losses for goodwill and intangible assets		380	
Brand development and establishment costs		146	
<i>Income-related items:</i>			
Increase in full-time positions		64	
Operational leasing		10	
København Ejendomme		8	
Performance-based pay		27	
<i>Expenses directly related to operations:</i>			
Cost programme		(75)	
Wage and price inflation		111	
IT expenses		146	
Rise in pension expenses		71	
Properties and premises		64	
Sundry expenses		25	

<i>Amounts in NOK million</i>	4Q11	Change	3Q11
<b>Total operating expenses</b>	<b>5 586</b>	<b>724</b>	<b>4 862</b>
<i>Non-recurring costs:</i>			
Impairment losses for goodwill and intangible assets		380	
Brand development and establishment costs		104	
<i>Income-related items:</i>			
Increase in full-time positions		19	
Operational leasing		10	
<i>Expenses directly related to operations:</i>			
Cost programme		(14)	
IT expenses		62	
Travel and training expenses		54	
Fees		19	
Postage/telecommunications and office supplies		23	
Properties and premises		51	
Sundry expenses		17	

<i>Amounts in NOK million</i>	2011	Change	2010
<b>Total operating expenses</b>	<b>20 172</b>	<b>1 662</b>	<b>18 511</b>
<i>Non-recurring costs:</i>			
Impairment losses for goodwill and intangible assets		(211)	
Reversal of CPA provisions		367	
Brand development and establishment costs		201	
<i>Income-related items:</i>			
Increase in full-time positions		255	
Operational leasing		87	
København Ejendomme		46	
Performance-based pay		156	
Marketing etc.		98	
<i>Expenses directly related to operations:</i>			
Cost programme		(415)	
Wage and price inflation		520	
IT expenses, including the conversion from Postbanken's core system		279	
Rise in pension expenses		174	
Fees		106	
Sundry expenses		(2)	

## Ordinary cost/income ratio <sup>1)</sup>



1) Excluding impairment losses for goodwill and intangible assets.

2) Excluding the reversal of provisions for contractual early retirement pensions.

3) Excluding a gain from the merger between the payment services company Nordito and the Danish PBS Holding.

## Number of employees – full-time positions

Full-time positions	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010
Retail Banking <sup>1) 2)</sup>	5 040	5 001	4 928	4 845	4 842
Large Corporates and International	1 174	1 138	1 117	1 107	1 103
DNB Markets	698	693	688	677	668
Operations	993	991	945	946	986
Insurance and Asset Management	1 060	1 067	1 047	1 055	1 047
DNB Baltics and Poland	3 297	3 234	3 169	3 155	3 159
Staff and support units <sup>2)</sup>	1 359	1 357	1 319	1 242	1 217
<b>Total ordinary operations</b>	<b>13 620</b>	<b>13 481</b>	<b>13 212</b>	<b>13 027</b>	<b>13 021</b>

1) The increase in the number of full-time positions in the third and fourth quarter of 2011 was due to increased staff in the distribution network.

2) In the second quarter of 2011, 65 full-time positions were transferred to Marketing, Communications and eBusiness from other parts of the Group, of which 36 full-time positions were transferred from Retail Banking.

## IT expenses

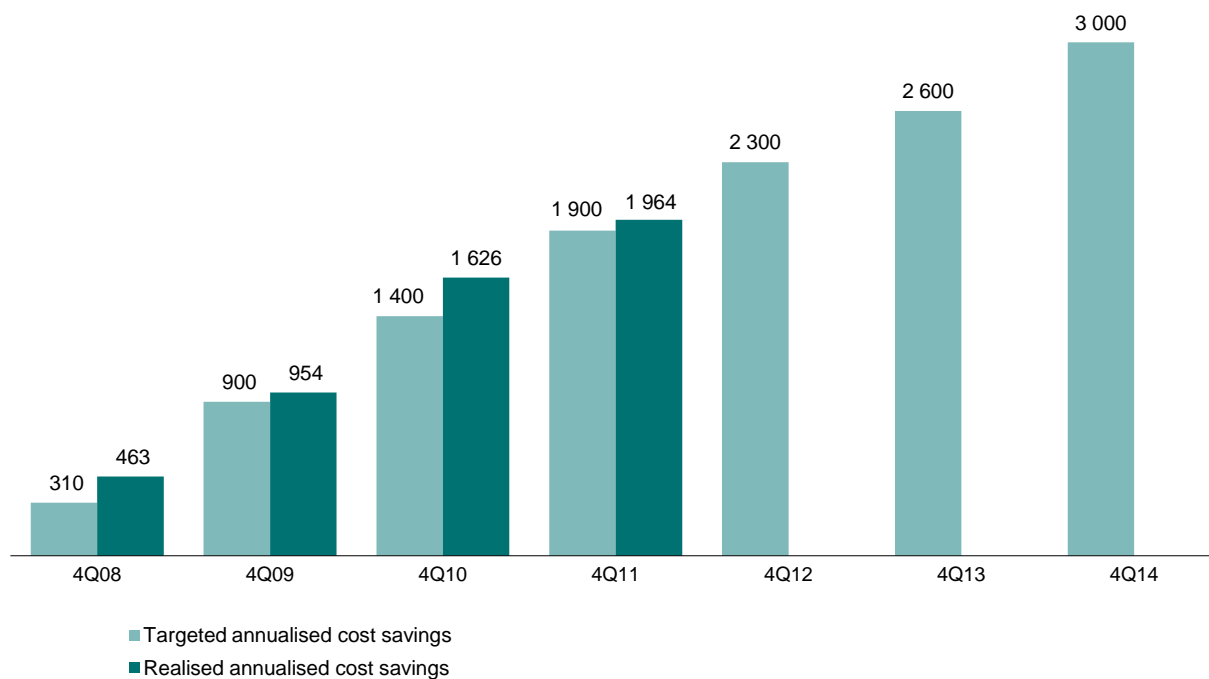
Amounts in NOK million	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
IT operating expenses	517	502	510	510	484	2 039	1 984
Systems development expenses <sup>1)</sup>	640	565	541	526	472	2 272	1 958
<b>Total IT expenses <sup>2)</sup></b>	<b>1 157</b>	<b>1 067</b>	<b>1 051</b>	<b>1 036</b>	<b>956</b>	<b>4 311</b>	<b>3 942</b>

1) Excluding write-downs on IT investments in DNB Baltics and Poland of NOK 346 million in the second quarter of 2010 and of NOK 191 million in the fourth quarter of 2011.

2) Including salaries and indirect costs.

## Cost programme

NOK million



## Taxes

The DNB Group's tax charge for the fourth quarter of 2011 was NOK 1 790 million, up from NOK 367 million in the year-earlier period. The main factor behind the increase was the tax exemption rules for equity investments, which ensured sizeable tax-exempt gains on equities in DNB Livs-forsikring in the fourth quarter of 2010, while there was a limited extent of such income in the fourth quarter of 2011. Relative to pre-tax operating profits, the estimated tax charge increased to 30.5 per cent in the fourth quarter of 2011, from 6.6 per cent in the year-earlier period.

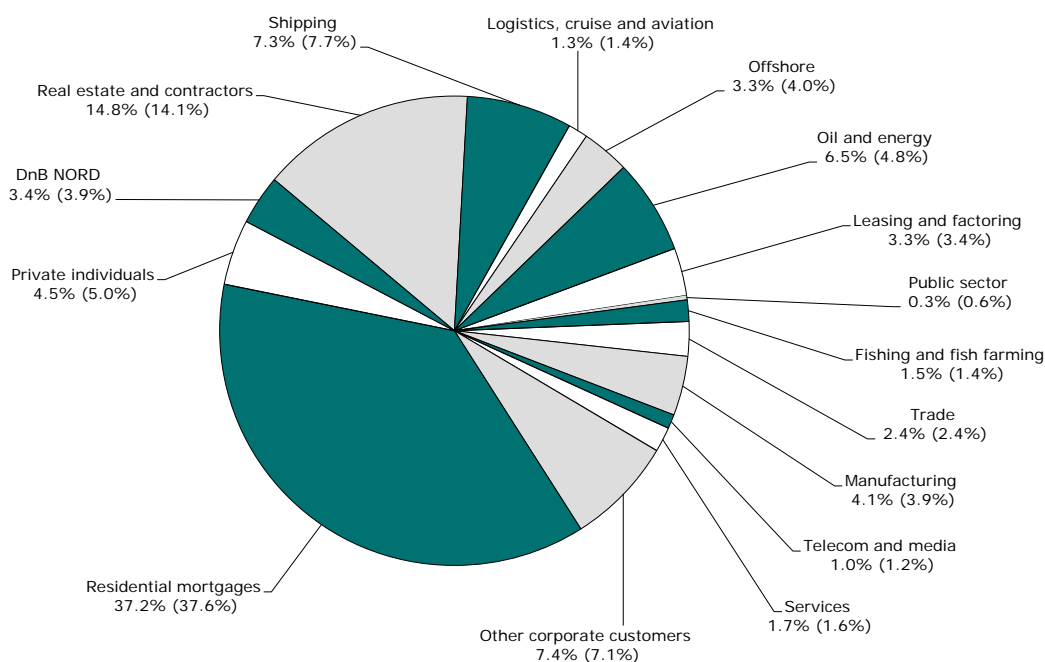
## Lending

### Net lending to principal customer groups <sup>1)</sup>

<i>Amounts in NOK billion</i>	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010
Private individuals	599.9	585.9	573.1	560.5	559.1
Transportation by sea and pipelines and vessel construction	143.9	145.1	126.3	129.4	133.9
Real estate	188.0	187.1	183.7	180.4	175.8
Manufacturing	51.6	47.4	49.6	52.4	47.7
Services and management	86.5	86.9	82.9	73.0	74.0
Trade	36.4	36.9	37.0	37.2	33.9
Oil and gas	24.5	16.5	15.6	14.4	18.3
Transportation and communication	34.3	32.6	31.4	29.5	29.4
Building and construction	43.1	41.1	38.5	35.3	35.8
Power and water supply	28.8	26.1	22.9	22.8	22.8
Seafood	16.9	16.3	14.5	13.2	13.9
Hotels and restaurants	4.1	4.3	4.2	4.2	5.1
Agriculture and forestry	8.9	7.8	7.3	7.3	7.5
Central and local government	6.7	6.4	7.5	5.5	6.0
Other sectors	5.2	6.6	7.3	7.8	6.7
<b>Net lending to customers</b>	<b>1 278.9</b>	<b>1 247.1</b>	<b>1 202.0</b>	<b>1 173.1</b>	<b>1 170.0</b>

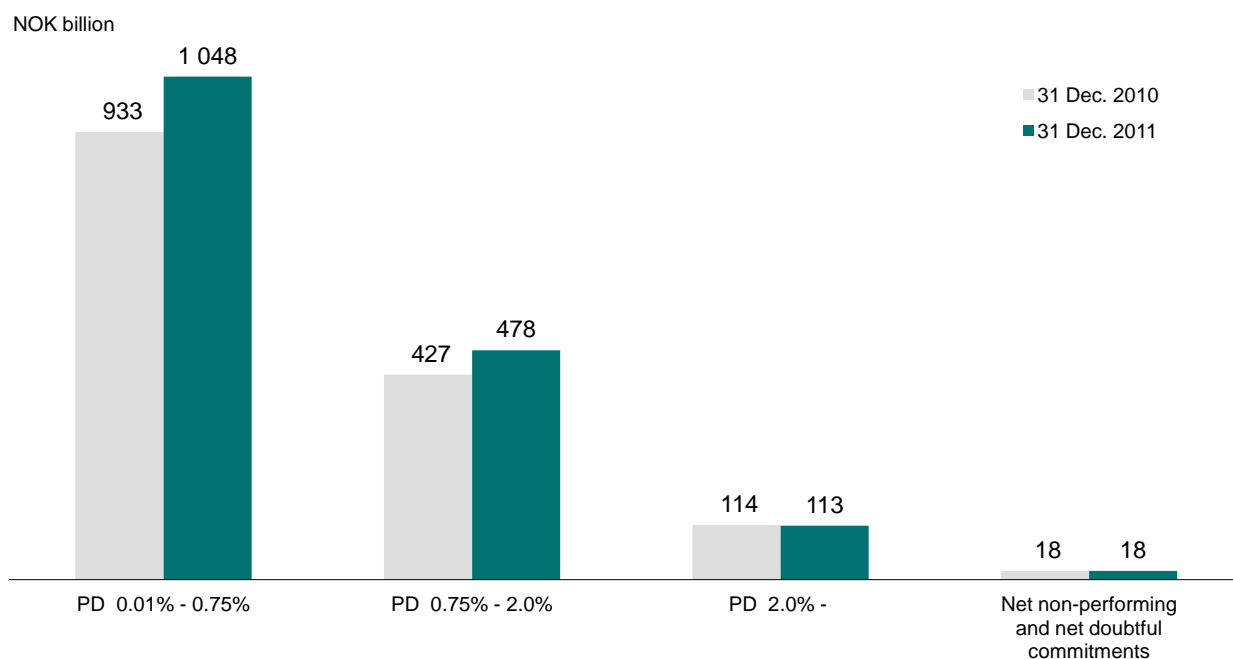
1) Lending after individual write-downs, nominal amounts. The breakdown into principal customer groups is based on standardised sector and industry categories set up by Statistics Norway.

### Exposure at default by segments as defined in DNB's management reporting as at 31 December 2011 <sup>1)</sup>



1) Distribution of exposure at default based on internal segmentation of customers, excluding net non-performing and net doubtful commitments. Comparable figures as at 31 December 2010 in parentheses.

## Risk classification of portfolio <sup>1)</sup>



1) Based on DNB's risk classification system. The volume represents the expected outstanding amount in the event of default, except for net non-performing and net doubtful commitments which are net recorded exposures in the accounts.  
PD = probability of default.

## DNB's risk classification <sup>1)</sup>

Risk class	Probability of default (per cent)		External rating	
	As from	Up to	Moody's	Standard & Poor's
1	0.01	0.10	Aaa - A3	AAA - A+
2	0.10	0.25	Baa1 - Baa2	BBB+ - BBB
3	0.25	0.50	Baa3	BBB-
4	0.50	0.75	Ba1	BB+
5	0.75	1.25	Ba2	BB
6	1.25	2.00		
7	2.00	3.00	Ba3	BB-
8	3.00	5.00	B1	B+
9	5.00	8.00	B2	B
10	8.00	impaired	B3, Caa/C	B-, CCC/C

1) DNB's risk classification system, where 1 represents the lowest risk and 10 the highest risk.

## The Group's exposure to the PIIGS countries as at 31 December 2011

	Government debt	International bond portfolio DNB Markets <sup>1)</sup>	Other units in the bank	Corporate portfolio in DNB Livsforsikring	Total DNB Group	Common portfolio DNB Livsforsikring	of which investments in Treasury bonds
Portugal	0	2 213	3	0	2 216	95	0
Ireland	0	2 407	40	1	2 448	487	0
Italy	0	2 757	730	0	3 487	1 330	760
Greece	0	0	0	0	0	3	0
Spain	0	10 049	2 789	0	12 839	3 581	1 722
<b>Total PIIGS</b>	<b>0</b>	<b>17 427</b>	<b>3 563</b>	<b>1</b>	<b>20 991</b>	<b>5 497</b>	<b>2 482</b>

1) Markets' exposure to the PIIGS countries through its international bond portfolio mainly comprises residential mortgage-backed securities (RMBS). The portfolio includes no investments in Treasury bonds.

## Write-downs on loans and guarantees

<i>Amounts in NOK million</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Write-offs	103	53	351	43	113	550	459
New individual write-downs	1 265	1 118	429	1 308	1 369	4 120	5 141
Total new individual write-downs	1 368	1 171	780	1 351	1 482	4 670	5 600
Reassessed individual write-downs	228	157	273	357	361	1 015	1 109
Recoveries on commitments previously written off	120	94	100	123	160	437	418
Net individual write-downs	1 020	919	408	870	961	3 217	4 074
Change in collective write-downs on loans	(94)	251	50	21	(432)	227	(1 077)
<b>Write-downs on loans and guarantees</b>	<b>926</b>	<b>1 170</b>	<b>457</b>	<b>892</b>	<b>529</b>	<b>3 445</b>	<b>2 997</b>
Total write-downs in relation to average volumes, annualised	0.29	0.38	0.15	0.31	0.18	0.28	0.26
- DNB excl. former DnB NORD	0.20	0.15	0.10	0.25	0.08	0.17	0.11
- Former DnB NORD	2.24	4.88	1.21	1.45	1.95	2.46	2.87
- DNB Baltics and Poland	1.84	5.30	1.31	1.44	1.65	2.31	2.39

<i>Amounts in NOK million</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
<i>Individual write-downs</i>							
Retail Banking:							
- Private Customer Divisions	78	38	58	13	132	186	286
- Small and medium sized enterprises	233	128	(45)	96	182	411	356
- DNB Finans <sup>1)</sup>	29	106	97	138	49	370	582
Large Corporates and International:							
- Nordic Corporates Division	144	(3)	145	120	4	406	28
- International Corporates and Institutions Division	29	110	(10)	273	196	402	249
- Shipping, Offshore and Logistics Division	143	17	(13)	13	3	160	219
- Energy Division	1	2	(11)	0	(10)	(8)	88
- Other units	1	(1)	3	(4)	(1)	(1)	4
DNB excl. former DnB NORD	657	397	223	649	553	1 926	1 811
<i>Former DnB NORD:</i>							
DNB Baltics and Poland	237	494	169	202	319	1 103	1 719
Other units	126	28	15	19	88	188	543
<b>Total individual write-downs</b>	<b>1 020</b>	<b>919</b>	<b>408</b>	<b>870</b>	<b>961</b>	<b>3 217</b>	<b>4 074</b>
<i>Collective write-downs</i>							
DNB excl. DNB Baltics and Poland	(44)	43	54	29	(329)	82	(628)
DNB Baltics and Poland	(50)	208	(4)	(8)	(103)	146	(449)
<b>Total collective write-downs on loans</b>	<b>(94)</b>	<b>251</b>	<b>50</b>	<b>21</b>	<b>(432)</b>	<b>227</b>	<b>(1 077)</b>
<b>Write-downs on loans and guarantees</b>	<b>926</b>	<b>1 170</b>	<b>457</b>	<b>892</b>	<b>529</b>	<b>3 445</b>	<b>2 997</b>

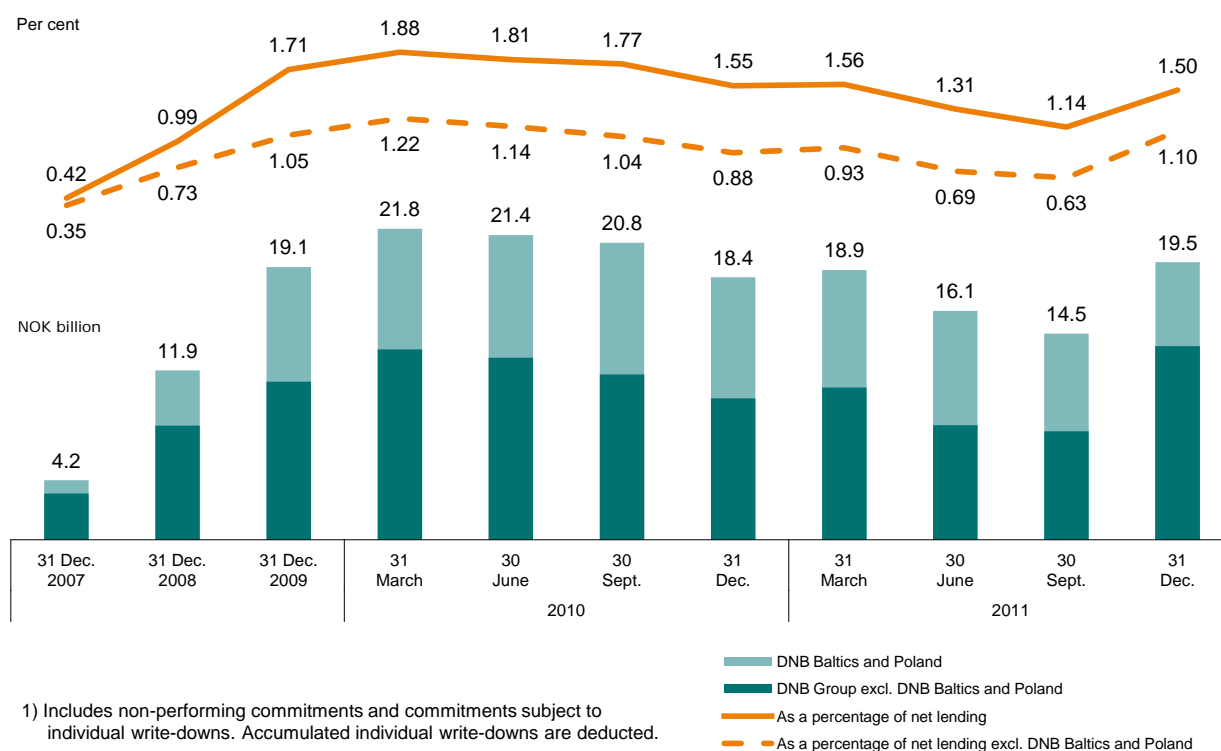
1) Includes leasing, factoring and credit card and consumer financing.

## Write-downs on loans and guarantees for principal customer groups <sup>1)</sup>

<i>Amounts in NOK million</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Private individuals	184	534	214	242	305	1 174	1 414
Transportation by sea and pipelines and vessel construction	196	128	(9)	21	36	336	281
Real estate	279	189	119	151	134	738	462
Manufacturing	63	38	51	19	249	171	736
Services and management	40	38	(35)	92	(132)	135	123
Trade	166	(9)	26	20	51	203	240
Oil and gas	1	0	0	0	3	1	3
Transportation and communication	3	(1)	4	8	(32)	15	103
Building and construction	104	0	3	309	265	416	393
Power and water supply	1	2	(11)	1	58	(7)	158
Seafood	13	(9)	(1)	0	(4)	3	9
Hotels and restaurants	(6)	4	3	19	38	20	76
Agriculture and forestry	6	4	(5)	11	12	16	69
Other sectors	0	2	0	0	(13)	2	9
<b>Total customers</b>	<b>1 049</b>	<b>920</b>	<b>360</b>	<b>893</b>	<b>969</b>	<b>3 222</b>	<b>4 076</b>
Credit institutions	(29)	(1)	47	(22)	(9)	(5)	(2)
Change in collective write-downs on loans	(94)	251	50	21	(432)	227	(1 077)
<b>Write-downs on loans and guarantees <sup>1)</sup></b>	<b>926</b>	<b>1 170</b>	<b>457</b>	<b>892</b>	<b>529</b>	<b>3 445</b>	<b>2 997</b>
*) Of which individual write-downs on guarantees	40	(16)	(6)	8	(24)	26	(3)

1) The breakdown into principal customer groups is based on standardised sector and industry categories set up by Statistics Norway.

## Net non-performing and net doubtful commitments <sup>1)</sup>

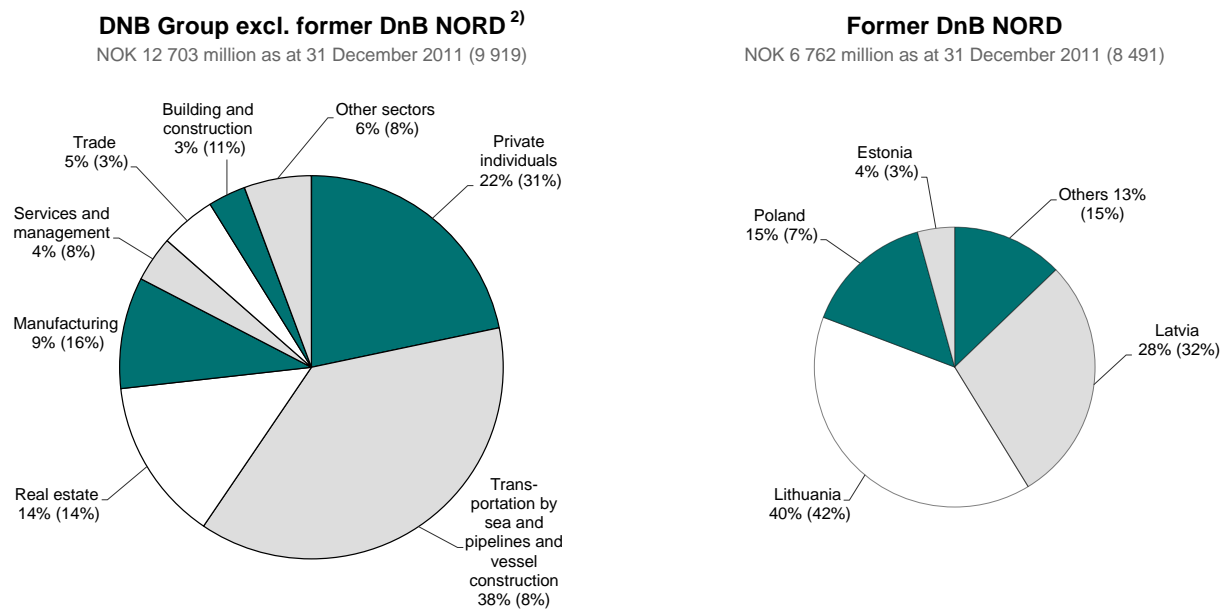


## Write-down ratio – net non-performing and net doubtful commitments <sup>1)</sup>

Amounts in NOK million	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010
Non-performing commitments	20 416	14 439	16 222	16 787	17 313
Doubtful commitments	8 674	9 376	8 671	11 855	10 369
Gross non-performing and gross doubtful commitments	29 089	23 815	24 893	28 642	27 682
Individual write-downs	9 624	9 349	8 840	9 720	9 273
<b>Net non-performing and net doubtful commitments</b>	<b>19 465</b>	<b>14 466</b>	<b>16 053</b>	<b>18 922</b>	<b>18 409</b>
Collective write-downs	2 119	2 204	1 893	1 866	1 872
Write-down ratio (per cent)	40.4	48.5	43.1	40.5	40.3
Collateral for non-performing and doubtful commitments	18 209	14 868	15 961	18 021	17 793
Coverage ratio (per cent)	103.0	110.9	107.2	103.4	104.5

1) Write-down ratio includes individual and collective write-downs as a percentage of gross non-performing and gross doubtful commitments.

### Specification of net non-performing and net doubtful commitments <sup>1)</sup>



- 1) Includes non-performing commitments and, in addition, commitments subject to individual write-downs. Comparable figures as at 31 December 2010 in parentheses.
- 2) The breakdown into principal customer groups is based on standardised sector and industry categories set up by Statistics Norway.

See pages 86-90 for more details on lending and write-downs in DnB NORD.

## Net non-performing and net doubtful commitments <sup>1)</sup>

<i>Amounts in NOK million</i>	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010
Retail Banking	6 272	6 195	6 416	6 855	7 175
Large Corporates and International	6 432	1 424	1 617	3 827	2 743
Former DnB NORD	6 762	6 847	8 020	8 240	8 491
Net non-performing and net doubtful commitments <sup>1)</sup>	19 465	14 466	16 053	18 922	18 409
*) Of which Norwegian units	7 903	7 326	7 602	9 525	8 258

1) Includes non-performing commitments and commitments subject to individual write-downs. Accumulated individual write-downs are deducted.

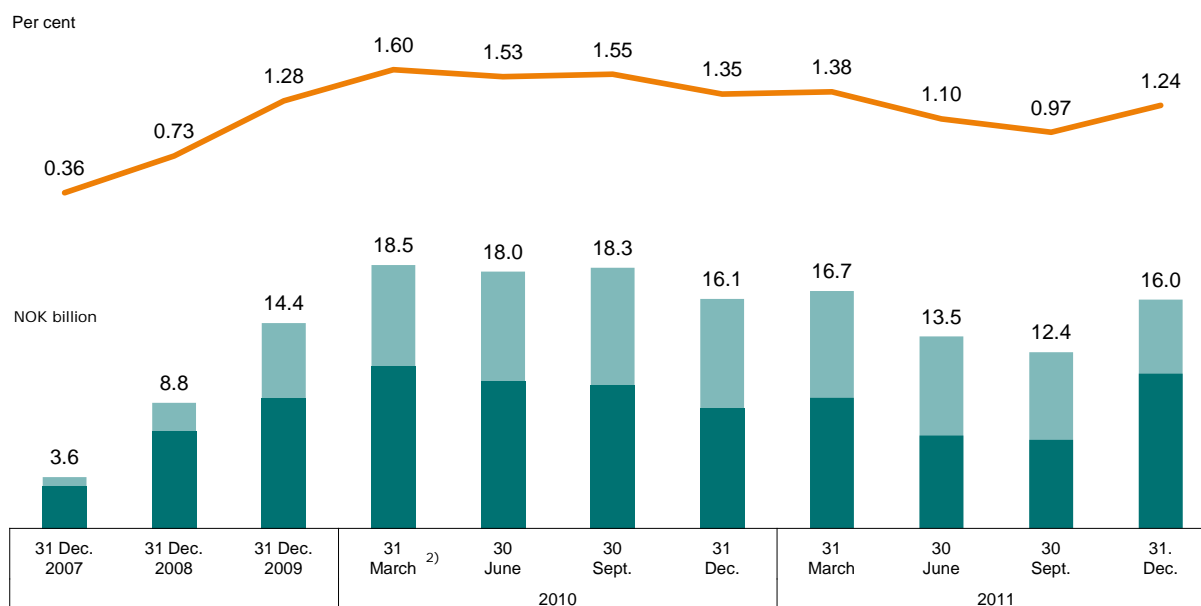
## Development in net non-performing and net doubtful commitments <sup>1)</sup>

<i>Amounts in NOK million</i>	4Q11		3Q11		2Q11		1Q11		4Q10	
	Private individuals	Corporate customers	Private individuals	Corporate customers	Private individuals	Corporate customers	Private individuals	Corporate customers	Private individuals	Corporate customers
Net non-performing and net doubtful commitments at beginning of period	4 510	9 956	4 981	11 072	5 179	13 743	5 291	13 118	5 553	15 271
New non-performing and doubtful commitments	670	8 273	563	2 249	817	1 060	863	3 017	848	2 465
Transferred to current commitments	678	2 934	929	2 801	917	3 572	913	2 315	878	4 318
Write-offs etc.	110	222	106	564	98	159	62	77	232	300
Net non-performing and net doubtful commitments at end of period	4 392	15 073	4 510	9 956	4 981	11 072	5 179	13 743	5 291	13 118

1) Of which DNB Baltics and Poland:

Net non-performing and net doubtful commitments at beginning of period	1 734	5 113	2 086	5 934	2 147	6 093	2 196	6 295	2 240	6 986
New non-performing and doubtful commitments	60	59	(117)	559	139	141	139	693	174	400
Transferred to current commitments	158	892	235	874	200	298	184	894	217	1 090
Write-offs etc.	0	20	0	506	0	2	3	0	1	1
Net non-performing and net doubtful commitments at end of period	1 636	4 260	1 734	5 113	2 086	5 934	2 147	6 093	2 196	6 295

## Net impaired commitments <sup>1)</sup>



1) Includes loans and guarantees on which individual write-downs have been recorded.

