

Varbergs Sparbank AB (publ)

Rating Action Report

LONG-TERM RATING

A

OUTLOOK

Stable

SHORT-TERM RATING

N2

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Varbergs Sparbank AB 'A' long-term issuer rating affirmed with stable outlook; removed from criteria review

Nordic Credit Rating (NCR) has affirmed its 'A' long-term issuer rating on Sweden-based savings bank [Varbergs Sparbank AB](#). The outlook is stable. The 'N2' short-term issuer rating and the 'A' senior unsecured issue ratings 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 Varbergs Sparbank 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 stable outlook on the ratings on Varbergs Sparbank.

Stable outlook

The stable outlook reflects our view that Varbergs Sparbank will maintain a prudent risk appetite despite our expectation that it will utilise its excess capital to grow. We expect that the bank will be able to protect some of a recent increase in risk-adjusted earnings as interest rates fall. We believe that the bank's prudent provisioning will protect against significant losses despite a risk of increasing non-performing loans in the construction sector. We further believe that the regional economy will continue to perform in line with, or better than, the domestic average.

An upgrade is unlikely at this time, given the bank's regional and sectoral concentration.

We could lower the rating to reflect a decline in core earnings (core cost-to-income around 60% and risk-adjusted earnings around 2%). We could also lower the rating to reflect a material deterioration in the regional operating environment or increased risk appetite, or material changes in the bank's cooperation with Swedbank.

Related publications

- i) [NCR Comments: Ratings for Swedish savings banks unchanged after Swedbank's revised dividend policy](#), 29 Jan. 2025.
- ii) [Varbergs Sparbank long-term issuer rating raised to 'A'; Outlook stable](#), 9 Sep. 2024.
- iii) [Nordic Credit Rating publishes amended Financial Institutions Rating Methodology](#), published 12 May 2025.

Rating list

	To	From
Long-term issuer credit rating:	A	A
Outlook:	Stable	Stable
Short-term issuer credit rating:	N2	N2
Senior unsecured issue rating:	A	A

Figure 1. Varbergs Sparbank rating scorecard

Subfactors	Impact	To	From
National banking environment	10.0%	a-	-
Sector exposure assessment	-	-	-
Regional assessment	10.0%	bbb+	-
Cross border assessment	-	-	-
National factors	-	-	a-
Regional, cross border, sector	-	-	bbb+
Operating environment	20.0%	bbb+	bbb+
Risk governance	7.5%	a	a
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%	bbb+	bbb+
Earnings	7.5%	a	a
Loss performance	7.5%	a	a
Performance indicators	15.0%	a	a
Indicative credit assessment		a	a
Peer comparison		Neutral	Neutral
Transitions		Neutral	Neutral
Borderline assessments		Neutral	Neutral
Stand-alone credit assessment		a	a
Ownership		Neutral	Neutral
Capital structure protection		Neutral	-
Rating caps		Neutral	Neutral
Material credit enhancement		-	Neutral
Issuer rating		A	A
Outlook		Stable	Stable
Short-term rating		N2	N2

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	A	A

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 21 Sep. 2020.
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, Meetings with management of the rated entity, Non-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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