



Terra BoligKreditt AS

Investor Presentation – EUR Roadshow

June 2012

Executive summary

Norway

- 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

- 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
- Covered bonds increasingly important funding source for Terra Banks

Terra BoligKreditt (TBK)

- Terra BoligKreditt is a specialised covered bond issuer owned by 79 Terra Banks and OBOS*
- 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 indexed LTV-ratio of 42.3%, 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

Norwegian economy – Key indicators

- Solid AAA sovereign with significant budget surplus
- Government pension fund in excess of GDP provides room to manoeuvre if needed
- Sound growth prospects and low unemployment
- GDP per capita amongst the highest in the OECD countries
- Low interest rates and increasing savings rate supporting households' debt service capacity

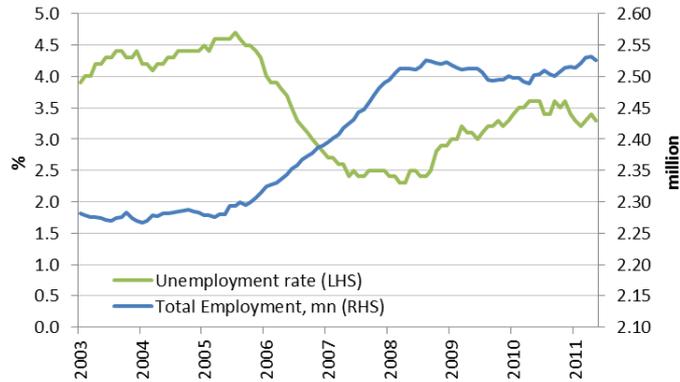
	2007	2008	2009	2010	2011	2012E
GDP growth (Mainland)	5.3%	1.5%	-1.6%	1.9%	2.6%	2.7%
Consumer price inflation	0.8%	3.8%	2.1%	2.5%	1.2%	0.9%
Unemployment	2.5%	2.6%	3.2%	3.6%	3.3%	3.3%
Private consumption growth	5.4%	1.8%	0.0%	3.7%	2.2%	3.5%
Household savings rate	0.9%	3.5%	6.8%	6.3%	8.2%	8.8%
Interest rates (3m Nibor)	5.0%	6.2%	2.5%	2.5%	2.9%	2.4%
Government budget surplus / GDP	12.5%	15.9%	10.8%	13.6%	14.6%	13.4%
Government pension fund / GDP	78%	79%	95%	123%	130%	130%

Source: Statistics Norway, Ministry of Finance May 2012, Norges Bank

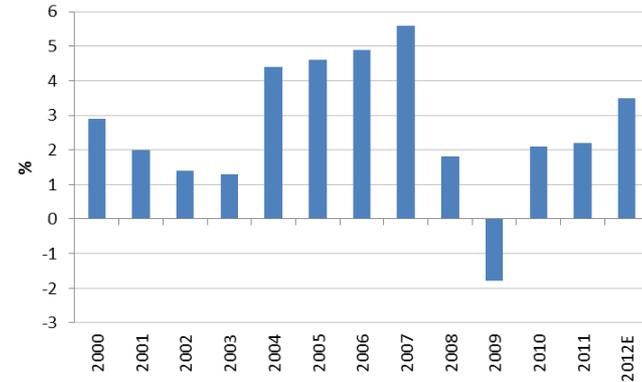
Norwegian economy and housing market

Solid economic position

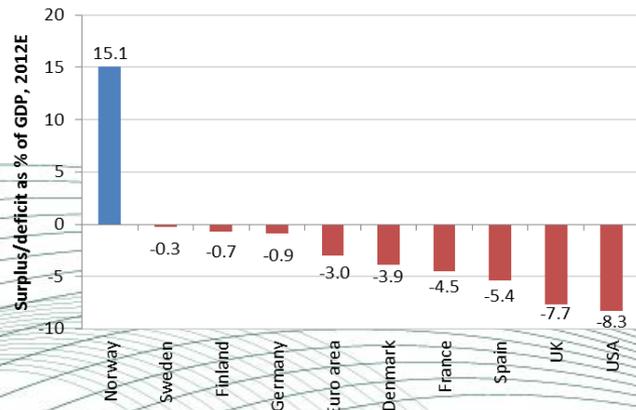
Unemployment rate and total employment



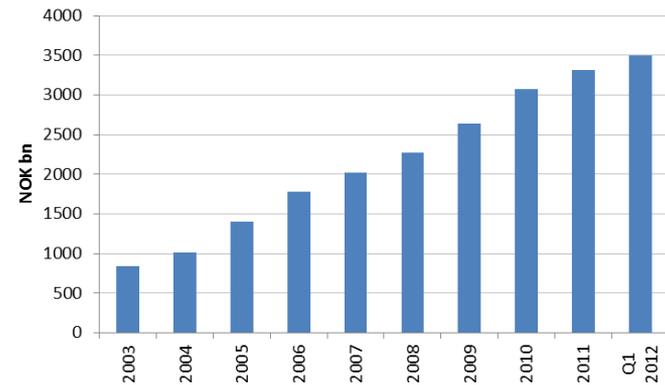
GDP growth – Mainland Norway



Government budget surplus



Market value of Government Pension Fund



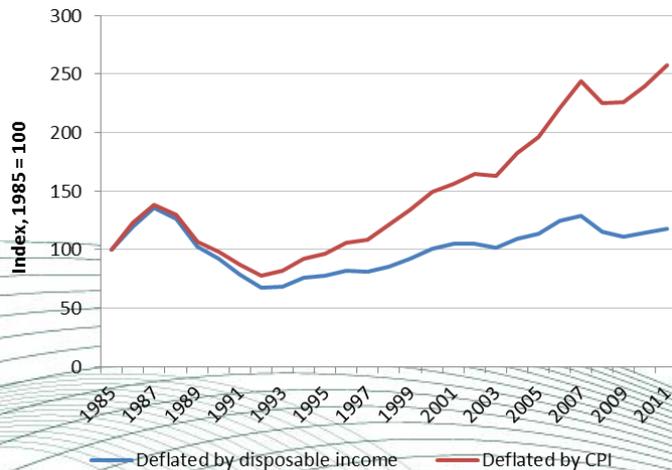
Source: Statistics Norway, Ministry of Finance, OECD

Norwegian economy and housing market

Healthy housing market

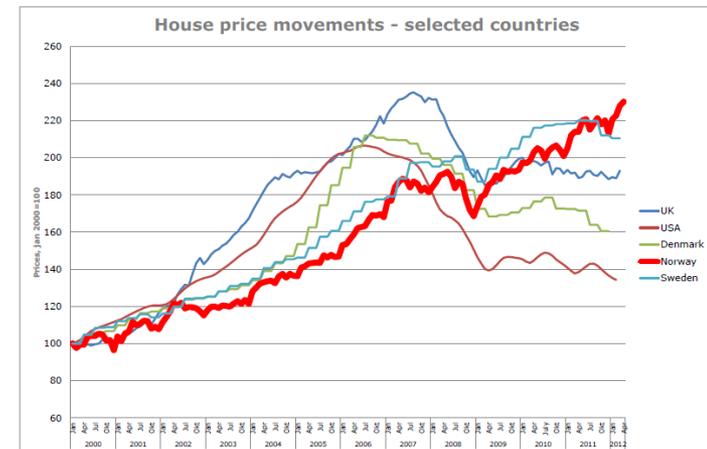
- General characteristics of the Norwegian housing market:
 - 80% of households own their home
 - No subprime or buy-to-let market
 - Borrowing costs are tax deductible at 28% of interest paid
 - Preferential treatment when calculating wealth tax (1.1 per cent per annum)
 - Personal liability for debt and strong payment culture
 - Transparent and reliable information about borrowers available to the lenders
- Only moderate increase in real house prices when deflated by income growth

Real house price development



Source: Norges Bank

Nominal house price development

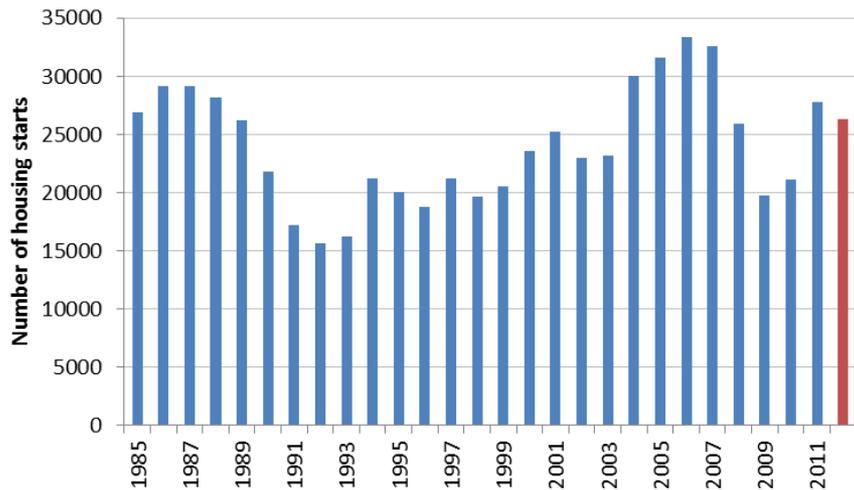


Source: S&P Case-Shiller Home Price Indices Composite 20, Realkreditrådet, Halifax House Price Index, Statistics Sweden, Eiendomsverdi

