

## Helgeland Boligkreditt AS

## Full Rating Report

## COVERED BOND RATING

AAA

## ISSUER RATINGS

## LONG-TERM RATING

A

## OUTLOOK

Stable

## SHORT-TERM RATING

N2

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## RATING RATIONALE

Our 'AAA' issue rating on covered bonds issued by Norway-based mortgage company Helgeland Boligkreditt AS is ultimately based on our 'A' issuer rating on the company, which in turn reflects its ownership by the SpareBank 1 Helgeland (SB1 Helgeland) and its 'vital' funding role for the bank's retail mortgage portfolio. Our covered bond ratings are supported by our 'aaa' qualitative assessment and our analysis of the support available from the cover pool, which indicates 'AAA' level support for bondholders in the unlikely event that the pool were to become a standalone entity.

Figure 1. Covered bond rating components



Given the stable outlook on the issuer rating on Helgeland Boligkreditt, we expect the covered bond ratings to remain stable. This reflects our view that Helgeland Boligkreditt and SB1 Helgeland would maintain a high likelihood of resolution or restructuring in the event of failure, which would either exclude the bail-in of covered bonds of SB1 Helgeland or result in a transfer of Helgeland Boligkreditt to a larger Norwegian or Nordic bank.

## RATING STRENGTHS:

- Issuer and group creditworthiness, reducing downgrade risk for covered bonds.
- Strong national and European protections for covered bonds.
- Helgeland Boligkreditt's material overcollateralisation and a clean pool via transfers of problem loans to its parent.

## COVERED BOND RATING DRIVERS:

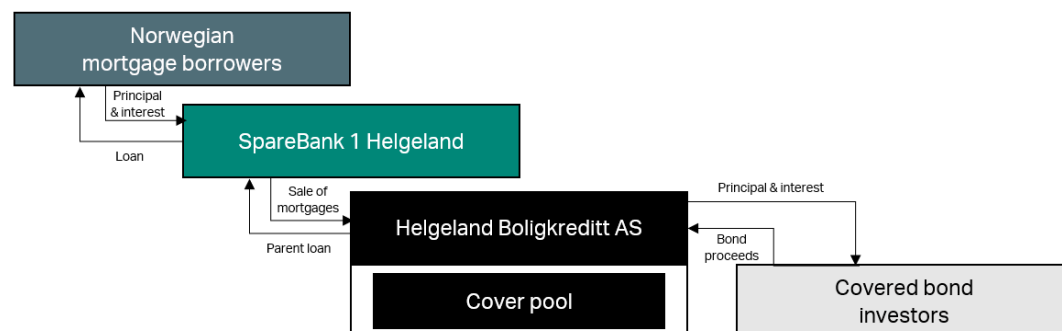
- Change in likelihood of resolution or reconstruction for Helgeland Boligkreditt.
- Multiple-notch reduction in the issuer rating on Helgeland Boligkreditt, due to a lower rating of SB1 Helgeland.
- Reduced security in covered assets.

Figure 2. Cover pool characteristics, Q2 2025–Q2 2026

|                                       | Q3 2025 | Q4 2025 | Q1 2026 | Q2 2026 | Q3 2026 |
|---------------------------------------|---------|---------|---------|---------|---------|
| Eligible cover pool assets (NOKm)     | 4.9     | 4.5     | 4.8     | 4.9     | 5.0     |
| Outstanding covered bonds (NOKm)      | 3.7     | 3.5     | 3.8     | 3.8     | 4.0     |
| Legal overcollateralisation (%)       | 24.3    | 17.2    | 18.1    | 21.6    | 14.4    |
| Average loan maturity (years)         | 12.5    | 11.6    | 11.6    | 11.5    | 12.7    |
| Average bond maturity (years)         | 4.7     | 5.1     | 5.1     | 4.6     | 4.8     |
| Average loan size (NOKm)              | 1.20    | 1.18    | 1.21    | 1.23    | 1.24    |
| Weighted-average LTV (%), residential | 51.8    | 51.4    | 50.7    | 52.3    | 52.5    |
| Owner-occupied share, residential (%) | 89.0    | 89.2    | 89.1    | 89.1    | 89.3    |
| Buy-to-let, residential (%)           | 10.1    | 9.9     | 10.0    | 9.9     | 9.8     |
| Priority liens, residential (%)       | 97.6    | 97.3    | 96.9    | 96.8    | 97.1    |
| Share of 10 largest exposures (%)     | 1.9     | 2.1     | 2.0     | 2.1     | 2.2     |
| Non-performing loans (bps)            | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |

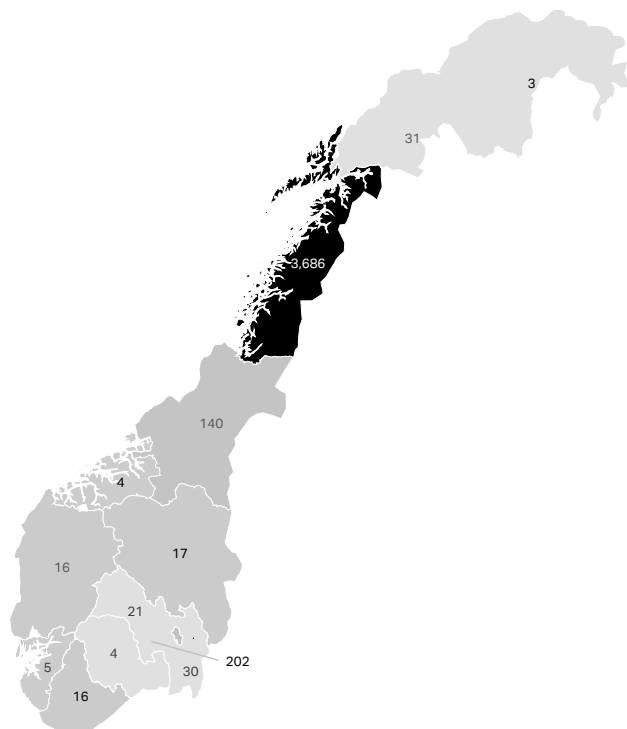
Source: Helgeland Boligkreditt's Harmonised Transparency Templates (HTT). LTV–loan to value.

