

Voss Veksel- og Landmandsbank 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 Voss Veksel- og Landmandsbank ASA (Vekselbanken) reflects the bank's strong earnings and capital position and low risk appetite. The bank has proven access to capital market financing and few single-name concentrations. Vekselbanken has an ownership and cooperation arrangement with the Eika Alliance banking association which enables product diversity, shared development costs and the opportunity to finance residential retail mortgage loans through jointly owned covered-bond company Eika Boligkreditt AS.

We expect Vekselbanken to maintain strong earnings over our forecast period through 2027. We also expect credit losses to remain at similar levels, given the continued effects of recent cost inflation and high interest rates.

The rating is constrained by geographic concentration in the relatively rural local economy of the Voss region and a high proportion of real-estate collateral in the bank's core market. 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 outlook is stable, reflecting our view that Vekselbanken's strong earnings will compensate for a weakened domestic economy. We forecast that the bank's cost efficiency will remain stronger than that of its peers and it will maintain strong asset quality. Vekselbanken has achieved strong capital ratios following implementation of the EU's Capital Requirements Regulations III (CRR3). We expect the bank to utilise this positive effect to support loan growth in the coming years.

POTENTIAL POSITIVE RATING DRIVERS

- Commitment to consolidated Tier 1 ratio above 22%.
- Improved scale and competitive position.
- Stronger regional economic growth as a result of reduced commuting time between Voss and Bergen.

POTENTIAL NEGATIVE RATING DRIVERS

- A material deterioration in the local operating environment that weakens asset quality.
- Consolidated Tier 1 ratio below 18% over a protracted period.
- Pre-provision income to consolidated risk exposure amount below 2% for a protracted period.

Figure 1. Key credit metrics, 2021–2027e

%	2021	2022	2023	2024	2025e	2026e	2027e
Net interest margin	1.6	1.9	2.2	2.2	2.1	2.0	1.9
Loan losses/net loans	0.00	0.03	0.09	0.04	0.05	0.07	0.07
Pre-provision income/REA*	1.9	2.5	3.5	3.5	3.4	3.4	3.2
Cost-to-income	45.3	43.4	37.0	37.4	39.1	39.2	40.1
Return on average equity	7.3	8.2	11.0	12.1	10.9	10.3	9.9
Loan growth	2.7	1.2	5.1	5.6	7.0	8.0	8.0
CET1 ratio*	18.0	19.4	18.7	18.6	21.7	21.2	20.6
Tier 1 ratio*	19.4	21.2	20.3	20.1	23.4	22.7	22.0

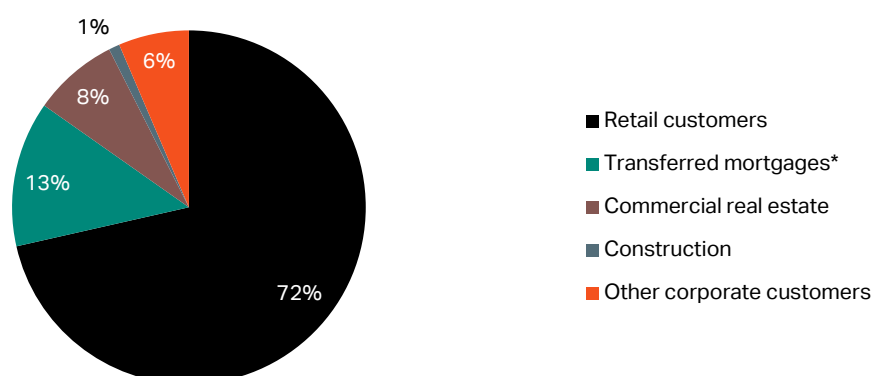
Source: company and NCR. e=estimate. REA=risk exposure amount. CET1=common equity Tier 1. All metrics adjusted in line with NCR methodology.
*Consolidated capital adequacy metrics.

ISSUER PROFILE

Vekselbanken is the last remaining Norwegian local commercial bank, with roots dating back to 1899. Its business model is, however, similar to that of domestic savings banks. The bank has about 30 employees and provides core banking services through its headquarters in Voss municipality in Vestland county. It has also established two branches in Eidfjord and Kinsarvik to serve the neighbouring market of Hardanger. The bank's primary market encompasses the Voss region and surrounding areas, with emphasis on retail customers and SMEs. In addition, the bank owns 51% of Aktiv Voss AS, a local real-estate agency. Vekselbanken has about NOK 6.6bn in total net loans, including loans transferred to Eika Boligkreditt. The bank has been listed on the Oslo Stock Exchange since 1992.

Vekselbanken is a member of the Eika Alliance, an association of close to 50 small and medium-sized Norwegian savings banks. The association enables product diversity and helps 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, including transferred loans, 30 Jun. 2025



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. Vekselbanken operates in a small region with low unemployment and diverse growth prospects, albeit with weaker-than-national-average possibilities for expansion. We believe that the national economy could weaken over the next few years due to reduced economic activity and the ongoing impact of high inflation, but consider the Norwegian banking sector well positioned to cope.

