NOBA Bank Group AB (publ)

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 NOBA Bank Group AB (publ) reflects the bank's very strong risk-adjusted earnings and cost efficiency, increasing economies of scale, and diversified funding relative to peers. We expect strong capital generation to allow the bank to maintain significant dividend payments while preserving its capital ratios as it continues to deliver double-digit growth. The bank's secured lending – equity-release mortgages for seniors and non-traditional mortgage lending – provides positive credit risk diversification with a low risk of credit losses.

The rating is constrained by the elevated risk profile of consumer loans and credit cards, which contributes to weaker asset quality metrics. The consumer lending industry generally faces strong competition and low customer loyalty, although NOBA's significant scale provides information asymmetry benefits in underwriting and pricing. We believe consumer lending faces significant regulatory scrutiny across all Nordic countries. However, NOBA has thus far navigated regulatory oversight better than its niche bank peers, and banks benefit from robust creditor rights across the Nordic region.

The Swedish National Debt Office is assessing whether to categorise NOBA as a resolution institution, which could increase its requirements for bail-in-able liabilities and, over time, provide additional protection for senior unsecured creditors, and potential rating uplift.

STABLE OUTLOOK

The stable outlook reflects our expectation that NOBA will maintain its Tier 1 capital ratio above 15%, with solid buffers to regulatory capital requirements. We expect the bank's very strong earnings to support excess capital generation, allowing for dividend payments of around 60% per year and annual growth of 10–12%. We believe the bank's loan loss levels are unlikely to improve significantly from current levels, given an increasing share of credit card loans and an expected rise in interest rates for a significant portion of the portfolio. The bank's increasing economies of scale enhance resilience, and continued growth and diversification across its markets and products are expected to provide resilience in future downturns.

POTENTIAL POSITIVE RATING DRIVERS

- An upgrade is unlikely at this time, without a material improvement in the company's overall risk appetite and capital position.

POTENTIAL NEGATIVE RATING DRIVERS

- A Tier 1 ratio sustainably below 15% or a CET1 ratio margin to requirements sustainably below 3pp.
- Material deterioration in asset quality, with loan losses/net loans approaching 4.0%.
- Regulatory changes materially weakening the bank's operating environment.

Figure 1. Key credit metrics, 2022–2028e

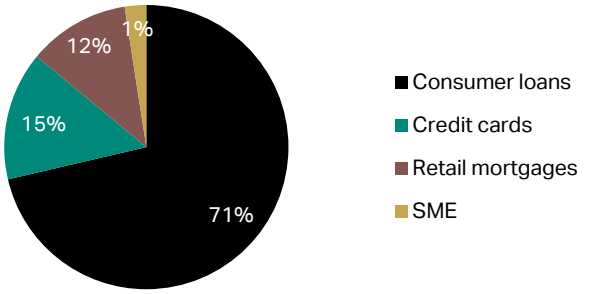
%	2022	2023	2024	2025	2026e	2027e	2028e
Net interest margin	6.4	6.7	6.6	6.9	7.0	7.0	7.0
Pre-provision income/REA	5.7	6.8	7.5	8.4	8.6	8.8	8.7
Cost-to-income	46.0	36.2	28.9	24.5	23.1	21.5	20.5
Return on ordinary equity	5.5	6.4	11.2	17.1	19.1	20.4	20.3
Loan losses/net loans	3.04	3.93	3.54	2.94	2.46	2.50	2.61
Net stage 3/net loans	6.16	7.00	8.57	8.35	8.09	7.94	7.80
Tier 1 ratio	17.1	15.1	15.4	15.8	15.3	15.3	15.2

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

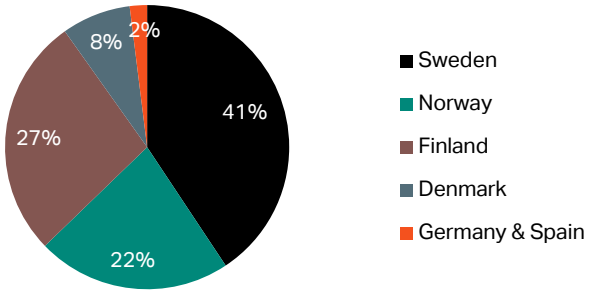
At over SEK 150bn in net loans, NOBA is the largest niche bank in the Nordic region. Founded in 2003, it obtained its banking licence in 2014 and is listed on the Stockholm stock exchange. The bank's loan portfolio is dominated by Swedish consumer loans, but also includes consumer loans, credit cards, non-standard mortgage loans and equity-release mortgages across the Nordic region and a growing credit card franchise in Germany. The bank aims to reach SEK 250bn in net loans by 2030 and plans to roll out equity-release mortgages for seniors in Norway and non-traditional mortgages in Finland in 2027. The bank took an initial step into SME lending by adding DBT Capital in 2025 (see related research).

