

SSB Boligkreditt AS

Norwegian Covered Bonds – Performance Update



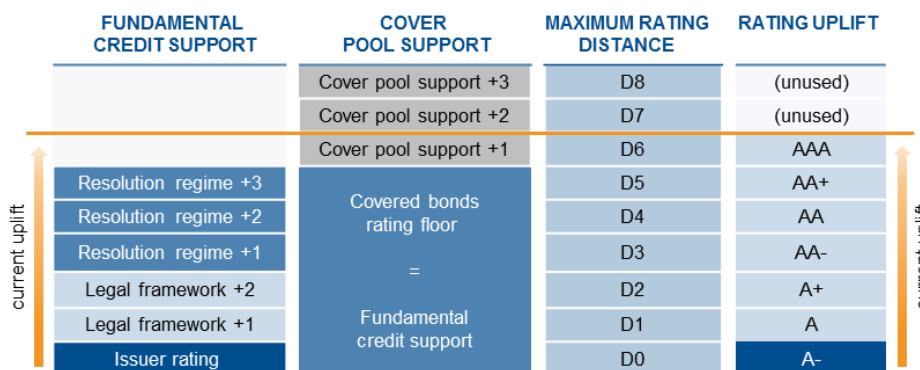
The AAA rating with a Stable Outlook assigned to the Norwegian mortgage-covered bonds issued by SSB Boligkreditt AS (SSBB) is based on the bank's A- issuer rating enhanced by six notches of cover pool support. Five notches of the support reflect our assessment of the strong fundamental credit support provided by the Norwegian legal covered bond and resolution framework.

Cut-off date	Cover pool	Cover asset type	Covered bonds	Rating/Outlook
31 Dec 2021	NOK 10.50bn	Residential mortgage loans	NOK 8.36bn	AAA/Stable

SSBB is a wholly owned, specialised credit institution dedicated to providing secured covered bond funding for its parent, Sandnes Sparebank (Sandnes). The issuer rating on SSBB reflects its full ownership by Sandnes (both banks are rated A-/Stable) and SSBB's ability to refinance residential mortgage loans using covered bonds.

Fundamental credit support factors from the Norwegian legal and resolution framework provide a five-notch uplift above the bank's rating. This effectively forms a rating floor at AA+. Cover pool support enables the programme to be rated AAA, with another one notch of uplift reflecting the credit strength of the covered bond programme.

We assign a cover pool complexity (CPC) score of 1 to the interplay between complexity and transparency. This allows for a maximum additional uplift of up to three notches on top of the fundamental uplift. Consequently, the programme may further benefit from a two-notch buffer against an issuer downgrade as the maximum theoretical uplift constitutes eight notches, as opposed to the six notches used to achieve the highest rating for these covered bonds.



Stable Outlook

The Stable Outlook on the covered bond rating reflects: i) the continuous availability of high overcollateralisation (OC), which provides a buffer against a rise in credit and market risks; ii) our view that European covered bond harmonisation will not negatively impact the fundamental support factors relevant for the issuer and Norwegian mortgage-covered bonds in general; and iii) our view of the issuer's stable credit quality.

Changes since the last performance update

Since March 2021, the cover pool has increased to NOK 10.5bn (+3.6%). At the same time, our calculated loan-to-value (LTV) ratio has further decreased by 0.7pp to 52.0%. The assets' weighted average remaining life (11.2 years) and that of the bonds (4.2 years, extended) have remained relatively stable. We have maintained the supporting OC at 4%, while the contribution to market risks has increased to 2.0% (from 1.6%), mainly due to lower asset margins.

Ratings & Outlook

Issuer rating	A-
Outlook	Stable
Last rating action	Affirmation
Last rating action	20.04.2022
Covered bond	AAA
Outlook	Stable
Rating action	Affirmation
Last rating action	21.04.2022

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Related Research

Scope affirms AAA rating on SSB Boligkreditt's Norwegian mortgage-covered bonds – Outlook Stable
April 2022

Scope affirms Sandnes Sparebank's A- issuer rating with Stable Outlook
April 2022

