Nordic Credit Rating

FINANCIAL INSTITUTION

Norway
17 Mar. 2025

Bien Sparebank ASA

Rating Action Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N2

PRIMARY ANALYST
Geir Kristiansen
+4790784593
geir.kristiansen@nordiccreditrating.com

SECONDARY CONTACTS
Christian Yssen
+4740019900
christian.yssen@nordiccreditrating.com

Elisabeth Adebäck
+46700442775
elisabeth.adeback@nordiccreditrating.com

Bien Sparebank ASA 'BBB+' long-term issuer rating affirmed; Outlook stable

Nordic Credit Rating has affirmed its 'BBB+' long-term issuer rating on Norway-based Bien Sparebank ASA. The outlook is stable. The 'N2' short-term issuer rating was also affirmed. In addition, we affirmed our 'BBB+' issue ratings on the bank's senior unsecured bonds, 'BBB' issue ratings on its tier 2 bonds and 'BB+' issue ratings on its additional tier 1 bonds.

Rating rationale

Our long-term issuer rating reflects Bien Sparebank's low risk appetite, with a strong capital position and access to funding, as well as a low-risk loan portfolio. The bank has a cooperation agreement with the Eika alliance, which we view as positive, as it provides product diversity, shared development costs and the opportunity to finance residential retail mortgages through Norwegian covered bond issuer Eika Boligkreditt. We expect Bien Sparebank will report strong earnings in our 2025–2027 forecast period, despite pressure on its net interest margin from peaking interest rates and strengthening competition. We believe that improved cost efficiency will help support earnings. Strong pre-provision profit will likely aid in offsetting a moderate increase in loan losses due to a slowdown in the overall economy.

We have raised our scoring of risk governance to reflect increased resources allocated to anti-money laundering and credit risk governance, in particular. In addition, we have aligned our score for other risks with the risk governance score. On the other hand, we have offset this with a one-notch negative rating adjustment to reflect the stiff competition the bank faces and its low market share in its core region of Oslo, the capital of Norway. It also reflects the bank's concentrated exposure to real estate in its core region and a lack of scale that affects its ability to adapt to an increasing regulatory burden.

Stable outlook

The stable outlook reflects the bank's low risk appetite and strong cost efficiency, which we believe will enable resilience during a modest economic slowdown. We forecast that Bien Sparebank's loan growth will outpace its earnings capacity in 2025-2027. However, we anticipate a boost in capital ratios from 2025 following the implementation of the EU's Capital Requirements Regulations III (CRR3).

We could raise our rating on Bien Sparebank to reflect increased scale with maintained risk appetite and profitability; and improved capital and earnings, with a Tier 1 capital ratio sustainably above 25%. We could also raise the rating to reflect strengthened earnings at the bank, with pre-provision earnings above 3% and a cost-to-income ratio above 25% over a protracted period.

We could lower our rating to reflect a material deterioration in the bank's local operating environment that negatively affects its asset quality; a sustained reduction in the Tier 1 capital ratio to below 18%; or to reflect risk-adjusted earnings metrics sustainably below 1.5% of the risk exposure amount.

Rating list	**To**	**From**
Long-term issuer credit rating:	BBB+	BBB+
Outlook:	Stable	Stable
Short-term issuer credit rating:	N2	N2
Senior unsecured issue rating:	BBB+	BBB+
Tier 2 issue rating:	BBB	BBB

Rating list	To	From
Additional Tier 1 issue rating:	BB+	BB+

Figure 1. Bien Sparebank rating scorecard

Subfactors	Impact	To	From
National factors	10.0%	a	a
Regional, cross border, sector	10.0%	a	a
Operating environment	20.0%	a	a
Risk governance	5.0%	bbb+	bbb
Capital	17.5%	a+	a+
Funding and liquidity	15.0%	a-	a-
Credit risk	10.0%	bbb+	bbb+
Market risk	-	-	-
Other risks	2.5%	bbb+	bbb
Risk appetite	50.0%	a-	a-
Competitive position	15.0%	bb-	bb-
Earnings	7.5%	a	a
Loss performance	7.5%	a-	a-
Performance indicators	15.0%	a-	a-
Indicative credit assessment		**a-**	**bbb+**
Transitions		Neutral	Neutral
Peer calibration		Neutral	Neutral
Borderline assessments		-1 notch	Neutral
Stand-alone credit assessment		**bbb+**	**bbb+**
Material credit enhancement		Neutral	Neutral
Rating caps		Neutral	Neutral
Support analysis		Neutral	Neutral
Issuer rating		**BBB+**	**BBB+**
Outlook		Stable	Stable
Short-term rating		**N2**	**N2**

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	BBB+	BBB+
Tier 2	BBB	BBB
Additional Tier 1	BB+	BB+

