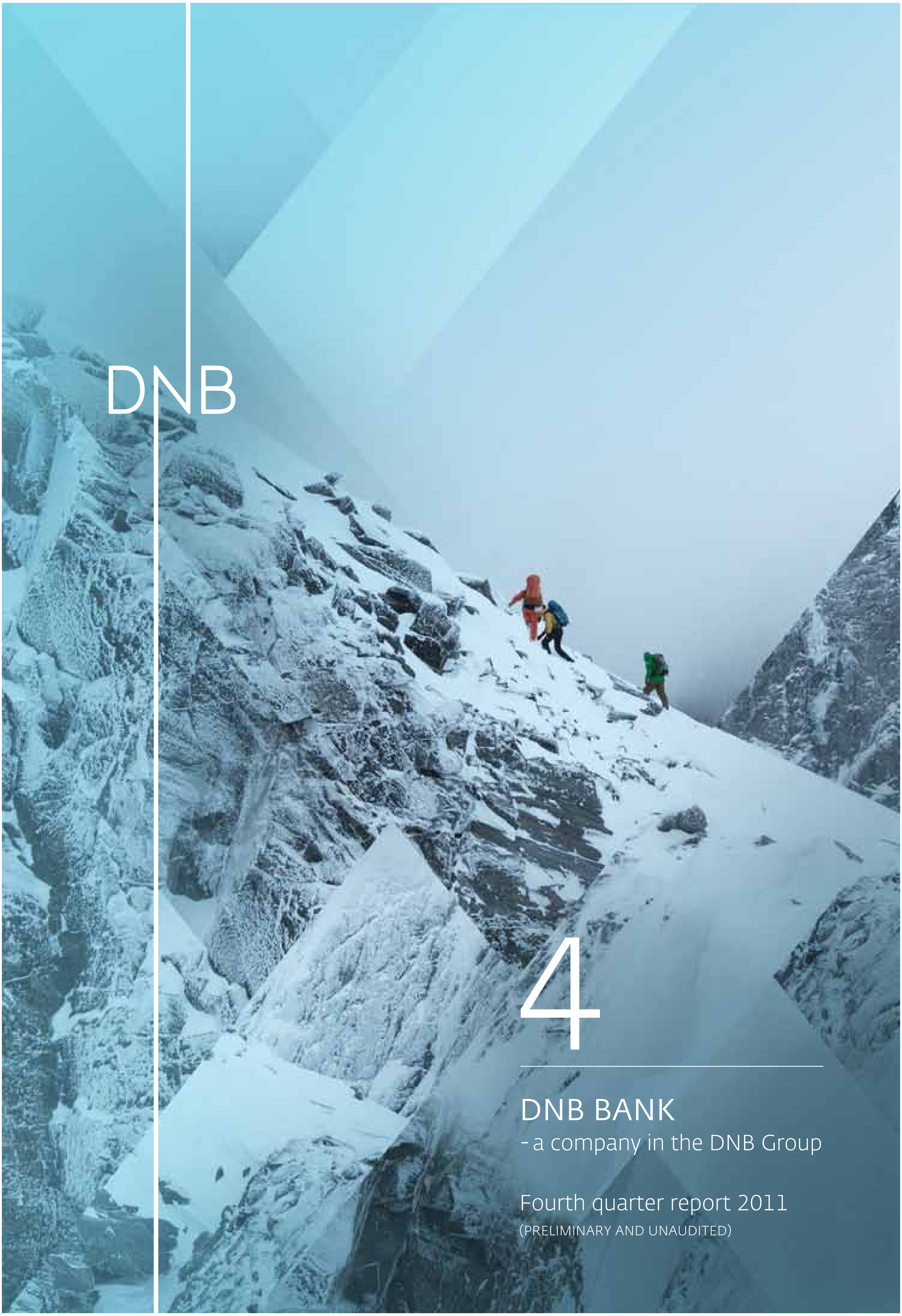

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DNB BANK

- a company in the DNB Group

Fourth quarter report 2011

(PRELIMINARY AND UNAUDITED)

Key figures

DNB Bank Group

Income statement *Amounts in NOK million*	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
Net interest income	6 804	6 130	25 232	23 387
Net commissions and fees, core business [1]	*1 062*	*1 241*	*4 776*	*4 604*
Net financial items	*4 007*	*2 365*	*9 937*	*8 463*
Net other operating income, total	5 068	3 606	14 713	13 067
Ordinary operating expenses	4 856	4 219	18 328	16 451
Other expenses	380	0	380	591
Pre-tax operating profit before write-downs	6 636	5 517	21 237	19 412
Net gains on fixed and intangible assets	(1)	26	19	23
Write-downs on loans and guarantees	926	529	3 445	2 997
Pre-tax operating profit	5 709	5 014	17 811	16 437
Taxes	2 040	1 172	5 308	4 827
Profit from operations held for sale, after taxes	0	57	(5)	75
Profit for the period	**3 669**	**3 900**	**12 498**	**11 685**
Profit attributable to shareholders	3 669	3 965	12 498	12 437
Profit attributable to minority interests	0	(65)	0	(752)

Balance sheet *Amounts in NOK million*	31 Dec. 2011	31 Dec. 2010
Total assets	1 884 948	1 637 639
Lending to customers	1 291 660	1 184 100
Deposits from customers	750 102	664 012
Total equity	104 304	89 859
Average total assets	1 910 290	1 752 123

Key figures *Per cent*	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
Combined weighted total average spread for lending and deposits	1.12	1.14	1.10	1.12
Cost/income ratio	40.9	43.3	45.9	47.6
Write-downs relative to average net lending to customers, annualised	0.29	0.13	0.28	0.25
Return on equity, annualised	14.9	18.0	13.5	13.9
Equity Tier 1 capital ratio at end of period	9.3	8.3	9.3	8.3
Core (Tier 1) capital ratio at end of period	9.9	9.2	9.9	9.2
Capital ratio at end of period	11.5	11.7	11.5	11.7

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 sale of insurance products and other income from banking services.

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.

Fourth quarter and full year report 2011

Fourth quarter and full year report 2011

Fourth quarter 2011

DNB Bank Group [1] recorded profits of NOK 3 669 million in the fourth quarter of 2011, down from NOK 3 900 million in the year-earlier period. The accounts reflected both negative and positive effects of the economic downturn which started in the third quarter of the year.

Total income rose by NOK 2 137 million, while operating expenses were up NOK 1 017 million. Brisk activity and significant initiatives in the business areas gave a rise in income as well as an increase in investments and costs. Net interest income showed a healthy trend. The financial market turbulence ensured significant income from mark-to-market adjustments of liabilities and associated instruments. Write-downs on loans and guarantees increased by NOK 397 million due to a certain weakening of the economic situation, the tax charge rose by NOK 868 million. Pre-tax operating profits before write-downs came to NOK 6 636 million, up from NOK 5 517 million in the fourth quarter of 2010.

Over the past few months, the banking group has succeeded in reversing the falling trend in its market shares of lending, and lending volumes rose by 8.6 per cent from year-end 2010. Parallel to this, the banking group has worked systematically to increase deposits, and the deposit volume was up 11.9 per cent during the corresponding period. In terms of NOK, deposits increased almost as much as lending, which gave an increase in the ratio of deposits to lending, from 56.1 per cent at end-December 2010 to 58.1 per cent at year-end 2011. Average lending spreads contracted by 0.02 percentage points from the fourth quarter of 2010. After a decline in the first part of 2011, there was a marked widening of spreads in the fourth quarter, which partly compensated for the effect of increased funding costs on spreads. In addition, this has enabled the banking group to adapt its pricing to a somewhat higher risk level. Deposit spreads increased by 0.01 percentage points during the corresponding period. Competition for deposits remained strong. Total net interest income rose by NOK 675 million or 11.0 per cent from the fourth quarter of 2010.

Net other operating income increased by NOK 1 462 million from the fourth quarter of 2010. Income from foreign exchange and interest rate instruments rose significantly by NOK 2 634 million during the quarter. Eksportfinans, in which the banking group has a 40 per cent holding, recorded sizeable income related to mark-to-market adjustments of the company's own debt in the fourth quarter of 2011 due to the downgrading of the company. The banking group has written down this increase in value in its accounts. In light of the weak financial market developments, other net operating income showed a satisfactory trend during the period.

Ordinary operating expenses before impairment losses for goodwill and intangible assets increased by NOK 638 million from the fourth quarter of 2010. The rise in costs must be viewed in light of higher activity levels and resulting income growth generated during the period. In addition, DNB continued its investment programme to improve the Group's IT solutions.

At NOK 926 million, write-downs on loans and guarantees were higher than in the fourth quarter of 2010, but lower than in the third quarter of 2011. Individual write-downs were relatively stable from the fourth quarter of 2010, while there was an increase in collective write-downs due to sizeable reversals in the fourth quarter of 2010.

Return on equity was 14.9 per cent, down from 18.0 per cent in the October through December period in 2010.

The banking group continued its adaptations to the new liquidity and capital requirements which are expected to be introduced over the next few years. Market uncertainty reduced the general access to funding during the second half of the year, and funding costs continued to rise. The disquiet regarding the downgrading of Eksportfinans reinforced this trend. In spite of the market turmoil, the banking group had good access to funding at year-end 2011.

DNB was ranked as Norway's best digital company by the media agency company Starcom. 161 companies representing 20 industry sectors participated. This demonstrates that DNB's initiatives on Facebook and other digital media, where the banking group expects to meet an increasing share of its customer base in the future, have been successful.

DNB climbed from 52nd to 9th place in Universum's survey of attractive IT employers among students and young employees and was also named "climber of the year". Once again, DNB achieved second place in the Business category.

Income statement for the fourth quarter

Net interest income

Amounts in NOK million	4th quarter 2011	Change	4th quarter 2010
Net interest income	6 804	675	6 130
Lending and deposit volumes		680	
Guarantee fund levy		182	
Equity and non-interest-bearing items		122	
Lending and deposit spreads		(37)	
Exchange rate movements		(108)	
Long-term funding costs		(131)	
Other net interest income		(33)	

Net interest income showed a healthy trend during the period, rising by NOK 675 million from the fourth quarter of 2010, which mainly reflected volume growth in both Retail Banking and Large Corporates and International. Average lending volumes increased by 8.6 per cent from the year-earlier period. Deposit volumes also showed a very positive trend, rising by 11.9 per cent on average. The ratio of deposits to lending increased by 2.0 percentage points to 58.1 per cent at end-December 2011.

Average lending spreads contracted by 0.03 percentage points from the fourth quarter of 2010, but showed a significant increase from the third quarter of 2011. The banking group raised interest rates for personal customers towards the end of the third quarter, which

[1] DNB Bank ASA is a subsidiary of DNB ASA and part of the DNB Group. The DNB Bank Group, hereinafter called "the banking group", comprises the bank and the bank's subsidiaries. Other companies owned by DNB ASA, including DNB Livsforsikring, DNB Skadeforsikring and DNB Asset Management, are not part of the banking group. Operations in DNB ASA and the total DNB Group are not covered in this report but described in a separate report and presentation.

had a positive lag effect on interest income in the fourth quarter. Parallel to this, interest rates in the corporate market were adjusted to reflect rising funding costs and greater risk. Average lending spreads widened by 0.01 percentage points from the fourth quarter of 2010. There was still intense competition for deposits.

Higher long-term funding costs reduced income by NOK 131 million compared with the fourth quarter of 2010. However, as the banking group was not required to pay guarantee fund levies in 2011, amounting to NOK 182 million in 2010, the reduction in income was offset.

Net other operating income

Amounts in NOK million	4th quarter 2011	Change	4th quarter 2010
Net other operating income	5 068	1 462	3 606
Net gains on foreign exchange and interest rate instruments [1]		2 634	
Profits from associated companies		39	
Real estate broking		37	
Net unrealised gains on investment property		(132)	
Net other commissions and fees		(168)	
Net stock market-related income		(1 046)	
Other operating income		98	

1) *Excluding guarantees.*

Net other operating income increased by NOK 1 462 million from the fourth quarter of 2010. There was a particularly high level of income from mark-to-market adjustments on foreign exchange and interest rate instruments, which increased by a total of NOK 2 634 million from the year-earlier period. The banking group will record a high level of such income when the financial markets are volatile, though the income will be reversed over the instruments' term to maturity. In more stable markets, market values will be reduced. In light of market developments, operating income in other areas was at a satisfactory level.

Operating expenses

Amounts in NOK million	4th quarter 2011	Change	4th quarter 2010
Operating expenses	5 236	1 018	4 219
Non-recurring costs			
Impairment losses for goodwill and intangible assets		380	
Brand development and establishment costs		146	
Income-related items			
Increase in full-time positions		61	
Operational leasing		10	
København Ejendomme		8	
Performance-based pay		71	
Expenses related to operations			
Cost programme		(70)	
Wage and price inflation		100	
IT expenses		158	
Rise in pension expenses		70	
Properties and premises		52	
Other costs		33	

The banking group's operating expenses were up NOK 1 018 million from the fourth 2010. Adjusted for impairment losses for goodwill and intangible assets, there was an increase of NOK 638 million. The banking group further expanded its operations in Norway and internationally, and there were rising costs in areas where remunerations are directly linked to income.

The banking group has also increased its IT development activity to ensure that the IT systems adequately support the banking group's strategic priority areas. Large-scale IT projects have been implemented to discontinue the Postbanken brand and develop and establish a new brand for the banking group.

The cost programme was on schedule for reaching the programme targets at year-end 2011.

Write-downs on loans and guarantees

Write-downs on loans and guarantees totalled NOK 926 million for the quarter, which represented an increase of NOK 397 million from the fourth quarter of 2010, but a reduction of NOK 244 million from the third quarter of 2011.

Individual write-downs in Retail Banking showed a slight reduction from the fourth quarter of 2010, while there was a NOK 126 million increase in Large Corporates and International, relating primarily to the Nordic Corporates and Shipping, Offshore and Logistics divisions. Following an increase in the third quarter of 2011, individual write-downs in the Baltics and Poland returned to a level which was lower than in 2010.

There was a NOK 94 million reversal on collective write-downs in the fourth quarter of 2011.

Net non-performing and doubtful commitments totalled NOK 19.5 billion at end-December 2011, increasing from NOK 18.4 billion at year-end 2010 and NOK 14.5 billion at end-September 2011. A higher risk of individual losses was identified on small parts of certain large commitments in the fourth quarter of 2011. In such cases, the entire commitments are classified as non-performing and doubtful, which explains the rise from the third quarter of 2011. There was no general deterioration in the banking group's loan portfolio during the quarter. Net non-performing and doubtful commitments represented 1.53 and 1.49 per cent, respectively, of lending volume at end-December 2010 and 2011.

Taxes

The banking group's tax charge for the fourth quarter of 2011 was NOK 2 040 million, up from NOK 1 172 million in the year-earlier period. Relative to pre-tax operating profits, the estimated tax charge increased to 35.7 per cent in the fourth quarter of 2011, from 23.4 per cent in the year-earlier period.

Business areas

Activities in DNB Bank Group are organised in the business areas Retail Banking, Large Corporates and International and DNB Markets. The business areas operate as independent profit centres and have responsibility for serving all of the banking group's customers and for the total range of products. In addition, operations in DNB Baltics and Poland are reported as a separate profit centre.

Retail Banking

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

Pre-tax operating profits totalled NOK 1 842 million in the fourth quarter of 2011, an increase of NOK 117 million from the year-earlier period. The profit for the year also showed a positive trend, rising by NOK 495 million to NOK 7 214 million in 2011. There was a positive development in volumes and a satisfactory trend in non-performing commitments and write-downs.

Income statement in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
Net interest income	3 812	3 631	14 397	14 139
Other operating income	892	781	3 681	3 501
Income attributable to product suppliers	340	347	1 328	1 263
Net other operating income	1 232	1 128	5 010	4 764
Total income	5 044	4 760	19 406	18 903
Other operating expenses	2 752	2 490	10 659	10 290
Costs attributable to product suppliers	176	187	658	675
Total operating expenses	2 929	2 677	11 317	10 965
Pre-tax operating profit before write-downs	2 116	2 083	8 089	7 938
Net gains on fixed assets	(0)	5	2	6
Net write-downs on loans 1)	274	362	877	1 225
Pre-tax operating profit	1 842	1 725	7 214	6 719
Average balance sheet items in NOK billion				
Net lending to customers	809.2	750.1	784.0	737.7
Deposits from customers	424.4	387.7	404.9	377.6
Key figures in per cent				
Lending spread 2)	1.57	1.69	1.54	1.66
Deposit spread 2)	0.43	0.37	0.45	0.44
Return on risk-adjusted capital 3)	23.8	23.4	24.6	24.1
Cost/income ratio	58.1	56.2	58.3	57.0
Ratio of deposits to lending	52.5	51.7	51.6	51.2
Full time positions, at end of period	5 040	4 842		

1) Including collective write-downs from 2011.
2) Calculated relative to the 3-month money market rate.
3) Calculated on the basis of internal measurement of risk-adjusted capital.