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Bloomberg: RESP SCOP

Specialised mortgage bank issuing covered bonds

The issuer

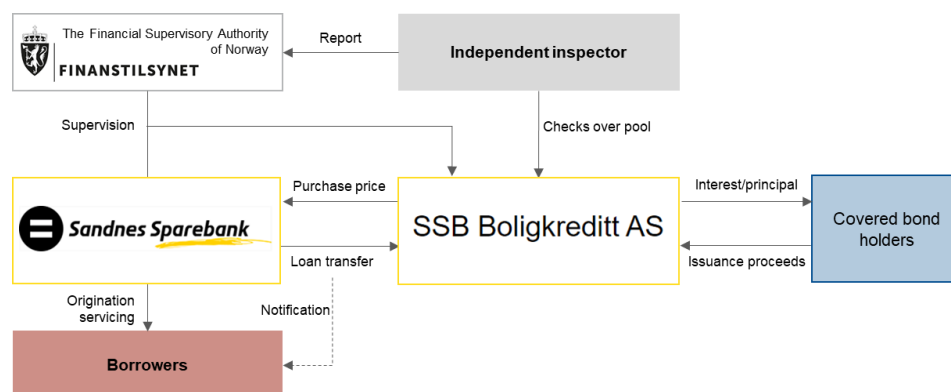
SSBB's ratings reflect those of its parent bank, Sandnes. Founded in 1875, Sandnes is a local savings bank operating in the county of Rogaland in southwest Norway. The bank serves about 40,000 personal and 5,000 business customers from its head office and branch in Sandnes as well as a branch in Stavanger. It is the second largest savings bank in Rogaland, competing with SpareBank 1 SR-Bank, DNB, Danske Bank and others.

For further details of our bank credit analysis, see the full bank rating report available on www.scoperatings.com.

Programme structure

The Norwegian legal covered bond framework is mainly based on the relevant section on covered bonds in the Financial Institutions Act together with a related regulation on mortgage credit institutions, both introduced in 2007. Under this framework, issuance is only permitted through specialist covered bond issuers. Most issuers of covered bonds (called Boligkreditt or specialised residential mortgage institutions) are subsidiaries that rely on loans originated by their respective parent banks. A Boligkreditt issues covered bonds, whose proceeds are used to purchase mortgage assets from its parent bank(s), thereby financing the latter's lending business.

Current issuance structure



Source: Scope Ratings

Fundamental credit support analysis

Fundamental credit support factors enhance the covered bond rating by five notches above SSBB's issuer rating. This is based on our view of: i) Norway's covered bond legal framework; and ii) the resolution regime and systemic importance of SSBB's covered bonds.

Legal framework analysis

We consider the Norwegian covered bond framework to be one of Europe's strongest, meeting our criteria for protecting investors. Therefore, we assign the highest credit differentiation of two notches.

As of 17 December 2021, the Norwegian government has proposed new legislation to implement the European Covered Bond Directive. The Covered Bond Directive has not yet been incorporated into the Agreement on the European Economic Area (EEA Agreement). The Ministry of Finance is planning to incorporate the new legislation before it applies in the EU on 8 July 2022.

No impact from proposed legislation

The proposed directive is based on the same principles as the current Norwegian covered bonds framework. Major changes have therefore not been incorporated into the directive. As a consequence, it will not negatively impact our assessment, also because

some of the changes may improve the bonds' credit profile, e.g. minimum overcollateralisation of 5% compared to 2% for residential and commercial mortgage loans according to the current legislation. Our assessment below is based on the active Norwegian covered bond legislation.

We understand that SSBB is currently in the process of adopting the anticipated changes in the legislation. This includes addressing some uncertainties around implementation, such as the effective minimum overcollateralisation requirements, the higher LTV limit (80% up from 75%), any objective trigger requirement on extended maturity, netting options for liquidity requirements as well as the requirement for an internal auditor.

Segregation of cover pool upon insolvency

The legislation gives bondholders a preferential claim over the cover pool if the issuer is placed under public administration. The term 'covered bonds', ('obligasjoner med fortrinnsrett' in Norwegian or 'OMF') is protected by law. The assets in the pool remain with the estate in case the issuer is placed under public administration, but the bondholders and derivative counterparties have an exclusive, equal and proportionate preferential claim over the cover pool, and the administrator is bound to assure timely payment, provided the pool gives full cover to the said claims.

