SpareBank 1 Østfold Akershus

Rating Action Report

LONG-TERM RATING

A

OUTLOOK

Stable

SHORT-TERM RATING

N2

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SpareBank 1 Østfold Akershus 'A' long-term issuer rating affirmed with stable outlook; removed from criteria review

Nordic Credit Rating (NCR) has affirmed its 'A' long-term issuer rating on Norway-based savings bank SpareBank 1 Østfold Akershus. The outlook is stable. The 'N2' short-term rating, 'A' senior unsecured issue rating, 'A-' 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 affirmation reflects SB1 Østfold Akershus' continued stable performance, strong profitability and moderate risk appetite. In the first nine months of 2025, the bank reported risk-adjusted earnings of 3.7%. We expect this ratio to decline slightly but remain strong for the sector at 3.3–3.4% through our forecast period to 2027, resulting in a return on equity well above the bank's revised target of 11%.

SB1 Østfold Akershus, along with other savings banks, received a significant boost to capital ratios from CRR3, with a reported estimated impact of approximately 2pp. We expect that the bank will use this additional capital to support growth and also distribute some to shareholders, to slim down capitalisation. The bank has announced an extra dividend of NOK 10 per share, or NOK 124m in total, to be paid in Dec. 2025, and we also anticipate an additional extra dividend next year, in addition to the 50% payout ratio policy. Combined with expected loan growth of around 10% over our forecast period, these factors have led us to revise our capital assessment downward.

The rating also continues to reflect the growth prospects of SB1 Østfold Akershus' core markets, its solid asset quality metrics—despite a modest deterioration in recent years amid weaker economic conditions—and its relationship-based funding profile. Membership in the Sparebank 1 Alliance supports business diversity, operating efficiency and liquidity. The rating remains constrained by high competition in the bank's operating region, geographic concentration in the loan book and uncertainty in the commercial real estate sector.

Stable outlook

The outlook is stable, reflecting our view that SB1 Østfold Akershus is likely to maintain solid profitability and capital generation as the bank increases focus on growth. While we believe the weakened economy will take some time to fully recover, we expect gradual improvements in the bank's asset quality metrics. The outlook also reflects our expectation that the bank will slim its capitalisation through growth and potential extraordinary dividends, but that it will maintain an adequate buffer to regulatory requirements.

An upgrade is unlikely at this time, given earnings and capitalisation are already strong.

We could lower the rating to reflect a Tier 1 ratio under 18% over a protracted period, or a CET1 ratio within 2pp of regulatory requirements. We could also lower the rating to reflect a material deterioration in the regional operating environment that negatively affects asset quality, or increased competition leading to lower profitability and a weaker market position.

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:	A-	A-

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

Figure 1. SB1 Østfold Akershus 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%	a	a
Capital	17.5%	a	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%	bbb+	bbb+
Earnings	7.5%	aa-	aa-
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	A-	A-
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 28 Nov. 2018.
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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