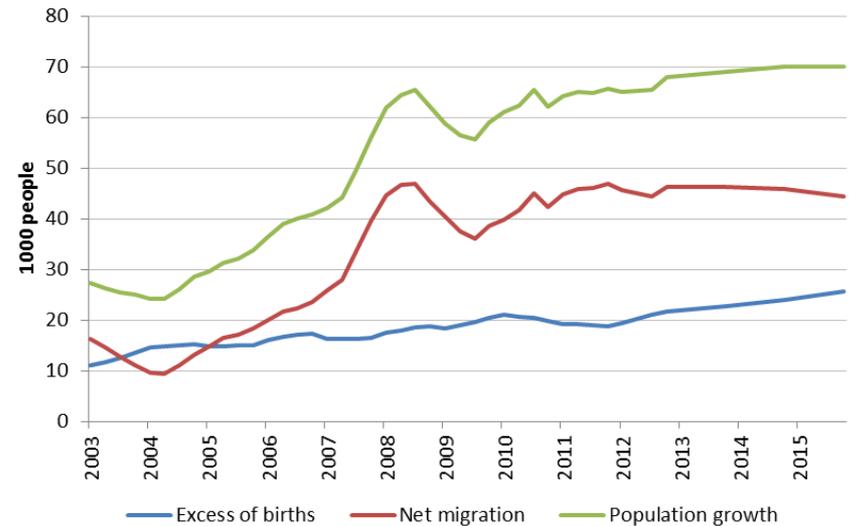
Norwegian economy and housing market

Drivers of the housing market

- Low housing starts



- Strong population growth



Source: Statistics Norway, Norges Bank

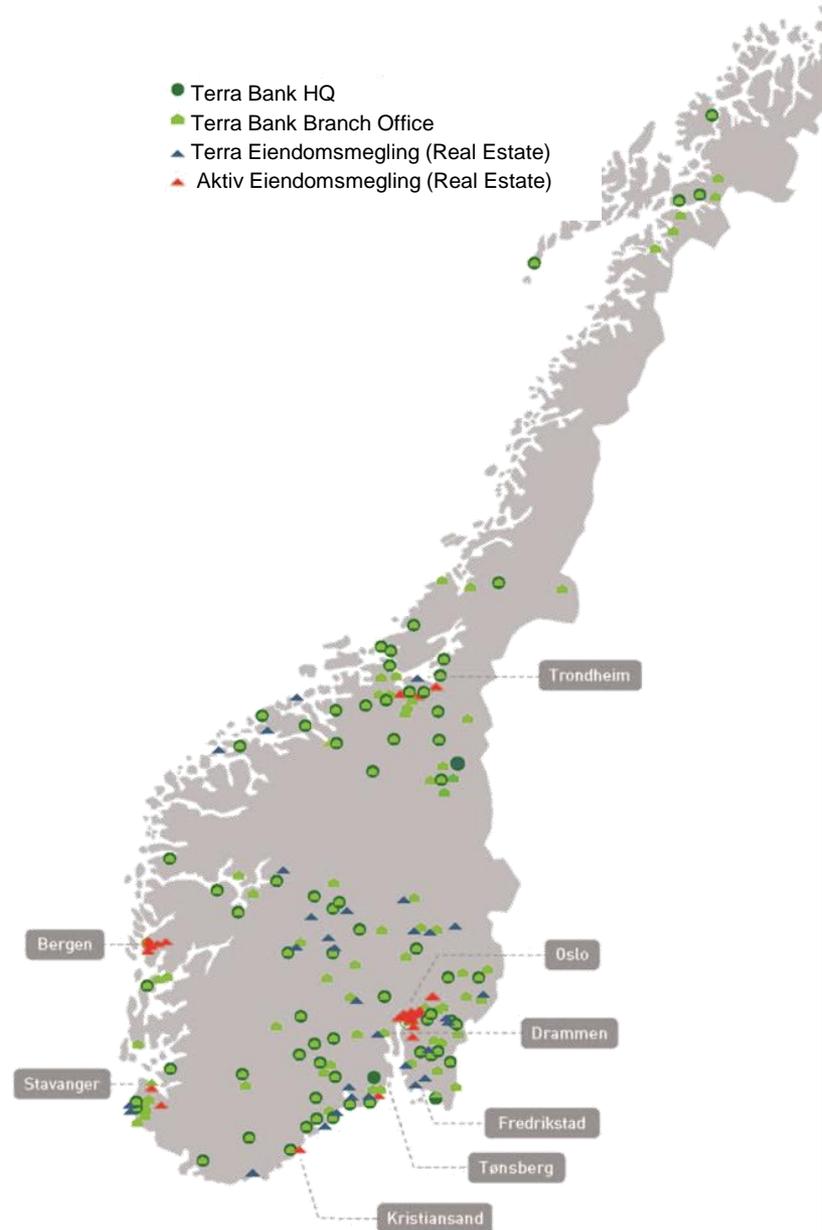
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Terra Banks

Diversified operations

- 79 banks and OBOS*
- Scope of the banking operations
 - 190 branch offices
 - 2,000 employees
 - Operating in 112 municipalities
- Aggregated balance sheet of Terra Banks is NOK 198 billion (EUR 26 bn)
- Market share in retail customers
 - from 40% to 80% in local markets (except the largest cities)
 - 10% in Norway

** 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*

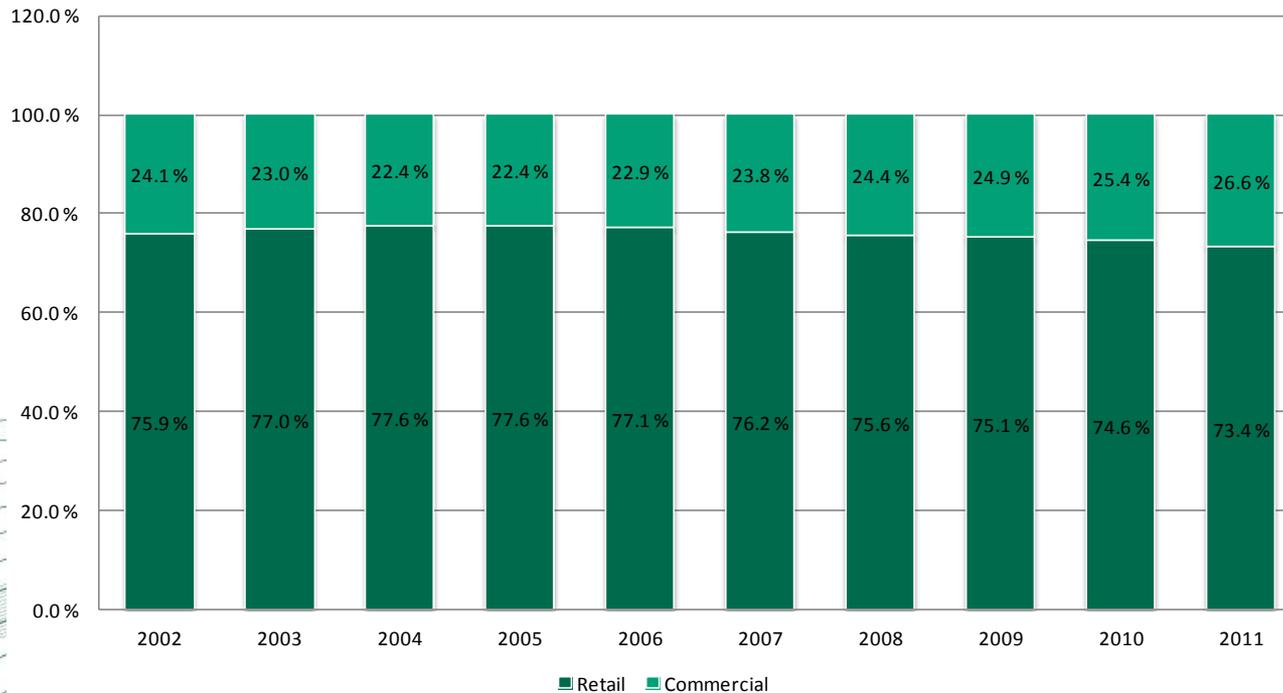


Terra Banks

Focus on retail customers

- Retail lending accounts for 73% of Terra Banks' total lending at YE2011 (loans on the banks' own balance sheet, i.e. excluding transfers to TBK)
- Higher share of retail lending compared to peers
- Terra Banks have no exposure to shipping and relatively low exposure to commercial real estate

