ANNUAL REPORT 2011
NSB – GROUP

Contents

Important events 2011

Considerable challenges related to infrastructure

There have been considerable problems related to the infrastructure outside the central eastern part of Norway. This is partially due to climatic conditions that has reinforced the challenges with a too weak infrastructure and has resulted in closed lines and loss of traffic for both passenger- and freight operations.

Oslo S was closed for 6 weeks during the summer of 2011 due to maintenance work, which created considerable challenges to the transportation operations. The operations were still conducted, even though there were some problems in the beginning.

The new double-track opened up just west of Oslo and is fundamental for good traffic operations for travelling west.

Geir Isaksen new President and CEO of NSB-Group

Geir Isaksen was appointed as the new President and CEO of the NSB-Group. Geir Isaksen came from the position as President and CEO at Cermaq ASA.

NSB's Board of Directors emphasized Geir Isaksens leadership abilities, documented results and ability to motivate employees.

Nettbuss expands out west

Nettbuss won the tender for Western Bergen. The contract that includes Sotra, Øygarden and Askøy was entered into with Skyss. Altogether the tender is worth 160 millioner kroner per year over seven years plus an option by the purchaser to extend for an additional two years.
At the beginning of the new year, Nettbuss acquired 51 percent of the shares in Fjord1's bus operations. Fjord1 operates in Sogn and Fjordane and Sunnmøre and has major express bus operations on the west coast between Bergen and Ålesund and towards Oslo. The acquisition consist of 350 buses and about 500 new employees will become part of the Nettbuss-Group. In addition, Nettbuss has started a new express bus route between Stavanger and Bergen with six new buses, emphasizing comfort for the travellers.

Train ticket on your cell phone

At the end of November, travellers on the NSB Gjøvik line were able to purchase tickets using their mobile phone. This will be introduced on all NSB lines in February 2012.
To be able to purchase the train ticket using a mobile phone, one needs to have a smart phone of the type of either iPhone or Android.
This offer gives the travelers an option to purchase train tickets regardless of where they are located. One does not have to print the ticket, just need to show the mobile phone. This solution also makes it possible to check time schedules and any delays.

Better internet access on board the trains

NSB's trains are being upgraded with new antennas to ensure an improved internet access on board the trains for the customers travelling with NSB.

Commuters have emphasized the need for improved internet access on board the trains. The commuters are being prioritized when the new equipment is being installed.

The President and CEO's report 2011

When I started as President and CEO with NSB on 1st of September, I met a Group with many enthusiastic co-workers, many opportunities, but also considerable challenges. Both the quality of our delivery to our customers and profitability for our operation must improve.

The Group's profit before income tax is -130 MNOK which is not satisfactory, and the return on equity is negative. Adjusted for unrealised fair value changes on interest rate swaps of 220 MNOK, the profit and return on equity still too low. The profit in the real estate segment and parts of the bus segment is satisfactory, but we must improve considerably within rail passenger and especially freight traffic.

The upgrading around Oslo S and the opening of the Bærum tunnel has contributed to a considerable improvement in punctuality for the train traffic after the summer, especially in eastern Norway, and shows that upgrading the infrastructure around Oslo gives results. At the same time maintenance on the trains continue to improve, and we have fewer break downs that results in a complete stop in traffic. It's important for us that this positive trend continues.

A new six year agreement was signed with the state for public purchase and enables us to realize a new route model for eastern Norway starting in December 2014, with a partial start on individual lines starting in December 2012. More departures and new trains will considerably increase the offer to our customers. In 2012 the first new trains will be operating between Lillehammer and Skien, and in the course of 2013 all 50 new trains will be operating in eastern Norway. This will give the customers a better offer with higher capacity and improved comfort.

2011 has been a difficult year for freight traffic at CargoNet. This is mainly due to the fact that operations on many of the lines have been exposed to flooding, landslide and break down of the infrastructure, and this has affected the company both through loosing revenue and increased costs. This has had a major impact for train operations, especially for our rail freight operations offer which faces major competition from road traffic. CargoNet has a major challenge ahead in 2012. The main challenge is to improve punctuality on deliveries and create new trust to this type of transporting goods for businesses. This should increase transport volume and improve net profits from operations. A comprehensive action plan has been adopted to give a more robust starting point for freight traffic in NSB in the years to come.

At the end of 2011, Nettbuss won tenders in the Bergen area, while the company acquired 51 percent of the bus operations in Fjord1. Altogether 350 buses have changed ownership, and there are 500 new employees at Nettbuss. Our bus company also opened a new express bus route between Stavanger and Bergen. We are a large bus company also on the west coast, and have ambitions for further growth.

Rom Eiendom receives a lot of attention because of its development projects around Oslo S and in Bjørvika. These projects are capital-intensive, and represent major efforts for the NSB-Group, but also give a good return on capital. Rom Eiendom is also active in many other areas of the country, and work on improving nodes at several stations. Before Christmas, the new station at Lillehammer was opened, with improvements on transfers between bus and train, good parking possibilities and taxi close by. I believe it's important that the NSB-Group contribute on developing good nodes. Then we strenghten public transportation.

NSB is a complex Group that does a lot more than operate passenger trains. Our operations consist of Norway's largest bus company, the largest operator within freight on rails and one of Norway's leading real estate companies. We will with full steam ahead continue to make sure of effective, available, safe and environmentally friendly transport for people and freight.

Geir Isaksen
President and CEO
NSB-Group

Board of Directors report 2011

Summary of the results of the NSB-Group for 2011

2011 development

- The operating profit is 207 MNOK (379 MNOK)
- Return on capital is – 1,9 %
- The number of passengers in the bus operations increased
- An increase in the number of train passengers and improved operating result in the passenger operations
- Reduced freight volumes and reduced operating result in the freight operations
- Considerable negative fair value changes on interest rate swaps
- Climate conditions affected punctuality, regularity and affected the freight operations negatively
- Upgrading of infrastructure around Oslo and the new double track Lysaker-Sandvika led to improved punctuality for the passenger trains this autumn

Important events

Passenger train delivery improved during 2011. This is mainly due to more available trains, better winter preparedness and improved infrastructure around the Oslo Central Station. Upgrading of infrastructure around Oslo and the new double track Lysaker-Sandvika led to considerable improvement during the autumn.

Upgraded passenger trains have been introduced during 2011 and the new Flirt-trains are being tested in Norwegian climate and infrastructure. Due to the upgrading of the infrastructure the Oslo Central Station was closed for six weeks this summer, and the alternative transport system offered worked as planned after a few initial problems. Fire in a wooden snow cover at Hallingskeid Station led to total write off of two trains, but serious physical damage to passengers was avoided.

The freight traffic has been seriously affected by landslides, flooding and closed infrastructure, but punctuality and regularity improved gradually during the autumn months. Due to the negative development in operating result actions have been taken to improve operations, and the freight traffic operations within Sweden will be closed.

The level of tenders is increasing for the bus operations. The bus operations have increased its focus on the south and west of Norway through new tenders, new routes and takeovers.

The real estate operations continue to develop central city areas and traffic related hubs. The Lillehammer passenger transport station opened in December, and the construction of headquarters for Gjensidige and NSB in Oslo has started.

CEO Einar Enger left the NSB-Group in May, and Geir Isaksen started as the new CEO from the 1st of September. Group Director Arne Fosen acted as CEO from 13th of May 2011 until Geir Isaksen started.

Profit development

Profit before tax is - 130 MNOK (331 MNOK). The operating result is 207 MNOK (379 MNOK). The change is mainly due to:

- Improved profit in the passenger train operations, mainly due to increased no. of passengers, increased public purchase of train services and reduced deviations costs last winter
- Reduced operating profit in the bus operations mainly due to a change in operating costs
- Reduced operating result in the freight operations mainly due to increased operating costs and volume reduction because of quality problems, restructuring and close down of most of the Swedish operations
- Negative fair value changes on interest rate swaps of 220 MNOK

Net financial income of - 342 MNOK (- 58 MNOK) increased mainly due to higher interest bearing debt and fair value changes. The fair value changes do not have a cash effect.

Summary of results and development for the business operations

Passenger train operations

Operating income for passenger train operations was 5 380 MNOK (4 871 MNOK), an increase of 10 % compared to the previous year. The number of passenger kilometres in the Norwegian market was at the same level as the previous year, while the number of travels increased by 1,5 % to 52,5 million.

The operating profit at - 29 MNOK (- 234 MNOK), was improved by 205 MNOK. The improvement is mainly due to increased volume ,increased public purchase of train services, and less deviations during the winter.

Customer satisfaction (KTI) improved during the autumn to 63 (61) for local trains and 72 (72) for regional trains.

Bus operations
The bus operations consists of 37 companies, including the parent company Nettbuss AS, and operates in Norway, Sweden and Denmark.

The operating profit is 85 MNOK (180 MNOK). The Nettbuss Group's operating income for 2011 is 4 864 MNOK (4 318 MNOK), an increase of 13 % from the previous year. The increase in operating income is mainly due to acquisitions, while the reduction in profit is due to changes in operating costs.The bus operations transported 126 (116) million passengers, an increase of 10 million from 2010. The express bus TIMEkspressen transported 4.6 million passengers, compared to 4.4 million in 2010.

The customer survey for 2011 shows that the customers are well satisfied with the quality of the express routes. The customer satisfaction score for TIMEkspressen was 83 (82). The average for all express routes is 82 (81).

The bus operations acquired the remaining 50 % of Borg Buss AS and bought with effect from 1st of January 2012 51 % of the shares in the bus operations of Fjord 1.

The bus operations took part in several tenders in 2011, and started to drive routes in Kristiansand and Østfold. The tender for bus transport within Oslo Airport Gardermoen was won for the second time. Lost tenders led to closure of part of the business in Trondheim and in Sande in Vestfold.

Freight operations

2011 has been characterised by quality problems which led to increased cost and lost revenue. The market is gradually losing faith in transport of goods on rail due to several and prolonged closures of railway lines and low punctuality due to infrastructure problems both in Norway and Sweden. Major restructuring of the operations has started, and the major part of the inland freight traffic operations in Sweden will be closed.

The punctuality improved during autumn, especially in Norway, but not enough to compensate for the poor performance earlier in the year.

Operating income increased by 1 % to 1 452 MNOK (1 439 MNOK). Operating result for the freight train operations worsened to - 224 MNOK (-48 MNOK). The operating result includes cost related to the closure of the inland freight operations in Sweden.

A punctuality of 81 % in Norway and 75 % in Sweden was achieved in 2011.

Real estate

The Group strategy for the real estate operations is to optimize the development of the value of the real estate assets with a view to sale of non operational property according to market opportunities and the Group financing needs. In addition the real estate operations shall develop and manage the real estate properties to strengthen the transport business of the NSB-Group.

Through increased focus on development of property hubs in and around the station areas the real estate operations shall seek to increase the level of property-utilization and increase the traffic base for train and bus transport.

The real estate operations comprise of a rental area of approx. 730.000 square meters, property development potential of about 2 million square meters, and achieved a operating profit of 349 MNOK (382 MNOK). The change is mainly due to reduced gain on sale of property.

Supportfunctions
Most of the support functions are separated into limited liability companies. The maintenance functions are performed by the wholly owned subsidiary Mantena AS. NSB Trafikkservice AS supplies the cleaning services on the trains. Arrive AS supplies IT-services for the Group. Finse Forsikring AS works on the NSB-Group's risk handling, through limiting the economic effect when accidents occur, as well as minimizing the Group's risk expenses.

The Mantena-Group delivers maintenance of trains in Norway through Mantena AS, maintenance of trains in Sweden through the subsidiary Mantena Sverige AB and is a partner in the maintenance of trains for the metro in Stockholm, Sweden.

The operating result for the support functions is 26 MNOK (99 MNOK).

Corporate governance

Ownership
The NSB-Group is one of Norway´s largest transportation groups. The parent company NSB AS is owned by the State of Norway, represented by the Ministry of Transport and Communications. The Group´s headquarters is in Oslo, while operations are spread throughout most of Norway, and in certain parts of Sweden and Denmark.

Organisation
The Group is divided into several areas of operations:

- Passenger train operations consist of NSB AS and the subsidiaries NSB Gjøvikbanen AS and Svenska Tågkompaniet AB
- The bus operations consist of the activities in the Nettbuss-Group
- The freight train operations consist of the activities in the CargoNet-Group
- The real estate operations consist of the Rom Eiendom-Group

Goals and strategies
The NSB-Group main goal is to create value for the owner and the community through efficient, available, safe and environment efficient transport of passengers and goods.

The NSB-Group shall

- avoid injuries to people and damage to the environment
- be the leading land-based transport company in the Nordic region
- generate profits
- have satisfied customers
- have highly qualified and motivated employees
- maintain financial freedom of action

Internal control
The NSB-Group follows the Norwegian recommendation of corporate governance with adaptation to the ownership structure. In addition, governance is based on the government principles for good ownership. In the articles of association the company social mission is specifically described as to provide efficient, available, secure and environment friendly passenger and freight transport.
The NSB-Group has established a control-environment that consists of values, ethical guidelines, organisational structure, authorisation structure and steering documents. The Board of Directors evaluates the Group's business idea, values, strategies and plans on an annual basis. Risk analysis is performed annually for the business as a whole as well as for special areas. Risk within financial reporting is evaluated through risk analysis of specific areas and periodic follow-up meetings with the business segments.

Based on the above the internal control system is periodically revised, by changes and improvements in the steering documents, guidelines and procedures. (For more information, see policy document at the end of this annual report).

Economic development

The NSB-Group has a profit after tax of - 126 MNOK (254 MNOK), a reduction of 380 MNOK. The operating profit is 207 MNOK (379 MNOK), a reduction of 172 MNOK. The reduction is mainly due to reduced profits in the freight operations and fair value changes on interest rate swaps.

The parent company NSB AS shows a profit after tax for the year of - 78 MNOK (-61 MNOK). Group contributions from subsidiaries in the amount of 203 MNOK (231 MNOK) are included in the result. Operational profit is 20 MNOK (- 194 MNOK). The change is mainly due to increased public purchase of passenger train services, increased number of travels and reduced deviation costs.

The Group net cash flow from operations is 455 MNOK (475 MNOK). The difference from operating profit consists mainly of depreciation and impairment of 1 286 MNOK and changes in the working capital. Net cash flow used for investments are 880 MNOK (1 129 MNOK). This includes 1 511 MNOK in acquisition of property, plant and equipment. Furthermore, 147 MNOK was paid in dividends to the owner. Investments were mainly used to increase capacity and profitability within the Group's business segments. Investments are mainly financed by cash flow from operations, sale of assets and development property and a reduction in cash.