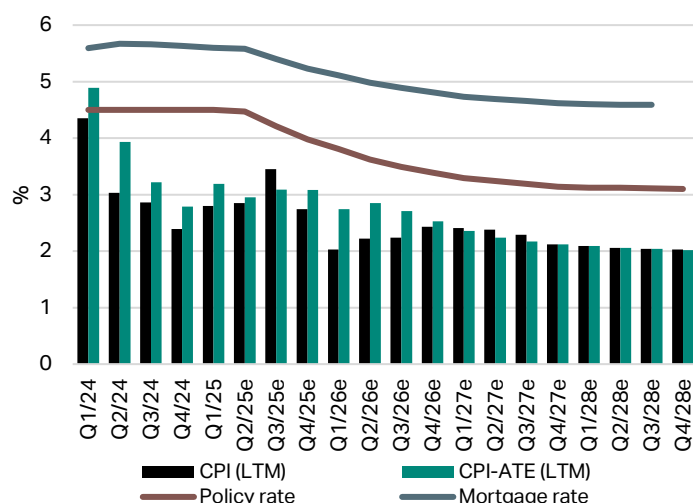
Norwegian savings banks resilient to slowing economic activity

National banking environment

Net interest margins for Norwegian savings banks have widened significantly due to high interest rates in Norway since 2021. This, together with strong lending growth, has boosted earnings across the sector. On 19 Jun. 2025, the central bank initiated a cautious normalisation of the policy rate, lowering the rate by 25bps to 4.25%. We expect at least one further cut before year-end and additional reductions towards 3% by end 2027. However, persistently high inflation above target, combined with shifts in global trade and tariff policies, adds to the uncertainty surrounding the future interest rate path and clouds the outlook for economic growth. We believe that falling interest rates, heightened competition and marginally increased loan losses will slow earnings growth and lead to lower returns on equity through 2027.

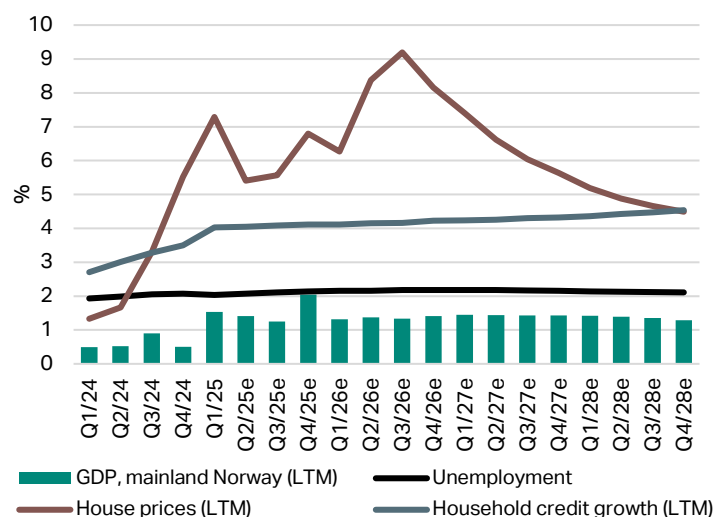
As intended, still-high interest rates are helping to slow the economy. High interest rates and weak economic conditions sparked an increase in loan-loss provisions for domestic savings banks in 2023 and 2024. However, Norway's savings banks are well capitalised and have strong pre-provision profitability, which makes them relatively resilient to increased credit losses.

Figure 3. Norwegian inflation and interest rates, 2024–2028e



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, 2024–2028e



Source: central bank, e-estimate.

Rural mountain area attracts tourists

Regional assessment

Vekselbanken's core market is centred on Voss municipality, about 90 minutes' journey inland from Bergen, Norway's second largest city. Some 35,000 people live in the bank's core market, a region known as a popular holiday destination. Population growth over the past year has remained virtually flat and Statistics Norway projects a 1.5% population growth by 2050 in the bank's core market, a rate significantly lower than the national average (9.9%). However, projected population growth and unemployment varies significantly among municipalities in the area. The Norwegian government has allocated NOK 49.3bn for priority development of the existing land route between Bergen and Voss. Construction is estimated to start in 2025 and could be finalised by 2034. The project aims to considerably reduce travel time between Voss and Bergen and boost regional economic growth.

Figure 5. Core markets

Municipality	Population, Q1 2025	Expected population change, 2025-2050 (%)	Unemployment, Jul. 2025 (%)	Unemployment, Jul. 2024 (%)
Voss	16,433	6.8	1.3	1.4
Eidfjord	967	2.1	1.1	0.8
Ullensvang	10,967	-8.2	0.9	0.9
Vaksdal	3,868	-6.6	2.0	2.2
Modalen	392	5.1	3.4	4.5
Aurland	1,846	22.6	0.4	0.9
Ulvik	1,102	10.3	1.6	2.7
Core markets	35,575	1.5	1.2	1.4
Norway	5,594,340	9.9	2.0	2.0

Source: Statistics Norway, Norwegian Labour and Welfare Administration.

The bank's region of operation has a constrained employment base in comparison with that in larger metropolitan areas. The public sector is a major employer, particularly in the fields of education, health and social work. Tourism is another source of employment as the region offers cruise destinations and skiing. The variety in tourism activities reduces the impact of seasonality on employment. The city of Voss also hosts Ekstremsportveko, the world's biggest extreme sport and music festival of its kind.

RISK APPETITE

Risk appetite assessment

Our assessment of Vekselbanken's risk profile reflects the bank's strong capital, diverse funding access, large proportion of residential mortgage lending and ability to transfer loans to Eika Boligkreditt. The bank's risk governance and internal risk reporting are adequate in view of its risk profile and

complexity. Vekselbanken has some regional concentrations in its core market and a significant proportion of property lending.

Risk governance proportional to complexity

Risk governance

In our view, Vekselbanken's risk governance framework, risk appetite, limit monitoring and risk reporting are proportionate with its balance sheet and risk profile. The bank has well-defined guidelines for risk governance and relevant risk areas. It has also established anti-money laundering practices and policies, reducing the risk of related regulatory fines and associated losses. The bank's internal risk reporting and internal capital adequacy assessment processes are proportional to its risk profile.

