

Investor presentation
OBOS Boligkreditt AS
Q4 2017

About the OBOS group

- The largest co-operative building and housing association in Norway
 - Founded 19th of August 1929
 - Owned by its 435 000 (2017) individual members
 - 2 498 employees (2017)
- Buys land, develops housing projects and sells the homes to our members
- Manages affiliated housing co-ops according to management contracts and at competitive terms
- Offers a range of financial services to members and non-members
 - Retail (members and non-members) and housing companies (members and non-members)
- Pays no dividends to owners. All earnings are retained.
 - Pre-tax profit of NOK 2,6 bn in 2017
 - Value adjusted equity of NOK 29,8 bn as of 2017



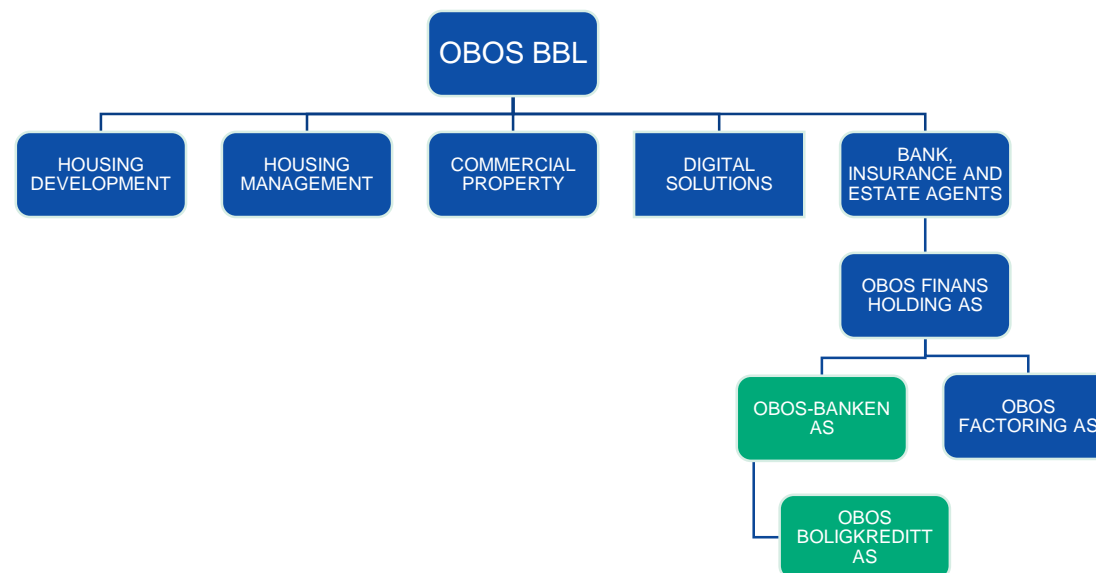
OBOS-banken in short (1 of 3)

Overview and organisation of OBOS-banken

Overview OBOS-banken

- OBOS-banken is a Norwegian commercial bank, established in May 2013.
 - Established “on the grounds” of “OBOS Lån og Spar” (“OBOS Lending and Savings”), which conducted all lending and savings activities in OBOS – its history going back to 1929
 - 100 % owned by OBOS Finans Holding AS which is owned 100 % by OBOS BBL.
- OBOS-banken provides loans to residential customers and housing companies.
- A digital bank which aims to offer simple and competitive products to its customers and OBOS members.
- OBOS-banken was officially rated for the first time in May 2016 and has a Baa1-rating from Moody’s.

The OBOS Group



OBOS-banken in short (2 of 3)

Segments and vision

Retail (PM): The bank for the members of OBOS

Contribution to OBOS' vision:

Help the members of OBOS obtain their housing dream through good lending and borrowing products. We offer unique advantages to members – both in a saving -, buying – and in an ownership situation

The OBOS Group's 435,000 members are an important source for further growth for the retail branch of the bank.

