

DNB Bank  
International Bond Portfolio

As of June 26, 2013

The logo for DNB Bank, consisting of the letters 'DNB' in a teal, sans-serif font. A vertical teal line is positioned to the right of the letters, extending from the top of the 'D' down to the bottom of the 'B', passing behind the 'N'.

## 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's NOK clearing function
- Fulfils rating agency requirements
- Portfolio size and reinvestments reflect evolving regulatory requirements
  - Since 2011 and going forward, reinvestments are made in Basel 3 LCR compliant bonds booked in a trading portfolio

# Portfolio Overview

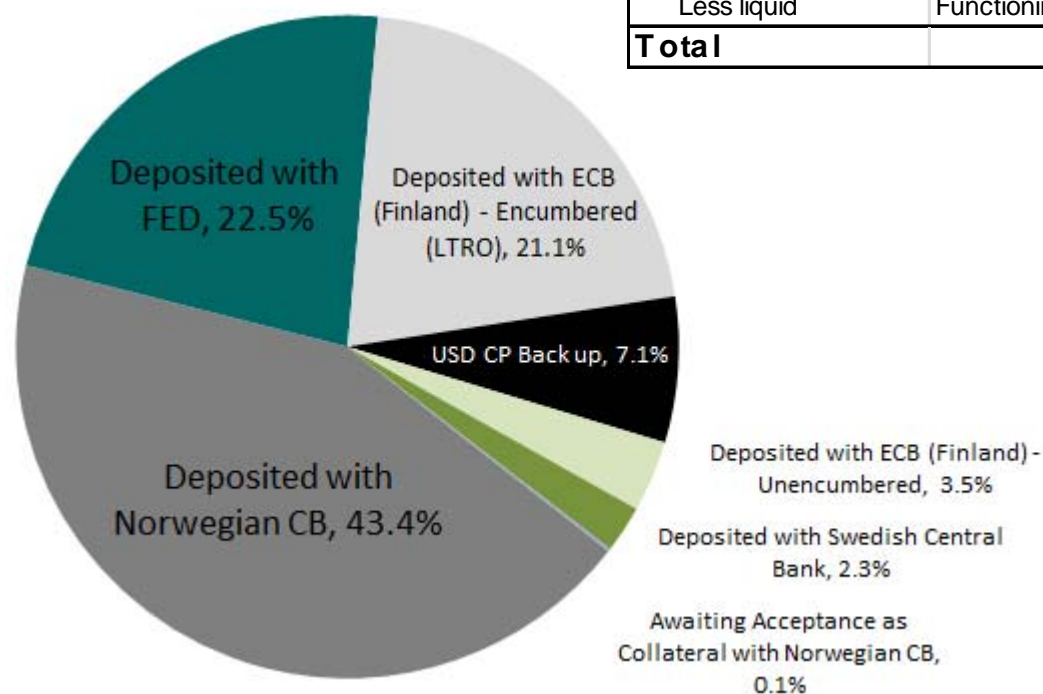
- Total Portfolio size: € 16,884 million
  - Covered Bonds € 7,161 million
  - European/Australian RMBS/ABS € 4,873 million
  - Sovereign Exposure € 4,850 million
  
- Rating distribution<sup>1</sup>:
  - AAA 82.8 %
  - AA 12.0 %
  - A 1.6%
  - BBB 1.9 %
  - Lower 1.6 %

98.4 % investment grade

<sup>1</sup> 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.

# Collateral Use and Liquidity

Asset type		EUR mn	%
<b>Covered Bonds</b>		<b>7,161</b>	<b>42.4 %</b>
<b>Sovereign Exposure</b>		<b>4,850</b>	<b>28.7 %</b>
<b>RMBS/ABS</b> (of which see below)		<b>4,873</b>	<b>28.9 %</b>
Encumbered through LTRO		3,552	21.0 %
Liquid	Very well functioning primary & 2ndary mkts	839	5.0 %
Less liquid	Functioning secondary markets	482	2.9 %
<b>Total</b>		<b>16,884</b>	<b>100.0 %</b>