Ability to continue payments after issuer insolvency

Under the legislation, covered bond issuers cannot be declared bankrupt, but have to be placed under public administration if they face solvency or liquidity problems. This will give the authorities more flexibility to deal with covered bond companies, while maintaining the rights of covered bond holders. The liquidator must ensure the proper management of the cover pool and ensure that holders of covered bonds and derivative counterparties receive agreed and timely payments. Public administration or insolvency does not in itself give holders of covered bonds and derivative counterparties a right to accelerate their claims. If it is not possible to make contractual payments when claims fall due, and an imminent change is unlikely, the liquidator must halt the payments.

Programme enhancements remain available

Norwegian covered bonds have a mandatory minimum OC requirement of 2% (nominal). All voluntary OC is part of the cover pool.

Liquidity and other risk management guidelines

The issuer will have to adopt strict internal regulations with respect to liquidity risk, interest rate risk and currency risk. However, the liquidity measures are relatively weak because they are described as general guidance. At present, even though SSBB does, most issuers do not provide liquid assets but rely on the maturity extension only. This will change in the near term as the Norwegian Financial Supervisory Authority (FSA) has proposed the inclusion of the 180-day-liquidity buffer, also for soft-bullet covered bonds, following the amendments of the regulation caused by the EU Covered Bond Directive.

Liquidity: Equally, the credit institution must ensure that the payment flows from the cover pool enable the institution to honour its payment obligations to holders of covered bonds and derivative counterparties at all times. It must establish a liquidity reserve to be included in the cover pool as substitute assets in addition to carrying out periodical stress tests to ensure satisfactory liquidity management.

Interest rate risk: A covered bond issuer cannot assume greater risk than what is prudent at all times. It is obliged to establish a limit on the interest rate risk in relation to its own funds and potential losses. This must be based on a parallel shift of 1 percentage point in all interest rate curves as well as non-parallel shifts in the same curves. The interest rate curves must be divided into time intervals, and value changes for each time interval have

to be limited to a prudent portion of the overall limit on interest rate risk that is set for the institution.

Forex risk: A covered bond issuer must not be exposed to any substantial foreign exchange risk and is thus obliged to establish limits on such risks. For the largest issuers, issuance is often denominated in EUR with a fixed rate, whereas the mortgages are typically in NOK and with a floating rate.

Derivatives: Norwegian issuers may use derivatives to avoid forex- and interest rate risk and to satisfy regulatory requirements. If a derivative agreement has a positive mark to market value, the amount will be a part of the cover pool. If the value is negative, the counterparties in the derivative agreement will have a preferential claim in the pool and rank 'pari passu' with the holders of covered bonds. As a corollary to this, the counterparties in the derivative agreements will be subject to the same restrictions as the bondholders with respect to declaration of default.

Covered bond oversight

Norwegian issuers are subject to a supervisory regime involving both an independent inspector ('cover pool monitor') and the public supervisor, the FSA. There are no limitations on issuance. However, the FSA can instruct an institution not to issue covered bonds if the financial strength of the institution gives rise to concern.

The mortgage institution must maintain a register of issued covered bonds and of the cover assets assigned to them, including derivative agreements. To ensure that the register is correctly maintained, an independent inspector must be appointed by the FSA. The inspector must also regularly review compliance with the requirements concerning the balance principle and report to the FSA.

Resolution regime analysis

SSBB's covered bonds benefit from an additional three-notch uplift, which reflects their exemption from bail-in and the support from a strong stakeholder community. This is based on: i) a moderate to high likelihood that the covered bond issuer will be maintained in a resolution scenario; and ii) the high systemic importance of covered bonds in Norway. However, we also recognise the low visibility and importance of SSBB as a covered bond issuer. We may provide up to four notches of support for Norwegian covered bonds issued by resolvable and very visible entities.

Exclusion from bail-in

Norwegian covered bonds benefit from bail-in exemption. Norway is in the European Economic Area, and the EU's Bank Recovery and Resolution Directive (2014/58/EU – BRRD) has been adopted by its member states.

Resolution

We believe that the current capital structure would, in theory, allow regulators to restructure the bank using available resolution tools should the need arise. However, the most likely scenario would be a transfer or take-over by another bank. An orderly winddown is also a plausible scenario. As a result, investors might not benefit from an issuer structure that may be maintained as a going concern.