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



Source: company.

Figure 3. Gross loans by country, 30 Sep. 2026



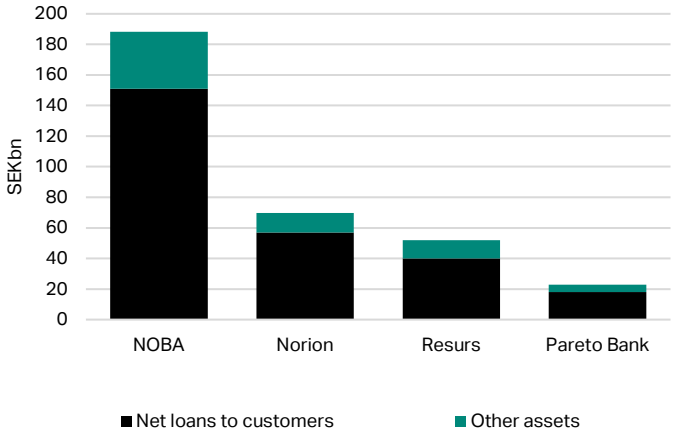
Source: company.

Competitive position

Significant scale provides robust diversification and underwriting benefits

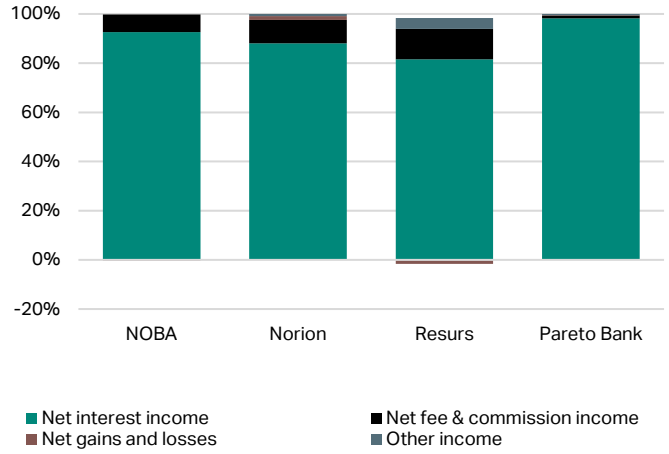
NOBA maintains a leading niche position, serving over two million private customers across its core markets and product lines and the bank's significant scale provides information asymmetry benefits in underwriting, cost efficiency and pricing. The bank is on pace to achieve its goal of yearly 10% growth (in constant FX terms) since the beginning of 2025. 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, 30 Sep. 2026



Source: companies.

Figure 5. Revenue source split comparison, Q3 2026 LTM



Source: companies.

Risk governance

Strong regulatory track record in a highly scrutinised 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's modern and scalable internal systems support robust internal risk

monitoring and reporting, 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. The bank has increased its transparency since becoming a listed bank in Sep. 2025.

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.

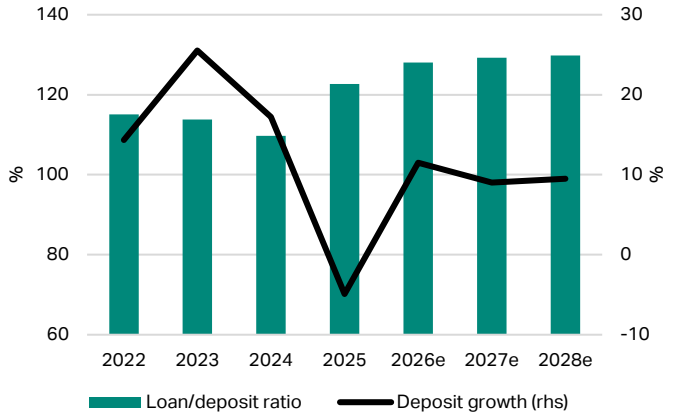
Funding and liquidity

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

NOBA sources a significant portion of its deposit base through platforms in the Nordic region, Germany, the Netherlands, Spain and Ireland. We consider the bank's customer deposits to be more price-sensitive than relationship deposits, and the currency mix offsets foreign exchange risk in interest margins. Deposit funding is 88% on-demand, with over 95% covered by the Swedish deposit guarantee scheme.

