

Sparbanken Lidköping AB

Full Rating Report

LONG-TERM RATING

BBB+

OUTLOOK

Stable

SHORT-TERM RATING

N3

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RATING RATIONALE

Our 'BBB+' long-term issuer rating on Sweden-based Sparbanken Lidköping AB reflects the bank's exceptional capital position, moderate risk appetite, good market position in Lidköping in western Sweden, and relationship-based funding profile. The bank has a cooperation agreement with Swedbank AB, which we view as positive, as it provides material diversity of product offerings, shared IT costs and the opportunity to finance retail mortgage loans. We expect that interest rates in Sweden will decline but remain above the lows of the past decade. This, along with dividends from the bank's shareholdings in Swedbank, implies continued support for its strong core earnings profile.

The rating is constrained by Sparbanken Lidköping's concentration in its core market and the related exposure in its loan book to regional commercial and residential real estate and the agricultural sector. Due to a high proportion of transferred mortgages, the bank has significantly higher single-name concentrations in its loan book than many of its domestic peers.

STABLE OUTLOOK

The outlook is stable, reflecting our expectation that Sparbanken Lidköping will maintain solid profitability combined with moderate loan growth. The outlook balances our base-case projections, in which we project low loan losses, with exceptional capital buffers that should be sufficient to protect the bank against possible higher losses. We expect that the regional economy will remain stable and note that it has little direct connection with current uncertainty about global trade. We believe that the bank will maintain its modest risk appetite and its relationship with Swedbank, while paying prudent levels of dividends to its owner foundation.

POTENTIAL POSITIVE RATING DRIVERS

- Reduced single-name concentration in the loan book and deposits; and
- Maintained or improved economic prospects in the bank's core market, enabling sustainable loan growth.

POTENTIAL NEGATIVE RATING DRIVERS

- A deteriorating operating environment leading to reduced regional growth, asset quality and collateral values.
- A sustained decline in the common equity Tier 1 (CET1) capital ratio to below 22%.
- Increased risk appetite in the loan or liquidity portfolios.

Figure 1. Key credit metrics, 2022–2028e

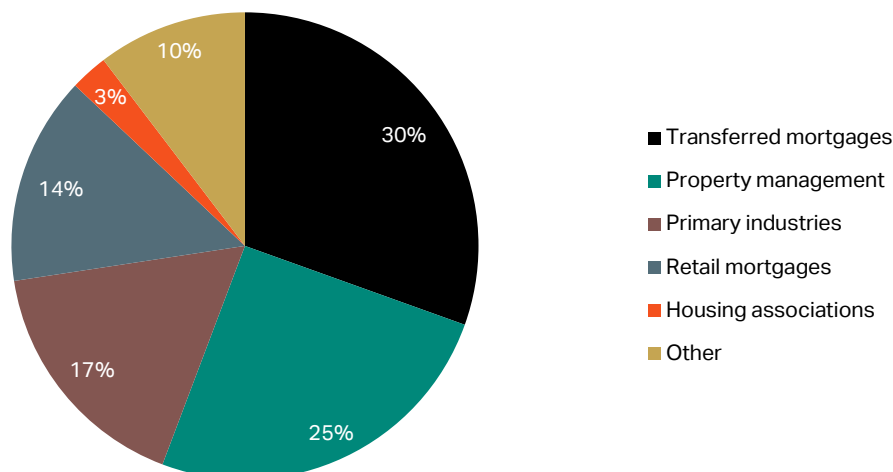
%	2022	2023	2024	2025	2026e	2027e	2028e
Net interest margin	1.5	2.1	2.0	1.8	1.6	1.7	1.7
Core pre-provision income/REA	2.3	3.4	3.3	3.0	2.7	2.7	2.7
Core cost-to-income	48.1	39.6	41.7	45.3	45.9	43.5	42.4
Return on ordinary equity	6.0	6.7	7.4	7.1	7.1	5.4	5.7
Loan losses/net loans	0.08	0.12	0.04	-0.04	0.05	0.05	0.05
Net Stage 3/net loans	0.24	0.07	0.03	0.34	0.52	0.52	0.52
CET1	34.6	39.7	42.8	48.8	45.3	45.1	44.9

Source: company and NCR. e=estimate. REA=risk exposure amount. CET1=common equity Tier 1. Core-net interest income and net fee and commission income. All metrics adjusted in line with NCR methodology.

