NOBA Bank Group AB (publ)

Full Rating Report

LONG-TERM RATING

BBB

OUTLOOK

Positive

SHORT-TERM RATING

N3

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RATING RATIONALE

Our 'BBB' long-term issuer rating on Sweden-based NOBA Bank Group AB (publ) reflects the bank's strong and improving risk-adjusted earnings, cost efficiency, increasing economies of scale, and diverse funding compared with peers. The rating also incorporates robust creditor rights across the Nordic region. We expect strong capital generation to support higher capital ratios as growth moderates, with dividend payments maintaining ratios within internal targets. We view secured lending, particularly equity release mortgages for seniors and non-traditional mortgage lending, as positive for credit risk diversification.

The rating is constrained by NOBA's above-average risk appetite in consumer lending and the elevated risk profile of credit cards, which contribute to credit losses and weaker asset quality metrics. The consumer lending industry faces strong competition and low customer loyalty in the Nordic region, despite the bank's significant scale. Additionally, consumer lending remains under intense regulatory scrutiny across all Nordic countries, though we believe NOBA has navigated regulatory oversight somewhat better than its niche banks peers.

POSITIVE OUTLOOK

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

POTENTIAL POSITIVE RATING DRIVERS

- Further improvements in asset quality metrics and economies of scale; and
- Maintained capital flexibility with a Tier 1 ratio consistently above 15%.

POTENTIAL DRIVERS FOR STABLE OUTLOOK

- A Tier 1 ratio sustainably below 15% or a common equity Tier 1 (CET1) ratio margin to requirements sustainably below 3pp.
- Loss performance does not improve as expected.
- Regulatory changes materially affect the bank's operating environment.

Figure 1. Key credit metrics, 2022–2028e

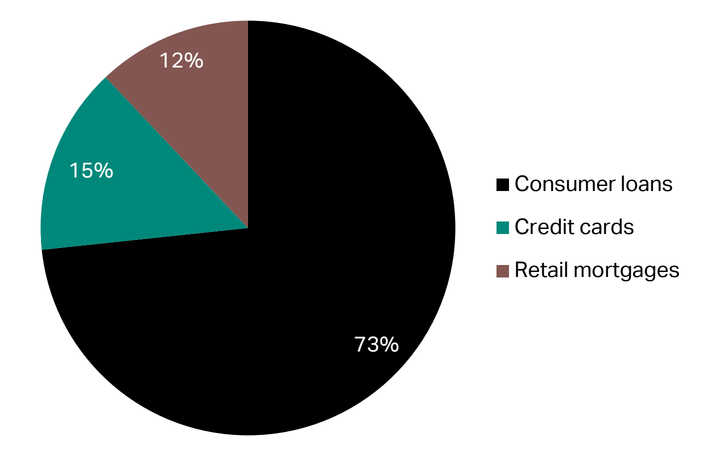
%	2022	2023	2024	2025	2026e	2027e	2028e
CET1 ratio	15.1	13.5	13.2	13.7	13.8	13.8	13.8
Tier 1 ratio	17.1	15.1	15.4	15.8	15.1	15.1	15.0
Pre-provision income/REA*	5.7	6.8	7.5	8.4	8.7	9.0	9.2
Cost-to-income	46.0	36.2	28.9	24.5	23.0	21.5	20.2
Return on ordinary equity	5.5	6.4	11.2	16.5	17.7	19.0	20.1
Loan losses/net loans	3.04	3.93	3.54	2.94	2.83	2.83	2.86
Net Stage 3/net loans	6.16	7.00	8.57	8.35	7.83	7.34	7.01

Source: company and NCR. e–estimate. REA–risk exposure amount. CET1–common equity Tier 1. All metrics adjusted in line with NCR methodology.

