

Varbergs Sparbank AB (publ)

Full Rating Report

LONG-TERM RATING

A-

OUTLOOK

Stable

SHORT-TERM RATING

N2

PRIMARY ANALYST

Sean Cotten
+46735600337
sean.cotten@nordiccreditrating.com

SECONDARY ANALYST

Ylva Forsberg
+46768806742
ylva.forsberg@nordiccreditrating.com

RATING RATIONALE

Our 'A-' long-term issuer rating on Sweden-based Varbergs Sparbank AB (publ) reflects the bank's exceptionally strong capitalisation and prudent loan portfolio management. The bank has a high proportion of secured lending and a history of strong asset quality. Varbergs Sparbank has a cooperation agreement with Swedbank AB, which provides material diversification of its product offering, shared IT costs, and the opportunity to finance retail mortgages via Swedbank Hypotek AB. We view this cooperation as significant because it supports Varbergs Sparbank's earnings, market position, product offering, funding and liquidity.

Varbergs Sparbank's earnings metrics are weaker than those of its more efficient and profit-driven Swedish peers, but in line with those of Nordic savings bank peers. We expect the bank's margins to improve over the near term due to higher interest rates. Varbergs Sparbank is based in Varberg Municipality, on Sweden's west coast. While the Varberg region has a diverse business sector, the bank has notable risk concentrations in the local real estate market.

STABLE OUTLOOK

The outlook is stable, reflecting our expectations of population and economic growth in the Varberg region. It also reflects the bank's modest risk appetite. We believe that Swedish savings banks will prove resilient to an economic slowdown, supported by strong capital and improving margins. We expect the bank's primary market to remain relatively stable with low unemployment. We also expect the bank's capital ratios and asset quality to remain strong, and that its access to and relationship with Swedbank will continue.

POTENTIAL POSITIVE RATING DRIVERS

- Improved core earnings performance, for example core cost/income below 50% or core pre-provision earnings sustainably above 2.5%.

POTENTIAL NEGATIVE RATING DRIVERS

- Deteriorating operating environment leading to reduced regional growth, asset quality and collateral values.
- Weaker asset quality metrics and higher loan losses.
- Swedbank-related issues negatively impacting capitalisation or the cooperation agreement.

Figure 1. Varbergs Sparbank key credit metrics, 2018–2024e

%	2018	2019	2020	2021	2022e	2023e	2024e
Net interest margin	1.3	1.4	1.4	1.2	1.2	1.4	1.4
Loan losses/net loans	0.11	0.08	0.10	-0.30	0.15	0.15	0.13
Core pre-provision income/REA	1.6	1.8	1.7	1.5	1.7	2.2	2.3
Return on ordinary equity	6.4	8.1	3.5	7.6	5.4	6.6	7.4
Loan growth	2.1	8.5	1.4	1.6	3.5	3.7	5.0
CET1 ratio	22.2	23.7	24.6	30.8	32.0	29.8	27.5
Tier 1 ratio	22.2	23.7	24.6	30.8	32.0	29.8	27.5

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

Varbergs Sparbank is Sweden's third largest savings bank, with a total of SEK 53bn in business volumes (assets, including transferred loans, plus volumes of external and other off-balance-sheet products) and SEK 13.2bn in net lending on its own books. The bank has three branch offices, all of which are located in Varberg Municipality in Halland County on the west coast of Sweden. The bank is owned by Sparbanksstiftelsen Varberg, a foundation, which over time receives 20% of its profit as dividends. These are reinvested in the bank's area of operations to support local sports, cultural activities, business, research, education, and various regional associations.

Varbergs Sparbank has a history of cooperation with Swedbank, which enables material product diversification and shared IT costs, and provides the opportunity to finance retail mortgages via Swedbank Hypotek, Sweden's largest issuer of covered bonds.

OPERATING ENVIRONMENT

Operating environment
assessment 'bbb+'

NCR considers a balance of national and regional factors in its assessment of the operating environment. Varbergs Sparbank operates in a regional market, with a high proportion of its exposures associated with the local economy, which has lower unemployment than the national average.

National economy weakening

National factors 'a-'

Despite slowing economic activity and falling housing prices, we anticipate that Swedish banks will generally benefit from more normal interest rates. We expect Sweden to experience modest growth over the next 18 months as the economy adapts to higher borrowing and energy costs. We also believe the country's strong public finances support our outlook for the national economy. In addition, we expect the government to repeat its recent support for households if energy prices reach unaffordable levels in the months ahead.

