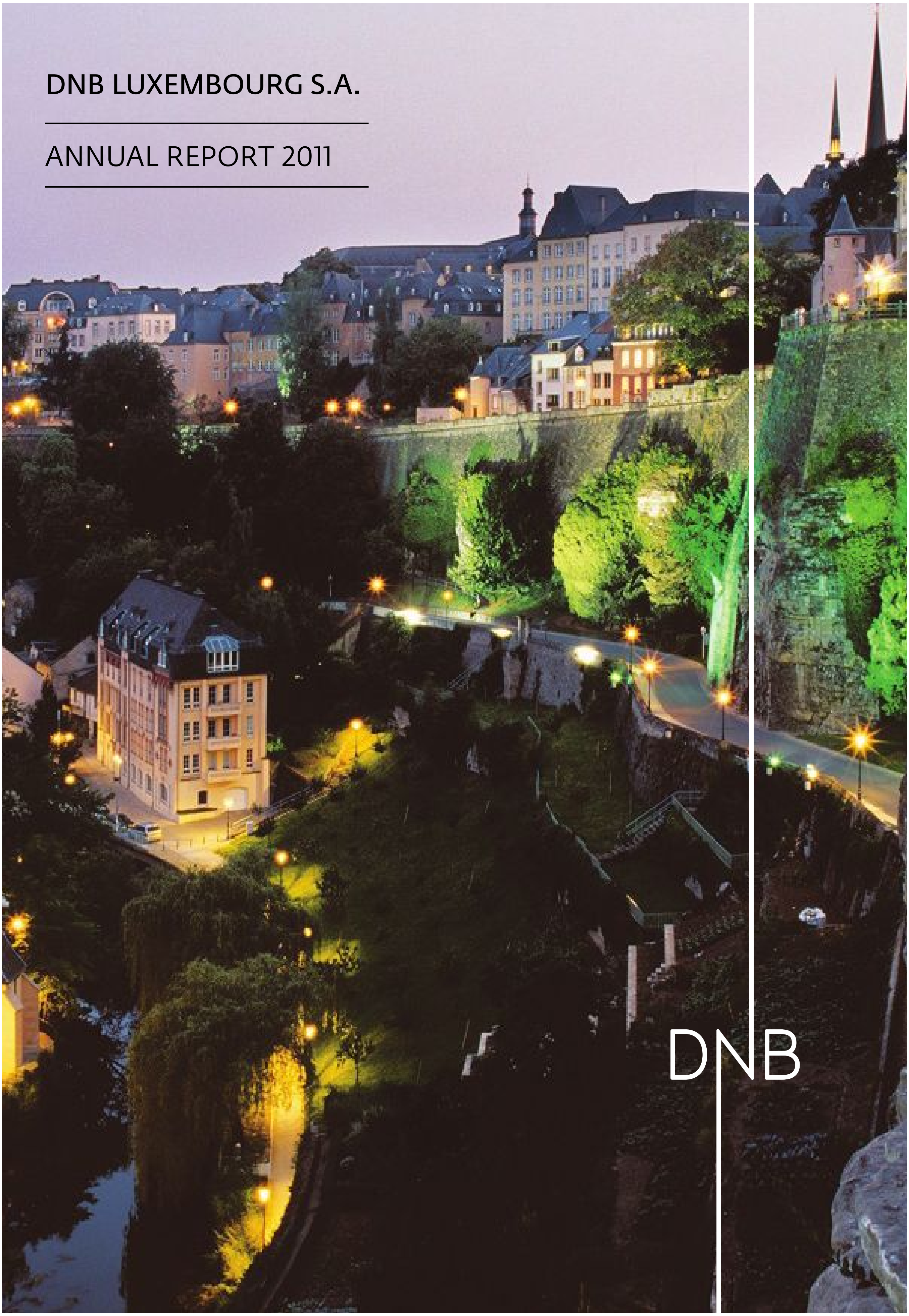
DNB LUXEMBOURG S.A.

ANNUAL REPORT 2011



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THE BOARD OF DIRECTORS

Mrs Trine LOE	Executive vice president, DNB Bank ASA London Branch - Board Member and Chairman (from 17 March 2011)
Mr Jørgen HJEMDAL	Executive director, DNB Asset Management AS - Board Member (from 08 September 2011)
Mr Gerhard NILSEN	Executive vice president, DNB Bank ASA - Board Member
Mr Terje TURNES	Executive vice president, DNB Baltics- Board Member and Chairman (until 17 March 2011)
Mrs Bente FLADMARK	Senior vice president, DNB Bank ASA London Branch – Board Member (until 08 September 2011)
Mrs Eldbjørg STURE	Director, DNB Bank ASA - Board Member (until 08 September 2011)
Mr Per UGLAND	Senior vice president, DNB Bank ASA - Board Member (until 08 September 2011)
Mr Frode EKELI	Executive vice president, DNB Bank ASA - Board Member (until 10 November 2011)

REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to submit its report for the year ending 31 December 2011.

Overall, this was a very satisfactory period for the Bank, also marked by the name change to DNB Luxembourg S.A.