ISSUER PROFILE

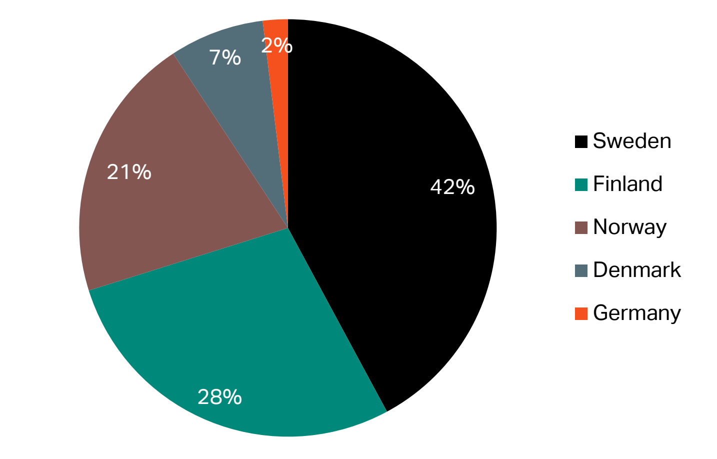
With SEK 163bn in total assets, NOBA is the largest niche bank in the Nordic region. Founded in 2003, NOBA obtained its banking licence in 2014 and was listed on the Stockholm stock exchange in Sept. 2025. The bank specialises in consumer loans, credit cards, non-standard mortgage loans, and equity-release mortgages across the Nordic region. NOBA holds a strong market position among consumer lenders in Sweden, Norway, Denmark and Finland, and maintains a credit card and retail deposit franchise in Germany.

Figure 2. Gross loans by sector, 31 Dec. 2025



Source: companies.

Figure 3. Gross loans by country, 31 Dec. 2025



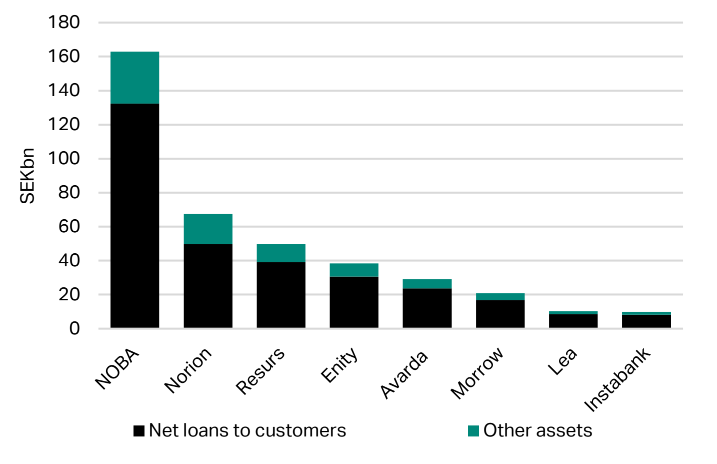
Source: companies.

Competitive position

Market leader in crowded consumer lending markets

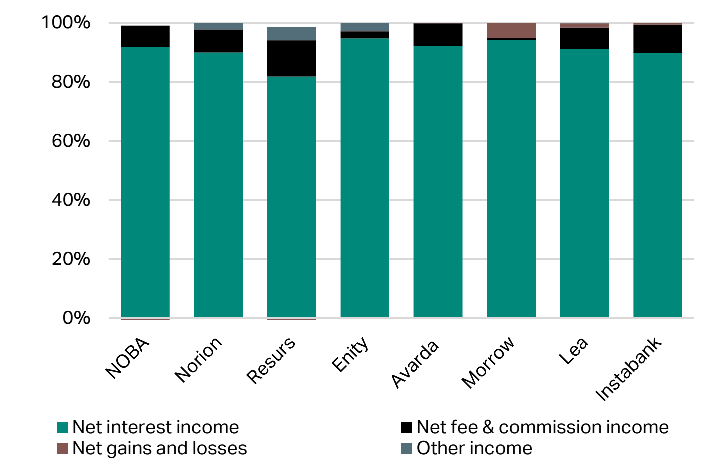
NOBA maintains a leading niche position, serving over two million private customers across its core markets and product lines. The bank achieved nearly 10% growth (in constant FX terms) in 2025, a slowdown from previous years. Unsecured consumer loans and credit cards remain key growth drivers, while secured senior and non-traditional mortgages offer lower-risk diversification. Although banks generally find it difficult to achieve pricing or customer advantages based on reputation, we believe NOBA's significant scale and cost efficiency provide increasing competitive benefits compared with Nordic niche bank peers.

Figure 4. Balance sheet volume comparison, 2025



Source: companies.

Figure 5. Revenue source split comparison, 2025



Source: companies.