Domestic inflation rates remain exceptionally high, which, combined with rising interest rates and high energy prices, is putting significant pressure on many households. However, unemployment remains low and GDP remains positive. This strengthens our belief that housing prices are giving up recent unjustified gains, with buyers and sellers reluctant to accept the 'new normal' of higher borrowing costs. NCR expects housing prices to decline through the remainder of 2022 before levelling out in 2023, allowing for some regional differences.

Despite some concern about their significant real estate exposures, Swedish savings banks are currently in good health both in terms of earnings and capital (see [Swedish savings banks end turbulent first half of 2022 in good shape](#), 12 Sep. 2022). Rising interest rates have not yet translated into higher interest margins, as funding costs have increased faster than lending rates, but we expect margins to improve even as the banks start raising deposit rates.

Regional economy resilient

Regional, sectoral, and
cross-border factors
'bbb+'

Despite its relatively small size, Halland County has a diverse economy with large service and public sectors, as well as agriculture and tourism. The region is more dependent on retail and trade than the Swedish average and more vulnerable to economic cycles. Varberg also has higher-than-average dependence on the energy sector because of a major nuclear power plant. These key employers aside, the Varberg region is broadly reflective of the wider Swedish economy. The municipality has around 67,000 inhabitants, a figure projected to grow to nearly 74,000 by 2040. Apart from the municipal and county administrations, the largest employers are the Ringhals nuclear plant, Sweden's largest, and the Södra Cell pulp mill, a major producer of wood pulp and green energy.

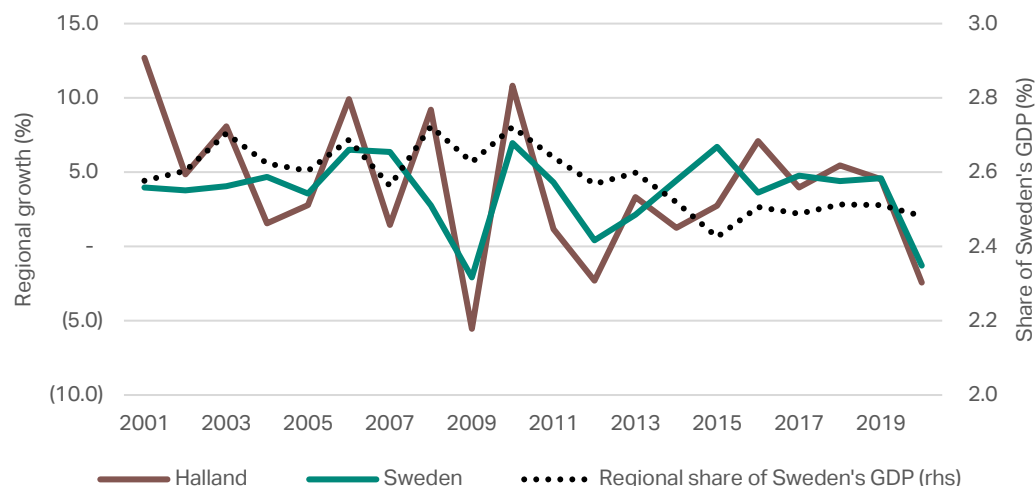
Figure 2. Varbergs Sparbank core markets

Municipality	Population, Dec. 2021	Expected Population Change, 2021–2040	Unemployment, Jul. 2022	Unemployment, Jul. 2021
Varberg	66,658	13.0%	3.5%	4.5%
Sweden	10,452,326	8.9%	6.7%	7.9%

Source: Statistics Sweden, Swedish Public Employment Service.

Halland County had an unemployment rate of 5.0% as of mid-2022. This was among the lowest in Sweden, with Varberg (3.5%) and neighbouring Kungsbacka (2.7%) well below the county and national averages. Halland County accounts for approximately 2.5% of Swedish GDP and its economy has grown at an average annual rate of 3.9% since 2000, compared with the national average of 3.7% over the same period. Halland's economy has largely moved in line with the national economy in recent years, despite a COVID-related decline in 2020. Varberg attracts employees from outside the municipality and has a daily net inflow of about 1,800 workers.

Figure 3. Halland County's annual economic growth and share of Sweden's GDP, 2001–2020



Source: Statistics Sweden.

RISK APPETITE

Risk appetite assessment
'a'

Varbergs Sparbank's low risk profile reflects the bank's substantial capital and liquidity buffers, high proportion of diverse retail deposits, access to market funding, and ability to transfer loans to Swedbank. The bank has natural portfolio concentrations in its local real-estate market and the agricultural sector, but relatively low single-name concentrations.