Global growth last year ended at 3.6 percent. But this average rate hides the fact that growth in the industrial nations was weaker than anticipated, while growth in the emerging markets, especially China, surprised positively.

Economic activity in the industrial nations was negatively affected by three unexpected shocks. The first of these was the ”Arab spring”, where protests spread from Tunisia to Egypt and further to oil-producing Libya. The second was the earthquake that hit Japan, the world’s third largest economy. The third, and to some extent least surprising, came when the sovereign debt crisis in the eurozone entered a new, more dramatic phase as the crisis spread to other, larger countries.

Most of the effects of the first two shocks have already been absorbed. The effect of the third shock has by no means subsided, however, despite the many measures that have been implemented. A solution that would erase the uncertainty surrounding sovereign debt has yet to be found. The price of this uncertainty is being paid in the form of deadlocked funding markets, restrictive lending policies, increased uncertainty and economic slowdown, intensified by major cuts in government budgets.

Short-term eurozone indicators give a fairly unambiguous picture which shows that what was at best a standstill in the final months of last year could well be a slump. The slowdown in the eurozone is echoed practically all over the world.

DNB’s prediction for 2012 is a 1.3 per cent growth in the industrial countries which combined with the prospect of a continued healthy 5½ per cent growth in other countries pulls the global average up to about 3 per cent[1]. A collapse in the eurozone would pose the biggest threat to economic growth. Higher oil prices as a result of unrest in the Middle East and North Africa, a lack of consensus on the US budget and a hard landing in China could also threaten growth.

Despite these challenging macroeconomic conditions, the Bank continued to develop in line with its long-term strategic objectives, i.e. delivering private banking and mortgage services to DNB related clients with international needs.

Total client assets grew by over 50 per cent compared to the previous year-end. To some extent, this is the result of capitalising on the robustness of the DNB name as a safe haven during turbulent times. But we also see this growth as a reward for our continued focus on meeting the expectations of our customers, extensive travel and marketing activities, and co-operation with the parent company and other international offices of the DNB Group.

A customer satisfaction survey carried out in the last quarter of the year indicated that our clients on the whole are very satisfied with the services they received from the Bank.

Continuing the trend that started in 2010, we are delighted to confirm that the core private banking and mortgage activities are now securing the structural profitability of the whole Luxembourg operation.
The year was also characterized by a high degree of stability on the administrative side.
Transactions were processed with no substantial delays or errors noted. Various IT related projects, including renewed network infrastructure and revised customer reporting and e-bank

[1] Source and further details: DNB Markets Economic Outlook, January 2012, https://www.dnb.no/portalfront/nedlast/no/markets/analyser-rapporter/engelske/economic-outlook/EO120125.pdf?popup=true

functionalities, were successfully initiated and as applicable will be completed over 2012. The bank's compliance, legal and control set-ups were further strengthened, including a complete review of the bank's procedures manual.

The Bank completed the repatriation of the bank-guaranteed loans business to Norway as planned.

It was also pleasing to note the continued high degree of loyalty and dedication of staff over the whole period.

The financial results achieved by the Bank reflect the developments mentioned above, and are a continuation of the positive trend seen in the previous years.

The relatively stable operating income (EUR 10.1m, compared to EUR 10m in 2010) is actually the result of two quite opposite factors: first, the repatriation of the bank-guaranteed loans portfolio to the parent company; second, the income development from the bank's private banking and mortgage activities, increasing to EUR 8m, i.e. 32 per cent up from 2010.

Operating costs rose from EUR 5.1m to EUR 5.6m following a general increase in activity levels.

These results in an operating profit of EUR 4.4m (2010: EUR 5.1m). Taking into account the impact of movements on general provisions, restructuring costs and taxes, the Bank ended the financial year with a net profit of EUR 3.5m (2010: EUR 4m).

The increase in the total balance sheet (to EUR 1,126m compared to EUR 1,034m at the end of 2010) is due to growth in both the mortgage loan portfolio and customer cash balances, which more than offset the substantial outflows from the repatriation of the bank-guaranteed loans.

Solvency and liquidity ratios exceeded the legal requirements at all times. At year-end the Bank was in a fully self-funded position, with volumes of customer cash deposits nearly three times its loan commitments.

We are aiming for another successful year in 2012, keeping the same main objectives as before, i.e. meeting our customers' expectations, continued and controlled growth for our private banking and mortgage lending businesses, continued integration in and satisfactory level of financial contribution to the Group, and an attractive work environment for our employees.

The Bank obviously recognizes that its development may to some extent be affected by the prevailing macroeconomic conditions. However, as part of the DNB group, it feels well-equipped to meet the various business, operational and regulatory challenges that may arise.

Regarding the risk management strategy, the Bank aims to keep a conservative and moderate profile through its various business lines.

Management is closely involved in the risk management processes. It has overall responsibility for the supervision of controls, capital adequacy, and liquidity of the Bank.

The Bank has minor exposure to interbank counterparty and market risks, as all customers' transactions on interest rates and foreign exchange are covered by the parent company.

