

Sparebanken Sør Boligkreditt AS

**Investor Presentation
September 2016**



SPAREBANKEN SØR

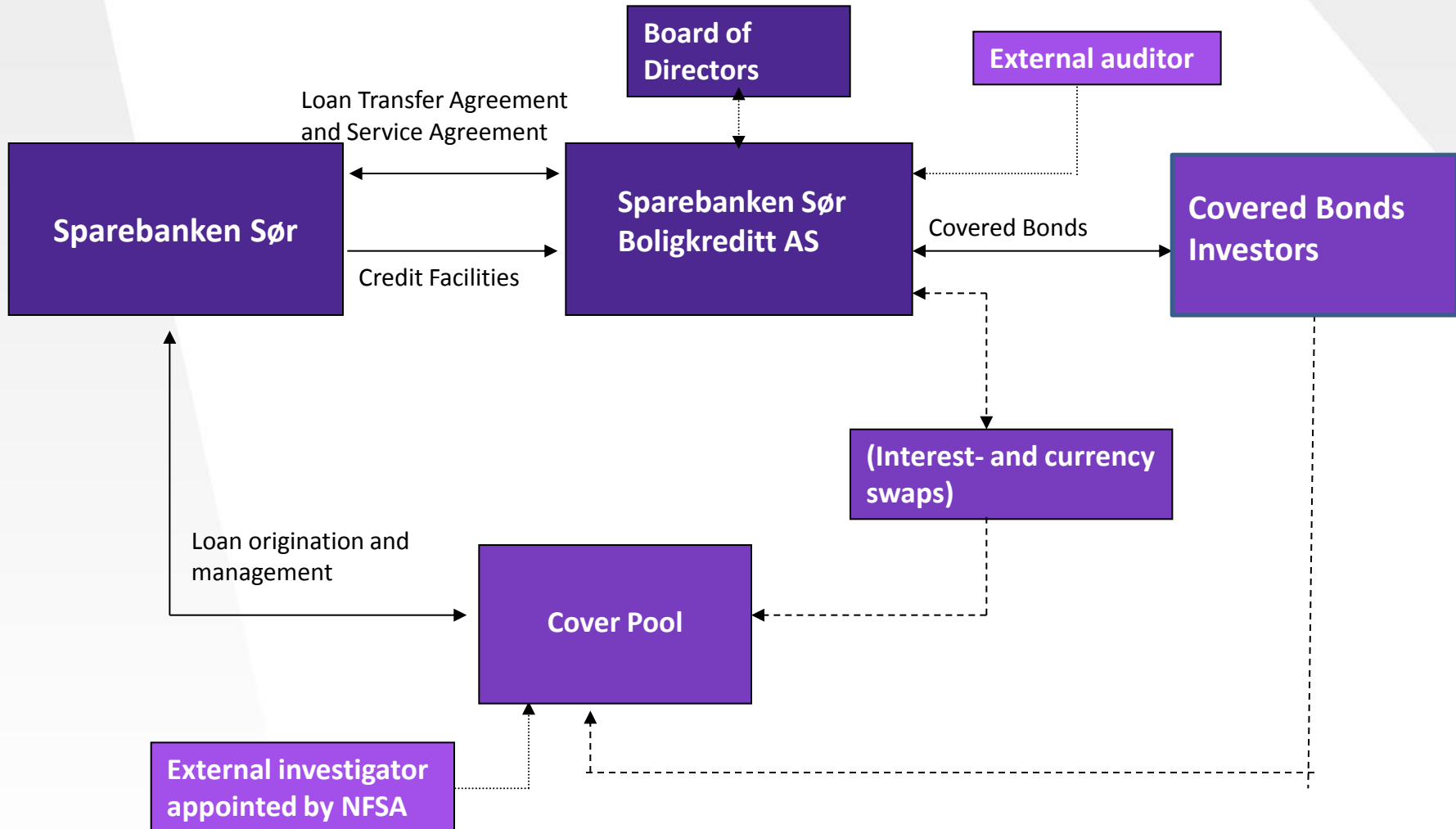
Table of content

| | |
|-----|----------------------------|
| I | Executive summary |
| II | Business concept |
| III | Cover pool characteristics |
| IV | Funding |
| V | Contact details |



