

Sparbanken Rekarne AB (publ)

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 Rekarne AB (publ) reflects the bank's history of strong asset quality metrics, modest risk appetite and its relationship-based funding profile. We view the bank's 50% ownership by Swedbank AB as positive. Cooperation with Swedbank enables material diversification of product offerings, shared IT costs and the opportunity to finance retail and commercial mortgages.

The rating is constrained by the bank's concentrated exposure to the Södermanland region, which has historically experienced volatility as a key manufacturing region. We project increased credit losses over the next two years as the global and Swedish economies slow and we see increasing risk associated with the bank's high levels of real-estate lending.

STABLE OUTLOOK

The outlook is stable, reflecting our expectation that Sparbanken Rekarne will maintain its strong capital buffers and benefit from improvements in earnings due to interest rates stabilising well above zero. It also reflects projections of population and economic growth in the region, despite unemployment well above the Swedish average, as well as the bank's modest risk appetite. The outlook also takes account of the bank's continuing relationship with Swedbank and the potential for capital support from the larger bank, should the need arise.

POTENTIAL POSITIVE RATING DRIVERS

- Lasting improvements in capitalisation, with a common equity Tier 1 (CET1) ratio above 25% on a sustained basis, and;
- Maintained improvements in cost efficiency, with a cost-income ratio remaining below 50% and risk-adjusted earnings above 3.5% for a prolonged period, and;
- An improved regional operating environment.

POTENTIAL NEGATIVE RATING DRIVERS

- Reduced ownership by Swedbank.
- A sustained reduction in the CET1 ratio to below 18%.
- A significant downturn in the operating environment, weakening asset quality, loan growth, and/or funding access.

Figure 1. Key credit metrics, 2020–2026e

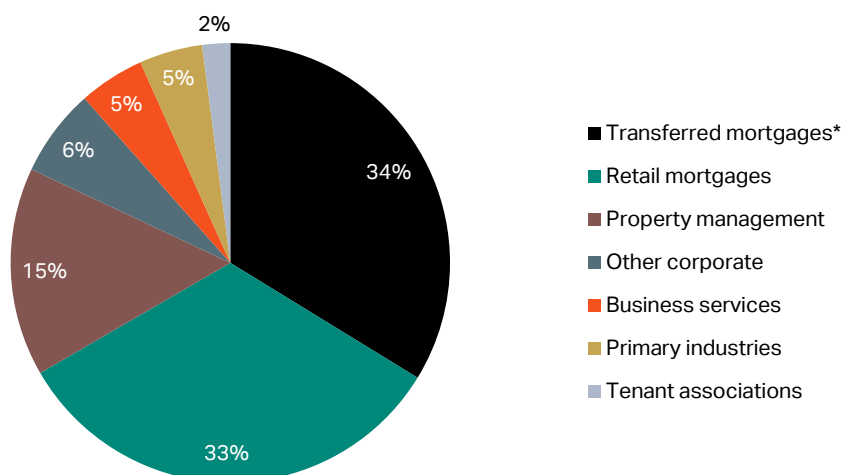
%	2020	2021	2022	2023	2024e	2025e	2026e
Net interest margin	1.4	1.3	1.7	2.5	2.3	2.1	2.0
Loan losses/net loans	0.03	-0.03	0.09	0.17	0.00	0.09	0.03
Pre-provision income/REA	2.4	3.4	3.7	5.7	4.6	3.7	3.5
Cost-to-income	61.4	53.1	50.7	42.0	46.1	50.2	53.1
Return on average equity	10.3	15.0	11.5	15.6	14.2	11.7	11.1
Loan growth*	-4.7	5.5	-0.3	4.0	5.0	4.0	4.0
CET1 ratio	18.1	21.2	24.4	24.7	21.2	22.5	22.6
Total capital ratio	20.1	23.3	26.6	26.9	22.9	24.2	22.6

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 CRR3 from 2025.

ISSUER PROFILE

Sparbanken Rekarne is a savings bank, with ownership evenly divided between Swedbank and the Sparbanken Rekarne foundation. Sparbanken Rekarne is based in Eskilstuna, with branches in Strängnäs and Mariefred, in the county of Södermanland. The bank cooperates with Swedbank, which provides material product diversification, shared costs for IT solutions and the opportunity to finance retail mortgages via Swedbank Hypotek, Sweden's largest issuer of covered bonds. However, Swedbank's 50% ownership distinguishes the bank from most other savings banks by increasing its focus on achieving return targets set by its owners.

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



Source: company.*to Swedbank Hypotek AB.

OPERATING ENVIRONMENT

Operating environment

We consider a balance of national and regional factors in our assessment of the operating environment. Sparbanken Rekarne operates in a narrow market, with a high level of exposure to the local economy, which has higher unemployment than the Swedish average and has experienced volatility as an important manufacturing region.

