Norion Bank AB (publ)



LONG-TERM RATING

BB+

OUTLOOK

Positive

SHORT-TERM RATING

N4

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# Norion Bank outlook revised to positive; 'BB+' long-term issuer rating affirmed

Nordic Credit Rating (NCR) has revised the outlook on its 'BB+' long-term issuer rating on Sweden-based niche lender Norion Bank AB (publ) to positive from stable. The long-term rating and 'N4' short-term issuer rating have been affirmed, as have the 'BB+' senior unsecured issue rating, 'BB-' Tier 2 issue rating, and 'B' Additional Tier 1 issue rating.

**Rating rationale**

The outlook revision reflects our view that the operating environment for Nordic niche lenders has improved, supported by lower interest rates, stabilised economies, and reduced uncertainty over regulatory pressure. It also reflects greater business diversity at Norion Bank, driven by revived growth in consumer loans and the expansion of its payment solution Walley, and a modest positive trend in asset quality metrics, which we expect to continue. Loss provisions were 1.7% as of Q3 2025 (annualised), compared with our latest full-year 2025 forecast of 2.3%. Our base case now expects the loss ratio to remain below 2% through 2027.

While loss provisions and net Stage 2 lending have improved, the bank's share of net Stage 3 lending remains elevated in both private and corporate segments. As of Q3 2025, the ratio had declined modestly to 12% from a peak of 13% early in 2024. The share of corporate net Stage 3 loans stood at 9% in the same period, down from 11% in Q2 2024, but still well above the 1.5–3.5% range seen in 2022–2023. A large portion of corporate Stage 3 loans are secured, reducing additional loss risk, however, the high share of corporate Stage 3 loans weighs on our assessment of the bank's credit and loss risk.

We believe there has been progress in the bank's governance of related-party lending, including the establishment of an internal limit. However, we maintain concerns related to conflicts of interest and reputational risk surrounding the bank's current ownership structure. The ownership structure is expected to change given Fastighets AB Balder's plans to distribute its 44% ownership stake in Norion Bank as a dividend to its shareholders. However, both the timing of the transaction and the future ownership structure remain uncertain.

**Positive outlook**

The positive outlook reflects our expectation that the bank will continue to improve its asset quality metrics. We also expect the bank to continue diversifying its loan book by expanding in credit cards and consumer lending, including payment solutions. In the corporate segment, we expect increased focus on SME lending rather than real estate, and that related party lending will remain well within internal limits. We will monitor developments in ownership and the ongoing anti-money laundering investigation (see Related Publications), but believe that an upgrade will likely depend on improved clarity in at least one of these areas.

We could raise the rating to reflect a continued improvement in asset quality metrics including reduced single-name concentrations in Stage 3 exposures. We could also raise the rating to reflect a significant improvement in ownership diversification, including a broader and more balanced profile of active owners.

We could revise the outlook to stable to reflect continued concentration in the ownership structure or if concerns over conflicts of interest increase. The outlook could also be revised to stable to reflect a deterioration in asset quality metrics. We could also revise the outlook to stable if the Tier 1 ratio remains below 15% or if the common equity Tier 1 ratio margin to requirements falls below 3pp on a sustained basis.

**Related rating actions**

i) Three Swedish niche banks' ratings affirmed; removed from criteria review, 1 Jul. 2025

ii) Norion Bank 'BB+' long-term issuer rating affirmed; Outlook stable, 7 Mar. 2025
iii) Norion Bank long-term issuer rating lowered to 'BB+'; Outlook stable, 18 Dec. 2024

**Related publications**
i) NCR comments: Norion Bank 'BB+' rating unchanged following start of buyback programme, 29 Oct. 2025
ii) Nordic niche banks; building a foundation for growth, 4 Sep. 2025
iii) NCR comments: Norion Bank 'BB+' rating unchanged following Balder proposal, 25 Mar. 2025
iv) NCR comments: Norion Bank's 'BB+' rating unchanged following news on AML investigation, 31 Jan. 2025

| Rating list | To | From |
|---|---|---|
| Long-term issuer credit rating: | BB+ | BB+ |
| Outlook: | Positive | Stable |
| Short-term issuer credit rating: | N4 | N4 |
| Senior unsecured issue rating: | BB+ | BB+ |
| Tier 2 issue rating: | BB- | BB- |
| Additional Tier 1 issue rating: | B | B |

**Figure 1. Norion Bank rating scorecard**

| Subfactors | Impact | To | From |
|---|---|---|---|
| National banking environment | 5.0% | a- | a- |
| Sector exposure assessment | 15.0% | bbb- | bb+ |
| Regional assessment | - | - | - |
| Cross border assessment | - | - | - |
| Operating environment | 20.0% | bbb | bbb- |
| Risk governance | 7.5% | bb | bb- |
| Capital | 17.5% | bbb | bbb |
| Funding and liquidity | 15.0% | bbb | bbb |
| Credit and market risk | 10.0% | b+ | b+ |
| Risk appetite | 50.0% | bbb- | bb+ |
| Competitive position | 15.0% | bb+ | bb |
| Earnings | 7.5% | aa | aa |
| Loss performance | 7.5% | bb+ | bb- |
| Performance indicators | 15.0% | a- | bbb+ |
| **Indicative credit assessment** | | **bbb-** | **bbb-** |
| Peer comparison | | -1 notch | -1 notch |
| Transitions | | Neutral | Neutral |
| Borderline assessments | | Neutral | Neutral |
| **Stand-alone credit assessment** | | **bb+** | **bb+** |
| Ownership | | Neutral | Neutral |
| Capital structure protection | | Neutral | Neutral |
| Rating caps | | Neutral | Neutral |
| **Issuer rating** | | **BB+** | **BB+** |
| Outlook | | Positive | Stable |
| **Short-term rating** | | **N4** | **N4** |

**Figure 2. Capital structure ratings**

| Seniority | To | From |
|---|---|---|
| Senior unsecured | BB+ | BB+ |
| Tier 2 | BB- | BB- |
| Additional Tier 1 | B | B |

| | |
|---|---|
| Type of credit rating: | Long-term issuer credit rating<br>Short-term issuer credit rating<br>Issue credit rating |
| Publication date: | The rating was first published on 18 Mar. 2021. |
| 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 Rating Principles published on 14 Feb. 2024<br>NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024<br>NCR's Financial Institutions Rating Methodology published on 12 May 2025<br>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.<br>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. |
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