

SPARBANKEN REKARNE

Sweden
Financial institutions

4 Dec. 2018
Rating initiation

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 (Rekarne) reflects the bank's regional market and its relationship and cooperation with 50% owner, Swedbank AB. Rekarne's operations are focused on private customers and small and medium-sized enterprises (SMEs) in Eskilstuna and Strängnäs counties in central Sweden, with a local population of 140,000 inhabitants. As with other savings banks, the arrangement with Swedbank provides material diversification of product offerings, shared IT costs and the opportunity to finance mortgage loans via Swedbank Hypotek AB. We view Rekarne's cooperation with Swedbank as significant as it supports earnings, market position, the product offering, funding and liquidity and view the ownership as positive for the credit rating. However, we believe that the ownership and return requirements of Swedbank have contributed to the bank having a slimmer capital structure than similar peers across the Nordic region. The bank has total assets of SEK 13.0bn (SEK 22.6bn including transferred loans). Earnings metrics are in line with similar savings banks, and the bank's strong record on loan losses and impairment is expected to continue, given low interest rates and anticipated economic growth in the region.

OUTLOOK

Our stable outlook for Rekarne reflects expectations of population and economic growth in the bank's primary market and the bank's modest risk appetite. We expect the bank to maintain or improve capital ratios and to continue its relationship with Swedbank. While we apply a notch of ownership support in the rating, improvements in the standalone credit assessment are likely to reduce the perceived upside from ownership.

POTENTIAL POSITIVE RATING DRIVERS:

- A rating upgrade is unlikely at this time given the current capitalisation and ownership of the bank.
- Improvements in the standalone credit assessment are likely to reduce the perceived upside from ownership.

POTENTIAL NEGATIVE RATING DRIVERS:

- Material economic changes in the region, such as factory closures, leading to reduced economic activity and employment.
- Reduced cooperation with or ownership by Swedbank.
- Material changes in underwriting leading to increased credit risk concentration.

Figure 1. Sparbanken Rekarne key credit metrics, 2014–2020e

	2014	2015	2016	2017	2018e	2019e	2020e
Net interest margin (%)	1.98	1.54	1.36	1.37	1.39	1.50	1.60
Loan losses/gross loans (%)	0.01	0.03	0.01	0.03	0.04	0.03	0.03
Pre-provision income/REA (%)	3.6	3.2	3.0	3.2	3.6	3.9	4.3
Return on equity (%)	15.1	13.0	12.2	11.7	12.8	14.0	14.8
Loan growth (%)	17.5	13.0	9.4	6.0	12.0	9.0	9.0
CET1 ratio (%)	16.3	16.0	17.0	18.6	18.6	19.4	20.4

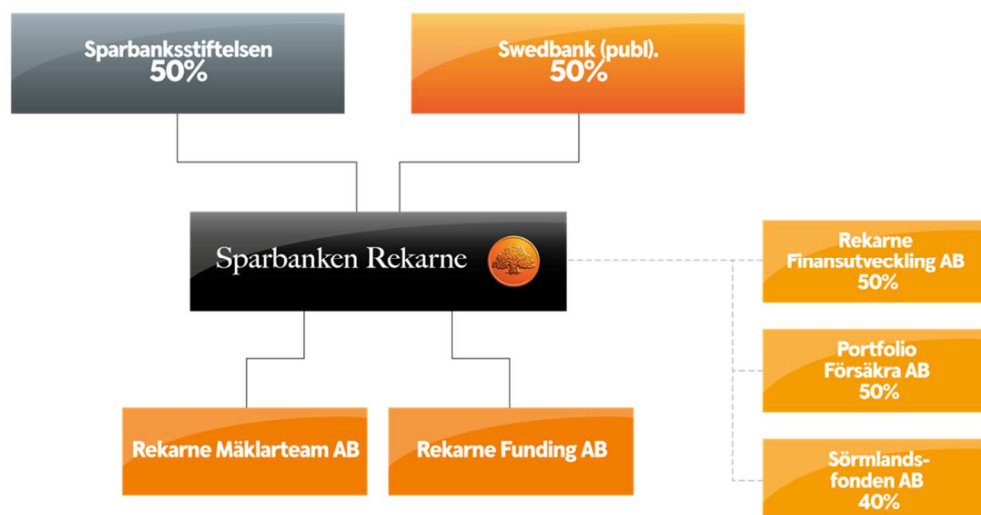
Source: NCR estimates and company data. e – estimate. REA – risk exposure amount. CET1 – common equity Tier 1. All metrics are adjusted as per NCR methodology.

