Grong Sparebank

Full Rating Report

LONG-TERM RATING
A-

OUTLOOK
Stable

SHORT-TERM RATING
N2

PRIMARY ANALYST
Christian Yssen
+4740019900
christian.yssen@nordiccreditrating.com

SECONDARY CONTACTS
Sean Cotten
+46735600337
sean.cotten@nordiccreditrating.com

Geir Kristiansen
+4790784593
geir.kristiansen@nordiccreditrating.com

RATING RATIONALE

Our 'A-' long-term issuer rating on Norway-based Grong Sparebank reflects the bank's low risk appetite, strong earnings, diverse funding access and solid capital management. 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' weaker demographic trends compared with domestic averages. 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 outlook is stable, reflecting our view that Grong Sparebank will maintain its strong earnings and solid capitalisation through 2028. We expect the bank's established risk governance framework and market position, together with some moderation in lending growth, to support asset quality. Following the material improvement in 2026, we expect the share of non-performing loans to remain broadly stable. We forecast that internal capital generation will enable the bank to maintain capital ratios above its regulatory targets.

POTENTIAL POSITIVE RATING DRIVERS

- An upgrade is unlikely at this time due to regional concentrations and limitations on size and diversification.

POTENTIAL NEGATIVE RATING DRIVERS

- A deterioration in the local operating environment that weakens asset quality or profitability.
- Tier 1 ratio around 18% over a protracted period.
- Increased risk appetite in funding and liquidity management.

Figure 1. Key credit metrics, 2022–2028e

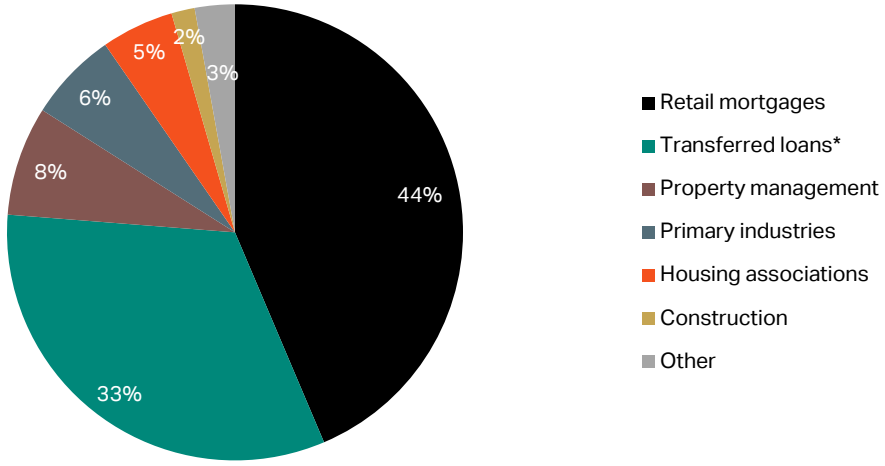
%	2022	2023	2024	2025	2026e	2027e	2028e
Net interest margin	1.98	2.40	2.32	2.38	2.10	2.15	2.10
Pre-provision income/REA*	3.6	3.2	2.4	3.6	2.8	2.6	2.6
Cost-to-income	40.2	46.0	50.3	42.9	49.0	48.2	46.8
Return on ordinary equity	17.1	13.5	9.0	14.6	10.7	10.1	10.2
Loan losses/net loans	0.05	0.06	0.17	0.21	0.09	0.10	0.10
Net Stage 3/net loans	0.36	0.22	1.53	1.47	0.75	0.83	0.83
Tier 1 ratio*	19.3	19.4	18.5	21.0	19.6	19.3	19.2

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

ISSUER PROFILE

Grong Sparebank is an independent Norwegian savings bank with roots dating back to 1862. The bank's headquarters are in its traditional market, Grong municipality in Trøndelag County. With six additional branches, its core markets have expanded to cover most of northern Trøndelag County and Helgeland in Nordland County. Grong Sparebank provides traditional banking services to retail customers and SMEs, and offers co-located real estate agency services at all its branches except its headquarters. In mid-2026, the bank also established a co-owned accounting services firm with Hegra Sparebank. As of 30 Sep. 2026, the bank had 90 employees and NOK 15.5bn in gross loans (including loans transferred to Eika Boligkreditt). Grong Sparebank is a member of the Eika Alliance, an association of about 40 small and medium-sized Norwegian savings banks.

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



Source: company. *Net retail mortgage loans and housing cooperatives transferred to Eika Boligkreditt.

