

RørosBanken Røros Sparebank

Full Rating Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N2

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RATING RATIONALE

Our 'BBB+' long-term issuer rating on Norway-based RørosBanken reflects the savings bank's strong capital position, moderate risk appetite, diverse funding, and stable earnings. The bank has a cooperation agreement with the Eika banking alliance, which we view as positive, as it provides members with product diversity, shared development costs, and the opportunity to finance residential retail mortgages through mortgage company Eika Boligkreditt.

The rating is constrained by RørosBanken's lending profile and growth strategy. Despite its roots in the region surrounding Røros, a high share of the bank's loan exposure is in growth areas, primarily Oslo, Norway's capital, and Trondheim. Although providing diversification, lending outside of adjacent regions tests the boundaries of the local bank's credit risk management, in our view. We expect the bank will continue its strategy to expand in its non-core growth markets, despite capacity and oversight concerns associated with corporate exposures. This strategy also affects our view of the bank's competitive position given its weak market position in growth markets, despite its dominant competitive position in Røros.

STABLE OUTLOOK

The outlook is stable, reflecting the bank's strong capital and earnings ratios and high share of real-estate collateral. Under new leadership, the bank has improved risk management over the last year, and we expect it will prioritize sustainable lending growth in coming years. We believe strong cost efficiency will support the bank's core earnings despite a likely decline in net interest margins over the next few years. We also expect robust pre-provision profit will offset elevated loan losses due to low activity in the overall economy. We forecast increased, but sustainable, loan growth through 2027, with capital ratios remaining high and boosted further by the implementation of the EU's Capital Requirements Regulations III (CRR3).

POTENTIAL POSITIVE RATING DRIVERS

- Reduced risk appetite in lending;
- Demonstrated improvement in loss performance and asset quality; and
- Maintained profitability.

POTENTIAL NEGATIVE RATING DRIVERS

- A sustained reduction in the Tier 1 capital ratio to below 20%.
- Risk-adjusted earnings metrics below 2% of risk exposure amount (REA) over a protracted period.
- A material deterioration in the local operating environment or weakened asset quality.

Figure 1. Key credit metrics, 2021–2027e

%	2021	2022	2023	2024	2025e	2026e	2027e
Net interest margin	1.7	2.1	2.3	2.5	2.3	2.2	2.0
Loan losses/net loans	0.28	0.20	0.65	0.47	0.15	0.15	0.15
Pre-provision income/REA*	2.0	2.6	2.8	3.2	2.8	2.8	2.5
Cost-to-income	47.0	44.5	45.2	40.4	43.9	44.3	45.4
Return on average equity	6.8	8.8	6.7	8.5	8.0	7.6	7.0
Loan growth	12.0	9.7	4.5	1.3	7.0	8.0	9.0
CET1 ratio*	17.8	19.9	19.4	21.4	23.8	23.5	23.3
Tier 1 ratio*	19.3	21.5	20.9	23.4	25.8	25.5	25.1

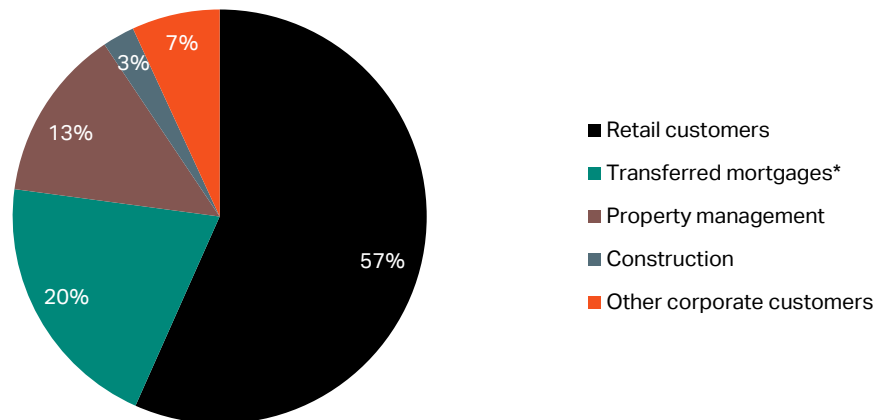
Source: company and NCR. e—estimate. REA—risk exposure amount. CET1—common equity Tier 1. All metrics adjusted in line with NCR methodology.
*Consolidated capital adequacy metrics, including the estimated effect of CRR3 from 2025.

ISSUER PROFILE

RørosBanken is one of Norway's oldest savings banks, established in 1842. It operates as an independent savings bank via its headquarters in Røros, as well as a retail branch office in Oslo since 2006. Lending has traditionally been centred in Røros and the neighbouring mountainous region but currently constitutes a smaller portion of the portfolio as the bank has targeted growth in the metropolitan areas of Oslo and Trondheim. Today, RørosBanken has about 13,000 customers and some 50 full-time employees. As of 31 Dec. 2024, the bank had NOK 8.9bn in total net lending, including transferred loans of NOK 1.8bn.

The bank is a member of the Eika Alliance, an association of close to 50 small and medium-sized Norwegian savings banks. The association provides members with product diversity and helps to improve their cost efficiency through the sharing of IT costs and joint efforts in risk management and compliance. It also provides members with the opportunity to finance residential mortgages via Eika Boligkreditt, one of the largest issuers of covered bonds in Norway.

Figure 2. Gross loans by sector/type (including transferred loans), 31 Dec. 2024



Source: company. *Net loans transferred to Eika Boligkreditt.

OPERATING ENVIRONMENT

Operating environment

We consider a balance of national and regional factors in our assessment of the operating environment. Because the bank sources most of its lending outside of its traditional market of Røros, aligning itself more with the national economy, we weigh national and regional factors equally. We view the Norwegian banking sector as well capitalised and anticipate that strong earnings will compensate for potential late-cycle loan losses and somewhat weakened asset quality. RørosBanken's core markets are largely rural with weaker industrial diversification than in urban areas. The bank consequently has weaker growth prospects in its core markets compared with the national average.

