Nordic Credit Rating

FINANCIAL INSTITUTION

Norway
11 May 2026

Strømmen Sparebank

Full Rating Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N2

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RATING RATIONALE

Our 'BBB+' long-term issuer rating on Norway-based Strømmen Sparebank reflects the bank's strong earnings, robust capital position and strong growth prospects in core markets. The bank demonstrates access to capital market financing and few single-name concentrations. We consider the bank's risk governance and internal risk reporting as appropriate for its size and complexity. The bank has a cooperation agreement with the Eika alliance, which we view as positive, as it provides product diversity, shared development costs and the opportunity to finance residential retail mortgages through Norwegian covered bond issuer Eika Boligkreditt.

The rating is constrained by the bank’s concentrated exposure to real estate in the Romerike region, adjacent to Oslo. It also reflects stiff competition in the greater Oslo area and the bank’s limited market share.

THE OUTLOOK IS STABLE

The stable outlook reflects our expectation that Strømmen Sparebank will maintain stable pre-provision income and projections of improving asset quality. The bank's moderate risk appetite, robust real estate collateral and strong capital position support its resilience to a modest economic slowdown. We forecast the bank to maintain robust capital ratios following improvements from implementing the EU's Capital Requirements Regulations III (CRR3) last year.

POTENTIAL POSITIVE RATING DRIVERS

- A stronger market position in Romerike; and
- Pre-provision income to risk exposure amount (REA) sustainably above 3%; and
- Reduced concentrations in the loan book.

POTENTIAL NEGATIVE RATING DRIVERS

- A Tier 1 capital ratio below 18% over a protracted period.
- Material weakening of asset quality, including a sustained increase in Stage 3 loans.
- Loan-to-deposit ratio above 150%.

Figure 1. Key credit metrics, 2022–2028e

%	2022	2023	2024	2025	2026e	2027e	2028e
Net interest margin	1.9	2.4	2.4	2.3	2.2	2.2	2.1
Pre-provision income/REA*	2.2	2.8	2.7	2.8	2.9	2.8	2.7
Cost-to-income	55.0	49.4	46.5	45.1	46.1	44.9	45.0
Return on ordinary equity	6.1	8.0	9.1	8.8	7.7	7.8	7.8
Loan losses/net loans	0.09	0.07	-0.08	-0.01	0.06	0.06	0.06
Net Stage 3/net loans	0.93	2.24	0.73	1.70	1.63	0.96	0.95
Tier 1 ratio*	23.8	22.5	24.4	29.5	29.3	28.2	27.0

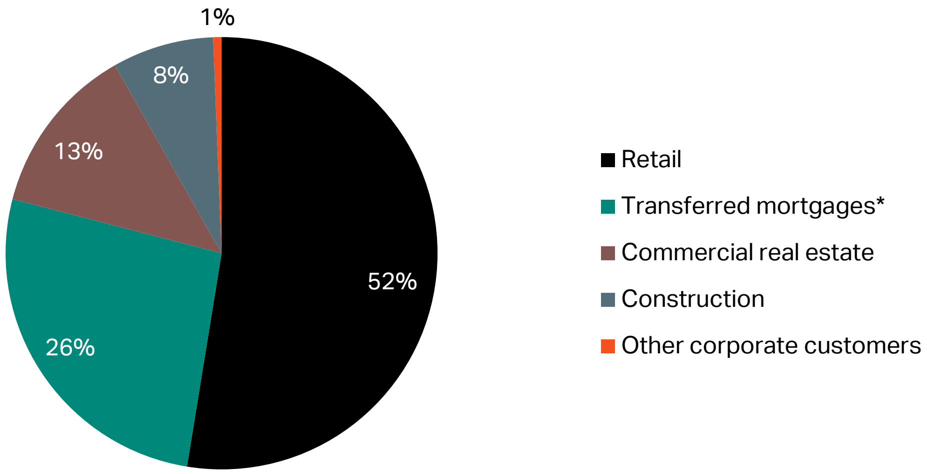
Source: company and NCR. e–estimate. REA–risk exposure amount. All metrics adjusted in line with NCR methodology. *Consolidated capital adequacy metrics.

ISSUER PROFILE

Strømmen Sparebank is a small Norwegian savings bank, established in 1921 and headquartered in Strømmen. The bank serves retail customers and SMEs in the Romerike area and Greater Oslo. As of year-end 2025, it reported gross lending of approximately NOK 5.7bn (including transferred loans) and employed 27 staff.

Strømmen Sparebank is a member of the Eika Alliance, an association of more than 40 small and medium-sized Norwegian savings banks. The alliance supports product diversification and enhances cost efficiency through shared IT expenses and joint risk management and compliance initiatives. It also enables the financing of residential mortgages through Eika Boligkreditt.

Figure 2. Gross loans by sector, 31 Dec. 2025



Source: company. *Net loans transferred to Eika Boligkreditt.

