

Sparebank 1 Hallingdal Valdres

Full Rating Report

LONG-TERM RATING

A-

OUTLOOK

Stable

SHORT-TERM RATING

N2

PRIMARY ANALYST

Geir Kristiansen
+4790784593
geir.kristiansen@nordiccreditrating.com

SECONDARY CONTACTS

Christian Yssen
+4740019900
christian.yssen@nordiccreditrating.comSean Cotten
+46735600337
sean.cotten@nordiccreditrating.com

RATING RATIONALE

Our 'A-' long-term issuer credit rating on Norway-based SpareBank 1 Hallingdal Valdres (SB1 Hallingdal Valdres) reflects the bank's robust capitalisation and good access to funding. The bank is part of the SpareBank 1 Alliance (SB1 Alliance), which we view as supportive of business diversity, operating efficiency, and liquidity. SB1 Hallingdal Valdres' pre-provision profitability and cost efficiency are in line with those of its peers, particularly in the banking operation. The bank is predominantly a retail lender of residential mortgage loans but also has significant exposure to commercial real estate lending, agriculture and construction.

The rating is constrained by the highly competitive environment in the bank's new growth markets in Oslo and Bergen, strong lending growth ambitions, and uncertainty about the commercial real estate sector.

STABLE OUTLOOK

The outlook is stable, reflecting our view that SB1 Hallingdal Valdres would be resilient to potential elevated, late-cyclical credit losses. This is based on the bank's low risk appetite, strong real estate collateral, and solid capitalisation. Moreover, we expect the bank to maintain strong earnings before loan losses, despite reduced net interest margins as a result of a decline in still-high market interest rates and increased competition.

POTENTIAL POSITIVE RATING DRIVERS

- Consolidated Tier 1 ratio sustainably above 25%; and
- Pre-provision income to risk exposure amount (REA) sustainably above 3%; and
- Reduced uncertainty about credit risk and improved asset quality metrics.

POTENTIAL NEGATIVE RATING DRIVERS

- A lasting reduction in consolidated Tier 1 capital ratio to below 20%.
- Risk-adjusted earnings metrics below 2% of REA or cost/income above 60% over a protracted period.
- A material deterioration in the operating environment or increased risk appetite that negatively affects asset quality.

Figure 1. Key credit metrics, 2021–2027e

%	2021	2022	2023	2024	2025e	2026e	2027e
Net interest margin	1.6	1.8	2.2	2.2	2.1	2.0	2.0
Loan losses/net loans	0.12	0.10	0.23	0.13	0.29	0.13	0.11
Pre-provision income/REA	2.7	2.0	2.4	2.9	2.6	2.4	2.5
Cost-to-income	55.5	62.2	57.2	52.9	53.3	53.9	50.8
Return on average equity	9.6	7.0	8.5	11.3	8.3	7.8	8.7
Loan growth	7.8	9.3	20.3	6.3	6.0	11.5	11.5
CET1 ratio	20.3	19.2	17.9	17.4	19.1	18.8	18.5
Tier 1 ratio	20.5	19.4	18.0	19.3	21.6	21.1	20.6

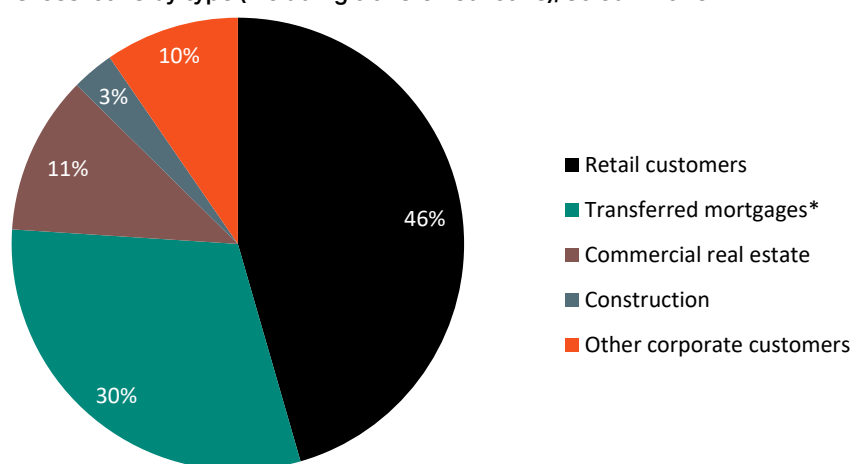
Source: company and NCR. e=estimate. CET1=common equity Tier 1. All metrics adjusted in line with NCR methodology.

ISSUER PROFILE

SB1 Hallingdal Valdres was created when Aal Sparebank and Hemsedal Sparebank merged in 1999, but its roots stretch as far back as 1870. The bank serves six municipalities in the Hallingdal region in Buskerud County and six municipalities in the Valdres region in Innlandet county. The bank has a decentralised organisation spread over eight branch offices in its core market as well as branch offices in Oslo and Bergen, where most of the owners of holiday homes in the core region are located. It employs about 129 full-time equivalent employees and has total lending of NOK 23bn, including loans transferred to the SB1 Alliance covered bond companies SB1 Boligkreditt and SB1 Næringskreditt. SB1 Hallingdal Valdres also owns real estate brokerage EiendomsMegler 1 Fjellmegelen AS (24 employees), and accounting company SB1 Regnskapshuset Hallingdal AS (57 employees).

