

Sparbanken Västra Mälardalen

Rating Update

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N-1+

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RATING RATIONALE

Our 'BBB+' long-term issuer rating on Sweden-based Sparbanken Västra Mälardalen (SBVM) reflects the bank's very strong capitalisation and local regional focus. SBVM is operated without an owner or a focus on profit maximisation. Instead, at least 95% of the bank's earnings are retained to secure depositors' funds. Like most Swedish savings banks, the bank has a cooperation arrangement with Swedbank AB, which provides material diversification of product offerings, shared IT costs and the opportunity to finance retail mortgages via Swedbank Hypotek AB. We view this cooperation as significant as it supports earnings, market position, the product offering, funding and liquidity. SBVM is based in Köping, and its other core markets are Kungsör and Arboga in the Västra Mälardalen region of Sweden, which is important for the country's manufacturing industry. The bank focuses on regional private customers and small and medium-sized enterprises (SMEs) operating primarily in its three core markets. However, with total assets of SEK 9.6bn (SEK 11.8bn including transferred loans) it is overshadowed by Sweden's larger banks operating in the region's larger cities. Earnings metrics are weaker than more efficient and profit-driven Swedish peers but are in line with similar savings banks. Our current loss expectations are low given the continuation of low interest rates and positive, but slowing, economic growth expectations for the region.

OUTLOOK

Our stable outlook for SBVM reflects expectations of population and economic growth in the region and the bank's modest risk appetite. We expect the bank to maintain a very strong balance sheet and prudent underwriting and retain its access to and relationship with Swedbank. We expect that the bank's ownership of Swedbank shares could reduce earnings but are unlikely to affect capitalisation.

POTENTIAL POSITIVE RATING DRIVERS:

- Reduced downside risks in local economy.
- Improved core earnings performance.
- Reduced reliance on income from shareholdings and fixed income investments.

POTENTIAL NEGATIVE RATING DRIVERS:

- Material changes in the region, affecting economic activity and employment.
- Swedbank-related issues impacting SBVM's capitalisation or cooperation with Swedbank.
- Lower asset quality metrics and higher credit losses.

Figure 1. Sparbanken Västra Mälardalen key credit metrics, 2015–2021e

	2015	2016	2017	2018	2019e	2020e	2021e
Net interest margin (%)	1.49	1.49	1.48	1.41	1.50	1.54	1.55
Loan losses/gross loans (%)	(0.08)	(0.01)	(0.09)	0.18	(0.01)	0.07	0.07
Pre-provision income/REA (%)	2.0	2.0	2.1	1.9	2.6	2.5	2.5
Return on equity (%)	5.6	5.7	6.3	5.3	8.5	7.5	7.7
Loan growth (%)	12.1	21.9	9.2	4.4	10.4	6.0	6.0
CET1 ratio (%)	26.2	23.4	23.1	22.3	23.4	23.9	24.4

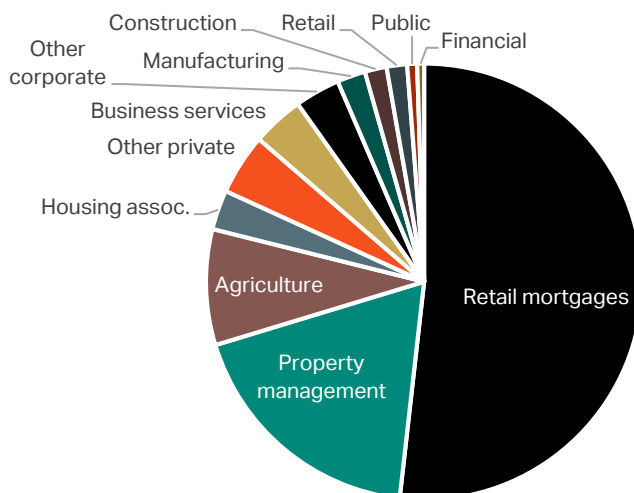
Based on NCR estimates and company data. e–estimate. REA–risk exposure amount. CET1–common equity Tier 1. All metrics are adjusted in line with NCR methodology.

COMPANY PROFILE

SBVM is a traditional savings bank, meaning that it is operated without an owner and focuses on customers in a specific geographical region. The earnings of the bank, less a 5% donation used to support the local community, are retained on the balance sheet to protect depositors', and in turn, senior creditors' funds. Like most Swedish savings banks, the bank shares a history and cooperation with Swedbank AB, which provides material product diversification, shared costs on IT solutions and the opportunity to finance retail mortgages via Swedbank Hypotek AB, Sweden's largest issuer of covered bonds. We note that the business cooperation with Swedbank has been extended to June 2024.

SBVM is based in Köping, with other core markets of Kungsör and Arboga at the western end of Lake Mälaren, which extends to Stockholm in the east. These three communities have a total of 50,000 inhabitants and are centred within the Västra Mälardalen region, a geographical triangle comprised of the municipalities of Örebro, Eskilstuna and Västerås, a market that includes nearly 750,000 inhabitants and a strong manufacturing industry.