# Portfolio Details on Exposures & Ratings

	VOLUME (EUR mn)	% OF PORTFOLIO	% OF ASSET CLASS	AAA	AA	A	BBB	BB	B	<B
<b>TOTAL PORTFOLIO</b>	<b>16,884</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>82.8 %</b>	<b>12.0 %</b>	<b>1.6 %</b>	<b>1.9 %</b>	<b>1.4 %</b>	<b>0.1 %</b>	<b>0.1 %</b>
<b>COVERED BONDS TOTAL <sup>1</sup></b>	<b>7,161</b>	<b>42.4 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	-	-	-	-	-	-
<b>SOVEREIGN TOTAL <sup>2</sup></b>	<b>4,850</b>	<b>28.7 %</b>	<b>100.0 %</b>	<b>80.5 %</b>	<b>19.5 %</b>	-	-	-	-	-
<b>RMBS TOTAL</b>	<b>4,788</b>	<b>28.4 %</b>	<b>100.0 %</b>	<b>60.9 %</b>	<b>20.9 %</b>	<b>5.6 %</b>	<b>6.8 %</b>	<b>5.1 %</b>	<b>0.3 %</b>	<b>0.0 %</b>
RMBS - UK	1,262	7.5 %	26.4 %	94.3 %	5.7 %	-	-	-	-	-
RMBS - SPAIN	1,009	6.0 %	21.1 %	-	67.5 %	10.6 %	14.1 %	4.6 %	1.5 %	1.7% <sup>3</sup>
RMBS - AUSTRALIA	869	5.1 %	18.2 %	100.0 %	-	-	-	-	-	-
RMBS - NETHERLANDS	856	5.1 %	17.9 %	100.0 %	-	-	-	-	-	-
RMBS - IRELAND	293	1.7 %	6.1 %	-	-	-	34.1 %	65.9 %	-	-
RMBS - PORTUGAL	252	1.5 %	5.3 %	-	-	64.8 %	33.2 %	1.9 %	-	-
RMBS - ITALY	248	1.5 %	5.2 %	-	100.0 %	-	-	-	-	-
<b>CORPORATE LOAN ABS - TOTAL</b>	<b>75</b>	<b>0.4 %</b>	<b>100.0 %</b>	<b>2.3 %</b>	<b>94.9 %</b>	<b>2.9 %</b>	-	-	-	-
CORPORATE LOANS - GERMANY	69	0.4 %	91.1 %	-	100.0 %	-	-	-	-	-
CORPORATE LOANS - SPAIN	5	0.0 %	6.7 %	-	56.8 %	43.2 %	-	-	-	-
CORPORATE LOANS - UK	2	0.0 %	2.3 %	100.0 %	-	-	-	-	-	-
<b>CONSUMER CREDIT ABS - TOTAL</b>	<b>10</b>	<b>0.1 %</b>	<b>100.0 %</b>	<b>0.0 %</b>	<b>17.7 %</b>	<b>62.2 %</b>	<b>20.0 %</b>	-	-	-
CONSUMER CREDIT - SPAIN	8	0.0 %	80.0 %	-	22.2 %	77.8 %	-	-	-	-
CONSUMER CREDIT - USA	2	0.0 %	20.0 %	-	-	-	100.0 %	-	-	-

<sup>1</sup> Australia, Belgium, Denmark, Finland, France, Netherlands, New Zealand, Norway, Sweden, Switzerland and the UK.

<sup>2</sup> Australia, Denmark, Finland, France, Germany, Netherlands, South Korea, Sweden, USA and Supranationals. Of the 19.5% rated AA, France represents 11.3%, Supranationals 6.6% and South Korea 1.6%.

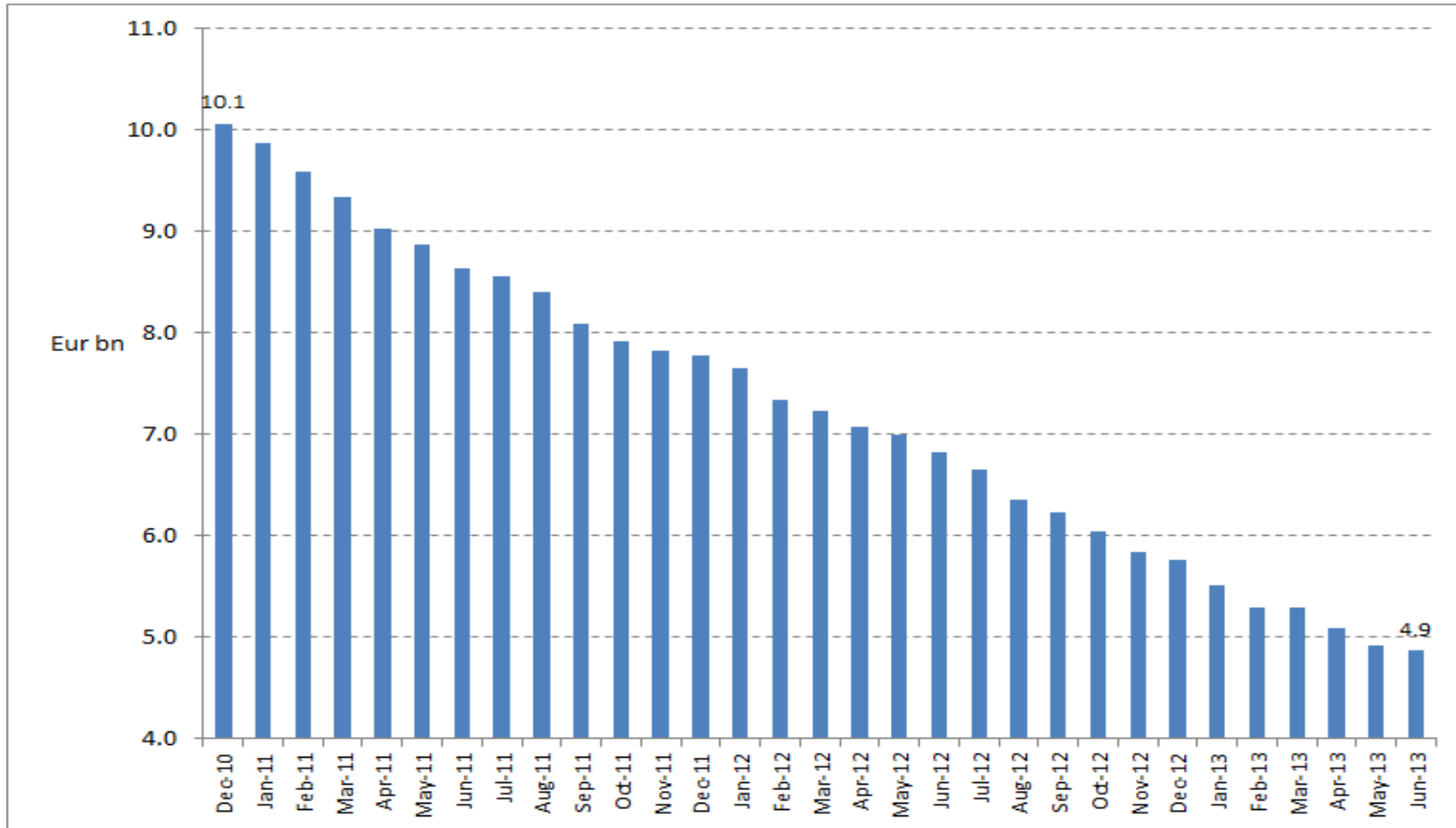
<sup>3</sup> The underlying portfolio consists of Spanish residential mortgages.