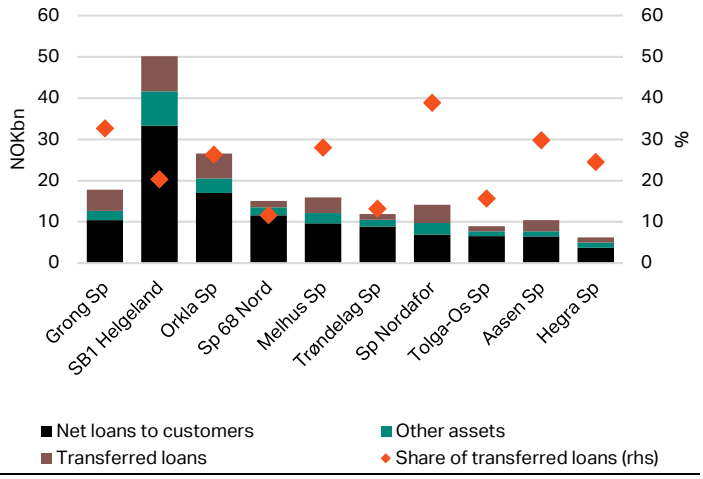
Competitive position

Continued market-share gains

Grong Sparebank has a well-established position in its broader operating region, with some 10% market share among retail customers and a demonstrated ability to gain market share despite subdued regional population growth. The bank does not hold a leading market position in any of its submarkets, although it provides a meaningful headroom for further growth. The bank has continually increased its market share in recent years, with average lending growth of 10% over the past five years. We believe the bank faces less competition in the north and west of Grong municipality than other small- to mid-size savings banks located elsewhere. The larger banks, SpareBank 1 Helgeland, Sparebank 1 SMN and DNB, are the most active players, with offices in the northernmost areas of Trøndelag County and Helgeland. We expect the new branches in Mo i Rana and Sandnessjøen opened in 2025 to support growth in Helgeland in the years ahead, although we also note Sparebanken Norge's establishment in Mo i Rana. Competition south of Grong municipality, however, intensifies closer to Trondheim. We believe the co-located real estate agencies, cooperation with a housing association (Helgeland Boligbyggerlag), and establishment of an accounting services firm support lending growth and customer loyalty.

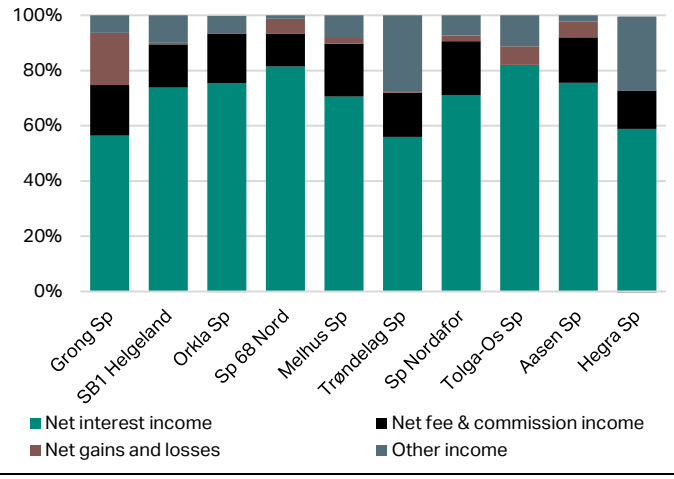
Grong Sparebank's membership in the Eika Alliance diversifies revenue and enables it to provide a wider range of customer services than it could on its own. The alliance enables the bank to provide insurance, debit and credit products, asset management, and real estate agency services. An ownership stake in Brage Finans enables the bank to offer leasing products to corporate customers and supports commission income.

Figure 3. Balance sheet volume comparison, Q3 2026



Source: companies.

Figure 4. Revenue source split comparison, Q3 2026 LTM



Source: companies.

Risk governance

Risk governance standards stronger than those of similar peers

In our view, Grong Sparebank's risk governance framework, risk appetite, limit monitoring and risk reporting are proportionate to its balance sheet and risk profile. The bank has well-defined guidelines for risk governance and relevant risk areas. It has also established anti-money laundering practices and policies, reducing the risk of related regulatory fines and associated losses. The bank's internal risk reporting and internal capital adequacy assessment processes are proportionate to its risk profile. In addition, the bank differentiates itself from smaller savings bank peers through its internal audit function, which acts as a third line of defence. In our view, the bank's anti-money laundering and know your customer resources are robust, supporting somewhat higher lending growth than similar peers (Figure 13). The bank has limited single-name concentrations and maintains a solid share of corporate lending to low-risk agricultural customers. We believe membership in the Eika Alliance supports risk governance and provides beneficial resources for future development.

