Orkla Sparebank

Full Rating Report

LONG-TERM RATING
A-

OUTLOOK
Stable

SHORT-TERM RATING
N2

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RATING RATIONALE

Our 'A-' long-term issuer rating on Norway-based Orkla Sparebank reflects the bank's strong capital position and liquidity, and low risk appetite. The bank is a member of the Eika Alliance, which we view as positive as it provides product diversity, shared development costs and the opportunity to finance residential retail mortgages through mortgage company Eika Boligkreditt AS. We believe Orkla Sparebank's strong earnings, solid capitalisation and relatively moderate growth ambitions make it resilient to late-cycle loan losses. We see the planned merger with Rindal Sparebank as marginally credit positive, with a moderately positive effect on Orkla Sparebank's risk appetite and earnings capacity.

The rating is constrained by the bank's concentrated exposure to real estate and agriculture in the region southwest of Trondheim in central Norway. It is also constrained by strong competition and low market share in Trondheim, the bank's fastest growing market.

STABLE OUTLOOK

The outlook is stable, reflecting our view that a weak economic climate and projected credit losses will be offset by strong and stable pre-loss earnings metrics. The bank's strong capital ratios, which have been boosted by modest on-balance-sheet loan growth and the positive effect of implementing the EU's Capital Requirements Regulations III (CRR3), are stabilising factors in our credit risk assessment.

POTENTIAL POSITIVE RATING DRIVERS

- Improved economic conditions and asset quality metrics relative to those of peers; and
- Pre-provision income/risk exposure amount (REA) sustainable above 3%; and
- Improved market position.

POTENTIAL NEGATIVE RATING DRIVERS

- A material deterioration in the local operating environment that weakens asset quality.
- A lasting reduction in the Tier 1 capital ratio to below 20%; and
- Risk-adjusted earnings metrics below 2% of REA on a lasting basis.

Figure 1. Key credit metrics, 2021–2027e

%	2021	2022	2023	2024	2025e	2026e	2027e
Net interest margin	1.57	1.79	2.12	2.27	2.12	2.02	1.97
Loan losses/net loans	-0.12	0.01	0.12	0.14	0.12	0.11	0.10
Pre-provision income/REA	1.7	1.9	2.5	3.0	2.9	2.9	2.9
Cost-to-income	55.2	53.1	47.2	41.1	40.2	42.5	39.6
Return on ordinary equity	6.9	6.8	8.0	9.8	9.0	8.6	8.8
Loan growth	6.5	9.3	5.8	7.7	29.0	8.0	8.0
CET1 ratio*	20.4	21.2	21.0	21.0	23.4	23.4	23.5
Tier 1 ratio*	21.4	22.2	21.3	21.3	23.7	23.7	23.7

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

ISSUER PROFILE

Orkla Sparebank is an independent savings bank located in Norway's Orkland municipality. The bank's origins date back to 1841. The present entity was formed after a merger of neighbouring savings banks Orkdal Sparebank and Meldal Sparebank in October 2017. The bank has seven offices in Trøndelag county and its primary market is located in the municipalities of Orkland, Rennebu, Skaun and Trondheim. As of 30 Jun. 2025, the bank had total net lending of NOK 17.3bn (including NOK 4.7bn in retail mortgage loans transferred to Eika Boligkreditt). Retail borrowers account for 82% of total loans, including borrowers of transferred mortgages, and nearly 75% of on-balance-sheet lending.

Orkla Sparebank is in the process of merging with Rindal Sparebank, which will expand its core market area southwestward. As of 30 Jun. 2025, Rindal Sparebank had a total net lending of NOK 3.2bn (including NOK 0.7bn in retail mortgage loans transferred to Eika Boligkreditt). Retail borrowers account for 90% of Rindal Sparebank's total loans. The merger is pending approval but is expected to be completed in November 2025.

Orkla Sparebank is primarily focused on core banking activities, but it also owns a local real-estate agency. Both Orkla Sparebank and Rindal Sparebank are members of the Eika Alliance, an association of over 40 small and medium-sized Norwegian savings banks. The association provides 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/type in % (including transferred loans), 30 Jun. 2025

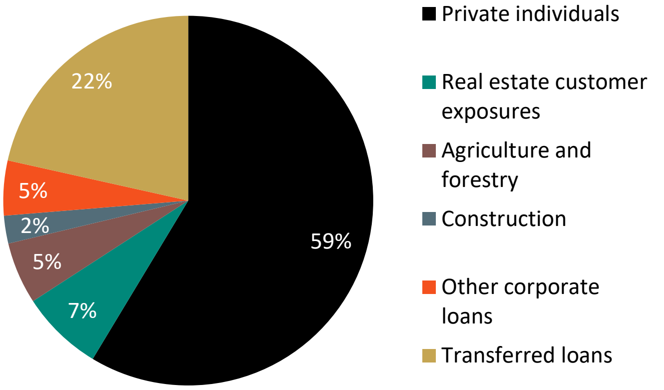
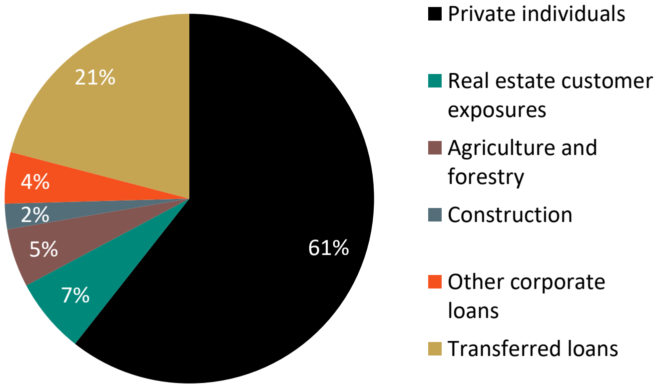


