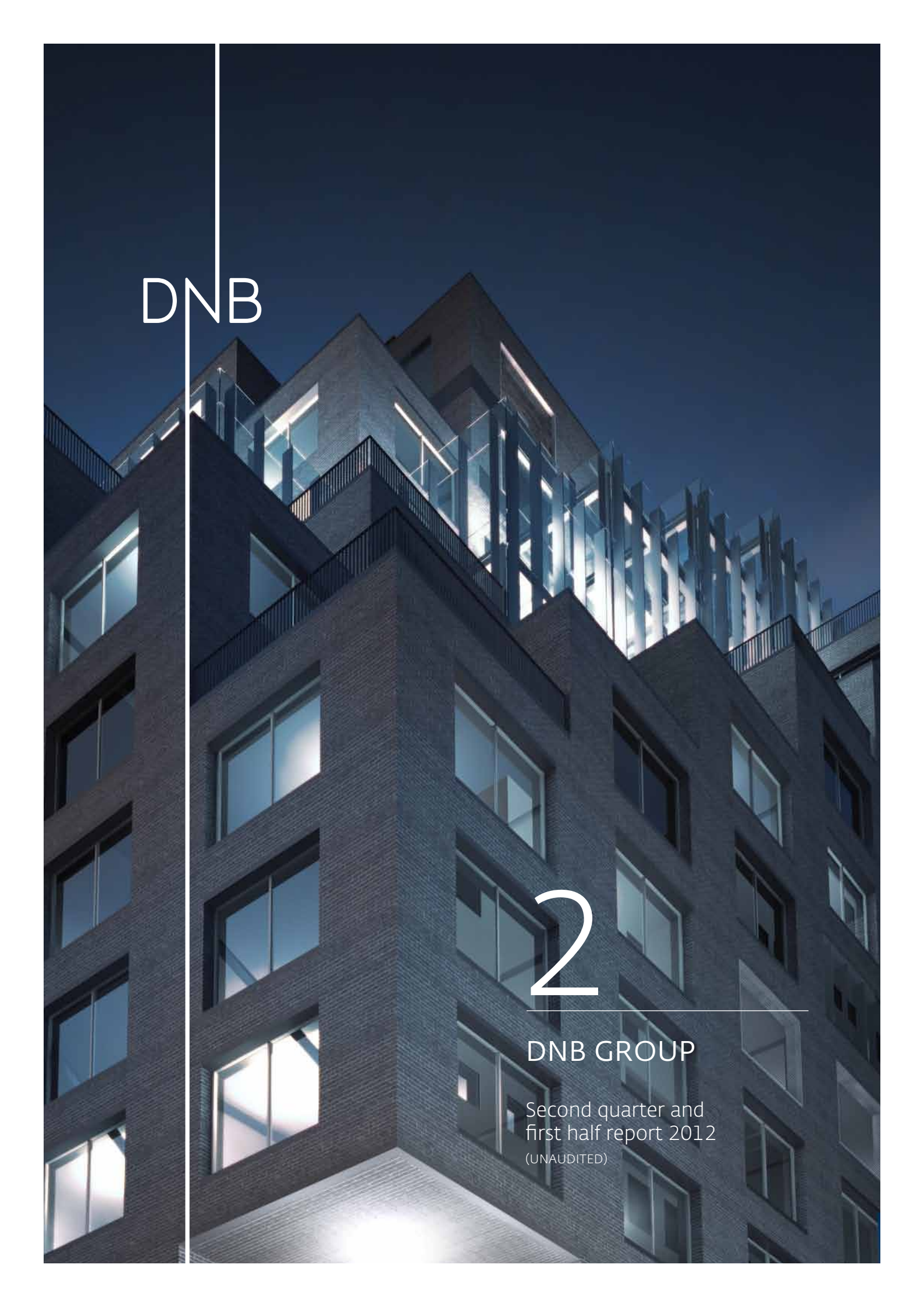




DNB

2

DNB GROUP

Second quarter and
first half report 2012
(UNAUDITED)

Key figures

Income statement	DNB Group				
	2nd quarter 2012	2nd quarter 2011	1st half 2012	1st half 2011	Full year 2011
<i>Amounts in NOK million</i>					
Net interest income	6 634	6 048	13 287	12 066	25 252
<i>Net commissions and fees, core business ¹⁾</i>	2 013	2 007	3 763	3 871	7 436
<i>Net financial items</i>	3 191	1 977	3 048	3 581	9 317
Net other operating income, total	5 204	3 984	6 811	7 451	16 754
Ordinary operating expenses	5 149	4 931	10 254	9 725	19 792
Other expenses	0	0	0	0	380
Pre-tax operating profit before write-downs	6 689	5 101	9 844	9 793	21 833
Net gains on fixed and intangible assets	37	9	44	13	19
Write-downs on loans and guarantees	685	457	1 469	1 349	3 445
Pre-tax operating profit	6 041	4 652	8 419	8 457	18 407
Taxes	1 553	1 116	2 171	2 030	5 423
Profit from operations held for sale, after taxes	92	11	92	(30)	(5)
Profit for the period	4 580	3 546	6 340	6 397	12 979

Balance sheet	30 June 2012	31 Dec. 2011	30 June 2011
	<i>Amounts in NOK million</i>		
Total assets	2 372 347	2 126 098	1 853 848
Lending to customers	1 308 599	1 279 259	1 201 961
Deposits from customers	853 877	740 036	647 880
Total equity	120 831	117 815	111 028
Average total assets	2 334 719	2 147 853	2 128 303
Total combined assets	2 632 798	2 394 579	2 125 329

Key figures	2nd quarter 2012	2nd quarter 2011	1st half 2012	1st half 2011	Full year 2011
Combined weighted total average spread for lending and deposits (per cent)	1.18	1.10	1.17	1.11	1.12
Cost/income ratio (per cent)	43.5	49.2	51.0	49.8	47.1
Write-downs relative to average net lending to customers, annualised	0.21	0.15	0.23	0.23	0.28
Return on equity, annualised (per cent)	15.3	12.6	10.7	11.5	11.4
Earnings per share (NOK)	2.82	2.18	3.90	3.94	7.98
Dividend per share (NOK)	-	-	-	-	2.00
Equity Tier 1 capital ratio at end of period (per cent) ²⁾	9.6	9.2	9.6	9.2	9.4
Tier 1 capital ratio at end of period (per cent) ²⁾	10.2	9.8	10.2	9.8	9.9
Capital ratio at end of period (per cent) ²⁾	11.8	11.7	11.8	11.7	11.4
Share price at end of period (NOK)	58.95	75.20	58.95	75.20	58.55
Price/book value	0.79	1.10	0.79	1.10	0.81

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, except 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.

Second quarter and first half report 2012

Directors' report	2
--------------------------------	---

Accounts for the DNB Group

Income statement	12
Comprehensive income statement.....	12
Balance sheet.....	13
Statement of changes in equity	14
Cash flow statement	15
Note 1 Accounting principles	16
Note 2 Important accounting estimates and discretionary assessments	16
Note 3 Changes in group structure	16
Note 4 Segments	17
Note 5 Net interest income	24
Note 6 Net commissions and fees receivable	24
Note 7 Net gains on financial instruments at fair value	24
Note 8 Profit from companies accounted for by the equity method	25
Note 9 Other income	25
Note 10 Operating expenses	25
Note 11 Number of employees/full-time positions	26
Note 12 Write-downs on loans and guarantees	26
Note 13 Lending to customers.....	27
Note 14 Net impaired loans and guarantees for principal customer groups	27
Note 15 Commercial paper and bonds, held to maturity	28
Note 16 Investment property	29
Note 17 Intangible assets	31
Note 18 Debt securities issued and subordinated loan capital	31
Note 19 Capital adequacy	32
Note 20 Liquidity risk.....	34
Note 21 Information on related parties.....	35
Note 22 Off-balance sheet transactions, contingencies and post-balance sheet events	36

Accounts for DNB ASA

Income statement	37
Balance sheet.....	37
Statement of changes in equity	37
Accounting principles	37

Statement pursuant to the Securities Trading Act	38
---	----

Additional information DNB Group

Key figures	39
Profit and balance sheet trends	41
Information about the DNB Group.....	43

Directors' report

Introduction

Second quarter 2012

DNB recorded profits of NOK 4 580 million in the second quarter of 2012, up from NOK 3 546 million in the second quarter of 2011 and NOK 1 760 million in the first quarter of 2012. The Group thus recorded a healthy level of profits, stronger capital adequacy and a further widening of lending spreads. Lending growth declined somewhat compared with the preceding quarters. Parallel to this, there was a significant increase in deposits, while strong competition resulted in narrowing deposit spreads. There was a rise in long-term funding costs during the quarter. Total net interest income was on a level with the first quarter of 2012, but rose 9.4 per cent over a trailing 12-month period. Profits for the quarter were influenced by basis swaps¹⁾, which had a positive effect of NOK 1 078 million, while there was a positive effect of NOK 149 million in the second quarter of 2011 and a negative effect of NOK 2 432 million in the first quarter of 2012. Such income varies considerably depending on financial market developments and will be reversed over the instruments' term to maturity. The common equity Tier 1 capital ratio, calculated according to the Basel II transitional rules, increased to 9.6 per cent at end-June. Based on full implementation of Basel II excluding the effects of the limitations ensuring from the transitional rules, the common equity Tier 1 capital ratio would have been 11.2 per cent.

Average lending volumes increased by 9.1 per cent from the second quarter of 2011, while lending spreads widened by 0.4 percentage points during the same period, relative to the 3-month money market rate. Deposit spreads narrowed by 0.4 percentage points and were negative at 0.1 per cent. This implies that average interest rates on customer deposits were approximately 10 basis points higher than the 3-month money market rate. Customer deposits represent a key source of funding for DNB as an alternative to higher-priced capital market funding. The bank thus continued its initiatives to increase deposits. During the quarter, new deposit products were launched in order to increase long-term deposits. Average deposit volumes rose 17.3 per cent from the second quarter of 2011, and the ratio of deposits to lending was increased by 11.4 percentage points from end-June 2011, to 65.3 per cent.

Other operating income, adjusted for changes in the value of basis swaps, increased by 7.6 per cent from the second quarter of 2011. There was a rise in income from commissions and fees and associated companies, while there was a reduction in stock market-related income, income from investment properties and profits from DNB Livsforsikring.

Operating expenses rose by 4.4 per cent from the second quarter of 2011, reflecting greater market initiatives in the largest Norwegian cities and a higher level of activity at certain international offices.

During the quarter, a number of measures were approved which will contribute to reducing costs, including the concentration of the Group's service functions to fewer geographical locations and a pilot project in the Baltics for the production of services to the Group's operations in Norway.

Write-downs on loans and guarantees increased by NOK 227 million from the second quarter of 2011, but were lower than in the previous three quarters. There was a rise in write-downs within Large Corporates and International, whereas write-downs were reduced in the Baltics. There was a stable and relatively low level of write-downs within shipping in spite of challenging market conditions in parts of this segment.

Return on equity was 15.3 per cent, up from 12.6 per cent in the April through June period in 2011. Earnings per share were NOK 2.82 in the second quarter of 2012, up from NOK 2.18 in the year-earlier period. Adjusted for changes in the value of basis swaps, return on equity was 12.7 per cent and earnings per share NOK 2.34.

DNB is working to strengthen its capital adequacy ratio to close to 10 per cent by year-end 2012 through profit accumulation and efficient capital utilisation. Parallel to this, 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 more funding with long maturities. In spite of continued market turmoil, DNB had good access to funding during the quarter. Still, price levels were considerably higher than a year earlier.

Socialbakers, a large international social media analytics company, has named DNB the best bank in the world with respect to response rates on Facebook. DNB's response rate was approximately 95 per cent, compared with an industry average of 46.4 per cent. The survey confirms that DNB's focus on social media is at a high international level and supports wider group efforts to improve its customer offering.

In a survey carried out by 'Studenttorget' and the consultancy firm Evidente, DNB was ranked as the most attractive employer for business students in Norway.

The Group has been granted a concession from the Ministry of Finance to merge DNB and Nordlandsbanken. The merger is scheduled to take place on 1 October and will contribute towards a better customer offering and lower costs through greater coordination of central functions.

During the second quarter, the shares in Nordisk Tekstil Holding AS were sold. The company was acquired in 2009 and was thereafter successfully restructured. The sale generated a gain of NOK 92 million after tax.

On 12 June 2012, the Supervisory Board elected Berit Svendsen as a new shareholder-elected member of the Board of Directors of DNB ASA. Vigdis Mathisen was elected as a new board member to represent the employees. Anne Carine Tanum was re-elected as chairman of the board, and Tore Olaf Rimmereid was elected as new vice-chairman.

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.

First half 2012

DNB recorded profits of NOK 6 340 million in the first half of 2012, a reduction from NOK 6 397 million in the first half of 2011. Adjusted for the effects of basis swaps, profits for the first half of 2012 were NOK 7 695 million, up 12.6 per cent from the year-earlier period.

There was a healthy trend in net interest income, which increased by 10.1 per cent from the first half of 2011. Average lending volumes rose by 9 per cent, while lending spreads widened by 0.3 percentage points measured against the 3-month money market rate during the same period. Rising long-term funding costs and narrower deposit spreads caused greater pressure on income from lending activities. Average deposit volumes rose 15.6 per cent, while deposit spreads contracted by 0.3 percentage points, primarily due to lower interest rate levels and stronger competition for deposits. Nevertheless, deposits represent a favourable funding source compared with the alternative, which is long-term capital market funding at significantly higher interest rates.

Following Norges Bank's cut in its short-term key policy rate in March, the Group chose to reduce interest rates on both home mortgages and deposits for personal customers. The central bank also revised downwards its projections for future interest rate increases.

Other operating income, adjusted for mark-to-market adjustments of basis swaps, was up 3.6 per cent from the first half of 2011, which mainly reflected increased gains on foreign exchange and interest rate instruments and a rise in profits from associated companies.

Operating expenses rose by 5.4 per cent from the first half 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 1 469 million, write-downs on loans and guarantees were NOK 119 million higher than in the first half of 2011. There was a rise in write-downs in both Retail Banking and Large Corporates and International, while there was a reduction in write-downs in the Baltics.

Return on equity was 10.7 per cent, down from 11.5 per cent in the January through June period in 2011. Earnings per share were NOK 3.90, a decline from NOK 3.94 in the year-earlier period. Adjusted for changes in the value of basis swaps, return on equity was 12.3 per cent and earnings per share NOK 4.50.

Income statement for the second quarter of 2012

Net interest income

Amounts in NOK million	2nd quarter 2012	Change	2nd quarter 2011
Net interest income	6 634	586	6 048
Lending and deposit volumes		445	
Lending and deposit spreads		533	
Exchange rate movements		92	
Amortisation effects in the international bond portfolio		(52)	
Long-term funding costs		(371)	
Other net interest income		(62)	

Net interest income showed a healthy trend, rising by NOK 586 million or 9.7 per cent from the second quarter of 2011. Both spreads and volumes generated a rise in income during the period. The effect of widening lending spreads was partly offset by narrower deposit spreads. Parallel to this, there was a significant rise in long-term funding costs in the markets for both senior bond debt and covered bonds. Together, this contributed to a rise in the cost of funding lending operations. Average lending volumes increased by 9.1 per cent from the year-earlier period, though the growth in lending was waning. Due to the anticipated new capital adequacy requirements,

future growth must be less capital-intensive than what has been the case over the past few years.

