



Terra BoligKreditt AS

Investor Presentation – European Roadshow

October 2012

Executive summary

Norway	<ul style="list-style-type: none">▪ Norway is one of the strongest economies in the world with a large budget surplus and low public debt▪ Rated Aaa / AAA / AAA (all stable outlooks)▪ Low unemployment, high household wealth and strong housing market
Terra Banks	<ul style="list-style-type: none">▪ Third largest Norwegian banking group with nationwide network and a strong focus on retail clients▪ Lending operations only in the Norwegian market and no foreign exposure▪ Highly capitalised, strong asset quality and high deposit base▪ Strong asset growth▪ Covered bonds increasingly important funding source
Terra BoligKreditt (TBK)	<ul style="list-style-type: none">▪ 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 41.6%, maximum LTV of 60% for individual loans▪ 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"▪ Among the lowest (best) Collateral Score in the Nordics and among the best globally
Strong covered bond legislation	<ul style="list-style-type: none">▪ Terra BoligKreditt is set up under the Norwegian covered bond legislative framework▪ CRD and UCITS compliant

** 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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The operating environment

The Norwegian economy – Key indicators

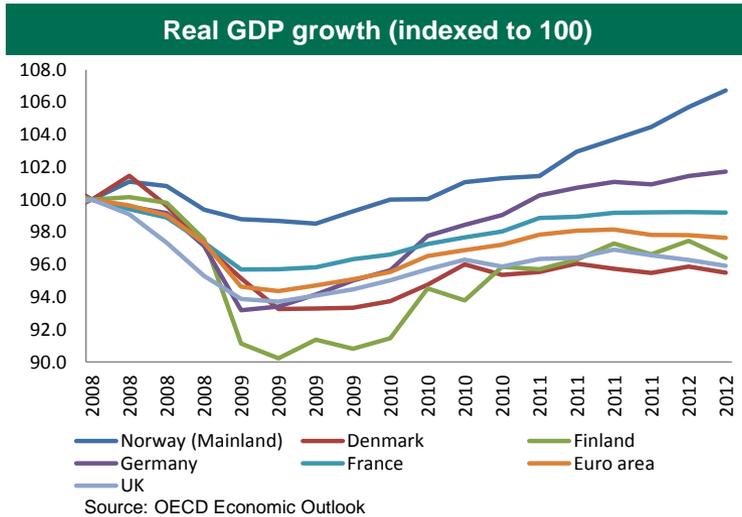
- Constitutional monarchy; Non EU member (EEA member); Population of 5 million
- Aaa / AAA / AAA (outlook stable) rated country
- GDP per capita amongst the highest in the OECD countries – estimated at \$98,300 in 2012
- Drivers of growth:
 - Energy sector – Norway is the seventh largest oil exporter and second largest gas exporter
 - Open, export oriented economy
 - High domestic demand

	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%	13.8%	15.1%
Government pension fund / GDP	78%	79%	95%	131%	130%	141%

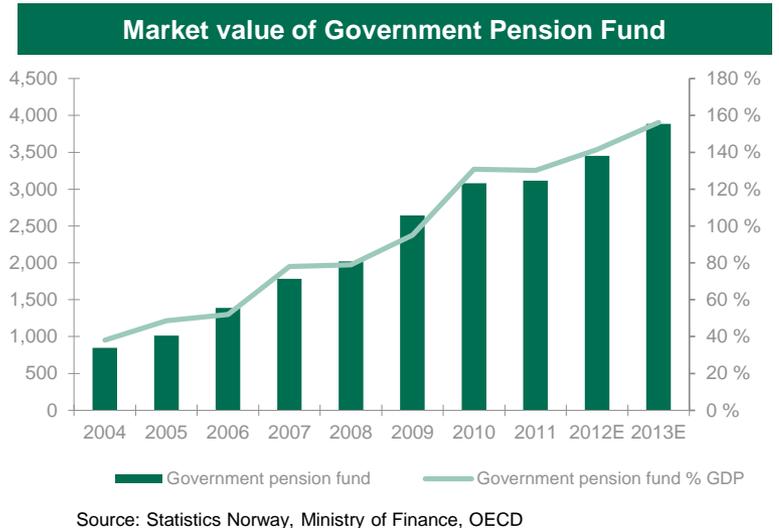
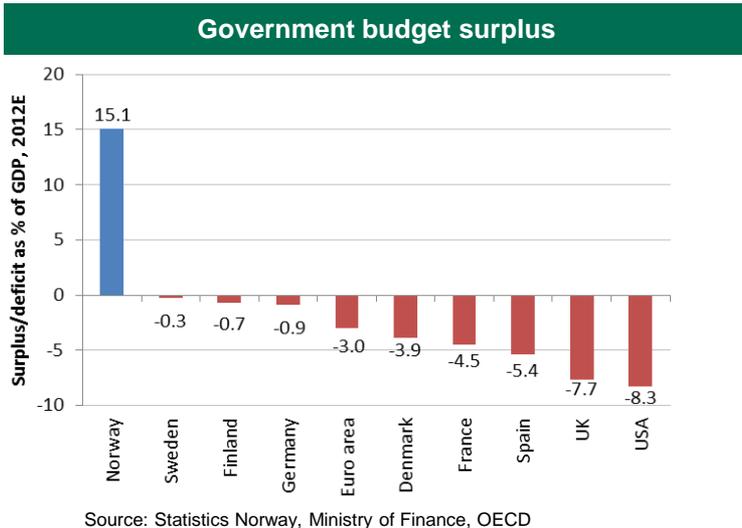
Source: Statistics Norway, Ministry of Finance May 2012, Norges Bank

The operating environment

The Norwegian economy – Solid economic situation



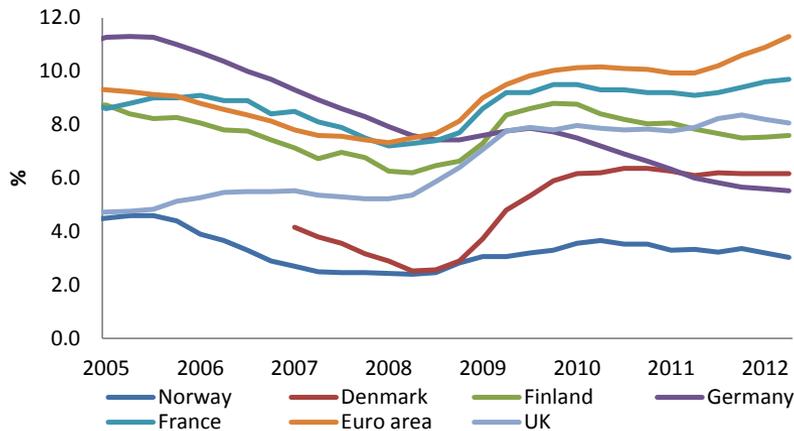
- Norway has an extremely strong balance sheet
- Relatively high net central government financial assets (166% of GDP in 2011)
- Significant budget surplus (13.8% of GDP in 2011) and a Government pension fund well in excess of GDP
- Sound growth at an a per annum average of 2.5% for the past 10 years
- A strong current account surplus averaging around 14% of GDP since 2001
- Low interest rates helped by a strong Norwegian Kroner



The operating environment

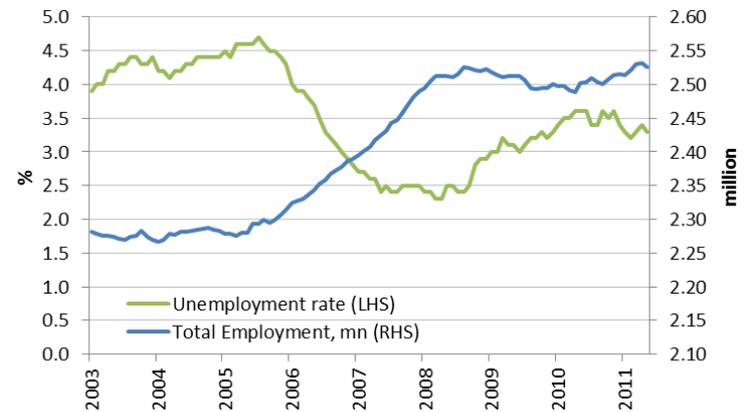
The Norwegian economy – Low unemployment and high welfare

Norway has consistently lower unemployment rates



Source: OECD Economic Outlook

Unemployment rate and total employment



Source: OECD Economic Outlook

- A buoyant economy ensures a high rate of employment
- Average unemployment rate of 3.5% in the past 10 years
- A strong welfare system providing significant income protection: average unemployment benefit of 62% of salary for a minimum of 104 weeks

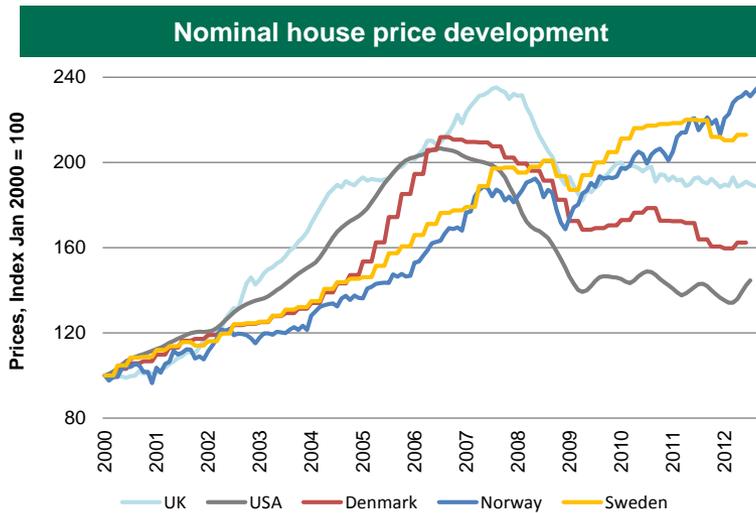
The operating environment

The housing market – Characteristics

Home ownership	<ul style="list-style-type: none">▪ Among the highest in the world - around 80% of owner-occupied households▪ Total mortgage market ~ NOK 1,900bn (EUR 250bn)
Regulation	<ul style="list-style-type: none">▪ Maximum loan to value of 85% (since Q4 2011)▪ Mortgages are required to be stress tested by 5%-point increase in interest rates upon origination
Tax incentives	<ul style="list-style-type: none">▪ All interest expenses are tax deductible in Norway at capital gains tax rate (28%)▪ Preferential treatment of properties when calculating the wealth tax (tax rate at 1.1%)▪ Capital gain on a dwelling tax-free after one year of occupancy by the owner
Personal liability	<ul style="list-style-type: none">▪ Borrowers personally liable for their debt – including following foreclosures and forced sales▪ Prompt and efficient foreclosure upon non-payment▪ Strong incentive to service debt reflected in low arrears▪ Transparent and reliable information about borrowers available to the lenders
Mortgage lending	<ul style="list-style-type: none">▪ 95% of residential mortgage loans granted by banks▪ Typical legal maturity 25-30 years▪ Around 90% of residential mortgages variable rate loans▪ Banks allowed to increase interest rates with a six week notice▪ No “sub-prime” market in Norway▪ Very limited buy-to-let market