Including this year's profit, owners equity for the parent company is 6 647 MNOK (6 872 MNOK). The equity ratio is 42 % (43 %). Distributable equity for the parent company before dividends for this year is 1 111 MNOK. For the NSB-Group, owner's equity is 6 502 MNOK (6 796 MNOK), an equity ratio of 33 % (35 %). The difference between the equity in the parent company and the Group is mainly due to group-internal transactions being eliminated in the Group accounts.

The Group return on equity is - 1,9 % (3,8 %).

The Group current liabilities are 3 960 MNOK, of which 0,2 MNOK are current borrowings due for repayment in 2012.

The Board proposes the following allocation of the result of the parent company NSB AS:

Dividend	0 MNOK
Allocated to retained earnings	- 78 MNOK
Sum allocated	- 78 MNOK

The accounts have been submitted under the assumption of continued operations.

Risk

Financial risk

The Group activities expose the Group to a variety of financial risks: market risk (including currency exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group financial performance. The Group utilizes derivative financial instruments to reduce some of the risk exposures. The NSB-Group financial risk management is described in note 28.

NSB borrows money in the markets and currencies that offers the most favourable terms. Borrowings in foreign currencies are converted to Norwegian currency through currency swap agreements. NSB has a goal of minimising currency risk in its financial management. NSB has exposure to currency risks in its daily operations to a minimal degree, due to the fact that its income and expenses primarily occur in NOK. If there is an agreement for a considerable purchase in foreign currency, the currency risk is covered at almost 100 % during the course of the agreement.

NSB is exposed to changes in the interest rate level. The parent company uses financial instruments to reduce interest rate risk and to achieve its desired interest rate structure. Guidelines have been established, regulating what portion of total outstanding debt that is to be subjected to interest rate fixing during a 12 month period, and for the duration of the loan portfolio.

Surplus liquidity is invested in short-term Norwegian bonds and commercial papers. Changes in interest rate can affect the value of the portfolio, the papers are however normally held until maturity. Limits for exposure towards certain sectors and institutions are established based on credit evaluations.

The current guidelines state that the loans which mature during the next twelve months should be covered through excess liquidity and committed credit facilities. The NSB-Group has a goal of having a free liquidity of at least 500 MNOK.

NSB has covered its borrowing needs for 2011 satisfactorily through a loan at the beginning of the year. The unrest in the financial markets has increased, and there is uncertainty related to what margins will be achieved in the future. NSB has a high focus on financial risks and how to minimize these.

Operational risk

Analysis of operational risks is done regularly, for example for traffic safety and the achievement of financial goals. Based on the risk analysis, control activities reduce identified risks, including automatic controls, audits and analysis related to special risk areas. The status for internal control is annually monitored through internal audit reports and continuing analysis of financial performance.

Social responsibility

Owner expectations

The Ministry of Transport and Communication has in the articles of association clarified that the board shall ensure that the company is socially responsible. The company shall annually report on this to the owner through the annual planning document (§ -10-plan). The social responsibility expectations are based on national and international conventions, guidelines and norms, with a special focus on human rights, environment/climate, and the work against corruption.

Ethics and social responsibility

The board of the NSB-Group has adopted guidelines for company ethics and social responsibility which are implemented in the business operations and published on the NSB homepage. The group status and efforts regarding social responsibility is published in an annual report.

Punctuality

Passenger train punctuality was 87 % during 2011. This is an improvement of 3 % compared to 2010, but 3 % below the goal of 90 %.

The total delay hours for the passenger train operations was 16 142.The infrastructure is the cause of the highest part of delay hours with 6 124 hours, followed by traffic and external causes of 5 467 hours. The passenger operations itself was responsible for 4 549 delay hours, 28 % of the total in 2011. The delays caused by the passenger operations are mainly due to extended station stops of 2 756 hours, while the rolling stock caused 1 025 delay hours. Delay due to the rolling stock was reduced by 29 % compared to last year. The passenger operation works continually to modify the rolling stock as well as maintenance programs. Jernbaneverket (The Norwegian National Rail Administration) has introcuded measures to improve punctuality, including measures in the Oslo tunnel during the summer 2011, opening of the Bærum tunnel in September 2011 and opening of the new Tønsberg station in November.

Punctuality for the Swedish subsidiary Svenska Tågkompaniet AB was 88 % (85 %), and for NSB Gjøvikbanen AS in Norway 88 % (80 %).

Traffic safety
No passengers or employees perished due to the transport activities of the NSB-Group in 2011.

In the passenger train operations 3 persons perished due to collisions on the rail track. The accident cause was probably carelessness by the perished persons. Two serious accidents occurred during 2011. Two trains burned and were written off after a fire in a wooden snow cover near Hallingskeid station on the Bergen line, and 8 persons were injured when a diesel passenger train derailed at Opphus on the Røros line. The NSB-Group was not directly responsible for these accidents, but they have led to a higher focus on how to handle adverse climate conditions and the sort of emergency procedures needed when such accidents occur.

No persons perished and no serious accidents occurred i the freight operations in 2011.

In the bus operations there was one fatal accident during 2011. The accident was mainly due to difficult weather conditions.

Work environment and equal rights
Absence due to illness for the Group is 7.7 % (7.9 %). Most business areas have experienced a decrease. The group level of absence approximately followed the same development as the rest of the country and the transportation industry.

Most companies in the Group are IA-companies (inclusive labour market). As an IA-company, NSB primarily works to reduce absence due to illness.

NSB works to ensure equal rights among employees and especially focus on this during recruitment, advancement and job related training/schooling. NSB wants to emphasize diversity which reflects a cross section of the Norwegian society.

The share of female employees in NSB AS is about 30 %, the same level as in 2010. The share of females in leadership positions in the NSB-Group´s companies and different business segments vary. The shareholder elected board members in NSB AS have a share of 40 % of females, and the Chairman of the Board is a female. The Group Management Board are all men. The share of females in the passenger train operations leadership group is 33 %.

The female share of recruitment in NSB AS increased from 45 % in 2010 to 50 % in 2011. The average salary has for the last years increased more for women than men, but not in 2011. The share of women with the lowest salaries increased marginally from 47 % to 48 %, while the share of women with high salaries has increased from 28 % to 29 %.The share of employees in NSB AS with an immigrant background is 6.9 % which is a marginal increase from the previous year.

External environment
NSB's major contribution to reduction of greenhouse gas emissions is to increase public transport on rail and bus as well as the volume of goods transported on rail. In addition most of the rail transport of goods and passengers is based on the use of renewable energy. Our goal to increase the use of public transport is an important part of our work to reduce the impact on the environment.

NSB has developed a strategic environment plan to manage the ongoing work to reduce damage to the environment from our operations. The NSB-Group will actively work to reduce the greenhouse emissions per passengerkm. and tonnekm. through offering attractive transport with a low environmental footprint. We want to ensure that all group operational activities are planned and executed with low environmental damage in mind. One of the actions is to certify all group operations according to ISO-14001.

Customer satisfaction
Customer satisfaction increased by two percentage points to 68 for the passenger operations compared to the autumn 2010 survey. Satisfaction under 60 is weak, while over 70 is good. A more stable delivery has made the passenger train operations appear as a more attractive transport alternative. This is the main cause for the positive development in customer satisfaction.

The survey shows that the most important improvement areas are:

- Punctuality
- Bus transport during deviations
- Information during deviations
- The route offer
- Catering services

The NSB reputations survey confirms that the NSB-Group has improved its reputation in the populace as a whole from winter 2010 to autumn 2011.

The customer survey for 2011 shows that the customers are well satisfied with the quality of the express bus routes. The customer satisfaction score for TIMEkspressen was 83 (82) which is a new record. The average for all express bus routes is 82 (81).

Future challenges

NSB expects a major market increase in and around the central cities, especially in the eastern part of the country. To meet this increase it is necessary to improve the public transport offer both on rail and bus.

In 2012 the NSB-Group will improve the rail offer in Norway, increase bus operations especially in western Norway, and continue with high activity in the real estate operations. The submission of the National Transport Plan will be important for the future of public transport.

The new Flirt passenger trains will start operations on the Skien-Lillehammer line in the near future. The introduction of new passenger trains will give customers a better transport experience and improve quality of operations in and around Oslo as well as on the Skien-Lillehammer line.

NSB has entered a new traffic agreement with the State regarding public purchase of passenger train services for the period 2012-2017. The agreement has a total value of 15 400 MNOK. The new agreement will give the passengers a better and more attractive offer. New trains and better infrastructure capacity will increase the number of train departures, increase the seating capacity, reduce travel time and improve punctuality. The agreement ensures the start of a new and improved route model in eastern Norway from 2014. The new model changes the route offer from uneven frequency and line structures to an offer with increased and even frequency and improved transit to other public transport. Many passengers in the eastern part of Norway will experience significant improvement in the train offer.

The first step of the new route model will be introduced from December 2012 with an improved offer west and north of Oslo.

The freight operations will undergo a major restructuring process during 2012. The inland offer in Sweden will be closed, work processes are to be improved, and the maintenance of trains shall be moved to the maintenance operator Mantena.

The high customer satisfaction and strategic position of the bus operations makes the company well equipped for the future. In the near future many of the present contracts will be put out for tender. The bus operations work continually to improve efficiency and to strengthen its competitiveness so that the company can remain a major operator in this market. The bus operations has won new and existing tenders in Gjøvik and Sør-Trøndelag which starts in 2012. New tenders were also won in and around Hamar as well as west of Bergen. A majority of the shares of the the bus operations of Fjord 1 was bought with effect from January 1st 2012.This will strenghten the position of the bus operations in western Norway as well as in the express bus market.

The real estate operations will concentrate on developing public transport hubs and central business area property as well as efficient management of property related to railway operations. The development in Bjørvika and on the north side of Oslo Central Station will continue. The planned development of Oslo Central Station is dependent on decisions regarding rail capacity through Oslo including future tunnel solutions. Clarification is expected during 2012.

The National Transport Plan will be presented during the first half of the year, and NSB expects that the new plan contains a binding commitment to improve and increase infrastructure capasity, including the start of constructing the new Oslo-Skien double line. A commitment of these proportions is needed to ensure that railway transport takes a significant part of expected market growth both for passengers and freight.

Responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period 1st of January to 31st of December 2011 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole..

We also confirm that the annual report includes a true and fair view of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

The Board would like to thank the NSB-Group´s employees for their efforts in 2011.

Oslo, 15th of February 2012

Ingeborg Moen Borgerud
Chairman of the board

Bjarne Borgersen	Tore Heldrup Rasmussen	Erlend Helle
Tuva Barnholt	Audun Sør-Reime	Øystein Aslaksen
Jan Audun Strand		Geir Isaksen CEO

Income statement

(ALL FIGURES IN MNOK)

	Note	2011	2010
Operating revenue	5	**12 328**	**11 179**
Operating expenses			
Payroll and related expenses	24	6 075	5 370
Depreciation and impairment	25	1 286	1 152
Other operating expenses	26	4 760	4 278
Total operating expenses		**12 121**	**10 800**
Operating profit		**207**	**379**
Share of (loss)/ profit in associates	9	**5**	**10**
Financial items			
Financial income	27	496	351
Financial expenses	27	618	384
Unrealised fair value changes	27	-220	-25
Net financial items		**-342**	**-58**
Profit before income tax		**-130**	**331**
Income tax expense	19	-4	77
Profit for the year		**-126**	**254**
Attributable to			
Non-controlling interest		8	-39
Equity holders		-134	293

Other comprehensive income		
Profit for the year	**-126**	**254**
Currency translation differences	-8	12
Total comprehensive income for the year	**-134**	**266**
Attributable to:		
Non-controlling interest	8	-39
Equity holders	-142	305

Balance sheet 31st of December

ASSETS	Note	2011	2010
NON CURRENT ASSETS			
Intangible assets	6	154	226
Property, plant and equipment	7	11 636	11 690
Investment property	8	854	872
Investment in associates	9	61	65
Financial assets		67	89
Total non-current assets		**12 772**	**12 942**
CURRENT ASSETS			
Inventories and development property	10	3 010	1 853
Trade and other receivable	12	1 596	1 517
Derivative financial instruments	13	1 060	629
Financial assets	14	355	701
Cash and bank deposits	16	1 208	1 779
Total current assets		**7 229**	**6 479**
Total assets		**20 001**	**19 421**

EQUITY AND LIABILITIES

EQUITY	Note	2011	2010
Ordinary shares and share premium	17	5 536	5 536
Retained earnings		962	1 242
Non-controlling interest		4	18
Total equity		**6 502**	**6 796**
LIABILITIES			
Long term liabilities			
Borrowings	18	7 921	5 690
Deferred income tax liabilities	19	480	511
Retirement benefit obligations	20	888	954
Provisions for other liabilities and charges	21	250	293
Total long term liabilities		**9 539**	**7 448**
Short term liabilities			
Trade and other payables	22	3 509	3 172
Tax payable	19	1	1
Borrowings	18	173	1 913
Derivative financial instruments	13	277	91
Total short term liabilities		**3 960**	**5 177**
Total liabilities		**13 499**	**12 625**
Total equity and liabilities		**20 001**	**19 421**

Oslo, 15th of February 2012

Ingeborg Moen Borgerud
Chairman of the Board

Bjarne Borgersen

Tore Heldrup Rasmussen

Erlend Helle

Tuva Barnholt

Audun Sør-Reime

Øystein Aslaksen

Jan Audun Strand

Geir Isaksen
President and CEO

Cash flow statement for the Group

	Note	2011	2010
Profit for the year before tax		-130	331
Depreciation and impairment of non-current and intangible assets	25	1 286	1 152
Gains/losses on disposal of property, plant and equipment and develop. property		-321	-265
Differences in pension cost through profitand loss and payment/disbursement of the defined contribution plan	20	-67	-309
Net changes to other accruals	21	-43	9
Net unrealised fair value changes to financial instruments	27	220	25
Net dividends		-10	-11
Net interest items	27	132	59
Share of profit/loss (-) from associates	27	-5	-10
Net foreign currency exchange gain (-)/ loss	27	0	-24
Change in developmental property	10	-1 164	181
Sale of development property		480	17
Change in inventories	10	7	-69
Change in trade receivables and other receivables		-79	79
Change in financial assets	13,14	343	55
Change in trade and other receivables		370	-354
Interest paid		-504	-361
Taxes paid		-60	-30
Net cash flow from operational activities		**455**	**475**
Acquisition of subsidiaries, net of cash acquired	32	-22	-87
Additions/disposals of investments in associates	9	-5	18
Purchase of property, plant and equipment (PPE) and investment property	7,8	-1 511	-2 263
Proceeds from sale of PPE	7,8	240	880
Net change to associates/joint venture	30	27	-2
Interest received	27	381	314
Dividends received	27	10	11
Net cash flow from investment activities		**-880**	**-1 129**
Proceeds from borrowings	18	2 143	2 691
Repayment of borrowings	18	-2 136	-933
Dividends paid to company's shareholder	17	-147	-172
Dividends paid to non-controlling interests		-1	0
Net cash flow from financing activities		**-141**	**1 586**
Change in cash and bank deposits		-566	**933**
Cash and bank deposits at 1st of January	16	1 779	858
Foreign exchange gain/loss on cash and bank deposits		-5	-12
Cash and bank deposits at 31st of December	16	**1 208**	**1 779**

Changes in Group equity

	Note	Ord. Shares and share premium	Acc. curreny trans-lations	Ret-ained earn-ings	Non-controll-ing interest	Total
Balance at 1st of January 2011	17	5 536	-10	1 252	18	6 796
Profit for the year				-134	8	-126
Acquisition of non-controlling interest				9	-22	-13
From comprehensive income			-8			-8
Dividends	17			-147		-148
Balance at 31st of December 2011		**5 536**	**-18**	**980**	**4**	**6 502**
Balance at 1st of January 2010	17	5536	-22	1 057	166	6 737
Profit for the year				293	-39	254
Acquisition of non-controlling interest				74	-109	-35
From comprehensive income			12			12
Dividends	17			-172		-172
Balance at 31st of December 2010		5 536	-10	1 252	18	6 796

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2011

All figures in the report are in MNOK.