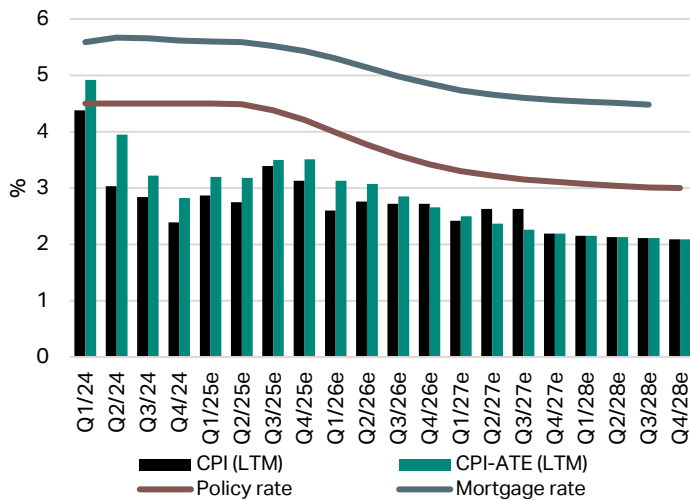
Savings banks are resilient to lower economic activity

National factors

Net interest margins for Norwegian savings banks have widened significantly due to high interest rates since 2021. This, together with strong lending growth, has boosted earnings across the sector. An anticipated drop in interest rates did not materialise in 2024, and net interest margins held up better than we expected. However, we believe that falling interest rates, heightened competition and marginally increased loan losses will slow earnings growth and lower returns on equity in 2025 and 2026.

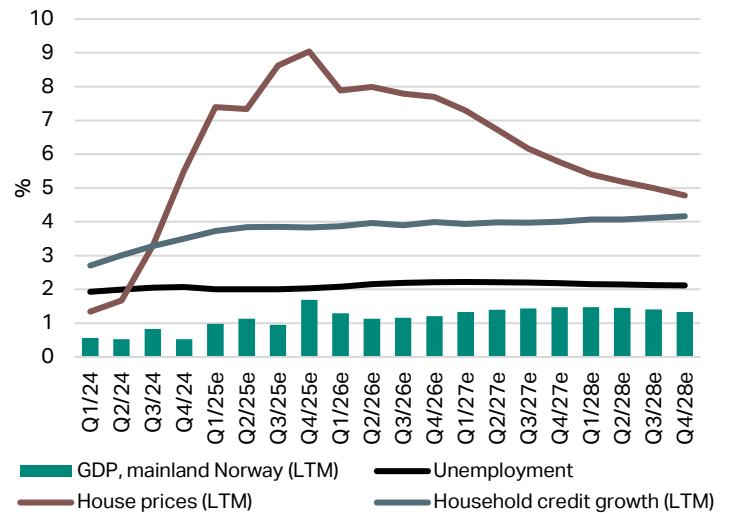
As intended, high interest rates are helping to slow the economy. High interest rates and weak economic conditions led to an increase in loan-loss provisions among domestic savings banks in 2023 and 2024. We now expect flat provision levels through our forecast period. Norway's savings banks are well capitalised and have strong pre-provision profitability, which makes them relatively resilient to increased credit losses.

Figure 3. Norwegian inflation and interest rates, 2024–2028e



Source: central bank. e–estimate. CPI–consumer price index. LTM–last 12 months. ATE–adjusted for tax changes and excluding energy products.

Figure 4. Norwegian economic indicators, 2024–2028e



Source: central bank. e–estimate.

Regional, sectoral, and cross-border factors

Rural and mountainous core markets

RørosBanken has its main office in the municipality of Røros in southern Trøndelag county, near Innlandet county and the Swedish border. Its centre, also called Bergstaden, has preserved much of its old character and been listed on UNESCO's List of World Heritage since 1980. The bank's core markets extend to municipalities in the nearby mountainous region (Figure 5 includes neighbouring municipalities). Røros has a population of less than 6,000 people and accounts for about one-fourth of RørosBanken's total lending. Population growth has been weak in recent years and is set to increase by a moderate 6% through 2050. The region has an employment base with low diversification, along with a relatively high elderly population. Employment has decreased by 3% over the past 10 years, but unemployment remains low and resembles the national average.

In the past two decades, the bank has targeted growth beyond its core markets, especially focusing on Oslo and Trondheim. These metropolitan areas have low sectorial concentrations and are more robust against economic fluctuations. Population growth is especially strong, although unemployment rates are slightly higher than the national average.

Figure 5. Core markets

Municipality	Population, Q3 2024	Expected population change, 2024–2050 (%)	Unemployment, Jan. 2025 (%)	Unemployment, Jan. 2024 (%)
Røros	5,704	5.5	2.2	1.8
Holtålen	2,047	-4.6	2.0	2.0
Os	1,893	-0.9	2.2	1.3
Engerdal	1,356	16.4	1.3	1.3
Tydal	787	0.5	1.1	1.1
Core markets	11,787	3.6	2.0	1.7
Oslo	723,196	13.0	2.8	2.6
Trondheim	215,873	16.0	2.0	1.7
Norway	5,585,044	9.5	2.3	2.1

Source: Statistics Norway, Norwegian Labour and Welfare Administration.

RISK APPETITE

Risk appetite assessment

Our risk appetite assessment reflects RørosBanken's solid capital ratios, diverse funding profile and ability to transfer loans to Eika Boligkreditt. We note improvements in risk governance; however, the bank has a higher share of lending to customers beyond core markets than similar sized peers, increasing risks in credit risk management and risk governance.

