

Pareto Bank ASA

Full Rating Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N2

PRIMARY ANALYST

Geir Kristiansen
+4790784593
geir.kristiansen@nordiccreditrating.com

SECONDARY CONTACTS

Ylva Forsberg
+46768806742
ylva.forsberg@nordiccreditrating.comSean Cotten
+46735600337
sean.cotten@nordiccreditrating.com

RATING RATIONALE

Our 'BBB+' long-term issuer credit rating on Norway-based Pareto Bank ASA is supported by the bank's strong profitability derived from its niche strategy, underpinned by higher net interest margins and stronger cost efficiency than for peers. The rating also reflects the bank's solid capitalisation and liquidity, as well as its diverse funding profile. In addition, we note the Pareto Bank's well-developed risk governance framework, which contributes to counteract the inherent risk factors associated with the bank's niche lending. Moreover, the strong domestic economy and a well-regulated banking market are positive factors in our assessment.

We view Pareto Bank's small size relative to its main competitors as a constraining factor. The rating is also constrained by our view that Pareto Bank's real estate, corporate and shipping lending carry higher-than-average risk, which weighs on our view of its operating environment, credit risk and loss performance. Its focus on project financing also creates elevated credit risk compared with a typical universal bank.

STABLE OUTLOOK

The outlook is stable, reflecting our expectation that Pareto Bank's strong earnings will compensate for elevated credit provisions over the next few years. Moreover, we believe that the bank will sustain strong profitability in a lower interest rate environment and that loan losses will abate over our forecast horizon. Pareto Bank's strong capitalisation, recently strengthened by the introduction of the EU's Capital Requirements Regulation 3 (CRR3) also provides resilience against a possible economic downturn.

POTENTIAL POSITIVE RATING DRIVERS

- Commitment to a Tier 1 ratio well above 22%; and
- Improved credit quality with net stage 3 loans below 1.5% of net loans.
- Significant improvement in size and market diversification.

POTENTIAL NEGATIVE RATING DRIVERS

- Tier 1 ratio below 18% for a prolonged period.
- Pre-provision income below 2% of risk exposure amount (REA) for a prolonged period.
- Deteriorating asset quality with significantly higher loan losses.

Figure 1. Key credit metrics, 2021–2027e

%	2021	2022	2023	2024	2025e	2026e	2027e
Net interest margin	4.3	4.4	4.6	4.6	4.6	4.7	4.7
Loan losses/net loans	0.13	0.27	0.68	0.65	0.63	0.49	0.40
Pre-provision income/REA	3.4	3.8	4.2	4.2	4.2	4.2	4.1
Cost-to-income	19.1	19.3	18.2	18.0	18.6	19.5	19.1
Return on ordinary equity	13.7	13.8	13.1	13.2	12.4	11.6	12.1
Loan growth	7.8	9.7	6.8	11.9	-4.0	9.0	10.0
CET1 ratio	16.0	17.6	18.6	17.2	19.9	19.4	18.9
Tier 1 ratio	17.0	19.0	20.6	19.3	22.1	21.5	20.8

Source: company and NCR. e-estimate. All metrics adjusted in line with NCR methodology.

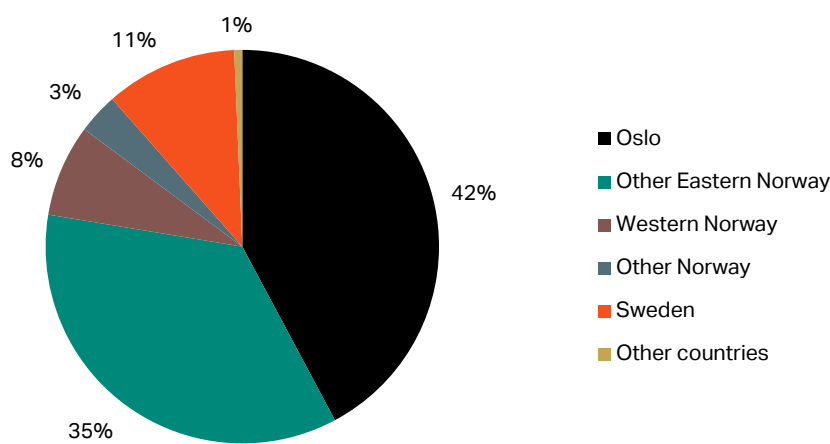
ISSUER PROFILE

Pareto Bank is a Norwegian niche bank headquartered in Oslo, Norway's capital. Total assets are NOK 28bn. The bank was founded in 2007 and is, via a 20% ownership stake, associated with the Pareto Group, a financial services group specializing in brokerage, investment banking, asset management, and financing. Pareto Bank provides credit facilities, construction loans, refinancing, investment loans, and other corporate banking products. It is especially known for project financing, particularly in real estate, but also finances investments in securities as well as shipping projects.

Around 88% of Pareto Bank's loan book is exposed to Norwegian borrowers, mainly in the Oslo region. The bank also has a small, but growing operation in Sweden, focusing on Stockholm and surrounding area, where it has strong ambitions on the condition that it meets its profitability target.

The bank is listed on the Oslo Stock Exchange. Major shareholders include Pareto AS and other institutional investors.

Figure 2. Geographical distribution of loans, 30 Jun. 2025



Source: bank report.

OPERATING ENVIRONMENT

Operating environment

Our assessment of the operating environment reflects our view that Pareto Bank's real estate, corporate and shipping lending carry higher-than-average risk. For this reason, we consider the operating environment as weaker than reflected in our national banking assessment. Our national banking environment assessment focuses on Norway, as the bank's share of lending in Sweden remains modest compared with levels in Norway, and the bank's regulatory domicile is Norway.