We view the bank's management of environmental, social and governance (ESG) factors as satisfactory, given its size, complexity and impact.

Funding and liquidity

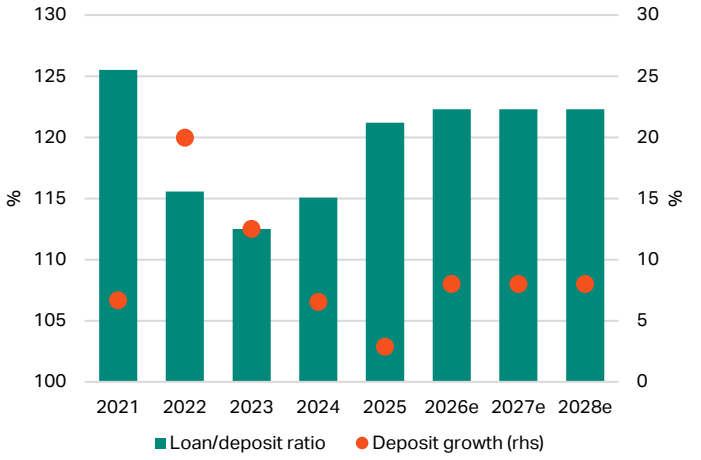
Diverse funding profile

Grong Sparebank's funding and liquidity profile is diverse given its size. The bank has a stable retail deposit base and demonstrable access to capital market funding. Deposit growth has averaged 10% over the last five years, although it reduced to 5% in the 12 months to 30 Sep. 2026. We project deposit growth of 8% annually for 2026–2028, in line with the bank's lending growth. This results in a flat loan-to-deposit ratio of 122%. The bank's liquidity risks are mitigated by modest single-name concentrations in customer deposits. As of 30 Sep. 2026, the liquidity coverage ratio was 394% and the net stable funding ratio was 129%, well above the bank's internal limits of 115% and 110%, respectively.

Grong Sparebank had 10 outstanding senior bonds totalling NOK 2.1bn as of 30 Sep. 2026, with maturities evenly distributed through 2031. We expect bond funding to increase to NOK 2.5bn by 2028. The bank's internal limits on annual and quarterly maturities reduce refinancing risk.

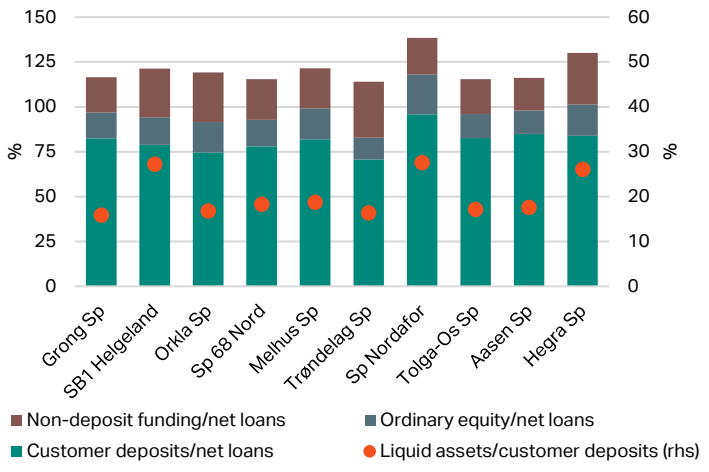
Eika Boligkreditt is another stable and important source of funding for Grong Sparebank. It provides access to more affordable, longer-term funding for retail mortgages and housing cooperatives than the bank could obtain on its own. The bank had transferred NOK 5.1bn of residential mortgage loans and loans to housing cooperatives as of 30 Sep. 2026, accounting for 33% of total lending. We expect the bank to maintain a similar transfer share through 2027. This is well within its internal limits, and the bank maintains a steady volume 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 Sep. 2026



Source: companies.

CREDIT RISK PROFILE

Operating environment

Large rural operating region

Our assessment of Grong Sparebank's operating environment is based on our assessment of Norway's banking environment and the bank's regional exposures.