Figure 3. Gross loans by sector in %, proforma including Rindal Sparebank (including transferred loans), 30 Jun. 2025



OPERATING ENVIRONMENT

Operating environment

We consider a balance of national and regional factors in our assessment of the operating environment. Orkla Sparebank operates in a region with average economic growth prospects, though Statistics Norway estimates that Trondheim and Skaun will grow faster than the national 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

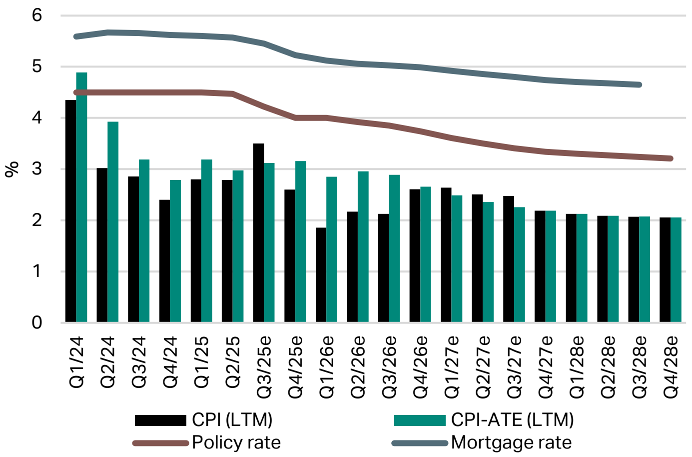
National banking environment

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 the interest rate 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 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 among domestic savings banks in

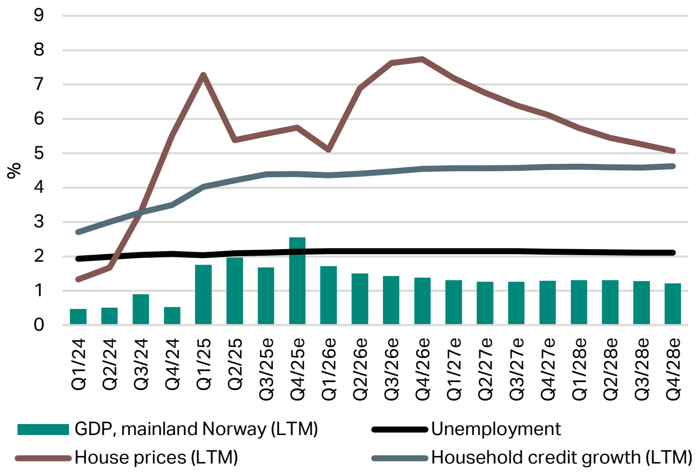
2023 and 2024. Loan-loss provisions declined somewhat in 2025 and we expect interest rate cuts to improve asset quality. In our view, Norway's savings banks are well capitalised and have strong pre-provision profitability, which makes them relatively resilient to increased credit losses.

Figure 4. 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 5. Norwegian economic indicators, 2024–2028e



Source: central bank. e-estimate.

Core market includes Trondheim region

Regional factors

Orkla Sparebank operates in a region southwest of, and within commuting distance of Trondheim, Norway's third-largest city. The bank has about 30% of its exposure in Trondheim and this region is the focus of the bank's growth strategy. The bank's core operating area is located along a coastal axis with vacation areas further south. Statistics Norway projects the region's population growth through 2050, including Trondheim, at 14% (or 5% excluding Trondheim). Unemployment is below the Norwegian average.

The association with Trondheim provides the region with a diverse economy and mitigates sector-specific and business-specific variations. The economy is dominated by agriculture, the metallurgical industry, the offshore oil and gas industry, the mechanical industry, tourism, the wood products industry and high-tech electronics. In addition, the food industry and regional fish farming have grown in the region in recent years. While employment in the region generally mirrors the national average, construction workers comprise a large proportion of the workforce outside of Trondheim. Orkland municipality has significant levels of manufacturing and metal production. Rennebu and Rindal municipalities, the southernmost of the bank's core market, are rural and agriculture plays a material role in the economy.

Figure 6. Core markets

Municipality	Population, Q2 2025	Expected population change to 2050 (%)	Unemployment, Aug. 2025 (%)	Unemployment, Aug. 2024 (%)
Trondheim	216,752	15.5	1.9	1.8
Orkland	18,808	3.2	2.3	1.9
Skaun	8,510	16.2	1.8	1.1
Rennebu	2,498	-5.3	1.9	1.2
Rindal	1,925	-15.0	1.2	1.2
Core markets	248,605	14.1	1.9	1.8
Norway	**5,606,944**	**9.6**	**2.2**	**2.1**

Source: Statistics Norway, Norwegian Labour and Welfare Administration.

RISK APPETITE

Risk appetite assessment

Our risk profile assessment reflects Orkla Sparebank's strong capital and liquidity buffers, large proportion of low-risk exposure to the residential mortgage and agriculture markets and ability to transfer loans to Eika Boligkreditt. The bank has a high regional concentration in the southern part of Trøndelag county, given the high level of property lending in the region.

