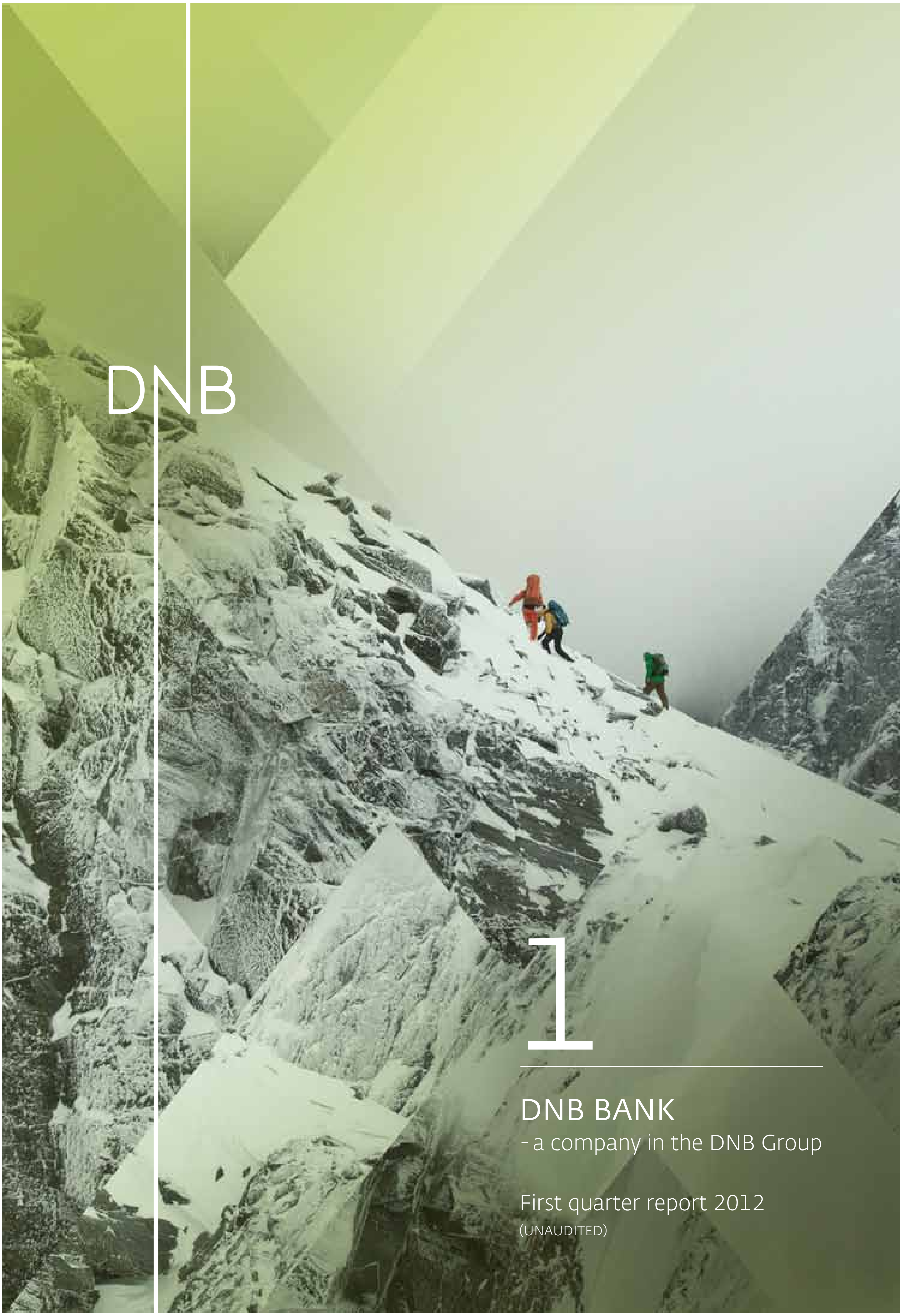

DNB

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DNB BANK

- a company in the DNB Group

First quarter report 2012

(UNAUDITED)

Key figures

DNB Bank Group

Income statement *Amounts in NOK million*	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Net interest income	6 720	6 015	25 232	23 387
Net commissions and fees, core business [1]	*1 070*	*1 164*	*4 776*	*4 604*
Net financial items	*(212)*	*1 268*	*9 937*	*8 463*
Net other operating income, total	858	2 432	14 713	13 067
Ordinary operating expenses	4 669	4 385	18 328	16 451
Other expenses	0	0	380	591
Pre-tax operating profit before write-downs	2 909	4 062	21 237	19 412
Net gains on fixed and intangible assets	7	5	19	23
Write-downs on loans and guarantees	784	892	3 445	2 997
Pre-tax operating profit	2 131	3 175	17 811	16 437
Taxes	575	889	5 308	4 827
Profit from operations held for sale, after taxes	0	(41)	(5)	75
Profit for the period	**1 556**	**2 245**	**12 498**	**11 685**
Profit attributable to shareholders	1 556	2 245	12 498	12 437
Profit attributable to minority interests	0	0	0	(752)

Balance sheet *Amounts in NOK million*	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
Total assets	2 119 548	1 884 948	1 862 689	1 637 639
Lending to customers	1 296 842	1 291 660	1 187 026	1 184 100
Deposits from customers	815 244	750 102	698 441	664 012
Total equity	105 745	104 304	91 919	89 859
Average total assets	2 021 312	1 910 290	1 859 023	1 752 123

Key figures *Per cent*	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Combined weighted total average spread for lending and deposits	1.15	1.11	1.10	1.12
Cost/income ratio	61.6	51.9	45.9	47.6
Write-downs relative to average net lending to customers, annualised	0.24	0.30	0.28	0.25
Return on equity, annualised	6.0	10.0	13.5	13.9
Equity Tier 1 capital ratio at end of period [2]	9.3	8.3	9.3	8.3
Core (Tier 1) capital ratio at end of period [2]	9.9	9.2	9.9	9.2
Capital ratio at end of period [2]	11.9	11.3	11.5	11.7

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

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

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Directors' report for the first quarter of 2012

Introduction

The DNB Bank Group[1)] recorded profits of NOK 1 556 million in the first quarter of 2012, down from NOK 2 245 million in the year-earlier period. There was a positive trend in profits from ordinary operations compared with previous quarters, while mark-to-market adjustments of so-called basis swaps[2)] used to convert funding to the preferred currency caused a significant reduction in other operating income. Such income varies considerably from quarter to quarter depending on financial market developments. Recorded positive or negative income generated during a quarter will be reversed over the instruments' term to maturity. Basis swaps had an overall negative effect on income of NOK 2 432 million for the quarter, while there was a corresponding negative effect of NOK 584 million in the first quarter of 2011. Adjusted for such effects, performance was strong in the first quarter of 2012, with sound underlying operations.

Net interest income showed a healthy trend, rising by 11.7 per cent from the first quarter of 2011. Average lending volumes increased by 8.6 per cent, while lending spreads widened by 0.22 percentage points during the same period, relative to the 3-month money market rate. The increase in long-term funding costs through 2011 caused greater pressure on earnings from lending operations. Average deposit volumes were up 11.7 per cent, while deposit spreads narrowed further by 0.23 percentage points, primarily due to lower interest rate levels and stronger competition for deposits. Still, this is a favourable source of funding when the alternative is long-term capital market funding at considerably higher cost. Growth in stable long-term deposits is a key part of the banking group's adaptation to the new Basel III regulatory framework, and the ratio of deposits to lending rose by 4.1 percentage points from end-March 2011, to 62.9 per cent. Market shares within both credit and savings increased compared with the year-earlier period.

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

Other operating income, adjusted for mark-to-market adjustments of special accounting items, including basis swaps, increased by 5.1 per cent from the first quarter of 2011.

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

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

Return on equity was 6.0 per cent, down from 10.0 per cent in the January through March period in 2011, which reflected the above-mentioned negative accounting effects of basis swaps.

The common equity Tier 1 capital ratio was maintained at 9.3 per cent during the quarter.

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

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

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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.

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

Income statement

Net interest income

Amounts in NOK million	1st quarter 2012	Change	1st quarter 2011
Net interest income	6 720	705	6 015
Lending and deposit volumes		555	
Lending and deposit spreads		259	
Equity and non-interest-bearing items		104	
Interest rate days		56	
Long-term funding costs		(229)	
Other net interest income		(40)	

Net interest income showed a healthy trend, rising by NOK 705 million or 11.7 per cent from the first quarter of 2011, which mainly reflected volume growth. Average lending volumes increased by 8.6 per cent from the year-earlier period. Deposit volumes also showed a very positive trend, rising by 11.7 per cent on average. The ratio of deposits to lending increased by 4.1 percentage points to 62.9 per cent at end-March 2012.

Income resulting from changes in lending and deposit spreads relative to the 3-month money market rate increased by NOK 259 million compared with the first quarter of 2011. Lending spreads widened by 0.22 percentage points, while deposit spreads narrowed by 0.23 percentage points. However, the banking group's actual cost of new funding has been significantly higher than the 3-month rate over the last few years. In the first quarter of 2012, the average cost of new long-term funding in the form of covered bonds and senior bond debt was 151 basis points above the 3-month Nibor rate. Long-term funding costs were up NOK 229 million from the first quarter of 2011.

Net other operating income

Amounts in NOK million	1st quarter 2012	Change	1st quarter 2011
Net other operating income	858	(1 574)	2 432
Net other gains on foreign exchange and interest rate instruments [1]		239	
Profits from associated companies		153	
Real estate broking		69	
Net other commissions and fees		(46)	
Net stock market-related income		(110)	
Net unrealised gains on investment property		(153)	
Basis swaps		(1 848)	
Other operating income		123	

1) Excluding guarantees and basis swaps.

Net other operating income declined by NOK 1 574 million from the first quarter of 2011. A significant reduction in mark-to-market adjustments of basis swaps of NOK 1 848 million was the main reason for the decline in income, see the introduction for further details.