The operating region of Grong Sparebank has expanded substantially over the last two decades from its traditional market in Grong municipality, where its headquarters are located, almost three hours from the metropolitan area of Trondheim. Today, 80% of the bank's lending is in an area covering most of northern Trøndelag County and Helgeland in Nordland County, with a total population of about 250,000. Grong Sparebank's core markets are rural, with limited industry diversification compared with other regions, although this is offset by the larger geographical area.

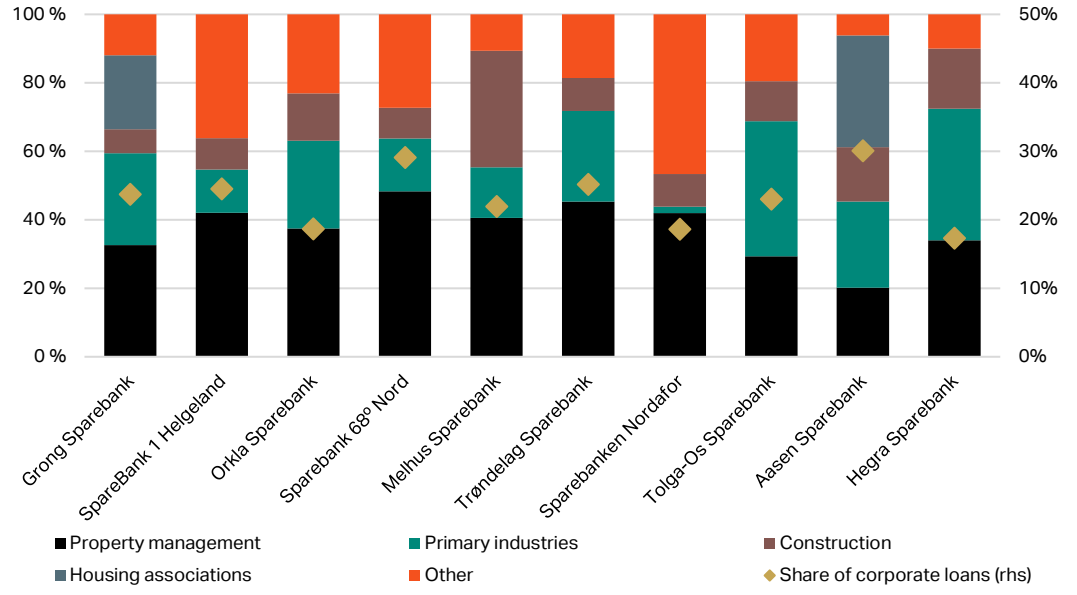
Figure 7. Regional core characteristics

	Strengths	Weaknesses
Regional employment and economic diversity	The broader operating environment provides more diversified industry structure. Stronger connection to Trondheim in southern markets.	Core markets are rural, with limited industry diversification. Dependence on public-sector and primary industries for some municipalities.
Expected population growth and credit demand	Unemployment rates below domestic averages. Expansion into larger population centres with stronger credit demand.	Low population density. Low or declining population growth prospects in core market municipalities.

Credit and market risk

Grong Sparebank's loan portfolio has a regional focus, with about 90% of balance-sheet loans located in Trøndelag County and Helgeland. The bank differentiates itself from similarly sized peers, as 9% of exposures are to low-risk housing cooperatives on- and off-balance sheet. Overall, about 83% of the bank's exposures (including transferred loans) are to retail customers, housing cooperatives and agricultural customers, and are secured by housing and agricultural properties. While we regard these segments as low-risk, they nonetheless increase concentration to local borrowers and expose the bank's collateral to any decline in property values. Beyond agriculture, commercial real estate and construction represent the bank's largest corporate exposures. We remain cautious on these sectors because of higher interest costs and weaker property markets. We view Grong Sparebank's larger operating region relative to similarly sized savings banks positively, as it reduces regional concentration risk. However, this is offset by lower population density and a relatively less liquid property market than in metropolitan areas.

Figure 8. Norwegian savings banks' gross corporate loan book sector split, 30 Sep. 2026



Source: companies.

