

## Sparbanken Rekarne AB (publ)

Full Rating Report

## LONG-TERM RATING

A-

## OUTLOOK

Stable

## SHORT-TERM RATING

N-1+

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## RATING RATIONALE

Our 'A-' long-term issuer rating on Sweden-based Sparbanken Rekarne AB (publ) (Sparbanken Rekarne) reflects the bank's regional market and its 50% ownership by Swedbank AB. As with other savings banks, Sparbanken Rekarne has an arrangement with Swedbank, under which Swedbank provides material diversification of product offerings, shared IT costs and the opportunity to finance mortgage loans via Swedbank Hypotek AB. We view Sparbanken Rekarne's cooperation with Swedbank as significant as it supports earnings, market position, product offering, funding and liquidity. We also view Swedbank's ownership as positive for the credit rating. Sparbanken Rekarne has maintained its strong record on loan losses despite the impacts of COVID-19. We project higher losses in 2021, but expect the bank's impairments to remain modest given low interest rates and high collateral values. In our view, the owners' return requirements have contributed to Sparbanken Rekarne having a slimmer capital structure than its savings bank peers across the Nordic region. Earnings metrics are somewhat weaker than those of similar savings banks when adjusted for Sparbanken Rekarne's higher leverage.

## STABLE OUTLOOK

The stable outlook reflects our expectations of a flatter U-shaped recovery rather than the sharp V- or W-shaped rebound that we anticipated previously. In addition, property prices have remained resilient after an initial downturn in March and April of this year, supporting a large majority of Sparbanken Rekarne's collateral. We expect the bank to continue its relationship with Swedbank and that Swedbank's creditworthiness will remain strong. We include a notch of ownership support in the rating but expect that improvements in the standalone credit assessment would reduce the upside from ownership.

## POTENTIAL POSITIVE RATING DRIVERS

- An upgrade is unlikely at this time given the ownership support included in the rating.

## POTENTIAL NEGATIVE RATING DRIVERS

- Reduced ownership by Swedbank or a decline in Swedbank's creditworthiness.
- Long-term economic recession in the northern Södermanland region, affecting economic activity and employment.
- Materially lower capitalisation and/or asset quality.

Figure 1. Sparbanken Rekarne key credit metrics, 2016–2022e

%	2016	2017	2018	2019	2020e	2021e	2022e
Net interest margin	1.36	1.37	1.42	1.43	1.46	1.42	1.45
Loan losses/gross loans	0.01	0.03	0.00	0.03	0.06	0.12	0.08
Pre-provision income/REA	3.0	3.2	3.0	2.0	2.3	2.5	2.8
Return on equity	12.2	11.7	13.4	11.6	9.9	9.8	11.5
Loan growth	9.4	6.0	18.5	14.2	-1.0	4.1	4.1
CET1 ratio	17.0	18.6	16.3	15.6	16.9	17.0	17.5

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

## ISSUER PROFILE

Sparbanken Rekarne is a savings bank, with ownership evenly divided between Swedbank and the Sparbanken Rekarne foundation. The bank cooperates with Swedbank, which provides material product diversification, shared costs on IT solutions and the opportunity to finance retail mortgages via Swedbank Hypotek, Sweden's largest issuer of covered bonds. However, Swedbank's 50% ownership distinguishes the bank from most other savings banks by increasing its focus on achieving return targets set by its owners.

Sparbanken Rekarne is based in Eskilstuna, with branches in the municipalities of Strängnäs and Mariefred, in the county of Södermanland, on the south shore of Lake Mälaren. Södermanland county has nearly 300,000 inhabitants of which half live in communities with a Sparbanken Rekarne branch. The region has a strong manufacturing industry and the area is home to Mälardalen University, with 15,000 students. Eskilstuna's population is expected to increase by 15,000 by 2025 and the region has seen growth in the construction of residential housing and public transport to accommodate the expected population expansion and reduce travel time to Stockholm.

Figure 2. Sparbanken Rekarne core markets

Municipality	Population, 2019	Expected population change among 16–64-year olds, 2018–2030	Unemployment, 2019
Eskilstuna	106,859	9.9%	12.5%
Strängnäs	35,544	6.7%	6.3%
<b>Sweden</b>	<b>10,327,589</b>	<b>7.2%</b>	<b>7.0%</b>

Source: Statistics Sweden, Arbetsförmedlingen (based on population forecast by Statistics Sweden), Ekonomifakta (based on data from Arbetsförmedlingen).

