

## BN Bank ASA

### Rating report

#### Summary and Outlook

BN Bank's issuer rating of A- reflects the following assessments:

- **Business model assessment: Focused (high).** BN Bank is primarily a digital bank serving both retail and corporate customers in Norway. In the retail market, the bank focuses on residential mortgage lending in eastern Norway while in the corporate market, the bank is a specialised commercial real estate lender operating mainly in the Oslo region. The bank is wholly owned by member banks of the SpareBank 1 Alliance. The collaborative nature between BN Bank and its owners is supportive of the bank's business.
- **Operating environment assessment: Very Supportive (low).** Norway is a relatively small open economy with one of the highest levels of per capita income in the world and low unemployment. A very strong government fiscal position provides ample capacity to support the economy when needed. The regulatory framework is well established and rigorous, and the central bank has a good track record of providing refinancing facilities to banks in times of stress. While competition is high, there is also a long history of cooperation among domestic banks.
- **Long-term sustainability assessment (ESG factor): Developing.** BN Bank has been actively addressing risks and opportunities within sustainability. Management has been incorporating climate risk assessments into its credit assessments for its corporate customers and is proactively preparing for upcoming reporting requirements. The bank's digital capabilities remain strong and a core pillar of the bank as it continues to invest in technology.
- **Earnings and risk exposures assessment: Supportive (+1 notch).** BN Bank maintains strong profitability and growth supported by a lean cost base and sound credit quality. Asset quality remains sound overall despite a more significant exposure to the commercial real estate sector compared to peers. The bank's solid profitability continues to provide a shield against potential further softening of credit quality.
- **Financial viability assessment: Comfortable (+1 notch).** BN Bank maintains solid buffers to its capital requirements. The bank received an updated pillar 2 requirement in Q1-24 allowing for the buffer to now be met by a mix of CET1, T1 and T2 capital under CRR. BN Bank continues to operate with an additional 70bps CET1 buffer while awaiting approval from the FSA for updated models for corporate lending. Deposits continue to remain the bank's primary source of funding. BN Bank's liquidity metrics remain well above requirements.

The Stable Outlook reflects Scope's view that the risks to the current rating are balanced.

#### The upside scenario for the rating and Outlook:

- Further strengthening of market position accompanied by sustained profitable growth, without an increase in the bank's risk profile.

#### The downside scenarios for the rating and Outlook:

- A deterioration in operating conditions which materially impact asset quality.
- A significantly lowered ability to generate capital organically leading to less conservative management of capital buffers.
- Loss of advantages from being affiliated with the SpareBank 1 Alliance.

Issuer rating

A-

Outlook

Stable

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#### Related publications

[Scope affirms BN Bank's issuer rating at A- with Stable Outlook, July 2024](#)

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**Rating drivers**

Rating drivers		Assessment					
STEP 1	Operating environment	Very constraining	Constraining	Moderately supportive	Supportive	Very supportive	
	<i>Low/High</i>	Low			High		
	Business model	Narrow	Focused	Consistent	Resilient	Very resilient	
	<i>Low/High</i>	Low			High		
	<b>Initial mapping</b>	<b>bbb</b>					
	Long-term sustainability	Lagging	Constrained	Developing	Advanced	Best in class	
	<b>Adjusted anchor</b>	<b>bbb</b>					
STEP 2	Earnings capacity & risk exposures	Very constraining	Constraining	Neutral	Supportive	Very supportive	
	Financial viability management	At risk	Stretched	Limited	Adequate	Comfortable	Ample
	Additional factors	Significant downside factor	Material downside factor	Neutral	Material upside factor	Significant upside factor	
	<b>Standalone rating</b>	<b>a-</b>					
STEP 3	<b>External support</b>	Not applicable					
<b>Issuer rating</b>		<b>A-</b>					

**Credit ratings**

		Credit rating	Outlook
<b>Issuer</b>	<b>BN Bank ASA</b>		
	Issuer rating	A-	Stable
	Preferred senior unsecured debt rating	A-	Stable
	Non-preferred senior unsecured debt rating	BBB+	Stable

**Real estate focused bank owned by members of the SpareBank 1 Alliance**

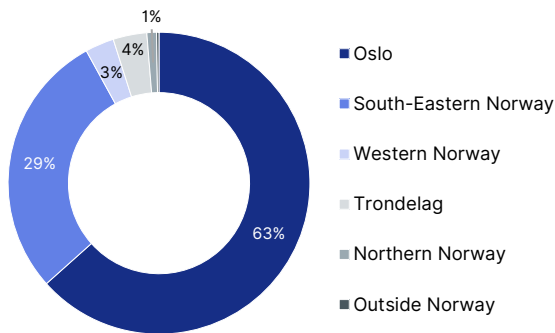
'Focused' business model assessment

BN Bank is owned by six member banks of the SpareBank 1 Alliance, with ownership dominated by two of the largest regional banks in Norway, each with a stake of about 35% (Figure 3). Over time, the ownership structure has become more concentrated as smaller banks in the alliance have sold their stakes or have merged. Having acquired the bank at a relatively attractive price in 2008, the owners now benefit from BN Bank's solid financial performance. The bank has also served as a platform for trying new business ideas and provides exposure to the Oslo region. The two owners with the largest stakes, SpareBank 1 SMN and SpareBank 1 SR-Bank, are based in Trondheim and Stavanger, respectively.