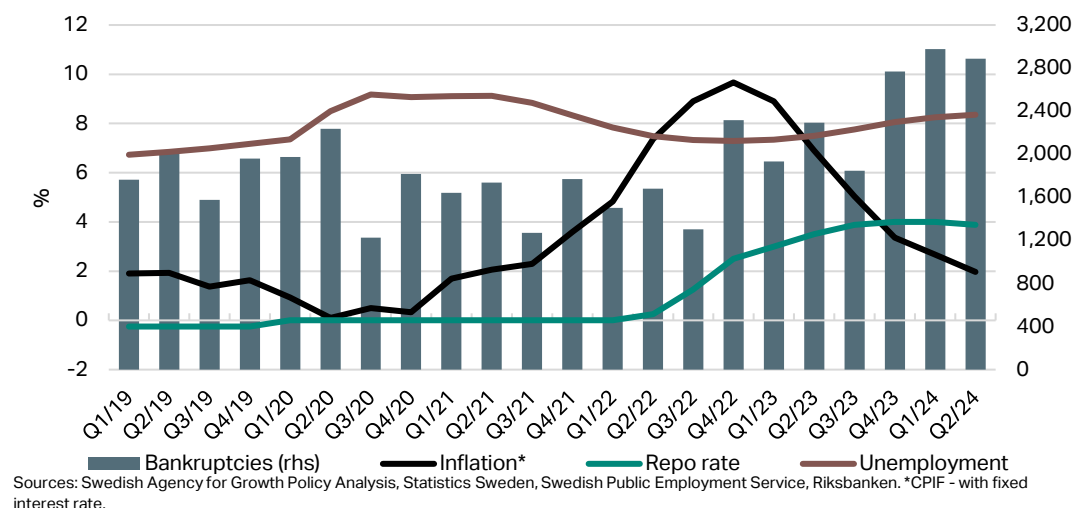
National economy weakened but stable

National factors

Swedish banks have been able to strengthen capital ratios in recent years due to strong earnings, and we anticipate that the Swedish banking environment will remain stable in 2025, supported by positive, but muted, growth and only a moderate increase in unemployment. While the Swedish central bank has lowered the policy rate gradually since May 2024, and signalled further decreases in late 2024 and/or early 2025, we do not expect it to lower policy rates down to zero, implying earnings should remain stronger than they were in the years leading up to 2022. Gradual improvements to investment sentiment and rising housing prices should support loan demand, both enabling balance sheet growth and reducing competitive pressure on interest margins.

Our market growth projections for 2025 reflect our expectation that investment will recover and lead to a rebound in credit growth. Lower interest rates will increase disposable income and provide further recovery in housing prices. We believe banks will see a recovery in retail deposit growth, although competition will continue to pressure margins, supporting our belief that net interest margins have peaked for most banks. However, we do not expect Sweden will return to extremely low interest rates in the next few years, which should allow most conventional banks to maintain strong net interest margins and robust cost efficiency.

Figure 3. Swedish economic indicators, Q1 2019–Q2 2024



While bankruptcies have increased sharply in recent quarters, there are also many companies experiencing cash flow issues without facing imminent insolvency. Consequently, we believe that risk limits and rigorous underwriting standards will prove important for many banks. Imminent concerns for the real estate sector have diminished, but rising vacancies remain a risk. Construction and development growth continues to be weak, and construction in particular remains at elevated risk. We expect actual loan losses to remain manageable due to generally high levels of securitisation backing conventional bank lending to the real-estate sector.

Regional economy likely to grow less than the national average over the next few years

The economy of Södermanland County, where Sparbanken Rekarne operates, has historically been more volatile than the wider Swedish economy, given cyclicity in demand for vehicles and heavy equipment, which are a key part of the region's manufacturing output. The county has nearly 300,000 inhabitants, half of whom live in locations with a Sparbanken Rekarne branch.

Eskilstuna has a history of high unemployment, in particular among foreign-born residents, and while unemployment (11.2%) is slightly down from two years ago, it has increased in the past 12 months and is vastly higher than for Sweden as a whole. The municipality's economy is more diversified than smaller cities in the region due to its size. Future concerns relate to how potential tariffs in the U.S. will affect global supply chains and commodity prices, as well as recent difficulties in the automotive sector. We expect growth in the regional economy will be lower than the national average in 2024 as economic activity slows.

Figure 4. Sparbanken Rekarne core markets

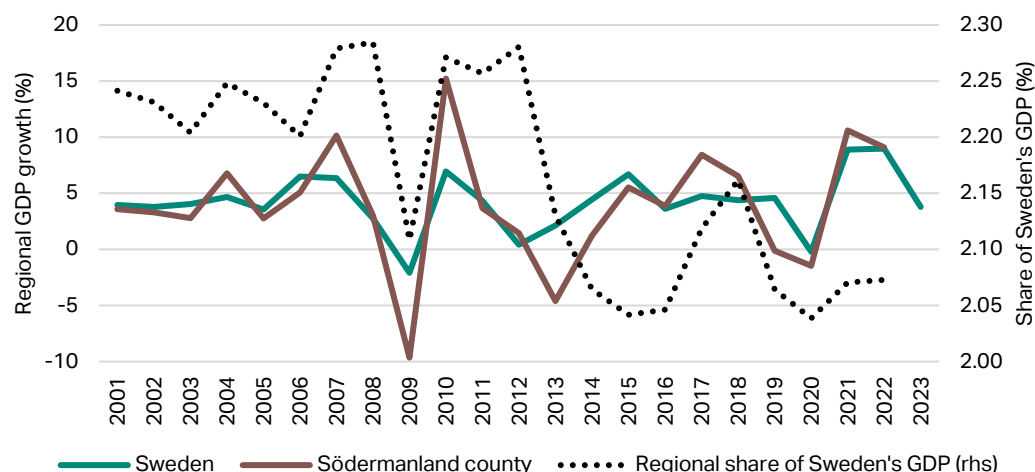
Municipality	Population, 2024	Expected population change, 2024–2040	Unemployment, Oct. 2024	Unemployment, Oct. 2023
Eskilstuna	107,558	1.6%	11.2%	10.9%
Strängnäs	25,756	12.7%	6.2%	5.7%
Sweden	10,577,720	4.1%	6.9%	6.4%

Source: Statistics Sweden, Swedish Public Employment Service.