The Bank offers mortgage loan facilities to selected customers (EUR 156m at the end of 2011, an increase of 30 per cent from previous year-end). These are secured by properties in France and Spain, and are granted for amounts up to 70 per cent of property value.

Despite these indirect exposures to the real estate markets, the Bank considers this activity to present an overall low risk profile, thanks to a strict credit acceptance policy – including a strong focus on the clients' creditworthiness, and no "project financing" of any type, continuous development of in-house credit competences, and close cooperation with the Group credit department. As of 31 December 2011, loan loss provisions were limited to EUR 0.13m.

In addition, the Bank issues investment loans to some of its private banking customers (EUR 62m at the end of 2011, stable from previous year-end). These are used mainly to invest in low to medium-risk securities, which together with cash deposits are pledged to cover the exposure. The collateral value of securities is weighted according to the associated risk level; the market value of pledged assets and the subsequent 'security ratio' of each loan are monitored on a daily basis. This activity has historically caused no losses for the Bank.

The Bank monitors the various operational, legal, and other business-related risks through a set of policies, including: a proactive approach (including the involvement of management) to risk identification, evaluation and mitigation, and to compliance with legal and regulatory developments; permanent improvement and streamlining of operating routines; close follow-up on operational incidents and comments made by the audit and compliance functions.

In accordance with article 70 of Luxembourg law 17/06/1992 relating to the accounts of credit institutions, we confirm that no events of importance have occurred since the end of the financial year; we also confirm that the Bank does not have a subsidiary, branch or representative office.

During 2011, the Bank had no activities in the field of research and development; neither did it acquire any of its own shares.

The Board wishes to thank our outgoing Chairman and Members Terje Turnes, Bente Fladmark, Edlbjørg Sture, Per Ugland, Gerhard Nilsen and Frode Ekeli for their service to the Bank, and to take this opportunity to welcome Trine Loe as new Chairman, and Ingrid Tjønneland and Jørgen Hjemdal as new Members.

The composition of the Boards of the two DNB Group entities based in Luxembourg – i.e. the Bank and DNB Asset Management Luxembourg S.A. – is thus now fully aligned.

The Board of Directors would also like to express its gratitude to the Bank's employees and business partners for their fruitful collaboration during 2011.

The Board of Directors recommends that the annual accounts be presented for approval at the Annual General Meeting. It also recommends that the net profit for the year EUR 3.540.539, together with results brought forward from previous years be allocated as follows: dividend payable to shareholders EUR 3.200.000; transfer to "net worth tax reserve" (cf. note 24 to the accounts) EUR 660.000, and the balance to result carried forward.

Luxembourg, 5 March 2012

ANNUAL ACCOUNTS

BALANCE SHEET- ASSETS

	Note	2011	2010
Cash, balances with central banks and post office banks	**3**	**20.982.351**	**19.594.488**
Loans and advances to credit institutions	**3, 4, 8**	**883.173.935**	**515.050.818**
a) repayable on demand		49.147.051	38.157.583
b) other loans and advances		834.026.884	476.893.235
Loans and advances to customers	**3, 5, 22**	**218.312.269**	**495.429.336**
Tangible assets	**6**	**856.708**	**805.184**
Other assets	**7**	**317.778**	**186.387**
Prepayments and accrued income		**3.062.143**	**2.785.243**
Total assets	**9**	**1.126.705.184**	**1.033.851.456**

The accompanying notes form an integral part of the annual accounts.

BALANCE SHEET- LIABILITIES

	Note	2011	2010
Amounts owed to credit institutions	**3, 12**	**456.333.016**	**761.291.377**
a) repayable on demand		10.688.634	29.114.468
b) with agreed maturity dates or periods of notice		445.644.382	732.176.909
Amounts owed to customers	**3, 12**	**634.275.438**	**239.359.088**
Other debts:		634.275.438	239.359.088
a) repayable on demand		66.268.244	53.758.651
b) with agreed maturity dates or periods of notice		568.007.194	185.600.437
Debt evidenced by certificates		**231.552**	**1.677.818**
a) others		231.552	1.677.818
Other liabilities	**7**	**277.657**	**231.210**
a) preferential creditors		277.657	230.685
b) sundry creditors		---	525
Accruals and deferred income		**1.507.453**	**977.737**
Provisions		**5.396.803**	**5.171.500**
a) provisions for taxation		2.592.436	2.335.879
b) other provisions	**23**	2.804.367	2.835.621
Subscribed capital	**10**	**17.352.547**	**17.352.547**
Reserves	**11, 24**	**3.725.254**	**3.725.880**
Profit brought forward	**11**	**4.064.925**	**31.319**
Profit for the financial year		**3.540.539**	**4.032.980**
Total liabilities	**13**	**1.126.705.184**	**1.033.851.456**

The accompanying notes form an integral part of the annual accounts.

OFF BALANCE SHEET

	Note	2011	2010
Contingent liabilities	**3, 14**	**1.895.750**	**1.907.000**
of which:			
- guarantees and assets pledged as collateral security		1.895.750	1.907.000
Commitments	**3, 15**	**48.583.055**	**66.931.671**

The accompanying notes form an integral part of the annual accounts.