Risk governance proportional to the bank's complexity

Risk governance 'a-'

While its operations are less complex than those of larger banks, Varbergs Sparbank's risk framework is well developed and integrated in its credit processes and business planning. In our view, the bank has a low risk appetite and thorough limit framework. Varbergs Sparbank has a relatively high standard of internal reporting of its risk appetite and limits. Strategic focus areas include customers, employees, market perception, financial performance, and risk profile, with well-defined performance indicators and internal goals. The bank has four front-office employees responsible for combatting money laundering, with cooperation from Swedbank.

Varbergs Sparbank has made significant progress in applying ethical and environmental considerations in its credit process and incorporating sustainability into its corporate culture. Sustainability is one of three key focus areas, alongside corporate culture and efficiency, and the bank has made material progress in reporting estimates of its own greenhouse gas emissions as well as those of its customers. Varbergs Sparbank also factors physical risk due to climate change into its stress testing.

Capital ratios projected to decline from exceptionally high levels

Capital 'aa'

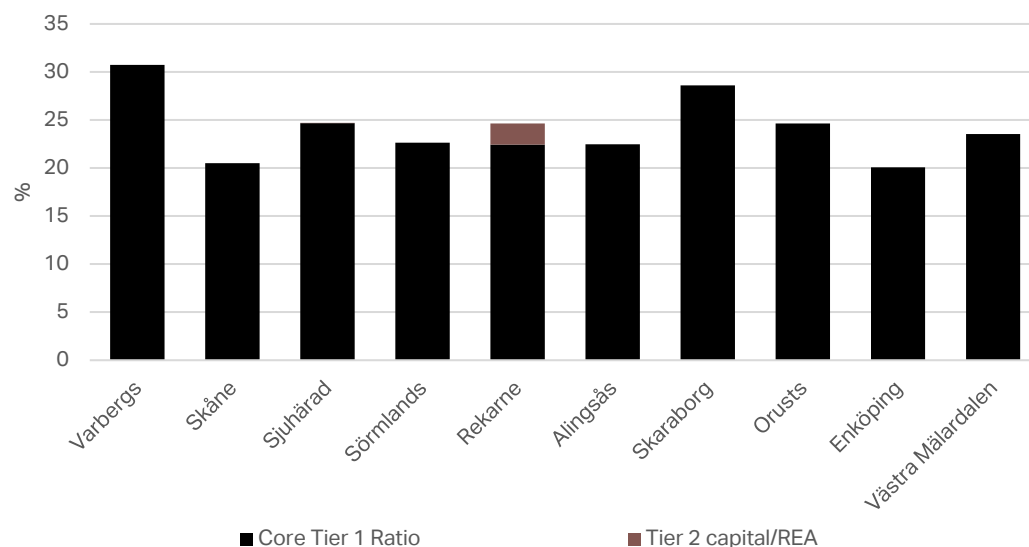
Varbergs Sparbank's CET1 ratio was 30.7% as of 30 Jun. 2022. We expect the bank to expand its loan book by 3.5-5.0% annually and to generate a return on equity of 5-7%, reducing the CET1 ratio toward 27% by 2024. We base our projection on improving margins, stable dividends from Swedbank, and our expectation that the bank will target an annual dividend of 20% of net profit.

Our CET1 ratio projection is well above Varbergs Sparbank's current regulatory requirement of 13.0%, including a 1.0pp regulatory assessment of Pillar 2 requirements following a supervisory review

process. On the basis of our projection of the bank's capital strength, we expect it to retain a strong margin above regulatory requirements, even as the regulatory countercyclical buffer increases to 2.0% by June 2023. Varbergs Sparbank's leverage ratio was 13.8% as of 30 Jun. 2022, which is strong in the context of Nordic banks and well above the 3.9% domestic regulatory requirement. The bank has no issued hybrid capital or subordinated debt.

Varbergs Sparbank's regulatory capital base excludes holdings of Swedbank shares which exceed 10% of its CET1. As of 30 Jun. 2022, the amount deducted from the capital base stood at SEK 709m of the SEK 1,054m market value on the balance sheet. We note that Varbergs Sparbank's capitalisation would still be strong, at 26.8%, if the remaining market value of the Swedbank shares were deducted from its capital base.

Figure 4. Varbergs Sparbank and domestic peer group capital ratios, 30 Jun. 2022



Source: bank reports.

