NOBA HOLDING AB (PUBL)
ANNUAL REPORT 2023

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NOBA IN BRIEF

NOBA is a leading specialist bank owned by Nordic Capital and Sampo. In November 2021, the acquisition of Bank Norwegian was completed, and on 30 November 2022, a cross-border merger was completed, after which Bank Norwegian's operations continued as a Norwegian branch of NOBA. NOBA retains its focus on challenging established banks and growing as the leading specialist bank in Northern Europe.

Through responsible lending and high availability, NOBA helps its customers make properly thought-out choices for a life they can afford, acting as a flexible supplement to the major banks. For example, the majority of NOBA's personal loans are used to refinance smaller, more expensive loans, thus contributing to reduced monthly costs, and NOBA's mortgage loans make it possible for underserved groups to participate in the housing market.

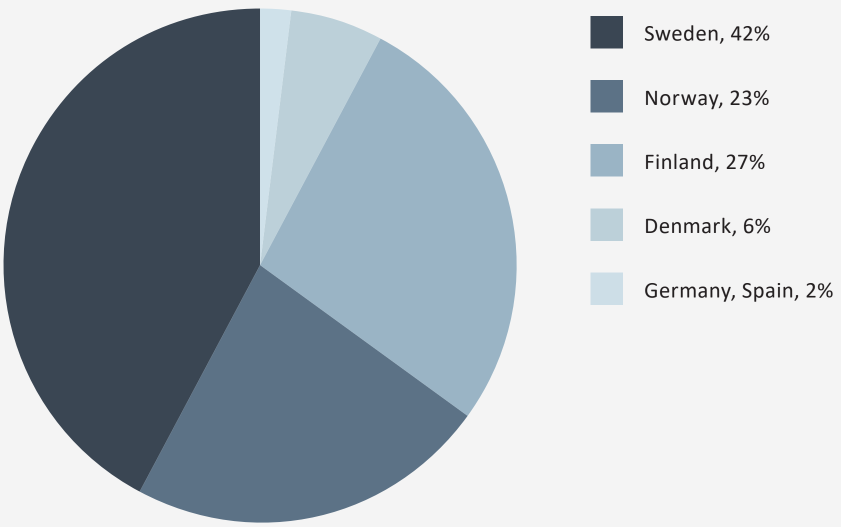
NOBA has specialised in a limited number of products. With roughly 630 full-time employees, NOBA offers personal loans, residential mortgages, equity release mortgages, credit cards and savings accounts. NOBA currently serves approximately two million retail customers in Sweden, Norway, Finland, Denmark, Germany, Spain and the Netherlands.

As at 31 December 2023, lending to the public amounted to SEK 110.6 billion and deposits amounted to SEK 96.8 billion.

NOBA is supervised by Finansinspektionen, the Swedish Financial Supervisory Authority, www.fi.se and, like all Swedish banks and credit market companies, NOBA is covered by the Swedish deposit guarantee scheme.

Read more on www.noba.bank

LENDING PORTFOLIO BY MARKET



2023 IN BRIEF

IMPROVED OPERATING PROFIT DUE TO INCREASED LENDING AND REDUCED TRANSFORMATIONAL EXPENSES COMBINED WITH HIGHER CREDIT LOSSES

- Three brands have come together under the NOBA Group name

- Improved operating profit due to increased lending and increased net interest income. However, operating profit remained negatively impacted by the expansion into Continental Europe, an expense related to the settlement with the airline Norwegian Air Shuttle and increased provisions for credit losses.

- Costs fell compared with 2022, with a corresponding positive impact on the C/I ratio, which was also enhanced due to higher revenues. This cost reduction was driven by reduced costs for the transformational work related to the integration and change of the core bank platform and by the significant impairment of intangible assets related to Lilienthal Finance Ltd that was recognised in 2022. However, costs included continuing expenses for investments in the operations and for the above-mentioned settlement.

- Credit losses were affected negatively by continued high credit losses in Continental Europe, increased model-driven provisions in Stage 1 and increased macro-driven losses in Stage 3..

- Strong growth in all active personal loan and credit card portfolios where the latter displayed record high levels of both newly issued cards and transaction volumes

- NOBA's mortgage loans continued their strong development, even though there was less activity in the housing market, with lending amounting to SEK 17.5 billion, corresponding to 16 percent of the total lending.

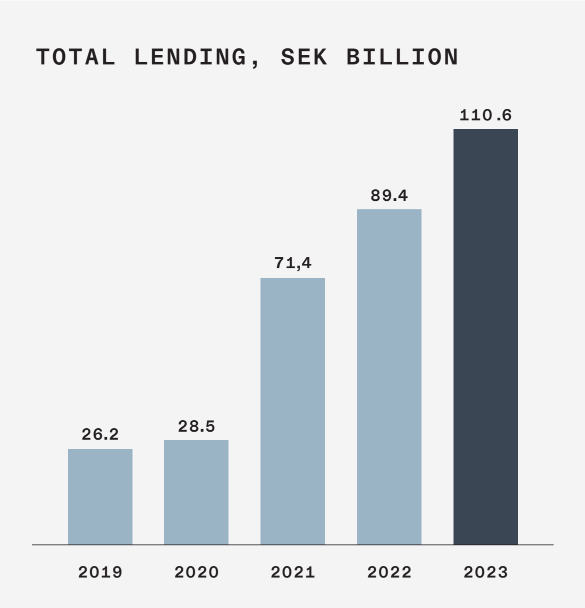
- Continued strong inflow of deposits over the year

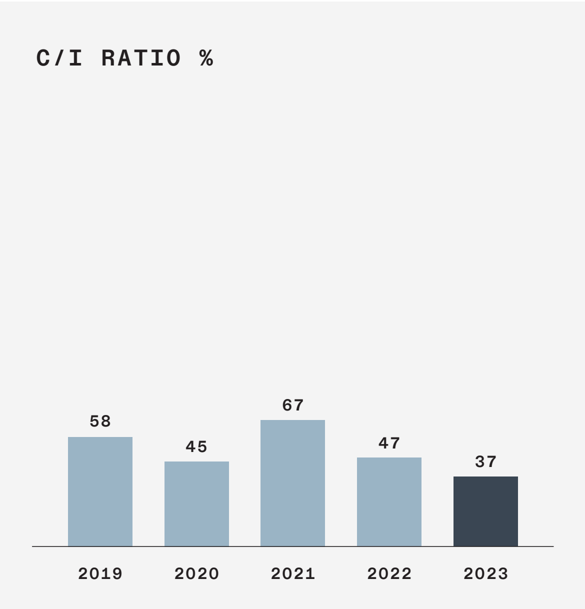
- The Common Equity Tier 1 capital ratio fell due to a higher growth rate in risk exposures than in profits

FINANCIAL PERFORMANCE IN THE GROUP

SEK million	2023	2022	%
Net interest income	7,872	6,558	20
Operating profit	1,344	1,197	12
Net profit for the period	1,051	867	21
Lending to the public	110,615	89,382	24
Deposits from the public	96,788	77,104	26
Equity	23,907	23,803	0
Common Equity Tier 1 capital ratio, %	13.5	15.1	
Return on equity, %	4,4	3,7	

2023 IN BRIEF





COMMENTS FROM THE CEO

A YEAR OF MACROECONOMIC UNCERTAINTY

The financial climate of 2023 was characterised by geopolitical uncertainty, high inflation, especially during the first part of the year, and correspondingly swift interest rate hikes. This has put household economy and adaptability under tough, and new, challenges even though our stable customer base has shown a solid resilience. We see that, besides being responsive and flexible, our broad product offering in different geographical markets paired with our more than 20 years of experience in leading credit assessments and responsible lending, has strengthened our leading Nordic position. We continue to gain market share, at the same time as we also continue our relentless efforts towards our vision to enable financial health for more people.

CONTINUED STRONG MOMENTUM

When we summarise 2023, we do so with humbleness, confidence, and pride. We have managed to maintain a strong momentum, both in terms of operational efficiency and healthy loan book growth. 2023 was also the year when we created NOBA, containing the three strong brands Nordax Bank, Bank Norwegian and Svensk Hypotekspension. All being leaders in their respective niche. It has been inspiring to see how knowledge transfer has created value, synergies, and further scalability in both products and in the organisation. We are today the obvious market leader among specialist banks in the Nordic region, and with approximately two million customers we also have a strong and unique position from a European perspective. I am strengthened in my conviction that the market for specialised offerings that cater for people’s unique needs will continue to grow, both in terms of size and relevance.

HIGH CONFIDENCE

As a bank, the confidence from all our stakeholders, the customers non the least, is crucial so it is particularly pleasing that we saw plenty of proof during the year that we enjoy such a high one. The savings customers kept choosing NOBA, which was illustrated by a 26 percent increase in deposit volumes, reaching close to SEK 97 billion at year-end. Over the year, and also after the end of 2023, the financing market remained open to NOBA, where we were able to issue both Tier 2 and AT1 bonds. We have also closed new bilateral financing facilities and extended existing ones, and we have called and repurchased outstanding debt. All with the intention to create a wider, more optimal funding mix over time and also to establish ourselves as a recurring issuer. During the year, we also received a confirmed credit rating of BBB, stable outlook, from Nordic Credit Rating. Finally, we received a highly pleasing testimony when our Nordax Bank customers gave our customer services the highest grade in the industry in the annual Brilliant Awards survey. All of this give us confidence and constitute a stable platform for our continued journey. This should not come as a surprise, considering that we spoke to our customers for a total of 254,686,939 seconds, or eight years and ten months, during 2023.

STABLE GROWTH AT A HEALTY RISK LEVEL

The numerous projects that were methodically initiated over the year, with the aim of utilising synergies and economies of scale were effective. When we summarise the year, we note that we experienced growth in all product categories. Revenues increased with 22 percent and amounted to SEK 8,374 million. Operating costs decreased somewhat and credit losses, which were under specific scrutiny during the year, was as expected reported at a cyclically somewhat higher level, also affected by model driven provisions. Operating profit amounted to SEK 1,344 million, corresponding to an increase of 12 percent versus last year. When closing 2023 we conclude that the total lending portfolio amounted to SEK 111 billion, corresponding to a growth of 24 percent.

POSITIVE FUTURE PROSPECTS

To conclude, I also this year want to extend my gratitude to all NOBA employees. You have worked hard and with determination each day and we have achieved plenty together. We have taken major steps in our organisational development, we have developed our sustainability efforts, initiated new customer and employee satisfaction initiatives, and much more. With the scale we have now reached, our leading competence within analysis and credit risk assessment, our continued strong growth and our strong profitability we are today a clear market leader, both from a Nordic and a European perspective. NOBA's future is bright and together we are ready to make an even greater positive impact!

JACOB LUNDBLAD
CEO NOBA

OPERATIONS

MARKETS AND COMPETITORS

Macroeconomic trends are important drivers of developments in the personal loan market. Economic growth in terms of GDP, house prices, disposable income and unemployment rates all drive consumer spending and demand for personal loans. The personal loan market is also characterised by relatively high competition and fragmentation.

