Romerike Sparebank

Full Rating Report

LONG-TERM RATING

A-

OUTLOOK

Stable

SHORT-TERM RATING

N2

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RATING RATIONALE

Our 'A-' long-term issuer rating on Norway-based Romerike Sparebank reflects the bank's robust capital position, diverse funding access and strong growth in its core region. The bank has a cooperation agreement with the Eika banking alliance, which we view as positive, as it provides product diversity, shared development costs, and the opportunity to finance residential retail mortgages through mortgage company Eika Boligkreditt. We expect firm cost efficiency to support the bank's core earnings despite a likely contraction in net interest margins over the next few years. We also expect robust pre-provision profit to offset elevated loan losses due to a slowdown in the national economy.

The rating is constrained by the bank's high exposure to real estate in the Romerike region. Additional negative rating factors include stiff competition in the greater Oslo region and the bank's low market shares.

STABLE OUTLOOK

The outlook is stable, reflecting our view that a weak economic climate and Romerike Sparebank's projected credit losses in our forecast through 2026 will be offset by improved capital and solid earnings. We believe the bank's moderate risk appetite, strong real-estate collateral, improved earnings, and stable cost position will enable resilience to a modest economic slowdown. We expect the prospective positive impact of implementing the EU's Capital Requirements Regulation III (CRR3) will further improve the bank's capital ratios.

POTENTIAL POSITIVE RATING DRIVERS

- A consolidated Tier 1 capital ratio sustainably above 25%; and
- Pre-provision income to risk exposure amount (REA) sustainably above 3%; and
- Lessening uncertainty about credit risk and improved asset quality metrics.

POTENTIAL NEGATIVE RATING DRIVERS

- A material deterioration in the local operating environment that negatively affects asset quality.
- A lasting reduction in the Tier 1 capital ratio to below 18%.
- Pre-provision income to REA below 2% or cost/income above 50% over a protracted period.

Figure 1. Key credit metrics, 2020–2026e

%	2020	2021	2022**	2023	2024e	2025e	2026e
Net interest margin	1.7	1.6	1.8	2.2	2.3	2.2	2.1
Loan losses/net loans	0.16	-0.16	0.04	0.17	0.20	0.19	0.19
Pre-provision income/REA*	1.7	1.8	1.9	2.6	2.8	2.9	2.9
Cost-to-income	52.4	46.1	47.9	41.4	40.3	39.8	40.4
Return on average equity	7.0	9.2	7.4	7.7	8.7	8.6	8.3
Loan growth	13.6	8.9	36.3	6.2	7.0	7.0	7.0
CET1 ratio*	16.3	16.0	19.8	20.0	20.1	22.7	22.5
Tier 1 ratio*	17.8	17.4	21.3	21.3	21.4	23.7	23.5

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, including the estimated effect of CRR3 from 2025. **Merger with Blaker Sparebank.

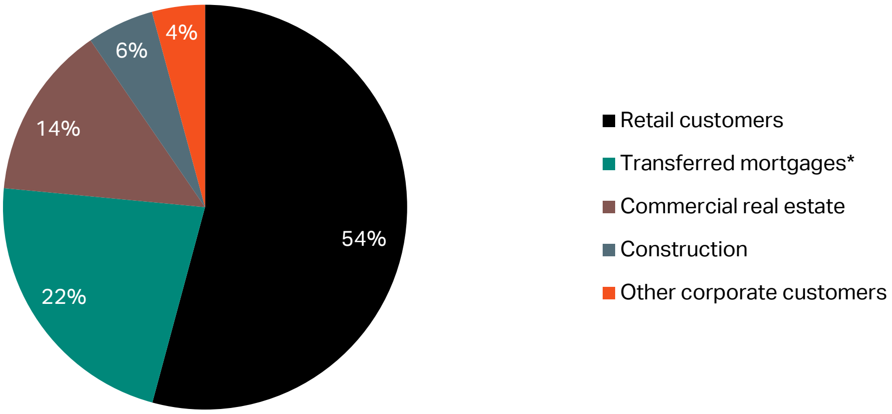
ISSUER PROFILE

Romerike Sparebank is a Norwegian savings bank headquartered in Lillestrøm, a satellite city of Oslo, the capital of Norway. Established as Lillestrøm Sparebank in 1887, the bank changed its name in 2021 before it announced its merger with Blaker Sparebank. The merger was finalised in October 2022.

Romerike Sparebank offers a range of financial services to household and corporate borrowers. These services include savings accounts, loans, mortgages, investment services, insurance, and advisory services related to personal and business finance. The bank has five branch offices, more than 28,000 customers, and employs 74 full-time equivalents. As of 30 Jun. 2024, the bank had total net lending of NOK 18.2bn (including NOK 4.3bn in retail mortgage loans transferred to Eika Boligkreditt).

Romerike Sparebank is a member of the Eika alliance, a network of Norwegian savings banks that collaborate to improve members' service offerings, technology, and product development while maintaining their local independence. Through this alliance, Romerike Sparebank customers benefit from enhanced digital banking services and access to a wide range of financial products.

Figure 2. Gross loans by sector/type (including transferred loans), 30 Jun. 2024



Source: company. *net loans transferred to Eika Boligkreditt.

OPERATING ENVIRONMENT

Operating environment

We consider a balance of national and regional factors in our assessment of the operating environment. Romerike Sparebank operates in the Oslo region, which has above-average economic growth prospects. We believe, however, that the national economy could weaken over the next few years due to reduced economic activity and the ongoing impact of high inflation but consider the Norwegian banking sector well positioned to cope.