Risk governance

Risk governance is improving under new management

In our view, RørosBanken's risk governance framework, risk appetite, limit monitoring and risk reporting are in proportion 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 capital adequacy assessment processes are proportional to its risk profile. In addition, the bank differentiates itself from smaller savings bank peers through its internal audit function, acting as a third line of defence. The bank has implemented a matrix structure to improve risk awareness and efficiency across risk areas.

Under new management, RørosBanken has sharpened its focus on risk management and controls in response to a supervisory review by Norway's Financial Supervisory Authority (FSA) published in September 2024. The review placed special emphasis on credit risk and lending to the corporate segment, particularly outside of the bank's core region. In our view, the bank has addressed most of the issues raised by the FSA. We also note that the bank has made major changes in management

RørosBanken has indicated it intends to maintain its strategy of lending to corporate customers beyond its traditional core markets and believes it has adequately assessed and priced these customers. In our view, the bank takes a larger underwriting risk in terms of evaluating customers' creditworthiness and underlying collateral for corporate borrowers outside of its core markets. We have fewer concerns about retail exposures given the high liquidity of housing markets in growth areas. Our assessment of risk governance emphasises RørosBanken's most recent performance and our expectations regarding its future policies, risk reporting and controls relative to its past performance.

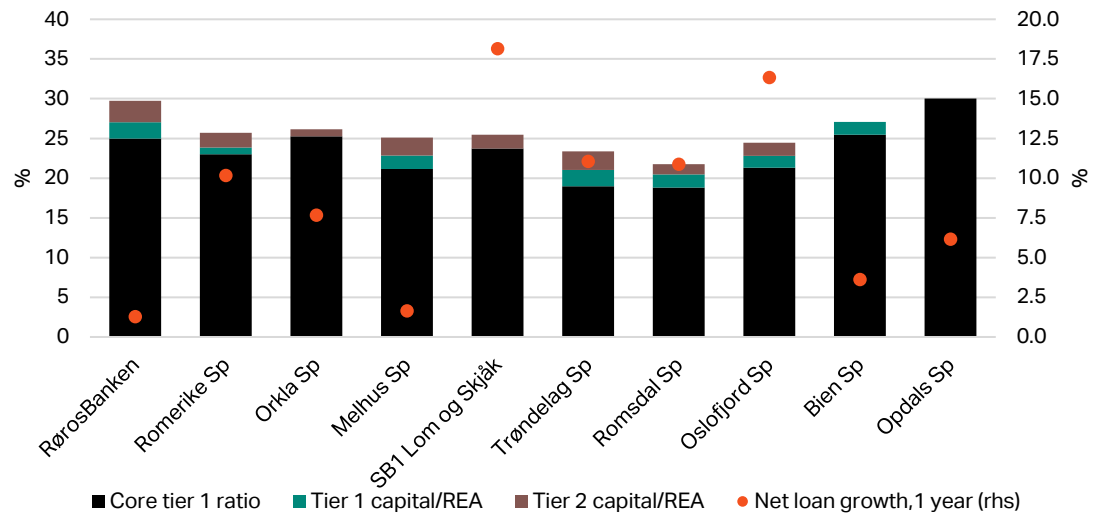
The cooperation with the Eika Alliance provides members with frameworks and additional resources for future risk governance development and future sustainability efforts. The bank has established credit-related guidelines to assess climate and sustainability risks for its corporate customers. In addition, it has obtained certification by Miljøfyrtårn/EcoLighthouse, which provides criteria and structure for products and solutions to minimise banks' environmental footprints.

CRR3 to take effect on 1 April 2025

Capital

Our capital assessment takes into consideration RørosBanken's consolidated capital position, including its proportionate holdings in Eika Gruppen and Eika Boligkreditt. As of 31 Dec. 2024, the bank's consolidated CET1 ratio was 21.4% and its Tier 1 ratio 23.4%. These compare with its respective minimum targets of 16.8% and 18.8% (including a 1.25pp management buffer). The consolidated leverage ratio is strong at 10.8%, compared with a regulatory minimum of 3%.

Figure 6. Norwegian savings banks' capital ratios* and loan growth, 30 Dec. 2024



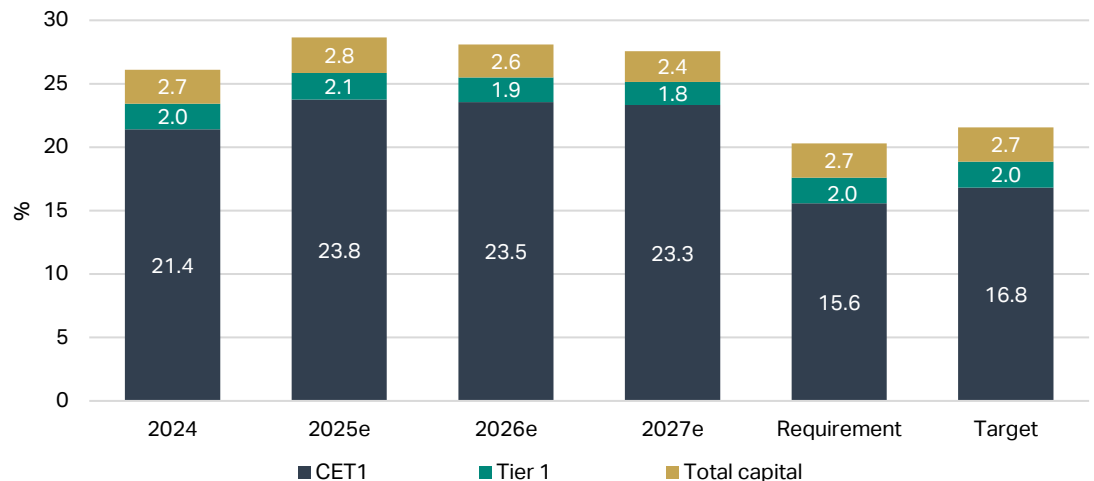
Source: bathank reports. *Unconsolidated capital ratios of parent banks.

