

Tolga-Os 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 Tolga-Os Sparebank reflects the bank's robust capital position, access to funding and strong earnings. We take a positive view of the bank's membership in the Lokalbanc banking cooperative (LBS), which enables product diversity, shared development costs and the opportunity to finance residential retail mortgage loans through jointly owned covered-bond company Verd Boligkreditt AS.

We expect Tolga-Os Sparebank to maintain strong earnings over our forecast period through 2027. We also expect credit losses to remain slightly elevated, given the continued effects of recent cost inflation and still-high interest rates.

The rating is constrained by geographic concentration in the relatively rural local economy of Østerdalen in eastern Norway and a high proportion of real-estate collateral in the bank's core markets. It is also constrained by stronger competition in the bank's new growth markets of Elverum and Hamar than in its historical core markets further north.

STABLE OUTLOOK

The outlook is stable, reflecting our view that Tolga-Os Sparebank's strong earnings will compensate for a potentially weaker domestic economy and slightly elevated credit provisions over the next few years. We forecast that the bank's cost efficiency will remain better than that of its peers and expect it to maintain robust capital ratios despite strong loan growth, following a recent improvement due to implementation of the EU's Capital Requirements Regulations III (CRR3).

POTENTIAL POSITIVE RATING DRIVERS

- Consolidated Tier 1 ratio sustainably above 22%; and
- Pre-provision income to risk exposure amount (REA) sustainably above 3%; and
- Improved scale and reduced concentration risk in the loan book.

POTENTIAL NEGATIVE RATING DRIVERS

- A material deterioration in the local operating environment that negatively affects the bank's asset quality.
- A lasting reduction in the Tier 1 capital ratio to below 18%; and
- Risk-adjusted earnings metrics below 2% of REA over a protracted period.

Figure 1. Key credit metrics, 2021–2027e

%	2021	2022	2023	2024	2025e	2026e	2027e
Net interest margin	1.95	2.12	2.49	2.59	2.37	2.25	2.25
Loan losses/net loans	0.07	0.19	0.10	0.14	0.14	0.14	0.14
Pre-provision income/REA	2.2	2.2	2.9	3.1	2.8	2.4	2.5
Cost-to-income	50.1	46.7	42.9	42.5	48.4	51.1	49.1
Return on average equity	7.7	7.4	10.3	10.5	8.6	7.3	7.7
Loan growth	12.6	11.0	12.7	5.9	12.0	9.0	9.0
CET1 ratio	19.5	19.3	19.3	20.2	21.4	21.2	21.1
Tier 1 ratio	20.6	20.3	20.1	21.1	22.3	22.0	21.9

Source: company and NCR. e=estimate. CET1=common equity Tier 1. All metrics adjusted in line with NCR methodology.

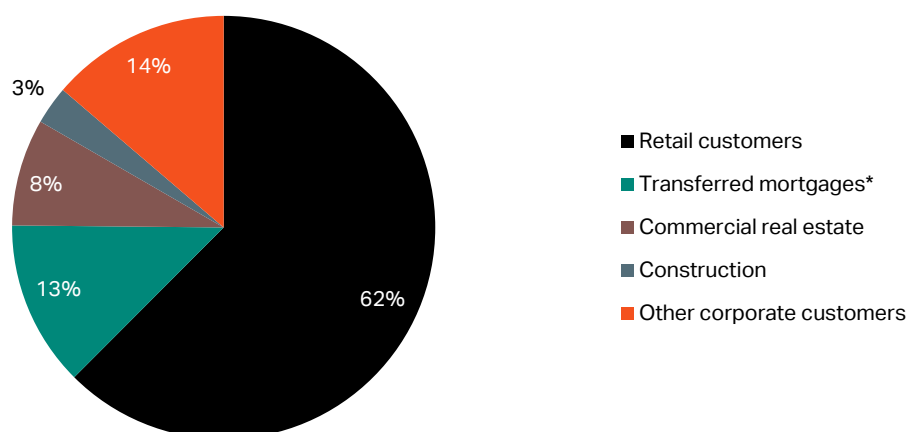
ISSUER PROFILE

Tolga-Os Sparebank was created in 1865 in Tolga municipality in eastern Norway and has since expanded its core market to the south. The bank's primary market now includes Os, Tolga, Tynset, Folldal, Elverum and Hamar municipalities. The bank has 47 employees and six branch offices. As of 30 Jun. 2025, it had total net lending of NOK 6.3bn (including NOK 0.2bn in retail mortgage loans transferred to Eika Boligkreditt and NOK 0.7bn to Verd Boligkreditt).

Tolga-Os Sparebank is a member of LBS, which as of end-2024 consisted of 16 small and medium sized local savings banks with total assets of NOK 150bn. The cooperative provides product diversity, builds customer loyalty 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 mortgage loans through Verd Boligkreditt, a mid-size domestic issuer of covered bonds. Although Tolga-Os Sparebank left the Eika Alliance in 2021, it still has residential mortgages held with its covered-bond company, Eika Boligkreditt AS.

