

Sparbanken Västra Mälardalen

Rating Action Report

LONG-TERM RATING

BBB+

Watch Positive

SHORT-TERM RATING

N3

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Sparbanken Västra Mälardalen 'BBB+' long-term issuer rating affirmed; on watch positive and removed from criteria review

Nordic Credit Rating (NCR) has affirmed its 'BBB+' long-term issuer rating on Sweden-based savings bank [Sparbanken Västra Mälardalen](#). The ratings are on watch positive awaiting the finalisation of its merger with Sparebanken Rekarne. The 'N3' short-term issuer rating and the 'BBB+' senior unsecured issue rating have also been affirmed, in accordance with NCR's revised financial institutions rating methodology. The ratings are no longer under criteria review.

Rating rationale

NCR has reviewed its long-term and short-term issuer ratings, issue ratings, and outlook on Sparbanken VM following the revision of its methodology for assigning ratings to financial institutions (see Related publications). We consider that our amendments to the methodology have not had a material impact on our view of the bank's creditworthiness, and that there have not been significant changes in its overall risk profile. Consequently, we have affirmed our ratings and maintained the positive watch placement on the ratings on Sparbanken VM.

The watch placement reflects our expectations that the bank's merger with Sparbanken Rekarne will be completed by Q4 2025, after which the long-term issuer rating is likely to be increased to 'A-' in line with our rating on Sparbanken Rekarne. Approval from the Swedish Financial Supervisory Authority (Finansinspektionen) is required, which we consider likely given recent approvals of similar mergers between Swedish savings banks. The Swedish Competition Authority (Konkurrensverket) gave its approval on 30 Apr. 2025.

Stable outlook

The watch placement reflects our view that Sparbanken VM's merger with Sparbanken Rekarne, currently rated 'A-' by NCR, would create a stronger bank. The merged entity would gain a larger market with better growth prospects, an enhanced competitive position, and greater business diversity. Additionally, we anticipate the merger would diversify the bank's risk profile and exposures, thereby reducing geographic credit risk concentrations. We also recognise the advantage of adding a strong owner like Swedbank to the ownership group. We expect to resolve the watch placement upon notice of all necessary approvals, or if the merger agreement is terminated.

We could raise the rating to reflect approval of the merger from Sparbanken VM's principal representatives and the relevant authorities and confirmation that the merger will take place.

We could affirm the rating and assign a stable outlook if the transaction is not approved as we expect, or it is otherwise terminated.

Related publications

- i) [NCR Comments: Ratings for Swedish savings banks unchanged after Swedbank's revised dividend policy](#), 29 Jan. 2025.
- ii) [Sparbanken Västra Mälardalen 'BBB+' long-term issuer rating placed on watch positive](#), 27 Jan. 2025.
- iii) [Nordic Credit Rating publishes amended Financial Institutions Rating Methodology](#), 12 May 2025.

Rating list

	To	From
Long-term issuer credit rating:	BBB+	BBB+
Watch:	Watch Positive	Watch Positive
Short-term issuer credit rating:	N3	N3
Senior unsecured issue rating:	BBB+	BBB+

Figure 1. Sparbanken VM rating scorecard

Subfactors	Impact	To	From
National banking environment	5.0%	a-	-
Sector exposure assessment	-	-	-
Regional assessment	15.0%	bb+	-
Cross border assessment	-	-	-
National factors	-	-	a-
Regional, cross border, sector	-	-	bb+
Operating environment	20.0%	bbb-	bbb-
Risk governance	7.5%	bbb+	bbb+
Capital	17.5%	aa	aa
Funding and liquidity	15.0%	a	a
Credit and market risk	10.0%	bbb-	-
Market risk	-	-	-
Other risks	-	-	a
Credit risk	-	-	bbb-
Risk appetite	50.0%	a	a
Competitive position	15.0%	bb+	bb+
Earnings	7.5%	a	a
Loss performance	7.5%	a	a
Performance indicators	15.0%	a	a
Indicative credit assessment		bbb+	bbb+
Peer comparison		Neutral	Neutral
Transitions		Neutral	Neutral
Borderline assessments		Neutral	Neutral
Stand-alone credit assessment		bbb+	bbb+
Ownership		Neutral	Neutral
Capital structure protection		Neutral	-
Rating caps		Neutral	Neutral
Material credit enhancement		-	Neutral
Issuer rating		BBB+	BBB+
Watch		Watch Positive	Watch Positive
Short-term rating		N3	N3

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	BBB+	BBB+

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 09 Jan. 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 12 May 2025 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
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 have been provided in the last 12 months.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
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