The consolidated financial statements were approved by the Board of Directors on 15th of February 2012.

1. ACCOUNTING PRINCIPLES FOR THE NSB-GROUP

1-1. General information

NSB AS (*the company*) and its subsidiaries (the *Group*) do business in the following areas:

- Passenger transport operations by train and bus
- Freight transportation by train
- Real estate operations
- Support functions, such as, workshop, maintenance and cleaning the trains in addition to insurance operations.

The NSB-Group has its main office in Oslo. All the shares are owned by the Norwegian Ministry of Transport and Communication.

1-2. Summary of significant accounting policies

The most important accounting principles which have been used to produce the Group accounts have been described below. The same principles have been used consequently throughout all periods, as long as nothing else is stated.

1-2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as approved by the EU.

The consolidated financial statements have been prepared under the historical cost convention with the exception of Financial derivatives, certain financial assets and financial liabilities which are valued at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the notes.

The Group adopts the going concern basis in preparing its consolidated financial statements.

New and amended standards adopted by the Group

There are no new standards or interpretations that are effective for the financial year beginning on or after 1 January 2011 that would be expected to have a material impact on the Group.

The Group has elected not to adopt early new or amended standards or interpretations that are not yet in effect.

Standards, amendments and interpretations to existing standards issued not yet effective and where the Group has chosen not to adopt early.

The following standards, amendments and interpretations to existing standards are publicized and will be mandatory for the Groups' annual report starting 1 January 2013 or later, without the Group electing to adopt early for the 2011 accounts.

IAS 19 "Employee benefits" was amended in June 2011. The impact on the Group will be as follows: to eliminate the corridor approach and recognize all actuarial gains and losses in OCI as they occur. Interest cost and expected return on plan assets are classified as financial items. All actuarial gains and losses not included on the balance sheet as at 31.12.2011 is included in note 20 Retirement benefit obligations and similar obligations.

IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurements categories: those measured as at fair value and those measured at amortised cost. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement.

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control.

IFRS 11 will replace IAS 31. IFRS 11 has two main categories joint ventures: joint operations and joint business areas. It will no longer be possible to use the proportional consolidation method (gross method). For joint ventures the equity method is to be used. For cooperations that are classified as joint operations, the parties shall include their rights in assets and liabilities that are included in the cooperation. Undelying substance and non-formal structure will be decisive for the classification.

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13 Fair value measurements aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard gives guidance on application method where usage already is required or allowed in other standards.

1-2.2 Consolidations

(a) *Subsidiaries*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered on the balance sheet date. Subsidiaries are fully consolidated.

The Group uses the purchase method of accounting to account for acquisitions of subsidiaries. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets of acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intra-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) *Transactions and non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(c) *Joint venture*

Associates are all entities where NSB exercises control in cooperation with other owners according to an agreement. The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains and losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures. The Group does not recognise its share of profits and losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. A loss on the transaction is recognised immediately if it provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

(d) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 % and 50 % of the voting rights. In subsidiaries where we own 50 %, but do not have control, the companies are included as an associate. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost and include goodwill. Identified additional value is depreciated over remaining useful life, while goodwill is tested for a possible write-down as a part of the investment (see note 1-2.7).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounts have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group no longer has significant influence, remaining ownership interest is measured at fair value with changes charged to the income statement. Fair value will be equal to acquisition cost for the future accounting of this financial asset. Amounts related to these companies and that are included in comprehensive income will be treated as if the assets and liabilities were disposed. This could result in items that are included in comprehensive income are reclassified to profit for the year. By reducing the share of ownership in associated companies where the Group maintains significant influence, a proportional share of the amount is reclassified from comprehensive income to profit for the year.

1-2.3 Segment information

Operating segments are reported in the same manner as internal reporting to the Group's chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocation of resources to and evaluating profitability within the operating segments is defined as the Group leadership.

1-2.4 Possible contract losses

The Group's activity also results in entering into public contracts on deliverance of public transportation, net contracts where the operator assumes all the income risk and gross contracts where the purchaser assumes responsibility for the income. For several of these contracts the Group assumes a large part of the risks for the development of several costs (for example salaries, interest and fuel) without any income adjustment. This could result in contract losses if future remaining costs are higher than estimated revenues. Therefore, the Group measures present value of future expected cash flow from operational activities in each contract, where estimated payments are unavoidable in the future. Depreciation, write-downs and financial costs are not included.

Before a provision is taken, the need for a write-down of assets is considered. Provision for contract losses will appear on the balance sheet under "Provisions for other liabilities and charges". Provisions for contract losses with an expected settlement date within one year of the balance sheet date, is classified as "Trade and other payables". The provision will be reversed according to a possible reduction of a negative present value in later periods.

1-2.5 Foreign currency translation

(a) *Functional and presentation currency*

NSB-Group's activities are mainly in Norway as well as some activity in Sweden and Denmark. Operating- income and expenses, purchases as well as financial expenses are mainly in NOK, SEK, DKK, CHF and EUR. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in NOK, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the unit's functional currency at the date of the transactions. Foreign exchange gains and losses from such transactions and from the translation of foreign currencies are recognised in the income statement.

Foreign exchange gains and losses are included in net financial income.

Foreign exchange differences due to changes in amortised cost are charged to the income statement and other changes in balance sheet value are charged to equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(c) *Group companies*

The results and financial position of all Group entities that have a functional currency different from the presentation currency are accounted for as follows:

i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
ii. income and expenses for each income statement are translated at the closing rate at the date of that balance sheet
iii. all resulting exchange differences are recognised in comprehensive income and separately specified in equity

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1-2.6 Property, plant and equipment

All property plant and equipment (PPE) is shown at cost less subsequent depreciation. Cost includes expenditure which is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance is charged to the income statement during the financial period in which they are incurred.

Investment properties, mainly office buildings, are held to earn rental income or for capital appreciation or both. These buildings are not utilized by the Group. Investment properties are shown at cost less subsequent depreciation.

Borrowing costs accrued during construction of PPE, are capitalized until the asset is ready for intended use. Land and houses are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

Railroad vehicle	10 – 30 years
Buses	5 – 12 years
Buildings	10 – 50 years
Other fixed assets	5 – 30 years

The fixed assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An impairment loss is recognised when the estimates recoverable value of the asset is less than its carrying value (see note 2.8). The Group will write down outdated technical assets or non-strategical assets that are no longer used.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Property, plant and equipment (groups of disposals) for sale
Fixed assets (or groups of disposals) classified as assets for sale are recognised at the lower of balance sheet value and fair value deducted sales cost if balance sheet value is mainly recovered by a sales transaction and when a sale is considered to be probable.

1-2.7 Business combinations and intangible assets

The purchase method is used for business combinations. An allocation of purchase price is based on fair value of assets and liabilities acquired. Additional value outside the identified assets and liabilities is allocated to goodwill. If fair value of identified assets and liabilities is higher than the proceeds, the additional value is included in revenue. Allocation of purchase price related to business combinations are changed if new information about fair value is available within 12 months after acquisition date.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of the acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units at the acquisition date for the purpose of impairment testing. Each of those cash generating units represents the Group's investment in each country of operation by each primary reporting segment.

Other immateriell assets
Advanced payments on contracts are classified as immaterial assets.

1-2.8 Impairment of non-financial assets

Fixed and intangible assets which have an indefinite useful life are not subject to depreciation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for the amount by which the asset's carrying amount exceeds its recoverable amount.

A write down to the financial statement is performed using the difference between book value and recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1-2.9 Investments

1-2.9.1 Classification

The Group classifies its investments in the following categories: a) financial assets at fair value through profit or loss, b) loans and receivables, and c) financial assets available-for-sale. The classification is determined at the acquisition date and depends on the purpose for which the investments were acquired.

(a) *Financial assets at fair value through profit or loss*
Derivative Financial assets (see note 1-2.10) or financial assets held for trading purposes are classified at fair value through profit or loss. This category also includes financial assets which are recognised on the balance sheet initially to be at fair value in the income statement. Assets in this category are classified as such if its primary purpose is to result in profits due to short-term price changes. Derivatives are classified as available-for-sale, unless they are part of hedging. Assets in this category are classified as current assets.

(b) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet date (see note1-2.12).

(c) *Financial assets available for sale*
Available-for-sale financial assets are non-derivatives which are either designated in this category, or don't belong in any of the other categories. They are included in non-current assets as long as the investment does not mature or management intentions are not to dispose of the investment within 12 months of the balance sheet date.

1-2.9.2 Accounting and measurement

Purchases and sales of investments are recognised on transaction date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value including transaction costs, for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired, or have been transferred, and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments, are carried at amortised cost using the effective interest method. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the income statement within 'other (losses)/gains - net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement in net financial income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

1-2.9.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

1-2.9.4 Impairment of financial assets

The Group assesses on each balance sheet date, whether there is objective evidence that a financial asset or a group of financial assets which are classified as borrowings and receivables of certain assets which are classified as held-for-sale are impaired. Objective indicators of a decrease in fair value for equity instruments include material and permanent impairments.

1-2.10 Derivatives and financial instruments

The Group uses interest and currency swaps on its long term debt as well as on the price of electric power to ensure predictability.

Derivative financial instruments (assets and liabilities) are recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. Changes in fair value on derivative contracts entered into as debt instruments are included in net financial income, while derivative contracts related to electric power are included as other operating expenses.

The Group does not use hedge accounting.

1-2.11 Inventories and developmental property

Developmental property

The portfolio of developmental property available for sale is seperated and is followed up as separate projects. The separation is based on the separate property's geographical location.

Acquisition cost consist of purchase price for properties, as well as project related expenses to develop each property. Acquisition cost include all project related expenses until it is regulated and made ready for sale, including salaries, external consultants, etc. Incurred borrowing costs that occur during development is capitalized in accordance with IAS 23 until the asset is ready for intended use. Net realisable value is estimated selling price less costs for completion and the sale.

Developmental property for sale is valued at the lower of acquisition cost and net realisable value for each separate geographical area.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises of design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Borrowing costs are excluded in accordance with IFRS 23. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1-2.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised as other operating expenses in the income statement.

1-2.13 Cash and bank deposits

Cash and bank deposits has been adjusted for bank overdrafts in the Group account system. If bank overdrafts are utilized, it will be included in borrowings under current liabilities. Cash and bank deposits include restricted funds and restricted deposits in Finse Forsikring as specified in note 16.

1-2.14 Share capital

Ordinary shares are classified as equity.

1-2.15 Borrowings

External fixed and floating rate bonds are recognised at fair value with value changes included in the income statement. Change in fair value is due to changes in interest levels and the Group's credit rating.

Other borrowings, bank loans with floating interest, inter-company loans etc are recognised initially at fair value, net of transaction costs incurred. In the following accounting periods, borrowings are accounted for at amortised cost using effective interest rate. The difference between the unsettled amount of loan (excluding transaction costs) and amount payable at maturity is recognised over the period of borrowings as part of effective interest.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1-2.16 Deferred income tax

Income tax expense for a period consists of tax payable and deferred tax. Tax is recognised in the income statement, except when it is related to items that are charged directly to equity. Items which are included in other result components are presented net after tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amount in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit/loss. Deferred income tax is determined using tax rates (and laws) which have been enacted by the balance sheet date, and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that there is a probability that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group, and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income tax asset and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1-2.17 Employee benefits

Pension obligations
The companies within the Group operate various pension schemes. The Group has both defined benefit plans and defined contribution plans.

Defined benefit plan
A defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement, mainly dependent on one or more factors such as age, years of service and compensation.

The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

The liability recognised on the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses, and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an interest rate comparable with long-term government bonds in the same currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10 % of the value of plan assets, or 10 % of the defined benefit obligation are spread to income over the employees' expected average remaining working lives.

Defined contribution plan
A defined contribution plan is a pension plan under which the Group pays fixed contributions towards the employees future pension. The employer's obligations ceases when the contribution has been paid. The payments are included in the income statement as payroll and related expense.

1-2.18 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability. The increase in the provision due to passage of time is recognized as interest expense.

1-2.19 Trade payable

Trade payable are classified as current liabilities if payment is due within one year or less. Accounts payable are recognised at fair value at initial recognition. Subsequently accounts payable are measured at fixed amortised cost using the effective rate method.

1-2.20 Revenue recognition

Revenue comprised from services is recognised in the accounts at fair value after returns, rebates and discounts. Sales within the Group are eliminated. The Group's income is principally covered by: passenger transport, goods transport and rental and sale of real estate.

(a) *Sales of transport and real estate services*
Sales of services are recognised in the accounting period in which the services are performed. The government's purchase of passenger traffic services is also recognised in the period in which the delivery is performed. Income from rental of real estate is recognised during the term of the leasing agreement. Income from sale of real estate is recognised in the period where risk and control is transferred to the buyer. This implies mainly that income is considered acquired on the time of the acquisition.