Net other operating income

Amounts in NOK million	2nd quarter 2012	Change	2nd quarter 2011
Net other operating income	5 204	1 220	3 984
Basis swaps		929	
Net other gains on foreign exchange and interest rate instruments ¹⁾		406	
Profits from associated companies		168	
Net other commissions and fees		95	
Net income from non-life insurance		38	
Real estate broking		15	
Net stock market-related income		(152)	
Net unrealised gains on investment property		(182)	
Net financial and risk result from DNB Livsforsikring ²⁾		(218)	
Other operating income		121	

1) Excluding guarantees and basis swaps.

2) Guaranteed returns and allocations to policyholders deducted.

Net other operating income increased by NOK 1 220 million from the second quarter of 2011. The main reason for the increase was a NOK 929 million rise in the market value of basis swaps and a NOK 406 million rise in the market value of other financial instruments carried at fair value.

Ordinary commissions and fees receivable and income from non-life insurance and real estate broking showed a positive trend, as did income from associated companies.

There was a NOK 218 million reduction in the net financial and risk result from DNB Livsforsikring compared with the second quarter of 2011, primarily due to the weaker financial markets. The market situation also caused a reduction in other stock market-related income.

There was a decline in unrealised gains on investment properties, mainly relating to repossessed property commitments, of NOK 182 million compared with the second quarter of 2011.

Operating expenses

Amounts in NOK million	2nd quarter 2012	Change	2nd quarter 2011
Operating expenses	5 149	217	4 931
Costs for non-core operations		37	

Non-recurring costs

Early termination of leases in connection with the move to new headquarters	54
Write-downs on balance sheet assets in the second quarter of 2011	(22)

Income-related items

Increase in full-time positions	72
Operational leasing	24
Marketing	(24)
Performance-based pay	(16)

Expenses related to operations

Cost programme	(63)
Wage and price inflation	133
Rise in pension expenses	72
Other cost reductions	(50)

The Group's operating expenses were up NOK 217 million or 4.4 per cent from the second quarter of 2011. The Group expanded

its operations both in Norway and internationally during 2011, and the average number of full-time positions rose by 520 from the second quarter of 2011. This figure includes temporary staff and consultants who were given permanent employment.

The cost programme generated cost reductions according to plan and was on schedule for reaching the programme targets. The Group recorded non-recurring costs of NOK 54 million for the second quarter related to the early termination of leases in connection with the move to new headquarters in Bjørnvika in Oslo.

Pension expenses rose by NOK 72 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 685 million for the April through June period, an increase of NOK 227 million from the second quarter of 2011, but a reduction of NOK 99 million from the first quarter of 2012.

Individual write-downs in Retail Banking came to NOK 210 million, an increase of NOK 100 million from the second quarter of 2011, but a reduction of NOK 99 million from the first quarter of 2012. At NOK 268 million, individual write-downs in Large Corporates and International were NOK 155 million higher than in the second quarter of 2011 and virtually unchanged from the first quarter of 2012. Write-downs in the Baltics and Poland were reduced from 1.31 per cent of lending in the second quarter of 2011 to 0.74 per cent in the second quarter of 2012.

Collective write-downs totalled NOK 76 million, up NOK 26 million from the second quarter of 2011, which mainly reflected the weak economic conditions in parts of the shipping market.

Net non-performing and doubtful commitments totalled NOK 19.3 billion at end-June 2012, an increase from NOK 16.1 billion at end-June 2011, but a reduction from NOK 20.3 billion at end-March 2012. Net non-performing and doubtful commitments represented 1.45 per cent of lending volume, an increase of 0.14 percentage points from end-June 2011.

Taxes

The DNB Group's tax charge for the second quarter of 2012 was NOK 1 553 million, up from NOK 1 116 million in the year-earlier period. Relative to pre-tax operating profits, the estimated tax charge increased to approximately 26 per cent in the second quarter of 2012, from approximately 24 per cent in the year-earlier period. The higher tax charge was mainly a result of lower tax-exempt gains on equities in the second quarter of 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 separately.

Retail Banking

Retail Banking is responsible for serving the Group's 2.1 million personal customers and some 221 000 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 2 255 million in the second quarter of 2012, an increase of NOK 499 million from the year-earlier period. There was strong growth in both lending and deposits during the period, parallel to a satisfactory trend in non-performing commitments and write-downs.

Income statement in NOK million	2nd quarter		Change	
	2012	2011	NOK mill	%
Net interest income	3 910	3 455	455	13.2
Other operating income	1 089	906	183	20.2
Income attributable to product suppliers	297	319	(22)	(6.9)
Net other operating income	1 386	1 225	161	13.1
Total income	5 296	4 680	616	13.2
Other operating expenses	2 699	2 672	26	1.0
Costs attributable to product suppliers	142	151	(10)	(6.4)
Total operating expenses	2 841	2 824	17	0.6
Pre-tax operating profit before write-downs	2 455	1 856	599	32.3
Net gains on fixed assets	(1)	0	(1)	
Net write-downs on loans	196	100	96	95.6
Profit from repossessed operations	(3)	0	(3)	
Pre-tax operating profit	2 255	1 756	499	28.4

Average balance sheet items in NOK billion

Net lending to customers	840.3	772.7	67.6	8.8
Deposits from customers	439.5	394.0	45.5	11.5

Key figures in per cent

Lending spread ¹⁾	2.03	1.51		
Deposit spread ¹⁾	(0.12)	0.45		
Return on risk-adjusted capital ²⁾	32.1	23.1		
Cost/income ratio	53.6	60.3		
Ratio of deposits to lending	52.3	51.0		
Number of full-time positions, end of period	4 971	4 928	427	0.9

1) Calculated relative to the 3-month money market rate.

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

There was relatively 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 average ratio of deposits to lending increased to 52.3 per cent in the second quarter of 2012. Along with customer deposits, covered bonds based on home mortgages in DNB Boligkreditt were key sources of funding. At end-June 2012, 95 per cent of lending volume in Retail Banking was funded by deposits and covered bonds.

Rising volumes and widening lending spreads relative to the 3-month money market rate contributed to the rise in net interest income from the second quarter of 2011. Deposit spreads narrowed due to lower interest rate levels and strong competition in the market. The volume-weighted interest rate spread was 1.29 per cent in the second quarter of 2012, an increase from 1.15 per cent in the year-earlier period.

Other operating income was NOK 183 million higher than in the second quarter of 2011. Income from payment services and real estate broking showed a positive trend during the period. In spite of a rise in staff numbers due to higher activity levels, costs were roughly on a level with the figure for the second quarter of 2011. The number of full-time positions was 4 971 at end-June 2012, with 4 631 in the business area's units in Norway.

The quality of the loan portfolio was sound, with relatively low write-downs in both the retail and corporate markets. Net write-downs on loans represented 0.09 per cent of net lending, up from 0.05 per cent in the second quarter of 2011. Net non-performing and doubtful commitments amounted to NOK 5 968 million at end-June 2012, down NOK 448 million from end-June 2011.

DNB's new mobile bank, specially designed for smart phones and available on all major operating platforms, was launched in June 2012. In addition, DNB launched several new products for children and young adults, including the flagship product Supersave, which is

a savings account with a very competitive interest rate.

Turmoil in the financial markets and the uncertain prospects for the global economy have a dampening effect on those parts of the Norwegian economy which are not directly related to the petroleum industry, 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 could 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 2 097 million in the second quarter of 2012, up NOK 362 million from the second quarter of 2011.

Income statement in NOK million	2nd quarter		Change	
	2012	2011	NOK mill	%
Net interest income	2 306	1 929	376	19.5
Other operating income	322	315	6	2.0
Income attributable to product suppliers	622	494	128	26.0
Net other operating income	944	809	135	16.6
Total income	3 250	2 739	511	18.7
Other operating expenses	589	582	7	1.2
Costs attributable to product suppliers	242	201	41	20.5
Total operating expenses	831	783	48	6.1
Pre-tax operating profit before				
write-downs	2 418	1 956	463	23.7
Net gains on fixed assets	0	0	0	
Net write-downs on loans	357	220	137	62.2
Profit from repossessed operations	36	0	36	
Pre-tax operating profit	2 097	1 735	362	20.8

Average balance sheet items in NOK billion

Net lending to customers	402.6	352.8	49.8	14.1
Deposits from customers	288.5	230.9	57.6	25.0

Key figures in per cent

Lending spread ¹⁾	1.87	1.62		
Deposit spread ¹⁾	(0.17)	0.03		
Return on risk-adjusted capital ²⁾	23.9	21.1		
Cost/income ratio	25.6	28.6		
Ratio of deposits to lending	71.7	65.4		
Number of full-time positions, end of period	1 150	1 117	33	3.0

1) Calculated relative to the 3-month money market rate.

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

Due to brisk growth in the second half of 2011, average lending increased by 14.1 per cent from the second quarter of 2011, while there was an increase of 1.2 per cent from the first quarter of 2012. There were large fluctuations in the US dollar rate during the quarter, and adjusted for exchange rate movements, there was a 10.1 per cent rise in lending from the second quarter of 2011. Average deposits rose by 25.0 per cent from the second quarter of 2011 and by 10.6 per cent from the first quarter of 2012. Adjusted for exchange rate movements, there was an increase of 21.8 per cent from the second quarter of 2011.

Relative to the 3-month money market rate, lending spreads widened by 0.25 percentage points from the year-earlier period and 0.06 percentage points from the first quarter of 2012. The widening spreads helped compensate for higher long-term funding costs. Competition for deposits caused pressure on deposit spreads, which declined by 0.20 percentage points from the second quarter of 2011

and by 0.10 percentage points from the first quarter of 2012.

The rise in other operating income was mainly attributable to a positive development in income from foreign exchange and interest rate instruments and an increase in guarantee commissions.

Personnel expenses were higher than in the second quarter of 2011, mainly due to a rise in staff numbers in strategic priority areas in 2011. In addition, there was an increase in costs related to product suppliers due to a higher level of income. The cost/income ratio was down 3.0 percentage points compared with the second quarter of 2011. At end-June 2012, staff in the business area represented 1 150 full-time positions, including 667 positions outside Norway.

Net write-downs on loans represented 0.36 per cent of net lending to customers on an annual basis, of which individual write-downs represented 0.27 per cent. In the second quarter of 2011, net individual write-downs came to 0.13 per cent of net lending. The increase was due to write-downs on a few large commitments.

Net non-performing and doubtful commitments amounted to NOK 7.8 billion at end-June 2012, down NOK 0.7 billion from end-March 2012. The increase was due to the fact that a few large commitments were no longer classified as non-performing and doubtful. At end-June 2011, net non-performing and doubtful commitments amounted to NOK 1.6 billion.

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 long-term profitability, sound customer relationships and a well-developed range of products. Average lending spreads are expected to increase somewhat, which is necessary to compensate for higher funding costs. It is anticipated that strong competition for stable customer deposits and pressure on deposits spreads will continue.

DNB Markets

DNB Markets, Norway's largest provider of securities and investment services, recorded a strong level of profits in the second quarter of 2012. Pre-tax operating profits totalled NOK 1 202 million, up NOK 133 million compared with the year-earlier period.

Income statement in NOK million	2nd quarter		Change	
	2012	2011	NOK mill	%
FX, interest rate and commodity derivatives	419	309	111	35.9
Investment products	107	82	25	29.9
Corporate finance	240	230	10	4.4
Securities services	60	62	(2)	(3.7)
Total customer revenues	826	683	143	21.0
Net income from international bond portfolio	274	262	12	4.4
Other market making/trading revenues	628	589	39	6.6
Total trading revenues	902	851	51	5.9
Interest income on allocated capital	45	35	10	27.0
Total income	1 773	1 569	203	13.0
Operating expenses	571	500	71	14.1
Pre-tax operating profit	1 202	1 069	133	12.4

Key figures in per cent

Return on risk-adjusted capital ¹⁾	46.8	59.1		
Cost/income ratio	32.2	31.9		
Number of full-time positions, end of period	717	688	29	4.2

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

The turmoil in the Eurozone and uncertainty regarding international macroeconomic developments contributed to the decline in share and

commodity prices. Investors thus adopted a waiting attitude, resulting in lower stock market activity and reduced income. However, the decline in stock market-related income was more than offset by a rise in income relating to foreign exchange and interest rate instruments in the second quarter of 2012. Customer-related revenues totalled NOK 826 million, up 21 per cent from the second quarter of 2011. The cost/income ratio was virtually unchanged compared with the year-earlier period.

The rise in customer-related income from foreign exchange, interest rate and commodity derivatives reflected a positive trend in income from both currency and interest rate hedging instruments compared with the second quarter of 2011. Falling oil prices resulted in greater demand for commodity hedging.

In spite of a weak stock market trend, customer-related income from the sale of securities and other investment products increased compared with the second quarter of 2011. There was a rising level of activity within property projects. DNB Markets retained its position as the largest brokerage house on Oslo Børs within bond and commercial paper brokerage, and income from these operations showed a positive trend.

Customer-related revenues from corporate finance services increased somewhat from the second quarter of 2011 in spite of demanding equity market conditions. Merger and acquisition activity increased, while equity issue activity decreased, and a number of transactions were postponed or cancelled due to the market situation. There was brisk activity in the debt capital market. Among other things, DNB Markets was joint bookrunner for a high-yield bond issue in the US and arranged the first bond issue in local currency in Singapore.

The slowdown in stock market activity had a negative impact on customer-related revenues from custodial and other securities services. There was a satisfactory level of activity within securities issues during the quarter.

A high level of income from trading in interest rate products helped boost income from market making and other proprietary trading compared with the second quarter of 2011.

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 DNB. The business area recorded pre-tax operating profits of NOK 307 million, a NOK 219 million decline compared with the second quarter of 2011.

Income statement in NOK million	2nd quarter		Change	
	2012	2011	NOK mill	%
Total income	865	1 107	(242)	(21.9)
Operating expenses	558	581	(23)	(4.0)
Pre-tax operating profit	307	526	(219)	(41.7)
Tax	(41)	11	(52)	
Profit	348	515	(167)	(32.5)

Balances in NOK billion (end of period)

Assets under management	529.4	530.3	(0.9)	(0.2)
-------------------------	-------	-------	-------	-------

Key figures in per cent

Return on risk-adjusted capital ¹⁾	9.8	11.9		
Cost/income ratio	64.6	52.5		
Number of full-time positions, end of period	1 045	1 047	(2)	(0.2)

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

DNB Livsforsikring

DNB Livsforsikring's pre-tax operating profits came to NOK 229 million in the second quarter of 2012, which represented a NOK 205 million reduction from the second quarter of 2011.

Income statement in NOK million	2nd quarter		Change	
	2012	2011	NOK mill	%
Interest result	1 250	2 149	(899)	
Risk result	(6)	(137)	131	
- Of which provisions for higher life expectancy ¹⁾	(83)	(96)	14	
Administration result	(6)	(4)	(2)	
Profit on risk and guaranteed rate of return	146	133	13	
Other	5	(7)	12	
Provisions for higher life expectancy and proposed allocations to policyholders	1 160	1 700	(540)	
Pre-tax profit	229	434	(205)	(47.3)
Tax charge	(66)	(9)	(57)	
Profit	295	443	(148)	(33.4)

Balances in NOK billion (end of period)

Total assets	266.6	256.9	9.7	3.8
Assets under management	242.9	237.0	6.0	2.5
- individual customers	60.5	64.7	(4.2)	(6.5)
- corporate customers	144.9	136.8	8.0	5.9
- public sector	37.6	35.5	2.1	6.0

Key figures in per cent

Return on risk-adjusted capital ²⁾	8.7	11.7		
Recorded return on assets	1.4	1.8		
Value-adjusted return on assets	0.8	0.8		
Number of full-time positions, end of period	718	726		

1) Increase in premium reserves for individual pensions.