## OPERATING ENVIRONMENT

Operating environment assessment is 'bbb-'

We consider a balance of national and regional factors in our assessment of Sparbanken Rekarne's operating environment. The bank operates in a northern Södermanland county, with a high share of its exposures associated with Eskilstuna and Strängnäs. The county currently has Sweden's highest regional unemployment rate as it copes with the impact of COVID-19 and has proven to be more economically volatile than the rest of the country given the relative instability of the manufacturing sector.

### National factors incorporate ongoing economic stress due to COVID-19

National factors score 'bbb+'

In April this year, NCR lowered its assessment of the Swedish banking sector to 'bbb+' from 'a-' due to the economic effects on domestic and international output growth and unemployment as a result of COVID-19. However, we view the outlook for Swedish banks as stable in the current environment. Swedish banks have thus far outperformed our expectations for earnings and asset quality and an initial fall in income due to capital market tightening was mostly corrected during the second quarter. Residential property prices have increased and commercial property values remain stable which supports the valuation of collateral behind much of Sweden's credit risk.

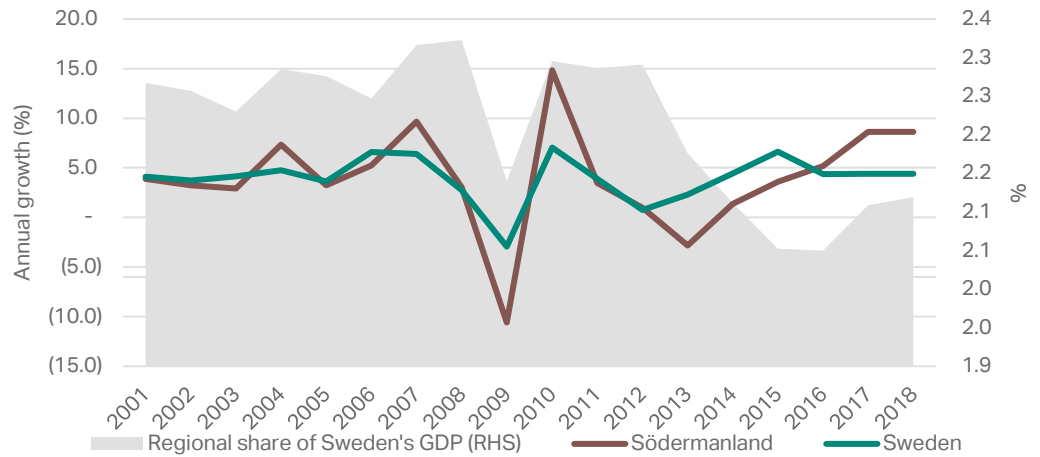
Monetary policy remains expansionary and conducive to low credit losses. For the most part, Sweden's banks have reported credit losses based on economic projections of potential impacts of higher unemployment rather than actual defaults. A sharp increase in customer deposits and improved capital positions due to withholding dividend payments for 2019 have also supported credit growth.

### Eskilstuna continues to grow despite Södermanland's high unemployment

Regional, sectoral, and cross-border factors score 'bb+'

Södermanland's economy has historically been more volatile than the wider Swedish economy, given cyclical demand for vehicles and heavy equipment. The Swedish manufacturing industry suffered 15-20% declines in production during March and April 2020 due to supply chain disruptions but had rebounded materially by the end of August. A resurgence of COVID-19 could further affect supply chains and demand for the large equipment produced in the region. As of October 2020, Södermanland had the highest regional unemployment rate in Sweden at 11.4% (9.9% in October 2019), despite a stabilisation in the third quarter.

Figure 3. Södermanland's economic growth and regional share of Sweden's GDP, 2001–2018



Source: Statistics Sweden

Despite the significance of manufacturing, the municipalities of Eskilstuna and Strängnäs have diverse employment with 14–16% of workers employed in manufacturing (compared with 12% at national level) and an above average share of employment in education owing to the size of the local university. Prior to the onset of COVID-19, Södermanland had experienced strong economic growth, outpacing national rates in 2017 and 2018 (see Figure 3). Recent economic growth has been driven by real estate development in the region to accommodate increased housing needs and improvements in rail access to Stockholm. For this reason, construction is another important, yet cyclical, source of employment in the region. Södermanland's population has grown in line with the national average at about 0.8% per year since 2000, driven in large part by foreign-born migration to the region.

