Nordic Credit Rating

FINANCIAL INSTITUTION

Norway
6 Nov. 2025

Skue 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 Skue Sparebank reflects the bank's solid capital position, low risk appetite and strong profitability. The bank has a cooperation agreement with 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 Eika Boligkreditt. We believe that the bank will report relatively strong and stable earnings through 2026, which will enable it to bear elevated loan losses due to a slowdown in the overall economy. We expect the merger with Tinn Sparebank in the fourth quarter of 2025 to expand the bank's geographical footprint, but not to have a material effect on its earnings metrics or credit risk.

The rating is constrained by stiff competition and the bank's low market share in the more populous areas of Buskerud County in eastern Norway. Also constraining the rating is the bank's concentrated exposure to commercial real estate and retail mortgages in the region where it operates.

STABLE OUTLOOK

The outlook is stable, reflecting our view that Skue Sparebank will report strong earnings as merger-related expenses decline, with cost synergies and higher fee income offsetting moderate margin pressure. We also expect the bank's credit metrics to improve over the next 12 months, partly due to lower interest. However, we anticipate that the positive impact of implementing the EU's Capital Requirements Regulation III (CRR III) on capital ratios will diminish over time.

POTENTIAL POSITIVE RATING DRIVERS

- Commitment to maintaining material regulatory capital buffers and a Tier 1 ratio sustainably above 22%.

POTENTIAL NEGATIVE RATING DRIVERS

- A deterioration in the local operating environment that hampers the bank's asset quality.
- A sustained decrease in the Tier 1 capital ratio to below 18%.
- Risk-adjusted earnings metrics sustainably below 2.0% of the risk exposure amount (REA).

Figure 1. Key credit metrics, 2021–2027e

%	2021	2022	2023	2024	2025e	2026e	2027e
Net interest margin	1.83	2.06	2.37	2.35	2.33	2.30	2.25
Loan losses/net loans	-0.05	0.02	0.14	0.15	0.13	0.09	0.08
Pre-provision income/REA*	2.2	2.6	3.2	2.8	3.2	3.2	3.2
Cost-to-income	47.1	43.1	37.8	40.8	41.6	41.7	40.1
Return on ordinary equity	8.7	9.1	9.6	12.2	10.3	10.3	11.2
Loan growth	6.4	8.1	5.2	33.2	18.0	8.0	8.0
CET1 ratio*	18.5	19.9	20.1	20.0	23.5	22.0	20.4
Tier 1 ratio*	20.1	21.6	21.6	21.2	24.9	23.3	21.6

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

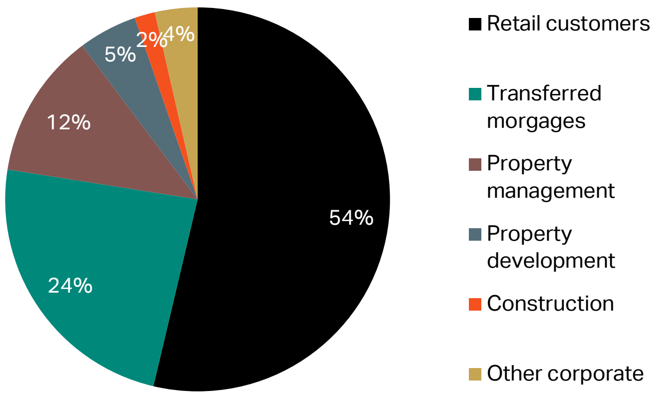
ISSUER PROFILE

Skue Sparebank's roots date back to 1843 in Hallingdal. The bank merged with Hønefoss Sparebank in 2020, making a large slice of Buskerud county its core market In Oct. 2024, the bank merged with HjartdalBanken. In Nov. 2025, it will merge with Tinn Sparebank (gross lending of NOK 3.6bn, including loans transferred to Eika Boligkreditt), further expanding its presence in Telemark county. Combined gross lending was NOK 31.5bn as of 30 Jun. 2025, including NOK 6.4bn in transferred loans.

Skue Sparebank focuses more on core banking than most similarly sized Norwegian savings banks and does not have fully owned product companies. However, as a member of the Eika alliance, it has access to and holds minority positions indirectly in product companies. In addition to providing access to lending, savings and insurance products, the alliance also helps to improve cost efficiency through the sharing of IT costs and joint efforts in risk management and compliance. Moreover, the alliance provides financing through a jointly owned covered-bond company, Eika Boligkreditt.

