

📅 THURSDAY, 30/10/2025 - Scope Ratings UK Ltd

Scope affirms SpareBank 1 Nordmore's A- issuer rating with Stable Outlook

The rating benefits from the bank's well established local franchise and continued strong operating performance and comfortable financial viability.

Rating action

Scope Ratings UK Limited (Scope) has affirmed SpareBank 1 Nordmore's (SB1 Nordmore) issuer rating of A-, preferred senior unsecured debt rating of A- and non-preferred senior unsecured debt rating of BBB+, all with a Stable Outlook.

The full list of rating actions and rated entities is at the end of this rating action release.

Key rating drivers

Business model assessment: Focused (High). The issuer rating is anchored by the Focused (High) business model assessment. SpareBank 1 Nordmore is a well-established medium-sized savings bank operating in Mid-Norway with a focus on personal customers and mortgage lending. As a member of the SpareBank 1 Alliance, the bank can meet the broad financial needs of clients and benefits from important economies of scale, particularly in digital capabilities.

Operating environment assessment: Very Supportive (Low). The assessment reflects Scope's view of Norway where SB1 Nordmore operates in exclusively.

Norway is a relatively small open economy with one of the highest levels of per capita income in the world and low unemployment. A very strong government fiscal position provides ample capacity to support the economy when needed. The regulatory framework is well established and rigorous, and the central bank has a good track record of providing refinancing facilities to banks in times of stress. While competition is high, there is also a long history of cooperation among domestic banks.

Scope arrives at an initial mapping of **bbb** based on a combined assessment of the issuer's operating environment and business model.

Long-term sustainability assessment (ESG factor): Neutral. The assessment reflects Scope's view that the issuer is embracing changes to ensure the long-term sustainability of its business model. Progress made may be tangible but does not warrant further credit differentiation.

SpareBank 1 Nordmore proactively addresses opportunities and risks related to sustainability through its strategy. Inherent to its roots and DNA as a local savings bank, SB1 Nordmore actively participates and supports its local community as part of its business. The bank has strong digital capabilities in line with the Norwegian banking sector, and benefits from the resources of the SpareBank 1 Alliance. ESG assessments are incorporated into the bank's lending processes and practices both for corporate and retail customers. The bank's follows standard governance arrangements for a Norwegian savings bank and its structure includes representation from its various stakeholders including both customers and employees.

The long-term sustainability assessment leads to an adjusted rating anchor of **bbb**.

Earnings capacity and risk exposures assessment: Supportive. The assessment reflects Scope's view that earnings capacity is stable through economic cycles and provides a strong buffer against losses. Risks are well managed and are highly unlikely to lead to losses capable of undermining the issuer's viability.

SB1 Nordmore's earnings capacity and risk exposures are underpinned by its retail focused business model. For H1 2025 the bank reported a return on equity of 12.7% and a cost to income ratio of 37.4%. The bank targets a return on equity between 8-12% and a cost to income ratio below 40%. The bank derives the majority of its income from net interest income but also generates strong fee and commission income through its accountancy firm. As is common with the Norwegian banking sector, SB1 Nordmore has exposure to the commercial real estate sector. Furthermore, given the bank's geographical location it lends to the fishing and aquaculture sectors. Asset quality remains robust with the stage 3 ratio standing at 2.2% at Q2 2025.

Financial viability management assessment: Comfortable. The assessment reflects Scope's view that the issuer's maintains comfortable buffer to relevant regulatory requirements and Scope expects it to continue to do so. The issuer's financial viability is largely resilient to tail-risk events.

At Q2 2025 the bank had a CET1 ratio of 17.7% and a leverage ratio of 8.8%, on a proportionally consolidated basis, both above the respective requirements of 16.7% and 3%. SpareBank 1 Nordmore's capital position saw positive impacts from the implementation of CRR3 in Norway. The bank's funding profile consists primarily of customer deposits (45%), followed by covered bonds (28%). As a member of the SpareBank 1 Alliance, the bank is able to utilise its covered bond issuing vehicle.

