

# SSB Boligkreditt AS

Investor Presentation

2Q 2015



# Characteristics of the Cover Pool



<b>Loans originated by</b>	SSB Boligkreditt AS
<b>Cover pool mortgages</b>	MNOK 6,641
<b>Substitute assets</b>	MNOK 315
<b>Total cover pool</b>	MNOK 6,956
<b>Number of loans</b>	4,657
<b>Average loan balance</b>	MNOK 1,426
<b>Type of loans</b>	100% residential Norwegian mortgages
<b>Type of mortgages</b>	Flexible: 32,6 % Repayment: 67,4 %
<b>Rate type</b>	Float: 94,25% Fixed: 5,75%
<b>Geographic distribution</b>	Mainly Rogaland, some across Norway
<b>Weighted average LTV</b>	50 %
<b>Weighted average seasoning</b>	4,18 years



## SSB Boligkreditt – Rating by Fitch



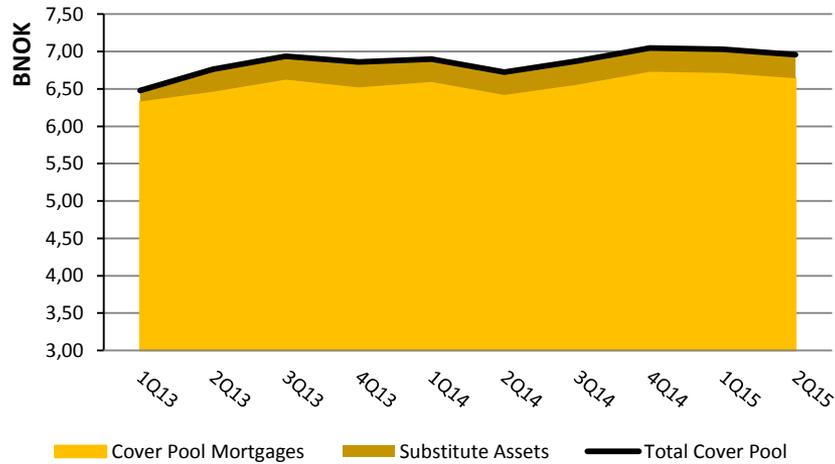
- Fitch has assigned the rating of the covered bond programme to AA
- The breakeven 'AA' OC for SSBB covered bonds' rating has decreased to 9.0% from 11.0% during the last 12 months.
- SSB Boligkreditt has committed to an OC-level of 11 %



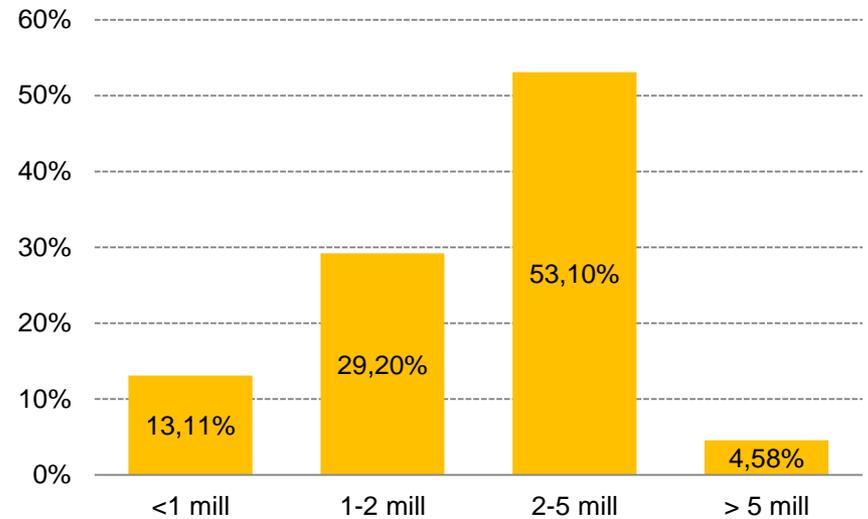
# Pool notional



### Volume



### Loan distribution



- Total cover pool size: MNOK 6,957
- 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

