

# SSB Boligkreditt AS

Investor Presentation

3Q 2015



# Characteristics of the Cover Pool



<b>Loans originated by</b>	SSB Boligkreditt AS
<b>Cover pool mortgages</b>	MNOK 6,884
<b>Substitute assets</b>	MNOK 314
<b>Total cover pool</b>	MNOK 7,198
<b>Number of loans</b>	4,798
<b>Average loan balance</b>	MNOK 1,435
<b>Type of loans</b>	100% residential Norwegian mortgages
<b>Type of mortgages</b>	Flexible: 32,45 % Repayment: 67,55 %
<b>Rate type</b>	Float: 94% Fixed: 6%
<b>Geographic distribution</b>	Mainly Rogaland, some across Norway
<b>Weighted average LTV</b>	52 %
<b>Weighted average seasoning</b>	4,23 years



## SSB Boligkreditt – Rating by Fitch



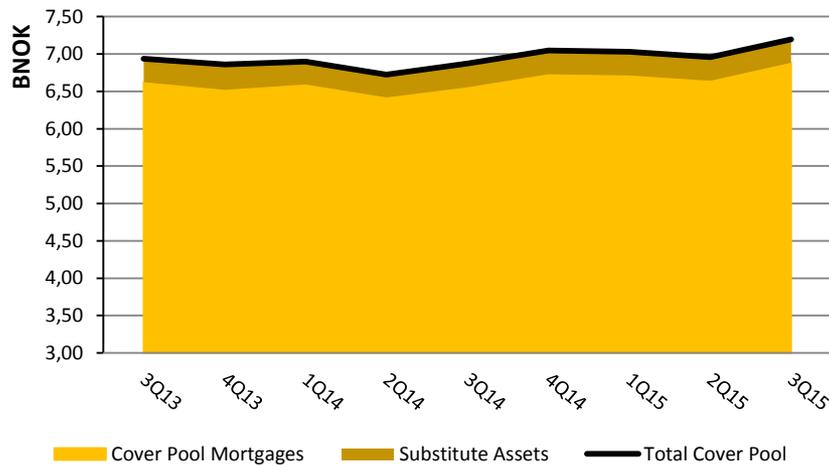
- Fitch has affirmed the rating of the covered bond programme to AA September 2015
- The breakeven 'AA' OC for SSBB covered bonds' rating has increased from 9.0% from 10.0% during the last 12 months.
- SSB Boligkreditt has committed to an OC-level of 11 %
- OC-level per 3Q2015: 132%



# Pool notional



## Volume



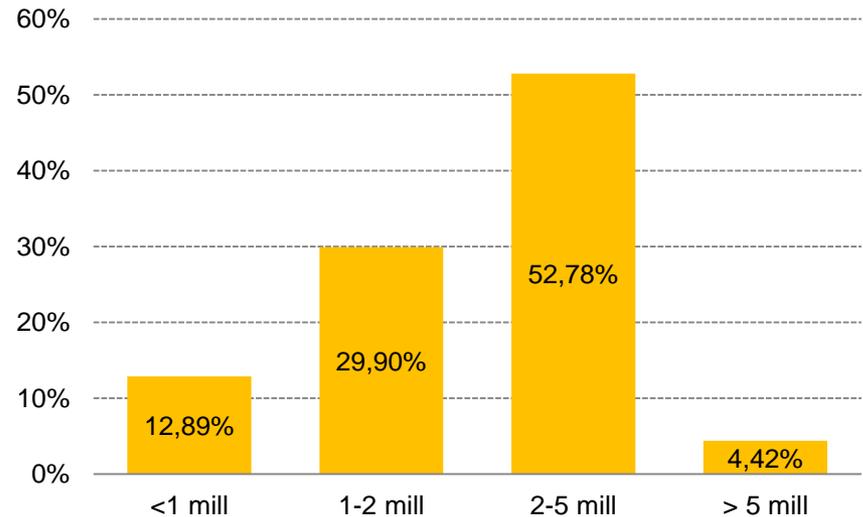
- Total cover pool size: MNOK 7,198
- Increase due to having a buffer when implementing a new IT platform – SDC in mid Oct.