SB1 Hallingdal Valdres' membership in the SB1 Alliance provides a joint IT platform and enables branding cooperation. The alliance is Norway's second-largest finance group in terms of assets and consists of 12 independent savings banks. In addition, it allows individual banks to offer competitive products and achieve economies of scale in development projects and compliance.

Figure 2. Gross loans by type (including transferred loans), 30 Jun. 2025



Source: company. *To SpareBank 1 Boligkreditt

OPERATING ENVIRONMENT

Operating environment

We consider a balance of national and regional factors in our assessment of the operating environment. SB1 Hallingdal Valdres operates in a region with unemployment levels below the national average, albeit with somewhat weaker-than-national-average possibilities for expansion. The bank also has significant exposure to the Oslo region. 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 offset higher credit risk with strong earnings and capital.

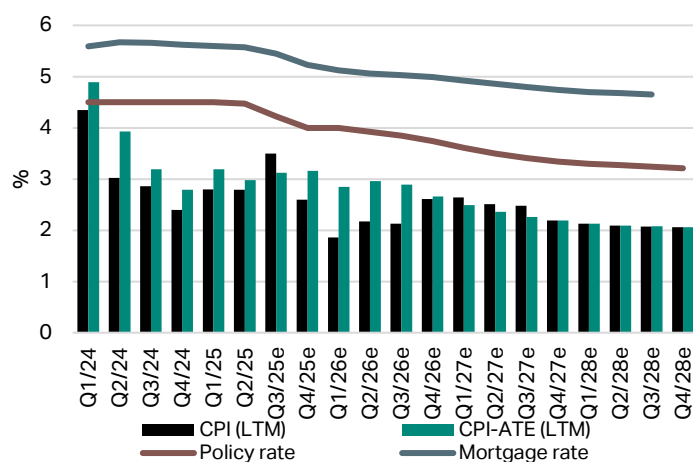
National banking environment

Norwegian banking sector resilient to slowing economic activity

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 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.

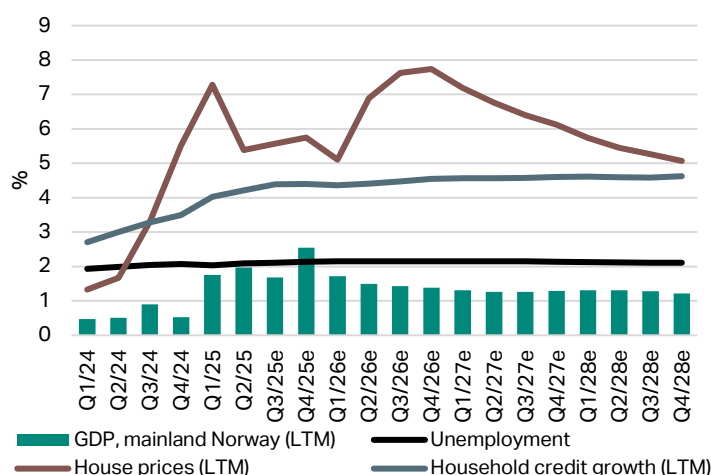
As intended, still-high interest rates are helping to slow the economy. High interest rates and weak economic conditions sparked an increase in loan-loss provisions among domestic savings banks in 2023 and 2024. Loan-loss provisions have declined somewhat in 2025 and we expect interest rate cuts to improve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

Region focused on tourism

Regional, sectoral, and cross-border factors

SB1 Hallingdal Valdres operates in a mountainous region focused on tourism. The tourist season spans three seasons, significantly reducing the impact of seasonality on employment. In addition, the region has a less cyclical economy than other parts of Norway due to high levels of public-sector employment and a large agriculture sector. Construction is the single largest source of private-sector employment in the bank's core markets. The regional population is projected to grow at a lower rate than the national average, although unemployment in the bank's core markets is below the national rate.

Figure 5. Core markets

Municipality	Population 30 Jun. 2025	Expected population change to 2050 (%)	Unemployment, Aug. 2025 (%)	Unemployment, Aug. 2024 (%)
Nord-Aurdal	6,427	1.8	1.6	1.8
Ål	4,825	8.6	0.9	1.1
Gol	4,884	13.3	1.9	1.4
Hol	4,530	8.0	1.3	1.1
Nesbyen	3,268	-6.7	1.5	1.3
Øystre Slidre	3,329	2.0	1.5	1.5
Sør-Aurdal	2,829	-7.2	1.2	1.4
Hemsedal	2,683	29.5	2.9	2.2
Vestre Slidre	2,165	0.6	1.1	1.3
Vang	1,658	19.2	0.8	1.2
Etnedal	1,265	14.8	1.5	0.8
Flå	1,122	16.8	1.4	1.4
Core markets	38,985	6.9	1.5	1.4
Buskerud county	271,428	12.2	2.5	2.2
Innlandet county	377,650	4.7	1.9	1.9
Norway	5,606,944	9.6	2.2	2.0

Source: Statistics Norway, Norwegian Labour and Welfare Administration.