Above-average risk management compared with medium-sized savings banks

Risk governance

In our view, Orkla Sparebank's risk governance framework, risk appetite, limit monitoring and risk reporting are above its peer group average. The bank has minimum risk limits for high-risk segments such as fish farming, oil and gas and shipping, and focuses primarily on collateralised lending. Furthermore, the bank has well-defined guidelines to support anti-money laundering measures in its daily operations, reducing the risk of related losses and fines, which have been levied against some banks by the Norwegian regulator. We do not foresee a significant increase in risk from the merger with Rindals Sparebank, due to its small size and low-risk loan book.

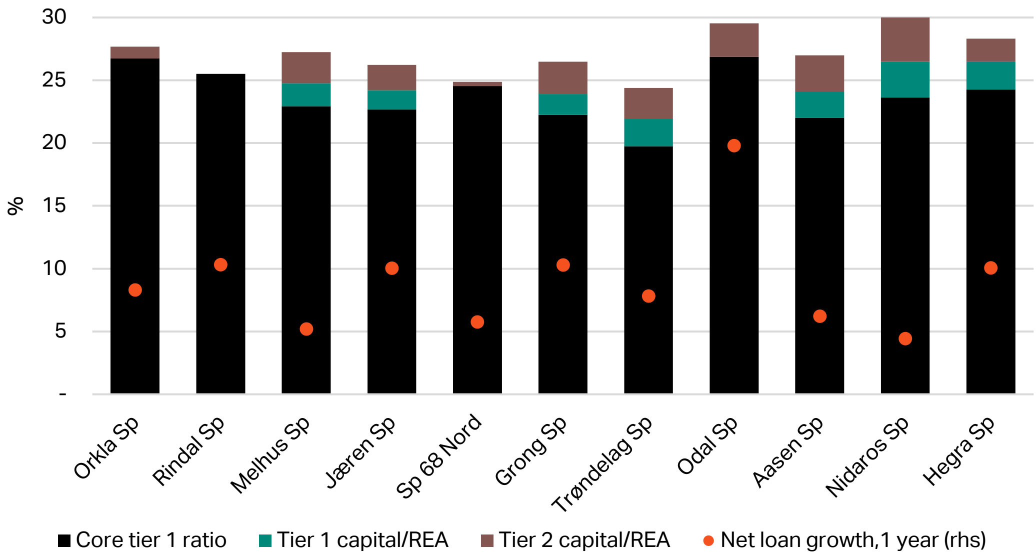
Membership in the Eika Alliance provides additional resources for future sustainability. The bank has established credit-related guidelines to assess climate and sustainability risks for its corporate and agricultural customers. It is environmentally certified by Miljøfyrtårn/Eco-Lighthouse, which provides criteria and structure for products and solutions to minimise banks' environmental footprint. Membership in the Eika Alliance provides additional resources for Orkla Sparebank's future development and adaptation to sustainability reporting requirements. In addition, the bank has access to green financing through its cooperation with Eika Boligkreditt, which has established a green bond framework.

Capital ratios strong, even without Tier 1 capital instruments

Capital

Our capital assessment takes into consideration Orkla Sparebank's consolidated capital position, including its proportionate holdings of Eika Gruppen and Eika Boligkreditt The bank's consolidated Common Equity Tier 1 (CET1) ratio was 24.6% and its Tier 1 ratio 23.2% as of 30 Jun. 2025. The regulatory CET1 requirement is currently 15.1% and the bank's target, including a management buffer, is 16.6%. We note that the reported capital ratios would have been 0.7pp higher if 50% of the current year's profit had been included. We also note the implementation of CRR3 in the second quarter of 2025 boosted capital ratios by about 3pp. The bank does not currently utilise Additional Tier 1 capital instruments.

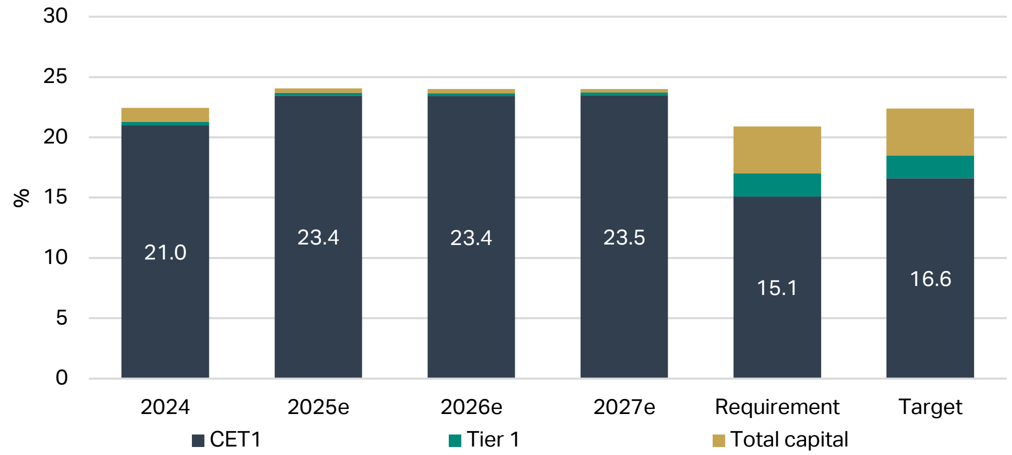
Figure 7. Norwegian/Swedish savings banks' capital ratios and loan growth, 30 Jun. 2025



Source: bank reports.

