Nordic Credit Rating

FINANCIAL INSTITUTION

Norway
3 Jul. 2025

RørosBanken Røros Sparebank

Rating Action Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N2

PRIMARY ANALYST
Christian Yssen
+4740019900
christian.yssen@nordiccreditrating.com

SECONDARY CONTACTS
Sean Cotten
+46735600337
sean.cotten@nordiccreditrating.com

Geir Kristiansen
+4790784593
geir.kristiansen@nordiccreditrating.com

RørosBanken 'BBB+' long-term issuer rating affirmed with stable outlook; removed from criteria review

Nordic Credit Rating (NCR) has affirmed its 'BBB+' long-term issuer rating on Norway-based savings bank RørosBanken. The outlook is stable. The 'N2' short-term issuer rating, 'BBB+' senior unsecured issue ratings, 'BBB' Tier 2 issue rating, and 'BB+' Additional Tier 1 issue rating have also been affirmed, in accordance with NCR's revised financial institutions rating methodology. The ratings are no longer under criteria review.

Rating rationale

NCR has reviewed its long-term and short-term issuer ratings, issue ratings, and outlook on RørosBanken following the revision of its methodology for assigning ratings to financial institutions (see Related publications). We consider that our amendments to the methodology have not had a material impact on our view of the bank's creditworthiness, and that there have not been significant changes in its overall risk profile. Consequently, we have affirmed our ratings and maintained the stable outlook on the ratings on RørosBanken.

Stable outlook

The stable outlook reflects the bank's strong capital and earnings ratios and high share of real-estate collateral. Under new leadership, RørosBanken 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).

We could raise our rating on RørosBanken to reflect reduced risk appetite in lending, demonstrated improvement in loss performance and asset quality, and maintained profitability.

We could lower our rating to reflect a sustained reduction in the bank's Tier 1 capital ratio to below 20%, risk-adjusted earnings metrics below 2% of risk exposure amount over a protracted period, or a material deterioration in the local operating environment or weakened asset quality.

Related publications

i) RørosBanken assigned 'BBB+' long-term issuer rating; Outlook stable, 31 Mar. 2025.
ii) Nordic Credit Rating publishes amended Financial Institutions Rating Methodology, 12 May 2025.

Rating list	**To**	**From**
Long-term issuer credit rating:	BBB+	BBB+
Outlook:	Stable	Stable
Short-term issuer credit rating:	N2	N2
Senior unsecured issue rating:	BBB+	BBB+
Tier 2 issue rating:	BBB	BBB
Additional Tier 1 issue rating:	BB+	BB+

Figure 1. RørosBanken rating scorecard

Subfactors	Impact	To	From
National banking environment	10.0%	a	-
Sector exposure assessment	-	-	-
Regional assessment	10.0%	bbb-	-
Cross border assessment	-	-	-
National factors	-	-	a
Regional, cross border, sector	-	-	bbb-
Operating environment	20.0%	bbb+	bbb+
Risk governance	7.5%	bbb	bbb
Capital	17.5%	aa-	aa-
Funding and liquidity	15.0%	a-	a-
Credit and market risk	10.0%	bbb-	-
Credit risk	-	-	bbb-
Market risk	-	-	-
Other risks	-	-	bbb
Risk appetite	50.0%	a-	a-
Competitive position	15.0%	bb-	bb-
Earnings	7.5%	a+	a+
Loss performance	7.5%	bbb+	bbb+
Performance indicators	15.0%	a-	a-
Indicative credit assessment		**bbb+**	**bbb+**
Peer comparison		Neutral	Neutral
Transitions		Neutral	Neutral
Borderline assessments		Neutral	Neutral
Stand-alone credit assessment		**bbb+**	**bbb+**
Ownership		Neutral	Neutral
Capital structure protection		Neutral	-
Rating caps		Neutral	Neutral
Material credit enhancement		-	Neutral
Issuer rating		**BBB+**	**BBB+**
Outlook		Stable	Stable
Short-term rating		**N2**	**N2**

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	BBB+	BBB+
Tier 2	BBB	BBB
Additional Tier 1	BB+	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 31 Mar. 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.
Primary analyst:	Christian Yssen, +4740019900, christian.yssen@nordiccreditrating.com
Rating committee chairperson responsible for approval of the credit rating:	Geir Kristiansen, +4790784593, geir.kristiansen@nordiccreditrating.com
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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