

Sparbanken Alingsås AB

Rating Action Report

Sparbanken Alingsås 'A-' long-term issuer rating affirmed; Outlook stable

Nordic Credit Rating has affirmed its 'A-' long-term issuer rating on Sweden-based savings bank [Sparbanken Alingsås AB](#). The 'N2' short-term issuer rating and the 'A-' senior unsecured issue ratings have also been affirmed.

Rating rationale

The affirmation reflects our view that the bank will continue to strengthen its capital position to over 40% common equity Tier 1 (CET1) ratio by end-2027, supported by robust core earnings, projected dividends from Swedbank shareholdings, and low credit losses around 5bps per year. The bank noted a decline in corporate lending in the first quarter of 2026 and is expected to grow moderately in 2026 as a result. We have maintained our assessment of the bank's performance indicators, but have revised our view of loss performance upward due to very strong asset quality metrics. Conversely, we have revised our view of earnings downward, reflecting reduced pre-provision capital generation and weaker cost efficiency relative to peers, with pre-provision income projected at 2.1–2.2% and a cost-to-income ratio around 57%.

In addition, the bank has demonstrated access to capital markets and a significant improvement in liquid assets in recent years, resulting in a positive revision of our assessment of its funding and liquidity. Cash and fixed income assets now represent nearly 38% of customer deposits, almost double the level three years ago. The bank can also divest Swedbank shares to generate additional liquidity if needed. The bank continues to transfer a large share of mortgage loans to Swedbank, maintaining its on-balance-sheet loans at 89% of customer deposits.

Figure 1. Key credit metrics, 2022–2028e

%	2022	2023	2024	2025	2026e	2027e	2028e
Net interest margin	1.5	2.6	2.2	1.7	1.6	1.6	1.6
Core pre-provision income/REA	2.2	3.8	3.4	2.4	2.2	2.2	2.1
Core cost-to-income	50.5	40.4	45.2	54.6	57.2	57.4	57.5
Return on ordinary equity	7.0	8.6	9.0	7.2	7.4	6.8	6.5
Loan losses/net loans	0.08	0.14	-0.09	-0.06	0.03	0.05	0.05
Net Stage 3/net loans	0.28	0.20	0.21	0.18	0.19	0.19	0.19
CET1 ratio	24.5	29.6	34.3	39.2	38.4	40.1	41.4

Source: company and NCR. e—estimate. All metrics adjusted in line with NCR methodology. Core represents net interest income and net fee & commission income.

The rating reflects the bank's strong capitalisation, moderate risk appetite, solid competitive position, and relationship-based funding. The bank's cooperation with Swedbank AB is viewed positively, as it provides product diversification, shared IT costs, and access to retail mortgage financing. The rating is constrained by the bank's higher single-name concentrations and significant exposure to corporate and commercial real estate loans, compared with savings bank peers with greater residential mortgage exposure. The rating also reflects risks associated with property values. Following two strong years, the bank is expected to report weaker cost efficiency.

Stable outlook

The stable outlook reflects our expectation that Sparbanken Alingsås will offset weakened net interest margins with loan growth, spurred by its new branch in Partille, a municipality adjacent to Gothenburg. It also incorporates our expectation that the bank will maintain its solid competitive position and that the regional economy, which has strong links to Gothenburg, will perform in line with or better than the national economy. We expect Sparbanken Alingsås to improve on its strong

LONG-TERM RATING

A-

OUTLOOK

Stable

SHORT-TERM RATING

N2

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capital ratios with loan growth around 5% per annum given steady core earnings and contributions from Swedbank dividends.

We could raise the rating to reflect a material reduction in single-name concentration risks in the loan book and improved core earnings metrics to above 3% and core cost efficiency below 45% on a sustainable basis.

We could lower our rating on Sparbanken Alingsås to reflect a deteriorating operating environment, reduced asset quality, increased risk in the loan or liquidity portfolios, or a sustained decline in the common equity Tier 1 capital ratio to below 20%.

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 2. Sparbanken Alingsås rating scorecard

Subfactors	Impact	To	From
National banking environment	10.0%	a-	a-
Sector exposure assessment	-	-	-
Regional assessment	10.0%	bbb+	bbb+
Cross border assessment	-	-	-
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%	bb+	bb+
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	Neutral
Rating caps		Neutral	Neutral
Issuer rating		A-	A-
Outlook		Stable	Stable
Short-term rating		N2	N2

Figure 3. 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 12 Jan. 2024.
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.
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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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