

Sparebanken Narvik

Rating Action Report

LONG-TERM RATING

A-

OUTLOOK

Stable

SHORT-TERM RATING

N2

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Sparebanken Narvik '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 [Sparebanken Narvik](#). The outlook is stable. The 'N2' short-term rating and 'A-' senior unsecured 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 issued Tier 2 or Additional Tier 1 instruments, but we would assign future issues an issue rating one and three notches below the issuer rating at 'BBB+' and 'BBB-', respectively, if it chooses to do so.

Rating rationale

The affirmation reflects our expectations that Sparebanken Narvik will maintain strong earnings and robust cost efficiency through 2027, despite a gradual decline in interest margins. We have revised our assessment of Sparebanken Narvik's capital, based on our projected Tier 1 ratio above 23% through 2027, despite heightened double-digit loan growth. 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 anticipate Sparebanken Narvik will maintain its low-risk profile and slightly increase the share of residential mortgages in its lending. The ongoing development of large-scale projects in the Narvik region, along with preparations to host the Winter Championships in 2029, positively influences our operating environment assessment.

The long-term issuer rating also reflects the bank's low risk appetite and strong earnings. The bank has a cooperation agreement with the Eika banking alliance, which we view as positive, as it provides product diversity, shared development costs, and the opportunity to finance residential retail mortgages through mortgage company Eika Boligkreditt.

The rating is constrained by the bank's concentrated exposure to real estate in the Narvik and Mid-Troms regions. It is also constrained by strong competition and a low market share in Mid-Troms.

Stable outlook

The stable outlook reflects our view that a weak economic climate and late-cycle loan losses will be offset by robust pre-provision income. We believe Sparebanken Narvik's outstanding capital position, strong cost-efficiency, low risk appetite and high proportion of real-estate collateral enable resilience to a moderate slowdown in the economy. We expect the bank to maintain strong capital ratios, following the boost by CRR3, despite projected double-digit lending growth ahead.

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

We could lower the rating to reflect a material deterioration in the regional operating environment or increased risk appetite, a lasting reduction in the Tier 1 capital ratio to below 20%, or risk-adjusted earnings metrics below 2% of risk exposure amount or cost/income above 50% over a protracted period.

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+	None
Additional Tier 1 issue rating:	BBB-	None

Figure 1. Sparebanken Narvik 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	aa-
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	BBB+	None
Additional Tier 1	BBB-	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 04 Nov. 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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