Since establishing branch offices in Oslo in 2022 and Bergen in 2023, the bank has expanded its retail mortgage lending in both cities. Many corporate clients with operations in the bank's core region have headquarters in Oslo. Moreover, many of the bank's retail customers in these cities have holiday homes in the core region. The Oslo-Bergen railway and the principal Oslo-Bergen highway run through the Hallingdal valley and create considerable benefit for commercial interests in the region. A new road (expected to open in 2025) and a railway line (expected to open in 2035) from Oslo to Ringerike municipality will reduce commuting time to Hallingdal significantly.

RISK APPETITE

Risk appetite assessment

Our assessment of SB1 Hallingdal Valdres' risk profile reflects the bank's good access to funding, robust capital, large proportion of residential mortgage lending, and ability to transfer loans to SB1 Boligkreditt and SB1 Næringskreditt. The bank has some regional concentrations in its core markets and a significant proportion of property lending. It also has strong growth objectives relative to other savings banks, which negatively affects our view of risk governance and credit risk.

Adequate risk appetite framework

Risk governance

SB1 Hallingdal Valdres is a medium-sized local bank and its operations are consequently less complex than those of larger competitors. In our opinion, it has an adequate risk appetite framework and internal risk and compliance tools. However, we note that strong loan growth, particularly outside the core region, represents a challenge in terms of risk governance, funding and capital adequacy. In our view, SB1 Hallingdal Valdres has allocated adequate resources to combat money laundering and improve customer surveillance and compliance. The SB1 Alliance helps member banks to deal with compliance issues and provides resources for future development.

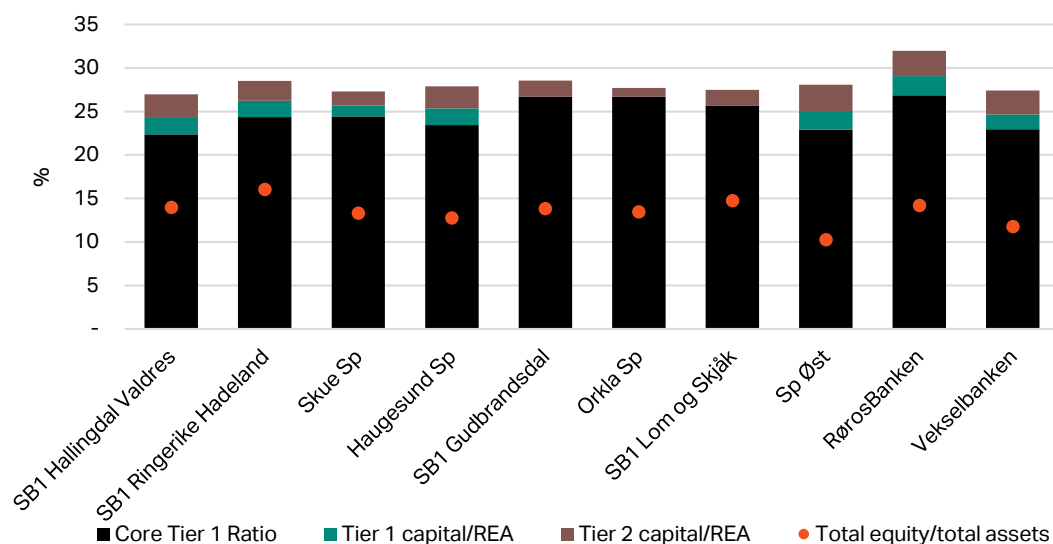
SB1 Hallingdal Valdres has established credit-related guidelines to assess climate and sustainability risks for its corporate customers. The bank's cooperation with the SB1 Alliance provides additional resources for future development in this area.

Capital ratios boosted by CRR3

Capital

Our capital assessment takes into consideration SB1 Hallingdal Valdres' consolidated position, including its proportional holdings in product companies owned jointly by the SB1 Alliance. As of 30 Jun. 2025, the consolidated CET1 ratio was 18.9% and the Tier 1 ratio 20.8%. Implementation of CRR3 has increased the CET1 ratio by about 1.7pp. The regulatory CET1 requirement is currently 15.3%, and the bank's target, including management buffers, is 17.3%. The reported capital ratios would have been 0.5pp higher if 50% of the current year's profit had been included. However, we expect a negative impact (about 0.7pp) from increased risk weights for mortgage loans in SB1 Boligkreditt from the third quarter of 2025.

Figure 6. Norwegian savings banks' capital ratios* and loan growth, 30 Jun. 2025



Source: bank reports.

SB1 Hallingdal Valdres has proven ability to increase its capitalisation, if needed. Following a period of strong growth in 2022 and 2023, the bank needed to increase capital ratios. It responded by cutting its annual dividend on equity capital certificates (ECCs) for 2023 and by issuing a first additional Tier 1 capital instrument and new equity through an ECC issue in 2024.

Funding and liquidity

Extensive use of off-balance-sheet funding

SB1 Hallingdal Valdres' funding profile is diverse, with a relatively stable and varied retail deposit base and a high level of guaranteed deposits. The bank's 10 largest depositors account for 11% of total deposits and the largest single depositor for 1.7%. However, since 2023 on-balance-sheet loan growth has largely been funded in the bond market. As of 30 Jun. 2025, the liquidity coverage ratio was 160% and the net stable funding ratio 129%, well above the bank's internal limits of 110% for both. The bank has an on-balance liquidity reserve corresponding to 14% of deposits.