Norwegian banking sector resilient to slowing economic activity

National banking environment

Norwegian savings banks' net interest margins have widened significantly due to high domestic interest rates since 2021. This, together with strong lending growth, has boosted earnings across the sector. The central bank has begun a gradual normalisation of the policy rate, reducing it by 25bps on 19 Jun. 2025 and again on 18 Sep. 2025. We do not anticipate additional cuts in 2025. Persistently high inflation above target, combined with shifts in global trade and tariff policies, adds to the uncertainty about the direction of interest rates path and clouds the outlook for economic growth. We believe, though, that falling interest rates, heightened competition and marginally increased loan losses will slow earnings growth and lead to lower returns on equity during our forecast period.

As intended, still-high interest rates are helping to slow the economy. High interest rates and weak economic conditions sparked an increase in loan-loss provisions among domestic savings banks in 2023 and 2024. Loan-loss provisions have declined somewhat in 2025 and we expect the interest rate cuts to improve asset quality. In our view, 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

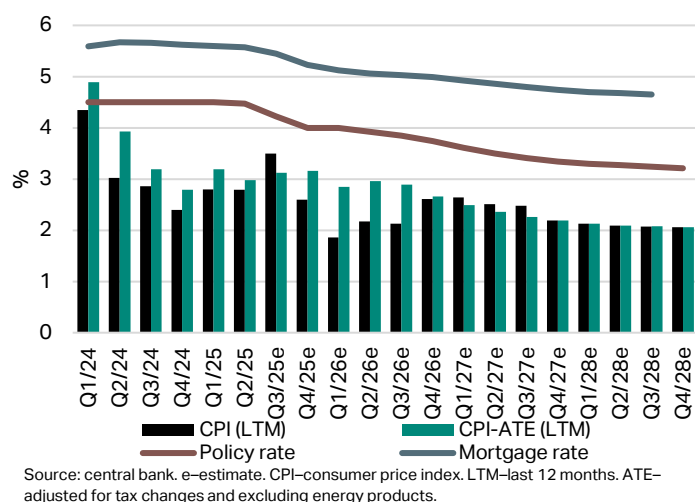
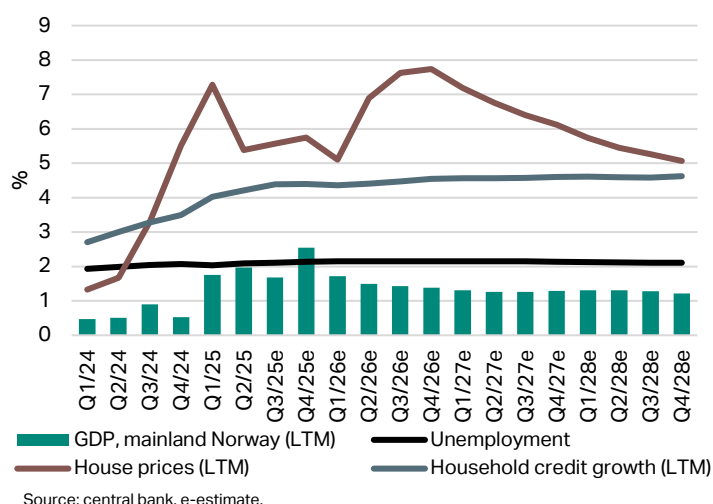


Figure 4. Norwegian economic indicators, 2024–2028e



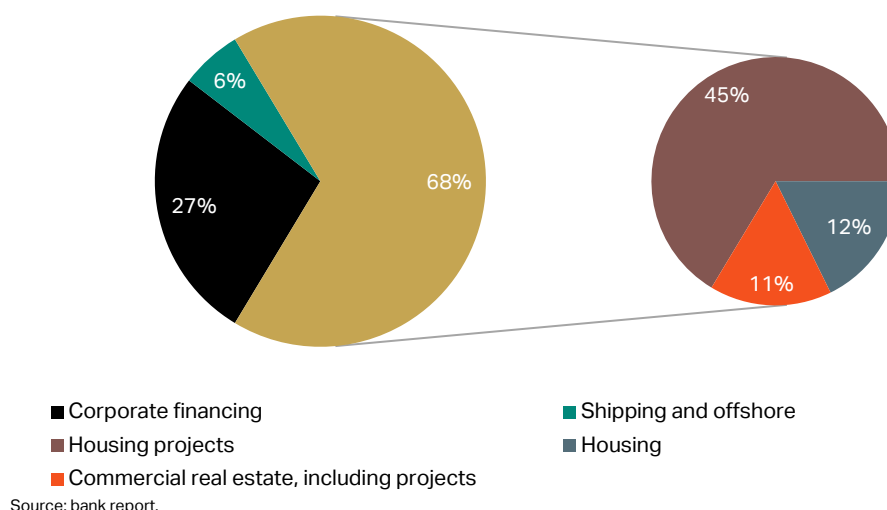
Niche strategy creates volatile demand

Sector exposure

Real estate lending represents 68% of Pareto Bank's net loans, with most activity concentrated in Norway. In Sweden, the bank's lending has so far focused on real estate. Approximately two-thirds of the real estate portfolio consists of housing projects, while the remainder is divided between commercial real estate (including projects) and housing, typically bridge loans for the conversion of rental apartments to tenants' associations, as well as longer term financing of rental apartments.

The high interest rates in Norway have negatively affected residential starts, and a lack of demand has increased the time needed to meet pre-sale requirements. Higher rates have also led to weak demand for new-builds and low transaction volumes in the commercial real estate segment. Lower interest rates and/or pent-up demand is likely to support the market in the longer term, but we believe pick-up will be relatively slow in the near-to-medium term. Pareto Bank expects to grow gradually in Sweden, with the aim to expand its long-term market position. Housing price growth in Sweden is generally stagnant in the larger cities, and the commercial real estate sector is highly competitive. We note that the bank's size makes it uncompetitive for large construction projects, but also more flexible when granting loans.

