

# Odal 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 Odal Sparebank reflects the bank's low risk appetite and strong earnings. The bank maintains strong capitalisation and limited concentrations within its predominantly retail deposit base. Odal Sparebank has an ownership and cooperation arrangement with the Eika Alliance banking association, which enables product diversity, shared development costs, and the opportunity to finance residential retail mortgage loans through jointly owned covered-bond company Eika Boligkreditt AS. We also view the bank's accounting services firm and local real estate agent as positive for its product offerings and customer loyalty.

The rating is constrained by geographical concentration in Odal Sparebank's loan book and a high share of real estate and agriculture collateral in the bank's core markets. The bank has a very strong market share in its traditional core markets in Odal but faces tougher competition in other growth markets.

## STABLE OUTLOOK

The outlook is stable, reflecting our view that the bank's strong earnings will compensate for a weakened domestic economy and elevated credit provisions. It also reflects the bank's strong capital position, despite our projections of being slightly downward trending through 2028. We see continuous improvement in the risk governance area in response to the supervisory review by the Norwegian FSA. Our estimates also envisage asset quality improving somewhat in 2026.

### POTENTIAL POSITIVE RATING DRIVERS

- Pre-provision income to risk exposure amount (REA) sustainably above 3%; and
- Sustained improvement in asset quality metrics.
- Improved market position in growth markets of Kongsvinger and Romerike.

### POTENTIAL NEGATIVE RATING DRIVERS

- Tier 1 capital ratio below 18% over a protracted period.
- A material deterioration in the local operating environment and/or weakened asset quality.
- Pre-provision income/REA below 1.5% over a protracted period.

Figure 1. Key credit metrics, 2022–2028e

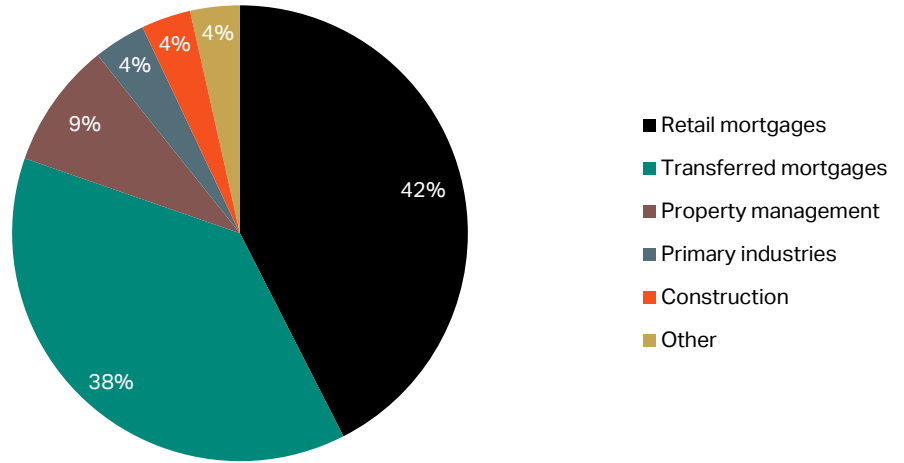
%	2022	2023	2024	2025	2026e	2027e	2028e
Net interest margin	2.4	3.0	2.9	2.8	2.6	2.5	2.4
Pre-provision income/REA*	2.2	2.6	2.8	2.7	2.8	2.8	2.8
Cost-to-income	49.7	52.6	54.9	56.9	56.4	55.3	53.9
Return on ordinary equity	8.6	8.9	10.2	8.2	8.3	8.6	8.8
Loan losses/net loans	0.04	0.14	0.05	0.31	0.22	0.15	0.14
Net Stage 3/net loans	0.51	2.11	1.39	1.83	1.42	1.25	1.07
Tier 1 ratio*	20.5	20.7	20.1	23.5	23.2	23.0	22.6

Source: company and NCR. e—estimate. REA—risk exposure amount. CET1—common equity Tier 1. All metrics adjusted in line with NCR methodology.  
\*Consolidated capital adequacy metrics.