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

Operating expenses

Amounts in NOK million	1st quarter 2012	Change	1st quarter 2011
Operating expenses	4 669	284	4 385
Income-related items			
Increase in full-time positions		85	
Operational leasing		22	
Performance-based pay		77	
Expenses related to operations			
Cost programme		(64)	
Wage and price inflation		119	
Rise in pension expenses		74	
Sundry expenses		(28)	

The DNB Bank Group's operating expenses were up NOK 284 million from the first quarter of 2011. The banking group expanded its operations both in Norway and internationally during 2011, and a number of persons who previously worked as temporary help and consultants were permanently employed. The average number of full-time positions rose by 611 from the first quarter of 2011.

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

Pension expenses rose by NOK 74 million compared with the year-earlier period, mainly due to the low interest rate level.

Write-downs on loans and guarantees

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

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

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

Net non-performing and doubtful commitments totalled NOK 20.3 billion at end-March 2012, increasing from NOK 18.9 billion at end-March 2011 and NOK 19.5 billion at year-end 2011. There was no general increase in the credit risk related to the banking group's loan portfolio during the quarter. Net non-performing and doubtful commitments represented 1.54 per cent of the loan portfolio at end-March 2012 and 1.55 per cent at end-March 2011.

Taxes

The DNB Bank Group's tax charge for the first quarter of 2012 was NOK 575 million, down from NOK 889 million in the year-earlier period. Relative to pre-tax operating profits, the estimated tax charge decreased to 27 per cent in the first quarter of 2012, from 28 per cent in the year-earlier period.

Business areas

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

Retail Banking

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

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

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

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

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

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

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

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

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

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

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

Large Corporates and International

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

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

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

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

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

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

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

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

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

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

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

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

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

DNB Markets

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

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

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

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

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

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

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

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

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

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

DNB Baltics and Poland

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

The operations in the Baltics have been more closely integrated in DNB, and a new strategy has been prepared for operations in the Baltic States. Following the decision to continue operations in Poland as part of the DNB Bank Group, a strategy for Poland is in the process of being drawn up.

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

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

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

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

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

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

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

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

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

Funding, balance sheet and liquidity

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

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

With respect to short-term funding, conservative limits have been set for refunding requirements. The banking group stayed well within the liquidity limits during the first quarter of 2012. Moreover, the majority of loans should be financed through stable sources, such as customer deposits, long-term securities, subordinated loan capital and equity. At end-March 2012, such financing represented 120.8 per cent of customer lending.

Total assets in the DNB Bank Group’s balance sheet were NOK 2 120 billion as at 31 March 2012 and NOK 1 863 billion a year earlier.

Measured in Norwegian kroner, net lending to customers increased by NOK 110 billion or 9.3 per cent from end-March 2011. Customer deposits increased by NOK 117 billion or 16.7 per cent during the corresponding period.

The banking group's ratio of deposits to lending to customers increased from 58.8 per cent at end-March 2011 to 62.9 per cent. The ratio of deposits to lending in DNB Bank ASA rose from 99.3 per cent to 109.4 per cent during the corresponding period.

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

Risk and capital adequacy

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

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

The banking group quantifies risk by measuring risk-adjusted capital requirements. The net risk-adjusted capital requirement declined by NOK 2.6 billion during the first quarter, to NOK 53.5 billion. The table below shows developments in the risk-adjusted capital requirement.

Amounts in NOK billion	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
Credit risk	47.1	50.1	45.9	45.5
Market risk	5.2	4.9	4.9	5.0
Operational risk	6.1	6.1	5.9	5.8
Business risk	3.8	4.0	4.0	3.9
Gross risk-adjusted capital requirement	62.1	65.1	60.7	60.2
Diversification effect [1)]	(8.6)	(9.1)	(7.7)	(8.2)
Net risk-adjusted capital requirement	53.5	56.1	52.0	52.0
Diversification effect in per cent of gross risk-adjusted capital requirement [1)]	13.9	13.9	14.3	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.*

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

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

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

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

Risk-weighted volume included in the calculation of the formal capital adequacy requirement increased by NOK 7.0 billion during the quarter, to NOK 1 025.6 billion. In 2012, according to rules issued by Finanstilsynet (the Financial Supervisory Authority of Norway), risk-weighted volume cannot be less than 80 per cent of the corresponding figure calculated according to the Basel I regulations. The common equity Tier 1 capital ratio was 9.3 per cent, while the capital adequacy ratio was 11.9 per cent. Both figures include 50 per cent of interim profits.

Calculations have been made of full future implementation of the Basel II rules on the banking group’s credit portfolios, excluding those in DNB Baltics and Poland, disregarding the limitations ensuing from the transitional rules. The calculations showed a pro forma risk-weighted volume of NOK 850 billion and a potential common equity Tier 1 capital ratio of 11.3 per cent.

Macroeconomic developments

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

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

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

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

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

New regulatory framework

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

On account of the European sovereign debt crisis, the European Banking Authority, EBA, published an additional plan for the recapitalisation of banks in 2011. The plan includes a temporary, stricter requirement whereby common equity Tier 1 capital must be minimum 9 per cent adjusted for mark-to-market adjustments of European sovereign debt exposures. This requirement is scheduled to become effective on 30 June 2012. However, the Norwegian supervisory authorities require that risk-weighted volume must represent minimum 80 per cent of risk-weighted volume measured according to standard risk weights under the Basel I rules. Thus, Norwegian financial institutions will be subject to a higher capital requirement than corresponding institutions in several EU countries, including Sweden, where the Internal Ratings Based, IRB, approach from the Basel II framework has been chosen for measurements. In the opinion of the DNB Bank 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.

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

Future prospects

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

Rising funding costs and stricter capital adequacy and liquidity requirements will have an impact on the competitive situation and earnings levels in the entire financial services industry over the next few years. A prolonged low interest rate level may also affect the DNB Bank Group’s operations, among other as a reduced income potential for banking operations.

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

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

Oslo, 26 April 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
		1st quarter	1st quarter	Full year	Full year
Amounts in NOK million	Note	2012	2011	2011	2010
Total interest income	5	12 114	11 340	48 030	44 177
Total interest expenses	5	6 539	6 466	26 722	25 471
Net interest income	5	**5 574**	**4 874**	**21 308**	**18 706**
Commissions and fees receivable etc.	6	1 288	1 316	5 296	5 375
Commissions and fees payable etc.	6	513	452	1 935	1 867
Net gains on financial instruments at fair value	7	2 100	427	5 286	2 922
Other income	9	711	667	3 703	6 147
Net other operating income		**3 586**	**1 959**	**12 350**	**12 577**
Total income		**9 161**	**6 833**	**33 658**	**31 283**
Salaries and other personnel expenses	10, 11	2 010	1 737	7 490	6 660
Other expenses	10	1 441	1 537	6 104	5 610
Depreciation and write-downs of fixed and intangible assets	10	363	346	2 417	1 619
Total operating expenses	10	**3 814**	**3 619**	**16 011**	**13 889**
Net gains on fixed and intangible assets		0	0	35	6
Write-downs on loans and guarantees	12	789	517	2 029	813
Pre-tax operating profit		**4 558**	**2 697**	**15 653**	**16 587**
Taxes		1 276	755	5 020	4 270
Profit for the period		**3 282**	**1 942**	**10 633**	**12 317**

Comprehensive income statement

				DNB Bank ASA
	1st quarter	1st quarter	Full year	Full year
Amounts in NOK million	2012	2011	2011	2010
Profit for the period	3 282	1 942	10 633	12 317
Exchange differences arising from the translation of foreign operations	(105)	(179)	(87)	(6)
Comprehensive income for the period	**3 176**	**1 763**	**10 547**	**12 310**

Balance sheet

		DNB Bank ASA			
Amounts in NOK million	Note	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
Assets					
Cash and deposits with central banks		430 421	220 721	239 242	12 997
Lending to and deposits with credit institutions		198 090	193 379	231 415	216 432
Lending to customers	13, 14	701 645	711 966	660 131	669 454
Commercial paper and bonds		210 515	211 335	252 675	280 423
Shareholdings		10 465	11 829	13 773	14 590
Financial derivatives		99 396	108 506	80 232	85 019
Commercial paper and bonds, held to maturity	15	88 136	96 042	106 220	113 751
Investments in associated companies		1 180	1 187	1 278	1 285
Investments in subsidiaries		38 638	35 763	22 948	22 932
Intangible assets	16	3 479	3 549	3 532	3 578
Deferred tax assets		3	3	523	481
Fixed assets		5 698	5 497	5 057	5 004
Other assets		27 418	15 389	9 205	9 332
Total assets		**1 815 083**	**1 615 166**	**1 626 229**	**1 435 278**
Liabilities and equity					
Loans and deposits from credit institutions		364 474	295 884	390 624	257 139
Deposits from customers		767 401	704 438	655 477	624 588
Financial derivatives		80 044	88 207	69 023	72 771
Debt securities issued	17	437 806	384 467	373 662	342 761
Payable taxes		742	228	1 346	1 594
Deferred taxes		3 448	3 455	58	3
Other liabilities		28 203	13 421	21 389	20 304
Provisions		444	676	455	709
Pension commitments		2 680	2 677	2 930	2 928
Subordinated loan capital	17	29 021	24 070	30 406	33 386
Total liabilities		**1 714 263**	**1 517 523**	**1 545 370**	**1 356 182**
Share capital		18 314	18 314	17 514	17 514
Share premium reserve		19 895	19 895	12 695	12 695
Other equity		62 610	59 433	50 650	48 887
Total equity		**100 820**	**97 643**	**80 859**	**79 096**
Total liabilities and equity		**1 815 083**	**1 615 166**	**1 626 229**	**1 435 278**
Off-balance sheet transactions, contingencies and post-balance sheet events	21				

Income statement

DNB Bank Group					
Amounts in NOK million	Note	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Total interest income	5	16 187	14 294	60 563	53 885
Total interest expenses	5	9 466	8 279	35 331	30 498
Net interest income	5	**6 720**	**6 015**	**25 232**	**23 387**
Commissions and fees receivable etc.	6	1 528	1 548	6 233	6 337
Commissions and fees payable etc.	6	541	466	2 015	1 986
Net gains on financial instruments at fair value	7	(1 009)	662	7 628	4 973
Profit from companies accounted for by the equity method	8	225	72	77	180
Net gains on investment property		(144)	9	(32)	0
Other income	9	798	607	2 822	3 562
Net other operating income		**858**	**2 432**	**14 713**	**13 067**
Total income		**7 578**	**8 447**	**39 945**	**36 454**
Salaries and other personnel expenses	10, 11	2 451	2 136	9 171	8 170
Other expenses	10	1 812	1 858	7 475	6 737
Depreciation and write-downs of fixed and intangible assets	10	406	391	2 062	2 135
Total operating expenses	10	**4 669**	**4 385**	**18 708**	**17 042**
Net gains on fixed and intangible assets		7	5	19	23
Write-downs on loans and guarantees	12	784	892	3 445	2 997
Pre-tax operating profit		**2 131**	**3 175**	**17 811**	**16 437**
Taxes		575	889	5 308	4 827
Profit from operations held for sale, after taxes		0	(41)	(5)	75
Profit for the period		**1 556**	**2 245**	**12 498**	**11 685**
Profit attributable to shareholders		1 556	2 245	12 498	12 437
Profit attributable to minority interests		0	0	0	(752)