(b) *Constructing and development of commercial property*
A part of the Group's operations consist of developing and constructing commercial- and residential buildings by alone or through partly owned companies with one or more partners. Revenue recognition of these projects either follow IAS 11 construction contracts or IAS 18. IFRIC 15 clarifies whether IAS 11 or IAS 18 is to be utilized. It is the characteristics of the building and the purchaser's influence of the end-project that decides whether the revenue recognition should be according to IAS 11 or IAS 18.

(c) *Dividend income*
Dividend income is recognised when the right to receive payment is established.

1-2.21 Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases where the Group mainly has all the risk and return is classified as financial lease. When entering an agreement, the financial lease is included on the balance sheet at the lower of the assets fair value and current value of future lowest lease value. The lease payments are divided between liabilities and financial items. Property, plant and equipment are depreciated using the linear method.

1-2.22 Dividend distribution

The dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements during the period in which the dividend is approved by the General Assembly.

1-2.23 Fair value estimation

The table in note 15 analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows;

Level 1: Fair value is measured using quoted prices from active markets for identical assets and liabilities. No adjustments are performed regarding these prices.
Level 2: Fair value is decided by using evaluation methods basedon other observable factors either direct (price) or indirect (derived from prices) rather than noted prices (used in level 1) for the asset or liability, (level 2). These evaluation methods maximizes the use of observable data when available, and rely as little as possible on the Group's own estimates.
Level 3: Fair value is measured using inputs that are not based on observable market data (non-observable input).

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Nominal value less impairments of real losses on trade receivables and nominal value on trade payables is regarded as having fair value.

1-3. Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances.

1-3.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) *Estimated impairment of goodwill*
The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. For description of write-down testing of goodwill and related sensitivity evaluations, see note 6.

(b) *Income taxes*
The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination are made.

(c) *Fair value of derivatives and other financial instruments*
Fair value of financial instruments is separated in a three level valuation hierarchy, see 1-2.23 above.

(d) *Fixed assets*

The Group must continuously evaluate expected useful life and expected rest value on fixed assets. This will have an effect on annual depreciation. Furthermore, the Group must evaluate whether there is a need for write-downs to recoverable amount on fixed assets and intangible assets, including goodwill. These evaluations involve using assumptions.

(e) *Pension benefits*

The Group has considerable liabilities related to employees' pension rights. The calculations used means the Group must make several economic and demographic assumptions. Changes in these assumptions can affect the calculated liabilities considerably. See note 20 for a further description of which assumptions are used. The note also show how sensitive the calculations are related to changes to central assumptions. Such changes will, according to today's accounting principles, not affect the accounts directly, but accumulated as changes and deviations in estimates. See points 1-2 above for changes to IAS 19 with consequences for accruals of actuarial gains and losses going forward.

(f) *Assets and liabilities at fair value*

Some of the Groups' financial assets, financial derivatives and long-term debts are accounted for using fair value. Calculating fair value result in using assumptions and leadership must use estimates. The estimates are mainly based on observed prices, which changes over time. Changes in assumptions will lead to changes on the balance sheet as well as affecting the income statement.

2 Shares in subsidiaries

The table shows the **parent company's directly owned investments.** The Group also consists of indirectly owned companies and ownership interests (equity represents 100 % of the companies' equity.

Subsidiaries	Established-/acquisition-date	Registered-office	Votes and profit	Equity	Profit/ loss	Cap. Value at 31 Dec.
Nettbuss AS	1. Dec. 1996	Oslo	100 %	431	-51	607
Rom Eiendom AS	18. Dec. 1998	Oslo	100 %	1 218	268	601
Arrive AS	1. Jul. 2001	Oslo	100 %	27	2	37
Arrive Systems AS	28. Nov. 1995	Oslo	100 %	1	0	1
NSB Trafikkservice AS	1. Oct. 2001	Oslo	55 %	6	2	1
Finse Forsikring AS	1. Dec. 2001	Oslo	100 %	199	5	59
CargoNet AS	1. Jan. 2002	Oslo	100 %	69	-392	145
Mantena AS	1. Jan. 2002	Oslo	100 %	202	-2	254
NSB Gjøvikbanen AS	1. Apr. 2005	Oslo	100 %	19	-2	16
Svenska Tågkompaniet AB	1. Jan. 2007	Gävle	100 %	10	-16	21
Tømmervogner AS[1]	31. Dec. 2008	Oslo	45 %	-2	0	2
Banestasjoner AS	2. Jan. 2002	Oslo	100 %	0	0	0
Rom Eiendom II AS	6. May 2011	Oslo	100%	0	0	0
SUM				**2 180**	**-186**	**1 744**

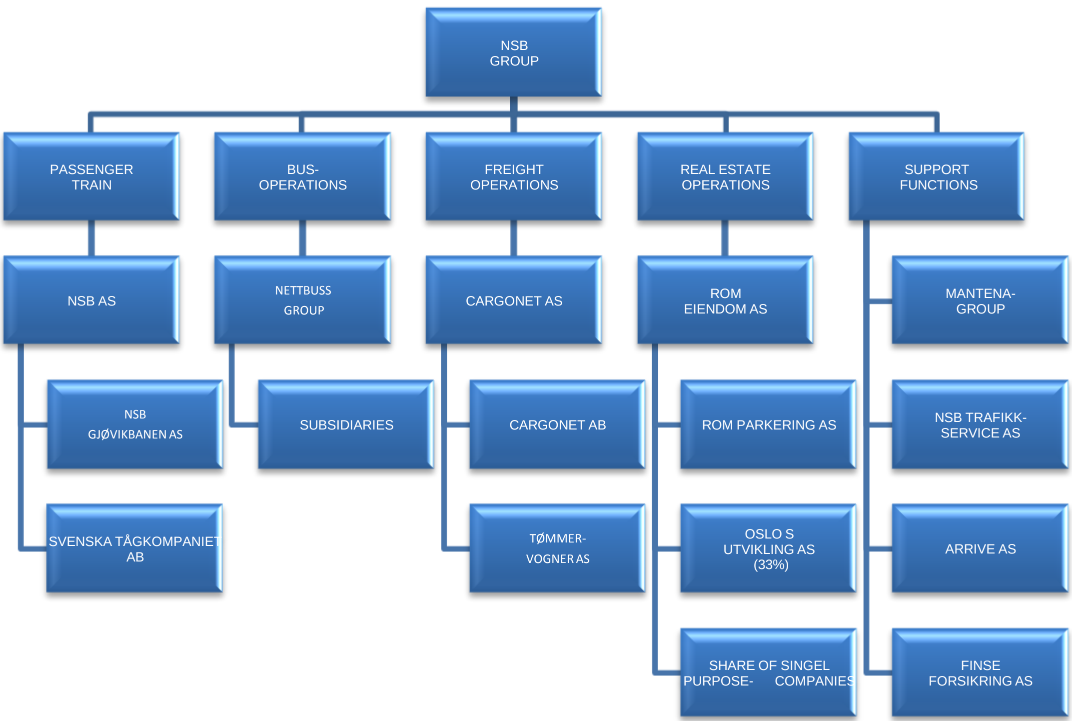
[1]Remaining shares are owned by CargoNet AS.

100 % of the equity in the accounts are included as of 31.12.2011.

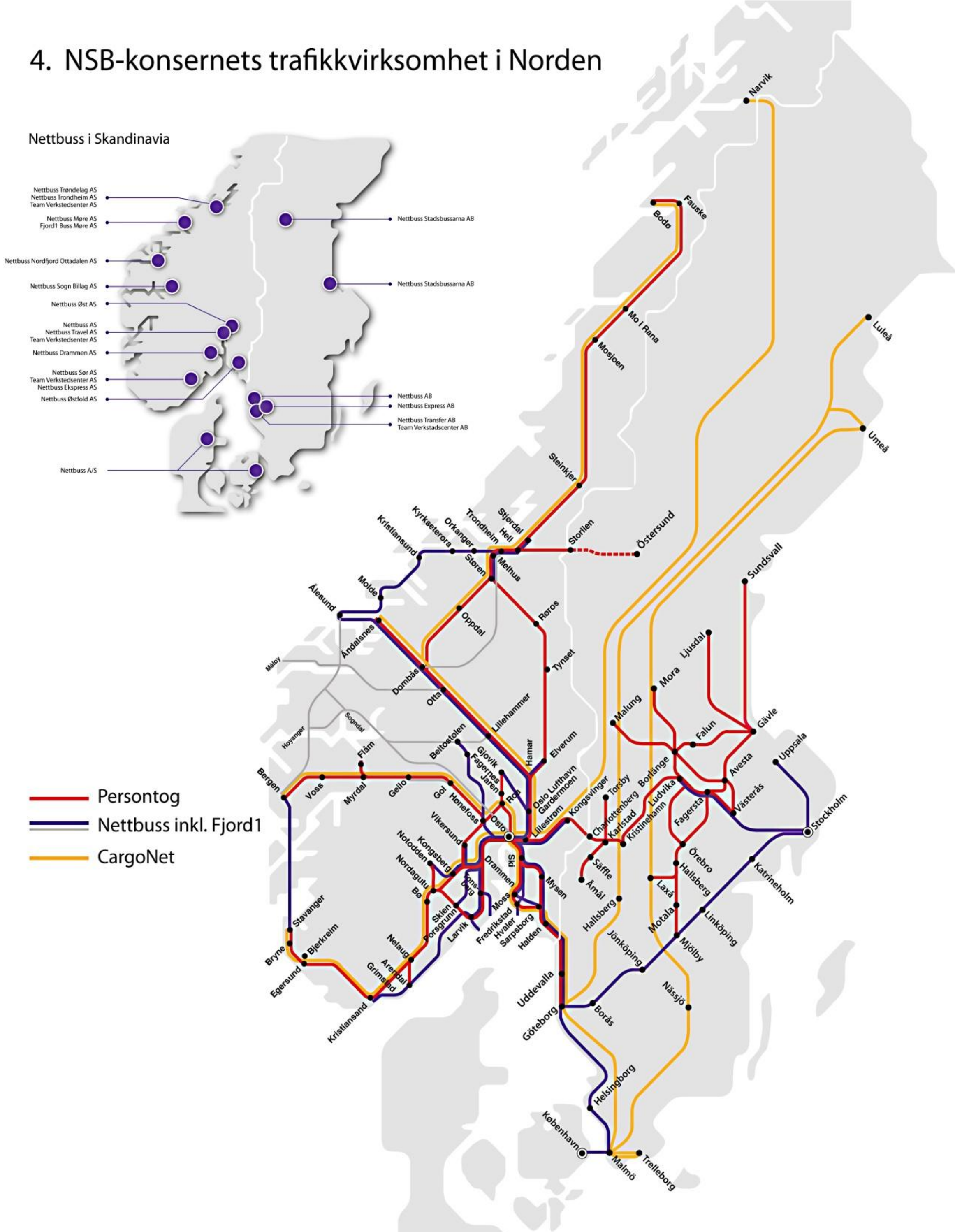
3 Group- and company structure

NSB operates in Norway, Sweden and Denmark. Operations are run in accordance to the Business Segments (which differs slightly from the organizational structure):

- Included in Passenger traffic (rail) are the operations of NSB AS, NSB Gjøvikbanen AS as well as Svenska Tågkompaniet AB.
- The bus segment consists of operations in the Nettbuss-Group.
- The freight traffic segment consists of operations in the CargoNet-Group.
- The real estate operations are operated by the Rom Eiendom-Group.
- Mantena-Group which performs workshop- and maintenance services, NSB Trafikkservice AS, and as well as administrative functions in Finse Forsikring AS and Arrive AS are all included in Support functions.



4 NSB-Group's passenger operations in the Nordic region



Map as at 1st of January 2012

5 Segment information

Business segments
At 31st of December 2011, the Group has its main activities in the following segments:
(1) Passenger train: passenger train operations
(2) Bus: passenger bus operations
(3) Freight: freight train operations
(4) Real estate: rent and development of real estate

Included in Support functions are the workshop and maintenance companies Mantena-Group, NSB Trafikkservice AS, as well as administrative support functions through Finse Forsikring AS and Arrive AS.

Segment results 1.1.– 31.12.2011:

	Pass. train	Bus	Freight	Real estate	Support	Elimination	Group
Operating income	5 380	4 864	1 452	808	1 626	-1 802	12 328
Operating expenses	4 862	4 264	1 600	349	1 560	-1 802	10 835
Depreciation and impair.	547	515	76	110	40	0	1 286
	-29	**85**	**-224**	**349**	**26**	**0**	**207**
Net financial income/exp							-342
Share profit/loss of associate							5
Profit before income tax							**-130**
Income tax expense							4
Net income							**-126**
Assets	7 382	3 814	696	5 601	1 448	0	18 941
Investments	788	546	27	90	66	0	1 517

Eliminations consist of Group-internal transactions; including operating transactions and rental of fixed assets.

Segment assets are reconciled as follows:

	Assets
Assets	18 941
Not allocated;	
Derivatives	1 060
Total	**20 001**

Segment results 1.1.– 31.12.2010:

	Pass. train	Bus	Freight	Real estate	Support	Elimination	Group
Operating income	4 871	4 318	1 439	831	1 570	-1 849	11 179
Operating expenses	4 614	3 711	1 400	339	1 433	-1 849	9 648
Depreciation and impair.	491	427	87	110	37	0	1 152
Operating profit/loss	**-234**	**180**	**-48**	**382**	**99**	**0**	**379**
Net financ. income/exp							-58
Share profit/loss of associate							10
Profit before income tax							**331**
Income tax expense							77
Net income							**254**
Assets	8 004	3 754	868	4 735	1 431		18 792
Investments	343	1 333	20	706	34		2 437

Eliminations consist of Group-internal transactions; including operating transactions and rental of fixed assets.

Segment assets are reconciled as follows:

	Assets
Assets	18 792
Not allocated;	
Derivatives	629
Total	**19 421**

Analysis of operating income by category	2011	2010
Transport revenue	11 001	9 982
Sales revenue	322	270
Other revenue	1 005	928
Total	**12 328**	**11 179**

Most of the Group operations are in Norway. The Group also has some operations in Sweden and Denmark.

Information on important customers
The Group has one customer that constitutes more than 10 % of operating income. The Government's public purchase from the NSB-Group is included in note 30.