PROFIT AND LOSS ACCOUNT

	Note	2011	2010
Interest received and similar income		**15.102.349**	**14.325.125**
Interest paid and similar charges		**(7.842.545)**	**(7.339.363)**
Commission received		**2.863.166**	**3.175.389**
Commission paid		**(304.787)**	**(417.067)**
Net profit on financial operations		**759**	**13.092**
Other operating income	**19**	**293.315**	**358.931**
General administrative expenses		**(5.238.156)**	**(4.661.832)**
a) staff costs	**21, 22**	(3.228.957)	(2.863.626)
<u>of which</u>:			
- wages and salaries		(2.785.321)	(2.426.819)
- social security costs		(244.228)	(189.157)
<u>of which</u>:			
- social security costs relating to pensions		(188.568)	(145.048)
b) other administrative expenses	**25**	(2.009.199)	(1.798.206)
Value adjustment in respect of tangible assets		**(268.597)**	**(308.832)**
Other operating charges	**20**	**(143.833)**	**(308.546)**
Value adjustment in respect of loans and advances and provisions for contingent liabilities and commitments		**(100.000)**	**(30.000)**
Value re-adjustment in respect of loans and advances and provisions for contingent liabilities and commitments		**---**	**310.000**
Profit before tax		**4.361.671**	**5.116.897**
Tax on profit on ordinary activities		**(821.132)**	**(1.083.917)**
Profit for the financial year		**3.540.539**	**4.032.980**

The accompanying notes form an integral part of the annual accounts.

NOTES TO THE ACCOUNTS

Note 1 General

1.1. Corporate matters

DNB Luxembourg S.A., previously DNB NOR Luxembourg S.A., ("the Bank") was established in Luxembourg on 3 January 1985 as a public limited company under Luxembourg law. In line with all other group entities, it changed its name from DnB NOR Luxembourg S.A. to DNB Luxembourg S.A. on 11 November 2011. The Bank is a wholly owned subsidiary of DNB Bank ASA, whose head office is at Stranden 21, Aker Brygge, Oslo. The consolidated accounts of DNB Bank ASA are available at its head office. The ultimate parent company is DNB ASA whose consolidated accounts can be obtained at the above address.

The Board of Directors consists of senior executives of DNB Bank ASA. The business policies and valuation principles applied by the Bank, unless prescribed by Luxembourg rules and regulations, are determined and monitored by the Board of Directors.

As of 31 December 2011, the registered office of the Bank is at 13, rue Goethe, L-1637 Luxembourg. The register number is R.C. No. B 22.374.

1.2. Nature of the Bank's business

The Bank is involved in credit and private banking activities.

The Bank's main products and services are the following:

- Current accounts and time deposits,
- Securities investments and custody,
- Foreign exchange transactions,
- Lombard ("money market" or "investment") loans,
- Mortgage loans.

1.3. Annual accounts

The Bank prepares its annual accounts in Euro (EUR), the currency in which the capital is expressed.
The Bank's accounting year coincides with the calendar year.

Note 2 Summary of significant accounting policies

The Bank prepares its annual accounts under the historical cost principle, in accordance with the laws and regulations in force in the Grand Duchy of Luxembourg and on the basis of accounting principles generally accepted in the banking sector in the Grand Duchy of Luxembourg.

The accounting policies and the valuation principles are determined and applied by the Board of Directors, except those which are defined by law and by the Commission de surveillance du secteur financier.

In observing these, the following significant accounting policies are applied:

2.1. The date of recording of transactions in the balance sheet

Assets and liabilities are stated in the balance sheet according to when the amounts concerned become cleared funds, that is, their date of effective transfer.

2.2. Foreign currencies

The Bank maintains a multi-currency accounting system which records all transactions in the currency or currencies of the transaction on the day on which the contract is concluded.

Revenues and expenses in foreign currencies are translated into EUR daily at the prevailing exchange rates.

Tangible fixed assets in foreign currencies not covered in either the spot or forward market are translated into EUR at the rate of exchange ruling at the date of their acquisition. All other assets and liabilities are converted into EUR at the average of the buy and sell spot rates applicable at the balance sheet date. Both realised and unrealised profits and losses arising on revaluation are accounted for in the profit and loss account for the year, except for those on assets and liabilities specifically covered by operations assimilated to swaps. The revaluation of these transactions does not affect the profit and loss account since any revaluation gains or losses are posted to the transitory accounts and not to the profit and loss account.

At the year end all uncompleted forward transactions are translated into EUR at the forward rate applicable for the remaining term ruling on the balance sheet date.

Uncovered forward transactions are valued individually on the basis of forward exchange rates applicable at the balance sheet date. Unrealised revaluation profits are ignored, whereas a provision is set up in respect of any unrealised revaluation losses. This provision is included on the liabilities side of the balance sheet under “Provisions: other provisions”.

Note 2 Summary of significant accounting policies (continued)

2.3. Derivative financial instruments

The Bank's commitments deriving from derivative financial instruments are recorded on the transaction date as off balance sheet items.

At the year end, where necessary, a provision is set up in respect of individual unrealised losses resulting from the revaluation of the Bank's commitments at market value. This provision is included on the liabilities side of the balance sheet under “Provisions: other provisions”.

