

## Sparbanken Lidköping AB

Rating Action Report

**Sparbanken Lidköping 'BBB+' long-term issuer rating affirmed; Outlook stable**

Nordic Credit Rating has affirmed its 'BBB+' long-term issuer rating on Sweden-based savings bank [Sparbanken Lidköping AB](#). The outlook is stable. The 'N3' short-term issuer rating and the 'BBB+' senior unsecured issue ratings have also been affirmed.

**Rating rationale**

The affirmation reflects the bank's solid core earnings profile, which is expected to stabilise at a stronger level than before 2022, leading to an upward revision of our earnings assessment. The bank maintains a strong market position in Lidköping, and we expect improved local sentiment to support on-balance-sheet loan growth of 6-8% through our forecast period to 2028, despite transferring most new retail mortgages to Swedbank Hypotek. This results in a modest decline in capital ratios in our forecast, from 45.5% as of the first quarter of 2026 (including 90% of year-to-date profit) to 44.4% in 2028.

From 2024, the bank has strengthened its liquidity buffers, increasing liquid assets to deposits to 32.3% from 20.3% at year-end 2023. We expect it to maintain similar levels in the coming years. In 2024, the bank issued its inaugural senior unsecured bond and currently has SEK 600m outstanding. Our forecast assumes loan growth will primarily be funded by deposit growth; however, we view access to debt markets positively and expect the bank to refinance upcoming maturities to maintain its market presence. Consequently, we have revised our assessment of funding and liquidity upward.

Our rating on Sparbanken Lidköping remains constrained by the bank's significant single-name and regional concentrations. The bank has one of the lowest shares of retail mortgages on balance sheet among Swedish savings banks, and relatively high concentrations in its corporate loan book. We have revised our view of credit and market risk downwards to reflect this relative difference in loan book composition.

**Figure 1. Key credit metrics, 2022–2028e**

%	2022	2023	2024	2025	2026e	2027e	2028e
Net interest margin	1.5	2.1	2.0	1.8	1.7	1.7	1.7
Core pre-provision income/REA	2.3	3.4	3.3	3.0	2.9	2.7	2.6
Core cost-to-income	48.1	39.6	41.7	45.3	44.6	44.0	43.8
Return on ordinary equity	6.0	6.7	7.4	7.1	7.2	5.3	5.4
Loan losses/net loans	0.08	0.12	0.04	-0.04	0.08	0.08	0.08
Net Stage 3/net loans	0.24	0.07	0.03	0.34	0.46	0.46	0.46
CET1 ratio	34.6	39.7	42.8	48.8	45.1	44.8	44.4

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

## LONG-TERM RATING

**BBB+**

## OUTLOOK

**Stable**

## SHORT-TERM RATING

**N3****PRIMARY ANALYST**

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### Stable outlook

The stable outlook reflects our expectation that Sparbanken Lidköping will maintain solid core profitability as it grows its loan book slightly above-market level. Our forecast assumes stable, moderate loan loss provisions and Stage 3 loans. The stable outlook also reflects that the bank's strong capital ratios provide a buffer against downside risks associated with a concentrated loan book. We expect the regional economy to remain resilient to geopolitical uncertainty.

We could raise the rating to reflect a more diversified loan book, including reduced single-name concentrations in corporate lending.

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 an increased risk appetite, for example through further increases in loan book concentrations, or in the event of the common equity Tier 1 capital ratio falling below 22%.

<b>Rating list</b>	<b>To</b>	<b>From</b>
Long-term issuer credit rating:	BBB+	BBB+
Outlook:	Stable	Stable
Short-term issuer credit rating:	N3	N3
Senior unsecured issue rating:	BBB+	BBB+

**Figure 2. Sparbanken Lidköping rating scorecard**

Subfactors	Impact	To	From
National banking environment	5.0%	a-	a-
Sector exposure assessment	-	-	-
Regional assessment	15.0%	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-
<b>Indicative credit assessment</b>		<b>bbb+</b>	<b>bbb+</b>
Peer comparison		Neutral	Neutral
Transitions		Neutral	Neutral
Borderline assessments		Neutral	Neutral
<b>Stand-alone credit assessment</b>		<b>bbb+</b>	<b>bbb+</b>
Ownership		Neutral	Neutral
Capital structure protection		Neutral	Neutral
Rating caps		Neutral	Neutral
<b>Issuer rating</b>		<b>BBB+</b>	<b>BBB+</b>
Outlook		Stable	Stable
<b>Short-term rating</b>		<b>N3</b>	<b>N3</b>

**Figure 3. 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 03 Jul. 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:	<a href="#">NCR's Financial Institutions Rating Methodology published on 12 May 2025</a> <a href="#">NCR's Rating Principles published on 14 Feb. 2024</a> <a href="#">NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024</a> 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 <a href="https://nordiccreditrating.com/governance/policies">nordiccreditrating.com/governance/policies</a> . The historical default rates of entities and securities rated by NCR will be viewed on <a href="#">the central platform (CEREP) of the European Securities and Markets Authority (ESMA)</a> .
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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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: <a href="https://nordiccreditrating.com/governance/policies">nordiccreditrating.com/governance/policies</a> .
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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## NORDIC CREDIT RATING AS

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