Aasen Sparebank

Full Rating Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N2

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RATING RATIONALE

Our 'BBB+' long-term issuer rating on Norway-based Aasen Sparebank reflects the bank's low risk appetite, solid capital position, diverse access to funding and strong earnings. We take a positive view of the bank's membership in the Lokalbanksamarbeidet banking cooperative, which enables product diversity, shared development costs and the opportunity to finance residential retail mortgage loans through jointly owned covered-bond company Verd Boligkreditt AS. We project Aasen Sparebank to maintain strong earnings, although impacted by extraordinary IT-related costs in 2026. Its implementation of an internal audit function in 2026, acting as a third line of defence, reduces the risk of regulatory fines and supports above-market loan growth.

The rating is constrained by the bank's concentrated exposure to real-estate collateral in the Innherred region north of Trondheim. It is also constrained by the bank's size and moderate market share in its operating region, as well as requiring a long commute to the metropolitan area of Trondheim.

STABLE OUTLOOK

The outlook is stable, reflecting our view that the bank's low risk appetite and strong real-estate collateral will sustain robust asset quality through 2028. Although Aasen Sparebank's cost-to-income is impacted by IT-related extraordinary costs in 2026, we expect the long-term investment to strengthen cost efficiency and scalability. Supported by improving earnings, we expect the bank to maintain strong capital ratios through 2028 despite loan growth exceeding domestic credit growth.

POTENTIAL POSITIVE RATING DRIVERS

- Commitment to maintaining material regulatory capital buffers and a Tier 1 ratio sustainably above 24%.
- Pre-provision earnings to risk exposure amount (REA) sustainably above 3% and share of net Stage 3 loans significantly below 1% for a prolonged period.
- Improved market position without material increase in risk appetite.

POTENTIAL NEGATIVE RATING DRIVERS

- A material deterioration in the local operating environment that weakens the bank's asset quality.
- A sustained reduction in the Tier 1 capital ratio to below 18%.
- Risk-adjusted earnings metrics below 2% of REA over a protracted period.

Figure 1. Key credit metrics, 2022–2028e

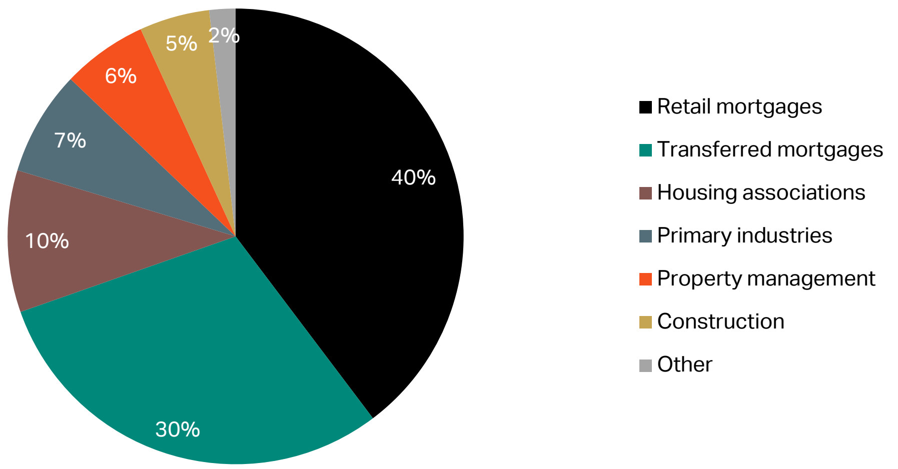
%	2022	2023	2024	2025	2026e	2027e	2028e
Net interest margin	2.1	2.6	2.4	2.3	2.1	2.1	2.0
Pre-provision income/REA*	2.1	2.9	2.8	2.8	2.2	2.5	2.6
Cost-to-income	48.0	41.2	44.6	45.0	55.2	47.5	45.5
Return on ordinary equity	8.5	11.3	10.8	10.4	7.7	9.3	9.7
Loan losses/net loans	0.11	0.09	0.06	0.05	0.07	0.07	0.06
Net Stage 3/net loans	1.22	0.71	0.97	1.07	1.07	1.06	1.04
Tier 1 ratio*	19.4	19.7	20.6	22.8	22.1	21.4	20.8