Retail vs Commercial

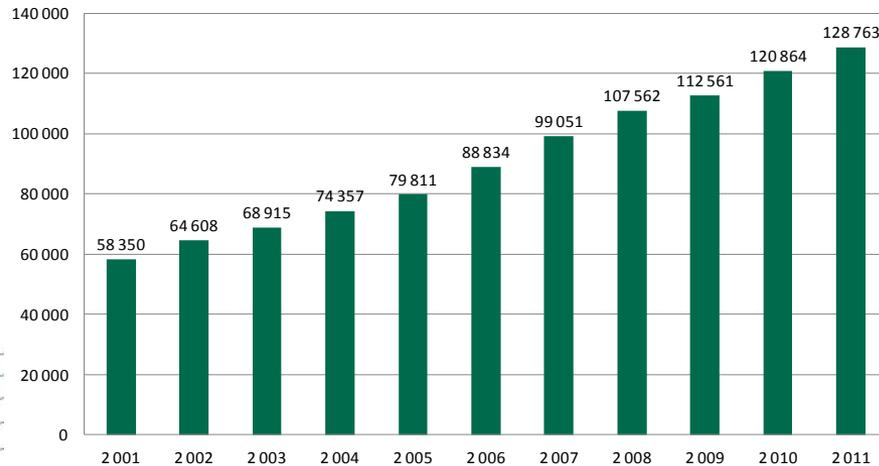


Norwegian peers:
DNB: 46.9%
Sparebank1: 56.0%
Alliance free banks: 59.2%

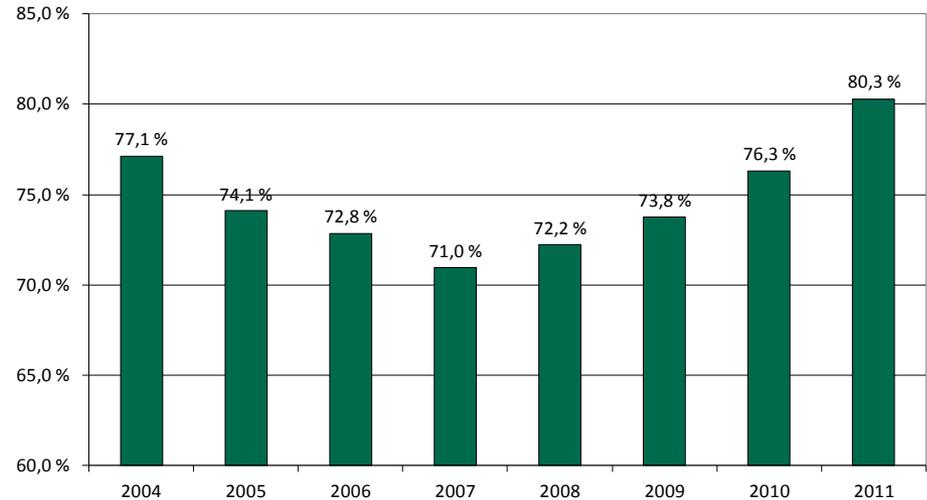
High and increasing deposit base

- Well diversified deposit base - approx. 85% of all deposits is within the NOK 2 mill. bank guarantee fund limit
- Steady growth in the deposit base and high deposit ratio of 80%

**Aggregated deposits from customers Terra banks
2001 - 2011 (NOK mill.)**



Deposit ratio

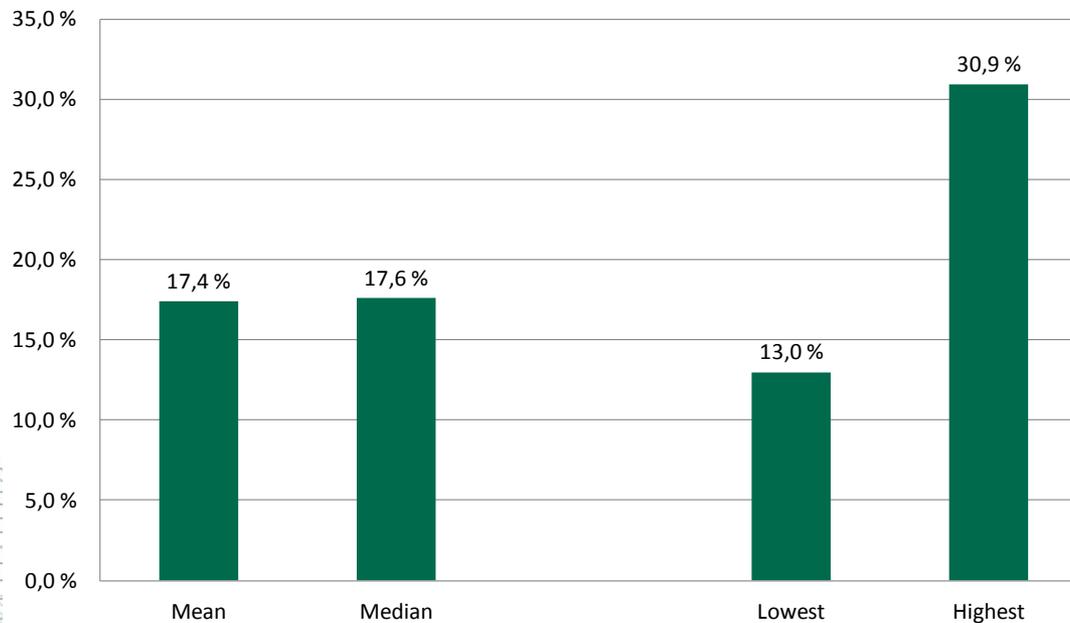


Terra Banks

Well capitalised banks

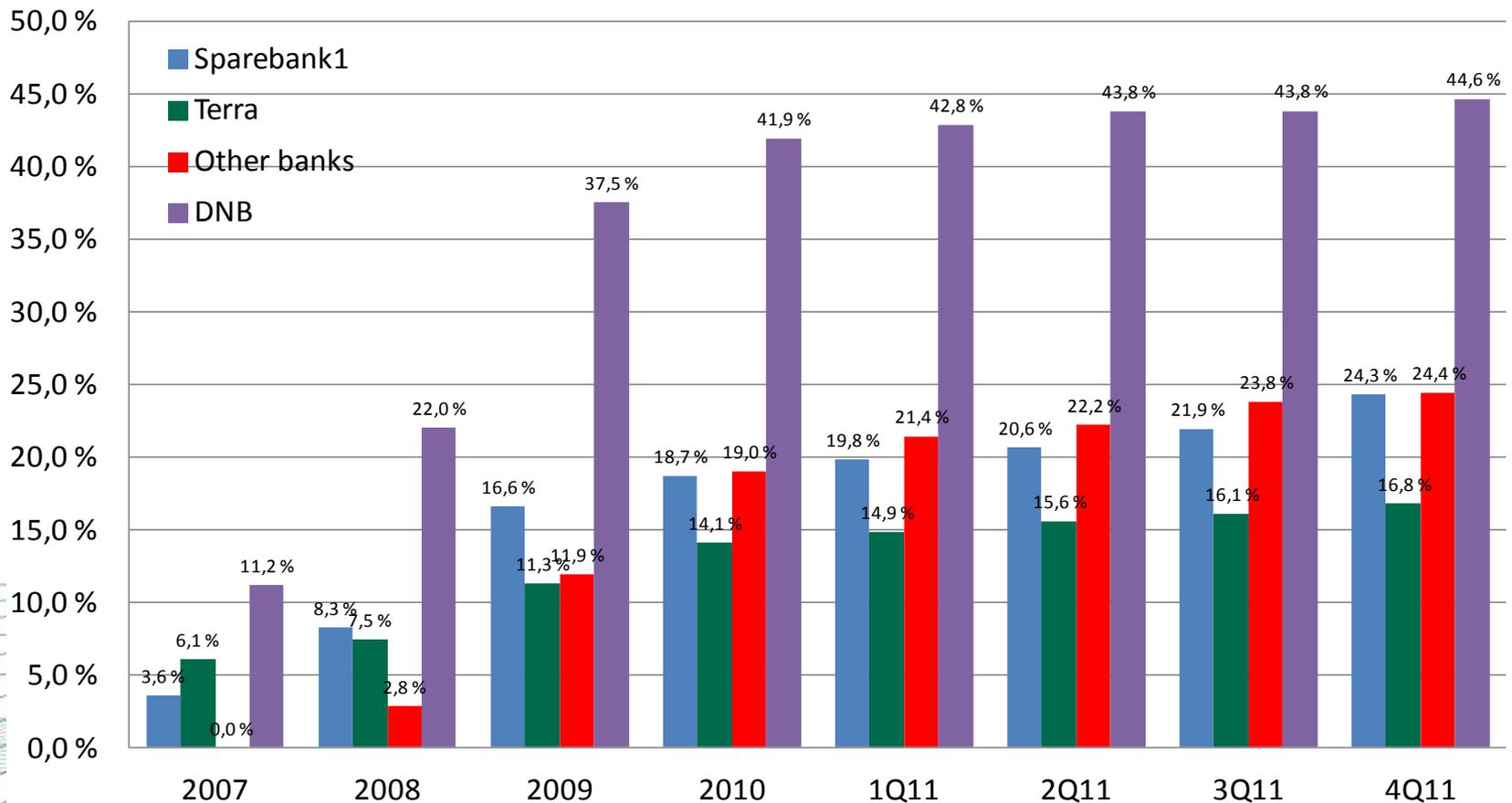
- Average core capital ratio of 17.4%
- Average total capital ratio of 18.2%
- All Terra Banks use the standard approach under Basel II

Core capital ratio 2011 - Terra banks



Transfers of mortgages to CB issuer

Share of loans transferred to Boligkreditt (CB) -
in % of total loans



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Ownership and rating

New dynamic ownership model

In May 2012, a change in ownership was effectuated such that the Owner Banks now own all the shares in TBK. The ownership is subject to re-allocation on an annual basis in accordance to the individual Owner Bank's share of the total transferred lending volume to TBK (dynamic ownership). After the transaction the Holding Company (Terra-Gruppen AS) no longer holds shares in TBK.

TBK is the core provider of funding to the Owner Banks and therefore a highly important entity in Terra financial group. As part of the strategy to further strengthen the links between TBK and the Owner Banks the support mechanisms have been also amended in May 2012.



