

NOBA Bank Group AB (publ)

Rating Action Report

LONG-TERM RATING

BBB

OUTLOOK

Positive

SHORT-TERM RATING

N3

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NOBA Bank Group outlook revised to positive; 'BBB' long-term issuer rating affirmed

Nordic Credit Rating (NCR) has revised the outlook on its 'BBB' long-term issuer rating on Sweden-based niche lender [NOBA Bank Group AB \(publ\)](#) to positive from stable. The long-term rating and 'N3' short-term issuer rating have been affirmed, as have the 'BBB' senior unsecured issue rating, 'BB+' Tier 2 issue rating, and 'BB-' Additional Tier 1 issue rating.

Rating rationale

The outlook revision reflects NOBA's improved operating performance, increased scale advantages, and our view that the operating environment for Nordic niche lenders has strengthened. Regulatory focus on the consumer lending sector remains high; however, we believe regulatory risk to NOBA and its larger Nordic peers has declined. Additionally, lower interest rates, reduced inflationary pressures, and more stable economies have lessened the likelihood of a significant deterioration in asset quality over the next few years. The positive outlook also considers NOBA's substantial growth in scale and customer diversification in recent years, as well as the potential for further scale benefits and continued positive asset quality trends to support additional capital generation.

We project the bank will further improve its pre-provision earnings to nearly 9% of its risk exposure amount, providing a substantial buffer against elevated credit losses in our forecast. Despite strong earnings, we expect the bank to increase dividend payouts or share buybacks to maintain its Tier 1 capital ratio just above 15%. This aligns with a common equity Tier 1 ratio at the lower end of its 13–15% financial target. Reported loss provisions have declined to 3% of net loans in 2025 and are trending below our previous expectation of 3.3%. However, loan losses and the bank's share of net Stage 2 and Stage 3 loans remain elevated in our view. We expect further improvements in asset quality, supported in part by a higher share of secured lending as the bank grows.

We have also revised our assessment of NOBA's risk governance to reflect its strong regulatory track record and enhanced transparency following the completion of its initial public offering in September. In addition, we note an improvement in NOBA's funding profile, as the company has increased its use of secured and senior unsecured funding, which better aligns with the duration of its loan book.

Positive outlook

The positive outlook reflects our expectation that NOBA's strong earnings will support excess capital generation, even with anticipated annual growth of 10–12% and credit losses of just under 3% of net loans. While we project a modest reduction in loss provisions, we believe the bank needs further improvement in its asset quality metrics to demonstrate reduced credit risk. Nevertheless, the bank's increasing economies of scale enhance resilience, and continued growth and diversification across its markets and products could support its credit profile.

We could raise the rating if NOBA achieves further improvements in asset quality metrics and economies of scale, while maintaining capital flexibility and a Tier 1 ratio consistently above 15%.

We could revise the outlook to stable if the Tier 1 ratio remains below 15% or if the common equity Tier 1 ratio margin to requirements falls below 3pp on a sustained basis. We could also return the ratings to stable if loss performance does not improve as expected, the bank's credit risk appetite increases, or regulatory changes negatively affect the operating environment.

Related publications

- i) [NCR Comments: NOBA Bank Group 'BBB' rating and outlook unchanged following IPO announcement](#), 11 Sep. 2025
- ii) [Nordic niche banks; building a foundation for growth](#), 4 Sep. 2025

Rating list

Long-term issuer credit rating:

Outlook:

Short-term issuer credit rating:

Senior unsecured issue rating:

Tier 2 issue rating:

Additional Tier 1 issue rating:

To

BBB

Positive

N3

BBB

BB+

BB-

From

BBB

Stable

N3

BBB

BB+

BB-

Figure 1. NOBA rating scorecard

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

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	BBB	BBB
Tier 2	BB+	BB+
Additional Tier 1	BB-	BB-

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 29 Jun. 2021.
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, 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.
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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