



Investor presentation OBOS Boligkreditt

Covered bonds

OBOS in short

About the OBOS group

- The largest co-operative building and housing association in Norway
 - Founded 19th of August 1929
 - Owned by its 393 923 (2015) individual members
 - 2 540 employees (2015)
- 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 2,7 bn in 2015
 - Value adjusted equity of NOK 22,5 bn as of 2015



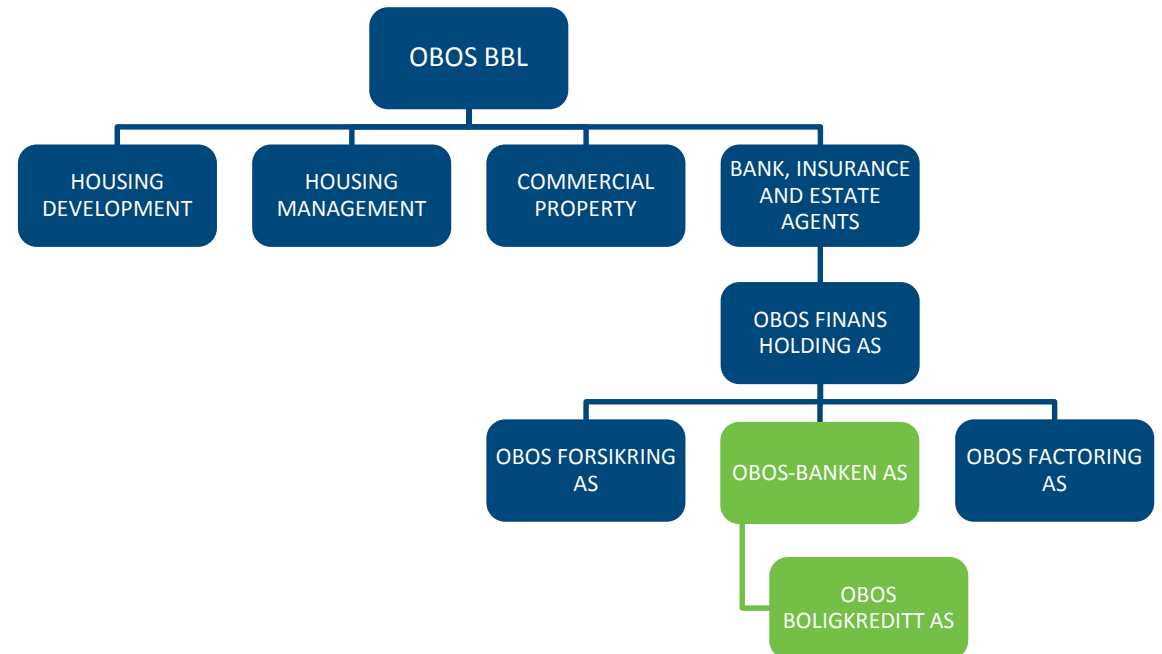
OBOS-banken in short (1 of 3)

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 400,000 members are an important source for further growth for the retail branch of the bank.