Figure 2. Sparbanken Västra Mälardalen net loans by segment, 30 Sep. 2019



Source: Company data

STRONG ACCESS TO MAJOR CITIES IN THE VÄSTRA MÄLARDALEN REGION

Despite signs that the Swedish economy is slowing, NCR expects the domestic operating environment to be supportive for Swedish banks over the next two years. Loan losses and non-performing loans (NPLs) among Swedish banks are among the lowest in Europe and are expected to remain low over the next few years, even as the economy slows due to a reduction in capital investment and slower economic growth across the continent. Monetary policy remains expansionary and conducive to low credit losses, while housing prices have rebalanced after adapting to new production and amortisation standards.

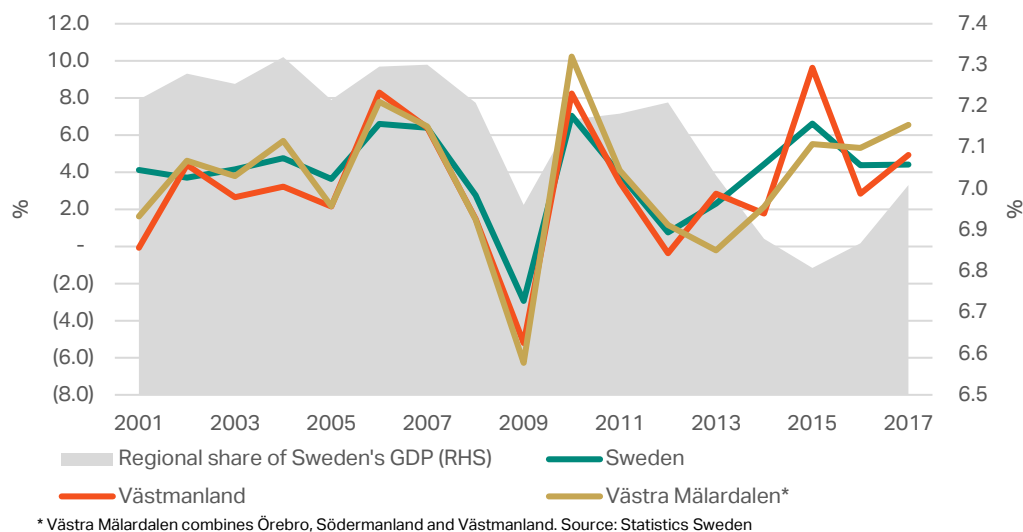
Despite SBVM's base in Västmanland county, which includes the bank's primary markets and customer base, the bank's customers work and operate within the Västra Mälardalen region (the counties of Södermanland, Örebro and Västmanland). The Västra Mälardalen economy has been more volatile than the wider Swedish economy historically, given cyclical demand for vehicles and heavy equipment produced in the region. Västra Mälardalen has outpaced national growth in recent years and has had a cumulative annual growth rate of 3.8% since 2009, while the region's share of the Swedish economy is around 7% (see Figure 3). The region's population has been growing at about 0.6% per year since 2000, somewhat below Sweden's 0.8% growth, driven almost exclusively by foreign-

Operating environment scores 'bbb'

Regional factors

born migration. Västmanland county (240,000 inhabitants) has had economic growth of 3.7% since 2009 (see Figure 3) and 0.4% population growth since 2000.

Figure 3. Annual economic growth and regional share of Sweden's GDP, 2001–2017



The Västra Mälardalen region is an important part of Sweden's manufacturing industry. Manufacturing represents 20-30% of employment in SBVM's three primary markets, compared with 12% at national level. This has been a vulnerability as recently as 2009, when a contraction in demand for vehicles and heavy equipment led to significant layoffs at local production plants and a severe contraction of the regional economy (see Figure 3).

We consider that the bank's three core markets include about 50,000 of the 750,000 inhabitants in the Västra Mälardalen region. In addition to this, we reflect the slower economic and population growth and higher share of manufacturing in the region in our overall score of 'bbb' for the bank's operating environment assessment. This compares with the national score of 'a'.

STRONG CAPITALISATION AND LOW RISK APPETITE

In our opinion, SBVM's low risk profile is driven by the bank's substantial capital buffers and its practice of maintaining at least 95% of earnings on balance sheet. Its liquidity buffers and funding position are in line with those of other domestic savings banks and SBVM has a high share of well-diversified retail deposits, access to market funding and the ability to transfer loans to Swedbank Hypotek AB. The bank also has natural portfolio concentrations to its local real estate market and maintains a fixed income investment portfolio with a meaningful share of non-investment grade exposures.

SBVM's regional focus creates naturally high geographic risk concentrations and the bank's risk governance is less developed than that of its larger Nordic peers. We note that the bank uses partly-owned external resources for some risk control and compliance functions. However, we have revised our risk governance score to 'bbb+' from 'bbb' to reflect improvements in the bank's risk governance area, in part due to its on-staff risk management and anti-money laundering personnel as well as to reflect lower risk appetite in the bank's fixed income investment portfolio.

