

Grue Sparebank

Rating Action Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N2

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

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

Rating rationale

The long-term issuer rating reflects the bank's low risk appetite and outstanding capital position. Despite total assets of only NOK 6.1bn, including transferred loans, the bank demonstrates reliable access to capital market funding and maintains a well-diversified and loyal retail deposit base. Its ownership and cooperation with the Eika Alliance banking association support product diversity, shared development costs and the ability to finance residential retail mortgage loans through the jointly owned covered-bond company Eika Boligkreditt AS.

We have revised our assessment of the bank's capital, reflecting our Tier 1 ratio projection of over 24% through 2027. The bank benefited from the implementation of the EU's Capital Requirements Regulations III (CRR3) in April 2025, which increased its Tier 1 ratio by 2.5–3pp, supported by a high proportion of low loan-to-value residential mortgages in its portfolio. The additional capital flexibility supports loan growth as the bank expands in Hamar and Elverum.

We expect Grue Sparebank to maintain solid revenues despite lower interest rates and margin pressure as it expands beyond its traditional markets. However, recent growth investments are likely to weigh on profitability, and the projected cost-to-income ratio exceeds 60% through 2027.

The rating is constrained by the geographic concentration of the loan book in the south-eastern municipalities of Innlandet county and by a high proportion of real estate and agricultural collateral in the region. The bank maintains a strong market share in its core markets but faces significant competition from regional and local peers as it seeks growth in the southern Østerdal and Hedmark regions near Hamar and invests to expand its branch in Elverum.

Stable outlook

The stable outlook reflects our view that the bank's low risk appetite will limit credit losses and offset the impact of a weaker regional economy. We expect Grue Sparebank's cost efficiency to weaken over the next few years as it invests in personnel to support growth objectives and its new branch in Hamar. The bank's improved capital ratios should support higher loan growth, enabling it to pursue its goal of doubling its share of corporate lending while maintaining a strong capital position.

We could raise the rating to reflect pre-provision income to risk exposure amount (REA) sustainably above 3% and cost-to-income below 45%, together with increased scale and improved market position in growth markets without material increase in risk appetite.

We could lower the rating to reflect a consolidated Tier 1 capital ratio below 18% over a protracted period, a material deterioration in the local operating environment or asset quality, or risk-adjusted earnings metrics below 1.5% over a protracted period.

Rating list

	To	From
Long-term issuer credit rating:	BBB+	BBB+
Outlook:	Stable	Stable
Short-term issuer credit rating:	N2	N2

Rating list

Senior unsecured issue rating:

Tier 2 issue rating:

Additional Tier 1 issue rating:

To

BBB+

BBB

BB+

From

BBB+

BBB

BB+

Figure 1. Grue Sparebank rating scorecard

Subfactors	Impact	To	From
National banking environment	5.0%	a	-
Sector exposure assessment	-	-	-
Regional assessment	15.0%	bbb-	-
Cross border assessment	-	-	-
National factors	-	-	a
Regional, cross border, sector	-	-	bbb-
Operating environment	20.0%	bbb	bbb
Risk governance	7.5%	bbb+	bbb+
Capital	17.5%	aa	a+
Funding and liquidity	15.0%	a-	a-
Credit and market risk	10.0%	bbb	-
Credit risk	-	-	bbb
Market risk	-	-	-
Other risks	-	-	a-
Risk appetite	50.0%	a	a-
Competitive position	15.0%	bb-	bb-
Earnings	7.5%	bbb+	bbb+
Loss performance	7.5%	a-	a-
Performance indicators	15.0%	bbb+	bbb+
Indicative credit assessment		bbb+	bbb+
Peer comparison		Neutral	Neutral
Transitions		Neutral	Neutral
Borderline assessments		Neutral	Neutral
Stand-alone credit assessment		bbb+	bbb+
Ownership		Neutral	Neutral
Capital structure protection		Neutral	-
Rating caps		Neutral	Neutral
Material credit enhancement		-	Neutral
Issuer rating		BBB+	BBB+
Outlook		Stable	Stable
Short-term rating		N2	N2

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	BBB+	BBB+
Tier 2	BBB	BBB
Additional Tier 1	BB+	BB+

Type of credit rating:	Long-term issuer credit rating Short-term issuer credit rating Issue credit rating
Publication date:	The rating was first published on 24 Oct. 2024.
Office responsible for the credit rating:	Nordic Credit Rating AS (NCR), Oslo, Norway. NCR is a registered credit rating agency under Regulation (EC) No 1060/2009.
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Were ESG factors a key driver behind the change to the credit rating or rating outlook?	No.
Methodology used when determining the credit rating:	NCR's Financial Institutions Rating Methodology published on 12 May 2025 NCR's Rating Principles published on 14 Feb. 2024 NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024 The methodology and principles documents provide analytical guidance to NCR's rating activities including but not limited to, assumptions, parameters, cash flow analysis, and stress-testing. NCR's methodologies and principles can be found on our website nordiccreditrating.com/governance/policies . The historical default rates of entities and securities rated by NCR will be viewed on the central platform (CEREP) of the European Securities and Markets Authority (ESMA) .
Materials used when determining the credit rating:	Annual- and quarterly reports of the rated entity, Bond prospectuses, Company presentations, Data provided by external data providers, External market reports, Meetings with management of the rated entity, Non-public information, Press reports/public information, Website of rated entity.
Potential conflicts of interest:	The rating is NCR's independent opinion of the rated entity's relative creditworthiness. The rating is solicited, i.e. it is prepared for a fee paid by the rated entity. At the time of analysis and publication neither NCR nor any of the analysts or persons involved in the rating process held any interest, ownership interest or securities in the rated entity. NCR does not have any direct or indirect shareholder with a holding of more than 5% of NCR's shares and votes. For further information, please refer to NCR's conflict of interest policy which is available on: https://nordiccreditrating.com/governance/policies
Additional information:	Prior to publication, the rating was disclosed to the rated entity. The issuer was given 24 hours (of which 8 business hours) to remark on factual errors and/or the inadvertent inclusion of confidential information, if applicable. The rating was not amended after the review by the issuer. No stress test or cash flow forecasting was performed. NCR's rating is an opinion regarding the relative creditworthiness of an entity or an instrument. It is not a prediction, guarantee or recommendation to buy, hold or sell securities. NCR assigns outlooks to issuer ratings to indicate where they could move in the near term, normally 12–18 months. Further information on the rating process, rating definitions and limitations is available on our website: nordiccreditrating.com/governance/policies .
Ancillary services provided:	No ancillary services have been provided in the last 12 months.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
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