**RISK APPETITE**

Risk appetite assessment is 'bbb+'

Sparbanken Rekarne has a low risk appetite but operates with a slimmer capital profile than most Nordic savings banks due in part to Swedbank's return expectations. The bank's capital buffers have improved as a result of slower on-balance sheet lending growth and an influx of customer deposits has raised its liquidity buffers. As a regional bank there are natural portfolio concentrations in its local market, particularly in the real estate sector.

**Risk governance in line with savings bank peers**

Risk governance scores 'a-'

Although Sparbanken Rekarne is a savings bank, its risk profile is affected by its 50% ownership by Swedbank and the owners' return on equity expectations. In our view, this is the primary reason for Sparbanken Rekarne having considerably higher leverage than other Swedish savings banks (see Figure 3). However, in the course of 2020, Sparbanken Rekarne has adjusted its capital and earnings strategy to strengthen its capital buffers and reduced return on equity requirements to 12% from 15% to reflect higher capital demands.

Sparbanken Rekarne has developed risk management and governance solutions which have been sold to the Swedish Savings Banks Association for distribution among its peers. We view this risk leadership as a positive indication of the of the bank's own risk governance. Sparbanken Rekarne has a relatively high standard of internal risk reporting of its risk appetite and limits. The bank has also improved its anti-money laundering and customer surveillance tools and provides monthly reports to the board of directors.

Sparbanken Rekarne evaluates environmental, social and corporate governance (ESG) factors using sustainability criteria in its credit decisions and educates its employees on ESG considerations to advise customers on improvements to their own sustainability. The bank place strong emphasis on social responsibility in the communities it serves. It cooperates closely with Mälardalens University, and provides funding to the Stadsmission charity, which supports local development and sponsors local education, youth athletics and cultural projects.

Capital scores 'bbb+'

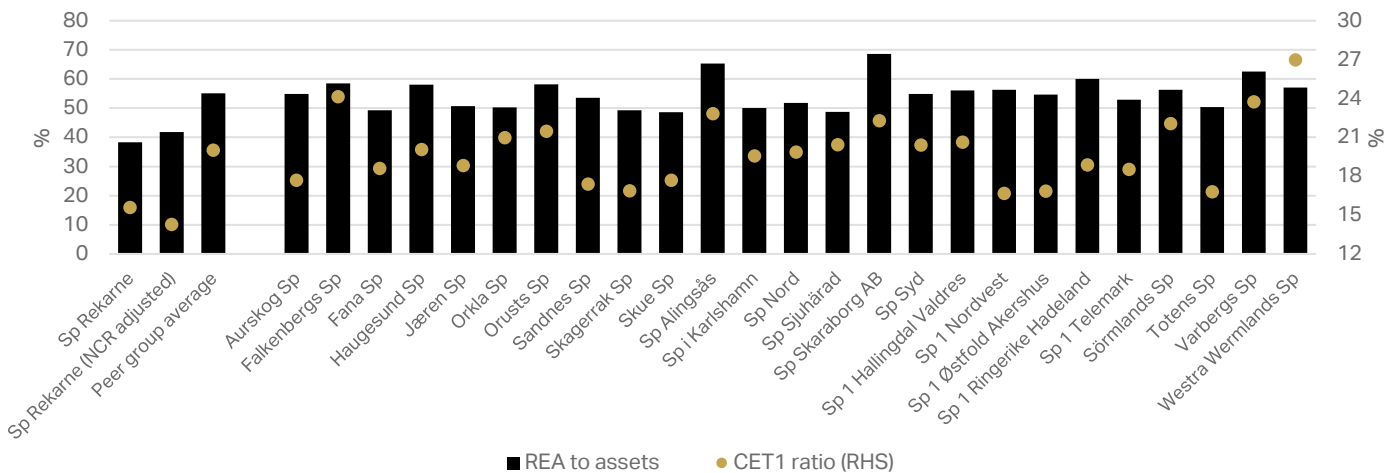
**Increased focus on building capital buffers**

Sparbanken Rekarne is one of six savings banks using foundation internal ratings-based models in its calculation of regulatory REA. This has resulted in the lowest share of REA to assets and lowest CET1 ratio among comparable savings banks in Sweden and Norway (see Figure 4). In addition, we note that Sparbanken Rekarne's leverage ratio is below 6%, a level typically associated with more diversified national or international banks. The bank's CET1 capital ratio of 16.6% as of 30 Sep. 2020 represented a 100bps improvement from end-2019, and was driven by a targeted reduction in real estate exposures and the cancellation of its dividend for 2019. We expect the ratio to increase and remain well clear of regulatory requirements. We note that recent guidance from the Swedish regulator could lead to a 5-10% increase in capital requirements given the introduction of Pillar 2 guidance for smaller banks.