SBVM has strong sense of social responsibility in its local communities and has contributed over SEK 100m to youth sports, education, integration and cultural projects since 2000. Further, the bank operates a customer-bonus program in which all bonus funds can be used only at local retailers.

We assess risk appetite as 'a'

ESG summary

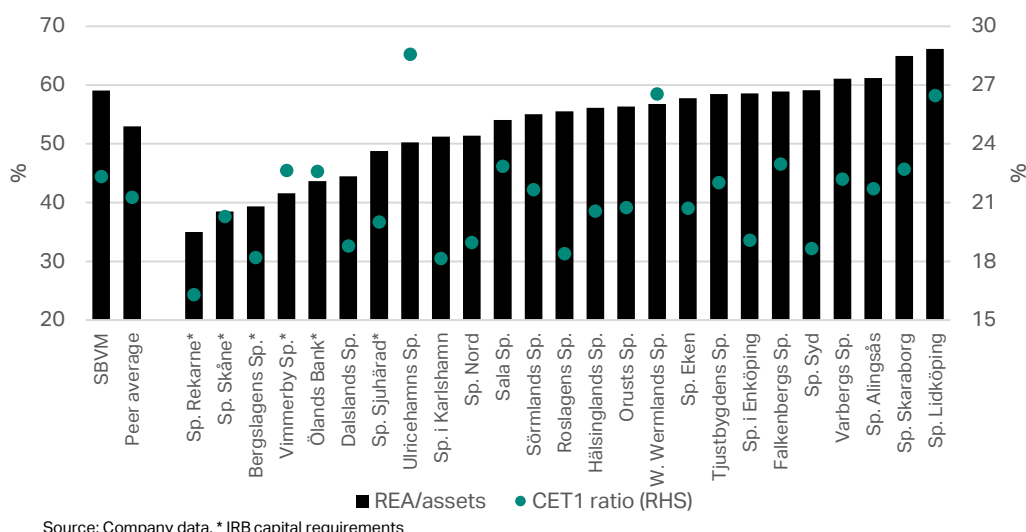
SBVM's environmental focus has been on using local, renewable energy, which powers all of the bank's branches. In addition, the bank also incentivises its industrial customers to invest in local and renewable power and supports projects aimed at developing a circular economy. SBVM incorporates environmental, social and governance (ESG) reviews into its largest credit decisions and intends to improve its commitment to this area during 2020.

Capital

The bank's CET1 capital ratio was 21.7% as of 30 Sep. 2019 (23.5% including 95% of year to date [YTD] profit). We have revised upwards our expectations for capital to 23-24% over the next 2-3 years, which reflects expectations of increased margins and cost discipline. This also assumes that Swedbank will pay 50% dividends, which we address in the Earnings Performance section below. We project loan growth of 6.0% in 2020-2021 in line with the SBVM's targets, but believe that the bank could increase lending if capital generation allows. The bank aims to maintain capital above at least 19.9%, which is 5% above its combined regulatory requirement of 13.0% plus Pillar 2 buffers. The bank uses standardised capital models and taxed equity accounts for 15.7% of total assets, which is outstanding among Nordic banks.

SBVM's capital base excludes all unrealised gains from its holdings of Swedbank AB and Indecap Holding AB shares. However, a fall in Swedbank's share price following revelations about money laundering at its Baltic branches has reduced the buffer of unrealised gains. As of 30 Sep. 2019, unrealised gains deducted from the capital base stood at SEK 127m (SEK 282m as of 30 Sep. 2018). Given the adjustment to the capital base and the size of the unrealised gains buffer, SBVM could absorb a Swedbank share price fall to about SEK 80 before seeing an impact on its capital. As of 12 Dec. 2019, the share price stood at SEK 125, indicating an ability to absorb an additional 35% fall before capital ratios are affected. While we view this as a larger risk given continuing uncertainty about the future share price and legal concerns about Swedbank, we note that SBVM's capitalisation would still be considered strong if the entire market value of the shares, SEK 256m at 12 Dec. 2019, was reduced to zero. However, such an unlikely crisis scenario would surely affect our overall view of SBVM as it would likely affect the bank's cooperation agreement with Swedbank.