**ISSUER PROFILE**

Odal Sparebank was created in 1877, and its primary market includes the Odal, Kongsvinger and northern Romerike regions. It has four branch offices and provides accounting services on all locations through its accounting firm (Resultat Regnskap Holding AS). The bank also owns a local real estate agency (Aktiv Eiendomsmegling Kongsvinger AS). As of 30 Mar. 2026, the bank had about 70 employees and total net assets of NOK 13.6bn (including NOK 4.4bn in transferred loans). The bank is a member of the Eika Alliance, an association of small and medium-sized Norwegian savings banks.

**Figure 2. Gross loans by sector, 31 Mar. 2026**



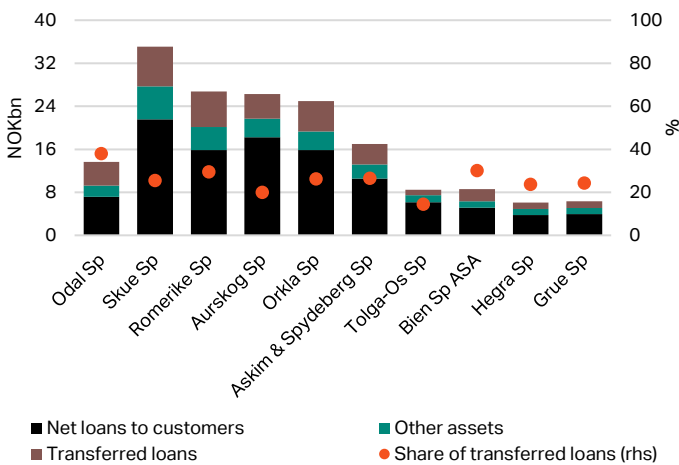
Source: company.

Competitive position

**New branch targeting growth in northern markets**

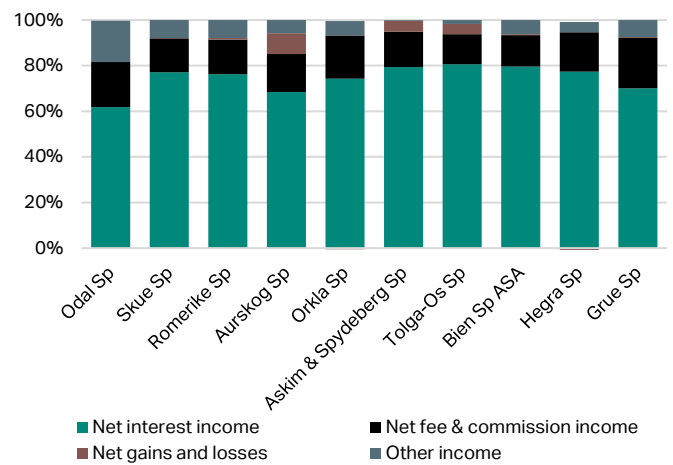
Odal Sparebank has a very strong market position in its traditional core markets of Nord-Odal and Sør-Odal, with market share of about 70% and 40%, respectively. In 2025, the bank closed its Kløfta branch, closer to Oslo, and shifted its commercial growth focus northwards through the opening of a new branch in Råholt with additional accounting services. We expect the establishment of a new branch in Råholt and co-location of accounting services to all branches to support lending growth in our forecast. We also view the bank's investments in accounting services and a real estate agency as positive in our competitive position assessment, as they strengthen customer loyalty, enable cross-selling potential and diversify revenue streams.

**Figure 3. Balance sheet volume comparison, Q1 2026**



Source: companies.

**Figure 4. Revenue source split comparison, Q1 2026 LTM**



Source: companies.

We believe the bank's strong local presence and financial contributions play a vital role for the local community while also strengthening its market position in its traditional core markets. Odal

Sparebank's membership in the Eika alliance expands the bank's customer offerings beyond what it could provide itself and diversifies revenues through product companies.