We expect RørosBanken will increase its annual loan growth to 7-9% in 2025-2027 for both retail and corporate customers, as well as off-balance sheet loans transferred to Eika Boligkreditt. In addition,

we forecast a return on equity of 7-8% through 2027. We anticipate that most of the profit destined to Equity Capital Certificate (ECC) holders will be distributed as dividends, albeit constrained by the low 8% share of ECC owners. We project a robust Tier 1 capital ratio above 25% throughout our forecast period, including a 2.5% positive impact from the implementation of CRR3.

CRR3 will come into force in Norway on 1 Apr. 2025 (see Relevant Research). The new method is more risk-sensitive than previously and likely to reduce capital requirements significantly for small to medium-sized retail and savings banks. We expect CRR3 will improve the competitiveness of banks that use the standard approach to credit risk by reducing the current disparity with larger banks that use the internal ratings-based approach.

Figure 7. Consolidated capital ratios 2024–2027e, capital requirement and targets* as of 31 Dec. 2024



Source: company, e-estimate. *Total pillar 2 guidance (P2G) of 2.8%.

Anticipating higher growth in deposits

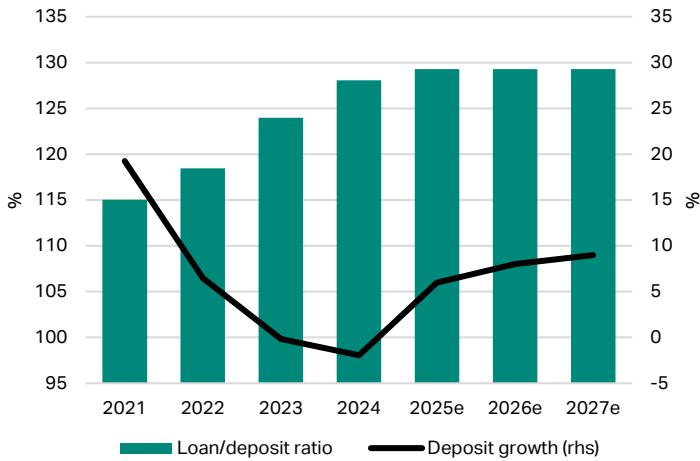
RørosBanken's funding is diverse with demonstrated access to capital markets. Annual deposit growth has steadily declined in line with credit growth, from 19% deposit growth in 2021 to a 2% decline in deposits in 2024. Subdued growth in deposits relative to on-balance-sheet lending growth in the same period has increased RørosBanken's loan-to-deposit ratio to 128% as of end-2024, compared with 115% as of end-2021. We anticipate RørosBanken will rapidly reverse this trend and estimate deposit growth of 6-9% during our forecast period, slightly below the bank's lending growth. The bank has few single-name concentrations among its customer deposits and maintains stable liquidity buffers (24% of deposits as of end-2024), and has access to a credit line from DNB, Norway's largest bank. As of end-2024, the liquidity ratio was 202% and the net stable funding ratio 137%, well above the bank's internal limits of 120% and 105%, respectively.

As of end-2024, RørosBanken had seven outstanding senior bonds totalling NOK 1.35bn, with evenly distributed maturities through 2029 and weighted time to maturity of 2.3 years. In our forecast, we expect the bank will increase bond funding by NOK 450m through 2027, proportionally to lending growth for the three-year period. The bank has established internal limits for annual and quarterly maturities to reduce refinancing risk.

Eika Boligkreditt is a stable and important source of funding for RørosBanken. It provides access to more affordable funding for retail mortgages, with longer terms to maturity, than the bank could source by itself. As of end-2024, the bank had transferred NOK 1.8bn in mortgage loans to Eika Boligkreditt, or 26% of total retail mortgage lending, including NOK 5.1bn on its own loan book. We anticipate the bank will maintain its current proportion of transferred loans through our forecast period. In addition, the bank maintains a material volume of readily transferrable loans as a liquidity buffer.

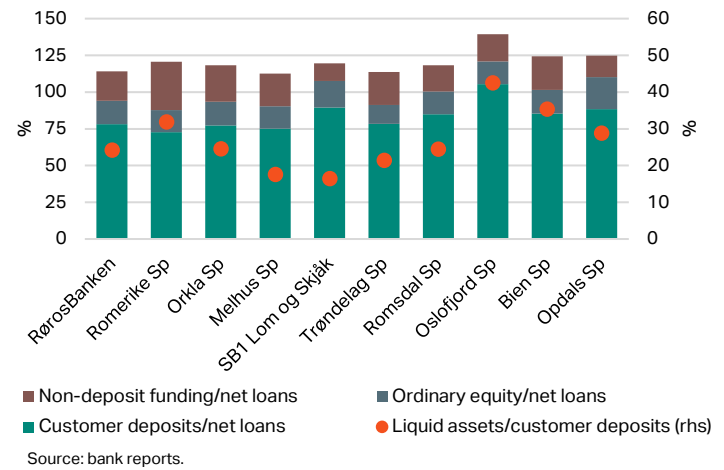
Funding and liquidity

Figure 8. Deposit metrics, 2021-2027e



Source: company, e-estimate.

Figure 9. Norwegian savings banks' funding, 31 Dec. 2024



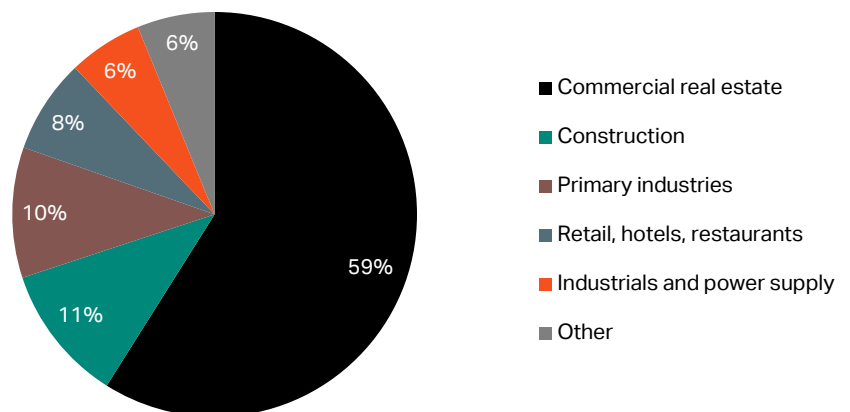
Source: bank reports.