Figure 3. Covered bond structure



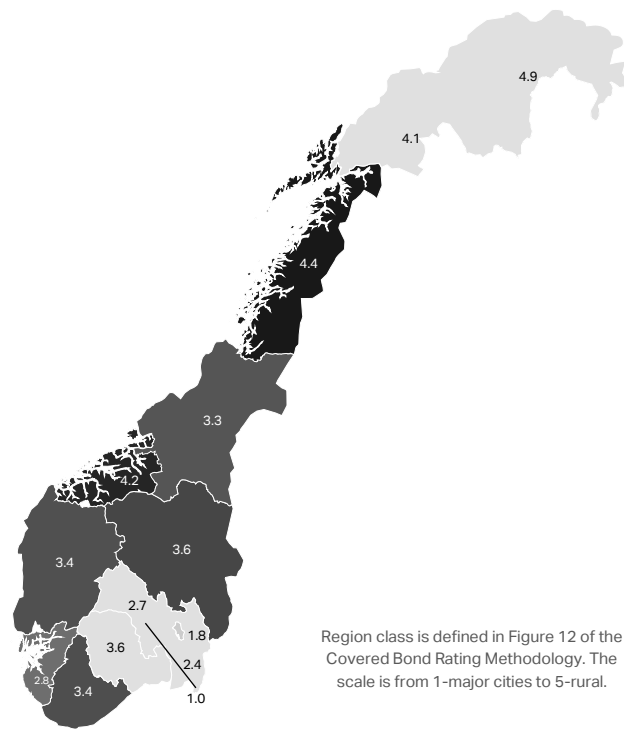
Source: company.

Figure 4. Loan volumes by county (NOKm), 30 Jun. 2026



Source: Helgeland Boligkreditt's Harmonised Transparency Templates (HTT).

Figure 5. Population-weighted region class by county



Region class is defined in Figure 12 of the Covered Bond Rating Methodology. The scale is from 1-major cities to 5-rural.

Source: Statistics Norway, NCR.

## QUALITATIVE ASSESSMENT

### Qualitative assessment

Our qualitative assessment of Helgeland Boligkreditt's covered bonds is 'aaa', reflecting the issuer rating on the company and the notches of support described below. Our qualitative assessment indicates a very low likelihood that the cover pool will become a standalone entity, and a high likelihood that bondholders will receive timely coupon and principal payments.

### Issuer rating 'A'

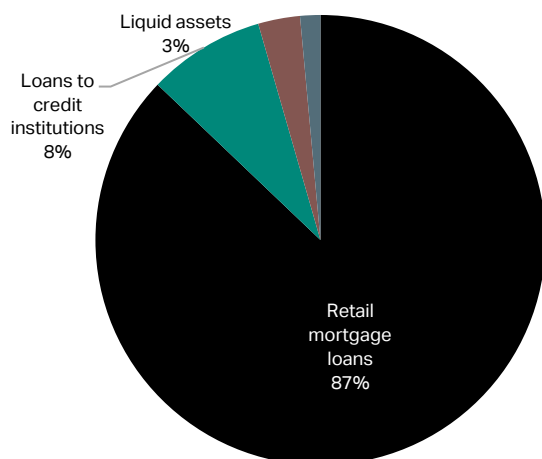
The repayment capacity for covered bonds is linked to the credit quality of the issuer and the issuer's banking group. Our 'A' issuer rating on Helgeland Boligkreditt reflects our rating on SB1 Helgeland

and the company's role as a 'vital' financing entity for its parent. The outlook on our issuer rating on Helgeland Boligkreditt is stable, reflecting our outlook for SB1 Helgeland's rating.

### Covered bond hierarchy

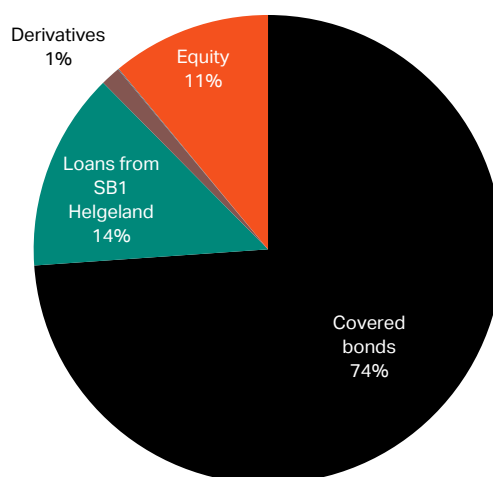
Helgeland Boligkreditt's liability structure consists primarily of covered bonds, which are excluded from bail-in according to the EU's Bank Recovery and Resolution Directive (BRRD), and loans directly from SB1 Helgeland. We note that SB1 Helgeland's senior loans to Helgeland Boligkreditt are subordinate to covered bondholders, giving investors priority claims on all mortgage loans transferred to Helgeland Boligkreditt, whether or not such loans are eligible for the cover pool. As a result, we add an additional notch of uplift to the covered bond ratings in comparison with our issuer rating.

Figure 6. Loans and assets, 30 Jun. 2026



Source: company.

Figure 7. Liabilities and equity, 30 Jun. 2026



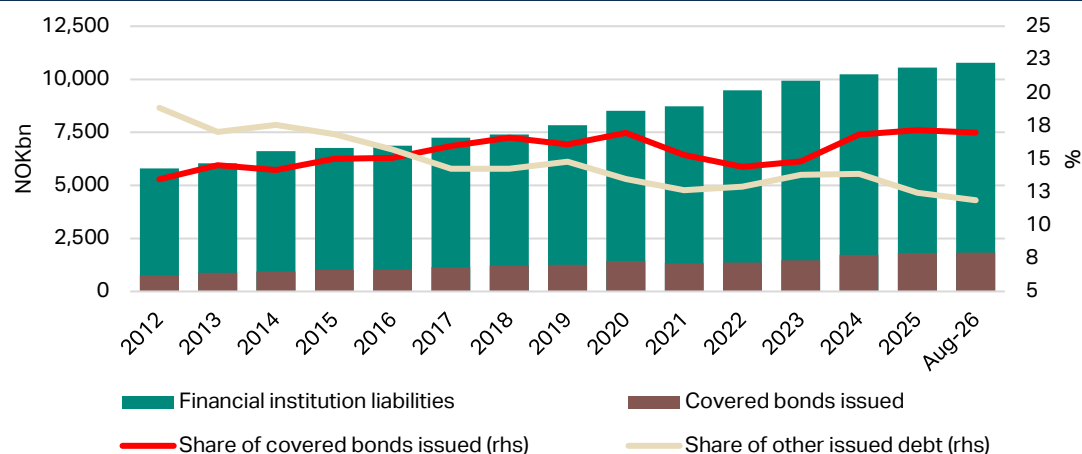
Source: company.

### National regulations provide two-notch uplift to covered bond ratings

We consider the legal framework for Norwegian covered bonds supportive of the credit quality of covered bonds secured by residential and commercial mortgage loans, resulting in a two-notch uplift to the rating of Helgeland Boligkreditt's covered bonds. For more details, see Appendix 1.

In addition to strong national regulations, covered bonds are a significant part of the Norwegian financial system and account for a substantial share of domestic bank funding. As of 30 Aug. 2026, outstanding covered bonds totalled over NOK 1.8tr, representing a significant portion of all low-risk assets issued in NOK and around 17% of Norwegian monetary financial institution liabilities. This makes covered bonds the second most important funding source for the banking sector after customer deposits.