**Improvements in risk areas highlighted by the FSA**

Risk governance

In our view, Odal Sparebank's risk governance framework, risk appetite, limit monitoring, and risk reporting are appropriate for its balance sheet and risk profile. The bank has well-defined guidelines for risk governance and relevant risk areas. Its internal risk reporting and capital adequacy assessment processes are proportionate to its risk profile. The bank underwent a supervisory review by the Norwegian FSA in 2025, published April 2026. We believe it has made significant improvements in the areas identified during the review and expect further progress in 2026. The bank will also assess the need for additional second line resources in 2026. Cooperation with the Eika Alliance provides members with frameworks and resources to support future risk governance and sustainability initiatives.

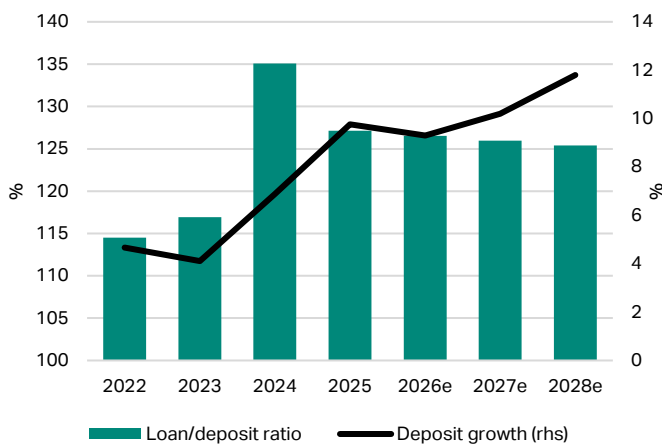
**Strengthening of deposit funding**

Funding and liquidity

We consider Odal Sparebank's funding liquidity profile and management appropriate for a medium-sized Norwegian savings bank and broadly in line with domestic peers. The bank has a stable retail deposit base, particularly in the Odal market, and demonstrable access to capital market funding. Deposit growth has outpaced loan growth over the past year, improving the loan-to-deposit ratio to 124% as of 31 Mar. 2026, from 132% a year earlier. We expect the continued focus on deposits to support further growth and project a modest decline in the loan-to-deposit ratio over the forecast period. As of 31 Mar. 2026, the liquidity coverage ratio was 408% and the net stable funding ratio 139%, well above its internal limits.

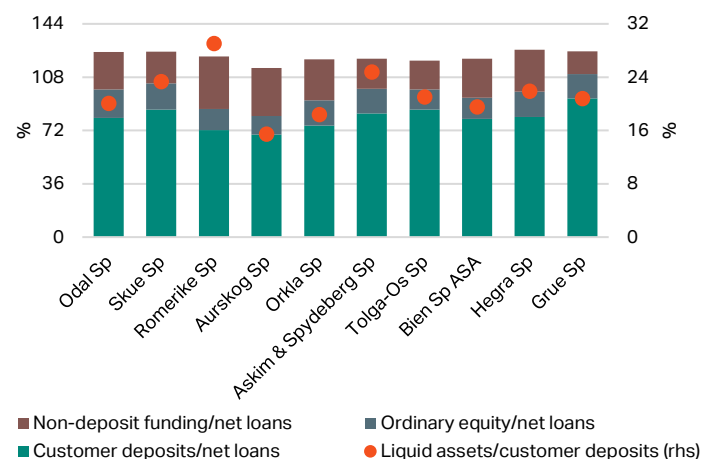
Eika Boligkreditt remains a stable and important funding source for the bank, providing access to more affordable, longer-term funding for retail mortgages than the bank could obtain independently. As of 31 Mar. 2026, the bank had transferred NOK 4.4bn in mortgage loans, representing 47% of total retail mortgage lending. We anticipate that the bank will uphold the ratio of transferred loans well below its internal limit of 50% and maintain its steady volume of readily transferable loans as a liquidity buffer.