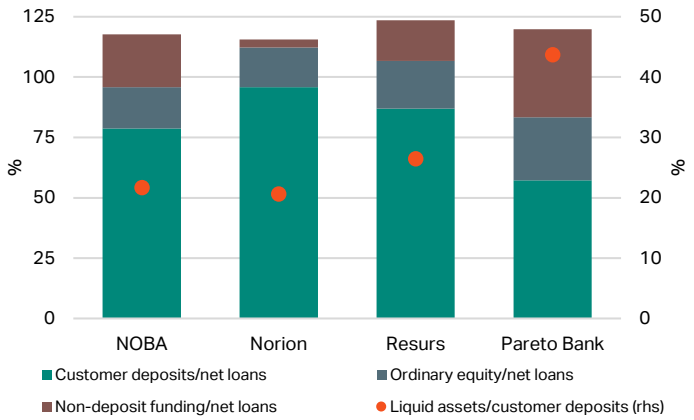
We view the bank's use of secured and senior unsecured funding positively, as it better aligns with the duration of its loan book. After years of reducing capital market funding, the bank doubled its share of senior unsecured bond funding in the 12 months ending 30 Sep. 2026. However, capital market financing remains a modest 5% of total funding, compared with 14% secured funding and 68% deposit funding. 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



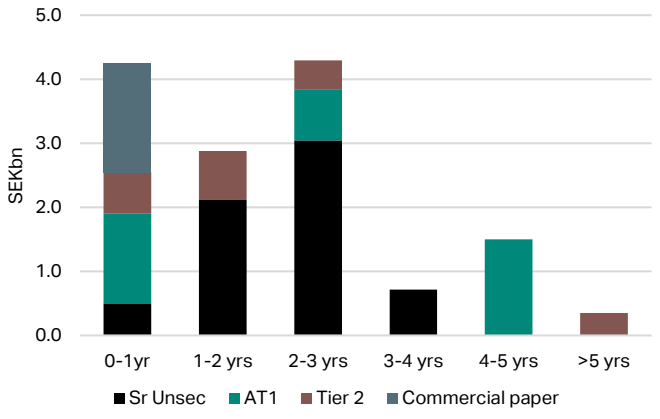
Source: company and NCR. e–estimate.

Figure 7. Nordic niche banks' funding profiles, 30 Sep. 2026



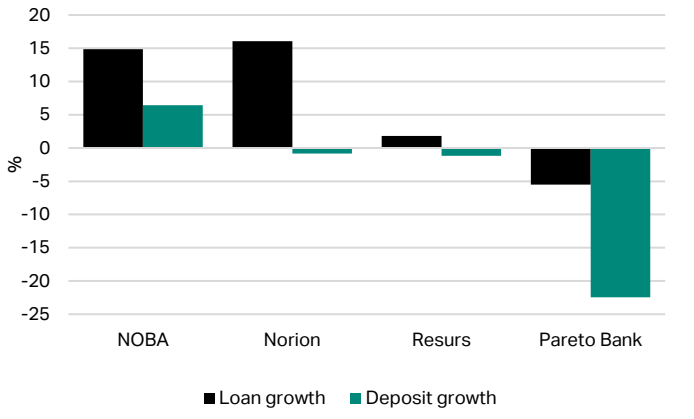
Source: companies.

Figure 8. Bond maturity profile, as of 30 Sep. 2026



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

Figure 9. Niche banks' loan vs deposit growth, Q3 2026 LTM



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. The EU Consumer Credit Directive has been implemented in Sweden, Denmark, Finland and Germany. Norwegian practices are expected to converge eventually, and the regulator recently issued a statement requiring credit checks prior to loan approval. NOBA's lending products are not materially affected by the implementation due in large part to its absence of small ticket deferred payment loans. The pressure and operational burden put on smaller competitors could prove to have a positive impact on the competitive environment for the bank.