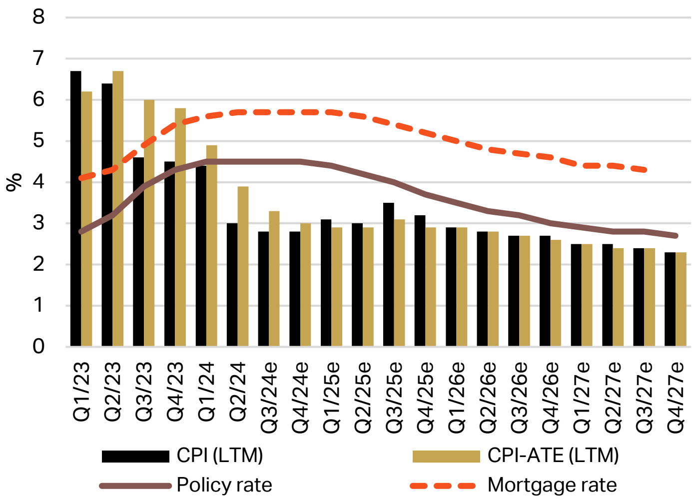
Peaking net interest margins

National factors

Net interest margins for Norwegian savings banks have widened significantly on the back of rising interest rates over the past two years. This, together with strong lending growth, has boosted earnings across the sector. However, we believe that core earnings growth in the sector will slow this year due to heightened competition and increased, albeit moderate, loan losses. Among NCR-rated Norwegian savings banks, we expect a marginal decline in core profit in 2024 but anticipate that normalisation of non-core revenues will contribute to an 8% increase in pre-tax profit. We also believe that interest margins could prove more resilient than we previously anticipated due to continued high interest rates.

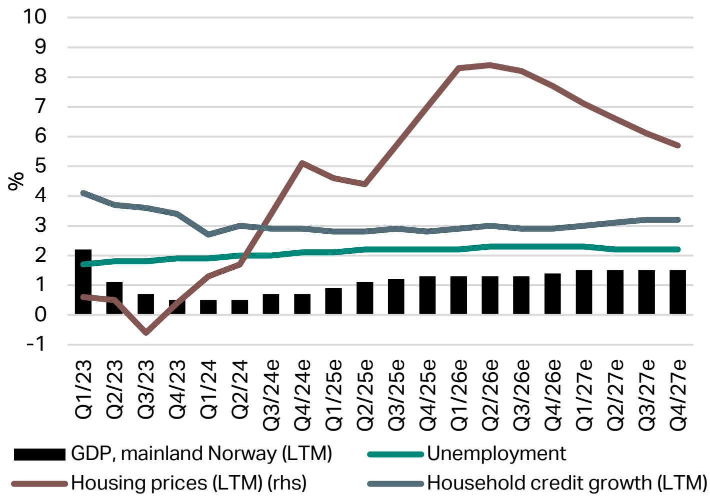
As intended, high interest rates are helping to slow the economy. We believe that high interest rates and weak economic conditions could lead to a rise in loan-loss provisions among domestic savings banks over the next 12 months, but that these increases will vary markedly between individual banks. Norway's 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, 2023–2027e



Source: central bank. e–estimate. CPI–consumer price index. LTM–last 12 months. ATE–adjusted for tax changes and excluding energy products.

Figure 4. Norwegian economic indicators, 2023–2027e



Source: central bank. e-estimate.

Strong growth prospects in the greater Oslo region

Regional, sectoral, and cross-border factors

Romerike Sparebank's core region is defined as six municipalities in the Romerike region in Akershus county (see Figure 5), as well as the easternmost part of Oslo. Two-thirds of the bank's lending is in the six Romerike municipalities and 95% of lending is in Akershus and Oslo counties. Market expectations for the bank's core region in general include strong population growth as Oslo spreads outwards. Unemployment in the bank's core region is low, but somewhat higher than the Norwegian average, mainly because a higher number of immigrants reside in this region.

Logistic services, wholesale trade and construction are important sectors in Romerike Sparebank's core region, which stretches between Oslo and the Swedish border. Public services, including health, are large employers in the region, albeit with a somewhat lower share than the Norwegian average. Thirty six percent of the employed residents in Akershus work in Oslo, where wholesale and retail trade, as well as financial and business services, are significant sectors. Akershus and Oslo have a relatively small portion of Norway's industry, mainly concentrated on small-scale industries.

Figure 5. Core markets

Municipality	Population, Dec. 2023	Expected population change, 2024–2050 (%)	Unemployment, Aug. 2024 (%)	Unemployment, Aug. 2023 (%)
Lillestrøm	113,461	20.0	2.6	2.4
Lørenskog	63,803	31.4	2.9	2.6
Ullensaker	57,478	30.1	3.2	3.1
Nes	30,209	22.4	2.4	2.0
Rælingen	25,355	25.1	2.3	2.4
Gjerdrum	7,409	27.8	2.0	1.8
Core markets	**239,664**	**25.1**	**2.7**	**2.5**
Akershus County	728,803	19.9	3.3	Na.
Oslo County	719,852	13.5	2.7	2.4
Norway	**5,562,363**	**9.9**	**2.1**	**1.9**

Source: Statistics Norway, Norwegian Labour and Welfare Administration.