- Dedicated covered bond company of Sparebanken Sør
- The covered bonds have full recourse to the issuer (Sparebanken Sør Boligkreditt), which is a wholly-owned subsidiary of Sparebanken Sør
- Sparebanken Sør Boligkreditt has established a revolving credit facility with Sparebanken Sør which secures the refinancing risk
- The cover pool consists 100 % of prime Norwegian residential assets
- Low LTV of 52,8 % (indexed)
- There are no non-performing assets in the cover pool
- Current OC of 14.2 %, of which 2.0 % is provided on committed basis
- Main cover pool exposure is towards Southern Norway, where price developments have been relatively stable
- Aaa rating assigned by Moody's with 5 notches of leeway, pointing to significant buffer against potential downgrades

Business concept



Eligibility criteria for the cover pool

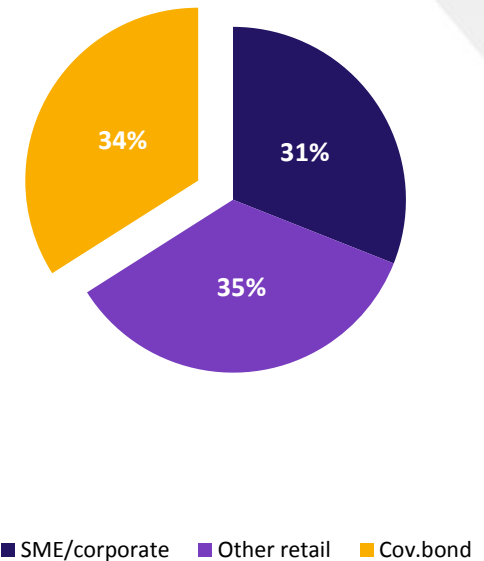
| | |
|--------------------|--|
| Type of properties | <ul style="list-style-type: none">• Residential properties• Holiday properties |
| Type of products | <ul style="list-style-type: none">• Mortgages with floating or fixed interest rates• Serial or annuity loans |
| Credit criteria | <ul style="list-style-type: none">• No arrears• Borrowers probability of default $\leq 2\%$ |
| Collateral | <ul style="list-style-type: none">• LTV limit of 75 % for residential mortgages• LTV limit of 60 % for holiday properties• Quarterly valuation from an independent third-party |
| Loan volume | <ul style="list-style-type: none">• Maximum loan per borrower of 20 MNOK |

Cover pool composition

| | |
|---|------------------|
| 1. Cover Pool Composition | 30.09.2016 |
| Type of Collateral: | 100% residential |
| Total LOAN BALANCE: | 28.165.912.380 |
| Average LOAN BALANCE: | 1.079.030 |
| NO. OF LOANS | 26.103 |
| WA SEASONING (in months): | 37 |
| WA REMAINING TERM (in months): | 204 |
| NO. OF BORROWERS | 23.404 |
| NO. OF PROPERTIES | 25.545 |
| WA Indexed LTV (LOAN BALANCE/INDEXED valuation) (e.g. 85% or 0.85): | 52,80 % |
| WA LTV(LOAN BALANCE/original valuation)(e.g. 85% or 0.85): | 59,50 % |
| Percentage of VARIABLE MORTGAGES (S.Def.): | 100,00 % |
| Loans in arrears > 90 days (e.g. 1% or 0.01): | 0,00 % |
| Substitute assets: | |
| Committed over collateralisation: | 2,00 % |
| Over Collateralisation: | 14,24 % |
| Total Cover Pool | 28.165.912.380 |