Figure 8. Norwegian financial institutions' share of liabilities by type, 2012-Aug. 2026



Source: Statistics Norway, NCR.

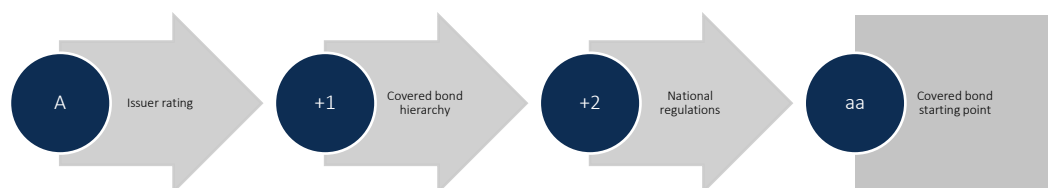
### High likelihood of restructuring leads to 'aaa' qualitative assessment

The possibility of resolution or restructuring is an important factor in our assessment of the likelihood that Helgeland Boligkreditt's cover pool would be wound down by an administrator. In our view, a restructuring—most likely through an acquisition by another Norwegian savings bank or another large Nordic bank—would enable the cover pool to continue servicing the covered bonds as a going concern under new ownership.

SB1 Helgeland received a simplified minimum requirement for own funds and eligible liabilities (MREL), effective in 2028. Per Finanstilsynet, the preferred resolution strategy for banks that have received a simplified requirement is assumed to be a combination of bail-in (internal recapitalisation) and the transfer of the entire business to another entity.

Our assessment also does not consider a default by Helgeland Boligkreditt, with nearly NOK 4bn in outstanding covered bonds, to be material enough to threaten the financial stability of the banking market or negatively affect the reputation of Norwegian covered bonds among investors. However, we consider that a default by Helgeland Boligkreditt could have financial repercussions for other Norwegian covered bond issuers. Therefore, we believe it is highly likely that the company and its performing loans would be acquired by another Norwegian savings bank or another large Nordic bank with the capacity to acquire the relatively modest portfolio of mortgage loans and support the cover pool as a going concern.

Figure 9. Covered bond starting point



Given the covered bond starting point ('aa') and the 95% probability of restructuring of the Helgeland Boligkreditt portfolio, the qualitative assessment is 'aaa'. We expect the qualitative assessment of Helgeland Boligkreditt's covered bonds to remain 'aaa'. If the issuer rating were to fall by one notch or more, it could still be possible for the security of the cover pool to provide additional uplift to the covered bond ratings based on our top-down stress testing.

Figure 10. Qualitative assessment based on the covered bond starting point and the probability of resolution or restructuring

| COVERED BOND STARTING POINT | 95% | 67% | 33% | 0%  |
|-----------------------------|-----|-----|-----|-----|
| aaa                         | aaa | aaa | aaa | aaa |
| aa+                         | aaa | aaa | aaa | aa+ |
| aa                          | aaa | aaa | aa+ | aa  |
| aa-                         | aaa | aa+ | aa  | aa- |
| a+                          | aaa | aa  | aa- | a+  |
| a                           | aaa | aa  | a+  | a   |
| a-                          | aa+ | aa- | a   | a-  |

## COVER POOL ANALYSIS AND STRESS TESTING

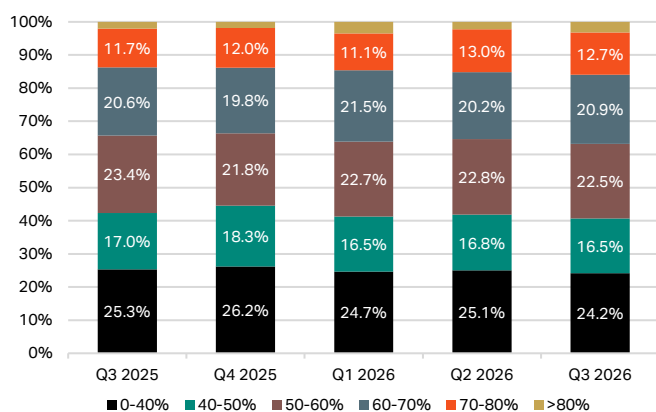
Our cover pool analysis and stress testing support the 'AAA' rating on Helgeland Boligkredit's covered bonds. Given the 'aaa' qualitative assessment, the analysis of the cover pool is primarily to provide further information on the details and sensitivities of the cover pool.

We have no overcollateralisation requirement in our methodology, but stress pool assets to determine the ability to fulfil commitments as a standalone entity. Accordingly, overcollateralisation is a key component of an issuer's ability to repay bondholders in full in the event of a rundown.

### Stable cover pool and loan portfolio

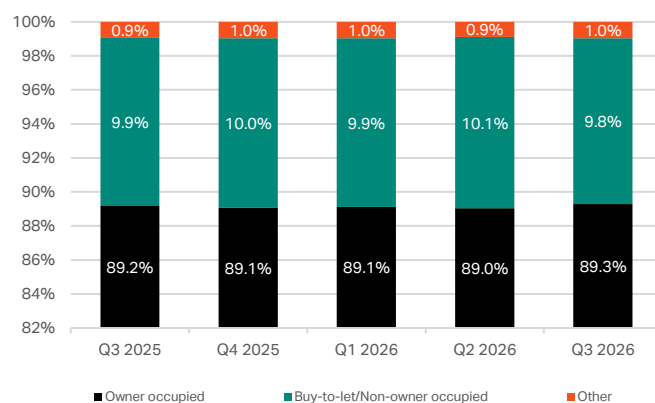
The following charts provide an overview of the characteristics of the cover pool assets. As of 30 Sep. 2026, the pool comprised 89% owner-occupied residential mortgage loans, 10% in second homes and buy-to-let properties and 1% in high-quality substitute assets, primarily cash held at the parent bank. Nearly 75% of loans are smaller than NOK 3m, reflecting relatively low housing prices compared with Norway's metropolitan regions. The average loan in the pool is NOK 1.2m. A majority of the loans are amortising, though there are 20% flexible loans and 7% interest-only loans. Flexible loans (*rammelån*) are a fixed credit line secured against a home that is separate from any amortising portion of the customer's mortgage.

Figure 11. Share of pool by borrower level LTV, last five qtrs



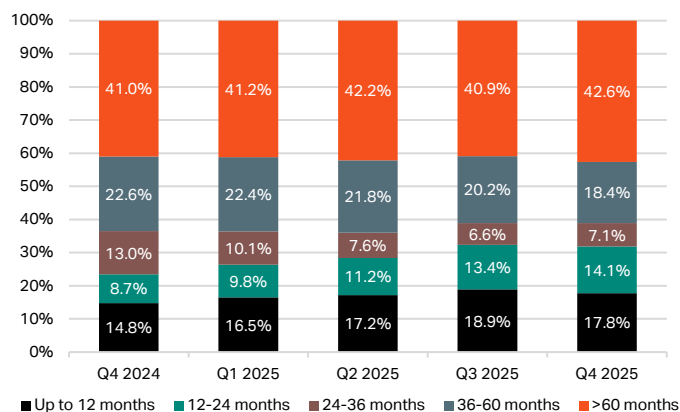
Source: company, HTT. Entire eligible loan amount in respective bucket based on borrowers' LTV.

