

Grong Sparebank

Rating Action Report

LONG-TERM RATING

A-

OUTLOOK

Stable

SHORT-TERM RATING

N2

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Grong Sparebank assigned 'A-' long-term issuer rating; Outlook stable

Nordic Credit Rating has assigned a 'A-' long-term issuer rating to Norway-based Grong Sparebank. The outlook is stable. An 'N2' short-term issuer rating has also been assigned, together with a 'A-' senior unsecured issue rating, a 'BBB+' Tier 2 issue rating and a 'BBB-' Additional Tier 1 issue rating.

Rating rationale

The long-term issuer rating reflects the bank's strong earnings, diverse funding access, low risk appetite and solid capital position. The bank has a strong market position in its operating region and faces less competition from similarly sized savings banks than its domestic peers. Grong Sparebank has proven access to capital market financing and few single-name concentrations. We perceive the bank's risk governance and internal risk reporting as strong, in view of its risk profile and complexity. Grong Sparebank is a member of the Eika Alliance banking association, which enables product diversity, shared development costs and the opportunity to finance residential retail mortgage loans through jointly owned covered-bond company Eika Boligkreditt AS.

The rating is constrained by the geographic concentration of the bank's loan book in northern Trøndelag county and Helgeland in Nordland county, and by a high proportion of residential housing collateral. It is also constrained by its markets' declining population. The bank is gaining market share in its northern market, but faces an increasingly competitive environment in its southern market towards Trondheim, where growth prospects are stronger.

Stable outlook

The stable outlook reflects our expectation that Grong Sparebank's strong earnings and solid capital position will compensate for a weakened domestic economy. We believe Grong Sparebank's asset quality will gradually improve from weakened levels over the past year. We expect the bank's solid foundation of risk governance resources to facilitate above-average growth during our forecast period through 2027. We forecast the bank will maintain its solid capital position following recent improvements from implementing the EU's Capital Requirements Regulations III.

An upgrade is unlikely at this time, given the low economic growth in the bank's operating environment.

We could lower the rating to reflect a deterioration in the local operating environment that weakens asset quality or profitability, a Tier 1 ratio below 19% over a protracted period, or pre-provision income to risk-exposure amount approaching 2%.

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

Figure 1. Grong Sparebank rating scorecard

Subfactors	Impact	Score
National banking environment	10.0%	a
Sector exposure assessment	-	-
Regional assessment	10.0%	bbb-
Cross border assessment	-	-
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
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
Issuer rating		A-
Outlook		Stable
Short-term rating		N2

Figure 2. Capital structure ratings

Seniority	Rating
Senior unsecured	A-
Tier 2	BBB+
Additional Tier 1	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 25 Nov. 2025.
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
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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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