OPERATING ENVIRONMENT

Operating environment

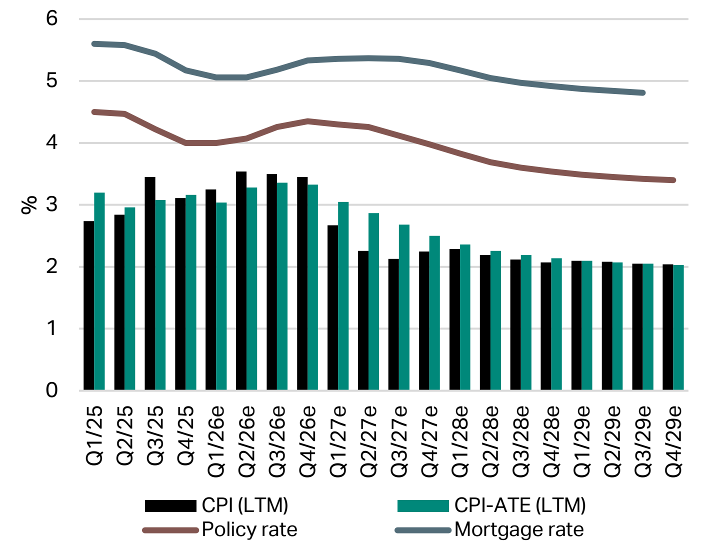
We consider both national and regional factors in our assessment of the operating environment. Strømmen Sparebank operates primarily in the greater Oslo region, which has above-average economic growth prospects. While we expect the national economy may weaken over the next few years due to reduced activity and persistent high inflation, we view the Norwegian banking sector as well positioned to manage these challenges.

Norwegian savings banks resilient to slowing economic activity

National banking environment

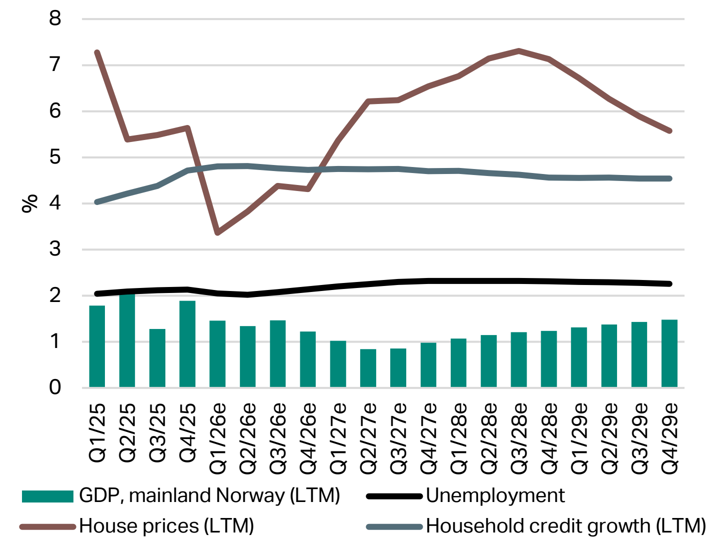
We consider a balance of national and regional factors in our assessment of the operating environment. Norwegian banks' net interest margins increased in 2022–2025 due to higher policy rates. While rates were cut somewhat in 2025, the still-elevated level is constraining credit growth, particularly in rate-sensitive segments. Market expectations and central bank guidance point to a higher likelihood of rate increases than further cuts in 2026, but strong competition and high deposit pass-through are expected to limit further margin upside. The Norwegian economy continues to benefit from high oil prices, but sentiment is dampened by heightened geopolitical uncertainty. While we consider the Norwegian economy to be strong, and the banking sector as resilient, there are risks concerning higher inflationary pressure, and continued pressure on property managers and developers.

Figure 3. Norwegian inflation and interest rates, 2025–2028e



Source: central bank. e–estimate. CPI–consumer price index. LTM–last 12 months. ATE–adjusted for tax changes and excluding energy products.

Figure 4. Norwegian economic indicators, 2025–2028e



Source: central bank. e-estimate.

Strong growth prospects in core markets

Regional assessment

Strømmen Sparebank serves customers in the greater Oslo region, which accounts for 96% of the bank's lending. Two-thirds of customers are in the municipalities of Lillestrøm, Lørenskog and Rælingen, adjacent to Oslo to the east. The core region benefits from strong population growth as Oslo expands outward. Unemployment in the core region remains low, though slightly above the Norwegian average mainly because a higher number of immigrants reside in this region.

Figure 5. Core markets

Municipality	Population, 2025	Expected population change, 2025–2050 (%)	Unemployment, Dec. 2025 (%)	Unemployment, Dec. 2024 (%)
Lillestrøm	96,552	17.5	2.6	2.6
Lørenskog	51,201	24.6	3.1	2.9
Rælingen	20,809	21.8	2.5	2.5
Core markets	168,562	20.2	2.7	2.7
Akershus county	728,803	19.9	2.5	2.2
Oslo	727,797	12.3	1.9	1.7
Norway	5,618,354	8.8	2.1	2.1

Source: Statistics Norway, Norwegian Labour & Welfare Administration.

Retail, logistics and construction-related activities are important areas of employment in Strømmen Sparebank's core market area. A significant share of residents in the bank's market area commute to Oslo, where wholesale and retail trade as well as financial and business services are key sectors. As with the wider Akershus and Oslo region, industrial activity accounts for a relatively limited share of employment and is largely characterised by small-scale operations.

RISK APPETITE

Risk appetite assessment

Our assessment of Strømmen Sparebank's risk profile reflects its high share of residential mortgage lending, and a funding structure dominated by customer deposits. The bank benefits from its ability to transfer residential mortgages to Eika Boligkreditt, supporting liquidity management and funding diversification. We consider the bank's capitalisation to be robust relative to its risk profile, supported by conservative risk appetite. At the same time, Strømmen Sparebank has a notable concentration to property-related lending, particularly within commercial real estate and construction, as well as geographic concentration in its local market area in Romerike and the Oslo region.

