

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 and Trondheim. While providing diversification, lending outside of adjacent regions tests the boundaries of the 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 oversight challenges associated with corporate exposures. This strategy also affects our view of the bank's competitive position, despite its dominant competitive position in Røros, given its weak market position in growth markets.

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, 2023–2028e

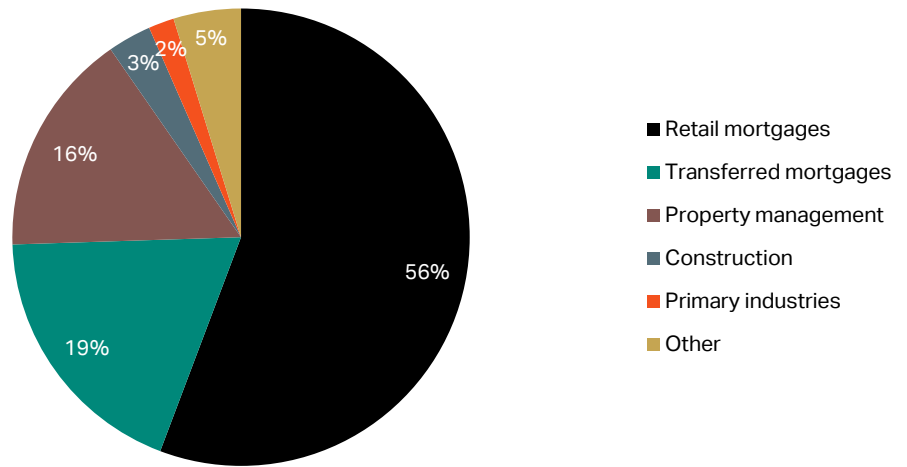
%	2022	2023	2024	2025	2026e	2027e	2028e
Tier 1 ratio*	21.5	20.9	23.4	26.0	25.2	24.4	24.2
Pre-provision income/REA*	2.6	2.8	3.2	3.1	3.0	2.9	2.8
Cost-to-income	45	45	40	43	45	45	44
Return on ordinary equity	9.4	7.0	9.1	7.5	8.6	8.5	8.5
Loan losses/net loans	0.20	0.65	0.47	0.56	0.17	0.17	0.17
Net Stage 3/net loans	0.51	1.19	0.78	1.21	0.81	0.99	0.99

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.

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 retail branch offices in Oslo and Trondheim. 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. The bank is a member of the Eika Alliance, an association of some 40 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, 31 Dec. 2025



Source: company.

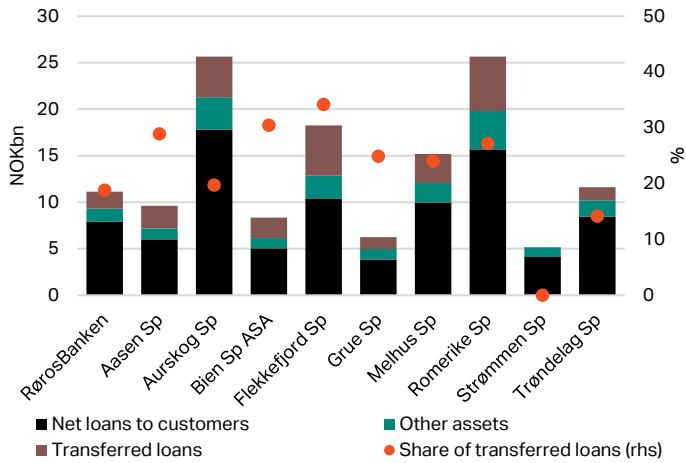
Competitive position

Loan expansion in Oslo and Trondheim

RørosBanken maintains around 50% market share in Røros. Sparebank 1 SMN is the most relevant competitor in the local market, with a branch in Røros. Growth in nearby areas is limited by other local banks and scant market potential. To offset this, RørosBanken has targeted the Oslo and Trondheim metropolitan areas to achieve growth and established branch offices in 2006 and 2025, respectively, while managing the corporate segment from its Røros headquarters.

