

CREDIT OPINION

4 August 2016

Pre-Sale

Closing Date

2016

TABLE OF CONTENTS

Ratings	1
Summary Rating Rationale	1
Credit Strengths	2
Credit Challenges	2
Key Characteristics	3
Covered Bond Overview	5
Covered Bond Description	5
Covered Bond Analysis	6
Cover Pool Overview	10
Cover Pool Description	10
Cover Pool Analysis	13
Methodology and Monitoring	14
Income Underwriting and Valuation	15
Moody's Related Research	17

Contacts

Tomas Rodriguez-Vigil
 Analyst
 tomas.rodriguez-vigil@moodys.com

Jane Soldera
 VP-Sr Credit Officer
 jane.soldera@moodys.com

OBOS Boligkreditt AS Mortgage Covered Bond Programme

Norwegian Covered Bonds

Ratings

Cover Pool (NOK)	Ordinary Cover Pool Assets	Covered Bonds (NOK)	Rating
5,375,940,211	Residential mortgage loans and loans to housing co-operatives	[*]	(P)Aaa

The ratings address the expected loss posed to investors. Moody's ratings address only the credit risks associated with the transaction.

Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

Summary Rating Rationale

We have assigned a provisional long-term rating of (P)Aaa to the covered bonds issued by OBOS Boligkreditt AS (OBOS Boligkreditt or the issuer; unrated). The covered bonds are full recourse to the issuer and the issuer is a stand-alone legal entity wholly owned by OBOS-banken AS (deposits Baa1 stable; adjusted baseline credit assessment baa3; counterparty risk (CR) assessment A3(cr)). The covered bond rating is linked to the credit strength of the parent company of the issuer, principally because OBOS-banken AS has established a revolving credit facility for the issuer's benefit. The covered bonds are governed by the Norwegian covered bond legislation. Following a CB anchor event¹, the covered bondholders will have priority claims over a pool of assets (cover pool) consisting of Norwegian residential mortgage loans and loans to housing co-operatives. As of 30 April 2016, the assets in the cover pool amounted to Norwegian Kroner (NOK) 5.4 billion.

The OC in the cover pool will depend on the size of the first series. The issuer is expected to provide 5% on a "committed" basis. The minimum OC level consistent with the Aaa rating is 6%.

We have assigned a TPI of High to the covered bonds issued by OBOS Boligkreditt.

The rating takes into account, among other factors:

- » The credit strength of the issuer.
- » The credit quality of the cover pool, which is reflected by the collateral score of 5.1% (4.7% excluding systemic risk).

This pre-sale report addresses the structure and characteristics of the proposed transaction based on the information provided to Moody's as of 30 April 2016. Investors should be aware that certain issues concerning this transaction have yet to be finalized. Upon conclusive review of all documents and legal information as well as any subsequent changes in information, Moody's will endeavor to assign definitive ratings to this transaction. The definitive ratings may differ from the provisional ratings set forth in this report. Moody's will disseminate the assignment of definitive ratings through its Client Service Desk. This report does not constitute an offer to sell or a solicitation of an offer to buy any securities, and it may not be used or circulated in connection with any such offer or solicitation.

- » The support provided by the Norwegian legal framework for covered bonds.

Credit Strengths

- » *Recourse to the issuer:* The covered bonds are full recourse to the issuer. See "Covered Bond Analysis".
- » *Support provided by the Norwegian legal framework:* The covered bonds are governed by the Norwegian covered bond legislation which includes several strong features. See "Covered Bond Description".
- » *High credit quality of the cover pool:* The covered bonds are supported by a cover pool of high quality assets. The assets are residential mortgage loans and loans to housing co-operatives, all of which are backed by properties located in Norway. The collateral quality is reflected by the collateral score of 5.1% (4.7% excluding systemic risk). See "Cover Pool Analysis".
- » *Refinancing Risk:* Refinancing risk for Norwegian residential mortgage covered bonds is lower than in other jurisdictions as the issuer has the ability to reset loan rates on floating-rate residential mortgages at six weeks notice to the borrower and on floating-rate loans to housing co-operatives without previous notice to the borrower (in practice, four weeks notice is given). In the event of the issuer's default, the insolvency administrator will be able to similarly reset loan rates. Further, covered bonds issued under this programme will benefit from a 12-month extension period. See "Covered Bond Analysis".
- » *Interest rate and currency mismatches:* As of the date of this report, all the assets in the cover pool are, and the covered bonds to be issued are expected to be, floating rate and denominated in NOK. Under the programme, the issuer may issue fixed-rate covered bonds denominated in other currencies, which gives rise to potential interest rate and currency mismatches. However, in such case we expect there will be interest rate and currency hedging agreements in place with external parties following the Norwegian market standard. See "Covered Bond Analysis".
- » *Liquidity matching requirements:* In accordance with the Norwegian covered bond legislation, the issuer has established liquidity risk guidelines and limits. These guidelines state that the net liquidity inflow should at all times be positive for the following six-month period, on a rolling basis. Liquidity gaps are reported based on projected monthly liquidity inflows and outflows, on the basis of contractual loan redemption plans. Stress tests on liquidity are also carried out.
- » *Structural features:* In its capacity as a regulated financial institution (*kredittforetak*) under the terms of the Norwegian covered bond legislation, the issuer has obtained a licence from the Norwegian Financial Services Authority (FSAN or *Finanstilsynet*) to issue covered bonds (*obligasjoner med fortrinnsrett*), and is subject to ongoing supervision. See "Structure Description".
- » *Pool monitoring:* There is an external cover pool monitor (*uavhengig gransker*) responsible for monitoring various operations with respect to the cover pool. This is mandatory by operation of the Norwegian covered bond legislation.
- » *De-linkage/set-off risk:* Set-off risk is well addressed by the combination of the Norwegian covered bond legislation and the transaction structure of the issuer's covered bond programme. See "Covered Bond Analysis".