Liquidity strong due to stable retail deposits

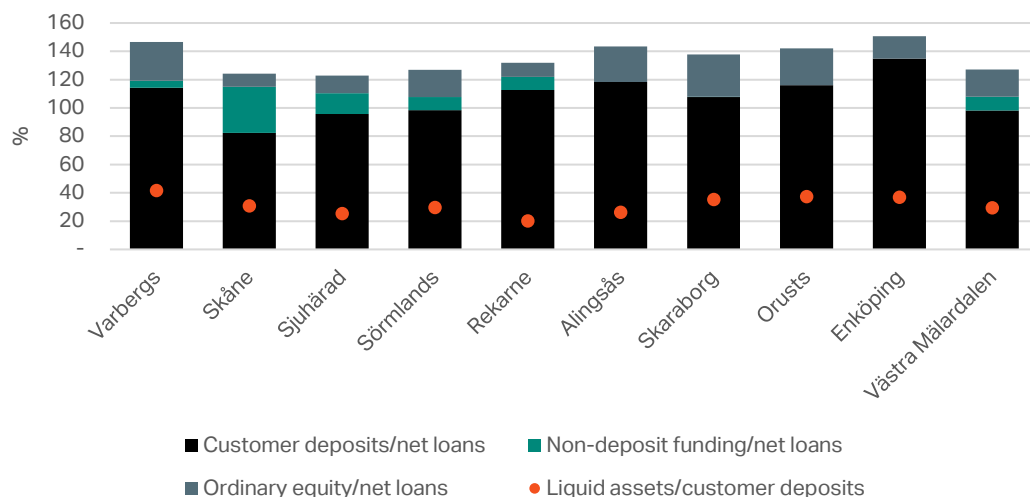
We view Varbergs Sparbank's management of funding and liquidity reserves as satisfactory. As of 30 Jun. 2022, the bank's liquidity coverage ratio was 298% and its net stable funding ratio was 158%, indicating solid liquidity and funding positions. The liquidity coverage ratio is typically in excess of 300% and the net stable funding ratio is well above regulatory requirements. Varbergs Sparbank's loan-to-deposit ratio has fluctuated between 90% and its stated maximum of 105% in recent years. We expect this ratio to remain below 90% over our forecast period due to higher capital market funding costs. We also expect tighter capital markets and falling levels of savings to lead to more competition for deposits. However, we predict that higher interest rates will improve the contribution of deposits to net interest margins over our forecast period.

Since 2015, Varbergs Sparbank has had access to the capital markets and senior unsecured financing through a SEK 2.5bn medium-term note programme. The bank issued a first green bond of SEK 350m in November 2021 with a 'medium green' score from Norway-based climate research agency CICERO. The bond has primarily been used to finance environmentally friendly properties and sustainable agriculture. While the bank aims to issue regularly in the capital markets, we anticipate that it will not refinance a SEK 300m bond scheduled to mature in December 2022 until markets stabilise, as we expect, in 2023.

Varbergs Sparbank's cooperation with Swedbank provides various funding benefits. The bank has transferred SEK 9bn in residential mortgages to Swedbank Hypotek, which pays the bank commission in return. Loan transfers to Swedbank Hypotek have been decreasing but we continue see the relationship as supportive of the bank's liquidity management. Most of the transferred loans are residential mortgages and we conclude that the bank has not been significantly affected by restrictions on new commercial mortgage transfers and reduced commission on transferred commercial loans.

Funding and liquidity 'a'

Figure 5. Varbergs Sparbank funding profile vs Swedish savings bank peers', 30 Jun. 2022



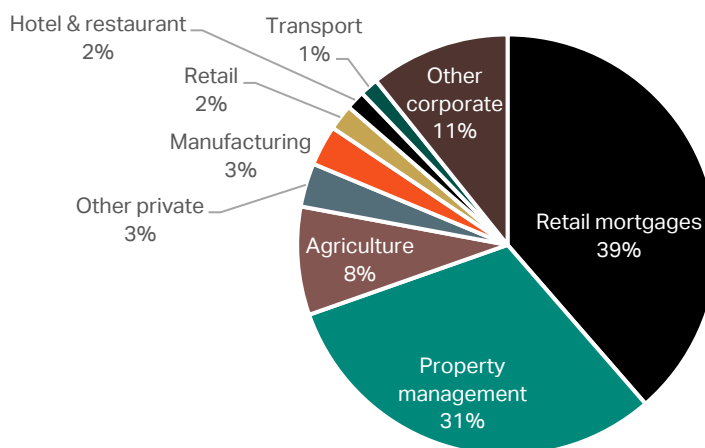
Source: bank reports.