Risk governance

Strong regulatory track record in a highly scrutinized segment

Our assessment of NOBA's risk governance framework reflects its elevated risk appetite and growth, offset by a strong risk management record. To date, NOBA has avoided regulatory scrutiny of its underwriting practices, which we view as a positive indicator of its internal processes in a closely monitored segment. The bank maintains robust internal risk monitoring and reporting, enhancing transparency and enabling timely adjustments to underwriting in response to changes in credit portfolio performance. NOBA has established risk appetite, indicators and limits for all identified risk areas, and compares its financial risk exposure across risk types. We expect further transparency now that the bank is a listed entity.

We also consider the bank's management of environmental, social and governance (ESG) risks to be adequate. In our view, the bank has identified its material impacts, focusing on financial health, responsible lending and business conduct.

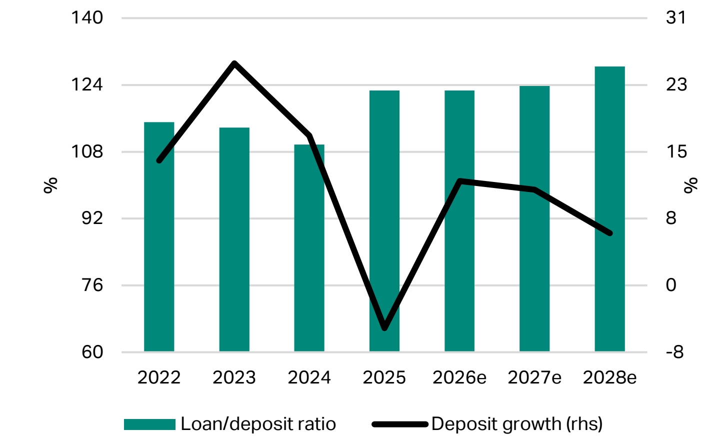
Funding and liquidity

Diverse funding by type and currency, despite authorities' focus on cross-border deposits

In addition to its Nordic deposits, NOBA sources a significant portion of its deposit base through platforms in Germany, the Netherlands, Spain and Ireland. We consider the bank's customer deposits to be more price-sensitive than the relationship deposits, and the currency mix mitigates foreign exchange risk. Deposit funding is 89% on-demand, with about 97% covered by the Swedish deposit guarantee scheme. However, the Swedish National Debt Office recently indicated plans to adjust the risk-sensitivity of its fee structure, given the growing volume of foreign-sourced deposits and the increasing share of guaranteed deposits among Swedish niche banks (see related research). This would follow the Swedish FSA's 2024 revision of platform-sourced deposit treatment in regulatory metrics, and could lead to changes in the bank's future funding profile and financing costs.

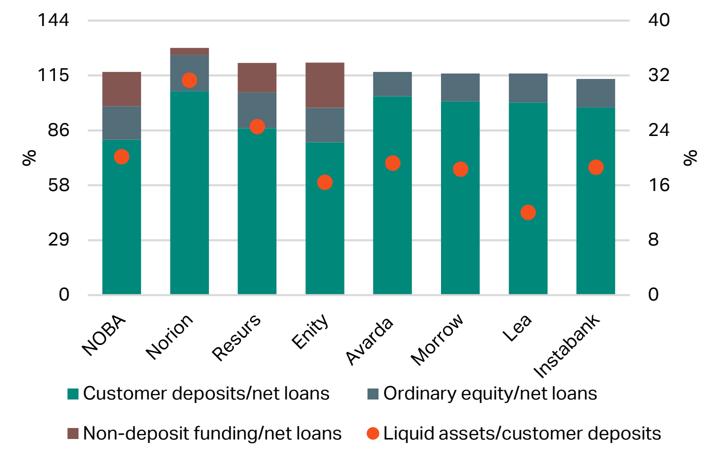
We view the bank's use of secured and senior unsecured funding positively, as it better aligns with the duration of its loan book. The bank has SEK 4.4bn in senior unsecured bonds as of 31 Mar. 2026. In addition, secured financing is a key part of NOBA's funding, particularly of equity release and non-standard mortgages. In our view, secured financing provides longer-term funding and reduces the maturity mismatch with mortgage assets.