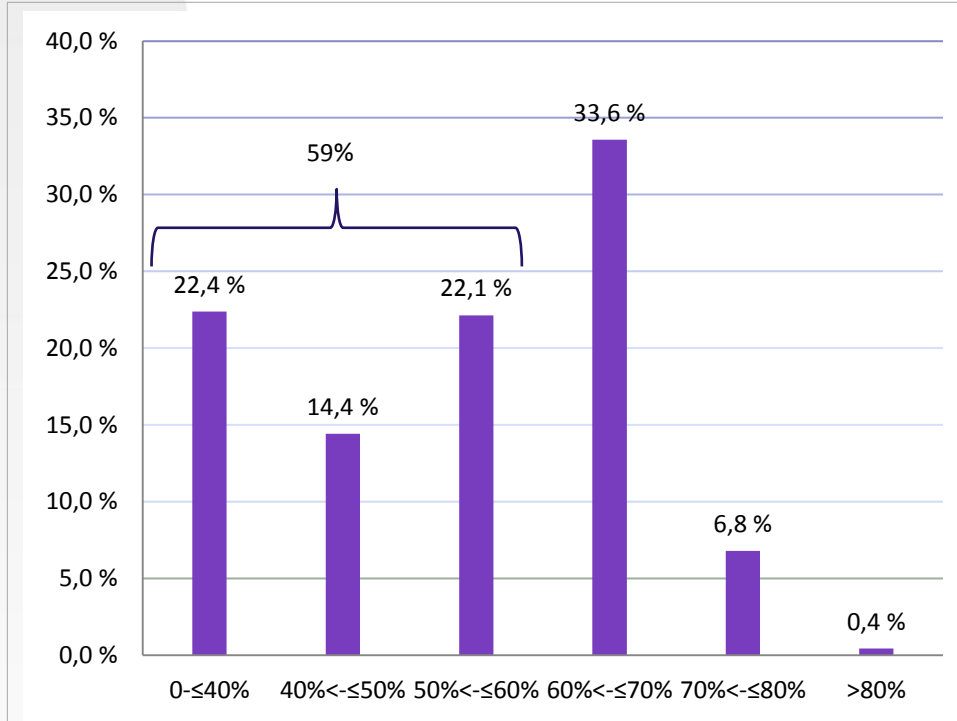
- 100 % prime Norwegian residential mortgages
- Current OC level of 14.2 % and commitment to maintain level above 2.0 %

Sparebanken Sør total loan portfolio

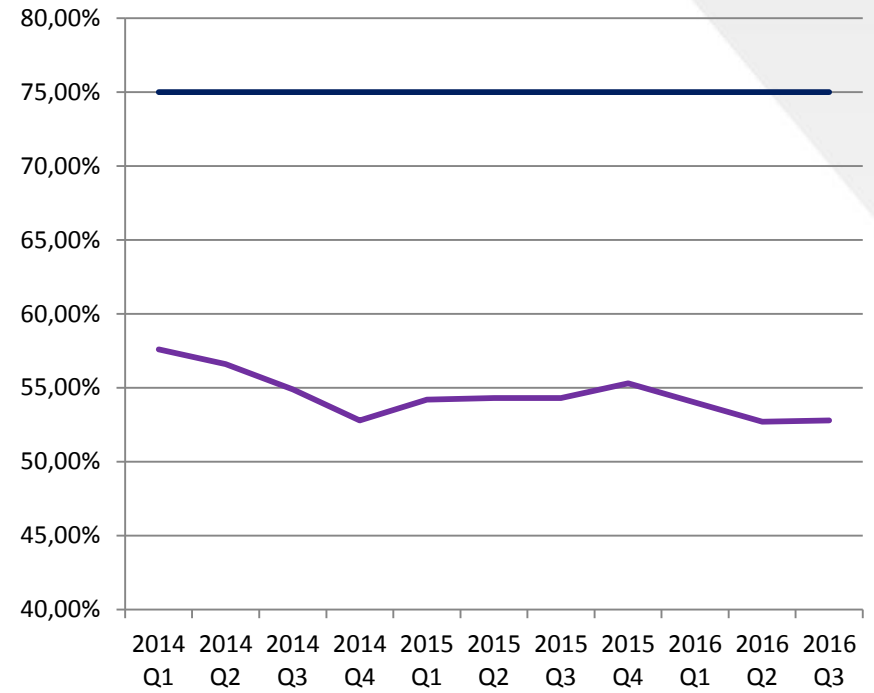


- Covered bonds account for 34% of Sparebanken Sør total loan portfolio.