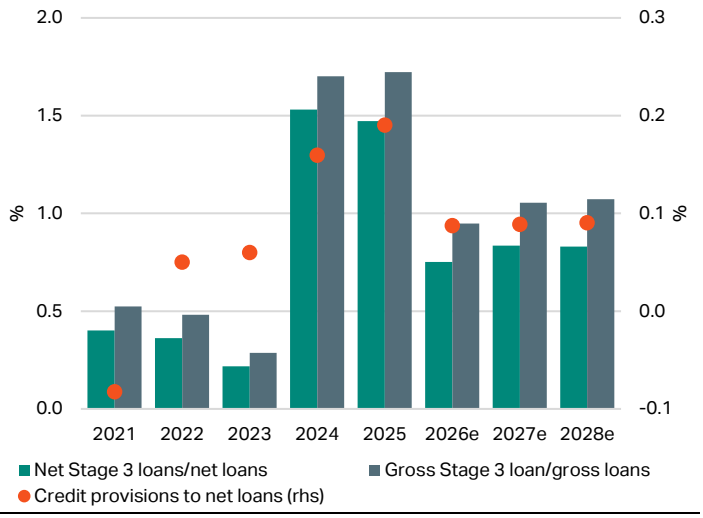
In the 12 months to 30 Sep. 2026, Grong Sparebank reported 11% loan growth, including transferred loans. We project growth will moderate to 8% annually through 2028, while broadly maintaining the current mix of retail, corporate and transferred loans.

Grong Sparebank had transferred loans amounting to NOK 5.1bn as of 30 Sep. 2026, generating a material share of pre-provision income (14% in 2025). However, the bank does not offload the associated risk, and we expect it to take back all non-performing loans to enable Eika Boligkreditt to maintain a clean cover pool.

Loss performance

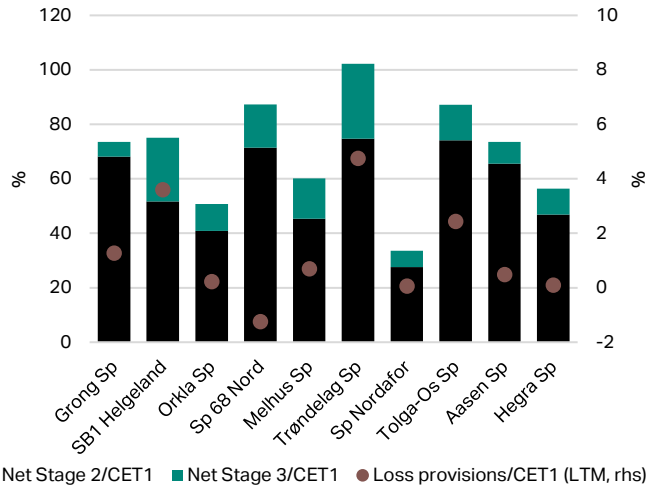
Grong Sparebank's loss performance metrics improved materially in the third quarter of 2026, following elevated net Stage 3 loans in the prior two years. The improvement reflects the resolution of some of its largest Stage 3 exposures, bringing its share of non-performing loans closer to the bank's historically low levels. Grong Sparebank reported net Stage 3 loans of 0.7% of net loans as of 30 Sep. 2026, and we expect them to remain broadly around current levels through 2028. Loan losses remain somewhat elevated at 16bps of net loans in the 12 months to 30 Sep. 2026, which we project will decline to about 10bps in 2027-2028.

Figure 9. Asset quality metrics, 2021–2028e



Source: company and NCR. e–estimate.

Figure 10. Asset quality in relation to capitalisation, 30 Sep. 2026



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

CAPITAL GENERATION

Capital

Strong earnings support solid capitalisation

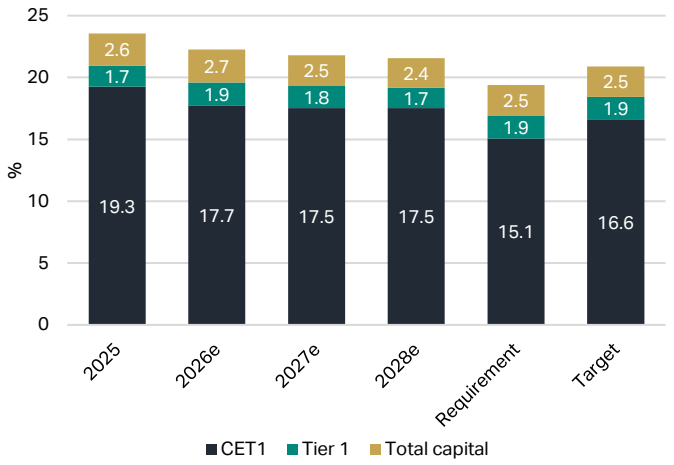
Grong Sparebank's capitalisation remains solid, albeit with limited buffers relative to management targets when year-to-date profits are excluded. As of 30 Sep. 2026, the bank's consolidated Common Equity Tier 1 (CET1) ratio was 16.9% and its Tier 1 capital ratio was 18.9% (excluding 0.9pp as 50% of current-year profits). These compare with the respective minimum targets of 16.6% and 18.4% (including a 1.5pp management buffer). The consolidated leverage ratio was 7.9% as of 30 Sep. 2026, compared with the regulatory requirement of 3%. We project capital ratios to remain broadly stable, with the Tier 1 ratio above 19% through 2028, given expectations for strong earnings, solid growth and limited dividend and gift payouts, as outlined in Figure 11.

