



Capital Markets Day 2009

**Credit quality of
commercial real estate,
shipping and DnB NORD**

Leif Teksum, group executive
vice president

Credit policy based on future cash flow

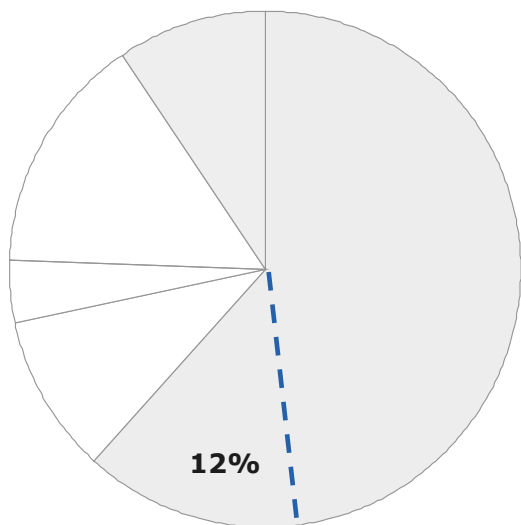
"The customer's debt service capacity is the key element when considering whether to approve a credit.

If the customer has not proven satisfactory debt service capacity, credit should normally not be extended, even if the collateral is adequate."

Key criteria in credit risk assessment of commercial real estate

Norwegian commercial real estate (%)

Exposure at default (EaD)



Quality of cash flow

Location and quality of property

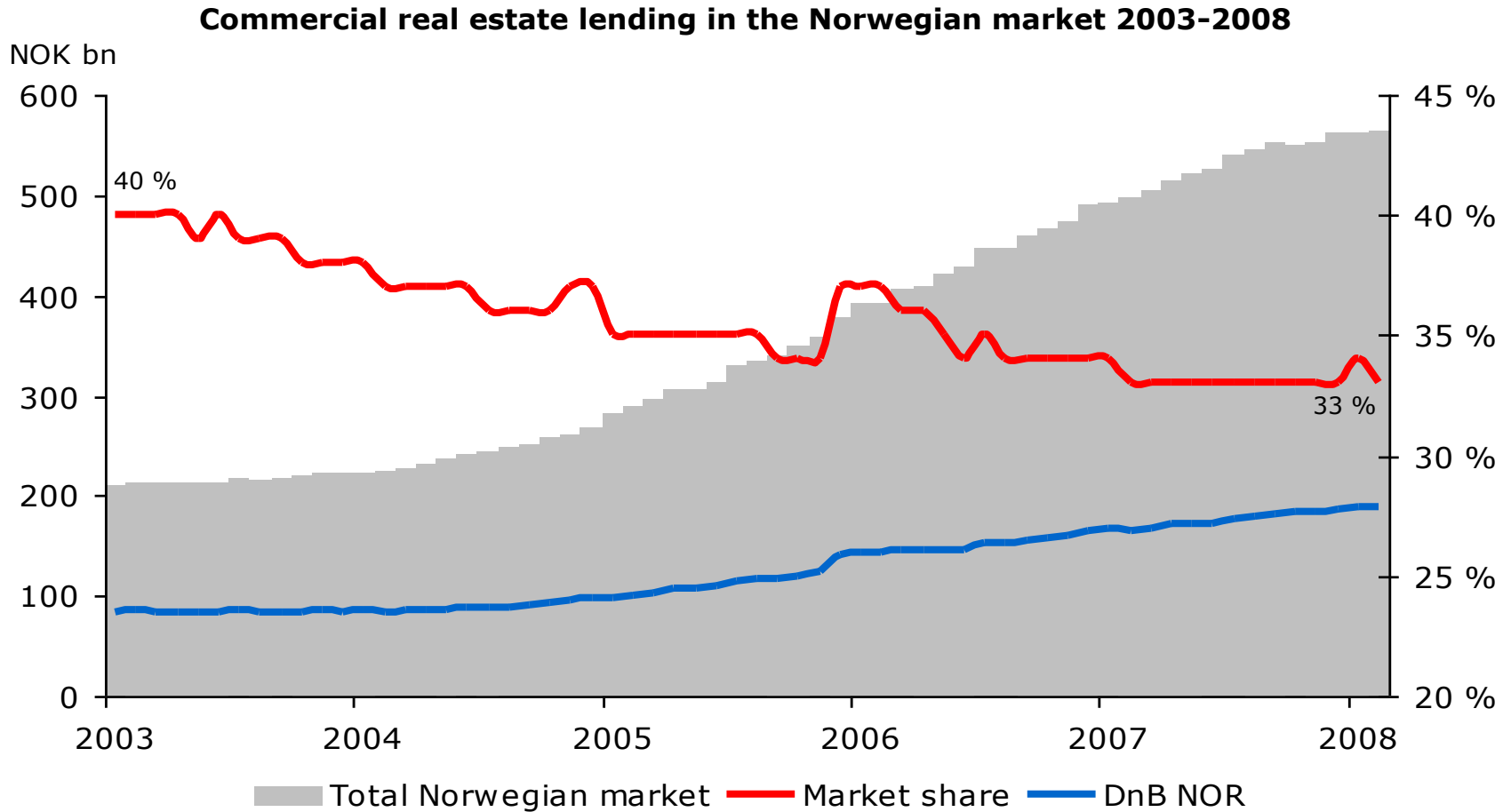
Exposure to changes in interest rates/interest coverage ratio