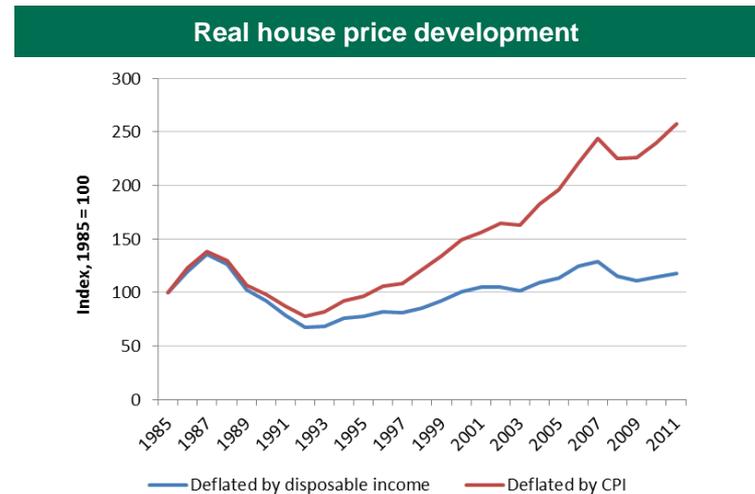
The operating environment

The housing market – Price development

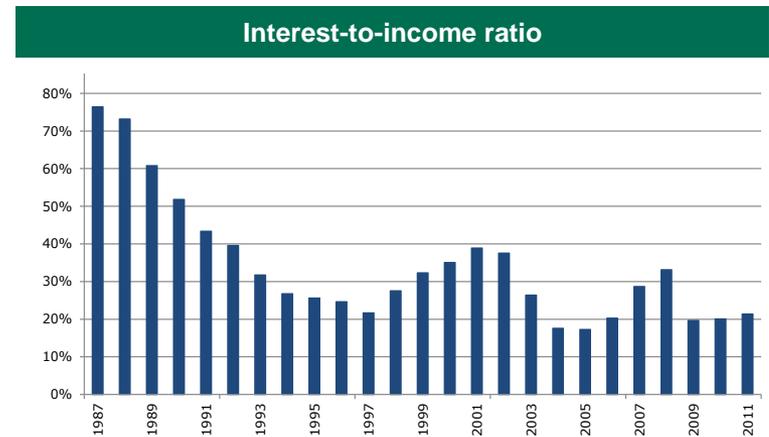


Source: S&P Case-Shiller Home Price Indices Composite 20, Realkreditrådet, Halifax House price Index, Statistics Sweden, Eiendomsverdi

- House prices have increased by an average of 11% per annum in 2004-2007 with house prices estimated to have grown 41% since end of 2008
- This has been spurred by an environment of low interest rates, high wage growth, population growth and supply constraints
- When deflated by income growth the increase in house prices is more moderate – indeed the real median wage in Norway has increased by 52% in the period 1997 to 2009
- Household solid income growth and lower interest rates determine the affordability of housing



Source: Norges Bank



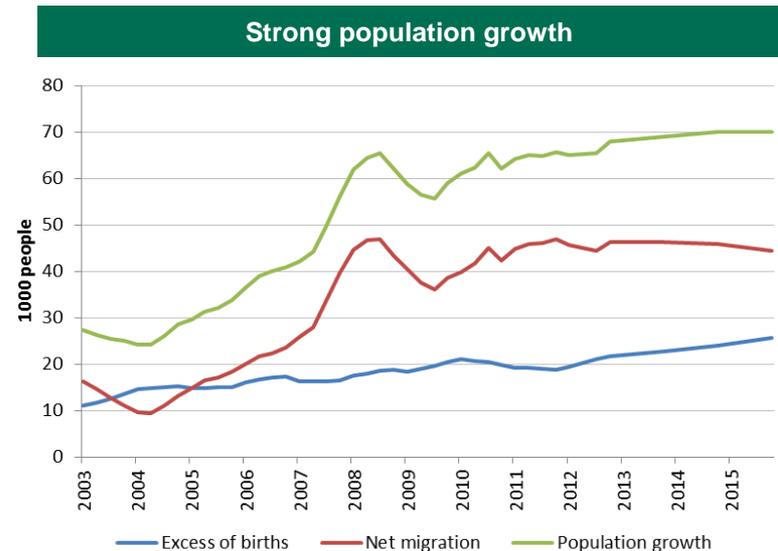
Source: Eiendomsverdi

The operating environment

The housing market – Drivers of the housing market



Source: Statistics Norway, Norges Bank



Source: Statistics Norway, Norges Bank

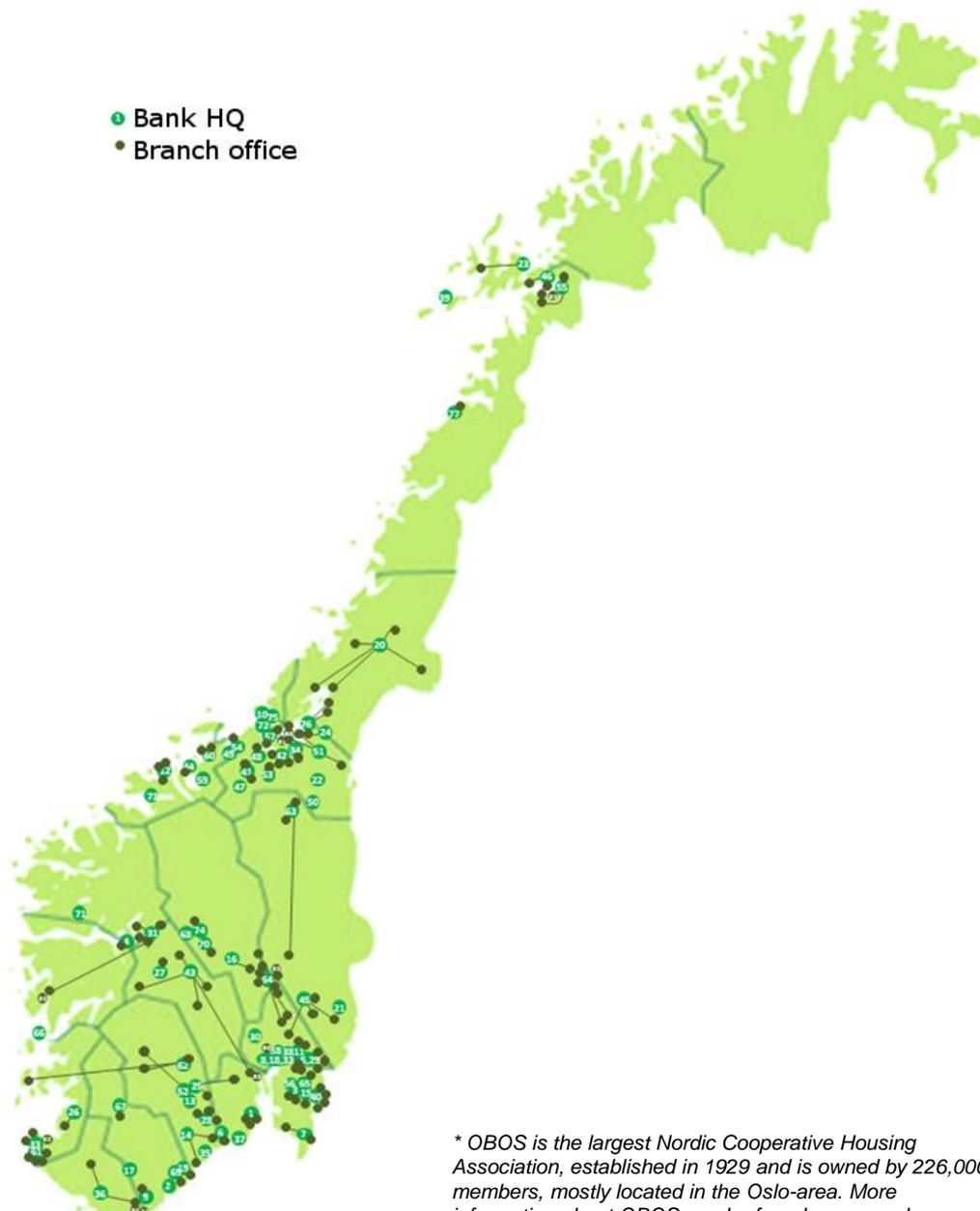
- Low housing starts and a strong population growth have been significant drivers of the strong growth in the Norwegian housing market
- New home construction is up on the record lows of 2009 and 2010 but are levelling off – while still down from the boom of 2005 – 2007 they have evolved recently towards the higher end of construction. This should mitigate the momentum on house prices
- The population growth has essentially been driven by a growth in the birth rate in Norway (1.98 in 2009, 1.95 in 2010 and 1.88 in 2011). A growth in immigration is also noteworthy since the trough of 2009 and is also a strong contributor as migrant population gets settled professionally and culturally