Apart from manufacturing, the bank's core market has an above-average share of employment in the education sector, owing to the presence of Mälardalen University. Higher education tends to be countercyclical, and Strängnäs also has access to the larger labour market in Stockholm. While smaller, we expect Strängnäs municipality, including the city Mariefred, will experience strong growth, benefitting the bank. The bank's core market has also seen growth in the construction of residential housing and public transport links to accommodate the expected population expansion and reduce travel time to Stockholm, which has driven recent economic growth. For this reason, construction is another important, albeit cyclical, source of employment in the region.

Regional, sectoral, and cross-border factors

Figure 5. Södermanland's annual economic growth and share of Sweden's GDP, 2001–2022*



RISK APPETITE

Risk appetite assessment

Sparbanken Rekarne has improved its capital ratios in recent years, though it operates with a more leveraged capital profile than most Nordic savings banks, especially after its change to the standardised capital models in 2024. As a regional bank, it has natural portfolio concentrations in its local market, particularly in the real-estate sector.

Risk governance

Strong risk reporting and internal controls compared with similar-sized peers

Sparbanken Rekarne has a relatively high standard of internal reporting of its risk appetite and limits, and provides monthly reports to the board of directors. After creating its own tools for many years, the bank is increasingly cooperating with Swedbank and other regional savings banks on compliance risk oversight and the use of anti-money laundering and know-your-customer tools.

Sparbanken Rekarne incorporates environmental, social and corporate governance (ESG) factors using sustainability criteria in its credit decisions. The bank has a green bond framework, and we consider their awareness and management of ESG risks to be satisfactory given the bank's size and complexity.

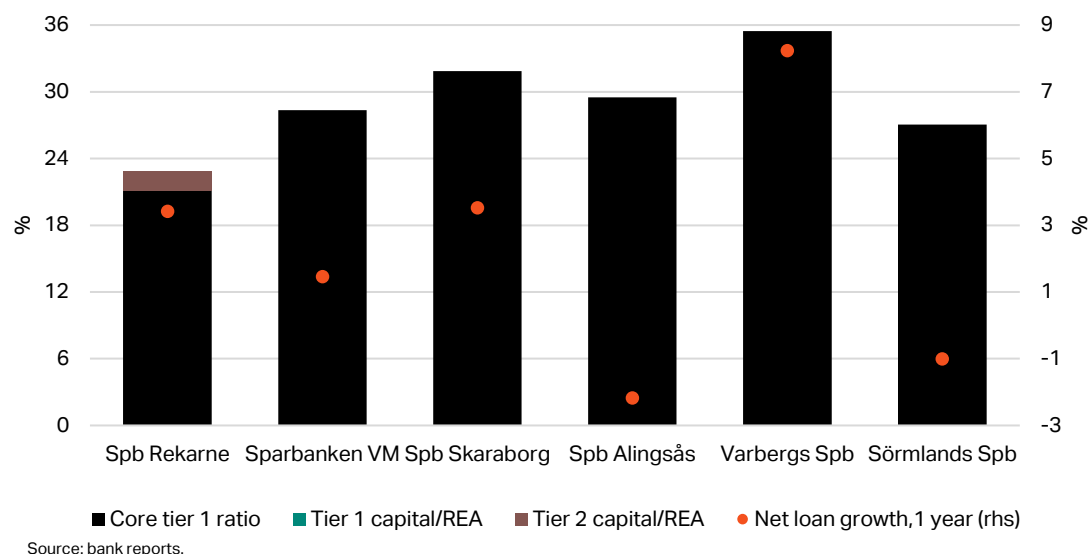
Capital

Reduced CET1 ratios due to model change partly reversed by CRR3

Sparbanken Rekarne's capital ratios have improved materially in recent years, to 24.7% at end-2023 from 15.6% at end-2019, while using internal ratings-based capital models. Improvements in the bank's capital ratios were driven by a strategic reduction in specific corporate exposures, the withholding of dividend payments for 2019 and 2020 and a sharp improvement in earnings in 2023. These actions enabled the bank to partially close to the gap to its Swedish peers before it changed models.

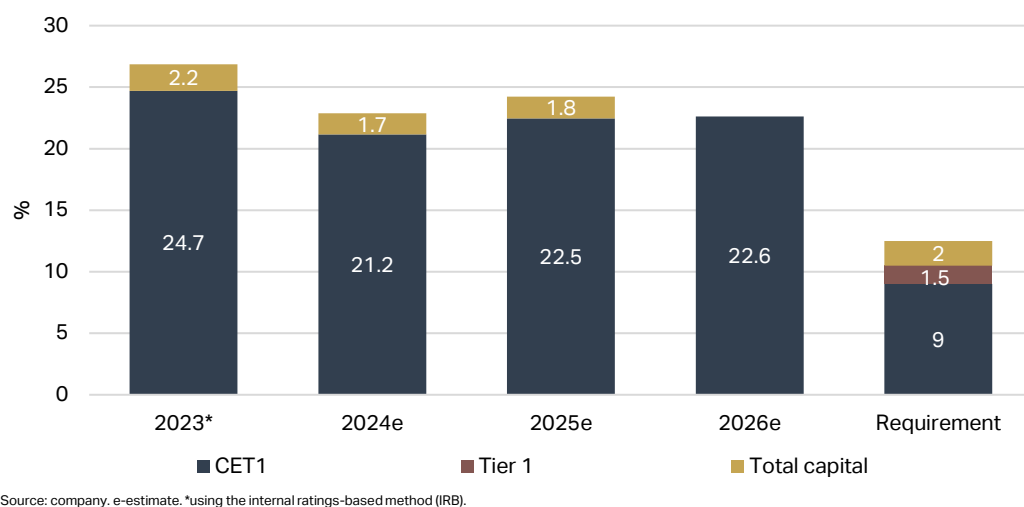
Until the beginning of 2024, Sparbanken Rekarne used internal ratings-based capital models, resulting in much lower average risk weights than those of peers using the standardised approach. After approval from the Swedish financial supervisory authority, the bank switched to the standardised approach in early 2024, resulting in a drop in CET1 ratios to 20.9% as of the first quarter of 2024 from 24.7% at year-end 2023. Solid earnings and moderate growth have strengthened the ratio by around 20bps thus far in 2024, and we forecast a ratio of 21.2% by year-end. While the bank's capital ratios have improved, they remain well behind those of Swedish savings banks peers. This is largely because of Sparbanken Rekarne's ambitious return-on-equity targets due to Swedbank's 50% ownership stake.

