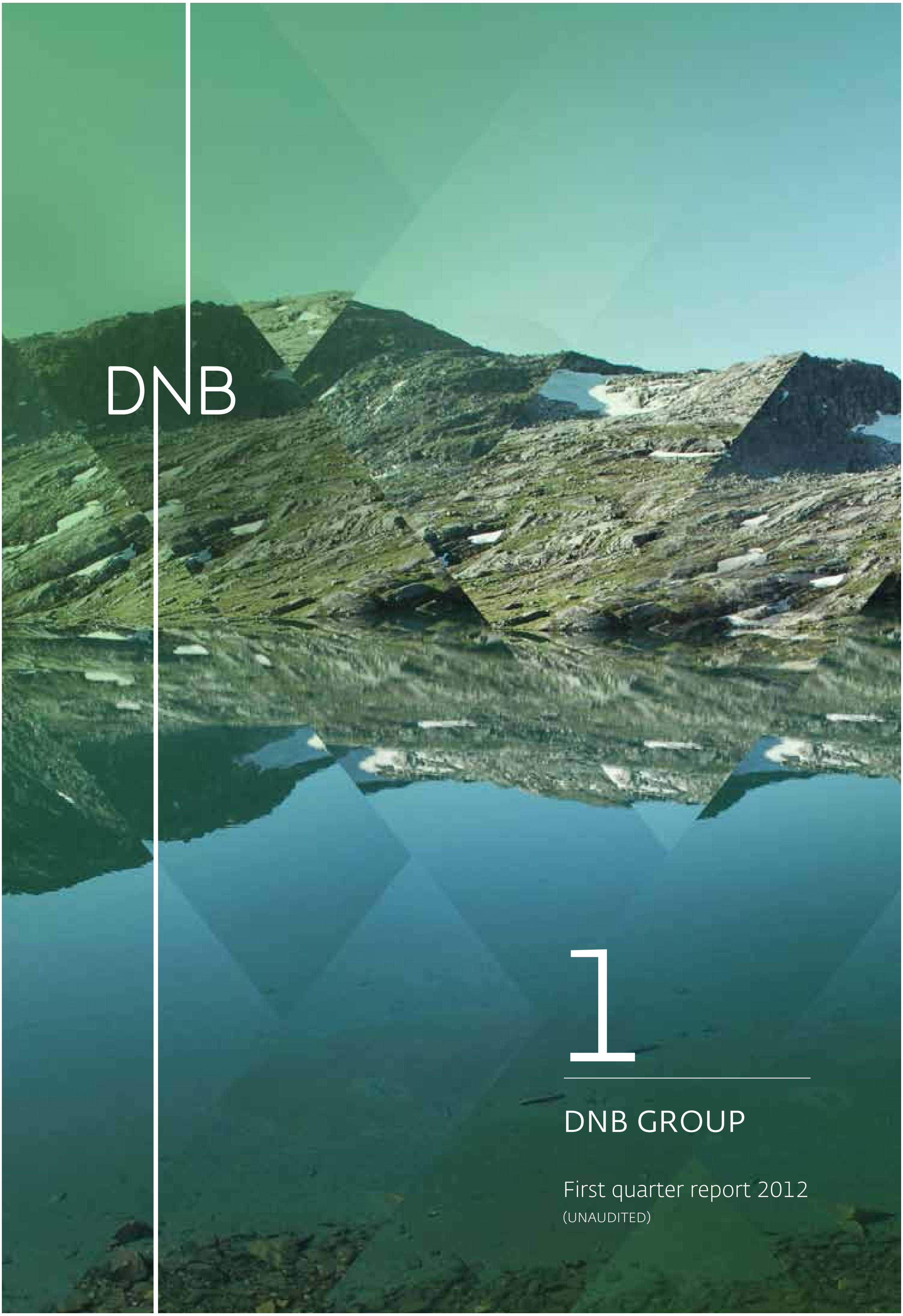

DNB

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DNB GROUP

First quarter report 2012

(UNAUDITED)

Key figures

DNB Group

Income statement *Amounts in NOK million*	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Net interest income	6 653	6 018	25 252	23 436
Net commissions and fees, core business [1]	*1 750*	*1 864*	*7 436*	*7 293*
Net financial items	*(143)*	*1 604*	*9 317*	*8 863*
Net other operating income, total	1 607	3 467	16 754	16 156
Ordinary operating expenses	5 105	4 793	19 792	17 920
Other expenses	0	0	380	591
Pre-tax operating profit before write-downs	3 156	4 692	21 833	21 081
Net gains on fixed and intangible assets	7	5	19	24
Write-downs on loans and guarantees	784	892	3 445	2 997
Pre-tax operating profit	2 378	3 805	18 407	18 108
Taxes	618	913	5 423	4 121
Profit from operations held for sale, after taxes	0	(41)	(5)	75
Profit for the period	**1 760**	**2 851**	**12 979**	**14 062**
Profit attributable to shareholders	1 760	2 851	12 979	14 814
Profit attributable to minority interests	0	0	0	(752)

Balance sheet *Amounts in NOK million*	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
Total assets	2 370 952	2 126 098	2 097 070	1 861 620
Lending to customers	1 284 526	1 279 259	1 173 213	1 170 341
Deposits from customers	805 985	740 036	678 402	641 914
Total equity	119 518	117 815	114 033	111 196
Average total assets	2 269 263	2 147 853	2 091 023	1 969 557
Total combined assets	2 635 595	2 394 579	2 386 250	2 146 859

Key figures	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Combined weighted total average spread for lending and deposits (per cent)	1.16	1.13	1.12	1.15
Cost/income ratio (per cent)	61.8	50.5	47.1	47.6
Write-downs relative to average net lending to customers, annualised	0.25	0.31	0.28	0.26
Return on equity, annualised (per cent)	6.0	10.3	11.4	13.6
Earnings per share (NOK)	1.08	1.76	7.98	8.66
Dividend per share (NOK)	-	-	2.00	4.00
Equity Tier 1 capital ratio at end of period (per cent) [2]	9.3	9.2	9.4	9.2
Tier 1 capital ratio at end of period (per cent) [2]	9.9	10.0	9.9	10.1
Capital ratio at end of period (per cent) [2]	11.8	12.0	11.4	12.4
Share price at end of period (NOK)	73.20	84.85	58.55	81.90
Price/book value	1.00	1.21	0.81	1.20

1) *Includes commissions and fees related to money transfers and interbank transactions, asset management services, credit broking, real estate broking, custodial services and securities trading as well as the sale of insurance products and other commissions and fees from banking services.*
2) *Including 50 per cent of profit for the period, exept for the full year figures.*

There has been no full or partial external audit of the quarterly directors' report and accounts, though the report has been reviewed by DNB's Group Audit. The report has also been reviewed by the Audit Committee.

First quarter report 2012

Directors' report for the first quarter of 2012

Introduction

DNB recorded profits of NOK 1 760 million in the first quarter of 2012, down from NOK 2 851 million in the year-earlier period. There was a positive trend in profits from ordinary operations compared with previous quarters, while mark-to-market adjustments of so-called basis swaps[1)] used to convert funding to the preferred currency caused a significant reduction in other operating income. Such income varies considerably from quarter to quarter depending on financial market developments. Recorded positive or negative income generated during a quarter will be reversed over the instruments' term to maturity. Basis swaps had an overall negative effect on income of NOK 2 432 million for the quarter, while there was a corresponding negative effect of NOK 584 million in the first quarter of 2011. Adjusted for such effects, performance was strong in the first quarter of 2012, with sound underlying operations.

Net interest income showed a healthy trend, rising by 10.6 per cent from the first quarter of 2011. Average lending volumes increased by 8.9 per cent, while lending spreads widened by 0.22 percentage points during the same period, relative to the 3-month money market rate. The increase in long-term funding costs through 2011 caused greater pressure on earnings from lending operations. Average deposit volumes were up 13.8 per cent, while deposit spreads narrowed further by 0.25 percentage points, primarily due to lower interest rate levels and stronger competition for deposits. Still, this is a favourable source of funding when the alternative is long-term capital market funding at considerably higher cost. Growth in stable long-term deposits is a key part of DNB's adaptation to the new Basel III regulatory framework, and the ratio of deposits to lending rose by 4.9 percentage points from end-March 2011, to 62.7 per cent. Market shares within both credit and savings increased compared with the year-earlier period.

Following Norges Bank's cut in its short-term key policy rate in March, the Group chose, based on an overall assessment, to reduce interest rates on both home mortgages and deposits for personal customers. The interest rate adjustments will primarily be reflected in the accounts from the second and third quarter of 2012. The central bank also revised downwards its projections for future interest rate increases.

Other operating income, adjusted for mark-to-market adjustments of special accounting items, including basis swaps, was reduced by 3.2 per cent from the first quarter of 2011.

1) Basis swaps are derivative contracts entered into by the bank when issuing senior bonds or raising other long-term funding in the international capital markets and converting the relevant currency to Norwegian kroner. The Norwegian bond market is very small and illiquid, which means that there is a great need for international funding hedged by such instruments. In periods of financial market turbulence, there will be stronger demand for "secure" currencies such as the US dollar. Thus, prices will increase for swaps where USD will be supplied on a future date. When prices of new swap contracts increase, so will the market value of existing swap contracts. This will give a rise in recorded income. However, such changes in value recorded in a quarter will be reversed in subsequent quarters, either because the market is stabilising, such as in the first quarter of 2012, or because the maturity date of the derivative contract is approaching.

Operating expenses rose by 6.5 per cent from the first quarter of 2011, reflecting an increase in pension expenses due to lower interest rate levels, planned growth in the largest Norwegian cities and a higher level of activity at certain international offices.

At NOK 784 million, write-downs on loans and guarantees were lower than in both the first and fourth quarter of 2011. There was a rise in write-downs within shipping, whereas there was a reduction for other large corporates. Write-downs in DNB Baltics and Poland were also reduced.

Return on equity was 6.0 per cent, down from 10.3 per cent in the January through March period in 2011. Earnings per share were NOK 1.08 in the first quarter of 2012, a decline from NOK 1.76 in the year-earlier period, which reflected the above-mentioned negative accounting effects of basis swaps.

The common equity Tier 1 capital ratio was maintained at 9.3 per cent during the quarter. DNB is working to strengthen its capital adequacy ratio to close to 10 per cent by year-end 2012 through profit accumulation and greater capital efficiency.

The Group continued its adaptations to the new liquidity and capital requirements which are expected to be introduced over the next few years, partly by raising long-term funding. There was a certain improvement in the financial markets during the quarter and a small reduction in the prices of long-term funding. Still, price levels were considerably higher than a year earlier. In spite of continued market turmoil, DNB had very good access to funding.

DNB won the Farmand Award for best website in the "Listed companies" category, while DNB Eiendom came in second place in the "Non-listed companies" category. The use of social media and the adaptation of the websites' design to smartphones received special mention. DNB was also ranked as Norway's best communicator in the Insurance/Bank/Finance category in Hammer & Hanborg's annual ranking. The awards demonstrate the high quality of the Group's efforts to improve customer experiences compared with other Norwegian companies.

In January 2012, DNB Livsforsikring signed a contract to purchase the three new buildings which will become the Group's new headquarters in Bjørvika in Oslo for a total of NOK 4.8 billion.

Income statement

Net interest income

Amounts in NOK million	1st quarter 2012	Change	1st quarter 2011
Net interest income	6 653	635	6 018
Lending and deposit volumes		571	
Lending and deposit spreads		222	
Interest rate days		57	
Equity and non-interest-bearing items		39	
Long-term funding costs		(229)	
Other net interest income		(24)	

Net interest income showed a healthy trend, rising by NOK 635 million or 10.6 per cent from the first quarter of 2011, which mainly reflected volume growth. Average lending volumes increased by 8.9 per cent from the year-earlier period. Deposit volumes also showed a very positive trend, rising by 13.8 per cent on average. The ratio of deposits to lending increased by 4.9 percentage points to 62.7 per cent at end-March 2012.

Income resulting from changes in lending and deposit spreads relative to the 3-month money market rate increased by NOK 222 million compared with the first quarter of 2011. Lending spreads widened by 0.22 percentage points, while deposit spreads narrowed by 0.25 percentage points. However, the Group's actual cost of new funding has been significantly higher than the 3-month rate over the last few years. In the first quarter of 2012, the average cost of new long-term funding in the form of covered bonds and senior bond debt was 151 basis points above the 3-month Nibor rate. Long-term funding costs were up NOK 229 million from the first quarter of 2011.

Net other operating income

Amounts in NOK million	1st quarter 2012	Change	1st quarter 2011
Net other operating income	1 607	(1 860)	3 467
Net other gains on foreign exchange and interest rate instruments [1]		213	
Profits from associated companies		153	
Real estate broking		69	
Net income from non-life insurance		(4)	
Net other commissions and fees		(36)	
Net stock market-related income		(111)	
Net unrealised gains on investment property		(153)	
Net financial and risk result from DNB Livsforsikring [2]		(209)	
Basis swaps		(1 848)	
Other operating income		65	

1) *Excluding guarantees and basis swaps.*
2) *Guaranteed returns and allocations to policyholders deducted.*

Net other operating income declined by NOK 1 860 million from the first quarter of 2011. A significant reduction in mark-to-market adjustments of basis swaps of NOK 1 848 million was the main reason for the decline in income, see the introduction for further details.

There was also a NOK 209 million reduction in the net financial and risk result from DNB Livsforsikring compared with the first quarter of 2011, primarily due to the weaker financial markets, though there was an improvement from the fourth quarter of 2011.

Overall, net other operating income from other areas of operation increased compared with the first quarter of 2011, with a positive income development for real estate broking and associated companies.

Operating expenses

Amounts in NOK million	1st quarter 2012	Change	1st quarter 2011
Operating expenses	5 105	312	4 793
Income-related items			
Increase in full-time positions		88	
Operational leasing		22	
Performance-based pay		79	
Expenses related to operations			
Cost programme		(69)	
Wage and price inflation		133	
Rise in pension expenses		84	
Sundry expenses		(24)	

The Group's operating expenses were up NOK 312 million from the first quarter of 2011. The Group expanded its operations both in Norway and internationally during 2011, and a number of persons who previously worked as temporary help and consultants were permanently employed. The average number of full-time positions rose by 609 from the first quarter of 2011.

The cost programme generated cost reductions according to plan and was on schedule for reaching the targets at year-end 2012.

Pension expenses rose by NOK 84 million compared with the year-earlier period, mainly due to the low interest rate level.

Write-downs on loans and guarantees

Write-downs on loans and guarantees totalled NOK 784 million for the quarter, which represented reductions of NOK 108 million from the first quarter of 2011 and NOK 142 million from the fourth quarter of 2011.

Individual write-downs in Retail Banking increased by NOK 63 million from the first quarter of 2011, while there was a NOK 30 million reduction from the fourth quarter of 2011. In Large Corporates and International, there was a rise in write-downs within shipping compared with 2011, while there was a reduction in write-downs on loans to other large corporates. Write-downs in DNB Baltics and Poland were strongly reduced compared with both the first and fourth quarter of 2011 and represented 0.47 per cent of lending in the first quarter of 2012.

Collective write-downs totalled NOK 96 million, up NOK 75 million from the first quarter of 2011, which mainly reflected the weak economic conditions in parts of the shipping market.

Net non-performing and doubtful commitments totalled NOK 20.3 billion at end-March 2012, increasing from NOK 18.9 billion at end-March 2011 and NOK 19.5 billion at year-end 2011. There was no general increase in the credit risk related to the Group's loan portfolio during the quarter. At 1.56 per cent, net non-performing and doubtful commitments were unchanged from end-March 2011.

Taxes

The DNB Group's tax charge for the first quarter of 2012 was NOK 618 million, down from NOK 913 million in the year-earlier period. Relative to pre-tax operating profits, the estimated tax charge increased to 26 per cent in the first quarter of 2012, from 24 per cent in the year-earlier period. The higher tax charge was mainly a result of lower tax-exempt gains on equities in 2012.

Business areas

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 all of the Group's customers and for the total range of products. In addition, operations in DNB Baltics and Poland are reported as a separate profit centre.

Retail Banking

Retail Banking is responsible for serving the Group's 2.1 million personal customers and some 220 000 corporate customers through the branch network in Norway. DNB aspires to be a local bank for the whole of Norway, while offering the expertise of a large bank. The aim is that coordinated service to these customer segments will make the services more accessible and give customers good personal financial advice.

Pre-tax operating profits totalled NOK 1 882 million in the first quarter of 2012, an increase of NOK 54 million from the year-earlier period. There was a positive development in volumes and a satisfactory trend in non-performing commitments and write-downs.

Income statement in NOK million	1st quarter 2012	1st quarter 2011	Change NOK mill	Change %
Net interest income	3 858	3 610	247	6.9
Other operating income	897	887	11	1.2
Income attributable to product suppliers	298	289	9	3.2
Net other operating income	1 196	1 176	20	1.7
Total income	5 054	4 786	267	5.6
Other operating expenses	2 698	2 553	145	5.7
Costs attributable to product suppliers	147	153	(6)	(4.0)
Total operating expenses	2 845	2 706	139	5.1
Pre-tax operating profit before write-downs	2 208	2 080	129	6.2
Net gains on fixed assets	0	1	(1)	(95.8)
Net write-downs on loans	322	252	70	27.7
Profit from repossessed operations	(4)	0	(4)	
Pre-tax operating profit	1 882	1 828	54	2.9
Average balance sheet items in NOK billion				
Net lending to customers	824.4	763.3	61.1	8.0
Deposits from customers	432.2	389.2	43.0	11.1
Key figures in per cent				
Lending spread [1)]	1.82	1.63		
Deposit spread [1)]	0.09	0.40		
Return on risk-adjusted capital [2)]	25.5	24.7		
Cost/income ratio	56.3	56.5		
Ratio of deposits to lending	52.4	51.0		
Number of full-time positions, end of period	4 993	4 845		

1) Calculated relative to the 3-month money market rate.
2) Calculated on the basis of internal measurement of risk-adjusted capital.