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The Terra Banks

Diversified operations

- The Terra banks are a group of 79 Norwegian banks and OBOS*
- Although the Terra banks activity is fully focused on Norway, they have a wide geographical breadth (18 out of 19 counties) with a strong focus in vibrant economic centres in mid and Eastern Norway
- Scope of the banking operations:
 - Third largest banking group in Norway
 - 190 branch offices
 - 2,000 employees
- Aggregated balance sheet of Terra Banks is NOK 201bn (EUR 27.3bn) and overall capitalisation of NOK 18.4bn (EUR 2.5bn)
- Market share lending retail customers
 - from 40% to 80% in local markets (except the largest cities)
 - 10% overall in Norway



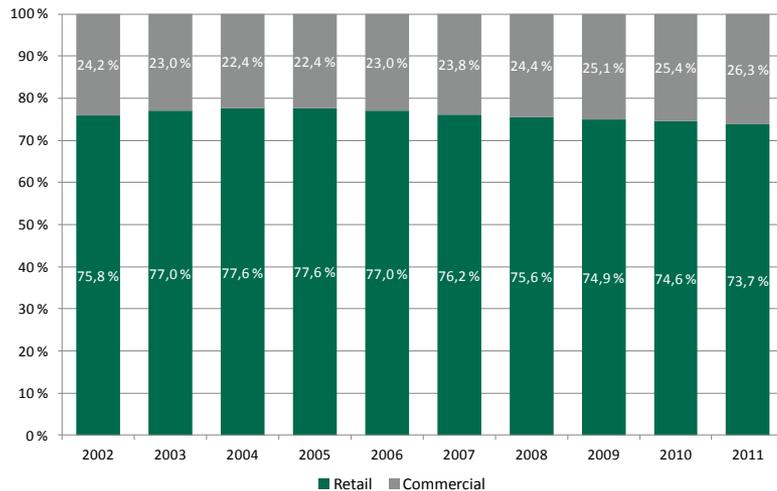
* OBOS is the largest Nordic Cooperative Housing Association, established in 1929 and is owned by 226,000 members, mostly located in the Oslo-area. More information about OBOS can be found on www.obos.no

The Terra Banks

Focus on retail customers

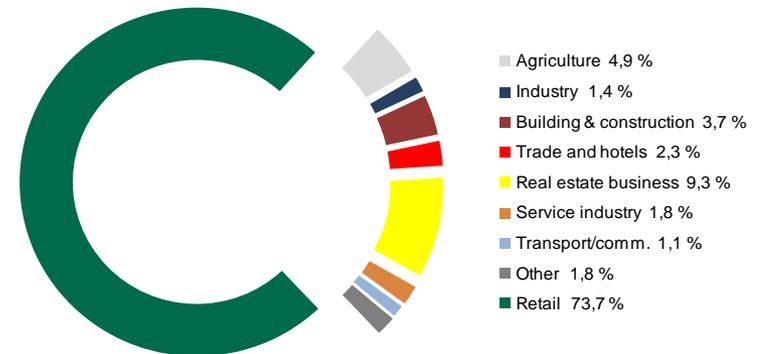
- Retail lending accounts for 73% of Terra Banks' total lending at YE2011 (loans on the banks' own balance sheet, i.e. excluding transfers to TBK)
- The Terra banks have a higher share of retail lending compared to peers (DNB 47%, Sparebank 1 56%, Alliance free banks 59%)
- Retail lending consist mainly of loans to housing/mortgage (approx. 94% of total retail lending)
 - Average LTV of approx 65% and only few loans over 80% of LTV
 - 59% have collateral within 60% of LTV, and 91%, within 80% of LTV
 - Approximately 11% of mortgage loans are flexi loans
- Terra Banks have no exposure to shipping and relatively low exposure to commercial real estate

Breakdown of lending for the Terra banks



Source: Bank Analyst, Terra

Sector breakdown of the loan book



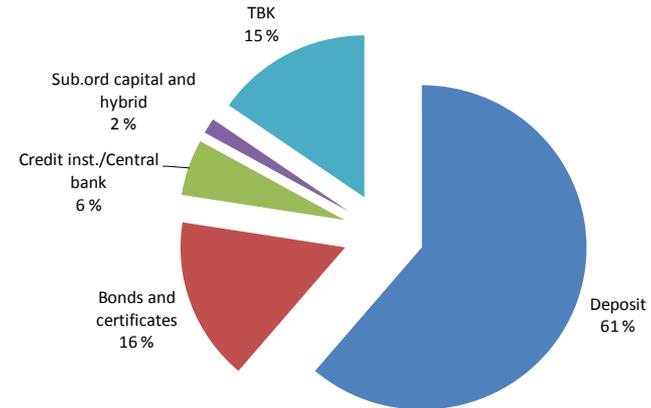
Source: Bank Analyst, Terra

The Terra Banks

High and increasing deposit base

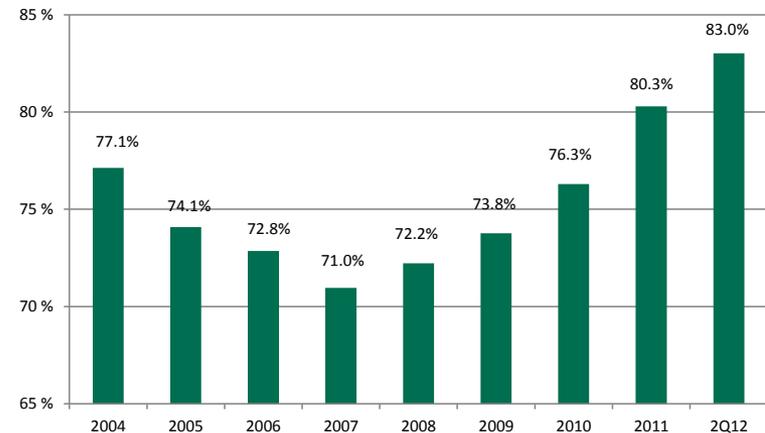
- Steady growth in the deposit base and high deposit/lending ratio of 80%
- Well diversified deposit base - approx. 85% of all deposits is within the NOK 2mn bank guarantee fund limit
- These deposits are essentially household retail deposits

Deposits as a share of total funding



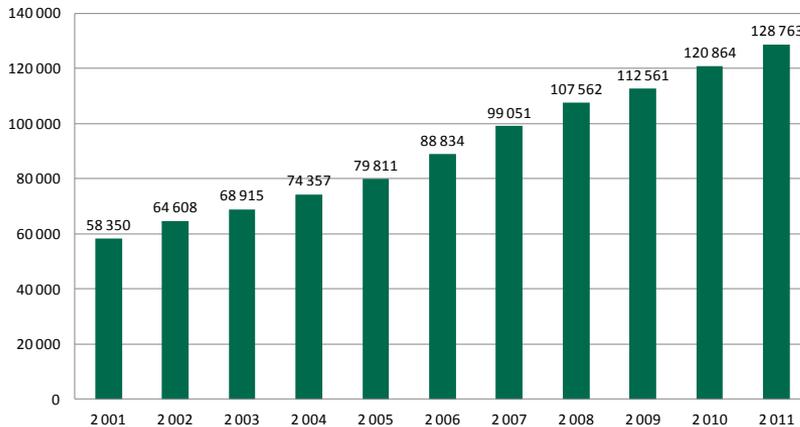
Source: Bank Analyst, Terra

Deposit ratio (Deposit / lending)



Source: Bank Analyst, Terra

Aggregated deposits (in NOK mn)

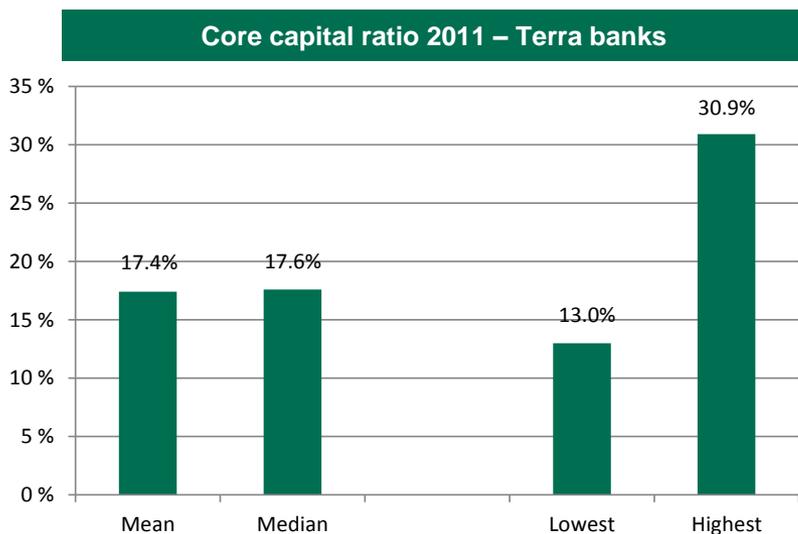


Source: Bank Analyst, Terra

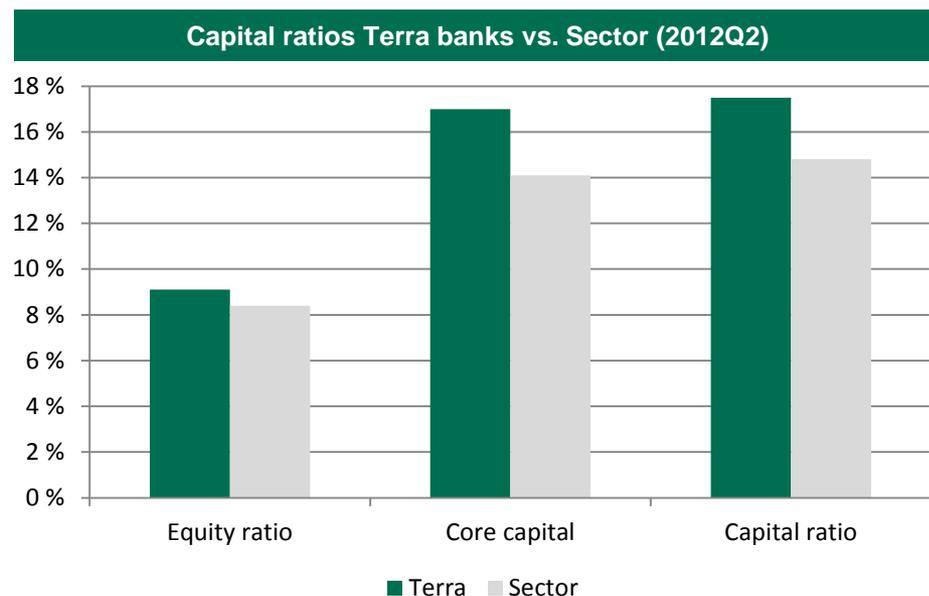
The Terra Banks

Strong capitalisation

- Average core capital ratio of 17.0%
- Average total capital ratio of 17.5%
- All Terra Banks use the standard approach under Basel II
- The core capital is almost entirely equity, and the numbers will not change significantly under the proposed Basel III regulations