BN Bank's strategy has been driven by the owners' expectation for the bank to generate a level of sustainable returns in line with their own. Consequently, over time, management has significantly refocused the commercial real estate financing business, sold the unprofitable real estate brokerage business, and ceased unsecured consumer lending activities. In recent years, the strategy has been focused on increasing business volumes and improving cost efficiency. Anchored by a largely digital business model, the bank's cost efficiency is high, even amongst Norwegian banks (Figure 5).

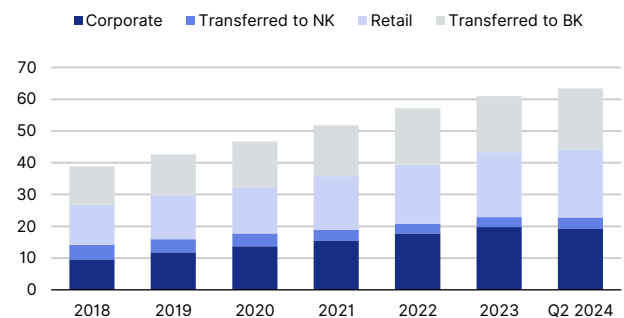
BN Bank enjoys material advantages from its association with the SpareBank 1 Alliance. These include the use of common IT systems, access to credit models based on customer data from the banks in the alliance, and the exchange of expertise on topics such as market and liquidity risks and regulatory developments.

**Figure 1: Loans by geography (%) 2023Y**



Source: Bank, Scope Ratings

**Figure 2: Lending activity by segment (NOK bn)**



NK: SpareBank 1 Naeringskreditt  
 BK: SpareBank 1 Boligkreditt  
 Source: Bank, Scope Ratings

**Figure 3: Selected information on BN Bank's owners**

Owner	Stake in BN Bank (%)	Assets (NOK bn)	Return on Avg Assets (%)	Return on Avg Equity (%)	Costs % Income	PLs % Gross loans	CET1 capital ratio (%)
SpareBank 1 SMN	35.02%	243,363,000	1.7	14.8	37.9	1.1	18.5
SpareBank 1 SR-Bank	35.02%	382,744,000	1.2	13.5	34.4	0.8	17.7
SpareBank 1 Nord-Norge	9.99%	133,027,000	2.3	18.1	33.1	1.3	17.3
SpareBank 1 Østlandet	9.99%	191,818,000	1.5	13.5	39.7	0.4	16.8
SpareBank 1 Sørøst-Norge	7.46%	94,673,000	1.5	10.6	43.1	1.0	21.9
SpareBank 1 Østfold Akershus	2.52%	29,205,000	1.8	11.8	43.8	0.9	17.7

Notes: Data as of Q2 2024, PLs: problem loans  
 Source: SNL, Scope Ratings

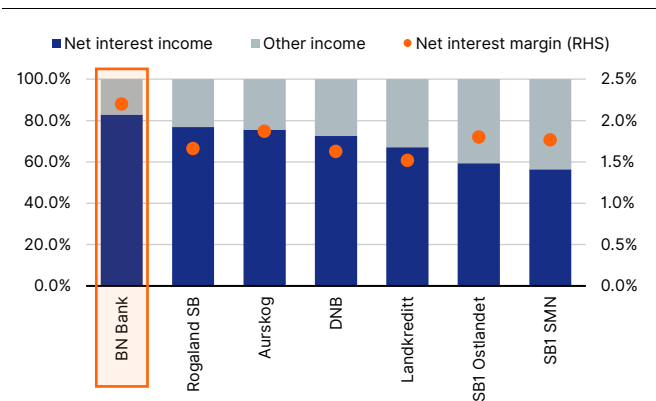
Like with most Norwegian banks, BN Bank focuses on retail customers and residential mortgages. In addition, the bank is active in the niche segment of providing the elderly with credit secured by their homes. While BN Bank enjoys a nationwide presence, around 85% of its retail exposure is to South-Eastern Norway. Given its headquarters in Trondheim, the bank prudently restricts lending to well-functioning markets with good market data.