COMPANY PROFILE

Rekarne is a savings bank, with ownership evenly divided by Swedbank and the Sparbanken Rekarne foundation. 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. However, Swedbank's 50% ownership distinguishes the bank from other savings banks by increasing its focus on achieving return targets set by Swedbank. In addition to traditional lending, the bank owns local estate agents and shares ownership of investment companies and an IT development company that produces technical solutions for savings bank peers across Sweden.

Rekarne is based in Eskilstuna, with branches in Strängnäs and Mariefred, in the county of Södermanland, on the south shore of Lake Mälaren. These communities have a total of 140,000 inhabitants, a strong manufacturing industry and the area is also home to Sweden's largest higher-education institution, Mälardalen University, with 15,000 students. Eskilstuna's population is expected to increase by 15,000 and the region has seen growth in the construction of residential housing and public transport to accommodate the population expansion and reduce travel time to Stockholm.

Figure 2. Sparbanken Rekarne ownership and company structure, 2018



Source: Company presentation

STRONG MANUFACTURING REGION

Despite some cooling of the Swedish economy in the second half of 2018, NCR expects the domestic operating environment to remain strong for Swedish banks over the next two to three years. Loan losses and non-performing loans 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 as interest rates are gradually raised towards normalised levels (defined recently by the central bank as 2.5–4%). We view the slowdown in housing price appreciation as important for long-term financial stability, but recognise that the market uncertainty could result in continued price volatility.

Swedish banks' earnings and efficiency are strong compared with European peers. In addition, capitalisation and funding access remain strengths for the market as a whole. See further discussion in 'National Banking Market Assessment – Sweden' published on 30 Oct. 2018.

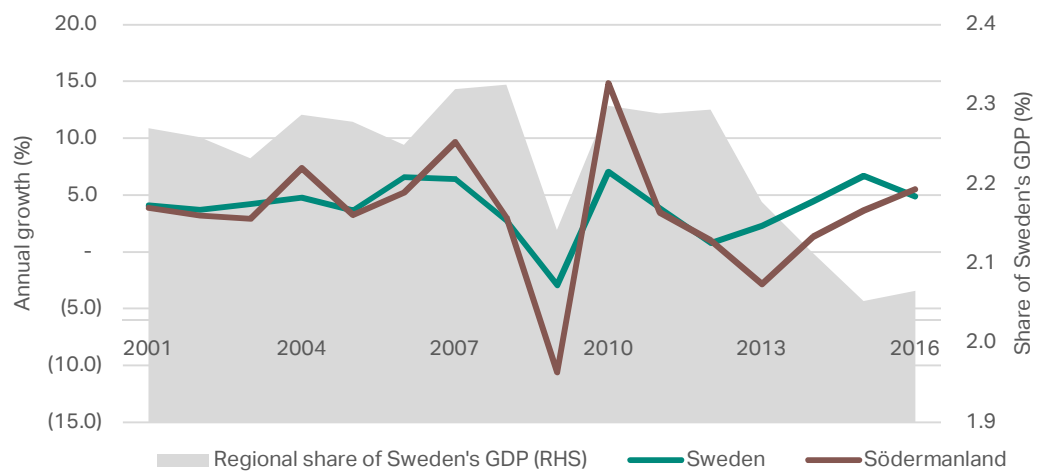
Operating environment scores 'bbb+'

Regional factors

Södermanland county and the neighbouring county of Västmanland are important for Sweden's manufacturing industry. The Södermanland economy has generally moved in step with the Swedish economy and has enjoyed cumulative annual growth of 3.3% since 2000 and 3.7% since a steep decline in 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 Södermanland economy (see Figure 3). Despite this, Eskilstuna and Strängnäs counties have diverse employment with 14–16% of workers employed in manufacturing, compared with 12% at national level, as well as a higher share of employment in education owing to the size of the local university. Construction is also an important employer in the region in view of the anticipated growth to fulfil existing and future housing needs and improvements to commuting facilities and public transport. In total, the county's population growth is similar to Sweden's, with 0.8% growth since 2000, and is driven by foreign-born migration.

