



SPAREBANKEN SØR BOLIGKREDITT AS



Investor presentation Q1 2022



SPAREBANKEN SØR

Sparebanken Sør Boligkreditt AS

Mother company 100% owner

A dedicated and integrated covered bond company wholly owned by Sparebanken Sør

Full recourse

Norwegian law is fully compliant with dual recourse requirement. CB investors and derivative CPs have an exclusive, equal and preferential claim on the assets in the cover pool. Claims not covered by cover pool assets are unsecured claims ranking pari passu with all other unsecured unsubordinated claims against the issuer

Transfer of loans

Loans are originated by the bank and transferred to the CB company

Credit & overdraft facilities

Sparebanken Sør Boligkreditt AS has established an overdraft facility with Sparebanken Sør in order to handle operations on a daily basis. In addition, the company has a short-term credit facility with a notice of 31 days with the bank, and a revolving multicurrency loan facility, which covers refinancing risk

Norwegian residential

The cover pool consists of prime Norwegian residential assets (93 %) and substitute assets (LCR-compliant interest bearing securities). Cover pool exposure towards Southern Norway where price development is rather stable

No non-performing assets

No non-performing assets in the cover pool

Moody's Aaa

Covered Bonds rated Aaa by Moody's – four notches TPI leeway



**SPAREBANKEN SØR
BOLIGKREDITT AS**

Sparebanken Sør

Business

Sparebanken Sør is an independent financial group with activities within banking, securities and real estate brokerage

Balance

The fifth largest Norwegian bank with total assets of NOK 148 billions

Employees

587 employees in branches across the counties of Agder, Rogaland, Vestfold and Telemark

Products and services

General banking products and services, supplemented by real-estate brokerage, life and non-life insurance, stock brokerage and leasing through wholly and partially owned subsidiaries and companies

Summary

As one of the largest regional banks in Norway, Sparebanken Sør is committed to further sustainable growth and development in the region



