THIRD QUARTER

1. Key accounting developments

2. Status corporate portfolio
#1

KEY ACCOUNTING DEVELOPMENTS
THIRD QUARTER 2014
### Key Developments in the Third Quarter

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-tax Operating Profit</td>
<td>NOK 178 Mill. (370)</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>6.2% (14%)</td>
</tr>
<tr>
<td>Cost Ratio</td>
<td>44.7%* (46.7%)</td>
</tr>
<tr>
<td>Core Tier 1 Capital, Basel I Floor</td>
<td>11.4%** (10.8%)</td>
</tr>
</tbody>
</table>

*Figures in brackets: third quarter 2013
**Includes 50% of the profit for the period
*Cost ratio excl. restructuring costs in Q3
The figures for Q1 2014 include a gain of NOK 166 million on the sale of Nets, and the Q2 figures include a gain of NOK 143 million on the sale of property.
PROFIT AND BOOK VALUE OF EQUITY CERTIFICATES

Profit per equity certificate

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q3 13</th>
<th>Q4 13</th>
<th>Q1 14</th>
<th>Q2 14</th>
<th>Q3 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1.85</td>
<td>1.33</td>
<td>2.56</td>
<td>2.32</td>
<td>0.89</td>
</tr>
</tbody>
</table>

Book equity per equity certificate

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q3 13</th>
<th>Q4 13</th>
<th>Q1 14</th>
<th>Q2 14</th>
<th>Q3 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>53.9</td>
<td>54.7</td>
<td>54.4</td>
<td>56.6</td>
<td>57.2*</td>
</tr>
</tbody>
</table>

NOK 52 million is charged to equity due to increased pension commitments that are not reflected in the income statement.
STABLE NOMINAL NET INTEREST
— SOMEWHAT WEAKER IN Q3 AS PERCENTAGE PER CAPITAL UNIT

Development in net interest and credit commission income

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Interest Income and Credit Commissions (NOKm)</th>
<th>Net Interest Income and Credit Commissions per Capital Unit (% p.a.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2013</td>
<td>573</td>
<td>1.73%</td>
</tr>
<tr>
<td>Q4 2013</td>
<td>580</td>
<td>1.71%</td>
</tr>
<tr>
<td>Q1 2014</td>
<td>566</td>
<td>1.67%</td>
</tr>
<tr>
<td>Q2 2014</td>
<td>575</td>
<td>1.69%</td>
</tr>
<tr>
<td>Q3 2014</td>
<td>576</td>
<td>1.65%</td>
</tr>
</tbody>
</table>
DEVELOPMENT IN MARGINS
– REDUCED NIBOR AND REPRICING OF CUSTOMER INTEREST RATES

### Lending

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3-13</td>
<td>3.30</td>
</tr>
<tr>
<td>Q4-13</td>
<td>3.29</td>
</tr>
<tr>
<td>Q1-14</td>
<td>3.27</td>
</tr>
<tr>
<td>Q2-14</td>
<td>3.14</td>
</tr>
<tr>
<td>Q3-14</td>
<td>3.16</td>
</tr>
</tbody>
</table>

### Deposits

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3-13</td>
<td>-0.63</td>
</tr>
<tr>
<td>Q4-13</td>
<td>-0.69</td>
</tr>
<tr>
<td>Q1-14</td>
<td>-0.76</td>
</tr>
<tr>
<td>Q2-14</td>
<td>-0.58</td>
</tr>
<tr>
<td>Q3-14</td>
<td>-0.51</td>
</tr>
</tbody>
</table>

Retail and Corporate rates are depicted with different colors.
LENDING GROWTH IN THE RETAIL AND CORPORATE MARKETS
— RESTRUCTURING AND INCREASED SME FOCUS MEAN LOWER CM GROWTH

Retail market
Deposits: NOK 39.8 bill. – Lending NOK 89.1 bill.

<table>
<thead>
<tr>
<th>Goal</th>
<th>12 m growth deposit</th>
<th>12 m growth lending</th>
<th>Q3 growth deposit</th>
<th>Q3 growth lending</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>8.7%</td>
<td>7.0%</td>
<td>0.1%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Corporate market
Deposits: NOK 24.5 bill. – Lending NOK 27.9 bill.

<table>
<thead>
<tr>
<th>Goal</th>
<th>12 m growth deposit</th>
<th>12 m growth lending</th>
<th>Q3 growth deposit</th>
<th>Q3 growth deposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5%</td>
<td>0.7%</td>
<td>0.7%</td>
<td>0.1%</td>
<td>-2.0%</td>
</tr>
</tbody>
</table>
ASSOCIATED COMPANIES
– THE COMPANIES’ PROFIT AFTER TAX AT THE END OF THE THIRD QUARTER (NOK MILL.)