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

The company's financial performance in the second quarter reflected the weak financial markets. Due to greater market uncertainty, DNB Livsforsikring reduced the equity exposure in the common portfolio during the quarter. The company achieved recorded and value-adjusted returns of 1.4 and 0.8 per cent, respectively, in the common portfolio, excluding changes in the value of bonds held to maturity. The corporate portfolio generated a return of 0.3 per cent.

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 second quarter of 2012.

Total assets as at 30 June 2012 were NOK 267 billion, an increase of 3.0 per cent since year-end 2011. Recorded policyholders' funds within defined-contribution pension schemes totalled NOK 17.0 billion, an increase of 14.8 per cent from end-December 2011.

Premium income totalled NOK 3.5 billion, down 7.1 per cent compared with the second quarter of 2011.

DNB Livsforsikring reported a net inflow of transfers of NOK 151 million, compared with a net inflow of NOK 410 million in the second quarter of 2011.

There was a negative risk result of NOK 6 million, compared with a negative result of NOK 137 million in the year-earlier period. Provisions for higher life expectancy of NOK 83 million were made, relating to individual annuity and pension insurance and group association insurance, of which NOK 29 million was charged to the Group.

The company's solvency capital increased by NOK 3.5 billion from 31 December 2011, totalling NOK 28.7 billion at end-June 2012. The capital adequacy ratio was 14.3 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-March 2012, down 0.9 percentage points from end-March 2011.

The level of financial income is expected to become more stable in the future, as DNB Livsforsikring has increased the share of assets with moderate to low risk, including property, bonds held to maturity and money market investments. Equities appear to be moderately priced relative to the historical levels of traditional key figures. In spite of low prices, however, market uncertainty may continue to prevail in the short term. The situation in the Eurozone gives particular rise to concern. It could take time before these economies stabilise and regain their growth potential, which indicates considerable market volatility in the period ahead.

In order to strengthen the premium reserve within group pension schemes over the next few years to reflect higher life expectancy, provisions representing 5 to 7 per cent of the premium reserve may be required, depending on whether Statistics Norway's low or medium alternative for life expectancy increases is used. The company expects to be able to finance the increase through its future interest and risk result, though the duration of the escalation period and the contribution from equity remain to be clarified. As part of the upward adjustment of life expectancy assumptions, provisions for group pension insurance were increased by NOK 998 million, while provisions for individual pensions were increased by NOK 83 million in the second quarter. The provisions, which are financed through the interest and risk result, are preliminary and may be reversed as required. The provisions will be finally determined at year-end.

The life insurance industry is facing major changes in the regulatory framework, including higher capital requirements in consequence of Solvency II, the introduction of a new occupational pension product and changes in taxation rules for life insurance companies. These changes are described in more detail in the chapter on the new regulatory framework.

DNB Asset Management

DNB Asset Management recorded pre-tax operating profits of NOK 39 million in the second quarter of 2012, down NOK 22 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.

<i>Income statement in NOK million</i>	2nd quarter		Change	
	2012	2011	NOK mill	%
Net interest income	(4)	(6)	2	
<i>Commission income</i>				
- from retail customers	69	95	(26)	(27.2)
- from institutional clients	120	114	6	5.4
Other operating income	4	2	2	106.4
Total income	190	205	(15)	(7.5)
Operating expenses	151	144	6	4.3
Pre-tax operating profit	39	61	(22)	(35.7)
<u>Balances in NOK billion (end of period)</u>				
Asset under management	476.9	479.2	(2.4)	(0.5)
- retail customers	33.6	40.7	(7.1)	(17.5)
- institutional clients	443.3	438.5	4.8	1.1
<u>Key figures in per cent</u>				
Return on risk-adjusted capital ¹⁾	19.4	32.7		
Cost/income ratio	79.4	70.4		
Number of full-time positions, end of period	211	216	(5)	(2.3)

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

Commission income declined by NOK 20 million from the second quarter of 2011.

The NOK 2 billion decline in assets under management reflected a negative trend in net sales, resulting in a NOK 11 billion reduction, and a positive market trend during the 12-month period, which gave a NOK 9 billion increase in assets under management.

DNB Asset Management is one of Norway's leading providers of mutual funds and discretionary asset management and has a market share of 22.3 per cent of the total mutual fund market in Norway.

At end-June 2012, the company had approximately 250 000 mutual fund savings schemes in the Norwegian market, with annual subscriptions of around NOK 2.6 billion. 35 per cent of DNB's mutual funds had received four or five stars from the rating company Morningstar at end-June 2012. Four 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 second quarter of 2012. The company showed a very positive profit trend during the quarter, recording pre-tax operating profits of NOK 50 million, which was an increase of NOK 43 million from the year-earlier period.

DNB Baltics and Poland

DNB Baltics and Poland offers financial services to corporate and personal customers in Estonia, Latvia and Lithuania. The strategy in Poland has been changed, whereby future operations will focus on the corporate market within the DNB Group's international priority areas.

DNB Baltics and Poland achieved pre-tax operating profits of NOK 55 million in the second quarter of 2012, representing an increase of NOK 33 million from the year-earlier period.

Income statement in NOK million	2nd quarter		Change	
	2012	2011	NOK mill	%
Net interest income	274	331	(58)	(17.4)
Other operating income	235	175	60	34.2
Total income	509	507	2	0.4
Operating expenses	357	316	41	13.0
Pre-tax operating profit before write-downs	152	191	(39)	(20.3)
Net gains on fixed assets	2	4	(2)	(53.1)
Net write-downs on loans	99	173	(74)	(42.7)
Pre-tax operating profit	55	22	33	150.8
<u>Average balance sheet items in NOK billion</u>				
Net lending to customers	53.7	53.4	0.3	0.5
Deposits from customers	28.8	25.0	3.8	15.3
<u>Key figures in per cent</u>				
Lending spread ¹⁾	2.11	1.72		
Deposit spread ¹⁾	0.32	0.79		
Return on risk-adjusted capital ²⁾	4.5	2.0		
Cost/income ratio	70.1	62.3		
Ratio of deposits to lending	53.6	46.8		
Number of full-time positions, end of period	3 308	3 169	139	4.4

1) Calculated relative to the 3-month money market rate.

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

The macroeconomic situation in the Baltic region is improving, though credit demand remained sluggish in the second quarter. There was a 4.6 per cent decline in lending in the Baltics from the second quarter of 2011, which reflected general market conditions. In spite of a weak trend in lending, however, there was a rise in market share during the period.

DNB Poland experienced relatively brisk lending growth throughout 2011, and lending volumes increased by 24.8 per cent from end-June 2011 to end-June 2012. Lending growth was strongly reduced from year-end 2011.

For DNB Baltics and Poland together, average net customer lending was on a level with the second quarter of 2011. Average customer deposits showed a healthy trend and rose by 15.3 per cent from the year-earlier period. This demonstrates that customers in this region had faith in DNB Baltics and Poland as part of a sound Norwegian bank.

The reduction in net interest income from the second quarter of 2011 mainly reflected rising funding costs. There was a positive trend in lending spreads, measured against the 3-month money market rate, while deposit spreads narrowed somewhat, partly due to strong competition for deposits.

There was a reduction in net write-downs on loans compared with the second quarter of 2011, and write-downs represented 0.74 per cent of average lending on an annual basis, down from 1.31 per cent in the second quarter of 2011.

Efforts to improve portfolio quality and cost efficiency will remain high on the agenda. Write-downs on loans are expected to be significantly lower than in 2011. 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. Operations in Poland will be adapted to the amended strategy, concentrating on the corporate segment. Improved operations combined with lower write-down levels are expected to ensure improved profitability.

Funding, liquidity and balance sheet

The Group had ample access to the short-term funding markets throughout the second quarter. As part of Moody's extensive review of the credit ratings of 114 European banks, the rating of DNB Bank

ASA was downgraded from Aa3 to A1 on 24 May 2012, with a stable outlook. At end-June, the Moody's downgrades had not affected the funding market. The short-term funding market remained selective, and only banks with strong credit ratings had good access to funding. DNB was one of these banks.

The long-term funding markets were also marked by uncertainty, and few transactions were completed in April and May. This was also due to the fact that programmes launched by the European Central Bank, ECB, ensured a number of European banks large amounts of long-term funding in the first quarter of 2012. Activity levels increased at the beginning of June, as several of the financially strongest Nordic banks took the opportunity to raise long-term funding. During this period, DNB issued covered bonds for a total face value of EUR 1.5 billion. Towards the end of June, the level of uncertainty increased again, resulting in a slowdown in activity. The long-term funding markets remained selective, and financially strong banks had the best access to funding, though the price level remained high.

With respect to short-term funding, conservative limits have been set for the Group's refunding requirements. The Group stayed well within the liquidity limits during the second quarter of 2012. In order to keep the Group's liquidity risk at a low level, the majority of loans should be financed through stable sources, such as customer deposits, long-term securities, subordinated loan capital and equity. At end-June 2012, such financing represented 112.8 per cent of customer lending.

At end-June 2012, total combined assets in the DNB Group were NOK 2 633 billion, an increase of NOK 507 billion or 23.9 per cent from a year earlier. Total assets in the Group's balance sheet were NOK 2 372 billion as at 30 June 2012 and NOK 1 854 billion a year earlier. Total assets in DNB Livsforsikring were NOK 267 billion and NOK 257 billion, respectively, on the same dates.

Measured in Norwegian kroner, net lending to customers increased by NOK 107 billion or 8.9 per cent from end-June 2011. Customer deposits increased by NOK 206 billion or 31.8 per cent during the same period.

The Group's ratio of deposits to lending to customers increased from 53.9 per cent at end-June 2011 to 65.3 per cent. Excluding a few large, short-term deposits, the ratio of deposits to lending was 62.3 per cent. The ratio of deposits to lending in DNB Bank ASA rose from 94.1 per cent to 114.5 per cent during the same period.

The average remaining term to maturity for the portfolio of senior bond debt and covered bonds was 4.7 years at end-June 2012, compared with 4.5 years a year earlier.

Risk and capital adequacy

Following a positive start to 2012, the risk situation showed a somewhat more negative trend in the second quarter. There was slower growth in a number of emerging economies in Asia. Both international equity prices and the price of oil dropped, and international economic growth is expected to be slightly lower than previously estimated. The debt problems of some Eurozone countries continued to be challenging. Measures initiated within the EU to remedy the situation, including the agreements on new terms for bailouts entered into in late June, have had a stabilising effect on the financial markets, though the long-term effect of these measures remains uncertain.

The Norwegian economy showed continued strong growth, partly due to high activity levels in the oil and gas sector, while house prices continued to rise. In light of the international uncertainty and the strong Norwegian krone, Norges Bank, the Norwegian central bank, decided to keep its key policy rate unchanged during the quarter. The strong Norwegian krone and relatively high wage inflation presented increasing challenges for Norwegian industries which compete in international markets, especially industries which do not supply the petroleum industry.

The DNB Group quantifies risk by measuring risk-adjusted capital. The net risk-adjusted capital requirement rose by NOK 1.1 billion from the first to the second quarter of 2012, to NOK 63 billion. The table below shows developments in the risk-adjusted capital requirement.

	30 June 2012	31 March 2012	31 Dec. 2011	30 June 2011
<i>Amounts in NOK billion</i>				
Credit risk	48.5	47.1	50.1	46.3
Market risk	5.7	5.6	5.2	6.2
Market risk in life insurance	11.0	11.9	10.6	14.1
Insurance risk in life insurance	1.0	1.0	1.0	1.0
Non-life insurance	0.7	0.7	0.8	0.9
Operational risk	8.6	8.6	8.7	8.4
Business risk	4.4	4.4	4.7	4.7
Gross risk-adjusted capital requirement	80.0	79.4	81.2	81.6
Diversification effect ¹⁾	(17.0)	(17.5)	(17.9)	(20.0)
Net risk-adjusted capital requirement	63.0	61.9	63.3	61.6
Diversification effect in per cent of gross risk-adjusted capital requirement ¹⁾	21.2	22.0	22.0	24.5

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.

Risk-adjusted capital for credit was up NOK 1.4 billion from end-March 2012, reflecting rising volumes due to the higher USD rate and continued growth in the Norwegian-related portfolio. There was a NOK 1 billion reduction in non-performing and doubtful commitments. Overall, there was stable, sound credit quality in the healthy portfolio, though there was a continued negative trend in the shipping sector. Due to a strong influx of new tonnage, the dry bulk segment showed the most negative trend. The extraction of shale gas and oil is about to cause a shift in the energy markets. These energy sources could make the US self-sufficient in energy, which will probably result in lower energy prices and a reduced need for tanker tonnage. These developments could affect the Norwegian economy and important customer groups in DNB. The macroeconomic situation in the Baltics and Poland showed a cautious recovery, which was also reflected in the credit portfolios, where write-downs were significantly lower than in previous quarters. The Norwegian commercial property market reflected higher direct return requirements due to rising financing costs.

Risk-adjusted capital for market risk in life insurance declined by NOK 0.9 billion during the second quarter, reflecting a lower equity exposure, mainly due to the weak stock market trend, and a further increase in the share of bonds held to maturity. The market value adjustment reserve was reduced by NOK 1.2 billion to NOK 0.5 billion. Higher life expectancy will result in increased pension costs for employers and greater risk for pension companies. The identified need to strengthen technical insurance reserves to cover higher life expectancy has been taken into account in calculations of market risk in life insurance in terms of a higher financial return requirement. In addition to the annual guaranteed rate of return, additional provisions must also be financed. See the chapter on the new regulatory framework for a review of future challenges and opportunities for the life insurance industry.

There were no significant changes in insurance risk during the quarter, nor in the limits for other market risk, and the overall risk level remained virtually unchanged. The value of basis swaps rose by NOK 1 078 million in the April through June period. No risk-adjusted capital is calculated on such instruments in the Group's banking operations, as they are used to hedge currency risk on the associated

loans.

There were few registered events entailing operational risk in the second quarter, and the resulting losses were minor. Nevertheless, the operational stability of the bank's IT systems represented a challenge, and risk associated with these operations is being closely monitored.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement declined by NOK 8 billion during the quarter, to NOK 1 116 billion. In 2012, risk-weighted volume cannot be less than 80 per cent of the corresponding figure calculated according to the Basel I regulations. Including 50 per cent of interim profits, the common equity Tier 1 capital ratio was 9.6 per cent, while the capital adequacy ratio was 11.8 per cent.

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 959 billion and a potential common equity Tier 1 capital ratio of 11.2 per cent, including 50 per cent of interim profits.

Macroeconomic developments

Halfway through 2012 a number of Norway's major trading partners were in the midst of an economic slump with rising unemployment and falling house prices, but in Norway economic developments were positive.

Many countries in Southern Europe suffered a pronounced fall in GDP. The situation in Greece remained unresolved despite the pro-Eurozone parties winning the election. The Greek uncertainty led to continued high bond yields and had negative knock-on effects, for the Spanish economy in particular. Meanwhile, falling international demand makes it difficult for countries with high public debt and unemployment levels to achieve new growth and an economic recovery. During the second quarter of 2012, confidence deteriorated in European banks with large outstanding claims on states with high debt levels, but the new terms for EU bailouts agreed in late June could help ease the situation.