Loan book contains geographic and real estate concentrations

Varbergs Sparbank's regional operations create geographic risk concentrations, which are constrained by various limits in the bank's risk appetite framework and internal risk reporting. The bank's exposures are heavily focused on local property, with 72% of on-balance-sheet loans associated with residential, commercial or agricultural properties (see Figure 6). Less than 3% of the loan book consists of unsecured lending. The high concentration of real estate collateral could be negatively affected by significant climate events, as reflected in the bank's own internal stress testing. In addition, increases in climate volatility and higher temperatures could affect the performance of farming and forest operations to which the bank has exposure. Varbergs Sparbank is maintaining most new residential mortgage lending on its own balance sheet, though this varies periodically depending on commission payments from Swedbank Hypotek.

Varbergs Sparbank's lending is focused on private individuals and SMEs with primary operations in the bank's own core markets, which intensifies the geographic concentration of the loan book. This is partly offset by the Varberg region's proximity to Gothenburg and low unemployment in its market. Apart from some large exposures to local property management companies, the loan book has meaningful diversity across sectors and customers. Lending to the agricultural sector is particularly diverse, with a high proportion of lending extended to family-owned farms and some forestry operations. Despite the significance of tourism in the Varberg region, direct lending to the sector is modest.

Figure 6. Varbergs Sparbank net loans by sector/type, 30 Jun. 2022



Source: company.

Credit risk 'bbb'

Varbergs Sparbank's SEK 8.9bn in mortgage loans transferred to Swedbank Hypotek provides income via commission fees. The bank has a first-loss risk associated with the transferred loans that results in a reduction in commission paid when writedowns of transferred loans occur. The maximum risk associated with transferred loans is about SEK 40m a year, or broadly equal to the amount of reported loan commission income.

Market risk low; exposure to other risk moderate

Other risks 'a'

In our view, market risk is not a material risk factor for Varbergs Sparbank, given the lack of a trading portfolio, low limits on interest rate risk, and immaterial foreign currency exposure. The bank uses interest rate derivatives for hedging purposes.

Varbergs Sparbank's ownership of Swedbank shares ensures it has a meaningful voice alongside other savings banks that own shares, either directly or via their respective owner foundations. We consider the importance of Swedbank dividends in our assessment of Varbergs Sparbank's earnings performance. Aside from its holdings of Swedbank shares, Varbergs Sparbank has insignificant direct shareholdings and fund exposure.

COMPETITIVE POSITION

Competitive position
'bbb+'

Varbergs Sparbank has a strong position in its core markets and counts 60% of local individuals and corporates among its clients. The bank has 52,000 private customers, of whom 85% use Varbergs Sparbank as their main bank, and 4,000 corporate customers. Varbergs Sparbank is the dominant bank among regional retail customers and SMEs, while the larger corporations in the Varberg region are generally serviced by larger domestic banks. At national level, Varbergs Sparbank had about 0.3% of retail deposits and 0.3% of total loans, including loans transferred to Swedbank, at end-2021.

We consider the bank's meaningful role and contributions to its local market as positive. It pays out 20% of its profit to support local activities through its owner foundation, Sparbanksstiftelsen Varberg, thereby improving ties with its local community. In addition, the bank strives to play a leading role in local environmental transition by sponsoring client climate evaluations. This further cements the bank's market position and improves its understanding of its own climate footprint.

PERFORMANCE INDICATORS

Performance indicators
'bbb+'

Varbergs Sparbank's earnings are buoyed by high dividends from Swedbank and the bank's historical loss performance has been solid. We believe that core earnings will improve over the near term due to higher interest rates, which should offset the higher loan losses we expect in our forecast.

Higher margins likely to improve core earnings

Earnings 'bbb+'

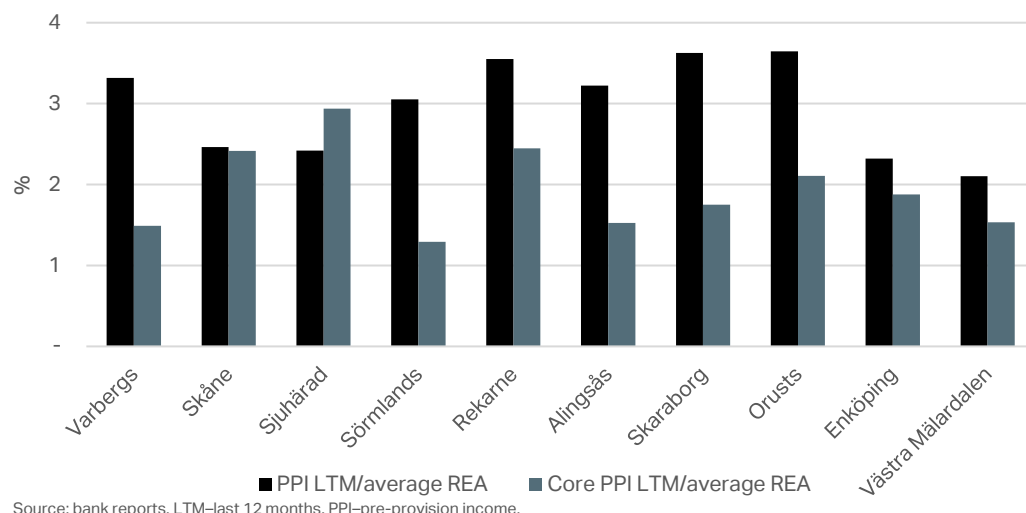
We expect rising interest rates to improve Varbergs Sparbank's net interest margins following the margin pressure of recent years due to low interest rates and tough competition, particularly for mortgage loans. We also expect that higher interest rates will eventually improve margins on loans transferred to Swedbank. Commissions on these loans have fallen in the course of 2022 due to a lag between the realisation of higher lending rates and the more immediate impact of Swedbank's STIBOR-linked funding costs.