There was brisk growth in both home mortgages and lending to small and medium-sized businesses compared with the year-earlier period. Moreover, there was a strong rise in deposits during the period, and the ratio of deposits to lending increased to 52.4 per cent. Along with customer deposits, covered bonds based on home mortgages in DNB Boligkreditt were key sources of funding. At end-March 2012, 95 per cent of lending volume in Retail Banking was funded by deposits and covered bonds.

Net interest income rose by NOK 247 million from the first quarter of 2011, which was attributable to rising volumes and widening lending spreads relative to the 3-month money market rate. Average net customer lending increased by 8.0 per cent to NOK 824.4 billion. Deposit spreads narrowed due to lower interest rate levels and strong competition in the market. The weighted interest rate spread, defined as total margin income on loans and deposits relative to total loans and deposits, was 1.23 per cent in the first quarter of 2012, a marginal increase from the year-earlier period.

Other operating income was roughly on a level with the figure for the first quarter of 2011. Income from real estate broking showed a positive trend during the period. The increase in costs during the same period reflected a rise in staff numbers due to higher activity levels, wage and price inflation and an increase in depreciation on operational leasing. The number of full-time positions was 4 993 at end-March 2012, with 4 649 in the business area's units in Norway.

The quality of the loan portfolio was sound, with relatively low net write-downs in both the retail and corporate markets. Net write-downs represented 0.16 per cent of net lending, up from 0.13 per cent in the first quarter of 2011. Net non-performing and doubtful commitments amounted to NOK 6.2 billion at end-March 2012, down NOK 0.6 billion from end-March 2011.

The Group's market share of credit to households showed a continued positive trend and stood at 27.9 per cent at end-February 2012, an increase from 27.4 per cent at end-March 2011. The Group's market share of household savings was 34.5 per cent on the same date, an increase from 34.3 per cent at end-March 2011.

For the second year in a row, DNB was ranked as Norway's best "private banker" by the Euromoney magazine. DNB is committed to developing good and cost-effective solutions, and with effect from March 2012, customers can sign debt certificates and mortgage deeds for car loans electronically.

Turmoil in the financial markets and the uncertain prospects for the global economy have a dampening effect on the Norwegian economy, especially within manufacturing and commodity trade. On the other hand, low interest rates combined with a marked increase in real income and a stable unemployment rate provide the basis for strong consumption growth.

Large Corporates and International

Large Corporates and International serves the bank's largest Norwegian corporate customers and is responsible for DNB's international banking activities. Operations are based on broad industry expertise and long-term customer relationships.

Pre-tax operating profits came to NOK 1 816 million, up NOK 401 million from the first quarter of 2011.

Income statement in NOK million	1st quarter 2012	1st quarter 2011	Change NOK mill	Change %
Net interest income	2 360	1 823	537	29.4
Other operating income	324	275	49	17.7
Income attributable to product suppliers	558	510	48	9.3
Net other operating income	881	785	96	12.3
Total income	3 241	2 608	633	24.3
Other operating expenses	689	588	101	17.1
Costs attributable to product suppliers	221	218	3	1.2
Total operating expenses	910	806	103	12.8
Pre-tax operating profit before write-downs	2 332	1 802	530	29.4
Net gains on fixed assets	0	0		
Net write-downs on loans	397	387	10	2.5
Profit from repossessed operations	(119)	0	(119)	
Pre-tax operating profit	1 816	1 415	401	28.3
Average balance sheet items in NOK billion				
Net lending to customers	397.9	349.4	48.4	13.9
Deposits from customers	260.9	230.0	30.9	13.4
Key figures in per cent				
Lending spread [1)]	1.81	1.56		
Deposit spread [1)]	(0.07)	0.05		
Return on risk-adjusted capital [2)]	21.3	17.6		
Cost/income ratio	28.1	30.9		
Ratio of deposits to lending	65.6	65.8		
Number of full-time positions, end of period	1 143	1 107		

1) Calculated relative to the 3-month money market rate.
2) Calculated on the basis of internal measurement of risk-adjusted capital.

Brisk growth in the fourth quarter of 2011 gave a sound platform for operations at the start of 2012. Average lending increased by 13.9 per cent from the first quarter of 2011, while there was an increase of 0.7 per cent from the fourth quarter of 2011. Due to relatively stable exchange rates, volumes remained virtually unchanged between the quarters. Average deposits rose by 13.4 per cent from the first quarter of 2011 and by 4.5 per cent from the fourth quarter of 2011.

Relative to the 3-month money market rate, lending spreads were 1.81 per cent in the first quarter of 2012, up 0.25 percentage points from the year-earlier period and 0.05 percentage points from the fourth quarter of 2011. The widening spreads helped compensate for higher long-term funding costs. Fierce competition for deposits caused pressure on deposit spreads, which declined by 0.12 percentage points from the first quarter of 2011 and by 0.06 percentage points from the fourth quarter of 2011.

The increase in other operating income was mainly attributable to a positive development in the value of acquired equities and ownership interests and an increase in guarantee commissions and other product revenues.

Personnel expenses were higher in the first quarter of 2012 than in the year-earlier period, mainly due to a rise in staff numbers in strategic priority areas in 2011. In addition, there was an increase in costs related to IT development activity during the same period. Total costs rose by 12.8 per cent from the first quarter of 2011, but were reduced by 1.6 per cent from the fourth quarter of 2011. The cost/income ratio was down 2.8 percentage points compared with the first quarter of 2011. At end-March 2012, staff in the business area represented 1 143 full-time positions, including 645 positions outside Norway.

Net write-downs on loans represented 0.40 per cent of net lending to customers on an annual basis, of which individual write-downs represented 0.28 per cent. In the first quarter of 2011, net individual write-downs came to 0.47 per cent of net lending.

Net non-performing and doubtful commitments amounted to NOK 8.5 billion at end-March 2012, up NOK 2.1 billion from end-December 2011. The corresponding figure at end-March 2011 was NOK 3.8 billion. The increase was due to the fact that a few large commitments were classified as non-performing and doubtful after being subject to minor write-downs.

The quality of the loan portfolios remained sound, showing a positive trend from the preceding quarters. Close follow-up of customers and good preventive measures have proven to be successful.

DNB will give priority to retaining and further developing long-term and profitable customer relationships. Sound customer relationships, close customer follow-up and the bank’s wide range of products and expertise will form the basis for operations over the coming years. Average lending spreads are expected to increase further, which is necessary to compensate for rising funding costs. It is anticipated that strong competition for stable customer deposits and pressure on deposits spreads will continue.

DNB Markets

DNB Markets is Norway’s largest provider of securities and investment services. The business area recorded a strong level of profits in the first quarter of 2012. Pre-tax operating profits totalled NOK 1 843 million, up NOK 728 million, or 65.3 per cent, compared with the year-earlier period. The rise in profits was mainly attributable to a particularly high level of income relating to foreign exchange and interest rate instruments and bonds. In addition, there was brisk activity within debt and equity capital issues for customers. The cost/income ratio was brought down from 32.2 per cent to 22.8 per cent.

	1st quarter		Change	
Income statement in NOK million	2012	2011	NOK mill	%
FX, interest rate and commodity derivatives	415	327	88	27.0
Investment products	110	123	(13)	(10.5)
Corporate finance	212	207	5	2.5
Securities services	46	61	(15)	(24.1)
Total customer revenues	784	718	66	9.2
Net income from international bond portfolio	781	279	502	180.2
Other market making/trading revenues	779	612	167	27.2
Total trading revenues	1 560	891	669	75.1
Interest income on allocated capital	45	35	10	28.2
Total income	2 388	1 644	745	45.3
Operating expenses	545	529	16	3.1
Pre-tax operating profit	1 843	1 115	728	65.3
Key figures in per cent				
Return on risk-adjusted capital [1)]	80.9	59.2		
Cost/income ratio	22.8	32.2		
Number of full-time positions, end of period	716	677		

1) Calculated on the basis of internal measurement of risk-adjusted capital.

Customer-related revenues totalled NOK 784 million, up NOK 66 million from the first quarter of 2011. The increase mainly reflected great interest in interest rate hedging and a higher level of activity within securities issues.

Customer-related income from foreign exchange, interest rate and commodity products showed a healthy trend compared with the year-earlier period. Rising long-term interest rates in Norway boosted demand for interest rate hedging, while a stronger Norwegian krone gave healthy demand for currency hedging, especially among importers. Furthermore, rising oil prices resulted in a higher level of activity within energy-related hedging products.

Customer-related income from the sale of securities and other investment products declined by NOK 13 million compared with the first quarter of 2011. Brisk bond brokerage activity in both the primary and secondary markets compensated for considerably lower stock market activity. DNB Markets retained its position as the largest brokerage house on Oslo Børs within bond and commercial paper brokerage, with a market share of 50 per cent. Demand for other investment products remained low.

Customer-related revenues from corporate finance services were on a level with the first quarter of 2011. There was brisk activity within equity issues, especially bond issues, and most particularly in the high-yield market.

There was a reduction in customer-related revenues from custodial and other securities services compared with the first quarter of 2011, reflecting lower prices and declining activity levels, particularly with initial public offerings and rights issues.

Income from market making and other proprietary trading totalled NOK 1 560 million in the first quarter of 2012, up NOK 669 million from the year-earlier period. There was a high level of income from trading in foreign exchange and interest rate products. In addition, lower credit spreads gave considerable capital gains on bonds.

Developments in the equity, credit, commodity, currency and interest rate markets will be decisive for the business area's future profits.

Insurance and Asset Management

Insurance and Asset Management is responsible for life insurance, pension savings, asset management and non-life insurance in the DNB Group. The business area recorded pre-tax operating profits of NOK 414 million, a NOK 252 million decline compared with the first quarter of 2011.

	1st quarter		Change	
Income statement in NOK million	2012	2011	NOK mill	%
Total income	1 003	1 267	(264)	(20.8)
Operating expenses	589	601	(12)	(2.0)
Pre-tax operating profit	414	666	(252)	(37.9)
Tax	(95)	(226)	131	
Profit	509	892	(383)	(43.0)
Balances in NOK billion (end of period)				
Assets under management	534.4	546.7	(12.3)	(2.3)
Key figures in per cent				
Return on risk-adjusted capital 1)	14.9	24.1		
Cost/income ratio	58.7	47.4		
Number of full-time positions, end of period	1 047	1 055		

1) *Calculated on the basis of internal measurement of risk-adjusted capital.*

DNB Livsforsikring

DNB Livsforsikring's pre-tax operating profits came to NOK 398 million in the first quarter of 2012, which represented a NOK 198 million reduction from the first quarter of 2011.

	1st quarter		Change	
Income statement in NOK million	2012	2011	NOK mill	%
Interest result	1 349	1 747	(398)	
Risk result	(102)	2	(104)	
- Of which provisions for higher life expectancy	*(118)*	*(96)*	*(22)*	
Administration result	(12)	(18)	5	
Profit on risk and guaranteed rate of return	142	130	12	
Other	(10)	(10)	(0)	
Allocations to policyholders	969	1 255	(287)	
Pre-tax profit	398	596	(198)	(33.3)
Tax charge	(104)	(244)	140	
Profit	502	840	(338)	(40.3)
Balances in NOK billion (end of period)				
Total assets	267.4	256.2	11.2	4.4
Assets under management	242.1	234.6	7.5	3.2
- individual customers	61.4	65.0	(3.6)	(5.5)
- corporate customers	143.8	134.4	9.4	7.0
- public sector	36.9	35.2	1.7	4.8
Key figures in per cent				
Return on risk-adjusted capital 1)	15.8	25.1		
Recorded return on assets	1.3	1.5		
Value-adjusted return on assets	1.9	1.3		
Number of full-time positions, end of period	716	735		

1) *Calculated on the basis of internal measurement of risk-adjusted capital.*

DNB Livsforsikring achieved recorded and value-adjusted returns of 1.3 and 1.9 per cent, respectively, on the common portfolio in the first quarter of 2012, excluding changes in the value of bonds held to maturity. The corporate portfolio generated a return of 1.2 per cent for the first quarter.

In the first quarter of 2012, the recorded return was higher than the guaranteed rate of return in all portfolios. DNB Livsforsikring's common portfolio represents a sound base, with approximately half of the funds invested in property and bonds held to maturity generating annual returns of approximately 5 per cent. These investments contribute to stabilising returns. The property portfolio gave a direct return of 1.5 per cent in the first quarter of 2012.

Total assets as at 31 March 2012 were NOK 267 billion, an increase of 3.4 per cent since year-end 2011. Recorded policyholders' funds within defined-contribution pension schemes totalled NOK 16.6 billion, an increase of 12.1 per cent from end-December 2011.

Premium income totalled NOK 8.4 billion in the first quarter of 2012, down 14.5 per cent compared with the year-earlier period.

DNB Livsforsikring reported a net outflow of transfers of NOK 74 million in the first quarter of 2012, compared with a net outflow of NOK 88 million in the year-earlier period.

There was a negative risk result of NOK 102 million in the first quarter, compared with a positive result of NOK 2 million in the year-earlier period. Provisions for higher life expectancy of NOK 118 million were made in the first quarter of 2012, relating to individual annuity and pension insurance and group association insurance, of which NOK 41 million was charged to the Group.

The company's solvency capital increased by NOK 3.3 billion from 31 December 2011, totalling NOK 28.5 billion at end-March 2012. The capital adequacy ratio was 14.0 per cent, well above the 8 per cent requirement.

DNB Livsforsikring's market share of total policyholders' funds was 28.9 per cent at end-December 2011, down 0.9 percentage points from end-March 2011.

The company's financial performance in the first quarter of 2012 reflected a healthy level of financial income. Market analyses and the company's asset mix indicate continued strong value creation. Stable returns on investments in assets with moderate to low risk, including property and bonds held to maturity, along with anticipated gains on equities, are expected to have a decisive impact on the level of financial income. The risk situation indicates continued financial market volatility due to weaker global macroeconomic growth prospects and uncertainty regarding the European economies. DNB Livsforsikring and the DNB Group have a strong buffer capital and the financial strength required to withstand such fluctuations.

The life insurance industry is facing major changes in the regulatory framework, including a requirement to increase premium reserves to meet higher life expectancy, higher capital requirements in consequence of Solvency II and changes in taxation rules.

In order to strengthen the premium reserve within group pension schemes over the next few years, provisions representing 5-7 per cent of the premium reserve may be required, depending on whether Statistics Norway's low or medium alternative for life expectancy is used. The company expects to be able to finance the increase through a positive interest result, though the length of the escalation plan and the contribution from equity remain to be clarified. As part of the upward adjustment of life expectancy, provisions for group pension insurance were increased by NOK 733 million in the first quarter. The provisions were financed through the interest result.

The Solvency II rules have yet to be finalised, especially with respect to their implementation in Norwegian legislation. Among other things, the discount rate for determining insurance liabilities must be set, and Norwegian product rules need to be adapted. The capital requirement under Solvency II is closely connected to the long-term interest rate level. At the current interest rate level, the capital requirement related to the interest rate risk for paid-up policies is high and not very predictable, and DNB Livsforsikring has chosen to reduce the risk on equities and increase the share of bonds held to maturity in the balance sheet, which will ensure a more stable level of profits.

The Norwegian government has proposed a legislative amendment to change taxation rules for life insurance companies. If the proposal is approved, the entire life insurance industry will experience rising tax costs and lower profitability.

Based on the great uncertainty concerning the future regulatory framework, DNB Livsforsikring has chosen to discontinue sales of defined benefit pension schemes from the beginning of 2012 and will give priority to existing policyholders.

DNB Asset Management

DNB Asset Management recorded pre-tax operating profits of NOK 42 million in the first quarter of 2012, down NOK 18 million from the year-earlier period. The decline in profits mainly reflected lower commission income due to narrower margins and a reduction in assets under management.

	1st quarter		Change	
Income statement in NOK million	2012	2011	NOK mill	%
Net interest income	(5)	(5)	0	0.0
Commission income				
- from retail customers	73	98	(25)	(25.8)
- from institutional clients	125	119	6	5.3
Other operating income	3	1	1	86.9
Total income	196	213	(18)	(8.3)
Operating expenses	154	154	0	0.3
Pre-tax operating profit	42	60	(18)	(30.3)
Balances in NOK billion (end of period)				
Asset under management	483.8	495.0	(11.2)	(2.3)
- retail customers	36.0	43.4	(7.4)	(17.0)
- institutional clients	447.8	451.5	(3.8)	(0.8)
Key figures in per cent				
Return on risk-adjusted capital [1)]	21.0	32.4		
Cost/income ratio	78.7	72.0		
Number of full-time positions, end of period	212	216		

1) *Calculated on the basis of internal measurement of risk-adjusted capital.*

Commission income declined by NOK 18 million, which included a NOK 3 million reduction in performance-based revenues from the first quarter of 2011.

Market developments during the 12-month period gave a NOK 11 billion increase in assets under management. Negative net sales gave a NOK 19 billion decline, while exchange rate movements caused a NOK 3 billion reduction.

DNB Asset Management is one of Norway's leading providers of mutual funds and discretionary asset management and has a market share of 22.6 per cent of the total mutual fund market in Norway.

At end-March 2012, the company had approximately 261 000 mutual fund savings schemes in the Norwegian market, with annual subscriptions of around NOK 2.7 billion. 41 per cent of DNB's mutual funds had received four or five stars from the rating company Morningstar at end-March 2012. Eight of the funds had achieved the highest ranking, with five stars.