Retail Banking showed a stable, sound trend in 2011. Average net lending increased by 7.9 per cent from the fourth quarter of 2010 to the corresponding period in 2011. The growth rates for both home mortgages and lending to small and medium-sized businesses increased through the year, parallel to a positive trend for deposits. Compared with the year-earlier period, average deposits rose by 9.5 per cent, while the average ratio of deposits to lending was 52.5 per cent for the quarter. Along with customer deposits, covered bonds based on home mortgages in DNB Boligkreditt were key sources of funding. At end-December 2011, 95 per cent of lending volume in Retail Banking was funded by deposits and covered bonds.

Net interest income rose by NOK 181 million from the fourth quarter of 2010. Increasing volumes and the discontinuation of guarantee fund levies compensated for the pressure on interest rate spreads, rising funding costs and lag effects related to the implementation of interest rate adjustments. The weighted interest rate spread, defined as total margin income on loans and deposits relative to total loans and deposits, was 1.18 per cent in the fourth quarter of 2011, down from 1.24 per cent in the year-earlier period. Relative to the 3-month money market rate, the spread on home mortgages was 0.84 per cent in the fourth quarter of 2011, down from 1.04 per cent in the year-earlier period.

Net other operating income increased by NOK 104 million compared with the fourth quarter of 2010, reflecting higher net income from payment transactions and a higher level of activity within real estate broking.

High market activity and IT development contributed to raising operating expenses. The number of full-time positions was 5 040 at end-December 2011, with 4 695 in the business area's units in Norway.

The quality of the loan portfolio was sound, with relatively low net write-downs in both the retail and corporate markets. Net write-downs represented 0.13 per cent of net lending, down from 0.19 per cent in the fourth quarter of 2010. Net non-performing and doubtful commitments amounted to NOK 6.2 billion at end-December 2011, down NOK 0.9 billion from end-December 2010.

The banking group's market share of credit to households showed a positive trend through 2011 and stood at 27.8 per cent as at 30 November, an increase from 27.5 per cent at year-end 2010. The banking group's market share of household deposits was 34.9 per cent on the same date.

In December 2011, DNB was ranked as Norway's best digital company by the media agency company Starcom. DNB is committed to using social media as a marketing channel, including Facebook. With effect from December 2011, electronic signing of medical history declarations in connection with life insurance products was introduced in the Internet bank.

The financial market turmoil and uncertain prospects for the global economy have also had a dampening effect on the Norwegian economy. New requirements with respect to improved liquidity and a higher share of long-term funding are expected to result in higher funding costs for banks and contribute to increasing interest rate levels. Competition for stable deposits will remain strong. Financial market developments may necessitate wider lending spreads relative to the short-term money market rate. The level of write-downs on loans in both the personal and corporate customer segments is expected to remain low.

Large Corporates and International

Large Corporates and International serves large Norwegian and international corporate customers based on broad industry expertise and long-term relationships.

Pre-tax operating profits came to NOK 1 846 million, up NOK 13 million from the fourth quarter of 2010. The profit for the year rose by NOK 610 million compared with 2010, to NOK 6 734 million.

Income statement in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
Net interest income	2 407	1 773	8 183	6 492
Other operating income	190	388	972	1 151
Income attributable to product suppliers	516	661	2 100	2 006
Net other operating income	706	1 049	3 072	3 157
Total income	3 113	2 822	11 255	9 649
Operating expenses	712	533	2 473	2 130
Costs attributable to product suppliers	219	266	873	806
Total operating expenses	931	799	3 346	2 935
Pre-tax operating profit before write-downs	2 182	2 023	7 909	6 713
Net gains on fixed assets	0	0	0	0
Net write-downs on loans 1)	336	190	1 176	589
Pre-tax operating profit	1 846	1 833	6 734	6 124
Average balance sheet items in NOK billion				
Net lending to customers	395.0	350.6	367.3	341.1
Deposits from customers	249.5	228.1	234.7	209.7
Key figures in per cent				
Lending spread 2)	1.76	1.52	1.66	1.44
Deposit spread 2)	(0.01)	0.06	0.02	0.10
Return on risk-adjusted capital 3)	20.9	21.3	20.6	18.0
Cost/income ratio	29.9	28.3	29.7	30.4
Ratio of deposits to lending	63.2	65.1	63.9	61.5
Full time positions, at end of period	1 174	1 103		

1) Including collective write-downs from 2011.
2) Calculated relative to the 3-month money market rate.
3) Calculated on the basis of internal measurement of risk-adjusted capital.

There were good opportunities in the markets during the fourth quarter of 2011, and average lending increased by 12.7 per cent from the fourth quarter of 2010. A large part of Large Corporates and International's financial transactions are denominated in US dollars, and adjusted for the depreciation of the US dollar rate from the fourth quarter of 2010, there was a 15.0 per cent rise in lending. The greater part of this increase took place during the second half of 2011, and lending volumes expanded by NOK 23.8 billion from the third to the fourth quarter. There was a significant rise in deposits towards the end of 2011, with an average growth rate of 9.4 per cent compared with both the fourth quarter of 2010 and the third quarter of 2011.

Relative to the 3-month money market rate, lending spreads widened by 0.23 percentage points from the fourth quarter of 2010 and by 0.08 percentage points from the third quarter of 2011, to 1.76 per cent. The widening spreads helped compensate for higher long-term funding costs. There was strong competition for deposits, and deposit spreads declined by 0.06 percentage points from the fourth quarter of 2010 and by 0.02 percentage points from the third quarter of 2011.

The reduction in other operating income was mainly attributable to a negative development in the value of repossessed assets in the form of equities and ownership interests.

Operating expenses rose by 16.5 per cent from the fourth quarter of 2010, mainly due to a rise in staff numbers in strategic priority areas, higher costs related to IT development activity and costs related to repossessed assets. The cost/income ratio rose by 1.6 percentage points during the same period. At end-December 2011, staff in the business area represented 1 174 full-time positions, including 670 positions outside Norway.

Net write-downs on loans represented 0.34 per cent of net lending to customers on an annual basis, of which individual write-downs represented 0.32 per cent. In the fourth quarter of 2010, net individual write-downs came to 0.22 per cent of net lending.

Net non-performing and doubtful commitments amounted to NOK 6.4 billion at end-December 2011, up NOK 5.0 billion from end-September 2011. The corresponding figure at end-December 2010 was NOK 2.7 billion. The increase was due to the fact that a few large commitments were classified as non-performing and doubtful after being subject to moderate write-downs.

The quality of the loan portfolio remained sound, and close follow-up of customers and preventive measures ensured a positive trend from the preceding quarters. Market conditions may cause challenges for certain customer segments over the coming period.

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

DNB Markets

DNB Markets is Norway's largest provider of securities and investment services. The business area recorded a strong level of profits in the fourth quarter of 2011. A higher level of customer activity within interest rate hedging and a rise in income from market making and other proprietary trading more than compensated for the low level of capital market activity. Pre-tax operating profits totalled NOK 1 009 million in the fourth quarter of 2011, up 5.7 per cent compared with the year-earlier period. Pre-tax operating profits for the full year 2011 were NOK 4 160 million, up NOK 522 million from 2010.

	4th quarter		Full year	
Income statement in NOK million	2011	2010	2011	2010
FX, interest rate and commodity derivatives	407	387	1 476	1 317
Investment products	137	85	432	399
Corporate finance	106	365	770	903
Securities services	55	60	230	218
Total customer revenues	705	897	2 908	2 838
Net income from international bond portfolio	51	291	591	1 151
Other market making/trading revenues	687	199	2 495	1 337
Total trading revenues	738	490	3 086	2 488
Interest income on allocated capital	50	35	165	145
Total income	1 493	1 422	6 159	5 471
Operating expenses	483	467	1 999	1 833
Pre-tax operating profit	1 009	955	4 160	3 638
Key figures in per cent				
Return on risk-adjusted capital 1)	42.9	49.6	51.0	44.8
Cost/income ratio	32.4	32.8	32.5	33.5
Full time positions, at end of period	698	668		

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

Customer-related revenues totalled NOK 705 million, a reduction of NOK 192 million from the fourth quarter of 2010, reflecting a low level of market activity within corporate finance and equities brokerage.

Declining long-term interest rates in the fourth quarter of 2011 boosted demand for interest rate hedging among customers. Due to an increase in demand, there was a 5.3 per cent rise in customer-related income from foreign exchange, interest rate and commodity products compared with the year-earlier period.

Customer-related income from the sale of securities and other investment products rose by more than 60 per cent compared with the fourth quarter of 2010 due to a higher level of income from equity derivatives and especially from bond brokerage. DNB Markets was the largest brokerage house on Oslo Børs both in the fourth quarter of 2011 and for the year as a whole in these product segments.

Due to a low level of activity within both debt and equity capital issues, there was a NOK 259 million reduction in customer-related revenues from corporate finance services compared with the fourth quarter of 2010. DNB Markets established a Debt Capital Markets unit in London during the fourth quarter of 2011 and has thus established such operations at all of DNB's large international offices: London, New York, Singapore and Stockholm, in addition to in Norway.

Due to a generally low level of capital market activity, there was a reduction in customer-related revenues from custodial and other securities services compared with the fourth quarter of 2010.

Income from market making and other proprietary trading rose by a total of NOK 248 million from the year-earlier period. There was a rise in income from trading in foreign exchange, international interest rate products and, most particularly, Norwegian interest rate products. The market turmoil, which had a negative impact on customer-related activities in the capital markets, thus had a positive effect on trading activities.

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

DNB NORD

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

Overall, the operations in DNB NORD generated pre-tax operating losses of NOK 797 million in the fourth quarter of 2011 and NOK 1 449 million in 2011. The level of costs was affected by impairment losses for goodwill relating to the operations in Poland and write-downs of capitalised systems development totalling NOK 563 million in the fourth quarter of 2011.

	4th quarter		Full year	
Income statement in NOK million	2011	2010	2011	2010
Total income	526	475	2 014	2 048
Operating expenses	1 006	342	2 035	1 700
Pre-tax operating profit before write-downs	(480)	133	(21)	348
Net gains on fixed assets	(3)	13	9	(15)
Net write-downs on loans	313	304	1 437	1 813
Pre-tax operating profit	(797)	(159)	(1 449)	(1 481)
Average balance sheet items in NOK billion				
Net lending to customers	55.4	62.1	58.5	63.2
Deposits from customers	22.3	23.5	23.8	21.8
Full time positions, at end of period	3 297	3 159		

DNB Baltics and Poland

DNB Baltics and Poland offers financial services to corporate and personal customers in Estonia, Latvia, Lithuania and Poland. A pre-tax operating loss of NOK 236 million was recorded in the fourth quarter of 2011. Performance was negatively affected by impairment losses on intangible assets of NOK 191 million for the quarter. There was a pre-tax operating loss of NOK 673 million for 2011, an improvement of NOK 191 million compared with 2010.

	4th quarter		Full year	
Income statement in NOK million	2011	2010	2011	2010
Net interest income	329	363	1 319	1 452
Other operating income	226	140	763	688
Total income	555	503	2 082	2 140
Ordinary operating expenses	380	315	1 294	1 271
Impairment losses for goodwill and intangible assets	189	0	190	332
Operating expenses	570	315	1 484	1 603
Pre-tax operating profit before write-downs	(15)	188	598	537
Net gains on fixed assets	(4)	3	9	(15)
Net write-downs on loans	217	228	1 280	1 334
Pre-tax operating profit	(236)	(37)	(673)	(812)
Average balance sheet items in NOK billion				
Net lending to customers	54.6	55.0	53.7	56.0
Deposits from customers	23.6	23.6	23.9	21.4
Key figures in per cent				
Lending spread [1]	1.82	2.07	1.80	1.92
Deposit spread [1]	1.02	0.62	0.89	0.63
Return on risk-adjusted capital [2]	(4.0)	(3.5)	(15.3)	(17.7)
Cost/income ratio	68.5	62.6	62.1	59.4
Ratio of deposits to lending	43.2	42.8	44.5	38.3
Full time positions, at end of period	3 297	3 159		

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

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

Net lending to customers was relatively stable through 2011, but increased somewhat towards the end of the year. Compared with the fourth quarter of 2010, there was relatively brisk average lending growth in Poland of 22.8 per cent compared with the fourth quarter of 2010, while lending volumes in the Baltics were down 8.7 per cent during the same period. The decline in lending in the Baltics was due to general market conditions. In spite of an improved macroeconomic situation in all these countries and increasing growth, it will take time before this is reflected in higher investment levels and rising credit demand.

Average customer deposits were unchanged from the fourth quarter of 2010. However, there was relatively strong growth in deposits towards the end of the year, which demonstrates that the customers 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 2010 mainly reflected narrowing lending spreads. However, there was a positive trend in lending spreads through 2011, and new loans are being granted at a significantly higher margin than the average for the portfolio.

Net write-downs on loans were reduced by 9.8 per cent from the fourth quarter of 2010, but remained at a relatively high level, representing 1.56 per cent of average lending, down from 1.73 per cent in 2010. In consequence of high write-downs in Latvia, especially in the third quarter, the level of write-downs remained high for the full year 2011, standing at 2.39 per cent of average lending, a slight reduction from 2.48 per cent in 2010. Latvia accounted for 78 per cent of total write-downs on loans in DNB Baltics and Poland in 2011. The write-downs in Latvia referred to home mortgages and were due to a re-assessment of collateral values and rising costs associated with the repossessing of properties.

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

Full year results 2011

The banking group recorded profits of NOK 12 498 million in 2011, an increase of NOK 813 million compared with 2010. Pre-tax operating profits before write-downs rose by NOK 1 826 million, to NOK 21 237 million. However, due to a higher tax charge and a certain increase in write-downs on loans, the profit for the year was weakened.

The banking group's financial performance in 2011 reflected the extensive financial market turmoil in the second half of the year due to the inability of certain EU countries to service their debt. DNB was affected by falling equity prices and market volatility. However, the banking group had no direct exposure to these countries. The financial turmoil was a contributing factor to the tightening of the capitalisation requirements for financial institutions, both internationally and in Norway, in the second half of the year.

Net interest income rose by NOK 1 846 million or 7.9 per cent from 2010 to 2011. Average lending volumes increased by NOK 72.4 billion or 6.4 per cent during this period. There was significant lending growth through most of 2011, though the rate of growth abated towards the end of the year. In terms of NOK, deposits increased almost as much as lending, which gave an increase in the ratio of deposits to lending, from 56.1 per cent at end-December 2010 to 58.1 per cent at year-end 2011. Parallel, to this, there was a rise in debt securities issued by the banking group, which ensured a stronger long-term funding base. Relative to the 3-month money market rate, both lending and deposit spreads were virtually unchanged from the beginning to the end of the year, though lending spreads widened towards the end of the year, thus partially compensating for the rise in long-term funding costs. In consequence of the financial market turmoil, the cost of new funding remained at a significantly higher level than the short-term money market rates.

Other operating income rose by NOK 1 646 million from 2010, to NOK 14 713 million in 2011. In 2010, the banking group recorded gains of NOK 1 170 million in connection with the merger between the payment services company Nordito and the Danish PBS Holding. Adjusted for these gains, other operating income rose by NOK 2 816 million from 2010. The financial market turmoil gave a rise in income from foreign exchange and interest rate instruments, including the valuation of currency swaps on funding, of NOK 3 437 million compared with 2010. In light of the downturn in the financial markets, other operating income showed a satisfactory trend from 2010 to 2011.

Total operating expenses rose by NOK 1 666 million from 2010. Adjusted for impairment losses for goodwill and intangible assets and the reversal of allocations to pension commitments in 2010, expenses rose by NOK 1 522 million or 9.1 per cent. The high level of activity in 2011 gave a rise in income and higher costs, and also required an increase in investments. There was a significant escalation in market and customer activities both in and outside Norway, and the banking group increased its IT initiatives. Several cost items in 2011 were of a non-recurring nature, including the transfer of Postbanken's customers to DNB's IT systems and the coordination of the banking group's products and services under one brand. This will help reduce future costs. The DNB Group's cost programme was on schedule for reaching communicated targets at year-end 2011.

Sickness absence in the banking group's Norwegian operations was 4.1 per cent in 2011, a reduction from 4.2 per cent in 2010. Among other things, the banking group improved its routines for following up employees on short or long-term sick leave in 2011.

Write-downs on loans and guarantees rose by NOK 448 million from 2010. Individual write-downs were reduced by NOK 856 million, while there was an increase in collective write-downs during the year, partly due to weakening economic conditions.

Return on equity was 13.5 per cent in 2011, down from 13.9 per cent in 2010.

The banking group continued its adaptations to the new liquidity, funding and capital requirements which are expected to be introduced over the next few years. Due to market uncertainty, there was a further rise in long-term funding costs towards the end of the year. These costs represent the banking group's marginal cost of funding. Only a small part of funding can be obtained from sources which base their prices on the short-term money market rate.

On 1 January 2011, the banking group launched its 24/7 customer service telephone, with open lines 24 hours a day, every day, all year. In addition, initiatives aimed at young adults were increased during the year, and a number of other measures were implemented to create a better customer experience. Thus, the banking group improved its scores in several reputation and customer satisfaction surveys and its ranking among the most popular employers.

On 11 November, the DNB Group changed its name from DnB NOR to DNB. The coordination of the banking group's products and services under one brand is part of the process to improve its customer offering and reduce costs in the longer term.

