

Jæren Sparebank

Full Rating Report

LONG-TERM RATING

A-

OUTLOOK

Positive

SHORT-TERM RATING

N2

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RATING RATIONALE

Our 'A-' long-term issuer rating on Norway-based Jæren Sparebank reflects the bank's strong capitalisation, low risk appetite, robust underwriting, and favourable market position. The bank has a cooperation agreement with the Eika banking alliance, which we view as positive, as it provides product diversity, shared development costs and the opportunity to finance residential retail mortgages through mortgage company Eika Boligkreditt. We expect the bank to maintain strong earnings metrics and cost efficiency advantages even as Norwegian policy interest rates decline. We also expect loan losses to remain modest despite the current economic slowdown in Norway. We view the bank's long-term ownership by two foundations as positive given their available liquidity and ability to participate in future capital injections.

The rating is constrained by the bank's concentrated exposure to real estate and agricultural collateral in the region of Jæren in Rogaland county on the west coast of Norway. Rogaland's key role in Norway's oil and gas production makes the region's economy more volatile than the national average, but has also created strong economic conditions with low unemployment.

POSITIVE OUTLOOK

The outlook is positive, reflecting the possibility that we could raise the long-term rating if the bank maintains its strong asset quality and sustains recent improvements in earnings metrics as interest rates decline. A higher rating would depend on the bank's growth plans and commitment to higher capital buffers following the implementation of EU's Capital Requirements Regulations III (CRR3). While the bank is well capitalised, we expect its capital ratios to improve further with implementation of CRR3. We believe the bank's low risk appetite, strong liquidity position, improved earnings, and stable cost position will enable resilience to the currently weak conditions in the wider economy.

POTENTIAL POSITIVE RATING DRIVERS

- Commitment to maintaining material regulatory capital buffers and a Tier 1 ratio sustainably above 21%.
- Pre-provision earnings sustainably above 2.5% of risk exposure amount (REA) and stable asset quality metrics.

DRIVERS FOR A STABLE OUTLOOK

- A significant downturn in the operating environment, negatively impacting asset quality.
- A lasting reduction in the Tier 1 ratio to below 20%.
- Risk-adjusted earnings metrics below 2% of REA.

Figure 1. Key credit metrics, 2020–2026e

%	2020	2021	2022	2023	2024e	2025e	2026e
Net interest margin	1.5	1.5	1.8	2.2	2.3	2.2	2.1
Loan losses/net loans	0.15	-0.02	0.02	0.02	-0.03	0.08	0.06
Pre-provision income/REA*	1.8	1.8	2.1	2.7	2.9	3.0	3.0
Cost-to-income	46.8	46.5	48.7	42.0	39.4	37.5	38.2
Return on ordinary equity	6.1	7.8	8.9	10.5	10.8	10.5	10.3
Loan growth	3.1	5.8	3.4	4.4	6.0	6.0	6.0
CET1 ratio*	18.4	18.1	19.3	19.3	19.2	21.8	22.0
Tier 1 ratio*	19.8	19.4	20.7	21.0	20.9	23.6	23.7

Source: company and NCR. e-estimate. CET1—common equity Tier 1. All metrics adjusted in line with NCR methodology. *Consolidated capital adequacy metrics, including the estimated effect of CRR3 from 2025.

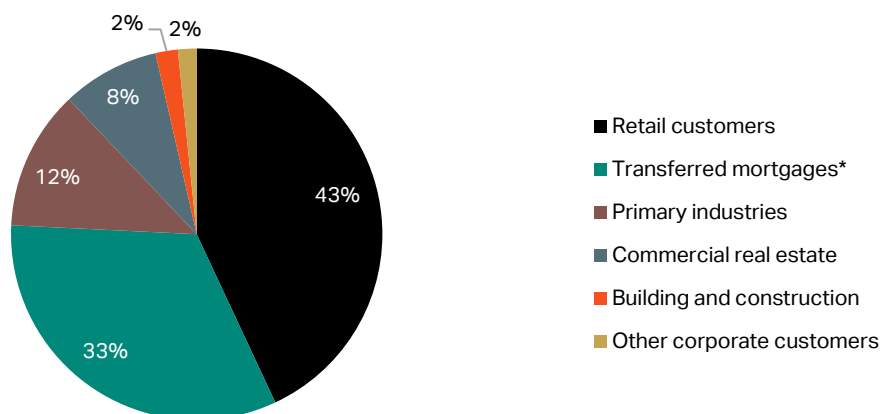
ISSUER PROFILE

Jæren Sparebank was formed in 2015 via a merger of Klepp Sparebank and Time Sparebank, which dated back to 1923 and 1911, respectively. Today, Jæren Sparebank's main office is located in Bryne, while the bank also has offices in Klepp, Varhaug and Ålgård. The bank operates as an independent savings bank and has equity capital certificates (ECCs) that trade on the Oslo Stock Exchange.

Jæren Sparebank operates in Rogaland county, with a focus on the Jæren region, which includes the municipalities of Klepp, Time, Hå and Gjesdal, where the bank opened a new branch in January 2022. The Jæren region has a population of around 75,000, a strong projected growth rate, and exceptionally low unemployment levels. These markets are within commuting distance of the Northern Jæren cities of Stavanger and Sandnes, which are vital markets in Norway's oil industry and form the country's third-largest metropolitan area.

The bank is a member of the Eika alliance, an association of about 50 small and medium sized Norwegian savings banks. The association enables 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, one of Norway's largest issuers of covered bonds.

Figure 2. Gross loans by sector/type (including transferred loans), 30 Sep. 2024



Source: company. *net loans transferred to Eika Boligkreditt.