Risk governance

Well-established risk governance standards

We consider Strømmen Sparebank's risk governance framework, risk appetite, limit structure and internal risk reporting appropriate for the bank's size and complexity. The bank has clearly defined policies and guidelines covering key risk areas. It has also established anti-money laundering practices and policies, reducing the risk of related regulatory fines and associated losses. The bank is about to establish an internal audit function as a third line of defence, which we view as a positive for a bank of its size. Membership in the Eika Alliance provides access to additional resources, which we believe supports handling increasing risk governance requirements.

Strømmen Sparebank has taken steps to integrate sustainability considerations into its operations and contributes to the local community through sponsorships and social initiatives. The bank applies ESG assessments for corporate customers, aligned with Eika frameworks, which we view as supportive for internal risk awareness. A significant share of the bank's residential mortgage portfolio is financed through Eika Boligkreditt, which has also established a framework for issuing green covered bonds. We believe participation in the Eika Alliance strengthens the bank's capacity to further develop sustainability practices and ESG reporting.

Capital

Robust capitalisation and strong capital generation

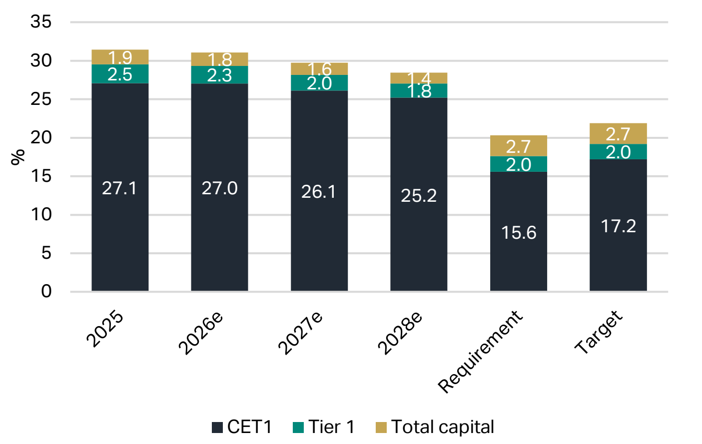
Our capital assessment considers Strømmen Sparebank's consolidated capital position, including its holdings in Eika Gruppen and Eika Boligkreditt. The bank's consolidated Common Equity Tier 1 (CET1) ratio was 27.1% and its Tier 1 ratio was 29.5% as of 31 Dec. 2025. These compare with minimum targets of 17.2% and 19.3%, respectively, which include a 1.5pp management buffer. The bank received a Pillar 2 requirement of 2.9% from the Norwegian FSA, effective 31 Dec. 2024.

Figure 6. Capital projection assumptions

%	2026e	2027e	2028e
Net interest margin	2.2	2.2	2.1
Loan growth	8.0	11.0	11.0
Return on equity	7.7	7.8	7.8
Gifts	3.1	3.1	3.1

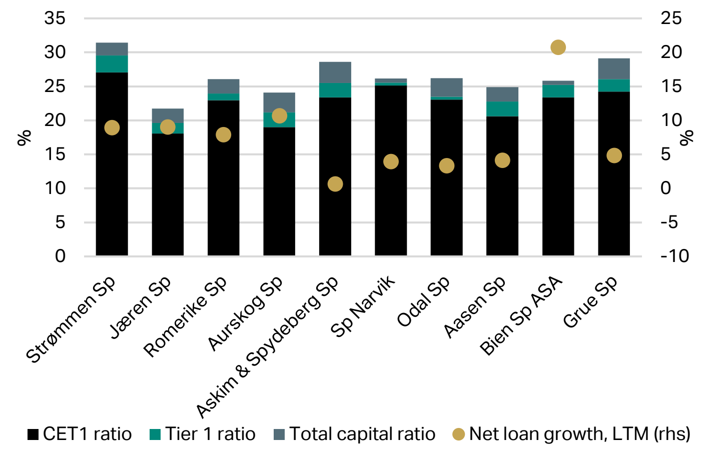
Source: NCR. e–estimate. All metrics adjusted in line with NCR methodology.

Figure 7. Forecast capital ratios vs. requirements, 2025–2028e



Source: company and NCR. e–estimate.

Figure 8. Norwegian savings banks' capital ratios and loan growth, 31 Dec. 2025



Source: companies.

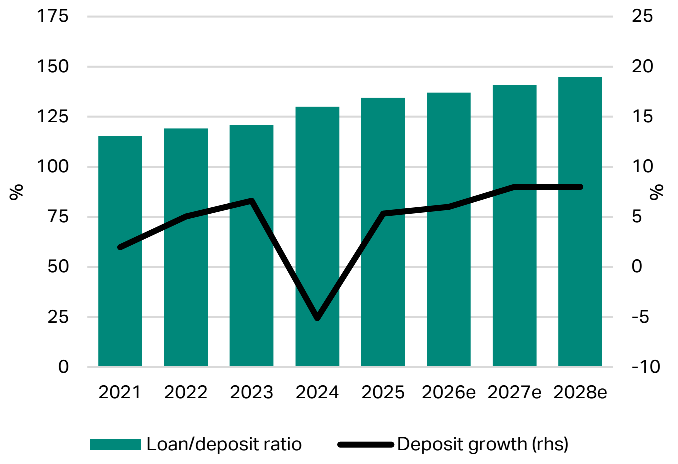
We expect Strømmen Sparebank to grow its on-balance-sheet loan book by 8–11% annually through 2028. We also anticipate a return on equity of 7-8% over the period. Approximately 3% of net income is expected to be distributed as contributions to the local community. As a result, we expect the bank's capital ratios to decline somewhat over the forecast period, but maintain substantial distance to minimum targets. We estimate a Tier 1 ratio of 27% at end-2028.

