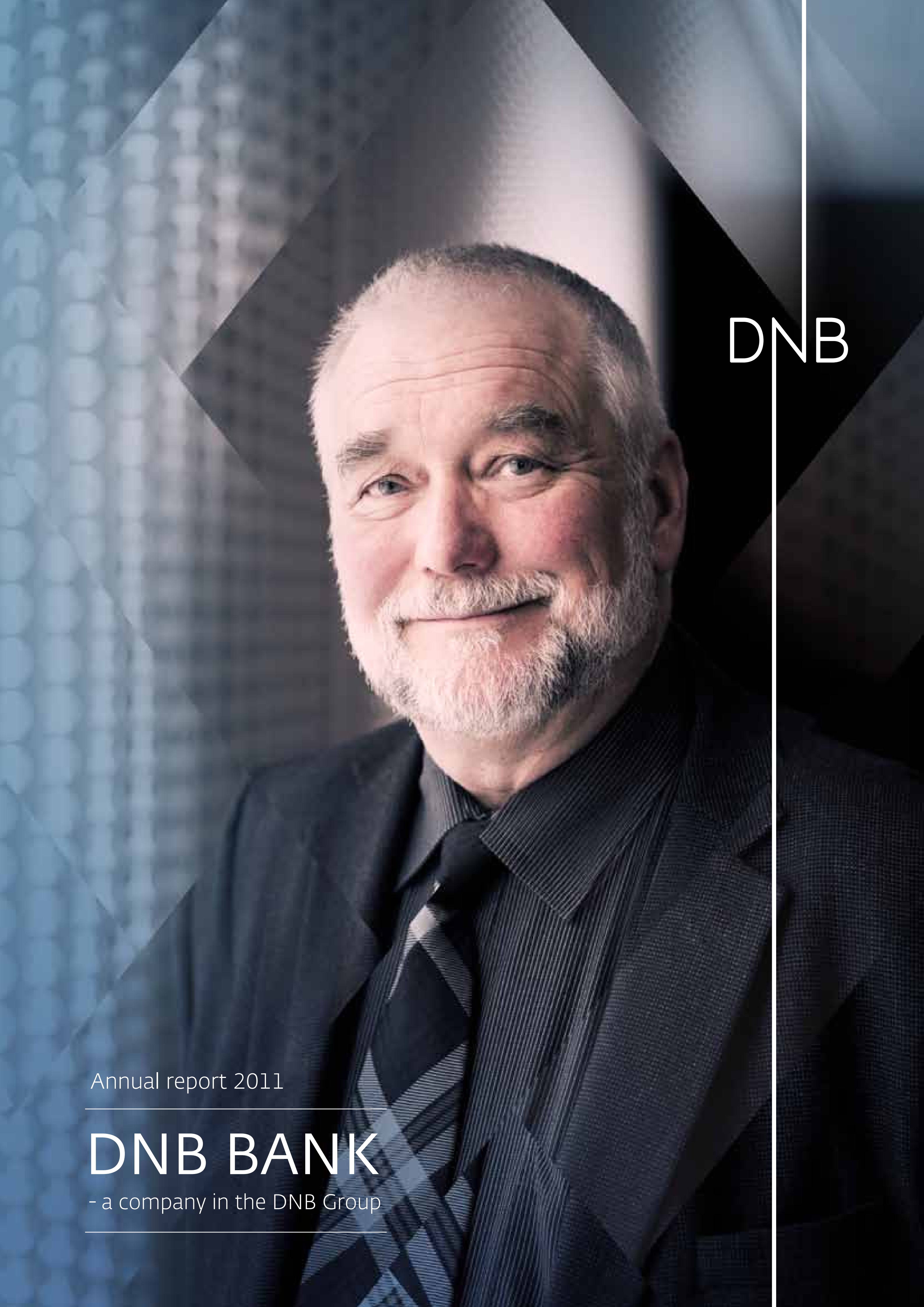

Annual report 2011

DNB BANK

- a company in the DNB Group

Contents

Important events in 2011

First quarter

- DNB Bank Group launched its 24/7 customer service telephone
- DNB was the main sponsor of the World Ski Championships in Oslo

Second quarter

- Postbanken's IT system was decommissioned, and customers were transferred to DNB Bank Group's systems
- Ownership of the banks in Lithuania and Latvia was transferred from Bank DnB NORD in Denmark to DNB Bank in Oslo
- DNB presented new financial targets at the Capital Markets Day in Oslo

Third quarter

- In the financial markets, there was a great deal of uncertainty surrounding the debt-servicing ability of certain EU countries
- DNB was ranked best among the large Norwegian banks in Synovate's corporate reputation survey, and its customer satisfaction score in the EPSI study increased from 64 to 69
- At short notice, DNB Bank Group vacated one of its buildings in the centre of Oslo and placed it at the disposal of the Norwegian ministries following the terrorist attack on 22 July
- DNB Bank Group opened a new representative office in Aberdeen in Scotland

Fourth quarter

- The regulatory framework for the capitalisation of financial institutions was tightened both in Norway and internationally, partly in consequence of the financial market turmoil
- The DNB Group changed its name from DnB NOR to DNB
- DNB Bank Group launched BSU 2.0, thus increasing the maximum savings amount in the home savings scheme for young people, offering the same terms as for the ordinary BSU scheme

Key figures

Income statement

Amounts in NOK million	2011	2010	2009	2008	2007
					DNB Bank Group
Net interest income	25 232	23 387	23 112	22 335	18 015
Net commissions and fees, core business [1]	*4 776*	*4 604*	*4 505*	*4 497*	*4 587*
Net financial items	*9 937*	*8 463*	*7 319*	*5 350*	*4 829*
Net other operating income	14 713	13 067	11 824	9 847	9 416
Ordinary operating expenses	18 328	16 451	16 045	15 708	13 824
Other expenses	380	591	796	234	476
Pre-tax operating profit before write-downs	21 237	19 412	18 094	16 240	13 131
Net gains on fixed and intangible assets	19	23	26	52	2 481
Write-downs on loans and guarantees	3 445	2 997	7 710	3 509	220
Pre-tax operating profit	17 811	16 437	10 410	12 784	15 392
Taxes	5 308	4 827	4 351	3 568	4 010
Profit from operations held for sale, after taxes	(5)	75	80	0	0
Profit for the year	**12 498**	**11 685**	**6 139**	**9 215**	**11 382**
Profit attributable to shareholders	12 498	12 437	7 698	9 508	11 139
Profit attributable to minority interests	0	(752)	(1 559)	(293)	242

Balance sheet

					DNB Bank Group
Amounts in NOK million	31 Dec. 2011	31 Dec. 2010	31 Dec. 2009	31 Dec. 2008	31 Dec. 2007
Total assets	1 884 948	1 637 639	1 615 999	1 638 205	1 249 625
Lending to customers	1 291 660	1 184 100	1 128 791	1 206 842	980 239
Deposits from customers	750 102	664 012	613 627	606 915	542 307
Total equity	104 304	89 859	83 314	77 483	66 068
Average total assets for the year	1 910 290	1 752 123	1 705 779	1 424 777	1 191 113

Key figures [2]

	2011	2010	2009	2008	2007
					DNB Bank Group
Combined weighted total average spread for lending and deposits (per cent)	1.10	1.12	1.14	1.02	0.98
Cost/income ratio (per cent)	45.9	47.6	46.1	48.8	50.6
Write-downs relative to average net lending to customers	0.28	0.25	0.66	0.33	0.02
Return on equity (per cent)	13.5	13.9	10.0	14.0	19.7
Equity Tier 1 capital ratio at end of period (per cent)	9.3	8.3	7.5	6.0	6.8
Tier 1 capital ratio at end of period (per cent)	9.9	9.2	8.4	6.9	7.9
Capital ratio at end of period (per cent)	11.5	11.7	11.4	9.9	10.5

1) *Includes commissions and fees related to money transfers and interbank transactions, asset management services, credit broking, real estate broking, custodial services and securities trading as well as the sale of insurance products and other income from banking services.*

2) *For a more detailed table of key figures, see page 117.*

Directors' Report

DNB Bank Group [1] is part of the DNB Group. The DNB Group is Norway's largest financial services group and one of the largest in the Nordic region in terms of market capitalisation. The DNB Group offers a full range of financial services, including loans, savings, advisory services, insurance and pension products for retail and corporate customers and the public sector. DNB serves customers in Norway through the country's largest distribution network for financial services, a 24/7 customer service telephone and electronic services such as Internet and SMS banking, with more than 125 million transactions in the course of 2011. DNB is among the world's leading banks within its international priority areas, especially the energy, shipping and seafood sectors. The banking group is represented in 19 countries worldwide, with operations in the Scandinavian countries, Finland, the Baltics, Poland, Great Britain, Germany, Greece, Luxembourg, Russia, the US, Chile, Brazil, India, Singapore and China.

In accordance with the provisions of the Norwegian Accounting Act, the Board of Directors confirms that the accounts have been prepared on a going concern basis.

Pursuant to Section 3-9 of the Norwegian Accounting Act, DNB Bank Group prepares consolidated annual accounts in accordance with IFRS, International Financial Reporting Standards, approved by the EU. The statutory accounts of DNB Bank ASA have been prepared in accordance with Norwegian IFRS regulations.

Operations in 2011

DNB Bank Group [1] 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.

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. The banking group was affected by 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 the corresponding period. There was strong lending growth in the second half 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. 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. At year-end the DNB Group's cost programme was on schedule for reaching communicated targets.

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, DNB improved its scores in several reputation and customer satisfaction surveys and its ranking among the most popular employers.

On 11 November, the 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.

[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.

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.

Changes were made to the Board of Directors of DNB Bank ASA during the second quarter, whereby Jarle Bergo and Sverre Finstad replaced Bent Pedersen and Per Hoffmann as board members.

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, calculated according to the Basel II transitional rules. The banking group had permission to use the IRB approach to calculate capital adequacy for approximately 70 per cent of the banking group's portfolios at year-end 2011, and the banking group is in dialogue with Finanstilsynet (the Financial Services Authority of Norway) to obtain approval for the additional portfolios 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 expected increase in international requirements.

The Board of Directors would like to thank all employees for their contribution in making DNB an even better liked bank, with more satisfied customers, while retaining a high level of profitability.

Strategy and targets

The strategy of the DNB Bank Group is an integral part of the DNB Group's targets and strategy. The strategy of the DNB Group is described below.

DNB's vision and values put the customer in focus. The aim to achieve stronger customer orientation throughout the Group is reflected in DNB's vision, "Creating value through the art of serving the customer". A uniform corporate culture based on the Group's values, "helpful, professional and show initiative", will contribute to improving customer satisfaction. The coordination of the Group's operations under one brand, DNB, with effect from 11 November 2011 is an important part of the process to develop a common corporate identity.

DNB's strategic ambitions remain unchanged. The Group's aim is to strengthen and consolidate its position in Norway, achieve profitable international operations within selected industries and geographic areas, and be among the most productive banks in Europe.

DNB has a unique platform in the Norwegian market by virtue of its large customer base, distribution power and wide range of products. The Group will strengthen and consolidate its position in Norway by offering an extensive distribution system and an attractive and complete range of products which meet customer needs and create values. Relations to large corporates in Norway are based on strong industry expertise and local competitive power.

DNB will continue to ensure profitable international operations by building on its long-term relationships with its largest corporate clients. The Group's core competencies in selected industry sectors and product areas are a central part of the international customer initiatives within shipping, energy and seafood. DNB Baltics and Poland serves both personal and corporate customers in local markets. Operations, especially in the Baltic region, have been seriously affected by the economic downturn, causing a high level of write-downs on loans. During 2011, the operations in the Baltics and Poland were more closely integrated in the Group, and DNB Baltics and Poland is expected to contribute to the Group's long-term profitability.

High priority is given to streamlining operations, and DNB's goal is to be one of the most cost-effective market players in Europe. Important measures to reach this goal are specified in the Group's cost programme, which was extended in 2011. The programme includes the coordination and streamlining of central processes within procurement, IT and other staff and support functions.

DNB will give priority to long-term value creation for its shareholders and aims to achieve a return on equity and a market capitalisation which are competitive in relation to its Nordic peers. The successful implementation of DNB's strategy will result in the Group reaching its long-term financial targets. DNB has previously defined financial targets to be reached by the end of 2012. At the Capital Markets Day in June, new and ambitious financial targets towards 2015 were presented.

Financial targets DNB Group	Achieved in 2011	Target 2012	Target towards 2015
Pre-tax operating profits before write-downs	NOK 21.8 billion	NOK 22-25 billion	NOK 30 billion
Return on equity	11.4%	Above 13%	Above 14%
Annual effect of cost savings – cost programme	NOK 2.0 billion at year-end 2011	NOK 2.3 billion from year-end 2012	NOK 3.0 billion from year-end 2015
Cost/income ratio	47.1%	Below 46%	Below 45%

The targets were conditional on relatively positive future developments in the macroeconomy and in the general framework conditions for the financial services industry. Due to market developments and stricter capital adequacy and liquidity requirements introduced by the supervisory authorities, it will be challenging to reach these targets in the short term.

The Board of Directors considers DNB to be adequately capitalised. New requirements from Norwegian and international authorities will necessitate a strengthening of the Group's capital adequacy. The Group's ambitions are reflected in its capitalisation target and dividend policy:

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

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

Review of the annual accounts

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 gave 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. In light of the weak financial market developments, underlying income showed a satisfactory trend during the year.

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 operating expenses		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 must be viewed in light of higher activity levels and income growth, resulting in an increase in staff numbers. The banking group escalated its IT initiatives through the 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 the 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.

The development of IT systems represents the major part of the banking group's R&D activities. IT systems development expenses totalled NOK 2 247 million in 2011, up from NOK 1 931 million in 2010.

Write-downs on loans and guarantees

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 38 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.

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. Towards the end of 2011, a somewhat higher risk of individual losses relating to certain large commitments was identified, requiring limited write-downs. In such cases, the entire commitments are classified as non-performing and doubtful, which explains the rise from 2010. There was no general deterioration in the banking group's loan portfolio. 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 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, liquidity and funding

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 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 long-term funding for financially strong banks at the beginning of the year, and the banking group 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.

Corporate Governance

The management of DNB Bank Group is based on the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance. See also the chapter, in the DNB Group`s Annual Report, on DNB's compliance with Section 3-3b, second subsection of the Norwegian Accounting Act and the various sections in the Code of Practice. The article is available on DNB Group`s webpage dnb.no.

During 2011, the Board of Directors of DNB Bank ASA held 19 meetings. The banking group's strategy, future development and structure were high on the agenda, in addition to the capitalisation of the banking group and announced changes in external parameters for the financial services industry.

The Audit Committee, which is a sub committee of the Board of Directors in DNB ASA, reviewed annual accounts and reports for DNB Bank ASA and the banking group.

Risk and capital adequacy

Organisation and monitoring

The Board of Directors continually monitors the banking group's capital situation and aims for DNB Bank ASA to maintain an AA level rating for ordinary long-term debt. The banking group will maintain a low risk profile and will only assume risk which is comprehensible and possible to follow up, and which will not harm its reputation. The DNB Group's credit policy is laid down in a joint meeting of the Boards of Directors in DNB ASA (the holding company) and DNB Bank ASA. The bank's Board of Directors determines credit strategies and annual limits for liquidity risk and market risk for the banking group. Market risk reflects equity, currency, interest rate and commodity exposure. The Boards of Directors of the other operative companies in the DNB Bank Group, set limits for relevant risks pertaining to their operations.

The DNB group management meetings are attended by the group executive vice presidents in charge of the business areas and staff and support units. A number of advisory bodies have been established to assist in preparing documentation and carrying out follow-ups and controls within various specialist areas:

- The Asset and Liability Committee, ALCO, is an advisory body for the chief financial officer and handles matters relating to the management of market and funding risk, risk modelling, capital structure and return targets.
- The DNB Group has three central credit committees: the DNB Group Advisory Credit Committee, the Advisory Credit Committee for Large Corporates and International, and the Advisory Credit Committee for Retail Banking. The DNB Group Advisory Credit Committee approves large credits for Large Corporates and International and Retail Banking according to assigned authorisations and advises the DNB Group chief executive and the Board of Directors in connection with large individual credit proposals and other credits of an extraordinary nature. The committee plays a key role in formulating the DNB Group's credit policy, credit strategies and credit regulations, as well as in assessing portfolio risk. The Credit Committees for Large Corporates and International and for Retail Banking approve other credits according to assigned authorisations for the respective business areas.

Developments in 2011

While the risk situation showed a positive development in the first half of 2011, it deteriorated in the fourth quarter 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, partly 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.

Risk-adjusted capital for the DNB Bank Group

Amounts in NOK billion	31 Dec. 2011	31 Dec. 2010
Credit risk	50.1	45.5
Market risk	4.9	5.0
Operational risk	6.1	5.8
Business risk	4.0	3.9
Gross risk-adjusted capital	65.1	60.2
Diversification effect [1]	(9.1)	(8.2)
Net risk-adjusted capital	56.1	52.0
Diversification effect in per cent of gross risk-adjusted capital [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 supplier 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. The level of reported events is still considered to be low. 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 common 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 common equity Tier 1 capital ratio of 10.9 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.

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 DNB 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 showed a positive trend, rising by NOK 495 million to NOK 7 214 million in 2011. There was a positive development in volumes, a reduction in write-downs and a satisfactory trend in non-performing commitments. The positive trend was attributable to Retail Banking's extensive product range, which meets customers' financial needs. Strong income from DNB Finans contributed to the business area's profits in 2011.

Income statement in NOK million	2011	2010	Change	Change in %
Net interest income	14 397	14 139	257	1.8
Net other operating income	5 010	4 764	246	5.2
Total income	19 406	18 903	503	2.7
Total operating expenses	11 317	10 965	352	3.2
Pre-tax operating profit before write-downs	8 089	7 938	151	1.9
Net gains on fixed assets	2	6	(4)	(72.6)
Net write-downs on loans [1]	877	1 225	(348)	(28.4)
Pre-tax operating profit	7 214	6 719	495	7.4
Average balance sheet items in NOK billion				
Net lending to customers	784.0	737.7	46.3	6.3
Deposits from customers	404.9	377.6	27.3	7.2
Key figures in per cent				
Lending spread [2]	1.54	1.66	(0.12)	
Deposit spread [2]	0.45	0.44	0.01	
Return on risk-adjusted capital [3]	24.6	24.1	0.5	
Cost/income ratio	58.3	57.0	1.3	
Ratio of deposits to lending	51.6	51.2	0.5	
Number of full-time positions at year-enc	5 040	4 842	198	4.1

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. 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. 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.

There was a moderate rise in net interest income from 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 1.17 per cent in 2011, down from 1.25 per cent in 2010.

There was an increase in other operating income, reflecting high net income from payment transactions and a greater 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 write-downs in both the retail and corporate markets. Net write-downs represented 0.11 per cent of net lending, down from 0.17 per cent in 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 DNB 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 DNB Group’s market share of household deposits was 34.9 per cent on the same date.

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 rose by NOK 609 million compared with 2010, to NOK 6 734 million.

Income statement in NOK million	2011	2010	Change	Change in %
Net interest income	8 183	6 492	1 690	26.0
Net other operating income	3 072	3 157	(85)	(2.7)
Total income	11 255	9 649	1 606	16.6
Total operating expenses	3 346	2 935	410	14.0
Pre-tax operating profit before write-downs	7 909	6 713	1 196	17.8
Net write-downs on loans [1]	1 176	589	586	99.5
Pre-tax operating profit	6 734	6 124	609	9.9
Average balance sheet items in NOK billion				
Net lending to customers	367.3	341.1	26.2	7.7
Deposits from customers	234.7	209.7	25.0	11.9
Key figures in per cent				
Lending spread [2]	1.66	1.44	0.22	
Deposit spread [2]	0.02	0.10	(0.08)	
Return on risk-adjusted capital [3]	20.6	18.0	2.6	
Cost/income ratio	29.7	30.4	(0.7)	
Ratio of deposits to lending	63.9	61.5	2.4	
Number of full-time positions at year-enc	1 174	1 103	71	6.4

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.

Average net lending to customers increased by 7.7 per cent from 2010. There were good opportunities in the markets towards the end of 2011, and the greater part of this increase took place during the second half of the year. Lending volumes expanded by NOK 23.8 billion from the third to the fourth quarter of 2011. Deposits from customers rose by 11.9 per cent from 2010, showing strong growth towards the end of the year.

Rising volumes and a 0.22 percentage point widening of lending spreads relative to the 3-month money market rate from 2010 contributed to an increase in net interest income, in spite of higher long-term funding costs. There was strong competition for deposits, and deposit spreads were under pressure.

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. There was a rise in operating expenses from 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. 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 0.32 per cent of net lending to customers, of which individual write-downs represented 0.26 per cent. In 2010, net individual write-downs came to 0.17 per cent of net lending.

Net non-performing and doubtful commitments amounted to NOK 6.4 billion at end-December 2011, up from NOK 2.7 billion a year earlier. 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 portfolios remained sound, and close follow-up of customers and preventive measures ensured a positive trend through 2011. Market conditions may nevertheless cause challenges for certain customer segments over the coming period.

DNB Bank Group 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 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 4 160 million, up NOK 522 million from 2010.

Income statement in NOK million	2011	2010	Change	Change in %
FX and interest rate and commodity derivatives	1 476	1 317	159	12.1
Investment products	432	399	33	8.3
Corporate finance	770	903	(133)	(14.8)
Securities services	230	218	12	5.5
Total customer revenues	2 908	2 838	71	2.5
Net income from international bond portfolio	591	1 151	(560)	(48.7)
Other market making/trading revenues	2 495	1 337	1 158	86.6
Total trading revenues	3 086	2 488	598	24.0
Interest income on allocated capital	165	145	19	13.4
Total income	6 159	5 471	688	12.6
Operating expenses	1 999	1 833	165	9.0
Pre-tax operating profit	4 160	3 638	522	14.4
Key figures in per cent				
Return on risk-adjusted capital 1)	51.0	44.8	6.3	
Cost/income ratio	32.5	33.5	(1.1)	
Number of full-time positions at year-enc	698	668	29	4.4

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

Total customer-related revenues increased by 2.5 per cent from 2010, reflecting, in particular, a higher level of income from foreign exchange, interest rate and commodity derivatives, while a low level of market activity within corporate finance gave a reduction in income in this product segment.

Both interest rate and currency markets were characterised by turmoil and volatility throughout the year, resulting in greater demand for various hedging instruments and strong customer revenues from foreign exchange and interest rate and commodity derivatives. Declining long-term interest rates in the second half of 2011 boosted demand for interest rate hedging.

Developments in customer-related income from the sale of securities and other investment products reflected stock market volatility and a lack of risk willingness among investors during parts of 2011. Due to a higher level of income from equity derivatives and bond brokerage, however, there was an 8.3 per cent increase in total income from this product segment compared with 2010. DNB Markets was the largest brokerage house on Oslo Børs in 2011 in these product segments.

Customer-related revenues from corporate finance services reflected the challenging market conditions in 2011, resulting in a relatively low level of activity in the equity markets. On the other hand, there was brisk activity in the debt capital market during parts of the year, which helped ensure a stable level of income. DNB Markets established Debt Capital Markets units in Singapore and London during 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.

Customer-related revenues from custodial and other securities services showed a positive trend due to a high level of activity for the year as a whole.

Total income from market making and other proprietary trading rose by 24.0 per cent from 2010. Widening credit spreads resulted in mark-to-market losses on bonds, which will be reversed over time. These losses were more than offset by rising income from trading in foreign exchange and interest rate instruments. 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

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 Bank 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 Large Corporates and International 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 1 267 million in 2011, compared with a loss of NOK 1 481 million in 2010. Performance in 2011 reflected a high level of write-downs on loans, especially in Latvia, while 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 380 million.

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 673 million was recorded in 2011, an improvement of NOK 191 million compared with 2010.

Income statement in NOK million	2011	2010	Change	Change in %
Net interest income	1 319	1 452	(133)	(9.2)
Net other operating income	763	688	75	10.9
Total income	2 082	2 140	(58)	(2.7)
Operating expenses	1 484	1 603	(119)	(7.4)
Pre-tax operating profit before write-downs	598	537	61	11.4
Net gains on fixed assets	9	(15)	24	(156.4)
Net write-downs on loans	1 280	1 386	(106)	(7.6)
Pre-tax operating profit	(673)	(864)	191	(22.1)
Average balance sheet items in NOK billion				
Net lending to customers	53.7	56.0	(2.2)	(4.0)
Deposits from customers	23.8	21.8	2.1	9.6
Key figures in per cent				
Lending spread 1)	1.80	1.92	(0.12)	
Deposit spread 1)	0.89	0.63	0.26	
Return on risk-adjusted capital 2)	(15.3)	(18.9)	3.6	
Cost/income ratio	62.1	59.4	2.7	
Ratio of deposits to lending	44.4	38.9	5.5	
Number of full-time positions at year-enc	3 293	3 108	185	6.0

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 reduced by 4.0 per cent, on average, from 2010 to 2011, but was relatively stable through 2011 and increased somewhat towards the end of the year. Lending volumes in Poland grew by 29.2 per cent from end-December 2010 to year-end 2011, while lending volumes in the Baltics were down 4.8 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 up 9.6 per cent from 2010. There was relatively strong growth in deposits towards the end of 2011, 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 2010 to 2011 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 7.6 per cent from 2010, but remained at a high level, mainly due to extensive write-downs in Latvia, accounting for 78 per cent of total write-downs on loans in DNB Baltics and Poland. The write-downs represented 2.39 per cent of average lending, a slight reduction from 2.48 per cent in 2010. The write-downs in Latvia referred to home mortgages and were due to a reassessment 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, economic 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.

Corporate social responsibility

DNB Bank Group takes responsibility for its impact on both human beings and the environment. This responsibility applies to all parts of the banking group's operations and comprises products, services, marketing, procurement, corporate governance, as well as internal processes concerning the working environment, ethics and environmental efficiency.

Five areas have been selected as particularly relevant for the DNB Bank Group's CSR initiatives:

- customers and suppliers
- climate and the environment
- contribution to society
- employees
- transparency

DNB's group policy for corporate social responsibility, CSR, is based on internationally recognised guidelines and initiatives, including the OECD's guidelines for multinational companies and the UN Global Compact, which focuses on human and labour rights, the environment and anti-corruption.

In addition to a governing group policy, the DNB Group has drawn up guidelines to help the individual business areas and support units comply with relevant CSR requirements.

The group ethics guidelines were revised in 2011. The purpose of the code of ethics is to increase awareness of, and compliance with, the high ethical standards required of all DNB Bank Group employees. The code of ethics supports efforts to combat corruption, extortion, bribery, money laundering, fraud, terrorist financing and the financing of criminal activities. In addition, the code of ethics requires that DNB employees act responsibly when using open communication channels.

DNB takes social, environmental and ethical risk aspects into consideration in its lending activities, and a standardised tool is used to assess such risk in connection with large loan commitments.

DNB continued to report in accordance with the Equator principles in 2011, a voluntary set of guidelines for managing environmental and social issues in project finance, and 28 projects were assessed during 2011.

Number of projects subject to the Equator Principles

Equator Principle category [1]	Number of projects
A	5
B	23
C	0

1) The categories reflect the project's potential social and environmental impacts, where category A represents the most significant impact.

DNB Bank Group's suppliers must sign a declaration form stating that they do not contribute to human or labour rights violations, environmental harm or corruption. The declaration form regarding suppliers' corporate social responsibility is integrated in standard agreement templates and thus included in the DNB Bank Group's formal supplier and contract documentation. In the course of 2011, a model for following up suppliers' corporate social responsibility was established. Suppliers are classified and followed up depending on the risk of infringement of human or labour rights, environmental harm or corruption. The aim is to ensure that social and environmental risk in the supplier chain to a greater extent than today is identified and properly managed. The model will be implemented in 2012.

Rules have been established for the DNB Group's investment operations to ensure that DNB does not contribute to the infringement of human and labour rights, corruption, serious environmental damage or other acts which can be perceived to be unethical. Nor must DNB invest in companies involved in the production of tobacco, pornography, anti-personnel mines or cluster weapons, or in companies which develop and produce components for use in weapons of mass destruction as a central part of their operations.

DNB wishes to be an active owner and is committed to safeguarding the interests of individuals and the environment. The aim of active ownership is to influence companies in the desired direction. DNB exercises its ownership role primarily through dialogue with individual companies.

At the end of 2011, 57 companies were excluded after breaching DNB's ethical investment guidelines, based on the following criteria:

Exclusion criteria [1]	Number of companies
Anti-personnel mines (land mines)	1
Cluster weapons	9
Nuclear weapons	11
Pollution	8
Labour rights	1
Human rights	5
Pornography	2
Tobacco	20
Total number of excluded companies	57

1) All figures refers to the DNB Group

In 2011, DNB supported sporting, cultural and charitable organisations and other non-profit projects with NOK 120 million. Among other things, the DNB Group has cooperated with the Norwegian Red Cross on a number of specific initiatives.

The DNB NOR Savings Bank Foundation is the second largest shareholder in the DNB Group and donates a share of its profits to non-profit projects. In 2011, the foundation made donations totalling some NOK 110 million.

In 2011, DNB qualified for inclusion, for the third year in a row, in the Dow Jones Sustainability World Index. 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 addition, DNB is included in the FTSE4Good Index, which measures the target attainment of companies that meet globally recognised sustainability standards.

In DNB, both reputation and customer satisfaction are assessed when measuring and following up the group chief executive and the group executive vice presidents, which entails that the DNB Group's CSR work indirectly forms part of the basis for group management's remuneration. Since 2009, DNB has climbed steadily in RepTrak's corporate reputation survey.

More information about the DNB Group's corporate social responsibility initiatives can be found on dnb.no/about-us.

The External Environment

DNB Bank Group will contribute to improving the environment both through its own operations and by influencing customers and suppliers to make environmentally-friendly choices.

In 2010, DNB endorsed the Global Compact "Caring for Climate" initiative and continued this commitment in 2011. DNB also participated in the Carbon Disclosure Project, a climate reporting project, in 2011, both by being among the 655 investors who are the formal signatories of the survey, and by answering the survey on behalf of its own operations. During the year, DNB also signed the"Global Investor Statement on Climate Change", aiming to reduce greenhouse gas emissions and calling for both domestic and international actions.

It is important for DNB to increase its employees' commitment for the environment. New ways of working which, among other things, reduce the need for paper, office space, travel and physical meetings are key initiatives to achieve this. In connection with the move of approximately 4 000 employees in the Oslo area to DNB's new head office between 2012 and 2014, all employees will receive training in new working methods. All of the DNB Group's employees, independent of where they work, will be required to apply the new working methods as well as an environmental waste management concept.

The DNB Bank Group's direct impact on the climate and the environment is mainly related to its greenhouse gas emissions and waste from its office operations, whereas the banking group's indirect impact on the environment is related to product and services procurement and requirements made to customers, suppliers and investment objects.

It is estimated that the DNB Group's Norwegian operations produced 19 072 tons of CO_2 in 2011, which is an increase of 768 tons from 2010. The main sources of these emissions were air travel and energy consumption. Greenhouse gas emissions from air travel rose by 9 per cent, while emissions from energy consumption were up 2 per cent.

At the end of 2011, 30 of DNB's buildings were environmentally certified based on the Eco-lighthouse standard. Three buildings were recertified in 2011.

Internal environmental efficiency [1]	2011	2010
Energy consumption (Gwh) [2]	104	104
Energy consumption per employee (Kwh) [3]	10.7	11.5
Purchased paper (tons) [4]	1 302	675
Waste recycling ratio (per cent)	51.7	53.0
Eco-lighthouse certified buildings (number)	30	29
Domestic air travel (1 000 kms)	21 538	21 093
International air travel (1 000 kms) [5]	27 962	21 451

1) *All figures apply to the DNB Group's operations in Norway.*
2) *The figure for 2010 has been revised from 109.7 Gwh to 104.0 Gwh.*
3) *The figure for 2010 has been revised from 12.1 Kwh to 11.5 Kwh.*
4) *The increase from 2010 to 2011 was due to the rebranding of the DNB Group in 2011. DNB sent letters about the brand change to 1.9 million customers. In addition, required written material was replaced.*
5) *The increase in international air travel from 2010 to 2011 was mainly due to greater international activity.*

Employees and managers

DNB Bank Group's employees are the most important resource in developing and maintaining good customer relationships and creating values together with customers. The DNB Bank Group has competent and motivated employees and wants to be an attractive workplace with good development opportunities. There was no significant increase in the number of employees attending courses and seminars from 2010 to 2011.

The DNB Group's code of ethics was revised in 2011. DNB has offices around the globe and employees from many different cultures. The purpose of the code of ethics is to contribute to the awareness of and compliance with the high ethical standards required of all employees in all parts of the DNB Group. The DNB Group has mandatory, web-based ethics programmes for all employees. The purpose of these programmes is to increase employee awareness of the ethical dilemmas which may be encountered in contact with customers and in connection with internal processes. New employees must also participate in ethical dilemma training at DNB's introduction meetings for new employees. Knowledge of the ethical guidelines is monitored through the DNB Group's annual employee survey, and the score for knowledge of the code of ethics was high in the 2011 employee survey. See also the section on corporate social responsibility.

In 2011, 600 managers and other employees became authorised in accordance with the requirements under the Norwegian authorisation scheme for financial advisers. The purpose of the scheme is to strengthen the financial sector's reputation and ensure that each individual adviser satisfies the necessary competence requirements. At year-end 2011, DNB had a total of 1 161 authorised financial advisers and thereby satisfied the requirement that all employees and managers working as financial advisers must be authorised.

At the end of 2011, there were 12 982 employees in the banking group, of whom 4 583 were based outside Norway.

In 2011, DNB recruited seven new candidates to the group trainee programme and two new candidates to the executive trainee programme. The latter aims to recruit candidates with established careers and leadership experience, and aims to contribute to the further development of the organisation.

In 2011, DNB implemented several measures to integrate the DNB Group's international units. A new group policy for people and organisation was put in place, with guidelines for remuneration, recruitment and HS&E. Initiatives to implement the principles will continue in 2012.

An introduction into the history, vision, values and leadership principles of DNB was given at the international offices in 2011 by way of a comprehensive training programme for all employees and managers. Furthermore, processes were developed for more uniform remuneration systems and competence development programmes.

Starting in 2011, all group employees are offered web-based English courses.

DNB's operations outside Norway, especially in the Baltics, have resulted in a greater number of cross-border assignments in the DNB Group. In 2011, the number of employees on long-term international assignments increased to 65, from 50 in 2010.

The employee survey which was carried out in February 2011 showed that the process of defining a strategic direction and establishing a clear and unambiguous vision for the DNB Group has had the desired effect. The main employee satisfaction index rose as high as 76.6 points in 2011, compared with 74 points in 2010.

Health, safety and environment

Health, safety and environment, HS&E, are important elements in the banking group's human resources policy. In 2011, global HS&E guidelines were drawn up in DNB. These guidelines should contribute to the systematic monitoring and development of HS&E efforts. Each country must also have its own rules for following up sickness absence and providing medical assistance in case of medical emergencies, the required level of security at DNB's offices and safety for travelling employees. The guidelines also include recommendations for what should be defined as unacceptable use of alcohol and drugs in work situations.

The DNB Group has separate guidelines addressing harassment, bullying and other improper conduct. The guidelines aim to ensure that a reported incident is assessed swiftly, predictably and consistently. As part of the work to prevent harassment and bullying, the annual employee survey also contains specific questions about such issues.

In 2011, HS&E training became mandatory for new managers. The training is tailored to satisfy the authorities' requirements for the follow-up of, and implementation of suitable measures for, employees on sick leave. A total of 210 managers have completed the training. In addition, ten safety representatives have completed the web-based HS&E training programme. The training provides the necessary insight and knowledge to comply with the Working Environment Act and DNB's internal HS&E requirements for safety representatives.

DNB endeavours to prevent injuries caused by robberies and threats through extensive security procedures and training programmes. In 2011, 21 courses were held on how to handle robberies in the DNB Group's operations in Norway. In addition, 832 employees attended various courses on threat management, security and fire protection, and 1 596 employees participated in evacuation drills.

In 2011, a total of 46 employees in the DNB Group's operations in Norway were exposed to threats and 30 to robberies. DNB was exposed to four robberies in 2011. 37 accidents and injuries were registered during working hours or in connection with commuting to and from work, but none were of a serious nature. All accidents and injuries are reported as occupational injuries to the public authorities.

Sickness absence and an inclusive workplace

In 2011, sickness absence was 4.1 per cent in the DNB Bank Group's Norwegian operations, a slight improvement from 4.2 per cent in 2010. Of 1 961 000 possible man-days, some 80 500 man-days were lost due to sickness absence in 2011.

The special follow-up of units with high sickness absence rates continued in 2011. The same applies to the collaboration project with the Norwegian Red Cross, the Norwegian Church City Mission and the Norwegian Heart and Lung Patient Organisation. The purpose of the collaboration project is to help employees on long-term sick leave or those affected by extensive restructuring processes to return to work, within or outside the banking group, as quickly as possible.

In order to comply with the new sickness absence follow-up requirements of the Working Environment Act and the Norwegian Labour and Welfare Service, NAV, a plan was drawn up in 2011 for closer follow-up of employees on sick leave. As a result of this, the working environment committee in each business area must follow up sickness absence in its own area on a quarterly basis. In addition, a project was initiated for the follow-up of pregnant employees. The purpose of the project is to reduce sickness absence caused by pregnancies.

In order to fulfil its responsibility as an inclusive workplace, DNB signed a new agreement with NAV in 2011. As part of this agreement, DNB will employ job-seekers who have been cleared by NAV to test their capacity for work.

DNB is committed to working systematically to reduce sickness absence, adapt working conditions for employees with special needs, follow up employees on long-term sick leave and increase the actual retirement age in the banking group. The new headquarters in Bjørvika will be physically adapted for employees with reduced working capacity.

In 2011, the average retirement age was 62.5 years in the banking group's Norwegian operations, an increase from 61.5 years in 2010.

Equality

DNB Bank Group gives men and women the same opportunities for professional and personal development, combined with salary and career progression. The banking group has flexible schemes that make it easier to combine a career with family life. DNB Bank Group is committed to gender-balanced participation in its talent and management development programmes. As a measure to promote gender equality, DNB Bank Group gives priority to female applicants for management positions, subject to equal qualifications.

In the banking group's Norwegian operations, the proportion of women was around 55 per cent in 2011. The average age was 45.5 years for women and 43.9 years for men. Of employees working part-time in 2011, 76 per cent were women, a reduction from 83 per cent in 2010. The average fixed salary was NOK 469 733 for women and NOK 592 846 for men, having converted all part-time positions to full-time.

The proportion of women in the DNB Group management team was 45 per cent in 2011, rising from 44 per cent in 2010. At the top four and five management levels in the DNB Bank Group, female representation also remained virtually unchanged at 26 and 33 per cent, respectively, in 2011. The female representation target set by the Board of Directors for the top four management levels in the banking group is minimum 30 per cent.

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 2011. According to plan, it will be presented to the EU Parliament in June 2012. The directive is expected to be approved by year-end 2012. The Norwegian Ministry of Finance has prepared draft legislation and a consultation paper for implementing CRD IV in Norway and aims to approve changes in regulations during the second half of 2012.

On account of the European sovereign debt crisis, the European Banking Authority, EBA, published an additional plan for the recapitalisation of banks in 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 the calculation base 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 Bank Group is working to be ready to meet the new capitalisation and liquidity requirements. Up until the new regulations are introduced, the banking group's funding activities will reflect a gradual adaptation to these 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 the DNB Group 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 the banking group’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.

Allocation of profits

Profits for 2011 in DNB Bank ASA came to NOK 10 633 million, compared with NOK 12 317 million in 2010. The Board of Directors proposes to transfer profits for 2011 to other equity.

The banking group's capital adequacy ratio as at 31 December 2011 was 11.5 per cent, while the common equity Tier 1 capital ratio was 9.3 per cent. Correspondingly, the capital adequacy ratio in DNB Bank ASA was 13.0 per cent and the common equity Tier 1 capital ratio 10.6 per cent.

