



Verd Boligkreditt AS
Desember 2025

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Verd Boligkreditt is currently servicing 19 owner banks

- National mortgage portfolio



- ✓ One of three jointly owned covered bond issuers in Norway (Sparebank 1 Boligkreditt & Eika Boligkreditt)
- ✓ Owned by the banks in the LOKALBANK alliance, plus three additional banks.
- ✓ Operates on an independent IT platform, fully compatible with all owner banks regardless of core banking system.
- ✓ Owner banks collectively cover most of Norway, ensuring broad regional presence.
- ✓ Designed to strengthen collaboration and competitiveness among regional banks.



Frende group

- Partnership between Sparebanken Norge and Lokalbanc banks, collaborating on key product companies and supported by a strategic IT agreement with TietoEvry.



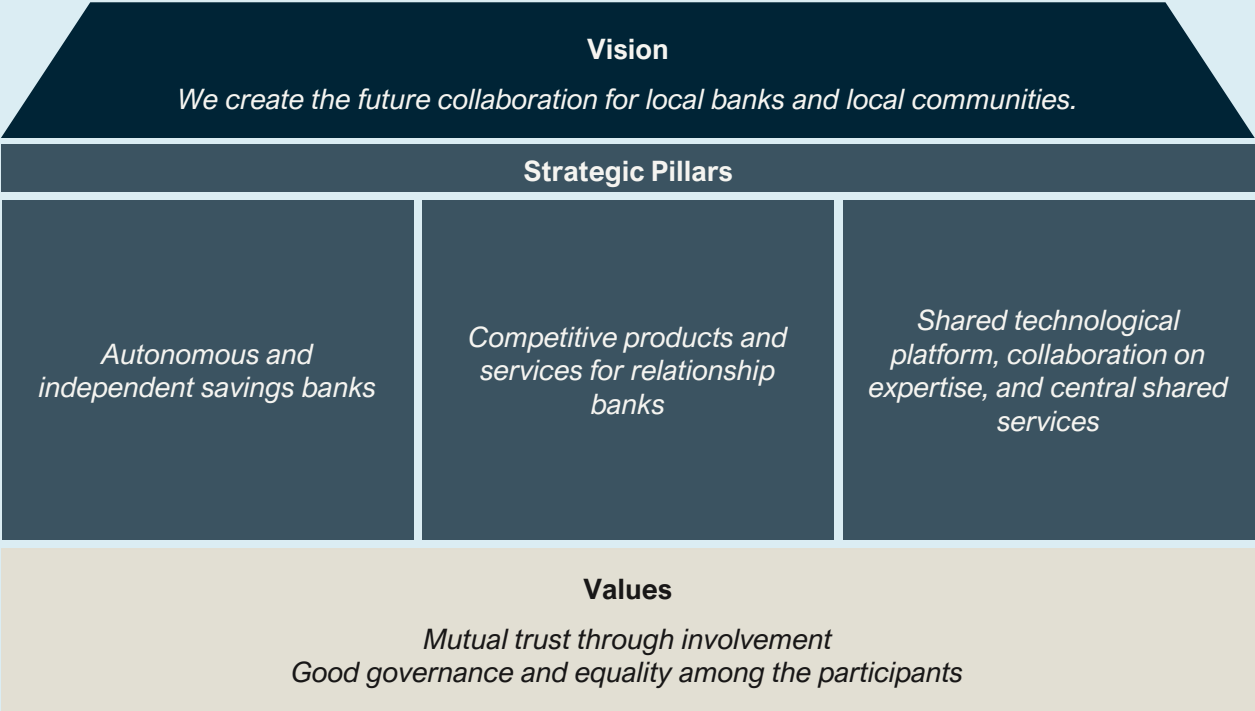
LOKALBANK

- DSS and LBA formed LOKALBANK (August 2024)

✓ 16 banks – 150 bn. AuM – 250.000 costumers

✓ Organisation based in Trondheim and
Haugesund ~50 people

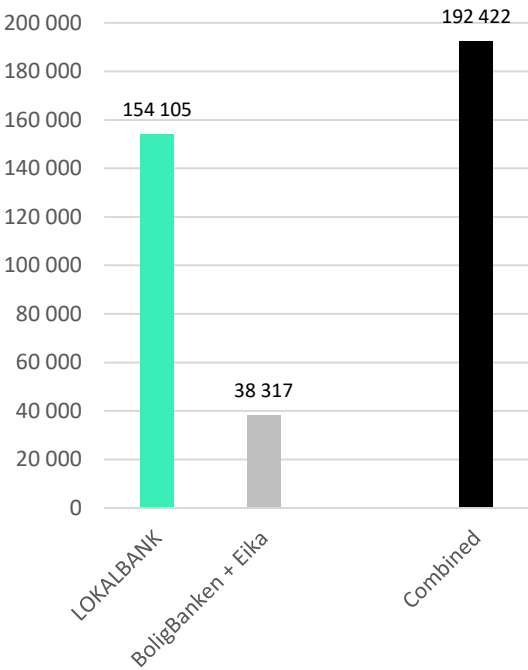
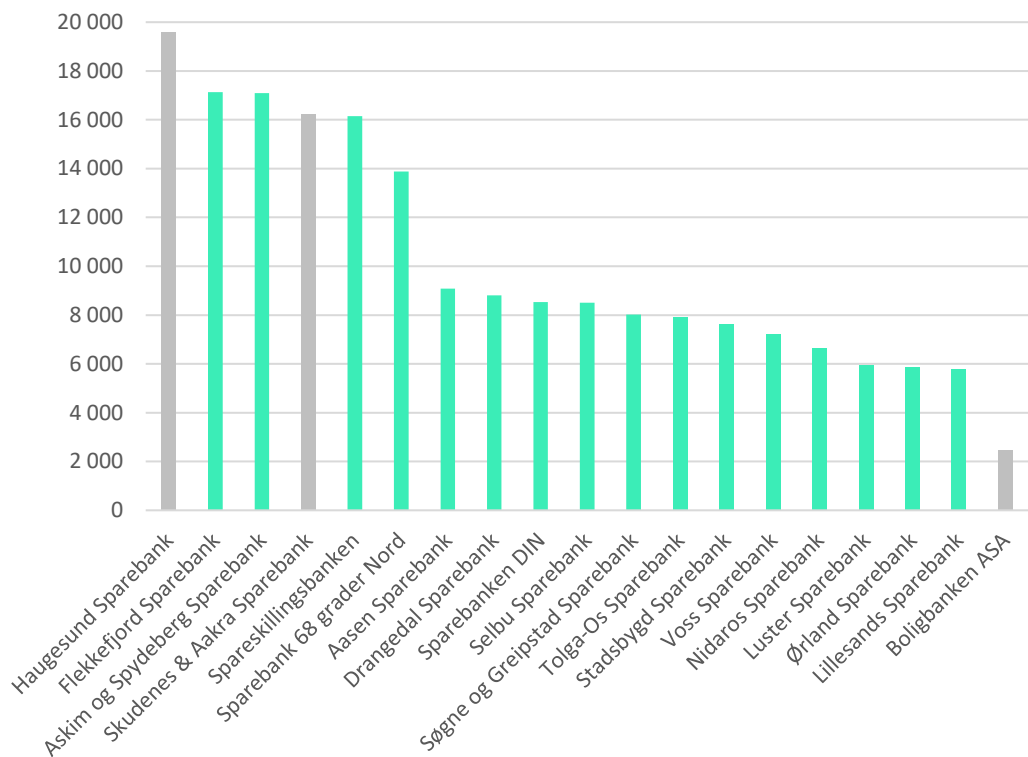
- ✓ Procurement
- ✓ Business development
- ✓ Specialized competencies
- ✓ Regulatory reporting
- ✓ Loan services
- ✓ Cash management
- ✓ IT
- ✓ Data warehouse
- ✓



Assets under management (inc. loans transferred to CB)

- Owners are very similar in size and business strategy. Retail accounts for 80%

AUM (NOK 1.000)