As part of the process to establish a common brand, all of Postbanken's customer accounts were transferred to DNB's IT systems during the Easter of 2011. This step gave the banking group a less complex portfolio of IT systems and thus reduced risk and costs.

In February 2011, DNB was the main sponsor of the World Ski Championships in Oslo, which received extensive media coverage both in Norway and internationally.

The banking group opened a new representative office in Aberdeen in Scotland in 2011, aiming to further improve the offering to large customers in the banking group's strategic priority areas shipping, energy and seafood.

For the third consecutive year, DNB qualified for inclusion in the Dow Jones World Sustainability Index, DJSI World, in 2011. 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 consequence of the financial market turmoil, requirements for a further strengthening of capital adequacy ratios were introduced both in Norway and in other countries during the second half of 2011. At year-end 2011, the banking group had a common equity Tier 1 capital ratio of 9.3 per cent at year-end 2011, calculated according to the Basel II transitional rules. The banking group had permission to use the IRB approach to calculate capital adequacy for approximately 80 per cent of the banking group's portfolios at year-end 2011, and the banking group is in dialogue with Finanstilsynet to obtain approval for the remaining 20 per cent according to the same principles. The Board of Directors considers the banking group to be well capitalised in relation to the risk of operations. The banking group is also continuing the process to raise its capitalisation levels in line with the planned increase in international requirements.

Income statement for 2011

Net interest income

Amounts in NOK million	2011	Change	2010
Net interest income	25 232	1 846	23 387
Lending and deposit volumes		2 138	
Guarantee fund levy		732	
Equity and non-interest-bearing items		315	
Lending and deposit spreads		(172)	
Exchange rate movements		(479)	
Long-term funding costs		(579)	
Other net interest income		(109)	

Net interest income rose by NOK 1 846 million or 7.9 per cent compared with 2010, mainly reflecting a rise in lending volumes. Average lending volumes increased by NOK 72.4 billion or 6.4 per cent. Relative to the 3-month money market rate, average lending spreads remained relatively stable, but widened towards the end of 2011.

Exchange rate movements gave a NOK 479 million decline in net interest income from 2010 to 2011, parallel to a rise in long-term funding costs of NOK 579 million. The discontinuation of guarantee fund levies in 2011 partly compensated for these effects and ensured a NOK 732 million increase in net interest income from 2010 to 2011.

Net other operating income

Amounts in NOK million	2011	Change	2010
Net other operating income	14 713	1 646	13 067
Net gains on foreign exchange and interest rate instruments [1]		3 437	
Real estate broking		152	
Net other commissions and fees		33	
Net unrealised gains on investment property		(32)	
Profits from associated companies		(104)	
Net stock market-related income		(949)	
Gain, Nordito		(1 170)	
Other operating income		278	

1) *Excluding guarantees.*

Other operating income increased by NOK 1 646 million from 2010. The banking group recorded gains of NOK 1 170 million in 2010 in connection with the merger between the payment services company Nordito and the Danish PBS Holding. Adjusted for these gains, other operating income rose by NOK 2 816 million. The financial market turmoil ensured positive effects from mark-to-market adjustments of foreign exchange and interest rate instruments, which increased by NOK 3 437 million from 2010.

Operating expenses

Amounts in NOK million	2011	Change	2010
Total operating expenses	18 708	1 666	17 042
Non-recurring costs			
Impairment losses for goodwill and intangible assets		(211)	
Elimination of allocations to the CPA scheme in 2010		355	
Brand development and establishment costs		201	
Income-related items			
Increase in full-time positions		245	
Operational leasing		87	
København Ejendomme		46	
Performance-based pay		184	
Marketing etc.		123	
Expenses related to operations			
Cost programme		(372)	
Wage and price inflation		471	
IT expenses, incl. the conversion from Postbanken's core system		274	
Rise in pension expenses		167	
Fees		90	
Other costs		7	

Operating expenses increased by NOK 1 666 million from 2010. Adjusted for impairment losses for goodwill and intangible assets and the reversal of CPA costs in 2010, there was an increase in expenses of NOK 1 522 million. The rise in costs must be viewed in light of higher activity levels and income growth, resulting in an increase in staff numbers. The banking group has escalated its IT initiatives over the past year, parallel to an increase in market and customer activities both in and outside Norway. In addition, there were significant non-recurring costs related to the conversion from Postbanken's IT system and the rebranding of the DNB Group from DnB NOR to DNB.

The cost programme for DNB Group was on schedule for reaching the higher targets presented on the Capital Markets Day, entailing cost reductions of NOK 2.3 billion by year-end 2012 and NOK 3 billion by year-end 2015. The programme will be reviewed during the first half of 2012, and further cost measures will be considered.

Write-downs on commitments

Write-downs on loans and guarantees totalled NOK 3 445 million in 2011, up NOK 448 million from 2010.

In 2010, reversals on collective write-downs represented NOK 1 077 million, while the calculation models gave new collective write-downs of NOK 227 million in 2011, partly due to a certain weakening of the economy.

Individual write-downs in the Retail Banking business area were reduced from NOK 1 225 million in 2010 to NOK 967 million in 2011, which reflected the strong financial trend among both personal customers and small and medium-sized enterprises.

In the Large Corporates and International business area, there was a NOK 371 million increase in individual write-downs, while individual write-downs in the Baltics and Poland were reduced by 36 per cent to NOK 1 103 million in 2011. There were still sizeable write-downs on a few commitments in the Baltics in 2011, among others related to the Latvian home mortgage portfolio.

Taxes

The banking group's tax charge for 2011 was NOK 5 308 million, up NOK 481 million from NOK 4 827 million in 2010. Relative to pre-tax operating profits, the tax charge increased from 29.3 per cent in 2010 to 29.8 per cent in 2011.

Balance sheet and liquidity

At end-December 2011, total combined assets in the banking group were NOK 1 910 billion, an increase from NOK 1 752 billion a year earlier. Total assets in the banking group's balance sheet were NOK 1 885 billion as at 31 December 2011 and NOK 1 638 billion a year earlier. Debt securities issued by the banking group totalled NOK 640 billion at year-end 2011 and NOK 509 billion a year earlier.

Net lending to customers increased by NOK 108 billion or 9.1 per cent from end-December 2010, while customer deposits rose by NOK 86 billion or 13.0 per cent during the corresponding period. The banking group's ratio of customer deposits to net lending to customers increased from 56.1 per cent at end-December 2010 to 58.1 per cent at year-end 2011. The banking group's aim is to increase the ratio of deposits to lending. The ratio of deposits to lending in DNB Bank ASA was 98.9 per cent at end-December 2011, reflecting that loans which were not carried in the books of DNB Boligkreditt were generally financed through customer deposits.

In order to keep the banking group's long-term liquidity risk at a low level, the majority of loans are financed through customer deposits, long-term securities, subordinated loan capital and equity. The banking group has a self-imposed limit whereby such long-term or stable funding must represent minimum 90 per cent of customer lending. At end-December 2011, this share was 110 per cent. With respect to short-term funding, conservative limits have been set for refunding requirements. The banking group stayed well within the liquidity limits during 2011.

With effect from 2012, the banking group has adjusted liquidity risk management in line with the structure in the Basel III regulations. A gradual adaptation to the minimum requirements within the time limits stipulated by the Basel Committee is being planned. This may be challenging for a number of banks and will require extensive balance-sheet adjustments.

During the first half of the year, the short-term funding markets were stable for banks with good credit ratings, and there was fairly normal access to funding with various maturities. However, the second half of the year was strongly affected by the uncertainty concerning the international sovereign debt situation, and at times, only funding with very short maturities was available.

There was ample access to funding for financially strong banks at the beginning of the year, and DNB completed most of its annual long-term funding activities during the first half of the year. The European sovereign debt crisis gradually had a pronounced effect on price levels, and financial market activity in the second half of the year was generally very low. Like those of its competitors, the banking group's long-term funding costs were significantly higher than prior to the financial crisis and have increased further at the start of 2012.

The average remaining term to maturity for the portfolio of debt securities issued was 4.5 years at end-December 2011, compared with 3.6 years a year earlier.

Risk and capital adequacy

While the risk situation showed a positive development in the first half of 2011, it deteriorated towards the end of the year. The debt problems in the Eurozone countries remained unresolved, and new, strong liquidity injections from the European Central Bank to the banking system became necessary. The market for unsecured long-term funding for banks was very limited in the second half of the year. The situation has improved thus far in 2012, and DNB and a few other banks have again been able to fund themselves in this market, albeit at higher prices than before. International growth prospects have dimmed, the uncertainty has caused great volatility and higher risk premiums in the capital markets, and yields on long-term Treasury bills in the most creditworthy countries, such as Norway, have fallen to record-low levels. However, Norwegian economic expansion remained brisk in 2011 due to high activity levels in the oil and gas sector. Strong employment growth was coupled with low unemployment levels, and housing prices continued to rise. In light of increasing international uncertainty, Norges Bank chose to lower its key policy rate by 0.5 percentage points in the fourth quarter of 2011 after having increased the rate by 0.25 percentage points in May. The strong Norwegian krone rate and relatively high wage inflation presented increasing challenges for Norwegian industries which compete in international markets.

The banking group quantifies risk by measuring risk-adjusted capital requirements. The net risk-adjusted capital requirement increased by NOK 4.1 billion from year-end 2010, to NOK 56.1 billion. The table below shows developments in the risk-adjusted capital requirement.

Amounts in NOK billion	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 Dec. 2010
Credit risk	50.1	51.3	46.3	45.5
Market risk	4.9	4.8	4.8	5.0
Operational risk	6.1	6.1	5.9	5.8
Business risk	4.0	4.0	4.0	3.9
Gross risk-adjusted capital requirement	65.1	66.2	61.1	60.2
Diversification effect [1)]	(9.1)	(8.6)	(8.5)	(8.2)
Net risk-adjusted capital requirement	56.1	57.6	52.6	52.0
Diversification effect in per cent of gross risk-adjusted capital requirement [1)]	13.9	13.1	13.9	13.6

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

Risk-adjusted capital for credit increased by NOK 4.6 billion through 2011, due to rising volumes. There was stable, sound credit quality in the healthy portfolio. The volume of non-performing and doubtful commitments increased during the fourth quarter as small parts of certain large commitments were classified as doubtful. Low rates in the tanker, container and dry bulk segments in shipping put pressure on shipping companies' earnings and liquidity. Lower portfolio quality must be expected in these segments in the future. Large new oil findings in the Norwegian sector give reason for optimism for the offshore and oil suppliers sectors. The Norwegian commercial property market showed a positive trend in 2011, with increasing sales and a moderate rise in values.

Risk-adjusted capital for market risk declined NOK 0.1 billion in consequence of a lower equity exposure towards the end of the year. There were no significant changes in market risk limits during 2011. Mark-to-market adjustments of swap contracts entered into in connection with the banking group's financing of loans, basis swaps, are not included in the measurement of risk-adjusted capital 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 22 per cent increase in registered events entailing operational risk from 2010, which partly reflects more extensive registration of events, but also an actual increase. In connection with new US sanctions against Iran, the DNB Group has established a special committee which will consider how DNB can best adapt to such restrictions on business. Risk-adjusted capital 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 increased by NOK 100 billion during 2011, to NOK 1 018.6 billion. In 2011, risk-weighted volume cannot be less than 80 per cent of the corresponding figure calculated according to the Basel I regulations. The equity Tier 1 capital ratio was 9.3 per cent, while the capital adequacy ratio was 11.5 per cent. Calculations have also been made of the effect of using the IRB approach on credit portfolios which are currently reported according to the standardised approach, but for which a shift to the IRB approach is being planned, disregarding the limitations ensuing from the transitional rules. The calculations showed a pro forma risk-weighted volume of NOK 875 billion and a potential Tier 1 capital ratio of 11.6 per cent. In consequence of new estimates which reflect the outcome of Finanstilsynet's approval processes, the pro forma risk-weighted volume as at 31 December 2011 was adjusted upwards by NOK 15 billion.

Macroeconomic developments

Entering 2012, the world economy showed some positive signs, but considerable uncertainty remained, particularly related to the EU's handling of the debt crisis.

Growth was weak in the OECD area during the last few quarters and also slower than normal in the big emerging economies. The slow growth internationally also hit the Norwegian economy to some extent. Prices fell for cyclically sensitive export goods in the last few quarters, while oil prices remained high. There was close to zero growth in exports of traditional goods, and growth may decline further unless the current negative international economic trends are followed by greater confidence in the authorities' ability to deal with the debt problems. It will be central to future developments that European authorities quickly come to an agreement on how to solve the sovereign debt problems to help calm the markets. A solution to the crisis will most likely require the ECB to increase market liquidity by buying sovereign debt, parallel to the introduction of stricter budgetary discipline requirements for countries which are bailed out. Looking further ahead, increased cooperation on fiscal policy seems essential to the survival of the euro.

Should the EU succeed in finding an acceptable solution to the debt crisis, several years of slow economic growth may still follow. If the euro cooperation were to collapse, the entire OECD area is likely to enter a recession. Although developments at the start of 2012 make it less likely, the risk still exists.

Increased oil investments helped the Norwegian mainland economy grow in 2011. Due to renewed optimism regarding the resource potential on the Norwegian shelf, this development is likely to continue. The oil sector and oil-related industry will still be able to pay high salaries. However, the situation will be more difficult for other sectors in the Norwegian economy, in particular industries which compete in international markets.

While households in many countries have been hit by falling house prices and high debt, the situation is different for Norway at the start of 2012. Households have a relatively high debt-to-income ratio, but this can be attributed in part to structural conditions. Meanwhile, the strong Norwegian economy provides a better basis for dealing with negative effects of the high debt-to-income ratio, and Norway is in a better position than most countries for using an active economic policy for damage limitation purposes in case of another downturn.

New regulatory framework

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

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

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

Future prospects

Uncertainty prevails over future economic developments, and political decisions to reduce the sovereign debt of major EU countries and regain their creditworthiness and economic leeway will prove essential to reduce this uncertainty. DNB believes it is most likely that the right corrective measures will be implemented and that the European economic crisis will be brought under control. This will cause a moderate European economic downturn and have a relatively small effect on the Norwegian economy, where DNB has more than 80 per cent of its activities. Developments in the rest of the world’s leading economies will over time be at least as important for overall economic developments, and relatively high growth is still expected in these countries. Funding costs are expected to remain high, partly due to the large demand for capital caused by new capital adequacy and liquidity requirements.

Should the international unrest caused by the debt situation in southern Europe persist, a weakening of DNB’s international and, in turn, Norwegian portfolios, could have a negative effect on profits. In this scenario, funding costs are likely to rise further compared with current levels. New regulatory requirements regarding capital and liquidity will also be more difficult to comply with. DNB considers the likelihood of such a scenario to be relatively low.

In the Retail Banking business area, a healthy development is expected, though profits will be challenged by rising funding costs. The Large Corporates and International business area will focus on more selective growth, but also on wider margins. In DNB Markets, increased price pressure is expected, partly due to more electronic trading, while market developments and the broad scope of activities will ensure a continued high level of earnings. Operations in the Baltics and Poland are expected to show further improvement, though the situation may remain challenging.

The economic crisis in Europe makes it more difficult to reach short-term financial targets. However, DNB maintains its customer-oriented strategy, keeping long-term targets within reach. Total write-downs on loans and guarantees for the banking group in 2012 are expected to be on a level with 2011.