Comprehensive income statement

DNB Bank Group				
Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Profit for the period	1 556	2 245	12 498	11 685
Exchange differences arising from the translation of foreign operations	(116)	(185)	(52)	(135)
Comprehensive income for the period	**1 440**	**2 060**	**12 445**	**11 550**
Comprehensive income attributable to shareholders	1 440	2 060	12 445	12 444
Comprehensive income attributable to minority interests	0	0	0	(894)

Balance sheet

Amounts in NOK million	Note	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
		DNB Bank Group			
Assets					
Cash and deposits with central banks		433 396	224 581	242 242	16 198
Lending to and deposits with credit institutions		29 847	25 105	69 633	43 837
Lending to customers	13, 14	1 296 842	1 291 660	1 187 026	1 184 100
Commercial paper and bonds		133 707	106 000	146 989	162 071
Shareholdings		10 920	12 300	14 187	14 954
Financial derivatives		80 805	96 264	70 063	76 781
Commercial paper and bonds, held to maturity	15	88 136	96 042	106 220	113 751
Investment property		5 285	5 165	2 963	2 872
Investments in associated companies		2 391	2 173	2 329	2 291
Intangible assets	16	4 913	4 854	5 001	5 001
Deferred tax assets		633	636	360	262
Fixed assets		6 557	6 322	5 818	5 767
Assets held for sale		1 092	1 054	1 326	1 271
Other assets		25 025	12 792	8 530	8 482
Total assets		**2 119 548**	**1 884 948**	**1 862 689**	**1 637 639**
Liabilities and equity					
Loans and deposits from credit institutions		353 396	279 553	384 704	257 931
Deposits from customers		815 244	750 102	698 441	664 012
Financial derivatives		55 352	63 130	59 147	60 622
Debt securities issued	17	722 773	640 277	574 744	509 447
Payable taxes		152	400	4 703	4 822
Deferred taxes		4 622	4 531	185	113
Other liabilities		29 555	14 569	14 420	13 009
Liabilities held for sale		361	383	350	387
Provisions		506	750	538	925
Pension commitments		2 821	2 793	3 040	3 038
Subordinated loan capital	17	29 021	24 156	30 498	33 474
Total liabilities		**2 013 804**	**1 780 644**	**1 770 770**	**1 547 780**
Minority interests		0	0	0	0
Share capital		18 314	18 314	17 514	17 514
Share premium reserve		20 611	20 611	13 411	13 411
Other equity		66 819	65 378	60 993	58 933
Total equity		**105 745**	**104 304**	**91 919**	**89 859**
Total liabilities and equity		**2 119 548**	**1 884 948**	**1 862 689**	**1 637 639**
Off-balance sheet transactions, contingencies and post-balance sheet events	21				

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 2010	**17 514**	**12 695**	**48 887**	**79 096**
Profit for the period			1 942	1 942
Exchange differences arising from the translation of foreign operations			(179)	(179)
Comprehensive income for the period			1 763	1 763
Balance sheet as at 31 March 2011	**17 514**	**12 695**	**50 650**	**80 859**
Balance sheet as at 31 December 2011	**18 314**	**19 895**	**59 433**	**97 643**
Profit for the period			3 282	3 282
Exchange differences arising from the translation of foreign operations			(105)	(105)
Comprehensive income for the period			3 176	3 176
Balance sheet as at 31 March 2012	**18 314**	**19 895**	**62 610**	**100 820**
Of which currency translation reserve:				
Balance sheet as at 31 December 2010			*(270)*	*(270)*
Comprehensive income for the period			*(179)*	*(179)*
Balance sheet as at 31 March 2011			*(449)*	*(449)*
Balance sheet as at 31 December 2011			*(356)*	*(356)*
Comprehensive income for the period			*(105)*	*(105)*
Balance sheet as at 31 March 2012			*(461)*	*(461)*

DNB Bank Group

Amounts in NOK million	Share capital	Share premium reserve	Other equity	Total equity
Balance sheet as at 31 December 2010	**17 514**	**13 411**	**58 933**	**89 859**
Profit for the period			2 245	2 245
Exchange differences arising from the translation of foreign operations			(185)	(185)
Comprehensive income for the period			2 060	2 060
Balance sheet as at 31 March 2011	**17 514**	**13 411**	**60 993**	**91 919**
Balance sheet as at 31 December 2011	**18 314**	**20 611**	**65 378**	**104 304**
Profit for the period			1 556	1 556
Exchange differences arising from the translation of foreign operations			(116)	(116)
Comprehensive income for the period			1 440	1 440
Balance sheet as at 31 March 2012	**18 314**	**20 611**	**66 819**	**105 745**
Of which currency translation reserve:				
Balance sheet as at 31 December 2010			*(438)*	*(438)*
Comprehensive income for the period			*(185)*	*(185)*
Balance sheet as at 31 March 2011			*(623)*	*(623)*
Balance sheet as at 31 December 2011			*(490)*	*(490)*
Comprehensive income for the period			*(116)*	*(116)*
Accumulated currency translation reserve in Pres-Vac			*2*	*2*
Balance sheet as at 31 March 2012			*(604)*	*(604)*

Cash flow statement

DNB Bank ASA					DNB Bank Group			
Full year 2010	Full year 2011	1st quarter 2011	1st quarter 2012	*Amounts in NOK million*	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
				Operating activities				
6 814	(40 350)	(299)	(2 690)	Net receipts/payments on loans to customers	(18 466)	(13 355)	(107 060)	(56 030)
29 270	32 647	7 584	8 221	Interest received from customers	14 118	12 335	52 883	46 835
43 944	77 366	34 521	67 149	Net receipts on deposits from customers	69 210	38 189	84 676	50 491
(15 545)	(16 785)	(3 969)	(1 471)	Interest payed to customers	(2 263)	(4 162)	(18 225)	(16 098)
0	0	0	0	Net receipts/payments on loans to credit institutions	0	0	0	0
(20 032)	51 021	125 675	58 114	Interest received from credit institutions	66 742	110 134	36 618	(26 351)
5 684	6 635	1 433	1 417	Interest paid to credit institutions	338	296	1 421	1 059
18 264	88 228	41 766	18 526	Net receipts/payments on the sale of financial assets for investment or trading	(10 919)	32 442	76 369	508
9 256	8 275	2 322	1 844	Interest received on bonds and commercial paper	1 073	2 388	8 511	9 538
3 646	3 379	896	793	Net receipts on commissions and fees	1 005	1 114	4 237	4 433
(12 975)	(13 615)	(3 049)	(3 438)	Payments to operations	(4 310)	(3 769)	(16 460)	(15 584)
(7 912)	(2 790)	(990)	(256)	Taxes paid	(280)	(1 036)	(6 036)	(8 032)
(4 483)	(4 653)	(255)	2 689	Other receipts/payments	2 776	(3 658)	(1 518)	5 026
51 018	**184 622**	**204 448**	**150 171**	**Net cash flow from operating activities**	**118 327**	**169 714**	**110 697**	**(9 211)**
				Investment activities				
(2 495)	(2 846)	(349)	(500)	Net payments on the acquisition of fixed assets	(663)	(577)	(2 655)	(1 968)
0	0	0	0	Net payments, investment property	(185)	(74)	(688)	(336)
200	85	43	0	Receipts on the sale of long-term investments in shares	0	43	85	0
(1 313)	(12 819)	0	(3 080)	Payments on the acquisition of long-term investments in shares	0	0	0	(1 253)
(3 392)	(15 475)	(293)	(3 577)	Dividends received on long-term investments in shares	(845)	(582)	(3 153)	(3 118)
(3 392)	**(15 475)**	**(293)**	**(3 577)**	**Net cash flow from investment activities**	**(845)**	**(582)**	**(3 153)**	**(3 118)**
				Funding activities				
181 307	250 582	166 817	276 472	Receipts on issued bonds and commercial paper	337 376	223 383	364 876	278 237
(231 268)	(210 333)	(129 709)	(218 258)	Payments on redeemed bonds and commercial paper	(245 263)	(147 302)	(244 281)	(257 013)
(4 369)	(4 967)	(1 154)	(1 672)	Interest payment on issued bonds and commercial paper	(4 145)	(3 483)	(15 007)	(12 239)
0	0	0	5 702	Receipts on the raising of primary capital subordinated loan capital	5 702	0	0	0
(3 522)	(9 806)	(2 263)	0	Redemptions of subordinated loan capital	(85)	(2 263)	(9 806)	(4 704)
(644)	(715)	(152)	(115)	Interest paid on subordinated loan capital	(116)	(154)	(722)	(667)
0	8 000	0	0	Share issue	0	0	8 000	0
(3 224)	(4 524)	0	0	Dividend/group contributions payments/receipts	0	0	(6 000)	(3 750)
(61 720)	**28 237**	**33 539**	**62 130**	**Net cash flow from funding activities**	**93 467**	**70 181**	**97 060**	**(136)**
234	**1 019**	**(8 474)**	**(2 919)**	**Effects of exchange rate changes on cash and cash equivalents**	**(3 149)**	**(8 456)**	**967**	**(153)**
(13 860)	**198 404**	**229 219**	**205 805**	**Net cash flow**	**207 800**	**230 858**	**205 571**	**(12 618)**
46 036	32 176	32 176	230 580	Cash as at 1 January	229 031	23 460	23 460	36 078
(13 860)	198 404	229 219	205 805	Net receipts/payments of cash	207 800	230 858	205 571	(12 618)
32 176	230 580	261 396	436 385	Cash at end of period *)	436 831	254 317	229 031	23 460
				*) *Of which:*				
12 997	*220 721*	*239 242*	*430 421*	*Cash and deposits with central banks*	*433 396*	*242 242*	*224 581*	*16 198*
19 180	*9 859*	*22 155*	*5 964*	*Deposits with credit institutions with no agreed period of notice* [1)	*3 435*	*12 076*	*4 450*	*7 261*

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

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

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

Note 1 Accounting principles

The first quarter accounts 2012 have been prepared according to IAS 34 Interim Financial Reporting. A description of the accounting principles applied by the banking group is found in the annual report for 2011. The annual and interim accounts for the banking group are prepared according to IFRS principles 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 banking group's accounting principles and calculation methods are essentially the same as those described in the annual report for 2011. With effect from the first quarter of 2012, however, profits from repossessed operations which are fully consolidated in the DNB Bank Group are presented net under ”Profit from repossessed operations” in the company’s internal reporting of business areas. The repossessed operations are included in the Group Centre. The presentation in note 4 Segments has been adjusted correspondingly, including comparable figures. The changes are of significance only to the presentation of profits for the individual business areas and have no impact on the presentation of the banking group’s income statement.

