Nordic Credit Rating

FINANCIAL INSTITUTION

Norway
23 May 2025

Askim & Spydeberg Sparebank

Rating Action Report

LONG-TERM RATING

A-

OUTLOOK

Stable

SHORT-TERM RATING

N2

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Askim & Spydeberg long-term issuer rating affirmed; Outlook stable

Nordic Credit Rating has affirmed its 'A-' long-term issuer rating on Norway-based savings bank Askim & Spydeberg Sparebank. The outlook is stable. The 'N2' short-term issuer rating, 'A-' senior unsecured issue rating, 'BBB+' Tier 2 issue rating, and 'BBB-' Additional Tier 1 issue rating have also been affirmed, in accordance with NCR's revised financial institutions rating methodology. The ratings are no longer under criteria review.

Rating rationale

The long-term issuer rating reflects the bank's solid capital position and earnings, low risk appetite, and ready access to funding. We take a positive view of the bank's membership in the Lokalbanksamarbeidet banking cooperative, which enables product diversity, shared development costs and the opportunity to finance residential retail mortgage loans through jointly owned covered-bond company Verd Boligkreditt AS.

We expect Askim & Spydeberg Sparebank to benefit from the implementation of the EU's Capital Requirements Regulation III (CRR3), given its substantial share of low loan-to-value residential mortgage loans. With moderate loan growth expectations, we believe the Tier 1 ratio will remain above 23% through 2027, enhancing our view of capital. We have also revised our risk governance assessment to reflect significant improvements in anti-money laundering practices, risk reporting, and policy standards over the past year. Despite pressure on net interest margins from peaking interest rates and growing competition, we expect Askim & Spydeberg Sparebank to maintain strong earnings over our forecast period through 2027. We also anticipate improved loss performance over our forecast period after extraordinary losses in recent years.

The rating is constrained by Askim & Spydeberg Sparebank's concentrated exposure to residential and commercial real estate and the construction sector in northern Østfold county and the district of Follo. Although the bank has strong market share in its core operating region, the stiffer competition in the Follo district growth markets is an additional rating constraint.

Stable outlook

The stable outlook reflects our view that Askim & Spydeberg Sparebank's earnings and cost efficiency will remain strong, despite expectations of lower interest rates, offsetting moderate credit losses. We believe the bank's strong capital position and diverse funding profile will prove resilient against a modest economic slowdown. The outlook also factors in improved risk governance and our expectation of continued investment in this area.

We could raise the rating to reflect pre-provision income to risk exposure amount sustainably above 3%, a Tier 1 ratio maintained significantly above 22%, and a stronger market position in the district of Follo and the northern Østfold county.

We could lower the rating to reflect a Tier 1 capital ratio below 20% over a protracted period, a material deterioration in the local operating environment that negatively affects asset quality, or a pre-provision income below 2% of risk exposure amount for a protracted period.

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

Rating list	To	From
Additional Tier 1 issue rating:	BBB-	BBB-

Figure 1. Askim & Spydeberg Sparebank rating scorecard

Subfactors	Impact	To	From
National banking environment	10.0%	a	-
Sector exposure assessment	-	-	-
Regional assessment	10.0%	a-	-
Cross border assessment	-	-	-
National factors	-	-	a
Regional, cross border, sector	-	-	a-
Operating environment	20.0%	a-	a-
Risk governance	7.5%	bbb	bbb-
Capital	17.5%	aa-	a+
Funding and liquidity	15.0%	a	a
Credit and market risk	10.0%	bbb	-
Market risk	-	-	-
Other risks	-	-	bbb
Credit risk	-	-	bbb
Risk appetite	50.0%	a	a-
Competitive position	15.0%	bb+	bb+
Earnings	7.5%	a+	a+
Loss performance	7.5%	bbb+	bbb+
Performance indicators	15.0%	a-	a-
Indicative credit assessment		**a-**	**a-**
Peer comparison		Neutral	Neutral
Transitions		Neutral	Neutral
Borderline assessments		Neutral	Neutral
Stand-alone credit assessment		**a-**	**a-**
Ownership		Neutral	Neutral
Capital structure protection		Neutral	-
Rating caps		Neutral	Neutral
Material credit enhancement		-	Neutral
Issuer rating		**A-**	**A-**
Outlook		Stable	Stable
Short-term rating		**N2**	**N2**

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	A-	A-
Tier 2	BBB+	BBB+
Additional Tier 1	BBB-	BBB-

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 29 May. 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.
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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 Rating Principles published on 14 Feb. 2024 NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024 NCR's Financial Institutions Rating Methodology published on 12 May 2025 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, External market reports, Meetings with management of the rated entity, Non-public information, Press reports/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.
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