Funding and liquidity

Lending growth supported by market financing

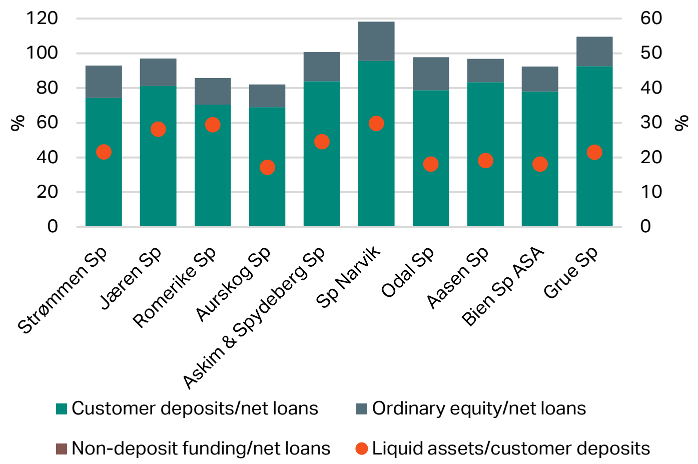
Strømmen Sparebank's funding and liquidity profile is diverse for its size. The bank maintains a stable retail deposit base and has demonstrated access to capital market funding. Over the past five years, deposit growth has been lower than loan growth, and we project this trend to continue. The loan-to-deposit ratio was 135% as of 31 Dec. 2025, somewhat above the peer average of 130%. The bank's liquidity risk is mitigated by limited single-name concentrations in customer deposits. As of 31 Dec. 2025, the liquidity coverage ratio was 382% and the net stable funding ratio was 139%, both well above the bank's internal limits of 120% and 105%, respectively. We note that the bank may need to increase capital markets funding to support future growth.

Figure 9. Deposit metrics, 2021-2028e



Source: company and NCR. e–estimate.

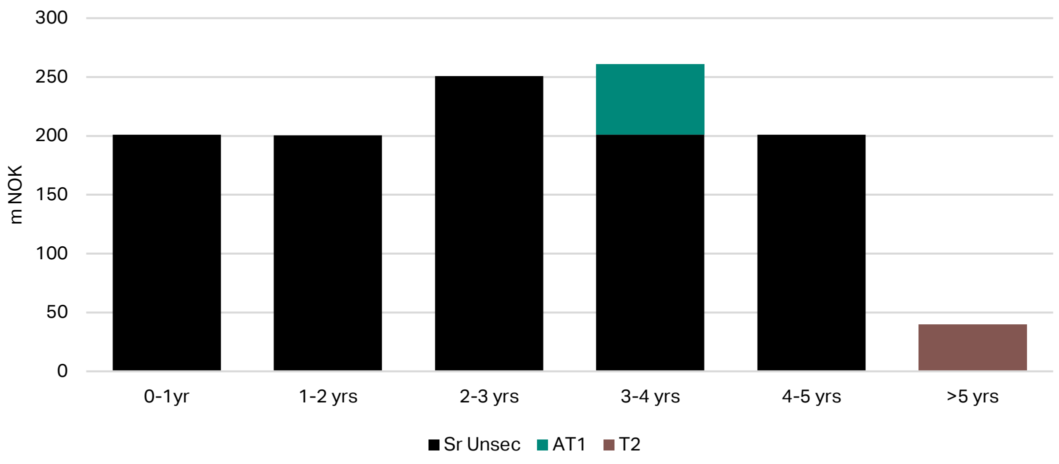
Figure 10. Norwegian savings banks' funding profiles, 31 Dec. 2025



Source: companies.

Strømmen Sparebank had 12 outstanding senior bonds totalling NOK 1.1bn as of 31 Dec. 2025, with maturities extending through 2030. The bank's internal limits on annual and quarterly maturities help mitigate refinancing risk.

Figure 11. Bond maturity profile, as of 31 Dec. 2025



Source: company.

Eika Boligkreditt remains a stable and important funding source for Strømmen Sparebank, providing access to more affordable, longer-term funding for retail mortgages than the bank could obtain independently. As of 31 Dec. 2025, the bank had transferred approximately NOK 1.5bn in residential housing loans,representing one-third of total residential housing lending,while retaining NOK 3.0bn on its own loan book. This is within internal limits, and the bank maintains a steady volume of readily transferable loans as a liquidity buffer.

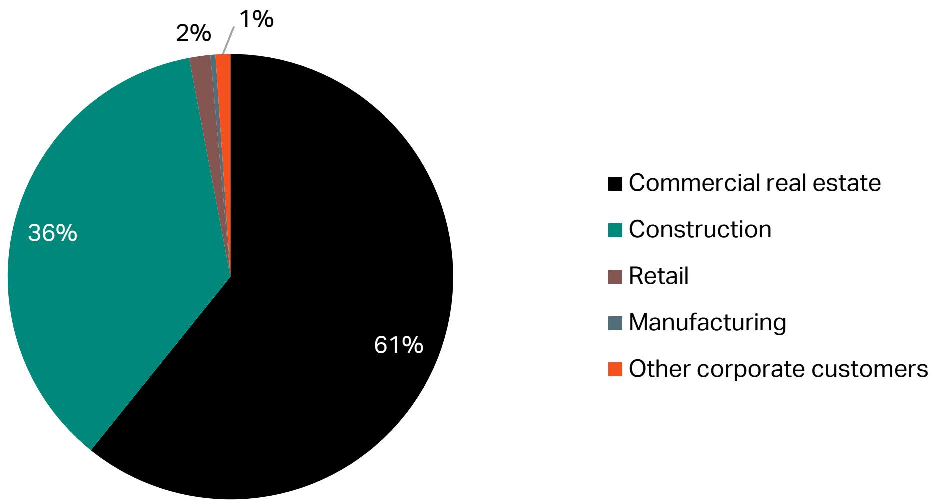
Mainly exposed to regional real estate

Credit and market risk

Strømmen Sparebank's loan portfolio is regionally concentrated, with approximately 86% of gross loans in Romerike. Approximately 79% of exposures (including transferred loans) are mortgage loans to private customers. While this is considered low-risk lending, the bank remains exposed to a material concentration of local borrowers and potential declines in property values.