Figure 4. Sparbanken Västra Mälardalen CET1 and REA/asset ratios, 2018



Source: Company data. * IRB capital requirements

Funding and liquidity

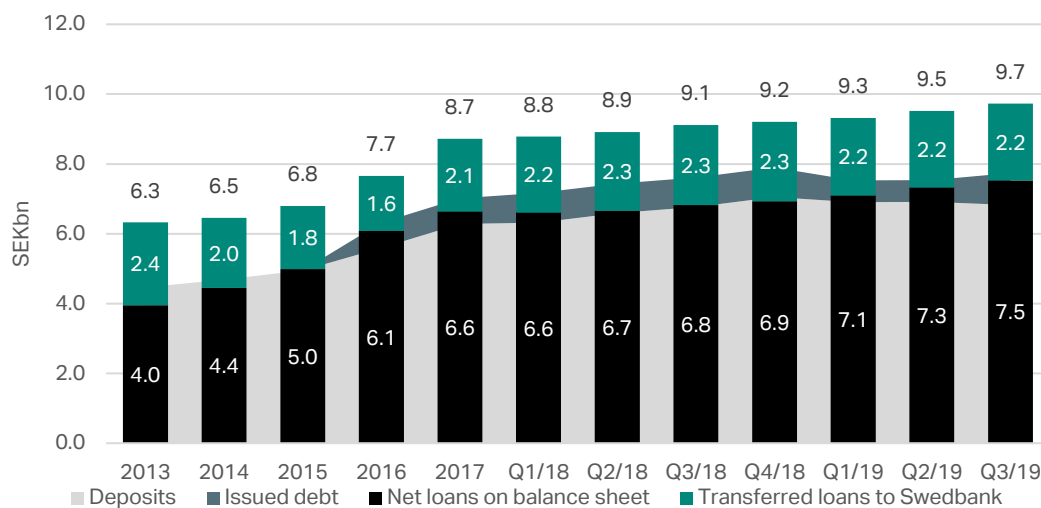
We view SBVM's management of funding and liquidity reserves as satisfactory. As of 30 Sep. 2019, the bank's liquidity coverage ratio (LCR) was 226% and its net stable funding ratio (NSFR) was 143%, indicating stable financing over the coming 12 months. The bank also maintains a credit facility with

Swedbank. We expect the bank to maintain LCR and NSFR well above regulatory requirements, in line with its internal risk limits and targets. SBVM's loan-to-deposit ratio has fluctuated between 90% and 110% in recent years and was 110% as of 30 Sep. 2019, still within the bank's stated appetite of 115%.

Since 2016, SBVM has had access to capital markets and senior unsecured financing in Swedish kronor. The bank's senior funding consists of three outstanding bonds of SEK 300-325m with a diversified maturity structure. We anticipate that the bank will be able to refinance outstanding senior unsecured bonds when they mature in September 2020, March 2021 and August 2022.

SBVM's cooperation with Swedbank also provides various funding benefits. SBVM can transfer residential mortgages to Swedbank Hypotek AB, which pays SBVM a commission. The volume of transferred loans has been stable since 2017 with most of the bank's new lending growth on its own balance sheet (Figure 5). We note that a majority of SBVM's transferred volumes are residential mortgages, and conclude that the bank is not significantly affected by Swedbank's restrictions on new commercial mortgage transfers and reduced commissions on transferred commercial loans.

Figure 5. Sparbanken Västra Mälardalen net loans (on own balance sheet and transferred to Swedbank), customer deposits and issued debt, 2013-2019Q3



Source: Company data.

HIGH EXPOSURE TO LOCAL PROPERTY MARKETS

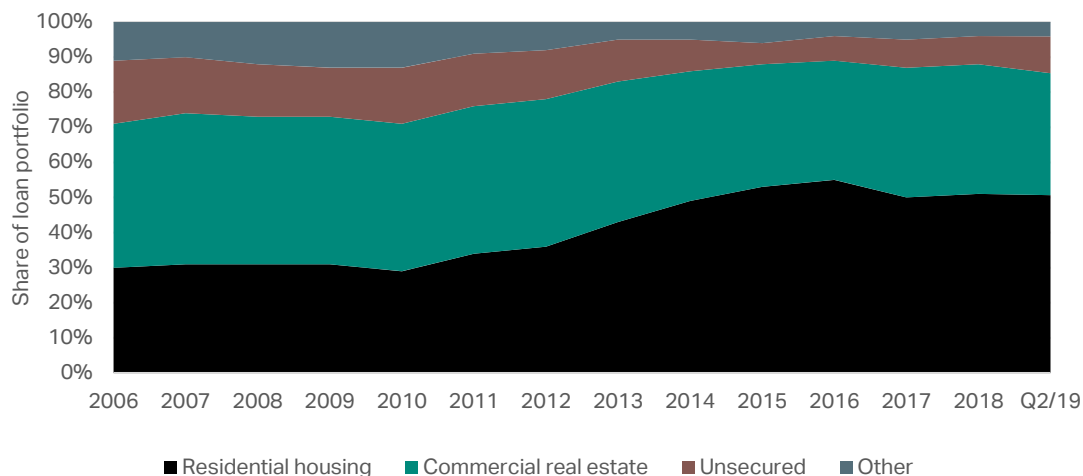
We score credit risk 'bbb'

Given that at least 80% of SBVM's customer base is associated with its three core markets, there is a material concentration of regional real-estate collateral. As shown in Figure 2, over half of the bank's credit exposures are residential mortgages and housing associations (excluding SEK 2.2bn transferred to Swedbank), and its largest corporate exposures are to property management and agriculture, resulting in 82% of lending associated with regional property. In recent years, as residential mortgage margins have increased, the bank has used bond financing to maintain a larger share of mortgage lending on its own balance sheet (Figure 5) while decreasing the share of uncollateralised commercial lending (Figure 6).