Figure 6. Deposit metrics, 2022-2028e



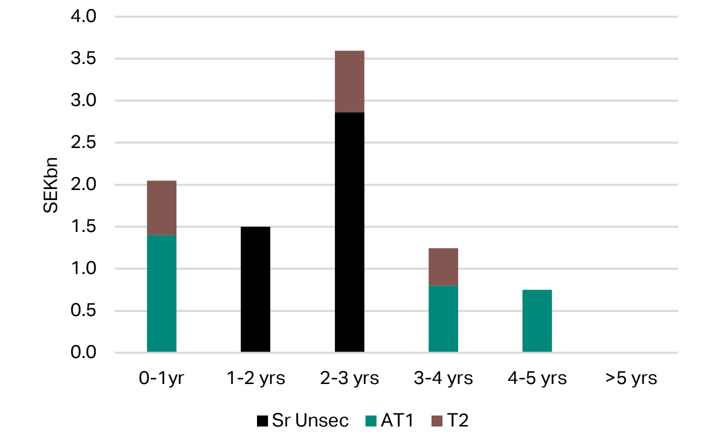
Source: company and NCR. e–estimate.

Figure 7. Nordic niche banks' funding profiles, 31 Dec. 2025



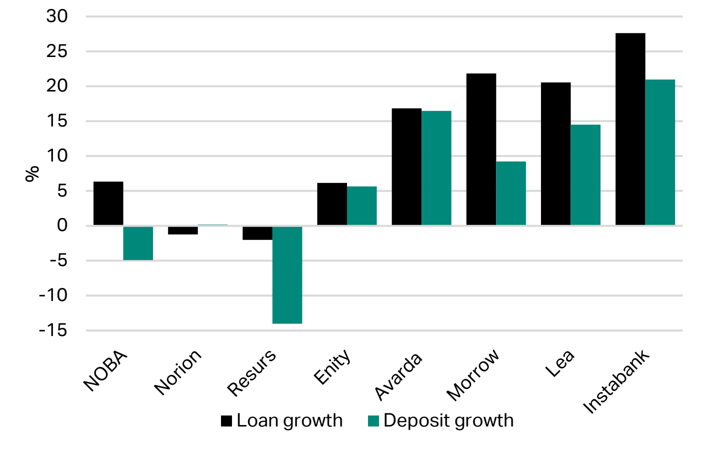
Source: companies.

Figure 8. Bond maturity profile, as of 31 Dec. 2025



Source: Stamdata. Additional Tier 1 and Tier 2 instruments shown at first call date.

Figure 9. Nordic niche banks' loan vs deposit growth, 2025



Source: companies.

CREDIT RISK PROFILE

Operating environment

Regulatory focus on consumer loans remains high, but strong credit rights support credit risk

Our assessment of NOBA's operating environment reflects our view that unsecured consumer lending and credit cards are more sensitive to economic shifts than traditional bank lending. NOBA primarily extends private loans to borrowers in Sweden, Norway and Finland, where strong legal frameworks benefit creditors and encourage debt repayment. Regulatory scrutiny of the Nordic consumer lending sector remains high; however, we believe regulatory risk for NOBA and its larger Nordic peers has declined.

While faced with regulatory changes in Sweden, we expect NOBA to be able to tweak its offerings as needed. The bank may also benefit from initiatives targeting higher risk lenders. Additionally, NOBA's diversification across markets and products helps mitigate the effect on its earnings.

Credit and market risk

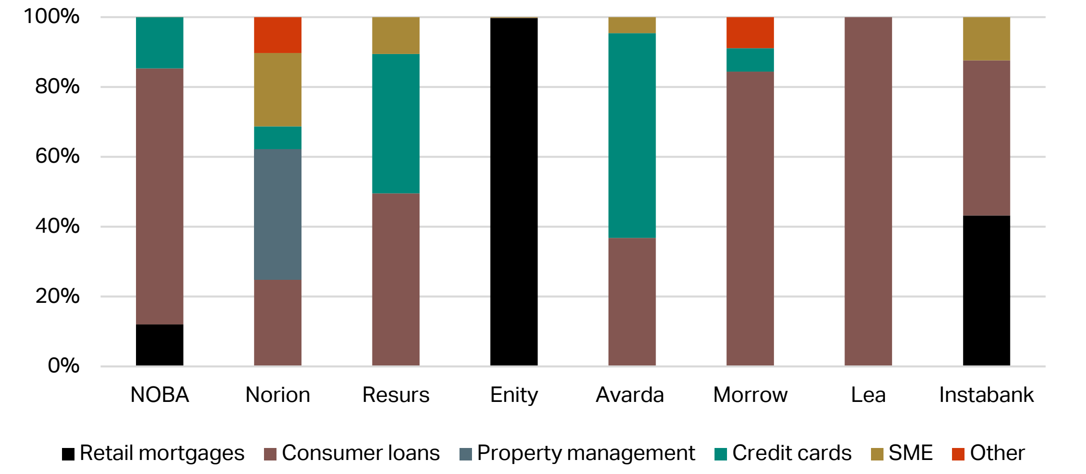
Our assessment of credit risk reflects NOBA's mix of consumer-focused loan segments and significant loan growth, but also its granular loan portfolio. We expect credit card growth to outpace other lending in our forecast, although SEK appreciation has affected reported 2025 growth rates. We anticipate consumer loans will account for approximately three-quarters of exposures during the forecast period, with growth concentrated in Sweden and Denmark. Loss rates in these segments are expected to remain below recent peaks but could face renewed pressure if policy rates rise again, particularly in Norway due to its materially higher rate environment.