Systemic relevance of covered bonds

We generally classify Norwegian covered bonds as a systemic refinancing product, particularly for residential mortgages. The combined outstanding volume of covered bonds has averaged more than 30% of GDP since 2011 and was more than 40% at the end of 2020. Annual issuance hovers around EUR 25bn, reaching EUR 30bn in 2020. 24 specialised covered bond issuers are active in Norway, issuing residential, commercial

Three notches of additional uplift reflecting resolution regime

and public sector-backed covered bonds. Globally, Norway was the seventh largest issuer in 2020 and is the eighth largest issuer by total outstanding size.

Relevance/importance of covered bond funding for SSBB

We believe SSBB's covered bond issuing activities and market share only result in a low to moderate systemic importance. The bank only issues on the domestic market, which should reduce negative repercussions on other issuers in the event of a failure. However, SSBB's low to moderate systemic importance also reflects the fact that most of Norway's 24 covered bond issuers are similarly subsidiaries of small to midsize banks. Thus, the failure of a covered bond issuer with the size and setup of SSBB could still result in contagion, effectively creating systemic problems for other issuers reliant on this refinancing channel for their core product, residential mortgage lending.

Proactive stakeholder community

The country's covered bond issuers actively cooperate under the umbrella of the Norwegian Covered Bond Council to promote the product and initiate any changes to the framework, such as the March 2017 increase in minimum OC to 2% to avoid potential challenges for cover pool derivatives due to the European Market Infrastructure Regulation. Domestic covered bond investors such as banks and insurers actively use covered bonds not only as a substitute for long-dated, NOK-denominated government debt but also to manage liquidity. Moreover, Norway's central bank has demonstrated its support for covered bonds by using them in its repo operations and running a covered bond to government debt 'swap programme' in 2008-2014. Norway's FSA also has an active interest given the bonds' widespread use to refinance residential mortgage lending.

Norway was also the first country to align its covered bond framework with the new EU Covered Bond Directive and is planning to meet the deadline to transpose the directive into national law. These are further signs of the high systemic importance of the product and the activity of the local community.

Cover pool characteristics

Reporting date	Dec 2021	Mar 2021
Balance (NOK bn)	10.5	10.1
Residential (%)	93.2	91.7
Substitute (%)	6.8	8.3

Property type (%)

Reporting date	Dec 2021	Mar 2021
Single-family house	79.7	80.0
Apartment	20.3	19.9
Others	0.1	0.1

General information

Reporting date	Dec 2021	Mar 2021
No. of loans	6,144	5,829
No. of obligors	5,187	5,215
Avg. size (NOK m)*	1.9	1.8
Top 10 (%)**	0.8	1.1
WA maturity (y)	19.3	19.1
LTV (%)	52.0	52.7

*per borrower, **loan concentration

Interest rate type (%)

Reporting date	Dec 2021	Mar 2021
Floating	100.0	100.0
Fixed	0.0	0.0

Repayment type (%)

Reporting date	Dec 2021	Mar 2021
Annuity	79.3	76.8
Flexible	19.8	22.3
Interest only	0.9	0.1

Cover pool analysis

SSBB's mortgage-covered bond ratings are cover pool-supported, with six out of eight possible notches currently needed to achieve the highest rating. Fundamental credit support provides for a five-notch rating uplift and, effectively, a floor against a deterioration in cover pool credit quality. Our assessment of the interplay between complexity and transparency translates into a CPC score of 1, which allows for a maximum three-notch uplift on top of the fundamental uplift.

The minimum supporting OC needed to achieve the highest rating remains unchanged at 4%, supported by the sound credit metrics of the cover pool and low market risks. Market risks arise from maturity mismatches, which are partly mitigated by the bonds' soft-bullet structure.

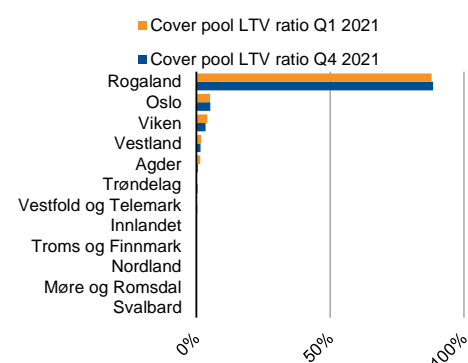
Cover pool composition

The cover pool is predominantly secured by Norwegian residential mortgage loans denominated in Norwegian krone. The cover pool also comprises substitute assets, mainly other highly rated Norwegian covered bonds. The mortgage pool consists of 6,144 loans granted to 5,187 obligors with an average loan size of NOK 1.9m (around EUR 180,000). The 10 largest obligors only account for 0.8% (from 1.1%). Since our last review, loan granularity has improved slightly, reflecting 6.0% growth in the mortgage portfolio.

