Haugesund Sparebank

LONG-TERM RATING
BBB+

OUTLOOK
Stable

SHORT-TERM RATING
N2

PRIMARY ANALYST
Ylva Forsberg
+46768806742
ylva.forsberg@nordiccreditrating.com

SECONDARY CONTACTS
Christian Yssen
+4740019900
christian.yssen@nordiccreditrating.com

Sean Cotten
+46735600337
sean.cotten@nordiccreditrating.com

Haugesund Sparebank 'BBB+' long-term issuer rating affirmed with stable outlook; removed from criteria review

Nordic Credit Rating (NCR) has affirmed its 'BBB+' long-term issuer rating on Norway-based savings bank Haugesund Sparebank. The outlook is stable. The 'N2' short-term issuer rating, 'BBB+' senior unsecured issue ratings, 'BBB' Tier 2 issue rating, and 'BB+' Additional Tier 1 issue rating have also been affirmed, in accordance with NCR's revised financial institutions rating methodology. The ratings are no longer under criteria review.

Rating rationale

NCR has reviewed its long-term and short-term issuer ratings, issue ratings, and outlook on Haugesund Sparebank following the revision of its methodology for assigning ratings to financial institutions (see Related publications). We consider that our amendments to the methodology have not had a material impact on our view of Haugesund Sparebank's creditworthiness, and that there have not been significant changes in its overall risk profile. Consequently, we have affirmed our ratings and maintained the stable outlook on the ratings on Haugesund Sparebank.

Our ratings on Haugesund Sparebank are based on the current legal entity, prior to its merger with Tysnes Sparebank, and consider only public information on Tysnes Sparebank. Completion of the merger was originally planned in the second half of 2024 but was then postponed. We now expect it to be finalised in line with the revised merger plan, meaning by 1 Sep. 2025, or before the end of the third quarter at the latest (see Related publications).

We believe that the asset quality in Tysnes Sparebank's net loan exposures has decreased following significant portfolio reviews in the past 12 months, and large write-downs of high-risk loans. However, we are maintaining our assessment of the merged bank's credit and market risk as well as its loss performance, until we have further insight into Tysnes Sparebank's loan book.

Stable outlook

The stable outlook reflects our expectation that Haugesund Sparebank's merger with Tysnes Sparebank will be finalized without further complications. It also incorporates our view the bank will generate strong earnings despite a weakened domestic economy. While we expect loan losses will remain higher than those of peers, we do not project a significant impact on the bank's capital generation.

We could raise the rating to reflect improved asset quality metrics, with net Stage 3 loans as a share of net loans at around 1% over a sustained period; a cost-to-income ratio below 45% and a pre-provision income/risk exposure amount above 2.5% for a protracted period. We could also raise the rating in response to a strengthened market position in the merged bank's markets.

We could lower the rating to reflect significant increases in loan losses or non-performing loans beyond our expectations; a Tier 1 ratio below 18% over a protracted period; or in response to a material deterioration in the local operating environment that negatively affects the bank's growth or profitability.

Related publications

i) NCR Comments: Haugesund Sparebank 'BBB+' rating and outlook unchanged following updated merger plan, published 6 Mar. 2025.
ii) NCR Comments: Haugesund Sparebank 'BBB+' rating and outlook unchanged by postponement of merger, published 4 Sep. 2024.
iii) Haugesund Sparebank assigned 'BBB+' long-term issuer rating; Outlook stable, published 28 Jun. 2024.
iv) Nordic Credit Rating publishes amended Financial Institutions Rating Methodology, published 12 May 2025.

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. Haugesund Sparebank rating scorecard

Subfactors	Impact	To	From
National banking environment	10.0%	a	-
Sector exposure assessment	-	-	-
Regional assessment	10.0%	bbb	-
Cross border assessment	-	-	-
National factors	-	-	a
Regional, cross border, sector	-	-	bbb
Operating environment	20.0%	bbb+	bbb+
Risk governance	7.5%	bbb+	bbb+
Capital	17.5%	a+	a+
Funding and liquidity	15.0%	a	a
Credit and market risk	10.0%	bbb-	-
Market risk	-	-	-
Other risks	-	-	bbb+
Credit risk	-	-	bbb-
Risk appetite	50.0%	a-	a-
Competitive position	15.0%	bbb-	bbb-
Earnings	7.5%	a	a
Loss performance	7.5%	bbb	bbb
Performance indicators	15.0%	bbb+	bbb+
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	-
Rating caps		Neutral	Neutral
Material credit enhancement		-	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 28 Jun. 2024.
Office responsible for the credit rating:	Nordic Credit Rating AS (NCR), Oslo, Norway. NCR is a registered credit rating agency under Regulation (EC) No 1060/2009.
Primary analyst:	Ylva Forsberg, +46768806742, ylva.forsberg@nordiccreditrating.com
Rating committee chairperson responsible for approval of the credit rating:	Sean Cotten, +46735600337, sean.cotten@nordiccreditrating.com
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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