SPAREBANKEN SØR

Sparebanken Sør - a leading financial institution in Southern Norway



Established in 1824,
587 employees



181 000 retail
customers



Financial group with
banking, securities and
real estate brokerage



22 000 corporate
customers



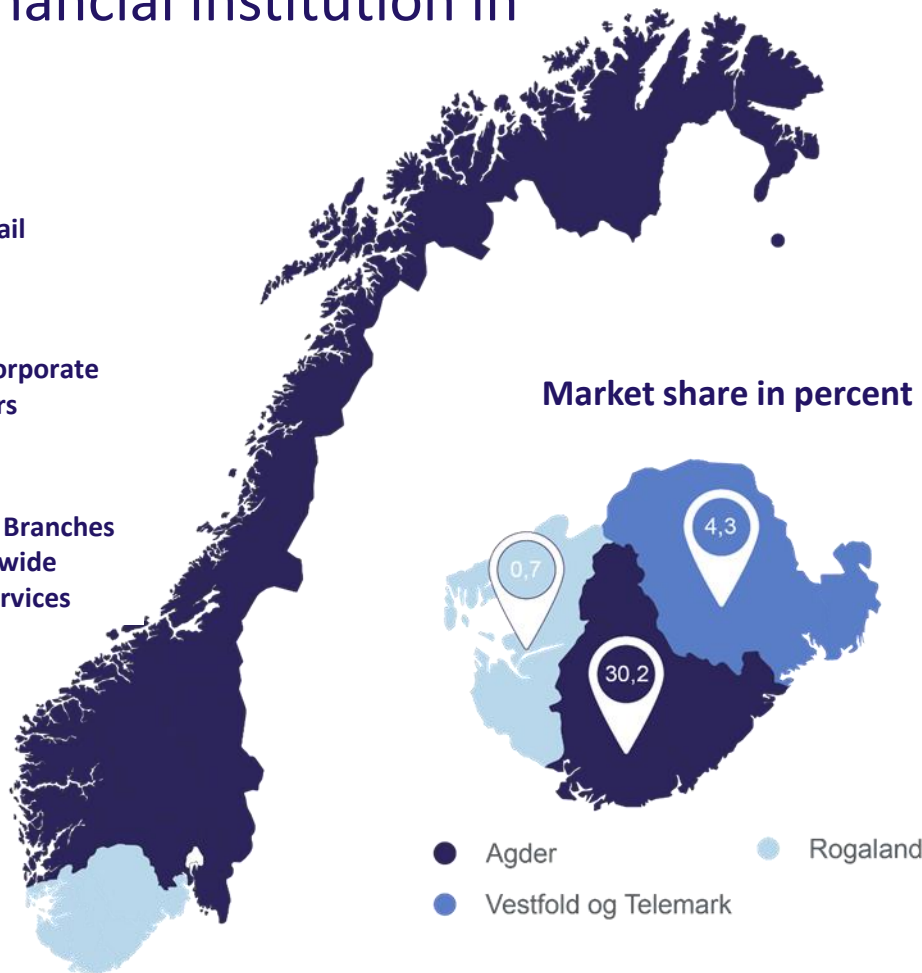
Publicly traded and
Community-owned



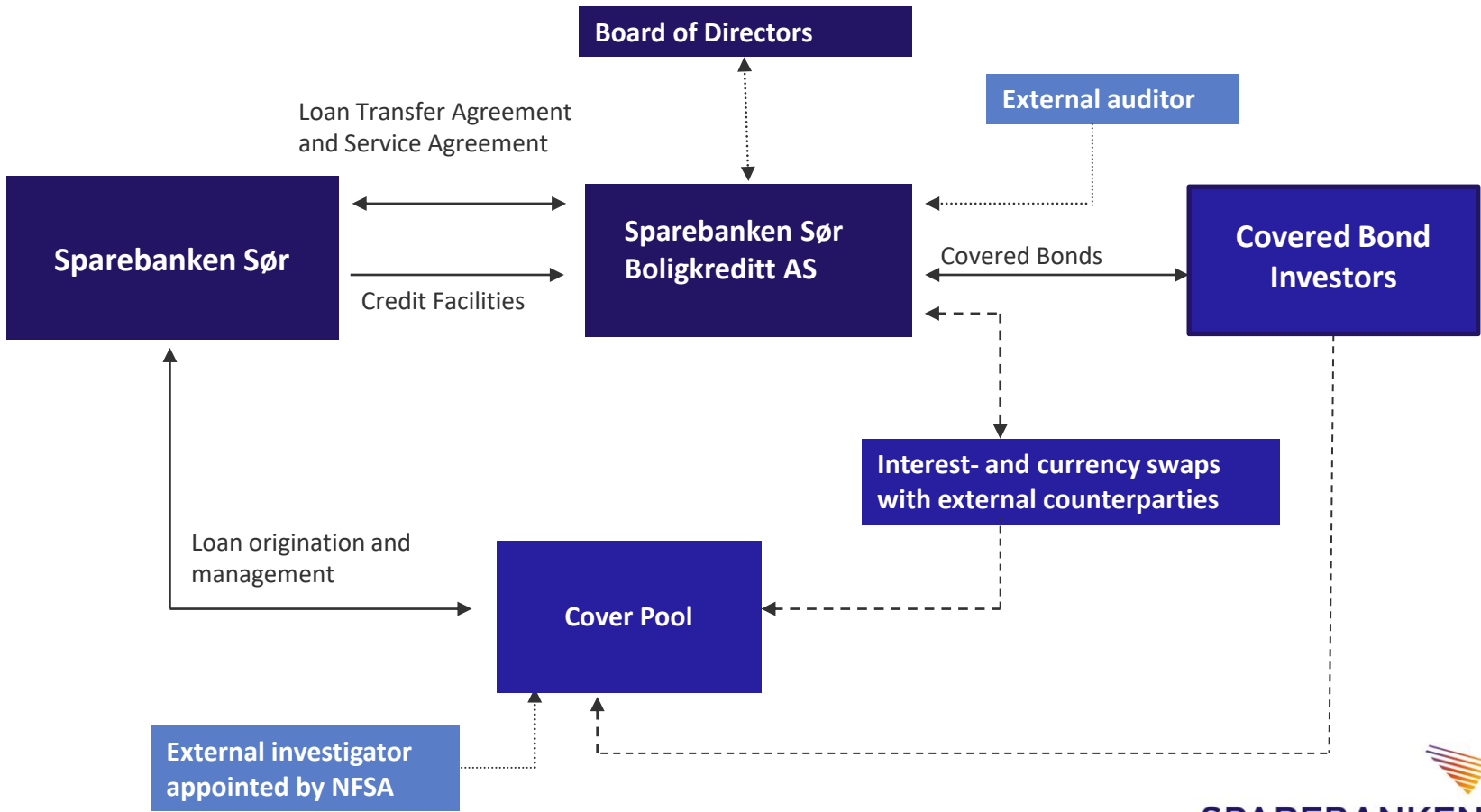
Regional Branches
& nationwide
online services



- Total assets of NOK 148 bn
- Profit after tax amounted to NOK 276 million in Q1 2022
- Cost/income ratio of 42.4 percent.



Business concept - governed by the Norwegian covered bond legislation



Eligibility criteria for cover pool mortgages

| | |
|--------------------|---|
| Type of properties | <ul style="list-style-type: none">•Residential Norwegian properties•Minor volumes of buy to let |
| Type of products | <ul style="list-style-type: none">•Mortgages with floating or fixed interest rates•Serial, annuity or non-amortising loans |
| Credit criteria | <ul style="list-style-type: none">•No arrears•Borrowers probability of default $\leq 3\%$ |
| Collateral | <ul style="list-style-type: none">•LTV limit of 75 % for residential mortgages•Quarterly valuation from an independent third party (Eiendomsverdi) |
| Loan volume | <ul style="list-style-type: none">•Maximum loan per borrower of 20 MNOK (Euro 2 mill) |

The Norwegian Residential Mortgage Market

Apr. 80 % of Norwegians own their home

- Few mortgages are buy-to-let

Norway is primarily a floating interest rate market

- The large majority of mortgages originated by Sparebanken Sør are floating rate
- Rates on floating rate mortgages can be reset at any time at the bank's own discretion, by giving debtors six weeks' notice

Loans are normally underwritten with a term of 15-25 years

In Norway, all borrowing costs are deductible from taxable income at the current rate of 22 %

- Households are therefore better able to withstand an increase in interest rates