The member banks of LBS have also joined Frendegruppen, an alliance of financial services providers that includes the regional savings banks Sparebanken Norge and Sparebanken Øst. The banks in Frendegruppen have ownership stakes in and distribute products for insurance company Frende Forsikring, finance company Brage Finans AS and securities company Norne Securities. They also cooperate in developing new products for member banks.

Figure 2. Gross loans by sector, including transferred loans, 31 Jun. 2025



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

OPERATING ENVIRONMENT

Operating environment

We consider a balance of national and regional factors in our assessment of the operating environment. Tolga-Os Sparebank operates in a region with a wide variation in economic growth prospects. We believe that the national economy could weaken somewhat 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 economy

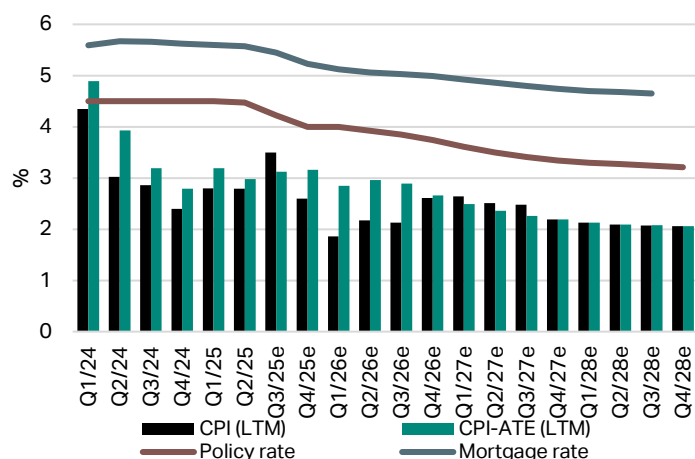
National banking environment

Norwegian savings banks' net interest margins have widened significantly due to high domestic interest rates since 2021. This, together with strong lending growth, has boosted earnings across the sector. The central bank has begun a gradual normalisation of the policy rate, reducing it by 25bps on 19 Jun. 2025 and again on 18 Sep. 2025. We do not anticipate additional cuts in 2025. Persistently high inflation above target, combined with shifts in global trade and tariff policies, adds to the uncertainty about the direction of interest rates path and clouds the outlook for economic growth. We believe,

though, that falling interest rates, heightened competition and marginally increased loan losses will slow earnings growth and lead to lower returns on equity during our forecast period.

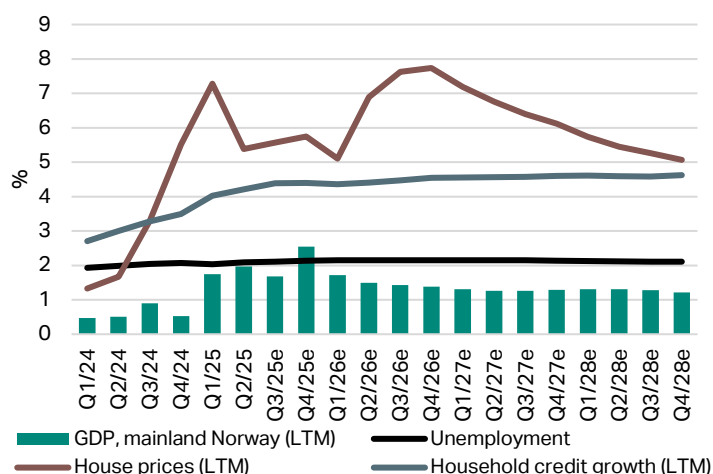
As intended, still-high interest rates are helping to slow the economy. High interest rates and weak economic conditions sparked an increase in loan-loss provisions among domestic savings banks in 2023 and 2024. Loan-loss provisions have declined somewhat in 2025 and we expect the interest rate cuts to improve asset quality. In our view, 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.

Presence in growth regions increasing

Sector exposure

Tolga-Os Sparebank's core market is in the area traditionally known as Østerdalen, in the northeastern part of Innlandet county. The area is home to 66,000 of Norway's 5.5 million people (2023). Østerdalen is known for its diverse geography, including forests, fertile valleys and rivers, supporting sectors such as agriculture, forestry and fishing. The bank is increasing its presence in Elverum and Hamar, which are more densely populated and have higher expected population growth than its historical core region further north.

According to Statistics Norway, the population in Tolga-Os Sparebank's traditional core region is set to decline through 2050, but projected annual growth is 8.9% when Elverum and Hamar are included. This is marginally lower than the national average of 9.2%. Unemployment in the area's municipalities is low and close to the national average.

Figure 5. Core markets

Municipality	Population, 30. Jun. 2025	Expected population change, 2024–2050 (%)	Unemployment, Aug. 2025 (%)	Unemployment, Aug 2024 (%)
Os	1,889	-0.8	1.5	1.0
Tolga	1,606	-7.9	2.0	1.7
Tynset	5,710	0.3	1.9	1.8
Folldal	1,534	-5.7	1.0	1.8
Elverum	21,892	3.8	2.1	1.9
Hamar	33,554	15.8	2.0	1.9
Core markets	66,185	8.9	2.0	1.9
Innlandet county	377,763	5.1	1.9	1.8
Norway	5,594,340	9.2	2.2	2.0

Source: Statistics Norway, Norwegian Labour and Welfare Administration.