Sparbanken Rekarne's capital ratios are difficult to compare with those of its regional peers, which tend to have both higher capital ratios and use standardised capital models. To improve comparability with similar peers, we adjust REA when assessing the bank's capitalisation and earnings. We assume a standardised model for credit risk exposures, giving credit for highly collateralised loans. The adjustment results in an additional SEK 500m in REA for corporate loans based on exposures as at 30 Sep. 2020, which would reduce the bank's reported CET1 ratio by 130bps to 15.3%.

In our projections, we assume Sparbanken Rekarne's on-balance-sheet loan book will decline in 2020 and grow at about 4% annually over the next two years as it builds up to its revised total capital ratio target of 19%. Given ongoing economic uncertainty, we assume that the bank will resume its dividend payout ratio of 30% based on 2021 earnings, after a two-year hiatus. In our view, these capital improvements would position the bank well for future changes in capital requirements and close the gap with its Nordic peers.

Figure 4. Sparbanken Rekarne REA/assets and CET1 ratios vs savings bank peers, 2019



Based on company data. Sp-Sparbank (Sweden)/Sparebank (Norway).

**Improved liquidity due to increase in savings and slower loan growth**

A side effect of the ongoing COVID-19 pandemic has been an increased tendency among Swedish bank customers to save. This has helped Sparbanken Rekarne's loan-to-deposit ratio to fall to 98% as of 30 Sep. 2020 from 111% at end-2019. The influx of deposits in 2020 has doubled the bank's liquidity reserves to SEK 3.7bn from SEK 1.8bn a year earlier. Some 70% of the bank's customer deposits belong to household customers, with a majority of corporate deposits (25% of customer deposits) coming from small local businesses, which we view as loyal, but less permanent, funding sources.

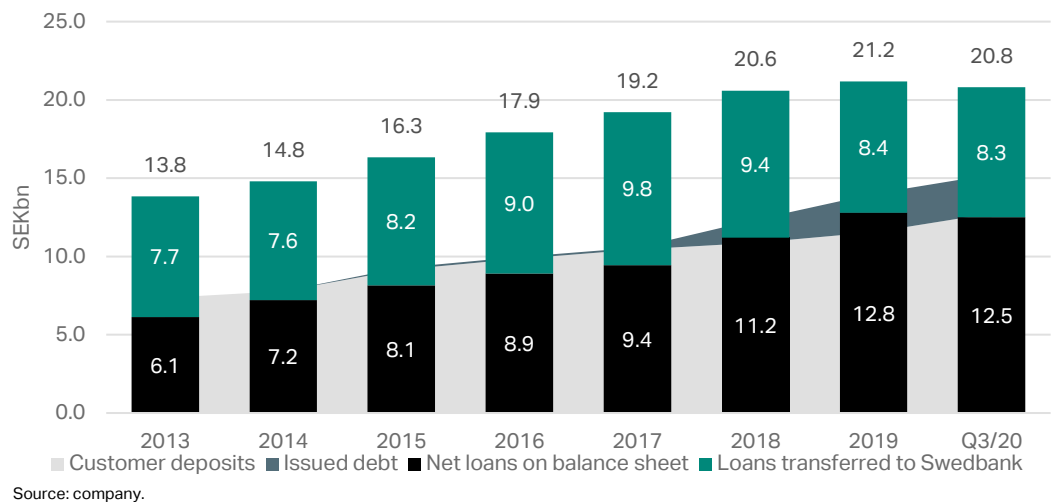
As of 30 Sep. 2020, Sparbanken Rekarne's net stable funding ratio was 129%, indicating stable financing over the coming 12 months, while the liquidity coverage ratio was also high at 349%. We expect the bank to maintain both ratios well above regulatory requirements, in line with its internal risk limits and targets. The bank's internal liquidity stress testing and survival horizon support our view that liquidity has improved.

Funding and liquidity scores 'a'

Overall, Sparbanken Rekarne's funding profile is similar to that of similar-sized Nordic savings banks which have access to capital market financing. Following a maturity in December 2020, the bank will have SEK 2.3bn in senior unsecured debt outstanding. The recent increase in deposit funding allowed the bank to avoid issuing debt when credit spreads peaked in March and April of 2020 and we anticipate that it will be able to refinance SEK 1bn in outstanding senior unsecured bonds during 2021. In addition, the bank has an SEK 400m credit facility from Swedbank and retains the ability to transfer mortgage loans to Swedbank Hypotek in exchange for commission.