In the opinion of the Board of Directors, following allocations, DNB Bank ASA will have adequate financial strength and flexibility to provide sufficient support to operations in subsidiaries and meet the DNB Bank Group's expansion requirements and changes in external parameters.

Oslo, 14 March 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

DNB Bank ASA 2010	DNB Bank ASA 2011	Amounts in NOK million	Note	DNB Bank Group 2011	DNB Bank Group 2010
44 177	48 030	Total interest income	18	60 563	53 885
25 471	26 722	Total interest expenses	18	35 331	30 498
18 706	**21 308**	**Net interest income**	18	**25 232**	**23 387**
5 375	5 296	Commissions and fees receivable etc.	20	6 233	6 337
1 867	1 935	Commissions and fees payable etc.	20	2 015	1 986
2 922	5 286	Net gains on financial instruments at fair value	22	7 628	4 973
0	0	Profit from companies accounted for by the equity method	37	77	180
0	0	Net gains on investment property		(32)	0
6 147	3 703	Other income	21	2 822	3 562
12 577	**12 350**	**Net other operating income**		**14 713**	**13 067**
31 283	**33 658**	**Total income**		**39 945**	**36 454**
6 660	7 490	Salaries and other personnel expenses	23	9 171	8 170
5 610	6 104	Other expenses	24	7 475	6 737
1 619	2 417	Depreciation and impairment of fixed and intangible assets	25	2 062	2 135
13 889	**16 011**	**Total operating expenses**		**18 708**	**17 042**
6	35	Net gains on fixed and intangible assets		19	23
813	2 029	write-downs on loans and guarantees	10, 11	3 445	2 997
16 587	**15 653**	**Pre-tax operating profit**		**17 811**	**16 437**
4 270	5 020	Taxes	28	5 308	4 827
0	0	Profit from operations held for sale, after taxes		(5)	75
12 317	**10 633**	**Profit for the year**		**12 498**	**11 685**
-	-	Profit attributable to shareholders		12 498	12 437
-	-	Profit attributable to minority interests		0	(752)
70.32	60.48	Earnings/diluted earnings per share (NOK)		71.09	66.72
0	0	Earnings per share for operations held for sale (NOK)		(0.03)	0.43
70.32	60.48	Earnings per share for continuing operations excluding operations held for sale (NOK)		71.12	66.29

Comprehensive income statement

DNB Bank ASA 2010	DNB Bank ASA 2011	Amounts in NOK million	DNB Bank Group 2011	DNB Bank Group 2010
12 317	10 633	Profit for the year	12 498	11 685
(6)	(87)	Exchange differences arising from the translation of foreign operations	(52)	(135)
12 310	**10 547**	**Comprehensive income for the year**	**12 445**	**11 550**
-	-	Comprehensive income attributable to shareholders	12 445	12 444
-	-	Comprehensive income attributable to minority interests	0	(894)

Balance sheet

DNB Bank ASA				DNB Bank Group	
31 Dec. 2010	31 Dec. 2011	*Amounts in NOK million*	Note	31 Dec. 2011	31 Dec. 2010
		Assets			
12 997	220 721	Cash and deposits with central banks	29, 30, 31	224 581	16 198
216 432	193 379	Lending to and deposits with credit institutions	7, 8, 29, 30, 31	25 105	43 837
669 454	711 966	Lending to customers	7, 8, 29, 30, 31	1 291 660	1 184 100
280 423	211 335	Commercial paper and bonds	29, 31, 33	106 000	162 071
14 590	11 829	Shareholdings	29, 31, 32, 33	12 300	14 954
85 019	108 506	Financial derivatives	16, 29, 31	96 264	76 781
113 751	96 042	Commercial paper and bonds, held to maturity	29, 30, 35	96 042	113 751
0	0	Investment property	36	5 165	2 872
1 285	1 187	Investments in associated companies	37	2 173	2 291
22 932	35 763	Investments in subsidiaries	38	-	-
3 578	3 549	Intangible assets	39, 40	4 854	5 001
481	3	Deferred tax assets	28	636	262
5 004	5 497	Fixed assets	41	6 322	5 767
0	0	Assets held for sale		1 054	1 271
9 332	15 389	Other assets	43	12 792	8 482
1 435 278	**1 615 166**	**Total assets**		**1 884 948**	**1 637 639**
		Liabilities and equity			
257 139	295 884	Loans and deposits from credit institutions	29, 30, 31	279 553	257 931
624 588	704 438	Deposits from customers	29, 30, 31, 44	750 102	664 012
72 771	88 207	Financial derivatives	16, 29, 31	63 130	60 622
342 761	384 467	Debt securities issued	29, 30, 31, 45	640 277	509 447
1 594	228	Payable taxes	28	400	4 822
3	3 455	Deferred taxes	28	4 531	113
20 304	13 421	Other liabilities	29, 48	14 569	13 009
0	0	Liabilities held for sale		383	387
709	676	Provisions	47	750	925
2 928	2 677	Pension commitments	26	2 793	3 038
33 386	24 070	Subordinated loan capital	29, 30, 31, 46	24 156	33 474
1 356 182	**1 517 523**	**Total liabilities**		**1 780 644**	**1 547 780**
-	-	Minority interests		0	0
17 514	18 314	Share capital		18 314	17 514
12 695	19 895	Share premium reserve		20 611	13 411
48 887	59 433	Other equity		65 378	58 933
79 096	**97 643**	**Total equity**		**104 304**	**89 859**
1 435 278	**1 615 166**	**Total liabilities and equity**		**1 884 948**	**1 637 639**
		Off-balance sheet transactions and contingencies	51		

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)*

The share premium reserve can be used to cover financial losses. Other equity can be used in accordance with stipulations in the Public Limited Companies Act.

The restricted share of retained earnings (fund for unrealised gains) in DNB Bank ASA totalled NOK 2 067 million at 31 December 2011 and NOK 1 219 million at 31 December 2010.

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)*

The share premium reserve can be used to cover financial losses. Other equity can be used in accordance with stipulations in the Public Limited Companies Act.

Cash flow statement

DNB Bank ASA 2010	DNB Bank ASA 2011	*Amounts in NOK million*	DNB Bank Group 2011	DNB Bank Group 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 (see note 2)	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 (see note 45)	364 876	278 237
(231 268)	(210 333)	Payments on redeemed bonds and commercial paper (see note 45)	(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 (see note 46)	(9 806)	(4 704)
(644)	(715)	Interest payment 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 cashs 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 as at 31 December *)	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 of 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 year. 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 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. Prior to this, these items were included under funding activities. Comparable figures for previous periods have been restated.

Accounting principles

Contents

1. CORPORATE INFORMATION

DNB Bank ASA is subsidiary of DNB ASA, which is a Norwegian public limited company listed on Oslo Børs (the Oslo Stock Exchange). The consolidated accounts for 2011 were approved by the Board of Directors on 14 March 2012.

The banking group offers banking services and securities and investment services in the Norwegian and international retail and corporate markets.

The visiting address to the banking group's head office is Stranden 21, Oslo, Norway.

2. BASIS FOR PREPARING THE ACCOUNTS

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

The consolidated accounts are based on the historic cost principle, with the following exceptions: financial assets and liabilities (including financial derivatives) carried at fair value through profit or loss and investment property. The consolidated accounts are presented in Norwegian kroner. Unless otherwise specified, values are rounded off to the nearest million.

The banking group's balance sheets are primarily based on an assessment of the liquidity of the balance sheet items.

3. CHANGES IN ACCOUNTING PRINCIPLES

The banking group has made no changes in the accounting principles applied in 2011. The following new standards, amendments and interpretations were taken into use with effect from the 2011 accounting year, without any significant impact on the banking group:

- Amendments to IFRS 7 Information resulting from the IASB's annual improvement project. New note information about collateral and other credit enhancements which reduce the banking group’s maximum credit exposure. See note 6 Credit risk for a further description.
- Amendments to IAS 24 Related Party Disclosures.
- Amendments to IAS 32 Financial Instruments: Presentation.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.
- Amendments to IFRIC 14 and IAS 19 – the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.
- Other amendments resulting from the IASB's annual improvement project.

4. CONSOLIDATION

The consolidated accounts for DNB Bank ASA ("DNB Bank" or "the banking group") include DNB Bank and subsidiaries.

The accounting principles are applied consistently when consolidating ownership interests in subsidiaries and are based on the same reporting periods as those used for the parent company.

When preparing the consolidated accounts, intra-group transactions and balances along with unrealised gains or losses on transactions between group units are eliminated.

Subsidiaries
Subsidiaries are defined as companies in which DNB Bank has control, directly or indirectly, through ownership or other means. DNB Bank recognises the existence of de facto control, but generally assumes to have control when the banking group's direct or indirect holdings represent more than 50 per cent. With respect to companies where the banking group's holding is 50 per cent or less, DNB Bank makes an assessment of whether other factors indicate de facto control. Subsidiaries are fully consolidated from the date on which control is transferred to the banking group. Subsidiaries that are sold are consolidated up till the time risk and control are transferred.

Associated companies
Associated companies are companies in which DNB Bank has a significant influence, that is the power to participate in the financial and operating policy decisions of the companies, but is not in control or joint control of the companies. DNB Bank assumes that significant influence exists when the banking group holds between 20 and 50 per cent of the voting share capital or primary capital in another entity.

Associated companies are recognised in the group accounts according to the equity method. The investment is recorded at cost at the time of acquisition and is adjusted for subsequent changes in the banking group's share of equity in the associated company. Any goodwill is included in the acquisition cost. The banking group's share of profits or losses is recognised in the income statement and added to the balance sheet value of the investment along with other changes in equity which have not been reflected in the income statement. The banking group's share of losses is not reflected in the income statement if the balance sheet value of the investment will be negative, unless the banking group has taken on commitments or issued guarantees for the commitments of the associated company.

The banking group's share of unrealised gains on transactions between the banking group and its associated companies is eliminated. The same applies to unrealised losses unless the transaction indicates a need for a write-down of the transferred assets.

Conversion of transactions in foreign currency
The major entity in the banking group, DNB Bank ASA, has Norwegian kroner as its functional currency. Balance sheet items of foreign branches and subsidiaries in other functional currencies are translated into Norwegian kroner according to exchange rates prevailing on the balance sheet date, while profit and loss items are translated according to exchange rates on the transaction date. Changes in net assets resulting from exchange rate movements are recorded as other income and expenses in the comprehensive income statement.

Monetary assets and liabilities in foreign currency are translated at exchange rates prevailing on the balance sheet date. Changes in value of such assets due to exchange rate movements between the transaction date and the balance sheet date, are recognised in the income statement.

5. BUSINESS COMBINATIONS
The acquisition method is applied for acquisitions of operations. The consideration is measured at fair value. Direct acquisition costs are expensed as they occur, with the exception of issue and borrowing costs.

Acquired assets and liabilities are recorded at fair value at the time of acquisition. If the consideration exceeds the fair value of identifiable assets and liabilities, the excess will be recorded as goodwill. See item 12 Intangible assets for more information about goodwill. If cost is lower than the fair value of identifiable assets and liabilities, the difference will be recognised in the income statement on the transaction date.

In connection with step acquisitions of subsidiaries, the banking group will measure previous holdings in the company at fair value immediately before control is obtained, and any gains or losses will be recognised in profit or loss.

Contingent considerations are measured at fair value irrespective of the probability of the consideration being paid. Subsequent changes in the consideration will be reflected in the accounts according to relevant standards.

Operations held for sale
The banking group classifies operations as held for sale when the recorded value will be retrieved through a sale. An operation is classified as held for sale from the time management has approved a concrete plan to sell the operation in its current form and it is highly probable that the sale will take place shortly.

Subsidiaries which are acquired with a view to their subsequent sale, including companies taken over as part of loan restructurings, are immediately classified as assets held for sale if the banking group intends to sell the subsidiary.

Operations held for sale are measured at the lower of the balance sheet value and fair value less costs to sell. Acquired operations which are immediately classified as held for sale are recorded at fair value less costs to sell upon initial recognition.

Profits after taxes for such operations, which meet the criteria for “discontinued operations” in IFRS 5, are presented separately as "Profit from operations held for sale, after taxes" in the consolidated accounts. Total assets and liabilities from these operations are presented separately under "Assets held for sale" and "Liabilities held for sale" in the banking group's balance sheet.

6. RECOGNITION IN THE INCOME STATEMENT
Interest income is recorded using the effective interest method. This implies that interest is recorded when incurred, with the addition of amortised front-end fees.

The effective interest rate is set by discounting contractual cash flows based on the expected life of the asset. Cash flows include front-end fees and direct marginal transaction costs which are not paid directly by the customer, plus any residual value at the expiry of the asset's expected life.

Interest is recorded according to the effective interest method with respect to both balance sheet items carried at amortised cost and balance sheet items carried at fair value in the income statement, with the exception of front-end fees on loans at fair value, which are recorded when earned. Interest taken to income on impaired commitments corresponds to the effective interest rate on the written-down value.

Interest income on financial instruments presented as lending is included in "Net interest income".

Fees and commissions are included in the income statement when the services are rendered. Fees for the establishment of loan agreements are included in cash flows when calculating amortised cost and recorded under "Net interest income" using the effective interest method. Fees that are incurred when establishing financial guarantees are included in the valuation and recorded over the term of the contract under "Net gains on financial instruments at fair value". "Net other operating income" includes among others fees and commissions relating to money transfers, success fees, credit broking, real estate broking, corporate finance and securities services. Credit broking commissions include syndication income in the form of fees and commissions from transactions where DNB arranges the loans without retaining parts of the loan itself or participates in a loan syndicate and receives compensation in excess of the effective interest received by the other participants. Other operating income is recorded in the income statement when the services are rendered or the transactions are completed. Success fees are recorded when the fees with a high degree of certainty have been earned and can be measured in a reliable manner.

Dividends on investments are recognised from the date the dividends were approved at the general meeting.

7. FINANCIAL INSTRUMENTS
Recognition and derecognition

Financial assets and liabilities are recorded in the balance sheet at the time the banking group becomes a party to the instruments' contractual obligations.

Derecognition of financial assets

The banking group enters into agreements whereby assets are transferred to counterparties, though parts of or the entire risk and returns associated with the ownership are retained by the banking group. If the major part of risk and returns is retained, the financial asset is not derecognised, but recorded at a value limited to the banking group's continuing involvement. Such agreements could entail the transfer of a loan portfolio where the banking group retains the risk and returns associated with the transferred portfolio by guaranteeing for all risks in the portfolio or entering into a total return swap.

When entering into agreements where neither the return nor the risk is retained or transferred to the counterparty, the asset will be derecognised if the banking group has relinquished control of the asset. The banking group's rights and obligations relating to the transferred asset are recorded as separate assets and liabilities in the balance sheet. In cases where the banking group has retained control of the asset, the asset is recorded at an amount limited the banking group's continuing involvement in the asset.

Derecognition of financial liabilities

Financial liabilities are derecognised at the time the rights to the contractual obligations have been fulfilled or cancelled or have expired.

Repurchase and reverse repurchase agreements

Securities which have been purchased under an agreement to resell and securities sold under an agreement to repurchase are generally not recognised and derecognised, as the risk and returns are normally not taken over or transferred. Such transactions primarily involve fixed-income securities.

Securities received, including securities received as collateral, are registered off the balance sheet irrespective of whether the banking group has the right to sell or repledge the securities. Upon the sale of securities received, the banking group will record an obligation in the balance sheet. See note 34 Securities received which can be sold or repledged.

Transferred securities which the recipient is entitled to sell or repledge, are reported as securities in the banking group's balance sheet and are specified in note 33 Repurchase agreements and securities lending.

Securities borrowing and lending agreements

Transactions mainly include equity borrowing or lending. Agreements on securities borrowing and lending are generally based on collateral in the form of cash or securities.

Equities which have been received or transferred in such transactions, are generally not recognised and derecognised, as risks and returns associated with ownership of the assets are normally not taken over or transferred.

Equities received, including equities received as collateral, are registered off the balance sheet irrespective of whether the banking group has the right to sell or repledge the securities. Upon the sale of securities received, the banking group will record an obligation in the balance sheet. See note 34 Securities received which can be sold or repledged.

Transferred equities and equities received as collateral which the recipient is entitled to sell or repledge, are reported as equities or securities in the banking group's balance sheet and are specified in note 33 Repurchase agreements and securities lending.

Classification and presentation

On initial recognition financial assets are classified in one of the following categories according to the type of instrument and the purpose of the investment:

- financial assets held for trading and derivatives carried at fair value with changes in value recognised in profit or loss
- financial instruments designated as at fair value with changes in value recognised in profit or loss
- financial derivatives designated as hedging instruments
- loans and receivables, carried at amortised cost
- held-to-maturity investments, carried at amortised cost.

On initial recognition financial liabilities are classified in one of the following categories:

- financial liabilities held for trading and derivatives carried at fair value with changes in value recognised in profit or loss
- financial liabilities designated as at fair value with changes in value recognised in profit or loss
- financial derivatives designated as hedging instruments
- other financial liabilities carried at amortised cost
- issued financial guarantees.

Guidelines for classification in the various portfolios of the banking group are given below.

Financial assets and liabilities in the trading portfolio

Financial instruments in the trading portfolio are recorded at fair value excluding transaction costs. Fair value will normally be the transaction price, unless a different value can be justified based on observable market transactions. See the paragraph below on determining fair value at subsequent valuation.

Changes in value of the financial instruments are included under "Net gains on financial instruments at fair value" in the income statement. Interest income and expenses on fixed-income securities are included under "Net interest income" using the effective interest method.

Financial derivatives are presented as an asset if the market value is positive and as a liability if there is a negative market value.

The trading portfolio mainly includes financial assets in DNB Markets and financial derivatives excluding derivatives used for hedging. In addition, the portfolio includes securities issued and deposits where instruments are used actively in interest rate and liquidity management and have a short remaining maturity.

Financial assets and liabilities designated as at fair value with changes in value recognised in profit or loss

Financial instruments in the portfolio are recorded at fair value excluding transaction costs. Fair value will normally be the transaction price, unless a different value can be justified based on observable market transactions. See the paragraph below on determining fair value at subsequent valuation. Financial instruments are classified in this category if one of the following criteria is fulfilled:

- The classification eliminates or significantly reduces measurement inconsistency that would otherwise have arisen from measuring financial assets or liabilities or recognising the gain and losses on them on different bases
- The financial instruments are part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Changes in value of the financial instruments are included under "Net gains on financial instruments at fair value" in the income statement. Interest income and expenses relating to loans designated as at fair value and other fixed-income securities are included under "Net interest income".

These portfolios include commercial paper and bonds, equities, fixed-rate loans in Norwegian kroner, fixed-rate securities issued in Norwegian kroner, such as index-linked bonds and equity-linked bank deposits and other fixed-rate deposits in Norwegian kroner.

Financial derivatives designated as hedging instruments
See item 8 Hedge accounting.

Loans and receivables carried at amortised cost
Loans and receivables carried at amortised cost are recorded at the transaction price plus direct transaction expenses. Recording and subsequent measurement follow the effective interest method. The effective interest method is described under item 6 Recognition in the income statement.

Upon subsequent measurement, amortised cost is set at the net present value of contractual cash flows based on the expected life of the financial instrument, discounted by the effective interest rate.

Interest income on financial instruments classified as lending is included under "Net interest income" using the effective interest method.

A decrease in value on the balance sheet date based on objective indications of impairment for loans valued at amortised cost and in the portfolios of fixed-rate loans measured at fair value, are reflected in "Write-downs on loans and guarantees".

Other changes in value of the portfolios of fixed-rate loans measured at fair value, and changes in value of loans included in the trading portfolio are included under "Net gains on financial instruments at fair value".

Held-to-maturity investments carried at amortised cost
Held-to-maturity investments are carried at amortised cost and recorded at the transaction price plus direct transaction expenses. Recording and subsequent measurement follow the effective interest method. The effective interest method is described under item 6 Recognition in the income statement.

Upon subsequent measurement, amortised cost is set at the net present value of contractual cash flows based on the expected life of the financial instrument, discounted by the effective interest rate.

Interest income relating to the instruments is included under "Net interest income".

This category mainly comprises the liquidity portfolio in DNB Markets .

Other financial liabilities carried at amortised cost
Financial liabilities carried at amortised cost are recorded at the transaction price plus direct transaction expenses.

Interest expenses on such instruments are included under "Net interest income" using the effective interest method.

This category includes deposits from customers and credit institutions, commercial paper issued, bonds, subordinated loan capital and perpetual subordinated loan capital securities.

Issued financial guarantees
Contracts resulting in the banking group having to reimburse the holder for a loss incurred because a specific debtor fails to make payment when due, are classified as issued financial guarantees.

On initial recognition, issued financial guarantees are recorded at the consideration received for the guarantee.

Issued financial guarantees are subsequently measured at the higher of the consideration received for the guarantee excluding any amortised amounts recorded in the income statement and the best estimate of the consideration due if the guarantee is honoured.

When issuing financial guarantees, the consideration for the guarantee is recorded under "Provisions" in the balance sheet. Except for individually identified impaired commitments, any changes in the carrying amount of financial guarantee contracts issued are recorded as "Net gains on financial instruments at fair value". Changes in the value of such guarantee contracts are recorded under "Net write-downs on loans and guarantees".

Reclassification
Non-derivative financial assets may be reclassified from the held-for-trading category to the held-to-maturity or available-for-sale categories according to specific rules if the financial asset is no longer held for sale or repurchase in the near term.

Equity instruments and fixed-income securities that have quoted prices in an active market can be reclassified only in rare and extraordinary circumstances.

Fixed-income securities that do not have quoted prices in an active market, may be reclassified from the held-for-trading category to the loans and receivables category if the banking group has the intention and ability to hold the financial assets for the foreseeable future or until maturity. If, after the reclassification, the banking group increases its estimates for future cash receipts as a result of increased recoverability of those cash receipts, the effect of the increase will be recognised as an adjustment to the effective interest rate from the date the estimate was changed.

The banking group will consider reclassifications based on the individual financial instruments. The earliest reclassification date will be the date when the asset is reclassified out of the trading category. The fair value of the financial asset on the reclassification date will be the new acquisition cost or amortised cost.

No reclassifications were made in 2011 and 2010.

Determination of fair value
Fair value is the amount for which an asset could be traded, or a liability settled, in a transaction between independent parties. Financial assets and liabilities are measured at bid or asking prices respectively. Derivatives which are carried net, are recorded at mid-market prices on the balance sheet date.

Instruments traded in an active market
With respect to instruments traded in an active market, quoted prices are used, obtained from a stock exchange, a broker or a price-setting agency.

A market is considered active if it is possible to obtain external, observable prices, exchange rates or interest rates and these prices represent actual and frequent market transactions.

Some investments in equities and commercial paper and bonds are traded in active markets.

Instruments not traded in an active market
Financial instruments not traded in an active market are valued according to different valuation techniques and are divided into two categories:

Valuation based on observable market data:
- recently observed transactions in the relevant instrument between informed, willing and independent parties
- instruments traded in an active market which are substantially similar to the instrument that is valued
- other valuation techniques where key parameters are based on observable market data.

Valuation based on other factors than observable market data:
- estimated cash flows
- valuation of assets and liabilities in companies
- models where key parameters are not based on observable market data
- possible industry standards.

When using valuation techniques, values are adjusted for credit and liquidity risk. Valuations are based on pricing of risk for similar instruments.

Impairment of financial assets
On each balance sheet date, the banking group will consider whether there are objective indications that the financial assets have decreased in value. A financial asset or group of financial assets is written down if there are objective evidence of impairment. Objective evidence of a decrease in value include serious financial problems on the part of the debtor, non-payment or other serious breaches of contract, the probability that the debtor will enter into debt negotiations or other special circumstances that have occurred.

Individual write-downs on loans
If objective indications of a decrease in value can be found, write-downs on loans are calculated as the difference between the value of the loan in the balance sheet and the net present value of estimated future cash flows discounted by the effective interest rate. Renegotiation of loan terms to ease the position of the borrower qualifies as objective indications of impairment. In accordance with IAS 39, the best estimate is used to assess future cash flows. The effective interest rate used for discounting is not adjusted to reflect changes in the credit risk and terms of the loan due to objective indications of impairment being identified.

Individual write-downs on loans reduce the value of the commitments in the balance sheet. Changes in the assessed value of loans during the period are recorded under "Write-downs on loans and guarantees". Interest calculated according to the effective interest method on the written-down value of the loan is included in "Net interest income".

Collective write-downs on loans
Loans which have not been individually evaluated for impairment, are evaluated collectively in groups. Loans which have been individually evaluated, but not written down, are also evaluated in groups.

The evaluation is based on objective evidence of a decrease in value that has occurred on the balance sheet date and can be related to the group.

Loans are grouped on the basis of similar risk and value characteristics in accordance with the division of customers into sectors or industries and risk categories. The need for write-downs is estimated per customer group based on estimates of the general economic situation and loss experience for the respective customer groups.

Collective write-downs reduce the value of the commitments in the balance sheet. For loans, changes during the period are recorded under "Write-downs on loans and guarantees". Like individual write-downs, collective write-downs are based on discounted cash flows. Cash flows are discounted on the basis of statistics derived from individual write-downs. Interest is calculated on commitments subject to collective write-downs according to the same principles and experience base as for commitments evaluated on an individual basis.

Repossession of assets
Assets which are repossessed as part of the management of non-performing and impaired commitments, are recorded at fair value at the time of acquisition. Such assets are recorded in the balance sheet according to the nature of the asset. Subsequent valuations and classification of the impact on profits follow the principles for the relevant balance sheet item.

8. HEDGE ACCOUNTING
The banking group enters into hedging transactions to manage interest rate risk on long-term borrowings and deposits in foreign currencies. These transactions are recorded as fair value hedges.

When instruments are individually hedged, there is a clear, direct and documented correlation between changes in the value of the hedged item resulting from the hedged risk and changes in the value of the financial derivative (hedging instrument).

Upon entering into the hedge relationship, the correlation between the hedged item and the hedging instrument is documented. In addition, the goal and strategy underlying the hedging transaction are documented. Changes in fair value related to the hedged risk of the hedged item and instrument are evaluated periodically to ensure the necessary hedge effectiveness. Hedging instruments are recorded at fair value and included under "Net gains on financial instruments at fair value" in the income statement.

Changes in the fair value of the hedged item attributable to the hedged risk will be recorded as an addition to or deduction from the balance sheet value of financial liabilities and assets and recorded under "Net gains on financial instruments at fair value" in the income statement.

If the hedge relationship ceases or adequate hedge effectiveness cannot be verified, the change in value of the hedged item is amortised over the remaining maturity.

DNB Bank ASA undertakes fair value hedging of investments in foreign subsidiaries to eliminate the currency risk on the invested amount. Hedging transactions are in the form of currency swaps or long-term borrowings in foreign currency.

9. OFFSETTING
Financial assets and financial liabilities are offset and the net amount recorded in the balance sheet only when the banking group has a legally enforceable right to set off the amounts and intends to settle assets and liabilities on a net basis or to realise the assets and settle the liabilities collectively.

10. LEASING
A lease is classified as a finance lease if it transfers substantially the risks and rewards incident to ownership. Other leases are classified as operational leases.

DNB Bank as lessor

Operational leases

Operating leases are leases where a not insignificant share of the risk and rewards relating to the investment in the leased object accrues to DNB Bank at the end of the lease period. Operating assets are recorded as machinery, fixtures and fittings and means of transport. Income from operating leases is recognised over the lease term on a straight-line basis. Depreciation in the accounts is classified as ordinary depreciation.

Financial leases

Finance leases are classified as lending and at the inception of the lease, its value is set at an amount equal to the net investment in the lease. The net investment represents minimum lease payments, unguaranteed residual values and any direct expenses incurred by the lessor in negotiating the lease, discounted by the implicit interest rate (internal rate of return). Leasing income is recorded according to the annuity method, where the interest component is recorded under "Net interest income" while instalments reduce the balance sheet value of lending.

DNB Bank as lessee

Operational leasing

Lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of DNB Bank's use of the asset.

11. INVESTMENT PROPERTY AND FIXED ASSETS

Properties held to generate profits in customer portfolios through rental income or for an increase in value, are classified as investment property.

Other tangible assets are classified as fixed assets.

On initial recognition, investment properties are measured at cost including acquisition costs. In subsequent periods, investment properties are measured at fair value. No annual depreciation is made on investment property. Internal and external expertise is used for valuations. A selection of external appraisals are obtained and compared with internal valuations. Sensitivity tests are carried out for various estimates of parameter values included in an overall evaluation. Changes in value of investment property are recorded under "Net gains on investment property" in the income statement.

Other tangible assets are measured at cost less accumulated depreciation and write-downs. Cost includes expenses directly related to the acquisition of the asset. Subsequent expenses are capitalised on the relevant assets when it is probable that future economic benefits associated with the expenditure will flow to DNB Bank and can be measured reliably. Expenses for repairs and maintenance are recorded in the income statement as they occur.

The residual values and useful lives of the assets are reviewed annually and adjusted if required. Gains and losses on the sale of fixed assets are recorded under "Net gain on fixed and intangible assets" in the income statement.

12. INTANGIBLE ASSETS

Goodwill

An annual impairment test is made for all cash-generating units which include goodwill. If there is objective evidence of a decrease in value during the year, a new test will be carried out in order to verify whether values are intact. The test is based on the units' recoverable amounts.

The choice of cash-generating unit is based on where it is possible to identify and separate cash flows relating to operations. A cash-generating unit may include goodwill from several transactions, and the impairment test of the unit includes all goodwill allocated to the unit.

Calculations of value in use are based on historical results and available budgets and plan figures approved by management. On the basis of plan figures for the cash-generating units, a future cash flow is estimated, defined as the potential return to the owner. The return includes profits from operations adjusted for the need to build sufficient capital to meet expected future capital adequacy requirements. Higher capital requirements due to expanded operations could make it necessary to retain part of the profits or to inject more capital from the owner, if profits from operations are not adequate to build the necessary capital. Beyond the plan period, which in most cases is three years, cash flow trends are assumed to reflect market expectations for the type of operations carried out by the cash-generating unit.

The required rate of return is based on an assessment of the market's required rate of return for the type of operations carried out by the cash-generating unit. The required rate of return reflects the risk of the operations. Goodwill from the acquisition of companies generating cash flows in foreign currencies is translated at rates of exchange ruling on the balance sheet date.

Development of IT systems and software

Acquired software is recorded at cost with the addition of expenses incurred to make the software ready for use. Identifiable costs for internally developed software controlled by the banking group where it is probable that economic benefits will cover development expenses at the balance sheet date, are recorded as intangible assets. When assessing balance sheet values, the economic benefits are evaluated on the basis of profitability analyses. Development expenses include expenses covering pay to employees directly involved in the project, materials and a share of directly related overhead expenses. Expenses relating to maintenance of software and IT systems are charged to the income statement as they occur. Software expenses recorded in the balance sheet are depreciated according to a straight line principle over their expected useful life, usually five years. The need for impairment testing is considered according to the principles described below.

13. IMPAIRMENT OF FIXED AND INTANGIBLE ASSETS

On each reporting date and if there is any indication of a decrease in value of fixed and intangible assets, the recoverable amount of the asset is calculated to estimate possible impairment needs.

The recoverable amount represents the higher of an asset's fair value less costs to sell and its value in use. If the asset's recorded value exceeds the estimated recoverable amount, the asset is immediately written down to its recoverable amount. See note 40 Goodwill for a description of impairment testing.

The banking group uses the following relevant criteria to consider whether there are indications that an asset has been impaired:

- a decline in the asset's market value
- changes in the long-term return requirement which may affect the discount rate used in the calculation of the asset's value in use
- plans to restructure or liquidate the asset
- the asset generates less income than anticipated.

14. PENSIONS

Defined benefit occupational pension schemes

In a defined benefit scheme, the employer is committed to paying future specified pension benefits.

The basis for calculating pension expenses is a linear distribution of pension entitlements measured against estimated accumulated commitments at the time of retirement. Expenses are calculated on the basis of pension entitlements earned during the year with the deduction of the return on funds assigned to pensions.

Pension commitments which are administered through life insurance companies, are matched against funds within the scheme. When total pension funds exceed estimated pension commitments on the balance sheet date, the net value is classified as an asset in the balance sheet if it has been rendered probable that the overfunding can be utilised to cover future commitments. When pension commitments exceed pension funds, the net commitments are classified under liabilities in the balance sheet. Each scheme is considered separately.

Pension commitments represent the present value of estimated future pension payments which in the accounts are classified as accumulated on the balance sheet date. The calculation of pension commitments is based on actuarial and economic assumptions about life expectancy, rise in salaries and early retirement. The discount rate used is determined by reference to market yields at the balance sheet date on long term (10-year) government bonds, plus an addition that takes into account the relevant duration of the pension liabilities.

Deviations in estimates are recorded in the income statement over the average remaining service period when the difference exceeds the highest of 10 per cent of pension funds or 10 per cent of pension commitments.

The financial effects of changes in pension schemes are recorded as income or charged to expense on the date of the change, unless the rights under the new pension scheme are conditional on the employee remaining in service for a specified period.

Pension expenses are based on assumptions determined at the start of the period. Pension expenses are classified as personnel expenses in the income statement. Employer's contributions are included in pension expenses and pension commitments.

DNB’s life insurance company, DNB Livsforsikring ASA, largely administers the banking group's pension schemes in Norway.

Defined contribution occupational pension schemes

Under defined contribution pension schemes, the banking group does not commit itself to paying specified future pension benefits, but makes annual contributions to the employees' banking group pension savings. Future pensions will depend on the size of annual contributions and the annual return on pension savings. After paying annual contributions, the banking group thus has no further commitments linked to employees' work performance. Thus, no allocations are made for accrued pension commitments in such schemes. Defined contribution pension schemes are charged directly to the income statement.

15. INCOME TAX

Taxes for the year comprise payable taxes for the financial year, any payable taxes for previous years and changes in deferred taxes on temporary differences. Temporary differences are differences between the recorded value of an asset or liability and the taxable value of the asset or liability. The most significant temporary differences refer to pensions, depreciation of fixed assets and properties, impairment losses for goodwill and revaluations of certain financial assets and liabilities. Deferred taxes are calculated on the basis of tax rates and tax rules that are applied on the balance sheet date or are highly likely to be approved and are expected to be applicable when the deferred tax asset is realised or the deferred tax liability settled.

Deferred tax assets are recorded in the balance sheet to the extent that it is probable that future taxable income will be available against which they can be utilised. Deferred taxes and deferred tax assets in the tax group are recorded net in DNB Bank's balance sheet.

Payable and deferred taxes are recorded against equity if the taxes refer to items recorded against equity during the same or in previous periods.

16. SEGMENT INFORMATION

The segment information has been prepared on the basis of internal financial reporting for the functional organisation of the banking group into business areas, as reported to the group management team (highest decision-making body) for an assessment of developments and the allocation of resources. Figures for the business areas are based on DNB’s management model and the banking group’s accounting principles. The figures are based on a number of assumptions, estimates and discretionary distribution. See note 3 Segments.

The operational structure of DNB Bank includes three business areas and four staff and support units. DnB NORD is reported as a separate profit centre. The business areas carry responsibility for customer segments served by the banking group, as well as the products offered.

According to DNB's management model, the business areas are independent profit centres with responsibility for meeting requirements for return on allocated capital. All of the banking group's customer activities are divided among the business areas, along with the related balance-sheet items, income and expenses.

Excess liquidity and liquidity deficits in the business areas are placed in or borrowed from the bank's Treasury at market terms, where interest rates are based on duration and the banking group's financial position.

When business areas cooperate on the delivery of financial services to customers, internal deliveries are based on market prices or simulated market prices according to agreements. In certain cases where it is particularly difficult to find relevant principles and prices for the distribution of items between two cooperating business areas, DNB Bank has chosen to show net contributions from each transaction in both business areas. The impact on profits is eliminated at group level.

Services provided by group services and staff units are charged to the business areas in accordance with service agreements. Joint expenses, which are indirectly linked to activities in the business areas, are charged to the business areas' accounts on the basis of distribution formulas.

A number of key functions along with profits from activities not related to the business areas' strategic operations are entered in the accounts under the Group Centre. This item comprises income and expenses relating to the banking group's liquidity management, income from investments in equity instruments not included in the trading portfolio and interest income assigned to the banking group's unallocated capital. Further entries include ownership-related expenses and income from the management of the bank's real estate portfolio.

Return on capital is estimated on the basis of internal measurement of risk-adjusted capital requirements.

Note 3 Segments also shows a geographic breakdown of operations, including DnB NORD and other international operations.

17. RESTRUCTURING

If restructuring plans that change the scope of operations or the way operations are carried out are approved and communicated, the need for restructuring provisions will be considered. The provisions are reviewed on each reporting date and will be reversed as expenses are incurred.

18. CASH FLOW STATEMENTS

The cash flow statements show cash flows grouped according to source and use. Cash is defined as cash, deposits with central banks and deposits with credit institutions with no agreed period of notice. The cash flow statement has been prepared in accordance with the direct method.

19. EQUITY AND CAPITAL ADEQUACY

Proposed dividends

Proposed dividends are part of equity until approved by the general meeting. Proposed dividends are not included in capital adequacy calculations.

Capital adequacy

Capital adequacy calculations are subject to special consolidation rules governed by the Consolidation Regulations. Primary capital and nominal amounts used in calculating risk-weighted volume will deviate from figures in the DNB Bank Group's accounts, as associated companies which are presented in the accounts according to the equity method are included in capital adequacy calculations according to the gross method. Valuation rules used in the statutory accounts form the basis for the consolidation.

20. APPROVED STANDARDS AND INTERPRETATIONS THAT HAVE NOT ENTERED INTO FORCE

Amendments to IFRS 7 New disclosure information for derecognition of financial instruments

The amendments will require enhanced note information about financial instruments which have been transferred, but not derecognised. The amendments also require disclosure when financial assets are derecognised, but where the entity has a continuing involvement in the asset, e.g. through guarantees, options etc. The amendments to IFRS 7 entered into force on 1 July 2011 and were endorsed by the EU in the fourth quarter of 2011. The banking group will apply the amendments to IFRS 7 as from 1 January 2012. The amendments affect the scope of note information presented in the annual accounts and have no impact on the banking group’s profits and financial position.

IFRS 9 Financial Instruments

IFRS 9 will replace the current IAS 39. The project comprises several phases. The IASB has completed the first phase of the project on the classification and measurement of financial assets. Under the new IFRS, the number of measurement categories for financial assets is reduced from four to two, amortised cost and fair value. It will still be possible to use the fair value option for financial assets which initially must be recorded at amortised cost if fair value measurement will reduce or eliminate measurement inconsistency. It will no longer be permissible to record unquoted equity instruments at cost.

With respect to financial liabilities designated as at fair value, changes in fair value due to changes in credit risk should be recorded against other comprehensive income.

In order for a financial asset to be measured at amortised cost, the instrument must have basic features in common with loans and be managed on a contractual cash flow basis. If the criteria for measuring the financial instrument at amortised cost are not met, the instrument must be measured at fair value.

The new standard requires a review of the existing classification of all financial instruments in the banking group's balance sheet.

It is assumed that loans to customers that are currently measured at amortised cost can generally still be measured at amortised cost according to the new rules.

Equities and financial derivatives will still be measured at fair value.

Commercial paper and bonds held for trading will be measured at fair value. The banking group may consider measuring commercial paper and bonds classified as held-to-maturity at amortised cost if it intends to collect the instruments' contractual cash flows. Contract terms and the banking group's business model must be considered specifically for each instrument.

Equity instruments will not meet the terms for measurement at amortised cost. According to the new standard, unquoted equity instruments cannot be measured at amortised cost. The amendment will not affect the measurement of the banking group's equity instruments, as these are measured at fair value.

IFRS 9 will enter into force on 1 January 2015 (revised). It remains uncertain when the standard will be endorsed by the EU, and the EU has decided not to endorse IFRS 9 until all phases of the project are known.

The banking group will consider the effects of the new IFRS 9. To be able to make an overall assessment of the accounting effects of the new classification and measurement of the banking group's financial instruments, the banking group considers it appropriate to wait until all elements in the new IFRS 9 are known.

