

Spareskillingsbanken

Full Rating Report

LONG-TERM RATING

A-

OUTLOOK

Stable

SHORT-TERM RATING

N2

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RATING RATIONALE

Our 'A-' long-term issuer rating on Norway-based Spareskillingsbanken reflects the bank's exceptional capital position, low risk appetite, diverse access to funding and solid asset quality performance. We take a positive view of the bank's membership in the Lokalbanksamarbeidet banking cooperative, which enables product diversity, shared development costs and the opportunity to finance residential retail mortgage loans through jointly owned covered-bond company Verd Boligkreditt AS.

We anticipate Spareskillingsbanken will maintain its current loan portfolio composition, skewed towards low-risk residential mortgages. We also believe Spareskillingsbanken will maintain solid asset quality, resulting in modest credit losses during our forecast period through 2028. Spareskillingsbanken has exhibited strong cost-to-income ratio in recent years and project cost efficiency to remain strong, although somewhat impacted by pressure on margins.

The rating is constrained by the bank's concentrated exposure to real-estate collateral in the Kristiansand region. It is also constrained by stiffer regional competition from larger banks and neighbouring similar-sized banks, heightening margin pressure.

STABLE OUTLOOK

The stable outlook reflects the bank's strong resilience to economic fluctuations due to its exceptional capital, strong real-estate collateral and solid earnings. We forecast a moderate loan growth of 7% through 2028 and anticipate the bank will maintain its low-risk appetite. We expect the bank to generate sufficient income to keep capitalisation stable at outstanding levels.

POTENTIAL POSITIVE RATING DRIVERS

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

POTENTIAL NEGATIVE RATING DRIVERS

- A sustained reduction in the Tier 1 capital ratio to below 20%.
- A material deterioration in the local operating environment or weakening asset quality.
- Cost-to-income ratio above 60% for a prolonged period.

Figure 1. Key credit metrics, 2022–2028e

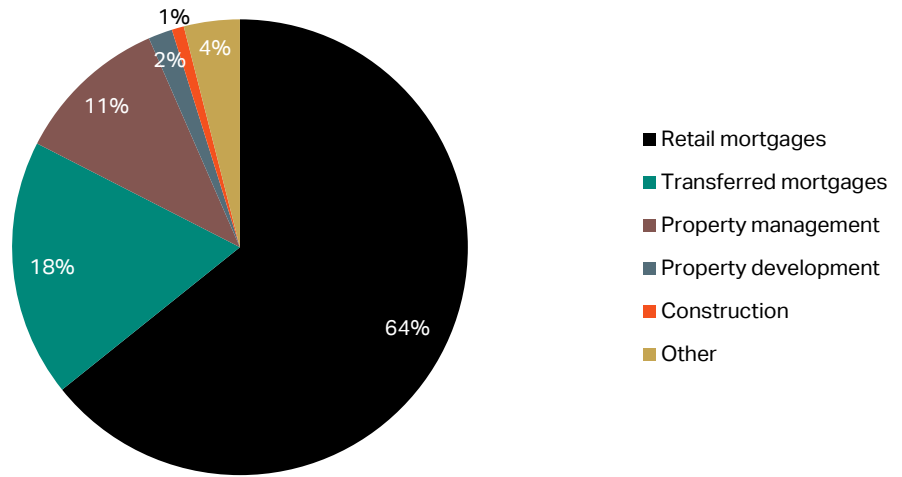
%	2022	2023	2024	2025	2026e	2027e	2028e
Net interest margin	1.7	2.0	2.0	1.9	1.9	1.8	1.8
Pre-provision income/REA*	2.0	2.5	2.5	2.6	2.7	2.5	2.6
Cost-to-income	47.4	43.7	44.1	46.4	47.1	47.9	47.0
Return on ordinary equity	6.3	7.8	8.4	7.6	7.1	6.7	6.9
Loan losses/net loans	0.08	0.10	0.01	0.10	0.08	0.07	0.07
Net Stage 3/net loans	0.51	0.74	0.84	0.62	0.63	0.63	0.63
Tier 1 ratio*	24.1	23.7	23.5	27.4	27.0	27.1	27.2

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 metrics.

