CREDIT OPINION

26 June 2026

Update

Send Your Feedback

RATINGS

SpareBank 1 Nord-Norge

Domicile	Tromso, Norway
Long Term CRR	Aa3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Aa3
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Aa3
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100

SpareBank 1 Nord-Norge

Update to credit analysis following rating affirmation

Summary

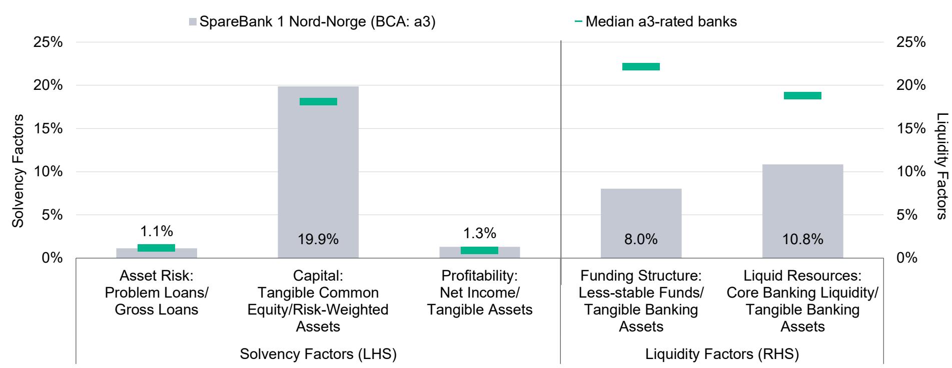
SpareBank 1 Nord-Norge's (Nord-Norge) Aa3 long-term deposit and senior unsecured ratings reflect the bank's BCA of a3; our expectation of extremely low loss-given-failure for these instruments under our Advanced Loss Given Failure (LGF) analysis, resulting in a three-notch uplift from the BCA; and our assumption of low probability of support from the Government of Norway (Aaa stable), which does not result in any rating uplift.

Nord-Norge's BCA of a3 reflects the bank's long track record of strong performance, supported by solid asset quality, underpinned by a loan book primarily comprising residential mortgages, with some moderate exposures to more cyclical and volatile corporate sectors. The BCA also reflects the bank's strong profitability and sound capitalization, which provide a solid loss-absorption buffer, as well as its ample liquidity relative to its funding needs, with relatively low reliance on short-term, less-stable funds.

The BCA is constrained by Nord-Norge's relatively narrow geographic footprint in northern Norway, where it has a strong retail franchise.

Exhibit 1

Rating Scorecard - Key financial ratios



These ratios are calculated based on our Banks Methodology scorecard. The problem loan and profitability ratios are the weaker of the average of the latest three year-end ratios and the latest reported ratio. The capital ratio is the latest reported figure. The funding structure and liquid resources ratios are the latest year-end figures.
Source: Moody's Ratings

Credit strengths

» Solid asset quality, with low levels of problem loans and credit losses

» Strong profitability, supported by high net interest margin, low cost base and low provisions

» Limited reliance on short-term, less-stable funding

Credit challenges

» A constrained geographic footprint in northern Norway

» Potential risks from exposure to cyclical and volatile sectors

Outlook

The outlook on SpareBank 1 Nord-Norge's long-term deposit, issuer and unsecured debt ratings is stable, reflecting our expectation that the bank will maintain solid asset quality, sound capitalisation and strong profitability, as well as ample liquidity in relation to its funding needs.

Factors that could lead to an upgrade

Nord-Norge's long-term deposit, issuer and unsecured ratings could be upgraded if the bank significantly strengthens its capitalisation, further improves its asset quality while reducing sector and regional concentrations, and strengthens its profitability, while maintaining solid liquidity and funding profile.

Factors that could lead to a downgrade

Nord-Norge's long-term deposit, issuer and unsecured ratings could be downgraded if the macroeconomic environment in Norway deteriorates, leading to adverse developments in the real-estate market, the bank's asset quality materially weakens, and profitability and capital levels decline. The bank's ratings could be downgraded if the bank's funding stability deteriorates or if its liquidity buffers decline. Furthermore, the senior unsecured debt ratings could be downgraded should the bank's volumes of junior instruments decline.