## 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 <sup>1</sup>	Unemployment <sup>2</sup>	Interest rate level <sup>3</sup>
UK	1,262	1.98%	0.07%	67.43%	79.9	24.3%	12.3	Aa2/A/AAA	6.7%	7.8%	0.50%
Spain	1,009	4.81%	0.44%	52.32%	48.9	10.5%	2.2	B2/B+/BB <sup>4</sup>	-23.8%	26.8%	0.50%
Australia	869	0.83%	0.00%	50.08%	89.7	9.3%	11.2	A1/AA-/AAA	28.0%	5.5%	2.75%
Netherlands	856	0.98%	0.23%	84.57%	79.2	9.7%	10.0	Aaa/AA-/AAA	-13.2%	8.3%	0.50%
Ireland	293	13.79%	0.09%	65.67%	101.4	15.4%	1.1	Ba3/B/BB	-48.5%	13.7%	0.50%
Portugal	252	2.61%	0.44%	61.10%	64.9	10.1%	3.9	Ba1/BB/BBB-	-18.7%	15.5%	0.50%
Italy	248	1.78%	0.03%	42.18%	71.9	22.7%	12.8	A2/AA-/AA+	3.3%	12.0%	0.50%
<b>Tot / Weighted Avg <sup>5</sup></b>	<b>4,788</b>	<b>2.93%</b>	<b>0.18%</b>	<b>62.41%</b>	<b>75.1</b>	<b>14.7%</b>	<b>8.5</b>		<b>-4.3%</b>	<b>12.5%</b>	<b>0.91%</b>

Sources: <sup>1</sup> Datastream (latest available quarterly figures applied for 6 1/4 years – to replicate the WA seasoning in the portfolio), <sup>2</sup> Bloomberg, <sup>3</sup> Central Bank rates as of Q2 2013. <sup>4</sup> One transaction (EUR 17.3mn) is rated CCC and is a special case and under special monitoring. <sup>5</sup> Of the volume of RMBS in the portfolio, 62.4% holds at least one AAA rating.

# Remaining RMBS and ABS exposure



No RMBS/ABS reinvestments have been made since December 2010.

## Portfolio Exposures to Peripherals\*

- No Greek exposures
- Of peripheral exposures, 84.7% is investment grade
- No reinvestments in Portuguese, Irish nor Spanish assets since the outset of the financial crisis
- Exposures are gradually amortizing

	2Q2013 EUR mn	1Q2013 EUR mn	2Q2012 EUR mn	2Q2007 EUR mn	Current % of Portfolio	Types of Exposures	AAA	AA	A	BBB	<BBB
<b>Spain</b>	1,021	1,059	1,194	2,574	6.0 %	RMBS, corporate loan & consumer loan ABS	-	67.1 %	11.2 %	14.0 %	7.7 %
<b>Ireland</b>	293	296	309	386	1.7 %	RMBS only	-	-	-	34.1 %	65.9 %
<b>Portugal</b>	252	257	273	604	1.5 %	RMBS only	-	-	64.8 %	33.2 %	1.9 %
<b>Italy</b>	248	263	309	404	1.5 %	RMBS only	-	100.0 %	-	-	-
<b>Greece</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,814</b>	<b>1,875</b>	<b>2,085</b>	<b>3,968</b>	<b>10.7 %</b>		-	<b>51.4 %</b>	<b>15.3 %</b>	<b>18.0 %</b>	<b>15.3 %</b>

\* Greece, Ireland, Italy, Portugal, Spain



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