Södermanland's GDP growth remains below the national levels of 3.9% since 2000 and the region's share of the Swedish economy has decreased in recent years (see Figure 3). This is typical for many of Sweden's counties and is largely due to the high growth in the Stockholm, Uppsala and Västra Götaland (Gothenburg) regions over the same period. We consider the size of Rekarne's primary market, diversified employment and the slower economic growth in our overall score of 'bbb+' for the bank's operating environment assessment. This compares with the national score of 'a-'.

Figure 3. Södermanland's annual GDP growth and regional share of Sweden's GDP, 2001–2016



Source: Statistics Sweden

CAPITAL SUPPORTED BY OWNERSHIP AND COLLATERISED LOANS

Despite Rekarne being a savings bank, its risk profile is affected by its 50% ownership by Swedbank, a commercial bank with expectations of a 15% return on equity for the bank. In our view, this is the primary reason for Rekarne having considerably higher leverage than other Swedish savings banks (see Figure 4). Rekarne has grown its loan book rapidly in 2018 by retaining a higher share of mortgage loans on its own balance sheet rather than transferring them to Swedbank.

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. Through its subsidiary Rekarne Finansutveckling, Rekarne develops risk management and governance solutions for other Swedish savings banks. We view this risk leadership among the bank's peers as positive for the bank's own risk governance as it further enhances its internal tools.

We assess risk appetite as 'bbb+'

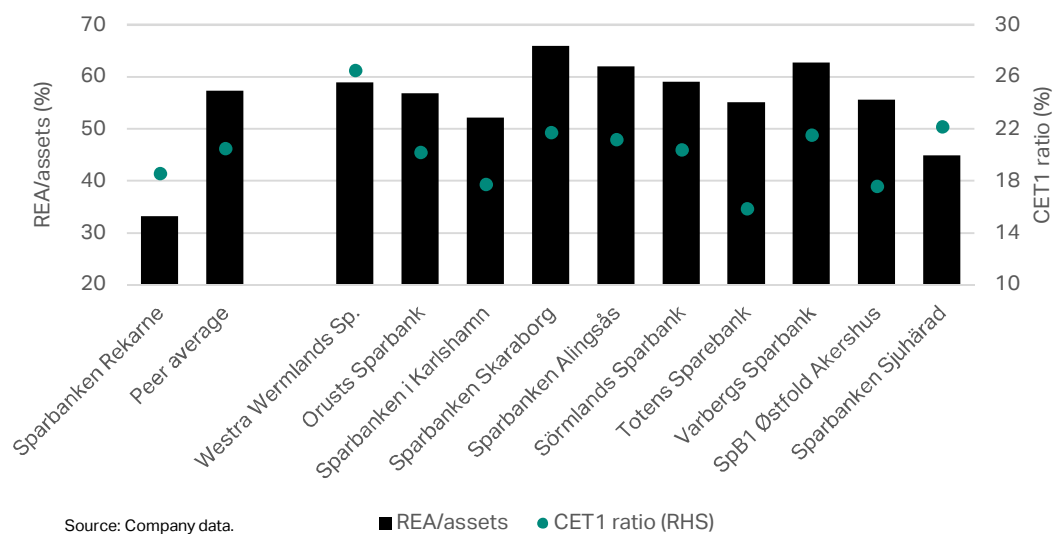
Capital

Despite its relatively small size, the bank operates with many similarities to Swedbank in terms of capital structure. Rekarne is one of six savings banks using internal ratings-based models in its calculation of regulatory risk exposure amount (REA). This has resulted in the lowest share of REA to assets of comparable savings banks in Sweden and Norway (see Figure 4). In our view, this makes the bank's common equity Tier 1 (CET1) capital ratio of 17.5% as of 30 Sep. 2018 (19.1% including 70% of YTD profit) difficult to compare with regional peers, which tend to have both higher ratios and more conservative capital models. In addition, we note that the bank's leverage ratio is around 6%, a level typically reserved for more diversified national or international banks.

To improve comparability with similar peers, we consider an adjusted REA when assessing the bank's capitalisation and earnings. We assume a standardised model for credit risk exposures, giving credit for highly collateralised loans, which results in an additional SEK 1.2bn in REA, split evenly between retail and corporate loans, and an adjusted REA/assets of 43%. We therefore view the capital situation as in line with a 'bbb' assessment, equivalent to a range of 15% CET1 using a standardised model.