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

ISSUER PROFILE

Aasen Sparebank is an independent savings bank located in the Innherred region, northeast of Trondheim, Norway. The bank is headquartered in Aasen and dates to 1862. It has additional branch offices in Levanger and Verdal, with a new branch office established in Stjørdal in June 2026. As of 30 Jun. 2026, the bank had total net lending of approximately NOK 8.9bn (including NOK 2.7bn in retail mortgage loans transferred to Verd Boligkreditt and Eika Boligkreditt) and over 40 full-time employees. Aasen Sparebank is primarily focused on core banking activities, but it also owns a local real-estate agency and established an accounting services firm (Midt Økonomi AS) in April 2026.

Figure 2. Gross loans by sector, 30 Jun. 2026



Source: company.

Competitive position

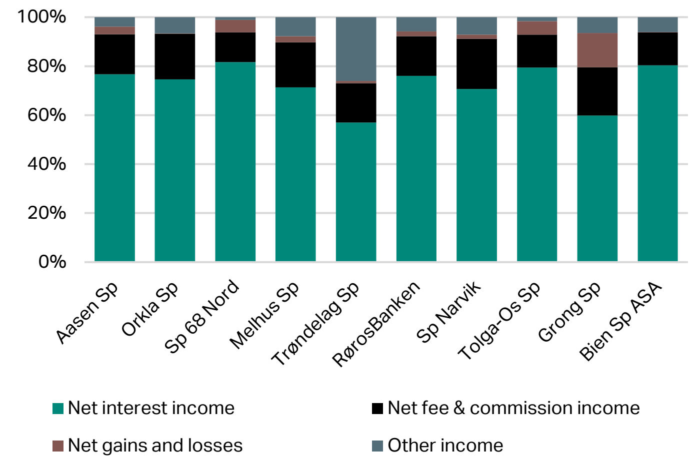
Strong position in core markets and expansion into the Værnes region

Aasen Sparebank holds nearly 20% market share in the municipalities of Verdal and Levanger. In its broader core markets, from Stjørdal to Steinkjer, the bank's market share exceeds 7%. The bank is pursuing growth in the southern Værnes region, following the recent opening of a branch in Stjørdal and the planned exit of Selbu Sparebank from Lokalbanksamarbeidet in 2027 due to its merger plans with Hegra Sparebank. Its main competitors are SpareBank 1 SMN and DNB, which together account for two-thirds of the market. Other nearby local savings banks include Hegra Sparebank in the south and Grong Sparebank in the north. We believe Aasen Sparebank's local presence and community engagement support its competitive position.

Figure 3. Balance sheet volume comparison, Q2 2026

Source: companies.

Figure 4. Revenue source split comparison, Q2 2026 LTM



Source: companies.

We consider Aasen Sparebank's role in and meaningful contributions to its local market as positive rating factors. The bank's primary ESG attribute is its strong sense of social responsibility to its local communities. The bank also funds social and cultural activities to support these communities.

Risk governance

Risk governance standards proportionate to risk profile

In our view, Aasen Sparebank's risk governance framework, risk appetite, limit monitoring and risk reporting are adequate, considering its balance sheet and risk profile. The bank has well-defined guidelines for risk governance and anti-money laundering practices and will have an internal audit function by end-2026. We view the bank's management of environmental, social and governance (ESG) factors as satisfactory, given its size, complexity and impact.