Around 80% of the portfolio is made up of single-family houses and terraced houses; the remaining 20% are apartments. Others account for only 0.1%.

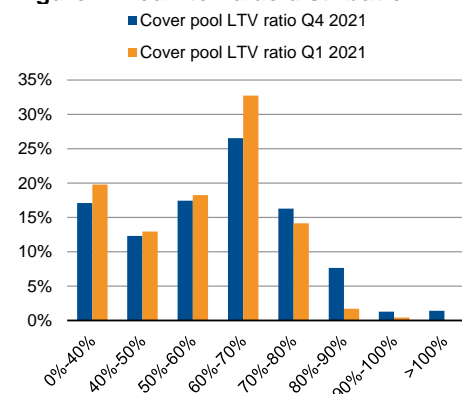
The bank primarily operates in the Stavanger region in southwestern Norway. Hence, as of December 2021, 88.4% of the mortgage loans are exposed to the region of Rogaland, 5.2% to Oslo and 3.4% to Viken. The remainder are spread across Norway. The regional distribution has remained relatively stable compared to March 2021.

Figure 1: Regional distribution



Source: Scope Ratings, SSBB

Figure 2: Loan-to-value distribution



Source: Scope Ratings, SSBB

The weighted average LTV ratio of 52.0% (down from 53.0%) is based on the current outstanding balance. Flexible loans make up 20% (down from 22%) of the cover pool. These loans have an embedded credit line, which can be drawn on without new credit approval. Flexible loans will only be granted if the loan's LTV ratio does not exceed 60%. Existing flexible loans may only be drawn up to 60%. The portfolio average LTV ratio would be 54.2% if the maximum drawable amount for flexible loans were used.

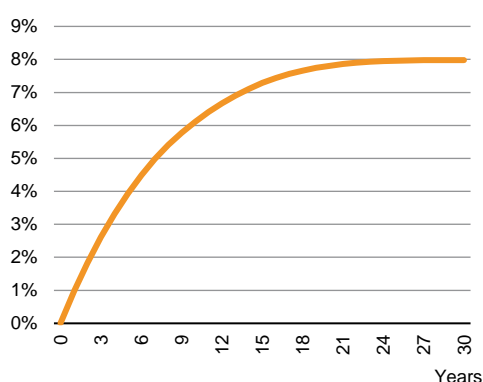
Asset risk analysis

The cover pool's credit quality remains strong. We assumed an annual average default probability of 41bps (down from 42bps). Our projection of default on mortgage loans used

an inverse Gaussian distribution, based on available credit performance data provided by the bank (in particular, historical delinquencies and the portfolio loss rate) and benchmarking. The average borrower probability of default is commensurate with a BB+ rating. This translates into an unchanged cumulative term default rate of 8.0%. We further maintained our assumption of a coefficient of variation of 60% for the mortgage assets. This factors in the higher sensitivity to economic shocks in the western regions of Norway.

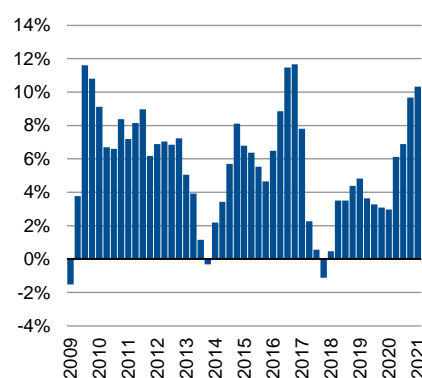
We calculated the legal amortisation profile assuming that all flexible loans were fully drawn.

Figure 3: Expected term defaults, cumulative



Source: Scope Ratings, SSB

Figure 4: House price growth Norway, annualised



Source: Scope Ratings, statOECD

Stressed mortgage recovery rates worsened slightly to 79.8%, down from 81.9% assessed nine-month ago. The recovery partly reflects the moderate drop in the portfolio's LTV (from rising house prices) but is also driven by more conservative value haircuts reflecting the extraordinary property value growth during the pandemic. We see price growth in Norway significantly above 3% as unsustainable and have therefore increased our stressed market value haircuts (MVD) by 2.5%.