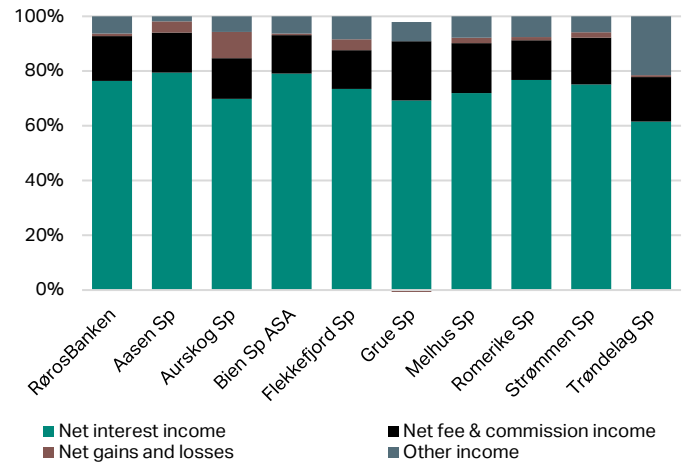
We believe the bank's strong local presence and financial contributions play a vital role for the local community while also strengthening its market position in its traditional core markets. RørosBanken's membership in the Eika alliance expands the bank's customer offerings beyond what it could provide itself and diversifies revenues through product companies. In addition, the bank owns a local real estate agency in Røros to maintain its current market position.

Figure 3. Balance sheet volume comparison, Q4 2025



Source: companies.

Figure 4. Revenue source split comparison, Q4 2025 LTM



Source: companies. LTM-last twelve months.

Risk governance

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. 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 cooperation with the Eika Alliance provides members with frameworks and additional resources for future risk governance development and future sustainability efforts.

RørosBanken's lending to corporate customers outside traditional core markets now constitutes the majority of corporate lending. 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.

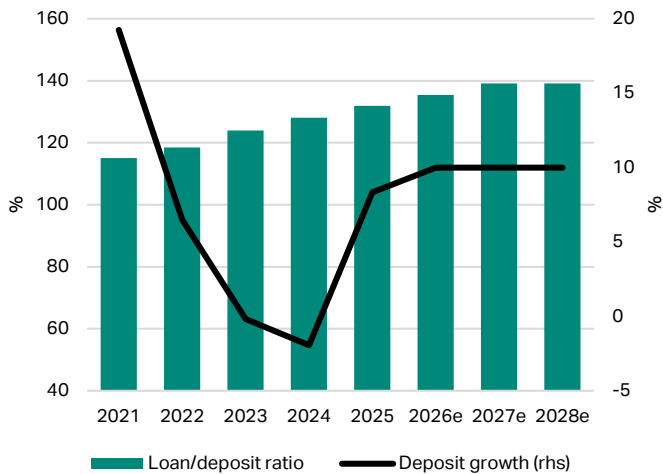
Appropriate funding profile

Funding and liquidity

We consider RørosBanken's funding liquidity profile and management appropriate for a medium-sized Norwegian savings bank and broadly in line with domestic peers. However, subdued growth in deposits relative to on-balance-sheet lending growth in recent years has increased RørosBanken's loan-to-deposit ratio. We believe this will result in the bank increasing its funding through senior unsecured bonds, as the bank targets double-digit lending growth and customers in metropolitan areas.

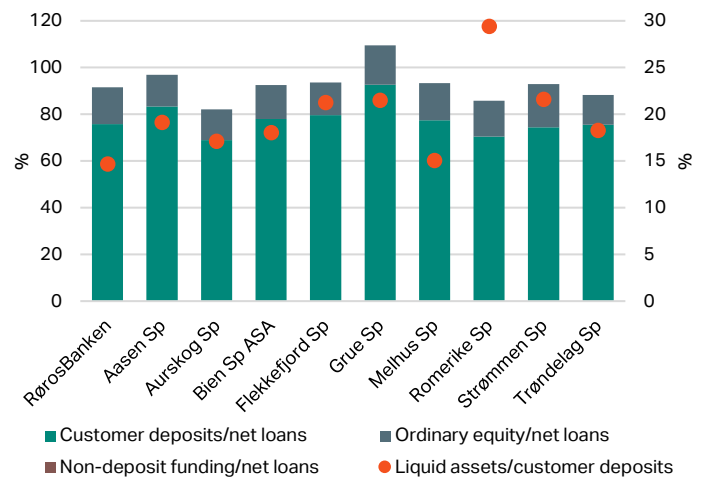
Eika Boligkreditt is a stable and important source of funding for RørosBanken. It provides access to more affordable funding for retail mortgages, with longer terms to maturity, than the bank could source by itself.

Figure 5. Deposit metrics, 2020-2028e



Source: companies.

Figure 6. Norwegian savings banks' funding profiles, 31 Dec. 2025



Source: companies.

