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DNB GROUP

Fourth quarter report 2012

(PRELIMINARY AND UNAUDITED)

Financial highlights

DNB Group

Income statement *Amounts in NOK million*	4th quarter 2012	4th quarter 2011	Full year 2012	Full year 2011
Net interest income	7 101	6 792	27 216	25 252
Net commissions and fees, core business [1]	*1 896*	*1 632*	*7 511*	*7 436*
Net financial items	*2 165*	*3 967*	*6 990*	*9 317*
Net other operating income, total	4 061	5 599	14 501	16 754
Ordinary operating expenses	5 299	5 206	20 660	19 792
Other expenses	202	380	287	380
Pre-tax operating profit before impairment	5 660	6 806	20 769	21 833
Net gains on fixed and intangible assets	(65)	(1)	(1)	19
Impairment of loans and guarantees	1 190	926	3 179	3 445
Pre-tax operating profit	4 406	5 878	17 589	18 407
Taxes	601	1 790	4 028	5 423
Profit from operations held for sale, after taxes	4	0	96	(5)
Profit for the period	**3 810**	**4 089**	**13 657**	**12 979**

Balance sheet *Amounts in NOK million*	31 Dec. 2012	31 Dec. 2011
Total assets	2 264 845	2 126 098
Loans to customers	1 297 892	1 279 259
Deposits from customers	810 959	740 036
Total equity	128 035	117 815
Average total assets	2 363 517	2 147 853
Total combined assets	2 472 698	2 394 579

Key figures	4th quarter 2012	4th quarter 2011	Full year 2012	Full year 2011
Combined weighted total average spread for lending and deposits (per cent)	1.22	1.14	1.18	1.12
Cost/income ratio (per cent)	47.5	42.0	49.5	47.1
Impairment relative to average net loans to customers, annualised	0.36	0.29	0.24	0.28
Return on equity, annualised (per cent)	12.0	13.8	11.2	11.4
Earnings per share (NOK)	2.34	2.51	8.39	7.98
Dividend per share (NOK) [2]	-	-	2.10	2.00
Equity Tier 1 capital ratio at end of period (per cent)	10.7	9.4	10.7	9.4
Tier 1 capital ratio at end of period (per cent)	11.0	9.9	11.0	9.9
Capital ratio at end of period (per cent)	12.6	11.4	12.6	11.4
Share price at end of period (NOK)	70.40	58.55	70.40	58.55
Price/book value	0.90	0.81	0.90	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) *Proposed dividend for 2012.*

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.

Fourth quarter report 2012

Directors' report

Fourth quarter 2012

DNB recorded profits of NOK 3 810 million in the fourth quarter of 2012, down NOK 279 million or 6.8 per cent from the fourth quarter of 2011. Adjusted for the effect of basis swaps[1)], there was an increase in profits of NOK 1 042 million or approximately 40 per cent, reflecting higher income, reduced costs and lower taxes. The Group's capital adequacy levels showed a positive trend, and the common equity Tier 1 capital ratio, calculated according to the Basel II transitional rules, was 10.7 per cent at end-December 2012.

Average lending volumes increased by 3.4 per cent from the fourth quarter of 2011. However, lending growth slowed during the final quarters of 2012, and lending volume in the fourth quarter was 0.4 per cent below the third-quarter figure. Measured against the 3-month money market rate, lending spreads widened from 1.64 per cent in the fourth quarter of 2011 to 2.18 per cent in the fourth quarter of 2012. DNB needs to increase its equity capital, inter alia by increasing spreads to meet the ever stricter capital requirements from the authorities. Deposit spreads narrowed to minus 0.27 per cent, reflecting continued strong competition for deposits and lower money market rates. Overall, volume-weighted spreads widened by 0.08 percentage points from the fourth quarter of 2011.

Adjusted for the accounting effect of basis swaps, other operating income rose by 8.4 per cent from the fourth quarter of 2011. The rise in income primarily reflected a strong trend in stock market-related income and a rise in commission and fee income.

Adjusted for non-recurring effects and costs pertaining to non-core operations, operating expenses were reduced by 2.4 per cent from the fourth quarter of 2011. There was a decline in IT expenses and performance-based pay parallel to a rise in pension expenses due to falling interest rate levels.

Impairment losses on loans and guarantees totalled NOK 1 190 million, an increase from both the fourth quarter of 2011 and the third quarter of 2012. The increase mainly reflected higher impairment within shipping due to the weaker economic situation.

Return on equity was 12.0 per cent, down from 13.8 per cent in the fourth quarter of 2011. Adjusted for the effect of basis swaps, return on equity increased from 8.8 per cent to 11.5 per cent. The cost/income ratio, adjusted for the effect of basis swaps, was reduced from 50.4 per cent in the fourth quarter of 2011 to 48.5 per cent.

The DNB Group's organisational structure was changed at the start of 2013. The largest changes were the division of personal and corporate banking into separate business areas and the establishment of a new business area to serve high-net worth clients. The new structure aims to strengthen the DNB organisation and make it better prepared to meet changes in the regulatory framework and customer behaviour.

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.*

Income statement for the fourth quarter of 2012

Net interest income

Amounts in NOK million	4th quarter 2012	Change	4th quarter 2011
Net interest income	7 101	309	6 792
Lending and deposit spreads		622	
Lending and deposit volumes		173	
Amortisation effects on the international bond portfolio		(84)	
Equity and non-interest bearing items		(202)	
Long-term funding costs		(305)	
Other net interest income		105	

Net interest income showed a healthy trend, rising by NOK 309 million or 4.5 per cent from the fourth quarter of 2011. On an annual basis, there was a 7.8 per cent increase. Lending spreads widened by 0.53 percentage points, while deposit spreads narrowed by 0.55 percentage points. Retail Banking and DNB Baltics experienced the strongest increase in lending spreads. The volume-weighted spread widened by 0.08 percentage points. Average lending volumes increased by 3.4 per cent from the fourth quarter of 2011, while deposits were up 13.7 per cent. Due to stricter capital requirements, there was a lower level of activity in some customer segments. Long-term funding costs were up NOK 305 million compared with the fourth quarter of 2011. Parallel to this, a declining interest rate level resulted in lower interest income on equity.

Net other operating income

Amounts in NOK million	4th quarter 2012	Change	4th quarter 2011
Net other operating income	4 061	(1 538)	5 599
Net stock market-related income		463	
Net other commissions and fees		245	
Net gains on investment property		116	
Net insurance-related income from DNB Skadeforsikring excl. reclassifications [1)]		85	
Profits from associated companies		66	
Real estate broking		28	
Net financial and risk result from DNB Livsforsikring [2)]		(50)	
Reclassifications in DNB Skadeforsikring [1)]		(70)	
Net other gains on foreign exchange and interest rate instruments [3)]		(603)	
Basis swaps		(1 834)	
Other operating income		16	

1) *Compensation payments have been reclassified from operating expenses.*
2) *Guaranteed returns and allocations to policyholders deducted.*
3) *Excluding guarantees and basis swaps.*

Net other operating income declined by NOK 1 538 million from the fourth quarter of 2011. Adjusted for the effect of basis swaps, there was a NOK 297 million increase in income. In consequence of a stronger stock market, income from equity investments showed a healthy trend. In addition, there was a high level of commission and fee income for the quarter. On the other hand, customer and trading revenues from foreign exchange and interest rate instruments showed a weaker trend, declining by NOK 603 million.

Operating expenses

Amounts in NOK million	4th quarter 2012	Change	4th quarter 2011
Operating expenses	5 502	(84)	5 586
Costs for non-core operations		37	
Non-recurring effects:			
Impairment losses for goodwill, intangible assets, leases etc.		(49)	
Restructuring costs		89	
Reclassifications etc.		(38)	
Total adjusted operating expenses	5 053	(123)	5 176
Income-related costs:			
Operational leasing		32	
Performance-based pay		(191)	
Expenses related to operations:			
Rise in pension expenses		182	
Ordinary wage inflation		80	
IT expenses		(124)	
Marketing etc.		(36)	
Other costs		(65)	

The Group's operating expenses were brought down 1.5 per cent from the fourth quarter of 2011. Adjusted for costs for non-core operations acquired by the Group and non-recurring effects, there was a NOK 123 million or 2.4 per cent reduction in expenses. The reduction mainly reflected lower costs related to performance-based pay and IT operations, though there was also a decline in costs in other areas. There was an increase in pension expenses due to lower interest rate levels.

During 2011, the Group expanded its operations both in Norway and internationally, while the number of full-time positions in other parts of operations was reduced through 2012. Overall, the number of full-time positions was reduced by 329 from end-December 2011.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 1 190 million, up NOK 264 million from the fourth quarter of 2011.

At NOK 949 million, individual impairment declined by NOK 72 million from the fourth quarter of 2011, but rose by NOK 279 million from the third quarter of 2012. The increase from the third quarter of 2012 related mainly to corporate customers in Retail Banking. The level of impairment was markedly reduced in the Baltics and Poland from the fourth quarter of 2011. In the fourth quarter of 2012, impairment represented a lower percentage of loans in the Baltics and Poland than in the rest of the Group.

There were reversals of collective impairment losses of NOK 94 million in the fourth quarter of 2011, while the weak economic conditions in the shipping industry resulted in new collective impairment of NOK 241 million in the fourth quarter of 2012.

Taxes

The DNB Group's tax charge for the fourth quarter of 2012 was NOK 601 million, down from NOK 1 790 million in the year-earlier period. Relative to pre-tax operating profits, the estimated tax charge was 13.6 per cent, compared with 30.5 per cent in the fourth quarter of 2011. The reduction in the tax charge was of a temporary nature and mainly reflected changes in estimated taxes for international operations.

Business areas

DNB's 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 and services. In 2012, activities in DNB were organised in the business areas Retail Banking, Large Corporates and International, DNB Markets and Insurance and Asset Management. In addition, operations in DNB Baltics and Poland were reported as a separate profit centre.

Retail Banking

In 2012, Retail Banking was responsible for serving the Group's 2.1 million personal customers and some 220 000 corporate customers through the branch network and customer service centres in Norway. DNB aspires to be a local bank for the whole of Norway, while offering the expertise of a large bank.

Pre-tax operating profits totalled NOK 2 246 million in the fourth quarter of 2012, an increase of NOK 404 million from the year-earlier period. Operating profits for the full year also showed a healthy trend, rising by NOK 1 611 million to NOK 8 825 million. There was a positive development in volumes and a satisfactory trend in non-performing loans and guarantees and impairment losses.

Retail Banking	4th quarter		Full year	
Income statement in NOK million	2012	2011	2012	2011
Net interest income	4 378	3 812	16 364	14 397
Other operating income	937	892	3 970	3 681
Income attributable to product suppliers	297	340	1 135	1 328
Net other operating income	1 234	1 232	5 105	5 010
Total income	5 612	5 044	21 469	19 406
Other operating expenses	2 717	2 752	10 895	10 659
Costs attributable to product suppliers	148	176	562	658
Total operating expenses	2 865	2 929	11 457	11 317
Pre-tax operating profit before impairment	2 747	2 116	10 012	8 089
Net gains on fixed assets	1	0	0	2
Impairment loss on loans and guarantees	467	274	1 139	877
Profit from repossessed operations	(35)	0	(48)	0
Pre-tax operating profit	2 246	1 842	8 825	7 214
Average balance sheet items in NOK billion				
Net lending to customers	868.7	809.2	847.4	784.0
Deposits from customers	463.6	424.4	448.8	404.9
Key figures in per cent				
Lending spread [1)]	2.24	1.57	2.04	1.54
Deposit spread [1)]	(0.39)	0.43	(0.14)	0.45
Return on risk-adjusted capital [2)]	30.3	23.8	30.6	24.6
Cost/income ratio	51.0	58.1	53.1	58.3
Ratio of deposits to loans	53.4	52.5	53.0	51.6
Number of full-time positions, end of period			4 897	5 040

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

There was continued brisk growth in home mortgages during the fourth quarter of 2012, while loans to corporate customers showed slower growth. Average net loans increased by 7.4 per cent from the fourth quarter of 2011, parallel to brisk deposit growth at 9.2 per cent for the period. Along with customer deposits, covered bonds based on home mortgages in DNB Boligkreditt were key sources of funding. At end-December 2012, 94 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 fourth quarter of 2011. Deposit spreads narrowed due to lower interest rate levels and strong competition in the market. The average volume-weighted interest rate spread was 1.34 per cent in the fourth quarter of 2012, an increase from 1.18 per cent in the year-earlier period.

In September 2012, an agreement was signed on the sale of SalusAnsvar AB in Sweden, and the company was reclassified as “held for sale” as from 1 October 2012. The sale was formally completed in late January 2013. Adjusted for income from SalusAnsvar, other operating income increased by NOK 33 million compared with the fourth quarter of 2011. Income from real estate broking, guarantee commissions and payment services showed a positive trend, while there was a reduction in income from interest rate instruments. Adjusted for expenses in SalusAnsvar, operating expenses were NOK 34 million lower than in the fourth quarter of 2011. A high level of activity in DNB Finans gave an increase in depreciation on operational leasing, while lower IT development activity brought down costs. Excluding full-time positions in SalusAnsvar, the number of full-time positions was 4 759 at end-December 2012, with 4 574 in the business area's units in Norway.

The quality of the loan portfolio was sound in both the retail and corporate markets. On an annual basis, net impairment of loans increased by NOK 262 million and represented 0.13 per cent of net loans, up from 0.11 per cent in 2011. Net non-performing and doubtful loans and guarantees amounted to NOK 5.9 billion at end-December 2012, down NOK 0.3 billion from end-December 2011.

The market share of credit to households stabilised through 2012 and stood at 27.8 per cent as at 30 November. The market share of wage-earner savings was 34.6 per cent on the same date.

Housing prices are expected to increase further in 2013, though extensive housebuilding activity could dampen price growth. Low interest rates combined with high real wage growth and a stable, low unemployment rate provide a basis for strong consumption growth. Retail Banking expects moderate lending growth. Impairment of loans to both personal and corporate customers is expected to remain low.

Large Corporates and International

Large Corporates and International serves large Norwegian corporate customers and the Group’s international customers. Operations are based on broad and sound industry expertise and long-term customer relationships.

Pre-tax operating profits came to NOK 1 734 million in the fourth quarter of 2012, down NOK 112 million from the fourth quarter of 2011, reflecting an increase in impairment of loans. Operating profits for the full year rose by NOK 860 million compared with 2011, totalling NOK 7 594 million.

Large Corporates and International	4th quarter		Full year	
Income statement in NOK million	2012	2011	2012	2011
Net interest income	2 362	2 440	9 335	8 245
Other operating income	351	286	1 309	1 097
Income attributable to product suppliers	634	516	2 344	2 100
Net other operating income	985	802	3 653	3 196
Total income	3 346	3 242	12 987	11 441
Other operating expenses	671	705	2 600	2 463
Costs attributable to product suppliers	268	219	972	873
Total operating expenses	939	924	3 572	3 336
Pre-tax operating profit before impairment	2 407	2 318	9 415	8 106
Impairment loss on loans and guarantees	670	336	1 674	1 176
Profit from repossessed operations	(2)	(136)	(148)	(197)
Pre-tax operating profit	1 734	1 846	7 594	6 734
Average balance sheet items in NOK billion				
Net lending to customers	383.9	395.0	396.0	367.3
Deposits from customers	308.9	249.5	288.3	234.7
Key figures in per cent				
Lending spread [1)]	2.02	1.76	1.91	1.66
Deposit spread [1)]	(0.17)	(0.01)	(0.15)	0.02
Return on risk-adjusted capital [2)]	20.0	20.9	21.7	20.6
Cost/income ratio	28.1	28.5	27.5	29.2
Ratio of deposits to loans	80.5	63.2	72.8	63.9
Number of full-time positions, end of period			1 118	1 174

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

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

Average loans to customers were reduced by 2.8 per cent from the fourth quarter of 2011. The reduction reflected exchange rate movements, strategic portfolio adjustments, brisk bond market activity and weak credit demand in several customer segments. Lending volumes were reduced during the second half of the year, reflecting an intended shift in risk exposure to specific segments. There was a NOK 15.6 billion decline in lending volumes from the third to the fourth quarter of 2012.

