
DnB NOR Bank

International Bond Portfolio

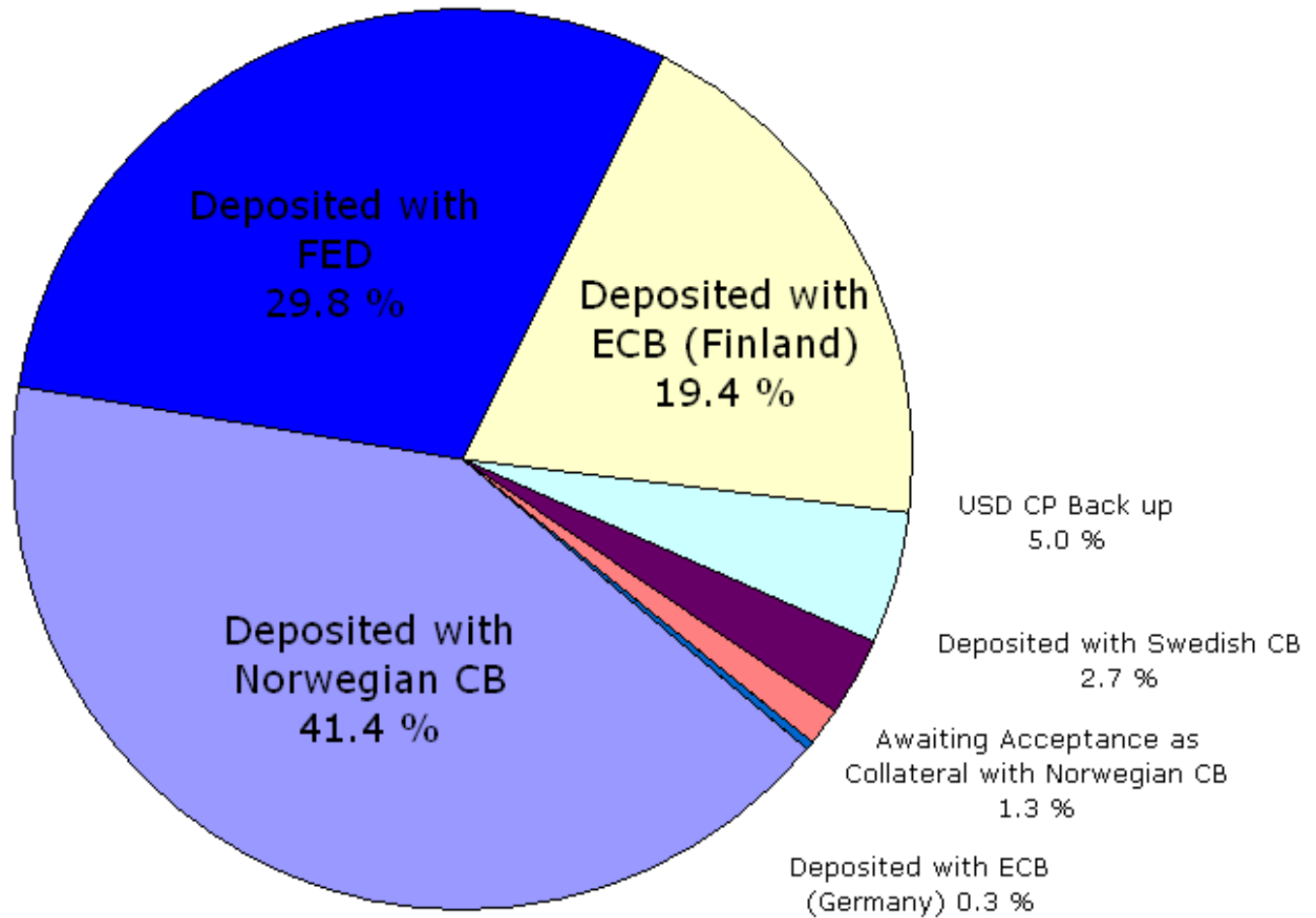
Update Q3, 2011

October 27, 2011

International Bond Portfolio

- The portfolio may be deposited with Central Banks or used as collateral elsewhere
 - May be used to raise multi currency liquidity through Central Banks' Liquidity Operations and as such represents a liquidity reserve
 - Supports DnB NOR's NOK clearing function
- Fulfils rating agency requirements
- Portfolio size and reinvestments reflect evolving regulatory requirements
 - Starting 2011 and going forward, reinvestments are made in Basel 3 LCR compliant bonds booked in a trading portfolio

100% is Used as Collateral



Portfolio Overview

- Size € 14,846 million
- Rating distribution¹:
 - AAA 91.3 %
 - AA 4.8 %
 - A 2.5 %
 - Lower 1.4%
- 30.5% Sovereign exposure. The remainder is predominantly European and Australian RMBS, and European covered bonds.

