



Terra BoligKreditt AS
Covered Bond Investor Presentation
August/September 2011

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Executive summary

Norway	<ul style="list-style-type: none">- Norway is one of the strongest economies in the world with large budget surplus and low public debt- Rated Aaa / AAA / AAA (all stable outlooks)- Low unemployment, high household wealth and sound housing market
Terra Banks	<ul style="list-style-type: none">- Third largest Norwegian banking group with nationwide network and focus on retail clients- Lending operations only in the Norwegian market and no exposure to the Baltics and to Southern Europe- Highly capitalised, strong asset quality and high deposit base
Terra-Gruppen	<ul style="list-style-type: none">- Owned by 78 Terra banks (93.16%) and OBOS* (6.84%)- A systemically important, cohesive alliance- All products (except own lending and deposit) are produced or provided by Terra-Gruppen
Terra BoligKreditt	<ul style="list-style-type: none">- Terra BoligKreditt is a specialised covered bond issuer 100% owned by Terra-Gruppen- Strong incentive structure ensures that only high quality loans are passed on to Terra BoligKreditt- The mortgages in the Cover pool comprise of 100% high quality Norwegian residential mortgages- Low average LTV-ratio of 44%, maximum LTV as low as 60%- Has never recorded loans in arrears (>3 months) nor any losses on mortgages- Covered bonds rated Aa2 with stable outlook by Moody's, Timely Payment Indicator of "High" and the lowest (best) Collateral Score in the Nordics and among the best globally

** OBOS is the largest Nordic Cooperative Housing Association, established in 1929 and is owned by 226,000 members, mostly located in the Oslo-area. More information about OBOS can be found on www.obos.no*

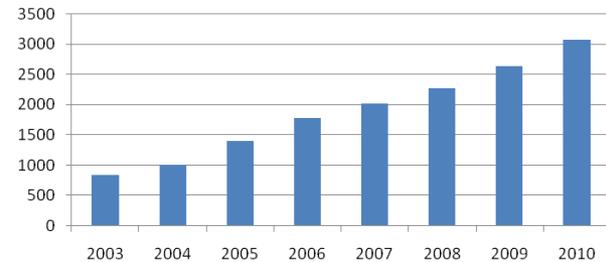
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Norwegian economy and housing market

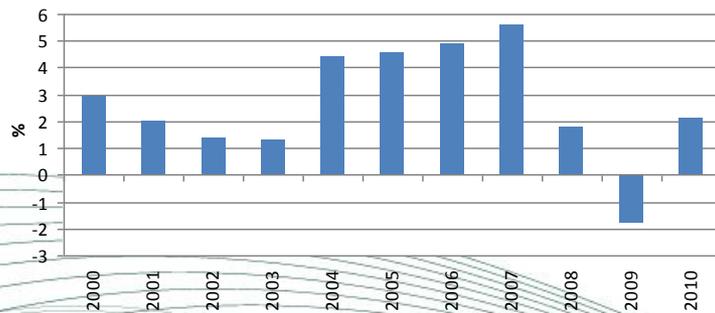
Norway – a strong Aaa economy

- Not part of the euro area (Currency: Norwegian Krone)
- GDP per capita among the highest in the world and above OECD and euro countries
- Strong balance sheet, significant budget surplus and low public debt
- Net assets accumulated in the Sovereign Wealth Fund which gives the government room for maneuvering in fiscal policy if needed. The fund exceeds the annual GDP of Norway
- Rating agencies' view on Norway - Aaa / AAA / AAA with stable outlooks

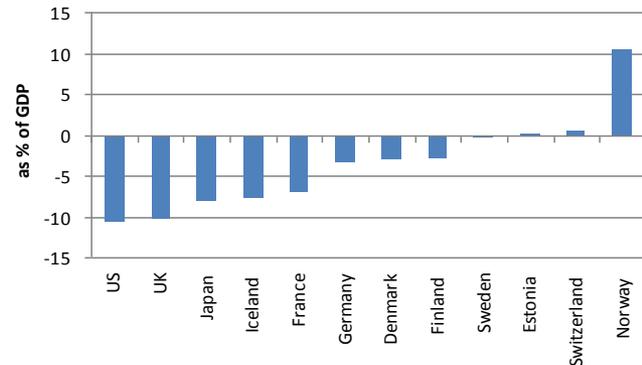
Market Value Norwegian Pension Fund (NOK bn)



GDP Growth - Mainland Norway



Government financial balances, 2010

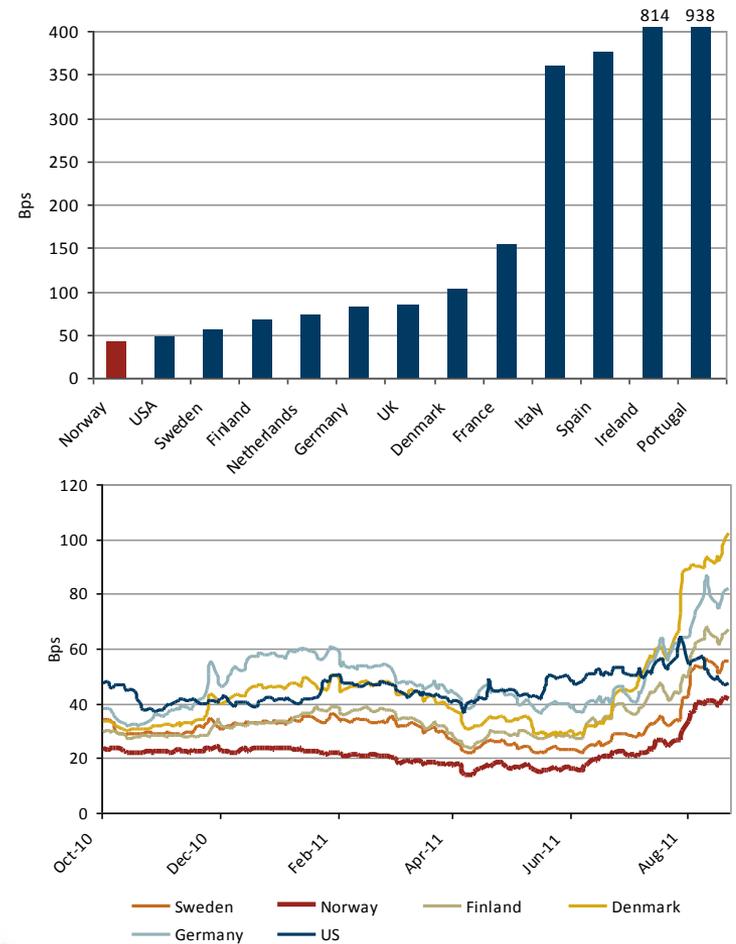


Sources: OECD, NBIM, Statistics Norway

Norwegian economy and housing market

Norway – the highest credit quality

- Safe haven status of Norway evidenced by the lowest sovereign CDS spread globally
- Strong historical performance in the CDS of Norway



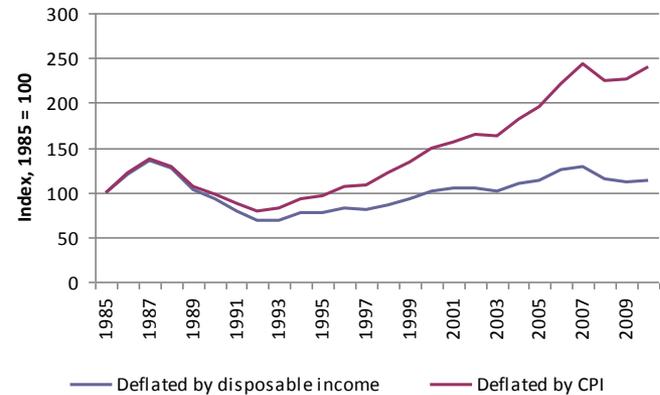
Source: 5y CDS levels, Bloomberg 22.08.2011

Norwegian economy and housing market

Norway – solid housing market

- Low unemployment and high household wealth
- Strong and sustainable housing market
 - Increase in house price driven by increase in disposable income and growing population
 - No subprime or buy-to-let market
- 80% of households own their home
 - In Norway borrowing costs are tax deductible at 28% of interest paid
 - Preferential treatment when calculating wealth tax