Credit Challenges

- » *High level of dependency on the issuer:* As with most covered bonds, before a CB anchor event the issuer can materially change the nature of the programme. For example, the issuer can add new assets to the cover pool, issue new covered bonds with varying promises, and enter into new hedging arrangements. As with most covered bonds in Europe, there are few restrictions on the future composition of the cover pool. These changes could affect the cover pool's credit quality as well as the overall refinancing and market risks. Further, if the quality of the collateral deteriorates below a certain threshold, the issuer would have the ability, but not the obligation, to increase the OC in the cover pool. See "Covered Bond Analysis".

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

- » *Credit quality of the cover pool:* In line with Norwegian market standards, all loans in the cover pool feature floating interest rates. This exposes the borrowers to the risk of increasing debt service payments in case of increasing interest rates, possibly leading to higher pool arrears. See "Cover Pool Analysis".
- » *Market risks:* Following a CB anchor event, covered bondholders may need to rely on proceeds being raised through the sale of, or borrowing against, cover pool assets in order to make timely payments of principal on the bonds. Following a CB anchor event, the market value of these assets may be subject to high volatility. In addition, covered bondholders may be exposed to interest rate and currency risk in the future. See "Covered Bond Analysis".

Key Characteristics

Exhibit 1

Covered Bonds Characteristics

Issuer:	OBOS Boligkreditt AS (unrated)
Covered Bond Type:	Mortgage Covered Bonds
Issued under Covered Bonds Law:	Yes
Applicable Covered Bonds Law:	Norwegian Covered Bonds Legislation

Entity used in Moody's EL and TPI analysis	OBOS-banken AS
CR Assessment:	A3(cr)
CB Anchor:	CR assessment +1 notch
Deposit rating:	Baa1
Adjusted BCA:	baa3
Senior Unsecured Claim:	Not used for Moody's expected loss analysis

Total Covered Bonds Outstanding:	NOK [•]
Main Currency of Covered Bonds:	NOK (100%)
Extended Refinance Period:	Yes
Principal Payment Type:	Soft bullet (1 year extension period)
Interest Rate Type:	100% floating rate covered bonds (expected)
Committed Over-Collateralisation	5% (on nominal basis) (expected)
Current Over-Collateralisation:	[•] (depending on the size of the first series)

Intra-group Swap Provider:	n/a
Monitoring of Cover Pool:	Independent inspector appointed by the issuer
Trustees:	n/a
Timely Payment Indicator:	High
TPI Leeway	2 notches

Source: Moody's Investors Service; based on information provided by the issuer as of 30/04/2016

Exhibit 2

Cover Pool Characteristics

Size of Cover Pool:	NOK 5,375,940,211
Main Collateral Type in Cover Pool:	Residential mortgage loans (51.9%)
Main Asset Location of loans:	Norway (100%)
Main Currency:	NOK (100%)
Loans Count:	2,635
Number of Borrowers:	2,635
WA Current LTV:	40.9%
WA Seasoning:	[•] months
WA Remaining Term:	344 months
Interest Rate Type:	Floating rate assets (100%)
Collateral Score:	5.1% (4.7% excluding systemic risk)
Cover Pool Losses:	9.8%
Further Cover Pool Details:	See Appendix 1
Pool Cut-off Date:	[•]

Source: Moody's Investors Service; based on information provided by the issuer as of 30/04/2016

Covered Bond Overview

The covered bonds are governed by the Norwegian covered bond legislation and benefit from recourse to both the issuer and the cover pool. Our rating reflects these features.

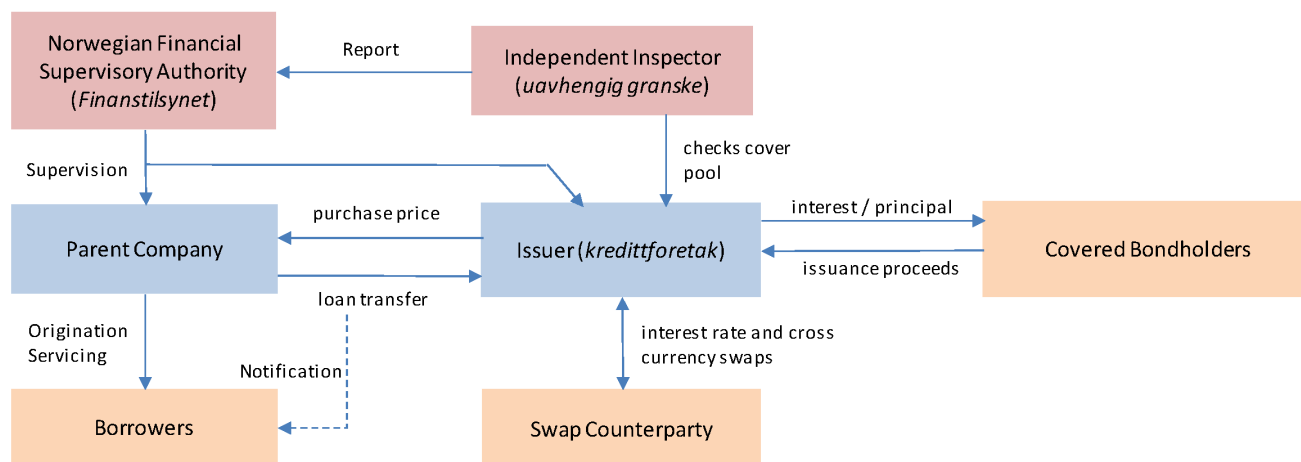
Covered Bond Description

The covered bonds are full recourse to the issuer. Upon occurrence of a CB anchor event, covered bondholders will have a priority claim on the cover pool.

Structural Diagram

Exhibit 3

Norwegian common CB structure



Source: Moody's

Structure Description

THE BONDS

The covered bonds to be issued will benefit from a 12-month maturity extension.

ISSUER RECOURSE

The covered bonds have full recourse to the issuer. Therefore, the issuer is obliged to repay principal and pay interest on the covered bonds.

RECOURSE TO COVER POOL AND OVER-COLLATERALISATION

If the issuer becomes insolvent, the covered bondholders will have priority claims over the cover pool. See "Cover Pool Description" for the cover pool characteristics and "Cover Pool Analysis" for our analysis of the pool.

The OC in the cover pool will depend on the size of the first series. The issuer is expected to provide 5% on a "committed" basis. The minimum OC level consistent with the Aaa rating is 6%, of which the issuer should provide 0% in a "committed" form. These numbers show that we rely on "uncommitted" OC in our expected loss analysis.