NOBA's competitors can be divided into two main groups: full-service banks and niche banks. Niche banks have taken market shares from full-service banks in recent years. Niche banks have similar product offerings to NOBA, which is a specialist bank. However, the scale of the operations, the customer groups served, the channels used to reach customers and how the lending is funded differs.

Several barriers to entry make it difficult for new players that are limited in size or have limited experience of operating in a regulated environment to enter the personal loan market. One such barrier is the fact that the personal loan market is largely characterised by economies of scale. Due to strict and complex rules and regulations for banks and credit institutions, players must establish strong functions and systems for legal issues, regulatory compliance and finance, which require significant investments and skills. When such functions have been established, they can generally handle large volumes of loans, which creates considerable economies of scale and operational leverage. New players must also meet an increasing number of complex requirements and provisions, such as capital adequacy and liquidity requirements. Regulatory compliance requires capital, a strong management focus and resources that can be invested in compliance and risk control functions. Credit assessments require proven models, which in turn depend on access to considerable historic information regarding the development of loans. It takes time and experience in lending to design such models, which constitute another barrier to entry for new players.

In the residential mortgage market, increased competition and stricter regulations have resulted in a strong trend of automation and standardisation in major banks. This has resulted in a growing group of non-standard customers, such as people without traditional forms of employment (self-employed, part-time or project employees, freelancers, etc.) and/or with a limited credit history who are no longer served by the major banks.

NOBA has established a strong position in the non-standard market with a focus on creditworthy customers who for various reasons are not served by the major banks. NOBA's competitors in the residential mortgage market are mainly other niche banks, who also focus on parts of the non-standard market. The housing market, and therefore also the mortgage volumes, has been affected by current interest rate levels where higher interest rates lead to reduced activity.

Through the subsidiary Svensk Hypotekspension (SHP), NOBA is also active in the equity release mortgage market. Equity release mortgages make it possible for people over 60 to release surplus value that is tied up in their homes without the need to sell.

In Sweden, the equity release mortgage market is strongly associated with NOBA's subsidiary, SHP, which is in a leading position. Historically, banks and certain insurance companies have offered mortgage products with a limited term to pensioners, but they all left the market a few years ago, leaving SHP as the clear market leader. The equity release mortgage market is growing steadily, as market penetration remains low, the market is supported by strong underlying trends, and the product is associated with strong customer value. Equity release mortgages are not subject to regular interest or repayment requirements; instead, they fall due when the customer dies or moves out of their home. That way, pensioners can release value from their homes without having to sell and move out.

The credit card market is a competitive market where a large number of competitors offer a wide range of card services with various forms of bonus programmes. It is also a market characterised by economies of scale where size is crucial. This market is also affected by the macroeconomic situation, where a high activity level leads to an increasing number of transactions.

Competition is also notable in the savings market, where NOBA's competitors chiefly comprise other niche banks, even though a large portion of household savings is still deposited on the major banks' deposit accounts.

A PROVEN BUSINESS MODEL

NOBA is a leading niche bank that engages in lending to private individuals in Sweden, Norway, Finland and Denmark. Previously, NOBA also engaged in lending in Germany and Spain. As of November 2021, NOBA also offers credit cards in Sweden, Norway, Finland, Denmark and Germany, through its branch in Norway. NOBA previously offered credit cards in Spain. NOBA offers savings accounts to individuals in Sweden, Norway, Denmark, Finland, Germany, Spain and the Netherlands. NOBA currently serves approximately two million private customers.

LENDING AND SAVINGS

Lending comes in the form of unsecured credits up to amounts corresponding to NOK 800,000, SEK 600,000, DKK 400,000 and EUR 60,000. Residential mortgages have been offered in Sweden since 2018 and in Norway since 2019. Through the subsidiary SHP, which was acquired in 2019, NOBA also offers equity release mortgages to people over the age of 60. As of November 2021, NOBA also offers the above-mentioned credit cards through its branch in Norway.

For personal loans, customers are generally middle-aged professionals with a relatively high income, the majority of which are homeowners. For residential mortgages, the main target group is customers with untraditional forms of employment, such as those who are self-employed or in temporary employment, such as project or part-time employees or substitutes. Through a thorough credit assessment and personal contacts with the customers, it is possible to approve mortgages for this customer group, which is often denied loans by major banks despite having stable finances.

SHP offers equity release mortgages with security in the homes of Swedes who are at least 60 years old. Equity release mortgages make it possible for the more senior segment of the population to release surplus value that is tied up in their homes without the need to sell.

Credit card customers belong to various parts of the population who need to distribute their expenses more evenly over the year or want to make use of the benefits associated with the credit card. The majority of customers pay their invoices in full, i.e., they do not use their credit.

NOBA offers savings accounts to individuals in Sweden, Norway, Denmark, Finland, Germany, Spain and the Netherlands. These deposits provides the Group with a positive net interest income, as the interest rate for lending is higher than the interest rate for deposits.

CENTRAL PLATFORM

Through a centralised business model and an organisation based in Stockholm and Oslo, NOBA conducts cross-border banking operations in Sweden, Norway, Denmark, Finland, Germany, the Netherlands and Spain, pursuant to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms. Due to the centralised corporate governance and risk management and the centralised control functions, NOBA can monitor internal governance and control in a close and effective manner. This also facilitates the allocation of resources.

DISTRIBUTION CHANNELS

NOBA's operations include a diversified set of distribution channels. These comprise loan brokers, online channels, direct marketing and existing customers. Over the years, NOBA has become skilled at cooperating with loan brokers and established a highly effective direct marketing, which is already from the start based on a solid risk assessment and therefore results in a high accuracy and a large share of approved loan applications. Through the acquisition of Bank Norwegian, NOBA gained strong digital expertise. The wide distribution is a strength, also from the perspective that the different parts of the organisation can learn from each other and raise NOBA's total level of expertise within the distribution.

DATADRIVEN AND RESPONSIBLE LENDING

NOBA has extensive experience in granting personal loans. Before a loan is approved, NOBA performs a thorough credit assessment of each loan application, in accordance with credit policies and applicable laws and regulations. The credit assessment process includes a combination of policy rules, assessment rules, internal credit valuation models and a calculation of the ability to pay. The highest amount offered to a loan customer is based on a credit limit matrix that is based on the customer's creditworthiness. For residential mortgages and equity release mortgages, the credit assessment is more manual and based on the customer's individual circumstances and the quality of the property securing the loan.

DIVERSIFIED FINANCING

NOBA's diversified financing consists of securitisation (asset-backed securities), secured financing from international banks, deposits from the public, senior unsecured bonds, equity and subordinated liabilities. NOBA's securitisation requires accessible and detailed information on the loans in the loan portfolio and loans that are performing well. Diversified financing reduces NOBA's liquidity risk and means that NOBA can create a larger, more optimised financing mix over time.

LENDING VOLUMES

PORTFOLIO DEVELOPMENT

As at 31 December 2023, total lending amounted to SEK 110.6 billion (89.4). All products and active markets contributed to the increase in volume.

CONSUMER LOANS AND CREDIT CARDS

In 2023, the personal loan and credit card portfolios showed strong growth. As at 31 December 2023, the total volume of personal loans and credit cards amounted to SEK 93.1 billion (73.7).

RESIDENTIAL MORTGAGES

In 2018, NOBA launched residential mortgages in Sweden. The main target group is customers with untraditional forms of employment, such as self-employed or temporary employees such as project or part-time employees. Through a thorough credit assessment and personal contacts with the customers, it is possible to approve mortgages for this customer group, which is often denied loans by major banks despite having stable finances. Interest in our offering has remained strong with a positive development in new lending.

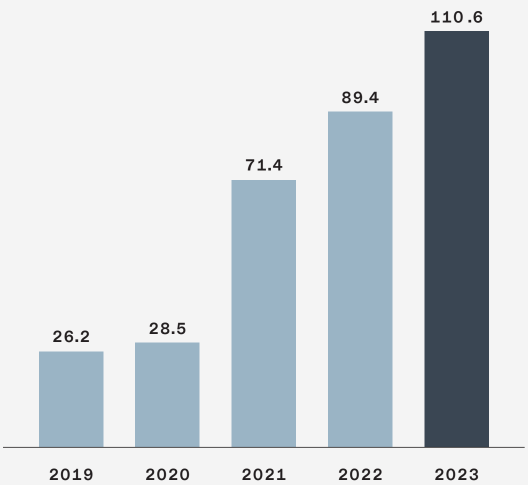
At the end of the first quarter of 2019, NOBA also launched residential mortgages in the Norwegian market. Like in Sweden, the target group in Norway belongs to the non-standard segment, i.e. customers that do not fit into the strict profiles required by major banks.

Over the period, new lending was affected by generally rising interest rate levels in society and reduced activity in the housing market, but growth was stable, and the total residential mortgage portfolio amounted to SEK 7.9 billion (6.9) as at 31 December 2023.

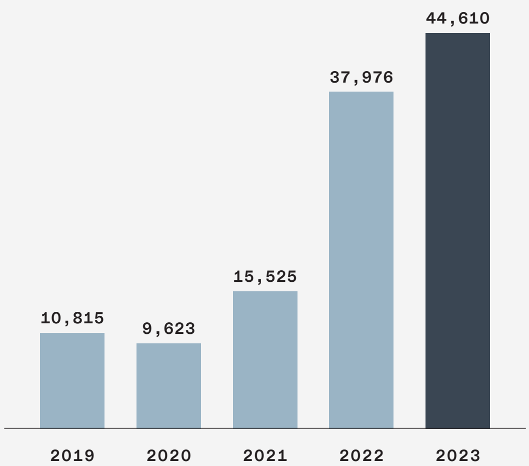
EQUITY RELEASE MORTGAGES

NOBA offers equity release mortgages through its wholly-owned subsidiary SHP, which was acquired in January 2019. The portfolio continued to perform well in 2023 with stable new lending. The equity release mortgage market has great development potential, and SHP has a strong brand in the customer group and receives continued high interest from customers. The total volume of equity release mortgages amounted to SEK 9.6 billion (8.8) as at 31 December 2023.

LOAN PORTFOLIO DEVELOPMENT
SEK BILLION



NEW LENDING
SEK MILLION



FINANCING, LIQUIDITY AND CAPITAL SITUATION

A diversified funding structure is a cornerstone in NOBA's business model. NOBA's funding mix comprises asset-backed securities, senior unsecured bonds, secured financing from international banks and deposits from the public. NOBA offers deposit products with competitive interest rates in all main markets in the currencies SEK, NOK, EUR and DKK. NOBA's deposits comes from private individuals and 97 percent of the deposits are covered by the Swedish deposit guarantee scheme.

In the consolidated situation, the nominal amounts of funding at year-end were as follows: SEK 2,196 million (2,250) funding through the asset-backed security market (securitisation), SEK 3,385 million (6,166) in corporate bonds, SEK 10,995 million (9,739) in secured financing from international banks and SEK 96,788 million (77,104) in lending from the public.

NOBA's short-term and long-term goal is to stay active in the capital market and issue unsecured senior bonds and subordinated bonds.