ISSUER PROFILE

Spareskillingsbanken, established in 1877, is a mid-sized savings bank headquartered in Kristiansand, Norway. Today, the bank has close to NOK 17bn in total assets (including transferred loans), and about 60 employees. It primarily serves retail customers and SMEs in the Kristiansand region. In 2025, the bank established an additional branch in the bordering municipality of Vennessla and a local real-estate agency in Kristiansand. Spareskillingsbanken is a member of Lokalbanksamarbeidet, a banking cooperative consisting of small and medium-sized local savings banks.

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



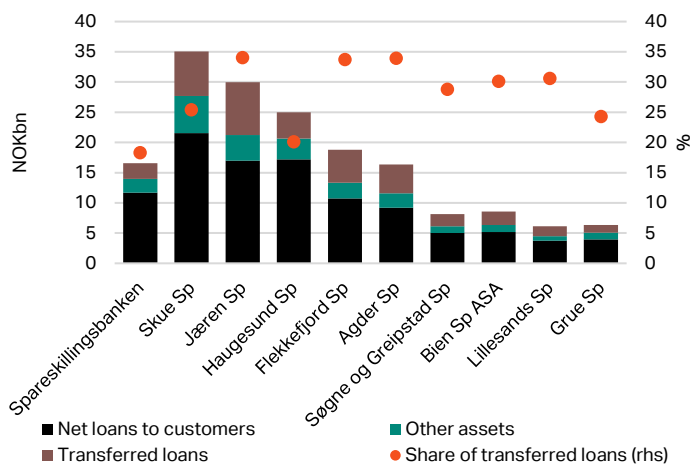
Source: company.

Competitive position

Strengthened market position in Vennessla

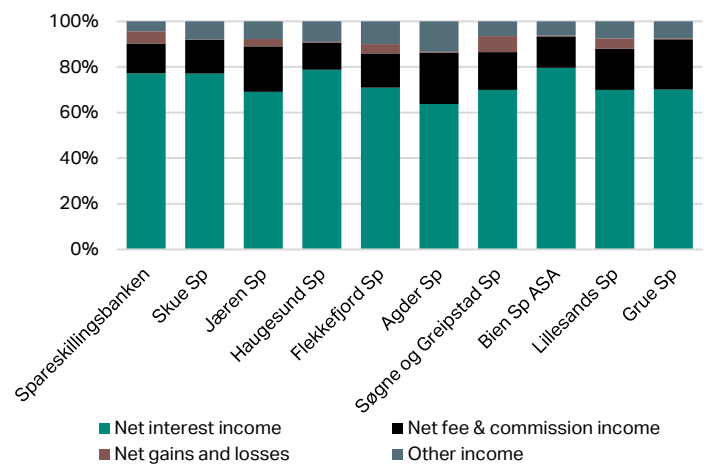
Spareskillingsbanken has a local focus and a moderate position in its core market. Larger banks such as DNB, Nordea and Sparebanken Norge have an active presence in the Kristiansand region due to its high population density and economic activity. Several small- to mid-size savings banks are also based in neighbouring regions, of which Kvinesdal Sparebank, Valle Sparebank and Flekkefjord Sparebank have established offices in central Kristiansand. The bank's new real-estate agency in the centre of Kristiansand has supported growth over the past year and the recently established branch in Vennessla has also strengthened the bank's market position in northern markets over the past year. Given a projected annual loan growth of 7%, we expect the bank to continue gaining market share at a slow pace through 2028.

Figure 3. Balance sheet volume comparison, Q1 2026



Source: companies.

Figure 4. Revenue source split comparison, Q1 2026 LTM



Source: companies.

We view the bank’s contributions to its core markets as a positive rating factor. Membership in Lokalbanksamarbeidet strengthens product diversity, builds customer loyalty and helps improve their cost efficiency through the sharing of IT costs and joint efforts in risk management and compliance. The banking cooperative also enables members to finance residential mortgage loans with covered bonds via Verd Boligkreditt.