RISK APPETITE

Risk appetite assessment

Our assessment of Romerike Sparebank's risk appetite reflects the bank's strong capital and diverse funding access with the ability to transfer loans to Eika Boligkreditt, as well as a large proportion of residential mortgage lending in Norway's most liquid housing market. We consider that risk governance and internal risk reporting are adequate, in view of the bank's risk profile and complexity. The bank has some regional concentrations in its core markets and a sizeable proportion of property lending.

Low complexity and support from Eika

Risk governance

A mid-size local bank, Romerike Sparebank's operations are consequently less complex than those of larger banks. In our opinion, it has an adequate risk appetite framework and internal risk and compliance tools. Furthermore, the bank has well-defined guidelines to support anti-money laundering (AML) in its daily operations. This reduces the risk of related losses and fines, which the Norwegian regulator has levied on some banks. We believe that the bank has addressed matters raised by Finanstilsynet (the Norwegian Financial Supervisory Authority) in its report on 4 Apr. 2024, particularly related to the assessment of credit risk.

Romerike Sparebank's cooperation with the Eika alliance provides additional resources for future sustainability efforts. The bank has established credit-related guidelines to assess climate and sustainability risks for its corporate customers. It is in the process of obtaining environmental certification by Miljøfyrtårn/EcoLighthouse, which provides criteria and structure for products and solutions to minimise banks' environmental footprint. The cooperation with the Eika alliance provides additional resources for future development in this area.

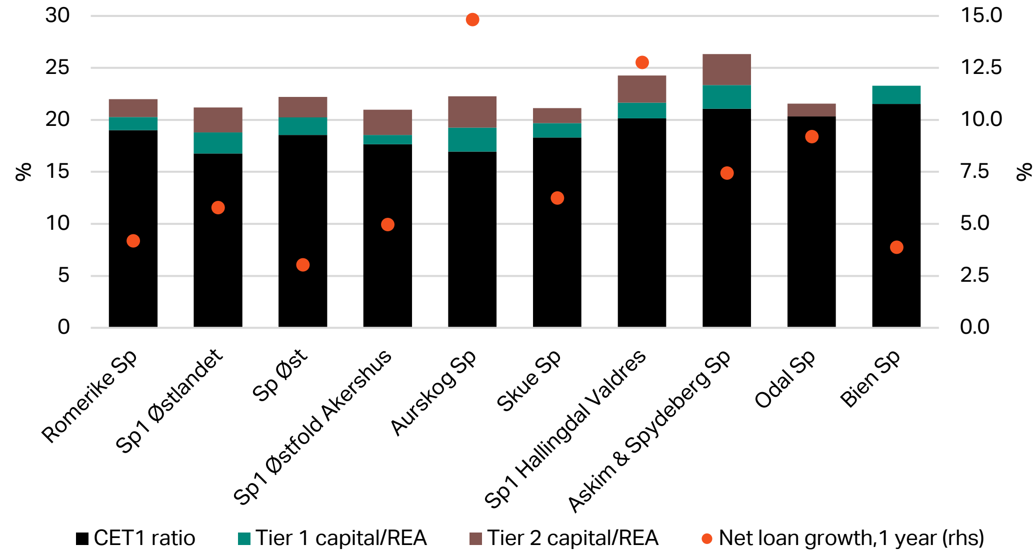
Well capitalised, with an expected boost to capital ratios

Capital

Our capital assessment takes into consideration Romerike Sparebank's consolidated capital position, including its proportionate holdings in Eika Gruppen and Eika Boligkreditt. As of 30 Jun. 2024, the bank's consolidated CET1 ratio was 19.4% and its Tier 1 ratio 20.8% (excluding 0.5pp in 50% of current year profits). These compare with its respective minimum targets of 16.6% and 18.6% (including a 1pp management buffer). The consolidated leverage ratio is strong at 9.3%, compared with a target of 6% and a legal requirement of 3%.

We expect Romerike Sparebank's on-balance-sheet loan book to grow by 7% in 2024, and then slow to 5% annual growth in 2026. In addition, we forecast a return on equity of between 8% and 9% through 2026, which is close to the average over the past five years. In addition, we expect the bank to pay about 32% of net profit in dividends and gifts. We expect stable capital ratios through 2026, before taking into account the effect of lower risk weights under CRR3. We note that the potential to reduce dividend and gift payouts provides capital flexibility.

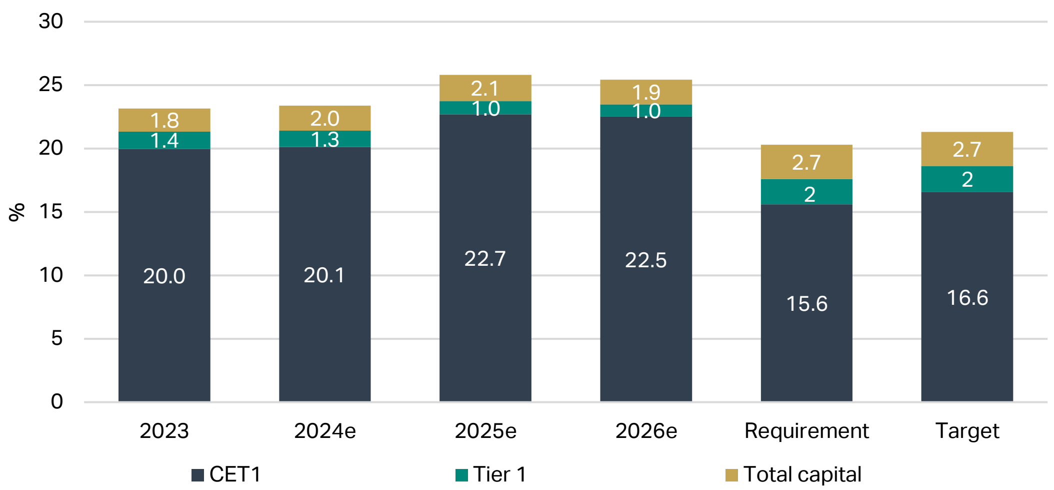
Figure 6. Norwegian savings banks' capital ratios* and loan growth, 30 Jun. 2024



Source: bank reports.