Wholesale: The bank for housing companies

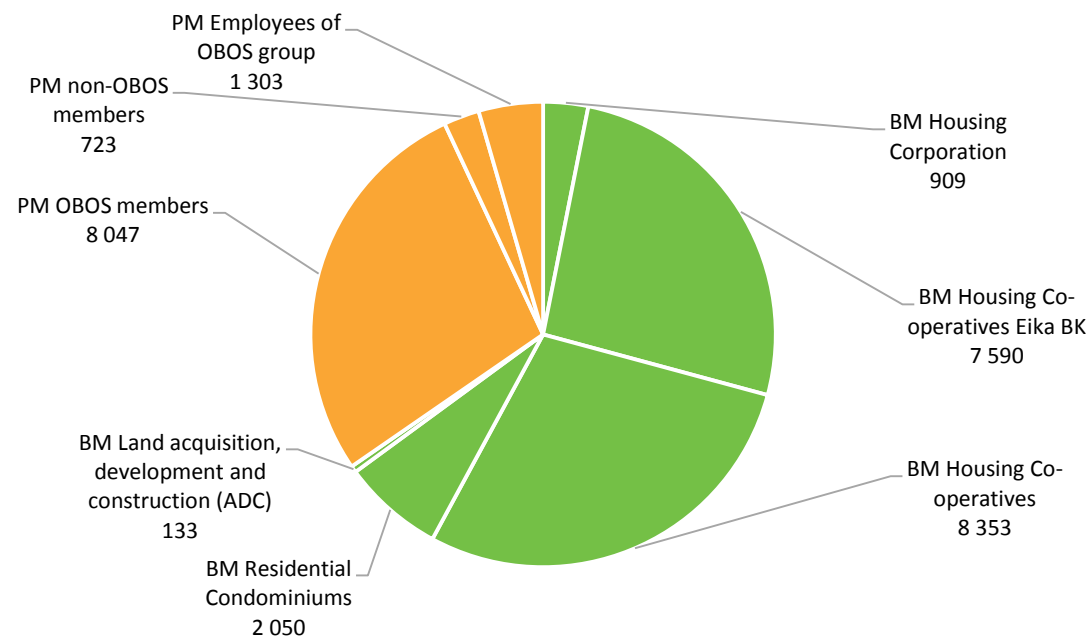
Contribution to OBOS' vision:

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 30.06.2016

Total Loan book 29 BNOK



OBOS-banken in short (3 of 3)

Financial situation

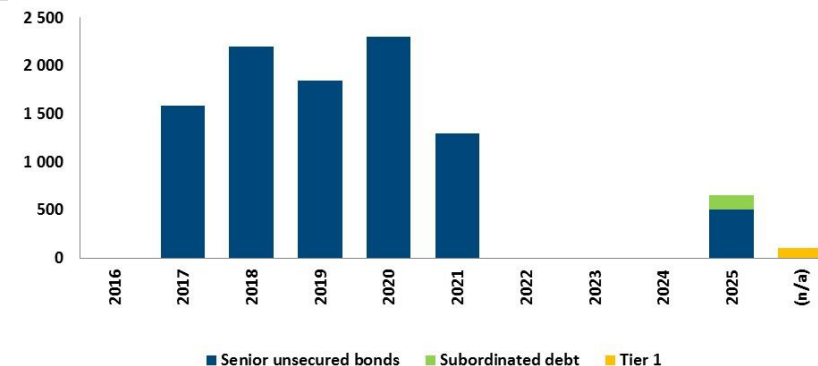
Funding Structure

- Well diversified funding structure.
- Very low share of net short funding, weighted average time to maturity is 3 years.
- OBOS-banken has transferred MNOK 7,590 of loans to Eika Boligkreditt AS as of 30th June 2016. The distribution agreement was terminated in February 2016.
 - The current distribution agreement will be running for 12 months.
 - An agreement for a planned “run-off” of OBOS-bankens portfolio in Eika Boligkreditt is negotiated and will be signed.

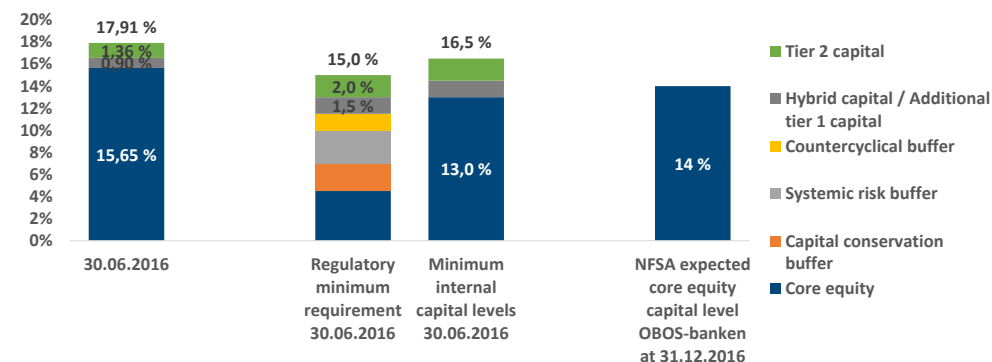
Capitalisation

- MNOK 300 in new equity from OBOS BBL in June 2016.
- Internal capitalisation target is 1.5 percentage points above regulatory requirements at all times.
- Internal capitalisation targets are revised on a yearly basis.