Source: Bank Analyst, Terra



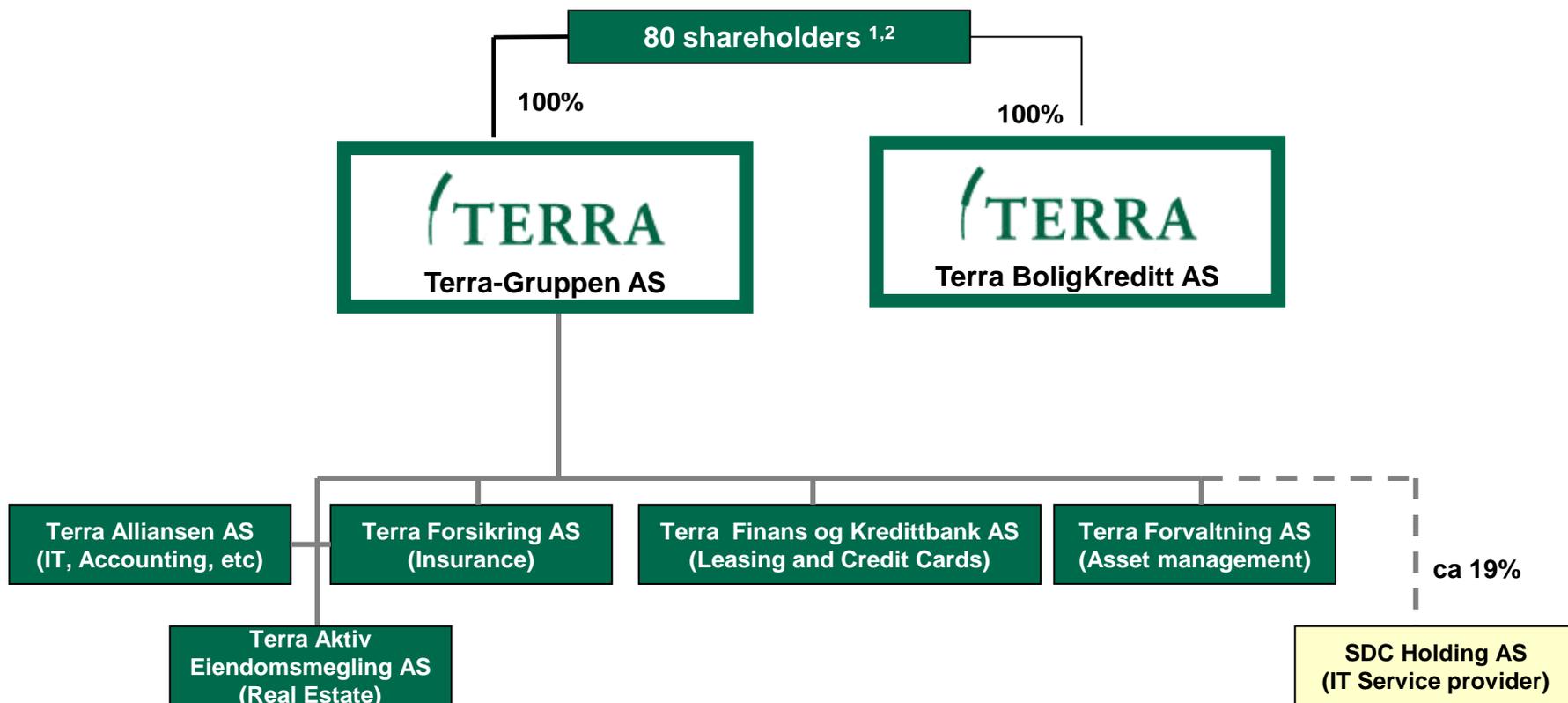
Source: Bank Analyst, Terra
 Sector constitute all Norwegian savings banks (ex DNB)
 Equity ratio calculated on total balance, Core capital and capital ratio on RWA

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Terra BoligKreditt

Ownership structure

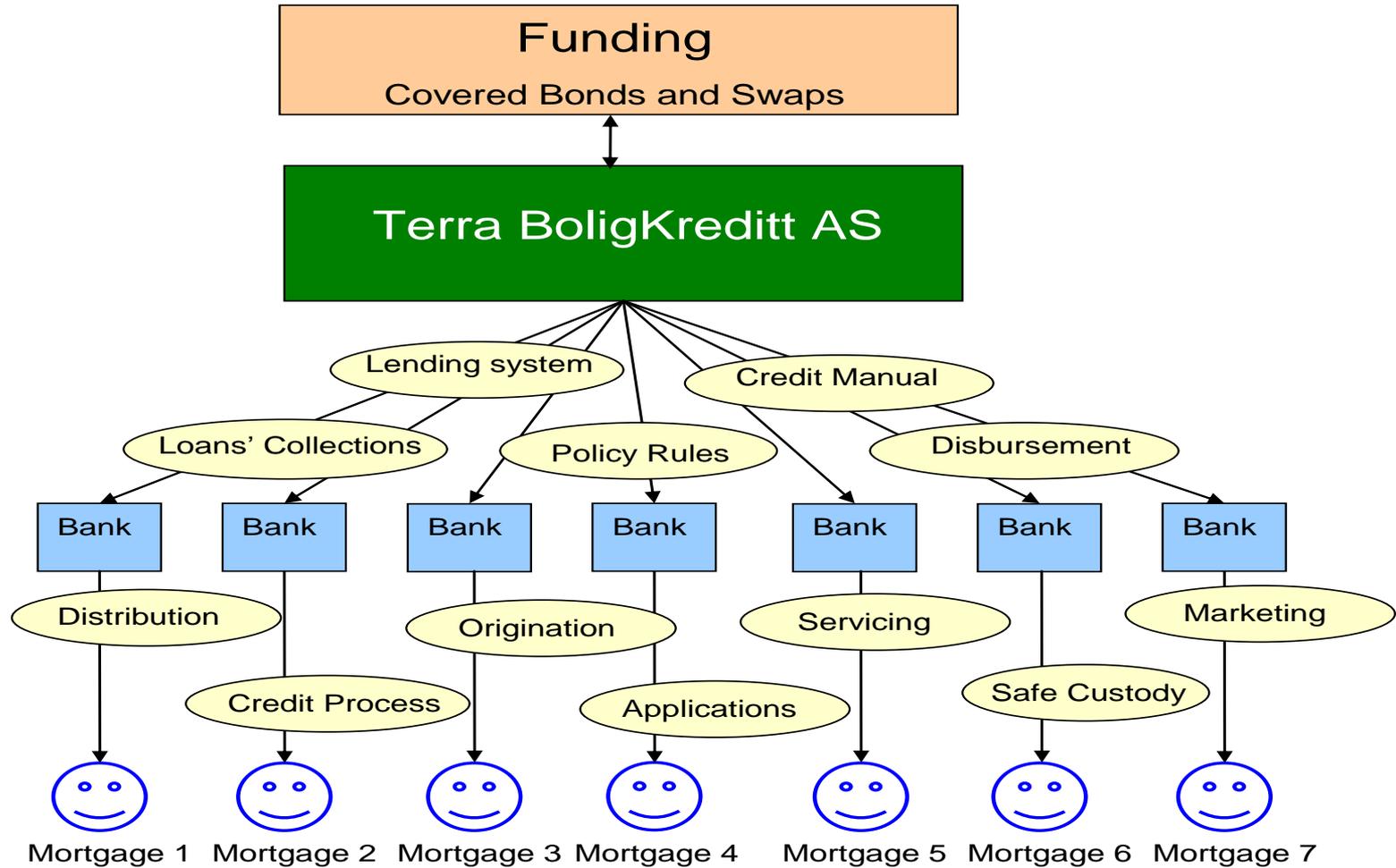
- Structure of ownership and overview of the Terra Group operations
- A banking group providing conservative retail products



¹ 79 Norwegian banks and OBOS
² OBOS owns 7.7 % and 79 banks
 92.3 % of outstanding shares in
 Terra BoligKreditt AS

Terra BoligKreditt

Business concept



Terra BoligKreditt

Eligibility criteria for the cover pool

Origination process	<ul style="list-style-type: none"> ▪ Loan-by-loan origination
Customer categories	<ul style="list-style-type: none"> ▪ Norwegian citizens (Retail) ▪ Cooperative housing associations (common debt between multiple individuals)
Credit Criteria	<ul style="list-style-type: none"> ▪ TBK sets the credit policy for acceptable mortgages (credit manual) ▪ No arrears ▪ Mortgage size is normally limited to 3 times annual household income
Collateral	<ul style="list-style-type: none"> ▪ Max LTV 60% at time of origination (vs. max 75% in the Norwegian legislation) ▪ Recent valuations (within 6 months at time of origination) ▪ Quarterly valuation from independent 3rd party, documented
Type of properties	<ul style="list-style-type: none"> ▪ Stand alone residential mortgages ▪ Cooperative housing residential mortgages
Type of products	<ul style="list-style-type: none"> ▪ Principal repayment loans (interest only 0.03% and 99.97 % amortising, no flexi loans) ▪ Fixed and variable interest rate loans

Terra BoligKreditt

Strong incentive structure

- With regards to the mortgages in the Terra BoligKreditt cover pool there is a 3 pillar guarantee mechanisms; this is to ensure that the originating banks are held responsible for potential losses on mortgages they distribute for TBK

Moody's: "The members of the Terra Group are incentivised by guarantee obligations to pass high quality loans to the issuer."