There was a significant rise in deposits throughout 2012, with an increase of 23.8 per cent from the fourth quarter of 2011 to the fourth quarter of 2012. Deposits increased by 4.8 per cent from the third quarter of 2012.

Relative to the 3-month money market rate, average lending spreads were 2.02 per cent in the fourth quarter of 2012, widening by 0.26 percentage points from the fourth quarter of 2011 and 0.06 percentage points from the third quarter of 2012. The widening spreads helped compensate for higher long-term funding costs. There was strong competition for deposits, and deposit spreads declined by 0.16 percentage points from the fourth quarter of 2011, while there was a 0.03 percentage point increase from the third quarter of 2012.

The rise in other operating income was mainly attributable to an increase in income from guarantees, a positive development in the market value of acquired equities and shareholdings and higher income from cross-sales of DNB Markets products.

Operating expenses rose by 1.7 per cent from the fourth quarter of 2011 to the fourth quarter of 2012. Staff numbers were reduced in defined areas, while there was an overall rise in costs due to higher restructuring expenses, impairment of intangible assets and higher income-related product costs. The cost/income ratio declined by 0.4 percentage points from the fourth quarter of 2011. At end-December 2012, staff in the business area represented 1 118 full-time positions, including 635 positions outside Norway.

Net impairment represented 0.69 per cent of net loans to customers in the fourth quarter of 2012, of which individual impairment represented 0.50 per cent. In the fourth quarter of 2011, net individual impairment came to 0.32 per cent of net loans. Net non-performing and doubtful loans and guarantees amounted to NOK 8.7 billion at end-December 2012, up NOK 0.8 billion from end-September. The corresponding figure at end-December 2011 was NOK 6.4 billion. The increase was due to impairment of a few large loans.

The quality of the loan portfolios was considered to be sound at year-end 2012. Close follow-up of customers and preventive credit management measures are vital to ensuring satisfactory quality. Market conditions caused challenges for certain customer segments, especially shipping.

DNB will give priority to strong, long-term and profitable customer relationships. Sound customer relationships, close customer follow-up and the Group's wide range of products and expertise will form the basis for operations over the coming years. Average lending spreads are expected to increase further through continued repricing in certain segments. It is anticipated that competition for stable customer deposits will continue, which could put further pressure on deposits spreads.

DNB Markets

DNB Markets, Norway's largest provider of securities and investment services, recorded healthy profits in both the fourth quarter and the full year 2012. Pre-tax operating profits totalled NOK 1 045 million in the fourth quarter, up 3.5 per cent compared with the year-earlier period. The rise in profits reflected higher income from corporate finance, especially from arranging bond issues. Pre-tax operating profits for the full year 2012 were NOK 5 375 million, up NOK 1 214 million from 2011.

DNB Markets	4th quarter		Full year	
Income statement in NOK million	2012	2011	2012	2011
FX, interest rate and commodity derivatives	361	407	1 554	1 476
Investment products	81	137	367	432
Corporate finance	290	106	920	770
Securities services	56	55	220	230
Total customer revenues	787	705	3 061	2 908
Net income from international bond portfolio	399	51	2 168	591
Other market making/trading revenues	342	687	2 161	2 495
Total trading revenues	741	738	4 329	3 086
Interest income on allocated capital	32	50	157	165
Total income	1 560	1 493	7 547	6 159
Operating expenses	513	483	2 170	1 999
Pre-tax operating profit before impairment	1 048	1 009	5 378	4 160
Net gains on fixed assets	(3)	0	(3)	0
Pre-tax operating profit	1 045	1 009	5 375	4 160
Key figures in per cent				
Return on risk-adjusted capital 1)	45.5	42.9	57.0	51.0
Cost/income ratio	32.9	32.4	28.8	32.5
Number of full-time positions, end of period			722	698

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

Customer-related revenues totalled NOK 787 million, up NOK 82 million from the fourth quarter of 2011.

The decline in customer-related income from foreign exchange and interest rate and commodity derivatives from the fourth quarter of 2011 reflected reduced demand for interest rate hedging products. Due to declining interest rate levels in the fourth quarter of 2011, a large number of customers entered into hedging contracts in 2011, while there was less need for such hedging in 2012. The level of income from foreign exchange increased from the fourth quarter of 2011. In addition, strong demand ensured an increase in income from commodity hedging.

There was a reduction in customer-related income from the sale of securities and other investment products compared with the fourth quarter of 2011. A higher market share on Oslo Børs (the Oslo Stock Exchange) was not sufficient to compensate for the generally low level of stock market activity. DNB Markets was the largest player on Oslo Børs in terms of sales of Exchange Traded Notes (ETN), warrants and other equity derivatives. The shift to a new trading platform on Oslo Børs in November 2012 was successful.

A high level of activity in arranging bond issues ensured strong growth in customer-related revenues from corporate finance services from the fourth quarter of 2011. There was also an increase in income from merger and acquisition advisory services compared with the year-earlier period.

Customer-related revenues from custodial and other securities services were on a level with the fourth quarter of 2011. There was brisk activity within both securities lending and securities services.

Market making and other proprietary trading generated revenues on a level with the fourth quarter of 2011. Capital gains on foreign currency bonds increased by NOK 348 million while income from Norwegian kroner bonds was up NOK 21 million, reflecting narrower credit spreads. Income from other market making and proprietary trading declined by approximately the same amount.

The normalisation of the financial markets, with lower margins on products such as bonds, is expected to result in lower future income from proprietary trading. Moreover, activity levels, including volatility in the equity, credit, commodity, currency and interest rate markets, will be decisive for the business area's future profits.

Insurance and Asset Management

In 2012, Insurance and Asset Management was responsible for life insurance, pension savings, asset management and non-life insurance in the DNB Group. Pre-tax operating profits totalled NOK 432 million in the fourth quarter of 2012, a NOK 176 million increase from the fourth quarter of 2011. Operating profits for the full year were NOK 1 578 million, up from NOK 758 million in 2011.

Insurance and Asset Management	4th quarter		Full year	
Income statement in NOK million	2012	2011	2012	2011
Total income	905	831	3 763	3 091
Operating expenses	473	576	2 185	2 333
Pre-tax operating profit	432	255	1 578	758
Tax	(37)	(122)	(248)	182
Profit	469	377	1 826	576
Balances in NOK billion (end of period)				
Assets under management			480.8	529.3
Key figures in per cent				
Return on risk-adjusted capital 1)	14.5	9.8	13.8	3.5
Cost/income ratio	52.3	69.3	58.1	75.5
Number of full-time positions, end of period			1 017	1 060

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

DNB Livsforsikring

DNB Livsforsikring's pre-tax operating profits came to NOK 305 million in the fourth quarter of 2012, which represented a NOK 164 million increase from the fourth quarter of 2011. Operating profits for 2012 came to NOK 1 279 million, up NOK 864 million from 2011.

DNB Livsforsikring	4th quarter		Full year	
Income statement in NOK million	2012	2011	2012	2011
Interest result	1 422	508	4 952	450
Risk result	(166)	62	(300)	129
- Of which provisions for higher life expectancy 1)	*(80)*	*225*	*70*	*225*
Administration result	24	(162)	7	(192)
Upfront pricing of risk and guaranteed rate of return	145	136	580	531
Other	(8)	(18)	(19)	(41)
Provisions for higher life expectancy, group pensions	929	464	3 323	464
Proposed allocations to policyholders	184	(80)	618	(2)
Pre-tax profit	305	141	1 279	416
Tax charge	(79)	(154)	(355)	101
Profit	384	294	1 634	314
Balances in NOK billion (end of period)				
Total assets			270.6	258.8
Assets under management			248.4	235.6
- individual customers			61.0	62.0
- corporate customers			149.4	137.2
- public sector			37.9	36.5
Key figures in per cent				
Return on risk-adjusted capital 1)	12.5	8.5	13.1	2.5
Recorded return on assets	1.4	1.5	5.4	3.2
Value-adjusted return on assets	1.2	1.7	5.7	2.1
Number of full-time positions, end of period			692	733

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

There was a positive financial market trend in the fourth quarter of 2012, and there were strong returns on DNB Livsforsikring's portfolios. The equity portfolio generated a return of 1.7 per cent and the bond portfolio a return of 1.4 per cent. The value-adjusted return on the common portfolio was 1.2 per cent. The recorded return was higher than the guaranteed rate of return in all portfolios in 2012.

DNB Livsforsikring's common portfolio represents a sound base, with 58 per cent 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 1.3 per cent in the fourth quarter of 2012, while the corporate portfolio generated a return of 0.6 per cent.

Total assets as at 31 December 2012 were NOK 271 billion, an increase of 4.5 per cent since year-end 2011. Recorded policyholders' funds within defined-contribution pension schemes totalled NOK 20.0 billion, an increase of 34.9 per cent from end-December 2011. Premium income totalled NOK 3.7 billion, up 3.9 per cent compared with the fourth quarter of 2011. DNB Livsforsikring reported a net outflow of transfers of NOK 1 489 million, compared with a net outflow of NOK 715 million in the fourth quarter of 2011.

There was a negative risk result of NOK 166 million, compared with a positive result of NOK 62 million in the year-earlier period. Provisions for higher life expectancy of NOK 110 million were made in the fourth quarter of 2012, relating to individual annuity and pension insurance and group association insurance, of which NOK 39 million was charged to the DNB Group. Provisions of NOK 410 million were made for the full year 2012.

The company's solvency capital increased by NOK 4.3 billion from 31 December 2011, totalling NOK 29.5 billion at end-December 2012. The capital adequacy ratio was 16.7 per cent, well above the 8 per cent requirement.

DNB Livsforsikring's market share of total policyholders' funds was 28.4 per cent at end-September 2012, down 0.8 percentage points from end-September 2011.

DNB Livsforsikring continued to rebalance its portfolio, aiming to ensure lower risk and more stable returns. If the low interest rate level persists, it will represent a challenge for the life insurance industry, as it may affect the companies' ability to make contractual future pension payments.

The life insurance industry is facing major changes in the regulatory framework. As part of the upward adjustment of life expectancy assumptions, an increase of NOK 929 million in provisions for group pensions was proposed for the fourth quarter of 2012 and NOK 3 323 million for the full year 2012. Total provisions for higher life expectancy in the individual and common portfolios were NOK 3 733 million in 2012. The provisions for group pension insurance are generally expected to be financed through the interest and risk result. It has been estimated that provisions representing approximately 5-7 per cent of the premium reserve will be required over the next few years to strengthen the premium reserve. The duration of the escalation period and the possible contribution from equity remain to be clarified.

The introduction of higher capital requirements in consequence of Solvency II and a new occupational pension product also implies significant changes in the industry's framework conditions. The Solvency II rules are yet to be finalised, especially with respect to their implementation in Norwegian legislation. The Banking Law Commission has proposed new rules for defined benefit occupational pensions, aiming for harmonisation with the rules governing retirement pensions in the new National Insurance Scheme.

The industry is awaiting a clarification from the authorities regarding these matters.

DNB Asset Management

DNB Asset Management recorded pre-tax operating profits of NOK 47 million in the fourth quarter of 2012, down NOK 31 million from the year-earlier period. The decline in profits mainly reflected a high level of performance-based commission income in the fourth quarter of 2011 and restructuring costs in 2012. Operating profits for 2012 came to NOK 179 million, down NOK 56 million from 2011.

DNB Asset Management	4th quarter		Full year	
Income statement in NOK million	2012	2011	2012	2011
Net interest income	(3)	(5)	(19)	(23)
Commission income				
- from retail customers	70	78	277	350
- from institutional clients	131	138	511	478
Other operating income	2	4	13	12
Total income	199	215	781	818
Operating expenses	152	137	603	583
Pre-tax operating profit	47	78	179	234
Balances in NOK billion (end of period)				
Asset under management			436.5	480.0
- retail customers			35.3	36.6
- institutional clients			401.2	443.5
Key figures in per cent				
Return on risk-adjusted capital 1)	22.3	38.2	22.0	30.8
Cost/income ratio	76.3	63.6	77.1	71.3
Number of full-time positions, end of period			198	215

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

Assets under management declined by a total of NOK 43.5 billion from year-end 2011. Market developments over the past 12-month period gave a NOK 28 billion rise in assets under management, while exchange rate movements caused a NOK 3 billion reduction. Developments in net sales resulted in a NOK 69 billion reduction in assets under management. The reduction primarily referred to portfolios with low margins.

DNB Asset Management is one of Norway's leading providers of mutual funds and discretionary asset management and has a market share of 21 per cent of the total mutual fund market in Norway. At end-December 2012, the company had approximately 235 000 mutual fund savings schemes in the Norwegian market, with annual subscriptions of around NOK 2.5 billion. 33 per cent of DNB's mutual funds had received four or five stars from the rating company Morningstar at end-December 2012. Two 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 area's profit performance.

DNB Skadeforsikring

DNB Skadeforsikring offers non-life insurance products such as home insurance, car insurance and travel insurance 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, the number of policyholders and profits all showed a strong trend. Pre-tax operating profits totalled NOK 103 million for the fourth quarter and NOK 203 million for the full year 2012, up NOK 66 million and NOK 149 million, respectively, from the corresponding periods in 2011.

DNB Baltics and Poland

DNB Baltics and Poland offers financial services to both corporate and personal customers in Estonia, Latvia and Lithuania. In Poland, future operations will focus on the corporate market within the DNB Group's international priority areas. An agreement has been entered into on the sale of the branch network in Poland, including the appurtenant customer relationships with personal customers and small and medium-sized companies. The sale is expected to be completed during the first half of 2013.

DNB Baltics and Poland recorded a pre-tax operating loss of NOK 69 million in the fourth quarter of 2012, representing an improvement of NOK 167 million from the year-earlier period. High IT expenses in the Baltics and restructuring expenses in Poland contributed to the operating loss in the fourth quarter. Operating profits for 2012 came to NOK 130 million, an improvement of NOK 803 million from 2011.

DNB Baltics and Poland	4th quarter		Full year	
Income statement in NOK million	2012	2011	2012	2011
Net interest income	260	329	1 061	1 319
Other operating income	221	226	886	763
Total income	481	555	1 948	2 082
Operating expenses	508	570	1 558	1 484
Pre-tax operating profit before impairment	(27)	(15)	389	598
Net gains on fixed assets	(6)	(4)	(3)	9
Impairment loss on loans and guarantees	36	217	256	1 280
Pre-tax operating profit	(69)	(236)	130	(673)
Average balance sheet items in NOK billion				
Net loans to customers	52.6	54.6	53.4	53.7
Deposits from customers	29.1	22.3	28.6	23.8
Key figures in per cent				
Lending spread [1)]	2.34	1.82	2.13	1.77
Deposit spread [1)]	0.06	1.07	0.28	0.89
Return on risk-adjusted capital [2)]	(6.3)	(19.9)	2.8	(15.3)
Cost/income ratio	105.6	68.4	80.0	62.1
Ratio of deposits to loans	55.4	40.9	53.6	44.4
Number of full-time positions, end of period			3 083	3 297

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 gradually improved during 2012. However, there was low credit demand throughout the year, and DNB's lending volumes in the Baltics declined by 5.0 per cent from year-end 2011. In spite of this reduction, there was a rise in DNB's market share during 2012. Operations in Poland reflected DNB's change of strategy in this country, and there was a decline in lending volume towards the end of 2012. Overall, average lending in the Baltics and Poland declined by 3.8 per cent from the fourth quarter of 2011.

Average customer deposits showed a healthy trend and rose by 30.4 per cent from the year-earlier period. This demonstrates that customers in this region have faith in DNB Baltics and Poland as part of a sound Norwegian bank.