Key indicators

Exhibit 2
SpareBank 1 Nord-Norge (Consolidated Financials) [1]

	03-26 [2]	12-25 [2]	12-24 [2]	12-23 [2]	12-22 [2]	CAGR/Avg. [3]
Total Assets (NOK Billion)	199.7	197.1	183.6	172.8	162.0	6.6 [4]
Tangible Common Equity (NOK Billion)	17.7	18.8	17.4	15.5	15.0	5.2 [4]
Problem Loans / Gross Loans (%)	1.1	1.1	1.1	0.6	0.5	0.9 [5]
Tangible Common Equity / Risk Weighted Assets (%)	19.9	21.2	20.8	19.7	21.0	20.5 [6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	10.2	8.8	8.9	5.1	4.0	7.4 [5]
Net Interest Margin (%)	2.0	2.3	2.4	2.3	1.8	2.1 [5]
PPI / Average RWA (%)	3.3	4.2	4.3	4.2	3.1	3.8 [6]
Net Income / Tangible Assets (%)	1.3	1.7	1.7	1.3	1.1	1.4 [5]
Cost / Income Ratio (%)	41.3	36.5	36.3	36.6	42.8	38.7 [5]
Gross Loans / Due to Customers (%)	170.4	170.9	171.8	173.9	167.6	170.9 [5]
Core Banking Liquidity (HQLA) / Tangible Banking Assets (%)	--	10.8	10.7	--	--	--
Less-stable Funds (LCR) / Tangible Banking Assets (%)	--	8.0	10.1	--	--	--

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Further to the publication of our revised methodology in November 2025, only ratios from annual 2024 onwards included in this report apply reported risk weights for all exposures, discontinuing our previously applied standard adjustment for certain government securities. Sources: Moody's Ratings and company filings

Profile

SpareBank 1 Nord-Norge is a leading regional savings bank in northern Norway that provides retail and corporate customers with a range of banking products and services, including finance, savings, insurance and payment transmission services. As of March 2026, its consolidated assets (including loans transferred to covered bond companies) totalled NOK199.7 billion (approximately €17.8 billion).

Detailed credit considerations

Norway's “Very Strong-” macro profile remains supportive towards the bank's standalone credit profile

SpareBank 1 Nord-Norge operates only in Norway and thus its operating environment is reflected by the Very Strong- macro profile we assign to the country. Norwegian banks benefit from operating in a wealthy and highly developed country with very high economic, institutional and government financial strength, and moderate susceptibility to event risk driven by geopolitical risks.

The main risks to the banking system stem from its extensive use of market funding, volatility in economic activity linked to the petroleum sector, and Norway's large and growing private-sector indebtedness combined with high real estate prices. However, the household sector's strong debt-servicing ability, the Norwegian government's well-coordinated monetary and regulatory policies, and the country's sizeable sovereign wealth fund, which supports the economy during crises, mitigate these risks.

Additionally, the industry structure benefits from regional savings banks with strong local franchises, alongside one major nationwide participant, which supports profitability. However, increasing merger and acquisition activity, together with the rise of larger regional participants, could gradually reshape the banking system's structure, heightening competition and potentially exerting pressure on margins.

Nord-Norge's credit profile is constrained by geographic concentration

Consistent with the profile of savings banks, Nord-Norge's operations are concentrated in a local region; specifically, in the northern parts of Norway. The bank's activities are primarily focused in Tromsø and Finnmark, including Svalbard (51% of banking activities) and Nordland (33% of banking activities).