LOKALBANK

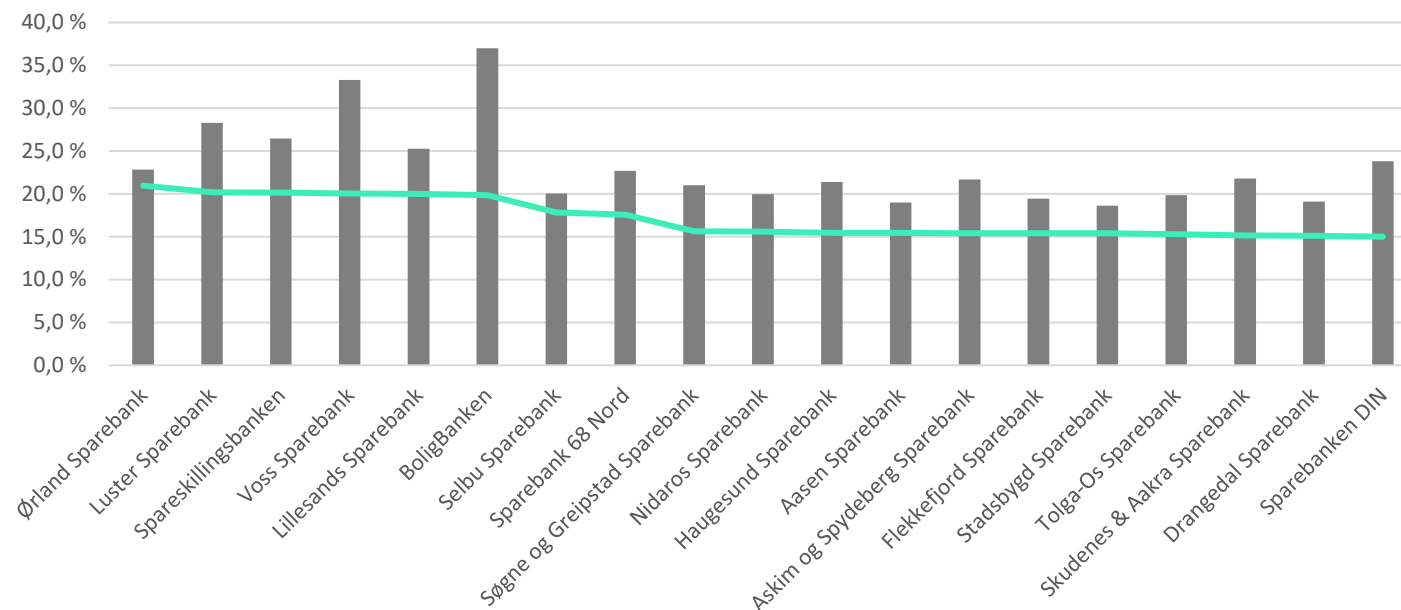


CRR3 and growth expectations

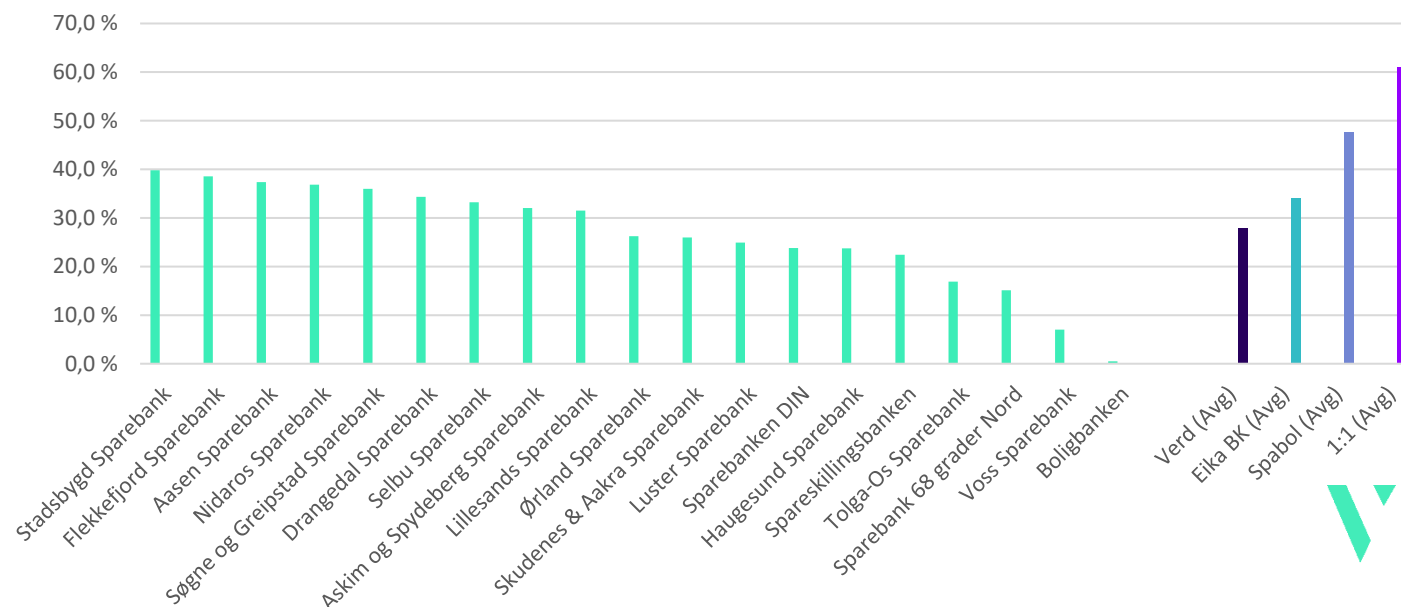
- Capital strength meets market opportunity

- ✓ **Ample capital headroom post-CRR3:** Owner banks have significant surplus equity with the new standardized approach.
- ✓ **High growth without big market share grabs:** Given modest starting sizes, small share gains needed for high loan growth.
- ✓ **Favorable market dynamics:** Large Scandinavian banks are exiting, and regional banks are merging into national players. Both leave room for smaller local banks.
- ✓ **Covered bonds:** Transfer rates are rising among our owner banks, with substantial potential versus comparable groups.