Figure 5. Deposit metrics, 2022-2028e



Source: company and NCR. e-estimate.

Figure 6. Norwegian savings banks' funding profiles, 31 Mar. 2026



Source: companies.

**CREDIT RISK PROFILE**

Operating environment

**Growth prospects above domestic averages**

We consider a balance of national and regional factors in our assessment of the operating environment. We believe one further rate hike is likely in 2026, reflecting still-elevated inflation, followed by gradual rate cuts from 2027 as inflation pressures ease. Elevated rates continue to constrain credit growth, particularly in rate-sensitive segments, while strong competition and high deposit pass-through are expected to limit further margin upside. The Norwegian economy remains

resilient, while risks are driven by persistent inflation, tighter financial conditions, and continued pressure on property-related sectors.

Overall, Odal Sparebank's core markets exhibit somewhat higher growth and unemployment rates than the national average. However, growth prospects are mixed, with both fast-growing areas near Oslo and slower-growing municipalities to the north and east. Growth markets include Eidsvoll and its recently established branch in Råholt, which benefit from above-average population growth and direct rail connectivity to Oslo. Except for Ullensaker municipality, which hosts Oslo Gardermoen Airport, the region has a relatively high proportion of government employment, particularly in the social and healthcare sectors. The area also has larger industry, forestry, and agriculture segments compared with the national average.

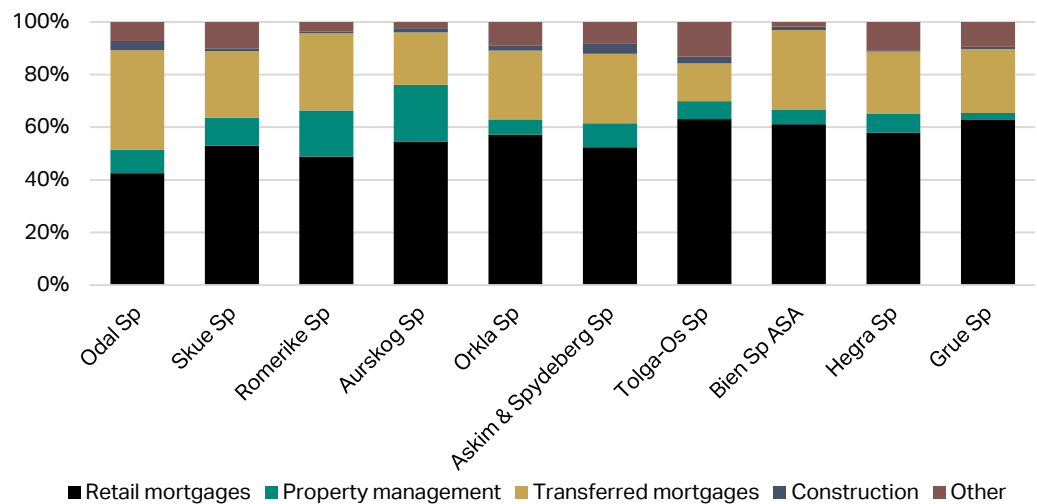
**Moderating growth in corporate lending**

Odal Sparebank's loan portfolio has a strong regional focus, with close to 90% of lending to borrowers in Odal, Kongsvinger and northern Romerike. Some 84% of the bank's exposures (including transferred loans) are to private and agricultural customers and secured by housing and agricultural properties. While we regard this as low-risk credit, it nonetheless increases concentration on local borrowers and exposes the bank's collateral to any decline in property values. Lending growth has declined to 7% in the 12 months to 30 Mar. 2026 from 15% in the same period 12 months earlier. Our forecast includes a temporary reduction in loan growth to corporate customers and about 10% loan growth to residential customers, both on-and off-balance sheet. On 31 Mar. 2026, Odal Sparebank had transferred loans amounting to NOK 4.4bn. Such loans generate commission income, but the bank does not offload the associated risk.