We expect Orkla Sparebank to expand its on-balance-sheet loan book by 8% annually through 2027, with a focus on financing corporate and real-estate loans. We forecast return on equity to be marginally higher than loan growth and also expect a high proportion of retained earnings, reflecting a lack of dividend payments and modest community donations. We therefore believe capital ratios will remain stable over the next few years.

Figure 8. Consolidated capital ratios 2024–2027e, capital requirement and targets* as of Q2 2025



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

Loyal deposit base and demonstrated access to capital market funding

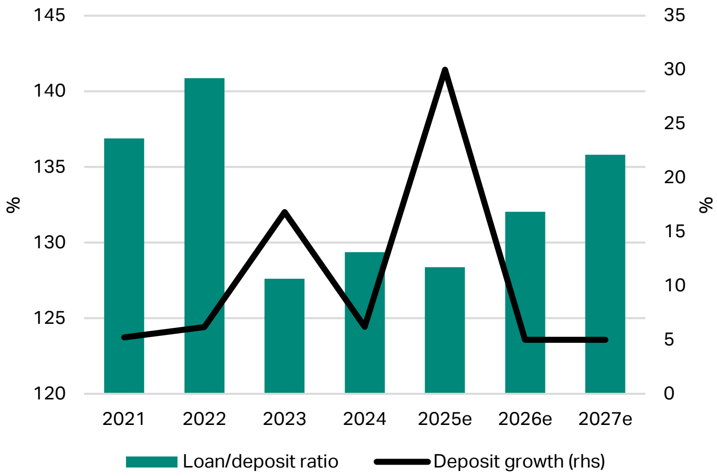
Funding and liquidity

Orkla Sparebank's funding and liquidity profile is diverse, with a core of stable and loyal retail deposits, a modest proportion of agent-sourced deposits and demonstrable access to capital market funding. The bank has few single-name concentrations in its customer deposits and imposes internal limits on agent-sourced deposits and time deposits to reduce refinancing risk.

The bank sought to reduce its loan-to-deposit ratio in 2023 when it reported 17% annual deposit growth. Most of this increase was due to retail deposits from outside its core region, and growth has subsequently slowed. We believe corporate loan growth will be financed in the bond market and expect the loan-to-deposit ratio to increase from 129% in 2024 to 136% in 2027. Orkla Sparebank has adequate liquidity buffers (20% of customer deposits as of 30 Jun. 2025). The bank maintained a liquidity coverage ratio of 529% as of 30 Jun. 2025, well above its internal limit of 120%. The net stable funding ratio was 130% at that date, compared with an internal limit of 110%.

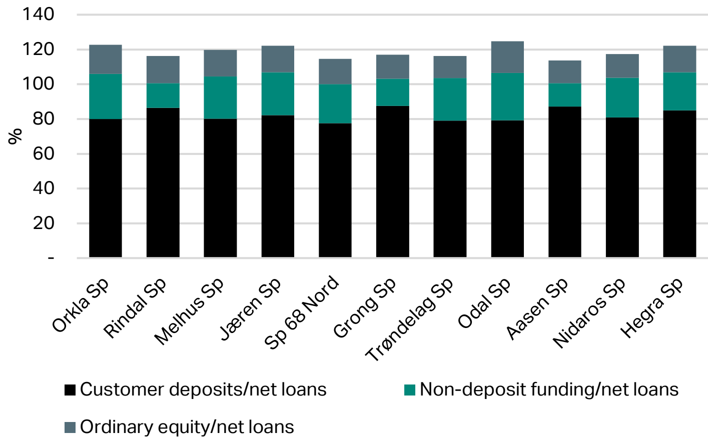
Orkla Sparebank has 14 outstanding senior bonds totalling NOK 3.3bn. The debt maturity profile is spread out until 2030, but with NOK 417m maturing in the first half-year of 2026. We expect the bank increase its reliance on funding from the bond market, particularly if corporate lending growth picks up.

Figure 9. Deposit metrics, 2021-2027e



Source: company. e-estimate.

Figure 10. Norwegian savings banks' funding, 30 Jun. 2025



Source: bank reports.

Eika Boligkreditt remains a stable and significant funding source for Orkla Sparebank, offering access to lower-cost, longer-term financing for retail mortgages than the bank could obtain independently. The bank had transferred 33% of its total loans to retail mortgage customers as of 30 Jun. 2025, well below its limit of 40%. We anticipate that the bank will increase its use of Eika Boligkreditt financing for retail loans as it uses on-balance-sheet funding for corporate growth. The bank maintains a material volume of readily transferrable loans and has improved its internal valuation processes to secure this liquidity buffer.