Although the issuer has the ability to increase the OC in the cover pool if the collateral quality deteriorates below a certain threshold, the issuer does not have any obligation to do so. The failure to increase OC following a deterioration of the collateral could lead to a negative rating action.

LEGAL FRAMEWORK

The covered bonds are governed by the Norwegian covered bond legislation. There are a number of strengths in this legislation, which include *inter alia* the following: (i) non-performing assets are excluded from cover pool tests, and therefore cannot dilute pool quality; (ii) set-off is excluded in respect of any asset in the cover pool; (iii) because issuers are specialist credit institutions, the default of the

parent or group supporting them would not necessarily trigger the immediate default or insolvency of the issuer; (iv) the issuer must limit interest rate risk by reference to the potential losses resulting from a parallel shift of one percentage point in all interest-rate curves and "distortion" of the interest rate curves; and (v) swap counterparties must post collateral or provide other security if their credit quality reduces.

A general description of the Norwegian legal framework for covered bonds is contained in our Sector In-depth Report [Norway - Legal Framework for Covered Bonds](#).

OTHER STRUCTURAL FEATURES

In its capacity as a regulated financial institution under the terms of the Norwegian covered bond legislation, OBOS Boligkreditt has obtained a licence from the NFSA to issue covered bonds. The licence and its subsequent maintenance are subject to the issuer satisfying, on an ongoing basis, several requirements in respect of procedures and risk control systems set out by the Norwegian covered bond legislation and other applicable regulations.

Covered Bond Analysis

Our credit analysis of the covered bonds primarily focuses on the issuer's credit quality, refinancing risk and interest rate and currency mismatch risk, as well as the probability that payments on the covered bonds will be made in a timely fashion following a CB anchor event, which we measure using the Timely Payment Indicator (TPI), explained further below.

Primary Analysis

ISSUER ANALYSIS

Credit quality of the issuer: OBOS Boligkreditt is unrated.

The reference point for the issuer's credit strength in our analysis is the "covered bond (CB) anchor", which for Norwegian covered bonds is the counterparty risk (CR) assessment plus one notch².

The covered bond rating is linked to the credit strength of the issuer's parent company, OBOS-banken AS, mainly because the parent has established a revolving credit facility for the benefit of the issuer. OBOS-banken AS's commitment to the covered bond programme is further underlined by the range of functions it carries out on behalf of the issuer. The support provided by the parent also means that the reference point for our analysis will be the CB anchor of OBOS-banken AS.

The issuer is a separate legal entity wholly owned by OBOS-banken AS, which in turn is a wholly owned indirect subsidiary of OBOS BBL, the largest Norwegian building and housing association and one of the largest property developers in the Nordics, with almost 400,000 members, that (i) buys land, develops housing projects and sells the homes to its members, and (ii) manages affiliated housing co-operatives, among other businesses.

OBOS-banken AS was established on 22 May 2013 to conduct all lending and savings activities of OBOS BBL.

Dependency on the issuer's credit quality: The credit quality of the covered bonds depends on the credit quality of the issuer or its parent mainly due to the existence of refinancing risk and issuer discretion.

Refinancing risk: Should the credit strength of the issuer or its parent deteriorate, there would be a greater risk that a CB anchor event would occur, leading to refinancing risk for the covered bonds. Consequently the credit quality of the covered bonds would deteriorate unless other credit risks decrease. If the CB anchor deteriorates, the issuer would have the ability, but not the obligation, to increase the OC in the cover pool. Failure to increase the level of OC under these circumstances could lead to negative rating actions. *Issuer discretion:* The covered bonds are exposed to decisions made by the issuer in its discretion as manager of the covered bond programme, and the parent as owner of the issuer. For example, before a CB anchor event, the issuer may add new assets to the cover pool, issue further bonds and enter new hedging arrangements. Such actions could negatively affect the value of the cover pool.

REFINANCING RISK

Following a CB anchor event, the "natural" amortisation of the cover pool assets alone cannot be relied on to repay principal. We assume that funds must be raised against the cover pool at a discount if covered bondholders are to receive timely principal payment. Where the portion of the cover pool that is potentially exposed to refinancing risk is not contractually limited, our expected loss analysis typically assumes that this amount is in excess of 50% of the cover pool.

After a CB anchor event, the market value of the cover pool assets may be volatile. Examples of the stressed refinancing margins we use for different types of prime-quality assets are published in our Rating Methodology (see "[Moody's Approach to Rating Covered Bonds](#)", August 2015).

Aspects of this covered bond programme that are refinancing-positive include:

- » Provisions to allow for a principal refinancing period of 12 months, which should, in the event of a CB anchor event, improve the sales value of the cover pool and increase chances of timely principal payments on the covered bonds.
- » The ability of the issuer to increase the interest rate charged on floating-rate loans to the underlying borrowers with a notice period of six weeks (or a shorter period in the case of housing co-operatives), enabling margins on the cover pool assets to increase to cover funding costs. This right also applies to any potential bankruptcy administrator in charge of the cover pool after a CB anchor event.

Aspects of this covered bond programme that are refinancing-negative include:

- » The lack of a separate cover pool administrator following a CB anchor event. The Norwegian covered bond legislation provides for a bankruptcy administrator to be appointed for both the insolvency estate and management of the cover pool. While the manager is not dedicated to the cover pool, he or she should, however, face a minimum of conflicts as the issuer is a specialist institution with few creditors outside the cover pool.

INTEREST-RATE AND CURRENCY RISK

As with the majority of European covered bonds, there is potential for interest rate and currency mismatches. For example, following a CB anchor event, covered bondholders may be exposed to interest rate risk that arises from different interest rates, and the duration of those interest rates, on the cover pool versus the covered bonds.

Following a CB anchor event, our covered bond model separately assesses the impact of increasing and decreasing interest rates on the expected loss of the covered bonds, taking the path of interest rates that leads to the highest loss. The stressed interest rate and currency exchange rates used over different time horizons are published in our rating methodology (see "[Moody's Approach to Rating Covered Bonds](#)", August 2015).