The British economy entered a recession during the period as a result of record government budget cuts, while developments were more positive in Germany and Sweden, where the sovereign debt situation is relatively healthy.

Economic growth has also waned in a number of emerging economies. Chinese authorities implemented a number of measures in order to stimulate the economy following a drop in growth towards the end of 2011.

In the US, economic growth recovered slightly, but the weak international demand and prospects of a significantly tightened fiscal policy are likely to curb growth.

For the Norwegian economy, slow international growth will lead to low demand and partly to declining prices in international markets for export-oriented companies. Also, the price of oil fell during the quarter. Still, the Norwegian economy continued its positive development during the second quarter. Oil investments contributed positively and strong growth in real income led to a solid rise in consumption. Increased domestic demand contributed to a strong increase in employment and low unemployment rates, and also contributed to a robust housing market.

New regulatory framework

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 and 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 in 2012 or 2013.

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, 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 with effect from 1 January 2013. 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 over the coming years. As yet, there is no precise phase-in plan for Solvency II and the regulations for calculating capital adequacy. There has been strong opposition against the proposed regulations throughout the European insurance industry, and it has been signalled that this will be taken into account in the further process. It is unclear whether this will imply a longer transitional period or changes which will ease the capital adequacy requirements. In addition, DNB and the Norwegian life insurance industry are in dialogue with the Norwegian authorities to find solutions which could make it easier to satisfy the capital adequacy requirements under Solvency II. It is of key importance for the Norwegian insurance industry to find solutions which entail lower capital requirements for paid-up policies.

Higher life expectancy will result in higher pension costs for employers and greater risk for pension companies. Finanstilsynet (the Financial Supervisory Authority of Norway) has indicated that the required increase in insurance reserves must be made in 2012 and 2013. This is challenging, considering that the commitments are as much as 40 years ahead in time. New premium rates which reflect an increase in life expectancy are not expected to affect premiums written on new pension entitlements until 2014. The industry is in dialogue with the authorities to clarify, among other things, the duration of the escalation period.

On 28 June, the Norwegian Banking Law Commission presented a proposal for a new group occupational pension insurance scheme for the private sector which is better adapted to the challenges of

ensuring a better distribution of risk between pension companies, employers and employees. DNB is positive to the new product, though important clarifications need to be made.

At the beginning of 2012, a proposal was presented to change the tax exemption method for life insurance companies. If the proposal is approved, it will result in higher tax costs, which in turn will entail higher product prices and higher-priced pension schemes for customers.

DNB is working to comply with the new regulatory framework. Up until the new regulations are introduced, the Group will seek to gradually adapt its operations.

Future prospects

Macroeconomic developments indicate somewhat subdued international growth over the coming years. Thus far, however, the international uncertainty appears to have a relatively limited impact on the Norwegian domestic economy, nor do updated forecasts give any indication of significant negative effects. However, the Norwegian economy is closely linked to the prospects for commodities such as oil, gas and seafood products. A worsening of the negative trend in Europe could further reduce global growth and thus put the positive macroeconomic scenario in Norway at risk.

New regulations such as stricter capital adequacy and funding requirements will influence the competitive situation and earnings levels in the entire financial services industry over the next few years. The requirements necessitate less capital-intensive growth than what has been the case over the past few years, and profitability must be improved through increased focus on sources of income that require less use of capital and lower costs.

In the Retail Banking business area, rising volumes, slightly widening lending spreads and a continued low level of write-downs on loans are expected. The Large Corporates and International business area will focus on slower, selective growth, wider lending spreads and a continued low level of write-downs on loans. The pressure on deposit spreads is expected to prevail in both Retail Banking and Large Corporates and International. 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. In the Insurance and Asset Management business area, lower risk and a reduced equity exposure are expected to ensure more predictable profit levels. Cost-efficiency measures will help boost profits, and the focus on capital-efficient products will strengthen capital adequacy. A stricter regulatory framework for the life insurance industry could have a negative impact on earnings. Uncertainty prevails regarding the implementation of the new regulations, but DNB Livsforsikring is working actively to adapt to the new situation. Operations in the Baltics are expected to show further improvement and to record lower write-downs, leading to a positive profit trend.

DNB will adhere to its customer-oriented strategy, which forms the basis for the Group's operations and targets, and will present updated financial target figures on 6 September at the Capital Markets Day in London. Total write-downs on loans and guarantees for the Group in 2012 are expected to be on a level with 2011.

Oslo, 11 July 2012
The Board of Directors of DNB ASA

Anne Carine Tanum
(chairman)

Tore Olaf Rimmereid
(vice-chairman)

Jarle Bergo

Bente Brevik

Sverre Finstad

Carl A. Løvvik

Vigdis Mathisen

Berit Svendsen

Rune Bjerke
(group chief executive)

Income statement

		DNB Group				
Amounts in NOK million	Note	2nd quarter 2012	2nd quarter 2011	1st half 2012	1st half 2011	Full year 2011
Total interest income	5	16 080	14 478	32 140	28 654	60 075
Total interest expenses	5	9 446	8 430	18 853	16 588	34 823
Net interest income	5	6 634	6 048	13 287	12 066	25 252
Commissions and fees receivable etc.	6	2 377	2 366	4 651	4 680	9 135
Commissions and fees payable etc.	6	580	553	1 187	1 084	2 256
Net gains on financial instruments at fair value	7	2 646	1 351	1 640	2 013	7 661
Net gains on assets in DNB Livsforsikring		1 940	3 349	6 503	6 831	5 834
Guaranteed returns and allocations to policyholders in DNB Livsforsikring		1 836	2 884	5 993	5 856	5 772
Premium income etc. included in the risk result in DNB Livsforsikring		991	1 211	2 321	2 437	4 941
Insurance claims etc. included in the risk result in DNB Livsforsikring		992	1 355	2 434	2 589	4 853
Premium income, DNB Skadeforsikring		310	218	613	513	1 094
Insurance claims etc., DNB Skadeforsikring		218	164	472	406	849
Profit from companies accounted for by the equity method	8	141	(28)	366	44	77
Net gains on investment property	16	(184)	(1)	(328)	7	(32)
Other income	9	609	474	1 131	862	1 775
Net other operating income		5 204	3 984	6 811	7 451	16 754
Total income		11 837	10 032	20 098	19 518	42 006
Salaries and other personnel expenses	10, 11	2 789	2 614	5 558	5 058	10 279
Other expenses	10	1 866	1 874	3 773	3 804	7 722
Depreciation and write-downs of fixed and intangible assets	10	494	444	923	863	2 172
Total operating expenses	10	5 149	4 931	10 254	9 725	20 172
Net gains on fixed and intangible assets		37	9	44	13	19
Write-downs on loans and guarantees	12	685	457	1 469	1 349	3 445
Pre-tax operating profit		6 041	4 652	8 419	8 457	18 407
Taxes		1 553	1 116	2 171	2 030	5 423
Profit from operations held for sale, after taxes		92	11	92	(30)	(5)
Profit for the period		4 580	3 546	6 340	6 397	12 979
Earnings/diluted earnings per share (NOK)		2.82	2.18	3.90	3.94	7.98
Earnings per share excluding operations held for sale (NOK)		2.76	2.18	3.84	3.96	7.99

Comprehensive income statement

		DNB Group				
Amounts in NOK million		2nd quarter 2012	2nd quarter 2011	1st half 2012	1st half 2011	Full year 2011
Profit for the period		4 580	3 546	6 340	6 397	12 979
Exchange differences arising from the translation of foreign operations		77	(65)	(52)	(248)	(53)
Comprehensive income for the period		4 658	3 481	6 288	6 149	12 926

Balance sheet

DNB Group

Amounts in NOK million	Note	30 June 2012	31 Dec. 2011	30 June 2011
Assets				
Cash and deposits with central banks		410 135	224 581	15 828
Lending to and deposits with credit institutions		32 258	28 754	41 096
Lending to customers	13, 14	1 308 599	1 279 259	1 201 961
Commercial paper and bonds		196 935	177 980	187 293
Shareholdings		49 417	53 012	79 154
Financial assets, customers bearing the risk		25 391	23 776	23 689
Financial derivatives		90 707	96 693	67 627
Commercial paper and bonds, held to maturity	15	170 499	166 965	165 706
Investment property	16	45 573	42 796	41 134
Investments in associated companies		2 552	2 189	2 157
Intangible assets	17	7 097	7 003	7 071
Deferred tax assets		633	643	173
Fixed assets		6 780	6 336	5 968
Assets held for sale		9	1 054	1 172
Other assets		25 762	15 055	13 818
Total assets		2 372 347	2 126 098	1 853 848
Liabilities and equity				
Loans and deposits from credit institutions		294 125	279 553	207 494
Deposits from customers		853 877	740 036	647 880
Financial derivatives		60 857	64 365	51 018
Debt securities issued	18	729 309	635 157	538 314
Insurance liabilities, customers bearing the risk		25 391	23 776	23 689
Liabilities to life insurance policyholders in DNB Livsforsikring		218 081	212 271	213 390
Insurance liabilities, DNB Skadeforsikring		1 954	1 589	1 445
Payable taxes		1 584	634	2 092
Deferred taxes		4 029	4 897	219
Other liabilities		32 591	17 550	25 315
Liabilities held for sale		0	383	331
Provisions		610	787	560
Pension commitments		3 138	3 123	3 369
Subordinated loan capital	18	25 968	24 163	27 702
Total liabilities		2 251 516	2 008 284	1 742 819
Share capital		16 261	16 260	16 253
Share premium reserve		22 609	22 609	22 609
Other equity		81 961	78 946	72 167
Total equity		120 831	117 815	111 028
Total liabilities and equity		2 372 347	2 126 098	1 853 848
Off-balance sheet transactions, contingencies and post-balance sheet events	22			

Statement of changes in equity

DNB Group

<i>Amounts in NOK million</i>	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			6 397	6 397
Exchange differences arising from the translation of foreign operations			(248)	(248)
Comprehensive income for the period			6 149	6 149
Dividends paid for 2010 (NOK 4.00 per share)			(6 515)	(6 515)
Net purchase of treasury shares	21		177	198
Balance sheet as at 30 June 2011	16 253	22 609	72 167	111 028
Balance sheet as at 31 December 2011	16 260	22 609	78 946	117 815
Profit for the period			6 340	6 340
Exchange differences arising from the translation of foreign operations			(52)	(52)
Comprehensive income for the period			6 288	6 288
Dividends paid for 2011 (NOK 2.00 per share)			(3 258)	(3 258)
Net purchase of treasury shares	1		(16)	(15)
Balance sheet as at 30 June 2012	16 261	22 609	81 961	120 831
<u>Of which currency translation reserve:</u>				
Balance sheet as at 31 December 2010			(513)	(513)
Comprehensive income for the period			(248)	(248)
Balance sheet as at 30 June 2011			(761)	(761)
Balance sheet as at 31 December 2011			(565)	(565)
Comprehensive income for the period			(52)	(52)
Accumulated currency translation reserve in Pres-Vac			4	4
Balance sheet as at 30 June 2012			(614)	(614)
<u>1) Of which treasury shares, held by DNB Markets for trading purposes:</u>				
Balance sheet as at 31 December 2011	(28)		(138)	(166)
Net purchase of treasury shares	1		(16)	(15)
Reversal of fair value adjustments through profit and loss			19	19
Balance sheet as at 30 June 2012	(27)		(134)	(162)

Cash flow statement

	DNB Group		
	1st half 2012	1st half 2011	Full year 2011
<i>Amounts in NOK million</i>			
Operating activities			
Net payments on loans to customers	(35 695)	(49 067)	(108 418)
Interest received from customers	28 527	24 884	52 398
Net receipts on deposits from customers	111 016	9 825	96 698
Interest paid to customers	(4 536)	(8 216)	(17 712)
Net receipts/payments on loans to credit institutions	12 243	(40 601)	36 929
Interest received from credit institutions	690	592	1 425
Interest paid to credit institutions	(1 664)	(2 353)	(4 719)
Net receipts/payments on the sale of financial assets for investment or trading	(10 280)	30 819	69 052
Interest received on bonds and commercial paper	2 632	4 577	8 391
Net receipts on commissions and fees	3 369	3 697	6 897
Payments to operations	(8 774)	(8 756)	(17 815)
Taxes paid	(704)	(5 078)	(5 428)
Receipts on premiums	9 130	8 428	17 020
Net receipts/payments on premium reserve transfers	(715)	1 741	2 061
Payments of insurance settlements	(7 424)	(6 236)	(13 641)
Other receipts/payments	604	6 444	(6 452)
Net cash flow from operating activities	98 419	(29 300)	116 686
Investment activities			
Net payments on the acquisition of fixed assets	(1 413)	(985)	(2 738)
Net payments, investment property	(271)	(293)	(688)
Receipts on the sale of long-term investments in shares	0	85	85
Dividends received on long-term investments in shares	97	100	105
Net cash flow from investment activities	(1 587)	(1 092)	(3 236)
Funding activities			
Receipts on issued bonds and commercial paper	374 684	262 214	367 414
Payments on redeemed bonds and commercial paper	(273 849)	(215 044)	(244 281)
Interest payment on issued bonds and commercial paper	(8 834)	(7 105)	(14 933)
Receipts on the raising of primary capital subordinated loan capital	5 653	0	0
Redemptions of subordinated loan capital	(3 968)	(4 601)	(9 806)
Interest payment on subordinated loan capital	(220)	(310)	(721)
Dividend payments	(3 258)	(6 515)	(6 515)
Net cash flow from funding activities	90 208	28 639	91 158
Effects of exchange rate changes on cash and cash equivalents	1 047	(1 602)	967
Net cash flow	188 087	(3 355)	205 575
Cash as at 1 January	229 301	23 726	23 726
Net receipts/payments of cash	188 087	(3 355)	205 575
Cash at end of period ¹⁾	417 389	20 371	229 301
 *) Of which: Cash and deposits with central banks	 410 135	 15 828	 224 581
Deposits with credit institutions with no agreed period of notice ¹⁾	7 254	4 543	4 721

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 period have been restated.

Note 1 Accounting principles

The second 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 half 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 fourth 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 half of 2012 were DKK 51 million, while operating expenses came to DKK 58 million. The company recorded an operating loss of DKK 7 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, Trysiltnet Eiendom AS and Trysilfjell Apartment Eiendom AS from the estate in the first quarter of 2012. In addition, 31 holiday apartments in Uvdal organised as a housing cooperative were taken over. The properties were acquired at fair value. After the acquisition, the balance sheet value of the properties in Bryggetorget Holding was NOK 222 million.

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.

