Grong Sparebank

Rating Action Report

LONG-TERM RATING
A-

OUTLOOK
Stable

SHORT-TERM RATING
N2

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Grong Sparebank 'A-' long-term issuer rating affirmed with stable outlook

Nordic Credit Rating (NCR) has affirmed its 'A-' long-term issuer rating on Norway-based savings bank Grong Sparebank. The outlook is stable. The 'N2' short-term issuer rating, 'A-' senior unsecured issue ratings, 'BBB+' Tier 2 issue rating, and 'BBB-' Additional Tier 1 issue rating have also been affirmed.

Rating rationale

The affirmation reflects Grong Sparebank's maintained credit quality, supported by its high and stable share of low-risk lending and a reduced share of non-performing loans. Residential mortgages, housing cooperatives and agriculture account for about 88% of total lending, including transferred loans, and net Stage 3 loans declined to 0.7% of net loans as of 30 Sep. 2026 from 1.5% at end-2025. We have therefore revised our assessments of credit risk and loss performance. We expect Stage 3 loans to remain broadly at the current level through 2028 and loan losses to decline to about 10bps in 2027–2028. This is partly offset by weaker liquidity risk management at end-2025, reflected in our revised assessment of risk governance. Liquid assets were below 10% of deposits and the LCR declined to 120%, although it remained above the bank's 115% internal minimum. Nevertheless, the bank retains diverse funding access through a stable retail deposit base, capital market funding and Eika Boligkreditt.

The long-term rating continues to reflect the bank's low risk appetite, strong earnings and solid capital management. The bank has a solid market position in its operating region and faces less competition from similarly sized savings banks than its domestic peers. It has proven access to capital market funding and limited single-name concentrations. Grong Sparebank is a member of the Eika Alliance banking association, which provides product diversity, shared development costs and the opportunity to finance residential mortgage loans through the 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 stable outlook reflects 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.

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

We could lower the rating to reflect a deterioration in the local operating environment that weakens asset quality or profitability, or if there is a sustained reduction in the Tier 1 capital ratio to around 18%. We could also downgrade Grong Sparebank to reflect increased risk appetite in funding and liquidity management.

Rating list	To	From
Long-term issuer credit rating:	A-	A-

Rating list	To	From
Outlook:	Stable	Stable
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. Grong Sparebank rating scorecard

Subfactors	Impact	To	From
National banking environment	10.0%	a	a
Sector exposure assessment	-	-	-
Regional assessment	10.0%	bbb-	bbb-
Cross border assessment	-	-	-
Operating environment	20.0%	bbb+	bbb+
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+	bbb
Risk appetite	50.0%	a-	a-
Competitive position	15.0%	bbb-	bbb-
Earnings	7.5%	a	a
Loss performance	7.5%	a	a-
Performance indicators	15.0%	a	a-
Indicative credit assessment		**a-**	**a-**
Peer comparison		Neutral	Neutral
Transitions		Neutral	Neutral
Borderline assessments		Neutral	Neutral
Standalone credit assessment		**a-**	**a-**
Ownership		Neutral	Neutral
Capital structure protection		Neutral	Neutral
Rating caps		Neutral	Neutral
Issuer rating		**A-**	**A-**
Outlook		Stable	Stable
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 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
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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