IFRS 10 Consolidated Financial Statements

The standard will replace the parts of IAS 27 which address consolidated financial statements and also include structured units, which were previously addressed in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a control model which applies to all companies. The definition of control is somewhat different from that used in IAS 27. According to IFRS 10, companies shall only be consolidated if de facto control exists. De facto control exists if the investor has power over the investee, is exposed, or has rights, to variable returns from the investee and has the ability to use its power to direct the activities of the investee that significantly affect returns. Potential voting rights, options, convertible debt and other aspects should also be taken into account.

IFRS 10 will enter into force on 1 January 2013 and is expected to be endorsed by the EU in the fourth quarter of 2012.

Compared with the current IAS 27, the new standard is expected to require increased judgement when assessing which entities are controlled by the company. Due to the new definition of control, certain commitments or mutual funds may be reclassified. This will be considered during 2012. The new rules are not expected to have any material impact on the banking group's profit and loss.

IFRS 11 Joint Arrangements
The standard will replace IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers.

The standard identifies two categories of joint control (joint arrangements): joint ventures and joint operations. When consolidating joint ventures, the equity method should be applied, while for joint operations, the parties should recognise their rights to assets and liabilities incurred jointly in their balance sheets.

IFRS 11 will enter into force on 1 January 2013 and is expected to be endorsed by the EU in the fourth quarter of 2012.

At year-end 2011, the DNB Bank Group had no investments in jointly controlled operations. Thus, the new standard is not expected to have any material impact on the consolidated accounts.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 applies to companies which have interests in subsidiaries, jointly controlled operations, associated companies and structured entities. The standard replaces all of the disclosure requirements that were previously in IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investment in Associates and IAS 31 Interests In Joint Ventures. In addition, a number of new disclosure requirements to, among others, IFRS 10 and IFRS 11, are introduced.

IFRS 12 will enter into force on 1 January 2013 and is expected to be endorsed by the EU in the fourth quarter of 2012.

The new standard is expected to require additional note information about ownership aspects.

IFRS 13 Fair Value Measurement
The standard includes principles and guidance for fair value measurement of assets and liabilities when other IFRSs require or permit fair value measurements. The standard does not change what is required or permitted to be measured at fair value.

IFRS 13 will enter into force on 1 January 2013 and is expected to be endorsed by the EU in the third quarter of 2012.

During 2012, DNB will review the fair value measurement of the baking group's assets and liabilities to make sure that it is consistent with the principles in IFRS 13. IFRS 13 applies both at initial recognition and in subsequent measurements. The standard itself does not require extended use of fair value measurement, but will require adjustments in valuation methods and processes for financial instruments and investment properties which are already carried at fair value and affect impairment testing of goodwill and other intangible assets based on fair value. In given situations, the standard may result in significant increases in fair value. In addition, IFRS 13 requires more detailed note information.

Amendments to IAS 1 Presentation of Financial Statements
The amendments to IAS 1 entail that items of income and expense in other comprehensive income should be grouped together based on whether or not they can be reclassified to the profit or loss section of the income statement on a future date.

The amendments to IAS 1 will enter into force on 1 July 2012 or later and are expected to be endorsed by the EU in the first quarter of 2012.

The amendments will only affect the presentation in other comprehensive income.

Amendments to IAS 19 Employee Benefits
The amendments to IAS 19 will affect the recognition and presentation of the banking group's defined benefit pension schemes.

One of the effects of the amendments is that the corridor approach for recognising actuarial gains and losses will be removed. Actuarial gains and losses should now be recognised in other comprehensive income in the year in which they occur.

In accordance with the current IAS 19, the banking group presents pension expenses as operating expenses under "Salaries and other personnel expenses". In line with the new rules, pension expenses should be split, whereby:

- the current service cost and net interest income/expenses are to be recognised in profit or loss
- remeasurements, such as actuarial gains and losses, are to be recognised in other comprehensive income

In addition, the disclosure requirements relating to defined benefit pension schemes have been changed.

The amendments to IAS 19 will enter into force on 1 January 2013 and are expected to be endorsed by the EU in the first quarter of 2012.

In accordance with the current IAS 19, DNB Bank uses the corridor approach for recognising actuarial gains and losses. Once the new rules are implemented in 2013, the banking group will recognise unrecognised actuarial gains and losses for previous periods directly in the company's equity. The economic and actuarial assumptions used in actuarial calculations at end-December 2012 will determine the scope of the actuarial gains and losses to be recognised directly in equity on the implementation date. At year-end 2011, the banking group's unrecognised actuarial losses totalled approximately NOK 4.2 billion, see note 26 Pensions. The new requirements would have resulted in a reduction in the banking group's equity of approximately NOK 3 billion, net after 28 per cent tax. The effect on the banking group's capital adequacy remains uncertain. The amendments will have no material impact on the banking group's profit or loss.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
The amendments to the standard clarify the offsetting criterion in IAS 32, whereby there must be a legally enforceable right to set off recognised amounts, and the use of gross settlement mechanisms that are not simultaneous. The amendments will enter into force on 1 January 2014 and are expected to be endorsed by the EU in the fourth quarter of 2012. DNB has not finalised its assessment of the impact this may have on offsetting in the baking group's balance sheet.

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities
Note information is required to enable users of the accounts to assess the effects or the potential effects the offsetting of financial assets and liabilities will have on the company's financial position. The disclosure requirements apply to all financial instruments offset in accordance with IAS 32.

The amendments to IFRS 7 will enter into force on 1 January 2013 and are expected to be endorsed by the EU in the fourth quarter of 2012.

Accounting principles (continued)

Amendments which are not expected to have a significant impact on the banking group's use of accounting principles or note information:

Amendments to IAS 12 Income Taxes
The amendments imply that deferred tax on investment property carried at fair value according to IAS 40 Investment Property, as a rule should be determined based on the presumption that the carrying amount of the asset will be recovered through sale rather than use.

The amendments also apply to non-depreciable assets recorded at fair value according to the rules in IAS 16 Property, Plant and Equipment. The amendments to IAS 12 will enter into force on 1 January 2012 and are expected to be endorsed by the EU in the third quarter of 2012.

Revised IAS 27 Consolidated and Separate Financial Statements
In consequence of the introduction of IFRSs 10, 11 and 12, the IASB has made amendments to IAS 27 to harmonise the standard with the new accounting standards. Following the revision, IAS 27 only regulates the statutory accounts. The standard will enter into force on 1 January 2013 and is expected to be endorsed by the EU in the fourth quarter of 2012.

Revised IAS 28 Investment in Associates
In consequence of the introduction of IFRSs 10, 11 and 12, the IASB has made amendments to IAS 28. Following the revision, the standard comprises investments in both associates and joint ventures, which are required to be accounted for using the equity method. The standard will enter into force on 1 January 2013 and is expected to be endorsed by the EU in the fourth quarter of 2012.

Note 1 Important accounting estimates and discretionary assessments

When preparing the consolidated accounts for the bank and the banking group, management makes estimates and discretionary assessments and prepares assumptions that influence the effect of the accounting principles applied. In turn, this will affect the recorded values of assets and liabilities, income and expenses. Estimates and discretionary assessments are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date.

Write-downs on loans

If objective evidence of a decrease in value can be found, write-downs on loans are calculated as the difference between the value of the loan in the balance sheet and the net present value of estimated future cash flows discounted by the effective interest rate. Estimates of future cash flow are based on empirical data and discretionary assessments of future macroeconomic developments and developments in problem commitments, based on the situation on the balance sheet date. The estimates are the result of a process which involves the business areas and central credit units and represents management's best estimate. When considering write-downs on loans, there will be an element of uncertainty with respect to the identification of impaired loans, the estimation of amounts and the timing of future cash flows, including collateral assessments.

Individual write-downs

When estimating write-downs on individual commitments, both the current and the future financial positions of customers are considered. For corporate customers, the prevailing market situation is also reviewed, along with market conditions within the relevant industry and general market conditions which could affect the commitments. In addition, potential restructuring, refinancing and recapitalisation are taken into account. An overall assessment of these factors forms the basis for estimating future cash flow. The discount period is estimated on an individual basis or based on empirical data regarding the period up until a solution is found to the problems resulting in impairment of the commitment.

Collective write-downs

On each balance sheet date, commitments which have not been individually evaluated for impairement, are evaluated collectively in groups. Commitments which have been individually evaluated, but not individually written down, are also included in this category. Commitments are divided into customer groups on the basis of macroeconomic conditions which are assumed to have the same effect on the relevant customers. The expected future cash flow is estimated on the basis of expected losses and the anticipated economic situation for the respective customer groups. Expected losses are based on loss experience within the relevant customer groups. The economic situation is assessed by means of economic indicators for each customer group based on external information about the markets. Various parameters are used depending on the customer group in question. Key parameters are production gaps, which give an indication of capacity utilisation in the economy, housing prices and shipping freight rates. To estimate the net present value of expected future cash flows for commitments subject to collective write-downs, the observed discount effect estimated for the individually evaluated commitments is used.

Lending to customers and lending to and deposits with credit institutions totalled NOK 1 317 billion at end-December, which represented 69.9 per cent of the banking group’s balance sheet.

Estimated impairment of goodwill

See note 40 for information regarding goodwill. Goodwill represented less than 1 per cent of the banking group’s balance sheet at year-end 2011.

Fair value of financial derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using different valuation techniques. The banking group considers and chooses techniques and assumptions that as far as possible are based on market conditions on the balance sheet date. When valuing financial instruments for which observable market data are not available, the banking group will make assumptions regarding what it expects the market to use as a basis for valuing corresponding financial instruments. The valuations require a high level of discretion when calculating liquidity risk, credit risk and volatility. Changes in these factors could affect the established fair value of the banking group's financial instruments. See also note 31 Financial instruments at fair value.

Pension commitments

The net present value of pension commitments depends on current economic and actuarial assumptions. Any change made to these assumptions affects the pension commitments amount recorded in the balance sheet and pension expenses.

The discount rate used is determined by reference to market yields at the balance sheet date on long term (10-year) government bonds, plus an addition that takes into account the relevant duration of the pension liabilities. The type of pension fund investments and historical returns determine the expected return on pension funds. In the past, the average return on pension funds has been higher than the risk-free rate of interest as part of the pension funds has normally been placed in securities with slightly higher risk than government bonds. The estimated return is expected to be 1.5 percentage points higher than the risk-free interest rate.

Other fundamental assumptions for pension commitments include annual rise in salaries, annual rise in pensions, anticipated increase in the National Insurance basic amount (G) and mortality statistics. The assumptions are based on the updated guidance notes on pension assumptions issued by the Norwegian Accounting Standards Board. A sensitivity analysis is shown in note 26 Pensions.

Income taxes, including deferred tax assets and uncertain tax liabilities

The banking group is subject to income taxes in a number of jurisdictions. Significant discretion is required in determining the income tax in the consolidated accounts, including assessments of recognised deferred tax assets and uncertain tax liabilities.

Deferred tax assets are recognised to the extent it is probable that the banking group will have future taxable income against which they can be utilised. Extensive assessments must be made to determine the amount which can be recognised, included the expected time of utilisation, the level of profits computed for tax purposes as well as strategies for tax planning and the existence of taxable temporary differences.

The final tax liability relating to many transactions and calculations will be uncertain. The banking group recognises liabilities related to the future outcome of tax disputes based on estimates of additional taxes. When assessing the uncertain tax liabilities to be recognised in the balance sheet, the probability of the liability arising is considered. The liability is calculated on a best estimate basis. If the final outcome of the cases deviates from the originally allocated amounts, the deviations will affect income tax entered in the applicable period.

Contingencies

Due to its extensive operations in Norway and abroad, the banking group will regularly be party to a number of legal actions. Any impact on the accounts will be considered in each case. Among other things, the banking group considers the probability of an unfavourable outcome and the possibility of making reliable estimates of potential losses. See note 51 Off-balance sheet transactions, contingencies and post-balance sheet events.

The Norwegian government's stimulus package

The Norwegian government's stimulus package for the banks allows the banks to exchange covered bonds for Treasury bills. DNB Bank ASA has purchased bonds from DNB Boligkreditt which have been used as collateral for swap agreements with Norges Bank. The value of the collateral must exceed the value of the Treasury bills by a minimum safety margin throughout the contract period. At the end of the contract period, 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. From an accounting perspective, the banking group is of the opinion that the terms for derecognition in IAS 39 have not been fulfilled, as the banking group, through the swap agreements, retain the risk associated with changes in value of the bonds and other cash flows in the form of yields.

The interest rate paid by the banks in the swap scheme with Norges Bank is determined through auctions. In order to assess the fair value of the banking group's existing funding through the swap scheme with Norges Bank, it is necessary to calculate the anticipated long-term yield on Treasury bills. The banking group has thus made an assessment of the normal spread between the Treasury bill yield and NIBOR, based on developments in the interest rate market, which has been used when estimating the value of the funding at year-end.

Transfer of loan portfolios

When transferring loan portfolios to, among others, Eksportfinans AS, the banking group will consider whether the criteria for derecognition have been fulfilled in accordance with IAS 39. In cases where the banking group retains the credit risk and margins relating to the loan portfolios, the risks and returns are not considered to be transferred to the counterparty, and the loan portfolios are retained in the banking group's balance sheet. As at 31 December 2011, such portfolios totalled NOK 10 632 million.

Note 2 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, 4 in Sweden and 3 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 3 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 NOR 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. The ordinary home mortgage operations of DNB Boligkreditt AS are integrated in Retail Banking, while the company’s debt capital funding is shown under the Corporate Centre.
Large Corporates and International	-	offers a broad range of financial products and services to large Norwegian and international customers in cooperation with several of the 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'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 3 Segments (continued)

Income statement **DNB Bank Group**

Amounts in NOK million	Retail Banking 2011	Retail Banking 2010	Large Corporates and International 2011	Large Corporates and International 2010	DNB Markets 2011	DNB Markets 2010	DnB NORD 2011	DnB NORD 2010	Other operations/ eliminations [1] 2011	Other operations/ eliminations [1] 2010	DNB Bank Group 2011	DNB Bank Group 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 [2]	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 ro 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
Operating expenses	9 624	9 135	2 429	2 084	1 988	1 820	1 349	1 199	1 257	669	16 646	14 907
Depreciation and impairment of fixed and intangible assets	1 035	1 155	44	46	11	13	504	501	468	420	2 062	2 135
Cost attributable to product suppliers	658	675	873	806	0	0	0	0	(1 531)	(1 481)	0	0
Total operating expenses	11 317	10 965	3 346	2 935	1 999	1 833	1 853	1 700	194	(392)	18 708	17 042
Pre-tax operating profit before write-downs	8 089	7 938	7 909	6 713	4 160	3 638	161	348	917	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 [3]	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	(1 267)	(1 481)	970	1 436	17 811	16 437
Taxes											5 308	4 827
Profit from operations and non-current assets held for sale, after taxes									(5)	75	(5)	75
Profit for the year									964	1 511	12 498	11 685

Balance sheets **DNB Bank Group**

Amounts in NOK billion	Retail Banking 31.12.11	Retail Banking 31.12.10	Large Corporates and International 31.12.11	Large Corporates and International 31.12.10	DNB Markets 31.12.11	DNB Markets 31.12.10	DnB NORD 31.12.11	DnB NORD 31.12.10	Other operations/ eliminations 31.12.11	Other operations/ eliminations 31.12.10	DNB Bank Group 31.12.11	DNB Bank Group 31.12.10
Net lending to customers [4]	819	759	402	351	3	4	56	59	12	12	1 292	1 184
Assets held for sale	0	0	0	0	0	0	0	0	1	1	1	1
Other assets	10	8	53	37	608	428	21	18	(100)	(38)	592	452
Total assets	829	767	454	388	612	432	77	77	(87)	(25)	1 885	1 638
Deposits from customers [4]	426	384	262	217	28	21	26	24	8	19	750	664
Liabilities held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Other liabilities	381	363	169	146	578	405	47	48	(145)	(79)	1 030	883
Total liabilities	808	747	431	363	606	426	73	72	(136)	(60)	1 781	1 548
Allocated capital [6]	21	20	24	25	6	6	4	5	50	35	104	90
Total liabilities and equity	829	767	454	388	612	432	77	77	(87)	(25)	1 885	1 638

1) Other operations/eliminations:

Amounts in NOK million	*Elimination of income/ cost attributable to product suppliers 2011*	*Elimination of income/ cost attributable to product suppliers 2010*	*Other eliminations 2011*	*Other eliminations 2010*	*Group Centre *) 2011*	*Group Centre *) 2010*	*Total 2011*	*Total 2010*
Net interest income - ordinary operations	*0*	*0*	*0*	*0*	*1 832*	*1 549*	*1 832*	*1 549*
Interest on allocated capital [2]	*0*	*0*	*0*	*0*	*(1 476)*	*(1 288)*	*(1 476)*	*(1 288)*
Net interest income	*0*	*0*	*0*	*0*	*357*	*261*	*356*	*261*
Other operating income	*0*	*0*	*(273)*	*(364)*	*4 456*	*3 755*	*4 182*	*3 391*
Income attributable to product suppliers	*(3 428)*	*(3 269)*	*0*	*0*	*0*	*0*	*(3 428)*	*(3 269)*
Net other operating income	*(3 428)*	*(3 269)*	*(273)*	*(364)*	*4 456*	*3 755*	*754*	*122*
Operating expenses	*0*	*0*	*(273)*	*(364)*	*1 530*	*1 034*	*1 257*	*669*
Depreciaton and impairment of fixed and intangible assets	*0*	*0*	*0*	*0*	*468*	*420*	*468*	*420*
Cost attributable to product suppliers	*(1 531)*	*(1 481)*	*0*	*0*	*0*	*0*	*(1 531)*	*(1 481)*
Total operating expenses	*(1 531)*	*(1 481)*	*(273)*	*(364)*	*1 998*	*1 453*	*194*	*(392)*
Pre-tax operating profit before write-downs	*(1 897)*	*(1 788)*	*0*	*0*	*2 814*	*2 562*	*917*	*774*
Net gains on fixed and intangible assets	*0*	*0*	*0*	*0*	*8*	*32*	*8*	*32*
Write-downs on loans and guarantees [3]	*0*	*0*	*0*	*0*	*(44)*	*(627)*	*(44)*	*(627)*
Write-downs attributable to product suppliers	*(1)*	*(3)*	*0*	*0*	*0*	*0*	*(1)*	*(3)*
Pre-tax operating profit	*(1 897)*	*(1 785)*	*0*	*0*	*2 867*	*3 222*	*970*	*1 436*

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 and 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, Trasury, the partially owned company Eksportfinans AS, 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.

Note 3 Segments (continued)

*)	*Group Centre - pre-tax operating profit in NOK million*	*2011*	*2010*
	+ Gains Nordito **)	*0*	*1 170*
	+ Interest on unallocated equity etc.	*829*	*552*
	+ Income from equities investments	*75*	*647*
	+ Mark-to-market adjustments Treasury and fair value on lending	*2 585*	*241*
	+ Eksportfinans AS	*246*	*200*
	- Unallocated write-downs on loans and guarantees	*(44)*	*(627)*
	- Contractual pension (CPA) scheme	*0*	*(355)*
	- Allocation to employees	*217*	*234*
	- Uncallocated pension expenses	*60*	*(21)*
	- Impairment loss for intangible assets	*0*	*51*
	- Funding costs on goodwill	*54*	*47*
	Other	*(583)*	*(260)*
	Pre-tax operating profit	*2 867*	*3 222*

***) Nordito AS merged with PBS Holding AS on 14 April 2010. The merger consideration provided a gain for the DNB Bank Group of NOK 1 170 million.*

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 12 Development in write-downs on loans and guarantees for an analysis of the gross change in write-downs for the Group.*
4) *Lending to customers includes accrued interest, write-downs and value adjustments. Lending to credit institutions are not included. Correspondingly, deposits from customers include accrued interest and value adjustments. Deposits from credit institutions are not included.*
5) *Allocated capital for the business areas is calculated on the basis of internal measurement of risk-adjusted capital requirement. Allocated capital for the banking group is recorded equity.*

Key figures **DNB Bank Group**

	Retail Banking		Large Corporates and International		DNB Markets		DnB NORD		Other operations		DNB Bank Group	
Per cent	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Cost/income ratio 1)	58.3	57.0	29.7	30.4	32.5	33.5	73.1	66.2			45.9	47.6
Ratio of deposits to lending as at 31 December 2)	52.1	50.6	65.1	61.9			46.6	40.7			58.1	56.1
Return on allocated capital 3)	24.6	24.1	20.6	18.0	51.0	44.8	(16.8)	(19.1)				
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) *Total operating expenses relative to total income. Expenses exclude impairment losses for goodwill and intangible assets.*
2) *Deposits from customers relative to net lending to customers.*
3) *The return on allocated capital for the business areas is calculated on the basis of internal measurement of risk-adjusted capital requirement.*

Comments to the results 2011

Retail Banking

Pre-tax operating profits showed a positive trend, rising by NOK 495 million to NOK 7 214 million in 2011. There was a positive development in volumes, a reduction in write-downs and a satisfactory trend in non-performing commitments. The positive trend was attributable to Retail Banking’s extensive product range, which meets customers’ financial needs. Strong income from DNB Finans contributed to the business area’s profits in 2011. Retail Banking showed a stable, sound trend 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. 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. There was a moderate rise in net interest income from 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 1.17 per cent in 2011, down from 1.25 per cent in 2010. There was an increase in other operating income, reflecting high net income from payment transactions and a greater 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 write-downs in both the retail and corporate markets. Net write-downs represented 0.11 per cent of net lending, down from 0.17 per cent in 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 Corporate and International

Pre-tax operating profits rose by NOK 609 million compared with 2010, to NOK 6 734 million. Average net lending to customers increased by 7.7 per cent from 2010. There were good opportunities in the markets towards the end of 2011, and the greater part of this increase took place during the second half of the year. Lending volumes expanded by NOK 23.8 billion from the third to the fourth quarter. Deposits from customers rose by 11.9 per cent from 2010, showing strong growth towards the end of the year. Rising volumes and a 0.22 percentage point widening of lending spreads relative to the 3-month money market rate from 2010 contributed to an increase in net interest income, in spite of higher long-term funding costs. There was strong competition for deposits, and deposit spreads were under pressure. 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. There was a rise in operating expenses from 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. 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 0.32 per cent of net lending to customers, of which individual write-downs represented 0.26 per cent. In 2010, net individual write-downs came to 0.17 per cent of net lending. Net non-performing and doubtful commitments amounted to NOK 6.4 billion at end-December 2011, up from NOK 2.7 billion a year earlier. 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 through 2011. Market conditions may cause challenges for certain customer segments over the coming period.

Note 3 Segments (continued)

DNB Markets

DNB Markets is Norway's largest provider of securities and investment services. The business area recorded a strong level of profits in 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 4 160 million, up NOK 522 million from 2010. Total customer-related revenues increased by 2.5 per cent from 2010, reflecting, in particular, a higher level of income from foreign exchange, interest rate and commodity derivatives, while a low level of market activity within corporate finance gave a reduction in income in this product segment. Both interest rate and currency markets were characterised by turmoil and volatility throughout the year, resulting in greater demand for various hedging instruments and strong customer revenues from foreign exchange and interest rate and commodity derivatives. Declining long-term interest rates in the second half of 2011 boosted demand for interest rate hedging. Developments in customer-related income from the sale of securities and other investment products reflected stock market volatility and a lack of risk willingness among investors during parts of 2011. Due to a higher level of income from equity derivatives and bond brokerage, however, there was an 8.3 per cent increase in total income from this product segment compared with 2010. DNB Markets was the largest brokerage house on Oslo Børs in 2011 in these product segments. Customer-related revenues from corporate finance services reflected the challenging market conditions in 2011, resulting in a low level of activity in the equity markets. On the other hand, there was brisk activity in the debt capital market during parts of the year, which helped ensure a stable level of income. DNB Markets established Debt Capital Markets units in Singapore and London during 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. Customer-related revenues from custodial and other securities services showed a positive trend due to a high level of activity for the year as a whole. Total income from market making and other proprietary trading rose by 24.0 per cent from 2010. Widening credit spreads resulted in mark-to-market losses on bonds, which will be reversed over time. These losses were more than offset by rising income from trading in foreign exchange and interest rate instruments. 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	2011	2010
FX, interest rate and commodity derivatives	1 476	1 317
Investment products	432	399
Corporate finance	770	903
Securities services	230	218
Total customer revenues	2 908	2 838
Net income liquidity portfolio	591	1 151
Other market making/trading revenues	2 495	1 337
Total trading revenues	3 086	2 488
Interest income on allocated capital	165	145
Total income	6 159	5 471

DnB NORD

Overall, the operations in DnB NORD generated pre-tax operating losses of NOK 1 267 million in 2011, compared with a loss of NOK 1 481 million in 2010. Performance in 2011 reflected a high level of write-downs on loans, especially in Latvia, while 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 380 million.

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 673 million was recorded in 2011, an improvement of NOK 191 million compared with 2010. Net lending to customers was reduced by 4.0 per cent, on average, from 2010 to 2011, but was relatively stable through 2011 and increased somewhat towards the end of the year. Lending volumes in Poland grew by 29.2 per cent from end-December 2010 to year-end 2011, while lending volumes in the Baltics were down 4.8 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 up 9.6 per cent from 2010. There was relatively strong growth in deposits towards the end of the 2011, 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 2010 to 2011 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 7.6 per cent from 2010, but remained at a high level, mainly due to extensive write-downs in Latvia, accounting for 78 per cent of total write-downs on loans in DNB Baltics and Poland. The write-downs represented 2.39 per cent of average lending, a slight reduction from 2.48 per cent in 2010. The write-downs in Latvia referred to home mortgages and were due to a reassessment of collateral values and rising costs associated with the repossessing of properties.

Note 3 Segments (continued)

Group Centre

The Group Centre recorded a pre-tax operating profit of NOK 2 705 million in 2011, compared with NOK 2 979 million in the year-earlier period. Nordito AS merged with PBS Holding on 14 April 2010. The merger consideration provided a gain of NOK 1 170 million. Income from equity investments totalled NOK 102 million in 2011, a decrease of NOK 514 million from the previous year. There was a profit contribution of NOK 2 600 million from own debt, loans carried at fair value and related derivatives in 2011, compared with a contribution of NOK 247 million in 2010. Profits attributable to the Group from the associated company Eksportfinans totalled NOK 246 million in 2011, including the share of the portfolio guarantee issued for the liquidity portfolio, compared with NOK 200 million in 2010. Pension expenses for the first quarter of 2010 were reduced by NOK 367 million due to the reversal of provisions for contractual early retirement pensions. Allocations for a general bonus to employees totalled NOK 217 million in 2011, in 2010 there was an allocations of NOK 234 million. In 2010, DnB NOR's Board of Directors decided to discontinue the use of the Postbanken brand. Thus, the value of the brand was written down by NOK 51 million. Collective write-downs of NOK 627 million were reversed in 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.

Geographic areas

Income statement								**DNB Bank Group**
	DnB NORD		Other international operations		Norway		DNB Bank Group	
Amounts in NOK million	2011	2010	2011	2010	2011	2010	2011	2010
Net interest income	1 290	1 422	3 603	2 846	20 339	19 119	25 232	23 387
Net other operating income	724	627	1 729	1 432	12 259	11 009	14 713	13 067
Total income	2 014	2 048	5 332	4 278	32 598	30 128	39 945	36 454

Balance sheet items								**DNB Bank Group**
	DnB NORD		Other international operations		Norway		DNB Bank Group	
Amounts in NOK billion	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10
Net lending to customers	56	59	185	162	1 051	963	1 292	1 184
Total assets	77	77	407	302	1 401	1 258	1 885	1 638
Guarantees	2	2	25	15	66	59	93	76

Product information

See note 18 Net interest income, note 19 Interest rates on selected balance sheet items, note 20 Net commissions and fees receivable and note 21 Other income for further information on product.

Note 4 Capitalisation policy and capital adequacy

The Basel Committee presented new capital and liquidity requirements on 16 December 2010 (Basel III), and the EU's new capital requirements directive, CRD IV, is expected to become effective on 1 January 2013. As part of the Group's Internal Capital Adequacy Assessment Process, ICAAP, the Board of Directors is in dialogue with Finanstilsynet (the Financial Supervisory Authority of Norway) regarding the capitalisation of the Group. The basis for this dialogue in 2011 is that the Group should have a common equity Tier 1 capital ratio of 10 per cent based on IRB measurement of risk-weighted volume under normal market conditions. According to these principles, the common equity Tier 1 capital ratio should not fall below 8.5 per cent during an economic recession. During 2011, a number of countries proposed new capital adequacy requirements which are more stringent than the Basel III proposals, and the Basel Committee has proposed additional capital buffers for systemically important banks. In consequence of these developments and feedback from Finanstilsynet, the Group's capitalisation policy will be revised, and the level of ambition will be raised.

The Group's capitalisation level shall support the bank's AA level rating target for ordinary long-term funding. Relative to the current risk-weighted volume, which is based on a combination of the standardised approach and the IRB approach, it has been estimated that measurement according to the IRB approach would have given a further reduction in risk-weighted volume of approximately 13 per cent at year-end 2011. The transitional rule stipulating that risk-weighted volume cannot be reduced below 80 per cent of corresponding amounts calculated in accordance with the Basel I rules, has not been taken into account. It has been proposed that this rule be extended to apply through 2015. The transitional rule will be reviewed in connection with the implementation of CRD IV. The DNB Group had a common equity Tier 1 capital ratio of 9.4 per cent and a capital adequacy ratio of 11.4 per cent at year-end 2011, compared with 9.2 and 12.4 per cent, respectively, at year-end 2010. The DNB Group is well prepared to meet the uncertain economic climate and stricter capitalisation requirements from the market and the authorities. The planned accumulation of capital will influence the growth limits.

According to the Group's capital strategy and dividend policy, the Group aims to be among the best capitalised financial services groups in the Nordic region based on equal calculation principles. In addition, the Group will seek to achieve satisfactory ratings. Dividends will be determined based on factors such as the need to maintain satisfactory financial strength and developments in external parameters, in addition to an evaluation of expected profit levels in a normal situation.

The Group aspires to ensure that companies at all levels within the Group are adequately capitalised.

The DNB Bank Group had a common equity Tier 1 capital ratio of 9.3 per cent and a capital adequacy ratio of 11.5 per cent at year-end 2011, compared with 8.3 and 11.7 per cent, respectively, a year earlier. In order to increase confidence in European banks, the European Banking Authority, EBA, issued new and stricter capitalisation requirements for European banks in the autumn of 2011. European banks are required to hold common equity Tier 1 capital of minimum 9 per cent by 30 June 2012 after adjusting for any unrealised losses on investments in Treasury bonds. According to Finanstilsynet, the requirement applies both to the banking group and the entire DNB Group. At year-end 2011, DNB met the requirement by a wide margin for both entities. In addition, a separate requirement from the US authorities to the banking group relating to the operations of the subsidiary DNB Markets Inc. in New York must be fulfilled, whereby the Tier 1 capital ratio for the banking group must be 6 per cent and the total capital adequacy ratio 10 per cent. At year-end 2011, this requirement was also fulfilled by a wide margin.

At year-end 2011 DNB Boligkreditt AS had a Tier 1 ratio of 7.8 per cent and a Capital ratio of 8.9 per cent.

In addition to the regulatory assessment and allocation of capital to the Group's legal units, an allocation of capital to the operative business areas is made for management purposes, based on a calculation of risk-adjusted capital requirements.

Note 4 Capitalisation policy and capital adequacy (continued)

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 4 Capitalisation policy and capital adequacy (continued)

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.

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 rule			0	0	0
Total risk-weighted volume and capital requirements			874 786	69 983	59 056

1) EAD, exposure at default.

Note 4 Capitalisation policy and 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	824 706	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	1 556 833	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	2 340 187	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 rule			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.*

Note 4 Capitalisation policy and 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. Below is a time schedule for the implementation of the different reporting methods used for the banking group's portfolios.

	Reporting methods for credit risk in capital adequacy calculations	
Portfolios	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' liquidity 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 5 Risk management

Risk management in DNB Bank Group

The Board of Directors of DNB ASA has a clearly stated goal to maintain a low overall risk profile, which is reflected in the DNB Bank ASA's aim to maintain at least an AA level rating for ordinary long-term debt. The profitability of DNB Bank Group will depend on the banking group's ability to identify, manage and accurately price risk arising in connection with financial services.

Organisation and authorisation structure

- *Board of Directors.* The Board of Directors of DNB ASA sets long-term targets for the Group’s risk profile. The risk profile is operationalised through the risk management framework, including the establishment of authorisations. Risk-taking should take place within established limits.
- *Authorisations.* Authorisations must be in place for the extension of credit and for position and trading limits in all critical financial areas. All authorisations are personal. Authorisations and group limits are determined by the Board of Directors and can be delegated in the organisation, though any further delegation requires approval by an immediate superior.
- *Annual review of limits.* Risk limits are reviewed at least annually in connection with budget and planning processes.
- *Independent risk management functions.* Risk management functions and the development of risk management tools are undertaken by units that are independent of operations in the individual business areas.

Note 5 Risk management (continued)

Monitoring and use

- *Accountability*. All executives are responsible for risk within their own area of responsibility and must consequently be fully updated on the risk situation at all times.
- *Risk reporting*. Risk reporting in the DNB Group ensures that all executives have the necessary information about current risk levels and future developments. To ensure high-quality, independent risk reports, responsibility for reporting is assigned to units that are independent of the operative units.
- *Capital assessment*. A summary and analysis of the DNB Group's capital and risk situation is presented in a special risk report to the Board of Directors.
- *Use of risk information*. Risk is an integral part of the management and monitoring of business areas. Return on risk-adjusted capital is reflected in product pricing, profit calculations and in monitoring performance in the business areas.

Relevant risk measures

- *A common risk measure for the banking group*. The Bank Group's risk is measured in the form of risk-adjusted capital, calculated for main risk categories and for all of the banking group's business areas. See the paragraph on ”Risk-adjusted capital for the DNB Bank Group” for more information.
- *Supplementary risk measure*. In addition, risk is followed up through supplementary risk measures adapted to operations in the various business areas, for example monitoring of positions relative to limits, key figures and portfolio risk targets.

Risk categories

For risk management purposes, DNB distinguishes between the following risk categories:

- *Credit risk* is the risk of losses due to failure on the part of the banking group's counterparties or customers to meet their payment obligations towards the DNB Bank Group. Credit risk refers to all claims against counterparties or customers, including credit risk in trading operations, country risk and settlement risk. Note 6 contains an assessment of the DNB Group's credit risk at year-end 2010 and 2011.
- *Market risk* is the risk of losses or reduced future income due to fluctuations in market prices or exchange rates. The risk arises as a consequence of the bank's unhedged transactions and exposure in the foreign exchange, interest rate, commodity and equity markets. Notes 13-16 contain an assessment of the banking group's market risk at year-end 2010 and 2011.
- *Liquidity risk* is the risk that the banking group will be unable to meet its obligations as they fall due, and risk that the banking group will be unable to meet its liquidity obligations without a substantial rise in appurtenant costs. In a broader perspective, liquidity risk also includes the risk that the banking group will be unable to finance increases in assets as its funding requirements rise. Note 17 contains an assessment of the banking group's liquidity risk at year-end 2010 and 2011.
- *Operational risk* is the risk of losses due to deficiencies or errors in processes and systems, errors made by employees or external events.
- *Business risk* is the risk of losses due to changes in external factors such as the market situation or government regulations. This risk category also includes reputational risk.
- *Basis risk* is the risk that the change in value of a hedge does not fully match the change in value of the underlying position it hedges. The reasons for the mismatch in value (basis risk) can be different start dates, maturity dates, delivery locations or quality, advantages/ disadvantages of maintaining a holding of the underlying instrument credit risk and supply and demand effects.

Risk-adjusted capital for the DNB Bank Group

Risk-adjusted capital is a measure of the risk of losses generated by various business operations. Risk-adjusted capital makes it possible to compare risk across risk categories and business areas. Average losses over a normal business cycle represent expected costs which should primarily be covered through correct pricing of the banking group's products. Risk-adjusted capital should cover unexpected losses. The quantification of risk-adjusted capital is based on statistical probability calculations for the various risk categories on the basis of historical data. As it is impossible to guard against all potential losses, DNB has stipulated that risk-adjusted capital should cover 99.97 per cent of potential losses according to the modelled loss distribution within a one-year horizon. This level is in accordance with an AA level rating target for ordinary long-term debt.

Risk-adjusted capital and average losses over a normal business cycle are elements in calculations of risk-adjusted return, which is a key financial management parameter in the internal management of the DNB Bank Group. The calculations are included in the financial planning for the business areas and are reported each month. Risk-adjusted return is a measurement parameter in the pricing model and is reported monthly in automated management systems. Risk-adjusted capital is also used as decision support for risk management.

DNB Bank Group quantifies risk-adjusted capital for the following risk categories: credit risk, market risk, operational risk and business risk. The risk-adjusted capital for the various risk categories is calculated separately. In addition, risk-adjusted capital is calculated for each business area. A diversification or portfolio effect arises when the various risks are considered together, as it is unlikely that all losses will occur at the same time. An economic downturn will normally have a negative effect on most areas, but there will be a diversification effect, as not all areas will be hit equally hard. The diversification effect between risk categories and business areas implies that the DNB Bank Group's risk-adjusted capital will be much lower than if the business areas had been independent companies.

At end-December 2011, net risk-adjusted capital for the DNB Bank Group was estimated at NOK 56.1 billion, an increase of NOK 4.1 billion from end-December 2010.

Note 5 Risk management (continued)

Risk-adjusted capital for the DNB Bank Group	DNB Bank Group	
Amounts in NOK billion	2011	2010
Credit risk	50.1	45.5
Market risk	4.9	5.0
Operational risk	6.1	5.8
Business risk	4.0	3.9
Gross risk-adjusted capital	65.1	60.2
Diversification effect [1)]	(9.1)	(8.2)
Net risk-adjusted capital	56.1	52.0
Diversification effect in per cent of gross risk-adjusted capital [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 allocated to the business areas is based on the same framework as for the DNB Bank Group. Risk-adjusted profitability measures risk-adjusted profits relative to allocated capital. This enables comparisons of financial performance across business areas.

Processes have been established in the DNB Bank Group to assess capital requirements relative to the DNB Bank Group's risk profile and the quality of established risk management and control systems. Developments in capital levels are a key element in long-term financial planning. The DNB Bank Group is required by the authorities to carry out an assessment of its risk profile and capital requirements, called ICAAP, Internal Capital Adequacy Assessment Process. The assessment is subject to an annual review by Finanstilsynet through SREP, Supervisory Review and Evaluation Process. Finanstilsynet thus gives feedback on the capitalisation of the DNB Group.

Risk-adjusted capital per business area 31 December 2011 — **DNB Bank Group**

Per cent	Retail Banking	Large Corporates and International	DNB Markets	Equity Investments	DNB Baltics and Poland	DNB Bank Group Group
Credit risk	82.7	86.2	63.8		79.8	76.9
Market risk	2.6	1.3	9.7	100.0	1.6	7.6
Operational risk	8.7	8.4	12.9		13.1	9.4
Business risk						
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total risk-adjusted capital in NOK billion	22.1	24.8	6.6	2.0	3.9	

Concentrations of risk

Concentrations of financial risk arise when financial instruments with identical characteristics are influenced in the same way by changes in economic or other factors. The identification of risk concentrations is subject to discretionary assessment. The general purpose of risk management in the DNB Bank Group is to reduce and control risk concentrations. The DNB Bank Group aims to avoid large credit risk concentrations, including large exposures to a customer or customer group as well as clusters of commitments in high-risk categories, industries and geographical areas, cf. notes 3, 7 and 8. Total credit risk as at 31 December 2011 is presented in note 6. With respect to market risk, concentration risk is restricted by limits ensuring that exposure is divided among a number of instruments, securing sound diversification to meet changes in share prices, exchange rates, commodity prices and interest rate levels. Concentrations of interest rate risk are presented in note 14. Currency risk is specified in note 15. The DNB Bank Group's largest investments in shares, mutual funds and equity certificates are specified in note 32. The DNB Bank Group has not identified material risk concentrations apart from in its core operations, including strategic priority areas, which are referred to above.