High proportion of property lending in local market

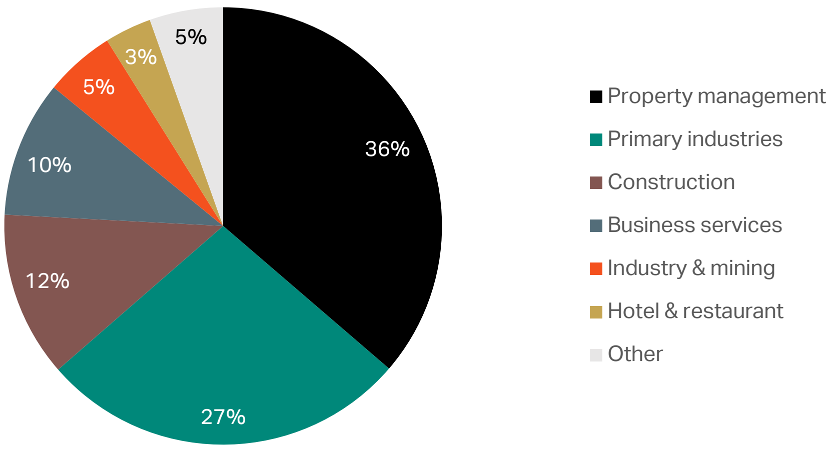
Credit and market risk

Orkla Sparebank's loan portfolio has a sharp regional focus and an emphasis on retail mortgage loans, with more than 90% of lending extended to borrowers in Trøndelag county. The merger with Rindal Sparebank will strengthen this profile since Rindal Sparebank is even more focused on the local retail market (see figures 2 and 3). Housing price volatility is lower in Orkla Sparebank's more rural geographical markets than in Trondheim and housing price growth over the past decade has strengthened the bank's collateral. We expect the bank to increase its mortgage loans to private customers by high single digits until 2027.

Orkla Sparebank's main corporate exposures are property management and agriculture, accounting for 15% of on-balance-sheet loan exposure to the local real-estate market. The bank has failed to meet its growth targets in the corporate market due to low demand, but we expect around 10% growth in corporate loans in 2026 and 2027 due to lower interest rates and pent-up demand. The agriculture sector receives significant government support, lowering credit risk in our view. Conversely, we regard commercial real estate and construction as high-risk sectors which have experienced falling values and demand as interest rates and building costs have increased. We expect the lower interest rates to improve the outlook for commercial property and real-estate development. We note, however, that gross Stage 3 corporate loans remain elevated at nearly 4% as of 30 Jun. 2025, and we forecast elevated provisions through 2027.

Orkla Sparebank maintains conservative sector limits for real-estate and construction lending and does not extend loans to the oil and gas sector, fishing and fish farming or the shipping industry.

Figure 11. Corporate gross loans by sector, 30 Jun. 2025



Source: company.

The bank does not offload its risk for loans transferred to Eika Boligkreditt, and is likely to take back non-performing loans to enable Eika Boligkreditt to maintain a clean cover pool. Where repatriation of loans is not possible, which has yet to occur, Orkla Sparebank guarantees 1% of transferred loans and covers 80% of any net loss incurred by Eika Boligkreditt, with charges netted from commission payments for transferred loans.

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

COMPETITIVE POSITION

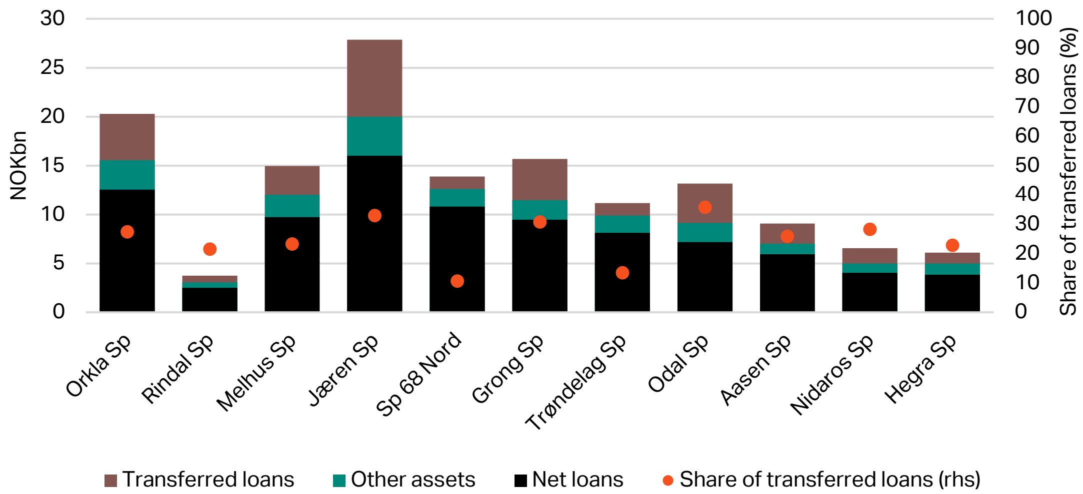
Competitive position

Orkla Sparebank has a regional focus and is the local market leader in retail lending, with a share of more than 50% in its historical core market of Orkland and Rennebu, while Rindal Sparebank is the market leader in Rindal. The bank sees its largest opportunity for growth in Trondheim, which has a population of over 200,000 and where its market share is only about 2%. The bank also has a market share of just over 1% of corporate customers in Trøndelag county. SpareBank 1 SMN is Orkla Sparebank's main competitor, in both the retail and corporate markets. However, competition is stiff in Trondheim, where all of Norway's major banks have a presence.

Membership in the Eika Alliance expands Orkla Sparebank's customer offerings beyond what it could provide by itself, and diversifies revenues. Via the Eika Alliance, Orkla Sparebank provides customers with access to insurance, debit and credit products, asset management and a real-estate agency.

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

Figure 12. Norwegian savings banks business volumes, 30 Jun. 2025



Source: bank reports.