2) First quarter 2010 development includes an increase of NOK 817 million due to reclassification of non-performing commitments previously collectively written down in DnB NORD.

— DNB Baltics and Poland

— DNB Group excl. DNB Baltics and Poland

— As a percentage of net lending

## Write-down ratio – net impaired commitments <sup>1)</sup>

Amounts in NOK million	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010
Gross impaired commitments subject to individual write-downs	25 667	21 713	22 307	26 379	25 370
Individual write-downs	9 624	9 349	8 840	9 720	9 273
<b>Net impaired commitments</b>	<b>16 043</b>	<b>12 364</b>	<b>13 467</b>	<b>16 659</b>	<b>16 097</b>
Collective write-downs	2 119	2 204	1 893	1 866	1 872
Write-down ratio (per cent)	45.8	53.2	48.1	43.9	43.9
Collateral for impaired commitments	14 853	11 615	12 682	14 983	14 678
Coverage ratio (per cent)	103.6	106.7	105.0	100.7	101.8

1) Write-down ratio includes individual and collective write-downs as a percentage of gross impaired commitments subject to individual write-downs.

## Capital adequacy

The DNB Group follows the Basel II regulations for capital adequacy calculations. Valuation rules used in the statutory accounts form the basis for the consolidation, which is subject to special consolidation rules governed by the Consolidation Regulations.

Primary capital	DNB Bank ASA		DNB Bank Group		DNB Group	
	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010
<i>Amounts in NOK million</i>						
Share capital	18 314	17 514	18 314	17 514	16 260	16 232
Other equity	79 328	61 582	85 990	72 344	101 555	94 964
<b>Total equity</b>	<b>97 643</b>	<b>79 096</b>	<b>104 304</b>	<b>89 859</b>	<b>117 815</b>	<b>111 196</b>
Deductions						
Pension funds above pension commitments	0	0	(22)	(16)	(126)	(119)
Goodwill	(2 419)	(2 419)	(3 834)	(3 472)	(5 741)	(5 378)
Deferred tax assets	(3)	(481)	(644)	(324)	(651)	(977)
Other intangible assets	(1 130)	(1 159)	(2 028)	(1 963)	(2 270)	(2 219)
Dividends payable etc.	0	0	0	(6 000)	(3 258)	(6 515)
Unrealised gains on fixed assets	0	0	(30)	(30)	(30)	(30)
50 per cent of investments in other financial institutions	(1 022)	(1 024)	(1 022)	(1 024)	0	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(648)	(515)	(835)	(666)	(835)	(666)
Adjustments for unrealised losses/(gains) on liabilities recorded at fair value	(24)	94	(713)	(346)	(713)	(346)
Equity Tier 1 capital	92 396	73 592	95 177	76 018	104 191	94 946
Perpetual subordinated loan capital securities <sup>1) 2)</sup>	5 973	8 241	6 159	8 423	6 159	8 423
<b>Tier 1 capital</b>	<b>98 370</b>	<b>81 833</b>	<b>101 336</b>	<b>84 441</b>	<b>110 350</b>	<b>103 368</b>
Perpetual subordinated loan capital	4 153	7 004	4 153	7 004	4 153	7 004
Term subordinated loan capital <sup>2)</sup>	12 773	17 085	13 230	17 775	13 230	17 775
Deductions						
50 per cent of investments in other financial institutions	(1 022)	(1 024)	(1 022)	(1 024)	0	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(648)	(515)	(835)	(666)	(835)	(666)
Additions						
45 per cent of unrealised gains on fixed assets	0	0	18	18	18	18
Tier 2 capital	15 256	22 549	15 544	23 108	16 566	24 132
<b>Total eligible primary capital <sup>3)</sup></b>	<b>113 625</b>	<b>104 382</b>	<b>116 879</b>	<b>107 548</b>	<b>126 916</b>	<b>127 500</b>
Risk-weighted volume	874 786	738 194	1 018 586	918 659	1 111 574	1 028 404
Minimum capital requirement	69 983	59 056	81 487	73 493	88 926	82 272
Equity Tier 1 capital ratio (%)	10.6	10.0	9.3	8.3	9.4	9.2
Tier 1 capital ratio (%)	11.2	11.1	9.9	9.2	9.9	10.1
Capital ratio (%)	13.0	14.1	11.5	11.7	11.4	12.4

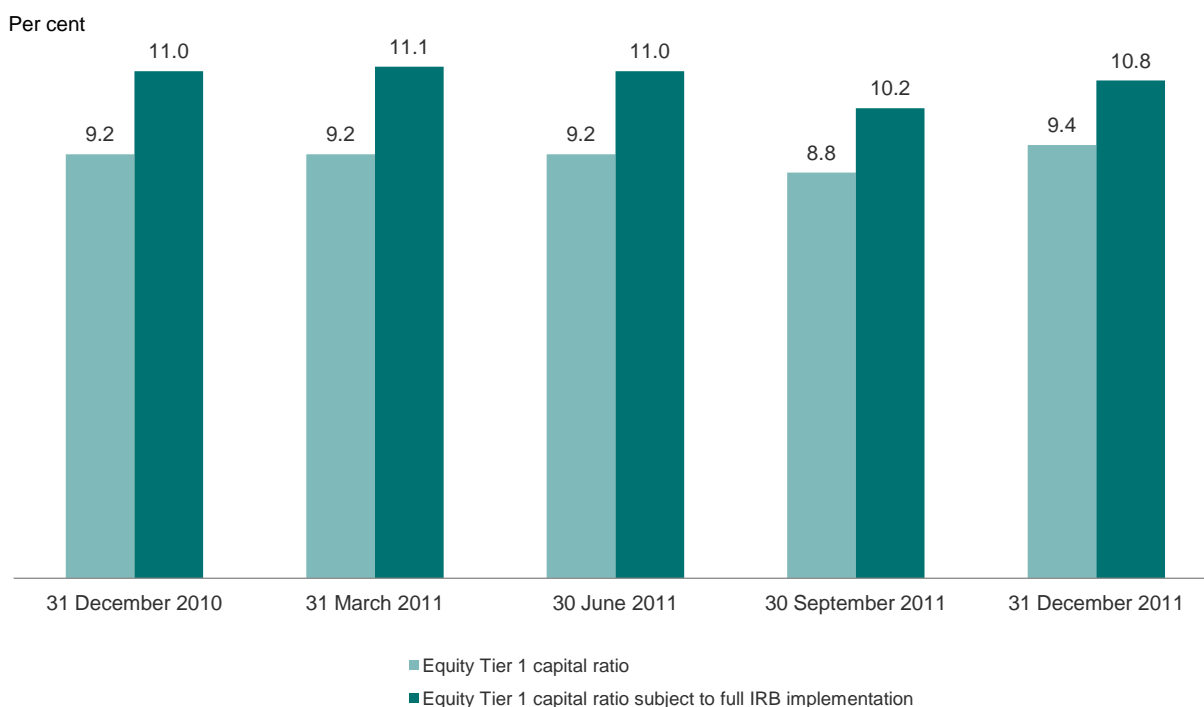
1) Perpetual subordinated loan capital securities can represent up to 15 per cent of Tier 1 capital. The excess will qualify as Tier 2 capital.

2) As at 31 December 2011, calculations of capital adequacy for the banking group and the DNB Group included a total of NOK 557 million in subordinated loan capital in associated companies.

3) Primary capital and nominal amounts used in calculating risk-weighted volume deviate from figures in the consolidated accounts since a different consolidation method is used. Associated companies are consolidated gross in the capital adequacy calculations while the equity method is used in the accounts.

Due to transitional rules, the minimum capital adequacy requirements for 2010 and 2011 cannot be reduced below 80 per cent relative to the Basel I requirements.

## Equity Tier 1 capital ratio



### Basel II implementation - further progress

A major reduction in risk-weighted assets is expected upon full implementation of the IRB system. The IRB system is defined as the models, work processes, decision-making processes, control mechanisms, IT systems and internal guidelines and routines used to classify and quantify credit risk. Status and a time schedule for the implementation of the different reporting methods used for the Group's portfolios are shown below.

Portfolios	Reporting methods for credit risk in capital adequacy calculations	
	31 Dec. 2011	31 Dec. 2012
<b>Retail:</b>		
- mortgage loans, DNB Bank and DNB Boligkreditt	IRB <sup>1)</sup>	IRB <sup>1)</sup>
- qualifying revolving retail exposures, DNB Bank <sup>2)</sup>	IRB <sup>1)</sup>	IRB <sup>1)</sup>
- mortgage loans, Nordlandsbanken	Standardised	IRB <sup>1)</sup>
- loans in Norway, DNB Finans, DNB Bank	IRB <sup>1)</sup>	IRB <sup>1)</sup>
<b>Corporates:</b>		
- small and medium-sized corporates, DNB Bank	Advanced IRB	Advanced IRB
- large corporate clients (scorecard models), DNB Bank	Advanced IRB	Advanced IRB
- large corporate clients (simulation models), DNB Bank	Standardised	Advanced IRB
- corporate clients, Nordlandsbanken	Standardised	Advanced IRB
- leasing, DNB Bank	Advanced IRB	Advanced IRB
- corporate clients, DNB Næringskreditt	Standardised	Advanced IRB
<b>Securitisation positions:</b>		
- DNB Markets' international bond portfolio	IRB <sup>1)</sup>	IRB <sup>1)</sup>
<b>Institutions:</b>		
- banks and financial institutions, DNB Bank	Standardised	Advanced IRB
<b>Exceptions:</b>		
- approved exceptions: government and municipalities, equity positions	Standardised	Standardised
- temporary exceptions: DNB Baltics and Poland, DNB Luxembourg, DnB NOR Monchebank and various other small portfolios	Standardised	Standardised

1) There is only one IRB approach for retail exposures and securitisation positions.

2) Reported according to the IRB category Retail, other exposures.

## Financial results

### Income statement

Amounts in NOK million	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Total interest income	16 976	16 291	15 150	14 902	15 168	63 320	56 909
Total interest expenses	10 184	9 897	9 102	8 884	9 015	38 068	33 473
<b>Net interest income</b>	<b>6 792</b>	<b>6 394</b>	<b>6 048</b>	<b>6 018</b>	<b>6 153</b>	<b>25 252</b>	<b>23 436</b>
Commissions and fees receivable etc.	2 087	2 368	2 366	2 314	2 420	9 135	9 261
Commissions and fees payable etc.	592	580	553	532	511	2 256	2 220
Net gains on financial instruments at fair value	3 397	2 250	1 351	662	1 684	7 661	4 961
Net gains on assets in DNB Livsforsikring	4 269	(5 266)	3 349	3 481	6 404	5 834	15 074
Guaranteed returns and allocations to policyholders in DNB Livsforsikring	4 124	(4 208)	2 884	2 972	5 879	5 772	13 500
Premium income etc. included in the risk result in DNB Livsforsikring	1 291	1 213	1 211	1 226	1 242	4 941	4 721
Insurance claims etc. included in the risk result in DNB Livsforsikring	1 247	1 017	1 355	1 234	1 248	4 853	4 977
Premium income, DNB Skadeforsikring	288	292	218	295	273	1 094	1 009
Insurance claims etc., DNB Skadeforsikring	225	218	164	242	249	849	918
Profit from companies accounted for by the equity method	111	(79)	(28)	72	72	77	180
Net gains on investment property	(132)	93	(1)	9	0	(32)	0
Other income	474	439	474	388	343	1 775	2 565
<b>Net other operating income</b>	<b>5 599</b>	<b>3 703</b>	<b>3 984</b>	<b>3 467</b>	<b>4 553</b>	<b>16 754</b>	<b>16 156</b>
<b>Total income</b>	<b>12 392</b>	<b>10 097</b>	<b>10 032</b>	<b>9 485</b>	<b>10 706</b>	<b>42 006</b>	<b>39 592</b>
Salaries and other personnel expenses	2 618	2 603	2 614	2 444	2 438	10 279	9 259
Other expenses	2 098	1 819	1 874	1 930	1 685	7 722	6 995
Depreciation and write-downs of fixed and intangible assets	870	439	444	419	487	2 172	2 256
<b>Total operating expenses</b>	<b>5 586</b>	<b>4 862</b>	<b>4 931</b>	<b>4 793</b>	<b>4 610</b>	<b>20 172</b>	<b>18 511</b>
<b>Pre-tax operating profit before write-downs</b>	<b>6 806</b>	<b>5 235</b>	<b>5 101</b>	<b>4 692</b>	<b>6 096</b>	<b>21 833</b>	<b>21 081</b>
Net gains on fixed and intangible assets	(1)	6	9	5	26	19	24
Write-downs on loans and guarantees	926	1 170	457	892	529	3 445	2 997
<b>Pre-tax operating profit</b>	<b>5 878</b>	<b>4 072</b>	<b>4 652</b>	<b>3 805</b>	<b>5 593</b>	<b>18 407</b>	<b>18 108</b>
Taxes	1 790	1 604	1 116	913	367	5 423	4 121
Profit from operations held for sale, after taxes	0	25	11	(41)	57	(5)	75
<b>Profit for the period</b>	<b>4 089</b>	<b>2 493</b>	<b>3 546</b>	<b>2 851</b>	<b>5 284</b>	<b>12 979</b>	<b>14 062</b>
Profit attributable to shareholders	4 089	2 493	3 546	2 851	5 349	12 979	14 814
Profit attributable to minority interests	0	0	0	0	(65)	0	(752)
Earnings/diluted earnings per share (NOK)	2.51	1.53	2.18	1.76	3.25	7.98	8.66
Earnings per share excluding operations held for sale (NOK)	2.51	1.52	2.18	1.78	3.22	7.99	8.62

### Balance sheet

Amounts in NOK million	31 Dec.	30 Sept.	30 June	31 March	31 Dec.
	2011	2011	2011	2011	2010
Cash and deposits with central banks	224 581	276 593	15 828	242 242	16 198
Lending to and deposits with credit institutions	28 754	56 432	41 096	72 781	47 792
Lending to customers	1 279 259	1 247 477	1 201 961	1 173 213	1 170 341
Commercial paper and bonds	177 980	157 164	187 293	195 390	204 204
Shareholdings	53 012	72 069	79 154	75 602	75 179
Financial assets, customers bearing the risk	23 776	22 712	23 689	23 875	23 506
Financial derivatives	96 693	110 664	67 627	71 282	78 156
Commercial paper and bonds, held to maturity	166 965	165 849	165 706	173 167	179 461
Investment property	42 796	42 802	41 134	38 997	38 834
Investments in associated companies	2 189	2 050	2 157	2 346	2 307
Intangible assets	7 003	7 151	7 071	7 174	7 164
Deferred tax assets	643	505	173	1 262	915
Fixed assets	6 336	6 010	5 968	5 842	5 793
Assets held for sale	1 054	1 206	1 172	1 326	1 271
Other assets	15 055	14 417	13 818	12 571	10 499
<b>Total assets</b>	<b>2 126 098</b>	<b>2 183 100</b>	<b>1 853 848</b>	<b>2 097 070</b>	<b>1 861 620</b>
Loans and deposits from credit institutions	279 553	356 347	207 494	384 704	257 931
Deposits from customers	740 036	752 660	647 880	678 402	641 914
Financial derivatives	64 365	75 908	51 018	59 165	60 871
Debt securities issued	635 157	596 266	538 314	566 214	501 668
Insurance liabilities, customers bearing the risk	23 776	22 712	23 689	23 875	23 506
Liabilities to life insurance policyholders in DNB Livsforsikring	212 271	209 889	213 390	212 773	205 550
Insurance liabilities, DNB Skadeforsikring	1 589	1 644	1 445	900	1 091
Payable taxes	634	3 729	2 092	4 577	4 865
Deferred taxes	4 897	205	219	185	116
Other liabilities	17 550	19 188	25 315	17 437	14 738
Liabilities held for sale	383	360	331	350	387
Provisions	787	560	560	586	946
Pension commitments	3 123	3 360	3 369	3 365	3 361
Subordinated loan capital	24 163	26 495	27 702	30 503	33 479
<b>Total liabilities</b>	<b>2 008 284</b>	<b>2 069 325</b>	<b>1 742 819</b>	<b>1 983 037</b>	<b>1 750 424</b>
Minority interests	0	0	0	0	0
Share capital	16 260	16 273	16 253	16 251	16 232
Share premium reserve	22 609	22 609	22 609	22 609	22 609
Other equity	78 946	74 894	72 167	75 173	72 356
<b>Total equity</b>	<b>117 815</b>	<b>113 776</b>	<b>111 028</b>	<b>114 033</b>	<b>111 196</b>
<b>Total liabilities and equity</b>	<b>2 126 098</b>	<b>2 183 100</b>	<b>1 853 848</b>	<b>2 097 070</b>	<b>1 861 620</b>

## Key figures

	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
<b>Interest rate analysis</b>							
1 Combined weighted total average spread for lending and deposits (%)	1.14	1.11	1.10	1.13	1.17	1.12	1.15
2 Average spread for ordinary lending to customers (%)	1.64	1.55	1.55	1.61	1.67	1.59	1.61
3 Average spread for deposits from customers (%)	0.28	0.33	0.31	0.29	0.27	0.30	0.32
<b>Rate of return/profitability</b>							
4 Net other operating income, per cent of total income	45.2	36.7	39.7	36.6	42.5	39.9	40.8
5 Cost/income ratio (%)	42.0	48.2	49.2	50.5	43.1	47.1	47.6
6 Return on equity, annualised (%)	13.8	8.8	12.6	10.3	19.6	11.4	13.6
7 RARORAC, annualised (%)	16.2	11.5	18.9	20.4	27.8	14.3	19.0
8 RORAC, annualised (%)	23.3	13.4	21.9	17.3	48.2	19.1	25.2
9 Average equity including allocated dividend (NOK million)	117 766	112 649	112 536	112 785	107 173	113 934	103 292
10 Return on average risk-weighted volume, annualised (%)	1.50	0.92	1.36	1.12	2.00	1.22	1.17
<b>Financial strength</b>							
11 Equity Tier 1 capital ratio at end of period (%)	9.4	8.4	8.9	9.1	9.2	9.4	9.2
12 Equity Tier 1 capital ratio incl. 50 per cent of profit for the period (%)	-	8.8	9.2	9.2	-	-	-
13 Tier 1 capital ratio at end of period (%)	9.9	9.0	9.5	9.8	10.1	9.9	10.1
14 Tier 1 capital ratio incl. 50 per cent of profit for the period (%)	-	9.3	9.8	10.0	-	-	-
15 Capital ratio at end of period (%)	11.4	10.6	11.4	11.8	12.4	11.4	12.4
16 Capital ratio incl. 50 per cent of profit for the period (%)	-	11.0	11.7	12.0	-	-	-
17 Tier 1 capital at end of period (NOK million)	110 350	100 839	101 029	102 349	103 368	110 350	103 368
18 Risk-weighted volume at end of period (NOK million)	1 111 574	1 126 388	1 064 474	1 039 491	1 028 404	1 111 574	1 028 404
<b>Loan portfolio and write-downs</b>							
19 Individual write-downs relative to average net lending to customers, annualised	0.32	0.30	0.14	0.30	0.33	0.27	0.36
20 Write-downs relative to average net lending to customers, annualised	0.29	0.38	0.15	0.31	0.18	0.28	0.26
21 Net non-performing and net doubtful commitments, per cent of net lending	1.50	1.14	1.31	1.56	1.55	1.50	1.55
22 Net non-performing and net doubtful commitments at end of period (NOK million)	19 465	14 466	16 053	18 922	18 409	19 465	18 409
<b>Liquidity</b>							
23 Ratio of customer deposits to net lending to customers at end of period (%)	57.8	60.3	53.9	57.8	54.8	57.8	54.8
<b>Total assets owned or managed by DNB</b>							
24 Customer assets under management at end of period (NOK billion)	500	490	504	521	509	500	509
25 Total combined assets at end of period (NOK billion)	2 389	2 439	2 119	2 380	2 141	2 389	2 141
26 Average total assets (NOK billion)	2 196	2 139	2 166	2 091	1 995	2 148	1 970
27 Customer savings at end of period (NOK billion)	1 240	1 243	1 152	1 199	1 151	1 240	1 151
<b>Staff</b>							
28 Number of full-time positions at end of period	13 620	13 481	13 212	13 027	13 021	13 620	13 021
<b>The DNB share</b>							
29 Number of shares at end of period (1 000)	1 628 799	1 628 799	1 628 799	1 628 799	1 628 799	1 628 799	1 628 799
30 Average number of shares (1 000)	1 628 799	1 628 799	1 628 799	1 628 799	1 628 799	1 628 799	1 628 799
31 Earnings per share (NOK)	2.51	1.53	2.18	1.76	3.25	7.98	8.66
32 Earnings per share excluding operations held for sale (NOK)	2.51	1.52	2.18	1.78	3.22	7.99	8.62
33 Dividend per share (NOK) <sup>1)</sup>	-	-	-	-	-	2.00	4.00
34 Total shareholder's return (%)	(1.4)	(21.0)	(7.2)	3.6	2.3	(25.2)	33.9
35 Dividend yield (%)	-	-	-	-	-	3.42	4.88
36 Equity per share including allocated dividend at end of period (NOK)	72.33	69.85	68.17	70.01	68.27	72.33	68.27
37 Share price at end of period (NOK)	58.55	59.40	75.20	84.85	81.90	58.55	81.90
38 Price/earnings ratio	5.82	9.78	8.64	11.91	6.36	7.33	9.50
39 Price/book value	0.81	0.85	1.10	1.21	1.20	0.81	1.20
40 Market capitalisation (NOK billion)	95.4	96.8	122.5	138.2	133.4	95.4	133.4

1) Proposed dividend for 2011.

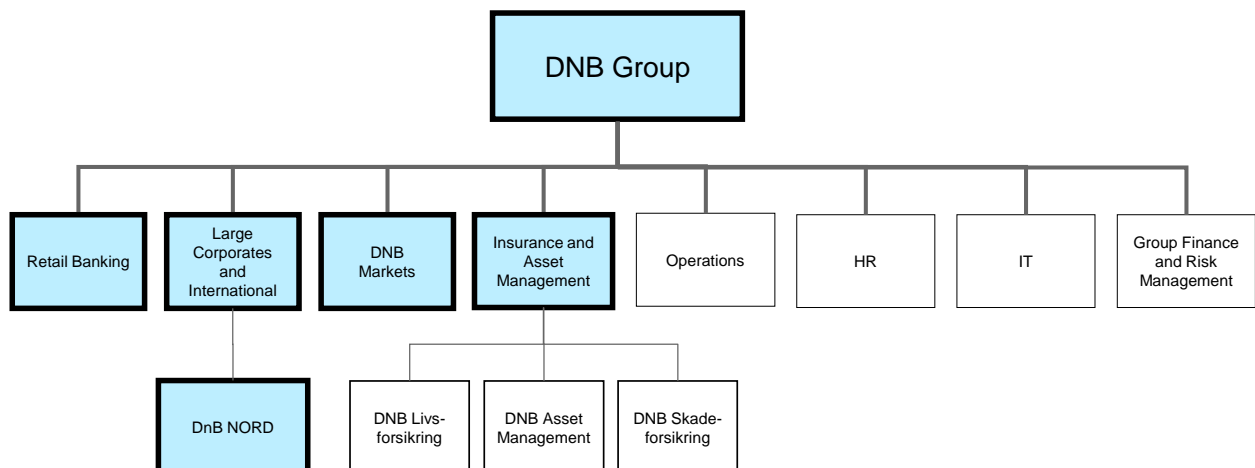
For definitions of selected key figures, see next page.

**Definitions to key figures**

- 1, 2, 3 Based on nominal values excluding impaired loans, measured against the 3-month money market rate.
- 5 Total operating expenses relative to total income. Expenses exclude impairment losses for goodwill and other intangible assets and reversals of provisions for contractual early retirement pensions. Total income excludes a gain resulting from the merger between the payment services company Nordito and the Danish PBS Holding in the second quarter of 2010.
- 6 Profit for the period, excluding profit attributable to minority interests. Average equity is calculated on the basis of recorded equity excluding minority interests.
- 7 RARORAC (Risk-Adjusted Return On Risk-Adjusted Capital) is defined as risk-adjusted profits relative to risk-adjusted capital requirement. Risk-adjusted profits indicate the level of profits in a normalised situation. The risk-adjusted capital requirement is described in further detail in the chapter "Capital management and risk categories" in the DNB Group's annual report for 2010.
- 8 RORAC (Return On Risk-Adjusted Capital) is defined as profits for the period relative to risk-adjusted capital requirement. Profits for the period exclude profits attributable to minority interests and are adjusted for the difference between recorded interest on average equity and interest on risk-adjusted capital.
- 10 Profit for the period relative to average risk-weighted volume.
- 24 Total assets under management for customers in Insurance and Asset Management.
- 25 Total assets and customer assets under management.
- 27 Total deposits from customers, assets under management and equity-linked bonds.
- 29 The Annual General Meeting on 28 April 2011 authorised the Board of Directors of DNB ASA to acquire own shares for a total face value of up to NOK 732 959 487, corresponding to 4.5 per cent of share capital. The shares may be purchased through the stock market. Each share may be purchased at a price between NOK 10 and NOK 150. The authorisation is valid for a period of 12 months from 28 April 2011. Acquired shares shall be redeemed in accordance with regulations on the reduction of capital. An agreement has been signed with Norwegian Government/Ministry of Trade and Industry for the redemption of a proportional share of government holdings to ensure that the government's percentage ownership does not change as a result of the redemption of repurchased shares.
- 31 Excluding profits attributable to minority interests. Holdings of own shares are not included in calculations of earnings per share.
- 32 Excluding operations held for sale and profits attributable to minority interests. Holdings of own shares are not included in calculations of the number of shares.
- 34 Closing price at end of period less closing price at beginning of period, including dividends reinvested in DNB shares on the dividend payment date, relative to closing price at beginning of period.
- 36 Equity at end of period excluding minority interests relative to number of shares at end of period.
- 38 Closing price at end of period relative to annualised earnings per share.
- 39 Closing price at end of period relative to recorded equity at end of period.
- 40 Number of shares multiplied by the closing share price at end of period.

## Section 3

# Business areas



## Business areas – financial performance

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DNB's business areas: Retail Banking, Large Corporates and International, DNB Markets and Insurance and Asset Management are independent profit centres carrying responsibility for customer segments served by the Group and the products offered. In addition, operations in the DnB NORD are reported as a separate profit centre. DNB took over all the shares in DNB NORD with effect from year-end 2010. The operations in the Baltics have been more closely integrated in DNB, and a new strategy has been prepared for operations in the Baltic States. Following the decision to continue operations in Poland as part of the DNB Group, a strategy for Poland is in the process of being drawn up. Banking operations in DNB NORD in Copenhagen are being wound up, and the remaining loan portfolio was transferred to DNB in the fourth quarter of 2011. The operations in Copenhagen will be continued as a pure investment company.

The income statement and balance sheet for the business areas have been prepared on the basis of internal financial reporting for the functional organisation of the DNB Group into business areas. Figures for the business areas are based on DNB's management model and the Group's accounting principles. Historical figures are restated in accordance with the current organisational structure and the Group's current principles for allocating costs and capital between business areas. The figures for business areas are based on a number of assumptions, estimates and discretionary distributions. Internal transfer rates used between the business areas are determined based on observable market rates, e.g. NIBOR. Additional costs relating to the Group's long-term funding are charged to the business areas. According to the Group's liquidity management policy, 90 per cent of lending is financed through stable deposits and long-term funding. The additional costs thus arising were charged to the business areas. In the management accounts, Retail Banking and Large Corporates and International are measured based on the business areas' ordinary operations. Volatile IFRS effects are not allocated to the business areas.

Return on capital for the business areas are presented in the descriptions of each area in this section. Return on capital is measured as the business area's profits after taxes relative to the required average risk adjusted capital, and the quarterly figures are annualised. The areas' risk-adjusted capital requirements are based on the risk involved in operations. The capital requirements are measured in accordance with DNB's total risk model.

### Internal pricing

DNB's financial management model and operational organisation entail the sale of products and services between the business areas in the Group. The pricing of such intra-group transactions is regulated by internal agreements based on market terms.