Current indexed LTV distribution



Historical development in weighted average indexed LTV

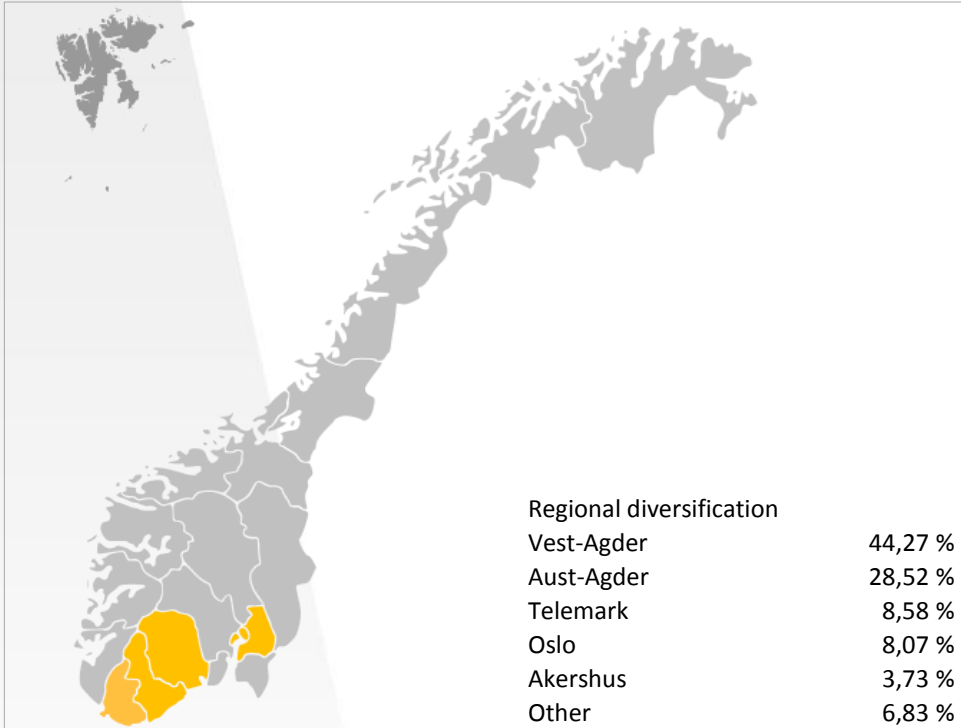


- The weighted average LTV is 52,8 % on an indexed basis
- Approx. 59% of the cover pool has an LTV below 60%

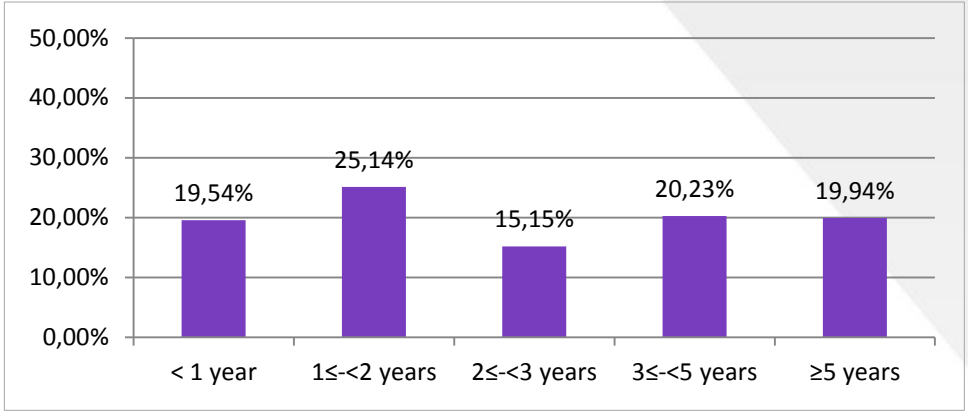
- On a historical level the weighted average LTV is well below the legislative maximum of 75 % for residential mortgages