Note 6 Credit risk

Credit risk is the risk of losses due to failure on the part of the Group's counterparties or customers to meet their payment obligations towards the DNB Banking group. Credit risk represents the chief risk category for the Group and refers to all claims against customers, mainly loans, but also commitments in the form of other extended credits, guarantees, interest-bearing securities, approved, undrawn credits and offers of credit, as well as counterparty risk arising through derivatives and foreign exchange contracts. Settlement risk, which arises in connection with payment transfers as not all transactions take place in real time, also involves counterparty risk.

The maximum credit risk exposure will be the carrying amount of financial assets plus unrecorded exposure, which mainly includes guarantees, unutilised credit lines and offers of credit. Guarantees, unutilised credit lines and offers of credit are specified in note 51.

DNB Bank ASA		**Loans and deposits designated as at fair value**	**DNB Bank Group**	
31 Dec. 2009	31 Dec. 2010	*Amounts in NOK million*	31 Dec. 2010	31 Dec. 2009
127 148	98 993	Loans and deposits designated as at fair value	109 103	126 433
127 148	98 993	Total exposure to credit risk	109 103	126 433
348	169	Value adjustment from credit risk 1)	336	445
(210)	(179)	Value adjustment from change in credit risk	(108)	(272)

1) *Credit risk reflected in fair value measurements is based on normalised losses and changes in normalised losses in the relevant portfolio.*

Credit risk exposure – loans

Notes 7 and 8 show the Group's credit risk exposure for principal sectors and according to geographic location. Notes 9 through 12 show impaired commitments and write-downs on loans and guarantees.

Classification of commitments

DNB divides commitments into ten risk classes based on probability of default. All credit customers are classified according to risk at least once a year and in connection with every credit decision.

DNB's risk classification 1)

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

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

Commitments according to risk classification — **DNB Bank ASA**

Amounts in NOK billion	Gross lending to customers	Guarantee commitments	Undrawn limits (committed)	Total commitments
Risk category based on probability of default				
1 - 4	368	54	222	644
5 - 6	199	13	67	279
7 - 10	94	3	14	111
Non-performing and impaired commitments	13	0	0	13
Total commitments as at 31 December 2010 1)	674	70	303	1 047
Risk category based on probability of default				
1 - 4	392	67	271	730
5 - 6	226	21	87	334
7 - 10	82	3	18	103
Non-performing and impaired commitments	18	0	0	18
Total commitments as at 31 December 2011 1)	718	91	376	1 185

1) *Based on nominal amounts.*

Loan-loss level 1)	2011	2010
Normalised losses including loss of interest income in per cent of net lending	0.37	0.40

1) *The calculation of the loan-loss level is based on an evaluation of the probability of future losses (default frequency), exposure at default and the size of the estimated loss (loss ratio). Calculations are based on a certain level of discretion and estimation.*

Note 6 Credit risk (continued)

Commitments according to risk classification **DNB Bank Group**

Amounts in NOK billion	Gross lending to customers	Guarantee commitments	Undrawn limits (committed)	Total commitments
Risk category based on probability of default				
1 - 4	729	57	259	1 045
5 - 6	306	14	75	395
7 - 10	130	3	16	149
Non-performing and impaired commitments	28	0	0	28
Total commitments as at 31 December 2010 [1)]	1 193	74	350	1 617
Risk category based on probability of default				
1 - 4	779	68	310	1 157
5 - 6	372	23	98	493
7 - 10	121	3	20	144
Non-performing and impaired commitments	29	0	0	29
Total commitments as at 31 December 2011 [1)]	1 301	94	428	1 823

1) *Based on nominal amount.*

Loan-loss level [1)]	2011	2010
Normalised losses including loss of interest income in per cent of net lending	0.30	0.33

1) *The calculation of the loan-loss level is based on an evaluation of the probability of future losses (default frequency), exposure at default and the size of the estimated loss (loss ratio). Calculations are based on a certain level of discretion and estimation.*

Collateral security and other risk-mitigating measures

The DNB Group's credit policy regulates credit activity in DNB. The customer's debt servicing capacity is the key element when considering whether to approve a credit. If the customer has not proven a satisfactory debt servicing capacity, credit should normally not be extended even if the collateral is adequate. Before credit is granted, extensive credit assessments are made according to prevailing policy and guidelines. In addition, DNB has a group policy for investments in commercial paper and bonds, where external ratings are a key factor. See note 35, which includes a description of DNB Markets' international bond portfolio.

In addition to extensive processes for credit assessment and monitoring, the banking group uses collateral security to reduce risk, depending on the market and type of transaction. Collateral security can be in the form of physical assets, guarantees, cash deposits or netting agreements. The main types of collateral used are mortgages on residential property, commercial property and other real property, ships, rigs, registrable movables, accounts receivable, inventories, plant and equipment, agricultural chattel and fish-farming concessions. The principal rule is that physical assets should be insured. In addition, so-called negative pledges are used, where the customer is required to keep all assets free from encumbrances vis-à-vis all lenders. The credit process is based on an assessment of the customer's debt servicing capacity in the form of ongoing future cash flows. The source of such cash flows varies depending on customer segment and the customer's operations or the loan object. The main sources of the cash flow included in such assessments are earned income and income from the business operations which are being financed. In addition, the extent to which the bank's exposure will be covered through the realisation of collateral in connection with a possible future default or reduction in future cash flows is taken into account. When assessing mortgages backed by residential property, external appraisals are used. The large majority of home mortgages are within 80 per cent of the property's appraised value, and external parameters are used to regularly review house values. Evaluations of the value of collateral in the corporate market are based on a going concern assumption, with the exception of situations where write-downs have been made. In addition, factors which may affect the value of collateral, such as concession terms or easements and sales costs, are taken into account. With respect to evaluations of both collateral in the form of securities and counterparty risk, the estimated effects of enforced sales are also considered. The main principle for valuing collateral is to use the expected realisation value at the time the bank may need to realise the collateral. Extensive rules have been prepared as part of the credit process, including maximum rates for all types of collateral and realisation guidelines. Valuations of collateral should be made when approving new loans and in connection with the annual renewal and are considered to be part of credit decisions. A procedure has been established for the periodic control of the values on which the extension of credit is based.

The main categories of guarantors are private individuals, companies, guarantee institutes and banks. Guarantors are classified according to risk based on the bank's rating models. Debtors can only be assigned the guarantor's risk category provided that the guarantor is placed in risk class 6 or higher and the guarantee applies to the entire commitment. Guarantees can only serve as collateral and affect calculation of losses in the event of default if they are placed in risk class 6 or higher. Guarantees represent a limited part of total collateral.

The banking group's netting rights are in compliance with general rules in Norwegian legislation. Netting clauses have been included in all of the bank's standard loan agreements and in product agreements in DNB Markets.

In addition to an assessment of the customer's debt servicing capacity, the future realisation value of collateral and netting rights, financial clauses are included in credit agreements. These clauses are a supplement to reduce risk and ensure adequate follow-up and management of the commitments. Such clauses may include minimum cash flow and equity ratio requirements.

In order to reduce risk concentrations, limits have also been established for exposure to individual segments.

Commitments showing a negative development are identified and followed up separately. The risk classification systems referred to above are used for decision support, risk monitoring and reporting.

Note 6 Credit risk (continued)

Counterparty risk for derivatives
Derivatives are traded in portfolios where balance sheet products are also traded. The market risk of the derivatives is handled, reviewed and controlled as an integral part of market risk in these portfolios. Derivatives are traded with a number of different counterparties, and most of these are also engaged in other types of business. The credit risk that arises in connection with derivative trading is included in the DNB Banking group's overall credit risk. For a number of counterparties, netting agreements or bilateral guarantee agreements have been entered into, thus reducing credit risk. The authorities' capital adequacy requirements take such agreements into account by reducing the capital requirement.

CSA agreements (Credit Support Annex) have been entered into with most of the major banks. This implies that the market value of all derivatives entered into between DNB and the counterparty is settled either daily or weekly, whereby counterparty risk is largely offset. If the collateral is impaired (i.e. weaker rating) the minimum amount for the exchange of money will be reduced.

At year-end, the banking group considered whether there were objective evidence that the financial assets had decreased in value. See note 10 Write-downs on loans and guarantees and note 35 Commercial paper and bonds, held to maturity. At year-end 2011, the banking group's exposure to the so-called PIIGS countries (Portugal, Ireland, Italy, Greece and Spain) totalled approximately NOK 21 billion, the majority of which referred to DNB Markets' international bond portfolio (NOK 17.4 billion). The banking group had no exposure to Greece.

The financial effects of collateral and other risk-mitigating measures are believed to reduce the banking group's credit risk to a satisfactory level. In addition, the level of write-downs upon default is reduced. See also note 5, in which the banking group's credit risk is quantified in terms of risk-adjusted capital requirements. Risk-adjusted capital for credit increased by NOK 4.6 billion during 2011 due to rising volumes and was estimated at NOK 50.1 billion at end-December.

DNB Bank ASA		Write-down ratio	DNB Bank Group	
31 Dec. 2010	31 Dec. 2011	*Amounts in NOK million*	31 Dec. 2011	31 Dec. 2010
6 967	8 757	Non-performing commitments (gross)	16 793	17 313
5 993	9 049	Impaired commitments (gross)	12 296	10 369
12 960	17 806	Gross non-performing and impaired commitments	29 089	27 682
3 965	4 983	Individual write-downs	9 624	9 273
1 343	1 424	Collective write-downs	2 119	1 872
41.0	36.0	Write-downs in per cent of gross non-performing and impaired commitments	40.4	40.3
5 874	10 074	Collateral for non-performing and impaired commitments	18 209	17 793
86.3	92.6	Write-downs and collaterals in per cent of gross non-performing and impaired commitments	103.0	104.5

Past due loans not subject to write-downs

The table below shows overdue amounts on loans and overdrafts on credits/deposits broken down on number of days after the due date that are not due to delays in payment transfers. Past due loans and overdrafts on credits/deposits are subject to continual monitoring. Commitments where a probable deterioration of customer solvency is identified are reviewed for impairment. Such reviews are also carried out for the commitments included in the table in cases where no deterioration of customer solvency has been identified. Past due loans subject to impairment are not included in the table.

DNB Bank ASA			DNB Bank Group	
31 Dec. 2010	31 Dec. 2011	*Amounts in NOK million*	31 Dec. 2011	31 Dec. 2010
		No. of days past due/overdrawn		
431	127	1 - 29	208	1 238
257	168	30 - 59	263	466
33	8	60 - 89	95	103
25	4	> 90	213	261
746	307	Past due loans not subject to write-downs	779	2 068

Note 6 Credit risk (continued)

Repossessed properties and other assets – recorded value

Repossessed assets are assets acquired by units within the banking group as part of the management of non-performing and impaired commitments. At the time of acquisition, such assets are valued at their estimated realisable value. Any deviation from the carrying value of non-performing and impaired commitments at the time of acquisition is classified as write-downs on loans. Repossessed assets are recorded in the balance sheet according to the type of asset. When acquiring shares or mutual fund holdings, the assets are evaluated according to the principles described in the Accounting principles. Upon final sale, the difference relative to carrying value is recognised in the income statement according to the type of asset. Property additions in 2010 mainly included the acquisition of the companies FB 40 ApS and København Ejendomme from DNB Baltics and Poland's operations in Denmark and repossessed investment properties in Latvia and Lithuania. Other asset additions in 2010 mainly included machinery, equipment and vehicles taken over from DNB Baltics and Poland's operations in Estonia. Property additions in 2011 mainly included the acquisition of the companies Royston/Propinvest. Disposals in 2011 mainly relates to the residential market in Latvia.

DNB Bank ASA			DNB Bank Group	
2010	2011	*Amounts in NOK million*	2011	2010
9	11	Repossessed properties and other repossessed assets as at 1 January	2 822	224
2	0	Property additions	2 559	2 626
0	0	Other asset additions	0	119
0	1	Property disposals	196	22
0	0	Other asset disposals	0	125
11	10	Repossessed properties and other repossessed assets as at 31 December	5 185	2 822

Companies/parts of companies acquired in 2011

Royston/Propinvest

On 16 June 2011, DnB NOR 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 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 property values are included in the above table.

Relacom AB

As part of the restructuring of the Realcom Group, the creditors took over all shares in Realcom AB in April 2011. Debt totalling SEK 2.3 billion was thereafter converted to equity capital. The banking group's ownership interest in the company was 30.76 per cent at year-end 2011. The balance sheet value of the investment was NOK 32 million. See note 37 Investments in associated companies for more information. The investment is not included in the above table.

Companies/parts of companies acquired in 2010

København Ejendomme Holding Aps (København Ejendomme)

On 21 October 2010, Bovista, RC Real Estate, Nykredit, Bank DnB NORD and DnB NOR Bank ASA entered into an agreement to settle an ongoing legal dispute. The agreement implied that DnB NOR Bank ASA purchased the property portfolio from the company in liquidation, Bovista, at fair value and paid an additional compensation to settle the dispute. The total amount paid was DKK 2 023 million. The properties were taken over on 1 December 2010. The property portfolio consists of 1 083 flats in prime location, mainly in central parts of Copenhagen. The repossessed properties are included in the above table.

FB 40 ApS

In 2010, Bank DnB NORD in Copenhagen took over all shares in FB 40 ApS. The company owns a commercial property in the centre of Copenhagen. The property is included in the above table.

Amports Inc.

The auto transport company receives and prepares cars prior to and following overseas shipping. In the fourth quarter of 2010, the company's three large creditors agreed to recapitalise the company. The company's debt was converted to share capital in November 2010. After the conversion, DnB NOR Bank ASA acquired a 28.97 per cent ownership interest in the company. The balance sheet value of the investment was NOK 122 million at year-end 2011. See note 37 Investments in associated companies for more information. The investment is not included in the above table.

Faktor Eiendom ASA

During the second quarter of 2010, Faktor Eiendom ASA completed a private placement totalling NOK 250 million, and the bank converted NOK 249 million from debt to equity. After the conversion, DnB NOR Bank ASA acquired a 30.8 per cent ownership interest in the company, which was later reduced to 30.6 per cent. The company went into liquidation in 2011. See note 37 Investments in associated companies for more information. The investment is not included in the above table.

Note 6 Credit risk (continued)

Companies/parts of companies acquired in 2009

Nordisk Tekstil Holding Group

On 26 August 2009, DnB NOR Bank ASA took over the shares in Nordisk Tekstil Holding AS as part of the restructuring of the bank's commitment with the company. Nordisk Tekstil Holding AS owns 100 per cent of Kid Interiør AS and Kid Logistikk AS and 50 per cent of Kid Skeidar AS. Kid Interiør has a dominant position in the Norwegian home textile market. The Nordisk Tekstil Holding Group was taken over at the price of NOK 1. The Nordisk Tekstil Holding Group is classified under operations held for sale in the accounts and is not included in the above table.

Effects of changes in credit margins

The financial turmoil has caused a general rise in credit margins, which affects a number of items in the DNB Bank Group's balance sheet. The turmoil continued in 2011 due to the debt situation in Greece and a number of other European countries, especially in the fourth quarter.

The DNB Bank Group's fixed-rate loans in Norwegian kroner and parts of the portfolio of margin loans in Norwegian kroner are carried at fair value through profit or loss. Unrealised losses resulting from rising margin requirements came to NOK 115 million at year-end 2011, compared with unrealised losses of NOK 7 million at end-December 2010. The unrealised losses will be reversed over the remaining term to maturity, provided that there are no changes in the credit status of the loans.

As part of ongoing liquidity management, DNB Markets invested in an international covered bonds portfolio in 2011. Higher margin requirements resulted in unrealised losses of NOK 487 million in this portfolio at year-end 2011. The unrealised losses will be reversed over the remaining term to maturity, provided that there are no changes in the credit status of the bonds.

The DNB Bank Group has a 40 per cent ownership interest in Eksportfinans, and the company is recognised in the group accounts according to the equity method. Large parts of Eksportfinans' liabilities are carried at fair value through profit or loss. Moody's and Standard and 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 Bank's holding, after tax, represented NOK 11.8 billion. After reviewing the fair value of the company, DNB Bank 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 Bank's share of profits from the company. Following the write-down, unrealised gains after tax attributable to the DNB Bank Group were NOK 327 million at year-end 2011, compared with NOK 360 million at end-December 2010. Unrealised gains on the company's liabilities will be reversed over the remaining term to maturity.

The DNB Bank Group's long-term borrowings in Norwegian kroner are carried at fair value through profit or loss. Due to the financial market turmoil and the downgrading of Eksportfinans, investors' margin requirements increased through 2011, especially in the fourth quarter. At end-December 2011, there were unrealised gains of NOK 536 million on long-term borrowings. At year-end 2010, there were unrealised losses of NOK 19 million in the portfolio. Unrealised gains and losses on the DNB Bank Group's liabilities will be reversed over the remaining term to maturity.

Note 7 Commitments for principal sectors [1)]

Commitments as at 31 December 2011				DNB Bank ASA
Amounts in NOK million	Loans and receivables	Guarantees	Unutilised credit lines	Total commitments
Retail customers	117 734	219	56 019	173 972
Transportation by sea and pipelines and vessel construction	143 150	10 963	40 646	194 758
Real estate	142 981	2 872	23 287	169 140
Manufacturing	44 418	13 741	49 003	107 162
Services	77 172	5 007	33 009	115 189
Trade	30 522	4 337	25 835	60 693
Oil and gas	24 501	14 357	42 468	81 326
Transportation and communication	28 081	3 962	18 310	50 353
Building and construction	35 395	10 925	17 193	63 513
Power and water supply	25 857	15 933	25 673	67 463
Seafood	13 068	260	5 727	19 055
Hotels and restaurants	2 661	223	834	3 718
Agriculture and forestry	6 504	49	1 274	7 826
Central and local government	3 326	1 839	3 324	8 489
Other sectors	17 722	6 045	32 904	56 671
Total customers, nominal amount after individual write-downs	713 089	90 733	375 505	1 179 327
– Collective write-downs, customers	1 424	-	-	1 424
+ Other adjustments	302	(87)	-	216
Lending to customers	**711 966**	**90 646**	**375 505**	**1 178 118**
Credit institutions, nominal amount after individual write-downs	193 048	4 856	68 111	266 015
+ Other adjustments	331	0	-	331
Lending to and deposits with credit institutions	**193 379**	**4 856**	**68 111**	**266 346**

Commitments as at 31 December 2010				DNB Bank ASA
Amounts in NOK million	Loans and receivables	Guarantees	Unutilised credit lines	Total commitments
Retail customers	134 723	257	63 525	198 505
Transportation by sea and pipelines and vessel construction	133 025	9 707	38 298	181 030
Real estate	138 869	2 119	18 753	159 742
Manufacturing	39 858	9 756	35 748	85 362
Services	63 307	4 713	22 830	90 851
Trade	28 255	4 059	19 394	51 708
Oil and gas	17 962	8 439	26 636	53 037
Transportation and communication	24 797	3 962	16 969	45 729
Building and construction	28 096	7 898	14 234	50 228
Power and water supply	20 156	11 972	16 247	48 374
Seafood	10 728	181	4 042	14 951
Hotels and restaurants	3 672	121	1 028	4 820
Agriculture and forestry	5 343	31	760	6 134
Central and local government	2 436	2 839	4 159	9 434
Other sectors	18 739	4 375	20 361	43 474
Total customers, nominal amount after individual write-downs	669 966	70 429	302 984	1 043 379
– Collective write-downs, customers	1 343	-	-	1 343
+ Other adjustments	831	(85)	-	746
Lending to customers	**669 454**	**70 344**	**302 984**	**1 042 782**
Credit institutions, nominal amount after individual write-downs	216 045	3 132	76 969	296 147
+ Other adjustments	387	0	-	387
Lending to and deposits with credit institutions	**216 432**	**3 132**	**76 969**	**296 534**

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

Note 7 Commitments for principal sectors [1] (continued)

Commitments as at 31 December 2011 — **DNB Bank Group**

Amounts in NOK million	Loans and receivables	Guarantees	Unutilised credit lines	Total commitments
Retail customers	599 941	243	98 125	698 309
Transportation by sea and pipelines and vessel construction	143 921	10 980	41 167	196 067
Real estate	187 992	2 975	24 751	215 718
Manufacturing	51 643	14 100	50 446	116 190
Services	87 987	5 233	34 511	127 731
Trade	36 419	4 696	26 948	68 062
Oil and gas	24 502	14 357	42 470	81 329
Transportation and communication	34 273	4 205	18 813	57 292
Building and construction	43 108	12 201	18 040	73 348
Power and water supply	28 801	16 206	26 740	71 746
Seafood	16 934	299	6 166	23 399
Hotels and restaurants	4 089	230	887	5 206
Agriculture and forestry	8 856	52	1 420	10 328
Central and local government	6 708	1 844	4 362	12 914
Other sectors	15 958	6 663	32 936	55 556
Total customers, nominal amount after individual write-downs	1 291 132	94 282	427 782	1 813 196
– Collective write-downs, customers	2 119	-	-	2 119
+ Other adjustments	2 647	(98)	-	2 549
Lending to customers	**1 291 660**	**94 185**	**427 782**	**1 813 626**
Credit institutions, nominal amount after individual write-downs	25 100	2 204	7 577	34 880
+ Other adjustments	6	0	-	6
Lending to and deposits with credit institutions	**25 105**	**2 204**	**7 577**	**34 886**

Commitments as at 31 December 2010 — **DNB Bank Group**

Amounts in NOK million	Loans and receivables	Guarantees	Unutilised credit lines	Total commitments
Retail customers	559 062	283	99 357	658 701
Transportation by sea and pipelines and vessel construction	133 926	9 748	38 430	182 104
Real estate	175 806	2 173	19 828	197 807
Manufacturing	47 897	10 438	38 856	97 191
Services	75 601	5 105	23 941	104 647
Trade	33 942	4 413	20 662	59 016
Oil and gas	18 076	8 439	26 653	53 168
Transportation and communication	29 421	4 139	17 418	50 979
Building and construction	35 790	8 931	15 222	59 943
Power and water supply	22 843	12 355	17 287	52 485
Seafood	13 893	191	4 652	18 737
Hotels and restaurants	5 121	127	1 053	6 300
Agriculture and forestry	7 499	37	900	8 437
Central and local government	6 042	2 844	5 137	14 023
Other sectors	18 659	4 848	20 637	44 143
Total customers, nominal amount after individual write-downs	1 183 578	74 071	350 033	1 607 682
– Collective write-downs, customers	1 872	-	-	1 872
+ Other adjustments	2 394	(95)	-	2 299
Lending to customers	**1 184 100**	**73 976**	**350 033**	**1 608 109**
Credit institutions, nominal amount after individual write-downs	43 759	2 085	11 484	57 328
+ Other adjustments	77	0	-	77
Lending to and deposits with credit institutions	**43 837**	**2 085**	**11 484**	**57 405**

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

Note 8 Commitments according to geographical location [1)]

Commitments as at 31 December 2011 **DNB Bank ASA**

Amounts in NOK million	Loans and receivables	Guarantees	Unutilised credit lines	Total commitments
Oslo	241 348	20 734	145 331	407 413
Eastern and southern Norway	175 072	23 110	92 501	290 683
Western Norway	85 240	9 338	33 439	128 018
Northern and central Norway	92 070	12 399	23 068	127 538
Total Norway	593 730	65 582	294 340	953 652
Sweden	66 284	4 882	28 908	100 073
United Kingdom	28 247	6 617	5 405	40 268
Other Western European countries	61 488	4 643	39 117	105 249
Russia	613	190	73	876
Estonia	2 593	0	0	2 593
Latvia	9 621	2	3	9 626
Lithuania	5 745	24	2	5 771
Poland	12 728	25	461	13 214
Other Eastern European countries	242	246	3	491
Total Europe outside Norway	187 561	16 628	73 973	278 162
USA and Canada	33 579	8 127	32 525	74 231
Bermuda and Panama [2)]	17 658	497	5 529	23 684
Other South and Central American countries	9 547	2 466	6 106	18 119
Total America	60 784	11 089	44 161	116 034
Singapore [2)]	18 608	555	3 494	22 657
Hong Kong	3 590	0	719	4 309
Other Asian countries	13 856	995	6 192	21 043
Total Asia	36 054	1 550	10 405	48 008
Liberia [2)]	12 191	335	3 949	16 475
Other African countries	269	102	1 159	1 530
Australia, New Zealand and Marshall Islands [2)]	20 455	379	15 630	36 464
Commitments [3)]	911 044	95 664	443 616	1 450 325
– Individual write-downs	4 907	75	-	4 983
– Collective write-downs	1 424	-	-	1 424
+ Other adjustments	633	(87)	-	547
Net commitments	**905 345**	**95 502**	**443 616**	**1 444 464**

1) *Based on the customer's address.*

2) *Represents shipping commitments.*

3) *All amounts represent gross lending and guarantees respectively before individual write-downs.*

Note 8 Commitments according to geographical location [1] (continued)

Commitments as at 31 December 2010 **DNB Bank ASA**

Amounts in NOK million	Loans and receivables	Guarantees	Unutilised credit lines	Total commitments
Oslo	234 217	19 452	131 508	385 177
Eastern and southern Norway	171 566	17 229	87 266	276 061
Western Norway	88 491	7 446	31 530	127 466
Northern and central Norway	93 119	7 126	24 026	124 271
Total Norway	587 393	51 253	274 330	912 976
Sweden	67 416	3 620	19 944	90 980
United Kingdom	24 742	4 450	1 130	30 321
Other Western European countries	70 091	5 013	26 384	101 487
Russia	704	9	2	715
Estonia	1 371	0	0	1 371
Latvia	7 471	0	9	7 480
Lithuania	12 055	0	1	12 056
Poland	5 886	19	162	6 068
Other Eastern European countries	245	73	1	319
Total Europe outside Norway	189 981	13 184	47 633	250 798
USA and Canada	25 450	5 017	33 057	63 523
Bermuda and Panama [2]	17 705	324	7 419	25 448
Other South and Central American countries	6 052	2 352	5 996	14 400
Total America	49 207	7 693	46 472	103 372
Singapore [2]	14 804	332	2 297	17 434
Hong Kong	3 746	0	853	4 599
Other Asian countries	12 989	382	990	14 361
Total Asia	31 539	714	4 140	36 394
Liberia [2]	10 919	255	3 128	14 301
Other African countries	2 282	111	384	2 777
Australia, New Zealand and Marshall Islands [2]	18 621	385	3 867	22 873
Commitments [3]	889 942	73 596	379 953	1 343 491
– Individual write-downs	3 931	34	-	3 965
– Collective write-downs	1 343	-	-	1 343
+ Other adjustments	1 218	(85)	-	1 133
Net commitments	**885 886**	**73 476**	**379 953**	**1 339 316**

1) *Based on the customer's address.*
2) *Represents shipping commitments.*
3) *All amounts represent gross lending and guarantees respectively before individual write-downs.*

Note 8 Commitments according to geographical location [1] (continued)

Commitments as at 31 December 2011 **DNB Bank Group**

Amounts in NOK million	Loans and receivables	Guarantees	Unutilised credit lines	Total commitments
Oslo	236 775	20 845	93 770	351 390
Eastern and southern Norway	418 195	23 109	112 070	553 374
Western Norway	154 741	9 342	41 330	205 414
Northern and central Norway	170 257	11 265	32 818	214 339
Total Norway	979 968	64 561	279 989	1 324 518
Sweden	68 740	4 882	29 187	102 809
United Kingdom	28 183	6 617	5 438	40 238
Other Western European countries	59 974	4 651	39 376	104 002
Russia	1 660	204	175	2 040
Estonia	1 971	53	168	2 193
Latvia	17 352	554	1 593	19 499
Lithuania	21 503	612	1 117	23 233
Poland	19 600	722	2 680	23 001
Other Eastern European countries	269	246	9	523
Total Europe outside Norway	219 253	18 541	79 744	317 538
USA and Canada	33 793	8 127	32 610	74 531
Bermuda and Panama [2]	17 661	497	5 535	23 693
Other South and Central American countries	9 586	2 467	6 125	18 178
Total America	61 041	11 091	44 270	116 402
Singapore [2]	14 714	555	3 535	18 804
Hong Kong	3 613	0	726	4 339
Other Asian countries	14 105	999	6 233	21 337
Total Asia	32 433	1 554	10 493	44 480
Liberia [2]	12 191	335	3 949	16 475
Other African countries	399	104	1 263	1 767
Australia, New Zealand and Marshall Islands [2]	20 494	379	15 653	36 526
Commitments [3]	1 325 778	96 564	435 359	1 857 700
– Individual write-downs	9 546	78	-	9 624
– Collective write-downs	2 119	-	-	2 119
+ Other adjustments	2 652	(98)	-	2 555
Net commitments	**1 316 765**	**96 389**	**435 359**	**1 848 512**

1) *Based on the customer's address.*
2) *Represents shipping commitments.*
3) *All amounts represent gross lending and guarantees respectively before individual write-downs.*

Note 8 Commitments according to geographical location [1] (continued)

Commitments as at 31 December 2010 **DNB Bank Group**

Amounts in NOK million	Loans and receivables	Guarantees	Unutilised credit lines	Total commitments
Oslo	220 822	19 648	72 656	313 126
Eastern and southern Norway	386 727	17 261	106 159	510 147
Western Norway	146 273	7 450	37 270	190 992
Northern and central Norway	156 593	7 378	32 625	196 596
Total Norway	910 415	51 737	248 710	1 210 862
Sweden	67 913	3 620	19 954	91 487
United Kingdom	25 094	4 450	1 147	30 691
Other Western European countries	60 225	5 476	28 987	94 688
Russia	1 360	43	131	1 533
Estonia	2 841	29	80	2 951
Latvia	18 242	492	844	19 577
Lithuania	22 690	441	1 806	24 938
Poland	14 408	690	1 786	16 884
Other Eastern European countries	251	73	3	326
Total Europe outside Norway	213 023	15 313	54 738	283 074
USA and Canada	25 573	5 017	33 076	63 665
Bermuda and Panama [2]	17 828	324	7 449	25 601
Other South and Central American countries	6 109	2 353	6 004	14 466
Total America	49 510	7 694	46 529	103 733
Singapore [2]	14 845	332	2 301	17 479
Hong Kong	3 780	7	856	4 643
Other Asian countries	13 027	386	990	14 403
Total Asia	31 652	725	4 147	36 525
Liberia [2]	10 919	255	3 128	14 301
Other African countries	2 394	112	398	2 905
Australia, New Zealand and Marshall Islands [2]	18 632	385	3 867	22 884
Commitments [3]	1 236 547	76 220	361 517	1 674 283
– Individual write-downs	9 208	65	-	9 273
– Collective write-downs	1 872	-	-	1 872
+ Other adjustments	2 471	(95)	-	2 376
Net commitments	**1 227 937**	**76 061**	**361 517**	**1 665 514**

1) Based on the customer's address.

2) Represents shipping commitments.

3) All amounts represent gross lending and guarantees respectively before individual write-downs.

Note 9 Impaired commitments for principal sectors [1)]

DNB Bank ASA

	Gross impaired commitments		Total individual write-downs		Net impaired commitments	
Amounts in NOK million	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010
Retail customers	2 577	2 882	1 047	1 064	1 530	1 819
Transportation by sea and pipelines and vessel construction	3 957	1 022	453	275	3 504	747
Real estate	3 973	1 124	914	253	3 059	871
Manufacturing	2 222	1 996	774	473	1 448	1 523
Services	956	1 251	633	616	323	635
Trade	900	1 554	466	370	434	1 184
Oil and gas	0	0	0	0	0	0
Transportation and communication	274	381	176	199	98	182
Building and construction	545	1 393	289	438	256	955
Power and water supply	75	179	75	156	0	24
Seafood	84	12	24	8	60	4
Hotels and restaurants	122	140	45	40	77	100
Agriculture and forestry	155	169	51	46	104	123
Central and local government	0	0	0	0	0	0
Other sectors	25	71	11	26	14	45
Total customers	15 865	12 175	4 958	3 965	10 907	8 211
Credit institutions	45	0	24	0	21	0
Total impaired loans and guarantees	15 910	12 175	4 983	3 965	10 928	8 211
Non-performing loans and guarantees not subject to write-downs	1 895	785	-	-	1 895	785
Total non-performing and impaired commitments	17 805	12 960	4 983	3 965	12 823	8 996

DNB Bank Group

	Gross impaired commitments		Total individual write-downs		Net impaired commitments	
Amounts in NOK million	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010
Retail customers	6 557	6 727	2 786	2 246	3 771	4 481
Transportation by sea and pipelines and vessel construction	4 045	1 144	494	335	3 551	810
Real estate	5 121	3 742	1 546	1 239	3 575	2 503
Manufacturing	3 676	4 865	1 604	1 700	2 072	3 165
Services	1 410	2 378	838	857	572	1 521
Trade	1 671	1 515	817	817	854	698
Oil and gas	0	0	0	0	0	0
Transportation and communication	761	977	427	487	334	490
Building and construction	1 349	2 777	702	1 067	647	1 710
Power and water supply	80	188	80	162	0	25
Seafood	100	52	33	41	67	10
Hotels and restaurants	429	481	131	130	298	351
Agriculture and forestry	388	441	128	162	260	279
Central and local government	0	0	0	0	0	0
Other sectors	35	81	13	29	22	53
Total customers	25 622	25 368	9 599	9 272	16 023	16 097
Credit institutions	46	1	25	1	21	0
Total impaired loans and guarantees	25 667	25 369	9 624	9 273	16 043	16 097
Non-performing loans and guarantees not subject to write-downs	3 422	2 313	-	-	3 422	2 313
Total non-performing and impaired commitments	29 089	27 682	9 624	9 273	19 465	18 409

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

Note 10 Write-downs on loans and guarantees

DNB Bank ASA

Amounts in NOK million	2011 Lending [1]	2011 Guarantees	2011 Total	2010 Lending [1]	2010 Guarantees	2010 Total
Write-offs	492	0	492	356	0	356
New individual write-downs	2 298	58	2 357	2 168	11	2 178
Total new individual write-downs	2 790	58	2 849	2 524	11	2 534
Reassessed individual write-downs	444	17	461	664	16	680
Recoveries on commitments previously written off	415	0	415	401	0	401
Net individual write-downs	1 931	41	1 973	1 459	(5)	1 454
Changes in collective write-downs on loans	56	-	56	(641)	-	(641)
Write-downs on loans and guarantees	**1 987**	**41**	**2 029**	**818**	**(5)**	**813**
Write-offs covered by individual write-downs made in previous years	1 463	1	1 464	1 650	0	1 650

DNB Bank Group

Amounts in NOK million	2011 Lending [1]	2011 Guarantees	2011 Total	2010 Lending [1]	2010 Guarantees	2010 Total
Write-offs	550	0	550	459	0	459
New individual write-downs	4 047	73	4 120	5 128	13	5 141
Total new individual write-downs	4 597	73	4 670	5 587	13	5 600
Reassessed individual write-downs	968	47	1 015	1 092	16	1 109
Recoveries on commitments previously written off	437	0	437	418	0	418
Net individual write-downs	3 192	26	3 217	4 077	(3)	4 074
Changes in collective write-downs on loans	227	-	227	(1 077)	-	(1 077)
Write-downs on loans and guarantees	**3 419**	**26**	**3 445**	**3 000**	**(3)**	**2 997**
Write-offs covered by individual write-downs made in previous years	2 740	13	2 753	2 209	8	2 217

1) *Including write-downs on loans at fair value.*

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.

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. 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 2010. There was no general deterioration in the banking group's loan portfolio. Net non-performing and doubtful commitments represented 1.53 and 1.49 per cent, respectively, of lending volume at end-December 2010 and 2011.

Note 11 Write-downs on loans and guarantees for principal sectors [1)]

DNB Bank ASA

Amounts in NOK million	2011 New individual write-downs	2011 Reassessed individual write-downs	2011 Recoveries on commitments previously written off	2011 Net write-downs	2010 New individual write-downs	2010 Reassessed individual write-downs	2010 Recoveries on commitments previously written off	2010 Net write-downs
Retail customers	742	6	347	389	921	4	301	616
Transportationg by sea and pipelines and wessel construction	409	77	4	327	318	63	12	243
Real estate	528	81	11	435	235	188	6	41
Manufacturing	125	28	1	96	136	10	0	125
Services	136	51	3	82	211	53	61	97
Trade	314	145	4	165	129	301	2	(174)
Oil and gas	0	0	0	0	0	0	0	0
Transportation and communication	32	20	6	6	77	20	2	55
Building and construction	467	25	5	438	294	21	7	266
Power and water supply	2	8	0	(6)	155	0	0	155
Seafood	19	1	0	18	7	0	0	7
Hotels and restaurants	24	12	0	12	17	10	0	7
Agriculture and forestry	22	7	0	15	21	9	1	11
Central and local government	0	0	0	0	0	0	0	0
Other sectors	3	0	2	1	13	0	9	4
Total customers	2 823	461	385	1 978	2 535	680	401	1 454
Credit institutions	26	0	31	(5)	0	0	0	0
Change in collective write-downs on loans	-	-	-	56	-	-	-	(641)
Write-downs on loans and guarantees	**2 849**	**461**	**415**	**2 029**	**2 535**	**680**	**401**	**813**
Of which individual write-downs on guarantees	*58*	*17*	*0*	*41*	*11*	*16*	*0*	*(5)*

DNB Bank Group

Amounts in NOK million	2011 New individual write-downs	2011 Reassessed individual write-downs	2011 Recoveries on commitments previously written off	2011 Net write-downs	2010 New individual write-downs	2010 Reassessed individual write-downs	2010 Recoveries on commitments previously written off	2010 Net write-downs
Retail customers	1 758	225	360	1 174	1 830	110	307	1 414
Transportation by sea and pipelines and wessel construction	417	77	4	336	356	63	12	281
Real estate	917	167	12	738	805	335	8	462
Manufacturing	281	109	1	171	835	98	1	736
Services	213	73	4	135	345	161	61	123
Trade	316	105	7	203	368	126	3	240
Oil and gas	1	0	0	1	3	0	0	3
Transportation and communication	74	52	7	15	192	87	2	103
Building and construction	527	105	5	416	487	86	8	393
Power and water supply	3	10	0	(7)	158	1	0	158
Seafood	24	20	0	3	9	0	0	9
Hotels and restaurants	48	27	0	20	92	16	0	76
Agriculture and forestry	59	43	1	16	95	25	1	69
Central and local government	0	0	0	0	0	0	0	0
Other sectors	8	1	5	2	22	0	14	9
Total customers	4 644	1 015	406	3 222	5 600	1 109	416	4 076
Credit institutions	26	0	31	(5)	0	0	2	(2)
Change in collective write-downs on loans	-	-	-	227	-	-	-	(1 077)
Write-downs on loans and guarantees	**4 670**	**1 015**	**437**	**3 445**	**5 600**	**1 109**	**418**	**2 997**
Of which individual write-downs on guarantees	*73*	*47*	*0*	*26*	*13*	*16*	*0*	*(3)*

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

Note 12 Developments in write-downs on loans and guarantees

DNB Bank ASA

Amounts in NOK million	2011 Lending to credit institutions	2011 Lending to customers	2011 Guarantees	2011 Total	2010 Lending to credit institutions	2010 Lending to customers	2010 Guarantees	2010 Total
Write-downs as at 1 January	0	5 818	34	5 852	0	5 455	39	5 494
New write-downs	26	1 870	50	1 946	0	1 784	14	1 798
Increased write-downs	0	402	9	411	0	384	(3)	381
Reassessed write-downs	0	444	17	461	0	664	16	680
Write-offs covered by write-downs	0	1 463	1	1 464	0	1 650	0	1 650
Changes in individual write-downs and accrued interest and amortisation	0	(19)	-	(19)	0	29	-	29
Changes in collective write-downs	0	56	-	56	0	(641)	-	(641)
Changes in group structure	0	581	0	581	0	0	0	0
Changes due to exchange rate movement	(1)	31	0	30	0	42	0	42
Write-downs as at 31 December	24	6 832	75	6 932	0	5 818	34	5 852
Of which: Individual write-downs	*24*	*4 883*	*75*	*4 983*	*0*	*3 931*	*34*	*3 965*
Individual write-downs of accrued interest and amortisation	*0*	*525*	*-*	*525*	*0*	*544*	*-*	*544*
Collective write-downs	*0*	*1 424*	*-*	*1 424*	*0*	*1 343*	*-*	*1 343*

DNB Bank Group

Amounts in NOK million	2011 Lending to credit institutions	2011 Lending to customers	2011 Guarantees	2011 Total	2010 Lending to credit institutions	2010 Lending to customers	2010 Guarantees	2010 Total
Write-downs as at 1 January	1	11 737	65	11 803	1	11 249	76	11 325
New write-downs	26	2 320	53	2 399	0	3 305	16	3 321
Increased write-downs	0	1 701	21	1 722	0	1 824	(3)	1 821
Reassessed write-downs	0	968	47	1 015	0	1 093	16	1 109
Write-offs covered by write-downs	0	2 740	13	2 753	0	2 209	8	2 217
Changes in individual write-downs and accrued interest and amortisation	0	52	-	52	0	51	-	51
Changes in collective write-downs	0	227	-	227	0	(1 077)	-	(1 077)
Changes in group structure	0	0	0	0	0	0	0	0
Changes due to exchange rate movement	(1)	20	0	19	0	(313)	0	(313)
Write-downs as at 31 December	25	12 350	78	12 453	1	11 737	65	11 803
Of which: Individual write-downs	*25*	*9 521*	*78*	*9 624*	*1*	*9 207*	*65*	*9 273*
Individual write-downs of accrued interest and amortisation	*0*	*710*	*-*	*710*	*0*	*658*	*-*	*658*
Collective write-downs	*0*	*2 119*	*-*	*2 119*	*0*	*1 872*	*-*	*1 872*

Note 13 Market risk

Conditions for calculating market risk

Market risk is the risk of losses or reduced future income due to fluctuations in market prices or exchange rates. The risk arises as a consequence of the bank's unhedged transactions and exposure in the foreign exchange, interest rate, commodity, credit and equity markets. The risk level reflects market price volatility and the positions taken. Overall, market risk represents a small share of the Group's total risk.