Figure 12. Share of pool by property type, last five quarters



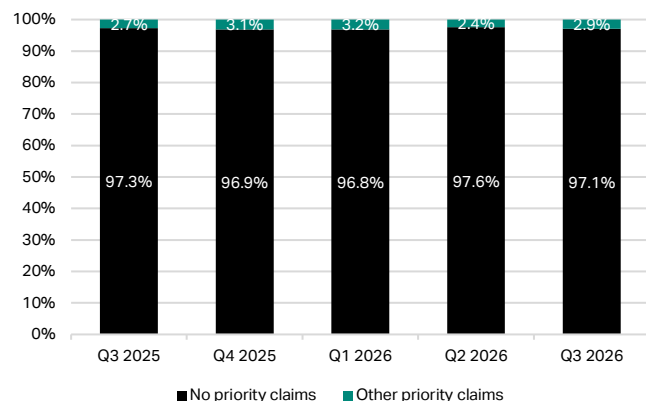
Source: company, HTT.

Figure 13. Share of pool by loan seasoning, last five quarters



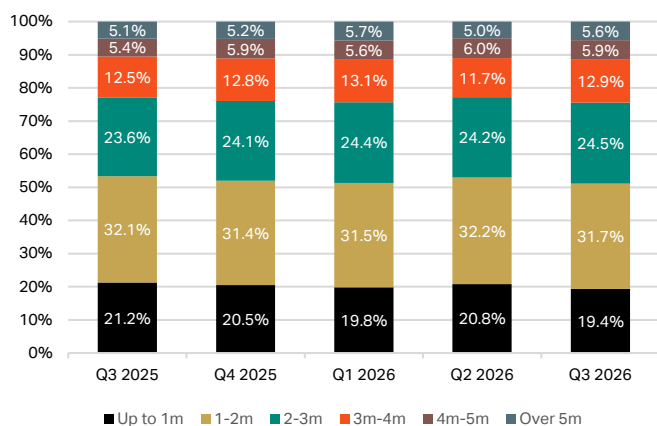
Source: company, HTT.

Figure 14. Share of pool by priority claims, last five quarters



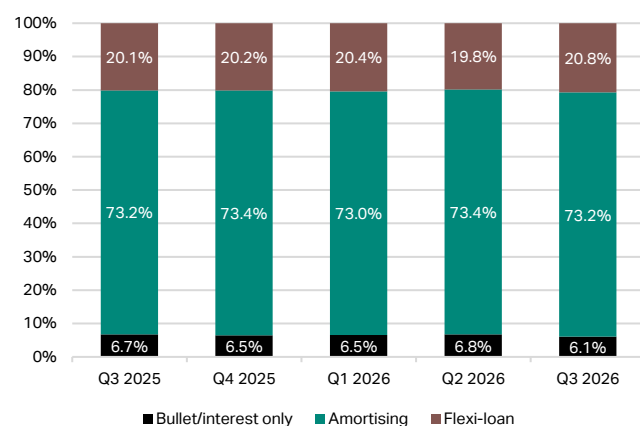
Source: company, HTT.

Figure 15. Share of pool by loan size, last five quarters



Source: company, HTT.

Figure 16. Share of pool by repayment structure, last five qtrs

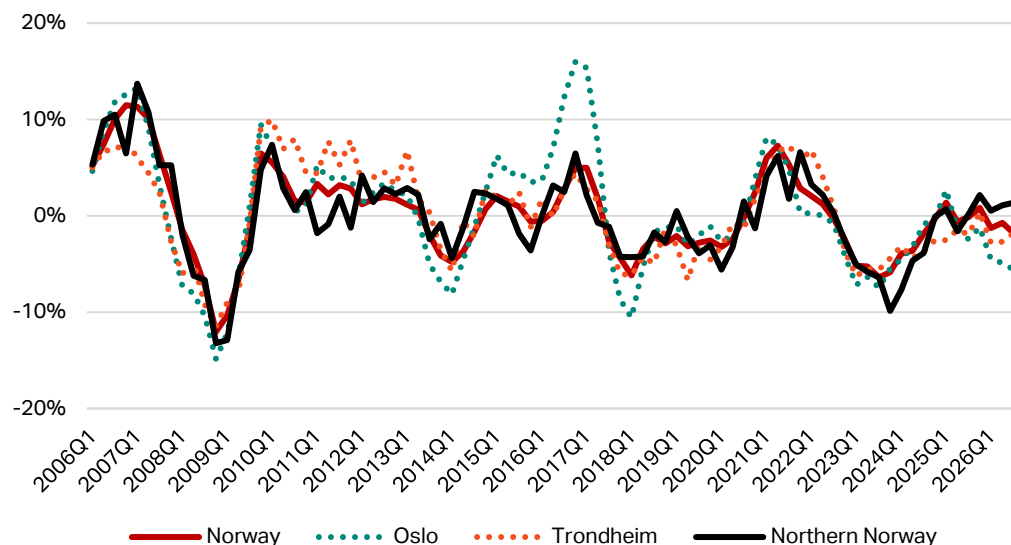


Source: company, HTT.

### Credit risk stress tests show impact of higher proportion of residential real estate

We expect growth rates in Helgeland to remain around their long-term compound annual growth rate (CAGR) of around 5%, though we remain cautious. Since 2005, average domestic housing prices have increased by 5.1% annually, according to Statistics Norway's housing price index. For Northern Norway the CAGR since 2005 has been 5.3%, with a high correlation to the national average. While housing prices have rebounded after the recent declines after rising interest rates, growth rates are presently close to the long-term CAGR. We expect prices to rise modestly over the next two years given the reversal in interest rate expectations in recent months, resulting in market expectations for policy rates to remain above 4.0% through 2028.

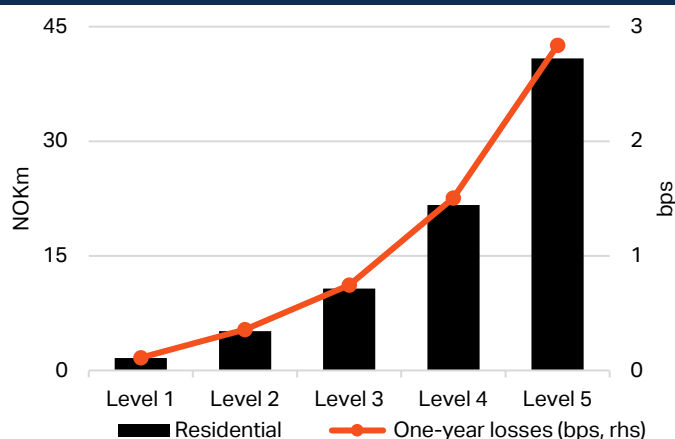
Figure 17. Norwegian annual housing price growth adjusted for CAGR, 2006Q1–2026Q3



Source: Statistics Norway, NCR.