Per Q3 2014
Per Q3 2013

*According to IFRS
## PROFIT CONTRIBUTION, ASSOCIATED COMPANIES

<table>
<thead>
<tr>
<th></th>
<th>Q3 2014</th>
<th>Q3 2013</th>
<th>HiÅ 2014</th>
<th>HiÅ 2013</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Frende Forsikring</strong></td>
<td>11</td>
<td>17</td>
<td>49</td>
<td>33</td>
<td>41</td>
</tr>
<tr>
<td><strong>Norne Securities</strong></td>
<td>-1</td>
<td>-1</td>
<td>0</td>
<td>0</td>
<td>-2</td>
</tr>
<tr>
<td><strong>Brage Finans</strong></td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td><strong>Verd Boligkreditt</strong></td>
<td>3</td>
<td>2</td>
<td>8</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td><strong>Andel resultat tilknyttede selskaper</strong></td>
<td><strong>14</strong></td>
<td><strong>20</strong></td>
<td><strong>62</strong></td>
<td><strong>41</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>
TARGETED COST MEASURES WILL HAVE AN EFFECT

- COST RATIO EXCL. RESTRUCTURING COSTS IN Q3 – 44.7%

Cost ratio
As percentage

<table>
<thead>
<tr>
<th></th>
<th>Q3 13</th>
<th>Q4 13</th>
<th>Q1 14</th>
<th>Q2 14</th>
<th>Q3 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>46.7</td>
<td>43.9</td>
<td>47.7</td>
<td>46.9</td>
<td>44.7*</td>
</tr>
</tbody>
</table>

Full-time equivalents
Group

<table>
<thead>
<tr>
<th></th>
<th>Q3 13</th>
<th>Q4 13</th>
<th>Q1 14</th>
<th>Q2 14</th>
<th>Q3 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>838</td>
<td>821</td>
<td>830</td>
<td>808</td>
<td>819</td>
</tr>
</tbody>
</table>

Cost ratio excl. restructuring costs in Q3
COST TREND IN LINE WITH TARGET
- 1.25 % AVERAGE ANNUAL GROWTH IN COSTS SINCE Q3 2012

On track to reaching the target of a 2% average annual cost growth in the parent bank up until 2015

*) The 2012 figures excl. non-recurring effects related to pensions amounting to a total of NOK 301 million, plus bonuses in the parent bank. The target for the parent bank is excl. bonuses. All figures have been revised pursuant to IAS19R.

**) Including Boligkreditt and excl. bonus
COMMITMENTS IN DEFAULT AND POTENTIAL BAD DEBT*
– ONGOING RESTRUCTURING WORK IN THE CORPORATE MARKET

*) Includes all defaults, not only default of payment. Includes commitments with individual write-downs, calculated as a percentage of the total lending volume.
INCREASED PERCENTAGE PROVIDED FOR IN THE LAST YEAR
– REDUCES THE RISK OF FURTHER LOSS WRITE-DOWNS
BREAKDOWN OF LENDING, CORPORATE MARKET

By volume*

- 0-50 mill: 19,976
- 50-150 mill: 9,833
- over 150 mill: 6,726

* Measured at customer level

By sector:

- Real estate: 41%
- Shipping: 12%
- Other: 13%
- Primary industries: 4%
- Building and construction: 7%
- Shipyard: 6%
- Wholesale and retail trade: 5%
- Fisheries and seafood industry: 4%
- Energy: 2%
- Mainland transportation: 1%
- Agriculture and forestry: 13%
- Hotels and restaurants: 12%
COMPOSITION OF DEPOSITS
– LARGE PROPORTION COVERED BY DEPOSITS GUARANTEE SCHEME

Breakdown of deposits
In NOK bill.

Breakdown of deposits
By sector

Stable deposits, covered by deposits guarantee scheme, treated favourably in LCR and NSFR
FINANCIAL STRENGTH
– CAPITAL LEVEL ABOVE FUTURE MINIMUM AND BUFFER REQUIREMENTS

* The figures for the quarter include 50% of the accumulated profit after tax, with the exception of the fourth quarter.
CAPITAL ACCUMULATION TOWARDS 2016
– CAPITALISATION ON A PAR WITH NORWEGIAN SIFI BANKS

**Assumptions**

- Growth on a par with 2013
  - Retail market 6%
  - Corporate market 2.5%
- Costs in line with cost targets
- ‘Normalised’ losses (25 bp)
- Dividend policy maintained (50% / 5%)
- Combined Pillar I minimum requirements and buffer requirement of 11% Core Tier 1 capital because regional banks are not subject to the same special capital requirements as systemically important institutions.
- Probable that the Financial Supervisory Authority will impose special Pillar II requirements on regional banks

* The figures for the quarter include 50% of the accumulated profit
2. Status Corporate Portfolio
COMMITMENTS IN DEFAULT AND POTENTIAL BAD DEBT* – ONGOING RESTRUCTURING WORK IN THE CORPORATE MARKET