Experience and track record of management

Loan-to-value ratios

Residual values

Conservative credit policy results in lower market share



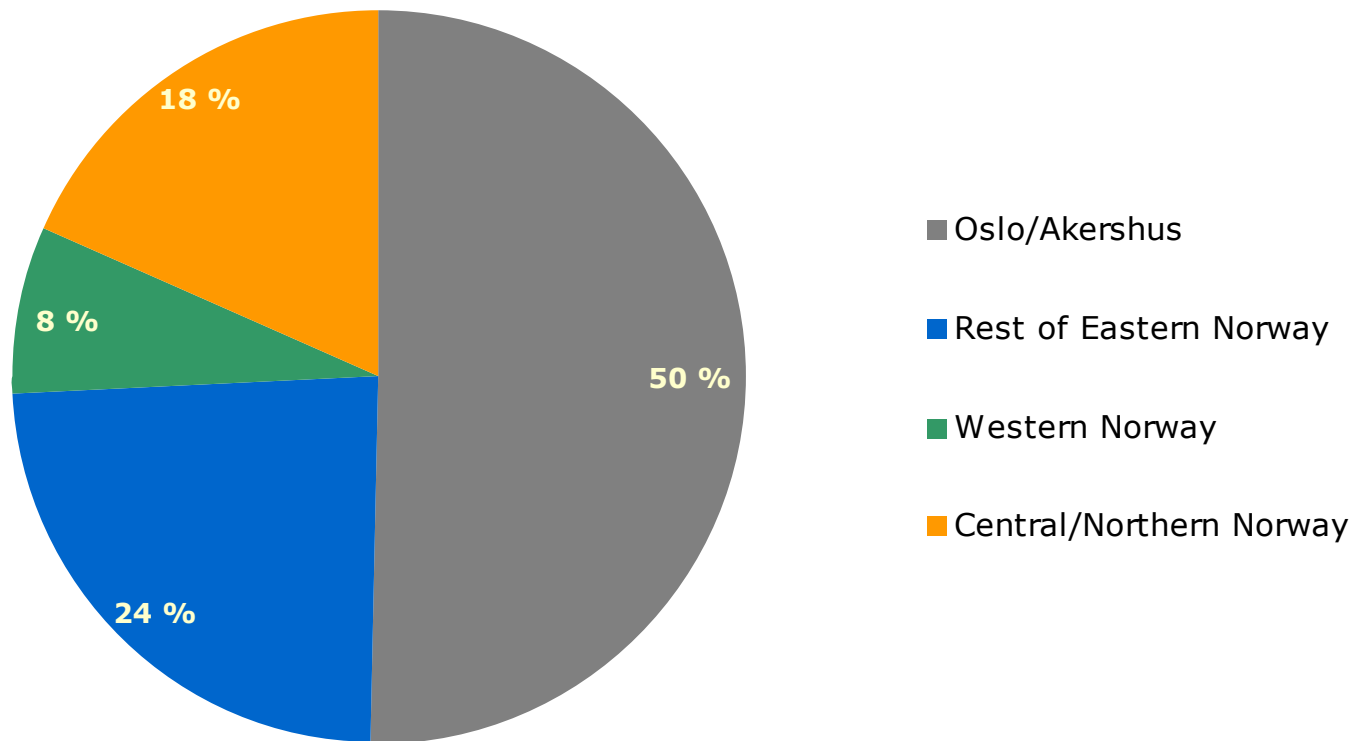
Source: Norges Bank, DnB NOR

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DnB NOR

Centred around large Norwegian cities

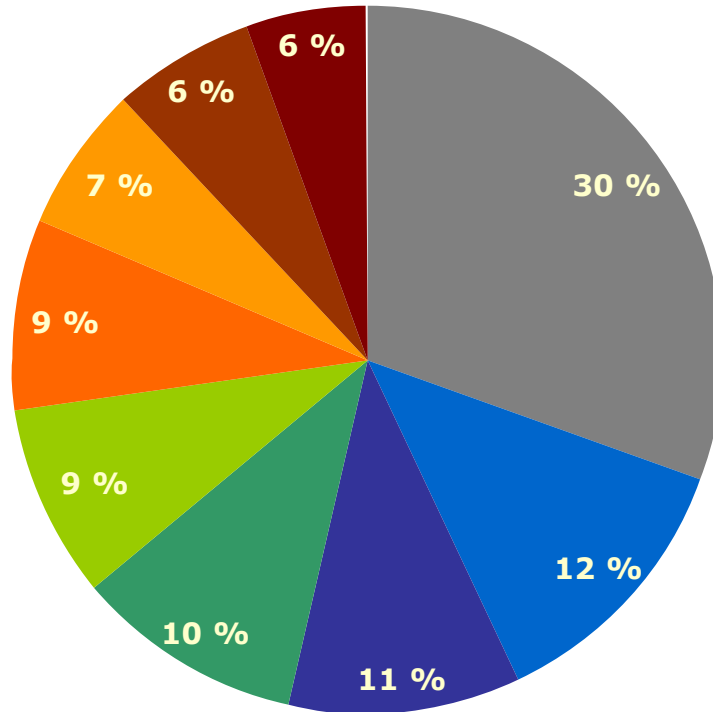
Geographic split of commercial real estate exposure* 2008
EaD NOK 179 billion



* DnB NORD and Swedish commercial real estate (NOK 13 billion) not included