CREDIT RISK PROFILE

Operating environment

Rural and mountainous traditional core markets

We consider a balance of national and regional factors in our assessment of the operating environment. Norwegian banks' net interest margins have increased since 2021; however, with rates cut to 4% in Sep. 2025 and no further reductions likely until after 2026, earnings may moderate as competition intensifies and loan demand remains somewhat subdued. While elevated rates are dampening activity, modest GDP growth and low unemployment continue to support wages, supporting household loan demand, but increasing potential inflation risks.

RørosBanken's traditional 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. 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 7. Traditional core market characteristics

	Strengths	Weaknesses
Regional employment and economic diversity	Unemployment like domestic average. Railway access to Oslo and Trondheim.	Weaker industrial diversification. Somewhat geographically isolated.
Population growth and credit demand	Expectations of moderate population growth in Røros.	Weak population growth in recent years and elderly population. Expected growth varies significantly between municipalities.

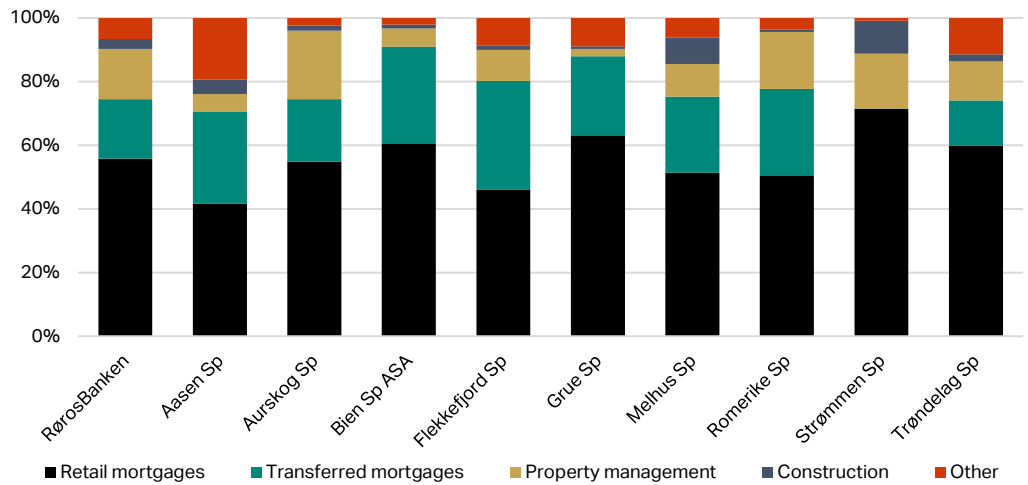
Credit quality set to improve

Credit and market risk

RørosBanken has a regional focus, although lending to Oslo and Trondheim has gradually increased to about half of total lending. RørosBanken's established branch offices in Oslo and Trondheim support retail customers, while underwriting of the corporate segment is performed from the bank's headquarters in Røros. Positively, the lending strategy 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 manageable single-name concentrations in the loan book.

RørosBanken increased its lending growth (including transferred loans) to 9% in 2025, compared to 1% in 2024. We expect the bank to increase its focus on growth ahead and estimate double-digit loan growth through 2028.

Figure 8. Norwegian savings banks' gross loan book sector split, 31 Dec. 2025

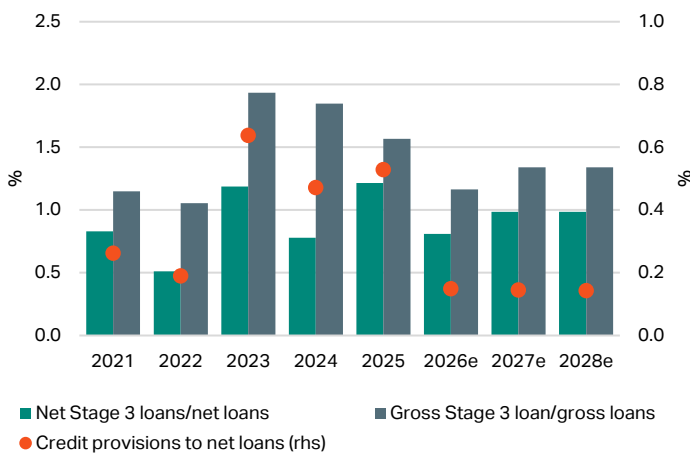


Source: companies.