SBVM's lending is focused on private individuals and SMEs with primary operations within their own core markets, which leads to geographical concentration. This is somewhat mitigated by the access of its private and corporate customers to larger markets in Eskilstuna, Västerås and Örebro. Beyond the high share of lending to property management companies, the loan book has meaningful diversification across sectors. Lending to agriculture is well diversified, with a high share of family-owned farms and forests. Despite the significance of manufacturing in the region, lending directly to

the sector is modest, although many of the bank's exposures would have secondary effects if there were significant layoffs at any of the region's largest manufacturers.

Figure 6. Sparbanken Västra Mälardalen share of net loans by collateral, 2006-30 Jun. 2019



Source: Company data.

SBVM's SEK 2.2bn in transferred mortgage loans to Swedbank provide income via commission fees. The volume of transferred loans remains stable as the bank has increased lending in its own loan book. SBVM has a first-loss risk associated with the transferred loans that results in a reduction in paid commissions when writedowns of transferred loans occur. The maximum risk on transferred loans is SEK 18-19m per year, or the amount of reported loan commission income.

Other risks and strategic ownership

In our view, market risk is a negligible risk factor for SBVM, given its strategy not to hold a trading portfolio, and its low limits on interest rate risk and currency risk. The largest market risk is associated with interest rate risk in the banking book, which is moderated by variable interest rates on a large portion of the bank's loans. The bank also has credit spread risk associated with its fixed-income investment portfolio, which we note has been decreased somewhat by reallocation to less risky assets. While meaningful, the bank measures this risk at about SEK 5m.

SBVM's efforts to reduce its exposure to unrated or non-investment grade fixed income is partly reflected in the revision to the bank's risk governance score. However, we feel that the bank's fixed income investment portfolio is a differentiating factor compared to peers. The total fixed income portfolio, which also includes covered bonds included in liquidity buffers, is nearly 70% rated investment grade compared with 55% a year ago. This has reduced spread risk, but we feel that default risk remains relatively high, given the volume of the portfolio without a public investment-grade rating (just under SEK 200m) in relation to the bank's annual profits. We note that the bank experienced higher volatility in reported net gains and losses when markets tightened at the end of 2018 and believe that many banks have significantly reduced their investment portfolios or converted them to low-risk liquidity portfolios in view of the potential for volatile bond markets.

SBVM's ownership of 2.05m Swedbank shares ensures it has a meaningful voice alongside other savings banks that own shares either directly or via their owner foundations. Given the revised dividend policy at Swedbank and potential for further downward revisions, we have elected to consider the importance of Swedbank dividends in our earnings performance assessment below. In addition, SBVM has strategic ownership in Indecap Holding AB (jointly owned alongside 38 other savings banks), Svealands Risk och Compliance AB (jointly owned with six savings banks), which

provides risk control and compliance functions for the bank, and holds 33% of the shares in Portfolio Försäkra AB.

STRONG LOCAL POSITION BUT LIMITED NATIONAL MARKET SHARE

We score market position 'bb+'

SBVM has a strong position in its core markets and among local individuals and SMEs, reporting 40,000 private and 4,000 corporate customers. The bank's primary local competition comes from Handelsbanken, Nordea and Länsförsäkringar Bank, while larger corporations in the region are serviced by the larger banks. At national level, the bank has about 0.2% of total deposits and 0.1% of total loans, including loans transferred to Swedbank.