- Stable volumes due to implemented disposal limits in Sandnes Sparebank:

Maximum of:

- 45 % of the Groups retail loans or
- 30 % of the Groups total loan portfolio

## Loan distribution



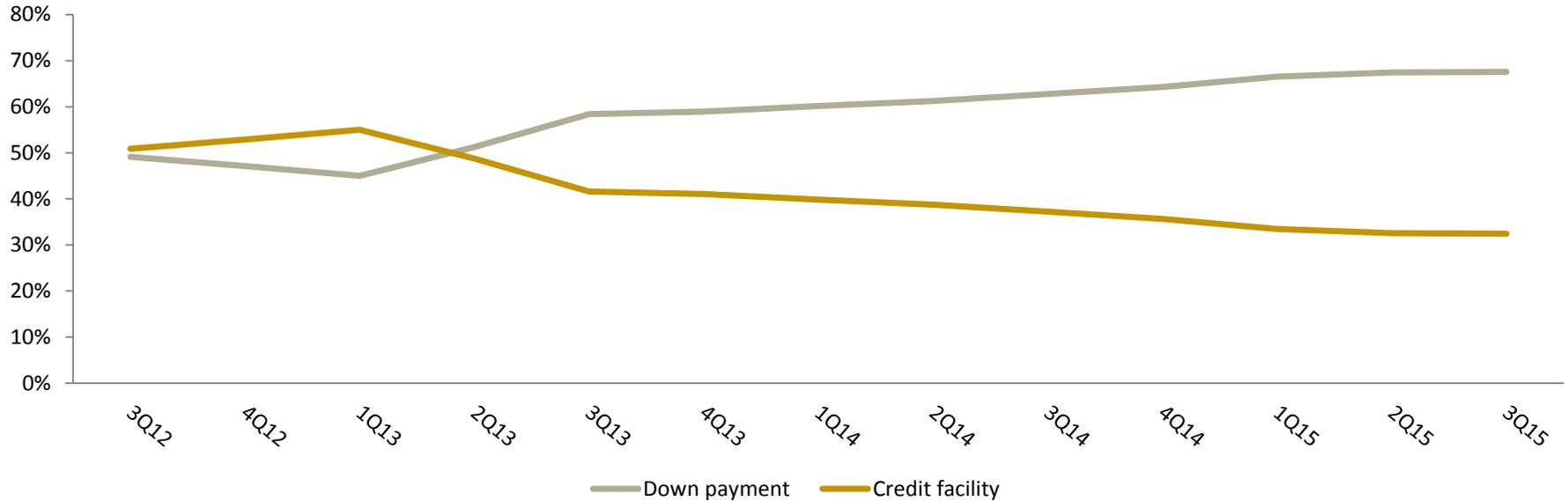
- 308 MNOK in bucket > 5 mNOK
- No significant changes since previous quarter



