Nordic Credit Rating

FINANCIAL INSTITUTION

Norway
21 Mar. 2024

Bien Sparebank ASA

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 Bien Sparebank reflects the bank's low risk appetite, with a strong capital position and access to funding, as well as a low-risk loan portfolio. 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 Eika Boligkreditt.

We expect Bien Sparebank to report strong earnings in the 2024–2026 period, despite pressure on the net interest margin due to peaking interest rates and stronger competition. We expect that improved cost efficiency will help support earnings. Strong pre-provision profit will help to offset an anticipated increase in loan losses due to a slowdown in the overall economy.

The rating is constrained by strong competition and low market share in the Oslo region. It is also constrained by its concentrated exposure to real estate in its core region and a lack of scale which affects the bank's ability to adapt to an increasing regulatory burden.

STABLE OUTLOOK

The outlook is stable, reflecting our view that the weakening economic climate will be offset by strong capital and earnings metrics as interest rates have risen, despite higher projected credit losses. We believe the bank's low risk appetite, strong liquidity position, improved earnings and stable cost position provide resilience to a moderate slowdown in the economy.

POTENTIAL POSITIVE RATING DRIVERS

- Improved capital and earnings, with a Tier 1 capital ratio sustainably above 25%.
- Improved earnings, with pre-provision earnings sustainably above 3% and cost to income sustainably below 45%.
- Increased focus on mortgage lending with sustained profitability.

POTENTIAL NEGATIVE RATING DRIVERS

- A material deterioration in the local operating environment that negatively affects the bank's asset quality.
- A sustained reduction in the Tier 1 capital ratio to below 18.0%.
- Risk-adjusted earnings metrics sustainably below 1.5% of REA.

Figure 1. Bien key credit metrics, 2020–2026e

%	2020	2021	2022	2023	2024e	2025e	2026e
Net interest margin	1.42	1.52	1.91	2.36	2.28	2.18	2.10
Loan losses/net loans	0.10	0.09	0.08	-0.06	0.08	0.08	0.08
Pre-provision income/REA	1.6	1.8	2.5	3.2	3.5	3.3	3.2
Cost-to-income	63.6	61.3	54.5	51.9	46.0	47.3	48.6
Return on ordinary equity	5.8	6.0	7.5	8.8	8.8	8.4	8.1
Loan growth	-8.1	-1.9	4.5	5.7	6.5	6.0	5.0
CET1 ratio	17.0	18.0	21.8	22.5	21.0	20.7	20.6
Tier 1 ratio	18.4	19.3	23.7	24.3	22.8	22.4	22.2

Based on NCR estimates and company data. e–estimate. REA–risk exposure amount. CET1–common equity Tier 1. All metrics adjusted in line with NCR methodology.

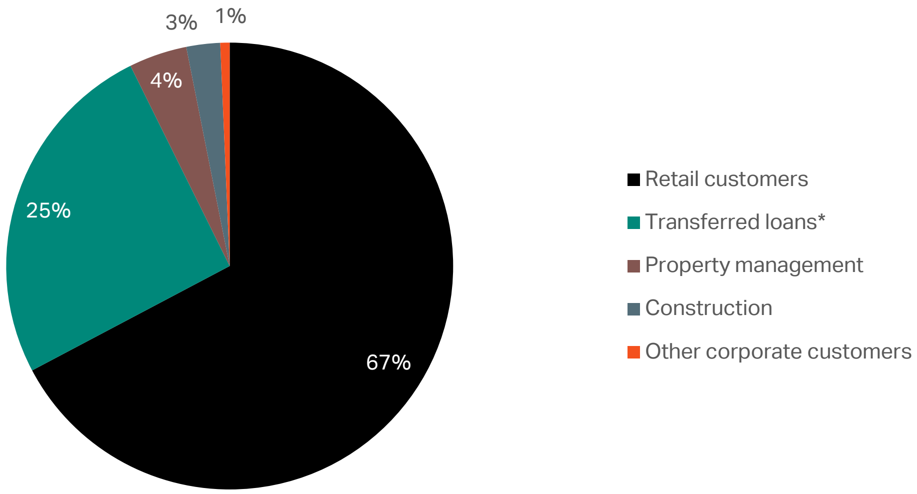
ISSUER PROFILE

Bien Sparebank is a small Norwegian regional savings bank, which was established in 1885 as a savings association but converted to a savings bank in 1985. Today, Bien Sparebank operates as an independent savings bank with one office centrally located in Oslo, which, together with bordering municipalities, constitutes the bank's core market. More than 90% of Bien Sparebank's loans are currently residential mortgages.

The bank is a member of the Eika Alliance, an association of over 50 small and medium-sized Norwegian savings banks. The association provides product diversity, and helps to improve cost efficiency through the sharing of IT costs and joint efforts in risk management and compliance. It also provides the opportunity to finance residential mortgages via Eika Boligkreditt, Norway's fourth-largest issuer of covered bonds.

Bien Sparebank is one of only two Norwegian savings banks to have issued common shares. The bank was listed on the Oslo Stock Exchange in 2022.

Figure 2. Bien Sparebank gross loans by sector, including transferred loans, 31 Dec. 2023



Source: company. *Residental mortgages transferred to Eika Boligkreditt AS.

OPERATING ENVIRONMENT

Operating environment assessment 'a'

We consider a balance of national and regional factors in our assessment of the operating environment. Bien Sparebank's operations are highly concentrated in Oslo and its neighbouring municipalities. As Norway's capital, Oslo has a strong and diversified economy and accounts for 17% of national GDP. We believe the Norwegian economy will remain moderately weak in 2024, with reduced economic activity caused by recent high inflation and sharp interest rate increases. Nevertheless, we believe the wider banking sector is well positioned to deal with these challenges.