Vekselbanken has made significant efforts to support sustainability and contributes to the local region as a sustainable travel destination through social contributions. The bank assesses environmental, social and governance (ESG) risks for all new and recurring corporate customers, contributing to better risk awareness at the bank and sustainable behaviour among its customers. In addition, the bank has obtained Miljøfyrtårn/Eco-Lighthouse environmental certification for its head office.

Vekselbanken's cooperation with the Eika Alliance provides additional resources for future risk governance and sustainability development. Part of the bank's mortgage portfolio (16%) is financed through Eika Boligkreditt, which has also established a framework for the issuance of green bonds.

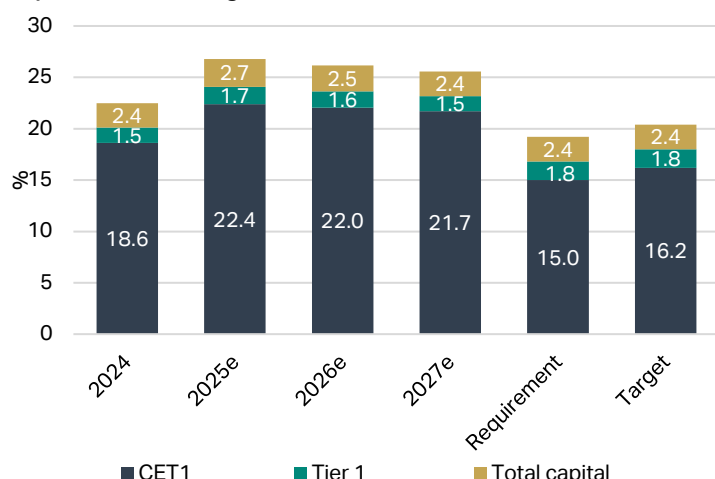
Capital strengthened following CRR3 implementation

Capital

Our capital assessment takes into consideration Vekselbanken's consolidated capital position, including its proportionate holdings in Eika Gruppen and Eika Boligkreditt. The bank's consolidated common equity Tier 1 (CET1) ratio was 21.2% and its Tier 1 ratio 23.0% (excluding 1pp as 50% of current year profits) as of 30 Jun. 2025. These compare with its respective minimum targets of 16.6% and 18.5% (including a 1.5pp management buffer), respectively. The consolidated leverage ratio stood at 9%, compared with a requirement of 3%.

The bank's most recent reported capital ratios were significantly boosted by the implementation of CRR3, which came into force in Norway on 1 Apr. 2025. 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. For Vekselbanken, the isolated effect is calculated as close to 3pp on consolidated ratios due to a high share of low-risk residential mortgages. We expect Vekselbanken to utilise this positive effect for growth and we estimate an on-balance-sheet growth of 7-8% through 2027. The bank targets a 40-50% dividend payout ratio, which we expect to be in the upper range through 2027. In addition, we expect a strong, although declining, return on equity of 10-11% through 2027. We expect capital ratios to decline moderately from current strong levels as a result of growth, and estimate Tier 1 ratio at 22% as of end-2027.

Figure 6. Consolidated capital ratios 2024–2027e, capital requirement and targets as of 30 Jun. 2025



Source: company, e-estimate. *total pillar 2 guidance (P2G) of 2.0%

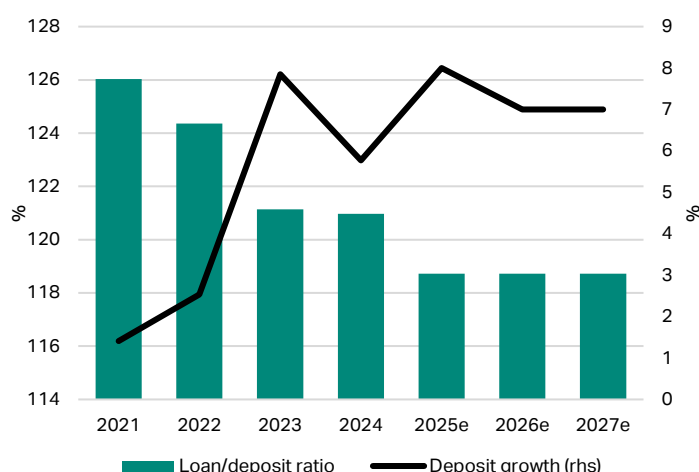
Funding profile is diverse

Funding and liquidity

Vekselbanken's funding and liquidity profile is diverse, given its size. The bank has a stable retail deposit base and demonstrable access to capital market funding. Its loan-to-deposit ratio has decreased in recent years and stood at 118% as of 30 Jun. 2025. Over the past 12 months, a greater part of its residential mortgage lending has been funded through the mortgage company. Meanwhile, the bank has maintained a solid deposit growth and reduced funding through senior unsecured bonds by 12% (NOK 129m). We expect the bank to expand its loan book and deposits by 7–8% annually through 2027, while maintaining a slightly higher loan growth by including off-balance sheet mortgages. The bank has few single-name concentrations in its customer deposits and moderate liquidity buffers (19.5% of customer deposits as of 30 Jun. 2025). Its liquidity-coverage ratio was 572% and net-stable-funding ratio 138% as of 30 Jun. 2025, well above the bank's internal limits of 130% and 110%, respectively.