Housing prices in Lillestrøm, Rælingen and Lørenskog have increased in recent years, despite elevated interest rates. Sustained price growth over the past decade has strengthened the bank's collateral. Prices are comparable to the Norwegian average but remain around 30-50% lower than those in Oslo municipality.

Figure 12. Corporate gross loans by sector (excluding transferred loans), 31 Dec. 2025



Source: company.

Corporate customers represented 21% of on- and off-balance sheet loans as of 31 Dec. 2025. Within the corporate portfolio, commercial real estate and construction accounted for 61% and 35% of gross loans, respectively. These sectors remain areas of concern, particularly due to certain single-name concentration risks. Elevated interest costs and a weak property market continue to weigh on credit quality in this segment.

Strømmen Sparebank increased total net lending including transferred loans by 7% in 2025. Most growth was in corporate lending, while residential mortgages rose by 3%. Our forecast assumes on-balance sheet loan growth of 8-11% per year through 2028, with somewhat higher growth in the retail segment. We also expect transferred loans to grow by about 10% in 2026, and 20% annually in 2027-2028, resulting in total loan growth of approximately 9% in 2026 and 13-14% in 2027 and 2028.

We note that the bank retains the associated risk and is expected to repurchase all non-performing loans, enabling Eika Boligkreditt to maintain a clean cover pool. Strømmen Sparebank has consistently accepted repatriated loans; however, if repatriation is not possible, the bank guarantees 1% of transferred loans and covers 80% of any net loss incurred by Eika Boligkreditt through a loss guarantee. The bank is also jointly liable with other Eika Alliance banks for losses not covered by the guarantee. Due to the high credit quality of transferred loans and repatriation agreements, Eika Boligkreditt has not incurred actual credit losses.

We do not consider market risk to be material for Strømmen Sparebank given the lack of a trading portfolio and its low limits on interest rate risk and currency risk

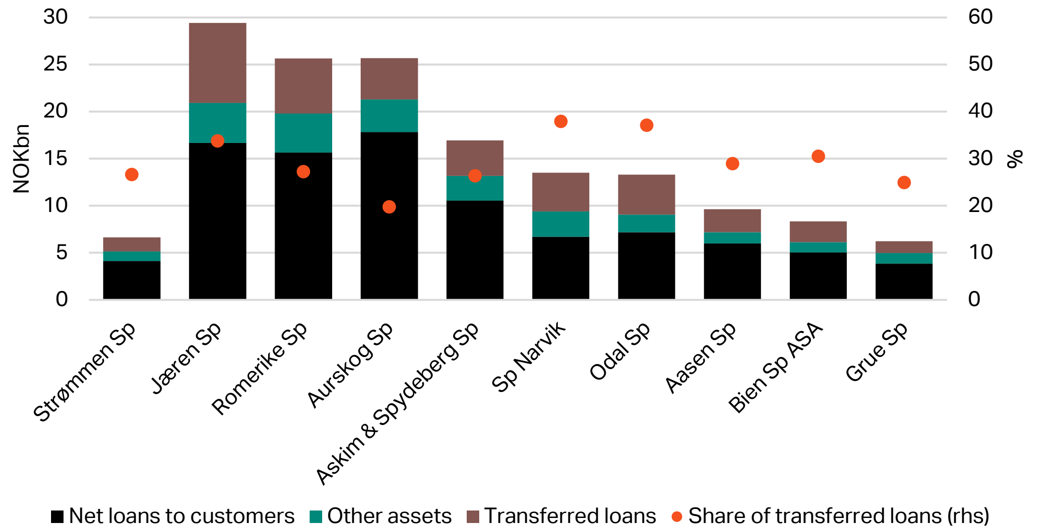
COMPETITIVE POSITION

Competitive position

Strømmen Sparebank is a relatively small participant in a relatively populous regional market, holding single-digit market shares in its core markets. Romerike Sparebank is considered its closest competitor among small- to mid-size savings banks and we consider DNB, Nordea and SpareBank 1 Østlandet the active competitors of larger size. All larger banks have presence in Oslo, while Strømmen Sparebank also faces competition from neighbouring savings banks of similar size.

Strømmen Sparebank is a member of the Eika alliance, which expands the bank's customer offerings beyond what it would be able to provide on stand-alone basis and diversifies its revenues. Via Eika, the bank provides customers with insurance, debit and credit products, asset management and a real-estate agency. We also consider Strømmen Sparebank's meaningful role in and contributions to its local market as a positive rating factor. The bank's primary ESG attribute is its strong sense of social responsibility in its local communities. The bank also funds social and cultural activities.

Figure 13. Norwegian savings banks' total assets and net lending, 31 Dec. 2025



Source: companies.

