

Hegra Sparebank

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 Hegra Sparebank reflects the bank's robust capital position and liquidity buffers, low risk appetite and strong earnings. The bank has proven access to capital market financing and few single-name concentrations. Its substantial accounting firm provides greater business and revenue diversity compared to similar sized savings banks. Hegra Sparebank 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.

The rating is constrained by the bank's geographic concentration east of Trondheim and a high proportion of real-estate collateral in its core markets. The rating is also constrained by the bank's size and small market share in its operating region, with strong competition from large Nordic and other savings banks in Trondheim and Stjørdal.

STABLE OUTLOOK

The outlook is stable, reflecting our view that Hegra Sparebank's robust capital position and strong earnings will compensate for a weakened domestic economy. We anticipate Hegra Sparebank will maintain its low-risk appetite and we expect its asset quality will improve from somewhat elevated proportions of non-performing loans over the past year. We forecast the bank will maintain strong capital ratios, following the recent improvement due to implementing the EU's Capital Requirements Regulations III (CRR3).

POTENTIAL POSITIVE RATING DRIVERS

- Improved scale and market position; and
- Reduced loan book concentration, mitigating downside risk to credit quality.

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	2.0	2.2	2.7	2.4	2.3	2.2	2.1
Loan losses/net loans	-0.04	0.05	0.06	0.05	0.09	0.08	0.08
Pre-provision income/REA*	2.0	2.2	2.8	3.1	3.2	3.3	3.2
Cost-to-income	64.3	61.8	59.0	54.3	55.0	55.9	57.0
Return on average equity	7.9	8.6	10.0	10.8	10.3	9.9	9.5
Loan growth	9.4	15.7	4.7	15.7	8.0	10.0	10.0
CET1 ratio*	17.5	17.5	19.9	19.6	23.0	23.3	23.6
Tier 1 ratio*	19.1	19.1	21.4	21.0	25.2	25.4	25.5

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

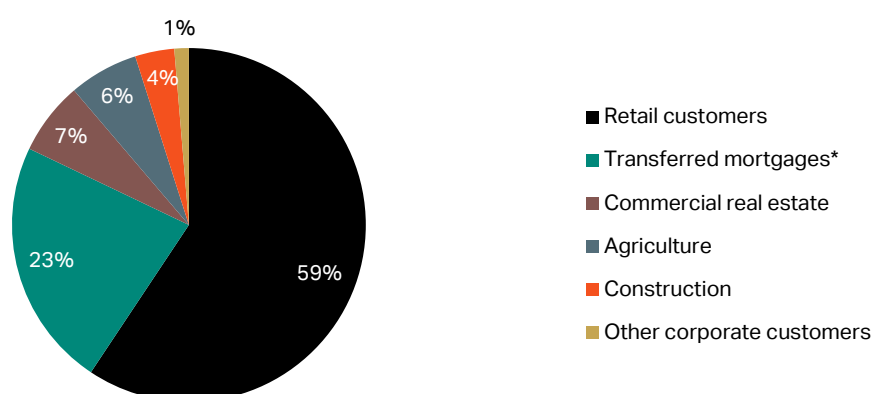
*Consolidated capital adequacy metrics.

ISSUER PROFILE

Hegra Sparebank is an independent Norwegian savings bank with roots dating back to 1897. The bank's primary market encompasses the Værnes region in Trøndelag county, east of Trondheim. Through its headquarters in Hegra and a branch in Stjørdal, the bank serves retail customers and SMEs. As of 30 Jun. 2025, the bank has close to 30 employees and about NOK 5.8bn in gross loans (including loans transferred to Eika Boligkreditt). In addition to traditional banking services, the bank owns an accounting services firm (Eika Økonomi Midt-Norge AS), a local real-estate agency (Aktiv Stjørdal AS) and a commercial real-estate company (Titan Næring AS).

Hegra Sparebank 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 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, 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. The majority of Hegra Sparebank's exposure is located in its core markets to the east of Trondheim, where economic growth is somewhat below the domestic average. A moderate share of lending also extends west to the metropolitan area of Trondheim where economic growth is notably stronger than the domestic average. 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