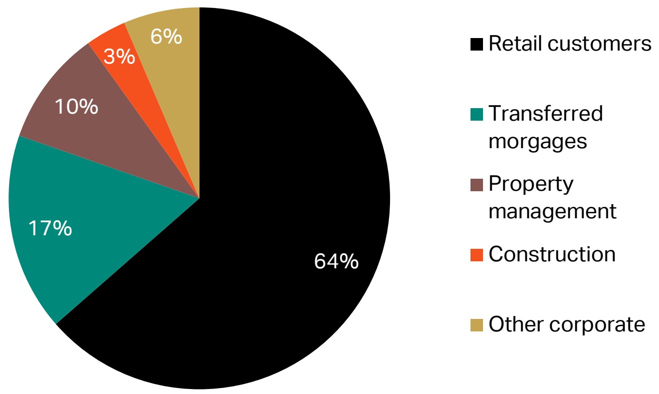
The bank has equity capital certificates (ECCs) that trade on the Oslo Stock Exchange.

Figure 2. Skue Sparebank gross loans by type, including transferred loans, 30 Jun. 2025



Source: company. *Net loans transferred to Eika Boligkreditt.

Figure 3. Tinn Sparebank gross loans by type, including transferred loans, 30 Jun. 2025



Source: company. *Net loans transferred to Eika Boligkreditt.

OPERATING ENVIRONMENT

Operating environment

We consider both national and regional factors in our assessment of the operating environment. Skue Sparebank operates in a region with above-average growth prospects, supported by its location along the main transport route between western and eastern Norway and the proximity of its southern areas to Oslo, the capital. While we expect the national economy to weaken over the next few years due to reduced activity and persistent high inflation, we consider the Norwegian banking sector well positioned to offset higher credit risk through strong earnings and capital.

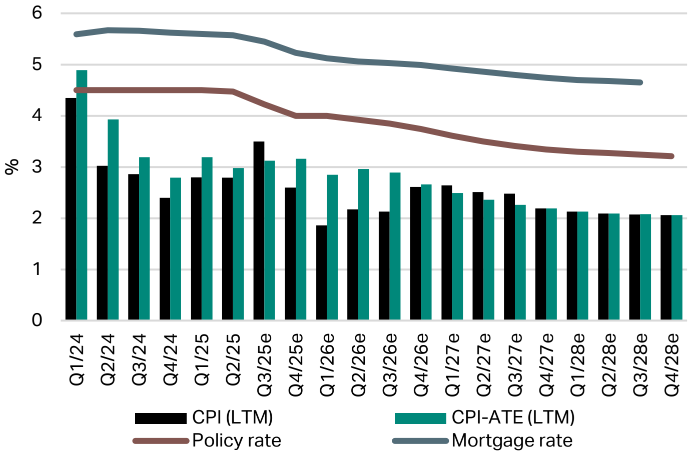
Norwegian savings banks resilient to slowing economic activity

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.

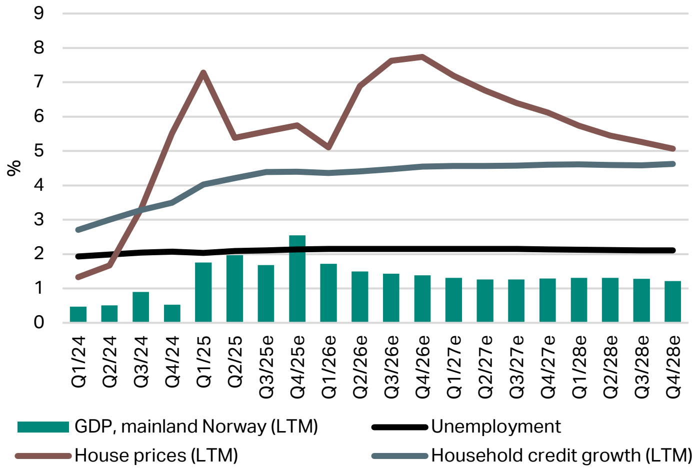
As intended, still-high interest rates are helping to slow the economy. High interest rates and weak economic conditions sparked an increase in loan-loss provisions among domestic savings banks in 2023 and 2024. Loan-loss provisions declined somewhat in 2025 and we expect interest rate cuts to improve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

Present across a diversified region

Regional, sectoral, and cross-border factors

Skue Sparebank has a large presence in highly diverse Buskerud county, which includes mountainous areas with a strong tourism industry in the north and a highly industrialised coastal area in the south. While the bank's presence is strongest in the northern and central parts of the county, the southern portion offers the greatest growth opportunities. This area is also part of the greater Oslo growth region, and Drammen port is an important hub for the import of goods. The Hallingdal Valley is home to the Oslo-Bergen railway and the fastest Oslo-Bergen road link, both of which have benefited commercial interests in the region. A new road (expected to open in 2025) and railway line (expected to open in 2035) from Oslo to Ringerike will reduce commuting time significantly and has already boosted business activity in the region.

Figure 6. Core markets

Region	Population	Expected population change 2025–2050 (%)	Unemployment Sept. 2025	Unemployment Sept. 2025
Core region Buskerud*	203,449	9.4	2.3	2.3
Core region Telemark*	37,714	4.1	2.1	2.2
Total Core Region	**241,163**	**8.6**	**2.3**	**2.2**
Buskerud county	371,428	12.2	2.4	2.5
Telemark county	177,853	4.6	2.3	2.3
Norway	**5,606,944**	**9.6**	**2.1**	**2.2**

Source: Statistics Norway, Norwegian Labour and Welfare Administration. *Municipalities served by branch offices.