Mortgage lending regulation

Max 5x gross income

Max 85 % LTV

- 60 % for secondary home in Oslo

Debt servicing capacity

- 5 percentage points interest rate increase

Amortization requirement above 60 % LTV

- 2.5 % of approved loan or principal payment as for 30 year annuity

Banks have some flexibility

- Banks can deviate in 10 % of mortgage applications each quarter
- In Oslo this flexibility is limited to 8 %
- Flexibility has been further improved during the corona crisis

Risk management

Liquidity risk

- Payment flow from the cover pool is to meet the payment obligations to the covered bond holders and derivative counterparties
- Revolving credit facilities in place with the parent bank
- Soft bullet structure on all covered bonds issued

Interest rate risk

- Interest rate risk measured on a 2 basis points parallel shift in the interest rate curve, and include the effects of non parallel shifts
- Limited to NOK 100 million
- Currently only floating rate loans and floating funding base incl. swaps

Market risk

- FX risk is hedged
- Long term FX funding is swapped into NOK
- Derivative contracts with external counterparties
- No investments in “risky” assets; Norwegian government or high quality fixed income securities



Cover pool composition and OC as at 31.03.2022

| | Fair value |
|--|-------------------|
| Loans secured by mortgages on residential properties | NOK 50 493 124 |
| Deductions on ineligible loans | -216 750 |
| Pool of eligible loans | 50 276 374 |
| Certificates and bonds | 3 804 113 |
| Financial derivatives | 58 855 |
| Total cover pool | 54 139 343 |
| Debt incurred due to issuance of securities | 46 827 921 |
| Financial derivatives | 1 839 688 |
| Total liabilities | 48 667 609 |
| Collateralisation ratio (OC) | 11.2 % |

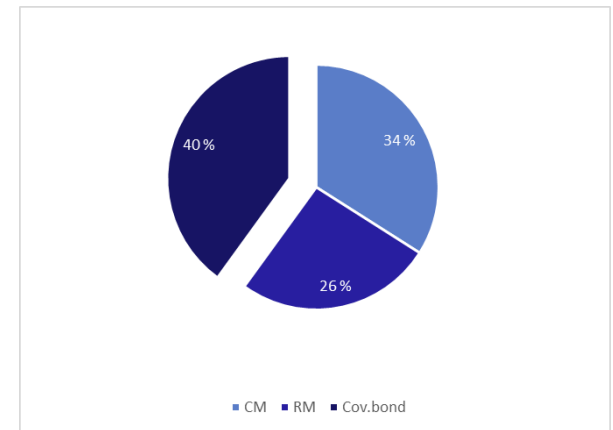
| | Nominal value |
|--|---------------|
| OC based on nominal value – eligibles only | 11.7 % |
| OC based on nominal value – total loans | 12.1 % |



Additional cover pool details as at 31.03.2022

| | |
|---|---------------|
| Average loan balance | NOK 1 358 571 |
| No. of loans | 37 145 |
| WA seasoning (in months) | 43.5 |
| WA remaining term (in months) | 197 |
| No. of borrowers | 31 148 |
| No. of properties | 33 784 |
| WA Indexed LTV (Loan balance/indexed valuation) | 51.8 % |
| WA LTV (Loan balance/original valuation) | 60.9 % |
| Total non-performing loans | 0.3 % |
| Committed Over Collateralisation (OC) | 2.0 % |

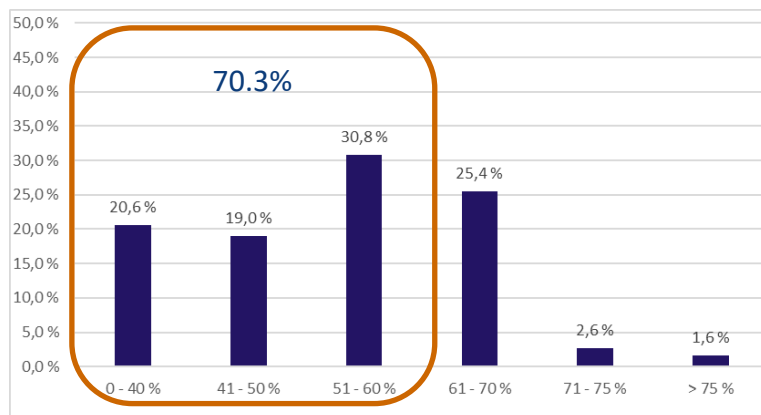
Sparebanken Sør (Group) total loan portfolio



Loans transferred to Sparebanken Sør Boligkreditt AS account for 40 % of Sparebanken Sør's total loan portfolio

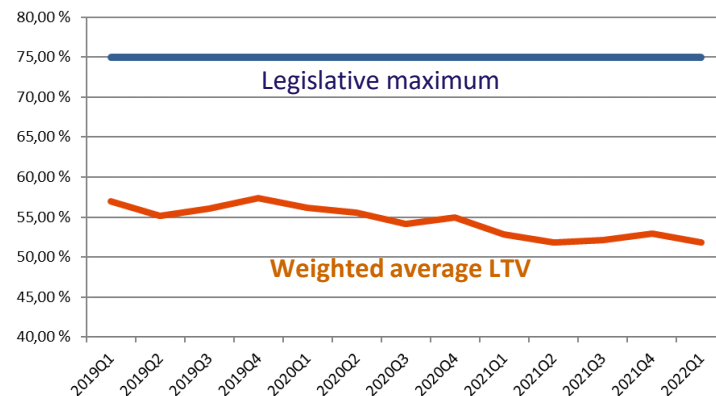
Cover pool characteristics

Current indexed LTV distribution



- The weighted average LTV is 51.8 % on an indexed basis
- 70.3 % of the cover pool has a LTV below 60%

