

Sparbanken Alingsås AB

Full Rating Report

LONG-TERM RATING

A-

OUTLOOK

Stable

SHORT-TERM RATING

N2

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RATING RATIONALE

Our 'A-' long-term issuer rating on Sweden-based Sparbanken Alingsås AB reflects the bank's strong capitalisation, moderate risk appetite, solid competitive position and relationship-based funding. The bank has a cooperation arrangement with Swedbank AB, which we view as positive, as it provides material diversity of product offerings, shared IT costs and the opportunity to finance retail mortgage loans. We expect still-high interest rates to support the bank's core earnings, complemented by dividend revenues from its holdings of Swedbank shares.

The rating is constrained by the bank's higher single-name concentration and significant exposure to non-mortgage segments in its loan book compared with levels at savings bank peers. It is also constrained by the increased risk to real-estate values, in view of the bank's significant real-estate collateral through retail and commercial customers. In addition, we view Sparbanken Alingsås' risk governance and liquidity management as slightly weaker than that of peers.

STABLE OUTLOOK

The stable outlook reflects our expectation that Sparbanken Alingsås will counter the risk of higher loan losses and non-performing loans through higher earnings on the back of improved net interest margins. It also incorporates our expectation that the bank will maintain its solid competitive position and that the regional economy, which has strong links to Gothenburg, will perform in line with or better than the national economy, with healthy population growth and low unemployment. We expect Sparbanken Alingsås to protect its strong capital ratios through prudent dividends to its owner foundation and to maintain its relationship with Swedbank.

POTENTIAL POSITIVE RATING DRIVERS

- Lower concentration in the loan book, combined with less uncertainty in the real-estate sector;
- Improved funding diversification, lowering concentrations in and dependency on deposits; and
- Maintained earnings metrics with core risk-adjusted earnings above 3% and core cost efficiency below 45% on a sustainable basis.

POTENTIAL NEGATIVE RATING DRIVERS

- A deteriorating operating environment, leading to reduced regional growth, asset quality and collateral values.
- Increased risk in the loan or liquidity portfolios.
- A sustained decline in the common equity Tier 1 (CET1) capital ratio to below 20%.

Figure 1. Key credit metrics, 2020–2026e

%	2020	2021	2022	2023	2024e	2025e	2026e
Net interest margin	1.3	1.1	1.5	2.6	2.3	2.2	2.0
Loan losses/net loans	0.10	-0.08	0.08	0.14	-0.01	0.05	0.05
Pre-provision income/REA	1.3	2.9	3.2	4.5	5.0	4.6	4.0
Core pre-provision income/REA	1.2	1.4	2.2	3.8	3.5	3.3	3.0
Core cost-to-income	65.1	60.6	50.5	40.4	42.8	45.0	47.6
Return on average equity	2.9	7.3	7.0	8.6	8.9	7.6	6.7
Loan growth	10.5	8.1	9.5	4.8	0.0	5.0	5.0
CET1 ratio*	21.8	24.8	24.5	29.6	31.7	32.6	32.9

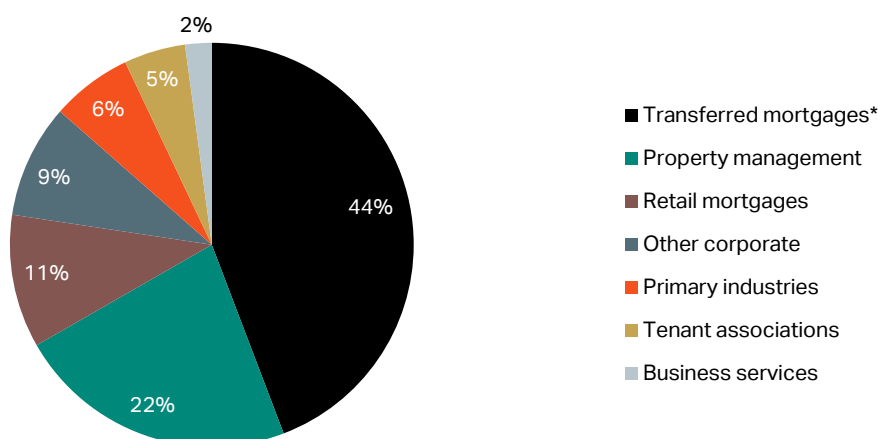
Source: company and NCR. e=estimate. REA=risk exposure amount. CET1=common equity Tier 1. All metrics adjusted in line with NCR methodology.
*Including the estimated effect of the Capital Requirements Regulation III (CRR3) from 2025.

ISSUER PROFILE

Sparbanken Alingsås is one of Sweden's largest savings banks in terms of total business volumes (including transferred loans, plus external and other off-balance-sheet products). It has a relatively high share of other business volumes, outside of traditional lending and savings. The bank operates in four municipalities in the county of Västra Götaland in southwestern Sweden: Alingsås, Lerum, Herrljunga, and Vårgårda. It also has a minor presence in nearby Gothenburg, Sweden's second-largest city. The four municipalities in which the bank operates had about 107,500 inhabitants as of year-end 2022, many of whom commute into Gothenburg. The bank was established in 1833 and became a limited liability company in 2010. It is wholly owned by Sparbanksstiftelsen Alingsås, a foundation that receives dividends from the bank. These are reinvested in the bank's area of operations to support local sport, cultural activities, business, research, education, and various regional associations.