We expect RørosBanken's loss performance to improve in 2026, following weaker performance in 2023-2025 due to few single-name corporate exposures on the balance sheet. During the period 2023-2025, the bank has made provisions for, and subsequently recognised, total losses of NOK 95 million in connection with a single corporate exposure. We anticipate that another significant non-performing loan will be resolved in 2026, and we project that the proportion of net Stage 3 loans at RørosBanken will continue to decrease. As a result, we also expect lower loan losses during our forecast period.

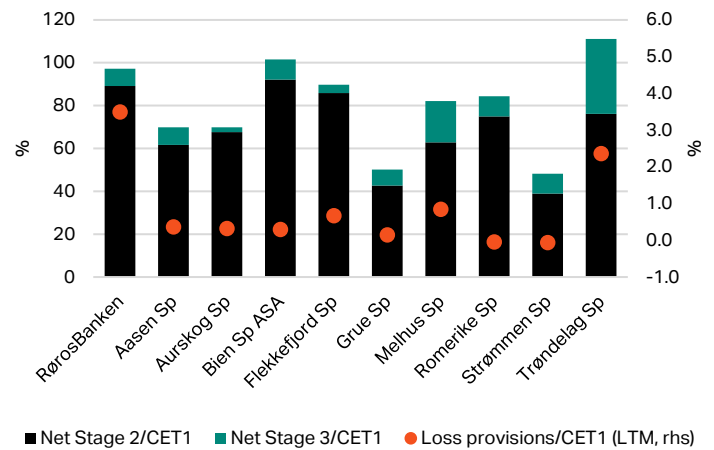
Loss performance

Figure 9. Asset quality metrics, 2021-2028e



Source: company and NCR. e-estimate.

Figure 10. Asset quality in relation to capitalisation, 31 Dec. 2025



Source: companies. CET1-Common Equity Tier 1.

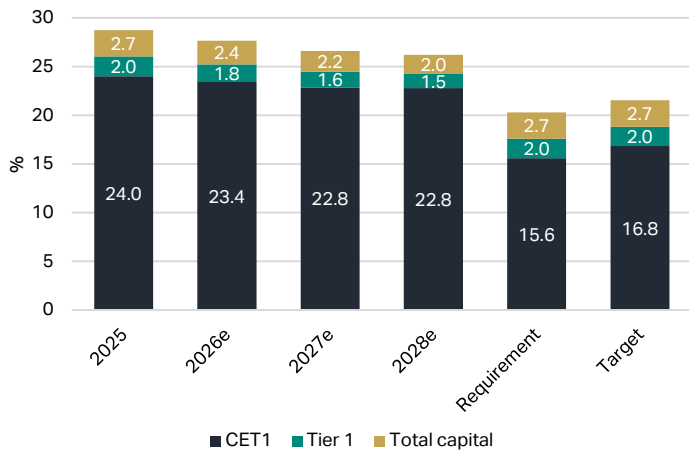
CAPITAL GENERATION

Outstanding capital position following CRR3

Capital

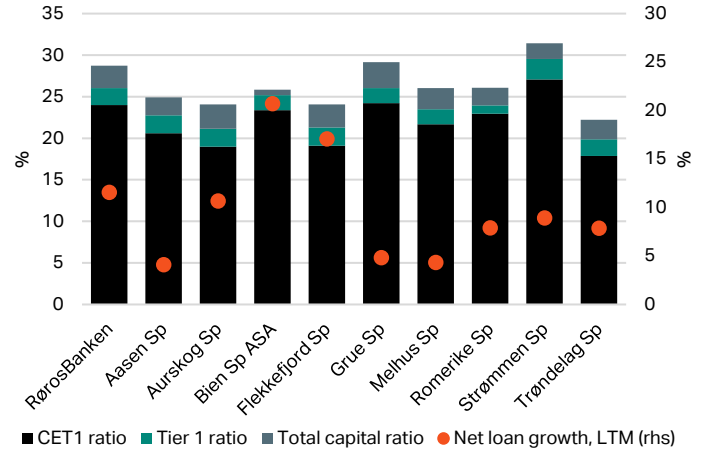
Our capital assessment takes into consideration RørosBanken's consolidated capital position, including its proportionate holdings in Eika Gruppen and Eika Boligkreditt. Capital ratios improved materially with the implementation of CRR3, and we expect its Tier 1 ratio to remain well above 24% through 2028, despite our projections of a strong double-digit loan growth. Capitalisation is supported by strong earnings and the low equity capital certificate (ECC) share (7.5%), which limits dividend cash outflows.