Risk governance

Risk governance standards proportionate to risk profile

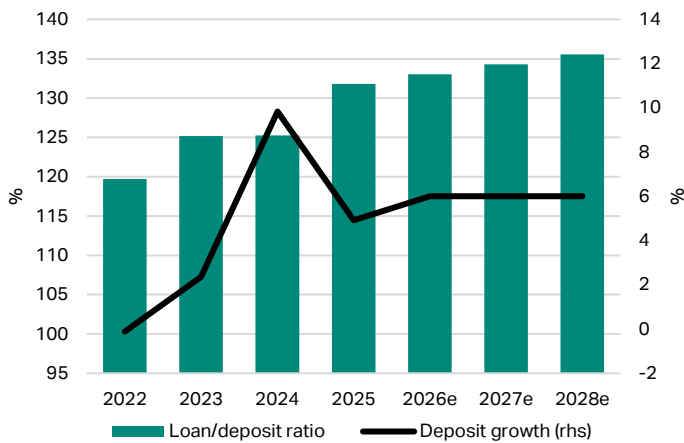
In our view, Spareskillingsbanken's risk governance framework, risk appetite, limit monitoring and risk reporting are adequate, considering its balance sheet and risk profile. The bank has well-defined guidelines for risk governance and anti-money laundering and has an internal audit function. We view the bank’s management of environmental, social and governance (ESG) factors as satisfactory, given its size, complexity and impact.

Funding and liquidity

Stable retail deposit base

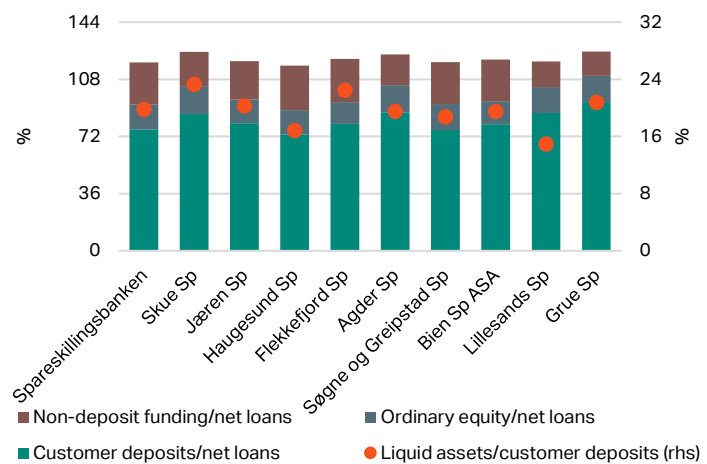
Spareskillingsbanken's funding and liquidity management is considered a strength. Funding consists of stable retail deposits, supplemented by capital market funding, including a green bond framework. The loan-to-deposit ratio has gradually increased to 131% as of 31 Mar. 2026, from remaining stable at around 120% in the years prior to 2023. We forecast higher loan growth than deposit growth, resulting in a loan-to-deposit ratio of 136% at end-2028. The bank has few single-name concentrations in its customer deposits and solid liquidity buffers. The bank’s liquidity coverage ratio was 201% and net stable funding ratio was 134% as of 31 Mar. 2026, well above its internal limits.

Figure 5. Deposit metrics, 2022-2028e



Source: company and NCR. e-estimate.

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



Source: companies.

Verd Boligkreditt is a stable and important source of funding for Spareskillingsbanken. In addition, the bank maintains a strong portfolio of readily transferrable loans as a liquidity buffer.

CREDIT RISK PROFILE

Growth prospects above domestic averages

Operating environment

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.

Spareskillingsbanken's core market is the Kristiansand region on the south coast of Norway and accounts for more than 86% of the bank's gross lending. As of early 2026, the region is home to about 152,000 of Norway's 5.6 million inhabitants, making it the largest city in southern Norway.

	Strengths	Weaknesses
Regional employment and economic diversity	Strong industry clusters and diverse job opportunities. Unemployment similar to national averages. University of Agder and summer tourism adds diversification.	Above-average exposure to more volatile oil & gas industries compared to national averages.
Expected population growth and credit demand	Higher regional population growth and more youthful demographics compared to national averages.	Impacted by subdued credit growth and weaker construction sector on national level.