Evenly spread over several segments

Commercial real estate by segment 2008



- | | | |
|------------------------|----------------------|---------------------------|
| ■ Office premises | ■ Construction loans | ■ Housing cooperatives |
| ■ Warehouse/logistics | ■ Shopping centres | ■ Hotels |
| ■ Residential property | ■ Other | ■ Retail store facilities |

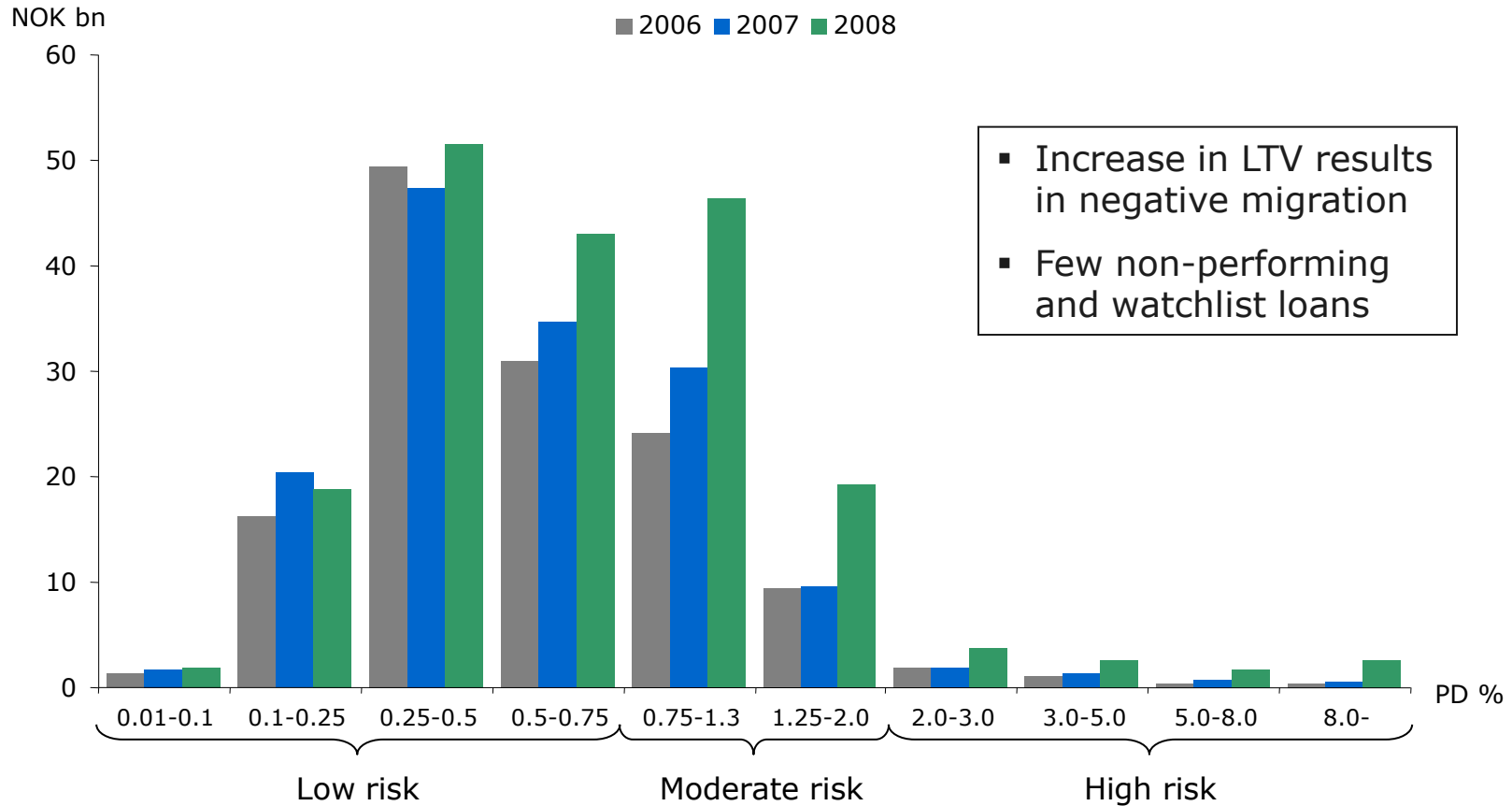
Representative portfolio* of cash flow generating assets:

- Loan-to-value is 69%
- Interest coverage ratio is 1.8
- Average duration of tenancy agreements is 7.4 years

* Lending per customer > NOK 1 billion

Low to moderate risk

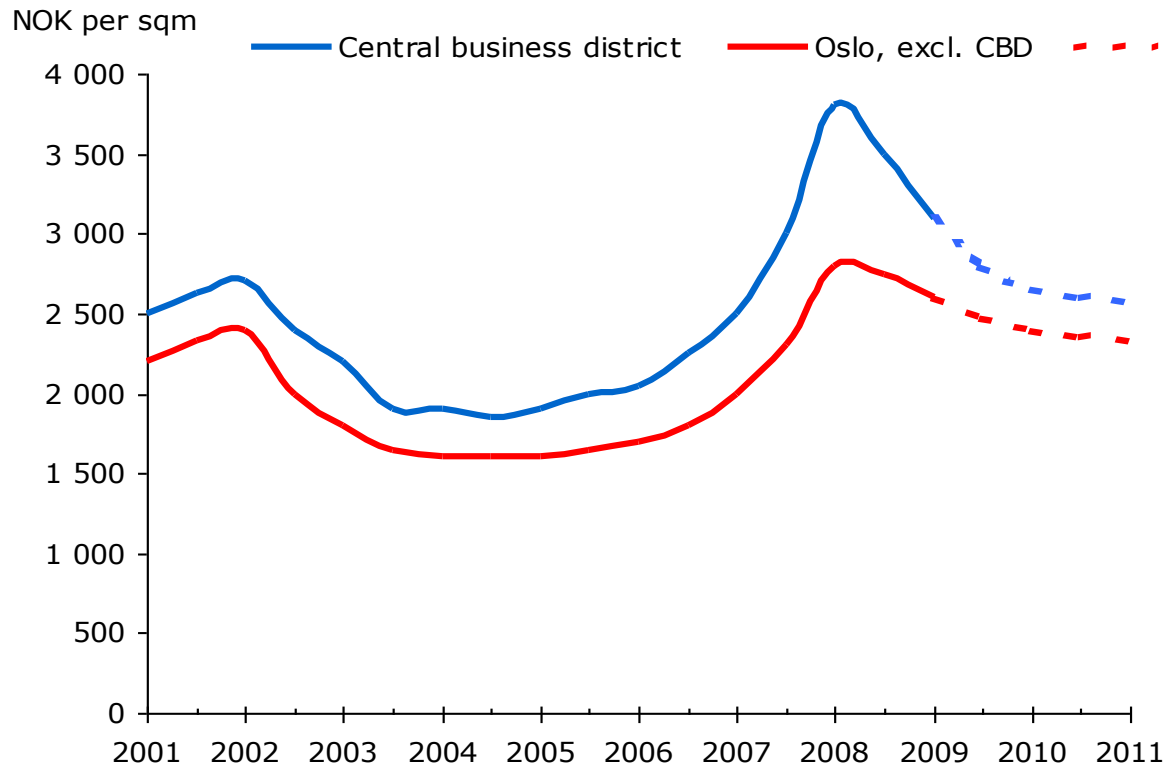
Risk classification, commercial real estate 2006-2008