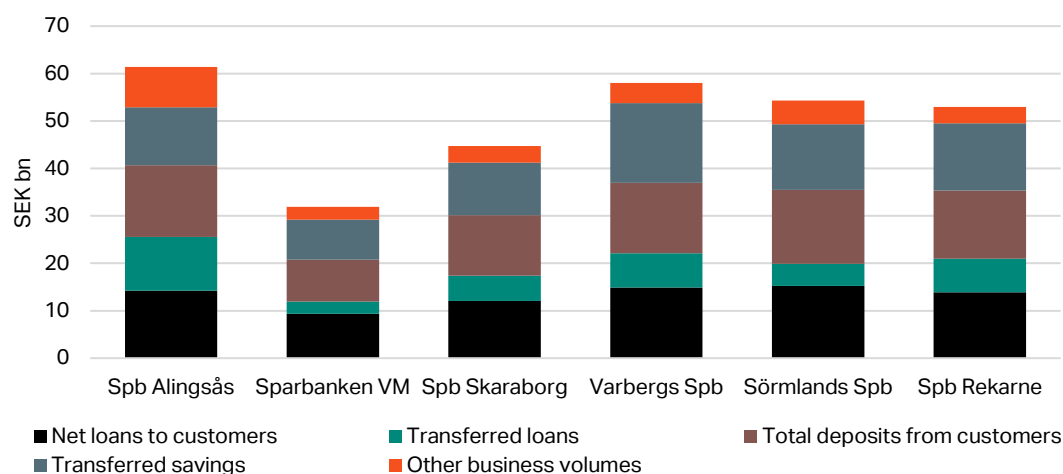
Sparbanken Alingsås has a history of cooperation with Swedbank, which enables material product diversity and shared IT costs, and provides the opportunity to finance commercial and retail mortgage lending via Swedbank Hypotek AB (publ), Sweden's largest issuer of covered bonds. Compared with other savings banks, Sparbanken Alingsås has transferred a substantial proportion of its total lending to Swedbank Hypotek. On its own books (apart from mortgage lending), the bank's main loan exposures are to the property management sector and agriculture.

Figure 2. Gross loans by sector/type (including transferred loans), 30 Sep. 2024



Source: company.*to Swedbank Hypotek AB.

Figure 3. Swedish savings banks' business volume split, Q3 2024



Source: bank reports.

OPERATING ENVIRONMENT

Operating environment

We consider a balance of national and regional factors in our assessment of the operating environment. Sparbanken Alingsås 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 and benefits from proximity to Gothenburg.

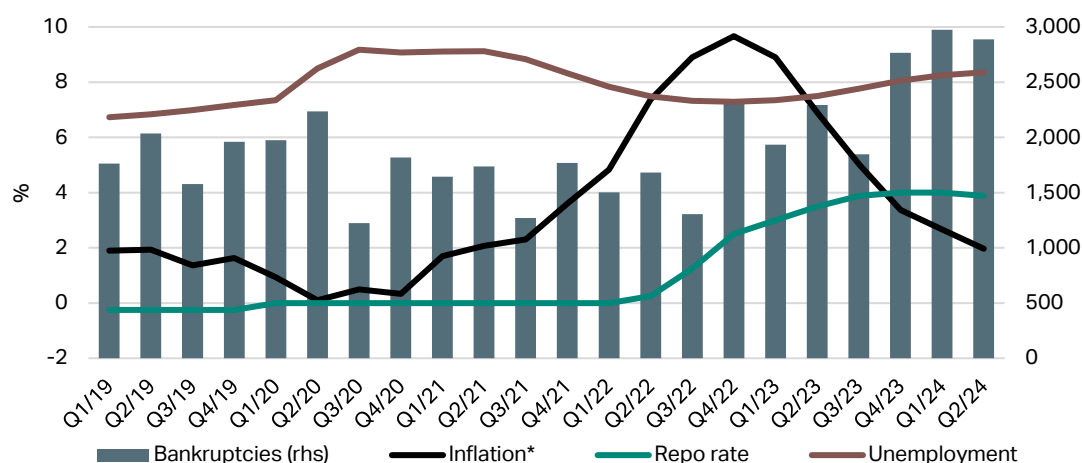
National economy weak but stable

National factors

We anticipate that the Swedish banking environment will remain stable in 2025, supported by positive, but muted, growth and only moderate increases to unemployment. While the central bank has been lowering policy interest rates gradually since May 2024, and has signalled further decreases by end-2024 and/or early in 2025, banks have been able to strengthen their capital ratios in recent years due to solid earnings. We expect no drastic reductions in policy rates and believe earnings will remain stronger than before 2022. Gradual improvements in investment sentiment, and rising housing prices should support loan demand, enabling balance sheet growth and lessening pressure on interest margins.

Market projections for growth in 2025 suggest investment will recover and lead to a rebound in credit growth. Lower interest rates should increase disposable income and fuel further recovery in housing prices. We believe banks will see a recovery in retail deposit growth, although competition will continue to squeeze margins, supporting our view that net interest margins have likely peaked at most banks. We expect most domestic banks to maintain strong net interest margins and robust cost efficiency.

Figure 4. Swedish economic indicators, Q1 2019–Q2 2024



Sources: Swedish Agency for Growth Policy Analysis, Statistics Sweden, Swedish Public Employment Service, Riksbanken. *CPIF - with fixed interest rate.

Bankruptcies have increased in recent quarters, and many companies have been experiencing cash flow issues. Consequently, we believe that risk limits and rigorous underwriting standards will prove important for many banks. Sectors reliant on private consumption are likely to continue to struggle with a negative impact on property managers. Imminent concerns for the real-estate sector have diminished, in our view, but rising vacancies remain a risk. Construction and development growth remains weak, and the construction sector faces particularly elevated risk. We expect actual loan losses in the sector to remain manageable due to generally high securitisation backing conventional bank lending to the real-estate sector.

Regional economy benefits from proximity to Gothenburg

Regional, sectoral, and cross-border factors

Despite the modest population of Sparbanken Alingsås' operating area (approximately 100,000 residents in the four municipalities), the local economy is diverse and characterised mostly by SMEs. The bank's core markets lie within a 50-minute commute from Gothenburg. The largest municipalities in which the bank operates, Lerum and Alingsås, have higher average incomes and housing prices than the Swedish average. All four municipalities in which the bank operates have lower

unemployment rates than the national average, and all but the smallest, Herrljunga, have higher projected long-term population growth. Housing prices in the four municipalities have fallen in tandem with the prices across the wider Swedish housing market as interest rates have risen, but they are likely to start recovering at the same pace.