PERFORMANCE INDICATORS

Performance indicators

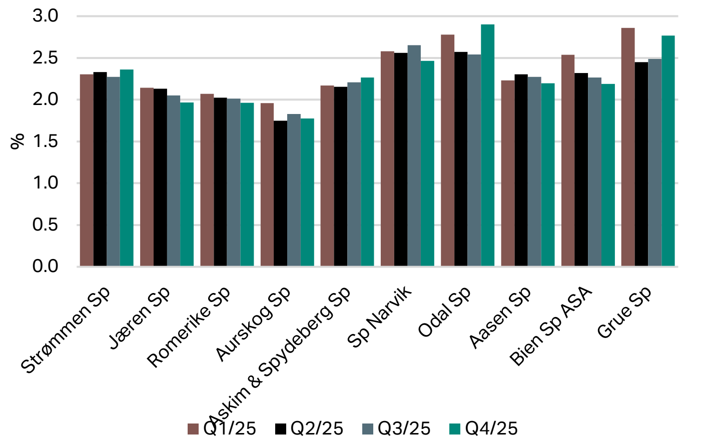
Strømmen Sparebank has reported strong cost efficiency and risk-adjusted earnings in recent years. We believe earnings performance will remain strong, despite pressure on margins and a cost increase ahead. The bank's share of non-performing loans is somewhat weaker and more volatile than its peers, although we believe asset quality will improve through our forecast period.

Still-strong earnings likely as cost-to-income stabilises

Earnings

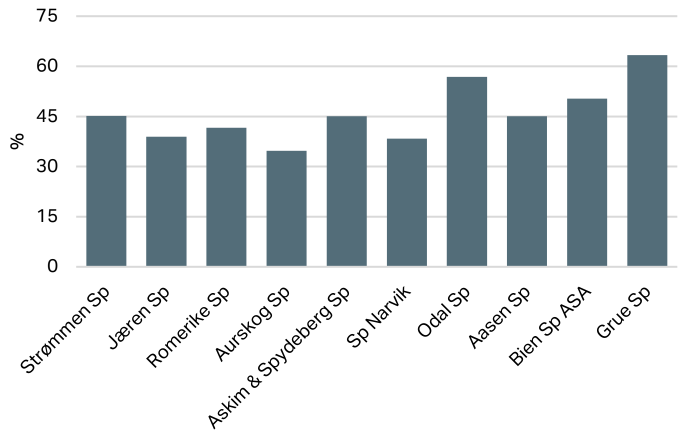
Like most Norwegian banks, Strømmen Sparebank has reported improved earnings following recent interest rate increases. The bank's net interest margin was around 2.3–2.5%, which is relatively somewhat above the average among its peers. We expect increased competition from larger regional banks, and subdued credit growth to pressure margins through 2028. Lower mortgage margins are also likely to put pressure on fee and dividend income from Eika Boligkreditt. However, increased focus on savings products should help sustain growth.

Figure 14. Norwegian savings banks' annualised net interest margins, Q1 2025 – Q4 2025



Source: companies.

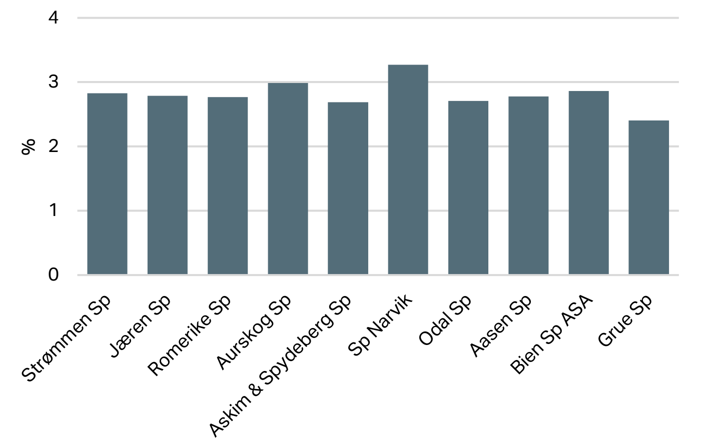
Figure 15. Norwegian savings banks' cost efficiency metrics, LTM to 31 Dec. 2025



Source: companies.

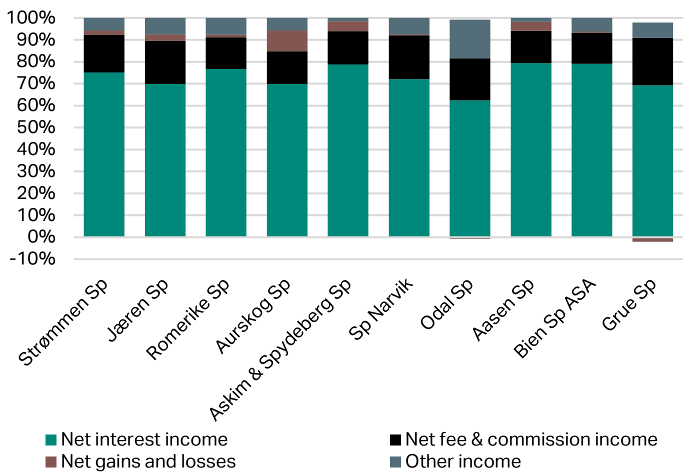
The bank demonstrates cost efficiency largely in line with the peer average. With stable growth in operating costs and sufficient staffing to support growth, we expect the cost-to-income ratio to remain largely unchanged around 45% through 2028. Accordingly, we anticipate pre-provision income to risk exposure amount (REA) of approximately 2.7–2.9% and a return on equity in the high single-digit, assuming stable asset quality and earnings generation.