Cover pool characteristics

Cover pool geographic split



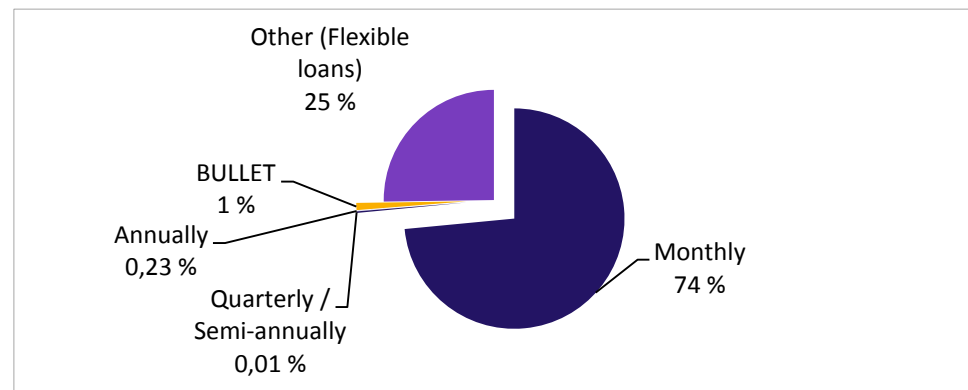
Seasoning of mortgages in the cover pool (in % of total loan balance)



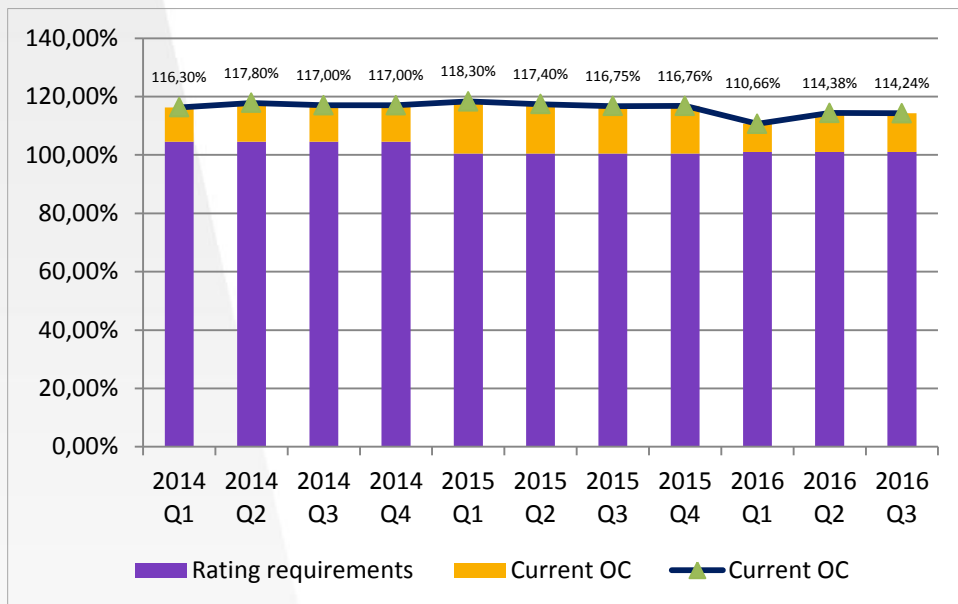
- Weighted average seasoning is 3 years
- 80% of the cover pool consists of mortgages with age larger than 1 year

- The cover pool is primarily exposed towards Vest-Agder and Aust-Agder, as well as Oslo and Telemark to some extent
- Property price development in Vest-Agder and Aust-Agder has been more modest than in the rest of the country