DNB Asset Management expects an increase in private financial savings in both Norway and Sweden. Competition for savings will necessitate the continued development and adaptation of products and services. The expectations of investors regarding developments in financial markets, together with investor confidence in the stock market, will strongly influence the business area’s profit performance.

DNB Skadeforsikring

DNB Skadeforsikring offers non-life insurance products such as home insurance, car insurance and travel insurance, primarily to the Norwegian retail customer market. Products are sold mainly through the bank's distribution network, and special initiatives in the large cities have produced good results. DNB Skadeforsikring is still in an expansion phase, and total premium income and the number of policyholders showed a strong trend in the first quarter of 2012.

DNB Baltics and Poland

DNB Baltics and Poland offers financial services to corporate and personal customers in Estonia, Latvia, Lithuania and Poland. Pre-tax operating profits of NOK 97 million were recorded in the first quarter of 2012, representing an increase of NOK 76 million from the year-earlier period.

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.

	1st quarter		Change	
Income statement in NOK million	2012	2011	NOK mill	%
Net interest income	277	323	(46)	(14.3)
Other operating income	203	190	13	6.7
Total income	480	513	(33)	(6.5)
Operating expenses	321	305	16	5.3
Pre-tax operating profit before write-downs	159	208	(49)	(23.6)
Net gains on fixed assets	2	3	(1)	(30.2)
Net write-downs on loans	64	190	(126)	(66.3)
Pre-tax operating profit	97	21	76	355.7
Average balance sheet items in NOK billion				
Net lending to customers	54.5	53.2	1.3	2.5
Deposits from customers	27.4	25.5	2.0	7.7
Key figures in per cent				
Lending spread [1)]	2.09	1.72		
Deposit spread [1)]	0.44	0.66		
Return on risk-adjusted capital [2)]	7.7	2.1		
Cost/income ratio	66.8	59.4		
Ratio of deposits to lending	50.4	47.9		
Number of full-time positions, end of period	3 321	3 155		

1) *Calculated relative to the 3-month money market rate.*
2) *Calculated on the basis of internal measurement of risk-adjusted capital.*

Average net lending to customers showed a slight increase compared with the first quarter of 2011. Lending volumes were up 3.0 per cent from end-March 2011.

There was a 6.9 per cent decline in lending in the Baltics, which reflected general market conditions. The macroeconomic situation in the Baltics improved and there was a decline in unemployment levels, though credit demand remained sluggish. In spite of lower lending volumes, there was a rise in market share during the period.

DNB Poland experienced relatively brisk lending growth throughout 2011, and lending volumes increased by 32.4 per cent from end-March 2011 to end-March 2012.

Average customer deposits showed a healthy trend and rose by 7.7 per cent from the first quarter of 2011. This demonstrates that customers in this region have faith in DNB Baltics and Poland as part of a sound Norwegian bank.

The reduction in net interest income from the first quarter of 2011 mainly reflected rising funding costs. There was a positive trend in lending spreads, while deposit spreads narrowed somewhat, partly due to strong competition for deposits.

There was a significant reduction in net write-downs on loans compared with the first quarter of 2011, and write-downs represented 0.47 per cent of average lending on an annual basis, down from 1.44

per cent in the first quarter of 2011.

The integration of the operations in the Baltic region into DNB will continue, and the future strategy for Poland is under review. Reduced write-downs and improved cost efficiency will remain high on the agenda. Write-downs on loans are expected to be reduced, though there is still some risk associated with the home mortgage portfolio and repossessed properties in Latvia. In the longer term, growth in the region is expected to surpass average European levels. DNB will work to improve operations and widen the product range. Combined with lower write-down levels, this is expected to ensure improved profitability in DNB Baltics and Poland.

Funding, balance sheet and liquidity

Following a period of uncertainty among investors, the short-term money markets showed renewed signs of recovery, and DNB had ample access to short-term funding throughout the first quarter. The markets shifted their focus from very short maturities to funding with maturities of up to six months. The market remained selective, and only banks with strong credit ratings had good access to funding. DNB was one of these banks.

There was brisk activity in the long-term funding markets during the first quarter. The cost of new funding was slightly reduced during the first three months of the year, both in the ordinary senior bond market and the covered bond market. Still, the price level remained high compared with previous periods. Funding costs for home mortgages in the first quarter of 2012 were 0.31 percentage points higher than the average for 2011, while the cost for senior bond debt increased by 0.73 percentage points during the corresponding period.

With respect to short-term funding, conservative limits have been set for refunding requirements. The Group stayed well within the liquidity limits during the first quarter of 2012. Moreover, the majority of loans should be financed through stable sources, such as customer deposits, long-term securities, subordinated loan capital and equity. At end-March 2012, such financing represented 112.2 per cent of customer lending.

At end-March 2012, total combined assets in the DNB Group were NOK 2 636 billion, an increase of NOK 249 billion or 10.4 per cent from a year earlier. Total assets in the Group's balance sheet were NOK 2 371 billion as at 31 March 2012 and NOK 2 097 billion a year earlier. Total assets in DNB Livsforsikring were NOK 267 billion and NOK 256 billion on the same dates.

Measured in Norwegian kroner, net lending to customers increased by NOK 111 billion or 9.5 per cent from end-March 2011. Customer deposits increased by NOK 128 billion or 18.8 per cent during the corresponding period.

The Group's ratio of deposits to lending to customers increased from 57.8 per cent at end-March 2011 to 62.7 per cent. The ratio of deposits to lending in DNB Bank ASA rose from 99.3 per cent to 109.4 per cent during the corresponding period.

The average remaining term to maturity for the portfolio of senior bond debt and covered bonds was 4.7 years at end-March 2012, compared with 4.0 years a year earlier.

Risk and capital adequacy

The risk situation showed a positive development in the first quarter of 2012. The European Central Bank has provided the banks with significant long-term liquidity injections at favourable terms, which has thus far had a stabilising effect on the financial markets. However, the debt problems for some Eurozone countries remain a serious risk factor and could trigger a recession in Europe which could spread to the global economy.

The Norwegian economy showed continued strong growth, partly due to high activity levels in the oil and gas sector. The strong Norwegian krone and relatively high wage inflation presented increasing challenges for Norwegian industries which compete in international markets, apart from the oil and gas sector.

The DNB Group quantifies risk by measuring risk-adjusted capital requirements. The net risk-adjusted capital requirement declined by NOK 1.5 billion during the first quarter, to NOK 61.8 billion. The table below shows developments in the risk-adjusted capital requirement.

Amounts in NOK billion	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
Credit risk	47.1	50.1	45.9	45.5
Market risk	5.6	5.2	6.4	6.0
Market risk in life insurance	12.0	10.6	12.5	12.5
Insurance risk	1.7	1.8	1.8	1.8
Operational risk	8.6	8.7	8.4	7.7
Business risk	4.4	4.7	4.7	4.5
Gross risk-adjusted capital requirement	79.4	81.2	79.6	78.0
Diversification effect [1)]	(17.7)	(17.9)	(19.6)	(18.8)
Net risk-adjusted capital requirement	61.8	63.3	60.0	59.1
Diversification effect in per cent of gross risk-adjusted capital requirement [1)]	22.2	22.0	24.7	24.2

1) *The diversification effect refers to the effect achieved by the Group in reducing risk by operating within several risk categories where unexpected losses are unlikely to occur at the same time.*

The risk-adjusted capital requirement for credit was down NOK 3 billion from year-end 2011, reflecting exchange rate movements and a controlled reduction in the international portfolio. Overall, there was stable, sound credit quality in the healthy portfolio, though parts of the shipping portfolio showed a negative trend. Rates in the dry bulk segment were particularly low during the quarter, while rates in the container segment increased considerably. The macroeconomic situation in the Baltics and Poland showed a cautious recovery, which was also reflected in the credit portfolios. There was a sharp decline in write-downs in the Baltic region during the first quarter compared with previous quarters. The Norwegian commercial property market showed a positive trend in the quarter, with increasing sales and a moderate rise in values.

The risk-adjusted capital requirement for market risk in life insurance rose by NOK 1.4 billion from year-end 2011, reflecting a slight increase in equity exposure due to a healthy market trend, as well as higher reserves to meet the anticipated increase in life expectancy.

The risk-adjusted capital requirement for insurance risk declined slightly during the quarter and came to NOK 1.7 billion at end-March. The market value adjustment reserve rose by NOK 1.3 billion since year-end 2011, totalling NOK 1.7 billion at end-March 2012. Over the next few years, an increase in reserves will be required to meet the anticipated increase in life expectancy. The industry is in dialogue with the authorities regarding the implementation of such an increase.

Higher equity prices gave a slight increase in market risk in operations other than life insurance due to a corresponding rise in equity exposure. There were no significant changes in market risk limits.

The value of financial instruments used to convert funding into the preferred currency and fixed-interest period, so-called basis swaps, declined by approximately NOK 2.4 billion. According to the accounting principles, such instruments shall be carried at market value. The instruments are generally held to maturity and changes in value during the term of the swaps will therefore be reversed. No risk-adjusted capital requirement is calculated on such instruments in the Group's banking operations, as they are used as hedges for the associated loans.

During the first quarter of 2012, there was a reduction in risk-adjusted capital for operational risk and business risk due to adjustments in business volume and income. There was an increase in registered events entailing operational risk, though the resulting losses were limited and are still considered to be at a low level.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement increased by NOK 12.7 billion during the quarter, to NOK 1 126 billion. In 2012, according to rules issued by Finanstilsynet (the Financial Supervisory Authority of Norway), risk-weighted volume cannot be less than 80 per cent of the corresponding figure calculated according to the Basel I regulations. The common equity Tier 1 capital ratio was 9.3 per cent, while the capital adequacy ratio was 11.8 per cent. Both figures include 50 per cent of interim profits.

Calculations have been made of full future implementation of the Basel II rules on the banking group's credit portfolios, excluding those in DNB Baltics and Poland, disregarding the limitations ensuing from the transitional rules. The calculations showed a pro forma risk-weighted volume of NOK 954 billion and a potential common equity Tier 1 capital ratio of 11.0 per cent.

Macroeconomic developments

The growth in the global economy looks set to slow down somewhat in the foreseeable future. Eurozone developments have the most pronounced negative effects on growth, whereas US developments appear more positive than previously expected. Several emerging economies also show signs of reduced growth, partly due to market turmoil and lower demand in Europe.

The situation in the international financial markets improved slightly over the course of the quarter. Large long-term loans from the European Central Bank boosted liquidity and reduced risk premiums in the banking system and the government bond marked. Despite a reduced risk of a banking crisis caused by sovereign debt defaults in certain European countries, a large degree of uncertainty still remains over future developments. Fiscal tightening will probably contribute to reduced production in the Eurozone in 2012. Southern European countries in particular are expected to be negatively affected, but even in Germany, France and Great Britain, growth is expected to be low. As a result, there is reason to expect limited international growth due to fiscal policy consolidation and budget tightening in several countries. In addition, the financial industry is likely to need to restrict lending as a consequence of stricter capital adequacy requirements, and this too may contribute to reduced growth.

The positive trend in the Norwegian economy seems to continue. The high price of oil will ensure a further increase in petroleum investments and large profits for companies involved in the petroleum industry. Developments in goods consumption, house prices and manufacturing output also indicate further growth in the domestic economy. Meanwhile, unemployment is still falling. Updated forecasts from DNB Markets indicate that the rise in incomes and low unemployment, combined with relatively low housing supply and high population growth, mean that house prices will keep rising, albeit at a slower rate than in 2011.

However, export-oriented parts of the Norwegian economy aside from the petroleum industry are negatively affected by the low international growth due to reduced demand. The challenge this presents will be exacerbated by the strong Norwegian krone.

The slow global growth, high oil prices and strong domestic demand therefore seem to produce a two-tier situation for Norwegian industries that are exposed to competition. Sectors that are stimulated by developments in the petroleum sector are doing well, whereas other sectors are negatively affected.

New regulatory framework

DNB expects the challenging market conditions for long-term funding to continue, and funding costs are expected to remain at a relatively high level. This is mainly due to the European sovereign debt crisis. In the longer term, the new regulatory framework for the financial services industry may cause a further increase in funding costs. The Basel III regulatory framework, which introduces stricter capital adequacy and liquidity requirements, will be implemented in the EU/EEA in the form of a new capital requirements directive, CRD IV. The latest CRD IV draft proposal was circulated for comments in July 2011. According to plan, it will be presented to the EU Parliament in June 2012. The directive is expected to be approved by year-end 2012. The Norwegian Ministry of Finance has prepared draft legislation and a consultation paper for implementing CRD IV in Norway and aims to approve changes in regulations during the second half of 2012.

On account of the European sovereign debt crisis, the European Banking Authority, EBA, published an additional plan for the recapitalisation of banks in 2011. The plan includes a temporary, stricter requirement whereby common equity Tier 1 capital must be minimum 9 per cent adjusted for mark-to-market adjustments of European sovereign debt exposures. This requirement is scheduled to become effective on 30 June 2012. However, the Norwegian supervisory authorities require that risk-weighted volume must represent minimum 80 per cent of risk-weighted volume measured according to standard risk weights under the Basel I rules. Thus, Norwegian financial institutions will be subject to a higher capital requirement than corresponding institutions in several EU countries, including Sweden, where the Internal Ratings Based, IRB, approach from the Basel II framework has been chosen for measurements. In the opinion of the Group, it is vital that equal framework conditions are established in the market and that Norwegian regulations, taxes and fees are not implemented in a different manner or earlier than corresponding measures in the Nordic region and the rest of Europe.

Additional changes in the regulatory framework for DNB Livsforsikring are expected, including a requirement to strengthen premium reserves to meet higher life expectancy. In addition, new solvency capital requirements for insurance companies, Solvency II, will be introduced in the course of a couple of years. Rule changes for the taxation of life insurance companies are also in progress.

DNB is working to be ready to meet the new capitalisation and liquidity requirements. Up until the new and stricter regulations are introduced, the Group's funding activities will reflect a gradual adaptation to the regulations.

Future prospects

Uncertainty prevails over future economic developments, though some acute problems have been solved through debt measures in the EU countries. Several factors indicate limited international growth over the coming years. However, the international uncertainty appears to have a relatively limited impact on the Norwegian domestic economy. DNB thus believes that there are good prospects for future growth and earnings in the Group's Norwegian-based operations, which represent 80 per cent of its activities. The Group's international operations are also expected to show a healthy trend, but may be more negatively influenced by international economic developments.

Rising funding costs and stricter capital adequacy and liquidity requirements will have an impact on the competitive situation and earnings levels in the entire financial services industry over the next few years. A prolonged low interest rate level may also affect DNB's operations, partly due to life insurance policyholders' guaranteed rate of return and a reduced income potential for banking operations.

In the Retail Banking business area, rising volumes and slightly widening lending spreads are expected, though earnings will be challenged by rising funding costs. The Large Corporates and International business area will focus on slower growth and wider lending spreads, though deposit spreads are expected to decline. In DNB Markets, increased price pressure is expected, partly due to more electronic trading, while market developments and the broad scope of activities will ensure a continued high level of earnings. The Insurance and Asset Management business area is expected to gradually return to higher profit levels, though the regulatory risk is expected to increase. Operations in DNB Baltics and Poland are expected to show further improvement and to record lower write-downs.

The Group's financial ambitions remain firm, but will be more challenging to reach due to lower interest rate expectations and the negative accounting effect of basis swaps. DNB will maintain its customer-oriented strategy, which will provide a basis for reaching the long-term targets. Total write-downs on loans and guarantees for the Group in 2012 are expected to be on a level with 2011.