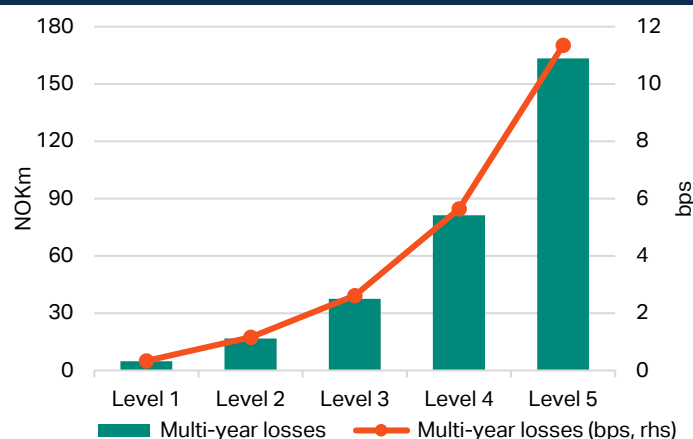
Our credit risk stress testing begins with standard assumptions (see Appendix 1). We base our cover pool stress scenarios on the assumption that Norwegian housing prices are +/- 5% from their long-term trend levels. Our stress scenarios currently consider a 20–40% fall in residential property prices. Given the high concentration in the mortgage portfolio, we assume loan losses and non-performing loans are 25% higher than for a nationally diversified loan book. For details on our stress test approach and assumptions, see Appendix II.

Figure 18. One-year credit loss as a share of cover pool loans, based on actual portfolio composition and NCR stress test, as of 30 Sep. 2026



Source: company, NCR.

Figure 19. Multi-year credit loss as a share of cover pool loans, based on actual portfolio composition and NCR stress test, as of 30 Sep. 2026



Source: company, NCR.

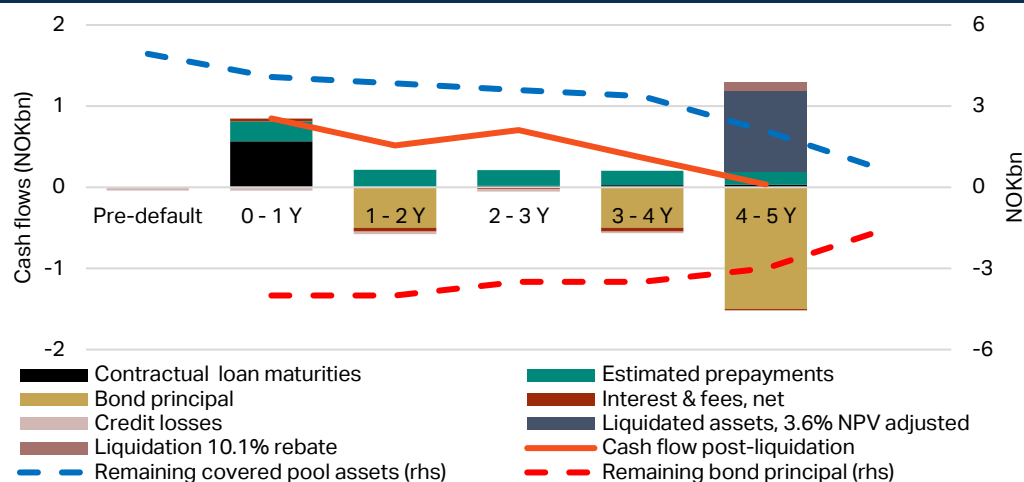
### Cash flow stress test shows no shortages over five-year rundown

Our stress analysis shows no cash flow shortfall, even in our most extreme scenario (Level 5), with a surplus of loan assets after the fifth year of rundown (see Figure 20). According to the severe stress test, the ability to repay the bonds due beyond five years could be weak in a rundown scenario.

Given the high likelihood that the cover pool and associated financing would be acquired by another bank, we consider this scenario unlikely for Helgeland Boligkreditt. The outcome of this analysis is theoretical, as it assumes immediate stress based on current margins, assets and outstanding bonds. The scenario primarily depends on our assumptions regarding discount rate severity and liquidation rebates on asset sales. Interest and fees have only a modest impact on our analysis of Helgeland

Boligkredit's stressed cash flows. Interest rate risk is mitigated by the relatively short-term interest rate fixing in the mortgage book and the company's policy of swapping all covered bond interest to floating rates.

**Figure 20. Stressed cash flows in NCR's level 5 scenario as of 30 Sep. 2026**



Source: company, NCR.

## ADDITIONAL FACTORS

### Counterparty risk from intra-group interest rate swaps

The maturities of interest rate swaps are aligned with those of the bonds. Helgeland Boligkredit's primary interest rate swap counterparty is SB1 SMN, which meets our 'BBB+' creditworthiness criteria for swap counterparties. If SB1 Helgeland's applicable public counterparty rating (as defined in the bond terms) falls below 'A-/Aa3', it is required to find a replacement counterparty. Accordingly, we do not adjust the rating on the covered bonds, despite the concentration of swap counterparties.

## ISSUER RATING

Our 'A' long-term issuer rating on Helgeland Boligkreditt reflects the operating environment for Norwegian mortgage lenders, the company's extremely low historical and projected loss performance, very strong capital and its low credit risk profile. The rating also considers Helgeland Boligkreditt's role as a 'vital' subsidiary within the SB1 Helgeland bank group and its long-term role as an alternative funding source for the bank's residential mortgages.

## STABLE OUTLOOK

The stable outlook on Helgeland Boligkreditt reflects the outlook for our issuer rating on SB1 Helgeland. We expect our ratings on Helgeland Boligkreditt's covered bonds to remain stable given our stable outlook on our issuer rating on the company.

### POSITIVE RATING DRIVERS:

- Improvement in the issuer rating of SB1 Helgeland.

### NEGATIVE RATING DRIVERS:

- Deterioration in SB1 Helgeland's issuer rating or Helgeland Boligkreditt's role within the group.