Odal Sparebank's main corporate exposure is to commercial real estate, followed by primary industries and construction. We remain concerned about corporate and commercial real-estate lending due to sustained high interest costs and subdued property market conditions.

Credit risk

**Figure 7. Norwegian savings banks' gross loan book sector split, 31 Mar. 2026**

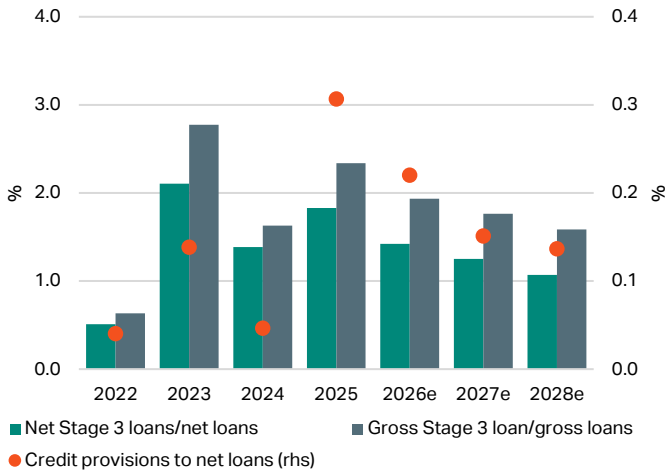


Source: companies.

Loss performance

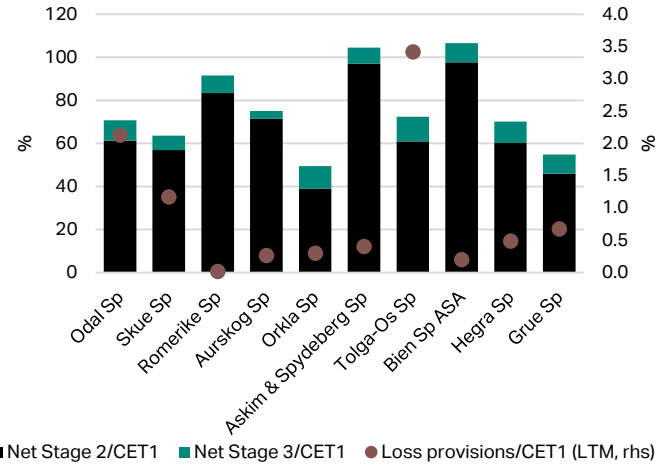
Odal Sparebank reported higher than expected loan losses in 2025 due to some individual losses and model-driven expected losses. Our forecast envisages declining credit losses through 2028, although higher than historical losses, due to continued stress in certain sectors, such as construction and property development. The bank's share of net Stage 3 to net loans was 1.7% on 31 Mar. 2025, compared with a sample average of 1.3%. We expect asset quality to improve and project its share of net Stage 3 loans to decline to 1.1% at end-2028.

Figure 8. Asset quality metrics, 2021–2028e



Source: company and NCR. e–estimate.

Figure 9. Asset quality in relation to capitalisation, 31 Mar. 2026



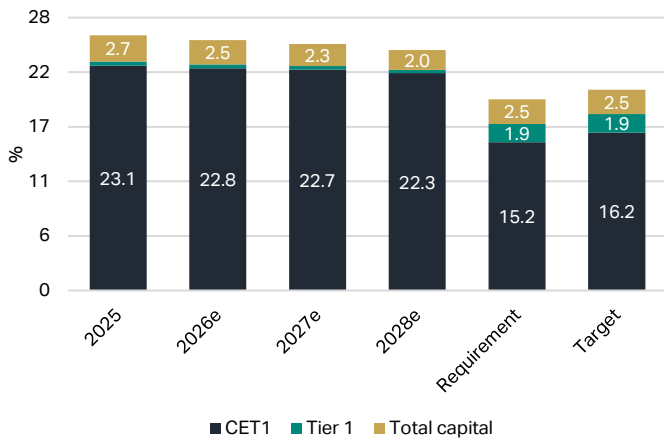
Source: companies. CET1-Common Equity Tier 1. LTM-last twelve months.