# Type of mortgages



## Portfolio by loantype



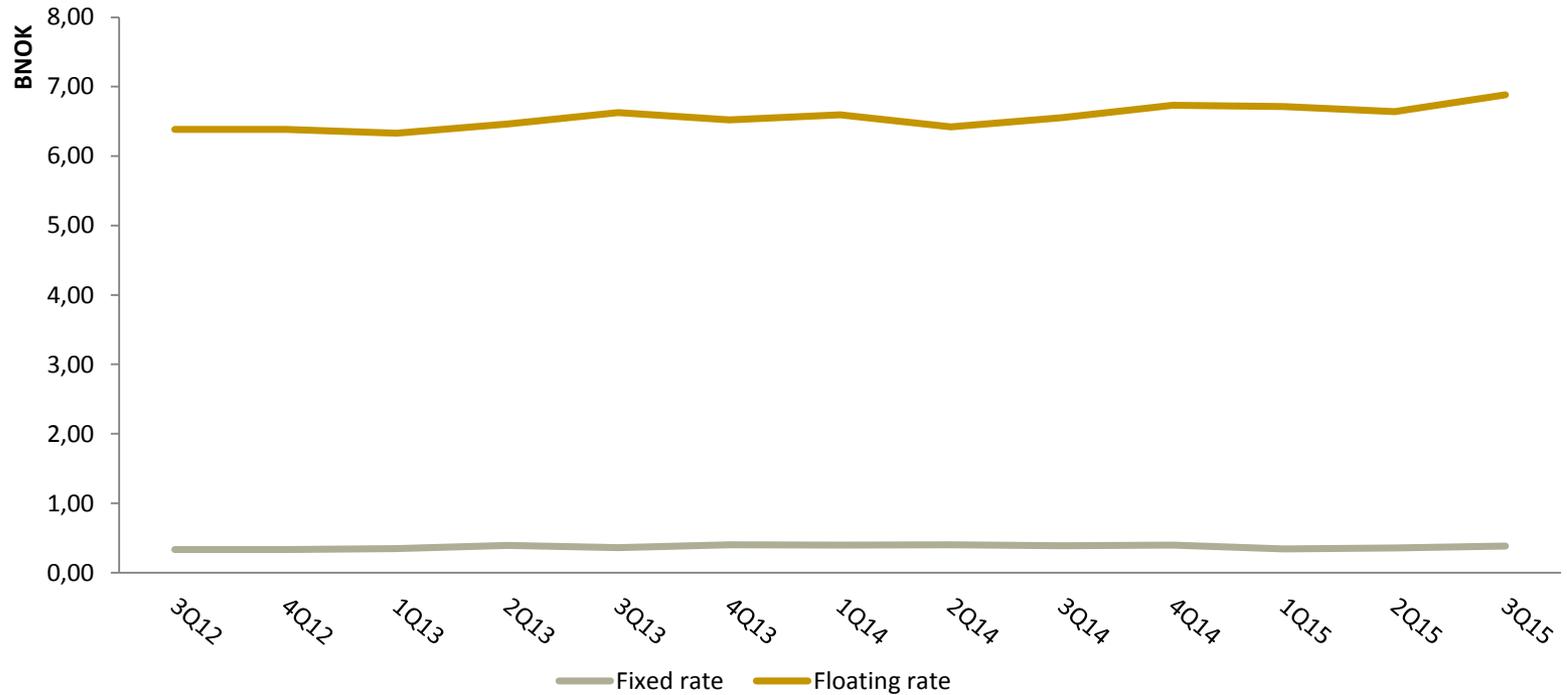
- Reduction of Credit Facilities due to:
  - Price differences between down payment loans and credit facilities.
  - Regulations from the Norwegian FSA say that banks only can grant Credit Facilities to customers with LTV within 70 %.
  - Capital intensive product.
- Slight reduction from previous quarter



# Type of mortgages



### Loan distribution by type



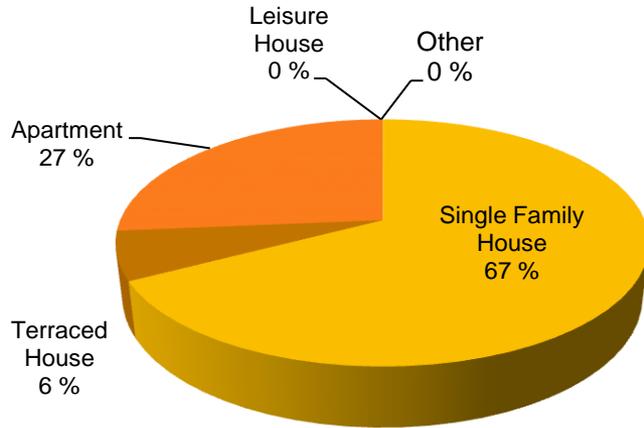
- Low level of fixed rate loans.
- Expect no significant change in level as fixed rate loans are perceived as relatively expensive compared to floating rate loans due to low market/swap rates the recent years.