ISSUER PROFILE

Sparbanken Lidlköping is a mid-sized Swedish savings bank based in Lidlköping, with close ties to the Skaraborg region. Established in 1834, the bank is wholly owned by Sparbankstiftelsen Lidlköping. Its cooperation with Swedbank provides product diversification, shared IT costs and access to mortgage financing through Swedbank Hypotek. Just over one-third of total lending is transferred, among the highest shares for Swedish savings banks. On-balance-sheet exposures are concentrated in property management, agriculture and retail mortgages.

Figure 2. Gross loans by sector, 30 Jun. 2026



Source: company

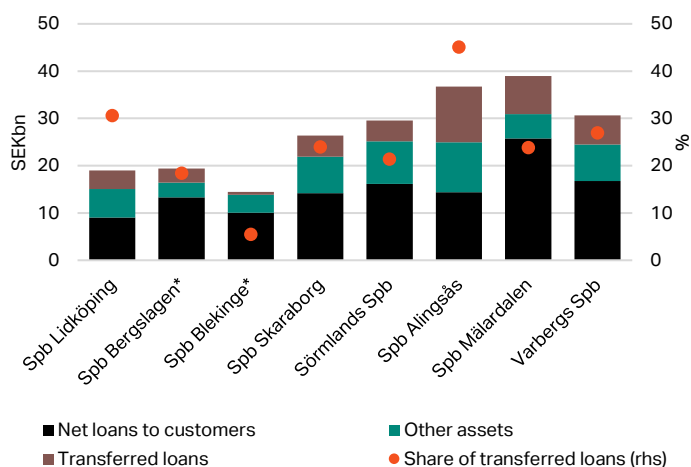
Strong local franchise supported by close cooperation with Swedbank

Competitive position

Sparbanken Lidlköping is one of Sweden's 20 largest savings banks by net and transferred loans. Its market share in Lidlköping exceeds 50%, despite competition from most major Nordic banks. Strong local ties support its market position, with approximately 24,000 retail and 3,000 corporate customers. Cooperation with Swedbank supports product and revenue diversification.

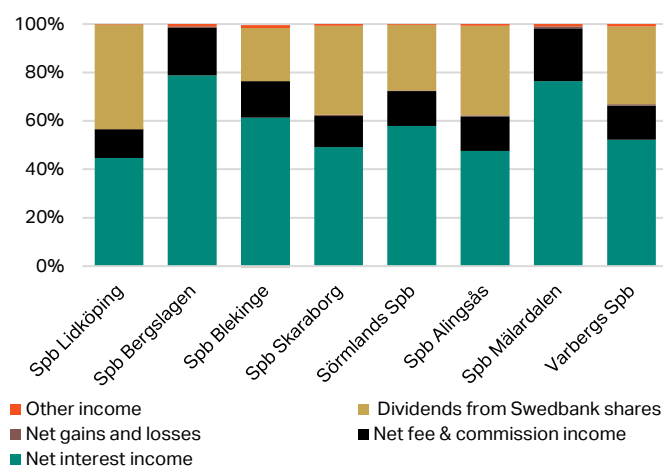
The bank also benefits from community involvement. It typically allocates 15% of profit to its owner foundation for local initiatives, while its increased engagement on environmental, social, and governance (ESG) risks with customers further supports its market position.

Figure 3. Balance sheet volume comparison, Q2 2026



Source: companies. *Transferred loans as of year-end 2025.