CET1 ratios – after CRR3

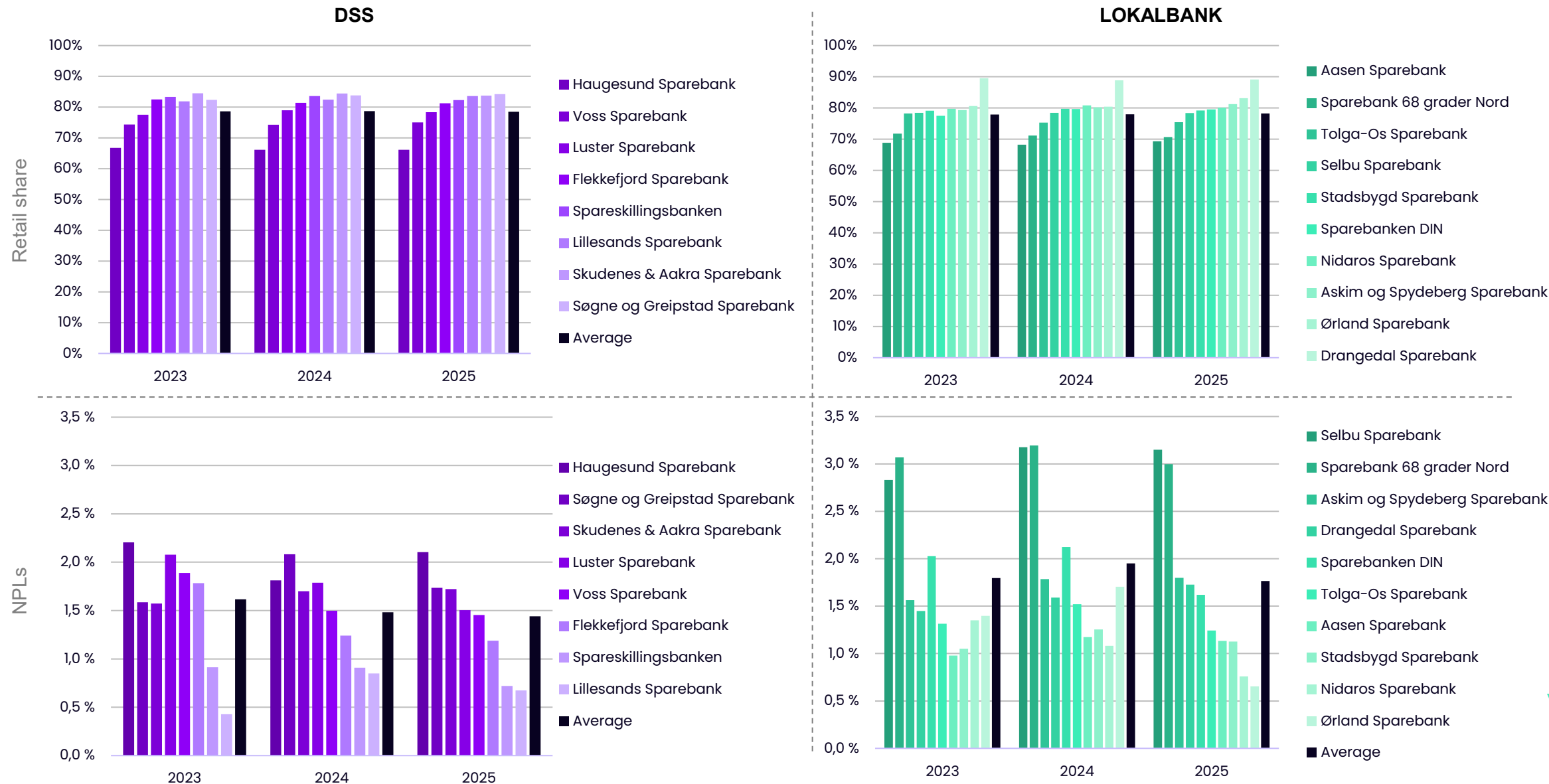


Transfer rates, CB / retail



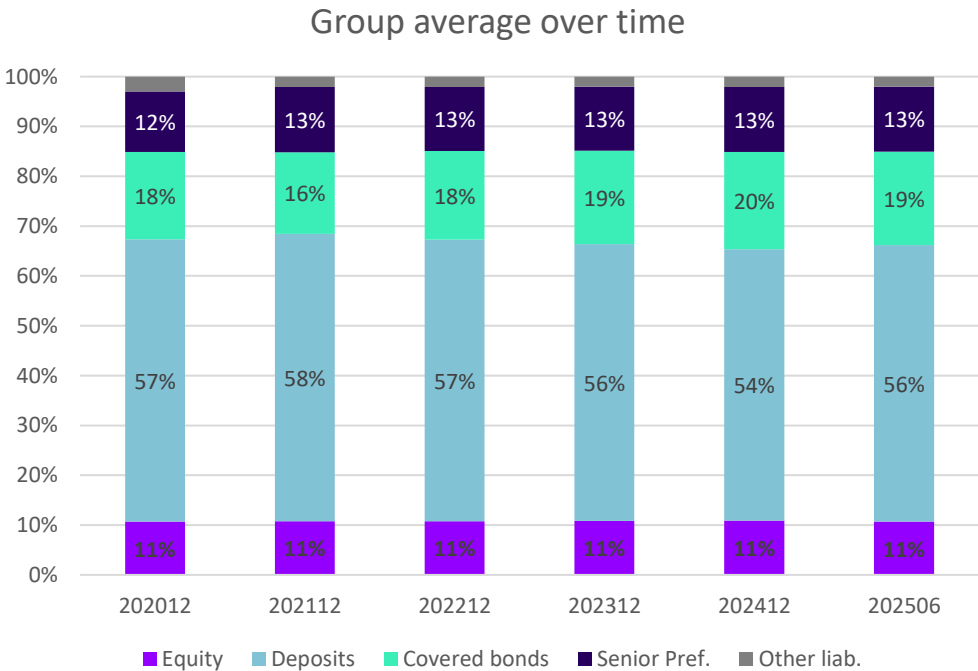
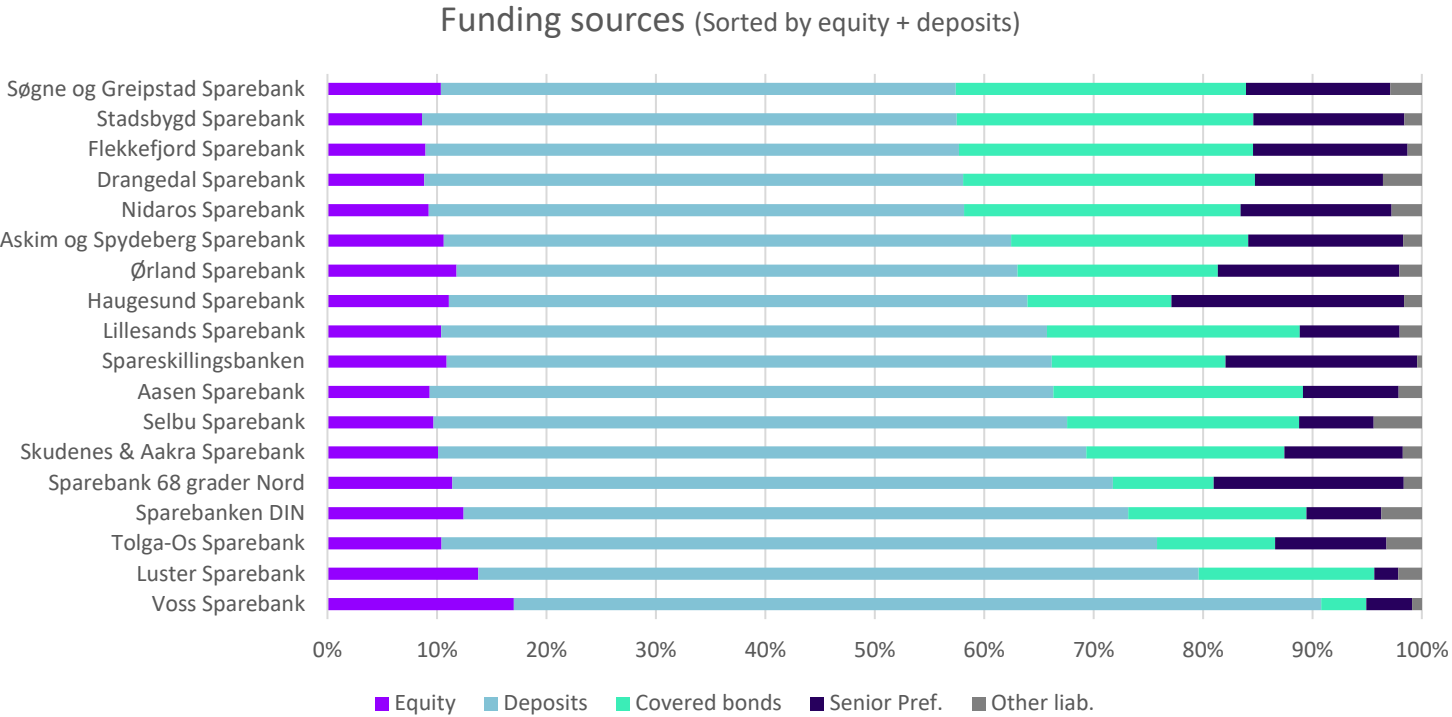
Owner banks: Retail vs corporate

- Focus on retail. Low risk, NPLs stabilized. Corelation between NPLs and size of commercial business



Funding profile

- Deposits primary source of funding
- Owner banks relies on retail deposits as their main funding source
- On average, the funding mix has stayed consistent over time
- Focus on customers with complete product portfolio (Mortgage, savings/checking, insurance, ...)



Verd financial performance

- Economies of scale starting to show. Rate hikes put pressure on interest margins

	2021	2022	2023	2024	2025 (30.09)	
Loans to customers (bNOK)	11,26	16,81	23,16	29,41	32,30	
Liquid assets (bNOK)	1,03	1,80	3,62	2,83	4,11	
Total assets (bNOK)	12,30	18,62	26,79	32,49	36,44	
Equity (bNOK)	0,72	1,22	1,51	1,69	1,90	
Covered bonds (bNOK)	10,29	15,45	22,75	26,63	30,50	
ROE (incl commissions paid)	14,5 %	8,8 %	5,7 %	7,9 %	9,6 %	
Net interest margin	1,2 %	0,7 %	0,5 %	0,7 %	0,8 %	
Operating expenses / Loans to customers	0,12 %	0,08 %	0,06 %	0,07 %	0,06 %	
CET1 ratio	15,6 %	18,3 %	16,7 %	15,0 %	21,1 %	
Over collateralisation (bNOK)	2,00	3,02	3,86	5,14	5,48	
Over collateralisation	19 %	20 %	17 %	19 %	18 %	
LTV	50,1 %	52,1 %	52,2 %	51,4 %	50,1 %	
Fixed rate (% of total loans)	0,0 %	0,0 %	0,1 %	0,5 %	1,0 %	
Collective loans (% of total loans)	0,0 %	0,6 %	0,9 %	0,8 %	1,4 %	
Flexi loans (% of total loans)	14,1 %	11,3 %	10,5 %	10,1 %	11,5 %	
- Undrawn amount (bNOK)	0,67	0,87	1,00	1,16	1,25	
Interest only (% of total loans)	15,7 %	16,7 %	17,0 %	14,3 %	13,1 %	
Average loan size (mNOK)	1,59	1,77	1,84	1,91	1,87	

Balance have tripled since 2021

Increased policy and market rates have reduced Verd's profitability for a while, but results (& commissions) are starting to improve.

Balance growth has helped reducing Verd's administration fee on owner bank's loan portfolios. Still potential for scaling up without increase in costs.

In our view, growth has come without increase in credit risk



Continued growth

- Mainly driven by transfer from EBK, and increased funding needs from original owners

✓ Verd's strong growth continues. Verd is well ahead of the prognosis from when LOKALBANK entered

Drivers:

- ✓ Credit spreads
- ✓ Competition for deposits
- ✓ Economies of scale

✓ Both alliances (DSS/LBA) have contributed to the growth

- ✓ Increased transfer rate &
- ✓ strong growth for most owner banks

✓ LOKALBANK still have 5,1 bn. left in Eika Boligkreditt (30/09-25)