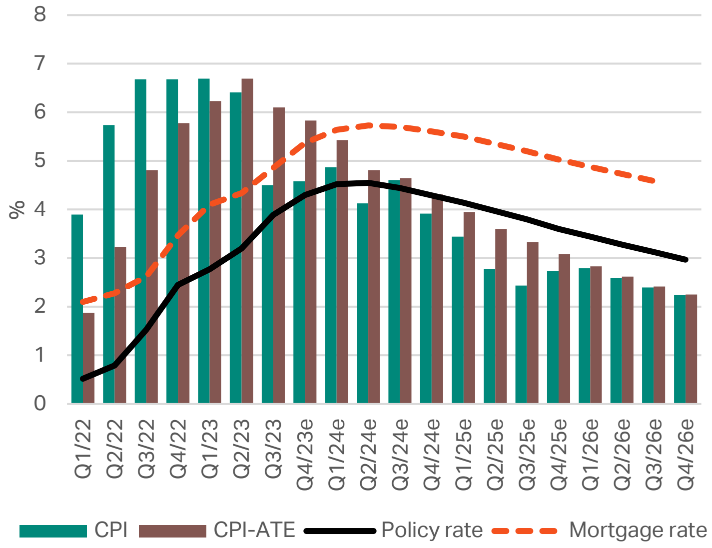
Savings banks are resilient to lower economic activity

National factors 'a'

Rising interest rates have significantly increased net interest margins for Norwegian savings banks over the past two years. Together with strong lending growth, this has boosted earnings across the sector. However, we believe that core earnings growth in the sector will come to an abrupt halt this year due to greater competition, a likely fall in interest rates and increased loan losses. Among NCR-rated savings banks, we expect a marginal decline in core profit in 2024, but anticipate that normalisation of non-core revenues will contribute to an 8% increase in pre-tax profit.

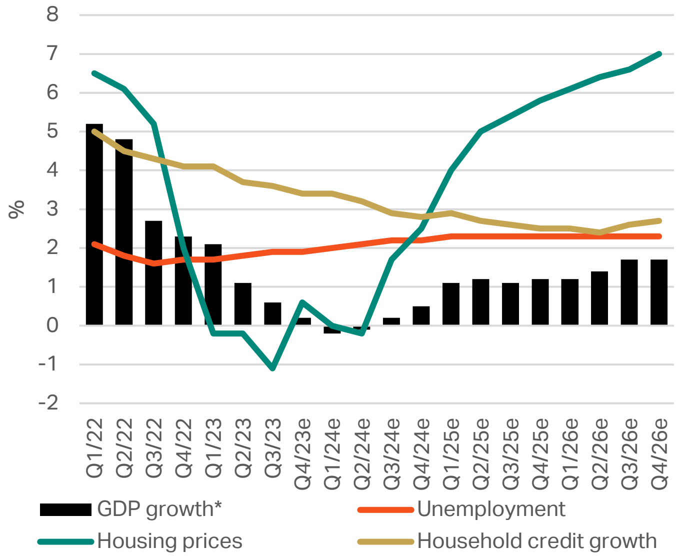
As intended, high interest rates are helping to slow the economy. We believe that these relatively high interest rates and weak economic conditions will lead to higher loan-loss provisions among savings banks over the next 12 months, but that levels will vary significantly between individual banks. Norway's savings banks are well capitalised and have strong pre-provision profitability, which makes them relatively resilient to increased credit losses.

Figure 3. Norwegian inflation and interest rates, 2022–2026e



Source: Norges Bank. e–estimate. CPI–consumer price index. ATE excluding energy, tax-adj.

Figure 4. Norwegian macroeconomic indicators, 2022–2026e



Source: Norges Bank. e–estimate. *Mainland Norway.

Focus on the economically vibrant Oslo region

Regional and sectoral factors 'a'

More than 60% of Bien Sparebank's customers are located in the municipality of Oslo and more than 90% in the greater Oslo region, which is home to 1.7 million of Norway's population of 5.5 million as of 2023. The capital's population growth has been higher than the national historical average, and is expected to increase by 14% by 2050, compared with 10% nationally. Statistics Norway expects the birth surplus to drive population growth in the longer term, while net migration to Oslo is anticipated to be negative.

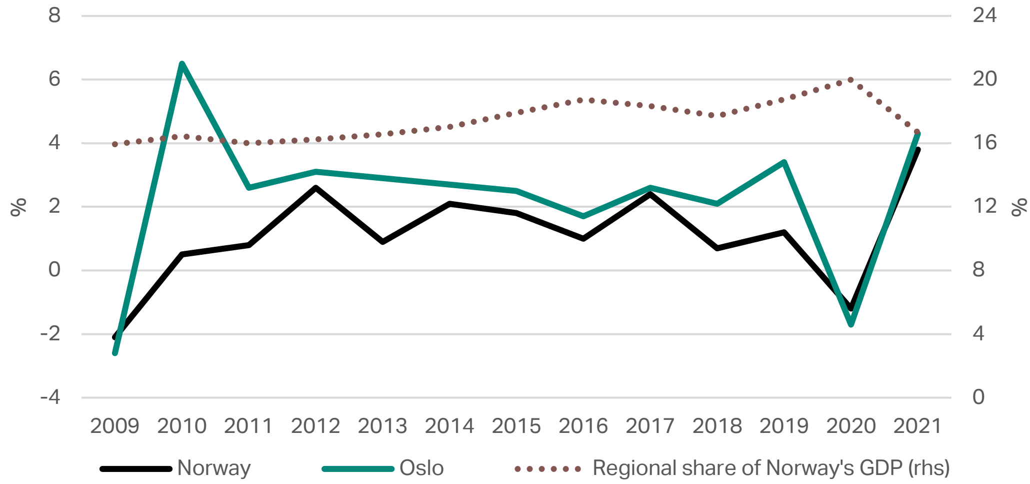
As the capital of Norway, Oslo offers more job opportunities and good public transport links. Although wages are higher, unemployment in Oslo is also higher than the Norwegian average. Looking ahead, we expect the unemployment rate in Oslo to increase marginally, in line with weakening economy. We anticipate the regional economy will be more robust than the national average in 2024. Close to 200,000 workers commute to Oslo from nearby municipalities. We expect this figure to increase as these municipalities are projected to have a higher population growth rate than Oslo.