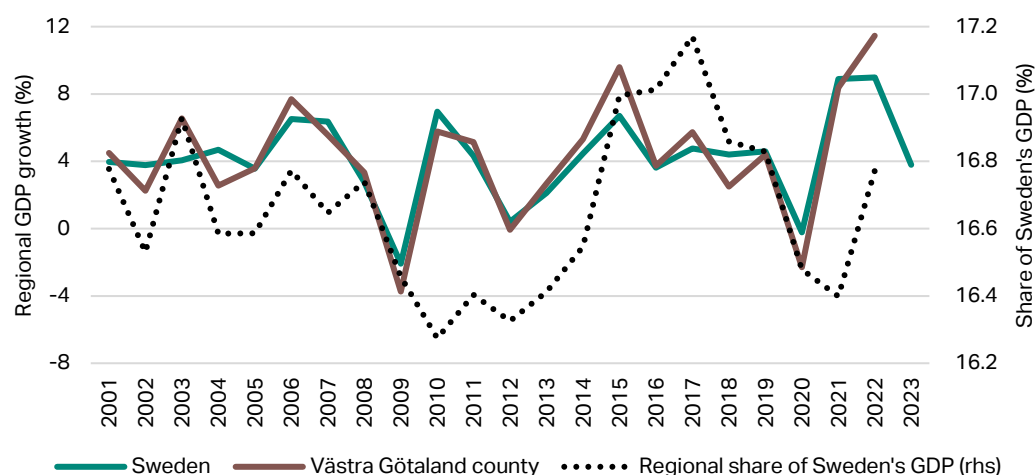
Figure 5. Sparbanken Alingsås core markets

Municipality	Population, 2024	Expected population change, 2023–2040	Unemployment, Oct. 2024	Unemployment, Oct. 2023
Alingsås	42,620	5.3%	4.9%	4.2%
Lerum	43,940	4.1%	3.6%	3.1%
Vårgårda	12,489	8.8%	5.1%	4.4%
Herrljunga	9,427	-1.3%	4.1%	4.0%
Gothenburg*	607,103	8.6%	7.9%	6.9%
Sweden	10,577,720	4.1%	6.9%	6.4%

Source: Statistics Sweden, Swedish Public Employment Service. *Not officially a core market, but nonetheless an important market for the bank.

Apart from its business in its four core municipalities, the bank lends to customers located in Gothenburg. However, the main benefit of the bank's proximity to Gothenburg is the city's economic diversity and the breadth of its labour market. The bank's markets are set to benefit from the large scale of investments in Gothenburg. As with other large Swedish cities, housing in Gothenburg is expensive. Consequently, nearby municipalities attract families seeking affordable accommodation, a factor that is likely to contribute to the projected population growth in the bank's markets.

Figure 6. Västra Götaland's annual economic growth and share of Sweden's GDP, 2001–2023*



Source: Statistics Sweden

RISK APPETITE

Risk appetite assessment

Sparbanken Alingsås has a low risk profile, which reflects the bank's substantial capital and liquidity buffers, diverse retail deposits 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 largely proportional to the bank's complexity

Risk governance

Sparbanken Alingsås' risk governance, risk appetite and limit structure are adequate and proportional to its complexity and size, although less developed than those of larger Nordic banks. The bank has four employees responsible for anti-money laundering activities and know-your-customer processes, in addition to the cooperation with Swedbank. In our view, Sparbanken Alingsås' risk appetite, limit monitoring and risk reporting are largely in line with those of other large savings banks, with some limitations given the bank's size and complexity. In addition, a portion of the bank's liquidity portfolio is allocated to high-yield investments (see Other Risks section).

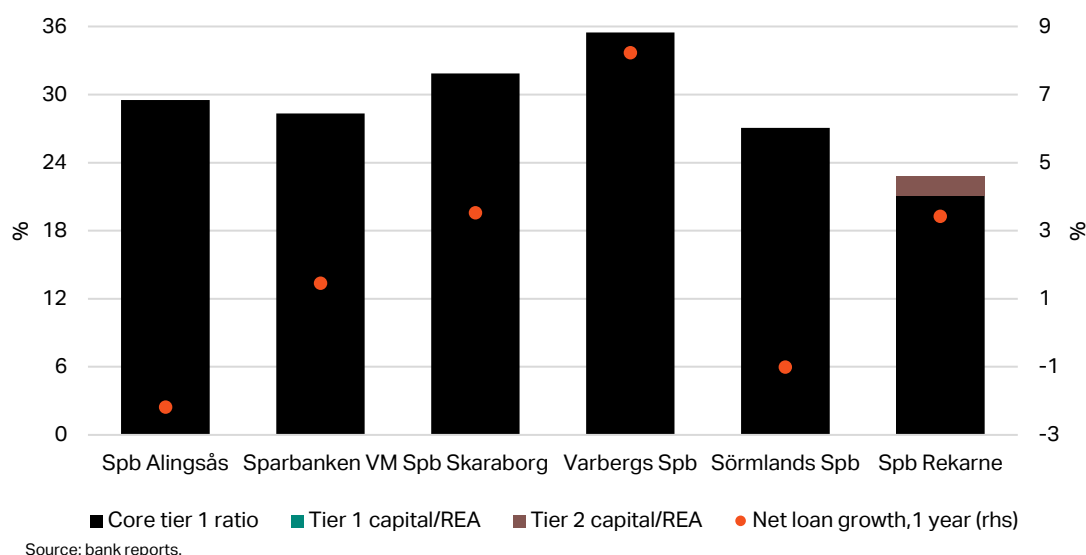
Sparbanken Alingsås has a framework that enables thorough sustainability analysis when credit decisions exceed SEK 8m. The bank also has a new strategy to incorporate sustainability factors into its relationships with corporate customers. In addition to integrating sustainability risk, the strategy promotes sustainable lending and savings.