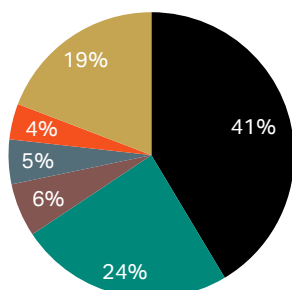
Figure 5. Gross loans by customer group, 30 Jun. 2025



Within corporate financing, Pareto Bank offers tailored solutions for medium-sized businesses. This segment, which represents 27% of the loan book, is diverse by sector. It consists mainly of investment loans (68%), but also working capital facilities (14%), corporate loans (14%) and guarantees (4%). The bank currently sees a steady deal flow and we project flat volume development in this purely Norwegian operation. We also believe that corporate financing will benefit from lower interest rates and a higher activity level in the economy.

Shipping and offshore is currently only 6% of the loan book and is well diversified. While Pareto Bank targets the Norwegian market within these industries, these exposures are highly affected by the global economy and the oil sector. We expect modest demand in the near to medium term, as low oil prices and tariff-related uncertainty may negatively affect the sector.

Figure 6. Corporate financing exposure, 30 Jun. 2025

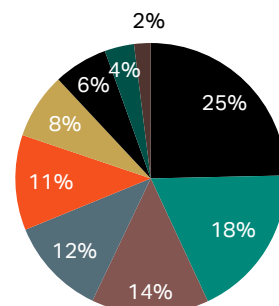


■ Real estate
■ It/telecom.
■ Logistics

Source: bank report.

■ Investment companies
■ Retail
■ Other

Figure 7. Shipping and offshore financing exposure, 30 Jun. 2025



■ Offshore accom.
■ Bulk
■ Offshore wind
■ Offshore subsea
■ Offshore supply
■ Offshore AHTS
■ Product tankers
■ Container
■ Chemical tankers

Source: bank report.

RISK APPETITE

Risk appetite assessment

Our assessment of Pareto Bank's risk appetite reflects the bank's solid capital and liquidity buffers, diverse funding profile, as well as its well-developed risk governance framework. The bank has concentration risk both due to its niche strategy and regional focus. Its focus on project financing also creates elevated credit risk compared with a typical universal bank.

Credit risk offset by strong risk management

Risk governance

Our view of Pareto Bank's risk governance framework balances its appetite for high credit risk and high-margin loans with its good risk management track record. The bank established a risk and audit committee after reaching the threshold of NOK 20bn in lending. It has developed robust internal risk monitoring and reporting arrangements, which increase transparency around its risk appetite and enable it to adapt its underwriting to changes in the risk performance of its credit portfolios. Pareto Bank has established risk appetites, risk indicators and limits for all identified risk areas and compares its financial risk exposure across risk types.

We believe that the bank has overall good awareness and management of the elevated risk of money laundering and other illegal activity that is prevalent in the real estate development and construction sectors. Apart from legal and regulatory risks, we also believe the bank faces reputational risk associated with, for example, illegal labour practices on construction sites.

In our view, the affiliation with the Pareto Group creates reputational risks related to the security broking business in particular. We note, however, that the bank has not offered securities financing since 2012, and it has limited joint business with Pareto Securities.

Pareto Bank's sustainability reporting mirrors upcoming regulatory standards, including Scope 3 emissions from mortgages, car loans and sovereign bond holdings. The bank has defined its own material impact areas, focusing on sustainable cities and communities, particularly through lower emissions. In our view, the bank has good control of environmental, social and governance (ESG) reporting at this stage.

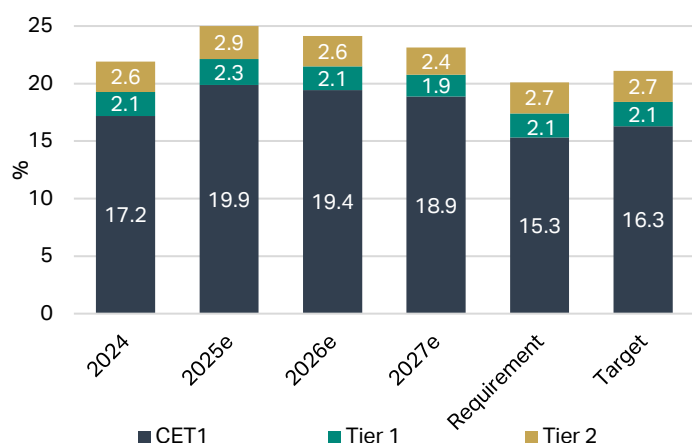
Well capitalised through our forecast horizon

Capital

Pareto Bank reported a CET1 ratio of 19.2% and a Tier 1 ratio of 22.3% as of 30 Jun 2025 (20.7%/23.1% including 50% of profit year-to-date). The 2.7pp increase in the CET1 ratio since 31 Dec. 2024 is partly explained by 7% lower net lending. Furthermore, the implementation of CRR3 in the second quarter of 2025 boosted the CET1 ratio by 1.4pp. This was mainly due to the effect on operational risk but also

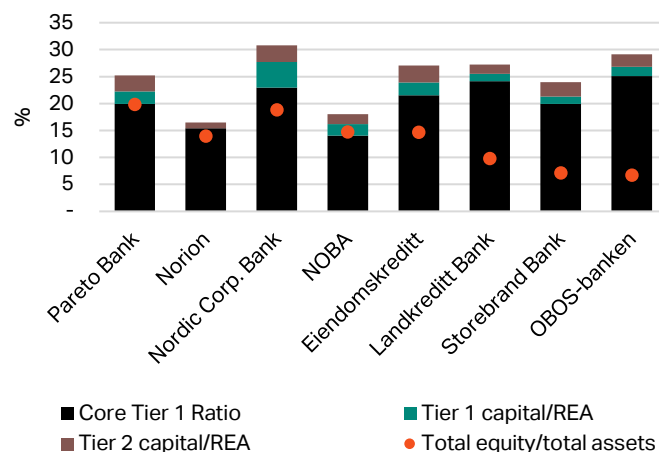
owing to lower risk weights for residential property exposures (not projects). The CET1 ratio is significantly higher than the target of 16.29% (including a 1pp management buffer). The dividend policy implies a payout ratio of at least 50%, and we expect the bank will pay out 50% of profit in the 2025–2027 period. We do not expect the bank to pursue growth at the expense of profitability, given its ambitious 15% return on equity (ROE) target for each loan. We expect an increase in lending from 30 Jun. 2025 to year-end, leading to a 4% net reduction in lending in 2025 followed by growth of 9% in 2026 and 10% in 2027. Given our estimate of around 12% ROE, our base case is that the bank slowly will reduce its surplus capital.

