

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns A1 long-term issuer ratings to Sparebanken Oest Boligkreditt AS with a stable outlook

06 Jun 2024

Stockholm, June 06, 2024 -- Moody's Ratings (Moody's) today assigned A1 long-term issuer ratings and long-term Counterparty Risk Ratings (CRR) to Sparebanken Oest Boligkreditt AS (Oest Boligkreditt). Concurrently, Moody's assigned short-term Counterparty Risk Ratings of P-1. Moody's has also assigned a long-term A1(cr) and a short-term P-1(cr) Counterparty Risk Assessment. All ratings are in line with those of its parent savings bank in Norway, Sparebanken Ost (Ost).

The outlook on the long-term issuer ratings is stable, also in line with the outlook on the parent bank's issuer ratings.

RATINGS RATIONALE

The ratings of Oest Boligkreditt reflect Moody's view that the creditworthiness of the fully owned mortgage subsidiary is similar with that of Ost. In the rating agency's opinion, Ost Boligkreditt is highly integrated with its parent Ost, and financially indistinguishable from it. Moody's does not expect that the obligations of Oest Boligkreditt would be treated differently to those of Ost, should the parent bank face any financial difficulty, and therefore the rating agency aligned the ratings of the two entities.

Oest Boligkreditt represented approximately 48% of Ost's total loans as of December 2023. Apart from a very small share of loans originated through Oest Boligkreditt's digital channel, all services to the covered bond company are provided through Ost's distribution network, while the vast majority of Oest Boligkreditt's operations, including management and reporting, are also outsourced to its parent bank through a transfer and servicing, and lease agreement. Oest Boligkreditt is directly regulated by the Norwegian Financial Stability Authority and must fulfill its own capital requirements as well as comply with the regulation on Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

The ratings and assessments of Oest Boligkreditt could be upgraded if the parent bank's ratings and assessments are upgraded.

The ratings and assessments of Oest Boligkreditt could be downgraded if i) the parent entity's ratings and assessments are downgraded, or ii) if there was any loosening as to the degree of integration between Ost and Oest Boligkreditt.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks Methodology published in March 2024 and available at <https://ratings.moodys.com/rmc-documents/409852>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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