Certain customers and transactions of major importance require extensive cooperation within the Group. To stimulate such cooperation, operating income and expenses relating to some of these customers and transactions are recorded in the accounts of the relevant business areas. This refers primarily to income from customer trading in DNB Markets. With effect from 1 January 2010, the internal management reporting has been changed, whereby these double entries are presented gross in the income statement. Income is presented under "Income attributable to product suppliers", related costs under "Costs attributable to product suppliers" and write-downs under "Write-downs attributable to product suppliers". The net result of such transactions was previously included in other operating income. Double entries now also include income from Insurance and Asset Management. In the fourth quarter of 2011, net result from such transactions totalled NOK 463 million. Double entries are eliminated in the group accounts.

Services provided by staff and support units will as far as possible be scaled and priced according to use. Joint expenses incurred by group staff units and other group expenditures that cannot be debited according to use, are charged to the business areas' accounts on the basis of special distribution formulas. Costs relating to the Group's equity transactions, including strategic investments, and direct shareholder-related expenses and costs concerning the Group's governing bodies are not charged to the business areas.

## Changes in net interest income

<i>Amounts in NOK million</i>	4Q11	Change 3Q11-4Q11	Change 4Q10-4Q11
<b>Net interest income</b>	<b>6 792</b>	<b>398</b>	<b>639</b>
Retail Banking	3 812	293	181
Large Corporates and International	2 407	383	634
DNB Markets	245	(35)	(14)
Insurance and Asset Management	8	(30)	(9)
DnB NORD	330	(3)	(26)
Other	(10)	(210)	(127)

## Changes in net other operating income

<i>Amounts in NOK million</i>	4Q11	Change 3Q11-4Q11	Change 4Q10-4Q11
<b>Net other operating income</b>	<b>5 599</b>	<b>1 896</b>	<b>1 046</b>
Retail Banking	1 232	(145)	104
Large Corporates and International	706	(65)	(343)
DNB Markets	1 247	74	84
Insurance and Asset Management	823	976	(420)
DnB NORD	197	9	77
Other	1 394	1 048	1 545

## Changes in operating expenses

<i>Amounts in NOK million</i>	4Q11	Change 3Q11-4Q11	Change 4Q10-4Q11
<b>Operating expenses</b>	<b>5 586</b>	<b>724</b>	<b>976</b>
Retail Banking	2 929	71	252
Large Corporates and International	931	106	132
DNB Markets	483	(3)	16
Insurance and Asset Management	576	1	(52)
DnB NORD	1 006	678	664
Other	(339)	(128)	(35)

## Changes in write-downs on loans and guarantees

<i>Amounts in NOK million</i>	4Q11	Change 3Q11-4Q11	Change 4Q10-4Q11
<b>Write-downs on loans and guarantees</b>	<b>926</b>	<b>(244)</b>	<b>397</b>
Retail Banking	274	24	(88)
Large Corporates and International	336	103	146
DnB NORD, including collective write-downs on loans	313	(417)	9
Unallocated collective write-downs on loans <sup>1)</sup>	3	47	331

1) As from 1 January 2011, changes in collective write-downs are also included in the accounts of Retail Banking and Large Corporates and International.

## Extracts from income statement, full year

	Retail Banking		Large Corporates and International		DNB Markets		Insurance and Asset Management		DnB NOR		Other operations/eliminations		DNB Group	
	Full year		Full year		Full year		Full year		Full year		Full year		Full year	
<i>Amounts in NOK million</i>	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net interest income - ordinary operations	13 805	13 643	7 522	5 884	842	928	(375)	(253)	1 231	1 383	2 227	1 851	25 252	23 436
Interest on allocated capital <sup>2)</sup>	592	497	661	608	165	145	457	339	59	38	(1 933)	(1 627)	0	0
Net interest income	14 397	14 139	8 183	6 492	1 007	1 073	82	86	1 290	1 422	294	224	25 252	23 436
Other operating income	3 681	3 501	972	1 151	5 152	4 398	3 009	4 116	724	627	3 214	2 364	16 754	16 156
Income attributable to product suppliers	1 328	1 263	2 100	2 006	0	0	0	0	0	0	(3 428)	(3 269)	0	0
Net other operating income	5 010	4 764	3 072	3 157	5 152	4 398	3 009	4 116	724	627	(214)	(905)	16 754	16 156
Total income	19 406	18 903	11 255	9 649	6 159	5 471	3 091	4 201	2 014	2 048	80	(681)	42 006	39 592
Other operating expenses	10 659	10 290	2 473	2 130	1 999	1 833	2 333	2 288	2 035	1 700	673	270	20 172	18 511
Cost attributable to product suppliers	658	675	873	806	0	0	0	0	0	0	(1 531)	(1 481)	0	0
Operating expenses	11 317	10 965	3 346	2 935	1 999	1 833	2 333	2 288	2 035	1 700	(858)	(1 211)	20 172	18 511
Pre-tax operating profit before write-downs	8 089	7 938	7 909	6 713	4 160	3 638	758	1 913	(21)	348	938	530	21 833	21 081
Net gains on fixed and intangible assets	2	6	0	0	0	0	0	0	9	(15)	8	33	19	24
Write-downs on loans and guarantees <sup>3)</sup>	877	1 225	1 175	586	0	0	0	0	1 437	1 813	(44)	(627)	3 445	2 997
Write-downs attributable to product suppliers	0	0	1	3	0	0	0	0	0	0	(1)	(3)	0	0
Pre-tax operating profit	7 214	6 719	6 734	6 124	4 160	3 638	758	1 913	(1 449)	(1 481)	991	1 194	18 407	18 108

## Extracts from income statement, fourth quarter

	Retail Banking		Large Corporates and International		DNB Markets		Insurance and Asset Management		DnB NOR		Other operations/eliminations <sup>1)</sup>		DNB Group	
	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10
<i>Amounts in NOK million</i>														
Net interest income - ordinary operations	3 646	3 497	2 218	1 616	195	224	(107)	(74)	314	344	526	546	6 792	6 153
Interest on allocated capital <sup>2)</sup>	166	134	189	157	50	35	115	91	15	12	(535)	(429)	0	0
Net interest income	3 812	3 631	2 407	1 773	245	259	8	17	330	355	(10)	118	6 792	6 153
Other operating income	892	781	190	388	1 247	1 164	823	1 243	197	120	2 250	858	5 599	4 553
Income attributable to product suppliers	340	347	516	661	0	0	0	0	0	0	(856)	(1 008)	0	0
Net other operating income	1 232	1 128	706	1 049	1 247	1 164	823	1 243	197	120	1 394	(151)	5 599	4 553
Total income	5 044	4 760	3 113	2 822	1 493	1 422	831	1 260	526	475	1 384	(33)	12 392	10 706
Other operating expenses	2 752	2 490	712	533	483	467	576	628	1 006	342	56	149	5 586	4 610
Cost attributable to product suppliers	176	187	219	266	0	0	0	0	0	0	(395)	(453)	0	0
Operating expenses	2 929	2 677	931	799	483	467	576	628	1 006	342	(339)	(304)	5 586	4 610
Pre-tax operating profit before write-downs	2 116	2 083	2 182	2 023	1 009	955	255	632	(480)	133	1 723	271	6 806	6 096
Net gains on fixed and intangible assets	0	5	0	0	0	0	0	0	(3)	13	2	8	(1)	26
Write-downs on loans and guarantees <sup>3)</sup>	274	362	338	191	0	0	0	0	313	304	1	(329)	926	529
Write-downs attributable to product suppliers	0	0	(2)	(1)	0	0	0	0	0	0	2	1	0	0
Pre-tax operating profit	1 842	1 725	1 846	1 833	1 009	955	255	632	(797)	(159)	1 722	606	5 878	5 593

1) Other operations/eliminations:

<i>Amounts in NOK million</i>	Eliminations of income/cost attributable to product suppliers		Other eliminations		Group Centre <sup>1)</sup>		Total	
	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10
Net interest income - ordinary operations	0	0	(28)	(10)	554	556	526	546
Interest on allocated capital <sup>2)</sup>	0	0	0	0	(535)	(429)	(535)	(429)
Net interest income	0	0	(28)	(10)	18	128	(10)	118
Other operating income	0	0	(265)	(313)	2 516	1 170	2 250	858
Income attributable to product suppliers	(856)	(1 008)	0	0	0	0	(856)	(1 008)
Net other operating income	(856)	(1 008)	(265)	(313)	2 516	1 170	1 394	(151)
Total income	(856)	(1 008)	(293)	(323)	2 534	1 298	1 384	(33)
Other operating expenses	0	0	(293)	(323)	349	472	56	149
Cost attributable to product suppliers	(395)	(453)	0	0	0	0	(395)	(453)
Operating expenses	(395)	(453)	(293)	(323)	349	472	(339)	(304)
Pre-tax operating profit before write-downs	(461)	(555)	0	0	2 184	826	1 723	271
Net gains on fixed and intangible assets	0	0	0	0	2	8	2	8
Write-downs on loans and guarantees <sup>3)</sup>	0	0	0	0	1	(329)	1	(329)
Write-downs attributable to product suppliers	2	1	0	0	0	0	2	1
Pre-tax operating profit	(463)	(556)	0	0	2 185	1 162	1 722	606

The eliminations refer mainly to internal services from support units to business areas and between business areas. Further, intra-group transactions and gains and losses on transactions between companies in the Group are eliminated. The elimination of income/cost attributable to product suppliers primarily concerns net profits on customer business carried out in cooperation between DNB Markets and other business areas and taken to income in both areas.

The Group Centre includes Operations, HR (Human Resources), IT, Group Finance and Risk Management, Marketing, Communications and eBusiness, Corporate Centre, Treasury, the partially owned company Eksportfinans, investments in IT infrastructure and shareholder-related costs. In addition, the Group Centre includes that part of the Group's equity that is not allocated to the business areas.

*) <i>Group Centre - pre-tax operating profit in NOK million</i>	4Q11	4Q10
+ Interest on unallocated equity etc.	178	98
+ Income from equities investments	(14)	593
+ Mark-to-market adjustments Treasury and fair value on lending	2 115	248
+ Eksportfinans AS	112	87
- Unallocated write-downs on loans and guarantees	1	(329)
- Allocation to employees	52	94
- Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	61	56
- Unallocated pension expenses	(5)	(37)
- Impairment losses for intangible assets	(183)	0
- Funding costs on goodwill	15	12
Other	(263)	(68)
Pre-tax operating profit	2 185	1 162

2) The interest is calculated on the basis of internal measurement of risk-adjusted capital requirement.

3) As from 1 January 2011, changes in collective write-downs are included in the accounts of Retail Banking and Large Corporates and International.

### Main average balance sheet items

<i>Amounts in NOK billion</i>	Retail Banking		Large Corporates and International		DNB Markets		Insurance and Asset Management		DnB NORD		Other operations/ eliminations		DNB Group	
	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10
Net lending to customers <sup>1)</sup>	809.2	750.1	395.0	350.6	1.9	2.7	1.4	2.9	55.4	62.1	(3.2)	(4.7)	1 259.6	1 163.7
Deposits from customers <sup>1)</sup>	424.4	387.7	249.5	228.1	44.7	17.5			22.3	23.5	(1.7)	(3.3)	739.3	653.5
Assets under management <sup>2)</sup>							518.5	522.5					518.5	522.5
Allocated capital <sup>3)</sup>	22.1	21.1	25.2	24.6	6.7	5.5	15.2	14.2	4.0	4.5				

### Key figures

<i>Per cent</i>	Retail Banking		Large Corporates and International		DNB Markets		Insurance and Asset Management		DnB NORD		Other operations		DNB Group	
	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10
Cost/income ratio <sup>4)</sup>	58.1	56.2	29.9	28.3	32.4	32.8	69.3	49.8	84.2	72.2			42.0	43.1
Ratio of deposits to lending <sup>1) 5)</sup>	52.5	51.7	63.2	65.1					40.3	37.8			58.7	56.2
Return on allocated capital, annualised <sup>3)</sup>	23.8	23.4	20.9	21.3	42.9	49.6	9.8	36.2	(18.5)	(11.2)			23.3	48.2
Full-time positions as at 31 Dec.	5 040	4 842	1 174	1 103	698	668	1 060	1 047	3 297	3 159	2 352	2 203	13 620	13 021

1) Lending to customers includes accrued interest, write-downs and value adjustments. Lending to credit institutions are not included. Correspondingly, deposits from customers include accrued interest and value adjustments. Deposits from credit institutions are not included.

2) The figures include total assets in DNB Livsforsikring which was NOK 258.8 billion as at 31 December 2011 and NOK 247.1 billion as at 31 December 2010.

3) The allocated capital and return on allocated capital are for the business areas calculated on the basis of internal measurement of risk-adjusted capital requirement. Recorded capital is used for the Group.

4) Total operating expenses relative to total income. In the fourth quarter of 2011 the expenses are exclude impairment losses for goodwill and intangible assets.

5) Deposits from customers relative to net lending to customers.

## Market shares lending and deposits, Norwegian customers

### Retail customers <sup>1)</sup>

<i>Per cent</i>	30 Nov. 2011	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010
Total lending to households <sup>2) 3)</sup>	27.8	27.8	27.6	27.4	27.5
Bank deposits from households <sup>2) 4)</sup>	32.6	32.5	32.4	32.3	32.4

<i>Per cent</i>	30 Sept. 2010	30 June 2010	31 March 2010	31 Dec. 2009	30 Sept. 2009
Total lending to households <sup>2) 3)</sup>	27.6	27.8	27.8	27.8	27.8
Bank deposits from households <sup>2) 4)</sup>	32.3	32.3	32.2	32.4	32.4

1) Based on nominal values.

2) Households are defined as employees, pensioners, social security recipients, students, unincorporated private enterprises, quasi-corporate private enterprises and private non-profit institutions serving households.

3) Total lending includes all credits extended to Norwegian customers by domestic commercial and savings banks, state banks, insurance companies and finance companies.

4) Domestic commercial and savings banks.

Source: Norges Bank, DNB

### Corporate customers <sup>1) 2)</sup>

<i>Per cent</i>	30 Nov. 2011	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010
Of total lending to corporate clients <sup>3)</sup>	13.9	13.8	13.7	13.6	13.8
Of deposits from corporate clients <sup>4)</sup>	36.8	36.6	34.9	34.7	35.3

<i>Per cent</i>	30 Sept. 2010	30 June 2010	31 March 2010	31 Dec. 2009	30 Sept. 2009
Of total lending to corporate clients <sup>3)</sup>	13.9	14.1	13.9	13.8	14.4
Of deposits from corporate clients <sup>4)</sup>	34.6	35.5	35.2	35.5	36.1

1) Based on nominal values.

2) Updated according to adjusted data from Norges Bank.

3) Overall lending includes all credits extended to Norwegian customers by domestic commercial and savings banks, state banks, insurance companies, finance companies and foreign institutions, as well as bonds and commercial paper. Excluding lending to financial institutions, central government and social security services.

4) Excluding deposits from financial institutions, central government and social security services.

Source: Norges Bank, DNB

## Retail Banking

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Retail Banking aims to maintain its leading market position and stand out as the customers' best financial partner. Karin Bing Orkland, group executive vice president, heads the business area.

### Retail Banking includes:

- The retail market activities (private individuals and small and medium sized enterprises) of DNB Bank and Nordlandsbanken
- DNB Boligkreditt (excluding funding activities)
- DNB Finans
- Residential real estate broking activities in Norway through DNB Eiendom and Postbanken Eiendom
- Residential real estate broking activities in Sweden through Svensk Fastighetsförmedling
- SalusAnsvar

### Customers and markets

- Serving 2.1 million private customers and 220 000 corporate customers, of which 790 000 customers have loans
- 1.4 million customers subscribe to loyalty programmes and product packages
- 1.4 million customers have agreed to receive notifications from the bank, such as account statements, via e-mail
- 73 million payment transactions were carried out through the Internet banks in 2011
- 5.9 million payment transactions were carried out through in-store postal and banking outlets in 2011
- 51 million SMS messages were received in 2011
- Brand names
  - DNB
  - Nordlandsbanken <sup>1)</sup>
  - Cresco

1) Nordlandsbanken ASA will be formally merged with DNB Bank ASA during 2012.

### Organisation and distribution

Retail Banking offers a wide range of financial products and services through Norway's largest distribution network, in terms of number of contact points with customers. The major distribution channels are:

- Branch offices/private customer service centres: 172 DNB and 15 Nordlandsbanken
- Investment Advisory Services for private customers: 38
- Investment Advisory Services for corporate customers: 57
- In-store postal and banking outlets: 2 256
- Postal offices: 179
- Internet and telephone
- Real estate outlets in Norway: 138
- Real estate outlets in Sweden: 226

DNB Bank ASA and Norway Post have an agreement relating to the distribution of financial services through the postal network. The agreement is mainly based on transaction-specific prices and a common aim to increase the number of financial services distributed through the postal network. DNB and Norway Post have established joint service solutions provided through in-store postal outlets where customers can carry out everyday banking transactions in their local supermarkets. The distribution of standard banking services through in-store banking outlets is based on an agreement between DNB and NorgesGruppen.

## Employees

At end-December 2011, the business area had a staff of 5 040 full-time positions, with 4 695 positions in Norway including 757 in Norwegian subsidiaries, and 345 in international units.

## Cooperation with other group entities

Cross selling of products is one of the major strengths of the DNB Group. Through its distribution network Retail Banking offers:

- Asset management services, Life and pension insurance and Non-life insurance (provided by Insurance and Asset Management)
- Financial instruments (provided by DNB Markets)

## Financial performance

Amounts in NOK million	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Net interest income - ordinary operations	3 646	3 379	3 307	3 473	3 497	13 805	13 643
Interest on allocated capital <sup>1)</sup>	166	141	148	138	134	592	497
Net interest income	3 812	3 519	3 455	3 610	3 631	14 397	14 139
Other operating income	892	997	906	887	781	3 681	3 501
Income attributable to product suppliers	340	380	319	289	347	1 328	1 263
Net other operating income	1 232	1 377	1 225	1 176	1 128	5 010	4 764
Total income	5 044	4 896	4 680	4 786	4 760	19 406	18 903
Other operating expenses	2 752	2 680	2 672	2 553	2 490	10 659	10 290
Cost attributable to product suppliers	176	177	151	153	187	658	675
Operating expenses	2 929	2 858	2 824	2 706	2 677	11 317	10 965
Pre-tax operating profit before write-downs	2 116	2 038	1 856	2 080	2 083	8 089	7 938
Net gains on fixed and intangible assets	0	0	0	1	5	2	6
Write-downs on loans and guarantees <sup>2)</sup>	274	250	100	252	362	877	1 225
Write-downs attributable to product suppliers	0	0	0	0	0	0	0
<b>Pre-tax operating profit</b>	<b>1 842</b>	<b>1 788</b>	<b>1 756</b>	<b>1 828</b>	<b>1 725</b>	<b>7 214</b>	<b>6 719</b>
Net lending to customers (NOK billion) <sup>3)</sup>	809.2	790.3	772.7	763.3	750.1	784.0	737.7
Deposits from customers (NOK billion) <sup>3)</sup>	424.4	411.3	394.0	389.2	387.7	404.9	377.6
Allocated capital (NOK billion) <sup>4)</sup>	22.1	18.8	21.9	21.6	21.1	21.1	20.0
Cost/income ratio (%)	58.1	58.4	60.3	56.5	56.2	58.3	57.0
Ratio of deposits to lending (%)	52.5	52.0	51.0	51.0	51.7	51.6	51.2
Return on allocated capital, annualised (%) <sup>4)</sup>	23.8	27.2	23.1	24.7	23.4	24.6	24.1

1) The interest is calculated on the basis of internal measurement of risk-adjusted capital requirement.

2) Including collective write-downs from 2011.

3) Average balances. Lending to customers includes accrued interest and write-downs. Lending to credit institutions is not included. Correspondingly, deposits from customers include accrued interest. Deposits from credit institutions are not included.

4) The allocated capital and return on allocated capital are calculated on the basis of internal measurement of risk-adjusted capital requirement. Allocated capital was adjusted downward in the third quarter of 2011 due to changes in the calculation models.

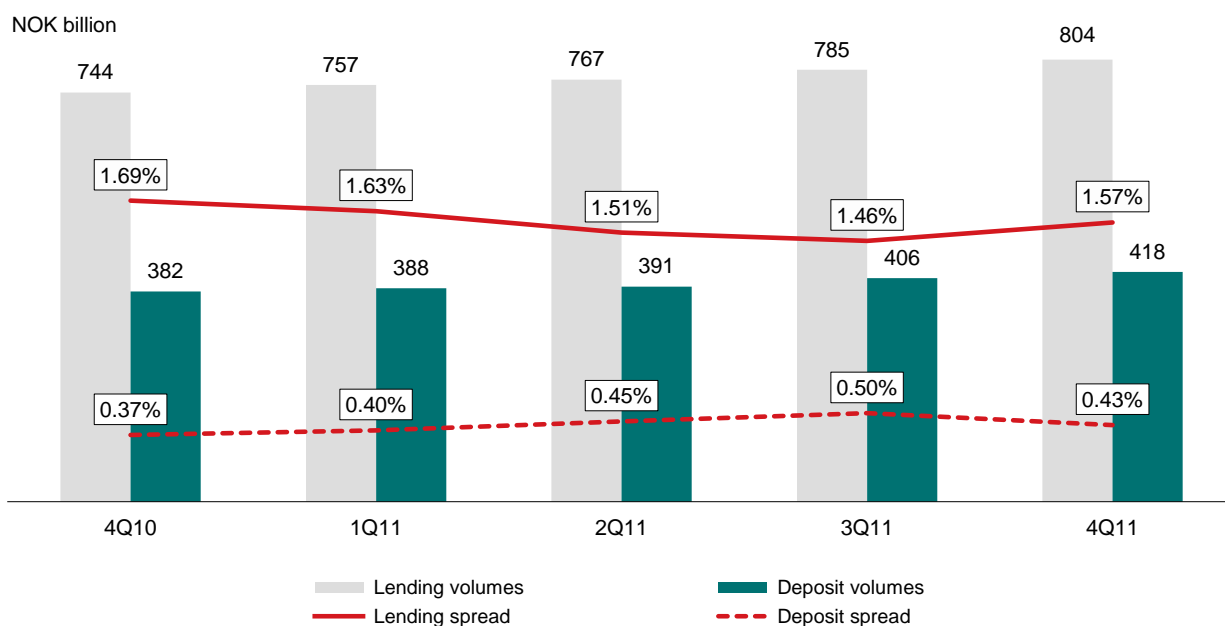
## Net interest income

Amounts in NOK million	Average volumes			Spreads in per cent			Net interest income		
	4Q11	3Q11	4Q10	4Q11	3Q11	4Q10	4Q11	3Q11	4Q10
Lending to customers <sup>1) 2)</sup>	803 534	785 000	743 683	1.57	1.46	1.69	3 173	2 895	3 166
Deposits from customers <sup>1)</sup>	417 531	406 314	382 007	0.43	0.50	0.37	453	514	360
Allocated capital	22 136	18 790	21 070	2.99	2.94	2.53	166	141	134
Other							21	(31)	(28)
<b>Total net interest income</b>							<b>3 812</b>	<b>3 519</b>	<b>3 631</b>

1) Based on nominal values.

2) Excluding impaired loans.

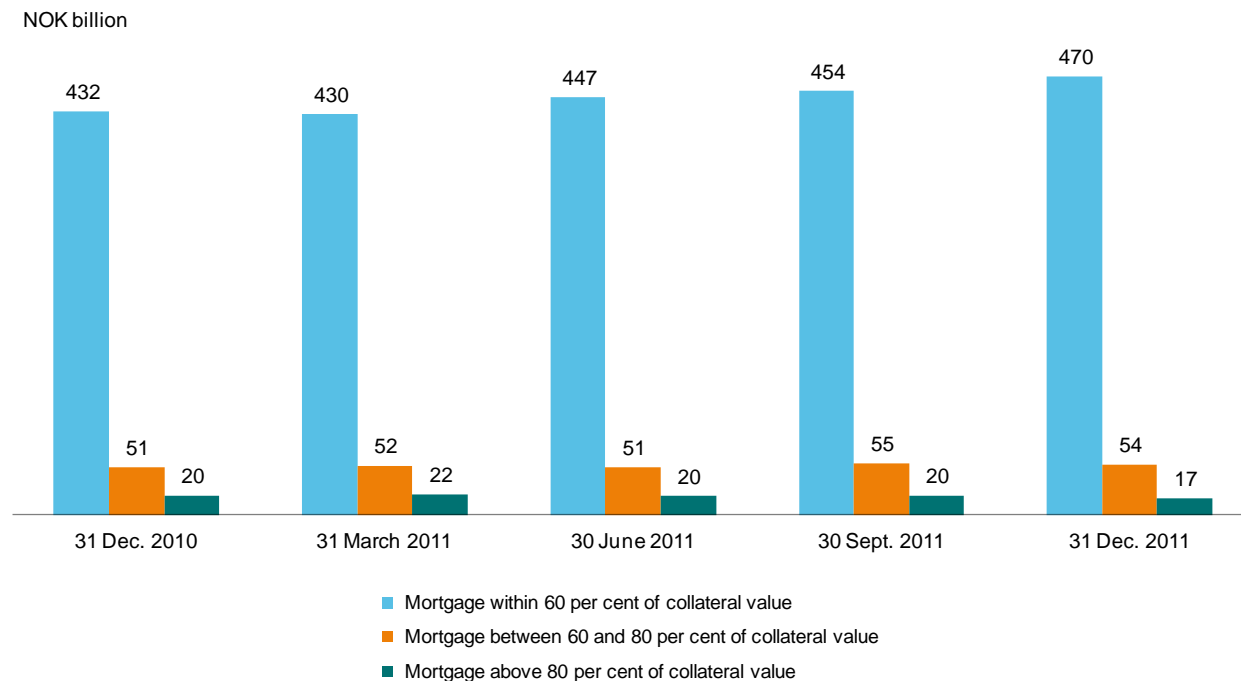
**Development in average volumes and interest spreads <sup>1)</sup>**



1) Lending to and deposits from customers. Nominal values, excluding impaired loans.

**Residential mortgages**

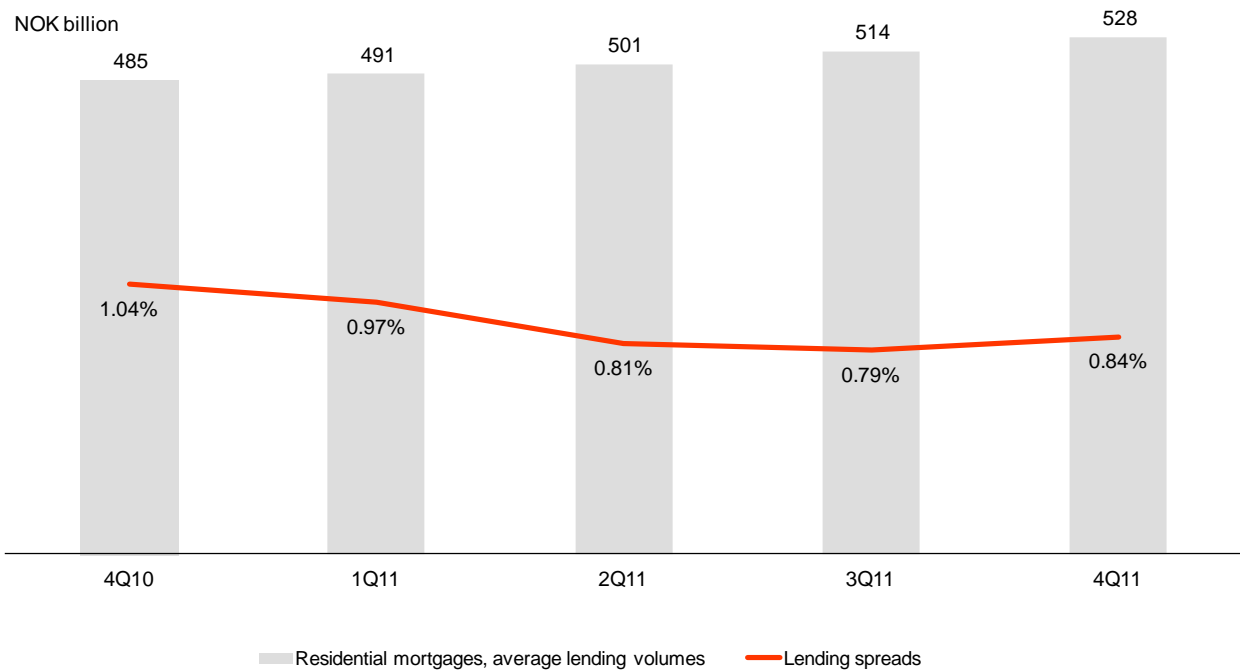
**Distribution of lending according to collateral value <sup>1) 2)</sup>**



1) Residential mortgages in the business area Retail Banking based on actual collateral categories.

2) DNB revised its strategy in the Swedish market in 2010 and discontinued the sale of housing loans carried in the bank's balance sheet. With effect from 28 March 2011 DNB's housing loan portfolio of around NOK 6 billion was sold. The development from end-3Q11 reflects this sale.