The bank aims for a 65% retail/35% corporate lending mix, with targeted growth in the retail segment being greater than in the corporate one. However, this can vary depending on market dynamics. The share of retail lending, comprised almost entirely of residential mortgages, has increased over time and stood at 64% at Q2 2024.

In the retail market, the bank targets less price-sensitive customers willing to pay a premium for service and also seeks to develop more enduring client relationships. The expansion of distribution channels beyond the bank's digital origins (internet banking) has been an important driver of business growth. These include mortgage brokers, a partnership with the real estate group Krosveen and open banking initiatives.

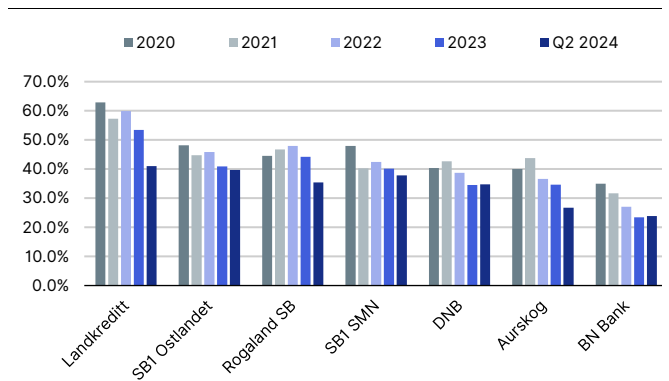
In the corporate market, BN Bank is a specialised commercial real estate (CRE) lender operating primarily in the greater Oslo region. The bank's activities also include some construction financing, primarily for housing projects.

**Figure 4: Revenue profile – peer comparison**



Note: Three-year averages based on 2021-2023  
Source: SNL, Scope Ratings

**Figure 5: Cost income ratio - peer comparison**



Source: SNL, Scope Ratings

## Operating environment

Focus on BN Bank's country of domicile: Norway (AAA/Stable)																																																																																									
<b>Economic assessment:</b>			<b>Soundness of the banking sector:</b>																																																																																						
<ul style="list-style-type: none"> <li>With a population of 5.4m and a nominal GDP of USD 490bn, Norway is a relatively small open economy with one of the world's highest levels of per capita income.</li> <li>The Norwegian economy recovered quickly from the Covid-19 pandemic, with continued strong GDP growth in 2022 but a slowdown in 2023. The impacts of high inflation were partially offset by the strong performance of the oil sector.</li> <li>Investment in the oil sector is expected to remain high in 2024, while falling inflation and a recovery in real earnings should support a gradual recovery in private consumption.</li> <li>A very strong government fiscal position provides ample capacity to support the economy as needed. Savings are accumulated through the world's largest sovereign wealth fund.</li> <li>The high home ownership rate of around 80% is a driver for high levels of household debt, both in historical terms and in comparison, to other countries. Macroprudential measures concerning mortgages and consumer debt are in place to manage these risks. Mortgage debt is primarily on floating rate terms.</li> <li>Exposure to commercial real estate firms is a longstanding vulnerability of the financial system.</li> </ul>			<ul style="list-style-type: none"> <li>The Norwegian banking system is dominated by DNB Bank, with a market share of around 30%. Nordea and other foreign banks account for about 20% of the retail market and 30% of the corporate market. There are also nearly 90 savings banks, with their size ranging from less than NOK 5bn to NOK 365bn in assets. Savings banks tend to operate locally or regionally and are part of alliances (SpareBank 1, Eika, DSS).</li> <li>Smaller savings banks are consolidating due to increasing competitive and regulatory pressures.</li> <li>Residential mortgages account for more than half of total lending while the commercial real estate sector accounts for 15% of total lending (or nearly half of corporate lending).</li> <li>Digitalisation is high and the use of cash is amongst the lowest in the world.</li> <li>A rigorous regulatory framework, with some of the highest solvency requirements amongst European banks.</li> <li>Norwegian banks are generally profitable, cost efficient and exhibit sound asset quality and solvency metrics.</li> <li>While customer deposits are the primary source of funding, the use of market funding is material, especially covered bonds.</li> </ul>																																																																																						
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<p><b>GDP per capita (USD) – peer comparison</b></p> <p>Note: Data for 2023 Source: Macrobond, Scope Ratings</p>			<p><b>Banking sector return on average assets – peer comparison</b></p> <p>Note: Five-year average based on 2019-2023 Source: SNL, Scope Ratings</p>																																																																																						

## Actively managing sustainability related issues and opportunities

Primarily a digital bank since inception, BN Bank invests in technical capabilities to remain competitive in an environment characterised by high digitalisation. The bank is also able to leverage on the IT systems of the SpareBank 1 Alliance. The bank has also begun looking into the utilisation of AI in recent years. A strategy along with rules and regulations have been developed and efforts are being made to develop skills within the organisation and further utilise AI for different processes within the bank. In 2024 BN Bank also launched a mobile bank for its corporate customers.