DNB Bank Group quantifies risk by calculating risk-adjusted capital for individual risk categories and for the Group's overall risk, see note 5. The risk-adjusted capital for market risk should, at a confidence level of 99.97 per cent, cover all potential losses related to market risk. The model has a one-year time horizon. Exposure included in the model could be either actual exposure or limits and is a conservative estimate where the Group is assumed to be incorrectly positioned relative to market developments.

The realisation period is the time required to realise positions in highly volatile markets and varies from two days for positions in the most commonly traded currencies to 250 trading days for the bank's investment portfolio.

Financial instruments in the DNB Bank Group are divided into 24 portfolios. Risk-adjusted capital for the portfolios is calculated on the basis of expected developments in the value of an instrument or index. To estimate annual losses, each underlying instrument is simulated over a period of one year. Subsequent to this, losses for each potential realisation period are estimated. Thereafter, an overall loss is calculated, which is the sum total of the losses for each limit for each day during the year the simulations are made. Calculations are repeated 500 000 times, resulting in a probability distribution of the greatest daily loss during the year. The model takes account of correlations between the defined portfolios. A lower level of correlation results in reduced risk-adjusted capital.

There were no changes in market risk limits during 2011. Risk-adjusted capital remained unchanged from 2010 at NOK 4.9 billion.

	DNB Bank Group	
Amounts in NOK billion	2011	2010
Market risk	4.9	4.9

Note 14 Interest rate sensitivity

Interest rate sensitivity for different time intervals

The value of items on and off the balance sheet is affected by interest rate movements. The table shows potential losses for the DNB Bank Group resulting from parallel one percentage point changes in all interest rates. The calculations are based on a hypothetical situation where interest rate movements in all currencies are unfavourable for the DNB Bank Group relative to the bank's positions. Also, all interest rate movements within the same interval will be unfavourable for the banking group. The figures will thus reflect maximum losses for the DNB Bank Group.

The calculations are based on the banking group's positions as at 31 December and market rates on the same date. The table does not include administrative interest rate risk and interest rate risk tied to non-interest-earning assets.

					DNB Bank Group [1)]	
Amounts in NOK million	Up to 1 month	From 1 months to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
31 December 2011						
NOK	358	25	564	236	557	141
USD	28	16	63	12	2	120
EUR	22	32	52	13	22	10
GBP	12	50	1	8	1	30
SEK	2	4	5	3	1	4
Other currencies	4	21	43	19	9	52
31 December 2010						
NOK	53	338	560	275	273	274
USD	28	86	9	6	5	116
EUR	5	26	72	8	43	16
GBP	1	1	1	2	1	1
Other currencies	8	14	14	19	14	53

1) The figures do not include the operations in DNB Baltics and Poland, and are for the rest identical for DNB Bank ASA.

Note 15 Currency positions

The table shows net currency positions as at 31 December, including financial derivatives as defined by Norges Bank. Net positions in individual currencies may represent up to 15 per cent of eligible primary capital. Aggregate currency positions must be within 30 per cent of eligible primary capital. Foreign exchange risk related to investments in subsidiaries is included in the currency position by the amount recorded in the accounts.

DNB Bank ASA			DNB Bank Group	
Net currency positions			Net currency positions	
31 Dec. 2010	31 Dec. 2011	*Amounts in NOK million*	31 Dec. 2011	31 Dec. 2010
36	(56)	USD	(68)	257
(35)	(23)	EUR	109	134
(1)	10	GBP	16	(1)
(18)	(391)	SEK	(52)	248
(1)	(64)	DKK	437	(360)
(46)	(44)	JPY	(43)	(46)
(7)	14	Other	(140)	204
(72)	(554)	Total foreign currencies	259	435

Note 16 Financial derivatives

General information on application of financial derivatives

Financial derivatives are contracts stipulating financial values in the form of interest rate terms, exchange rates and the value of equity instruments for fixed periods of time. Corresponding contracts stipulating prices on commodities and indexes are also defined as financial derivatives. Derivatives include swaps, forward contracts and options as well as combinations thereof, including forward rate agreements (FRAs), financial futures and agreements on the transfer of securities. Financial derivatives in the DNB Bank Group are traded to manage liquidity and market risk arising from the banking group's ordinary operations. In addition, the banking group employs financial derivatives in its own account trading.

"Over the counter" (OTC) derivatives are contracts entered into outside the stock exchange. The contracts are tailor-made according to investor requirements with respect to the underlying object, quantity, price, expiration terms and maturity. The advantage of OTC derivatives is that customers are not limited to standardised contracts and can buy the precise position they wish. The disadvantage compared with the standardised market is that it can be difficult to find other contracting parties and to sell the contracts in the secondary market.

The following derivatives are employed for both trading and hedging purposes in the DNB Bank Group:

- *Forward contracts*: a contract to buy or sell interest rate terms, amounts in foreign currencies, shares or commodities on a specified future date at a fixed price. Forward contracts are tailor-made contracts traded between counterparties in the OTC market.
- *FRAs*: agreements that fix the interest rate for a future period for an agreed amount. When the contract matures, only the difference between the agreed interest rate and the actual market interest rate is exchanged.
- *Interest rate futures*: standardised contracts where the counterparties agree to exchange specific interest rate instruments at a fixed price on a specified date. The contracts are traded on an exchange. The value of interest rate futures follows the price trend on underlying interest rate instruments.
- *Swaps*: transactions where two parties exchange cash flows on a fixed amount over an agreed period. The majority of swaps are tailor-made and traded outside exchanges. The most important types of swaps traded by DNB are:
  - interest rate swaps in which fixed rates of interests are exchanged for floating or floating rates of interest are exchanged for fixed
  - cross-currency interest rate swaps in which parties exchange both currency and interest payments
  - equity swaps in which interest rate returns are exchanged for equity returns
- *Options*: agreements giving the buyer the right, but not the obligation, to either buy (call option) or sell (put option) a specific quantity of a financial instrument or commodity at a predetermined and fixed price. The buyer pays a premium to the seller for this right. Options are traded both as OTCs (tailor-made) and as standardised contracts.

Note 16 Financial derivatives (continued)

The tables show nominal values on financial derivatives according to type of derivative as well as positive and negative market values. Positive market values are entered as assets in the balance sheet, whereas negative market values are entered as liabilities. See Accounting principles for a more detailed description of measurement of financial derivatives.

DNB Bank ASA

	31 December 2011			31 December 2010		
Amounts in NOK million	Total nominal values	Positive market value	Negative market value	Total nominal values	Positive market value	Negative market value
Interest rate contracts						
FRA-contracts	2 178 901	1 517	1 993	1 338 391	704	906
Swaps	2 459 894	78 741	47 171	2 069 237	51 303	34 680
OTC options, bought and sold	70 874	225	126	72 543	84	94
Other OTC contracts	1 562	22	0	1 562	21	0
Total OTC derivatives	4 711 231	80 505	49 290	3 481 733	52 112	35 680
Exchange-traded contracts - futures, bought and sold	311	0	0	23 550	0	0
Total interest rate contracts	4 711 542	80 505	49 290	3 505 283	52 112	35 680
Foreign exchange contracts						
Forward contracts	1 017 526	1 903	2 592	951 470	3 370	3 489
Swaps	831 342	45 247	56 833	644 093	35 047	48 976
OTC options, bought and sold	26 544	284	273	24 429	413	401
Total foreign exchange contracts	1 875 413	47 433	59 699	1 619 992	38 830	52 865
Equity-related contracts						
Forward contracts	5 342	185	220	4 687	36	505
OTC options, bought and sold	4 239	83	73	8 061	193	210
Total OTC derivatives	9 581	268	293	12 748	228	715
Futures, bought and sold	748	0	0	3 320	11	37
Options, bought and sold	1 864	20	23	511	44	46
Total exchange-traded contracts	2 612	20	23	3 831	55	83
Total equity-related contracts	12 193	288	316	16 578	283	798
Equity related derivatives recorded as shareholdings [1)]		(230)	(258)		(124)	(645)
Commodity-related contracts						
Swaps	53 097	1 882	1 700	17 172	1 029	1 228
Total commodity related contracts	53 097	1 882	1 700	17 172	1 029	1 228
Collaterals received/paid						
Total collaterals received/paid		(21 372)	(22 540)		(7 110)	(17 156)
Total financial derivatives	**6 652 244**	**108 506**	**88 207**	**5 159 026**	**85 019**	**72 771**
Of which: Applied for hedging purposes	*39 508*	*2 690*	*1 476*	*22 767*	*6 838*	*1 741*
Interest rate swaps		*1 312*	*456*		*5 737*	*987*
Interest rate- and currency swaps		*1 377*	*1 021*		*1 101*	*754*

1) See note 32 Shareholdings.

Note 16 Financial derivatives (continued)

DNB Bank Group

Amounts in NOK million	31 December 2011 Total nominal values	Positive market value	Negative market value	31 December 2010 Total nominal values	Positive market value	Negative market value
Interest rate contracts						
FRA-contracts	2 179 282	1 519	1 993	1 338 391	704	906
Swaps	2 372 248	77 289	43 340	1 379 199	49 951	29 764
OTC options, bought and sold	75 113	245	155	78 098	115	141
Other OTC contracts	1 562	22	0	1 562	21	0
Total OTC derivatives	4 628 205	79 074	45 488	2 797 251	50 791	30 811
Exchange-traded contracts - futures, bought and sold	311	0	0	23 550	0	0
Total interest rate contracts	4 628 516	79 074	45 488	2 820 801	50 791	30 811
Foreign exchange contracts						
Forward contracts	1 018 201	1 953	2 594	955 780	3 390	3 499
Swaps	624 225	34 383	35 557	510 496	28 098	41 684
OTC options, bought and sold	26 586	284	274	24 588	414	402
Total foreign exchange contracts	1 669 013	36 620	38 425	1 490 863	31 903	45 585
Equity-related contracts						
Forward contracts	5 342	185	220	4 687	36	505
OTC options, bought and sold	4 336	83	72	8 345	202	210
Total OTC derivatives	9 679	268	292	13 032	238	715
Futures, bought and sold	748	0	0	3 320	11	37
Options, bought and sold	1 864	20	23	511	44	46
Total exchange-traded contracts	2 612	20	23	3 831	55	83
Total equity-related contracts	12 290	288	316	16 863	292	798
Equity related derivatives recorded as shareholdings [1)]		(230)	(258)		(124)	(645)
Commodity-related contracts						
Swaps	52 996	1 883	1 700	17 172	1 029	1 228
Total commodity related contracts	52 996	1 883	1 700	17 172	1 029	1 228
Collaterals received/paid						
Total collaterals received/paid		(21 372)	(22 540)		(7 110)	(17 156)
Total financial derivatives	**6 362 815**	**96 264**	**63 130**	**4 345 699**	**76 781**	**60 622**
Of which: Applied for hedging purposes	*244 619*	*11 479*	*1 498*	*174 360*	*8 384*	*1 828*
Interest rate swaps		*10 097*	*462*		*7 280*	*1 046*
Interest rate- and currency swaps		*1 381*	*1 036*		*1 104*	*782*

1) See note 32 Shareholdings.

Use of financial derivatives in DNB Markets

DNB Markets acts as market maker and is obliged to furnish both offer and bid prices for specified option, forward or futures series with a maximum differential between the offer and bid price, together with a minimum volume. Market makers always trade for their own account. The purpose of own account trading, in addition to being a market maker, is position taking, which means intentional risk-taking within the foreign exchange, interest rate and equity markets to achieve profits arising from favourable price, exchange rate and index fluctuations. Arbitrage, that is profit taking from fluctuations in prices, exchange rates and indices for the same product in various markets, is also part of own-account trading.

Customer trading entails structuring and marketing financial derivatives for customers, enabling them to transfer, modify, take or reduce prevailing or expected risk. The majority of derivative transactions relate to customer trading.

The DNB Bank Group uses interest rate and currency swaps to convert foreign currency borrowings into the desired currency. As a typical example, the bank raises a loan in euro, which is swapped to US dollars through a basis swap. In this case, the bank will pay a US dollar interest rate based on a swap curve and receive a euro interest rate reduced or increased by a margin. Margin requirements may vary a great deal from day to day, which results in volatility in profit calculations which cannot be reduced through economic hedges. The fair value of contracts entered into increased by NOK 3 031 million in consequence of higher margin requirements in 2011, while rising margin requirements through 2010 increased the fair value by NOK 567 million.

Use of financial derivatives in DNB Boligkreditt

The purpose of employing financial derivatives in DNB Boligkreditt is to uncover and reduce foreign exchange and interest rate risk.

Note 16 Financial derivatives (continued)

Risk related to financial derivatives

Derivatives are traded in portfolios which also include balance sheet products. The market risk on derivatives is handled, monitored and controlled as an integral part of the market risk of these portfolios. See notes 5 and 13. Derivatives are traded with many different counterparties and most of these are also engaged in other types of business with DNB. The credit risk arising in connection with derivatives trading is included in the total credit risk of the DNB Bank Group. Netting agreements or bilateral agreements on collateral are entered into with a number of counterparties, thus reducing credit risk. The authorities' capital adequacy requirements take into account such agreements, resulting in a reduction of capital adequacy requirements. See note 6 Credit risk for a description of counter-party risk.

Note 17 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. Senior bond debt and covered bonds are the major sources of long-term funding. 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 17 Liquidity risk (continued)

Residual maturity as at 31 December 2011 1) — **DNB Bank ASA**

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets							
Cash and deposits with central banks	220 724						220 724
Lending to and deposits with credit institutions	26 000	18 295	10 215	135 702	3 135		193 346
Lending to customers	195 782	108 700	77 023	132 549	201 595	(1 424)	714 224
Commercial paper and bonds	49	8 045	48 758	100 868	55 090		212 811
Securities helt to maturity	522	718	2 301	28 722	64 709		96 973
Shareholdings						47 427	47 427
Other assets		2 987		860			3 847
Total	443 078	138 746	138 297	398 700	324 529	46 002	1 489 352
Liabilities							
Loans and deposits from credit institutions	212 598	10 125	8 384	65 067	3		296 178
Deposits from customers	695 635	6 997	727	557	7		703 924
Debt securities issued	86 160	134 583	30 209	86 438	42 887		380 278
Sundry liabilities etc.	1 351	3 372				324	5 047
Subordinated loan capital 2)		123			12 773	10 131	23 027
Total	995 745	155 201	39 321	152 062	55 671	10 455	1 408 454
Financial derivatives							
Financial derivatives, gross settlement							
Incoming cash flows	487 320	469 549	370 328	691 855	378 431		2 397 483
Outgoing cash flows	490 393	477 137	372 715	692 392	382 045		2 414 681
Financial derivatives, net settlement	579	1 393	2 958	16 322	11 997		33 249
Total financial derivatives	(2 493)	(6 195)	571	15 785	8 383		16 051

Residual maturity as at 31 December 2010 1) — **DNB Bank ASA**

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets							
Cash and deposits with central banks	12 997						12 997
Lending to and deposits with credit institutions	47 335	33 253	14 929	116 335	4 413		216 266
Lending to customers	146 325	84 295	75 119	156 119	208 854	(1 343)	669 370
Commercial paper and bonds	17 141	45 126	66 260	81 137	72 628		282 291
Securities helt to maturity			798	32 464	80 271		113 533
Shareholdings						38 143	38 143
Other assets	1 041	755	1 163	1 851	24	13 562	18 396
Total	224 839	163 428	158 270	387 906	366 190	50 362	1 350 996
Liabilities							
Loans and deposits from credit institutions	132 748	3 452	45 936	75 304			257 439
Deposits from customers	617 674	5 171	1 413	29			624 287
Debt securities issued	44 591	84 092	83 636	97 476	27 301		337 097
Sundry liabilities etc.	1 178	706	366			23 287	25 537
Subordinated loan capital 2)	234				17 085	15 245	32 563
Total	796 424	93 422	131 351	172 809	44 385	38 532	1 276 924
Financial derivatives							
Financial derivatives, gross settlement							
Incoming cash flows	438 596	464 096	348 406	502 697	277 441		2 031 236
Outgoing cash flows	441 791	466 395	346 998	506 125	280 507		2 041 817
Financial derivatives, net settlement	377	848	4 461	14 568	9 067		29 321
Total financial derivatives	(2 819)	(1 451)	5 869	11 139	6 001		18 740

1) *Not including value adjustments for financial instruments fair value.*
2) *The maturity structure for subordinated loan capital is based on final maturities and does not reflect options to make early redemptions.*

Note 17 Liquidity risk (continued)

Residual maturity as at 31 December 2011 [1] **DNB Bank Group**

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets							
Cash and deposits with central banks	224 584						224 584
Lending to and deposits with credit institutions	11 092	5 645	5 896	2 393	125		25 152
Lending to customers	214 201	110 999	85 762	166 814	717 462	(2 119)	1 293 119
Commercial paper and bonds	139	11 418	50 199	38 680	7 028		107 465
Securities held to maturity	522	718	2 301	28 722	64 709		96 973
Shareholdings						13 054	13 054
Other assets		1 471		860			2 331
Total	450 539	130 252	144 157	237 469	789 325	10 935	1 762 677
Liabilities							
Loans and deposits from credit institutions	200 670	7 490	6 227	65 419	42		279 849
Deposits from customers	729 862	13 812	4 949	893	73		749 589
Debt securities issued	86 164	138 820	43 491	219 245	138 899		626 619
Sundry liabilities etc.	1 351	3 372				324	5 047
Subordinated loan capital [2]		124		85	12 773	10 131	23 114
Total	1 018 047	163 618	54 667	285 643	151 787	10 455	1 684 218
Financial derivatives							
Financial derivatives, gross settlement							
Incoming cash flows	485 922	468 529	352 867	563 610	286 695		2 157 623
Outgoing cash flows	486 088	469 708	353 455	560 760	289 890		2 159 901
Financial derivatives, net settlement	735	897	1 713	13 292	10 937		27 574
Total financial derivatives	569	(282)	1 124	16 142	7 742		25 296

Residual maturity as at 31 December 2010 [1] **DNB Bank Group**

Amounts in NOK million	Up to 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No fixed maturity	Total
Assets							
Cash and deposits with central banks	16 198						16 198
Lending to and deposits with credit institutions	18 209	19 993	5 603				43 805
Lending to customers	168 590	86 549	87 244	188 147	655 061	(1 872)	1 183 718
Commercial paper and bonds	19 426	45 788	68 681	30 925			164 819
Securities held to maturity			798	32 464	80 271		113 533
Shareholdings						16 252	16 252
Other assets	1 662	755	1 163	1 851	25	18 201	23 657
Total	224 085	153 084	163 489	253 387	735 356	32 581	1 561 982
Liabilities							
Loans and deposits from credit institutions	128 343	7 636	45 115	76 811	327		258 232
Deposits from customers	647 761	10 102	5 226	434	187		663 710
Debt securities issued	44 603	85 090	99 698	189 311	79 622		498 325
Sundry liabilities etc.	1 758	757	2 410	13		17 357	22 294
Subordinated loan capital [2]	234			86	17 081	15 246	32 648
Total	822 699	103 584	152 449	266 656	97 218	32 603	1 475 209
Financial derivatives							
Financial derivatives, gross settlement							
Incoming cash flows	437 709	462 403	329 076	424 567	206 999		1 860 754
Outgoing cash flows	440 868	464 576	327 759	427 238	212 226		1 872 666
Financial derivatives, net settlement	39	395	3 375	10 341	7 689		21 838
Total financial derivatives	(3 120)	(1 778)	4 692	7 670	2 462		9 926

1) Not including value adjustments for financial instruments fair value.

2) The maturity structure for subordinated loan capital is based on final maturities and does not reflect options to make early redemptions.

DNB Bank ASA 31 Dec. 2010	DNB Bank ASA 31 Dec. 2011	**Credit lines, commitments and documentary credit** *Amounts in NOK million*	DNB Bank Group 31 Dec. 2011	DNB Bank Group 31 Dec. 2010
218 789	268 540	Unutilised credit lines under 1 year	275 428	224 024
215 446	260 657	Unutilised credit lines over 1 year	246 309	191 825

Note 18 Net interest income

DNB Bank ASA

Amounts in NOK million	2011 Recorded at fair value	2011 Recorded at amortised cost [1]	2011 Total	2010 Recorded at fair value	2010 Recorded at amortised cost [1]	2010 Total
Interest on loans to and deposits with credit institutions	2 781	3 855	6 636	2 448	3 733	6 180
Interest on loans to customers	2 896	25 799	28 695	3 863	21 597	25 460
Interest on impaired loans	0	441	441	0	431	431
Interest on commercial paper and bonds	6 828	0	6 828	7 001	0	7 001
Interest on commercial paper and bonds, held to maturity	-	2 853	2 853	-	2 956	2 956
Front-end fees etc.	1	271	271	1	271	271
Other interest income	127	2 178	2 304	79	1 797	1 876
Total interest income	**12 632**	**35 397**	**48 030**	**13 392**	**30 785**	**44 177**
Interest on loans and deposits from credit institutions	4 086	400	4 485	4 373	538	4 912
Interest on deposits from customers	1 359	12 356	13 716	1 173	9 662	10 835
Interest on debt securities issued	1 686	3 199	4 885	1 812	2 557	4 369
Interest on subordinated loan capital	72	539	612	68	576	644
Other interest expenses [2]	2 873	151	3 024	3 976	736	4 711
Total interest expenses	**10 077**	**16 645**	**26 722**	**11 402**	**14 069**	**25 471**
Net interest income	**2 556**	**18 752**	**21 308**	**1 990**	**16 717**	**18 706**

DNB Bank Group

Amounts in NOK million	2011 Recorded at fair value	2011 Recorded at amortised cost [1]	2011 Total	2010 Recorded at fair value	2010 Recorded at amortised cost [1]	2010 Total
Interest on loans to and deposits with credit institutions	979	370	1 349	1 163	392	1 555
Interest on loans to customers	4 335	44 857	49 192	4 963	37 662	42 625
Interest on impaired loans	0	548	548	0	611	611
Interest on commercial paper and bonds	3 800	0	3 800	3 770	0	3 770
Interest on commercial paper and bonds, held to maturity	-	2 853	2 853	-	2 956	2 956
Front-end fees etc.	10	282	292	4	283	287
Other interest income	127	2 402	2 528	79	2 002	2 081
Total interest income	**9 252**	**51 311**	**60 563**	**9 979**	**43 906**	**53 885**
Interest on loans and deposits from credit institutions	3 980	446	4 426	4 316	691	5 008
Interest on deposits from customers	1 383	13 069	14 452	1 189	10 339	11 528
Interest on debt securities issued	3 457	8 660	12 118	2 469	6 256	8 725
Interest on subordinated loan capital	72	543	616	68	599	667
Other interest expenses [2]	3 374	345	3 719	3 745	826	4 571
Total interest expenses	**12 267**	**23 064**	**35 331**	**11 786**	**18 712**	**30 498**
Net interest income	**(3 015)**	**28 247**	**25 232**	**(1 807)**	**25 194**	**23 387**

1) *Includes hedged items.*

2) *Other interest expenses include interest rate adjustments resulting from interest rate swaps entered into. Derivatives are recorded at fair value.*

Note 19 Interest rates on selected balance sheet items

DNB Bank ASA

	Average interest rate in per cent [1)]		Average volume in NOK million	
	2011	2010	2011	2010
Assets				
Lending to and deposits with credit institutions	1.64	1.84	403 768	335 665
Lending to customers	4.28	4.02	680 465	643 611
Commercial paper and bonds	2.96	2.41	230 953	290 546
Liabilities				
Loans and deposits from credit institutions	1.34	1.52	335 943	322 711
Deposits from customers	2.06	1.80	667 197	601 528
Securities issued	1.37	1.12	356 641	391 732

DNB Bank Group

	Average interest rate in per cent [1)]		Average volume in NOK million	
	2011	2010	2011	2010
Assets				
Lending to and deposits with credit institutions	0.57	1.08	237 042	143 528
Lending to customers	4.06	3.73	1 225 884	1 160 428
Commercial paper and bonds	3.08	2.23	123 451	168 896
Liabilities				
Loans and deposits from credit institutions	1.35	1.53	328 338	327 896
Deposits from customers	2.04	1.81	708 795	637 823
Securities issued	2.12	1.62	571 000	536 971

1) *Average interest rate in per cent is calculated as total interest in NOK for the specific products in relation to the appurtenant average capital.*

Note 20 Net commissions and fees receivable

DNB Bank ASA			DNB Bank Group	
2010	2011	*Amounts in NOK million*	2011	2010
2 735	2 784	Money transfer fees receivable	2 988	2 960
240	223	Fees on asset management services	237	252
293	310	Fees on custodial services	317	301
293	248	Fees on securities	254	303
430	295	Corporate finance	454	608
93	87	Interbank fees	92	97
468	480	Credit broking commissions	488	474
307	267	Sales commissions on insurance products	434	491
516	602	Sundry commissions and fees receivable on banking services	968	851
5 375	**5 296**	**Total commissions and fees receivable etc.**	**6 233**	**6 337**
1 060	1 016	Money transfer fees payable	1 049	1 111
0	0	Commissions payable on asset management services	0	0
112	122	Fees on custodial services payable	122	112
133	123	Interbank fees	130	140
62	125	Credit broking commissions	93	48
0	0	Commissions payable on the sale of insurance products	16	24
500	550	Sundry commissions and fees payable on banking services	605	550
1 867	**1 935**	**Total commissions and fees payable etc.**	**2 015**	**1 986**
3 508	**3 361**	**Net commissions and fees**	**4 218**	**4 351**

Note 21 Other income

DNB Bank ASA			DNB Bank Group	
2010	2011	*Amounts in NOK million*	2011	2010
85	89	Income from owned/leased premises	239	87
0	0	Fees in real estate broking	1 012	860
1 960	1 715	Group contributions and dividends from subsidiaries	0	0
4 101	1 900	Miscellaneous operating income [1)]	1 570	2 614
6 147	**3 703**	**Total other income**	**2 822**	**3 562**

1) *Gains in connection with the merger between the payment services company Nordito and the Danish PBS Holding in the second quarter of 2010, the gains recorded by DNB Bank ASA and the DNB Bank Group were NOK 1 485 million and NOK 1 170 million, respectively.*

Note 22 Net gains on financial instruments at fair value

DNB Bank ASA 2010	DNB Bank ASA 2011	Amounts in NOK million	DNB Bank Group 2011	DNB Bank Group 2010
2 886	5 514	Foreign exchange and financial derivatives	7 163	3 441
572	382	Commercial paper and bonds	387	593
(11)	(248)	Shareholdings	(248)	(11)
(189)	(332)	Other financial assets	(262)	0
(215)	(221)	Financial liabilities	(219)	(215)
3 043	5 096	Net gains on financial instruments, trading	6 822	3 808
(40)	(74)	Loans at fair value	186	(6)
(1 289)	(505)	Commercial paper and bonds [1)]	24	(51)
709	(85)	Shareholdings	(11)	624
(534)	31	Financial liabilities	(195)	(438)
(1 154)	(634)	Net gains on financial instruments, designated as at fair value	3	129
(986)	2 788	Financial derivatives, hedging	10 336	(3 961)
0	0	Financial assets, hedged items	(46)	(20)
1 006	(3 065)	Financial liabilities, hedged items	(10 603)	3 992
20	(278)	Net gains on hedged items [2) 3)]	(313)	11
637	606	Financial guarantees	603	646
376	495	Dividends	514	380
2 922	**5 286**	**Net gains on financial instruments at fair value [4)]**	**7 628**	**4 973**

1) *Unrealised losses on DNB Bank ASA's investments in covered bonds issued by DNB Boligkreditt were NOK 490 million in 2011 and just over NOK 1.1 billion in 2010. Investments in such bonds totalled 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 50 Information on related parties – stimulus packages.*

2) *With respect to hedged liabilities, the hedged risk is recorded at fair value, while the rest of the instrument is recorded at amortised cost. Derivatives used for hedging are recorded at fair value. Changes in fair value arising from hedged risk are presented under Financial derivatives, hedging.*

3) *The DNB Group uses hedge accounting for long-term borrowings in foreign currency in DNB Boligkreditt and DNB Bank ASA. Loans are hedged 1:1 through external contracts where there is a correlation between currencies, interest rate flows and the hedging instrument. At the time the loans are raised, DNB Markets considers whether to enter into a hedging transaction for the relevant loan based on the Group's foreign currency positions and the underlying interest rate exposure for the loan. Hedging transactions which are entered into, are documented. For the bank, the NOK leg of a hedging transaction will be exposed to 3-month interest rates. For DNB Boligkreditt, hedging transactions are entered into to further reduce the interest rate risk on the NOK leg of the hedging transaction. These transactions are not subject to hedge accounting.*

4) *There was a particularly high level of income from mark-to-market adjustments on foreign exchange and interest rate instruments in 2011. The 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.*

Note 23 Salaries and other personnel expenses

DNB Bank ASA			DNB Bank Group	
2010	2011	*Amounts in NOK million*	2011	2010
5 092	5 505	Salaries *)	6 804	6 272
700	650	Employer's national insurance contributions	867	903
254	747	Pension expenses 1)	847	325
45	16	Restructuring expenses	17	47
569	571	Other personnel expenses	637	624
6 660	**7 490**	**Total salaries and other personnel expenses**	**9 171**	**8 170**
4 243	4 505	**) Of which: Ordinary salaries*	5 434	5 130
784	868	*Performance-based pay*	1 237	1 076

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.

Note 24 Other expenses

DNB Bank ASA			DNB Bank Group	
2010	2011	*Amounts in NOK million*	2011	2010
1 264	1 577	Fees 1)	1 702	1 385
1 479	1 445	IT expenses	1 670	1 649
295	288	Postage and telecommunications	344	345
53	58	Office supplies	97	91
498	609	Marketing and public relations	938	775
177	206	Travel expenses	246	212
151	167	Reimbursement to Norway Post for transactions executed	167	151
57	57	Training expenses	68	67
1 061	1 100	Operating expenses on properties and premises 2)	1 338	1 247
107	99	Operating expenses on machinery, vehicles and office equipment	143	147
467	497	Other operating expenses	763	667
5 610	**6 104**	**Total other expenses**	**7 475**	**6 737**

1) Systems development fees totalled NOK 1 153 million for DNB Bank ASA and NOK 1 153 million for the DNB Bank Group in 2011, compared with NOK 980 million and NOK 986 million, respectively, in 2010.

2) Costs relating to leased premises were NOK 900 million and NOK 1 025 million respectively for DNB Bank ASA and the DNB Bank Group in 2011, compared with NOK 869 million and NOK 1 005 million in 2010.

Note 25 Depreciation and write-downs of fixed and intangible assets 1)

DNB Bank ASA			DNB Bank Group	
2010	2011	*Amounts in NOK million*	2011	2010
880	982	Write-downs of machinery, vehicles and office equipment	1 046	960
427	444	Other depreciation of tangible and intangible assets	553	533
0	22	Write-downs of activated systems development	212	345
0	0	Impairment losses for goodwill 2)	190	194
312	970	Other write-downs of fixed and intangible assets 3)	60	103
1 619	**2 417**	**Total depreciation and impairment of fixed and intangible assets**	**2 062**	**2 135**

1) See note 39 Intangible assets and note 41 Fixed assets.

2) Impairment losses for goodwill of NOK 190 million relating to DNB Baltics and Poland were recorded in 2011. Impairment losses for goodwill of NOK 194 million relating to Svensk Fastighetsförmedling AB were recorded in 2010.

3) See note 50 Information on related parties.

Note 26 Pensions

Description of the pension schemes

Up until year-end 2010, the DNB Bank Group had a defined benefit occupational pension scheme for all employees in Norway in the form of a group pension scheme funded by DNB Livsforsikring. Pension benefits included retirement pensions, disability pensions and pensions for spouses and dependent children, which supplemented benefits from the National Insurance Scheme. Full pension entitlements required 30 years of pensionable service and gave the right to a retirement pension corresponding to the difference between 70 per cent of the employee's salary and estimated benefits from the National Insurance Scheme. The pension scheme was in compliance with the Act on Occupational Pensions.

The defined benefit scheme for retirement and disability pensions for employees in Norway was closed as at 31 December 2010. As from 1 January 2011, employees who take up employment in DNB Bank are included in a newly established defined contribution scheme for retirement pensions and a new defined benefit scheme for disability coverage. The banking group has no defined contribution scheme for salaries exceeding 12G (12 times the National Insurance basic amount). The premium rates for defined contribution pensions are in line with the statutory maximum rates:

Salary representing 1-6 times the National Insurance basic amount: 5 per cent
Salary representing 6-12 times the National Insurance basic amount: 8 per cent

In addition, around 530 employees in the former Postbanken are covered by a closed group pension plan in the Norwegian Public Service Pension Fund.

The banking group also has commitments related to the top salary pension scheme for salaries exceeding 12G and early retirement agreements. Commitments relating to salaries exceeding 12G and early retirement agreements are funded through the companies' operations. The top salary pension scheme was closed for employees who joined the banking group after 30 June 2008. Further restrictions were introduced as at 30 April 2011. Those who did not have salaries exceeding 12G on that date will not be encompassed by the scheme even if their salaries exceed 12G at a later date. With effect from 1 July 2011, employees with salaries exceeding 12G are covered by a special life level term insurance which represents 2.9 times annual salary, maximum 80G.

With effect from 1 January 2011, the pension scheme no longer provides coverage for dependants' and children's pensions, which were replaced by an extended dependants' and child allowance in the group pension scheme as from the same date. With respect to employees born prior to 1 January 1956 who die after becoming pensioners, their dependants will still receive a pension.

The Norwegian companies in the banking group have been part of the contractual pension (CPA) scheme for the banking and financial services industry. In addition, the banking group has an agreement on contractual pensions according to public sector rules with respect to employees who are members of the Public Service Pension Fund. The CPA scheme was an early retirement option entitling employees aged between 62 and 66 to a pension. The scheme was coordinated with the National Insurance Scheme, where ordinary retirement pensions are granted from the age of 67.

The Norwegian Parliament passed an Act relating to the financing of a new contractual pension scheme in February 2010. The new scheme entered into force as from 1 January 2011. The former AFP scheme applies only to employees who had selected early retirement prior to the parliamentary resolution and to those who reached 62 years of age and who had chosen the old scheme before it was terminated with effect from 30 November 2010.

The new CPA scheme will give a life-long supplement to ordinary pension payments. The employees can opt for the new CPA scheme from the age of 62 and can choose to combine pension payments with continued employment. Benefits provided under the new scheme are considered to be quite different from those provided under the former scheme and the transition to the new scheme was thus not to be regarded as a plan change, but as a curtailment and settlement of the former scheme. Employees who did not qualify for the former CPA scheme in 2010 have no future rights under the old scheme. The effect of terminating the commitments for employees born after 30 November 1948, including the related changes in estimates and employers' contributions, was NOK 335 million and NOK 355 million for the bank and the banking group respectively. The amount was recorded as income in 2010 and reduced pension expenses.

The new CPA scheme should be recorded as a defined benefit multi-company scheme in the accounts and will be funded by an annual premium representing a percentage of salaries between 1 and 7.1G. The premium for 2012 is set at 1.75 per cent (2011: 1.4 per cent). Thus far, no details have been presented on how the new commitments should be recorded in the accounts. The costs of the new CPA scheme are estimated to be at least as high as the banking group's previous CPA costs. All Norwegian companies in the banking group are members of the new CPA scheme. For members of the Norwegian Public Service Pension Fund, the CPA scheme will continue unchanged in 2012.

Employer's contributions are included in pension expenses and commitments. In pension schemes where pension funds exceed pension commitments, no allocation has been made for employer's contributions.

Subsidiaries and branches outside Norway have separate schemes for their employees, mainly in the form of defined-contribution schemes. Pension expenses for employees outside Norway represent NOK 101 million of the banking group's total pension expenses of NOK 847 million.