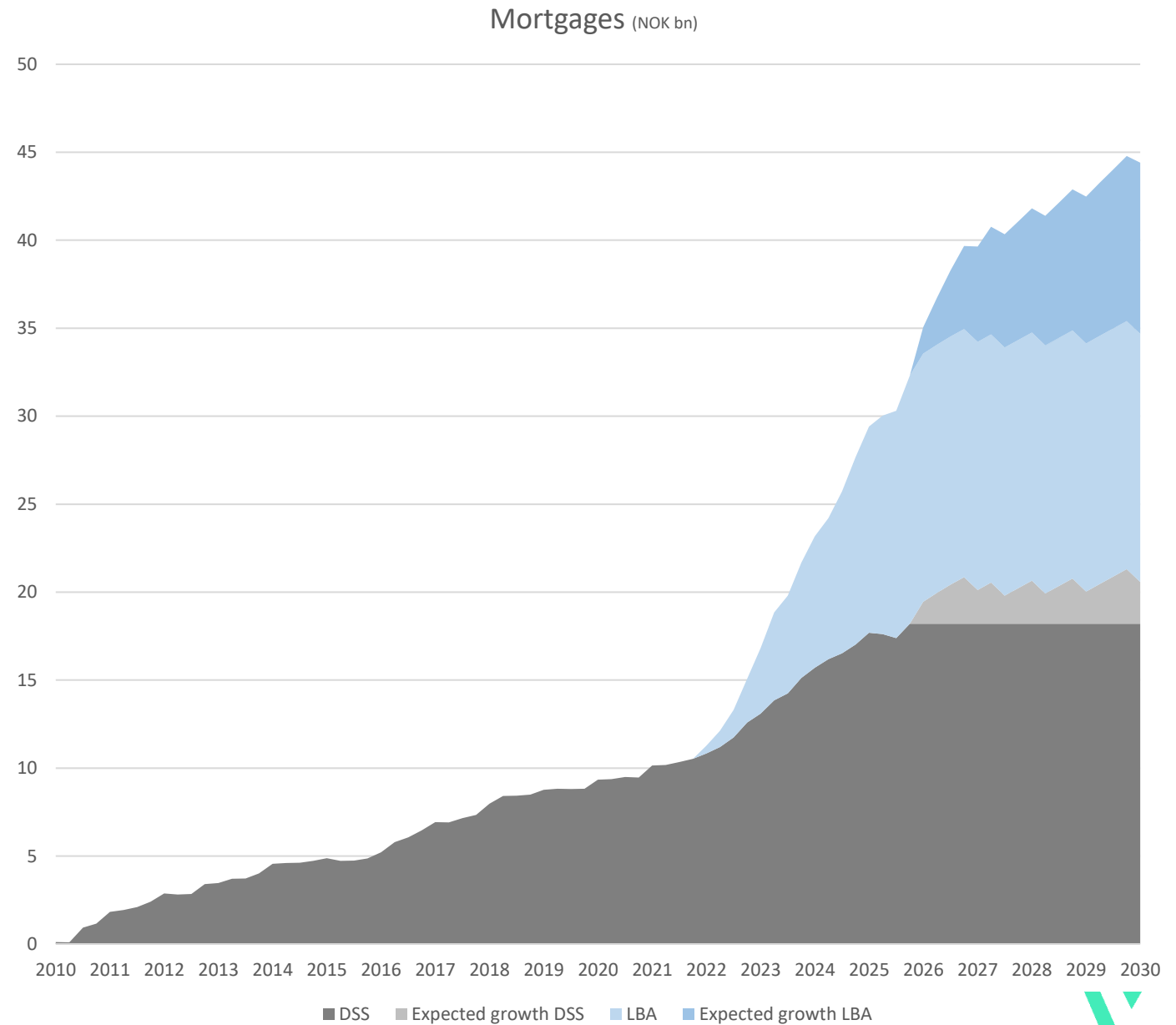


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Covered bond rating

- Aaa rating by Moody's Ratings

- ❖ Aaa rating by Moody's Ratings. Confirmed Aaa-rating April 2025
- ❖ Currently, Verd Boligkreditt has no public issuer rating
- ❖ Of the 19 owner banks following has official rating:
 - ❖ Aasen Sparebank (NCR: BBB+ /Stable)
 - ❖ Askim & Spydeberg Sparebank (NCR:A- /Stable)
 - ❖ Flekkefjord Sparebank (NCR: BBB+ /Positive)
 - ❖ Haugesund Sparebank (NCR:BBB+ /Stable)
 - ❖ Lillesands Sparebank (NCR: BBB+ /Stable)
 - ❖ Skudenes & Aakra Sparebank (NCR: A- /Stable)
 - ❖ Sparebank 68° Nord (NCR: A- /Stable)
 - ❖ Spareskillingsbanken (NCR: A- /Stable)
 - ❖ Søgne og Greipstad Sparebank (NCR: BBB+ /Stable)
 - ❖ Tolga- Os Sparebank (NCR: BBB+ /Stable)

CREDIT OPINION

18 June 2024

New Issue



Send Your Feedback

Closing date

June 2024

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Verd Boligkreditt - Mortgage Covered Bonds

New Issue – Norwegian covered bonds

Ratings

Exhibit 1

Cover Pool (NOK)	Ordinary Cover Pool Assets	Covered Bonds (NOK)	Rating
26,623,271,668	Residential mortgage loans and loans to housing co-operatives	24,500,000,000	Aaa

All data in the report is as of 31 December 2023 unless otherwise stated
Source: Moody's Ratings

Summary

CLOSING DATE WILL BE UPDATED TO RATING ASSIGNMENT DATE

The covered bonds issued by Verd Boligkreditt AS (Verd BK or the issuer, not rated) under the Verd Boligkreditt - Mortgage Covered Bonds programme are full recourse to the issuer and are secured by a cover pool of assets consisting mostly of residential mortgage loans (85.9%) and mortgage loans to housing co-operatives (0.8%), backed by properties located in Norway, and supplementary assets (13.3%).

Credit strengths include the full recourse of the covered bonds to the issuer and support provided by Norway's covered bond legal framework, which provides for the issuer's regulation and supervision.

Credit challenges include the covered bonds' high level of dependency on the issuer. As with most covered bonds in Europe, there are a few restrictions on the future composition of the cover pool. The cover pool also has geographical concentration risks.

Our credit analysis takes into account the cover pool's credit quality, which is reflected in the collateral score of 4.0% (1.9% excluding systemic risk) and the current over-collateralisation (OC) of 17.0% (on a nominal basis) as of 31 December 2023 (the cut-off date).

In general, we consider environmental and governance credit risks to be low and social credit risks to be moderate for this transaction. Environmental credit risk is low in this programme as covered bondholders benefit from the cover pool's geographical diversification. Social credit risk is moderate in this programme, mainly because social issues that affect the originators can also affect the cover pool. Social credit risks are mitigated by the originators' and the issuer's primary responsibility for addressing them. Governance credit risk is low in this programme due to (i) The Norwegian covered bond legislation; and (ii) the fact that the issuer maintains the cover pool on its balance sheet, incentivising it to maximise cover pool value and aligning its interest with that of covered bond investors. For further details, please see "ESG Considerations" section below.



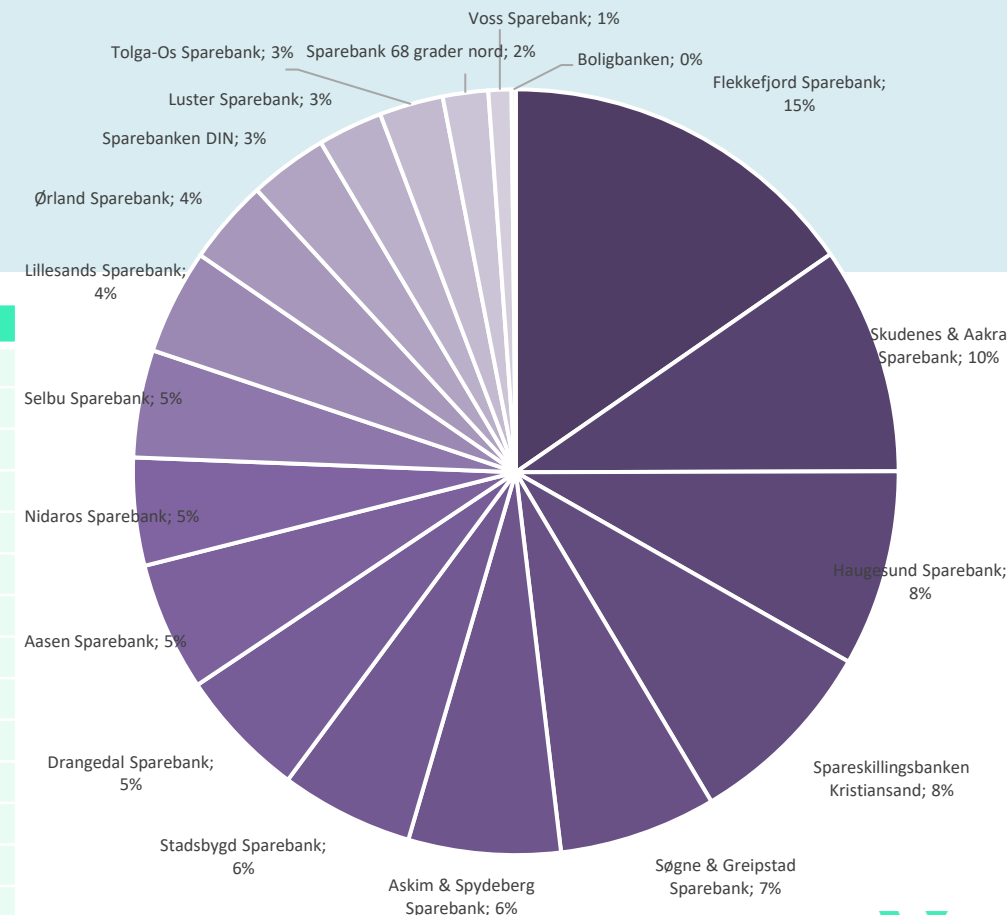
Cover pool composition

- First lien residential mortgages only



	31.12.2022	31.12.2023	31.12.2024	30.09.2025
Gross loans (mill.)	16 758	23 079	29 305	32 125
# of mortgages	9 449	12 469	15 291	17 223
# of costumers	9 360	12 288	14 920	16 532
Collective loans (Co-operatives)	91	225	237	449
Seasoning (years)	3,6	3,6	3,7	3,8
Average loan balance (mill.)	1,78	1,84	1,92	1,86
Loans w/floating rate	100 %	100 %	99,4%	98,9%
Loans w/fixed rate			0,6%	1,1%
Revolving credits	12,2 %	10,4 %	10,1 %	11,5 %
- Undrawn amount on revolving credits (mill.)	790	999	1 083	1 246
Interest only loans	16,7 %	17,0 %	14,3 %	13,1 %
Substitute assets (mill.)	1 709	3 530	2 461	3 884