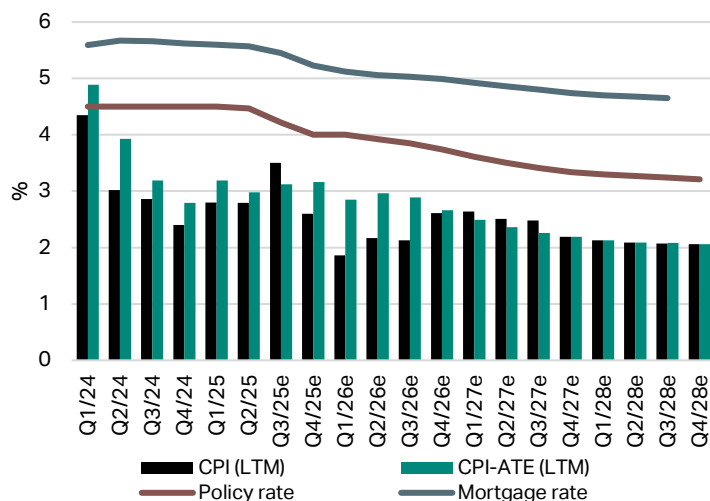
National banking environment

Net interest margins in the Norwegian banking sector have widened significantly since 2021, driven by higher interest rates. Along with strong lending growth, this has supported sector earnings. In June, the central bank began a cautious normalisation of the policy rate, lowering it by 25bps to 4.25%, followed by another 25bps cut in September to 4%. We do not anticipate further cuts in 2025, consistent with the central bank's latest guidance. While policy rates could gradually decline towards 3% through 2026–2027, this remains uncertain given persistently high inflation, changes in global trade and tariff policies, and a resilient domestic economy. We expect that lower interest rates and increased competition, amid subdued loan demand, will slow earnings growth and reduce returns on equity through 2027.

As intended, persistently high interest rates are helping to slow the economy. Mainland GDP growth has improved somewhat from a weak 2023–2024, but we expect it to remain modest for now. Unemployment has increased slightly but remains exceptionally low compared with most European peers. Low unemployment has likely contributed to strong wage growth in recent years. While this has supported consumption and loan demand, it also raises concerns about continued inflationary pressure.

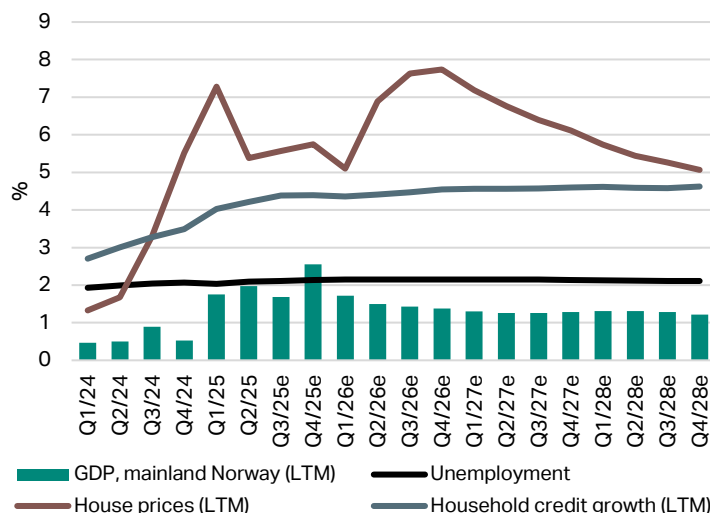
Nonetheless, Norwegian savings banks remain well capitalised, with the EU's Capital Requirements Regulation 3 (CRR3) enhancing competitiveness for those using the standardised approach, which includes most banks. Solid risk-adjusted earnings, despite somewhat lower interest margins, and stable or improved asset quality metrics should also support the banks' resilience in a prolonged weak economic environment.

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.

Focused operations in communities to the east of Trondheim

Hegra Sparebank is centred on Stjørdal municipality, about 30 minutes by car from Trondheim, Norway's third largest city. Some 42,000 people live in the municipalities of Stjørdal, Meråker and Malvik, which account for about two-thirds of the bank's total lending. A significant portion of lending is also located in Trondheim, where regional growth prospects are especially strong. Population growth in the bank's core markets has remained strong over the last decade and, according to Statistics Norway, is expected to increase by 14.4% by 2050. This compares to 9.2% nationally. We note that population growth in the metropolitan area of Trondheim is predicted to be stronger than in surrounding areas, declining with increasing distance from Trondheim. Stjørdal expects moderate growth. However, unemployment rates remain at levels below other core municipalities and the national average.

Figure 5. Core markets

Municipality	Population, Q1 2025	Expected population change, 2025-2050 (%)	Unemployment, Jul. 2025 (%)	Unemployment, Jul. 2024 (%)
Stjørdal	24,956	5.4	1.9	1.6
Meråker	2,456	7.6	3.3	2.1
Malvik	15,011	15.6	2.0	1.7
Trondheim	216,889	15.4	2.0	1.7
Core markets	259,312	14.4	2.0	1.7
Trøndelag county	487,342	8.6	1.9	1.7
Norway	5,601,049	9.2	2.2	2.1

Source: Statistics Norway, Norwegian Labour and Welfare Administration.

Stjørdal municipality serves as a regional centre for retail and logistics due to its proximity to Trondheim and the presence of Trondheim Airport, the Stjørdal urban area, and the Værnes military base. The municipality is also an important agricultural district. The public sector is a major employer, particularly in the fields of education, health and social work. High levels of public sector employment and a strong focus on agriculture supports lower cyclicity in the local economy. Close proximity to Trondheim also provides diversification of the local economy and employment. Strong public transport links, both by railway and the E6 highway, support an easy commute to and from

Regional assessment

Trondheim. These connections are currently being strengthened through ongoing capacity improvement projects and are expected to be completed over the next few years.

RISK APPETITE

Risk appetite assessment

Our assessment of Hegra Sparebank's risk profile reflects its strong capital, diverse funding access, robust liquidity buffers, 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. Hegra Sparebank has some regional concentrations in its core markets and a significant proportion of property lending.

