Voss Veksel- og Landmandsbank ASA

Rating Action Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N2

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Voss Veksel- og Landmandsbank ASA 'BBB+' long-term issuer rating affirmed; Outlook stable

Nordic Credit Rating (NCR) has affirmed its 'BBB+' long-term issuer rating on Norway-based Voss Veksel- og Landmandsbank ASA (Vekselbanken). The outlook is stable. The 'N2' short-term issuer rating, the 'BBB+' senior unsecured issue rating, the 'BBB' issue rating on the bank's Tier 2 instrument and the 'BB+' issue rating on the bank's Additional Tier 1 instrument were also affirmed.

Rating rationale

Our 'BBB+' long-term issuer rating on Vekselbanken reflects the bank's strong earnings and capital position and low risk appetite. We have revised our assessment of the bank's capital position, expecting it to maintain a consolidated Tier 1 ratio around 22% through 2028. In addition, the bank has reported consistently low credit losses and a stable share of non-performing loans in recent years. We expect this strong performance to continue to reflect the bank's high share of retail loans and robust underwriting and have adjusted our assessment of its loss performance. We expect the bank to sustain strong earnings metrics through 2028, supporting capital generation as it targets residential loan growth in the Bergen metropolitan area over the coming years. We have also calibrated our view of the bank's funding and liquidity given the bank's relatively low share of liquid assets to customer deposits among its savings bank peer group.

The rating is constrained by the bank's geographic concentration in the relatively rural local economy of the bank's core market, resulting in a high proportion of real-estate collateral in the Voss region. The rating is also constrained by strong competition from the bank's main owner, Voss Sparebank, and the two banks' largely shared customer base.

Stable outlook

The stable outlook reflects our view that Vekselbanken will maintain strong earnings and capitalisation through 2028. We expect the bank's cost efficiency to remain favourable relative to similarly sized peers, while preserving its robust asset quality. The bank's strong capital position is expected to support loan growth in the coming years, partly through its expansion to retail customers in the metropolitan area of Bergen.

We could raise our rating on Vekselbanken to reflect improved scale and diversification, while maintaining a Tier 1 ratio above 22%. We could also raise the rating to reflect a sustained improvement in liquidity buffers.

We could lower our rating to reflect a material deterioration in the local operating environment that negatively affects asset quality; a consolidated Tier 1 capital ratio sustainably below 18% or pre-provision income to consolidated risk exposure amount below 2% for 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. Vekselbanken rating scorecard

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

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 29 Aug. 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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