Targeting growth in Oslo and Trondheim

RørosBanken has a regional focus, although its core markets only represent about a third of the overall lending portfolio. Low growth in the Røros region has affected the bank's strategy for the past two decades and it has targeted growth in Oslo and Trondheim. The share of lending to these metropolitan areas has gradually increased and accounts for about half of its lending mix today, with loan volumes in the Oslo area resembling the bank's exposure to Røros. The establishment of an office in Oslo in 2006 and a credit advisory in Trondheim support retail customers, while underwriting of the corporate segment is performed from the bank's headquarters in Røros. Positively, this diversification suppresses regional concentrations. Negatively, corporate lending outside core markets puts a strain on the bank's oversight capabilities, and most of the bank's largest customers are outside of its core markets. However, the bank has established credit concentration limits and has few single-name concentrations in the loan book.

Some 77% of the bank's exposures (including transferred loans) are to private customers and secured by housing properties. While we regard this as low-risk credit, it nonetheless exposes the bank's collateral to any decline in property values. However, housing price growth over the past decade has strengthened the bank's collateral. RørosBanken's main corporate exposure is to commercial real estate, followed by construction. We continue to monitor construction and commercial real-estate lending, due to high interest costs and falling property prices.

Figure 10. Corporate gross loans by sector, 30 Dec. 2024



Source: company.

In 2024, RørosBanken had weak gross loan growth of 1.4% (including transferred loans), in part due to its focus on risk governance efforts and management changes which suppressed growth over the last year. We believe these changes, along with a new strategy plan, will support the bank's capacity and ability to direct its focus towards growth. We estimate gradually increasing loan growth of 7-9% in our forecast, both for residential and corporate customers. We also note that this is somewhat lower than the bank's average annual loan growth of 10% in 2020-2022.

Credit risk

As of end-2024, RørosBanken had transferred loans amounting to NOK 1.8bn, which generates a modest proportion of pre-provision income (10% in 2024). 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. RørosBanken has always accepted repatriated loans, but if repatriation should not prove possible, the bank guarantees 1% of transferred loans and covers 80% of any net loss incurred by Eika Boligkreditt through a loss guarantee. The bank is jointly liable with existing Eika Alliance banks for losses not covered by the guarantee. Due to the high credit quality of transferred loans and repatriation agreements, the mortgage company has not incurred actual credit losses.

Other risks in line with risk governance

Other risks

Other risks are in line with our risk governance assessment. We do not believe market risk is a material factor for RørosBanken, given the absence of a trading portfolio and the bank's low limits on interest rate risk and currency risk. We also foresee increased key person risk in some risk areas due to the bank's location in a rural area.

RørosBanken has strategic ownership positions in Eika Gruppen and Eika Boligkreditt. As part of the Eika alliance, the bank has access to the Norwegian covered-bond market, and can provide customers with insurance, asset management and credit products. This ownership also contributes to the bank's earnings through dividend payments, as well as commissions paid on transferred loans and savings. In addition, the bank also owns a local real estate agency.

COMPETITIVE POSITION

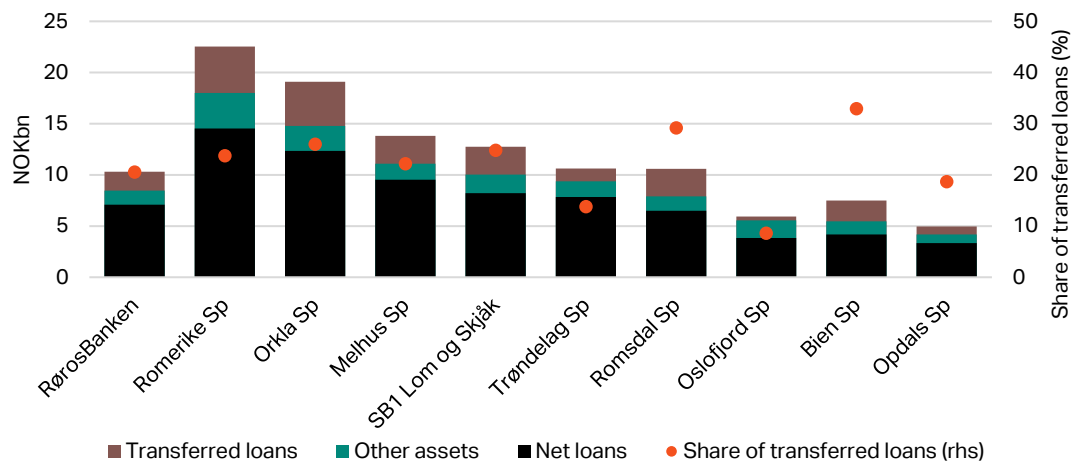
Competitive position

Our competitive position assessment considers RørosBanken's dominant market position in its traditional core markets with limited growth potential, as well as its negligible market share in markets with greater growth potential. RørosBanken has a dominant market share of about 50% in the municipality of Røros and faces slack competition there. Sparebank 1 SMN is considered the single competing bank with a branch present in the urban area. Growth in nearby areas is limited by other local banks within reach and scant market potential. To offset this, RørosBanken has targeted the Oslo and Trondheim metropolitan areas to achieve growth. The bank established a branch in Oslo in 2006 to target retail customers, while managing the corporate segment from its Røros headquarters.