Debt Maturity Profile



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
- Ove B. Haupberg, CFO OBOS BBL
- 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 5 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 loansNo fixed rate loans.No flexi-loans	<ul style="list-style-type: none">Amortising and non-amortising loansNo fixed rate loans
Loan volume	<ul style="list-style-type: none">Maximum loan volume per customer NOK 6 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



Kvæernerbyen - 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">• Initially no exposure to fixed interest rates on either side of balance sheet.
Currency risk	<ul style="list-style-type: none">• Initially 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-collateralization shall be minimum 5 %.

OBOS Boligkreditt

Transaction and funding plans

Transaction

- The aim is to issue two Covered Bonds (Rated (P)Aaa by Moody's) in OBOS Boligkreditt AS, Floating Rate Notes (FRN) with expected maturities of 3 and 5 years with a total issuance of NOK 2 bn each, of which parts will be retained on the issuer's books to be sold in the open market in later transactions.

Funding plans

- OBOS Boligkreditt intends to be a regular issuer in the domestic Norwegian market.
 - In the short term, only FRN bonds will be issued.
- OBOS Boligkreditt intends to establish a curve in the Norwegian market based primarily on issues of > MNOK 2.000.
- OBOS Boligkreditt issues bonds with soft bullet, 12 months extension, in line with markets practice among Norwegian issuers.

OBOS Boligkreditt

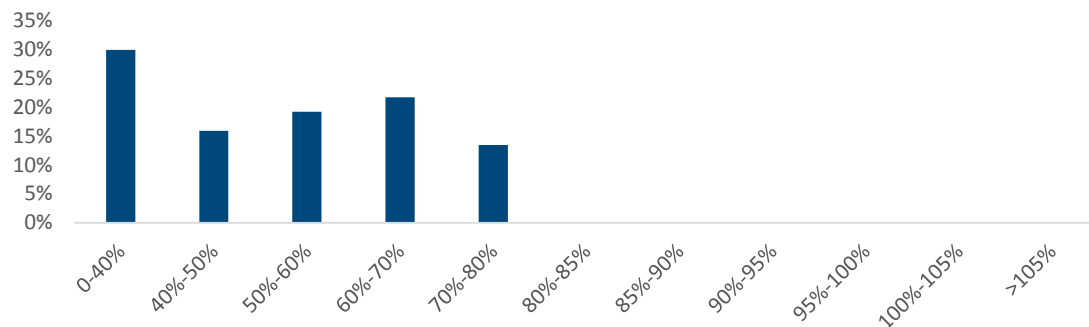
Cover Pool - Details

	Retail	Co-operative housing
Assets / Status	<ul style="list-style-type: none">100 % performing loans	<ul style="list-style-type: none">100 % performing loans
Cover Pool	<ul style="list-style-type: none">2.4 bn	<ul style="list-style-type: none">2.3 bn
Average Loan Balance	<ul style="list-style-type: none">1.140.289	<ul style="list-style-type: none">7.557.596
Weighted average LTV	<ul style="list-style-type: none">50 %	<ul style="list-style-type: none">25 %
Weighted average remaining term	<ul style="list-style-type: none">286 months	<ul style="list-style-type: none">330 months
Principal payment frequency	<ul style="list-style-type: none">99,9 % monthly, 0,1 % Quarterly	<ul style="list-style-type: none">83,6 % monthly, 2,9 % quarterly, 13,5 % semi-annually
Rate type	<ul style="list-style-type: none">100 % floating	<ul style="list-style-type: none">100 % floating
OC-level	<ul style="list-style-type: none">At current suggested transaction: 17,0 %	

