

Søgne og Greipstad Sparebank

Rating Action Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N2

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Søgne og Greipstad Sparebank assigned 'BBB+' long-term issuer rating; Outlook stable

Nordic Credit Rating (NCR) has assigned a 'BBB+' long-term issuer rating to Norway-based savings bank [Søgne og Greipstad Sparebank](#). The outlook is stable. An 'N2' short-term issuer rating has also been assigned, together with a 'BBB+' senior unsecured issue rating, 'BBB' Tier 2 issue rating and a 'BB+' additional Tier 1 issue rating.

Rating rationale

The long-term issuer rating reflects the bank's robust capital position, with a Tier 1 ratio projected to remain above 23% through our forecast period, a moderate risk appetite, diverse access to funding and solid asset quality performance, with net Stage 3 loans expected around 1-1.5% of total net lending. 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.

The rating is constrained by the bank's geographic concentration in western Kristiansand, a high proportion of real-estate collateral in its core markets, and some limitations in the risk governance framework. The rating is also constrained by the bank's small size, with net lending including transfers of around NOK 7bn, as well as high, and increasing, competition in and around Kristiansand.

Stable outlook

The stable outlook reflects our view that Søgne og Greipstad Sparebank' solid capitalisation and adequate earnings are sufficient to compensate for a continued weakened domestic economy and relatively high risk in the real-estate development sector. We expect that Søgne og Greipstad Sparebank will maintain its moderate risk profile and that asset quality metrics will remain stable. We also expect that the bank will protect its market position in both its traditional and newer markets, despite high competition. We forecast the bank will maintain strong capital ratios following recent improvement due to implementing the EU's Capital Requirements Regulations III (CRR3).

We could raise the rating to reflect improved scale and market position, combined with strengthened core earnings, with a cost-to-income ratio around 50% and risk-adjusted earnings around 2.5% over a protracted period, as well as improvements to the risk governance framework.

We could lower the rating to reflect a material deterioration in the local operating environment or significantly weakened asset quality. We could also lower the rating to reflect a consolidated Tier 1 ratio below 18% over a protracted period, or increased competition and margin pressure.

Rating list

Long-term issuer credit rating:
Outlook:
Short-term issuer credit rating:
Senior unsecured issue rating:
Tier 2 issue rating:
Additional Tier 1 issue rating:

Rating

BBB+
Stable
N2
BBB+
BBB
BB+

Figure 1. Søgne og Greipstad Sparebank rating scorecard

Subfactors	Impact	Score
National banking environment	5.0%	a
Sector exposure assessment	-	-
Regional assessment	15.0%	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:	Issue credit rating
Publication date:	The rating was first published on 09 Oct. 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 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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