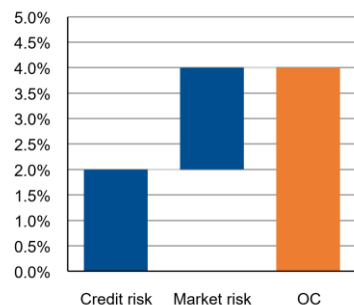
Figure 5: Norwegian security value haircuts (SVH)

Region	Base MVD	Stressed MVD	Firesale discount	Stressed SVH
Oslo	0%	55.0%	20%	65.0%
South-western	0%	35.0%	20%	47.5%
Rest of Norway	0%	42.5%	20%	55.0%

Our base recovery expectation remains very strong at 99.1%. We kept the firesale discount unchanged at 20%. The fire-sale discount is applied to properties sold under non-standard market or distressed conditions. In our recovery analysis we further sized for 2.5% of variable costs and NOK 70,000 of fixed costs.

We analysed the substitute asset defaults with a non-parametric distribution using a Monte Carlo method. The applied correlation factor came to 22% and was based on the assets' regional exposure and type. We derived the default expectation based on individual credit assessments of the issuers. The low default rate of 0.15% and very high coefficient of variation reflect high individual credit quality but also very high obligor concentration. The asset recovery rate for the substitute asset assumptions ranged between 100% in the base case and 59% in the most stressed scenario.

Supporting OC breakdown



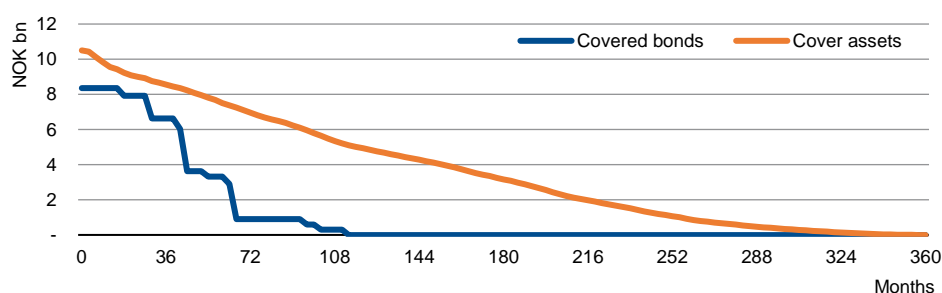
Source: Scope Ratings

Cash flow risk analysis

The unchanged rating-supporting OC of 4.0% reflects the programme's market risks, with asset-liability maturity mismatch risk accounting for 2.0pp (up from 1.6pp) and credit risk accounting for 2.0pp (down from 2.4pp). Market risks are driven by the programme's sensitivity to high prepayments, which generate large cash balances. This cash reduces the transaction's available excess spread – especially in sensitivity scenarios featuring both margin-compression and front-loaded default timings. Market risks have mainly increased because of decreased assets margins.

We calculated asset margins based on the loan-by-loan data provided, resulting in a weighted average of 97bps (down from 142bps) for the mortgage loans. This compares to 45bps for the covered bonds.

Figure 6: Amortisation profile



Source: Scope Ratings, SSB

As of Q4 2021, the weighted average life of the outstanding covered bonds is 4.2 years, accounting for their soft-bullet structure, down from 4.8 years in the previous analysis. 15% of additional repayments would take the assets' remaining weighted average life down to 2.5 years, which compares to the cover pool's (scheduled) weighted average life of 11.2 years.

In the event of recourse to the cover pool, we assumed that such excess cash from asset repayments would not generate any margin, which negatively affects the programme's excess spread.

We further assume that assets will be sold at a discount of up to 150bps if the cash accumulated from cover pool amortisation is insufficient to pay timely interest and principal on the covered bonds. The programme benefits from 6.8% of liquid substitute assets (mostly covered bonds) of which NOK 155m are held in cash.

Other market risks are limited as cover assets are floating rate, and fixed covered bonds (26.7%) are hedged into floating rate. Also, there is no foreign exchange risk as both assets and liabilities are denominated in Norwegian krone. At this stage, we do not expect foreign currency-denominated issuances.