Figure 4. Revenue source split comparison, Q2 2026 LTM



Source: companies.

Risk governance

Proportionate risk governance and significant liquidity buffers

Sparbanken Lidlköping's risk governance, risk appetite, and limit structure are adequate and proportional to its complexity and size, and broadly consistent with other mid-sized Swedish savings

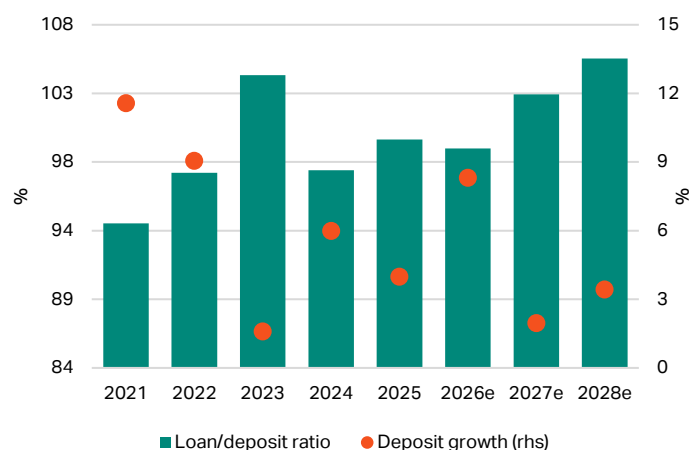
banks. The risk and compliance functions are managed internally and in cooperation with other savings banks, as well as through its partnership with Swedbank. We consider the bank's management of ESG factors satisfactory, given its size, complexity, and impact.

Funding and liquidity

We view Sparbanken Lidköping's management of funding and liquidity as adequate and consistent with Swedish savings bank peers. The bank's funding is primarily composed of relationship-based retail deposits and retail mortgage financing via Swedbank Hypotek AB, and has, over the past three years, been increasingly supplemented by senior unsecured funding, which we view as positive for funding diversification.

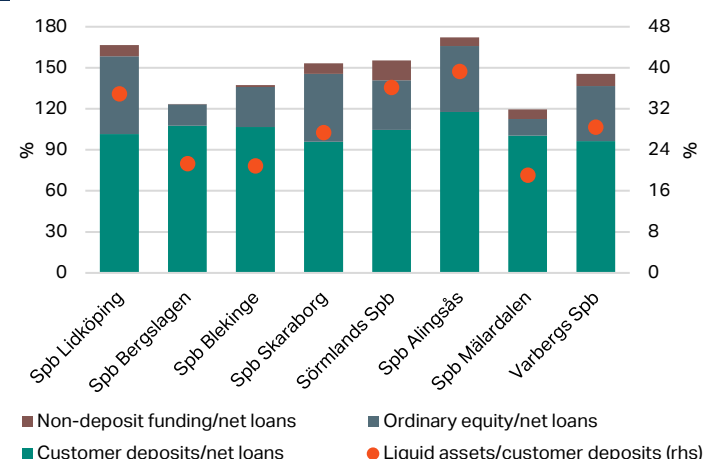
The bank maintains very strong liquidity buffers, equivalent to 35% of deposits as of 30 Jun. 2026, a level we expect it to sustain. As of Q2 2026, its net stable funding ratio (NSFR) was 126% and liquidity coverage ratio (LCR) was 257%.

Figure 5. Deposit metrics, 2021-2028e



Source: company and NCR. e-estimate.

Figure 6. Swedish savings banks' funding profiles, 30 Jun. 2026



Source: companies.

CREDIT RISK PROFILE

Operating environment

Stable local economy offsets geographic concentration risks

Our assessment of Sparbanken Lidköping's operating environment is based on a combination of our assessment of Sweden's banking environment and the bank's core market in Lidköping, central Sweden.