Oslo, 8 February 2012
The Board of Directors of DNB Bank ASA

Anne Carine Tanum
(chairman)

Jarle Bergo
(vice-chairman)

Sverre Finstad

Kai Nyland

Torill Rambjør

Ingjerd Skjeldrum

Berit Svendsen

Rune Bjerke
(group chief executive)

Income statement

Amounts in NOK million	Note	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
					DNB Bank ASA
Total interest income	5	12 754	11 632	48 030	44 177
Total interest expenses	5	6 873	6 773	26 722	25 471
Net interest income	5	**5 880**	**4 859**	**21 308**	**18 706**
Commissions and fees receivable etc.	6	1 225	1 462	5 296	5 375
Commissions and fees payable etc.	6	512	442	1 935	1 867
Net gains on financial instruments at fair value	7	1 663	(155)	5 286	2 922
Other income	9	1 964	2 782	3 703	6 147
Net other operating income		**4 340**	**3 646**	**12 350**	**12 577**
Total income		**10 220**	**8 505**	**33 658**	**31 283**
Salaries and other personnel expenses	10, 11	1 937	1 768	7 490	6 660
Other expenses	10	1 640	1 380	6 104	5 610
Depreciation and write-downs of fixed and intangible assets	10	1 181	422	2 417	1 619
Total operating expenses	10	**4 758**	**3 570**	**16 011**	**13 889**
Net gains on fixed and intangible assets		31	5	35	6
Write-downs on loans and guarantees	13	789	(68)	2 029	813
Pre-tax operating profit		**4 704**	**5 007**	**15 653**	**16 587**
Taxes	12	1 845	1 144	5 020	4 270
Profit for the period		**2 859**	**3 864**	**10 633**	**12 317**

Comprehensive income statement

Amounts in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
				DNB Bank ASA
Profit for the period	2 859	3 864	10 633	12 317
Exchange differences arising from the translation of foreign operations	42	(26)	(87)	(6)
Comprehensive income for the period	**2 901**	**3 838**	**10 547**	**12 310**

Balance sheet

Amounts in NOK million	Note	DNB Bank ASA 31 Dec. 2011	31 Dec. 2010
Assets			
Cash and deposits with central banks		220 721	12 997
Lending to and deposits with credit institutions		193 379	216 432
Lending to customers	14, 15	711 966	669 454
Commercial paper and bonds		211 335	280 423
Shareholdings		11 829	14 590
Financial derivatives		108 506	85 019
Commercial paper and bonds, held to maturity	16	96 042	113 751
Investments in associated companies		1 187	1 285
Investments in subsidiaries		35 763	22 932
Intangible assets	17	3 549	3 578
Deferred tax assets		3	481
Fixed assets		5 497	5 004
Other assets		15 389	9 332
Total assets		**1 615 166**	**1 435 278**
Liabilities and equity			
Loans and deposits from credit institutions		295 884	257 139
Deposits from customers		704 438	624 588
Financial derivatives		88 207	72 771
Debt securities issued	18	384 467	342 761
Payable taxes		228	1 594
Deferred taxes		3 455	3
Other liabilities		13 421	20 304
Provisions		676	709
Pension commitments		2 677	2 928
Subordinated loan capital	18	24 070	33 386
Total liabilities		**1 517 523**	**1 356 182**
Share capital		18 314	17 514
Share premium reserve		19 895	12 695
Other equity		59 433	48 887
Total equity		**97 643**	**79 096**
Total liabilities and equity		**1 615 166**	**1 435 278**
Off-balance sheet transactions, contingencies and post-balance sheet events	22		

Income statement

Amounts in NOK million	Note	4th quarter 2011	4th qaurter 2010	Full year 2011	Full year 2010
				DNB Bank Group	
Total interest income	5	17 104	15 293	63 808	57 399
Total interest expenses	5	10 299	9 163	38 576	34 012
Net interest income	5	**6 804**	**6 130**	**25 232**	**23 387**
Commissions and fees receivable etc.	6	1 461	1 696	6 233	6 337
Commissions and fees payable etc.	6	536	470	2 015	1 986
Net gains on financial instruments at fair value	7	3 369	1 649	7 628	4 973
Profit from companies accounted for by the equity method	8	111	72	77	180
Net gains on investment property		(132)	0	(32)	0
Other income	9	795	660	2 822	3 562
Net other operating income		**5 068**	**3 606**	**14 713**	**13 067**
Total income		**11 873**	**9 736**	**39 945**	**36 454**
Salaries and other personnel expenses	10, 11	2 361	2 167	9 171	8 170
Other expenses	10	2 033	1 602	7 475	6 737
Depreciation and write-downs of fixed and intangible assets	10	843	450	2 062	2 135
Total operating expenses	10	**5 236**	**4 219**	**18 708**	**17 042**
Net gains on fixed and intangible assets		(1)	26	19	23
Write-downs on loans and guarantees	13	926	529	3 445	2 997
Pre-tax operating profit		**5 709**	**5 014**	**17 811**	**16 437**
Taxes	12	2 040	1 172	5 308	4 827
Profit from operations held for sale, after taxes		0	57	(5)	75
Profit for the period		**3 669**	**3 900**	**12 498**	**11 685**
Profit attributable to shareholders		3 669	3 965	12 498	12 437
Profit attributable to minority interests		0	(65)	0	(752)

Comprehensive income statement

Amounts in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
			DNB Bank Group	
Profit for the period	3 669	3 900	12 498	11 685
Exchange differences arising from the translation of foreign operations	50	(42)	(52)	(135)
Comprehensive income for the period	**3 719**	**3 857**	**12 445**	**11 550**
Comprehensive income attributable to shareholders	3 719	3 950	12 445	12 444
Comprehensive income attributable to minority interests	0	(93)	0	(894)

Balance sheet

Amounts in NOK million	Note	DNB Bank Group 31 Dec. 2011	DNB Bank Group 31 Dec. 2010
Assets			
Cash and deposits with central banks		224 581	16 198
Lending to and deposits with credit institutions		25 105	43 837
Lending to customers	14, 15	1 291 660	1 184 100
Commercial paper and bonds		106 000	162 071
Shareholdings		12 300	14 954
Financial derivatives		96 264	76 781
Commercial paper and bonds, held to maturity	16	96 042	113 751
Investment property		5 165	2 872
Investments in associated companies		2 173	2 291
Intangible assets	17	4 854	5 001
Deferred tax assets		636	262
Fixed assets		6 322	5 767
Assets held for sale		1 054	1 271
Other assets		12 792	8 482
Total assets		**1 884 948**	**1 637 639**
Liabilities and equity			
Loans and deposits from credit institutions		279 553	257 931
Deposits from customers		750 102	664 012
Financial derivatives		63 130	60 622
Debt securities issued	18	640 277	509 447
Payable taxes		400	4 822
Deferred taxes		4 531	113
Other liabilities		14 569	13 009
Liabilities held for sale		383	387
Provisions		750	925
Pension commitments		2 793	3 038
Subordinated loan capital	18	24 156	33 474
Total liabilities		**1 780 644**	**1 547 780**
Minority interests		0	0
Share capital		18 314	17 514
Share premium reserve		20 611	13 411
Other equity		65 378	58 933
Total equity		**104 304**	**89 859**
Total liabilities and equity		**1 884 948**	**1 637 639**
Off-balance sheet transactions, contingencies and post-balance sheet events	22		

Statement of changes in equity

DNB Bank ASA

Amounts in NOK million	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 December 2009	**17 514**	**12 695**	**42 253**	**72 462**
Profit for the period			12 317	12 317
Exchange differences arising from the translation of foreign operations			(6)	(6)
Comprehensive income for the period			12 310	12 310
Merger with DnB NOR Finans AS			323	323
Group contribution for 2010 to DnB NOR ASA			(6 000)	(6 000)
Balance sheet as at 31 December 2010	**17 514**	**12 695**	**48 887**	**79 096**
Profit for the period			10 633	10 633
Exchange differences arising from the translation of foreign operations			(87)	(87)
Comprehensive income for the period			10 547	10 547
Share issue	800	7 200		8 000
Balance sheet as at 31 December 2011	**18 314**	**19 895**	**59 433**	**97 643**
Of which currency translation reserve:				
Balance sheet as at 31 December 2009			*(283)*	*(283)*
Comprehensive income for the period			*(6)*	*(6)*
Merger with DnB NOR Finans AS			*19*	*19*
Balance sheet as at 31 December 2010			*(270)*	*(270)*
Comprehensive income for the period			*(87)*	*(87)*
Balance sheet as at 31 December 2011			*(356)*	*(356)*

DNB Bank Group

Amounts in NOK million	Minority interests	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 December 2009	**2 755**	**17 514**	**13 411**	**49 633**	**83 314**
Profit for the period	(752)			12 437	11 685
Exchange differences arising from the translation of foreign operations	(142)			7	(135)
Comprehensive income for the period	(894)			12 444	11 550
Group contribution for 2009 to DnB NOR ASA				(3 750)	(3 750)
Acquisition of NORD/LB's shares in DnB NORD	(1 855)			605	(1 250)
Minority interests	(6)				(6)
Balance sheet as at 31 December 2010	**0**	**17 514**	**13 411**	**58 933**	**89 859**
Profit for the period				12 498	12 498
Exchange differences arising from the translation of foreign operations				(52)	(52)
Comprehensive income for the period				12 445	12 445
Group contribution for 2010 to DNB ASA				(6 000)	(6 000)
Share issue		800	7 200		8 000
Balance sheet as at 31 December 2011	**0**	**18 314**	**20 611**	**65 378**	**104 304**
Of which currency translation reserve:					
Balance sheet as at 31 December 2009	*(63)*			*(240)*	*(303)*
Comprehensive income for the period	*(142)*			*7*	*(135)*
Acquisition of NORD/LB's shares in DnB NORD	*205*			*(205)*	*0*
Balance sheet as at 31 December 2010	*0*			*(438)*	*(438)*
Comprehensive income for the period				*(52)*	*(52)*
Balance sheet as at 31 December 2011	*0*			*(490)*	*(490)*

Cash flow statement

DnB Bank ASA Full year 2010	DnB Bank ASA Full year 2011	*Amounts in NOK million*	DnB Bank Group Full year 2011	DnB Bank Group Full year 2010
		Operating activities		
6 814	(40 350)	Net receipts/payments on loans to customers	(107 060)	(56 030)
29 270	32 647	Interest received from customers	52 883	46 835
43 944	77 366	Net receipts on deposits from customers	84 676	50 491
(15 545)	(16 785)	Interest paid to customers	(18 225)	(16 098)
(20 032)	51 021	Net receipts/payments on loans to credit institutions	36 618	(26 351)
5 684	6 635	Interest received from credit institutions	1 421	1 059
(4 912)	(4 737)	Interest paid to credit institutions	(4 719)	(5 008)
18 264	88 228	Net receipts on the sale of financial assets for investment or trading	76 369	508
9 256	8 275	Interest received on bonds and commercial paper	8 511	9 538
3 646	3 379	Net receipts on commissions and fees	4 237	4 433
(12 975)	(13 615)	Payments to operations	(16 460)	(15 584)
(7 912)	(2 790)	Taxes paid	(6 036)	(8 032)
(4 483)	(4 653)	Other receipts/payments	(1 518)	5 026
51 018	**184 622**	**Net cash flow relating from operating activities**	**110 697**	**(9 211)**
		Investment activities		
(2 495)	(2 846)	Net payments on the acquisition of fixed assets	(2 655)	(1 968)
0	0	Net payments, investment property	(688)	(336)
200	85	Receipts on the sale of long-term investments in shares	85	0
(1 313)	(12 819)	Payments on the acquisition of long-term investments in shares	0	(1 253)
216	105	Dividends received on long-term investments in shares	105	438
(3 392)	**(15 475)**	**Net cash flow relating from investment activities**	**(3 153)**	**(3 118)**
		Funding activities		
181 307	250 582	Receipts on issued bonds and commercial paper	364 876	278 237
(231 268)	(210 333)	Payments on redeemed bonds and commercial paper	(244 281)	(257 013)
(4 369)	(4 967)	Interest payment on issued bonds and commercial paper	(15 007)	(12 239)
(3 522)	(9 806)	Redemptions of subordinated loan capital	(9 806)	(4 704)
(644)	(715)	Interest paid on subordinated loan capital	(722)	(667)
0	8 000	Share issue	8 000	0
(3 224)	(4 524)	Dividend/group contributions payment/receipts	(6 000)	(3 750)
(61 720)	**28 237**	**Net cash flow from funding activities**	**97 060**	**(136)**
234	**1 019**	**Effects of exchange rate changes on cash and cash equivalents**	**967**	**(153)**
(13 860)	**198 404**	**Net cash flow**	**205 571**	**(12 618)**
46 036	32 176	Cash as at 1 January	23 460	36 078
(13 860)	198 404	Net receipts/payments of cash	205 571	(12 618)
32 176	230 580	Cash at end of period *)	229 031	23 460
		**) Of which:*		
12 997	*220 721*	*Cash and deposits with central banks*	*224 581*	*16 198*
19 180	*9 859*	*Deposits with credit institutions with no agreed period og notice 1)*	*4 450*	*7 261*

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

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

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

Note 1 Accounting principles

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

Note 2 Important accounting estimates and discretionary assessments

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

Note 3 Changes in group structure

Royston/ Propinvest

On 16 June 2011, DNB Bank ASA took over all the shares in Royston Norway from Propinvest Ltd. as part of the restructuring of the bank's commitment with the company. In addition, a company in Sweden and another in Finland were acquired. The acquired companies are organised into three independent sub-groups and own a total of 62 commercial properties, of which 55 are located in Norway, four in Sweden and three in Finland. The fair value of the properties was estimated at approximately NOK 1.8 billion on the acquisition date. The bank will seek to further develop the properties, aiming for a future sale.

The companies were taken over at the price of NOK 1. On the acquisition date, the acquired companies had a total negative equity of NOK 218 million. Prior to the acquisition, DNB Bank ASA had written down the commitment by a corresponding amount.

SC Finans AB

In December 2011, DNB Bank ASA entered into an agreement to purchase all the shares in the finance company SC Finans AB in Sweden. SC Finans AB operates in the Swedish market through the brands Hyundai Finans and Mitsubishi Motors Finans and has a total credit volume of SEK 2.3 billion. The acquisition will strengthen DNB Finans' market position in Sweden. The price paid for the shares was SEK 191 million. On the acquisition date, net excess values of SEK 45 million were identified, which were related to identifiable intangible assets such as customer relations (SEK 10 million), supplier channels (SEK 22 million) and for capitalised systems development costs the carrying amount exceeded the fair value (SEK 7 million). Deferred tax liabilities were calculated to SEK 7 million and the goodwill was measured as the residual at SEK 27 million.

Note 4 Segments

Business areas

The operational structure of the DNB Bank Group includes three business areas and four staff and support units. The business areas are independent profit centres and have responsibility for serving all of the banking group's customers and for the total range of products. The DNB Bank Group's business areas comprise Retail Banking, Large Corporates and International and DNB Markets. In addition, operations in the DnB NORD are reported as a separate profit centre. DNB Bank Group took over all the shares in DNB NORD with effect from year-end 2010. The operations in the Baltics have been more closely integrated in DNB, and a new strategy has been prepared for operations in the Baltic States. Following the decision to continue operations in Poland as part of the DNB Group, a strategy for Poland is in the process of being drawn up. Banking operations in DNB NORD in Copenhagen are being wound up, and the remaining loan portfolio was transferred to DNB in the fourth quarter of 2011. The operations in Copenhagen will be continued as a pure investment company. The tables present figures for total operations in DnB NORD.

Retail Banking	- offers a broad range of financial products and services through a wide distribution network. In cooperation with several of the banking 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.
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 banking 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 banking 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.
DnB NORD	- are mainly concentrated in the Baltic States and Poland and provides a broad range of products to both the retail and corporate markets.

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 Bank 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 the DNB Bank Group's management model and accounting principles. The figures have been restated in accordance with the banking 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 banking group's long-term funding are charged to the business areas.

The risk-adjusted capital requirement is a measure of the banking group's economic capital, based on its risk systems. It is used to measure the capital required to fund transactions and volumes. The banking 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 banking group. To stimulate such cooperation, operating income and expenses relating to some of these customers and transactions are recorded in the accounts of all relevant business areas. This refers primarily to income from customer trading in DNB Markets. Double entries are presented gross in the income statement. Income is presented under "Income attributable to product suppliers", appurtenant costs under "Costs attributable to product suppliers" and write-downs under "Write-downs attributable to product suppliers". Double entries are eliminated in the group accounts.

Note 4 Segments (continued)

Income statement, fourth quarter

DNB Bank Group

	Retail Banking		Large Corporates and International		DNB Markets		DnB NORD		Other operations/ eliminations [1]		DNB Bank Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Amounts in NOK million	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net interest income - ordinary operations	3 646	3 497	2 218	1 616	195	224	314	344	431	449	6 804	6 130
Interest on allocated capital [2]	166	134	189	157	50	35	15	12	(420)	(338)	0	0
Net interest income	3 812	3 631	2 407	1 773	245	259	330	355	11	111	6 804	6 130
Other operating income	892	781	190	388	1 247	1 164	197	120	2 543	1 154	5 068	3 606
Income attributable to product suppliers	340	347	516	661	0	0	0	0	(856)	(1 008)	0	0
Net other operating income	1 232	1 128	706	1 049	1 247	1 164	197	120	1 686	145	5 068	3 606
Total income	5 044	4 760	3 113	2 822	1 493	1 422	526	475	1 697	257	11 873	9 736
Other operating expenses	2 752	2 490	712	533	483	467	1 006	342	283	386	5 236	4 219
Cost attributable to product suppliers	176	187	219	266	0	0	0	0	(395)	(453)	0	0
Operating expenses	2 929	2 677	931	799	483	467	1 006	342	(112)	(67)	5 236	4 219
Pre-tax operating profit before write-downs	2 116	2 083	2 182	2 023	1 009	955	(480)	133	1 809	324	6 636	5 517
Net gains on fixed and intangible assets	0	5	0	0	0	0	(3)	13	2	8	(1)	26
Write-downs on loans and guarantees [3]	274	362	338	191	0	0	313	304	1	(329)	926	529
Write-downs attributable to product suppliers	0	0	(2)	(1)	0	0	0	0	2	1	0	0
Pre-tax operating profit	1 842	1 725	1 846	1 833	1 009	955	(797)	(159)	1 809	660	5 709	5 014

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	*2011*	*2010*	*2011*	*2010*	*2011*	*2010*	*2011*	*2010*
Net interest income - ordinary operations	*0*	*0*	*0*	*0*	*431*	*449*	*431*	*449*
Interest on allocated capital [2]	*0*	*0*	*0*	*0*	*(420)*	*(338)*	*(420)*	*(338)*
Net interest income	*0*	*0*	*0*	*0*	*11*	*111*	*11*	*111*
Other operating income	*0*	*0*	*(70)*	*(84)*	*2 612*	*1 238*	*2 543*	*1 154*
Income attributable to product suppliers	*(856)*	*(1 008)*	*0*	*0*	*0*	*0*	*(856)*	*(1 008)*
Net other operating income	*(856)*	*(1 008)*	*(70)*	*(84)*	*2 612*	*1 238*	*1 686*	*145*
Total income	*(856)*	*(1 008)*	*(70)*	*(84)*	*2 623*	*1 349*	*1 697*	*257*
Other operating expenses	*0*	*1*	*(70)*	*(84)*	*352*	*469*	*283*	*386*
Cost attributable to product suppliers	*(395)*	*(453)*	*0*	*0*	*0*	*0*	*(395)*	*(453)*
Operating expenses	*(395)*	*(453)*	*(70)*	*(84)*	*352*	*470*	*(112)*	*(67)*
Pre-tax operating profit before write-downs	*(461)*	*(555)*	*0*	*0*	*2 270*	*879*	*1 809*	*324*
Net gains on fixed and intangible assets	*0*	*0*	*0*	*0*	*2*	*8*	*2*	*8*
Write-downs on loans and guarantees [3]	*0*	*0*	*0*	*0*	*1*	*(329)*	*1*	*(329)*
Write-downs attributable to product suppliers	*2*	*1*	*0*	*0*	*0*	*0*	*2*	*1*
Pre-tax operating profit	*(463)*	*(556)*	*0*	*0*	*2 271*	*1 215*	*1 809*	*660*

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 banking 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 and investments in IT infrastructure. In addition, the Group Centre includes that part of the banking group's equity that is not allocated to the business areas.