Figure 5. Bien Sparebank's core market (Oslo) and bordering municipalities

Municipality	Population, 1 Jan. 2023	Expected population change 2023–2050 (%)	Unemployment Dec. 2023 (%)	Unemployment Dec. 2022 (%)
Oslo	708,667	14.2	2.4	2.0
Bærum	129,923	16.1	1.4	1.3
Nordre Follo	61,852	14.3	2.1	1.7
Asker	97,083	15.9	1.8	1.5
Nesodden	20,068	16.3	2.3	1.8
Lillestrøm	90,692	17.7	2.5	1.9
Lørenskog	46,438	26.9	2.5	2.2
Norway	5,474,270	10.1	1.9	1.6

Source: Statistics Norway, Norwegian Labour and Welfare Administration.

Figure 6. Oslo's annual economic growth and share of Norway's GDP (%), 2009–2021



Source: Statistics Norway.

RISK APPETITE

Risk appetite assessment 'a-'

Bien Sparebank's risk profile assessment reflects the bank's strong capital and liquidity buffers, large share of low-risk exposure to the residential mortgage markets, and its ability to transfer loans to Eika Boligkreditt. The bank has a high regional concentration in the greater Oslo region, given the high share of property lending in the region. Its risk governance and internal risk reporting are adequate, in view of the bank's risk profile and complexity.

Risk governance proportional to complexity and size

Risk governance 'bbb'

In our view, Bien Sparebank's risk governance framework, risk appetite, limit monitoring and risk reporting are largely in line with savings bank peers. Since a 2019 review by the Norwegian regulator, he bank has established well-defined guidelines to support anti-money laundering (AML) measures in its daily operations, reducing the risk of related losses and fines. However, the bank is small, with limited resources to follow up increasing regulatory burden.

The cooperation with the Eika alliance provides additional resources for future development in sustainability. It is environmentally certified by Miljøfyrtårn (Eco-Lighthouse), which provides criteria and structure for products and solutions to minimise banks' environmental footprint. The cooperation with the Eika alliance provides additional resources for future development in this area. Parts of the bank's mortgage portfolio are financed through Eika Boligkreditt, which has established a framework for green bonds.

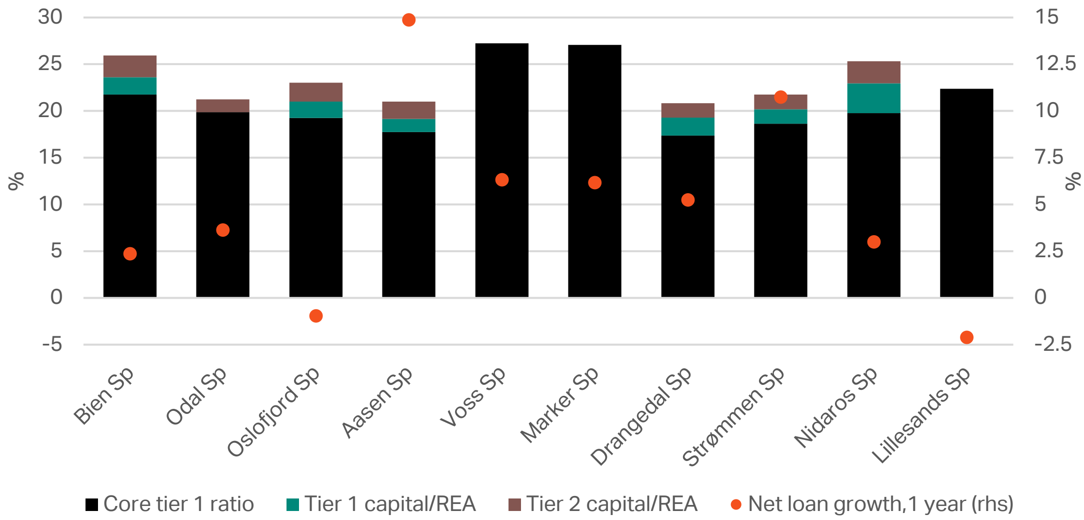
Well capitalised with dividend flexibility

Capital 'a+'

Our capital assessment considers the bank's consolidated capital position, including its proportionate holdings of Eika Gruppen and Eika Boligkreditt. Bien Sparebank's consolidated CET1 ratio was 21.4% and Tier 1 ratio was 23.2% at end-2023. The consolidated leverage ratio is strong, at 9.3%. We expect Bien Sparebank to expand its on-balance-sheet loan book by 5%–6.5% annually over the next three years. Combined with strong earnings, reduced operating costs after implementation of the new IT platform and moderate loan losses, we expect a return on equity between 8% and 9% through 2026, somewhat below the bank's 10% target. Combined with a 50% dividend payout ratio, we expect capital ratios to weaken somewhat (see Figure 1). However, the bank has the flexibility to reduce dividends, if needed to sustain strong capital ratios.

