

Sparebank 1 Lom og Skjåk

Rating Action Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N2

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SpareBank 1 Lom og Skjåk assigned 'BBB+' long-term issuer rating; Outlook stable

Nordic Credit Rating (NCR) has assigned a 'BBB+' long-term issuer rating to Norway-based [SpareBank 1 Lom og Skjåk](#). The outlook is stable. An 'N2' short-term issuer rating has also been assigned, together with a 'BBB+' senior unsecured issue rating and a 'BBB' Tier 2 issue rating. The bank has not issued Additional Tier 1 instrument, but we expect to rate such instruments 'BB+', if it chooses to do so.

Rating rationale

The long-term issuer rating reflects SB1 Lom og Skjåk's strong capitalisation, good access to funding, and robust earnings. The bank is part of the SpareBank 1 Alliance, which we view as supportive of business diversity, operating efficiency, and liquidity. SB1 Lom og Skjåk's pre-provision profitability is strong and its cost efficiency average in the context of its peer group. The bank is predominantly a provider of retail residential mortgage loans, but also has significant exposure to commercial real estate, agriculture and construction.

The rating is constrained by high levels of corporate exposure in the bank's core markets in Norway's Innlandet county, where the population is in decline. It is also constrained by strong competition in key growth markets outside the core region.

Stable outlook

The stable outlook reflects SB1 Lom og Skjåk's low risk appetite, strong real estate collateral, and robust earnings, which we believe would enable resilience to a moderate slowdown in the economy. We expect that the bank will be able to generate sufficient earnings to keep capitalisation stable, despite the prospect of strong loan growth. We also expect the bank's capital ratios to be boosted by the prospective positive impact of implementing the EU's Capital Requirements Regulations III (CRR3).

We could raise the rating to reflect improved asset quality metrics (net Stage 3 loans below 1.5% of net loans over a sustained period). We could also raise the rating to reflect cost-to-income below 45%, pre-provision income/risk exposure amount (REA) above 2.5% for a protracted period, or improved market position in the bank's growth markets.

We could lower the rating to reflect a lasting reduction in the consolidated Tier 1 capital ratio to below 18%, risk-adjusted earnings metrics sustainably below 1.5% of REA, material deterioration in the operating environment, or increased risk appetite that negatively affects asset quality.

Rating list

	Rating
Long-term issuer credit rating:	BBB+
Outlook:	Stable
Short-term issuer credit rating:	N2
Senior unsecured issue rating:	BBB+
Tier 2 issue rating:	BBB
Additional Tier 1 issue rating:	BB+

Figure 1. rating scorecard

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

Figure 2. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB+
Tier 2	BBB
Additional Tier 1	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 30 Jun. 2025.
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 Financial Institutions Rating Methodology published on 12 May 2025 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, 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 have been provided in the last 12 months.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
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