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

There was a further reduction in net impairment of loans in the fourth quarter of 2012, representing 0.27 per cent of average lending on an annual basis, down from 0.43 per cent in the third quarter of 2012 and 1.56 per cent in the fourth quarter of 2011.

Efforts to improve portfolio quality and cost efficiency will be high on the agenda. In the longer term, growth in the Baltics is expected to surpass average European levels. DNB will work to improve operations and widen the product range in the region. Operations in Poland will be adapted to the amended strategy, concentrating on the corporate segment. Improved operations combined with lower impairment levels are expected to ensure greater profitability.

Full year results 2012

DNB recorded profits of NOK 13 657 million in 2012, an increase of NOK 678 million or 5.2 per cent compared with 2011. Adjusted for the accounting effect of basis swaps, there was a rise in profits of NOK 4 075 million or 37.7 per cent. The increase was primarily due to higher net interest income, a rise in other operating income and lower taxes.

Compared with 2011, there was a significant increase in costs to finance the Group's lending operations in the form of both higher deposit rates relative to the short-term money market rate and a rise in long-term funding costs. Wider lending spreads compensated for the higher costs, and net interest income was up 7.8 per cent from 2011 to 2012. Lending growth was relatively brisk in the second half of 2011, but the rate of growth abated throughout 2012. In terms of NOK, deposits increased significantly more than loans from 2011 to 2012, which gave a marked increase in the ratio of deposits to net loans, from 57.8 per cent at end-December 2011 to 62.5 per cent at year-end 2012.

Adjusted for the effect of basis swaps, other operating income rose by NOK 2 465 million or 18 per cent. There was a small increase in commission and fee income compared with 2011. Income from DNB Livsforsikring, DNB Skadeforsikring and associated companies also showed an upward trend, along with income from foreign exchange and interest rate instruments in DNB Markets.

Total operating expenses rose by NOK 775 million or 3.8 per cent from 2011. Adjusted for non-recurring effects and costs pertaining to non-core operations, operating expenses were up 2.7 per cent. There was an increase in pension expenses due to lower interest rate levels. New initiatives entailing an increase in full-time positions in the largest Norwegian cities and at certain international offices in the second half of 2011 also contributed to the rise in costs from 2011 to 2012.

Impairment losses on loans and guarantees were reduced by NOK 265 million from 2011. At NOK 3 179 million, impairment was roughly on a level with estimates presented in the quarterly reports through 2012. Impairment losses increased within shipping, but were significantly reduced in the Baltics and Poland.

Return on equity was 11.2 per cent, down from 11.4 per cent in 2011. Adjusted for the effect of basis swaps, return on equity increased from 9.5 per cent to 12.2 per cent. The cost/income ratio, adjusted for the effect of basis swaps, was reduced from 50.8 per cent in 2011 to 47.6 per cent.

DNB continued to climb on Ipsos MMI's Norwegian corporate reputation list and was ranked best among the banks. In addition, DNB still qualified for inclusion in the Dow Jones World Sustainability Index in 2012. The index is based on extensive analyses of companies' sustainability and comprises the top 10 per cent within each industry sector worldwide based on their performance within financial, environmental and social aspects.

In 2012, DNB entered into an agreement to sell its Swedish subsidiary SalusAnsvar AB. The transaction was completed in January 2013. DNB has also entered into an agreement to sell the branch network in Poland. It is expected that close to 400 employees will be transferred to the new owners in 2013 in connection with these transactions.

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

In early 2012, DNB Livsforsikring signed a contract to purchase the three buildings which constitute the DNB Group's new headquarters in Bjørvika in Oslo for a total of NOK 4.8 billion. DNB's group management team and some of the business areas' operations were moved to the new head office at the end of September. The Group's other employees in Oslo will move as and when the premises are completed up until spring 2014.

During the second quarter, changes were made to the Board of Directors of DNB ASA. Berit Svendsen and Vigdis Mathisen were elected as a shareholder-elected member and as a board member representing the employees, respectively. Anne Carine Tanum was re-elected as chairman of the board, and Tore Olaf Rimmereid was elected as new vice-chairman.

DNB aimed to strengthen its capital adequacy ratio to close to 10 per cent by year-end 2012. Due to a healthy profit trend, combined with a number of measures to ensure efficient capital utilisation, the common equity Tier 1 capital ratio, calculated according to the Basel II transitional rules, was 10.7 per cent at end-December. 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. Higher capital adequacy ratios and an increase in long-term funding make the Group well prepared to meet these requirements. Based on full implementation of Basel II and excluding the effects of the limitations ensuing from the transitional rules, the common equity Tier 1 capital ratio would have been 12.1 per cent at year-end 2012. Under Basel III, based on the Group's interpretation of the draft regulations and in accordance with amendments to IAS 19, the common equity Tier 1 capital ratio would also have been 12.1 per cent. The Board of Directors considers DNB to be well capitalised in relation to the risk of operations and well prepared to meet future capital adequacy requirements.

When considering the dividend proposal for 2012, the Board of Directors has taken the new regulatory capital adequacy requirements into account while focusing on conducting a consistent long-term dividend policy. The Board of Directors has thus proposed a dividend for 2012 of NOK 2.10 per share, which corresponds to 25 per cent of earnings per share.

The Board of Directors would like to thank all employees for their contribution to DNB's continued strong profit performance and improved corporate reputation and customer satisfaction scores. Parallel to this, the Group has succeeded in widening lending spreads to compensate for rising funding costs and stricter capital requirements.

Income statement for 2012

Net interest income

Amounts in NOK million	2012	Change	2011
Net interest income	27 216	1 964	25 252
Lending and deposit volumes		1 336	
Lending and deposit spreads		1 952	
Exchange rate movements		193	
Amortisation effects on loans		241	
Amortisation effects on the international bond portfolio		(298)	
Long-term funding costs		(1 237)	
Equity and non-interest-bearing items		(309)	
Other net interest income		85	

Net interest income showed a healthy trend, rising by NOK 1 964 million or 7.8 per cent compared with 2011. Long-term funding costs in excess of the short-term money market rate rose by NOK 1 237 million from 2011. Increasing volumes and interest rate spreads compensated for these costs. Lending spreads widened by 0.41 percentage points from 2011, parallel to a corresponding reduction in deposit spreads. The weighted interest rate spread widened by 0.06 percentage points. Overall, interest rate spreads gave a NOK 1 952 million increase in income. Average lending volumes increased by 7 per cent from 2011 to 2012, parallel to a 16 per cent rise in deposit volumes. Thus, the overall effect of rising volumes was a NOK 1 336 million increase in income. Due to the declining interest rate levels, interest income on equity was down NOK 309 million.

Net other operating income

Amounts in NOK million	2012	Change	2011
Net other operating income	14 501	(2 253)	16 754
Profits from associated companies		712	
Net other gains on foreign exchange and interest rate instruments [1)]		605	
Net financial and risk result from DNB Livsforsikring [2)]		562	
Net other commissions and fees		252	
Net stock market-related income		193	
Net insurance-related income from DNB Skadeforsikring excl. reclassifications		151	
Real estate broking		122	
Reclassifications in DNB Skadeforsikring		(70)	
Net gains on investment property		(308)	
Basis swaps		(4 718)	
Other operating income		245	

1) *Excluding guarantees and basis swaps.*

2) *Guaranteed returns and allocations to policyholders deducted.*

Net other operating income declined by NOK 2 253 million from 2011. Adjusted for the effect of basis swaps, there was a NOK 2 465 million or 18 per cent increase in income. Profits from associated companies showed a positive trend, primarily related to the Eksportfinans portfolio, which is guaranteed by the owners, while DNB Markets recorded strong trading income on foreign exchange and interest rate instruments. There was a NOK 562 million increase in the result from DNB Livsforsikring, reflecting the recovering stock market. Income from less capital-intensive operations within real estate broking and non-life insurance also showed a healthy trend.

Operating expenses

Amounts in NOK million	2012	Change	2011
Total operating expenses	20 947	775	20 172
Costs for non-core operations		182	
Non-recurring effects:			
Impairment losses for goodwill, intangible assets, leases etc.		20	
Restructuring costs		134	
Reclassifications in insurance operations		(84)	
Total adjusted operating expenses	20 156	524	19 632
Income-related costs:			
Operational leasing		107	
Performance-based pay		(155)	
Expenses related to operations:			
Ordinary wage inflation		313	
IT expenses		(184)	
Rise in pension expenses		434	
Properties and premises		53	
Other costs		(44)	

Operating expenses increased by 3.8 per cent compared with 2011. Adjusted for costs for non-core operations acquired by the Group and non-recurring effects, there was a NOK 524 million or 2.7 per cent rise in expenses. IT expenses were reduced by NOK 184 million, primarily due to non-recurring effects in connection with the change of name to DNB in 2011 and somewhat lower IT development activity in 2012. Costs relating to properties and premises increased somewhat in 2012 in connection with the move to new premises in Bjørvika in Oslo. Pension expenses were up NOK 434 million, mainly due to the low interest rate levels.

During 2011, the Group expanded its operations both in Norway and internationally, while the number of full-time positions was reduced through 2012. Overall, the number of full-time positions was reduced by 329 from end-December 2011 to year-end 2012.

Impairment of loans and guarantees

Impairment losses on loans and guarantees totalled NOK 3 179 million, down NOK 265 million from 2011. At NOK 2 915 million, individual impairment declined by NOK 303 million from 2011. There was a certain rise in impairment within both Retail Banking and the large corporate segments, with a significant increase within shipping. The level of impairment was markedly reduced in the Baltics and Poland. There was a moderate NOK 37 million rise in collective impairment compared with 2011. Impairment was reduced from 0.28 per cent of loans in 2011 to 0.24 per cent in 2012.

Net non-performing and doubtful loans and guarantees totalled NOK 19.7 billion at end-December 2012, a slight increase from NOK 19.5 billion at year-end 2011. Net non-performing and doubtful loans and commitments represented 1.5 per cent of the loan portfolio, unchanged from year-end 2011.

Taxes

The DNB Group's tax charge for 2012 was NOK 4 028 million, a reduction from NOK 5 423 million in 2011. Relative to pre-tax operating profits, the estimated tax charge was 22.9 per cent, down from 29.5 per cent in 2011. The reduction reflected an increase in tax-exempt income on equities in DNB Livsforsikring compared with 2011 and changes in estimated taxes for international operations.

Funding, liquidity and balance sheet

Throughout 2012, the short-term funding markets were generally accessible to banks with strong credit ratings. DNB had ample access to short-term funding, and investors showed a greater interest in short-term funding with somewhat longer maturities in the second half of the year. The markets were less selective, and an increasing number of banks were regarded as financially strong.

There was a very high level of activity in the long-term funding markets during the January through March period, and banks with strong credit ratings had good access to these markets. DNB completed most of its annual long-term funding activities during the first few months of the year. There was increasing uncertainty regarding European sovereign debt during the second quarter, and fewer transactions were completed during this period. In the second half of the year, investors showed renewed interest in long-term funding, while the banks had a limited need for new funding. Thus, there was a reduction in funding costs for both new covered bonds and senior bond debt.

At end-December 2012, total combined assets in the DNB Group were NOK 2 473 billion, an increase from NOK 2 395 billion at year-end 2011. Total assets in the Group’s balance sheet were NOK 2 265 billion as at 31 December 2012 and NOK 2 126 billion a year earlier. Total assets in DNB Livsforsikring were NOK 271 billion and NOK 259 billion, respectively, on the same dates.

Net loans to customers increased by NOK 18.6 billion or 1.5 per cent from end-December 2011. Customer deposits increased by NOK 70.9 billion or 9.6 per cent during the same period. The ratio of customer deposits to net loans to customers increased from 57.8 per cent at end-December 2011 to 62.5 per cent at year-end 2012, which is above the Group’s 60 per cent target. The ratio of deposits to net loans in DNB Bank ASA was 110.3 per cent at end-December 2012, reflecting that all loans which were not carried in the books of DNB Boligkreditt were financed through customer deposits.

In order to keep the Group's liquidity risk at a low level, short-term and long-term liquidity risk limits have been established. Among other things, this implies that the majority of loans are financed through customer deposits, long-term securities, subordinated loan capital and equity. The Group stayed well within the liquidity limits during 2012.

Debt securities issued by the Group totalled NOK 708 billion at year-end 2012 and NOK 635 billion a year earlier. The average remaining term to maturity for the portfolio of debt securities issued was 4.6 years at end-December 2012, compared with 4.5 years a year earlier.

The Basel III regulations define short and long-term liquidity requirements and the appurtenant calculation methods. With effect from 2012, DNB has adjusted its liquidity risk limits in line with the calculation methods in the Basel III regulations. A gradual adaptation to the liquidity requirements within the time limits stipulated by the Basel Committee is being planned.

Risk and capital adequacy

Overall, the risk situation developed favourably during 2012. The year started on a positive note, followed by increasing capital market turmoil once again during the second quarter. There was a downturn in the stock markets, and risk premiums increased in the money and credit markets. This was partly due to the failure to solve the debt problems in the Eurozone and lower growth prospects for the global economy. Thereafter, the situation changed significantly due to extensive purchases of sovereign debt by the central banks within the EU and the US. In addition, confidence in the banking system increased in the EU in consequence of the plans to establish a banking unit. There was a marked increase in equity prices in the second half of the year, and risk premiums in the money and capital markets were reduced to the levels prevailing in the first half of 2011. Interest rates continued to decline through 2012, reaching record-low levels.

There was strong growth in the Norwegian economy throughout 2012, reflecting a high level of activity in the oil and gas sector. After lowering its key policy rate by 0.5 percentage points in December 2011, Norges Bank chose to implement a further 0.25 percentage point reduction, to 1.5 per cent, as a result of lower international interest rates. The strong Norwegian krone and relatively high wage inflation presented increasing challenges for Norwegian industries which compete in international markets. One must go as far back as the period prior to the devaluation in 1986 to find an equally strong Norwegian krone as at year-end 2012.

The DNB Group quantifies risk by measuring risk-adjusted capital requirements. The net risk-adjusted capital requirement declined by NOK 5.9 billion from year-end 2011, to NOK 75 billion.

Developments in the risk-adjusted capital requirement [1)]

Amounts in NOK billion	31 Dec. 2012	30 Sept. 2012	30 June 2012	31 Dec. 2011
Credit risk	57.0	59.5	62.0	64.5
Market risk [2)]	8.0	6.6	6.4	6.3
Market risk in life insurance	10.6	9.1	10.9	10.6
Insurance risk in life insurance	1.0	1.0	1.0	1.0
Non-life insurance	0.8	0.8	0.8	0.8
Operational risk	9.8	9.8	9.0	9.0
Business risk	4.6	4.6	4.4	4.7
Gross risk-adjusted capital requirement	91.9	91.4	94.4	97.0
Diversification effect [3)]	(16.8)	(15.9)	(16.5)	(16.1)
Net risk-adjusted capital requirement	75.0	75.6	77.9	80.9
Diversification effect in per cent of gross risk-adjusted capital requirement [3)]	18.3	17.4	17.5	16.6

1) In the third quarter of 2012, significant changes were made in the calculation method for risk-adjusted capital for credit. The diversification effects were reduced, while the probability of default was adjusted upwards for some portfolios to ensure greater consistency between external capital adequacy calculations and internal risk measurement. In addition, risk-adjusted capital calculations for non-performing and doubtful loans were introduced. These changes have thus far not been reflected in the allocation of capital to the business areas or in risk-adjusted profitability measurement. The changes will affect these calculations as from 1 January 2013. With respect to operational risk, the Group no longer uses an internal quality index to modify the risk-adjusted capital requirement. Figures for previous periods have been adjusted correspondingly.

2) With effect from the fourth quarter of 2012, the risk associated with basis risk for derivative positions in trading activities is included in market risk calculations. Figures for previous periods have been adjusted accordingly.

3) The diversification effect refers to the risk-mitigating effect achieved by the Group by having operations which are affected by different types of risk where unexpected losses are unlikely to occur at the same time.