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

Amendments to IAS 12 Income Taxes

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

Note 2 Important accounting estimates and discretionary assessments

When preparing the accounts of the bank and the banking group, management makes estimates and discretionary assessments and prepares assumptions that influence the effect of the accounting principles applied and thus the recorded values of assets, liabilities, income and expenses. A more detailed description of important estimates and assumptions is presented in note 1 Important accounting estimates and discretionary assessments in the annual report for 2011.

Note 3 Changes in group structure

Pres-Vac

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

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

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

Bryggetorget Holding AS

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

Note 4 Segments

Business areas

The operational structure of 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 DNB Baltics and Poland are reported as a separate profit centre. The operations in the Baltics have been more closely integrated in DNB, and a new strategy has been prepared for operations in the Baltic States. Following the decision to continue operations in Poland as part of the DNB Group, a strategy for Poland is in the process of being drawn up.

Retail Banking	-	offers a broad range of financial products and services through a wide distribution network. In cooperation with several of the 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 Group Centre.
Large Corporates and International	-	offers a broad range of financial products and services to large Norwegian and international customers in cooperation with several of the 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 Baltics and Poland	-	offers financial services to corporate and personal customers in Estonia, Latvia, Lithuania and Poland.

The income statement and balance sheet for the business areas have been prepared on the basis of internal financial reporting for the functional organisation of the DNB 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. With effect from the first quarter of 2012, profits from repossessed operations which are fully consolidated in the DNB Bank Group are presented net under "Profit from repossessed operations". The repossessed operations are included in the Group Centre. See note 1 Accounting principles. Figures for previous periods have been restated.

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

Certain customers and transactions of major importance require extensive cooperation within the banking group. To stimulate such cooperation, operating income and expenses relating to some of these customers and transactions are recorded in the accounts of all relevant business areas. This refers primarily to income from customer trading in DNB Markets. Double entries are presented gross in the income statement. Income is presented under "Income attributable to product suppliers", appurtenant costs under "Costs attributable to product suppliers" and write-downs under "Write-downs attributable to product suppliers". Double entries are eliminated in the group accounts.

Note 4 Segments (continued)

Income statement

DNB Bank Group

	Retail Banking		Large Corporates and International		DNB Markets		DNB Baltics and Poland		Other operations/ eliminations [1]		DNB Bank Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Amounts in NOK million	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net interest income - ordinary operations	3 712	3 473	2 192	1 674	193	209	266	314	357	346	6 720	6 015
Interest on allocated capital [2]	145	138	168	150	45	35	11	9	(369)	(331)	0	0
Net interest income	3 858	3 610	2 360	1 823	238	244	277	323	(12)	15	6 720	6 015
Other operating income	897	887	324	275	2 150	1 400	203	190	(2 717)	(320)	858	2 432
Income attributable to product suppliers	298	289	558	510	0	0	0	0	(856)	(799)	0	0
Net other operating income	1 196	1 176	881	785	2 150	1 400	203	190	(3 573)	(1 119)	858	2 432
Total income	5 054	4 786	3 241	2 608	2 388	1 644	480	513	(3 585)	(1 104)	7 578	8 447
Other operating expenses	2 698	2 553	689	588	545	529	321	305	417	410	4 669	4 385
Cost attributable to product suppliers	147	153	221	218	0	0	0	0	(368)	(372)	0	0
Operating expenses	2 845	2 706	910	806	545	529	321	305	49	39	4 669	4 385
Pre-tax operating profit before write-downs	2 208	2 080	2 332	1 802	1 843	1 115	159	208	(3 634)	(1 143)	2 909	4 062
Net gains on fixed and intangible assets	0	1	0	0	0	0	2	3	4	1	7	5
Write-downs on loans and guarantees [3]	322	252	397	385	0	0	64	190	1	64	784	892
Write-downs attributable to product suppliers	0	0	0	2	0	0	0	0	0	(2)	0	0
Profit from repossessed operations	(4)	0	(119)	0	0	0	0	0	123	0	0	0
Pre-tax operating profit	1 882	1 828	1 816	1 415	1 843	1 115	97	21	(3 507)	(1 204)	2 131	3 175

1) Other operations/eliminations:

	Elimination of income/ cost attributable to product suppliers		*Other eliminations*		*Group Centre [*)]*		*Total*	
	1st quarter		*1st quarter*		*1st quarter*		*1st quarter*	
Amounts in NOK million	*2012*	*2011*	*2012*	*2011*	*2012*	*2011*	*2012*	*2011*
Net interest income - ordinary operations	*0*	*0*	*0*	*0*	*357*	*346*	*357*	*346*
Interest on allocated capital [2]	*0*	*0*	*0*	*0*	*(369)*	*(331)*	*(369)*	*(331)*
Net interest income	*0*	*0*	*0*	*0*	*(12)*	*15*	*(12)*	*15*
Other operating income	*0*	*0*	*(63)*	*(73)*	*(2 654)*	*(247)*	*(2 717)*	*(320)*
Income attributable to product suppliers	*(856)*	*(799)*	*0*	*0*	*0*	*0*	*(856)*	*(799)*
Net other operating income	*(856)*	*(799)*	*(63)*	*(73)*	*(2 654)*	*(247)*	*(3 573)*	*(1 119)*
Total income	*(856)*	*(799)*	*(63)*	*(73)*	*(2 666)*	*(232)*	*(3 585)*	*(1 104)*
Other operating expenses	*0*	*1*	*(63)*	*(73)*	*480*	*482*	*417*	*410*
Cost attributable to product suppliers	*(368)*	*(372)*	*0*	*0*	*0*	*0*	*(368)*	*(372)*
Operating expenses	*(368)*	*(372)*	*(63)*	*(73)*	*480*	*483*	*49*	*39*
Pre-tax operating profit before write-downs	*(488)*	*(428)*	*0*	*0*	*(3 146)*	*(715)*	*(3 634)*	*(1 143)*
Net gains on fixed and intangible assets	*0*	*0*	*0*	*0*	*4*	*1*	*4*	*1*
Write-downs on loans and guarantees [3]	*0*	*0*	*0*	*0*	*1*	*64*	*1*	*64*
Write-downs attributable to product suppliers	*0*	*(2)*	*0*	*0*	*0*	*0*	*0*	*(2)*
Profit from repossessed operations	*0*	*0*	*0*	*0*	*123*	*0*	*123*	*0*
Pre-tax operating profit	*(488)*	*(426)*	*0*	*0*	*(3 019)*	*(778)*	*(3 507)*	*(1 204)*

The eliminations refer mainly to internal services from support units to business areas and between business areas. Further, intra-group transactions and gains and losses on transactions between companies in the banking group are eliminated. The elimination of income/cost attributable to product suppliers primarily concerns net profits on customer business carried out in cooperation between DNB Markets and other business areas and taken to income in both areas.

The Group Centre includes Operations, HR (Human Resources), IT, Group Finance and Risk Management, Marketing, Communications and eBusiness, Corporate Centre, Treasury, the partially owned company Eksportfinans and investments in IT infrastructure. In addition, the Group Centre includes that part of the banking group's equity that is not allocated to the business areas. With effect from the first quarter of 2012, profits from repossessed operations which are fully consolidated in the DNB Group are presented net under "Profit from repossessed operations" in the business areas. The repossessed operations are included in the Group Centre. Figures for previous periods have been restated.

		1st quarter	
**)*	*Group Centre - pre-tax operating profit in NOK million*	*2012*	*2011*
	+ Interest on unallocated equity etc.	*27*	*183*
	+ Income from equities investments	*(21)*	*31*
	+ Mark-to-market adjustments Treasury and fair value on lending	*(838)*	*(231)*
	+ Basis swaps	*(2 432)*	*(584)*
	+ Eksportfinans AS	*226*	*93*
	- Unallocated write-downs on loans and guarantees	*1*	*41*
	- Uncallocated pension expenses	*78*	*26*
	- Funding costs on goodwill	*14*	*12*
	Other	*113*	*(191)*
	Pre-tax operating profit	*(3 019)*	*(778)*

2) The interest is calculated on the basis of internal measurement of risk-adjusted capital requirement.
3) See note 12 Write-downs on loans and guarantees for an analysis of the gross change in write-downs for the banking group.