Figure 11. Forecast capital ratios vs. requirements, 2024–2028e



Source: company and NCR. e-estimate. Pillar 2 requirement of 2.8%.

Figure 12. Norwegian savings banks' capital ratios and loan growth, 31 Dec. 2025



Source: companies.

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.

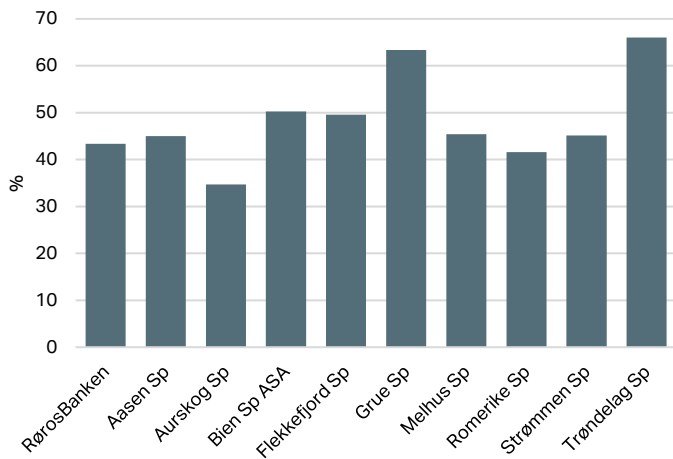
RørosBanken's cost-to-income has improved as growth in operating revenue has outstripped cost increases. We believe declining interest rates and the bank's pursuit of greater loan growth outside core markets to put pressure on margins in an increasingly competitive operative environment. However, we expect cost efficiency to remain on solid levels through our forecast period, partially strengthened by RørosBanken's growth projections.

Figure 13. Capital projection assumptions

%	2026e	2027e	2028e
Net interest margin	2.3	2.2	2.1
Loan growth	13.0	13.0	10.0
Return on equity	8.6	8.5	8.5
Dividend payouts and gifts/net profit	9.0	8.0	7.0

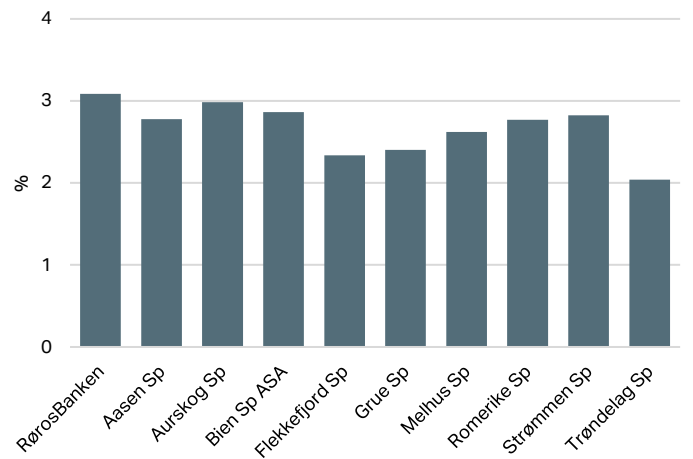
Source: NCR. e-estimate. All metrics adjusted in line with NCR methodology.

Figure 14. Norwegian savings banks' cost-to-income, LTM to 31 Dec. 2025



Source: companies.

Figure 15. Norwegian savings banks' PPI to REA, LTM to 31 Dec. 2025



Source: companies.

SUPPORT ANALYSIS

We assess the company's ownership as neutral according to our group and government methodology. The bank has outstanding ECCs that are not publicly listed. As of end-2025, some 7% of the bank's equity was owned by ECC holders, while the remainder was ownerless capital.

ISSUE AND SHORT-TERM RATINGS

Figure 16. Issue and short-term ratings

	Rating
Senior unsecured	BBB+
Tier 2	BBB
Additional tier 1	BB+
Short-term rating	N2; adequate due to LCR above 200% over the last four quarters.

Short-term and issue ratings are mapped to the long-term issuer rating, in accordance with our Financial Institutions Rating Methodology. In cases where two alternatives for short-term ratings are possible, the short-term rating is assigned based on liquidity being strong, adequate, or weak, as applicable. See definitions in the methodology.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

We consider ESG factors throughout our analysis, when they are material to our credit assessment.

Figure 17. 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.