CRR3 is scheduled to become effective in Norway from 1 Jan. 2025 (see Relevant Research below). The new regulation is more risk-sensitive than previously and will likely reduce capital requirements significantly for small to mid-size retail and savings banks. We expect CRR3 to improve the competitiveness of banks that use the standard approach to credit risk by offsetting the current disparity with larger banks that use the internal ratings-based approach. The Norwegian regulator estimates that an average standard-method bank will improve its capital ratios by several percentage points, and our forecast for Romerike Sparebank assumes a positive impact of 2.5pp from 2025. However, we remain cautious about the actual outcome.

Figure 7. Consolidated capital ratios 2023–2026e, capital requirement and targets* as of Q2 2024



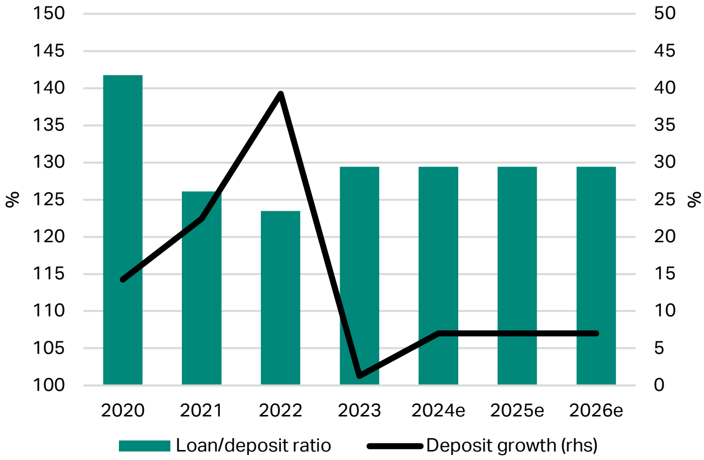
Source: company. e-estimate. *total pillar 2 guidance (P2G) of 2.8%.

Robust funding and liquidity position

Funding and liquidity

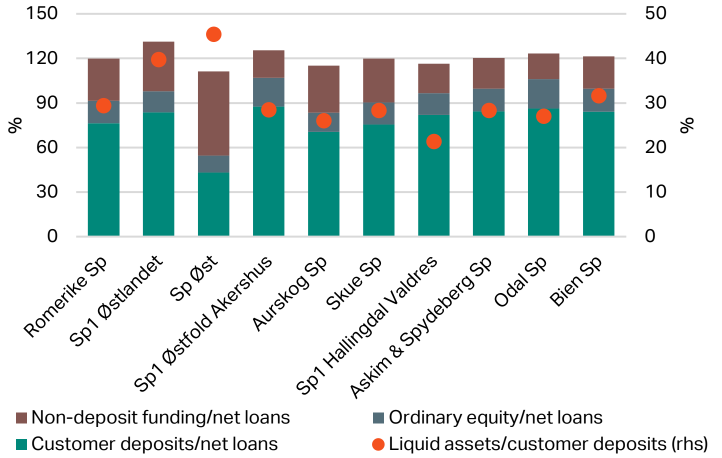
Romerike Sparebank has a robust funding and liquidity position, albeit with a somewhat stronger dependency on capital market funding than the average among similarly sized peers. As of 30 Jun. 2024, the loan/deposit ratio was 131% versus an average of 125% for the 12 Norwegian banks with net lending in the NOK 10-15bn range. The liquidity coverage ratio was 303% and the net stable funding ratio 141%, well above the bank's internal limits of 110% for both. The bank has an on-balance liquidity reserve corresponding to 29% of deposits.

Figure 8. Deposit metrics, 2020-2026e*



Source: company. e-estimate. *Meger iwith Blaker Sparebak in 2022.

Figure 9. Norwegian savings banks' funding, 30 Jun. 2024



Source: bank reports.

Romerike Sparebank has obtained NOK 4.2bn through the issue of senior unsecured bonds, with NOK 505m maturing in the next 12 months. The average time to maturity is 2.7 years, which we believe reduces refinancing risk. The bank has a green bond framework and issued its first green bond in September 2024.