As of the third quarter of 2020, Sparbanken Rekarne had reduced the volume of loans transferred to Swedbank by SEK 1.5bn since 2017, with a high share of these loans refinanced on the bank's own balance sheet. The transfers include nearly SEK 2bn in commercial real estate loans. We note that Swedbank has temporarily improved its commission payments for retail mortgages from associated savings banks, but continues to restrict new commercial mortgage transfers.

Figure 5. Sparbanken Rekarne loans, deposits and issued debt, 2013-Q3 2020



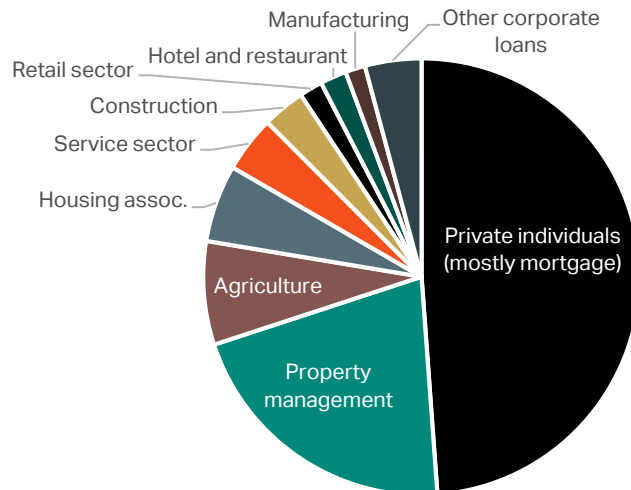
**Credit risk concentrated in regional real estate lending**

Sparbanken Rekarne's regional profile creates geographic risk concentrations which are monitored by various limits within the bank's risk appetite framework and internal risk reporting. The bank's lending exposures are associated with retail and commercial mortgages on existing property, with 83% of on-balance-sheet loans associated with residential, commercial or agricultural properties (see Figure 6). Given that nearly 90% of the bank's customer base is within its core markets, there is a material concentration of real-estate collateral in and around Eskilstuna and Strängnäs. Sparbanken Rekarne has transferred an additional SEK 8.3bn in mortgage loans to Swedbank. The bank 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 40-45m per year, or the amount of reported loan commission income.

Part of the explanation for the decrease in the bank's loan book during 2020 is a targeted reduction in loan exposure to commercial real estate development, agriculture and housing associations in an effort to improve the bank's overall capital.

Credit risk scores 'bbb'

Figure 6. Sparbanken Rekarne on-balance-sheet loans by segment, 30 Sep. 2020



Source: company.

Aside from property-related lending, Sparbanken Rekarne's loan book has some exposure to high-risk industries that are heavily affected by COVID-19 and social distancing; 6.8% of net lending is to the construction, retail, and hotel and restaurant sectors. Despite the importance of manufacturing in the region, the bank has only a small share of direct lending to the sector. However, much of the bank's lending is affected by the secondary effects of redundancies at the region's manufacturers as evidenced by the recent increases in unemployment rates in Södermanland.

**Low market risk tolerance**

Other risks score 'a'

In our view, market risk is not a material risk factor for Sparbanken Rekarne, given the lack of a trading portfolio, low limits on interest rate risk and immaterial foreign currency exposure. The bank proactively transfers loans with longer maturities to Swedbank to reduce interest risk on its own books. There is some spread and counterparty risk associated with Sparbanken Rekarne's liquidity portfolio, but the vast majority of the exposure is to highly rated counterparties.

Sparbanken Rekarne has strategic ownership in Indecap Holding AB (jointly owned with other savings banks), 25% of the shares in Portfolio Försäkra AB, and two smaller ownership stakes.