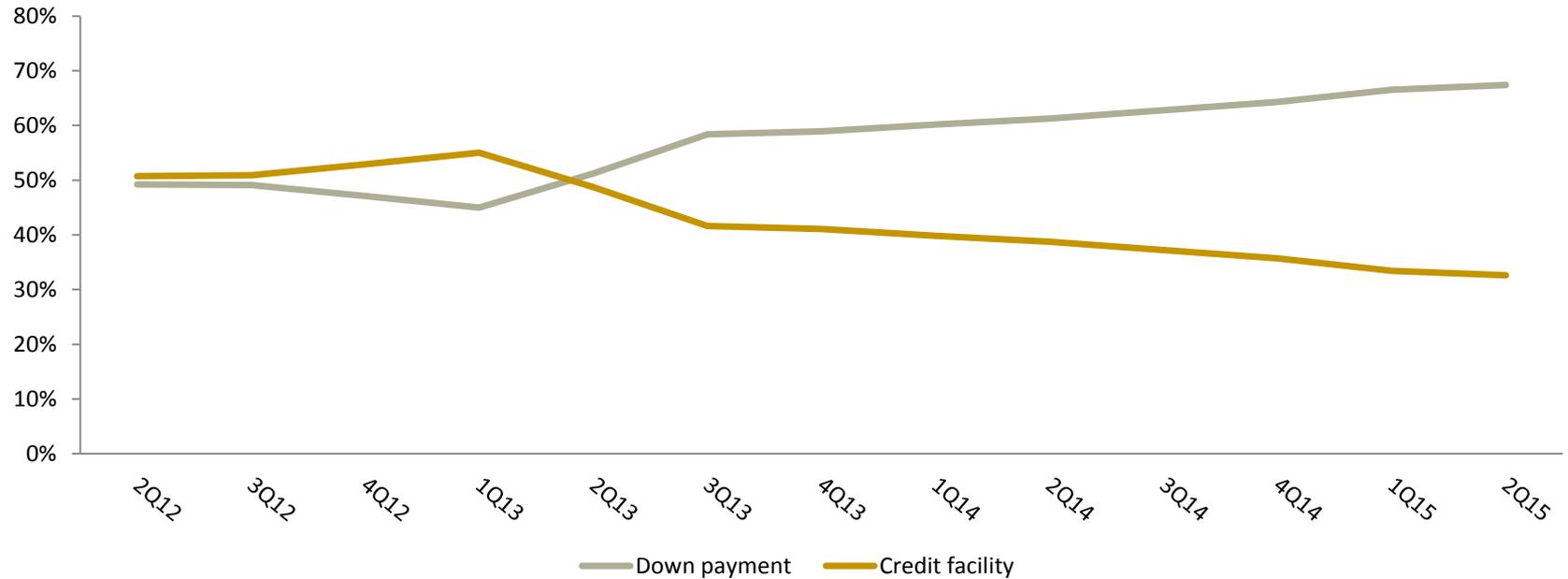
- 308 MNOK in bucket > 5 mNOK
- Stable compared to previous quarter