Wholesale (BM): The bank for housing companies

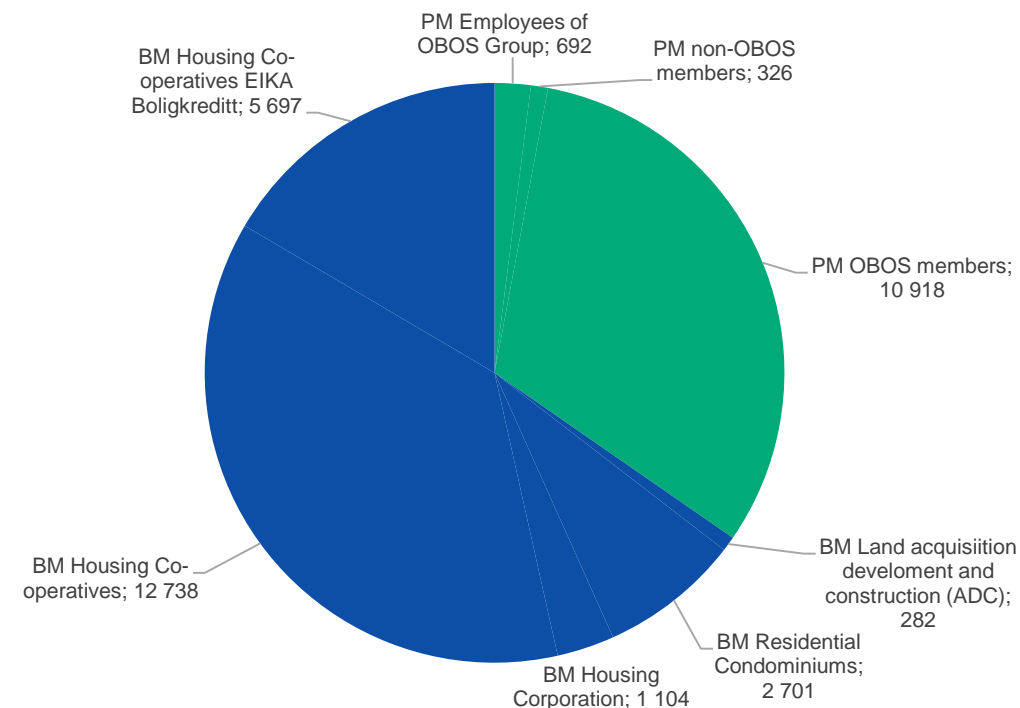
Contribution to OBOS' vision:

We help the residents of housing companies to reach their housing dream by providing the housing companies

- Products and services integrated in the total management product in OBOS
- Making it easier to be a resident and board-member
- Competitive pricing on mortgage-loans to housing companies
- Gives advice on financial matters and liquidity management

OBOS-banken lending book 31.12.2017

Total loan book 34,5 BNOK – total AUM appr. 40,0 BNOK



OBOS-banken in short (3 of 3)

Financial situation

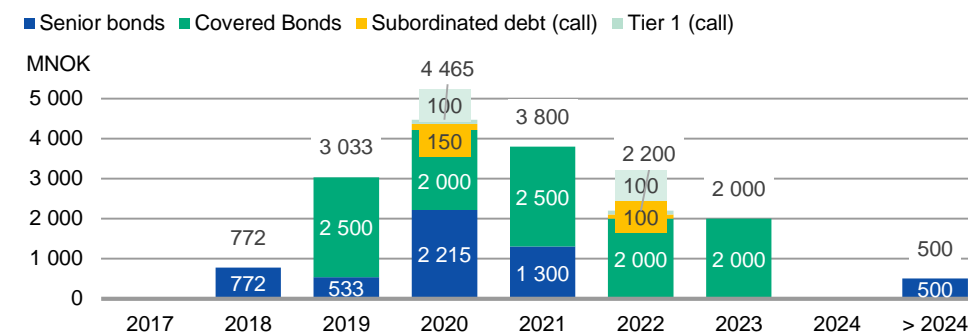
Funding Structure

- Well diversified funding structure.
- Very low share of net short funding, weighted average time to maturity is 3 years.
- OBOS-banken has transferred MNOK 5,697 of loans to Eika Boligkreditt AS as of 31th desember 2017. The distribution agreement was terminated in February 2016.
 - A “run-off” agreement has been signed

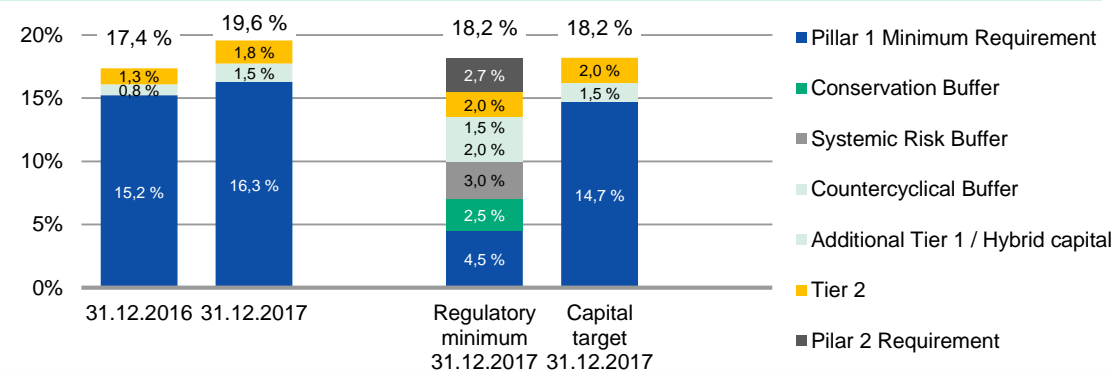
Capitalisation

- Internal capitalisation targets are revised on a yearly basis – previously in December 2017
- Pillar 2 / SREP requirement of 2,7 % as of 30.09.2017

Debt Maturity Profile as at 31 december 2017



Capital Adequacy



OBOS Boligkreditt

Overview

Overview

- OBOS Boligkreditt AS was established in May 2016 and is a wholly owned subsidiary of OBOS-banken AS
- Cover pool consists of retail mortgage loans and co-operative housing mortgage loans – no internal or external restrictions with respect to fractions of the cover pool
- Day to day operations in OBOS Boligkreditt will be handled by employees from OBOS-banken, regulated through TSA- and SLA -agreements