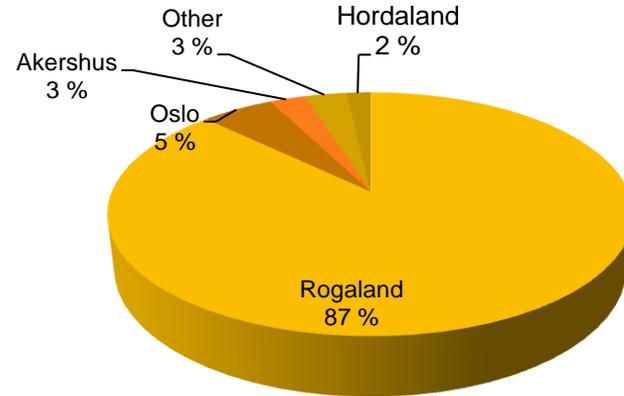
# Distribution of the Cover Pool



**By property type**



**By Geography**

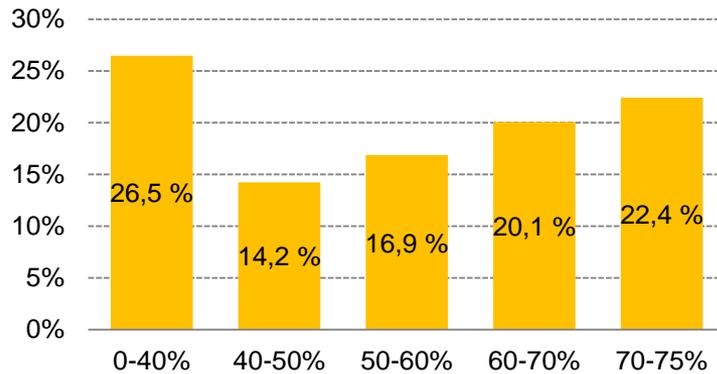




# Conservative and High Quality Pool

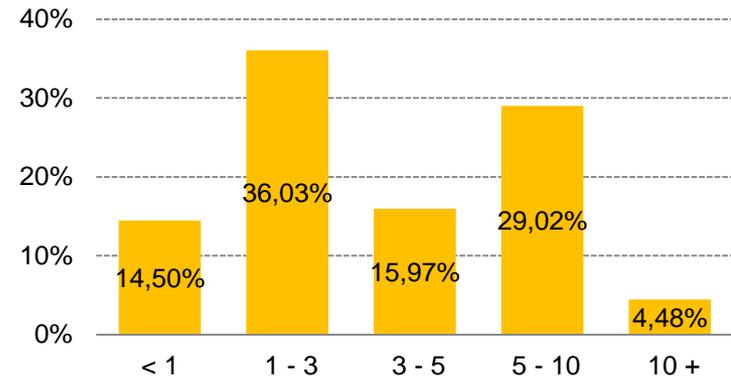


**Current LTV (by Amounts)**



- Weighted average LTV: 52,0 %
- 57,5% of the cover pool has an LTV < 60%

**Seasoning**



- Weighted average seasoning: 4,23 years
- 49,5 % of the cover pool is > 3 year seasoned



# Unemployment and Housing prices

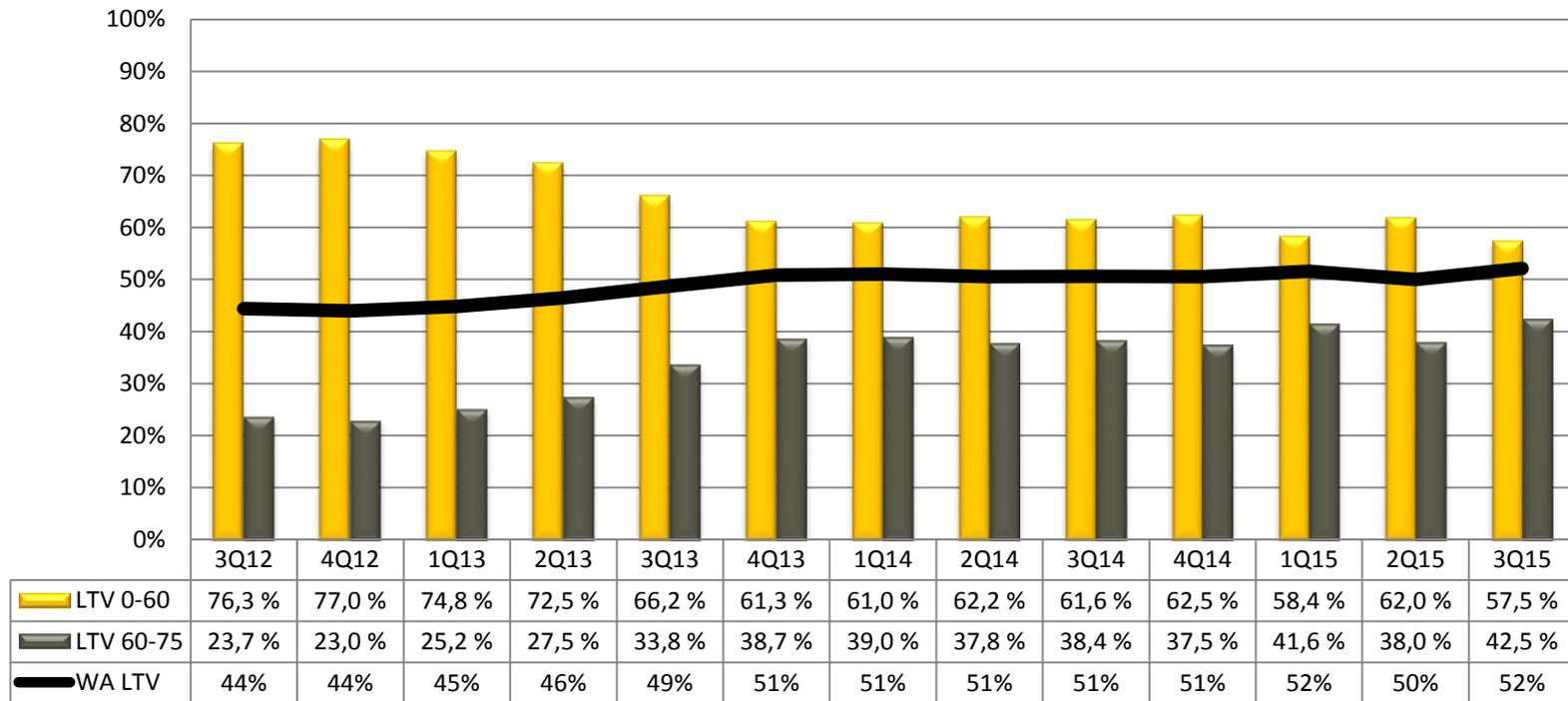
- Unemployment:
  - Unemployment rate in Rogaland had an increase the last quarter, from 3.1% by the end of Q2 2015 to 3.8% by the end of Q3 2015.
  - Unemployment rate in Norway has increased from 2.7% to 2.9%.
  - The unemployment rate in Rogaland is the second highest in Norway.
  - Unemployment is still at low levels.
- Housing prices:
  - Housing prices in Norway had an increase of 0.5% the last quarter. For Rogaland the number is -1.6%, Stavanger -2.5% and Sandnes -2.6%.
  - The number of days it takes to sell a house in Norway has gone from 29 days by end of Q2 2015 to 33 days by end of Q3 2015. For Rogaland the numbers are 46 days to 54 days.
  - The small downturn in the housingprices continues in our region, uncertainty regarding further developement.