Figure 7. Regional core characteristics

	Strengths	Weaknesses
Regional employment and economic diversity	Unemployment remains well below the national average. The region benefits from a strong agricultural sector.	High geographical concentration and low to moderate economic diversity, reflecting the town's smaller size.
Expected population growth and credit demand	Modestly positive population growth expectations. Investments in the wider region could support Lidköping's prospects.	Median salaries, housing prices are below the national average and unlikely to experience significant growth.

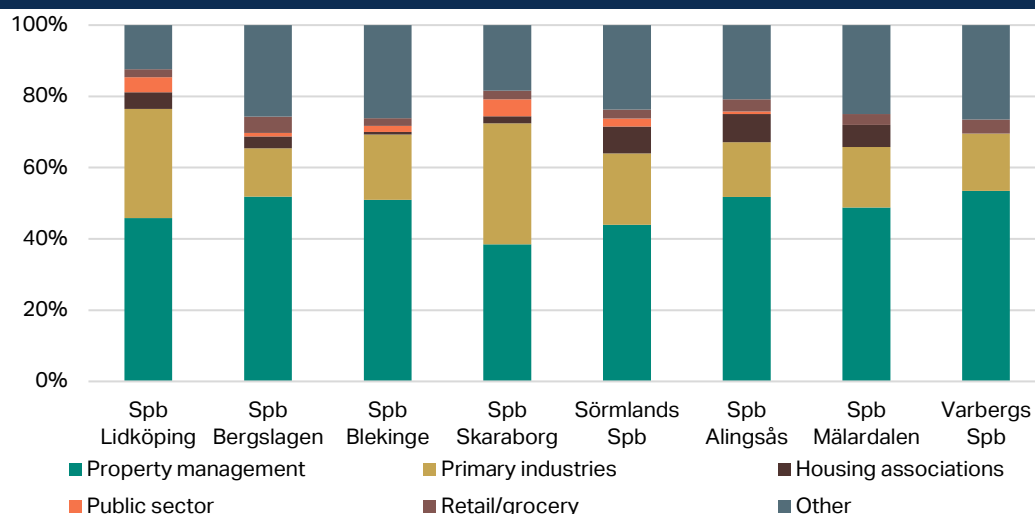
Credit and market risk

Sparbanken Lidköping's credit risk profile is characterised by high geographic concentration and more significant single-name exposures than peers. As of 30 Jun. 2026, the bank had transferred about two-thirds of retail mortgages to Swedbank Hypotek, offloading the credit risk and resulting in approximately 80% of the on-balance loan book comprising corporate lending.

Partially offsetting these risks is the high level of collateralisation in local commercial, residential and agricultural properties. While this increases sensitivity to local property values, we consider this manageable given the bank's underwriting standards and local expertise.

Market risk is limited by the absence of trading activity, low interest rate and currency limits, and the use of hedging.

Figure 8. Swedish savings banks' gross corporate loan book by sector, 30 Jun. 2026

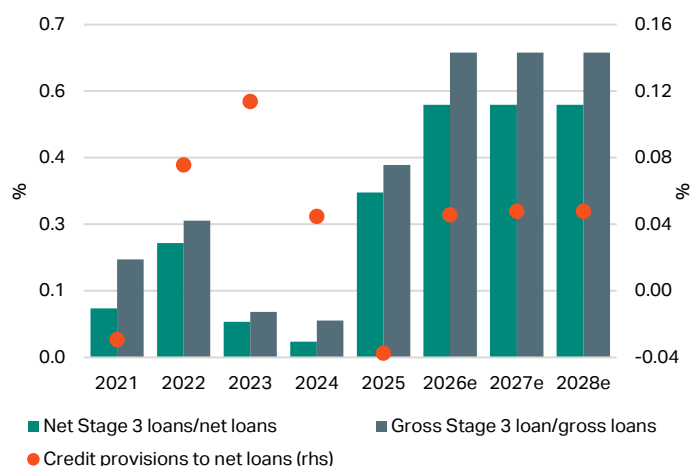


Source: companies.