Exhibit 4

Overview Assets and Liabilities

	Assets (%)	Liabilities (%)	WAL Assets (Years)	WAL Liabilities (Years)
Fixed rate	n/a	n/a	n/a	n/a
Variable rate	100	100 (expected)	[•]	[•]

WAL = weighted-average life
Source: OBOS Boligkreditt

Aspects specific to this programme that are interest rate and currency mismatch-positive include:

- » All loans in the cover pool have a floating rate and are denominated in NOK.
- » The first covered bonds to be issued are expected to be floating rate bonds denominated in NOK.
- » The issuer expects that any hedging arrangements it enters into with a view to mitigating interest rate and currency risks will be with swap counterparties that are not part of the issuer's group. These hedging agreements would include collateral posting and transfer triggers.

On the other hand, we consider the following programme feature to be interest rate and currency mismatch-negative:

- » Should OBOS Boligkreditt decide to issue covered bonds denominated in a currency other than NOK, this would introduce a material currency risk. However, in such a case, the issuer intends to enter into hedging arrangements with external counterparties to mitigate this risk.

TIMELY PAYMENT INDICATOR

Our Timely Payment Indicator (TPI) assesses the likelihood that timely payments will be made to covered bondholders following a CB anchor event, and thus determines the maximum rating a covered bond programme can achieve with its current structure while allowing for the addition of a reasonable amount of OC. We have assigned a TPI of High to the covered bonds issued by OBOS Boligkreditt.

Based on the current TPI of High, the TPI leeway³ for this programme is two. On this basis, a downgrade of the issuer's CB anchor by more than two notches could lead to negative rating actions on the covered bonds, all other variables being equal.

TPI-positive aspects of this covered bond programme include:

- » The covered bonds' extended refinancing period of 12 months.
- » The issuer's ability to reset loan rates on floating-rate residential mortgages on six weeks notice to the borrower (or a shorter period in the case of housing co-operatives). In the event of issuer default, the administrator will be able to similarly reset loan rates.
- » The credit quality of the cover pool assets, which is reflected by the collateral score of 5.1% (4.7% excluding systemic risk).

TPI-negative aspects of this covered bond programme include:

- » The lack of a separate cover pool administrator following a CB anchor event. The Norwegian covered bond legislation provides for a bankruptcy administrator, who runs the cover pool in the interest of the covered bondholders, to be appointed following a CB anchor event. However, the bankruptcy administrator will also be responsible for running the estate of the insolvent issuer, which would lead to some conflicts. This risk is mitigated by the specialist nature of the issuer, meaning it has few creditors other than the covered bondholders.
- » The potential future currency risk, as referred to above. This risk, however, is expected to be mitigated by hedging arrangements entered into by the issuer with external swap counterparties.

Additional Analysis**SCENARIOS FOLLOWING A CB ANCHOR EVENT**

Following a CB anchor event, the Norwegian covered bond legislation would not contemplate the dissolution of the issuer, nor would it include any acceleration event or event of default. Following a CB anchor event, any one or more of the following scenarios may occur:

- » Despite a CB anchor event in relation to the issuer's parent, the issuer is able to remain solvent, in which case it can continue to operate the covered bond programme for the time being. However the issuer or parent may decide to terminate arrangements by which the parent provides services to the issuer.
- » Should the issuer become insolvent, payments to the creditors with a preferential claim over the cover pool (which includes covered bondholders and, if derivatives form part of the cover pool, derivative counterparties) could be continued by the bankruptcy administrator of the issuer. The bankruptcy administrator would be appointed by the competent court, and would be responsible for running the general insolvency estate and the cover pool of the issuer.
- » Should the issuer become insolvent, the bankruptcy administrator may decide that it may not be able to repay covered bondholders in full and introduce a halt of payments. The creditors would be informed of the halt of payments and the date on which it is to be introduced. All preferential claims over the cover pool would be calculated by discounting them to present value, on the date when payments have been halted. The liquidation proceeds from the cover pool would be used to repay the claims of all preferential creditors of the cover pool on a present value basis.

TIME SUBORDINATION

After a CB anchor event, the Norwegian covered bond legislation does not contemplate the acceleration of the covered bonds. Principal cash collections may be used on a first-come, first-served basis, paying earlier-maturing covered bonds prior to later-maturing

covered bonds. This could lead to the OC being eroded before any payments are made to later-paying covered bonds, although the possibility for a halt of payments mitigates this risk.

Cover Pool Overview

Following a CB anchor event, we determine the value of the cover pool, and therefore any losses, assuming a stressed environment.

Cover Pool Description

Pool Description as of 30 April 2016

As of 30 April 2016, the cover pool comprises 51.9% residential mortgage loans and 48.1% loans to housing co-operatives.

At present, the cover pool assets total NOK 5.4 billion. The initial OC in the cover pool will depend on the size of the first series of covered bonds.

For underwriting criteria, see Appendix: Income Underwriting and Valuation.

RESIDENTIAL MORTGAGE LOANS

Residential mortgage loans represent the largest sub-pool, accounting for 51.9% of the total cover pool. These loans consist of prime Norwegian residential mortgage loans originated by the parent and secured against properties located in Norway. Within Norway, the main regional location of the properties is Oslo (68.1%).

The current weighted-average (WA) unindexed loan-to-value (LTV) of the residential mortgage loans is 50.4%. This ratio is in line with LTVs observed for other residential loans backing covered bonds that we rate in Norway. This leverage calculation takes into account prior ranks of 43.6%, mainly reflecting the relevant borrowers' shares of loans to housing co-operatives.

All the residential mortgages are amortising, floating interest rate loans. The residential mortgage loans have an average seasoning of 18 months. However, this figure is distorted by the fact that OBOS-banken was established in May 2013 and the loans granted before that date are registered with this origination date. All of the mortgage loans are performing as of the cut-off date of this report and are denominated in NOK.

Exhibit 5 below show more details about the cover pool characteristics.