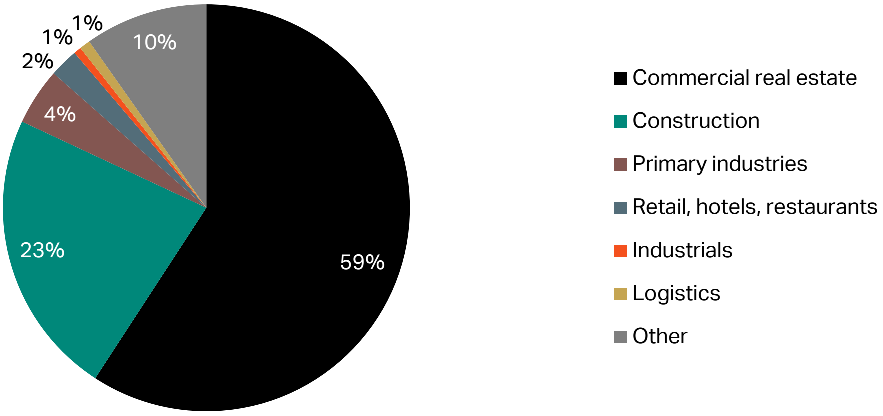
Elevated risks in the corporate loan book

Credit risk

Romerike Sparebank focuses on the retail and small and midsize enterprise (SME) markets in the larger capital region, with 95% of lending in the counties of Akershus and Oslo. Retail mortgage loans represent 70% of on-balance-sheet exposures (77% including transferred loans). The region's strong housing market has strengthened the bank's collateral. Housing prices in Romerike rose by 57% over the last 10 years and 3% in the last 12 months, while prices increased by 82% and 5% in Oslo in the same periods.

Romerike Sparebank's main corporate exposures are commercial real estate and construction. A portion of the bank's commercial real estate exposure is to building projects, which we regard as high-risk and which have contributed to an increase in credit provisions as higher interest rates and building costs and falling property prices have affected development projects. We expect falling interest rates, starting in 2025, to improve the outlook for commercial property and real estate development.

Figure 10. Gross corporate loans by sector (excluding transferred loans), 30 Jun. 2024



Source: company.

Romerike Sparebank's lending increased by an average of about 9% annually in the 2019-2023 period, both including and excluding transferred loans. This is adjusted for the merger with Blaker Sparebank, which expanded the loan book by about 28% in 2022. We assume 7% annual loan growth going forward, which implies stronger growth than our expected market growth of 3-5%.

As of 30 Jun. 2024, the bank had NOK 4.3bn in transferred loans, which provide stable commission income. The bank does not offload its risk for these loans, however, and is taking back non-performing loans from Eika Boligkreditt to maintain a clean cover pool. Where repatriation of loans is not possible, which has yet to occur, Romerike Sparebank guarantees 1% of transferred loans and covers 80% of any net loss incurred by Eika Boligkreditt, with charges netted from commission payments for transferred loans.

Low market risk, moderate exposure to other risks

Other risks

We do not see market risk as material for Romerike Sparebank, given the lack of a trading portfolio and low limits on interest-rate risk and currency risk.

Romerike Sparebank has strategic ownership positions in Eika Gruppen (4.43% at end-2023) and Eika Boligkreditt (3.85%), which provide access to Norway's covered-bond market, and to insurance, asset management, a real-estate agency and credit products. These stakes also ensure a strong a voice alongside other savings bank owners, while contributing to the bank's earnings through dividend payments and commissions paid on transferred loans and savings. The bank also owns 49% of the real estate broker Romerike Eiendomsmegling AS.

COMPETITIVE POSITION

Competitive position

Romerike Sparebank is a relatively small player in a large regional market. It is the fourth largest bank' with single-digit market shares in the retail market in its core municipalities, with DNB, SpareBank 1 Østlandet and Nordea as the largest competitors. All large Nordic banks and several regional and local savings banks and niche banks operate in the Oslo region. Consequently, in the corporate market, Romerike Sparebank operates as a niche bank focusing on SMEs.

Given Romerike Sparebank's concentration in its core markets, we consider its meaningful role in and contributions to its local market as a positive rating factor. We understand that Romerike Sparebank is more active than peers in using gifts for charitable purposes in its core region to promote itself.

Romerike Sparebank is a member of the Eika alliance, which expands the bank's customer offerings beyond what it would be able to provide on stand-alone basis and diversifies its revenues. Via Eika, the bank provides customers with insurance, debit and credit products, asset management and a real-estate agency.

PERFORMANCE INDICATORS

Performance indicators

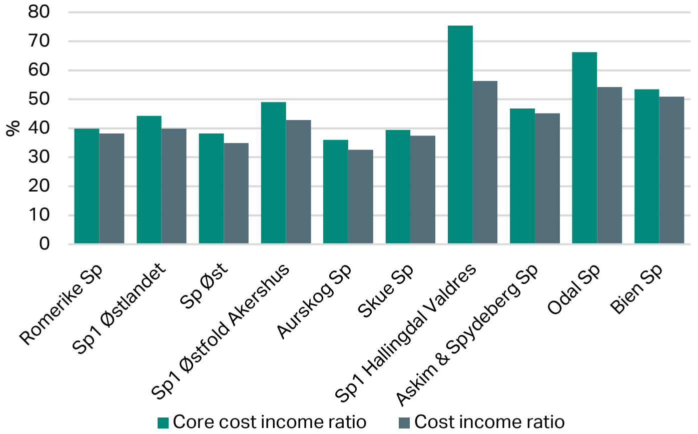
Romerike Sparebank reported relatively strong profitability in 2023 and the first half of 2024. We expect cost efficiency to remain strong, with a cost/income ratio at around 40%, despite increased pressure on margins. Loan losses are likely to remain elevated for some time due to interest-rate spikes in recent years.