¹ Throughout this presentation, using Moody's, S&P and Fitch, rating is defined as best of two or median of three, depending on how many ratings a security has.

Portfolio Details on Exposures & Ratings

	VOLUME (EUR mn)	% OF PORTFOLIO	% OF ASSET CLASS	AAA	AA	A	BBB	BB	B	<B
TOTAL PORTFOLIO	14,846	100.0 %	100.0 %	91.3 %	4.8 %	2.5 %	1.2 %	-	0.1 %	-
RMBS TOTAL	7,748	52.2 %	100.0 %	85.8 %	7.8 %	4.2 %	2.2 %	-	-	-
RMBS - UK	2,074	14.0 %	26.8 %	96.6 %	3.4 %	-	-	-	-	-
RMBS - NETHERLANDS	1,826	12.3 %	23.6 %	100.0 %	-	-	-	-	-	-
RMBS - AUSTRALIA	1,590	10.7 %	20.5 %	100.0 %	-	-	-	-	-	-
RMBS - SPAIN	1,263	8.5 %	16.3 %	65.8 %	29.9 %	4.3 %	-	-	-	-
RMBS - ITALY	377	2.5 %	4.9 %	100.0 %	-	-	-	-	-	-
RMBS - IRELAND	310	2.1 %	4.0 %	-	32.3 %	36.5 %	31.2 %	-	-	-
RMBS - PORTUGAL	291	2.0 %	3.8 %	-	19.1 %	54.9 %	26.0 %	-	-	-
RMBS - KOREA	17	0.1 %	0.2 %	100.0 %	-	-	-	-	-	-
SOVEREIGN TOTAL¹	4,531	30.5 %	100.0 %	100.0 %	-	-	-	-	-	-
COVERED BONDS TOTAL²	2,217	14.9 %	100.0 %	100.0 %	-	-	-	-	-	-
CORPORATE LOANS³ - TOTAL	193	1.3 %	100.0 %	25.1 %	44.3 %	19.8 %	-	-	10.9 %	-
CORPORATE LOANS - GERMANY	123	0.8 %	63.6 %	-	69.6 %	30.4 %	-	-	-	-
CORPORATE LOANS - SPAIN	30	0.2 %	15.4 %	100.0 %	-	-	-	-	-	-
CORPORATE LOANS - DENMARK	21	0.1 %	10.9 %	-	-	-	-	-	100% ⁴	-
CORPORATE LOANS - UK	20	0.1 %	10.1 %	96.0 %	-	4.0 %	-	-	-	-
CONSUMER CREDIT - TOTAL	156	1.1 %	100.0 %	75.0 %	20.4 %	-	4.5 %	-	-	-
CONSUMER CREDIT - USA	82	0.6 %	52.6 %	91.4 %	-	-	8.6% ⁵	-	-	-
CONSUMER CREDIT - SPAIN	48	0.3 %	30.4 %	32.8 %	67.2 %	-	-	-	-	-
CONSUMER CREDIT - FRANCE	18	0.1 %	11.4 %	100.0 %	-	-	-	-	-	-
CONSUMER CREDIT - AUSTRALIA	9	0.1 %	5.6 %	100.0 %	-	-	-	-	-	-

¹ USA, Nordics, Germany, Netherlands, France, Australia and Supranationals.

² UK, Netherlands, France and Sweden.

³ The Corporate loan exposure includes EUR 0.8 mn insurance exposure (0.005% of total portfolio).

⁴ and ⁵ The underlying portfolios consist of Danish subordinated bank debt and US private student loans, respectively.

Portfolio RMBS Exposures: Further Details

Jurisdiction	Volume (EUR mn)	Average delinquencies > 90 days	Cumulative losses on underlying loans (covered by excess spread/reserve fund)	Average Loan to Original Value (LTV) ratio	Average seasoning (months)	Average current credit enhancement (CE) %	CE / Delinquencies > 90 days	Lowest rating (Moody's/S&P/Fitch)	House price inflation last 6 1/4 years ¹	Unemployment ²	Interest rate level ³
UK	2,074	2.08 %	0.23 %	66.12 %	61.50	18.07 %	8.7	Aa2(neg)/A+/AAA	12.7 %	7.8 %	0.50 %
Netherlands⁴	1,826	0.64 %	0.24 %	82.48 %	65.16	9.44 %	14.7	Aaa/AA-/AAA(neg)	9.2 %	5.4 %	1.50 %
Australia⁵	1,590	0.74 %	0.10 %	57.47 %	77.08	8.69 %	11.8	A1/AA/AAA	45.1 %	5.2 %	4.75 %
Spain	1,263	2.64 %	1.16 %	53.94 %	94.18	10.00 %	3.8	A1/A/BB	4.0 %	21.2 %	1.50 %
Italy	377	1.37 %	2.43 %	40.95 %	90.20	15.85 %	11.6	Aaa/AA-/AAA	17.3 %	7.9 %	1.50 %
Ireland	310	7.37 %	0.01 %	63.53 %	79.13	14.15 %	1.9	Baa2/BBB+/BBB	-22.7 %	14.3 %	1.50 %
Portugal	291	3.07 %	2.88 %	57.57 %	98.13	9.99 %	3.3	Baa3/BBB-/BBB-	-3.7 %	12.1 %	1.50 %
Korea	17	0.14 %	0.00 %	51.56 %	78.19	25.94 %	183.8	Aa1/AAA(neg)/AAA	31.9 %	3.2 %	3.25 %
Tot / Weighted Avg⁶	7,748	1.77 %	0.55 %	64.53 %	74.40	12.25 %	10.0	Aaa/AAA/AAA	15.33 %	9.29 %	1.90 %