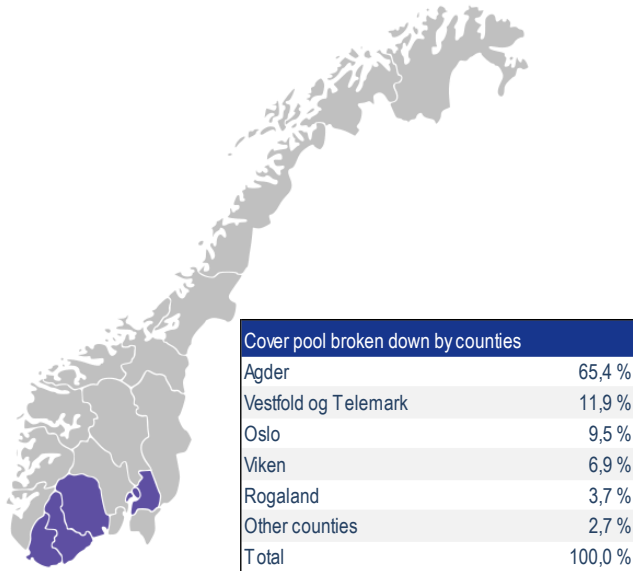
Historical development in weighted average indexed LTV



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

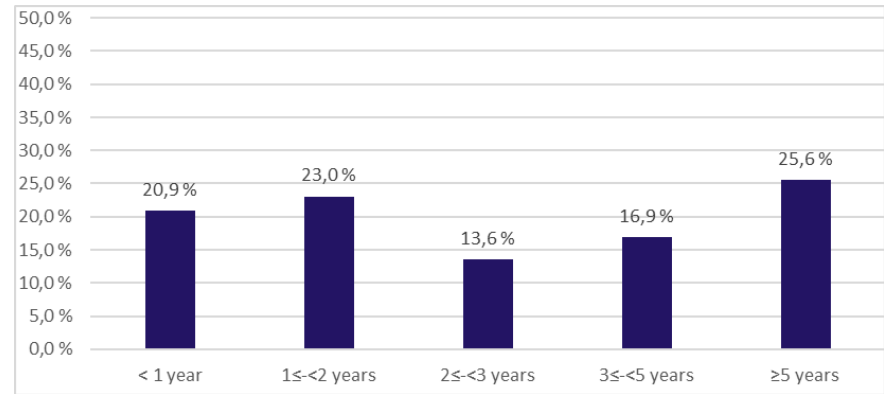
Cover pool characteristics

Cover pool geographic split



- The cover pool is primarily exposed towards Agder and secondly to Vestfold and Telemark.

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

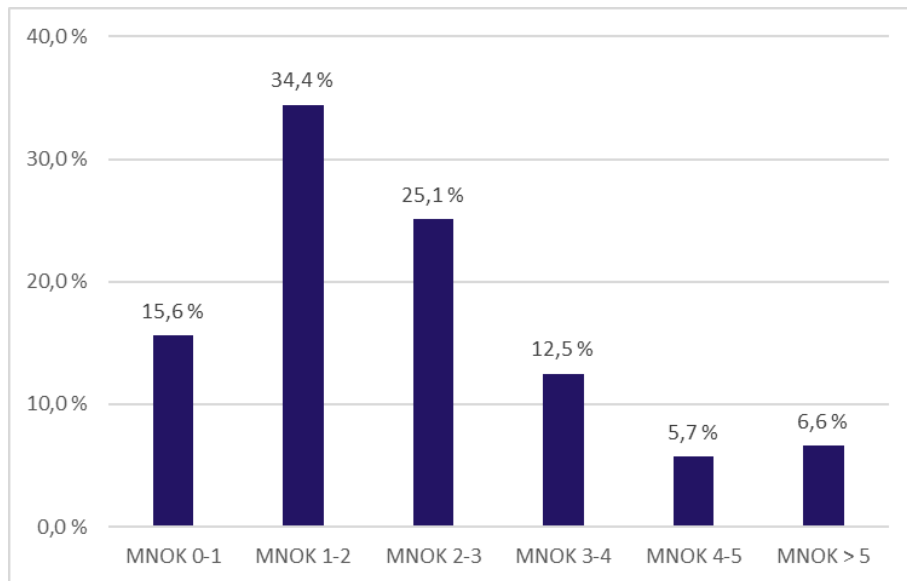


- Weighted average seasoning is 3.7 years
- The cover pool is stable, as 79.1 % of mortgages has been included in the cover pool for at least 1 year