NOBA's secured mortgage portfolio reduces its overall credit risk profile, though growth has been limited by weak mortgage demand in Sweden and Norway. NOBA's non-traditional mortgages carry higher risk than prime mortgages, as a significant proportion of borrowers have volatile incomes. All loans in the Swedish mortgage portfolio are secured by first-lien collateral, while a minority of loans in the Norwegian mortgage book are issued as second-lien mortgages. Equity release mortgages target senior borrowers with low loan-to-value (LTV) ratios, and interest is added to the principal, eliminating the risk of active loans becoming non-performing.

NOBA's acquisition of DBT capital, a Swedish SME lender with a loan portfolio of SEK 1.1bn, marks the bank's entry into Nordic SME lending and provides a platform for NOBA to further diversify its customer base and product offerings. With the current portfolio size, SME lending will initially account for less than 1% of total loans, giving NOBA time to develop its SME underwriting standards as the portfolio grows.

Market risk is limited, as funding can be matched by currency and there are no trading book assets.

Figure 10. Nordic niche banks' gross loan book sector split, 31 Dec. 2025

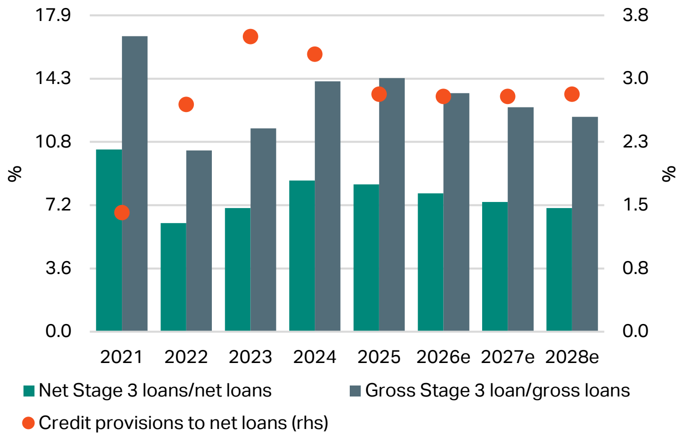


Source: companies.

Loss performance

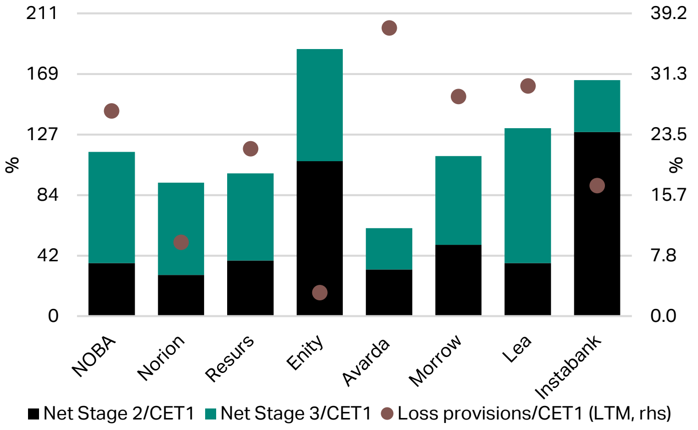
Reported loss provisions fell to just under 3% of net loans in 2025, a level we see as sustainable for NOBA given its pre-provision earnings. We expect further improvements in asset quality, but an aggressive reversal of monetary policy or a sudden inflation shock could cause credit losses to exceed our expectations. The share of net Stage 2 and Stage 3 loans remain elevated, although improvements to the secondary non-performing loan market should reduce non performing loans starting in 2026.