As at 31 December 2023, NOBA's liquidity reserve was SEK 18.3 billion (20.3). Of these investments, 37.5 percent (34.8) is invested in secured bonds, 15.0 percent (14.6) is invested in Nordic banks and 6.6 percent (18.3) is invested in central banks. The remaining portion is chiefly invested in interest-bearing securities issued by governments, municipalities and supra-nationals. These investments generally have a credit rating between AAA and AA. The average maturity of the liquidity reserve is 438 days (391) with an interest rate duration of 0.18 (0.20). Through the central banks in Sweden and Norway, NOBA is able to use existing bonds for repo transactions. For more information, see Note 5.

As at 31 December 2023, lending to credit institutions amounted to SEK 3,302 million (3,376), of which SEK 551 million (581) consisted of pledged liquid balances related to structured financing and the rest was available liquidity.

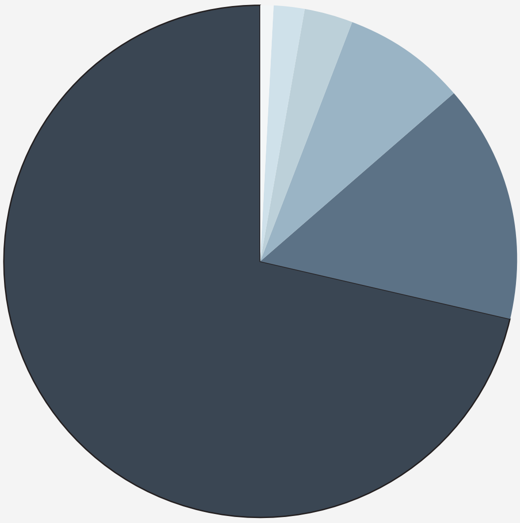
As at 31 December 2023, the Group's equity amounted to SEK 23,907 million (23,803) and total assets amounted to SEK 142,014 million (123,473).

As at 31 December 2023, the total capital ratio was 16.49 percent (18.88). The Common Equity Tier 1 capital ratio was 13.53 percent (15.05), to be compared with the Common Equity Tier 1 capital requirement that was calculated to 10.22 percent (10.36), including the internally determined Pillar 2 requirement. For more information, see Note 5.

The risk exposure amount was SEK 87,643 million (71,148), of which SEK 81,130 million (65,183) referred to credit risk, SEK 0 million (0) referred to market risk, SEK 6,436 million (5,782) referred to operational risk and SEK 77 million (183) referred to the credit valuation adjustment (CVA).

CAPITAL AND LIQUIDITY MEASURES	2023	2022
Total risk exposure amount, SEK million	87,643	71,148
Tier 1 capital, SEK million	13,214	12,138
Common Equity Tier 1 capital ratio, %	13.5	15.1
Tier 1 capital ratio, %	15.1	17.1
Total capital ratio, %	16.5	18.9
Leverage ratio, %	9.7	10.4
Liquidity coverage ratio, % (LCR)	139.0	253.2
Net stable funding ratio, % (NSFR)	118.1	122.0

FINANCING AND EQUITY



- Deposits, 66% (64)
- Equity, 17% (18)
- Secured financing from banks, 9% (6)
- Senior bonds, 5% (8)
- Secured subordinated liabilities, 2% (1)
- Subordinated liabilities, 1% (2)

GEOGRAPHICAL MARKETS

SWEDEN	2023	2022
Net interest income, SEK million	2,199	1729
Net interest margin, %	6.8	6.9
Net credit losses, SEK million	-1,485	-924
Credit losses, %	4.6	3.7
Lending at the end of the period, SEK million	36,256	28,556
New lending, SEK million	15,168	14,198
Lending portfolio growth, SEK million	7,700	6,825
Growth, %	27.0	31.4

Lending operations were initiated in Sweden in 2004 and were subsequently supplemented by deposit operations and residential mortgage operations. The operations grew even more in 2021 through the addition of Bank Norwegian's lending, deposit and credit card operations.

In Sweden, we currently have approximately 150,000 personal loan customers and approximately 5,200 residential mortgage customers. The total number of deposit customers is approximately 150,000 and the number of card customers is approximately 350,000.

The lending portfolio amounted to SEK 36,256 million (28,556), corresponding to growth of 27 percent. New lending grew to SEK 15,168 million (14,198).

Net interest margin for the period was stable and corresponded to 6.8 percent (6.9)

Credit losses rose to 4.6 percent (3.7) due to both macro-driven defaults as well as increased model-driven provisions.

NORWAY	2023	2022
Net interest income, SEK million	1,951	2,014
Net interest margin, %	8.2	9.5
Net credit losses, SEK million	-449	-540
Credit losses, %	1.9	2.5
Lending at the end of the period, SEK million	25,308	22,165
New lending, SEK million	12,462	10,001
Lending portfolio growth, SEK million	3,143	1,830
Growth, %	14.2	9.0

In Norway, NOBA launched lending operations in 2005 and deposit operations in 2009. In 2019, residential mortgage operations were also initiated. The operations grew even more in 2021 through the addition of Bank Norwegian's lending, deposit and credit card operations.

In Norway, the total number of personal loan customers is approximately 100,000 and residential mortgage customers is approximately 3,200. The number of deposit customers is approximately 100,000 and the total number of card customers is approximately 450,000.

The lending portfolio amounted to SEK 25,308 million (22,165), corresponding to a growth of 14 percent. New lending grew to SEK 12,462 million (10,001).

The net interest margin for the period fell to 8.2 percent (9.5), as it was affected by the sale of a portfolio of non-performing loans (NPL) in 2022.

Credit losses fell to 1.9 percent (2.5). This reduction was also caused by the sale of the above-mentioned NPL portfolio.

FINLAND

FINLAND	2023	2022
Net interest income, SEK million	2,508	1,861
Net interest margin, %	9.7	9.7
Net credit losses, SEK million	-1,357	-608
Credit losses, %	5.3	3.2
Lending at the end of the period, SEK million	29,591	22,002
New lending, SEK million	13,654	9,133
Lending portfolio growth, SEK million	7,589	5,482
Growth, %	34.5	33.2

In Finland, NOBA launched lending operations in 2007 and deposit operations in 2011. The operations grew even more in 2021 through the addition of Bank Norwegian's lending, deposit and credit card operations.

In Finland, the total number of personal loan customers is approximately 150,000. The number of deposit customers is approximately 50,000 and the number of card customers is approximately 130,000.

The lending portfolio amounted to SEK 29,591 million (22,002), corresponding to growth of 35 percent.

New lending grew to SEK 13,654 million (9,133).

Net interest margin for the period was stable and corresponded to 9.7 percent (9.7)

Credit losses rose to 5.3 percent (3.2) due to both macro-driven defaults as well as increased model-driven provisions.

DENMARK

DENMARK	2023	2022
Net interest income, SEK million	705	573
Net interest margin, %	10.6	10.7
Net credit losses, SEK million	-263	-136
Credit losses, %	4.0	2.5
Lending at the end of the period, SEK million	7,141	6,101
New lending, SEK million	2,190	1,850
Lending portfolio growth, SEK million	1,040	1,495
Growth, %	17.0	32.5

The Danish operations began in 2006. During the finance crisis in 2008, it was decided to stop new lending in Denmark, and it was thereafter decided to keep the portfolio closed, due to strained credit loss levels. Through the addition of Bank Norwegian's lending, deposit and credit card operations in 2021, NOBA again has active new lending operations in Denmark.

The total number of personal loan customers in Denmark is approximately 50,000, the number of deposit customers is approximately 25,000 and the number of credit card customers is approximately 80,000.

The lending portfolio amounted to SEK 7,141 million (6,101), corresponding to growth of 17 percent.

New lending grew to SEK 2,190 million (1,850).

Net interest margin for the period was stable and corresponded to 10.6 percent (10.7).

Credit losses rose to 4.0 percent (2.5) due to increased macro-driven defaults.

SHP	2023	2022
Net interest income, SEK million	395	271
Net interest margin, %	4.3	3.3
Net credit losses, SEK million	-52	-22
Credit losses, %	0.6	0.3
Lending at the end of the period, SEK million	9,614	8,798
New lending, SEK million	978	1,438
Lending portfolio growth, SEK million	816	1,173
Growth, %	9.3	15.4

Svensk Hypotekspension AB (SHP) was founded in 2005, and in 2019, the acquisition of the company was completed. SHP offers equity release mortgages with security in the homes of people who are at least 60 years old. Equity release mortgages make it possible for the older segment of the population to release surplus value that is tied up in their homes without the need to sell.

In Sweden, the total number of customers is around 11,000.

The lending portfolio grew by 9 percent to SEK 9,614 million (8,798). New lending was SEK 978 million (1,438). The reduction was due to reduced activity caused by the higher interest rate levels.

Net interest margin for the period was stable and corresponded to 4.3 percent (3.3).

GERMANY/ SPAIN	2023	2022
Net interest income, SEK million	114	110
Net interest margin, %	5.1	9.4
Net credit losses, SEK million	-304	-193
Credit losses, %	13.6	16.5
Lending at the end of the period, SEK million	2,705	1,760
New lending, SEK million	159	1,357
Lending portfolio growth, SEK million	945	1,186
Growth, %	53.7	206.6

Operations in Germany started in 2012 and the deposit operations began in 2016. In the second quarter 2019, it was decided to cease new lending in Germany, as profitability had not reached the desired level. NOBA continued to receive deposits in Germany. Through the addition of Bank Norwegian's lending, deposit and credit card operations in 2021, active new lending operations were conducted in Germany and Spain from 2021 and up until it was decided to pause new lending in Germany and Spain, as well as card services in Spain, in 2023. Consequently, cards are only issued in Germany, whereas deposit operations are conducted in both markets.

The total number of deposit customers in Germany and Spain is approximately 80,000. The number of card customers is approximately 180,000.

The lending portfolio amounted to SEK 2,705 million (1,760), of which SEK 159 million (1,357) was new lending.

Net interest margin fell to 5.1 percent (9.4).

The credit loss level fell over the year to 13.6 percent (16.5) but remained elevated, considering remaining high initial credit losses linked to the new launch in 2021.

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NOBA HOLDING AB (PUBL)
SUSTAINABILITY STATEMENTS 2023

PREPARING FOR THE CORPORATE SUSTAINABILITY REPORTING DIRECTIVE

I believe the new EU Corporate Sustainability Reporting Directive (CSRD) and the underlying European Sustainability Standards (ESRS) will contribute to a more transparent and balanced disclosure of sustainability information. It will strengthen sustainability management and governance - and I welcome it.

We have taken solid and important steps in our ESG work during the past 12 months to ensure that we drive the work forward. We have established an ESG Committee and organization, moved the ESG function to be a part of the finance organization with continuous alignment around processes, reporting, deadlines, tools, documentation and more. Green loans have been introduced, many relevant policies and instructions have been updated to reflect our ESG journey and our long-term commitment to the work. In December 2023 we finalized our double materiality assessment as well as our full value chain mapping. We have chosen to add the two entity specific topics of Financial Health and Responsible Lending, to capture and disclose our core business impact as accurately as possible. I am extra proud of the support and commitment the organization has shown to our common ESG agenda and we are determined to continue to develop our sustainability efforts towards a fully compliant CSRD reporting in 2024.