Earnings boosted by cost efficiency

Earnings

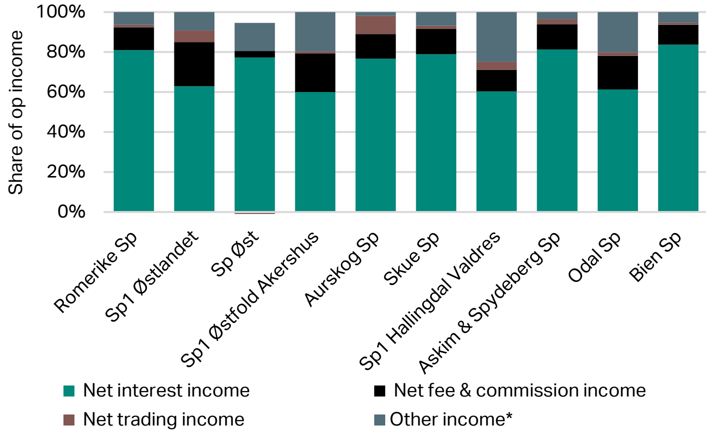
High interest rates have improved Romerike Sparebank's net interest margin since 2022, reversing years of margin pressure stemming from low interest rates and competition for mortgage loans. We believe, however, that margins have peaked, and that stiffening competition and lower interest rates will dampen margins from 2025 onwards.

Figure 11. Norwegian savings banks' cost efficiency metrics, LTM to 30 Jun. 2024



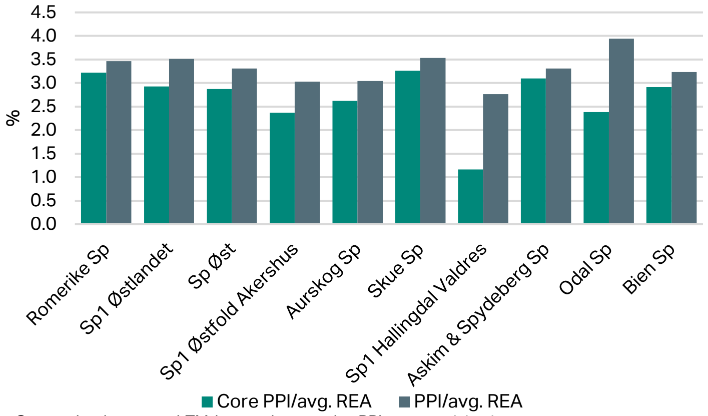
Source: bank reports. LTM-last twelve months. Core represents net interest income and net fee & commission income.

Figure 12. Norwegian savings banks' split between income groups, LTM to 30 Jun. 2024



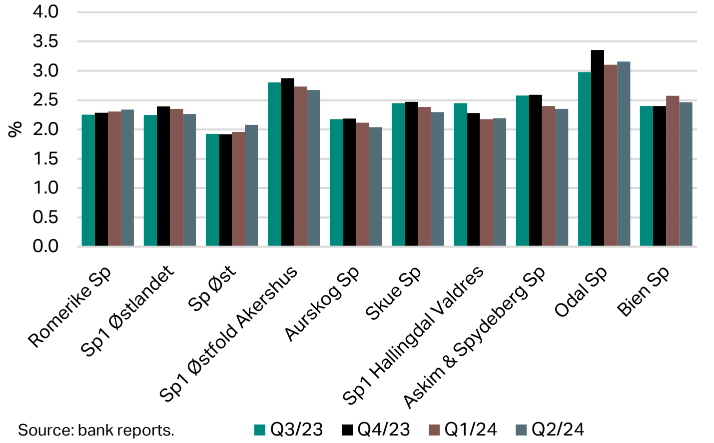
Source: bank reports. LTM-last twelve months.

Figure 13. Norwegian savings banks' PPI to REA*, LTM to 30 Jun. 2024



Source: bank reports. LTM-last twelve months. PPI-pre-provision income.
*Unconsolidated REA of parent banks.

Figure 14. Norwegian savings banks' annualised net interest margins, Q3 2023–Q2 2024



Source: bank reports.

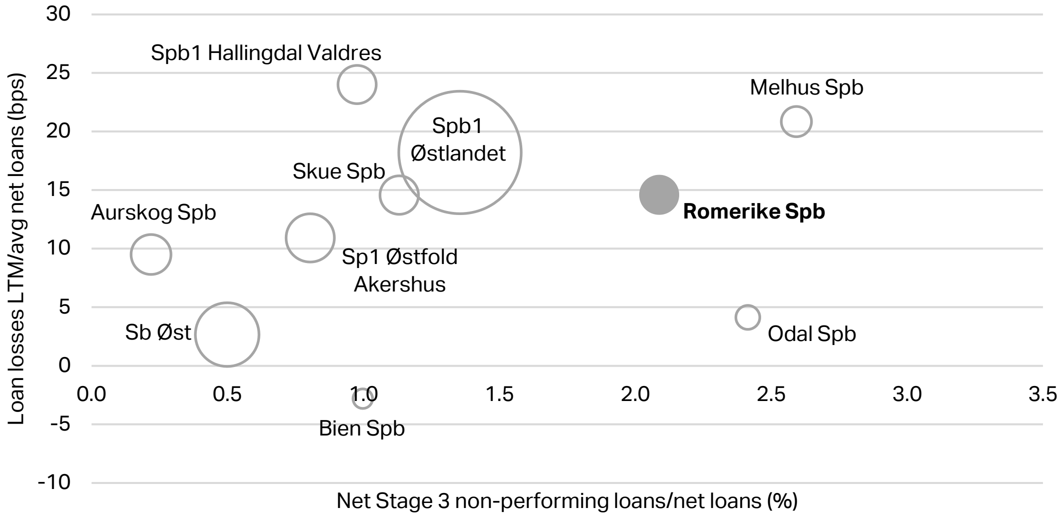
We expect Romerike Sparebank to report higher personnel costs in the coming years, counterbalanced by reduced IT costs associated with Eika's new IT system. The net effect is our forecast for stable cost-to-income ratios of around 40% through 2026, which slightly outpaces the bank's peer group median. The bank's risk-adjusted pre-provision income (PPI) to REA of just below 3% in our forecast places it near its peer group median.