Figure 11. Asset quality metrics, 2021–2028e



Source: company and NCR. e–estimate.

Figure 12. Asset quality in relation to capitalisation, 31 Dec. 2025



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

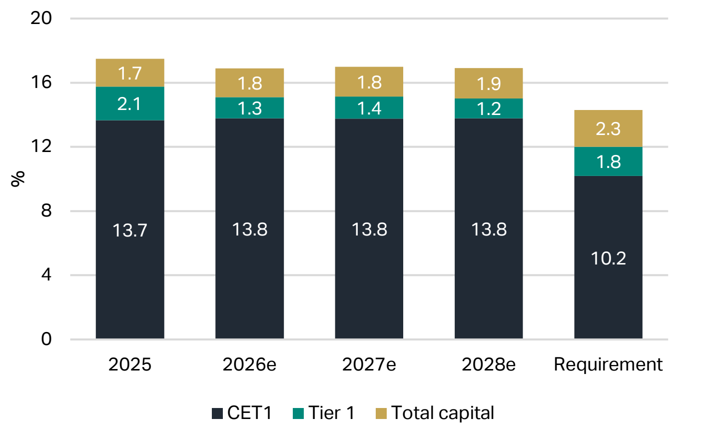
CAPITAL GENERATION

Capital

Peer-average capital ratios are supported by exceptional earnings buffers

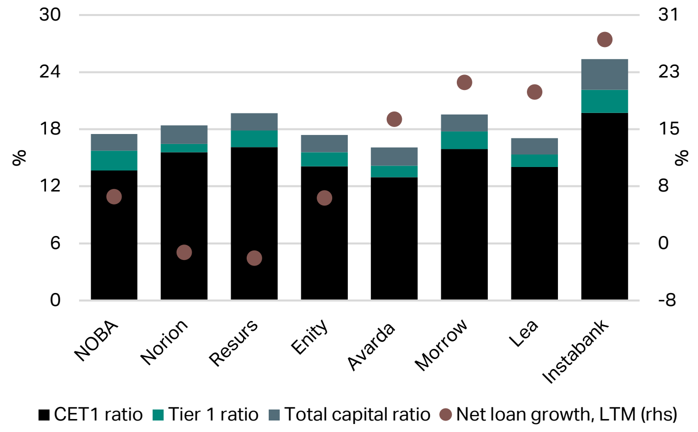
The bank's strong earnings and cost efficiency offset the capital required for its projected annual growth of 10-12% and our 60-65% dividend expectations. Despite robust performance, we expect the bank to increase dividend payouts or share buybacks to keep its Tier 1 capital ratio slightly above 15%. This corresponds to a common equity Tier 1 ratio at the lower end of its 13–15% target range, providing an adequate buffer above regulatory requirements and consistent with Nordic niche bank peers.

Figure 13. Forecast capital ratios vs. requirements, 2025–2028e



Source: company and NCR. e–estimate.

Figure 14. Nordic niche banks' capital ratios and LTM loan growth, 31 Dec. 2025



Source: companies.

Earnings

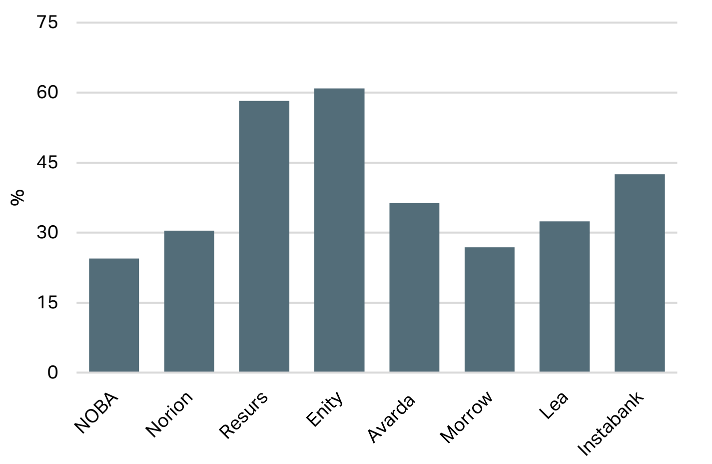
We project the bank will further increase its pre-provision earnings to nearly 9% of its risk exposure amount, providing a substantial buffer against elevated credit losses in our forecast. This reflects a cost-to-income ratio approaching 20% as the bank becomes more efficient with scale.