Asset-liability mismatches

	Assets	Liabilities**
NOK	100%	100%
Fixed	0.0%	0.0%
Floating	100%	100%
WAL (years)	11.2	4.2*

*incl. one year extension †post hedging

**post hedge

Credit risk only accounts for 2.0pp (down from 2.4pp) of the stable rating-supporting OC. We further assumed a recovery lag of 24 months reflecting Norway's lean and digital sale procedures as well as the more regional asset exposure.

We conservatively established the assets' amortisation profile assuming that all flexible lines were fully drawn. The bonds' amortisation profile was calculated assuming the one-year maturity extensions was executed.

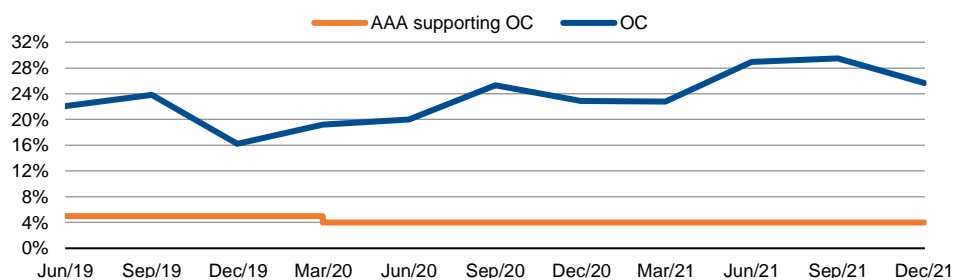
We tested the programme's resilience to high (15%) and low (1%) prepayments as well as a set of rising and declining interest rate scenarios. The covered bonds are most exposed to a high prepayment scenario in combination with low interest rates. We also tested sensitivities to a 50% margin compression, frontloaded defaults, 25% prepayments and a liquidity premium up to 200bps.

OC fully taken into account

Availability of overcollateralisation

SSBB's current rating allows us to fully account for the provided OC of 25.7%, which is above the level of OC supporting the programme's AAA rating. We are not aware of plans that would significantly change the risk profile or reduce available OC to levels that would no longer support the current rating uplift.

Figure 7: Available overcollateralisation versus current rating-supporting level



Source: Scope Ratings, SSBB

Counterparty risk mitigated by alignment of interests

Other risk considerations

The rated covered bonds have counterparty exposures to the issuer, as well as to the issuer's parent as loan originator, servicer, bank account provider and paying agent. However, if a regulator were to intervene, we believe the strong alignment of interests between the bank and the covered bond holders would prevent any negative impact. We also view positively the fact that collections are generally made via direct debit, allowing for a relatively swift redirection of payments if necessary.

The rated covered bonds also have counterparty exposure from the hedging of fixed rate liabilities into floating rates. These agreements are contracted with four different banks, of which one is Sandnes. The corresponding documentation (CSA/ISDA schedules) is in line with our counterparty methodology.

Sovereign risk does not affect the ratings

Sovereign risk does not limit the ratings of SSBB's mortgage-covered bonds. We believe the risks of an institutional framework meltdown, legal insecurity or currency-convertibility problems are currently remote.

Sound green bond framework...

ESG considerations

SSBB is an active green bond issuer with NOK300m in green bonds outstanding at present. According to its Green Bond Framework, the bank uses the proceeds from its green bonds to finance and/or refinance, in part or in full, new and/or existing eligible residential buildings. Eligible buildings are classified as:

- new or existing Norwegian apartments that comply with the Norwegian building codes from 2007 (TEK07), 2010 (TEK10), 2017 (TEK17) or any subsequent building codes;
- existing Norwegian residential buildings constructed using building codes older than TEK10 for apartments and TEK07 for other residential dwellings (built before 2009) with EPC-labels A, B or C;
- refurbished residential buildings in Norway with at least two steps of improvement in their energy label compared to the calculated label based on the building code in the year of construction or with at least two steps of improvement in their energy label compared to the calculated label based on the building code in the year of construction.

As of December 2021, the sum of eligible cover assets in the cover pool accounts for NOK2.3bn (around 23% of mortgage cover pool), which provides strong headroom for additional green bond issuance.

...but available data indicates no clear relationship between green loans and credit risk

SSBB provided us with a line-by-line classification of its mortgage loans, used to determine the loans' eligibility. We analysed the data and correlated it with performance information (probabilities of default and loss given default) on the respective loans. We were unable to find any significant relationship between a loan's performance and its 'greenness'.