OPERATING ENVIRONMENT

Operating environment

We consider a balance of national and regional factors in our assessment of the operating environment. Jæren Sparebank's operations are concentrated in Rogaland county, and specifically the Jæren municipalities of Hå, Time and Klepp. The county is exposed to the volatile oil and gas industry, but the exposure has resulted in a strong economy and a low unemployment rate. The bank has minimal direct exposure to oil and gas, and focuses its corporate lending on agricultural clients.

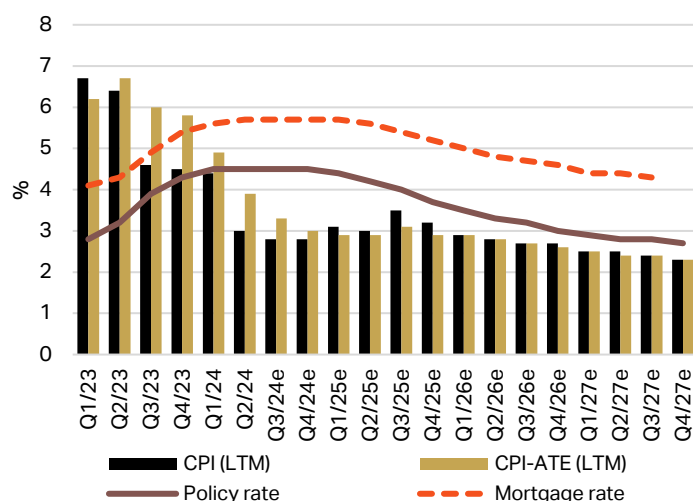
Norwegian savings banks resilient to reduced economic activity

National factors

High 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 slow this year due to greater competition and increased, albeit moderate, loan losses. Among NCR-rated Norwegian savings banks, we expect a marginal decline in core profits in 2024 but anticipate that normalisation of non-core revenues will contribute to an 8% increase in pre-tax profit. We also believe that interest margins could prove more resilient than we previously anticipated due to continuing high interest rates.

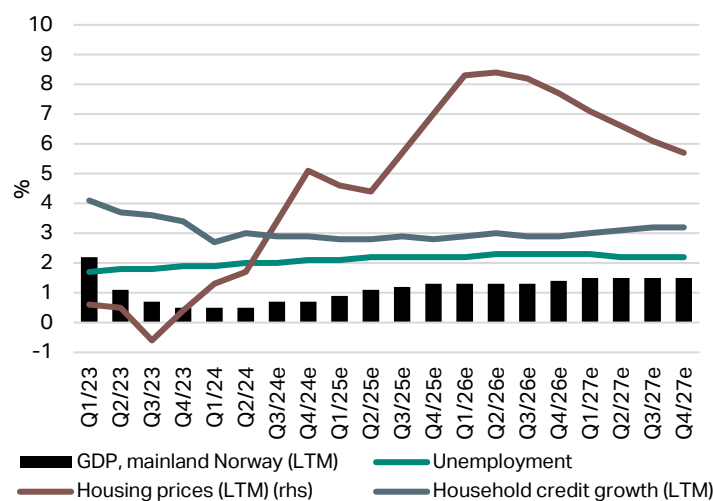
As intended, high interest rates are helping to slow the economy. We believe that high interest rates and weak economic conditions could lead to a rise in loan-loss provisions among domestic savings banks over the next 12 months, but that levels will vary significantly between individual banks. Norway's 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, 2023–2027e



Source: central bank. e-estimate. CPI-consumer price index. LTM-last 12 months. ATE-adjusted for tax changes and excluding energy products.

Figure 4. Norwegian economic indicators, 2023–2027e



Source: central bank. e-estimate.

Local economy focused on energy and farming

Jæren Sparebank's core markets in Jæren account for about 70,000 of Rogaland county's population of 500,000. Population growth in the core markets has been about 9% over the past 10 years, somewhat above the Norwegian average. This trend is projected to continue through 2050. At 1.4%, the region's unemployment rate was below the national average of 1.9% as of October 2024, according to the Norwegian Labour and Welfare Administration.

Although Jæren Sparebank has minimal exposure to oil and gas, the bank's operating region is highly dependent on the industry. The largest employer in Rogaland is oil refiner Equinor, which is 67% owned by the Norwegian government. Around 65% of industry workers in Rogaland county are employed in the oil and gas sector (2019), exposing the region to oil price volatility. In recent years, the renewable energy sector has become more important, especially the development of wind power in the Jæren area. Rogaland is also one of the largest distributors of hydropower in Norway. In addition, the Jæren area is key to the country's farming industry, which is reflected in the proportion of agricultural exposures in the bank's loan portfolio.

Figure 5. Core markets

Municipality	Population, 2024	Expected population change, 2024–2050 (%)	Unemployment, Oct. 2024 (%)	Unemployment, Oct. 2023 (%)
Hå	19,918	8.2	1.5	1.6
Klepp	20,990	18.0	1.3	1.4
Time	19,941	17.1	1.3	1.4
Gjesdal	12,413	12.8	1.4	1.7
Core market	73,262	14.2	1.4	1.5
Norway	5,562,363	9.9	1.9	1.8

Source: Statistics Norway, Norwegian Labour & Welfare Administration.

Despite volatile housing prices in Stavanger in recent years, housing prices in the bank's core markets of Hå, Klepp and Time have performed well, with growth of about 8% over the 12 months ended September 2024 and 29% over the past five years, according to real estate agency Krogsvæn. Housing prices in the operating region are about 40% lower than those in central Stavanger. The region's relatively low housing debt and stable housing price growth have strengthened the bank's collateral and supported customer creditworthiness in these markets.