Principal payment frequency



Historical development in over collateralisation

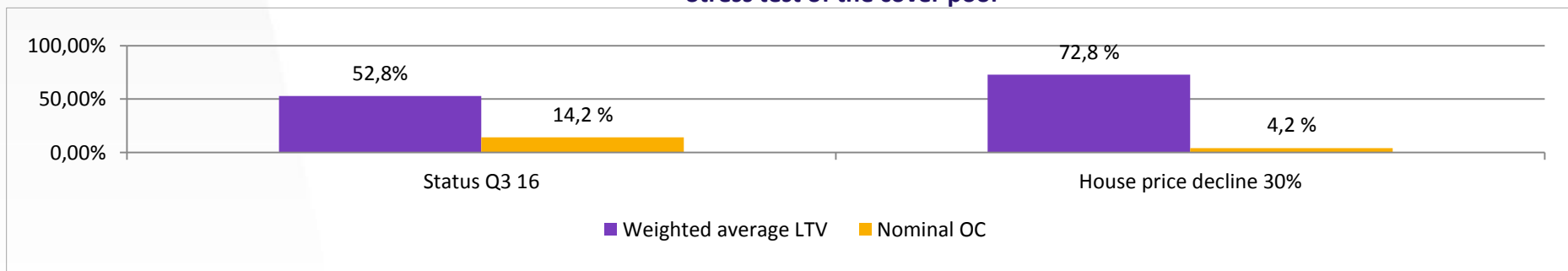


Current situation

- Committed OC: 2,00%
- OC consistent with current rating: 1,00%
- Current OC: 14,24%

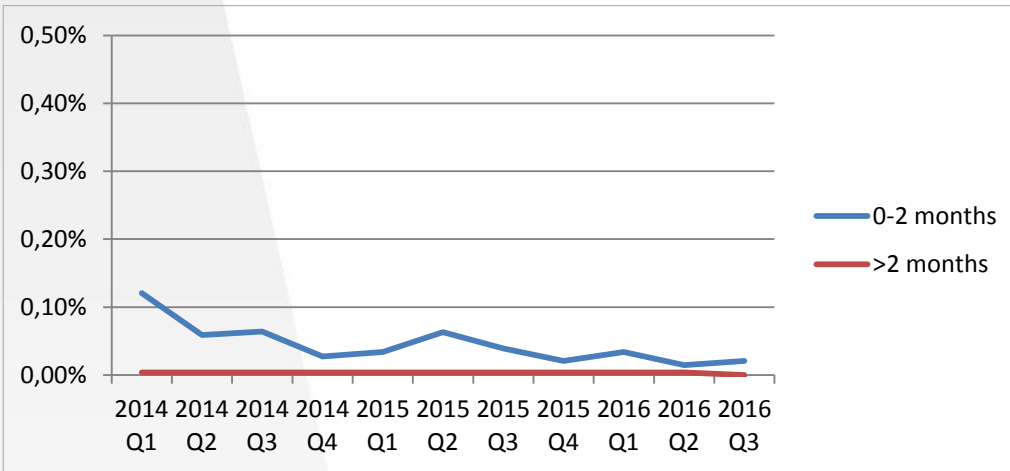
■ *Committed OC: The minimum level of OC included in Sparebanken Sør Boligkreditt Covered bond program*

Stress test of the cover pool



Credit quality of cover pool

Loans in arrears (% of total lending volume)