During last year we gathered our three strong brands under one common umbrella – NOBA, which is also reflected in this report as we report on NOBA consolidated numbers including former Nordax Bank, Bank Norwegian and Svensk Hypotekspension. Heading into 2024 we are “one” company – NOBA – with the common purpose of enabling healthier finances for more people.

We have laid an important foundation for the continuous development, but we also acknowledge that being fully compliant with CSRD in 2024 is a huge and challenging task. We are convinced that we will reach our target in this respect, but we go about it with humbleness, determination, and a transparent, hands-on approach. That´s why we already in this year’s sustainability statement have aimed to shadow the ESRS fundamental structure to the most extent possible. The full prerequisites for the decisions taken and expectations made are covered in chapter ‘Basis for preparation’ as well as ongoing throughout the report.

I am proud of the journey we have managed to make so far and hope you find the report both value-adding as part of the annual report, as well as actually finding the sustainability information you are looking for.

JACOB LUNDBLAD
CEO & CHAIR OF THE ESG COMMITTEE

SUSTAINABILITY REPORTING JOURNEY

NOBA GROUP BRANDS HAVE A LONG-STANDING TRADITION OF TRANSPARENCY WITH REGARDS TO SUSTAINABILITY MATTERS.

2015

NOBA reports on financial health, employee related matters and good governance.

2016

NOBA includes standalone sustainability section and became an early adopter of sustainability reporting standards by aligning with the Global Reporting Initiative (GRI) framework. NOBA became a member of the UN Global Compact in 2016 and has since then published a Communication on Progress report (CoP) outlining actions taken to fulfil the 10 principles.

2018

NOBA through its brand Bank Norwegian, publishes standalone sustainability report.

2019

Since 2019, NOBA includes a reference to the UN Sustainable Development Goals, outlining the overall impact of the operations and products.

2022

NOBA publishes standalone sustainability report covering the whole NOBA Group including an initial assessment of the EU Taxonomy.

2023

The Sustainability statement shadows CSRD ESRS standards, including scope 3 reporting, sustainability governance overview and indicators for principal adverse impact Index (PAI), further strengthening the transparency and scope of the sustainability work.

GENERAL INFORMATION

BASIS FOR PREPARATION

For the reporting year 2023, NOBA reports its sustainability information for the first time in a format inspired by the CSRD and the requirements stemming from the European Sustainability Reporting Standards (in the following: "ESRS"). This report is however not compliant with the ESRS, as the preparation for CSRD and ESRS compliance is a work that will be ongoing throughout 2024. The sustainability report is prepared in accordance with the Annual Accounts Act.

The sustainability report has been prepared on a consolidated basis and covers the same reporting scope as the financial statement, which means the whole NOBA Holding AB (publ) ("NOBA") including the brands Nordax Bank and the Bank Norwegian branch, as well as the subsidiary Svensk Hypotekspension. All statements on strategies, policies, actions, metrics and targets refer to NOBA and, where not shown separately, also to the subsidiaries. The report covers NOBA's entire value chain and, where material, provides information on upstream and downstream activities.

NOBA is continuously working to develop data driven insights in relation to sustainability. Hence, new metrics have been developed during 2023 and are presented in this report. Where metrics have been reported previously, comparative metrics will be presented. In the sustainability report for 2022, some numbers were presented on brand level for Nordax and Bank Norwegian separately. The 2023 sustainability report will only contain metrics on NOBA level, hence comparability to previous years are limited due to the difference in scope. For newly introduced metrics, NOBA will not present comparative information.

The basis for the report consists of the identified material topics that have been determined based upon the double materiality assessment performed in accordance with ESRS 1 in 2023.

In case estimations have been used or there are outcome uncertainties related to the metrics disclosed in the statement, this is disclosed along with the respective metrics within each topical chapter.

ESG AS AN INTEGRATED PART OF THE BUSINESS MODEL

NOBA is comprised of three distinct financial services brands, which together offer a broad range of services including savings, consumer loans, mortgages, equity release mortgages and credit cards. We have a market presence in seven countries; Sweden, Norway, Finland, Denmark, Germany, the Netherlands and Spain, and currently serve around two million retail banking customers, a majority of them located in the Nordics. Our business model is based on diversified lending and savings products across markets delivered via a balanced distribution through own and external channels and relies on a diversified financing structure. NOBA's financing mix comprises asset-backed securities, senior unsecured bonds, bank financing from international banks and retail deposits from the public.

Our value chain is a representation of our entire operations including our relationships and agreements with business partners through both sourcing and outsourcing. It also includes how we act and interact with our different key stakeholders that can be impacted or have an impact on NOBA's business. An overview of our value chain, from upstream to downstream and our own operations as well as our key stakeholders can be found in the Value chain mapping on page 33.

As part of the business model, we want to ensure that we integrate sustainability into all aspects of our operations, including in our strategy to create value for all stakeholders. Our groupwide purpose is to enable financial health for more people. That is the fundamental core of our business – and thereby also of our ESG-foundation. We do that through the products we offer, the method of our operations, and our customer communication. In practice, that means many things that we will disclose in this report, but to mention a few: NOBA offers mortgages regardless of the applicants type of employment or helping people consolidate smaller, often more expensive loans, into one loan, lowering their monthly cost. We provide flexibility, balance and secure payments through our credit card offering. We also provide a possibility for senior citizens to access wealth locked up in their property without having to move out through our equity release mortgage. Furthermore, we invest in financial literacy initiatives and surveys focusing on financial health, to ensure that more people can take informed decisions.

As a bank NOBA is part of an industry affecting the economy of millions of households and we are heavily dependent on the trust from both customers, authorities and investors to ensure long-term financial stability in our own operations as well as in society. To succeed in creating and maintaining trust, we also acknowledge that sustainable development is an important and integral part in the pursuit of long-term value creation for customers, employees, owners, investors, suppliers and partners. As well as having correct and professional dialogue with decision-makers and supervisory authorities, and by that, being business critical to NOBA´s long-term success.

OUR SUSTAINABILITY WORK IN CONTEXT

AN INTENSE AND IMPORTANT YEAR

During 2023 we have intensified and deepened our sustainability work and added many new important building blocks. We have performed a double materiality assessment in line with the 'Corporate Sustainability Reporting Directive' ("CSRD") that will provide a foundational guidance for our future sustainability work. The double materiality assessment provides NOBA with the tools to identify our actual and potential impact on the environment, society and people, with specific regards to the impact on human rights. We identified six areas where we see that we have a material impact. (1)Climate change, (2)our own workforce, (3)our customers and end-users, (4)responsible business conduct and our entity specific focus areas (5)financial health and (6)responsible lending. The double materiality assessment has further provided our sustainability strategy with a dual perspective on the way our business impacts society as well as on how society impacts our business. This has led us to further understand how to manage impact, risks and opportunities related to sustainability matters. For example, we integrate ESG-risks into our steering documents, as well as our enterprise risk management framework, to better attend to non-traditional risks that can affect both our customers and our own business.

NOBA has, as mentioned above, identified material impacts, risks and opportunities within the following six areas:

CLIMATE CHANGE

OWN WORKFORCE

CUSTOMERS AND END-USERS

BUSINESS CONDUCT

FINANCIAL HEALTH

RESPONSIBLE LENDING

Based on this, NOBA has identified several activities linked to the strengthening of NOBA's work in terms of managing risks and opportunities related to sustainability matters, as well as mitigating the impact of residual risks. NOBA has performed work to integrate the Sustainability Framework into our steering documents to ensure effective governance and management of non-traditional risks that can affect both NOBA's customers and our own business and financials.

For 2024, NOBA has established clear objectives for its overall sustainability efforts aimed to ensure transparency, traceability, and comparability in our sustainability work. This also covers NOBA's launch of green loans, providing incentives for customers to invest in energy-efficient homes, introducing incentives to energy efficiency measures in customers' existing homes, as well as financing electric cars and electric scooters.

While NOBA already regards climate-related initiatives as an integral part of our long-term business plan and strategy, work is ongoing to assess further initiatives with regards to NOBA's entire lending portfolio. This work will also focus on identifying need for early mitigation of long-term sustainability risks. NOBA will also expand its current work on sustainability risk and sustainability reporting during 2024 in line with the phase-in of regulatory requirements under the EU Corporate Sustainability Reporting Directive.

Additionally, NOBA has established a project with the purpose of implementing the Sustainability Risk Management framework during 2024, taking into considerations all relevant risks across credit risk, concentration risk, market risk, liquidity risk, operational risk, reputational risk and risks associated with NOBA's business model in accordance with upcoming regulatory changes. In parallel with this, extensive work is being done to further develop a data structure for the sustainability work that not only ensures that relevant sustainability data is made available, but also strengthens internal control and processes surrounding this work.

Under section Materiality assessment process on page 27, a more in-depth explanation of the double materiality process is presented.

INTERNATIONAL SUSTAINABILITY COMMITMENTS

We also recognize the importance of participating in and supporting international commitments that enable countries and its businesses to operate in a more sustainable way. As part of these efforts, NOBA has committed to the UN Global Compact. NOBA ensures the commitment by integrating the ten principles of the Global Compact into the sustainability policy and other steering documents and overall sustainability strategy. These principles relate to the areas of human rights, good working conditions, the environment and prevention of corruption. Throughout the report, our policies and the way in which they function will be further exemplified to connect our commitment to the UN Global Compact into practice. We also ensure that our work keeps contributing to relevant aspects of UN's 17 goals for sustainable development, which remain an important element of our sustainability work. However, in the future, NOBA understands that the areas included in the European Sustainability Reporting Standards, with their related metrics and targets, will encompass the goals and intention of the SDGs (Social Development Goals).

CONTRIBUTION TO INCREASED FINANCIAL LITERACY

As the largest specialist bank in the Nordics, with approximately two million customers, we have, besides offering products that support increased financial health, a responsibility to investigate and share insights on other factors affecting the financial health in our region. Therefore, we also want to contribute to increased financial literacy through educational campaigns through our brands direct to customers as well as potential future customers. Among many different initiatives, our partnership podcast "Economista" provides its listeners with insightful and relatable conversations around life and financial matters and how they go hand in hand. And we have also launched our first Nordic-wide "Healthonomics" report, digging deep into the connection between financial and mental health. A report that will continue to be published yearly. You can read more about our sustainability initiatives under section Specialized in educational marketing campaigns on page 43.