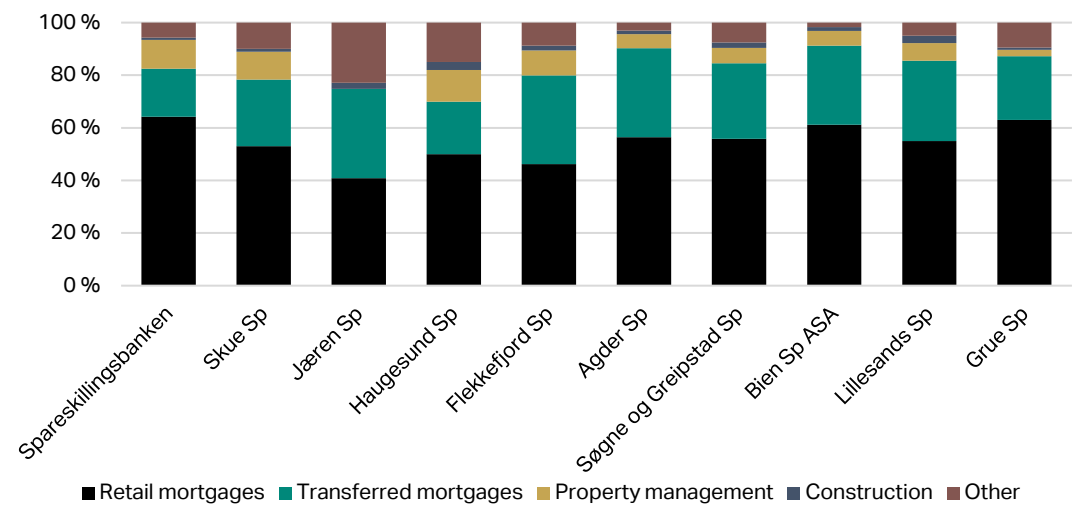
Credit and market risk

Spareskillingsbanken has a strong regional focus and customers outside its core market are mostly domestic migrants. Some 82% of the bank's exposures (including transferred loans) are retail mortgages. While we regard this as low-risk credit, it increases the concentration to local housing prices and property values. Housing price development in the region remains strong with 7% housing price growth in Kristiansand in 2025, compared to 5% domestically.

Spareskillingsbanken's main corporate exposure is to commercial real estate, followed by construction. We remain concerned about commercial real-estate and construction lending due to persistently high interest and input costs and subdued property market conditions.

The bank retains the risk of transferred mortgages and we expect it to take back all non-performing loans to keep Verd Boligkreditt's cover pool clean. We do not consider market risk to be material for Spareskillingsbanken, given the lack of a trading portfolio and its low limits on interest rate risk and currency risk.

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

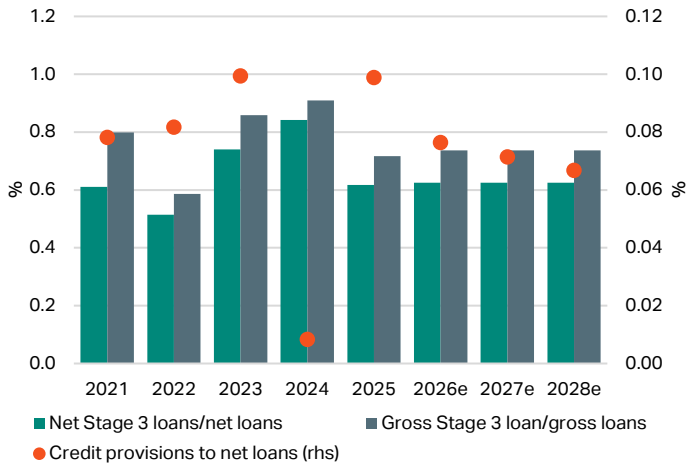


Source: companies.