Adequate risk governance standards

Risk governance

As a smaller local bank, Hegra Sparebank's operations are consequently less complex than those of larger banks. In our opinion, it has an adequate risk appetite framework and internal risk and compliance tools. We view its internal risk reporting and internal capital adequacy assessment processes to be proportional to its risk profile. Furthermore, the bank has well-defined guidelines to support anti-money laundering in its daily operations. This reduces the risk of related losses and fines, which the Norwegian regulator has levied against some banks. Given the bank's size, it operates without an internal audit function, which differentiates it from its larger peers which use internal or consultant services for third-line risk functions.

Hegra Sparebank has made significant efforts to support sustainability and contributes to the local region through social contributions. The bank has established guidelines to assess environmental, social and governance (ESG) for new and recurring corporate customers. We believe this contributes to better internal risk awareness and sustainable customer behaviour. The bank has obtained certification by Miljøfyrtårn/EcoLighthouse for both its branches, which provides criteria and structure for products and solutions to minimise banks' environmental footprints. A substantial portion of the bank's mortgage portfolio is financed through Eika Boligkreditt, which has also established a framework for the issuance of green bonds. We believe cooperation with the Eika Alliance provides beneficial resources for future risk governance development and sustainability reporting.

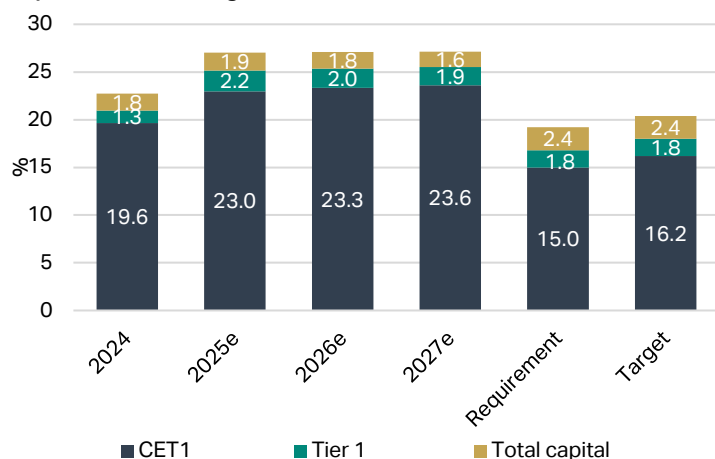
Substantial distance to regulatory capital requirements

Capital

Our capital assessment takes into consideration Hegra Sparebank'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 21.5% and its Tier 1 ratio 23.8% (excluding 0.7pp as 50% of current year profits) as of 30 Jun. 2025. These compare with its respective minimum targets of 16.4% and 18.3% (including a 1pp management buffer). Its consolidated leverage ratio stood at 9%, compared with a regulatory minimum requirement of 3%.

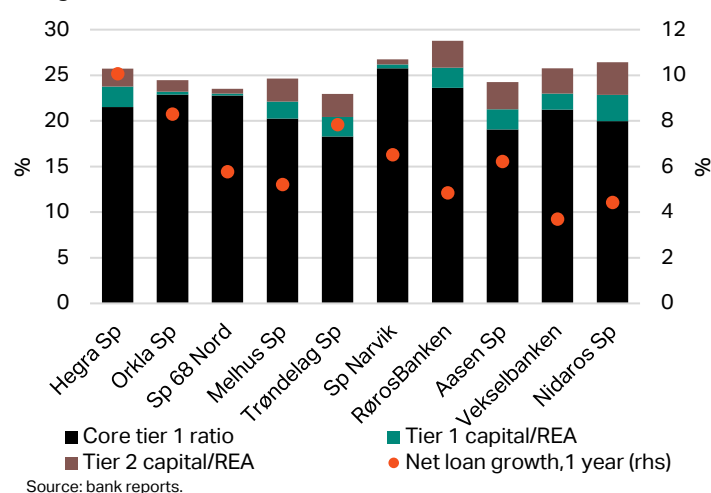
The bank's most recent reported capital ratios were significantly boosted by implementing CRR3, which came into force in Norway on 1 Apr. 2025. The new method is more risk-sensitive than previously and has reduced capital requirements significantly for small to medium-sized retail and savings banks with low loan-to-value mortgages. Hegra Sparebank improved its consolidated CET1 capital ratio by 2.4% in the second quarter of 2025 compared to the first quarter. We believe the isolated effect of CRR3 exceeds the quarterly improvement due to the bank's high share of low-risk residential mortgages. We expect the bank to maintain capital ratios about 7% above minimum requirements (including management buffer) and slightly increase through 2027. Considering annual loan growth of 10%, return on equity around 10% and 18% dividend and gift payouts, we estimate a CET1 ratio of 23.6% and a Tier 1 ratio of 25.5% by 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%

Figure 7. Norwegian savings bank consolidated capital ratios and loan growth, 30 Jun. 2025



Source: bank reports.