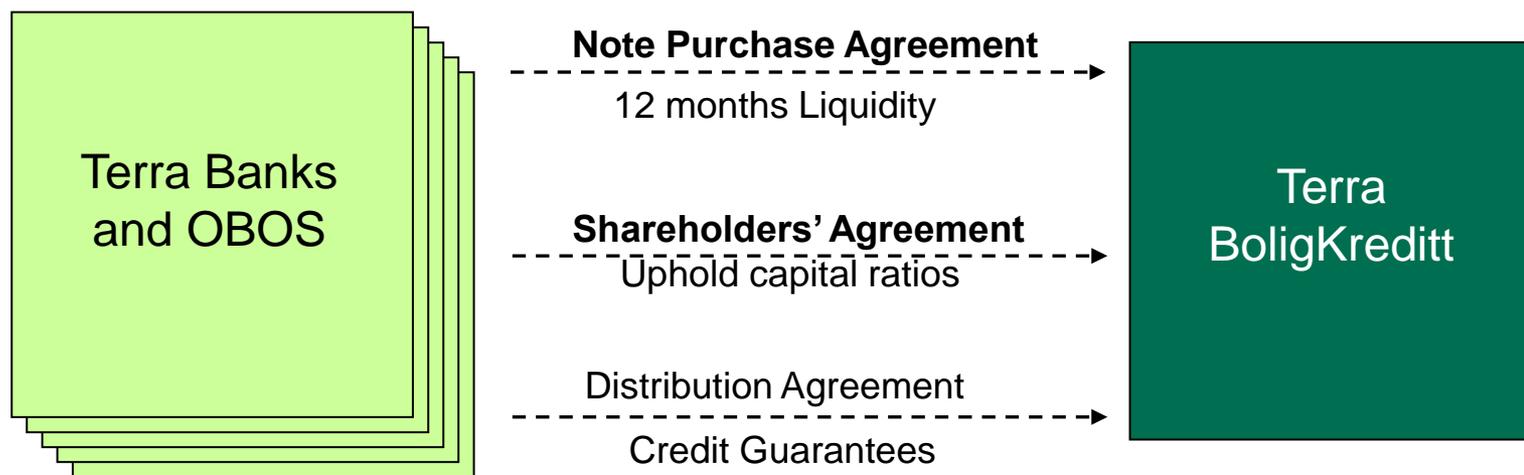
(Source: Moody's Investors Services, Terra BoligKreditt Mortgage Covered Bonds, August 2007)

I Loss Guarantee	II Set-off rights	III Pro-rata Framework Guarantee
<ul style="list-style-type: none"> • First loss guarantee for the portion of the loan exceeding 50% LTV • Minimum guarantee of NOK 25.000 (EUR 3,138) per loan, irrespective of LTV • 100% of the loan is guaranteed by the bank until the collateral is registered 	<ul style="list-style-type: none"> • Terra BoligKreditt has set-off rights against each bank's commission for a period of up to 3 years • To be used by Terra BoligKreditt if losses exceed loss guarantee amounts, or a bank fails to meet its guarantee obligation 	<ul style="list-style-type: none"> • All banks participate in a 1% of the total mortgage portfolio pro-rata framework guarantee • To be used by Terra BoligKreditt if banks fail to meet their guarantee obligations, or losses exceed individual guarantees and set-offs
Currently EUR 443mn	Currently EUR 60mn	Currently EUR 60mn

Terra BoligKreditt

Structure of support

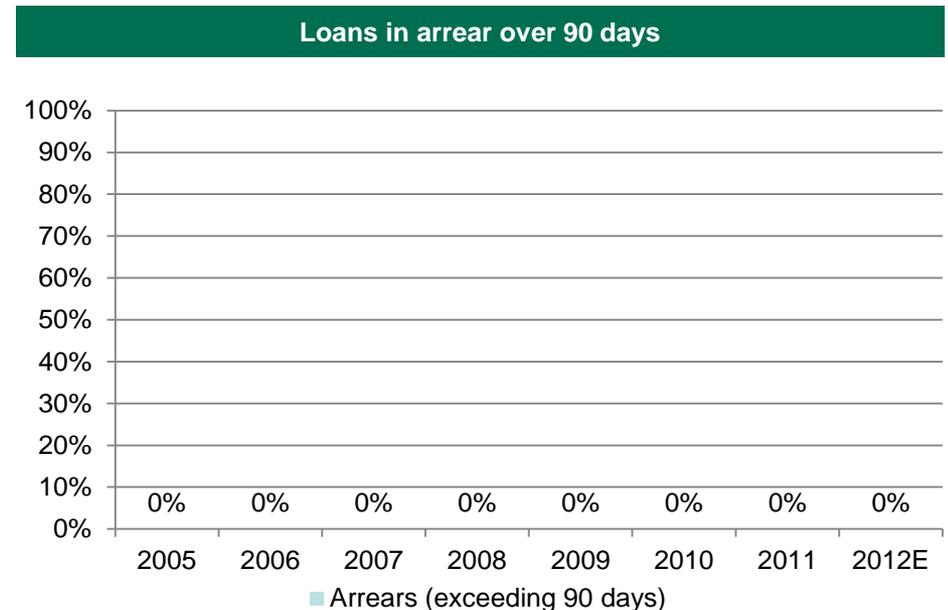
- **The Note Purchase Agreement (NPA)** is structured to ensure that TBK has liquidity, at all times, sufficient to pay the Final Redemption Amount of any series of Notes in a rolling twelve month period
- The NPA replaces the former NOK 3bn facility described in earlier Offering Circulars to the EMTCN Program
- **The Shareholders' Agreement** is structured to ensure that TBK will uphold a sufficient capital adequacy ratio at all times
- The Owner Banks are obliged 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 agreements are structured to meet the Moody's criteria to categorize as a Category 2 support agreement for Specialized Covered Bond Issuers



Terra BoligKreditt

No arrear exceeding 90 days

- Terra BoligKreditt has **never** experienced mortgages being delinquent for more than 3 months
- The guarantees from the banks further reduces credit risk and helps to avoid cherry-picking of mortgages
- In case there is a delayed payment (> 35 days) 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 (277 loans since start-up of company in 2004)
 - Paying the full guaranteed amount to TBK



Terra BoligKreditt

Top-notch collateral score by Moody's

- On 19 July 2012, Moody's released the 10th 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 best out of over 200 covered bond issuers in terms of quality of collateral in the cover pool which is measured by the Collateral Score*
- Starting from Q2 2012, Moody's changed its methodology by applying a transaction minimum credit enhancement level, which resulted in TBK's new collateral score at the floor level of 5% instead of a TBK individual Collateral Score reported to be 2.1%
- Starting from Q3 2012 Moody's has announced that a ranking will be available in the overview report using the collateral scores before applying the floor

EXHIBIT 11

Deals with lowest (best) Collateral Scores*

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

* 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 just over 11.7%.

Source: Moody's – "Moody's EMEA Covered Bonds Monitoring Overview: Q1 2012"

Terra BoligKreditt

Rating summary

- Covered bonds are rated **Aa2** by Moody's
- TPI: **High**
- Collateral Score on individual basis of 2.1% as of Q2 2012 (pre 5% country floor)

Stock Exchange Notice from TBK

Update on changes to support mechanisms

Terra BoligKreditt AS (hereafter **TBK**) announced the intention to implement changes to its support structure on 2011-12-15[1], which was further described on 2012-05-04[2], and completed on 2012-05-10[3].

The description state that "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." [2].

Since starting this process, Moody's on 2012-03-09 placed five Norwegian savings banks on review for downgrade[4] and performed a downgrade of the largest Norwegian bank on 2012-05-24[5]. On 2012-10-10 Moody's published the special report "Norwegian banks are sensitive to elevated house prices"[6].

Moody's have reviewed the support agreement. TBK's Covered Bond rating remains **Aa2**, with the TPI at "High"

Source: Stock exchange notice from TBK, 18 October 2012

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	Aa3 - A2	A1
Ba2	Baa3	Baa2	Baa1	A3	A1-A3	A1
Ba3	Baa3	Baa2	Baa1	A3	A2-Baa1	A1
B1	Ba3	Ba2	Ba1	Baa3	A3-Baa2	Baa1
B2	Ba3	Ba2	Ba1	Baa3	Baa1-Baa3	Baa1
B3	Ba3	Ba2	Ba1	Baa3	Baa2-Ba1	Baa1

Source: Moody's Approach to Rating Covered Bonds , 27 July 2012

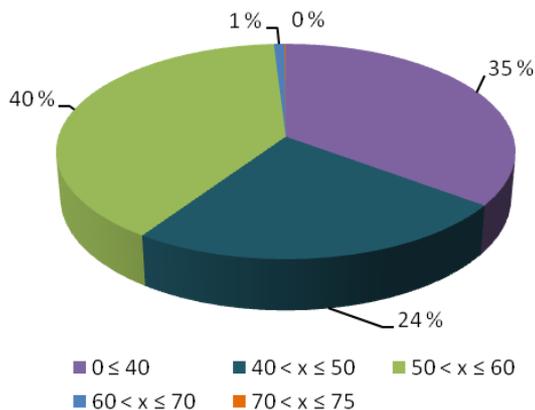
Terra BoligKreditt

Summary of the cover pool

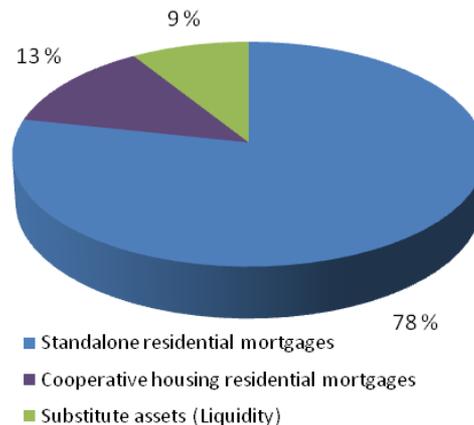
Overview of mortgages in the cover pool (EUR) as of 30 September 2012

	Grand total	Standalone residential mortgages	Cooperative residential housing
Nominal value	5,941,566,264	5,115,206,210	826,360,053
In % of total mortgage Pool	100 %	86.09 %	13.91 %
Number of loans	31,733	31,225	508
Arithmetic average loan (nominal)	187,236	163,818	1,626,693
WA LTV (unindexed / indexed)	46.42% / 41.59%	51.30% / 46.2%	16.21% / 13.06%
WA seasoning (months)	20.4	19.8	24.1
Loans in arrears (over 90 days)	0	0	0