CAPITAL GENERATION

Capital

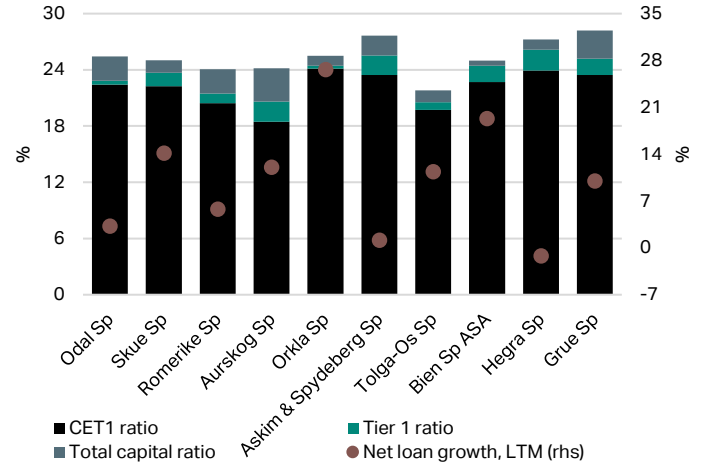
Our capital assessment reflects Odal Sparebank's consolidated capital position, including its proportionate holdings in Eika Gruppen and Eika Boligkreditt. Capital adequacy remains strong and comparable to other similarly sized savings banks, following a capitalisation increase in mid-2025 with the implementation of CRR3. We expect capital ratios to remain robust, with a Tier 1 ratio around 23% through 2028, albeit with a slight downward trend.

Figure 10. Forecast capital ratios vs. requirements, 2024–2028e



Source: company and NCR. e–estimate. Pillar 2 requirement (P2R) of 2.1%.

Figure 11. Norwegian savings banks' capital ratios and loan growth, 31 Mar. 2026



Source: companies.

Earnings

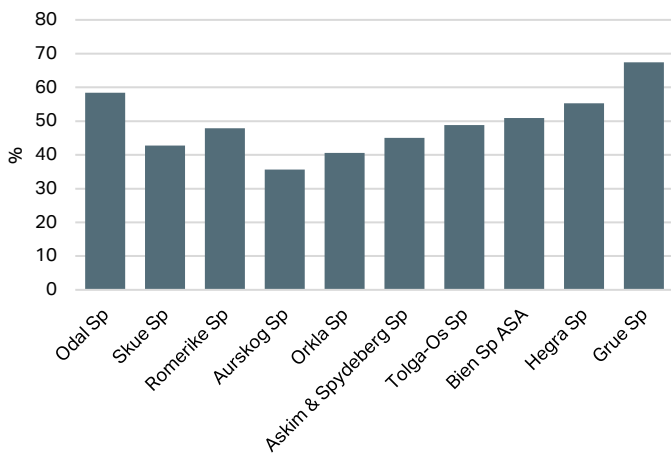
Odal Sparebank reported a cost-to-income ratio of 58% for the twelve months to 31 Mar. 2026, above the peer group average of 49%. We note that the weaker cost efficiency is partly explained by its more capital-intensive accounting services firm. We expect moderate cost development in our forecast, following recent investments in staffing and office space, and project gradual improvements in cost efficiency through 2028. Pre-provision income to REA is also expected to remain flat at 2.8%.