'Developing' long-term sustainability assessment

Senior executives from the owner banks are heavily represented on the bank's board of directors and have significant influence on the bank's strategic direction. The Chair and Deputy Chair normally come from the two banks with the largest ownership stakes, SpareBank 1 SR-Bank and SpareBank 1 SMN. Despite competing with the owners in some markets, there is also strong collaboration which supports the bank's business and operating performance.

BN Bank demonstrates good awareness of how sustainability issues may impact its business and has incorporated them into strategic priorities. Management has carried out impact and materiality analyses, examining issues that are important to the bank's stakeholders as well as to its performance. The bank continues to instil responsibility for sustainability throughout the organisation, rather than solely at management level.

In January 2020, BN Bank signed the UN's Principles for Responsible Banking. Management has delivered three milestone reports (2021-2023) to the UNEPFI and has received encouraging feedback regarding its progress towards satisfying the UNEP FI principles.

During 2024 the bank will report a transition plan to its board regarding how long-term targets for greenhouse gas emissions are going to be achieved, outlining priorities, targets and measures. The bank is also working on an ongoing project to prepare the organisation for CSRD and the EU taxonomy. The project is being carried out together with assistance from EY.

Climate risk forms a part of the bank's credit assessment for its corporate portfolio. In 2023, a new module was introduced to assess ESG risk in the bank's lending activities in the corporate market. The module is used for all commitments above 10m NOK as part of the credit assessment as well as a periodic assessment and examines physical climate risk, transition risk, social conditions, company management and corporate governance. The bank's long-term ambition is for the module to be integrated into the risk classification model for commercial properties.

BN Bank published its fourth standalone sustainability report last year and reports along TCFD and GRI standards. Further, KPMG has reviewed the bank's sustainability reporting. In March 2022, the bank published its first climate risk report which contains information on financed emissions as well as physical and transition risks relating to credit exposures. The bank aims to reduce Scope 3 financed emissions by 40% (compared to 2016) by 2040 and to be net zero in 2050.

In 2022, the bank established a green bond framework which was certified by Sustainalytics. The bank has ca. 2bn NOK in outstanding green bonds at Q2 2024. In addition to its own green bonds, BN Bank has a share of 2.8bn NOK in green issuance via SB1 Boligkreditt.

Figure 6: Long-term sustainability overview table<sup>1</sup>

	Industry level			Issuer level						
	Materiality			Exposure			Management			
	Low	Medium	High	Low	Neutral	High	Weak	Needs attention	Adequate	Strong
E Factor		◊		◊	◊				◊	
S Factor	◊				◊				◊	
G Factor			◊	◊	◊				◊	
D Factor			◊			◊			◊	

Source: Scope Ratings

### Solid earnings provide comfortable buffer against potential credit impairments

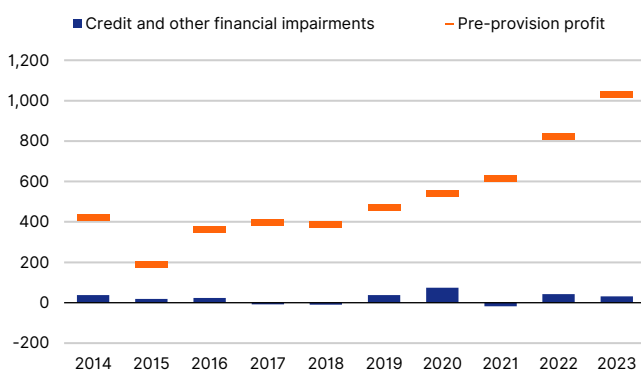
Management’s consistent strategy execution has resulted in steadily increasing returns which provide a comfortable buffer against potential credit impairments (Figure 7). For the last several years, the bank has targeted lending growth while controlling expenses and maintaining low credit losses. The elevated interest rate environment has also bolstered profitability for the bank in recent times. Between 2016 and 2020, returns were around 7-8%. At Q2 2024, the reported return on equity was 13.9%.

‘Supportive’ earnings capacity and risk exposures assessment

In 2023, the bank increased its return on equity target to 13% up from 12% and also adjusted its cost-to-income ratio target to 25% or below down from 30%. Further growth in mortgage lending is key to the bank’s strategy although management has willingly accepted lower growth to maintain margins and profitability.