We believe the bank's strong local presence and financial contributions play a vital role for the local community while also strengthening its market position in its traditional core markets. The region hosts multiple large events throughout the year, and we believe some of these would not take place without the bank's financial support. In addition, the bank has established an industry development fund, intended to support local businesses and stimulate regional growth.

RørosBanken's membership in the Eika alliance expands the bank's customer offerings beyond what it could provide itself and diversifies revenues. Through Eika, the bank provides customers with insurance, debit and credit products, and asset management. In addition, the bank owns a local real estate agency in Røros to maintain its current market position.

Figure 11. Norwegian savings banks' total assets and net lending, 31 Dec. 2024



Source: bank reports.

PERFORMANCE INDICATORS

Performance indicators

RørosBanken has reported solid cost efficiency in recent years, slightly better than its peer group average in 2024. We believe the bank's earnings will remain strong, although somewhat weaker due to increased competition and margin pressure. We expect its share of net Stage 3 non-performing loans will remain low and generally stable, while projecting a substantial reduction in gross terms. We also expect credit losses will decrease significantly to levels below the average for the bank's peers.

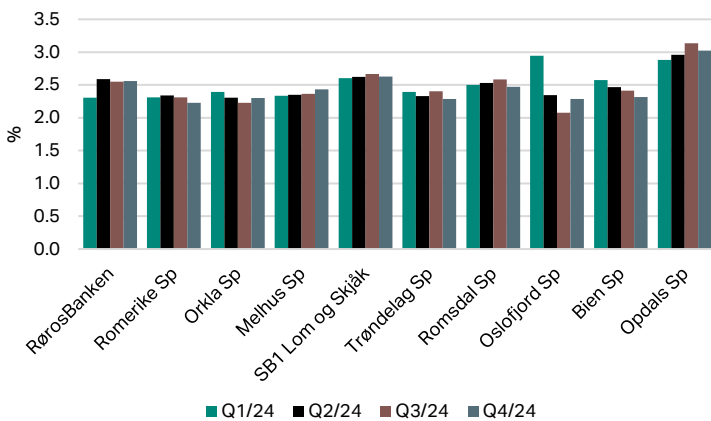
Margin pressure on the horizon

Earnings

High interest rates have improved RørosBanken's net interest margin since 2022, reversing years of margin pressure stemming from low interest rates and competition for mortgage loans. We believe margins will decrease somewhat through our forecast period as rate cuts commence from 2025. In addition, we believe the increased pursuit of growth will put further pressure on margins in an increasingly competitive operative environment. This also leads us to project somewhat lower commission income from Eika Boligkreditt.

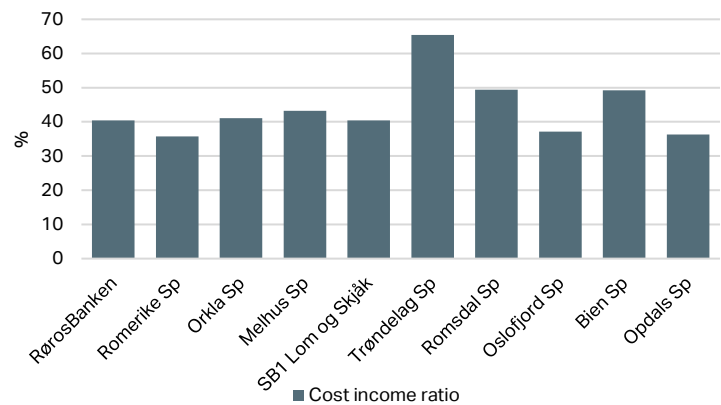
RørosBanken's cost efficiency has improved as growth in operating revenue has outstripped cost increases. The cost-to-income ratio improved to 40% in 2024, compared with 45% in 2023 and a peer group average of 44%. However, we note that periodisation effects have had a minor impact on the improvement over the last year. In our forecast period, we project growth in costs will exceed growth in operating revenue, resulting in a somewhat weakened cost efficiency of 45% in 2027. We estimate the bank's pre-provision income to REA at 2.5-2.8% in our forecast period, compared with 3.2% in 2024.

Figure 12. Norwegian savings banks' annualised net interest margins, Q1 2024 – Q4 2024



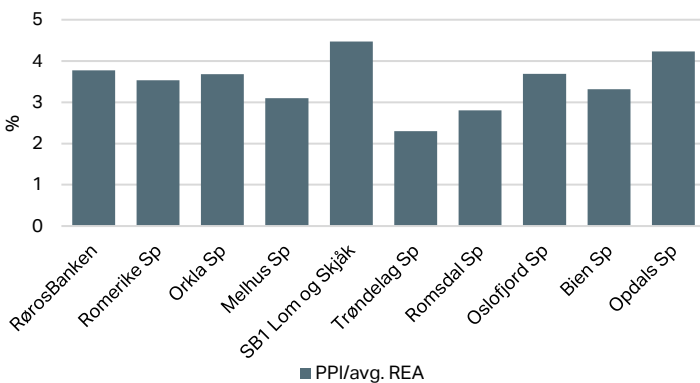
Source: bank reports.

Figure 13. Norwegian savings banks' cost efficiency metrics, 2024



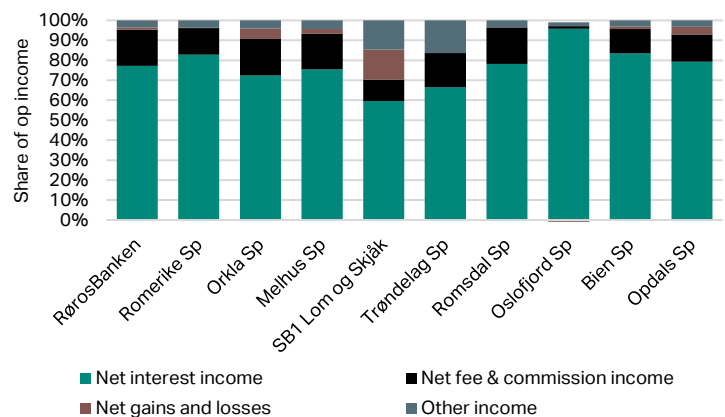
Source: bank reports. LTM-last twelve months.

