

Resurs Bank AB (publ)

Rating Action Report

LONG-TERM RATING

BBB-

OUTLOOK

Stable

SHORT-TERM RATING

N3

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Resurs Bank long-term issuer rating lowered to 'BBB-'; Outlook stable

Nordic Credit Rating (NCR) has lowered its long-term issuer rating on Sweden-based niche lender [Resurs Bank AB \(publ\)](#) to 'BBB-' from 'BBB'. The outlook is stable. The 'N3' short-term issuer rating has been affirmed, while the senior unsecured issue rating has been lowered to 'BBB-' and the Tier 2 issue rating has been lowered to 'BB'.

Rating rationale

The rating action reflects our expectation that Resurs Bank's asset quality, earnings, and capital generation will remain weaker than previously for the next few years. Since the beginning of 2024, the bank has increased loan-loss provisions significantly. While quarterly losses improved during the course of the year, the improvements were nonetheless below our expectations. In addition, net Stage 3 loans have risen beyond our expectations and the bank has a high volume of Stage 2 loans, indicating a risk of increased non-performing loans and slow recovery in provisions. We now expect provisions to decline gradually through 2026 to around 3.2% of net loans, a higher level than the 2-2.5% reported in the past. We believe this change in asset quality metrics is indicative of the bank's credit risk being higher than we previously assessed and have revised our assessment downwards to reflect this.

Resurs Bank is undergoing a strategic transformation following a change in ownership in 2024. This led to a sharp increase in costs, and we now expect costs to outpace income through 2026. While risk-adjusted earnings remain high, we have revised our assessment of the bank's earnings to reflect the impact of higher costs on capital generation and the likelihood of low profitability over our forecast period through 2027. We expect dividend payments to continue, possibly at reduced levels, in light of the change in ownership and limited ability to generate capital due to low return on equity.

The long-term rating reflects Resurs Bank's strong earnings metrics, sound funding and liquidity, and demonstrated access to deposit and capital market finance. It also reflects the bank's diverse business model and strong partnerships with merchants. The rating is constrained by the higher-than-average risk appetite associated with consumer lending, a market characterised by strong competition, low customer loyalty, and high regulatory scrutiny.

Stable outlook

The stable outlook reflects our view that Resurs Bank has embarked on a course of strategic investments that will have a negative impact on its costs over the next few years. It also reflects our expectation that asset quality metrics will continue to improve, but at a slower pace than we previously believed. In addition, we believe that loan losses will stabilise at a higher level than previously. We expect weak, though positive, capital generation before dividend payouts. The outlook also reflects the weak, but improving, economic outlook for the Nordic countries.

We could raise the rating to reflect a sustainable improvement in asset quality metrics to pre-2023 levels, in terms of loan losses and net Stage 2 and 3 loans, an improved operating environment for consumer lenders in the Nordic countries, or a strengthened competitive position in terms of market position and business diversity.

We could lower the rating to reflect a worsening operating environment caused by a deep economic downturn or regulatory changes, or a further deterioration of asset quality metrics and earnings that severely impacts capital generation.

Rating list

Long-term issuer credit rating:

To	From
BBB-	BBB

Rating list	To	From
Outlook:	Stable	Negative
Short-term issuer credit rating:	N3	N3
Senior unsecured issue rating:	BBB-	BBB
Tier 2 issue rating:	BB	BB+

Figure 1. Resurs Bank rating scorecard

Subfactors	Impact	To	From
National factors	5.0%	a-	a-
Regional, cross border, sector	15.0%	bb+	bb+
Operating environment	20.0%	bbb-	bbb-
Risk governance	5.0%	bbb	bbb
Capital	17.5%	bbb	bbb
Funding and liquidity	15.0%	bbb	bbb
Credit risk	10.0%	bb+	bbb-
Market risk	-	-	-
Other risks	2.5%	bbb	bbb
Risk appetite	50.0%	bbb	bbb
Competitive 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 calibration		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	Negative
Short-term rating		N3	N3

Figure 2. Capital structure ratings

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

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 15 May. 2019.
Office responsible for the credit rating:	Nordic Credit Rating AS (NCR), Oslo, Norway. NCR is a registered credit rating agency under Regulation (EC) No 1060/2009.
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Were ESG factors a key driver behind the change to the credit rating or rating outlook?	No.
Methodology used when determining the credit rating:	NCR's Financial Institutions Rating Methodology published on 14 Feb. 2024 NCR's Rating Principles published on 14 Feb. 2024 NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024 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
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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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