

## Romerike Sparebank

## Rating Action Report

## LONG-TERM RATING

A-

## OUTLOOK

Stable

## SHORT-TERM RATING

N2

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## Romerike Sparebank assigned 'A-' long-term issuer rating; Outlook stable

Nordic Credit Rating said today that it had assigned an 'A-' long-term issuer rating to Norway-based [Romerike Sparebank](#). The outlook is stable. An 'N2' short-term issuer rating was also assigned, together with an 'A-' senior unsecured issue rating, a 'BBB+' Tier 2 issue rating and a 'BBB-' additional Tier 1 issue rating.

### Rating rationale

Our long-term issuer rating reflects Romerike Sparebank's robust capitalisation, diverse funding access and strong growth in its core region. The bank has a cooperation agreement with the Eika banking alliance, which we view as positive, as it provides product diversity, shared development costs, and the opportunity to finance residential retail mortgages through mortgage company Eika Boligkreditt. We expect firm cost efficiency to support the bank's core earnings despite a likely contraction in net interest margins over the next few years. We also expect robust pre-provision profit to offset elevated loan losses due to a slowdown in the national economy.

The rating is constrained by the bank's high exposure to real estate in the Romerike region. Additional negative rating factors include stiff competition in the greater Oslo region and the bank's low market shares.

### Stable outlook

The outlook is stable, reflecting our view that a weak economic climate and Romerike Sparebank's projected credit losses in our forecast through 2026 will be offset by improved capital and solid earnings. We believe the bank's moderate risk appetite, strong real-estate collateral, improved earnings, and stable cost position will enable resilience to a modest economic slowdown. We expect the prospective positive impact of implementing the EU's Capital Requirements Regulation III (CRR3) will further improve the bank's capital ratios.

We could raise the rating on Romerike Sparebank to reflect a consolidated Tier 1 capital ratio sustainably above 25%, pre-provision income to risk exposure amount (REA) sustainably above 3%, and lessening uncertainty about credit risk and improved asset quality metrics.

We could lower the rating to reflect a material deterioration in the local operating environment that negatively affects the bank's asset quality, a lasting reduction in the consolidated Tier 1 capital ratio to below 18%, pre-provision income to REA below 2%, or cost/income above 50% over a protracted period.

### Rating list

Long-term issuer credit rating:  
Outlook:  
Short-term issuer credit rating:  
Senior unsecured issue rating:  
Tier 2 issue rating:  
Additional Tier 1 issue rating:

### Rating

A-  
Stable  
N2  
A-  
BBB+  
BBB-

**Figure 1. Romerike Sparebank rating scorecard**

Subfactors	Impact	Score
National factors	10.0%	a
Regional, cross border, sector	10.0%	a
Operating environment	20.0%	a
Risk governance	5.0%	a-
Capital	17.5%	a+
Funding and liquidity	15.0%	a
Credit risk	10.0%	bbb-
Market risk	-	-
Other risks	2.5%	a-
Risk appetite	50.0%	a-
Competitive position	15.0%	bb+
Earnings	7.5%	a+
Loss performance	7.5%	bbb+
Performance indicators	15.0%	a-
<b>Indicative credit assessment</b>		<b>a-</b>
Transitions		Neutral
Peer calibration		Neutral
Borderline assessments		Neutral
<b>Stand-alone credit assessment</b>		<b>a-</b>
Material credit enhancement		Neutral
Rating caps		Neutral
Support analysis		Neutral
<b>Issuer rating</b>		<b>A-</b>
Outlook		Stable
<b>Short-term rating</b>		<b>N2</b>

**Figure 2. Capital structure ratings**

Seniority	Rating
Senior unsecured	A-
Tier 2	BBB+
Additional Tier 1	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 12 Nov. 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 14 Feb. 2024 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 <a href="https://nordiccreditrating.com/governance/policies">nordiccreditrating.com/governance/policies</a> . The historical default rates of entities and securities rated by NCR will be viewed on <a href="#">the central platform (CEREP) of the European Securities and Markets Authority (ESMA)</a> .
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, Meetings with management of the rated entity, Non-public information, Press reports/public information, Website of rated entity.
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Ancillary services provided:	No ancillary services were provided.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
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