Loss performance

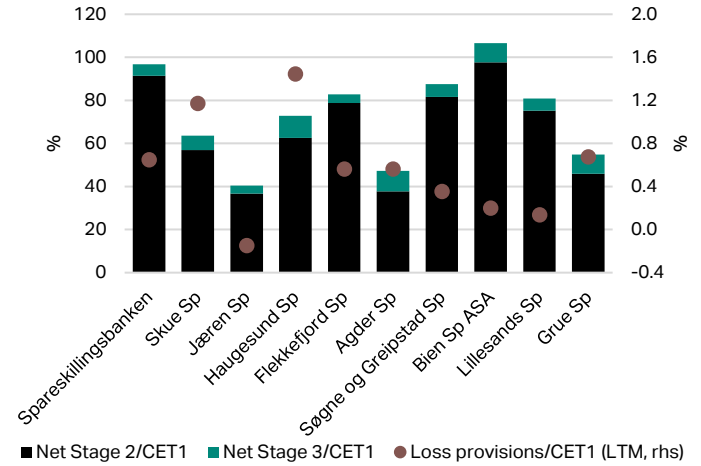
Spareskillingsbanken recorded loan losses of 7bps in the twelve months to 31 Mar. 2026, in line with the peer group average of 6bps. The bank has kept its net Stage 3 loans well below 1% in recent years, below the peer average. However, we note a gradual increase in net Stage 2 loans to 14% of net loans as of 31 Mar. 2026, compared to 10% and end-2022. We forecast that the bank will maintain a low share of Stage 3 loans and stable loan losses through 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



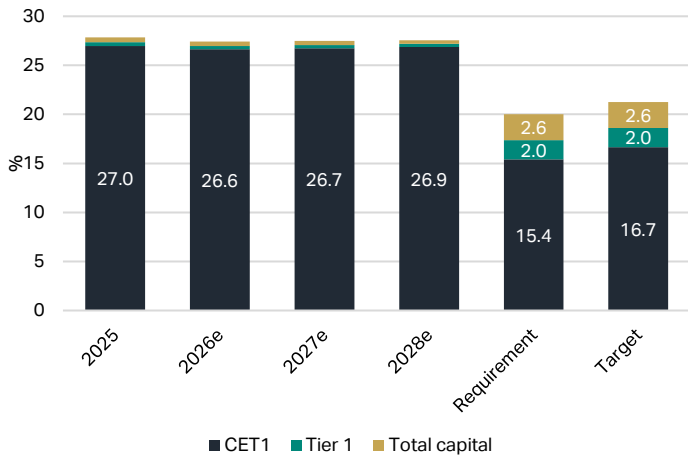
Source: companies. CET1-Common Equity Tier 1. LTM-last twelve months.

CAPITAL GENERATION

Capital

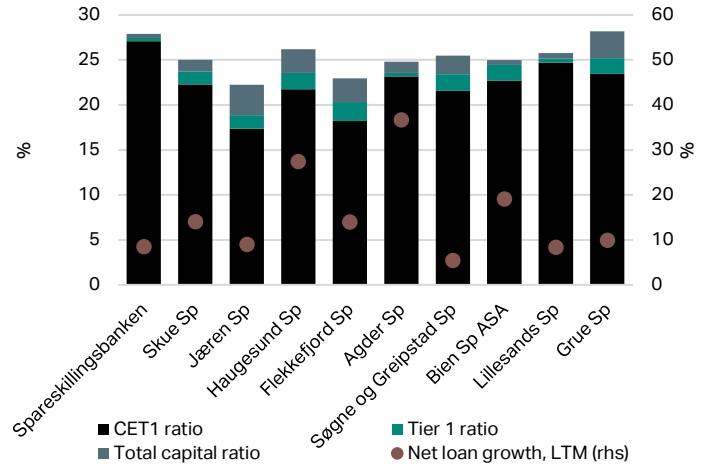
Our capital assessment takes into consideration Spareskillingsbanken's consolidated position, including its proportional holdings in Verd Boligkreditt and Brage Finans. Capital adequacy remains outstanding, standing out against savings banks of similar size. We anticipate capital ratios to remain stable through 2028, given the bank's payouts being limited to donations and gifts, moderate credit growth and strong earnings.