# Type of mortgages



## Portfolio by loantype



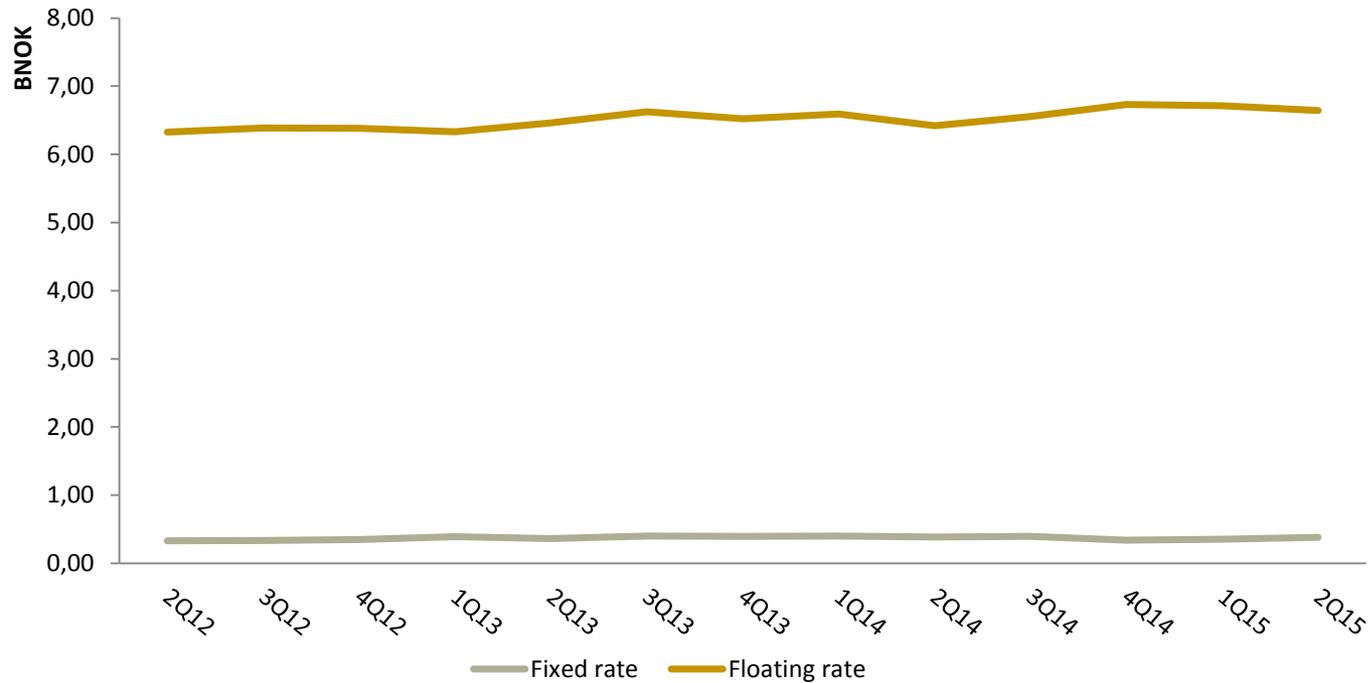
- Reduction of Credit Facilities due to:
  - Price differences between down payment loans and credit facilities.
  - Regulations from the Norwegian FSA say that banks only can grant Credit Facilities to customers with LTV within 70 %.
  - Capital intensive product.
- Slight reduction from previous quarter



# Type of mortgages



## Loan distribution by type



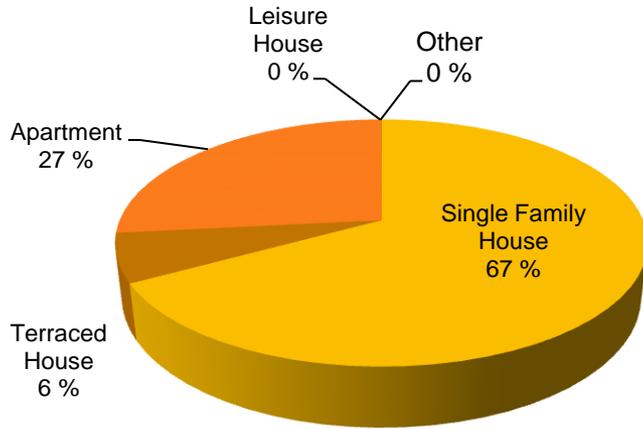
- Low level of fixed rate loans.
- Expect no significant change in level as fixed rate loans are perceived as relatively expensive compared to floating rate loans due to low market/swap rates the recent years.