Figure 6. Swedish savings banks' capital ratios and loan growth, 30 Sep. 2024



We expect the implementation of the EU's Capital Requirements Regulations III (CRR3) in 2025 will improve the bank's metrics compared to using the standardised approach. We expect capital ratios will grow, including a loan growth of 4% annually in 2025-2026 and a return on equity above 11% in both years. Consequently, we do not expect the bank to refinance its outstanding Tier 2 instrument after its first call date in March 2026.

Figure 7. Consolidated capital ratios 2023–2026e, capital requirement as of Q3 2024



Strong customer loyalty supports funding as savings decrease

We regard Sparbanken Rekarne's funding and liquidity position as strong. It has a high share of relationship-based retail deposits and the ability to transfer mortgage loans to Swedbank's mortgage arm, Swedbank Hypotek. As of 30 Sep. 2024, the bank's net stable funding ratio was 166% and the liquidity coverage ratio is regularly above 300%, well above regulatory and internal limits. As a result of slower growth in the loan book and strong deposit growth, the loan-to-deposit ratio has increased towards 100% since 2023, from below 90% in 2021–2022, where we expect it to remain in the coming years. We expect that loan growth will slightly outpace deposit growth in our forecast, but note that the bank has built up significant liquidity reserves that it can utilise for growth.

Sparbanken Rekarne has increased its debt market funding, with an outstanding volume of SEK 1.6bn as of 30 Sep. 2024. Its programme has a maximum volume of SEK 3bn, but we expect that the bank will focus on deposit growth and using its liquidity reserves rather than increase its debt issuance. In addition, the bank has a SEK 400m credit facility from Swedbank and retains the ability to transfer mortgage loans to Swedbank Hypotek, which we view as supportive of the bank's liquidity

Funding and liquidity

management. The bank's internal liquidity stress testing and survival horizon also support our assessment.

Figure 8. Deposit metrics, 2019-2026e

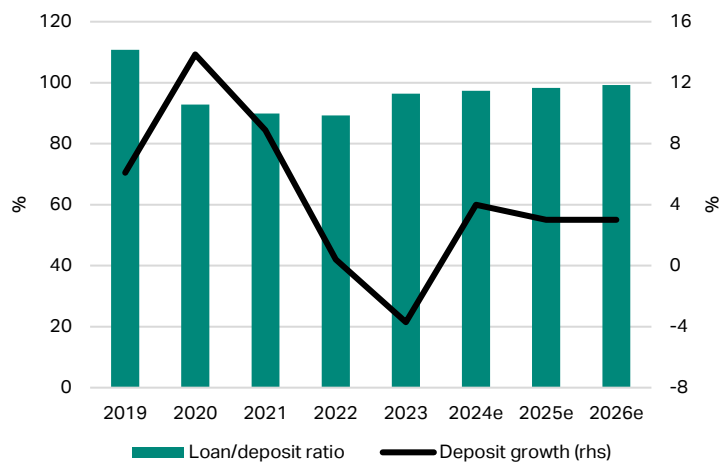
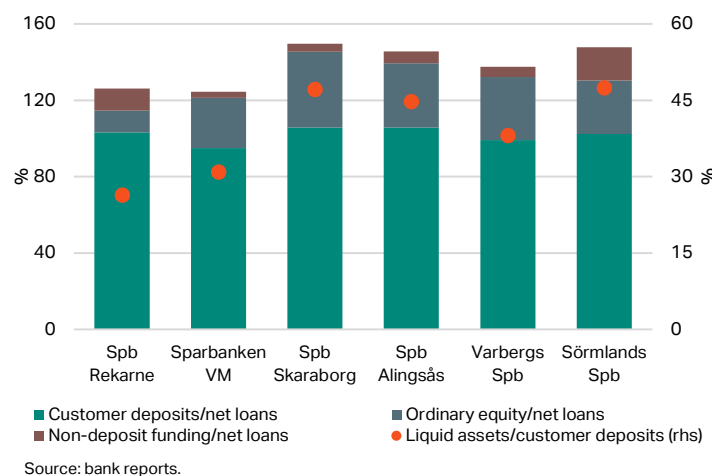