Real house price development

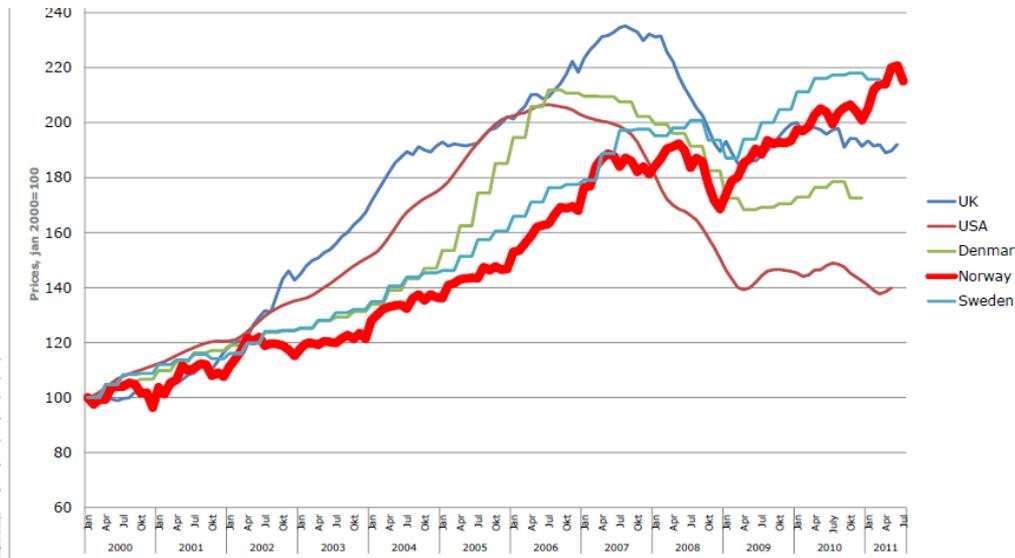


Source: Norges Bank

Unemployment rate and total employment



Source: Statistics Norway



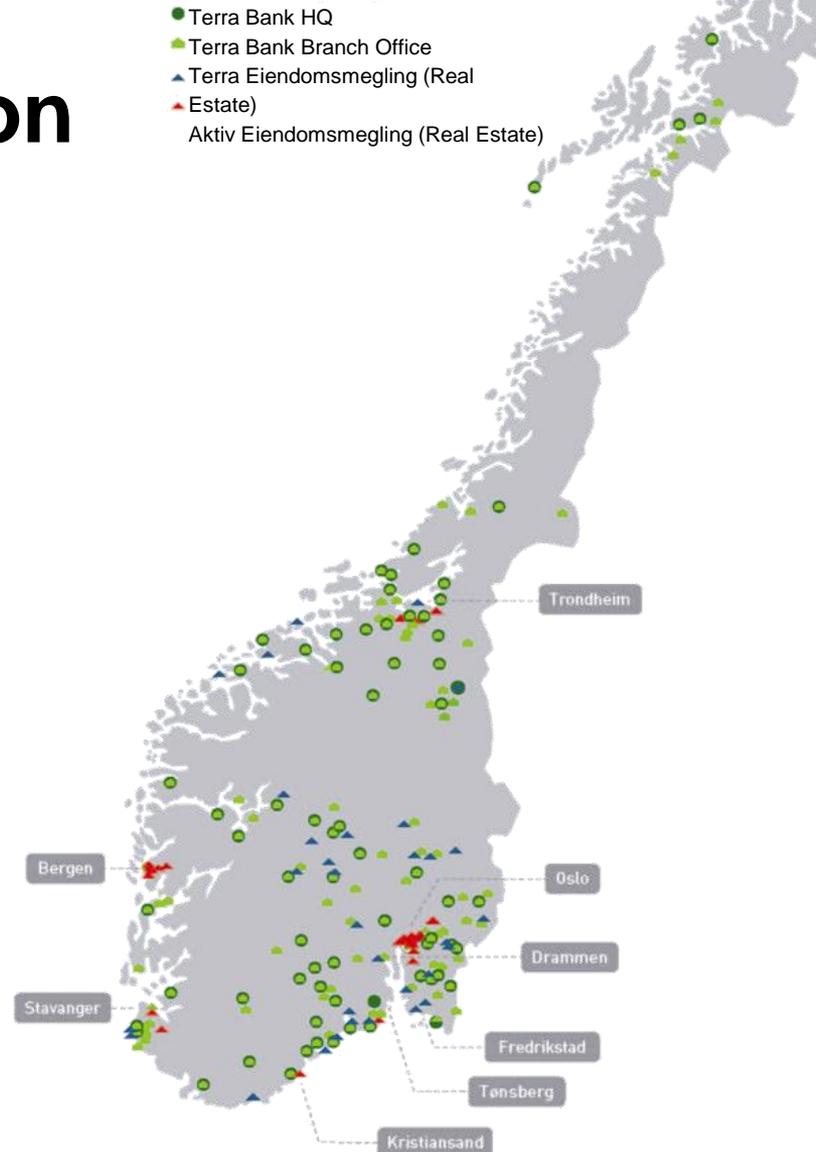
Source: S&P Case-Shiller Home Price Indices Composite 20, Realkreditrådet, Halifax House price Index, Statistics Sweden

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Terra in the Norwegian banking system

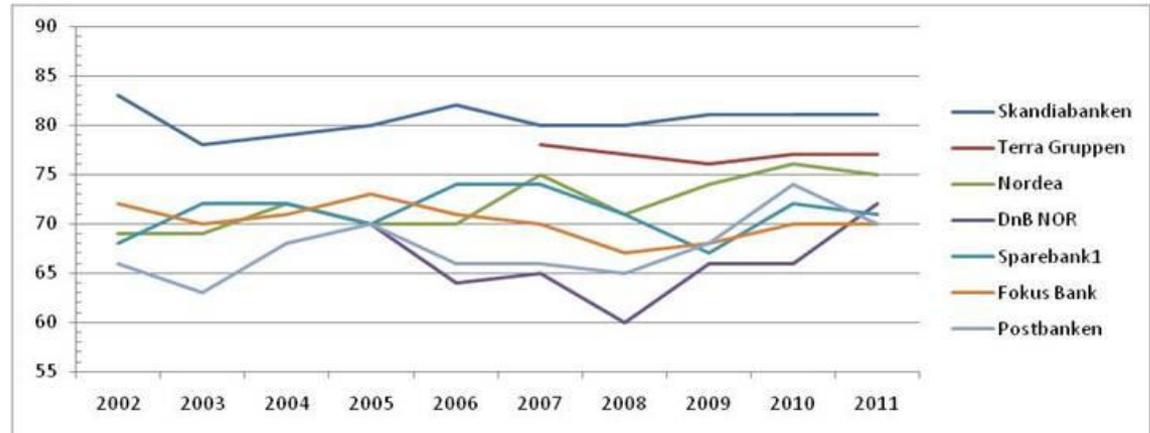
The local retail champion

- 78 Terra Banks and OBOS
- Scope of the banking operation;
 - 190 branch offices
 - 2,000 employees
 - In 105 municipalities
- Aggregated balance sheet of Terra banks is NOK 190 billion (approx. EUR 24 billion)
- Market share in retail customers
 - from 40% to 80% in local markets (except the largest cities)
 - 10% in Norway



Highly satisfied customers

- Terra has the 2nd highest score in the Customer Satisfaction Survey among the retail clients in 2010



The Norwegian Customer Satisfaction Barometer (Norwegian Business School)

- Terra had the most satisfied commercial customers in 2010

Bank	2005	2006	2007	2008	2009	2010	Endring 09-10	Feilmargin 2010	Explanation 2010
DnB NOR	65,7	64,8	66,6	66,4	66,2	67,8	1,6	1,55	0,61
Fokus bank					68,2	66,5	-1,7	3,91	0,77
Handelsbanken	73,4	73,4	77,6	71,9	71,2	69,5	-1,7	2,03	0,74
Nordea	67,2	65,6	67,0	66,0	64,9	64,9	0,0	2,76	0,72
Sparebank 1 Gruppen		66,1	67,2	66,6	66,7	66,6	-0,2	2,43	0,77
Terra Gruppen					69,0	72,8	3,8	3,44	0,66
Annen forretningsbank*						64,1	-	6,95	0,82
Annen Bank**	71,0	71,6	73,1	71,1	70,1	70,2	0,1	2,50	0,74
Industry	69,0	68,5	69,2	68,2	67,2	67,6	0,4		

EPSI Rating 2010

*Annen forretningsbank: inkluderer andre banker som Landkredit Bank, Citibank, SEB, m.fl

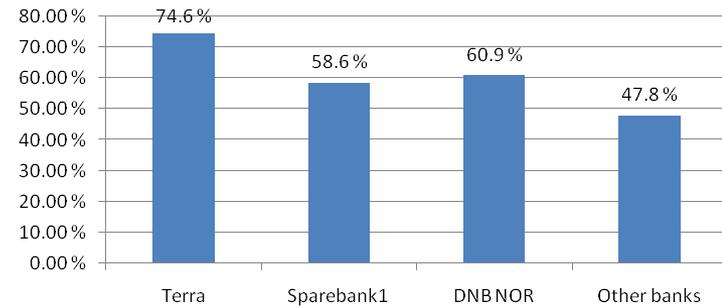
**Annen Bank: inkluderer andre sparebanker som Sparebanken Vest, Sparebanken Sør, Sparebanken Møre m.fl
Bransje indeksen er veiet ihht. bankens markedsandel