Figure 8. Consolidated capital ratios 2024–2027e, capital requirement and target as of Q2 2025



Source: company, e-estimate.

Figure 9. Nordic niche banks' capital ratios and lending growth, 2024



Source: bank reports.

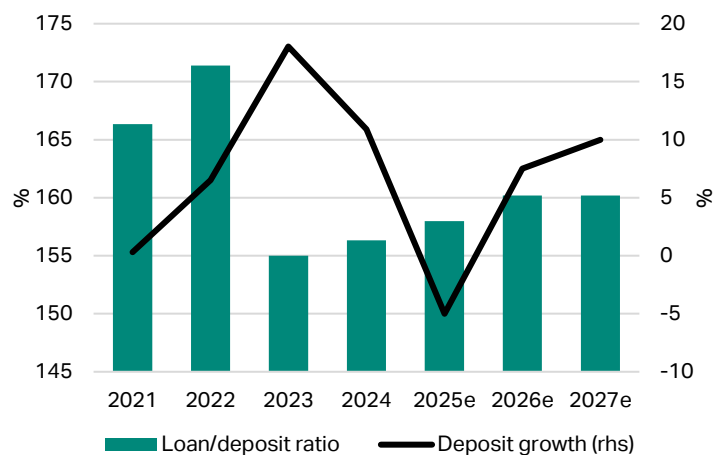
Strong liquidity and diverse funding profile

We view Pareto Bank's management of liquidity as satisfactory. As of 30 Jun. 2025, the liquidity coverage ratio was 833%, and the net stable funding ratio stood at 175%, well above the minimum 100% requirement. Pareto Bank is primarily funded by customer deposits (71% of net lending). It has so far only tapped the Norwegian market, where competition has eased recent years due to lower lending growth among consumer lenders, which had been aggressive in the market for deposits. We also expect the bank will introduce deposits to the Swedish market due to its growth ambitions there. Deposits are evenly divided between corporate and retail customers. This funding requires competitive interest rates. However, the risk of large withdrawals is limited, as 75% of deposits are subject to liquidity restrictions (delayed withdrawal) and approximately 40% are fixed rate.

Senior unsecured bonds are the other main funding source (38% of net lending). Average time to maturity is about two years, which is satisfactory given the high turnaround in Pareto Bank's loan book. The NOK 750m bond that matured on 10 Sept. 2025 has not been refinanced due to reduced lending in 2025. The bank only has one fixed rate bond (NOK 500m), which matures in August 2026.

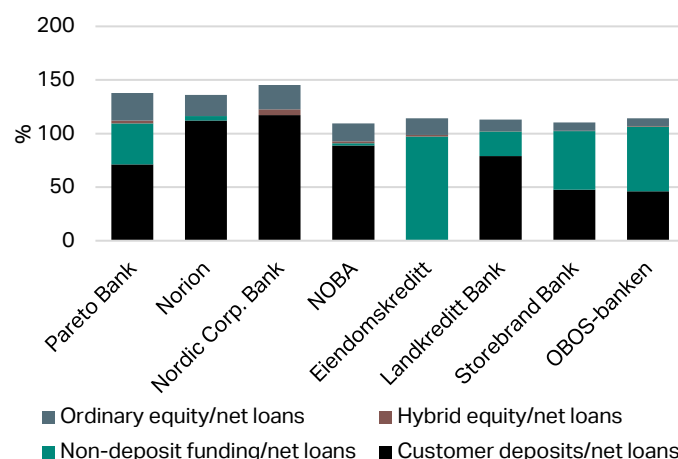
Funding and liquidity

Figure 10. Funding metrics, 2021–2027e



Source: company, e-estimate.

Figure 11. Niche banks funding sources to net loans, 30 Jun. 2025



Source: bank reports.

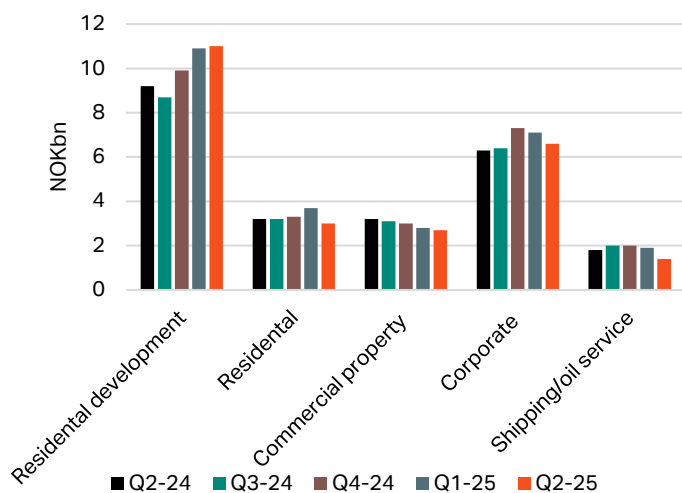
High margin lending reflects higher credit risk

Credit and market risk

Pareto Bank primarily focuses on project financing in real estate, shipping and small and medium-sized enterprises. A detailed breakdown of the loan portfolio and current market conditions is provided in the Operating Environment section above (see Figures 5–7). The bank is exposed to concentration risk in these segments, which also carry significant cyclical risk. This is reflected in the increase in stage 3 loans at Pareto Bank (see Figure 21) and among Norwegian savings banks.