Roles

Board of Directors

- Marit Midttun (Chairman), Managing Director, OBOS-banken
- Martin Herlofsen Arnholdt, Vice President Accounting, OBOS Group
- Svein Haugsvold, Managing Director, Procerta AS

Managing director

- Mats Benserud, Business Controller in OBOS-banken

Auditor and independent investigator

- PwC, Reidar Henriksen, Partner

Rated Aaa by Moody's

- TPI leeway of 2 notches
- The level of over-collateralization shall equal the minimum requirement from Moody-s with a minimum buffer of 50 basis points – currently 6.5 %. If there is not assigned a rating from a recognized rating agency, the over-collateralization shall be minimum 5 %.

Agreements with OBOS-banken

- Revolving credit facility agreement
 - Cover payment obligations under Covered Bonds for a rolling 12-month period
- Overdraft facility agreement (NOK 3 bn)
 - Payment of purchased loans
 - Funding other working capital needs
- Transfer and servicing agreement (TSA)
- Service level agreements (SLA)

OBOS Boligkreditt

Cover Pool - Eligibility criteria

	Retail / residential	Co-operative housing
Type of properties	<ul style="list-style-type: none"> Residential property in Norway, including detached houses, terraced houses, apartments, cooperative housing units. The mortgaged property shall not be «buy-to-let». No holiday homes. 	<ul style="list-style-type: none"> Housing co-operative mortgage loans only, qualifying as mortgage loans according to the capital adequacy regulations (35 % weighted using the standardised approach)
Collateral	<ul style="list-style-type: none"> Maximum LTV 75 % Quarterly valuation from independent appraiser. 	<ul style="list-style-type: none"> Maximum LTV 60 % Quarterly valuation from independent appraiser.
Credit criteria	<ul style="list-style-type: none"> No adverse credit history the previous year in any part of the banking group. 	<ul style="list-style-type: none"> No adverse credit history the previous year in any part of the banking group.
Type of products	<ul style="list-style-type: none"> Amortising and non-amortising loans No fixed rate loans. No flexi-loans 	<ul style="list-style-type: none"> Amortising and non-amortising loans No fixed rate loans
Loan volume	<ul style="list-style-type: none"> Maximum loan volume per customer NOK 10 million. 	<ul style="list-style-type: none"> Max loan volume per client or group of connected clients 20 % of own funds net of collateral, 4 % of total cover pool. Max loan volume per collateral 4 % of total cover pool.

OBOS Boligkreditt

Why lending to housing co-operatives has a positive risk profile



Kvernbyen - Oslo



Os Sjøfront - Bergen

- **Shareholders are jointly liable for shared debt (solidarity)**
 - All shareholders will be held responsible / accountable for shared debt.
 - Power of decision is granted the board or by the general assembly, assisted by the house manager.
 - 2G collateral in each share - forced sale. The co-operative holds a lien in “the share” of each shareholder for the payment of joint costs.
 - The 2G collateral de-facto functions as “the banks” pledge, as the co-operative must pay all obligations to the bank to avoid default
- **Top priority collateral**
 - Loans to housing co-operatives have higher priority than all other loans pledged towards “the share”.
 - Retail debt LTV always includes allocated share of housing co-operative’s debt.
- **Guarantee schemes**
 - GBF (Garantert betaling av felleskostnader / Payment guarantee of joint costs), a factoring agreement, secures the housing companies (mainly housing co-operatives and housing corporations) against default from residents / shareholders.
 - Implicitly OBOS Factoring AS – provider of GBF – guarantees the loans of OBOS-banken / OBOS Boligkreditt.
- **Lower LTV than ordinary mortgages**
 - Max LTV 60 % or less for housing-cooperatives in OBOS Boligkreditt’s Covered Bond Pool
 - Typically lower actual LTV – as reflected in the cover pool

OBOS Boligkreditt

Risk management

Liquidity risk	<ul style="list-style-type: none">• OBOS Boligkreditt shall ensure that the payment flows from the Cover Pool enables it to meet its payment obligations towards the Covered Bond holders and derivatives counterparties at all times.
Interest rate risk	<ul style="list-style-type: none">• Currently no exposure to fixed interest rates on either side of balance sheet.
Currency risk	<ul style="list-style-type: none">• Currently no currency risk from either side of balance sheet.
Over-collateralisation	<ul style="list-style-type: none">• The level of over-collateralisation shall equal the minimum requirement from Moody's with a minimum buffer of 50 basis points.• If there is not assigned a rating from a recognized rating agency, the over-collateralisation shall be minimum 5 %.