PERFORMANCE INDICATORS

Performance indicators

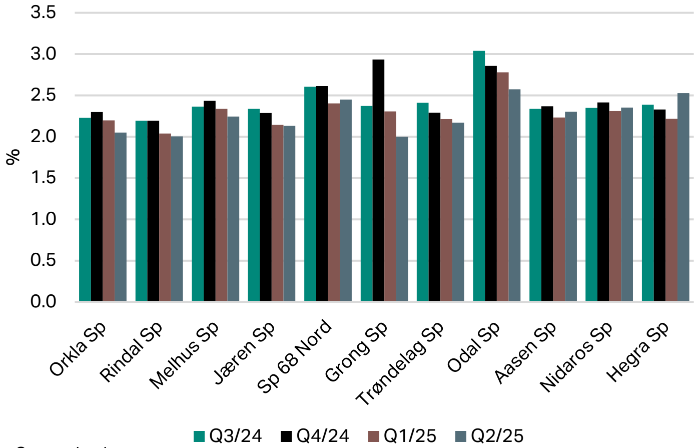
We forecast Orkla Sparebank's core earnings will remain strong with lower interest rates offset by increased demand for credit. We also believe that improved cost efficiency will support earnings in the next few years. We expect these improvements to offset continued elevated loan losses resulting from the ongoing slowdown in the overall economy and weakened commercial real-estate market.

Earnings likely to remain strong

Earnings

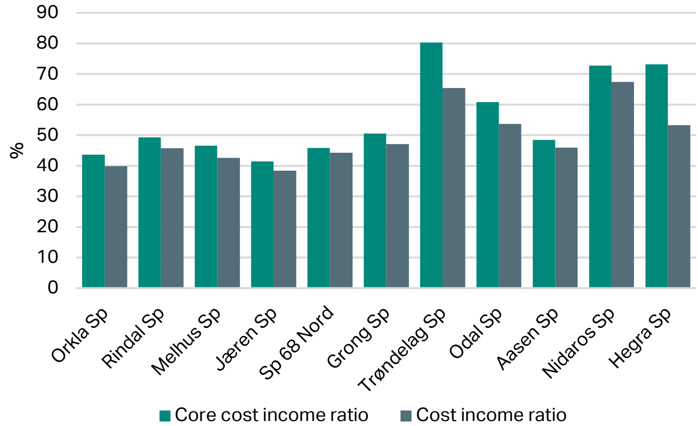
High interest rates have improved Orkla Sparebank's net interest margin since 2022, reversing years of margin pressure due to low interest rates and competition for mortgage loans. We believe, however, that margins peaked in 2024, and we predict further declines in the second half of 2025 and 2026 due to lower interest rates. The bank also earns material fee and dividend income from the Eika Alliance's product companies.

Figure 13. Norwegian savings banks' annualised net interest margins, Q3 2024 – Q2 2025



Source: bank reports.

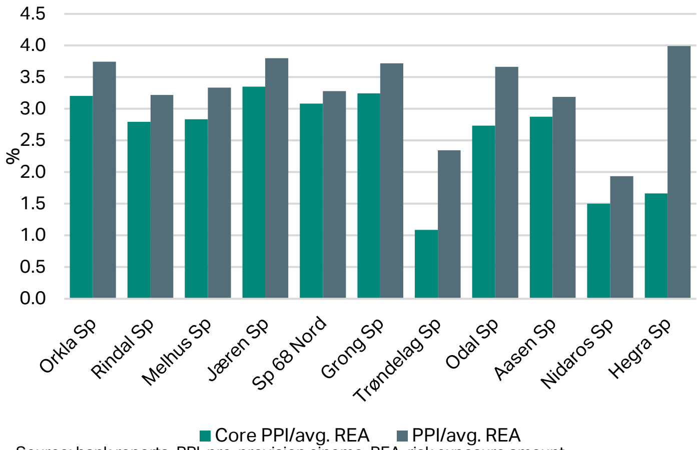
Figure 14. Norwegian savings banks' cost efficiency metrics, LTM to 30 Jun. 2025



Source: bank reports. LTM-last twelve months. Core representes net interest income and net fee & commission income.

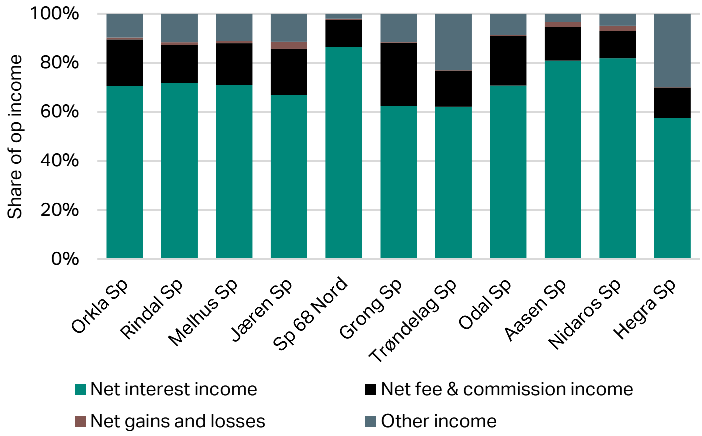
We expect Orkla Sparebank's costs to be increased in 2025 and 2026 as a result of transaction and restructuring costs due to the merger. Moreover, reduced IT costs associated a new Eika IT system are likely to be offset by rising personnel costs. The net effect is that we project stable cost-to-income ratios of around 40% and risk-adjusted pre-provision income (PPI) to REA of just below 3% during our forecast period.