SB1 Hallingdal Valdres actively uses the covered bond companies owned by the SB1 Alliance as a funding source, particularly for retail mortgage lending. As of 30 Jun. 2025, the bank had transferred NOK 6.9bn to SB1 Boligkreditt, representing 40% of mortgage lending (including transferred loans), unchanged from a year earlier. We do not believe that this proportion will increase further, given the bank's internal limits. The bank retains a significant buffer of loans that can be transferred to the covered bond companies as a liquidity reserve.

SB1 Hallingdal Valdres has obtained NOK 3.8bn through the issue of senior unsecured bonds, with NOK 600m maturing in the next 12 months. The bank has a green bond framework and issued a first green bond in 2020. The average time to maturity is 2.7 years, which we believe reduces refinancing risk. We believe that the bank will increase its utilisation of the bond market to fund growth.

Figure 7. Deposit metrics, 2021-2027e

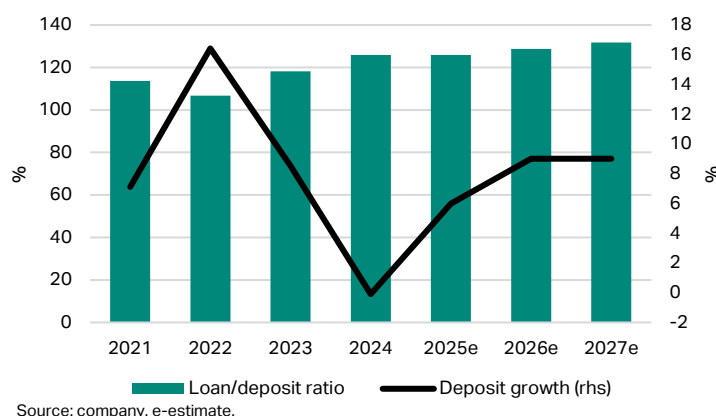
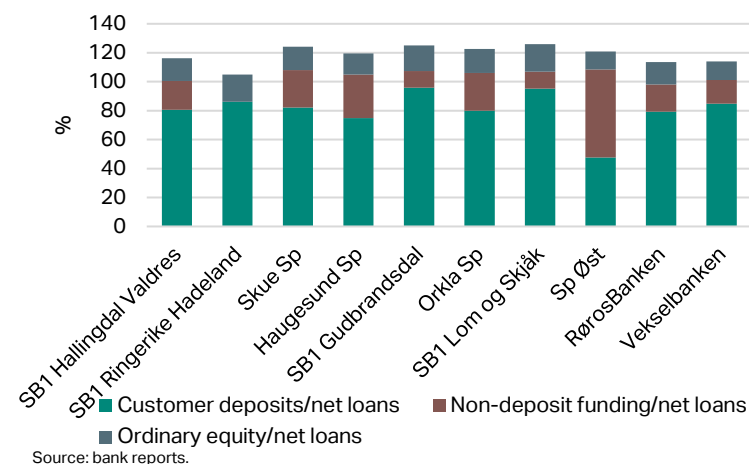


Figure 8. Domestic peer group funding profiles, 30 Jun. 2025



Strong growth outside core region

Credit and market risk

SB1 Hallingdal Valdres' loan growth was a moderate 6.4% in 2024 and 2.3% in the first six months of 2025. However, ambitions are higher, and we estimate loan growth of 12% in 2026 and 2027, mainly due to strong growth in mortgages to private customers outside the core region.

Some 60% of SB1 Hallingdal Valdres' on-balance-sheet loan portfolio consists of retail mortgage lending to regional customers. These loans mostly have loan-to-value ratios below 70%. More than 50% of loan growth is associated with Oslo and Bergen. While we see high growth as a risk factor, the focus on mortgage loans in Norway's growth regions reduces regional concentration risk.

Apart from retail customers, SB1 Hallingdal Valdres' main sectoral exposure is to property management, agriculture and construction. The property management and construction sectors are currently under pressure due to high interest rates, which have lowered collateral values.

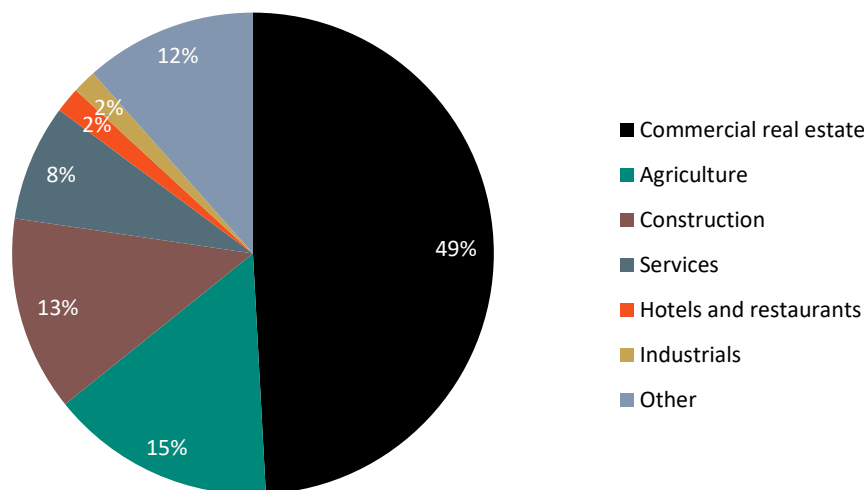
Credit risk associated with transferred mortgages and commercial loans is transferred to the SB1 Alliance's covered-bond companies. The risk that remains with the bank is ownership risk in the SB1 Alliance companies and a pro-rata 12-month liquidity guarantee (which can be passed on to the central bank via the deposit of covered bonds).

