Nordic Credit Rating

FINANCIAL INSTITUTION

Sweden
6 Dec. 2022

Nordax Bank AB (publ)

Rating Action Report

LONG-TERM RATING

BBB

OUTLOOK

Stable

SHORT-TERM RATING

N3

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Bank Norwegian rating withdrawn following merger with Nordax Bank

Nordic Credit Rating (NCR) said today that it had withdrawn its 'BBB' long-term and 'N3' short-term issuer ratings on Norway-based consumer bank Bank Norwegian ASA following the merger of Bank Norwegian into its parent company, Nordax Bank AB (publ).

Rating rationale

On 30 Nov. 2022, Nordax Bank announced the completion of the merger and assumed the role of issuer and debtor for Bank Norwegian's outstanding bonds. This has not affected our 'BBB' issue rating on these senior unsecured instruments, given that the issuer and issue ratings on Bank Norwegian were aligned with those of the parent. The ratings and outlook on Nordax Bank are not affected by the completion of the merger.

Following the merger, Nordax Bank is the surviving entity, while Bank Norwegian will operate as the Norwegian branch of Nordax Bank under the legal name of Bank Norwegian, a branch of Nordax Bank AB (publ).

Rating list (Bank Norwegian ASA)	To	From
Long-term issuer credit rating:	NR	BBB
Outlook:	-	Stable
Short-term issuer credit rating:	NR	N3
Senior unsecured issue rating:	NR	BBB

Figure 1. Nordax Bank rating scorecard

Subfactors	Impact	To	From
National factors	5.0%	a-	a-
Regional, cross border, sector	15.0%	bbb-	bbb-
Operating environment	20.0%	bbb	bbb
Capital	17.5%	bbb+	bbb+
Funding and liquidity	15.0%	bbb+	bbb+
Risk governance	5.0%	bbb	bbb
Credit risk	10.0%	bb+	bb+
Market risk	-	-	-
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**	**N3**

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	BBB	BBB
Tier 2	BB+	BB+

Figure 3. Associated entities

Name	LT rating	Outlook	ST rating
Bank Norwegian ASA	NR	NR	NR
Senior unsecured	NR		

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 29 Jun. 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.
Primary analyst:	Sean Cotten, +46735600337, sean.cotten@nordiccreditrating.com
Rating committee chairperson responsible for approval of the credit rating:	Geir Kristiansen, +4790784593, geir.kristiansen@nordiccreditrating.com
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 Rating Principles published on 24 May 2022 NCR's Group and Government Support Rating Methodology published on 18 Feb. 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, External market reports, 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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