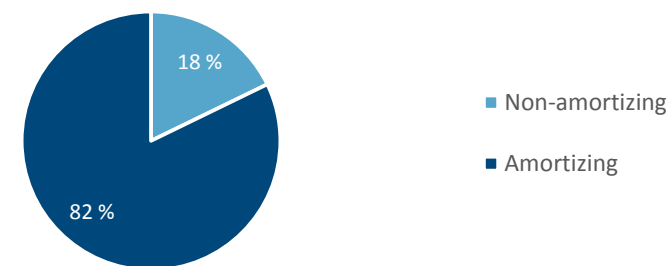
OBOS Boligkreditt

Cover Pool – PM

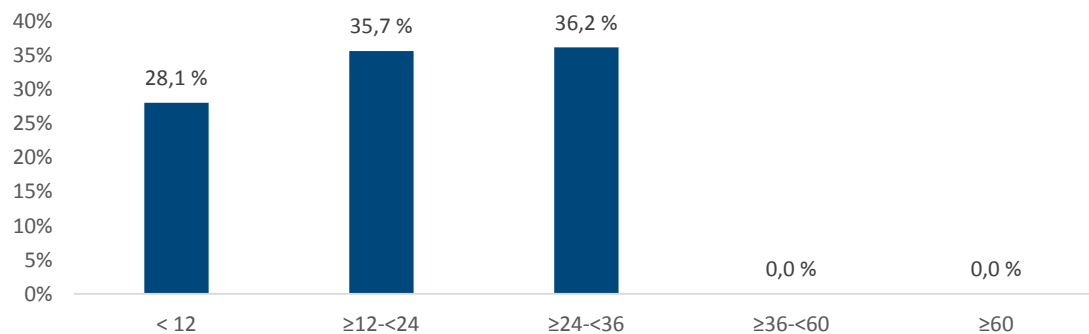
LTV



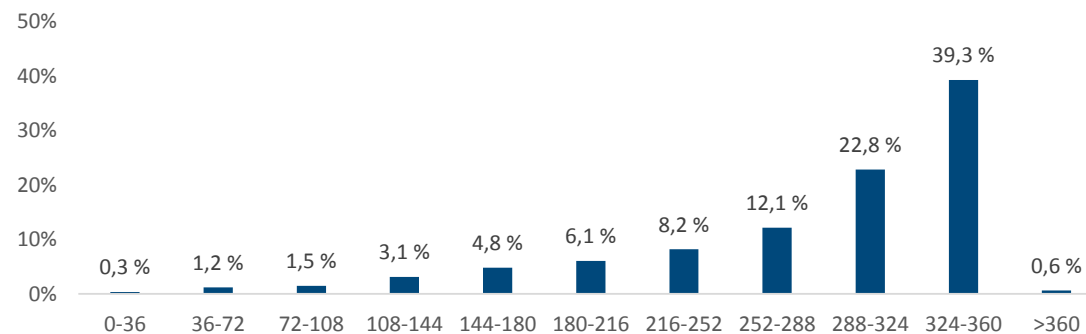
Repayment type



Seasoning



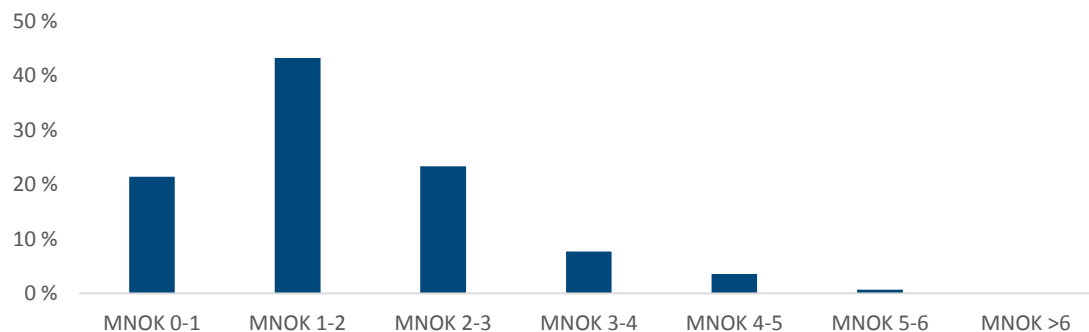
Remaining term of loan (number)