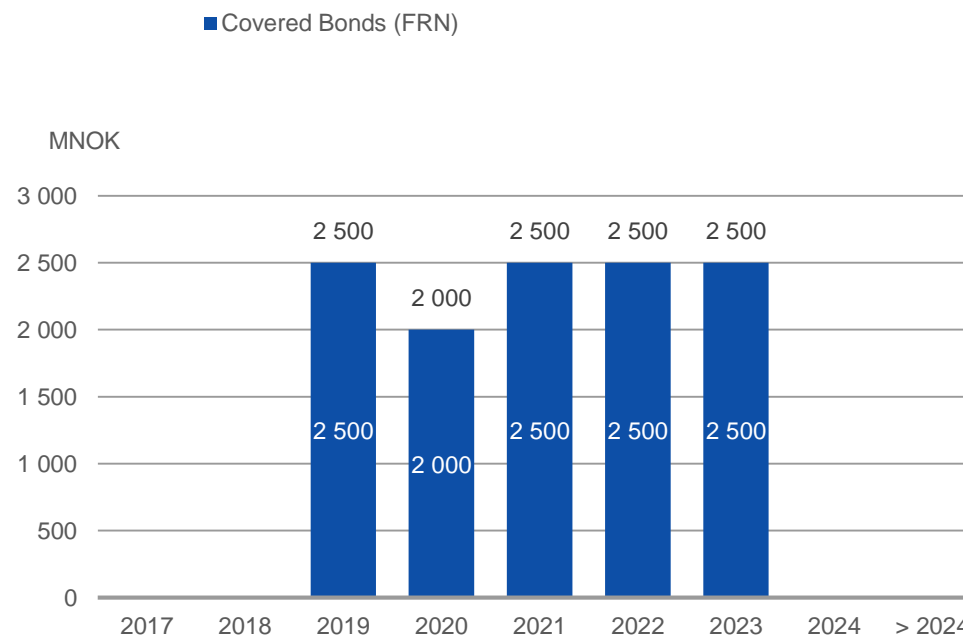
OBOS Boligkreditt

Issued covered bonds as of 07.02.2018

Issued covered bonds

ISIN	ISSUE	Ticker	Instrument type	Interest margin	Market
NO0010775570	OBOS Boligkreditt AS 16/19 FRN	OBBK01 PRO	FRN – Soft bullet	40	Nordic ABM
NO0010806870	OBOS Boligkreditt AS 17/20 FRN COVID	OBBK05 PRO	FRN – Soft bullet	27	Nordic ABM
NO0010775588	OBOS Boligkreditt AS 16/21 FRN	OBBK02 PRO	FRN – Soft bullet	61	Nordic ABM
NO0010786494	OBOS Boligkreditt AS 17/22 FRN COVID	OBBK03 PRO	FRN – Soft bullet	60	Nordic ABM
O0010795487	OBOS Boligkreditt AS 17/23 FRN COVID	OBBK04 PRO	FRN – Soft bullet	52	Nordic ABM