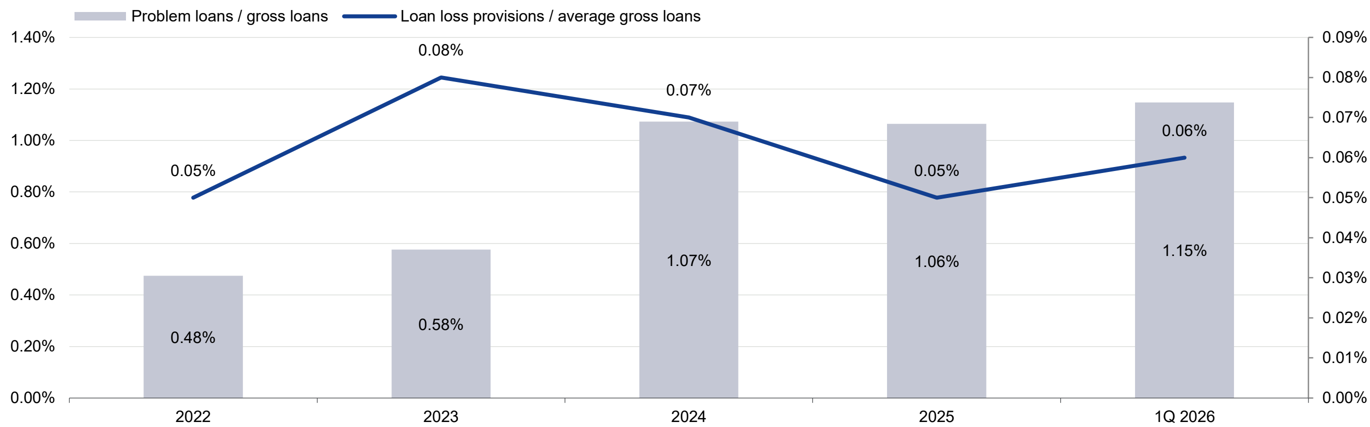
This regional focus exposes the bank to the economic conditions of a relatively remote and less diversified area, where disruptions in the local economy could have a pronounced impact on local activity. Consequently, the bank's geographic concentration heightens its vulnerability to regional economic shocks, which could adversely affect its asset quality and earnings. We reflect this risk in a negative adjustment for Business and Geographic Diversification, which positions its BCA at a3, one notch below the a2 Financial Profile in its scorecard.

Sound asset quality; risks related to cyclical and volatile sector exposures

We assign an a2 asset risk score that reflects our Problem loans to Gross Loans ratio of 1.1%, which we consider to be Strong, and is adjusted for risks related to the bank's exposure to more cyclical and volatile sectors, such as real estate, fishing and fish farming sectors. The assigned score also incorporates Nord-Norge's historically low credit losses, indicative of the underlying strength of its loan book, and our expectation that its asset quality will remain sound.

Nord-Norge's problem loan ratio was 1.15% as of end-March 2026, broadly stable compared with recent periods, while credit losses remained low, with loan loss provisions below 10 basis points of average gross loans (Exhibit 3).

Exhibit 3
Nord-Norge's asset quality metrics have remained stable in recent periods



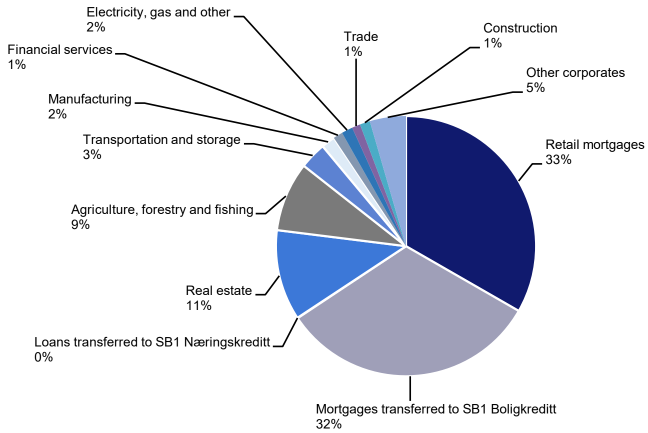
Source: Issuer financials, Moody's Ratings

Nord-Norge's loan book includes a high share of retail loans (mostly in the form of mortgages), which accounted for 65% of total loans as of end-March 2026, including mortgages transferred to SpareBank 1 Boligkreditt (Aa3 stable). The sizeable mortgage book leaves the bank vulnerable to a significant decline in property prices, a characteristic it shares with other Norwegian savings banks. While consumer debt levels in Norway are high, borrowers in northern Norway benefit from relatively stronger employment, which supports their debt-servicing capacity.

The rest of Nord-Norge's loan portfolio includes loans to corporate borrowers in various sectors, with Commercial Real Estate (CRE) being the largest corporate segment, representing 11% of total loans (Exhibit 4). The bank's CRE exposure is diversified across property types, including retail, office and hospitality. While this moderates concentration risk, it exposes the bank to cyclicality in these sectors.

Nord-Norge's exposure to fisheries and fish farming accounted for 9% of total loans as of end-March 2026. The fisheries sector has been impacted by significantly reduced cod quotas; however, the decline in volumes has been mitigated by higher pricing, supporting fisheries' cash flows. The fish farming business continued to demonstrate solid performance.

