Nordic Credit Rating

FINANCIAL INSTITUTION

Norway
26 Feb. 2026

Haugesund Sparebank

Rating Action Report

LONG-TERM RATING

A-

OUTLOOK

Stable

SHORT-TERM RATING

N2

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Haugesund Sparebank long-term issuer rating raised to 'A-'; Outlook stable

Nordic Credit Rating (NCR) has raised its long-term issuer rating on Norway-based savings bank Haugesund Sparebank to 'A-' from 'BBB+'. The outlook is stable. The 'N2' short-term issuer rating has been affirmed. The senior unsecured issue rating has been raised to 'A-', the Tier 2 instrument rating has been raised to 'BBB+' and the additional Tier 1 instrument rating has been raised to 'BBB-'.

Rating rationale

The rating action reflects significantly strengthened capitalisation and reduced uncertainty following the completion of the delayed merger with Tysnes Sparebank last year. The bank's Tier 1 ratio increased sharply after the implementation of the EU's Capital Requirements Regulation III (CRR3), reaching 24.2% at year-end on a consolidated basis. We expect above-market loan growth and dividends at the upper end of the policy range to reduce capitalisation, but anticipate the Tier 1 ratio will remain strong, above 22% throughout our forecast period. However, we expect the bank will need to increase market funding to support loan growth, with the loan/deposit ratio approaching 140% by the end of our forecast period. While the bank's bond maturity profile is balanced, we consider this funding source to be higher risk than customer deposits.

On 1 Sep. 2025, the merger with Tysnes Sparebank was completed after several delays. During the process, high-risk Stage 3 loans in the bank's portfolio were a significant concern, and we view their divestment positively. With the merger finalised, we have reassessed the organisational structure, including the bank's risk management framework and resources, which we consider to have improved. We continue to view the bank's credit risk appetite as somewhat elevated for a Norwegian savings bank, as reflected in our loss performance assessment. We note that Haugesund Sparebank has made progress, with the share of net Stage 3 loans declining to 1.6% at year-end 2025 from a peak above 2% in 2023. We expect further gradual improvement.

The rating continues to reflect strong earnings, a moderate risk appetite, and benefits from membership in the Eika alliance. However, it remains constrained by regional concentrations, a relatively higher-risk loan book compared with domestic peers, and intense competition in its markets.

Stable outlook

The stable outlook reflects our expectation that Haugesund Sparebank's strong capitalisation and earnings will continue to serve as a buffer towards potential losses, even as it targets above-market loan growth in the coming years. We expect the bank to leverage its larger scale to further improve cost efficiency and strengthen its market position, although competition remains intense in several attractive markets.

An upgrade is unlikely at this time, given regional concentrations as well as already strong capital and earnings.

We could lower the rating to reflect a material deterioration in the local operating environment that negatively affects the bank's growth or profitability. We could also lower the rating to reflect a Tier 1 ratio significantly below 22% over a protracted period, or a significant increase in loan losses or non-performing loans.

Rating list	**To**	**From**
Long-term issuer credit rating:	A-	BBB+
Outlook:	Stable	Stable
Short-term issuer credit rating:	N2	N2

Rating list	To	From
Senior unsecured issue rating:	A-	BBB+
Tier 2 issue rating:	BBB+	BBB
Additional Tier 1 issue rating:	BBB-	BB+

Figure 1. Haugesund 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-	bbb+
Capital	17.5%	aa-	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%	bbb+	bbb
Performance indicators	15.0%	a-	bbb+
Indicative credit assessment		**a-**	**bbb+**
Peer comparison		Neutral	Neutral
Transitions		Neutral	Neutral
Borderline assessments		Neutral	Neutral
Stand-alone credit assessment		**a-**	**bbb+**
Ownership		Neutral	Neutral
Capital structure protection		Neutral	Neutral
Rating caps		Neutral	Neutral
Issuer rating		**A-**	**BBB+**
Outlook		Stable	Stable
Short-term rating		**N2**	**N2**

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	A-	BBB+
Tier 2	BBB+	BBB
Additional Tier 1	BBB-	BB+

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 28 Jun. 2024.
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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