Exhibit 5

Residential Mortgage Loans

Overview

Asset type:	Residential
Asset balance:	2,787,991,796
Average loan balance:	1,076,860
Number of loans:	2,589
Number of borrowers:	2,589
Number of properties:	2,589
WA remaining term (in months):	277
WA seasoning (in months):	18

Details on LTV

WA unindexed LTV (*):	50.4%
WA indexed LTV:	46.9%
Valuation type:	Market value
LTV threshold:	75.0%
Junior ranks:	n/d
Prior ranks:	43.6%

n/d: information not disclosed by issuer

n/a: information not applicable

Specific Loan and Borrower characteristics

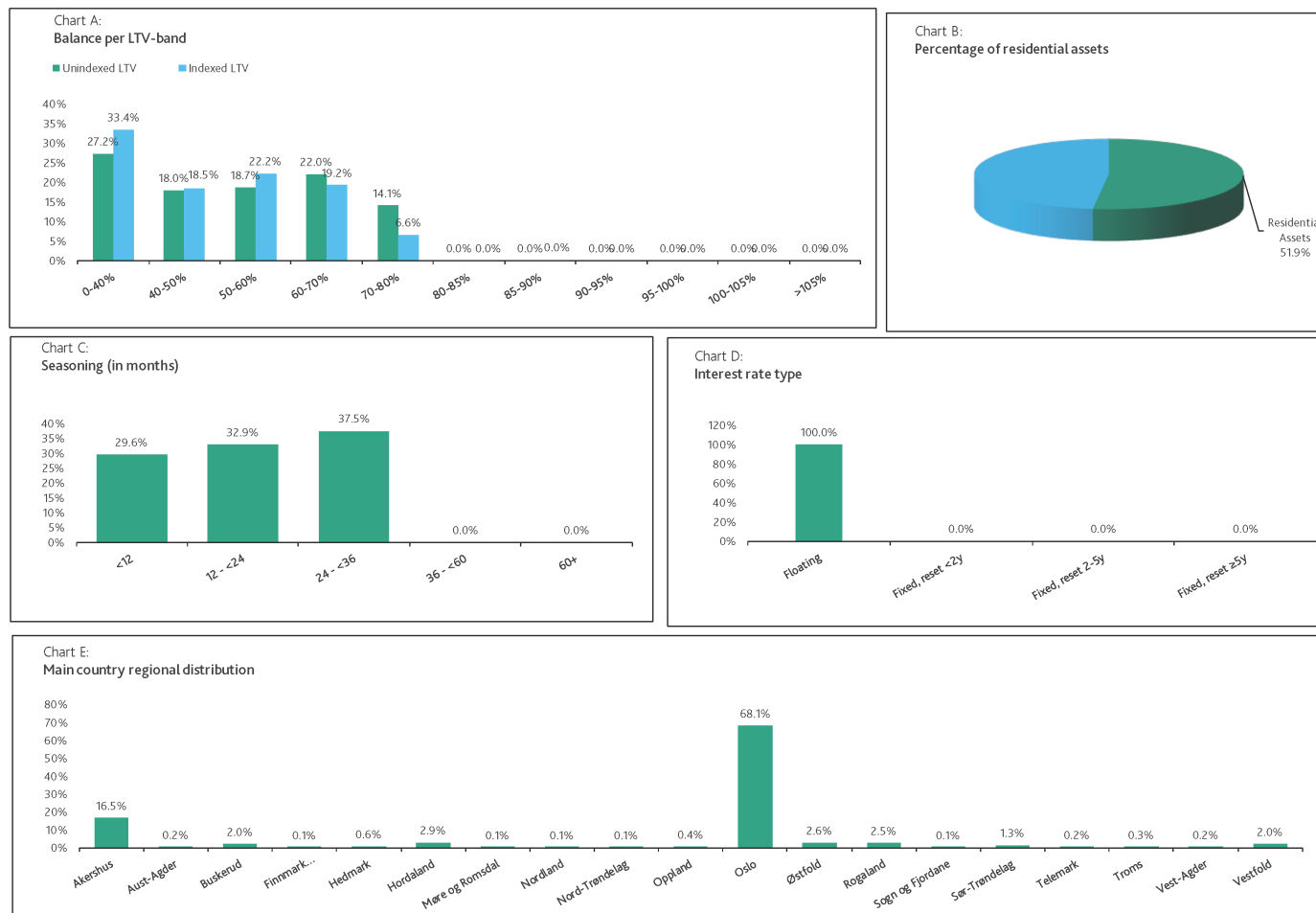
Loans with an external guarantee in addition to a mortgage:	0.0%
Interest only Loans:	0.0%
Loans for second homes / Vacation:	0.0%
Buy to let loans / Non owner occupied properties:	0.0%
Limited income verified:	0.0%
Adverse credit characteristics (**):	0.0%

Performance

Loans in arrears (≥ 2months - < 6months):	0.0%
Loans in arrears (≥ 6months - < 12months):	0.0%
Loans in arrears (≥ 12months):	0.0%
Loans in a foreclosure procedure:	0.0%

Multi-Family Properties

Loans to tenants of tenant-owned Housing Cooperatives:	n/d
Other type of Multi-Family loans (***):	0.0%



Source: Moody's Investors Service; based on information provided by the issuer as of 30/04/2016

LOANS TO HOUSING CO-OPERATIVES

All loans to housing co-operatives (48.1% of the cover pool) are secured by properties in Norway. Within Norway, the main regional location of the properties is Oslo (67.9%).

The co-operative housing model is very popular in Norway, holding a significant share of the housing market in most cities. The key characteristics of this housing model are:

- » Members of the housing co-operative (residents or shareholders) buy shares, which give them an exclusive right of residence to a specific unit, but the whole property is owned by the housing co-operative. The number of shareholders equals the number of units, and each shareholder has one vote.
- » The General Assembly is the overall authority. The Board of Directors (elected by the General Assembly) is responsible for the management, often assisted by a co-operative housing association acting as a business manager.
- » Shareholders contribute a proportionate share of the operating expenses, including servicing of the housing co-operative's debt (joint expenses). Shareholders are jointly liable for shared debt.
- » Shares can be normally transferred in the open market at their full market value. Members of the co-operative housing associations sometimes have the right of pre-emption, at a price set in the market.
- » The co-operative holds a lien in the share of each shareholder for the payment of joint costs⁴. If a shareholder fails to pay his part of the joint expenses, the housing co-operative can force a sale of the share.