Exhibit 4
Nord-Norge's loan composition
As of 1Q 2026



Source: Issuer financials

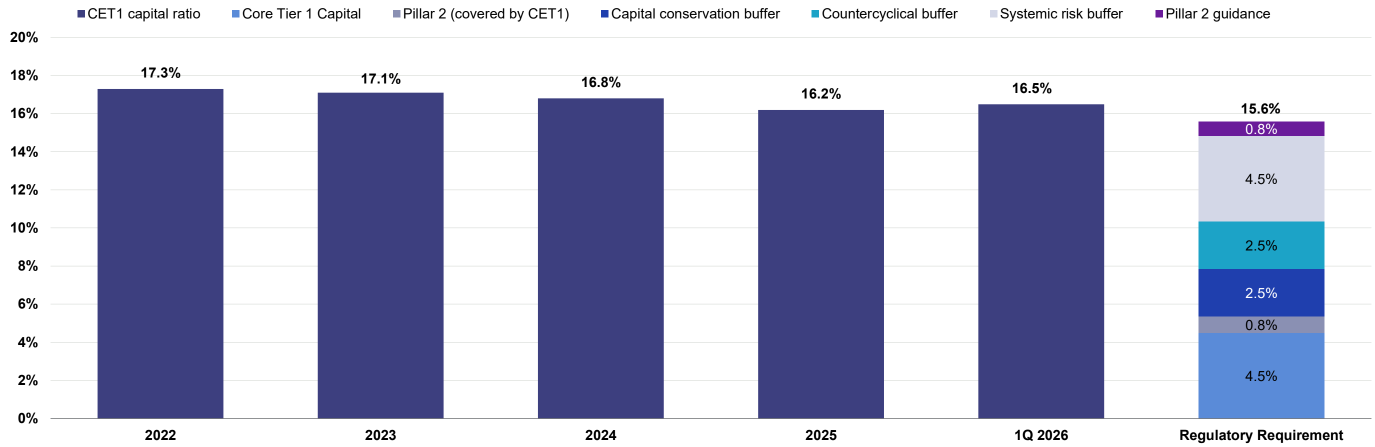
Sound capitalisation, supported by strong earnings retention

We assign an a1 score for capital that reflects our Tangible Common Equity (TCE) to Risk Weighted Assets (RWAs) ratio of 19.9%, which we consider to be Strong. The assigned score also incorporates downward adjustments for the bank's use of internal models for a significant portion of its RWAs, which typically results in lower risk weights compared with the standardised approach, as well as for its access to capital due to a substantial proportion of equity capital certificates (ECCs) in its capital structure (46.4% of equity). The bank's use of ECCs may somewhat constrain its equity raising ability, particularly during market stress, due to the bank's dual ownership structure that combines investor-owned and ownerless capital. This adjustment is consistent with our approach for other rated Norwegian savings banks that have comparable capital structures.

Nord-Norge's Common Equity Tier 1 (CET1) capital ratio stood at 16.5% at end March 2026 (Exhibit 5), a modest decline from 16.8% at year end 2024, driven by the increase in minimum risk weights for domestic residential mortgages to 25% from 20% for Norwegian banks using internal ratings based (IRB) models, which went into effect in July 2025. This impact was largely offset by Nord-Norge's capital accretion from strong earnings, notwithstanding a payout ratio of 55.6% in 2025, modestly above the bank's 50% target. The bank's capitalisation remains above its CET1 requirement of 15.56%, including the 0.75% Pillar 2 Guidance. The bank's regulatory leverage ratio was 7.4% as of March 2026, well above the 3% minimum requirement.

Nord-Norge's CET1 ratio incorporates regulatory deductions for significant holdings in financial institutions, resulting in a meaningfully lower reported regulatory capital ratios compared with our measure of TCE as a percentage of RWAs.

Exhibit 5
Nord-Norge's capitalisation and capital requirements



Source: Issuer financials

Strong profitability supported by a relatively high net interest margin, low cost base and low credit losses

We assign an a2 score for profitability that reflects our Net Income to Tangible Assets ratio of 1.3%, which we consider to be Strong, and our expectation that the bank's profitability will marginally improve in the second half of 2026 as its predominantly floating-rate mortgage portfolio reprices, although this will likely be tempered by competitive pressures. The assigned score also incorporates our assessment of the bank's through-the-cycle profitability.

