

Orkla Sparebank

Rating Action Report

LONG-TERM RATING

A-

OUTLOOK

Stable

SHORT-TERM RATING

N2

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Orkla Sparebank 'A-' long-term issuer rating affirmed with stable outlook; removed from criteria review

Nordic Credit Rating has affirmed its 'A-' long-term issuer rating on Norway-based [Orkla Sparebank](#). The outlook is stable. The 'N2' short-term rating, 'A-' senior unsecured issue rating and 'BBB+' Tier 2 issue rating have also been affirmed, in accordance with NCR's revised financial institutions rating methodology. The ratings are no longer under criteria review. The bank has no outstanding Tier 1 debt. However if it issues Tier 1 instruments in the future, we would assign a 'BBB-' issue rating.

Rating rationale

The affirmation reflects our expectation that the bank will sustain its improved capital ratios and deliver strong earnings. We have revised our assessment of the bank's capital, based on our projected Tier 1 ratio above 23.5% through 2027. The bank benefited from the implementation of the EU's Capital Requirements Regulation III (CRR3) in Apr. 2025, which increased its Tier 1 ratio by about 3pp, supported by a high proportion of low loan-to-value residential mortgages. We have also improved our view of the bank's earnings capacity, given the likelihood of a stable policy rate and further gains in cost efficiency.

Orkla Sparebank's merger with Rindal Sparebank is expected to be completed in Nov. 2025, expanding its core market to the south-east. The combined bank will have about NOK 24bn in total assets, including loans transferred to Eika Boligkreditt.

The issuer rating also reflects Orkla Sparebank's established access to funding, solid liquidity position, and low risk appetite. We have revised our assessment of the bank's funding and liquidity to account for its relatively high reliance on capital market financing compared to peers, as well as our expectation that the loan-to-deposit ratio will exceed 130% in our forecast. We continue to view the bank's cooperation with the Eika alliance positively.

The rating is constrained by the bank's concentrated exposure to real estate and agriculture in the region south-west of Trondheim in central Norway. It is also constrained by strong competition and low market share in Trondheim, the bank's fastest growing market.

Stable outlook

The outlook is stable, reflecting our view that a weak economic climate and projected credit losses will be offset by strong and stable pre-loss earnings metrics. The bank's strong capital ratios, which have been boosted by modest on-balance-sheet loan growth and the positive effect of implementing CRR3, are stabilising factors in our credit risk assessment.

We could raise the rating to reflect improved economic conditions and asset quality metrics relative to those of its peers and pre-provision earnings to risk exposure amount sustainably above 3%, and improved market position.

We could lower the rating to reflect a material deterioration in the local operating environment that negatively affects asset quality, a lasting reduction in the Tier 1 capital ratio to below 20%, and risk-adjusted earnings metrics below 2% of risk exposure amount.

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+
Additional Tier 1 issue rating:	BBB-	BBB-

Figure 1. Orkla Sparebank rating scorecard

Subfactors	Impact	To	From
National banking environment	10.0%	a	-
Sector exposure assessment	-	-	-
Regional assessment	10.0%	bbb+	-
Cross border assessment	-	-	-
National factors	-	-	a
Regional, cross border, sector	-	-	bbb+
Operating environment	20.0%	a-	a-
Risk governance	7.5%	a-	a-
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	-	-	a
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-	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 30 Oct. 2023.
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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