Figure 21. Key credit metrics, 2022–2028e

| %                         | 2022 | 2023  | 2024 | 2025  | 2026e | 2027e | 2028e |
|---------------------------|------|-------|------|-------|-------|-------|-------|
| Net interest margin       | 0.7  | 0.7   | 0.9  | 0.9   | 0.6   | 0.8   | 0.8   |
| Pre-provision income/REA  | 1.5  | 1.4   | 1.8  | 2.3   | 1.6   | 2.3   | 2.6   |
| Cost-to-income            | 21.3 | 24.0  | 24.2 | 21.0  | 30.2  | 21.7  | 19.4  |
| Return on ordinary equity | 4.8  | 3.9   | 4.1  | 4.7   | 2.7   | 4.2   | 4.8   |
| Loan losses/net loans     | 0.00 | -0.02 | 0.01 | -0.03 | 0.00  | 0.00  | 0.00  |
| Net stage 3/net loans     | 0.01 | 0.00  | 0.05 | 0.00  | 0.00  | 0.00  | 0.00  |
| Tier 1 ratio              | 25.7 | 29.8  | 32.5 | 47.0  | 43.2  | 41.2  | 39.3  |

Source: company and NCR. e-estimate. REA=risk exposure amount. CET1=common equity Tier 1. All metrics adjusted in line with NCR methodology.

## RATING RATIONALE

### Operating environment

Our assessment of Helgeland Boligkreditt's operating environment is aligned with that of SB1 Helgeland. The Norwegian economy is resilient. Low unemployment and wage growth support household debt-servicing capacity despite elevated interest rates. Housing prices have remained supportive, although high borrowing costs continue to pressure more vulnerable households.

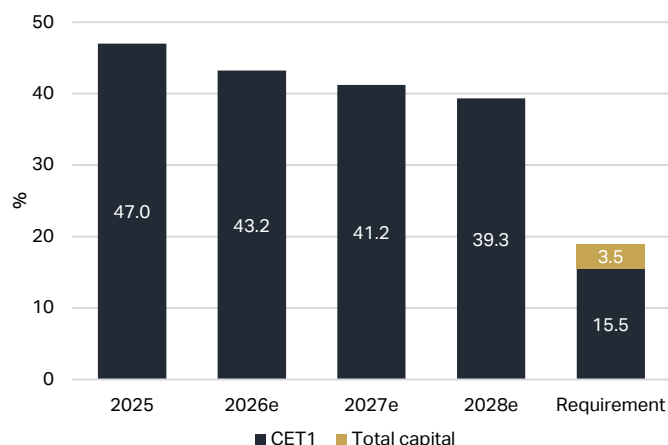
The company's exposure is concentrated in residential mortgages in Helgeland, a geographically dispersed region of about 84,000 inhabitants across 19 municipalities. Population growth has lagged national trends, while projected declines in many municipalities could constrain long-term housing demand and collateral values. These risks are partly offset by low regional unemployment and economic activity centred on Mo i Rana, Mosjøen, Sandnessjøen and Brønnøysund. The economy benefits from a diversified employment base, including industry, aquaculture, energy, tourism and the public sector.

### Risk appetite

Helgeland Boligkreditt has benefited from group investments in compliance and risk governance. Helgeland Boligkreditt pays for administrative services provided by the group under various service level agreements, which underpin its governance model, including risk oversight and internal audit.

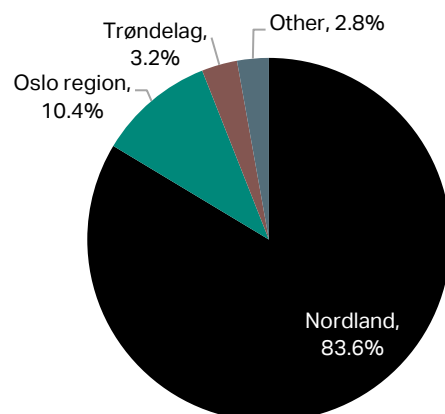
Helgeland Boligkreditt's capital position is robust, with a CET1 ratio of 39.1% as of 30 Jun. 2026, well above its internal requirements of 15.5% and total capital requirement of 19.0%. We project the ratio to decline, reflecting a history of paying 100% dividends and expectations of loan growth of around 5% per annum from mid-2026 through 2028. Nonetheless, capital is likely to remain well above 35% through 2028. The company also has access to additional capital from the group if needed and can return loans to SB1 Helgeland to reduce capital requirements, providing further flexibility.

Figure 22. Forecast capital ratios vs. requirements, 2025–2028e



Source: company, NCR.

Figure 23. Loans by region, 30 Sep. 2026



Source: HTT, NCR.

We view covered bonds as a stable funding source. In our view, Norway's track record of supporting covered bond market liquidity, helps mitigate asset-liability maturity mismatches associated with lending to long-term assets. We consider Helgeland Boligkreditt's parent loans to be a flexible and accessible secondary funding source, supporting compliance with regulatory liquidity coverage and net stable funding ratios.

SB1 Helgeland is a dominant bank in its region with market share of around 60% for residential mortgage lending in the Helgeland region. Helgeland Boligkreditt is a rather small covered bond issuer with a concentration cover pool, which has led to higher borrowing margins than larger issuers.

#### Performance indicators

Helgeland Boligkreditt's earnings metrics have weakened materially in 2026. We expect pricing pressure to persist across the market, though rising policy rates are expected to support an increase in margins from mid-year 2026 through 2027. The company's expenses are largely driven by internal cost allocations from SB1 Helgeland, but the cost base has not adjusted to weaker earnings, weakening capital generation. Margin improvements and growth around 5% per year should result in return risk-adjusted earnings between 1.5-2.5% over the forecast period.

We expect Helgeland Boligkreditt to maintain a relatively clean cover pool and to consider returning non-performing loans back to SB1 Helgeland. On 30 Sep. 2026, the bank had no Stage 3 non-performing loans and has not had any Stage 3 loans since 2025. At the same time, the company reported 1.6% of net Stage 2 loans, its lowest level since the implementation of IFRS 9 in 2018.

Environmental, social and governance (ESG) factors are considered in our analysis when material to the credit assessment. Helgeland Boligkreditt's role in the group's ESG strategy is defined by SB1 Helgeland and the group's broader sustainability commitments.

Figure 24. Priority ESG factors

| Issue/area                          | Risk/opportunity                                                                                                                                              | Impacted subsections (impact on credit assessment*) |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| Control of sustainability issues    | Proactive and rigorous measures mitigate regulatory and reputational risks and give credibility to sustainability profile.                                    | Risk governance (0)<br>Credit risk (0)              |
| Sustainable/green bond framework    | Aims to become a green bond issuer now that it has established itself as a benchmark covered bond issuer.                                                     | Funding & liquidity (0)                             |
| Physical climate risk to collateral | Climate-related damage to real-estate collateral (closely linked to supervision of insurance). Longer-term term effects on market values in flood risk areas. | Credit risk (0)<br>Loss performance (0)             |
| Anti-money laundering capacity      | Risk of sanctions and fraud due to insufficient control of customers.                                                                                         | Risk governance (0)                                 |

\*Defined according to a 5-step scale ranging from double minus (--) to double plus (++), with (--) representing the most negative impact and (++) the most positive.