Figure 11. Capital projection assumptions

%	2026e	2027e	2028e
Net interest margin	2.10	2.15	2.10
Loan growth	9.0	8.0	8.0
Return on equity	10.7	10.1	10.2
Dividends and gifts/net profit	30.0	30.0	30.0
Equity certificate ratio	41.9	40.9	39.9

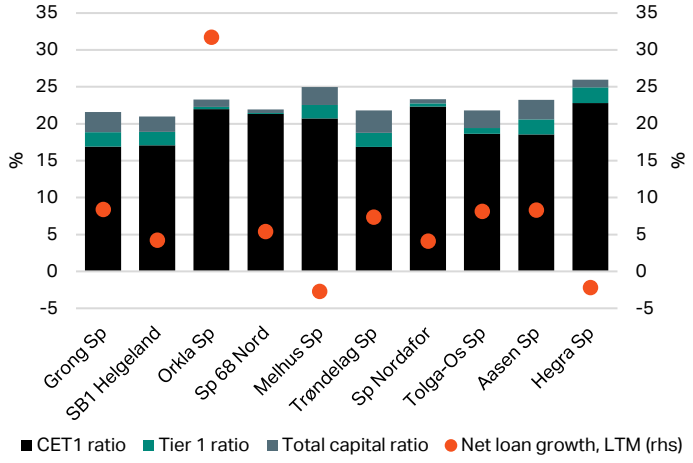
Source: NCR. e–estimate. All metrics adjusted in line with NCR methodology.

Figure 12. Forecast capital ratios vs. requirements, 2024–2028e



Source: company and NCR. e–estimate. Pillar 2 requirement (P2R) of 1.9%.

Figure 13. Norwegian savings banks' capital ratios and loan growth, 30 Sep. 2026

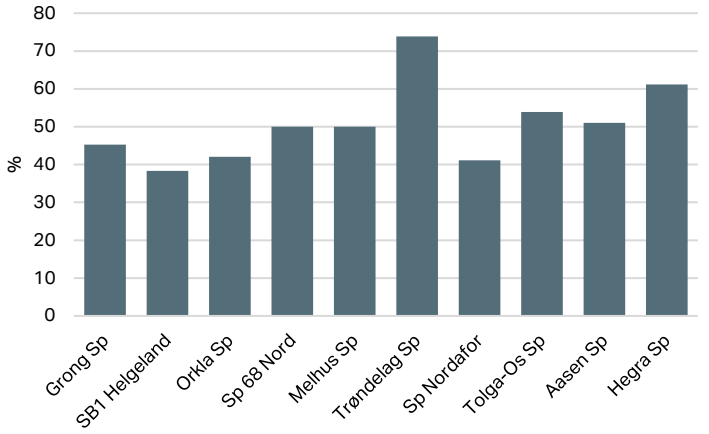


Source: companies.

Earnings

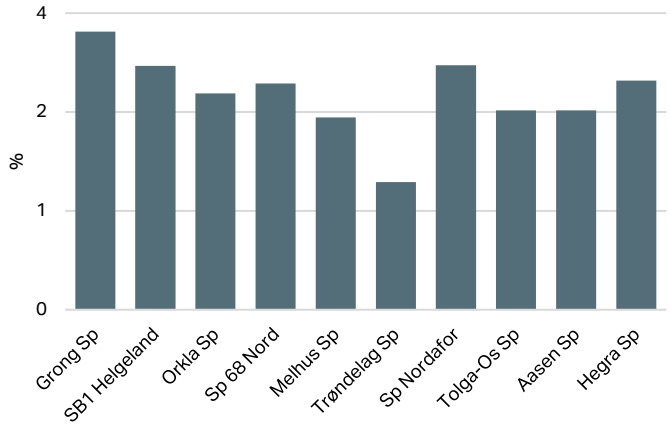
Grong Sparebank's earnings remain strong, although positive value changes in its shares in Eika Gruppen have made a material contribution to reported earnings. PPI was 3.4% of REA in the 12 months to 30 Sep. 2026, while the cost-to-income ratio was 45.3%. Third-quarter earnings benefited materially from a NOK 48.6m upward revaluation of the bank's shares in Eika Gruppen, which Eika alliance peers typically recognise in other comprehensive income. At the same time, staffing and expansion-related costs, including expenditure on new and upgraded offices, have weighed on cost efficiency over the past year. We expect cost growth to moderate as recent investments mature and capacity utilisation improves. We project PPI/REA of 2.8% in 2026 and around 2.6% in 2027-2028, with the cost-to-income ratio remaining below 50% through 2028.