¹ 79 Norwegian banks and OBOS

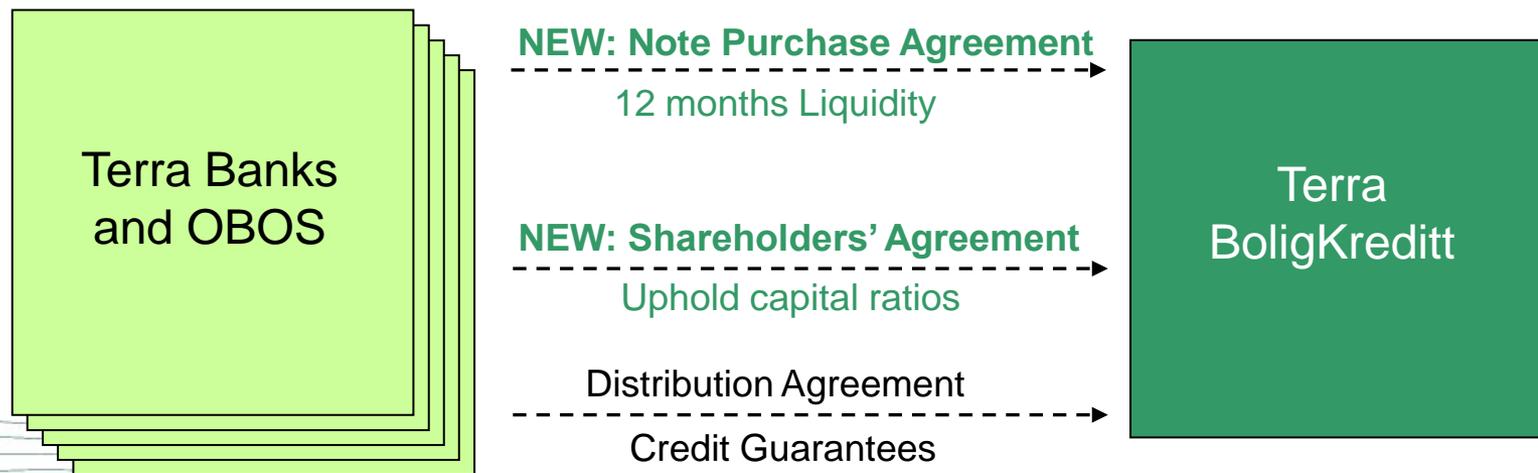
The ownership change, NPA and SA entered into effect 10th of May 2012

Ownership and rating

Structure of new support arrangement

The Note Purchase Agreement (NPA) is structured to ensure that TBK has liquidity, at all times, sufficient to pay the Final Redemption Amount of any series of Notes in a rolling twelve month period. The NPA replaces the current NOK 3 bn facility as described in the Offering Circular under the EMTCN Programme.

The Shareholders' Agreement is structured to ensure that TBK will uphold sufficient capital adequacy ratio at all times. The Owner Banks are obligated to pay their pro-rata share of any capital increase adopted by the TBK's general meeting and of any capital instruments to be issued.



The ownership change, NPA and SA entered into effect 10th of May 2012

Rating

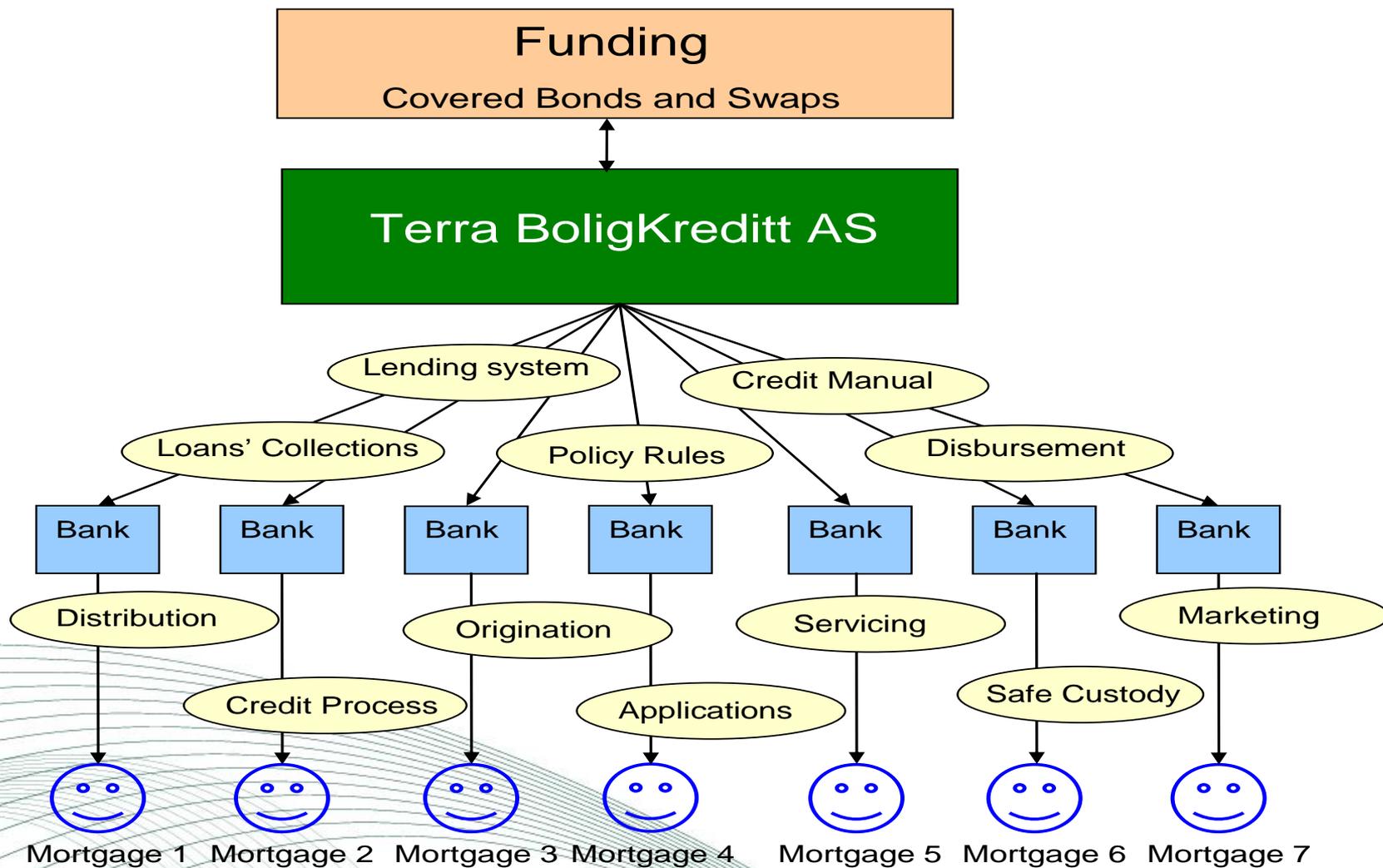
“Covered bonds issued by TBK are today rated Aa2 by Moody's Investors Service. According to Moody's rating criteria further enhancement of support mechanisms could be supportive to the financial strength of TBK.”

Terra BoligKreditt AS – Stock Exchange Notice 04.05.2012

		<u>Timely Payment Indicators</u>					
		Very Improbable	Improbable	Probable	Probable-High	High	Very High
<u>Issuer Ratings</u>	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

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Business concept



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)
 - According to the Norwegian regulations borrowers have to sustain an increase of interest rate by 5 percentage points in stress-testing (FSA 29/11)
- Terra BoligKreditt has a self imposed max LTV ratio of 60% although the covered bond legislation allows for 75%
- The value of the residential property used as a collateral must be rigorously documented
- Distribution of only Norwegian residential mortgages by conservative savings banks with close relationship to customers
- Multiple credit scoring models are utilized

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 3,138) 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>
Currently EUR 390 mn	Currently EUR 53 mn	Currently EUR 52 mn

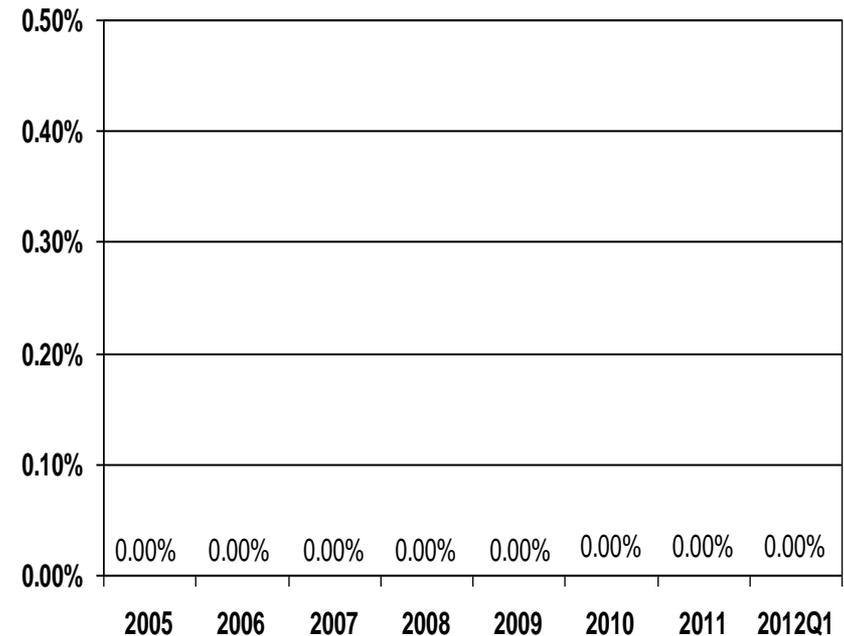
EURNOK as of 30.04.2012: 7.55

*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
- The guarantees from the banks further reduces credit risk and helps avoiding cherry-picking of mortgages
- In case there is a delayed payment the Bank which has transferred the mortgage need to solve the problem within 2 months by:
 - Giving the client extra credit
 - Transferring the loan back to the bank
 - Paying the full guaranteed amount to TBK

