

19/10/2026 - Scope Ratings UK Ltd

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

The rating affirmation is underpinned by resilient asset quality, a strong funding and liquidity profile and a well-established position as a local savings bank.

Rating action

Scope Ratings UK Ltd (Scope) has affirmed SpareBank 1 Nordmøre's issuer rating and preferred senior unsecured debt rating at A-, both with 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 Nordmøre is a well-established local savings bank operating in the county of Møre og Romsdal in Mid-Western Norway and the city of Trondheim in central Norway with total assets of approx. NOK 32bn as of Q2 2026 (approx. EUR 3bn net of loans transferred to its covered bond issuer vehicle).

The business model is focused on retail banking as well as serving local corporate customers. The bank benefits from being a member of the SpareBank 1 Alliance, including the ability to offer a broad range of financial services, economies of scale and strong digital capabilities.

SpareBank 1 Nordmøre's strategic priorities are focused on maintaining strong customer relationships, leveraging local market expertise, and supporting the development of its local communities. The parent bank targets a return on equity above 11%, a consolidated CET1 ratio exceeding regulatory requirements by 150 basis points, and a cost-to-income ratio below 40%, targets that were already met as of Q2 2026. Scope expects SpareBank 1 Nordmøre to continue growing its retail and corporate lending to local customers, strengthening its focused business model and gradually increasing its market share.

Operating environment assessment: Very supportive (Low). The assessment reflects Scope's view on Norway, SpareBank 1 Nordmøre's sole market.

Norway (Very supportive – low) is a small and open economy with a GDP per capita of approx. USD 94.5k and very low unemployment (4.6%) as of December 2025. A very strong government fiscal position provides ample capacity to support the economy when needed. Scope expects mainland GDP growth to remain robust

at 1.5% in 2026 and 1.4% in 2027.

Banking sector financial performance has been consistently strong over the past decade, with ROAE and NPL ratios averaging approx. 12% and 1%, respectively. Very high capital buffer requirements as well as various national prudential rules, including risk-weight floors, ensure banks are highly capitalised. Sector Tier 1 ratio has been approx. 21% over the past ten years and 22% over the past five years.

The regulatory framework is rigorous and well-established. As party to the EEA Treaty, Norway implements the EU regulatory framework, and banks are subject to the CRR/CRD/BRRD.

The national deposit guarantee scheme covers deposits of up to NOK 2m, substantially higher than in most countries, with potential to limit the pace of outflows in crisis scenarios. Norges Bank serves as lender of last resort, containing illiquidity risks.

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.

Sustainability considerations are embedded in SpareBank 1 Nordmøre's strategic framework and risk management practices. Leveraging from the methodologies developed within the SpareBank 1 Alliance, the

bank actively assesses climate-related risks across industries represented in its loan portfolio. ESG considerations are integrated into the credit approval process for exposures exceeding NOK 5m, with corporate borrowers assigned an ESG risk score at loan origination. The bank has also strengthened its environmental risk assessment by requiring Energy Performance Certificates (EPCs) for new commercial real estate customers and actively monitoring compliance.

In 2026, the bank renewed its green financing framework for an additional three years, aligning it with evolving international standards and enhancing transparency and eligibility criteria for green assets. This supports its objective of growing the green corporate lending portfolio by 7% annually.

The bank benefits from strong digital capabilities through its membership in the SpareBank 1 Alliance, which provides access to shared technology platforms and development resources. However, this does not provide a franchise differentiation, as the active use of a digital distribution channel is a common feature of the Norwegian banking sector.

Its governance structure reflects its savings bank heritage, with broad stakeholder representation, including customers and employees, at the General Assembly level. Combined with its strong regional presence and community engagement, this supports franchise stability and long-term stakeholder alignment.

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

Earnings capacity and risk exposures assessment: Supportive (+1 notch). 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.

SpareBank 1 Nordmøre's profitability has improved gradually since 2024, underpinned by a persistently high interest rate environment, strong loan growth, increasing fee and commission revenues, and well-controlled operating expenses. Net interest income remains the main source of operating revenues, although the bank benefits from additional earnings diversification through SpareBank 1 Økonomipartner Nordmøre, its accounting and advisory services business. In H1 2026, the parent bank generated a record profit of NOK 254m and reported a return on equity and a return on risk weighted assets of 12.5% and 2.8%, respectively, reflecting strong underlying profitability despite some pressure on net interest margins arising from heightened competitive dynamics.