Recently Varbergs Sparbank has experienced higher operating costs due to regulatory requirements, staff increases and IT expenses. This has pushed the bank's core cost-to-income ratio towards 60%. We expect cost efficiency, one of the bank's strategic focus areas, to improve due primarily to higher revenues, but also due to improved communication between the country's savings banks and Swedbank on IT investments. We expect improvements in efficiency and higher revenues to drive meaningful improvements in core risk-adjusted pre-provision income to REA of over 2.0% during 2023, reflecting improvements in capital generation even as the bank expands its loan book.

Dividends from Swedbank have boosted Varbergs Sparbank's other earnings by SEK 210m since end-2020. Our forecast includes payments of around SEK 100m annually for 2023 and 2024. (See [Swedish savings banks get dividend boost after solid 2020](#), 21 Jun. 2021 for further details of the impact of Swedbank's dividends and [Q&A: Swedbank judgement and share price impacts on Swedish savings](#)

[banks](#), 23 Mar. 2020 for details of how movements in Swedbank's share price affect Varbergs Sparbank and other Swedish savings banks.)

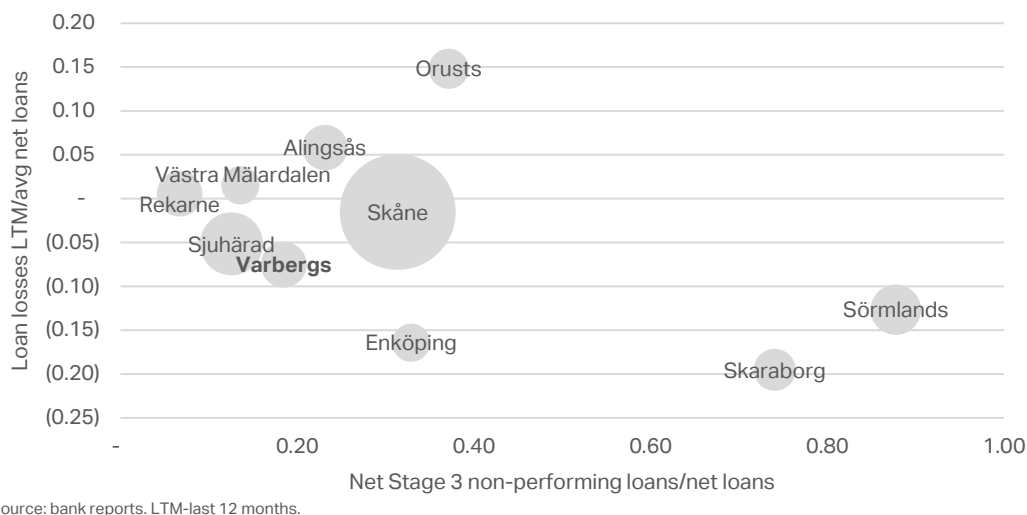
Figure 7. Swedish savings banks pre-provision income to risk exposure amount, LTM to 30 Jun. 2022



Loan-loss provisions projected to increase, but likely to remain low

Varbergs Sparbank's loan losses have been moderate for nearly 20 years, peaking at 11bps of net loans in 2018 within that period. Over the past 12 months, the bank has reported net reversals of 8bps. In this context, our projections of 15bps in loan losses for 2022 and 2023 reflect a relatively large loss in relation to the bank's recent history. The higher projected losses are likely to be more than offset by higher net interest margins. Net Stage 3 non-performing loans peaked at 90 bps of net lending at 30 Jun. 2020, but fell to only 18 bps at 30 Jun. 2022, which is relatively low in the context of the bank's peer group. Non-performing loans are likely to increase over the next few years and we expect the bank to increase its loan-loss reserves in respect of specific customers.