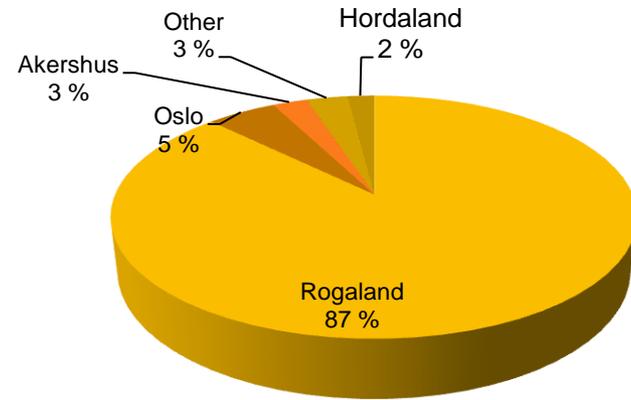
# Distribution of the Cover Pool



### By property type



### By Geography

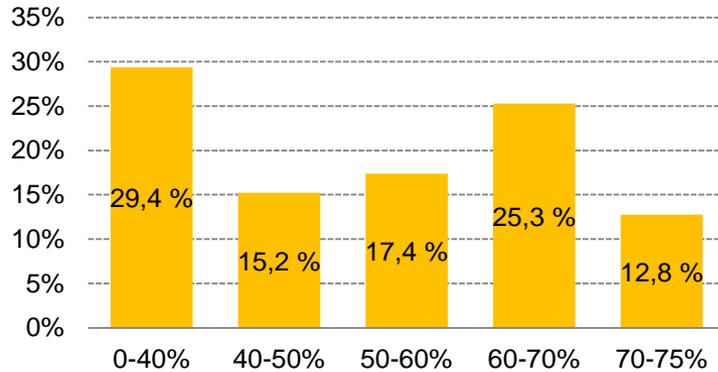




# Conservative and High Quality Pool

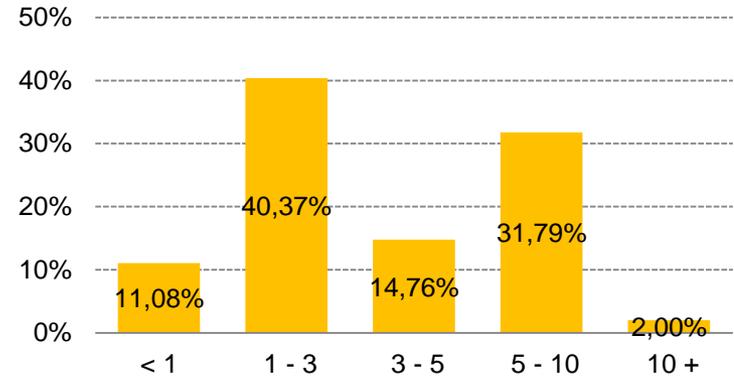


**Current LTV (by Amounts)**



- Weighted average LTV: 50,0 %
- Approx 61,96% of the cover pool has an LTV < 60%

**Seasoning**



- Weighted average seasoning: 4,18 years
- Approx 48,5 % of the cover pool is > 3 year seasoned