Higher levels of problem loans than peers

Loss performance

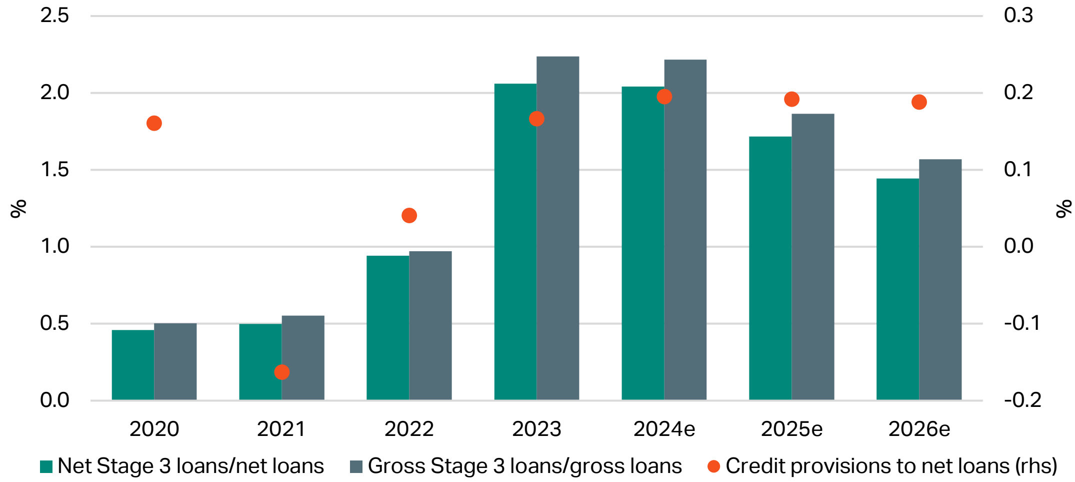
Romerike Sparebank has, to a larger degree than most peers, reported elevated loan losses since mid-2023. We also note that net non-performing (Stage 3) corporate loans remain at high levels, at nearly 2.1% as of 30 Jun. 2024. We believe that this is related to exposure to financing of building projects, and we expect elevated Stage 3 loans in our forecast period through 2026. We anticipate that loan losses will continue to exceed levels for peers, albeit remaining moderate given the bank's earnings profile.

Figure 15. Norwegian savings banks' asset quality metrics, 30 Jun. 2024



Source: bank reports. Bubble sizes reflect net loan volumes.

Figure 16. Asset quality metrics, 2020–2026e



Source: company. e-estimate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

We take into account ESG factors throughout our analysis, where they are material to our credit assessment. In aggregate, we view Romerike Sparebank's ESG profile as having a moderately positive impact on its creditworthiness.

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 (+) Funding & liquidity (+)
Sustainable/green-bond framework	Diversity of funding sources, access to additional markets/investors.	Funding & liquidity (+)
Anti-money laundering capacity	Risk of sanctions and fraud due to insufficient reviews of customers.	Risk governance (0)
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. See ESG factors in financial institution ratings.

ADJUSTMENT FACTORS

Support analysis

We do not adjust the rating on Romerike Sparebank to reflect expectations of additional support as we see limited potential for extraordinary support from the owners. The bank's Equity Capital Certificates (ECCs) are listed on Oslo Stock Exchange's Euronext Growth platform, giving the bank ready access to the equity market. As of end-2023, around 17% of the bank's equity was owned by ECC holders, while the remainder was ownerless capital.

Figure 18. Ownership structure, 6 Sep. 2024

Owner	Share of ECCs
JBF Forsikring Gjensidig	6.2%
O.M. Holding AS	6.2%
Haber Norge AS	5.2%
Verdipapirfondet Eika Egenkapitalbevis	4.7%
Kommunal Landspensjonskasse Gjensidig Forsikringsselskap	4.2%
Other	73.5%
Total	100.0%

Source: company.

ISSUE RATINGS

Our rating on Romerike Sparebank's unsecured senior debt is in line with the 'A-' issuer rating. The bank has outstanding Tier 2 and Additional Tier 1 instruments, which we rate one and three notches below the issuer rating, respectively, at 'BBB+' and 'BBB-'.

SHORT-TERM RATING

The 'N2' short-term rating is the higher of two possible alternatives given the 'A-' long-term issuer rating. It reflects Romerike Sparebank's access to central bank funding and our assessment that the bank's liquidity is adequate, based on an average liquidity coverage ratio of 461% over the past four quarters.

METHODOLOGIES USED

(i) Financial Institutions Rating Methodology, 14 Feb. 2024.
(ii) Rating Principles, 14 Feb. 2024.
(iii) Group and Government Support Rating Methodology, 14 Feb. 2024.