6 Intangible assets

	Goodwill	Other	Total
At 1st of January 2011			
Accumulated acquisition cost	422	119	541
Accumulated amortisation and impairments	-243	-72	-315
Total	**179**	**47**	**226**
Year ended 31st of December 2011			
Opening net book value	179	47	226
Acquisition of subsidiaries	4	0	4
Impairments	-43	-13	-56
Depreciation	0	-20	-20
Total	**140**	**14**	**154**
At 31st of December 2011			
Accumulated acquisition cost	426	119	545
Accumulated amortisation and impairments	-286	-105	-391
Total	**140**	**14**	**154**

	Goodwill	Other	Total
At 1st of January 2010			
Accumulated acquisition cost	377	106	483
Accumulated amortisation and impairments	-197	-52	-249
Total	**179**	**54**	**233**
Year ended 31st of December 2010			
Opening net book value	179	54	233
Exchange differences	0	0	0
Additions	0	0	0
Acquisition of subsidiaries	47	13	60
Impairments	-47	0	-47
Depreciation	0	-20	-20
Total	**179**	**47**	**226**
At 31st of December 2010			
Accumulated acquisition cost	422	119	541
Accumulated amortisation and impairments	-243	-72	-315
Total	**179**	**47**	**226**

Goodwill applies to the Nettbuss-Group and is allocated as follows:

	2011	2010
Norway	140	179
Sweden	0	0
Denmark	0	0
	140	179

Impairment test of Goodwill

Impairment of goodwill is annually evaluated by comparing booked value to its cash generating possibilities.

Goodwill is allocated to the Group's cash-generating units identified according to the value the asset contributes to the segment. Liquidity prognosis is based on management approved budgets for a period of 5 years. Cash flow past this five year period is based on the estimated growth rate which is presented below.

Key assumptions used for value-in-use calculations are as follows:	Norway
Growth rate [1]	2,50 %
Discount rate[2]	10,21 %

1. Weighted average growth rate used to extrapolate cash flows beyond the budget period.
2. Pre-tax discount rate applied to the cash flow projections.

These assumptions have been used for the analysis of each cash-generating unit within the business segment. Management has determined budgeted net cash flows based on the past performance and its expectations of market development. The weighted average growth rate used is consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflects specific risks relating to the relevant segments.

The Nettbuss-Group has been through an evaluation and selection of the natural cash-generating units connected to each acquisition based on both geographical belonging and the density connected to the cash flows to the different acquisitions.

Norway:

Region Drammen
Nettbuss Øst AS
Team Verkstedsenter Trøndelag
Nettbuss Trøndelag
Flybussen i Trøndelag
Last og Buss Vest AS

For the cash flow generating unit (CGU) within the bus segment, the negative development resulted in an impairment of goodwill of 43 MNOK in 2011. The calculations show that the other CGU's within the bus segment have a higher calculated recoverable amount based on their carrying value. Provided that other conditions are held constant, a sensitivity calculation of changes to the interest level show that the carrying value of goodwill is not affected until the interest level rises to over 11 %.

7 Property, plant and equipment

	Machinery and equipm.	Transportation	Land and buildings	Prepaid trains	Under construction	Total
At 1st of January 2011						
Accumulated acquisition cost	2 310	16 593	1 507	1 145	1 552	23 107
Accumulated depreciation	-1 633	-9 114	-670	0	0	-11 417
Total	677	7 479	837	1 145	1 552	11 690
Year ended 31st of December 2011						
Opening net book value	677	7 479	837	1 145	1 552	11 690
Exchange differences	0	-1	0	0	0	-1
Acquisition of subsidiary	2	0	0	0	0	2
Acc.depr. acq. of subsidiary	-2	0	0	0	0	-2
Additions	168	997	128	167	1 248	2 708
Disposals at acquisition cost	-8	-625	-227	-91	-1 115	-2 066
Accumulated depreciation disposals	4	478	0	0	0	482
Transferred to investment property	0	0	0	0	0	0
Depreciation	-181	-881	-88	0	0	-1 150
Impairments	0	-27[1]	0	0	0	-27
Total	660	7 420	650	1 221	1 685	11 636
At 31st of December 2011						
Accumulated acquisition cost	2 473	16 956	1 407	1 221	1 685	23 742
Accumulated depreciation	-1 813	-9 536	-757	0	0	-12 106
Total	660	7 420	650	1 221	1 685	11 636
At 1st of January 2010						
Accumulated acquisition cost	2 390	15 048	1 475	1 131	1 330	21 373
Accumulated depreciation	-1 648	-8 408	-592	0	0	-10 647
Total	742	6 640	883	1 131	1 330	10 727

[1] From impairment of buses at the end of contract period.

Year ended 31st of December 2010						
Opening net book value	742	6 640	883	1 131	1 330	10 727
Exchange differences	1	30	1	0	0	32
Acquisition of subsidiary	5	231	-2	0	0	234
Acc.depr. acq. of subsidiary	-2	-121	0	0	0	-123
Additions	133	1 539	37	61	1 059	2 829
Disposals at acquisition cost	-85	-394	-4	-47	-547	-1 077
Accumulated depreciation disposals	69	336	0	0	0	405
Transferred to investment property	0	0	0	0	-290	-290
Depreciation	-186	-762	-78	0	0	-1 026
Impairments	0	-20	0	0	0	-20
Total	677	7 479	837	1 145	1 552	11 690
At 31st of December 2010						
Accumulated acquisition cost	2 310	16 593	1 507	1 145	1 552	23 107
Accumulated depreciation	-1 633	-9 114	-670	0	0	-11 417
Total	677	7 479	837	1 145	1 552	11 690
Depreciation period:	5-30 yrs	5-30 yrs	0-50 yrs			

Financial lease
Property, plant and equipment acquired through a lease agreement includes the following:

	2011	2010
Accumulated acquisition cost through financial leasing	155	223
Accumulated depreciation	-60	-56
At 31st of December	95	167
Long term lease obligation	34	81

Long term leasing has a perspective life of more than one year.

The lease agreement consist of leasing fixed assets in the bus segment.

The rights to the leased asset go to the lessor if the lessee fail to pay its lease obligations.

8 Investment property

	2011	2010
At 1st of January		
Accumulated acquisition cost	1 254	1521
Accumulated depreciation, impairments	-382	-346
Total	**872**	**1 175**
Year ended 31st of December		
Opening net book value	872	1 175
Additions	9	0
Disposals	0	-554
Acc. Depreciation disposals	-4	0
Transferred from property, plant and equipment	9	290
Depreciation	-32	-40
Impairments	0	1
Total	**854**	**872**
At 31st of December		
Accumulated acquisition cost	1268	1260
Accumulated depreciation, impairments	414	-388
Total	**854**	**872**

Fair value at 31st of December 2011
At 31.12.2011 the Group's investment properties (excluding properties at Oslo S Utvikling as noted in note 33) that are not used in operations had a fair value of 4 257 MNOK (3 635 MNOK as at 31.12.2010). By increasing the return on capital by 0,5 % the value will be reduced by 284 MNOK. By reducing the return on capital by 0,5 % the value will increase with 327 MNOK.

Fair value evaluation principles:
An independent fair value evaluation of investment- and developmental real estate of the operations' portfolio has been obtained. The fair value estimation is based on market value.

In the fair value evaluations one has emphasized current market situation and expected availability for real estate. If one expects that general customization of real estate is necessary to make renting attractive, it has been taken into consideration during cash flow analysis. The cash flow analysis includes discounting to present value using expected return on capital.

All projects contain a risk element. This is expressed in the fair value evaluation by reducing probable value of the real estate project depending on market conditions.

Investment properties, rental income and operating expenses

	2011	2010
Rental income	569	539
Operating expenses	210	231

9 Investments in associates

	2011	2010
Book value 01.01.	65	72
Acquisition of associate	0	2
Disposals/ -sale of disposals	-1	-17
Share of profit/loss	5	10
Exchange differences	0	-3
Other equity movements	-8	0
Net book value 31.12.	61	65

Share of profit/loss is after tax, non-controlling interests and dividends paid.

Investments in associates at 31.12.11 include goodwill of 1 028 TNOK (2010: 1 764 TNOK).

Profit/loss, assets and liabilities of its associates, all of which are unlisted, are as follows:

2011	Registered office	Assets	Liabilities	Revenues	Profit/loss	% int. held
Oslo S Parkering AS	Oslo	131	88	36	21	25 %
Ålmhults Terminal AB	Ålmhult	5	1	1	0	33 %
Nordlandsbuss AS	Bodø	91	81	83	-2	34 %
Nor-Way Bussekspress AS	Oslo	20	8	47	2	25 %
Interoperabilitetstjenester AS	Oslo	27	25	11	1	33 %
Roslagståg AB	Gâvle	50	36	233	0	40 %
Strømstad-Tanum Buss AB	Tanumshede	20	18	18	-1	40 %
Kjellgrens Busstrafikk AB	Tranemo	18	16	12	0	40 %
Peer Gynt Tours AS		4	2	24	1	34 %
Tunnelbanan Technik Stockholm AB	Stockholm	102	87	249	2	50 %
Minibuss 24 7 AS	Våler	6	3	14	1	49 %
Total		325	242	246	23	

2010	Registered office	Assets	Liabilities	Revenues	Profit/loss	% int. held
Oslo S Parkering AS	Oslo	131	89	28	2	25 %
Ålmhults Terminal AB	Ålmhult	5	2	1	0	33 %
Hallsberg kombiterminal AB	Hallsberg	5	2	13	1	20 %
Nordlandsbuss AS	Bodø	93	81	69	0	34 %
Telemark Ekspressbusstrafikk AS	Skien	0	0	23	0	0 %
Nor-Way Bussekspress AS	Oslo	16	6	37	1	25 %
Elverum Rutebilstasjon AS	Elverum	4	0	4	2	50 %
KR Trafiken AB	Østersund	0	0	70	0	25 %
Raumabanen Åndalsnes AS	Åndalsnes	1	0	0	0	16 %
Interoperabilitetstjenester AS	Oslo	0	0	0	0	33 %
Roslagståg AB	Gåvle	52	35	215	0	40 %
Strømstad-Tanum Buss AB	Tanumshede	19	17	16	1	40 %
Kjellgrens Busstrafikk AB	Tranemo	7	5	7	0	40 %
Tunnelbanan Technik Stockholm AB	Stockholm	102	87	249	2	50 %
Minibuss 24 7 AS	Våler	0	0	4	0	49 %
Total		383	290	523	13	

10 Inventory and developmental property

	2011	2010
Components	421	414
Not completed parts	24	39
Completed parts	8	7
Total inventory	453	460
Inventory developmental property for sale	2 557	1393
Total inventory developmental property and components	**3 010**	**1 853**

Development of property for sale has considerably increased its value on the balance sheet for developmental property during 2011. For more descriptive information, see note 33 for development projects.

Book value of the developmental properties of 1 036 MNOK are set as security as described in note 18.

11 Assets held for sale

There are no assets that are classified as available for sale as at 31.12.2011 or 31.12.2010.

12 Trade and other receivables

	2011	2010
Trade receivables	870	861
Less: provision for impairment of receivables	-22	-20
Trade receivables – net	848	841
Prepayments	316	341
Other receivables	432	335
Total trade and other receivables	1 596	1 517

The carrying amounts of the trade receivables, prepayments and other receivables approximate their fair value. Trade receivables include mainly freight revenue, rental revenue and non-calculated public purchase amounts due from counties.

Maturity of receivables:	2011	2010
Matured receivables on balance sheet date	192	128
Matured between 0 - 2 mnths ago	127	91
Matured between 2 - 6 mnths ago	36	22
Matured more than 6 mnths ago	29	12

13 Derivatives

	2011		2010	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	1 055	-272	610	-88
Energy swaps	5	-5	19	-3
Total	**1 060**	**-277**	**629**	**-91**

The Group does not use hedge accounting, fair value changes of derivatives are charged on a continuous basis to the income statement. Derivatives are classified as current assets or contractual obligations. The energy contracts relate to both hedging of electricity and diesel prices.

Changes in fair value of derivatives:	2011	2010
This period's change in fair value:	245	-26
Accumulated change in fair value:	782	537

Interest rate and foreign exchange swaps
The notional principal amounts of the outstanding interest rate swap contractsat 31st of December 2011 were 10 993 MNOK (2010: 7 808 MNOK). At 31st of December 2011, the fixed interest rates vary from 3,55 % to 5,25% (2010: 2,7 % to 6,2 %) and the main floating rates are 6M NIBOR + margin.

14 Other financial assets at fair value through profit or loss

Listed securities:	2011	2010
- Stocks and other equity securities – Europe	42	45
Bonds og certificates	313	656
Total	355	701

Fair value is based on changes to original interest rate, currency exchange and spread (at recording time) in relation to market interest rate, currency exchange rates and spreads at the balance sheet date.

Effective interest rate on short term placements in the bank was 3 % at 31st of December 2011 (2010: 2,7 %) and the placements has an average maturity of 77 days.

Effective interest rate on short term placements were 3,3% as at 31st of December 2011 (2010: 2,7%)

Changes in fair values of listed securities at fair value	2011	2010
This period's change in fair value	-3	4
Accumulated change in fair value	-2	1

15 Financial instruments by category

Assets at 31st of December 2011	Loans and receivables	Assets at fair value through profit and loss	Total
Financial fixed assets	67	0	67
Derivative financial instruments	0	1 060	1 060
Trade and other receivables (excl. prepayments)	1 280	0	1 280
Financial assets at fair value through profit or loss	0	355	355
Cash and bank deposits	1 208	0	1 209
Total	2 556	1 415	3 971

Liabilities at 31st of December	Liabilities at fair value through profit and loss	Other financial liailities at amort. cost	Total
Borrowings (excl. financial lease liabilities)	6 960	1 079	8 039
Finance lease liabilities	0	55	55
Derivative financial instruments	277	0	277
Trade and other payables excl statutory liabilities	0	3 372	3 372
Total	7 237	4 506	11 743

Assets at 31st of December 2010	Loans and receivables	Assets at fair value through profit and loss	Total
Financial fixed assets	89	0	89
Derivative financial instruments	0	629	629
Trade and other receivables (excl. prepayments)	1 177	0	1 177
Financial assets at fair value through profit or loss	0	701	701
Cash and bank deposits	1 779	0	1 779
Total	3 045	1 330	4 375

Liabilities at 31st of December	Liabilities at fair value through profit and loss	Other financial liailities at amort. cost	Total
Borrowings (excl. financial lease liabilities)	6 789	734	7 523
Finance lease liabilities	0	78	78
Derivative financial instruments	91	0	91
Trade and other payables excl statutory liabilities	0	3 148	3 148
Total	6 880	3 960	10 840

The following table presents the Group's assets and liabilities that are measured at fair value at 31st of December 2011.