Note 26 Pensions (continued)

Economic assumptions applied in calculating pension expenses and commitments:

Economic assumptions — **DNB Bank ASA**

Per cent	Expenses 2011	Expenses 2010	Commitments 31 Dec. 11	Commitments 31 Dec. 10
Discount rate [1)]	4.1	4.4	2.6	4.1
Anticipated return [2)]	5.5	5.6	4.1	5.5
Anticipated rise in salaries	4.00	4.25	3.50	4.00
Anticipated increase in basic amount	3.75	4.00	3.25	3.75
Anticipated rise in pensions	2.00	2.25	1.75	2.00
Anticipated CPA acceptance	Actual acceptance	Actual acceptance	Actual acceptance	Actual acceptance
Demographic assumptions about mortality [3)]	K2005	K2005	K2005	K2005

1) *The discount rate used is determined by reference to market yields at the balance sheet date on long term (10-year) government bonds, plus an addition that takes into account the relevant duration of the pension liabilities.*
2) *The anticipated return on pension funds was calculated by assessing the expected return on the assets encompassed by the current investment policy. The anticipated gain on fixed-rate investments is based on gross gains upon redemption on the balance sheet date. The anticipated return on equity and property investments reflects anticipated long-term real returns in the respective markets.*
3) *The banking group's pension expenses and pension commitments are based on the mortality table K2005, prepared by Finance Norway. K2005 is a calculation base for statistical mortality assumptions.*

Pension expenses — **DNB Bank ASA**

Amounts in NOK million	2011 Funded	2011 Unfunded	2011 Total	2010 Funded	2010 Unfunded	2010 Total
Net present value of pension entitlements	341	50	391	318	34	352
Interest expenses on pension commitments	433	50	484	417	70	487
Expected return on pension funds	(445)	0	(445)	(439)	0	(439)
Changes in pension schemes	0	0	0	(5)	(331)	(336)
Amortisation of changes in estimates not recorded in the accounts	103	(55)	48	(7)	(6)	(12)
Administrative expenses	38	0	38	23	0	23
Employer's contributions	51	14	65	43	14	57
Risk coverage premium	-	53	53	-	66	66
Contractual pensions, new scheme	-	35	35	-	-	0
Total defined pension schemes	520	147	667	351	(153)	198
Total contribution pension schemes			80			56
Net pension expenses			747			254

Pension commitments — **DNB Bank ASA**

Amounts in NOK million	31 Dec. 2011 Funded	31 Dec. 2011 Unfunded	31 Dec. 2011 Total	31 Dec. 2010 Funded	31 Dec. 2010 Unfunded	31 Dec. 2010 Total
Accrued pension commitments	11 087	1 402	12 488	9 185	1 302	10 487
Estimated effect of future salary adjustments	1 967	208	2 175	1 882	259	2 140
Total pension commitments	13 054	1 610	14 664	11 067	1 561	12 628
Value of pension funds	(8 883)	0	(8 883)	(8 354)	0	(8 354)
Net pension commitments	4 171	1 610	5 781	2 712	1 561	4 273
Changes in estimates not recorded in the accounts	(3 898)	(25)	(3 923)	(2 184)	248	(1 936)
Employer's contributions	592	227	819	371	220	590
Recorded pension commitments	866	1 811	2 677	899	2 029	2 928

Note 26 Pensions (continued)

Pension expenses

DNB Bank Group

Amounts in NOK million	2011 Funded	2011 Unfunded	2011 Total	2010 Funded	2010 Unfunded	2010 Total
Net present value of pension entitlements	374	52	426	347	37	384
Interest expenses on pension commitments	456	54	510	438	74	512
Expected return on pension funds	(470)	0	(470)	(462)	0	(462)
Changes in pension schemes	0	0	0	(5)	(332)	(337)
Amortisation of changes in estimates not recorded in the accounts	117	(56)	61	(5)	(5)	(10)
Administrative expenses	42	0	42	28	0	28
Employer's contributions	55	15	69	47	15	61
Risk coverage premium	-	61	61	-	75	75
Contractuel pensions, new scheme	-	44	44	-	-	0
Total defined pension schemes	573	169	743	386	(136)	250
Total contribution pension schemes			104			75
Net pension expenses			847			325

Pension commitments

DNB Bank Group

Amounts in NOK million	31 Dec. 2011 Funded	31 Dec. 2011 Unfunded	31 Dec. 2011 Total	31 Dec. 2010 Funded	31 Dec. 2010 Unfunded	31 Dec. 2010 Total
Accrued pension commitments	11 669	1 479	13 148	9 647	1 383	11 029
Estimated effect of future salary adjustments	2 091	221	2 312	2 000	278	2 278
Total pension commitments	13 760	1 700	15 460	11 647	1 661	13 308
Value of pension funds	(9 362)	0	(9 362)	(8 808)	0	(8 808)
Net pension commitments	4 398	1 700	6 098	2 839	1 661	4 500
Changes in estimates not recorded in the accounts	(4 149)	(32)	(4 181)	(2 329)	232	(2 098)
Employer's contributions	616	236	852	384	230	614
Total recorded pension commitments	864	1 904	2 769	894	2 122	3 016
Of which: Recorded defined benefit pension commitments			*2 812*			*3 038*
Recorded defined benefit pension assets			*43*			*23*

Pension commitments

DNB Bank ASA 2010	DNB Bank ASA 2011	*Amounts in NOK million*	DNB Bank Group 2011	DNB Bank Group 2010
11 499	12 628	Opening balance	13 308	12 422
351	(56)	Aquistions companies/Transition to defined contribution pension scheme	(12)	0
352	391	Accumulated pension entitlements	426	384
487	484	Interest expenses	510	512
(586)	(606)	Pension payments	(625)	(600)
(201)	0	Changes in pension schemes	0	(215)
726	1 823	Changes in estimates not recorded in the accounts	1 901	806
12 628	14 664	Closing balance	15 460	13 308

Pension funds

DNB Bank ASA 2010	DNB Bank ASA 2011	*Amounts in NOK million*	DNB Bank Group 2011	DNB Bank Group 2010
7 879	8 354	Opening balance	8 808	8 490
215	(11)	Aquistions companies/Transition to defined contribution pension scheme	(12)	0
439	445	Expected return	470	462
481	471	Premium transfers	502	541
(339)	(362)	Pension payments	(373)	(347)
5	0	Changes in pension schemes	0	0
(298)	12	Changes in estimates not recorded in the accounts	(1)	(306)
(27)	(28)	Administrative expenses	(31)	(32)
8 354	8 883	Closing balance	9 362	8 808

Premium transfers for the banking group in 2012 are expected to be NOK 550 million. Payments through operations are estimated at NOK 200 million.

Past developments

DNB Bank Group

Amounts in NOK million	31 Dec. 2011	31 Dec. 2010	31 Dec. 2009	31 Dec. 2008	31 Dec. 2007
Gross pension commitments [1)]	16 312	13 921	12 956	13 859	13 243
Gross pension funds	(9 362)	(8 808)	(8 490)	(8 040)	(7 452)
Commitments not recorded in the accounts	(4 181)	(2 098)	(760)	(1 872)	(1 712)
Net recorded pension commitments	2 769	3 016	3 706	3 947	4 079

1) Gross pension commitments include employer's contributions.

Note 26 Pensions (continued)

DNB Bank ASA 31 Dec. 2010	31 Dec. 2011	Members	DNB Bank Group 31 Dec. 2011	31 Dec. 2010
13 114	12 349	Number of persons covered by the pension schemes	13 262	14 141
8 213	7 323	- of which defined benefit schemes	8 044	9 062
4 901	5 026	- of which retirement and disability pensions	5 218	5 079
300	1 500	- of which defined contribution schemes	1 942	583

Pension funds investments

The table below shows a percentage breakdown of pension funds in the group pension schemes administered by DNB Livsforsikring. DNB Livsforsikring administers NOK 7 779 million of the banking group's total pension funds. The recorded return on assets in the common portfolio administered by DNB Livsforsikring was 3.2 per cent in 2011 and 6.2 per cent in 2010.

Per cent	DNB Bank Group 31 Dec. 2011	31 Dec. 2010
Commercial paper and bonds at fair value	15	15
Commercial paper and bonds, held to maturity	35	33
Money market	23	12
Equities	8	21
Real estate	18	18
Other	1	2
Total	100	100

Sensitivity analyses for pension calculations

The following estimates are based on facts and conditions prevailing on 31 December 2011, assuming that all other parameters are constant. Actual results may deviate significantly from these estimates.

	DNB Bank Group							
	Discount rate		Annual rise in salaries/ basic amount		Annual rise in pensions		Retirement rate	
Change in percentage points	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%
Percentage change in pensions								
Pension commitments	15 - 17	15 - 17	9 - 11	9 - 11	11 - 13	11 - 13	1 - 2	1 - 2
Net pension expenses for the period	16 - 18	17 - 19	19 - 21	17 - 19	17 - 19	15 - 17	1 - 2	1 - 2

Pension commitments are particularly susceptible to changes in the discount rate. A reduction in the discount rate will, as an isolated factor, result in an increase in pension commitments. A one percentage point change in the discount rate will cause a change in pension commitments in the order of 15 to 17 per cent.

Higher salary increases and adjustments in pensions will also cause a rise in pension commitments. A one percentage point rise in salaries or the basic amount will give an anticipated rise of 9 to 11 per cent, while a corresponding increase in pensions will give a 11 to 13 per cent rise in commitments.

Note 27 Number of employees/full-time positions

DNB Bank ASA 2010	2011		DNB Bank Group 2011	2010
7 829	8 232	Number of employees as at 31 December	12 982	12 288
647	736	- of which number of employees abroad	4 583	4 296
7 585	7 944	Number of employees calculated on a full-time basis as at 31 December	12 560	11 970
638	722	- of which number of employees calculated on a full-time basis abroad	4 471	4 245
7 489	7 985	Average number of employees	12 557	12 431
7 232	7 719	Average number of employees calculated on a full-time basis	12 197	12 075

Note 28 Taxes

DNB Bank ASA		Taxes	DNB Bank Group	
2010	2011	*Amounts in NOK million*	2011	2010
4 392	1 090	Payable taxes	1 264	5 310
(122)	3 930	Changes in deferred taxes	4 044	(483)
4 270	**5 020**	**Total taxes**	**5 308**	**4 827**

		Balancing tax charges against pre-tax operating profit		
2010	2011	*Amounts in NOK million*	2011	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
(513)	(8)	Tax effect of tax-exempt income from share investments	(237)	(426)
23	27	Tax effect of tax-exempt income and non-deductible expenses	18	36
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 the 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.

Tax effect of different tax rates in other countries

The Group has operations in a number of countries whose tax rates are different from that in Norway (28 per cent). The largest difference relates to the Group's operations in the US.

Tax effect of debt interest distribution with international branches

According to Norwegian tax legislation, external interest expenses shall be distributed proportionally among operations in Norway and international branches based on the respective units' total assets. This could result in additions or deductions from income in Norway.

Estimated taxes on tax-related losses which cannot be utilised

No deferred taxes are calculated on tax-related losses if the Group considers the future scope of such losses to be uncertain.

Note 28 Taxes (continued)

DNB Bank ASA		Deferred tax assets/(deferred taxes) 28 per cent deferred tax calculation on all temporary differences (Norway)	DNB Bank Group	
2010	2011	*Amounts in NOK million*	2011	2010
		Annual changes in deferred tax assets/(deferred taxes)		
1 146	478	Deferred tax assets/(deferred taxes) as at 1 January	149	(334)
122	(3 930)	Changes recorded against profits	(4 044)	483
(790)	0	Merger DNB Finans	0	0
478	(3 452)	Deferred tax assets/(deferred taxes) as at 31 December	(3 895)	149

31 Dec.	31 Dec.	Deferred tax assets and deferred taxes in the balance sheet affect the following temporary differences:	31 Dec.	31 Dec.
2010	2011	*Amounts in NOK million*	2011	2010
		Deferred tax assets		
(778)	0	Fixed assets	42	(774)
825	0	Net pension commitments	2	853
362	0	Financial instruments [1)]	90	0
(62)	3	Net other tax-deductable temporary differences	34	11
134	0	Losses and credit allowances carried forward	468	172
481	**3**	**Total deferred tax assets**	**636**	**262**
		Deferred taxes		
0	726	Fixed assets	767	6
0	(754)	Net pension commitments	(784)	0
0	3 932	Financial instruments [1)]	5 006	32
3	237	Net other taxable temporary differences	237	75
0	(686)	Losses and credit allowances carried forward	(695)	0
3	**3 455**	**Total deferred taxes**	**4 531**	**113**

		Deferred taxes in the profit and loss accounts affect the following temporary differences:		
2010	2011	*Amounts in NOK million*	2011	2010
69	(52)	Fixed assets	(55)	(102)
163	71	Pensions	67	146
(345)	4 294	Financial instruments	4 884	(755)
(299)	169	Other temporary differences	139	(206)
290	(552)	Losses and credit allowances carried forward	(991)	434
(122)	3 930	Deferred taxes	4 044	(483)

1) A significant share of the financial instruments are carried at fair value in the accounts, while for tax purposes, the same instruments are recorded on an accrual basis in accordance with the realisation principle. This gives rise to large differences between profits stated in the accounts and profits computed for tax purposes for the individual accounting years, especially in years with significant fluctuations in interest rate levels and exchange rates. These differences are offset in the longer term.

Deferred tax assets are capitalised to the extent it is probable that the Group will have taxable income against which temporary differences can be utilised. Net deferred taxes on temporary differences within the same tax group are assessed and entered net in the accounts.

The DNB Bank Group's total tax charge for 2011 was NOK 5 308 million, a rise of NOK 481 million from 2010. Relative to pre-tax operating profits, the tax charge increased from 29 to 30 per cent from 2010 to 2011. The DNB Bank Group has not recorded the change in deferred tax assets relating to the increase in losses carried forward in DNB Baltics due to uncertainty regarding the economic value of the tax deductions arising when using the right to carry such losses forward. In 2011, DNB Bank Group recorded NOK 440 million of unrecorded deferred tax assets as income, referring to operations in Denmark. The losses carried forward will be utilised through allocations within the company. Unrecorded deferred tax assets relating to losses carried forward totalled NOK 936 million at year-end 2011.

Payable taxes for 2011 totalled NOK 1 264 million, a reduction of NOK 4 046 million from 2010. Differences in payable tax levels mainly reflect different rules for the treatment of financial instruments in the accounts and for tax purposes, see footnote 1 above.

Tax group

DNB Bank and Norwegian subsidiaries where DNB Bank owns more than 90 per cent of the shares and has a corresponding share of the votes which can be cast at general meetings, are included in DNB Bank's tax group.

Note 29 Classification of financial instruments

As at 31 December 2011 **DNB Bank ASA**

Amounts in NOK million	Financial instruments at fair value through profit and loss: Trading	Financial instruments at fair value through profit and loss: Designated as at fair value	Financial derivatives designated as hedging instruments	Financial instruments carried at amortised cost 1)	Financial instruments held to maturity	Total
Cash and deposits with central banks	192 783	22 001		5 937		220 721
Lending to and deposits with credit institutions	54 341	35 457		103 581		193 379
Lending to customers	936	63 536		647 495		711 966
Commercial paper and bonds	34 761	176 574				211 335
Shareholdings	9 388	2 441				11 829
Financial derivatives	105 817		2 690			108 506
Commercial paper and bonds, held to maturity					96 042	96 042
Investments in associated companies				1 187		1 187
Investments in subsidiaries				35 763		35 763
Other assets				15 389		15 389
Total financial assets	398 026	300 008	2 690	809 351	96 042	1 606 117
Loans and deposits from credit institutions	205 027	66 721		24 136		295 884
Deposits from customers	47 997	18 272		638 169		704 438
Financial derivatives	86 731		1 476			88 207
Debt securities issued	221 581	25 262		137 624		384 467
Other liabilities				13 421		13 421
Subordinated loan capital		1 462		22 608		24 070
Total financial liabilities 2)	561 335	111 717	1 476	835 958	0	1 510 486

1) Includes hedged liabilities.

2) Contractual obligations of financial liabilities designated as at fair value totalled NOK 111 725 million.

As at 31 December 2010 **DNB Bank ASA**

Amounts in NOK million	Financial instruments at fair value through profit and loss: Trading	Financial instruments at fair value through profit and loss: Designated as at fair value	Financial derivatives designated as hedging instruments	Financial instruments carried at amortised cost 1)	Financial instruments held to maturity	Total
Cash and deposits with central banks	8 208			4 789		12 997
Lending to and deposits with credit institutions	73 673	33 251		109 507		216 432
Lending to customers	2 647	93 897		572 910		669 454
Commercial paper and bonds	40 308	240 116				280 423
Shareholdings	10 661	3 929				14 590
Financial derivatives	78 181		6 838			85 019
Commercial paper and bonds, held to maturity					113 751	113 751
Investments in associated companies				1 285		1 285
Investments in subsidiaries				22 932		22 932
Other assets				9 332		9 332
Total financial assets	213 678	371 193	6 838	720 755	113 751	1 426 214
Loans and deposits from credit institutions	112 322	121 351		23 466		257 139
Deposits from customers	36 768	15 373		572 447		624 588
Financial derivatives	71 030		1 741			72 771
Debt securities issued	153 941	20 126		168 693		342 761
Other liabilities				20 304		20 304
Subordinated loan capital		1 260		32 126		33 386
Total financial liabilities 2)	374 061	158 110	1 741	817 037	0	1 350 949

1) Includes hedged liabilities.

2) Contractual obligations of financial liabilities designated as at fair value totalled NOK 158 034 million.

Note 29 Classification of financial instruments (continued)

As at 31 December 2011 **DNB Bank Group**

Amounts in NOK million	Financial instruments at fair value through profit and loss: Trading	Financial instruments at fair value through profit and loss: Designated as at fair value	Financial derivatives designated as hedging instruments	Financial instruments carried at amortised cost [1)]	Financial instruments held to maturity	Total
Cash and deposits with central banks	192 783	22 001		9 797		224 581
Lending to and deposits with credit institutions	15 711	459		8 935		25 105
Lending to customers	936	108 644		1 182 080		1 291 660
Commercial paper and bonds	34 550	71 449				106 000
Shareholdings	9 586	2 714				12 300
Financial derivatives	84 785		11 479			96 264
Commercial paper and bonds, held to maturity					96 042	96 042
Other assets				12 792		12 792
Total financial assets	338 352	205 267	11 479	1 213 604	96 042	1 864 744
Loans and deposits from credit institutions	189 964	66 329		23 260		279 553
Deposits from customers	47 997	18 884		683 222		750 102
Financial derivatives	61 631		1 498			63 130
Debt securities issued	221 581	69 080		349 616		640 277
Other liabilities				14 569		14 569
Subordinated loan capital		1 462		22 694		24 156
Total financial liabilities [2)]	521 173	155 756	1 498	1 093 360	0	1 771 787

1) *Includes hedged liabilities.*
2) *Contractual obligations of financial liabilities designated as at fair value totalled NOK 155 128 million.*

As at 31 December 2010 **DNB Bank Group**

Amounts in NOK million	Financial instruments at fair value through profit and loss: Trading	Financial instruments at fair value through profit and loss: Designated as at fair value	Financial derivatives designated as hedging instruments	Financial instruments carried at amortised cost [1)]	Financial instruments held to maturity	Total
Cash and deposits with central banks	8 208	0		7 990		16 198
Lending to and deposits with credit institutions	35 287	641		7 908		43 837
Lending to customers	2 647	125 792		1 055 661		1 184 100
Commercial paper and bonds	40 471	121 600				162 071
Shareholdings	10 854	4 100				14 954
Financial derivatives	68 397		8 384			76 781
Commercial paper and bonds, held to maturity					113 751	113 751
Other assets				8 482		8 482
Total financial assets	165 864	252 133	8 384	1 080 042	113 751	1 620 173
Loans and deposits from credit institutions	104 036	121 350		32 544		257 931
Deposits from customers	36 768	15 756		611 488		664 012
Financial derivatives	58 794		1 828			60 622
Debt securities issued	153 941	39 875		315 631		509 447
Other liabilities				13 009		13 009
Subordinated loan capital		1 260		32 214		33 474
Total financial liabilities [2)]	353 539	178 241	1 828	1 004 887	0	1 538 495

1) *Includes hedged liabilities.*
2) *Contractual obligations of financial liabilities designated as at fair value totalled NOK 177 777 million.*

Note 30 Fair value of financial instruments at amortised cost

DNB Bank ASA

Amounts in NOK million	Recorded value 31 Dec. 2011	Fair value 31 Dec. 2011	Recorded value 31 Dec. 2010	Fair value 31 Dec. 2010
Cash and deposits with central banks	5 937	5 937	4 789	4 789
Lending to and deposits with credit institutions	103 581	103 581	109 507	109 507
Lending to customers	647 495	648 541	572 910	573 928
Commercial paper and bonds, held to maturity	96 042	93 314	113 751	112 821
Total financial assets	853 054	851 373	800 957	801 045
Loans and deposits from credit institutions	24 136	24 136	23 466	23 466
Deposits from customers	638 169	638 169	572 447	572 447
Securities issued	137 624	135 028	168 693	170 152
Subordinated loan capital	22 608	21 886	32 126	31 296
Total financial liabilities	822 537	819 219	796 733	797 362

DNB Bank Group

Amounts in NOK million	Recorded value 31 Dec. 2011	Fair value 31 Dec. 2011	Recorded value 31 Dec. 2010	Fair value 31 Dec. 2010
Cash and deposits with central banks	9 797	9 797	7 990	7 990
Lending to and deposits with credit institutions	8 935	8 935	7 908	7 908
Lending to customers	1 182 080	1 181 189	1 055 661	1 056 490
Commercial paper and bonds, held to maturity	96 042	93 314	113 751	112 821
Total financial assets	1 296 854	1 293 235	1 185 310	1 185 210
Loans and deposits from credit institutions	23 260	23 260	32 544	32 544
Deposits from customers	683 222	683 222	611 488	611 488
Securities issued	349 616	344 706	315 631	315 985
Subordinated loan capital	22 694	21 973	32 214	31 385
Total financial liabilities	1 078 791	1 073 160	991 877	991 401

Financial instruments at amortised cost

Most assets and liabilities in the DNB Bank Group's balance sheet are carried at amortised cost. This primarily applies to loans, deposits and borrowings in the banking group's balance sheet, but also investments in bonds held to maturity. Long-term borrowings in Norwegian kroner are carried at fair value, while long-term borrowings in other currencies are carried at amortised cost. Hedge accounting may be applied.

Recording balance sheet items at amortised cost implies that the originally agreed cash flows are used, possibly adjusted for impairment. Such valuations will not always give values which are consistent with market assessments of the same instruments. Discrepancies may be due to diverging views on macro-economic prospects, market conditions, risk aspects and return requirements, as well as varying access to accurate information. The above table shows estimated fair values of items carried at amortised cost. Values are measured based on prices quoted in an active market where such information is available, internal models calculating a theoretical value when no such active market exists, or comparisons of prices on instruments in the portfolio relative to the last available transaction prices.

Valuations are based on the individual instruments' characteristics and values on the balance sheet date. However, these values do not include the total value of customer relationships, market access, brands, organisational aspects, employees and structural capital. Consequently, such intangible assets are generally not recorded in the accounts. In addition, most transactions with customers are assessed and priced collectively for several products, and products recorded in the balance sheet are considered along with other products and services used by the customer. Individual assets and liabilities recorded in the balance sheet thus give no adequate reflection of the total value of the Bank Group's operations.

Note 30 Fair value of financial instruments at amortised cost (continued)

Lending to and deposits with credit institutions and lending to customers

The market for the purchase and sale of loan portfolios was restricted at year-end 2011. When valuing loans, the loan portfolio has been divided into the following categories: retail customers, shipping/offshore/logistics, energy, international corporates, Nordic corporates, regional corporate clients, credit institutions, DNB Finans and Nordlandsbanken. In addition, separate calculations have been made for DNB Baltics and Poland.

The valuations are based on average margins in December, considered relative to the business units' best estimate of the potential margin requirement at year-end 2011 if the loans had been extended at that time. Differentiated margin requirements have been calculated for each category, as specified above, based on estimated costs related to lending. The margin requirement includes costs covering normalised losses, which, as opposed to write-downs recorded in the annual accounts, represent a long-term assessment of loss levels. Normalised losses for shipping, offshore and logistics are above the DNB Bank Group's average normalised losses. Average credit margins increased in 2011 and are roughly on a level with the DNB Bank Group's margin requirements.

In DNB Baltics and Poland loan terms, especially in Poland, are much longer than for other units in the banking group. These calculations are based on the units' best estimates for duration and market terms.

There is fierce competition in the Norwegian retail market. There were no notified interest rate adjustments which had not been implemented in this market at year-end 2011. The fair value of retail loans and deposits at current prices has thus been set at amortised cost.

With respect to impaired loans, an assessment has been made of potential cash flows for the loans discounted by the effective rate of interest adjusted for changes in market conditions for corresponding non-impaired loans. Lending rates prior to provisions being made reflect the increased credit risk of the commitment. Given the general uncertainty in fair value measurements, the banking group believes that the impaired value gives a good reflection of the fair value of these loans.

Customers will often use loan products which are carried partly at amortised cost and partly at fair value. The profitability of a customer relationship is considered on an aggregate basis, and prices are set based on an overall evaluation. Correspondingly, a possible reduction in the customer relationship value is based on an overall assessment of all products. Any decline or change in the value of products recorded at fair value is assessed based on the difference between the agreed price and the corresponding price of new products on the balance sheet date. Any decline in value apart from price changes on specific products is included in the overall assessment of credits in the relevant customer relationship. Any reduction in the total customer relationship value is measured on the basis of amortised cost and reported under write-downs on loans.

Commercial paper and bonds, held to maturity (see note 35 Commercial paper and bonds, held to maturity)

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.

Lending to and deposits from credit institutions and deposits from customers

The estimated fair value equals the balance sheet value for credit institutions. With respect to deposits from customers, fair value is assessed to equal amortised cost.

Securities issued and subordinated loan capital

Fair value measurement of securities issued and subordinated loan capital raised in foreign currency is based on future cash flows and assessed credit risk on the balance sheet date. The valuation is based on broker quotes. Values in connection with potential new issues are used, in the same way as for loans.

Note 31 Financial instruments at fair value

DNB Bank ASA

Amounts in NOK million	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Accrued interest [1]	Total
Assets as at 31 December 2011					
Deposits with central banks	0	214 775	0	9	214 784
Lending to and deposits with credit institutions	0	89 536	0	262	89 798
Lending to customers	0	936	63 104	433	64 472
Commercial paper and bonds	53 560	150 087	6 462	1 226	211 335
Shareholdings [2]	8 732	133	2 963		11 829
Financial derivatives	0	107 992	514		108 506
Liabilities as at 31 December 2011					
Loans and deposits from credit institutions	0	271 427	0	321	271 748
Deposits from customers	0	66 086	0	183	66 269
Debt securities issued	0	246 475	0	368	246 842
Subordinated loan capital	0	1 450	0	12	1 462
Financial derivatives	0	87 808	399		88 207
Assets as at 31 December 2010					
Deposits with central banks	0	8 208	0	0	8 208
Lending to and deposits with credit institutions	0	106 712	0	213	106 925
Lending to customers	0	2 646	93 322	576	96 543
Commercial paper and bonds	128 250	147 386	3 852	935	280 423
Shareholdings [2]	12 031	(124)	2 683		14 590
Financial derivatives	0	84 504	515		85 019
Liabilities as at 31 December 2010					
Loans and deposits from credit institutions	0	233 096	0	577	233 673
Deposits from customers	0	51 882	0	259	52 141
Debt securities issued	0	173 595	0	473	174 067
Subordinated loan capital	0	1 248	0	12	1 260
Financial derivatives	0	72 370	401		72 771

1) *Accrued interest on financial derivatives is included in the amounts in levels 2 and 3.*
2) *In addition to pure equity investments, this item includes mutual fund holdings and equity-related derivatives linked to DNB Markets' market-making activities (level 2). See note 32 Shareholdings.*

Note 31 Financial instruments at fair value (continued)

DNB Bank Group

Amounts in NOK million	Valuation based on quoted prices in an active market Level 1	Valuation based on observable market data Level 2	Valuation based on other than observable market data Level 3	Accrued interest [1]	Total
Assets as at 31 December 2011					
Deposits with central banks	0	214 775	0	9	214 784
Lending to and deposits with credit institutions	0	16 153	0	17	16 171
Lending to customers	0	956	108 065	559	109 580
Commercial paper and bonds	58 320	39 963	6 466	1 251	106 000
Shareholdings [2]	8 936	159	3 206		12 300
Financial derivatives	0	95 750	514		96 264
Liabilities as at 31 December 2011					
Loans and deposits from credit institutions	0	255 987	0	306	256 293
Deposits from customers	0	66 698	0	183	66 881
Debt securities issued	0	289 431	0	1 230	290 661
Subordinated loan capital	0	1 450	0	12	1 462
Financial derivatives	0	62 731	399		63 130
Assets as at 31 December 2010					
Deposits with central banks	0	8 208	0	0	8 208
Lending to and deposits with credit institutions	0	35 894	0	35	35 929
Lending to customers	0	2 646	125 118	674	128 439
Commercial paper and bonds	135 355	21 881	3 856	978	162 071
Shareholdings [2]	12 229	(124)	2 848		14 954
Financial derivatives	0	76 266	515		76 781
Liabilities as at 31 December 2010					
Loans and deposits from credit institutions	0	224 816	0	571	225 387
Deposits from customers	0	52 265	0	259	52 524
Debt securities issued	0	192 541	0	1 275	193 816
Subordinated loan capital	0	1 248	0	12	1 260
Financial derivatives	0	60 221	401		60 622

1) *Accrued interest on financial derivatives is included in the amounts in levels 2 and 3.*
2) *In addition to pure equity investments, this item includes mutual fund holdings and equity-related derivatives linked to DNB Markets' market-making activities (level 2). See note 32 Shareholdings.*

The levels

Level 1: Valuation based on quoted prices in an active market
Classified as level 1 are financial instruments valued by using quoted prices in active markets for identical assets or liabilities.

Instruments in this category include listed shares and mutual funds, Treasury bills and commercial paper traded in active markets.

Level 2: Valuation based on observable market data
Classified as level 2 are financial instruments which are valued by using inputs other than quoted prices, but where prices are directly or indirectly observable for the assets or liabilities, including quoted prices in non-active markets for identical assets or liabilities.

Included in this category are, among others, interbank derivatives such as interest rate swaps, currency swaps and forward contracts with prices quoted on Reuters or Bloomberg, basis swaps between the currencies NOK, EUR, USD and GBP and cross-currency interest rate derivatives with customers with insignificant credit margins. Exchange-traded options are classified as level 2 if it is possible to scan or interpolate/extrapolate implicit volatility based on observable prices.

Level 3: Valuation based on other than observable market data
Included in this category are loans to customers and instruments where credit margins constitute a major part of adjustments to market value.

Note 31 Financial instruments at fair value (continued)

The instruments in the different levels

Lending to and deposits with credit institutions (level 2)
Lending to and deposits with credit institutions are primarily relevant for DNB Markets. The valuation is mainly based on agreed interest rate terms measured against a swap curve. The fixed-rate period is relatively short.

Lending to customers (level 3)
Loans consist primarily of fixed-rate loans in Norwegian kroner and parts of the portfolio of margin loans in Norwegian kroner. The value of fixed-rate loans is determined by discounting agreed interest flows over the term of the loan, using a discount factor adjusted for margin requirements. A margin requirement is calculated for margin loans, and the difference between the margin requirement and the agreed margin is discounted over the average expected time to the repricing of the loan.

In addition, DNB Baltics and Poland has a small portfolio of loans carried at fair value. The value of this portfolio converted into Norwegian kroner will be affected by exchange rate movements.

Commercial paper and bonds (levels 2 and 3)
The valuation in level 2 is primarily based on observable market data in the form of interest rate curves, exchange rates and credit margins related to the individual credit and the characteristics of the bond or commercial paper. For paper classified as level 3, the valuation is based on indicative prices from third parties or comparable paper.

Equities including mutual fund holdings and equity-related derivatives related to market-making (levels 2 and 3)
Equities classified as level 2 comprise equity derivatives used in DNB Markets' market-making activities. Most of these derivatives are related to the most traded equities on Oslo Børs, and the valuation is based on the price development of the relevant/underlying equity and observable or estimated volatility. Instruments which are classified as level 3 essentially comprise property funds, limited partnership units, private equity investments and investments in unquoted equities.

Financial derivatives (levels 2 and 3)
Financial derivatives classified as level 2 are primarily currency forward contracts and interest rate and currency swaps. The valuation is based on swap curves, and credit margins constitute a minor part of the value. In addition, the item comprises derivatives related to commodities and forward rate agreements. These are valued based on observable market prices. Financial derivatives classified as level 3 are primarily connected to currency options, interest rate options in Norwegian kroner, as well as index derivatives. The valuation is based on indicative prices from third parties.

Loans and deposits from credit institutions (level 2)
See "Lending to and deposits with credit institutions" above. The item also includes borrowings from Norges Bank in connection with the Norwegian government's covered bonds exchange scheme. The funding obtained through this scheme totalled NOK 65.9 billion at year-end 2011. See note 50 Information on related parties.

Deposits from customers (level 2)
Deposits carried at fair value include special-term deposits. The valuation is primarily based on measurement in relation to a swap curve, and changes in credit margins have an insignificant effect.

Debt securities issued (level 2)
The valuation is primarily based on observable market data in the form of interest rate curves and credit margins. The item consists mainly of funding in Norwegian kroner. For foreign currency funding, hedge accounting is used where hedges are entered into. In all other respects, debt securities issued are carried at amortised cost.

Subordinated loan capital (level 2)
Subordinated loans carried at fair value consist of two loans in Norwegian kroner, and the valuation is based on observable interest rate curves and credit margins.

Note 31 Financial instruments at fair value (continued)

Financial instruments at fair value, level 3 — **DNB Bank ASA**

	Financial assets				Financial liabilities
Amounts in NOK million	Lending to customers	Commercial paper and bonds	Share-holdings [1]	Financial derivatives	Financial derivatives
Recorded value as at 31 December 2009	**132 093**	**2 019**	**888**	**453**	**350**
Net gains on financial instruments	(40)	(45)	602	(44)	28
Additions/purchases	603	2 775	1 383	305	238
Sales	2 091	1 081	190	0	0
Settled	37 242	480	0	199	215
Transferred from level 1 or level 2	0	1 053	0	0	0
Transferred to level 1 or level 2	0	344	0	0	0
Other [2]	0	(45)	0	0	0
Recorded value as at 31 December 2010	**93 322**	**3 852**	**2 683**	**515**	**401**
Net gains on financial instruments	(87)	(19)	(87)	33	(2)
Additions/purchases	593	2 687	496	220	0
Sales	1 237	761	129	0	0
Settled	29 487	2 260	0	255	0
Transferred from level 1 or level 2	0	2 950	0	0	0
Transferred to level 1 or level 2	0	40	0	0	0
Other [2]	0	52	0	0	0
Recorded value as at 31 December 2011	**63 104**	**6 462**	**2 963**	**514**	**399**

Financial instruments at fair value, level 3 — **DNB Bank Group**

	Financial assets				Financial liabilities
Amounts in NOK million	Lending to customers	Commercial paper and bonds	Share-holdings [1]	Financial derivatives	Financial derivatives
Recorded value as at 31 December 2009	**159 224**	**2 148**	**1 047**	**453**	**350**
Net gains on financial instruments	(27)	(45)	613	(44)	28
Additions/purchases	5 067	2 775	1 384	305	238
Sales	0	1 081	197	0	0
Settled	39 062	480	0	199	215
Transferred from level 1 or level 2	0	1 053	0	0	0
Transferred to level 1 or level 2	0	461	0	0	0
Other [2]	(83)	(53)	2	0	0
Recorded value as at 31 December 2010	**125 118**	**3 856**	**2 848**	**515**	**401**
Net gains on financial instruments	186	(19)	(10)	33	(2)
Additions/purchases	20 115	2 687	496	220	0
Sales	0	761	129	0	0
Settled	37 365	2 260	0	255	0
Transferred from level 1 or level 2	0	2 950	0	0	0
Transferred to level 1 or level 2	0	40	0	0	0
Other [2]	11	52	1	0	0
Recorded value as at 31 December 2011	**108 065**	**6 466**	**3 206**	**514**	**399**

1) *Equities classified as level 3 comprise, in addition to pure equity investments, property fund units, limited partnership units and private equity investments. Shares in Nets Holding received as consideration in connection with the merger between the payment services company Nordito and the Danish PBS Holding, representing NOK 1 226 million, are included under "additions/purchases" in 2010. The value of the investment increased by NOK 420 million from the merger date till year-end 2010.*
2) *Includes exchange rate effects arising from the translation of foreign operations.*

Lending to customers

The portfolio of loans carried at fair value consists primarily of fixed-rate loans in Norwegian kroner and a share of margin loans in Norwegian kroner. In addition, DNB Baltics and Poland has a small loan portfolio which is recorded at fair value.

Fixed-rate loans

The valuation of the loans is based on interest rates agreed with the customers concerned, discounted by a margin requirement based on the market situation at year-end 2011, as evaluated by Retail Banking. Fierce competition and transparency in the form of interest rate barometers within this market segment mean that there is relatively little uncertainty surrounding the margin requirement for such loans. With respect to these loans, customers have, as a rule, no possibility to withdraw from the agreements without paying compensation for the difference between the estimated and the registered margin. Fixed-rate loans carried at fair value totalled NOK 46 235 million at year-end 2011.

Note 31 Financial instruments at fair value (continued)

Margin loans carried at fair value

A margin loan has an agreed interest rate consisting of a reference interest rate and a margin add-on. Reference rates will normally be set for a period of three months, but the margin can be determined for considerably longer periods. In times of significant interest rate fluctuations and reduced liquidity in the market, as has been the case during the financial turmoil, long-term funding costs increased. This is of significance for the margin requirements used by the bank in its calculations. The margin requirements are measured against agreed margins, and discrepancies are discounted over the average period up until the expected margin adjustment. This period is based on assessments from the banking group's business areas, but will require significant judgment based on past experience. The period up until the actual adjustment of the margin represents the largest element of uncertainty in these calculations. Margin loans carried at fair value totalled NOK 61 830 million at year-end 2011.

Commercial paper and bonds

Investments classified as level 3 primarily consist of municipal and government securities with short fixed-interest terms. The securities are of high quality, but with limited liquidity.

Equities including mutual fund holdings

Of the total invested amount of NOK 3 206 million at year-end 2011, NOK 423 million was invested in private equity funds, NOK 41 million in limited partnerships and NOK 2 742 million in unquoted equities. A common denominator for these investments is that there is a lag in the access to information from the units. In times of financial market turmoil, there may be considerable uncertainty related to the valuation of these investments.

Financial derivatives, assets and liabilities

Items classified as level 3 are primarily currency options, interest rate options in Norwegian kroner and derivatives related to developments in the consumer price index.

DNB Bank ASA		**Sensitivity analysis, level 3**		**DNB Bank Group**
Effect of reasonably possible alternative assumptions	Recorded value 31 Dec. 2011	*Amounts in NOK million*	Recorded value 31 Dec. 2011	Effect of reasonably possible alternative assumptions
(54)	63 104	Lending to customers	108 065	(187)
(18)	6 462	Commercial paper and bonds	6 466	(18)
-	2 963	Shareholdings	3 206	-
-	115	Financial derivatives, net	115	-

In order to show the sensitivity of the loan portfolio, the discount rate on fixed-rate loans and the margin requirement on margin-based loans have been increased by 10 basis points. Level 3 bonds mainly represent investments in Norwegian municipalities, country municipalities, savings banks and power companies. The table shows the effects of a 10 basis point increase in the discount rate.

The Bank Group's portfolio of equities in level 3 was NOK 3 206 million at year-end 2011. The investment in Nets Holding was NOK 1 640 million. Alternative assumptions for this investment have had only insignificant effects.