Figure 15. Capital projection assumptions

%	2026e	2027e	2028e
Net interest margin	7.0	7.1	7.2
Loan growth	12.0	12.0	10.0
Return on equity	17.7	19.0	20.1
Dividend rate	55	65	65

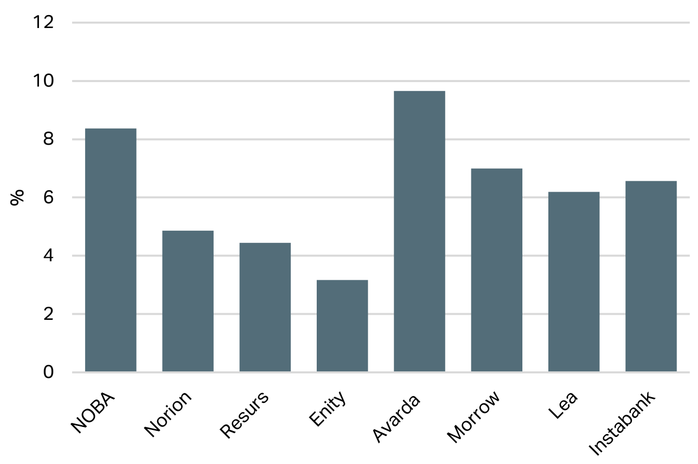
Source: NCR. e–estimate. All metrics adjusted in line with NCR methodology.

Figure 16. Nordic niche banks' cost-to-income metrics, 2025



Source: companies. LTM-last twelve months.

Figure 17. Nordic niche banks' PPI to REA, 2025



Source: companies.

SUPPORT ANALYSIS

Our current assessment of NOBA's ownership support is neutral. We believe the transition to public ownership enhances the bank's access to new capital. In early Feb. 2026, Finland-based OP Financial Group announced an increased stake in NOBA, following Nordic Capital and Sampo's stated intentions to divest some of their shares. The outcome of this transaction is only partially reflected in the ownership levels below.

Figure 18. Largest owners

	%
Nordic Capital through companies	51.58 (as of 25 Feb. 2026)
Sampo Oyj	12.95 (as of 11 Feb. 2026)
OP Financial Group	7.50 (as of 28 Jan. 2026)
Other owners	28.97

Source: company. As posted on NOBA's website on 9 Apr. 2026.

ISSUE AND SHORT-TERM RATINGS

Figure 19. Issue and short-term ratings

	Rating
Senior unsecured	BBB
Tier 2	BB+
Additional tier 1	BB-
Short-term rating	N3; in line with our definition for the 'BBB' long-term rating level.

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 20. Priority ESG factors

Issue/area	Risk/opportunity	Impacted subsections (impact on credit assessment*)
Responsible lending	Regulatory scrutiny. Media attention. Reputational brand damage. Impact of NPL backstop.	Operating environment (-) Risk governance (-) Other risks (-)
Anti-money laundering capacity	Risk of sanctions and fraud. Insufficient control of customers.	Risk governance (0)
Risk management frameworks	Risk-taking beyond limits in bank operations. Legal non-compliance, e.g. with regards to the Consumer Credit Act.	Risk governance (0)
Financial accessibility and literacy	Providing mortgage loans to under-served banking segment and seniors. Improving financial literacy and contributing research on the social impact of money.	Competitive position (0)

*Defined on a 5-step scale ranging from double minus (--) to double plus (++), with (--) representing the most negative impact and (++) the most positive. A (0) reflects a neutral impact.

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) NCR Comments: Swedish plan could increase funding costs for domestic niche banks, 17 Mar. 2026.
(ii) Nordic niche banks focus on optimisation and scalability in 2026, 13 Jan. 2026.
(iii) Nordic niche banks focus on optimisation and scalability in 2026 (webinar), 13 Jan. 2026
(iv) NCR comments: NOBA Bank Group 'BBB' rating unchanged following acquisition of DBT Capital, 19 Dec. 2025.
(v) NOBA Bank Group outlook revised to positive; 'BBB' long-term issuer rating affirmed, 16 Dec. 2025.
(vi) NCR Comments: NOBA Bank Group 'BBB' rating and outlook unchanged following IPO announcement, 11 Sep. 2025.
(vii) Swedish niche lenders face regulatory changes in funding metrics, 21 Oct. 2024.