Financial assets at fair value through profit and loss:	Level 1	Level 2	Level 3	Total
Derivatives used for hedging	0	1 060	0	1 060
Available-for-sale financial assets:				
-Debt instruments	0	355	0	355
Total assets	0	1 415	0	1 415

Financial liabilities at fair value through profit or loss:	Level 1	Level 2	Level 3	Total
Borrowings and accrued interest	0	6 960	0	6 960
Derivatives used for hedging	0	277	0	277
Total liabilities	0	7 237	0	7 237

The following table presents the Group's assets and liabilities that are measured at fair value at 31st of December 2010.

Financial assets at fair value through profit and loss:	Level 1	Level 2	Level 3	Total
Derivatives used for hedging	0	629	0	629
Available-for-sale financial assets:				
-Debt instruments	0	701	0	701
Total assets	0	1 330	0	1 330

Financial liabilities at fair value through profit or loss:	Level 1	Level 2	Level 3	Total
Borrowings and accrued interest	0	6 789	0	6 789
Derivatives used for hedging	0	91	0	91
Total liabilities	0	6 880	0	6 880

16 Cash and bank deposits

	2011	2010
Cash at bank and on hand	1208	1779

Includes restricted funds of 135 MNOK (2010: 130 MNOK), and 83 MNOK (2010: 99 MNOK) placed by Finse Forsikring AS.

17 Share capital and share premium

	No. Of shares	Ordinary Shares	Share premium MNOK	Total MNOK
Shares at 1st of January 2010	3 685 500	3 685 500	1 850	5 536
Shares at 1st January 2011	3 685 500	3 685 500	1 850	5 536
Shares at 31st of December 2011	3 685 500	3 685 500	1 850	5 536

There is only one class of shares, each share with a par value of NOK 1.000,-. There have been no changes to capital in either 2010 or 2011.

The dividends for 2010, paid in 2011, were 146,5 MNOK. No dividends will be proposed for the accounting year 2011. The decision will be made at the Annual General Meeting in 2012.

18 Borrowings

Non-current	2011	2010
Mortgage loan	835	267
Bonds	6 879	4 910
Other non-current borrowings, incl. financial lease	207	513
Total	7 921	5 690

Current	2011	2010
Current share of non-current borrowings	81	1 267
Other current borrowings	92	646
Total	173	1 913
Total borrowings	8 094	7 603

Notional value of long-term borrowings at 31.12.2011 is: 6 889 MNOK (31.12.2010: 5 123 MNOK).

Total borrowings include secured liabilities (bank and collaterialized borrowings) totalling 934 MNOK (2010: 193 MNOK) of this 835 MNOK is mortgaged. The Group has not utilized available bank overdraft facilities.

All existing bond issues have beencompleted under the Euro Medium Term Note loan programme (EMTN-programme). The EMTN programme is a loan-documentation that NSB utilizes when bonds are issued. The EMTN-programme does not contain any financial covenants, except for an optional clause that requires that the State of Norway shall own 100% of NSB.

NSB has a multicurrency revolving credit facility of 1 500 MNOK with a covenant that demands a minimum equity share of 25 %.

Fair value of the credit margin on bonds is based on market observations from banks and the price/exchange NSB bonds in the second-hand market.

The exposure of the Group's borrowings to interest changes and the contractual dates at the balance sheet dates are as follows:

	2011	2010
6 months or less	2 650	2 652
Over 6 months	981	3

Non-current borrowings expire in:	2011	2010
Between 1 and 2 years	146	26
Between 2 and 5 years	3 034	2 375
Over 5 years	4 741	3 289

Effective interest rate at the balance sheet date:

	2011			2010	
	NOK	SEK	DKK	NOK	SEK
Mortgage loan	4,70%	4,16 %		4,10%	
Bonds	4,03 %			4,43 %	
Other borrowings	6,00%		4,00 %	4,20%	3,83 %

Calculated effective interest rate includes the effect of interest rate swaps. The Group has swaped all exposure in CHF to NOK.

The carrying amounts of the non-current borrowings approximate their fair value, except for mortgage loans which has a fair value of 835 MNOK.

Changes in fair value on non-current borrowings:	2011	2010
This periods change in fair value	488	-28
This periods change in fair value from the spread	-9	2
Accumulated change in fair value	1 025	537
Accumulated change in fair value from the spread	-8	2

The carrying amounts of the Group's borrowings are denominated in the following currencies:	2011	2010
NOK	2 181	2 499
SEK	80	91
EUR	0	1 217
CHF	5 833	3 797
Total	8 094	7 603

The Group has the following undrawn borrowing facilities:	2011	2010
Floating interest rate		
- Expiring within one year	50	50
- Expiring beyond one year	1 500	1 500
Total	1 550	1 550

The facilities expiring within one year is a bank overdraft related to NSB-Group bank account system. The credit is for one year at the time and is renewed annually. NSB's long term revolving credit facility which expires in July 2013.

Obligation on financial lease agreements – minimum payments	2011	2010
Expiring within 1 year	23	35
Expiring between 1 and 5 years	34	46
Expiring beyond 5 years	0	0
Total	57	81
Future financial cost – financial lease agreements	2	3
Current value on obligations – financial lease agreements	55	78

Current value of lease obligations for financial lease agreements:	2011	2010
Expiring within 1 year	21	34
Expiring between 1 and 5 years	34	44
Expiring beyond 5 years	0	0
Total	55	78

Operating lease commitments
The Group leases various plant and machinery under cancellable operating lease agreements.

Future accumulated minimum payments included in cancellable operating lease agreements are as follows:

	2011	2010
Expiring within 1 year	163	144
Expiring between 1 and 5 years	384	284
Expiring beyond 5 years	244	162
Total	791	591

19 Deferred income tax/income tax expense

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2011	2010
Deferred income tax assets		
- Deferred income tax assets to be recovered after more than 12 months	594	544
- Deferred income tax assets to be recovered within 12 months	29	49
	623	593
Deferred tax liabilities		
- Deferred income tax liability to be recovered after more than 12 months	-1 104	-1 087
- Deferred income tax liability to be recovered within 12 months	1	-17
	-1 103	-1 104
Total deferred income tax liability (net)	-480	-511

Gross movement on deferred income tax account is as follows:	2011	2010
Book value 01.01.	-511	-399
Acquisition of subsidiary	-1	4
Income statement charge	4	-70
Norwegian correctional charge	57	0
Directly charged to equity	2	0
Tax effect Group contribution	-31	-46
Book value 31.12.	-480	-511

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Accelerated tax depreciation	Receivables	Profit/loss	Other	Total
At 1st of January 20010	-779	-10	-240	-49	-1 077
Income statement charge	-61	6	34	-4	-25
Acquisition of subsidiary	-2	0	0	0	-2
At 31st of December 2010	-842	-4	-206	-53	-1 104
Income statement charge	-110	5	15	66	-25
Directly charged to equity	0	0	0	2	2
Acquisition of subsidiary	25	0	0	0	25
At 31st of December 2011	-928	1	-191	15	-1 103

Deferred tax assets	Provisions	Tax losses	Other	Total
At 1st of January 2009	428	53	197	678
Income statement charge	-100	76	-21	-45
Norwegian correctional tax	0	0	-46	-46
Acquisition of subsidiary	6	0	0	6
At 31st December 2010	334	129	130	593

Income statement charge	-29	30	28	29
Norwegian correctional tax	0	0	57	57
Tax effect Group contribution	0	2	-33	-31
Acquisition of subsidiary	0	0	-26	-26
At 31st of December 2011	305	162	156	623

Income tax expense	**2011**	**2010**
Tax payable	1	7
Change in deferred tax	-5	70
Total income tax expense	-4	77
Tax payable in income tax expense	1	7
Prepaid taxes	0	-6
Total tax payable on balance sheet	1	1

The tax on the Group's profit before tax deviates from the amount calculated using the Group's weighted average tax rate. Explanation of the deviation is as follows:

	2011	**2010**
Net income before tax	-130	331
28 % of net income before tax	-36	93
Non-taxable income	-27	-44
Non-fiscal deductible expenses	13	20
Too much/little tax charged in prior years	1	2
Fiscal loss concerning unrecognized deferred tax assets	45	6
Income tax expense	-4	77

Deferred tax assets regarding forwarded fiscal loss are recognized when it is probable that the Group will utilize the losses towards future taxable surplus. The Group did not recognize deferred income tax assets of 160 MNOK (2010: 115 MNOK) in respect of losses amounting to 595 MNOK (2010: 424 MNOK).

Weighted average tax rate was 3 % (2010: 20 %).

20 Retirement benefit obligations and similar obligations

The companies in the Group has several collective pension agreements that are handled by the Norwegian Public Service Pension Fund (SPK) or insurance companies that for the Norwegian companies satisfies the demands according to the law on public pension. The obligations connected to these agreements covers 6214 employees and 3507 retirees. The retirement benefit plans entitle defined future services that mainly are dependent on the number of contribution years and wage level at the time of retirement. The pension benefits received are coordinated with the National Insurance scheme and will also be dependent on its benefits paid out.

The companies have, through tariff agreements, retirement benefit obligations in affiliation with Early Retirement Pension Regulated by Contract (AFP). Obligations through this agreement cover 6214 active members.

The additional defined benefit pension plan agreement for top leadership is not funded and will be paid through operations.

In addition, there are defined contribution plans in Norway that covers 3 679 employees.

Most of the Groups' employees in Sweden have pension rights and the companies' obligations are funded in a Multiemployer plan that covers 1 648 active members.

The plan is a Multiemployer plan and the employer is responsible for the benefits until they have completely covered the payments. According to the statement from Redovisningsrådet this is a performance based settlement. It has so far not been possible to obtain sufficient information to calculate and allocate obligations and assets from this plan, and therefore is treated as a defined contribution plan. The companies have not received actuary estimates for any of the fiscal from 2007 until today. This is a problem connected to most companies with a retirement benefit obligation with the Multiemployer plan in Sweden. In consultation with *Föreningen auktoriserade revisorer* we assume that the agreement is in balance and therefore use the payments of the period as the cost of the period.

The pension agreements in Denmark are defined contribution plans and therefore the companies have no pension obligation that are not already covered by the contribution paid. The plan covers 427 active members.

In the tables below, employment taxes (notional numbers) are included in both gross obligations and this years expense.

Specification of net defined benefit pension plan obligations.

Pension retirement obligations are as follows:

	2011	2010
Present value of earned pension rights for funded collective pension plans	-10 244	-8 854
Fair value of plan assets	6 821	6 520
Present value of unfunded obligations	-3 423	-2 334
Unrecognised actuarial losses	-89	-55
Net pension obligation on the balance sheet	2 624	1435
for funded collective pension plans	**-888**	**-954**

Changes in pension retirement obligations:

	2011	2010
Book value 1st of January	-954	-1 321
Expense charges in the income statement	-427	-163
Obligation due to acquisition/termination	0	53
Payments to plan	-205	218
Actuarial deviations	698	259
Book value at 31st of December	**-888**	**-954**

Pension assets

	2011	2010
Assets in programs at the beginning of the year	6 520	5 951
Payments received during the year	434	472
Payments made during the year	-229	-254
Acquisition	-40	27
Expected return on plan assets	310	339
Actuarial deviations in the estimates	-175	-15
Book value 31st of December	**6 821**	**6 520**

Pension expenses included in the accounts

	2011	2010
Defined benefit pension plan		
Present value of current pension earnings	357	328
Interest cost	318	345
Expected return on plan assets	-309	-340
Changes and deviations in estimates allocated to net income	67	32
Effect on changing AFP	0	-49
Effect of change in index and life expectancy	0	-145
Employee contribution	-6	-8
Total, included in employee benefit expense	**427**	**163**
Defined contribution plan		
Employer's contribution	96	72
Total pension expenses (included in note 24)	**523**	**235**

Sensitivity is different for the separate companies in the estimates. The sensitivity is also influenced by the age of employees and therefore the remaining earning period for the members. The following table can illustrate the effects by a 1 % change in assumption for;

Discount rate	Changed obligation by	+/- 15-22 %
Salary growth rate	Changed obligation by	+/- 10-14 %

The last few years' development in the pension obligation shows the following:

	2011	2010	2009	2008	2007
INCOME STATEMENT					
Current service cost	351	320	365	347	351
Interest cost	318	345	313	389	311
Current returns on plan assets	-309	-340	-312	-276	-240
Current estimation differences	67	-163	57	48	54
Total cost in the income statement	**427**	**163**	**424**	**508**	**476**
BALANCE SHEET					
Total obligations	-10 333	-8 910	-7 963	-8 277	-8 378
Pension assets	6 821	6 520	5 951	5 589	5 211
Total net not covered	-3 512	**-2 389**	**-2 012**	**-2 688**	**-3 167**
Estimation, net	2 624	1 435	691	1 362	1 974
Total on the balance sheet	**-888**	**-954**	**-1 321**	**-1 326**	**-1 193**

% change in the discount rate changes the obligation between 15 and 22 %.

The following parameters have been used in the calculations the last few years:

	2011	2010	2009	2008	2007
Discount rate	2,80 %	3,80 %	4,50 %	4,00 %	4,90 %
Expected rate of return	4,00 %	4,60 %	5,60 %	5,50 %	5,24 %
Average salary increase	3,30 %	3,50 %	4,00 %	4,25 %	4,70 %
G-regulation	3,20 %	3,75 %	4,00 %	4,25 %	4,25 %
Estimation : % of max (PBO, pension assets)	10,00 %	10,00 %	10,00 %	10,00 %	10,00 %
Annual reg. of pension increases	2,45 %	3,00 %	4,25 %	4,25 %	4,25 %
Average social security tax	14,1 %	14,1 %	14,1 %	14,1 %	14,1 %

The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet day is as following:

- Men	17 years
- Women	20 years

Assumptions regarding future mortality are based on actuarial-, published statistics and experience in each territory recommendations in the separate countries. Mortality expectations in Norway are based on the mortality table known as the K2005.

21 Provisions for other liabilities and charges

Provision for liabilities and charges 2011	**Environment. pollution**	**Reorganization obligation**	**Other**	**Total**
At 1st of January	110	54	130	294
Change in provision during the year	0	0	40	40
Used during year	0	-6	-48	-54
Total	**110**	**48**	**122**	**280**

Provision for liabilities and charges 2010	**Environment. pollution**	**Reorganization obligation**	**Other**	**Total**
At 1st of January	110	59	114	283
Change in provision during the year	0	0	32	32
Used during year	0	-5	-17	-22
Total	**110**	**54**	**129**	**293**

Analysis of total provisions:	2011	2010
Non-current liabilities	250	293
Current liabilities	31	0
Total	281	293

Severance – reorganization liability
In connection with formation of NSB AS the company acquired a liability to refund pay for employees who are laid off due to redundancy before 1st of January 2005. NSB was however compensated with a limited calculated amount, which is included as a reorganization obligation in other long-term debt on the balance sheet.