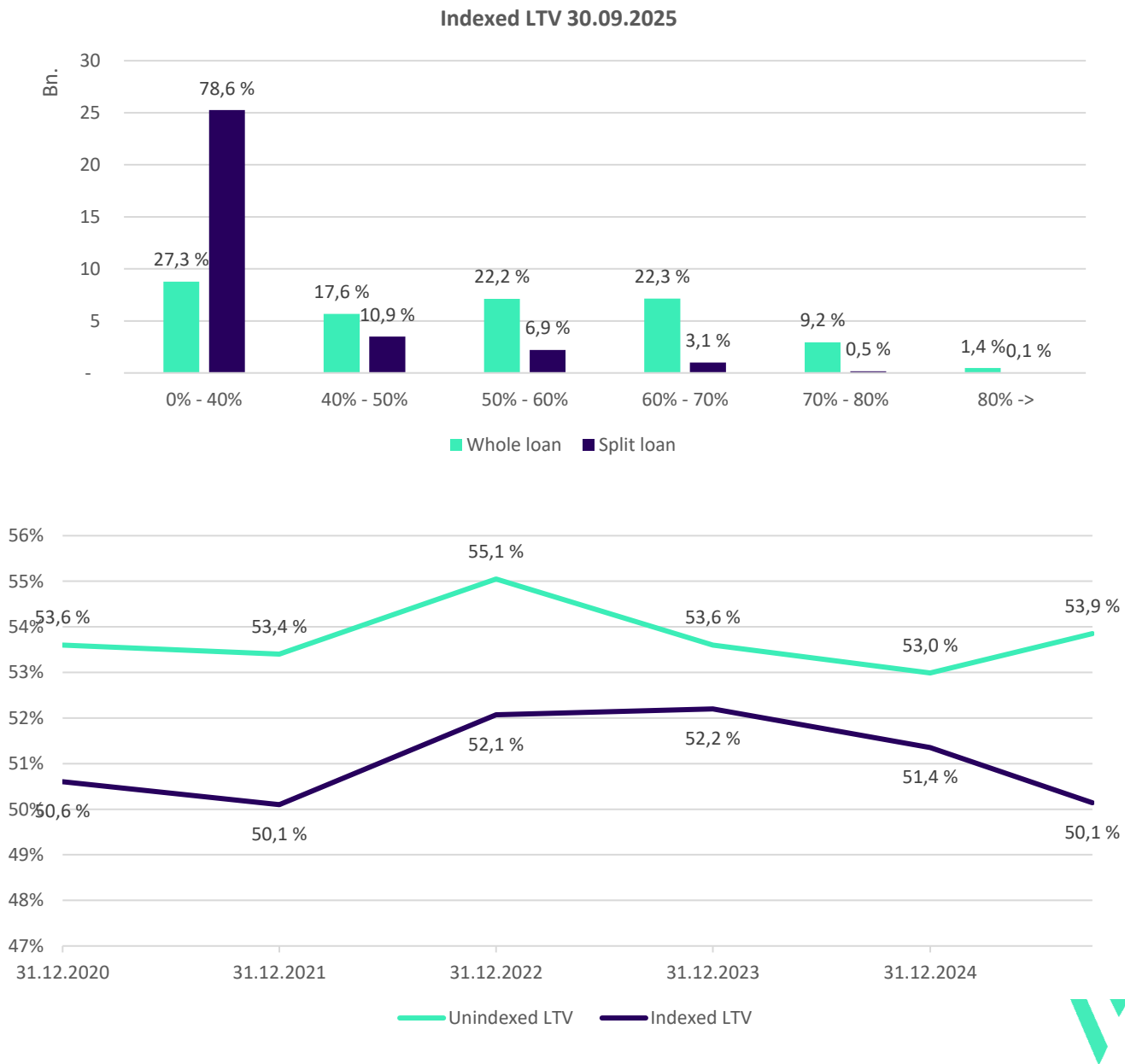
Portfolio by owner bank 30.09.2025



Loan-to-Value

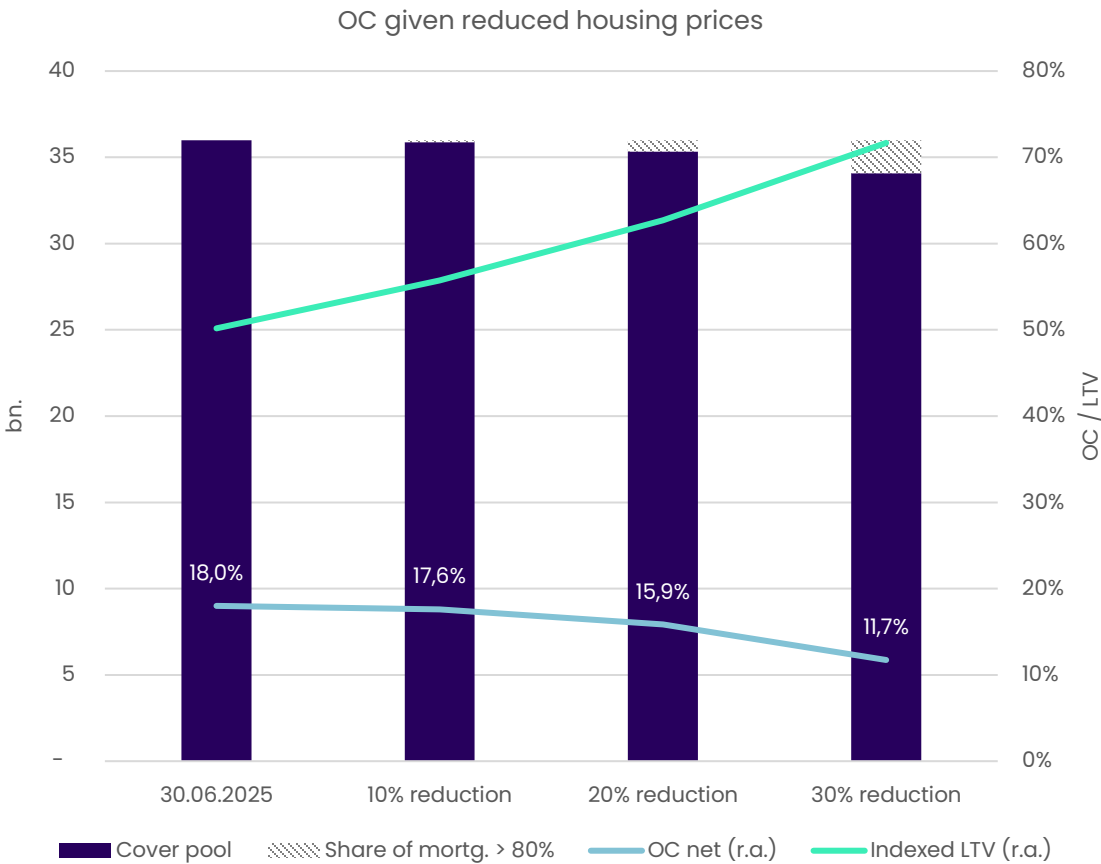
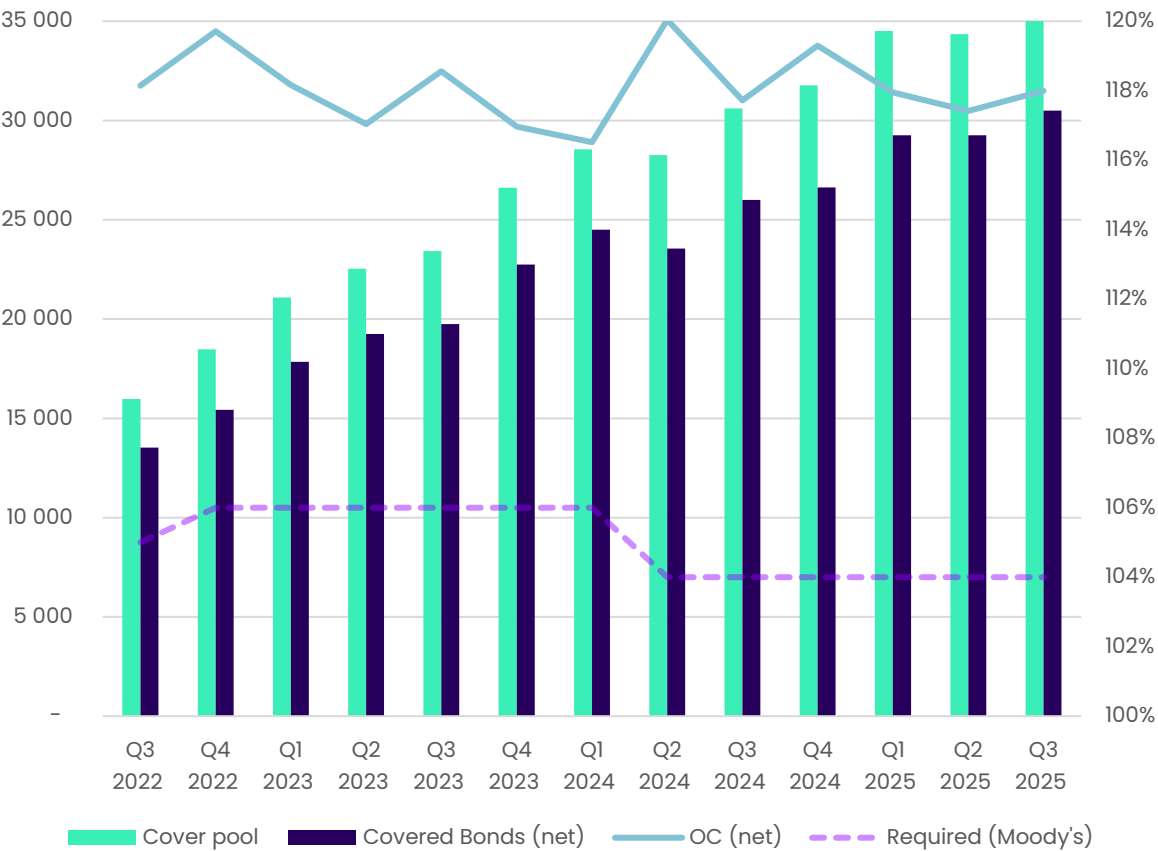
- Low and stable