Loss performance

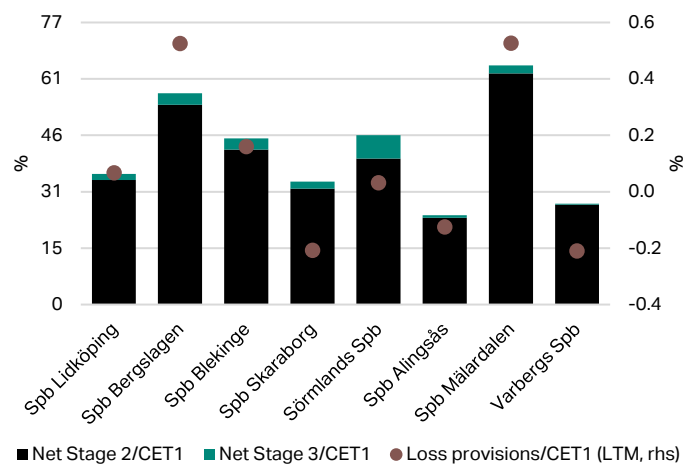
Despite a high share of corporate loans, Sparbanken Lidköping's asset quality metrics have remained strong in recent years. The bank reported average credit losses of 3bps for 2021–2025 and 4bps (annualised) for the first half of 2026. Although the share of net Stage 3 loans increased over the past twelve months to Q2 2026, it remains modest at around 0.5%. Our forecast assumes stable loss performance at current levels, but our assessment also considers the increased risk of larger fluctuations due to the high level of loan book concentration.

Figure 9. Asset quality metrics, 2021–2028e



Source: company and NCR. e-estimate.

Figure 10. Asset quality in relation to capitalisation, 30 Jun. 2026



Source: companies. CET1-Common Equity Tier 1. LTM-last twelve months.

CAPITAL GENERATION

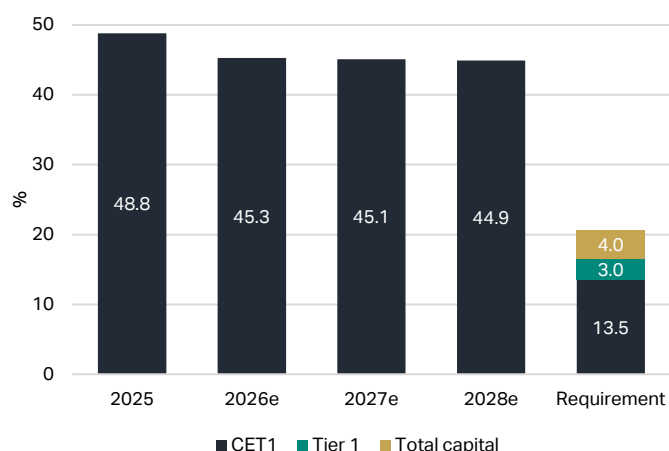
Exceptional capital buffers despite modest forecast decline

Sparbanken Lidköping's capital ratios remain exceptionally strong, with a CET1 (and total capital) ratio of 42.5% as of Q2 2026, or 46.6% including 90% of year-to-date profit. This represents a decline from 48.8% at year-end 2025, ending the trend of continuous capitalisation increases since 2022. We expect loan growth to slightly outpace capital generation in our forecast, resulting in a modest decline to 44.9% at end-2028. As with peers, the bank's CET1 capital excludes most of its shareholdings in Swedbank. If the entire market value of these shares were deducted, the CET1 ratio would have been 35.1% as of 30 Jun. 2026.