RISK APPETITE

Our assessment of Jæren Sparebank's risk profile reflects the bank's strong capital and liquidity buffers, diverse funding profile, large proportion of low-risk residential mortgage and agricultural lending, and its ability to transfer loans to Eika Boligkreditt. Risk governance and internal risk

Regional, sectoral, and cross-border factors

Risk appetite assessment

reporting are relatively strong on a peer group comparison, especially in light of the bank's risk profile and complexity. The bank has regional concentrations in its core markets and a significant proportion of property lending, but maintains a more modest credit risk profile than other mid-sized Norwegian savings bank.

Risk governance and track record compare favourably with similar-sized competitors

Risk governance

Jæren Sparebank's risk governance framework, risk appetite, limit monitoring and risk reporting are in line with those of larger Nordic savings banks and above average compared with those of its mid-sized savings bank peers. Our view of the bank's risk appetite is supported by its track record of conservative underwriting, and key metrics that compare favourably with those of other members of the Eika alliance. We believe that the bank has well-defined guidelines to support anti-money laundering activities in its daily operations, thereby reducing the risk of related losses and fines, which have been levied on some banks by the Norwegian regulator.

Jæren Sparebank has established credit-related guidelines to assess climate and sustainability risk for its corporate and agricultural customers. It has also established a green bond framework and offers incentivised green loans for residential properties, farming equipment and electric vehicles. It is environmentally certified by Miljøfyrtårn/Eco-Lighthouse, which provides criteria and structure to minimise the environmental footprint of banks' products and solutions. The cooperation with the Eika alliance provides additional resources for future development and reporting requirements in this area.

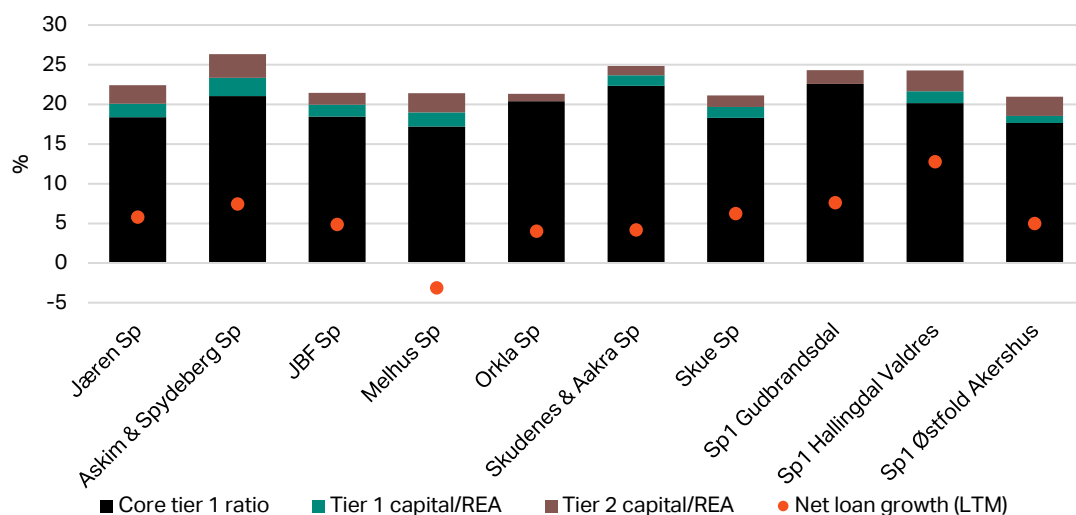
Capital ratios likely to improve after CRR3

Capital

Our capital assessment takes into consideration Jæren Sparebank's consolidated capital position, including its proportionate holdings in Eika Gruppen and Eika Boligkreditt. As of 30 Sep. 2024, the bank's consolidated CET1 ratio was 18.1% and its Tier 1 ratio 19.8%, though these ratios improve by 1pp if 50% of current year profits are included. The ratios compare favourably with its respective minimum targets of 16.1% and 17.9% (including a 1pp management buffer). The consolidated leverage ratio is strong at 8.8%, compared with a regulatory minimum requirement of 5%. We also expect the bank's Tier 1 ratio to remain at around 21%, excluding the likely positive regulatory effects of CRR3.

We expect Jæren Sparebank's on-balance-sheet loan book to grow by 6% a year through 2026, though we note the bank is considering its strategic options given the possibility of capital relief from CRR3. We expect a return on equity of 10-11% through 2026 due to strong margins, low operating costs, reduced costs due to a new IT platform, and modest loan losses. We include a payout of 65% of annual net profit in dividends and donations, but note that over 60% of this amount is paid to the bank's foundation owners. The foundations use nearly half of the dividends they receive from the bank to build liquidity, thereby increasing their ability to support the bank in the event of need or participate in future capital injections. In addition, the possibility of reducing such payouts provides capital flexibility.