Østerdalen's economy is generally less cyclical than the wider Norwegian economy and is largely based on the local raw material base – forestry, wood processing and the food industry. The public sector is

a major employer, particularly in healthcare and social welfare. The region is also home to significant military infrastructure, including one of the largest military facilities in the Nordic countries.

RISK APPETITE

Risk appetite assessment

Our assessment of Tolga-Os Sparebank's risk profile reflects the bank's strong capital, diverse funding access, large proportion of residential mortgage lending and ability to transfer loans to Verd Boligkreditt. Risk governance and internal risk reporting are adequate, in view of the risk profile and complexity. The bank has some regional concentrations in its core markets and a significant proportion of property lending.

Geographic growth a challenge for risk governance

Risk governance

In our view, Tolga-Os Sparebank's risk governance framework, risk appetite, limit monitoring and risk reporting are adequate, considering 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 regulatory fines and associated losses. The bank's internal risk reporting and capital adequacy assessment processes are proportional to its risk profile. We believe that strong growth in corporate lending and a new branch office in Hamar represent a challenge for risk governance.

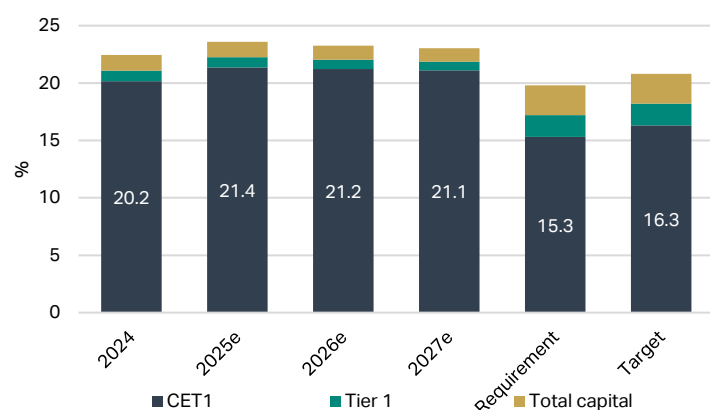
Tolga-Os Sparebank assesses environmental, social and governance (ESG) risk for all corporate customers, which contributes to better risk awareness at the bank and sustainable customer behaviour. In addition, it has obtained certification from the Miljøfyrtårn/Eco-Lighthouse environmental certification scheme, which provides criteria and structures for products and solutions to minimise banks' environmental footprint. Parts of the bank's mortgage portfolio are financed through Verd Boligkreditt, which has established a framework for the issuance of green bonds

Solid capitalisation gives scope for growth

Capital

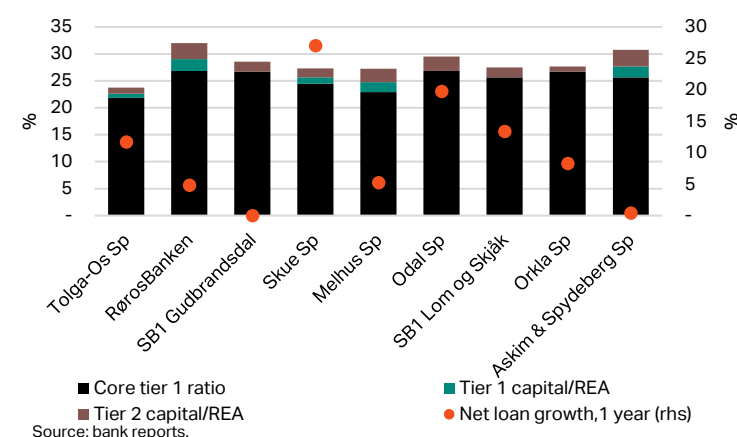
Our capital assessment takes into consideration Tolga-Os Sparebank's consolidated position, including its proportional holdings in Eika Boligkreditt, Verd Boligkreditt and Brage Finans. As of 30 Jun. 2025, the bank's consolidated CET1 ratio was 19.9% and its Tier 1 ratio 20.8%. It pays less than 10% of net profit in dividends and these ratios would have been 1.0pp higher if the first half-year's profit had been included. CRR3 was implemented in the second quarter 2025, boosting the CET1 ratio by about 1.7pp.

Figure 6. Consolidated capital ratios 2024–2027e, capital requirement and targets



Source: company, e-estimate. *total pillar 2 guidance

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



Source: bank reports.

Tolga-Os Sparebank's minimum targets for its CET1 ratio and Tier 1 ratio are 16.3% and 18.2% respectively (including a 1pp management buffer). The consolidated leverage ratio is strong at 9.2%, compared with a requirement of 3%. We expect the bank's on-balance-sheet loan book to grow by 12% in 2025, falling to 9% annual growth in 2026. We forecast this will lead to a slight decrease in capital through 2027.