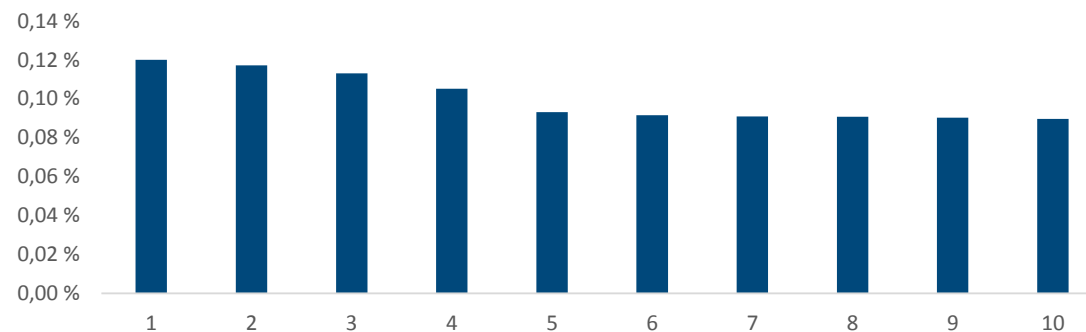
OBOS Boligkreditt

Cover Pool – PM

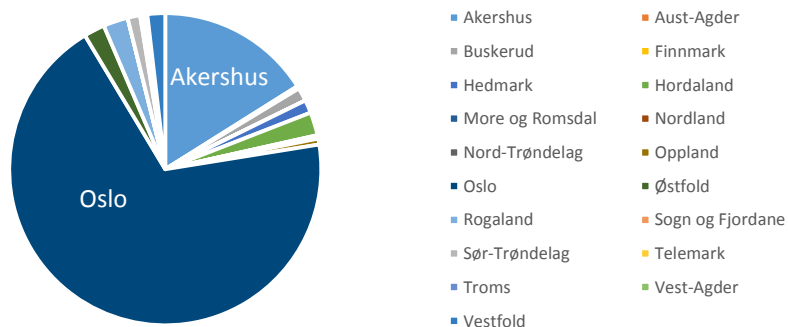
Pool notional



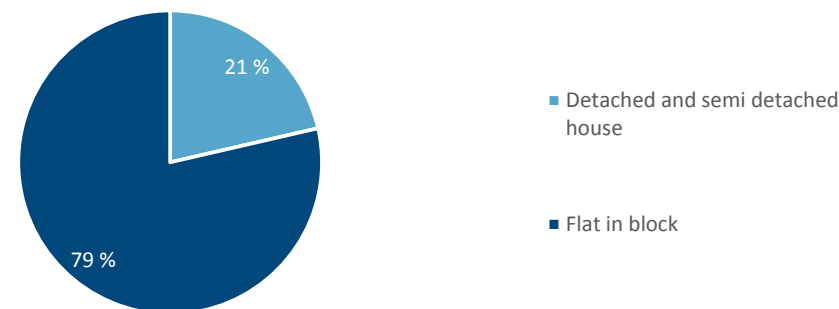
10 largest borrowers % of cover pool*



By geography



By property type

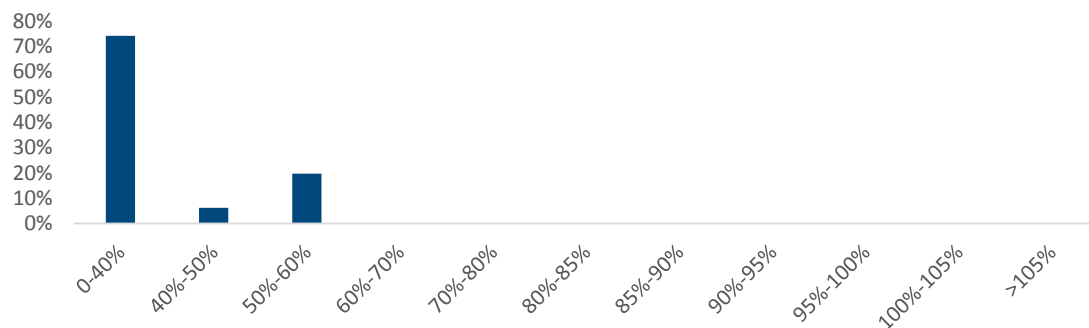


* Of total cover pool, retail/PM and co-operatives

