

Five Swedish savings banks' ratings affirmed in group review

ANALYSTS

Ylva Forsberg
+46768806742
ylva.forsberg@nordiccreditrating.com

Sean Cotten
+46735600337
sean.cotten@nordiccreditrating.com

Geir Kristiansen
+4790784593
geir.kristiansen@nordiccreditrating.com

Nordic Credit Rating (NCR) has affirmed its long-term issuer ratings, short-term issuer ratings, and senior unsecured issue ratings for five Swedish savings banks – [Sparbanken Alingsås AB](#), [Sparbanken Lidköping AB](#), [Sparbanken Skaraborg AB \(publ\)](#), [Sörmlands Sparbank AB \(publ\)](#), and [Varbergs Sparbank AB \(publ\)](#) – following a portfolio review. The outlook for each bank remains stable. Individual rating action reports are available on the respective issuer pages.

General rationale

Our affirmation of these ratings reflects our view that the Swedish savings bank sector remains resilient amid geopolitical turbulence, supported by strong capitalisation and earnings metrics expected to stabilise above pre-2022 levels. Prior to the interest rate increases in 2022 and beyond, the five banks reported average net interest margins of 1.4% and average core pre-provision income (PPI)/REA of 1.5%. In our forecasts for 2026–2028, we expect an average net interest margin of 1.7% and core PPI/REA of 2.4–2.5%. Given the already strong capital ratios (average of 38.4% as of Q1 2026, excluding year-to-date profits), the improved earnings profiles provide a solid foundation for future growth.

Gradually improving investment sentiment and regionally varied housing price trends, ranging from flat to increasing, are expected to support loan growth, with on-balance-sheet growth forecast between 4% and 8% through 2028. We view Sparbanken Alingsås' new branch in Partille, a suburb of Gothenburg, and Sparbanken Skaraborg's focus on the new core markets of Mariestad and Falköping as indicative of the growth strategies among Swedish savings banks. The expansion of core markets also reflects shifting dynamics in cooperation with Swedbank AB observed in the Swedish savings bank sector in recent years.

However, the low proportion of on-balance-sheet retail mortgage lending and relatively high single-name concentrations in the banks' loan portfolios continue to weigh on our assessment of the Swedish savings bank sector, particularly when compared to Norwegian savings bank peers. As of Q1 2026, retail mortgages accounted for 33% of on-balance lending on average for these five banks, versus 71% among NCR-rated Norwegian savings banks. Consequently, we view credit risk as higher for Swedish banks than for their Norwegian peers, despite strong asset quality metrics. Given the higher concentrations, we consider downside risk to our base case forecasts in our assessments of loss performance, as deterioration in one or a few large exposures can materially affect the bank's asset quality metrics.

Figure 1. Rating actions on Swedish savings banks

	Long-term rating	Short-term rating	Senior unsecured issue rating	Outlook
Sparbanken Alingsås AB	A-	N2	A-	Stable
Sparbanken Lidköping AB	BBB+	N3	BBB+	Stable
Sparbanken Skaraborg AB (publ)	A-	N2	A-	Stable
Sörmlands Sparbank AB (publ)	A-	N2	A-	Stable
Varbergs Sparbank AB (publ)	A	N2	A	Stable

See our [issuer pages](#) for our other ratings on Swedish savings banks.

Sparbanken Alingsås AB

We have affirmed all ratings for Sparbanken Alingsås. We have also 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.

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 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%.

Figure 2. Sparbanken Alingsås 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. REA—risk exposure amount. CET1—common equity Tier 1. All metrics adjusted in line with NCR methodology. Core represents net interest income and net fee & commission income.

Sparbanken Lidköping AB

We have affirmed all ratings for Sparbanken Lidköping. This 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 Q1 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 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.

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%.

Figure 3. Sparbanken Lidköping 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.

Sparbanken Skaraborg AB (publ)

We have affirmed all ratings for Sparbanken Skaraborg. The affirmation reflects our view that the bank will continue to strengthen its capital position towards a 39% common equity Tier 1 (CET1) ratio by end-2028, supported by robust core earnings, projected dividends from Swedbank shareholdings, and low credit losses. The bank maintains strong asset quality metrics but has increased single-name concentrations in recent years. In our view, the rise in large exposures indicates an increased risk appetite. As a result, we have lowered our assessment of the bank's risk governance and credit and market risk. Partially offsetting this is our positive revision of the bank's loss performance, as Stage 3 loans and credit losses remain benign. We also note the bank's continued growth and the establishment of new branches in Falköping and Mariestad, where it already has a strong SME presence. The new offices are expected to strengthen the bank's position in Skaraborg among retail customers, improving our overall view of its competitive position. These changes have eliminated the need for the previous borderline assessment adjustment notch.