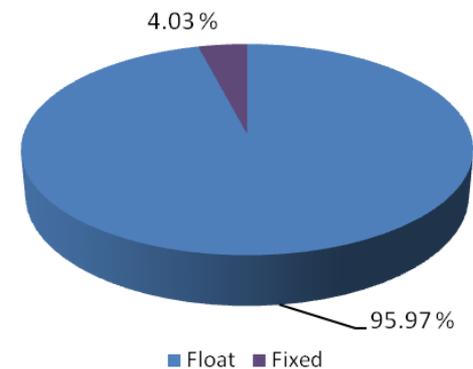
Indexed LTV distribution



Composition of Cover Pool



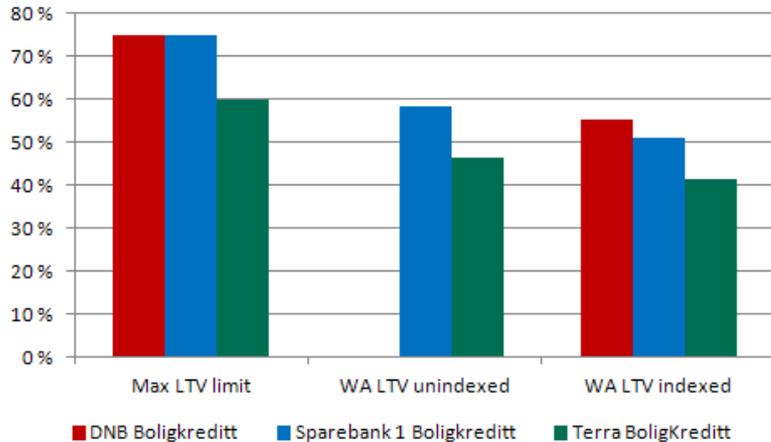
Variable vs. fixed rate



Terra BoligKreditt

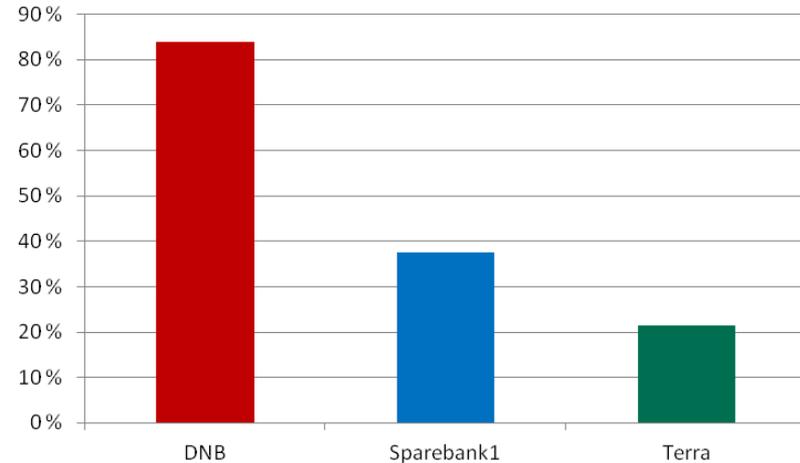
Summary of the cover pool

LTV Comparison with peers



Source: Investor Presentation DNB October 2012,
Investor Presentation SPB1 August 2012

Share of retail mortgage loans transferred to CB issuer



Source: Bank Analyst, Terra

Stress test: Decline in house prices

Stress test house price reduction	Today's market	Decline of 15%	Decline of 25%	Decline of 35%
Portfolio total value	5,958,094	5,958,094	5,958,094	5,958,094
Part of mortgage exceeding 75% LTV	-	1,109	33,554	260,236
Share of total portfolio >75% LTV	-	0.02 %	0.56 %	4.37 %

Numbers are in EUR thousand

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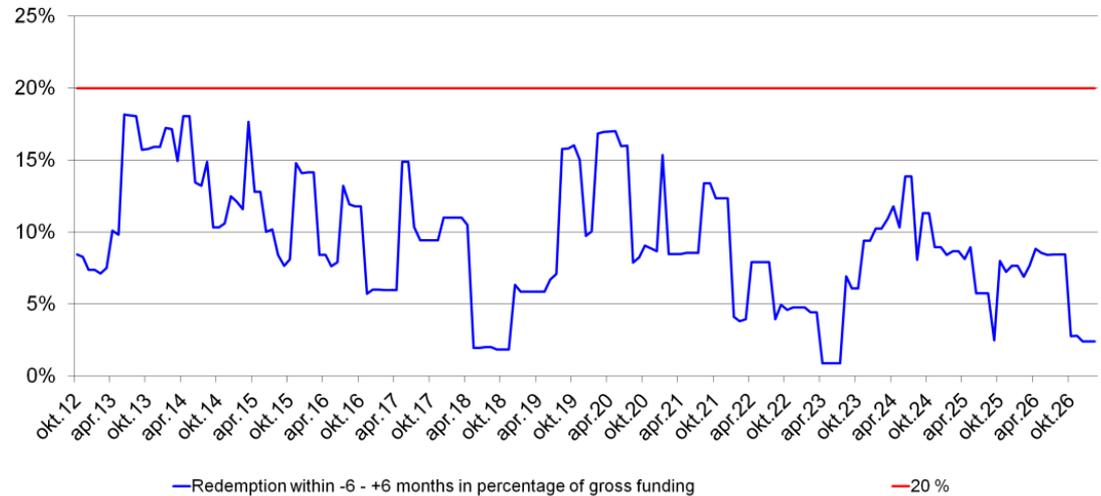
Funding strategy and activity

Strong risk management

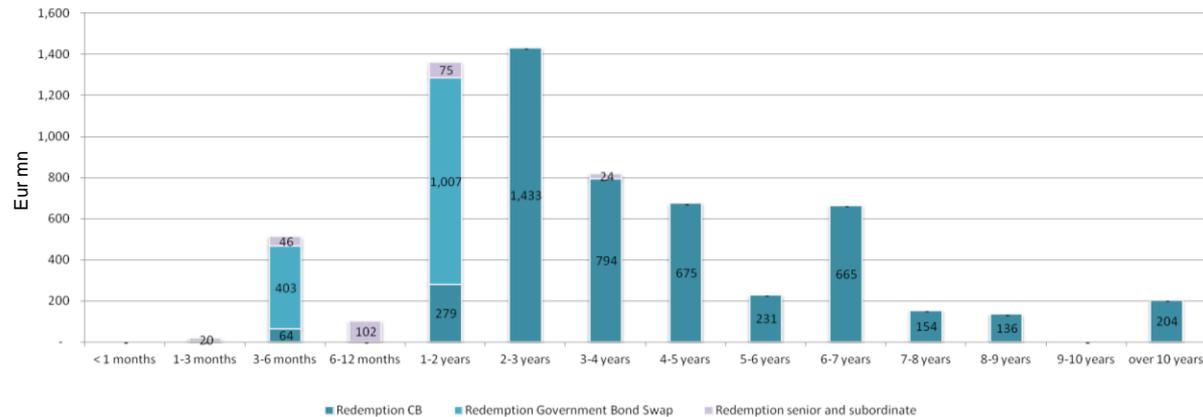
ALM

- Both sides of the balance mostly swapped to 3 month NIBOR
- Minimum Over Collateralization level of 5% (committed in EMTCN Program)
- Redemption within any future 12-month rolling period should not exceed 20% of the gross funding at the time of redemption
- The 20% level is related to the expected maturity on the assets, i.e. 5 years
- One of the stress tests is the refinancing Indicator I
 - a simulation taking into account, amongst other, expected growth and future transactions
 - ensuring availability of funding options within the 20% limit also forwards

Control of Refinancing Indicator I



Maturity profile

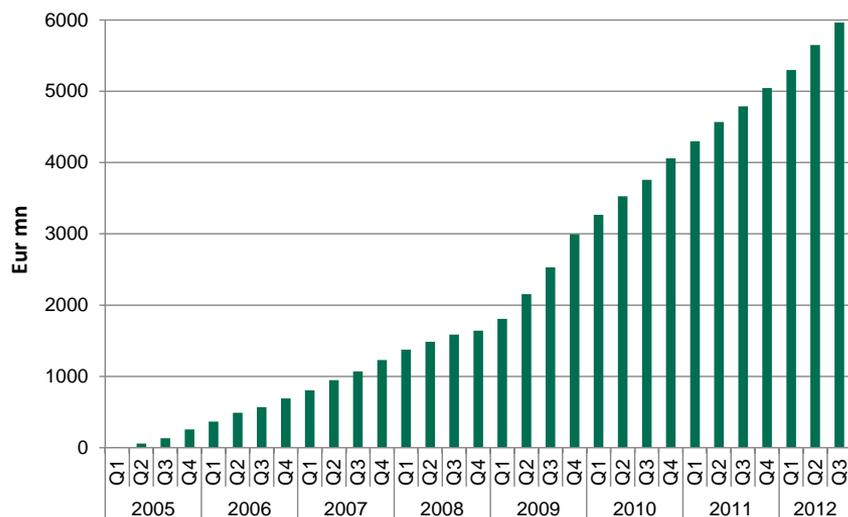


Funding strategy and activity

Funding strategy

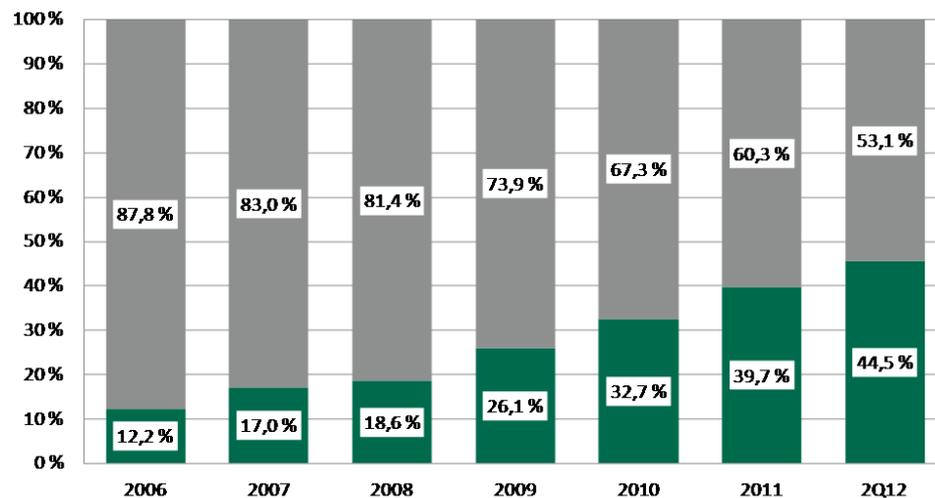
- With a stable organic growth, and redemptions starting to materialize in EUR, TBK has evolved from the EUR 500mn no-grow strategy, and executed a EUR 650mn transaction in June 2012, the largest transaction so far
- To reflect this shift TBK has increased the European Medium Term Covered Note Program to a size of EUR 20bn
 - Active in both the NOK and EUR funding market
 - TBK has the objective to issue in the Euro covered bond market at least twice a year and to have an established, liquid yield curve