The risk-adjusted capital requirement for credit declined by NOK 7.5 billion in 2012, reflecting a reduction in volumes in the corporate customer segments. The strengthening of the Norwegian krone was a key factor behind this development. There was stable, sound credit quality in the healthy portfolio in most areas, with the exception of the shipping sector. Record-low freight rates in the tanker, dry bulk and container segments put pressure on shipping companies' earnings and liquidity. Lower portfolio quality must be expected in these segments in the future. Increased production of shale oil in the US will reduce the need to import oil from Africa and the Middle East and curtail demand for tanker tonnage. Due to continued brisk growth in global trade, however, there will be greater demand for sea freight in other segments.

Large new oil findings in the Norwegian sector give reason for optimism in the offshore and oil suppliers sectors. The Norwegian commercial property market showed a positive trend in 2012, with increasing sales and a moderate rise in values, even though it has become more difficult and expensive for investors to finance commercial property investments.

Market risk in life insurance was unchanged from year-end 2011 to year-end 2012. There was a significant reduction in equity exposure towards the end of 2011, and equities represented between 6 and 8 per cent of total investments through 2012. DNB Livsforsikring reduced its commercial property investments in 2012. Underlying assumptions for calculating market risk were updated to reflect changes in market prices during the financial crisis. Seen in isolation, this resulted in an increase in the risk-adjusted capital requirement for market risk in life insurance of approximately 8 per cent. At year-end 2012, long-term Norwegian swap rates, which are reference rates for expected returns, were just below policyholders' guaranteed rate of return. In the longer term, this will affect DNB Livsforsikring's ability to assume risk to ensure a healthy return for policyholders. A strong financial result for 2012 enabled the company to increase reserves to meet the anticipated increase in life expectancy by NOK 3.7 billion. The remaining necessary increase in reserves will depend on the assumptions and safety margins required by the authorities. It is expected that this will be clarified in the course of 2013 and that it will be possible to distribute the required increase in reserves over several years.

There was an increase in the risk-adjusted capital requirement for market risk in operations other than life insurance, mainly due to changes in assumptions to reflect fluctuations in market prices during the financial crisis. In addition, changes affecting basis risk for derivative positions in trading activities were made. With effect from 2012, such basis risk is included in risk-adjusted capital. This risk fluctuated significantly through the year and was estimated at NOK 1.2 billion at year-end. There were no significant changes in market risk limits in 2012. Mark-to-market adjustments of swap contracts entered into in connection with the Group's long-term financing of loans, basis swaps, are not included in the measurement of the risk-adjusted capital requirement for market risk. These contracts may have significant effects on the accounts from one quarter to the next. However, as the contracts are generally held to maturity, these effects will be balanced out over time.

There was a 24 per cent increase in registered events entailing operational risk from 2011, which partly reflected more extensive registration of such events, but also an actual increase. The net loss was approximately 40 per cent below the loss registered in 2011. The level of losses is considered to be low. There was a marked increase in the number of Trojan attacks and hacking attempts against the Group's Internet bank in 2012. The risk-adjusted capital requirement for operational risk and business risk is updated every six months, i.e. at end-March and end-September.

Risk-weighted volume included in the calculation of the formal capital adequacy requirement declined by NOK 16.7 billion in 2012, to NOK 1 075.7 billion. In 2012, risk-weighted volume could not be less than 80 per cent of the corresponding figure calculated according to the Basel I regulations. The common equity Tier 1 capital ratio was 10.7 per cent, while the capital adequacy ratio was 12.6 per cent.

Calculations have also been made of full future implementation of the Basel II rules on all of the banking group's credit portfolios, excluding those in the Baltics and Poland, disregarding the limitations ensuing from the transitional rules. The calculations showed a pro forma risk-weighted volume of NOK 959.3 billion and a potential common equity Tier 1 capital ratio of 12.1 per cent. Under Basel III, based on the Group's interpretation of the draft regulations and in accordance with amendments to IAS 19, the common equity Tier 1 capital ratio would also have been 12.1 per cent at end-December 2012.

Macroeconomic developments

The weak trend in the international economy continued throughout 2012. Following an upturn in 2010 and 2011, the euro area experienced a decline in manufacturing output. Coupled with large running budget deficits, there was thus an increase in sovereign debt relative to GDP. Nevertheless, some countries succeeded in reducing their deficits through a tighter fiscal policy, which contributed to the weak GDP growth. Measures implemented by the European Central Bank reduced interest rates on sovereign debt and thus eased the debt burden for the European countries. Even though the crisis in Europe has received less attention over the past few months, the weak economic trend may cause renewed turmoil in countries with high sovereign debt levels. The US experienced moderate economic growth in 2012, but rising sovereign debt levels may cause problems here as well. As the country has low tax revenues relative to GDP, it will have to use more government revenues to service debt than most European countries. This could contribute to dampening international economic growth.

In Norway, the economic recovery continued in 2012. In spite of an increase in employment levels, the unemployment rate rose from 3.1 per cent of the labour force in the first quarter to 3.5 per cent in the fourth quarter. This was caused partly by an increase in the supply of labour, reflecting continued high immigration levels. The strong increase in the supply of labour also contributed to keeping price inflation low. Wage inflation in 2012 was on a level with 2011. Combined with an increase in pension payments, this gave a boost in household purchasing power. In addition, low interest rates ensured continued strong growth in housing prices and housing investments, which in turn contributed to higher production within both the building and construction industry and the private service industry. A high level of petroleum investment also gave a positive impetus to the economic growth in Norway.

Due to expected sluggish growth among key trading partners, the Norwegian economy will probably get little stimulus from exports of goods and services over the next few years. Thus, it is assumed that petroleum activities and the household sector will continue to be the main drivers of economic growth. Due to a strong increase in household income and high population growth, especially in urban areas, housing demand will probably remain strong. The low interest rate level reinforces this trend. An anticipated increase in house-building activity may gradually ensure an adequate supply of new homes to dampen price growth on resale housing. Even though it is expected that interest rate levels will normalise in the course of two to three years, households' interest expenses will probably not be so high as to cause a major setback in the housing market.

New regulatory framework

The EU has not yet finalised its proposal for new regulations for credit institutions and investment firms, CRR and CRD IV (Capital Requirements Regulation and Capital Requirements Directive). Due to the EEA agreement, new regulations in Norway will be implemented on the basis of EU legislation. The regulations are based on the Basel Committee's recommendations from December 2010 on new and stricter capital and liquidity standards, Basel III. The new regulations will present major challenges for banks in the form of requirements for higher earnings in order to increase equity. Parallel to this, requirements for increased long-term funding and stricter liquidity requirements will give higher funding costs. CRR and CRD IV are intended to apply to all banks and investment firms within the EEA. The possible implementation date is 1 January 2014, depending on when the EU will finalise the proposals, with full implementation as from 2019.

Uncertainty still prevails regarding the final content of the new liquidity requirements. Several important changes regarding the short-term liquidity requirement, LCR, were announced in January 2013. The European Banking Authority, EBA, will use the observation period in 2013 to assess the effects of the new rules for European banks. Based on the EBA's report, the EU Commission will present a final proposal regarding LCR to the EU. Over the next couple of years, these bodies will also continue to work on the long-term liquidity requirement, NSFR.

The new capitalisation proposals imply that the minimum capital adequacy requirement will be unchanged at 8 per cent. With the addition of the so-called capital conservation buffer, however, this requirement will in practice be increased to 10.5 per cent. In addition, a counter-cyclical capital element will be introduced, ranging between 0 and 2.5 per cent, which will be determined by the national supervisory authorities. The Norwegian Ministry of Finance has previously signalled that it aims to introduce a counter-cyclical capital buffer as soon as possible in 2013 after the new capital and liquidity requirements have been approved by the EU. The process in the EU has been delayed, thus it remains to be seen when this will happen. Additional capital buffers will be required for global and national systemically important banks. Finanstilsynet (the Financial Supervisory Authority of Norway) has chosen to retain the Basel II transitional rules, which set a floor for how low a bank's risk-weighted volume can be relative to the Basel I rules, the so-called "80 per cent floor". This supervisory practice, which is unique to Norway, will be of no consequence to Norwegian banks' actual capital adequacy, but will make Norwegian banks appear weaker capitalised in international comparisons.

The Ministry of Finance has asked Finanstilsynet to review an increase in the systemic risk premium on the risk weights for home mortgages to minimum 35 per cent. Today, DNB's average risk weight on home mortgages is 12.8 per cent. An increase to 35 per cent will thus have a negative impact on DNB's capital adequacy according to Basel II without transitional rules and Basel III. Finansinspektionen, the Swedish financial supervisory authority, recently proposed a 15 per cent average risk weight floor for Swedish home mortgages. In addition, measurement according to the Swedish proposal will make Swedish banks appear better capitalised than Norwegian banks.

DNB is of the opinion that it is vital that equal framework conditions are established for competition in the market and therefore urges the Norwegian authorities to work for optimal harmonisation in agreement with the intentions behind the new regulatory framework within the EEA.

Covered bonds issued by wholly or partially-owned mortgage institutions have become an important source of funding for Norwegian banks, contributing to reducing the banks' funding costs and liquidity risk during a period characterised by extensive turmoil in the international financial markets. Towards the end of 2012, the Ministry of Finance asked Finanstilsynet to consider whether the introduction of a qualitative rule whereby banks will not be allowed to transfer more assets to their mortgage institutions than what is considered prudent, could help reduce systemic risk. The Ministry also asks for a proposal for legal authority to introduce additional capital requirements if there is a significant increase in risk in the banks which transfer loans to mortgage institutions. DNB assumes that the authorities will not introduce rules which undermine the banks' chances to strengthen their liquidity profile through the use of covered bonds, which in turn will be of great significance to the banks' general ability to serve both personal and corporate customers.

Towards the end of 2012, the EU decided to establish a single, supranational supervisory authority for the banks in the Eurozone. The European Central Bank will assume the supervisory function, and the new authority is expected to be operative as from 2014.

There will be major changes in the regulatory framework for Norwegian life insurance companies over the coming years. Important elements are the introduction of Solvency II, new rules for occupational pensions in the private sector and changes in the rules for paid-up policies. The Solvency II framework was scheduled to become effective on 1 January 2014. Due to disagreement related, among other things, to the valuation of long-term guarantees, the implementation has been postponed, at least till 2016. Both the regulatory framework and customer preferences will cause a shift from products with a guaranteed rate of return to products with investment choice. The business strategy of DNB Livsforsikring supports this trend, and new products aimed at the occupational pension market in the private sector will be less capital-intensive.

The National Budget for 2013 included draft legislation to restrict use of the so-called tax exemption method for life insurance and pension companies. In the opinion of the Ministry of Finance, there has been a certain asymmetry in prevailing regulations, as allocations to insurance funds have given insurance companies tax deductions, while the exemption method permits that rises in the value of or income on policyholders' funds, which form the basis for the allocations, are partly exempt from taxation. The legislative amendment was approved in December 2012 and will entail higher taxes for DNB in the longer term.

At year-end 2012, the Norwegian parliament resolved that the members of the Norwegian Banks' Guarantee Fund should pay a full annual levy to the Guarantee Fund independent of the Fund's size. The change in practice will imply an increase in the banks' annual guarantee fund levies compared with today, when the Fund's members are required to pay levies only when the Fund's capital base is below a certain level.

DNB is working to be ready to meet the various new requirements. Up until the final regulations are in place, the Group's activities will be gradually adapted to the new requirements.

Future prospects

DNB presented updated financial targets at its Capital Markets Day event in September, and these targets remain unchanged. The targets for the 2012-2015 period are annual growth in net interest income above 6 per cent and maximum 2 per cent annual cost growth, including restructuring costs. In 2015, the Group aims to have a return on equity above 12 per cent, while the common equity Tier 1 capital ratio according to Basel III should be 12.0-12.5 per cent. The return on equity target was adjusted downwards somewhat compared with previous targets, mainly due to expectations of lower interest rate levels than previously assumed, as well as stricter capitalisation requirements from the authorities.

There are a number of key factors which make DNB believe that these targets are attainable. In spite of a weak international economic trend, the Norwegian economy is expected to remain strong. Coupled with strict cost control, this will provide the basis for a healthy profit trend in the Group's Norwegian operations. During the period up to 2015, Large Corporates and International will rebalance its credit exposure. In addition, DNB will implement other measures to reduce the exposure to capital-intensive operations while focusing on operations which increase less capital-intensive income.

The Group's targets are based on key analysis institutions' expectations to developments in the Norwegian and international economies, which include a gradual normalisation of interest rate levels. However, there is still great uncertainty regarding these developments, and a further postponement of a new international growth period, along with the possibility of even stricter regulatory requirements, could influence future target attainment.

A gradual widening of volume-weighted interest rate spreads and moderate growth in lending volumes are expected in the period ahead. Costs will remain stable. Portfolio quality is expected to remain strong, with impairment of loans on a level with 2012. The Group will continue to build up capital and improve its capital adequacy ratios. The Group is well positioned to meet expected regulatory requirements.

Oslo, 6 February 2013
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

Amounts in NOK million	Note	4th quarter 2012	4th quarter 2011	Full year 2012	Full year 2011
		DNB Group			
Total interest income	5	15 002	15 996	63 068	60 075
Total interest expenses	5	7 901	9 204	35 853	34 823
Net interest income	5	**7 101**	**6 792**	**27 216**	**25 252**
Commission and fee income etc.	6	2 363	2 087	9 299	9 135
Commission and fee expenses etc.	6	563	592	2 337	2 256
Net gains on financial instruments at fair value	7	1 363	3 397	3 910	7 661
Net gains on assets in DNB Livsforsikring		3 430	4 269	14 219	5 834
Guaranteed returns, strengthened premium reserve and allocations to policyholders in DNB Livsforsikring		3 117	4 124	13 187	5 772
Premium income etc. included in the risk result in DNB Livsforsikring		1 196	1 291	5 102	4 941
Insurance claims etc. included in the risk result in DNB Livsforsikring		1 370	1 247	5 421	4 853
Premium income, DNB Skadeforsikring		324	288	1 250	1 094
Insurance claims etc., DNB Skadeforsikring		246	225	925	849
Profit from companies accounted for by the equity method	8	177	111	789	77
Net gains on investment property	17	(16)	(132)	(340)	(32)
Other income	9	518	474	2 141	1 775
Net other operating income		**4 061**	**5 599**	**14 501**	**16 754**
Total income		**11 162**	**12 392**	**41 717**	**42 006**
Salaries and other personnel expenses	10, 11	2 749	2 618	11 174	10 279
Other expenses	10	1 899	2 098	7 451	7 722
Depreciation and impairment of fixed and intangible assets	10	854	870	2 322	2 172
Total operating expenses	10	**5 502**	**5 586**	**20 947**	**20 172**
Net gains on fixed and intangible assets		(65)	(1)	(1)	19
Impairment of loans and guarantees	13	1 190	926	3 179	3 445
Pre-tax operating profit		**4 406**	**5 878**	**17 589**	**18 407**
Taxes	12	601	1 790	4 028	5 423
Profit from operations held for sale, after taxes		4	0	96	(5)
Profit for the period		**3 810**	**4 089**	**13 657**	**12 979**
Earnings/diluted earnings per share (NOK)		2.34	2.51	8.39	7.98
Earnings per share excluding operations held for sale (NOK)		2.34	2.51	8.33	7.99

Comprehensive income statement

Amounts in NOK million	4th quarter 2012	4th quarter 2011	Full year 2012	Full year 2011
	DNB Group			
Profit for the period	**3 810**	**4 089**	**13 657**	**12 979**
Exchange differences arising from the translation of foreign operations	(104)	66	(210)	(53)
Property revaluation	45	0	45	0
Elements of other comprehensive income allocated to customers (life insurance)	(45)	0	(45)	0
Other comprehensive income for the period	**(104)**	**66**	**(210)**	**(53)**
Comprehensive income for the period	**3 706**	**4 154**	**13 446**	**12 926**