Terra in the Norwegian banking system

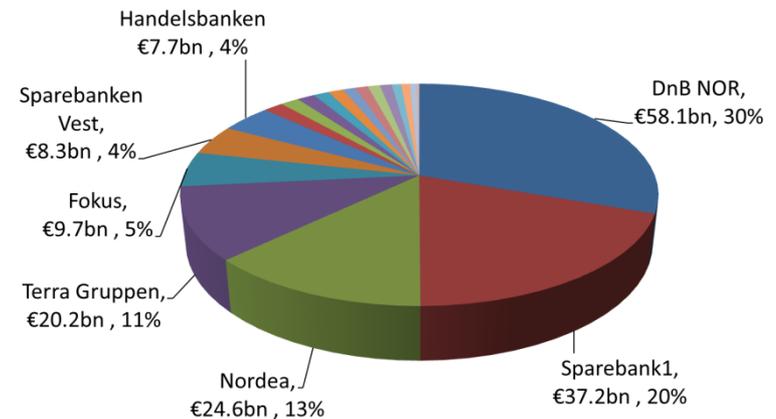
The local retail champion

- The Terra banks have a stronger retail focus than their peers
 - Retail lending is accounting for 75% of total lending in Terra

Retail share end 2010 (excl. transfers to CB company)



Market shares in retail lending in Norway

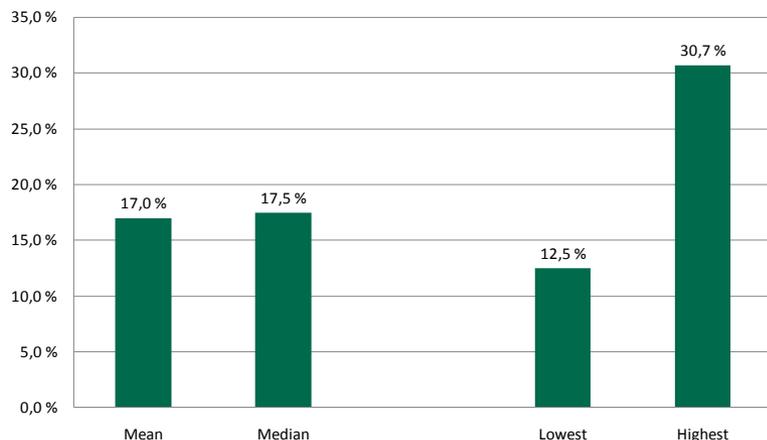


Source: Terra Markets

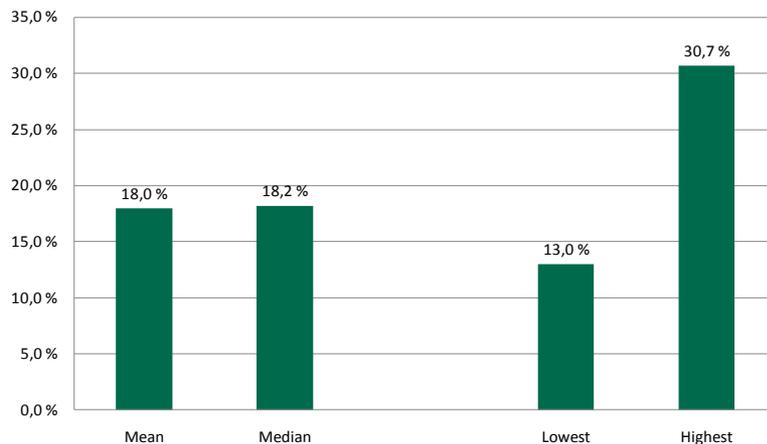
Terra in the Norwegian banking system

Strong capital ratios

Core capital ratio 1Q2011 - Terra banks



Capital ratio 1Q2011 - Terra banks



Source: Terra Markets

- Strengthened capital ratios in Q1
 - Core capital ratio 17.0% (16.3%)*
 - Capital ratio 18.0% (17.5%)*
 - Profit for Q1 would increase ratios by 0.3%
- All banks are well capitalized (T1 ratio)
 - Lowest: 12.5% (12.1%)*
 - Highest: 30.7% (29.4%)*
- All Terra banks use the standard approach under Basel II
- If Terra banks had used the IRB method, the core and capital ratios are estimated to be 20.3% and 21.6% at Q1.

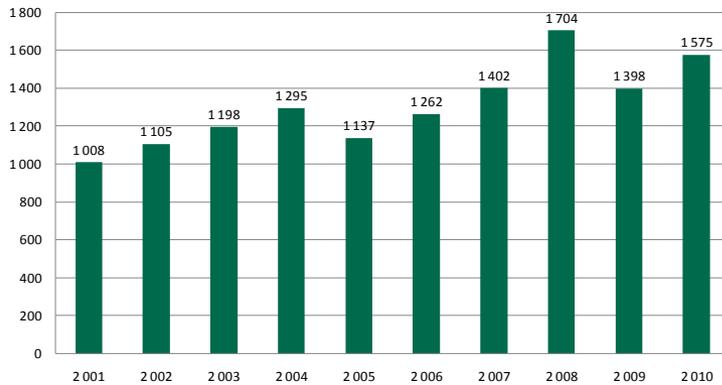
* 2011Q1 as reported – numbers in brackets “()” are comp. numbers as of 2010Q1

Terra in the Norwegian banking system

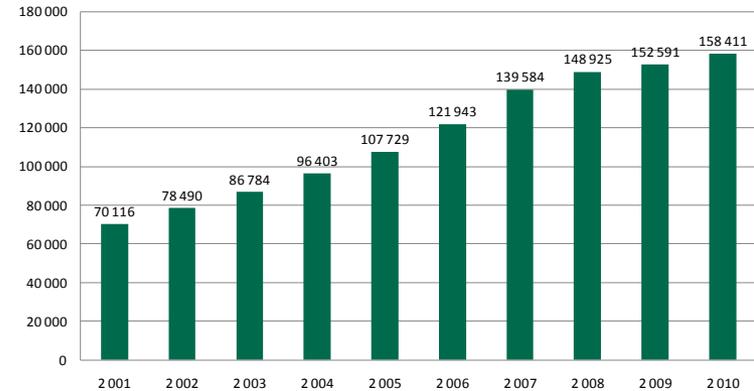
Strong and sustainable earnings

- The Terra banks have a strong focus on retail lending and deliver strong and sustainable core earnings

Aggregated core earnings before loan losses
2001 - 2010 (NOK mill.)



Aggregated lending to customers Terra banks
2001 - 2010 (NOK mill.)



2005: Investment in SDC/ new IT-system

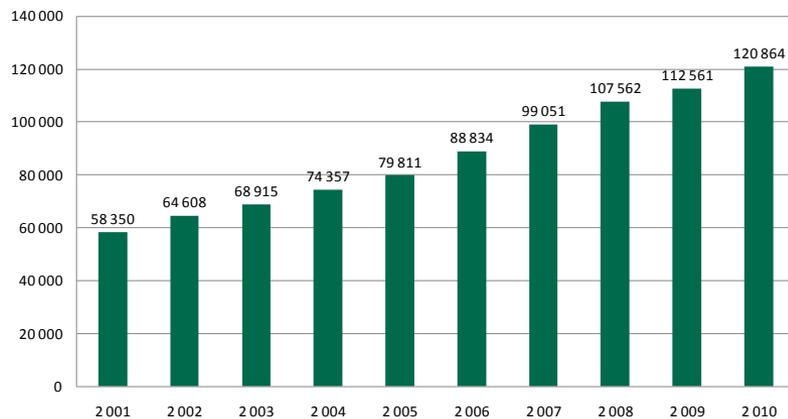
2009: Sharp drop in the interest rate level

Source: Terra Markets

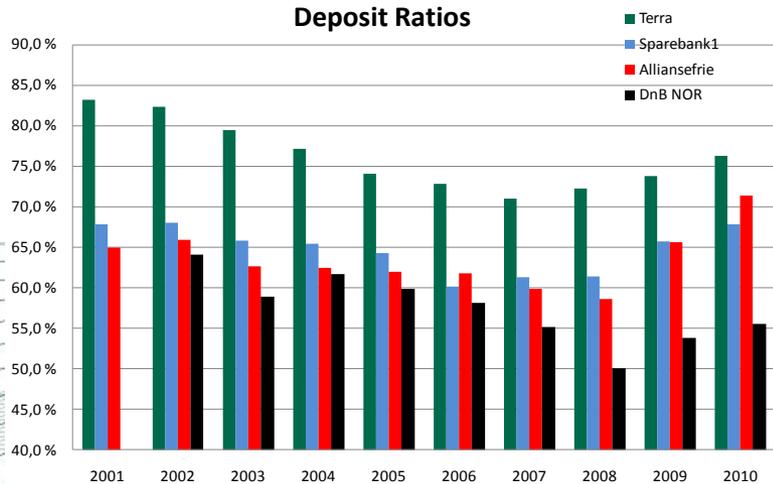
Terra in the Norwegian banking system

High and increasing deposit ratio

Aggregated deposits from customers Terra banks
2001 - 2010 (NOK mill.)