Improvements to capitalisation likely to continue

Sparbanken Alingsås' CET1 ratio was 29.5% as of 30 Sep. 2024, or 32.2% including 75% of year-to-date profit. We expect capital ratios to grow by a little more than 1% annually 2025-2026, as earnings support loan growth picking up after a slow 2024. Sparbanken Alingsås' leverage ratio ranged between 13.6% and 16.8% from 2018 to 30 Sep. 2024. This was stronger than the ratios of more earnings-driven peers, but roughly in line with those of other foundation-owned savings banks.

The EU's Capital Requirements Regulation III (CRR3) comes into effect from 1 Jan. 2025, and will likely lower risk weights for banks using the standardised approach, closing some of the gap to banks using the internal ratings-based approach. While we expect most Swedish savings banks using the standardised approach to experience some positive effect on their risk exposure amount after CRR3 is applied, we have not included any impact for Sparbanken Alingsås due to its relatively high share of corporate lending. Retail mortgages stand to see the primary impact. While some uncertainty remains regarding the treatment of Swedbank shares under CRR3, most of the value is deducted making the impact limited.

Figure 7. Swedish savings banks' capital ratios and loan growth, 30 Sep. 2024



Sparbanken Alingsås' regulatory capital base excludes its holdings of Swedbank shares, which exceed 10% of its CET1 ratio, reducing the impact of share price volatility on the bank's capital ratios. We note that Sparbanken Alingsås' capitalisation would still have been strong, at 25% as of 30 Sep. 2024, if the entire market value of the shares had been deducted from the capital base.

Liquidity supported by customer savings, but volatile and dependent on deposits

We view Sparbanken Alingsås' management of funding and liquidity as satisfactory, albeit with somewhat low diversification given the bank's size. Customer deposits represent 93% of the bank's funding, with a somewhat high concentration on top depositors. The bank issued its inaugural bond in February 2024, and currently has SEK 900m, or 5.5% of funding, outstanding, with an average duration of 1.6 years. Liquidity metrics have stabilised, but the liquidity coverage ratio has a history of being volatile. As of 30 Sep. 2024, the liquidity coverage was 658% and the net stable funding ratio was 136%.

Excluding its holdings in Swedbank AB, the bank held liquid assets corresponding to 32% of retail deposits, as of 30 Sep. 2024. The bank has a significant investment portfolio apart from its highly liquid assets. Excluding these assets, the liquid assets ratio was a still strong 26%.

Capital

Funding and liquidity

Sparbanken Alingsås' medium-term note programme had a limit of SEK 3bn in January 2024, and is accompanied by a green bond framework with a second party opinion from ISS-Corporate. We expect that market funding will continue to be a relatively small part of the bank's overall financing structure.

Figure 8. Deposit metrics, 2019-2026e

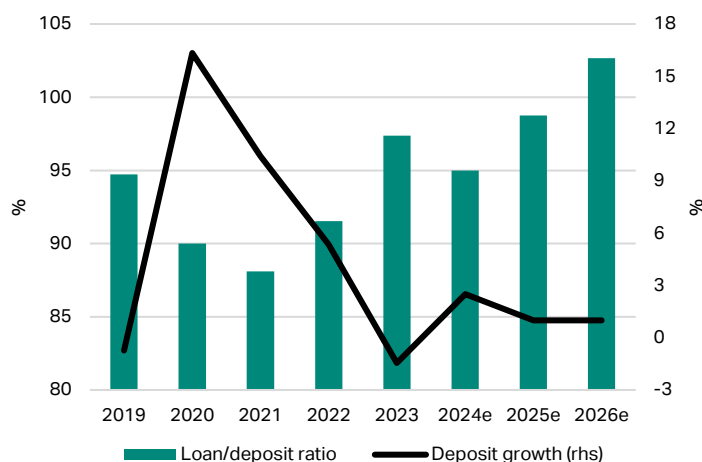
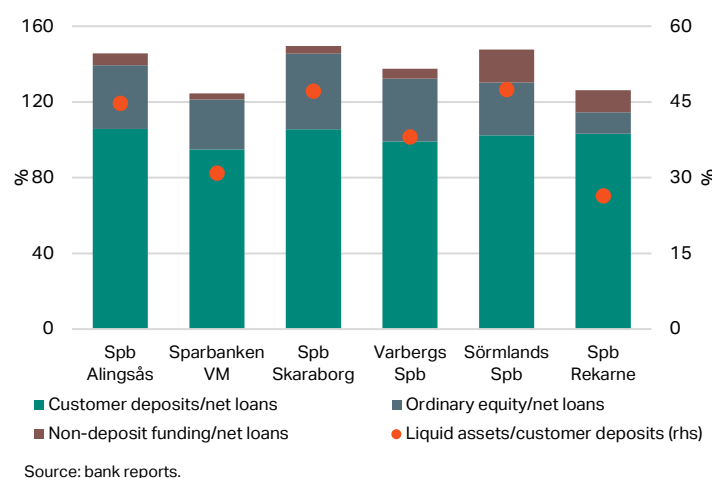


Figure 9. Swedish savings banks' funding, 30 Sep. 2024



Sparbanken Alingsås' cooperation with Swedbank provides various funding benefits, which the bank has largely used. The bank had transferred SEK 11.3bn in residential mortgage loans to Swedbank Hypotek as of 30 Sep. 2024, nearly as much as the SEK 14.7bn in net loans on its own balance sheet, and a much larger proportion of total mortgage lending than most of its peers. The bank has about SEK 2.7bn in mortgage lending on its own books, some of which could theoretically be transferred to Swedbank Hypotek. We consider the portion of remaining on-balance-sheet mortgages to be too small to provide material support to our assessment of funding and liquidity.