Diverse funding profile and strong liquidity buffers

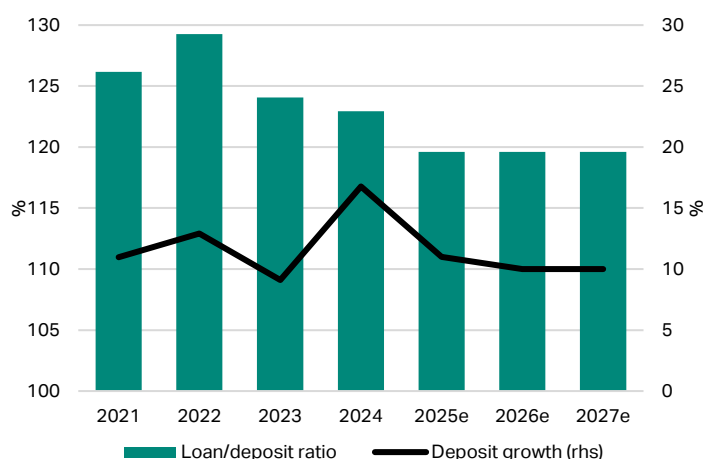
Funding and liquidity

Hegra Sparebank'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. Over the last five years, deposit growth has kept pace with on-balance-sheet lending growth and averaged 10% annually. Its loan-to-deposit ratio stood at 118% as of 30 Jun. 2025. We forecast similar loan and deposit growth of about 10% during our forecast period, resulting in a loan-to-deposit ratio of 120% through 2027. Hegra Sparebank had eight outstanding senior bonds totalling NOK 841m as of 30 Jun. 2025, with evenly distributed maturities through 2029. We expect bond funding to increase to NOK 1bn by 2027. The bank's internal limits for annual and quarterly maturities reduce refinancing risk.

The bank's liquidity risks are mitigated by few single-name concentrations in its customer deposits, available funds in accounts of other banks, an unused credit facility at DNB, liquid money market fund holdings, a liquidity portfolio of fixed income managed by Eika Kapitalforvaltning, as well as borrowing facilities with Norges Bank. Hegra Sparebank had strong liquidity buffers at 31.5% of customer deposits as of 30 Jun. 2025. Liquidity coverage ratio was 519% and the net stable funding ratio 143%, well above the bank's internal limits of 110% and 103%, respectively.

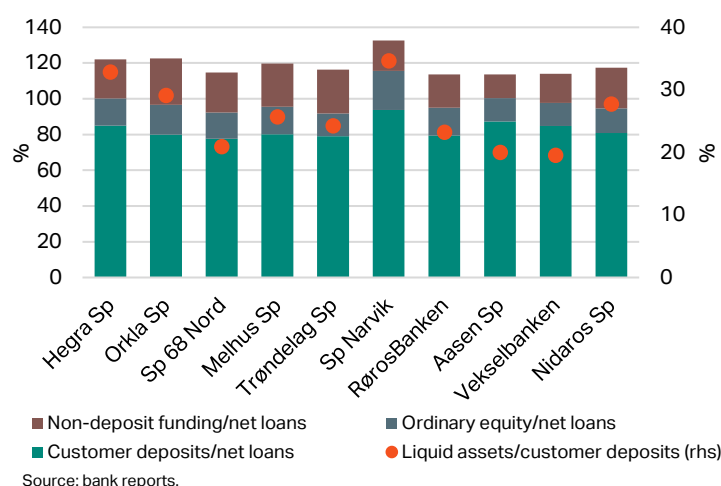
Eika Boligkreditt is another stable and important source of funding for Hegra Sparebank. It provides access to more affordable funding for retail mortgages, with longer terms to maturity, than the bank could source by itself. The bank had transferred NOK 1.1bn in mortgage loans, or 27% of total retail mortgage lending, including NOK 3bn on its own loan book as of 30 Jun. 2025. We expect the bank to maintain a similar transfer share through 2027. This is well within its internal limits, and it maintains a steady volume of readily transferrable loans as a liquidity buffer.

Figure 8. Deposit metrics, 2021–2027e



Source: company, e-estimate.

Figure 9. Norwegian savings bank funding profiles, 30 Jun. 2025



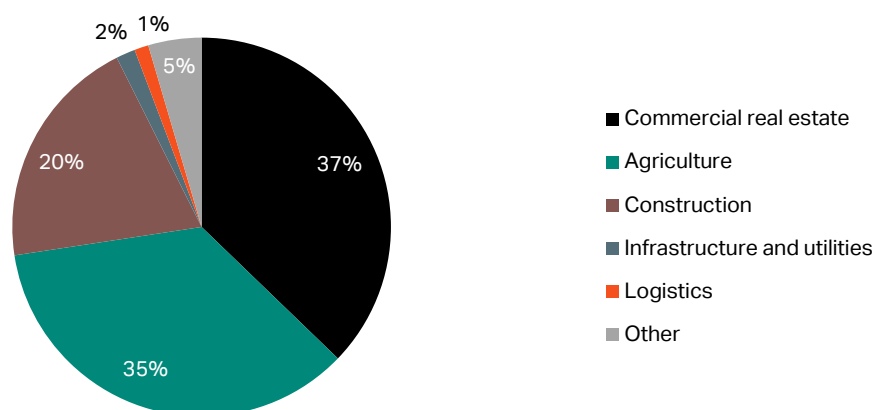
Source: bank reports.