Oslo, 26 April 2012
The Board of Directors of DNB ASA

Anne Carine Tanum
(chairman)

Bjørn Sund
(vice-chairman)

Jarle Bergo

Bente Brevik

Sverre Finstad

Carl A. Løvvik

Tore Olaf Rimmereid

Ingjerd Skjeldrum

Rune Bjerke
(group chief executive)

Income statement

DNB Group					
Amounts in NOK million	Note	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Total interest income	5	16 060	14 176	60 075	53 395
Total interest expenses	5	9 407	8 158	34 823	29 959
Net interest income	5	**6 653**	**6 018**	**25 252**	**23 436**
Commissions and fees receivable etc.	6	2 274	2 314	9 135	9 261
Commissions and fees payable etc.	6	607	532	2 256	2 220
Net gains on financial instruments at fair value	7	(1 006)	662	7 661	4 961
Net gains on assets in DNB Livsforsikring		4 562	3 481	5 834	15 074
Guaranteed returns and allocations to policyholders in DNB Livsforsikring		4 157	2 972	5 772	13 500
Premium income etc. included in the risk result in DNB Livsforsikring		1 330	1 226	4 941	4 721
Insurance claims etc. included in the risk result in DNB Livsforsikring		1 442	1 234	4 853	4 977
Premium income, DNB Skadeforsikring		303	295	1 094	1 009
Insurance claims etc., DNB Skadeforsikring		254	242	849	918
Profit from companies accounted for by the equity method	8	225	72	77	180
Net gains on investment property	16	(144)	9	(32)	0
Other income	9	522	388	1 775	2 565
Net other operating income		**1 607**	**3 467**	**16 754**	**16 156**
Total income		**8 261**	**9 485**	**42 006**	**39 592**
Salaries and other personnel expenses	10, 11	2 768	2 444	10 279	9 259
Other expenses	10	1 907	1 930	7 722	6 995
Depreciation and write-downs of fixed and intangible assets	10	430	419	2 172	2 256
Total operating expenses	10	**5 105**	**4 793**	**20 172**	**18 511**
Net gains on fixed and intangible assets		7	5	19	24
Write-downs on loans and guarantees	12	784	892	3 445	2 997
Pre-tax operating profit		**2 378**	**3 805**	**18 407**	**18 108**
Taxes		618	913	5 423	4 121
Profit from operations held for sale, after taxes		0	(41)	(5)	75
Profit for the period		**1 760**	**2 851**	**12 979**	**14 062**
Profit attributable to shareholders		1 760	2 851	12 979	14 814
Profit attributable to minority interests		0	0	0	(752)
Earnings/diluted earnings per share (NOK)		1.08	1.76	7.98	8.66
Earnings per share excluding operations held for sale (NOK)		1.08	1.78	7.99	8.62

Comprehensive income statement

DNB Group				
Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Profit for the period	1 760	2 851	12 979	14 062
Exchange differences arising from the translation of foreign operations	(129)	(183)	(53)	(90)
Comprehensive income for the period	**1 631**	**2 668**	**12 926**	**13 971**
Comprehensive income attributable to shareholders	1 631	2 668	12 926	14 865
Comprehensive income attributable to minority interests	0	0	0	(894)

Balance sheet

		DNB Group			
Amounts in NOK million	Note	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
Assets					
Cash and deposits with central banks		433 396	224 581	242 242	16 198
Lending to and deposits with credit institutions		35 018	28 754	72 781	47 792
Lending to customers	13, 14	1 284 526	1 279 259	1 173 213	1 170 341
Commercial paper and bonds		199 431	177 980	195 390	204 204
Shareholdings		53 024	53 012	75 602	75 179
Financial assets, customers bearing the risk		25 770	23 776	23 875	23 506
Financial derivatives		81 555	96 693	71 282	78 156
Commercial paper and bonds, held to maturity	15	168 644	166 965	173 167	179 461
Investment property	16	43 049	42 796	38 997	38 834
Investments in associated companies		2 407	2 189	2 346	2 307
Intangible assets	17	7 020	7 003	7 174	7 164
Deferred tax assets		640	643	1 262	915
Fixed assets		6 569	6 336	5 842	5 793
Assets held for sale		1 092	1 054	1 326	1 271
Other assets		28 811	15 055	12 571	10 499
Total assets		**2 370 952**	**2 126 098**	**2 097 070**	**1 861 620**
Liabilities and equity					
Loans and deposits from credit institutions		353 395	279 553	384 704	257 931
Deposits from customers		805 985	740 036	678 402	641 914
Financial derivatives		56 039	64 365	59 165	60 871
Debt securities issued	18	717 598	635 157	566 214	501 668
Insurance liabilities, customers bearing the risk		25 770	23 776	23 875	23 506
Liabilities to life insurance policyholders in DNB Livsforsikring		218 093	212 271	212 773	205 550
Insurance liabilities, DNB Skadeforsikring		1 945	1 589	900	1 091
Payable taxes		356	634	4 577	4 865
Deferred taxes		4 856	4 897	185	116
Other liabilities		34 342	17 550	17 437	14 738
Liabilities held for sale		361	383	350	387
Provisions		525	787	586	946
Pension commitments		3 149	3 123	3 365	3 361
Subordinated loan capital	18	29 021	24 163	30 503	33 479
Total liabilities		**2 251 434**	**2 008 284**	**1 983 037**	**1 750 424**
Minority interests		0	0	0	0
Share capital		16 275	16 260	16 251	16 232
Share premium reserve		22 609	22 609	22 609	22 609
Other equity		80 634	78 946	75 173	72 356
Total equity		**119 518**	**117 815**	**114 033**	**111 196**
Total liabilities and equity		**2 370 952**	**2 126 098**	**2 097 070**	**1 861 620**
Off-balance sheet transactions, contingencies and post-balance sheet events	22				

Statement of changes in equity

DNB Group

Amounts in NOK million	Share capital [1)]	Share premium reserve	Other equity [1)]	Total equity [1)]
Balance sheet as at 31 December 2010	**16 232**	**22 609**	**72 356**	**111 196**
Profit for the period			2 851	2 851
Exchange differences arising from the translation of foreign operations			(183)	(183)
Comprehensive income for the period			2 668	2 668
Net purchase of treasury shares	19		154	173
Natural damage DNB Skadeforsikring			(4)	(4)
Balance sheet as at 31 March 2011	**16 251**	**22 609**	**75 173**	**114 033**
Balance sheet as at 31 December 2011	**16 260**	**22 609**	**78 946**	**117 815**
Profit for the period			1 760	1 760
Exchange differences arising from the translation of foreign operations			(129)	(129)
Comprehensive income for the period			1 631	1 631
Net purchase of treasury shares	16		57	72
Balance sheet as at 31 March 2012	**16 275**	**22 609**	**80 634**	**119 518**
Of which currency translation reserve:				
Balance sheet as at 31 December 2010			(513)	(513)
Comprehensive income for the period			(183)	(183)
Balance sheet as at 31 March 2011			(696)	(696)
Balance sheet as at 31 December 2011			(565)	(565)
Comprehensive income for the period			(129)	(129)
Accumulated currency translation reserve in Pres-Vac			2	2
Balance sheet as at 31 March 2012			(693)	(693)

1) *Of which treasury shares, held by DNB Markets for trading purposes:*

Balance sheet as at 31 December 2011	*(28)*		*(138)*	*(166)*
Net purchase of treasury shares	*16*		*57*	*72*
Reversal of fair value adjustments through profit and loss			*0*	*0*
Balance sheet as at 31 March 2012	*(13)*		*(81)*	*(94)*

Cash flow statement

Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
				DNB Group
Operating activities				
Net payments on loans to customers	(18 594)	(13 360)	(108 418)	(56 175)
Interest received from customers	14 026	12 208	52 398	46 313
Net receipts on deposits from customers	70 017	40 242	96 698	51 286
Interest paid to customers	(2 204)	(4 042)	(17 712)	(15 558)
Net receipts/payments on loans to credit institutions	65 119	110 958	36 929	(26 829)
Interest received from credit institutions	338	297	1 425	1 061
Interest paid to credit institutions	(698)	(1 204)	(4 719)	(5 008)
Net receipts/payments on the sale of financial assets for investment or trading	(11 527)	27 057	69 052	3 018
Interest received on bonds and commercial paper	745	2 397	8 391	9 568
Net receipts on commissions and fees	1 685	1 814	6 897	7 122
Payments to operations	(4 722)	(4 150)	(17 815)	(16 931)
Taxes paid	(460)	(1 474)	(5 428)	(8 874)
Receipts on premiums	6 242	5 432	17 020	15 171
Net receipts/payments on premium reserve transfers	(811)	2 418	2 061	727
Payments of insurance settlements	(3 773)	(3 645)	(13 641)	(12 936)
Other receipts/payments	2 903	(4 481)	(6 452)	(1 412)
Net cash flow from operating activities	**118 288**	**170 468**	**116 686**	**(9 457)**
Investment activities				
Net payments on the acquisition of fixed assets	(664)	(602)	(2 738)	(2 032)
Net payments, investment property	(185)	(74)	(688)	(336)
Receipts on the sale of long-term investments in shares	0	43	85	0
Payments on the acquisition of long-term investments in shares	0	0	0	(1 253)
Dividends received on long-term investments in shares	3	27	105	438
Net cash flow from investment activities	**(845)**	**(606)**	**(3 236)**	**(3 183)**
Funding activities				
Receipts on issued bonds and commercial paper	337 354	222 671	367 414	277 533
Payments on redeemed bonds and commercial paper	(245 263)	(147 302)	(244 281)	(257 013)
Interest payment on issued bonds and commercial paper	(4 178)	(3 483)	(14 933)	(12 239)
Receipts on the raising of primary capital subordinated loan capital	5 702	0	0	0
Redemptions of subordinated loan capital	(85)	(2 263)	(9 806)	(4 704)
Interest payment on subordinated loan capital	(123)	(154)	(721)	(667)
Dividend payments	0	0	(6 515)	(2 850)
Net cash flow from funding activities	**93 406**	**69 469**	**91 158**	**60**
Effects of exchange rate changes on cash and cash equivalents	**(3 149)**	**(8 456)**	**967**	**(153)**
Net cash flow	**207 699**	**230 874**	**205 575**	**(12 732)**
Cash as at 1 January	229 301	23 726	23 726	36 458
Net receipts/payments of cash	207 699	230 874	205 575	(12 732)
Cash at end of period *)	437 001	254 600	229 301	23 726
**) Of which: Cash and deposits with central banks*	*433 396*	*242 243*	*224 581*	*16 198*
Deposits with credit institutions with no agreed period of notice [1]	*3 605*	*12 358*	*4 721*	*7 528*

1) Recorded under "Lending to and deposits with credit institutions" in the balance sheet.

The cash flow statement shows receipts and payments of cash and cash equivalents during the period. The statement has been prepared in accordance with the direct method. Cash flows are classified as operating activities, investment activities or funding activities. Balance sheet items are adjusted for the effects of exchange rate movements. Cash is defined as cash and deposits with central banks, and deposits with credit institutions with no agreed period of notice.

During the fourth quarter of 2011, certain items in the cash flow statement were reclassified. Among other things, Net receipts/ payments on loans to credit institutions and appurtenant interest were included in operating activities with effect from the fourth quarter of 2011. Prior to this, these items were included under funding activities. Comparable figures for previous periods have been restated.

Note 1 Accounting principles

The first quarter accounts 2012 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 2011. The annual and interim accounts for the Group are prepared according to IFRS principles as endorsed by the EU. The statutory accounts of DNB ASA have been prepared according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-5, on the use of IFRS, which implies that recognition and measurements are in accordance with IFRS and that the presentation and note information are in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

The Group's accounting principles and calculation methods are essentially the same as those described in the annual report for 2011. With effect from the first quarter of 2012, however, profits from repossessed operations which are fully consolidated in the DNB Group are presented net under ”Profit from repossessed operations” in the company's internal reporting of business areas. The repossessed operations are included in the Group Centre. The presentation in note 4 Segments has been adjusted correspondingly, including comparable figures. The changes are of significance only to the presentation of profits for the individual business areas and have no impact on the presentation of the Group's income statement.

No new or amended accounting standards or interpretations entered into force during the first quarter of 2012, apart from the amendments to IAS 12 Income Taxes described below which have yet to be endorsed by the EU.

Amendments to IAS 12 Income Taxes

The amendments imply that deferred tax on investment property carried at fair value according to IAS 40 Investment Property, as a rule should be determined based on the presumption that the carrying amount of the asset will be recovered through sale rather than use. The amendments also apply to non-depreciable assets recorded at fair value according to the rules in IAS 16 Property, Plant and Equipment. The amendments to IAS 12 entered into force on 1 January 2012 and are expected to be endorsed by the EU in the third quarter of 2012. The amendments are not expected to have any significant impact on the Group's use of accounting principles.

Note 2 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 2011.

Note 3 Changes in group structure

Pres-Vac

Pres-Vac Engineering Aps and Valpress GmbH (Pres-Vac) develop and produce, among other things, tank valves for ships which transport liquid cargo. As part of the restructuring of the bank's commitment with the companies, DNB Bank ASA took over all the shares in the companies. With effect from the first quarter of 2012, the companies are consolidated in the group accounts.

The companies were taken over at a price of DKK 1 and EUR 1, respectively. At the beginning of 2012, the Pres-Vac Group had a total negative equity of DKK 208 million. Prior to the acquisition, DNB Bank ASA had written down the commitment by approximately DKK 272 million. In the preliminary acquisition analysis, the remaining DKK 64 million is considered to represent the difference between fair value and recorded value of goodwill in Pres-Vac's consolidated accounts.

During the first quarter of 2012, DKK 105 million of the company's debt to the bank was converted to equity. Sales revenues for the first quarter of 2012 were approximately DKK 25 million, while operating expenses came to approximately DKK 29 million. The company recorded an operating loss of approximately DKK 4 million.

Bryggetorget Holding AS

After Faktor Eiendom ASA went into liquidation, Bryggetorget Holding AS, which is owned by DNB Bank ASA, took over Skurufjellet Eiendom AS, Trysiltunet Eiendom AS and Trysilfjell Apartment Eiendom AS from the estate. In addition, 31 holiday apartments in Uvdal organised as a housing cooperative were taken over. The properties were acquired at fair value, and the balance sheet value of the properties in Bryggetorget Holding was NOK 222 million at end-March 2012. There were no significant profit and loss items in the company in the first quarter of 2012.

Note 4 Segments

Business areas

The operational structure of DNB includes four business areas and four staff and support units. The business areas are independent profit centres and have responsibility for serving all of the Group's customers and for the total range of products. DNB's business areas comprise Retail Banking, Large Corporates and International, DNB Markets and Insurance and Asset Management. In addition, operations in DNB Baltics and Poland are reported as a separate profit centre. 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.

Retail Banking	-	offers a broad range of financial products and services through a wide distribution network. In cooperation with several of the Group's product areas, customers are offered various financing and leasing, deposit and investment alternatives, insurance, as well as real estate broking and financial advisory services. In addition, extensive everyday banking services are provided through the internet bank, mobile banking, SMS services, branch offices, in-store banking outlets, in-store postal outlets and Norway Post. The ordinary home mortgage operations of DNB Boligkreditt AS are integrated in Retail Banking, while the company's debt capital funding is shown under the Group Centre.
Large Corporates and International	-	offers a broad range of financial products and services to large Norwegian and international customers in cooperation with several of the Group's product areas, including various types of financing solutions, deposits and investments, insurance, e-commerce products, commercial property brokerage, foreign currency, interest rate products, trade finance and corporate finance services.
DNB Markets	-	is the Group's investment bank with the key products foreign exchange, interest rate and commodity products, securities and other investment products, debt and equity financing in capital markets, research and advisory services, as well as custodial and other securities services.
Insurance and Asset Management	-	is responsible for life insurance, non-life insurance, pension savings and asset management. DNB Livsforsikring is shown as a separate reporting segment under Insurance and Asset Management.
DNB Baltics and Poland	-	offers financial services to corporate and personal customers in Estonia, Latvia, Lithuania and Poland.

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, as reported to group management (highest decision-making body) for an assessment of current developments and the allocation of resources. Figures for the business areas are based on DNB's management model and the Group's accounting principles. The figures have been restated in accordance with the Group's current principles for allocating costs and capital between business areas and are based on a number of assumptions, estimates and discretionary distribution. 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. With effect from the first quarter of 2012, profits from repossessed operations which are fully consolidated in the DNB Group are presented net under "Profit from repossessed operations". The repossessed operations are included in the Group Centre. See note 1 Accounting principles. Figures for previous periods have been restated.

The risk-adjusted capital requirement is a measure of the Group's economic capital, based on its risk systems. It is used to measure the capital required to fund transactions and volumes. The Group's actual equity is affected by external parameters and is not directly comparable with the risk-adjusted capital requirement. Returns in the table of key figures below are calculated based on the risk-adjusted capital requirement.

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 all relevant business areas. This refers primarily to income from customer trading in DNB Markets. Double entries are presented gross in the income statement. Income is presented under "Income attributable to product suppliers", appurtenant costs under "Costs attributable to product suppliers" and write-downs under "Write-downs attributable to product suppliers". Double entries also include income from Insurance and Asset Management. Double entries are eliminated in the group accounts.