Capital

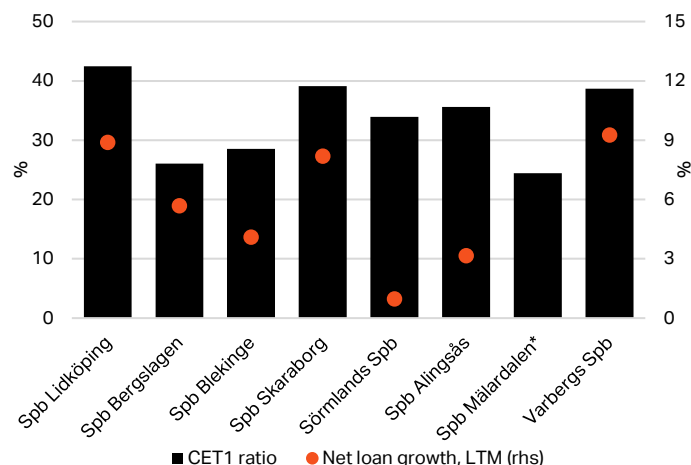
The unusually high 8.07% Pillar 2 requirement received in 2022 primarily reflects a change in risk weights on unrated securities, of which the bank then held large volumes. In our view, this does not indicate a materially higher risk appetite than peers.

Figure 11. Forecast capital ratios vs. requirements, 2024–2028e



Source: company and NCR. e-estimate. Pillar 2 requirement (P2R) of 8.1%.

Figure 12. Swedish savings banks' capital ratios and loan growth, 30 Jun. 2026



Source: companies. *excluded due to merger.

Earnings

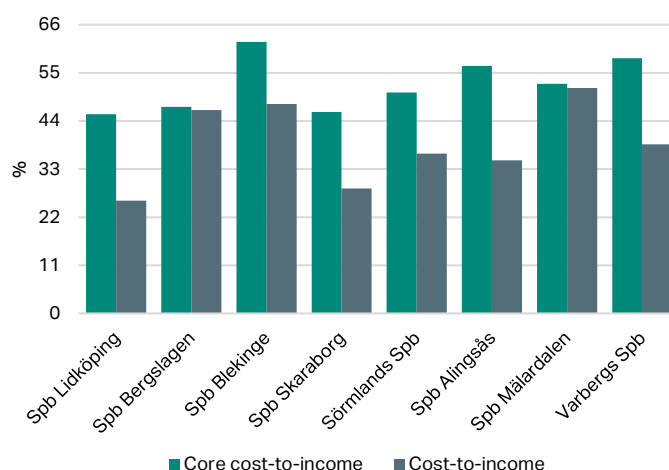
Our assessment of Sparbanken Lidköping's earnings focuses on net interest income and net fee and commission income, or core earnings, excluding the impact of Swedbank dividends and net gains and losses. We expect net interest margins to stabilise, with potential for some increase if the Swedish central bank raises interest rates in the coming years. Combined with stronger loan growth and more moderate growth in IT costs, the primary cost driver, this should lead to gradual improvements in the bank's cost efficiency.

Figure 13. Capital projection assumptions, 2026e – 2028e

%	2026e	2027e	2028e
Net interest margin	1.6	1.7	1.7
Loan growth	7.8	5.8	5.9
Return on equity	7.1	5.4	5.7
Dividend/gift rate	10.0	10.0	10.0
Swedbank dividend (SEKm)	228	130	147

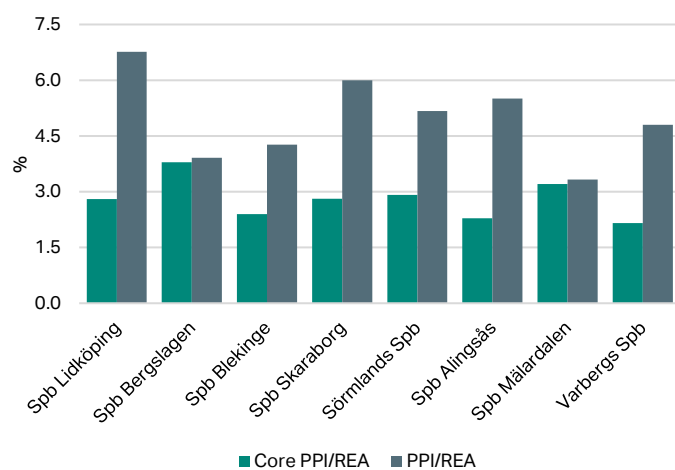
Source: NCR. e-estimate. All metrics adjusted in line with NCR methodology.