Stable Growth in the loan book



Source: Bank Analyst, Terra

TBK funding as share of bank's external funding



Source: Bank Analyst, Terra

Funding strategy and activity

Liquidity portfolio

- **The substitute assets constitute TBK's liquidity buffer**
- **The Liquidity portfolio conforms to a conservative investment policy**
 - Only Norwegian, and NOK, exposure
 - Portfolio weighted average time to maturity of maximum 2 years
 - An individual investment can have a maturity of max 3 years
 - Rated AA-/Aa3 or better if the maturity exceeds 100 days, or A-/A3 if the maturity less than 100 days
 - Weighted average portfolio interest rate duration of less than 0.5 years, and individual securities less than 1 year

Liquidity portfolio (in Eur mn) as of 30 September 2012

Asset type	Amount (EUR mn)	In % of portfolio	WA Duration (yrs)	WA Maturity (yrs)
Government bonds	6	1 %	0.48	0.48
Municipalities	54	9 %	0.10	0.63
Covered bonds	246	41 %	0.16	1.75
Corporate	3	1 %	0.22	2.24
Bank deposits	284	48 %	N/A	N/A
Total portfolio	592	100 %	0.16	1.54

Funding strategy and activity

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
 - About ¾ of the funding expected to be international. (Exception: TBK's domestic funding in 2011 about EUR 1.5bn)
- Provide the market with high quality and transparent information
 - Timely and high quality annual/quarterly reports and financial statements
 - Frequent road shows and investor presentations
 - Quarterly data on the cover pool on a (in accordance with standard developed by NCBC on request of CBIC) available on <http://terrakb.no>

The screenshot shows a web browser window displaying the investor relations page for Terra BoligKreditt AS. The browser's address bar shows the URL www.terra.no/english/investorrelationstbk/Sider/TerraBoligKreditt.aspx. The page features the Terra logo and a navigation menu on the left with items like Home, Terra BoligKreditt, Cover Pool, Investor Presentations, EMTCN Programme and Final Terms, Rating, Financial Reports, Newsroom, and Pillar III. The main content area is titled "Terra BoligKreditt AS" and includes a description of the company, its ownership by 79 Norwegian banks and OBOS, and its primary purpose. It also mentions the Norwegian Covered Bond Council and provides contact information for three key executives: Kjartan M. Bremnes (CEO), Odd-Arne Pedersen (CFO), and Anders Mathisen (Senior Vice President, Funding). A fourth executive, Kristian Fiskerstrand (Vice President, Funding), is also listed at the bottom of the page.

Funding strategy and activity

Contacts

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More information may be found on <http://terrabk.no>

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The Terra Banks

P&L - Strong growth and low loan losses

P&L in NOK mn.	2007	2008	2009	2010	2011	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
Net interest income	3,269	3,689	3,418	3,536	3,640	886	895	925	935	906	944
Net commission income	569	585	589	673	747	174	184	198	190	182	210
Other income	53	52	53	43	43	9	10	10	14	11	10
Total income	3,891	4,327	4,060	4,252	4,430	1,070	1,089	1,133	1,138	1,098	1,164
Personnel and adm. expenses	1,870	2,011	2,044	2,077	2,150	550	483	532	586	567	519
Depreciation	199	190	167	124	98	23	24	24	26	22	23
Other costs	410	410	448	477	502	136	118	114	134	139	134
Total costs	2,479	2,611	2,658	2,677	2,750	709	626	670	745	727	676
Core earnings before loan losses	1,412	1,716	1,402	1,575	1,680	361	464	463	393	371	487
Write-downs on loans	50	606	482	418	463	39	71	139	214	55	64
Core earnings	1,362	1,111	920	1,157	1,217	322	392	324	179	316	423
Dividends/associated companies	150	155	79	177	190	35	116	13	25	33	24
Net return on financial investments	-58	-734	564	220	-73	59	-6	-120	-6	109	-1
One-offs and loss/gain on long-term asset	10	-91	121	372	-70	-13	-26	-21	-11	18	117
Pre tax profit	1,464	441	1,684	1,927	1,263	404	477	196	186	476	563
Taxes	399	247	439	500	412	111	133	81	87	123	129
Net profit	1,066	194	1,245	1,427	851	293	344	115	100	353	434

All numbers in NOK. EURNOK as of 30.09.2012: 7.3695

The Terra Banks

Balance and key figures

Balance	2007	2008	2009	2010	2011	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
Gross loans	139,584	148,925	152,591	158,411	160,374	157,680	158,344	159,784	160,374	161,202	163,989
Deposits	99,051	107,562	112,561	120,864	128,763	120,825	126,477	125,481	128,763	129,735	136,150
Equity	14,095	14,306	15,591	16,819	17,585	17,079	17,428	17,534	17,585	17,908	18,373
Total assets	159,552	177,404	185,967	192,195	197,536	190,160	196,116	195,425	197,536	193,386	200,990
Growth in loans	14.5 %	6.7 %	2.5 %	3.8 %	1.2 %	-0.5 %	0.4 %	0.9 %	0.4 %	0.5 %	1.7 %
Growth in deposits	11.5 %	8.6 %	4.6 %	7.4 %	6.5 %	0.0 %	4.7 %	-0.8 %	2.6 %	0.8 %	4.9 %
Deposit ratio	71.0 %	72.2 %	73.8 %	76.3 %	80.3 %	76.6 %	79.9 %	78.5 %	80.3 %	80.5 %	83.0 %
Equity ratio	8.8 %	8.1 %	8.4 %	8.8 %	8.9 %	9.0 %	8.9 %	9.0 %	8.9 %	9.3 %	9.1 %
Core capital ratio	14.9 %	15.0 %	16.4 %	17.0 %	17.4 %	17.0 %	16.7 %	16.5 %	17.4 %	17.5 %	17.0 %
Capital ratio	16.0 %	16.3 %	17.6 %	18.2 %	18.2 %	18.0 %	17.6 %	17.4 %	18.2 %	18.2 %	17.5 %
Key figures											
Net interest/total assets	2.20%	2.19%	1.88%	1.87%	1.87%	1.85%	1.85%	1.89%	1.90%	1.85%	1.91%
Net commission incom/total assets	0.38%	0.35%	0.32%	0.36%	0.38%	0.36%	0.38%	0.40%	0.39%	0.37%	0.43%
Loss provision ratio	0.04%	0.42%	0.32%	0.27%	0.29%	0.10%	0.18%	0.35%	0.54%	0.14%	0.16%
Cost/income ratio (adj.)	61.4 %	58.3 %	64.2 %	60.4 %	59.5 %	64.2 %	51.9 %	58.5 %	64.1 %	64.3 %	56.9 %
Net profit in % of total assets	0.72%	0.12%	0.69%	0.75%	0.44%	0.61%	0.71%	0.23%	0.20%	0.72%	0.88%
Net profit on core earnings in % of RVA	1.41%	1.16%	0.90%	1.09%	1.12%	1.21%	1.45%	1.19%	0.66%	1.16%	1.52%
Return on equity	7.9 %	1.4 %	8.3 %	8.8 %	4.9 %	6.9 %	8.0 %	2.6 %	2.3 %	7.9 %	9.6 %

All numbers in NOK. EURNOK as of 30.09.2012: 7.3695

Appendix

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

Tabell

Numbers in NOK mill.	Gross lending	Retail lending	Transferred to CB company	Transfer-rate retail	Retail share
DNB (1)	1278800	551908	463615	84.0 %	46.9 %
Nordea	464428	209504	88582	42.3 %	45.1 %
BN Bank*	33260	10032	6002	37.4 %	30.2 %
Terra banks (2)*	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)