Figure 21. NOBA key financial data, 2022–2025

Key credit metrics (%)	FY 2022	FY 2023	FY 2024	FY 2025
INCOME COMPOSITION				
Net interest income to op. revenue	95.9	94.0	94.0	93.4
Net fee income to op. revenue	6.0	5.9	6.5	7.5
Net gains and losses/operating revenue	-1.8	0.1	-0.6	-0.9
Net other income to op. revenue				0.0
EARNINGS				
Net interest income to financial assets	6.4	6.7	6.6	6.9
Net interest income to net loans	8.4	8.0	7.9	8.2
Pre-provision income to REA	5.7	6.8	7.5	8.4
Core pre-provision income to REA (NII & NF&C)	5.9	6.8	7.6	8.5
Return on ordinary equity	5.5	6.4	11.2	16.5
Return on assets	0.9	0.9	1.5	2.2
Cost-to-income ratio	46.0	36.2	28.9	24.5
Core cost-to-income ratio (NII & NF&C)	45.2	36.3	28.7	24.2
CAPITAL				
CET1 ratio	15.1	13.5	13.2	13.7
Tier 1 ratio	17.1	15.1	15.4	15.8
Capital ratio	18.9	16.5	17.2	17.5
REA to assets	59.6	63.5	62.4	64.0
Dividend payout ratio				
Leverage ratio	10.1	9.3	9.5	10.2
GROWTH				
Asset growth	9.9	15.7	15.3	2.4
Loan growth	25.6	24.1	13.0	6.3
Deposit growth	14.4	25.5	17.2	-4.9
LOSS PERFORMANCE				
Credit provisions to net loans	3.04	3.93	3.54	2.94
Stage 3 coverage ratio	43.83	43.68	44.77	45.91
Stage 3 loans to gross loans	10.27	11.52	14.19	14.36
Net stage 3 loans to net loans	6.16	7.00	8.57	8.35
Net stage 3 loans/ordinary equity	29.88	41.37	51.98	47.38
FUNDING & LIQUIDITY				
Loan to deposit ratio	115.1	113.8	109.7	122.7
Liquid assets to deposit ratio	26.8	19.3	22.8	20.2
Net stable funding ratio	122.0	118.1	110.3	111.3
Liquidity coverage ratio	253.2	139.0	145.0	151.0

Key financials (SEKm)	FY 2022	FY 2023	FY 2024	FY 2025
BALANCE SHEET				
Total assets	119,325	138,065	159,143	162,909
Total tangible assets	110,433	129,857	151,178	155,322
Total financial assets	110,006	129,305	150,715	154,540
Net loans and advances to customers	88,756	110,121	124,448	132,341
Liquid assets	20,663	18,710	25,910	21,740
Customer deposits	77,104	96,788	113,439	107,870
Issued securities	10,015	7,362	3,785	6,179
of which other senior debt	8,484	5,633	1,945	4,375
of which subordinated debt	1,531	1,729	1,840	1,804
Total equity	19,754	19,991	22,678	26,253
of which ordinary equity	18,284	18,637	20,515	23,325
CAPITAL				
Common equity tier 1	10,710	11,860	13,109	14,246
Tier 1	12,138	13,214	15,272	16,428
Total capital	13,434	14,453	17,112	18,232
REA	71,148	87,643	99,296	104,237
INCOME STATEMENT				
Operating revenues	6,954	8,503	9,884	11,276
Pre-provision operating profit	3,754	5,422	7,027	8,519
Impairments	2,425	3,907	4,149	3,908
Net Income	973	1,187	2,202	3,611

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

Figure 22. NOBA rating scorecard

Subfactors	Impact	Score
National banking environment	5.0%	a-
Sector exposure assessment	15.0%	bbb-
Regional assessment	-	-
Cross border assessment	-	-
Operating environment	20.0%	bbb
Risk governance	7.5%	bbb+
Capital	17.5%	bbb
Funding and liquidity	15.0%	bbb+
Credit and market risk	10.0%	bb+
Risk appetite	50.0%	bbb
Competitive position	15.0%	bbb+
Earnings	7.5%	aa
Loss performance	7.5%	bb+
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		Positive
Short-term rating		**N3**

Figure 23. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB
Tier 2	BB+
Additional Tier 1	BB-

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NORDIC CREDIT RATING AS

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