**COMPETITIVE POSITION**

Competitive position assessment is 'bbb'

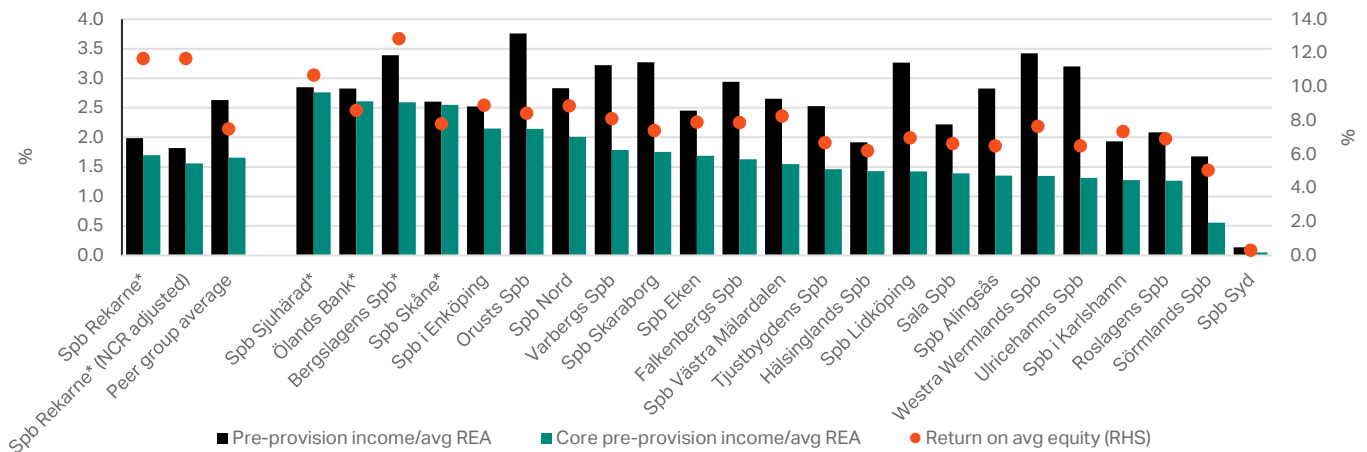
Sparbanken Rekarne has a strong position in its core markets and among local individuals and SMEs, with 77,000 private and 7,000 corporate customers in a market of 145,000 inhabitants. The bank faces local competition from all of Sweden's national banks, and the largest corporations in the region are typically served by the larger banks. New competitors in the mortgage market have received a lot of attention for their low mortgage rates, but so far Sparbanken Rekarne has not experienced a material impact on its customer base and added competition has not affected its ability to increase volumes. At national level, the bank has about 0.4% of retail deposits and residential mortgage loans, including loans transferred to Swedbank.

**PERFORMANCE INDICATORS**

Performance indicators assessment is 'a'

We expect Sparbanken Rekarne to improve its earnings measures as it reduces costs and benefits from further digitalisation. The bank has maintained outstanding asset quality despite our expectations of increased credit losses due to COVID-19. Given ongoing uncertainty, we project somewhat higher losses in our forecast for 2020 and 2021.

Figure 7. Sparbanken Rekarne risk-adjusted earnings and return on equity vs Swedish savings bank peers, 2019



Source: Bank reports. Spb-Sparbank(en) \*Use IRB models in capital calculations. Core pre-provision income considers only net interest income and net fee & commission income.

**Earnings expected to improve due to cost focus**

Earnings scores 'bbb+'

Despite lower return on equity expectations, Sparbanken Rekarne's risk-adjusted earnings are likely to improve due to cost efficiency. On the whole, Sparbanken Rekarne's core earnings metrics (focusing on net interest and fee income) are in line with those of its Swedish savings bank peers, though the net profits of many of its peers have benefited from Swedbank dividends in recent years. As one of five savings banks owned by Swedbank, the bank does not hold any shares on its balance sheet.

Given the state of the global economy, we believe that the prospect of higher net interest margins from more normal interest rates is unlikely to materialise over our forecast horizon. Combined with lower loan growth and relatively costly liquidity buffers, future improvement in the bank's earnings is likely to come from improved cost efficiency and digitalisation. We project improvements given the bank's long-term goal of cutting costs by reducing headcount, but note that investment in information technology in coordination with Swedbank is likely to increase.