Type of credit rating:	Long-term issuer credit rating Short-term issuer credit rating Issue credit rating
Publication date:	The rating was first published on 21 Mar. 2024.
Office responsible for the credit rating:	Nordic Credit Rating AS (NCR), Oslo, Norway. NCR is a registered credit rating agency under Regulation (EC) No 1060/2009.
Primary analyst:	Geir Kristiansen, +4790784593, geir.kristiansen@nordiccreditrating.com
Rating committee chairperson responsible for approval of the credit rating:	Elisabeth Adebäck, +46700442775, elisabeth.adeback@nordiccreditrating.com
Were ESG factors a key driver behind the change to the credit rating or rating outlook?	No.
Methodology used when determining the credit rating:	NCR's Financial Institutions Rating Methodology published on 14 Feb. 2024 NCR's Rating Principles published on 14 Feb. 2024 NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024 The methodology and principles documents provide analytical guidance to NCR's rating activities including but not limited to, assumptions, parameters, cash flow analysis, and stress-testing. NCR's methodologies and principles can be found on our website nordiccreditrating.com/governance/policies. The historical default rates of entities and securities rated by NCR will be viewed on the central platform (CEREP) of the European Securities and Markets Authority (ESMA).
Materials used when determining the credit rating:	Annual- and quarterly reports of the rated entity, Bond prospectuses, Company presentations, Data provided by external data providers, Meetings with management of the rated entity, Non-public information, Website of rated entity.
Potential conflicts of interest:	The rating is NCR's independent opinion of the rated entity's relative creditworthiness. The rating is solicited, i.e. it is prepared for a fee paid by the rated entity. At the time of analysis and publication neither NCR nor any of the analysts or persons involved in the rating process held any interest, ownership interest or securities in the rated entity. NCR does not have any direct or indirect shareholder with a holding of more than 5% of NCR's shares and votes. For further information, please refer to NCR's conflict of interest policy which is available on: https://nordiccreditrating.com/governance/policies
Additional information:	Prior to publication, the rating was disclosed to the rated entity. The issuer was given 24 hours (of which 8 business hours) to remark on factual errors and/or the inadvertent inclusion of confidential information, if applicable. The rating was not amended after the review by the issuer. No stress test or cash flow forecasting was performed. NCR's rating is an opinion regarding the relative creditworthiness of an entity or an instrument. It is not a prediction, guarantee or recommendation to buy, hold or sell securities. NCR assigns outlooks to issuer ratings to indicate where they could move in the near term, normally 12–18 months. Further information on the rating process, rating definitions and limitations is available on our website: nordiccreditrating.com/governance/policies.
Ancillary services provided:	No ancillary services were provided.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
Legal exemption from liability:	Disclaimer © 2025 Nordic Credit Rating AS (NCR, the agency). All rights reserved. All information and data used by NCR in its analytical activities come from sources the agency considers accurate and reliable. All material relating to NCR's analytical activities is provided on an "as is" basis. The agency does not conduct audits or similar warranty validations of any information used in its analytical activities and related material. NCR advises all users of its services to carry out individual assessments for their own specific use or purpose when using any information or material provided by the agency. Analytical material provided by NCR constitutes only an opinion on relative credit risk and does not address other forms of risk such as volatility or market risk and should not be considered to contain facts of any kind for the purpose of assessing an issuer's or an issue's historical, current or future performance. Analytical material provided by NCR may include certain forward-looking statements relating to the business, financial performance and results of an entity and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. Forward-looking statements contained in any analytical material provided by NCR, including assumptions, opinions and views either of the agency or cited from third-party sources are solely opinions and forecasts which are subject to risk, uncertainty and other factors that could cause actual events to differ materially from anticipated events. NCR and its personnel and any related third parties provide no assurance that the assumptions underlying any statements in analytical material provided by the agency are free from error, nor are they liable to any party, either directly or indirectly, for any damages, losses or similar, arising from use of NCR's analytical material or the agency's analytical activities. No representation or warranty (express or implied) is made as to, and no reliance should be placed upon, any information, including projections, estimates, targets and opinions, contained in any analytical material provided by NCR, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained in any analytical material provided by the agency. Users of analytical material provided by NCR are solely responsible for making their own assessment of the market and the market position of any relevant entity, conducting their own investigations and analysis, and forming their own view of the future performance of any relevant entity's business and current and future financial situation. NCR is independent of any third party, and any information and/or material resulting from the agency's analytical activities should not be considered as marketing or a recommendation to buy, sell, or hold any financial instruments or similar. Relating to NCR's analytical activities, historical development and past performance does not safeguard or guarantee any future results or outcome. All information herein is the sole property of NCR and is protected by copyright and applicable laws. The information herein, and any other information provided by NCR, may not be reproduced, copied, stored, sold, or distributed without NCR's written permission.

NORDIC CREDIT RATING AS

nordiccreditrating.com