NOBA Bank Group AB (publ)

Rating Action Report

LONG-TERM RATING
BBB+

OUTLOOK
Stable

SHORT-TERM RATING
N3

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NOBA Bank Group AB (publ) long-term issuer rating raised to 'BBB+'; Outlook stable

Nordic Credit Rating (NCR) has raised its long-term issuer rating on Swedish niche bank NOBA Bank Group AB (publ) to 'BBB+' from 'BBB'. The outlook is stable. We have also raised the senior unsecured issue rating to 'BBB+' from 'BBB', the Tier 2 issue rating to 'BBB' from 'BB+', and the Additional Tier 1 issue rating to 'BB+' from 'BB-'. The 'N3' short-term issuer rating has been affirmed.

Rating rationale

The rating action reflects further improvement in operating efficiency and capital generation, as well as additional scale advantages, as the bank increases diversification across customers, products and markets. In our view, the bank's very strong earnings profile provides material capital flexibility, allowing it to grow, pay dividends of up to 60%, and maintain its common equity Tier 1 ratio at 13%-15%, in line with its internal targets. We expect the bank to adapt its biannual dividend payouts and future share buyback activity to ensure a Tier 1 capital ratio above our 15% Tier 1 capital threshold.

The bank's loan book exceeds SEK 150bn, and the bank aims to reach SEK 250bn in loans by 2030. The improvement in scale has a positive effect on the bank's credit risk diversification. In our view, the bank's customer base of more than 2 million consumers provides meaningful underwriting and pricing advantages, which we expect will translate into long-term credit risk benefits relative to its Nordic niche bank peers, leading us to revise our credit risk assessment.

Scale, high margins and a modern IT platform are driving very strong cost efficiency. We expect the bank to approach its 20% cost-income ratio goal by 2028. As a result, the bank's pre-provision earnings should improve to nearly 9% of its risk exposure amount. Strong top-line earnings provide a substantial buffer against rising credit losses, supporting an upward revision in our view of the bank's loss performance relative to its earnings, and its bottom-line capital generation. Loss provisions have declined to 2.5% of net loans in 2025 and are trending below our previous expectations. We see this level as unlikely to improve materially over the next few years, given the rising share of credit card exposures, projected rising interest rates that could affect customers and expected loss models, and, at the margin, the addition of SME loans to the loan book.

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 risk exposure amount. 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.

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.

An upgrade is unlikely at this time, without a material improvement in the company's overall risk appetite and capital position. We could lower the rating to reflect Tier 1 ratio sustainably below 15% or a common equity Tier 1 (CET1) ratio margin to requirements sustainably below 3pp, a material deterioration in asset quality, with loan losses/net loans approaching 4% or regulatory or macroeconomic changes materially weakening the bank's operating environment.

Rating list	To	From
Long-term issuer credit rating:	BBB+	BBB
Outlook:	Stable	Positive
Short-term issuer credit rating:	N3	N3
Senior unsecured issue rating:	BBB+	BBB
Tier 2 issue rating:	BBB	BB+
Additional Tier 1 issue rating:	BB+	BB-

Relevant research and rating actions

(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 1. NOBA rating scorecard

Subfactors	Impact	To	From
National banking environment	5.0%	a-	a-
Sector exposure assessment	15.0%	bbb-	bbb-
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%	bbb-	bb+
Risk appetite	50.0%	bbb	bbb
Competitive position	15.0%	bbb+	bbb+
Earnings	7.5%	aa	aa
Loss performance	7.5%	bbb-	bb+
Performance indicators	15.0%	a-	a-
Indicative credit assessment		**bbb+**	**bbb**
Peer comparison		Neutral	Neutral
Transitions		Neutral	Neutral
Borderline assessments		Neutral	Neutral
Standalone credit assessment		**bbb+**	**bbb**
Ownership		Neutral	Neutral
Capital structure protection		Neutral	Neutral
Rating caps		Neutral	Neutral
Issuer rating		**BBB+**	**BBB**
Outlook		Stable	Positive
Short-term rating		**N3**	**N3**

Figure 2. Capital structure ratings

Seniority	To	From
Senior unsecured	BBB+	BBB
Tier 2	BBB	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 Financial Institutions Rating Methodology published on 12 May 2025 NCR's Rating Principles published on 14 Feb. 2024 NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024 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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