We expect the bank to improve its regulatory CET1 ratio over the next two to three years, as it retains a higher share of residential mortgage loans on its own balance sheet and net interest margins improve. We assume on-balance-sheet loan growth of 9% for 2019–2020 (approximately 6.5% including transferred loans) and a dividend pay-out ratio of 30%. While the current on-balance-sheet growth is above national levels, we perceive overall loan growth to be in line with the lending volume in Sweden.

Figure 4. Sparbanken Rekarne common equity Tier 1 (CET1) and risk exposure amount (REA)/asset ratios, 2017



Funding and liquidity

The growth of the loan book has pushed the loan to deposit ratio to 100% for the first time as of 30 Sep. 2018. To finance this growth, the bank has issued SEK 1bn in senior unsecured debt in 2018 and is expected to issue more if necessary, via its SEK 2bn medium-term note (MTN) programme. As of 30 Sep. 2018, the liquidity coverage ratio (LCR) was 436%, which is exceptionally high in part due to a technicality related to the Oct 4 receipt of funds from its most recent senior unsecured debt issuance. We expect the bank to maintain a LCR and net stable funding ratio well above regulatory requirements, in line with its internal risk limits and targets. We anticipate that the bank will maintain a high share of well-diversified retail deposits in its funding profile, even as it grows. Rekarne has quite a different profile from the majority of the Swedish market, where banks tend to use covered bonds and senior unsecured debt for around two-thirds of their funding, but its funding is similar to that of other Swedish savings banks.

The MTN programme was created in April 2018, and the bank has had good access to senior unsecured financing in Swedish kronor. In April 2018 and October 2018, the bank issued SEK 500m in senior unsecured bonds with at least three-year maturities, with spreads of 77 and 84bps over three-month STIBOR (see instrument ratings in Figure 10 for details).

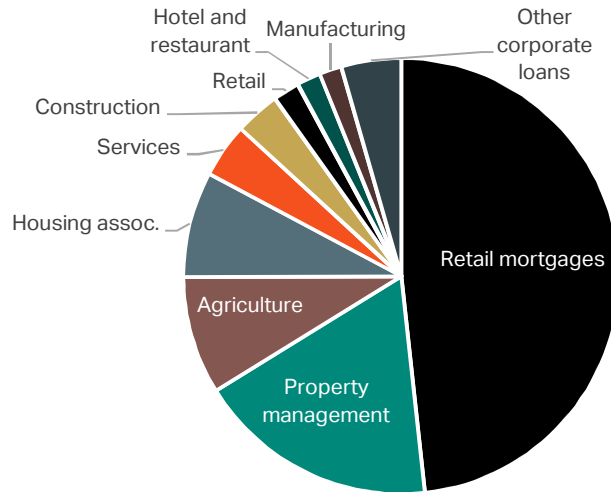
Rekarne's cooperation with Swedbank also provides various funding benefits. Rekarne has an SEK 400m credit facility from Swedbank. In addition, Rekarne can transfer residential mortgages to Swedbank Hypotek AB in exchange for commission. As of the third quarter of 2018, the bank had transferred SEK 9.6bn to Swedbank, compared with the nearly SEK 11bn of net loans on its own balance sheet, including SEK 5.3bn in residential mortgages. The bank has elected to grow its own loan book and has reduced the total volume of transferred loans in recent quarters. The rate of transfers to Swedbank is likely to depend on access to and the pricing of future capital market instruments, margin development, as well as the interest rate fixing of future mortgage loans.

HIGH EXPOSURE TO LOCAL PROPERTY MARKETS

We score credit risk 'bbb'

Rekarne's lending exposures are associated with retail and commercial mortgages on existing property, with 82% of on-balance-sheet loans associated with residential, commercial or agricultural properties (see Figure 5). Given that over 85% of the bank's customer base is within its core markets, there is a material concentration of real-estate collateral around Eskilstuna and Strängnäs. As the bank retains more loans, the share of residential mortgages has increased. In addition, the bank is financing growth in Eskilstuna's residential housing market, with a majority of development loans guaranteed by the National Board of Housing, Building and Planning and are considered to have a 0% risk weighting given the government-related sponsor.