We have therefore not included information on environmental factors and their impact on the cover assets' probability of default or recovery proceeds. At the same time, we have indirectly included environmental aspects because collateral valuations reflect the age, condition and quality of the collateral.

Sensitivity analysis

Two-notch buffer against potential change in issuer rating

SSBB's mortgage-covered bond ratings benefit from a buffer against an issuer downgrade of up to two notches. Assuming the issuer's willingness to support the highest ratings as well as a stable covered bond programme risk profile, a one-notch downgrade would increase the rating-supporting OC to 5.0%.



Summary of covered bond characteristics

Reporting date	31 Dec 2021	31 March 2021	31 March 2020
Issuer name	SSB Boligkreditt AS		
Country	Norway		
Covered bond name	Obligasjoner med fortrinnsrett (Norwegian mortgage-covered bonds)		
Covered bond legal framework	Norwegian legal covered bond framework		
Cover pool type	Residential mortgage loans		
Composition	Residential = 93.2%	Residential = 91.7%	Residential = 94.8%
	Substitute = 6.8%	Substitute = 8.3%	Substitute = 5.2%
Issuer rating	A-/Stable	A-/Stable	A-/Stable
Current covered bond rating	AAA/Stable	AAA/Stable	AAA/Stable
Covered bond maturity type	Soft bullets	Soft bullets	Soft bullets
Cover pool currencies	NOK (100%)	NOK (100%)	NOK (100%)
Covered bond currencies	NOK (100%)	NOK (100%)	NOK (100%)
Fundamental support	5	5	5
Maximum additional uplift from CPC score	1	1	na
Maximum achievable covered bond uplift	8	8	8
Potential covered bond rating buffer	2	2	1
Cover pool (NOK bn)	10.5	10.14	8.86
thereof, substitute assets (NOK bn)	0.71	0.84	0.46
Covered bonds (NOK bn)	8,36	8.26	7.43
Overcollateralisation: current / legal minimum	25.7% / 2%	22.8% / 2%	19.2% / 2%
Overcollateralisation to support current rating	4.0%	4.0%	4.0%
Overcollateralisation upon a one-notch issuer downgrade	5.0%	5.0%	5.0%
Weighted average life of assets	11.2 years	11.4 years	11.2 years
Weighted average life of liabilities ¹	4.2 years	4.8 years	4.9 years
Number of obligors	5,187	5,215	4,956
Average loan size (NOK m)	1.9	1.8	1.7
Top 10 residential	0.8%	1.1%	1.1%
Interest rate type – assets	Floating 100%	Floating 100%	Floating 100%
	Fixed 0%	Fixed 0%	Fixed 0%
Interest rate type – liabilities (hedged)	Floating 100%	Floating 100%	Floating 100%
	Fixed 0%	Fixed 0%	Fixed 0%
Weighted average LTV (indexed)	52.0%	52.7%	55.3%
Geographic split (top 3)	Rogaland = 88.4%	Rogaland = 89.6%	Rogaland = 89.0%
	Oslo = 5.2%	Oslo = 3.7%	Oslo and Akershus = 4.8%
	Viken = 3.4%	Viken = 3.1%	Sør-Østlandet = 3.1%
Default measure	Inverse Gaussian/ non-parametric	Inverse Gaussian/ non-parametric	Inverse Gaussian/ non-parametric
Weighted average default rate (mortgage/substitute)	41bps / 8.0%	42bps / 8.0%	55bps / 10.5%
Weighted average coefficient of variation (mortgage/substitute)	60%	60%	60%
Weighted average recovery assumption (D0/D7) ²	99.1% / 79.8%	98.8% / 81.9%	97.9% / 79.5%
Share of loans > three months in arrears (NPL)	0.0%	0.0%	0.0%
Interest rate stresses (max./min.; currency-dependent)	-1 to 10%	-1 to 10%	-1 to 10%
FX stresses (max./min.; currency-dependent)	n/a	n/a	n/a
Max liquidity premium	150bps	150bps	150bps
Average servicing fee	24bps	24bps	24bps

¹ Including the 12-month extension

² D0 and D7 denote the stresses commensurate with the rating distance between our credit view on the issuer and the covered bond ratings.



SSB Boligkreditt AS

Performance Update

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