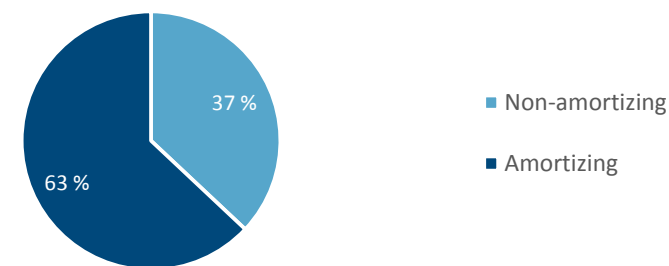
OBOS Boligkreditt

Cover Pool – Housing co-operatives

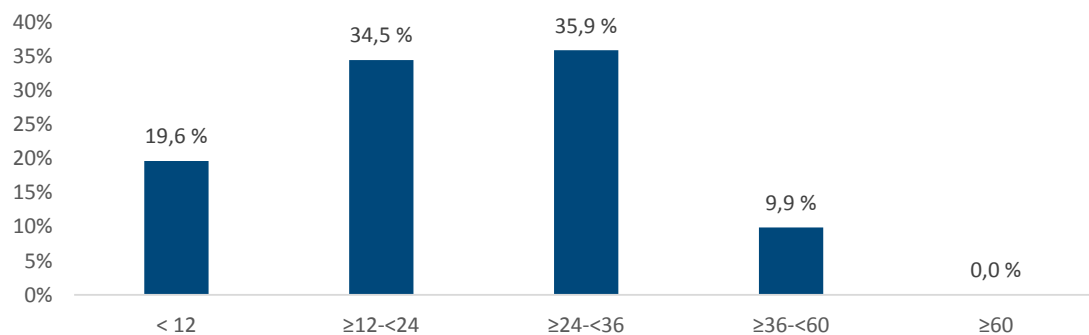
LTV



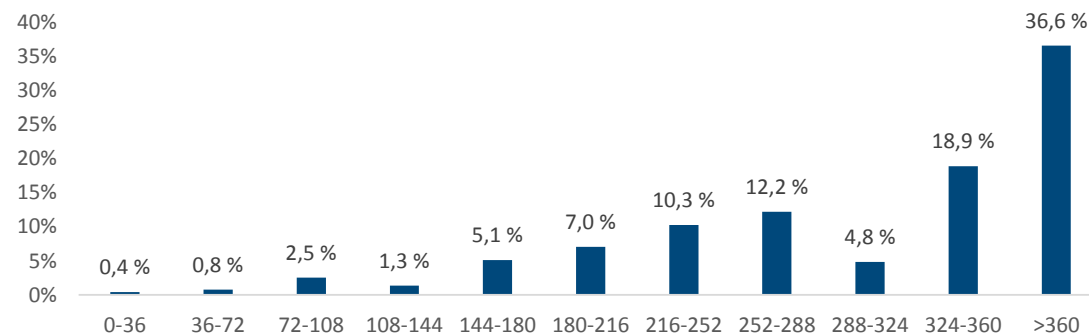
Repayment type



Seasoning



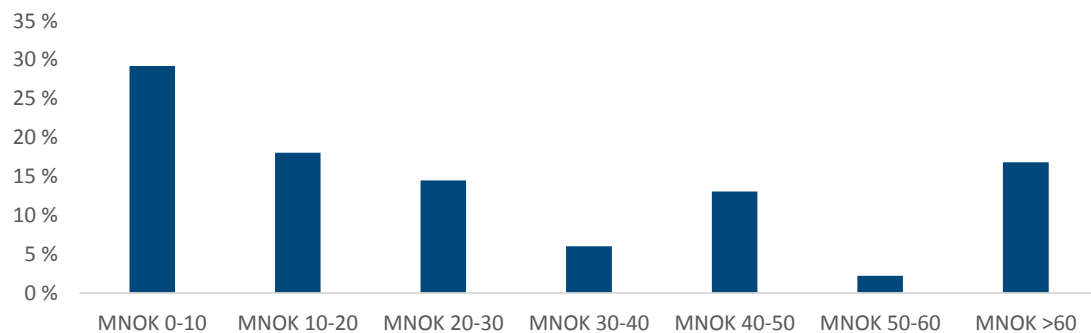
Remaining term of loan (number)