Deposit Ratios



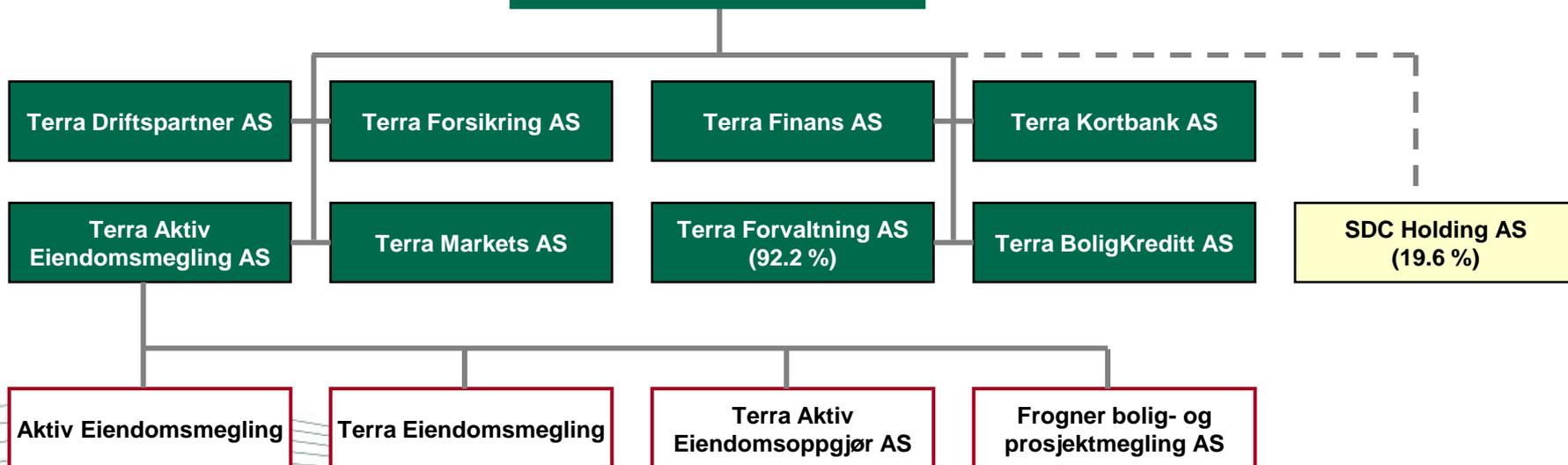
Source: Terra Markets

- Average yearly growth in deposits has been 8.4% over the last 10 years
- High and increasing deposit ratio
- Well diversified deposit base - approx. 85% of all deposits is within the NOK 2 mill. bank guarantee fund limit
- The Terra banks have received net deposit inflow since the financial turmoil started in 2008 which reflects their solid, safe and stable financial position
- Higher deposit ratio for the Terra banks compared to DnB NOR, Sparebank1 and other banks

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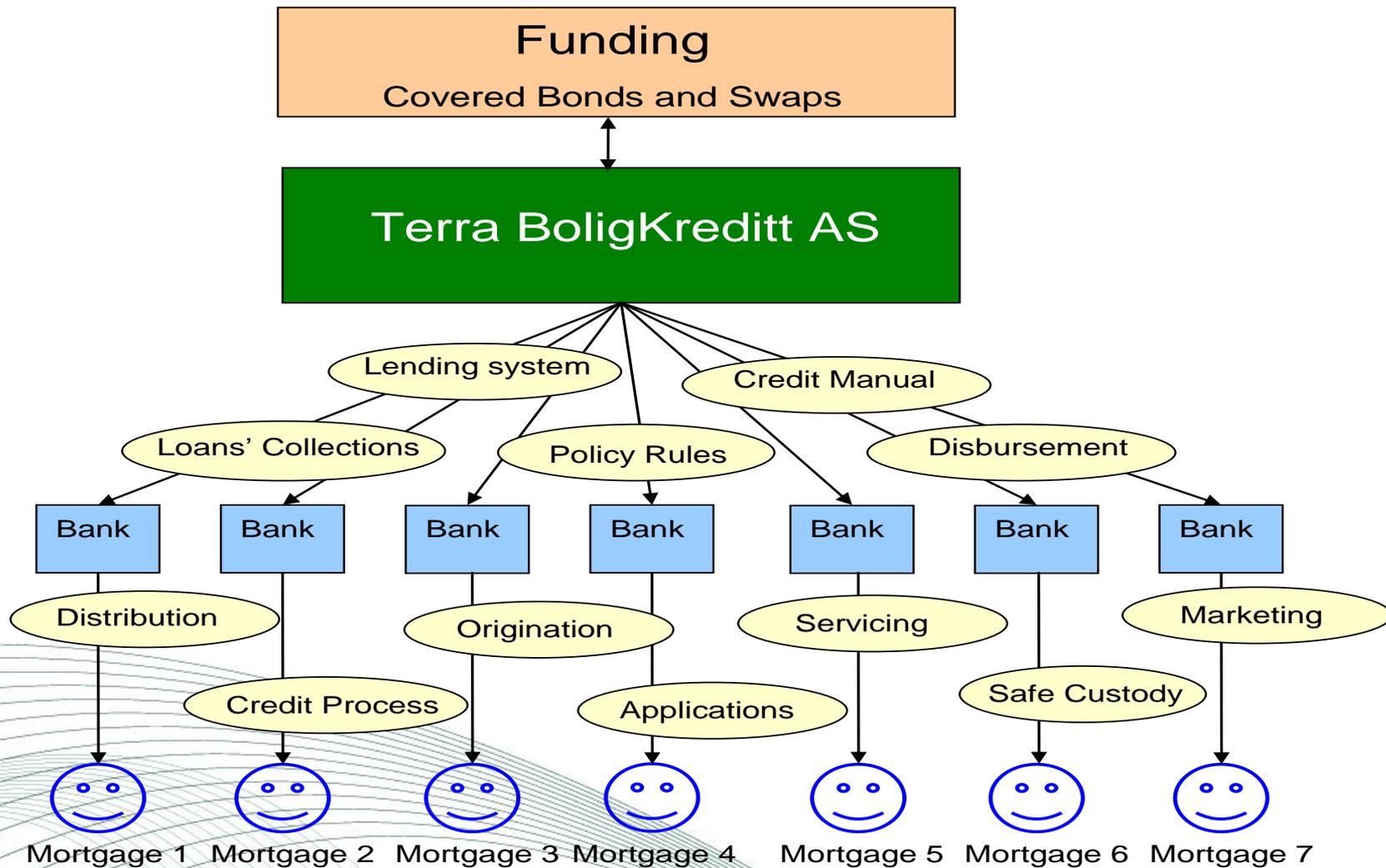
Terra-Gruppen AS