Note 32 Shareholdings

Investments in shares, mutual funds and equity certificates [1)]

DNB Bank ASA			DNB Bank Group	
31 Dec. 2010	31 Dec. 2011	*Amounts in NOK million*	31 Dec. 2011	31 Dec. 2010
14 590	**11 829**	**Total investments in shares, mutual funds and equity certificates**	**12 300**	**14 954**

Specification of the largest investments in shares, mutual funds and equity certificates as at 31 December 2011

DNB Bank ASA

Recorded value in NOK 1 000	Number of shares	Ownership share in per cent [2)]	Recorded value
Financial institutions			
Gjensidige Forsikring [3)]	416 638	0.1	28 790
Storebrand [3)]	1 252 887	0.3	38 965
Other financial institutions			175 593
Total financial institutions			**243 348**
Norwegian companies			
Aker Solutions [3)]	666 093	0.2	42 048
Algeta [3)]	272 770	0.6	41 836
DnB NOR Eiendomsinvest I [3)]	9 859 178	23.6	315 495
DnB NOR Shippinginvest I [3)]	915 084	100.0	53 945
E6 Logistikk [3)]	1 388 979	96.5	138 928
IT-Fornebu Properities	16 198 752	12.6	207 930
Marine Harvest [3)]	113 564 519	3.2	292 772
Norsk Hydro [3)]	6 483 963	0.3	181 141
Orkla [3)]	4 799 275	0.5	214 239
Petroleum Geo-Services [3)]	875 183	0.4	57 267
Polaris Media [3)]	3 651 236	7.5	96 758
Statoil [3)]	3 379 238	0.1	518 632
Telenor [3)]	2 898 932	0.2	284 018
Yara International [3)]	1 677 485	0.6	407 934
Other Norwegian companies			1 029 975
Total Norwegian companies			**3 882 918**
Companies based abroad			
Axfood [3)]	2 695 196	5.1	595 752
Calpine [3)]	4 221 539	3.3	49 598
Ensco plc American Depositary Shares [3)]	3 856 228	1.7	1 083 000
Golar [3)]	968 927	2.0	254 778
Nets Holding	33 547 173	18.2	1 640 469
North Atlantic Drilling [3)]	17 710 000	1.8	163 817
Rowan Cos. [3)]	6 240 000	4.9	1 132 000
Royal Caribbean Cruises [3)]	468 771	0.2	70 244
Seadrill [3)]	6 767 638	1.4	1 351 956
Subsea 7 [3)]	946 221	0.3	107 785
Teekay [3)]	870 000	0.1	142 700
Other companies based abroad			161 679
Total companies based abroad			**6 753 777**
Equity related derivatives [3)]			**367 365**
Mutual funds			
Interest funds			0
Combination funds			0
Mutual funds			171 505
Private equity funds			369 000
Other funds			40 661
Total mutual funds			**581 166**
Total investments in shares, mutual funds and equity sertificates			11 828 574

DNB Bank Group

Recorded value in NOK 1 000	Number of shares	Ownership share in per cent [2)]	Recorded value
Financial institutions			
Gjensidige Forsikring [3)]	416 638	0.1	28 790
Storebrand [3)]	1 252 887	0.3	38 965
Other financial institutions			177 911
Total financial institutions			**245 666**
Norwegian companies			
Aker Solutions [3)]	666 093	0.2	42 048
Algeta [3)]	272 770	0.6	41 836
DnB NOR Eiendomsinvest I [3)]	9 859 178	23.6	315 495
DnB NOR Shippinginvest I [3)]	915 084	100.0	53 945
E6 Logistikk [3)]	1 388 979	96.5	138 928
Finn Eiendom	755	7.6	82 317
IT-Fornebu Properities	16 198 752	12.6	207 930
Marine Harvest [3)]	113 564 519	3.2	292 772
Norsk Hydro [3)]	6 483 963	0.3	181 141
Orkla [3)]	4 799 275	0.5	214 239
Petroleum Geo-Services [3)]	875 183	0.4	57 267
Polaris Media [3)]	3 651 236	7.5	96 758
Statoil [3)]	3 379 238	0.1	518 632
Telenor [3)]	2 898 932	0.2	284 018
Yara International [3)]	1 677 485	0.6	407 934
Other Norwegian companies			1 068 453
Total Norwegian companies			**4 003 713**
Companies based abroad			
Axfood [3)]	2 695 196	5.1	595 752
Calpine [3)]	9 261	13.9	49 598
Cape Investment	4 221 539	3.3	115 857
Ensco plc American Depositary Shares [3)]	3 856 228	1.7	1 083 000
Golar [3)]	968 927	2.0	254 778
Nets Holding	33 547 173	18.2	1 640 469
North Atlantic Drilling [3)]	17 710 000	1.8	163 817
Rowan Cos. [3)]	6 240 000	4.9	1 132 000
Royal Caribbean Cruises [3)]	468 771	0.2	70 244
Seadrill [3)]	6 767 638	1.4	1 351 956
Subsea 7 [3)]	946 221	0.3	107 785
Teekay [3)]	870 000	0.1	142 700
Other companies based abroad			161 679
Total companies based abroad			**6 869 634**
Equity related derivatives [3)]			**367 365**
Mutual funds			
Interest funds			5 282
Combination funds			17 203
Mutual funds			171 505
Private equity funds			369 000
Other funds			250 969
Total mutual funds			**813 958**
Total investments in shares, mutual funds and equity sertificates			12 300 336

1) *Primary capital certificates were savings banks' form of "shares", but did not give full ownership rights to equity, as is the case with shares. During 2009, a change was made to primary capital certificates, whereby the name was changed to equity certificates. The main difference between equity certificates and primary capital certificates is that investors' ownership interests in savings banks can now be held stable. This is possible as a larger share of profits can be distributed in the form of gifts. Savings banks can thus avoid dilution effects.*

2) *Ownership share in per cent is based on the company's total share capital and does not include derivative contracts.*

3) *Shares and funds carried at fair value in DNB Markets totalled NOK 9 388 million at year-end 2011, and equity-related derivatives represented NOK 367 million. DNB Markets' equity investment are mainly an instrument in hedging its equity derivative exposure through the business area's market making activities. Value at Risk for the equity operations in DNB Markets represented approximately NOK 3.4 million at year-end 2011.*

Note 33 Repurchase agreements and securities lending [1) 2)]

DNB Bank ASA 31 Dec. 2010	DNB Bank ASA 31 Dec. 2011	Transferred assets still recognised in the balance sheet *Amounts in NOK million*	DNB Bank Group 31 Dec. 2011	DNB Bank Group 31 Dec. 2010
		Repurchase agreements		
295	139	Commercial paper and bonds	162	319
		Securities lending		
1 370	122	Shares	122	1 370
1 665	261	Total repurchase agreements and securities lending	284	1 689

DNB Bank ASA 31 Dec. 2010	DNB Bank ASA 31 Dec. 2011	Liabilities associated with the assets *Amounts in NOK million*	DNB Bank Group 31 Dec. 2011	DNB Bank Group 31 Dec. 2010
		Repurchase agreements		
295	139	Loans and deposits from credit institutions	139	295
0	0	Deposits from customers	21	21
		Securities lending		
1 310	103	Loans and deposits from credit institutions	103	1 310
129	25	Deposits from customers	25	129
1 733	267	Total liabilities	288	1 754

1) *Securities which have been sold under an agreement to repurchase are generally not derecognised, as the risk and returns associated with ownership of the assets are normally not transferred. Such transactions primarily involve fixed-income securities.*
2) *Includes securities which the recipient is entitled to sell or repledge, but which must be returned at the end of the agreement period. Agreements where the recipient has no such rights, but has received the securities as collateral, are not included. This includes repurchase agreements where the securities are deposited with a third party.*

Note 34 Securities recieved which can be sold or repledged [1)]

DNB Bank ASA 31 Dec. 2010	DNB Bank ASA 31 Dec. 2011	Securities received *Amounts in NOK million*	DNB Bank Group 31 Dec. 2011	DNB Bank Group 31 Dec. 2010
		Reverse repurchase agreements		
1 003	2 518	Commercial paper and bonds	2 550	1 189
		Securities borrowing		
3 073	2 346	Shares	2 346	3 073
4 077	4 864	Total securities received	4 896	4 262
		Of which securities received and subsequently sold or repledged:		
1 003	*2 518*	*Commercial paper and bonds*	*2 518*	*1 003*
1 895	*1 112*	*Shares*	*1 112*	*1 895*

1) *Securities which have been purchased under an agreement to resell are generally not recognised, as the risk and returns associated with ownership of the assets are normally not transferred. Such transactions primarily involve fixed-income securities. Securities received, including securities received as collateral, are registered off the balance sheet irrespective of whether the Group has the right to sell or repledge the securities. Upon the sale of securities received, the Group will record an obligation in the balance sheet.*

Note 35 Commercial paper and bonds, held to maturity

Effects on profits of the reclassification	**DNB Bank Group**	
Amounts in NOK million	2011	2010
Recorded amortisation effect	329	429
Net gain, if valued at fair value	(1 181)	536
Effects of reclassification on profits	1 510	(107)

	DNB Bank Group	
Effects on the balance sheet of the reclassification	31 Dec.	31 Dec.
Amounts in NOK million	2011	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**	
	31 Dec.	31 Dec.
Amounts in NOK million	2011	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

DNB Bank ASA		**Commercial paper and bonds, held to maturity**	**DNB Bank Group**	
31 Dec.	31 Dec.		31 Dec.	30 Dec.
2010	2011	*Amounts in NOK million*	2011	2010
112 567	95 062	DNB Markets	95 062	112 567
1 184	980	Other units	980	1 184
113 751	**96 042**	**Commercial paper and bonds, held to maturity**	**96 042**	**113 751**

DNB Markets' international bond portfolio

After the reclassification date, DNB Markets has chosen to increase its investments in held-to-maturity securities. According to new proposed liquidity requirements for banks, in order for the securities to be classified as liquid funds, they must qualify for immediate sale. New investments in covered bonds in the second half 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 ASA			**DNB Bank Group**	
NOK million	Per cent		Per cent	NOK million
31 Dec.	31 Dec.		31 Dec.	31 Dec.
2011	2011		2011	2011
		Asset class		
1 040	1	Consumer credit	1	1 040
58 267	50	Residential mortgages	50	58 267
1 272	1	Corporate loans	1	1 272
36 301	31	Government related	31	36 301
18 729	16	Covered bonds	16	18 729
115 610	100	Total international bond portfolio DNB Markets, nominal values	100	115 610
(934)		Accrued interest, amortisation effects and fair value adjustments		(934)
114 676		Total international bond portfolio DNB Markets		114 676
95 062		Total international bond portfolio DNB Markets, held to maturity		95 062
39 825		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 36 Investment properties

Amounts included in the income statement	DNB Bank Group	
Amounts in NOK million	2011	2010
Rental income from investment properties	130	18
Direct expenses (including repairs and maintenance) related to investment properties generating rental income	53	4
Direct expenses (including repairs and maintenance) related to investment properties not generating rental income	20	1
Total	57	13

Changes in the value of investment properties	DNB Bank Group
Amounts in NOK million	Investment properties
Recorded value as at 31 December 2009	**614**
Additions, purchases of new properties [1)]	2 213
Additions, capitalised investments	118
Additions, acquired companies	0
Net gains resulting from adjustment to fair value	0
Disposals	56
Exchange rate movements etc.	(17)
Recorded value as at 31 December 2010	**2 872**
Additions, purchases of new properties	649
Additions, capitalised investments	39
Additions, acquired companies	1 809
Net gains resulting from adjustment to fair value	(31)
Disposals	142
Exchange rate movements etc.	(32)
Recorded value as at 31 December 2011	**5 165**

Contractual commitments related to the acquisition or construction of investment properties, not capitalised as at 31 December 2011	0

1) *On 1 December 2010, DNB Bank ASA took over the property portfolio of Bovista, a company in liquidation. The bank paid a total of DKK 2 023 million for the properties.*

Note 37 Investments in associated companies

Amounts in NOK million	DNB Bank Group 2011	2010
Recorded value as at 1 January	2 291	2 502
Share of profits after tax	11 861	180
Write-down of the ownership interest in Eksportfinans [1]	(11 785)	0
Additions/disposals	30	(111)
Dividends	(225)	(280)
Recorded value as at 31 December [2]	**2 173**	**2 291**

Amounts in NOK million	Assets 31 Dec. 2011 [3]	Liabilities 31 Dec. 2011 [3]	Income 2011 [3]	Profit 2011 [3]	Ownership share (%) 31 Dec. 2011	DNB Bank Group Recorded value 31 Dec. 2011	Recorded value 31 Dec. 2010
Eksportfinans AS [1]	213 929	179 235	41 934	30 039	40	1 878	1 831
Amports Inc. [4]	894	212	93	49	30	122	142
Nordito Property AS [5]	147	69	31	13	40	85	80
Relacom Management AB [6]	5 215	3 457	5 088	(213)	31	32	0
Faktor Eiendom ASA [7]						0	148
Other associated companies						56	89
Total						**2 173**	**2 291**

1) *Large parts of Eksportfinans' liabilities are carried at fair value through profit or loss. Moody's and Standard and Poor's downgrades of Eksportfinans' credit rating in the fourth quarter of 2011 resulted in sizeable unrealised gains on the company's long-term funding. The effect of such unrealised gains on DNB's holding, after tax, represented NOK 11.8 billion. 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. See also note 50 Information on related parties.*
2) *Include deferred tax positions and value adjustments not reflected in the company's balance sheet.*
3) *Values in the accounts of associated companies. Preliminary and unaudited account have been used.*
4) *This auto transport company receives and prepares cars prior to and following overseas shipping. In the fourth quarter of 2010, the company's three large creditors agreed to recapitalise the company. The company's debt was converted to share capital in November 2010.*
5) *Nordito AS was merged with PBS Holding AS on 14 April 2010. The DNB Group has a 18.2 per cent ownership interest in the merged company, Nets Holding AS. In connection with the merger, the properties owned by Nordito AS were demerged into a separate company, Nordito Property AS.*
6) *As part of the restructuring of the Realcom Group (Realcom), the creditors took over all shares in the company in April 2011. Debt totalling SEK 2.3 billion was thereafter converted. Prior to the debt conversion, DNB's loans to the company of SEK 701 million had been written down by SEK 656 million, whereby their residual value was SEK 45 million.This corresponded to the assessed value of DNB's share of the company's equity on the acquisition date.*
7) *Following the bankruptcy in Faktor Eiendom ASA, the values in the income statement have been written down to nil.*

Note 38 Investments in subsidiaries

DNB Bank ASA

Amounts in NOK 1 000 *Values in NOK unless otherwise indicated*		Share capital	Number of shares		Nominal value	Ownership share in per cent	Book value
Foreign subsidiaries							
BANK DNB A/S	EUR	1 715 595	1 715 595 100	EUR	1 715 595	100.0	9 050 921
AB DNB bankas	LTL	656 665	5 710 134	LTL	656 665	100.0	2 871 727
AS DNB banka	LVL	134 361	134 360 900	LVL	134 361	100.0	2 320 160
Den Norske Syndicates	GBP	200	200 000	GBP	200	100.0	1 860
DNB Asia	SGD	20 000	20 000 000	SGD	20 000	100.0	92 358
DNB Luxembourg	EUR	17 352	70 000	EUR	17 352	100.0	134 758
DNB Markets Inc.	USD	1	1 000	USD	1	100.0	2 193
DNB Monchebank	RUB	800 000	800 000 000	RUB	800 000	100.0	243 048
DNB Reinsurance		21 000	21 000		21 000	100.0	21 000
SalusAnsvar	SEK	85 614	21 403 568	SEK	85 614	100.0	509 065
SC Finans	SEK	126 025	1 260 250	SEK	126 025	100.0	166 118
Svensk Fastighetsförmedling	SEK	8 940	89 400	SEK	8 940	100.0	33 795
Domestic subsidiaries							
DNB Boligkreditt		1 827 000	18 270 000		1 827 000	100.0	12 420 000
Bryggetorget		2 500	2 500		2 500	100.0	110 000
DNB Eiendom		10 003	100 033		10 003	100.0	150 349
DNB Eiendomsutvikling		91 000	91 000 000		91 000	100.0	226 331
DNB Gjenstandsadministrasjon		3 000	30		3 000	100.0	3 000
DNB Invest Holding		100 000	200 000		100 000	100.0	243 000
DNB Meglerservice		1 200	12		1 200	100.0	10 221
DNB Næringskreditt		550 000	550 000		550 000	100.0	5 240 942
DNB Næringsmegling		1 000	10 000		1 000	100.0	24 000
Hafjell Holding		10 000	1 000		10 000	100.0	12 400
Nordlandsbanken		625 062	50 004 984		625 062	100.0	1 864 444
Postbanken Eiendom		2 000	20 000		2 000	100.0	7 672
Viul Drift		2 629	2 628		2 629	100.0	3 118
Total investments in subsidiaries							**35 762 581**

Hedging of investments in subsidiaries

In DNB Bank ASA, currency risk associated with foreign currency investments in subsidiaries is subject to fair value hedging. The hedging instruments used are debt securities issued and loans from credit institutions. Changes in value of the investments and hedging instruments resulting from exchange rate movements, are recorded in the income statement. At group level, net investments in subsidiaries are hedged through cash flow hedges for an amount corresponding to DNB Bank's investments. Changes in the value of investments and hedging instruments recorded in the income statement are offset against other equity and the reserve for exchange rate movements. As there is a correlation between the hedged amount in DNB Bank ASA and the hedged net investment, this has no effect on the banking group's income statement. The strengthening of the Norwegian krone through 2011 reduced the value of investments in subsidiaries by NOK 90 million, which was offset by a corresponding increase in the value of hedging contracts. In 2010, there was a reduction of NOK 133 million.

Note 39 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	Capitalised systems development	1 271	1 160
370	310	Sundry intangible assets	316	370
3 578	**3 549**	**Total intangible assets**	**4 854**	**5 001**

DNB Bank ASA

Amounts in NOK million	Goodwill 1)	Postbanken brand name	Capitalised systems development 2)	Sundry intangible assets 3)	Total
Cost as at 1 January 2010	2 793	119	865	778	4 555
Additions			376		376
Additions from the acquisition/establishment of other companies					0
Increase/reduction in cost price					0
Disposals			48		48
Exchange rate movements	17			2	19
Cost as at 31 December 2010	2 809	119	1 193	780	4 901
Total depreciation and impairment as at 1 January 2010	407	68	193	321	989
Depreciation			210	95	305
Impairment		51			51
Disposals					0
Exchange rate movements	(17)			(4)	(21)
Total depreciation and impairment as at 31 December 2010	390	119	403	413	1 325
Recorded value as at 31 December 2010	**2 419**	**0**	**789**	**370**	**3 578**
Cost as at 1 January 2011	2 809	119	1 193	780	4 901
Additions			345		345
Additions from the acquisition/establishment of other companies					0
Increase/reduction in cost price					0
Disposals		119	27		146
Exchange rate movements			(1)	3	2
Cost as at 31 December 2011	2 809	0	1 510	783	5 102
Total depreciation and impairment as at 1 January 2011	390	119	403	413	1 325
Depreciation			265	59	324
Impairment			22		22
Disposals		119			119
Exchange rate movements			1		1
Total depreciation and impairment as at 31 December 2011	390	0	691	472	1 553
Recorded value as at 31 December 2011	**2 419**	**0**	**819**	**310**	**3 549**

1) See note 40 Goodwill.

2) Software expenses recorded in the balance sheet are depreciated according to the straight line principle over their expected useful life, usually five years.

3) Sundry intangible assets mainly comprise IT software and excess values relating to customer contracts, distributor networks and the loan portfolio taken over from DNB Baltics and Poland. Sundry intangible assets are depreciated according to the straight line principle over the assets' expected useful lives, which range from three to ten years.

Note 39 Intangible assets (continued)

DNB Bank Group

Amounts in NOK million	Goodwill [1]	Postbanken brand name	Capitalised systems development [2]	Sundry intangible assets [3]	Total
Cost as at 1 January 2010	5 109	119	1 493	1 165	7 887
Additions			613	14	626
Additions from the acquisition/establishment of other companies					
Increase/reduction in cost price					0
Disposals			48	226	274
Exchange rate movements	30		(12)	7	25
Cost as at 31 December 2010	5 139	119	2 046	959	8 263
Total depreciation and impairment as at 1 January 2010	1 504	68	294	466	2 333
Depreciation			236	129	365
Impairment	194	51	346		591
Disposals					0
Exchange rate movements	(30)		12	(7)	(25)
Total depreciation and impairment as at 31 December 2010	1 668	119	886	589	3 263
Recorded value as at 31 December 2010	**3 471**	**0**	**1 160**	**370**	**5 001**
Cost as at 1 January 2011	5 139	119	2 046	959	8 263
Additions	23		640	23	687
Additions from the acquisition/establishment of other companies				27	27
Increase/reduction in cost price					0
Disposals		119	28		147
Exchange rate movements	(41)		(15)		(56)
Cost as at 31 December 2011	5 121	0	2 644	1 010	8 774
Total depreciation and impairment as at 1 January 2011	1 668	119	886	589	3 263
Depreciation			275	106	381
Impairment [4]	190		213		403
Disposals		119			119
Exchange rate movements	(4)		(2)	(1)	(7)
Total depreciation and impairment as at 31 December 2011	1 854	0	1 372	695	3 921
Recorded value as at 31 December 2011	**3 267**	**0**	**1 271**	**316**	**4 854**

1) *See note 40 Goodwill.*
2) *Software expenses recorded in the balance sheet are depreciated according to the straight line principle over their expected useful life, usually five years.*
3) *Sundry intangible assets mainly comprise IT software and excess values relating to customer contracts and distributor networks. Sundry intangible assets are depreciated according to the straight line principle over the assets' expected useful lives, which range from three to ten years.*
4) *In consequence of lower growth prospects in the Polish market, it was considered necessary to record impairment losses for the remaining goodwill totalling NOK 190 million in 2011. There was no need for recording impairment losses for goodwill for other units. 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 2011. Write-downs of NOK 22 million were recorded on Postbanken's IT systems in 2011 following the conversion of Postbanken's customer accounts to DNB's IT systems.*

Note 40 Goodwill

The DNB Bank Group continually reviews whether the value of recorded goodwill and other intangible assets with an indefinite useful life is intact, and a complete impairment test of all cash-generating units is performed at least once a year. In the DNB Bank Group's balance sheet, the individual goodwill items and intangible assets with an indefinite useful life are allocated to cash-generating units according to which units benefit from the acquired asset. The cash-generating unit is chosen based on considerations relating to where it is possible to identify and distinguish cash flows related to the unit. A cash-generating unit may record goodwill from several transactions, and an impairment test is then performed on the total goodwill entered in the accounts in the cash-generating unit.

Testing of values and key assumptions used in value in use calculations

Impairment testing of capitalised values is done by discounting expected future cash flows from the unit. The assessments are based on value in use of the cash-generating units. The value in use represents the sum total of the estimated present value of expected cash flows for the plan period and projected cash flows after the plan period. Cash flows for the plan period normally have a three-year perspective based on budgets and plans approved by management. It must be possible to prove that budgets and plans based on past performance in the relevant unit are realistic. In the medium term, projections beyond the plan period are based on the expected economic growth rate for the cash-generating units. In the long-term an annual growth of 2.5 per cent is anticipated, which equals the expected long-term inflation rate. When a deviating long-term growth rate is used for cash-generating units, an explanation is provided in the description below.

The discount rate is based on an assessment of the market's required rate of return for the type of activity performed in the cash-generating unit. This required rate of return reflects the risk of operations. Impairment tests are generally performed on cash flows after tax in order to be able to directly employ the market's required rate of return. If the test shows that there may be a need for impairment, an assessment is also made of the pre-tax value of the cash flows. In assessments for the 2011 accounting year, a discount rate based on an adjusted capital asset pricing model has been used with a normalized risk-free interest rate in the unit's home market plus a normalized risk premium of 4 per cent. Beta values are estimated for each cash-generating unit. The normalised risk free interest rate is estimated to 5 per cent for units in Norway. For units in countries outside the Nordic region, such as the Baltic States, Poland and Russia, the discount rate is adjusted for country risk.

For units where recorded goodwill approximates the estimated value in use, DNB has carried out sensitivity analyses. These consider whether a change of key assumptions used in valuations of a unit would result in its capitalised value exceeding its value in use.

DNB Bank ASA		**Goodwill**	**DNB Bank Group**	
Recorded 31 Dec. 2010	Recorded 31 Dec. 2011	Unit	Recorded 31 Dec. 2011	Recorded 31 Dec. 2010
		DNB Baltics and Poland [1]		218
987	987	Retail Banking - parent bank	987	987
502	502	Cresco	502	502
		Nordlandsbanken	478	478
365	365	DNB Finans - Car financing in Norway [2]	365	365
344	344	DNB Finans - Car financing in Sweden [2]	344	344
221	221	Other	591	577
2 419	2 419	Total goodwill	3 267	3 471

1) *DNB Bank's share of recorded goodwill in DNB Baltics and Poland is 51 per cent.*
2) *DNB Finans was merged into DNB ASA in 2010.*

Retail Banking – parent bank

The unit encompasses banking operations (loans and deposits) in the regional network in Norway, excluding Nordlandsbanken, and recorded goodwill mainly represents goodwill from the merger between DnB and Gjensidige NOR and some goodwill from previously acquired offices in Gjensidige NOR. Key assumptions for cash flows during the plan period are developments in margins, volumes and write-downs on loans. A required rate of return corresponding to 11.8 per cent before tax has been used.

Cresco

The unit encompasses external distribution of credit cards under the Cresco brand. Goodwill stems from the merger between DnB and Gjensidige NOR and the previous acquisition premium from the acquisition of Gjensidige Bank's credit card portfolio. Key assumptions for cash flows during the plan period are developments in margins, volumes and write-downs on loans. A required rate of return corresponding to 11.7 per cent before tax has been used.

Nordlandsbanken

The unit encompasses banking operations (loans and deposits) in Nordlandsbanken. Goodwill represents the acquisition premium from the acquisition of Nordlandsbanken. Nordlandsbanken remains a separate company in the DNB Bank Group and is a logical cash-generating unit. Key assumptions for cash flows during the plan period are developments in margins, volumes and write-downs on loans. A required rate of return corresponding to 11.8 per cent before tax has been used.

Note 40 Goodwill (continued)

DNB Finans – Car financing in Norway

The unit encompasses DNB car financing operations in Norway, and goodwill stems from DNB acquisition of SkandiaBanken Bilfinans' operations in Norway with effect from 2008. Critical assumptions for cash flows during the plan period are car sales figures in Norway and DNB Finans' ability to retain customer relations with important car dealers, along with long-term margin developments and the level of write-downs on loans. A required rate of return corresponding to 13.4 per cent before tax has been used.

DNB Finans – Car financing in Sweden

The unit encompasses DNB Finans' car financing operations and leasing portfolio in Sweden. Goodwill stems from the previous acquisition of leasing portfolios and operations within vendor-based car financing in Sweden, and from the acquisition of SkandiaBanken's car financing operations in Sweden in 2008. Key assumptions for cash flows are car sales figures in Sweden and DNB Finans' ability to retain customer relations with important car dealers, along with long-term margin developments and the level of write-downs on loans. A required rate of return corresponding to 13.4 per cent before tax has been used.

Recorded impairment losses

Impairment losses per unit	**DNB Bank Group**	
Amounts in NOK million	2011	2010
DNB Baltics and Poland [1)]	190	0
Svensk Fastighetsförmedling AB		194
Brand name Postbanken		51
Total impairment losses on intangible assets with indefinite useful life	190	245

1) DNB Bank's share of impairment losses for DNB Baltics and Poland.

DNB Baltics and Poland

DNB Baltics and Poland's recorded goodwill relates to operations in Poland and represented EUR 52.7 million at end-December 2010, of which DNB recorded 51 per cent. In consequence of lower growth prospects in the Polish market, it was decided to record impairment losses for the remaining goodwill totaling NOK 190 million in the fourth quarter of 2011. The cash-generating unit is included in the DNB Baltics and Poland profit centre, see note 3 Segments.

Note 41 Fixed assets

DNB Bank ASA			DNB Bank Group	
31 Dec. 2010	31 Dec. 2011	*Amounts in NOK million*	31 Dec. 2011	31 Dec. 2010
93	133	Bank buildings and other properties	690	554
4 896	5 317	Machinery, equipment and vehicles	5 491	5 101
15	47	Other fixed assets	142	112
5 004	**5 497**	**Total fixed assets**	**6 322**	**5 767**

DNB Bank ASA

Amounts in NOK million	Bank buildings and other properties	Machinery, equipment and vehicles [1]	Total [2]
Accumulated cost as at 31 December 2010	126	10 215	10 341
Additions	46	2 270	2 316
Additions from the mergers/aquisitions/establishment of other companies	0	0	0
Fixed assets, reclassified as held for sale	0	20	20
Disposals	2	1 297	1 298
Exchange rate movements	1	(3)	(2)
Cost as at 31 December 2011	172	11 165	11 336
Total depreciation and impairment as at 31 December 2010	33	5 318	5 352
Additions from the mergers/aquisitions/establishment of other companies	0	0	0
Disposals	0	592	592
Depreciation [3]	5	1 100	1 104
Impairment	0	23	23
Exchange rate movements	0	(1)	(1)
Total depreciation and impairment as at 31 December 2011	39	5 847	5 886
Recorded value as at 31 December 2011	133	5 317	5 450

The DNB Bank ASA has not furnished security for loans/funding of fixed assets, including property.

DNB Bank Group

Amounts in NOK million	Bank buildings and other properties	Machinery, equipment and vehicles [1]	Total [2]
Accumulated cost as at 31 December 2010	693	10 999	11 692
Additions	171	2 342	2 513
Additions from the mergers/aquisitions/establishment of other companies	0	0	0
Fixed assets, reclassified as held for sale	(57)	20	(36)
Disposals	57	1 388	1 445
Exchange rate movements	(9)	(6)	(15)
Cost as at 31 December 2011	854	11 927	12 782
Total depreciation and impairment as at 31 December 2010	139	5 898	6 038
Additions from the mergers/aquisitions/establishment of other companies	0	0	0
Disposals	0	658	658
Depreciation [3]	20	1 174	1 194
Impairment	9	23	32
Exchange rate movements	(4)	(1)	(5)
Total depreciation and impairment as at 31 December 2011	165	6 437	6 601
Recorded value as at 31 December 2011	690	5 491	6 180

The DNB Bank ASA has not furnished security for loans/funding of fixed assets, including property.

1) *Including computer equipment and related software.*
2) *The total does not include "Other fixed assets".*
3) *Based on cost less any residual value, other assets are subject to straight-line depreciation over their expected useful life within the following limits:*

Technical installations	*10*	*years*
Machinery	*3-10*	*years*
Fixtures and fittings	*5-10*	*years*
Computer equipment	*3-5*	*years*
Means of transport	*5-7*	*years*

Note 42 Leasing

DNB Bank ASA 31 Dec. 2010	31 Dec. 2011	Financial leases (as lessor) *Amounts in NOK million*	DNB Bank Group 31 Dec. 2011	31 Dec. 2010
		Gross investment in the lease		
8 358	8 421	Due within 1 year	9 341	9 622
21 316	21 700	Due in 1-5 years	22 981	23 199
2 188	2 267	Due in more than 5 years	2 299	2 244
31 863	32 388	Total gross investment in the lease	34 620	35 065
		Present value of minimum lease payments		
8 098	8 160	Due within 1 year	8 921	9 170
17 156	17 469	Due in 1-5 years	18 584	18 838
1 451	1 503	Due in more than 5 years	1 531	1 501
26 705	27 132	Total present value of lease payments	29 036	29 509
5 158	5 257	Unearned financial income	5 584	5 556
46	47	Unguaranteed residual values accruing to the lessor	47	46
1 356	1 378	Accumulated loan-loss provisions	1 532	1 529
37	37	Variable lease payments recognised as income during the period	107	115

DNB Bank ASA 31 Dec. 2010	31 Dec. 2011	Operational leases (as lessor) *Amounts in NOK million*	DNB Bank Group 31 Dec. 2011	31 Dec. 2010
		Future minimum lease payments under non-cancellable leases		
268	297	Due within 1 year	297	269
1 338	1 471	Due in 1-5 years	1 471	1 338
22	28	Due in more than 5 years	28	22
1 627	1 796	Total future minimum lease payments under non-cancellable leases	1 796	1 628

DNB Bank ASA 31 Dec. 2010	31 Dec. 2011	Operational leases (as lessee) *Amounts in NOK million*	DNB Bank Group 31 Dec. 2011	31 Dec. 2010
		Minimum future lease payments under non-cancellable leases		
84	149	Due within 1 year	165	102
988	1 154	Due in 1-5 years	1 320	1 148
7 177	7 432	Due in more than 5 years	7 466	7 224
8 248	8 735	Total minimum future lease payments under non-cancellable leases	8 950	8 475
403	320	Total minimum future sublease payments expected to be received under non-cancellable subleases	150	154

DNB Bank ASA 2010	2011	*Amounts in NOK million*	DNB Bank Group 2011	2010
		Leases recognised as an expense during the period		
809	826	Minimum lease payments	866	846
0	0	Variable lease payments	0	0
809	826	Total leases recognised as an expense during the period	866	846
11	29	Impairment on leases	29	11

Financial leases (as lessor)
The DNB Bank Group's financial leasing operations apply to DNB Bank ASA and DNB Baltics and Poland.

Operational leases (as lessor)
Comprises operational leasing operations in DNB Bank ASA and DNB Baltics and Poland.

Operational leases (as lessee)
Mainly comprises premises leased by DNB Bank ASA. The DNB Bank ASA and the DNB Bank Group’s contractual minimum lease payments which are due in more than five years include the contract to lease new headquarters in Bjørvika in Oslo, which will be taken into use in 2012. DNB Livsforsikring entered into a contract in 2012 to purchase the buildings which will become DNB’s new headquarters in Bjørvika. The company will take over the buildings upon completion.

Note 43 Other assets

DNB Bank ASA			DNB Bank Group	
31 Dec. 2010	31 Dec. 2011	*Amounts in NOK million*	31 Dec. 2011	31 Dec. 2010
1 717	3 452	Accrued expenses and prepaid revenues	1 793	1 713
1 363	808	Amounts outstanding on documentary credits and other payment services	808	1 374
955	5 380	Unsettled contract notes	5 380	983
5 297	5 749	Other amounts outstanding [1)]	4 811	4 412
9 332	**15 389**	**Total other assets [2)]**	**12 792**	**8 482**

1) *DNB Bank ASA had outstanding group contributions totaling NOK 1 505 million as at 31 December 2011.*
2) *Other assets are generally of a short-term nature.*

Note 44 Deposits from customers for principal sectors [1)]

DNB Bank ASA			DNB Bank Group	
31 Dec. 2010	31 Dec. 2011	*Amounts in NOK million*	31 Dec. 2011	31 Dec. 2010
229 243	250 169	Retail customers	274 444	247 241
60 499	54 834	Transportation by sea and pipelines and vessel construction	54 942	60 543
30 400	37 900	Real estate	40 249	32 556
19 916	24 326	Manufacturing	26 271	21 980
99 468	120 933	Services	125 747	104 608
32 526	31 317	Trade	33 408	34 826
21 967	35 338	Oil and gas	35 340	22 236
21 836	20 971	Transportation and communication	22 716	23 117
13 134	16 220	Building and construction	18 128	15 085
22 029	14 389	Power and water supply	16 621	24 255
3 914	4 004	Seafood	5 270	4 961
1 728	1 936	Hotels and restaurants	2 075	1 838
2 184	3 116	Agriculture and forestry	4 062	2 986
19 527	23 434	Central and local government	24 658	20 473
45 585	64 750	Finance	65 287	46 585
623 956	703 636	Total deposits from customers, nominal amount	749 218	663 289
632	802	Adjustments	885	723
624 588	**704 438**	**Deposits from customers**	**750 102**	**664 012**

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

Note 45 Debt securities issued

Amounts in NOK million	DNB Bank ASA 31 Dec. 2011	31 Dec. 2010
Commercial paper issued, nominal amount	228 415	153 910
Bond debt, nominal amount 1)	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 1)	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**

Maturity of debt securities issued recorded at amortised cost as at 31 December 2011 1) 2)

DNB Bank ASA

Amounts in NOK million	NOK	Foreign currency	Total
2012	0	18 605	18 605
2013	0	20 080	20 080
2014	0	37 494	37 494
2015	0	7 665	7 665
2016	0	9 893	9 893
2017	0	2 626	2 626
2018 and later	0	34 970	34 970
Total bond debt, recorded at amortised cost, nominal amount	0	131 334	131 334

Maturity of debt securities issued recorded at fair value as at 31 December 2011 1)

DNB Bank ASA

Amounts in NOK million	NOK	Foreign currency	Total
2012	57	228 358	228 415
Total commercial paper issued, nominal amount	57	228 358	228 415
2012	1 291	0	1 291
2013	1 723	0	1 723
2014	8 681	0	8 681
2015	3	0	3
2016	898	0	898
2017	2 064	0	2 064
2018 and later	3 171	0	3 171
Total bond debt, nominal amount	17 831	0	17 831
Total debt securities issued recorded at fair value, nominal amount	17 888	228 358	246 246
Adjustments	606	6 281	6 887
Debt securities issued	18 494	365 973	384 467

1) *Minus own bonds.*
2) *Includes hedged items.*

Note 45 Debt securities issued (continued)

Amounts in NOK million	DNB Bank Group 31 Dec. 2011	31 Dec. 2010
Commercial paper issued, nominal amount	228 430	153 934
Bond debt, nominal amount [1]	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 [1]	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**

Maturity of debt securities issued recorded at amortised cost as at 31 December 2011 [1) 2)]

DNB Bank Group

Amounts in NOK million	NOK	Foreign currency	Total
2012	0	14	14
Total commercial paper issued, nominal amount	0	14	14
2012	0	31 946	31 946
2013	0	36 617	36 617
2014	0	37 522	37 522
2015	0	46 171	46 171
2016	0	65 013	65 013
2017	0	28 713	28 713
2018 and later	0	85 194	85 194
Total bond debt, recorded at amortised cost, nominal amount	0	331 176	331 176
Total debt securities issued recorded at amortised cost, nominal amount	0	331 190	331 190

Maturity of debt securities issued recorded at fair value as at 31 December 2011 [1)]

DNB Bank Group

Amounts in NOK million	NOK	Foreign currency	Total
2012	57	228 359	228 416
Total commercial paper issued, nominal amount	57	228 359	228 416
2012	1 291	1	1 292
2013	1 723	0	1 723
2014	16 160	0	16 160
2015	5 477	0	5 477
2016	10 563	0	10 563
2017	12 433	0	12 433
2018 and later	12 502	0	12 502
Total bond debt, nominal amount	60 148	1	60 150
Total debt securities issued recorded at fair value, nominal amount	60 205	228 360	288 565
Adjustments	2 105	18 416	20 521
Debt securities issued	62 310	577 966	640 277

1) 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.

2) Includes hedged items.

Note 46 Subordinated loan capital and perpetual subordinated loan capital securities

	DNB Bank ASA	
Amounts in NOK million	31 Dec. 2011	31 Dec. 2010
Term subordinated loan capital, nominal amount	12 773	17 085
Perpetual subordinated loan capital, nominal amount	4 158	7 004
Perpetual subordinated loan capital securities, nominal amount [1)]	5 973	8 241
Adjustments	1 166	1 056
Total subordinated loan capital and perpetual subordinated loan capital securities	**24 070**	**33 386**

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**

						DNB Bank ASA
Year raised		Recorded value in foreign currency	Interest rate	Maturity		Recorded value in NOK
Term subordinated loan capital						
2006	EUR	500	3-month EURIB	2017	2012	3 883
2007	GBP	150	6.52% p.a.	2017	2012	1 395
2008	GBP	250	6.17% p.a.	2018	2013	2 325
2008	NOK	1 200	3-month NIBOR	2018	2013	1 200
2008	NOK	250	7.60% p.a.	2018	2013	250
2008	GBP	400	7.25% p.a.	2020	2015	3 720
Total, nominal amount						12 773
Perpetual subordinated loan capital						
1985	USD	215	3-month LIBOR + 0.25%			1 287
1986	USD	200	6-month LIBOR + 0.15%			1 197
1986	USD	150	6-month LIBOR + 0.13%			898
1999	JPY	10 000	4.51% p.a.		2029	776
Total, nominal amount						4 158
Perpetual subordinated loan capital securities [1)]						
2002	EUR	350	7.07% p.a.		2012	2 718
2007	GBP	350	6.01% p.a.		2017	3 255
Total, nominal amount						5 973

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 the securities to be written down proportionally to equity if the bank's core capital ratio falls below 5 per cent or capital adequacy ratio falls below 6 per cent. Amounts written down on the securities must be revalued before the distribution of dividends to shareholders or revaluation of equity.*

Note 46 Subordinated loan capital and perpetual subordinated loan capital securities (continued)

Amounts in NOK million	DNB Bank Group 31 Dec. 2011	 31 Dec. 2010
Term subordinated loan capital, nominal amount	12 859	17 167
Perpetual subordinated loan capital, nominal amount	4 158	7 005
Perpetual subordinated loan capital securities, nominal amount [1]	5 973	8 241
Adjustments	1 167	1 060
Total subordinated loan capital and perpetual subordinated loan capital securities	**24 156**	**33 474**

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**

DNB Bank Group

Year raised		Recorded value in foreign currency	Interest rate	Maturity		Recorded value in NOK
Term subordinated loan capital						
2004	EUR	11	6-month EURIB	2014	2009	85
2006	EUR	500	3-month EURIB	2017	2012	3 883
2007	GBP	150	6.52% p.a.	2017	2012	1 395
2008	GBP	250	6.17% p.a.	2018	2013	2 325
2008	NOK	1 200	3-month NIBOR	2018	2013	1 200
2008	NOK	250	7.60% p.a.	2018	2013	250
2008	GBP	400	7.25% p.a.	2020	2015	3 720
Total, nominal amount						12 859
Perpetual subordinated loan capital						
1985	USD	215	3-month LIBOR + 0.25%			1 287
1986	USD	200	6-month LIBOR + 0.15%			1 197
1986	USD	150	6-month LIBOR + 0.13%			898
1999	JPY	10 000	4.51% p.a.		2029	776
Total, nominal amount						4 158
Perpetual subordinated loan capital securities [1]						
2002	EUR	350	7.07% p.a.		2012	2 718
2007	GBP	350	6.01% p.a.		2017	3 255
Total, nominal amount						5 973

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 the securities to be written down proportionally to equity if the bank's core capital ratio falls below 5 per cent or capital adequacy ratio falls below 6 per cent. Amounts written down on the securities must be revalued before the distribution of dividends to shareholders or revaluation of equity.*

Note 47 Provisions

DNB Bank ASA			
Amounts in NOK million	Issued financial guarantees	Other provisions	Total provisions 1)
Recorded value as at 31 December 2010	**155**	**554**	**709**
New provisions, recorded in the accounts *)	85	306	391
Amounts used	0	349	349
Reversals of unutilised provisions	18	59	77
Other changes	0	3	3
Recorded value as at 31 December 2011	**222**	**454**	**676**

**) Of which allocations for a general bonus to employees in 2011* — *217*

1) Provisions which are assumed to be settled after 12 months totalled NOK 320 million as at 31 December 2011.