**)*		*4th quarter*	
	Group Centre - pre-tax operating profit in NOK million	*2011*	*2010*
	+ Interest on unallocated equity etc.	*166*	*96*
	+ Income from equities investments	*(14)*	*582*
	+ Mark-to-market adjustments Treasury and fair value on lending	*2 108*	*226*
	+ Eksportfinans AS	*112*	*87*
	- Unallocated write-downs on loans and guarantees	*1*	*(329)*
	- Allocation to employees	*52*	*94*
	- Uncallocated pension expenses	*(5)*	*0*
	- Impairment losses for intangible assets	*(183)*	*0*
	- Funding costs on goodwill	*15*	*12*
	Other	*(220)*	*2*
	Pre-tax operating profit	*2 271*	*1 215*

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

3) *As from 1 January 2011, changes in collective write-downs are included in the accounts of Retail Banking and Large Corporates and International. See note 13 Write-downs on loans and guarantees for an analysis of the gross change in write-downs for the banking group.*

Note 4 Segments (continued)

Main average balance sheet items

DNB Bank Group

	Retail Banking		Large Corporates and International		DNB Markets		DnB NORD		Other operations/ eliminations		DNB Bank Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Amounts in NOK billion	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net lending to customers 1)	809.2	750.1	395.0	350.6	1.9	2.7	55.4	62.1	11.2	12.0	1 272.6	1 177.5
Deposits from customers 1)	424.4	387.7	249.5	228.1	44.7	17.5	22.3	23.5	16.2	19.5	757.2	676.3
Allocated capital 2)	22.1	21.1	25.2	24.6	6.7	5.5	4.0	4.5				

Key figures

DNB Bank Group

	Retail Banking		Large Corporates and International		DNB Markets		DnB NORD		Other operations		DNB Bank Group	
	4th quarter		4th quarter		4th quarter		4th quarter		4th quarter		4th quarter	
Per cent	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Cost/income ratio 3)	58.1	56.2	29.9	28.3	32.4	32.8	84.2	72.2			40.9	43.3
Ratio of deposits to lending 1) 4)	52.5	51.7	63.2	65.1			40.3	37.8			59.5	57.4
Return on allocated capital, annualised 2)	23.8	23.4	20.9	21.3	42.9	49.6	(18.5)	(11.2)				
Number of full-time positions as at 31 December	5 040	4 842	1 174	1 103	698	668	3 297	3 159	2 352	2 198	12 560	11 970

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

2) *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.*

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

4) *Deposits from customers relative to net lending to customers.*

Comments to the income statement, fourth quarter

Retail Banking

Pre-tax operating profits totalled NOK 1 842 million in the fourth quarter of 2011, an increase of NOK 117 million from the year-earlier period. The profit for the year also showed a positive trend, rising by NOK 495 million to NOK 7 214 million in 2011. There was a positive development in volumes and a satisfactory trend in non-performing commitments and write-downs. Retail Banking showed a stable, sound trend in 2011. Average net lending increased by 7.9 per cent from the fourth quarter of 2010 to the corresponding period in 2011. The growth rates for both home mortgages and lending to small and medium-sized businesses increased through the year, parallel to a positive trend for deposits. Compared with the year-earlier period, average deposits rose by 9.5 per cent, while the average ratio of deposits to lending was 52.5 per cent for the quarter. Along with customer deposits, covered bonds based on home mortgages in DNB Boligkreditt were key sources of funding. At end-December 2011, 95 per cent of lending volume in Retail Banking was funded by deposits and covered bonds. Net interest income rose by NOK 181 million from the fourth quarter of 2010. Increasing volumes and the discontinuation of guarantee fund levies compensated for the pressure on interest rate spreads, rising funding costs and lag effects related to the implementation of interest rate adjustments. The weighted interest rate spread, defined as total margin income on loans and deposits relative to total loans and deposits, was 1.18 per cent in the fourth quarter of 2011, down from 1.24 per cent in the year-earlier period. Relative to the 3-month money market rate, the spread on home mortgages was 0.84 per cent in the fourth quarter of 2011, down from 1.04 per cent in the year-earlier period. Net other operating income increased by NOK 104 million compared with the fourth quarter of 2010, reflecting higher net income from payment transactions and a higher level of activity within real estate broking. High market activity and IT development contributed to raising operating expenses. The number of full-time positions was 5 040 at end-December 2011, with 4 695 in the business area's units in Norway.
The quality of the loan portfolio was sound, with relatively low net write-downs in both the retail and corporate markets. Net write-downs represented 0.13 per cent of net lending, down from 0.19 per cent in the fourth quarter of 2010. Net non-performing and doubtful commitments amounted to NOK 6.2 billion at end-December 2011, down NOK 0.9 billion from end-December 2010.

Large Corporates and International

Pre-tax operating profits came to NOK 1 846 million, up NOK 13 million from the fourth quarter of 2010. The profit for the year rose by NOK 610 million compared with 2010, to NOK 6 734 million. There were good opportunities in the markets during the fourth quarter of 2011, and average lending increased by 12.7 per cent from the fourth quarter of 2010. A large part of Large Corporates and International's financial transactions are denominated in US dollars, and adjusted for the depreciation of the US dollar rate from the fourth quarter of 2010, there was a 15.0 per cent rise in lending. The greater part of this increase took place during the second half of 2011, and lending volumes expanded by NOK 23.8 billion from the third to the fourth quarter. There was a significant rise in deposits towards the end of 2011, with an average growth rate of 9.4 per cent compared with both the fourth quarter of 2010 and the third quarter of 2011. Relative to the 3-month money market rate, lending spreads widened by 0.23 percentage points from the fourth quarter of 2010 and by 0.08 percentage points from the third quarter of 2011, to 1.76 per cent. The widening spreads helped compensate for higher long-term funding costs. There was strong competition for deposits, and deposit spreads declined by 0.06 percentage points from the fourth quarter of 2010 and by 0.02 percentage points from the third quarter of 2011. The reduction in other operating income was mainly attributable to a negative development in the value of repossessed assets in the form of equities and ownership interests. Operating expenses rose by 16.5 per cent from the fourth quarter of 2010, mainly due to a rise in staff numbers in strategic priority areas, higher costs related to IT development activity and costs related to repossessed assets. The cost/income ratio rose by 1.6 percentage points during the same period. At end-December 2011, staff in the business area represented 1 174 full-time positions, including 670 positions outside Norway. Net write-downs on loans represented 0.34 per cent of net lending to customers on an annual basis, of which individual write-downs represented 0.32 per cent. In the fourth quarter of 2010, net individual write-downs came to 0.22 per cent of net lending. Net non-performing and doubtful commitments amounted to NOK 6.4 billion at end-December 2011, up NOK 5.0 billion from end-September 2011. The corresponding figure at end-December 2010 was NOK 2.7 billion. The increase was due to the fact that a few large commitments were classified as non-performing and doubtful after being subject to moderate write-downs.

Note 4 Segments (continued)

The quality of the loan portfolio remained sound, and close follow-up of customers and preventive measures ensured a positive trend from the preceding quarters. Market conditions may cause challenges for certain customer segments over the coming period.

DNB Markets

DNB Markets is Norway's largest provider of securities and investment services. The business area recorded a strong level of profits in the fourth quarter of 2011. A higher level of customer activity within interest rate hedging and a rise in income from market making and other proprietary trading more than compensated for the low level of capital market activity. Pre-tax operating profits totalled NOK 1 009 million in the fourth quarter of 2011, up 5.7 per cent compared with the year-earlier period. Pre-tax operating profits for the full year 2011 were NOK 4 160 million, up NOK 522 million from 2010. Customer-related revenues totalled NOK 705 million, a reduction of NOK 192 million from the fourth quarter of 2010, reflecting a low level of market activity within corporate finance and equities brokerage. Declining long-term interest rates in the fourth quarter of 2011 boosted demand for interest rate hedging among customers. Due to an increase in demand, there was a 5.3 per cent rise in customer-related income from foreign exchange, interest rate and commodity products compared with the year-earlier period. Customer-related income from the sale of securities and other investment products rose by more than 60 per cent compared with the fourth quarter of 2010 due to a higher level of income from equity derivatives and especially from bond brokerage. DNB Markets was the largest brokerage house on Oslo Børs both in the fourth quarter of 2011 and for the year as a whole in these product segments. Due to a low level of activity within both debt and equity capital issues, there was a NOK 259 million reduction in customer-related revenues from corporate finance services compared with the fourth quarter of 2010. DNB Markets established a Debt Capital Markets unit in London during the fourth quarter of 2011 and has thus established such operations at all of DNB's large international offices: London, New York, Singapore and Stockholm, in addition to in Norway. Due to a generally low level of capital market activity, there was a reduction in customer-related revenues from custodial and other securities services compared with the fourth quarter of 2010. Income from market making and other proprietary trading rose by a total of NOK 248 million from the year-earlier period. There was a rise in income from trading in foreign exchange, international interest rate products and, most particularly, Norwegian interest rate products. The market turmoil, which had a negative impact on customer-related activities in the capital markets, thus had a positive effect on trading activities. Developments in the equity, credit, commodity, currency and interest rate markets will be decisive for the business area's future performance.

Revenues within various segments

		DNB Markets
Amounts in NOK million	4th quarter 2011	4th quarter 2010
FX, interest rate and commodity derivatives	407	387
Investment products	137	85
Corporate finance	106	365
Securities services	55	60
Total customer revenues	705	897
Net income international bond portfolio	51	291
Other market making/trading revenues	687	199
Total trading revenues	738	490
Interest income on allocated capital	50	35
Total income	1 493	1 422

DnB NORD

Overall, the operations in DNB NORD generated pre-tax operating losses of NOK 797 million in the fourth quarter of 2011 and NOK 1 449 million in 2011. The level of costs was affected by impairment losses for goodwill relating to the operations in Poland and write-downs of capitalised systems development totalling NOK 563 million in the fourth quarter of 2011.

DNB Baltics and Poland:

DNB Baltics and Poland offers financial services to corporate and personal customers in Estonia, Latvia, Lithuania and Poland. A pre-tax operating loss of NOK 236 million was recorded in the fourth quarter of 2011. Performance was negatively affected by impairment losses on intangible assets of NOK 191 million for the quarter. There was a pre-tax operating loss of NOK 673 million for 2011, an improvement of NOK 191 million compared with 2010. Net lending to customers was relatively stable through 2011, but increased somewhat towards the end of the year. Compared with the fourth quarter of 2010, there was relatively brisk average lending growth in Poland of 22.8 per cent compared with the fourth quarter of 2010, while lending volumes in the Baltics were down 8.7 per cent during the same period. The decline in lending in the Baltics was due to general market conditions. In spite of an improved macroeconomic situation in all these countries and increasing growth, it will take time before this is reflected in higher investment levels and rising credit demand. Average customer deposits were unchanged from the fourth quarter of 2010. However, there was relatively strong growth in deposits towards the end of the year, which demonstrates that the customers 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 2010 mainly reflected narrowing lending spreads. However, there was a positive trend in lending spreads through 2011, and new loans are being granted at a significantly higher margin than the average for the portfolio. Net write-downs on loans were reduced by 9.8 per cent from the fourth quarter of 2010, but remained at a relatively high level, representing 1.56 per cent of average lending, down from 1.73 per cent in 2010. In consequence of high write-downs in Latvia, especially in the third quarter, the level of write-downs remained high for the full year 2011, standing at 2.39 per cent of average lending, a slight reduction from 2.48 per cent in 2010. Latvia accounted for 78 per cent of total write-downs on loans in DNB Baltics and Poland in 2011. The write-downs in Latvia referred to home mortgages and were due to a re-assessment of collateral values and rising costs associated with the repossessing of properties.

Note 4 Segments (continued)

Group Centre

The Group Centre recorded a pre-tax operating profit of NOK 2 271 million in the fourth quarter of 2011, compared with NOK 1 215 million in the year-earlier period. Profits attributable to the Group from the associated company Eksportfinans totalled NOK 112 million in the fourth quarter of 2011, including the share of the portfolio guarantee issued for the liquidity portfolio, compared with NOK 87 million in the fourth quarter of 2010. Income from equity investments totalled a loss of NOK 14 million in the fourth quarter of 2011, a decrease of NOK 596 million from the previous year. There was a profit contribution of NOK 2 108 million from own debt, loans carried at fair value and related derivatives in the fourth quarter of 2011, compared with a contribution of NOK 226 million in the corresponding period in 2010. Collective write-downs of NOK 329 million were reversed in the fourth quarter of 2010. With effect from 2011, the collective write-downs relating to the loan portfolios in Retail Banking and Large Corporates and International are included in the respective business areas' accounts.

Income statement, full year

DNB Bank Group

	Retail Banking		Large Corporates and International		DNB Markets		DnB NORD		Other operations/ eliminations		DNB Bank Group	
	Full year		Full year		Full year		Full year		Full year		Full year	
Amounts in NOK million	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net interest income - ordinary operations	13 805	13 643	7 522	5 884	842	928	1 231	1 383	1 832	1 549	25 232	23 387
Interest on allocated capital	592	497	661	608	165	145	59	38	(1 476)	(1 288)	0	0
Net interest income	14 397	14 139	8 183	6 492	1 007	1 073	1 290	1 422	356	261	25 232	23 387
Other operating income	3 681	3 501	972	1 151	5 152	4 398	724	627	4 182	3 391	14 713	13 067
Income attributable to product suppliers	1 328	1 263	2 100	2 006	0	0	0	0	(3 428)	(3 269)	0	0
Net other operating income	5 010	4 764	3 072	3 157	5 152	4 398	724	627	754	122	14 713	13 067
Total income	19 406	18 903	11 255	9 649	6 159	5 471	2 014	2 048	1 111	382	39 945	36 454
Other operating expenses	10 659	10 290	2 473	2 130	1 999	1 833	2 035	1 700	1 542	1 089	18 708	17 042
Cost attributable to product suppliers	658	675	873	806	0	0	0	0	(1 531)	(1 481)	0	0
Operating expenses	11 317	10 965	3 346	2 935	1 999	1 833	2 035	1 700	11	(392)	18 708	17 042
Pre-tax operating profit before write-downs	8 089	7 938	7 909	6 713	4 160	3 638	(21)	348	1 100	774	21 237	19 412
Net gains on fixed and intangible assets	2	6	0	0	0	0	9	(15)	8	32	19	23
Write-downs on loans and guarantees	877	1 225	1 175	586	0	0	1 437	1 813	(44)	(627)	3 445	2 997
Write-downs attributable to product suppliers	0	0	1	3	0	0	0	0	(1)	(3)	0	0
Pre-tax operating profit	7 214	6 719	6 734	6 124	4 160	3 638	(1 449)	(1 481)	1 152	1 436	17 811	16 437

Comments to the income statement, full year

The banking group recorded profits for the period of NOK 12 498 million in 2011, an increase of NOK 813 million compared with 2010. Pre-tax operating profits before write-downs rose by NOK 1 826 million, to NOK 21 237 million. However, due to a higher tax charge and a certain increase in write-downs on loans, the profit for the year was weakened. The banking group’s financial performance in 2011 reflected the extensive financial market turmoil in the second half of the year due to the inability of certain EU countries to service their debt. DNB was affected by falling equity prices and market volatility. However, the banking group had no direct exposure to these countries. The financial turmoil was a contributing factor to the tightening of the capitalisation requirements for financial institutions, both internationally and in Norway, in the second half of the year.