Balance sheet

Amounts in NOK million	Note	DNB Group 31 Dec. 2012	31 Dec. 2011
Assets			
Cash and deposits with central banks		298 892	224 581
Due from credit institutions		37 136	28 754
Loans to customers	14, 15	1 297 892	1 279 259
Commercial paper and bonds at fair value		224 750	177 980
Shareholdings		48 288	53 012
Financial assets, customers bearing the risk		28 269	23 776
Financial derivatives		96 584	96 693
Commercial paper and bonds, held to maturity	16	157 330	166 965
Investment property	17	39 496	42 796
Investments in associated companies		2 882	2 189
Intangible assets	18	6 718	7 003
Deferred tax assets		1 058	643
Fixed assets		10 825	6 336
Assets held for sale		417	1 054
Other assets		14 309	15 055
Total assets		**2 264 845**	**2 126 098**
Liabilities and equity			
Due to credit institutions		251 388	279 553
Deposits from customers		810 959	740 036
Financial derivatives		63 274	64 365
Debt securities issued	19	708 047	635 157
Insurance liabilities, customers bearing the risk		28 269	23 776
Liabilities to life insurance policyholders in DNB Livsforsikring		221 185	212 271
Insurance liabilities, DNB Skadeforsikring		1 780	1 589
Payable taxes		6 831	634
Deferred taxes		1 461	4 897
Other liabilities		18 451	17 767
Liabilities held for sale		76	383
Provisions		770	570
Pension commitments		3 228	3 123
Subordinated loan capital	19	21 090	24 163
Total liabilities		**2 136 810**	**2 008 284**
Share capital		16 269	16 260
Share premium reserve		22 609	22 609
Other equity		89 158	78 946
Total equity		**128 035**	**117 815**
Total liabilities and equity		**2 264 845**	**2 126 098**
Off-balance sheet transactions, contingencies and post-balance sheet events	23		

Statement of changes in equity

DNB Group

Amounts in NOK million	Share capital [1)]	Share premium reserve	Other equity [1)]	Total equity [1)]
Balance sheet as at 31 December 2010	**16 232**	**22 609**	**72 356**	**111 196**
Profit for the period			12 979	12 979
Exchange differences arising from the translation of foreign operations			(53)	(53)
Comprehensive income for the period			12 926	12 926
Dividends paid for 2010 (NOK 4.00 per share)			(6 515)	(6 515)
Net purchase of treasury shares	28		240	268
New regulations for the insurance industry			(61)	(61)
Balance sheet as at 31 December 2011	**16 260**	**22 609**	**78 946**	**117 815**
Profit for the period			13 657	13 657
Revaluation of property			45	45
OCI allocated to customers (life insurance)			(45)	(45)
Exchange differences arising from the translation of foreign operations			(210)	(210)
Comprehensive income for the period			13 446	13 446
Dividends paid for 2011 (NOK 2.00 per share)			(3 258)	(3 258)
Net purchase of treasury shares	9		23	32
Balance sheet as at 31 December 2012	**16 269**	**22 609**	**89 158**	**128 035**
Of which currency translation reserve:				
Balance sheet as at 31 December 2010			(513)	(513)
Comprehensive income for the period			(53)	(53)
Balance sheet as at 31 December 2011			(565)	(565)
Comprehensive income for the period			(210)	(210)
Accumulated currency translation reserve in Pres-Vac			2	2
Balance sheet as at 31 December 2012			(774)	(774)

There was no revaluation surplus on propery as at 31 December 2012. The revaluation is allocated to customers (life insurance).

1) Of which treasury shares, held by DNB Markets for trading purposes:				
Balance sheet as at 31 December 2011	*(28)*		*(138)*	*(166)*
Net purchase of treasury shares	*9*		*23*	*32*
Reversal of fair value adjustments through profit and loss			*(3)*	*(3)*
Balance sheet as at 31 December 2012	*(19)*		*(118)*	*(137)*

Cash flow statement

Amounts in NOK million	**DNB Group** Full year 2012	 Full year 2011
Operating activities		
Net payments on loans to customers	(40 656)	(108 418)
Interest received from customers	56 429	52 398
Net receipts on deposits from customers	81 967	96 698
Interest paid to customers	(18 842)	(17 712)
Net receipts/payments on loans to/from credit institutions	(35 561)	36 929
Interest received from credit institutions	1 391	1 425
Interest paid to credit institutions	(3 166)	(4 719)
Net receipts/payments on the sale of financial assets for investment or trading	(10 775)	69 052
Interest received on bonds and commercial paper	4 069	8 391
Net receipts on commissions and fees	6 983	6 897
Payments to operations	(18 213)	(17 815)
Taxes paid	(542)	(5 428)
Receipts on premiums	18 503	17 020
Net receipts/payments on premium reserve transfers	(987)	2 061
Payments of insurance settlements	(14 640)	(13 641)
Other payments	(863)	(6 452)
Net cash flow from operating activities	**25 097**	**116 686**
Investment activities		
Net payments on the acquisition of fixed assets	(6 984)	(2 738)
Net payments, investment property	(399)	(688)
Receipts on the sale of long-term investments in shares	0	85
Dividends received on long-term investments in shares	97	105
Net cash flow from investment activities	**(7 286)**	**(3 236)**
Funding activities		
Receipts on issued bonds and commercial paper	941 280	367 414
Payments on redeemed bonds and commercial paper	(861 109)	(244 281)
Interest payments on issued bonds and commercial paper	(12 726)	(14 933)
Receipts on the raising of subordinated loan capital	5 525	0
Redemptions of subordinated loan capital	(8 082)	(9 806)
Interest payments on subordinated loan capital	(1 028)	(721)
Dividend payments	(3 258)	(6 515)
Net cash flow from funding activities	**60 603**	**91 158**
Effects of exchange rate changes on cash and cash equivalents	**(3 468)**	**967**
Net cash flow	**74 946**	**205 575**
Cash as at 1 January	229 301	23 726
Net receipts of cash	74 946	205 575
Cash at end of period *)	304 247	229 301
**) Of which: Cash and deposits with central banks*	*298 892*	*224 581*
Deposits with credit institutions with no agreed period of notice [1)]	*5 355*	*4 721*

1) Recorded under "Due from 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.

Note 1 Accounting principles

The fourth 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 2012, apart from the amendments to IAS 12 Income Taxes, described below.

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 were 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 loan by approximately DKK 272 million. In the acquisition analysis, the remaining DKK 64 million was 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 2012 were DKK 97 million, while operating expenses came to DKK 149 million (including impairment losses for goodwill of DKK 38 million). The company recorded an operating loss of DKK 52 million.

Bryggetorget Holding AS

After Faktor Eiendom ASA went into liquidation, Bryggetorget Holding AS, which is owned by DNB Bank ASA, took over Skurufjellet Eiendom AS, Trysiltunet Eiendom AS and Trysilfjell Apartment Eiendom AS from the estate in 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.

SalusAnsvar

During the third quarter of 2012, DNB entered into an agreement to sell the wholly-owned subsidiary SalusAnsvar AB to the insurance company Folksam Sak AB at a price of approximately SEK 480 million. SalusAnsvar primarily offers non-life insurance and personal insurance in the Swedish market. The company’s staff represents 137 full-time positions. In consequence of the agreement, the DNB Group recorded impairment losses for goodwill of SEK 55 million (corresponding to NOK 47 million) in the third quarter of 2012. The transaction was approved by the supervisory authorities during the fourth quarter, and the operations were classified as held for sale in the group accounts as at 31 December 2012. Assets totalling SEK 444 million (corresponding to NOK 380 million), classified as held for sale, included the residual value of goodwill of SEK 210 million and other intangible assets of SEK 80 million.

Note 4 Segments

Business areas

DNB’s business areas are independent profit centres and have responsibility for serving all of the Group's customers and for the total range of products. The operational structure of DNB in 2012 included four business areas and four staff and support units. The business areas comprised Retail Banking, Large Corporates and International, DNB Markets and Insurance and Asset Management. In addition, operations in DNB Baltics and Poland were 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” in the company’s internal reporting of business areas. The acquired companies 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. 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 impairment under "Impairment 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, fourth 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	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Amounts in NOK million	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net interest income - ordinary operations	4 274	3 646	2 242	2 252	79	195	(76)	(107)	259	315	324	492	7 101	6 792
Interest on allocated capital 2)	104	166	120	189	32	50	62	115	1	15	(318)	(535)	0	0
Net interest income	4 378	3 812	2 362	2 440	111	245	(14)	8	260	329	5	(43)	7 101	6 792
Other operating income	937	892	351	286	1 450	1 247	919	823	221	226	183	2 126	4 061	5 599
Income attributable to product suppliers	297	340	634	516	0	0	0	0	0	0	(931)	(856)	0	0
Net other operating income	1 234	1 232	985	802	1 450	1 247	919	823	221	226	(748)	1 269	4 061	5 599
Total income	5 612	5 044	3 346	3 242	1 560	1 493	905	831	481	555	(742)	1 226	11 162	12 392
Other operating expenses	2 717	2 752	671	705	513	483	473	576	508	570	620	500	5 502	5 586
Cost attributable to product suppliers	148	176	268	219	0	0	0	0	0	0	(416)	(395)	0	0
Operating expenses	2 865	2 929	939	924	513	483	473	576	508	570	204	104	5 502	5 586
Pre-tax operating profit before impairment	2 747	2 116	2 407	2 318	1 048	1 009	431	255	(27)	(15)	(946)	1 122	5 660	6 806
Net gains on fixed and intangible assets	1	0	0	0	(3)	0	0	0	(6)	(4)	(56)	3	(65)	(1)
Impairment of loans and guarantees 3)	467	274	670	338	0	0	0	0	36	217	17	97	1 190	926
Impairment loss attributable to product suppliers	0	0	0	(2)	0	0	0	0	0	0	0	2	0	0
Profit from repossessed operations	(35)	0	(2)	(136)	0	0	0	0	0	0	38	136	0	0
Pre-tax operating profit	2 246	1 842	1 734	1 846	1 045	1 009	431	255	(69)	(236)	(982)	1 162	4 406	5 878

1) Other operations/eliminations:

	Elimination of income/ cost attributable to product suppliers		*Other eliminations*		*Group Centre *)*		*Total*	
	4th quarter		*4th quarter*		*4th quarter*		*4th quarter*	
Amounts in NOK million	*2012*	*2011*	*2012*	*2011*	*2012*	*2011*	*2012*	*2011*
Net interest income - ordinary operations	*0*	*0*	*(15)*	*(28)*	*338*	*520*	*324*	*492*
Interest on allocated capital 2)	*0*	*0*	*0*	*0*	*(318)*	*(535)*	*(318)*	*(535)*
Net interest income	*0*	*0*	*(15)*	*(28)*	*20*	*(15)*	*5*	*(43)*
Other operating income	*0*	*0*	*(402)*	*(265)*	*585*	*2 391*	*183*	*2 126*
Income attributable to product suppliers	*(931)*	*(856)*	*0*	*0*	*0*	*0*	*(931)*	*(856)*
Net other operating income	*(931)*	*(856)*	*(402)*	*(265)*	*585*	*2 391*	*(748)*	*1 269*
Total income	*(931)*	*(856)*	*(416)*	*(293)*	*605*	*2 376*	*(742)*	*1 226*
Other operating expenses	*0*	*0*	*(416)*	*(293)*	*1 036*	*793*	*620*	*500*
Cost attributable to product suppliers	*(416)*	*(395)*	*0*	*0*	*0*	*0*	*(416)*	*(395)*
Operating expenses	*(416)*	*(395)*	*(416)*	*(293)*	*1 036*	*793*	*204*	*104*
Pre-tax operating profit before impairment	*(514)*	*(461)*	*0*	*0*	*(432)*	*1 583*	*(946)*	*1 122*
Net gains on fixed and intangible assets	*0*	*0*	*0*	*0*	*(56)*	*3*	*(56)*	*3*
Impairment of loans and guarantees 3)	*0*	*0*	*0*	*0*	*17*	*97*	*17*	*97*
Impairment loss attributable to product suppliers	*0*	*2*	*0*	*0*	*0*	*0*	*0*	*2*
Profit from repossessed operations	*0*	*0*	*0*	*0*	*38*	*136*	*38*	*136*
Pre-tax operating profit	*(515)*	*(463)*	*0*	*0*	*(467)*	*1 625*	*(982)*	*1 162*

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 company's internal reporting of business areas. The acquired companies are included in the Group Centre. Figures for previous periods have been restated.

**) Group Centre - pre-tax operating profit in NOK million*	*4th quarter 2012*	*4th quarter 2011*
+ Interest on unallocated equity etc.	*263*	*179*
+ Income from equities investments	*(99)*	*(14)*
+ Gains on fixed and intangible assets	*(56)*	*2*
+ Mark-to-market adjustments Treasury and fair value of loans	*(283)*	*97*
+ Basis swaps	*235*	*2 017*
+ Eksportfinans ASA	*140*	*112*
+ Net gains on investment property	*4*	*(116)*
- Unallocated impairment of loans and guarantees	*17*	*97*
- Allocated to employees	*54*	*52*
- Ownership-related expenses (costs relating to shareholders, investor relations, strategic planning etc.)	*107*	*61*
- Unallocated pension expenses	*130*	*11*
- Unallocated IT expenses	*87*	*54*
- Funding costs on goodwill	*10*	*15*
- Impairment losses for intangible assets	*202*	*190*
Other	*(64)*	*(173)*
Pre-tax operating profit	*(467)*	*1 625*

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

3) See note 13 Impairment of loans and guarantees for an analysis of the gross change in impairment for the Group.

Note 4 Segments (continued)

Main average balance sheet items

DNB Group

	Retail Banking		Large Corporates and International		DNB Markets		Insurance and Asset Management		DNB Baltics and Poland		Other operations/ eliminations		DNB Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Amounts in NOK billion	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Loans to customers [1)]	868.7	809.2	383.9	395.0	2.9	1.9	1.9	1.4	52.6	54.6	(1.8)	(2.5)	1 308.2	1 259.6
Deposits from customers [1)]	463.6	424.4	308.9	249.5	42.7	44.7			29.1	22.3	(3.5)	(1.7)	840.8	739.3
Assets under management [2)]							511.8	524.5					511.8	524.5
Allocated capital [3)]	21.2	22.1	24.8	25.2	6.6	6.7	12.9	15.2	3.5	3.8				

Key figures

DNB Group

	Retail Banking		Large Corporates and International		DNB Markets		Insurance and Asset Management		DNB Baltics and Poland		Other operations		DNB Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Per cent	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Cost/income ratio [4)]	51.0	58.1	28.1	28.5	32.9	32.4	52.3	69.3	105.6	68.4			47.5	42.0
Ratio of deposits to loans [1) 5)]	53.4	52.5	80.5	63.2					55.4	40.9			64.3	58.7
Return on allocated capital, annualised [3)]	30.3	23.8	20.0	20.9	45.5	42.9	14.5	9.8	(6.3)	(19.9)			23.0	23.3
Number of full-time positions as at 31 Dec. [6)]	4 897	5 040	1 118	1 174	722	698	1 017	1 060	3 083	3 297	2 454	2 352	13 291	13 620

1) *Loans to customers include accrued interest, impairment and value adjustments. Amounts due from credit institutions are not included. Correspondingly, deposits from customers include accrued interest and value adjustments. Amounts due to 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 loans 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.*