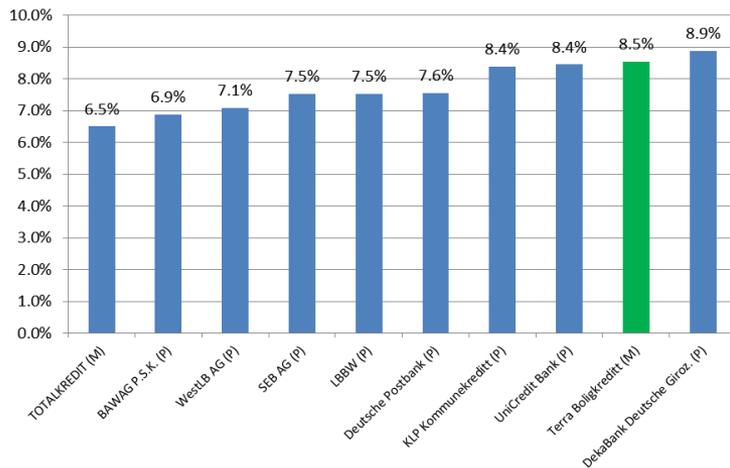
Losses and arrears



Top-notch collateral score by Moody's

- On 19 April 2012, Moody's released the ninth edition of their EMEA Covered Bonds monitoring overview. The primary objective of this report is to provide transparency to Moody's covered bond ratings.
- In the report Terra BoligKreditt is ranked the second highest out of over 200 covered bond issuers in terms of quality of collateral in the cover pool which is measured by the Collateral Score¹⁰
- Terra BoligKreditt is also among the issuers with the lowest cover pool losses

Top 10 Cover Pool Losses by Moody's



P – Public Sector; M - Mortgage

EXHIBIT 13

Deals with lowest (best) Collateral Scores¹⁰

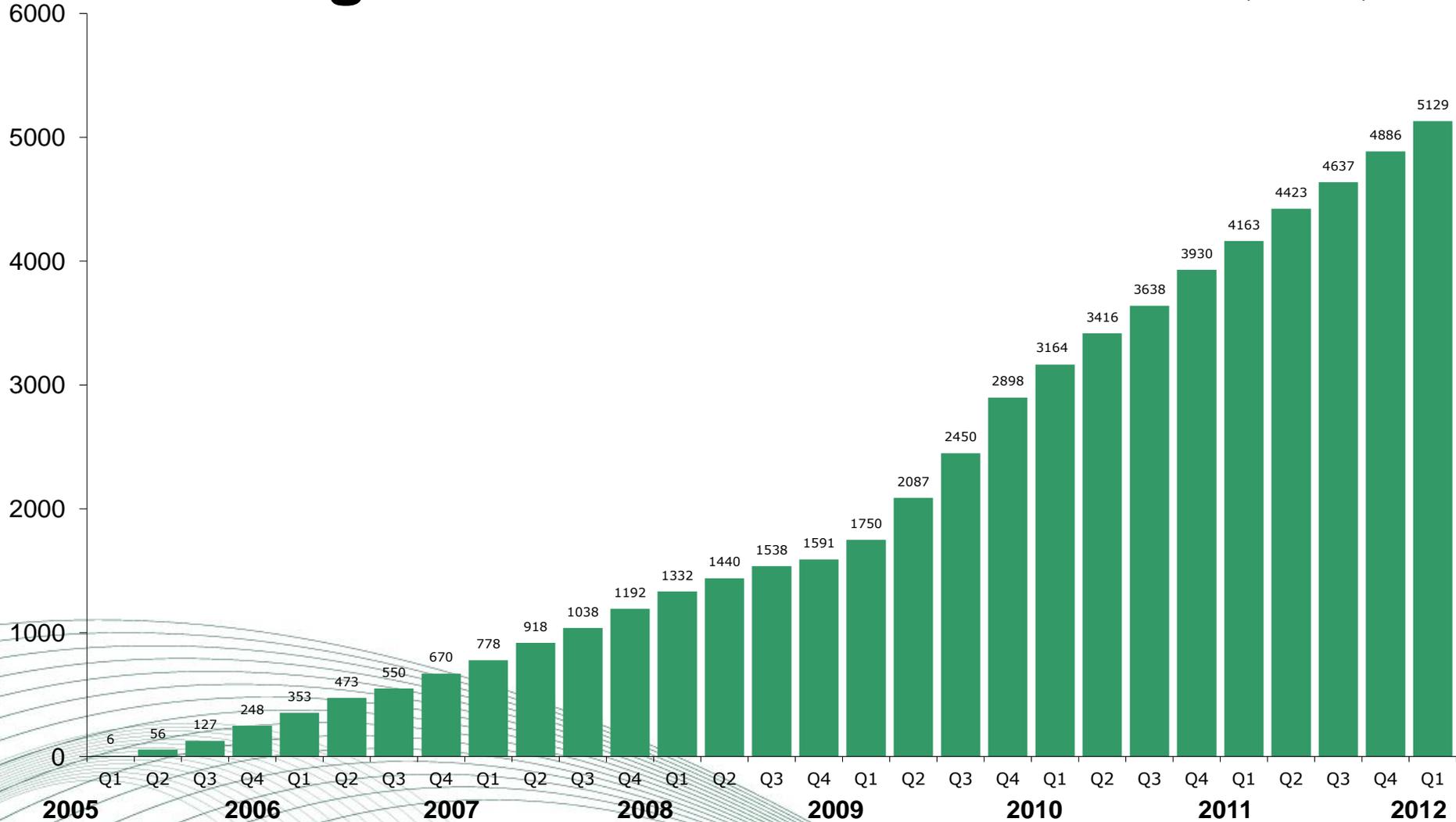
Name of Programme	Type of Programme	Country	Collateral Score
KLP Kommunekreditt AS Public-Sector Covered Bonds	Public Sector	Norway	1.6%
Terra Boligkreditt Mortgage Covered Bond Programme	Mortgage	Norway	2.3%
Landesbank Baden-Wuerttemberg – Public Sector Covered Bonds	Public Sector	Germany	2.6%
HSBC Covered Bond Programme	Mortgage	United Kingdom	2.6%
OP Mortgage Bank Mortgage Covered Bonds	Mortgage	Finland	2.7%
Deutsche Postbank AG Mortgage Covered Bonds	Mortgage	Germany	2.7%
Deutsche Postbank Public-Sector Covered Bonds	Public Sector	Germany	2.7%
Norddeutsche Landesbank GZ Public Sector Covered Bonds	Public Sector	Germany	3.0%
DekaBank Deutsche Girozentrale Public Sector Covered Bonds	Public Sector	Germany	3.1%
Eurohypo AG Public Sector Covered Bonds	Public Sector	Germany	3.1%
SpareBank 1 Boligkreditt AS Mortgage Covered Bonds	Mortgage	Norway	3.4%

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%.

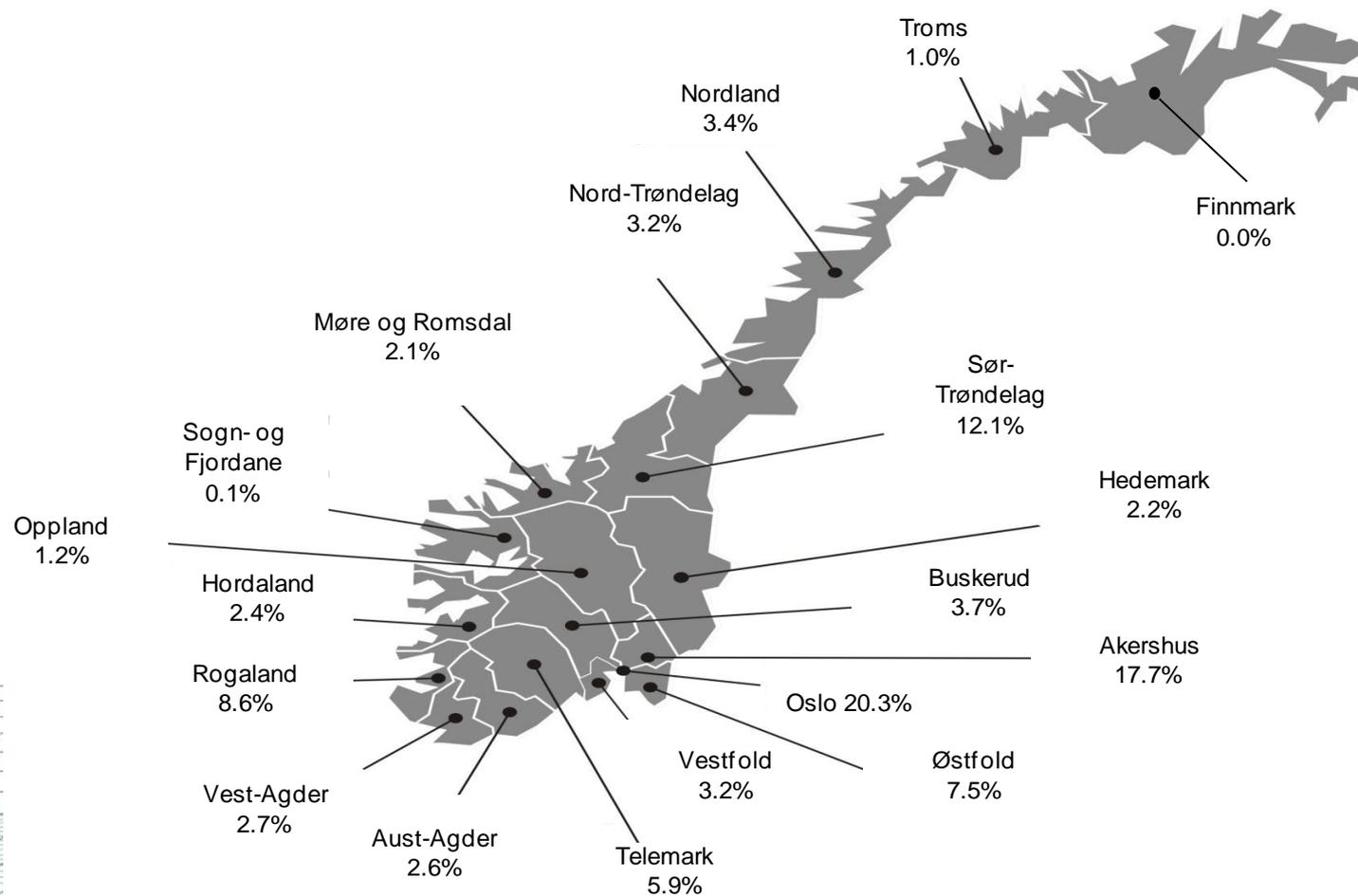
Source: Moody's – "Moody's EMEA Covered Bonds Monitoring Overview: Q4 2011"