# Conservative and High Quality Pool



## Loan to Value



- The general increase in the LTV 60-75 bucket the last two years is due to:
  - Decrease in the housing prices in local market.
  - Reduced share of Credit Facilities, which in general has a lower LTV than downpayment loans.



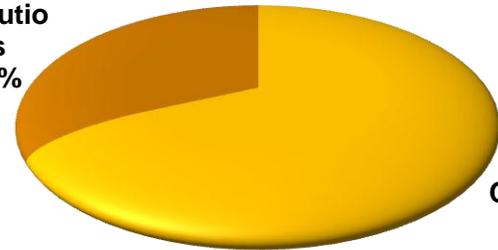
# Conservative and High Quality Pool



- Committed OC-level: 11%
- Substitute assets can consist of the following exposures to financial institutions:
  - Deposits with a maturity of less than 100 days and a minimum rating of A-.
  - Other investments with a minimum rating of AA-.

## Substitute Assets

Deposits held in financial institutions  
32 %



Covered Bonds  
68 %

Cover Pool	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15
Residential Mortgages	6.624.387	6.520.624	6.593.261	6.419.256	6.555.061	6.729.751	6.713.246	6.641.949	6.883.784
Substitute Assets	311.710	341.698	306.937	307.186	317.083	316.762	316.180	315.935	314.359
Bank Deposit	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000
Bonds & Certificates	211.710	241.698	206.937	207.186	217.083	216.762	216.180	215.935	214.359
Sum	6.936.097	6.862.323	6.900.198	6.726.442	6.872.144	7.046.512	7.029.426	6.957.884	7.198.143
Overcollateralization	40,10 %	60,41 %	63,07 %	41,80 %	52,69 %	45,05 %	40,25 %	38,68 %	32,32 %