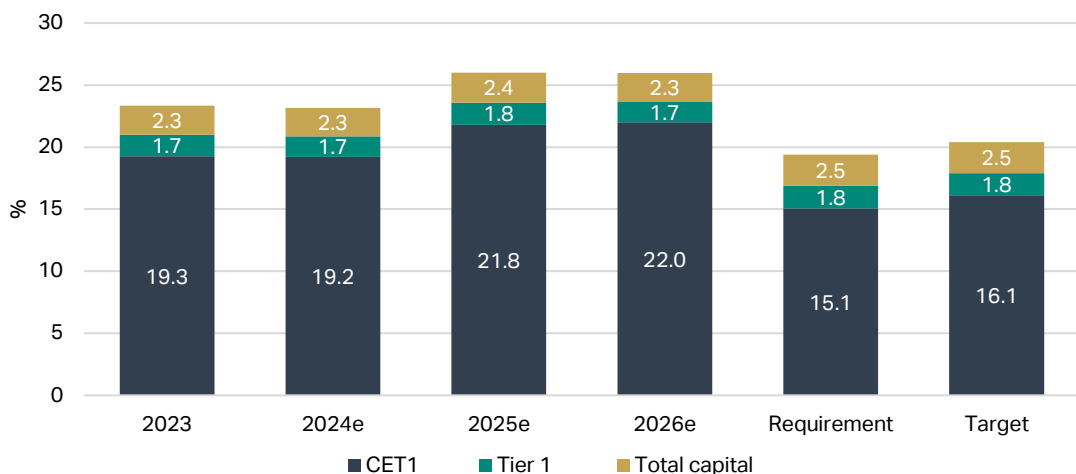
Figure 6. Norwegian savings banks' capital ratios* and loan growth, 30 Jun. 2024



Source: bank reports. Unconsolidated capital ratios of parent banks.

The new capital directive, CRR3, is scheduled to come into force in Norway on 1 Jan. 2025 (see relevant research). The new method is more risk-sensitive than previously and likely to reduce capital requirements significantly for small to medium-sized retail and savings banks. We expect CRR3 will improve the competitiveness of banks that use the standard approach to credit risk by mitigating the current disparity with larger banks that use the internal ratings-based approach. The Norwegian regulator estimates that an average standard-method bank will improve its capital ratios by several percentage points and our forecast for Jæren Sparebank assumes a positive impact of 2.5pp on its consolidated Tier 1 ratio from 2025. However, we remain cautious about the actual outcome and its effect on the bank's capital strategy.

Figure 7. Consolidated capital ratios 2023–2026e, capital requirement and targets* as of Q3 2024



Source: company, e-estimate. *total pillar 2 guidance (P2G) of 1.9%

Eika Boligkreditt an important funding source

Funding and liquidity

Jæren Sparebank's funding and liquidity position is relatively strong, with a stable retail deposit base and demonstrated access to capital markets. Stronger deposit growth than lending growth in recent years reduced the loan-to-deposit ratio to 123% as of 30 Sep. 2024 from 137% at end-2018. Deposit volumes declined in the second half of 2023, but have rebounded in 2024, with growth of 6.6% through the first three quarters. The bank has few customer deposit concentrations and is well within its internal limits for large deposit customers.

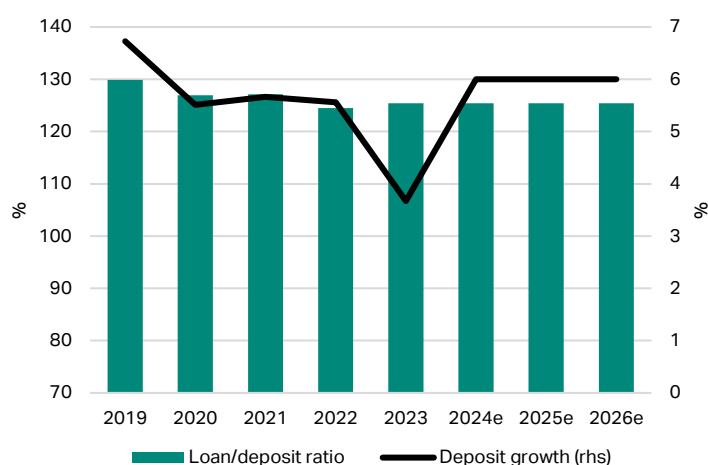
Jæren Sparebank maintains strong liquidity buffers, at about 29% of customer deposits. As of 30 Sep. 2024, the liquidity coverage ratio was 222%, well above the bank's internal limit of 110%, and has

remained above 200% since early 2022. The bank's net stable funding ratio was 132% as of 30 Sep. 2024, somewhat below its historical average of 140%, but well above the 105% internal limit.

Jæren Sparebank had NOK3.5bn in outstanding senior bonds as of 30 Sep. 2024. The bank's debt maturity profile is evenly distributed, with senior unsecured maturities of NOK 400m and NOK 500m spread out through 2029. We forecast the bank will refinance through new issuance at maturity and increase bond financing modestly as the loan book grows. In August 2024, the bank issued a senior bond under a newly established green bond framework, and we expect regular green issuance to expand the investor base.

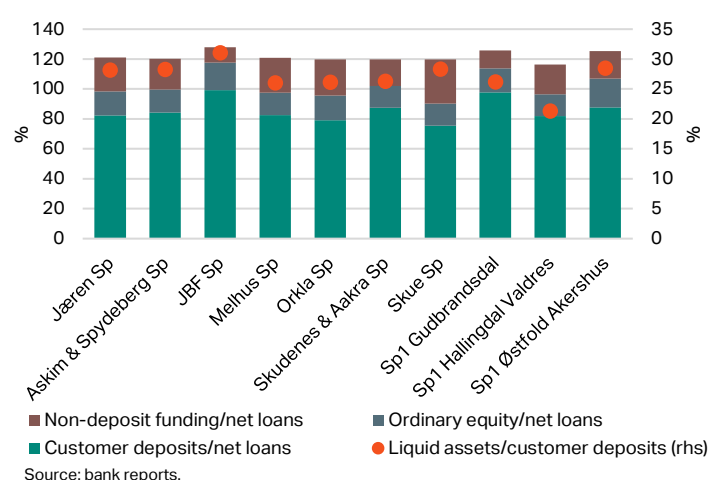
Another important source of funding is Eika Boligkreditt, which provides access to more affordable funding with longer terms to maturity than the bank could achieve by itself. The bank's ratio of transfers to Eika Boligkreditt was 43.2% as of 30 Sep. 2024, up from 40.9% as of 30 Sep. 2022. In addition, the bank maintains a liquidity buffer equal to at least 2% of total assets. It also has an internal limit on lending transferred to Eika Boligkreditt, equal to 45% of the total retail loan portfolio.