EARNINGS COMPARABLE TO PEERS' AND LOW RECENT CREDIT LOSSES

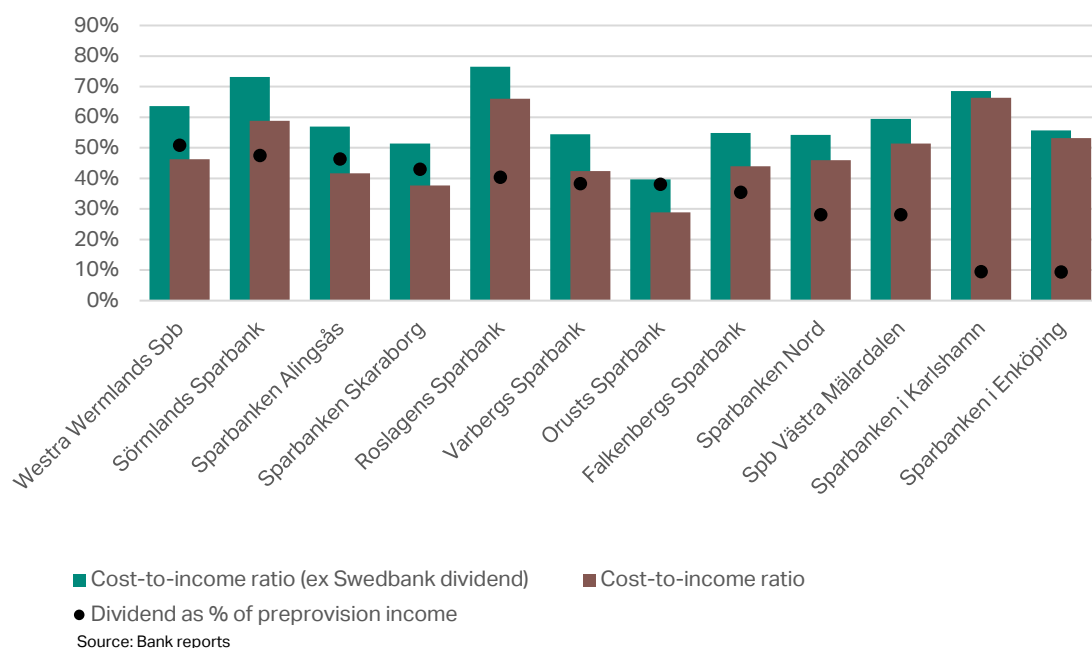
We assess performance indicators at 'a-'

Recent earnings have been buoyed by high dividends from Swedbank and loss performance has been good. We do not expect any considerable deterioration in the bank's asset quality given low interest rates, but include 7bps of credit losses in our forecast.

Earnings performance

While the bank's core earnings metrics and cost efficiency are improving, our revised earnings assessment to 'bbb+' from 'a-' reflect uncertainty in dividend income from Swedbank as well as our view that SBVM's earnings metrics are somewhat weaker than those of its Nordic savings bank peers when adjusted for its dividend earnings and volatility from trading results. While SBVM has lower reliance on Swedbank dividends than some of its peers, it is quite high compared with larger, more diversified banks and we believe the potential volatility of the earnings is better reflected by a lower score.

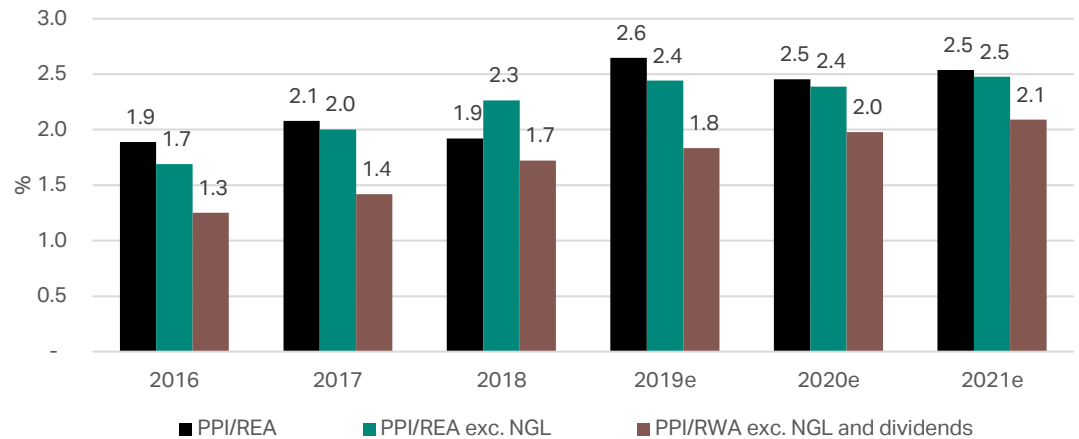
Figure 7. Swedbank dividend as a share of savings banks' preprovision income and cost-to-income ratios with and without Swedbank dividends, 2018



Given ongoing investigations associated with money laundering at its Estonian branch, Swedbank has reduced its dividend policy from 75% to 50% for future dividends. This adjustment should reduce SBVM's 2020 dividend income by around SEK 10m compared with 2019, approximately 10% of 2016-2018 average net profit. While we include a reduced dividend in our 2020-2021 earnings prognosis, uncertainty about any eventual fine and capital impact for Swedbank could mean that Swedbank reduces its dividend policy further. See [Swedbank's controversy spills over to Swedish savings banks](#), 29 Mar. 2019 for how Swedbank's share price fall affects SBVM and similar savings banks.

SBVM's earnings metrics are not outstanding by peer comparison, in part owing to the ownership structure and less emphasis on net profit. Net interest margins (NIMs) have stabilised around 1.4–1.5% since 2015 following a rather dramatic reduction as market rates fell below zero. We have revised down our expectations for future interest rates, although we anticipate that the bank's margins should benefit during 2020 from an anticipated December 2019 policy rate increase.