- » Some housing co-operatives enter into contracts with an insurance company to guarantee the payment of joint costs (GBF). GBF secures the housing co-operatives against default from residents by paying 100% of joint costs to the housing co-operative at a specific date. (For more details on this aspect of the present transaction see below under "Additional cover pool analysis").
- » If a housing co-operative stops paying on its debt, the bank can initiate foreclosure on the property.

The current WA unindexed LTV of the loans to housing co-operatives is 30.6% (without including the effect of potential junior loans). Loans to co-operatives effectively rank prior to residential mortgage loans to individuals.

The ten largest obligors account for 19.1% of the total cover pool, and the average loan balance is NOK 56.3 million.

All the loans to housing co-operatives are amortising, floating interest rate loans. The seasoning figure is not available for this sub-pool because of the recent date of establishment of OBOS-banken AS, as referred to above. All of the mortgage loans are performing as of the cut-off date of this report and are denominated in NOK.

Exhibit 6 below show more details about the cover pool characteristics.

Exhibit 6

Loans to housing co-operatives

Overview

Loans to housing co-operatives	
Asset type:	Loans to housing co-operatives
Asset balance:	2,587,948,415
Average loan balance:	56,259,748
Number of loans:	46
Number of borrowers:	46
Number of properties:	46
WA remaining term (in months):	415
WA seasoning (in months):	n/d

Details on LTV

WA unindexed LTV (*):	30.6%
WA indexed LTV:	29.1%
Valuation type:	Market value
LTV threshold:	60.0%
Junior ranks:	n/d
Prior ranks:	21.2%

n/d: information not disclosed by Issuer
n/a: information not applicable

Specific Loan and Borrower characteristics

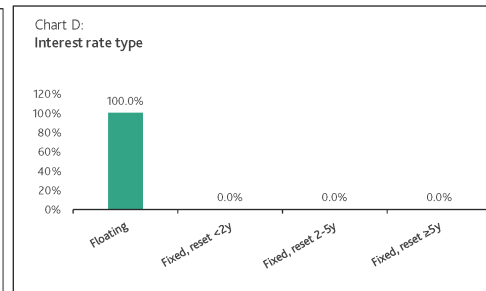
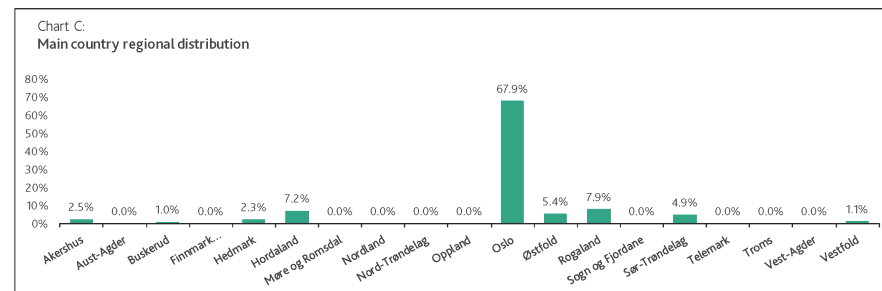
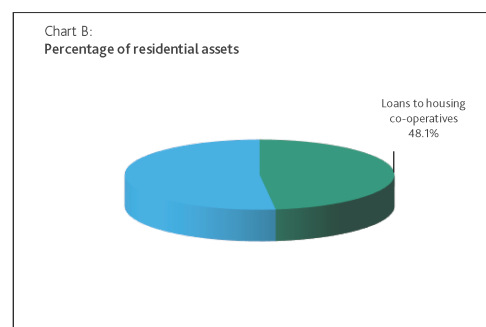
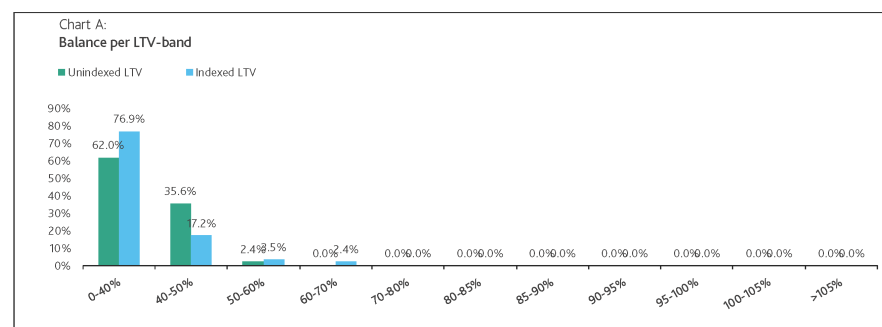
Loans with an external guarantee in addition to a mortgage:	0.0%
Interest only Loans:	0.0%
Loans for second homes / Vacation:	0.0%
Buy to let loans / Non owner occupied properties:	n/a
Limited income verified:	0.0%
Adverse credit characteristics (**):	0.0%

Performance

Loans in arrears (≥ 2months - < 6months):	0.0%
Loans in arrears (≥ 6months - < 12months):	0.0%
Loans in arrears (≥ 12months):	0.0%
Loans in a foreclosure procedure:	0.0%

Multi-Family Properties

Loans to tenants of tenant-owned Housing Cooperatives:	n/a
Other type of Multi-Family loans (***):	n/a



Source: Moody's Investors Service; based on information provided by the issuer as of 30/04/2016

Substitution

Exposure to decisions made by the issuer in its discretion as manager of the cover pool creates additional risk. For example, before a CB anchor event, the issuer may remove assets from the cover pool and/or add new assets to the cover pool. Such actions could negatively affect the value of the cover pool.

As with most covered bonds in Europe, there are few contractual restrictions on the future composition of the cover pool, creating substitution risk. Nevertheless, cover pool quality over time will be protected by, among others, the requirements established under the Norwegian covered bond legislation that specify what types of assets are eligible (see [Moody's Special Report Norway - Legal Framework for Covered Bonds](#), section entitled "Asset and Covered Bond Eligibility").

Cover Pool Analysis

Our credit analysis of the pool takes into account specific characteristics of the pool, as well as legal risks.