Debt maturity profile



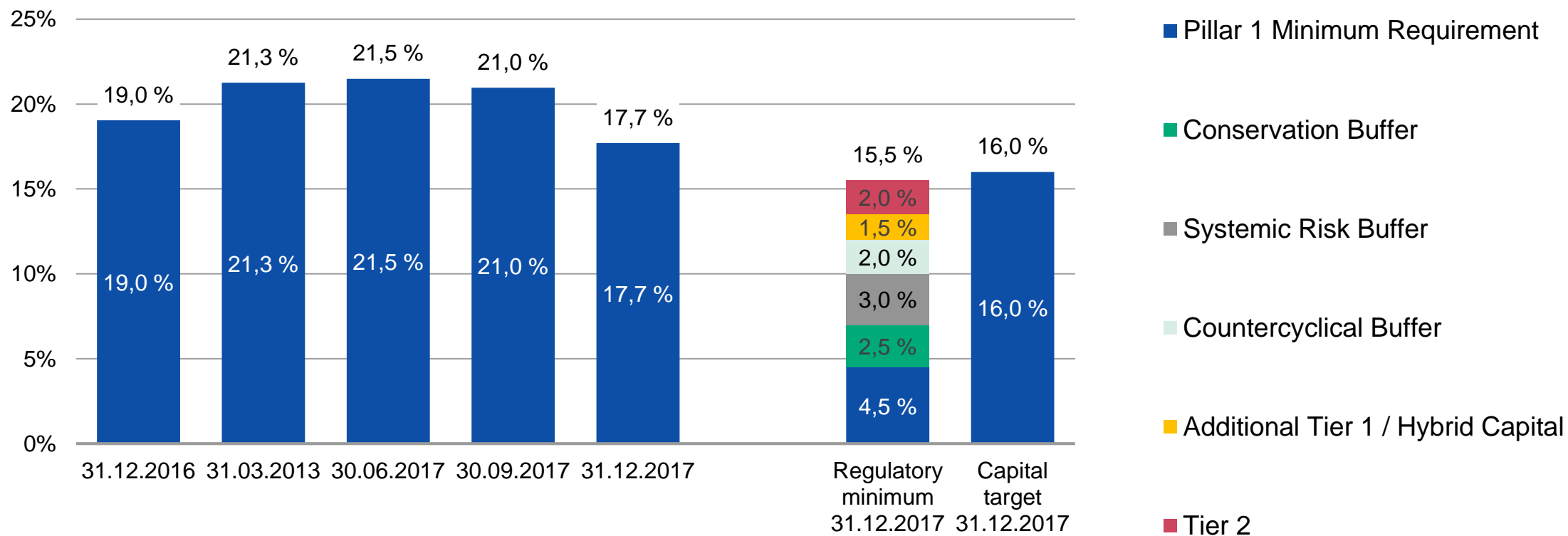
OBOS Boligkreditt

Funding plans

- OBOS Boligkreditt has established itself as a regular issuer in the domestic Norwegian market.
 - OBOS Boligkreditt has establish a curve in the Norwegian market based on issues of > MNOK 2.000.
 - All OBOS Boligkreditt issues are bonds with soft bullet, 12 months extension, in line with markets practice among Norwegian issuers.
- In the short term, only FRN bonds will be issued.
 - Still significant growth volume based on current strategy in the Norwegian market.
- Currently working on establishing ISDA/CSA agreements with relevant counterparties

OBOS Boligkreditt

Capital adequacy and capital targets – MNOK 300 equity issue in January 2018



OBOS Boligkreditt

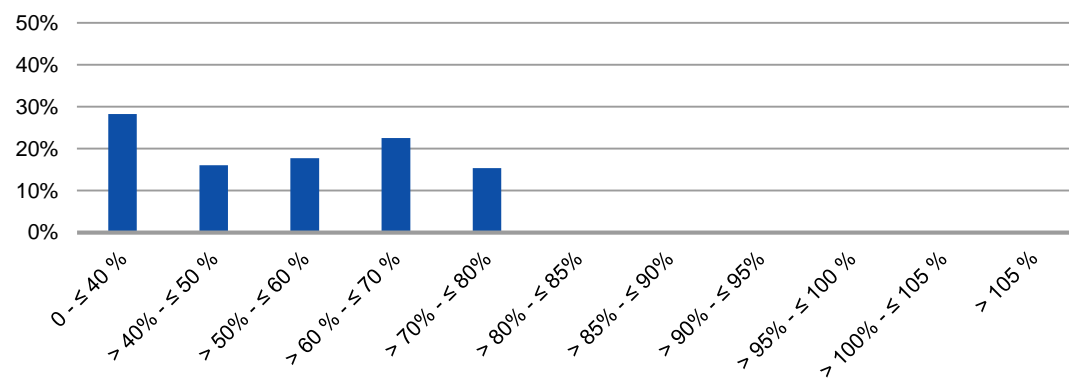
Cover Pool – Details as of 31. December 2017

	Retail	Co-operative housing
Assets / Status	<ul style="list-style-type: none">99,98 % performing loans	<ul style="list-style-type: none">100,00 % performing loans
Cover Pool	<ul style="list-style-type: none">5,7 bn NOK	<ul style="list-style-type: none">6,7 bn NOK
Average Loan Balance	<ul style="list-style-type: none">1.335.384 NOK	<ul style="list-style-type: none">10.664.285 NOK
Weighted average LTV	<ul style="list-style-type: none">51 %	<ul style="list-style-type: none">30 %
Weighted average remaining term	<ul style="list-style-type: none">288 months	<ul style="list-style-type: none">350 months
Principal payment frequency	<ul style="list-style-type: none">99,9 % monthly, 0,1 % Quarterly	<ul style="list-style-type: none">88,9 % monthly, 4,7 % quarterly, 6,3 % semi-annually
Rate type	<ul style="list-style-type: none">100 % floating	<ul style="list-style-type: none">100 % floating
OC-level (eligible)	<ul style="list-style-type: none">13,2 %	

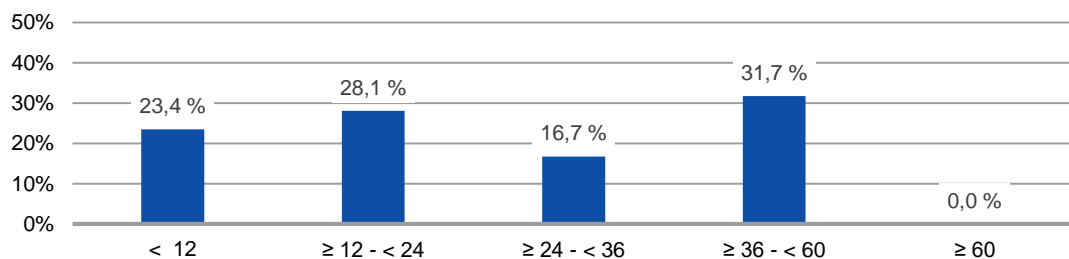
OBOS Boligkreditt

Cover Pool – Retail (PM)

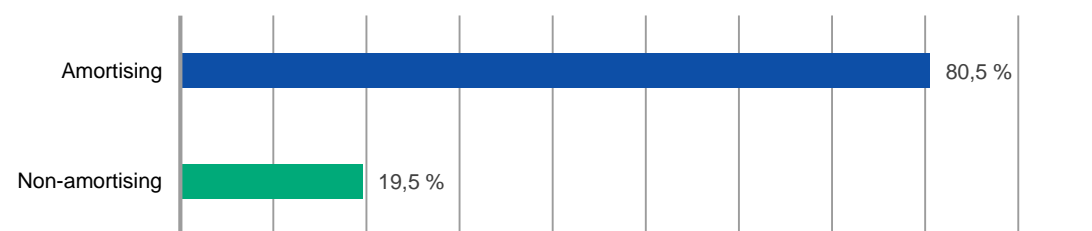
LTV (Unindexed)