Net interest income rose by NOK 1 845 million or 7.9 per cent from 2010 to 2011. Average lending volumes increased by NOK 72.4 billion or 6.4 per cent during this period. There was significant lending growth through most of 2011, though the rate of growth abated towards the end of the year. In terms of NOK, deposits increased almost as much as lending, which gave an increase in the ratio of deposits to lending, from 56.1 per cent at end-December 2010 to 58.1 per cent at year-end 2011. Parallel, to this, there was a rise in debt securities issued by the banking group, which ensured a stronger long-term funding base. Relative to the 3-month money market rate, both lending and deposit spreads were virtually unchanged from the beginning to the end of the year, though lending spreads widened towards the end of the year, thus partially compensating for the rise in long-term funding costs. In consequence of the financial market turmoil, the cost of new funding remained at a significantly higher level than the short-term money market rates.

Other operating income rose by NOK 1 646 million from 2010, to NOK 14 713 million in 2011. In 2010, the banking group recorded gains of NOK 1 170 million in connection with the merger between the payment services company Nordito and the Danish PBS Holding. Adjusted for these gains, other operating income rose by NOK 2 816 million from 2010. The financial market turmoil gave a rise in income from foreign exchange and interest rate instruments, including the valuation of currency swaps on funding, of NOK 3 437 million compared with 2010. In light of the downturn in the financial markets, other operating income showed a satisfactory trend from 2010 to 2011.

Total operating expenses rose by NOK 1 666 million from 2010. Adjusted for impairment losses for goodwill and intangible assets and the reversal of allocations to pension commitments in 2010, expenses rose by NOK 1 522 million or 9.1 per cent. The high level of activity in 2011 gave a rise in income and higher costs, and also required an increase in investments. There was a significant escalation in market and customer activities both in and outside Norway, and the banking group increased its IT initiatives. Several cost items in 2011 were of a non-recurring nature, including the transfer of Postbanken’s customers to DNB’s IT systems and the coordination of the banking group’s products and services under one brand. This will help reduce future costs. The DNB Group’s cost programme was on schedule for reaching communicated targets at year-end 2011.

Note 4 Segments (continued)

Sickness absence in the banking group's Norwegian operations was 4.1 per cent in 2011, a reduction from 4.2 per cent in 2010. Among other things, the banking group improved its routines for following up employees on short or long-term sick leave in 2011.

Write-downs on loans and guarantees rose by NOK 448 million from 2010. Individual write-downs were reduced by NOK 856 million, while there was an increase in collective write-downs during the year, partly due to weakening economic conditions.

Return on equity was 13.5 per cent in 2011, down from 13.9 per cent in 2010.

The banking group continued its adaptations to the new liquidity, funding and capital requirements which are expected to be introduced over the next few years. Due to market uncertainty, there was a further rise in long-term funding costs towards the end of the year. These costs represent the banking group's marginal cost of funding. Only a small part of funding can be obtained from sources which base their prices on the short-term money market rate.

Note 5 Net interest income

Amounts in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
				DNB Bank ASA
Interest on loans to and deposits with credit institutions	1 851	1 443	6 741	5 693
Interest on loans to customers	7 916	6 998	28 971	26 709
Interest on impaired commitments	33	26	134	119
Interest on commercial paper and bonds	2 286	2 434	9 128	9 256
Front-end fees etc.	84	88	271	271
Other interest income	583	643	2 783	2 128
Total interest income	**12 754**	**11 632**	**48 030**	**44 177**
Interest on loans and deposits from credit institutions	1 026	1 184	4 485	4 912
Interest on deposits from customers	3 867	2 986	13 716	10 835
Interest on debt securities issued	1 340	1 192	4 885	4 369
Interest on subordinated loan capital	149	163	612	644
Other interest expenses [1)]	492	1 249	3 024	4 711
Total interest expenses	**6 873**	**6 773**	**26 722**	**25 471**
Net interest income	**5 880**	**4 859**	**21 308**	**18 706**

Amounts in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
				DNB Bank Group
Interest on loans to and deposits with credit institutions	460	252	1 455	1 067
Interest on loans to customers	13 534	11 701	49 472	43 925
Interest on impaired commitments	58	56	237	247
Interest on commercial paper and bonds	2 316	2 506	9 345	9 538
Front-end fees etc.	91	96	292	287
Other interest income	646	681	3 007	2 334
Total interest income	**17 104**	**15 293**	**63 808**	**57 399**
Interest on loans and deposits from credit institutions	958	1 226	4 426	5 008
Interest on deposits from customers	4 048	3 153	14 452	11 528
Interest on debt securities issued	4 295	3 412	15 363	12 239
Interest on subordinated loan capital	149	159	616	667
Other interest expenses [1)]	848	1 214	3 719	4 571
Total interest expenses	**10 299**	**9 163**	**38 576**	**34 012**
Net interest income	**6 804**	**6 130**	**25 232**	**23 387**

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

Note 6 Net commissions and fees receivable

Amounts in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
				DNB Bank ASA
Money transfer fees receivable	708	664	2 784	2 735
Fees on asset management services	48	58	223	240
Fees on custodial services	72	74	310	293
Fees on securities broking	41	79	248	293
Corporate finance	89	166	295	430
Interbank fees	22	23	87	93
Credit broking commissions	31	199	480	468
Sales commissions on insurance products	63	73	267	307
Sundry commissions and fees receivable on banking services	149	126	602	516
Total commissions and fees receivable etc.	**1 225**	**1 462**	**5 296**	**5 375**
Money transfer fees payable	270	311	1 016	1 060
Commissions payable on fund management services	0	0	0	0
Fees on custodial services payable	27	24	122	112
Interbank fees	32	33	123	133
Credit broking commissions	37	(41)	125	62
Commissions payable on the sale of insurance products	0	0	0	0
Sundry commissions and fees payable on banking services	146	115	550	500
Total commissions and fees payable etc.	**512**	**442**	**1 935**	**1 867**
Net commissions and fees receivable	**713**	**1 020**	**3 361**	**3 508**

Amounts in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
				DNB Bank Group
Money transfer fees receivable	762	723	2 988	2 960
Fees on asset management services	51	61	237	252
Fees on custodial services	74	76	317	301
Fees on securities broking	36	86	254	303
Corporate finance	123	207	454	608
Interbank fees	23	24	92	97
Credit broking commissions	33	200	488	474
Sales commissions on insurance products	105	107	434	491
Sundry commissions and fees receivable on banking services	252	210	968	851
Total commissions and fees receivable etc.	**1 461**	**1 696**	**6 233**	**6 337**
Money transfer fees payable	278	323	1 049	1 111
Commissions payable on fund management services	0	0	0	0
Fees on custodial services payable	27	24	122	112
Interbank fees	33	36	130	140
Credit broking commissions	29	(44)	93	48
Commissions payable on the sale of insurance products	6	4	16	24
Sundry commissions and fees payable on banking services	162	127	605	550
Total commissions and fees payable etc.	**536**	**470**	**2 015**	**1 986**
Net commissions and fees receivable	**925**	**1 225**	**4 218**	**4 351**

Note 7 Net gains on financial instruments at fair value

Amounts in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
	DNB Bank ASA			
Dividends	61	(261)	495	376
Net gains on commercial paper and bonds 1)	(591)	(1 318)	(117)	(717)
Net gains on shareholdings	(215)	670	(333)	698
Net gains on other financial instruments 2)	2 408	754	5 241	2 565
Net gains on financial instruments at fair value	**1 663**	**(155)**	**5 286**	**2 922**

Amounts in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
	DNB Bank Group			
Dividends	61	53	514	380
Net gains on commercial paper and bonds	21	(135)	421	542
Net gains on shareholdings	(216)	683	(259)	613
Net gains on other financial instruments 2)	3 504	1 046	6 953	3 438
Net gains on financial instruments at fair value	**3 369**	**1 649**	**7 628**	**4 973**

1) *Unrealised losses on DNB Bank ASA's investments in covered bonds issued by DNB Boligkreditt were NOK 605 million in the fourth quarter of 2011. Investments in such bonds totalled NOK 107.8 billion at 31 December 2011, of which NOK 107.4 billion have been used in the exchange scheme with the Norwegian government. See note 21 Information on related parties – stimulus packages.*

2) *There was a particularly high level of income from mark-to-market adjustments on foreign exchange and interest rate instruments in the fourth quarter of 2011. The Bank will record a high level of such income when the financial markets are volatile, though the income will be reversed over the instruments' term to maturity. In more stable markets, market values will be reduced.*

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 more than NOK 11 billion in the fourth quarter of 2011. After reviewing the fair value of the company, DNB wrote down the value by an amount corresponding to unrealised gains on Eksportfinans' own debt in the fourth quarter. The write-down has been reported on the line "Profit from companies accounted for by the equity method" along with DNB's share of profits from the company.

Note 9 Other income

Amounts in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
	DNB Bank ASA			
Income from owned/leased premises	29	20	89	85
Group contributions and dividends from subsidiaries	1 715	1 960	1 715	1 960
Miscellaneous operating income 1)	219	802	1 900	4 102
Total other income	**1 964**	**2 782**	**3 703**	**6 147**

Amounts in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
	DNB Bank Group			
Income from owned/leased premises	73	27	239	87
Fees on real estate broking	260	223	1 012	860
Miscellaneous operating income 1)	463	411	1 570	2 614
Total other income	**795**	**660**	**2 822**	**3 562**

1) *The merger between the payment services company Nordito and the Danish PBS Holding during the second quarter of 2010. DNB Bank ASA and the DNB Bank Group thus recorded income of NOK 1 485 million and NOK 1 170 million respectively.*

Note 10 Operating expenses

				DNB Bank ASA
	4th quarter	4th quarter	Full year	Full year
Amounts in NOK million	2011	2010	2011	2010
Salaries	1 491	1 303	5 505	5 092
Employer's national insurance contributions	112	175	650	700
Pension expenses [1)]	173	121	747	254
Restructuring expenses	12	(8)	16	45
Other personnel expenses	149	178	571	569
Total salaries and other personnel expenses	**1 937**	**1 768**	**7 490**	**6 660**
Fees [2)]	496	327	1 577	1 264
IT expenses [2)]	345	335	1 445	1 479
Postage and telecommunications	80	79	288	295
Office supplies	23	14	58	53
Marketing and public relations	162	154	609	498
Travel expenses	72	63	206	177
Reimbursement to Norway Post for transactions executed	39	36	167	151
Training expenses	18	21	57	57
Operating expenses on properties and premises	272	262	1 100	1 061
Operating expenses on machinery, vehicles and office equipment	24	35	99	107
Other operating expenses	107	54	497	467
Total other expenses	**1 640**	**1 380**	**6 104**	**5 610**
Impairment losses for goodwill [3)]	0	0	0	0
Depreciation and write-downs of fixed and intangible assets [4)]	1 181	422	2 417	1 619
Total depreciation and write-downs of fixed and intangible assets	**1 181**	**422**	**2 417**	**1 619**
Total operating expenses	**4 758**	**3 570**	**16 011**	**13 889**

Note 10 Operating expenses (continued)

Amounts in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
	DNB Bank Group			
Salaries	1 798	1 618	6 804	6 272
Employer's national insurance contributions	171	229	867	903
Pension expenses [1)]	203	134	847	325
Restructuring expenses	12	(8)	17	47
Other personnel expenses	176	194	637	624
Total salaries and other personnel expenses	**2 361**	**2 167**	**9 171**	**8 170**
Fees [2)]	504	350	1 702	1 385
IT expenses [2)]	413	356	1 670	1 649
Postage and telecommunications	90	88	344	345
Office supplies	35	26	97	91
Marketing and public relations	249	211	938	775
Travel expenses	85	73	246	212
Reimbursement to Norway Post for transactions executed	39	36	167	151
Training expenses	23	23	68	67
Operating expenses on properties and premises	344	309	1 338	1 247
Operating expenses on machinery, vehicles and office equipment	37	46	143	147
Other operating expenses	212	83	763	667
Total other expenses	**2 033**	**1 602**	**7 475**	**6 737**
Impairment losses for goodwill [3)]	190	0	190	194
Depreciation and write-downs of fixed and intangible assets [4)]	654	450	1 872	1 941
Total depreciation and write-downs of fixed and intangible assets	**843**	**450**	**2 062**	**2 135**
Total operating expenses	**5 236**	**4 219**	**18 708**	**17 042**

1) *Pension expenses for the first quarter of 2010 were reduced by NOK 335 million and NOK 355 million for DNB Bank ASA and the DNB Bank Group, respectively, due to the reversal of provisions for contractual early retirement pensions.*
2) *Fees also include system development fees and must be viewed relative to IT expenses.*
3) *Impairment losses for goodwill of NOK 190 million relating to DNB Baltics and Poland were recorded in the fourth quarter of 2011 and impairment losses for goodwill of NOK 194 million relating to Svensk Fastighetsförmedling were recorded in second quarter of 2010.*
4) *See note 17 Intangible assets.*

Note 11 Number of employees/full-time positions

	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
	DNB Bank ASA			
Number of employees at end of period	8 232	7 829	8 232	7 829
of which number of employees abroad	736	647	736	647
Number of employees calculated on a full-time basis at end of period	7 944	7 585	7 944	7 585
of which number of employees calculated on a full-time basis abroad	722	638	722	638
Average number of employees	8 206	7 997	7 985	7 489
Average number of employees calculated on a full-time basis	7 922	7 638	7 719	7 232

	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
	DNB Bank Group			
Number of employees at end of period	12 982	12 288	12 982	12 288
of which number of employees abroad	4 583	4 296	4 583	4 296
Number of employees calculated on a full-time basis at end of period	12 560	11 970	12 560	11 970
of which number of employees calculated on a full-time basis abroad	4 471	4 245	4 471	4 245
Average number of employees	12 900	12 469	12 557	12 431
Average number of employees calculated on a full-time basis	12 504	12 033	12 197	12 075

Note 12 Taxes

DNB Bank ASA Full year 2010	Full year 2011	Balancing tax charges against pre-tax operating profit *Amounts in NOK million*	DNB Bank Group Full year 2011	Full year 2010
16 587	15 653	Operating profit before taxes	17 811	16 437
4 644	4 383	Estimated income tax - nominal tax rate (28 per cent)	4 987	4 602
59	317	Tax effect of different tax rates in other countries	329	64
57	84	Tax effect of debt interest distribution with international branches	84	57
(490)	19	Tax effect of tax-exempt income and non-deductible expenses	(219)	(390)
0	0	Estimated taxes on tax-related losses which cannot be utilised 1)	382	459
0	217	Excess tax provision previous year 2)	(255)	35
4 270	**5 020**	**Total taxes**	**5 308**	**4 827**
26%	32%	Effective tax rate	30%	29%

1) *Deferred taxes for tax-deductible differences (mainly losses carried forward) in subsidiaries are not recognised in the balance sheet unless DNB Bank Group can prove that these tax positions will be utilised in the future.*

2) *NOK 440 million of this represents deferred tax assets for previous years which have not been recognised in the balance sheet.*

Note 13 Write-downs on loans and guarantees

DNB Bank ASA

Amounts in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
Write-offs	82	83	492	356
New individual write-downs	935	646	2 357	2 178
Total new individual write-downs	1 018	729	2 849	2 534
Reassessed individual write-downs	85	314	461	680
Recoveries on commitments previously written off	114	153	415	401
Net individual write-downs	819	262	1 973	1 454
Change in collective write-downs on loans	(30)	(329)	56	(641)
Write-downs on loans and guarantees *)	**789**	**(68)**	**2 029**	**813**
Write-offs covered by individual write-downs made in previous years	531	867	1 464	1 650
**) Of which indvidual write-downs on guarantees*	*41*	*(6)*	*41*	*(5)*

DNB Bank Group

Amounts in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
Write-offs	103	113	550	459
New individual write-downs	1 265	1 369	4 120	5 141
Total new individual write-downs	1 368	1 482	4 670	5 600
Reassessed individual write-downs	228	361	1 015	1 109
Recoveries on commitments previously written off	120	160	437	418
Net individual write-downs	1 020	961	3 217	4 074
Change in collective write-downs on loans	(94)	(432)	227	(1 077)
Write-downs on loans and guarantees *)	**926**	**529**	**3 445**	**2 997**
Write-offs covered by individual write-downs made in previous years	770	1 060	2 753	2 217
**) Of which indvidual write-downs on guarantees*	*40*	*(24)*	*26*	*(3)*

Write-downs on loans and guarantees totalled NOK 926 million for the quarter, which represented an increase of NOK 397 million from the fourth quarter of 2010, but a reduction of NOK 244 million from the third quarter of 2011. Individual write-downs in Retail Banking showed a slight reduction from the fourth quarter of 2010, while there was a NOK 126 million increase in Large Corporates and International, relating primarily to the Nordic Corporates and Shipping, Offshore and Logistics divisions. Following an increase in the third quarter, individual write-downs in the Baltics and Poland again showed a downward trend.