The CET1 requirement will be 16.43% from 2024, following the 1.5% increase in the systemic risk buffer to 4.5% from December 2023, a reduction in the Pillar 2 requirement from 2.7% to 2.1%, along with a management buffer of 1.25%. A new standard method for calculation of capital requirements for credit risk (CRD IV regulation) is expected to be applicable in Norway from 1 Jan. 2025. The new method is more risk-sensitive and is anticipated to reduce capital requirements significantly for small to medium savings banks. We expect this will improve Bien Sparebank's capital ratios by 1.5–2.0% and believe the new method will improve savings banks' competitiveness by mitigating the current capital requirement disparity to larger banks using the IRB method (internal ratings-based approach).

Figure 7. Bien Sparebank vs domestic peer group capital ratios and loan growth, 30 Sep. 2023



Source: bank reports.

Access to capital market secures growth

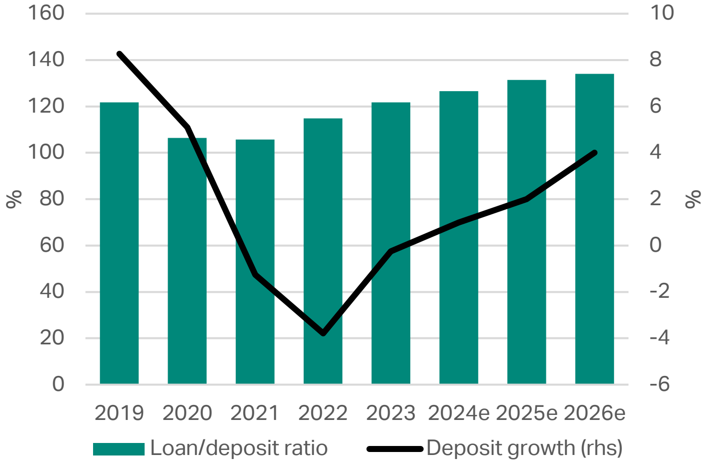
Funding and liquidity 'a-'

Bien Sparebank's funding is diverse, with a relatively stable retail deposit base and demonstrated access to capital markets. Stronger lending growth relative to deposit growth has driven the loan-to-deposit ratio up to 122% at year-end 2023 from 115% 12 months earlier. We believe credit growth will also exceed deposit growth over the next few years. The bank maintains strong liquidity buffers, sustainably above 30% of customer deposits, and has access to a NOK 200m credit line from DNB. The liquidity coverage ratio was 289% at year-end 2023, well above its internal limit of 115% and historical average of around 188%. The bank's net stable funding ratio was 147%, well above the internal limit of 115%. We expect Bien Sparebank to maintain strong liquidity ratios.

Bien Sparebank has NOK 765m in outstanding senior bonds and one outstanding certificate of NOK 70m. The debt maturity profile is evenly distributed, with senior unsecured maturities spread out over 2024–2029. The bank has also issued NOK 40m in hybrid capital and a subordinated bond of NOK 50m.

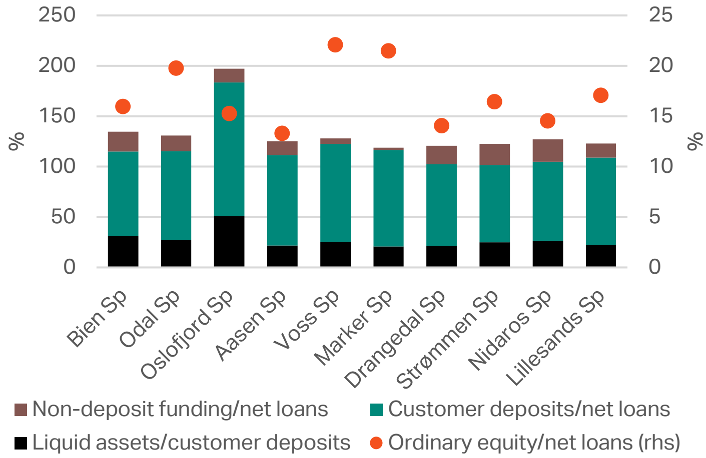
Another important source of funding for Bien Sparebank is its cooperation with covered-bond company Eika Boligkreditt. Eika Boligkreditt is a stable and important source of funding for the bank and provides access to more affordable funding with longer terms to maturity than it can achieve by itself. Bien Sparebank decreased its transfer ratio to Eika Boligkreditt to 27.4% for retail customers in 2023 from 28.5% 12 months earlier. The bank also has a significant buffer in loans that can be transferred to the covered-bond companies as a liquidity reserve.

Figure 8. Bien Sparebank deposit metrics, 2019–2026e



Source: company. e–estimate.

Figure 9. Norwegian savings banks' funding profile, 30 Sep. 2023



Source: bank reports.

More focused on mortgages than most savings banks

Credit risk 'bbb+'

Bien Sparebank's lending grew by 5.7% in 2023, or 5.0% including loans transferred to Eika Boligkreditt. This is higher than the 3.1% market growth (households) in 2023. Our loan growth forecast for the 2024–2026 period is 5%, both on and off balance sheet.