Figure 5. Sparbanken Rekarne loans by segment, 30 Sep. 2018



Source: company data

Aside from property-related lending, the loan book has modest exposures to various corporate segments, without being overweight in construction or manufacturing. However, many of the bank's exposures would have secondary effects if there were significant layoffs at any of the region's largest manufacturers. Agriculture lending includes a high share of family-owned farms and forests, and there were few losses following a dry summer in 2018.

Rekarne's SEK 9.6bn in transferred mortgage loans to Swedbank provide income via commission fees negotiated by the savings banks. Rekarne has a first-loss risk associated with the transferred loans that results in a reduction in paid commission when writedowns of transferred loans occur. This risk is

capped at the commission payment for the loans of about SEK 68m a year. Given the size of the transferred loan portfolio, reduced commission could result in a meaningful reduction in earnings in an economic downturn, affecting the asset quality of the transferred loans. We note that the risk is capped at about 71bps of the transferred loans.

Other risks and strategic ownership

In our view, market risk is not a material risk factor for the bank, 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 risks on its own books. There is some spread and counterparty risk associated with the bank's liquidity portfolio, but the vast majority of the exposure is to highly rated counterparties.

Rekarne has strategic ownership in Indecap Holding AB (jointly owned alongside 38 savings banks), owns 50% of the shares in Portfolio Försäkra AB (50% sold to Sparbanken Västra Mälardalen in 2018) and has two smaller ownership stakes. We do not view the ownership of these companies as material risks for the bank. The unrealised gains associated with the bank's holdings in Indecap shares are deducted from the capital base.

STRONG LOCAL POSITION BUT LIMITED REGIONAL MARKET SHARE

We score market position 'bbb'

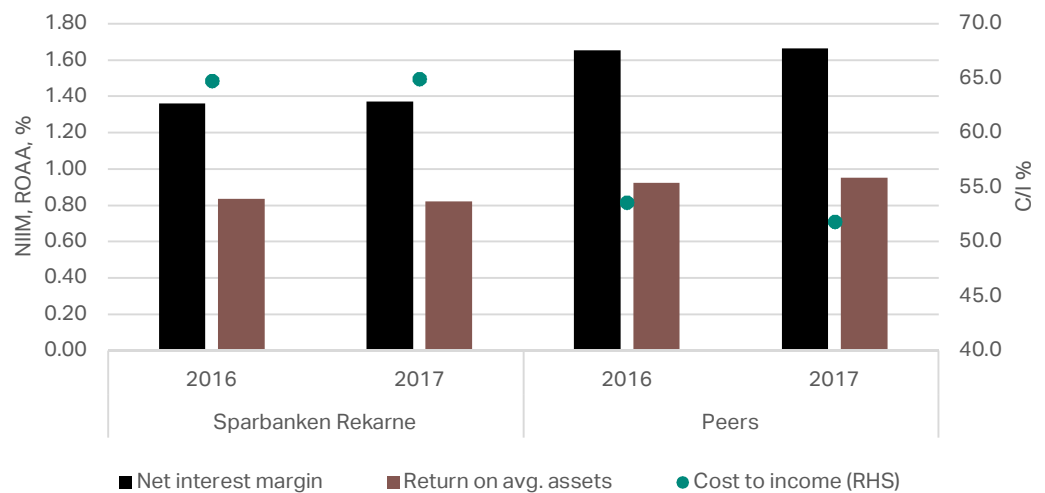
Rekarne has a strong position in its core markets and among local individuals and SMEs, with 77,000 private and 7,000 corporate customers in a market of 140,000 inhabitants. Rekarne faces local competition from the full range of Sweden's national banks, and the largest corporations in the region are typically serviced by the larger banks. New competitors in the mortgage market have received a lot of attention for their low mortgage rates, but thus far Rekarne has not experienced a material impact on its customer base and added competition has not affected its ability to grow volumes. At national level, the bank has only 0.4% of loans, including transferred loans to Swedbank.

EARNINGS AND LOSS PERFORMANCE IN LINE WITH PEERS

We assess performance indicators at 'a+'

We expect Rekarne's earnings performance to improve as interest rates normalise and as a result of maintaining a higher share of loans on the bank's balance sheet. This should lead to further improvements in cost efficiency, which is below market levels. We do not foresee considerable deterioration in the bank's asset quality given low interest rates and expectations of continued positive economic development in the region.