Figure 16. Norwegian savings banks' PPI to REA*, 2025



Source: companies. *consolidated REA.

Figure 17. Norwegian savings banks' split between income groups, 2025



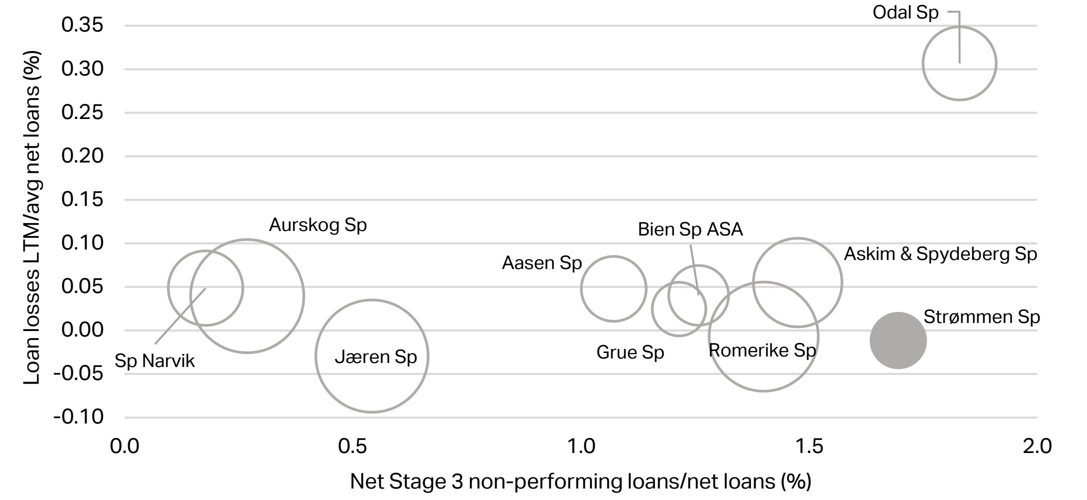
Source: companies.

Higher level of stage 3 loans than peers

Loss performance

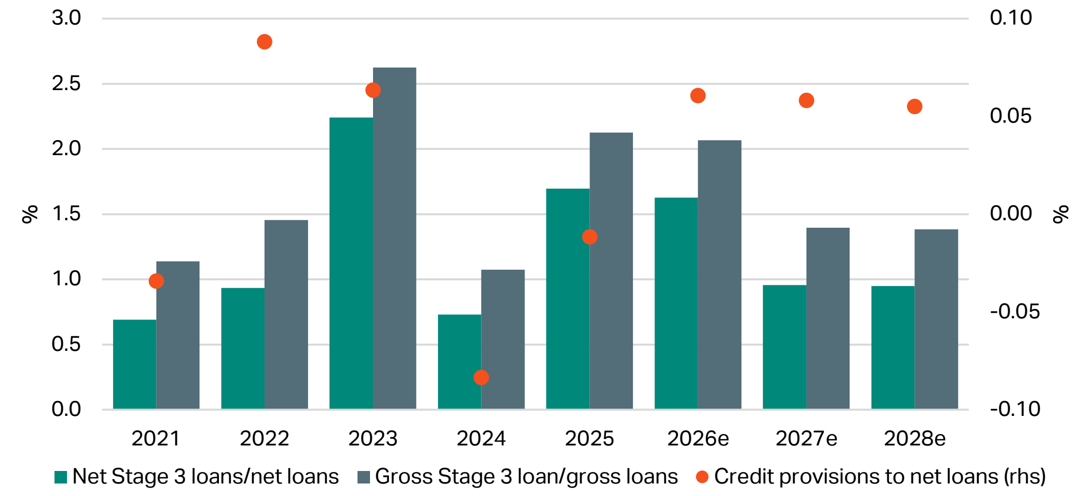
Strømmen Sparebank reported loan loss reversals of 8bps in 2024 and 1bps in 2025. We project more moderate loan losses of 6bps annually for 2026–2028. As of 31 Dec. 2025, the bank's net Stage 3 loans accounted for 1.7% of net loans, above the peer group average of 1.2%. The bank has experienced higher volatility in non-performing loans in recent years, primarily due to a few single-name customers. We expect asset quality to improve to levels more in line with peers by 2027.

Figure 18. Norwegian savings banks' asset quality metrics, 31 Dec. 2025



Source: companies. Bubble sizes reflect net loan volumes.

Figure 19. Asset quality metrics, 2021–2027e



Source: company. e-estimate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

ESG factors are considered throughout our analysis, where material to the credit assessment.

Figure 20. Priority ESG factors

Issue/area	Risk/opportunity	Impacted subsections (impact on credit assessment*)
Physical climate risk to collateral	Climate-related damage to real-estate collateral (closely linked to supervision of insurance). Longer-term effects on market values in flood risk areas.	Credit risk (-) Loss performance (0)
Social engagement in local community	Close connection to narrow regional markets provides a benefit.	Competitive position (+)
Anti-money laundering capacity	Risk of sanctions and fraud due to insufficient reviews of customers.	Risk governance (0)
Control of sustainability issues	Risk of overlooking sustainability impacts in the bank's underwriting, operations, and customer base.	Risk governance (0) Credit risk (0)

*Defined on a 5-step scale ranging from double minus (--) to double plus (++), with (--) representing the most negative impact and (++) the most positive.

SUPPORT ANALYSIS

Ownership

We view Strømmen Sparebank's ownership as neutral for our standalone credit assessment. The bank operates as a self-owned institution, which means it does not have traditional shareholders and reinvests profits in the local community. Many Norwegian savings banks have chosen to issue equity instruments (equity capital certificates) to finance growth or to recapitalise. Thus far, Strømmen Sparebank has chosen not to issue equity instruments, but could do so in a process that normally takes up to six months.