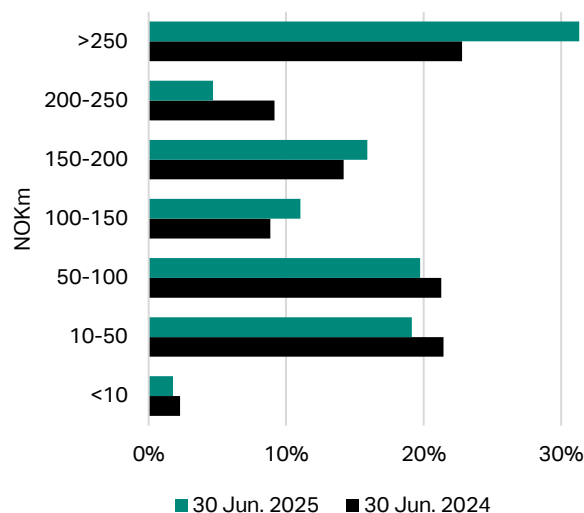
The bank has experienced strong, but not excessive, growth, with average annual growth of 9.5% over the past five years. However, due to weak market conditions and the bank's emphasis on profitability over expansion, we expect lending to decline by 4% in 2025.

Figure 12. Gross loans by segment



Source: bank report.

Figure 13. Distribution of customers by loan exposure



Source: bank report.

Pareto Bank has single-name exposures, with a maximum exposure of NOK 400m per client, or NOK 500m for a group on a consolidated basis. We consider this risk factor to be well managed. Additionally, we expect geographic concentration risk to remain moderate, as exposures are primarily in the Oslo region and other major cities (see Figure 2).

Relatively high lending margins indicate that portfolio risk is moderate to high. However, realised losses over the bank's 17-year history have averaged a modest 0.09% annually. We generally consider project financing to carry higher risk compared with secured property management lending. We understand that the bank sets pre-sale requirements for project financing and also requires collateral to cover a 50% price fall.

We do not consider market risk to be material for Pareto Bank due to its low-risk liquidity portfolio.

COMPETITIVE POSITION

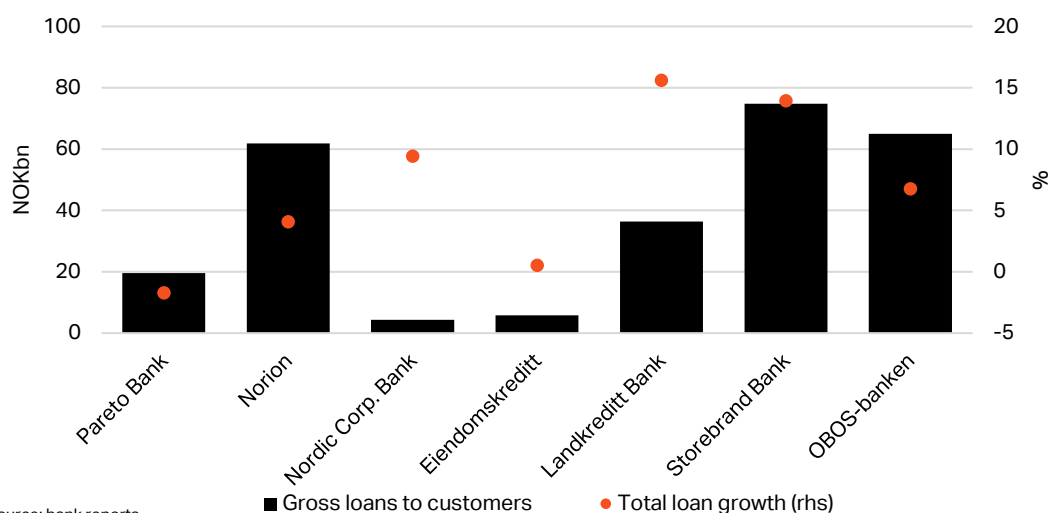
Competitive position

Pareto Bank is primarily an alternative lender in real estate development, corporate and shipping, offering higher margin financing than most large banks. As a specialized commercial bank, it has a significant market position within small-scale residential property and commercial real estate project financing. While the bank is small, with about 0.5% domestic market share, its niche strategy within the SME and shipping segment enables it to work closely with clients who often require customized solutions and industry-specific expertise. By narrowing its focus, Pareto Bank has been able to build deep knowledge in these sectors and maintain a client base that values flexibility and tailored financial support.

Pareto Bank is not able to finance large commercial real estate projects, where the large commercial banks dominate. DNB is the bank's main competitor for smaller projects, while Norway's savings banks are also now and again competitors. The commercial banks and local savings banks are active in the market for corporate loans while large Norwegian regional banks, Maritime & Merchant Bank and, at times, German banks compete in the market for shipping loans.

We consider that the bank has a stable market position, and that the recent fall in lending is more due to adverse market conditions and the high ROE requirement than increased competition. Pareto Bank has been present in the Swedish market since 2014, with NOK 3bn in net lending currently, but it only established a branch office in Stockholm earlier in 2025. In Sweden, the bank is a small challenger in the market for loans to residential property and commercial real estate projects. However, it has strong growth ambitions in the market given its sufficient ROE.

Figure 14. Nordic niche banks' gross loans and LTM loan growth per 30 Jun. 2025



PERFORMANCE INDICATORS

Performance indicators

Pareto Bank's solid margins and cost-efficient operation lead to strong earnings, providing a significant buffer against credit provisions. The bank generates double-digit ROE despite somewhat elevated loan losses compared with historical averages. We expect earnings will remain strong in our forecast period. However, we also project loan losses will remain at relatively high levels, albeit falling gradually.

High interest margin and low costs

Earnings

Pareto Bank relies on net interest income as its primary source of core income. A strong net interest margin supports the bank's excellent cost-to-income ratio and robust pre-provision profitability. We expect the bank to maintain strong profitability and a cost-to-income ratio below 20% over our forecast horizon. Although lower interest rates may negatively affect returns on Pareto Bank's sizeable liquidity portfolio, we anticipate the bank will benefit from increased demand for project financing in the coming years.