Figure 14. Norwegian savings banks' PPI to REA*, 2024



Source: bank reports. PPI-pre-provision income. REA-risk exposure amount. *REA of parent banks.

Figure 15. Norwegian savings banks' split between income groups, 2024



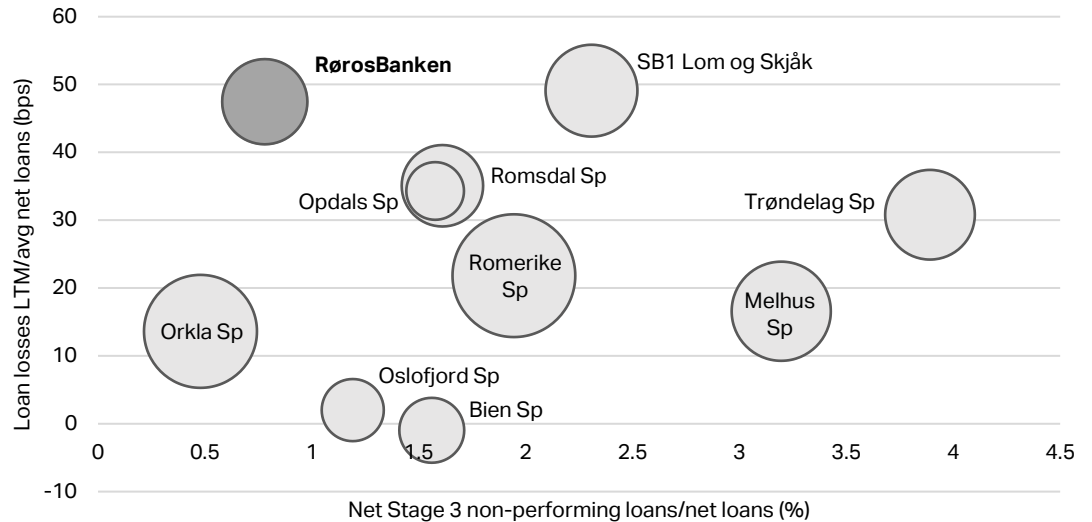
Source: bank reports.

Loss performance

Loss performance hampered by reserves for single-name exposures

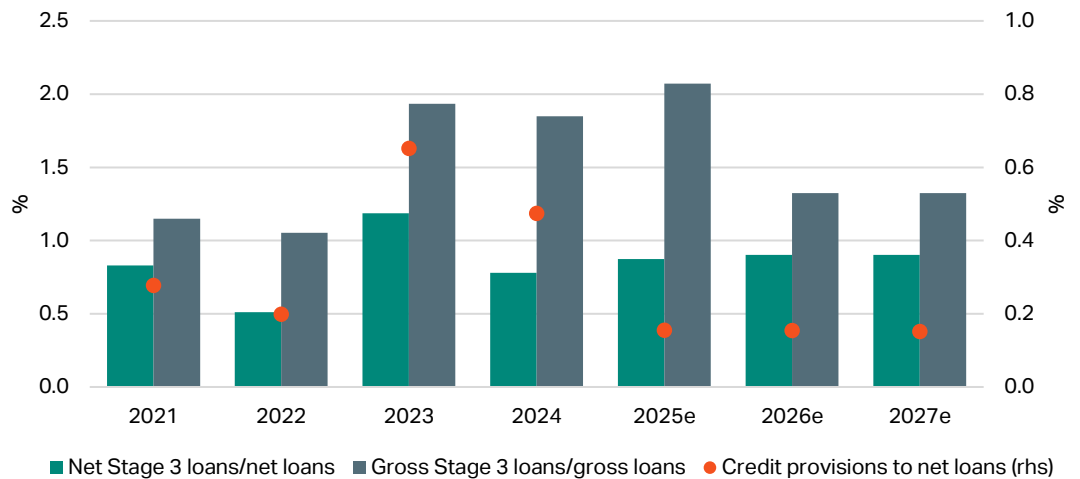
The bank's loss performance over the last two years has been adversely affected and elevated mainly due to one single exposure on the balance sheet. As of 31 Dec. 2024, the share of gross Stage 3 non-performing loans to gross loans accounted for 1.9%. The bank booked credit losses of 65bps and 47bps in 2023 and 2024, respectively, totalling NOK 73m. These resulted in net Stage 3 to net loans of 0.8% as of 31 Dec. 2024. We anticipate RørosBanken's largest non-performing exposure will be resolved during our forecast period and project a significant drop in gross Stage 3 loans to 1.3% of gross lending in 2026 (see Figure 17). We believe this level is sustainable absent further single-name reserves given the bank's high share of collateralised lending. In our estimates for 2025-2027, we project net Stage 3 loans to net loans at about 0.9% and annual credit losses of 15bps.

Figure 16. Norwegian savings banks' asset quality metrics, 31 Dec. 2024



Source: bank reports. Bubble sizes reflect net loan volumes.

Figure 17. Asset quality metrics, 2021–2027e



Source: company, e-estimate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

Environmental, social and governance (ESG) factors are considered throughout our analysis, where material to the credit assessment. In aggregate, we view RørosBanken's ESG profile as having a neutral impact on its creditworthiness.

Figure 18. Priority ESG factors

Issue/area	Risk/opportunity	Impacted subsections (impact on credit assessment*)
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)
Social engagement in local community	Close connection to narrow regional markets provides a benefit.	Competitive position (+) Earnings (0) Funding & liquidity (0)
Anti-money laundering and know-your-customer capacity	Risk of sanctions and fraud due to insufficient reviews of customers.	Risk governance (-)
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. See [ESG factors in financial institution ratings](#).