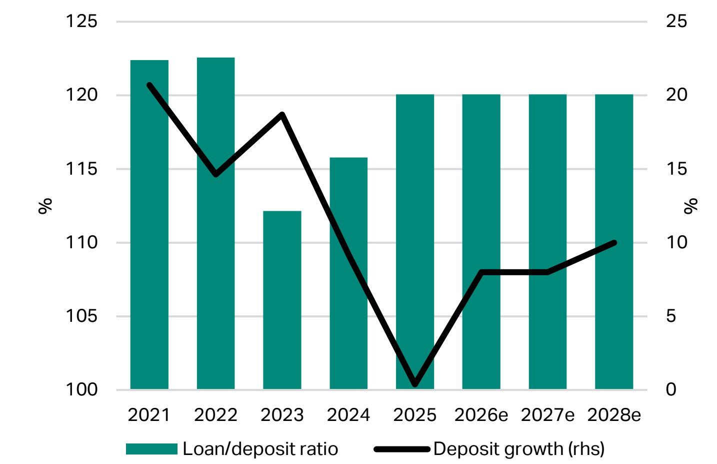
Funding and liquidity

Stable retail deposit base

Aasen Sparebank's funding profile is diverse, with a relatively solid retail deposit base. It has also demonstrated access to capital market funding. Although deposit growth was virtually flat in 2025, Aasen Sparebank has reported an increase of 6% in the first six months of 2026 and a loan-to-deposit ratio of 118%. Our forecast expects deposit growth to follow lending growth at 8-10% in 2026-2028, resulting in a stable loan-to-deposit ratio. The bank has few single-name concentrations in its customer deposits and resilient liquidity buffers. Liquidity coverage ratio was 191% and net stable funding ratio 126% as of 30 Jun. 2026, significantly above the bank's internal limits of 120% for both.

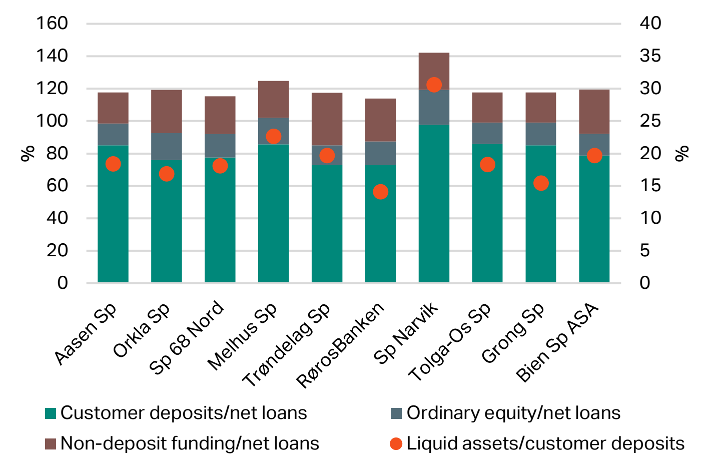
Verd Boligkreditt is a stable and important source of funding for Aasen Sparebank. In addition, the bank maintains a strong portfolio of readily transferable loans as a liquidity buffer.

Figure 5. Deposit metrics, 2021-2028e



Source: company and NCR. e–estimate.

Figure 6. Norwegian savings banks' funding profiles, 30 Jun. 2026



Source: companies.

CREDIT RISK PROFILE

Operating environment

Growth prospects above domestic averages

We consider a balance of national and regional factors in our assessment of the bank's operating environment. We believe gradual rate cuts from 2027 are likely as inflationary pressures ease. Elevated rates continue to constrain credit growth, particularly in rate-sensitive segments, while strong competition and high deposit pass-through are expected to limit further margin upside. The Norwegian economy remains resilient, while risks are driven by persistent inflation, tighter financial conditions, and continued pressure on property-related sectors.

Aasen Sparebank's operations are concentrated in Levanger and Verdal municipalities, with some activity in the neighbouring municipalities towards Stjørdal in the south and Steinkjer in the north. These markets have moderate growth prospects and relatively low unemployment on average.