Credit and market risk

High proportion of property lending in local market drives credit risk

Hegra Sparebank's loan portfolio has a strong regional focus, with about 86% of balance-sheet loans located in its core markets, of which 60% is in Stjørdal municipality. The bank does not promote lending to borrowers in other regions and customers outside its core markets are mostly domestic migrants. Some 88% 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 have increased in recent years despite higher cost levels, supported by low construction of new dwellings and expectations of interest rate cuts. 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.

Hegra Sparebank had gross loan growth of 10.9% (including transferred loans) in the 12 months ended 30 Jun. 2025. On- and off-balance sheet mortgages increased by 10.1%, while corporate lending increased by a substantial 21.6%. We expect larger fluctuations in the bank's corporate lending growth due to larger customer loan exposure and low share of total loans (17.9% as of 30 Jun. 2025, including transferred loans). Our forecast includes loan growth of 8% for 2025 and 10% for 2026 and 2027. We expect similar growth in off-balance-sheet mortgage loans, maintaining the current share of transferred mortgage loans. Hegra Sparebank's main corporate segment exposure is to commercial real estate, followed by agriculture and construction. We remain concerned about corporate and commercial real-estate lending due to high interest costs and a weak property market.

Hegra Sparebank had transferred loans amounting to NOK 1.1bn as of 30 Jun. 2025, which generates a small share of pre-provision income (PPI) (9.3% in 2024). 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. Hegra Sparebank 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 Hegra Sparebank, given the lack of a trading portfolio and its low limits on interest rate risk and currency risk.

COMPETITIVE POSITION

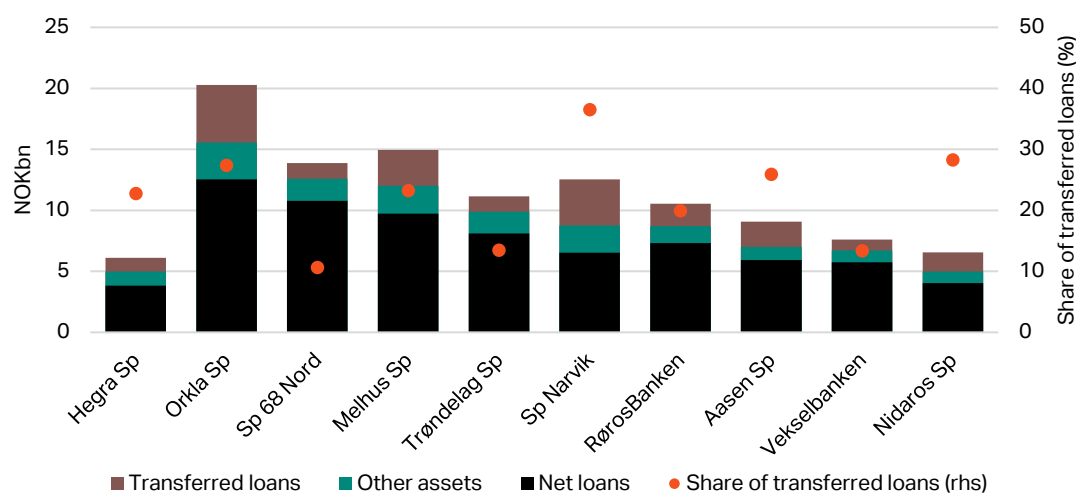
Competitive position

Hegra Sparebank has a well-established position in its core region of operation but faces significant competition from Norway's largest banks and savings banks of all sizes in the broader region. The bank has about 15% of market share in Stjørdal municipality where the larger banks of Sparebank 1 SMN and DNB, as well as Selbu Sparebank are present. Competition is even stiffer in the Trondheim metropolitan area where most players are active. Hegra Sparebank does not actively seek customers

in the highly competitive city of Trondheim, although this area accounts for close to 20% of the bank's lending.

Hegra Sparebank's membership in the Eika Alliance diversifies revenues and enables it 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 wholly owned subsidiaries, local real-estate agency (Aktiv Stjørdal AS) and accounting services firm (Eika Økonomi Midt-Norge AS), are positive for our assessment of its competitive position as they strengthen customer loyalty, enable cross-selling potential and diversify revenue streams.

Figure 11. Norwegian savings banks' total assets and net lending, 30 Jun. 2025



We consider Hegra Sparebank's meaningful role in and contributions to its local market as a positive rating factor. The bank's primary ESG attribute is its strong sense of social responsibility in its local communities. The bank also funds social and cultural activities.

PERFORMANCE INDICATORS

Performance indicators

Hegra Sparebank 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.

Earnings are diversified and stabilised by non-bank revenues

Earnings

As with most Norwegian banks, Hegra Sparebank has seen an improvement in earnings following interest rate increases in recent years. The bank had a net interest margin of 2.4% in the first six months of 2025, as well as in 2024. We expect upcoming interest rate cuts, increased competition and weakened loan demand to pressure margins and gradually decrease to 2.1% through 2027. We also expect lower mortgage margins to affect dividend income from Eika Boligkreditt.