Work related injuries
Compensation for work related injuries which occurred during the period from 1st of January 1990, until the formation of NSB BA 1st of December 1996 are covered by the company. To account for these estimated liabilities, accruals have been made for both expectations of cases currently being handled and justifiable cases not yet reported.

Environmental pollution
As a train and workshop operator as well as a real estate owner, the NSB-Group has a considerable responsibility for pollution which occurs due to operations. A quantification of any known liabilities is accrued for on a continuous basis. The accrual is reversed based on actual cost as the clean-up processes.

Polluted ground – land sold
Creosote pollution has been discovered on some occasions when selling land. When NSB BA was formed the pollution was known but not the extent. No accruals were made since NSB BA was not the polluter.

Polluted ground – developmental land
Examination of the ground indicates environmental liabilities. When identifying developmental projects, costs are taken into consideration when ground is prepared. This includes costs related to polluted soil which is included in the project cost.

Preserved buildings – maintenance liability
If preserved buildings are used commercially, running maintenance is done. If preserved buildings are not used commercially accruals are made for future maintenance, unless it is likely that the maintenance is covered by future tenants or owners.

Legal disputes
The NSB-Group is involved in legal disputes. Accruals are made for disputes where it appears to be a probable and qualified risk of loosing.
Liquidated operations
2011 includes accruals for liquidating freight traffic in Sweden.

22 Trade and other payables

Trade and other payables	2011	2010
Trade payables	815	779
Social security and other taxes	137	24
Other current liabilities	2 557	2 369
Total	3 509	3 172

The amount due to related parties is in 2011: 4 MNOK (2010: 3 MNOK).
Book value of trade and other payables corresponds to fair value. Other current liabilities include pre-paid revenue, periodizated payroll and related expenses as well as other periodizated expenses.

23 Contract losses

For 2011, there is a 16,2 MNOK accrual (2010: 12 MNOK) for future contract losses in the bus and train operations, where 5,1 MNOK (2010: 0 MNOK)is related to passenger trains operations and 11,1 MNOK (2010: 16 MNOK) is related to bus operations.

24 Payroll and related expenses

	2011	2010
Wages and salaries, including employment taxes	5 476	5 062
Pension costs – defined contribution plans (note 20)	96	72
Pension costs – defined benefit plans (note 20)	427	163
Other employee benefit expenses	76	73
Total	6 075	5 370

Benefits for Chief Executive Officer and key management are referred to in the note for related-party transactions (note 30).

	2011	2010
Average man-labour year	10 487	9 992
Average number of employees	12 840	12 136

The calculation is based on a weighted average based on the true number of man-labour year throughout the year.

25 Depreciation, amortisation and impairment

	2011	2010
Depreciation non-current assets (note 7)	1 150	1 026
Impairment non-current assets (note 7)	27	20
Depreciation investment property (note 8)	32	40
Impairment investment property (note 8)	0	-1
Amortisation intangible assets (note 6)	20	20
Impairment intangible assets (note 6)	57	47
Total	1 286	1 152

26 Other expenses

	2011	2010
Sales- and overhead expenses	839	763
Energy used in operations	1 016	911
Repair and maintenance, machinery rental, property expenses	1 386	1 271
Other operating expenses	1 519	1 333
Total	4 760	4 278

	2011	2010
Auditing fees (excluding VAT):		
Auditing	6	7
Tax advisory	1	0
Other services	1	1
Total	**8**	**8**

27 Financial income and expenses

	2011	2010
Interest income	399	314
Dividend	10	11
Other financial income	3	2
Net foreign exchange gains	84	24
Total financial income	496	351

Interest expense	-510	-373
Other financial expenses	-24	-11
Net foreign exchange losses	-84	0
Total financial expenses	**-618**	**-384**
Unrealised value changes	**-220**	**-25**
Total financial items	**-342**	**-58**

Fair value changes to financial instruments, due to changes in own credit risk is 0 both years.

28 Leases

	2011	2010
Lease of machinery/equipment, not incl. On the balance sheet	111	89
Lease of property (external)	137	76
Total	248	165

29 Financial risk management

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The target for return on capital for the NSB-Group has been set at 7,2 % of the operations equity. The Group manages some of its excess liquidity in interest bearing products like deposits, certificates and bonds, according to guidelines prepared by the Board of Directors. The board adopts principles for the main course of risk management and gives guidelines for specific risk areas. In accordance with the guidelines' demand of security, spread of risk and liquidity, NSB will maximize the return of the managed capital.

The total risk for capital mangement should be low. Placements are supposed to in interest bearing products in Norwegian kroners and credit limits for the Groups' placements have been decided.

NSB has a high credit rating. Standard & Poor's and Moody's have given NSB credit ratings on long term debt of AA- and Aa2 respectively.

Financial risk factors

Risk management is carried out by a centralized Group treasury department. Group treasury identifies, evaluates, and hedges financial risk in co-operation with the Group's operating units.

The Group's activities results in various types of financial risk: market risk (foreign exchange-, interest rate-, and price risk), credit risk and liquidity risk. The Group's risk management policy focuses on the capital markets unpredictability and through management strive to minimize the potential negative effects on the Group's financial results. The Group uses financial derivatives to hedge certain risks.

Market risk

Foreign exchange risk

Foreign currency exchange risk due to fluctuations of the foreign currency rates will result in changes to the Group's income statement, balance sheet or cash flows.

The Group operates in the Nordic region and makes purchases from foreign suppliers and is therefore exposed to foreign currency exchange risk. The Group minimizes its foreign currency exchange risk by entering into agreements in NOK, as it has when purchasing new trains. The goal is to be predictable regarding future payments measured in NOK.

All debt in foreign currenc y is secured through foreign exchange swaps and changes in value is offset by fair value change to the derivatives. The Group is therefore not exposed to foreign currency exchange risk on debt instruments.

The Group has certain investments in foreign subsidiaries, whose net assets are exposed to foreign currency exchange risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Interest rate risk
Interest rate risk is the risk for the fair value of the financial instrument or future cash flows to fluctuate due to changes in the market rate.

The Group is exposed to changes in interest rates. The parent company uses interest rate swaps to reduce interest rate risk and to achieve preferred duration on its debt portfolio.The goal is to reduce risk related to possible future interest rate increases, and create more predictability regarding future interest payments. Guidelines have been established to regulate the share of loans that should be interest rate regulated within a twelve month time frame, and for the duration of the portfolio.

Swaps entered into creates risk for change to booked fair value when measuring against long term interest level.

Sensitive evaluations as at 31.12.2011
Interest rate risk is calculated using the Group's long term loans with corresponding interest rate swaps.
Interest rate risk by changing the rate by 50 basis points results in a calculated risk of fair value change of 115 MNOK (2010: 50 pts. 30 MNOK). This calculation is based on a probable development of the interest rate level in the next period.

Since the Group doesn't have any considerable interest bearing assets, the Group's net income and cash flow from operations is not affected by changes to the market rate.

Other price risk
The Group is exposed to price risk related to electricty and diesel used for the transport- and real estate operations .The Group hedges future electricity and diesel prices. The goal is to achieve lower and more predictable prices over time.

Liquidity risk
Liquidity risk is the potentially lack of ability to timely pay ones daily economic obligations.

NSB's management monitors the Group liquidity reserve (consists of borrowing facilities and cash equivalents) through rolling prognosis based on the Group's expected cash flow.

NSB reduces liquidity risk related to maturity of financial obligations through spreading the maturity structure, access to several financing sources in Norway and internationally, as well as sufficient liquidity to cover planned operating-, investing-, and refinancing needs without borrowing new debt within a time frame of 12 months. Liquidity consist of bank deposits, certificates and committed lines of credit. NSB's revolving credit facility is 1.500 MNOK og expires in July 2013.The committed line of credit will be renewed in 2012. The high credit rating means that NSB's ability to raise funding is good.

This table shows future maturities for the Group's liabilities as at 31.12.2011:

Liquidity risk	**< 1 år**	**1-2 år**	**2-5 år**	**> 5 år**
Short term liabilities	3 509	0	0	0
Borrowings	173	146	3 033	4 742
New trains	1 655	830	0	0
Property, plant and equipment	545	153	130	1 198
Investment property	0	0	0	2 318

Credit risk
Credit risk is the potential loss that an external part cannot meet its financial obligations to NSB. The Group's exposure to credit risk is mainly related to each seperate customer. Passenger train- and bus operations mainly sells its services on a cash basis. Credit is given to public authorities through long term agreements. Revenue from freight operations is divided between medium sized customers whose financial development is tracked through updated credit assessments. Other subsidiaries has its parent company as their main customer. The Group is therefore to a small degree exposed to credit risk.

NSB is exposed to credit risk through placement of excess liquidity with issuers of debt securities. The parent company has framework established for credit exposure against sectors and institutions based on credit assessments.

NSB has risk against its counterparties in the interest- and currency derivatives. NSB focuses on counterparty risk in its financial transactions.

NSB assesses maximum credit risk to be the following:

	2011	2010
Cash and bank deposits	1 208	1 779
Certificates (placements)	355	701
Financial derivatives	1 060	629
Trade receivable and other short term receivables	1 596	1 517
Total	**4 219**	**4 626**

The credit risk is reduced by diversifying exposure on several counterparties. Counterparty rating is closely monitored. The demand is that a counterparty should have at least an A-rating from an international rating agency. The respondent risk is constantly monitored. NSB AS has agreements that regulates judicial set-off calculations in a bankruptcy situation (ISDA agreements) with 19 banks.

Excess liquidity is placed in Norwegian bonds and certificates with short term maturity. Guidelines are established for credit exposure against several sectors, and certain sectors also have guidelines based on credit assessments.

For the wholly-owned subsidiary Finse Forsikring AS the Boar4d of Director's has approved extended limits in relation to placement of surplus liquidity. The company has made investments in four listed mutual funds on the Oslo Exchange; "Skagen Global"," Nordea Internasjonale aksjer", "Storebrand Global Quant Equity" and "Delphi kombinasjon".

The presentation shows the effect on the income statement before tax with the specification of the decline in value compared to the values at the balance sheet date.

Portfolio risk by a decline in value of 36 % gives a calculated risk of 15 MNOK (2010: 48 % -19 MNOK). This evaluation and determination of percentage for a decline in value has been reached in accordance with the Financial Supervisory Authority of Norway's regulations on reporting of stress tests for insurance companies and pension companies.

30 Related party transactions

NSB has the following related parties:

Owner
As the owner of NSB, the Ministry of Transport and Communication is a related party. In addition, other businesses owned by the Ministry of Transport and Communication will also be a related party to NSB.

Companies within the same Group
All subsidiaries, associates and joint ventures as noted in notes 2, 9 and 33 as well as other Group companies that are related parties to these companies will be a related party to NSB.

Board of Directors and key management
Persons that are key management or on the Board of Directors are also a related party to NSB.

Below is an overview of transactions, balances and guarantees to related parties

Sale of goods and services:	2011	2010
Public purchase of passenger traffic services	2 176	1 673
Sales of other goods and services	72	119
Total	2 248	1 792

Purchases of goods and services:

Purchases of goods and services	126	174

Year-end balances arising from sales/purchases of goods/services:

Receivables:	2011	2010
Associated companies	4	3
Entities owned by the Ministry of Transportation	22	28
Total	26	31

Debts:	**2011**	**2010**
Entities owned by the Ministry of Transportation	4	7
Total	4	7

Loans to related parties	**2011**	**2010**
Associated companies	44	58
Joint venture	4	32
Total	48	90

There are no borrowings from related parties.

Guarantees

NSB AS has guaranteed for the pension obligations if Nettbuss AS no longer would exist, which means that the transferring agreement of 1974 can be used. The consequence is that Nettbuss AS cannot make changes in its pension without first getting approval from the Board of Director's of NSB AS.

NSB AS has issued a guarantee of 40 MSEK on behalf of its fully owned subsidiary Svenska Tågkompaniet AB for licensing to operate trains in Värmland in Sweden.

Compensation for members of the Board and key management

(Figures in TNOK)

Members of the Board:	**Title:**	**2011**	**2010**
Ingeborg Moen Borgerud	Chairman of the board	353	342
Bjarne Borgersen	Vice chairman of the board (from 28th of June)	189	172
Tore H. Rasmussen	Member of the board	177	172
Erlend Helle	Member of the board (from 28th of June)	62	0
Tuva Barnholt	Member of the board (from 28th of June)	62	0
Christian Brinch	Vice chairman of the board (until 28th of June)	141	208
Bente Hagem	Member of the board (until 28th of June)	116	172
Øystein Aslaksen	Staff representative	177	172
Audun Sør-Reime	Staff representative	741	687
Jan Audun Strand	Staff representative	182	172
Total		2 200	2 097

All employees are included in the collective pension agreement. The agreement premium is not included above. For NSB AS the General Meeting has approved a fee for the Chairman of the Board of 359 TNOK, Vice Chairman 218 TNOK and the other board members 179 TNOK each. In addition, fees for members of the audit committee with 55 TNOK for the leader and 33 TNOK for each of the other members. Fees for the staff representatives include their wages as an employee.

2011

(Figures in TNOK)

Group management:	**Title:**	**Salary**	**Other benefits**	**Total benefits paid**	**Calculated pension-expense**
Geir Isaksen	Chief Executive Officer (from 1st of Sept.)	1 067	0	1 067	225
Einar Enger	Chief Executive Officer (until 12th of May)	1 556	102	1 658	899
Tom Ingulstad	Chief Executive Officer, Director of Pass. Train	1 685	102	1 787	799
Kjell Haukeli	Chief Financial officer	1 207	102	1 309	141
Arne Fosen	Group Director of Strategy and Development	1 645	98	1 743	340
Wenche Rasch	Group Director of Communication and Public rel.	958	100	1 058	0
Arne Veggeland	General Manager Nettbuss	1 739	145	1 884	246
Are Kjensli	General Manager CargoNet	1 642	222	1 864	535
Pål Berger	General Manager Rom Eiendom	2 746	6	2 752	1 606
Total		14 245	877	15 122	4 791

Group Director, Arne Fosen, was acting President and CEO from 13th of May until 31st of August.