Nord-Norge's return on tangible assets (adjusted for transferred mortgages) was 1.3% in the first quarter of 2026, down from 1.7% a year ago, primarily reflecting lower net interest income amid declining interest rates, partially offset by loan growth. The bank's net interest margin declined to 2.02% from 2.32% over the same period, but remains high compared with peers, supported by a comparatively low cost of funding driven by a sizeable deposit base, reflecting its strong franchise in northern Norway. Nord-Norge's interest income, which accounted for 64% of its total income in 1Q 2026, is supplemented by commission income, including from loans transferred to covered bond companies, and by income and dividends from associated companies held via SpareBank 1 Gruppen. This additional source of income reduces the bank's sensitivity to interest rate movements and supports its earnings stability.

Nord-Norge's profitability is further supported by solid cost efficiency, with a cost-to-income ratio of 41% in 1Q 2026, and low loan loss provisions.

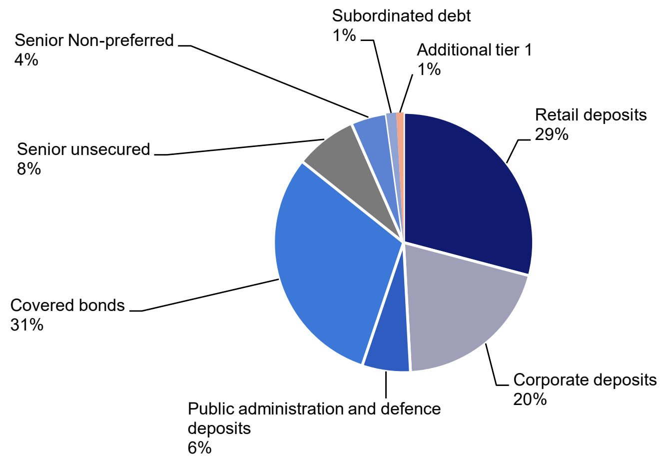
Limited reliance on short-term, less stable funds

We assign an a1 score for funding structure that reflects our Less-Stable Funds to Tangible Banking Assets ratio of 8.0%, which we consider to be Strong. The assigned score reflects a high proportion of longer-dated covered bonds in Nord-Norge's funding structure, a common feature among Norwegian rated savings banks. These covered bonds are issued by specialised companies that Nord-Norge owns jointly with other members of the SpareBank 1 Alliance. While we view the diversification benefit of covered bond funding positively, its extensive use increases the amount of pledged assets unavailable for unsecured bondholders and depositors in liquidation, a consideration incorporated in the assigned score. The score is also adjusted for off-balance sheet covered bond debt maturities not captured in the ratio. In addition, the score reflects Nord-Norge's granular deposit base, supported by its leading market position in northern Norway, which underpins the resilience of its funding profile.

Exhibit 6

Nord-Norge's funding mix

As of end-March 2026



Funding amounts include covered bonds primarily issued by Boligkreditt for residential mortgages, as well as a smaller portion issued by Næringskreditt for commercial mortgages.

Source: Issuer financials

Ample liquidity buffers in relation to funding needs

We assign a baa2 score for liquid resources that reflects our Core Banking Liquidity to Tangible Banking Assets ratio of 10.8%, which we consider to be Moderate, and our expectation that the bank's liquidity levels will remain broadly stable. This level is generally in line with that of other savings banks and provides ample buffers relative to the bank's funding needs.

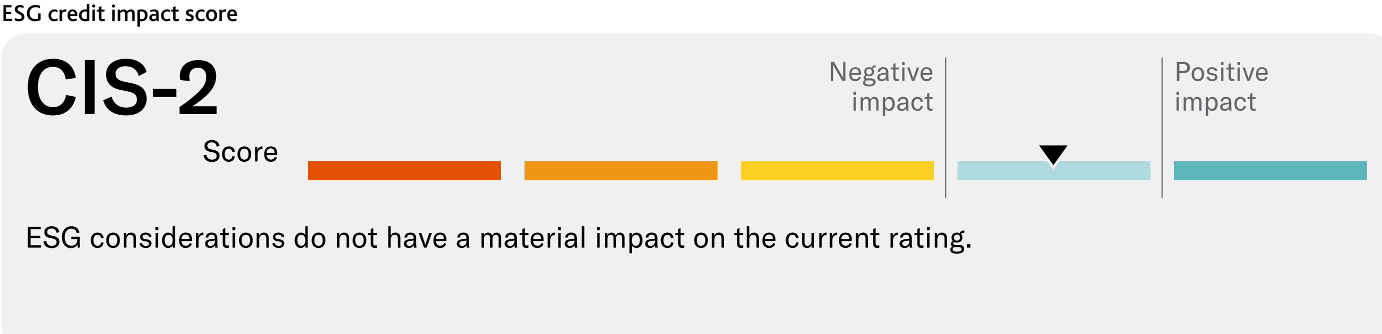
Nord-Norge's high-quality liquid assets primarily comprise government-related securities and covered bonds issued by financial institutions. As of end-March 2026, Nord-Norge's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) were 155% and 122%, respectively, both comfortably above the regulatory minimum of 100%, providing a solid cushion against short-term funding stresses and supporting a stable medium term funding profile.