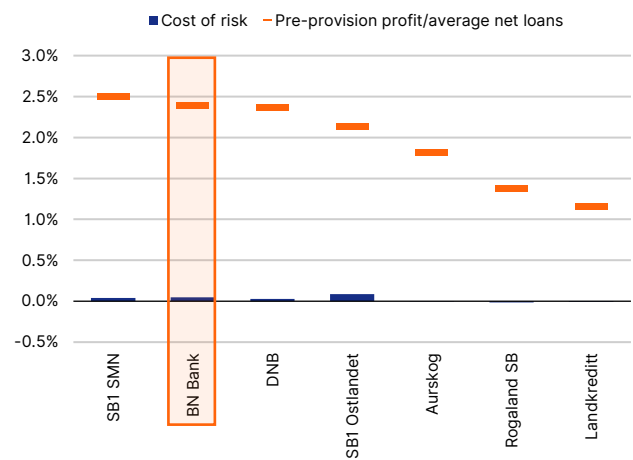
The bank maintains strong discipline when it comes to cost control, with a cost to income ratio of 23.9% for Q2 2024. Costs in the quarter were slightly elevated as a result of increases in costs and neutral growth in margins.

Figure 7: Pre-provision income and provisions (NOK m)



Source: SNL, Scope Ratings

Figure 8: Pre-provision profitability v. cost of risk - peer comparison



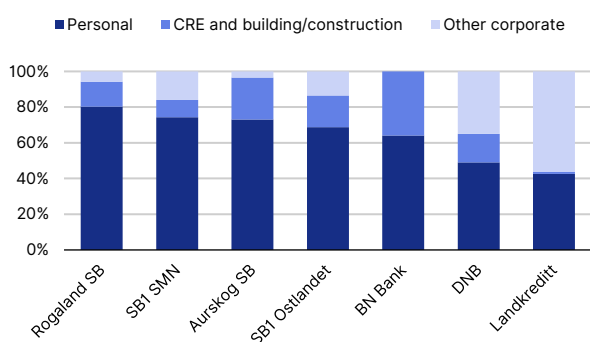
Note: Three-year averages based on 2021-2023.  
Source: SNL, Scope Ratings

<sup>1</sup> The overview table illustrates how each factor informs our overall assessment. Materiality refers to our assessment of the credit relevance of each factor for the banking industry. Exposure refers to what extent the bank is exposed to risks or benefits from opportunities compared to peers, given its business model and countries of operation. Management refers to how we view the bank’s navigation through transitions.

Despite the greater exposure to the commercial real estate (CRE) sector, BN Bank's asset quality metrics are comparable to those of other Norwegian banks (Figure 10). The bank has in place internal limits for exposure to CRE as well as to building and construction. A few years ago, management decided to restrict activity to the broader Oslo area given their expertise and low loss experience in this region. BN Bank primarily finances commercial properties with multi-year leases and high occupancy rates. The portfolio is diversified across various types of commercial property, with limited exposure to more cyclical segments such as hotels.

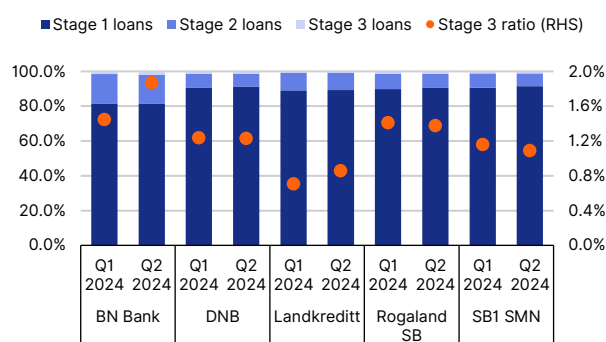
The Norwegian CRE industry as a whole has been under pressure due to higher rates and inflation, with the bank seeing some risk migration more recently. However, the risk profile of its exposures remains sound paired with moderate LTVs.

**Figure 9: Credit exposures**



Note: Data as of Q2 2024, incl. loans transferred to BK & NK entities.  
Landkreditt data is as of 2023YE.  
Source: Banks, Scope Ratings

**Figure 10: Asset quality - peer comparison**



Source: SNL, Scope Ratings

The relatively small construction loan portfolio (Q2 2024: NOK 1.7bn) is primarily related to residential housing. Since 2017 the bank has experienced just one minor loss in the construction loan portfolio. Over the past 24 months, growth in the construction loan portfolio has slowed as a result of the high interest rates, cost inflation and some stricter construction regulation in Oslo.

Meanwhile, personal customers and residential mortgages account for more than half of the loan book. The risk profile of the mortgage portfolio remains solid, with 74% having an LTV below 70% and another 21.5% with an LTV between 70% and 85%. Growth in the retail portfolio stood strong with 12-month loan growth at 8.7% in Q2 2024.