SB1 Hallingdal Valdres' high concentration of local real estate collateral could be negatively affected by significant climate events or flooding in the core region of operation. In addition, increased climate volatility and higher temperatures could negatively affect the performance of tourism and agricultural

businesses to which the bank has exposure. We take a positive view of the bank's evaluation of its exposure to climate risk and its incorporation of climate risk assessments into its credit processes.

We do not consider market risk to be material for SB1 Hallingdal Valdres, given the lack of a trading portfolio and the bank's low limits on interest rate risk and currency risk.

Figure 9. Corporate gross loans by sector (excluding transferred loans), 30 Jun. 2025



Source: company. *To SpareBank 1 Boligkreditt

COMPETITIVE POSITION

Competitive position

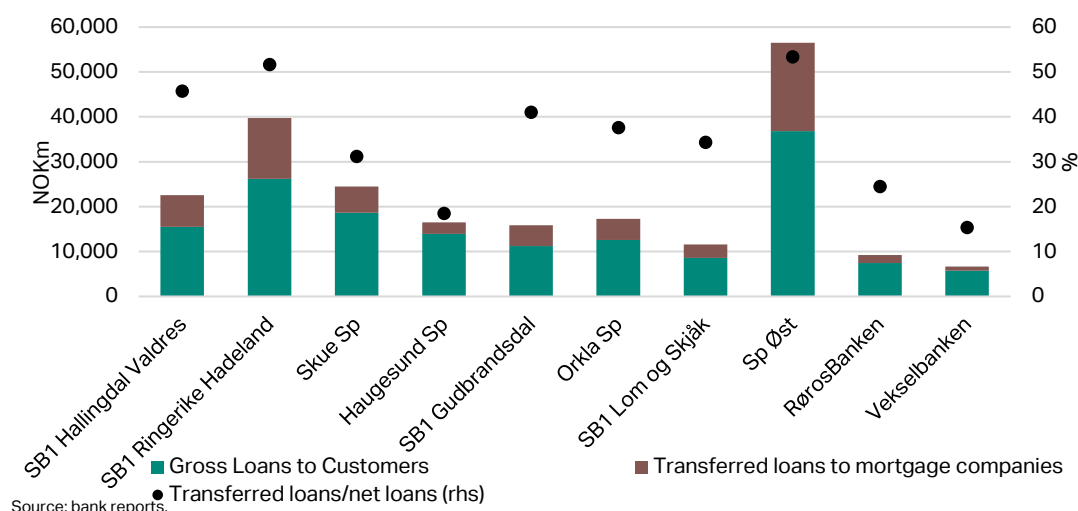
SB1 Hallingdal Valdres' core markets are located in the Hallingdal and Valdres region. The bank is a market leader in the municipalities of Ål, Gol and Hemsedal in Hallingdal and the municipalities of Øystre Slidre and Northern Aurdal in Valdres. Elsewhere in the core region, the bank faces strong competition, particularly from DNB and Skue Sparebank.

About 50% of SB1 Hallingdal Valdres' customers are located outside this primary market area with a large proportion in the Oslo area. By focusing on prospective retail customers outside its core areas of operation, the bank differs from many of its peers. The bank has positioned itself as a niche lender in both Oslo and Bergen and also uses agents to market its lending products nationally.

SB1 Hallingdal Valdres has a larger proportion of revenue from fee and commission income than its peers (see Figure 12). While this is mainly due to a higher proportion of transferred loans, the bank also has growing real estate brokerage and accountancy businesses. In addition, these businesses create cross-selling opportunities for the banking operation. We view the bank's relationship with the SB1 Alliance as beneficial, as it diversifies both the product offering and revenue streams.

We consider SB1 Hallingdal Valdres' meaningful role in and financial contributions to its local community as a positive rating factor, as they strengthen the bond between the bank and its customers. A large part of the bank's dividends goes to the local community through the owners, in addition to direct donations from the bank.

Figure 10. Peer group gross lending, 30 Jun. 2025



PERFORMANCE INDICATORS

Performance indicators

SB1 Hallingdal Valdres has somewhat lower profitability than its high-performing peer group average. This is largely due to lower net interest margins and high cost-to-income levels at subsidiaries. The core banking business is performing in line with the wider peer group. We believe that loan losses peaked in the 12 months to June 2025. Non-performing loans declined in the first six months of 2025 and net Stage 3 loans are moderate in comparison with those of the bank's domestic peers.

High cost levels at subsidiaries

Earnings

The bank's earnings have been significantly affected by one-off items recent years. In the first half of 2025, the bank booked a NOK 34m gain on the sale of shares in Samabeidende Sparebanker AS and NOK 44m in miscellaneous one-off costs. We do not include one-off items in our forecasts, but note that the bank has initiated several cost-cutting projects. We believe that increased competition and lower interest rates will negatively affect margins from 2025 onwards.

