

Eiendoms kreditt AS

Rating Action Report

COVERED BOND RATING

AAA

ISSUER RATINGS

LONG-TERM RATING

BBB

OUTLOOK

Stable

SHORT-TERM RATING

N3

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Eiendoms kreditt AS 'BBB' long-term issuer rating affirmed with stable outlook; removed from criteria review

Nordic Credit Rating said today that it had affirmed its 'BBB' long-term issuer rating on Norway-based mortgage company [Eiendoms kreditt AS](#). The outlook is stable. The 'N3' short-term rating, 'AAA' issue ratings on the company's covered bonds, 'BBB' senior unsecured issue rating, 'BB+' Tier 2 issue rating, and the 'BB-' additional Tier 1 issue rating have also been affirmed, in accordance with NCR's revised financial institutions rating methodology. The ratings are no longer under criteria review.

Rating rationale

The affirmation reflects continued performance in line with our expectations. Loan growth was slow in the first half of 2025, but we expect it to have accelerated in the second half. The EU's Capital Requirements Regulation III (CRR3) improved capital ratios by approximately 5pp, reflecting the company's low LTV commercial mortgages. The company reported a Tier 1 ratio of 23.9% as of 30 Jun. 2025. We project this improvement will support accelerated growth in the coming years while allowing dividend payments of about 70% of net profit to shareholders. Net Stage 3 loans increased to 3.7% of the total loan book as of 30 Jun. 2025, due to a weakened Norwegian commercial real estate market. However, reported loss provisions over the past twelve months were only 6bps, and we do not expect significant increases despite the higher Stage 3 levels. We also expect property valuations to remain mostly stable, supporting stable or improved average LTVs in the loan book, as new loans generally have lower LTVs.

The long-term issuer rating continues to reflect the operating environment for Norwegian commercial real estate companies, as well as Eiendoms kreditt's strong capitalisation, earnings and low historical and projected credit losses. The rating also reflects the company's concentrated loan portfolio, modest market position and concentrated funding profile.

The issue rating on Eiendoms kreditt's covered bonds is ultimately based on the 'BBB' issuer rating and reflects the company's role as a commercial real estate lender and partner to small and medium-sized Norwegian banks. The covered bond ratings are supported by an 'a+' qualitative assessment and our analysis of up to four notches of support from the cover pool, indicating 'AAA'-level support for bondholders in the unlikely event that the pool were to become a standalone entity.

Stable outlook

The stable outlook on the issuer rating reflects our view that Eiendoms kreditt will maintain its selective underwriting and moderate LTV profile, thereby avoiding significant losses. We also believe that Eiendoms kreditt's continued access to capital market financing will allow it to continue to support its partner banks, as demand for real estate financing is likely to increase slowly.

We could raise the issuer rating to reflect significant improvements to credit risk diversification, via growth in the number and volume of loans, combined with a proven commitment to maintain a Tier 1 ratio above 20%, and maintained average annual loan loss provisions below 5bps.

We could lower the rating to reflect a material deterioration in the operating environment or a significant increase in loan loss provisions, a lasting reduction in the common equity Tier 1 capital ratio to below 17%, or risk-adjusted pre-provision income persistently below 1.5% of risk exposure amount.

Given the stable outlook on the issuer rating, we also expect the covered bond rating to remain stable.

Rating list

Long-term issuer credit rating:
Outlook:

To	From
BBB	BBB
Stable	Stable

Rating list	To	From
Short-term issuer credit rating:	N3	N3
Covered bond issue rating:	AAA	AAA
Senior unsecured issue rating:	BBB	BBB
Tier 2 issue rating:	BB+	BB+
Additional Tier 1 issue rating:	BB-	BB-