Hegra Sparebank has a larger proportion of non-interest income compared to similar sized Norwegian savings banks. This is mainly due to its wholly owned accounting firm, representing most of its other income (30% of income) in the 12 months ended 30 Jun. 2025 (Figure 15). Positively, multiple income streams reduce volatility and support revenue stability. The bank's wholly owned commercial real-estate company (Titan Næring) also allows for shared office space with its other subsidiaries and shared operational costs. Negatively, the more labour-intensive accounting firm weakens the bank's cost efficiency. Hegra Sparebank's cost-to-income ratio was 53.3% in the 12 months ended 30 Jun. 2025, and compares to a peer sample average of 47.8%. However, we note that the cost-to-income ratio stood at 41.2% in the parent bank in the same period, reflecting strong efficiency in bank-related earnings. In our forecast, we expect consolidated cost efficiency to weaken to 57% in 2027, due to cost inflation exceeding income growth. We project the consolidated PPI to risk exposure amount (REA) to remain strong and above 3%. We note that PPI to REA is supported by the bank's lower REA from mid-2025, due to the effects of implementing CRR3.

Figure 12. Norwegian savings banks' annualised net interest margins, Q3 2024 – Q2 2025

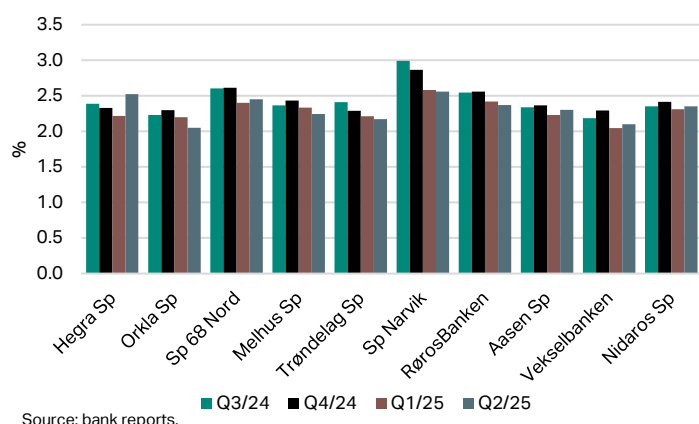


Figure 13. Norwegian savings banks' cost efficiency metrics, 30 Jun. 2025

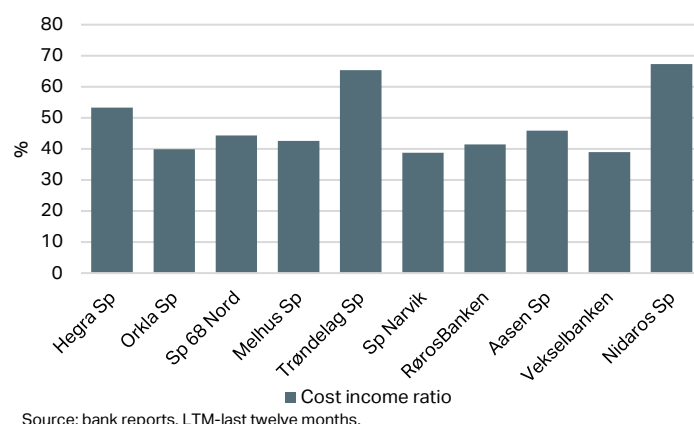


Figure 14. Norwegian savings banks' PPI to REA*, 30 Jun. 2025

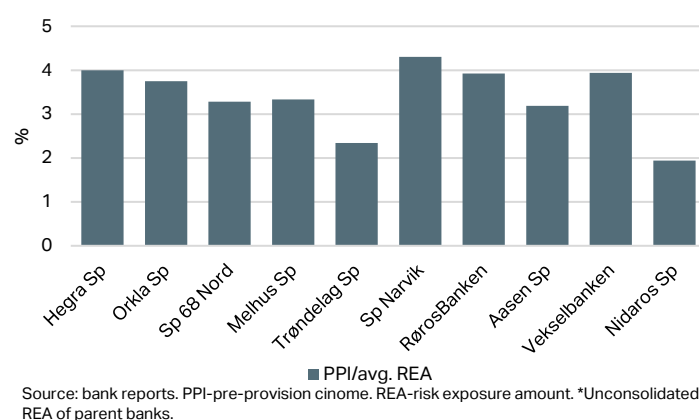
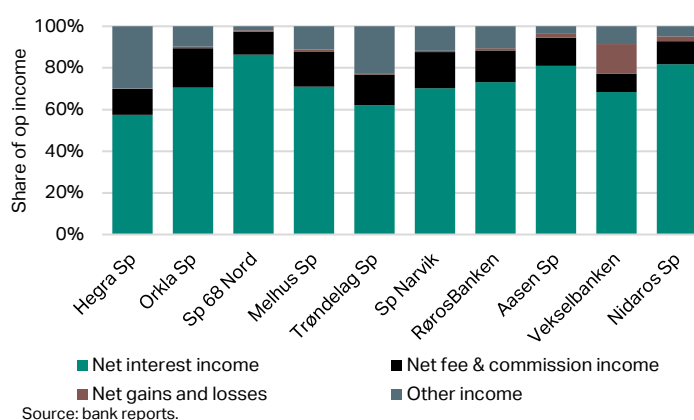