Funding and liquidity

Low level of loans transferred to covered bond companies supports liquidity

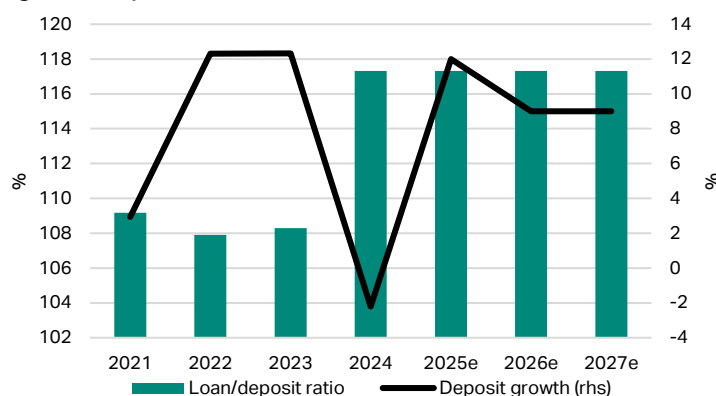
Tolga-Os Sparebank's funding profile is diverse, with a relatively stable and varied retail deposit base and a high level of guaranteed deposits. The bank has also demonstrated access to capital market funding. Strong loan growth outside the bank's historical core market has led to increasing loan-to-deposit ratios recent years, and we see a possibility that this trend will continue.

However, Verd Boligkreditt is a stable and important source of funding for the bank. It provides access to more affordable funding for retail mortgages, with access to green financing and longer terms to maturity, than the bank could source by itself. In the 12 months to 30 Jun. 2025, the bank increased its transferred loans to Verd Boligkreditt by 12% to NOK 853m, but transferred loans remain a relatively modest 17% of total retail mortgage lending. This is well within the bank's 30% internal limit, which we believe support liquidity. The bank maintains a steady minimum portfolio of NOK 100m in readily transferrable loans as a liquidity buffer

Tolga-Os Sparebank's liquidity coverage ratio was 349% at mid-2025 and its net stable funding ratio 130% at 30 Jun. 2025, well above the bank's internal limits of 105% for both. However, the bank has some single-name concentrations in its customer deposits and only modest liquidity buffers (22% of customer deposits as of 30 Jun. 2025).

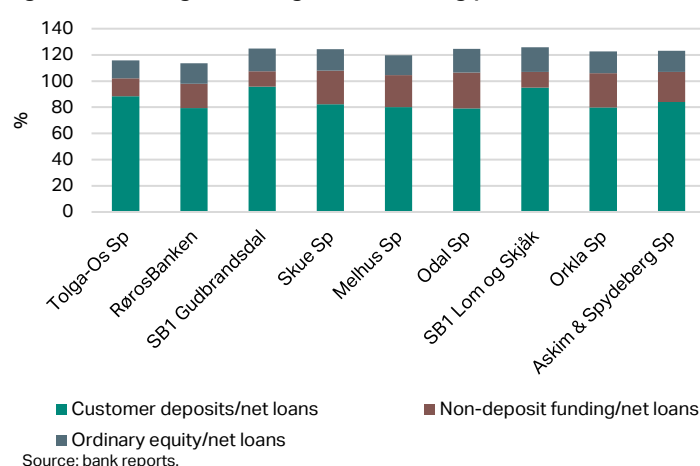
Tolga-Os Sparebank currently has NOK 969m in outstanding senior bonds with an average time to maturity of 2.8 years. In our forecast, we expect the bank to refinance its debt through new issuance upon maturity.

Figure 8. Deposit metrics, 2021-2027e



Source: company, e-estimate.

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



Source: bank reports.

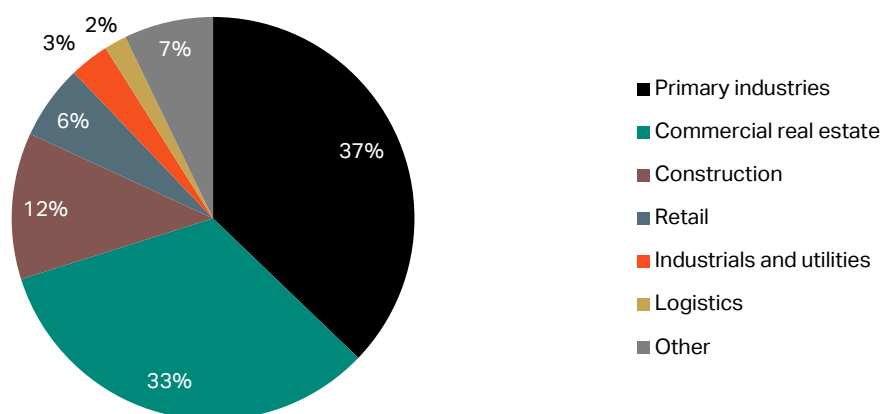
High levels of local retail and commercial real estate lending

Credit and market risk

Tolga-Os Sparebank's loan portfolio has a strong regional focus, with about two-thirds of retail customers located in its core markets. The bank does not promote lending to borrowers in other regions, and customers outside its core markets have usually moved from one of its core markets. Hamar is a new market, and the bank's growth plans in this municipality could negatively affect credit quality. However, the risk is mitigated by a focus on retail mortgage lending.