The acquisition of Hjartdalbanken and Tinn Sparebank provides Skue Sparebank with a strong position in the eastern part of Telemark County, south of its traditional core region. The county includes extensive agricultural areas as well as more industrialised communities such as Notodden and Tinn.

Overall, population growth in Skue Sparebank's market is expected to slightly trail Norway's national rate, while unemployment remains somewhat higher than the national average.

RISK APPETITE

Risk appetite assessment

Skue Sparebank's risk profile assessment reflects the bank's strong capital and liquidity buffers, large share of low-risk exposure to the residential mortgage market, and its ability to transfer loans to Eika Boligkreditt. The bank has a regional concentration, though, particularly in the local real-estate markets.

Low risk appetite and increased focus on sustainability

Risk governance

In our view, Skue Sparebank's risk governance framework, risk appetite, limit monitoring, and risk reporting are in line with larger Nordic savings banks and above average compared with savings bank peers. The bank has low complexity and very low risk appetite beyond credit risk. Furthermore, the bank has well-defined guidelines to support anti-money laundering (AML) in its daily operations, reducing the risk of related losses and fines, which the Norwegian regulator has levied on some banks.

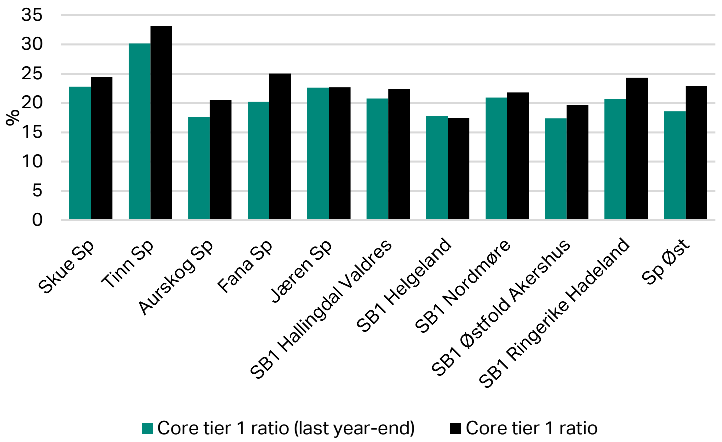
Both Skue Sparebank, HjartdalBanken and Tinn Sparebank were members of the Eika alliance, which we believe smooths the merger processes. The cooperation with the Eika alliance provides additional resources for future development in sustainability. Skue Sparebank has established credit-related guidelines to assess climate and sustainability risks for its corporate and agricultural customers. It has also established a green bond framework.

We project a decline in capital ratios

Capital

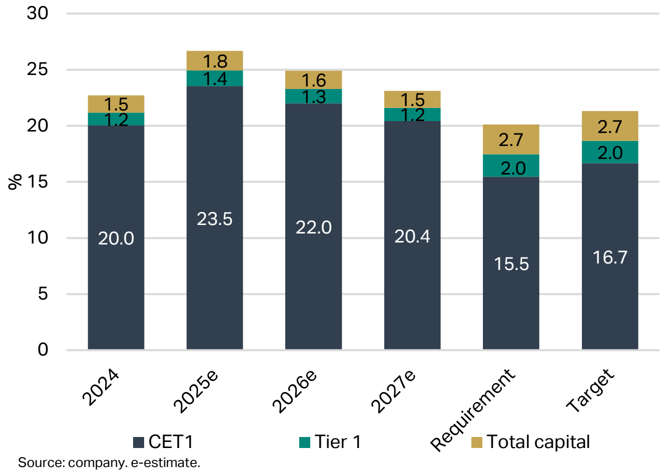
Our capital assessment considers the bank's consolidated capital position, including its proportionate holdings in Eika Gruppen and Eika Boligkreditt. Skue Sparebank's Tier 1 capital ratio was 22.8% as of 30 Jun. 2025, well above the minimum requirement of 18.7% (including a management buffer at 1.25%). The bank has a Pillar 2 requirement of 2.6%, which has remained unchanged since 2022. We note that the implementation of CRR3 in the second quarter of 2025 increased the Tier 1 capital ratio to 3.7pp from the previous level. However, cash transfers to new foundations (see Support analysis below) reduced the Tier 1 ratio by 1.7pp. We expect the merger with Tinn Sparebank, which had a Tier 1 capital ratio of 31.4% as of 30 Jun. 2025, to further strengthen capitalisation to 24.9% by end-2025.

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



Source: bank reports.

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



Source: company. e-estimate.