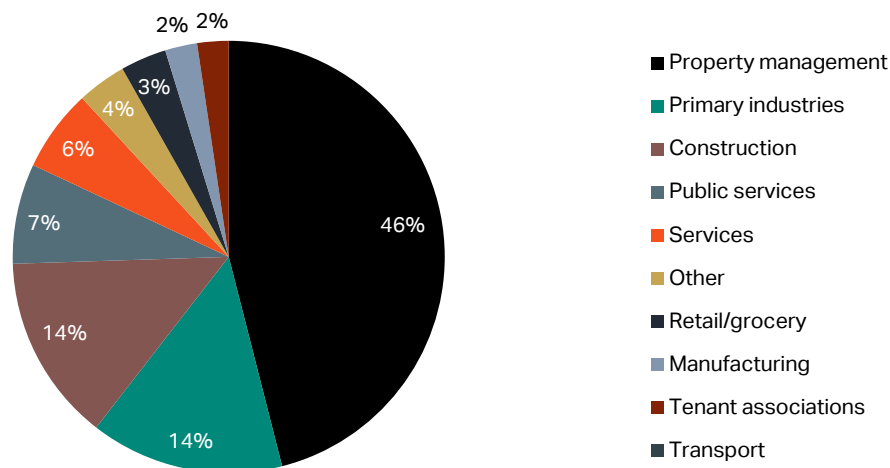
Figure 9. Swedish savings banks' funding, 30 Sep. 2024



Credit risk concentration in regional real-estate lending

Sparbanken Rekarne's regional profile creates geographic risk concentrations, as well as a material concentration of real-estate collateral in and around Eskilstuna and Strängnäs. The bank's lending exposures are associated with retail and commercial mortgages on existing property, with 80% of on-balance-sheet loans associated with residential, commercial or agricultural properties, as well as an additional SEK 7bn in transferred mortgages. We remain concerned about risk in the property management sector due to the increase in interest rates since 2022, cost inflation during the same period and risk for rising vacancies.

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



Source: company.

The bank has made a targeted reduction in loan exposure to commercial real-estate development, particularly in housing associations since 2020, in an effort to improve its capital position and diversify its corporate loan book. The bank has kept most of its retail mortgage lending on its own book over the past couple of years and we expect it will focus on-balance growth on corporate customers and increase the transfer share for retail mortgages. The bank only has a first-loss risk associated with its transferred loans, which results in a reduction in paid commission when write-downs of transferred loans occur.

The high concentration of local real estate collateral could be weakened by significant climate events or flooding from the region's lakes and waterways, which in turn could pressure collateral values. In

Credit risk

addition, increased climate volatility and higher temperatures could affect the performance of farming and forest operations in the region.

The bank's lending is focused on individuals and SMEs with operations in its core market, which leads to geographic concentration. The manufacturing industry is a significant employer in the region and, despite a low proportion of loans extended to manufacturing, many of the bank's exposures could be affected by volatility of the region's largest manufacturers as the economy slows.

Low market risk tolerance

Other risks

In our view, market risk is not a material risk factor for Sparbanken Rekarne, given the lack of a trading portfolio, low limits on interest rate risk and insignificant foreign currency exposure. The bank proactively transfers loans with longer maturities to Swedbank to reduce interest risk on its own books. The liquidity portfolio contains some spread and counterparty risk, but most of the exposure is to highly rated counterparties.

Sparbanken Rekarne has strategic ownership stakes in Indecap Holding AB and Sparbankernas Försäkring AB (jointly owned with other savings banks), and holds 20% of the shares in Portfolio Försäkra AB and two smaller ownership stakes.

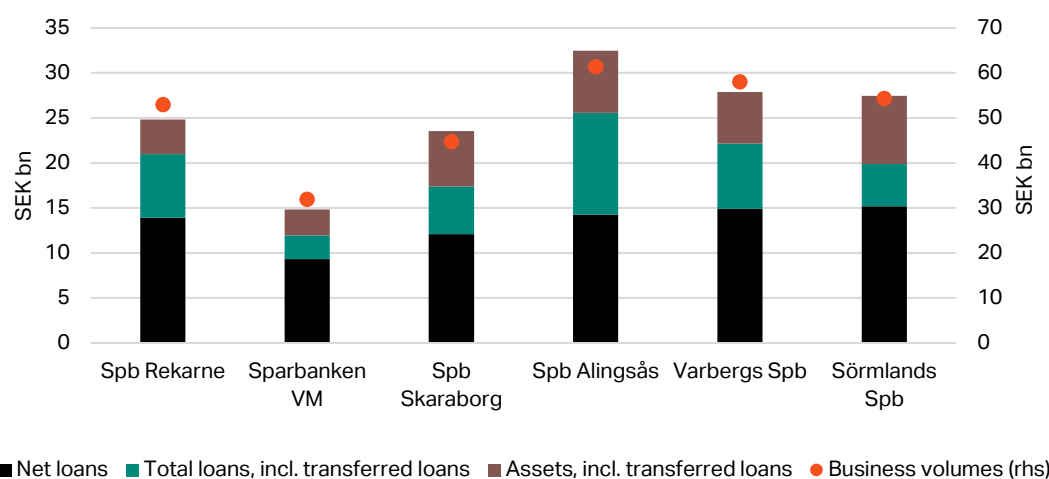
COMPETITIVE POSITION

Competitive position

Sparbanken Rekarne has a strong position in its core market and among local individuals and SMEs. The bank claims a market share of 40–50% among retail and corporate customers in Eskilstuna and 28–35% in Strängnäs. However, at national level, the bank accounts for only about 0.4% of retail deposits and residential mortgage loans, including loans transferred to Swedbank. Recent growth has been focused on Strängnäs, where the bank has a smaller share of the market and which is experiencing strong growth due to its proximity to Stockholm. The bank faces local competition from all of Sweden's national banks, and the largest corporations in the region are typically served by the country's larger banks. Recently, Nordea announced it will expand its staff in Eskilstuna, which we believe will increase competition.

