Nordic Credit Rating

FINANCIAL INSTITUTION

Sweden
12 Mar. 2026

Sparbanken i Karlshamn

Rating Action Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N3

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Sparbanken i Karlshamn assigned 'BBB+' long-term issuer rating; Outlook stable

Nordic Credit Rating (NCR) has assigned a 'BBB+' long-term issuer rating to Sweden-based savings bank Sparbanken i Karlshamn. The outlook is stable. At the same time, NCR assigned an 'N3' short-term issuer rating as well as 'BBB+' issue ratings to Sparbanken i Karlshamn's senior unsecured bonds.

Rating rationale

The long-term issuer rating reflects the bank's moderate risk appetite, strong capitalisation, solid competitive position and relationship-based funding profile. The bank has a relatively high share of retail mortgages on-balance for a Swedish savings bank, 54% as of 31 Dec. 2025, and a history of strong asset quality, with an average share of net Stage 3 loans of 0.4% between 2021-2025. We view the bank's cooperation with Swedbank AB as positive, as it offers greater product diversity, shared IT costs and access to retail mortgage financing.

The rating is constrained by the bank's relatively high single-name concentrations in its loan book and its exposure to a region with limited growth prospects. Although risks in the Swedish property management sector have moderated after recent volatility, the bank remains inherently concentrated in the local real estate market, leading to a sensitivity towards local property values.

Stable outlook

The stable outlook reflects our expectation that Sparbanken i Karlshamn will maintain a moderate risk appetite while pursuing growth in line with the market. Although we expect Swedbank to continue paying dividends over the coming years, we consider the bank's reliance on these earnings as a weakness in our assessment. The outlook also reflects our expectation that asset quality will remain solid and that capitalisation will be maintained at strong levels.

We could raise the rating to reflect improved growth prospects in the bank's targeted area. We could also raise the rating to reflect reduced single-name concentrations in the loan book, combined with improved core earnings, with core cost-to-income below 55% over a protracted period.

We could lower the rating to reflect a deteriorating operating environment leading to reduced regional growth, asset quality and collateral values. We could also lower the rating to reflect a common equity Tier 1 (CET1) ratio below 20% over a protracted period, or worsened asset quality in larger corporate exposures.

Rating list	Rating
Long-term issuer credit rating:	BBB+
Outlook:	Stable
Short-term issuer credit rating:	N3
Senior unsecured issue rating:	BBB+

Figure 1. Sparbanken i Karlshamn rating scorecard

Subfactors	Impact	Score
National banking environment	5.0%	a-
Sector exposure assessment	-	-
Regional assessment	15.0%	bb+
Cross border assessment	-	-
Operating environment	20.0%	bbb-
Risk governance	7.5%	bbb
Capital	17.5%	aa
Funding and liquidity	15.0%	a
Credit and market risk	10.0%	bb+
Risk appetite	50.0%	a
Competitive position	15.0%	bbb-
Earnings	7.5%	bbb+
Loss performance	7.5%	a
Performance indicators	15.0%	a-
Indicative credit assessment		**bbb+**
Peer comparison		Neutral
Transitions		Neutral
Borderline assessments		Neutral
Stand-alone credit assessment		**bbb+**
Ownership		Neutral
Capital structure protection		Neutral
Rating caps		Neutral
Issuer rating		**BBB+**
Outlook		Stable
Short-term rating		**N3**

Figure 2. Capital structure ratings

Seniority	Rating
Senior unsecured	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 12 Mar. 2026.
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 NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024 NCR's Financial Institutions Rating Methodology published on 12 May 2025 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, 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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