Figure 11. Domestic peer group cost efficiency metrics, LTM to 30 Jun. 2025

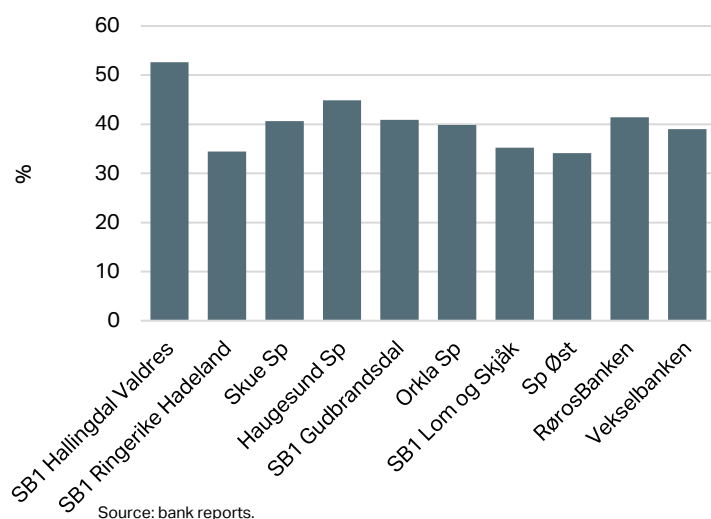
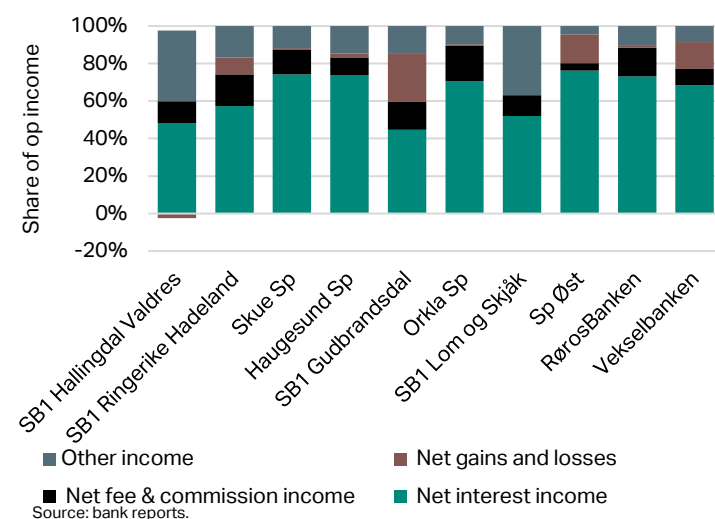


Figure 12. Domestic peer group income group split, LTM to 30 Jun. 2025



SB1 Hallingdal Valdres focuses on relationship banking. It has a relatively extensive branch network and also sells through agents. While this arrangement drives costs, the main reason for the bank's higher-than-average cost-to-income ratio is high costs at its subsidiaries. Cost-to-income at the parent bank was 44% the first six months of 2024 compared with 52% on a consolidated basis (excluding gains on sales of securities).

Figure 13. Domestic peer group PPI to REA, LTM to 30 Jun. 2025

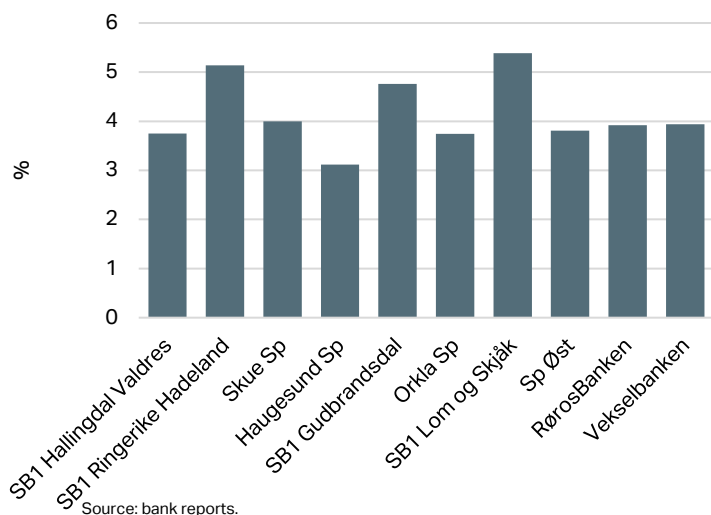
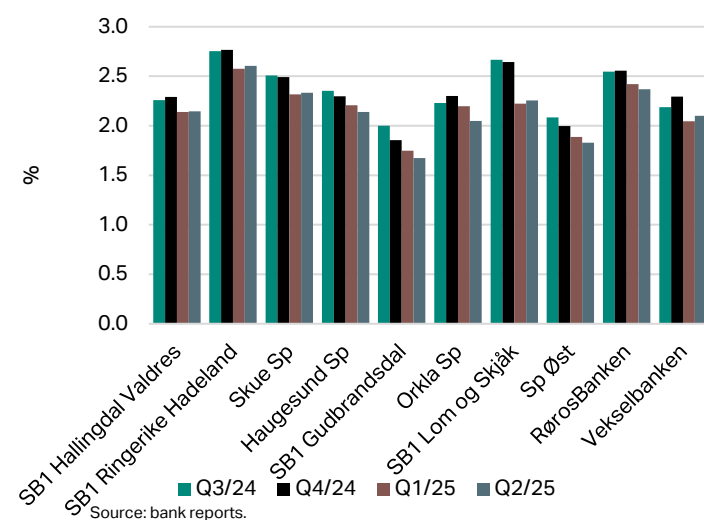