Figure 8. Sparbanken Västra Mälardalen pre-provision income to risk exposure amount, 2016 to



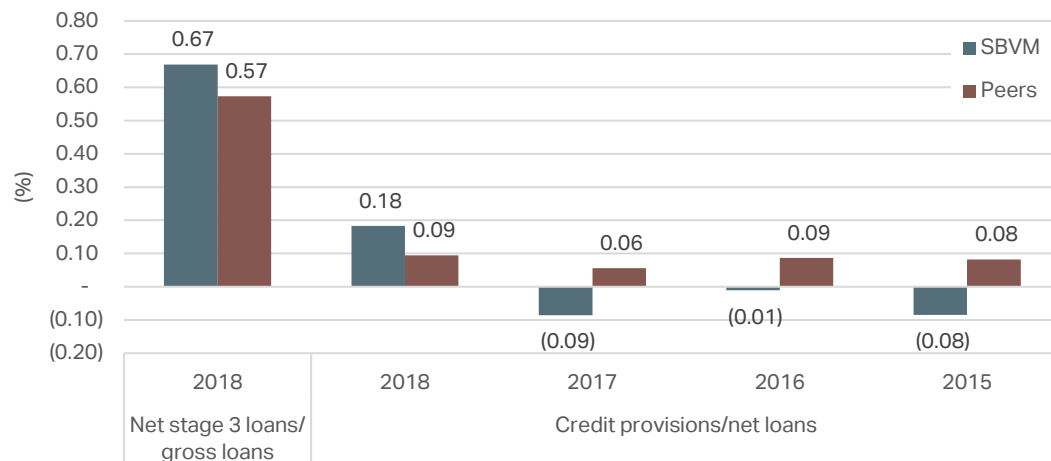
Source: Company data. NGL - net gains and losses on financial assets. e - estimate

We note that SBVM is making improvements in cost efficiency. The bank targets a 50% cost-to-income ratio and, excluding dividends and gains on financial items, we estimate the bank's cost-to-income ratio will be about 50% at end-2019, a material improvement from 65.6% in 2016, excluding dividends and financial gains. The efficiency gains are also reflected in improvements in our risk-adjusted pre-provision income to REA measure which is expected to climb from 1.3% in 2016 to 2.1% by 2021, when dividend and financial gains are excluded. The ratio is expected to be around 2.5% in our forecasts considering a 50% Swedbank dividend and modest financial gains.

Loss performance

SBVM has shown outstanding loss performance in recent years and IFRS 9 net stage 3 non-performing loans represented only 30 bps of gross lending at 30 Sep. 2019 (down from 67bps at end 2018 as shown in Figure 9). The bank's total credit loss provisions from 2014 to 30 Sep. 2019 were SEK 1.3m, or 0bps of average gross lending. The bank reported an 18bps credit loss during 2018 but has since reversed a share of these provisions and reduced its non-performing loans by more than half from the specific exposures. We project loan losses to be a manageable 7bps in our forecast, given a growing regional economy and continued low interest rates.

Figure 9. Sparbanken Västra Mälardalen asset quality vs Nordic savings bank peers', 2015–2018



Source: Company data. Peers include 24 similar-sized savings banks in Norway and Sweden.

Adjustment factors

PEER COMPARISON

We believe that SBVM's relative strengths and weaknesses are well reflected in our 'bbb+' initial credit assessment. NCR has confidential credit assessments (not full credit ratings) on nearly 300 Nordic banks. The average assessment is 'bbb+', reflecting a high level of savings banks in the sample. See [Has Nordic bank creditworthiness reached its peak?](#), published 17 Jun. 2019.

SUPPORT ANALYSIS

SBVM has no owners. Instead, it has 48 principals who act in the interests of depositors. Half of the principals are appointed by the municipalities of Köping, Arboga and Kungsör, and the other half by the principals themselves. The principals essentially take on the owner's role by appointing a board and allocating the bank's profit. Given the bank's status, there is no additional owner capital that resides in a foundation or within Swedbank, which is the case at a number of other Swedish savings banks. Consequently, we do not notch the rating up for ownership support.

ISSUE RATINGS

Our rating on SBVM's unsecured senior debt is in line with the issuer rating, i.e. 'BBB+'. We also rate the existing programme 'BBB+', an indication of our ratings on future issuance from the programme.

Figure 10. Sparbanken Västra Mälardalen issue rating indications

Issue rating indications	Starting point	Issue rating
Senior unsecured	Issuer rating	BBB+

Figure 11. Sparbanken Västra Mälardalen rating scorecard

Subfactors	Impact	Score
National factors	5.0%	a-
Regional, cross border, sector	15.0%	bbb
Operating environment	20.0%	bbb+
Capital	17.5%	aa-
Funding & liquidity	15.0%	a
Risk governance	5.0%	bbb+
Credit risk	10.0%	bbb
Market risk	0.0%	N/A
Other risk	2.5%	bbb
Risk appetite	50.0%	a
Market position	15.0%	bb+
Earnings	7.5%	bbb+
Loss performance	7.5%	a
Performance indicators	15.0%	a-
Indicative credit assessment		bbb+
Peer comparisons		0
Transitions		0
Borderline assessments		0
Adjustment factors		0
Standalone credit assessment		bbb+
Ownership		0
Material credit enhancement		0
Rating caps		0
Support		0
Issuer rating		BBB+
Short-term rating		N-1+