The stable outlook reflects our expectation that Sparbanken Skaraborg's strong capitalisation and earnings can offset a moderate reduction in asset quality given strong collateral and low projections of realised losses. The opening of new branches in Falköping and Mariestad provide the ability to grow the loan book despite modest growth in bank's core region. We expect the bank to further strengthen its very strong capital ratios, supported by modest credit growth, solid core capital generation and dividend income from Swedbank.

An upgrade is unlikely at this time, given the bank's single-name and regional concentrations, as well as the already strong capital and earnings. We could lower the rating to reflect Stage 3 loans returning to higher levels (1.5-2% of total net loans over a protracted period), a deteriorating operating environment, a reduction in earnings performance with pre-provision income to risk exposure amount falling towards 2.0%, or a decline in the common equity Tier 1 capital ratio to below 22%.

Figure 4. Sparbanken Skaraborg AB key credit metrics, 2022–2028e

%	2022	2023	2024	2025	2026e	2027e	2028e
Net interest margin	1.7	2.5	2.4	2.1	1.9	1.9	1.9
Core pre-provision income/REA	2.4	3.9	3.6	3.0	2.6	2.4	2.3
Core cost-to-income	47.9	38.1	39.8	45.0	49.3	50.5	51.4
Return on ordinary equity	6.3	8.7	8.6	7.9	7.5	6.9	6.6
Loan losses/net loans	0.13	-0.04	-0.01	-0.06	-0.02	0.06	0.06
Net Stage 3/net loans	0.44	0.20	2.18	0.58	0.55	0.55	0.53
CET1 ratio	32.1	34.3	34.5	37.9	38.0	38.8	39.3

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

Sörmlands Sparbank AB (publ)

We have affirmed all ratings and maintained our view on all subfactors on Sörmlands Sparbank. The affirmation reflects our view that the bank will continue to strengthen its capital position towards a 37% CET1 ratio by end-2028, supported by robust core earnings and projected dividend revenues from Swedbank shareholdings. We expect the bank to maintain a moderate risk appetite as it leverages its strong balance sheet to grow in core markets. Stable interest margins and improved cost efficiency are expected to support risk-adjusted core pre-provision income of approximately 2.8% per year, excluding dividends from Swedbank.

The outlook remains stable, reflecting our view that the bank's capital and earnings provide solid buffers for managing weaker-than-average economic performance in its core markets. We consider downside credit risks to be manageable in light of the bank's solid capital position. We believe that the bank is likely to use its excess capital resources to support increased growth on its own balance sheet.

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

We could lower the rating to reflect a material deterioration in the regional operating environment, leading to weaker asset quality, core pre-provision earnings sustainably below 1.5% of the risk exposure amount or a sustained reduction in the CET1 ratio to below 22%.

Figure 5. Sörmlands Sparbank key credit metrics, 2022–2028e

%	2022	2023	2024	2025	2026e	2027e	2028e
Net interest margin	1.8	2.1	2.2	2.0	1.9	1.9	1.9
Core pre-provision income/REA	2.1	2.8	3.2	2.8	2.8	2.8	2.8
Core cost-to-income	57.1	51.3	47.0	49.6	51.1	50.6	49.9
Return on ordinary equity	7.7	7.4	8.4	7.8	7.9	7.6	7.4
Loan losses/net loans	0.12	0.14	0.10	0.05	0.05	0.05	0.05
Net Stage 3/net loans	1.14	1.15	1.45	1.41	1.20	1.00	0.84
CET1 ratio	25.2	29.7	29.8	33.5	35.7	36.4	36.9

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

Varbergs Sparbank AB (publ)

We have affirmed all ratings for Varbergs Sparbank. We believe the bank's core earnings metrics have stabilised following recent sharp interest rate fluctuations, and we expect them to remain flat through our forecast period. We expect increased demand in the bank's core markets to support growth without significant additional margin pressure, with on-balance sheet growth underpinned by the bank's strategy of retaining retail mortgages rather than transferring them to Swedbank Hypotek. Varbergs Sparbank continues to report very strong asset quality metrics. We do not anticipate material increases in Stage 3 loans, and our forecast for loan loss provisions reflects our view that the bank will maintain prudent provisioning as it grows its loan book. We have raised our assessment of the bank's loss performance, reflecting its relative strength despite some single-name concentrations that increase downside risk.