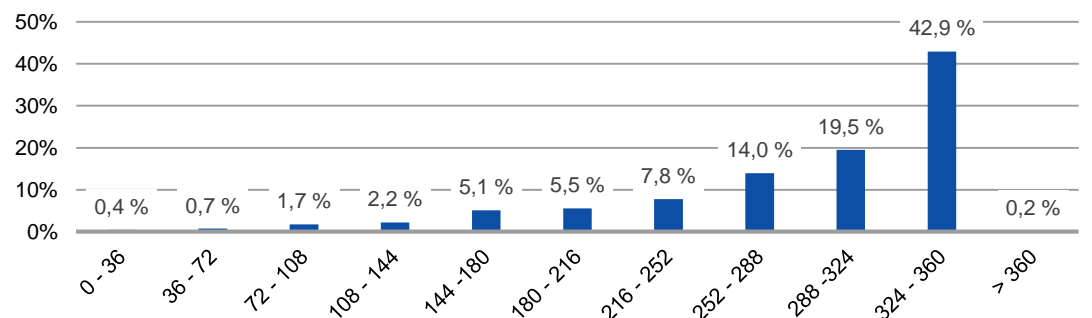
Seasoning



Repayment type



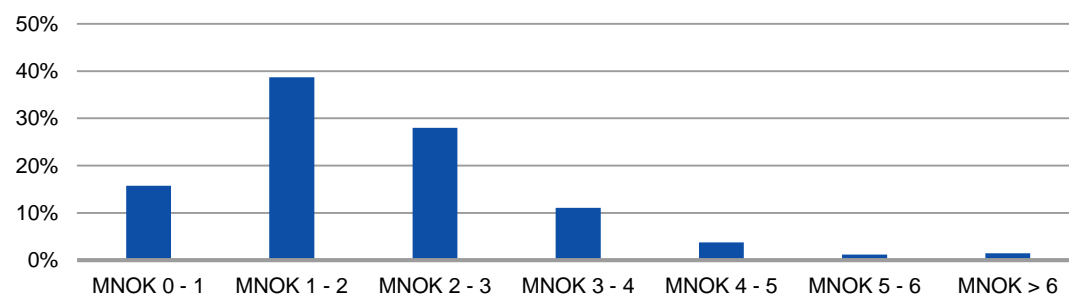
Remaining term of loan (number of months)



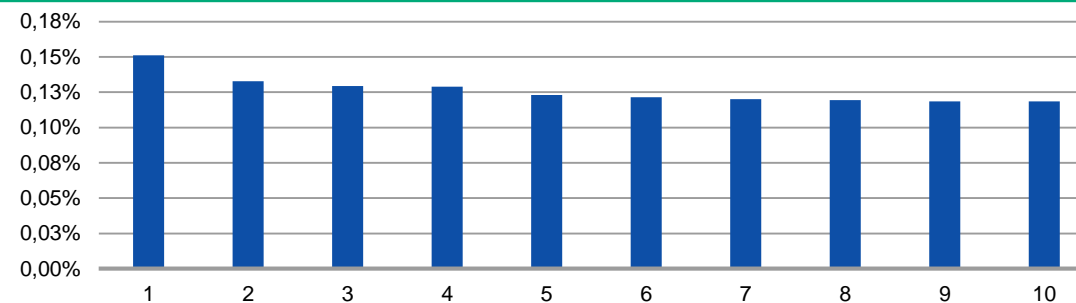
OBOS Boligkreditt

Cover Pool – Retail (PM)