Some 76% of the bank's exposures (including transferred loans) are to private and agricultural customers and secured by housing and agricultural properties. While we regard these as low-risk credits, they nonetheless increase concentration on local borrowers and expose the bank's collateral to any decline in property values. Housing prices and real-estate values in the region are more stable than in the wider Norwegian market but have been negatively affected by still-high interest rates. However, housing prices in the bank's operating region are lower than in metropolitan areas, resulting in lower debt burdens for the bank's customers. 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.

In the 12 months to 30 Jun. 2025, Tolga-Os Sparebank had gross loan growth of 11.7% (including transferred loans). On- and off-balance sheet mortgage lending increased by 12.1%, while corporate lending increased by 11.6%. Our forecast includes more moderate loan growth of 9% through 2027, both on and off balance sheet. The bank's strong capitalisation could trigger stronger growth, but most likely through low-risk mortgage lending. Besides agriculture, the bank's main corporate exposure is to commercial real estate, followed by construction. We remain concerned about corporate and commercial real-estate lending, due to high interest costs and uncertain property prices.

Tolga-Os Sparebank has transferred loans to Eika Boligkreditt and Verd Boligkreditt, in which it holds small ownership positions (0.5% and 1.8% respectively). However, the bank does not offload the associated risk on transferred loans, and we expect it to take back all non-performing loans to enable the covered bond companies to maintain a clean cover pool. Due to the high credit quality of transferred loans and repatriation agreements, the mortgage companies have never incurred actual credit losses.

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

COMPETITIVE POSITION

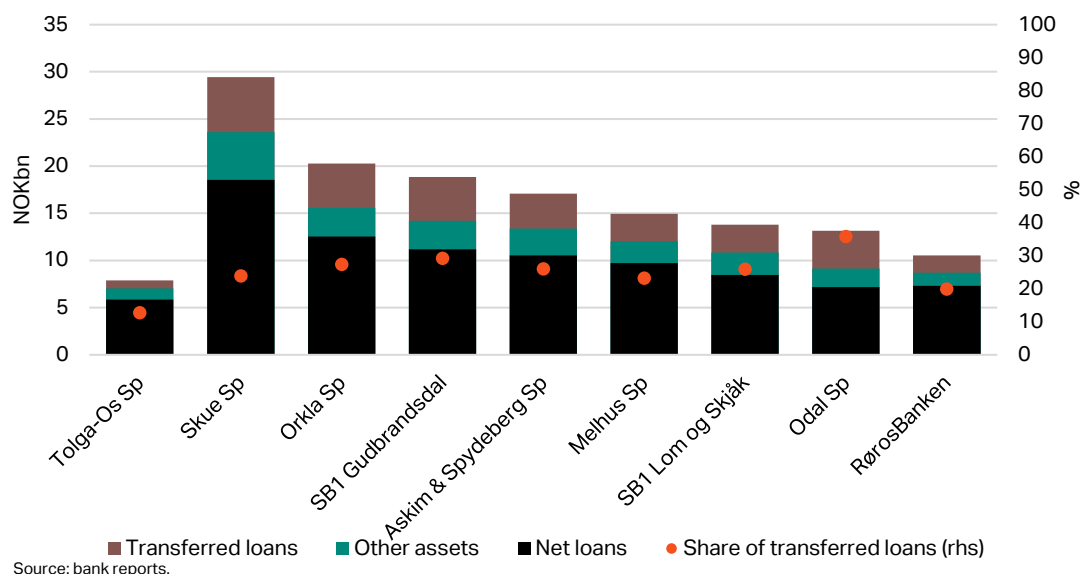
Competitive position

Tolga-Os Sparebank has a strong position in its core operating region, with a market share of 30–70% in its historical municipalities of operation and 10% in Elverum. Its closest competitor is SpareBank1 Østlandet. DNB and Nordea have modest market shares and have closed their offices in the region. This withdrawal has encouraged Grue Sparebank to establish a presence in Elverum. Competition is also likely to increase in Hamar, where several regional banks and local savings banks have a presence. We believe that growing competition in Hamar will create some margin pressure for Tolga-Os Sparebank.

Membership in the LBS banking cooperative diversifies revenues and enables Tolga-Os Sparebank to provide a wider range of customer services than it could with its own resources. The bank distributes insurance products from Frende Forsikring, savings products and brokerage services from Norne Securities, and collateralised consumer lending and leasing products from Brage Finans. Membership in the larger Frendeguppen alliance will, we believe, strengthen Tolga-Os Sparebank's long-term competitive position through improved economies of scale and efficiency gains.

We regard Tolga-Os Sparebank's contributions to its core markets as a positive rating factor. The bank's primary environmental, social and governance (ESG) attribute is its strong sense of social responsibility to its local communities. The bank also funds social and cultural activities to support these communities.

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



PERFORMANCE INDICATORS

Performance indicators

Tolga-Os Sparebank has reported solid profitability in recent years. However, increased margin pressure and higher costs related to IT, risk governance and the new office in Hamar are expected to result in somewhat weaker cost efficiency and profitability. Loan losses are likely to remain moderate.