Figure 15. Nordic niche banks' quarterly net interest margins by quarter

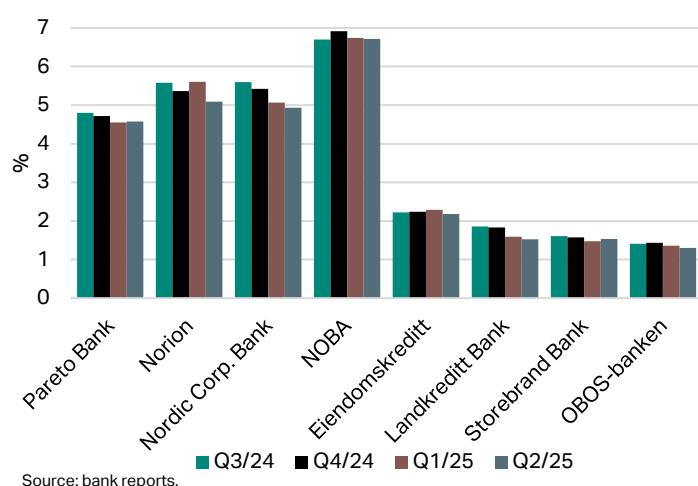
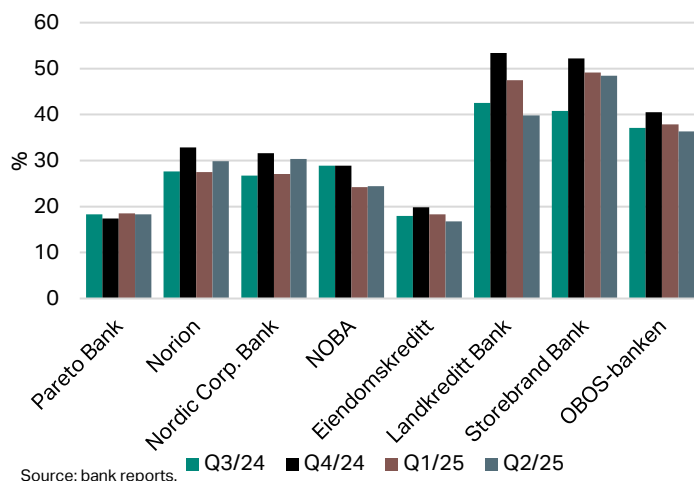


Figure 16. Nordic niche banks' quarterly cost-income ratios by quarter



While Pareto Bank's cost efficiency is exceptionally strong given its business model, we find that niche bank peers focused on consumer lending have higher net interest margins and risk-adjusted pre-provision returns. Nevertheless, the bank's ROE is comparable with that of Nordic niche banks, despite Pareto Bank's higher capitalisation.

Figure 17. Nordic niche bank' quarterly pre-provision income to average REA by quarter

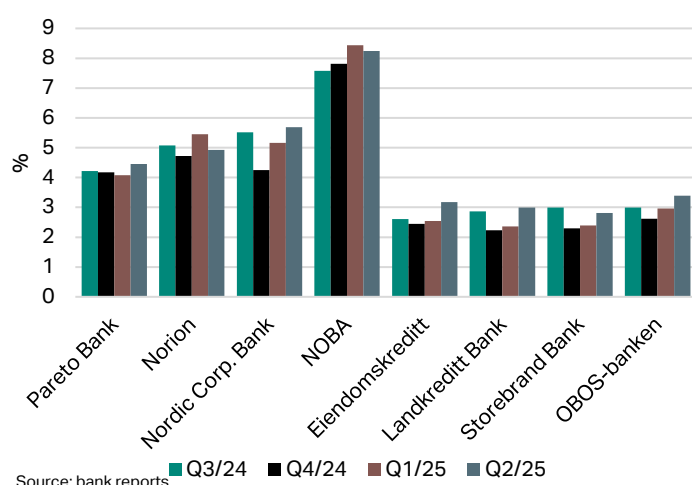
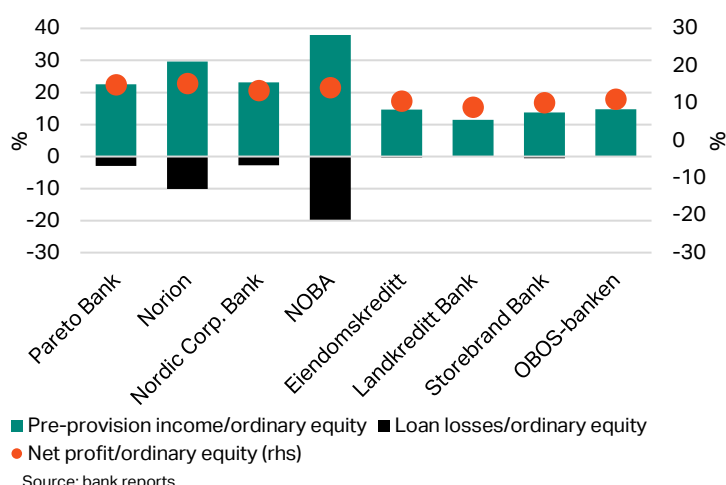