- | | | |
|------------------------------------|---|--|
| 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 and Lithuania. The strategy in Poland has been changed, whereby future operations will focus on the corporate market within the DNB Group's international priority areas. |

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, second quarter

	DNB Group													
	Retail Banking		Large Corporates and International		DNB Markets		Insurance and Asset Management		DNB Baltics and Poland		Other operations/ eliminations ¹⁾		DNB Group	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
Amounts in NOK million	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net interest income - ordinary operations	3 789	3 307	2 154	1 769	169	202	(91)	(90)	267	319	346	541	6 634	6 048
Interest on allocated capital ²⁾	121	148	152	160	45	35	85	116	7	12	(409)	(472)	0	0
Net interest income	3 910	3 455	2 306	1 929	214	237	(6)	26	274	331	(64)	69	6 634	6 048
Other operating income	1 089	906	322	315	1 558	1 332	871	1 081	235	175	1 129	174	5 204	3 984
Income attributable to product suppliers	297	319	622	494	0	0	0	0	0	0	(919)	(813)	0	0
Net other operating income	1 386	1 225	944	809	1 558	1 332	871	1 081	235	175	210	(639)	5 204	3 984
Total income	5 296	4 680	3 250	2 739	1 773	1 569	865	1 107	509	507	146	(570)	11 837	10 032
Other operating expenses	2 699	2 672	589	582	571	500	558	581	357	316	375	280	5 149	4 931
Cost attributable to product suppliers	142	151	242	201	0	0	0	0	0	0	(384)	(352)	0	0
Operating expenses	2 841	2 824	831	783	571	500	558	581	357	316	(9)	(73)	5 149	4 931
Pre-tax operating profit before write-downs	2 455	1 856	2 418	1 956	1 202	1 069	307	526	152	191	155	(497)	6 689	5 101
Net gains on fixed and intangible assets	(1)	0	0	0	0	0	0	0	2	4	36	4	37	9
Write-downs on loans and guarantees ³⁾	196	100	357	220	0	0	0	0	99	173	32	(36)	685	457
Write-downs attributable to product suppliers	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit from repossessed operations	(3)	0	36	0	0	0	0	0	0	0	(33)	0	0	0
Pre-tax operating profit	2 255	1 756	2 097	1 735	1 202	1 069	307	526	55	22	125	(456)	6 041	4 652

1) Other operations/eliminations:

Amounts in NOK million	Elimination of income/ cost attributable to product suppliers		Other eliminations		Group Centre ¹⁾		Total	
	2nd quarter		2nd quarter		2nd quarter		2nd quarter	
	2012	2011	2012	2011	2012	2011	2012	2011
Net interest income - ordinary operations	0	0	(22)	(24)	368	564	346	541
Interest on allocated capital ²⁾	0	0	0	0	(409)	(472)	(409)	(472)
Net interest income	0	0	(22)	(24)	(42)	93	(64)	69
Other operating income	0	0	(339)	(256)	1 468	431	1 129	174
Income attributable to product suppliers	(919)	(813)	0	0	0	0	(919)	(813)
Net other operating income	(919)	(813)	(339)	(256)	1 468	431	210	(639)
Total income	(919)	(813)	(361)	(280)	1 426	524	146	(570)
Other operating expenses	0	0	(361)	(280)	736	560	375	280
Cost attributable to product suppliers	(384)	(352)	0	0	0	0	(384)	(352)
Operating expenses	(384)	(352)	(361)	(280)	736	560	(9)	(73)
Pre-tax operating profit before write-downs	(535)	(461)	0	0	690	(36)	155	(497)
Net gains on fixed and intangible assets	0	0	0	0	36	4	36	4
Write-downs on loans and guarantees ³⁾	0	0	0	0	32	(36)	32	(36)
Write-downs attributable to product suppliers	0	0	0	0	0	0	0	0
Profit from repossessed operations	0	0	0	0	(33)	0	(33)	0
Pre-tax operating profit	(535)	(460)	0	0	661	4	125	(456)

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.

*) Group Centre - pre-tax operating profit in NOK million	2nd quarter	
	2012	2011
+ Interest on unallocated equity etc.	178	215
+ Income from equities investments	6	53
+ Mark-to-market adjustments Treasury and fair value on lending	81	(136)
+ Basis swaps	959	123
+ Eksportfinans AS	154	68
+ Net gains on investment property	(190)	0
- Unallocated write-downs on loans and guarantees	32	(36)
- Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	106	61
- Unallocated pension expenses	76	23
- Funding costs on goodwill	13	13
Other	(302)	(259)
Pre-tax operating profit	661	4

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

Main average balance sheet items	DNB Group													
			Large Corporates and International		DNB Markets		Insurance and Asset Management		DNB Baltics and Poland		Other operations/ eliminations		DNB Group	
	Retail Banking													
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
Amounts in NOK billion	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net lending to customers ¹⁾	840.3	772.7	402.6	352.8	2.5	3.3	2.0	1.0	53.7	53.4	(3.2)	4.0	1 297.9	1 187.3
Deposits from customers ¹⁾	439.5	394.0	288.5	230.9	73.3	26.4			28.8	25.0	(37.5)	(1.3)	792.7	675.0
Assets under management ²⁾							531.9	538.5					531.9	538.5
Allocated capital ³⁾	20.3	21.9	25.4	23.8	7.4	5.2	14.2	17.3	4.0	3.4				

Key figures

Key figures													DNB Group	
			Large Corporates and International		DNB Markets		Insurance and Asset Management		DNB Baltics and Poland		Other operations		DNB Group	
	Retail Banking													
	2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter		2nd quarter	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Per cent	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Cost/income ratio ⁴⁾	53.6	60.3	25.6	28.6	32.2	31.9	64.6	52.5	70.1	62.3			43.5	49.2
Ratio of deposits to lending ^{1) 5)}	52.3	51.0	71.7	65.4					53.6	46.8			61.1	56.9
Return on allocated capital, annualised ³⁾	32.1	23.1	23.9	21.1	46.8	59.1	9.8	11.9	4.5	2.0			27.8	21.9
Number of full-time positions as at 30 June ⁶⁾	4 971	4 928	1 150	1 117	717	688	1 045	1 047	3 308	3 169	2 402	2 264	13 592	13 212

- 1) Lending to customers includes accrued interest, write-downs and value adjustments. Lending to credit institutions are not included. Correspondingly, deposits from customers include accrued interest and value adjustments. Deposits from credit institutions are not included.
- 2) The figures include total assets in DNB Livsforsikring. 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 are 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 do not 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, second quarter

Retail Banking

Pre-tax operating profits totalled NOK 2 255 million in the second quarter of 2012, an increase of NOK 499 million from the year-earlier period. There was strong growth in both lending and deposits during the period, parallel to a satisfactory trend in non-performing commitments and write-downs. There was relatively 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 average ratio of deposits to lending increased to 52.3 per cent in the second quarter of 2012. Along with customer deposits, covered bonds based on home mortgages in DNB Boligkreditt were key sources of funding. At end-June 2012, 95 per cent of lending volume in Retail Banking was funded by deposits and covered bonds. Rising volumes and widening lending spreads relative to the 3-month money market rate contributed to the rise in net interest income from the second quarter of 2011. Deposit spreads narrowed due to lower interest rate levels and strong competition in the market. The volum-weighted interest rate spread, was 1.29 per cent in the second quarter of 2012, an increase from 1.15 per cent in the year-earlier period. Other operating income was NOK 183 million higher than in the second quarter of 2011. Income from payment services and real estate broking showed a positive trend during the period. In spite of a rise in staff numbers due to higher activity levels, costs were roughly on a level with the figure for the second quarter of 2011. The number of full-time positions was 4 971 at end-June 2012, with 4 631 in the business area's units in Norway. The quality of the loan portfolio was sound, with relatively low write-downs in both the retail and corporate markets. Net write-downs on loans represented 0.09 per cent of net lending, up from 0.05 per cent in the second quarter of 2011. Net non-performing and doubtful commitments amounted to NOK 5 968 million at end-June 2012, down NOK 448 million from end-June 2011.

Large Corporates and International

Pre-tax operating profits came to NOK 2 097 million in the second quarter of 2012, up NOK 362 million from the second quarter of 2011. Due to brisk growth in the second half of 2011, average lending increased by 14.1 per cent from the second quarter of 2011, while there was an increase of 1.2 per cent from the first quarter of 2012. There were large fluctuations in the US dollar rate during the quarter, and adjusted for exchange rate movements, there was a 10.1 per cent rise in lending from the second quarter of 2011. Average deposits rose by 25.0 per cent from the second quarter of 2011 and by 10.6 per cent from the first quarter of 2012. Adjusted for exchange rate movements, there was an increase of 21.8 per cent from the second quarter of 2011. Relative to the 3-month money market rate, lending spreads widened by 0.25 percentage points from the year-earlier period and 0.06 percentage points from the first quarter of 2012. The widening spreads helped compensate for higher long-term funding costs. Competition for deposits caused pressure on deposit spreads, which declined by 0.20 percentage points from the second quarter of 2011 and by 0.10 percentage points from the first quarter of 2012. The rise in other operating income was mainly attributable to a positive development in income from foreign exchange and interest rate instruments and an increase in guarantee commissions. Personnel expenses were higher than in the second quarter of 2011, mainly due to a rise in staff numbers in strategic priority areas in 2011. In addition, there was an increase in costs related to product suppliers due to a higher level of income. The cost/income ratio was down 3.0 percentage points compared with the second quarter of 2011. At end-June 2012, staff in the business area represented 1 150 full-time positions, including 667 positions outside Norway. Net write-downs on loans represented 0.36 per cent of net lending to customers on an annual basis, of which individual write-downs represented 0.27 per cent. In the second quarter of 2011, net individual write-downs came to 0.13 per cent of net lending. The increase was due to write-downs on a few large commitments. Net non-performing and doubtful commitments amounted to NOK 7.8 billion at end-June 2012, down NOK 0.7 billion from end-March 2012. The increase was due to the fact that a few large commitments were no longer classified as non-performing and doubtful. At end-June 2011, net non-performing and doubtful commitments amounted to NOK 1.6 billion.

Note 4 Segments (continued)

DNB Markets

DNB Markets, Norway's largest provider of securities and investment services, recorded a strong level of profits in the second quarter of 2012. Pre-tax operating profits totalled NOK 1 202 million, up NOK 133 million compared with the year-earlier period. The turmoil in the Eurozone and uncertainty regarding international macroeconomic developments contributed to the decline in share and commodity prices. Investors thus adopted a waiting attitude, resulting in lower stock market activity and reduced income. However, the decline in stock market-related income was more than offset by a rise in income relating to foreign exchange and interest rate instruments in the second quarter of 2012. Customer-related revenues totalled NOK 826 million, up 21 per cent from the second quarter of 2011. The cost/income ratio was virtually unchanged compared with the year-earlier period. The rise in customer-related income from foreign exchange, interest rate and commodity derivatives reflected a positive trend in income from both currency and interest rate hedging instruments compared with the second quarter of 2011. Falling oil prices resulted in greater demand for commodity hedging. In spite of a weak stock market trend, customer-related income from the sale of securities and other investment products increased compared with the second quarter of 2011. There was a rising level of activity within property projects. DNB Markets retained its position as the largest brokerage house on Oslo Børs within bond and commercial paper brokerage, and income from these operations showed a positive trend. Customer-related revenues from corporate finance services increased somewhat from the second quarter of 2011 in spite of demanding equity market conditions. Merger and acquisition activity increased, while equity issue activity decreased, and a number of transactions were postponed or cancelled due to the market situation. There was brisk activity in the debt capital market. Among other things, DNB Markets was joint bookrunner for a high-yield bond issue in the US and arranged the first bond issue in local currency in Singapore. The slowdown in stock market activity had a negative impact on customer-related revenues from custodial and other securities services. There was a satisfactory level of activity within securities issues during the quarter. A high level of income from trading in interest rate products helped boost income from market making and other proprietary trading compared with the second quarter of 2011. 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

	2nd quarter 2012	DNB Markets 2nd quarter 2011
<i>Amounts in NOK million</i>		
FX, interest rate and commodity derivatives	419	309
Investment products	107	82
Corporate finance	240	230
Securities services	60	62
Total customer revenues	826	683
Net income international bond portfolio	274	262
Other market making/trading revenues	628	589
Total trading revenues	902	851
Interest income on allocated capital	45	35
Total income	1 773	1 569

Insurance and Asset Management

DNB Livsforsikring:

DNB Livsforsikring's pre-tax operating profits came to NOK 229 million in the second quarter of 2012, which represented a NOK 205 million reduction from the second quarter of 2011. The company's financial performance in the second quarter reflected the weak financial markets. Due to greater market uncertainty, DNB Livsforsikring reduced the equity exposure in the common portfolio during the quarter. The company achieved recorded and value-adjusted returns of 1.4 and 0.8 per cent, respectively, in the common portfolio, excluding changes in the value of bonds held to maturity. The corporate portfolio generated a return of 0.3 per cent. Premium income totalled NOK 3.5 billion, down 7.1 per cent compared with the second quarter of 2011. 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 39 million in the second quarter of 2012, down NOK 22 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 20 million from the second quarter of 2011.

DNB Baltics and Poland

DNB Baltics and Poland achieved pre-tax operating profits of NOK 55 million in the second quarter of 2012, representing an increase of NOK 33 million from the year-earlier period. The macroeconomic situation in the Baltic region is improving, though credit demand remained sluggish in the second quarter. There was a 4.6 per cent decline in lending in the Baltics from the second quarter of 2011, which reflected general market conditions. In spite of a weak trend in lending, however, there was a rise in market share during the period. DNB Poland experienced relatively brisk lending growth throughout 2011, and lending volumes increased by 24.8 per cent from end-June 2011 to end-June 2012. Lending growth was strongly reduced from year-end 2011. For DNB Baltics and Poland together, average net customer lending was on a level with the second quarter of 2011. Average customer deposits showed a healthy trend and rose by 15.3 per cent from the year-earlier period. This demonstrates that customers in this region had faith in DNB Baltics and Poland as part of a sound Norwegian bank. The reduction in net interest income from the second quarter of 2011 mainly reflected rising funding costs. There was a positive trend in lending spreads, measured against the 3-month money market rate, while deposit spreads narrowed somewhat, partly due to strong competition for deposits. There was a reduction in net write-downs on loans compared with the second quarter of 2011, and write-downs represented 0.74 per cent of average lending on an annual basis, down from 1.31 per cent in the second quarter of 2011.

Note 4 Segments (continued)

Group Centre

The Group Centre recorded a pre-tax operating profit of NOK 661 million in the second quarter of 2012, compared with NOK 4 million in the year-earlier period. Profits attributable to the Group from the associated company Eksportfinans totalled NOK 154 million in the second quarter of 2012, including the share of the portfolio guarantee issued for the liquidity portfolio, compared with NOK 68 million in the second quarter of 2011. Income from equity investments totalled NOK 6 million in the second quarter of 2012, a decrease of NOK 47 million from the year-earlier period. There was a negative profit contribution of NOK 1 041 million from own debt, loans carried at fair value and related derivatives in the second quarter of 2012, compared with a negative contribution of NOK 12 million in the corresponding period in 2011. Of this, basis swaps represented NOK 959 million and NOK 123 million respectively.