Figure 12. Sparbanken Västra Mälardalen key credit metrics and financials

Key credit metrics (%)	2014	2015	2016	2017	2018	2019Q3 YTD
Income composition						
Net interest income/op. revenue	56.5	49.8	54.2	54.1	59.1	51.5
Net fee income/op. revenue	28.4	31.3	29.9	29.8	32.7	25.1
Net trading income/op. revenue	4.9	7.4	4.6	1.8	(8.7)	5.8
Net other income/op. revenue	10.2	11.4	11.2	14.3	16.9	17.6
Earnings						
Net interest margin	1.8	1.5	1.5	1.5	1.4	1.5
Pre-provision income/REA	2.3	2.0	2.0	2.1	1.9	2.8
Return on ordinary equity	6.3	5.6	5.7	6.3	5.3	9.4
Return on assets	1.2	1.1	1.0	1.1	0.9	1.5
Cost-to-income ratio	54.3	57.8	55.9	53.6	51.3	40.3
Cost-to-income ratio, ex. trading	57.1	62.4	58.6	54.6	47.2	42.8
Capital						
CET1 ratio	24.0	26.2	23.4	23.1	22.3	21.7
Tier 1 ratio	24.0	26.2	23.4	23.1	22.3	21.7
Capital ratio	24.0	26.2	23.4	23.1	22.3	21.7
REA/assets	61.2	59.3	58.8	59.2	59.1	60.2
Dividend payout ratio	-	-	-	-	-	-
Leverage ratio	14.7	15.6	13.8	13.7	13.0	12.7
Growth						
Asset growth	-	3.5	19.6	9.3	9.9	0.1
Loan growth	-	12.1	21.9	9.2	4.4	8.7
Deposit growth	-	5.6	13.0	12.4	12.2	(3.3)
Loss performance						
Credit provisions to net loans	0.04	(0.08)	(0.01)	(0.09)	0.18	(0.05)
Impaired loans to gross loans	1.04	0.81	0.71	0.39	0.84	0.44
Net impaired loans to gross loans	0.43	0.41	0.42	0.20	0.53	0.19
Net problem loans to equity	1.61	1.63	1.85	0.92	2.45	0.98
NPL coverage ratio	58.2	49.9	41.0	49.6	36.4	56.2
Stage 3 loans/gross loans	-	-	-	-	0.84	0.44
Net stage 3 loans/gross loans	-	-	-	-	0.67	0.30
Funding & liquidity						
Loan/deposit ratio	94.9	100.7	108.7	105.6	98.3	110.5
Net stable funding ratio	-	-	-	-	147	143
Liquidity coverage ratio	-	86	160	212	159	226

Key financials (SEKmn)	2014	2015	2016	2017	2018	2019Q3 YTD
Balance sheet						
Total assets	6,427	6,654	7,961	8,699	9,563	9,570
Total tangible assets	-	-	-	-	-	-
Total financial assets	6,339	6,588	7,844	8,532	9,364	9,455
Net loans and advances to customers	4,448	4,987	6,081	6,639	6,932	7,532
Total securities	1,455	1,163	1,301	1,401	1,670	1,423
Customer deposits	4,689	4,951	5,594	6,286	7,054	6,819
Issued securities	-	-	725	725	844	925
of which senior	-	-	725	725	844	925
of which subordinated	-	-	-	-	-	-
Total equity	1,205	1,252	1,381	1,427	1,512	1,503
Total ordinary equity	1,205	1,252	1,381	1,427	1,512	1,503
Capital						
CET1	944	1,033	1,097	1,191	1,261	1,249
Tier 1	944	1,033	1,097	1,191	1,261	1,249
Total capital	944	1,033	1,097	1,191	1,261	1,249
REA	3,936	3,947	4,679	5,147	5,649	5,763
Income statement						
Operating revenues	198	190	200	220	213	201
Pre-provision operating profit	91	80	88	102	104	120
Impairments	2	(4)	(1)	(5)	12	(3)
Net income	73	70	73	90	80	104

Based on NCR estimates and company data. All metrics are adjusted in line with NCR methodology.

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 09 Jan. 2019.
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.
Primary analyst:	Sean Cotten, +46735600337, sean.cotten@nordiccreditrating.com
Secondary analyst:	Geir Kristiansen, +4790784593, geir.kristiansen@nordiccreditrating.com
Rating committee chairperson responsible for approval of the credit rating:	Geir Kristiansen, +4790784593, geir.kristiansen@nordiccreditrating.com
Methodology used when determining the credit rating:	Nordic Credit Rating - Financial Institutions Rating Methodology published 14 Aug. 2018 Nordic Credit Rating - Rating Principles published 16 Sep. 2019 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, Data provided by external data providers, Meetings with management of the rated entity, Non-public information, Press reports/public information, Website of rated entity
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