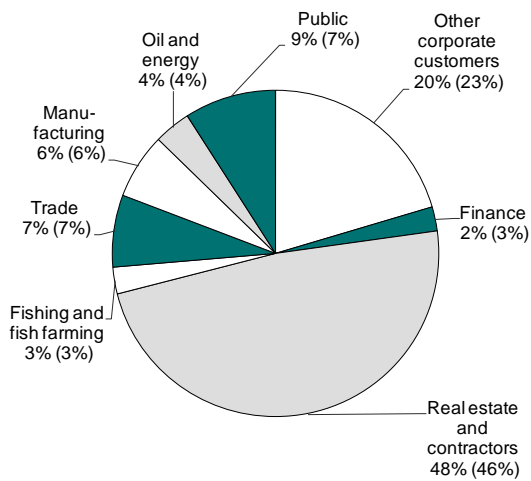
**Average mortgage lending - volumes and spreads <sup>1)</sup>**



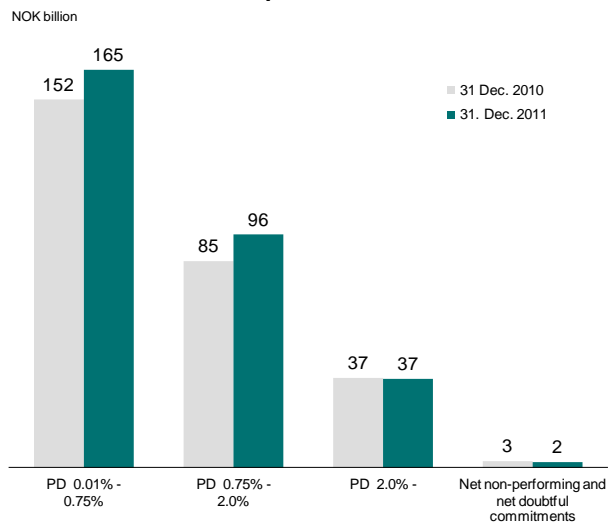
1) Residential mortgages to customers in Norway in the business area Retail Banking.

**Corporate customers in Retail Banking**

**Exposure at default according to sector <sup>1)</sup>**



**Risk classification of portfolio <sup>2)</sup>**



1) Corporate customers. Figures as at 31 December 2011. Percentages as at 31 December 2010 in parentheses.

2) Based on DNB's risk classification system. The volume represents the expected outstanding amount in the event of default, except for net non-performing and net doubtful commitments which are net recorded exposure in the accounts.  
 PD = probability of default.

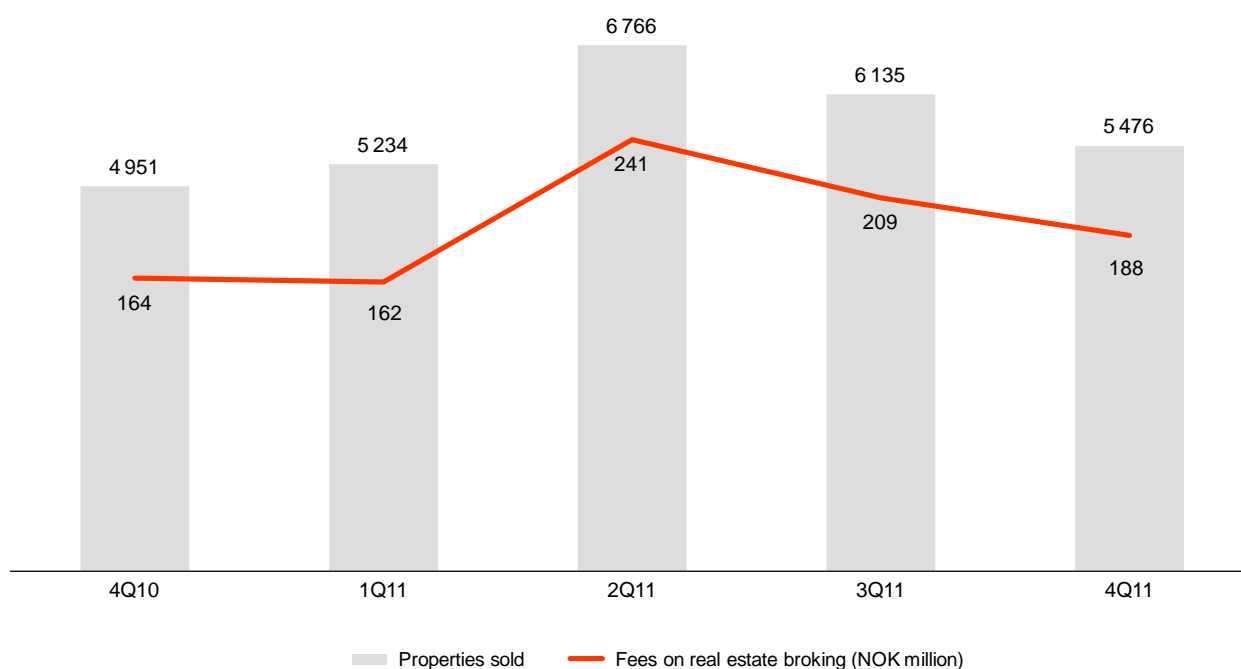
## Residential real estate broking

DNB is a market leader within the real estate broking business in Norway. DNB Eiendom had 108 sales offices located in DNB branches at end-December 2011 and Postbanken Eiendom had established 30 real estate broking customer sales offices. Operations in DNB Eiendom and Postbanken Eiendom will be coordinated in 2012.

DNB is the largest provider of real estate brokerage services in the Nordic region through the operations in DNB Eiendom and Svensk Fastighetsförmedling. Svensk Fastighetsförmedling had 226 outlets in Sweden at end-December.

In addition to fee income, real estate broking operations generate business in the form of residential mortgages and savings.

### Real estate broking in Norway



### Properties sold and market shares <sup>1)</sup>

Properties sold	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
DNB Eiendom	4 326	4 754	5 226	4 034	3 867	18 340	16 166
Postbanken Eiendom	1 150	1 381	1 540	1 200	1 084	5 271	4 267
Total properties sold	5 476	6 135	6 766	5 234	4 951	23 611	20 433
Market shares, per cent <sup>2)</sup>						19.3	17.8

1) Norwegian operations only.

2) Management's estimates.

## DNB Finans

The former operations in DnB NOR Finans AS and DnB NOR Kort have been merged into one division in the bank named DNB Finans, organised under Retail Banking.

### Net lending to customers - average volumes

<i>Amounts in NOK billion</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Motor vehicle finance, leasing and factoring	48.8	47.1	46.4	46.4	46.0	47.2	45.3
Consumer finance	16.9	16.3	16.5	15.9	12.4	16.4	12.9
Total net lending to customers	65.6	63.4	62.9	62.3	58.4	63.6	58.2

- There was a 5.8 per cent increase in new leasing and lending contracts in the fourth quarter of 2011 compared to the corresponding period in 2010.
- The value of processed factoring invoices was down 10 per cent.
- Consumer finance activities generated healthy profits in the fourth quarter of 2011.
- As at 31 December 2011, the entity had issued more than 2.0 million credit and charge cards.

### Business profile

DNB Finans is the leading provider of consumer and equipment finance in Norway. DNB Finans coordinates DNB's credit card based products and consumer finance activities, servicing both the bank's own customers and customers acquired through cooperation with vendors. Within asset based finance, DNB Finans offers automotive and equipment leasing and loans to bank and direct customers as well as through vendors. In addition, DNB Finans is the market leader within factoring in Norway, and, through the Autolease brand, a top 3 player in the Scandinavian market for operational vehicle leasing and fleet management.

Currently, DNB Finans' operations in Denmark are concentrated around the Autolease business area. In Sweden there is a broader presence, with both automotive and equipment finance products and services targeted at bank, direct and vendor distribution. Within automotive finance DNB Finans holds a top 5 position in Sweden, a position which was strengthened through the acquisition of SC Finans AB in December 2011. Lending volume in the acquired entity was SEK 2.3 billion at end-December 2011. Credit card based products are being developed for the Swedish market.

## Nordlandsbanken

### Average volumes

<i>Amounts in NOK billion</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Net lending to customers	40.7	39.5	38.2	37.1	36.4	38.9	35.3
Customer deposits	15.4	14.8	14.3	14.0	13.8	14.6	13.3

### Business profile

Nordlandsbanken is a wholly owned subsidiary of DNB ASA. Nordlandsbanken serves private customers, businesses and the public sector through 15 branches in Nordland county. Nordlandsbanken aim to be the leading bank in Nordland county for customers who seek local expertise. DNB's application to retain Nordlandsbanken as a wholly-owned subsidiary bank has been turned down, and in accordance with the resolution from the Finance Ministry, Nordlandsbanken ASA will be formally merged with DNB Bank during 2012.

## Large Corporates and International

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Large Corporates and International (LCI) aims to offer good solutions to the customers and continue building strong customer relationships for the future. Leif Teksum, group executive vice president, heads the business area.

LCI is organised in four global industry divisions, four geographic divisions and two product and support divisions. The global industry divisions develop and maintain our industry strategies and serve our largest Norwegian corporates. The geographic divisions implement our industry strategies and serve our customers locally in their respective geographies.

The presentation of LCI is based on the global industry divisions including related activities in the geographical divisions. As from 2011 the presentation of the global industry divisions also includes the Northern Europe division.

- Global business segment divisions
  - Nordic Corporates
  - International Corporates and Institutions
  - Energy
  - Shipping, Offshore and Logistics
- Geographical divisions
  - Americas
  - Central Europe, Middle East and Africa
  - Asia
  - Northern Europe
- Product and support divisions
  - Special and Structured Finance
  - Business Development and Cash Management

The subsidiaries DnB NOR Monchebank and DNB Luxembourg are separate entities in LCI.

### Employees

At end-December 2011, the business area had a staff of 1 174 full-time positions, with 504 positions in Norway and 670 in international units.

**Financial performance**

<i>Amounts in NOK million</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Net interest income - ordinary operations	2 218	1 861	1 769	1 674	1 616	7 522	5 884
Interest on allocated capital <sup>1)</sup>	189	162	160	150	157	661	608
Net interest income	2 407	2 023	1 929	1 823	1 773	8 183	6 492
Other operating income	190	192	315	275	388	972	1 151
Income attributable to product suppliers	516	579	494	510	661	2 100	2 006
Net other operating income	706	772	809	785	1 049	3 072	3 157
Total income	3 113	2 795	2 739	2 608	2 822	11 255	9 649
Other operating expenses	712	591	582	588	533	2 473	2 130
Cost attributable to product suppliers	219	234	201	218	266	873	806
Operating expenses	931	825	783	806	799	3 346	2 935
Pre-tax operating profit before write-downs	2 182	1 970	1 956	1 802	2 023	7 909	6 713
Net gains on fixed and intangible assets	0	0	0	0	0	0	0
Write-downs on loans and guarantees <sup>2)</sup>	338	232	220	385	191	1 175	586
Write-downs attributable to product suppliers	(2)	0	0	2	(1)	1	3
<b>Pre-tax operating profit</b>	<b>1 846</b>	<b>1 737</b>	<b>1 735</b>	<b>1 415</b>	<b>1 833</b>	<b>6 734</b>	<b>6 124</b>
Net lending to customers (NOK billion) <sup>3)</sup>	395.0	371.2	352.8	349.4	350.6	367.3	341.1
Deposits from customers (NOK billion) <sup>3)</sup>	249.5	228.1	230.9	230.0	228.1	234.7	209.7
Allocated capital (NOK billion) <sup>4)</sup>	25.2	21.8	23.8	23.5	24.6	23.6	24.5
Cost/income ratio (%)	29.9	29.5	28.6	30.9	28.3	29.7	30.4
Ratio of deposits to lending (%)	63.2	61.4	65.4	65.8	65.1	63.9	61.5
Return on allocated capital, annualised (%) <sup>4)</sup>	20.9	22.8	21.1	17.6	21.3	20.6	18.0

1) The interest is calculated on the basis of internal measurement of risk-adjusted capital requirement.

2) Including collective write downs from 2011.

3) Average balances. Lending to customers includes accrued interest and write-downs. Lending to credit institutions are not included. Correspondingly, deposits from customers include accrued interest. Deposits from credit institutions are not included.

4) The allocated capital and return on allocated capital are calculated on the basis of internal measurement of risk-adjusted capital requirement. Allocated capital was adjusted downward in the third quarter of 2011 due to changes in the calculation models.

**Average total volumes**

<i>Amounts in NOK billion</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Loans <sup>1)</sup>	395	371	353	349	351	367	341
Guarantees	69	63	56	57	59	61	61
Total loans and guarantees	464	434	409	406	410	428	402
Adjusted for exchange rate movements	464	443	419	406	402	428	390
Commercial paper during the period	17	15	13	8	11	53	48
Syndicated loans during the period <sup>2)</sup>	2	1	3	7	2	13	5
Bond issues during the period	18	9	18	13	17	59	54

1) Average balances. Lending to customers includes accrued interest and write-downs. Lending to credit institutions are not included.

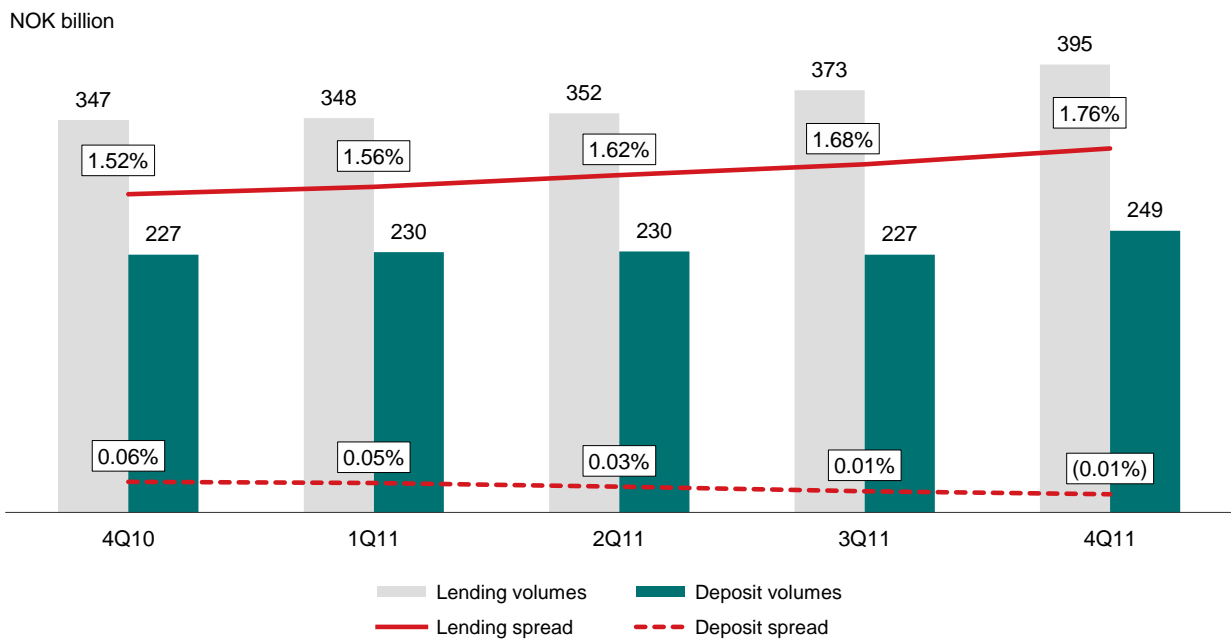
2) Difference between DNB underwriting and DNB final hold.

**Net interest income**

<i>Amounts in NOK million</i>	Average volumes			Spreads in per cent			Net interest income		
	4Q11	3Q11	4Q10	4Q11	3Q11	4Q10	4Q11	3Q11	4Q10
Lending to customers <sup>1)</sup>	395 274	372 524	346 510	1.76	1.68	1.52	1 750	1 573	1 330
Deposits from customers <sup>1)</sup>	248 586	227 427	227 500	(0.01)	0.01	0.06	(5)	5	33
Allocated capital	25 185	21 810	24 605	2.99	2.94	2.53	189	162	157
Other							473	283	253
<b>Total net interest income</b>							<b>2 407</b>	<b>2 023</b>	<b>1 773</b>

1) Based on nominal values excluding impaired loans.

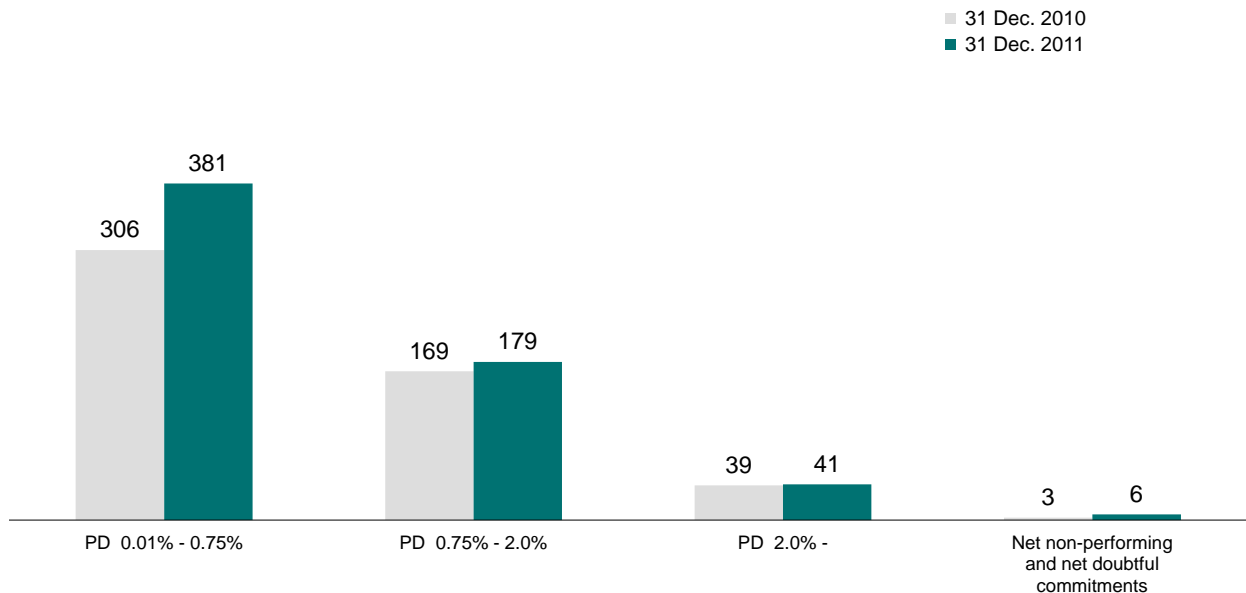
**Development in average volumes and interest spreads <sup>1)</sup>**



1) Lending to and deposits from customers. Nominal values, excluding impaired loans.

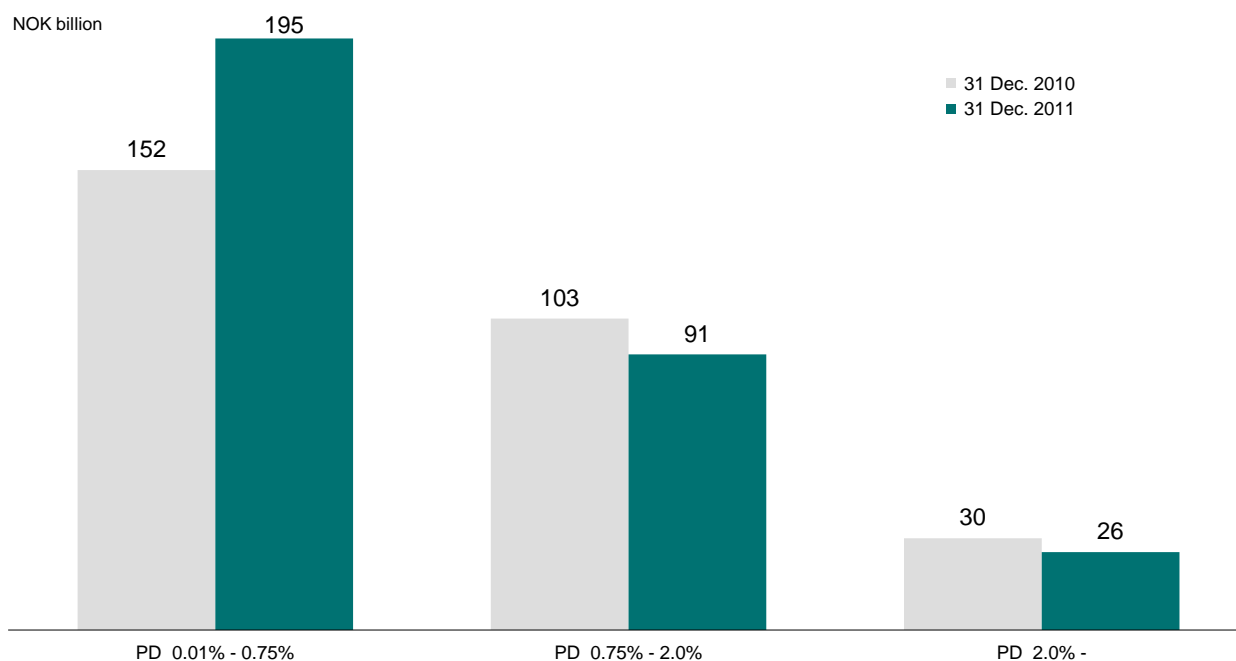
**Risk classification of portfolio <sup>1)</sup>**

NOK billion



1) Based on DNB's risk classification system. The volume represents the expected outstanding amount in the event of default, except for net non-performing and net doubtful commitments which are net recorded exposure in the accounts.  
 PD = probability of default

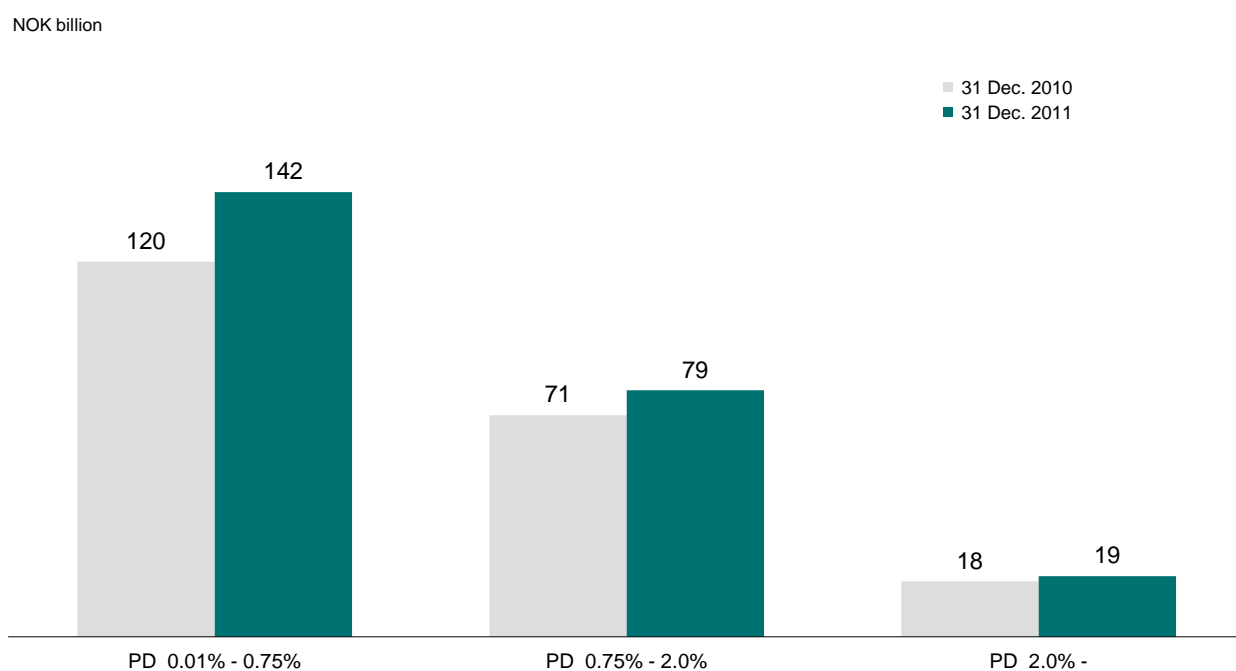
### Risk classification of international portfolio <sup>1) 2)</sup>



1) Based on DNB's risk classification system. The volume represents the expected outstanding amount in the event of default. PD = probability of default.

2) The international portfolio comprises business recorded outside Norway.

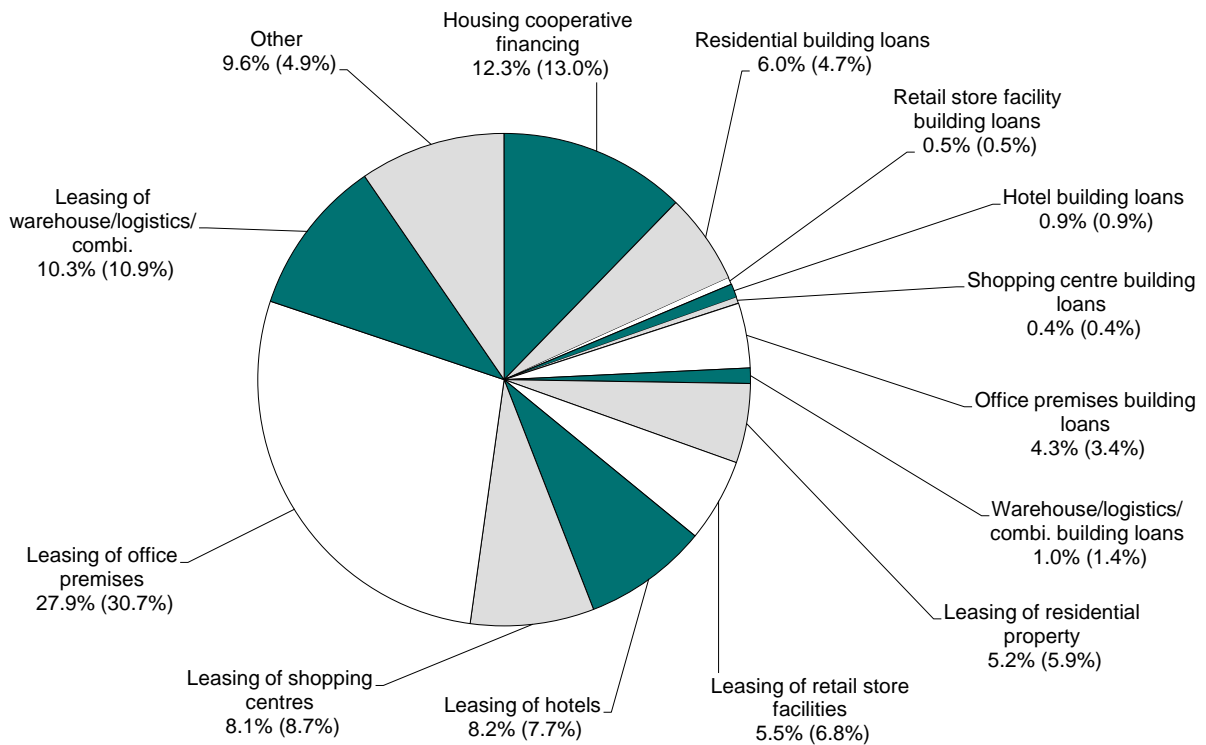
### Risk classification of commercial property exposure <sup>1) 2)</sup>



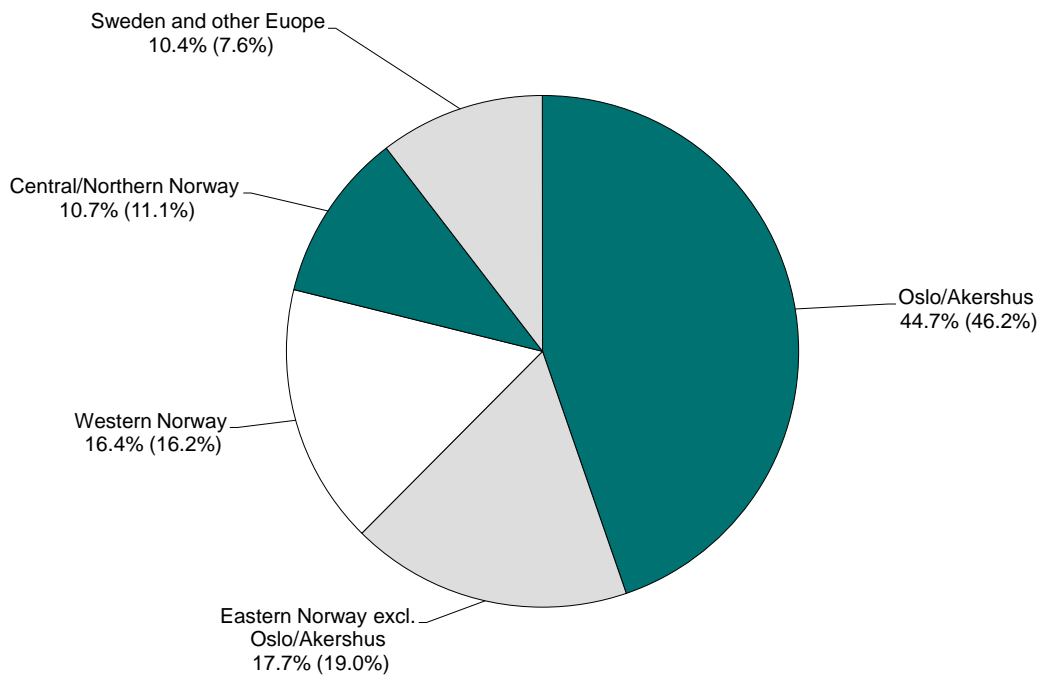
1) Based on DNB's risk classification system. The volume represents the expected outstanding amount in the event of default. PD = probability of default.

2) The numbers are totals for the DNB Group excluding DnB NORD and include exposure recorded in both LCI and Retail Banking.