Note 4 Segments (continued)

Main average balance sheet items

DNB Bank Group

	Retail Banking		Large Corporates and International		DNB Markets		DNB Baltics and Poland		Other operations/ eliminations		DNB Bank Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Amounts in NOK billion	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net lending to customers [1]	824.4	763.3	397.9	349.4	2.7	3.4	54.5	53.2	12.1	19.5	1 291.6	1 188.8
Deposits from customers [1]	432.2	389.2	260.9	230.0	43.7	26.8	27.4	25.5	8.1	19.3	772.4	690.8
Allocated capital [2]	21.4	21.6	24.7	23.5	6.6	5.5	4.1	3.3				

Key figures

DNB Bank Group

	Retail Banking		Large Corporates and International		DNB Markets		DNB Baltics and Poland		Other operations		DNB Bank Group	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
Per cent	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Cost/income ratio [3]	56.3	56.5	28.1	30.9	22.8	32.2	66.8	59.4			61.6	51.9
Ratio of deposits to lending [1) 4)]	52.4	51.0	65.6	65.8			50.4	47.9			59.8	58.1
Return on allocated capital, annualised [2]	25.5	24.7	21.3	17.6	80.9	59.2	7.7	2.1				
Number of full-time positions as at 31 March [5]	4 993	4 845	1 143	1 107	716	677	3 321	3 155	2 415	2 188	12 588	11 972

1) *Lending to customers includes accrued interest, write-downs and value adjustments. Lending to credit institutions is not included. Correspondingly, deposits from customers include accrued interest and value adjustments. Deposits from credit institutions is not included.*
2) *The allocated capital and return on allocated capital for the business areas are calculated on the basis of internal measurement of risk-adjusted capital requirement.*
3) *Total operating expenses relative to total income.*
4) *Deposits from customers relative to net lending to customers.*
5) *Historical figures for DNB Baltics and Poland include DnB NORD's operations and branches in Finland and Denmark which have been closed down or transferred to DNB in Oslo.*

Comments to the income statement

Retail Banking

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

Large Corporates and International

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

Note 4 Segments (continued)

DNB Markets

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

Revenues within various segments

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

DNB Baltics and Poland

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

Group Centre

The Group Centre recorded a pre-tax operating loss of NOK 3 019 million in the first quarter of 2012, compared with a loss of NOK 778 million in the year-earlier period. Profits attributable to the Group from the associated company Eksportfinans totalled NOK 226 million in the first quarter of 2012, including the share of the portfolio guarantee issued for the liquidity portfolio, compared with NOK 93 million in the first quarter of 2011. Income from equity investments totalled a loss of NOK 21 million in the first quarter of 2012, a decrease of NOK 51 million from the year-earlier period. There was a negative profit contribution of NOK 3 271 million from own debt, loans carried at fair value and related derivatives in the first quarter of 2012, compared with a negative contribution of NOK 815 million in the corresponding period in 2011. Of this, basis swaps represented NOK 2 432 million and NOK 584 million respectively.

Note 5 Net interest income

DNB Bank ASA

Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Interest on loans to and deposits with credit institutions	1 330	1 555	6 636	6 180
Interest on loans to customers	7 788	6 884	28 695	25 460
Interest on impaired commitments	137	116	441	431
Interest on commercial paper and bonds	2 149	2 468	9 681	9 958
Front-end fees etc.	68	57	271	271
Other interest income	642	261	2 304	1 876
Total interest income	**12 114**	**11 339**	**48 030**	**44 177**
Interest on loans and deposits from credit institutions	921	1 189	4 485	4 912
Interest on deposits from customers	3 848	3 029	13 716	10 835
Interest on debt securities issued	1 388	1 154	4 885	4 369
Interest on subordinated loan capital	159	152	612	644
Other interest expenses [1)]	223	941	3 024	4 711
Total interest expenses	**6 539**	**6 467**	**26 722**	**25 471**
Net interest income	**5 574**	**4 872**	**21 308**	**18 706**

DNB Bank Group

Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Interest on loans to and deposits with credit institutions	261	417	1 349	1 555
Interest on loans to customers	13 616	11 528	49 192	42 625
Interest on impaired commitments	145	167	548	611
Interest on commercial paper and bonds	1 379	1 808	6 653	6 726
Front-end fees etc.	83	60	292	287
Other interest income	704	313	2 528	2 081
Total interest income	**16 187**	**14 294**	**60 563**	**53 885**
Interest on loans and deposits from credit institutions	892	1 204	4 426	5 008
Interest on deposits from customers	4 090	3 212	14 452	11 528
Interest on debt securities issued	3 433	2 757	12 118	8 725
Interest on subordinated loan capital	160	154	616	667
Other interest expenses [1)]	891	951	3 719	4 571
Total interest expenses	**9 466**	**8 279**	**35 331**	**30 498**
Net interest income	**6 720**	**6 015**	**25 232**	**23 387**

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

Note 6 Net commissions and fees receivable

				DNB Bank ASA
Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Money transfer fees receivable	721	660	2 784	2 735
Fees on asset management services	51	60	223	240
Fees on custodial services	75	84	310	293
Fees on securities broking	61	87	248	293
Corporate finance	120	61	295	430
Interbank fees	9	21	87	93
Credit broking commissions	50	124	480	468
Sales commissions on insurance products	64	64	267	307
Sundry commissions and fees receivable on banking services	138	156	602	516
Total commissions and fees receivable etc.	**1 288**	**1 316**	**5 296**	**5 375**
Money transfer fees payable	251	232	1 016	1 060
Commissions payable on fund management services	0	0	0	0
Fees on custodial services payable	35	32	122	112
Interbank fees	17	29	123	133
Credit broking commissions	33	32	125	62
Commissions payable on the sale of insurance products	0	0	0	0
Sundry commissions and fees payable on banking services	176	127	550	500
Total commissions and fees payable etc.	**513**	**452**	**1 935**	**1 867**
Net commissions and fees receivable	**776**	**864**	**3 361**	**3 508**

				DNB Bank Group
Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Money transfer fees receivable	772	709	2 988	2 960
Fees on asset management services	54	64	237	252
Fees on custodial services	76	85	317	301
Fees on securities broking	62	89	254	303
Corporate finance	185	117	454	608
Interbank fees	10	22	92	97
Credit broking commissions	52	126	488	474
Sales commissions on insurance products	108	102	434	491
Sundry commissions and fees receivable on banking services	209	234	968	851
Total commissions and fees receivable etc.	**1 528**	**1 548**	**6 233**	**6 337**
Money transfer fees payable	259	242	1 049	1 111
Commissions payable on fund management services	0	0	0	0
Fees on custodial services payable	35	32	122	112
Interbank fees	18	31	130	140
Credit broking commissions	27	19	93	48
Commissions payable on the sale of insurance products	9	4	16	24
Sundry commissions and fees payable on banking services	193	139	605	550
Total commissions and fees payable etc.	**541**	**466**	**2 015**	**1 986**
Net commissions and fees receivable	**988**	**1 082**	**4 218**	**4 351**

Note 7 Net gains on financial instruments at fair value

Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
				DNB Bank ASA
Dividends	48	58	495	376
Net gains on commercial paper and bonds [1)]	1 344	(296)	(117)	(717)
Net gains on shareholdings	42	71	(333)	698
Net gains on other financial instruments	666	594	5 241	2 565
Net gains on financial instruments at fair value	**2 100**	**427**	**5 286**	**2 922**

Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
				DNB Bank Group
Dividends	48	72	514	380
Net gains on commercial paper and bonds	665	(84)	421	542
Net gains on shareholdings	34	107	(259)	613
Net gains on other financial instruments [2)]	(1 755)	567	6 953	3 438
Net gains on financial instruments at fair value	**(1 009)**	**662**	**7 628**	**4 973**

1) *Unrealised gains on DNB Bank ASA's investments in covered bonds issued by DNB Boligkreditt were NOK 695 million in the first quarter of 2012. Investments in such bonds totalled NOK 82.1 billion at 31 March 2012, of which NOK 81.8 billion have been used in the exchange scheme with the Norwegian government. See note 20 Information on related parties – stimulus packages.*

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

Note 8 Profit from companies accounted for by the equity method

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

Note 9 Other income

Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
				DNB Bank ASA
Income from owned/leased premises	26	19	89	85
Group contributions and dividends from subsidiaries	0	0	1 715	1 960
Miscellaneous operating income [1)]	685	649	1 900	4 102
Total other income	**711**	**667**	**3 703**	**6 147**

Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
				DNB Bank Group
Income from owned/leased premises	87	45	239	87
Fees on real estate broking	268	199	1 012	860
Miscellaneous operating income [1)]	443	363	1 570	2 614
Total other income	**798**	**607**	**2 822**	**3 562**

1) *The merger between the payment services company Nordito and the Danish PBS Holding during the second quarter of 2010, generated a gain of NOK 1 485 million and NOK 1 170 million for DNB Bank ASA and DNB Bank Group, respectively.*

Note 10 Operating expenses

Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
	DNB Bank ASA			
Salaries	1 400	1 230	5 505	5 092
Employer's national insurance contributions	192	174	650	700
Pension expenses [1)]	263	192	747	254
Restructuring expenses	1	2	16	45
Other personnel expenses	155	139	571	569
Total salaries and other personnel expenses	**2 010**	**1 737**	**7 490**	**6 660**
Fees [2)]	232	357	1 577	1 264
IT expenses [2)]	427	378	1 445	1 479
Postage and telecommunications	70	72	288	295
Office supplies	13	12	58	53
Marketing and public relations	155	162	609	498
Travel expenses	43	43	206	177
Reimbursement to Norway Post for transactions executed	31	42	167	151
Training expenses	17	18	57	57
Operating expenses on properties and premises	275	275	1 100	1 061
Operating expenses on machinery, vehicles and office equipment	21	25	99	107
Other operating expenses	156	153	497	467
Total other expenses	**1 441**	**1 537**	**6 104**	**5 610**
Depreciation and write-downs of fixed and intangible assets	363	346	2 417	1 619
Total depreciation and write-downs of fixed and intangible assets	**363**	**346**	**2 417**	**1 619**
Total operating expenses	**3 814**	**3 619**	**16 011**	**13 889**

Note 10 Operating expenses (continued)

Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
	DNB Bank Group			
Salaries	1 735	1 539	6 804	6 272
Employer's national insurance contributions	254	226	867	903
Pension expenses [1)]	289	215	847	325
Restructuring expenses	1	2	17	47
Other personnel expenses	172	153	637	624
Total salaries and other personnel expenses	**2 451**	**2 136**	**9 171**	**8 170**
Fees [2)]	261	390	1 702	1 385
IT expenses [2)]	482	428	1 670	1 649
Postage and telecommunications	84	88	344	345
Office supplies	21	21	97	91
Marketing and public relations	241	236	938	775
Travel expenses	53	52	246	212
Reimbursement to Norway Post for transactions executed	31	42	167	151
Training expenses	19	19	68	67
Operating expenses on properties and premises	341	338	1 338	1 247
Operating expenses on machinery, vehicles and office equipment	32	35	143	147
Other operating expenses	246	208	763	667
Total other expenses	**1 812**	**1 858**	**7 475**	**6 737**
Impairment losses for goodwill [3)]	0	0	190	194
Depreciation and write-downs of fixed and intangible assets	406	391	1 872	1 941
Total depreciation and write-downs of fixed and intangible assets	**406**	**391**	**2 062**	**2 135**
Total operating expenses	**4 669**	**4 385**	**18 708**	**17 042**