Income statement, full year

DNB Group

	Retail Banking		Large Corporates and International		DNB Markets		Insurance and Asset Management		DNB Baltics and Poland		Other operations/ eliminations		DNB Group	
	Full year		Full year		Full year		Full year		Full year		Full year		Full year	
Amounts in NOK million	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net interest income - ordinary operations	15 883	13 805	8 750	7 584	552	842	(357)	(375)	1 039	1 268	1 348	2 128	27 216	25 252
Interest on allocated capital	481	592	585	661	157	165	306	457	22	51	(1 551)	(1 925)	0	0
Net interest income	16 364	14 397	9 335	8 245	710	1 007	(51)	82	1 061	1 319	(203)	203	27 216	25 252
Other operating income	3 970	3 681	1 309	1 097	6 838	5 152	3 814	3 009	886	763	(2 316)	3 051	14 501	16 754
Income attributable to product suppliers	1 135	1 328	2 344	2 100	0	0	0	0	0	0	(3 478)	(3 428)	0	0
Net other operating income	5 105	5 010	3 653	3 196	6 838	5 152	3 814	3 009	886	763	(5 794)	(377)	14 501	16 754
Total income	21 469	19 406	12 987	11 441	7 547	6 159	3 763	3 091	1 948	2 082	(5 998)	(174)	41 717	42 006
Other operating expenses	10 895	10 659	2 600	2 463	2 170	1 999	2 185	2 333	1 558	1 484	1 539	1 235	20 947	20 172
Cost attributable to product suppliers	562	658	972	873	0	0	0	0	0	0	(1 534)	(1 531)	0	0
Operating expenses	11 457	11 317	3 572	3 336	2 170	1 999	2 185	2 333	1 558	1 484	5	(296)	20 947	20 172
Pre-tax operating profit before impairment	10 012	8 089	9 415	8 106	5 378	4 160	1 578	758	389	598	(6 003)	122	20 769	21 833
Net gains on fixed and intangible assets	0	2	0	0	(3)	0	0	0	(3)	9	4	8	(1)	19
Impairment of loans and guarantees	1 139	877	1 674	1 175	0	0	0	0	256	1 280	110	113	3 179	3 445
Impairment loss attributable to product suppliers	0	0	0	1	0	0	0	0	0	0	0	(1)	0	0
Profit from repossessed operations	(48)	0	(148)	(197)	0	0	0	0	0	0	196	197	0	0
Pre-tax operating profit	8 825	7 214	7 594	6 734	5 375	4 160	1 578	758	130	(673)	(5 913)	215	17 589	18 407

Note 4 Segments (continued)

DNB Livsforsikring

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

Income statement [1)]

	DNB Livsforsikring			
Amounts in NOK million	4th quarter 2012	4th quarter 2011	Full year 2012	Full year 2011
Commissions and fee income etc.	576	426	2 305	2 162
Commissions and fee expenses etc.	78	78	330	315
Net gains on assets in DNB Livsforsikring	3 482	4 255	14 283	5 795
Guaranteed returns, strengthened premium reserve and allocations to policyholders in DNB Livsforsikring [*)]	3 162	4 124	13 232	5 772
Premium income etc. included in the risk result in DNB Livsforsikring	1 196	1 291	5 102	4 941
Insurance claims etc. included in the risk result in DNB Livsforsikring	1 370	1 247	5 421	4 853
Other income	7	9	30	29
Net other operating income	**652**	**533**	**2 738**	**1 988**
Total income	**652**	**533**	**2 738**	**1 988**
Salaries and other personnel expenses	166	153	718	674
Other expenses	158	213	648	791
Depreciation and impairment of fixed and intangible assets	23	26	92	107
Total operating expenses	**347**	**392**	**1 459**	**1 573**
Net gains on fixed and intangible assets	0	0	0	0
Pre-tax operating profit	**305**	**141**	**1 279**	**415**
Taxes	(79)	(154)	(355)	101
Profit for the period [2)]	**384**	**295**	**1 634**	**314**
**) Of which provisions for higher life expectancy, group pensions*	*929*	*464*	*3 323*	*464*

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

2) *Breakdown of income statement*

	DNB Livsforsikring			
Amounts in NOK million	*4th quarter 2012*	*4th quarter 2011*	*Full year 2012*	*Full year 2011*
Interest result	*1 422*	*1 570*	*4 952*	*(74)*
Application of/(transferred to) additional allocations	*0*	*(1 062)*	*0*	*524*
Risk result	*(166)*	*62*	*(300)*	*129*
Administration result	*24*	*(162)*	*7*	*(192)*
Upfront pricing of risk and guaranteed rate of return	*145*	*136*	*580*	*531*
Transferred to security reserve	*8*	*18*	*19*	*41*
Provisions for higher life expectancy, group pensions [*)]	*929*	*464*	*3 323*	*464*
Proposed allocations to policyholders	*184*	*(80)*	*618*	*(2)*
Pre-tax operating profit	*305*	*141*	*1 279*	*416*
Taxes	*(79)*	*(154)*	*(355)*	*101*
Profit for the period	*384*	*295*	*1 634*	*314*

*) *Provisions for higher life expectancy include a proposed increase in premium reserves for group pensions of NOK 929 million for the fourth quarter of 2012 and NOK 3 323 million for 2012. The provisions are financed through the interest and risk result and were 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	
Amounts in NOK million	31 Dec. 2012	31 Dec. 2011
Assets		
Due from credit institutions	7 476	4 999
Loans to customers	1 941	1 858
Commercial paper and bonds	64 952	72 810
Shareholdings	37 816	40 607
Financial assets, customers bearing the risk	28 269	23 776
Financial derivatives	1 279	1 470
Commercial paper and bonds, held to maturity	88 948	73 954
Investment property [2]	37 968	37 632
Investments in associated companies	17	16
Intangible assets	211	240
Deferred tax assets	295	0
Fixed assets	4	10
Other assets	1 395	1 460
Total assets	**270 570**	**258 831**
Liabilities and equity		
Financial derivatives	665	2 322
Insurance liabilities, customers bearing the risk	28 269	23 776
Liabilities to life insurance policyholders in DNB Livsforsikring	221 185	212 271
Payable taxes	16	214
Deferred taxes	0	382
Other liabilities	2 782	2 646
Pension commitments	229	224
Subordinated loan capital	1 302	2 509
Total liabilities	**254 448**	**244 343**
Share capital	1 621	1 621
Share premium reserve	3 875	3 875
Other equity	10 626	8 992
Total equity	**16 122**	**14 488**
Total liabilities and equity	**270 570**	**258 831**

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 17 Investment property.*

Key figures			DNB Livsforsikring	
Per cent	4th quarter 2012	4th quarter 2011	Full year 2012	Full year 2011
Recorded return, excluding unrealised gains on financial instruments [1]	1.4	1.5	5.4	3.2
Value-adjusted return, excluding unrealised gains on commercial paper and bonds, held to maturity [1]	1.2	1.7	5.7	2.1
Value-adjusted return, including unrealised gains on commercial paper and bonds, held to maturity, and unrealised gains on current assets [1]	1.5	1.6	7.3	2.8
Capital adequacy ratio at end of period [2]	16.7	15.3	16.7	15.3
Core capital ratio at end of period [2]	15.6	13.9	15.6	13.9
Solvency margin capital in per cent of requirement at end of period [2] [3]	195	192	195	192

1) *Refers to the common portfolio.*
2) *The Norwegian FSA and the Ministry of Finance have not adapted capital adequacy or solvency margin capital regulations to IFRS.*
3) *Solvency margin capital is measured against the solvency margin requirement, which is linked to the company's insurance commitments. The solvency margin capital requirements for Norwegian life insurance companies are subject to regulations laid down by the Ministry of Finance on 19 May 1995.*

Note 5 Net interest income

Amounts in NOK million	4th quarter 2012	4th quarter 2011	Full year 2012	Full year 2011
				DNB Group
Interest on amounts due from credit institutions	178	454	1 198	1 430
Interest on loans to customers	12 882	13 372	52 722	48 658
Interest on impaired loans and guarantees	164	86	625	548
Interest on commercial paper and bonds	1 159	1 347	4 991	6 139
Front-end fees etc.	83	91	337	292
Other interest income	538	646	3 195	3 007
Total interest income	**15 002**	**15 996**	**63 068**	**60 075**
Interest on amounts due to credit institutions	673	958	3 264	4 426
Interest on deposits from customers	3 869	3 931	15 838	13 942
Interest on debt securities issued	2 968	3 315	13 135	12 118
Interest on subordinated loan capital	143	149	676	616
Other interest expenses [1)]	248	850	2 939	3 721
Total interest expenses	**7 901**	**9 204**	**35 853**	**34 823**
Net interest income	**7 101**	**6 792**	**27 216**	**25 252**

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

Note 6 Net commission and fee income

Amounts in NOK million	4th quarter 2012	4th quarter 2011	Full year 2012	Full year 2011
				DNB Group
Money transfer fees	802	761	3 186	2 984
Fees on asset management services	264	283	1 044	1 115
Fees on custodial services	79	73	320	311
Fees on securities broking	46	36	185	254
Corporate finance	192	123	585	454
Interbank fees	10	23	43	92
Credit broking commissions	143	33	445	488
Sales commissions on insurance products	624	503	2 599	2 468
Sundry commissions and fees on banking services	202	252	891	968
Total commission and fee income etc.	**2 363**	**2 087**	**9 299**	**9 135**
Money transfer fees	303	278	1 142	1 049
Commissions on fund management services	40	31	160	133
Fees on custodial services	27	27	132	122
Interbank fees	20	33	78	130
Credit broking commissions	21	29	91	93
Commissions on the sale of insurance products	16	31	112	124
Sundry commissions and fees on banking services	136	162	621	605
Total commission and fee expenses etc.	**563**	**592**	**2 337**	**2 256**
Net commission and fee income	**1 800**	**1 495**	**6 962**	**6 879**

Note 7 Net gains on financial instruments at fair value

Amounts in NOK million	4th quarter 2012	4th quarter 2011	Full year 2012	Full year 2011
				DNB Group
Dividends	56	63	400	521
Net gains on commercial paper and bonds	796	49	3 051	418
Net gains on shareholdings	192	(226)	120	(247)
Net unrealised gains on basis swaps	235	2 069	(1 687)	3 031
Net gains on other financial instruments	85	1 442	2 025	3 938
Net gains on financial instruments at fair value	**1 363**	**3 397**	**3 910**	**7 661**

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 of 2011. In 2012, the required rate of return in the market has been reduced, and Eksportfinans has sizeable unrealised losses on own debt. The impairment loss recorded 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 7.5 billion of DNB's holding after tax. The impairment loss in 2011 and the reversal in 2012 have been reported on the line "Profit from companies accounted for by the equity method" along with DNB's share of profits from the company.

Note 9 Other income

				DNB Group
Amounts in NOK million	4th quarter 2012	4th quarter 2011	Full year 2012	Full year 2011
Income from owned/leased premises	15	6	63	26
Income from investment properties	66	64	273	197
Fees on real estate broking	288	260	1 134	1 012
Miscellaneous operating income	150	145	671	540
Total other income	**518**	**474**	**2 141**	**1 775**

Note 10 Operating expenses

				DNB Group
Amounts in NOK million	4th quarter 2012	4th quarter 2011	Full year 2012	Full year 2011
Salaries	1 880	1 985	7 844	7 594
Employer's national insurance contributions	262	194	1 123	985
Pension expenses	411	229	1 423	989
Restructuring expenses	88	12	131	11
Other personnel expenses	108	199	652	701
Total salaries and other personnel expenses	**2 749**	**2 618**	**11 174**	**10 279**
Fees [1]	373	526	1 289	1 775
IT expenses [1]	413	404	1 849	1 658
Postage and telecommunications	79	97	342	370
Office supplies	34	38	99	105
Marketing and public relations	204	241	904	949
Travel expenses	79	94	250	277
Reimbursement to Norway Post for transactions executed	34	39	138	167
Training expenses	21	25	65	75
Operating expenses on properties and premises	372	354	1 441	1 383
Operating expenses on machinery, vehicles and office equipment	35	38	143	146
Other operating expenses	254	243	931	816
Total other expenses	**1 899**	**2 098**	**7 451**	**7 722**
Impairment losses for goodwill [2]	202	190	287	190
Depreciation and impairment of fixed and intangible assets	651	680	2 035	1 982
Total depreciation and impairment of fixed and intangible assets	**854**	**870**	**2 322**	**2 172**
Total operating expenses	**5 502**	**5 586**	**20 947**	**20 172**

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

2) *Impairment losses for goodwill of NOK 202 million relating to DNB Livsforsikring were recorded in the fourth quarter of 2012. Impairment losses for goodwill of NOK 47 million relating to SalusAnsvar and NOK 38 million to Pres-Vac were recorded in the third quarter of 2012. 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			
	4th quarter 2012 [1)]	4th quarter 2011	Full year 2012 [1)]	Full year 2011
Number of employees at end of period	13 703	14 072	13 703	14 072
- of which number of employees abroad	4 371	4 674	4 371	4 674
Number of employees calculated on a full-time basis at end of period	13 291	13 620	13 291	13 620
- of which number of employees calculated on a full-time basis abroad	4 316	4 560	4 316	4 560
Average number of employees	13 809	13 994	13 982	13 641
Average number of employees calculated on a full-time basis	13 383	13 567	13 542	13 250

1) Including 147 employees and 137 full-time positions in SalusAnsvar AB. The sale of SalusAnsvar was formally completed in January 2013.

Note 12 Taxes

Balancing tax charges against pre-tax operating profit	**DNB Group**	
Amounts in NOK million	Full year 2012	Full year 2011
Operating profit before taxes	17 589	18 407
Estimated income tax - nominal tax rate (28 per cent)	4 925	5 154
Tax effect of different tax rates in other countries	(14)	316
Tax effect of debt interest distribution with international branches	(37)	84
Tax effect of tax-exempt income and non-deductible expenses	(403)	(323)
Tax effect of tax losses carried forward not recognised in the balance sheet [1)]	47	382
Excess tax provision previous year [2)]	(490)	(190)
Total taxes	**4 028**	**5 423**
Effective tax rate	23%	29%

1) Deferred taxes for tax-deductible differences (mainly losses carried forward) in subsidiaries are recognised in the balance sheet to the extent that it is probable that the Group can utilise the tax positions in the future.

2) NOK 335 million of this represents recognition of deferred tax assets in 2012 (NOK 440 million in 2011) which have not been recognised in the balance sheet in previous years.

Note 13 Impairment of loans and guarantees

	DNB Group			
Amounts in NOK million	4th quarter 2012	4th quarter 2011	Full year 2012	Full year 2011
Write-offs	144	103	344	550
New individual impairment	1 070	1 265	3 800	4 120
Total new individual impairment	1 214	1 368	4 144	4 670
Reassessed individual impairment	158	228	818	1 015
Recoveries on loans and guarantees previously written off	108	120	412	437
Net individual impairment	949	1 020	2 915	3 217
Change in collective impairment of loans	241	(94)	265	227
Impairment of loans and guarantees [1)]	**1 190**	**926**	**3 179**	**3 445**
Write-offs covered by individual impairment made in previous years	976	770	2 876	2 753
1) Of which individual impairment of guarantees	*0*	*40*	*63*	*26*

Note 14 Loans to customers

Amounts in NOK million	DNB Group 31 Dec. 2012	31 Dec. 2011
Loans at amortised cost:		
Loans to customers, nominal amount	1 175 095	1 186 159
Individual impairment	9 308	9 521
Loans to customers, after individual impairment	1 165 787	1 176 639
+ Accrued interest and amortisation	2 360	2 156
- Individual impairment of accrued interest and amortisation	708	710
- Collective impairment	2 321	2 119
Loans to customers, at amortised cost	1 165 118	1 175 966
Loans at fair value:		
Loans to customers, nominal amount	131 001	102 284
+ Accrued interest	432	453
+ Adjustment to fair value	1 340	558
Loans to customers, at fair value	132 773	103 294
Loans to customers	**1 297 892**	**1 279 259**

Note 15 Net impaired loans and guarantees for principal customer groups [1)]

Amounts in NOK million	DNB Group 31 Dec. 2012	31 Dec. 2011
Private individuals	3 545	3 771
Transportation by sea and pipelines and vessel construction	5 246	3 551
Real estate	3 685	3 575
Manufacturing	1 811	2 072
Services	573	572
Trade	370	854
Oil and gas	40	0
Transportation and communication	584	334
Building and construction	1 030	647
Power and water supply	105	0
Seafood	67	67
Hotels and restaurants	205	298
Agriculture and forestry	235	260
Central and local government	0	0
Other sectors	15	22
Total customers	17 512	16 023
Credit institutions	0	21
Total net impaired loans and guarantees	17 512	16 043
Non-performing loans and guarantees not subject to impairment	2 228	3 422
Total net non-performing and doubtful loans and guarantees	19 740	19 465

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

Note 16 Commercial paper and bonds, held to maturity

Amounts in NOK million	DNB Group 31 Dec. 2012	31 Dec. 2011
DNB Markets	70 831	95 062
DNB Livsforsikring	88 948	73 954
Other units [1)]	(2 449)	(2 050)
Commercial paper and bonds, held to maturity	**157 330**	**166 965**

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-December 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 fourth quarter of 2012, there would have been a NOK 604 million increase in profits.