**Commercial property exposure according to segment as at 31 December 2011 <sup>1)</sup>**



**Geographic distribution of commercial property exposure as at 31 December 2011 <sup>1)</sup>**



1) The numbers are totals for the DNB Group excluding DNB NORD and includes exposure recorded in both LCI and Retail Banking. Comparable figures as at 31 December 2010 in parentheses.

## Nordic Corporate Division

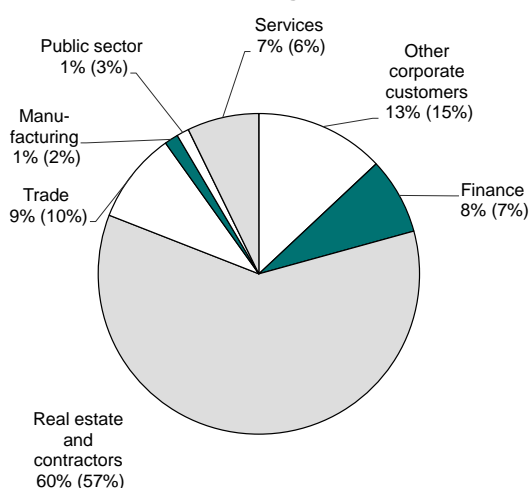
- The Nordic Corporates Division serves the bank's largest Norwegian and Nordic corporate clients within the retail and service industries, commercial real estate and contractors, financial institutions, the public sector and non-government organisations. The Division also serves international clients in the same segments while international banks and financial institutions are served by the International Corporates and Institutions Division.
- DNB has a very strong market position in these segments in Norway. The majority of Norway's largest corporations are banking with DNB.
- Commercial real estate broking services are offered through the subsidiary DNB Næringsmegling AS.

### Average volumes

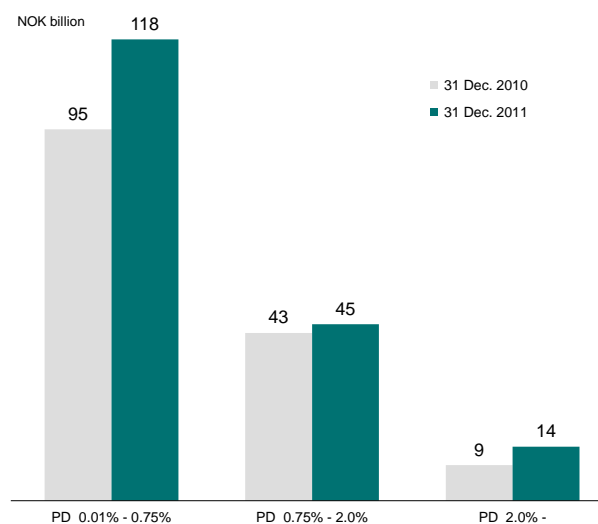
Amounts in NOK billion	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Net lending to customers <sup>1)</sup>	131	127	123	115	108	124	89
- Adjusted for exchange rate movements <sup>1)</sup>	131	128	124	114	108	124	88
Guarantees	15	14	14	14	14	14	14
Customer deposits <sup>1)</sup>	87	81	82	74	73	81	66

1) Lending to customers includes accrued interest, write-downs and value adjustments. Lending to credit institutions are not included. Correspondingly, deposits from customers include accrued interest and value adjustments. Deposits from credit institutions are not included.

### Exposure at default according to sector <sup>1)</sup>



### Risk classification of portfolio <sup>2)</sup>



1) Figures as at 31 December 2011. Percentages as at 31 December 2010 in parentheses.

2) Based on DNB's risk classification system. The volume represents the expected outstanding amount in the event of default. PD = probability of default

## International Corporate and Institutions Division

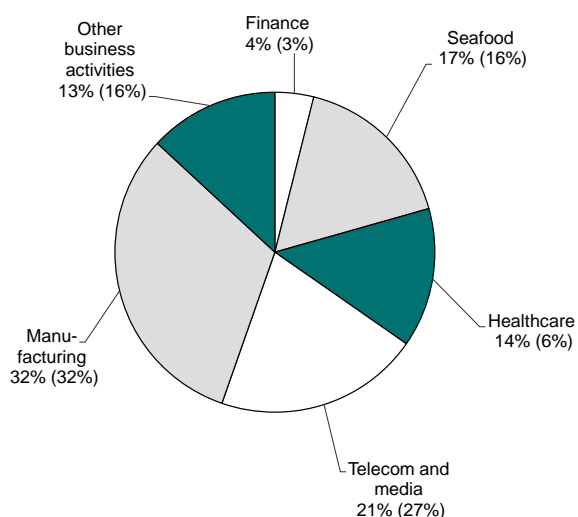
- The International Corporates and Institutions Division serves large Norwegian corporates, international companies with business in Norway, international customers in the following sectors; seafood, telecom, media, technology, healthcare, forest industry, general manufacturing and international financial institutions.
- The division serves a majority of the Norwegian companies in the defined industries as their lead banker. In addition there is a broad interaction with a majority of the other corporates in these segments in Norway, as well as with selected corporates within LCI's strategy internationally.

### Average volumes

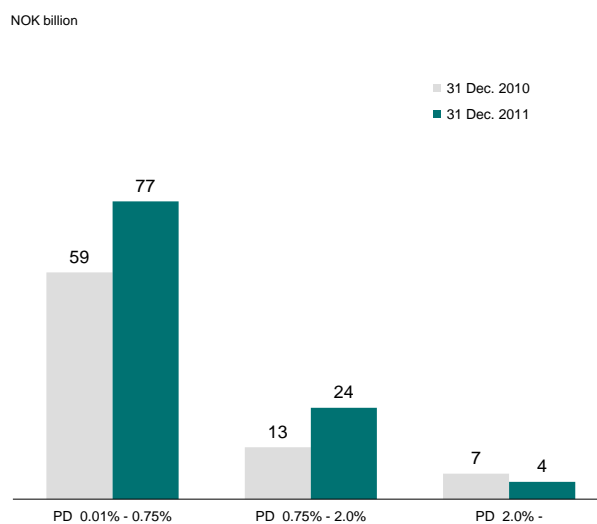
Amounts in NOK billion	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Net lending to customers <sup>1)</sup>	70	64	58	57	55	62	38
- Adjusted for exchange rate movements <sup>1)</sup>	70	65	59	57	54	62	37
Guarantees	10	9	8	8	11	9	11
Customer deposits <sup>1)</sup>	37	32	36	38	36	36	29

1) Lending to customers includes accrued interest, write-downs and value adjustments. Lending to credit institutions are not included. Correspondingly, deposits from customers include accrued interest and value adjustments. Deposits from credit institutions are not included.

### Exposure at default according to sector <sup>1)</sup>



### Risk classification of portfolio <sup>2)</sup>



1) Figures as at 31 December 2011. Percentages as at 31 December 2010 in parentheses.

2) Based on DNB's risk classification system. The volume represents the expected outstanding amount in the event of default. PD = probability of default

## Energy Division

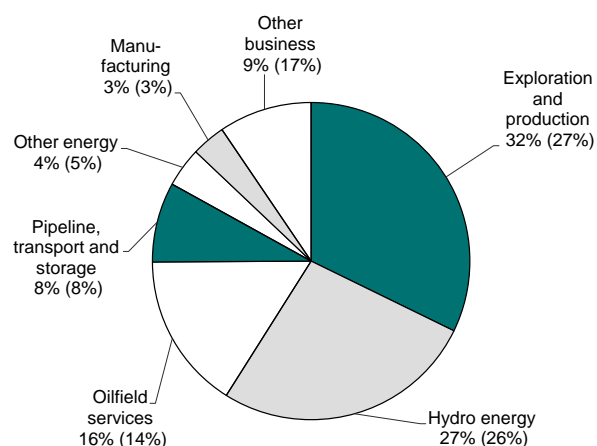
- The Energy Division serves customers in Norway and internationally in the oil and gas, offshore contractors and oilfield services, power and renewables industries.
- The oil and gas and the offshore contractors and oilfield services industries are amongst the largest sectors in the world. Huge investments are needed in order to meet future demand for oil and gas.
- The power and renewables industries are fast growing sectors with focus on low carbon emissions energy production. Increasing commitment to reduce greenhouse gases paves the way for environmentally friendly energy production. The bank has a strong global focus on renewable energy, with main emphasis on hydro, wind and solar technologies. Considerable investments are needed in order to meet future ambitions within renewable energy.

## Average volumes

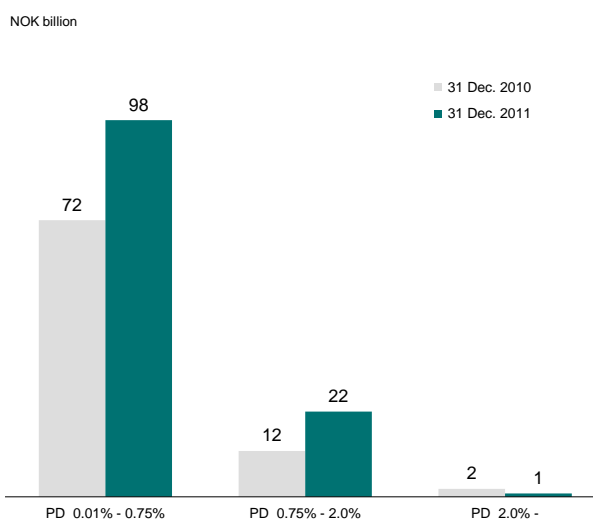
Amounts in NOK billion	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Net lending to customers <sup>1)</sup>	48	44	37	37	37	42	34
- Adjusted for exchange rate movements <sup>1)</sup>	48	45	38	37	37	42	33
Guarantees	33	27	24	23	23	27	23
Customer deposits <sup>1)</sup>	49	44	39	39	37	43	32

1) Lending to customers includes accrued interest, write-downs and value adjustments. Lending to credit institutions are not included. Correspondingly, deposits from customers include accrued interest. Deposits from credit institutions are not included.

## Exposure at default according to sector <sup>1)</sup>



## Risk classification of portfolio <sup>2)</sup>



1) Figures as at 31 December 2011. Percentages as at 31 December 2010 in parentheses.

2) Based on DNB's risk classification system. The volume represents the expected outstanding amount in the event of default.  
PD = probability of default

## Shipping, Offshore and Logistics Division

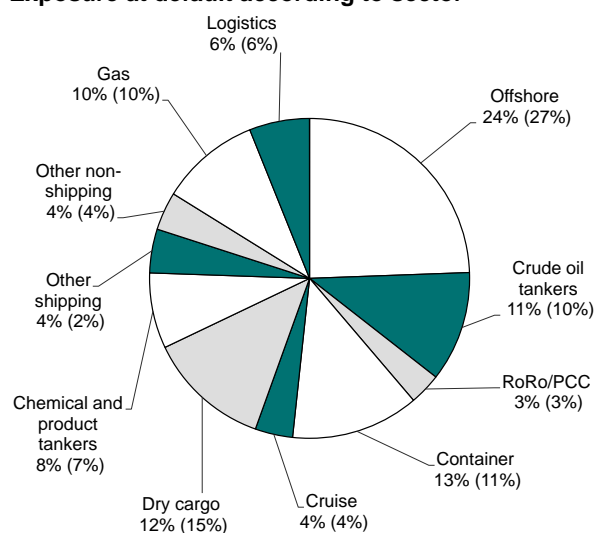
- The Shipping, Offshore and Logistics Division provides commercial and investment banking services to high-quality Norwegian and international shipping, offshore and logistics clients.
- The division aims to achieve satisfactory growth in risk-adjusted profitability by being one of the leading international shipping banks.
- The division aims to be the preferred strategic discussion partner for clients.
- The division focuses on competence development to further improve the quality and range of client services.

### Average volumes

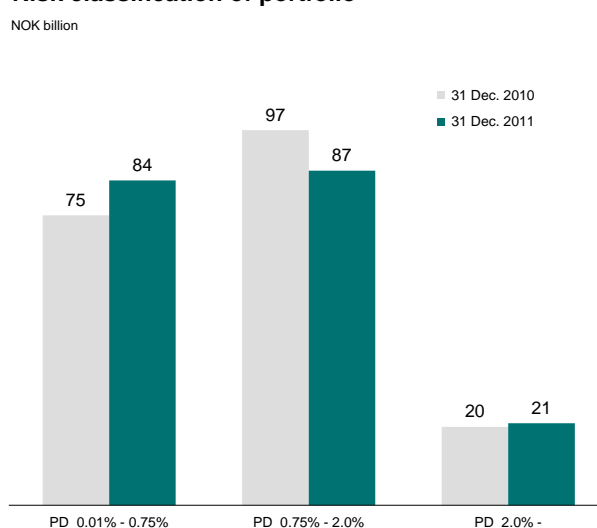
Amounts in NOK billion	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Net lending to customers <sup>1)</sup>	141	131	130	135	140	134	140
- Adjusted for exchange rate movements <sup>1)</sup>	141	137	136	136	136	134	131
Guarantees	10	12	9	10	11	10	11
Customer deposits <sup>1)</sup>	65	62	66	71	77	66	69

1) Lending to customers includes accrued interest, write-downs and value adjustments. Lending to credit institutions are not included. Correspondingly, deposits from customers include accrued interest. Deposits from credit institutions are not included.

### Exposure at default according to sector <sup>1)</sup>



### Risk classification of portfolio <sup>2)</sup>



1) Figures as at 31 December 2011. Percentages as at 31 December 2010 in parentheses.

2) Based on DNB's risk classification system. The volume represents the expected outstanding amount in the event of default. PD = probability of default

### Portfolio

- DNB has a diversified portfolio in the maritime sector, as shown above.
- Lessons are learned from previous downturns, and internal credit analysis has been based on low rate estimates.
- We expect weak dry bulk, container and tanker markets going forward
- Clients within the dry bulk segment are mainly well-established operators.
- The container portfolio is characterised by companies that are among the major operators and tonnage providers.
- Within the crude tanker portfolio, clients are mainly leading international tanker owners.
- In 2011 DNB confirmed its position as a world leading arranger of syndicated loans to the shipping and off-shore sectors according to a survey by Dealogic.

## DnB NOR Monchebank (part of the Business Development and Cash Management Division)

DnB NOR Monchebank is a regional bank serving corporate and retail customers and has a firm foothold in the Murmansk region in Russia. The bank holds a general licence for banking operations throughout Russia. The bank will be the fundament for further development of DNB's business in the Murmansk and Arkhangelsk region.

### Average volumes

<i>Amounts in NOK billion</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Net lending to customers <sup>1)</sup>	0.4	0.4	0.4	0.5	0.5	0.4	0.5
Guarantees	-	-	-	-	-	-	-
Customer deposits <sup>1)</sup>	0.5	0.6	0.6	0.7	0.8	0.6	0.8

1) Lending to customers includes accrued interest, write-downs and value adjustments. Lending to credit institutions are not included. Correspondingly, deposits from customers include accrued interest and value adjustments. Deposits from credit institutions are not included.

## DNB Luxembourg

DNB Luxembourg S.A. is a fully licensed bank with two business areas: Private banking and mortgage-financing of secondary homes outside Norway; target customer base is Norwegians living outside Norway and/or with international interests.

### Average volumes

<i>Amounts in NOK billion</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Net lending to customers <sup>1) 2)</sup>	2.1	2.9	3.2	3.6	4.1	3.0	4.1
Guarantees	-	-	-	-	-	-	-
Customer deposits <sup>1)</sup>	4.5	3.5	3.4	2.7	1.9	3.6	1.6

1) Lending to customers includes accrued interest, write-downs and value adjustments. Lending to credit institutions are not included. Correspondingly, deposits from customers include accrued interest. Deposits from credit institutions are not included.

2) The reduction in lending from 2010 to 2011 is partly due to transfer of bank-guaranteed loans to Norway.

## DNB Markets

DNB Markets is Norway's largest provider of securities and investment banking services. Ottar Ertzeid, group executive vice president, is head of DNB Markets.

DNB Markets comprises the following units:

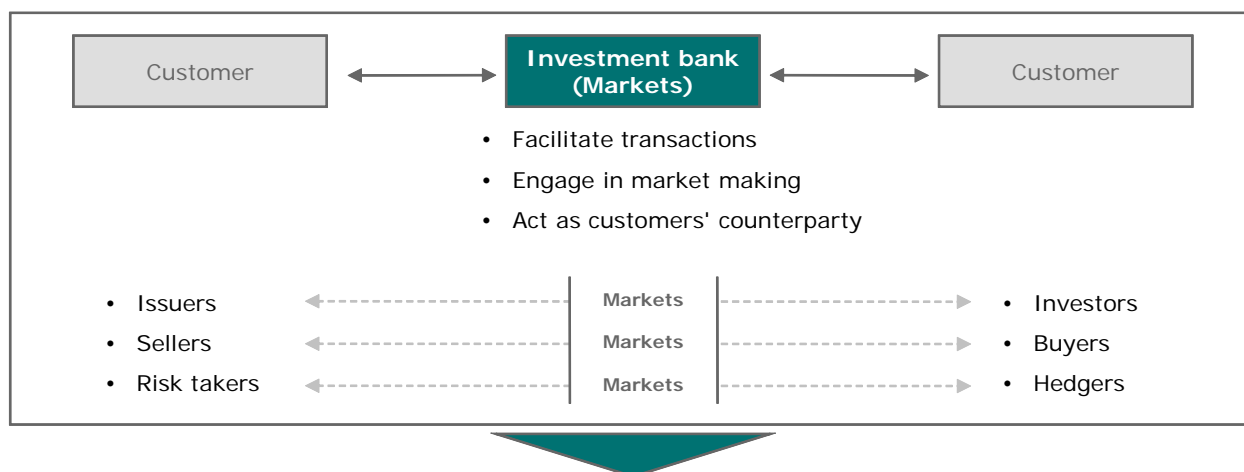
- Fixed Income/Currencies/Commodities
- Equities
- Investment Products
- Corporate Finance
- Securities Services

The Group Treasury is organised within DNB Markets though profits and losses for the unit are not recorded under this business area.

DNB Markets aims to be the leading investment bank for Norwegian and Norwegian-related customers, as well as international clients requiring services relating to Norway and the Norwegian krone. Clients outside Norway are served through the Group's international units, especially shipping, energy and seafood clients.

DNB Markets is a full-service investment bank with leading market positions in Norway. The business area has:

- A diversified business/revenues mix (products and customers)
- A sound mix of customer and trading activities
- Cost and capital-efficient operations



Through its diversified business and products, DNB Markets is well positioned to capitalise on the Group's customer base and interest rate and currency positions.

### Products and services

- Currency, interest rate and commodity derivatives.
- Securities and other investment products.
- Debt and equity financing in capital markets, as well as merger and acquisition and other advisory and corporate finance services.
- Custodial and other securities services.

### Customers and market shares

- In spite of intensifying competition, DNB Markets maintained its leading market position in Norway within foreign exchange and interest rate activities.
- Manager for the greatest number of Norwegian kroner bond and commercial paper issues in NOK in the domestic market in the fourth quarter of 2011 (Source: Stamdata, Bloomberg).
- The largest brokerage house on Oslo Børs within fixed income securities in the secondary market in the fourth quarter of 2011 (Source: Oslo Stock Exchange).
- Leading within domestic securities services (Source: Oslo Stock Exchange).
- 54.2 per cent of limited companies use DNB Markets as registrar in the Norwegian Central Securities Depository (Source: Norwegian Central Securities Depository).

### Employees

DNB Markets staff located in offices in Norway and abroad represents 698 full-time positions.

### Financial performance

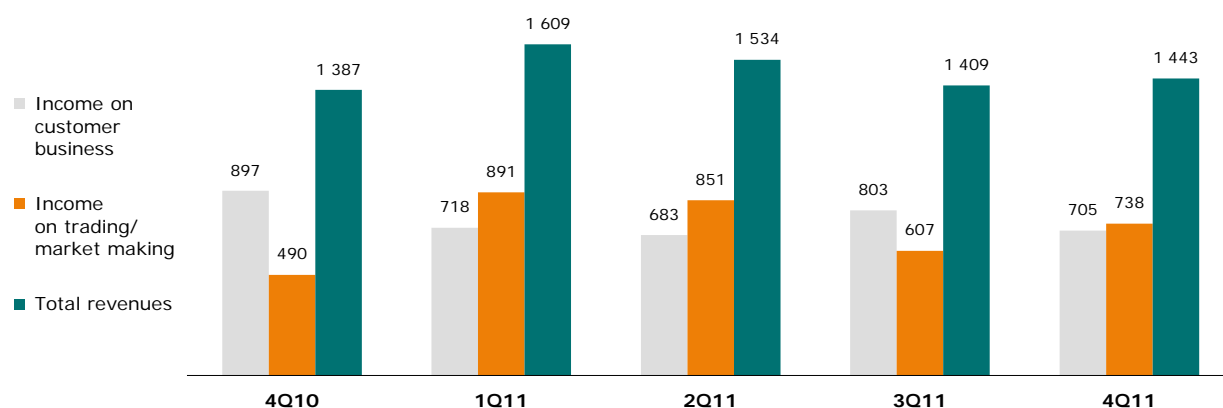
<i>Amounts in NOK million</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Net interest income - ordinary operations	195	236	202	209	224	842	928
Interest on allocated capital <sup>1)</sup>	50	44	35	35	35	165	145
Net interest income	245	280	237	244	259	1 007	1 073
Net other operating income	1 247	1 173	1 332	1 400	1 164	5 152	4 398
Total income	1 493	1 454	1 569	1 644	1 422	6 159	5 471
Operating expenses	483	486	500	529	467	1 999	1 833
<b>Pre-tax operating profit</b>	<b>1 009</b>	<b>967</b>	<b>1 069</b>	<b>1 115</b>	<b>955</b>	<b>4 160</b>	<b>3 638</b>
Allocated capital (NOK billion) <sup>2)</sup>	6.7	6.0	5.2	5.5	5.5	5.9	5.9
Cost/income ratio (%)	32.4	33.5	31.9	32.2	32.8	32.5	33.5
Return on allocated capital, annualised (%) <sup>2)</sup>	42.9	45.9	59.1	59.2	49.6	51.0	44.8

1) The interest is calculated on the basis of internal measurement of risk-adjusted capital requirement.

2) The allocated capital and return on allocated capital are calculated on the basis of internal measurement of risk-adjusted capital requirement.

**Income distribution**

NOK million



Total revenues	1 387	1 609	1 534	1 409	1 443
Interest on allocated capital	35	35	35	44	50
Total income	1 422	1 644	1 569	1 454	1 493

**Revenues within various segments, quarterly***Amounts in NOK million*

	4Q11	3Q11	2Q11	1Q11	4Q10
FX, interest rate and commodity derivatives	407	433	309	327	387
Investment products	137	91	82	123	85
Corporate finance	106	227	230	207	365
Securities services	55	52	62	61	60
Total customer revenues	705	803	683	718	897
Net income international bond portfolio	51	(1)	262	279	291
Other market making/trading revenues	687	608	589	612	199
Total trading revenues	738	607	851	891	490
Interest income on allocated capital	50	44	35	35	35
Total income	1 493	1 454	1 569	1 644	1 422

**Revenues within various segments, annual***Amounts in NOK million*

	2011	2010	2009	2008	2007
FX, interest rate and commodity derivatives	1 476	1 317	1 665	1 936	1 332
Investment products	432	399	766	574	705
Corporate finance	770	903	570	643	828
Securities services	230	218	190	333	388
Total customer revenues	2 908	2 838	3 191	3 486	3 253
Net income international bond portfolio	591	1 151	1 147	(707)	(1 139)
Other market making/trading revenues	2 495	1 337	2 761	2 600	986
Total trading revenues	3 086	2 488	3 908	1 893	(153)
Interest income on allocated capital	165	145	144	305	117
Total income	6 159	5 471	7 243	5 685	3 217

### Distribution and cooperation with other entities

Maintaining a broad distribution network and effective cooperation with other business areas within the Group is a key priority for DNB Markets. Customers are served through:

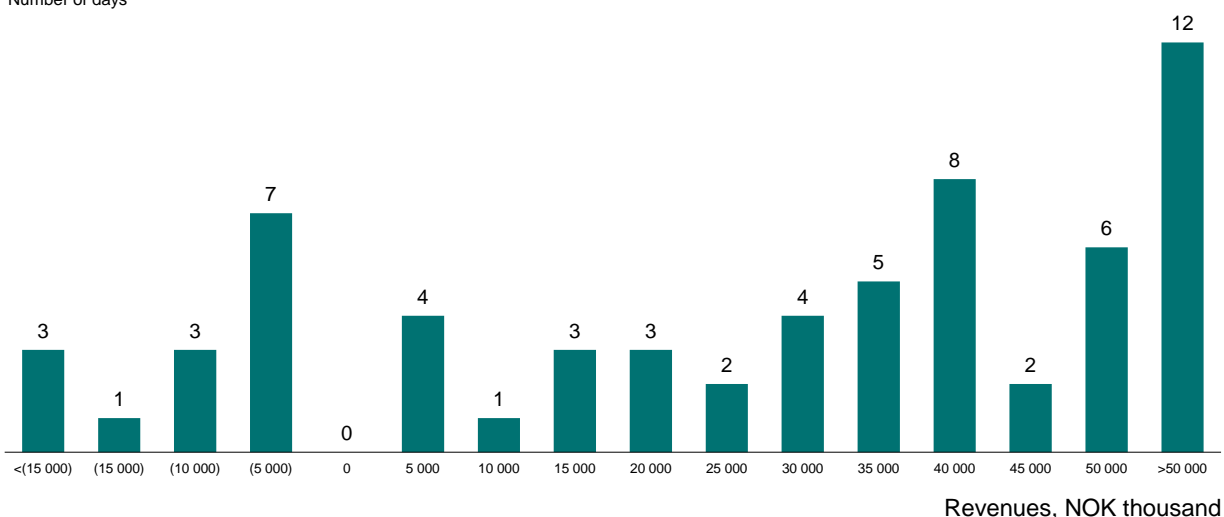
- Central units located in Oslo.
- International offices (Stockholm, London, New York, Houston, Singapore and Shanghai) and 12 regional offices in Norway.
- DNB Markets established a Debt Capital Markets (DCM) unit in London during the fourth quarter and can thus offer DCM services at the Group's largest international offices which, in addition to London, are located in New York, Singapore and Stockholm.

### Daily revenue statistics

Amounts in NOK thousand	Fourth quarter		Full year	
	2011	2010	2011	2010
Minimum	(89 113)	(74 962)	(123 659)	(82 403)
Maximum	78 148	99 780	116 728	105 172
Average	24 669	21 071	23 695	21 164
Loss days	14	13	34	44
Gain days	50	53	225	216

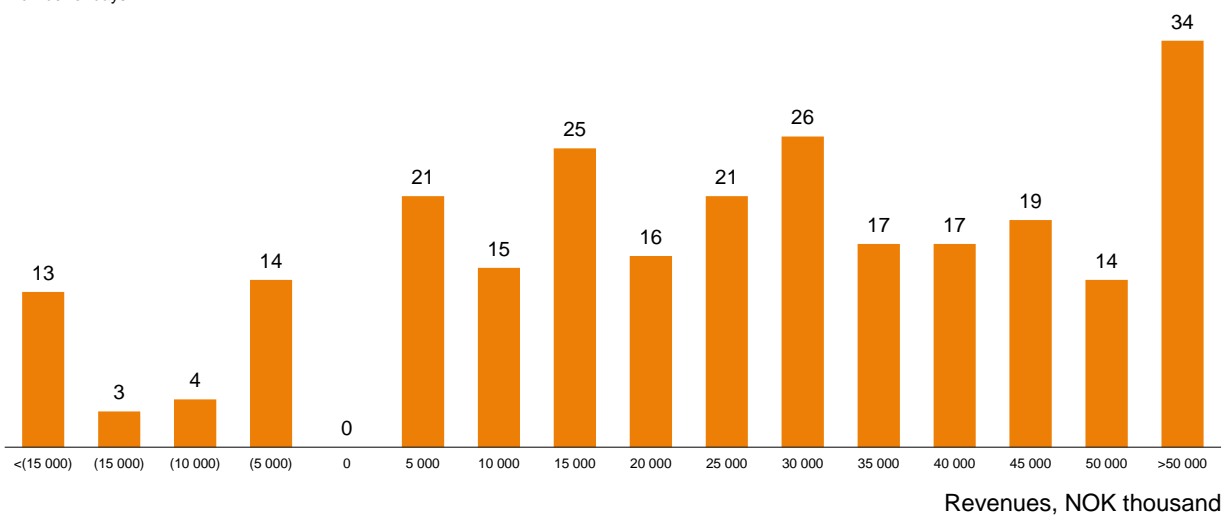
### Daily revenue distribution in the fourth quarter of 2011

Number of days



### Daily revenue distribution in 2011

Number of days



**Total income**

<i>Amounts in NOK million</i>	4Q11
Total daily revenues	1 443
Interest on allocated capital	50
Total income	1 493

**Risk profile**

DNB Markets has a moderate risk profile. Customer activities represent the main business. Trading activities support customer activities with products and prices, with focus on Norwegian kroner products.

**Value-at-Risk <sup>1)</sup>**

Market risk arises as a consequence of open positions in foreign exchange, interest rates and equities. The risk is linked to variations in financial results due to fluctuations in market prices or exchange rates. Lower positions and volatility contributed to lower value at risk during the fourth quarter of 2011.

<i>Amounts in NOK thousand</i>	31 Dec. 2011	Fourth quarter 2011		
	Actual	Average	Maximum	Minimum
Currency risk	2 910	6 823	15 300	1 510
Interest rate risk	39 150	51 494	89 710	29 650
Equities	3 377	2 175	6 447	160
Diversification effects <sup>2)</sup>	(2 870)	(5 196)		
Total	42 567	55 296		

1) Value-at-Risk is the maximum loss that could be incurred on trading positions from one day to the next at a 99 per cent confidence level.