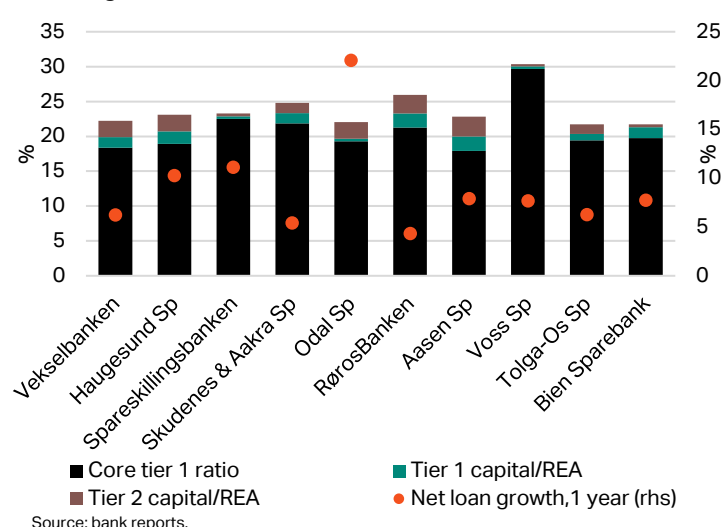
Vekselbanken had six outstanding senior bonds totalling NOK 934m as of 30 Jun. 2025, with evenly distributed maturities through 2029. In our forecast, we expect a moderate increase in bond funding closer to NOK 1.1bn by 2027 as the bank also increases its funding of new mortgages through Eika Boligkreditt. The bank has internal limits for annual and quarterly maturities to reduce refinancing risk.

Figure 8. Deposit metrics, 2021–2027e



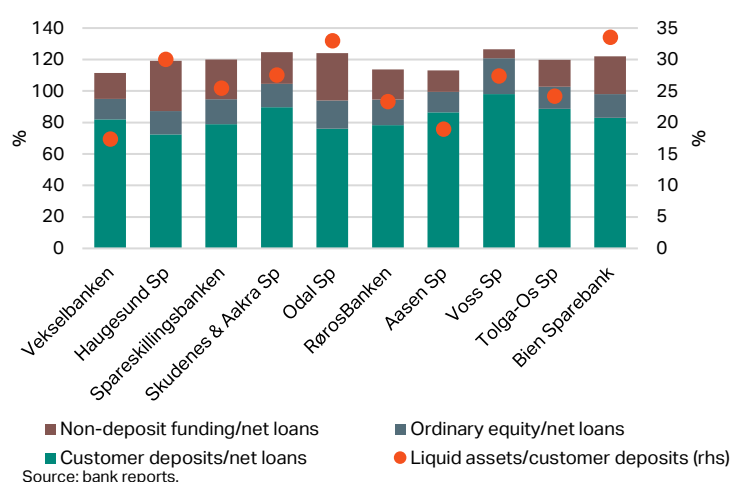
Source: company, e-estimate.

Figure 7. Norwegian savings banks' consolidated capital ratios and loan growth, 31 Mar. 2025



Source: bank reports.

Figure 9. Norwegian savings banks' funding profiles, 31 Mar. 2025



Source: bank reports.

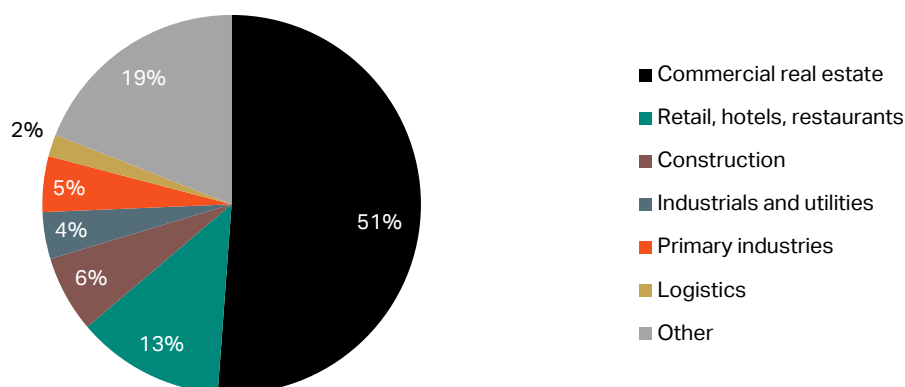
Eika Boligkreditt is a stable and important source of funding for Vekselbanken. It provides access to more affordable funding for retail mortgages, with longer terms to maturity, than the bank could source by itself. Vekselbanken had transferred NOK 895m in mortgage loans, or 16% of total retail mortgage lending, including NOK 4.7bn on its own loan book as of 30 Jun. 2025. This is well within its internal limits and it maintains a steady volume of readily transferrable loans as a liquidity buffer.

Credit and market risk

Loan book contains geographic and real-estate concentrations

Vekselbanken's loan portfolio has a strong regional focus, with about two-thirds of retail customers located in its core market. The bank does not promote lending to borrowers in other regions and customers outside its core market are mostly domestic migrants. Some 85% of the bank's exposures (including transferred loans) are to private and agricultural customers and secured by housing and agricultural properties. While we regard this as low-risk credit, it nonetheless increases concentration on local borrowers and exposes the bank's collateral to any decline in property values. Housing prices and real-estate values in the region increased in 2024, supported by low construction of new dwellings and expectations of interest rate cuts. Moreover, housing prices in Vekselbanken's operating region are lower than in metropolitan areas, resulting in lower debt burdens for the bank's customers and relatively low impact from interest rate increases in recent years. Housing price growth over the past decade has strengthened the bank's collateral.