ISSUE RATING

Our rating on Strømmen Sparebank's unsecured senior debt is in line with the 'BBB+' issuer rating. The bank has outstanding Tier 2 and Additional Tier 1 instruments, which we rate one and three notches below the issuer rating, respectively, at 'BBB' and 'BB+'.

SHORT-TERM RATING

The 'N2' short-term rating is the higher of the two alternatives, given our 'BBB+' long-term issuer rating, which reflects Strømmen Sparebank's access to central bank funding and our assessment that its liquidity is strong, based on an average liquidity coverage ratio above 200% over the last four quarters.

METHODOLOGIES USED

(i) Financial Institutions Rating Methodology, 12 May 2025.
(ii) Rating Principles, 14 Feb. 2024.
(iii) Group and Government Support Rating Methodology, 14 Feb. 2024.

RELEVANT RESEARCH

(i) Nordic corporates well prepared for improving demand in 2026, 14 Jan. 2026.
(ii) Nordic niche banks focus on optimisation and scalability in 2026, 13 Jan. 2026.
(iii) Swedish savings banks face little drama in 2026, 12 Jan. 2026.
(iv) Capital strength sets Norwegian savings banks up for 2026 growth, 9 Jan. 2026.

Figure 21. Strømmen Sparebank key financial data, 2022–2025

Key credit metrics (%)	FY 2022	FY 2023	FY 2024	FY 2025
INCOME COMPOSITION				
Net interest income to op. revenue	78.3	80.9	80.3	75.1
Net fee income to op. revenue	17.0	13.6	15.5	17.0
Net gains and losses/operating revenue	-3.4	0.7	1.1	2.0
Net other income to op. revenue	8.1	4.7	3.1	5.8
EARNINGS				
Net interest income to financial assets	1.9	2.4	2.4	2.3
Net interest income to net loans	2.4	2.9	3.0	2.8
Pre-provision income to REA	2.2	2.8	3.0	3.3
Core pre-provision income to REA (NII & NF&C)	1.9	2.5	2.7	2.8
Return on ordinary equity	6.1	8.0	9.1	8.8
Return on assets	0.8	1.1	1.3	1.3
Cost-to-income ratio	55.0	49.4	46.5	45.1
Core cost-to-income ratio (NII & NF&C)	57.8	52.2	48.6	48.9
CAPITAL				
CET1 ratio	22.0	20.9	26.2	31.8
Tier 1 ratio	23.8	22.5	28.6	34.3
Capital ratio	25.6	24.1	30.1	36.0
REA to assets	51.3	53.8	55.6	46.1
Dividend payout ratio				0.0
Leverage ratio	12.2	11.9	14.8	14.9
Consolidated CET1 ratio			22.2	27.1
Consolidated Tier 1 ratio			24.4	29.5
Consolidated Capital ratio			26.1	31.4
Consolidated Leverage ratio	0.0	0.0	11.7	11.7
GROWTH				
Asset growth	6.5	9.0	-1.4	10.6
Loan growth	8.6	8.0	2.1	8.9
Deposit growth	5.1	6.6	-5.1	5.3
LOSS PERFORMANCE				
Credit provisions to net loans	0.09	0.07	-0.08	-0.01
Stage 3 coverage ratio	36.32	15.46	32.59	20.89
Stage 3 loans to gross loans	1.45	2.63	1.07	2.13
Net stage 3 loans to net loans	0.93	2.24	0.73	1.70
Net stage 3 loans/ordinary equity	5.48	12.98	4.01	9.12
FUNDING & LIQUIDITY				
Loan to deposit ratio	119.2	120.8	130.1	134.5
Liquid assets to deposit ratio	23.6	25.4	21.7	21.6
Net stable funding ratio	141.0	145.0	145.0	139.0
Liquidity coverage ratio	413.4	836.5	360.0	382.0

Key financials (NOKm)	FY 2022	FY 2023	FY 2024	FY 2025
BALANCE SHEET				
Total assets	4,317	4,705	4,640	5,134
Total tangible assets	4,317	4,705	4,640	5,118
Total financial assets	4,272	4,664	4,598	5,080
Net loans and advances to customers	3,433	3,709	3,788	4,126
Liquid assets	680	779	631	662
Customer deposits	2,879	3,070	2,913	3,068
Issued securities	782	828	842	1,094
of which other senior debt	742	788	802	1,054
of which subordinated debt	40	40	40	40
Total equity	626	680	749	827
of which ordinary equity	586	640	689	767
CAPITAL				
Common equity tier 1	487	529	677	752
Tier 1	527	569	737	812
Total capital	567	609	777	852
REA	2,214	2,529	2,581	2,366
INCOME STATEMENT				
Operating revenues	103	130	141	149
Pre-provision operating profit	46	66	76	82
Impairments	3	2	-3	-0
Net Income	34	49	61	64

Source: company. FY–full year. YTD–year to date.

Figure 22. Strømmen Sparebank rating scorecard

Subfactors	Impact	Score
National banking environment	10.0%	a
Sector exposure assessment	-	-
Regional assessment	10.0%	a
Cross border assessment	-	-
Operating environment	20.0%	a
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%	b
Earnings	7.5%	a
Loss performance	7.5%	a-
Performance indicators	15.0%	a-
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 23. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB+
Tier 2	BBB
Additional Tier 1	BB+

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