Figure 6. Sparbanken Rekarne earnings vs Nordic savings bank peers, 2016–2017



Source: company data. Peers include 22 rated savings banks in Norway, Sweden and Finland.

Earnings performance

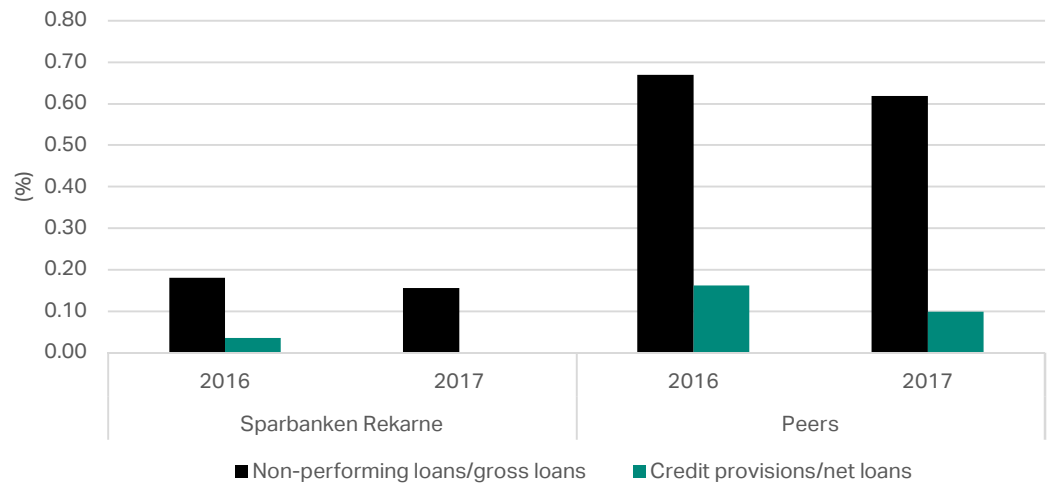
Rekarne's earnings metrics are somewhat lower than other rated savings bank peers, but we expect the gap to reduce as interest rates normalise. The cost-to-income ratio of 65% is well above that of most peers and the net interest margin (NIM) of 1.4% has been impacted by the reduction in market rates. The decrease has been exacerbated by the bank applying a floor of 0% on all deposits, which have historically comprised more than 100% of loan financing. Looking forward, we expect the bank to be able to materially increase its net interest margin as rates normalise alongside an improvement in deposit margins and returns on liquidity buffers.

Rekarne has averaged a return on equity of 13% over the last five years, even as rates have fallen. This exceeds most savings banks given the lower share of equity than peers. Our analysis of risk-adjusted earnings therefore makes a similar adjustment for the bank's REA as described in the capital section above. This results in a pre-provision return on REA of about 2.5% (3.2% unadjusted), which is equal to the peer average. We believe that higher returns will help reduce the gap between the bank and its peer group. We project that the ratio will fall below 55% and towards the peer average of 52%, as long as interest rates rise as we expect (see Key National Metrics in Figure 12).

Loss performance

Rekarne's loss performance has been outstanding in recent years and non-performing loans now represent a very low 16bps of gross lending as of 30 Sep. 2018 and were not materially impacted by the implementation of IFRS 9 in 2018. We project loan losses to be a manageable 4bps in our forecast, given a stable and growing regional economy and continued low interest rates, even as rates are expected to rise over the next two years.

Figure 7. Sparbanken Rekarne asset quality vs Nordic savings bank peers, 2016–2017



Source: Company data. Peers include 22 rated savings banks in Norway, Sweden and Finland.

ADJUSTMENT FACTORS

PEER COMPARISON

We believe that Rekarne's standalone strengths and weaknesses are reflected in the 'bbb+' initial credit assessment. We therefore do not adjust based on a peer assessment or any other factors. NCR has confidential credit assessments (not full credit ratings) on 286 Nordic banks, 60 of which are Swedish banks. The average assessment for Swedish banks is 'bbb+'.