For this programme, the collateral score of the current pool is 5.1% (4.7% excluding systemic risk) which is comparable to the average collateral score for other Norwegian mortgage covered bonds (see [Moody's Global Covered Bonds Monitoring Overview: Q4 2015](#)).

Primary Cover Pool Analysis

The collateral score is the result of the cover pool analysis. We calculate the collateral score using a scoring model that we use to assess the credit risk for the loans in the cover pool.

From a credit perspective, Moody's views the following portfolio characteristics as positive:

- » All of the mortgage loans are performing as of the cut-off date of this report.
- » The WA unindexed LTV of both the residential mortgages and the loans to housing co-operatives is low, at 50.4% (including loans ranking prior to these loans) and 30.6% (excluding potential junior loans) respectively. The maximum LTV at the time of transfer of the loan from the parent to the issuer is 75% for residential loans and 60% for loans to housing co-operatives.
- » All the properties which serve as security for the residential mortgage loans are occupied by the borrower. The issuer will not consider the residential loans backed by buy-to-let and vacation homes as eligible loans to be included in the cover pool.
- » An independent third party updates the properties' valuations on a quarterly basis.
- » Flexible loans are not considered eligible. This loan product may increase default risk if it leads to large one-off payment obligations for borrowers at loan maturity.
- » Borrowers' income for residential mortgage loans is always independently verified, and the income restricts the amount that can be lent.

On the other hand, we regard the following portfolio characteristics as credit negative:

- » In line with the Norwegian market standard, all loans in the cover pool feature floating interest rates. This exposes the borrowers and the housing co-operatives to the risk of increasing debt service payments in case of increasing interest rates, possibly leading to higher pool arrears. This risk is partially mitigated by a standard five percentage points stress applied to affordability testing in residential loans.
- » The residential mortgage loans have a low average seasoning of 18 months, while the seasoning of the loans to co-operatives is not available. The seasoning figure is distorted, however, by the fact that OBOS-banken was established in May 2013 and the loans granted before that date are registered with this origination date.
- » The cover pool has borrower concentrations that increase the probability of significant losses. The total cover pool only comprises 2,635 borrowers, and the top 10 borrowers account for 19.1% of the total pool. We take this concentration risk into account in our analysis of the credit quality of the cover pool.
- » As it is common in Norway, valuations backing loans may be based on an automated valuation method (AVM) provided by Eiendomsverdi. These valuations do not include a physical inspection of the property.

Additional Cover Pool Analysis

COMMINGLING RISK

OBOS-banken AS will maintain in the name of the issuer an account to which all funds related to assets under the cover pool and funds received under future potential related derivatives transactions are credited daily. Should OBOS-banken AS default, these funds may be at risk of falling within OBOS-banken AS's bankruptcy estate with the issuer as an unsecured creditor.

CLAWBACK RISK

All borrowers will be notified at the time of transfer of the mortgage loans from the parent to the issuer. Provided that the borrowers have been notified and that the transfer has been performed in accordance with market practice, it cannot be subject to clawback by the transferor or any public administrator appointed in respect of the transferor.

HOUSING CO-OPERATIVES GUARANTOR IS ASSOCIATED WITH THE ISSUER'S PARENT

When OBOS-banken AS enters an agreement with the housing co-operatives, it requires some of them to enter into a contract with an insurance company. In many cases, this company is OBOS Factoring AS, a related company to OBOS Banken-AS. This insurance company secures the housing co-operative against default by its shareholders. OBOS Factoring AS takes the benefit of the rights to payment of the housing co-operative in respect of joint costs and collects all the payments from the shareholders. OBOS Factoring AS pays 100% of joint costs to the housing co-operative at a specific date, some days after collecting all the payments⁵.

In case of a default of OBOS Factoring AS there is a risk of the housing co-operative not receiving the monthly payment from the OBOS Factoring AS, which could increase the default risk of the housing co-operative. However, this risk is mitigated by the short period of time from the collection of the payments to the final payment to the housing co-operative (no more than 10 days).

Methodology and Monitoring

The primary methodology we use in rating the issuer's covered bonds is "Moody's Approach to Rating Covered Bonds", published in August 2015. Other methodologies and factors that may have been considered in the rating process can also be found on <http://www.moodys.com>. In addition, we publish a weekly summary of structured finance credit, ratings and methodologies, available to all registered users of our website, at www.moodys.com/SFQuickCheck.

We expect the issuer to deliver certain performance data to us on an ongoing basis. In the event that this data is not made available to us, our ability to monitor the ratings may be impaired. This could negatively affect the ratings or, in some cases, our ability to continue to rate the covered bonds.

Income Underwriting and Valuation

A. Residential Income Underwriting

1	Is income always checked?	Yes
2	Does this check ever rely on income stated by borrower ("limited income verification")?	No. We always get the income stated from tax form and/or pay slip.
3	Percentage of loans in Cover Pool that have limited income verification	None.
4	If limited income verification loans are in the Cover Pool, describe what requirements lender has in place for these loans.	N/A
5	Does income in all cases constrain the amount lent (for example through some form of Income Sufficiency Test ("IST"))?	Yes.
6	If not, what percentage of cases are exceptions? For the purposes of any IST:	No exceptions
7	Is it confirmed that income after tax is sufficient to cover both interest and principal?	Yes.
8	If so over what period is it assumed principal will be paid (typically on an annuity basis)? Any exceptions?	Principal is assumed to be paid on an annuity basis over 30 years.
9	Does the age of the borrower constrain the period over which principal can be amortised?	No.
10	Are any stresses made to interest rates when carrying out the IST? If so, when and for what type of products?	Yes, stresses are made for all loan applications, regardless of mortgage product. The borrower has to be able to pay the debt service, if interest rates are increase by 5%
11	Are all other debts of the borrower taken into account at the point the loan is made?	Yes.
12	How are living expenses of the borrower calculated? And what is the stated maximum percentage of income (or income multiple if relevant) that will be relied on to cover debt payments (specify if income is pre or post tax)?	Expenses are based on an index prepared by SIFO which calculates standard living costs based on family size. The borrower will only be offered a principal which leaves a positive amount from the IST which subtracts tax-debt payments, living costs as calculated by SIFO and child care expenses from the monthly gross income.