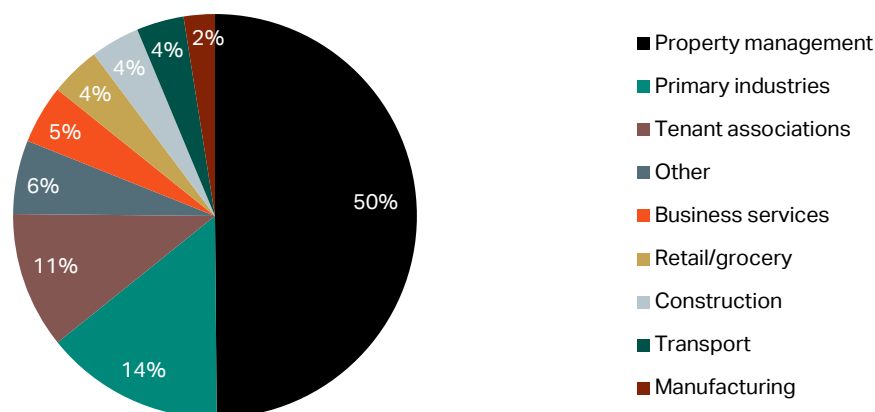
Loan book more concentrated than peers'

Sparbanken Alingsås' 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 focuses heavily on local property, with around 80% of on-balance-sheet loans associated with residential, commercial or agricultural properties. Due to the large share of total mortgages being transferred to Swedbank Hypotek, the bank's on-balance-sheet loan book is more geared towards corporate lending than those of most Swedish savings bank peers. This also implies a higher concentration on individual exposures.

The bank's geographic concentration is partly offset by the proximity of the bank's home market to Gothenburg and low unemployment rates in its core municipalities. While the bank is heavily geared towards commercial and residential real estate, it has significant large exposures to only a few customers, which are mainly local. In addition, the bank's lending to real-estate companies is strongly collateralised, and a portion of this lending consists of housing associations, which have a historically low risk of default. We will, however, continue to monitor risk in the property management sector, due to the increase in interest rates since 2022, cost inflation in the same period, and risk of rising vacancies.

Credit risk

Figure 10. Corporate gross loans by sector (excluding transferred loans), 30 Sep. 2024



Source: company.

The high concentration of real-estate collateral also implies a risk to security valuations due to more frequent and more severe climate events, which would have a negative impact on the structure of properties, their insurability, and valuations. In addition, increased climate volatility and higher temperatures could worsen the performance of agricultural businesses to which the bank has exposure.

The bank's growth in recent years has been driven by financing a larger proportion of transferred mortgage loans on its own balance sheet. The SEK 11bn in mortgage lending transferred to Swedbank Hypotek provides income from commission fees. These have a first-loss risk associated with the transferred loans that results in a reduction in commissions paid when write-downs of transferred loans occur.

Significant investment portfolio risk heightens risk profile

Other risks

In our view, market risk is a negligible risk factor for Sparbanken Alingsås, given its strategy of not holding a trading portfolio and its low limits on interest rate and currency risk. However, as of 30 Sep. 2024, the bank had non-liquidity coverage ratio eligible fixed-income investments representing about 20% of its total investment portfolio, including a significant portion of non-investment grade securities. While these investments lie outside the bank's regulatory liquidity buffers and despite its material excess liquidity historically, we believe they indicate elevated risk appetite. The investment portfolio has meaningful spread and default risk, in our view, given its volume relative to the bank's annual profits and overall balance sheet.

Sparbanken Alingsås' large holding of Swedbank shares (9.4m shares as of 30 Sep. 2024) compared with other domestic savings banks ensures it has a meaningful voice alongside these other holders of Swedbank shares either directly or via their respective owner foundations. We consider the importance of Swedbank dividends in our assessment of Sparbanken Alingsås' earnings performance. Other than its holdings of Swedbank shares, the bank has insignificant shareholdings.

COMPETITIVE POSITION

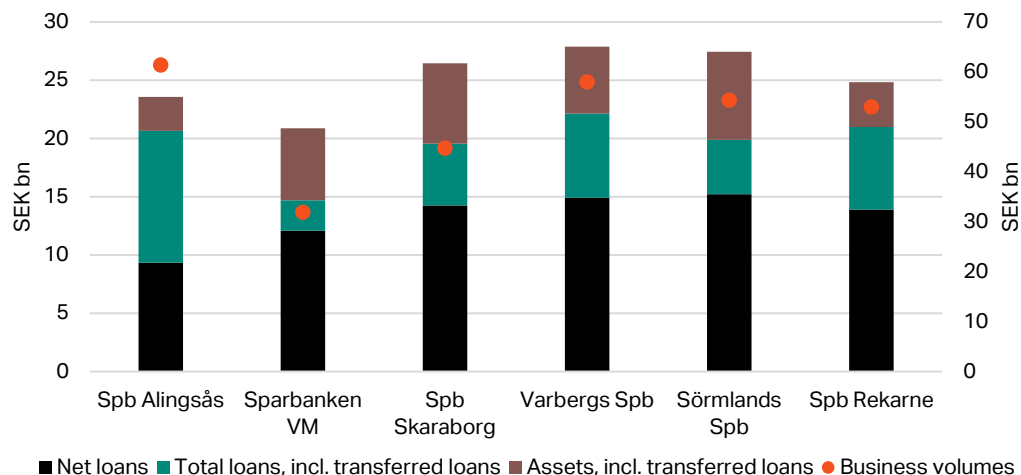
Competitive position

Sparbanken Alingsås has a strong position in its core markets, with a market share ranging between 35% and 75%, depending on municipality and segment. In general, the bank's market share increases in areas further from Gothenburg. Unlike many other savings banks, which primarily operate in municipalities where large domestic banks have a limited presence, the bank's proximity to Gothenburg effectively increases competition with larger banks. Market share in the forestry and agriculture sector is about 65% in its core markets. The bank has about 60,000 retail and 7,000 commercial customers.