ADJUSTMENT FACTORS

Support analysis

We do not adjust our rating on RørosBanken to reflect the likelihood of additional support as we see limited potential for extraordinary support from the owners. The bank has outstanding ECCs that are not publicly listed. As of end-2024, around 8% of the bank's equity was owned by ECC holders, while the remainder was ownerless capital.

Figure 19. Ownership structure, 30 Dec. 2024

Owner	Share of ECCs
Per Magne Langen	4.39%
Frian AS	3.59%
Jan Tamnes	2.84%
Fevang AS	2.64%
Liv Marie Engan	2.47%
Other	84.07%
Total	100.0%

Source: company.

ISSUE RATINGS

Our rating on RørosBanken's senior unsecured debt is in line with the 'BBB+' issuer rating. The bank has outstanding Tier 2 and Additional Tier 1 instruments, which we rate one and three notches below the issuer rating, respectively at 'BBB' and 'BB+'.

SHORT-TERM RATING

The 'N2' short-term rating is the higher of two alternatives available under NCR's methodology, given the 'BBB+' long-term issuer rating. This reflects our view that the bank has direct access to emergency liquidity assistance from the central bank, and an average liquidity coverage ratio of above 200% over the past four quarters.

METHODOLOGIES USED

- (i) [Financial Institutions Rating Methodology](#), 14 Feb. 2024.
- (ii) [Rating Principles](#), 14 Feb. 2024.
- (iii) [Group and Government Support Rating Methodology](#), 14 Feb. 2024.

RELEVANT RESEARCH

- (i) [Nordic niche banks navigate through winds of change](#), 4 Mar. 2025.
- (ii) [Lower interest margin will lead to a drop in profitability for Norwegian savings banks](#), 20 Jan. 2025.
- (iii) [NCR Comments: Norway moves to adopt new standardised approach to capital requirements](#), 6 Dec. 2024.
- (iv) [Norwegian savings banks' capitalization boosted by CRR3](#), 26 Jun. 2024.

Figure 20. RørosBanken key financial data, 2021–2024

Key credit metrics (%)	FY 2021	FY 2022	FY 2023	FY 2024
INCOME COMPOSITION				
Net interest income to op. revenue	69.2	73.3	74.5	77.3
Net fee income to op. revenue	21.9	18.8	16.0	18.1
Net trading income to op. revenue	0.3	-0.5	4.2	1.0
Net other income to op. revenue	8.6	8.4	5.4	3.6
EARNINGS				
Net interest income to financial assets	1.7	2.1	2.3	2.5
Net interest income to net loans	2.1	2.5	2.7	3.0
Pre-provision income to REA	2.5	3.1	3.4	3.8
Core pre-provision income to REA (NII & NF&C)	2.1	2.7	2.8	3.5
Return on ordinary equity	7.2	9.4	7.0	9.1
Return on assets	0.8	1.1	0.9	1.2
Cost-to-income ratio	47.0	44.5	45.2	40.4
Core cost-to-income ratio (NII & NF&C)	51.6	48.3	50.0	42.3
CAPITAL				
CET1 ratio	18.6	20.2	20.8	25.0
Tier 1 ratio	20.1	21.7	22.2	27.0
Capital ratio	22.1	23.8	24.1	29.7
REA to assets	51.9	48.1	49.0	52.2
Dividend payout ratio	9.7	8.8	9.5	8.6
Leverage ratio	10.3	10.4	10.8	13.4
Consolidated CET1 ratio	17.8	19.9	19.4	21.4
Consolidated Tier 1 ratio	19.3	21.5	20.9	23.4
Consolidated Capital ratio	21.4	23.6	22.8	26.1
Consolidated Leverage ratio	9.2	9.7	9.5	10.8
GROWTH				
Asset growth	9.8	6.7	4.9	1.4
Loan growth	12.0	9.7	4.5	1.3
Deposit growth	19.2	6.5	-0.2	-1.9
LOSS PERFORMANCE				
Credit provisions to net loans	0.28	0.20	0.65	0.47
Stage 3 coverage ratio	28.36	51.85	39.19	58.35
Stage 3 loans to gross loans	1.15	1.05	1.93	1.85
Net stage 3 loans to net loans	0.83	0.51	1.19	0.78
Net stage 3 loans/ordinary equity	6.00	3.57	7.89	4.90
FUNDING & LIQUIDITY				
Loan to deposit ratio	115.0	118.5	124.0	128.1
Liquid assets to deposit ratio	24.8	21.6	23.1	24.2
Net stable funding ratio	139.0	133.0	130.0	137.0
Liquidity coverage ratio	169.0	128.0	206.0	202.0
Key financials (NOKm)				
BALANCE SHEET				
Total assets	7,466	7,965	8,356	8,475
Total tangible assets	7,466	7,965	8,356	8,475
Total financial assets	7,431	7,926	8,310	8,435
Net loans and advances to customers	6,114	6,704	7,005	7,095
Total securities	1,096	1,056	1,192	1,192
Customer deposits	5,315	5,659	5,649	5,540
Issued securities	1,140	1,122	1,441	1,556
of which other senior debt	1,059	1,041	1,360	1,434
of which subordinated debt	80	81	81	122
Total equity	906	1,019	1,113	1,219
of which ordinary equity	846	959	1,053	1,129
CAPITAL				
Common equity tier 1	720	776	850	1,106
Tier 1	777	833	908	1,196
Total capital	857	913	988	1,316
REA	3,873	3,834	4,095	4,426
INCOME STATEMENT				
Operating revenues	175	216	247	270
Pre-provision operating profit	93	120	135	161
Impairments	16	13	45	33
Net Income	59	85	71	100

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

Figure 21. RørosBanken rating scorecard

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

Figure 22. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB+
Tier 2	BBB
Additional Tier 1	BB+

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