Figure 12. Capital projection assumptions

%	2026e	2027e	2028e
Net interest margin	2.6	2.5	2.4
Loan growth	8.8	9.7	11.3
Return on equity	8.3	8.6	8.8
Gifts and donations/net profit	5.0	5.0	5.0

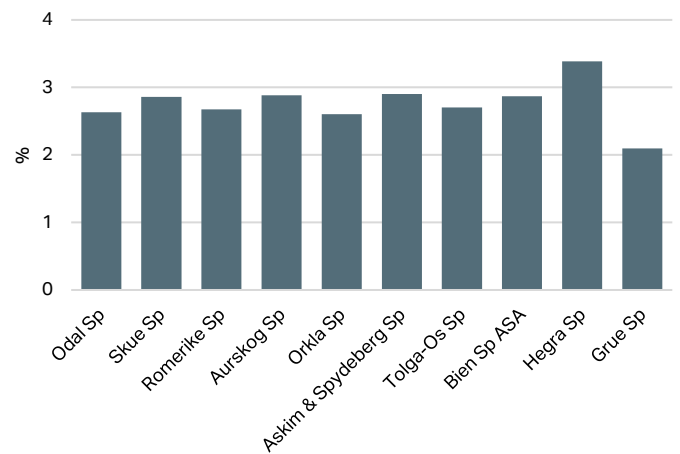
Source: NCR. e–estimate. All metrics adjusted in line with NCR methodology.

Figure 13. Norwegian savings banks' cost-to-income, LTM to 31 Mar. 2026



Source: companies.

Figure 14. Norwegian savings banks' PPI to REA, LTM to 31 Mar. 2026



Source: companies.

### SUPPORT ANALYSIS

We assess the company's ownership as neutral according to our group and government methodology. The bank operates as a self-owned institution, which means it does not have traditional shareholders. Instead, it is owned by its depositors and reinvests profits in local community activities.

### ISSUE AND SHORT-TERM RATINGS

Figure 15. Issue and short-term ratings

	Rating
Senior unsecured	BBB+
Tier 2	BBB
Additional Tier 1	BB+
Short-term rating	N2; strong due to LCR above 200% over the last four quarters.

Short-term and issue ratings are mapped to the long-term issuer rating, in accordance with our Financial Institutions Rating Methodology. In cases where two alternatives for short-term ratings are possible, the short-term rating is assigned based on liquidity being strong, adequate, or weak, as applicable. See definitions in the methodology.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

We consider ESG factors throughout our analysis, when they are material to our credit assessment.

Figure 16. 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. Longer-term effects on market values in flood risk areas.	Credit risk (-) Loss performance (0)
Social engagement in the community	Close connection to narrow regional markets provides a benefit.	Competitive position (+) Earnings (+) Funding & liquidity (+)
Sustainable/green-bond framework	Diversity of funding sources, access to additional markets/investors.	Funding & liquidity (+)
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 impact 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.