Figure 15. Norwegian savings banks' PPI to REA*, LTM to 30 Jun. 2025



Source: bank reports. PPI-pre-provision cinome. REA-risk exposure amount.

Figure 16. Norwegian savings banks' split between income groups, LTM to 30 Jun. 2025



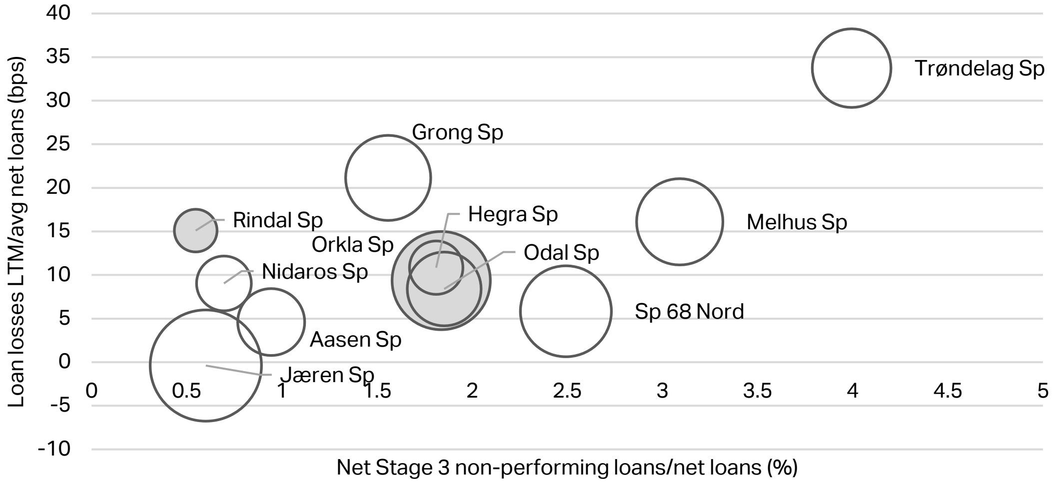
Source: bank reports. *includes dividends from Swedbank AB.

Loss provisions likely to remain elevated

Loss performance

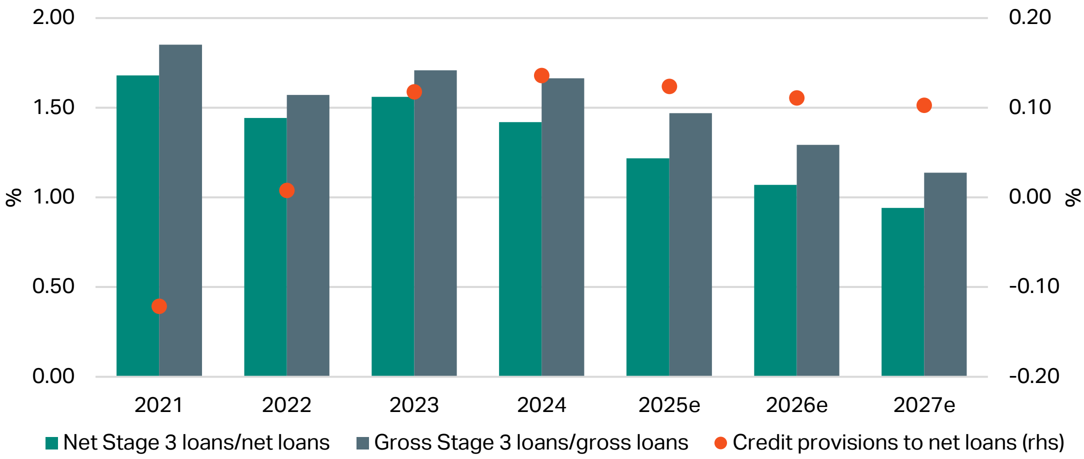
Orkla Sparebank has reported somewhat elevated loan losses since mid-2023. However, we note that the proportion of Stage 2 impaired loans is declining while the proportion of Stage 3 non-performing loans appear to be stabilising. We anticipate that loan losses will remain moderately elevated, given the bank's earnings profile. Orkla Sparebank's Stage 3 lending has historically been higher than its domestic peer group average, and we forecast that it will remain relatively consistent as a proportion of net lending.

Figure 17. Norwegian savings banks' asset quality metrics, 30 Jun. 2025



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

Figure 18. 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 19. Priority ESG factors

Issue/area	Risk/opportunity	Impacted subsections (impact on credit assessment*)
Social engagement in local community	Close connection to narrow regional markets provides a benefit.	Competitive position (+) Funding & liquidity (+) Earnings (+)
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 (0) Loss performance (0)
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 impact of sustainability 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. See ESG factors in financial institution ratings.

ADJUSTMENT FACTORS

Support analysis

We view Orkla Sparebank's ownership as neutral for our standalone credit assessment. Both Orkla Sparebank and Rindal Sparebank operate as self-owned institutions, which means they do not have traditional shareholders. Instead, they are owned by depositors and reinvest profits in local community activities. Many Norwegian savings banks have chosen to issue equity instruments (equity capital certificates) to finance growth or to recapitalise. Thus far, Orkla Sparebank has chosen not to issue equity instruments, but could do so in a process that normally takes up to six months.

ISSUE RATINGS

Our rating on Orkla Sparebank's unsecured senior debt is in line with the 'A-' issuer rating. The bank has outstanding Tier 2 instruments, which we rate one notch below the issuer rating at 'BBB+'. The bank has historically issued Tier 1 instruments and if it chooses to do so again, we expect to rate such instruments three notches below the issuer rating at 'BBB-'.