One or more key drivers of the credit rating action are considered an ESG factor.

Outlook and rating sensitivities

The **Stable Outlook** reflects Scope's view that the risks to the current rating are balanced.

The **upside scenario** for the ratings and Outlooks is:

1. Sustained and profitable growth with greater geographic diversification of the loan portfolio, leading to a change in the business model assessment.

The **downside scenario** for the ratings and Outlooks is:

1. A material deterioration in asset quality and earnings, potentially stemming from a weaker operating environment, leading to a change in the earnings capacity and risk exposures assessment.

Debt ratings

Preferred senior unsecured debt: A-/Stable. The rating is aligned with the issuer rating and applies to senior unsecured debt ranking above other classes of senior unsecured debt.

Non-preferred senior unsecured debt: BBB+/Stable. The rating is one notch lower than the issuer rating, reflecting statutory subordination.

Environmental, social and governance (ESG) factors

Please refer to the 'long-term sustainability assessment' under the 'key rating drivers' section above for the ESG analysis.

All rating actions and rated entities

SpareBank 1 Nordmore

Issuer rating: A-/Stable, Affirmation

Preferred senior unsecured debt rating: A-/Stable, Affirmation

Non-preferred senior unsecured debt rating: BBB+/Stable, Affirmation

Stress testing & cash flow analysis

No stress testing was performed. No cash flow analysis was performed.

Methodology

The methodology used for these Credit Ratings and/or Outlooks, (Financial Institutions Rating Methodology, 18 September 2025), is available on scoperatings.com/governance-and-policies/rating-governance/methodologies.

Information on the meaning of each Credit Rating category, including definitions of default, recoveries, Outlooks and Under Review, can be viewed in 'Rating Definitions - Credit Ratings, Ancillary and Other Services', published on scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Historical default rates of the entities rated by Scope Ratings can be viewed in the Credit Rating performance report at scoperatings.com/governance-and-policies/regulatory/uk-regulation. A comprehensive clarification of Scope Ratings' definitions of default and Credit Rating notations can be found at scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales. Guidance and information on how environmental, social or governance factors (ESG factors) are incorporated into the Credit Rating can be found in the respective sections of the methodologies or guidance documents provided on scoperatings.com/governance-and-policies/rating-governance/methodologies.

The Outlook indicates the most likely direction of the Credit Ratings if the Credit Ratings were to change within the next 12 to 18 months.

Solicitation, key sources and quality of information

The Rated Entity and/or its Related Third Parties participated in the Credit Rating process.

The following substantially material sources of information were used to prepare the Credit Ratings: public domain, the Rated Entity and Scope Ratings' internal sources.

Scope Ratings considers the quality of information available to Scope Ratings on the Rated Entity or instrument to be satisfactory. The information and data supporting these Credit Ratings originate from sources Scope Ratings considers to be reliable and accurate.

Scope Ratings does not, however, independently verify the reliability and accuracy of the information and data.

Prior to the issuance of the Credit Rating action, the Rated Entity was given the opportunity to review the Credit Ratings and/or Outlooks and the principal grounds on which the Credit Ratings and/or Outlooks are based. Following that review, the Credit Ratings and/or Outlooks were not amended before being issued.

Regulatory disclosures

These Credit Ratings and/or Outlooks are issued by Scope Ratings UK Limited at 52 Grosvenor Gardens, London, United Kingdom, SW1W 0AU, Tel +44 20 7824 5180. The Credit Ratings and/or Outlooks are EU-endorsed.

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Person responsible for approval of the Credit Ratings: Karlo Fuchs, Managing Director

The issuer Credit Rating/Outlook was first released by Scope Ratings on 9 December 2019. The Credit Rating/Outlook was last updated on 11 December 2024.

The preferred senior unsecured debt Credit Rating/Outlook was first released by Scope Ratings on 9 December 2019. The Credit Rating/Outlook was last updated on 11 December 2024.

The non-preferred senior unsecured debt Credit Rating/Outlook was first released by Scope Ratings on 28 September 2021. The Credit

Potential conflicts

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ISSUERS 1