We consider Sparbanken Rekarne's meaningful role and contributions to its local market as a positive rating factor given its strong sense of social responsibility to its local communities.

Figure 11. Swedish savings banks' business volumes and balance sheet volumes, 30 Sep. 2024



Source: bank reports.

PERFORMANCE INDICATORS

Performance indicators

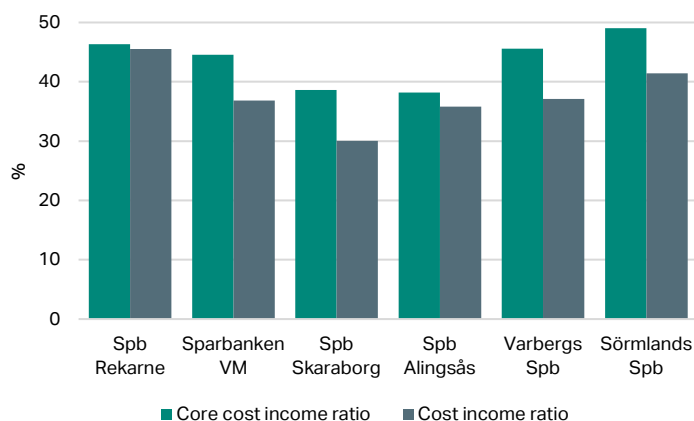
Sparbanken Rekarne's core earnings have improved materially since mid-2022, due to higher interest rates boosting net interest margins. The bank maintains strong asset quality, with increases in loan loss provisions and non-performing loans in line with our expectations of a weaker economy.

Higher interest margins drive core earnings and efficiency

Earnings

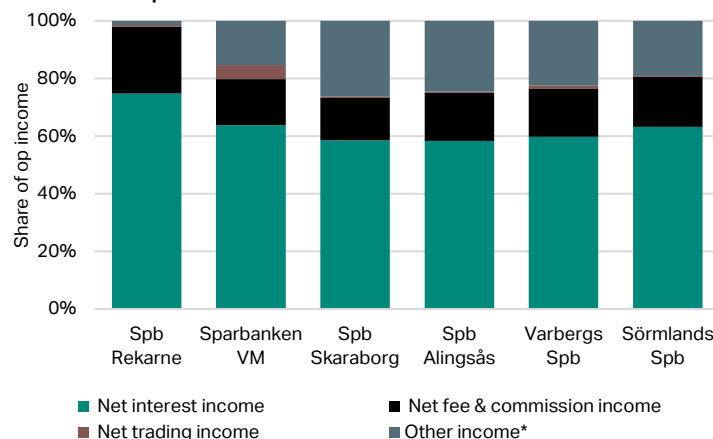
The rise in interest rates since early 2022 has boosted Sparbanken Rekarne's net interest margins significantly following years of margin pressure due to low interest rates and tough competition for mortgage loans. The rapid increase in interest rates has pushed down margins on loans transferred to Swedbank, due to a lag between the realisation of higher lending rates and the more immediate impact of Swedbank's STIBOR-linked funding costs. The Swedish policy rate is rapidly declining, but we expect it to stabilise closer to 2% than the 0% of recent years, implying a continued support for bank interest margins compared with the last decades. In addition, higher credit demand and supply of deposits should ease some margin pressure for banks, including Sparbanken Rekarne.

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



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

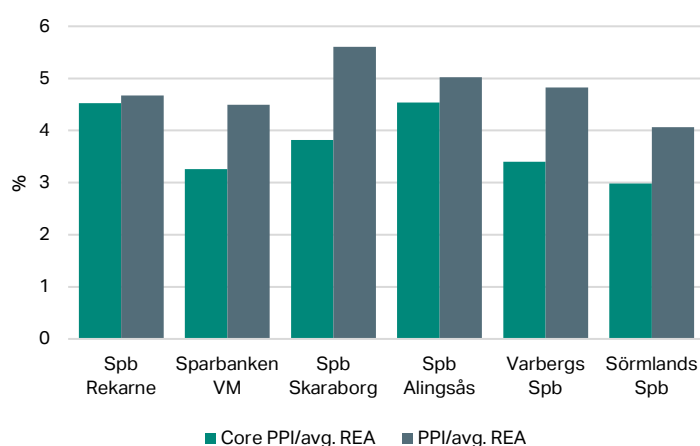
Figure 13. Swedish savings banks' split between income groups, LTM to 30 Sep. 2024



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

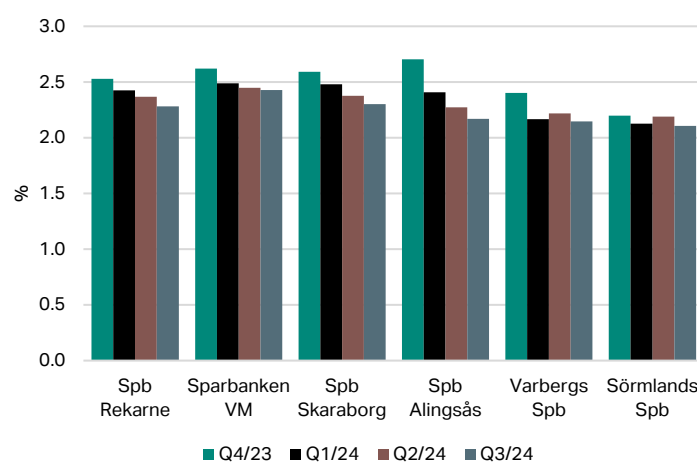
Unlike several other Swedish savings banks, Sparbanken Rekarne does not receive dividends from Swedbank AB. Consequently, we consider full pre-provision income for the bank, but focus on core earnings (net interest income and net fee and commission income) in comparison with peers. The bank has reported a cost-income ratio below 50% since interest rates started to climb, but we expect it to move past this threshold in 2025 and 2026, largely due to necessary IT investments.