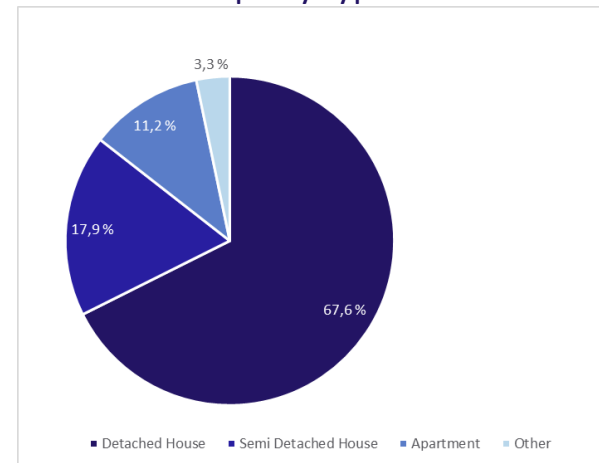
Cover pool characteristics

Cover pool broken down by intervals of loan balance

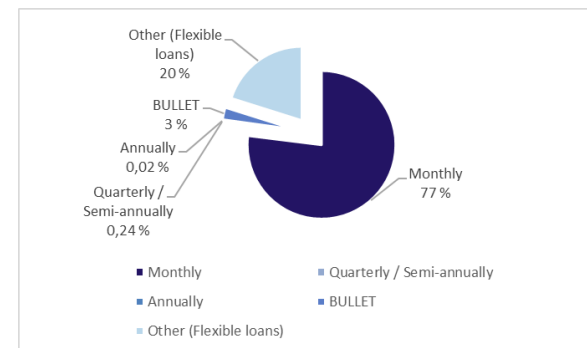


- Average loan value of NOK 1.4 million

Property type



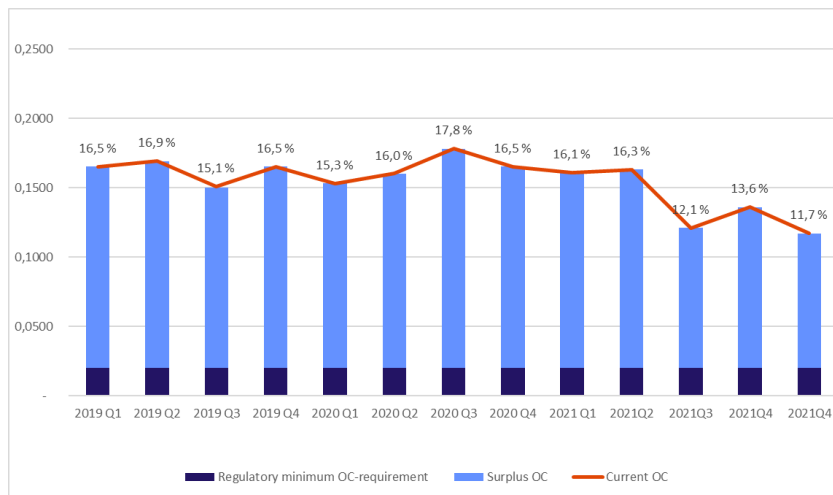
Principal payment frequency



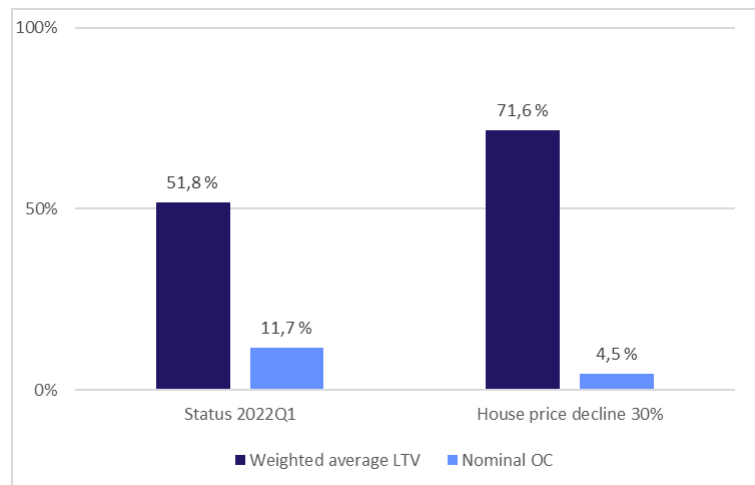
Cover pool characteristics

Regulatory minimum OC-requirement: 2.0 % - Current OC: 11.7 %

Historical development Over Collateralisation



Stress test of the cover pool



Balanced development in the region

Changes in housing prices (percent), last 12 months



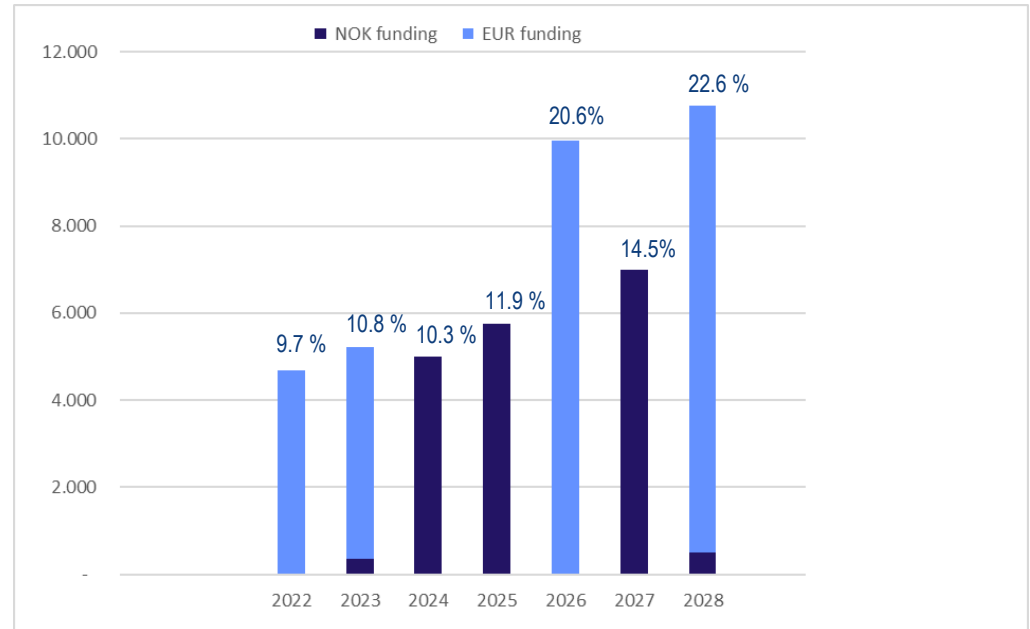
Unemployment (percent)