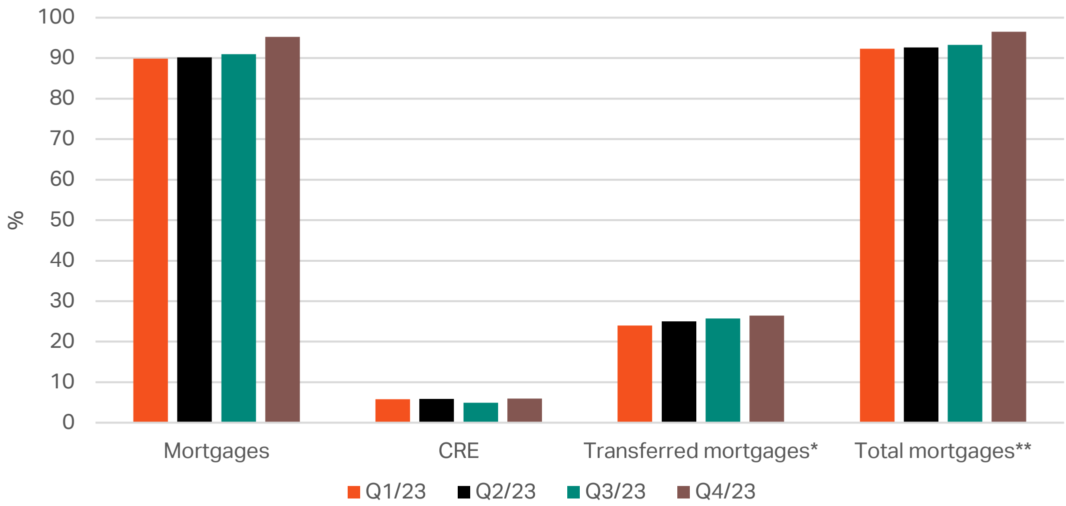
The bank has a material concentration of regional real-estate collateral, given that the vast majority of its customers are based in the core market. 93% of the bank's credit portfolio (including transferred loans) consists of residential mortgages, while its largest corporate exposures are to property management and construction. As a result, more than 99% of lending is exposed to retail and commercial real estate.

The Oslo housing market has traditionally exhibited a higher sensitivity to interest rates, largely attributable to elevated prices and loan-to-value ratios. In 2023, Oslo's housing prices increased by 1.8%, surpassing the national average of 0.5%. Forecasts suggest that robust demand for housing, coupled with limited new construction activity, is poised to drive a substantial uptick in prices from the latter half of 2024. The decade-long trajectory of housing price growth has bolstered the bank's collateral, with prices maintaining an upward trend throughout 2023. Notably, a significant portion of loans feature robust collateral, mitigating the risk of a substantial decline in housing prices. This positive trend aligns with our assessment of Bien Sparebank's credit risk.

The NOK 1.4bn in loans transferred to Eika Boligkreditt provides commission income, as well as a share of profit through the minority shareholding. The bank does not offload its risk for these loans, however, and is expected to take back nonperforming loans from Eika Boligkreditt to maintain a clean cover pool. Where repatriation of loans is not possible, which has yet to occur, Bien Sparebank guarantees 1% of transferred loans and covers 80% of any net loss occurred by Eika Boligkreditt, with charges netted from commission payments for transferred loans.

Lending to corporate customers accounts for 9.8% of gross on-balance-sheet lending, significantly less than the average Norwegian savings bank, and a 2.4pp decrease over the last 12 months. Corporate lending is concentrated on commercial real estate and construction. We are concerned about these sectors, due to high interest and building costs, and the risk of falling commercial property prices in Norway. In our view, the reduced exposure towards these sectors in 2023 is a positive factor for Bien Sparebank's credit risk.

Figure 10. Bien Sparebank loan portfolio composition, Q1 2023–Q4 2023



Source: company. CRE–commercial real estate. *To Eika Boligkreditt AS. **Off-balance sheet net loans and transferred mortgages.

Small size creates operational vulnerability

Other risks 'bbb'

We do not believe market risk is a material factor for Bien Sparebank, given the lack of a trading portfolio and its low limits on interest rate risk and currency risk. Key personnel risk, however, is a factor for a small bank with around 30 employees. While there is good availability of labour in Oslo, there is also competition for personnel with the right skillsets.

Bien Sparebank has strategic ownership positions in Eika Gruppen (1.23%) and Eika Boligkreditt (1.39%), which provide access to the Norwegian covered-bond market, insurance, asset management, a real-estate agency and credit products, and ensure a strong a voice alongside the other savings bank owners. This ownership also contributes to the bank's earnings through dividend payments, as well as commission paid on transferred loans and savings.

COMPETITIVE POSITION

Competitive position assessment 'bb-'

Bien Sparebank has a local focus and a weak position in its core market. Our assessment of the bank's competitive position is limited by its relatively small size in the Oslo region, in which most major players are present. At national level, the bank has only a small presence, with about 0.1% of total customer deposits and 0.2% of total mortgages (including loans transferred to Eika Boligkreditt). However, Bien Sparebank is a niche bank with an emphasis on personal customer service, with easy access to its branch in central Oslo and we believe that the bank has stronger customer loyalty than its larger competitors. It was also among the first banks to offer senior loans to customers above 60 years of age with unutilised collateral.

Bien Sparebank's membership in the Eika alliance expands the bank's customer offerings beyond what it could provide itself and diversifies revenues. Via Eika, the bank provides customers with insurance, debit and credit products, asset management and a real-estate agency.

We consider Bien Sparebank's role in, and financial contributions to, its local market as a somewhat positive rating factor, as they strengthen the bond between the bank and its customers. A large proportion of the bank's dividends go to the local community through the foundation owners, in addition to other donations from the bank.

PERFORMANCE INDICATORS

Performance indicators assessment 'a-'

We expect Bien Sparebank's profitability between 2024 and 2026 to remain higher than before 2023. Margins will, we believe, stay at higher levels than before 2023, despite some margin pressure. Moreover, improved cost efficiency will support earnings in the years ahead. We believe that loan losses and loan-loss provisions will increase due to the slowdown in the overall economy but remain at relatively low levels.