Note 14 Lending to customers

DNB Bank ASA 31 Dec. 2010	31 Dec. 2011	*Amounts in NOK million*	DNB Bank Group 31 Dec. 2011	31 Dec. 2010
578 013	653 927	Lending to customers, nominal amount	1 192 164	1 065 402
3 931	4 883	Individual write-downs	9 521	9 207
574 082	649 044	Lending to customers, after individual write-downs	1 182 644	1 056 196
715	400	+ Accrued interest and amortisation	2 265	1 996
544	525	- Individual write-downs of accrued interest and amortisation	710	658
1 343	1 424	- Collective write-downs	2 119	1 872
572 910	647 495	Lending to customers, at amortised cost	1 182 080	1 055 661
95 883	64 045	Lending to customers, nominal amount	108 488	127 382
576	433	+ Accrued interest	559	674
84	(6)	+ Adjustment to fair value	533	382
96 543	64 472	Lending to customers, at fair value [1)]	109 580	128 439
669 454	**711 966**	**Lending to customers**	**1 291 660**	**1 184 100**

1) *The fair value of loans in Norwegian kroner was reduced by NOK 108 million from 31 December 2010 due to widening margin requirement.*

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

DNB Bank ASA 31 Dec. 2010	31 Dec. 2011	*Amounts in NOK million*	DNB Bank Group 31 Dec. 2011	31 Dec. 2010
1 819	1 530	Private individuals	3 771	4 481
747	3 504	Transportation by sea and pipelines and vessel construction	3 551	810
871	3 059	Real estate	3 575	2 503
1 523	1 448	Manufacturing	2 072	3 165
635	323	Services	572	1 521
1 184	434	Trade	854	698
0	0	Oil and gas	0	0
182	98	Transportation and communication	334	490
955	256	Building and construction	647	1 710
24	0	Power and water supply	0	25
4	60	Seafood	67	10
100	77	Hotels and restaurants	298	351
123	104	Agriculture and forestry	260	279
0	0	Central and local government	0	0
45	14	Other sectors	22	53
8 211	10 907	Total customers	16 023	16 097
0	21	Credit institutions	21	0
8 211	10 928	Total net impaired loans and guarantees	16 043	16 097
785	1 895	Non-performing loans and guarantees not subject to write-downs	3 422	2 313
8 996	12 823	Total net non-performing and doubtful loans and guarantees	19 465	18 409

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

Note 16 Commercial paper and bonds, held to maturity

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 2011, 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 2011, there would have been a NOK 1.5 billion reduction 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 2011 was NOK 2.1 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 39.8 billion at end-December 2011. The average term to maturity of the portfolio is 3.7 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 15 million at end-December 2011.

Effects on profits of the reclassification				**DNB Bank Group**
Amounts in NOK million	4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
Recorded amortisation effect	62	91	329	429
Net gain, if valued at fair value	67	395	(1 181)	536
Effects of reclassification on profits	(5)	(304)	1 510	(107)

Effects on the balanse sheet of the reclassification		**DNB Bank Group**
Amounts in NOK million	31 Dec. 2011	31 Dec. 2010
Recorded, unrealised losses	905	1 234
Unrealised losses, if valued at fair value	3 048	1 868
Effects of reclassification on the balance sheet	2 144	634

Development in the portfolio after the reclassification		**DNB Bank Group**
Amounts in NOK million	31 Dec. 2011	31 Dec. 2010
Reclassified portfolio, recorded value	39 825	54 087
Reclassified portfolio, if valued at fair value	37 682	53 453
Effects of reclassification on the balance sheet	2 144	634

Commercial paper and bonds, held to maturity		**DNB Bank Group**
Amounts in NOK million	31 Dec. 2011	31 Dec. 2010
DNB Markets	95 062	112 567
Other units	980	1 184
Commercial paper and bonds, held to maturity	**96 042**	**113 751**

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 covered bonds in the fourth quarter of 2011 are included in the trading portfolio and are recorded at fair value. As at 31 December 2011, DNB Markets' international bond portfolio represented NOK 114.7 billion. 91.6 per cent of the securities in the portfolio had an AAA rating, while 3.9 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 Bank Group	
	Per cent 31 Dec. 2011	NOK million 31 Dec. 2011
Asset class		
Consumer credit	1	1 040
Residential mortgages	50	58 267
Corporate loans	1	1 272
Government related	31	36 301
Covered bonds	16	18 729
Total international bond portfolio DNB Markets, nominal values	100	115 610
Accrued interest, amortisation effects and fair value adjustments		(934)
Total international bond portfolio DNB Markets		114 676
Total international bond portfolio DNB Markets, held to maturity		95 062
Of which reclassified portfolio		39 825

The average term to maturity of DNB Markets' international bond portfolio is 3.1 years, and the change in value resulting from an interest rate adjustment of one basis point was NOK 22 million at end-December 2011.

Note 17 Intangible assets

DNB Bank ASA			DNB Bank Group	
31 Dec. 2010	31 Dec. 2011	*Amounts in NOK million*	31 Dec. 2011	31 Dec. 2010
2 419	2 419	Goodwill [1)]	3 267	3 471
789	819	IT systems development [2)]	1 271	1 160
370	310	Other intangible assets	316	370
3 578	**3 549**	**Total intangible assets**	**4 854**	**5 001**

1) *In consequence of lower growth prospects in the Polish market, it was decided to record impairment losses for the remaining goodwill totalling NOK 190 million in the fourth quarter of 2011. There was no need for recording impairment losses for goodwill for other units in the fourth quarter of 2011.*

2) *New IT solutions are being developed for the operations in Lithuania, and there are plans to take the solutions into use in the other units in the Baltics and Poland at a later date. The recorded value of the IT solutions is tested against the estimated net present value of cash flows for Lithuania. In consequence of lower growth prospects in the Lithuanian market, it was decided to write down the IT solutions by EUR 24.5 million, the equivalent of NOK 191 million, in the fourth quarter of 2011. Write-downs of NOK 22 million were recorded on Postbanken's IT systems in the second quarter of 2011 following the conversion of Postbanken's customer accounts to DNB's IT systems.*

Note 18 Debt securities issued and subordinated loan capital

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

Debt securities issued — DNB Bank ASA

Amounts in NOK million	31 Dec. 2011	31 Dec. 2010
Commercial paper issued, nominal amount	228 415	153 910
Bond debt, nominal amount	149 165	183 140
Adjustments	6 887	5 711
Total debt securities issued	**384 467**	**342 761**

Changes in debt securities issued — DNB Bank ASA

Amounts in NOK million	Balance sheet 31 Dec. 2011	Issued 2011	Matured/ redeemed 2011	Exchange rate movements 2011	Other adjustments 2011	Balance sheet 31 Dec. 2010
Commercial paper issued, nominal amount	228 415	228 409	153 904			153 910
Bond debt, nominal amount	149 165	22 173	56 429	281		183 140
Adjustments	6 887				1 176	5 711
Total debt securities issued	**384 467**	**250 582**	**210 333**	**281**	**1 176**	**342 761**

Changes in subordinated loan capital and perpetual subordinated loan capital securities — DNB Bank ASA

Amounts in NOK million	Balance sheet 31 Dec. 2011	Issued 2011	Matured/ redeemed 2011	Exchange rate movements 2011	Other adjustments 2011	Balance sheet 31 Dec. 2010
Term subordinated loan capital, nominal amount	12 773		4 486	174		17 085
Perpetual subordinated loan capital, nominal amount	4 158		2 982	136		7 004
Perpetual subordinated loan capital securities, nominal amount [1]	5 973		2 338	70		8 241
Adjustments	1 166				109	1 056
Total subordinated loan capital and perpetual subordinated loan capital securities	**24 070**	**0**	**9 806**	**380**	**109**	**33 386**

Debt securities issued — DNB Bank Group

Amounts in NOK million	31 Dec. 2011	31 Dec. 2010
Commercial paper issued, nominal amount	228 430	153 934
Bond debt, nominal amount [2]	391 326	344 392
Adjustments	20 521	11 122
Total debt securities issued	**640 277**	**509 447**

Changes in debt securities issued — DNB Bank Group

Amounts in NOK million	Balance sheet 31 Dec. 2011	Issued 2011	Matured/ redeemed 2011	Exchange rate movements 2011	Other adjustments 2011	Balance sheet 31 Dec. 2010
Commercial paper issued, nominal amount	228 430	228 424	153 928			153 934
Bond debt, nominal amount [2]	391 326	136 451	90 353	836		344 392
Adjustments	20 521				9 399	11 122
Total debt securities issued	**640 277**	**364 876**	**244 281**	**836**	**9 399**	**509 447**

Changes in subordinated loan capital and perpetual subordinated loan capital securities — DNB Bank Group

Amounts in NOK million	Balance sheet 31 Dec. 2011	Issued 2011	Matured/ redeemed 2011	Exchange rate movements 2011	Other adjustments 2011	Balance sheet 31 Dec. 2010
Term subordinated loan capital, nominal amount	12 859		4 486	177		17 167
Perpetual subordinated loan capital, nominal amount	4 158		2 982	135		7 005
Perpetual subordinated loan capital securities, nominal amount [1]	5 973		2 338	70		8 241
Adjustments	1 167				107	1 060
Total subordinated loan capital and perpetual subordinated loan capital securities	**24 156**	**0**	**9 806**	**382**	**107**	**33 474**

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

2) Minus own bonds. Outstanding covered bonds in DNB Boligkreditt totalled NOK 351.3 billion as at 31 December 2011. The cover pool represented NOK 458.7 billion.

Note 19 Capital adequacy

The DNB Bank 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.

DNB Bank ASA		**Primary capital**	**DNB Bank Group**	
31 Dec. 2010	31 Dec. 2011	*Amounts in NOK million*	31 Dec. 2011	31 Dec. 2010
17 514	18 314	Share capital	18 314	17 514
61 582	79 328	Other equity	85 990	72 344
79 096	97 643	Total equity	104 304	89 859
		Deductions		
0	0	Pension funds above pension commitments	(22)	(16)
(2 419)	(2 419)	Goodwill	(3 834)	(3 472)
(481)	(3)	Deferred tax assets	(644)	(324)
(1 159)	(1 130)	Other intangible assets	(2 028)	(1 963)
0	0	Group contribution, payable	0	(6 000)
0	0	Unrealised gains on fixed assets	(30)	(30)
(1 024)	(1 022)	50 per cent of investments in other financial institutions	(1 022)	(1 024)
(515)	(648)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(835)	(666)
94	(24)	Adjustments for unrealised losses/(gains) on liabilites recorded at fair value	(713)	(346)
73 592	92 396	Equity Tier 1 capital	95 177	76 018
8 241	5 973	Perpetual subordinated loan capital securities [1) 2)]	6 159	8 423
81 833	98 370	Tier 1 capital	101 336	84 441
7 004	4 153	Perpetual subordinated loan capital	4 153	7 004
17 085	12 773	Term subordinated loan capital [2)]	13 230	17 775
		Deductions		
(1 024)	(1 022)	50 per cent of investments in other financial institutions	(1 022)	(1 024)
(515)	(648)	50 per cent of expected losses exceeding actual losses, IRB portfolios	(835)	(666)
		Additions		
0	0	45 per cent of unrealised gains on fixed assets	18	18
22 549	15 256	Tier 2 capital	15 544	23 108
104 382	113 625	Total eligible primary capital [3)]	116 879	107 548
738 194	874 786	Risk-weighted volume	1 018 586	918 659
59 056	69 983	Minimum capital requirement	81 487	73 493
10.0	10.6	Equity Tier 1 capital ratio (%)	9.3	8.3
11.1	11.2	Tier 1 capital ratio (%)	9.9	9.2
14.1	13.0	Capital ratio (%)	11.5	11.7

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

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

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

Note 19 Capital adequacy (continued)

Specification of risk-weighted volume and capital requirements **DNB Bank ASA**

Amounts in NOK million	Nominal exposure 31 Dec. 2011	EAD [1] 31 Dec. 2011	Risk-weighted volume 31 Dec. 2011	Capital requirements 31 Dec. 2011	Capital requirements 31 Dec. 2010
IRB approach					
Corporate	814 640	682 465	378 633	30 291	24 567
Specialised Lending (SL)	7 566	7 507	3 580	286	117
Retail - mortgage loans	72 958	72 956	18 457	1 477	1 444
Retail - other exposures	90 589	74 489	23 641	1 891	1 778
Securitisation	95 062	95 062	9 402	752	735
Total credit risk, IRB approach	1 080 815	932 479	433 714	34 697	28 641
Standardised approach					
Central government	84 893	82 720	77	6	143
Institutions	433 939	394 216	72 442	5 795	5 323
Corporate	267 924	217 884	210 088	16 807	14 235
Specialised Lending (SL)	0	0	0	0	476
Retail - mortgage loans	3 305	2 996	2 255	180	293
Retail - other exposures	57 160	22 455	16 972	1 358	1 078
Equity positions	40 162	40 162	40 366	3 229	2 267
Securitisation	0	0	0	0	0
Other assets	3 878	3 878	3 878	310	196
Total credit risk, standardised approach	891 260	764 310	346 079	27 686	24 010
Total credit risk	1 972 075	1 696 789	779 793	62 383	52 651
Market risk					
Position risk, equity instruments			1 183	95	37
Position risk, debt instruments			38 210	3 057	2 367
Currency risk			0	0	0
Total market risk			39 393	3 151	2 404
Operational risk			57 705	4 616	4 169
Deductions			(2 105)	(168)	(168)
Total risk-weighted volume and capital requirements before transitional rule			874 786	69 983	59 056
Additional capital requirements according to transitional rules [2]			0	0	0
Total risk-weighted volume and capital requirements			874 786	69 983	59 056

1) *EAD, exposure at default.*

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

Note 19 Capital adequacy (continued)

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

Amounts in NOK million	Nominal exposure 31 Dec. 2011	EAD [1] 31 Dec. 2011	Risk-weighted volume 31 Dec. 2011	Capital requirements 31 Dec. 2011	Capital requirements 31 Dec. 2010
IRB approach					
Corporate	925 029	692 684	380 666	30 453	25 103
Specialised Lending (SL)	7 566	7 507	3 580	286	117
Retail - mortgage loans	538 910	538 908	68 932	5 515	4 533
Retail - other exposures	90 589	74 489	23 641	1 891	1 778
Securitisation	95 062	95 062	9 402	752	735
Total credit risk, IRB approach	1 657 157	1 408 651	486 222	38 898	32 266
Standardised approach					
Central government	93 841	110 044	130	10	146
Institutions	140 500	118 851	26 018	2 081	1 940
Corporate	392 019	293 720	282 196	22 576	19 912
Specialised Lending (SL)	0	0	0	0	476
Retail - mortgage loans	47 575	45 614	20 921	1 674	1 294
Retail - other exposures	85 324	46 589	35 709	2 857	2 474
Equity positions	3 251	3 251	3 455	276	361
Securitisation	9 349	9 349	1 794	143	117
Other assets	11 495	11 495	11 495	920	684
Total credit risk, standardised approach	783 354	638 913	381 718	30 537	27 404
Total credit risk	2 440 510	2 047 564	867 939	69 435	59 670
Market risk					
Position risk, equity instruments			1 183	95	37
Position risk, debt instruments			35 412	2 833	2 429
Currency risk			0	0	0
Total market risk			36 596	2 928	2 466
Operational risk			66 364	5 309	4 886
Deductions			(2 674)	(214)	(203)
Total risk-weighted volume and capital requirements before transitional rule			968 225	77 458	66 819
Additional capital requirements according to transitional rules [2]			50 360	4 029	6 673
Total risk-weighted volume and capital requirements			1 018 586	81 487	73 493

1) *EAD, exposure at default.*
2) *Due to transitional rules, the minimum capital adequacy requirements for 2010 and 2011 cannot be reduced below 80 per cent relative to the Basel I requirements.*

Note 19 Capital adequacy (continued)

Basel II implementation

Further progress

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

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

1) *There is only one IRB approach for retail exposures and securitisation positions.*
2) *Reported according to the IRB category Retail - other exposures.*

Note 20 Liquidity risk

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

The Board of Directors has approved internal limits which restrict the short-term maturity of liabilities during various time periods. The various maturities are subject to stress testing based on a bank-specific crisis and a systemic crisis, and a contingency plan has been established to handle market events. In addition, limits have been approved for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. Covered bonds play a key role in the funding of the banking group. The banking group's ratio of deposits to lending was 58.1 per cent at year-end 2011, up from 56.1 per cent a year earlier. The ratio of deposits to lending in DNB Bank ASA was 98.9 per cent at end-December 2011.

Throughout 2011, the short-term funding markets were generally sound for banks with good credit ratings, though there was greater focus on short maturities. Due to the uncertainty concerning European sovereign debt, the level of funding activity was reduced towards the end of the year. However, its good rating in an international context strengthened the bank's position.

Financially strong banks generally had good access to long-term funding during the first half of the year. At times, however, uncertainty regarding European sovereign debt had pronounced effects on price levels, and few transactions were completed in the market in the second half of the year. The DNB Bank Group completed most of its annual long-term funding activities during the first half of the year, and the need for long-term funding was adequately met for the year as a whole. The market situation has improved thus far in 2012, and a number of large transactions were completed during the first weeks of the year. The average remaining term to maturity for the portfolio of senior bond debt was 4.5 years at end-December 2011, compared with 3.6 years a year earlier. The banking group aims to achieve a sound and stable maturity structure for funding over the next five years.

Note 21 Information on related parties

Major transactions and agreements with related parties:

Eksportfinans

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

- A share issue of NOK 1.2 billion aimed at the company's owners was implemented, and all owners participated based on their proportional shares.
- A portfolio hedge agreement was entered into, and the owners were invited to participate. DNB Bank ASA's share of the agreement corresponded to 40 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.