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.

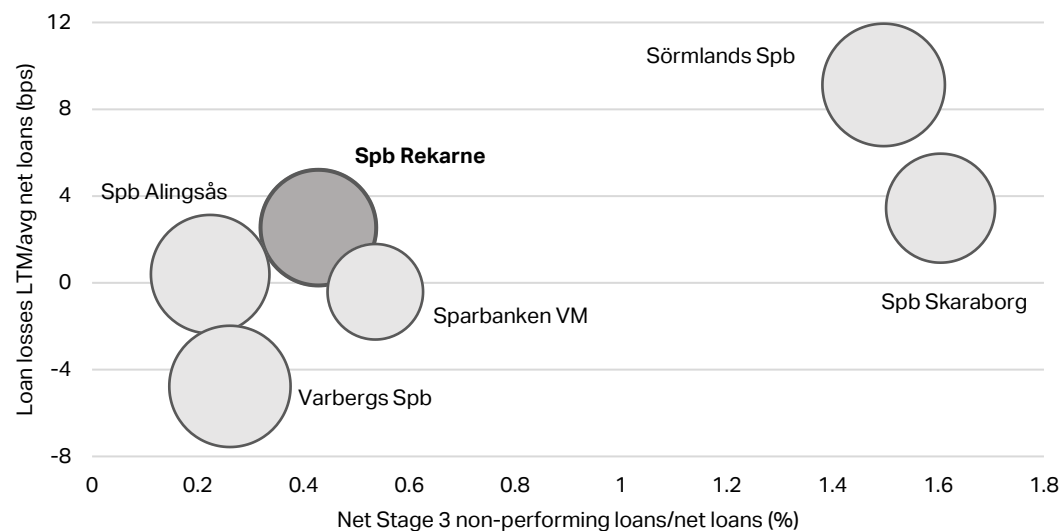
Non-performing loans and credit losses expected to stabilise

Loss performance

Sparbanken Rekarne's loss performance has been solid in recent years, with average loss provisions over net loans of 6bps in 2019–2023. Net Stage 3 loans in the same period average below 20bps of total net loans. Non-performing loans rose in the second quarter of 2024 due primarily to one exposure. Unlike many of its Swedish savings bank peers, Sparbanken Rekarne has reported some realised losses

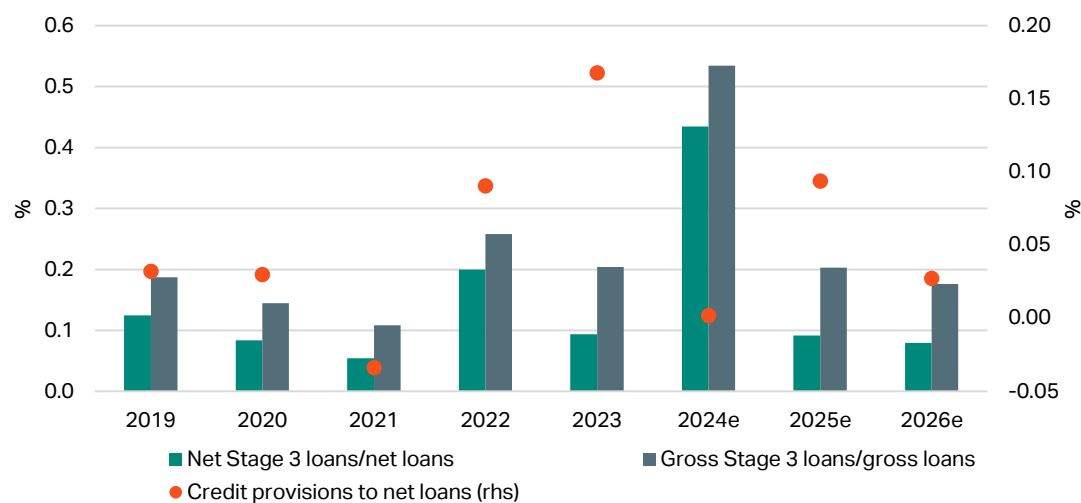
every quarter for the past two years, which we understand are comprised mainly of losses on unsecured lending to households. We expect these losses will continue at least through most of 2025 before tapering off as the economy stabilises, and the results of bank's more restrictive unsecured lending become apparent. Likewise, we expect the share of net Stage 3 loans will decline towards historical levels, once the large exposure previously mentioned is resolved.

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



Source: bank reports. Bubble sizes reflect net loan volumes.