# Unemployment and Housing prices

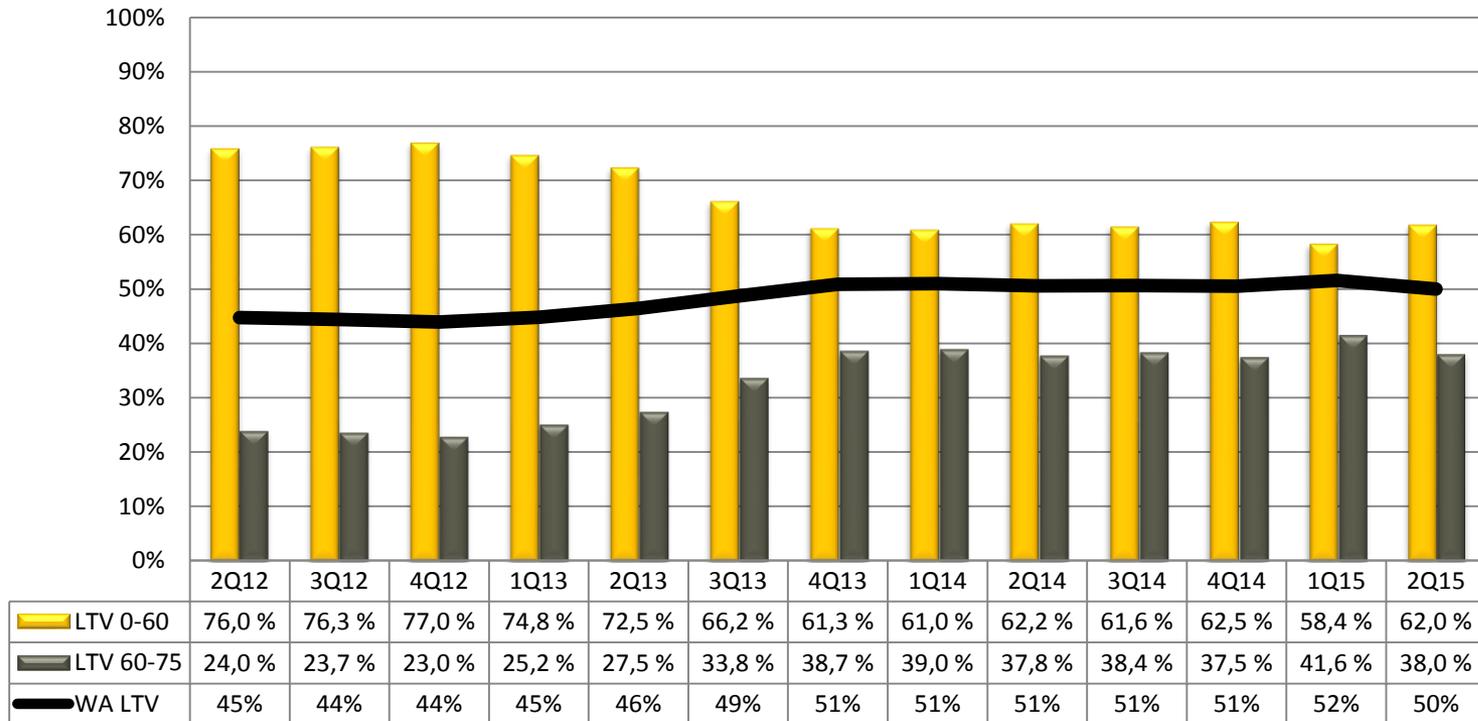
- Unemployment:
  - Unemployment rate in Rogaland had an increase the last quarter, from 3.0% by the end of Q1 2015 to 3.1% by the end of Q2 2015.
  - Unemployment rate in Norway has decreased from 3.0% to 2.8%.
  - The unemployment rate in Rogaland is now at a higher level than all of Norway, and is the region with the highest increase the last year with 1.0% compared to Norway with 0.1%.
  - Unemployment is still at very low levels though.
- Housing prices:
  - Housing prices in Norway had an increase of 1.1% the last quarter. For Rogaland the number is -1.3%, Stavanger -1.8% and Sandnes -1.6%.
  - The number of days it takes to sell a house in Norway has gone from 34 days by end of Q1 2015 to 29 days by end of Q2 2015. For Rogaland the numbers are 47 days to 46 days.
  - Small downturn in the housing prices the last quarter in our region, uncertainty regarding further development.



# Conservative and High Quality Pool



## Loan to Value



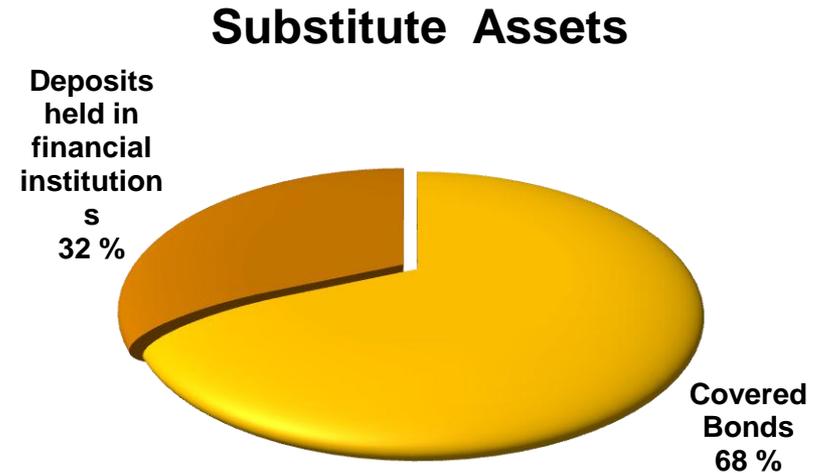
- The general increase in the LTV 60-75 bucket the last year is due to:
  - Decrease in the housing prices in local market.
  - Reduced share of Credit Facilities, which in general has a lower LTV than downpayment loans.