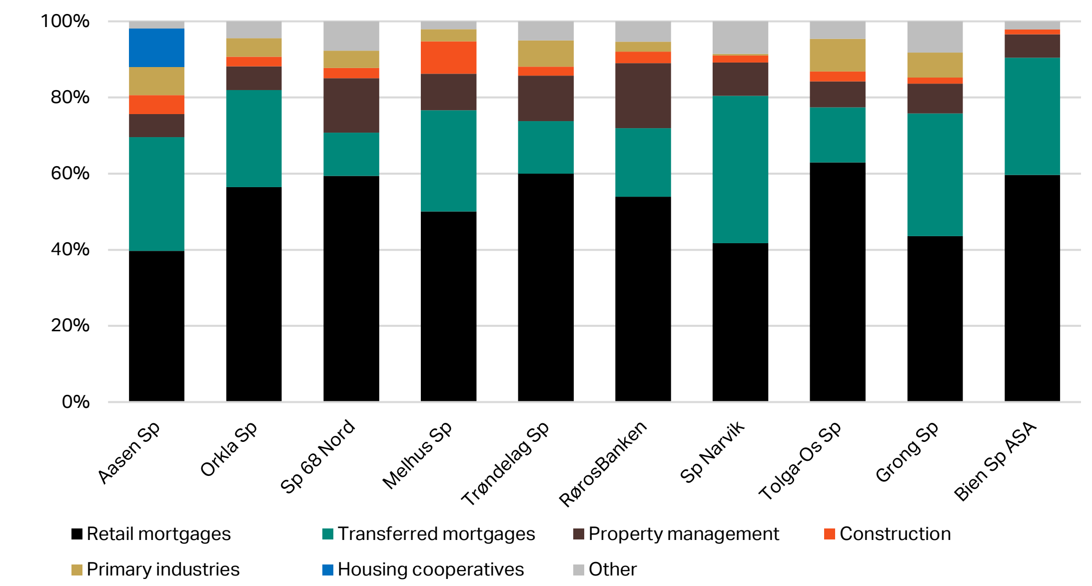
	Strengths	Weaknesses
Regional employment and economic diversity	Stable local economy supported by agriculture, manufacturing, public-sector employment and service industries. Unemployment remains low.	Economic activity is concentrated in a limited geographic area, increasing exposure to local economic developments.
Expected population growth and credit demand	Core markets benefit from population growth, while expansion to the south into the higher-growth Værnes region strengthens access to the Trondheim labour market.	Core markets to the north, Levanger and Verdal, have only moderate growth prospects compared with the Trondheim region.

Credit and market risk

Aasen Sparebank has a strong regional focus, with around two thirds of its loan portfolio located in the municipalities of Levanger and Verdal, and close to 90% in broader core markets. The bank has a lower share of residential mortgages compared to most mid-size Norwegian savings banks, although materially higher lending volumes to low-risk housing cooperatives and agriculture. As of 30 Jun. 2026, about 87% of the bank's on-and-off-balance sheet exposures are secured by residential properties, housing cooperatives and agricultural properties. While we regard this as low-risk credit, it increases concentration on local borrowers and exposes the bank's collateral to any decline in property values.

Beyond housing cooperatives and agriculture, its main corporate exposures are construction and commercial real estate. We remain concerned about corporate and commercial real-estate lending due to high interest costs and lower property prices, though we expect the bank's asset quality metrics to continue to be stable.