*) Includes all defaults, not just defaults of payment. Includes commitments with individual write-downs, calculated as a percentage of the total lending volume.
DIVERSIFIED CM PORTFOLIO

- Main emphasis on commercial property
- 10 of 13 segments account for less than 7%
- Shipping accounts for approx. 12% of the CM portfolio

Overall portfolio

- Real estate: 41%
- Shipping: 13%
- Primary industries: 7%
- Building and construction: 6%
- Other: 5%
- Wholesal and retail trade: 4%
- Fish farming: 4%
- Fisheries and seafood industry: 4%
- Energy: 3%
- Mainland transportation: 2%
- Agriculture and forestry: 1%
- Hotels and restaurants: 1%

Portfolio composition
SHIPPING BROKEN DOWN BY SEGMENT
– THE SHIPPING VOLUME AMOUNTED TO NOK 4,461 MILL. AT THE END OF Q3

- Accounts for 3.3% of the total portfolio
- 30% in offshore
- Three commitments in excess of NOK 250 mill.
- Mainly exposure to companies in Western Norway
COMMITMENTS IN DEFAULT AND POTENTIAL BAD DEBT
– BROKEN DOWN BY CORPORATE MARKET INDUSTRIES

Defaults/pot. bad debt in CM broken down by industry

- Shipping: 67%
- Building and construction: 13%
- Real estate: 10%
- Other: 6%
- Wholesale and retail trade: 1%
- Hotels and restaurants
- Mainland transportation
- Primary industries
- Agriculture and forestry
- Fish farming

Defaults/potential bad debt in shipping portfolio

- Offshore: 1,500
- Bulk: 1,300
- Tank: 1,000
- Container: 800
- Wellboat: 600
- Ferry/cruise: 400
- Non-classified: 200
- Reefer: 100
- Chemicals: 0

Performing and Default
SHIPPING COMMITMENTS THIRD QUARTER
– ALL COMMITMENTS EXCEED NOK 10 MILL. (98% OF THE PORTFOLIO)
GOOD QUALITY IN THE CORPORATE MARKET PORTFOLIO
– INCREASED WRITE-DOWNS IN SHIPPING

Write-downs CM

Write-downs shipping

Q3 2013 Q4 2013 Q1 2014 Q2 2014 Q3 2014

Corporate

Shipping

Other Corporate


GOOD DIVERSIFICATION IN IMPORTANT SEGMENTS
– OFFSHORE AMOUNTS TO NOK 1,400 BILL. AT THE END OF Q3

- 30% in offshore
- Divided between 17 customers
- Biggest customer approx. NOK 200 mill.
- None in default
- Good security coverage, mainly long-term contracts
- 50–70% loan ratio
SHIPBUILDING INDUSTRY – REDUCING EXPOSURE
— LIMITED VOLUME WITH THE FOCUS ON BUILDING PROJECTS WITH TAKE-OUT

- The total exposure to the shipbuilding industry now amounts to NOK 281 mill., divided between 37 customers
- Deliberate strategy has reduced exposure to the shipbuilding industry
- All commitments in the industry are healthy, and the bank has not recognised any losses on shipyards in the last two years.
NEW ORGANISATION STRENGTHENS CREDIT WORK

The credit process for commitments exceeding NOK 40 (20) mill.

Quality assurance of credit
- Changed organisation and new management
- Legal & Credit is independent and quality assures big credit cases

Commitments exposed to risk
- Distressed Enterprises handles all commitments exposed to risk in close dialogue with the customers
- Implement restructuring
- Internal and external assessments

*Legal & Credit shall take up decision-making in all matters beyond regional bank managers' authority level
<table>
<thead>
<tr>
<th>THE CORPORATE MARKET GOING FORWARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changed organisation and new management</td>
</tr>
<tr>
<td>Increased focus on SME customers</td>
</tr>
<tr>
<td>Increased diversification and better client selection</td>
</tr>
<tr>
<td>Capitalise on the existing portfolio</td>
</tr>
<tr>
<td>Satisfactory percentage provided for</td>
</tr>
</tbody>
</table>
OUTLOOK

- Digital developments, changed customer behaviour and regulatory changes are key framework conditions
- Change processes and strategic measures that have been implemented make the bank better equipped to meet the future
- The future loss level will largely follow cyclical developments
- Interest margins under pressure
- Goal of average cost growth of 2% in the parent bank still applies
- Associated companies’ contribution to profits is expected to increase in 2014
- Distribution percentage in line with the capital plan
APPENDIX
LIQUIDITY AND FINANCING
– DEVELOPMENT IN ASSETS
LIQUIDITY AND FINANCING
– DEVELOPMENT IN LIABILITIES

Composition – liabilities

Maturity structure – liabilities