# 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-.



Cover Pool	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15
Residential Mortgages	6.462.241	6.624.387	6.520.624	6.593.261	6.419.256	6.555.061	6.729.751	6.713.246	6.641.949
Substitute Assets	302.733	311.710	341.698	306.937	307.186	317.083	316.762	316.180	315.935
Bank Deposit	-	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000
Bonds & Certificates	302.733	211.710	241.698	206.937	207.186	217.083	216.762	216.180	215.935
Sum	6.764.973	6.936.097	6.862.323	6.900.198	6.726.442	6.872.144	7.046.512	7.029.426	6.957.884
Overcollateralization	59,86 %	40,10 %	60,41 %	63,07 %	41,80 %	52,69 %	45,05 %	40,25 %	38,68 %

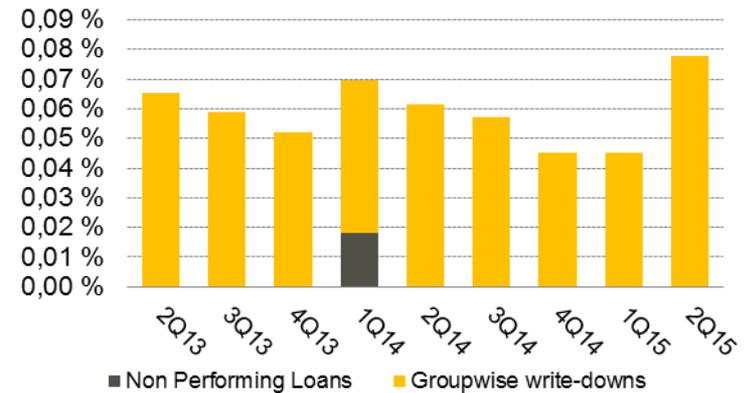


# Conservative and High Quality Pool



- Very low level of impaired loans in the mortgage portfolio
- Agreement towards Sandnes Sparebank was modified in 2012.
  - 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 30.06.2015

## Non-Performing Loans and Loan Losses





# Issued Bonds



<b>Issuer</b>	SSB Boligkreditt							
<b>ISIN</b>	NO0010577166	NO0010588874	NO0010636335	NO0010689664	NO0010697691	NO0010704232	NO0010718331	NO0010731938
<b>Ticker</b>	SSBB02	SSBB04	SSBB06	SSBB07	SSBB08	SSBB09	SSBB10	SSBB11
<b>Nominal</b>	MNOK 700	MNOK 525	MNOK 500	MNOK 1.000	MNOK 900	MNOK 800	MNOK 1.000	MNOK 300
<b>Disb. Date</b>	15.06.2010	29.09.2010	08.02.2012	20.09.2013	04.12.2013	25.02.2014	03.09.2014	02.03.2015
<b>Maturity</b>	15.04.2016	29.09.2015	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	29.09.2016	08.02.2018	20.09.2019	04.12.2020	25.02.2022	03.09.2021	15.06.2023
<b>Coupon</b>	Nibor + 65bp	4,15 %	Nibor + 102bp	Nibor + 50bp	Nibor + 48bp	3,10 %	Nibor + 29bp	Nibor + 34bp

- SSB Boligkreditt has issued NOK 5,925 bn in Covered Bonds.
- None new issuances have been made the last quarter
- Mainly looking to issue bonds with long maturities (5 years or more).
- 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.