Figure 7. Norwegian savings banks' gross loan book sector split, 30 Jun. 2026

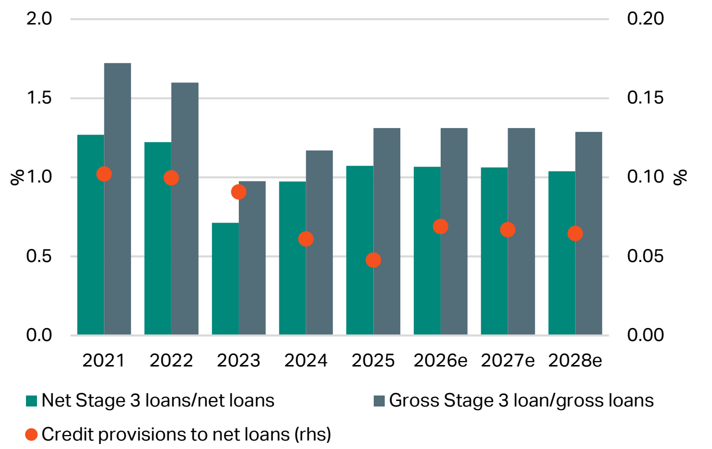


Source: companies.

Loss performance

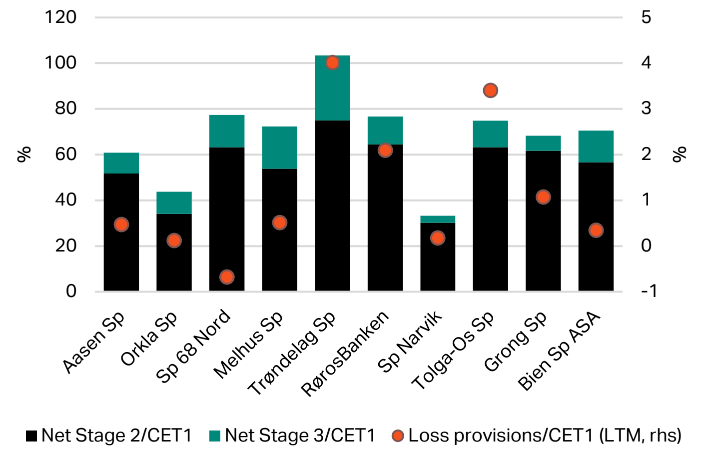
Aasen Sparebank has reported credit losses of 6bps over the last twelve months and 9bps on average for the last five years. We envisage similarly moderate losses in our forecast with projections of 6-7bps for 2026-2028. Given the bank's low risk appetite, we also expect the bank to maintain its moderate proportion of net Stage 3 loans slightly above 1% through 2028.

Figure 8. Asset quality metrics, 2021–2028e



Source: company and NCR. e–estimate.

Figure 9. Asset quality in relation to capitalisation, 30 Jun. 2026



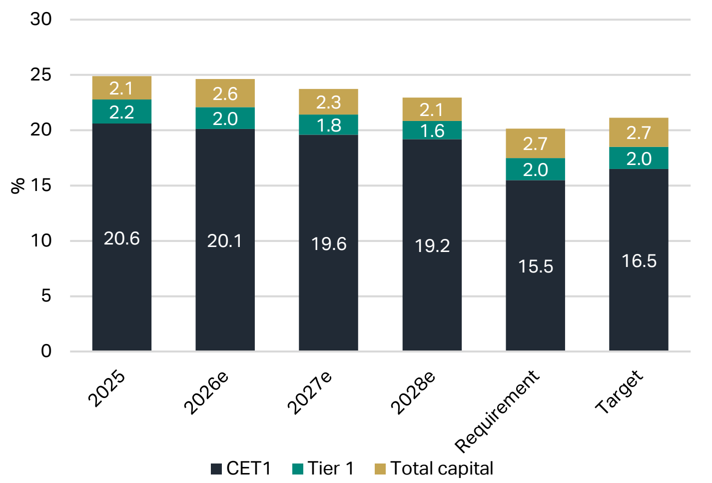
Source: companies. CET1-Common Equity Tier 1. LTM-last twelve months.