2) Diversification effects refer to currency and interest rate risk only.

**Interest rate sensitivity**

The value of financial investments recorded on and off the balance sheet is affected by interest rate movements. The table below shows potential losses for DNB resulting from parallel one percentage point changes in all interest rates. The calculations are based on a hypothetical situation where interest rate movements in all currencies are unfavourable for DNB relative to the Group's positions. Also, all interest rate movements within the same interval are assumed to be unfavourable for the Group. The calculations are based on the Group's positions as at 31 December 2011 and market rates at the same date.

**Potential losses for DNB resulting from parallel one percentage point changes in all interest rates**

<i>Amounts in NOK million</i>	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
<b>Trading portfolio</b>						
NOK	35	2	307	311	482	103
USD	28	16	63	12	2	120
EUR	22	32	41	13	22	21
GBP	2	4	5	3	1	4
SEK	12	50	9	8	1	39
Other currencies	4	21	43	19	9	52
<b>Banking portfolio</b>						
NOK	324	27	257	75	75	243
EUR	0	0	11	0	0	11
SEK	0	0	9	0	0	9
<b>Total</b>						
NOK	358	25	564	236	557	141
USD	28	16	63	12	2	120
EUR	22	32	52	13	22	10
GBP	12	50	1	8	1	30
SEK	2	4	5	3	1	4
Other currencies	4	21	43	19	9	52

## Insurance and Asset Management

The business area Insurance and Asset Management consists of DNB Livsforsikring ASA and DNB Asset Management Holding AS and their respective subsidiaries, in addition to DNB Skadeforsikring. The business area is headed by Tom Rathke, managing director of DNB Livsforsikring and group executive vice president in DNB.

Insurance and Asset Management is responsible for life insurance, pension savings, non-life insurance and asset management operations and aspires to be the most attractive provider of these services in the Norwegian market. An important instrument in achieving this position is to develop a customer-oriented and cost-effective organisation with strong distribution power. Insurance and Asset Management will focus on profitable growth while ensuring competitive returns for the owner and customers.

### Financial performance

Amounts in NOK million	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Total income <sup>1)</sup>	831	(114)	1 107	1 267	1 260	3 091	4 201
Operating expenses	576	575	581	601	628	2 333	2 288
Pre-tax operating profit <sup>1)</sup>	255	(689)	526	666	632	758	1 913
Taxes	(122)	519	11	(226)	(663)	182	(630)
<b>Operating profit</b>	<b>377</b>	<b>(1 208)</b>	<b>515</b>	<b>892</b>	<b>1 295</b>	<b>576</b>	<b>2 544</b>
Assets under management (NOK billion) <sup>2)</sup>	523	514	524	541	528	523	528
Allocated capital (NOK billion) <sup>3)</sup>	15.2	17.7	17.3	15.0	14.2	16.3	13.7
Return on allocated capital, annualised (%) <sup>3)</sup>	9.8	(27.1)	11.9	24.1	36.2	3.5	18.6
Cost/income ratio (%) <sup>4)</sup>	69.3	(504.2)	52.5	47.4	49.8	75.5	54.5
Number of full-time positions at end of period	1 060	1 067	1 047	1 055	1 047	1 060	1 047
<i>of which DNB Livsforsikring</i>	733	740	726	735	726	733	726
<i>of which DNB Asset Management</i>	215	216	216	216	218	215	218
<i>of which DNB Skadeforsikring</i>	112	112	105	103	102	112	102

*) of which DNB Livsforsikring:							
Pre-tax operating profit including interest on allocated capital	141	(727)	455	601	600	469	1 766
Difference between recorded equity and allocated capital	0	29	21	4	8	54	42
Recorded pre-tax operating profit	141	(756)	434	596	591	415	1 724

*) of which DNB Asset Management:							
Pre-tax operating profit	78	36	61	60	67	235	276

*) of which DNB Skadeforsikring:							
Pre-tax operating profit including interest on allocated capital	36	2	10	6	(35)	54	(129)
Difference between recorded equity and allocated capital	4	4	4	3	3	16	9
Recorded pre-tax operating profit	32	(2)	7	3	(37)	38	(139)

1) Total income includes interest on allocated capital. The interest is calculated on the basis of internal measurement of risk-adjusted capital requirement.

2) Assets at end of period.

3) The allocated capital and return on allocated capital are calculated on the basis of internal measurement of risk-adjusted capital requirement.

4) Due to stock market developments, operating income in DNB Livsforsikring was negative at NOK 371 million in the third quarter of 2011. This resulted in negative income for the Insurance and Asset Management business area.

Descriptions of the financial performance of DNB Livsforsikring, DNB Asset Management and DNB Skadeforsikring are divided into three separate sections on the next pages.

## DNB Livsforsikring

DNB Livsforsikring comprises DNB Livsforsikring ASA including subsidiaries. DNB Livsforsikring provides both products with guaranteed returns and products with a choice of investment profile.

DNB Livsforsikring aims to be Norway's strongest provider of pension savings. DNB Livsforsikring seeks continued growth within the company's business segments and aims to deliver competitive results to its policyholders and owner. Devoting further efforts to improving cost efficiency, providing top-quality advisory services, maintaining high levels of service and customer relationship management, exploiting the DNB Group distribution network and serving as an attractive entry portal for customers into the DNB Group will be instrumental in reaching these targets.

### Business model

DNB Livsforsikring's products fall into three main categories:

- Guaranteed products without profit sharing, where the company's main source of income is fee charged based on guaranteed investment return and insurance risk covered
- Fee based products without interest guarantees
- Guaranteed products where total profit is split between policy owners and the company.

In addition, the corporate portfolio (i.e. shareholders' equity, subordinated loans etc) is managed as a separate investment portfolio.

	Reserves (NOK billion)	Annual guaranteed return on policyholders' funds (In per cent)	
Fee - based with guarantee	Corporate sector - defined benefit	65	3.2
	Municipal sector - defined benefit	37	2.8
	Individual sector - defined benefit	8	1.8
Fee - based without guarantee	Unit linked - individual	9	
	Defined contribution - corporate	15	
	Risk products - individual	1	
	Risk products - corporate	1	
Profit sharing with guarantee	Paid-up policies (profit sharing 20/80) <sup>1)</sup>	56	3.6
	Previously established individual products (profit sharing 35/65) <sup>2)</sup>	45	3.5
Corporate portfolio	20		

1) The owner's share of the positive interest result and risk result is 20 and 50 per cent, respectively. The entire administration result accrues to the owner.

2) Previously established individual products are products sold prior to 1 January 2008, when new regulations for insurance companies entered into force. The owner's share of the positive result is 35 per cent.

### Products

- Group pension schemes to businesses and the public sector, the most important products being defined-benefit and defined-contribution occupational pension schemes.
- Employer's Liability Insurance to the corporate market.
- Group pension schemes to businesses, adapted to customer needs for defined-benefit and defined-contribution schemes.
- Long-term savings alternatives in the form of individual pension agreements and annuities in the retail market.
- Products are offered with guaranteed returns or with a choice of investment profile.
- Risk products in both the corporate and individual markets.
- Savings products from other units in the DNB Group, including mutual funds from DNB Asset Management and equity-linked bonds from DNB Markets.

## Organisation and markets

The business area is represented in most parts of Norway through sales offices and also provides services through DNB's distribution networks and independent agents, as well as via the Internet.

## Employees

DNB Livsforsikring gives priority to retaining and developing a high level of expertise within insurance products, management and other relevant areas of competence. At end-December 2011, DNB Livsforsikring's staff included 733 permanent full-time positions and 67 temporary employees.

## Financial performance

Amounts in NOK million	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Net result from equities	2 199	(6 600)	(1 145)	766	3 937	(4 780)	4 880
Net result from other asset classes <sup>1)</sup>	1 536	2 652	3 055	2 137	1 841	9 381	9 031
Value-adjusted financial result <sup>1) 2)</sup>	3 735	(3 948)	1 911	2 903	5 778	4 601	13 911
Guaranteed return on policyholders' funds	1 756	1 693	1 701	1 707	1 725	6 857	6 594
Financial result after guaranteed returns	1 979	(5 641)	209	1 197	4 053	(2 256)	7 317
+ From market value adjustment reserve	(409)	101	1 940	550	(831)	2 181	(1 284)
Recorded interest result before the application of/ (transfers to) additional allocations	1 570	(5 540)	2 149	1 747	3 222	(74)	6 033
Application of/(transfers to) additional allocations	(1 062)	1 586	0	0	(407)	524	(407)
Recorded interest result	508	(3 954)	2 149	1 747	2 815	450	5 626
Risk result <sup>**)</sup>	62	202	(137)	2	(9)	129	(242)
Administration result	(162)	(8)	(4)	(18)	(62)	(192)	(104)
Upfront pricing of risk and guaranteed rate of return	136	132	133	130	135	531	552
Transferred from/(to) security reserve	(18)	(6)	(7)	(10)	2	(41)	(14)
Allocations to policyholders, products with guaranteed returns	385	(2 877)	1 700	1 255	2 290	462	4 093
Net profit in DNB Livsforsikring	141	(756)	434	596	591	415	1 724
Taxes	(154)	508	(9)	(244)	(672)	101	(672)
<b>Profit from DNB Livsforsikring</b>	<b>294</b>	<b>(1 264)</b>	<b>443</b>	<b>840</b>	<b>1 263</b>	<b>314</b>	<b>2 396</b>
Return on allocated capital, annualised <sup>3)</sup>	8.5	(30.2)	11.7	25.1	38.9	2.5	19.5
<sup>*)</sup> Of which property revaluation <sup>4)</sup>	225	405	227	88	300	945	341
<sup>**)</sup> Of which provisions for higher life expectancy <sup>5)</sup>	(75)	(33)	(97)	(96)	(244)	(300)	(973)

1) Before unrealised gains on long-term securities.

2) See table below. For developments in the asset mix and return on assets from products with guaranteed returns, see tables on pages 76 and 74.

3) The return on allocated capital is calculated on the basis of internal measurement of risk-adjusted capital requirement.

4) Changes in the value of directly owned properties, DNB Scandinavian Property Fund and properties owned through joint ventures. The total value of investment properties was NOK 37.6 billion as at 31 December 2011.

5) As Norwegian life insurance companies offer life-long pension payments, higher life expectancy in the population is one of many risk factors. DNB Livsforsikring strengthened its reserves in 2009 and 2010 to reflect higher life expectancy for individual pension insurance. At the start of 2011, the remaining required increase in reserves was estimated at NOK 770 million, of which NOK 300 million was recorded in 2011 and the rest in 2012. A further increase in reserves of NOK 464 million was made 2011 to reflect higher life expectancy within group pension insurance. The increase in reserves was financed by the interest result and policyholders' share of the risk result.

**Result**

<i>Amounts in NOK million</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Upfront pricing of risk and guaranteed rate of return	136	132	133	130	135	531	552
Return on corporate portfolio	(6)	(380)	121	258	226	(8)	485
Total inadequate additional allocations <sup>1)</sup>	35	(53)	0	0	0	(18)	0
Owner's share of interest profit, common portfolio <sup>2) 3)</sup>	0	(476)	269	207	319	0	662
Owner's share of risk result, common portfolio <sup>3) 4)</sup>	(25)	6	(28)	21	(42)	(27)	69
Administration result, common portfolio + unit linked <sup>5)</sup>	(52)	26	(27)	(36)	(54)	(89)	(104)
Risk result and interest profit, unit linked <sup>6)</sup>	(8)	12	(3)	(10)	(1)	(9)	14
Risk products <sup>7)</sup>	60	(22)	(30)	27	9	35	46
<b>Pre-tax operating profit</b>	<b>141</b>	<b>(756)</b>	<b>434</b>	<b>596</b>	<b>591</b>	<b>415</b>	<b>1 724</b>

- 1) The owner must cover any negative return on financial assets. If the return on financial assets is between nil and the guaranteed rate of return, the owner must cover the difference for contracts for which no or inadequate additional allocations have been made.
- 2) Including the owner's share of the interest result from paid-up policies and previously established individual products. The owner's share of the positive interest result from paid-up policies and previously established individual products is 20 and 35 per cent, respectively. Previously established individual products are products sold prior to 1 January 2008, when new regulations for insurance activity entered into force.
- 3) 35 per cent of the increase in reserves to cover higher life expectancy within individual annuity and pension insurance will be charged to the owner. This charge is included under 'Owner's share of risk result'. If there is a negative result within individual annuity and pension insurance, the owner has been required to cover more than 35 per cent of the increase in reserves.
- 4) For parts of the common portfolio, including paid-up policies, 50 per cent of the positive risk result may be allocated to the risk equalisation fund. The positive risk result for previously established individual products will be allocated to the owner according to the profit sharing model, i.e. by 35 per cent. A negative result will be charged to the owner.
- 5) The administration result from the low, moderate and high-risk portfolios and from paid-up policies will be allocated to the owner. If the overall result for previously established individual products shows a profit, the administration result will be divided between policyholders and the owner (65/35). A negative result will be charged to the owner.
- 6) The risk result and interest result from unit linked products was previously shown under Administration result, common portfolio + unit linked. Figures for previous periods have been restated accordingly.
- 7) Includes employer's liability insurance and group life insurance.

**Tax charge in DNB Livsforsikring after the introduction of the "exemption model" <sup>1)</sup>**

<i>Amounts in NOK million</i>	Full year				
	2011	2010	2009	2008	2007
Tax charge	101	(672)	(175)	427	(2 074)

- 1) With effect from the 2004 fiscal year, new rules were introduced for the taxation of dividends and income from shares for corporate shareholders, the so-called "exemption model". This model implies that as a rule, corporate shareholders will only be subject to a limited tax on dividends and income from shares etc. Correspondingly, there will be no tax deduction for losses upon the realisation of shares. However, it has been proposed to limit the use of the exemption model to returns which accrue to the owner with effect from 1 January 2012.

## Value-adjusted return on assets

Per cent						Full year	
	4Q11	3Q11	2Q11	1Q11	4Q10	2011	2010
<b>Return - common portfolio <sup>1)</sup></b>							
Financial assets							
Norwegian equities	11.3	(17.4)	(4.7)	0.6	18.1	(11.7)	18.6
International equities <sup>2)</sup>	9.2	(15.7)	(1.0)	2.6	8.7	(6.3)	10.7
Norwegian bonds	0.9	2.8	2.2	(0.2)	(0.3)	5.8	6.0
International bonds	0.0	4.4	2.6	0.1	(2.1)	7.2	7.2
Money market instruments	0.9	0.9	0.7	0.7	0.7	3.1	2.8
Bonds held to maturity	1.3	1.3	1.3	1.2	1.3	5.1	5.0
Investment property	2.0	2.4	2.0	1.5	2.2	7.9	6.3
<b>Value-adjusted return on assets I <sup>3)</sup></b>	<b>1.7</b>	<b>(1.7)</b>	<b>0.8</b>	<b>1.3</b>	<b>2.7</b>	<b>2.1</b>	<b>6.8</b>
Value-adjusted return on assets II <sup>4)</sup>	1.6	(0.9)	1.3	0.8	1.9	2.8	6.9
Recorded return on assets <sup>5) *)</sup>	1.5	(1.6)	1.8	1.5	2.3	3.2	6.2
Value-adjusted return on assets I, annualised <sup>3)</sup>	7.2	(6.5)	3.4	5.2	11.4	3.3	7.0
Value-adjusted return on assets II, annualised <sup>4)</sup>	6.7	(3.7)	5.5	3.1	8.1	4.3	7.1
<b>Return - corporate portfolio</b>							
Value-adjusted return on assets I <sup>3)</sup>	0.7	(2.2)	0.9	1.8	2.0	1.2	4.7

\*) Recorded return broken down on sub-portfolios in the common portfolio:

Previously established individual products	1.6	(2.1)	1.8	1.7	2.3	3.0	6.3
Paid-up policies <sup>6)</sup>			1.8	1.5	2.4		6.4
Paid-up policies with low risk <sup>6)</sup>	1.4	(1.3)				3.4	
Paid-up policies with moderate risk <sup>6)</sup>	1.5	(1.6)				3.3	
Paid-up policies with high risk <sup>6)</sup>	1.6	(2.9)				1.9	
Common portfolio with low risk	1.2	(0.7)	1.8	1.1	1.8	3.5	5.5
Common portfolio with moderate risk	1.5	(1.3)	1.8	1.4	2.2	3.5	6.0
Common portfolio with high risk	1.6	(2.1)	1.7	1.6	2.7	2.8	6.5
Recorded return on assets	1.5	(1.6)	1.8	1.5	2.3	3.2	6.2

1) Returns are calculated on a quarterly basis.

2) International equities include DNB Livsforsikring's exposure in hedge funds, private equities and real estate funds.

3) Excluding changes in value of commercial paper and bonds held to maturity.

4) Including unrealised gains on commercial paper and bonds held to maturity.

5) Excluding unrealised gains on financial instruments.

6) With effect from 1 July 2011, the paid-up policy portfolio was divided into three financial management categories (low, moderat and high risk).

## Key figures per sub-portfolio as at 31 December 2011

Per cent	Corporate portfolio	Common portfolio							
		Total common portfolio	Advance pricing of guaranteed rate of return			Profit sharing			Previously established individual products
			Common portfolio with			Paid-up policies with			
			low risk	moderate risk	high risk	low risk	moderate risk	high risk	
Recorded return on assets	1.2	3.2	3.5	3.5	2.8	3.4	3.3	1.9	3.0
Value-adjusted return on assets	1.2	2.1	2.4	2.4	1.7	2.4	2.2	0.9	1.9
Asset class breakdown: <sup>1)</sup>									
- Equity exposure	4.7	8.2	6.6	9.2	11.2	4.7	5.6	6.1	8.5
- Money market instruments	86.5	23.4	25.0	22.4	20.4	26.9	26.0	25.5	23.1

1) The only differences between the portfolios are their respective exposures to equities and money markets instruments. The equity exposure includes financial derivatives and exposure in private equity, hedge funds and property funds.

**Premium income**

<i>Amounts in NOK million</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Total premiums due <sup>1) 2)</sup>	3 008	4 972	3 410	6 813	2 847	18 203	16 126
Inflow of reserves	566	1 051	400	3 044	457	5 061	3 753
Outflow of reserves	705	695	1 017	725	563	3 142	3 171
Net premiums paid	2 870	5 328	2 793	9 131	2 741	20 122	16 708
Outflow of reserves	705	695	1 017	725	563	3 142	3 171
<b>Total premium income</b>	<b>3 575</b>	<b>6 023</b>	<b>3 810</b>	<b>9 856</b>	<b>3 304</b>	<b>23 264</b>	<b>19 879</b>

1) Of which group pensions - defined benefit

1 128

2 923

1 139

4 669

1 156

9 860

9 184

2) Of which group pensions - defined contribution

795

773

716

784

696

3 068

2 695

**Reconciliation of DNB Livsforsikring's and the Group's income statement**

The table below shows how lines in DNB Livsforsikring's income statement are included in the Group's income statement.

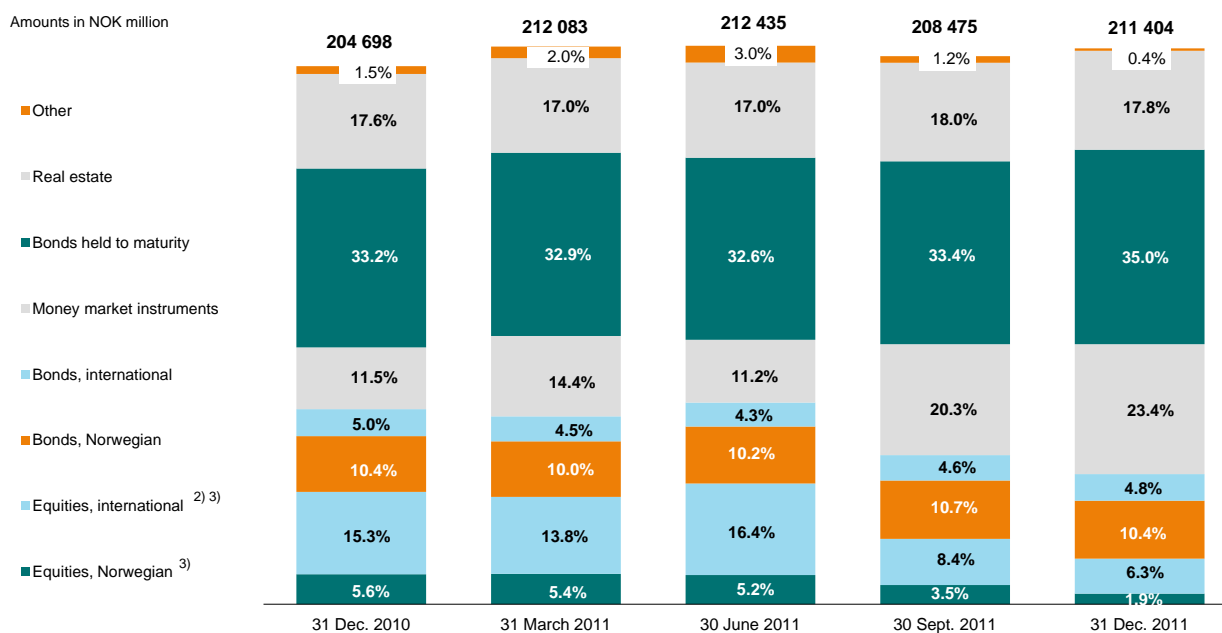
	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
<b><u>DNB Group:</u></b>							
Net gains on assets in DNB Livsforsikring	4 255	(5 275)	3 342	3 473	6 414	5 795	15 068
Guaranteed returns and allocations to policyholders in DNB Livsforsikring	4 124	(4 208)	2 884	2 972	5 879	5 772	13 500
Premium income etc. included in the risk result in DNB Livsforsikring	1 291	1 213	1 211	1 226	1 242	4 941	4 721
Insurance claims etc. included in the risk result in DNB Livsforsikring	1 247	1 017	1 355	1 234	1 248	4 853	4 977
<b>Net financial and risk result in DNB Livsforsikring</b>	<b>176</b>	<b>(871)</b>	<b>314</b>	<b>493</b>	<b>528</b>	<b>112</b>	<b>1 313</b>
<b><u>DNB Livsforsikring:</u></b>							
Recorded interest result	508	(3 954)	2 149	1 747	2 815	450	5 626
Allocations to policyholders, products with guaranteed returns	385	(2 877)	1 700	1 255	2 290	462	4 093
Risk result	62	202	(137)	2	(9)	129	(242)
Transferred from/(to) security reserve	(18)	(6)	(7)	(10)	2	(41)	(14)
+ Costs from subsidiaries which are fully consolidated in DNB Livsforsikring's accounts	8	9	9	10	10	36	36
<b>Net financial and risk result in DNB Livsforsikring</b>	<b>176</b>	<b>(871)</b>	<b>314</b>	<b>493</b>	<b>528</b>	<b>112</b>	<b>1 313</b>

<b><u>DNB Group:</u></b>							
Commissions and fees receivable	426	567	589	579	585	2 162	2 303
Commissions and fees payable	78	74	84	79	90	315	358
Other income	9	5	7	8	0	29	0
Operating expenses	392	384	392	405	431	1 573	1 534
<b>Administration result including upfront pricing of risk and guaranteed rate of return</b>	<b>(34)</b>	<b>115</b>	<b>120</b>	<b>103</b>	<b>63</b>	<b>303</b>	<b>411</b>
<b><u>DNB Livsforsikring:</u></b>							
Upfront pricing of risk and guaranteed rate of return	136	132	133	130	135	531	552
Administration result	(162)	(8)	(4)	(18)	(62)	(192)	(104)
- Costs from subsidiaries which are fully consolidated in DNB Livsforsikring's accounts	8	9	9	10	10	36	36
<b>Administration result including upfront pricing of risk and guaranteed rate of return</b>	<b>(34)</b>	<b>115</b>	<b>120</b>	<b>103</b>	<b>63</b>	<b>303</b>	<b>411</b>

**Balance sheets <sup>1)</sup>**

Amounts in NOK million	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010
Lending to and deposits with credit institutions	4 999	7 532	6 476	3 624	4 730
Lending to customers	1 858	996	972	1 345	2 833
Commercial paper and bonds	72 810	52 284	50 002	53 235	46 574
Shareholdings	40 607	58 974	64 697	61 301	60 443
Financial assets, customers bearing the risk	23 776	22 712	23 689	23 875	23 506
Financial derivatives	1 470	1 505	2 291	1 943	2 445
Commercial paper and bonds, held to maturity	73 954	69 677	69 285	69 708	68 038
Investment property	37 632	37 494	36 143	36 034	35 961
Investments in associated companies	16	16	17	16	16
Intangible assets	240	246	248	253	256
Deferred tax assets	0	69	0	873	629
Fixed assets	10	12	17	19	21
Other assets	1 460	4 135	3 052	3 942	1 654
<b>Total assets</b>	<b>258 831</b>	<b>255 653</b>	<b>256 889</b>	<b>256 169</b>	<b>247 107</b>
Financial derivatives	2 322	2 282	928	752	1 299
Insurance liabilities, customers bearing the risk <sup>*)</sup>	23 776	22 712	23 689	23 875	23 506
Liabilities to life insurance policyholders in DNB Livsforsikring <sup>**)</sup>	212 271	209 889	213 390	212 773	205 550
Payable taxes	214	1 085	263	27	27
Deferred taxes	382	0	243	0	0
Other liabilities	2 646	5 724	3 178	2 783	1 591
Pension commitments	224	223	224	224	224
Subordinated loan capital	2 509	2 505	2 477	2 481	2 497
<b>Total liabilities</b>	<b>244 343</b>	<b>244 420</b>	<b>244 392</b>	<b>242 915</b>	<b>234 693</b>
Share capital	1 621	1 321	1 321	1 321	1 321
Share premium reserve	3 875	1 175	1 175	1 175	1 175
Other equity	8 992	8 737	10 001	10 758	9 918
<b>Total equity</b>	<b>14 488</b>	<b>11 233</b>	<b>12 497</b>	<b>13 254</b>	<b>12 413</b>
<b>Total liabilities and equity</b>	<b>258 831</b>	<b>255 653</b>	<b>256 889</b>	<b>256 169</b>	<b>247 107</b>
*) Of which group pensions - defined contribution	14 821	13 544	13 318	12 791	11 941
**) Of which group pensions - defined benefit	158 561	156 248	157 870	156 335	149 231

1) The figures encompass DNB Livsforsikring ASA including subsidiaries as included in the DNB Group accounts before eliminations for intra-group transactions and balances.

**Financial exposure - common portfolio <sup>1)</sup>**

1) The figures represent net exposure after derivative contracts.

2) International equities include DNB Livsforsikring's exposure in hedge funds, private equities and real estate funds.

3) Equity exposure per sub-portfolio in the common portfolio, see table on page 74.

**Market shares in Norway**

<i>Per cent</i>	30 Sept. 2011	31 Dec. 2010	30 Sept. 2010
Of insurance funds including products with a choice of investment profile	29.2	29.6	29.7
- Corporate market	39.5	40.6	40.5
- Public market	10.5	9.8	9.7
- Retail market	53.5	52.2	53.1

Source: Finance Norway (FNO)

**Cooperation with other group entities**

- By taking advantage of the strength of the DNB Group's total distribution network, DNB Livsforsikring is well positioned to enjoy continued market growth.
- In the fourth quarter of 2011, other business areas accounted for 67.2 per cent of the sales of DNB Livsforsikring's products in the retail market, compared with 28.6 per cent in the corresponding period of 2010.

**Solvency capital <sup>1) 2)</sup>**

<i>Amounts in NOK million</i>	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010
Interim profit, accumulated	0	352	3 985	1 851	0
Market value adjustment reserve	409	0	101	2 041	2 591
Additional allocations	5 039	3 775	5 389	5 574	5 694
Security reserve	196	177	177	168	158
Equity <sup>3)</sup>	14 488	11 214	11 214	12 414	12 414
Subordinated loan capital and perpetual subordinated loan capital securities	2 503	2 485	2 472	2 476	2 492
Unrealised gains on long-term securities	2 444	2 655	1 105	51	1 100
<b>Solvency capital <sup>3)</sup></b>	<b>25 079</b>	<b>20 658</b>	<b>24 443</b>	<b>24 575</b>	<b>24 448</b>
<b>Buffer capital <sup>4)</sup></b>	<b>11 395</b>	<b>6 278</b>	<b>11 432</b>	<b>12 196</b>	<b>11 748</b>

1) According to prevailing regulations for the statutory accounts of life insurance companies.

2) The table shows the composition of and development in solvency capital. All these elements, with the exception of part of the security reserve, can be used to meet the guaranteed rate of return on policyholders' funds.

3) In order to increase the level of solvency capital, DNB Livsforsikring received a NOK 3 billion equity injection from DNB ASA in October 2011. The increase in capital is part of the process to adapt to new capital requirements under the Solvency II regulations which will be introduced from 2013.

4) Buffer capital represents the sum of equity and subordinated loan capital in excess of the minimum statutory capital requirement, interim profits, additional allocations and the market value adjustment reserve.