We expect Skue Sparebank to grow its on-balance-sheet loan book by approximately 8% per year through 2027, with return on equity forecast 10-11% in the period. Following its conversion to a foundation model, we anticipate the bank will distribute 100% of net profit as dividends and donations, reflecting perceived overcapitalisation during the period. This is expected to lead to declining capital ratios through 2027.

Eika Boligkreditt is a key funding source

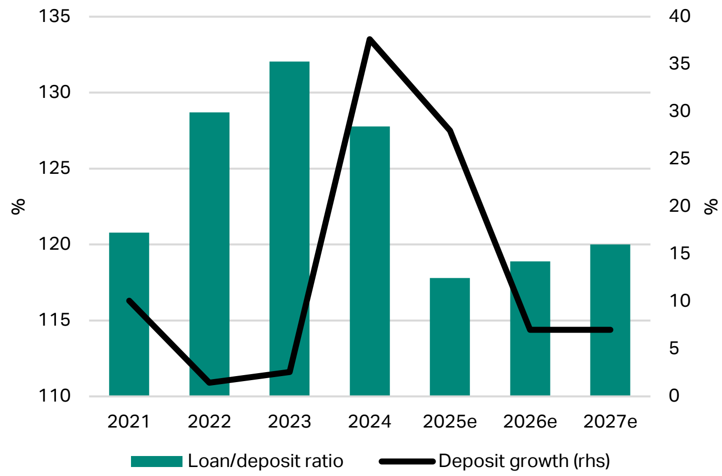
Funding and liquidity

Skue Sparebank's funding and liquidity position remains strong, supported by a stable retail deposit base and proven access to capital markets. The deposit base was enhanced by the merger with Hjartdalbanken and will be further strengthened by the merger with Tinn Sparebank (see Figure 8). The bank maintains robust liquidity buffers, equivalent to approximately 26% of customer deposits. As of 30 Jun. 2025, the liquidity coverage ratio stood at 247%, well above the internal limit of 110%. We expect Skue Sparebank to continue to uphold strong regulatory measures, consistent with its internal limits.

Skue Sparebank had NOK 5.2bn in outstanding senior bonds as of 17 Oct. 2025. Debt maturities are well distributed, with an average time to maturity of 2.6 years. We expect the bank to refinance through new bond issues as debt matures.

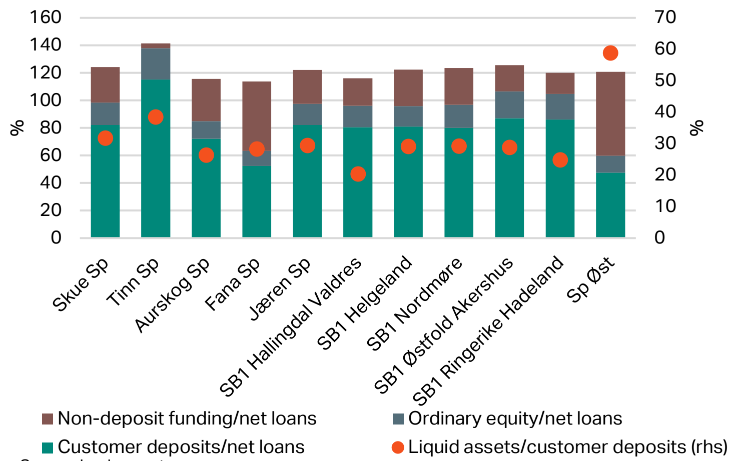
Eika Boligkreditt is also a stable funding source and provides the bank with access to more affordable funding, with longer terms to maturity than it can achieve alone. Skue Sparebank had a transfer ratio of 31% of retail mortgage loans to Eika Boligkreditt as of 30 Jun. 2025, well below the 40% internal limit. The bank has a moderate transfer ratio compared with similar banks, which should allow it to increase its transfer ratio and limit, if appropriate. We view this as supportive of its liquidity management.

Figure 9. Deposit metrics, 2020-2027e



Source: company. e-estimate.

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



Source: bank reports.

Focus on mortgages provides stability

Credit and market risk

Skue Sparebank's loan portfolio mainly consists of retail mortgage loans (78% including transferred loans vs. 81% in Tinn Sparebank)). The bank has a regional focus, albeit on a quite diverse region. Housing prices and real-estate values in the region are falling in line with the Norwegian market as interest rates rise. However, housing price growth over the past decade has strengthened the bank's collateral.

Skue Sparebank reported gross loan growth of 3.5% over the six months ending 30 Jun. 2025 (including transferred loans), despite no growth in corporate lending. Our forecast assumes 8% loan growth in 2026 and 2027, across both retail and corporate segments.