Note 4 Segments (continued)

Income statement

DNB Group

	Retail Banking		Large Corporates and International		DNB Markets		Insurance and Asset Management		DNB Baltics and Poland		Other operations/ eliminations [1]		DNB Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Amounts in NOK million	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net interest income - ordinary operations	3 712	3 473	2 192	1 674	193	209	(102)	(86)	266	314	392	435	6 653	6 018
Interest on allocated capital [2]	145	138	168	150	45	35	93	95	11	9	(462)	(427)	0	0
Net interest income	3 858	3 610	2 360	1 823	238	244	(8)	10	277	323	(71)	8	6 653	6 018
Other operating income	897	887	324	275	2 150	1 400	1 011	1 257	203	190	(2 979)	(542)	1 607	3 467
Income attributable to product suppliers	298	289	558	510	0	0	0	0	0	0	(856)	(799)	0	0
Net other operating income	1 196	1 176	881	785	2 150	1 400	1 011	1 257	203	190	(3 835)	(1 341)	1 607	3 467
Total income	5 054	4 786	3 241	2 608	2 388	1 644	1 003	1 267	480	513	(3 905)	(1 333)	8 261	9 485
Other operating expenses	2 698	2 553	689	588	545	529	589	601	321	305	263	218	5 105	4 793
Cost attributable to product suppliers	147	153	221	218	0	0	0	0	0	0	(368)	(372)	0	0
Operating expenses	2 845	2 706	910	806	545	529	589	601	321	305	(105)	(154)	5 105	4 793
Pre-tax operating profit before write-downs	2 208	2 080	2 332	1 802	1 843	1 115	414	666	159	208	(3 801)	(1 179)	3 156	4 692
Net gains on fixed and intangible assets	0	1	0	0	0	0	0	0	2	3	4	1	7	5
Write-downs on loans and guarantees [3]	322	252	397	385	0	0	0	0	64	190	1	64	784	892
Write-downs attributable to product suppliers	0	0	0	2	0	0	0	0	0	0	0	(2)	0	0
Profit from repossessed operations	(4)	0	(119)	0	0	0	0	0	0	0	123	0	0	0
Pre-tax operating profit	1 882	1 828	1 816	1 415	1 843	1 115	414	666	97	21	(3 674)	(1 240)	2 378	3 805

1) *Other operations/eliminations:*

	Elimination of income/ cost attributable to product suppliers		*Other eliminations*		*Group Centre* [*)]		*Total*	
	1st quarter		*1st quarter*		*1st quarter*		*1st quarter*	
Amounts in NOK million	*2012*	*2011*	*2012*	*2011*	*2012*	*2011*	*2012*	*2011*
Net interest income - ordinary operations	*0*	*0*	*(28)*	*(27)*	*420*	*462*	*392*	*435*
Interest on allocated capital [2]	*0*	*0*	*0*	*0*	*(462)*	*(427)*	*(462)*	*(427)*
Net interest income	*0*	*0*	*(28)*	*(27)*	*(43)*	*35*	*(71)*	*8*
Other operating income	*0*	*0*	*(196)*	*(241)*	*(2 782)*	*(301)*	*(2 979)*	*(542)*
Income attributable to product suppliers	*(856)*	*(799)*	*0*	*0*	*0*	*0*	*(856)*	*(799)*
Net other operating income	*(856)*	*(799)*	*(196)*	*(241)*	*(2 782)*	*(301)*	*(3 835)*	*(1 341)*
Total income	*(856)*	*(799)*	*(224)*	*(268)*	*(2 825)*	*(266)*	*(3 905)*	*(1 333)*
Other operating expenses	*0*	*0*	*(224)*	*(268)*	*487*	*485*	*263*	*218*
Cost attributable to product suppliers	*(368)*	*(372)*	*0*	*0*	*0*	*0*	*(368)*	*(372)*
Operating expenses	*(368)*	*(372)*	*(224)*	*(268)*	*487*	*485*	*(105)*	*(154)*
Pre-tax operating profit before write-downs	*(488)*	*(428)*	*0*	*0*	*(3 312)*	*(751)*	*(3 801)*	*(1 179)*
Net gains on fixed and intangible assets	*0*	*0*	*0*	*0*	*4*	*1*	*4*	*1*
Write-downs on loans and guarantees [3]	*0*	*0*	*0*	*0*	*1*	*64*	*1*	*64*
Write-downs attributable to product suppliers	*0*	*(2)*	*0*	*0*	*0*	*0*	*0*	*(2)*
Profit from repossessed operations	*0*	*0*	*0*	*0*	*123*	*0*	*123*	*0*
Pre-tax operating profit	*(488)*	*(426)*	*0*	*0*	*(3 186)*	*(814)*	*(3 674)*	*(1 240)*

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. With effect from the first quarter of 2012, profits from repossessed operations which are fully consolidated in the DNB Group are presented net under "Profit from repossessed operations" in the business areas. The repossessed operations are included in the Group Centre. Figures for previous periods have been restated.

	1st quarter	
**) Group Centre - pre-tax operating profit in NOK million*	*2012*	*2011*
+ Interest on unallocated equity etc.	*75*	*197*
+ Income from equities investments	*(21)*	*3*
+ Mark-to-market adjustments Treasury and fair value on lending	*(838)*	*(201)*
+ Basis swaps	*(2 432)*	*(584)*
- Eksportfinans AS	*226*	*93*
- Unallocated write-downs on loans and guarantees	*1*	*41*
- Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	*107*	*62*
- Unallocated pension expenses	*78*	*26*
- Funding costs on goodwill	*15*	*12*
Other	*6*	*(180)*
Pre-tax operating profit	*(3 186)*	*(814)*

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

3) *See note 12 Write-downs on loans and guarantees for an analysis of the gross change in write-downs for the Group.*

Note 4 Segments (continued)

Main average balance sheet items

DNB Group

	Retail Banking		Large Corporates and International		DNB Markets		Insurance and Asset Management		DNB Baltics and Poland		Other operations/ eliminations		DNB Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Amounts in NOK billion	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net lending to customers [1]	824.4	763.3	397.9	349.4	2.7	3.4	1.8	2.5	54.5	53.2	(2.1)	3.2	1 279.2	1 175.0
Deposits from customers [1]	432.2	389.2	260.9	230.0	43.7	26.8			27.4	25.5	(1.9)	(1.9)	762.4	669.6
Assets under management [2]							531.9	540.3					531.9	540.3
Allocated capital [3]	21.4	21.6	24.7	23.5	6.6	5.5	13.7	15.0	4.1	3.3				

Key figures

DNB Group

	Retail Banking		Large Corporates and International		DNB Markets		Insurance and Asset Management		DNB Baltics and Poland		Other operations		DNB Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Per cent	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Cost/income ratio [4]	56.3	56.5	28.1	30.9	22.8	32.2	58.7	47.4	66.8	59.4			61.8	50.5
Ratio of deposits to lending [1] [5]	52.4	51.0	65.6	65.8					50.4	47.9			59.6	57.0
Return on allocated capital, annualised [3]	25.5	24.7	21.3	17.6	80.9	59.2	14.9	24.1	7.7	2.1			9.5	17.8
Number of full-time positions as at 31 March [6]	4 993	4 845	1 143	1 107	716	677	1 047	1 055	3 321	3 155	2 415	2 189	13 635	13 027

1) *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 and value adjustments. Deposits from credit institutions is not included.*
2) *The figures include total assets in DNB Livsforsikring. With effect from 2012, total assets in DNB Private Equity, totalling NOK 5.9 billion, have been included. Figures for previous periods have been restated.*
3) *The allocated capital and return on allocated capital for the business areas are 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.*
5) *Deposits from customers relative to net lending to customers.*
6) *Historical figures for DNB Baltics and Poland include DnB NORD's operations and branches in Finland and Denmark which have been closed down or transferred to DNB in Oslo.*

Comments to the income statement

Retail Banking

Pre-tax operating profits totalled NOK 1 882 million in the first quarter of 2012, an increase of NOK 54 million from the year-earlier period. There was a positive development in volumes and a satisfactory trend in non-performing commitments and write-downs. There was brisk growth in both home mortgages and lending to small and medium-sized businesses compared with the year-earlier period. Moreover, there was a strong rise in deposits during the period, and the ratio of deposits to lending increased to 52.4 per cent. Along with customer deposits, covered bonds based on home mortgages in DNB Boligkreditt were key sources of funding. At end-March 2012, 95 per cent of lending volume in Retail Banking was funded by deposits and covered bonds. Net interest income rose by NOK 247 million from the first quarter of 2011, which was attributable to rising volumes and widening lending spreads relative to the 3-month money market rate. Average net customer lending increased by 8.0 per cent to NOK 824.4 billion. Deposit spreads narrowed due to lower interest rate levels and strong competition in the market. The weighted interest rate spread, defined as total margin income on loans and deposits relative to total loans and deposits, was 1.23 per cent in the first quarter of 2012, a marginal increase from the year-earlier period. Other operating income was roughly on a level with the figure for the first quarter of 2011. Income from real estate broking showed a positive trend during the period. The increase in costs during the same period reflected a rise in staff numbers due to higher activity levels, wage and price inflation and an increase in depreciation on operational leasing. The number of full-time positions was 4 993 at end-March 2012, with 4 649 in the business area's units in Norway. The quality of the loan portfolio was sound, with relatively low net write-downs in both the retail and corporate markets. Net write-downs represented 0.16 per cent of net lending, up from 0.13 per cent in the first quarter of 2011. Net non-performing and doubtful commitments amounted to NOK 6.2 billion at end-March 2012, down NOK 0.6 billion from end-March 2011.

Large Corporates and International

Pre-tax operating profits came to NOK 1 816 million, up NOK 401 million from the first quarter of 2011. Brisk growth in the fourth quarter of 2011 gave a sound platform for operations at the start of 2012. Average lending increased by 13.9 per cent from the first quarter of 2011, while there was an increase of 0.7 per cent from the fourth quarter of 2011. Due to relatively stable exchange rates, volumes remained virtually unchanged between the quarters. Average deposits rose by 13.4 per cent from the first quarter of 2011 and by 4.5 per cent from the fourth quarter of 2011. Relative to the 3-month money market rate, lending spreads were 1.81 per cent in the first quarter of 2012, up 0.25 percentage points from the year-earlier period and 0.05 percentage points from the fourth quarter of 2011. The widening spreads helped compensate for higher long-term funding costs. Fierce competition for deposits caused pressure on deposit spreads, which declined by 0.12 percentage points from the first quarter of 2011 and by 0.06 percentage points from the fourth quarter of 2011. The increase in other operating income was mainly attributable to a positive development in the value of acquired equities and ownership interests and an increase in guarantee commissions and other product revenues. Personnel expenses were higher in the first quarter of 2012 than in the year-earlier period, mainly due to a rise in staff numbers in strategic priority areas in 2011. In addition, there was an increase in costs related to IT development activity during the same period. Total costs rose by 12.8 per cent from the first quarter of 2011, but were reduced by 1.6 per cent from the fourth quarter of 2011. The cost/income ratio was down 2.8 percentage points compared with the first quarter of 2011. At end-March 2012, staff in the business area represented 1 143 full-time positions, including 645 positions outside Norway. Net write-downs on loans represented 0.40 per cent of net lending to customers on an annual basis, of which individual write-downs represented 0.28 per cent. In the first quarter of 2011, net individual write-downs came to 0.47 per cent of net lending. Net non-performing and doubtful commitments amounted to NOK 8.5 billion at end-March 2012, up NOK 2.1 billion from end-December 2011. The corresponding figure at end-March 2011 was NOK 3.8 billion. The increase was due to the fact that a few large commitments were classified as non-performing and doubtful after being subject to minor write-downs.

Note 4 Segments (continued)

DNB Markets

DNB Markets is Norway's largest provider of securities and investment services. The business area recorded a strong level of profits in the first quarter of 2012. Pre-tax operating profits totalled NOK 1 843 million, up NOK 728 million, or 65.3 per cent, compared with the year-earlier period. The rise in profits was mainly attributable to a particularly high level of income relating to foreign exchange and interest rate instruments and bonds. In addition, there was brisk activity within debt and equity capital issues for customers. The cost/income ratio was brought down from 32.2 per cent to 22.8 per cent. Customer-related revenues totalled NOK 784 million, up NOK 66 million from the first quarter of 2011. The increase mainly reflected great interest in interest rate hedging and a higher level of activity within securities issues. Customer-related income from foreign exchange, interest rate and commodity products showed a healthy trend compared with the year-earlier period. Rising long-term interest rates in Norway boosted demand for interest rate hedging, while a stronger Norwegian krone gave healthy demand for currency hedging, especially among importers. Furthermore, rising oil prices resulted in a higher level of activity within energy-related hedging products. Customer-related income from the sale of securities and other investment products declined by NOK 13 million compared with the first quarter of 2011. Brisk bond brokerage activity in both the primary and secondary markets compensated for considerably lower stock market activity. DNB Markets retained its position as the largest brokerage house on Oslo Børs within bond and commercial paper brokerage, with a market share of 50 per cent. Demand for other investment products remained low. Customer-related revenues from corporate finance services were on a level with the first quarter of 2011. There was brisk activity within equity issues, especially bond issues, and most particularly in the high-yield market. There was a reduction in customer-related revenues from custodial and other securities services compared with the first quarter of 2011, reflecting lower prices and declining activity levels, particularly with initial public offerings and rights issues. Income from market making and other proprietary trading totalled NOK 1 560 million in the first quarter of 2012, up NOK 669 million from the year-earlier period. There was a high level of income from trading in foreign exchange and interest rate products. In addition, lower credit spreads gave considerable capital gains on bonds. Developments in the equity, credit, commodity, currency and interest rate markets will be decisive for the business area's future profits.

Revenues within various segments

		DNB Markets
Amounts in NOK million	1st quarter 2012	1st quarter 2011
FX, interest rate and commodity derivatives	415	327
Investment products	110	123
Corporate finance	212	207
Securities services	46	61
Total customer revenues	784	718
Net income international bond portfolio	781	279
Other market making/trading revenues	779	612
Total trading revenues	1 560	891
Interest income on allocated capital	45	35
Total income	2 388	1 644

Insurance and Asset Management

DNB Livsforsikring:

DNB Livsforsikring's pre-tax operating profits came to NOK 398 million in the first quarter of 2012, which represented a NOK 198 million reduction from the first quarter of 2011. DNB Livsforsikring achieved recorded and value-adjusted returns of 1.3 and 1.9 per cent, respect-tively, on the common portfolio in the first quarter of 2012, excluding changes in the value of bonds held to maturity. The corporate portfolio generated a return of 1.2 per cent for the first quarter. Premium income totalled NOK 8.4 billion in the first quarter of 2012, down 14.5 per cent compared with the year-earlier period. See DNB Livsforsikring's income statement, balance sheets and key figures on the next pages.

DNB Asset Management:

DNB Asset Management recorded pre-tax operating profits of NOK 42 million in the first quarter of 2012, down NOK 18 million from the year-earlier period. The decline in profits mainly reflected lower commission income due to narrower margins and a reduction in assets under management. Commission income declined by NOK 18 million, which included a NOK 3 million reduction in performance-based revenues from the first quarter of 2011.

DNB Baltics and Poland

Pre-tax operating profits of NOK 97 million were recorded in the first quarter of 2012, representing an increase of NOK 76 million from the year-earlier period. 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. Average net lending to customers showed a slight increase compared with the first quarter of 2011. Lending volumes were up 3.0 per cent from end-March 2011. There was a 6.9 per cent decline in lending in the Baltics, which reflected general market conditions. The macroeconomic situation in the Baltics improved and there was a decline in unemployment levels, though credit demand remained sluggish. In spite of lower lending volumes, there was a rise in market share during the period. DNB Poland experienced relatively brisk lending growth throughout 2011, and lending volumes increased by 32.4 per cent from end-March 2011 to end-March 2012. Average customer deposits showed a healthy trend and rose by 7.7 per cent from the first quarter of 2011. This demonstrates that customers in this region have faith in DNB Baltics and Poland as part of a sound Norwegian bank. The reduction in net interest income from the first quarter of 2011 mainly reflected rising funding costs. There was a positive trend in lending spreads, while deposit spreads narrowed somewhat, partly due to strong competition for deposits. There was a significant reduction in net write-downs on loans compared with the first quarter of 2011, and write-downs represented 0.47 per cent of average lending on an annual basis, down from 1.44 per cent in the first quarter of 2011.

Note 4 Segments (continued)

Group Centre

The Group Centre recorded a pre-tax operating loss of NOK 3 186 million in the first quarter of 2012, compared with a loss of NOK 814 million in the year-earlier period. Profits attributable to the Group from the associated company Eksportfinans totalled NOK 226 million in the first quarter of 2012, including the share of the portfolio guarantee issued for the liquidity portfolio, compared with NOK 93 million in the first quarter of 2011. Income from equity investments totalled a loss of NOK 21 million in the first quarter of 2012, a decrease of NOK 24 million from the year-earlier period. There was a negative profit contribution of NOK 3 271 million from own debt, loans carried at fair value and related derivatives in the first quarter of 2012, compared with a negative contribution of NOK 785 million in the corresponding period in 2011. Of this, basis swaps represented NOK 2 432 million and NOK 584 million respectively.

DNB Livsforsikring

The business area Insurance and Asset Management comprises DNB Livsforsikring ASA and DNB Asset Management Holding AS and their respective subsidiaries, in addition to DNB Skadeforsikring. DNB Livsforsikring ASA including subsidiaries is fully consolidated in the DNB Group's accounts. DNB Livsforsikring's lines of business are life insurance and pension savings. Operations are thus different from operations in the rest of the Group. Profit sharing between policyholders and the owner in life insurance companies is based on special accounting regulations for such operations stipulated by the Norwegian Ministry of Finance. Regulations relating to profit sharing between the owner and policyholders in life insurance companies limit the DNB Group's access to revenues and assets from life insurance operations. The tables below describe the income statement, balance sheet and key figures for DNB Livsforsikring.