Effects of the reclassifications of the international bond portfolio

By measuring the portfolio at amortised cost, the value of the portfolio as at 31 December 2012 was NOK 0.8 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 25.5 billion at end-December 2012. The average term to maturity of the portfolio was 5.0 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 13 million at end-December 2012.

Effects on profits of the reclassification

Amounts in NOK million	DNB Group 4th quarter 2012	4th quarter 2011	Full year 2012	Full year 2011
Recorded amortisation effect	5	62	139	329
Net gain, if valued at fair value	609	67	1 464	(1 181)
Effects of reclassification on profits	(604)	(5)	(1 325)	1 510

Effects on the balance sheet of the reclassification

Amounts in NOK million	DNB Group 31 Dec. 2012	31 Dec. 2011
Recorded unrealised losses	766	905
Unrealised losses, if valued at fair value	1 585	3 048
Effects of reclassification on the balance sheet	818	2 144

Development in the portfolio after the reclassification

Amounts in NOK million	DNB Group 31 Dec. 2012	31 Dec. 2011
Reclassified portfolio, recorded value	25 511	39 825
Reclassified portfolio, if valued at fair value	24 692	37 682
Effects of reclassification on the balance sheet	818	2 144

Note 16 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 the international bond portfolio as from 2011 mainly represent covered bonds carried at fair value. As at 31 December 2012 DNB Markets' international bond portfolio represented NOK 120.8 billion. 82.3 per cent of the securities in the portfolio had an AAA rating, while 12.3 per cent were rated AA. There were no synthetic securities in the portfolio and no investments in US sub-prime bonds or Collateralised Debt Obligations, CDOs. Nor were any investments made in Treasury bills in Portugal, Italy, Ireland, Greece or Spain. The structure of DNB Markets' international bond portfolio is shown below.

		DNB Group
	Per cent 31 Dec. 2012	NOK million 31 Dec. 2012
Asset class		
Consumer credit	0.1	122
Residential mortgages	35.1	42 679
Corporate loans	0.6	730
Government related	25.2	30 641
Covered bonds	39.0	47 421
Total international bond portfolio DNB Markets, nominal values	100.0	121 593
Accrued interest, amortisation effects and fair value adjustments		(814)
Total international bond portfolio DNB Markets		120 779
Total international bond portfolio DNB Markets, held to maturity		70 831
Of which reclassified portfolio		25 511

The average term to maturity of DNB Markets' international bond portfolio is 3.2 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 17 million at end-December 2012.

DNB Livsforsikring

Bonds held-to-maturity totalled NOK 88.9 billion in DNB Livsforsikring ASA's as at 31 December 2012, mainly comprising bonds issued by highly creditworthy borrowers. At end-December 2012, bonds with government guarantees represented 24 per cent of the portfolio, while covered bonds represented 30 per cent. The remaining bonds are generally issued by municipalities, county municipalities and highly creditworthy finance companies. 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.

		DNB Group
	Per cent 31 Dec. 2012	NOK million 31 Dec. 2012
Asset class		
Goverment/goverment-guaranteed	24.0	20 813
Guaranteed by supranational entities	0.9	800
Municipalities/county municipalities	5.5	4 792
Bank and mortgage institutions	27.8	24 097
Covered bonds	30.2	26 206
Other issuers	11.6	10 026
Total bond portfolio DNB Livsforsikring, held to maturity, nominal values	100.0	86 734
Accrued interest, amortisation effects and fair value adjustments		2 214
Total bond portfolio DNB Livsforsikring, held to maturity		88 948

Note 17 Investment property

Amounts in NOK million	DNB Group 31 Dec. 2012	 31 Dec. 2011
DNB Livsforsikring	37 968	37 632
Properties for own use [1]	(3 506)	
Other investment properties [2]	5 034	5 165
Total investment properties	**39 496**	**42 796**

1) Some properties in DNB Livsforsikring are classified as properties for own use in the group accounts and are recorded at fair value.
2) Other investment property are mainly related to acquired companies.

Investment properties in the Group are principally owned by DNB Livsforsikring. DNB Livsforsikring's portfolio totalled NOK 37 968 million as at 31 December 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 fourth quarter of 2012, external appraisals were obtained for a total of 17 properties, representing 50 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 1.3 per cent higher than average external appraisals. The Swedish properties in the portfolio and partially owned properties are valued based on external appraisals.

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 55 million during the fourth quarter of 2012. There have been no significant changes in the parameters included in the valuation model. The value increased by NOK 173 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 4.2 per cent or NOK 1 026 million. Correspondingly, a 5 per cent change in future market rents will change the value of the property portfolio by 4.1 per cent or NOK 1 007 million.

Changes in the value of investment properties

Amounts in NOK million	DNB Group Investment property
Recorded value as at 31 December 2010	**38 834**
Additions, purchases of new properties	1 368
Additions, capitalised investments	855
Additions, acquired companies	1 809
Net gains resulting from adjustment to fair value	879
Net gains resulting from adjustment to fair value of projects	36
Disposals	1 026
Exchange rate movements etc.	43
Recorded value as at 31 December 2011	**42 796**
Additions, purchases of new properties	1 391
Additions, capitalised investments	1 238
Additions, acquired companies [1]	285
Net gains resulting from adjustment to fair value [2]	(230)
Net gains resulting from adjustment to fair value of projects	0
Disposals [3]	5 511
Exchange rate movements etc.	(473)
Recorded value as at 31 December 2012	**39 496**

1) See note 3 Changes in group structure for information about acquired companies.
2) Of which NOK 403 million represented a negative value adjustment of investment properties which are not owned by DNB Livsforsikring.
3) Including properties reclassified as properties for own use in the group accounts.

Note 18 Intangible assets

Amounts in NOK million	DNB Group 31 Dec. 2012	 31 Dec. 2011
Goodwill [1]	4 717	5 174
IT systems development	1 737	1 511
Other intangible assets [2]	264	319
Total intangible assets	**6 718**	**7 003**

1) *Impairment losses for goodwill related to SalusAnsvar AB of SEK 55 million were recorded in the third quarter of 2012 after an agreement on the sale of the company had been concluded. The sale has been approved by the supervisory authorities and will be reflected in the accounts as from the first quarter of 2013. The remaining goodwill of SEK 210 million was reclassified as "Assets held for sale" in the fourth quarter of 2012. Impairment losses for goodwill related to Pres-Vac Engineering Aps of DKK 38 million were recorded in the third quarter of 2012 due to market developments for the company, which, among other things, produces tank valves for ships which transport liquid cargo. In the fourth quarter of 2012, impairment losses for goodwill related to DNB Livsforsikring of NOK 202 million were recorded after assessing the effects of regulatory changes, among other things concerning taxes.*

2) *Other intangible assets in SalusAnsvar AB, totalling SEK 80 million, were reclassified as "Assets held for sale" in the fourth quarter of 2012.*

Note 19 Debt securities issued and subordinated loan capital

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

Debt securities issued

Amounts in NOK million	DNB Group 31 Dec. 2012	 31 Dec. 2011
Commercial paper issued, nominal amount	244 092	228 430
Bond debt, nominal amount [1]	433 090	386 384
Adjustments	30 865	20 343
Total debt securities issued	**708 047**	**635 157**

Changes in debt securities issued

DNB Group

Amounts in NOK million	Balance sheet 31 Dec. 2012	Issued 2012	Matured/ redeemed 2012	Exchange rate movements 2012	Other adjustments 2012	Balance sheet 31 Dec. 2011
Commercial paper issued, nominal amount	244 092	814 527	798 865			228 430
Bond debt, nominal amount [1]	433 090	126 753	62 245	(17 802)		386 384
Adjustments	30 865				10 522	20 343
Total debt securities issued	**708 047**	**941 280**	**861 109**	**(17 802)**	**10 522**	**635 157**

Changes in subordinated loan capital and perpetual subordinated loan capital securities

DNB Group

Amounts in NOK million	Balance sheet 31 Dec. 2012	Issued 2012	Matured/ redeemed 2012	Exchange rate movements 2012	Other adjustments 2012	Balance sheet 31 Dec. 2011
Term subordinated loan capital, nominal amount	12 848	5 525	5 363	(172)		12 859
Perpetual subordinated loan capital, nominal amount	3 804			(353)		4 158
Perpetual subordinated loan capital securities, nominal amount [2]	3 162		2 718	(93)		5 973
Adjustments	1 275				102	1 174
Total subordinated loan capital and perpetual subordinated loan capital securities	**21 090**	**5 525**	**8 082**	**(618)**	**102**	**24 163**

1) *Minus own bonds. Outstanding covered bonds in DNB Boligkreditt totalled NOK 361.8 billion as at 31 December 2012. The cover pool represented NOK 516.4 billion.*

2) *Perpetual subordinated loan capital securities are eligible for inclusion in core capital by an amount not exceeding 15 per cent of total core capital. The Norwegian FSA 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 8 per cent. Amounts written down on the securities must be revalued before the distribution of dividends to shareholders or revaluation of equity.*

Note 20 Capital adequacy

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

Primary capital	**DNB Bank ASA**		**DNB Bank Group**		**DNB Group**	
Amounts in NOK million	31 Dec. 2012	31 Dec. 2011	31 Dec. 2012	31 Dec. 2011	31 Dec. 2012	31 Dec. 2011
Share capital	18 314	18 314	18 314	18 314	16 269	16 260
Other equity	87 160	79 328	98 280	85 990	111 767	101 555
Total equity	105 474	97 643	116 594	104 304	128 035	117 815
Deductions						
Pension funds above pension commitments	(8)	0	(19)	(22)	(94)	(126)
Goodwill	(2 907)	(2 419)	(3 543)	(3 834)	(5 223)	(5 741)
Deferred tax assets	(565)	(3)	(1 055)	(644)	(1 066)	(651)
Other intangible assets	(1 092)	(1 130)	(1 822)	(2 028)	(2 033)	(2 270)
Dividends payable etc.	0	0	(6 000)	0	(3 420)	(3 258)
Unrealised gains on fixed assets	0	0	(30)	(30)	(30)	(30)
50 per cent of investments in other financial institutions	(392)	(1 022)	(538)	(1 022)	0	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(415)	(648)	(626)	(835)	(626)	(835)
Adjustments for urealised losses/(gains) on liabilities recorded at fair value	181	(24)	84	(713)	84	(713)
Equity Tier 1 capital	100 276	92 396	103 047	95 177	115 627	104 191
Perpetual subordinated loan capital securities 1) 2)	3 162	5 973	3 162	6 159	3 162	6 159
Tier 1 capital	103 439	98 370	106 209	101 336	118 790	110 350
Perpetual subordinated loan capital	3 804	4 153	3 804	4 153	3 804	4 153
Term subordinated loan capital 2)	12 848	12 773	13 081	13 230	13 081	13 230
Deductions						
50 per cent of investments in other financial institutions	(392)	(1 022)	(538)	(1 022)	0	0
50 per cent of expected losses exceeding actual losses, IRB portfolios	(415)	(648)	(626)	(835)	(626)	(835)
Additions						
45 per cent of unrealised gains on fixed assets	0	0	18	18	18	18
Tier 2 capital	15 846	15 256	15 740	15 544	16 278	16 566
Total eligible primary capital 3)	119 285	113 625	121 949	116 879	135 068	126 916
Risk-weighted volume	874 840	874 786	984 137	1 018 586	1 075 672	1 111 574
Minimum capital requirement	69 987	69 983	78 731	81 487	86 054	88 926
Equity Tier 1 capital ratio (%)	11.5	10.6	10.5	9.3	10.7	9.4
Tier 1 capital ratio (%)	11.8	11.2	10.8	9.9	11.0	9.9
Capital ratio (%)	13.6	13.0	12.4	11.5	12.6	11.4

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

2) *As at 31 December 2012, calculations of capital adequacy for the banking group and DNB Group included a total of NOK 233 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 20 Capital adequacy (continued)

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

Amounts in NOK million	Nominal exposure 31 Dec. 2012	EAD [1] 31 Dec. 2012	Risk-weighted volume 31 Dec. 2012	Capital requirements 31 Dec. 2012	Capital requirements 31 Dec. 2011
IRB approach					
Corporate	808 855	673 236	367 717	29 417	30 453
Specialised Lending (SL)	4 310	4 255	2 400	192	286
Retail - mortgage loans	583 866	583 866	70 687	5 655	5 515
Retail - other exposures	99 482	82 062	22 992	1 839	1 891
Securitisation	70 831	70 831	23 660	1 893	752
Total credit risk, IRB approach	1 567 344	1 414 250	487 457	38 997	38 898
Standardised approach					
Central government	137 650	149 344	121	10	10
Institutions	138 103	107 684	25 496	2 040	1 922
Corporate	334 065	256 582	240 337	19 227	22 278
Retail - mortgage loans	53 391	51 059	27 368	2 189	1 674
Retail - other exposures	62 477	30 311	23 404	1 872	2 857
Equity positions	3 172	3 172	3 276	262	288
Securitisation	4 632	4 632	856	69	143
Other assets	9 472	9 472	9 472	758	901
Total credit risk, standardised approach	742 961	612 257	330 329	26 426	30 074
Total credit risk	2 310 306	2 026 507	817 786	65 423	68 971
Market risk					
Position risk, debt instruments			38 881	3 110	2 833
Position risk, equity instruments			1 295	104	95
Currency risk			0	0	0
Commodity risk			63	5	0
Total market risk			40 239	3 219	2 928
Operational risk			71 479	5 718	5 386
Net insurance, after eliminations			94 538	7 563	7 708
Deductions			(334)	(27)	(50)
Total risk-weighted volume and capital requirements before transitional rule			1 023 708	81 897	84 942
Additional capital requirements according to transitional rules [2]			51 964	4 157	3 984
Total risk-weighted volume and capital requirements			1 075 672	86 054	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 20 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 31 Dec. 2012	31 Dec. 2013 [1]
Retail:		
- mortgage loans, DNB Bank and DNB Boligkreditt	IRB [2]	IRB [2]
- qualifying revolving retail exposures, DNB Bank [3]	IRB [2]	IRB [2]
- loans in DNB Finans Norway	IRB [2]	IRB [2]
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
- leasing, DNB Bank	Advanced IRB	Advanced IRB
- corporate clients, DNB Næringskreditt	Advanced IRB	Advanced IRB
Securitisation positions:		
- international bond portfolio, DNB Markets	IRB [2]	IRB [2]
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) *As according to implementation plan. The conversion is, however, subject to final approval from the Norwegian FSA.*
2) *There is only one IRB approach for retail exposures and securitisation positions.*
3) *Reported according to the IRB category Retail - other exposures.*

Note 21 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 domestic subsidiaries, 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 combination thereof, 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 net loans was 62.5 per cent at year-end 2012, up from 57.8 per cent a year earlier. The ratio of deposits to net loans in DNB Bank ASA was 110.3 per cent at year-end 2012.

Throughout 2012, the short-term funding markets were generally sound for banks with good credit ratings. DNB had ample access to short-term funding, and investors showed increasing interest in longer maturities during the second half of the year. The markets are less selective than before, and an increasing number of banks are regarded as financially strong and have good access to capital. DNB is still one of these banks.