Despite its small size nationally, and the generally stiff competition in the bank's area of operation, we consider Sparbanken Alingsås to have a strong competitive position in its local market. Like its savings

bank peers, the bank benefits from community involvement. The bank pays out a proportion of its profit in dividends to its owner foundation, which uses the proceeds to support local activities. This proportion has exceeded 20% in recent years, except in 2020 when the COVID-19 pandemic was at its height. The bank has recently reviewed its sustainability strategy and improved its environmental footprint, which we believe supports its standing in the community.

Figure 11. Swedish savings banks' total assets and net lending, 30 Sep. 2024



Source: bank reports.

PERFORMANCE INDICATORS

Performance indicators

We expect Sparbanken Alingsås' earnings to decline as interest rates go down but stay stronger than in zero interest rate years. We also expect contained growth of internally controlled operating costs, while required IT investments will likely limit total cost efficiency improvements. In our base-case forecast through 2026, we project modest loan loss provisions and mainly stable Stage 3 non-performing loans.

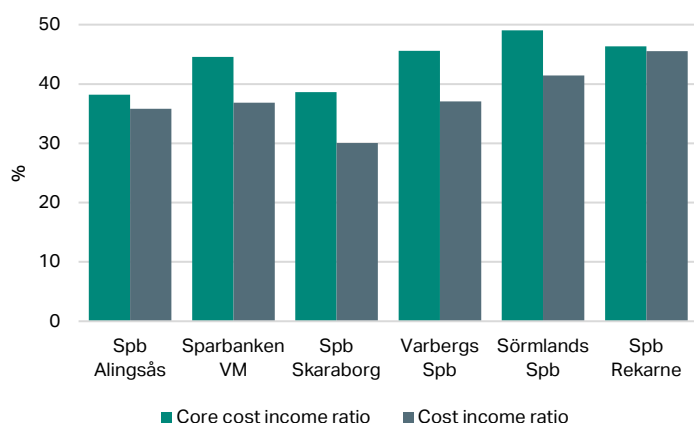
Higher net interest margins support earnings

Earnings

The increase in interest rates from early 2022 has boosted Sparbanken Alingsås' earnings, with the net interest margin peaking in 2023 at 2.6% in 2023, compared with an average of 1.3% in 2019-2022. Margins have started to contract with the lowering of interest rates. However, we expect that margins will remain wider than in years with zero interest rates in Sweden. Improved credit demand and deposit supply will likely somewhat mitigate the negative impact on margins, easing competition.

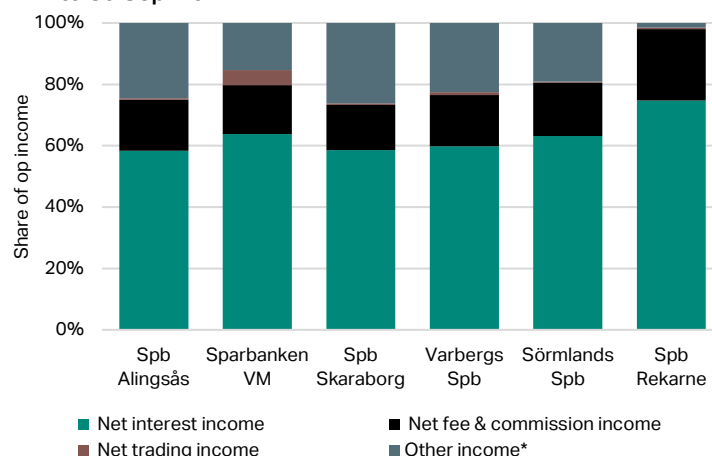
Margins on loans transferred to Swedbank Hypotek have been squeezed in recent years, but we believe they have likely stabilised and could improve somewhat in coming years. Cost efficiency metrics stand to worsen as earnings fall, as operating costs rise due to continued IT investments through Swedbank (over which the bank has no control).

Figure 12. Swedish savings banks' cost efficiency metrics, LTM to 30 Sep. 2024



Source: bank reports. LTM-last 12 months. Core represents net interest income and net fee & commission income.

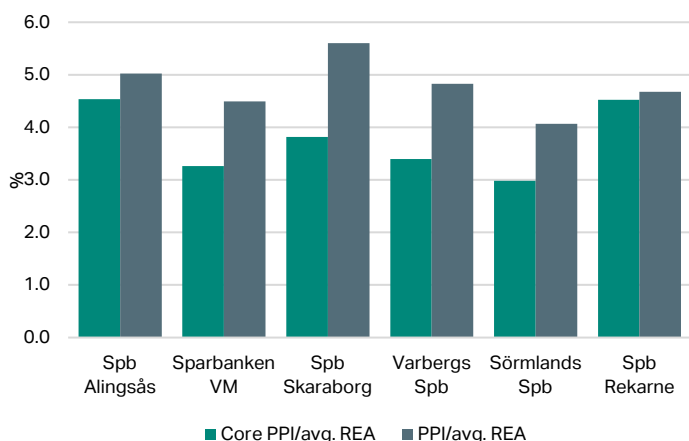
Figure 13. Swedish savings banks' split between income groups, LTM to 30 Sep. 2024



Source: bank reports. *includes dividends from Swedbank AB for all except Spb Rekarne.

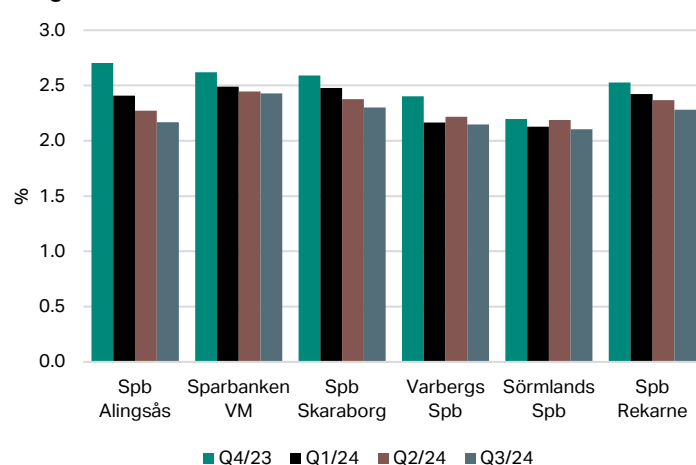
Dividends from Swedbank increase Sparbanken Alingsås' other earnings significantly, with SEK 142m received in 2024. Our forecast includes payments SEK 106-124m annually for 2025 and 2026, as strong earnings should offset higher loan losses at Swedbank. However, we believe that Swedbank could reduce or cancel its dividend payouts over the next few years to offset fines by US and European authorities in connection with alleged money laundering. Because the bank has no control over such income and because dividend payments are not guaranteed, we consider pre-provision income including and excluding other income in our forecast.