Income statement [1)]

	DNB Livsforsikring			
Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Commissions and fees receivable etc.	569	579	2 162	2 303
Commissions and fees payable etc.	84	79	315	358
Net gains on assets in DNB Livsforsikring	4 548	3 473	5 795	15 068
Guaranteed returns and allocations to policyholders in DNB Livsforsikring	4 157	2 972	5 772	13 500
Premium income etc. included in the risk result in DNB Livsforsikring	1 330	1 226	4 941	4 721
Insurance claims etc. included in the risk result in DNB Livsforsikring	1 442	1 234	4 853	4 977
Other income	8	8	29	0
Net other operating income	**772**	**1 001**	**1 988**	**3 258**
Total income	**772**	**1 001**	**1 988**	**3 258**
Salaries and other personnel expenses	191	192	674	637
Other expenses	160	185	791	779
Depreciation and impairment of fixed and intangible assets	23	27	107	118
Total operating expenses	**374**	**405**	**1 573**	**1 534**
Net gains on fixed and intangible assets	0	0	0	1
Pre-tax operating profit	**398**	**596**	**415**	**1 724**
Taxes	(104)	(244)	101	(672)
Profit for the period [2)]	**502**	**840**	**314**	**2 396**

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

2) *Breakdown of income statement*

	DNB Livsforsikring			
Amounts in NOK million	*1st quarter 2012*	*1st quarter 2011*	*Full year 2011*	*Full year 2010*
Interest result	*1 349*	*1 747*	*(74)*	*6 033*
Application of/(transferred to) additional allocations	*0*	*0*	*524*	*(407)*
Risk result	*(102)*	*2*	*129*	*(242)*
Administration result	*(12)*	*(18)*	*(192)*	*(104)*
Upfront pricing of risk and guaranteed rate of return	*142*	*130*	*531*	*552*
Transferred from security reserve	*(10)*	*(10)*	*(41)*	*(14)*
Funds transferred to policyholders	*969*	*1 255*	*462*	*4 093*
Pre-tax operating profit	*398*	*596*	*415*	*1 724*
Taxes	*(104)*	*(244)*	*101*	*(672)*
Profit for the period	*502*	*840*	*314*	*2 396*

Note 4 Segments (continued)

Balance sheets [1)]

Amounts in NOK million	DNB Livsforsikring 31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
Assets				
Lending to and deposits with credit institutions	5 588	4 999	3 624	4 730
Lending to customers	1 926	1 858	1 345	2 833
Commercial paper and bonds	66 550	72 810	53 235	46 574
Shareholdings	41 925	40 607	61 301	60 443
Financial assets, customers bearing the risk	25 770	23 776	23 875	23 506
Financial derivatives	1 246	1 470	1 943	2 445
Commercial paper and bonds, held to maturity	83 528	73 954	69 708	68 038
Investment property [2)]	37 764	37 632	36 034	35 961
Investments in associated companies	16	16	16	16
Intangible assets	219	240	253	256
Deferred tax assets	0	0	873	629
Fixed assets	9	10	19	21
Other assets	2 828	1 460	3 942	1 654
Total assets	**267 368**	**258 831**	**256 169**	**247 107**
Liabilities and equity				
Financial derivatives	1 183	2 322	752	1 299
Insurance liabilities, customers bearing the risk	25 770	23 776	23 875	23 506
Liabilities to life insurance policyholders in DNB Livsforsikring	218 093	212 271	212 773	205 550
Payable taxes	41	214	27	27
Deferred taxes	279	382	0	0
Other liabilities	4 300	2 646	2 783	1 591
Pension commitments	222	224	224	224
Subordinated loan capital	2 491	2 509	2 481	2 497
Total liabilities	**252 378**	**244 343**	**242 915**	**234 693**
Share capital	1 621	1 621	1 321	1 321
Share premium reserve	3 875	3 875	1 175	1 175
Other equity	9 494	8 992	10 758	9 918
Total equity	**14 990**	**14 488**	**13 254**	**12 413**
Total liabilities and equity	**267 368**	**258 831**	**256 169**	**247 107**

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

2) *See note 16 Investment property.*

Key figures

Per cent	DNB Livsforsikring 1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Recorded return, excluding unrealised gains on financial instruments [1)]	1.3	1.5	3.2	6.2
Value-adjusted return, excluding unrealised gains on commercial paper and bonds, held to maturity [1)]	1.9	1.3	2.1	6.8
Value-adjusted return, including unrealised gains on commercial paper and bonds, held to maturity, and unrealised gains on current assets [1)]	2.2	0.8	2.8	6.9
Capital adequacy ratio at end of period [2)]	14.0	10.3	15.3	11.0
Core capital ratio at end of period [2)]	12.9	9.1	13.9	9.7
Solvency margin capital in per cent of requirement at end of period [2) 3)]	185	169	192	179

1) *Refers to the common portfolio.*

2) *Finanstilsynet (the Financial Supervisory Authority of Norway) and the Ministry of Finance have not adapted capital adequacy or solvency margin capital regulations to IFRS.*

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

Note 5 Net interest income

Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
				DNB Group
Interest on loans to and deposits with credit institutions	263	418	1 353	1 557
Interest on loans to customers	13 476	11 401	48 661	42 102
Interest on impaired commitments	145	167	548	611
Interest on commercial paper and bonds	1 390	1 817	6 692	6 756
Front-end fees etc.	83	60	292	287
Other interest income	704	313	2 528	2 081
Total interest income	**16 060**	**14 176**	**60 075**	**53 395**
Interest on loans and deposits from credit institutions	892	1 204	4 426	5 008
Interest on deposits from customers	4 030	3 092	13 942	10 986
Interest on debt securities issued	3 433	2 757	12 118	8 725
Interest on subordinated loan capital	160	154	616	667
Other interest expenses [1)]	892	952	3 721	4 573
Total interest expenses	**9 407**	**8 158**	**34 823**	**29 959**
Net interest income	**6 653**	**6 018**	**25 252**	**23 436**

1) *Other interest expenses include interest rate adjustments resulting from interest swaps entered into.*

Note 6 Net commissions and fees receivable

Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
				DNB Group
Money transfer fees receivable	771	708	2 984	2 957
Fees on asset management services	260	296	1 115	1 096
Fees on custodial services	75	84	311	295
Fees on securities broking	62	89	254	303
Corporate finance	185	117	454	608
Interbank fees	10	22	92	97
Credit broking commissions	52	126	488	474
Sales commissions on insurance products	651	637	2 468	2 579
Sundry commissions and fees receivable on banking services	209	234	968	851
Total commissions and fees receivable etc.	**2 274**	**2 314**	**9 135**	**9 261**
Money transfer fees payable	259	242	1 049	1 112
Commissions payable on fund management services	40	36	133	121
Fees on custodial services payable	35	32	122	112
Interbank fees	18	31	130	140
Credit broking commissions	27	19	93	48
Commissions payable on the sale of insurance products	35	33	124	137
Sundry commissions and fees payable on banking services	193	139	605	550
Total commissions and fees payable etc.	**607**	**532**	**2 256**	**2 220**
Net commissions and fees receivable	**1 667**	**1 782**	**6 879**	**7 040**

Note 7 Net gains on financial instruments at fair value

Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
				DNB Group
Dividends	50	73	521	387
Net gains on commercial paper and bonds	666	(87)	418	539
Net gains on shareholdings	34	80	(247)	582
Net gains on other financial instruments [1)]	(1 756)	596	6 969	3 453
Net gains on financial instruments at fair value	**(1 006)**	**662**	**7 661**	**4 961**

1) *Net losses on other financial instruments in the first quarter of 2012 mainly reflected mark-to-market adjustments of financial instruments used to convert funding to the preferred currency (basis swaps). Greater financial market stability resulted in unrealised losses on basis swaps of NOK 2 432 million. In the first quarter of 2011, unrealised losses came to NOK 584 million. Unrealised gains and losses will be reversed over the instruments' term to maturity.*

Note 8 Profit from companies accounted for by the equity method

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 NOK 11.8 billion in the fourth quarter of 2011. After reviewing the fair value of the company in connection with the closing of the annual accounts, DNB wrote down the value by an amount corresponding to unrealised gains on Eksportfinans' own debt in the fourth quarter. In the first quarter of 2012, the required rate of return in the market has been reduced, and Eksportfinans has sizeable unrealised losses on own debt. The write-down made by DNB in the fourth quarter of 2011 has been reversed by an amount corresponding to these unrealised losses. The reversal represented just over NOK 4 billion of DNB's holding after tax. The write-down in 2011 and the reversal in 2012 have been reported on the line "Profit from companies accounted for by the equity method" along with DNB's share of profits from the company.

Note 9 Other income

				DNB Group
Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Income from owned/leased premises	84	41	222	66
Fees on real estate broking	268	199	1 012	860
Miscellaneous operating income [1)]	171	148	540	1 639
Total other income	**522**	**388**	**1 775**	**2 565**

1) *The merger between the payment services company Nordito and the Danish PBS Holding during the second quarter of 2010, generated a gain of NOK 1 170 million.*

Note 10 Operating expenses

				DNB Group
Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Salaries	1 956	1 757	7 594	7 071
Employer's national insurance contributions	289	263	985	1 025
Pension expenses [1)]	337	253	989	448
Restructuring expenses	1	2	11	36
Other personnel expenses	186	169	701	680
Total salaries and other personnel expenses	**2 768**	**2 444**	**10 279**	**9 259**
Fees [2)]	291	407	1 775	1 437
IT expenses [2)]	499	433	1 658	1 635
Postage and telecommunications	89	95	370	377
Office supplies	23	23	105	99
Marketing and public relations	252	238	949	812
Travel expenses	59	59	277	244
Reimbursement to Norway Post for transactions executed	31	42	167	151
Training expenses	21	22	75	75
Operating expenses on properties and premises	350	352	1 383	1 280
Operating expenses on machinery, vehicles and office equipment	33	36	146	151
Other operating expenses	260	225	816	735
Total other expenses	**1 907**	**1 930**	**7 722**	**6 995**
Impairment losses for goodwill [3)]	0	0	190	194
Depreciation and write-downs of fixed and intangible assets	430	419	1 982	2 063
Total depreciation and write-downs of fixed and intangible assets	**430**	**419**	**2 172**	**2 256**
Total operating expenses	**5 105**	**4 793**	**20 172**	**18 511**

1) *Pension expenses were reduced by NOK 367 million for the first quarter of 2010 due to the reversal of provisions for contractual early retirement pensions.*
2) *Fees also include system development fees and must be viewed relative to IT expenses.*
3) *Impairment losses for goodwill of NOK 190 million relating to Poland were recorded in the fourth quarter of 2011 and impairment losses for goodwill of NOK 194 million relating to Svensk Fastighetsförmedling were recorded in the second quarter of 2010.*

Note 11 Number of employees/full-time positions

	DNB Group			
	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Number of employees at end of period	14 088	13 386	14 072	13 365
- of which number of employees abroad	4 661	4 414	4 674	4 391
Number of employees calculated on a full-time basis at end of period	13 635	13 027	13 620	13 021
- of which number of employees calculated on a full-time basis abroad	4 574	4 357	4 560	4 338
Average number of employees	14 082	13 390	13 641	13 485
Average number of employees calculated on a full-time basis	13 634	13 025	13 250	13 131

Note 12 Write-downs on loans and guarantees

	DNB Group			
Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Write-offs	82	43	550	459
New individual write-downs	1 005	1 308	4 120	5 141
Total new individual write-downs	1 087	1 351	4 670	5 600
Reassessed individual write-downs	298	357	1 015	1 109
Recoveries on commitments previously written off	102	123	437	418
Net individual write-downs	688	870	3 217	4 074
Change in collective write-downs on loans	96	21	227	(1 077)
Write-downs on loans and guarantees *)	**784**	**892**	**3 445**	**2 997**
Write-offs covered by individual write-downs made in previous years	910	515	2 753	2 217
**) Of which individual write-downs on guarantees*	*49*	*8*	*26*	*(3)*

Write-downs on loans and guarantees totalled NOK 784 million for the quarter, which represented reductions of NOK 108 million from the first quarter of 2011 and NOK 142 million from the fourth quarter of 2011. Individual write-downs in Retail Banking increased by NOK 63 million from the first quarter of 2011, while there was a NOK 30 million reduction from the fourth quarter of 2011. In Large Corporates and International, there was a rise in write-downs within shipping compared with 2011, while there was a reduction in write-downs on loans to other large corporates. Write-downs in the Baltics and Poland were strongly reduced compared with both the first and fourth quarter of 2011 and represented 0.47 per cent of lending in the first quarter of 2012.

Note 13 Lending to customers

Amounts in NOK million	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
				DNB Group
Lending to customers, nominal amount	1 178 461	1 186 159	1 071 547	1 061 092
Individual write-downs	9 136	9 521	9 650	9 207
Lending to customers, after individual write-downs	1 169 325	1 176 639	1 061 897	1 051 885
+ Accrued interest and amortisation	2 494	2 156	2 188	1 946
- Individual write-downs of accrued interest and amortisation	709	710	703	658
- Collective write-downs	2 175	2 119	1 866	1 872
Lending to customers, at amortised cost	1 168 935	1 175 966	1 061 517	1 051 301
Lending to customers, nominal amount	114 811	102 284	111 174	118 125
+ Accrued interest	500	453	512	555
+ Adjustment to fair value	280	558	11	359
Lending to customers, at fair value [1]	115 590	103 294	111 697	119 039
Lending to customers	**1 284 526**	**1 279 259**	**1 173 213**	**1 170 341**

1) *The fair value of loans in Norwegian kroner increased by NOK 46 million from 31 December 2011 due to narrowing margin requirement.*

Note 14 Net impaired loans and guarantees for principal customer groups [1]

Amounts in NOK million	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
				DNB Group
Private individuals	3 653	3 771	4 368	4 481
Transportation by sea and pipelines and vessel construction	4 505	3 551	608	810
Real estate	3 309	3 575	4 063	2 503
Manufacturing	2 076	2 072	2 976	3 165
Services	697	572	1 405	1 521
Trade	1 452	854	669	698
Oil and gas	0	0	0	0
Transportation and communication	363	334	473	490
Building and construction	737	647	1 416	1 710
Power and water supply	3	0	10	25
Seafood	66	67	11	10
Hotels and restaurants	305	298	335	351
Agriculture and forestry	241	260	286	279
Central and local government	0	0	1	0
Other sectors	76	22	39	53
Total customers	17 483	16 023	16 659	16 097
Credit institutions	0	21	0	0
Total net impaired loans and guarantees	17 483	16 043	16 659	16 097
Non-performing loans and guarantees not subject to write-downs	2 814	3 422	2 263	2 313
Total net non-performing and doubtful loans and guarantees	20 297	19 465	18 922	18 409

1) *Includes loans and guarantees subject to individual write-downs and total non-performing loans and guarantees not subject to write-downs. The breakdown into principal customer groups is based on standardised sector and industry categories set up by Statistics Norway.*

Note 15 Commercial paper and bonds, held to maturity

Amounts in NOK million	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
				DNB Group
DNB Markets	87 168	95 062	105 035	112 567
DNB Livsforsikring	83 528	73 954	69 708	68 038
Other units [1)]	(2 052)	(2 050)	(1 577)	(1 144)
Commercial paper and bonds, held to maturity	**168 644**	**166 965**	**173 167**	**179 461**

1) Including eliminations of DNB Livsforsikring's investments in bonds issued by DNB Boligkreditt.

As part of ongoing liquidity management, DNB Bank has invested in a portfolio of securities. The portfolio can be used to regulate the liquidity requirement and as a basis for furnishing collateral for operations in various countries. Among other things, the securities serve as collateral for short and long-term borrowing in a number of central banks and as a basis for liquidity buffers to meet regulatory requirements. With effect from 1 July 2008, the international bond portfolio in DNB Markets was reclassified from the category "fair value through profit or loss" to "held-to-maturity investments". Portfolios in this category are recorded at amortised cost and written down if there is objective evidence of a decrease in value.

In line with IAS 39, the portfolio has been reviewed to identify objective indications of impairment. No impairment losses have been identified in the portfolio.

Measurement of the reclassified bond portfolio

The reclassification in accordance with IAS 39 Financial Instruments: Recognition and Measurements requires that the value of the portfolio based on the principles applied before the reclassification must be reported. In a normal market situation, the portfolio would have been recorded at external observable prices before the reclassification. Due to the financial turmoil, there were no such observable prices in the market in 2008. In order to meet the disclosure requirement at end-March 2012, the portfolio has been measured at fair value according to models used for financial instruments not traded in an active market. The model applied is based on a regression analysis whereby historical market data (explanatory variables) which have been observable even during the financial turmoil are used to explain historical changes in value in the portfolio. During the period from the fourth quarter of 2006 up to and including the second quarter of 2008, the model shows a high level of correlation between changes in given market data and changes in value in the portfolio, which at the time was priced in an active market or through broker quotes which were believed to be fairly reliable. If the model had been applied to the portfolio in the first quarter of 2012, there would have been a NOK 188 million increase in profits.

Effects of the reclassifications of the international bond portfolio

By measuring the portfolio at amortised cost, the value of the portfolio as at 31 March 2012 was NOK 2.0 billion higher than if the previous valuation principle had been retained. On the reclassification date, the book value of the portfolio was NOK 88.0 billion, compared with NOK 33.0 billion at end-March 2012. The average term to maturity of the portfolio was 3.9 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 13 million at end-March 2012.

Effects on profits of the reclassification — **DNB Group**

Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Recorded amortisation effect	59	81	329	429
Net gain, if valued at fair value	247	94	(1 181)	536
Effects of reclassification on profits	(188)	(14)	1 510	(107)

Effects on the balance sheet of the reclassification — **DNB Group**

Amounts in NOK million	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
Recorded, unrealised losses	846	905	1 153	1 234
Unrealised losses, if valued at fair value	2 801	3 048	1 774	1 868
Effects of reclassification on the balance sheet	1 955	2 144	620	634

Development in the portfolio after the reclassification — **DNB Group**

Amounts in NOK million	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
Reclassified portfolio, recorded value	32 987	39 825	49 544	54 087
Reclassified portfolio, if valued at fair value	31 031	37 682	48 924	53 453
Effects of reclassification on the balance sheet	1 955	2 144	620	634

Note 15 Commercial paper and bonds, held to maturity (continued)

DNB Markets' international bond portfolio

After the reclassification date, DNB Markets has chosen to increase its investments in held-to-maturity securities. According to new proposed liquidity requirements for banks, in order for the securities to be classified as liquid funds, they must qualify for immediate sale. New investments in covered bonds in the first quarter of 2012 are included in the trading portfolio and are recorded at fair value. As at 31 March 2012 DNB Markets' international bond portfolio represented NOK 119.1 billion. 90.0 per cent of the securities in the portfolio had an AAA rating, while 5.1 per cent were rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Nor were any investments made in Treasury bills in Portugal, Italy, Ireland, Greece or Spain. The structure of DNB Markets' international bond portfolio is shown below.

		DNB Group
	Per cent 31 March 2012	NOK million 31 March 2012
Asset class		
Consumer credit	0.3	360
Residential mortgages	45.0	53 997
Corporate loans	1.0	1 200
Government related	28.3	33 898
Covered bonds	25.5	30 538
Total international bond portfolio DNB Markets, nominal values	100.0	119 993
Accrued interest, amortisation effects and fair value adjustments		(896)
Total international bond portfolio DNB Markets		119 097
Total international bond portfolio DNB Markets, held to maturity		87 168
Of which reclassified portfolio		32 987

The average term to maturity of DNB Markets' international bond portfolio is 3.1 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 20 million at end-March 2012.