* PD = Probability of Default

Tenancy contracts established at lower levels than today

Rent levels in greater Oslo area



- Contracts adjusted for Norwegian consumer price index
- Vacancy levels below 5 %

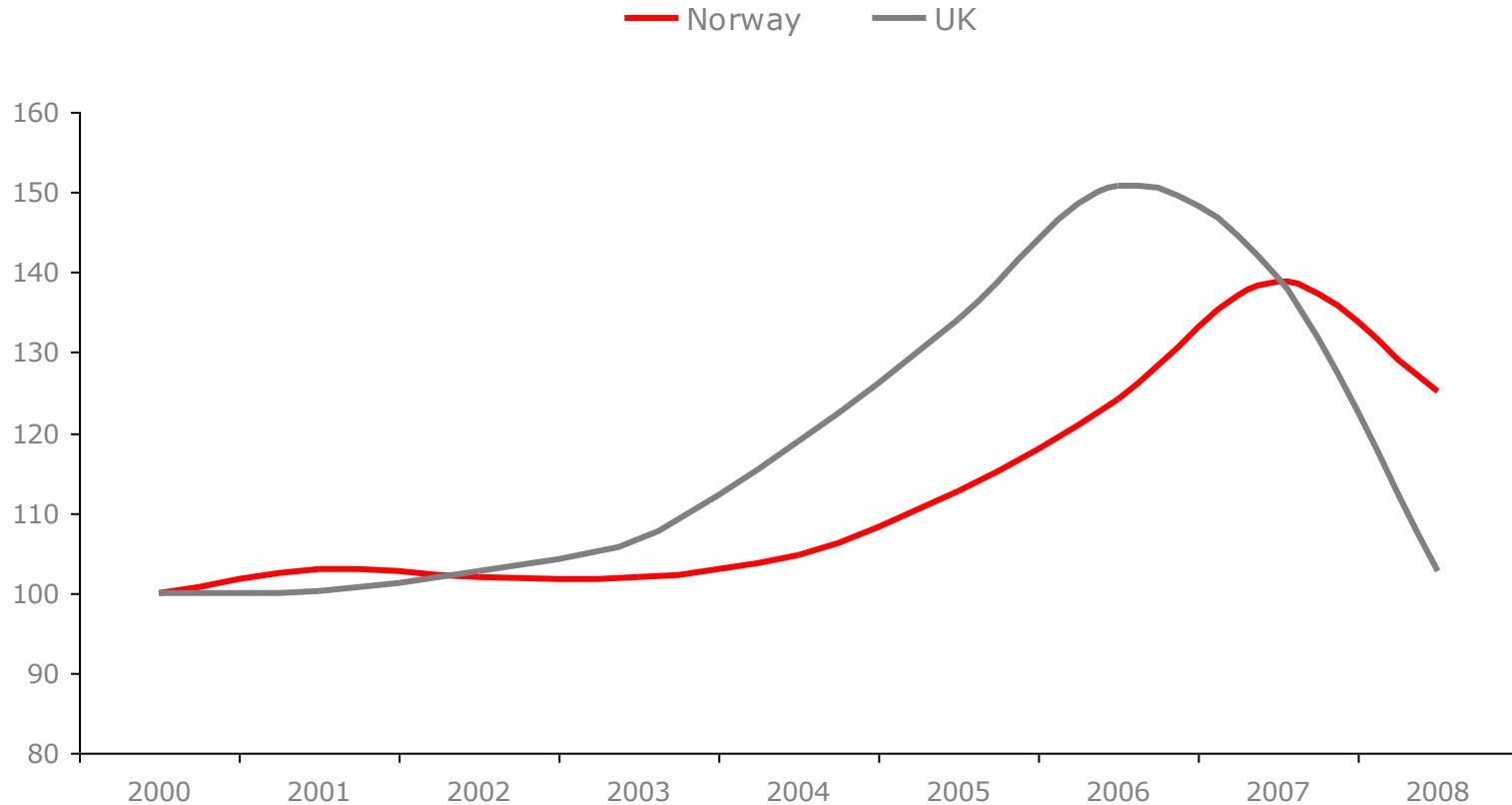
Source: DnB NOR Næringsmegling

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DnB NOR

Less volatile prices

Development in commercial real estate prices, index 100 in 2000



Source: IPD (Investment Property Databank) research

DnBNOR

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Stable commercial real estate risk due to sound Norwegian economy

Focus on cash flow

Low to moderate risk

Few non-performing and watch-list loans

Price and rent levels still comfortable