Figure 1. Eiendomskreditt rating scorecard

Subfactors	Impact	To	From
National banking environment	10.0%	a	-
Sector exposure assessment	10.0%	bbb-	-
Regional assessment	-	-	-
Cross border assessment	-	-	-
National factors	-	-	a
Regional, cross border, sector	-	-	bbb-
Operating environment	20.0%	bbb+	bbb
Risk governance	7.5%	bbb-	bbb-
Capital	17.5%	a-	a-
Funding and liquidity	15.0%	bbb	bbb
Credit and market risk	10.0%	bb+	-
Credit risk	-	-	bb+
Market risk	-	-	-
Other risks	-	-	bbb
Risk appetite	50.0%	bbb	bbb
Competitive position	15.0%	bb	bb
Earnings	7.5%	a+	a+
Loss performance	7.5%	bbb	bbb
Performance indicators	15.0%	a-	a-
Indicative credit assessment		bbb	bbb
Peer comparison		Neutral	Neutral
Transitions		Neutral	Neutral
Borderline assessments		Neutral	Neutral
Stand-alone credit assessment		bbb	bbb
Ownership		Neutral	Neutral
Capital structure protection		Neutral	-
Rating caps		Neutral	Neutral
Material credit enhancement		-	Neutral
Issuer rating		BBB	BBB
Outlook		Stable	Stable
Short-term rating		N3	N3

Figure 2. Capital structure ratings

Seniority	To	From
Covered bond	AAA	AAA
Senior unsecured	BBB	BBB
Tier 2	BB+	BB+
Additional Tier 1	BB-	BB-

Type of credit rating:	Long-term issuer credit rating Short-term issuer credit rating Issue credit rating
Publication date:	The rating was first published on 23 Feb. 2023.
Office responsible for the credit rating:	Nordic Credit Rating AS (NCR), Oslo, Norway. NCR is a registered credit rating agency under Regulation (EC) No 1060/2009.
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Were ESG factors a key driver behind the change to the credit rating or rating outlook?	No.
Methodology used when determining the credit rating:	NCR's Financial Institutions Rating Methodology published on 12 May 2025 NCR's Rating Principles published on 14 Feb. 2024 NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024 NCR's Covered Bond Rating Methodology published on 12 May 2025 The methodology and principles documents provide analytical guidance to NCR's rating activities including but not limited to, assumptions, parameters, cash flow analysis, and stress-testing. NCR's methodologies and principles can be found on our website nordiccreditrating.com/governance/policies. The historical default rates of entities and securities rated by NCR will be viewed on the central platform (CEREP) of the European Securities and Markets Authority (ESMA).
Materials used when determining the credit rating:	Annual- and quarterly reports of the rated entity, Bond prospectuses, Company presentations, Data provided by external data providers, External market reports, Meetings with management of the rated entity, Non-public information, Press reports/public information, Website of rated entity.
Potential conflicts of interest:	The rating is NCR's independent opinion of the rated entity's relative creditworthiness. The rating is solicited, i.e. it is prepared for a fee paid by the rated entity. At the time of analysis and publication neither NCR nor any of the analysts or persons involved in the rating process held any interest, ownership interest or securities in the rated entity. NCR does not have any direct or indirect shareholder with a holding of more than 5% of NCR's shares and votes. For further information, please refer to NCR's conflict of interest policy which is available on: https://nordiccreditrating.com/governance/policies
Additional information:	Prior to publication, the rating was disclosed to the rated entity. The issuer was given 24 hours (of which 8 business hours) to remark on factual errors and/or the inadvertent inclusion of confidential information, if applicable. The rating was not amended after the review by the issuer. No stress test or cash flow forecasting was performed. NCR's rating is an opinion regarding the relative creditworthiness of an entity or an instrument. It is not a prediction, guarantee or recommendation to buy, hold or sell securities. NCR assigns outlooks to issuer ratings to indicate where they could move in the near term, normally 12–18 months. Further information on the rating process, rating definitions and limitations is available on our website: nordiccreditrating.com/governance/policies .
Ancillary services provided:	No ancillary services have been provided in the last 12 months.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
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