Income statement, first half

Amounts in NOK million	DNB Group													
	Retail Banking		Large Corporates and International		DNB Markets		Insurance and Asset Management		DNB Baltics and Poland		Other operations/ eliminations		DNB Group	
	1st half	2012	1st half	2011	1st half	2011	1st half	2011	1st half	2011	1st half	2011	1st half	2011
Net interest income - ordinary operations	7 501	6 780	4 346	3 443	363	411	(193)	(176)	533	633	737	975	13 287	12 066
Interest on allocated capital	266	285	320	310	90	70	179	212	18	21	(872)	(898)	0	0
Net interest income	7 768	7 065	4 665	3 753	452	481	(14)	36	550	654	(134)	77	13 287	12 066
Other operating income	1 986	1 793	645	590	3 709	2 732	1 882	2 338	439	366	(1 850)	(367)	6 811	7 451
Income attributable to product suppliers	595	608	1 180	1 004	0	0	0	0	0	0	(1 776)	(1 612)	0	0
Net other operating income	2 582	2 401	1 825	1 594	3 709	2 732	1 882	2 338	439	366	(3 625)	(1 980)	6 811	7 451
Total income	10 349	9 466	6 491	5 347	4 161	3 213	1 868	2 374	989	1 020	(3 760)	(1 903)	20 098	19 518
Other operating expenses	5 397	5 226	1 277	1 170	1 116	1 029	1 148	1 182	677	620	638	497	10 254	9 725
Cost attributable to product suppliers	289	304	464	420	0	0	0	0	0	0	(752)	(724)	0	0
Operating expenses	5 686	5 530	1 741	1 589	1 116	1 029	1 148	1 182	677	620	(114)	(227)	10 254	9 725
Pre-tax operating profit before write-downs	4 663	3 936	4 750	3 758	3 045	2 184	720	1 192	311	399	(3 646)	(1 676)	9 844	9 793
Net gains on fixed and intangible assets	(1)	1	0	0	0	0	0	0	4	7	40	5	44	13
Write-downs on loans and guarantees	518	353	754	605	0	0	0	0	163	363	33	28	1 469	1 349
Write-downs attributable to product suppliers	0	0	0	2	0	0	0	0	0	0	0	(2)	0	0
Profit from repossessed operations	(7)	0	(83)	0	0	0	0	0	0	0	90	0	0	0
Pre-tax operating profit	4 137	3 584	3 913	3 150	3 045	2 184	720	1 192	152	43	(3 548)	(1 696)	8 419	8 457

Comments to the income statement, first half

DNB recorded profits for the periode of NOK 6 340 million in the first half of 2012, a reduction from NOK 6 397 million in the first half of 2011. Adjusted for the effects of basis swaps, profits for the first half of 2012 were NOK 7 695 million, up 12.6 per cent from the year-earlier period. There was a healthy trend in net interest income, which increased by 10.1 per cent from the first half of 2011. Average lending volumes rose by 9 per cent, while lending spreads widened by 0.3 percentage points measured against the 3-month money market rate during the same period. Rising long-term funding costs and narrower deposit spreads caused greater pressure on income from lending activities. Average deposit volumes rose 15.6 per cent, while deposit spreads contracted by 0.3 percentage points, primarily due to lower interest rate levels and stronger competition for deposits. Nevertheless, deposits represent a favourable funding source compared with the alternative, which is long-term capital market funding at significantly higher interest rates. Following Norges Bank's cut in its short-term key policy rate in March, the Group chose to reduce interest rates on both home mortgages and deposits for personal customers. The central bank also revised downwards its projections for future interest rate increases. Other operating income, adjusted for mark-to-market adjustments of basis swaps, was up 3.6 per cent from the first half of 2011, which mainly reflected increased gains on foreign exchange and interest rate instruments and a rise in profits from associated companies. Operating expenses rose by 5.4 per cent from the first half 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 1 469 million, write-downs on loans and guarantees were NOK 119 million higher than in the first half of 2011. There was a rise in write-downs in both Retail Banking and Large Corporates and International, while there was a reduction in write-downs in the Baltics. Return on equity was 10.7 per cent, down from 11.5 per cent in the January through June period in 2011. Earnings per share were NOK 3.90, a decline from NOK 3.94 in the year-earlier period. Adjusted for changes in the value of basis swaps, return on equity was 12.3 per cent and earnings per share NOK 4.50.

Note 4 Segments (continued)

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				
	2nd quarter	2nd quarter	1st half	1st half	Full year
<i>Amounts in NOK million</i>	2012	2011	2012	2011	2011
Commissions and fees receivable etc.	576	589	1 145	1 168	2 162
Commissions and fees payable etc.	84	84	167	163	315
Net gains on assets in DNB Livsforsikring	1 935	3 342	6 483	6 815	5 795
Guaranteed returns and allocations to policyholders in DNB Livsforsikring	1 836	2 884	5 993	5 856	5 772
Premium income etc. included in the risk result in DNB Livsforsikring	991	1 211	2 321	2 437	4 941
Insurance claims etc. included in the risk result in DNB Livsforsikring	992	1 355	2 434	2 589	4 853
Other income	7	7	15	14	29
Net other operating income	597	826	1 369	1 827	1 988
Total income	597	826	1 369	1 827	1 988
Salaries and other personnel expenses	175	167	367	360	674
Other expenses	170	198	329	383	791
Depreciation and impairment of fixed and intangible assets	23	27	46	54	107
Total operating expenses	368	392	742	797	1 573
Net gains on fixed and intangible assets	0	0	0	0	0
Pre-tax operating profit	229	434	627	1 030	415
Taxes	(66)	(9)	(171)	(253)	101
Profit for the period ²⁾	295	443	797	1 283	314

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				
	2nd quarter	2nd quarter	1st half	1st half	Full year
<i>Amounts in NOK million</i>	2012	2011	2012	2011	2011
Interest result	1 250	2 149	2 599	3 896	(74)
Application of/(transferred to) additional allocations	0	0	0	0	524
Risk result	(6)	(137)	(108)	(135)	129
Administration result	(6)	(4)	(18)	(21)	(192)
Upfront pricing of risk and guaranteed rate of return	146	133	288	263	531
Transferred from security reserve	5	(7)	(5)	(17)	(41)
Provisions for higher life expectancy and proposed allocations to policyholders ^{*)}	1 160	1 700	2 129	2 955	462
Pre-tax operating profit	229	434	627	1 030	415
Taxes	(66)	(9)	(171)	(253)	101
Profit for the period	295	443	797	1 283	314

*) Allocations to policyholders include a proposed increase in premium reserves for group pensions to reflect higher life expectancy, totalling NOK 998 million in the second quarter of 2012 and NOK 1 731 million in the first half of 2012. The provisions, which are preliminary, are financed through the interest result and will be finally determined at year-end. In 2011, the premium reserves for group pensions were increased by NOK 464 million to reflect higher life expectancy.

Note 4 Segments (continued)

Balance sheets ¹⁾

	DNB Livsforsikring		
	30 June 2012	31 Dec. 2011	30 June 2011
<i>Amounts in NOK million</i>			
Assets			
Lending to and deposits with credit institutions	5 669	4 999	6 476
Lending to customers	2 044	1 858	972
Commercial paper and bonds	60 169	72 810	50 002
Shareholdings	39 328	40 607	64 697
Financial assets, customers bearing the risk	25 391	23 776	23 689
Financial derivatives	1 350	1 470	2 291
Commercial paper and bonds, held to maturity	88 308	73 954	69 285
Investment property ²⁾	40 396	37 632	36 143
Investments in associated companies	16	16	17
Intangible assets	213	240	248
Deferred tax assets	77	0	0
Fixed assets	7	10	17
Other assets	3 636	1 460	3 052
Total assets	266 605	258 831	256 889
Liabilities and equity			
Financial derivatives	1 096	2 322	928
Insurance liabilities, customers bearing the risk	25 391	23 776	23 689
Liabilities to life insurance policyholders in DNB Livsforsikring	218 081	212 271	213 390
Payable taxes	2	214	263
Deferred taxes	0	382	243
Other liabilities	4 009	2 646	3 178
Pension commitments	223	224	224
Subordinated loan capital	2 516	2 509	2 477
Total liabilities	251 320	244 343	244 392
Share capital	1 621	1 621	1 321
Share premium reserve	3 875	3 875	1 175
Other equity	9 789	8 992	10 001
Total equity	15 285	14 488	12 497
Total liabilities and equity	266 605	258 831	256 889

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

	DNB Livsforsikring				
	2nd quarter 2012	2nd quarter 2011	1st half 2012	1st half 2011	Full year 2011
<i>Per cent</i>					
Recorded return, excluding unrealised gains on financial instruments ¹⁾	1.4	1.8	2.8	3.3	3.2
Value-adjusted return, excluding unrealised gains on commercial paper and bonds, held to maturity ¹⁾	0.8	0.8	2.8	2.1	2.1
Value-adjusted return, including unrealised gains on commercial paper and bonds, held to maturity, and unrealised gains on current assets ¹⁾	0.9	1.3	3.1	2.1	2.8
Capital adequacy ratio at end of period ²⁾	14.3	9.6	14.3	9.6	15.3
Core capital ratio at end of period ²⁾	13.1	8.5	13.1	8.5	13.9
Solvency margin capital in per cent of requirement at end of period ^{2) 3)}	184	161	184	161	192

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

<i>Amounts in NOK million</i>	DNB Group				
	2nd quarter 2012	2nd quarter 2011	1st half 2012	1st half 2011	Full year 2011
Interest on loans to and deposits with credit institutions	716	421	979	839	1 353
Interest on loans to customers	13 206	11 871	26 682	23 272	48 661
Interest on impaired commitments	161	145	306	313	548
Interest on commercial paper and bonds	1 507	1 640	2 897	3 457	6 692
Front-end fees etc.	80	80	162	140	292
Other interest income	410	320	1 113	634	2 528
Total interest income	16 080	14 478	32 140	28 654	60 075
Interest on loans and deposits from credit institutions	868	1 149	1 760	2 353	4 426
Interest on deposits from customers	4 016	3 278	8 046	6 369	13 942
Interest on debt securities issued	3 477	2 950	6 910	5 707	12 118
Interest on subordinated loan capital	194	156	354	310	616
Other interest expenses ¹⁾	892	897	1 783	1 849	3 721
Total interest expenses	9 446	8 430	18 853	16 588	34 823
Net interest income	6 634	6 048	13 287	12 066	25 252

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

Note 6 Net commissions and fees receivable

<i>Amounts in NOK million</i>	DNB Group				
	2nd quarter 2012	2nd quarter 2011	1st half 2012	1st half 2011	Full year 2011
Money transfer fees receivable	789	733	1 560	1 441	2 984
Fees on asset management services	248	282	508	578	1 115
Fees on custodial services	86	83	161	168	311
Fees on securities broking	37	69	99	158	254
Corporate finance	100	107	285	224	454
Interbank fees	11	24	21	45	92
Credit broking commissions	237	139	289	265	488
Sales commissions on insurance products	665	681	1 316	1 318	2 468
Sundry commissions and fees receivable on banking services	204	248	413	482	968
Total commissions and fees receivable etc.	2 377	2 366	4 651	4 680	9 135
Money transfer fees payable	290	252	549	494	1 049
Commissions payable on fund management services	37	33	76	69	133
Fees on custodial services payable	40	35	75	67	122
Interbank fees	20	34	39	64	130
Credit broking commissions	20	23	47	42	93
Commissions payable on the sale of insurance products	29	34	64	67	124
Sundry commissions and fees payable on banking services	145	142	338	281	605
Total commissions and fees payable etc.	580	553	1 187	1 084	2 256
Net commissions and fees receivable	1 797	1 813	3 464	3 595	6 879

Note 7 Net gains on financial instruments at fair value

<i>Amounts in NOK million</i>	DNB Group				
	2nd quarter 2012	2nd quarter 2011	1st half 2012	1st half 2011	Full year 2011
Dividends	222	280	273	353	521
Net gains on commercial paper and bonds	518	190	1 184	103	418
Net gains on shareholdings	(148)	(133)	(114)	(53)	(247)
Net gains on other financial instruments ¹⁾	2 054	1 015	298	1 611	6 969
Net gains on financial instruments at fair value	2 646	1 351	1 640	2 013	7 661

1) Net losses on other financial instruments in the second 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 instability resulted in unrealised gains on basis swaps of NOK 1 078 million. In the second quarter of 2011, unrealised gains came to NOK 149 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 half 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 under NOK 3 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

<i>Amounts in NOK million</i>	DNB Group				
	2nd quarter 2012	2nd quarter 2011	1st half 2012	1st half 2011	Full year 2011
Income from owned/leased premises	81	39	165	80	222
Fees on real estate broking	316	301	583	500	1 012
Miscellaneous operating income	212	134	383	282	540
Total other income	609	474	1 131	862	1 775

Note 10 Operating expenses

<i>Amounts in NOK million</i>	DNB Group				
	2nd quarter 2012	2nd quarter 2011	1st half 2012	1st half 2011	Full year 2011
Salaries	2 002	1 920	3 958	3 677	7 594
Employer's national insurance contributions	290	265	579	528	985
Pension expenses	329	257	666	510	989
Restructuring expenses	5	1	6	3	11
Other personnel expenses	163	171	348	340	701
Total salaries and other personnel expenses	2 789	2 614	5 558	5 058	10 279
Fees ¹⁾	308	408	598	815	1 775
IT expenses ¹⁾	482	401	982	835	1 658
Postage and telecommunications	91	91	180	186	370
Office supplies	24	23	47	46	105
Marketing and public relations	229	252	481	490	949
Travel expenses	68	70	127	129	277
Reimbursement to Norway Post for transactions executed	35	44	66	85	167
Training expenses	13	18	34	39	75
Operating expenses on properties and premises	330	349	680	701	1 383
Operating expenses on machinery, vehicles and office equipment	39	37	72	73	146
Other operating expenses	247	181	507	405	816
Total other expenses	1 866	1 874	3 773	3 804	7 722
Impairment losses for goodwill ²⁾	0	0	0	0	190
Depreciation and write-downs of fixed and intangible assets	494	444	923	863	1 982
Total depreciation and write-downs of fixed and intangible assets	494	444	923	863	2 172
Total operating expenses	5 149	4 931	10 254	9 725	20 172

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

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

Note 11 Number of employees/full-time positions

				DNB Group	
	2nd quarter 2012	2nd quarter 2011	1st half 2011	1st half 2011	Full year 2011
Number of employees at end of period	14 052	13 592	14 052	13 592	14 072
- of which number of employees abroad	4 662	4 450	4 662	4 450	4 674
Number of employees calculated on a full-time basis at end of period	13 592	13 212	13 592	13 212	13 620
- of which number of employees calculated on a full-time basis abroad	4 560	4 383	4 560	4 383	4 560
Average number of employees	14 065	13 472	14 073	13 431	13 641
Average number of employees calculated on a full-time basis	13 613	13 093	13 623	13 059	13 250

Note 12 Write-downs on loans and guarantees

				DNB Group	
	2nd quarter 2012	2nd quarter 2011	1st half 2012	1st half 2011	Full year 2011
<i>Amounts in NOK million</i>					
Write-offs	62	351	144	394	550
New individual write-downs	805	429	1 810	1 737	4 120
Total new individual write-downs	867	780	1 955	2 131	4 670
Reassessed individual write-downs	163	273	460	630	1 015
Recoveries on commitments previously written off	95	100	197	223	437
Net individual write-downs	609	408	1 297	1 278	3 217
Change in collective write-downs on loans	76	50	172	71	227
Write-downs on loans and guarantees *)	685	457	1 469	1 349	3 445
Write-offs covered by individual write-downs made in previous years	569	983	1 479	1 498	2 753
*) Of which individual write-downs on guarantees	10	(6)	59	2	26

Write-downs on loans and guarantees totalled NOK 685 million for the April through June period, an increase of NOK 227 million from the second quarter of 2011, but a reduction of NOK 99 million from the first quarter of 2012. Individual write-downs in Retail Banking came to NOK 210 million, an increase of NOK 100 million from the second quarter of 2011, but a reduction of NOK 99 million from the first quarter of 2012. At NOK 268 million, individual write-downs in Large Corporates and International were NOK 155 million higher than in the second quarter of 2011 and virtually unchanged from the first quarter of 2012. Write-downs in the Baltics and Poland were reduced from 1.31 per cent of lending in the second quarter of 2011 to 0.74 per cent in the second quarter of 2012.

