

LONG-TERM RATING

**BBB+**

OUTLOOK

**Stable**

SHORT-TERM RATING

**N2**

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## Odal Sparebank 'BBB+' long-term issuer rating affirmed with stable outlook

Nordic Credit Rating (NCR) has affirmed its 'BBB+' long-term issuer rating on Norway-based [Odal Sparebank](#). The outlook is stable. The 'N2' short-term issuer rating, 'BBB+' senior unsecured issue rating, 'BBB' Tier 2 issue rating, and 'BB+' Additional Tier 1 issue rating have also been affirmed.

### Rating rationale

The affirmation reflects Odal Sparebank's solid financial profile, with strong earnings and robust capital position. The bank has proven access to capital market financing, few concentrations in its mostly retail deposit base, and improved its loan-to-deposit ratio over the past year. We view the bank's membership of the Eika Alliance, co-located accounting services and local real estate agency, as positive for its cost efficiency, product offerings and customer loyalty. We have revised our assessment of the bank's capital position, expecting it to maintain a consolidated Tier 1 ratio around 23% through 2028. We have also revised our assessment of loss performance to reflect an increase in non-performing loans and loan losses, although we believe some improvements are likely in 2026.

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 to improve somewhat in 2026.

We could raise the rating to reflect pre-provision income to risk exposure amount (REA) sustainably above 3% together with a sustained improvement in asset quality metrics or an improved market position in growth markets of Kongsvinger and Romerike.

We could lower the rating to reflect a Tier 1 capital ratio below 18% over a protracted period, a material deterioration in the local operating environment and/or weakened asset quality, or pre-provision income/REA below 1.5% over a protracted period.

Rating list	To	From
Long-term issuer credit rating:	BBB+	BBB+
Outlook:	Stable	Stable
Short-term issuer credit rating:	N2	N2
Senior unsecured issue rating:	BBB+	BBB+
Tier 2 issue rating:	BBB	BBB
Additional Tier 1 issue rating:	BB+	BB+

**Figure 1. Odal Sparebank rating scorecard**

Subfactors	Impact	To	From
National banking environment	10.0%	a	a
Sector exposure assessment	-	-	-
Regional assessment	10.0%	bbb+	bbb+
Cross border assessment	-	-	-
Operating environment	20.0%	a-	a-
Risk governance	7.5%	bbb+	bbb+
Capital	17.5%	aa-	a+
Funding and liquidity	15.0%	a-	a-
Credit and market risk	10.0%	bbb	bbb
Risk appetite	50.0%	a-	a-
Competitive position	15.0%	bb	bb
Earnings	7.5%	a-	a-
Loss performance	7.5%	bbb	bbb+
Performance indicators	15.0%	bbb+	bbb+
<b>Indicative credit assessment</b>		<b>bbb+</b>	<b>bbb+</b>
Peer comparison		Neutral	Neutral
Transitions		Neutral	Neutral
Borderline assessments		Neutral	Neutral
<b>Stand-alone credit assessment</b>		<b>bbb+</b>	<b>bbb+</b>
Ownership		Neutral	Neutral
Capital structure protection		Neutral	Neutral
Rating caps		Neutral	Neutral
<b>Issuer rating</b>		<b>BBB+</b>	<b>BBB+</b>
Outlook		Stable	Stable
<b>Short-term rating</b>		<b>N2</b>	<b>N2</b>

**Figure 2. Capital structure ratings**

Seniority	To	From
Senior unsecured	BBB+	BBB+
Tier 2	BBB	BBB
Additional Tier 1	BB+	BB+

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 27 Jun. 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:	<a href="#">NCR's Financial Institutions Rating Methodology published on 12 May 2025</a> <a href="#">NCR's Rating Principles published on 14 Feb. 2024</a> <a href="#">NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024</a> 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 <a href="https://nordiccreditrating.com/governance/policies">nordiccreditrating.com/governance/policies</a> . The historical default rates of entities and securities rated by NCR will be viewed on <a href="#">the central platform (CEREP) of the European Securities and Markets Authority (ESMA)</a> .
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: <a href="https://nordiccreditrating.com/governance/policies">https://nordiccreditrating.com/governance/policies</a>
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: <a href="https://nordiccreditrating.com/governance/policies">nordiccreditrating.com/governance/policies</a> .
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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