Figure 8. Deposit metrics, 2019-2026e



Source: company, e-estimate.

Figure 9. Norwegian savings banks' funding, 30 Jun. 2024



Source: bank reports.

High proportion of local property lending

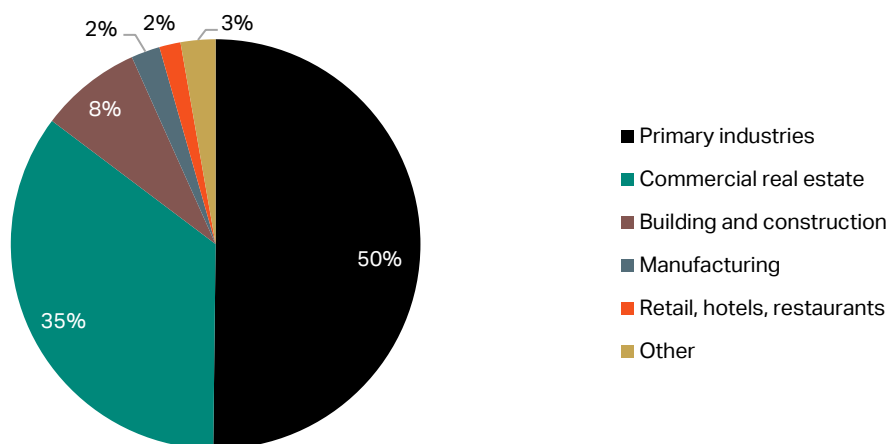
Jæren Sparebank's loan portfolio mainly consists of retail mortgage loans (76% including transferred loans and 64% of on-balance sheet lending). In addition, half of the bank's corporate customers are associated with local agriculture and have a history of low credit losses. The bank has a strong underwriting track record, and stronger credit risk metrics than other banks in the Eika alliance.

Jæren Sparebank has a strong regional focus, with lending within its four core municipal markets accounting for 75% of retail and corporate lending. Neighbouring municipalities in southern Rogaland account for an additional 20% of lending. Despite the bank's high levels of real-estate collateral, its significant exposure to retail and agricultural borrowers and modest exposure to commercial real estate and development have contributed to low credit losses.

Negatively, Jæren Sparebank's high proportion of real-estate collateral and exposure to agriculture represents a weakness due to the risk of significant climate events including flooding. Positively, the bank is evaluating its exposure to physical climate risk and incorporating climate risk assessments into its credit processes.

Credit risk

Figure 10. Corporate gross loans by sector (excluding transferred loans), 30 Sep. 2024



Source: company.

Jæren Sparebank has had modest on-balance sheet loan growth of nearly 4% a year over the past five years, but has grown by nearly 6% over the past 12 months (over 7% including transferred loans). The bank is seeking annual growth of 4%-6% to exceed national averages and improve its market share. Our forecast includes on-balance-sheet loan growth of around 6% a year with similar levels of growth in transferred lending.

The oil and gas industry is a major employer in the operating region. While the bank is not a direct lender to oil and gas companies, a number of the bank's exposures are to suppliers or individuals working in the industry, exposing it to volatility in the sector. However, strong social safety nets and industry regulation mitigate much of the oil industry-related risk in the bank's loan book.

As at 30 Sep. 2024, the bank had transferred loans amounting to NOK 7.2bn to Eika Boligkreditt. Such transfers generate fee income, while the mortgage company also pays dividends to the bank. However, the bank does not offload the associated risk, and we expect it to take back all non-performing loans to enable Eika Boligkreditt to maintain a clean cover pool. The bank has always accepted repatriated loans, but in the event that repatriation should not prove possible, it guarantees 1% of transferred loans and covers 80% of any net loss incurred by Eika Boligkreditt through a loss guarantee. The bank is jointly liable with existing Eika alliance banks for losses not covered by the guarantee. Due to the high credit quality of transferred loans and repatriation agreements, the mortgage company has never incurred actual credit losses.

Other risks in line with risk appetite

Other risks

Other risks are in line with our risk appetite assessment. We do not believe market risk is a material factor for Jæren Sparebank, given the lack of a trading portfolio and its low limits on interest rate risk and currency risk.

Jæren Sparebank has strategic ownership positions in Eika Gruppen (5.3% at end-2023) and Eika Boligkreditt (6.3%). As part of the Eika alliance, the bank has access to the Norwegian covered-bond market, and can provide customers with insurance, asset management, and credit products, and access to a real-estate agency. 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

Jæren Sparebank has a local focus and a strong position in its core markets. Among private customers in the region, the bank has a market share of about 30%. Competitors with national coverage have reduced their presence and coverage in Jæren Sparebank's core markets, prompting the bank to open a branch in Gjesdal in January 2022. Corporate lending has a strong focus on agriculture, which accounts for 18% of the loan portfolio and contributes to a regional market share of around 40%. The bank's main local competition comes from SpareBank 1 Sør Norge (formed by a recent merger between SpareBank 1 SR-bank and SpareBank 1 Sørøst-Norge), DNB and Sparebanken Vest, which is in the process of merging with Sparebanken Sør. Rogaland Sparebank (formerly Sandnes Sparebank and

Hjelmeland Sparebank) also has a presence in the operating region. Jæren Sparebank has improved its market share somewhat in recent years and we do not expect the recent mergers in the region to have a negative effect on the bank's market position.