79 shareholders ¹

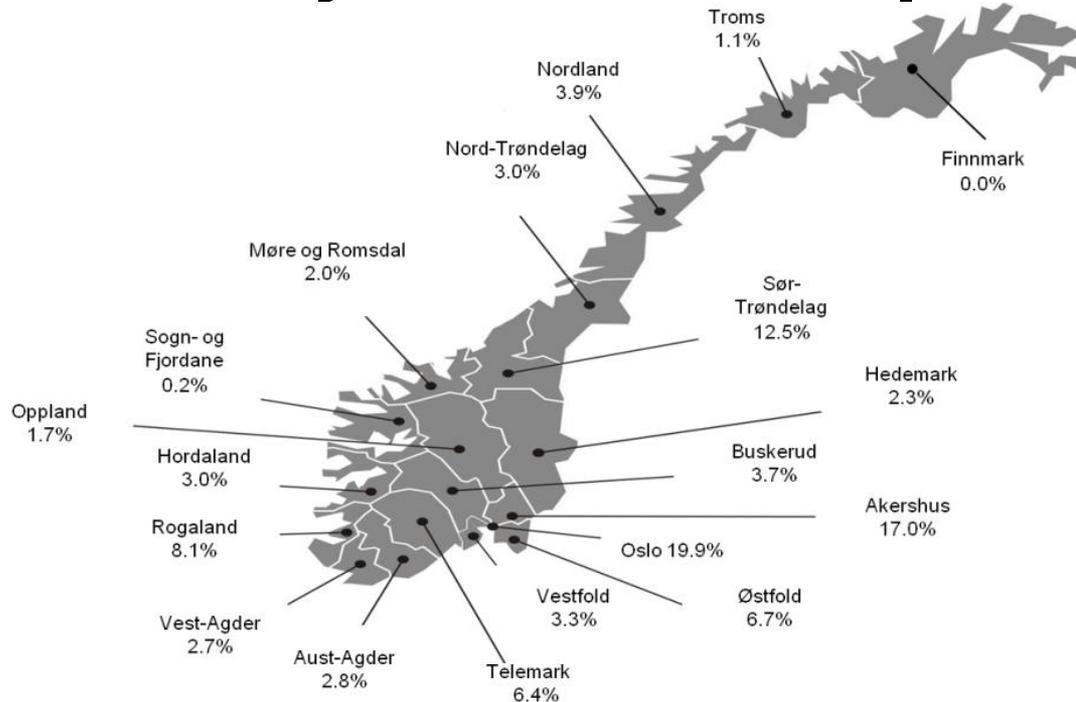


¹ 78 savings banks and OBOS

Business concept



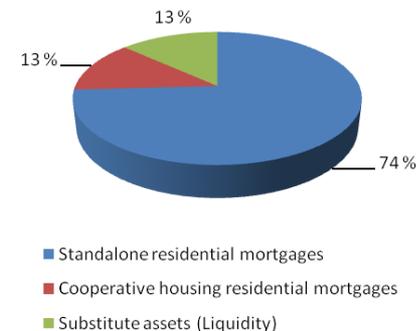
Summary of the cover pool



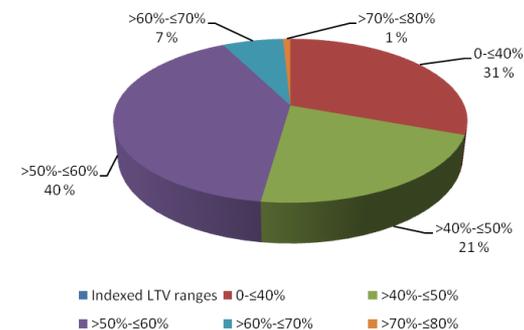
Overview of mortgages in the cover pool (EUR)

	Grand total	Residential mortgages	Cooperative housing
Nominal value	4,317,232,352	3,684,506,424	632,725,928
In % of total mortgage Pool	100%	85.34%	14.66%
Number of loans	24,883	24,466	417
WA LTV (unindexed)	46.37%	51.69%	15.37%
WA LTV (indexed)	43.57%	48.74%	13.50%

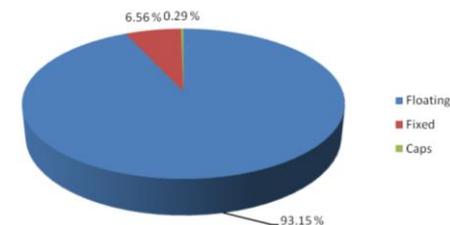
Composition of Cover Pool



Indexed LTV Breakdown



Interest Rate Reset Type



EURNOK as of 30.06.2011: 7.7875

Conservative underwriting standards

- Origination on loan-by-loan basis in strict compliance with Terra BoligKreditt credit manual
- Normally mortgages are limited to 3 x yearly income (joint; gross)
- Terra BoligKreditt has a self imposed max LTV ratio of 60% although the legislation allows for 75%
- The value of the residential property used as a collateral must be rigorously documented
 - When the mortgage loan is granted updated property value is always required (<6 months)
 - Quarterly re-evaluation using Eiendomsverdi AS (AVM)
- Distribution of only Norwegian residential mortgages by conservative savings banks with close relationship to customers
- Multiple credit scoring models are utilized
 - External credit database (Dun & Bradstreet, Lindorff etc)
 - Internal credit checks
 - History with savings banks

Strong incentive structure

Moody's:

*"The members of the Terra Group are incentivised by guarantee obligations to pass high quality loans to the issuer." **

Loss Guarantee	Set-off rights	Pro-rata Framework Guarantee
<p>First loss guarantee for the portion of the loan exceeding 50% LTV</p> <p>Minimum guarantee of NOK 25.000 (EUR 3,136) per loan, irrespective of LTV</p> <p>100% of the loan is guaranteed by the bank until the collateral is registered</p>	<p>Terra BoligKreditt has set-off rights against each bank's commission for a period of up to 3 years</p> <p>To be used by Terra BoligKreditt if losses exceed paid guarantee amounts, or a bank fails to meet its guarantee obligation</p>	<p>All banks participate in a 1.00% pro-rata framework guarantee</p> <p>To be used by Terra BoligKreditt if banks fail to meet their guarantee obligations, or losses exceed individual guarantees and set-offs</p>
<p>Currently EUR 528m</p>	<p>Currently EUR 49m</p>	<p>Currently EUR 43m</p>

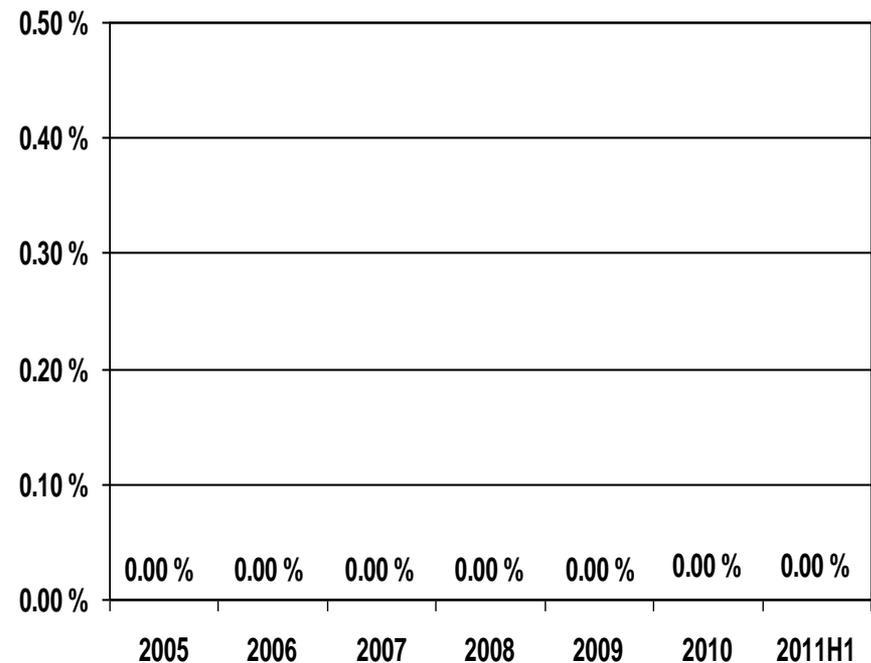
EURNOK as of 30.06.2011: 7.7875

*Moody's Investors Services, Terra BoligKreditt Mortgage Covered Bonds, August 2007

Low credit risk, no losses or arrears

- Terra BoligKreditt has **never** experienced mortgages being delinquent for more than 3 months
- No losses have been registered on Terra BoligKreditt's books in respect of mortgages
- The customers have a strong incentives to pay the mortgage, as the debt is personal, and follows the mortgage owner.
- The guarantees from the banks further reduces credit risks and helps avoiding cherry-picking of mortgages
- The Bank have to solve the problem within 2 months when there is a delayed payment by;
 - Give the client extra credit
 - Transfer the loan back to the bank
 - Pay the full guaranteed amount to TBK

Losses and arrears



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Rating

Rating history of Terra BoligKreditt

- Aaa rating from Moody's in August 2007
- Downgraded from Aaa to Aa2 in March 2009
 - Result of new methodology from Moody's with a closer link between sponsor rating and CB issuer rating
 - Not linked to performance of Terra banks or TBK
 - In absence of an explicit and irrevocable joint and several guarantee from parent banks, Moody's deducts two notches or more from rating assessment of Terra Banks (Sponsor bank rating)
 - In case of TBK two notches deduction was applied, hence two notch downgrade to Aa2
 - **The Aa2-rating was confirmed on November 17, 2009 and the rating has stable outlook**
- Moody's applies a TPI of "High" equal to German Public Pfandbriefe and assigns a Collateral Score which is among the best globally
 - Terra BoligKreditt is one of the few Norwegian issuer that have a "High" TPI
- In assessing the TPI Moody's stressed
 - *"The exceptionally high quality of assets in the cover pool, which is reflected in the low Collateral Score"*
 - *"The swaps, which are all with external counterparties are amongst the strongest swaps found in any covered bond transaction"*

	Timely Payment Indicators					
	Very Improbable	Improbable	Probable	Probable-High	High	Very High
A1	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
A2	Aa1	Aa1	Aaa	Aaa	Aaa	Aaa
A3	Aa2	Aa2	Aaa	Aaa	Aaa	Aaa
Baa1	Aa3	Aa3	Aa1	Aa1	Aaa	Aaa
Baa2	A1	A1	Aa2	Aa2	Aa1	Aaa
Baa3	A3	A2	A1	Aa3	Aa2	Aa1
Ba1	Baa3	Baa2	Baa1	A3	A2	A1
Ba2	Baa3	Baa2	Baa1	A3	A2	A1
Ba3	Baa3	Baa2	Baa1	A3	A2	A1
B1	Ba3	Ba2	Ba1	Baa3	Baa2	Baa1
B2	Ba3	Ba2	Ba1	Baa3	Baa2	Baa1
B3	Ba3	Ba2	Ba1	Baa3	Baa2	Baa1

Rating

Top-notch collateral score by Moody's

- On July 8, 2011, Moody's published their latest EMEA Covered Bonds monitoring overview for 2011Q1. The primary objective of this report is to provide transparency to Moody's covered bond ratings
- In the report Terra BoligKreditt is ranked the third highest out of 200 covered bond issuers in terms of quality of collateral in the cover pool which is measured by the Collateral Score¹⁰