Funding as at 31.03.2022

- Total funding amounts to NOK 46.8 bn in issued covered bonds
- The company has a diversified maturity profile
- Funding > 12 months totalled 79.5 %
- Soft bullet structure on all outstanding bonds

Annual maturity of wholesale funding



Debt securities issued as at 31.03.2022

Figures stated in NOK Thousand

| ISIN | Ticker | Currency | Nominal value | Interest | Due date | Book value | Fair value |
|--------------|--------|----------|--------------------|----------|------------|-------------------|-------------------|
| XS1622285283 | | EUR | 500 000 Fixed | 0,125 % | 30.05.2022 | 4 819 594 | 4 822 900 |
| NO0010671597 | SORB09 | NOK | 350 000 Fixed | 3,85 % | 13.02.2023 | 356 605 | 358 192 |
| XS1775786145 | | EUR | 500 000 Fixed | 0,375 % | 20.02.2023 | 4 840 934 | 4 837 410 |
| NO0010882632 | SORB30 | NOK | 5 000 000 Floating | 3M Nibor | 19.11.2024 | 5 009 163 | 5 036 671 |
| NO0010832637 | SORB28 | NOK | 5 750 000 Floating | 3M Nibor | 24.09.2025 | 5 767 324 | 5 789 620 |
| XS1947550403 | | EUR | 500 000 Fixed | 0,50 % | 06.02.2026 | 4 940 617 | 4 730 121 |
| XS2069304033 | | EUR | 500 000 Fixed | 0,01 % | 26.10.2026 | 4 333 113 | 4 597 438 |
| NO0011002529 | SORB31 | NOK | 7 000 000 Floating | 3M Nibor | 20.09.2027 | 7 180 854 | 7 141 890 |
| NO0010670409 | SORB08 | NOK | 500 000 Fixed | 4,00 % | 24.01.2028 | 520 875 | 525 348 |
| XS2291901994 | | EUR | 500 000 Fixed | 0,01 % | 28.01.2028 | 4 512 951 | 4 516 156 |
| XS2389362687 | | EUR | 500 000 Fixed | 0,01 % | 25.09.2028 | 4 477 815 | 4 472 175 |
| TOTAL | | | | | | 46 759 843 | 46 827 921 |



SPAREBANKEN SØR

Sparebanken Sør Boligkreditt AS

- An established issuer in the Euro CB Market

Sparebanken Sør Boligkreditt AS established a €4,000,000,000 Medium Term Covered Note Program in Q3 2015



Sparebanken Sør Boligkreditt AS updated the EMTN Program to €6,000,000,000 in Q3 2019

Sparebanken Sør Boligkreditt AS updated the EMTN Program to €8,000,000,000 in Q2 2020



- Q1 2016
EUR 500mn 5y CB
issuance
- Q2 2017
EUR 500mn 5y CB
issuance
- Q1 2018
EUR 500mn 5y CB
issuance
- Q1 2019
EUR 500mn 7y CB
issuance
- Q3 2019
EUR 500mn 7y
Green CB issuance
- Q1 2021
EUR 500mn 7y CB
issuance
- Q3 2021
EUR 500mn 5y CB
issuance

Sparebanken Sør Boligkreditt AS plans to further acquire loans from Sparebanken Sør and the company intends to issue new covered bonds towards investors in Norway and abroad.

Euro Medium Term Covered Note Programme

SPAREBANKEN SØR BOLIGKREDITT AS

(incorporated with limited liability in Norway)

€8,000,000,000

Euro Medium Term Covered Note Programme

Under the €8,000,000,000 Euro Medium Term Covered Note Programme (the **Programme**) described in this base prospectus (the **Base Prospectus**), Sparebanken Sør Boligkreditt AS (the **Issuer**) may from time to time issue covered bonds issued in accordance with the Act and the Regulations (as defined in "Terms and Conditions of the Notes other than FPS Notes" or "Terms and Conditions of the FPS 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, Ferdsporsentralen AS4 (the **VPS**).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €8,000,000,000 (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 (the **Central Bank**), as competent authority under the Prospectus Regulation (as defined below). The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

Such approval relates only to the Notes which are to be admitted to trading on the regulated market (the **Regulated Market of Euronext Dublin**) of the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) or another regulated market in the European Economic Area (the **EEA**) or the United Kingdom (the **UK**) for the purposes of Directive 2014/65/EU (as amended) (**MiFID II**) and/or which are to be offered to the public in any Member State of the EEA or the UK in circumstances that require the publication of a prospectus.