As of Q2 2024, the bank held NOK 209m in loan loss provisions, of which 86% were for Stage 1 and Stage 2 loans. These S1 & S2 provisions were reduced in the quarter by 21m as a result of changes in risk classification. Stage 3 losses amounted to NOK 6m in the quarter.

Stage 3 exposures at Q2 2024 remain elevated at NOK 748m up from 205m in the same quarter in 2023. The increase is primarily attributable to a single corporate customer within the CRE sector. The reported Stage 3 ratio stood at 1.85% in the period, up from 0.55% the year before.



### Sound prudential metrics and stable funding profile

Underpinned by its ability to generate internal capital, BN Bank maintains comfortable buffers to regulatory requirements (Figure 13). As of Q2 2024, BN Bank’s CET1 capital ratio stood at 18.7%. This figure incorporates an approximate 70 bp impact from additional buffers being held for the bank’s corporate exposures.

‘Comfortable’ financial viability management assessment

In July 2022, the Norwegian FSA published a review of the bank’s internal models for calculating capital requirements. Subsequently, in February 2023, the Norwegian FSA directed the bank to revise or build new models for corporate exposures to better reflect refinancing risks as the maturity profile of CRE loans has significantly decreased over time, an industry wide phenomenon. The bank is awaiting feedback on its updates.

BN Bank has been using advanced internal rating-based models since 2014 for its corporate portfolio and since 2015 for its retail portfolio.

Figure 11: Capital profile

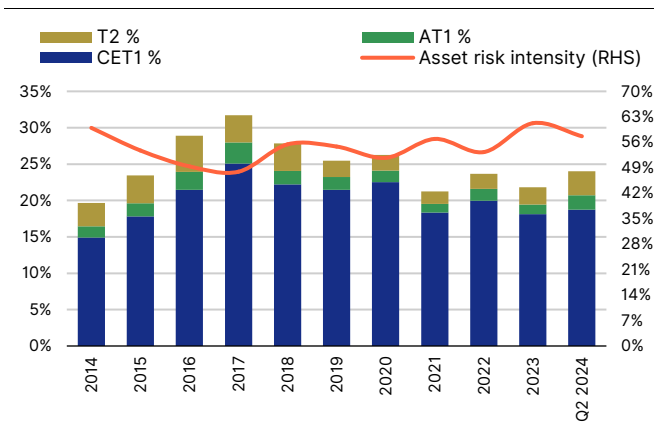
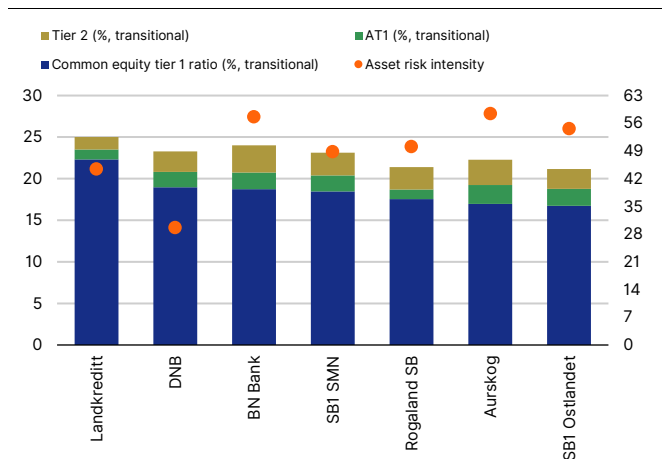


Figure 12: Capital profile – peer comparison (Q2 2024)



Source: Bank, Scope Ratings

Source: SNL, Scope Ratings

The bank received an updated Pillar 2 requirement of 3.1% from the Norwegian FSA in Q1 2024, up from 2.6%. With the update the bank is now able to meet the P2R with a mix of capital instead of purely CET1 capital, in line with capital requirements regulation (CRR). Management also targets a buffer of at least 1.25% above its current minimum CET1 requirement.