- ⚡ The cover pool's low LTV is one of Verd's strengths
- ⚡ Comfortable gap to legislative cap of 80% LTV
- ⚡ Along with high over collateralisation, this give the cover pool a high resilience against falling housing prices
- ⚡ LTV has remained low despite high growth and increased policy rates



Over-Collateralisation

- High OC and low LTV give good resilience against falling house prices. Verd could support owner banks with 2 bn., even after 30% fall in housing prices



Framework

- Three main governing documents

Shareholder's agreement

- Secures the required **CET1**, T1 & T2 capital
- Owner shares adjusted at least once every year
- Regulates owner bank entry/exit
- Regulates redistribution of shares and mortgage portfolio should one or more owner banks default (i.e. not fulfil its commitment to contribute CET1)

Transfer and Service Agreement

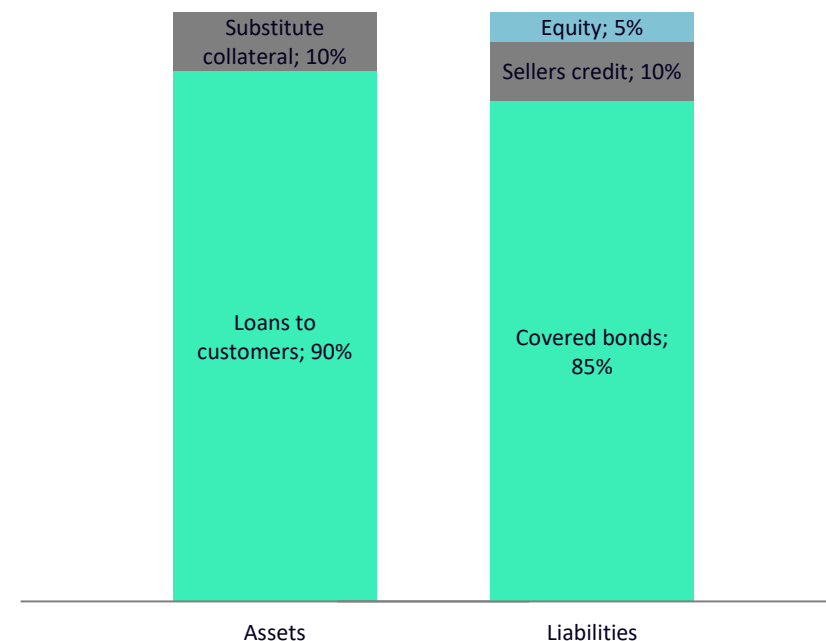
- Secures Verd an OC of minimum 15 %. The banks must fund **10%** of their mortgage portfolio (unsecured funding)
- The originator are obliged to uphold the agreed volume of mortgage loans sold to Verd (BUP)
- Guaranty of eligibility of mortgage loans transferred
- Verd pays 90% of "net interest" in commissions to owner banks (Transfer and Service Agreement)

Mortgage Eligibility Filter

- Secures high quality of mortgage loans bought from the banks
- **LTV < 80%**. Maximum loan size 6 mill. Limits complexity in cross-collateralisation.
- Collective loans to housing coops

Owner banks

Flekkefjord Sparebank	15,5 %	Aasen Sparebank	3,9 %
Haugesund Sparebank	9,9 %	Nidaros Sparebank	3,7 %
Skudenes & Aakra Sparebank	9,4 %	Sparebanken DIN Telemark	3,4 %
Spareskillingsbanken	7,8 %	Ørland Sparebank	3,1 %
Askim & Spydeberg Sparebank	7,3 %	Luster Sparebank	3,0 %
Søgne og Greipstad Sparebank	6,8 %	Tolga-Os Sparebank	2,8 %
Drangedal Sparebank	5,5 %	Sparebank 68° Nord	1,9 %
Stadsbygd Sparebank	5,0 %	Voss Sparebank	0,9 %
Lillesands Sparebank	4,9 %	Boligbanken	0,6 %
Selbu Sparebank	4,5 %		



Arrears /NPL – remains low and stable

– operated without losses since 2009

- Verd continuously monitor loans in arrears. Arrears are at a low and stable level.
- If we identify mortgages with late payments, we request the owner bank who originated the mortgage to buy it back from Verd (at par value). Although this is voluntary on behalf of the owner banks, recalling such mortgages is consistent with Verds function as a funding facility for the owner banks, not a risk mitigator.
- Current practice is to request buy backs of mortgages as soon as the first payment passes 30 days overdue. We have put increased focus on this practice over the last year, as seen in the figure.

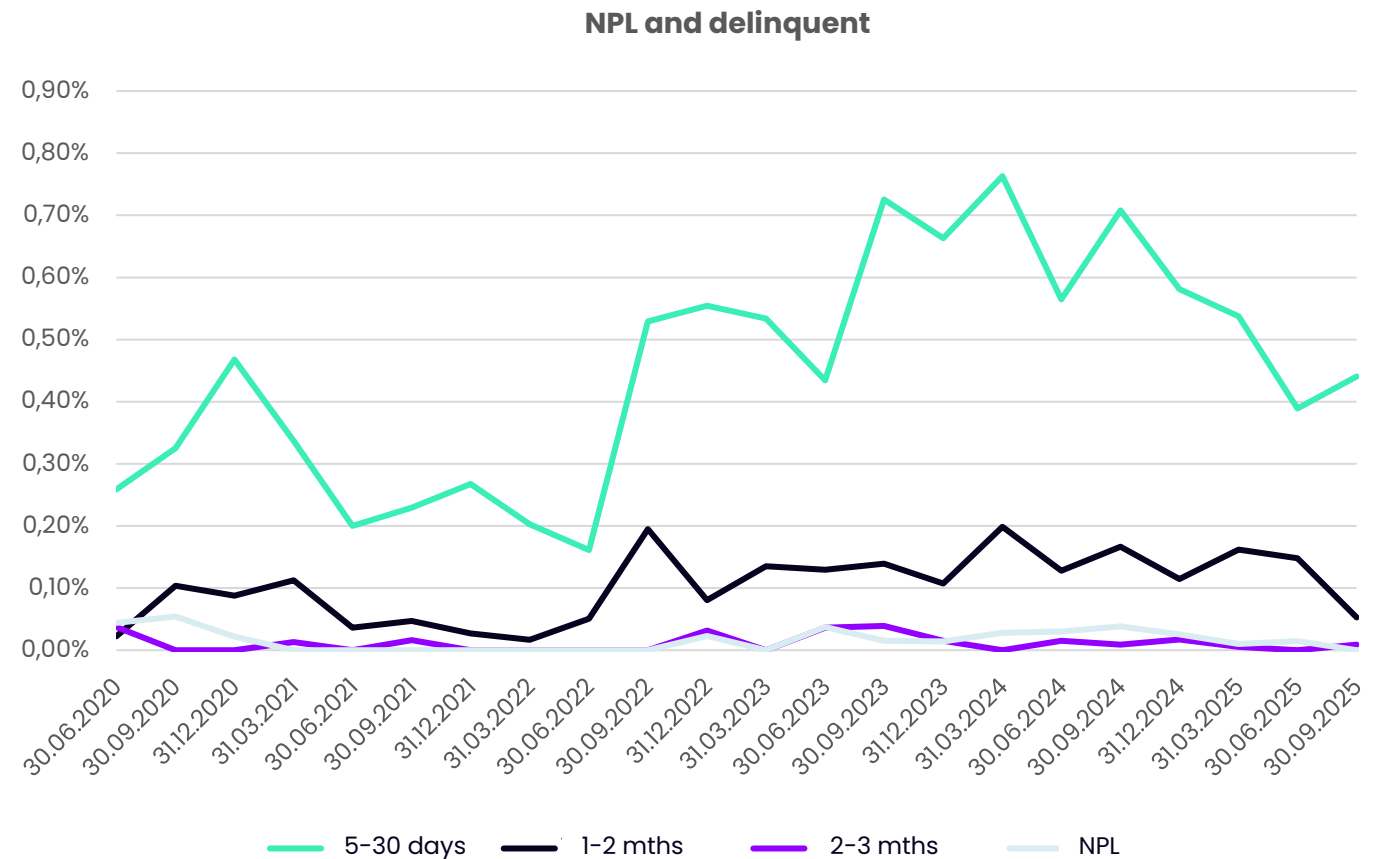


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Outstanding debt

- Focused on LCR 1B size series (investor depth) and growing our business over the entire curve, not only at 5Y.
Duration somewhat low until refinancing in Jan 26