OUR ENGAGEMENT WITH STAKEHOLDERS

FIGURE 1

TYPE OF STAKEHOLDER	WAYS OF COMMUNICATING	VALUE CHAIN LOCATION
CUSTOMER	SURVEY & PERSONAL DIALOGUE	DOWNSTREAM
EMPLOYEES	SURVEYS, ENPS, CONTINUOUS DIALOGUE	OWN OPERATIONS
SUPPLIERS	CONTINUOUS DIALOGUE	UPSTREAM
BROKERS	CONTINUOUS DIALOGUE	DOWNSTREAM
BUSINESS PARTNERS	CONTINUOUS DIALOGUE	UP-DOWNSTREAMS & OWN OPERATIONS
SUPERVISORY AUTHORITIES	CONTINUOUS DIALOGUE	OWN OPERATIONS
BOARD OF DIRECTORS	CONTINUOUS DIALOGUE	OWN OPERATIONS
INVESTORS	CONTINUOUS DIALOGUE	UPSTREAM

NOBA maintains ongoing dialogue with our key stakeholders. In the double materiality assessment, the identification of key stakeholders is a central part to also understanding our impact, risks and opportunities. As a consequence, NOBA has a strong responsibility to run a business that is sustainable long-term, while also creating value for our stakeholders. NOBA's stakeholders can be found within different parts of the value chain. The relationship and dialogue between NOBA and the stakeholders can therefore look different depending on the type of stakeholder.

Above you can find an extensive list of our stakeholders and where in the value chain they are located as well as ways of communicating.

CUSTOMERS

Our customers are NOBA's most important stakeholder and central to us is customer satisfaction. We strategically work to ensure our customer satisfaction through our responsible lending practices. These aspects are tightly intertwined, and we monitor this on a regular basis throughout the year. We offer products and services that attend to the needs of our different customer target groups, helping people who otherwise e.g. are falling short in the big bank's narrow scope, when buying their first home, or renovating or are in need of balancing their economy in case an unexpected cost arises.

EMPLOYEES

Employee dialogue is also very important to manage our impact, risks and opportunities related to our employees. During the year we focused on the ongoing development of our organization while simultaneously growing, as NOBA continues to be in a growth phase. We are collecting information on our employee's well-being and satisfaction as well as our employee engagement quarterly, to constantly measure how well our employees thrive at work. This in turn leads to several actions: We measure our employees eNPS (Employee Net Promotor Score) and through our performance management process we provide a structured career path. We are also working with an updated Employee Value Proposition (EVP), in which we stipulate and monitor our remuneration and benefits, performance management plan as well as our retention rate.

OTHER STAKEHOLDERS

In addition to customers and employees, NOBA has many other key stakeholders such as suppliers, business partners, supervisory authorities, stakeholder organizations, investors and owners. Also here, dialogue takes place on a regular basis, ranging from almost daily exchanges with our partners to quarterly reporting, investor presentations and frequent interactions with different branch organizations.

SUSTAINABILITY GOVERNANCE

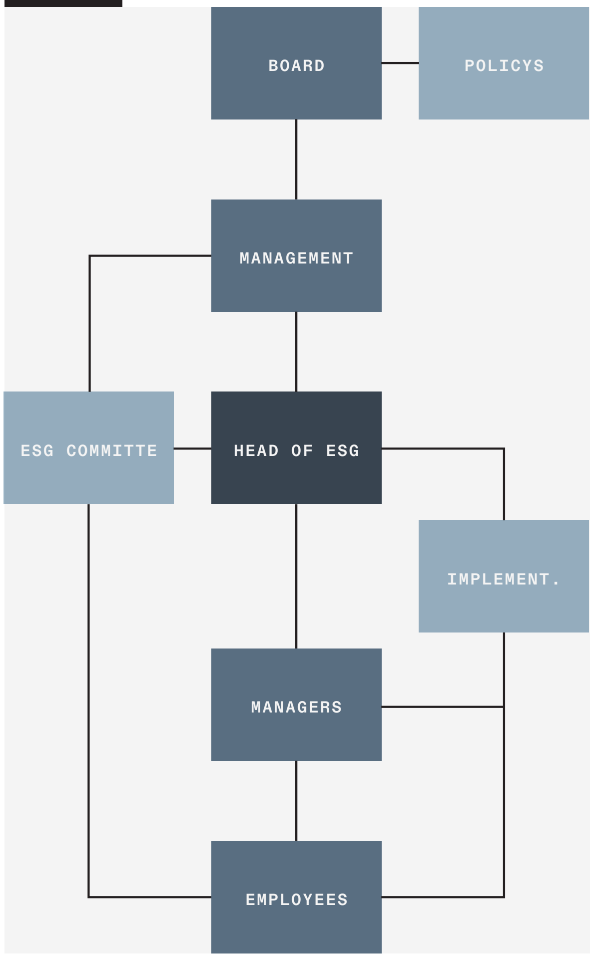
MANAGEMENT ORGANIZATION AND RESPONSIBILITIES

The ultimate responsibility for NOBA's sustainability work lies with the Board of Directors. The Board of Directors are responsible for the adoption of policies, and each policy relating to sustainability is updated at least annually to ensure it is as relevant as possible. The progress of NOBA's work with ESG are continuously monitored and reported to the Board of Directors. The Annual Sustainability Report is also subsequently approved by the Board of Directors.

The Board of Directors delegates oversight of the sustainability work to the CEO. This responsibility is further distributed to all members of the Management Team, and thereafter to the Head of Communications and ESG. Decisions pertaining to monitoring and further development of sustainability work are taken by the Management Team. Objectives are rooted throughout the organization through each manager and monitored throughout the year.

The CEO has established an ESG Committee governed by a ESG Committee Instruction. The ESG Committee further strengthen the internal governance structure for the sustainability work across NOBA. The role of the ESG committee is to be the decision-making body for direction and operational initiatives as well as to support the CEO and the Management Team, as well as the Board of Directors with information for them to review and approve strategies, initiatives and policies relating to sustainability. The ESG Committee is chaired by the CEO and also includes the Chief Financial Officer, Head of Communications and ESG, Chief Marketing Officer, Head of Financial Planning and Business Control, Chief Compliance Officer as well as the Chief Risk Officer, in an advisory role that do not affect the independence of the Risk Control Functions. The ESG Committee meets monthly, covering both strategic and operational topics. The Head of Communications and ESG documents the meetings and reports to the Management Team quarterly and to the Board of Directors at least yearly.

FIGURE 2



ESG STEERING AND GOVERNING DOCUMENTS

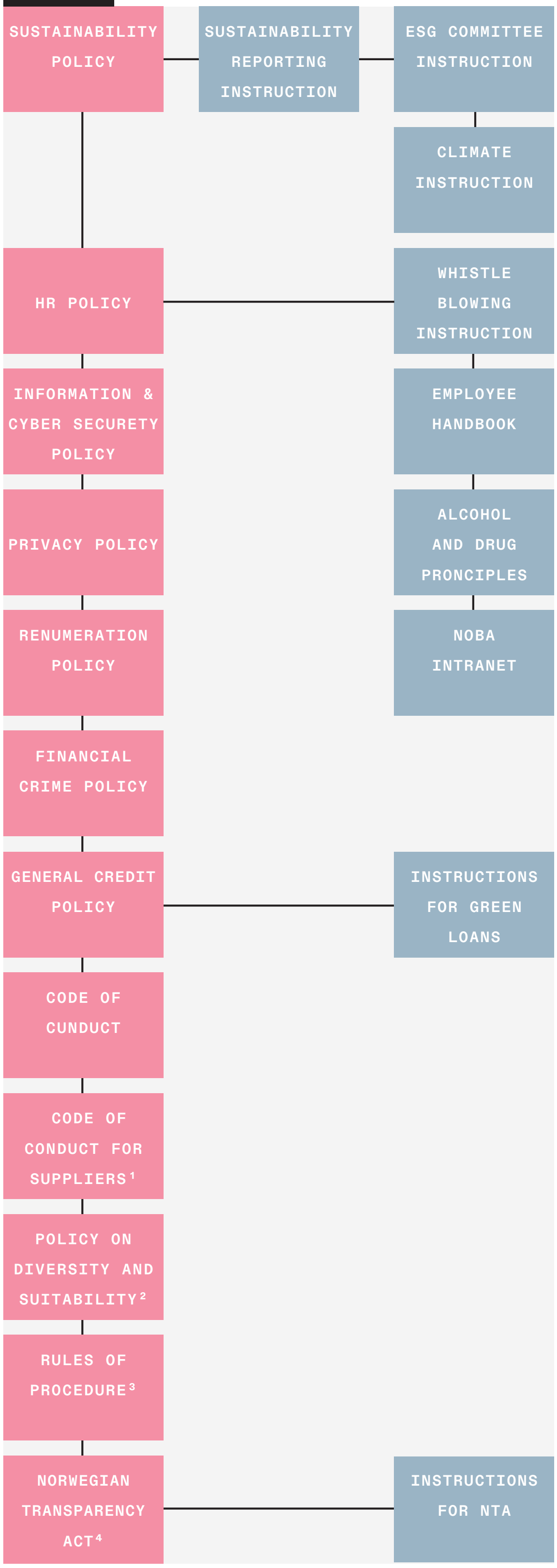
The Sustainability Policy is the main governing document for sustainability management at NOBA. The Sustainability Policy includes all of NOBA's material sustainability matters and how these are governed. Where relevant, the Sustainability Policy refers to other policies and/or instructions that govern specific topics and ensures quality of reporting across the entire organization. We have established a Sustainability Reporting Instruction that includes the process for the double materiality assessment and sustainability reporting in accordance with CSRD. In addition, we have a separate Climate Instruction in place to govern climate related aspect specifically.

SUSTAINABILITY RISK MANAGEMENT FRAMEWORK

NOBA has established a Risk Management Framework that ensures a sound, comprehensive and efficient management of risks and control over NOBA's operations. Sustainability risk, covering environmental risk, social risk and governance risks, are regarded as an integral part of NOBA's risk management framework and permeates existing risks within NOBA's risk taxonomy. Sustainability risk is therefore subject to the same overall Risk Management processes that NOBA employs for other risks, covering clear roles and responsibilities in accordance with the three lines of defense model, as well as (1) identification and assessment of risks, (2) management and/or mitigation of risks, (3) monitoring and control of risks and (4) reporting of risks.
As part of the active management of sustainability risks, NOBA applies a governance model in line with the overall Risk Management Framework, where formal risk owners (1st line of defense) will be defined for each material risk. Each material risk will be subject to internal requirements on active risk management and/or mitigation, control and reporting, as well as independent review and control by 2nd line of defense. During 2024, NOBA will develop, anchor and implement the Sustainability Risk Management Framework covering all material risks identified and approved by the Board of Directors through the Group Risk Taxonomy.
Additionally, NOBA also ensures that the Risk Management Framework covers climate-related risks associated with the entire value chain of NOBA. In the 2024 Sustainability Report, NOBA has voluntarily begun reporting on scope 3 emissions (in addition to scope 1 and 2) in accordance with the Greenhouse Gas Protocol which further enhances NOBA's focus and traceability regarding our indirect climate impact. See section Climate change on page 17.

1. Code of conduct for suppliers and business partners
2. Policy on diversity and assessment of suitability of directors and key function holders
3. Rules of procedure for the board of directors of NOBA Bank Group AB (publ)
4. Norwegian Transparency Act Due Diligence (NTA)

FIGURE 3



MATERIAL SUSTAINABILITY TOPICS

MATERIALITY ASSESSMENT PROCESS

As part of the process to fully comply with the requirements of CSRD, NOBA has revisited its previous materiality assessment and conducted a double materiality assessment during 2023. The purpose of the double materiality assessment is to identify, understand and assess any actual or potential impacts that NOBA's business might have on society as well as identify, understand and assess any financial risks or opportunities for NOBA's business that arise from sustainability-related events.

