Nordic Credit Rating

FINANCIAL INSTITUTION

Norway
8 Sep. 2026

Tinde Sparebank

Rating Action Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N2

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Tinde Sparebank outlook revised to stable; 'BBB+' long-term issuer rating affirmed

Nordic Credit Rating has revised the outlook on its 'BBB+' long-term issuer rating on Norway-based Tinde Sparebank to stable from positive. The long-term rating and 'N2' short-term issuer rating have been affirmed. The 'BBB+' senior unsecured issue rating, a 'BBB' Tier 2 issue rating and a 'BB+' Additional Tier 1 issue rating were also affirmed.

Rating rationale

The outlook revision to stable from positive reflects our view that the bank will need to make further progress in reducing its problem loans and demonstrate a material reduction in credit losses before we will consider an upgrade of the bank's long-term rating. The bank has made progress with some of its Stage 3 non-performing and impaired loans in recent quarters, resulting in a significant increase in loss provisions in 2025 and in the first half of 2026. We believe that credit risk is elevated and that the resolution of existing Stage 3 loans could lead to elevated credit losses remaining persistent into 2027.

We have also revised our assessment of Tinde Sparebank's capital to reflect that the combination of weaker capital generation, due to tighter interest margins and recent credit losses, and the bank's focus on loan growth will result in a reduction of the Tier 1 ratio towards 21% in 2028.

Although it continues to address asset quality issues, Tinde Sparebank's rating reflects its solid earnings and capital position, diversified funding and low risk appetite. The bank demonstrates reliable access to capital market financing and maintains limited single-name concentrations among its loan and deposit customers. The merger has resulted in a stronger risk organisation.

In addition to asset quality issues, the rating is constrained by the bank's geographic concentration in central and northern Møre og Romsdal county and modest growth in core municipalities. While the bank maintains a strong market position in its core areas, it faces significant competition from larger regional savings banks, particularly in Molde and Ålesund.

Stable outlook

The stable outlook reflects our expectation that the bank's robust earnings and capital, diversified funding, solid liquidity and post-merger cost synergies will offset elevated corporate credit losses and strong competition in the bank's largest core markets. We believe that the bank will continue to resolve problem loans with the potential for further reserves into 2027. We also expect the bank to prioritise loan growth, resulting in a reduction in the Tier 1 capital ratio towards 21% by end-2028.

We could raise the rating if the bank demonstrates improved credit quality metrics, with credit losses consistently around 20bps and net Stage 3 loans below 1.5%. Additionally, pre-provision income (PPI) to risk exposure amount (REA) should remain above 2.5%, the cost-to-income ratio below 50%, and the consolidated Tier 1 ratio sustainably above 21%.

We could lower the rating if credit quality metrics remain materially weaker than peers, or if the bank's consolidated Tier 1 ratio is sustainably below 18%, or if capital ratios fall within 200bps of regulatory requirements, or if PPI to REA is consistently below 2.0%.

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

Rating list	To	From
Additional Tier 1 issue rating:	BB+	BB+

Figure 1. Tinde Sparebank rating scorecard

Subfactors	Impact	To	From
National banking environment	10.0%	a	a
Sector exposure assessment	-	-	-
Regional assessment	10.0%	bbb	bbb
Cross border assessment	-	-	-
Operating environment	20.0%	bbb+	bbb+
Risk governance	7.5%	a-	a-
Capital	17.5%	a+	aa-
Funding and liquidity	15.0%	a	a
Credit and market risk	10.0%	bbb-	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%	bbb	bbb+
Indicative credit assessment		**bbb+**	**a-**
Peer comparison		Neutral	Neutral
Transitions		Neutral	-1 notch
Borderline assessments		Neutral	Neutral
Stand-alone credit assessment		**bbb+**	**bbb+**
Ownership		Neutral	Neutral
Capital structure protection		Neutral	Neutral
Rating caps		Neutral	Neutral
Issuer rating		**BBB+**	**BBB+**
Outlook		Stable	Positive
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 10 Dec. 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.
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Were ESG factors a key driver behind the change to the credit rating or rating outlook?	No.
Methodology used when determining the credit rating:	NCR's Financial Institutions Rating Methodology published on 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, External market reports, Meetings with management of the rated entity, Non-public information, Press reports/public information, Website of rated entity.
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Ancillary services provided:	No ancillary services 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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