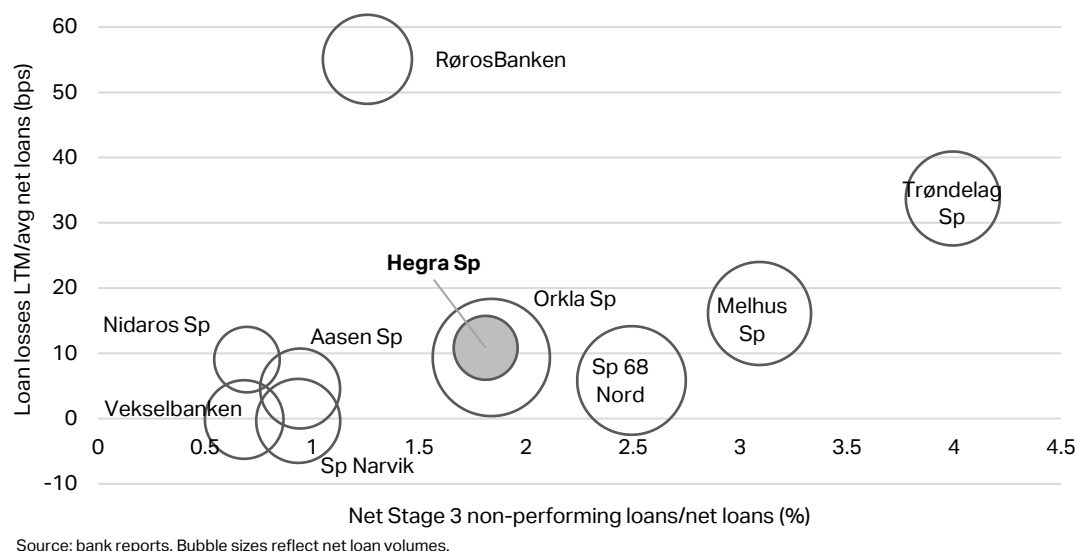
Figure 15. Norwegian savings banks' income breakdown, 30 Jun. 2025



Loss performance is average among Norwegian saving bank peers

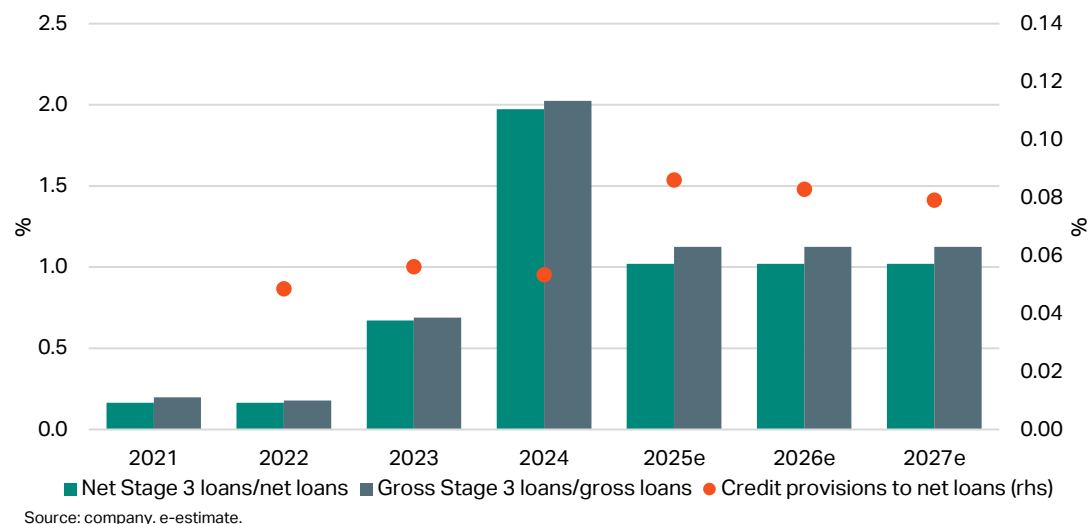
Hegra Sparebank's credit losses have averaged a low 4bps over the last five years. The bank booked loan losses of NOK 2m in the first six months of 2025 and NOK 2m in the full year of 2024. We project more moderate loan losses in 2025–2027, although remaining below 10bps. The bank's proportion of net Stage 3 loans increased over the last year and stood at 1.8% as of 30 Jun. 2025. Due to expected resolutions of non-performing loans, we anticipate the share of net Stage 3 loans to decrease and estimate about 1% at end-2025 and through 2027.