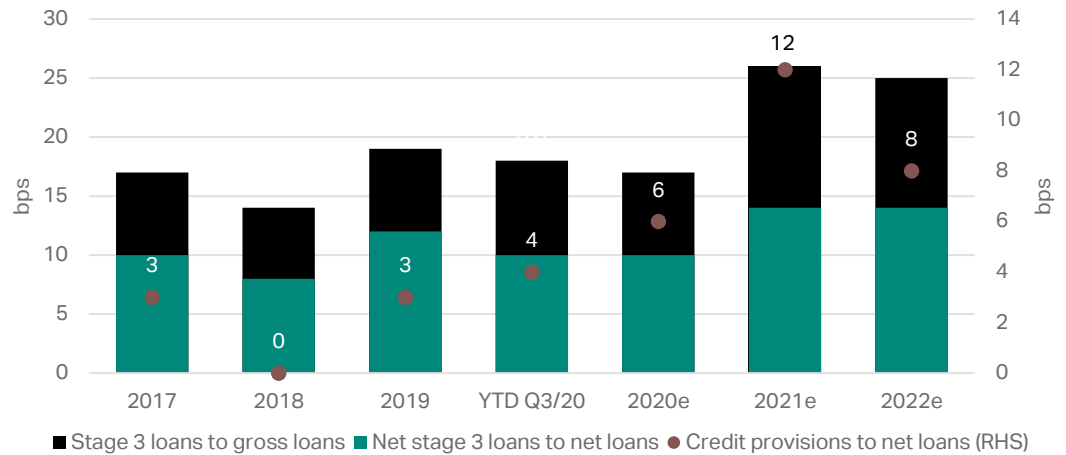
Sparbanken Rekarne's return on equity has shown a steady decline in recent years but the 10.7% ratio in the first nine months of 2020 exceeds that of most Nordic savings banks given the bank's higher leverage. Our analysis of risk-adjusted earnings considers a similar adjustment for the bank's REA as described in the capital section above. This results in a projected pre-provision return on REA of about 2.1% for 2020 (2.3% unadjusted). The bank's adjusted core pre-provision return on REA for 2020 is expected to be 1.9% (2.1% unadjusted), which includes only projected net interest and fee income. We expect that core risk adjusted earnings will increase by about 50bps from 2020 to 2022.

**Loss performance has exceeded expectations since COVID-19 outbreak**

Loss performance scores 'a+'

Sparbanken Rekarne's loss performance has been outstanding in recent years and net stage 3 non-performing loans stood at a very low 10bps of net lending as of 30 Sep. 2020. We project loan losses to increase due to weak economic activity which is likely to continue to affect the wider Swedish economy as well as the bank's local market well into 2021. Our view that loan losses will be moderate despite the severe economic impact of COVID-19 is largely due to our expectations that government support will continue until large-scale vaccination is achieved.

Figure 8. Sparbanken Rekarne asset quality metrics, 2017–2022e



Source: company. YTD-year to date, e-estimate.

### ADJUSTMENT FACTORS

#### Peer comparison

Peer comparison is neutral

We believe that Sparbanken Rekarne'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 [Nordic bank creditworthiness stable despite COVID-19 impact](#), published 1 Jun. 2020.

#### Support analysis

Support analysis is neutral

Sparbanken Rekarne's ownership is split 50/50 between Swedbank and the Sparbanken Rekarne foundation. We view the benefit of Swedbank's ownership as important to the rating and reflected in the bank's capital structure. We therefore apply an additional notch in our assessment given Swedbank's ability to provide valuable additional support. This notching also reflects the fact that our credit assessment of Swedbank is higher than our standalone assessment of Sparbanken Rekarne. In addition, we believe that the foundation could provide some additional capital from its liquid assets but note that a large majority of its assets are invested in shares in Swedbank and Sparbanken Rekarne.

### ISSUE RATINGS

Our rating on Sparbanken Rekarne's unsecured senior debt is in line with the issuer rating, i.e. 'A-'. We also rate the bank's medium-term note programme 'A-', an indication of our ratings on future issuance under the programme. We do not rate the bank's outstanding Tier 2 instrument.