**Capital adequacy and solvency margin capital <sup>1)</sup>**

<i>Amounts in NOK million</i>	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010
<b>Capital adequacy <sup>2)</sup></b>					
Total eligible primary capital	14 869	11 688	11 730	12 324	12 552
Capital adequacy ratio (%)	15.3	9.8	9.6	10.3	11.0
Core capital	13 521	10 297	10 348	10 938	10 980
Core capital (%)	13.9	8.6	8.5	9.1	9.7
Risk-weighted assets	97 133	119 201	122 164	119 926	113 607
<b>Solvency margin capital <sup>3)</sup></b>					
Solvency margin capital	17 887	14 123	14 835	15 517	15 800
Solvency margin capital exceeding minimum requirement	8 555	4 938	5 637	6 325	6 962
Solvency margin capital in per cent of solvency margin capital requirement (%)	192	154	161	169	179

1) Prepared in accordance with prevailing regulations for life insurance companies. New regulations are expected upon the introduction of Solvency II.

2) Capital adequacy regulations regulate the relationship between the company's primary capital and the investment exposure on the asset side of the balance sheet. Life insurance companies are subject to a minimum capital adequacy requirement of 8 per cent.

3) Solvency margin capital is measured against the solvency margin requirement, which is linked to the company's insurance commitments on the liabilities side of the balance sheet. The solvency margin requirements for Norwegian life insurance companies are subject to regulations on the calculation of solvency capital requirements and solvency margin capital, as laid down by the Ministry of Finance on 19 May 1995.

## **DNB Asset Management**

DNB Asset Management provides mutual funds and discretionary portfolio management services to Norwegian, Nordic and European corporate clients, the public sector, private pension funds and retail clients. Torkild Varran is head of DNB Asset Management.

DNB Asset Management seeks to provide first-class returns on customer funds within the preferred risk profile and investment horizon. The company aspires to be the leading asset manager for clients in the Nordic region, providing sound long-term returns and a high level of service based on a thorough understanding of customer needs.

### **Products and services**

- Mutual funds, hedge funds and absolute return products
- Discretionary portfolio management
- Management and monitoring of investment portfolios
- Asset allocation and risk management advisory services

### **Organisation**

- One holding company, DNB Asset Management Holding AS, with separate asset management companies in major markets.
- Customer activity is concentrated in Norway, Sweden and Luxembourg. In order to provide competitive global asset management, investment operations have also been established in Hong Kong and Chennai.
- A combination of regional and sector-oriented management teams.
- Asset management services are provided through channels adapted to the various markets:

#### Retail clients in Norway

- DNB's extensive network of branches and regional financial service centres
- Postal offices and in-store postal outlets
- The Internet
- External channels including brokers, investment advisers and regional and local savings banks

#### Retail clients in Sweden

- Local distributors

#### Institutional markets in Sweden and Norway

- The business area's own sales force and, in Norway, also through cooperation with Large Corporates and International

### **Employees**

DNB Asset Management totalled 215 full-time positions at the end of the quarter.

**Financial performance**

<i>Amounts in NOK million</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Net interest income - ordinary operations	(10)	(10)	(10)	(9)	(5)	(38)	(3)
Interest on allocated capital <sup>1)</sup>	4	4	4	3	3	15	13
Net interest income	(5)	(6)	(6)	(5)	(1)	(23)	10
Net commission income							
- from retail customers	78	79	95	98	90	350	357
- from institutional clients	138	107	114	119	122	478	481
Other income	4	5	2	1	4	12	20
Total income	215	184	205	213	214	818	868
Operating expenses	137	149	144	154	147	583	592
Pre-tax operating profit before write-downs	78	36	61	60	67	234	276
Net gains on fixed and intangible assets	0	0	0	0	0	0	0
<b>Pre-tax operating profit</b>	<b>78</b>	<b>36</b>	<b>61</b>	<b>60</b>	<b>67</b>	<b>235</b>	<b>276</b>

<b>Assets under management (NOK billion) <sup>2)</sup></b>							
Institutional	437	426	433	446	436	437	436
- of which DNB Livsforsikring <sup>3)</sup>	210	204	206	205	199	210	199
Retail	37	36	41	43	44	37	44
Total	474	462	473	489	479	474	479

<b>Key figures</b>							
Cost/income ratio (%)	63.6	80.5	70.4	72.0	68.8	71.3	68.2
Return on allocated capital, annualised (%) <sup>4)</sup>	38.2	19.1	32.7	32.4	35.7	30.8	30.8

1) The interest is calculated on the basis of internal measurement of risk-adjusted capital requirement.

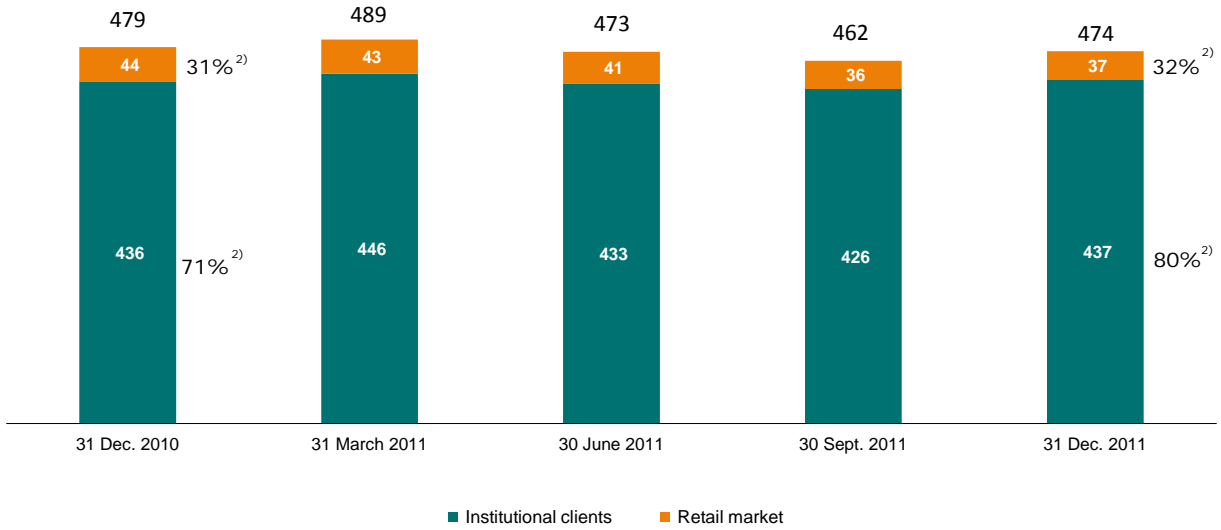
2) Assets under management and assets under operation at end of period. During the first quarter of 2011, portfolio values were redistributed between the retail and institutional segments. This was primarily due to the transfer of portfolio values related to the SME market from the retail to the institutional segment. Figures for previous periods have been restated.

3) Managed on behalf of DNB Livsforsikring.

4) The return on allocated capital is calculated on the basis of internal measurement of risk-adjusted capital requirement.

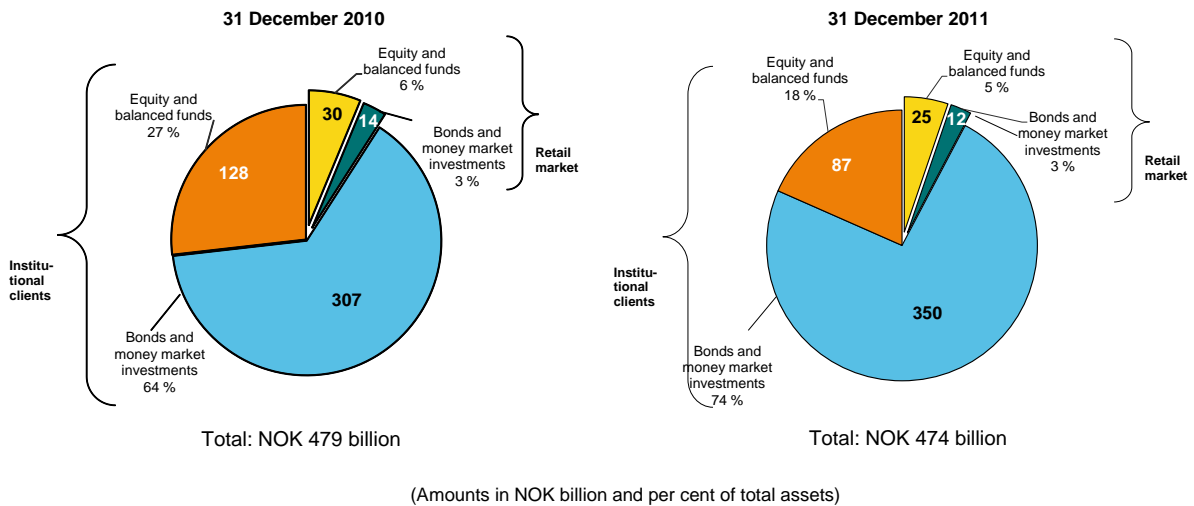
**Assets under management - distribution by market segment <sup>1)</sup>**

NOK billion



- 1) During the first quarter of 2011, portfolio values were redistributed between the retail and institutional segments. This was primarily due to the transfer of portfolio values related to the SME market from the retail to the institutional segment. Figures for previous periods have been restated.
- 2) Share of total assets in the institutional and retail market respectively, invested in bonds, fixed-income funds and money market funds.

**Assets under management - distribution by investment type <sup>1)</sup>**



(Amounts in NOK billion and per cent of total assets)

- 1) During the first quarter of 2011, portfolio values were redistributed between the retail and institutional segments. This was primarily due to the transfer of portfolio values related to the SME market from the retail to the institutional segment. Figures for previous periods have been restated.

**Changes in assets under management - net inflow**

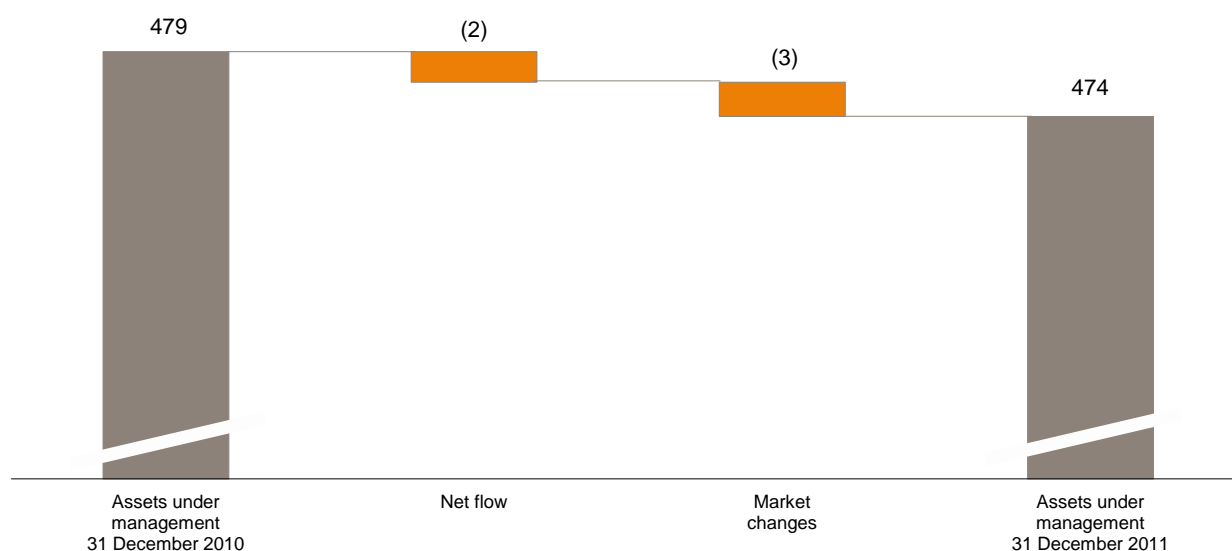
Amounts in NOK million	4Q11	3Q11	2Q11	1Q11 <sup>1)</sup>	4Q10	Full year	
						2011 <sup>1)</sup>	2010 <sup>2)</sup>
Retail market	(1 044)	(1 085)	(794)	(272)	840	(3 195)	(1 041)
Institutional clients	288	3 160	(9 132)	6 438	(3 072)	754	(6 093)
Total	(756)	2 075	(9 926)	6 166	(2 233)	(2 441)	(7 134)

1) Excluding dividends of NOK 1 932 million, of which NOK 328 million refers to retail and NOK 1 604 million to institutional clients

2) Excluding dividends of NOK 2 450 million, of which NOK 537 million refers to retail and NOK 1 913 million to institutional clients

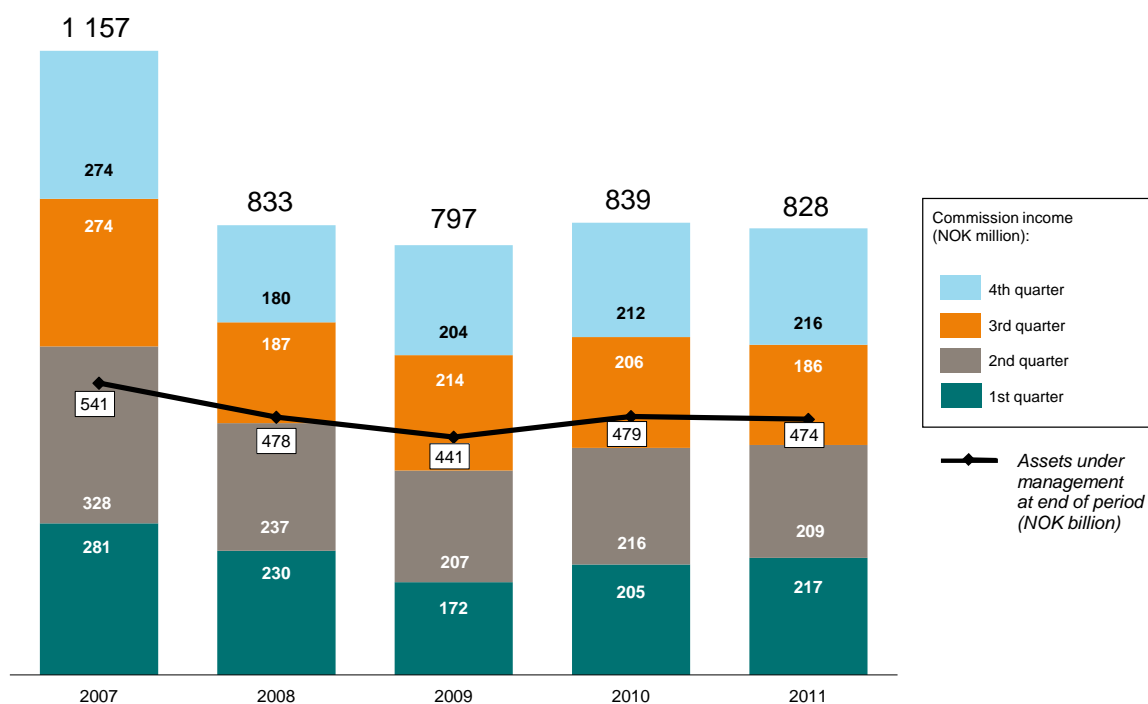
**Changes in assets under management**

NOK billion

**Comments to changes in assets under management as from 31 December 2010**

- Assets under management decreased by NOK 5.2 billion or 1.1 per cent.  
Net flow:
  - There was a net inflow of funds from institutional clients of NOK 0.8 billion or 0.2 per cent.
  - New institutional mandates were obtained in both Sweden and Norway.
  - There was a net outflow of funds from the retail market of NOK 3.2 billion or 0.7 per cent.
- Market changes:
  - Market developments led to a NOK 2.8 billion decrease in assets under management, representing 0.6 per cent measured in clients' base currencies.
  - During the last four quarters, Morgan Stanley's global equity index decreased by 5.5 per cent measured in USD and by 3.0 per cent measured in NOK.
  - Prices on the stock exchange in Stockholm (OMX) decreased by 14.5 per cent, and the stock exchange in Oslo (OSEBX) experienced 12.5 per cent fall of prices during the last four quarters.
- Exchange rate movements:
  - The appreciation of NOK against other currencies, against other currencies had an insignificant influence for assets under management.

### Development in commission income and assets under management



### Investment returns on assets under management as from 31 December 2010

- Returns on a number of major client portfolios and funds outperformed relevant benchmarks.
- Fund managers' specialisation has led to strong relative performance for several funds (return in excess of benchmark):
  - Equity funds:
    - DNB Nordic Technology (10.9 per cent)
    - DNB Miljøinvest (9.3 per cent)
    - DNB SMB (7.5 per cent)
  - Money Market funds:
    - DNB Likviditet 20 (V) (0.7 per cent)
    - DNB Pengemarked (II) (0.6 per cent)
  - Bond funds:
    - DNB Global Credit (1.1 per cent)

**Clients/markets**

- DNB Asset Management serves the Nordic and European savings markets, offering domestic and international asset management services.
- Brand names:
  - DNB Asset Management in all markets.
- A leading position in the institutional market in both Norway and Sweden with 258 institutional clients. The largest clients are DNB Livsforsikring and Skandia Liv.
- The number of mutual fund clients in Norway was approximately 565 000 at the end of December 2011. The number of active savings schemes reached nearly 268 000.
- Market shares:
  - Retail mutual funds in Norway 29.9 per cent <sup>1)</sup>
  - Total mutual funds in Sweden and Luxembourg ≈ 1.5 per cent
  - Institutional market in Norway (mutual funds in Norway) 20.1 per cent <sup>1)</sup>
  - Institutional market in Sweden > 15 per cent

1) Source: Norwegian Mutual Fund Association.

**Retail: Fund capital and market shares in Norway**

	31 December 2011		31 December 2010		31 December 2009	
	Fund capital	Market share	Fund capital	Market share	Fund capital	Market share
<i>Amounts in NOK million and per cent</i>						
Equity funds	23 210	25.8	23 306	22.2	21 098	26.2
Balanced funds	7 266	53.1	7 753	56.3	6 802	60.3
Fixed-income funds	14 143	31.1	15 979	38.0	14 693	45.8
<b>Total mutual funds</b>	<b>44 619</b>	<b>29.9</b>	<b>47 039</b>	<b>29.3</b>	<b>42 593</b>	<b>34.4</b>

Source: Norwegian Mutual Fund Association

**Cooperation with other group entities**

- DNB's extensive network represents the major distribution channel in the Norwegian retail market.
- DNB Asset Management cooperates with Large Corporate and International and Retail Banking in providing a complete range of financial services to corporate clients.
- DNB Asset Management manages DNB Livsforsikring's equity and bond portfolios.
- DNB Asset Management cooperates with other group entities in developing products adapted to the various markets.

## DNB Skadeforsikring

DNB Skadeforsikring primarily offers non-life insurance products to the retail market. Hans Petter Madsen is head of DNB Skadeforsikring.

DNB Skadeforsikring is in an expansion phase. The company is well positioned to become an important player in the Norwegian market in the longer term.

### Products:

- private house and contents insurance
- car insurance
- travel insurance etc.

### Customers and markets shares

- Sales in 2011 increased by 14.6 per cent compared with the year-earlier period.
- Non-life insurance products are sold mainly through the bank's distribution network, and special initiatives in the large cities have produced good results. At end-December 2011, gross premiums written came to NOK 1 454 million. The number of policyholders increased by 24 000 from end-December 2010, to approximately 174 000 at end-December 2011.
- DNB's share of the total non-life insurance market (DNB Skadeforsikring + non-life insurance products in DNB Livsforsikring) was 4.3 per cent at end-September 2011.
- The market shares for DNB Skadeforsikring's core products car and fire/ combined insurance (home insurance etc.) were 4.4 per cent and 5.2 per cent, respectively, at end-September 2011.

### Financial performance

<i>Amounts in NOK million</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2010	2011
Premium income for own account	287	291	269	247	266	1 093	
Cost of claims for own account	219	220	201	206	228	845	
Insurance-related operating expenses for own account	59	57	63	61	70	240	
Technical insurance profits	9	13	5	(20)	(33)	8	
Net investment income	28	(20)	8	5	8	22	
Security reserve	6	(0)	5	2	12	14	
Other income and costs	1	3	(2)	19	0	22	
Pre-tax profit	32	(2)	7	3	(37)	38	
Taxes	13	(1)	3	0	(10)	14	
<b>Profit for the period</b>	<b>19</b>	<b>(1)</b>	<b>4</b>	<b>2</b>	<b>(27)</b>	<b>24</b>	
Claims ratio for own account	76.4	75.6	74.7	83.4	86.0	77.3	
Cost ratio for own account	20.6	19.8	23.4	24.5	26.4	21.9	
Combined ratio for own account (per cent)	97.0	95.4	98.0	107.9	112.4	99.3	

A reduced claims ratio and a reinsurance programme which to a greater extent neutralises seasonal variations, contributed to improved profit performance in 2011.

## DnB NORD

DNB took over all the shares in DNB NORD with effect from year-end 2010. The operations in the Baltics have been more closely integrated in DNB, and a new strategy has been prepared for operations in the Baltic States. Following the decision to continue operations in Poland as part of the DNB Group, a strategy for Poland is in the process of being drawn up. Banking operations in DNB NORD in Copenhagen are being wound up, and the remaining loan portfolio was transferred to DNB in the fourth quarter of 2011. The operations in Copenhagen will be continued as a pure investment company.

Operations in the Baltic States and Poland will continue as a separate profit centre.

### Financial performance

<i>Amounts in NOK million</i>	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Net interest income - ordinary operations	314	316	302	299	344	1 231	1 383
Interest on allocated capital <sup>1)</sup>	15	17	15	12	12	59	38
Net interest income	330	333	317	311	355	1 290	1 422
Net other operating income	197	188	165	174	120	724	627
Total income	526	521	482	485	475	2 014	2 048
Operating expenses <sup>2)</sup>	1 006	328	356	345	342	2 035	1 700
Pre-tax operating profit before write-downs	(480)	193	126	140	133	(21)	348
Net gains on fixed and intangible assets	(3)	5	4	3	13	9	(15)
Write-downs on loans and guarantees	313	731	180	213	304	1 437	1 813
<b>Pre-tax operating profit</b>	<b>(797)</b>	<b>(533)</b>	<b>(49)</b>	<b>(70)</b>	<b>(159)</b>	<b>(1 449)</b>	<b>(1 481)</b>
Net lending to customers (NOK billion) <sup>3)</sup>	55.4	59.4	59.6	59.4	62.1	58.5	63.2
Deposits from customers (NOK billion) <sup>3)</sup>	22.3	22.7	25.0	25.5	23.5	23.8	21.8
Allocated capital (NOK billion) <sup>4)</sup>	4.0	4.3	4.2	4.3	4.5	4.2	4.8
Cost/income ratio (%) <sup>5)</sup>	84.2	63.0	73.8	71.2	72.2	73.1	66.2
Ratio of deposits to lending (%)	40.3	38.1	41.9	42.8	37.8	40.8	34.5
Return on allocated capital, annualised (%) <sup>4)</sup>	(18.5)	(39.2)	(3.8)	(5.3)	(11.2)	(16.8)	(19.1)

- 1) Interest on allocated capital is calculated according to internal DNB capital allocation rules. "Net interest income - ordinary operations" does not include interest on equity.
- 2) In the second quarter of 2010 operating expenses included impairment of intangible assets of NOK 346 million related to the development of a new IT infrastructure for joint solutions across national borders. In the fourth quarter of 2011 operating expenses included another impairment of NOK 191 million related to IT infrastructure as well as an impairment loss for goodwill in Poland of NOK 372 million.
- 3) Average balances. Lending to customers includes accrued interest, write-downs and value adjustments. Lending to credit institutions are not included. Correspondingly, deposits from customers include accrued interest. Deposits from credit institutions are not included.
- 4) The allocated capital and return on allocated capital are calculated on the basis of internal measurement of risk-adjusted capital requirement.
- 5) Total operating expenses excluding impairment losses for goodwill and intangible assets relative to total income.

**Lending and write-downs**

<i>Amounts in NOK million</i>	Net lending 31 Dec. 2011	<i>Of which net non-performing and net doubtful commitments</i>		Individual write-downs 4Q11	Collective write-downs 4Q11	Total write-downs 4Q11
		<i>NOK million</i>	<i>As a percentage of net lending</i>			
Latvia	14 542	1 923	13.2	158	(32)	126
Lithuania	19 824	2 674	13.5	69	9	78
Estonia	3 082	289	9.4	15	(4)	11
Poland	18 019	1 010	5.6	(1)	3	2
DNB Baltics and Poland	55 467	5 896	10.6	241	(24)	217
Other	0 <sup>1)</sup>	866	0.0	122	(26)	96
<b>Total DnB NORD</b>	<b>55 467</b>	<b>6 762</b>	<b>12.2</b>	<b>363</b>	<b>(50)</b>	<b>313</b>

1) The portfolio was transferred to Norway during the fourth quarter of 2011.

**Write-down ratio – net non-performing and net doubtful commitments <sup>1)</sup>**

<i>Amounts in NOK million</i>	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010
Non-performing commitments	8 801	8 262	8 481	8 466	8 559
Doubtful commitments	2 811	3 848	4 539	4 800	5 041
Gross non-performing and gross doubtful commitments	11 612	12 110	13 020	13 266	13 600
Individual write-downs	4 850	5 263	4 999	5 026	5 109
<b>Net non-performing and net doubtful commitments</b>	<b>6 762</b>	<b>6 847</b>	<b>8 020</b>	<b>8 240</b>	<b>8 491</b>
Collective write-downs	482	537	327	333	341
Write-down ratio (per cent)	45.9	47.9	40.9	40.4	40.1
Non-performing and doubtful commitments relative to total commitments (per cent)	12.2	11.6	13.4	13.9	14.4
Collateral for non-performing and doubtful commitments	8 032	8 318	10 906	10 504	11 518
Coverage ratio (per cent)	115.1	116.6	124.7	119.6	124.8

1) Write-down ratio includes individual and collective write-downs as a percentage of gross non-performing and gross doubtful commitments.

## DNB Baltics and Poland

DNB Baltics and Poland is organised under the Large Corporates and International business area. The division is headed by Terje Turnes. DNB Baltics and Poland's core markets are Estonia, Latvia, Lithuania and Poland, where the bank has a strong market position or a long-term growth potential. The bank provides a broad range of products to both the retail and corporate markets and is committed to developing a strong brand as a full-service bank.

### Organisation and market

- DNB Baltics and Poland serves more than 1 million retail and corporate clients.
- At end-December 2011 DNB Baltics and Poland had 159 branches and offices in the four countries.
- DNB Baltics and Poland's staff represented 3 297 full-time positions at end-December 2011.
- DNB was the third largest bank in Lithuania and number four in Latvia, measured by lending to customers. In these countries DNB is providing a full range of services to individual and corporate customers. In Estonia, the bank was number five in terms of total lending and the main focus is on corporate lending.
- DNB Poland is providing financial services to individual and corporate customers.
- In the Baltic States the serious economic cool-down from end-2008 and in 2009 was followed by signs of stabilisation and a moderate growth towards the end of 2010 and in 2011. Due to beginning economic recovery, DNB Baltics and Poland expects the level of write-downs on loans to decrease in coming years, but there is still uncertainty regarding the home mortgage portfolio and repossessed properties in Latvia.
- DNB Baltics and Poland continues to concentrate on consolidating operations, including a closer integration of the operations with DNB, following up high-risk commitments and improving cost efficiency.

### Financial performance

Amounts in NOK million	4Q11	3Q11	2Q11	1Q11	4Q10	Full year	
						2011	2010
Net interest income - ordinary operations	315	321	319	314	355	1 268	1 425
Interest on allocated capital <sup>1)</sup>	15	15	12	9	8	51	27
Net interest income	329	335	331	323	363	1 319	1 452
Net other operating income	226	172	175	190	141	763	688
Total income	555	507	507	513	504	2 082	2 140
Operating expenses <sup>2)</sup>	570	294	316	305	315	1 484	1 603
Pre-tax operating profit before write-downs	(15)	213	191	208	189	598	537
Net gains on fixed and intangible assets	(4)	5	4	3	15	9	(15)
Write-downs on loans and guarantees	217	700	173	190	241	1 280	1 386
<b>Pre-tax operating profit</b>	<b>(236)</b>	<b>(481)</b>	<b>22</b>	<b>21</b>	<b>(36)</b>	<b>(673)</b>	<b>(864)</b>
Net lending to customers (NOK billion) <sup>3)</sup>	54.6	53.7	53.4	53.2	55.0	53.7	56.0
Deposits from customers (NOK billion) <sup>3)</sup>	22.3	22.7	25.0	25.5	23.5	23.8	21.8
Allocated capital (NOK billion) <sup>4)</sup>	3.8	3.6	3.4	3.3	3.3	3.5	3.7
Cost/income ratio (%) <sup>5)</sup>	68.4	57.9	62.3	59.4	62.5	62.1	59.4
Ratio of deposits to lending (%)	43.2	42.1	46.2	46.5	42.8	44.5	38.3
Return on allocated capital, annualised (%) <sup>4)</sup>	(19.9)	(42.6)	2.0	2.1	(3.4)	(15.3)	(18.9)

1) Interest on allocated capital is calculated according to internal DNB capital allocation rules. "Net interest income - ordinary operations" does not include interest on equity.

2) Operating expenses include impairment of intangible assets of NOK 191 million related to the development of a new IT infrastructure in the fourth quarter of 2011, and in 2010 an impairment of NOK 332 million was booked in the second quarter.

3) Average balances. Lending to customers includes accrued interest, write-downs and value adjustments. Lending to credit institutions is not included. Correspondingly, deposits from customers include accrued interest. Deposits from credit institutions are not included.

4) The allocated capital and return on allocated capital are calculated on the basis of internal measurement of risk-adjusted capital requirement.

5) Total operating expenses excluding impairment losses for goodwill and intangible assets relative to total income.