Ownership support  
neutral

We view Helgeland Boligkreditt as a 'vital' entity within the SB1 Helgeland bank group. As such, we align the company's issuer rating with the issuer rating of its parent.

Helgeland Boligkreditt is partly financed by SB1 Helgeland and is highly integrated within the bank and a core part of its funding strategy, even with the alternative to use SpareBank 1 Boligkreditt.

## ISSUE AND SHORT-TERM RATINGS

Figure 25. Issue and short-term ratings

|                   | Rating |
|-------------------|--------|
| Senior unsecured  | A      |
| Short-term rating | N2     |

Short-term and issue ratings are mapped to the long-term issuer rating, in accordance with our Financial Institutions Rating Methodology

## METHODOLOGIES USED

- (i) [Financial Institutions Rating Methodology](#), 12 May 2025.
- (ii) [Covered Bond Rating Methodology](#), 12 May 2025.
- (iii) [Rating Principles](#), 14 Feb. 2024.
- (iv) [Group and Government Support Rating Methodology](#), 14 Feb. 2024.

## Appendix I: Norwegian regulation

### BRRD and creditor hierarchy

Following Norway's adoption of the BRRD, the creditor hierarchy for Norwegian banks is as follows:

1. Secured or collateralised obligations, including covered bonds.
2. Guaranteed deposits.
3. Unguaranteed household and SME deposits.
4. Senior preferred debt and wholesale and institutional deposits.
5. Senior non-preferred debt.
6. Subordinated debt.
7. Tier 2 capital instruments.
8. Additional Tier 1 instruments.
9. Equity.

The directive also limits the potential for bail-in of covered bonds in instances in which covered bond liabilities exceed eligible cover pool assets. The Norwegian regulator uses independent oversight of the cover pool register to ensure that liabilities never exceed the value of pool assets.

### Norwegian covered bond regulation

Norwegian covered bond legislation was introduced in 2007 and the law is governed by the Norwegian Financial Institutions Act (*Lov om finansforetak og finanskonsern*) and related regulation (*Forskrift om finansforetak og finanskonsern*). On 8 Jul. 2022 Norway implemented its version of the EU's updated covered bond directive.

The Norwegian Covered Bonds Issuance Act ensures:

- the bankruptcy remoteness of the cover pool and the maintenance of an accurate register of pool assets, including derivative agreements;
- covered bond investors' preferential claim to pool assets;
- covered bond investors' pari passu claim with other senior creditors to additional assets;
- independent monitoring of the cover pool appointed by the Norwegian Financial Supervisory Authority;
- a liquidity buffer requirement covering 180 days of net outflows using extended maturity dates for extendable maturity (soft bullet) bonds;
- soft bullet bonds are only extended if approved by the Norwegian regulator to avoid insolvency;
- acceptance of lower-rated derivative counterparties, where necessary, to avoid counterparty concentrations;
- separate bank accounts for pool-related transactions; and
- the national administrator's authority to borrow and issue derivatives, as well as sell assets, if necessary, to maintain a balance between incoming and outgoing cash flows.

In addition, the law sets out the following conditions for cover pool assets:

- property exposures should be located in Norway or other states of the European Economic Area;
- maximum LTV of 80% for residential mortgages and 60% for holiday properties included as eligible security;
- maximum LTV of 60% for commercial and agricultural mortgages included as eligible security, which can be increased to 70% if overcollateralisation in the cover pool exceeds 10% (Agricultural mortgages are defined as either primarily residential or commercial);
- maximum of 5% single-name concentration in the cover pool;
- the amount of additional liquid security that can be pledged in the cover pool is 20%; and
- the nominal value of eligible pool assets must exceed bond liabilities by 5%, i.e. overcollateralisation of 5%.

## Appendix II: Stress test details

Our standalone stress test of the cover pool assumes that all external support is unavailable and that only the underlying assets provide sufficient liquidity to meet coupon and principal payments. The stress test was based on cover pool data as of 30 Sep. 2026. The analysis assumes the issuer and/or banking group is in liquidation, with administrators committed to winding down the pool and selling assets at a discount to ensure timely investor payments.

For each scenario, if the modelled cash flows indicate that the existing cover pool assets can provide sufficient liquidity to repay outstanding covered bonds, a notch of cover pool support is added to the qualitative assessment, up to a maximum of 'aaa'. This is determined by comparing existing overcollateralisation with modelled cash flows and cover pool liquidation proceeds to meet coupon and principal payments, as well as modelled default rates for mortgages and other cover pool assets.

We conduct credit risk and cash flow stress testing on the cover pool assets using five progressively severe scenarios, from Level 1 to Level 5, with Level 5 being the most stringent. When the qualitative assessment is below 'aaa', these stress levels help determine whether additional credit support from the pool assets can be reflected in higher covered bond ratings. For Helgeland Boligkreditt, which has a qualitative assessment of 'aaa', the stress test analysis indicates potential for further credit support in the highly unlikely event that the cover pool becomes a standalone entity.

**Figure 26. Standard asset quality assumptions used in credit risk stress testing (%)**

|         | Residential properties and housing association probability of default | Standard price fall | Adjusted probability of default due to concentration and region class | Adjusted default rates* |
|---------|-----------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------|-------------------------|
| Level 1 | 4.0                                                                   | 20                  | 5.1                                                                   | 1.7                     |
| Level 2 | 5.2                                                                   | 25                  | 6.7                                                                   | 2.2                     |
| Level 3 | 6.9                                                                   | 30                  | 8.8                                                                   | 2.9                     |
| Level 4 | 9.0                                                                   | 35                  | 11.5                                                                  | 3.8                     |
| Level 5 | 11.8                                                                  | 40                  | 15.1                                                                  | 5.0                     |

\*One third of instances of default are assumed to result in an executive auction at discounted prices.

According to our criteria, the current price level results in property value stresses shown above. In Helgeland Boligkreditt's case we have adjusted the probability of default levels by 2% based on our definition of the region class for the exposures and have applied an additional 25% concentration adjustment based on the significant concentration of the pool to Nordland county. The actual probability of default in the credit risk stress test is shown above.

For further details of the stress assumptions and adjustments, see Appendix 1: Analysing the cover pool in our *Covered Bond Rating Methodology*.