**Figure 9. Sparbanken Rekarne key credit metrics and financials, 2015-Q3 2020 YTD**

Key credit metrics (%)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Q3 2020 YTD
<b>INCOME COMPOSITION</b>						
Net interest income/op. revenue	48.4	43.5	42.3	46.0	57.9	60.5
Net fee income/op. revenue	52.7	52.9	53.8	48.1	37.6	33.6
Net trading income/op. revenue	-1.8	3.0	3.3	4.1	2.3	2.4
Net other income/op. revenue	0.6	0.6	0.6	1.8	2.2	3.5
<b>EARNINGS</b>						
Net interest margin	1.5	1.4	1.4	1.4	1.4	1.5
Pre-provision income/REA	3.2	3.0	3.2	3.0	2.0	2.5
Return on ordinary equity	13.0	12.2	11.7	13.4	11.7	10.7
Return on assets	0.9	0.8	0.8	0.9	0.8	0.7
Cost-to-income ratio	63.0	64.7	64.9	64.3	68.7	59.4
Cost-to-income ratio, ex. trading	62.0	66.7	67.1	67.0	70.3	60.9
<b>CAPITAL</b>						
CET1 ratio	16.0	17.0	18.6	16.3	15.6	16.6
Tier 1 ratio	16.0	17.0	18.6	16.3	15.6	16.6
Capital ratio	19.2	20.1	21.6	18.7	17.6	18.6
REA/assets	36.0	35.0	33.2	35.0	38.3	35.9
Dividend payout ratio	23.1	35.0	33.0	30.8	29.0	
Leverage ratio	0.0	5.7	5.9	5.5	5.7	5.7
<b>GROWTH</b>						
Asset growth	18.7	5.6	6.7	17.1	10.7	7.5
Loan growth	13.0	9.4	6.0	18.5	14.2	-2.2
Deposit growth	17.8	7.4	6.1	4.2	6.1	10.6
<b>LOSS PERFORMANCE</b>						
Credit provisions to net loans	0.03	0.01	0.03	0.00	0.03	0.04
Impaired loans to gross loans	0.15	0.12	0.18	0.14	0.19	0.18
Net impaired loans to gross loans	0.03	0.04	0.06	-0.01	0.04	-0.00
Net problem loans to equity	0.37	0.41	0.72	-0.08	0.53	-0.02
Non-performing loan coverage ratio	78.60	71.14	64.56	104.44	77.90	100.86
Stage 3 loans/gross loans			0.17	0.14	0.19	0.18
Net stage 3 loans/gross loans			0.10	0.08	0.12	0.10
<b>FUNDING &amp; LIQUIDITY</b>						
Loan/ deposit ratio	88.9	90.5	90.4	102.9	110.8	98.0
Net stable funding ratio (NSFR)	128.0	128.0	125.0	141.0	129.0	129.0
Liquidity coverage ratio (LCR)	0.0	288.0	329.0	328.5	296.5	349.4

Key financials (SEKmn)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Q3 2020 YTD
<b>BALANCE SHEET</b>						
Total assets	10,594	11,189	11,944	13,987	15,490	16,653
Total tangible assets	10,559	11,146	11,910	13,966	15,490	16,653
Total financial assets	10,417	10,979	11,273	12,579	14,634	15,099
Net loans and advances to customers	8,143	8,911	9,442	11,190	12,784	12,502
Total securities	1,242	1,179	1,181	1,226	1,339	1,473
Customer deposits	9,162	9,843	10,442	10,875	11,537	12,762
Issued securities	120	120	1,470	1,470	2,468	2,468
of which covered bond						
of which other senior			1,350	1,350	2,348	2,348
of which subordinated	120	120	120	120	120	120
Total equity	713	774	838	923	993	1,079
Total ordinary equity	713	774	838	923	993	1,079
<b>CAPITAL</b>						
Common equity tier 1	611	667	737	797	924	993
Tier 1	611	667	737	797	924	993
Total capital	731	787	857	917	1,044	1,113
REA	3,818	3,918	3,968	4,891	5,939	5,974
<b>INCOME STATEMENT</b>						
Operating revenues	305	334	360	366	342	270
Pre-provision operating profit	112	117	126	130	107	109
Impairments	2	0	3	1	3	5
Net Income	85	90	94	117	111	83

Source: Company data. FY–full year. YTD–year to date.

**Figure 10. Sparbanken Rekarne rating scorecard**

Subfactors	Impact	Score
National factors	10.0%	bbb+
Regional, cross border, sector	10.0%	bb+
Operating environment	20.0%	bbb-
Capital	17.5%	bbb+
Funding and liquidity	15.0%	a
Risk governance	5.0%	a-
Credit risk	10.0%	bbb
Market risk	-	n/a
Other risks	2.5%	a
Risk appetite	50.0%	a-
Market position	15.0%	bbb
Earnings	7.5%	bbb+
Loss performance	7.5%	a+
Performance indicators	15.0%	a
<b>Indicative credit assessment</b>		<b>bbb+</b>
Peer comparisons		Neutral
Transitions		Neutral
Borderline assessments		Neutral
<b>Stand-alone credit assessment</b>		<b>bbb+</b>
Support analysis		+1 notch
Material credit enhancement		Neutral
Rating caps		Neutral
<b>Issuer rating</b>		<b>A-</b>
Outlook		Stable
<b>Short-term rating</b>		<b>N-1+</b>

**Figure 11. Capital structure ratings**

Seniority	Rating
Senior unsecured	A-

## DISCLAIMER

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