Stable growth in loan book

(EUR mn)



Strong geographical diversification



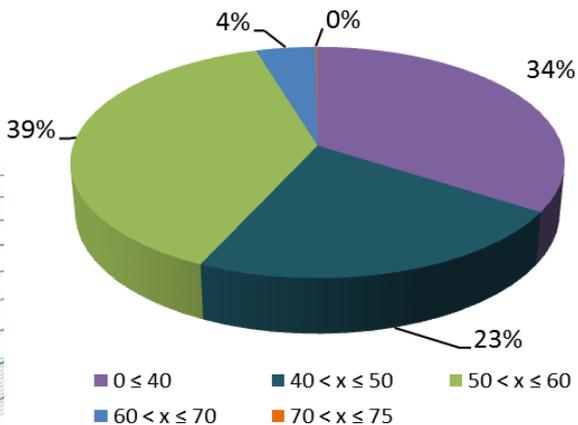
Map of distribution as of 31.03.2012

Summary of the cover pool

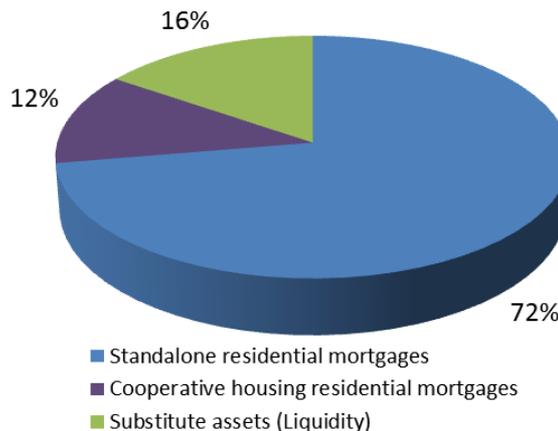
Overview of mortgages in the cover pool (EUR) as of 31 March 2012

	Grand total	Standalone residential mortgages	Cooperative residential housing
Nominal value	5,129,397,000	4,384,128,089	745,268,911
In % of total mortgage pool	100 %	85.47 %	14.53 %
Number of loans	28,566	28,117	449
Arithmetic average loan (nominal)	179,563	155,924	1,659,842
WA LTV (unindexed)	46.01 %	51.15 %	15.77 %
WA LTV (indexed)	42.26 %	47.17 %	13.36 %

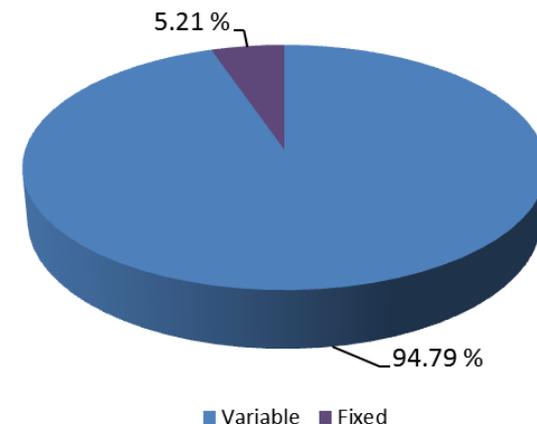
Indexed LTV distribution



Composition of Cover Pool



Variable vs fixed rate

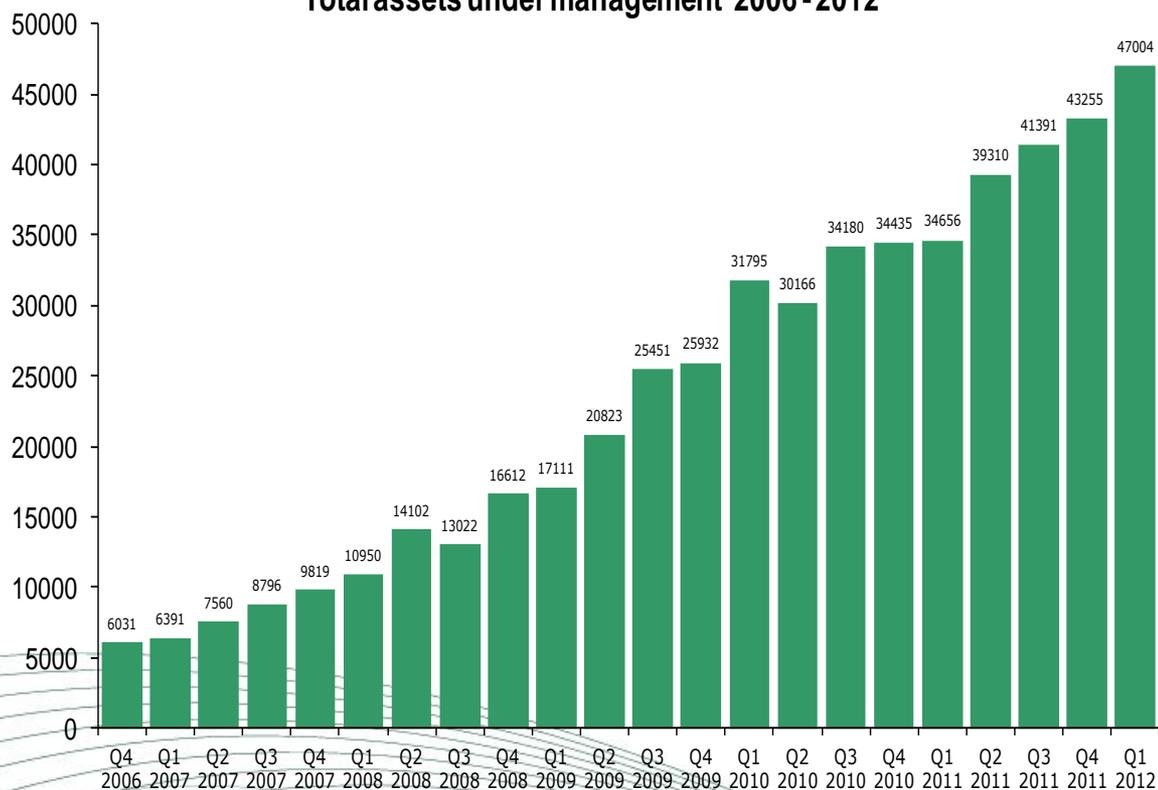


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Stable growth in assets

NOK mn

Total assets under management 2006-2012



Rank on total assets	2011
DNB (Norge)	1516,2
Nordea	589,3
Fokus	180,4
Handelsbanken	164,5
Sparebank1 Boligkreditt	147,7
SRBank	131,1
Sparebanken Vest	116,0
Sparebank1 SMN	101,5
Sparebank1 Nord Norge	71,0
Sparebanken Møre	48,4
Terra Boligkreditt	43,3
Sparebank1 Hedmark	43,2
Sparebanken Sør	41,9
BNBank	40,7
Sparebanken Pluss	40,5
Storebrand Bank	38,7
Sparebanken Sogn og Fjordane	35,2
Sparebanken Øst	28,5
Bank1 Oslo	28,2
Sandnes Sparebank	24,8

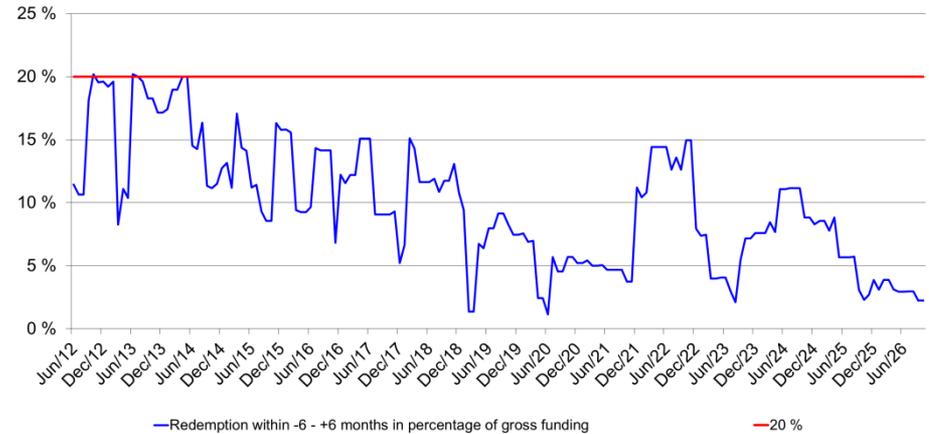
Funding strategy

- To establish and maintain TBK as a solid, well-known and frequent borrower
 - Diversified funding both in terms of geography and investor type
 - Focus on public issues
- Provide the market with high quality and transparent information
 - Timely and high quality annual/quarterly reports and financial statements
 - Regularly updated information on the web site
 - Frequent roadshows and investor presentations
 - Excel downloadable data on the cover pool on a quarterly basis (following standard developed by NCBC on request of CBIC)
- Low risk
 - All funding swapped to 3 month Nibor
 - Minimum OC level of 5% (committed in EMTCN Programme)
- About $\frac{3}{4}$ of the funding expected to be international
 - Exception: TBK's domestic funding in 2011 about EUR 1.5 bn