RELEVANT RESEARCH

(i) Nordic consumer banks' earnings continue to offset elevated provisions, 10 Sep. 2024
(ii) Norwegian savings banks' capitalization boosted by CRR3, 26 Jun. 2024
(iii) Swedish savings banks face weaker earnings and low loan growth in 2024, 6 Feb. 2024
(iv) Norwegian savings banks face margin squeeze in 2024, 11 Dec. 2023

Figure 19. Romerike Sparebank key financial data, 2020–Q2 2024 YTD

Key credit metrics (%)	FY 2020	FY 2021	FY 2022	FY 2023	Q2 2024 YTD
INCOME COMPOSITION					
Net interest income to op. revenue	74.9	74.5	80.9	83.4	81.1
Net fee income to op. revenue	14.9	17.7	12.5	11.4	11.3
Net trading income to op. revenue	0.8	-0.8	-1.9	-0.4	1.3
Net other income to op. revenue	9.4	8.6	8.5	5.7	6.4
EARNINGS					
Net interest income to financial assets	1.7	1.6	1.8	2.2	2.3
Net interest income to net loans	2.0	1.9	2.2	2.7	2.9
Pre-provision income to REA	2.1	2.3	2.3	3.2	3.7
Core pre-provision income to REA (NII & NF&C)	1.6	1.9	2.0	3.0	3.2
Return on ordinary equity	7.3	9.8	7.9	8.1	10.5
Return on assets	0.8	1.0	0.9	1.0	1.3
Cost-to-income ratio	52.4	46.1	47.9	41.4	37.8
Core cost-to-income ratio (NII & NF&C)	58.4	50.0	51.3	43.7	40.9
CAPITAL					
CET1 ratio	16.6	16.3	20.2	20.2	19.0
Tier 1 ratio	18.0	17.7	21.7	21.5	20.3
Capital ratio	19.0	20.1	24.0	23.3	22.0
REA to assets	52.8	51.2	47.6	47.3	48.3
Dividend payout ratio	6.8	10.6	7.8	16.0	17.4
Leverage ratio	9.4	8.9	10.5	10.2	9.6
Consolidated CET1 ratio	16.3	16.0	19.8	20.0	19.4
Consolidated Tier 1 ratio	17.8	17.4	21.3	21.3	20.8
Consolidated Capital ratio	18.9	19.7	23.5	23.2	22.6
Consolidated Leverage ratio	8.6	8.1	9.5	9.6	9.3
GROWTH					
Asset growth	13.1	13.8	37.2	8.9	1.4
Loan growth	13.6	8.9	36.3	6.2	4.6
Deposit growth	14.3	22.5	39.2	1.3	3.2
LOSS PERFORMANCE					
Credit provisions to net loans	0.16	-0.16	0.04	0.17	0.14
Stage 3 coverage ratio	8.78	9.88	3.24	8.18	8.32
Stage 3 loans to gross loans	0.50	0.55	0.97	2.24	2.27
Net stage 3 loans to net loans	0.46	0.50	0.94	2.06	2.09
Net stage 3 loans/ordinary equity	3.67	3.96	6.23	13.30	13.76
FUNDING & LIQUIDITY					
Loan to deposit ratio	141.8	126.1	123.5	129.4	131.2
Liquid assets to deposit ratio	24.8	28.3	28.3	33.9	29.4
Net stable funding ratio	126.0	130.0	134.0	142.0	141.0
Liquidity coverage ratio	124.0	210.0	353.0	596.0	303.0

Key financials (NOKm)	FY 2020	FY 2021	FY 2022	FY 2023	Q2 2024 YTD
BALANCE SHEET					
Total assets	9,829	11,182	15,337	16,703	16,944
Total tangible assets	9,829	11,182	15,337	16,703	16,944
Total financial assets	9,818	11,148	15,255	16,630	16,873
Net loans and advances to customers	8,358	9,105	12,412	13,178	13,785
Total securities	1,238	1,515	2,256	2,610	2,464
Customer deposits	5,896	7,220	10,053	10,182	10,510
Issued securities	2,716	2,607	3,161	4,198	4,064
of which other senior debt	2,666	2,467	2,990	4,057	3,923
of which subordinated debt	50	140	171	141	141
Total equity	1,122	1,221	1,982	2,147	2,196
of which ordinary equity	1,047	1,146	1,877	2,042	2,091
CAPITAL					
Common equity tier 1	860	935	1,477	1,595	1,557
Tier 1	935	1,010	1,582	1,700	1,662
Total capital	985	1,150	1,752	1,840	1,802
REA	5,186	5,723	7,299	7,909	8,192
INCOME STATEMENT					
Operating revenues	207	228	289	422	237
Pre-provision operating profit	99	123	151	247	148
Impairments	13	-14	4	21	9
Net Income	70	108	119	158	109

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

Figure 20. Romerike Sparebank rating scorecard

Subfactors	Impact	Score
National factors	10.0%	a
Regional, cross border, sector	10.0%	a
Operating environment	20.0%	a
Risk governance	5.0%	a-
Capital	17.5%	a+
Funding and liquidity	15.0%	a
Credit risk	10.0%	bbb-
Market risk	-	-
Other risks	2.5%	a-
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		**a-**
Transitions		Neutral
Peer calibration		Neutral
Borderline assessments		Neutral
Stand-alone credit assessment		**a-**
Material credit enhancement		Neutral
Rating caps		Neutral
Support analysis		Neutral
Issuer rating		**A-**
Outlook		Stable
Short-term rating		**N2**

Figure 21. Capital structure ratings

Seniority	Rating
Senior unsecured	A-
Tier 2	BBB+
Additional Tier 1	BBB-

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