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

Note 11 Number of employees/full-time positions

	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
	DNB Bank ASA			
Number of employees at end of period	8 230	7 821	8 232	7 829
of which number of employees abroad	746	678	736	647
Number of employees calculated on a full-time basis at end of period	7 935	7 564	7 944	7 585
of which number of employees calculated on a full-time basis abroad	731	668	722	638
Average number of employees	8 229	7 815	7 985	7 489
Average number of employees calculated on a full-time basis	7 938	7 565	7 719	7 232

	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
	DNB Bank Group			
Number of employees at end of period	13 007	12 301	12 982	12 288
of which number of employees abroad	4 570	4 319	4 583	4 296
Number of employees calculated on a full-time basis at end of period	12 588	11 972	12 560	11 970
of which number of employees calculated on a full-time basis abroad	4 485	4 263	4 471	4 245
Average number of employees	12 999	12 307	12 557	12 431
Average number of employees calculated on a full-time basis	12 583	11 972	12 197	12 075

Note 12 Write-downs on loans and guarantees

				DNB Bank ASA
Amounts in NOK million	1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Write-offs	72	28	492	356
New individual write-downs	824	842	2 357	2 178
Total new individual write-downs	896	870	2 849	2 535
Reassessed individual write-downs	148	236	461	680
Recoveries on commitments previously written off	93	119	415	401
Net individual write-downs	655	515	1 973	1 454
Change in collective write-downs on loans	134	2	56	(641)
Write-downs on loans and guarantees *)	**789**	**517**	**2 029**	**813**
Write-offs covered by individual write-downs made in previous years	442	184	1 464	1 650
**) Of which indvidual write-downs on guarantees*	*52*	*5*	*41*	*(5)*

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

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

Note 13 Lending to customers

DNB Bank ASA					DNB Bank Group			
31 Dec. 2010	31 March 2011	31 Dec. 2011	31 March 2012	*Amounts in NOK million*	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
578 013	577 657	653 927	646 368	Lending to customers, nominal amount	1 184 780	1 192 164	1 078 029	1 065 402
3 931	4 344	4 883	5 041	Individual write-downs	9 136	9 521	9 650	9 207
574 082	573 313	649 044	641 327	Lending to customers, after individual write-downs	1 175 644	1 182 644	1 068 379	1 056 196
715	915	400	720	+ Accrued interest and amortisation	2 578	2 265	2 270	1 996
544	556	525	515	- Individual write-downs of accrued interest and amortisation	709	710	703	658
1 343	1 318	1 424	1 525	- Collective write-downs	2 175	2 119	1 866	1 872
572 910	572 354	647 495	640 008	Lending to customers, at amortised cost	1 175 338	1 182 080	1 068 081	1 055 661
95 883	87 215	64 045	61 102	Lending to customers, nominal amount	120 573	108 488	118 254	127 382
576	600	433	531	+ Accrued interest	678	559	692	674
84	(37)	(6)	4	+ Adjustment to fair value	252	533	(1)	382
96 543	87 777	64 472	61 637	Lending to customers, at fair value [1)]	121 504	109 580	118 946	128 439
669 454	**660 131**	**711 966**	**701 645**	**Lending to customers**	**1 296 842**	**1 291 660**	**1 187 026**	**1 184 100**

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

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

DNB Bank ASA					DNB Bank Group			
31 Dec. 2010	31 March 2011	31 Dec. 2011	31 March 2012	*Amounts in NOK million*	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
1 819	1 686	1 530	1 450	Private individuals	3 653	3 771	4 368	4 481
747	553	3 504	4 459	Transportation by sea and pipelines and vessel construction	4 505	3 551	608	810
871	2 493	3 059	2 882	Real estate	3 309	3 575	4 063	2 503
1 523	1 447	1 448	1 464	Manufacturing	2 076	2 072	2 976	3 165
635	561	323	466	Services	697	572	1 405	1 521
1 184	221	434	1 052	Trade	1 452	854	669	698
0	0	0	0	Oil and gas	0	0	0	0
182	171	98	93	Transportation and communication	363	334	473	490
955	615	256	304	Building and construction	737	647	1 416	1 710
24	10	0	1	Power and water supply	3	0	10	25
4	4	60	63	Seafood	66	67	11	10
100	95	77	76	Hotels and restaurants	305	298	335	351
123	121	104	93	Agriculture and forestry	241	260	286	279
0	0	0	0	Central and local government	0	0	1	0
45	29	14	65	Other sectors	76	22	39	53
8 211	8 005	10 907	12 467	Total customers	17 483	16 023	16 659	16 097
0	0	21	0	Credit institutions	0	21	0	0
8 211	8 005	10 928	12 467	Total net impaired loans and guarantees	17 483	16 043	16 659	16 097
785	746	1 895	1 703	Non-performing loans and guarantees not subject to write-downs	2 814	3 422	2 263	2 313
8 996	8 751	12 823	14 170	Total net non-performing and doubtful loans and guarantees	20 297	19 465	18 922	18 409

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

Note 15 Commercial paper and bonds, held to maturity

Amounts in NOK million	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
	DNB Bank Group			
DNB Markets	87 168	95 062	105 035	112 567
Other units	968	980	1 185	1 184
Commercial paper and bonds, held to maturity	**88 136**	**96 042**	**106 220**	**113 751**

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

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

Measurement of the reclassified bond portfolio

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

Effects of the reclassifications of the international bond portfolio

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

Effects on profits of the reclassification

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

Effects on the balanse sheet of the reclassification

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

Development in the portfolio after the reclassification

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

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

DNB Markets' international bond portfolio

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

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

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

Note 16 Intangible assets

DNB Bank ASA					DNB Bank Group			
31 Dec. 2010	31 March 2011	31 Dec. 2011	31 March 2012	*Amounts in NOK million*	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
2 419	2 422	2 419	2 413	Goodwill [1)]	3 298	3 267	3 464	3 471
789	755	819	768	IT systems development [1)]	1 264	1 271	1 190	1 160
370	354	310	298	Other intangible assets	351	316	347	370
3 578	**3 532**	**3 549**	**3 479**	**Total intangible assets**	**4 913**	**4 854**	**5 001**	**5 001**

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

Note 17 Debt securities issued and subordinated loan capital

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

Debt securities issued — **DNB Bank ASA**

Amounts in NOK million	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
Commercial paper issued, nominal amount	272 218	228 415	185 617	153 910
Bond debt, nominal amount	159 073	149 165	185 543	183 140
Adjustments	6 516	6 887	2 502	5 711
Total debt securities issued	**437 806**	**384 467**	**373 662**	**342 761**

Changes in debt securities issued — **DNB Bank ASA**

Amounts in NOK million	Balance sheet 31 March 2012	Issued 2012	Matured/ redeemed 2012	Exchange rate movements 2012	Other adjustments 2012	Balance sheet 31 Dec. 2011
Commercial paper issued, nominal amount	272 218	249 995	205 098	(1 094)		228 415
Bond debt, nominal amount	159 073	26 477	13 160	(3 409)		149 165
Adjustments	6 516				(371)	6 887
Total debt securities issued	**437 806**	**276 472**	**218 258**	**(4 503)**	**(371)**	**384 467**

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

Amounts in NOK million	Balance sheet 31 March 2012	Issued 2012	Matured/ redeemed 2012	Exchange rate movements 2012	Other adjustments 2012	Balance sheet 31 Dec. 2011
Term subordinated loan capital, nominal amount	18 238	5 702		(237)		12 773
Perpetual subordinated loan capital, nominal amount	3 912			(246)		4 158
Perpetual subordinated loan capital securities, nominal amount [1]	5 848			(125)		5 973
Adjustments	1 023				(143)	1 166
Total subordinated loan capital and perpetual subordinated loan capital securities	**29 021**	**5 702**	**0**	**(608)**	**(143)**	**24 070**

Debt securities issued — **DNB Bank Group**

Amounts in NOK million	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
Commercial paper issued, nominal amount	272 227	228 430	185 639	153 934
Bond debt, nominal amount [2]	430 488	391 326	384 946	344 392
Adjustments	20 058	20 521	4 159	11 122
Total debt securities issued	**722 773**	**640 277**	**574 744**	**509 447**

Changes in debt securities issued — **DNB Bank Group**

Amounts in NOK million	Balance sheet 31 March 2012	Issued 2012	Matured/ redeemed 2012	Exchange rate movements 2012	Other adjustments 2012	Balance sheet 31 Dec. 2011
Commercial paper issued, nominal amount	272 227	249 997	205 106	(1 093)		228 430
Bond debt, nominal amount [2]	430 488	87 379	40 157	(8 060)		391 326
Adjustments	20 058				(463)	20 521
Total debt securities issued	**722 773**	**337 376**	**245 263**	**(9 154)**	**(463)**	**640 277**

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

Amounts in NOK million	Balance sheet 31 March 2012	Issued 2012	Matured/ redeemed 2012	Exchange rate movements 2012	Other adjustments 2012	Balance sheet 31 Dec. 2011
Term subordinated loan capital, nominal amount	18 238	5 702	85	(237)		12 859
Perpetual subordinated loan capital, nominal amount	3 912			(246)		4 158
Perpetual subordinated loan capital securities, nominal amount [1]	5 848			(125)		5 973
Adjustments	1 023				(144)	1 167
Total subordinated loan capital and perpetual subordinated loan capital securities	**29 021**	**5 702**	**85**	**(608)**	**(144)**	**24 156**

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

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

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

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

2) *As at 31 March 2012, calculations of capital adequacy for the banking group included a total of NOK 518 million in subordinated loan capital in associated companies.*

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

Note 18 Capital adequacy (continued)