Figure 14. Domestic peer group annualised net interest margins, Q3 2024–Q2 2025

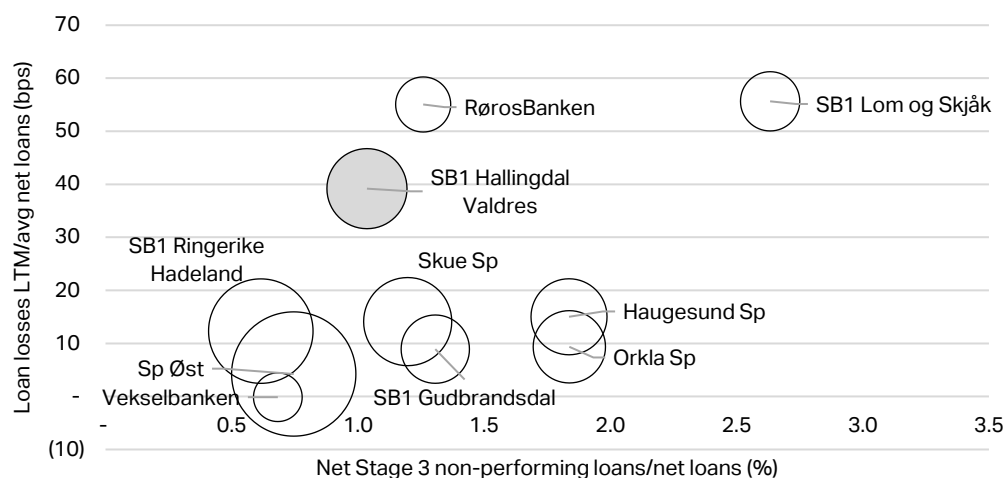


Moderate level of non-performing loans

Loss performance

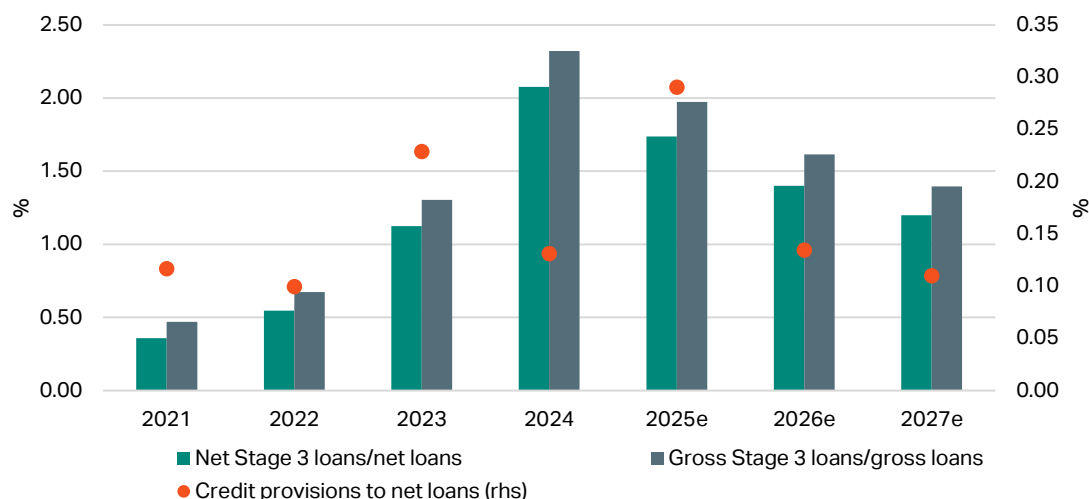
SB1 Hallingdal Valdres reported NOK 43m in loan losses in the first six months of 2025. This is mostly related to the restructuring of a corporate loan, which will lead to a reduction of Stage 3 loans in the third quarter. We believe that loan losses have peaked, although negative performance by certain individual credits could have significant negative effect on earnings. We anticipate that loan losses will remain higher than the bank's historical average over the near term as still-high interest rates continue to act as a burden on borrowers, particularly corporate customers.

Figure 15. Domestic peer group asset quality metrics, 30 Jun. 2025



Source: bank reports.

Figure 16. 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 SB1 Hallingdal Valdres' ESG profile as having a neutral impact on its creditworthiness.

Figure 17. 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 (+)
Sustainable/green-bond framework	Diversity of funding sources, access to additional markets/investors.	Funding & liquidity (+)
Anti-money laundering capacity	Risk of sanctions and fraud due to insufficient reviews of customers.	Risk governance (-)
Control of sustainability issues	Risk of overlooking sustainability impacts 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. See [ESG factors in financial institution ratings](#).

ADJUSTMENT FACTORS

Support analysis

We do not adjust our rating on SB1 Hallingdal Valdres to reflect expectations of additional support as we see limited potential for extraordinary support from the owners. SB1 Hallingdal Valdres has been owned by two savings bank foundations since 2012, when it merged with Øystre Slidre Sparebank.

