

OBOS BBL

Rating Action Report

LONG-TERM RATING

BBB-

OUTLOOK

Stable

SHORT-TERM RATING

N3

PRIMARY ANALYST

Anine Gulbrandsen
+4797501657
anine.gulbrandsen@nordiccreditrating.com

SECONDARY CONTACTS

Sean Cotten
+46735600337
sean.cotten@nordiccreditrating.com

Geir Kristiansen
+4790784593
geir.kristiansen@nordiccreditrating.com

OBOS BBL 'BBB-' long-term issuer rating affirmed; Outlook stable

Nordic Credit Rating (NCR) has affirmed its 'BBB-' long-term issuer rating on Norway-based residential property developer **OBOS BBL**. The outlook is stable. The 'N3' short-term issuer rating and the 'BBB-' issue rating on the company's senior unsecured debt were also affirmed.

Rating rationale

The affirmation reflects our expectation of improved operating performance and a return to positive EBITDA contribution from residential development in 2026. The residential development segment has reported losses since 2024 due to weak market conditions. While uncertainty remains elevated given interest rate developments, geopolitical tensions and persistently high building costs, there are early signs of strengthening demand. However, we expect homebuyers to remain cautious in committing to new builds amid ongoing financial and geopolitical volatility. Accordingly, we anticipate only modest improvement in 2026, with a more significant recovery possible in 2027 or 2028 if macroeconomic conditions improve.

The delay in partially divesting two Fornebu projects to Thon Gruppen resulted in weaker-than-expected 2025 EBITDA, with nearly NOK 1bn now expected in 2026 instead. One project was completed on 30 Apr. 2026, while the other remains subject to regulatory approval. We have revised our assessment of financial ratios to reflect weaker-than-expected performance in 2024 and 2025, driven by lower EBITDA in both years and higher net debt in 2025 relative to our projections. We also factor in limited visibility of material improvement amid ongoing uncertainty in residential development and sector cyclicalities.

Contributions from OBOS-banken and joint ventures have partially offset the impact of these delays on 2025 EBITDA and credit metrics, highlighting the value of the company's diversification during a period of weak demand for residential development projects. We believe the bank's current capital position allows for further support to credit metrics in 2026 and 2027 if market conditions remain subdued. However, we do not consider reliance on dividend income to be sustainable over the long term and expect residential development to re-emerge as a meaningful earnings contributor through 2028.

We view OBOS Eiendom as vital to the OBOS BBL group's identity and future strategy. As a result, our long-term rating on OBOS Eiendom is aligned with our 'BBB-' long-term rating on OBOS BBL.

Stable outlook

The stable outlook reflects our expectation that the contracted divestments and the completion of housing projects will support near-term liquidity and ongoing investment. We expect improvement in residential development profitability in 2026, although performance remains exposed to weak market conditions. The outlook also assumes that management will align capital spending with market conditions and manage debt growth over the next few years. While we believe the company is well positioned to benefit from a recovery in the residential development market, the timing and strength of the recovery remain uncertain.

We could raise the rating to reflect improved credit metrics with EBITDA to net interest above 4x over an extended period, alongside improved stability and growth in cash flows, and the recovery of the residential development market.

We could lower the rating to reflect continued lack of recovery and profitability in the residential development segment or deteriorating credit metrics with value adjusted equity ratio below 60%. We could also lower the rating to reflect EBITDA to net interest approaching 1.5x.

Rating list

Long-term issuer credit rating:

Outlook:

Short-term issuer credit rating:

Senior unsecured issue rating:

To	From
BBB-	BBB-
Stable	Stable
N3	N3
BBB-	BBB-

Figure 1. OBOS BBL rating scorecard

Subfactors	Impact	To	From
Operating environment	20.0%	bb-	bb-
Market position	10.0%	a-	a-
Size and diversification	10.0%	a-	a-
Operating efficiency	10.0%	bb	bb
Business risk assessment	50.0%	bbb-	bbb-
Ratio analysis		bb+	bbb-
Risk appetite		bbb-	bbb-
Financial risk assessment	50.0%	bb+	bbb-
Indicative credit assessment		bbb-	bbb-
Liquidity		Adequate	Adequate
ESG		Adequate	Adequate
Peer calibration		Neutral	Neutral
Stand-alone credit assessment		bbb-	bbb-
Support analysis		Neutral	Neutral
Issuer rating		BBB-	BBB-
Outlook		Stable	Stable
Short-term rating		N3	N3

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	BBB-	BBB-

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 17 Jun. 2022.
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.
Primary analyst:	Anine Gulbrandsen, +4797501657, anine.gulbrandsen@nordiccreditrating.com
Rating committee chairperson responsible for approval of the credit rating:	Geir Kristiansen, +4790784593, geir.kristiansen@nordiccreditrating.com
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 Corporate Rating Methodology published on 8 May 2023 NCR's Rating Principles published on 14 Feb. 2024 NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024 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 was performed. Standard 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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