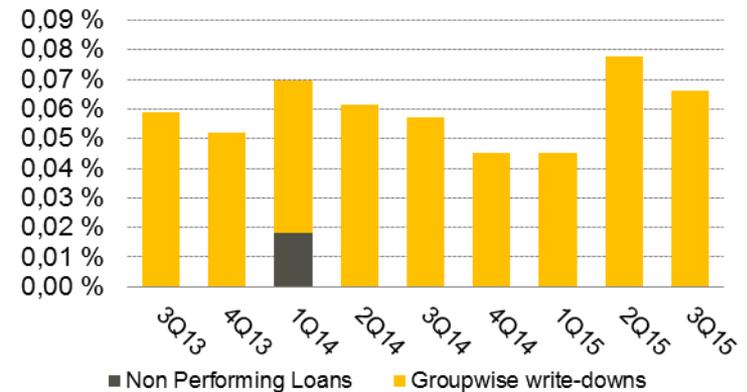


# Conservative and High Quality Pool



- Very low level of impaired loans in the mortgage portfolio
- Non performing loans will be transferred back to Sandnes Sparebank
  - A loan is regarded as non-performing or in default when the customer has failed to pay an installment within 90 days of the due date, or when an overdraft of a credit of line has not been covered within 90 days after being overdrawn.
  - The non-performing loan will be subject to individual valuation at the time of transfer.
  - No Non-performing loans per 30.09.2015

**Non-Performing Loans and Loan Losses**





# Issued Bonds



<b>Issuer</b>	SSB Boligkreditt						
<b>ISIN</b>	NO0010577166	NO0010636335	NO0010689664	NO0010697691	NO0010704232	NO0010718331	NO0010731938
<b>Ticker</b>	SSBB02	SSBB06	SSBB07	SSBB08	SSBB09	SSBB10	SSBB11
<b>Nominal</b>	MNOK 700	MNOK 500	MNOK 1.000	MNOK 900	MNOK 1000	MNOK 2.000	MNOK 300
<b>Disb. Date</b>	15.06.2010	08.02.2012	20.09.2013	04.12.2013	25.02.2014	03.09.2014	02.03.2015
<b>Maturity</b>	15.04.2016	08.02.2017	20.09.2018	04.12.2019	25.02.2021	03.09.2020	15.06.2022
<b>Ext. Maturity</b>	15.04.2017	08.02.2018	20.09.2019	04.12.2020	25.02.2022	03.09.2021	15.06.2023
<b>Coupon</b>	Nibor + 65bp	Nibor + 102bp	Nibor + 50bp	Nibor + 48bp	3,10 %	Nibor + 29bp	Nibor + 34bp

- SSB Boligkreditt has issued NOK 6,400 mNOK in Covered Bonds
- In September the nominal value of SSBB10 was extended to 2 bn NOK. The bond now qualifies as a CRD IV LCR Level 2a asset.
- Financing will be secured by issuing covered bonds in Norway and in a longer perspective, consider internationally.
- Covered bonds issued by SSB Boligkreditt are assigned a rating of AA by Fitch.



# Policies and limits

## - Cover pool



<b>Loan to value (LTV)</b>	<ul style="list-style-type: none"><li>▪ LTV below 75 % based on a valuation not more than 3 months old. LTV for flexible loans is measured towards granted limit before transferred. Within the pool LTV is measured by drawn amount.</li></ul>
<b>Substitute assets</b>	<ul style="list-style-type: none"><li>▪ Maximum 20 %.</li></ul>
<b>Overcollateralization</b>	<ul style="list-style-type: none"><li>▪ Minimum 11 %</li></ul>
<b>Type of loans</b>	<ul style="list-style-type: none"><li>▪ Only residential mortgages</li><li>▪ Only NOK</li><li>▪ No loans in default</li><li>▪ No loans with identified losses</li><li>▪ No flexible loans without maturity date</li><li>▪ Flexible or repayment loans</li><li>▪ Fixed or floating interest rates</li><li>▪ Detached houses, row houses, housing cooperatives, apartments.</li></ul>
<b>Security</b>	<ul style="list-style-type: none"><li>▪ 1<sup>st</sup> lien.</li><li>▪ Multiple securities allowed (mainly single securities).</li></ul>
<b>Object</b>	<ul style="list-style-type: none"><li>▪ Norwegian residential properties</li><li>▪ Valuation from Eiendomsverdi (input from broker and valuator)</li><li>▪ Quarterly valuations</li></ul>



# Liquidity

- The cover pool consists of residential mortgages and substitute liquid assets.
- Substitute Assets included in the cover pool can consist of:
  - Deposits held in other financial institutions:
    - Minimum rating of A-
    - Time to maturity < 100 days
  - Certificates or Bonds:
    - Minimum rating of AA-
    - Time to maturity < 10 years
- SSBB has defined a limit for how long the company is able to operate without supply of additional liquidity to the cover pool in a defined stress-scenario. This limit is set to 6 months, which is applied in the stress-scenarios.
- In addition, substitute assets shall cover at least covered bond interest payments over the next three months, plus a buffer to cover senior expenses and potential interest-rate movements.