Currently, the bank is not publicly listed but has the option to issue new ECCs and list them on the Oslo Stock Exchange. The bank's ECC ratio (proportion of equity and profit) is about 91%. The ECCs are currently owned by the two foundations, whose main income comes from dividends from the bank. These are used to fund various activities in the local community, and the foundations have limited resources to support the bank.

Figure 18. Ownership structure, 25 Sep. 2025

Owner	Share of capital
Sparebankstiftelsen Hallingdal	88.5%
Sparebankstiftelsen Øystre Slidre	11.5%
Total	100.0%

Source: company.

ISSUE RATINGS

Our rating on SB1 Hallingdal Valdres' unsecured senior debt is in line with the 'A-' long-term issuer rating. The bank has outstanding Tier 2 and Additional Tier 1 instruments, which we rate one and three notches below the issuer rating, respectively, at 'BBB+' and '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 SB1 Hallingdal Valdres' 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 about 179% 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 19. SB1 Hallingdal Valdres 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	41.4	53.5	61.6	53.4	50.8
Net fee income to op. revenue	16.6	16.7	12.9	10.3	12.1
Net gains and losses/operating revenue	7.1	-3.3	6.2	4.6	-2.6
Net other income to op. revenue	34.9	33.1	19.3	31.6	39.7
EARNINGS					
Net interest income to financial assets	1.6	1.8	2.2	2.2	2.1
Net interest income to net loans	1.9	2.2	2.7	2.6	2.5
Pre-provision income to REA	3.0	2.2	2.7	3.4	3.5
Core pre-provision income to REA (NII & NF&C)	0.2	0.5	1.1	0.8	0.8
Return on ordinary equity	9.6	7.0	8.5	11.8	9.8
Return on assets	1.3	0.9	1.0	1.4	1.3
Cost-to-income ratio	55.5	62.2	57.2	52.9	52.4
Core cost-to-income ratio (NII & NF&C)	95.7	88.6	76.8	83.0	83.3
CAPITAL					
CET1 ratio	21.2	20.3	18.5	20.8	22.4
Tier 1 ratio	21.2	20.3	18.5	22.7	24.4
Capital ratio	22.7	21.7	20.3	20.8	27.0
REA to assets	55.3	53.4	55.6	57.5	52.7
Dividend payout ratio	46.4	29.9	40.5		
Leverage ratio	11.6	10.4	0.0	12.5	12.1
Consolidated CET1 ratio	20.3	19.2	17.9	17.4	18.9
Consolidated Tier 1 ratio	20.5	19.4	18.0	19.3	20.8
Consolidated Capital ratio	22.2	20.9	19.8	21.7	23.4
Consolidated Leverage ratio	9.6	8.9	8.6	8.8	8.8
GROWTH					
Asset growth	7.6	12.7	14.1	5.3	2.8
Loan growth	7.8	9.3	20.3	6.3	2.3
Deposit growth	7.1	16.4	8.5	-0.1	3.7
LOSS PERFORMANCE					
Credit provisions to net loans	0.12	0.10	0.23	0.13	0.57
Stage 3 coverage ratio	24.15	19.28	14.13	11.15	32.48
Stage 3 loans to gross loans	0.47	0.67	1.30	2.32	1.52
Net stage 3 loans to net loans	0.36	0.55	1.13	2.08	1.04
Net stage 3 loans/ordinary equity	2.14	3.45	7.89	13.66	6.64
FUNDING & LIQUIDITY					
Loan to deposit ratio	113.6	106.7	118.2	125.8	124.1
Liquid assets to deposit ratio	22.7	25.8	21.5	20.1	20.4
Net stable funding ratio	0.0	133.4	131.0	130.3	128.7
Liquidity coverage ratio	141.0	168.8	161.0	179.0	160.5

Key financials (NOKm)	FY 2021	FY 2022	FY 2023	FY 2024	Q2 2025 YTD
BALANCE SHEET					
Total assets	13,282	14,972	17,082	17,991	18,493
Total tangible assets	13,281	14,972	17,074	17,984	18,485
Total financial assets	12,869	14,559	16,673	17,397	17,867
Net loans and advances to customers	10,729	11,726	14,107	14,999	15,344
Total securities	1,079	1,233	1,247	1,686	1,815
Customer deposits	9,443	10,994	11,931	11,920	12,363
Issued securities	1,677	1,883	2,925	3,310	3,323
of which other senior debt	1,557	1,762	2,748	3,054	3,066
of which subordinated debt	120	121	177	257	257
Total equity	1,795	1,858	2,012	2,480	2,587
of which ordinary equity	1,795	1,858	2,012	2,280	2,395
CAPITAL					
Common equity tier 1	1,554	1,618	1,759	2,151	2,182
Tier 1	1,554	1,619	1,759	2,350	2,374
Total capital	1,665	1,731	1,925	2,151	2,631
REA	7,342	7,988	9,494	10,347	9,748
INCOME STATEMENT					
Operating revenues	472	454	557	706	370
Pre-provision operating profit	210	172	239	333	176
Impairments	12	11	30	19	43
Net Income	167	128	165	253	114

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

Figure 20. SB1 Hallingdal Valdres 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%	bbb+
Risk governance	7.5%	a-
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%	bbb-
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 21. Capital structure ratings

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

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