In view of Jæren Sparebank's concentration in its core markets, we consider its meaningful role and local contributions a positive rating factor. The bank's primary environmental, social and governance (ESG) attribute is its strong sense of social responsibility in its local communities. The bank also funds social and cultural activities to support these communities.

In addition, Jæren Sparebank distributes customer cash dividends according to the size of customers' loan and deposit balances throughout the year. The bank views this as a strategic way of securing long-term value creation. It generates loyal customers and, to some degree, makes it more difficult for other banks to capture market share.

Jæren Sparebank is the third-largest bank in the Eika alliance, which helps to diversify revenues and expands the bank's customer offerings beyond what it could provide by itself. The relationship with Eika, enables the bank to provide customers with insurance, debit and credit products, asset management and access to a real-estate agency.

PERFORMANCE INDICATORS

Performance indicators

We expect Jæren Sparebank's core earnings to remain strong due to continued improvements in cost efficiency, even as interest rates begin to fall. The bank has a lower proportion of non-performing loans than its regional peers and we expect loan losses to remain at relatively modest levels.

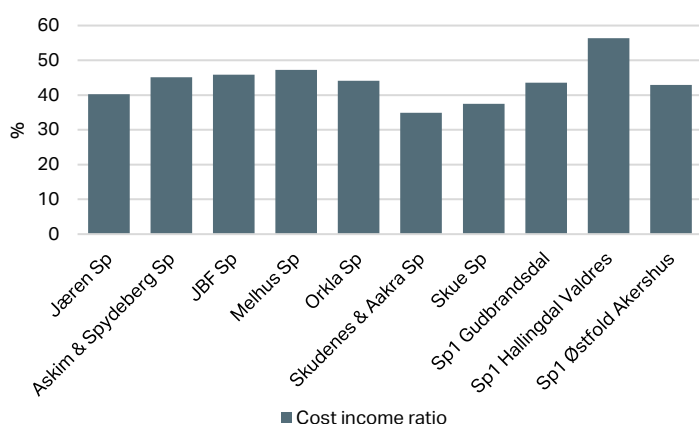
Improved cost-efficiency

Earnings

We expect Jæren Sparebank to maintain its relatively strong earnings metrics though our forecast period. The central bank appears likely to keep policy rates high for longer than its Swedish counterpart and the European Central Bank, supporting Jæren Sparebank's net interest margins into 2025. We note that the bank's margins peaked in the fourth quarter of 2023 and we believe they will decrease as interest rates are cut, probably in the first half of 2025.

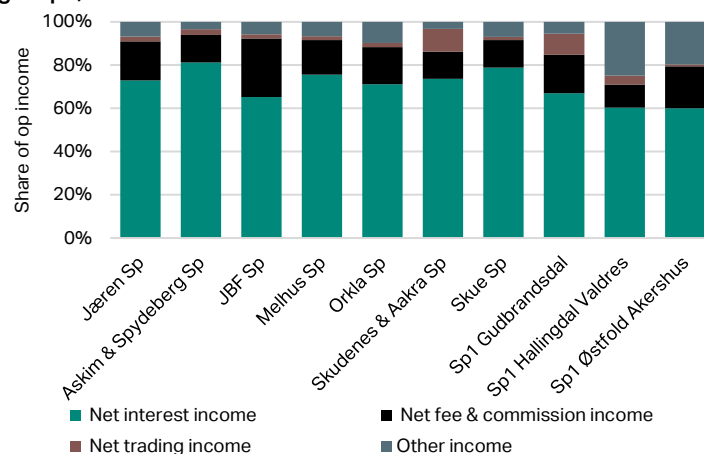
The bank's already strong cost efficiency has improved as operating revenues have increased, resulting in a projected return on average equity of over 10% over our forecast period. We expect that transition to a new IT system will result in lower IT-related costs from 2025 and note that merger-related amortisation costs will be completed by end-2024, thereby improving reported cost efficiency from the 39.5% reported in the 12 months to 30 Jun. 2024. We project cost efficiency will remain below 40%, even as interest margins fall. This is likely to result in pre-provision income to consolidated REA of 2.9%-3% through 2026.

Figure 11. Norwegian savings banks' cost efficiency metrics, LTM to 30 Jun. 2024



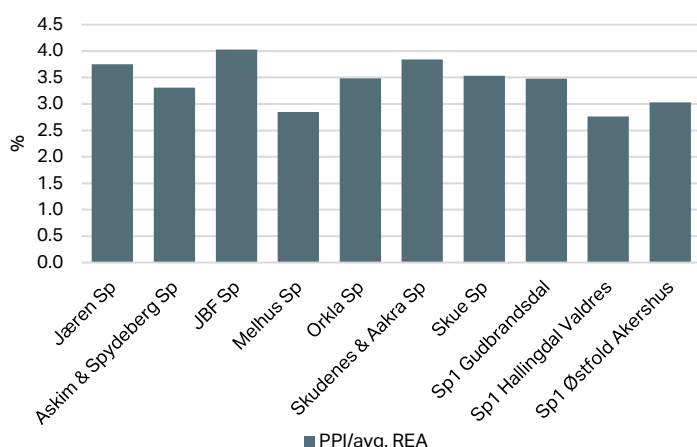
Source: bank reports. LTM-last twelve months.