Figure 10. Corporate gross loans by industry, 30 Jun. 2025



Source: company.

Vekselbanken had gross loan growth of 8.0% (including transferred loans) in the 12 months ended 30 Jun. 2025. On- and off-balance sheet mortgages increased by 10.7%, while corporate lending declined by 5.0%. Our forecast includes annual loan growth of 7-8% for 2025-2027 and we expect loan growth to be slightly higher if transferred loans are included. Vekselbanken's main corporate exposure is to commercial real estate, followed by retail, hotels and restaurants and construction. In our view, risks remain elevated in corporate and commercial real estate lending due to high interest costs and a weak property market.

Vekselbanken had transferred loans amounting to NOK 884m as of 30 Jun. 2025, which generates a minor share of pre-provision income (PPI) (2.8% in 2024). This accounts for 16% of net loans including transferred loans and is low in comparison with its peers. 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. Vekselbanken has always accepted repatriated loans, but in the event that repatriation should not prove possible, the bank 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.

We do not consider market risk to be material for Vekselbanken, given the lack of a trading portfolio and its low limits on interest rate risk and currency risk.

COMPETITIVE POSITION

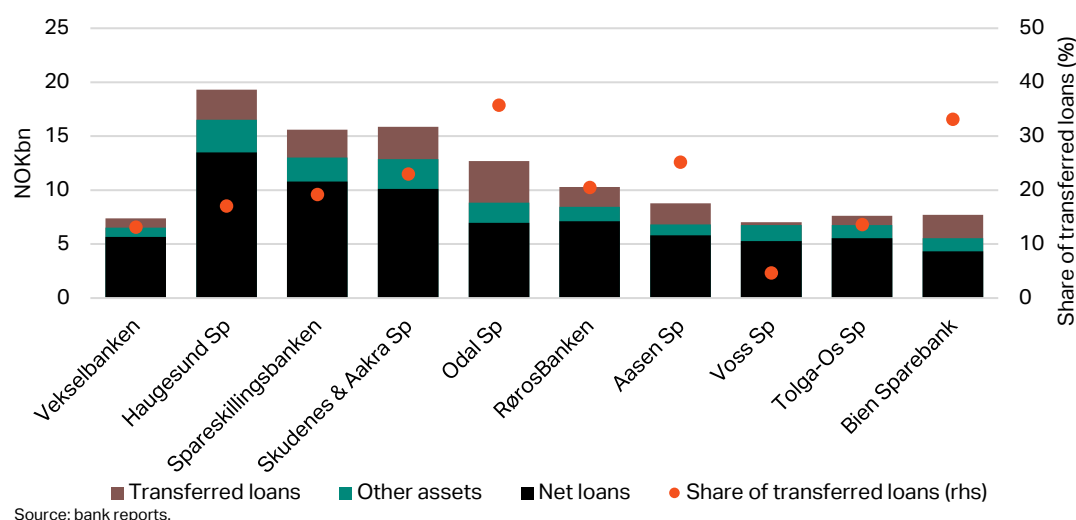
Competitive position

Vekselbanken has a strong position in its core region of operation with a leading market share of some 30%. Its closest competitor is Voss Sparebank. Other competitors include Sparebanken Norge and Sogn Sparebank, while Sparebank 1 Sør-Norge competes for corporate customers without a physical presence. Vekselbanken has been notably successful in capturing market share from its larger rival Sparebanken Norge in recent years. We expect the real-estate agency Aktiv Voss AS to support lending growth in Vekselbanken's core market.

We regard Vekselbanken's strong local presence and its contributions to the local region as a sustainable travel destination as positive rating factors, despite the lack of an ownership foundation. Vekselbanken has a strong focus on customer relationships and personal services, thereby strengthening customer loyalty. Customer satisfaction and loyalty surveys by Kantar have consistently ranked Vekselbanken among the top performers of Eika banks in recent years.

Vekselbanken's membership in the Eika Alliance diversifies revenues and enables the bank to provide a wider range of customer services than it could with its own resources. The alliance enables the bank to provide insurance, debit and credit products, asset management and real-estate agency services. The bank's direct ownership in a real-estate agency also increases diversity and provides opportunities for cross-selling. The real-estate agency has been consolidated since the fourth quarter of 2022 and contributed about NOK 6.9m to other income in 2024.

Figure 11. Norwegian savings banks' total assets and net lending, 31 Mar. 2025



PERFORMANCE INDICATORS

Performance indicators

Vekselbanken has reported strong cost efficiency and risk-adjusted earnings relative to those of its peers in recent years. We believe earnings performance will remain solid, despite pressure on margins and a slight rise in loan losses, and that cost efficiency will remain strong over our forecast period.