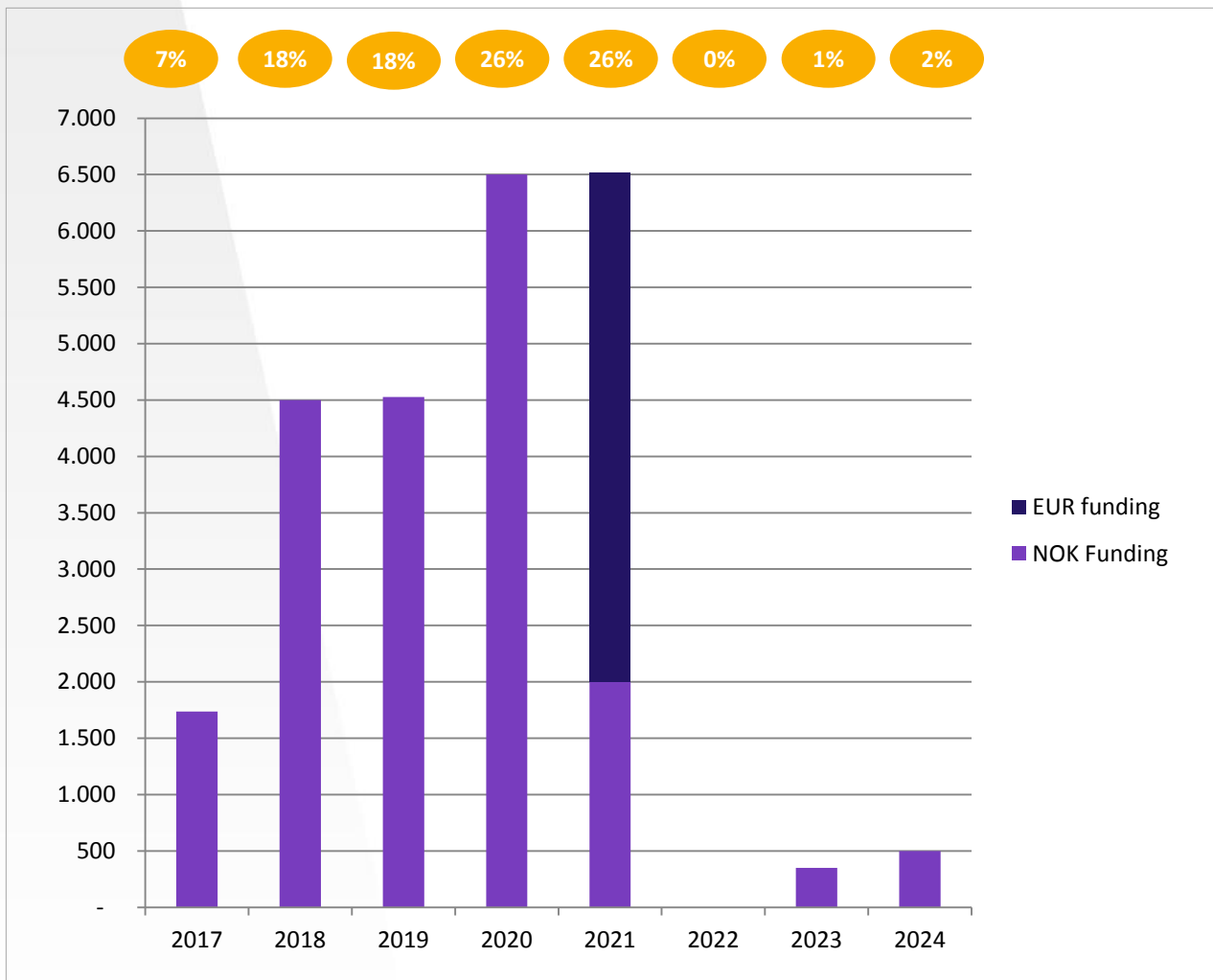


- No non-performing assets in the cover pool
- Never been any mortgages in arrears > 90 days

Funding

Well diversified maturity profile giving great confidence during turmoil

Annual maturity of outstanding wholesale funding



Key points

- Total funding amounts to NOK 24,6 bn in issued covered bonds
- The bank has a diversified maturity profile and few expiring bonds in 2017
- Funding > 12 months totalled 93%

Funding

Outstanding covered bonds

| Ticker | ISIN | Outstanding Amount | Issuance Date | Expected Maturity | Interest Rate Type | Coupon |
|--------|--------------|--------------------|---------------|-------------------|--------------------|----------------------|
| SORB20 | NO0010641624 | NOK 737 million | 28.03.2012 | 28.03.2017 | Floating rate | Nibor 3 mnd + 65 bps |
| SORB02 | NO0010623945 | NOK 1000 million | 24.08.2011 | 24.08.2017 | Floating rate | Nibor 3 mnd + 53 bps |
| SORB21 | NO0010673296 | NOK 4500 million | 14.03.2013 | 14.09.2018 | Floating rate | Nibor 3 mnd + 46 bps |
| SORB10 | NO0010679806 | NOK 4500 million | 22.05.2013 | 22.05.2019 | Floating rate | Nibor 3 mnd + 44 bps |
| SORB07 | NO0010664659 | NOK 28 million | 27.11.2012 | 27.11.2019 | Floating rate | Nibor 3 mnd + 54 bps |
| SORB24 | NO0010714058 | NOK 4500 million | 24.06.2014 | 24.06.2020 | Floating rate | Nibor 3 mnd + 30 bps |
| SORB26 | NO0010733421 | NOK 2000 million | 24.03.2015 | 24.09.2020 | Floating rate | Nibor 3 mnd + 32 bps |
| - | XS1383921803 | EUR 500 million | 22.03.2016 | 22.03.2021 | Fixed rate | 0.250% |
| SORB25 | NO0010730146 | NOK 2000 million | 29.01.2015 | 16.06.2021 | Floating rate | Nibor 3 mnd + 27 bps |
| SORB09 | NO0010671597 | NOK 350 million | 13.02.2013 | 13.02.2023 | Fixed rate | 3,850 % |
| SORB08 | NO0010670409 | NOK 500 million | 24.01.2013 | 24.01.2028 | Fixed rate | 4,000 % |