Credit and market risk

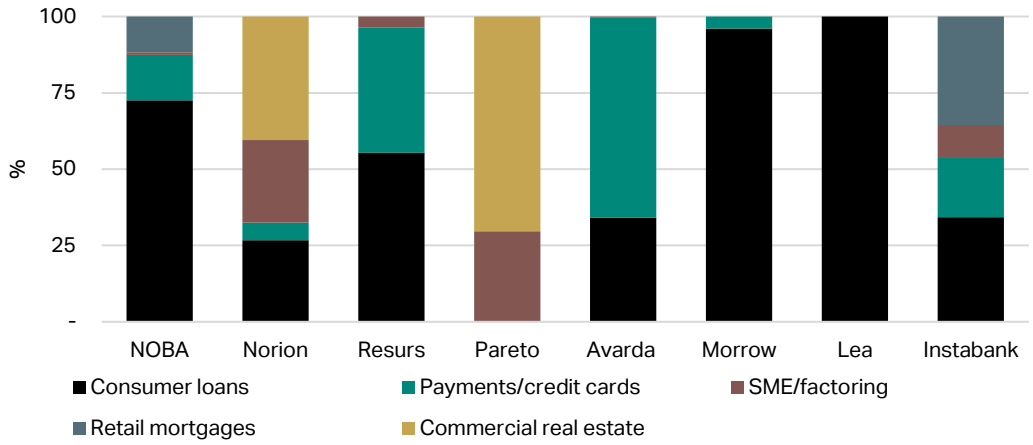
Our assessment of credit risk reflects NOBA's mix of consumer-focused loan segments and significant loan growth, as well as its granular loan portfolio. We expect credit card growth to outpace other lending in our forecast, led by growth in Germany. We anticipate consumer loans will account for approximately 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 to slowly rise to reflect changes in product mix and rising, or higher, policy rates across the Nordic region.

In addition, the expansion of non-traditional mortgages in Finland and equity-release mortgages in Norway should strengthen growth in secured loans. Growth in local currencies was just over 12% in the 12 months ending 30 Sep. 2026 and should be buoyed by a resurgence in mortgage demand in Sweden and Norway and the secured loan roll outs in 2027. 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 added just over SEK 1bn in SME exposure to the loan book. We believe that SME lending will remain a modest share of total loans for the foreseeable future.

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, 30 Sep. 2026



Source: bank reports.

Source: companies.

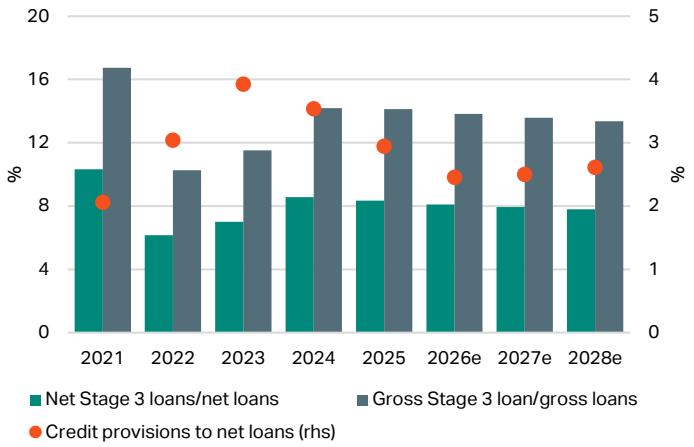
Loss performance

The decline in loss provisions has exceeded our expectations in 2026, with the bank reporting loan loss provisions of 2.5% of average net loans year to date. We view a level below 3% as sustainable given NOBA's very strong pre-provision earnings. We see this level as unlikely to improve materially over

the next few years given projections of rising interest rates that could impact expected loss models and, on the margin, the addition of SME loans to the loan book.

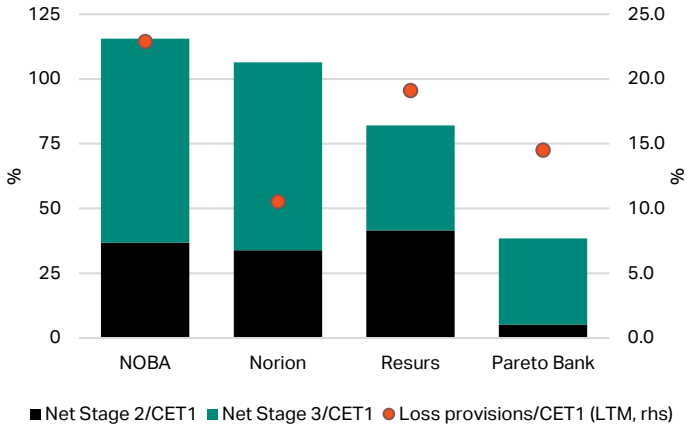
The share of net Stage 2 and Stage 3 loans remains elevated, despite material improvements in the secondary non-performing loans (NPLs) market. We expect NOBA to sell off NPLs that fall under the NPL backstop regulations, but we do not anticipate a significant reduction in legacy NPLs. Risk in the legacy volume of NPLs is mitigated by strong Stage 3 coverage ratios of 46.5% and a track record of selling NPLs at or above book value.