DNB Boligkreditt

DNB Boligkreditt AS (Boligkreditt) is 100 per cent owned by DNB Bank ASA (the bank). As part of ordinary business transactions, a large number of banking transactions are entered into between Boligkreditt and the bank, including loans, deposits and financial derivatives used in currency and interest rate risk management. Transactions are carried out on market terms and are regulated in the ”Agreement relating to transfer of loan portfolio between DNB Bank ASA and DNB Boligkreditt AS” (the transfer agreement) and the ”Contract between DNB Bank ASA and DNB Boligkreditt AS concerning purchase of management services” (the servicing agreement).

The transfer agreement regulates the transfer of loan portfolios qualifying as collateral for the issue of covered bonds. In 2008, 2009 and 2010, portfolios representing NOK 93.6 billion, NOK 88.5 billion and NOK 36.2 billion, respectively, were transferred from the bank to Boligkreditt. Transfers of NOK 30.1 billion were made for 2011. The transfers are based on market terms.

Pursuant to the management agreement, Boligkreditt purchases services from the bank, including administration, bank production, distribution, customer contact, IT operations and financial and liquidity management. Boligkreditt pays an annual management fee for these services. The fee paid for 2011 totalled NOK 518 million.

At end-December 2011 the bank had invested NOK 107.8 billion in covered bonds issued by Boligkreditt. The bank has used bonds issued by Boligkreditt as security for Treasury bills purchased from Norges Bank as part of the stimulus package for the Norwegian financial services industry.

DNB Næringskreditt

DNB Næringskreditt AS (Næringskreditt) is 100 per cent owned by the bank. The mortgage institution was established to issue covered bonds secured by a cover pool comprising commercial property.

The company started operations in the third quarter of 2009. At end-December 2011, commitments with a total value of NOK 22.4 billion had been transferred from the bank to the Næringskreditt. The portfolio is diversified with respect to property types, sizes and locations. The transfers are made in agreement with the customers and are based on market terms. Like Boligkreditt, Næringskreditt purchases management and administrative services from the bank. In addition, administrative services relating to the company's operations are purchased from Boligkreditt. The fee paid to the bank and Boligkreditt for 2011 totalled NOK 55 million.

Note 21 Information on related parties (continued)

DNB Livsforsikring

As part of the company's ordinary investment activity DNB Livsforsikring has subscribed for covered bonds issued by Boligkreditt. DNB Livsforsikring's investments in Boligkreditt are limited to listed covered bonds. DNB Livsforsikring's holding of Boligkreditt bonds was valued at NOK 5.1 billion at end-December 2011.

The bank has sold foreign currency loans guaranteed by GIEK, the Norwegian Guarantee Institute for Export Credits, to DNB Livsforsikring. At end-September 2011, the recorded value of these loans was NOK 687 million. In connection with the sale, interest rate and currency swaps were entered into, protecting DNB Livsforsikring against currency risk and providing a total return based on Norwegian interest rates. The bank still carries interest rate, settlement and credit risk associated with the relevant loans. According to the IFRS regulations, the loans have therefore not been removed from the balance sheet. The set-offs to the loans are recorded as deposits from customers.

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

Stimulus packages

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

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

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

In practice, the swap agreements imply that the bank purchases Treasury bills from Norges Bank. These are initially recorded as investments in Treasury bills. The obligation to repurchase the bonds at a price corresponding to the value of the Treasury bills is recorded as funding from Norges Bank. At end-December 2011, this funding represented NOK 65.9 billion. At end-December 2011, the bank's investments in Treasury bills used in the swap agreements represented NOK 50.6 billion.

Bank DnB A/S

During the fourth quarter of 2011, an agreement was entered into to transfer the loans in Bank DnB A/S in Copenhagen to DNB Bank ASA. The portfolio had a nominal value of DKK 5.5 billion. The transfer was based on market terms, and the consideration paid for the portfolio was approximately DKK 5.1 billion.

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

Off-balance sheet transactions and additional information

DNB Bank ASA				DNB Bank Group	
31 Dec. 2010	31 Dec. 2011	*Amounts in NOK million*		31 Dec. 2011	31 Dec. 2010
34 564	46 188	Performance guarantees		47 530	36 323
20 597	21 880	Payment guarantees		23 439	22 111
10 650	20 022	Loan guarantees [1)]		17 666	9 690
498	0	Guarantee to the Norwegian Banks' Guarantee Fund		0	498
4 511	5 592	Guarantees for taxes etc.		5 645	4 547
2 776	1 982	Other guarantee commitments		2 285	3 052
73 596	95 664	Total guarantee commitments		96 565	76 221
0	0	Support agreements		10 237	7 696
73 596	95 664	Total guarantee commitments etc. [*)]		106 802	83 916
431 089	526 711	Unutilised credit lines and loan offers		519 143	412 653
3 146	2 486	Documentary credit commitments		2 594	3 196
287	185	Other commitments		234	325
434 522	529 381	Total commitments		521 971	416 174
508 117	625 045	Total guarantee and off-balance commitments		628 773	500 090
169 664	110 635	Securities		110 635	169 664
169 539	110 510	- are pledged as security for:	Loans [2)]	110 510	169 539
125	124		Other activities	124	125
11	*10*	**) Of which counter-guaranteed by financial institutions*		*19*	*15*

1) DNB Bank carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which the bank has issued guarantees. According to the agreement, DNB Bank still carries interest rate risk and credit risk for the transferred portfolio. Customer loans in the portfolio totalling NOK 10 632 million were recorded in the balance sheet as at 31 December 2011. These loans are not included under guarantees in the table.

2) As at 31 December 2011, NOK 44 999 million in securities was pledged as collateral for credit facilities with Norges Bank (the Norwegian central bank). According to regulations, these loans must be fully collateralised by a mortgage on interest-bearing securities and/or the bank's deposits with Norges Bank.

Contingencies

Due to its extensive operations in Norway and abroad, the DNB Bank 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 banking group's financial position.

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

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

In addition to the civil action brought by Ivar Petter Røeggen, a group action against DNB Bank ASA with 19 plaintiffs has been described in previous quarterly reports, relating to the sale of the same structured products as the action brought by Røeggen. The group action has been dismissed in a final judgment. Several of the plaintiffs from the original multi-party action, together with some of the other plaintiffs, have submitted a civil action against DNB Bank ASA in accordance with the rules on joinder of parties. The action has been halted by the Oslo District Court awaiting a final decision in the civil action from Røeggen. Other units in the DNB Bank Group are also involved in legal disputes relating to structured products. The DNB Bank 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 854 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 2011 and up till the Board of Directors' final consideration of the accounts on 8 February 2012.

Key figures

		4th quarter 2011	4th quarter 2010	Full year 2011	Full year 2010
		DNB Bank Group			
Interest rate analyses					
1.	Combined weighted total average spread for lending and deposits (%)	1.12	1.14	1.10	1.12
2.	Average spread for ordinary lending to customers (%)	1.63	1.65	1.57	1.59
3.	Average spread for deposits from customers (%)	0.27	0.26	0.29	0.30
Rate of return/profitability					
4.	Net other operating income, per cent of total income	42.7	37.0	36.8	35.8
5.	Cost/income ratio (%)	40.9	43.3	45.9	47.6
6.	Return on equity, annualised (%)	14.9	18.0	13.5	13.9
Financial strength					
7.	Equtiy Tier 1 capital ratio at end of period (%)	9.3	8.3	9.3	8.3
8.	Core (Tier 1) capital ratio at end of period (%)	9.9	9.2	9.9	9.2
9.	Capital ratio at end of period (%)	11.5	11.7	11.5	11.7
10.	Core capital at end of period (NOK million)	101 336	84 441	101 336	84 441
11.	Risk-weighted volume at end of period (NOK million)	1 018 586	918 659	1 018 586	918 659
Loan portfolio and write-downs					
12.	Individual write-downs relative to average net lending to customers, annualised (%)	0.32	0.28	0.26	0.34
13.	Write-downs relative to average net lending to customers, annualised (%)	0.29	0.13	0.28	0.25
14.	Net non-performing and net doubtful commitments, per cent of net lending	1.49	1.53	1.49	1.53
15.	Net non-performing and net doubtful commitments at end of period (NOK million)	19 465	18 409	19 465	18 409
Liquidity					
16.	Ratio of customer deposits to net lending to customers at end of period (%)	58.1	56.1	58.1	56.1
Staff					
17.	Number of full-time positions at end of period	12 560	11 970	12 560	11 970

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. Expenses exclude impairment losses for goodwill and other intangible assets and reversals of provisions for contractual early retirement pensions. Total income excludes a gain resulting from the merger between the payment services company Nordito and the Danish PBS Holding in the second quarter of 2010.

6 Profit for the period, excluding profit attributable to minority interests. Average equity is calculated on the basis of recorded equity excluding minority interests.

Profit and balance sheet trends

Income statement — **DNB Bank ASA**

Amounts in NOK million	4th quarter 2011	3rd quarter 2011	2nd quarter 2011	1st quarter 2011	4th quarter 2010
Total interest income	12 754	12 386	11 551	11 340	11 632
Total interest expenses	6 873	6 902	6 481	6 466	6 773
Net interest income	**5 880**	**5 483**	**5 070**	**4 874**	**4 859**
Commissions and fees receivable etc.	1 225	1 408	1 347	1 316	1 462
Commissions and fees payable etc.	512	503	468	452	442
Net gains on financial instruments at fair value	1 663	1 295	1 901	427	(155)
Other income	1 964	365	708	667	2 782
Net other operating income	**4 340**	**2 564**	**3 487**	**1 959**	**3 646**
Total income	**10 220**	**8 047**	**8 557**	**6 833**	**8 505**
Salaries and other personnel expenses	1 937	1 929	1 887	1 737	1 768
Other expenses	1 640	1 464	1 464	1 537	1 380
Depreciation and write-downs of fixed and intangible assets	1 181	403	488	346	422
Total operating expenses	**4 758**	**3 795**	**3 839**	**3 619**	**3 570**
Net gains on fixed and intangible assets	31	0	3	0	5
Write-downs on loans and guarantees	789	466	256	517	(68)
Pre-tax operating profit	**4 704**	**3 786**	**4 466**	**2 697**	**5 007**
Taxes	1 845	1 170	1 250	755	1 144
Profit for the period	**2 859**	**2 617**	**3 215**	**1 942**	**3 864**

Balance sheet — **DNB Bank ASA**

Amounts in NOK million	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010
Assets					
Cash and deposits with central banks	220 721	273 298	12 320	239 242	12 997
Lending to and deposits with credit institutions	193 379	226 627	211 955	231 415	216 432
Lending to customers	711 966	700 866	666 233	660 131	669 454
Commercial paper and bonds	211 335	211 477	240 757	252 675	280 423
Shareholdings	11 829	12 249	13 875	13 773	14 590
Financial derivatives	108 506	118 719	77 133	80 232	85 019
Commercial paper and bonds, held to maturity	96 042	98 858	99 151	106 220	113 751
Investments in associated companies	1 187	1 139	1 202	1 278	1 285
Investements in subsidiaries	35 763	33 111	27 047	22 948	22 932
Intangible assets	3 549	3 472	3 451	3 532	3 578
Deferred tax assets	3	529	516	523	481
Fixed assets	5 497	5 168	5 130	5 057	5 004
Other assets	15 389	8 696	9 287	9 205	9 332
Total assets	**1 615 166**	**1 694 209**	**1 368 059**	**1 626 229**	**1 435 278**
Liabilities and equity					
Loans and deposits from credit institutions	295 884	366 672	214 940	390 624	257 139
Deposits from customers	704 438	732 978	626 789	655 477	624 588
Financial derivatives	88 207	94 851	60 940	69 023	72 771
Debt securities issued	384 467	368 961	328 088	373 662	342 761
Payable taxes	228	2 345	1 503	1 346	1 594
Deferred taxes	3 455	57	56	58	3
Other liabilities	13 421	11 855	20 770	21 389	20 304
Provisions	676	441	394	455	709
Pension commitments	2 677	2 920	2 931	2 930	2 928
Subordinated loan capital	24 070	26 389	27 607	30 406	33 386
Total liabilities	**1 517 523**	**1 607 468**	**1 284 019**	**1 545 370**	**1 356 182**
Share capital	18 314	17 514	17 514	17 514	17 514
Share premium reserve	19 895	12 695	12 695	12 695	12 695
Other equity	59 433	56 532	53 830	50 650	48 887
Total equity	**97 643**	**86 741**	**84 040**	**80 859**	**79 096**
Total liabilities and equity	**1 615 166**	**1 694 209**	**1 368 059**	**1 626 229**	**1 435 278**

Profit and balance sheet trends (continued)

Income statement					**DNB Bank Group**
Amounts in NOK million	4th quarter 2011	3rd quarter 2011	2nd quarter 2011	1st quarter 2011	4th quarter 2010
Total interest income	17 104	16 417	15 268	15 020	15 293
Total interest expenses	10 299	10 044	9 229	9 004	9 163
Net interest income	**6 804**	**6 374**	**6 039**	**6 015**	**6 130**
Commissions and fees receivable etc.	1 461	1 641	1 583	1 548	1 696
Commissions and fees payable etc.	536	525	487	466	470
Net gains on financial instruments at fair value	3 369	2 265	1 332	662	1 649
Profit from companies accounted for by the equity method	111	(79)	(28)	72	72
Net gains on investment property	(132)	93	(1)	9	0
Other income	795	668	751	607	660
Net other operating income	**5 068**	**4 062**	**3 150**	**2 432**	**3 606**
Total income	**11 873**	**10 436**	**9 189**	**8 447**	**9 736**
Salaries and other personnel expenses	2 361	2 329	2 346	2 136	2 167
Other expenses	2 033	1 778	1 806	1 858	1 602
Depreciation and write-downs of fixed and intangible assets	843	411	416	391	450
Total operating expenses	**5 236**	**4 519**	**4 568**	**4 385**	**4 219**
Net gains on fixed and intangible assets	(1)	6	8	5	26
Write-downs on loans and guarantees	926	1 170	457	892	529
Pre-tax operating profit	**5 709**	**4 754**	**4 173**	**3 175**	**5 014**
Taxes	2 040	1 210	1 168	889	1 172
Profit from operations held for sale, after taxes	0	25	11	(41)	57
Profit for the period	**3 669**	**3 568**	**3 015**	**2 245**	**3 900**
Profit attributable to shareholders	3 669	3 568	3 015	2 245	3 965
Profit attributable to minority interests	0	0	0	0	(65)

Balance sheet					**DNB Bank Group**
Amounts in NOK million	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 March 2011	31 Dec. 2010
Assets					
Cash and deposits with central banks	224 581	276 593	15 828	242 242	16 198
Lending to and deposits with credit institutions	25 105	49 515	35 431	69 633	43 837
Lending to customers	1 291 660	1 260 993	1 215 365	1 187 026	1 184 100
Commercial paper and bonds	106 000	105 993	138 366	146 989	162 071
Shareholdings	12 300	12 711	14 277	14 187	14 954
Financial derivatives	96 264	110 341	66 243	70 063	76 781
Commercial paper and bonds, held to maturity	96 042	98 858	99 151	106 220	113 751
Investment property	5 165	5 308	4 991	2 963	2 872
Investments in associated companies	2 173	2 034	2 140	2 329	2 291
Intangible assets	4 854	5 030	4 951	5 001	5 001
Deferred tax assets	636	408	356	360	262
Fixed assets	6 322	5 994	5 947	5 818	5 767
Assets held for sale	1 054	1 206	1 172	1 326	1 271
Other assets	12 792	9 574	10 131	8 530	8 482
Total assets	**1 884 948**	**1 944 557**	**1 614 349**	**1 862 689**	**1 637 639**
Liabilities and equity					
Loans and deposits from credit institutions	279 553	356 347	207 494	384 704	257 931
Deposits from customers	750 102	773 334	668 506	698 441	664 012
Financial derivatives	63 130	74 789	51 016	59 147	60 622
Debt securities issued	640 277	601 114	543 181	574 744	509 447
Payable taxes	400	2 507	1 579	4 703	4 822
Deferred taxes	4 531	205	185	185	113
Other liabilities	14 569	13 300	21 930	14 420	13 009
Liabilities held for sale	383	360	331	350	387
Provisions	750	504	492	538	925
Pension commitments	2 793	3 035	3 045	3 040	3 038
Subordinated loan capital	24 156	26 476	27 697	30 498	33 474
Total liabilities	**1 780 644**	**1 851 972**	**1 525 457**	**1 770 770**	**1 547 780**
Minority interests	0	0	0	0	0
Share capital	18 314	17 514	17 514	17 514	17 514
Share premium reserve	20 611	13 411	13 411	13 411	13 411
Other equity	65 378	61 659	57 967	60 993	58 933
Total equity	**104 304**	**92 585**	**88 892**	**91 919**	**89 859**
Total liabilities and equity	**1 884 948**	**1 944 557**	**1 614 349**	**1 862 689**	**1 637 639**

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DNB Bank ASA

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Financial calendar 2012

Preliminary results 2011 and fourth quarter 2011	9 February
First quarter 2012	27 April
Second quarter 2012	12 July
Third quarter 2012	25 October

Other sources of information

Annual and quarterly reports

Separate annual and quarterly reports are prepared for the DNB Group, DNB Boligkreditt and DNB Livsforsikring. The reports 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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