SPAREBANKEN SØR BOLIGKREDITT AS

(incorporated with limited liability in Norway)

€4,000,000,000

Euro Medium Term Covered Note Programme

Under this €4,000,000,000 Euro Medium Term Covered Note Programme (the **Programme**), Sparebanken Sør Boligkredit AS (the **Issuer**) may from time to time issue covered bonds issued in accordance with the Act (as defined in "Terms and Conditions of the Notes other than VPS Notes" or "Terms and Conditions of the VPS Notes", as the case may be) (the **Notes** which term shall include, so far as the context permits, VPS Notes (as defined below)) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The Notes may be issued in bearer form or in uncertificated book entry form (the **VPS Notes**) settled through the Norwegian Central Securities Depository, the *Verdipapirsentralen ASA* (the **VPS**).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €4,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Overview of the Programme" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors".

This Base Prospectus has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive (as defined below). The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union (EU) law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive** or **MIFID**) and/or which are to be offered to the public in any Member State of the European Economic Area.

Application has been made to the Irish Stock Exchange plc (the **Irish Stock Exchange**) for Notes issued under the Programme to be admitted to the official list of the Irish Stock Exchange (the **Official List**) and to trading on its regulated market (the **Main Securities Market**). Application has also been made to the Oslo Børs ASA for Notes issued under the Programme to be admitted to trading on its regulated market (the **Oslo Stock Exchange's Regulated Market**). Each of the Main Securities Market and the Oslo Stock Exchange's Regulated Market is a regulated market for the purposes of MiFID. References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been either admitted (i) to the Official List and to trading on the Main Securities Market or (ii) to trading on the Oslo Stock Exchange's Regulated Market, as may be agreed between the Issuer and the relevant Dealer in relation to the relevant Series (as defined below).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined in "Terms and Conditions of the Notes other than VPS Notes" or "Terms and Conditions of the VPS Notes", as the case may be) of Notes will be set out in a final terms document (the **Final Terms**) which will be delivered to the Central Bank of Ireland and the Irish Stock Exchange (if listed on the Irish Stock Exchange). Copies of the Final Terms in relation to the Notes to be listed on the Irish Stock Exchange will also be published on the website of the Irish Stock Exchange.

At the date of this Base Prospectus, the Issuer has requested that the Central Bank of Ireland send to the Norwegian Financial Supervisory Authority (*Finanstilsynet*) (the **NFSA**) in its capacity as the competent authority in Norway (i) a copy of this Base Prospectus and (ii) a certificate of approval pursuant to Article 18 of the Prospectus Directive attesting that the Base Prospectus has been drawn up in accordance with national law implementing the Prospectus Directive.

The Notes are expected to be assigned a "Aaa" rating by Moody's Investors Service Limited (**Moody's**). Moody's is established in the EU and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) and is included in the list of credit rating agencies registered under the CRA Regulation, which is available on the ESMA website (<http://www.esma.europa.eu/naoef/list-registered-and-certified-CRA>) (last updated on 12 December 2014).

Where a Tranche of Notes is rated, such rating will be disclosed in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arranger Nordea Dealers

Danske Bank
Landesbank Baden-Württemberg
SEB

UniCredit Bank

DNB Bank
Nordea
Swedbank

The date of this Base Prospectus is 10 July 2015

- Sparebanken Sør established a €4,000,000,000 Euro Medium Term Covered Note Program (EMTN) in the third quarter of 2015
- In the first quarter of 2016 the company issued covered bonds amounting to EUR 500 million under the program
- Sparebanken Sør Boligkredit AS plans to further acquire loans from Sparebanken Sør, and the company intends to issue new covered bonds towards investors in Norway or abroad

Contact details

and website

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