Prudent refinancing policies

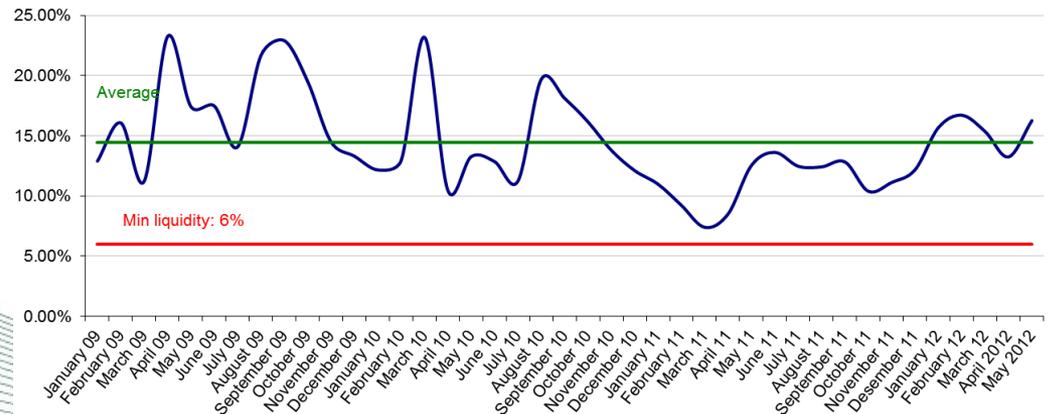
- **Strong Risk Management**

Control of Refinancing Indicator I



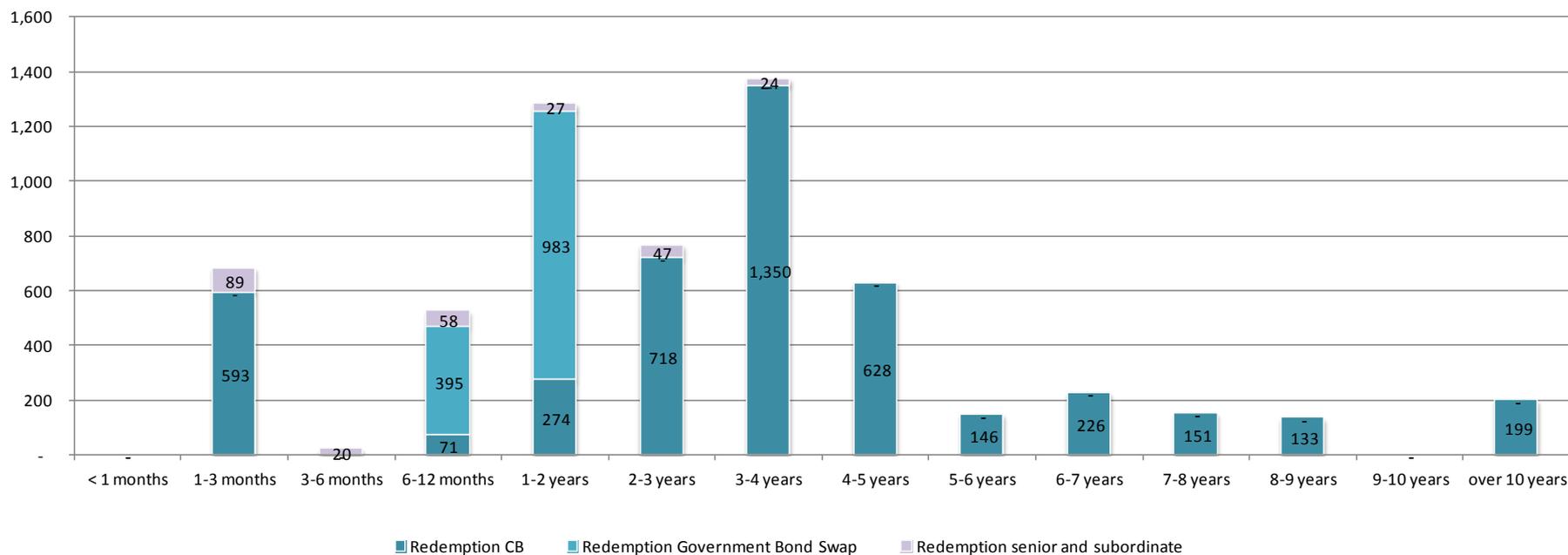
- **Solid liquidity position**

Liquidity as part of Cover Pool 2009 - 2012



Robust redemption profile

Redemption profile (EUR)



EURNOK as of 31.05.2012: 7.5235

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 a navigation menu on the left with items like "Home", "Terra BoligKreditt", "Cover Pool", "Investor Presentations", "EMTCN Programme and Final Terms", "Rating", and "Financial Reports". The main content area features the Terra logo, a language selector for "English site", and a section for "Terra BoligKreditt AS". This section describes TBK as a subsidiary of Terra-Gruppen AS, owned by 78 Norwegian savings banks and OBOS. It states the primary purpose is to provide funding and reduce liquidity risk for residential mortgages. Below this is a section for the "Norwegian Covered Bond Council" with a link to their website. On the right side, there are three portraits of key personnel: Kiaran M. Bremnes (CEO, +47 22 87 80 36), Odd-Arne Pedersen (CFO, +47 22 87 81 44), and Kristian Fiskerstrand (Funding and Risk Management, +47 22 87 80 57). The browser's status bar at the bottom indicates "Fullført".

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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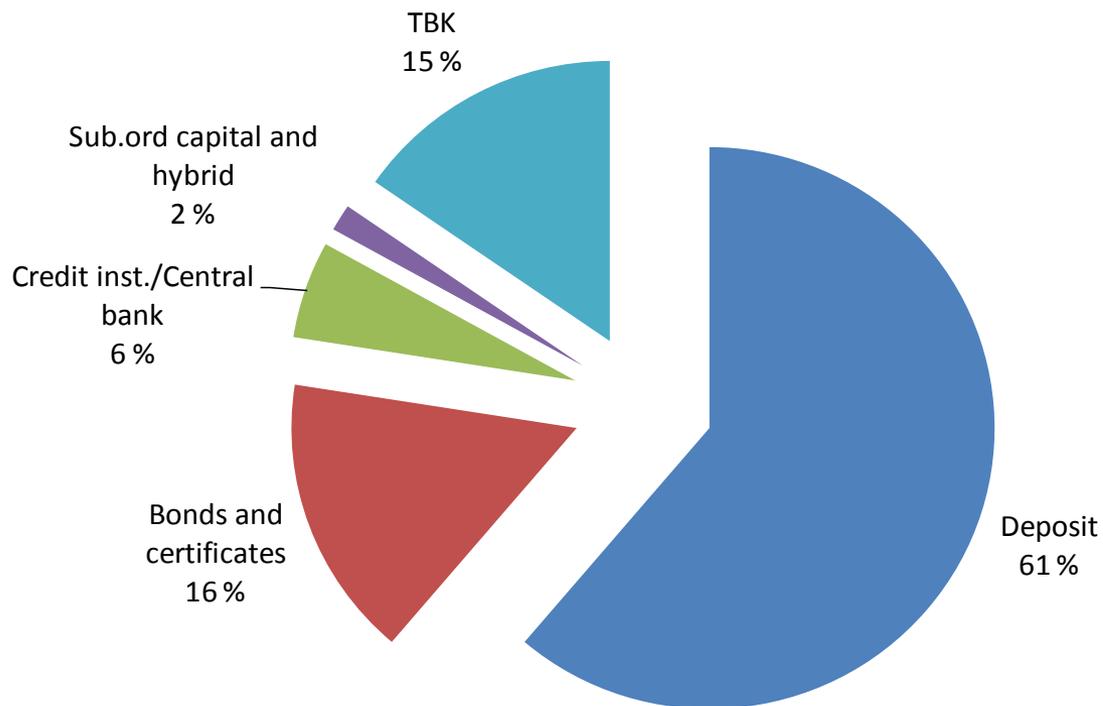
Appendix

List of issues

Date of issue	Currency	Nominal (mn)	Maturity	Length of issue*	EUR (mn)
Covered Bonds and swap arrangement with the Central Bank					
October 2007	CHF	225	2013-10-24	6 years	141
October 2007	NOK	580	2012-04-17	4.5 years	77
March 2008	NOK	441	2013-03-14	5 years	59
March 2008	NOK	250	2013-03-12	5 years	33
October 2008	NOK	3,000	2011-10-14	3 years	399
November 2008	NOK	1,689	2012-05-21	4 years	224
Swap Agreement April 01, 2009	NOK	2,971	2013-03-20	4 years	395
Swap Agreement April 20, 2009	NOK	1,487	2014-03-19	5 years	198
Swap Agreement June 15, 2009	NOK	987	2014-03-19	5 years	131
Swap Agreement August 24, 2009	NOK	3,445	2013-12-18	4 years	458
Swap Agreement September 7, 2009	NOK	1,475	2013-12-18	4 years	196
September 2009	NOK	455	2015-03-03	5.5 years	60
September 2009	NOK	460	2014-03-14	4.5 years	61
December 2009	NOK	1,135	2019-12-16	10 years	151
February 2010	NOK	1,210	2015-02-25	5 years	161
March 2010	EUR	600	2012-09-14	2.5 years	600
May 2010	NOK	1,500	2016-05-03	6 years	199
August 2010	EUR	500	2015-08-31	5 years	500
April 2011	NOK	1,000	2021-04-06	10 years	133
May 2011	NOK	3,500	2016-05-03	5 years	465
June 2011	NOK	500	2018-06-08	7 years	66
June 2011	NOK	1,200	2018-06-08	7 years	160
August 2011	NOK	540	2014-03-14	2.5 years	72
September 2011	NOK	1,730	2014-10-23	3 years	230
October 2011	NOK	600	2026-12-13	15 years	80
November 2011	NOK	2,010	2014-12-01	3 years	267
December 2011	NOK	850	2016-06-22	4.5 years	113
January 2012	EUR	500	2017-01-25	5 years	500
March 2012	NOK	900	2026-12-13	14.5 years	120
May 2012	NOK	1,200	2015-06-05	3 years	160
May 2012	NOK	1,100	2017-06-05	5 years	146
Sum					6,554

Deposits the largest funding source (Owner Banks)

Total funding (incl. deposits and TBK) NOK 210.3 bn.