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

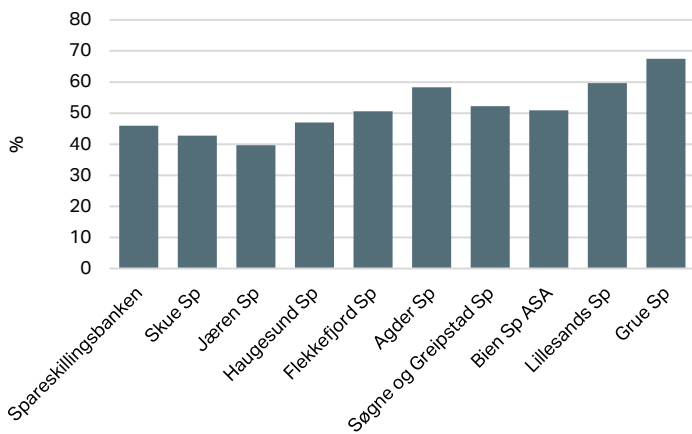
Spareskillingsbanken reported a strong cost-to-income ratio of 46% for the twelve months to 31 Mar. 2026, similar to its reported cost-efficiency in recent years and more efficient compared to the peer group average of 52%. We project cost efficiency to remain materially below 50% through our forecast, despite the high competition in Kristiansand putting pressure on interest margins. This support our estimates of a pre-provision income to REA of 2.5-2.7% through 2028, similar to recent years.

Figure 12. Capital projection assumptions

%	2026E	2027E	2028E
Net interest margin	1.9	1.8	1.8
Loan growth	7.0	7.0	7.0
Return on equity	7.1	6.7	6.9

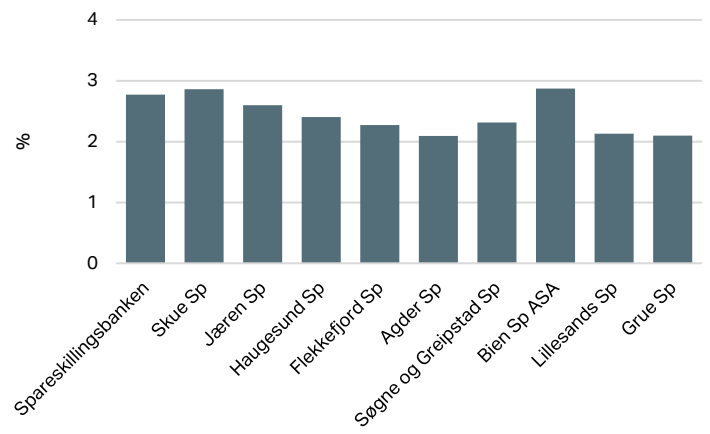
Source: NCR. e-estimate. All metrics adjusted in line with NCR methodology.

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



Source: companies. LTM-last twelve months.

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	A-
Tier 2	BBB+
Additional Tier 1	BBB-
Short-term rating	N2; adequate due to LCR above 150% 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 niche 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. Spareskillingsbanken key financial data, 2022–Q1 2026 YTD

