Jæren Sparebank

LONG-TERM RATING

A-

OUTLOOK

Stable

SHORT-TERM RATING

N2

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Jæren Sparebank 'A-' long-term issuer rating affirmed with stable outlook; removed from criteria review

Nordic Credit Rating (NCR) has affirmed its 'A-' long-term issuer rating on Norway-based Jæren Sparebank. The outlook is stable. The 'N2' short-term rating, 'A-' senior unsecured issue rating, 'BBB+' Tier 2 issue rating, and 'BBB-' 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 affirmation reflects the bank's strong capitalisation, low risk appetite, robust underwriting and favourable market position. The bank's cooperation agreement with the Eika banking alliance is viewed positively, as it provides product diversity, shared development costs and access to residential retail mortgage financing through Eika Boligkreditt. We expect the bank to maintain strong earnings and cost efficiency even as Norwegian policy interest rates decline. Loan losses are expected to remain modest despite the current economic slowdown in Norway, and we anticipate that credit metrics will continue to improve from already strong levels. However, the bank's capital ratios are likely to remain below previous expectations, primarily due to robust loan growth and high dividends. We view the bank's long-term ownership by two foundations positively, given their available liquidity and capacity to support future capital injections.

The rating is constrained by the bank's concentrated exposure to real estate and agricultural collateral in Jæren, Rogaland county, on Norway's west coast. Rogaland's significant role in oil and gas production increases economic volatility relative to the national average, but also supports strong economic conditions and low unemployment.

Stable outlook

The stable outlook reflects our view that the bank's loan book remains resilient in a weak economic environment and that credit metrics are likely to continue improving. The bank's moderate risk appetite, strong real estate collateral and stable earnings should support resilience to a modest economic slowdown, despite the potential for higher credit losses.

We could raise the rating if the bank increases its scale and improves its competitive position, demonstrates a commitment to maintaining material regulatory capital buffers and a Tier 1 ratio above 21%, or reports pre-provision profit sustainably above 3.0% of risk exposure amount.

We could lower the rating if there is a significant downturn in the operating environment that negatively affects asset quality, a sustained decline in the Tier 1 ratio below 18%, or risk-adjusted earnings metrics fall below 2% of risk exposure amount.

Rating list	To	From
Long-term issuer credit rating:	A-	A-
Outlook:	Stable	Positive
Short-term issuer credit rating:	N2	N2
Senior unsecured issue rating:	A-	A-
Tier 2 issue rating:	BBB+	BBB+
Additional Tier 1 issue rating:	BBB-	BBB-

Figure 1. Jæren Sparebank rating scorecard

Subfactors	Impact	To	From
National banking environment	10.0%	a	-
Sector exposure assessment	-	-	-
Regional assessment	10.0%	bbb+	-
Cross border assessment	-	-	-
National factors	-	-	a
Regional, cross border, sector	-	-	bbb+
Operating environment	20.0%	a-	a-
Risk governance	7.5%	a	a
Capital	17.5%	a	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%	bbb	bbb
Earnings	7.5%	a+	a+
Loss performance	7.5%	aa-	a
Performance indicators	15.0%	a+	a
Indicative credit assessment		**a-**	**a-**
Peer comparison		Neutral	Neutral
Transitions		Neutral	Neutral
Borderline assessments		Neutral	Neutral
Stand-alone credit assessment		**a-**	**a-**
Ownership		Neutral	Neutral
Capital structure protection		Neutral	-
Rating caps		Neutral	Neutral
Material credit enhancement		-	Neutral
Issuer rating		**A-**	**A-**
Outlook		Stable	Positive
Short-term rating		**N2**	**N2**

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	A-	A-
Tier 2	BBB+	BBB+
Additional Tier 1	BBB-	BBB-

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 Nov. 2022.
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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