Appendix

Moody's announcement

Moody's announcement of placing five Norwegian savings bank on review for downgrade on 9 March 2012:

“In addition to various name-specific factors, the rating actions reflect Moody's view that it may become difficult for the banks to maintain their good asset quality going forward. In our opinion, higher home prices and household indebtedness, as well as the increased proportion of high LTV loans on the banks' retail loan books, render them vulnerable to economic downturns.”

In addition we note that the banks are increasingly transferring their lowest LTV retail mortgage loans to covered bond vehicles, which remain an attractive source of funding. This means however that the banks' remaining loans, on which unsecured bondholders have a claim, are relatively low quality assets.”

- Terra Banks have a high retail share on loan book (73.7%), even after transfers to TBK
- Retail loans consist mainly of loans to housing/mortgage (approx. 94%)
 - 59 per cent has collateral within 60% of LTV, and 91 per cent within 80%-LTV
 - Approx. 11 percentage points of mortgage loans are flexi loans
- Low LTV in mortgage portfolio (loans remaining in banks' own books) - average LTV of 64.4% and only few loans over 80% of LTV
 - Even better LTV if adjusted for up to 3 year time lag on real estate prices changes (reported figures are unadjusted)

Appendix

Moody's announcement II

“We also continue to consider loans to the commercial real estate and shipping industries as more volatile and therefore more likely to deteriorate in a downturn.”

- Terra Banks have 0 exposure to shipping and relatively low exposure to commercial real estate

“Additionally, high borrower concentrations in the banks' corporate loan books could both accelerate the pace and increase the extent of any deterioration in asset quality.”

- Terra Banks' lending is largely to retail clients so corporate exposures are generally very low
- Terra Banks are located in 18 out of the 19 Norwegian counties, and 112 of the municipalities. As such, the Terra Group, as a system, is well diversified within Norway, geographically.

Appendix

Terra Banks have transferred a relatively low share of retail loans to CB company

Numbers in NOK mill.	Gross lending	Retail lending	Transferred to CB company	Transfer-rate retail	Retail share*
DNB (1)	1278800	551908	463615	84,0 %	43,2 %
Nordea	464428	209504	88582	42,3 %	45,1 %
BN Bank	33260	10032	6002	42,8 %	30,2 %
Terra banks	160374	118260	32396	21,5 %	73,7 %
Other banks	263052	155623	84904	35,3 %	59,2 %
Sparebank1	340423	190676	114812	37,6 %	56,0 %
SR-BANK	95950	46547	44694	49,0 %	48,5 %
Sparebank1 SMN	70793	32165	22126	40,8 %	45,4 %
Sparebanken Vest	69050	42454	31101	42,3 %	61,5 %
Sparebank1 Nord-Norge	48749	29452	16392	35,8 %	60,4 %
Lillestrøm Sparebank (3)	4087	2613	2108	44,6 %	63,9 %
Jernbanepersonalets Sparebank (4)	4470	4349	2662	38,0 %	97,3 %

* Retail share on own loan book (after transfer to CB company)

1 DNB adjusted number

2 Terra adjusted for OBOS

3 and 4 - Terra banks with the highest transferred rate to TBK

Risk positioning (Owner banks)

Significantly higher retail share compared with Sparebank1, other saving banks and DNB.

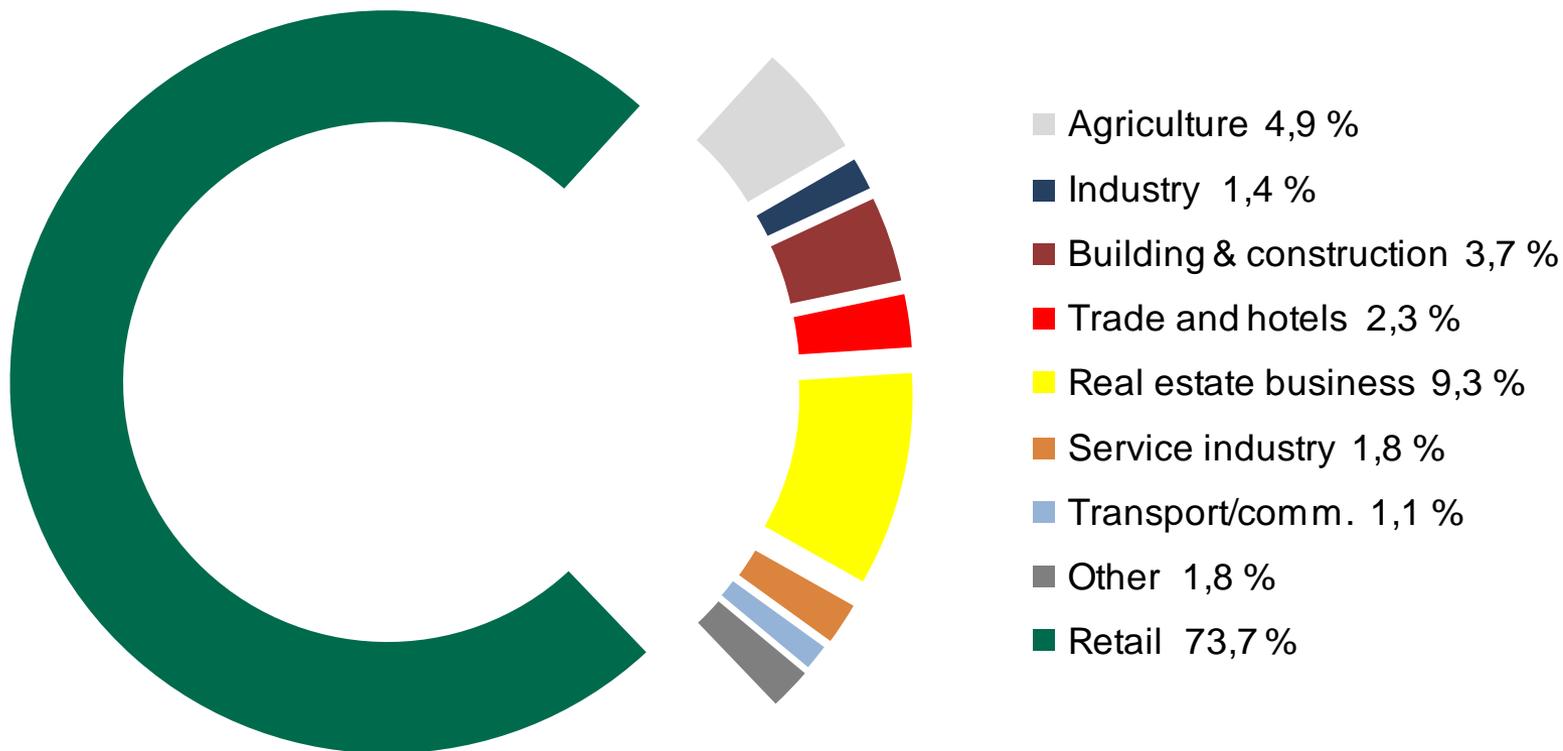
Exposure to agriculture has more in common with retail loans since the house on the farm often makes up the main collateral of the loan

0 exposure to shipping and relatively low exposure to commercial real estate

Sector distribution 2011	Terra	Other	Sparebank 1	DNB
Agriculture/forestry	4,9 %	2,7 %	4,6 %	0,7 %
Fishing/fish farming	0,0 %	2,1 %	1,1 %	1,3 %
Industry	1,4 %	2,3 %	2,7 %	4,0 %
Building and construction	3,7 %	4,0 %	3,4 %	3,4 %
Trade and hotels	2,3 %	2,3 %	2,7 %	3,2 %
Shipping	0,0 %	1,9 %	2,0 %	11,3 %
Real estate business	9,3 %	18,1 %	18,5 %	14,7 %
Service industry	1,8 %	4,2 %	4,9 %	6,8 %
Transport/comm.	1,1 %	1,1 %	3,0 %	2,7 %
Other	1,7 %	2,0 %	0,7 %	4,6 %
Public sector	0,1 %	0,2 %	0,4 %	0,5 %
Retail customers	73,7 %	59,2 %	56,0 %	46,9 %
Total	100,0 %	100,0 %	100,0 %	100,0 %

Risk positioning (Owner banks)

High retail share - loan portfolio divided into sectors 2011



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

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