Other comments

B. Residential Valuation

1	Are valuations based on market or lending values?	Market values.
2	Are all or the majority of valuations carried out by external valuers (with no direct ownership link to any company in the Sponsor Bank group)?	Yes.
3	How are valuations carried out where an external valuer is not used?	The authorized real estate broker "OBOS/Exact AS" is owned by the OBOS Group. Any valuations made by this company is assessed in the same way as all other authorized estate brokers. OBOS-banken does not have any influence on the evaluation made by OBOS/Exact AS, or the Borrowers use of real estate brokers.
4	What qualifications are external valuers required to have?	External valuations are provided by recognized external valuation companies (Eiendomsverdi AS) or authorized real estate brokers or authorized appraisers.
5	What qualifications are internal valuers required to have?	N/A (see answer under pct. 3)
6	Do all external valuations include an internal inspection of a property?	No.
7	What exceptions?	N/A
8	Do all internal valuations include an internal inspection of a property?	N/A
9	What exceptions?	N/A

Other comments

Source: OBOS Boligkreditt

A. Loans to housing co-operatives Income Underwriting

1	Is income always checked?	Yes
2	Does this check ever rely on income stated by borrower ("limited income verification")?	No. The income is stated from financial statements (generally two years of operations), and a cash flow analysis.
3	Percentage of loans in Cover Pool that have limited income verification	None.
4	If limited income verification loans are in the Cover Pool, describe what requirements lender has in place for these loans.	N/A.
5	Does income in all cases constrain the amount lent (for example through some form of Income Sufficiency Test ("IST"))?	Yes.
6	If not, what percentage of cases are exceptions? For the purposes of any IST:	No exceptions.
7	Is it confirmed that income after tax is sufficient to cover both interest and principal?	No. A housing co-operative is not a tax subject.
8	If so over what period is it assumed principal will be paid (typically on an annuity basis)? Any exceptions?	N/A. Principal is assumed to be paid on an annuity basis over the whole life of the relevant loan.
9	Does the age of the borrower constrain the period over which principal can be amortised?	Yes. A housing co-operative "older" than approximately ten years have amortising up to thirty years. Younger than ten years have amortising over a period of up to forty years.
10	Are any stresses made to interest rates when carrying out the IST? If so, when and for what type of products?	No. The credit analysis focuses more on underlying collateral than liquidity – due to housing co-operatives ability to adjust joint cost (cash flow) in the future.
11	Are all other debts of the borrower taken into account at the point the loan is made?	Yes.
12	How are living expenses of the borrower calculated? And what is the stated maximum percentage of income (or income multiple if relevant) that will be relied on to cover debt payments (specify if income is pre or post tax)?	N/A. The operational cost of the housing co-operative is calculated and taken into account. We analyse the housing co-operative's historical financial statements, and its future cash flow (budget).
	Other comments	OBOS-banken requires all customers to have entered into a professional management contract (house manager), and a professional accountant.

B. Co-operatives Valuation

1	Are valuations based on market or lending values?	Market values.
2	Are all or the majority of valuations carried out by external valuers (with no direct ownership link to any company in the Sponsor Bank group)?	Yes.
3	How are valuations carried out where an external valuer is not used?	N/A
4	What qualifications are external valuers required to have?	External valuations are provided by recognized external valuation companies (Eiendomsverdi AS) or authorized real estate brokers or authorized appraisers.
5	What qualifications are internal valuers required to have?	N/A
6	Do all external valuations include an internal inspection of a property?	No.
7	What exceptions?	N/A
8	Do all internal valuations include an internal inspection of a property?	N/A
9	What exceptions?	N/A
	Other comments	

Source: OBOS Boligkreditt

Moody's Related Research

Rating Methodology

- » [Moody's Approach to Rating Covered Bonds, August 2015 \(SF412595\)](#)

Special Comments

- » [Moody's Global Covered Bonds Monitoring Overview: Q4 2015, March 2016 \(PBS_1029313\)](#)
- » [Norway – Legal Framework for Covered Bonds, July 2014](#)
- » [European Covered Bond Legal Frameworks: Moody's Legal Checklist, December 2005 \(SF66418\)](#)

Sector Comments

- » [Bank Resolution Regime Strengthen Norwegian Covered Bonds and Improve Their Ratings, August 2015](#)

Credit Opinion

- » [OBOS-banken AS](#)

Webpage

- » www.moodys.com/coveredbonds

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Endnotes

- [1](#) This is the probability that the issuer or another rated entity (which is normally in the issuer group) ceases to make payments under the covered bonds. It should be noted that a CB Anchor Event does not necessarily mean there has been a late or missed payment on the covered bonds. The likelihood of timely payments continuing on the covered bonds following a CB Anchor Event is measured by our TPI.
- [2](#) See Moody's Sector Comment "[Bank Resolution Regime Strengthen Norwegian Covered Bonds and Improve Their Ratings](#)", August 2015.
- [3](#) Based on the TPI table and the current TPI of the covered bonds, this is the number of notches by which a CB anchor can be lowered before the covered bonds may face a downgrade.
- [4](#) The lien amounts 2G. 1G (*Folketrygdens grunnbeløp*) corresponds to NOK 92,576 as of 1 May 2016, and is adjusted by inflation every 1 May.
- [5](#) The guarantee secures up to NOK 20,000 per month and per share, with a maximum coverage of 24 months.

© 2016 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER. ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any rating, agreed to pay to Moody's Investors Service, Inc. for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be reckless and inappropriate for retail investors to use MOODY'S credit ratings or publications when making an investment decision. If in doubt you should contact your financial or other professional adviser.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

REPORT NUMBER 1037166

Contacts

Tomas Rodriguez-Vigil 34-91-768-8231
 Analyst
 tomas.rodriquez-vigil@moodys.com

Nicholas Lindstrom 44-20-7772-5332
 Associate Managing
 Director
 nicholas.lindstrom@moodys.com

Jane Soldera 44-20-7772-5318
 VP-Sr Credit Officer
 jane.soldera@moodys.com

Juan Pablo Soriano 34-91-768-8233
 MD-Structured Finance
 juanpablo.soriano@moodys.com

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454