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

Amounts in NOK million	Nominal exposure 31 March 2012	EAD [1] 31 March 2012	Risk-weighted volume 31 March 2012	Capital requirements 31 March 2012	Capital requirements 31 Dec. 2011
IRB approach					
Corporate	810 005	659 094	366 957	29 357	30 291
Specialised Lending (SL)	7 587	7 524	3 614	289	286
Retail - mortgage loans	69 307	69 306	17 413	1 393	1 477
Retail - other exposures	93 659	77 097	24 707	1 977	1 891
Securitisation	87 168	87 168	8 800	704	752
Total credit risk, IRB approach	1 067 726	900 188	421 491	33 719	34 697
Standardised approach					
Central government	60 784	59 395	36	3	6
Institutions	418 108	379 272	73 253	5 860	5 795
Corporate	233 908	187 480	181 455	14 516	16 807
Retail - mortgage loans	3 333	3 019	2 272	182	180
Retail - other exposures	59 923	23 075	17 503	1 400	1 358
Equity positions	42 239	42 239	42 447	3 396	3 229
Other assets	4 347	4 347	4 347	348	310
Total credit risk, standardised approach	822 641	698 826	321 313	25 705	27 686
Total credit risk	1 890 367	1 599 014	742 804	59 424	62 383
Market risk					
Position risk, equity instruments			1 205	96	95
Position risk, debt instruments			46 243	3 699	3 057
Currency risk			0	0	0
Total market risk			47 448	3 796	3 151
Operational risk			57 705	4 616	4 616
Deductions			(2 026)	(162)	(168)
Total risk-weighted volume and capital requirements before transitional rule			845 931	67 674	69 983
Additional capital requirements according to transitional rules [2]			0	0	0
Total risk-weighted volume and capital requirements			845 931	67 674	69 983

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

Note 18 Capital adequacy (continued)

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

Amounts in NOK million	Nominal exposure 31 March 2012	EAD [1] 31 March 2012	Risk-weighted volume 31 March 2012	Capital requirements 31 March 2012	Capital requirements 31 Dec. 2011
IRB approach					
Corporate	819 754	669 000	372 168	29 773	30 453
Specialised Lending (SL)	7 587	7 524	3 614	289	286
Retail - mortgage loans	549 883	549 882	68 498	5 480	5 515
Retail - other exposures	93 659	77 097	24 707	1 977	1 891
Securitisation	87 168	87 168	8 800	704	752
Total credit risk, IRB approach	1 558 051	1 390 670	477 786	38 223	38 898
Standardised approach					
Central government	69 794	85 268	65	5	10
Institutions	148 525	126 239	28 379	2 270	2 081
Corporate	359 874	268 206	255 007	20 401	22 576
Retail - mortgage loans	48 339	46 425	20 810	1 665	1 674
Retail - other exposures	86 899	46 491	35 309	2 825	2 857
Equity positions	2 633	2 633	2 841	227	276
Securitisation	7 152	7 152	1 357	109	143
Other assets	12 641	12 641	12 641	1 011	920
Total credit risk, standardised approach	735 856	595 054	356 409	28 513	30 537
Total credit risk	2 293 907	1 985 725	834 195	66 736	69 435
Market risk					
Position risk, equity instruments			1 205	96	95
Position risk, debt instruments			44 233	3 539	2 833
Currency risk			0	0	0
Total market risk			45 438	3 635	2 928
Operational risk			66 365	5 309	5 309
Deductions			(2 849)	(228)	(214)
Total risk-weighted volume and capital requirements before transitional rule			943 148	75 452	77 458
Additional capital requirements according to transitional rules [2]			82 452	6 596	4 029
Total risk-weighted volume and capital requirements			1 025 601	82 048	81 487

1) *EAD, exposure at default.*

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

Note 18 Capital adequacy (continued)

Basel II implementation

Further progress

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

Portfolios	Reporting methods for credit risk in capital adequacy calculations 31 March 2012	31 Dec. 2012
Retail:		
- mortgage loans, DNB Bank and DNB Boligkreditt	IRB [1]	IRB [1]
- qualifying revolving retail exposures, DNB Bank [2]	IRB [1]	IRB [1]
- mortgage loans, Nordlandsbanken	Standardised	IRB [1]
- loans in Norway, DNB Finans, DNB Bank	IRB [1]	IRB [1]
Corporates:		
- small and medium-sized corporates, DNB Bank	Advanced IRB	Advanced IRB
- large corporate clients (scorecard models), DNB Bank	Advanced IRB	Advanced IRB
- large corporate clients (simulation models), DNB Bank	Standardised	Advanced IRB
- corporate clients, Nordlandsbanken	Standardised	Advanced IRB
- leasing, DNB Bank	Advanced IRB	Advanced IRB
- corporate clients, DNB Næringskreditt	Standardised	Advanced IRB
Securitisation positions:		
- international bond portfolio, DNB Markets	IRB [1]	IRB [1]
Institutions:		
- banks and financial institutions, DNB Bank	Standardised	Advanced IRB
Exceptions:		
- approved exceptions: government and municipalities, equity positions	Standardised	Standardised
- temporary exceptions: DNB Baltics and Poland, DNB Luxembourg, JSC DNB Bank and various other small portfolios	Standardised	Standardised

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

Note 19 Liquidity risk

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

The Board of Directors has approved internal limits which restrict the short-term maturity of liabilities within different time frames. The various maturities are subject to stress testing based on a bank-specific crisis and a systemic crisis, and a contingency plan has been established to handle market events. In addition, limits have been approved for structural liquidity risk, which implies that lending to customers should largely be financed through customer deposits, subordinated capital and long-term funding. Senior bond debt and covered bonds are the major sources of long-term funding. The banking group's ratio of deposits to lending was 62.9 per cent at end-March 2012, up from 58.8 per cent a year earlier. The ratio of deposits to lending in DNB Bank ASA was 109.4 per cent at end-March 2012.

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

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

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

Note 20 Information on related parties

Major transactions and agreements with related parties:

Eksportfinans

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

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

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

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, 2010 and 2011, portfolios representing NOK 93.6 billion, NOK 88.5 billion, NOK 36.2 billion, and NOK 30.1 billion respectively, were transferred from the bank to Boligkreditt. Transfers of NOK 10.9 billion were made in the first quarter of 2012. 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 the period January through March 2012 totalled NOK 269.1 million.

At end-March 2012 the bank had invested NOK 82.1 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-March 2012, commitments with a total value of NOK 22.7 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 the period January through March 2012 totalled NOK 20.2 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).

The transfer agreement regulates the transfer of loan portfolios qualifying as collateral for the issue of covered bonds. During the first quarter of 2012, portfolios of NOK 0.6 billion were transferred from Nordlandsbanken to Boligkreditt.

Pursuant to the servicing agreement, Boligkreditt purchases services from Nordlandsbanken, 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 NOK 5.8 million in the first quarter of 2012.

Nordlandsbanken ASA will, according to plan, be formally merged with DNB 1 September 2012.

Note 20 Information on related parties (continued)

DNB Livsforsikring

As part of the company's ordinary investment activity DNB Livsforsikring has subscribed for covered bonds issued by Boligkreditt. DNB Livsforsikring's investments in Boligkreditt are limited to listed covered bonds. DNB Livsforsikring's holding of Boligkreditt bonds was valued at NOK 5.2 billion at end-March 2012.

The bank has sold foreign currency loans guaranteed by GIEK, the Norwegian Guarantee Institute for Export Credits, to DNB Livsforsikring. At end-March 2012, the recorded value of these loans was NOK 279 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-March 2012, this funding represented NOK 65.9 billion. At end-March 2012, the bank's investments in Treasury bills used in the swap agreements represented NOK 44.8 billion.

Capitalisation and valuation of subsidiaries

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

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

Note 21 Off-balance sheet transactions, contingencies and post-balance sheet events

Off-balance sheet transactions and additional information

DNB Bank ASA					DNB Bank Group			
31 Dec. 2010	31 March 2011	31 Dec. 2011	31 March 2012	*Amounts in NOK million*	31 March 2012	31 Dec. 2011	31 March 2011	31 Dec. 2010
34 564	33 678	46 188	45 071	Performance guarantees	46 257	47 530	35 325	36 323
20 597	19 773	21 880	22 766	Payment guarantees	24 282	23 439	21 316	22 111
10 650	11 056	20 022	22 114	Loan guarantees [1)]	19 536	17 666	10 441	9 690
498	0	0	0	Guarantee to the Norwegian Banks' Guarantee Fund	0	0	0	498
4 511	4 817	5 592	5 607	Guarantees for taxes etc.	5 660	5 645	4 865	4 547
2 776	2 760	1 982	4 189	Other guarantee commitments	4 665	2 285	3 064	3 052
73 596	72 085	95 664	99 747	Total guarantee commitments	100 400	96 565	75 011	76 221
0	0	0	0	Support agreements	10 589	10 237	7 992	7 696
73 596	72 085	95 664	99 747	Total guarantee commitments etc. [*)]	110 989	106 802	83 003	83 916
431 089	435 004	526 711	511 160	Unutilised credit lines and loan offers	508 932	519 143	405 706	412 653
3 146	3 259	2 486	3 005	Documentary credit commitments	3 128	2 594	3 369	3 196
287	276	185	161	Other commitments	255	234	326	325
434 522	438 539	529 381	514 326	Total commitments	512 315	521 971	409 402	416 174
508 117	510 624	625 045	614 073	Total guarantee and off-balance commitments	623 304	628 773	492 405	500 090
147 475	104 557	90 524	96 159	Pledged securities	96 159	90 524	104 557	147 475

**) Of which counter-guaranteed by*

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

Contingencies

Due to its extensive operations in Norway and abroad, the DNB 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 825 million plus interest on overdue payments.