Figure 14. Swedish savings banks' PPI to REA, LTM to 30 Sep. 2024



Source: bank reports. PPI-pre-provision income.

Figure 15. Swedish savings banks' annualised net interest margins, Q4 2023 – Q3 2024



Source: bank reports.

High securitisation mitigates risk of losses

Loss performance

Sparbanken Alingsås' asset quality metrics are largely in line with those of peers, with high securitisation levels mitigating the somewhat higher concentration risk in the on-balance-sheet loan book. The bank reported average loan-loss provisions of 9bps over net loans in 2019-2023, with fluctuations during the height of the COVID-19 pandemic in 2020-2021, after which large provisions were followed by reversals. As of 30 Sep. 2024, the bank reported -5bps of provisions, i.e. reversals. Net Stage 3 loans were at a low 0.22% of total net loans on the same date. In our base case, the bank is likely to record stable net Stage 3 loans and moderate loan losses through 2026.

Figure 16. Swedish savings banks' asset quality metrics, 30 Sep. 2024

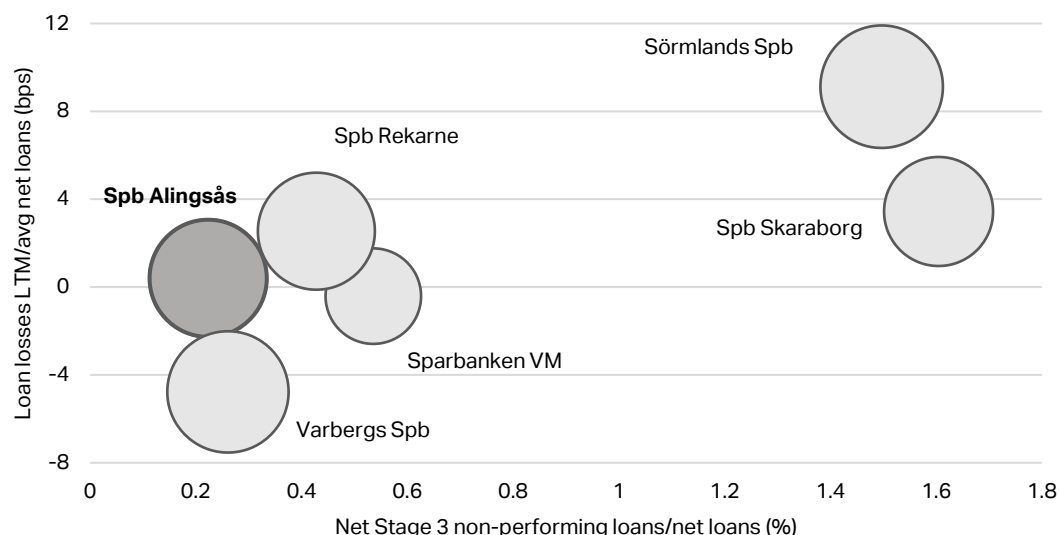
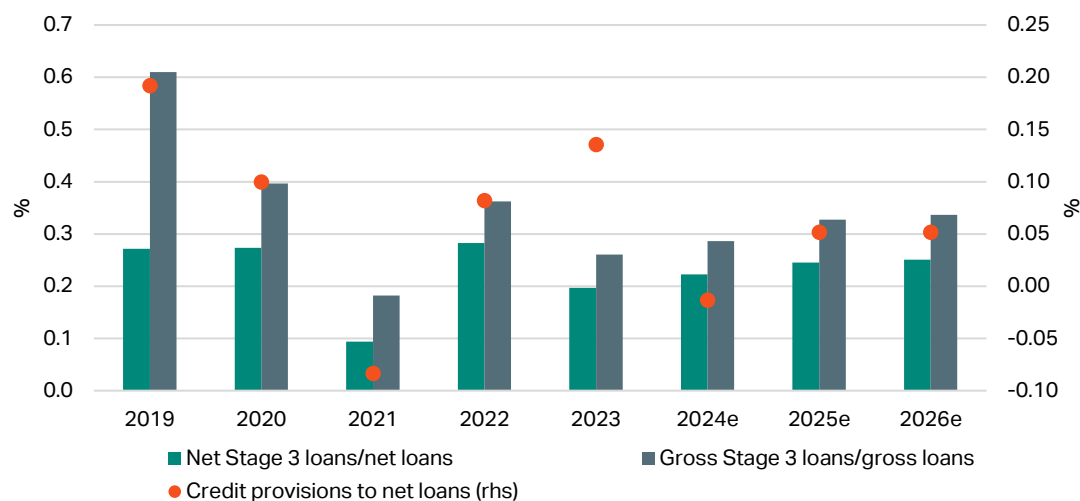


Figure 17. Asset quality metrics, 2019–2026e



ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

We consider environmental, social and governance (ESG) factors throughout our analysis where they are material to the credit assessment. In aggregate, we view Sparbanken Alingsås' ESG profile as having a moderately positive impact on the bank's creditworthiness.

Figure 18. 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 the supervision of insurance). Longer-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 providing a benefit.	Competitive position (++) Funding & liquidity (+) Earnings (+)
Risk management frameworks	Risk-taking beyond limits in bank operations. Insufficient customer checks and risk of fraudulent customer behaviour.	Risk governance (-)
Sustainable/green bond framework	Diversity of funding sources, access to additional markets/investors.	Funding & liquidity (+)
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

Support analysis

Our support analysis is neutral. Sparbanken Alingsås is 100% owned by its owner foundation, where the main income source is dividends from the bank. These are used to fund various activities in the local community. The foundation has limited resources to support the bank.