The Head of Communications and ESG has had the primary responsibility for performing the double materiality assessment in collaboration with all relevant departments. The result has continuously been reported to the ESG Committee and been established by the Board of Directors.

To fully understand and assess what impact, risks and opportunities NOBA has, a value chain analysis was carried out The aims were to identify the structure, activities and relationships throughout the value chain. From both upstream, direct and indirect activities, through our own operations, to downstream direct and indirect activities. To also ensure full coverage of the depth and width of our value chain, NOBA conducted a stakeholder analysis to establish our different business and supplier relationships as well as other important stakeholders.

Following the value chain and stakeholder analysis, the identification of impact, risks and opportunities relating to NOBA's activities was conducted. The outcome was a list of different sustainability areas where we were deemed to have actual or potential impact as well as identified sustainability risks or opportunities. To determine which areas that was material to NOBA a pre-defined scoring mechanism for actual and potential impact, that comply with the requirements of the CSRD, were used.

The scoring mechanism considers whether the impact is positive or negative, actual or potential. If the impact is actual and positive, NOBA needs to consider the scale and scope of the impact. If the impact is potential, NOBA also needs to consider the probability of the impact happening. In addition, if the impact is deemed negative, the potential to remediate the consequences of the impact needs to be considered. When assessing financial risk and opportunity the scoring model took into consideration the size and probability of the financial risk or opportunity in monetary terms. After the scoring assessment, a final list of material sustainability areas has been identified and will be presented in the section Material sustainability matters identified on page 28.

MATERIAL SUSTAINABILITY MATTERS IDENTIFIED

FIGURE 4

ENVIRONMENT	
ESRS E1	CLIMATE CHANGE
ESRS E5	RESOURCE USE & CIRCULAR ECONOMY

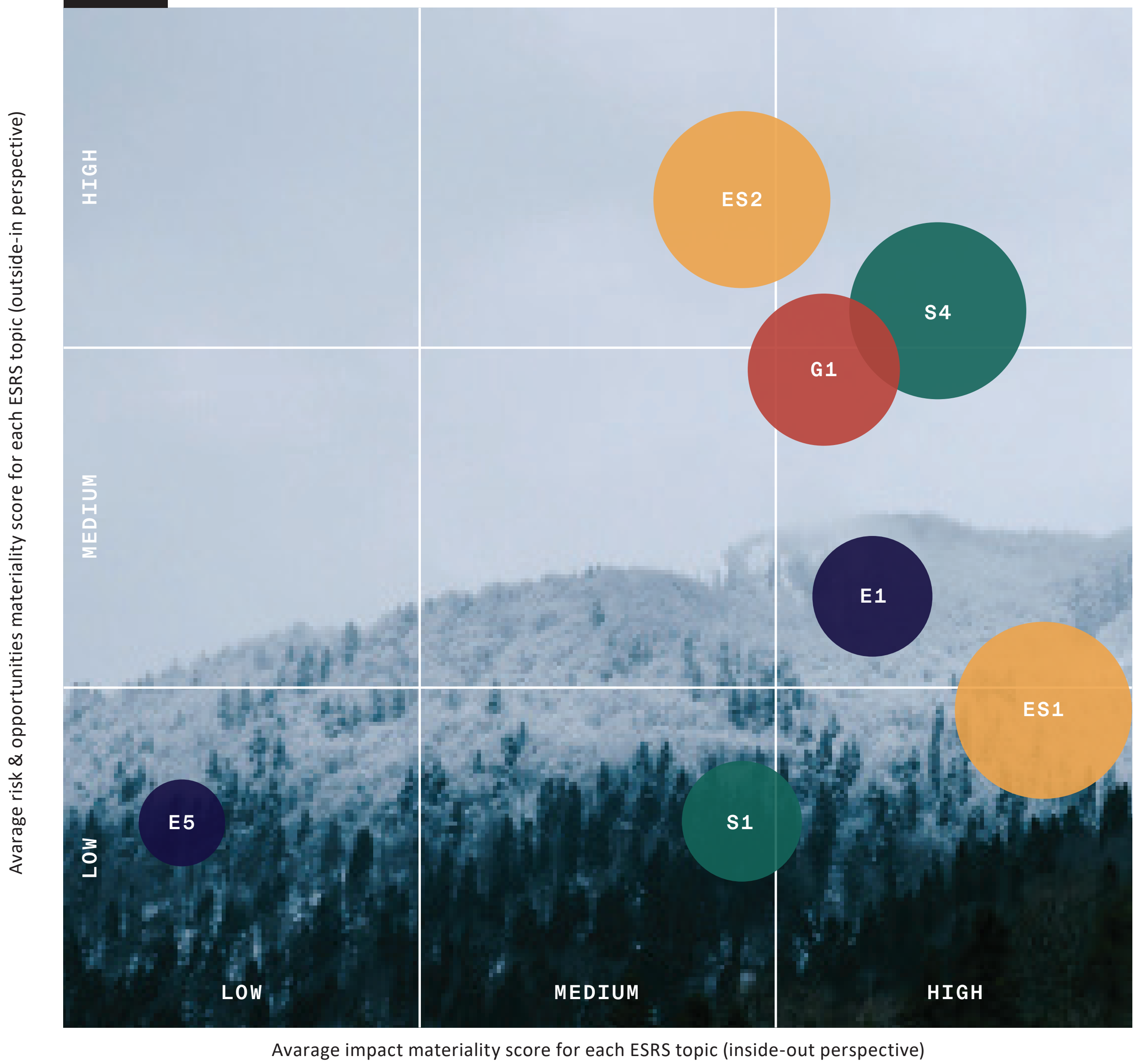
SOCIAL	
ESRS S1	OWN WORKFORCE
ESRS S4	CONSUMERS & END USERS

ENTITY-SPECIFIC TOPICS	
ES1	FINANCIAL HEALTH
ES2	RESPONSIBLE LENDING

GOVERNANCE	
ESRS G1	BUSINESS CONDUCT

SUMMARY OF THE RESULTS AGGREGATED ON ESRS TOPICS

FIGURE 5



The size of the bubbles represents the average score of all impacts, risks and opportunities in relevance to each material ESRS topic.

- E1 Climate change
- E5 Resource use & circular economy
- S1 Own workforces
- S4 Consumers & end users
- ES1 Financial Health
- ES2 Responsible Lending
- G1 Business Conduct

FIGURE 6

ENVIRONMENT - CLIMATE CHANGE

IMPACT

NOBA can have a positive impact on climate change by providing green lending products for electric vehicles and energy efficiency investments. This enables customers to accelerate their climate change mitigation by different means and thus leading to climate transition. To mitigate the potential negative impact, NOBA continues to further monitor the use of customer proceeds to in turn understand the emissions that relates to its products

RISK

NOBA, like other financial institutions consider risks related to climate change in relation to our business. We integrate sustainability risks, including climate risks, into our internal risk management systems to be prepared for different scenarios in relation to short, medium and long-term climate risks.

OPPORTUNITY

No opportunity over materiality threshold identified.

ENVIRONMENT - ENERGY AND RESOURCE USE & CIRCULAR ECONOMY

IMPACT

NOBA also offers green loans for certain energy efficiency investments such as solar power and geothermal heating which have a positive impact on climate and specifically energy as it incentivizes people to invest in energy efficiency measures which will lower their dependency on energy from fossil fuels.

RISK

Increase in energy prices can affect our mortgage customers as well as private loan customers' ability to pay their monthly interest and insallments. This is a scenario that NOBA monitor to understand one aspect of the financial stability of our customers.

OPPORTUNITY

EU ban on sale of new petrol and diesel cars as of 2035 may increase the demand for e-vehicles, leading to potential new borrowers for the green loan to purchase secondhand e-vehicles, affecting overall circular economy.

SOCIAL - OWN WORKFORCE

IMPACT

Employees are one of NOBA's most important assets. Securing working conditions of our own workforce ensures NOBA's ability to consistently retain talent in the workforce. We work actively with equal treatment, diversity and the inclusion as well as extensive leadership programs and performance management and reviews to ensure that our employees are satisfied at work. We measure critical KPI that will inform us on how our employees are doing at work.

RISK

We closely monitor regulations relating to our workforce. In society, we are seeing an increased trend in cyber-attacks. NOBA closely monitor and implement appropriate measures to govern our internal cyber security work to mitigate the potential financial risk of monetary fines connected to any breach of regulation.

OPPORTUNITY

No opportunity over materiality threshold identified.

SOCIAL - CONSUMERS AND END USERS

IMPACT

NOBA can have a positive impact on our customers by always providing correct and available information of the products offered. In addition, NOBA extensively work with financial literacy initiatives aiming to improve the public's overall financial health. We monitor and measure violations regarding customer protection to ensure that we are responsible in the way we interact with our customers.

RISK

No risk over materiality threshold identified.

OPPORTUNITY

Due to a national increase in financial inequality more people are unable to secure financing in society overall. Our business model and strategy aim to include people regardless of type of employment and age. Our ability to include a broader customer base are seen as a great opportunity for NOBA as well as the customer.

ENTITY-SPECIFIC TOPICS - FINANCIAL HEALTH

IMPACT

NOBA currently offers loans to a diverse set of customers. We aim to be inclusive of financially underserved groups in our product offerings to help more people have better financial health. We also help customers refinance their loans to lower their monthly cost and contribute to increased financial literacy through nation-wide campaigns.

RISK

No risk over materiality threshold identified.

OPPORTUNITY

Global debt distress, cost-of-living crisis and increasing unemployment rates are having a positive impact on the overall demand for NOBA's refinancing products as affected potential customers aim to cut down costs on monthly spendings.

ENTITY-SPECIFIC TOPICS - RESPONSIBLE LENDING

IMPACT

NOBA has a robust credit assessment and approval process which is designed to protect the customer from financial distress.

RISK

Global debt distress, cost-of-living crisis[1] and increasing unemployment rates are having an impact on existing personal loan customers and mortgage borrowers' ability to continue paying monthly interest and installments, overall demand on NOBA's products, and potential customers not passing NOBA's credit assessment and therefore also the risk of losing business.