Strong earnings compared to peers

Earnings

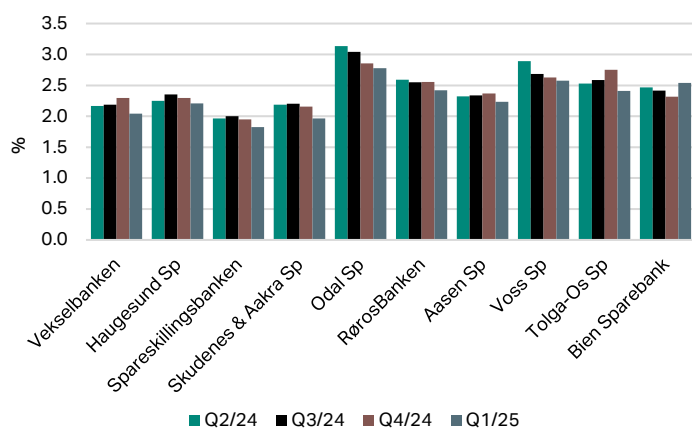
As with most Norwegian banks, Vekselbanken has seen an improvement in earnings following interest rate increases in recent years. In the first six months of 2025, the bank had a net interest margin of 2.1%. Since 2021, Vekselbanken has transferred its liquidity portfolio out of bonds and into fixed-income funds and now reports accrued interest from the portfolio as net gains and losses as opposed to interest income (as is common with Norwegian savings banks). Adjusting for this effect, the bank had a net interest margin of 2.5% in the first half of 2025, slightly above its peer group average.

We expect upcoming interest rate cuts, increased competition and weakened loan demand to pressure margins, which we believe will gradually decrease through 2027. We also expect lower mortgage margins to negatively affect dividend income from Eika Boligkreditt, although offset by increased loan growth channelled to the covered bond company. We believe net trading income will remain at about 10% of the bank's income over our forecast period due to the effect of continuing high interest rate levels on its liquidity portfolio.

Vekselbanken's cost efficiency has improved as growth in operating revenue has outstripped growth in costs. The bank's cost-to-income ratio was 38.5% in the 12 months ended 30 Jun. 2025, significantly lower than its peer group average of 44.8%. We expect loan growth will offset declining net interest margins and result in slightly increasing operating income through 2027. Vekselbanken's costs were weakened in 2023 by the launch of a new IT system, but we expect this to be offset by lower IT-related costs from 2025. Together with moderate growth in operating costs, we expect cost efficiency to increase towards 40.7% in 2027. Accordingly, we also believe the consolidated PPI to risk exposure

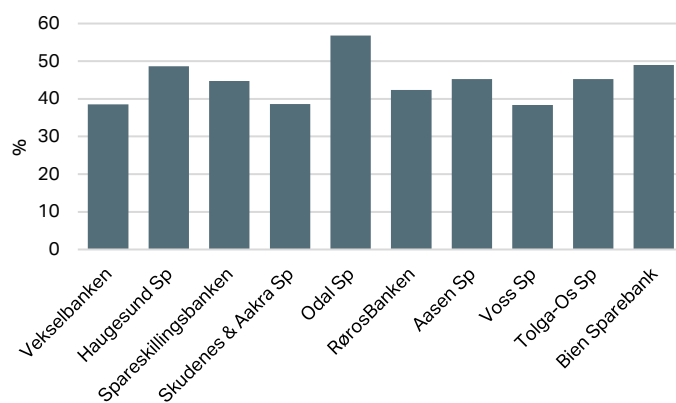
amount (REA) will remain strong and well above 3%. We note that PPI to REA is supported by the bank's lower REA from mid-2025 due to the effect of implementing CRR3.

Figure 12. Norwegian savings banks' annualised net interest margins, Q2 2024 – Q1 2025



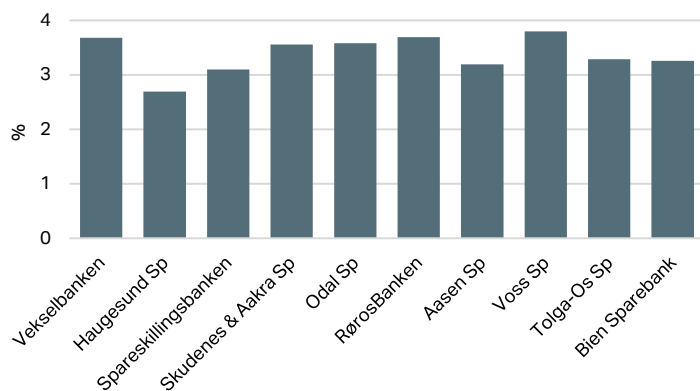
Source: bank reports.

Figure 13. Norwegian savings banks' cost efficiency metrics, 31 Mar. 2025



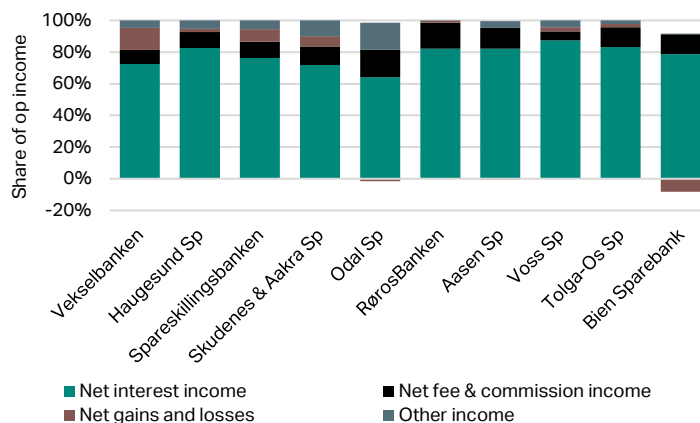
Source: bank reports.

Figure 14. Norwegian savings banks' PPI to REA*, 31 Mar. 2025



Source: bank reports. PPI-pre-provision income. REA-risk exposure amount. *REA of parent banks.