EXHIBIT 11

Deals with lowest (best) Collateral Scores¹⁰

Name of Programme	Type of Programme	Country	Collateral Score
Newcastle Building Society - Covered Bonds	Mortgage	United Kingdom	2.3%
Deutsche Postbank AG Mortgage Covered Bonds	Mortgage	Germany	2.3%
Terra Boligkreditt Mortgage Covered Bond Programme	Mortgage	Norway	2.6%
Skipton Building Society - Covered Bond Programme	Mortgage	United Kingdom	2.7%
OP Mortgage Bank Mortgage Covered Bonds	Mortgage	Finland	2.7%
Landesbank Baden-Wuerttemberg - Public Sector Covered Bonds	Public Sector	Germany	2.7%
Eurohypo AG Public Sector Covered Bonds	Public Sector	Germany	2.8%
Deutsche Hypothekenbank AG - Public Sector Covered Bonds	Public Sector	Germany	3.0%
DekaBank Deutsche Girozentrale Public Sector Covered Bonds	Public Sector	Germany	3.0%
Norddeutsche Landesbank GZ Public Sector Covered Bonds	Public Sector	Germany	3.2%

10: Measures the overall quality of collateral in the Cover Pool. The lower the Score, the better the credit quality of the Cover Pool. The average Collateral Score was 11%.

Source: Moody's – "Moody's EMEA Covered Bonds Monitoring Overview: 2011Q1"

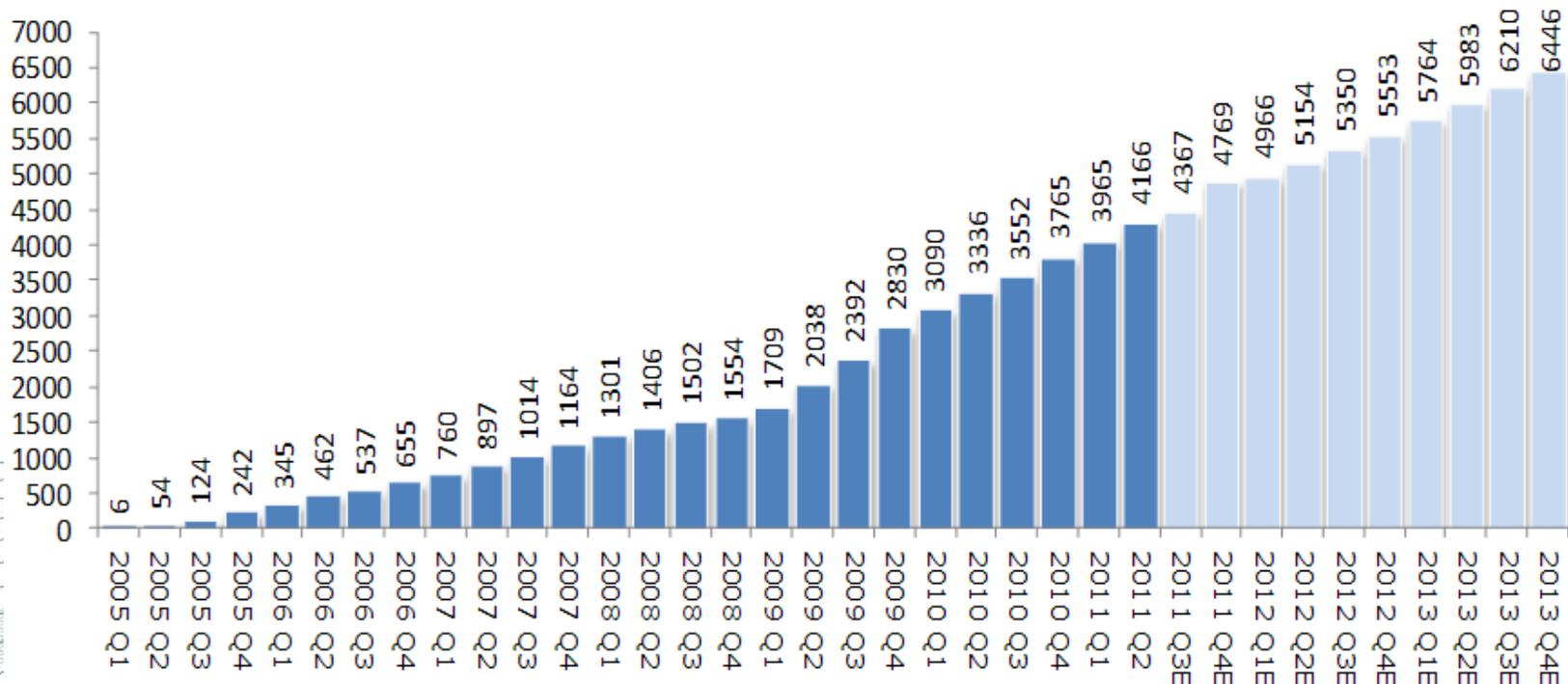
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Funding strategy

Growth potential in the covered bonds

- Healthy organic growth expected in the loan portfolios of the Terra banks
- Still a large potential in the existing loan books of the Terra banks which could be transferred to Terra BoligKreditt.

Actual portfolio and expected growth (EUR mn)

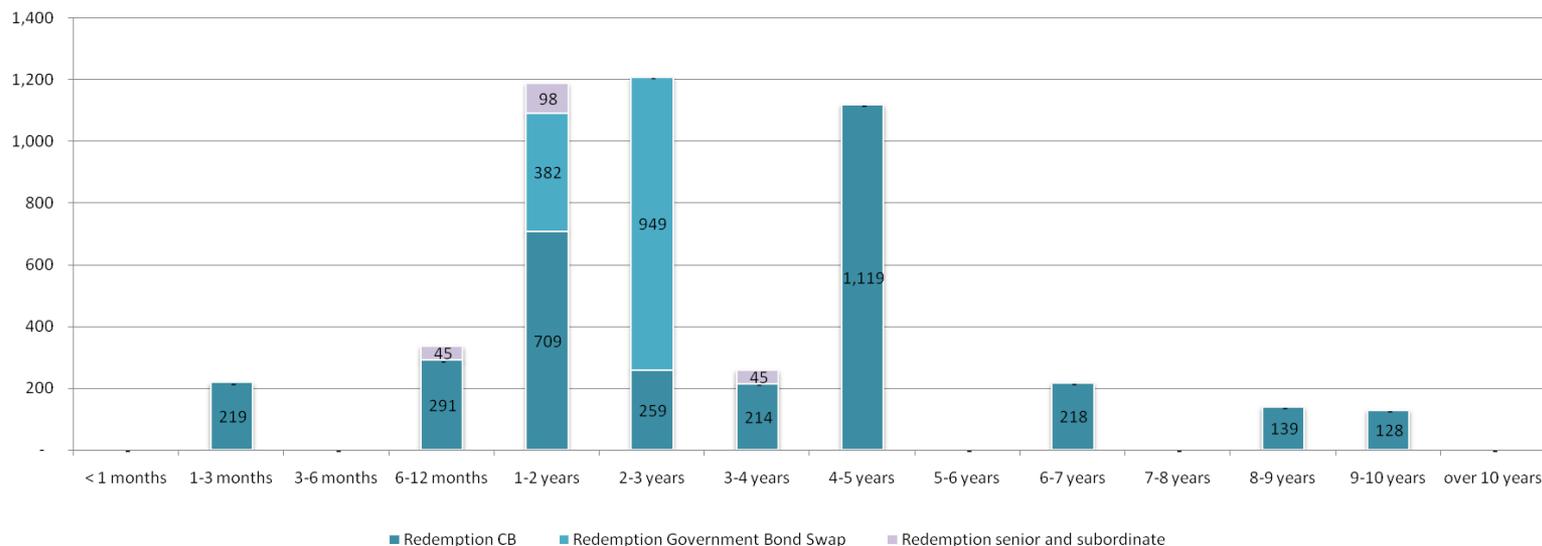


Funding strategy

Transparent issuer with low risk

- Interest rate or currency risk removed by swapping all funding to 3 month Nibor
- Terra BoligKreditt has a self-committed obligation in the EMTCN Programme to maintain a minimum OC level of 5%
- Terra BoligKreditt shall maintain a minimum liquidity of 6% of the total funding balance
- Terra BoligKreditt is committed to build up its international reputation, but will continue to utilize the advantage of the competitive and well-functioning domestic market
 - Focus on a diversified investor base; both geographically and in terms of investor type

Redemption profile (EUR mn)