No provision is set up in those cases where a financial instrument clearly covers an asset or a liability and economic unity is established or where a financial instrument is hedged by a reverse transaction so that no open position exists.

2.4. Trading book

The Bank does not hold any trading book. However, as per the Article 56 of the Law of April 1993 as amended on the accounts of banks, the Bank would classify the following items, if any, in the trading book:

- securities trading book as defined in the banking law,
- securities underwriting if not held-to-maturity,
- trading financial derivatives.

2.5. Specific value adjustments in respect of doubtful and irrecoverable debts

It is the Bank's policy to establish specific value adjustments in respect of doubtful and irrecoverable debts, as deemed appropriate by the Board of Directors.

Value adjustments, if any, are deducted from the assets items to which they relate.

Note 2 Summary of significant accounting policies (continued)

2.6. Lump sum provision for risk exposures

In accordance with the Luxembourg tax legislation, it is the Bank's policy to establish a lump sum provision for risk exposures, as defined in the legislation governing prudential supervision of banks. The purpose of the provision is to take account of risks, which are likely to crystallise but which have not yet been identified as at the date of preparation of the annual accounts.

Pursuant to the Instructions issued by the “Direction des Contributions” on 16 December 1997, this provision is made before taxation and may not exceed 1,25% of the Bank’s risk exposures.

The lump sum provision for risk exposures is broken down in proportion to the weighting of the items which form the basis for its calculation, between:

- a portion which is deemed to represent a value adjustment, and which is deducted from the assets items which constitute risk exposures; and
- a portion which is deemed to represent a provision attributable to credit risk associated with off balance sheet items, foreign exchange risk and market risks, and which is shown among the liabilities items under “Provisions: other provisions”.

As of 31 December 2011 and 2010, the lump sum provision amounts to EUR 1.500.313 and is fully deducted from the loans to customers caption.

2.7. Loans and advances

Loans and advances are stated at their acquisition price. The policy of the Bank is to establish specific provisions for doubtful debts in accordance with the circumstances and for amounts specified by the Board of Directors. These provisions are deducted from the appropriate asset account balances and shall not be maintained if the reasons for which they were recorded no longer exist.

2.8. Transferable securities

Transferable securities are recorded initially at their purchase price, plus additional charges. The average cost method is used to determine the acquisition costs.

Note 2 Summary of significant accounting policies (continued)

2.9. Debt securities and other fixed income securities

The Bank has divided its portfolio of fixed income securities into three categories, whose principal characteristics are the following:

- an investment portfolio of financial fixed assets, which are intended to be used on a continuing basis in the Bank's activities;
- a trading portfolio of securities purchased with the intention of resale in the short term; and
- a structural portfolio of securities which do not fall within either of the two other categories.

As at 31 December 2011 and 2010, the Bank does not hold any securities.

Fixed income securities are valued as follows:

- at purchase price in those cases where the conditions set out by the relevant authorities in the Banking Regulations are fulfilled;
- otherwise valued at the lower of cost or market value.

2.10. Tangible fixed assets

Tangible fixed assets are valued at purchase price less accumulated depreciation. The accumulated depreciation is calculated to write off the value of such assets systematically over their useful economic lives.

Fixtures and fittings costing less than EUR 1.000 or whose expected useful lives are not expected to exceed the current year are charged directly to the profit and loss account for the year.

2.11. Taxes

Taxes are accounted for on an accrual basis.

Note 3 Analysis of primary financial instruments

The primary financial assets and liabilities are presented according to their remaining lifetime to final maturity as follows:

2011 EUR 000	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Cash, balance with central banks and post office banks	20.982	---	---	---	**20.982**
Loans and advances to credit institutions	633.686	249.488	---	---	**883.174**
Loans and advances to customers	61.548	972	4.676	151.116	**218.312**
	716.216	**250.460**	**4.676**	**151.116**	**1.122.468**
Amounts owed to credit institutions	212.131	244.202	---	---	**456.333**
Amounts owed to customers	617.446	16.829	---	---	**634.275**
Contingent liabilities	230	311	1.355	---	**1.896**
Commitments	6.401	31.936	7.769	2.477	**48.583**
	836.208	**293.278**	**9.124**	**2.477**	**1.141.087**

2010 EUR 000	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Cash, balance with central banks and post office banks	19.594	---	---	---	**19.594**
Loans and advances to credit institutions	268.042	234.210	12.798	---	**515.050**
Loans and advances to customers	150.234	223.574	1.685	119.936	**495.429**
	437.870	**457.784**	**14.483**	**119.936**	**1.030.073**
Amounts owed to credit institutions	512.851	248.440	---	---	**761.291**
Amounts owed to customers	222.026	4.535	12.798	---	**239.359**
Contingent liabilities	89	446	1.372	---	**1.907**
Commitments	4.998	37.151	24.782	---	**66.931**
	739.964	**290.572**	**38.952**	**---**	**1.069.488**

Note 4 Loans and advances to credit institutions

The geographical distribution of loans and advances to credit institutions, including those repayable on demand, is as follows:

	2011 EUR 000	2010 EUR 000
European Union	4.100	1.084
Other OECD countries	879.074	513.967
	883.174	**515.051**

Note 5 Loans and advances to customers

The geographical distribution of loans and advances to customers is as follows:

	2011 EUR 000	2010 EUR 000
European Union	48.739	39.854
Other OECD countries	132.939	440.726
Other countries	36.634	14.849
	218.312	**495.429**

Note 6 Movements in tangible assets

The following movements have occurred in the Bank's tangible assets in the course of the financial year:

	Gross value at the beginning of the financial year	Additions	Disposals	Gross value at the end of the financial year	Cumulative value adjustments at the end of the financial year	Net value at the end of the financial year
	EUR	EUR	EUR	EUR	EUR	EUR
Tangible assets of which:	4.942.676	320.121	---	5.262.797	4.406.089	856.708
Other fixtures and fittings, tools and equipment	4.942.676	320.121	---	5.262.797	4.406.089	856.708

Note 7 Other assets, other liabilities

Other assets primarily represent short term receivables.

Other liabilities primarily represent short term payables.

Note 8 Related parties balances – assets

As at 31 December 2011, loans and advances to credit institutions amounting to EUR 883.173.935 (2010: EUR 515.050.518) include the following balances with related parties:

	Affiliated undertakings 2011 EUR	Affiliated undertakings 2010 EUR
Loans and advances to credit institutions	**875.571.476**	**511.553.640**

Following the Bank's request, the CSSF has approved the total exemption of the risks taken on the DNB Group in the context of the calculation of the large risks exposures in accordance with Part XVI, point 24 of the CSSF Circular 06/273, as amended.

Following the Bank's request, the CSSF has also approved the netting of intercompany assets with intercompany liabilities in the context of the calculation of the capital adequacy ratio, within the limits permitted by Part IX, point 13 of the CSSF Circular 06/273, as amended.

Note 9 Foreign currency assets

As at 31 December 2011, the aggregate amount of the Bank's assets denominated in currencies other than EUR net of related value adjustments denominated in foreign currencies, converted to EUR, is EUR 907.577.945 (2010: EUR 835.484.731).

Note 10 Subscribed capital

As at 31 December 2011 and 2010, the Bank's authorised capital amounts to EUR 17.352.547 represented by 70.000 shares with a nominal value of EUR 247,89 each. All the shares have been fully subscribed and are fully paid up.

Note 11 Movements in reserves and profit brought forward

	Legal reserve EUR	Special reserve (Note 24) EUR	Other reserves EUR	Profit Brought Forward EUR
Balance at 31 December 2010	1.735.255	1.988.525	2.100	31.319
Profit for the year ended 31 December 2010	---	---	---	4.032.980
Transfers from/to special reserve (note 24)	---	1.475	(1.475)	---
Other transfers	(1)	---	(625)	626
Balance at 31 December 2011	**1.735.254**	**1.990.000**	**---**	**4.064.925**

Under Luxembourg law, the Bank must appropriate to a legal reserve an amount equivalent to at least 5% of the annual net profit until such reserve is equal to 10% of the share capital. This appropriation is made in the following year. Distribution of the legal reserve is restricted for the proportion equal to 10% of the share capital.

Note 12 Related parties balances – liabilities

As at 31 December 2011, amounts owed to credit institutions and customers amounting respectively to EUR 456.333.016 (2010: EUR 761.291.377) and EUR 634.275.438 (2010: EUR 239.359.088) include the following balances with related parties.

	Affiliated undertakings 2011 EUR	Affiliated undertakings 2010 EUR
Amounts owed to credit institutions	456.332.641	716.006.120
Amounts owed to customers	5.054.259	5.099.060
	461.386.900	**721.105.180**

Note 13 Foreign currency liabilities

As at 31 December 2011, the aggregate amount of the Bank's liabilities denominated in currencies other than Euro, converted to EUR, is EUR 907.626.373 (2010: EUR 835.570.507).

Note 14 Contingent liabilities

The geographical distribution of contingent liabilities is as follows:

	2011 EUR 000	**2010 EUR 000**
European Union	779	812
Other OECD countries	717	800
Other countries	400	295
	1.896	**1.907**

The economic sector of contingent liabilities is as follows:

	2011 EUR 000	**2010 EUR 000**
Corporate Bodies	201	202
Natural Persons	1.695	1.705
	1.896	**1.907**

As at 31 December 2011, the Bank's contingent liabilities of EUR 1.895.750 (2010: EUR 1.907.000) represent principally guarantees issued by the Bank in favour of clients.

As at 31 December 2011 and 2010, there were no contingent liabilities with affiliated entities.

Note 15 Commitments

The geographical distribution of commitments is as follows:

	2011 EUR 000	2010 EUR 000
European Union	12.048	17.264
Other OECD countries	12.647	31.195
Other countries	23.888	18.472
	48.583	**66.931**

The economic sector of commitments is as follows:

	2011 EUR 000	2010 EUR 000
Corporate bodies	24.201	21.167
Natural Persons	24.382	45.764
	48.583	**66.931**

As at 31 December 2011, the Bank's commitments of EUR 48.583.055 (2010: EUR 66.931.671) represent exclusively unused confirmed credit lines.