Note 13 Lending to customers

	DNB Group		
	30 June 2012	31 Dec. 2011	30 June 2011
<i>Amounts in NOK million</i>			
Lending to customers, nominal amount	1 198 417	1 186 159	1 111 382
Individual write-downs	9 293	9 521	8 731
Lending to customers, after individual write-downs	1 189 125	1 176 639	1 102 651
+ Accrued interest and amortisation	2 421	2 156	2 021
- Individual write-downs of accrued interest and amortisation	667	710	693
- Collective write-downs	2 289	2 119	1 893
Lending to customers, at amortised cost	1 188 590	1 175 966	1 102 087
Lending to customers, nominal amount	118 882	102 284	99 289
+ Accrued interest	451	453	436
+ Adjustment to fair value	676	558	149
Lending to customers, at fair value ¹⁾	120 009	103 294	99 875
Lending to customers	1 308 599	1 279 259	1 201 961

1) The fair value of loans in Norwegian kroner increased by NOK 64 million from 31 December 2011 due to narrowing margin requirement.

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

	DNB Group		
	30 June 2012	31 Dec. 2011	30 June 2011
<i>Amounts in NOK million</i>			
Private individuals	3 725	3 771	4 205
Transportation by sea and pipelines and vessel construction	4 772	3 551	390
Real estate	3 229	3 575	2 416
Manufacturing	1 920	2 072	2 785
Services	540	572	1 139
Trade	480	854	613
Oil and gas	19	0	0
Transportation and communication	529	334	432
Building and construction	1 214	647	727
Power and water supply	5	0	1
Seafood	63	67	12
Hotels and restaurants	302	298	327
Agriculture and forestry	184	260	272
Central and local government	0	0	0
Other sectors	113	22	17
Total customers	17 095	16 023	13 338
Credit institutions	0	21	129
Total net impaired loans and guarantees	17 095	16 043	13 467
Non-performing loans and guarantees not subject to write-downs	2 165	3 422	2 586
Total net non-performing and doubtful loans and guarantees	19 260	19 465	16 053

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

<i>Amounts in NOK million</i>	DNB Group		
	30 June 2012	31 Dec. 2011	30 June 2011
DNB Markets	84 165	95 062	98 173
DNB Livsforsikring	88 308	73 954	69 285
Other units ¹⁾	(1 975)	(2 050)	(1 752)
Commercial paper and bonds, held to maturity	170 499	166 965	165 706

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-June 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 second quarter of 2012, there would have been a NOK 59 million decrease 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 30 June 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 31.2 billion at end-June 2012. The average term to maturity of the portfolio was 4.0 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 12 million at end-June 2012.

Effects on profits of the reclassification

<i>Amounts in NOK million</i>	DNB Group				
	2nd quarter 2012	2nd quarter 2011	1st half 2012	1st half 2011	Full year 2011
Recorded amortisation effect	47	76	105	156	329
Net gain, if valued at fair value	(13)	134	234	228	(1 181)
Effects of reclassification on profits	59	(58)	(129)	(72)	1 510

Effects on the balance sheet of the reclassification

<i>Amounts in NOK million</i>	DNB Group		
	30 June 2012	31 Dec. 2011	30 June 2011
Recorded, unrealised losses	800	905	1 078
Unrealised losses, if valued at fair value	2 814	3 048	1 640
Effects of reclassification on the balance sheet	2 015	2 144	562

Development in the portfolio after the reclassification

<i>Amounts in NOK million</i>	DNB Group		
	30 June 2012	31 Dec. 2011	30 June 2011
Reclassified portfolio, recorded value	31 153	39 825	44 490
Reclassified portfolio, if valued at fair value	29 138	37 682	43 928
Effects of reclassification on the balance sheet	2 015	2 144	562

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 second quarter of 2012 are included in the trading portfolio and are recorded at fair value. As at 30 June 2012 DNB Markets' international bond portfolio represented NOK 118.9 billion. 85.8 per cent of the securities in the portfolio had an AAA rating, while 9.2 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.

Asset class	Per cent	DNB Group
	30 June 2012	NOK million 30 June 2012
Consumer credit	0.2	239
Residential mortgages	42.2	50 532
Corporate loans	0.9	1 078
Government related	29.1	34 846
Covered bonds	27.6	33 049
Total international bond portfolio DNB Markets, nominal values	100.0	119 744
Accrued interest, amortisation effects and fair value adjustments		(845)
Total international bond portfolio DNB Markets		118 899
Total international bond portfolio DNB Markets, held to maturity		84 165
Of which reclassified portfolio		31 153

The average term to maturity of DNB Markets' international bond portfolio is 3.0 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 18 million at end-June 2012.

DNB Livsforsikring

DNB Livsforsikring's portfolio of held-to-maturity bonds represents bonds issued by highly creditworthy borrowers. At end-June 2012, bonds with government guarantees represented approximately 23 per cent of the portfolio, while covered bonds represented approximately 35 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

Amounts in NOK million	DNB Group		
	30 June 2012	31 Dec. 2011	30 June 2011
DNB Livsforsikring	40 396	37 632	36 143
Other investment properties ¹⁾	5 177	5 165	4 991
Total investment properties	45 573	42 796	41 134

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 40 396 million as at 30 June 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 second quarter of 2012, external appraisals were obtained for a total of 14 properties, representing 33 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 in DNB Livsforsikring was adjusted upwards by NOK 41 million during the second quarter of 2012. There have been no significant changes in the parameters included in the valuation model. The value increased by NOK 112 million from year-end 2011.

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 4.1 per cent or NOK 980 million. Correspondingly, a 5 per cent change in future market rents will change the value of the property portfolio by 4.3 per cent or NOK 1 023 million.

Changes in the value of investment properties	DNB Group Investment property
<i>Amounts in NOK million</i>	
Recorded value as at 31 December 2010	38 834
Additions, purchases of new properties	286
Additions, capitalised investments	386
Additions, acquired companies	1 775
Net gains resulting from adjustment to fair value	290
Net gains resulting from adjustment to fair value of projects	32
Disposals	336
Exchange rate movements etc.	(133)
Recorded value as at 30 June 2011 ¹⁾	41 134
Recorded value as at 31 December 2011	42 796
Additions, purchases of new properties	3 100
Additions, capitalised investments	548
Additions, acquired companies ²⁾	286
Net gains resulting from adjustment to fair value ³⁾	(216)
Net gains resulting from adjustment to fair value of projects	0
Disposals	678
Exchange rate movements etc.	(263)
Recorded value as at 30 June 2012 ¹⁾	45 573

1) The value of investment properties in DNB Livsforsikring was NOK 40 396 million as at 30 June 2012 and NOK 36 143 million as at 30 June 2011.

2) See note 3 Changes in group structure for information about acquired companies.

3) Of which NOK 328 million represented a negative value adjustment of investment properties which are not owned by DNB Livsforsikring.

Note 17 Intangible assets

	DNB Group		
	30 June 2012	31 Dec. 2011	30 June 2011
<i>Amounts in NOK million</i>			
Goodwill ¹⁾	5 178	5 174	5 312
IT systems development ¹⁾	1 589	1 511	1 433
Other intangible assets	330	319	327
Total intangible assets	7 097	7 003	7 071

1) In the second 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 second 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	DNB Group		
	30 June 2012	31 Dec. 2011	30 June 2011
<i>Amounts in NOK million</i>			
Commercial paper issued, nominal amount	260 126	228 430	170 266
Bond debt, nominal amount ¹⁾	446 585	386 384	362 805
Adjustments	22 599	20 343	5 243
Total debt securities issued	729 309	635 157	538 314

Changes in debt securities issued	DNB Group					
	Balance sheet 30 June 2012	Issued 2012	Matured/ redeemed 2012	Exchange rate movements 2012	Other adjustments 2012	Balance sheet 31 Dec. 2011
<i>Amounts in NOK million</i>						
Commercial paper issued, nominal amount	260 126	260 064	228 368			228 430
Bond debt, nominal amount ¹⁾	446 585	114 620	45 480	(8 939)		386 384
Adjustments	22 599				2 256	20 343
Total debt securities issued	729 309	374 684	273 849	(8 939)	2 256	635 157

Changes in subordinated loan capital and perpetual subordinated loan capital securities	DNB Group					
	Balance sheet 30 June 2012	Issued 2012	Matured/ redeemed 2012	Exchange rate movements 2012	Other adjustments 2012	Balance sheet 31 Dec. 2011
<i>Amounts in NOK million</i>						
Term subordinated loan capital, nominal amount	14 568	5 653	3 968	24		12 859
Perpetual subordinated loan capital, nominal amount	4 109			(49)		4 158
Perpetual subordinated loan capital securities, nominal amount ²⁾	5 904			(69)		5 973
Adjustments	1 388				214	1 174
Total subordinated loan capital and perpetual subordinated loan capital securities	25 968	5 653	3 968	(94)	214	24 163

1) Minus own bonds. Outstanding covered bonds in DNB Boligkreditt totalled NOK 366.0 billion as at 30 June 2012. The cover pool represented NOK 492.0 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. Finansstilsynet 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. The figures as at 30 June 2012 are partially based on estimates.

Primary capital	DNB Bank ASA		DNB Bank Group		DNB Group	
	30 June 2012	31 Dec. 2011	30 June 2012	31 Dec. 2011	30 June 2012	31 Dec. 2011
<i>Amounts in NOK million</i>						
Share capital	18 314	18 314	18 314	18 314	16 261	16 260
Other equity	79 282	79 328	85 951	85 990	98 230	101 555
Total equity	97 596	97 643	104 265	104 304	114 491	117 815
Deductions						
Pension funds above pension commitments	0	0	(22)	(22)	(179)	(126)
Goodwill	(2 431)	(2 419)	(3 788)	(3 834)	(5 675)	(5 741)
Deferred tax assets	(7)	(3)	(634)	(644)	(641)	(651)
Other intangible assets	(1 070)	(1 130)	(1 737)	(2 028)	(1 951)	(2 270)
Dividends payable etc.	0	0	0	0	0	(3 258)
Unrealised gains on fixed assets	0	0	(30)	(30)	(30)	(30)
50 per cent of investments in other financial institutions	(990)	(1 022)	(1 138)	(1 022)	0	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(546)	(648)	(746)	(835)	(746)	(835)
Adjustments for unrealised losses/(gains) on liabilities recorded at fair value	(24)	(24)	(713)	(713)	(713)	(713)
Equity Tier 1 capital	92 529	92 396	95 458	95 177	104 556	104 191
Perpetual subordinated loan capital securities ^{1) 2)}	5 904	5 973	6 090	6 159	6 090	6 159
Tier 1 capital	98 433	98 370	101 549	101 336	110 646	110 350
Perpetual subordinated loan capital	4 109	4 153	4 109	4 153	4 109	4 153
Term subordinated loan capital ²⁾	14 487	12 773	14 848	13 230	14 848	13 230
Deductions						
50 per cent of investments in other financial institutions	(990)	(1 022)	(1 138)	(1 022)	0	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(546)	(648)	(746)	(835)	(746)	(835)
Additions						
45 per cent of unrealised gains on fixed assets	0	0	18	18	18	18
Tier 2 capital	17 060	15 256	17 092	15 544	18 230	16 566
Total eligible primary capital ³⁾	115 493	113 625	118 640	116 879	128 876	126 916
Risk-weighted volume	851 402	874 786	1 018 316	1 018 586	1 116 382	1 111 574
Minimum capital requirement	68 112	69 983	81 465	81 487	89 311	88 926
Equity Tier 1 capital ratio (%)	10.9	10.6	9.4	9.3	9.4	9.4
Tier 1 capital ratio (%)	11.6	11.2	10.0	9.9	9.9	9.9
Capital ratio (%)	13.6	13.0	11.7	11.5	11.5	11.4
Equity Tier 1 capital ratio including 50 per cent of profit for the period (%)	11.3	-	9.7	-	9.6	-
Tier 1 capital ratio including 50 per cent of profit for the period (%)	11.9	-	10.3	-	10.2	-
Capital ratio including 50 per cent of profit for the period (%)	14.0	-	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 30 June 2012, calculations of capital adequacy for the banking group and DNB Group included a total of NOK 548 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 according to the pro-rata method 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

	Nominal exposure 30 June 2012	EAD ¹⁾ 30 June 2012	Risk-weighted volume 30 June 2012	Capital requirements 30 June 2012	DNB Group Capital requirements 31 Dec. 2011
<i>Amounts in NOK million</i>					
IRB approach					
Corporate	828 623	689 431	383 876	30 710	30 453
Specialised Lending (SL)	8 276	8 190	3 827	306	286
Retail - mortgage loans	555 726	555 724	69 021	5 522	5 515
Retail - other exposures	93 191	76 619	24 791	1 983	1 891
Securitisation	84 165	84 165	9 690	775	752
Total credit risk, IRB approach	1 569 983	1 414 130	491 204	39 296	38 898
Standardised approach					
Central government	71 241	84 447	180	14	10
Institutions	125 270	102 773	23 231	1 858	1 922
Corporate	354 805	270 958	257 928	20 634	22 278
Retail - mortgage loans	54 778	52 141	23 259	1 861	1 674
Retail - other exposures	100 189	50 512	38 074	3 046	2 857
Equity positions	2 860	2 860	2 959	237	288
Securitisation	7 657	7 657	1 457	117	143
Other assets	11 165	11 165	11 165	893	901
Total credit risk, standardised approach	727 965	582 513	358 252	28 660	30 074
Total credit risk	2 297 948	1 996 643	849 457	67 957	68 971
Market risk					
Position risk, debt instruments			35 861	2 869	2 833
Position risk, equity instruments			1 142	91	95
Currency risk			0	0	0
Total market risk			37 003	2 960	2 928
Operational risk			67 320	5 386	5 386
Net insurance, after eliminations			101 176	8 094	7 708
Deductions			(567)	(45)	(50)
Total risk-weighted volume and capital requirements before transitional rule			1 054 388	84 351	84 942
Additional capital requirements according to transitional rules ²⁾			61 994	4 959	3 984
Total risk-weighted volume and capital requirements			1 116 382	89 311	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.

Portfolios	Reporting methods for credit risk in capital adequacy calculations	
	30 June 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. Overall liquidity management in the Group implies that 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 65.3 per cent at end-June 2012, up from 53.9 per cent a year earlier. The ratio of deposits to lending in DNB Bank ASA was 114.5 per cent at end-June 2012.

There was an increase in the general level of uncertainty in the capital market during the second quarter. As investors thus showed greater interest in short maturities, this affected the short-term funding markets. The market remains selective, though DNB had ample access to short-term funding throughout this period. Only banks with strong credit ratings have good access to funding, and DNB is one of these banks.

The long-term funding markets were also marked by uncertainty, and few transactions were completed in April and May. This was also due to the fact that a number of European banks funded themselves through the so-called LTRO programme launched by the European Central Bank, ECB. Activity levels increased at the beginning of June, as several of the financially strongest Nordic banks took the opportunity to raise long-term funding. Among other things, DNB issued covered bonds for a total face value of EUR 1.5 billion. Towards the end of June, the level of uncertainty increased again, resulting in a slowdown in activity. The long-term funding markets remain selective, and financially strong banks have the best access to funding, though the price level remains very high.