Strong interest both from Norwegian and international investors

TBK's international transactions

August 2010



Terra BoligKreditt

New issue of EUR 500 million
2.125% due August 2015

March 2010



Terra BoligKreditt

New issue of EUR 600 million
2.0% due September 2012

April 2008



Terra BoligKreditt

New issue of EUR 500 million
4.625% due April 2010

October 2007



Terra BoligKreditt

New issue of CHF 225 million
3.125% due October 2013

TBK's CB issues YTD 2011

June 2011



Terra BoligKreditt

New issue of NOK 500 million
4.65% due June 2018

June 2011



Terra BoligKreditt

New issue of NOK 1.2 billion
FRN due June 2018

May 2011



Terra BoligKreditt

Tap issue of NOK 3 billion
FRN due May 2016

April 2011



Terra BoligKreditt

New issue of NOK 1 billion
5.2% due April 2021

Updated Investor Relations website

Updated information available at <http://www.terra.no/ir>

The screenshot shows a web browser window titled "Investor Relations Terra BoligKreditt - English - Terra - Vi jobber hardt for din bank - Mozilla Firefox". The browser's address bar shows "Investor Relations Terra BoligKredit...". The website content includes:

- Navigation links: "About Terra", "Contact us", and a Norwegian flag icon with the text "Norsk".
- Terra logo and "English site" indicator.
- Left sidebar menu:
 - Home
 - Terra BoligKreditt
 - Cover Pool
 - Investor Presentations
 - EMTCN Programme and Final Terms
 - Rating
 - Financial Reports
- Main content area:
 - Terra BoligKreditt AS**

Terra Boligkreditt AS (TBK) is a fully owned subsidiary of Terra-Gruppen AS, which in turn is fully owned by 78 Norwegian savings banks and the housing cooperative [OBOS](#).

The primary purpose of TBK is to provide the owners with a considerable part of their funding needs, and to reduce the future liquidity risk for the group's banks. TBK offers Norwegian residential mortgages within 60% loan-to-value through these distributors.
 - Norwegian Covered Bond Council**

For more information about the Norwegian economy, housing market and legislation, please visit the website of the [Norwegian Covered Bond Council](#)
- Right sidebar with three staff profiles:
 - Kjartan M. Bremnes**, CEO, +47 22 87 80 36
 - Odd-Arne Pedersen**, CFO, +47 22 87 81 44
 - Kristian Fiskerstrand**, Funding and Risk Management, +47 22 87 80 57

Contacts

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	Kristian Fiskerstrand <i>Funding and risk management</i>	Tel: +47 22 87 80 57 kf@terra.no

More information may be accessed via <http://www.terra.no/ir>

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Importance of savings banks in Norway



- **Norwegian Ministry of Finance** states that local savings banks are peripherally systemic important financial institutions

Speech held by State Secretary Morten Søberg on 14 June 2011:

“Perspectives on systemic importance

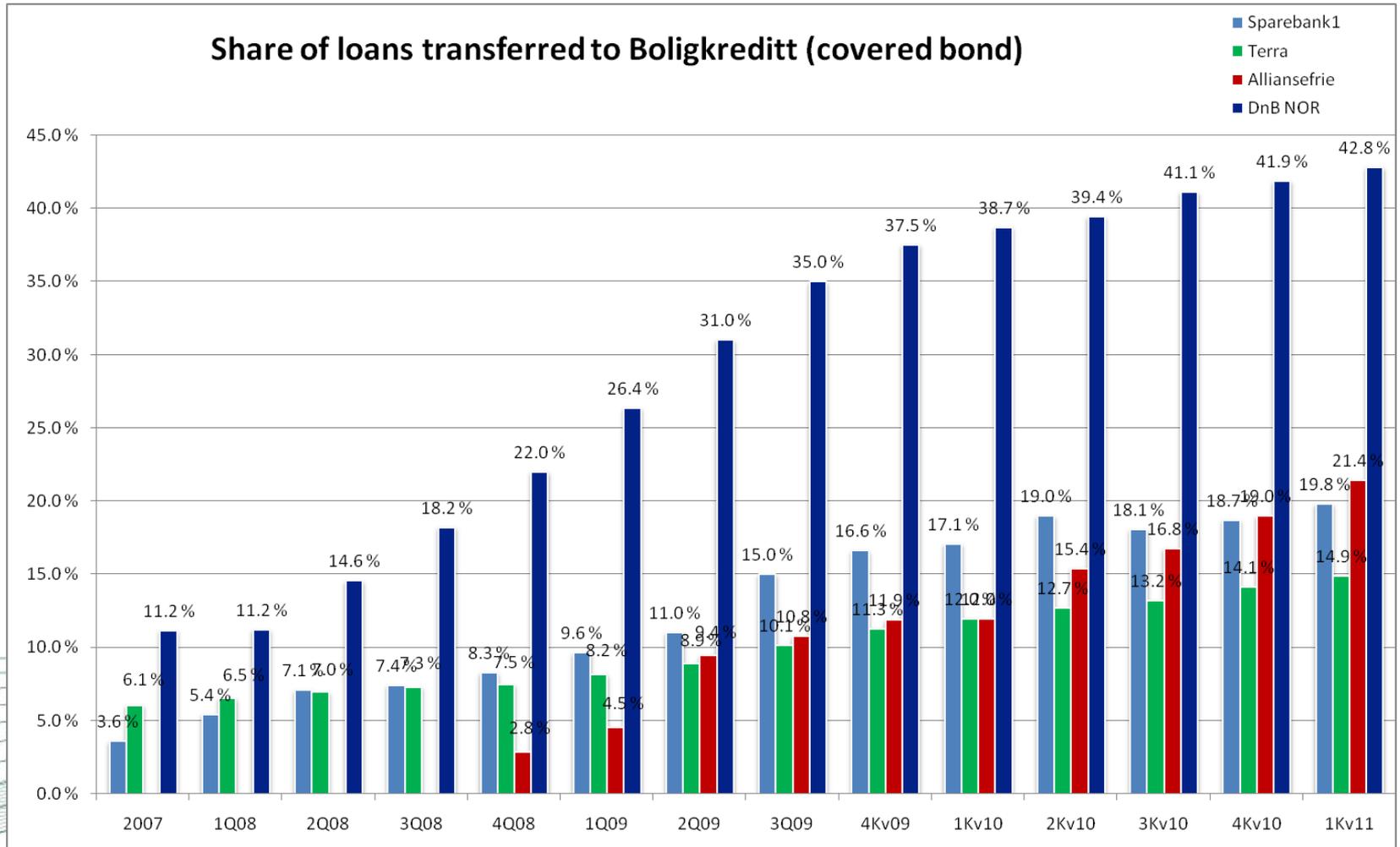
*While ‘core systemic importance’ is a characteristic mainly attributed to commercial banks, **many savings banks are prominent examples of ‘peripherally systemic important’ financial institutions.** They are often the dominant source of financial services in local markets, with business models based on local knowledge, experience and trust. Many savings banks are in a position where other suppliers of financial services cannot easily replace them.*

*The diversity and heterogeneity of the savings banks sector contribute to their importance in local markets, and in the Norwegian economy as a whole. The heavy presence of savings banks could also be a stabilising factor in the Norwegian financial system. Past experiences indicate that their business model and behaviour are strengths in challenging times. **Politically, it is therefore a priority to maintain a strong and competitive saving banks sector in Norway.**”*

Link to speech:

http://www.regjeringen.no/nb/dep/fin/aktuelt/taler_artikler/taler_og_artikler_av_ovrig_politisk_lede/Taler-og-artikler-av-statssekretar-Morten-Soberg/2011/learning-from-crisis.html?id=648335#

Transfers of mortgages to CB issuer



Norwegian Covered Bond framework

- Special banking principle
 - Covered Bonds may only be issued by specialised credit institutions supervised by the Norwegian FSA
- Eligible collateral
 - Mortgage assets
 - Residential property 75% LTV
 - Commercial property 60% LTV
 - Derivative agreements
 - Substitution assets, max 20% of cover pool
- Monitoring of collateral value
 - In case of “significant value impairment”, a new prudent value has to be established. The part of the loan exceeding LTV 75% (residential) and LTV 60% (commercial) are not to be included when calculating the value of the pool
- ALM requirements
 - Matching requirements to control interest rate and FX risk and payment ability

Norwegian Covered Bond framework

- Supervision by an Independent Inspector
 - An independent inspector, appointed by the Norwegian FSA, supervises assets and liabilities, and the compliance with the requirement laid down in legislation
- Bankruptcy proceedings
 - Covered pool, covered bonds and secured derivatives are separated from the bankruptcy estate
 - Holders of covered bonds and secured derivatives have a preferential claim on the cover pool
 - Timely payment assured for covered bond holders and secured derivatives counterparts
- Risk weighting and ECB eligibility
 - Covered bonds are 10% risk weighted in Norway and comply with CRD
 - Eligible for 10% risk weight in EU member states
 - ECB eligible

Role of the regulator

- Only a specialised mortgage credit institution with governmental licence is entitled to issue Norwegian covered bonds.
- This licensed credit institution is supervised by the Norwegian FSA, which also appoints an independent inspector.
- The inspectors role is, on a regularly basis, to oversee that the register (cover pool and covered bonds) is correctly maintained, and to review compliance with the requirement concerning the balance principle.
- The inspector shall regularly inform the FSA of his observations and assessments.
- Both the FSA and the inspector are entitled to receive all relevant information about the business, and may conduct investigations at the premises of the institution.