Market funding

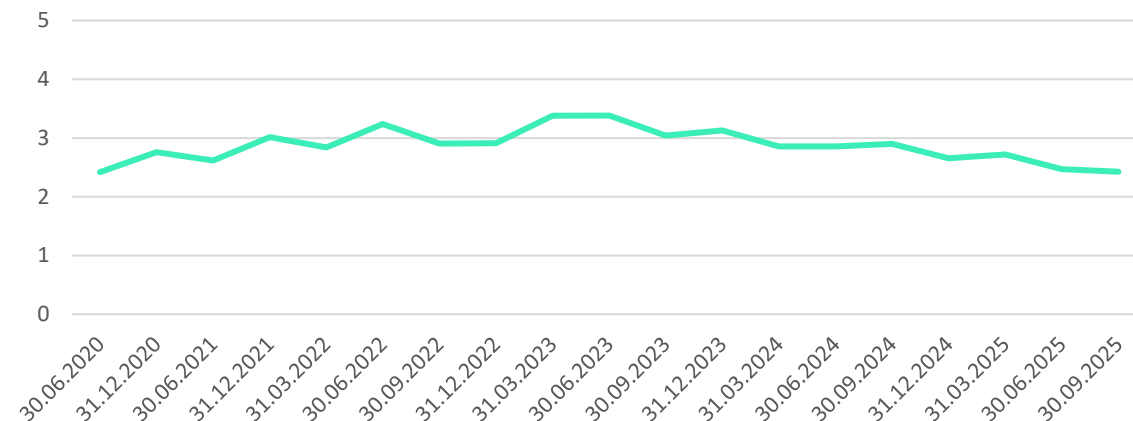
ISIN	Ticker	Issue size	Own book	Maturity
NO0011151151	VEBK22	6 000		12.10.2026
NO0012548900	VEBK23	6 000		13.04.2027
NO0012832791	VEBK26	6 000		07.02.2028
NO0013048694	VEBK27 ESG	6 000		18.10.2028
NO0013329276	VEBK30	6 500		28.09.2029

Total Covered Bonds **30 500**

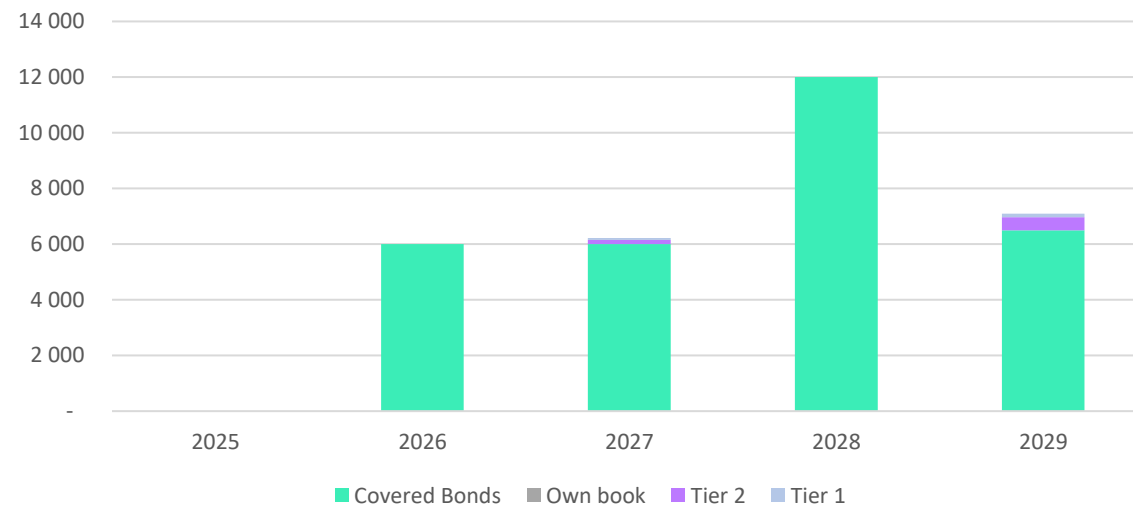
NO0012708785	Tier 1	75	27.12.2027
NO0013187955	Tier 1	125	25.06.2029
NO0012708793	Tier 2	115	27.12.2027
NO0013188052	Tier 2	150	26.06.2029

Total tier 1 and 2 **465**

Development in duration

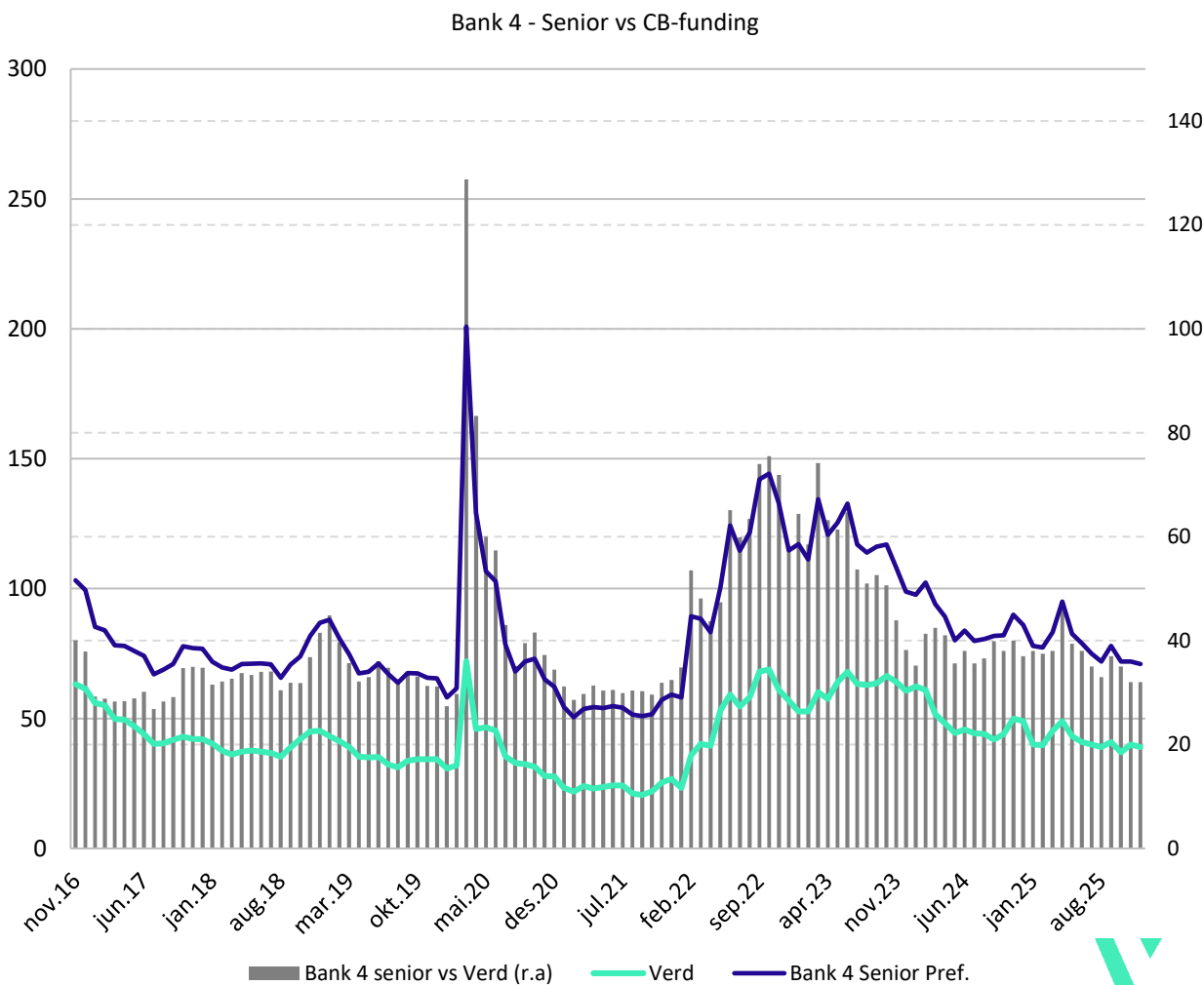
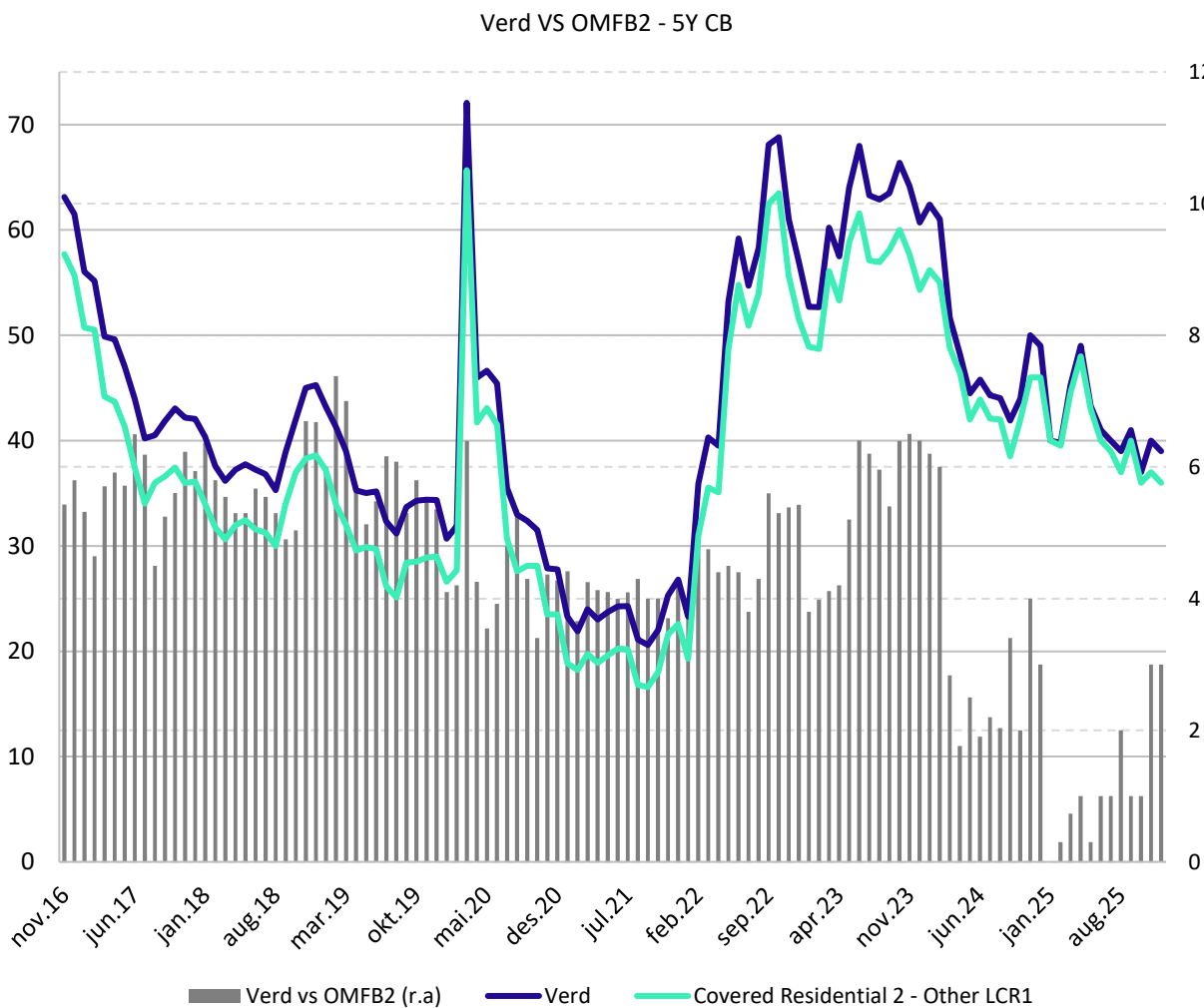