Figure 11. Asset quality metrics, 2021–2028e



Source: company and NCR. e–estimate.

Figure 12. Asset quality in relation to capitalisation, 30 Sep. 2026



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

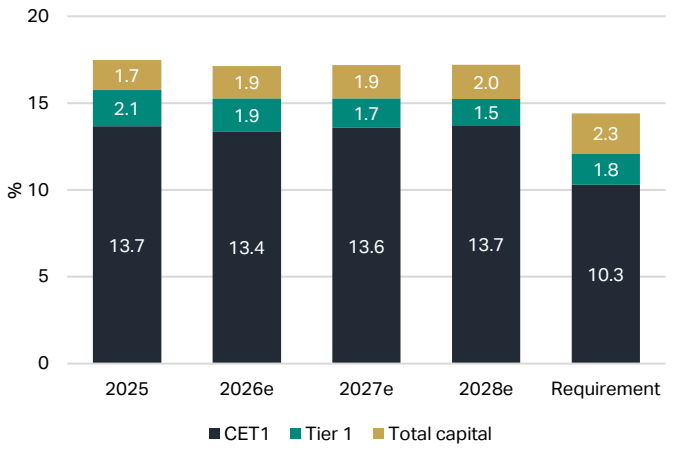
CAPITAL GENERATION

Capital

Peer-average capital ratios are supported by exceptional earnings buffers

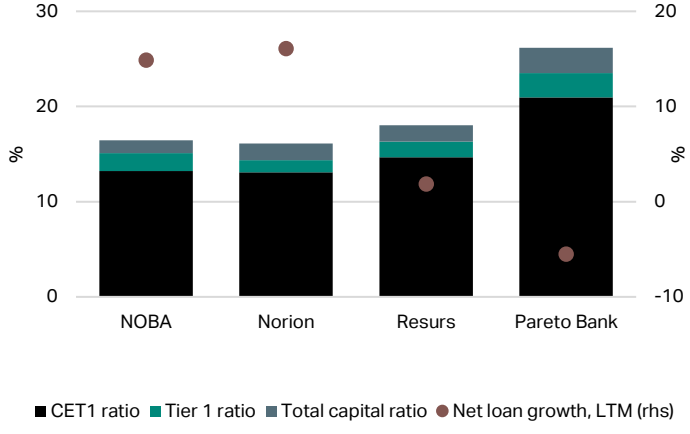
The bank's strong earnings and cost efficiency offset the capital required for its projected annual growth of 10-12% and our expectation of a 60% dividend payout. We expect the bank to make biannual dividend payouts, potentially complemented by share buybacks, to maintain its Tier 1 capital ratio slightly above 15%, a material rating threshold. 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 other Swedish-based consumer bank lenders.

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



Source: company and NCR. e–estimate. NOBA's capital target is a CET 1 ratio between 13-15%.

Figure 14. Nordic niche banks' capital ratios and LTM loan growth, 30 Sep. 2026



Source: companies.

NOBA is currently categorised as a liquidation institution by the Swedish National Debt Office. In the third quarter of 2026, the authority initiated an in-depth assessment of whether NOBA should instead be categorised as a resolution institution, with a decision expected in December 2026.

A reclassification as a resolution institution could result in higher requirements for loss-absorbing liabilities and increase NOBA's issuance of senior non-preferred debt and Tier 2 capital. Sufficiently large bail-in-able buffers would increase protection for senior unsecured creditors and, under our methodology, could result in an upward notch to the issuer rating once eligible buffers reach at least 5% of REA. However, the decision is uncertain, and we would expect the regulator to allow the bank several years to ramp up issuance before applying any firm requirements.