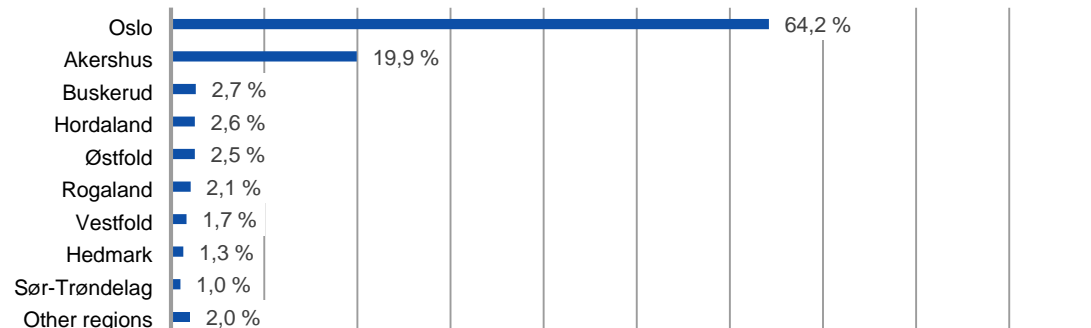
Pool notional



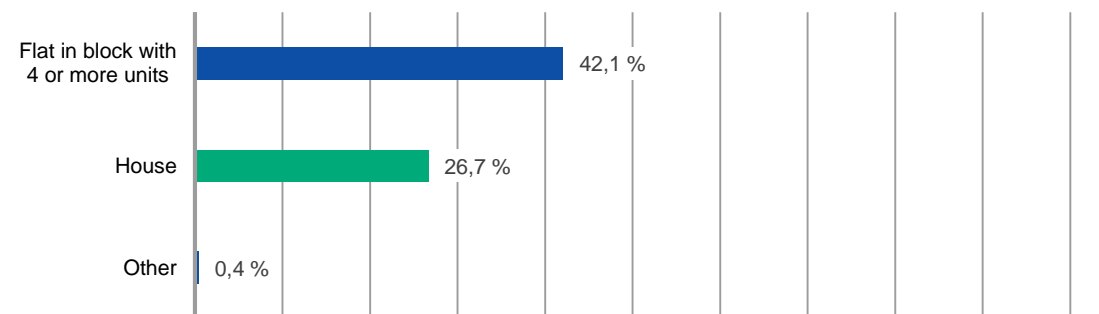
10 largest borrowers % of cover pool*



Regions



Property type

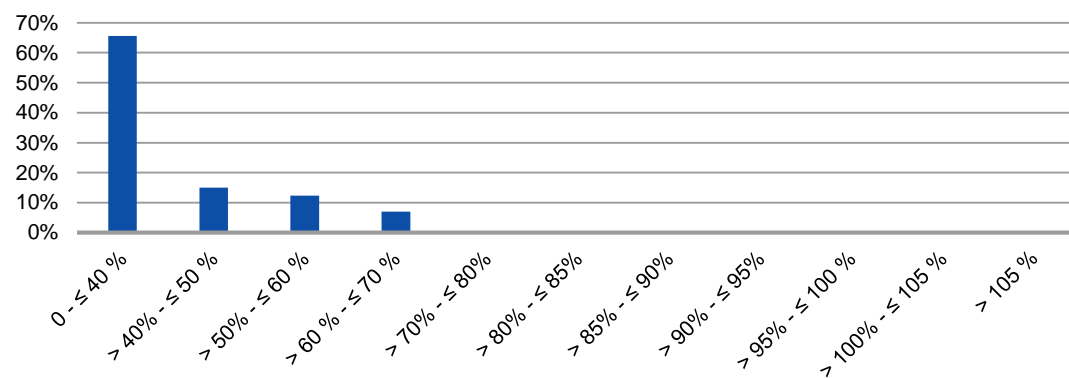


* Of total cover pool, retail/PM and co-operatives

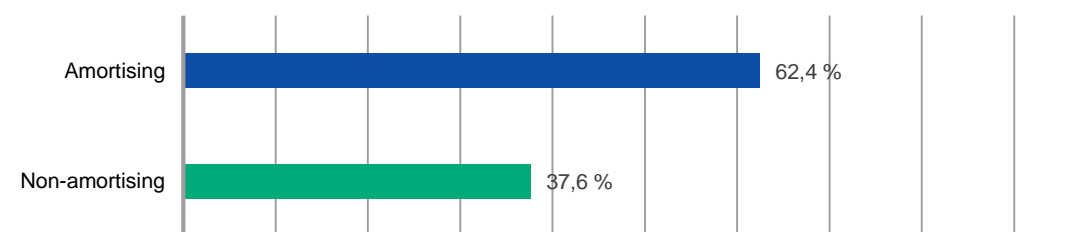
OBOS Boligkreditt

Cover Pool – Housing co-operatives

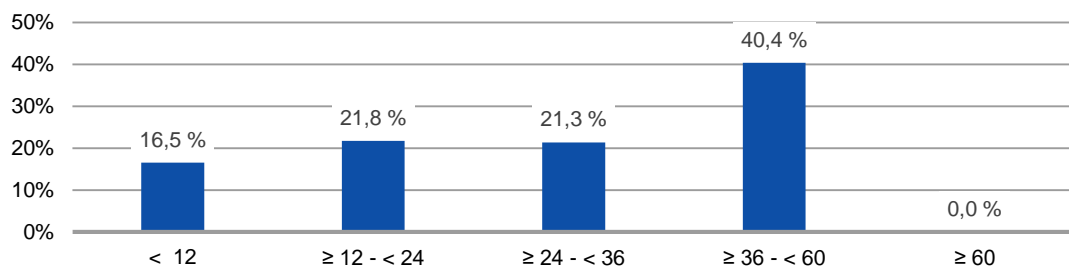
LTV (Unindexed)