CAPITAL GENERATION

Capital

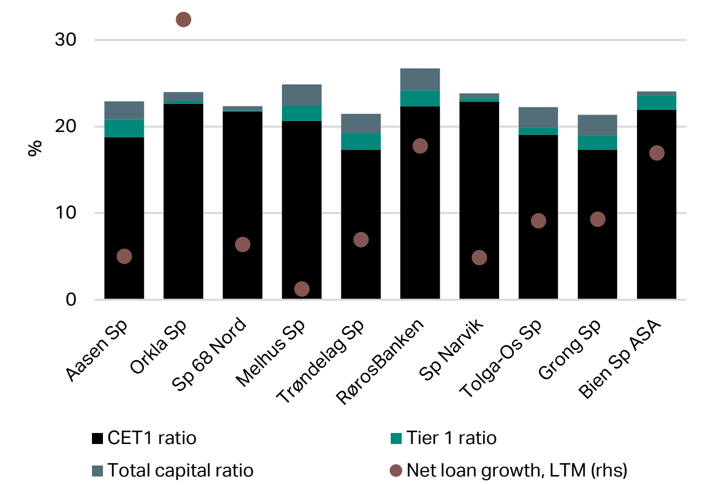
Our capital assessment takes into consideration Aasen Sparebank's consolidated position, including its proportional holdings in affiliated financial institutions. As of 30 Jun. 2026, the bank's consolidated Common Equity Tier 1 (CET1) ratio was 18.8% and its Tier 1 capital ratio 20.9%, compared with the bank's minimum targets of 16.5% and 18.5% (including a 1pp management buffer), respectively. The consolidated leverage ratio was 11.1% as of 30 Jun. 2026, compared to regulatory requirement of 3%. We project capital ratios to steadily decline towards a Tier 1 ratio of 20.8% in 2028 given expectations for growth, earnings and dividend payments outlined in Figure 12.

Figure 10. Forecast capital ratios vs. requirements, 2025–2028e



Source: company and NCR. e–estimate. Pillar 2 requirement (P2R) of 2.1%.

Figure 11. Norwegian savings banks' capital ratios and loan growth, 30 Jun. 2026



Source: companies.

Figure 12. Capital projection assumptions

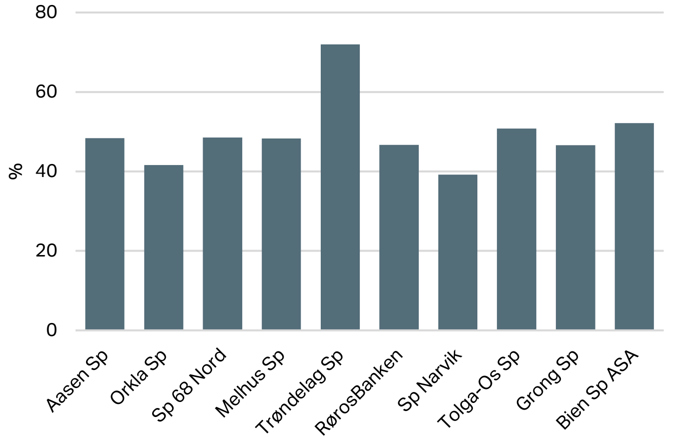
%	2026e	2027e	2028e
Net interest margin	2.1	2.1	2.0
Loan growth	8.0	8.0	10.0
Return on equity	7.7	9.3	9.7
Dividends and gifts/net profit	25.0	25.0	25.0

Source: NCR. e–estimate. All metrics adjusted in line with NCR methodology.