Figure 14. Swedish savings banks' cost efficiency metrics, LTM to 30 Jun. 2026



Source: companies. LTM-last twelve months. Core represents net interest income and net fee & commission income.

Figure 15. Swedish savings banks' PPI to REA, LTM to 30 Jun. 2026



Source: companies.

SUPPORT ANALYSIS

We assess the company's ownership as neutral according to our group and government methodology. Sparbanken Lidköping is 100% owned by Sparbankstiftelsen Lidköping, whose main income comes from dividends from the bank. These dividends are used to fund various activities in the local community. The foundation has limited resources to support the bank.

ISSUE AND SHORT-TERM RATINGS

Figure 16. Issue and short-term ratings

	Rating
Senior unsecured	BBB+
Short-term rating	N3; adequate but not strong due to lack of access to central bank funding.

Short-term and issue ratings are mapped to the long-term issuer rating, in accordance with our Financial Institutions Rating Methodology. In cases where two alternatives for short-term ratings are possible, the short-term rating is assigned based on liquidity being strong, adequate, or weak, as applicable. See definitions in the methodology.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

We consider ESG factors throughout our analysis, when they are material to our credit assessment.

Figure 17. Priority ESG factors

Issue/area	Risk/opportunity	Impacted subsections (impact on credit assessment*)
Physical climate risk	Increased weather volatility impacting cash flow stability for primary industries. Climate-related damage to real-estate and agricultural collateral. Long-term effects on market values in flood zones.	Credit risk (-) Loss performance (0)
Social engagement in local community	Close connection to narrow regional markets provides a benefit.	Competitive position (++) Funding & liquidity (+) Earnings (0)
Green-bond framework	Diversity of funding sources, access to additional markets/investors.	Funding & liquidity (0)
Risk management frameworks	Risk-taking beyond limits in bank operations. Insufficient customer checks and risk of fraudulent customer behaviour.	Risk governance (-)
Control of sustainability issues	Risk of overlooking sustainability impacts in the bank's underwriting, operations, and customer base.	Risk governance (-) Credit risk (0)

*Defined on a 5-step scale ranging from double minus (--) to double plus (++), with (-) representing the most negative impact and (++) the most positive.

METHODOLOGIES USED

- (i) [Financial Institutions Rating Methodology](#), 12 May 2025.
- (ii) [Rating Principles](#), 14 Feb. 2024.
- (iii) [Group and Government Support Rating Methodology](#), 14 Feb. 2024.

RELEVANT RESEARCH

- (i) [Kapitalstarka sparbanker – tillväxten hänger på efterfrågan](#), 7 May 2026
- (ii) [Swedish savings banks face little drama in 2026](#), 12 Jan. 2026
- (iii) [SME lending gains momentum among Nordic niche banks](#), 8 Sep. 2026.
- (iv) [Swedish real estate snapshot \(Q1 2026\): Stable fundamentals amid rising uncertainty](#), 8 Jun. 2026
- (v) [Capital strength sets Norwegian savings banks up for 2026 growth](#), 9 Jan. 2026