Figure 18. Nordic niche banks' return on equity, LTM per 30 Jun. 2025

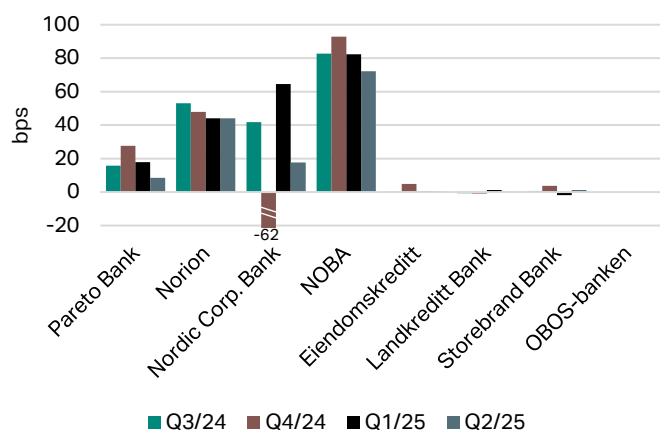


Elevated but manageable loan losses

Loss performance

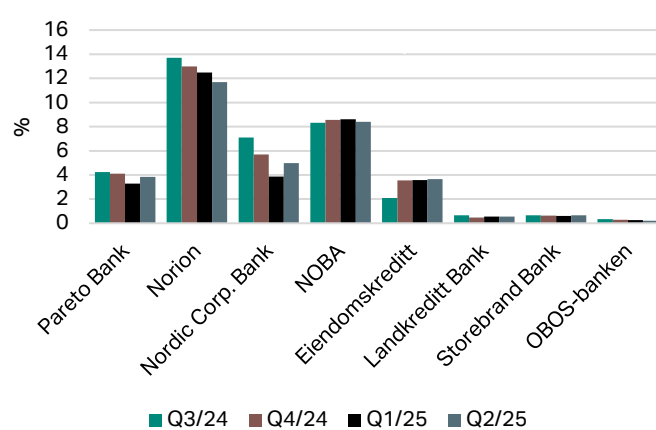
Pareto Bank's booked losses and the level of its Stage 3 non-performing loans have increased significantly in recent years, mainly due to a weak property market that has delayed the completion of many residential property projects. We expect that Stage 3 loans and loan losses will stay at elevated levels over our forecast horizon. However, lower interest rates together with increasing population in the Oslo region will, we believe, lead to a stronger property market and gradual falls in Stage 3 loans as well as loan losses. We also note the net reversal of Stage 2 loan losses in the first half-year of 2025. We expect loan losses to decline to 0.4% of net loans in 2027 from 0.65% in 2024, but remain above the historical average of 0.09%.

Figure 19. Nordic niche banks' quarterly loan-loss provisions to average net loans by quarter



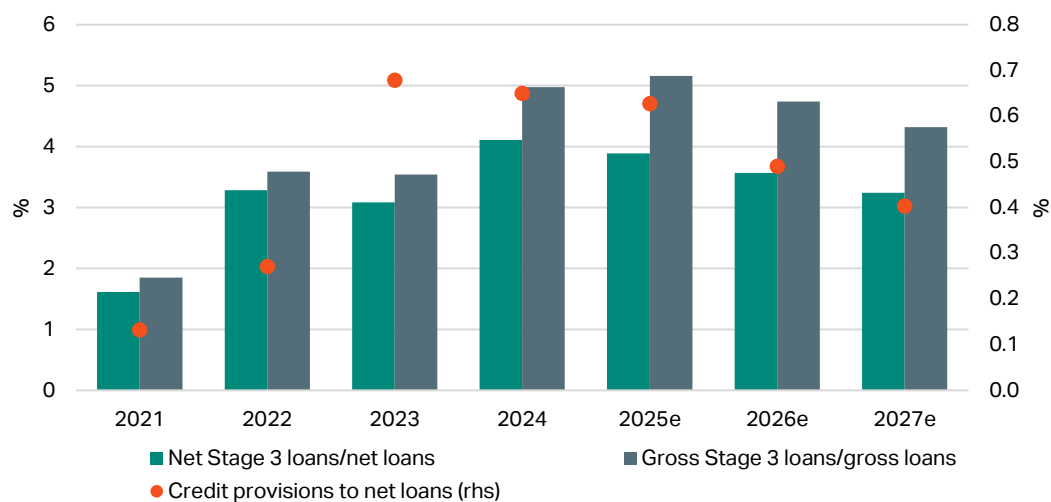
Source: bank reports.

Figure 20. Nordic niche banks' net stage 3 loans to net loans by quarter



Source: bank reports.

Figure 21. Asset quality metrics, 2021–2027e



Source: company, e-estimate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

ESG factors are considered throughout our analysis, where material to the credit assessment.

Figure 22. Priority ESG factors

Issue/area	Risk/opportunity	Impacted subsections (impact on credit assessment*)
Risk governance	Reputational risk associated with ownership structure and related-party lending. Track record of incidents.	Risk governance (0) Competitive position (0)
Responsible lending	Regulatory scrutiny. Media attention. Reputational brand damage. Social concerns in construction sector.	Operating environment (-) Risk governance (-)
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)
Anti-money laundering capacity	Risk of sanctions and fraud. Insufficient control of customers.	Risk governance (-)

*Defined on a 5-step scale ranging from double minus (--) to double plus (++), with (-) representing the most negative impact and (++) the most positive.

ADJUSTMENT FACTORS

Support analysis

We view Pareto Bank's ownership structure as a neutral factor in our standalone credit assessment and do not adjust the rating to reflect expectations of additional shareholder support. However, we believe that the current owners will be supportive to finance profitable growth, as we saw when the bank issued NOK 350m in new equity in a private placement in 2023. The largest shareholder is Svein Støle through Pareto AS while other large owners are institutional.

Figure 23. Ownership structure, 4 Sept. 2025

Owner	Share of capital
Pareto AS	20.0%
Société Générale	8.6%
AWC AS	6.8%
Hellegjerde Invest AS	5.0%
Salt Value AS	3.1%
Other	56.5%
Total	100.0%

Source: company.

ISSUE RATINGS

Our rating on Pareto Bank's senior unsecured debt is in line with the 'BBB+' issuer rating. We rate the bank's Tier 2 capital instruments one notch below the issuer rating at 'BBB' and its outstanding additional Tier 1 instruments three notches below the issuer rating at '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 the bank's direct access to emergency liquidity assistance from the central bank, and an average liquidity coverage ratio of 613% over the past four quarters.

METHODOLOGIES USED

- (i) [Financial Institutions Rating Methodology](#), 12 May 2025.
- (ii) [Rating Principles](#), 14 Feb. 2024.
- (iii) [Group and Government Support Rating Methodology](#), 14 Feb. 2024.