SHORT-TERM RATING

The 'N2' short-term rating is the higher of two possible alternatives given the 'A-' long-term issuer rating. It reflects the bank's access to central bank funding and our assessment that the bank's liquidity is adequate on the basis of an average liquidity coverage ratio of 359% 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. Orkla 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	66.8	72.2	74.2	72.4	70.6
Net fee income to op. revenue	22.4	18.9	15.8	18.3	18.9
Net gains and losses/operating revenue	-1.4	-1.7	1.8	2.4	0.8
Net other income to op. revenue	12.3	10.7	8.2	6.9	9.8
EARNINGS					
Net interest income to financial assets	1.6	1.8	2.1	2.3	2.1
Net interest income to net loans	1.9	2.1	2.5	2.7	2.6
Pre-provision income to REA	2.1	2.4	3.1	3.7	3.9
Core pre-provision income to REA (NII & NF&C)	1.6	1.9	2.5	3.1	3.2
Return on ordinary equity	7.2	7.0	8.2	9.8	10.9
Return on assets	0.9	0.9	1.1	1.3	1.5
Cost-to-income ratio	55.2	53.1	47.2	41.1	36.0
Core cost-to-income ratio (NII & NF&C)	61.9	58.3	52.5	45.3	40.2
CAPITAL					
CET1 ratio	22.2	22.2	21.8	25.3	21.9
Tier 1 ratio	23.0	23.0	21.8	25.3	22.6
Capital ratio	24.2	24.2	22.8	26.2	23.8
REA to assets	49.2	47.6	47.9	52.3	46.8
Dividend payout ratio					
Leverage ratio	9.5	10.9	10.5	0.0	11.8
Consolidated CET1 ratio	20.4	21.2	21.0	21.0	22.9
Consolidated Tier 1 ratio	21.4	22.2	21.3	21.3	23.2
Consolidated Capital ratio	22.8	23.6	22.6	22.5	24.5
Consolidated Leverage ratio	9.7	9.8	9.6	9.8	9.2
GROWTH					
Asset growth	5.4	6.4	9.6	6.7	5.3
Loan growth	6.5	9.3	5.8	7.7	1.6
Deposit growth	5.2	6.2	16.8	6.2	5.1
LOSS PERFORMANCE					
Credit provisions to net loans	-0.12	0.01	0.12	0.14	0.05
Stage 3 coverage ratio	9.44	8.44	8.97	15.01	11.06
Stage 3 loans to gross loans	1.85	1.57	1.71	1.66	2.06
Net stage 3 loans to net loans	1.68	1.44	1.56	1.42	1.84
Net stage 3 loans/ordinary equity	11.31	9.45	9.83	8.82	11.01
FUNDING & LIQUIDITY					
Loan to deposit ratio	136.9	140.9	127.6	129.4	125.1
Liquid assets to deposit ratio	25.7	22.2	25.5	24.5	29.1
Net stable funding ratio	127.0	135.0	136.0	0.0	130.2
Liquidity coverage ratio	182.0	214.0	480.0	0.0	529.4

Key financials (NOKm)	FY 2021	FY 2022	FY 2023	FY 2024	Q2 2025 YTD
BALANCE SHEET					
Total assets	11,865	12,623	13,833	14,767	15,542
Total tangible assets	11,865	12,623	13,833	14,767	15,542
Total financial assets	11,763	12,526	13,738	14,663	15,444
Net loans and advances to customers	9,903	10,822	11,452	12,331	12,530
Total securities	1,691	1,574	2,028	2,080	2,433
Customer deposits	7,235	7,682	8,975	9,532	10,015
Issued securities	3,026	3,144	2,931	3,145	3,334
of which other senior debt	2,956	3,074	2,861	3,075	3,264
of which subordinated debt	70	70	70	70	70
Total equity	1,522	1,701	1,819	1,984	2,092
of which ordinary equity	1,472	1,651	1,819	1,984	2,092
CAPITAL					
Common equity tier 1	1,297	1,336	1,445	1,951	1,943
Tier 1	1,342	1,382	1,445	1,951	1,943
Total capital	1,412	1,452	1,512	2,021	2,013
REA	5,834	6,011	6,627	7,727	7,270
INCOME STATEMENT					
Operating revenues	270	302	375	445	226
Pre-provision operating profit	121	142	198	262	144
Impairments	-12	1	13	16	3
Net Income	102	109	142	186	111

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

Figure 21. Orkla Sparebank rating scorecard

Subfactors	Impact	Score
National banking environment	10.0%	a
Sector exposure assessment	-	-
Regional assessment	10.0%	bbb+
Cross border assessment	-	-
National factors	-	-
Regional, cross border, sector	-	-
Operating environment	20.0%	a-
Risk governance	7.5%	a-
Capital	17.5%	aa
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		**a-**
Peer comparison		Neutral
Transitions		Neutral
Borderline assessments		Neutral
Stand-alone credit assessment		**a-**
Ownership		Neutral
Capital structure protection		Neutral
Rating caps		Neutral
Material credit enhancement		-
Issuer rating		**A-**
Outlook		Stable
Short-term rating		**N2**

Figure 22. Capital structure ratings

Seniority	Rating
Senior unsecured	A-
Tier 2	BBB+
Additional Tier 1	BBB-

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