SUPPORT ANALYSIS

Rekarne's ownership is split 50/50 between Swedbank and 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 provide an additional notch in our assessment given the ability of Swedbank to provide additional credit support. This notching also reflects our confidential credit assessment of Swedbank being higher than 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 of Swedbank and Rekarne.

ISSUE RATINGS

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

Figure 8. Sparbanken Rekarne issue rating indications

Issue rating indications	Starting point	Issue rating
Senior unsecured	Issuer credit rating	A-

Figure 9. Sparbanken Rekarne rating scorecard

Subfactors	Impact	Score
National factors	10.0%	a-
Regional, cross border, sector	10.0%	bbb
Operating environment	20.0%	bbb+
Capital	17.5%	bbb
Funding & liquidity	15.0%	a
Risk governance	5.0%	a-
Credit risk	10.0%	bbb
Market risk	0.0%	N/A
Other risks	2.5%	a
Risk appetite	50.0%	bbb+
Market position	15.0%	bbb
Earnings	7.5%	a
Loss performance	7.5%	aa-
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		1
Material credit enhancement		0
Rating caps		0
Support		1
Issuer rating		A-
Short-term rating		N-1+

Figure 10. Sparbanken Rekarne instrument ratings

ISIN	Seniority	Issued	Maturity	Rating	Curr.	Amount
SE0011425909	Senior unsecured	04/10/2018	04/04/2022	A-	SEK	500m
SE0011088764	Senior unsecured	03/05/2018	03/05/2021	A-	SEK	500m

Figure 11. Sparbanken Rekarne key credit metrics and financials

Key credit metrics (%)	2013	2014	2015	2016	2017	2018Q3 YTD
Income composition						
Net interest income/op. revenue	56.4	53.6	48.4	43.5	42.3	45.0
Net fee income/op. revenue	41.3	44.8	52.7	52.9	53.8	48.5
Net trading income/op. revenue	1.2	0.8	(1.8)	3.0	3.3	4.5
Net other income/op. revenue	1.1	0.7	0.6	0.6	0.6	2.0
Earnings						
Net interest margin	2.1	2.0	1.5	1.4	1.4	1.4
Pre-provision income/REA	3.0	3.6	3.2	3.0	3.2	3.4
Return on ordinary equity	12.7	15.1	13.0	12.2	11.7	15.3
Return on assets	0.8	1.0	0.9	0.8	0.8	1.1
Cost-to-income ratio	68.3	63.1	63.0	64.7	64.9	61.9
Cost-to-income ratio, ex. trading	69.2	63.6	62.0	66.7	67.1	64.8
Capital						
CET1 ratio	15.6	16.3	16.0	17.0	18.6	17.5
Tier 1 ratio	15.6	16.3	16.0	17.0	18.6	17.5
Capital ratio	19.3	16.3	19.2	20.1	21.6	20.3
REA/assets	37.3	36.8	36.0	35.0	33.2	32.9
Dividend payout ratio	-	23.1	35.0	33.0	30.8	-
Leverage ratio	5.9	6.1	5.8	6.0	6.2	5.8
Growth						
Asset growth	11.9	10.4	18.7	5.6	6.7	10.0
Loan growth	13.3	17.5	13.0	9.4	6.0	15.0
Deposit growth	11.9	5.9	17.8	7.4	6.1	6.6
Loss performance						
Credit provisions to net loans	0.2	0.0	0.0	0.0	0.0	0.0
Impaired loans to gross loans	0.4	0.2	0.2	0.1	0.2	0.2
Net impaired loans to gross loans	0.1	0.0	0.0	0.0	0.1	0.0
Net problem loans to equity	1.5	0.4	0.4	0.4	0.7	0.1
NPL coverage ratio	67.9	83.5	78.6	71.1	64.6	96.4
Funding & liquidity						
Loan/deposit ratio	83.5	92.7	88.9	90.5	90.4	100.3
Net stable funding ratio	-	-	-	-	125.0	125.0
Liquidity coverage ratio	-	-	-	262.0	329.0	436.0