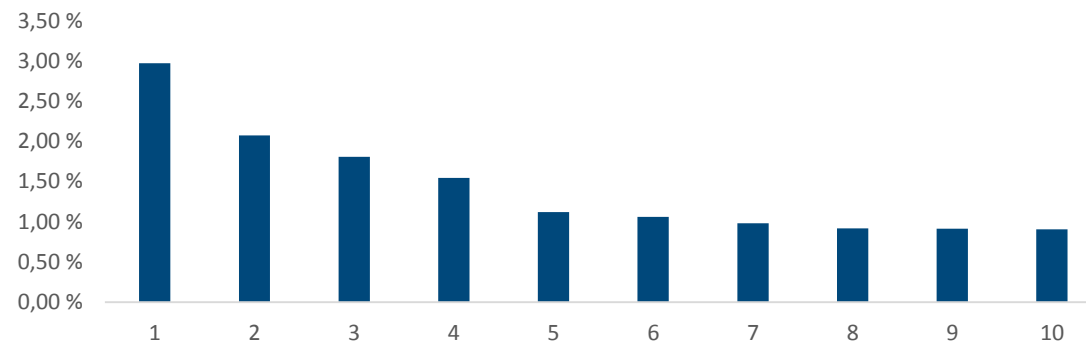
OBOS Boligkreditt

Cover Pool – Housing co-operatives

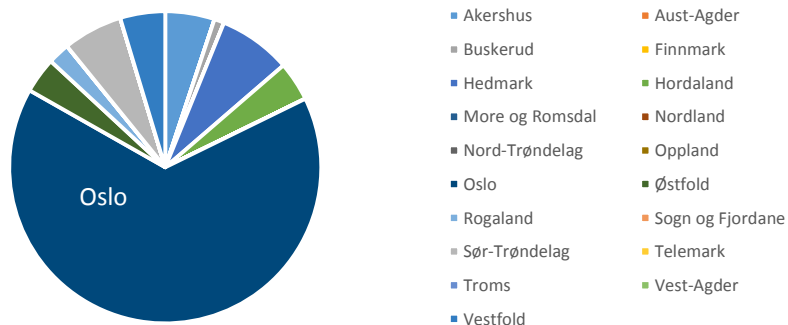
Pool notional



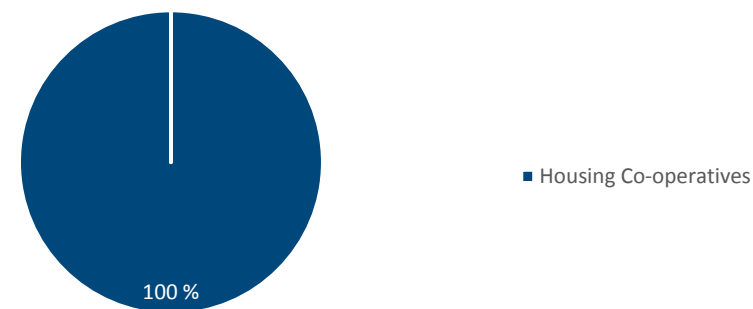
10 largest borrowers % of cover pool*



By geography



By property type



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