Figure 15. Norwegian savings banks' income breakdown, 31 Mar. 2025



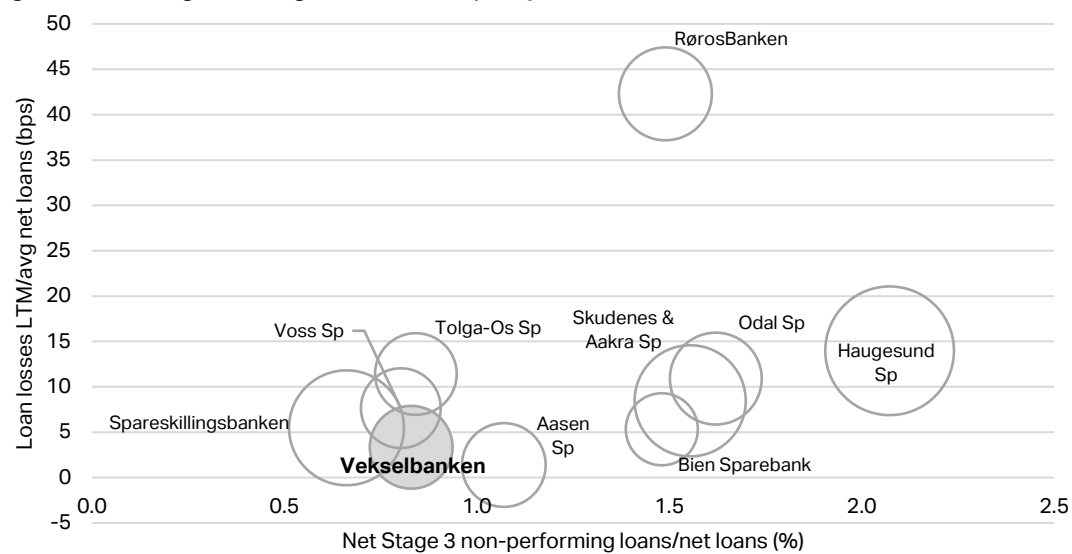
Source: bank reports.

Loan losses likely to remain moderate

Loss performance

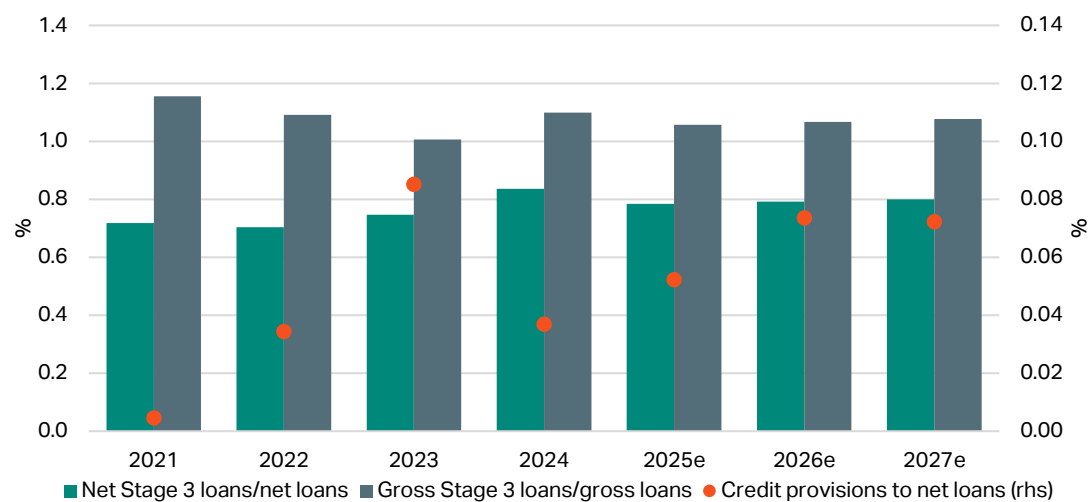
Vekselbanken's credit losses have averaged a low 6bps over the last five years. The bank booked net reversals of NOK 1m in the first six months of 2025, compared with loan losses of NOK 2m in full year 2024. We project moderate loan losses of 5–7bps in 2025–2027. The bank's proportion of net Stage 3 loans have remained relatively lower than those of its domestic peers and accounted for 0.7% as of 30 Jun. 2025. We expect the share of net Stage 3 lending will remain relatively flat at 0.8% through 2027, equivalent to the average of the last five years.

Figure 16. Norwegian savings banks asset quality metrics, 31 Mar. 2025



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

Figure 17. Asset quality metrics, 2021–2027e



Source: company, e-estimate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

ESG factors are considered throughout our analysis, where material to the credit assessment.

Figure 18. 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 (+)
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.

SUPPORT ANALYSIS

Ownership

We view Vekselbanken's ownership structure as a neutral factor in our standalone credit assessment. We consider it positive that the bank has access to the equity market through its listed common shares. Voss Sparebank, the bank's largest owner, is its closest competitor. We note that the bank has stipulated that the maximum permitted ownership stake is limited to 10%. This reduces the risk of hostile takeovers but could also limit the ability to raise new equity, if necessary.

Figure 19. Ownership structure, 30 Jun. 2025

Owner	Share of capital (%)
Voss Sparebank	10.0
VPF Eika Egenkapitalbevis	4.8
August Ringvold Agentur AS	2.6
MP Pensjon PK	2.1
Bjørkehagen AS	1.6
Other	78.9
Total	100.0

Source: company.

ISSUE RATINGS

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

SHORT-TERM RATING

The 'N2' short-term rating is the higher of two alternatives available under NCR's methodology, given the 'BBB+' long-term issuer rating. This reflects the bank's direct access to emergency liquidity assistance from the central bank, and an average liquidity coverage ratio of 295% over the past four quarters.