Figure 17. Asset quality metrics, 2019–2026e



Source: company, e-estimate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

We consider ESG factors throughout our analysis where they are material to the credit assessment. In aggregate, we view the bank's ESG profile as having a moderately positive impact on its 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 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 (++) Funding & liquidity (+) Earnings (+)
Sustainable/green bond framework	Diversity of funding sources, access to additional markets/investors.	Funding & liquidity (+)
Anti-money laundering capacity	Risk of sanctions and fraud. Insufficient control of customers.	Risk governance (+)
Control of sustainability issues	Risk of overlooking sustainability impacts on underwriting, operations and customer base.	Risk governance (+) 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

Sparbanken Rekarne's ownership is split 50/50 between Swedbank and the Sparbanken Rekarne foundation. We view the benefit of Swedbank's ownership as valuable, but do not include an additional notch in excess of our already strong 'a-' standalone assessment of Sparbanken Rekarne. While the foundation could also provide additional capital from its liquid assets, we note that the majority of its assets are invested in shares in Swedbank and Sparbanken Rekarne, likely reducing their value during a period of stress.

ISSUE RATINGS

Our rating on Sparbanken Rekarne's unsecured senior debt is in line with the issuer rating of 'A-'. We expect to assign 'A-' ratings to future issues under the bank's medium-term note programme. We rate an outstanding Tier 2 instrument 'BBB+', reflecting its subordination to senior debt instruments.

SHORT-TERM RATING

The 'N2' short-term rating is the higher of the two alternatives given the long-term issuer rating of 'A-', which reflects our assessment that the bank's liquidity is adequate due to an average liquidity coverage ratio of 373% 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 Rekarne key financial data, 2020–Q3 2024 YTD

Key credit metrics (%)	FY 2020	FY 2021	FY 2022	FY 2023	Q3 2024 YTD
INCOME COMPOSITION					
Net interest income to op. revenue	58.7	49.0	66.1	77.0	74.8
Net fee income to op. revenue	36.2	35.2	30.8	21.4	23.2
Net trading income to op. revenue	2.2	5.6	1.1	0.2	0.5
Net other income to op. revenue	2.9	10.1	2.0	1.3	1.5
EARNINGS					
Net interest income to financial assets	1.4	1.3	1.7	2.5	2.3
Net interest income to net loans	1.7	1.6	2.1	3.2	2.9
Pre-provision income to REA	2.4	3.4	3.7	5.7	4.7
Core pre-provision income to REA (NII & NF&C)	2.1	2.3	3.5	5.6	4.5
Return on ordinary equity	10.3	15.0	11.5	15.6	14.9
Return on assets	0.7	1.0	0.9	1.3	1.4
Cost-to-income ratio	61.4	53.1	50.7	42.0	45.6
Core cost-to-income ratio (NII & NF&C)	64.7	63.1	52.4	42.6	46.5
CAPITAL					
CET1 ratio	18.1	21.2	24.4	24.7	21.1
Tier 1 ratio	18.1	21.2	24.4	24.7	21.1
Capital ratio	20.1	23.3	26.6	26.9	22.8
REA to assets	33.9	32.3	31.1	33.0	38.9
Dividend payout ratio		1034.4	30.0	30.2	70.0
Leverage ratio	5.9	6.6	7.4	8.1	8.1
GROWTH					
Asset growth	9.7	2.8	-1.9	-1.7	5.3
Loan growth	-4.7	5.5	-0.3	4.0	4.3
Deposit growth	13.9	8.9	0.4	-3.7	3.6
LOSS PERFORMANCE					
Credit provisions to net loans	0.01	-0.03	0.09	0.17	-0.03
Stage 3 coverage ratio	42.11	49.92	22.75	54.24	17.18
Stage 3 loans to gross loans	0.14	0.11	0.26	0.20	0.52
Net stage 3 loans to net loans	0.08	0.05	0.20	0.09	0.43
Net stage 3 loans/ordinary equity	0.92	0.54	1.87	0.80	3.76
FUNDING & LIQUIDITY					
Loan to deposit ratio	92.8	89.9	89.3	96.4	97.0
Liquid assets to deposit ratio	22.0	20.8	21.9	24.2	26.4
Net stable funding ratio	126.5	147.3	147.3	151.6	166.0
Liquidity coverage ratio	348.4	323.2	364.5	428.4	353.7

Key financials (SEKm)	FY 2020	FY 2021	FY 2022	FY 2023	Q3 2024 YTD
BALANCE SHEET					
Total assets	16,992	17,461	17,135	16,844	17,731
Total tangible assets	16,992	17,461	17,135	16,844	17,731
Total financial assets	15,081	15,832	15,964	16,688	17,687
Net loans and advances to customers	12,188	12,861	12,825	13,336	13,903
Total securities	1,522	1,577	1,532	1,774	1,420
Customer deposits	13,136	14,303	14,361	13,828	14,332
Issued securities	2,419	1,819	1,319	1,319	1,728
of which other senior debt	2,299	1,699	1,200	1,200	1,608
of which subordinated debt	120	120	120	120	120
Total equity	1,106	1,284	1,372	1,559	1,582
of which ordinary equity	1,106	1,284	1,372	1,559	1,582
CAPITAL					
Common equity tier 1	1,041	1,193	1,300	1,376	1,457
Tier 1	1,041	1,193	1,300	1,376	1,457
Total capital	1,161	1,313	1,420	1,496	1,577
REA	5,764	5,640	5,334	5,567	6,905
INCOME STATEMENT					
Operating revenues	364	419	414	536	403
Pre-provision operating profit	141	197	204	311	219
Impairments	4	-4	12	22	-3
Net Income	108	179	152	229	176

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

Figure 20. Sparbanken Rekarne 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%	a
Capital	17.5%	a+
Funding and liquidity	15.0%	a
Credit risk	10.0%	bbb-
Market risk	-	-
Other risks	2.5%	a
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-
Tier 2	BBB+

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