ISSUE RATINGS

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

SHORT-TERM RATING

The 'N2' short-term rating is the higher of two alternatives, given the long-term issuer rating of 'A-'. It reflects our assessment that the bank's liquidity is adequate, based on an average liquidity coverage ratio of 208% over the last four quarters.

METHODOLOGIES USED

- (i) [Financial Institutions Rating Methodology](#), 14 Feb. 2024.
- (ii) [Rating Principles](#), 14 Feb. 2024.
- (iii) [Group and Government Support Rating Methodology](#), 14 Feb. 2024.

RELEVANT RESEARCH

- (i) [Falling interest rates yet to impact Nordic niche banks](#), 21 Nov. 2024.
- (ii) [Norwegian savings banks' capitalization boosted by CRR3](#), 26 Jun. 2024
- (iii) [Credit loss uncertainty rises for Nordic consumer banks](#), 11 Jun. 2024
- (iv) [Swedish savings banks face weaker earnings and low loan growth in 2024](#), 6 Feb. 2024
- (v) [Norwegian savings banks face margin squeeze in 2024](#), 11 Dec. 2023
- (vi) [Swedish savings banks get dividend boost after solid 2020](#), 21 Jun. 2021.
- (vii) [Q&A: Swedbank judgement and share price impacts on Swedish savings banks](#), 23 Mar. 2020.

Figure 19. Sparbanken Alingsås key financial data, 2021–Q3 2024 YTD

Key credit metrics (%)	FY 2021	FY 2022	FY 2023	Q3 2024 YTD
INCOME COMPOSITION				
Net interest income to op. revenue	37.9	52.6	72.4	58.4
Net fee income to op. revenue	34.4	28.8	18.3	16.6
Net trading income to op. revenue	-0.1	-1.6	-4.2	0.5
Net other income to op. revenue	27.8	20.2	13.5	24.6
EARNINGS				
Net interest income to financial assets	1.1	1.5	2.6	2.3
Net interest income to net loans	1.5	2.1	3.6	3.3
Pre-provision income to REA	2.9	3.2	4.5	5.6
Core pre-provision income to REA (NII & NF&C)	1.4	2.2	3.8	3.5
Return on ordinary equity	7.3	7.0	8.6	10.2
Return on assets	1.5	1.4	1.8	2.3
Cost-to-income ratio	43.8	41.1	36.6	32.2
Core cost-to-income ratio (NII & NF&C)	60.6	50.5	40.4	43.0
CAPITAL				
CET1 ratio	24.8	24.5	29.6	29.5
Tier 1 ratio	24.8	24.5	29.6	29.5
Capital ratio	24.8	24.5	29.6	29.5
REA to assets	52.0	53.2	49.2	45.5
Dividend payout ratio	80.8	24.4	24.0	18.6
Leverage ratio	15.2	14.7	17.3	17.1
GROWTH				
Asset growth	11.2	4.7	2.8	8.1
Loan growth	8.1	9.5	4.8	-0.3
Deposit growth	10.4	5.3	-1.4	2.7
LOSS PERFORMANCE				
Credit provisions to net loans	-0.08	0.08	0.14	-0.05
Stage 3 coverage ratio	48.73	22.18	24.78	22.77
Stage 3 loans to gross loans	0.18	0.36	0.26	0.29
Net stage 3 loans to net loans	0.09	0.28	0.20	0.22
Net stage 3 loans/ordinary equity	0.32	1.02	0.64	0.67
FUNDING & LIQUIDITY				
Loan to deposit ratio	88.1	91.5	97.4	94.5
Liquid assets to deposit ratio	33.4	35.4	35.1	44.7
Net stable funding ratio	133.8	131.4	135.3	135.6
Liquidity coverage ratio	173.4	187.0	297.0	658.0

Key financials (SEKm)	FY 2021	FY 2022	FY 2023	Q3 2024 YTD
BALANCE SHEET				
Total assets	18,196	19,043	19,575	21,153
Total tangible assets	18,196	19,043	19,575	21,153
Total financial assets	17,182	18,918	19,461	20,994
Net loans and advances to customers	12,463	13,642	14,302	14,254
Total securities	4,373	4,399	3,958	5,457
Customer deposits	14,148	14,904	14,688	15,077
Issued securities	–	–	–	904
of which other senior debt	–	–	–	904
of which subordinated debt	–	–	–	–
Total equity	3,696	3,791	4,364	4,781
of which ordinary equity	3,696	3,791	4,364	4,781
CAPITAL				
Common equity tier 1	2,349	2,481	2,853	2,841
Tier 1	2,349	2,481	2,853	2,841
Total capital	2,349	2,481	2,853	2,841
REA	9,457	10,132	9,637	9,628
INCOME STATEMENT				
Operating revenues	487	528	698	600
Pre-provision operating profit	274	311	442	406
Impairments	-10	11	19	-6
Net Income	252	263	350	351

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

Figure 20. Sparbanken Alingsås rating scorecard

Subfactors	Impact	Score
National factors	10.0%	a-
Regional, cross border, sector	10.0%	bbb+
Operating environment	20.0%	bbb+
Risk governance	5.0%	bbb+
Capital	17.5%	aa
Funding and liquidity	15.0%	a-
Credit risk	10.0%	bb+
Market risk	-	-
Other risks	2.5%	bbb+
Risk appetite	50.0%	a-
Competitive position	15.0%	bbb
Earnings	7.5%	a
Loss performance	7.5%	a
Performance indicators	15.0%	a
Indicative credit assessment		a-
Transitions		Neutral
Peer calibration		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 21. Capital structure ratings

Seniority	Rating
Senior unsecured	A-

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