DNB Livsforsikring

DNB Livsforsikring's portfolio of held-to-maturity bonds represents bonds issued by highly creditworthy borrowers. At end-March 2012, bonds with government guarantees represented approximately 21 per cent of the portfolio. The remaining bonds are generally issued by municipalities, county municipalities and finance companies with sound creditworthiness. All investments in bonds issued by finance companies represent senior debt, which has the highest ranking in the capital structure and first priority if the issuer goes bankrupt. Only in exceptional cases does DNB Livsforsikring invest in bonds issued by traditional manufacturing companies.

In line with IAS 39, the portfolio has been reviewed to identify objective indications of impairment. No impairment losses have been identified in the portfolio.

Note 16 Investment property

				DNB Group
Amounts in NOK million	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
DNB Livsforsikring	37 764	37 632	36 034	35 961
Other investment properties [1)]	5 285	5 165	2 963	2 872
Total investment properties	**43 049**	**42 796**	**38 997**	**38 834**

1) Other investment property are mainly related to acquired companies.

Investment properties in the Group are principally owned by DNB Livsforsikring. DNB Livsforsikring's portfolio totalled NOK 37 764 million as at 31 March 2012.

Fair value

Investment properties in DNB Livsforsikring are part of the common portfolio and are owned with the intention to achieve long-term returns for policyholders. The property portfolio is recorded at fair value on the balance sheet date. Fair value is the amount for which the individual properties can be sold in an arm's length transaction between well-informed, independent parties. The Norwegian properties are valued by using an internal valuation model. As a supplement, external appraisals are obtained for a representative selection of properties in the portfolio at regular intervals throughout the year. This selection represents close to 90 per cent of the values in the portfolio. During the first quarter of 2012, external appraisals were obtained for a total of 11 properties, representing 26 per cent of portfolio value. The purpose of the external appraisals is to benchmark the internal valuations against independent references. Internal calculations and the values recorded in the balance sheet are within an acceptable reliability interval of plus/minus 5 per cent relative to average external appraisals. The Swedish properties in the portfolio and partially owned properties are valued based on external appraisals.

Note 16 Investment property (continued)

Internal valuation model

In the internal model, fair value is calculated as the present value of future cash flows during and after the contract period. The required rates of return stipulated in the model reflect market risk. For the office and shopping centre portfolios, a required rate of return of 8.5 per cent is used, while the required rate of return for the hotel portfolio is 8.75 per cent. Following an individual assessment, there was a revision of the required rates of return for some shopping centres, ranging from minus 0.3 to plus 0.5 percentage points.

Value development and sensitivity

The value of investment properties was adjusted upwards by NOK 70 million during the first quarter of 2012. There have been no significant changes in the parameters included in the valuation model.

Valuations are particularly sensitive to changes in required rates of return and assumptions regarding future income flows. Other things equal, a 0.25 percentage point reduction in the required rate of return will change the value of the property portfolio by approximately 4.2 per cent or NOK 990 million. Correspondingly, a 5 per cent change in future market rents will change the value of the property portfolio by 4.4 per cent or NOK 1 021 million.

Changes in the value of investment properties

Amounts in NOK million	**DNB Group** Investment property
Recorded value as at 31 December 2010	**38 834**
Additions, purchases of new properties	85
Additions, capitalised investments	146
Additions, acquired companies	1
Net gains resulting from adjustment to fair value	88
Net gains resulting from adjustment to fair value of projects	0
Disposals	320
Exchange rate movements etc.	164
Recorded value as at 31 March 2011 [1)]	**38 997**
Recorded value as at 31 December 2011	**42 796**
Additions, purchases of new properties	173
Additions, capitalised investments	293
Additions, acquired companies [2)]	222
Net gains resulting from adjustment to fair value [3)]	(74)
Net gains resulting from adjustment to fair value of projects	0
Disposals	176
Exchange rate movements etc.	(185)
Recorded value as at 31 March 2012 [1)]	**43 049**

1) *The value of investment properties in DNB Livsforsikring was NOK 37 764 million as at 31 March 2012 and NOK 36 034 million as at 31 March 2011.*
2) *See note 3 Changes in group structure for information about acquired companies.*
3) *Of which NOK 144 million represented a negative value adjustment of investment properties which are not owned by DNB Livsforsikring.*

Note 17 Intangible assets

Amounts in NOK million	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
				DNB Group
Goodwill [1)]	5 184	5 174	5 380	5 378
IT systems development [1)]	1 482	1 511	1 443	1 416
Other intangible assets	354	319	351	370
Total intangible assets	**7 020**	**7 003**	**7 174**	**7 164**

1) *In the first quarter of 2012 there was not identified any need for impairment losses of goodwill or IT systems. The valuations are based on reported figures for the first quarter compared with approved plans for the various cash-generating units.*

Note 18 Debt securities issued and subordinated loan capital

As an element in liquidity management, the DNB Group issues and redeems own securities.

Debt securities issued

Amounts in NOK million	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
				DNB Group
Commercial paper issued, nominal amount	272 227	228 430	185 639	153 934
Bond debt, nominal amount [1)]	425 524	386 384	376 753	336 912
Adjustments	19 847	20 343	3 822	10 823
Total debt securities issued	**717 598**	**635 157**	**566 214**	**501 668**

Changes in debt securities issued

Amounts in NOK million	Balance sheet 31 March 2012	Issued 2012	Matured/ redeemed 2012	Exchange rate movements 2012	Other adjustments 2012	Balance sheet 31 Dec. 2011
						DNB Group
Commercial paper issued, nominal amount	272 227	249 997	205 106	(1 093)		228 430
Bond debt, nominal amount [1)]	425 524	87 357	40 157	(8 060)		386 384
Adjustments	19 847				(496)	20 343
Total debt securities issued	**717 598**	**337 354**	**245 263**	**(9 154)**	**(496)**	**635 157**

Changes in subordinated loan capital and perpetual subordinated loan capital securities

Amounts in NOK million	Balance sheet 31 March 2012	Issued 2012	Matured/ redeemed 2012	Exchange rate movements 2012	Other adjustments 2012	Balance sheet 31 Dec. 2011
						DNB Group
Term subordinated loan capital, nominal amount	18 238	5 702	85	(237)		12 859
Perpetual subordinated loan capital, nominal amount	3 912			(246)		4 158
Perpetual subordinated loan capital securities, nominal amount [2)]	5 848			(125)		5 973
Adjustments	1 023				(151)	1 174
Total subordinated loan capital and perpetual subordinated loan capital securities	**29 021**	**5 702**	**85**	**(608)**	**(151)**	**24 163**

1) *Minus own bonds. Outstanding covered bonds in DNB Boligkreditt totalled NOK 353.4 billion as at 31 March 2012. The cover pool represented NOK 475.4 billion.*

2) *Perpetual subordinated loan capital securities are eligible for inclusion in core capital by an amount not exceeding 15 per cent of total core capital. Finanstilsynet may require that the securities should be written down proportionally to equity if the bank's core capital ratio falls below 5 per cent or capital adequacy ratio falls below 6 per cent. Amounts written down on the securities must be revalued before the distribution of dividends to shareholders or revaluation of equity.*

Note 19 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**	
Amounts in NOK million	31 March 2012	31 Dec. 2011	31 March 2012	31 Dec. 2011	31 March 2012	31 Dec. 2011
Share capital	18 314	18 314	18 314	18 314	16 275	16 260
Other equity	79 224	79 328	85 875	85 990	101 483	101 555
Total equity	97 538	97 643	104 189	104 304	117 758	117 815
Deductions						
Pension funds above pension commitments	0	0	(29)	(22)	(182)	(126)
Goodwill	(2 413)	(2 419)	(3 793)	(3 834)	(5 679)	(5 741)
Deferred tax assets	(3)	(3)	(641)	(644)	(648)	(651)
Other intangible assets	(1 066)	(1 130)	(2 051)	(2 028)	(2 272)	(2 270)
Dividends payable etc.	0	0	0	0	(3 258)	(3 258)
Unrealised gains on fixed assets	0	0	(30)	(30)	(30)	(30)
50 per cent of investments in other financial institutions	(981)	(1 022)	(1 129)	(1 022)	0	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(588)	(648)	(768)	(835)	(768)	(835)
Adjustments for urealised losses/(gains) on liabilities recorded at fair value	(24)	(24)	(713)	(713)	(713)	(713)
Equity Tier 1 capital	92 463	92 396	95 035	95 177	104 209	104 191
Perpetual subordinated loan capital securities [1) 2)]	5 848	5 973	6 033	6 159	6 033	6 159
Tier 1 capital	98 311	98 370	101 069	101 336	110 242	110 350
Perpetual subordinated loan capital	3 912	4 153	3 912	4 153	3 912	4 153
Term subordinated loan capital [2)]	18 108	12 773	18 441	13 230	18 441	13 230
Deductions						
50 per cent of investments in other financial institutions	(981)	(1 022)	(1 129)	(1 022)	0	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(588)	(648)	(768)	(835)	(768)	(835)
Additions						
45 per cent of unrealised gains on fixed assets	0	0	18	18	18	18
Tier 2 capital	20 452	15 256	20 474	15 544	21 604	16 566
Total eligible primary capital [3)]	118 763	113 625	121 543	116 879	131 846	126 916
Risk-weighted volume	845 931	874 786	1 025 601	1 018 586	1 124 249	1 111 574
Minimum capital requirement	67 674	69 983	82 048	81 487	89 940	88 926
Equity Tier 1 capital ratio (%)	10.9	10.6	9.3	9.3	9.3	9.4
Tier 1 capital ratio (%)	11.6	11.2	9.9	9.9	9.8	9.9
Capital ratio (%)	14.0	13.0	11.9	11.5	11.7	11.4
Equity Tier 1 capital ratio including 50 per cent of profit for the period (%)	11.1	-	9.3	-	9.3	-
Tier 1 capital ratio including 50 per cent of profit for the period (%)	11.8	-	9.9	-	9.9	-
Capital ratio including 50 per cent of profit for the period (%)	14.2	-	11.9	-	11.8	-

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 March 2012, calculations of capital adequacy for the banking group and DNB Group included a total of NOK 518 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.*

Note 19 Capital adequacy (continued)

Specification of risk-weighted volume and capital requirements **DNB Group**

Amounts in NOK million	Nominal exposure 31 March 2012	EAD [1] 31 March 2012	Risk-weighted volume 31 March 2012	Capital requirements 31 March 2012	Capital requirements 31 Dec. 2011
IRB approach					
Corporate	819 754	669 000	372 168	29 773	30 453
Specialised Lending (SL)	7 587	7 524	3 614	289	286
Retail - mortgage loans	549 883	549 882	68 498	5 480	5 515
Retail - other exposures	93 659	77 097	24 707	1 977	1 891
Securitisation	87 168	87 168	8 800	704	752
Total credit risk, IRB approach	1 558 051	1 390 670	477 786	38 223	38 898
Standardised approach					
Central government	69 794	85 268	65	5	10
Institutions	138 347	116 062	26 344	2 108	1 922
Corporate	355 362	264 384	251 185	20 095	22 278
Retail - mortgage loans	48 339	46 425	20 810	1 665	1 674
Retail - other exposures	86 899	46 491	35 309	2 825	2 857
Equity positions	2 885	2 885	2 989	239	288
Securitisation	7 152	7 152	1 357	109	143
Other assets	12 413	12 413	12 413	993	901
Total credit risk, standardised approach	721 192	581 080	350 471	28 038	30 074
Total credit risk	2 279 242	1 971 750	828 257	66 261	68 971
Market risk					
Position risk, equity instruments			1 205	96	95
Position risk, debt instruments			44 233	3 539	2 833
Currency risk			0	0	0
Total market risk			45 438	3 635	2 928
Operational risk			67 320	5 386	5 386
Net insurance, after eliminations			103 987	8 319	7 708
Deductions			(590)	(47)	(50)
Total risk-weighted volume and capital requirements before transitional rule			1 044 412	83 553	84 942
Additional capital requirements according to transitional rules [2]			79 837	6 387	3 984
Total risk-weighted volume and capital requirements			1 124 249	89 940	88 926

1) EAD, exposure at default.

2) Due to transitional rules, the minimum capital adequacy requirements cannot be reduced below 80 per cent relative to the Basel I requirements.

Note 19 Capital adequacy (continued)

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.

	Reporting methods for credit risk in capital adequacy calculations	
Portfolios	31 March 2012	31 Dec. 2012
Retail:		
- mortgage loans, DNB Bank and DNB Boligkreditt	IRB [1)]	IRB [1)]
- qualifying revolving retail exposures, DNB Bank [2)]	IRB [1)]	IRB [1)]
- mortgage loans, Nordlandsbanken	Standardised	IRB [1)]
- loans in Norway, DNB Finans, DNB Bank	IRB [1)]	IRB [1)]
Corporates:		
- 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
Securitisation positions:		
- international bond portfolio, DNB Markets	IRB [1)]	IRB [1)]
Institutions:		
- banks and financial institutions, DNB Bank	Standardised	Advanced IRB
Exceptions:		
- approved exceptions: government and municipalities, equity positions	Standardised	Standardised
- temporary exceptions: DNB Baltics and Poland, DNB Luxembourg, JSC DNB Bank 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.*

Note 20 Liquidity risk

Liquidity risk is the risk that the DNB Group will be unable to meet its payment obligations. Liquidity management in the Group is organised whereby DNB Bank ASA is responsible for funding subsidiaries such as Nordlandsbanken, as well as international branches and subsidiaries. Liquidity risk is managed and measured by means of various measurement techniques.

The Board of Directors has approved internal limits which restrict the short-term maturity of liabilities within different time frames. The various maturities are subject to stress testing based on a bank-specific crisis and a systemic crisis, and a contingency plan has been established to handle market events. In addition, limits have been approved for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. Senior bond debt and covered bonds are the major sources of long-term funding. The Group's ratio of deposits to lending was 62.7 per cent at end-March 2012, up from 57.8 per cent a year earlier. The ratio of deposits to lending in DNB Bank ASA was 109.4 per cent at end-March 2012.

The short-term money markets showed signs of recovery in the first quarter of 2012, and the bank had ample access to short-term funding throughout this period. The market remains selective, and only banks with strong credit ratings have good access to funding. DNB is one of these banks.

There was a generally high level of activity in the long-term funding markets in the first quarter of 2012, and DNB had good access to such funding. The bank further diversified its long-term funding sources and raised funds in new markets, such as the US and Japan. The European Central Bank's Long-Term Refinancing Operations, LTROs, in December 2011 and February 2012 also helped stabilise the European market. Since year-end 2011, the cost of new funding has been slightly reduced, both in the ordinary senior bond market and the covered bond market. Just as the short-term market, the long-term funding market is selective, and financially strong banks achieve the best prices, though the price level remains high.

The average remaining term to maturity for the portfolio of senior bond debt was 4.7 years at end-March 2012, compared with 4.0 years a year earlier. The Group aims to achieve a sound and stable maturity structure for funding over the next seven years.

Note 21 Information on related parties

Major transactions and agreements with related parties:

Eksportfinans

DNB Bank ASA has a 40 per cent ownership interest in Eksportfinans. Financial market turbulence resulted in sizeable unrealised losses in Eksportfinans' liquidity portfolio in the first quarter of 2008. In order to ensure an adequate capital base for the company, its Board of Directors implemented three measures:

- A share issue of NOK 1.2 billion aimed at the company's owners was implemented, and all owners participated based on their proportional shares.
- A portfolio hedge agreement was entered into, and the owners were invited to participate. DNB Bank ASA's share of the agreement corresponded to 40.43 per cent. The agreement secures Eksportfinans against further decreases in portfolio values of up to NOK 5 billion effective from 29 February 2008. Any recovery of values relative to nominal values will accrue to the participants in the portfolio hedge agreement as payment for their hedging commitment.
- During the first quarter of 2008, Eksportfinans' largest owner banks, DNB Bank ASA, Nordea Bank AB and Danske Bank A/S, approved a committed credit line giving the company access to a liquidity reserve of up to USD 4 billion. The agreement was renewed in June 2009, June 2010 and June 2011. The renewal in 2010 resulted in a reduction in the limit for the liquidity reserve to USD 2 billion. DNB Bank ASA's share of this agreement represents approximately USD 1.1 billion. Eksportfinans has not availed itself of this credit line.

The transactions with Eksportfinans have been entered into on ordinary market terms as if they had taken place between independent parties.

Stimulus packages

On 24 October 2008, the Norwegian parliament authorised the Ministry of Finance to launch a scheme whereby the government and the banks exchange Treasury bills for covered bonds for an agreed period. Norges Bank administers the scheme on commission from the Ministry of Finance.

Under the swap scheme, the government sells Treasury bills to the banks in a time-limited swap for covered bonds. The banks have free disposal over the Treasury bills they acquire and may sell them in the market if they so wish. Treasury bill maturities are between three and six months. The swap agreements last for periods of up to five years, and the banks undertake to purchase new Treasury bills when the agreement period expires. The Treasury bills are priced at NIBOR plus a premium corresponding to the margin at the time the agreement was concluded. As an additional requirement, there must be a spread of minimum 40 basis points between the agreed interest rate and the Treasury bill yield. Upon expiry of the agreements, the banks are under an obligation to repurchase the covered bonds from the government at the original selling price. Payments related to the covered bonds are credited to the banks on the same day as the payments are made, unless default occurs during the duration of the swap agreement.

The bank has purchased bonds from DNB Boligkreditt, which have been used as collateral for swap agreements with Norges Bank. The bank is required to repurchase the covered bonds at the original selling price. The bank receives yield from the covered bonds as if they never had been sold. The accounting treatment of sales of financial instruments where the seller retains substantially all the risks and returns associated with the instrument, is described in IAS 39.20 Financial Instruments – Recognition and Measurement. The bank is of the opinion that the requirement for transfer of risk and returns associated with the bonds in accordance with this standard have not been fulfilled, and that the bonds thus cannot be derecognised from the balance sheet of the bank. On a consolidated basis, the bonds are treated as own bonds and netted against issued bonds in DNB Boligkreditt.