Earnings

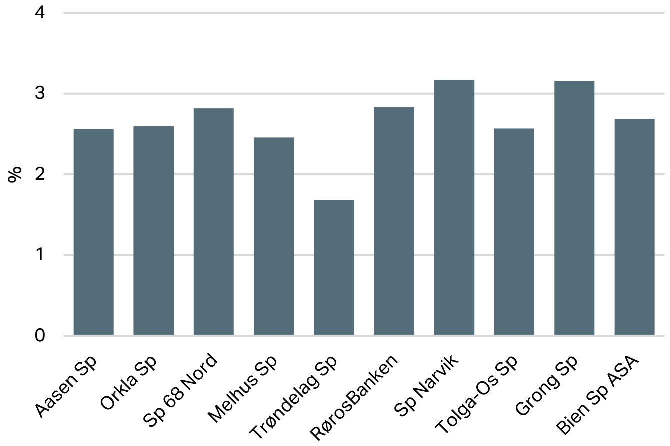
Aasen Sparebank reported a strong cost-to-income ratio of 46% for the twelve months to 30 Jun. 2026, in line with its average reported cost-efficiency the past five years, and below the peer group average of 49%. However, we anticipate that the bank's migration to a new core banking system provider will temporarily increase IT expenses and weaken the cost-to-income ratio to 55% in 2026. The investment should support long-term cost development, and we project improving cost efficiency to 45% in 2028. Similarly, we expect a temporary weakening of pre-provision income to risk exposure amount (REA) in 2026 that improves to 2.6% in 2028, a level similar to the bank's peer group.

Figure 13. Norwegian savings banks' cost-to-income, LTM to 30 Jun. 2026



Source: companies.

Figure 14. Norwegian savings banks' PPI to REA, LTM to 30 Jun. 2026



Source: companies.

SUPPORT ANALYSIS

We assess the company's ownership as neutral according to our group and government methodology. The majority of the bank's equity is ownerless capital, while outstanding Equity Capital Certificates publicly listed on Euronext Growth accounted for 26% as of 30 Jun. 2026.

ISSUE AND SHORT-TERM RATINGS

Figure 15. Issue and short-term ratings

	Rating
Senior unsecured	BBB+
Tier 2	BBB
Additional Tier 1	BB+
Short-term rating	N2; LCR LTM average above 200% and access to central bank funding.

Short-term and issue ratings are mapped to the long-term issuer rating, in accordance with our Financial Institutions Rating Methodology. In cases where two alternatives for short-term ratings are possible, the short-term rating is assigned based on liquidity being strong, adequate, or weak, as applicable. See definitions in the methodology.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

We consider ESG factors throughout our analysis, when they are material to our credit assessment.

Figure 16. 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 (0) Loss performance (0)
Social engagement in local community	Close connection to narrow regional markets provides a benefit.	Competitive position (+) Earnings (+) 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)
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)

*Defined on a 5-step scale ranging from double minus (--) to double plus (++), with (--) representing the most negative impact and (++) the most positive.

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 corporates well prepared for improving demand in 2026, 14 Jan. 2026.
(ii) Nordic niche banks focus on optimisation and scalability in 2026, 13 Jan. 2026.
(iii) Swedish savings banks face little drama in 2026, 12 Jan. 2026.
(iv) Capital strength sets Norwegian savings banks up for 2026 growth, 9 Jan. 2026.