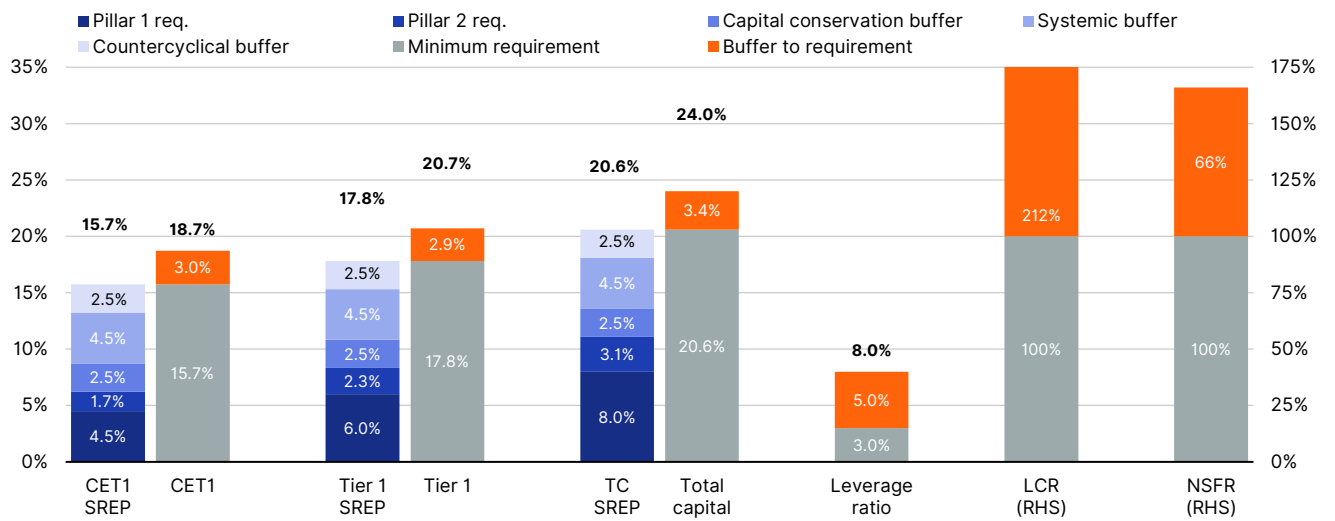
During the 2008 financial crisis, when the bank was under Icelandic ownership, it suffered material deposit outflows, particularly with larger deposits not covered by the guarantee scheme. With this experience, management is keenly aware of the need to maintain a sound liquidity profile and to have contingency measures in place. The bank maintains a stable deposit base and growth in 2024 so far has been strong with 12-month deposit growth standing 4.6% at Q2 2024.

Market funding, however, remains important. BN Bank transfers about 50% of mortgages to the covered bond issuing vehicle of the SpareBank 1 Alliance. In addition, the bank relies on the domestic unsecured debt market. The bank, however, aims to maintain enough liquidity and reserves so it does not need access to wholesale markets for at least one year. The liquidity portfolio is comprised primarily of high-quality government and municipal securities as well as covered bonds.

The bank’s liquidity and funding metrics remain well above requirements with the LCR and NSFR standing at 312% and 166% respectively.

Further, the bank has various targets and limits in place to manage potential risks such as a minimum duration for outstanding market funding, a maximum amount of debt maturing each year and a minimum reserve of mortgages available to secure covered bond funding.

**Figure 13: Overview of distance to requirements as of Q2 2024**



Source: Bank, Scope Ratings

## Financial appendix

### I. Appendix: Selected financial information – BN Bank ASA

	2020	2021	2022	2023	Q2 2024
<b>Balance sheet summary (NOK m)</b>					
<b>Assets</b>					
Cash and interbank assets	437	236	721	1,171	1,781
Total securities	7,155	8,234	7,291	7,133	7,891
of which, derivatives	238	72	42	57	66
Net loans to customers	28,069	32,472	36,166	38,658	40,382
Other assets	106	934	820	999	987
<b>Total assets</b>	<b>35,767</b>	<b>41,876</b>	<b>44,998</b>	<b>47,961</b>	<b>51,041</b>
<b>Liabilities</b>					
Interbank liabilities	414	9	7	11	33
Senior debt	12,455	13,916	14,244	15,493	NA
Derivatives	80	85	556	846	827
Deposits from customers	17,627	22,287	23,976	24,620	25,741
Subordinated debt	300	300	400	601	854
Other liabilities	342	262	316	362	NA
<b>Total liabilities</b>	<b>31,218</b>	<b>36,859</b>	<b>39,499</b>	<b>41,933</b>	<b>44,357</b>
Ordinary equity	4,323	4,792	5,174	5,703	6,159
Equity hybrids	226	225	325	325	525
Minority interests	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>35,767</b>	<b>41,876</b>	<b>44,998</b>	<b>47,961</b>	<b>51,041</b>
<i>Core tier 1/ common equity tier 1 capital</i>	<i>4,170</i>	<i>4,368</i>	<i>4,789</i>	<i>5,329</i>	<i>5,514</i>
<b>Income statement summary (NOK m)</b>					
Net interest income	671	712	933	1,166	303
Net fee & commission income	152	186	168	147	45
Net trading income	1	-7	-1	11	5
Other income	10	8	27	23	11
<b>Operating income</b>	<b>834</b>	<b>899</b>	<b>1,127</b>	<b>1,347</b>	<b>364</b>
Operating expenses	292	285	305	315	87
<b>Pre-provision income</b>	<b>542</b>	<b>614</b>	<b>822</b>	<b>1,032</b>	<b>277</b>
Credit and other financial impairments	75	-18	42	31	-9
Other impairments	0	0	0	0	0
Non-recurring income	0	0	0	0	0
Non-recurring expense	0	0	0	0	0
<b>Pre-tax profit</b>	<b>467</b>	<b>632</b>	<b>780</b>	<b>1,001</b>	<b>286</b>
Income from discontinued operations	0	0	0	0	0
Income tax expense	113	154	185	237	66
Other after-tax items	0	0	0	0	0
Net profit attributable to minority interests	0	0	0	0	0
<b>Net profit attributable to parent</b>	<b>354</b>	<b>478</b>	<b>595</b>	<b>764</b>	<b>220</b>