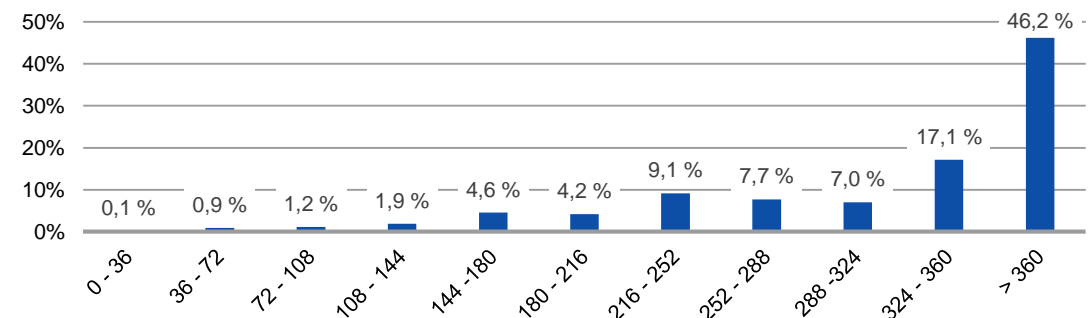
Repayment type



Seasoning



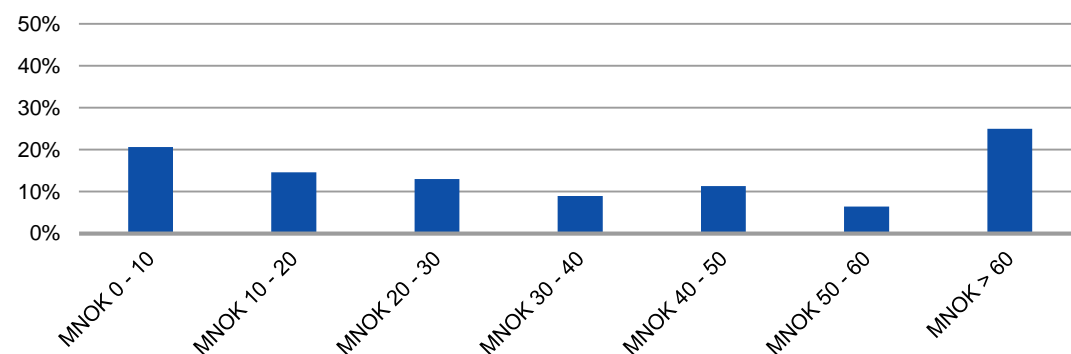
Remaining term of loan (number of months)



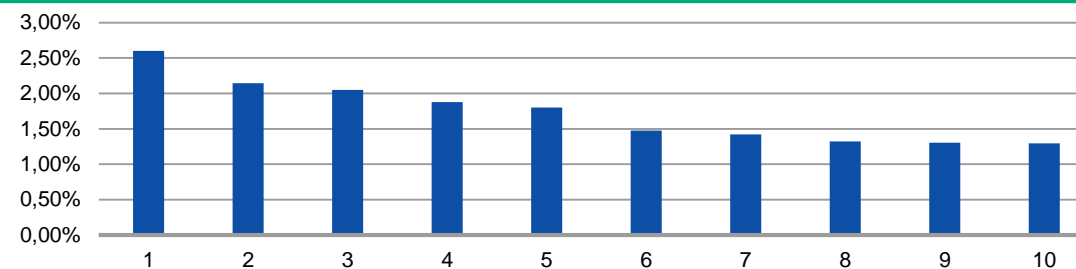
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Cover Pool – Housing co-operatives

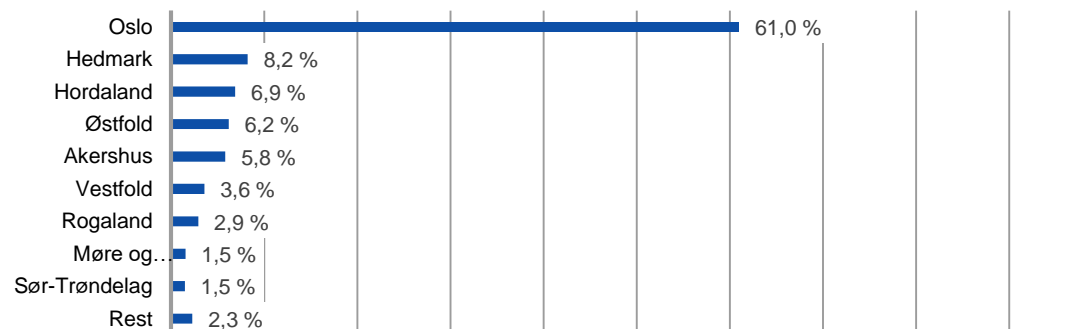
Pool notional



10 largest borrowers % of cover pool*



Regions



Property type



* Of total cover pool, retail/PM and co-operatives

Appendix: Dictionary

The Norwegian Housing co-operative

English	Norwegian
Co-operative building and housing association	Boligbyggelag (OBOS BBL)
Housing company	Boligselskap (BS)
Housing Co-operative (Co-operative or co-op)	Borettslag
Housing corporation	Boligaksjeselskap
Residential Condominium / Condominium	Boligsameie
Shared debt in joint property ownership	Fellesgjeld
Joint costs	Felleskostnader
Loans to co-op members and/or residents (retail)	Lån til medlemmer / beboere (PM)
Share in a Housing co-operative	Borettslagsandel / andel
Share in a housing corporation	Aksje/andel i boligaksjeselskap
Unit / section in a residential condominium	Selveierseksjon i et boligsameie