Earnings

Higher costs in the medium term

Improved net interest margins due to high interest rates have, together with good loan growth, led to improved cost efficiency and profitability in recent years. However, declining interest rates have recently had a negative impact on margins and we expect further margin pressure as interest rates continue to decline and competition increases. In addition, we expect a negative impact from start-up costs in Hamar and higher IT costs over the in the medium term due to a change of system provider. Cost efficiency should strengthen over the longer term, due to greater effects of scale and a more efficient IT system. We also see potential for increased fee income from the sale of products from Frendegruppen.

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

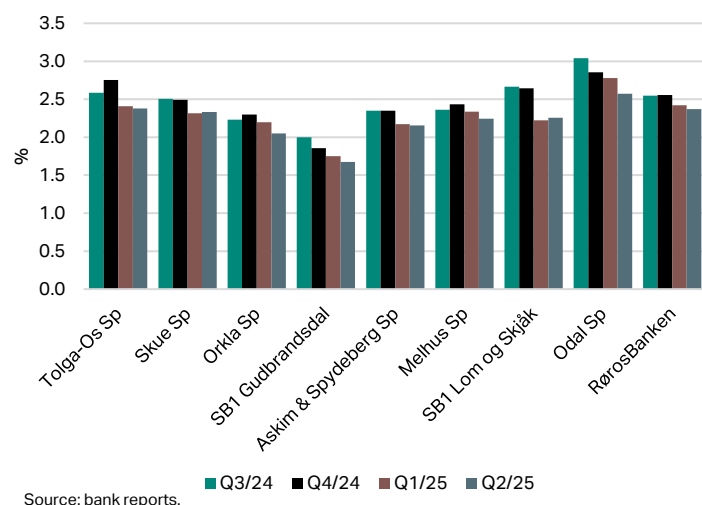


Figure 13. Norwegian savings banks' cost efficiency metrics, LTM 30 Jun. 2025

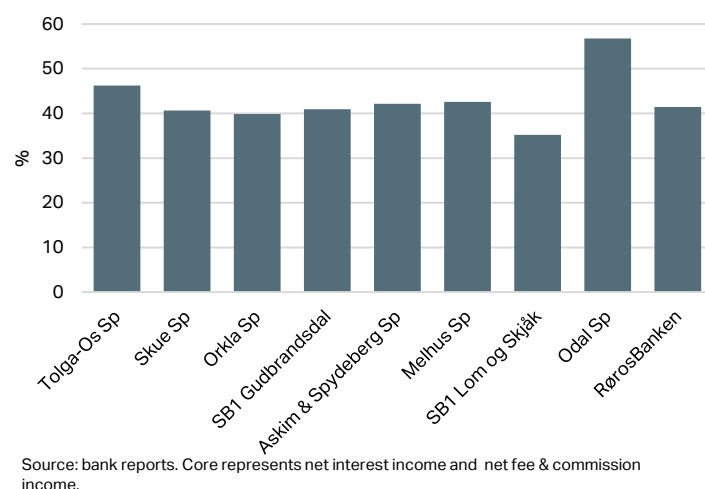


Figure 14. Norwegian savings banks' PPI* to REA, LTM 30 Jun. 2025

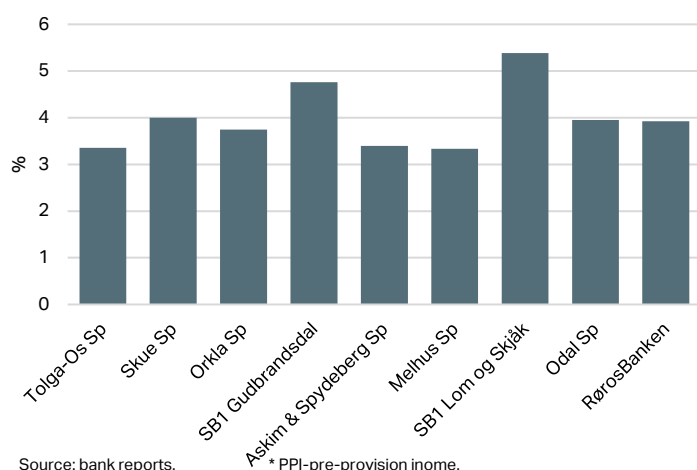
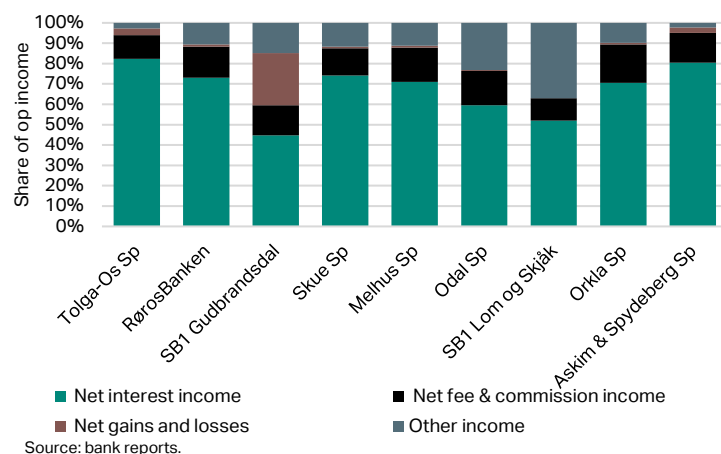


Figure 15. Norwegian savings banks' income breakdown, LTM 30 Jun. 2025



Loan losses likely to remain moderate

Loss performance

Tolga-Os Sparebank's credit losses have averaged a moderate 15bps over the past five years. The bank booked loan losses of NOK 1m in the first six months of 2025, compared with NOK 7m in full-year 2024. We project moderate late-cycle loan losses of 14bps through 2027. The bank's net Stage 3 loans have remained relatively low and less volatile than those of its domestic peers. In the first half of 2025 they fell to 0.96% of net lending, from 1.25% at end-2024. We anticipate that the proportion of net Stage 3 lending will continue to decline over our forecast period.