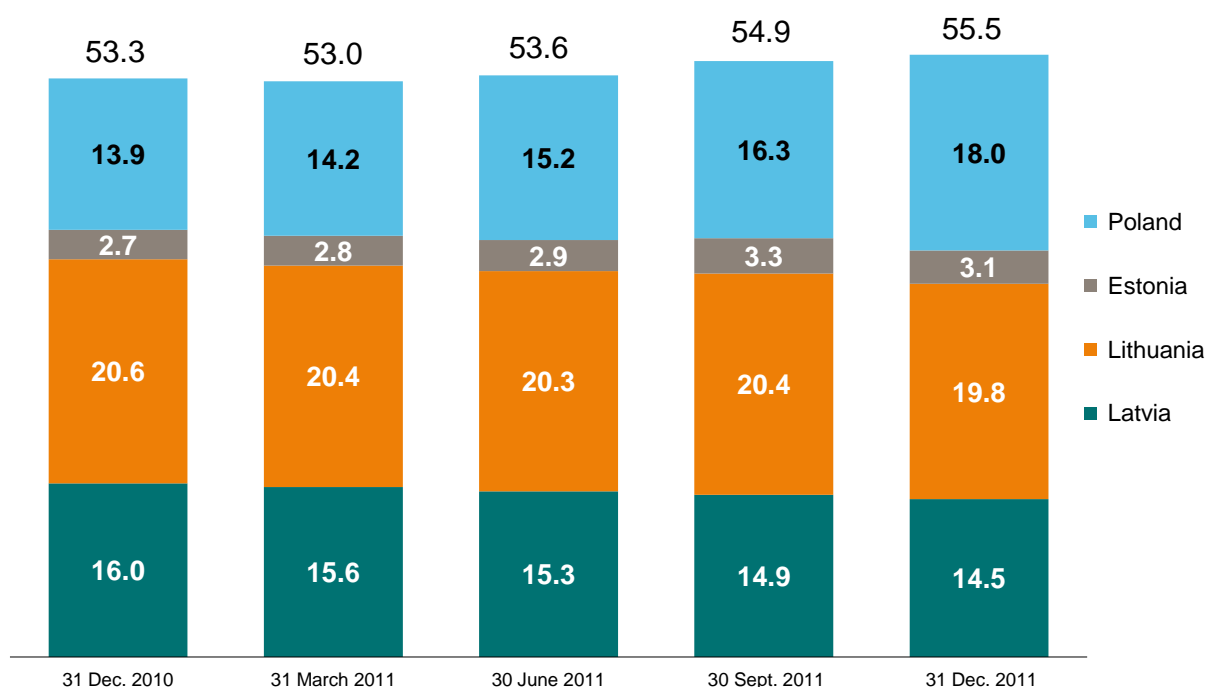
**Net interest income <sup>1)</sup>**

Amounts in NOK million	Average volumes			Spreads in per cent			Net interest income		
	4Q11	3Q11	4Q10	4Q11	3Q11	4Q10	4Q11	3Q11	4Q10
Lending to customers <sup>1)</sup>	48 664	47 260	47 559	1.82	1.81	2.07	224	215	248
Deposits from customers <sup>1)</sup>	22 274	22 595	23 369	1.07	1.10	0.64	60	63	38
Allocated capital	3 769	3 586	3 332	1.51	1.57	1.01	15	15	8
Other							31	43	69
<b>Total net interest income</b>							<b>329</b>	<b>335</b>	<b>363</b>

1) Based on nominal values excluding impaired loans.

**Development in lending volumes**

NOK billion



- Measured in NOK, lending volumes in the Baltics and Poland increased by 4.1 per cent from end-December 2010 to end-December 2011.
- Lending volumes continued to decrease in Latvia and Lithuania, while Poland showed an increase in lending from end-December 2010 with 29.2 per cent.

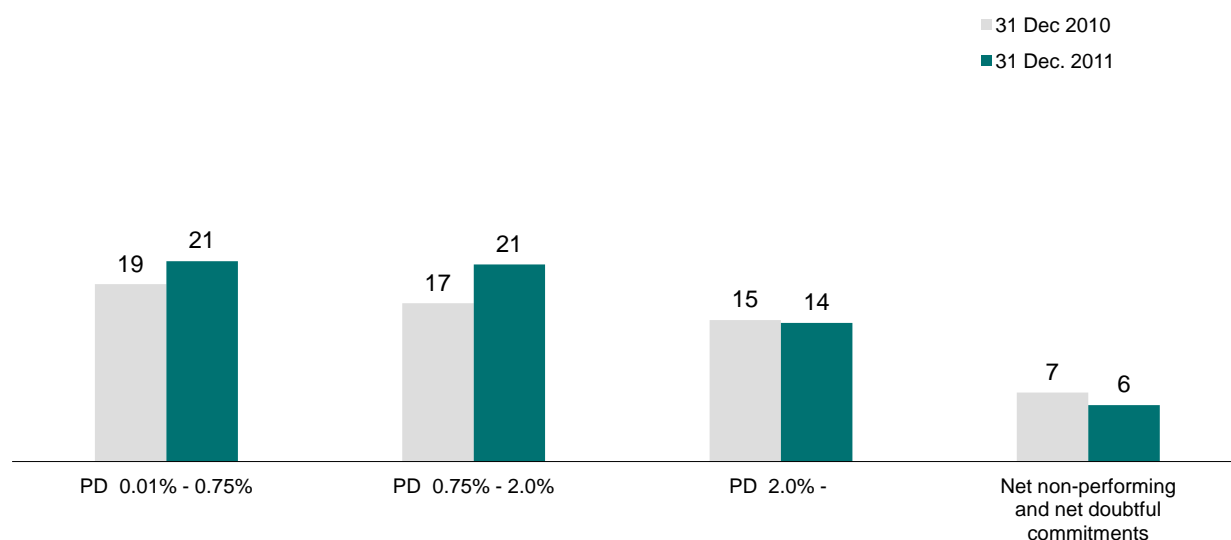
**Write-down ratio – net non-performing and net doubtful commitments as at 31 December 2011 <sup>1)</sup>**

<i>Amounts in NOK million</i>	Estonia	Latvia	Lithuania	Poland
Non-performing commitments	179	3 413	3 482	862
Doubtful commitments	276	880	976	678
Gross non-performing and gross doubtful commitments	455	4 293	4 458	1 540
Individual write-downs	166	2 370	1 784	530
<b>Net non-performing and net doubtful commitments</b>	<b>289</b>	<b>1 923</b>	<b>2 674</b>	<b>1 010</b>
Collective write-downs	29	324	73	56
Write-down ratio (per cent)	43.0	62.8	41.7	38.0
Non-performing and doubtful commitments relative to total commitments (per cent)	9.4	13.2	13.5	5.6
Collateral for non-performing and doubtful commitments	227	2 792	4 323	690
Coverage ratio (per cent)	92.9	127.8	138.6	82.9

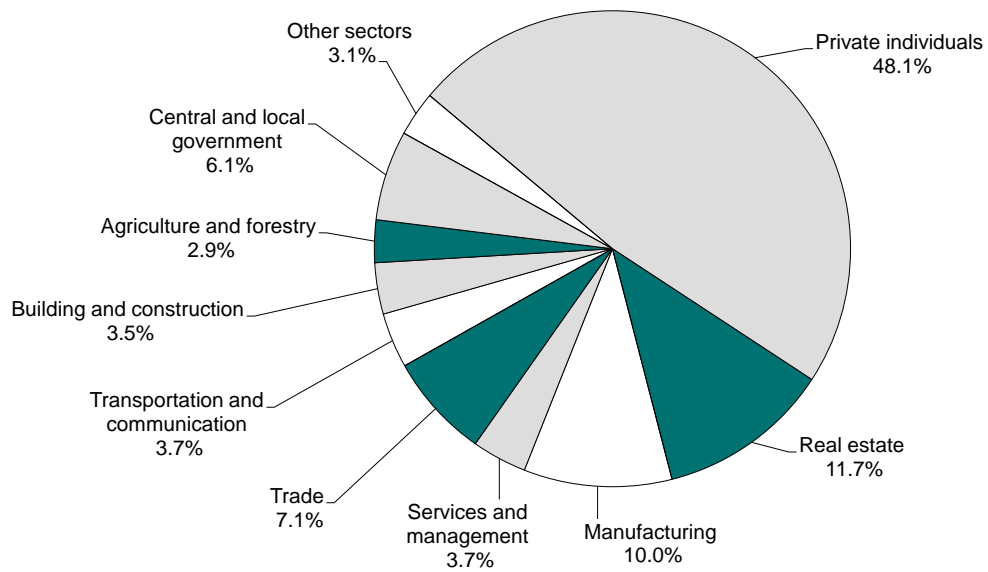
1) Write-down ratio includes individual and collective write-downs as a percentage of gross non-performing and gross doubtful commitments.

**Risk classification of portfolio <sup>1)</sup>**

NOK billion



1) Based on DNB's risk classification system. The volume represents the expected outstanding amount in the event of default, except for net non-performing and net doubtful commitments which are net recorded exposure in the accounts.  
PD = probability of default

**Net lending to principal customer groups as at 31 December 2011 <sup>1) 2)</sup>**

1) Lending after individual write-downs, nominal amounts.

2) The breakdown into principal customer groups is based on standardised sector and industry categories set up by Statistics Norway.

## **Section 4**

# **The Norwegian economy**

### Basic information about Norway

Area	385 199 square kilometres
Population	4.9 million
Fertility rate	2.0
Life expectancy	M: 76.8 F: 81.8
Work participation rate, per cent 15–74 years	71.9 (M: 75.0 F:68.7)
Gross domestic product 2010	USD 417.8 billion
GDP per capita 2010	USD 85 000
Rating	AAA, Aaa
Currency exchange rate used	6.04 USD/NOK (Average 2010)
Current balance 2010	USD 56.7 billion or 13.6 per cent of GDP

Source: Statistics Norway

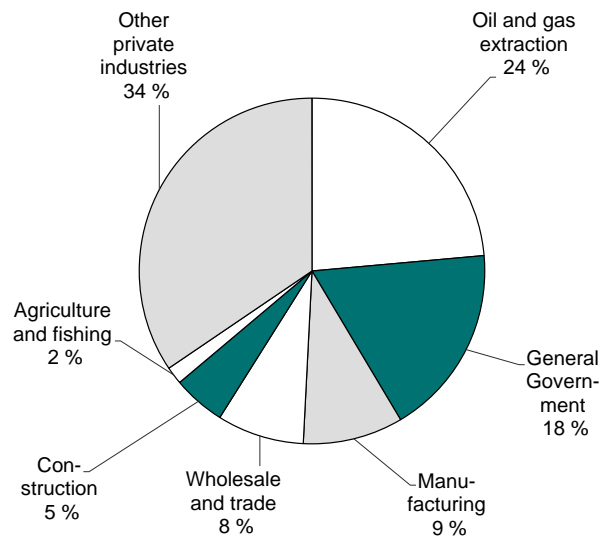
### Key macro-economic indicators, Norway

Per cent	2009	2010	F 2011	F 2012	F 2013	F 2014
GDP growth						
- Norway, total	(1.7)	0.7	1.6	2.2	2.1	2.3
- Mainland Norway	(1.6)	1.9	2.6	2.4	2.7	2.8
Private consumption	0.0	3.7	2.2	2.3	2.9	3.2
Gross fixed investment	(7.5)	(5.2)	6.8	5.9	5.4	4.8
Inflation (CPI)	2.2	2.4	1.2	0.9	1.5	1.9
Savings ratio <sup>1)</sup>	6.8	6.3	8.9	10.9	10.6	10.0
Unemployment rate	3.2	3.6	3.3	3.5	3.8	3.8

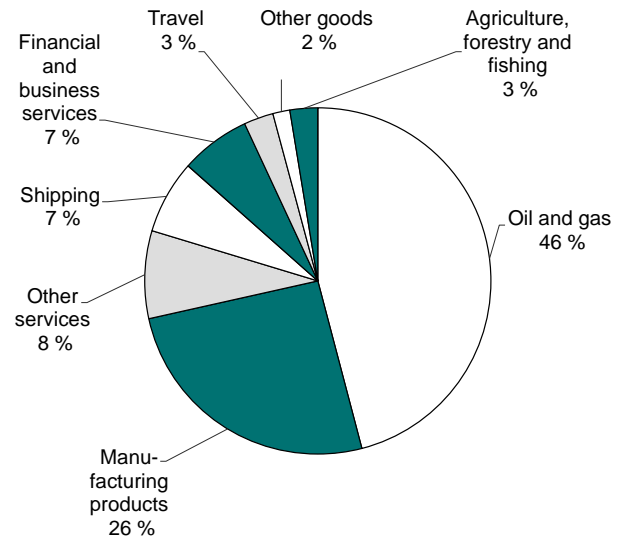
1) Per cent of disposable income. Households.

Source: Statistics Norway and DNB Markets

**Composition of GDP in 2010**

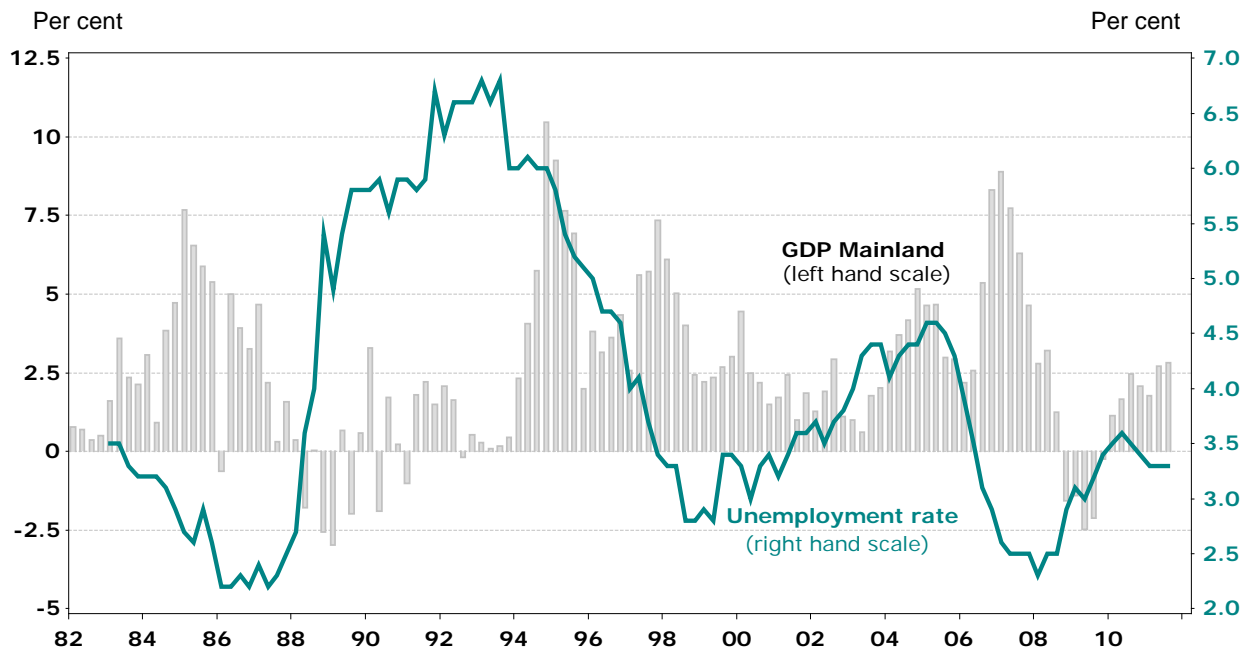


**Composition of export in 2010**



Source: Statistics Norway

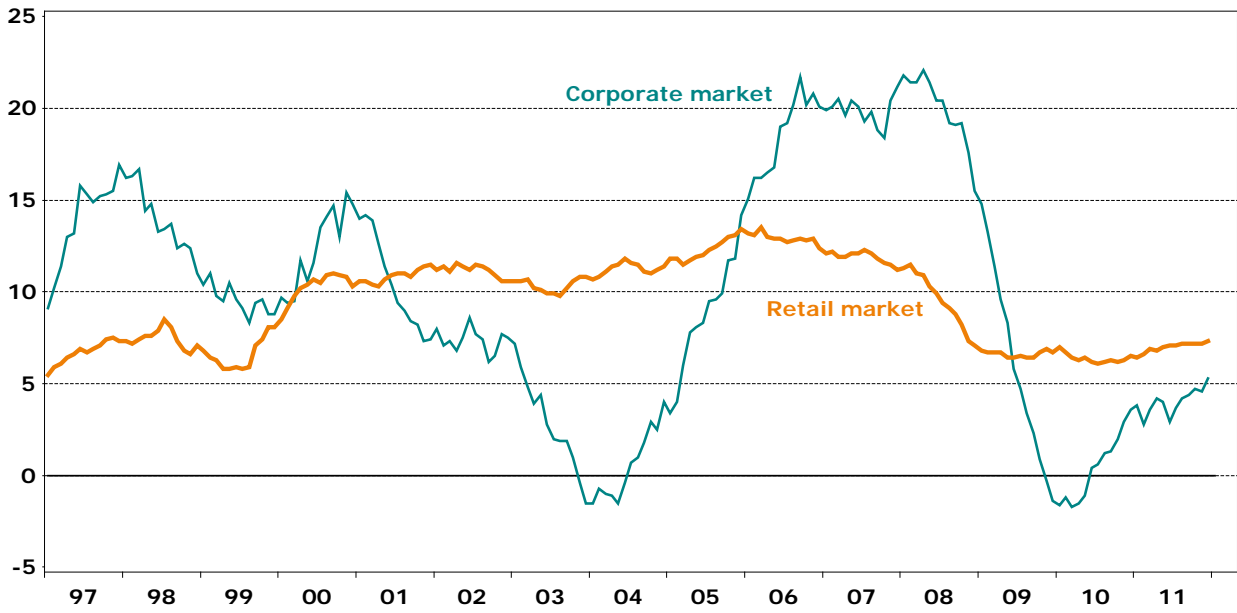
**GDP-growth mainland Norway and unemployment rate**



Source: Statistics Norway

**Credit market, 12 month percentage growth**

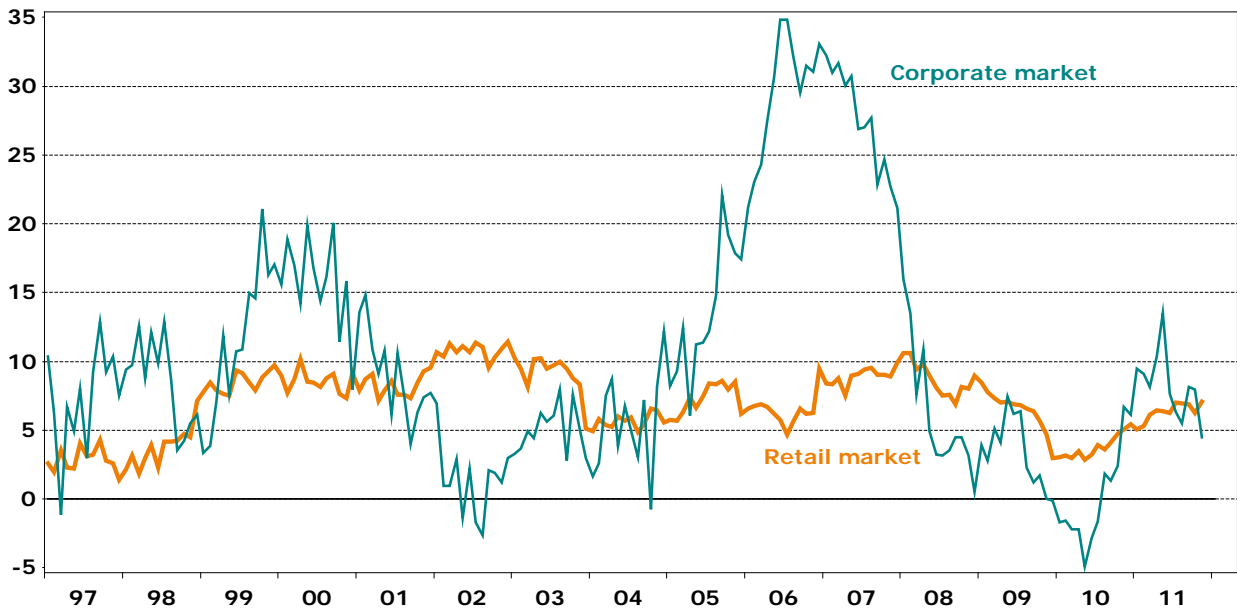
Per cent



Source: Statistics Norway

**Deposit market, 12 month percentage growth**

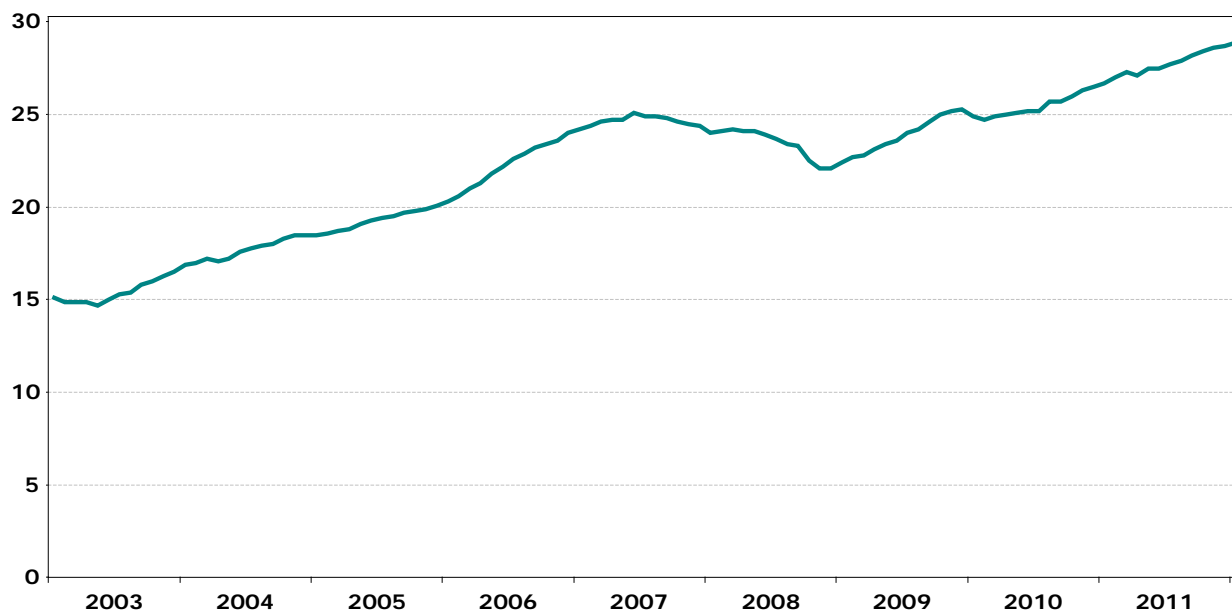
Per cent



Source: Statistics Norway

### House prices, per square meter Seasonally adjusted

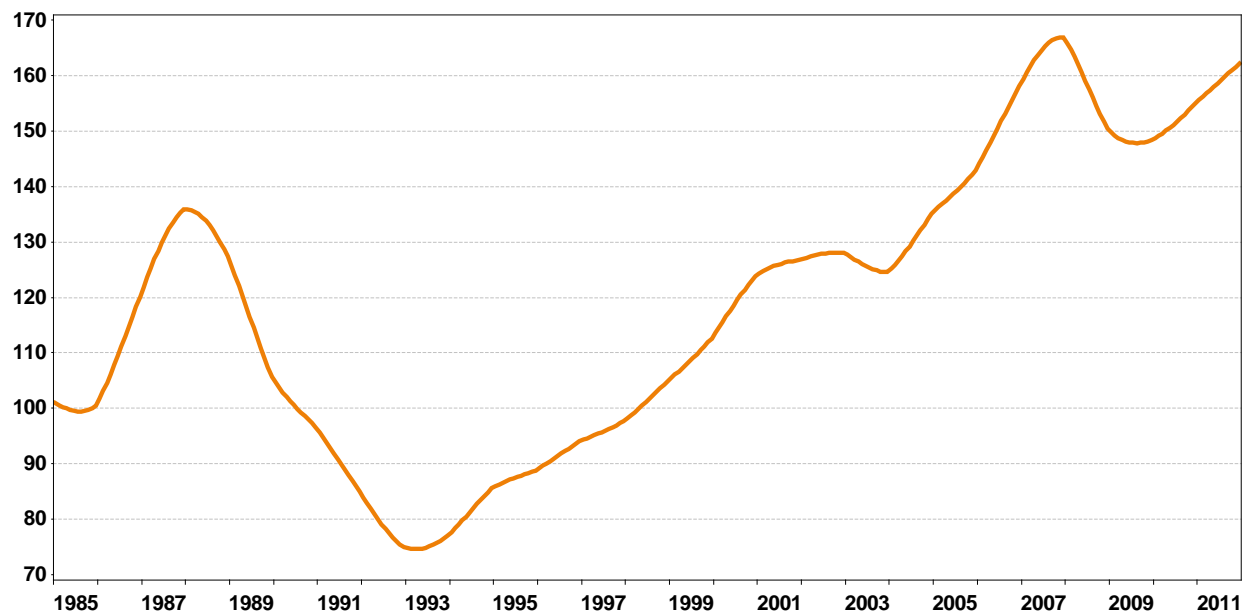
NOK 1 000



Source: Association of Norwegian real estate agents, Finn.no and Econ Poyry

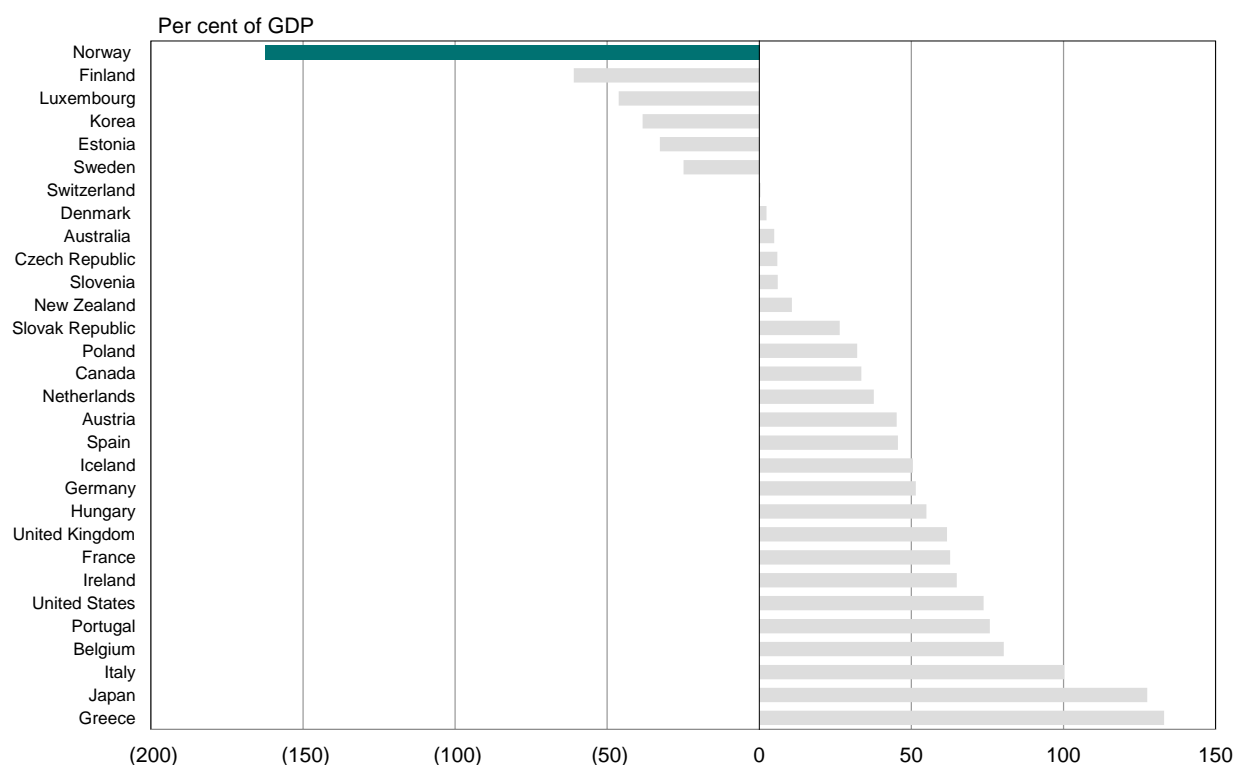
### House prices, deflated by wage income

Indices: 1985=100



Source: Statistics Norway

## Government net financial liabilities 2011



Source: OECD Economic Outlook No. 90, November 2011

## Key macro-economic indicators, Poland and the Baltic states

Percentage change from previous year	2010	F 2011	F 2012	F 2013
<b>Poland</b>				
GDP	3.9	4.1	2.4	3.2
Private consumption	3.2	3.4	2.3	3.0
Gross fixed investments	(1.3)	6.9	3.8	4.4
Inflation (CPI)	2.6	4.3	3.2	2.7
<b>Estonia</b>				
GDP	2.3	7.8	2.4	3.6
Private consumption	(1.8)	4.0	2.8	3.5
Gross fixed investments	(9.0)	19.1	6.8	6.3
Inflation (CPI)	3.0	5.0	3.0	2.8
<b>Latvia</b>				
GDP	(1.2)	4.9	1.9	3.3
Private consumption	0.4	4.2	2.5	3.4
Gross fixed investments	(12.2)	22.0	7.3	7.8
Inflation (CPI)	(1.1)	4.4	2.4	2.3
<b>Lithuania</b>				
GDP	1.4	6.1	2.4	3.3
Private consumption	(4.9)	5.6	5.3	4.9
Gross fixed investments	1.0	19.2	7.1	6.3
Inflation (CPI)	1.2	4.1	2.7	2.8

Source: Consensus Economics Inc



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