Figure 12. Norwegian savings banks' split between income groups, LTM to 30 Jun. 2024



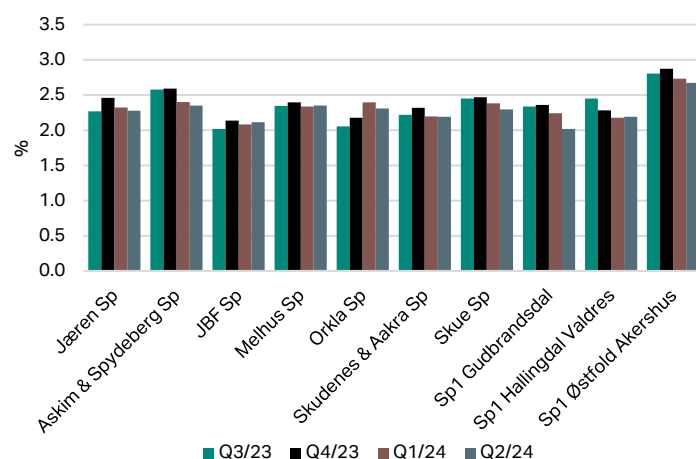
Source: bank reports.

Figure 13. Norwegian savings banks' PPI to REA*, LTM to 30 Jun. 2024



Source: bank reports. PPI-pre-provision income. *Unconsolidated REA of parent banks.

Figure 14. Norwegian savings banks' annualised net interest margins, Q3 2023–Q2 2024



Source: bank reports.

Modest proportion of non-performing loans

Loss performance

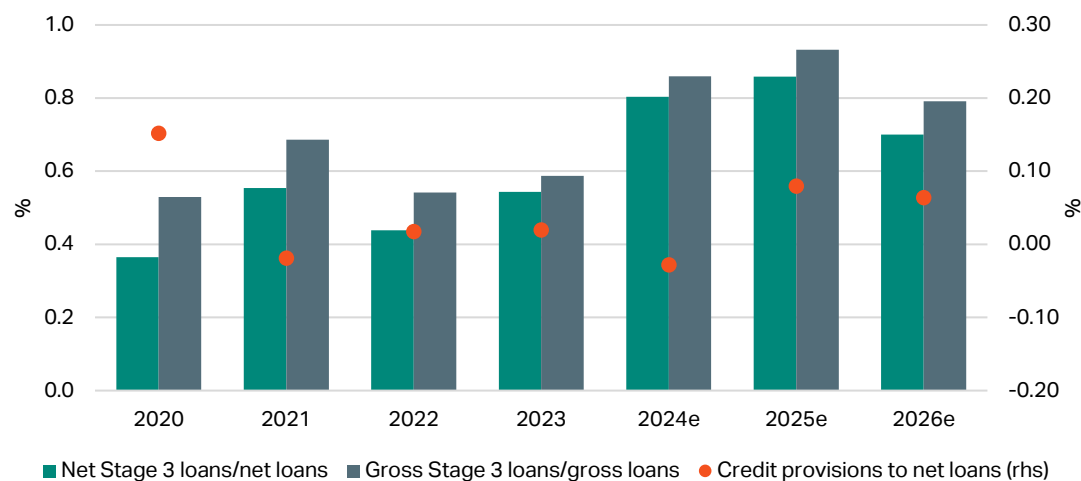
Jæren Sparebank booked net reversals over the 12 months ended 30 Sep. 2024 and only marginal credit losses over the past five years. We project modest loan losses given recent increases in Stage 3 loans due to higher interest rates and a slow economy, but note that the bank maintains a NOK 6.2m general reserve beyond model-calculated write-downs of Stage 1 and Stage 2 loans. At 30 Sep. 2024, the bank's net Stage 3 loans were below its domestic peer group average at 0.7%, but somewhat higher than in recent years. We expect them to remain elevated before declining in 2026 as lower interest rates reduce pressure on retail, agricultural and commercial real estate customers.

Figure 15. Norwegian savings banks' asset quality metrics, 30 Jun. 2024



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

Figure 16. Asset quality metrics, 2020–2026e



ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

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

Figure 17. 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 (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 (+)
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 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

We view Jæren Sparebank's ownership as neutral even though it is stable and long-term. The two foundations, which together control 63.2% of the bank's ECCs, have stated that their purpose is to provide long-term and stable ownership. This is to ensure the presence of a solid, locally focused savings bank in the region, where the foundations distribute profits to support their respective local communities. We believe both foundations have available liquidity to participate in future ECC issuance. As of end-2023, the foundations held over NOK 250m in cash and liquid assets in addition to their holdings in Jæren Sparebank.

Figure 18. Ownership structure, 30 Sep. 2024

Owner	Share of ECCs
Sparebankstiftinga Jæren – Time og Hå	50.9%
Sparebankstiftelsen Jæren – Klepp	12.3%
Eika Egenkapitalbevis VPF	4.9%
Rogaland Sparebank	4.3%
Skandinaviska Enskilda Banken AB	4.2%
Kommunal landspensjonskasse gjensidig forsikringsselskap	2.2%
Oddvar Salte Holding AS	2.0%
Elgar Capital AS	1.6%
Other	17.6%
Total	100.0%

Source: company.

ISSUE RATINGS

Our rating on Jæren Sparebank's unsecured senior debt is in line with the 'A-' 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 'BBB-'.

SHORT-TERM RATING

The 'N2' short-term rating is the higher of two possible alternatives given the 'A-' long-term issuer rating. It reflects Jæren Sparebank's access to central bank funding and our assessment that the bank's liquidity is adequate on the basis of an average liquidity coverage ratio of 218% over the past 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) [Nordic consumer banks' earnings continue to offset elevated provisions](#), 10 Sep. 2024.
- (ii) [Norwegian savings banks' capitalization boosted by CRR3](#), 26 Jun. 2024.
- (iii) [Swedish savings banks face weaker earnings and low loan growth in 2024](#), 6 Feb. 2024.
- (iv) [Norwegian savings banks face margin squeeze in 2024](#), 11 Dec. 2023.