Scope believes that current profitability provides a solid first line of defence against credit deterioration, and that, under most scenarios, any increase in credit losses can be absorbed out of ordinary profitability.

SpareBank 1 Nordmøre asset quality remains strong, with a 90-day delinquency ratio of less than 1% between 2020 and H1 2026, and a stable gross credit-impaired loans ratio amounting to approx. 1.5% as of H1 2026.

Despite some growing pressure on the economic environment, asset quality metrics remain resilient. Cost of risk increased modestly to 26bp in H1 2026, reflecting more conservative forward-looking macroeconomic assumptions and challenges related to a limited number of individual loans. Geographic concentration in Møre og Romsdal is partly mitigated by the region's historically resilient economy, characterised by relatively stable employment levels and less pronounced business cycle fluctuations than the national average.

The loan book is predominantly composed of retail lending, which represented 74% of total lending in H1 2026 and supports the portfolio's overall risk profile. Commercial real estate remains a relevant risk concentration, with property letting and property developing representing approx. 44% of the bank's corporate loan book and 11% of the total loan book. While current performance remains sound, the sector could be subject to an increase in credit risk under a weaker operating environment or adverse property market developments.

Financial viability management assessment: Comfortable (+1 notch). The assessment reflects Scope's view that the issuer 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.

The group's capital position improved after the introduction of CRR3 in April 2025. These regulatory changes have involved a more risk sensitive standard method than previous regulations, especially for loans secured by real estate with low LTVs, leading to lower capital requirements, reduction in risk weighted assets and strengthening capital levels.

As of Q2 2026, SpareBank 1 Nordmøre's CET1 ratio remained sound at 17.4% on a proportionally consolidated basis, above the bank's long-term management target of 16.7%, with a buffer to minimum capital requirements of 220bp. The leverage ratio stood at very high levels of approx. 9.2% as of Q2 2026, well above the minimum required of 3%. Scope expects the bank's capital position to remain well supported by continued organic capital generation and moderate growth in risk-weighted assets, notwithstanding its relatively high dividend payout policy of 50%-70%.

Liquidity remains robust, with a LCR of 192% and a net stable funding ratio of 122% as of Q2 2026, providing comfortable headroom above regulatory requirements.

The bank benefits from a stable funding profile, with customer deposits representing approximately 46% of total funding as of Q2 2026. The deposit base is well diversified between retail customers (60%) and corporate clients (40%). Covered bonds constitute another key funding source, accounting for 26% of total funding. These are issued through the bank's covered bond vehicle as a member of the SpareBank 1 Alliance, providing efficient access to long-term wholesale funding.

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. A material change in scale and wider business diversification, could support a stronger business model assessment.

The **downside scenarios** for the ratings and Outlooks are (individually or collectively):

1. Material pressure on profitability and/or weakening asset quality that could reduce the bank's earnings capacity could result in a weaker assessment of earnings capacity and risk exposures.

2. The adoption of a more optimised capital management approach leading to tighter distance to regulatory requirements, could lead to a downgrade of the financial viability management 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 Nordmøre

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/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 Outlooks and the principal grounds on which the Credit Ratings and Outlooks are based. Following that review, the Credit Ratings and Outlooks were not amended before being issued.

Regulatory disclosures

These Credit Ratings and Outlooks are issued by Scope Ratings UK Limited, 1 King William Street, London, EC4N 7AF, Tel +44 20 3059 1051. The Credit Ratings and Outlooks are EU-endorsed.

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The issuer Credit Rating/Outlook was first released by Scope Ratings on 9 December 2019. The Credit Rating/Outlook was last updated on 30 October 2025.

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 30 October 2025.

The non-preferred senior unsecured debt Credit Rating/Outlook was first released by Scope Ratings on 28 September 2021. The Credit Rating/Outlook was last updated on 30 October 2025.

Potential conflicts

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