## 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 17. Odal Sparebank key financial data, 2022–Q1 2026 YTD**

Key credit metrics (%)	FY 2022	FY 2023	FY 2024	FY 2025	Q1 2026 YTD
<b>INCOME COMPOSITION</b>					
Net interest income to op. revenue	74.4	73.1	63.9	63.4	60.3
Net fee income to op. revenue	19.0	16.3	17.9	19.3	20.3
Net gains and losses/operating revenue	-1.4	-0.2	1.0	-0.8	0.6
Net other income to op. revenue	8.0	10.8	17.1	18.0	18.8
<b>EARNINGS</b>					
Net interest income to financial assets	2.4	3.0	2.9	2.8	2.3
Net interest income to net loans	3.0	3.8	3.6	3.4	2.9
Pre-provision income to REA	3.0	3.7	3.7	3.4	2.2
Core pre-provision income to REA (NII & NF&C)	2.6	2.9	2.2	2.0	0.8
Return on ordinary equity	8.6	8.9	10.2	8.2	4.1
Return on assets	1.3	1.4	1.5	1.2	0.6
Cost-to-income ratio	49.7	52.6	54.9	56.9	69.1
Core cost-to-income ratio (NII & NF&C)	53.2	58.8	67.1	68.7	85.7
<b>CAPITAL</b>					
CET1 ratio	21.5	21.7	25.0	28.8	28.2
Tier 1 ratio	21.5	21.7	25.0	28.8	28.2
Capital ratio	23.0	23.0	27.5	31.4	30.7
REA to assets	51.8	53.7	57.1	51.4	51.3
Dividend payout ratio				3.9	4.7
Leverage ratio	11.6	11.7	13.3	9.3	13.2
Consolidated CET1 ratio	19.9	20.3	19.7	23.1	22.4
Consolidated Tier 1 ratio	20.5	20.7	20.1	23.5	22.8
Consolidated Capital ratio	22.1	22.2	22.6	26.2	25.4
Consolidated Leverage ratio	9.0	9.5	9.4	0.1	9.1
<b>GROWTH</b>					
Asset growth	5.1	5.5	19.1	7.0	1.7
Loan growth	3.4	6.3	23.5	3.3	-0.2
Deposit growth	4.7	4.1	6.9	9.8	2.1
<b>LOSS PERFORMANCE</b>					
Credit provisions to net loans	0.04	0.14	0.05	0.31	0.45
Stage 3 coverage ratio	20.30	13.41	15.22	22.37	26.43
Stage 3 loans to gross loans	0.63	2.77	1.63	2.34	2.35
Net stage 3 loans to net loans	0.51	2.11	1.39	1.83	1.74
Net stage 3 loans/ordinary equity	2.64	10.54	7.84	9.61	8.99
<b>FUNDING &amp; LIQUIDITY</b>					
Loan to deposit ratio	114.5	116.9	135.1	127.1	124.3
Liquid assets to deposit ratio	19.7	19.3	17.3	18.1	20.0
Net stable funding ratio	135.5	133.0	137.0	136.0	139.0
Liquidity coverage ratio	145.8	238.3	159.3	205.0	408.0
<b>Key financials (NOKm)</b>					
<b>BALANCE SHEET</b>					
Total assets	6,744	7,115	8,476	9,072	9,226
Total tangible assets	6,744	7,102	8,451	9,048	9,203
Total financial assets	6,670	7,025	8,328	8,856	8,988
Net loans and advances to customers	5,310	5,644	6,969	7,199	7,188
Liquid assets	912	930	894	1,025	1,159
Customer deposits	4,636	4,827	5,159	5,663	5,783
Issued securities	1,029	1,075	1,992	1,933	1,938
of which other senior debt	979	1,025	1,871	1,813	1,818
of which subordinated debt	50	50	120	120	120
Total equity	1,021	1,129	1,233	1,371	1,390
of which ordinary equity	1,021	1,127	1,233	1,371	1,390
<b>CAPITAL</b>					
Common equity tier 1	751	830	1,213	1,344	1,336
Tier 1	751	830	1,213	1,344	1,336
Total capital	801	880	1,333	1,464	1,456
REA	3,491	3,820	4,844	4,660	4,738
<b>INCOME STATEMENT</b>					
Operating revenues	212	284	354	374	85
Pre-provision operating profit	107	135	160	161	26
Impairments	2	8	3	22	8
Net Income	83	96	120	107	14

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

**Figure 18. Odal Sparebank rating scorecard**

Subfactors	Impact	Score
National banking environment	10.0%	a
Sector exposure assessment	-	-
Regional assessment	10.0%	bbb+
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%	bb
Earnings	7.5%	a-
Loss performance	7.5%	bbb
Performance indicators	15.0%	bbb+
<b>Indicative credit assessment</b>		<b>bbb+</b>
Peer comparison		Neutral
Transitions		Neutral
Borderline assessments		Neutral
<b>Stand-alone credit assessment</b>		<b>bbb+</b>
Ownership		Neutral
Capital structure protection		Neutral
Rating caps		Neutral
<b>Issuer rating</b>		<b>BBB+</b>
Outlook		Stable
<b>Short-term rating</b>		<b>N2</b>

**Figure 19. Capital structure ratings**

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

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