Figure 16. Norwegian savings banks asset quality metrics, 2025

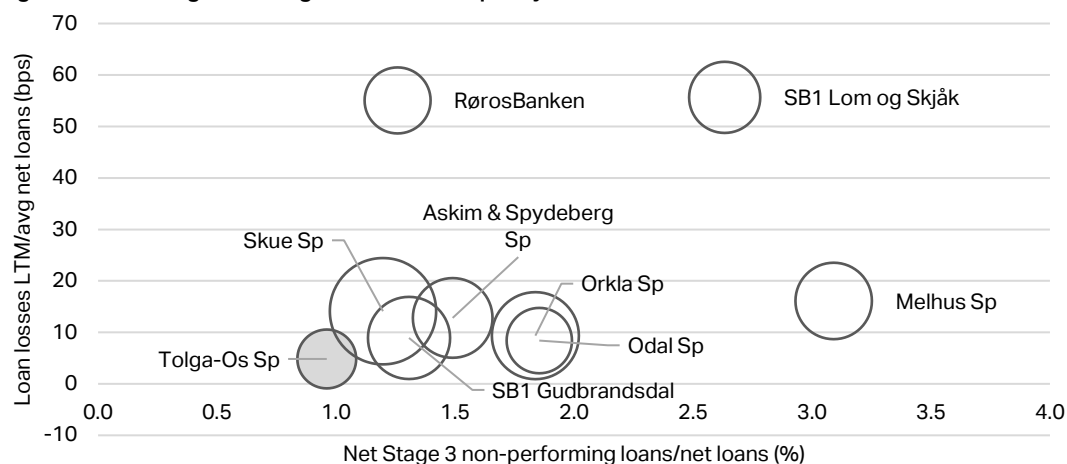
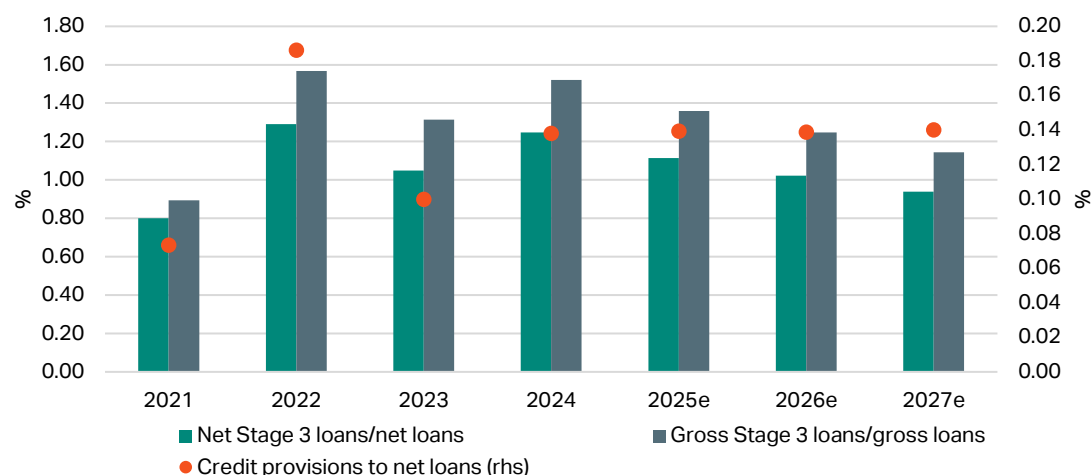


Figure 17. Asset quality metrics, 2021–2027e



Source: company, e-estimate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

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

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 (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 impact on 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.

ADJUSTMENT FACTORS

Support analysis

We do not adjust the rating on Tolga-Os Sparebank to reflect expectations of additional support as we see limited potential for extraordinary support from the owners. Currently, the bank is not publicly listed but has the option to issue new equity capital certificates (ECCs) and list them on the Oslo Stock

Exchange. As of end-2024, around 8% 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 capital
A/L Nord-Østerdal Kraftlag	10.1%
PJG AS	8.3%
Felix Holding AS	7.9%
Sund og Langen Holding AS	3.4%
Os Kommune	2.4%
Other	67.9%
Total	100.0%

Source: company.

ISSUE RATINGS

Our rating on Tolga-Os Sparebank's unsecured senior debt is in line with the 'BBB+' 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, at 'BBB' and 'BB+'.