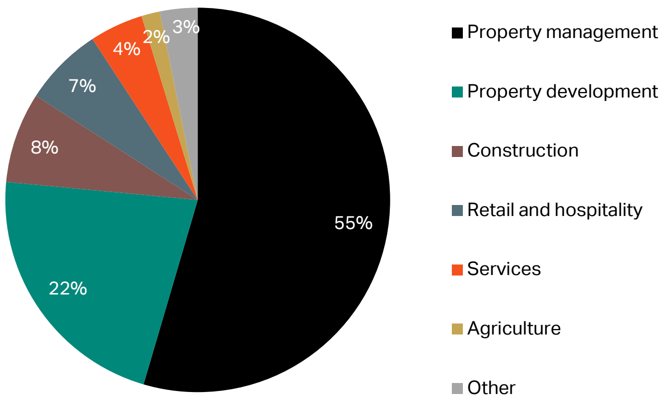
The bank retains credit risk when transferring loans to Eika Boligkreditt, and we expect it to repurchase non-performing loans to maintain a clean cover pool. Where repatriation of loans is not possible, which has yet to occur, the bank guarantees 1% of transferred loans and covers 80% of any net loss occurred by Eika Boligkreditt, with charges netted from commission payments for transferred loans.

As with most Norwegian savings banks, Skue Sparebank's main sectoral exposure is to commercial real estate and building and construction. These sectors have been hardest hit historically during banking crises, such as in Norway's crisis in the late 1980s/early 1990s. We are monitoring these sectors closely, due falling property prices recent years.

The high concentration of local real-estate collateral represents a potential weakness for Skue Sparebank due to the risk of significant climate events or flooding along the region's rivers and lakes. We consider it positive that the bank is conducting evaluations of its exposure to physical climate risk and incorporating climate-risk assessments into its credit processes.

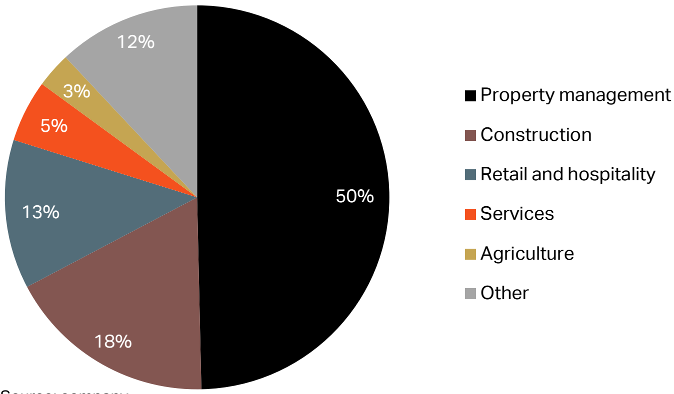
We do not consider market risk to be material for Skue Sparebank, given the lack of a trading portfolio and its low limits on interest rate risk and currency risk.

Figure 11. Skue Sparebank corporate gross loans by sector (excluding transferred loans), 30 Jun. 2025



Source: company.

Figure 12. Tinn Sparebank corporate gross loans per sector, 30 Jun. 2025



Source: company.

COMPETITIVE POSITION

Competitive position

Skue Sparebank has a regional focus and a strong position in its historical core markets. Although its overall regional market share is in the single digits, the bank has a strong position in Hallingdal in the northern part of Buskerud. SpareBank 1 Hallingdal Valdres is the main competitor there, while DNB is the market leader in the corporate segment. The bank generates more than 60% of lending volumes further south, particularly in Drammen and Hønefoss. While market share in these areas is in the single digits, growth is higher, and the bank is gaining market share. Its main competitors are the local banks in the SpareBank 1 Alliance, Sparebanken Øst and, particularly in the corporate segment, DNB and Handelsbanken.

The mergers with HjartdalBanken in 2024 and Tinn Sparebank in 2025 expand Skue Sparebank's geographical presence to the south west, entering a growing industrial region. Key competitors in the area include SpareBank 1 Sør-Norge, Sparebanken Norge and DNB.

Skue Sparebank is the second-largest bank in the Eika alliance, which expands the bank's customer offerings beyond what it could provide itself and diversifies revenues. Via the alliance, the bank provides customers with insurance, debit and credit products, asset management and a real-estate agency.

Given Skue Sparebank's concentration on its core markets, we consider its 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 funds social and cultural activities to support these communities.

PERFORMANCE INDICATORS

Performance indicators

Skue Sparebank has reported strong profitability in recent years, despite merger-related costs. Net interest margins have come under pressure as interest rates are expected to decline from 2025 onwards. However, cost efficiency should support pre-provision income, which is likely to provide a buffer against potential loan losses amid broader economic weakness.

