Collector Bank AB (publ)

Rating Action Report

LONG-TERM RATING

BBB-

OUTLOOK

Stable

SHORT-TERM RATING

N3

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Collector Bank assigned 'N3' short-term issuer rating following short-term criteria update

Nordic Credit Rating (NCR) said today that it had assigned an 'N3' short-term issuer rating to Sweden-based Collector Bank AB (publ), in accordance with its revised short-term rating scale. The assigned short-term rating is the higher of the alternatives given the long-term issuer rating of 'BBB-', which reflects our assessment that the bank's liquidity is adequate. At the same time, the 'BBB-' long-term issuer rating, the 'BBB-' issue ratings on senior unsecured debt, 'BB' issue ratings on tier 2 instruments and the 'B+' issue ratings on additional tier 1 instruments were affirmed. The outlook is stable. The ratings are no longer under criteria review.

Rating list	**To**	**From**
Long-term issuer credit rating:	BBB-	BBB-
Outlook:	Stable	Stable
Short-term issuer credit rating:	N3	N-1+
Senior unsecured issue rating:	BBB-	BBB-
Tier 2 issue rating:	BB	BB
Additional Tier 1 issue rating:	B+	B+

Figure 1. Collector Bank rating scorecard

Subfactors	Impact	To	From
National factors	10.0%	a-	a-
Regional, cross border, sector	10.0%	bbb-	bbb-
Operating environment	20.0%	bbb	bbb
Capital	17.5%	bbb	bbb
Funding and liquidity	15.0%	bbb	bbb
Risk governance	5.0%	bb	bb
Credit risk	10.0%	bb	bb
Market risk	-	-	n/a
Other risks	2.5%	bbb-	bbb-
Risk appetite	50.0%	bbb-	bbb-
Market position	15.0%	bb	bb
Earnings	7.5%	aa	aa
Loss performance	7.5%	bb	bb
Performance indicators	15.0%	bbb+	bbb+
Indicative credit assessment		**bbb-**	**bbb-**
Transitions		Neutral	Neutral
Peer comparisons		Neutral	Neutral
Borderline assessments		Neutral	Neutral
Stand-alone credit assessment		**bbb-**	**bbb-**
Material credit enhancement		Neutral	Neutral
Rating caps		Neutral	Neutral
Support analysis		Neutral	Neutral
Issuer rating		**BBB-**	**BBB-**
Outlook		Stable	Stable
Short-term rating		**N3**	
Short-term rating (old scale)			**N-1+**

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	BBB-	BBB-
Tier 2	BB	BB
Additional Tier 1	B+	B+

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 18 Mar. 2021.
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.
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Were ESG factors a key driver behind the change to the credit rating or rating outlook?	No.
Methodology used when determining the credit rating:	NCR's Financial Institutions Rating Methodology published on 18 Feb. 2022 NCR's Group and Government Support Rating Methodology published on 18 Feb. 2022 NCR's Rating Principles published on 24 May 2022 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.
Potential conflicts of interest:	The rating is NCR'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 NCR nor any of the analysts or persons involved in the rating process held any interest, ownership interest or securities in the rated entity. NCR does not have any direct or indirect shareholder with a holding of more than 5% of NCR's shares and votes. For further information, please refer to NCR's conflict of interest policy which is available on: https://nordiccreditrating.com/governance/policies
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. The rating was not amended after the review by the issuer. No stress test or cash flow forecasting was performed. NCR'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. NCR assigns outlooks to issuer ratings to indicate where they could move in the near term, normally 12–18 months. Further information on the rating process, rating definitions and limitations is available on our website: nordiccreditrating.com/governance/policies.
Ancillary services provided:	No ancillary services were provided.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
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