As at 31 December 2011 and 2010, there were no commitments with affiliated entities.

Note 16 Operations linked to currency exchange rates, interest rates and other market rates – analysis of financial derivatives

Forward operations linked to currency exchange rates were outstanding as at 31 December 2011. These were all made on behalf of customers, and were all covered with the Bank's parent company. Moreover, the Bank has contracted an IRS and equity swaps with the Bank's parent company to hedge some balance sheet positions.

Analysis of financial derivatives

The non-trading financial derivatives linked to exchange rates, interest rates and other market rates are analysed by type of instrument and remaining maturity as follows:

2011 (notional amount in 000 EUR)	**Less than 3 months**	**3 - 12 months**	**1 - 5 years**	**Total**
Operations linked to currency exchange rates				
Over-the-counter (OTC) contracts				
Forward exchange transactions (*)	100.116	5.296	209	105.621
Spot transactions (*)	717	---	---	717
Total	**100.833**	**5.296**	**209**	**106.338**
Operations linked to interest rates				
Over-the-counter (OTC) contracts				
Interest rate swap (**)	---	---	3.900	3.900
Operations linked to other market rates				
Over-the-counter (OTC) contracts				
Equity swaps (**)	---	231	---	231

(*) Amounts to be delivered
(**) Notional amounts

Note 16 Operations linked to currency exchange rates, interest rates and other market rates – analysis of financial derivatives (continued)

2010 (notional amount in 000 EUR)	Less than 3 months	3 - 12 months	1 - 5 years	Total
Operations linked to currency exchange rates				
Over-the-counter (OTC) contracts				
Forward exchange transactions (*)	166.050	18.340	2.313	186.703
Spot transactions (*)	6.000	---	---	6.000
Total	**172.050**	**18.340**	**2.313**	**192.703**
Operations linked to interest rates				
Over-the-counter (OTC) contracts				
Interest rate swap (**)	---	---	1.870	1.870
Operations linked to other market rates				
Over-the-counter (OTC) contracts				
Equity swaps (**)	---	1.447	230	1.677

(*) Amounts to be delivered
(**) Notional amounts

Note 16 Operations linked to currency exchange rates, interest rates and other market rates – analysis of financial derivatives (continued)

As at 31 December 2011 and 2010, the market value of financial derivatives is as follows:

	2011 EUR	2010 EUR
Operations linked to currency exchange rates		
Over-the-counter (OTC) contracts		
Forward exchange transactions		
Positive results	877.386	2.211.506
Negative results	(825.800)	(2.049.234)
Total	**51.586**	**162.272**
Operations linked to interest rates		
Over-the-counter (OTC) contracts		
Interest rate swap		
Positive results	---	---
Negative results	(176.787)	(45.313)
Total	**(176.787)**	**(45.313)**

	2011 EUR	2010 EUR
Operations linked to other market rates		
Over-the-counter (OTC) contracts		
Equity swaps		
Positive results	---	---
Negative results	(1.961)	(28.800)
Total	**(1.961)**	**(28.800)**

Note 17 Credit risk information – financial derivatives

The net credit risk exposure is calculated in accordance with the requirements of CSSF Circular 06/273 as amended on the definition of capital adequacy ratios pursuant to Article 56 of the Law of 5 April 1993 on the financial sector, as amended. The Net risk exposure is calculated according to the “market value method”.

2011 (notional amount in EUR)	**Fair Value**	**Notional amount**	**Net risk exposure**
Operations linked to currency exchange rates			
Over-the-counter (OTC) contracts			
Forward exchange transactions			
Banking counterparties weighted at 20%	621.913	52.592.643	1.147.839
Private customers weighted at 50%	255.473	53.028.036	785.753
Total	**877.386**	**105.620.679**	**1.933.592**
Operations linked in interest rates			
Over-the-counter (OTC) contracts			
Interest rate swap			
Banking counterparties weighted at 20%	--- (*)	3.900.000	25.768
Operations linked to other market rates			
Over-the-counter (OTC) contracts			
Equity swaps			
Banking counterparties weighted at 20%	--- (*)	231.000	13.860

Note 17 Credit risk information – financial derivatives (continued)

2010 (notional amount in EUR)	Fair Value	Notional Amount	Net risk exposure
Operations linked to currency exchange rates			
Over-the-counter (OTC) contracts			
Forward exchange transactions			
Banking counterparties weighted at 20%	1.399.171	63.823.813	2.037.409
Private customers weighted at 50%	812.335	69.449.683	1.506.832
Total	**2.211.506**	**133.273.496**	**3.544.241**
Operations linked in interest rates			
Over-the-counter (OTC) contracts			
Interest rate swap			
Banking counterparties weighted at 20%	--- (*)	1.870.103	9.350
Operations linked to other market rates			
Over-the-counter (OTC) contracts			
Equity swaps			
Banking counterparties weighted at 20%	--- (*)	1.677.818	102.973

(*) Considering the fair values are negative (refer to note 16).