Earnings poised to remain strong

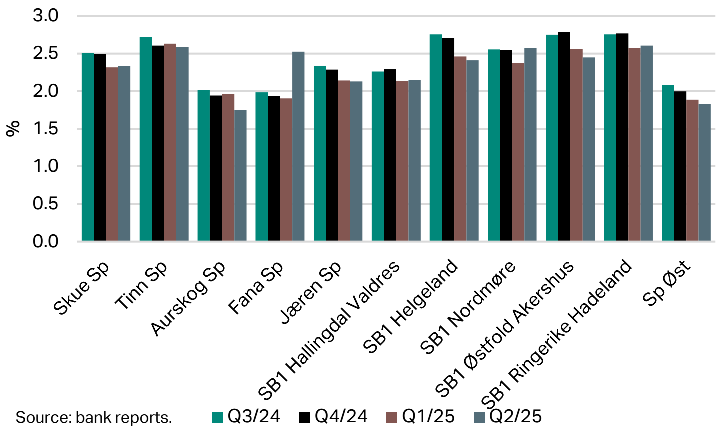
Earnings

Skue Sparebank's net interest margin has been supported by mergers with banks that have higher margins. We now expect a less pronounced decline in margins in 2026 than previously anticipated, reflecting more moderate interest rate cuts signalled by the central bank. Lower interest rates and margins also impact fee income from Eika Boligkreditt, but we believe high levels of transferred loans will continue to drive fee growth. Skue Sparebank also generates significant fee income from other product companies within the Eika Alliance.

Skue Sparebank's implementation of its new IT system has increased costs in recent years, but these are expected to be offset by lower IT expenses over 2026–2029. The bank will record NOK 20m in costs in 2024 and 2025 related to the merger with HjartdalBanken, with a similar amount anticipated for the Tinn Sparebank merger. We expect cost efficiency to remain just above 40% in our forecast period, despite merger induced costs. As a result, core risk-adjusted PPI to REA is projected to exceed 3% in the period.

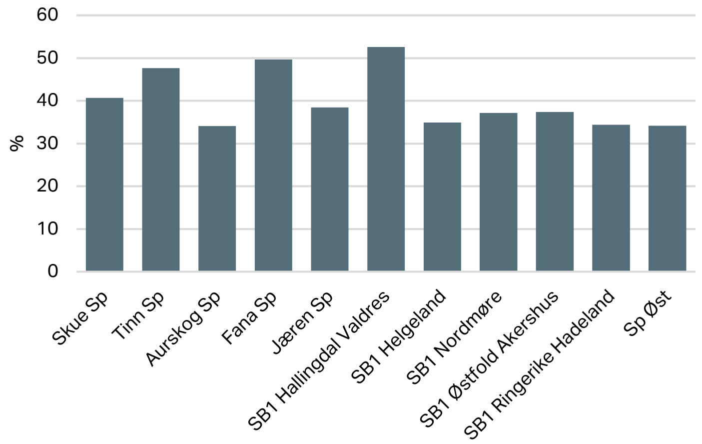
The bank also recognised badwill of NOK 96.5m as a negative cost item in 2024, related to the HjartdalBanken merger. However, we classify this under other comprehensive income, as it is a non-recurring, non-cash item. This will not occur in the Tinn Sparebank merger, where a different model is applied. We expect merger synergies to be realised gradually without extraordinary costs.

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



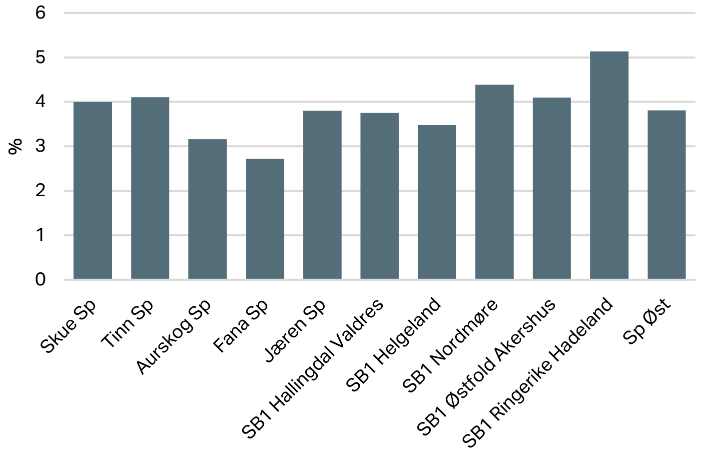
Source: bank reports.

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



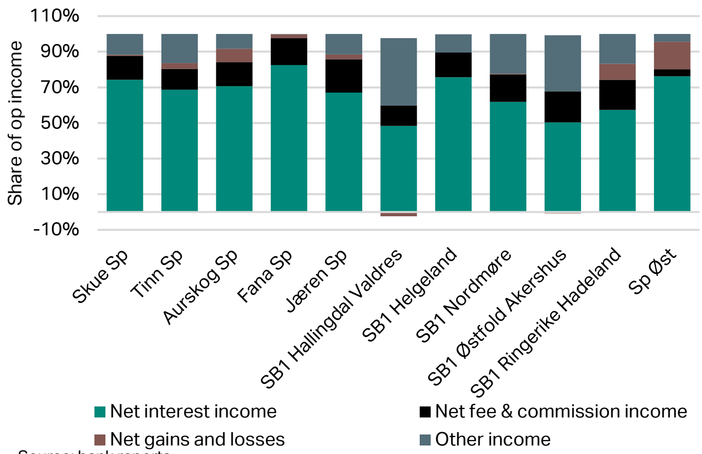
Source: bank reports. LTM-last twelve months.