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 corporates well prepared for improving demand in 2026](#), 14 Jan. 2026
- (ii) [Nordic niche banks focus on optimisation and scalability in 2026](#), 13 Jan. 2026
- (iii) [Swedish savings banks face little drama in 2026](#), 12 Jan. 2026
- (iv) [Capital strength sets Norwegian savings banks up for 2026 growth](#), 9 Jan. 2026

Figure 18. RørosBanken key financial data, 2022–2025

Key credit metrics (%)	FY 2022	FY 2023	FY 2024	FY 2025
INCOME COMPOSITION				
Net interest income to op. revenue	73.3	74.5	77.3	76.4
Net fee income to op. revenue	18.8	16.0	18.1	16.4
Net gains and losses/operating revenue	-0.5	4.2	1.0	1.0
Net other income to op. revenue	8.4	5.4	3.6	6.2
EARNINGS				
Net interest income to financial assets	2.1	2.3	2.5	2.4
Net interest income to net loans	2.5	2.7	3.0	2.8
Pre-provision income to REA	3.1	3.4	3.8	3.5
Core pre-provision income to REA (NII & NF&C)	2.7	2.8	3.5	3.0
Return on ordinary equity	9.4	7.0	9.1	7.5
Return on assets	1.1	0.9	1.2	1.0
Cost-to-income ratio	44.5	45.2	40.4	43.4
Core cost-to-income ratio (NII & NF&C)	48.3	50.0	42.3	46.7
CAPITAL				
CET1 ratio	20.2	20.8	25.0	27.0
Tier 1 ratio	21.7	22.2	27.0	29.0
Capital ratio	23.8	24.1	29.7	31.7
REA to assets	48.1	49.0	52.2	48.3
Dividend payout ratio	8.8	9.5	8.6	7.0
Leverage ratio	10.4	10.8	13.4	0.0
Consolidated CET1 ratio	19.9	19.4	21.4	24.0
Consolidated Tier 1 ratio	21.5	20.9	23.4	26.0
Consolidated Capital ratio	23.6	22.8	26.1	28.7
Consolidated Leverage ratio	9.7	9.5	11.1	11.1
GROWTH				
Asset growth	6.7	4.9	1.4	9.8
Loan growth	9.7	4.5	1.3	11.6
Deposit growth	6.5	-0.2	-1.9	8.3
LOSS PERFORMANCE				
Credit provisions to net loans	0.20	0.65	0.47	0.56
Stage 3 coverage ratio	51.85	39.19	58.35	22.97
Stage 3 loans to gross loans	1.05	1.93	1.85	1.57
Net stage 3 loans to net loans	0.51	1.19	0.78	1.21
Net stage 3 loans/ordinary equity	3.57	7.89	4.90	7.72
FUNDING & LIQUIDITY				
Loan to deposit ratio	118.5	124.0	128.1	131.9
Liquid assets to deposit ratio	12.9	16.9	18.7	14.7
Net stable funding ratio	133.0	130.0	137.0	125.0
Liquidity coverage ratio	128.0	206.0	202.0	252.0
Key financials (NOKm)				
BALANCE SHEET				
Total assets	7,965	8,356	8,475	9,307
Total tangible assets	7,965	8,356	8,475	9,307
Total financial assets	7,926	8,310	8,435	9,236
Net loans and advances to customers	6,704	7,005	7,095	7,914
Liquid assets	729	956	1,034	881
Customer deposits	5,659	5,649	5,540	6,002
Issued securities	1,122	1,441	1,556	1,765
of which other senior debt	1,041	1,360	1,434	1,643
of which subordinated debt	81	81	122	122
Total equity	1,019	1,113	1,219	1,334
of which ordinary equity	959	1,053	1,129	1,244
CAPITAL				
Common equity tier 1	776	850	1,106	1,215
Tier 1	833	908	1,196	1,305
Total capital	913	988	1,316	1,425
REA	3,834	4,095	4,426	4,499
INCOME STATEMENT				
Operating revenues	216	247	270	275
Pre-provision operating profit	120	135	161	156
Impairments	13	45	33	42
Net Income	85	71	100	89

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

Figure 19. RørosBanken rating scorecard

Subfactors	Impact	Score
National banking environment	10.0%	a
Sector exposure assessment	-	-
Regional assessment	10.0%	bbb-
Cross border assessment	-	-
Operating environment	20.0%	bbb+
Risk governance	7.5%	bbb
Capital	17.5%	aa-
Funding and liquidity	15.0%	a-
Credit and market risk	10.0%	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+
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 20. Capital structure ratings

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

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