RELEVANT RESEARCH

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

Figure 24. Pareto Bank key financial data, 2021–Q2 2025 YTD

Key credit metrics (%)	FY 2021	FY 2022	FY 2023	FY 2024	Q2 2025 YTD
INCOME COMPOSITION					
Net interest income to op. revenue	98.6	96.2	99.4	97.9	93.9
Net fee income to op. revenue	0.6	0.6	1.2	1.2	0.9
Net gains and losses/operating revenue	0.3	2.7	-0.8	0.7	4.9
Net other income to op. revenue	0.6	0.5	0.2	0.2	0.2
EARNINGS					
Net interest income to financial assets	4.3	4.4	4.6	4.6	4.6
Net interest income to net loans	5.5	5.6	6.2	6.3	6.3
Pre-provision income to REA	3.4	3.8	4.2	4.2	4.4
Core pre-provision income to REA (NII & NF&C)	3.4	3.6	4.3	4.2	4.1
Return on ordinary equity	14.5	14.7	14.3	14.6	15.5
Return on assets	2.6	2.6	2.5	2.6	2.8
Cost-to-income ratio	19.1	19.3	18.2	18.0	18.4
Core cost-to-income ratio (NII & NF&C)	19.2	20.0	18.1	18.1	19.4
CAPITAL					
CET1 ratio	16.0	17.6	18.6	17.2	19.9
Tier 1 ratio	17.0	19.0	20.6	19.3	22.3
Capital ratio	18.3	21.1	23.7	21.9	25.2
REA to assets	104.3	92.2	87.3	96.6	85.2
Dividend payout ratio	48.9	48.5	48.5	49.5	46.4
Leverage ratio	16.0	16.5	17.1	17.1	17.0
GROWTH					
Asset growth	2.6	11.6	15.9	5.4	1.4
Loan growth	7.8	9.7	6.8	11.9	-7.1
Deposit growth	0.3	6.5	18.0	10.9	3.5
LOSS PERFORMANCE					
Credit provisions to net loans	0.13	0.27	0.68	0.65	0.54
Stage 3 coverage ratio	13.47	9.15	13.84	18.62	25.68
Stage 3 loans to gross loans	1.85	3.59	3.54	4.98	5.07
Net stage 3 loans to net loans	1.61	3.28	3.08	4.11	3.84
Net stage 3 loans/ordinary equity	7.04	14.53	12.53	17.41	15.03
FUNDING & LIQUIDITY					
Loan to deposit ratio	166.3	171.4	155.0	156.3	140.4
Liquid assets to deposit ratio	42.7	47.8	60.3	48.2	60.0
Net stable funding ratio	157.0	147.0	144.0	165.0	174.7
Liquidity coverage ratio	116.0	238.0	688.0	0.0	832.7
Key financials (NOKm)	FY 2021	FY 2022	FY 2023	FY 2024	Q2 2025 YTD
BALANCE SHEET					
Total assets	19,985	22,296	25,847	27,237	27,606
Total tangible assets	19,952	22,263	25,804	27,199	27,565
Total financial assets	19,858	22,181	25,725	27,099	27,470
Net loans and advances to customers	15,805	17,346	18,518	20,713	19,249
Total securities	3,145	4,088	5,557	3,746	5,007
Customer deposits	9,501	10,121	11,946	13,249	13,711
Issued securities	6,308	7,603	8,455	8,047	8,048
of which other senior debt	6,038	7,183	7,756	7,347	7,348
of which subordinated debt	270	421	699	700	700
Total equity	3,822	4,220	5,005	5,437	5,469
of which ordinary equity	3,622	3,920	4,555	4,887	4,919
CAPITAL					
Common equity tier 1	3,339	3,611	4,203	4,520	4,687
Tier 1	3,539	3,911	4,653	5,070	5,237
Total capital	3,809	4,331	5,348	5,765	5,932
REA	20,835	20,563	22,558	26,308	23,528
INCOME STATEMENT					
Operating revenues	851	965	1,119	1,253	676
Pre-provision operating profit	688	779	916	1,028	551
Impairments	20	45	122	127	54
Net Income	505	555	605	687	379

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

Figure 25. Pareto Bank rating scorecard

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

Figure 26. Capital structure ratings

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

DISCLAIMER

Disclaimer © 2025 Nordic Credit Rating AS (NCR, the agency). All rights reserved. All information and data used by NCR in its analytical activities come from sources the agency considers accurate and reliable. All material relating to NCR's analytical activities is provided on an "as is" basis. The agency does not conduct audits or similar warranty validations of any information used in its analytical activities and related material. NCR advises all users of its services to carry out individual assessments for their own specific use or purpose when using any information or material provided by the agency. Analytical material provided by NCR constitutes only an opinion on relative credit risk and does not address other forms of risk such as volatility or market risk and should not be considered to contain facts of any kind for the purpose of assessing an issuer's or an issue's historical, current or future performance. Analytical material provided by NCR may include certain forward-looking statements relating to the business, financial performance and results of an entity and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. Forward-looking statements contained in any analytical material provided by NCR, including assumptions, opinions and views either of the agency or cited from third-party sources are solely opinions and forecasts which are subject to risk, uncertainty and other factors that could cause actual events to differ materially from anticipated events. NCR and its personnel and any related third parties provide no assurance that the assumptions underlying any statements in analytical material provided by the agency are free from error, nor are they liable to any party, either directly or indirectly, for any damages, losses or similar, arising from use of NCR's analytical material or the agency's analytical activities. No representation or warranty (express or implied) is made as to, and no reliance should be placed upon, any information, including projections, estimates, targets and opinions, contained in any analytical material provided by NCR, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained in any analytical material provided by the agency. Users of analytical material provided by NCR are solely responsible for making their own assessment of the market and the market position of any relevant entity, conducting their own investigations and analysis, and forming their own view of the future performance of any relevant entity's business and current and future financial situation. NCR is independent of any third party, and any information and/or material resulting from the agency's analytical activities should not be considered as marketing or a recommendation to buy, sell, or hold any financial instruments or similar. Relating to NCR's analytical activities, historical development and past performance does not safeguard or guarantee any future results or outcome. All information herein is the sole property of NCR and is protected by copyright and applicable laws. The information herein, and any other information provided by NCR, may not be reproduced, copied, stored, sold, or distributed without NCR's written permission.

NORDIC CREDIT RATING AS

nordiccreditrating.com