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



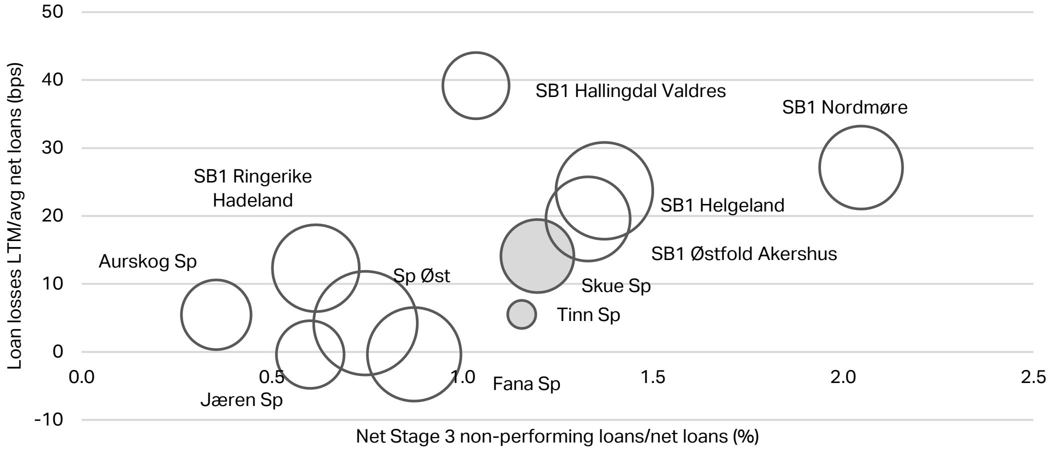
Source: bank reports.

Loan losses set to remain moderate

Loss performance

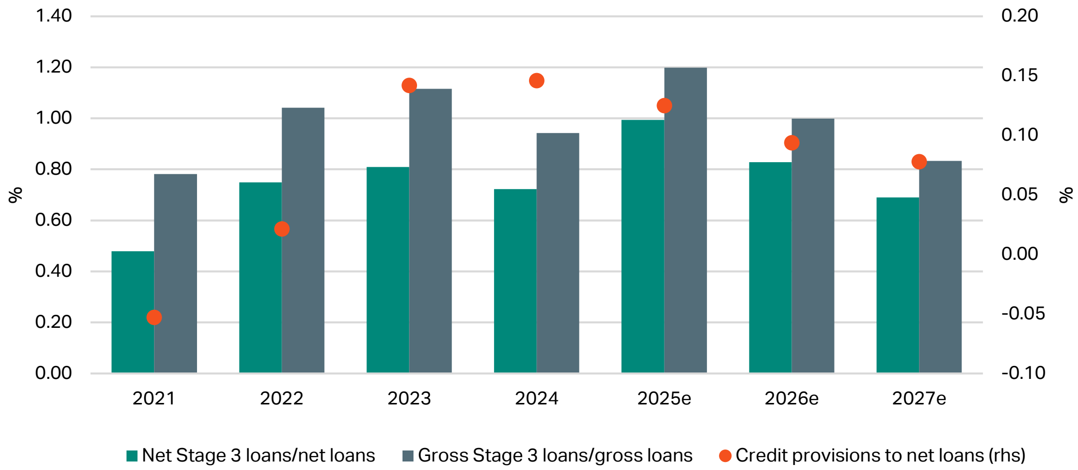
While Skue Sparebank has recorded somewhat higher Stage 3 loans and loan losses, we expect it to remain broadly in line with its domestic peers. The merger with Tinn Sparebank is expected to have a marginally positive effect on credit quality. We anticipate moderately low and stable loan losses through 2027, as lower interest rates mitigate the impact of a moderate economic slowdown.

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*)
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 (0)
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 view Skue Sparebank's ownership as neutral to our standalone credit assessment.

In connection with the merger, Skue Sparebank will convert primary capital into equity capital and issue equity certificates to four newly established savings bank foundations. In addition, part of the merger consideration will be issued to a new savings bank foundation in Tinn Sparebank, resulting in an ownership ratio of approximately 45% for the merged bank. The bank will therefore have access to equity markets if required, while the majority of equity (55%) will remain self-owned.

Figure 20. Ownership structure after merger with Tinn Sparebank

Owner	Share of ECCs
Sparebankstiftelsen Skue Sparebank – Hjartdal og Notodden	12.8%
Sparebankstiftelsen Skue Sparebank – Tinn	12.6%
Sparebankstiftelsen Skue Sparebank – Hol	12.5%
Sparebankstiftelsen Skue Sparebank – Nesbyen	11.6%
Sparebankstiftelsen Skue Sparebank – Hønefoss	10.8%
Existing ECC holders	39.7%
Total	100.0%

Source: company.