2010

(Figures in TNOK)

Group management:	Title:	Salary	Other benefits	Total benefits paid	Calculated pension-expense
Einar Enger	Chief Executive Officer	2 521	210	2 731	1 844
Tom Ingulstad	Chief Executive Officer, Director of Pass. Train	1 542	103	1 645	748
Kjell Haukeli	Chief Financial officer	1 173	103	1 276	221
Arne Fosen	Group Director of Strategy and Development	1 493	99	1 592	406
Wenche Rasch	Group Director of Communication and Public rel.	329	35	364	0
Arne Veggeland	General Manager Nettbuss	1 655	181	1 836	213
Stein Nilsen	Chief Executive Officer, Director of Pass. Train	1 125	54	1 179	617
Total		9 838	785	10 623	4 049

All members in the Group management are members of their company's collective pension plan, which includes all employees. Calculated expense for additional retirement benefit is shown in the column above. A separate agreement has been entered into for the Chief Executive Officer with a pension contribution of 30 % in excess of 12G.

Certain members in Group management has a bonus arrangement which can be as high as 3 month (for the President and CEO up to 4 months) of salary in additional money paid out. The bonus is based on evaluation on key personal targets as well as the economic performance of operations and achieved customer satisfaction index. Bonuses paid out are included in salary in the table above. Other benefits include free newspaper, communication, free car and car expenses.

31 Contingencies

The group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.

Examination of the Group's properties and land indicates environmental obligations. When identifying developmental projects, costs are taken into consideration when ground is prepared.

During incorporation of NSB BA in 1996 the company statutory transferred properties belonging to the administration company NSB. The process of the statutory transfer is not yet fulfilled. For some of the transfers concerning sold properties the approval of the Norwegian National Rail Administration has been required.

32 Business combinations

The Nettbuss-Group has acquired the following subsidiaries:

2011
Last og Buss Vest AS
Industrivej 18 Skibby ApS
Industrivej 22 Skibby ApS

2010
Buss og Klima AS
Klæburuten AS og
Stadsbussarna AB.

The table below shows the allocation of the purchase amount on acquired assets and liabilities

	2011	2010
Consideration paid	10	60
Fair value of equity interest prior to this purchase, incl. in net income		9
Total value of new subsidiary	10	69

Identified assets and liabilities on the balance sheet recognised from the acquisition:

Cash and bank deposits	1	8
Property, plant and equipment	7	115
Deferred tax asset	0	2
Intangible asset	0	13
Inventories	2	0
Trade and other receivables	2	26
Trade and other payables	-6	-6
Retirement benefits and similar items	0	-35
Borrowings	0	-98
Deferred tax asset on excessive value on PPE	-1	-2
Net acquired assets	**5**	**23**
Goodwill	5	46
Total	**10**	**69**

Fair value of acquired assets and liabilities except PPE and goodwill is equivalent to book value in the acquired company. For PPE, additional value wasapproximately 1 MNOK at acquisition date in 2011, in addition to 5 MNOK allocated to goodwill.

The Nettbuss-Group has also acquired the remaining share of the following subsidiaries:

2011
Borg Buss AS (remaining share of 50 %)
Nettbuss Express AB (remaining share of 9,9 %)

2010
Telemark Kollektivtrafikk AS (remaining share of 35 %)

The effects of these transactions can be summed up as follows:

	2011	2010
Recognised amounts of non-controlling interests	19	1
Consideration paid	-12	-3
Difference adj. against equity towards the parent company's shareholders	7	-2

33 Joint ventures

The subsidiary Rom Eiendom AS interest in joint ventures is as follows:

Joint ventures:	**Year of acquisition**	**Registered office**	**Votes and profits**
Alfheim Utvikling AS	2000	Oslo	50 %
Alna Nord Utvikling AS	2000	Oslo	50 %
Grefsen Utvikling AS	2000	Bærum	50 %
Gulskogen Hage-By Utvikling AS	2005	Drammen	50 %
Sjøfront Utvikling AS	2005	Oslo	50 %
Harbitz Allé Utvikling AS	2006	Oslo	50 %
Alfheim Bolig AS	2006	Oslo	50 %
Bellevue Utvikling AS	2006	Fredrikstad	50 %
Strandsonen Utvikling AS	2007	Hamar	50 %
Jessheim Byutvikling AS	2007	Ullensaker	50 %
Oslo S Utvikling AS	2000	Oslo	33 %

The amounts below show the Group's share of assets and liabilities as well as revenue and expenses in joint ventures. The amounts are included in the Group's balance sheet and income statement:

Assets	2011	2010
Non-current assets	128	910
Current assets	1 476	462
Total	1 604	1 372

Liabilities	2011	2010
Long term liabilities	981	618
Short term liabilities	149	165
Total	1 130	783
Net assets	474	589

Income/expenses	2011	2010
Operating revenue	37	199
Operating expenses	59	154
Profit after income tax	-22	45

Oslo S Utvikling(OSU), of which NSB owns 1/3, is a development company founded with a purpose to construct property in Bjørvika, Oslo.

The most important projects in OSU is

Completed projects
The PwC-building was sold in February 2006 (forward contract) and was completed in December 2007. The gain on sale of the property is already included in a prior year.
The KLP-building was completed and transferred to its purchaser KLP in the spring of 2010. The residential section has sold 52 out of the 53 apartments as at 31.12.2011. One apartment is kept to show prospective buyers. The KLP building is included in the income statement according to IAS 11. Gains from the residential section will be included at the transfer of ownership to its purchaser according to IAS 18.
The Visma-building was sold in February 2006 (forward contract) and was completed in 2011, at a gross selling price of MNOK 920 (real estate value). Construction of the Visma-building iscarried out as a construction contract according to IAS 11 and the gain is included in revenues according to the projects progress.

On-going projects
For the Snøhettabuilding/Deloittebuilding lease agreements have been entered into with Deloitte. Expected completion is in the fall of 2013.
For the DnB-Nor buildings lease agreements have been entered into and the buildings are to be completed in 2012-2013. The contracts life is 15 years with option to extend. From mid-January 2012 an agreement has been entered into with DNB Liv about a sale of all the buildings. The transfer of risk for the buildings will be at completion.

Infrastructure projects
OSU owns 34 % of Bjørvika Utvikling / Bjørvika Infrastruktur which main business is to construct infrastructure in Bjørvika, with an estimated cost of MNOK 2 000 - 2 500. The expenses are covered by the developers with a fixed price per square meter, as well as a contribution of MNOK 300 from the County of Oslo. The timing of down payments are regulated of the project’s progress, with 30 % due at the start of construction, 50 % due when the structural work is completed and 20 % when all is construction is completed. The infrastructure contributions are included in the expense estimates related to the different buildings. All infrastructure is to be transferred to the County of Oslo without consideration.

Other projects

Grefsen Utvikling AS
Through property developer, Grefsen Utvikling AS, a large residential area is being developed at Grefsen in Oslo. The project will construct approximately 1 000 homes. Construction of the first two buildings started in 2011.

Jessheim Byutvikling AS
Through property developer, Jessheim Byutvikling AS, will construct a combined building for both residents and industry in the Countyof Jessheim. A total of 850 homes are to be constructed through this projects.

34 Events after the balance sheet date

On January 1st 2012, Nettbuss AS acquired 51 % of the shares in Fjord1 Nordvestlandske AS bus operations for 103,9 MNOK. Fjord1 has a three year sale option on the remaining 49 % of the shares. Nettbuss AS has also acquired 2 wholly owned and 2 partially owned maintenance companies from Fjord1 Vestlandske AS for 8,0 MNOK. On the same date, Fjord1 Vestlandske AS, acquired 34 % share of the stocks in Nettbuss Ekspress AS for 5,8 MNOK as part of the deal.

To the Annual Shareholders' Meeting of NSB AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of NSB AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company and the financial statements for of group comprise the balance sheet as at 31 December 2011, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for the parent company and the group NSB AS as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

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Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and statement of corporate governance principles and practices

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and statement of corporate governance principles and practices concerning the financial statements and the going concern assumption, and the proposal for coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 15 February 2012
PricewaterhouseCoopers

Geir Haglund
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

CORPORATE GOVERNANCE

1. Reporting on corporate governance
This statement is prepared according to the chapters in the Norwegian Code of Practise for Corporate Governance. NSB AS and the NSB-Group follows the Code, with exceptions because the Group is not listed on any stock exchange, is owned 100 % by the Norwegian State and has certain limits in the articles of association.
The Code is composed to ensure that companies listed on the stock exchange shall have ownership control and corporate governance that clarifies the roles between share owners, the Board of Directors and management in addition to what is included in the legislation. The recommendation shall contribute to strengthen the confidence the share holders, the capital markets and other interested parties have towards the company.

The Group Board of Directors has adopted a set of Group values and ethical as well as social responsibility guidelines which are published on the homepage of NSB AS.

2. Nature of business
NSB is a transport group with activity in Norway and other Nordic countries. The parent company, NSB AS, is owned by the Norwegian State represented by the Ministry of Transport and Communication. The Group's headquarter is in Oslo.

The Groups business as stated in the articles of association:

- *The social mission of the Company is to ensure efficient, accessible, safe and environment friendly conveyance of persons and goods*
- *The Company shall conduct passenger traffic by rail in Norway, the conveyance of persons and goods in Norway and other Nordic countries as well as activities naturally related thereto*
- *The business may be operated by the Company itself, by wholly owned subsidiaries or through other companies in which the Company holds ownership stakes or with which it collaborates. The Company may conduct business activities in other Nordic countries insofar as this contributes to the strengthening of the Company's competitiveness on the Norwegian market and/or contributes to the strengthening of the Company's ability to solve the social functions that underlie the ownership of the Company by the Norwegian State*

3. Equity and dividends
NSB AS is a state-owned limited company. This is a type of limited company where the State owns 100 % of the shares. The responsible minister or whom he/she gives authority safeguards the rights of the shareholders in the general meeting.

Important special rules for such companies are:

- The general assembly is not bound by the dividend recommendation given by the board of directors
- The Office of the Auditor General of Norway audits the management of state ownership and has a right to demand information from the CEO, the board and the external auditor

The government expects for the next three to five years that the dividend level should be 50 % of Group profit after tax, but the exact level will be decided annually. The Board has not been given authority to increase the number of shares.

4. Equal treatment of shareholders and transactions with close associates
The company has only one class of shares. They are not listed on any stock exchange and there are no share transactions.
The Ministry of Transport and Communication and NSB AS have entered into an agreement about public purchase of passenger train services on non-profitable lines. Similarly, the Ministry of Transport and Communication has entered into an agreement with NSB's subsidiary NSB Gjøvikbanen AS regarding operation of the Gjøvik line.
Guidelines on how to treat material transactions between the company and members of the Board of Directors or management is included in the Group's ethical guidelines and are also included in the instructions for the Board of Directors and the President and CEO.

5. Freely negotiable shares
The articles of association do not include any restrictions on negotiability.

6. General meetings
The general meeting consists of the government represented by the Ministry of Transport and Communication. The ministry calls the meeting. An annual ordinary meeting is held before the end of June.
The members of the Board, the CEO and the auditor have the right to attend the General Assembly meetings.

7. Nomination committee
The general meeting consists of the government represented by the Ministry of Transport and Communication. The general meeting has not appointed a nomination committee.

8. Corporate assembly and Board of Directors: composition and independence
The company does not have a corporate assembly. The Board is elected by the general meeting. The Board consists of seven to ten members. Five or six members, including the chairman and deputy chairman, are elected by the general meeting. The board members are elected for two years at a time. Two or three board members with deputies are elected by and among the employees. An agreement has been made not to have a general assembly, and therefore the employees elect a board member with deputy in addition to the above representatives.
The members of the Board of Directors are chosen based on experience, competence and ability to contribute to the development of the company. Company management can not be a member of the Board of Directors and do not own shares i the company. Information on board members is published on the homepage of NSB AS.

9. The work of the Board of Directors
The Board's work is governed by the Norwegian Companies Act, which is to manage the company's values on the behalf of the owners. The task of the Board has been determined in separate instructions. The Board follows a formal work plan on an annual basis. The plan regulates the Board's main tasks which are goal, strategy, organization and control of operations. The Board of Directors' work is evaluated annually by the Board.
The Board has established a separate set of instructions for the CEO.
The Board shall according to the principles of association ensure that the company acts socially responsible.
The Board has established audit and remunerations committees.

10. Risk management and internal control
To ensure the quality of internal control, a separate governing system has been implemented. This includes leadership documents, preparedness plans, safety procedures and processes to govern and control operations. Guidelines, routines, handbooks and authorization matrixes are in place to ensure the quality of the company's economics, accounting and financing issues.
Risk analysis of the different activities of the Group is evaluated on an annual basis, and measures are taken to control the risks. The Board annually reviews the company risk management and internal control.

11. Remuneration of the Board of Directors
Information on the compensation of the Board and key management is included in notes to the financial statement. The remuneration of the Board is not linked to the company´s performance. The shareholder elected members of the Board of Directors do not normally take on specific assignments for the company.

12. Remuneration of executive personnel
The Board of Directors hires the CEO and decides the remuneration. The board evaluates the CEO's working and salary conditions on an annual basis, and reviews the compensation of key management. The board has prepared guidelines for compensating members of the key management. The CEO has been given authority to determine remuneration for the key management within the above mentioned guidelines and principles for remuneration of management in state owned companies. Information on the compensation of the board and key management is included in notes to the financial statement.

13. Information and communications
Public information is communicated by the senior management of the Group. Financial information is published on the company's home page.

Through § 10 in the articles of association, NSB has a distinct duty to inform the shareholder about the Group's operation. Matters of principle or social significance should be communicated to the Minister of Transport and Communication before the Board of Directors makes its final decision.

Every year the Board of Directors is obliged to present to the Minister of Transport and Communication a plan for the operations of the NSB-Group which includes the following aspects:

1. An assessment of the market and the NSB-Group, including the development since the last plan
2. The Group's main activities for the next few years, including plans for major restructuring, further development and unwinding of existing operations and development of new ones
3. The level of investments, major investments and their financing
4. The Group's economic development
5. A report on measures and results regarding the company's social mission

The Board of Directors has to submit information regarding material changes of already communicated plans to the Minister of Transport and Communication.

14. Take-overs
Based on the state ownership this part of the code is not considered relevant for the company.

15. Auditor
The auditor is elected by the general meeting. The auditor submits annually a Management Letter to the Board of Directors, reporting the main findings from the audit of the company and status regarding management and internal control. The Board of Directors hosts an annual meeting with the auditor where the CEO will not be present. The auditor attends the general meeting.
The remuneration of the auditor is included in notes to the financial statement.