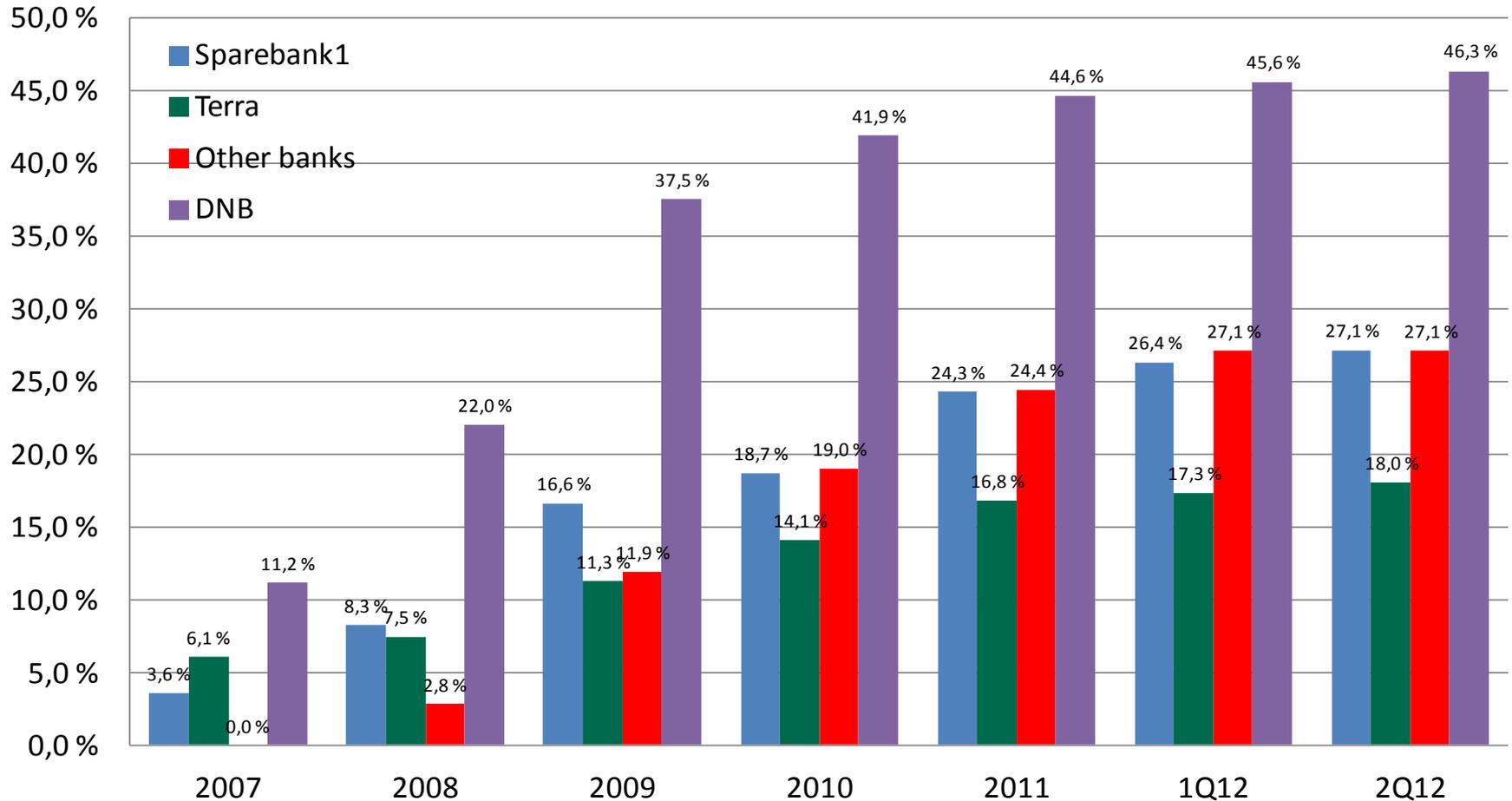
1 DNB adjusted number

2 Terra adjusted for OBOS

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

Appendix

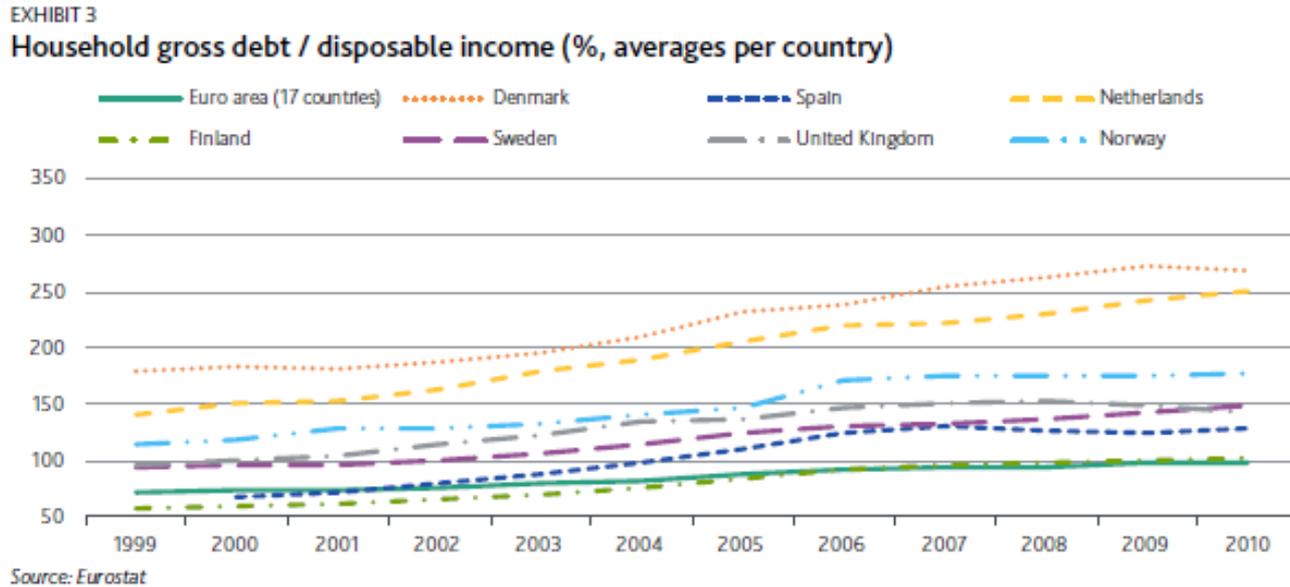
Transfers of mortgages to CB issuer of total lending



Source: Bank Analyst, Terra

Appendix

Household debt



- Increased indebtedness reflects, in large part, the high level of homeownership in Norway, at approximately 85 % of households

Appendix

Risk positioning (Owner banks)

- Significantly higher retail share compared with Sparebank 1, 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 %

Appendix

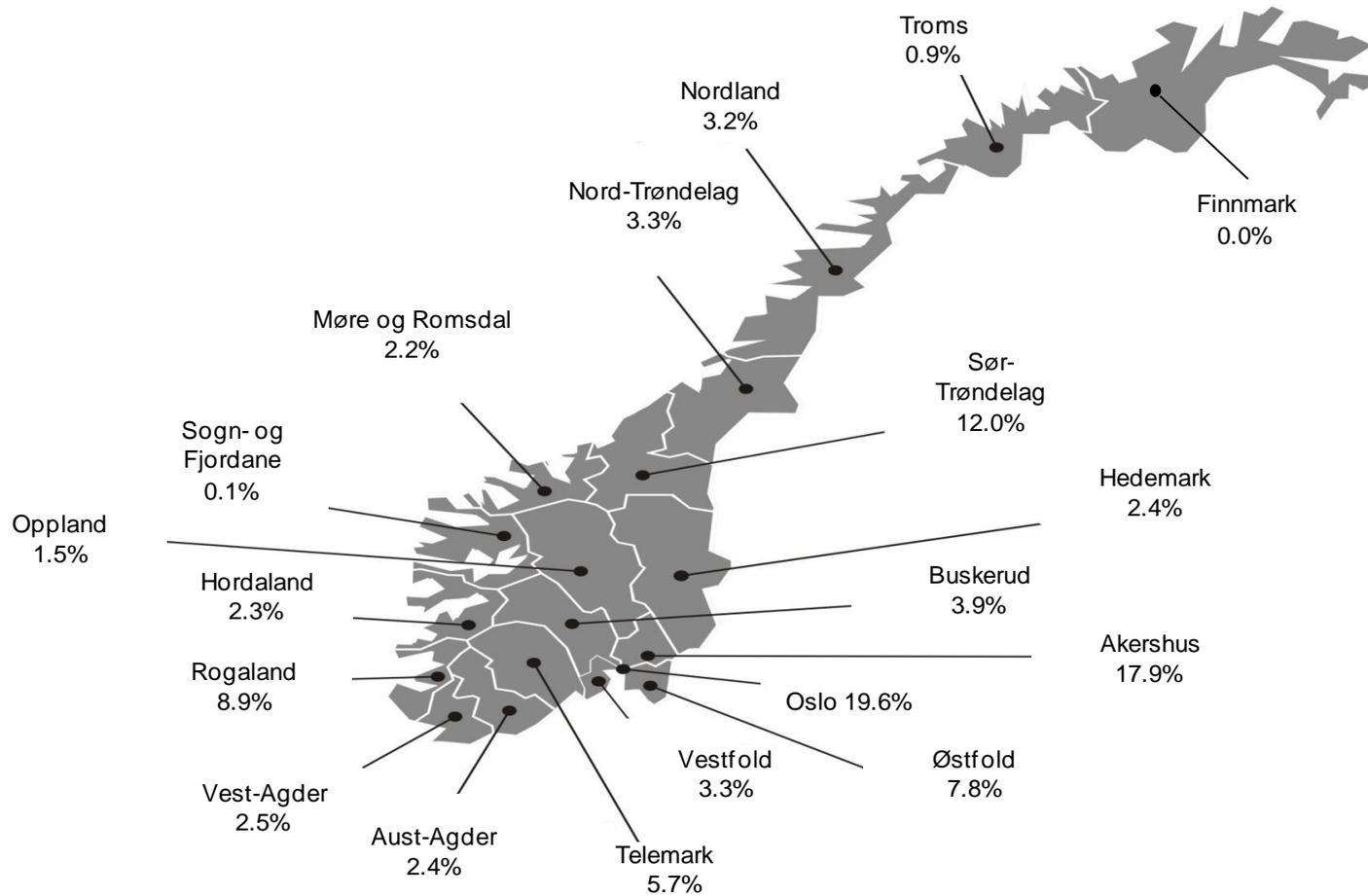
Comparison of legal frameworks

	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 (max 10%), public sector debt	Residential and commercial mortgage loans and substitute collateral. Commercial banks are also allowed to introduce ship loans.	Residential mortgages, commercial mortgages (max. 10%), public sector debt and shares in Finnish real estate corporations	Mortgage loans, public sector debt, ship loans, aircraft loans
RMBS inclusion	No	No	No	No	No
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% (30% for a limited period if authorised by the Swedish FSA)	Yes	Up to 20%	Max. 20%
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% (70% for agricultural purposes)	80%	70%	60%
LTV barrier commercial	60%	60%	60%	60%	60%
Basis for valuation	Prudent 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 ; Finanstilsynet	Yes; Finanssivalvonta Finansinspektionen	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.	Yes (2% on a NPV basis)	2% NPV
Fulfills UCITS 22(4)/CRD	Yes	Yes	Yes	Yes	Yes

Source: Natixis Covered Bond Research

Appendix

Strong geographical diversification



Map of distribution as of 30.09.2012

Disclaimer

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