In practice, the swap agreements imply that the bank purchases Treasury bills from Norges Bank. These are initially recorded as investments in Treasury bills. The obligation to repurchase the bonds at a price corresponding to the value of the Treasury bills is recorded as funding from Norges Bank. At end-March 2012, this funding represented NOK 65.9 billion. At end-March 2012, the bank's investments in Treasury bills used in the swap agreements represented NOK 44.8 billion.

Capitalisation and valuation of subsidiaries

During the first quarter of 2012, DNB Bank ASA took over the shares in AS DNB Liising in Estonia from Bank DNB A/S in Copenhagen at a price of EUR 10.5 million. The transaction was part of the integration of operations in the former DnB NORD into the DNB Group.

During the first quarter of 2012, DNB Boligkreditt received a NOK 3 billion capital injection in order to increase the company’s Tier 1 capital ratio.

Note 22 Off-balance sheet transactions, contingencies and post-balance sheet events

Off-balance sheet transactions and additional information				**DNB Group**
Amounts in NOK million	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
Performance guarantees	46 257	47 530	35 325	36 323
Payment guarantees	24 282	23 439	21 316	22 111
Loan guarantees [1)]	19 536	17 666	10 441	9 690
Guarantee to the Norwegian Banks' Guarantee Fund	0	0	0	498
Guarantees for taxes etc.	5 660	5 645	4 865	4 547
Other guarantee commitments	4 665	2 285	3 064	3 052
Total guarantee commitments	100 400	96 565	75 011	76 221
Support agreements	10 589	10 237	7 992	7 695
Total guarantee commitments etc. [*)]	110 989	106 802	83 003	83 916
Unutilised credit lines and loan offers	508 070	519 143	405 706	412 653
Documentary credit commitments	3 128	2 594	3 369	3 196
Other commitments	5 652	1 381	1 796	1 947
Total commitments	516 850	523 118	410 872	417 796
Total guarantee and off-balance commitments	627 839	629 920	493 875	501 712
Pledged securities	96 159	90 524	104 557	147 475
**) Of which counter-guaranteed by financial institutions*	*19*	*19*	*10*	*15*

1) DNB Bank carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which the bank has issued guarantees. According to the agreement, DNB Bank still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 8 975 million were recorded in the balance sheet as at 31 March 2012. These loans are not included under guarantees in the table.

Contingencies

Due to its extensive operations in Norway and abroad, the DNB Group will regularly be party to a number of legal actions. None of the current disputes are expected to have any material impact on the Group's financial position.

DNB Markets Inc. in New York has been sued for up to USD 25 million plus interest and charges in connection with the underwriting of a bond issue (Lehman Brothers). A settlement has been reached in the case, but it remains for the court of law to approve the settlement. The effects of the settlement are fully reflected in the accounts.

Ivar Petter Røeggen has instituted legal proceedings against DNB Bank ASA, claiming that two investment agreements for structured products be declared null and void. The Borgarting Court of Appeal found in favour of the bank on 30 September 2011. The disputed amount only applies to the civil action in question, which must be evaluated as a separate case. The judgment has been appealed to the Supreme Court.

In addition to the civil action brought by Ivar Petter Røeggen, a group action against DNB Bank ASA with 19 plaintiffs has been described in previous quarterly reports, relating to the sale of the same structured products as the action brought by Røeggen. The group action has been dismissed in a final judgment. Several of the plaintiffs from the original multi-party action, together with some of the other plaintiffs, have submitted a civil action against DNB Bank ASA in accordance with the rules on joinder of parties. The action has been halted by the Oslo District Court awaiting a final decision in the civil action from Røeggen. Other units in the Group are also involved in legal disputes relating to structured products. The DNB Group contests the claims.

DNB Bank ASA has brought an action against seven Norwegian municipalities for the settlement of interest swaps on commercial terms. The municipalities have stopped their payments under the agreements citing that full settlement took place upon payment of the residual value of the investments made. The bank's total claim in the civil action is NOK 825 million plus interest on overdue payments.

Post-balance sheet events

No information has come to light about important circumstances which had occurred on the balance sheet date on 31 March 2012 and up till the Board of Directors' final consideration of the accounts on 26 April 2012.

DNB ASA

Income statement

DNB ASA

Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Total interest income	55	110	474	471
Total interest expenses	100	91	385	396
Net interest income	**(45)**	**19**	**90**	**74**
Commissions and fees payable etc.	1	1	6	6
Other income [1)]	0	0	183	9 533
Net other operating income	**(1)**	**(1)**	**177**	**9 527**
Total income	**(47)**	**18**	**267**	**9 602**
Salaries and other personnel expenses	0	1	6	6
Other expenses	107	61	243	213
Total operating expenses	**107**	**62**	**249**	**219**
Pre-tax operating profit	**(154)**	**(44)**	**18**	**9 383**
Taxes	(43)	(12)	5	2 292
Profit for the period	**(111)**	**(31)**	**13**	**7 092**
Earnings/diluted earnings per share (NOK)	(0.07)	(0.02)	0.01	4.35
Earnings per share excluding operations held for sale (NOK)	(0.07)	(0.02)	0.01	4.35

1) *Dividends from group companies/group contributions.*

Balance sheet

DNB ASA

Amounts in NOK million	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
Assets				
Deposits with DNB Bank ASA	7 389	7 356	25 656	25 981
Lending to other group companies	225	225	225	225
Investments in group companies	62 216	62 216	51 216	51 216
Receivables due from group companies	183	183	4 833	4 833
Other assets	0	0	12	0
Total assets	**70 013**	**69 981**	**81 942**	**82 255**
Liabilities and equity				
Loans from and outstandings to DNB Bank ASA	10 669	10 477	10 320	10 240
Outstandings to other group companies	0	0	5 231	5 171
Other liabilities and provisions	3 215	3 263	6 939	7 360
Paid-in capital	38 844	38 844	38 844	38 844
Retained earnings	17 285	17 395	20 609	20 640
Total liabilities and equity	**70 013**	**69 981**	**81 942**	**82 255**

Statement of changes in equity

DNB ASA

Amounts in NOK million	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 December 2010	**16 288**	**22 556**	**20 640**	**59 484**
Profit for the period			(31)	(31)
Balance sheet as at 31 March 2011	**16 288**	**22 556**	**20 609**	**59 453**
Balance sheet as at 31 December 2011	**16 288**	**22 556**	**17 395**	**56 240**
Profit for the period			(111)	(111)
Balance sheet as at 31 March 2012	**16 288**	**22 556**	**17 285**	**56 129**

Accounting principles

DNB ASA has prepared accounts according to the Norwegian Ministry of Finance's regulations on annual accounts, Section 1-5, on the use of IFRS (International Financial Reporting Standards). These regulations give permission to record provisions for dividends and group contributions in subsidiaries as income and record the Board of Directors' proposed dividends and group contributions as liabilities on the balance sheet date. According to IFRS, dividends should be classified as equity until approved by the general meeting. A description of the accounting principles applied by DNB ASA in preparing the accounts is found in the annual report for 2011.

Key figures

DNB Group	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Interest rate analysis				
1. Combined weighted total average spread for lending and deposits (%)	1.16	1.13	1.12	1.15
2. Average spread for ordinary lending to customers (%)	1.83	1.61	1.59	1.61
3. Average spread for deposits from customers (%)	0.04	0.29	0.30	0.32
Rate of return/profitability				
4. Net other operating income, per cent of total income	19.5	36.6	39.9	40.8
5. Cost/income ratio (%)	61.8	50.5	47.1	47.6
6. Return on equity, annualised (%)	6.0	10.3	11.4	13.6
7. RARORAC, annualised (%)	19.7	20.2	16.6	19.0
8. RORAC, annualised (%)	9.5	17.8	19.1	25.2
9. Average equity including allocated dividend (NOK million)	118 271	112 785	113 934	103 292
10. Return on average risk-weighted volume, annualised (%)	0.63	1.12	1.22	1.17
Financial strength				
11. Equity Tier 1 capital ratio at end of period (%)	9.3	9.1	9.4	9.2
12. Equity Tier 1 capital ratio incl. 50 per cent of profit for the period (%)	9.3	9.2	-	-
13. Tier 1 capital ratio at end of period (%)	9.8	9.8	9.9	10.1
14. Tier 1 capital ratio incl. 50 per cent of profit for the period (%)	9.9	10.0	-	-
15. Capital ratio at end of period (%)	11.7	11.8	11.4	12.4
16. Capital ratio incl. 50 per cent of profit for the period (%)	11.8	12.0	-	-
17. Tier 1 capital at end of period (NOK million)	110 242	102 349	110 350	103 368
18. Risk-weighted volume at end of period (NOK million)	1 124 248	1 039 491	1 111 574	1 028 404
Loan portfolio and write-downs				
19. Individual write-downs relative to average net lending to customers, annualised	0.22	0.30	0.27	0.36
20. Write-downs relative to average net lending to customers, annualised	0.25	0.31	0.28	0.26
21. Net non-performing and net doubtful commitments, per cent of net lending	1.56	1.56	1.50	1.55
22. Net non-performing and net doubtful commitments at end of period (NOK million)	20 297	18 922	19 465	18 409
Liquidity				
23. Ratio of customer deposits to net lending to customers at end of period (%)	62.7	57.8	57.8	54.8
Total assets owned or managed by DNB				
24. Customer assets under management at end of period (NOK billion)	510	527	506	515
25. Total combined assets at end of period (NOK billion)	2 636	2 386	2 395	2 147
26. Average total assets (NOK billion)	2 269	2 091	2 148	1 970
27. Customer savings at end of period (NOK billion)	1 317	1 205	1 246	1 157
Staff				
28. Number of full-time positions at end of period	13 635	13 027	13 620	13 021
The DNB share				
29. Number of shares at end of period (1 000)	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
31. Earnings per share (NOK)	1.08	1.76	7.98	8.66
32. Earnings per share excluding operations held for sale (NOK)	1.08	1.78	7.99	8.62
33. Dividend per share (NOK)	-	-	2.00	4.00
34. Total shareholders' return (%)	25.0	3.6	(25.2)	33.9
35. Dividend yield (%)	-	-	3.42	4.88
36. Equity per share including allocated dividend at end of period (NOK)	73.38	70.01	72.33	68.27
37. Share price at end of period (NOK)	73.20	84.85	58.55	81.90
38. Price/earnings ratio	16.92	11.91	7.33	9.50
39. Price/book value	1.00	1.21	0.81	1.20
40. Market capitalisation (NOK billion)	119.2	138.2	95.4	133.4

For definitions of selected key figures, see next page.

Key figures (continued)

Definitions

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. Total 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 note 4 Segments.

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 25 April 2012 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 25 April 2012. 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.

Profit and balance sheet trends

Income statement **DNB Group**

Amounts in NOK million	1st quarter 2012	4th quarter 2011	3rd quarter 2011	2nd quarter 2011	1st quarter 2011
Total interest income	16 060	15 996	15 424	14 478	14 176
Total interest expenses	9 407	9 204	9 030	8 430	8 158
Net interest income	**6 653**	**6 792**	**6 394**	**6 048**	**6 018**
Commissions and fees receivable etc.	2 274	2 087	2 368	2 366	2 314
Commissions and fees payable etc.	607	592	580	553	532
Net gains on financial instruments at fair value	(1 006)	3 397	2 250	1 351	662
Net gains on assets in DNB Livsforsikring	4 562	4 269	(5 266)	3 349	3 481
Guaranteed returns and allocations to policyholders in DNB Livsforsikring	4 157	4 124	(4 208)	2 884	2 972
Premium income etc. included in the risk result in DNB Livsforsikring	1 330	1 291	1 213	1 211	1 226
Insurance claims etc. included in the risk result in DNB Livsforsikring	1 442	1 247	1 017	1 355	1 234
Premium income, DNB Skadeforsikring	303	288	292	218	295
Insurance claims etc., DNB Skadeforsikring	254	225	218	164	242
Profit from companies accounted for by the equity method	225	111	(79)	(28)	72
Net gains on investment property	(144)	(132)	93	(1)	9
Other income	522	474	439	474	388
Net other operating income	**1 607**	**5 599**	**3 703**	**3 984**	**3 467**
Total income	**8 261**	**12 392**	**10 097**	**10 032**	**9 485**
Salaries and other personnel expenses	2 768	2 618	2 603	2 614	2 444
Other expenses	1 907	2 098	1 819	1 874	1 930
Depreciation and write-downs of fixed and intangible assets	430	870	439	444	419
Total operating expenses	**5 105**	**5 586**	**4 862**	**4 931**	**4 793**
Net gains on fixed and intangible assets	7	(1)	6	9	5
Write-downs on loans and guarantees	784	926	1 170	457	892
Pre-tax operating profit	**2 378**	**5 878**	**4 072**	**4 652**	**3 805**
Taxes	618	1 790	1 604	1 116	913
Profit from operations held for sale, after taxes	0	0	25	11	(41)
Profit for the period	**1 760**	**4 089**	**2 493**	**3 546**	**2 851**
Earnings/diluted earnings per share (NOK)	1.08	2.51	1.53	2.18	1.76

Profit and balance sheet trends (continued)

Balance sheet					**DNB Group**
Amounts in NOK million	31 March 2012	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 March 2011
Assets					
Cash and deposits with central banks	433 396	224 581	276 593	15 828	242 242
Lending to and deposits with credit institutions	35 018	28 754	56 432	41 096	72 781
Lending to customers	1 284 526	1 279 259	1 247 477	1 201 961	1 173 213
Commercial paper and bonds	199 431	177 980	157 164	187 293	195 390
Shareholdings	53 024	53 012	72 069	79 154	75 602
Financial assets, customers bearing the risk	25 770	23 776	22 712	23 689	23 875
Financial derivatives	81 555	96 693	110 664	67 627	71 282
Commercial paper and bonds, held to maturity	168 644	166 965	165 849	165 706	173 167
Investment property	43 049	42 796	42 802	41 134	38 997
Investments in associated companies	2 407	2 189	2 050	2 157	2 346
Intangible assets	7 020	7 003	7 151	7 071	7 174
Deferred tax assets	640	643	505	173	1 262
Fixed assets	6 569	6 336	6 010	5 968	5 842
Assets held for sale	1 092	1 054	1 206	1 172	1 326
Other assets	28 811	15 055	14 417	13 818	12 571
Total assets	**2 370 952**	**2 126 098**	**2 183 100**	**1 853 848**	**2 097 070**
Liabilities and equity					
Loans and deposits from credit institutions	353 395	279 553	356 347	207 494	384 704
Deposits from customers	805 985	740 036	752 660	647 880	678 402
Financial derivatives	56 039	64 365	75 908	51 018	59 165
Debt securities issued	717 598	635 157	596 266	538 314	566 214
Insurance liabilities, customers bearing the risk	25 770	23 776	22 712	23 689	23 875
Liabilities to life insurance policyholders in DNB Livsforsikring	218 093	212 271	209 889	213 390	212 773
Insurance liabilities, DNB Skadeforsikring	1 945	1 589	1 644	1 445	900
Payable taxes	356	634	3 729	2 092	4 577
Deferred taxes	4 856	4 897	205	219	185
Other liabilities	34 342	17 550	19 188	25 315	17 437
Liabilities held for sale	361	383	360	331	350
Provisions	525	787	560	560	586
Pension commitments	3 149	3 123	3 360	3 369	3 365
Subordinated loan capital	29 021	24 163	26 495	27 702	30 503
Total liabilities	**2 251 434**	**2 008 284**	**2 069 325**	**1 742 819**	**1 983 037**
Share capital	16 275	16 260	16 273	16 253	16 251
Share premium reserve	22 609	22 609	22 609	22 609	22 609
Other equity	80 634	78 946	74 894	72 167	75 173
Total equity	**119 518**	**117 815**	**113 776**	**111 028**	**114 033**
Total liabilities and equity	**2 370 952**	**2 126 098**	**2 183 100**	**1 853 848**	**2 097 070**

Information about the DNB Group

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Board of Directors in DNB ASA

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Bjørn Sund, vice-chairman
Jarle Bergo
Bente Brevik
Sverre Finstad
Carl A. Løvvik
Tore Olaf Rimmereid
Ingjerd Skjeldrum

Group management

Rune Bjerke	Group chief executive
Bjørn Erik Næss	Chief financial officer
Karin Bing Orgland	Group executive vice president, Retail Banking
Leif Teksum	Group executive vice president, Large Corporates and International
Ottar Ertzeid	Group executive vice president, DNB Markets
Tom Rathke	Group executive vice president, Insurance and Asset Management
Liv Fiksdahl	Group executive vice president, Operations
Solveig Hellebust	Group executive vice president, HR
Cathrine Klouman	Group executive vice president, IT
Trond Bentestuen	Group executive vice president, Marketing, Communications and eBusiness
Kari Olrud Moen	Group executive vice president, Corporate Centre

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Financial calendar 2012

Preliminary results 2011 and fourth quarter 2011	9 February
Annual General Meeting	25 April
Ex-dividend date	26 April
Distribution of dividends	as of 7 May
First quarter 2012	27 April
Second quarter 2012	12 July
Capital Markets Day in London	6 September
Third quarter 2012	25 October

Other sources of information

Annual and quarterly reports

Separate annual and quarterly reports are prepared for the DNB Bank Group, DNB Boligkreditt and DNB Livsforsikring. The reports and supplementary information for investors and analysts are available on dnb.no.

Annual and quarterly reports can be ordered by sending an e-mail to investor.relations@dnb.no.

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