Appendix

Comparison with selected Nordic peers

	Terra BoligKreditt	DnB Nor Boligkreditt	SpareBank1 Boligkreditt	Danske Bank (pool I)	Nordea Bank Finland	Aktia MB
Cover pool size	NOK 34 bn (EUR 4.3bn)	NOK 422 bn (EUR 54bn)	NOK 89 bn (EUR 11 bn)	DKK 100bn (EUR 13bn)	EUR 8.8 bn	EUR 3.2 bn
Max LTV	60%	75%	75%	80%	70%	70%
WA LTV	46.4%	60.2%	57.2%	60%	56.3%	53.9%
WA Indexed LTV	43.6%	56.0%	50.2%	54%	51.5%	—
Committed O/C	5%	-	-	2%	-	12%
Seasoning	18 months	52 months	32 months	40 months	47 months	21 months
Geography	Norway	Norway	Norway	Norway/ Sweden	Finland	Finland
Property type	Residential (85%), Cooperative Housing (15%)	Residential (98%), Multi family (2%)	Residential (98%), Secondary housing (2%)	Owner-occupied (79%), Housing cooperatives (21%)	Residential (97%), Public sector Public sector (2%), Commercial (1%)	Residential (56%), Housing corporations (44%)
NPL	0%	0.1%	0%	0%	0%	0.1%
Collateral score	2.6%	7.5%	3.3%	7.8%	5.6%	6.6%
Timely Payment Indicator	High	Probable	Probable-High	Probable-High	Probable	Probable

Source: Terra BoligKreditt, Nordea Markets, Moody's latest performance reports, issuers' most recent cover pool reports.

Comparison of legal frameworks

	Norway	Sweden	Denmark	Finland	Germany
Special Banking Principle	Yes; Kredittforetaks	No, but specialist banks still exist	No, but specialist banks still exist	No, but specialist banks still exist	No
Potential Collateral	Residential mortgages, Commercial Mortgages, Public Sector Debt	Residential Mortgages, Commercial Mortgages, Public Sector Debt	Residential and commercial mortgage loans and substitute collateral. Commercial banks are also allowed to introduce ship loans.	Mortgage assets, public sector debt and shares in Finnish Real Estate Corporations	Mortgage loans, public sector debt, ship loans, aircraft loans
Inclusion of Hedge Positions	Yes	Yes	Yes	Yes	Yes, 12% of the pool's NPV
Substitute collateral	Max. 20%; 30% for a limited period if authorized by the Norwegian FSA	Up to 20%	Yes	Yes	Max. 20%
Restrictions on inclusion of asset classes	No	Commercial mortgages are capped at 10% of the total pool	No	No	No
Geographical scope for public assets	OECD	OECD	Not applicable	EEA	EEA, Switzerland, USA, Canada and Japan
Geographical scope for mortgage assets	OECD	EEA	Denmark, Greenland and Faroe Islands without restrictions - other countries with approval of Supervisory Authority	EEA	EEA, Switzerland, USA, Canada and Japan
LTV barrier residential	75%	75%	80%	70%	60%
LTV barrier commercial	60%	60%	60%	60%	60%
Basis for valuation	Market value	Market value	Mortgage lending value	Market value	Mortgage lending value
Valuation check	Regular surveillance through accountant	Regular monitoring of property values	No explicit regulation	Regular examination	Regular (at least every 2 years) examination of the cover register
Special supervision	Yes; Finanstilsynet	Yes; Finansinspektionen	Yes ; DFSA	Yes; FIVA	Yes; BaFin
Protection against mismatching	The law stipulates that cash-flows should be matched narrowly	Nominal coverage, NPV coverage	Yes; general or specific balance principles govern several restrictions on max. mismatches possible	Nominal coverage, NPV coverage; 12 month cash flow coverage, stress testing, liquidity management	Nominal coverage, NPV coverage, 180d liq. buffer
Obligation to replace non-performing loans	No, but haircuts for loans in-arrears for more than 90 days	No	No	Readjustment of valuation	No
Mandatory overcollateralization	No	No	8% on a risk-weighted basis is required by law – also at capital centre level.	No	2% NPV
Fulfills UCITS 22(4)/CRD	Yes	Yes	Yes	Yes	Yes

Source: UniCredit Research

Appendix

P&L all Terra banks

<i>Balance</i>	2 001	2 002	2 003	2 004	2 005	2 006	2 007	2 008	2 009	2 010
Gross loans	70 116	78 490	86 784	96 403	107 729	121 943	139 584	148 925	152 591	158 411
Deposits	58 350	64 608	68 915	74 357	79 811	88 834	99 051	107 562	112 561	120 864
Equity	8 774	9 047	10 009	10 817	11 729	12 910	14 095	14 306	15 591	16 819
Total assets	80 531	89 471	97 459	108 514	121 818	137 599	159 552	177 404	185 967	192 195
Growth in loans	16,6 %	11,9 %	10,6 %	11,1 %	11,7 %	13,2 %	14,5 %	6,7 %	2,5 %	3,8 %
Growth in deposits	13,2 %	10,7 %	6,7 %	7,9 %	7,3 %	11,3 %	11,5 %	8,6 %	4,6 %	7,4 %
Deposit ratio	83,2 %	82,3 %	79,4 %	77,1 %	74,1 %	72,8 %	71,0 %	72,2 %	73,8 %	76,3 %
Equity ratio	10,9 %	10,1 %	10,3 %	10,0 %	9,6 %	9,4 %	8,8 %	8,1 %	8,4 %	8,8 %
Core capital ratio	16,2 %	15,2 %	15,8 %	16,0 %	16,0 %	15,5 %	14,9 %	15,0 %	16,4 %	17,1 %
Capital ratio	16,5 %	15,9 %	16,6 %	16,9 %	16,9 %	16,5 %	16,0 %	16,3 %	17,6 %	18,2 %
<i>Key figures</i>										
Net interest/total assets	3,05 %	2,93 %	2,78 %	2,60 %	2,40 %	2,27 %	2,20 %	2,19 %	1,88 %	1,87 %
Net commission incom/total assets	0,30 %	0,32 %	0,35 %	0,40 %	0,39 %	0,40 %	0,38 %	0,35 %	0,32 %	0,36 %
Loss provision ratio	0,48 %	0,43 %	0,39 %	0,27 %	0,11 %	0,03 %	0,04 %	0,42 %	0,32 %	0,27 %
Cost/income ratio (adj.)	60,9 %	61,0 %	59,9 %	59,0 %	65,1 %	64,4 %	64,0 %	60,6 %	65,6 %	63,0 %
Net profit in % of total assets	0,54 %	0,36 %	0,84 %	0,88 %	0,87 %	0,86 %	0,71 %	0,11 %	0,68 %	0,75 %
Net profit on core earnings in % of RVA	1,34 %	1,38 %	1,41 %	1,54 %	1,38 %	1,44 %	1,40 %	1,15 %	0,90 %	1,09 %
Return on equity	4,84 %	3,43 %	8,23 %	8,75 %	8,92 %	9,10 %	7,82 %	1,29 %	8,31 %	8,80 %

Appendix

Balance and key figures Terra banks

<i>P&L in NOK mil.</i>	2 001	2 002	2 003	2 004	2 005	2 006	2 007	2 008	2 009	2 010
Net interest income	2 298	2 492	2 600	2 678	2 761	2 947	3 269	3 689	3 418	3 536
Net commission income	227	274	331	416	449	517	569	585	589	673
Other income	51	64	53	63	51	78	53	52	53	46
Total income	2 576	2 831	2 984	3 157	3 261	3 541	3 891	4 327	4 060	4 255
Personnel and adm. expenses	1 217	1 355	1 391	1 444	1 684	1 741	1 880	2 021	2 048	2 080
Depreciation	98	102	103	112	126	184	199	190	167	124
Other costs	253	269	292	305	314	354	410	411	448	477
Total costs	1 568	1 726	1 786	1 861	2 124	2 279	2 489	2 622	2 662	2 680
Core earnings before loan losses	1 008	1 105	1 198	1 295	1 137	1 262	1 402	1 704	1 398	1 575
Write-downs on loans	314	318	324	244	108	33	50	606	482	418
Core earnings	694	787	873	1 051	1 028	1 229	1 352	1 099	916	1 157
Dividends/associated copanies	31	38	36	47	84	162	150	155	79	177
Net return on financial investments	-140	-308	183	168	213	111	-58	-734	564	220
On-offs and loss/gain on long-term assets	1	-44	5	10	14	-1	10	-90	121	373
Pre tax profit	586	474	1 098	1 277	1 340	1 501	1 454	430	1 681	1 927
Taxes	179	168	313	366	335	380	399	247	439	500
Net profit	407	305	784	911	1 005	1 121	1 056	183	1 242	1 427

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