**Figure 27. Helgeland Boligkreditt key financial data, 2022–Q2 2026 YTD**

| Key credit metrics (%)                        | FY 2022 | FY 2023 | FY 2024 | FY 2025 | Q2 2026 YTD |
|-----------------------------------------------|---------|---------|---------|---------|-------------|
| <b>INCOME COMPOSITION</b>                     |         |         |         |         |             |
| Net interest income to op. revenue            | 99.9    | 93.2    | 97.4    | 90.0    | 111.2       |
| Net fee income to op. revenue                 | 0.0     | 0.0     | 0.0     | 0.0     | 0.0         |
| Net gains and losses/operating revenue        | 0.1     | 6.8     | 2.6     | 10.0    | -11.2       |
| Net other income to op. revenue               |         |         |         |         |             |
| <b>EARNINGS</b>                               |         |         |         |         |             |
| Net interest income to financial assets       | 0.7     | 0.7     | 0.9     | 0.9     | 0.4         |
| Net interest income to net loans              | 0.8     | 0.7     | 0.9     | 0.9     | 0.5         |
| Pre-provision income to REA                   | 1.5     | 1.4     | 1.8     | 2.3     | 0.8         |
| Core pre-provision income to REA (NII & NF&C) | 1.5     | 1.3     | 1.7     | 2.0     | 1.0         |
| Return on ordinary equity                     | 4.8     | 3.9     | 4.1     | 4.7     | 1.4         |
| Return on assets                              | 0.4     | 0.4     | 0.5     | 0.6     | 0.2         |
| Cost-to-income ratio                          | 21.3    | 24.0    | 24.2    | 21.0    | 45.0        |
| Core cost-to-income ratio (NII & NF&C)        | 21.3    | 25.7    | 24.9    | 23.3    | 40.5        |
| <b>CAPITAL</b>                                |         |         |         |         |             |
| CET1 ratio                                    | 25.7    | 29.8    | 32.5    | 47.0    | 39.1        |
| Tier 1 ratio                                  | 25.7    | 29.8    | 32.5    | 47.0    | 39.1        |
| Capital ratio                                 | 25.7    | 29.8    | 32.5    | 47.0    | 39.1        |
| REA to assets                                 | 37.5    | 36.1    | 36.2    | 24.9    | 27.8        |
| Dividend payout ratio                         | 100.0   | 100.0   | 97.1    | 99.0    | 101.3       |
| Leverage ratio                                | 9.3     | 10.4    | 11.2    | 11.4    | 10.6        |
| <b>GROWTH</b>                                 |         |         |         |         |             |
| Asset growth                                  | -26.3   | -10.6   | -8.5    | 0.3     | 7.5         |
| Loan growth                                   | -26.7   | -14.2   | -7.6    | -1.0    | 7.9         |
| Deposit growth                                |         |         |         |         |             |
| <b>LOSS PERFORMANCE</b>                       |         |         |         |         |             |
| Credit provisions to net loans                | 0.00    | -0.02   | 0.01    | -0.03   | 0.00        |
| Stage 3 coverage ratio                        | 4.90    |         | 4.67    |         |             |
| Stage 3 loans to gross loans                  | 0.01    | 0.00    | 0.05    |         |             |
| Net stage 3 loans to net loans                | 0.01    | 0.00    | 0.05    |         |             |
| <b>FUNDING &amp; LIQUIDITY</b>                |         |         |         |         |             |
| Loan to deposit ratio                         |         |         |         |         |             |
| Liquid assets to deposit ratio                |         |         |         |         |             |
| Net stable funding ratio                      | 114.0   | 121.0   | 122.0   | 143.0   | 143.0       |
| Liquidity coverage ratio                      | 3203.0  | 3748.0  | 1599.0  | 1500.0  | 1377.0      |
| <b>Key financials (NOKm)</b>                  |         |         |         |         |             |
| <b>BALANCE SHEET</b>                          |         |         |         |         |             |
| Total assets                                  | 5,688   | 5,085   | 4,655   | 4,670   | 5,019       |
| Total financial assets                        | 5,308   | 4,673   | 4,241   | 4,623   | 4,946       |
| Net loans and advances to customers           | 5,159   | 4,426   | 4,091   | 4,052   | 4,373       |
| Liquid assets                                 | 148     | 247     | 150     | 571     | 573         |
| Customer deposits                             | –       | –       | –       | –       | –           |
| Issued securities                             | 4,359   | 3,411   | 3,535   | 3,471   | 3,709       |
| of which other senior debt                    | 4,359   | 3,411   | 3,535   | 3,471   | 3,709       |
| of which subordinated debt                    | –       | –       | –       | –       | –           |
| Total equity                                  | 577     | 570     | 571     | 576     | 552         |
| of which ordinary equity                      | 577     | 570     | 571     | 576     | 552         |
| <b>CAPITAL</b>                                |         |         |         |         |             |
| Common equity tier 1                          | 548     | 547     | 547     | 547     | 547         |
| Tier 1                                        | 548     | 547     | 547     | 547     | 547         |
| Total capital                                 | 548     | 547     | 547     | 547     | 547         |
| REA                                           | 2,130   | 1,835   | 1,684   | 1,163   | 1,398       |
| <b>INCOME STATEMENT</b>                       |         |         |         |         |             |
| Operating revenues                            | 46      | 36      | 41      | 42      | 10          |
| Pre-provision operating profit                | 36      | 28      | 31      | 33      | 5           |
| Impairments                                   | -0      | -1      | 1       | -1      | 0           |
| Net Income                                    | 28      | 22      | 23      | 27      | 4           |

Source: company. FY–full year. YTD–year to date.

Figure 28. Helgeland Boligkreditt rating scorecard

| Subfactors                           | Impact | Score     |
|--------------------------------------|--------|-----------|
| National banking environment         | 10.0%  | a         |
| Sector exposure assessment           | -      | -         |
| Regional assessment                  | 10.0%  | bbb       |
| Cross border assessment              | -      | -         |
| Operating environment                | 20.0%  | bbb+      |
| Risk governance                      | 7.5%   | a         |
| Capital                              | 17.5%  | a         |
| Funding and liquidity                | 15.0%  | a+        |
| Credit and market risk               | 10.0%  | bbb       |
| Risk appetite                        | 50.0%  | a         |
| Competitive position                 | 15.0%  | a         |
| Earnings                             | 7.5%   | aa        |
| Loss performance                     | 7.5%   | bbb       |
| Performance indicators               | 15.0%  | a         |
| <b>Indicative credit assessment</b>  |        | <b>a</b>  |
| Peer comparison                      |        | Neutral   |
| Transitions                          |        | Neutral   |
| Borderline assessments               |        | Neutral   |
| <b>Stand-alone credit assessment</b> |        | <b>a</b>  |
| Ownership                            |        | Neutral   |
| Capital structure protection         |        | Neutral   |
| Rating caps                          |        | Neutral   |
| <b>Issuer rating</b>                 |        | <b>A</b>  |
| Outlook                              |        | Stable    |
| <b>Short-term rating</b>             |        | <b>N2</b> |

Figure 29. Capital structure ratings

| Seniority    | Rating |
|--------------|--------|
| Covered bond | AAA    |

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