OPPORTUNITY

No opportunity over materiality threshold identified

1. The cost-of-living crisis is a situation in which the cost of basic things needed for life is rising much faster than most people's incomes with the result that most people have less money to spend on things that they need. Cambridge Dictionary (2024)

GOVERNANCE - BUSINESS CONDUCT		
IMPACT	**RISK**	**OPPORTUNITY**
The financial services industry is sensitive to money laundering and terrorism financing, and actual negative impacts could occur if the area is not handled efficiently. Training on AML and terrorism financing is provided to employees and tracked as part of the KPI to ensure employees' awareness in these areas. NOBA also has a whistleblowing process managed by an independent third-party and can accept anonymous reports 24/7.	We see an increasing trend of money laundering and terrorism financing in the financial services industry and these issues may result in a financial risk for NOBA, both from the effect of NOBA being exposed to incidents but also from the public's perception on the financial services industry. We constantly work to actively prevent these issues and provides training on AML and terrorism financing to employees. We track the participation via specific KPIs to ensure employees' awareness in these areas.	No opportunity over materiality threshold identified

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

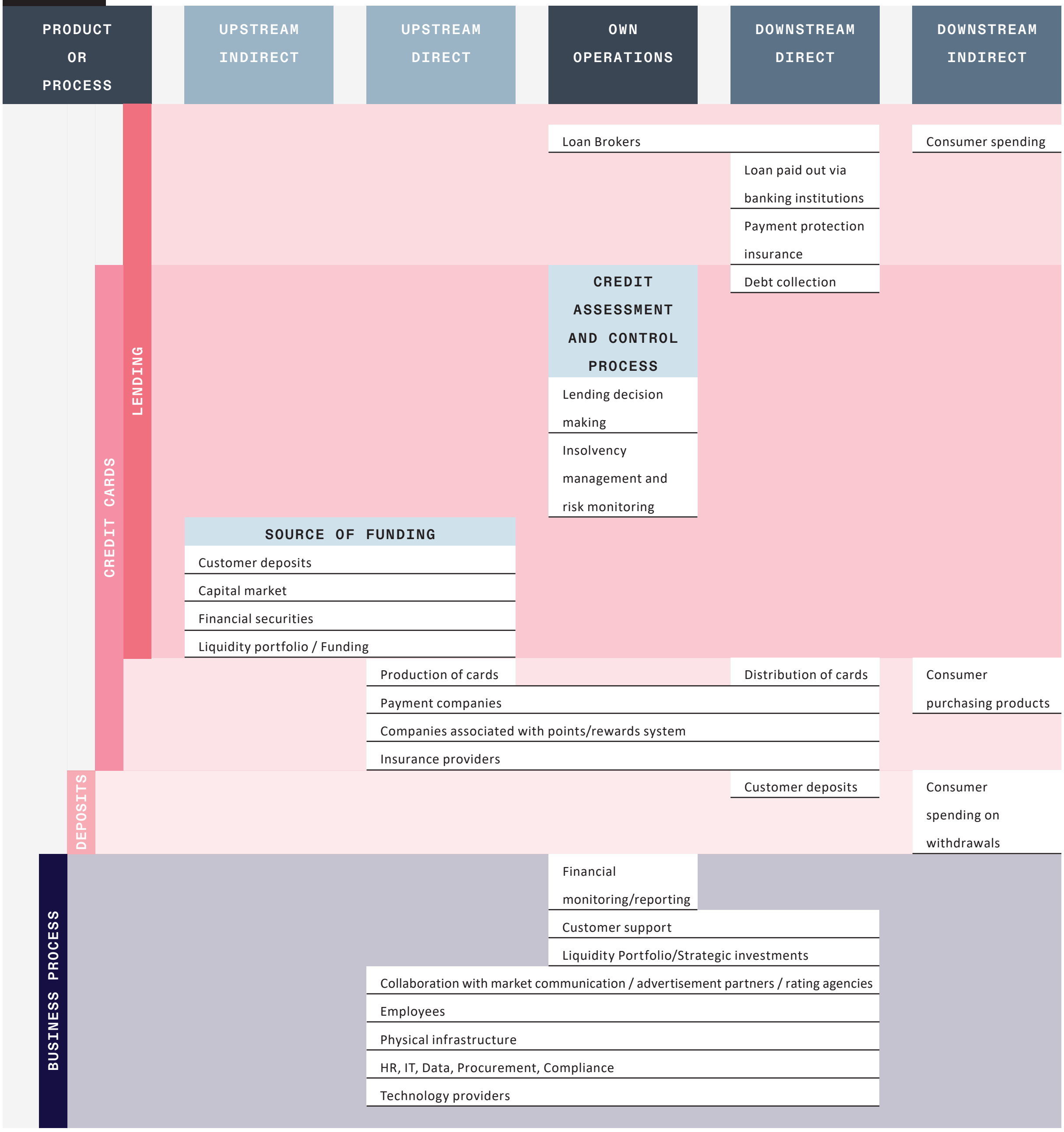
In previous sustainability reports, the material areas have been presented as NOBA's strategic focus areas. The strategic focus areas are still a part of NOBA's sustainability strategy, but going forward, the material areas will follow the structure specified by the ESRS.

NOBA emphasizes the importance of sustainability being integrated into strategic development and day-to-day business activities as well as into our business model, value creation plan and risk management framework. The double materiality assessment covers the process of identifying opportunities for positive impact as well as to avoid and mitigate any potential or actual negative impact that might occur through NOBA's own activities or through its products, services and business relationships. It also manages and mitigates risks related to external sustainability matters that might affect NOBA's business.

Although the Sustainability Policy governs the overarching sustainability work, ESG is also integrated in additional steering documents that is related to our areas of impact, risks and opportunities. Different steering documents relates to different material areas and are in some ways complementary to each other. Under each section of the report, a deeper explanation of how our steering documents governs our material areas will be provided.

VALUE CHAIN MAPPING

FIGURE 7



ENVIRONMENTAL INFORMATION

GOVERNANCE, STRATEGY AND MATERIAL AREAS

NOBA shall take proactive steps to reduce its environmental impact and manage risk and opportunities in regards to material environmental areas as outlined below. Further information relating to NOBA’s environmental related activities can also be found in NOBA’s Climate Change Instruction and NOBA’s General Credit Policy as well as in the Branch Credit Instruction and the Group Risk Operational Policy & Credit Management Instruction. In the double materiality assessment, the ESRS standard E5 - Resource use and circular economy was deemed material from an opportunity perspective due to that NOBA offers the possibility to puchase second hand electric e-vehicles with a reduced interest rate. NOBA also aims to, when possible, purchase credit card with biogradable material, in order to promote resource use within the production of our products. This is a newly identified opportunity due to the recent introduction of green loans. We have not dedicated a standalone section to E5 resource use and circular economy in this year´s report but aim to develop our work in this area to be able to also develop our reporting in the future.

CLIMATE CHANGE

NOBA has voluntarily begun reporting scope 3 emissions, in addition to scope 1 and 2, in this year's sustainability report in accordance with the Greenhouse Gas Protocol (GHG). It further enhances the focus and traceability regarding NOBA's indirect climate impact. Besides our Sustainability Policy, and our Sustainability Reporting Instruction, our Climate Instruction governs our work to mitigate risk and leverage opportunities that climate change has for our business. Potential opportunities related to climate change relates mainly to our lending product offerings and the green loan offering, which is monitored by our General Credit Policy and in the credit approval process. We track and analyze our carbon emissions related to business travel. In our Code of Conduct, we stipulate that considerations should be taken regarding the environmental impact of the trip and that it should only be undertaken when necessary. We continue to analyze what mitigating efforts we can implement in our own organization to further lower our emissions. During 2024 NOBA is committed to form objectives and activities to develop our efforts relating to our carbon footprint further.

IMPACT ON THE CLIMATE

NOBA is working to minimize our own climate footprint throughout our value chain. We are reporting on scope 1, 2 and 3 according to the GHG protocol and have further developed our understanding of where our emissions originate, and thereby where we have an environmental impact. We expected our emissions to increase in 2023 in comparison to 2022 due to the increased scope of reporting. The main areas concerns: Financed emissions, employee commuting, business travel, paper consumption arising from our product offerings, purchasing and distribution of credit cards and energy use in our workplaces. In table 1 you can see our full carbon accounting results.

TABLE 1

GHG PROTOCOL CATEGORY	2023 TOTAL EMISSIONS [TON CO2E]	SHARE OF TOTAL EMISSIONS	2022 TOTAL EMISSIONS [TON CO2E]
Scope 1 emissions	-	-	0,08
Gross scope 1 emissions	-	-	
Scope 2 emissions	**30**	**0,1%**	**55**
Gross market-based scope 2 emissions	29,7	0,1%	55
Gross location-based scope 2 emissions	101,6		16
Scope 3 emissions	**31 698**	**99,9%**	
3.1. Purchased goods and services	219,2	0,7%	
3.2. Capital goods	-	-	
3.3. Fuel and energy-related activities	2,4	0,0%	
3.4. Upstream transportation and distribution	16,8	0,1%	
3.5. Waste generated in own operations	-	-	
3.6. Business travel	349,3	1,1%	
3.7. Employee commuting	700,7	2,2%	
3.8. Upstream leased assets	-	-	
3.9. Downstream transportation and distribution	-	-	
3.10 Processing of sold products	-	-	
3.11 Use of sold products	-	-	
3.12 End-of-Life treatment of sold products	-	-	
3.13 Downstream leased assets	-	-	
3.14 Franchises	-	-	
3.15 Investments	30 410	96%	
Mortgages	7 810		
Car loans	7 671		
Sovereign bonds	14 929		
TOTAL [ton CO2e]	**31 728**	**100%**	**55**
Biogenic emissions			
Biogenic emissions related to renewable electricity and biofuels.	0.05*		

SCOPE 3 - OWN OPERATIONS

In our own operations, we can see that our paper consumption relating to our marketing of consumer loans and distribution of credit cards to customers as well as business travel and employee commuting make up a total of 1,272 ton CO2. In previous years NOBA has offset the emissions relating to paper consumption. In 2023 we want to increase the scope of our carbon offset to also include scope 3 categories relating to our business travel and commuting resulting in a total offset of 1,304 ton CO2. As other financial institutions, we have identified the category "Investments" to be the largest source of emissions with a total of 96 percent of our emissions. Included in this category is our mortgages, car loans and exposures of assets in sovereign bonds.

Financed emissions are calculated following the guidance of PCAF, and therefore includes only three asset classes: Mortgages, Motor vehicle loans (car loans) and Sovereign bonds. Mortgages are accounted for using the yearly emissions per square meter of houses and apartments respectively and allocating those to NOBA based on the loan-to-value. Car loans are assuming that all loans related to cars goes to financing a new car, which is a conservative estimate, and annual emissions for a vehicle are allocated to NOBA based on the ratio between loan and value of a new car. Sovereign bonds are calculated using the annual scope 1 emissions for the country and allocating to NOBA using exposure divided by GDP.