DNB Bank Group			
Amounts in NOK million	Issued financial guarantees	Other provisions	Total provisions 1)
Recorded value as at 31 December 2010	**195**	**730**	**925**
New provisions, recorded in the accounts *)	93	337	430
Amounts used	10	494	504
Reversals of unutilised provisions	42	62	103
Other changes	(1)	3	2
Recorded value as at 31 December 2011	**235**	**514**	**750**

**) Of which allocations for a general bonus to employees in 2011* — *217*

1) Provisions which are assumed to be settled after 12 months totalled NOK 345 million as at 31 December 2011.

Note 48 Other liabilities

DNB Bank ASA			DNB Bank Group	
31 Dec. 2010	31 Dec. 2011	*Amounts in NOK million*	31 Dec. 2011	31 Dec. 2010
2 624	1 351	Short-term funding	1 351	2 624
2 905	3 582	Accrued expenses and prepaid revenues	3 953	3 163
126	165	Liabilities related to factoring	165	126
1 719	1 267	Documentary credits, cheques and other payment services	1 272	1 729
1 892	3 985	Unsettled contract notes	3 985	1 892
8 333	0	Group contribution/dividends	-	-
468	577	Accounts payable	626	659
2 238	2 494	Other liabilities	3 216	2 818
20 304	**13 421**	**Total other liabilities 1)**	**14 569**	**13 009**

1) Other liabilities are generally of a short-term nature.

Note 49 Remunerations etc.

Information about DNB’s remuneration scheme

Pursuant to the regulations on remuneration schemes in financial institutions etc., issued by the Norwegian Ministry of Finance on 1 December 2010, the remuneration regulations, undertakings are required to publish information about the main principles for determining remunerations, criteria for the stipulation of any variable remunerations and quantitative information on remuneration to senior executives, employees with responsibilities which are of great importance to the company's risk exposure, employees who are responsible for control functions and elected officers who receive corresponding remunerations. The information in this note, including the Board of Directors' statement on the stipulation of salaries and other remunerations to senior executives below, represents such information, as stipulated in the remuneration regulations.

The group guidelines for remuneration in the DNB Group apply to the total remuneration to all permanent employees in the DnB Group and comprise monetary remuneration (fixed salary, short and long-term incentives), employee benefits (pensions, employer's liability insurance and other employee benefits) and employee development and career measures (courses and development programmes, career programmes and other non-monetary remuneration).

According to the guidelines, total remuneration is to be based on a total evaluation of the performance of the Group, as well as the unit's and each individual's contributions to value creation. Total remuneration should be structured to ensure that it does not expose the Group to unwanted risk. The remuneration should be competitive, but also cost-effective for the Group.

Furthermore, monetary remuneration should consist of a fixed and a variable part where this is appropriate. Fixed salary should be a compensation for the responsibilities and requirements assigned to each position, as well as its complexity, while variable salary should encourage extraordinary performance and desired conduct.

To ensure compliance with the remuneration regulations, DNB implemented new group guidelines for variable remuneration in 2011, including special guidelines for variable remuneration to senior executives, employees with responsibilities which are of great importance to the company's risk exposure (”risk takers”) and employees who are responsible for independent control functions. These guidelines aim to reduce excessive risk taking and promote sound and effective risk management.

Variable remuneration in DNB should promote a long-term profitability and is determined based on financial and non-financial target figures. In addition, an overall assessment should be made based on compliance with the Group's values and leadership principles. The variable remuneration schemes must be documented in a process which establishes, follows up and evaluates targets and target attainment, as well as a process for awarding and paying out variable remuneration.

Pursuant to Section 6-16a of the Norwegian Public Limited Companies Act, the Board of Directors will present the following remuneration guidelines to the Annual General Meeting:

"The Board of Directors' statement on the stipulation of salaries and other remunerations to senior executives
DNB's guidelines for determining remunerations to the group chief executive and other members of the group management team should, at all times, support prevailing strategy and values, while contributing to the attainment of the Group’s targets. The remuneration should inspire conduct to build the desired corporate culture with respect to performance and profit orientation. In connection with this statement, the Board of Directors has passed a resolution which entails changes to the principles for the stipulation of remunerations compared with statements presented previously.

Decision-making process
The Board of Directors in DNB ASA has established a compensation committee consisting of three members: the chairman of the Board, the vice-chairman and one board member.

The Compensation Committee prepares matters for the Board of Directors and has the following main responsibilities:

- Annually evaluate and present its recommendations regarding the total remuneration awarded to the group chief executive
- Annually prepare a recommendation for the group chief executive’s score card
- Based on suggestions from the group chief executive, decide the remuneration and other key benefits awarded to the group executive vice president, Group Audit
- Act in an advisory capacity to the group chief executive regarding remunerations and other key benefits for members of the group management team and, when applicable, for others who report to the group chief executive
- Consider other matters as decided by the Board of Directors and/or the Compensation Committee
- Evaluate other personnel-related issues which can be assumed to entail great risk to the Group's reputation

A. Guidelines for the coming accounting year
<u>Remuneration to the group chief executive</u>
The total remuneration to the group chief executive consists of fixed salary (main element), benefits in kind, variable remuneration, and pension and insurance schemes. The total remuneration is determined based on a total evaluation, and the variable part of the remuneration is primarily based on the following elements: financial risk-adjusted profits, customer satisfaction and the Group's reputation. In addition, the total evaluation will also reflect compliance with the Group's vision, values, code of ethics and leadership principles.

The fixed salary is subject to an annual evaluation and is determined based on general salary levels in the labour market and especially in the financial industry.

Variable salary to the group chief executive is determined based on specific performance measurements of defined target areas stipulated in the group chief executive's score card and an overall assessment. Variable salary cannot exceed 50 per cent of fixed salary. The group chief executive is not awarded performance-based payments other than the stated variable remuneration.

Note 49 Remunerations etc. (continued)

In addition to variable remuneration, the group chief executive can be granted benefits in kind such as company car, newspapers/-periodicals and telephone/ other communication. Benefits in kind should be relevant to the group chief executive's function or in line with market practice, and should not be significant relative to the group chief executive’s fixed salary.

The Board of Directors will respect the agreement entered into with the group chief executive, whereby his retirement age is 60 years with a pension representing 70 per cent of fixed salary. If employment is terminated prior to the age of 60, the pension will be paid from the age of 60 with the deduction of 1/14 of the pension amount for each full year remaining to his 60th birthday. According to the agreement, the group chief executive is entitled to a termination payment for two years if employment is terminated prior to the age of 60. If, during this period, the group chief executive receives income from other employment, the termination payment will be reduced by an amount corresponding to the salary received from this employment. Benefits in kind will be maintained for a period of three months.

Remuneration to other senior executives
The group chief executive determines the remunerations to senior executives in agreement with the Chairman of the Board of Directors. The Board of Directors will honour existing binding agreements.

The total remuneration to senior executives consists of fixed salary (main element), benefits in kind, variable salary, and pension and insurance schemes. The total remuneration is determined based on the need to offer competitive terms in the various business areas. The remunerations should promote the Group's competitiveness in the relevant labour market, as well as the Group's profitability, including the desired trend in income and costs. The total remuneration should take DNB's reputation into consideration and not be market-leading, but should ensure that DNB attracts and retains senior executives with the desired skills and experience.

The fixed salary is subject to an annual evaluation and is determined based on general salary levels in the labour market and especially in the financial industry.

Benefits in kind may be offered to senior executives to the extent the benefits have a relevant connection to the employee's function in the Group or are in line with market practice. The benefits should not be significant relative to the employee's fixed salary.

New group guidelines for variable remuneration
DNB implemented new group guidelines for variable remuneration in 2011 to ensure compliance with the remuneration regulations and Circular no. 11/2011, dated 21 February 2011, from Finanstilsynet on remuneration schemes in financial institutions, investment firms and management companies for mutual funds.

The intention of DNB’s variable remuneration scheme is to reward conduct and develop a corporate culture which ensures long-term value generation. The scheme is in line with the Group’s remuneration policy and general guidelines approved by DNB’s Compensation Committee. In line with prevailing guidelines, the group chief executive has overall operational responsibility for the group scheme.

With respect to the Group's international branches and subsidiaries, the respective national authorities have laid down local laws, regulations and guidelines. There may be challenges of a legal nature in cases where the Norwegian regulations do not correspond to local legislation and local rules concerning remunerations in financial institutions. In such cases, the Group will seek advice from Finanstilsynet and international experts to ensure that the Group's practices are in compliance with both Norwegian and local regulations.

Variable salary is based on specific performance measurements of defined target areas stipulated in the executive's score card and an overall assessment reflecting compliance with the Group's vision, values, code of ethics and leadership principles. The scheme should be performance-based without exposing the Group to unwanted risk. Furthermore, it should counteract excessive risk taking and promote sound and effective risk management in DNB. Variable remuneration (bonus) for senior executives cannot exceed 50 per cent of fixed salary.

The Group’s variable remuneration scheme for 2012 will be based on new regulatory requirements and is described in the Group’s new variable remuneration guidelines. In addition, the guidelines are based on prevailing group policy. The new group guidelines for variable remuneration should ensure that the Group’s schemes counteract excessive risk taking and that the Group will achieve and retain a robust capital adequacy ratio and long-term profitability. The scheme should promote sound and effective risk management in DNB and ensure that total remunerations underpin the Group’s strategy and interests.

DNB’s variable remuneration scheme applies globally, though non-Norwegian branches and subsidiaries will also be required to comply with local legislation, regulations and guidelines.

Target structure 2012
The Group’s Compensation Committee approves principal criteria, principles and limits for variable remuneration. The criteria, principles and structure for 2012 reflect changes in external parameters with respect to capital adequacy and liquidity. The Compensation Committee has decided that return on risk-adjusted capital (RORAC), Tier 1 capital ratio and cost/income ratio constitute the Group’s key figures for 2012. In addition to the financial key figures, measurement criteria include the Group’s customer satisfaction index and reputation scores.

The Group’s financial target figures have been broken down into relevant variables for the various business areas and staff and support units in order to offer optimal support for the implementation of new capital adequacy and liquidity regulations. Due to uncertainty concerning both the new regulations and the financial market turmoil, the Board’s Compensation Committee has granted the group chief executive greater authority to implement the required corrective measures relating to variable remuneration for 2012.

The above targets will be used as a basis for the scorecards and be key elements when calculating and paying out the variable remuneration earned for 2012. All financial variables have been defined and communicated to the relevant business areas and staff and support units as part of the work with the scorecards for 2012.

Note 49 Remunerations etc. (continued)

Calculation of variable remuneration for 2012

The calculation of the earned variable remuneration for 2012 will consist of the following elements:

- Approved individual maximum limits for variable remuneration
- Assessment of target attainment based on criteria specified in the individual scorecard
- An overall assessment of compliance with the Group's values and leadership principles, and a general assessment of the individual's contributions to the unit's target attainment

The group chief executive may impose general restrictions on variable remuneration payments pursuant to the remuneration regulations and the Group's own guidelines.

Special rules for senior executives, identified risk takers and employees responsible for independent control functions

DNB has prepared and implemented special guidelines for identified risk takers, employees responsible for independent control functions and senior executives, hereinafter called risk takers. The special guidelines supplement the general group guidelines for variable remuneration and have been formulated in compliance with the remuneration regulations.

For risk takers, the following main principles apply to variable remuneration:

- A two-year service period
- Deferred and conditional payment of minimum 50 per cent of the earned variable remuneration in the form of DNB shares. The remuneration paid in the form of shares will be divided into three, subject to minimum holding periods (deferred and conditional), with one-third payable each year over a period of three years.The deferred and conditional payments will be in compliance with the stipulations in the remuneration regulations.

Pensions etc.

Pension schemes and any agreements on termination payments etc. should be considered relative to other remuneration and should ensure competitive terms. The various components in pension schemes and severance pay, either alone or together, must not be such that they could pose a threat to DNB's reputation.

As a main rule, senior executives are entitled to a pension at the age of 65, though this can be deviated from. In accordance with the Group's defined benefit pension scheme, pension entitlements should not exceed 70 per cent of fixed salary and should constitute maximum 12 times the National Insurance basic amount. However, the DNB Group will honour existing agreements. A defined contribution scheme was established for the Group with effect from 1 January 2011, whereby pensionable income will be limited to 12 times the National Insurance basic amount. Parallel to this, the Group's defined benefit pension scheme was closed for new members as from 31 December 2010. All employees encompassed by the defined benefit pension scheme were given the opportunity to transfer to defined contribution pensions.

As a main rule, no termination payment agreements will be signed. However, the Group will honour existing agreements.

When entering into new agreements, the guidelines generally apply and comprise all senior executives.

See table of remunerations for senior executives below.

B. Binding guidelines for shares, subscription rights, options etc. for the coming accounting year

An amount corresponding to 50 per cent of the earned variable salary of the group chief executive and senior executives is invested in shares in DNB ASA. The minimum holding periods are one year for one-third of the shares, two years for one-third of the shares and three years for the final one-third of the shares.

No additional shares, subscription rights, options or other forms of remuneration only linked to shares or only to developments in the share price of the company or other companies within the Group, will be awarded to the group chief executive or senior executives. The group chief executive and senior executives are, however, given the opportunity to participate in a share subscription scheme on the same terms as other employees in the DNB Group.

C. Statement on the senior executive salary policy in the previous account year

In 2011, the remuneration agreement for the head of DNB Markets was renegotiated based on the remuneration regulations. In all other respects, the guidelines determined for 2011 have been followed.

D. Statement on the effects for the company and the shareholders of remuneration agreements awarding shares, subscription rights, options etc.

An amount corresponding to 50 per cent of the gross variable salary earned by the group chief executive and senior executives in 2011 is invested in shares in DNB ASA. The Board of Directors believes that the awarding of shares to senior-executives, in view of the total number of shares in the company, will have no negative consequences for the company or the shareholders."

Terms for the chairman of the Board of Directors

Anne Carine Tanum received a remuneration of NOK 364 000 in 2011 as a chairman of the Board of Directors of DNB Bank ASA, compared with NOK 355 000 in 2010. In addition, she received NOK 456 000 as chairman of the Board of Directors of DNB ASA, compared with NOK 445 000 in 2010.

Terms for the group chief executive

Rune Bjerke received an ordinary salary of NOK 4 901 000 in 2011, compared with NOK 4 667 000 in 2010. The Board of Directors of DNB ASA stipulated the group chief executive's bonus payment for 2011 at NOK 1 655 000, compared with NOK 1 890 000 for 2010. The bonus for 2011 will be paid in 2012. Benefits in kind were estimated at NOK 250 000, compared with NOK 276 000 in 2010. Costs for DNB in connection with the group chief executive's pension scheme were NOK 3 957 000 for the 2011 accounting year, compared with NOK 4 088 000 in 2010. Costs are divided between DNB ASA and DNB Bank ASA.

Note 49 Remunerations etc. (continued)

The table has been constructed to show rights earned during the period.

Remunerations etc. in 2011 **DNB Bank Group**

Amounts in NOK 1 000	Fixed annual salary as at 31 Dec. 2011 [1)]	Paid remunera-tion in 2011 [2)]	Paid salaries in 2011 [3)]	Bonus earned in 2011	Benefits in kind and other benefits in 2011 [4)]	Total remunera-tion earned in 2011	Bonus earned in 2010 [5)]	Loans as at 31 Dec. 2011 [6)]	Accrued pension expenses	Current value of pension agree-ment [7)]
The Board of Directors of DNB Bank ASA										
Anne Carine Tanum (chairman)	-	820	-	-	1	821	-	0	-	-
Jarle Bergo (vice-chairman) (from 16 June 2011)	-	300	-	-	1	302	-	0	-	-
Sverre Finstad (from 16 June 2011)	577	421	583	18	52	1 075	29	729	53	1 768
Per Hoffmann (until 16 June 2011)	-	260	422	-	12	695	20	1 593	45	2 822
Kai Nyland	-	267	-	-	744	1 011	-	2	129	2 907
Bent Pedersen (until 16 June 2011)	-	315	-	-	0	315	-	0	-	-
Torill Rambjør	-	267	-	-	1	268	-	5	-	-
Ingjerd Skjeldrum	653	534	678	18	11	1 242	20	407	82	2 697
Berit Svendsen	-	267	-	-	1	268	-	10 763	-	-
Group management										
Rune Bjerke, CEO	4 753	-	4 901	1 655	250	6 805	1 890	158	3 957	21 055
Bjørn Erik Næss, CFO	3 393	-	3 520	1 233	181	4 934	1 468	1 990	4 678	19 019
Trond Bentesturen, group EVP (from 1 july 2011)	2 100	-	2 077	866	181	3 124	838	5 926	502	2 415
Ottar Ertzeid, group EVP [1)]	7 700	-	8 183	3 137	170	11 490	8 818	52	629	10 939
Liv Fiksdahl, group EVP	1 960	-	2 010	812	177	2 999	871	2 523	910	11 402
Solveig Hellebust, group EVP	2 030	-	2 072	776	181	3 029	859	0	211	776
Cathrine Klouman, group EVP	2 234	-	2 333	803	183	3 318	1 011	3 335	1 212	11 205
Kari Olrud Moen, group EVP (from 1 july 2011)	1 700	-	1 682	707	160	2 548	700	0	573	3 850
Karin Bing Orgland, group EVP	2 861	-	2 975	879	181	4 035	989	2	1 380	24 647
Tom Rathke, group EVP	2 982	-	3 280	991	198	4 469	1 282	4 036	2 326	21 317
Leif Teksum, group EVP	3 402	-	3 530	1 230	194	4 954	1 493	1 668	2 208	40 231
Control Committee										
Frode Hassel (chairman)	-	384	-	-	-	384	-	0	-	-
Thorstein Øverland (vice-chairman)	-	283	-	-	21	304	-	1	-	287
Svein Brustad	-	251	-	-	-	251	-	0	-	-
Svein Norvald Eriksen	-	251	-	-	-	251	-	1 614	-	-
Karl Olav Hovden	-	251	-	-	255	506	-	0	-	3 358
Merete Smith	-	276	-	-	-	276	-	0	-	-
Supervisory Board	-	1 199	-	-	-	1 199	-	-	-	-
Lending to other employees								12 728 316		

Note 49 Remunerations etc. (continued)

The table has been constructed to show rights earned during the period.

Remunerations etc. in 2010 — **DNB Bank Group**

Amounts in NOK 1 000	Fixed annual salary as at 31 Dec. 2010 [1)]	Paid remunera-tion in 2010 [2)]	Paid salaries in 2010 [3)]	Bonus earned in 2010 [5)]	Benefits in kind and other benefits in 2010 [4)]	Total remunera-tion earned in 2010	Bonus earned in 2009 [5)]	Loans as at 31 Dec. 2010 [6)]	Accrued pension expenses	Current value of pension agree-ment [7)]
The Board of Directors of DNB Bank ASA										
Anne Carine Tanum (chairman)	-	800	-	-	0	800	-	0	-	-
Bent Pedersen (vice-chairman)	-	630	-	-	1	631	-	0	-	-
Per Hoffmann	579	520	585	20	14	1 139	9	1 601	48	1 676
Berit Svendsen (from 15 June 2010)	-	141	-	-	0	141	-	10 545	-	-
Kari Lotsberg (until 15 June 2010)	-	119	-	-	0	119	-	0	-	-
Kai Nyland	-	260	-	-	722	982	-	1	133	2 026
Torill Rambjør	-	260	-	-	1	261	-	6	-	-
Ingjerd Skjeldrum	633	520	657	20	11	1 208	9	452	84	2 098
Group management										
Rune Bjerke, CEO	4 592	-	4 667	1 890	276	6 833	674	0	4 088	13 300
Bjørn Erik Næss, CFO	3 282	-	3 409	1 468	176	5 053	1 044	1 980	4 040	10 365
Ottar Ertzeid, group EVP	1 650	-	2 439	8 818	168	11 424	8 409	42	574	6 885
Liv Fiksdahl, group EVP	1 826	-	1 866	871	169	2 906	695	2 797	797	7 023
Solveig Hellebust, group EVP	1 906	-	1 870	859	177	2 906	564	0	157	270
Cathrine Klouman, group EVP	2 161	-	2 246	1 011	321	3 579	796	3 495	1 075	6 879
Karin Bing Orgland, group EVP	2 768	-	2 861	989	177	4 027	923	3	1 348	17 325
Tom Rathke, group EVP	2 884	-	3 098	1 282	177	4 558	1 199	301	2 400	15 137
Leif Teksum, group EVP	3 291	-	3 418	1 493	228	5 139	1 047	1 804	2 367	32 526
Control Committee										
Frode Hassel (chairman)	-	387	-	-	-	387	-	0	-	-
Thorstein Øverland (vice-chairman)	-	283	-	-	17	300	-	1	-	269
Svein Brustad	-	243	-	-	-	243	-	0	-	-
Svein Norvald Eriksen	-	243	-	-	-	243	-	1 568	-	-
Karl Olav Hovden	-	385	-	-	4	389	-	6	-	3 125
Merete Smith	-	264	-	-	-	264	-	0	-	-
Supervisory Board	-	1 114	-	-	-	1 114	-	-	-	-
Lending to other employees								11 016 637		

1) *Fixed annual salary at year-end for employees who were members of the Board of Directors or the group management team during the year. The composition of the remuneration of group executive vice president Ottar Ertzeid, head of DNB Markets, has been changed in line with the regulations on remunerations in financial institutions effective on 1 January 2011.*
2) *Includes remuneration received from all companies within the DNB Group for service on Boards of Directors and committees. For those who have received remuneration for more than one position in 2011, the following amounts are related to their board positions in DNB Bank ASA:*
   Anne Carine Tanum: NOK 364 000
   Jarle Bergo: NOK 153 000
   Sverre Finstad: NOK 216 000
   Per Hoffmann: NOK 130 000
   Bent Pedersen: NOK 185 000
   Ingjerd Skjeldrum: NOK 267 000
   Some persons are members of more than one body.
3) *Includes salary payments for the entire year and holiday pay on bonuses. Some employees were members of the Board of Directors or the group management team for only parts of the year.*
4) *Includes pension payments.*
5) *20 per cent of variable salary was given in the form of shares at the market price prevailing at the time of allotment. The shares were allotted with a minimum holding period of two years. The allotment date was 6 May 2011 for bonuses earned in 2010, and a total of 50 172 shares were bought in the market at a price of NOK 79.73 per share. The allotment date for bonuses earned in 2009 was 29 April 2010, and a total of 19 896 shares were bought in the market at a price of NOK 69.08 per share for all group executive vice presidents apart from the head of DNB Markets. The variable salary earned by group executive vice president Ottar Ertzeid, head of DNB Markets, in 2009 was invested in its entirety in shares in DNB ASA. The shares have a minimum holding period of three years.*
6) *Loans to shareholder-elected representatives are extended on ordinary customer terms. Loans to DNB employees are extended on special terms, which are close to ordinary customer terms.*
7) *The net present value of pension agreements represents accrued pension commitments excluding payments into funded pension schemes. Assumptions used in actuarial calculations of accrued pension expenses and the present value of pension agreements are shown in note 26 Pensions. The increase in the net present value of pension agreements in 2011 was mainly due to changes in the discount rate.*

Other information on pension agreements

Rune Bjerke has a pension agreement entitling him to a pension representing 70 per cent of pensionable income from the age of 60. Bjørn Erik Næss, Liv Fiksdahl, Cathrine Klouman, Kari Olrud Moen, Tom Rathke and Leif Teksum are entitled to a pension representing 70 per cent of pensionable income from the age of 62. Trond Bentestuen and Karin Bing Orgland are entitled to a pension representing 70 per cent of pensionable income from the age of 65. Ottar Ertzeid has a pension agreement entitling him to pension representing 70 per cent of pensionable income from the age of 62, or 65 at the latest. Solveig Hellebust has a pension agreement entitling her to a pension representing 70 per cent of fixed salary, limited to 12 times the National Insurance basic amount, from the age of 65, with no curtailment from the age of 65 through 67.

Subscription rights programme for employees

There was no subscription rights programme for employees in the DNB Bank Group at year-end 2011.

DNB Bank ASA		Remuneration to the statutory auditor	DNB Bank Group	
2010	2011	*Amounts in NOK 1 000*	2011	2010
6 334	5 594	Statutory audit	17 098	16 866
524	2 879	Other certification services	4 766	1 837
3 703	4 667	Tax-related advice [1]	4 953	4 226
1 370	896	Other services	1 305	1 406
11 931	14 036	Total remuneration to the statutory auditor	28 122	24 335

1) *Mainly related to assistance in tax matters for employees outside Norway.*

Note 50 Information on related parties

DNB Bank ASA is 100 per cent owned by DNB ASA. The largest owner of the DNB Group is the Norwegian government, represented by the Ministry of Trade and Industry, which owns and controls 34 per cent of the shares in the parent company DNB ASA.

A large number of bank transactions are entered into with related parties as part of ordinary business transactions, comprising loans, deposits and foreign exchange transactions. These transactions are based on market terms. The table below shows transactions with related parties, including balance sheets at year-end and related expenses and income for the year. Related companies in the table are associated companies plus DNB NOR Savings Bank Foundation. See note 37 for a specification of associated companies. Loans to board members and their spouses/partners and under-age children are extended on ordinary customer terms. Loans to group management, like loans to other group employees, are extended on special terms, which are close to ordinary customer terms. Transactions with other DNB Bank Group companies are shown in a separate table.

Transactions with related parties			DNB Bank Group	
	Group management and Board of Directors		Related companies	
Amounts in NOK million	2011	2010	2011	2010
Loans as at 1 January	29	22	1 558	381
New loans/repayments during the year	5	(4)	(130)	1 177
Changes in related parties [1]	5	11	47	0
Loans as at 31 December	**38**	**29**	**1 475**	**1 558**
Interest income	**1**	**1**	**65**	**41**
Deposits as at 1 January [2]	22	24	10 171	9 702
Deposits/withdrawals during the year	(3)	(2)	3 996	469
Changes in related parties [1]	2	0	63	0
Deposits as at 31 December	**21**	**22**	**14 230**	**10 171**
Interest expenses	**1**	**1**	**102**	**168**
Guarantees [2]	**-**	**-**	**22 566**	**10 483**

1) *Following the bankruptcy in Faktor Eiendom ASA in 2011, the company is no longer included among the Group's related parties. As part of the restructuring of the Realcom Group (Realcom), the creditors took over all shares in Realcom AB in April 2011. Debt totalling SEK 2.3 billion was thereafter converted.*
2) *DNB Bank ASA carries loans in its balance sheets which according to a legal agreement have been transferred to Eksportfinans and are guaranteed by DNB Bank ASA. According to the agreement, DNB still carries interest rate risk and credit risk associated with the transferred portfolio. These portfolios totalled NOK 10 632 million and NOK 9 203 million respectively at year-end 2011 and 2010. The loans are set off by deposits/payments from Eksportfinans. DNB Bank ASA has also issued guarantees for other loans in Eksportfinans.*

No write-downs were made on loans to related parties in 2010 and 2011. Reference is made to note 49 for information on loans to group management members and directors. Transactions with deputy members of the Board of Directors are not included in the table above. In general, DNB employee loans should be paid by automatic debit in monthly instalments in arrear. Employees' commitments are within the term limits applying to general customer relationships. Security is furnished for employee loans in accordance with legal requirements.

Note 50 Information on related parties (continued)

DNB Bank ASA		Transactions with other DNB Group companies [1)]	DNB Bank Group	
2010	2011	*Amounts in NOK million*	2011	2010
182 414	184 066	Loans as at 31 December	13 937	14 023
10 762	14 384	Other receiveables as at 31 December [2)]	880	379
30 299	30 925	Deposits as at 31 December	9 760	19 543
12 918	25 365	Other liabilities as at 31 December [2)]	463	777
8 634	9 149	Interest income	545	535
4 350	3 980	Interest expenses	510	542
4 573	3 689	Net other operating income [3)]	1 499	1 454
46	40	Operating expenses	33	35

1) *For DNB Bank ASA, the table includes transactions with subsidiaries, sister companies and DNB ASA. For the banking group, the table includes transactions with sister companies and DNB ASA.*
2) *Other receivables and other liabilities in DNB Bank ASA as at 31 December 2011 were mainly financial derivative contracts with DNB Boligkreditt as counterparty.*
3) *DNB Bank ASA recorded NOK 1 490 million and NOK 1 680 million in group contributions from subsidiaries in 2011 and 2010, respectively.*

Major transactions and agreements with related parties

Eksportfinans

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

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

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

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 508 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.

Nordlandsbanken

Nordlandsbanken ASA is also a subsidiary of DNB Bank ASA. Boligkreditt has acquired residential mortgages from Nordlandsbanken. The transfer and management of mortgages are regulated in the "Agreement relating to transfer of loan portfolio between Nordlandsbanken ASA and DNB Boligkreditt AS" (the transfer agreement) and the "Contract concerning purchase of management services" (the servicing agreement).

Note 50 Information on related parties (continued)

The transfer agreement regulates the transfer of loan portfolios qualifying as collateral for the issue of covered bonds. During the 2011 portfolios of NOK 6.7 billion were transferred from Nordlandsbanken to Boligkreditt.

Pursuant to the servicing agreement, Boligkreditt purchases services from the bank, including administration, bank production, distribution, customer contact and IT operations. Boligkreditt pays a monthly management fee for these services based on the lending volume under management and the achieved lending spread. The management fee paid is recognised as "other expenses" in the income statement and amounted to NOK 10 million for 2011.

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-December 2011, the recorded value of these loans was NOK 304 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.

Capitalisation and valuation of subsidiaries

In 2011, DNB Bank ASA took over the shares in AS DNB Banka in Latvia for LVL 173 million from Bank DNB A/S in Copenhagen. In the third quarter of 2011, the company's subordinated loans, totalling LVL 104 million, were converted to equity. At year-end 2011, the value of the company was reviewed. Due to large write-downs on loans in the second half of the year, the value of DNB Bank ASA's investment was written down by LVL 67 million. Following the write-down, DNB Bank ASA's investment in the company represented the equivalent of NOK 2.9 billion.

DNB Bank ASA also took over the shares in AB DNB Bankas in Lithuania for LTL 913 million. In the third quarter of 2011, subordinated loans totalling LTL 364 million were converted to equity, whereafter the total investment of DNB Bank ASA represented the equivalent of NOK 2.3 billion.

At year-end 2011, DNB Bank ASA's investment in Postbanken Eiendomsmegling AS was written down by NOK 24 million following a review of the company's earnings.

During 2011, DNB Bank ASA received a NOK 8 billion capital injection to strengthen the company's capital adequacy.

Note 51 Off-balance sheet transactions, contingencies and post-balance sheet events

DNB Bank ASA 31 Dec. 2010	DNB Bank ASA 31 Dec. 2011	Off-balance sheet transactions and additional information *Amounts in NOK million*		DNB Bank Group 31 Dec. 2011	DNB Bank Group 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	Guarantees 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	529 382	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 ASA carries loans in its balance sheet that subject to legal agreement have been transferred to Eksportfinans and for which DNB Bank ASA has issued guarantees. According to the agreement, DNB Bank ASA 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 has been 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.

As a member of Continuous Linked Settlement Bank (CLS Bank) DNB Bank ASA has an obligation to contribute to cover any deficit in CLS Bank's central settlement account for member banks, even if the default is caused by another member bank. Initially, such deficit will be sought covered by other member banks based on transactions the respective banks have had with the member bank which has caused the deficit in CLS Bank. Should there remain an uncovered deficit in CLS Bank, this will be covered pro rata by the member banks in CLS (currently 71 of the world's largest banks), according to Article 9 "Loss Allocations" of CLS Bank's International Rules. According to the agreements between CLS and the member banks, the pro rata payment obligations related to such coverage of any remaining deficit are limited to USD 30 million per member bank. At the end of 2010, DNB Bank ASA had not recorded any obligations in relation to CLS.

DNB Boligkreditt AS (Boligkreditt)

At end-December 2011, Boligkreditt had issued covered bonds with a total balance sheet value of NOK 351.3 billion. In the event of bankruptcy, the bondholders have preferential rights to the company's cover pool. At year-end 2011, DNB Bank ASA had invested NOK 107.8 billion in covered bonds issued by Boligkreditt, used in the exchange scheme with the Norwegian government.

Covered bonds *Amounts in NOK million*	DNB Boligkreditt 31 Dec. 2011	DNB Boligkreditt 31 Dec. 2010
Total listed covered bonds	315 343	256 306
Total private placements under the bond programme	35 911	28 704
Adjustment		
Accrued interest	4 517	3 696
Unrealised gains/losses	7 502	699
Total debt securities issued	363 273	289 406

Cover pool *Amounts in NOK million*	DNB Boligkreditt 31 Dec. 2011	DNB Boligkreditt 31 Dec. 2010
Pool of eligible loans	456 967	388 579
Market value of derivatives	12 916	6 869
Supplementary assets	0	0
Total collateralised assets	469 883	395 449
Over-collateralisation (per cent)	129	136

Note 51 Off-balance sheet transactions, contingencies and post-balance sheet events (continued)

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 14 March 2012.

Oslo, 14 March 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)

Statement pursuant to Section 5-5 of the Securities Trading Act

We hereby confirm that the annual accounts for the banking group and the company for 2011 to the best of our knowledge have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the banking group and the company taken as a whole.

The directors' report gives a true and fair review of the development and performance of the business and the position of the banking group and the company, as well as a description of the principal risks and uncertainties facing the banking group.

Oslo, 14 March 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)

Bjørn Erik Næss
(chief financial officer)

Auditor’s report

To the Annual General Meeting and Supervisory Board of DNB Bank ASA

Report on the financial statements

We have audited the accompanying financial statements of DNB Bank ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the balance sheet as at 31 December 2011, the income statements, comprehensive income statements, cash flows and statement of changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Group Chief Executive’s responsibility for the financial statements

The Board of Directors and Group Chief Executive are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the Group, and for such internal control as the Board of Directors and Group Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of DNB Bank ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as of 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors’ report and statement on corporate governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors’ report and the statement on corporate governance concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the international standard on assurance engagements (ISAE) 3000, “Assurance Engagements Other than Audits or Reviews of Historical Financial Information”, it is our opinion that the Board of Directors and Group Chief Executive have fulfilled their duty to ensure that the Company’s accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 14 March 2012
Ernst & Young AS

Erik Mamelund
State Authorised Public Accountant (Norway)
(sign.)

(This translation from Norwegian has been made for information purposes only.)

Control Committee's Report

To the Supervisory Board and the Annual General Meeting of DNB Bank ASA

The Control Committee has carried out supervision of DNB Bank ASA and the banking group in accordance with law and instructions laid down by the Supervisory Board.

In connection with the closing of the accounts for the 2011 financial year, the Control Committee has examined the Director's Report, the annual accounts and the Auditor's Report for DNB Bank ASA.

The Committee finds that the Board of Directors gives an adequate description of the financial position of DNB Bank and the banking group, and recommends the approval of the Director's Report and annual accounts for the 2011 financial year.

Oslo, 14 March 2012

Frode Hassel
(chairman)

Thorstein Øverland
(vice-chairman)

Svein Norvald Eriksen

Karl Olav Hovden

Svein Brustad
(deputy)

Merete Smith
(deputy)

Key figures

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

Definitions

1, 2, 3 Based on nominal values excluding lending to and deposits with credit institutions and 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 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.

Governing bodies in DNB Bank ASA

Supervisory Board

Members elected by shareholders
Amund Skarholt, Oslo (chairman)
Eldbjørg Løwer, Kongsberg (vice-chairman)
Inge Andersen, Oslo
Nils Halvard Bastiansen, Bærum
Toril Eidesvik, Bergen
Camilla Marianne Grieg, Bergen
Leif O. Høegh, Oslo
Nalan Koc, Tromsø
Tomas Leire, Kristiansand
Per Otterdahl Møller, Skien
Dag J. Opedal, Oslo
Ole Robert Reitan, Asker
Gudrun B. Rollefsen, Hammerfest
Arthur Sletteberg, Stabekk
Merete Smith, Oslo
Birger Solberg, Oslo
Ståle Svenning, Trondheim
Turid Sørensen, Sandefjord
Gine Wang, Stavanger
Hanne Rigmor Egenæss Wiig, Halden

Deputies elected by shareholders
Erik Buchmann, Oslo
Turid Dankertsen, Oslo
Rolf Domstein, Måløy
Harriet Hagan, Alta
Bente Hagem, Ås
Rolf Hodne, Stavanger
Liv Johannson, Oslo
Herman Mehren, Nevnlunghamn
Gry Nilsen, Drammen
Asbjørn Olsen, Skedsmo
Oddbjørn Paulsen, Bodø
Anne Bjørg Thoen, Oslo
Elsbeth Sande Tronstad, Stabekk
Lars Wenaas, Måndalen

Members elected by employees
Terje Bakken, Alta
Rune André Bernbo, Ski
Bente H. Espenes, Oslo
Lillian Hattrem, Ski
Bjørn Hennum, Drammen
Irene Buskum Olsen, Gjøvik
Einar Pedersen, Kristiansund
Eli Solhaug, Oslo
Marianne Steinsbu, Oslo
Arvid Åsen, Bergen

Deputies elected by employees
Tore Müller Andrésen, Bergen
Randi Bergsveen, Vestre Toten
Marion Hagland, Tønsberg
Anne Grethe Johnsen, Tromsø
Even Jørgensen, Moss
Svein-Ove Kvalheim, Bergen
Vigdis Mathisen, Asker
Ingvild Rekdal, Oslo
Sissel Tove Rist, Svolvær
Stian Samuelsen, Svelvik
Mia Strand, Eidsvoll
Viktor Sæther, Oslo
Astrid Waaler, Oslo

Control Committee

Members
Frode Hassel, Trondheim (chairman)
Thorstein Øverland, Oslo (vice-chairman)
Svein Norvald Eriksen, Oslo
Karl Olav Hovden, Kolbotn

Deputies
Svein Brustad, Hvalstad
Merete Smith, Oslo

Board of Directors

Members
Anne Carine Tanum, Rømskog (chairman)
Jarle Bergo, Ytre Enebakk (vice-chairman)
Sverre Finstad, Moelv [1)]
Kai Nyland, Hamar
Torill Rambjør, Tjøme
Ingjerd Skjeldrum, Drammen [1)]
Berit Svendsen, Oslo

Deputies for the employee representatives
Hans-Kristian Sætrum, Oslo [1)]
Jorunn Løvås, Fjell [1)]

Election Committee

Amund Skarholt, Oslo (chairman)
Eldbjørg Løwer, Kongsberg
Per Otterdahl Møller, Skien
Arthur Sletteberg, Stabekk
Reier Ola Søberg, Oslo

Group management

Group chief executive
Rune Bjerke

CFO
Bjørn Erik Næss

Group executive vice president Retail Banking
Karin Bing Orgland

Group executive vice president Large Corporates and International
Leif Teksum

Group executive vice president DNB Markets
Ottar Ertzeid

Group executive vice president Life and Asset Management
Tom Rathke

Group executive vice president HR
Solveig Hellebust

Group executive vice president IT
Cathrine Klouman

Group executive vice president Operations
Liv Fiksdahl

Group executive vice president Marketing, Communications and eBusiness
Trond Bentestuen

Group executive vice president Corporate Centre
Kari Olrud Moen

Group audit

Tor Steenfeldt-Foss

External auditor

Ernst & Young AS

1) Not independent.

Cautionary statement regarding forward-looking statements

This annual report contains statements regarding the future prospects, including estimates, strategies and objectives. The risks and uncertainties inherent in all forward-looking statements can lead to actual developments and profits differing materially from what has been expressed or implied.

The annual report 2011 has been produced by Group Financial Reporting and Marketing, Communications and eBusiness in DNB.
Translation: Gina Fladmoe, Nathalie Samuelsen and Pål Jørgen Bakke, DNB.

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