Figure 14. Norwegian savings banks' cost efficiency metrics, LTM to 30 Sep. 2026



Source: companies. LTM-last twelve months.

Figure 15. Norwegian savings banks' PPI to REA, LTM to 30 Sep. 2026



Source: companies.

SUPPORT ANALYSIS

We assess the company's ownership as neutral according to our group and government methodology. Grong Sparebank has publicly listed Equity Capital Certificates (ECCs), and consequently the bank has ready access to the equity market. As of 30 Sep. 2026, 42% of the bank's equity was owned by ECC holders, while the remainder was ownerless capital.

ISSUE AND SHORT-TERM RATINGS

Figure 16. Issue and short-term ratings

	Rating
Senior unsecured	A-
Tier 2	BBB+
Additional Tier 1	BBB-
Short-term rating	N2; adequate due to LCR above 150% over the last four quarters.

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 17. Priority ESG factors

Issue/area	Risk/opportunity	Impacted subsections (impact on credit assessment*)
Social engagement in local community	Benefit from close connection to narrow regional markets.	Competitive position (+) Funding & liquidity (0) Earnings (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 (-) Loss performance (0)
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.

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) Norwegian savings banks face widening gap in asset quality metrics, 15 Oct. 2026
(ii) Capital strength sets Norwegian savings banks up for 2026 growth, 9 Jan. 2026
(iii) SME lending gains momentum among Nordic niche banks, 8 Sep. 2026.
(iv) Swedish savings banks face little drama in 2026, 12 Jan. 2026

Figure 18. Grong Sparebank key financial data, 2022–Q3 2026 YTD

Key credit metrics (%)	FY 2022	FY 2023	FY 2024	FY 2025	Q3 2026 YTD
INCOME COMPOSITION					
Net interest income to op. revenue	51.2	63.4	73.7	60.0	55.5
Net fee income to op. revenue	20.3	21.5	27.0	18.9	24.0
Net gains and losses/operating revenue	20.7	9.8	-4.8	14.5	13.7
Net other income to op. revenue	7.9	5.3	4.1	6.7	6.8
EARNINGS					
Net interest income to financial assets	2.0	2.4	2.3	2.4	2.0
Net interest income to net loans	2.3	2.9	2.8	2.8	2.3
Pre-provision income to REA	4.8	4.3	3.1	4.4	3.9
Core pre-provision income to REA (NII & NF&C)	2.5	3.1	3.2	2.7	2.4
Return on ordinary equity	17.1	13.5	9.0	14.6	12.8
Return on assets	2.0	1.6	1.1	1.8	1.5
Cost-to-income ratio	40.2	46.0	50.3	42.9	45.9
Core cost-to-income ratio (NII & NF&C)	56.3	54.2	49.9	54.4	57.8
CAPITAL					
CET1 ratio	16.9	17.0	21.0	23.9	21.6
Tier 1 ratio	18.6	18.5	22.5	25.5	23.5
Capital ratio	20.8	21.9	24.9	27.9	26.3
REA to assets	47.9	46.1	52.8	49.8	49.0
Dividend payout ratio	31.2	21.6	25.6	37.6	22.3
Leverage ratio	8.9	8.6	11.2	11.8	10.8
Consolidated CET1 ratio	17.6	17.9	16.9	19.3	16.9
Consolidated Tier 1 ratio	19.3	19.4	18.5	21.0	18.9
Consolidated Capital ratio	21.4	22.4	20.9	23.6	21.6
Consolidated Leverage ratio	8.5	8.4	8.5	8.8	7.9
GROWTH					
Asset growth	13.5	11.9	8.7	4.2	11.6
Loan growth	10.4	9.5	9.0	8.3	6.9
Deposit growth	20.0	12.5	6.5	2.9	6.8
LOSS PERFORMANCE					
Credit provisions to net loans	0.05	0.06	0.17	0.21	0.10
Stage 3 coverage ratio	24.94	24.36	10.36	14.91	20.23
Stage 3 loans to gross loans	0.48	0.29	1.70	1.72	0.86
Net stage 3 loans to net loans	0.36	0.22	1.53	1.47	0.69
FUNDING & LIQUIDITY					
Loan to deposit ratio	115.6	112.5	115.1	121.2	121.3
Liquid assets to deposit ratio	13.5	15.6	15.6	9.6	15.8
Net stable funding ratio	0.0	136.0	134.2	123.7	129.0
Liquidity coverage ratio	154.0	227.0	321.9	119.6	394.0