ISSUE RATINGS

Our rating on Skue Sparebank's unsecured senior debt is in line with the 'A-' issuer rating. The bank has outstanding Tier 2 instruments and additional Tier 1 instruments, which we rate one and three notches below the issuer rating, respectively. Consequently, the Tier 2 instrument is rated 'BBB+', while the Tier 1 instrument is rated '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 Skue Sparebank's access to central bank funding and our assessment that the bank's liquidity is adequate, based on an average liquidity coverage ratio of 208% 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 21. Skue 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	75.6	79.9	81.7	82.9	74.2
Net fee income to op. revenue	17.3	14.0	12.7	13.7	13.3
Net gains and losses/operating revenue	-1.5	-2.8	-0.4	-0.3	0.8
Net other income to op. revenue	8.6	8.9	5.9	3.7	11.8
EARNINGS					
Net interest income to financial assets	1.8	2.1	2.4	2.4	2.3
Net interest income to net loans	2.2	2.5	2.9	2.9	2.9
Pre-provision income to REA	2.5	3.0	3.6	3.2	4.0
Core pre-provision income to REA (NII & NF&C)	2.2	2.7	3.3	3.0	3.2
Return on ordinary equity	9.4	9.7	10.2	12.8	11.7
Return on assets	1.0	1.1	1.2	1.6	1.5
Cost-to-income ratio	47.1	43.1	37.8	40.8	36.7
Core cost-to-income ratio (NII & NF&C)	50.7	45.9	40.1	42.2	41.9
CAPITAL					
CET1 ratio	18.9	19.6	19.8	22.8	24.4
Tier 1 ratio	20.6	21.2	21.3	23.9	25.7
Capital ratio	22.7	23.2	23.1	25.3	27.3
REA to assets	49.3	48.4	50.8	53.7	44.9
Dividend payout ratio	12.8	15.4	15.0	17.2	22.7
Leverage ratio	9.8	10.0	10.9	12.2	9.2
Consolidated CET1 ratio	18.5	19.9	20.1	20.0	21.6
Consolidated Tier 1 ratio	20.1	21.6	21.6	21.2	23.0
Consolidated Capital ratio	22.2	23.5	23.4	22.7	24.8
Consolidated Leverage ratio	9.2	9.9	10.6	10.7	9.2
GROWTH					
Asset growth	8.7	7.6	3.9	32.6	2.4
Loan growth	6.4	8.1	5.2	33.2	-1.8
Deposit growth	10.1	1.4	2.6	37.6	3.2
LOSS PERFORMANCE					
Credit provisions to net loans	-0.05	0.02	0.14	0.15	0.10
Stage 3 coverage ratio	39.03	28.40	27.86	23.72	22.43
Stage 3 loans to gross loans	0.78	1.04	1.12	0.94	1.53
Net stage 3 loans to net loans	0.48	0.75	0.81	0.72	1.20
Net stage 3 loans/ordinary equity	3.59	5.27	5.39	4.58	7.37
FUNDING & LIQUIDITY					
Loan to deposit ratio	120.8	128.7	132.0	127.8	121.6
Liquid assets to deposit ratio	28.3	29.7	28.5	26.8	31.7
Net stable funding ratio	145.3	144.9	139.2	137.4	139.1
Liquidity coverage ratio	157.3	190.6	196.2	189.5	247.0

Key financials (NOKm)	FY 2021	FY 2022	FY 2023	FY 2024	Q2 2025 YTD
BALANCE SHEET					
Total assets	15,545	16,721	17,376	23,035	23,597
Total tangible assets	15,545	16,720	17,374	23,035	23,597
Total financial assets	15,399	16,587	17,244	22,861	23,391
Net loans and advances to customers	12,472	13,480	14,186	18,893	18,548
Total securities	2,630	2,534	2,660	3,446	3,877
Customer deposits	10,326	10,474	10,743	14,786	15,255
Issued securities	3,304	4,103	4,240	4,854	4,957
of which other senior debt	3,144	3,942	4,079	4,679	4,781
of which subordinated debt	160	160	161	176	176
Total equity	1,795	2,047	2,261	3,112	3,141
of which ordinary equity	1,665	1,917	2,131	2,982	3,011
CAPITAL					
Common equity tier 1	1,447	1,587	1,752	2,820	2,587
Tier 1	1,577	1,717	1,882	2,950	2,717
Total capital	1,737	1,877	2,042	3,125	2,892
REA	7,659	8,090	8,831	12,360	10,588
INCOME STATEMENT					
Operating revenues	358	412	492	569	364
Pre-provision operating profit	189	235	306	337	231
Impairments	-6	3	20	24	9
Net Income	149	174	207	328	175

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

Figure 22. Skue 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%	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%	aa-
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 23. Capital structure ratings

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

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