SHORT-TERM RATING

The 'N2' short-term rating is the higher of two alternatives available under our methodology, given the 'BBB+' long-term issuer rating. This reflects the bank's direct access to emergency liquidity assistance from the central bank, and its average liquidity coverage ratio of 353% 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.

Figure 20. Tolga-Os 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	76.0	85.4	83.6	84.2	82.3
Net fee income to op. revenue	18.5	13.6	13.0	11.6	11.8
Net gains and losses/operating revenue	0.0	-2.4	1.6	2.9	3.2
Net other income to op. revenue	5.5	3.3	1.8	1.3	2.7
EARNINGS					
Net interest income to financial assets	2.0	2.1	2.5	2.6	2.4
Net interest income to net loans	2.4	2.5	3.0	3.1	2.9
Pre-provision income to REA	2.5	2.5	3.3	3.5	3.1
Core pre-provision income to REA (NII & NF&C)	2.2	2.5	3.1	3.2	2.7
Return on ordinary equity	8.0	7.7	10.7	10.8	9.7
Return on assets	0.9	0.9	1.2	1.3	1.1
Cost-to-income ratio	50.1	46.7	42.9	42.5	47.2
Core cost-to-income ratio (NII & NF&C)	53.0	47.2	44.4	44.4	50.2
CAPITAL					
CET1 ratio	20.6	20.4	20.3	21.4	21.9
Tier 1 ratio	21.6	21.3	21.1	22.1	22.6
Capital ratio	23.2	22.6	22.4	23.4	23.8
REA to assets	51.8	52.8	50.8	50.8	48.6
Dividend payout ratio	5.4	5.3	6.4	5.1	5.0
Leverage ratio	11.2	11.0	10.5	11.0	9.2
Consolidated CET1 ratio	19.5	19.3	19.3	20.2	19.9
Consolidated Tier 1 ratio	20.6	20.3	20.1	21.1	20.8
Consolidated Capital ratio	22.2	21.7	21.4	22.5	22.2
Consolidated Leverage ratio	12.1	10.1	9.7	10.2	9.2
GROWTH					
Asset growth	6.8	11.4	13.6	3.9	9.6
Loan growth	12.6	11.0	12.7	5.9	8.1
Deposit growth	2.9	12.3	12.3	-2.2	12.0
LOSS PERFORMANCE					
Credit provisions to net loans	0.07	0.19	0.10	0.14	0.05
Stage 3 coverage ratio	10.61	17.97	20.49	18.35	22.99
Stage 3 loans to gross loans	0.89	1.57	1.31	1.52	1.24
Net stage 3 loans to net loans	0.80	1.29	1.05	1.25	0.96
Net stage 3 loans/ordinary equity	5.60	9.28	7.72	8.80	7.04
FUNDING & LIQUIDITY					
Loan to deposit ratio	109.2	107.9	108.3	117.3	113.2
Liquid assets to deposit ratio	20.9	21.2	22.4	21.4	22.5
Net stable funding ratio	157.0	121.0	141.0	136.0	130.3
Liquidity coverage ratio	259.0	259.0	387.4	0.0	348.7

Key financials (NOKm)	FY 2021	FY 2022	FY 2023	FY 2024	Q2 2025 YTD
BALANCE SHEET					
Total assets	4,890	5,448	6,191	6,430	7,050
Total tangible assets	4,890	5,448	6,191	6,430	7,050
Total financial assets	4,864	5,422	6,166	6,397	7,017
Net loans and advances to customers	4,083	4,532	5,109	5,412	5,851
Total securities	665	649	675	768	802
Customer deposits	3,740	4,200	4,718	4,613	5,167
Issued securities	504	558	673	861	844
of which other senior debt	464	518	633	821	804
of which subordinated debt	40	40	40	40	40
Total equity	609	655	720	792	824
of which ordinary equity	584	630	695	767	799
CAPITAL					
Common equity tier 1	523	587	639	698	749
Tier 1	548	612	664	723	774
Total capital	588	652	704	763	814
REA	2,533	2,879	3,144	3,263	3,424
INCOME STATEMENT					
Operating revenues	121	128	172	193	98
Pre-provision operating profit	60	68	98	111	52
Impairments	3	8	5	7	1
Net Income	45	47	71	79	38

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

Figure 21. Tolga-Os Sparebank rating scorecard

Subfactors	Impact	Score
National banking environment	5.0%	a
Sector exposure assessment	-	-
Regional assessment	15.0%	bbb-
Cross border assessment	-	-
National factors	-	-
Regional, cross border, sector	-	-
Operating environment	20.0%	bbb
Risk governance	7.5%	bbb+
Capital	17.5%	a+
Funding and liquidity	15.0%	a
Credit and market risk	10.0%	bbb
Credit risk	-	-
Market risk	-	-
Other risks	-	-
Risk appetite	50.0%	a-
Competitive position	15.0%	bb
Earnings	7.5%	a
Loss performance	7.5%	a-
Performance indicators	15.0%	a-
Indicative credit assessment		bbb+
Peer comparison		Neutral
Transitions		Neutral
Borderline assessments		Neutral
Stand-alone credit assessment		bbb+
Ownership		Neutral
Capital structure protection		Neutral
Rating caps		Neutral
Material credit enhancement		-
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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