Source: SNL, Scope Ratings

Note: Figures above may differ from reported figures.

## II. Appendix: Selected financial information – BN Bank ASA

	2020	2021	2022	2023	Q2 2024
<b>Funding and liquidity</b>					
Net loans/ deposits (%)	51%	43%	49%	52%	54%
Liquidity coverage ratio (%)	150%	178%	241%	250%	312%
Net stable funding ratio (%)	165%	154%	150%	150%	166%
<b>Asset mix, quality and growth</b>					
Net loans/ assets (%)	78.5%	77.5%	80.4%	80.6%	79.1%
Problem loans/ gross customer loans (%)	0.4%	0.4%	0.5%	1.6%	1.8%
Loan loss reserves/ problem loans (%)	156.0%	133.3%	114.9%	37.3%	27.9%
Net loan growth (%)	10.1%	15.7%	11.4%	6.9%	10.9%
Problem loans/ tangible equity & reserves (%)	2.6%	2.3%	3.1%	9.8%	10.9%
Asset growth (%)	12.1%	17.1%	7.5%	6.6%	21.1%
<b>Earnings and profitability</b>					
Net interest margin (%)	2.0%	1.9%	2.2%	2.6%	2.5%
Net interest income/ average RWAs (%)	3.7%	3.6%	3.9%	4.4%	4.1%
Net interest income/ operating income (%)	80.5%	79.2%	82.8%	86.6%	83.2%
Net fees & commissions/ operating income (%)	18.2%	20.7%	14.9%	10.9%	12.4%
Cost/ income ratio (%)	35.0%	31.7%	27.1%	23.4%	23.9%
Operating expenses/ average RWAs (%)	1.6%	1.4%	1.3%	1.2%	1.2%
Pre-impairment operating profit/ average RWAs (%)	3.0%	3.1%	3.5%	3.9%	3.8%
Impairment on financial assets / pre-impairment income (%)	13.8%	-2.9%	5.1%	3.0%	-3.2%
Loan loss provision/ average gross loans (%)	0.3%	-0.1%	0.1%	0.1%	-0.1%
Pre-tax profit/ average RWAs (%)	2.6%	3.2%	3.3%	3.8%	3.9%
Return on average assets (%)	1.0%	1.2%	1.4%	1.6%	1.8%
Return on average RWAs (%)	2.0%	2.4%	2.5%	2.9%	3.0%
Return on average equity (%)	8.1%	10.0%	11.3%	13.1%	13.4%
<b>Capital and risk protection</b>					
Common equity tier 1 ratio (% , fully loaded)	NA	NA	NA	NA	NA
Common equity tier 1 ratio (% , transitional)	22.5%	18.3%	20.0%	18.1%	18.7%
Tier 1 capital ratio (% , transitional)	24.1%	19.5%	21.6%	19.5%	20.7%
Total capital ratio (% , transitional)	26.3%	21.2%	23.7%	21.8%	24.0%
Leverage ratio (%)	8.2%	7.1%	7.5%	7.7%	8.0%
Asset risk intensity (RWAs/ total assets, %)	51.7%	56.9%	53.3%	61.2%	57.7%
<b>Market indicators</b>					
Price/ book (x)	NA	NA	NA	NA	NA
Price/ tangible book (x)	NA	NA	NA	NA	NA
Dividend payout ratio (%)	NA	NA	NA	NA	NA

Source: SNL, Scope Ratings

Note: Figures above may differ from reported figures.

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## Related research

[Norwegian Savings Banks: Strong profitability set to continue](#), April 2024

[EU Banks: NPLs look set to continue rising](#), July 2024

[Covered Bond Quarterly: Steady sailing over the summer with few clouds on the horizon](#), July 2024

## Applied methodology

[Financial Institutions Rating Methodology](#), February 2024

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