Figure 18. Sparbanken Lidköping key financial data, 2022–Q2 2026 YTD

Key credit metrics (%)	FY 2022	FY 2023	FY 2024	FY 2025	Q2 2026 YTD
INCOME COMPOSITION					
Net interest income to op. revenue	51.2	64.1	56.8	51.1	30.7
Net fee income to op. revenue	22.5	17.0	16.4	13.4	8.5
Net gains and losses/operating revenue	-0.2	-0.5	0.5	0.0	0.1
Net other income to op. revenue	26.4	19.3	26.3	35.5	60.7
EARNINGS					
Net interest income to financial assets	1.5	2.1	2.0	1.8	1.6
Net interest income to net loans	2.2	3.0	2.9	2.8	2.6
Pre-provision income to REA	3.9	4.7	5.5	5.9	10.5
Core pre-provision income to REA (NII & NF&C)	2.3	3.4	3.3	3.0	2.6
Return on ordinary equity	6.0	6.7	7.4	7.1	11.5
Return on assets	1.6	1.9	2.1	2.2	3.8
Cost-to-income ratio	35.5	32.1	30.5	29.2	19.4
Core cost-to-income ratio (NII & NF&C)	48.1	39.6	41.7	45.3	49.6
CAPITAL					
CET1 ratio	34.6	39.7	42.8	48.8	42.5
Tier 1 ratio	34.6	39.7	42.8	48.8	42.5
Capital ratio	34.6	39.7	42.8	48.8	42.5
REA to assets	49.5	46.4	44.1	38.7	40.5
Dividend payout ratio	11.3	6.0	9.8	10.0	8.6
Leverage ratio	17.7	19.9	20.4	20.4	19.8
GROWTH					
Asset growth	8.1	5.3	10.1	12.8	7.6
Loan growth	13.3	8.6	-0.5	6.3	4.6
Deposit growth	9.3	1.6	6.1	4.1	6.0
LOSS PERFORMANCE					
Credit provisions to net loans	0.08	0.12	0.04	-0.04	0.04
Stage 3 coverage ratio	16.65	21.57	57.79	14.61	16.77
Stage 3 loans to gross loans	0.28	0.09	0.08	0.40	0.56
Net stage 3 loans to net loans	0.24	0.07	0.03	0.34	0.47
Net stage 3 loans/ordinary equity	0.63	0.19	0.07	0.64	0.82
FUNDING & LIQUIDITY					
Loan to deposit ratio	97.5	104.2	97.7	99.8	98.5
Liquid assets to deposit ratio	24.1	20.3	32.3	34.0	34.9
Net stable funding ratio	118.8	108.0	136.0	131.0	126.0
Liquidity coverage ratio	221.2	221.2	0.0	485.0	257.0

Key financials (SEKm)	FY 2022	FY 2023	FY 2024	FY 2025	Q2 2026 YTD
BALANCE SHEET					
Total assets	10,685	11,255	12,389	13,980	15,040
Total tangible assets	10,685	11,255	12,389	13,980	15,040
Total financial assets	10,621	11,192	12,350	13,944	14,991
Net loans and advances to customers	7,503	8,147	8,108	8,618	9,017
Liquid assets	1,857	1,590	2,680	2,936	3,194
Customer deposits	7,693	7,819	8,298	8,636	9,157
Issued securities	–	–	302	604	604
of which other senior debt	–	–	302	604	604
of which subordinated debt	–	–	–	–	–
Total equity	2,820	3,221	3,567	4,579	5,136
of which ordinary equity	2,820	3,221	3,567	4,579	5,136
CAPITAL					
Common equity tier 1	1,829	2,073	2,339	2,642	2,587
Tier 1	1,829	2,073	2,339	2,642	2,587
Total capital	1,829	2,073	2,339	2,642	2,587
REA	5,284	5,220	5,466	5,411	6,095
INCOME STATEMENT					
Operating revenues	303	365	420	455	376
Pre-provision operating profit	195	248	292	322	303
Impairments	6	9	4	-3	2
Net Income	166	203	251	291	278

Source: company. FY–full year. YTD–year to date.

Figure 19. Sparbanken Lidköping rating scorecard

Subfactors	Impact	Score
National banking environment	5.0%	a-
Sector exposure assessment	-	-
Regional assessment	15.0%	bbb-
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%	a
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 20. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB+

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