Figure 8. Swedish savings banks asset quality metrics (%), 30 Jun. 2022



ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

ESG factors are considered throughout our analysis, where material to the credit assessment (see Figure 9). In aggregate, we view the bank's ESG profile as having a moderately positive impact on its creditworthiness.

Loss performance 'a-'

Moderately positive aggregate ESG impact

Figure 9. Varbergs Sparbank priority ESG factors

Issue/area	Risk/opportunity	Impacted subsections (impact on credit assessment*)
Physical climate risk to collateral	Climate-related damage to real estate collateral (closely linked to supervision of insurance). Longer-term term effects on market values in flood risk areas.	Credit risk (-) Loss performance (0)
Social engagement in local community	Close connection to narrow regional markets provides a benefit.	Competitive position (++) Earnings (+) Funding & liquidity (+)
Sustainable/green bond framework	Diversity of funding sources, access to additional markets/investors.	Funding & liquidity (0)
Anti-money laundering capacity	Risk of sanctions and fraud with insufficient control of customers.	Risk governance (0)
Control of sustainability issues	Risk of overlooking sustainability impacts in the bank's underwriting, operations, and customer base.	Risk governance (0) Credit risk (0)

*Defined on a 5-step scale ranging from double minus (--) to double plus (++), with (--) representing the most negative impact and (++) the most positive. See [ESG factors in financial institution ratings](#).

ADJUSTMENT FACTORS

Peer comparison

Peer comparison
neutral

We believe that Varbergs Sparbank's relative strengths and weaknesses are accurately reflected in our 'a-' initial credit assessment.

Support analysis

Support analysis neutral

Varbergs Sparbank is 100% owned by its owner foundation whose main income comes from dividends from the bank. These are used to fund various activities in the local community and the foundation has limited resources to support the bank.

ISSUE RATINGS

Our rating on Varbergs Sparbank's unsecured senior debt is in line with the 'A-' issuer rating. We expect to assign 'A-' ratings to future issues under the bank's medium-term note programme.

Figure 10. Varbergs Sparbank key financial data, 2017–Q2 2022 YTD

Key credit metrics (%)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Q2 2022 YTD
INCOME COMPOSITION						
Net interest income/op. revenue	43.1	43.9	43.8	64.5	42.1	38.1
Net fee income/op. revenue	31.0	33.1	27.6	39.0	30.6	25.8
Net trading income/op. revenue	2.7	0.6	6.6	-4.2	3.4	2.6
Net other income/op. revenue	23.2	22.3	22.0	0.7	23.9	33.5
EARNINGS						
Net interest margin	1.3	1.3	1.4	1.4	1.2	1.1
Pre-provision income/REA	2.9	2.7	3.2	1.6	3.0	3.6
Return on ordinary equity	7.0	6.4	8.1	3.5	7.6	7.4
Return on assets	1.5	1.4	1.7	0.7	1.5	1.4
Cost-to-income ratio	40.0	41.5	36.0	55.5	43.1	41.5
Cost-to-income ratio, ex. trading	41.1	41.8	38.5	53.2	44.6	42.6
CAPITAL						
CET1 ratio	21.5	22.2	23.7	24.6	30.8	30.7
Tier 1 ratio	21.5	22.2	23.7	24.6	30.8	30.7
Capital ratio	21.5	22.2	23.7	24.6	30.8	30.7
REA/assets	62.7	61.1	62.6	57.1	47.4	45.5
Dividend payout ratio	19.5	13.0	19.5		66.0	20.2
Leverage ratio	13.1	13.5	15.1	14.0	14.7	30.7
GROWTH						
Asset growth	6.3	4.3	1.7	7.4	6.8	2.4
Loan growth	1.9	2.1	8.5	1.4	1.6	1.6
Deposit growth	8.3	4.5	3.3	8.9	4.9	6.9
LOSS PERFORMANCE						
Credit provisions to net loans	0.08	0.11	0.08	0.10	-0.30	0.13
Impaired loans to gross loans	0.63	0.74	0.97	1.08	0.62	0.28
Net impaired loans to gross loans	0.20	0.03	0.28	0.45	0.28	0.01
Net problem loans to equity	0.67	0.10	1.09	1.69	0.93	0.04
Non-performing loan coverage ratio	68.91	95.93	71.05	58.29	54.41	96.07
Stage 3 loans/gross loans	0.76	0.74	0.97	1.08	0.62	0.28
Net stage 3 loans/net loans	0.28	0.27	0.49	0.67	0.37	0.18
FUNDING & LIQUIDITY						
Loan/deposit ratio	99.5	97.2	102.1	95.0	92.0	87.5
Net stable funding ratio	143.0	146.0	147.0	157.0	144.0	158.0
Liquidity coverage ratio	333.8	345.0	323.7	366.6	372.1	298.4