Earnings

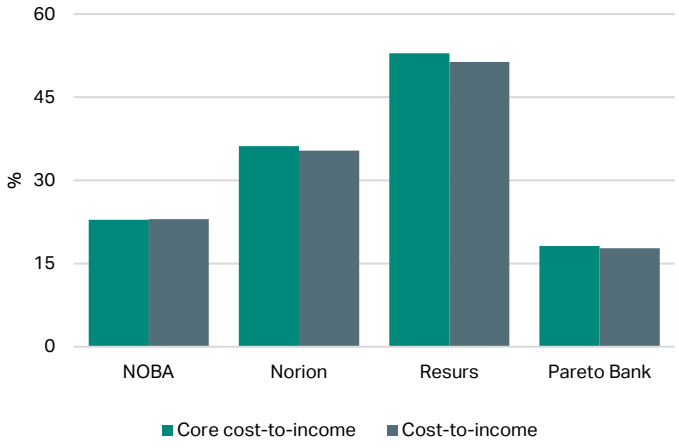
We project the bank will steadily improve its pre-provision earnings towards 9% of its risk exposure amount by 2028, providing a substantial earnings buffer against higher-than-anticipated credit losses in our forecast. This reflects a cost-to-income ratio falling to 20.5% by 2028, approaching the bank's medium-term 20% goal as the bank becomes more efficient with scale.

Figure 15. Capital projection assumptions

%	2026e	2027e	2028e
Net interest margin	7.0	7.0	7.0
Loan growth	16.4	10.0	10.0
Return on ordinary equity	19.1	20.4	20.3
Dividend payout ratio	60.0	60.0	60.0

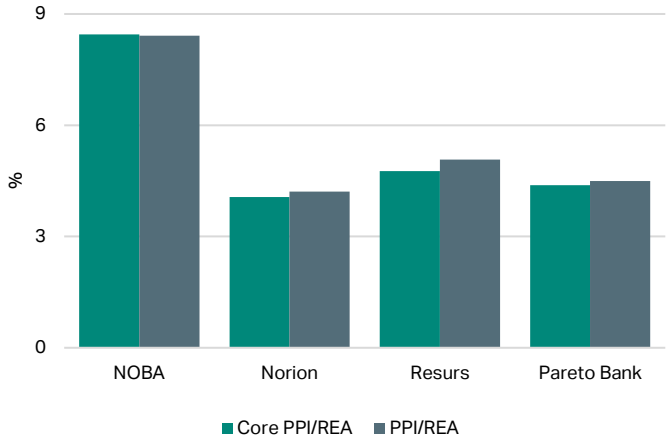
Source: NCR. e–estimate. All metrics adjusted in line with NCR methodology.

Figure 16. Nordic niche banks' cost-to-income metrics, Q3 2026 LTM



Source: companies. LTM-last twelve months.

Figure 17. Nordic niche banks' PPI to REA, Q3 2026 LTM



Source: companies.

SUPPORT ANALYSIS

Our current assessment of NOBA's ownership support is neutral. We believe the transition to public ownership has improved the bank's access to new capital, though Nordic Capital remains a majority owner. In early Feb. 2026, Finland-based OP Financial Group increased its stake in NOBA, and Nordic Capital and Sampo have stated intentions to divest some of their stake in the bank over time.

Figure 18. Largest owners

	%
Nordic Capital through companies	51.6*
OP Financial Group	11.9**
Sampo Oyj	10.0***
Other owners	28.5

Source: company. As posted on NOBA's website on 20 Nov. 2026. *per 28 Oct. 2026. **per 18 Nov. 2026. ***per 28 Sep. 2026.

ISSUE AND SHORT-TERM RATINGS

Figure 19. Issue and short-term ratings

	Rating
Senior unsecured	BBB+
Tier 2	BBB
Additional Tier 1	BB+
Short-term rating	N3; average liquidity coverage ratio is below 200% for the last four quarters (161%).

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 (-)
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) SME lending gains momentum among Nordic niche banks, 8 Sep. 2026.
(ii) Nordic niche banks focus on optimisation and scalability in 2026, 13 Jan. 2026.
(iii) NCR comments: NOBA Bank Group 'BBB' rating unchanged following acquisition of DBT Capital, 19 Dec. 2025.
(iv) NOBA Bank Group outlook revised to positive; 'BBB' long-term issuer rating affirmed, 16 Dec. 2025.