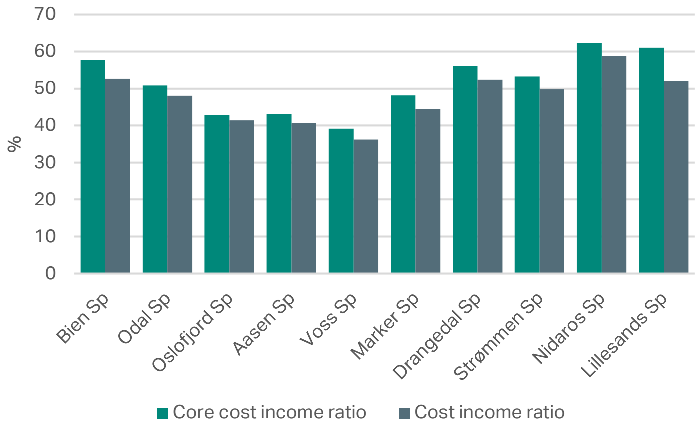
Strong earnings expected as cost efficiency improves

Earnings 'a'

Net interest income accounted for 82% of operating income in 2023. Bien Sparebank reported a sharp increase in its net interest margin to 2.4% in 2023 from 1.9% for 2022, due to higher interest rates boosting the deposit margin and income from interest rate instruments. We believe that the bank's margins peaked in 2023 and expect interest margins to decline but to remain above recent historical levels over the course of our forecast period. The decline in interest margins is expected to stem both from increased competition for lending and deposits and from lower interest rates in 2024 and 2025.

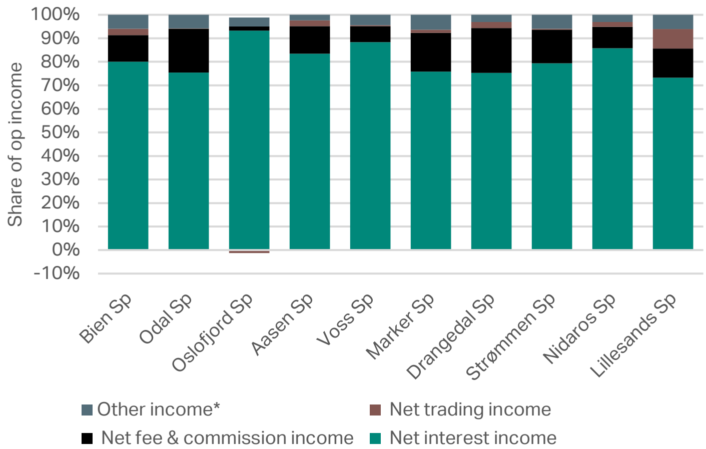
The bank's cost-to-income ratio was 52% in 2023, continuing a downward trend from 64% in 2020. Improved interest income has been the most significant contributor to the bank's increased cost efficiency, especially in the last two years. Bien Sparebank implemented its new core banking system in April 2023 and it expects this to lead to significant IT cost reductions going forward. The bank incurred a total of NOK 14m in conversion costs in 2022 and 2023. The combination of both increased net interest income and increased cost efficiency from 2024 leads us to project a relatively stable cost-to-income ratio below 50% for 2024–2026. This also results in pre-provision income (PPI) to REA above 3% over our forecast horizon.

Figure 11. Norwegian savings banks' cost efficiency metrics, 30 Sep. 2023 LTM



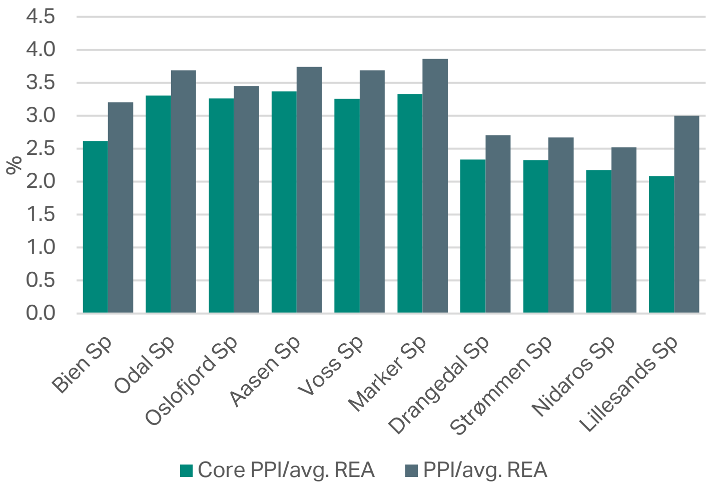
Source: bank reports. LTM–last 12 months. Core represents net interest income and net fee & commission income.

Figure 12. Norwegian savings banks' split between income groups, 30 Sep. 2023 YTD



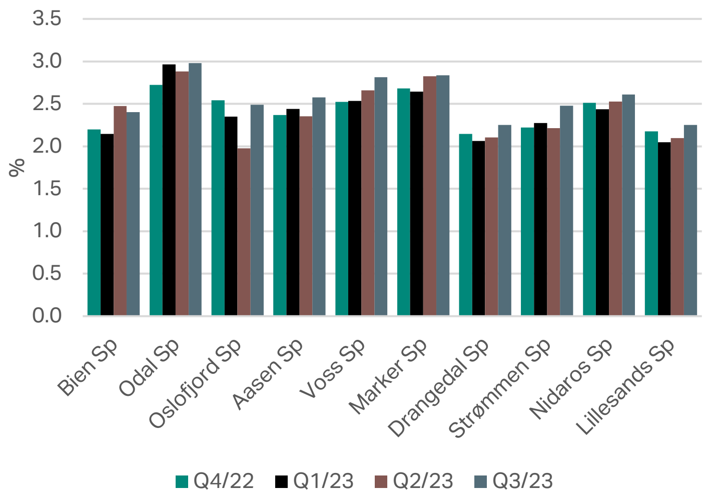
Source: bank reports. YTD-year to date.