Key credit metrics (%)	FY 2022	FY 2023	FY 2024	FY 2025	Q1 2026 YTD
INCOME COMPOSITION					
Net interest income to op. revenue	80.3	79.5	76.7	76.7	79.0
Net fee income to op. revenue	11.8	9.9	9.7	12.5	12.8
Net gains and losses/operating revenue	0.3	5.7	10.1	7.3	-0.3
Net other income to op. revenue	7.6	5.0	3.5	3.6	8.5
EARNINGS					
Net interest income to financial assets	1.7	2.0	2.0	1.9	1.8
Net interest income to net loans	2.0	2.4	2.4	2.3	2.1
Pre-provision income to REA	2.3	3.0	3.1	3.2	2.9
Core pre-provision income to REA (NII & NF&C)	1.9	2.4	2.4	2.5	2.4
Return on ordinary equity	6.3	7.8	8.4	7.6	6.4
Return on assets	0.8	1.0	1.1	1.0	0.8
Cost-to-income ratio	47.4	43.7	44.1	46.4	49.9
Core cost-to-income ratio (NII & NF&C)	51.5	48.9	51.0	52.1	54.4
CAPITAL					
CET1 ratio	26.5	25.6	25.2	27.3	28.8
Tier 1 ratio	26.5	25.6	25.2	27.3	28.8
Capital ratio	26.5	25.6	25.2	27.3	28.8
REA to assets	47.7	46.1	46.0	39.2	38.8
Dividend payout ratio				3.7	0.3
Leverage ratio	10.5	10.5	11.5	11.2	10.4
Consolidated CET1 ratio	23.8	23.4	23.1	27.0	27.1
Consolidated Tier 1 ratio	24.1	23.7	23.5	27.4	27.4
Consolidated Capital ratio	23.7	24.0	24.0	27.8	27.9
Consolidated Leverage ratio	10.5	10.5	10.5	10.4	10.4
GROWTH					
Asset growth	3.2	5.4	9.5	8.4	0.9
Loan growth	0.0	7.0	9.9	10.4	0.4
Deposit growth	-0.1	2.4	9.8	4.9	1.3
LOSS PERFORMANCE					
Credit provisions to net loans	0.08	0.10	0.01	0.10	0.10
Stage 3 coverage ratio	12.50	14.12	7.68	14.17	11.55
Stage 3 loans to gross loans	0.59	0.86	0.91	0.72	0.92
Net stage 3 loans to net loans	0.51	0.74	0.84	0.62	0.82
Net stage 3 loans/ordinary equity	3.17	4.53	5.24	3.96	5.20
FUNDING & LIQUIDITY					
Loan to deposit ratio	119.7	125.2	125.2	131.8	130.6
Liquid assets to deposit ratio	22.8	21.5	20.8	19.0	19.8
Net stable funding ratio	146.2	147.0	138.0	133.0	133.6
Liquidity coverage ratio	157.3	164.0	162.0	171.0	200.5
Key financials (NOKm)					
BALANCE SHEET					
Total assets	11,055	11,655	12,762	13,831	13,953
Total tangible assets	11,055	11,655	12,761	13,830	13,952
Total financial assets	11,010	11,610	12,704	13,748	13,874
Net loans and advances to customers	8,980	9,611	10,563	11,663	11,711
Liquid assets	1,710	1,654	1,758	1,680	1,775
Customer deposits	7,502	7,679	8,434	8,850	8,966
Issued securities	2,047	2,347	2,551	3,077	3,061
of which other senior debt	2,047	2,347	2,551	3,077	3,061
of which subordinated debt	-	-	-	-	-
Total equity	1,456	1,570	1,697	1,817	1,845
of which ordinary equity	1,456	1,570	1,697	1,817	1,845
CAPITAL					
Common equity tier 1	1,396	1,377	1,480	1,480	1,559
Tier 1	1,396	1,377	1,480	1,480	1,559
Total capital	1,396	1,377	1,480	1,480	1,559
REA	5,274	5,377	5,867	5,419	5,419
INCOME STATEMENT					
Operating revenues	226	283	312	333	77
Pre-provision operating profit	119	159	175	179	39
Impairments	8	10	1	12	3
Net Income	89	118	138	133	29

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

Figure 18. Spareskillingsbanken rating scorecard

Subfactors	Impact	Score
National banking environment	5.0%	a
Sector exposure assessment	-	-
Regional assessment	15.0%	a-
Cross border assessment	-	-
Operating environment	20.0%	a-
Risk governance	7.5%	a-
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%	a
Performance indicators	15.0%	a-
Indicative credit assessment		a-
Peer comparison		Neutral
Transitions		Neutral
Borderline assessments		Neutral
Stand-alone credit assessment		a-
Ownership		Neutral
Capital structure protection		Neutral
Rating caps		Neutral
Issuer rating		A-
Outlook		Stable
Short-term rating		N2

Figure 19. Capital structure ratings

Seniority	Rating
Senior unsecured	A-
Tier 2	BBB+
Additional Tier 1	BBB-

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