Figure 21. NOBA key financial data, 2022–Q3 2026 YTD

Key credit metrics (%)	FY 2022	FY 2023	FY 2024	FY 2025	Q3 2026 YTD
INCOME COMPOSITION					
Net interest income to op. revenue	95.9	94.0	94.0	93.4	93.1
Net fee income to op. revenue	6.0	5.9	6.5	7.5	7.2
Net gains and losses/operating revenue	-1.8	0.1	-0.6	-0.9	-0.3
Net other income to op. revenue				0.0	
EARNINGS					
Net interest income to financial assets	6.4	6.7	6.6	6.9	6.9
Net interest income to net loans	8.4	8.0	7.9	8.2	8.1
Pre-provision income to REA	5.7	6.8	7.5	8.4	8.4
Core pre-provision income to REA (NII & NF&C)	5.9	6.8	7.6	8.5	8.5
Return on ordinary equity	5.5	6.4	11.2	17.1	18.3
Return on assets	0.9	0.9	1.5	2.3	2.6
Cost-to-income ratio	46.0	36.2	28.9	24.5	23.8
Core cost-to-income ratio (NII & NF&C)	45.2	36.3	28.7	24.2	23.7
CAPITAL					
CET1 ratio	15.1	13.5	13.2	13.7	13.2
Tier 1 ratio	17.1	15.1	15.4	15.8	15.1
Capital ratio	18.9	16.5	17.2	17.5	16.4
REA to assets	59.6	63.5	62.4	64.0	63.4
Dividend payout ratio					41.5
Leverage ratio	10.1	9.3	9.5	10.2	9.6
GROWTH					
Asset growth	9.9	15.7	15.3	2.4	15.6
Loan growth	25.6	24.1	13.0	6.3	14.1
Deposit growth	14.4	25.5	17.2	-4.9	10.2
LOSS PERFORMANCE					
Credit provisions to net loans	3.04	3.93	3.54	2.94	2.52
Stage 3 coverage ratio	43.83	43.68	44.77	45.91	46.54
Stage 3 loans to gross loans	10.27	11.52	14.19	14.13	14.08
Net stage 3 loans to net loans	6.16	7.00	8.57	8.35	8.22
FUNDING & LIQUIDITY					
Loan to deposit ratio	115.1	113.8	109.7	122.7	127.0
Liquid assets to deposit ratio	26.8	19.3	22.8	20.2	21.7
Net stable funding ratio	122.0	118.1	110.3	111.3	108.0
Liquidity coverage ratio	253.2	139.0	145.0	151.0	144.0

Key financials (SEKm)	FY 2022	FY 2023	FY 2024	FY 2025	Q3 2026 YTD
BALANCE SHEET					
Total assets	119,325	138,065	159,143	162,909	188,328
Total financial assets	110,006	129,305	150,715	154,540	177,797
Net loans and advances to customers	88,756	110,121	124,448	132,341	151,004
Liquid assets	20,663	18,710	25,910	21,740	25,770
Customer deposits	77,104	96,788	113,439	107,870	118,914
Issued securities	10,015	7,362	3,785	6,179	10,343
of which other senior debt	8,484	5,633	1,945	4,375	8,107
of which subordinated debt	1,531	1,729	1,840	1,804	2,236
Total equity	19,754	19,991	22,678	26,253	29,525
of which ordinary equity	18,284	18,637	20,515	23,325	25,841
CAPITAL					
Common equity tier 1	10,710	11,860	13,109	14,246	15,760
Tier 1	12,138	13,214	15,272	16,428	18,044
Total capital	13,434	14,453	17,112	18,232	19,624
REA	71,148	87,643	99,296	104,237	119,335
INCOME STATEMENT					
Operating revenues	6,954	8,503	9,884	11,275	9,286
Pre-provision operating profit	3,754	5,422	7,027	8,518	7,075
Impairments	2,425	3,907	4,149	3,780	2,678
Net Income	973	1,187	2,202	3,739	3,366

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%	bbb-
Risk appetite	50.0%	bbb
Competitive position	15.0%	bbb+
Earnings	7.5%	aa
Loss performance	7.5%	bbb-
Performance indicators	15.0%	a-
Indicative credit assessment		**bbb+**
Peer comparison		Neutral
Transitions		Neutral
Borderline assessments		Neutral
Standalone credit assessment		**bbb+**
Ownership		Neutral
Capital structure protection		Neutral
Rating caps		Neutral
Issuer rating		**BBB+**
Outlook		Stable
Short-term rating		**N3**

Figure 23. Capital structure ratings

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

DISCLAIMER

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