Figure 13. Norwegian savings banks' PPI to REA, 30 Sep. 2023 LTM



Source: bank reports. PPI–pre-provision income. REA–risk exposure amount.

Figure 14. Norwegian savings banks' annualised net interest margin, Q4 2022–Q3 2023



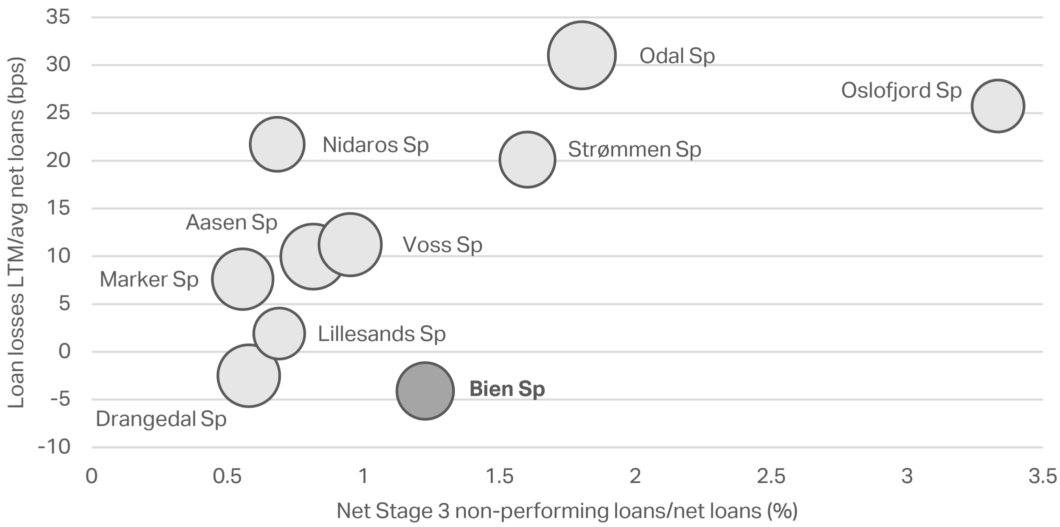
Source: bank reports.

Loan losses expected to remain moderate

Loss performance 'a-'

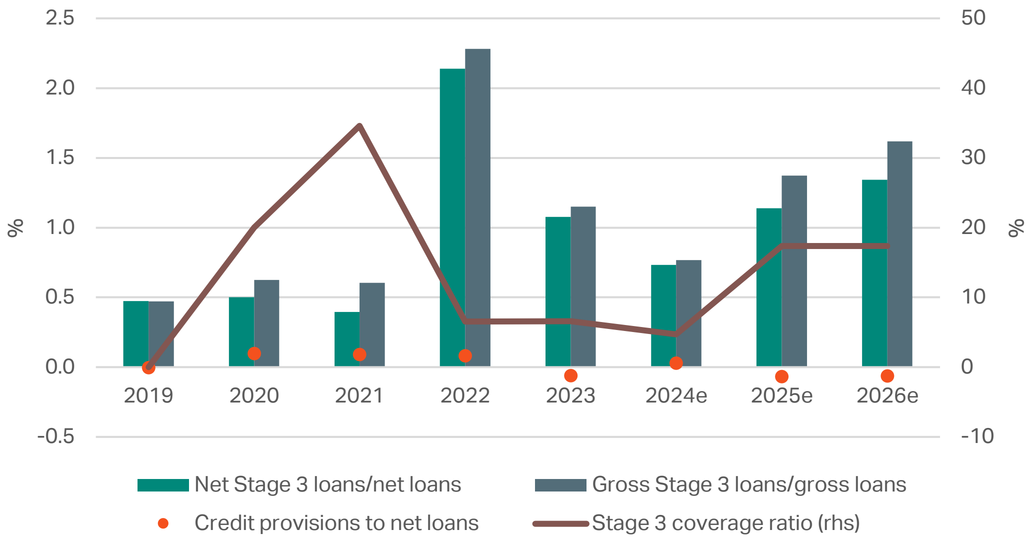
Bien Sparebank booked net reversals of NOK 2.4m in 2023, compared with NOK 3.0m in loan losses in 2022. We project higher loan losses than the historical average as the economy slows in the 2024–2025 period. The bank's net stage 3 loans to net loans are 0.9%, above the median for its domestic peer group (as of 30 Sep. 2023). We expect non-performing loans to remain elevated given the current economic slowdown.

Figure 15. Norwegian savings banks' asset quality metrics (%), 30 Sep. 2023 YTD



Source: bank reports. Bubble sizes reflect net loan volumes.

Figure 16. Bien Sparebank asset quality metrics*, 2019–2026e



Source: company. e–estimate. *2019 based on GAAP financial reporting.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

Neutral aggregate ESG impact

ESG factors are considered throughout our analysis, where material to the credit assessment. In aggregate, we view the bank's ESG profile as having a moderately positive impact on its creditworthiness.

Figure 17. Bien Sparebank priority ESG factors

Issue/area	Risk/opportunity	Impacted subsections (impact on credit assessment*)
Physical climate risk to collateral	Climate-related damage to real-estate and agricultural 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 (+) Earnings (+) Funding & liquidity (0)
Anti-money laundering capacity	Risk of sanctions and fraud due to insufficient control of customers.	Risk governance (-)
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. See ESG factors in financial institution ratings.

ADJUSTMENT FACTORS

Support analysis

Support analysis neutral

We view Bien Sparebank's ownership as supportive in our standalone credit assessment, but do not adjust to reflect this support. We consider it positive that the bank has access to the equity market through its listed common shares. The bank's largest owner is a foundation that exists to ensure long-term and stable ownership of the bank and whose main income comes from dividends from the bank. These are used to fund various activities in the local community. The foundation has limited resources to support the bank.