The stable outlook reflects our expectation that Varbergs Sparbank will begin to use its excess capital to support growth while maintaining its low to moderate risk appetite. However, given strong capital generation and a focus on retail mortgages with low risk weights, capital ratios are expected to remain well above requirements for the foreseeable future. The stable outlook also reflects our expectation that the regional economy will continue to perform in line with or better than the domestic average, but is not dependent on the success of individual investments in the bank's market.

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 above 60% and risk-adjusted earnings below 2%). We could also lower the rating to reflect a material deterioration in the regional operating environment or increased risk appetite, or a common equity Tier 1 ratio below 22% over a protracted period.

Figure 6. Varbergs Sparbank key credit metrics, 2022–2028e

%	2022	2023	2024	2025	2026e	2027e	2028e
Net interest margin	1.5	2.4	2.2	1.8	1.7	1.7	1.7
Core pre-provision income/REA	2.2	3.7	3.2	2.3	2.3	2.3	2.4
Core cost-to-income	53.9	42.6	47.4	56.5	57.4	55.5	53.3
Return on ordinary equity	5.7	8.2	7.7	6.5	6.2	4.8	5.2
Loan losses/net loans	0.27	-0.07	-0.09	-0.05	0.05	0.05	0.05
Net Stage 3/net loans	0.78	0.25	0.28	0.10	0.10	0.10	0.10
CET1 ratio	34.4	37.1	37.3	43.9	43.9	43.5	43.1

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

Relevant research and rating actions

- (i) [Kapitalstarka sparbanker – tillväxten hänger på efterfrågan](#), 7 May 2026.
- (ii) [Sparbanken Bergslagen AB assigned 'BBB+' long-term issuer rating; Outlook stable](#), 23 Apr. 2026.
- (iii) [Sparbanken Mälardalen AB 'A-' long-term issuer rating affirmed; Outlook stable](#), 27 Mar. 2026.
- (iv) [Sparbanken i Karlshamn assigned 'BBB+' long-term issuer rating; Outlook stable](#), 12 Mar. 2026.
- (v) [Swedish savings banks face little drama in 2026](#), 12 Jan 2026.

DISCLAIMER

Disclaimer © 2026 Nordic Credit Rating AS (NCR, the agency). All rights reserved. All information and data used by NCR in its analytical activities come from sources the agency considers accurate and reliable. All material relating to NCR's analytical activities is provided on an "as is" basis. The agency does not conduct audits or similar warranty validations of any information used in its analytical activities and related material. NCR advises all users of its services to carry out individual assessments for their own specific use or purpose when using any information or material provided by the agency. Analytical material provided by NCR constitutes only an opinion on relative credit risk and does not address other forms of risk such as volatility or market risk and should not be considered to contain facts of any kind for the purpose of assessing an issuer's or an issue's historical, current or future performance. Analytical material provided by NCR may include certain forward-looking statements relating to the business, financial performance and results of an entity and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. Forward-looking statements contained in any analytical material provided by NCR, including assumptions, opinions and views either of the agency or cited from third-party sources are solely opinions and forecasts which are subject to risk, uncertainty and other factors that could cause actual events to differ materially from anticipated events. NCR and its personnel and any related third parties provide no assurance that the assumptions underlying any statements in analytical material provided by the agency are free from error, nor are they liable to any party, either directly or indirectly, for any damages, losses or similar, arising from use of NCR's analytical material or the agency's analytical activities. No representation or warranty (express or implied) is made as to, and no reliance should be placed upon, any information, including projections, estimates, targets and opinions, contained in any analytical material provided by NCR, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained in any analytical material provided by the agency. Users of analytical material provided by NCR are solely responsible for making their own assessment of the market and the market position of any relevant entity, conducting their own investigations and analysis, and forming their own view of the future performance of any relevant entity's business and current and future financial situation. NCR is independent of any third party, and any information and/or material resulting from the agency's analytical activities should not be considered as marketing or a recommendation to buy, sell, or hold any financial instruments or similar. Relating to NCR's analytical activities, historical development and past performance does not safeguard or guarantee any future results or outcome. All information herein is the sole property of NCR and is protected by copyright and applicable laws. The information herein, and any other information provided by NCR, may not be reproduced, copied, stored, sold, or distributed without NCR's written permission.

NORDIC CREDIT RATING AS

nordiccreditrating.com