Sources: ¹ Datastream (quarterly figures including 2Q11 for all countries (monthly including September 2011 for Korea) applied for 6 ¼ years – to replicate the WA seasoning in the portfolio), ² Bloomberg. ³ Central Bank rates as at September 30, 2011. ⁴ Average LTV ratios for Dutch mortgages are higher than the average of the other jurisdictions. This is due to a) the Dutch tax model and b) the fact that in Holland, this figure actually represents the Loan-To-Foreclosure-Value (LTFV) where a theoretical foreclosure price is used in the denominator (considerably lower than market value, which is the parameter used in other jurisdictions). In General, the market perception is that Dutch RMBS are of extremely high quality. ⁵ Average Credit Enhancement for Australian RMBS are lower than the average of other jurisdictions. This is due to the fact that losses on the underlying mortgages are insured in Australian RMBS, making the bond rating less dependent on credit enhancement. The AAA ratings on Australian RMBS are thus partially dependent on the rating of the lenders mortgage insurance (LMI) companies. This dependence is only partial at origination (a downgrade buffer of several notches is usually provided for) and the dependence is reduced gradually over time following the amortization of the tranches, until the rating is completely independent of the rating of the LMIs. ⁶ Of the volume of RMBS in the portfolio, 86.7% holds at least one AAA rating.

RMBS Buffers

What it Takes to Lose the First Cent on a AAA RMBS

1. Borrower default

Linked to rising unemployment and rising interest rates.

Current 90+ days portfolio delinquencies is 1.77%. Very limited losses.

2. Realisation of collateral below loan balance

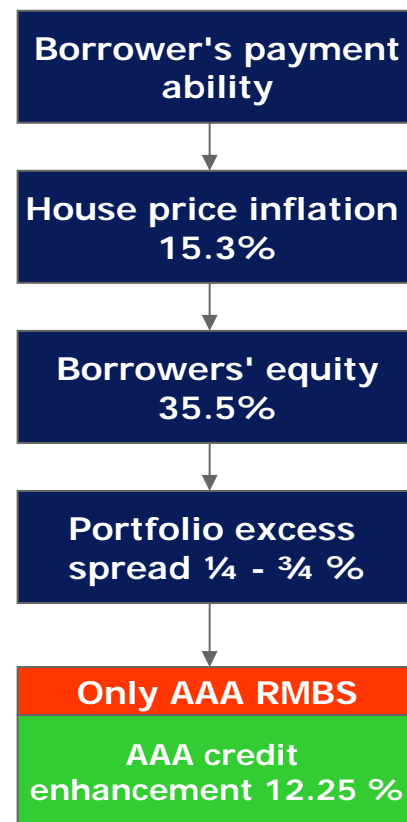
Requires both reversal of house price increase since mortgage was granted (portfolio average 74 months seasoning = **15.3%** house price inflation) and house price decline exceeding borrowers equity (portfolio average **35.5%**).

3. Loss exceeding acc. excess spread in portfolio

The first losses in a portfolio will be covered by the accumulated net excess spread (**0.25% - 0.75%**) the portfolio generates annually.

4. AAA subordination

Any further losses will be covered by lower rated tranches and reserve fund. This Credit Enhancement equals **12.25%** on average in the portfolio.



Portfolio Exposures to Peripherals

	2Q2007 EUR mn	3Q2011 EUR mn	% of Portfolio	Types of Exposures	AAA	AA	A	BBB
Portugal	604	291	2.0 %	RMBS only	-	19.1 %	54.9 %	26.0 %
Ireland	386	310	2.1 %	RMBS only	-	32.3 %	36.5 %	31.2 %
Italy	404	377	2.5 %	RMBS only	100.0 %	-	-	-
Greece	-	-	-	None	-	-	-	-
Spain	2,574	1,341	9.0 %	RMBS, corporate loan & consumer loan ABS	65.4 %	30.5 %	4.1 %	-

There have been no reinvestments in Portuguese, Irish nor Spanish assets since the outset of the financial crisis.