Debt distributed by maturity



Market funding

- Left: Verd vs peers / Right: Verd vs owner banks



Funding strategy

- consistent level 1B issuer

✓ **Strong Growth Phase Nearing Completion:**

Verd’s rapid expansion is expected to continue for one more year, with 2026 marking the last year of significant growth according to current forecasts.

✓ **Substantial Funding Need in 2026:**

The company faces its largest maturity ever in 2026, totaling NOK 6 billion, alongside continued growth-driven funding requirements.

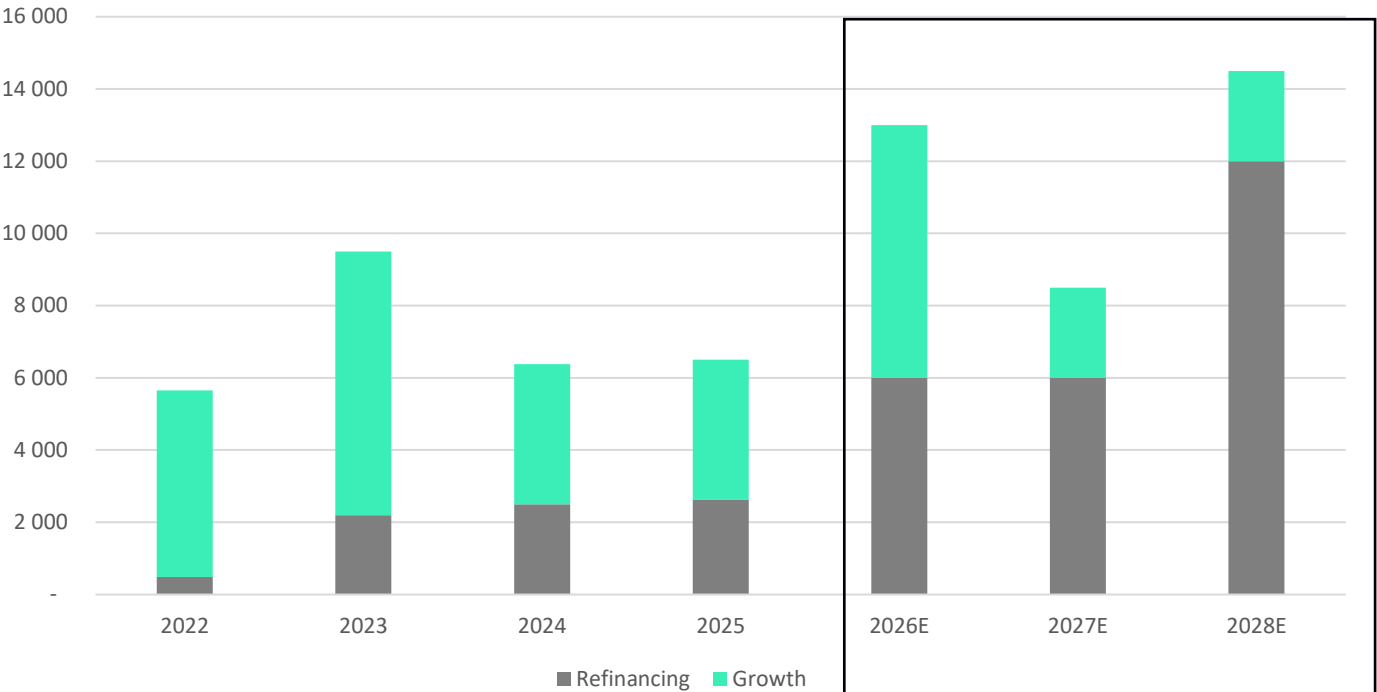
✓ **Growth Has Required Investor Outreach:**

Closing the pricing gap and supporting issuance has involved extensive investor engagement to expand investor limits—a process that takes time and resources.

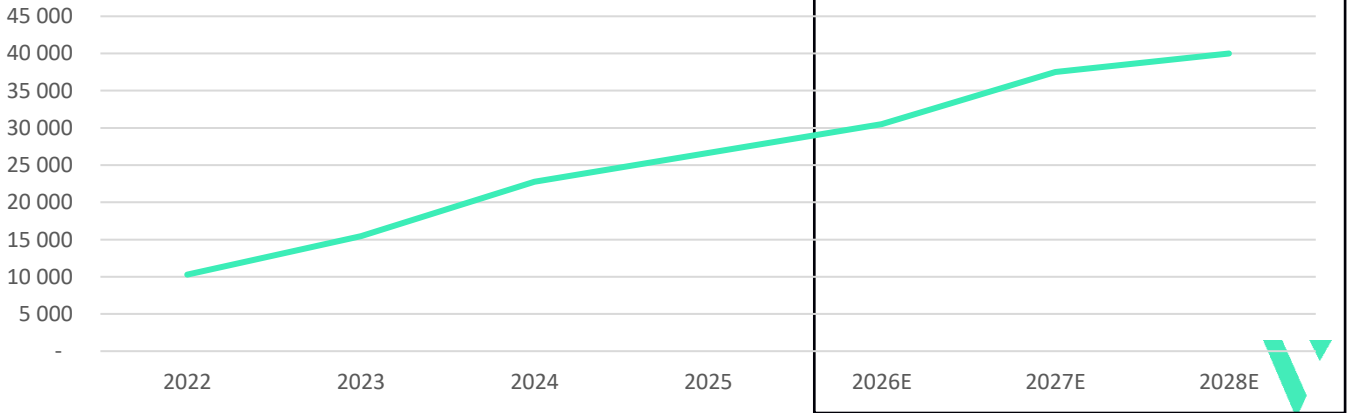
✓ Verd expects to issue bonds **exclusively in NOK** for several years ahead. The main focus

will be on floating rate notes (FRN), but frameworks and agreements are also in place to enable issuance of fixed-rate covered bonds.

CB funding plan (NOK 1.000)



CBs outstanding (NOK 1.000)



Green bonds / Climate risk

- Green portfolio: Energy label A and B and/or built in accordance with TEK10 (2012 or later) Top 15%
- Over 8 bn. green assets, with 6 bn funded.
- Group potential: > 20 bn. !
 - Upgraded web application will enable owner banks to skew their Verd portfolio
- We are screening the groups retail portfolio
 - 103 bn.
 - 49 000 collaterals/buildings
- Energy labels
- Energy consumption / m2

The board is trying to find the right balance between E and S when setting limitations to climate risk

- Rising sea levels (now, 2050, 2090)
- Flood (rivers) (8 intervals; 10 – 2000 year)
- Landslides (mud, rock, snow)