Figure 16. Norwegian savings banks asset quality metrics, 30 Jun. 2025



Loss performance

Figure 17. Asset quality metrics, 2021–2027e



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 do not adjust our rating on Hegra Sparebank to reflect the likelihood of additional support as we see limited potential for extraordinary support from the owners. The bank has equity capital certificates (ECCs) which are not publicly listed. As of 30 Jun. 2025, around 16% of the bank's equity was owned by ECC holders, while the remainder was ownerless capital.

Figure 19. Ownership structure, 30 Jun. 2025

Owner	Share of ECCs (%)
Gråbrek Eiendom AS	7.8
Grong Sparebank	4.7
Ligaard, Gunnar	4.7
Ligaard Holding AS	4.7
Tverås Holding AS	4.0
Other	74.0
Total	100.0

Source: company.

ISSUE RATINGS

Our rating on Hegra Sparebank'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 898% 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) [Nordic niche banks: building a foundation for growth](#), 4 Sep. 2025
- (ii) [Swedish savings banks steadfast amid increasing headwinds](#), 6 May 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. Hegra Sparebank 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	55.2	59.0	62.0	58.3	57.5
Net fee income to op. revenue	17.6	16.8	13.0	13.9	12.4
Net gains and losses/operating revenue	-0.4	-1.2	1.2	3.7	0.2
Net other income to op. revenue	27.6	25.3	23.8	24.1	29.9
EARNINGS					
Net interest income to financial assets	2.0	2.2	2.7	2.4	2.4
Net interest income to net loans	2.4	2.6	3.2	3.0	3.0
Pre-provision income to REA	2.5	2.7	3.5	3.7	4.2
Core pre-provision income to REA (NII & NF&C)	0.6	1.0	1.3	1.4	1.6
Return on ordinary equity	8.6	9.2	10.7	11.4	12.5
Return on assets	1.0	1.0	1.3	1.4	1.5
Cost-to-income ratio	64.3	61.8	59.0	54.3	51.0
Core cost-to-income ratio (NII & NF&C)	88.2	81.5	78.7	75.2	72.9
CAPITAL					
CET1 ratio	20.1	18.9	21.7	22.4	24.3
Tier 1 ratio	21.9	20.6	23.2	23.6	26.5
Capital ratio	24.2	22.7	25.2	25.3	28.3
REA to assets	51.1	49.4	49.8	50.7	44.6
Dividend payout ratio	10.7	10.1	8.7	15.5	13.2
Leverage ratio	11.0	10.1	11.4	11.5	0.0
Consolidated CET1 ratio	17.5	17.5	19.9	19.6	21.5
Consolidated Tier 1 ratio	19.1	19.1	21.4	21.0	23.8
Consolidated Capital ratio	21.4	21.3	23.3	22.7	25.7
Consolidated Leverage ratio	8.9	8.8	9.9	9.6	9.3
GROWTH					
Asset growth	8.0	9.9	8.8	17.9	4.6
Loan growth	9.4	15.7	4.7	15.7	1.5
Deposit growth	11.0	12.9	9.1	16.8	6.1
LOSS PERFORMANCE					
Credit provisions to net loans	-0.04	0.05	0.06	0.05	0.12
Stage 3 coverage ratio	17.09	7.71	3.01	2.69	5.87
Stage 3 loans to gross loans	0.20	0.18	0.69	2.02	1.92
Net stage 3 loans to net loans	0.16	0.17	0.67	1.97	1.81
Net stage 3 loans/ordinary equity	1.16	1.23	4.28	13.40	11.91
FUNDING & LIQUIDITY					
Loan to deposit ratio	126.2	129.3	124.1	122.9	117.7
Liquid assets to deposit ratio	28.0	21.4	26.4	29.6	32.8
Net stable funding ratio	132.0	139.0	140.0	144.0	143.3
Liquidity coverage ratio	360.8	289.3	430.5	989.6	518.7
Key financials (NOKm)	FY 2021	FY 2022	FY 2023	FY 2024	Q2 2025 YTD
BALANCE SHEET					
Total assets	3,375	3,708	4,033	4,755	4,973
Total tangible assets	3,372	3,705	4,030	4,752	4,970
Total financial assets	3,290	3,629	3,956	4,684	4,901
Net loans and advances to customers	2,692	3,115	3,262	3,774	3,832
Total securities	251	292	307	366	516
Customer deposits	2,134	2,410	2,629	3,070	3,256
Issued securities	631	649	661	897	881
of which other senior debt	591	609	620	856	841
of which subordinated debt	40	40	40	40	40
Total equity	411	449	541	586	633
of which ordinary equity	381	419	511	556	583
CAPITAL					
Common equity tier 1	347	347	435	540	538
Tier 1	377	377	465	570	588
Total capital	417	417	505	610	628
REA	1,724	1,832	2,009	2,413	2,218
INCOME STATEMENT					
Operating revenues	114	128	162	179	100
Pre-provision operating profit	41	49	67	82	49
Impairments	-1	1	2	2	2
Net Income	32	37	50	61	36

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

Figure 21. Hegra Sparebank 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%	bbb+
Capital	17.5%	aa
Funding and liquidity	15.0%	a
Credit and market risk	10.0%	bbb
Risk appetite	50.0%	a
Competitive position	15.0%	b+
Earnings	7.5%	a
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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