Key financials (SEKm)	2013	2014	2015	2016	2017	2018Q3 YTD
Balance sheet						
Total assets	8,087	8,925	10,595	11,190	11,945	13,060
Total tangible assets	8,043	8,884	10,560	11,147	11,911	13,038
Total financial assets	7,939	8,785	10,413	10,979	11,273	12,440
Net loans and advances to customers	6,136	7,209	8,143	8,912	9,443	10,971
Total securities	1,130	1,063	1,235	1,173	1,176	1,204
Customer deposits	7,346	7,780	9,163	9,843	10,442	10,939
Issued securities	120	-	120	120	120	620
of which senior	-	-	-	-	-	500
of which subordinated	120	-	120	120	120	120
Total equity	537	609	714	774	839	905
Total ordinary equity	537	609	714	774	839	905
Capital						
Common equity tier 1	471	534	612	667	737	751
Tier 1	471	534	612	667	737	751
Total capital	581	534	732	787	857	871
REA	3,017	3,281	3,818	3,918	3,969	4,292
Income statement						
Operating revenues	285	308	305	334	361	275
Pre-provision operating profit	90	114	113	118	127	105
Impairments	10	1	2	1	4	0
Net income	63	87	86	91	95	100

Source: NCR estimates and company data. REA – risk exposure amount. CET1 – common equity Tier 1. NPL – non-performing loans. All metrics are adjusted as per NCR methodology.

Figure 12. Sweden - key national metrics

	2014	2015	2016	2017	2018e	2019e	2020e
Real GDP growth (%)	2.7	4.3	3.0	2.5	2.9	2.0	1.8
CPI growth (%)	(0.2)	(0.1)	1.0	1.8	2.1	2.1	1.9
Unemployment rate (%)	7.9	7.4	6.9	6.7	6.2	6.1	6.2
Current account balance/GDP (%)	4.5	4.5	4.2	3.3	3.9	4.1	4.1
Central bank policy rates	0.0	(0.4)	(0.5)	(0.5)	(0.5)	0.1	0.7

Source: Economist Intelligence Unit, NCR consensus estimates, Riksbanken. e-estimate.

Type of credit rating:	Long-term issuer credit rating Short-term issuer credit rating Issue credit rating The rating is an initial credit rating.
Publication date:	The rating was first published on 4 Dec. 2018
Office responsible for the credit rating:	Nordic Credit Rating AS, Oslo, Norway
Primary analyst:	Sean Cotten sean.cotten@nordiccreditrating.com
Rating committee chairperson responsible for approval of the credit rating:	Michael Andersson
Methodology used when determining the credit rating:	<u>'Nordic Credit Rating Financial Institutions Methodology'</u> <u>'Principles of Nordic Credit Rating'</u> 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. Nordic Credit Rating's methodologies and principles can be found on our website: www.nordiccreditrating.com The historical default rates of entities and securities rated by Nordic Credit Rating AS can be viewed on the central platform (CEREP) of the European Securities and Markets Authority (ESMA): http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml .
Materials used when determining the credit rating:	<ul style="list-style-type: none"> • Annual/quarterly reports of the rated entity • Company presentations • Bond prospectuses • Meetings with management of the rated entity • Website of rated entity • Non-public information • Press reports/public information • Data provided by external data providers • External market reports <p>Nordic Credit Rating considers the data it has analysed to be satisfactory and, to the best of its knowledge, believes the information to be reliable. However, Nordic Credit Rating does not guarantee that the information used is fully adequate, accurate or complete.</p>
Conflicts of interest:	The rating is Nordic Credit Rating's independent opinion of the rated entity's relative creditworthiness. The rating is solicited, i.e. it is prepared for a fee paid by the rated entity. At the time of analysis and publication neither Nordic Credit Rating AS nor any of the analysts or persons involved in the rating process held any interests or ownership interest or securities in the rated entity. The issuer (Rekarne) is partially-owned by Swedbank. Swedbank holds 4.89% ownership in NCR. In addition, the Sparbanken Rekarne foundation is an indirect shareholder of NCR through its holding in Swedbank.
Additional information:	Prior to publication, the rating was disclosed to the rated entity. The issuer was given 24 hours (of which 8 business hours) to remark on factual errors and/or the inadvertent inclusion of confidential information, if applicable. Nordic Credit Rating's rating is an opinion regarding the relative creditworthiness of an entity or an instrument. It is not a prediction, guarantee or recommendation to buy, hold or sell securities. Further information on the rating process, rating definitions and limitations is available on our website: www.nordiccreditrating.com .
Ancillary services provided:	No ancillary services were provided.
Regulations:	EU Disclosure: EC 1060/2009
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