Key financials (NOKm)	FY 2022	FY 2023	FY 2024	FY 2025	Q3 2026 YTD
BALANCE SHEET					
Total assets	8,981	10,051	10,931	11,385	12,709
Total financial assets	8,909	9,956	10,797	11,255	12,571
Net loans and advances to customers	7,564	8,284	9,026	9,780	10,451
Liquid assets	883	1,148	1,227	774	1,363
Customer deposits	6,545	7,363	7,845	8,070	8,617
Issued securities	1,179	1,269	1,551	1,646	2,270
of which other senior debt	1,083	1,111	1,410	1,505	2,062
of which subordinated debt	96	158	141	141	208
Total equity	1,161	1,276	1,357	1,503	1,663
of which ordinary equity	1,091	1,206	1,267	1,413	1,503
CAPITAL					
Common equity tier 1	728	787	1,211	1,352	1,346
Tier 1	798	857	1,301	1,442	1,466
Total capital	893	1,014	1,441	1,582	1,636
REA	4,299	4,631	5,776	5,665	6,229
INCOME STATEMENT					
Operating revenues	324	357	327	436	318
Pre-provision operating profit	194	193	162	249	172
Impairments	4	5	15	19	7
Net Income	166	155	111	196	140

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

Figure 19. 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
Standalone credit assessment		**a-**
Ownership		Neutral
Capital structure protection		Neutral
Rating caps		Neutral
Issuer rating		**A-**
Outlook		Stable
Short-term rating		**N2**

Figure 20. Capital structure ratings

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

DISCLAIMER

Disclaimer © 2026 Nordic Credit Rating AS (NCR, the agency). All rights reserved. All information and data used by NCR in its analytical activities come from sources the agency considers accurate and reliable. All material relating to NCR's analytical activities is provided on an "as is" basis. The agency does not conduct audits or similar warranty validations of any information used in its analytical activities and related material. NCR advises all users of its services to carry out individual assessments for their own specific use or purpose when using any information or material provided by the agency. Analytical material provided by NCR constitutes only an opinion on relative credit risk and does not address other forms of risk such as volatility or market risk and should not be considered to contain facts of any kind for the purpose of assessing an issuer's or an issue's historical, current or future performance. Analytical material provided by NCR may include certain forward-looking statements relating to the business, financial performance and results of an entity and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. Forward-looking statements contained in any analytical material provided by NCR, including assumptions, opinions and views either of the agency or cited from third-party sources are solely opinions and forecasts which are subject to risk, uncertainty and other factors that could cause actual events to differ materially from anticipated events. NCR and its personnel and any related third parties provide no assurance that the assumptions underlying any statements in analytical material provided by the agency are free from error, nor are they liable to any party, either directly or indirectly, for any damages, losses or similar, arising from use of NCR's analytical material or the agency's analytical activities. No representation or warranty (express or implied) is made as to, and no reliance should be placed upon, any information, including projections, estimates, targets and opinions, contained in any analytical material provided by NCR, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained in any analytical material provided by the agency. Users of analytical material provided by NCR are solely responsible for making their own assessment of the market and the market position of any relevant entity, conducting their own investigations and analysis, and forming their own view of the future performance of any relevant entity's business and current and future financial situation. NCR is independent of any third party, and any information and/or material resulting from the agency's analytical activities should not be considered as marketing or a recommendation to buy, sell, or hold any financial instruments or similar. Relating to NCR's analytical activities, historical development and past performance do not safeguard or guarantee any future results or outcome. All information herein is the sole property of NCR and is protected by copyright and applicable laws. The information herein, and any other information provided by NCR, may not be reproduced, copied, stored, sold, or distributed without NCR's written permission.

NORDIC CREDIT RATING AS

nordiccreditrating.com