ESG considerations

SpareBank 1 Nord-Norge's ESG credit impact score is CIS-2

Exhibit 7

ESG credit impact score

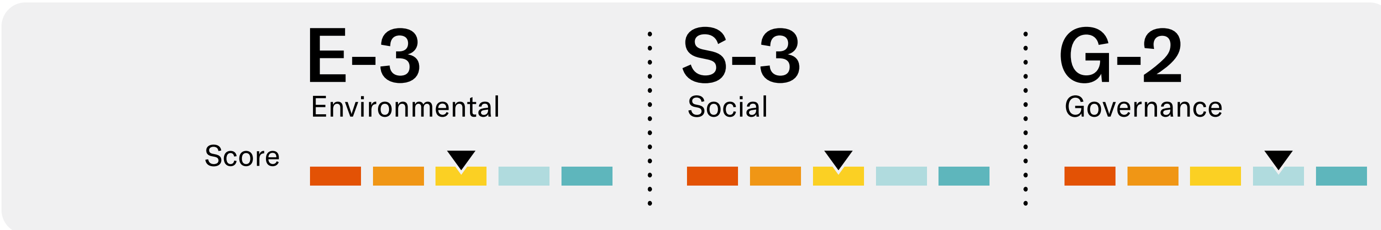


Source: Moody's Ratings

SpareBank 1 Nord-Norge's Credit Impact Score (**CIS-2**) indicates that ESG considerations have no material impact on the current ratings.

Exhibit 8

ESG issuer profile scores



Source: Moody's Ratings

Environmental

SpareBank 1 Nord-Norge faces moderate environmental risks primarily because of its portfolio exposure to carbon transition. These risks are primarily related to its corporate portfolio, however, exposures to the oil, offshore and shipping business are limited. In line with its peers, the bank is developing its climate risk and portfolio management capabilities to meet carbon transition goals.

Social

SpareBank 1 Nord-Norge faces moderate social risks related to customer relations and associated regulatory and litigation risks, requiring high compliance standards. The exposure to customer relation risks is lower than its international peers, given the bank's untarnished customer conduct track record supported by the social mandate of the Savings Bank's model. SpareBank 1 Nord-Norge is a digitally advanced bank in Norway, with a robust IT infrastructure and strong capabilities to mitigate cyber and personal data risks, supported by its participation in the SpareBank 1 Alliance.

Governance

SpareBank 1 Nord-Norge faces low governance risks and its risk management, policies and procedures are in line with industry practices. Despite sectoral and geographical concentrations, due to its limited reach, the bank benefits from strong underwriting standards which mitigate some of these concerns. The bank has a track record of sound capital and liquidity management and earnings stability while losses have been low, even at times of market turbulence. Being a regional savings bank, 53.6% of the bank is owned by the north Norwegian community and 46.4 % by private investors, and the bank's Supervisory Board, comprises equity certificates holders, depositors, employees and representatives of the public authorities. Related governance risks are however mitigated by Norway's developed institutional framework.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure and additional notching

The EU Bank Recovery and Resolution Directive (BRRD) was implemented on 1 January 2019 in Norway, which confirms our current assumptions regarding LGF analysis. In our Advanced LGF analysis, we assume residual tangible common equity of 3% and post-failure losses of 8% of tangible banking assets, a 25% run-off in "junior" wholesale deposits, a 5% run-off in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. These are in line with our standard assumptions.

Our Advanced LGF analysis indicates that Nord-Norge's long-term deposits and senior unsecured debt are likely to face extremely low loss-given-failure because of the loss absorption provided by subordinated debt and the volume of deposits and senior debt. This results a Preliminary Rating Assessment (PRA) of aa3 for deposit and senior unsecured ratings, three notches above the bank's a3 BCA.