Figure 17. Aasen Sparebank key financial data, 2022–Q2 2026 YTD

Key credit metrics (%)	FY 2022	FY 2023	FY 2024	FY 2025	Q2 2026 YTD
INCOME COMPOSITION					
Net interest income to op. revenue	83.3	84.3	82.2	79.4	75.3
Net fee income to op. revenue	13.5	11.4	12.8	14.6	17.1
Net gains and losses/operating revenue	-0.1	2.5	3.6	4.2	0.2
Net other income to op. revenue	3.3	1.8	1.4	1.8	7.4
EARNINGS					
Net interest income to financial assets	2.1	2.6	2.4	2.3	2.0
Net interest income to net loans	2.4	3.0	2.9	2.6	2.4
Pre-provision income to REA	2.7	3.8	3.5	3.3	2.7
Core pre-provision income to REA (NII & NF&C)	2.6	3.5	3.2	2.9	2.2
Return on ordinary equity	8.5	11.3	10.8	10.4	8.6
Return on assets	0.9	1.3	1.2	1.2	1.0
Cost-to-income ratio	48.0	41.2	44.6	45.0	52.3
Core cost-to-income ratio (NII & NF&C)	49.6	43.0	46.9	47.9	56.6
CAPITAL					
CET1 ratio	19.1	19.8	19.9	23.4	22.2
Tier 1 ratio	20.6	21.3	22.1	25.5	24.2
Capital ratio	22.7	23.1	25.0	27.4	26.0
REA to assets	46.9	45.9	47.4	46.9	47.3
Dividend payout ratio	18.7	22.7	20.4		21.1
Leverage ratio	9.6	9.8	10.3	11.7	11.1
Consolidated CET1 ratio	17.8	18.3	18.4	20.6	18.8
Consolidated Tier 1 ratio	19.4	19.7	20.6	22.8	20.9
Consolidated Capital ratio	21.5	21.6	23.5	24.9	22.9
Consolidated Leverage ratio	8.3	8.5	9.1	9.6	8.4
GROWTH					
Asset growth	13.6	10.5	9.2	6.0	4.5
Loan growth	14.8	8.6	12.7	4.1	3.7
Deposit growth	14.6	18.7	9.2	0.4	6.0
LOSS PERFORMANCE					
Credit provisions to net loans	0.11	0.09	0.06	0.05	0.04
Stage 3 coverage ratio	24.06	27.45	17.22	18.79	18.39
Stage 3 loans to gross loans	1.60	0.98	1.17	1.31	1.39
Net stage 3 loans to net loans	1.22	0.71	0.97	1.07	1.14
Net stage 3 loans/ordinary equity	8.93	5.19	7.42	7.89	8.53
FUNDING & LIQUIDITY					
Loan to deposit ratio	122.6	112.1	115.8	120.1	117.5
Liquid assets to deposit ratio	16.8	18.5	15.2	19.1	18.4
Net stable funding ratio	135.0	122.0	123.0	124.0	126.0
Liquidity coverage ratio	219.5	603.0	366.0	322.0	191.0

Key financials (NOKm)	FY 2022	FY 2023	FY 2024	FY 2025	Q2 2026 YTD
BALANCE SHEET					
Total assets	5,613	6,201	6,771	7,176	7,502
Total tangible assets	5,613	6,201	6,771	7,176	7,502
Total financial assets	5,549	6,152	6,701	7,137	7,465
Net loans and advances to customers	4,714	5,120	5,771	6,007	6,228
Liquid assets	645	846	755	957	975
Customer deposits	3,846	4,565	4,984	5,003	5,302
Issued securities	954	772	834	1,180	1,206
of which other senior debt	899	717	739	1,115	1,141
of which subordinated debt	55	55	95	65	65
Total equity	685	742	827	887	900
of which ordinary equity	645	702	757	817	830
CAPITAL					
Common equity tier 1	503	565	638	789	787
Tier 1	543	605	708	859	857
Total capital	597	659	804	924	922
REA	2,633	2,846	3,209	3,369	3,545
INCOME STATEMENT					
Operating revenues	129	177	190	196	97
Pre-provision operating profit	67	104	105	108	46
Impairments	5	5	4	3	1
Net Income	50	76	79	82	35

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

Figure 18. Aasen Sparebank rating scorecard

Subfactors	Impact	Score
National banking environment	5.0%	a
Sector exposure assessment	-	-
Regional assessment	15.0%	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%	bb
Earnings	7.5%	a+
Loss performance	7.5%	a-
Performance indicators	15.0%	a
Indicative credit assessment		**bbb+**
Peer comparison		Neutral
Transitions		Neutral
Borderline assessments		Neutral
Stand-alone credit assessment		**bbb+**
Ownership		Neutral
Capital structure protection		Neutral
Rating caps		Neutral
Issuer rating		**BBB+**
Outlook		Stable
Short-term rating		**N2**

Figure 19. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB+
Tier 2	BBB
Additional Tier 1	BB+

DISCLAIMER

NORDIC CREDIT RATING AS

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