Figure 18. Bien Sparebank ownership structure, 31 Dec. 2023

Owner	Share of capital
Sparebankstiftelsen Bien	47.5%
Jernbanepersonalets forsikring	9.9%
AS Vidsjå	5.5%
Sparebanken Sør	4.8%
VPF Eika Egenkapitalbevis	1.6%
Other	30.7%
Total	100.0%

Source: company.

ISSUE RATINGS

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

SHORT-TERM RATING

The 'N2' short-term rating is the higher of the two alternatives, given the long-term issuer rating of BBB+', which reflects its access to central bank funding and our assessment that the bank's liquidity is adequate, based on an average liquidity coverage ratio of 310% over the last four quarters.

METHODOLOGIES USED

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

RELEVANT RESEARCH

(i) Swedish savings banks face weaker earnings and low loan growth in 2024, 6 Feb. 2024
(ii) Norwegian savings banks face margin squeeze in 2024, 11 Dec. 2023
(iii) High interest rates generate strong first-half earnings for Swedish savings banks, 26 Oct. 2023.
(iv) Nordic consumer banks' earnings compensate elevated credit losses, 11 Sep. 2023.
(v) Mid-sized Norwegian savings banks navigate economic challenges, 28 Aug. 2023.
(vi) Norwegian mid-size savings banks stand strong in turbulent 2022, 24 Mar. 2023.

Figure 19. Bien Sparebank key financial data, 2020–2023

Key credit metrics (%)	FY 2020	FY 2021	FY 2022	FY 2023
INCOME COMPOSITION				
Net interest income to op. revenue	73.2	74.7	79.7	82.4
Net fee income to op. revenue	15.0	18.4	14.0	10.7
Net trading income to op. revenue	3.0	-0.9	-1.4	2.4
Net other income to op. revenue	8.8	7.8	7.7	4.5
EARNINGS				
Net interest income to financial assets	1.4	1.5	1.9	2.4
Net interest income to net loans	1.8	2.1	2.5	3.0
Pre-provision income to REA	1.6	1.8	2.5	3.2
Core pre-provision income to REA (NII & NF&C)	1.1	1.5	2.1	2.8
Return on ordinary equity	5.8	6.0	7.5	8.8
Return on assets	0.5	0.6	0.8	1.1
Cost-to-income ratio	63.6	61.3	54.5	51.9
Core cost-to-income ratio (NII & NF&C)	72.1	65.8	58.2	55.7
CAPITAL				
CET1 ratio	17.0	18.0	21.8	22.5
Tier 1 ratio	18.4	19.3	23.7	24.3
Capital ratio	20.6	21.5	26.1	26.6
REA to assets	43.9	45.1	41.7	43.0
Dividend payout ratio	20.0	32.7	39.7	50.0
Leverage ratio	7.3	8.6	8.7	9.3
GROWTH				
Asset growth	1.6	-0.9	-0.7	3.0
Loan growth	-8.1	-1.9	4.5	5.7
Deposit growth	5.1	-1.3	-3.8	-0.2
LOSS PERFORMANCE				
Credit provisions to net loans	0.10	0.09	0.08	-0.06
Stage 3 coverage ratio	20.03	34.59	6.55	6.60
Stage 3 loans to gross loans	0.63	0.60	2.28	1.15
Net stage 3 loans to net loans	0.50	0.40	2.14	1.08
Net stage 3 loans/ordinary equity	3.88	2.87	13.30	6.63
FUNDING & LIQUIDITY				
Loan to deposit ratio	106.5	105.7	114.8	121.7
Liquid assets to deposit ratio	37.6	38.1	33.7	32.0
Net stable funding ratio	156.0	144.0	129.0	147.0
Liquidity coverage ratio	152.0	197.0	318.0	289.0

Key financials (NOKm)	FY 2020	FY 2021	FY 2022	FY 2023
BALANCE SHEET				
Total assets	5,041	4,997	4,960	5,106
Total tangible assets	5,041	4,997	4,960	5,106
Total financial assets	5,032	4,961	4,928	5,086
Net loans and advances to customers	3,717	3,645	3,809	4,028
Total securities	1,133	1,177	896	932
Customer deposits	3,492	3,448	3,317	3,309
Issued securities	883	889	821	873
of which other senior debt	833	838	770	822
of which subordinated debt	50	50	51	51
Total equity	510	535	652	694
of which ordinary equity	481	505	612	654
CAPITAL				
Common equity tier 1	377	406	450	494
Tier 1	407	436	490	534
Total capital	457	486	540	584
REA	2,215	2,254	2,068	2,197
INCOME STATEMENT				
Operating revenues	97	102	119	143
Pre-provision operating profit	35	39	54	69
Impairments	4	3	3	-2
Net Income	26	29	42	56

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

Figure 20. Bien Sparebank rating scorecard

Subfactors	Impact	Score
National factors	10.0%	a
Regional, cross border, sector	10.0%	a
Operating environment	20.0%	a
Capital	17.5%	a+
Funding and liquidity	15.0%	a-
Risk governance	5.0%	bbb
Credit risk	10.0%	bbb+
Market risk	-	-
Other risks	2.5%	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		**bbb+**
Transitions		Neutral
Peer calibration		Neutral
Borderline assessments		Neutral
Stand-alone credit assessment		**bbb+**
Material credit enhancement		Neutral
Rating caps		Neutral
Support analysis		Neutral
Issuer rating		**BBB+**
Outlook		Stable
Short-term rating		**N2**

Figure 21. Capital structure ratings

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

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