

Lillesands Sparebank

Rating Action Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N2

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Lillesands Sparebank 'BBB+' long-term issuer rating affirmed with stable outlook; removed from criteria review

Nordic Credit Rating (NCR) has affirmed its 'BBB+' long-term issuer rating on Norway-based savings bank [Lillesands Sparebank](#). The outlook is stable. The 'N2' short-term issuer rating and 'BBB+' senior unsecured issue rating have also been affirmed, in accordance with NCR's revised financial institutions rating methodology. The bank has not issued Tier 2 or Additional Tier 1 instruments, but we expect to rate such instruments at 'BBB' and 'BB+', respectively, if it chooses to do so. The ratings are no longer under criteria review.

Rating rationale

NCR has reviewed its long-term and short-term issuer ratings, issue ratings, and outlook on Lillesands Sparebank following the revision of its methodology for assigning ratings to financial institutions (see Related publications). We consider that our amendments to the methodology have not had a material impact on our view of the bank's creditworthiness. Consequently, we have affirmed our ratings and maintained the stable outlook on the ratings on Lillesands Sparebank.

We have revised our capital assessment to reflect significant improvements in capital ratios and increased distance from regulatory requirements. The adjustment also reflects our expectations that the bank will 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.

Stable outlook

The stable outlook reflects our view that a weak economic climate and projected credit losses will be offset by improvements in capital and stable earnings metrics. We believe the bank's moderate risk appetite, strong real-estate collateral and stable cost position will enable resilience to a moderate slowdown in the economy. We expect Lillesands Sparebank's capital ratios will be further boosted by the implementation of CRR3.

An upgrade is unlikely at this time, given the bank's restricted competitive position with regional and sectoral concentrations.

We could lower the rating to reflect a deterioration in the local operating environment or weaker asset quality, increased reliance on bond market financing. We could also lower the rating to reflect pre-provision income to risk exposure amount below 1.5% or cost/income above 60% for a protracted period.

Related publications

- i) [Lillesands Sparebank assigned 'BBB+' long-term issuer rating; Outlook stable](#), 17 Dec. 2025.
- ii) [Nordic Credit Rating publishes amended Financial Institutions Rating Methodology](#), 12 May 2025.

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	None
Additional Tier 1 issue rating:	BB+	None

Figure 1. Lillesands Sparebank rating scorecard

Subfactors	Impact	To	From
National banking environment	5.0%	a	-
Sector exposure assessment	-	-	-
Regional assessment	15.0%	bbb+	-
Cross border assessment	-	-	-
National factors	-	-	a
Regional, cross border, sector	-	-	bbb+
Operating environment	20.0%	bbb+	bbb+
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-	-
Credit risk	-	-	bbb-
Market risk	-	-	-
Other risks	-	-	bbb-
Risk appetite	50.0%	a-	a-
Competitive position	15.0%	bb-	bb-
Earnings	7.5%	bbb	bbb
Loss performance	7.5%	a-	a-
Performance indicators	15.0%	bbb+	bbb+
Indicative credit assessment		bbb+	bbb+
Peer comparison		Neutral	Neutral
Transitions		Neutral	Neutral
Borderline assessments		Neutral	Neutral
Stand-alone credit assessment		bbb+	bbb+
Ownership		Neutral	Neutral
Capital structure protection		Neutral	-
Rating caps		Neutral	Neutral
Material credit enhancement		-	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	None
Additional Tier 1	BB+	None

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 17 Dec. 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 Financial Institutions Rating Methodology published on 12 May 2025 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, 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 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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