There was a very high level of activity in the long-term funding markets during the first half of the year, and banks with strong credit ratings had particularly good access to these markets. Prices of long-term funding gradually improved during the January through June period, partly due to the fact that measures launched by the European Central Bank, ECB, the so-called LTRO programme, provided European banks with considerable long-term funding. As the summer was approaching, there was increasing uncertainty regarding European sovereign debt, and very few transactions were completed during the second half of the year. Towards the end of the year, investors showed renewed interest in long-term funding, while the banks had a limited need for new funding. Thus, there was a reduction in funding costs in the second half of the year for both new covered bonds and senior bond debt. DNB completed most of its annual long-term funding activities during the first half of the year and pre-financed some of its funding requirement for 2013 in the second half of the year.

The average remaining term to maturity for the portfolio of senior bond debt was 4.6 years at year-end 2012, compared with 4.5 years a year earlier. The DNB Group aims to achieve a sound and stable maturity structure for funding over the next five years.

Note 22 Information on related parties

Major transactions and agreements with related parties:

Eksportfinans ASA
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 as and when the Treasury bills reach maturity during the agreement period. 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.

DNB Bank ASA 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-December 2012, this funding represented NOK 50.0 billion. At end-December 2012, the bank's investments in Treasury bills used in the swap agreements represented NOK 50.2 billion.

Capitalisation and valuation of subsidiaries
During the first quarter of 2012, DNB Bank ASA took over the shares in AS DNB Pank (former 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 Pank 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. During the third quarter of 2012, the share capital of DNB Baltic IT was increased by DKK 660 million. During the fourth quarter of 2012, DNB Bank ASA’s subsidiary in Asia, DNB Asia Ltd, received a capital injection of USD 1.5 billion as part of the adaptation to regulatory requirements.

In connection with the agreement to sell SalusAnsvar AB, entered into in the third quarter of 2012, the value of DNB Bank ASA’s investment in the company was written down by SEK 95 million. The value of DNB Bank ASA’s investment in Bryggetorget Holding AS was written down by NOK 48 million in the fourth quarter of 2012, reflecting unrealised losses on investment property.

Note 23 Off-balance sheet transactions, contingencies and post-balance sheet events

Off-balance sheet transactions and additional information		**DNB Group**
	31 Dec.	31 Dec.
Amounts in NOK million	2012	2011
Performance guarantees	42 729	47 530
Payment guarantees	22 716	23 439
Loan guarantees [1)]	19 236	17 666
Guarantees for taxes etc.	6 658	5 645
Other guarantee commitments	2 405	2 285
Total guarantee commitments	93 743	96 565
Support agreements	10 863	10 237
Total guarantee commitments etc. [*)]	104 606	106 802
Unutilised credit lines and loan offers	492 947	519 143
Documentary credit commitments	2 219	2 594
Other commitments	2 030	1 381
Total commitments	497 195	523 118
Total guarantee and off-balance commitments	601 801	629 920
Pledged securities	94 871	90 524
**) Of which counter-guaranteed by financial institutions*	*1 139*	*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 4 089 million were recorded in the balance sheet as at 31 December 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.

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 February 2013.

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

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

Post-balance sheet events

No information has come to light about important circumstances which had occurred on the balance sheet date on 31 December 2012 and up till the Board of Directors' final consideration of the accounts on 6 February 2013.

DNB ASA

Income statement				DNB ASA
Amounts in NOK million	4th quarter 2012	4th quarter 2011	Full year 2012	Full year 2011
Total interest income	22	110	138	474
Total interest expenses	93	102	410	385
Net interest income	**(71)**	**8**	**(272)**	**90**
Commissions and fees payable etc.	1	2	5	6
Other income [1)]	8 493	183	8 493	183
Net other operating income	**8 492**	**181**	**8 488**	**177**
Total income	**8 422**	**190**	**8 216**	**267**
Salaries and other personnel expenses	2	2	6	6
Other expenses	105	60	422	243
Total operating expenses	**107**	**61**	**427**	**249**
Pre-tax operating profit	**8 315**	**128**	**7 789**	**18**
Taxes	2 328	36	2 181	5
Profit for the period	**5 987**	**92**	**5 608**	**13**
Earnings/diluted earnings per share (NOK)	3.68	0.06	3.44	0.01
Earnings per share excluding operations held for sale (NOK)	3.68	0.06	3.44	0.01

1) *Of which the group contribution from DNB Bank ASA represented NOK 8 333 million.*

Balance sheet		DNB ASA
Amounts in NOK million	31 Dec. 2012	31 Dec. 2011
Assets		
Due from DNB Bank ASA	3 980	7 356
Loans to other group companies	225	225
Investments in group companies	62 216	62 216
Receivables due from group companies	8 493	183
Total assets	**74 914**	**69 981**
Liabilities and equity		
Due to DNB Bank ASA	10 885	10 477
Other liabilities and provisions	5 602	3 263
Share capital	16 288	16 288
Share premium reserve	22 556	22 556
Other equity	19 583	17 395
Total liabilities and equity	**74 914**	**69 981**

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			13	13
Dividends for 2011 (NOK 2.00 per share)			(3 258)	(3 258)
Balance sheet as at 31 December 2011	**16 288**	**22 556**	**17 395**	**56 240**
Profit for the period			5 608	5 608
Dividends for 2012 (NOK 2.10 per share [1)])			(3 420)	(3 420)
Balance sheet as at 31 December 2012	**16 288**	**22 556**	**19 583**	**58 427**

1) *Proposed dividend.*

Accounting principles

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

Key figures

	4th quarter 2012	4th quarter 2011	Full year 2012	Full year 2011
				DNB Group
Interest rate analysis				
1. Combined weighted total average spread for lending and deposits (%)	1.22	1.14	1.18	1.12
2. Average spread for ordinary lending to customers (%)	2.18	1.64	2.00	1.59
3. Average spread for deposits from customers (%)	(0.27)	0.28	(0.12)	0.30
Rate of return/profitability				
4. Net other operating income, per cent of total income	36.4	45.2	34.8	39.9
5. Cost/income ratio (%)	47.5	42.0	49.5	47.1
6. Return on equity, annualised (%)	12.0	13.8	11.2	11.4
7. RARORAC, annualised (%)	20.5	16.2	20.6	16.6
8. RORAC, annualised (%)	23.0	23.3	20.4	19.1
9. Average equity including allocated dividend (NOK million)	126 344	117 766	121 997	113 934
10. Return on average risk-weighted volume, annualised (%)	1.40	1.50	1.23	1.22
Financial strength				
11. Equity Tier 1 capital ratio at end of period (%)	10.7	9.4	10.7	9.4
12. Tier 1 capital ratio at end of period (%)	11.0	9.9	11.0	9.9
13. Capital ratio at end of period (%)	12.6	11.4	12.6	11.4
14. Equity Tier 1 capital at end of period (NOK million)	115 627	104 191	115 627	104 191
15. Risk-weighted volume at end of period (NOK million)	1 075 672	1 111 574	1 075 672	1 111 574
Loan portfolio and impairment				
16. Individual impairment relative to average net loans to customers, annualised	0.29	0.32	0.22	0.27
17. Impairment relative to average net loans to customers, annualised	0.36	0.29	0.24	0.28
18. Net non-performing and net doubtful loans and guarantees, per cent of net loans	1.50	1.50	1.50	1.50
19. Net non-performing and net doubtful loans and guarantees at end of period (NOK million)	19 740	19 465	19 740	19 465
Liquidity				
20. Ratio of customer deposits to net loans to customers at end of period (%)	62.5	57.8	62.5	57.8
Total assets owned or managed by DNB				
21. Customer assets under management at end of period (NOK billion)	459	506	459	506
22. Total combined assets at end of period (NOK billion)	2 473	2 395	2 473	2 395
23. Average total assets (NOK billion)	2 369	2 196	2 364	2 148
24. Customer savings at end of period (NOK billion)	1 270	1 246	1 270	1 246
Staff				
25. Number of full-time positions at end of period	13 291	13 620	13 291	13 620
The DNB share				
26. Number of shares at end of period (1 000)	1 628 799	1 628 799	1 628 799	1 628 799
27. Average number of shares (1 000)	1 628 799	1 628 799	1 628 799	1 628 799
28. Earnings per share (NOK)	2.34	2.51	8.39	7.98
29. Earnings per share excluding operations held for sale (NOK)	2.34	2.51	8.33	7.99
30. Dividend per share (NOK) [1)]	-	-	2.10	2.00
31. Total shareholders' return (%)	0.2	(1.4)	23.7	(25.2)
32. Dividend yield (%)	-	-	2.98	3.42
33. Equity per share including allocated dividend at end of period (NOK)	78.61	72.33	78.61	72.33
34. Share price at end of period (NOK)	70.40	58.55	70.40	58.55
35. Price/earnings ratio	7.53	5.82	8.45	7.33
36. Price/book value	0.90	0.81	0.90	0.81
37. Market capitalisation (NOK billion)	114.7	95.4	114.7	95.4

1) Proposed dividend for 2012.

For definitions of selected key figures, see next page.

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.
21	Total assets under management for customers in Insurance and Asset Management.
22	Total assets and customer assets under management.
24	Total deposits from customers, assets under management and equity-linked bonds.
26	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.
28	Holdings of own shares are not included in calculations of earnings per share.
29	Excluding operations held for sale. Holdings of own shares are not included in calculations of the number of shares.
31	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.
33	Equity at end of period relative to number of shares at end of period.
35	Closing price at end of period relative to annualised earnings per share.
36	Closing price at end of period relative to recorded equity at end of period.
37	Number of shares multiplied by the closing share price at end of period.

Profit and balance sheet trends

Income statement					**DNB Group**
Amounts in NOK million	4th quarter 2012	3rd quarter 2012	2nd quarter 2012	1st quarter 2012	4th quarter 2011
Total interest income	15 002	15 926	16 080	16 060	15 996
Total interest expenses	7 901	9 098	9 446	9 407	9 204
Net interest income	**7 101**	**6 828**	**6 634**	**6 653**	**6 792**
Commission and fee income etc.	2 363	2 285	2 377	2 274	2 087
Commission and fee expenses etc.	563	587	580	607	592
Net gains on financial instruments at fair value	1 363	906	2 646	(1 006)	3 397
Net gains on assets in DNB Livsforsikring	3 430	4 286	1 940	4 562	4 269
Guaranteed returns, strengthened premium reserve and allocations to policyholders in DNB Livsforsikring	3 117	4 077	1 836	4 157	4 124
Premium income etc. included in the risk result in DNB Livsforsikring	1 196	1 586	991	1 330	1 291
Insurance claims etc. included in the risk result in DNB Livsforsikring	1 370	1 617	992	1 442	1 247
Premium income, DNB Skadeforsikring	324	313	310	303	288
Insurance claims etc., DNB Skadeforsikring	246	207	218	254	225
Profit from companies accounted for by the equity method	177	246	141	225	111
Net gains on investment property	(16)	4	(184)	(144)	(132)
Other income	518	492	609	522	474
Net other operating income	**4 061**	**3 628**	**5 204**	**1 607**	**5 599**
Total income	**11 162**	**10 456**	**11 837**	**8 261**	**12 392**
Salaries and other personnel expenses	2 749	2 867	2 789	2 768	2 618
Other expenses	1 899	1 779	1 866	1 907	2 098
Depreciation and impairment of fixed and intangible assets	854	545	494	430	870
Total operating expenses	**5 502**	**5 191**	**5 149**	**5 105**	**5 586**
Net gains on fixed and intangible assets	(65)	20	37	7	(1)
Impairment of loans and guarantees	1 190	521	685	784	926
Pre-tax operating profit	**4 406**	**4 763**	**6 041**	**2 378**	**5 878**
Taxes	601	1 256	1 553	618	1 790
Profit from operations held for sale, after taxes	4	0	92	0	0
Profit for the period	**3 810**	**3 507**	**4 580**	**1 760**	**4 089**
Earnings/diluted earnings per share (NOK)	2.34	2.15	2.82	1.08	2.51

Profit and balance sheet trends (continued)

Balance sheet					**DNB Group**
Amounts in NOK million	31 Dec. 2012	30 Sept. 2012	30 June 2012	31 March 2012	31 Dec. 2011
Assets					
Cash and deposits with central banks	298 892	367 409	410 135	433 396	224 581
Due from credit institutions	37 136	42 424	32 258	35 018	28 754
Loans to customers	1 297 892	1 307 047	1 308 599	1 284 526	1 279 259
Commercial paper and bonds at fair value	224 750	198 774	196 935	199 431	177 980
Shareholdings	48 288	47 884	49 417	53 024	53 012
Financial assets, customers bearing the risk	28 269	27 600	25 391	25 770	23 776
Financial derivatives	96 584	101 302	90 707	81 555	96 693
Commercial paper and bonds, held to maturity	157 330	190 312	170 499	168 644	166 965
Investment property	39 496	45 060	45 573	43 049	42 796
Investments in associated companies	2 882	2 795	2 552	2 407	2 189
Intangible assets	6 718	7 035	7 097	7 020	7 003
Deferred tax assets	1 058	631	633	640	643
Fixed assets	10 825	6 966	6 780	6 569	6 336
Assets held for sale	417	15	9	1 092	1 054
Other assets	14 309	23 871	25 762	28 811	15 055
Total assets	**2 264 845**	**2 369 123**	**2 372 347**	**2 370 952**	**2 126 098**
Liabilities and equity					
Due to credit institutions	251 388	293 530	294 125	353 395	279 553
Deposits from customers	810 959	843 340	853 877	805 985	740 036
Financial derivatives	63 274	66 207	60 857	56 039	64 365
Debt securities issued	708 047	727 925	729 309	717 598	635 157
Insurance liabilities, customers bearing the risk	28 269	27 600	25 391	25 770	23 776
Liabilities to life insurance policyholders in DNB Livsforsikring	221 185	220 574	218 081	218 093	212 271
Insurance liabilities, DNB Skadeforsikring	1 780	1 914	1 954	1 945	1 589
Payable taxes	6 831	3 267	1 584	356	634
Deferred taxes	1 461	3 860	4 029	4 856	4 897
Other liabilities	18 451	26 851	32 591	34 342	17 767
Liabilities held for sale	76	0	0	361	383
Provisions	770	660	610	525	570
Pension commitments	3 228	3 133	3 138	3 149	3 123
Subordinated loan capital	21 090	25 799	25 968	29 021	24 163
Total liabilities	**2 136 810**	**2 244 659**	**2 251 516**	**2 251 434**	**2 008 284**
Share capital	16 269	16 288	16 261	16 275	16 260
Share premium reserve	22 609	22 609	22 609	22 609	22 609
Other equity	89 158	85 567	81 961	80 634	78 946
Total equity	**128 035**	**124 464**	**120 831**	**119 518**	**117 815**
Total liabilities and equity	**2 264 845**	**2 369 123**	**2 372 347**	**2 370 952**	**2 126 098**

Information about the DNB Group

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Board of Directors in DNB ASA

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

Group management (new group structure as from 14 January 2013)

Rune Bjerke	Group chief executive
Bjørn Erik Næss	Chief financial officer
Trond Bentestuen	Chief financial officer Personal Banking Norway
Kjerstin Braathen	Chief financial officer Corporate Banking Norway
Harald Serck-Hanssen	Chief financial officer Large Corporates and International
Ottar Ertzeid	Chief financial officer DNB Markets
Tom Rathke	Chief financial officer Wealth Management
Kari Olrud Moen	Chief financial officer Products
Liv Fiksdahl	Chief financial officer IT and Operations
Solveig Hellebust	Chief financial officer HR
Trygve Young	Chief financial officer Risk Management
Leif Teksum	Chief financial officer Relations
Thomas Midteide	Chief financial officer Corporate Communications

Investor Relations

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Financial calendar 2013

Preliminary results 2012 and fourth quarter 2012	7 February
Annual General Meeting	30 April
Ex-dividend date	2 May
Distribution of dividends	as of 13 May
First quarter 2013	26 April
Second quarter 2013	11 July
Third quarter 2013	24 October

Other sources of information

Annual and quarterly reports

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

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

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