Post-balance sheet events

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

Key figures

		DNB Bank Group			
		1st quarter 2012	1st quarter 2011	Full year 2011	Full year 2010
Interest rate analyses					
1.	Combined weighted total average spread for lending and deposits (%)	1.15	1.11	1.10	1.12
2.	Average spread for ordinary lending to customers (%)	1.82	1.59	1.57	1.59
3.	Average spread for deposits from customers (%)	0.04	0.27	0.29	0.30
Rate of return/profitability					
4.	Net other operating income, per cent of total income	11.3	28.8	36.8	35.8
5.	Cost/income ratio (%)	61.6	51.9	45.9	47.6
6.	Return on equity, annualised (%)	6.0	10.0	13.5	13.9
Financial strength					
7.	Equity Tier 1 capital ratio at end of period (%)	9.2	8.2	9.3	8.3
8.	Equity Tier 1 capital ratio incl. 50 per cent of profit for the period (%)	9.3	8.3	-	-
9.	Tier 1 capital ratio at end of period (%)	9.8	9.0	9.9	9.2
10.	Tier 1 capital ratio incl. 50 per cent of profit for the period (%)	9.9	9.2	-	-
11.	Capital ratio at end of period (%)	11.8	11.2	11.5	11.7
12.	Capital ratio incl. 50 per cent of profit for the period (%)	11.9	11.3	-	-
13.	Tier 1 capital at end of period (NOK million)	101 069	83 576	101 336	84 441
14.	Risk-weighted volume at end of period (NOK million)	1 027 574	923 972	1 018 586	918 659
Loan portfolio and write-downs					
15.	Individual write-downs relative to average net lending to customers, annualised (%)	0.21	0.30	0.26	0.34
16.	Write-downs relative to average net lending to customers, annualised (%)	0.24	0.30	0.28	0.25
17.	Net non-performing and net doubtful commitments, per cent of net lending	1.54	1.55	1.49	1.53
18.	Net non-performing and net doubtful commitments at end of period (NOK million)	20 297	18 922	19 465	18 409
Liquidity					
19.	Ratio of customer deposits to net lending to customers at end of period (%)	62.9	58.8	58.1	56.1
Staff					
20.	Number of full-time positions at end of period	12 588	11 972	12 560	11 970

Definitions

1, 2, 3 Based on nominal values excluding impaired loans, measured against the 3–month money market rate.

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

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

Profit and balance sheet trends

Income statement					**DNB Bank ASA**
Amounts in NOK million	1st quarter 2012	4th quarter 2011	3rd quarter 2011	2nd quarter 2011	1st quarter 2011
Total interest income	12 114	12 754	12 386	11 551	11 340
Total interest expenses	6 539	6 873	6 902	6 481	6 466
Net interest income	**5 574**	**5 880**	**5 483**	**5 070**	**4 874**
Commissions and fees receivable etc.	1 288	1 225	1 408	1 347	1 316
Commissions and fees payable etc.	513	512	503	468	452
Net gains on financial instruments at fair value	2 100	1 663	1 295	1 901	427
Other income	711	1 964	365	708	667
Net other operating income	**3 586**	**4 340**	**2 564**	**3 487**	**1 959**
Total income	**9 161**	**10 220**	**8 047**	**8 557**	**6 833**
Salaries and other personnel expenses	2 010	1 937	1 929	1 887	1 737
Other expenses	1 441	1 640	1 464	1 464	1 537
Depreciation and write-downs of fixed and intangible assets	363	1 181	403	488	346
Total operating expenses	**3 814**	**4 758**	**3 795**	**3 839**	**3 619**
Net gains on fixed and intangible assets	0	31	0	3	0
Write-downs on loans and guarantees	789	789	466	256	517
Pre-tax operating profit	**4 558**	**4 704**	**3 786**	**4 466**	**2 697**
Taxes	1 276	1 845	1 170	1 250	755
Profit for the period	**3 282**	**2 859**	**2 617**	**3 215**	**1 942**

Balance sheet					**DNB Bank ASA**
Amounts in NOK million	31 March 2012	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 March 2011
Assets					
Cash and deposits with central banks	430 421	220 721	273 298	12 320	239 242
Lending to and deposits with credit institutions	198 090	193 379	226 627	211 955	231 415
Lending to customers	701 645	711 966	700 866	666 233	660 131
Commercial paper and bonds	210 515	211 335	211 477	240 757	252 675
Shareholdings	10 465	11 829	12 249	13 875	13 773
Financial derivatives	99 396	108 506	118 719	77 133	80 232
Commercial paper and bonds, held to maturity	88 136	96 042	98 858	99 151	106 220
Investments in associated companies	1 180	1 187	1 139	1 202	1 278
Investements in subsidiaries	38 638	35 763	33 111	27 047	22 948
Intangible assets	3 479	3 549	3 472	3 451	3 532
Deferred tax assets	3	3	529	516	523
Fixed assets	5 698	5 497	5 168	5 130	5 057
Other assets	27 418	15 389	8 696	9 287	9 205
Total assets	**1 815 083**	**1 615 166**	**1 694 209**	**1 368 059**	**1 626 229**
Liabilities and equity					
Loans and deposits from credit institutions	364 474	295 884	366 672	214 940	390 624
Deposits from customers	767 401	704 438	732 978	626 789	655 477
Financial derivatives	80 044	88 207	94 851	60 940	69 023
Debt securities issued	437 806	384 467	368 961	328 088	373 662
Payable taxes	742	228	2 345	1 503	1 346
Deferred taxes	3 448	3 455	57	56	58
Other liabilities	28 203	13 421	11 855	20 770	21 389
Provisions	444	676	441	394	455
Pension commitments	2 680	2 677	2 920	2 931	2 930
Subordinated loan capital	29 021	24 070	26 389	27 607	30 406
Total liabilities	**1 714 263**	**1 517 523**	**1 607 468**	**1 284 019**	**1 545 370**
Share capital	18 314	18 314	17 514	17 514	17 514
Share premium reserve	19 895	19 895	12 695	12 695	12 695
Other equity	62 610	59 433	56 532	53 830	50 650
Total equity	**100 820**	**97 643**	**86 741**	**84 040**	**80 859**
Total liabilities and equity	**1 815 083**	**1 615 166**	**1 694 209**	**1 368 059**	**1 626 229**

Profit and balance sheet trends (continued)

Income statement — **DNB Bank Group**

Amounts in NOK million	1st quarter 2012	4th quarter 2011	3rd quarter 2011	2nd quarter 2011	1st quarter 2011
Total interest income	16 187	16 124	15 550	14 595	14 294
Total interest expenses	9 466	9 319	9 176	8 556	8 279
Net interest income	**6 720**	**6 804**	**6 374**	**6 039**	**6 015**
Commissions and fees receivable etc.	1 528	1 461	1 641	1 583	1 548
Commissions and fees payable etc.	541	536	525	487	466
Net gains on financial instruments at fair value	(1 009)	3 369	2 265	1 332	662
Profit from companies accounted for by the equity method	225	111	(79)	(28)	72
Net gains on investment property	(144)	(132)	93	(1)	9
Other income	798	795	668	751	607
Net other operating income	**858**	**5 068**	**4 062**	**3 150**	**2 432**
Total income	**7 578**	**11 873**	**10 436**	**9 189**	**8 447**
Salaries and other personnel expenses	2 451	2 361	2 329	2 346	2 136
Other expenses	1 812	2 033	1 778	1 806	1 858
Depreciation and write-downs of fixed and intangible assets	406	843	411	416	391
Total operating expenses	**4 669**	**5 236**	**4 519**	**4 568**	**4 385**
Net gains on fixed and intangible assets	7	(1)	6	8	5
Write-downs on loans and guarantees	784	926	1 170	457	892
Pre-tax operating profit	**2 131**	**5 709**	**4 754**	**4 173**	**3 175**
Taxes	575	2 040	1 210	1 168	889
Profit from operations held for sale, after taxes	0	0	25	11	(41)
Profit for the period	**1 556**	**3 669**	**3 568**	**3 015**	**2 245**

Balance sheet — **DNB Bank Group**

Amounts in NOK million	31 March 2012	31 Dec. 2011	30 Sept. 2011	30 June 2011	31 March 2011
Assets					
Cash and deposits with central banks	433 396	224 581	276 593	15 828	242 242
Lending to and deposits with credit institutions	29 847	25 105	49 515	35 431	69 633
Lending to customers	1 296 842	1 291 660	1 260 993	1 215 365	1 187 026
Commercial paper and bonds	133 707	106 000	105 993	138 366	146 989
Shareholdings	10 920	12 300	12 711	14 277	14 187
Financial derivatives	80 805	96 264	110 341	66 243	70 063
Commercial paper and bonds, held to maturity	88 136	96 042	98 858	99 151	106 220
Investment property	5 285	5 165	5 308	4 991	2 963
Investments in associated companies	2 391	2 173	2 034	2 140	2 329
Intangible assets	4 913	4 854	5 030	4 951	5 001
Deferred tax assets	633	636	408	356	360
Fixed assets	6 557	6 322	5 994	5 947	5 818
Assets held for sale	1 092	1 054	1 206	1 172	1 326
Other assets	25 025	12 792	9 574	10 131	8 530
Total assets	**2 119 548**	**1 884 948**	**1 944 557**	**1 614 349**	**1 862 689**
Liabilities and equity					
Loans and deposits from credit institutions	353 396	279 553	356 347	207 494	384 704
Deposits from customers	815 244	750 102	773 334	668 506	698 441
Financial derivatives	55 352	63 130	74 789	51 016	59 147
Debt securities issued	722 773	640 277	601 114	543 181	574 744
Payable taxes	152	400	2 507	1 579	4 703
Deferred taxes	4 622	4 531	205	185	185
Other liabilities	29 555	14 569	13 300	21 930	14 420
Liabilities held for sale	361	383	360	331	350
Provisions	506	750	504	492	538
Pension commitments	2 821	2 793	3 035	3 045	3 040
Subordinated loan capital	29 021	24 156	26 476	27 697	30 498
Total liabilities	**2 013 804**	**1 780 644**	**1 851 972**	**1 525 457**	**1 770 770**
Share capital	18 314	18 314	17 514	17 514	17 514
Share premium reserve	20 611	20 611	13 411	13 411	13 411
Other equity	66 819	65 378	61 659	57 967	60 993
Total equity	**105 745**	**104 304**	**92 585**	**88 892**	**91 919**
Total liabilities and equity	**2 119 548**	**1 884 948**	**1 944 557**	**1 614 349**	**1 862 689**

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DNB Bank ASA

Organisation number	Register of Business Enterprises NO 984 851 006 MVA

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Jarle Bergo, vice-chairman
Sverre Finstad
Kai Nyland
Torill Rambjør
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Berit Svendsen

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Financial calendar 2012

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

Other sources of information

Annual and quarterly reports

Separate annual and quarterly reports are prepared for the DNB Group, DNB Boligkreditt, DNB Næringskreditt and DNB Livsforsikring. The reports are available on dnb.no.

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

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