Key financials (SEKm)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Q2 2022 YTD
BALANCE SHEET						
Total assets	15,703	16,381	16,661	17,892	19,102	19,559
Total tangible assets	15,703	16,381	16,661	17,892	19,102	19,559
Total financial assets	15,578	16,254	16,545	17,778	18,995	19,444
Net loans and advances to customers	11,364	11,603	12,585	12,755	12,955	13,166
Total securities	2,968	3,226	2,384	2,632	3,074	2,652
Customer deposits	11,421	11,937	12,330	13,422	14,077	15,049
Issued securities	802	800	900	900	950	650
of which covered bonds	–	–	–	–	–	–
of which other senior debt	802	800	900	900	950	650
of which subordinated debt	–	–	–	–	–	–
Total equity	3,333	3,505	3,278	3,434	3,946	3,587
Total ordinary equity	3,333	3,505	3,278	3,434	3,946	3,587
CAPITAL						
Common equity tier 1	2,118	2,220	2,474	2,513	2,789	2,733
Tier 1	2,118	2,220	2,474	2,513	2,789	2,733
Total capital	2,118	2,220	2,474	2,513	2,789	2,733
REA	9,848	10,006	10,427	10,208	9,045	8,895
INCOME STATEMENT						
Operating revenues	462	454	514	367	504	276
Pre-provision operating profit	277	266	329	163	287	162
Impairments	9	12	10	12	-38	9
Net Income	231	220	275	118	282	140

Source: company. FY–full year. YTD–year to date.

Figure 11. Varbergs Sparbank 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%	aa
Funding and liquidity	15.0%	a
Risk governance	5.0%	a-
Credit risk	10.0%	bbb
Market risk	-	-
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%	bbb+
Indicative credit assessment		a-
Transitions		Neutral
Peer comparisons		Neutral
Borderline assessments		Neutral
Stand-alone credit assessment		a-
Material credit enhancement		Neutral
Rating caps		Neutral
Support analysis		Neutral
Issuer rating		A-
Outlook		Stable
Short-term rating		N2

Figure 12. Capital structure ratings

Seniority	Rating
Senior unsecured	A-

DISCLAIMER

Disclaimer © 2022 Nordic Credit Rating AS (NCR, the agency). All rights reserved. All information and data used by NCR in its analytical activities come from sources the agency considers accurate and reliable. All material relating to NCR's analytical activities is provided on an "as is" basis. The agency does not conduct audits or similar warranty validations of any information used in its analytical activities and related material. NCR advises all users of its services to carry out individual assessments for their own specific use or purpose when using any information or material provided by the agency. Analytical material provided by NCR constitutes only an opinion on relative credit risk and does not address other forms of risk such as volatility or market risk and should not be considered to contain facts of any kind for the purpose of assessing an issuer's or an issue's historical, current or future performance. Analytical material provided by NCR may include certain forward-looking statements relating to the business, financial performance and results of an entity and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. Forward-looking statements contained in any analytical material provided by NCR, including assumptions, opinions and views either of the agency or cited from third-party sources are solely opinions and forecasts which are subject to risk, uncertainty and other factors that could cause actual events to differ materially from anticipated events. NCR and its personnel and any related third parties provide no assurance that the assumptions underlying any statements in analytical material provided by the agency are free from error, nor are they liable to any party, either directly or indirectly, for any damages, losses or similar, arising from use of NCR's analytical material or the agency's analytical activities. No representation or warranty (express or implied) is made as to, and no reliance should be placed upon, any information, including projections, estimates, targets and opinions, contained in any analytical material provided by NCR, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained in any analytical material provided by the agency. Users of analytical material provided by NCR are solely responsible for making their own assessment of the market and the market position of any relevant entity, conducting their own investigations and analysis, and forming their own view of the future performance of any relevant entity's business and current and future financial situation. NCR is independent of any third party, and any information and/or material resulting from the agency's analytical activities should not be considered as marketing or a recommendation to buy, sell, or hold any financial instruments or similar. Relating to NCR's analytical activities, historical development and past performance does not safeguard or guarantee any future results or outcome. All information herein is the sole property of NCR and is protected by copyright and applicable laws. The information herein, and any other information provided by NCR, may not be reproduced, copied, stored, sold, or distributed without NCR's written permission.

NORDIC CREDIT RATING AS

nordiccreditrating.com