The average remaining term to maturity for the portfolio of senior bond debt was 4.7 years at end-June 2012, compared with 4.5 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-June 2012, this funding represented NOK 61.0 billion. At end-June 2012, the bank's investments in Treasury bills used in the swap agreements represented NOK 43.2 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 at a price of EUR 10.5 million, while the shares in AS DNB Baltics IT were taken over at a price of EUR 2.8 million in the second quarter of 2012. Both companies were acquired from Bank DNB A/S in Copenhagen. The transactions are part of the integration of operations in the former DnB NORD into the DNB Group.

During the second quarter of 2012, AS DNB Liising in Estonia received a capital injection of just over EUR 90 million, while the Polish subsidiary of Bank DNB A/S received a capital injection of PLN 487 million.

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

Off-balance sheet transactions and additional information	DNB Group		
	30 June 2012	31 Dec. 2011	30 June 2011
<i>Amounts in NOK million</i>			
Performance guarantees	44 296	47 530	37 637
Payment guarantees	25 246	23 439	21 995
Loan guarantees ¹⁾	19 220	17 666	12 413
Guarantees for taxes etc.	6 471	5 645	5 150
Other guarantee commitments	2 566	2 285	2 343
Total guarantee commitments	97 800	96 565	79 537
Support agreements	10 753	10 237	10 038
Total guarantee commitments etc. ^{*)}	108 552	106 802	89 575
Unutilised credit lines and loan offers	511 225	519 143	412 140
Documentary credit commitments	3 551	2 594	2 495
Other commitments	3 046	1 381	1 568
Total commitments	517 823	523 118	416 203
Total guarantee and off-balance commitments	626 375	629 920	505 778
Pledged securities	94 447	90 524	91 437
^{*)} Of which counter-guaranteed by financial institutions	1 364	19	19

1) DNB Bank ASA 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 6 064 million were recorded in the balance sheet as at 30 June 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, which has been approved by the court. The case has thus been closed.

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, and the court proceedings are scheduled for October 2012.

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 30 June 2012 and up till the Board of Directors' final consideration of the accounts on 11 July 2012.

DNB ASA

Income statement

	DNB ASA				
Amounts in NOK million	2nd quarter 2012	2nd quarter 2011	1st half 2012	1st half 2011	Full year 2011
Total interest income	35	118	90	228	474
Total interest expenses	122	91	222	182	385
Net interest income	(87)	26	(132)	46	90
Commissions and fees payable etc.	2	2	3	4	6
Other income ¹⁾	0	0	0	0	183
Net other operating income	(2)	(2)	(3)	(4)	177
Total income	(89)	24	(136)	42	267
Salaries and other personnel expenses	0	2	0	3	6
Other expenses	106	59	213	120	243
Total operating expenses	106	61	213	123	249
Pre-tax operating profit	(195)	(37)	(349)	(81)	18
Taxes	(55)	(10)	(98)	(23)	5
Profit for the period	(140)	(27)	(251)	(58)	13
Earnings/diluted earnings per share (NOK)	(0.09)	(0.02)	(0.15)	(0.04)	0.01
Earnings per share excluding operations held for sale (NOK)	(0.09)	(0.02)	(0.15)	(0.04)	0.01

1) Dividends from group companies/group contributions.

Balance sheet

	DNB ASA		
Amounts in NOK million	30 June 2012	31 Dec. 2011	30 June 2011
Assets			
Deposits with DNB Bank ASA	3 980	7 356	18 171
Lending to other group companies	228	225	225
Investments in group companies	62 216	62 216	51 216
Receivables due from group companies	0	183	0
Other assets	98	0	23
Total assets	66 522	69 981	69 634
Liabilities and equity			
Loans from and outstandings to DNB Bank ASA	10 532	10 477	10 204
Other liabilities and provisions	1	3 263	4
Paid-in capital	38 844	38 844	38 844
Retained earnings	17 144	17 395	20 582
Total liabilities and equity	66 522	69 981	69 634

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			(58)	(58)
Balance sheet as at 30 June 2011	16 288	22 556	20 582	59 426
Balance sheet as at 31 December 2011	16 288	22 556	17 395	56 240
Profit for the period			(251)	(251)
Balance sheet as at 30 June 2012	16 288	22 556	17 144	55 989

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.

Statement

pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that the half-yearly financial statements for the Group and the company for the period 1 January through 30 June 2012 to the best of our knowledge have been prepared in accordance with IAS 34 Interim Financial Reporting, as endorsed by the EU, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the company taken as a whole.

To the best of our knowledge, the half-yearly report gives a true and fair:

- overview of important events that occurred during the accounting period and their impact on the half-yearly financial statements
- description of the principal risks and uncertainties facing the Group over the next accounting period
- description of major transactions with related parties.

Oslo, 11 July 2012
The Board of Directors of DNB ASA

Anne Carine Tanum
(chairman)

Tore Olaf Rimmereid
(vice-chairman)

Jarle Bergo

Bente Brevik

Sverre Finstad

Carl A. Løvvik

Vigdis Mathisen

Berit Svendsen

Rune Bjerke
(group chief executive)

Bjørn Erik Næss
(chief financial officer)

Key figures

	DNB Group				
	2nd quarter 2012	2nd quarter 2011	1st half 2012	1st half 2011	Full year 2011
Interest rate analysis					
1. Combined weighted total average spread for lending and deposits (%)	1.18	1.10	1.17	1.11	1.12
2. Average spread for ordinary lending to customers (%)	1.98	1.55	1.91	1.58	1.59
3. Average spread for deposits from customers (%)	(0.11)	0.31	(0.04)	0.30	0.30
Rate of return/profitability					
4. Net other operating income, per cent of total income	44.0	39.7	33.9	38.2	39.9
5. Cost/income ratio (%)	43.5	49.2	51.0	49.8	47.1
6. Return on equity, annualised (%)	15.3	12.6	10.7	11.5	11.4
7. RARORAC, annualised (%)	20.5	18.9	20.1	19.7	16.6
8. RORAC, annualised (%)	27.8	21.9	18.7	20.0	19.1
9. Average equity including allocated dividend (NOK million)	120 508	112 536	119 389	112 660	113 934
10. Return on average risk-weighted volume, annualised (%)	1.64	1.36	1.15	1.24	1.22
Financial strength					
11. Equity Tier 1 capital ratio at end of period (%)	9.4	8.9	9.4	8.9	9.4
12. Equity Tier 1 capital ratio incl. 50 per cent of profit for the period (%)	9.6	9.2	9.6	9.2	-
13. Tier 1 capital ratio at end of period (%)	9.9	9.5	9.9	9.5	9.9
14. Tier 1 capital ratio incl. 50 per cent of profit for the period (%)	10.2	9.8	10.2	9.8	-
15. Capital ratio at end of period (%)	11.5	11.4	11.5	11.4	11.4
16. Capital ratio incl. 50 per cent of profit for the period (%)	11.8	11.7	11.8	11.7	-
17. Tier 1 capital at end of period (NOK million)	110 646	101 029	110 646	101 029	110 350
18. Risk-weighted volume at end of period (NOK million)	1 116 382	1 064 474	1 116 382	1 064 474	1 111 574
Loan portfolio and write-downs					
19. Individual write-downs relative to average net lending to customers, annualised	0.19	0.14	0.20	0.22	0.27
20. Write-downs relative to average net lending to customers, annualised	0.21	0.15	0.23	0.23	0.28
21. Net non-performing and net doubtful commitments, per cent of net lending	1.45	1.31	1.45	1.31	1.50
22. Net non-performing and net doubtful commitments at end of period (NOK million)	19 260	16 053	19 260	16 053	19 465
Liquidity					
23. Ratio of customer deposits to net lending to customers at end of period (%)	65.3	53.9	65.3	53.9	57.8
Total assets owned or managed by DNB					
24. Customer assets under management at end of period (NOK billion)	506	504	506	504	506
25. Total combined assets at end of period (NOK billion)	2 633	2 125	2 633	2 125	2 395
26. Average total assets (NOK billion)	2 400	2 166	2 335	2 128	2 148
27. Customer savings at end of period (NOK billion)	1 360	1 152	1 360	1 152	1 246
Staff					
28. Number of full-time positions at end of period	13 592	13 212	13 592	13 212	13 620
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	1 628 799
30. Average number of shares (1 000)	1 628 799	1 628 799	1 628 799	1 628 799	1 628 799
31. Earnings per share (NOK)	2.82	2.18	3.90	3.94	7.98
32. Earnings per share excluding operations held for sale (NOK)	2.76	2.18	3.84	3.96	7.99
33. Dividend per share (NOK)	-	-	-	-	2.00
34. Total shareholders' return (%)	(17.2)	(7.2)	3.5	(3.9)	(25.2)
35. Dividend yield (%)	-	-	-	-	3.42
36. Equity per share including allocated dividend at end of period (NOK)	74.18	68.17	74.18	68.17	72.33
37. Share price at end of period (NOK)	58.95	75.20	58.95	75.20	58.55
38. Price/earnings ratio	5.34	8.64	7.67	9.50	7.33
39. Price/book value	0.79	1.10	0.79	1.10	0.81
40. Market capitalisation (NOK billion)	96.0	122.5	96.0	122.5	95.4

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.
- 6 Average equity is calculated on the basis of recorded equity.
- 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 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 Holdings of own shares are not included in calculations of earnings per share.
- 32 Excluding operations held for sale. 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 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

<i>Amounts in NOK million</i>	2nd quarter 2012	1st quarter 2012	4th quarter 2011	3rd quarter 2011	2nd quarter 2011
Total interest income	16 080	16 060	15 996	15 424	14 478
Total interest expenses	9 446	9 407	9 204	9 030	8 430
Net interest income	6 634	6 653	6 792	6 394	6 048
Commissions and fees receivable etc.	2 377	2 274	2 087	2 368	2 366
Commissions and fees payable etc.	580	607	592	580	553
Net gains on financial instruments at fair value	2 646	(1 006)	3 397	2 250	1 351
Net gains on assets in DNB Livsforsikring	1 940	4 562	4 269	(5 266)	3 349
Guaranteed returns and allocations to policyholders in DNB Livsforsikring	1 836	4 157	4 124	(4 208)	2 884
Premium income etc. included in the risk result in DNB Livsforsikring	991	1 330	1 291	1 213	1 211
Insurance claims etc. included in the risk result in DNB Livsforsikring	992	1 442	1 247	1 017	1 355
Premium income, DNB Skadeforsikring	310	303	288	292	218
Insurance claims etc., DNB Skadeforsikring	218	254	225	218	164
Profit from companies accounted for by the equity method	141	225	111	(79)	(28)
Net gains on investment property	(184)	(144)	(132)	93	(1)
Other income	609	522	474	439	474
Net other operating income	5 204	1 607	5 599	3 703	3 984
Total income	11 837	8 261	12 392	10 097	10 032
Salaries and other personnel expenses	2 789	2 768	2 618	2 603	2 614
Other expenses	1 866	1 907	2 098	1 819	1 874
Depreciation and write-downs of fixed and intangible assets	494	430	870	439	444
Total operating expenses	5 149	5 105	5 586	4 862	4 931
Net gains on fixed and intangible assets	37	7	(1)	6	9
Write-downs on loans and guarantees	685	784	926	1 170	457
Pre-tax operating profit	6 041	2 378	5 878	4 072	4 652
Taxes	1 553	618	1 790	1 604	1 116
Profit from operations held for sale, after taxes	92	0	0	25	11
Profit for the period	4 580	1 760	4 089	2 493	3 546
Earnings/diluted earnings per share (NOK)	2.82	1.08	2.51	1.53	2.18

Profit and balance sheet trends (continued)

Balance sheet	DNB Group				
	30 June 2012	31 March 2012	31 Dec. 2011	30 Sept. 2011	30 June 2011
<i>Amounts in NOK million</i>					
Assets					
Cash and deposits with central banks	410 135	433 396	224 581	276 593	15 828
Lending to and deposits with credit institutions	32 258	35 018	28 754	56 432	41 096
Lending to customers	1 308 599	1 284 526	1 279 259	1 247 477	1 201 961
Commercial paper and bonds	196 935	199 431	177 980	157 164	187 293
Shareholdings	49 417	53 024	53 012	72 069	79 154
Financial assets, customers bearing the risk	25 391	25 770	23 776	22 712	23 689
Financial derivatives	90 707	81 555	96 693	110 664	67 627
Commercial paper and bonds, held to maturity	170 499	168 644	166 965	165 849	165 706
Investment property	45 573	43 049	42 796	42 802	41 134
Investments in associated companies	2 552	2 407	2 189	2 050	2 157
Intangible assets	7 097	7 020	7 003	7 151	7 071
Deferred tax assets	633	640	643	505	173
Fixed assets	6 780	6 569	6 336	6 010	5 968
Assets held for sale	9	1 092	1 054	1 206	1 172
Other assets	25 762	28 811	15 055	14 417	13 818
Total assets	2 372 347	2 370 952	2 126 098	2 183 100	1 853 848
Liabilities and equity					
Loans and deposits from credit institutions	294 125	353 395	279 553	356 347	207 494
Deposits from customers	853 877	805 985	740 036	752 660	647 880
Financial derivatives	60 857	56 039	64 365	75 908	51 018
Debt securities issued	729 309	717 598	635 157	596 266	538 314
Insurance liabilities, customers bearing the risk	25 391	25 770	23 776	22 712	23 689
Liabilities to life insurance policyholders in DNB Livsforsikring	218 081	218 093	212 271	209 889	213 390
Insurance liabilities, DNB Skadeforsikring	1 954	1 945	1 589	1 644	1 445
Payable taxes	1 584	356	634	3 729	2 092
Deferred taxes	4 029	4 856	4 897	205	219
Other liabilities	32 591	34 342	17 550	19 188	25 315
Liabilities held for sale	0	361	383	360	331
Provisions	610	525	787	560	560
Pension commitments	3 138	3 149	3 123	3 360	3 369
Subordinated loan capital	25 968	29 021	24 163	26 495	27 702
Total liabilities	2 251 516	2 251 434	2 008 284	2 069 325	1 742 819
Share capital	16 261	16 275	16 260	16 273	16 253
Share premium reserve	22 609	22 609	22 609	22 609	22 609
Other equity	81 961	80 634	78 946	74 894	72 167
Total equity	120 831	119 518	117 815	113 776	111 028
Total liabilities and equity	2 372 347	2 370 952	2 126 098	2 183 100	1 853 848

Information about the DNB Group

Head office DNB ASA

Mailing address NO-0021 Oslo
Visiting address Stranden 21, Oslo
Telephone +47 915 03000
Internet dnb.no
Organisation number Register of Business Enterprises NO 981 276 957 MVA

Board of Directors in DNB ASA

Anne Carine Tanum, chairman
Tore Olaf Rimmereid, vice-chairman
Jarle Berge
Bente Brevik
Sverre Finstad
Carl A. Løvvik
Vigdis Mathisen
Berit Svendsen

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

Investor Relations

Bjørn Erik Næss, chief financial officer	tel. +47 2326 8401	bjorn.erik.naess@dnb.no
Per Sagbakken, head of IR/Long-term Funding	tel. +47 2326 8400	per.sagbakken@dnb.no
Thor Tellefsen	tel. +47 2326 8404	thor.tellefsen@dnb.no
Trond Sannes Marthinsen	tel. +47 2326 8403	trond.marthinsen@dnb.no

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.

The quarterly report has been produced by Group Financial Reporting in DNB.
Translation: Gina Fladmoe, Nathalie Samuelsen and Pål Jørgen Bakke, DNB.

DNB
Stranden 21
Aker Brygge
N-0021 Oslo

dnb.no