For junior securities issued by Nord-Norge, our LGF analysis indicates a higher loss given failure, given the small volume of debt and limited protection from more subordinated instruments and residual equity, positioning them below the bank's BCA. We also incorporate additional notching for junior subordinated and preference share instruments reflecting the coupon suspension features ahead of a potential failure.

Government support

We assume a low probability of government support for Nord-Norge's deposits and senior unsecured deb, resulting in no additional notches of rating uplift from its BCA.

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 9
Rating Factors

Macro Factors		
Weighted Macro Profile	**Very Strong -**	**100%**

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	1.1%	aa2	↔	a2	Sector concentration	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	19.9%	aa2	↔	a1	Recognition of risk-weighted assets	Access to capital
Profitability						
Net Income / Tangible Assets	1.3%	a1	↔	a2	Expected Trend	
Combined Solvency Score		aa2		a2		
Liquidity						
Funding Structure						
Less-stable Funds / Tangible Banking Assets	8.0%	aa2	↓	a1	Term structure	Funding diversification
Liquid Resources						
Core Banking Liquidity / Tangible Banking Assets	10.8%	baa2	↔	baa2	Expected trend	
Combined Liquidity Score		a2		a3		
Financial Profile		aa3		a2		
Qualitative Adjustments				Adjustment		
Business and Geographic Diversification				-1		
Complexity and Opacity				0		
Strategy, Risk Appetite and Governance				0		
Total Qualitative Adjustments				-1		
Sovereign or Affiliate constraint				Aaa		
BCA Scorecard-indicated Outcome - Range				a2 - baa1		
Assigned BCA				a3		
Affiliate Support notching				0		
Adjusted BCA				a3		

Balance Sheet	**in-scope (NOK Million)**	**% in-scope**	**at-failure (NOK Million)**	**% at-failure**
Other liabilities	72,681	36.4%	82,472	41.3%
Deposits	95,991	48.1%	86,200	43.2%
Preferred deposits	71,033	35.6%	67,482	33.8%
Junior deposits	24,958	12.5%	18,718	9.4%
Senior unsecured bank debt	13,400	6.7%	13,400	6.7%
Junior senior unsecured bank debt	7,708	3.9%	7,708	3.9%
Dated subordinated bank debt	2,163	1.1%	2,163	1.1%
Preference shares (bank)	1,575	0.8%	1,575	0.8%
Equity	5,985	3.0%	5,985	3.0%
Total Tangible Banking Assets	199,503	100.0%	199,503	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	24.8%	24.8%	24.8%	24.8%	3	3	3	3	0	aa3
Counterparty Risk Assessment	24.8%	24.8%	24.8%	24.8%	3	3	3	3	0	aa3 (cr)
Deposits	24.8%	8.7%	24.8%	15.5%	3	3	3	3	0	aa3
Senior unsecured bank debt	24.8%	8.7%	15.5%	8.7%	3	2	3	3	0	aa3
Junior senior unsecured bank debt	8.7%	4.9%	8.7%	4.9%	0	0	0	0	0	a3
Dated subordinated bank debt	4.9%	3.8%	4.9%	3.8%	-1	-1	-1	-1	0	baa1
Non-cumulative bank preference shares	3.8%	3.0%	3.8%	3.0%	-1	-1	-1	-1	-2	baa3

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	aa3	0	Aa3	Aa3
Counterparty Risk Assessment	3	0	aa3 (cr)	0	Aa3(cr)	
Deposits	3	0	aa3	0	Aa3	Aa3
Senior unsecured bank debt	3	0	aa3	0	Aa3	Aa3
Junior senior unsecured bank debt	0	0	a3	0	A3	A3
Dated subordinated bank debt	-1	0	baa1	0		(P)Baa1
Non-cumulative bank preference shares	-1	-2	baa3	0		Baa3 (hyb)

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Ratings

Ratings

Exhibit 10

Category	Moody's Rating
SPAREBANK 1 NORD-NORGE	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	Aa3/P-1
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	Aa3
Senior Unsecured	Aa3
Junior Senior Unsecured	A3
Junior Senior Unsecured MTN	(P)A3
Subordinate MTN	(P)Baa1
Pref. Stock Non-cumulative	Baa3 (hyb)

Source: Moody's Ratings

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CLIENT SERVICES

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Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454