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) [Swedish savings banks steadfast amid increasing headwinds](#), 6 May 2025.
- (ii) [Nordic niche banks navigate through winds of change](#), 4 Mar. 2025.
- (iii) [Lower interest margin will lead to a drop in profitability for Norwegian savings banks](#), 20 Jan. 2025.
- (iv) [NCR Comments: Norway moves to adopt new standardised approach to capital requirements](#), 6 Dec. 2024.
- (v) [Norwegian savings banks' capitalization boosted by CRR3](#), 26 Jun. 2024.

Figure 20. Vekselbanken key financial data, 2021–Q2 2025 YTD

Key credit metrics (%)	FY 2021	FY 2022	FY 2023	FY 2024	Q2 2025 YTD
INCOME COMPOSITION					
Net interest income to op. revenue	84.0	82.9	75.7	72.3	68.4
Net fee income to op. revenue	12.1	11.3	8.3	9.2	8.7
Net gains and losses/operating revenue	2.1	2.0	11.2	12.4	14.3
Net other income to op. revenue	1.9	3.8	4.8	6.1	8.6
EARNINGS					
Net interest income to financial assets	1.6	1.9	2.2	2.2	2.1
Net interest income to net loans	1.9	2.2	2.6	2.5	2.4
Pre-provision income to REA	2.0	2.6	3.8	3.7	3.9
Core pre-provision income to REA (NII & NF&C)	1.9	2.3	2.8	2.6	2.4
Return on ordinary equity	7.8	9.0	12.0	13.0	12.7
Return on assets	0.8	0.9	1.3	1.4	1.4
Cost-to-income ratio	45.3	43.4	37.0	37.4	38.4
Core cost-to-income ratio (NII & NF&C)	47.1	46.1	44.0	45.9	49.9
CAPITAL					
CET1 ratio	18.8	19.7	19.1	19.9	22.9
Tier 1 ratio	20.1	21.5	20.7	21.4	24.7
Capital ratio	22.2	23.7	22.7	23.7	27.4
REA to assets	50.9	47.3	48.8	52.0	43.2
Dividend payout ratio	68.3	49.7	42.7	40.0	40.1
Leverage ratio	10.0	10.1	10.0	10.7	10.2
Consolidated CET1 ratio	18.0	19.4	18.7	18.6	21.2
Consolidated Tier 1 ratio	19.4	21.2	20.3	20.1	23.0
Consolidated Capital ratio	21.4	23.3	22.3	22.5	25.8
Consolidated Leverage ratio	9.3	9.6	9.5	9.9	9.0
GROWTH					
Asset growth	-1.0	2.0	6.9	3.6	3.4
Loan growth	2.7	1.2	5.1	5.6	2.1
Deposit growth	1.4	2.5	7.9	5.8	4.7
LOSS PERFORMANCE					
Credit provisions to net loans	0.00	0.03	0.09	0.04	-0.03
Stage 3 coverage ratio	38.24	35.88	26.15	24.27	27.39
Stage 3 loans to gross loans	1.16	1.09	1.01	1.10	0.94
Net stage 3 loans to net loans	0.72	0.70	0.75	0.84	0.68
Net stage 3 loans/ordinary equity	6.18	5.77	5.89	6.48	5.30
FUNDING & LIQUIDITY					
Loan to deposit ratio	126.0	124.4	121.1	121.0	118.0
Liquid assets to deposit ratio	18.1	19.0	21.1	18.3	19.5
Net stable funding ratio	131.0	139.0	138.0	136.0	138.0
Liquidity coverage ratio	235.0	352.0	642.0	194.0	572.0

Key financials (NOKm)	FY 2021	FY 2022	FY 2023	FY 2024	Q2 2025 YTD
BALANCE SHEET					
Total assets	5,747	5,861	6,268	6,493	6,712
Total tangible assets	5,747	5,861	6,268	6,493	6,712
Total financial assets	5,724	5,837	6,247	6,468	6,685
Net loans and advances to customers	5,004	5,062	5,318	5,617	5,736
Total securities	507	549	585	605	621
Customer deposits	3,970	4,071	4,390	4,644	4,862
Issued securities	1,116	1,050	1,110	1,015	1,016
of which other senior debt	1,056	990	1,049	934	935
of which subordinated debt	60	60	60	81	81
Total equity	621	694	725	776	791
of which ordinary equity	581	617	674	725	739
CAPITAL					
Common equity tier 1	549	547	584	671	666
Tier 1	589	597	634	721	716
Total capital	649	657	694	801	796
REA	2,926	2,773	3,058	3,378	2,902
INCOME STATEMENT					
Operating revenues	110	132	176	192	99
Pre-provision operating profit	60	75	111	120	61
Impairments	0	2	4	2	-1
Net Income	45	54	78	91	46

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

Figure 21. Vekselbanken rating scorecard

Subfactors	Impact	Score
National banking environment	5.0%	a
Sector exposure assessment	-	-
Regional assessment	15.0%	bbb
Cross border assessment	-	-
Operating environment	20.0%	bbb+
Risk governance	7.5%	a-
Capital	17.5%	a+
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%	aa-
Loss performance	7.5%	a-
Performance indicators	15.0%	a
Indicative credit assessment		bbb+
Peer comparison		Neutral
Transitions		Neutral
Borderline assessments		Neutral
Stand-alone credit assessment		bbb+
Ownership		Neutral
Capital structure protection		Neutral
Rating caps		Neutral
Issuer rating		BBB+
Outlook		Stable
Short-term rating		N2

Figure 22. Capital structure ratings

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

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