Application has been made to Euronext Dublin for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to its official list (the **Official List**) and to trading on the Regulated Market of Euronext Dublin. The Issuer has further requested that the Central Bank 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 25 of the Prospectus Regulation attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation, for purposes of listing Notes on the Oslo Børs ASA's regulated market (the **Oslo Stock Exchange Regulated Market**).

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the EEA or the UK for the purposes of MiFID II. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

Each of the Regulated Market of Euronext Dublin and the Oslo Stock Exchange Regulated Market is a regulated market for the purposes of MiFID II. 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 Regulated Market of Euronext Dublin or (ii) to trading on the Oslo Stock Exchange 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 FPS Notes" or "Terms and Conditions of the FPS 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 and Euronext Dublin (if listed on Euronext Dublin). Copies of the Final Terms in relation to the Notes to be listed on Euronext Dublin will also be published on the website of Euronext Dublin.

The Notes are expected to be assigned a "Aaa" rating by Moody's Investors Service Limited (**Moody's**). Moody's is established in the UK 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/press/pr/registered-and-certified-CRA>) (last updated on 14 November 2019).

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.

Interest and/or other amounts payable under Floating Rate Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**). If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmarks Regulation. Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable Final Terms. The registration status of any administrator under the

EUR Transactions:

- Sparebanken Sør established a €4,000,000,000 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
- In the second quarter of 2017, the company issued covered bonds amounting to EUR 500 million under the program
- In the first quarter of 2018, the company issued covered bonds amounting to EUR 500 million under the program
- In the first quarter of 2019, the company issued covered bonds amounting to EUR 500 million under the program
- Sparebanken Sør Boligkreditt AS updated the EMTN Program to €6,000,000,000 in the third quarter of 2019
- In the third quarter of 2019, a Green & Sustainability Bond Framework was established. In the fourth quarter the company issued a Green Covered Bond amounting to EUR 500 million under the program.
- Sparebanken Sør Boligkreditt AS updated the EMTN Program to €8,000,000,000 in the second quarter of 2020
- In the first and third quarter of 2021, the company issued covered bonds amounting to EUR 500 million in each transaction under the program



Covered Bonds issues qualifies as Level 1 assets pursuant to LCR-regulation

With reference to Article 10(1)(f) of the LCR-regulation, Sparebanken Sør Boligkreditt AS (SSBK) confirms the following:

- SSBK gives the information required in Article 129(7) of CRR to its investors
- Covered bonds issued by SSBK are assigned a credit assessment by a nominated ECAI which is at least credit quality step 1 in accordance with Article 129(4) of CRR, and the equivalent credit quality step in the event of short term credit assessment
- The cover pool does at all times meet an an asset coverage requirement of at least 2 % in excess of the amount required to meet the claims attaching to the covered bonds issued by SSBK

Information on the cover pool

Sparebanken Sør has implemented the common **Harmonised Transparency Template** of the European Covered Bond Council

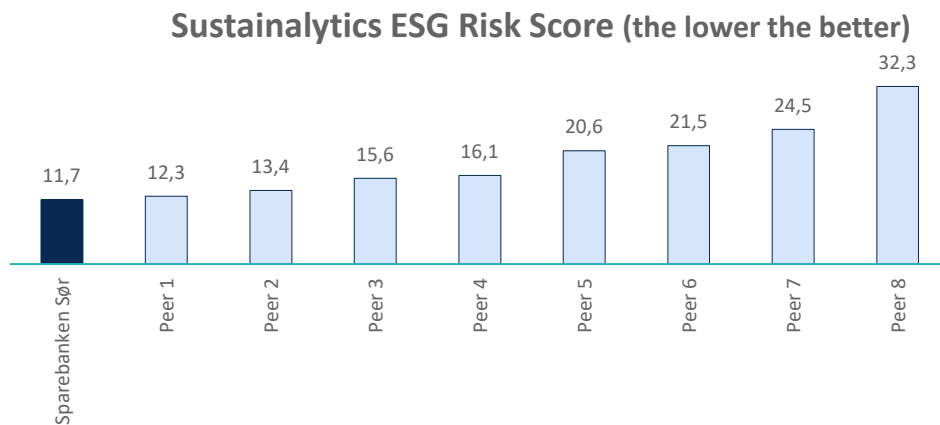
Information about the cover pool of SSBK may be accessed via:

<https://www.sor.no/felles/om-sparebanken-sor/sparebanken-sor-boligkreditt/cover-pool-information/>



SPAREBANKEN SØR

Sparebanken Sør aims to remain ESG leader and create sustainable development in the region



- First Norwegian bank to receive *Gender Equality and Diversity* certification in 2018
- Financial reporting in line with TCFD (Task Force on Climate-Related Financial Disclosures)
- Transparent investor information through ESG library

Independent and transparent
ESG assessment

Requirements and
expectations from investors

The banks own social
responsibility

Sparebanken Sør aims for zero carbon emissions



Carbon footprint:

55% reduction in climate emissions by 2030
Zero climate emissions by 2050



Donations:

Regional donations for sustainable and socially beneficial purposes



ESG in the credit process:

ESG as an integral part of the credit process
Improved ESG credit system with TietoEvry



Green and social bonds:

Green & Sustainability Bond Framework (2019/2022)



Emissions in loan portfolios:

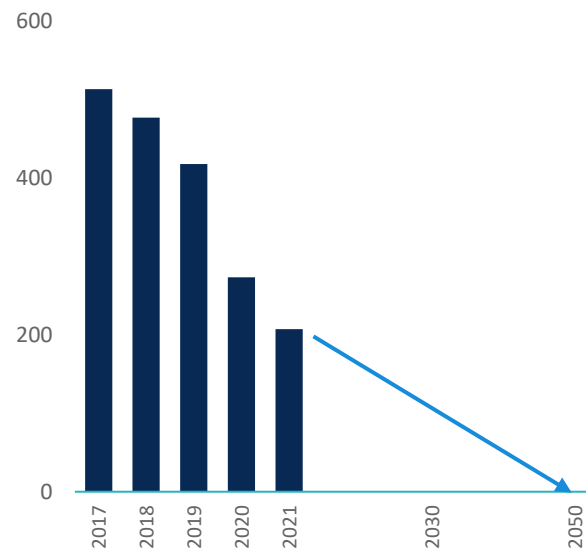
40% reduction in emissions from lending and investments by 2030



A global perspective:

Adherence to global initiatives, frameworks and principles

Carbon emissions in tons of CO2



Green & Sustainability Bond Framework 2022

- Update from the 2019 framework (for new issues):
 - Tightening of green criteria in line with best market practice
 - EU Taxonomy alignment
- Well established Green and Social project categories: Green buildings, healthcare and education
- Following the 2021 ICMA Green Bond Principles, Social Bond Principles and the Sustainability Bond Guideline

Positive Second Party Opinion from Sustainalytics:

“Sustainalytics is of the opinion that the Sparebanken Sør Green & Sustainability Bond Framework is credible and impactful, and aligns with the four core components of the GBP, SBP and SBG”.

“Sustainalytics has assessed the Sparebanken Sør Green & Sustainability Bond Framework for alignment with the EU Taxonomy, and is of the opinion that the Framework’s green eligibility category (which maps to one EU activity) aligns with the applicable technical screening criteria (TSC) in the EU Taxonomy, and aligns with the do no significant harm (DNSH) criteria.”

Green & Sustainability Bond Framework

Through issuing Green & Sustainability Bonds, Sparebanken Sør intends to contribute to the development of the green & sustainability bond market while highlighting its Sustainability Strategy to capital markets participants. In addition, Green/Sustainability Bonds will help to diversify Sparebanken Sør’s investor base and to broaden dialogue to existing investors.

This Green & Sustainability Bond Framework is based on the Green Bond Principles, Social Bond Principles as well as Sustainability Bond Guidelines, all published by the International Capital Markets Association in their most recent iteration (2021). The framework enables Sparebanken Sør and the independent covered bond institute Sparebanken Sør Boligkreditt to issue a variety of bond formats, including, but not limited to Senior Preferred Bonds, Senior Non-Preferred Bonds and Covered Bonds. These and other formats can be issued as different bond types, such as Green or Sustainability Bonds. The variety of different formats and types will be referred to as Green & Sustainability Bonds throughout this document.

EU taxonomy alignment

Sparebanken Sør welcomes the increased clarity and structure which the EU taxonomy and related regulations bring to the sustainable finance market. Appreciating the comprehensive scope of current and upcoming EU regulation within the space of sustainable finance, the bank has decided to be an early adopter and to align this framework with the EU Taxonomy to the degree feasible.

The alignment of the framework with the EU taxonomy has been assessed by Sustainalytics. The framework is found to be:

- ✓ Aligned with relevant Technical Screening Criteria
- ✓ Aligned with relevant Do No Significant Harm criteria
- ✓ Aligned with Minimum Social Safeguards

SUSTAINALYTICS
SECOND-PARTY OPINION

11 SUSTAINABLE CITIES AND COMMUNITIES

3 GOOD HEALTH AND WELL-BEING

4 EDUCATION



Future prospects

Macro

Activity in the Norwegian economy has continued to rise after Covid-19 containment measures were removed in winter. Unemployment has fallen to a low level, and price and wage inflation is high. The war in Ukraine has created uncertainty about the economic outlook, but continued upturn in the Norwegian economy is expected. Capacity utilisation is reported to be above a normal level. Residential property prices in the Bank's main markets have shown positive, though moderate, growth over several years. Activity in the housing market in the region has been high and with inflated house prices during 2021 and in Q1 2022. House price inflation is projected to fall through 2022 and into 2023.

Capital requirements

Sparebanken Sør Boligkreditt AS has a common equity tier 1 capital ratio of 20.5 percent and leverage ratio of 7.2 percent. Along with a positive profit from ordinary operations, the opportunities for further loan growth are positive.

Funding and liquidity

The Group is well positioned to establish long-term funding from the Norwegian and the international financial market.

Sparebanken Sør Boligkreditt AS

Sparebanken Sør Boligkreditt AS will further acquire mortgages from the parent bank to issue public covered bonds in Norway and abroad, primarily as benchmark issuances that are eligible to LCR requirements for level 1 assets.



**SPAREBANKEN SØR
BOLIGKREDITT AS**



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