Note 18 Investment management services and underwriting functions

The Bank provides management and agency services to third parties.

Management and agency services consist of:

- Portfolio advice and portfolio management,
- Custody and administration of transferable securities.

Note 19 Other operating income

Other operating income for the year ended 31 December 2011 consists of:

	2011 EUR	2010 EUR
- release of operating and restructuring provisions		170.567
	60.000	
- income from sub-rental of premises	218.164	150.028
- refunds from AGDL (refer to note 23)	15.151	32.309
- other	---	6.027
	293.315	**358.931**

Note 20 Other operating charges

Main item under “Other operating charges” for the year ended 31 December 2011 is the allowance made to AGDL provision for EUR 115.152 (2010: EUR 182.309) (Refer to note 23).

Note 21 Staff numbers

The number of persons employed by the Bank is as at 31 December:

	2011 Number	2010 Number
Management	4	4
Employees	20	20
	24	**24**

Note 22 Management remuneration

The Bank has granted the following remuneration to the members of the administrative and managerial bodies of the Bank (2011: 4 persons; 2010: 4 persons):

	Emoluments 2011 EUR	Emoluments 2010 EUR
Managerial body	**727.151**	**614.741**

The Bank has entered into loans amounting to EUR 288.750 to current and former members of the administrative and managerial bodies (2010: EUR 288.750).

The Bank has not entered into any other advances, commitments or guarantees on behalf of the current and former members of the administrative and managerial bodies (2010: EUR 0).

Note 23 Deposit guarantee scheme

On 25 September 1989, all credit institutions in the Luxembourg banking sector became members of the non-profit making association “Association pour la Garantie des Dépôts, Luxembourg” (“AGDL”).

In accordance with the Law of 5 April 1993 as amended by the Law of 19 December 2008, the sole object of AGDL is the establishment of a mutual guarantee scheme covering deposits made by customers of member credit institutions (“the Guarantee”). The customers covered by the Guarantee include all depositors who are physical persons, whatever their nationality or country of residence. Also covered by the Guarantee are small companies constituted under the law of a Member State of the European Union, whose size is such that they would be permitted to draw up abbreviated accounts pursuant to Article 39 of the Law of 19 December 2002 on commercial companies, as amended.

With respect to each member, the Guarantee is limited to a maximum amount per depositor of EUR 100.000 or its foreign currency equivalent. No depositor can receive more than this sum, regardless of the number of accounts or deposits held in the sole or joint name of the depositor with the same credit institution.

The Law of 27 July 2000 stipulates that banks must also belong to an investment guarantee scheme. This additional Guarantee covers the reimbursement of claims resulting from investment transactions up to the amount of EUR 20.000.

The amount of the Guarantee represents an absolute figure and cannot be increased by any interest charges or any other amounts.

The total amount of the Guarantees which will in no case exceed EUR 120.000 per customer (EUR 100.000 deposit guarantee and EUR 20.000 investor compensation) represents an absolute figure and cannot be increased by any interest, charges or any other amount.

As at 31 December 2011 and 2010, the Bank set up a provision in recognition of its potential liabilities under the Guarantees. The amount is included on the liabilities side of the balance sheet under “Provisions: other provisions”.

Over 2011, partial refunds totalling EUR 15.151 were recovered in relation to the Bank’s contribution to the respite of payment occurred by three Luxembourg subsidiaries of Icelandic banks back in 2008/2010, and booked as other operating income.

Transfers to the AGDL provision totalling EUR 115.152 (2010: EUR 182.309) were also booked as other operating charges. As at 31 December 2011, the AGDL provision amounts to
EUR 1.212.679 (2010: EUR 1.097.527).

Note 24 Special reserve for net worth tax credit

Since 1998, the Bank has where relevant made yearly allocations for an amount equal to 5 times the theoretical net worth tax amount to a special reserve account, which it committed itself to maintain for 5 years from the year of the respective allocations.

This was made in accordance with Luxembourg tax law, in order to benefit of a credit for that net worth tax charge. The status of the special reserve account is as follows:

Special reserve created in respect to the year:	**2011** **EUR**	**2010** **EUR**
2005	---	648.525
2006	---	---
2007	---	---
2008	660.000	660.000
2009	680.000	680.000
2010	650.000	---
	1.990.000	**1.988.525**

When allocating the net result for the year ended 31 December 2011, an amount of EUR 660.000 will be allocated to the special reserve for net worth tax credit.

Note 25 Remuneration of the independent auditor

The fees paid by the Bank to its audit firm excluding VAT were:

	2011 **EUR**	**2010** **EUR**
Statutory Audit	**87.937**	**93.780**

Independent auditor's report

To the Board of Directors of
DNB Luxembourg S.A.
13, rue Goethe
L-1637 Luxembourg

Report on the annual accounts

Following our appointment by the Board of Directors, we have audited the accompanying annual accounts of DNB Luxembourg S.A., which comprise the balance sheet as at 31 December 2011 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Responsibility of the “réviseur d’entreprises agréé” (continued)

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of DNB Luxembourg S.A. as of 31 December 2011, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Jean-Michel PACAUD

Luxembourg, 5 March 2012

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