Figure 19. Jæren Sparebank key financial data, 2020–Q3 2024 YTD

Key credit metrics (%)	FY 2020	FY 2021	FY 2022	FY 2023	Q3 2024 YTD
INCOME COMPOSITION					
Net interest income to op. revenue	64.7	64.2	69.6	75.8	74.8
Net fee income to op. revenue	23.8	26.6	19.0	16.7	18.8
Net trading income to op. revenue	0.7	-0.8	-1.5	1.3	1.6
Net other income to op. revenue	10.9	9.9	12.9	6.2	4.8
EARNINGS					
Net interest income to financial assets	1.5	1.5	1.8	2.2	2.3
Net interest income to net loans	1.8	1.8	2.2	2.8	2.9
Pre-provision income to REA	2.4	2.5	2.8	3.6	4.1
Core pre-provision income to REA (NII & NF&C)	1.9	2.0	2.2	3.2	3.6
Return on ordinary equity	6.1	7.8	8.9	10.5	12.5
Return on assets	0.8	1.0	1.1	1.4	1.7
Cost-to-income ratio	46.8	46.5	48.7	42.0	37.2
Core cost-to-income ratio (NII & NF&C)	52.9	51.2	54.9	45.4	39.7
CAPITAL					
CET1 ratio	19.8	19.5	19.7	19.6	18.1
Tier 1 ratio	21.2	20.7	21.0	21.4	19.8
Capital ratio	23.9	23.3	23.6	23.9	22.1
REA to assets	49.1	49.5	46.5	47.1	48.1
Dividend payout ratio	24.1	33.1	68.6	63.3	60.3
Leverage ratio	10.1	9.9	8.6	9.0	8.8
Consolidated CET1 ratio	18.4	18.1	19.3	19.3	18.1
Consolidated Tier 1 ratio	19.8	19.4	20.7	21.0	19.8
Consolidated Capital ratio	22.3	21.9	23.1	23.3	22.0
Consolidated Leverage ratio	10.0	9.9	8.6	9.0	8.8
GROWTH					
Asset growth	4.3	5.0	5.2	4.1	5.4
Loan growth	3.1	5.8	3.4	4.4	4.6
Deposit growth	5.5	5.7	5.6	3.7	6.6
LOSS PERFORMANCE					
Credit provisions to net loans	0.15	-0.02	0.02	0.02	-0.08
Stage 3 coverage ratio	31.28	19.45	19.38	7.67	6.07
Stage 3 loans to gross loans	0.53	0.69	0.54	0.59	0.72
Net stage 3 loans to net loans	0.37	0.55	0.44	0.54	0.68
Net stage 3 loans/ordinary equity	2.39	3.61	2.68	3.24	4.14
FUNDING & LIQUIDITY					
Loan to deposit ratio	126.9	127.1	124.5	125.4	123.0
Liquid assets to deposit ratio	27.9	26.5	28.7	28.7	29.4
Net stable funding ratio	141.0	143.0	137.8	142.5	131.8
Liquidity coverage ratio	139.0	139.0	219.0	200.0	222.0

Key financials (NOKm)	FY 2020	FY 2021	FY 2022	FY 2023	Q3 2024 YTD
BALANCE SHEET					
Total assets	15,135	15,888	16,710	17,399	18,347
Total tangible assets	15,117	15,874	16,701	17,394	18,346
Total financial assets	15,022	15,753	16,575	17,286	18,219
Net loans and advances to customers	12,314	13,032	13,471	14,064	14,708
Total securities	2,040	2,081	2,313	2,721	2,853
Customer deposits	9,701	10,250	10,820	11,217	11,954
Issued securities	3,226	3,405	3,501	3,480	3,676
of which other senior debt	3,025	3,205	3,300	3,279	3,475
of which subordinated debt	200	200	200	201	201
Total equity	1,983	2,105	2,307	2,515	2,552
of which ordinary equity	1,880	2,001	2,201	2,360	2,402
CAPITAL					
Common equity tier 1	1,471	1,529	1,534	1,607	1,598
Tier 1	1,571	1,629	1,634	1,757	1,748
Total capital	1,771	1,829	1,834	1,957	1,948
REA	7,424	7,858	7,775	8,197	8,817
INCOME STATEMENT					
Operating revenues	337	350	422	500	412
Pre-provision operating profit	179	187	216	290	259
Impairments	18	-2	2	3	-8
Net Income	112	151	187	239	223

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

Figure 20. Jæren Sparebank rating scorecard

Subfactors	Impact	Score
National factors	10.0%	a
Regional, cross border, sector	10.0%	bbb+
Operating environment	20.0%	a-
Risk governance	5.0%	a
Capital	17.5%	a+
Funding and liquidity	15.0%	a
Credit risk	10.0%	bbb+
Market risk	-	-
Other risks	2.5%	a
Risk appetite	50.0%	a
Competitive position	15.0%	bbb
Earnings	7.5%	a+
Loss performance	7.5%	a
Performance indicators	15.0%	a
Indicative credit assessment		a-
Transitions		Neutral
Peer calibration		Neutral
Borderline assessments		Neutral
Stand-alone credit assessment		a-
Material credit enhancement		Neutral
Rating caps		Neutral
Support analysis		Neutral
Issuer rating		A-
Outlook		Positive
Short-term rating		N2

Figure 21. Capital structure ratings

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

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