FIGURE 8

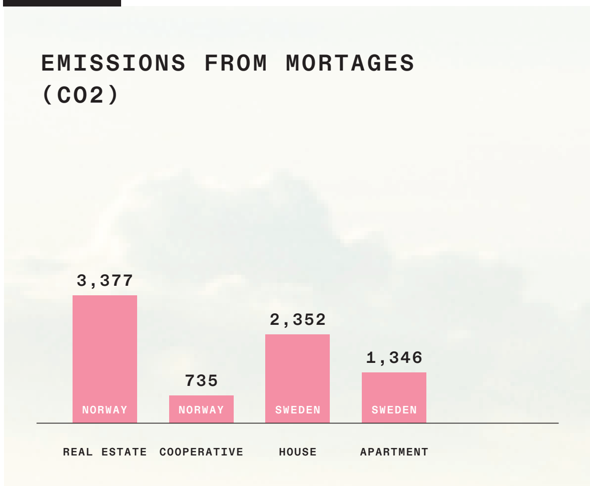


FIGURE 9

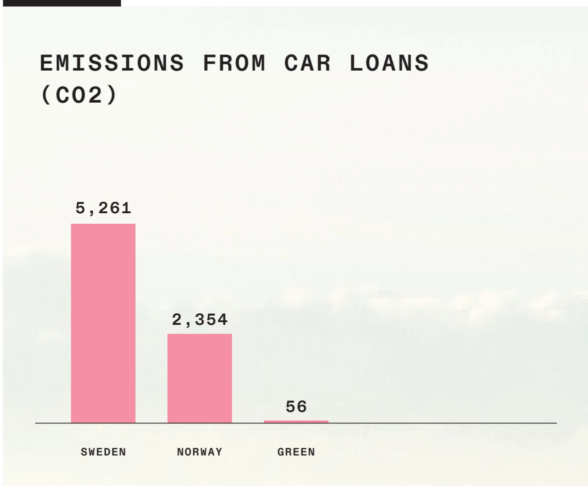
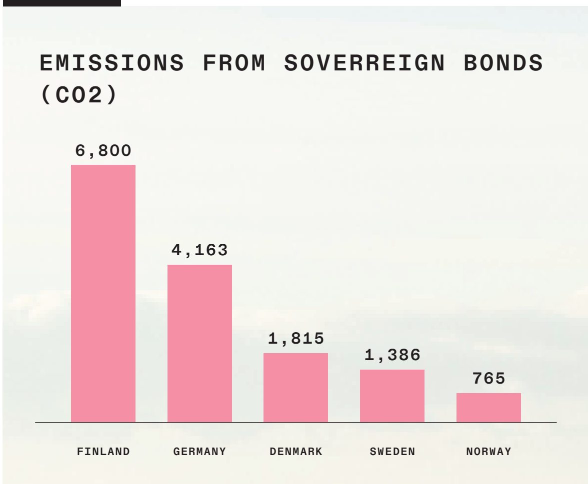


FIGURE 10



A large part of NOBA's business is consumer loans. However, the GHG protocol currently provides limited guidance on how to calculate financed emissions relating to consumer loans. Our ambition is to monitor all relevant frameworks for carbon accounting as well as developing our internal governance on financed emissions to ensure that we take responsibility for our emissions as well as implement sufficient and appropriate measures to mitigate emissions wherever possible.

NOBA also has a green lease and green electricity contract in place for its premises. We also purchase a share of our credit cards that is composed of bioplastics containing renewable biomass made from corn to lower emissions and promoting the use of recyclable material in our sole physical product offering.

PRODUCT DEVELOPMENT - GREEN LOANS

In our quest to continue to increase transparency in our reporting around topics relating to climate change we are dedicated to continuing investing time and resources to these areas during the coming year. An important part of that, which is also confirmed by the double materiality assessment, is to focus on product development.

NOBA acknowledge the important role any company can have reducing emissions and adopting service offerings and implementing a sustainability strategy that aligns with regulations and match consumer-demand for green products. With the introduction of green loans, we will, to a larger extent, understand our customers use of proceeds contributing to climate change mitigation. This applies across our entire green loan offering including equity release mortgages, mortgages, energy investments and e-vehicles.

Our green loans framework is governed by our General Credit Policy, Credit Instruction mortgage loans Sweden and the Branch Credit Instruction, and are in line with EBA guidelines to ensure that the use of proceeds meet our requirements for energy efficiency and/or emission reduction. NOBA, like the EBA, are convinced that financial institutions are an important source of sustainable finance. Our green loan product development is also attentive to customer demand in product offerings. In 2022, NOBA developed green lending products for e-vehicles and bikes after the completion and assessment of a customer survey on how our products and services could become more sustainable. NOBA continues to stay attentive to the demands of its customers and are further developing its green lending products in 2024.

In addition to electric vehicles, NOBA also provide mortgages with a beneficial interest rate if the secured house has a resisted energy classification of A or B at Boverket. In addition to green mortgages for energy efficient houses, NOBA, also provides loans to customers aiming to invest in energy efficiency measures, such a s geothermal heating and solar panels for example.

NOBA's efforts to further measure and report on our carbon footprint is a part of our ambition to take responsibility and contribute in the way we can to the climate transition. Through our credit card offering, we have a partnership with Norwegian Air Shuttle ASA company which, naturally, have large emissions through their operations. By the use of our credit card bonus system, customers are offered the possibility to compensate for the emissions that originates from their travels.

TABLE 2

CARBON EMISSION INTENSITY	TON CO2E
Customer	0.016
Revenue	0.000004

SOCIAL INFORMATION

GOVERNANCE STRATEGY AND MATERIAL AREAS

NOBA considers social sustainability to be at the core of its business, both regarding its own workforce as well as its customers. NOBA's employees and our workplace are essential parts of the business and needs to be constantly nurtured and developed to retain employees long-term. NOBA considers attracting the right expertise, ensuring that engagement and leadership is strong and responsive, planning for succession in business-critical roles, and striving to create a modern, equal, and diverse organization to be a future-proofing case for the business and to manage risks related to our own workforce.

NOBA consciously updates its policies concerning its own workforce. Our HR policy governs our overall work concerning our own workforce, including diversity, inclusion, and equality aspects. NOBA respects and protects its employees right to privacy and protection of personal data. In the financial industry, banks usually handle sensitive information about their customers. To manage risks related to both our employees and customers data, NOBA has implemented a Privacy Policy as well as an Information and Cyber Security Policy. All work towards NOBA's strategy and goals in this area is based on stakeholder expectations and aim to protect against threats and mitigate identified risks to NOBA and its stakeholders.

NOBA has a policy that contains standardized guidelines for recruitment to ensure an unbiased, equal, and fair recruitment process. The guideline specifically states that all personnel shall consider diversity and gender equality throughout the entire recruitment process and to be knowledgeable and respect all applicable laws within the area.

NOBA works systematically and methodically to ensure that we maintain the highest quality in the dialogues with our customers. Through NOBA's partner, Brilliant Future, our results are measured and benchmarked against industry competitors (31 institutes) and NOBA's customer satisfaction was at 90,6 percent on average for the full year 2022. In Brilliant's measurement for the full year 2023, NOBA, with its brands Bank Norwegian and Nordax Bank, was No 8 in the industry benchmark. The brand Nordax Bank took the top position also this year with a full year result of 93,2 percent. Nordax Bank was in addition to that crowned as the winner in Brilliant Awards for Best Customer Service – Bank.

NOBAs business model has the possibility to positively impact certain demographics in the population that might, due to external sustainability threats such as the cost-of-living crisis as well as structural societal limitations meet difficulties in achieving financial health. We are determined to constantly work towards an increased financial health and NOBA's sustainability work specifically addresses the importance of managing our business to comply with the needs of our customers and society at large. There is also potential negative impact that can relate to our business. Without sufficient and relevant steering documents to ensure that we handle our employees and customers in a responsible way, there might be negative consequences. Therefore, we annually update and approve both our sustainability policy and our HR-policy to better adhere to the demands from all stakeholders.

NOBA conducts employee and customer surveys on a quarterly basis through the digital platforms &frankly and Brilliant Future. We have a data-driven approach to gather information on our employee well-being, as well as how our customers experience our product and services. These two insights are integrated into our operations to take our stakeholders interests and views into account in a responsible and credible way.

OWN WORKFORCE

GOVERNANCE STRATEGY AND MATERIAL AREAS

NOBA is, and always aims to be a workplace with equal terms and conditions, with a strong leadership culture that lays the foundation to ensure and encourage a workplace free from discrimination. Central to our sustainability ethos is the commitment to fostering an inclusive environment where every individual feels valued, respected, and empowered to contribute their best. We believe that diversity is not only a moral imperative but also a source of strength and innovation. To achieve this, we actively promote equal opportunities in all aspects of employment, from recruitment and hiring to career development and advancement. Our recruitment processes are designed to be fair and unbiased, ensuring that candidates are evaluated solely on their skills, qualifications, and potential to excel in their roles.

At NOBA we are committed to equal pay, striving to eliminate gender, race, and ethnicity-based wage gaps within our organization. We conduct reviews of our compensation practices to identify and address any disparities that may exist. Additionally, we believe in transparency regarding compensation, ensuring that all employees understand how their pay is determined and have access to resources for addressing any concerns they may have. At NOBA we are dedicated to creating an inclusive environment for individuals with disabilities, recognizing the valuable contributions they bring to our workforce. By fostering a diverse and inclusive workforce, we not only strengthen our company culture but also enhance our ability to innovate and adapt to the evolving needs of our customers and communities. NOBA also acknowledges that even though our ambition is a workplace free from discrimination, discrimination still takes place in society. Therefore, it is important to constantly update and monitor our own processes and work towards our own workforce to constantly improve and manage potential negative risks associated with insufficient workforce governance.

ENGAGEMENT AND LEADERSHIP

At the heart of NOBA's operations lies a dedication to fostering engagement and nurturing leadership skills. Engagement at NOBA is centered around our values; We are Wholehearted, We Take the Lead and We Collaborate. As much as we are results oriented, we are aware that how we do something is as important as what we do. We monitor and measure our employee engagement on a quarterly basis to make sure that our employees are satisfied and experience autonomy in their work.

Leadership at NOBA means understanding and taking responsibility for the business and driving organizational success by managing and developing others. We have implemented an extensive leadership program designed to cultivate leadership skills and empower individuals with the knowledge, tools, and experience necessary to meet our high expectations when it comes to leadership. NOBAs seven leadership principles serves as a common foundation and shows direction when it comes to leadership. Across the organization in terms of geography, business areas, levels and experiences, the leadership principles are crafted to elevate both the business and workplace.

All leadership initiatives are based on our common Leadership Principles:

CHOOSE POSITION BASED ON SITUATION

LEAD THE WAY

CREATE TEAMWORK

PROMOTE GOOD CONVERSATIONS

STRENGTHENING ENGAGEMENT & MOTIVATION

SPEAK FRANKLY

RAISE THE BAR A LITTLE HIGHER

The seven Leadership principles are created to compass all leadership activities at NOBA, setting expectations for both employees and leaders. The principles identify what behaviors all leaders need to strengthen and develop, to make sure NOBA has a leadership that aligns with the mission and takes the organization in the right direction. Leadership is a key ingredient of NOBA’s success, making it essential for the role to be sustainable, supported, and continuously developed. Participation in the NOBA leadership program is mandatory for all leaders, providing valuable 360-degree insights into their responsibilities, encouraging self-reflection, empowering employees, and enhancing their managerial skills.

RENUMERATION AND WORK LIFE BALANCE

To consistently be an attractive and modern workplace, NOBA provides competitive and fair salaries and an opportunity for good work-life-balance. The remuneration at NOBA is stipulated in the Remuneration Policy. The policy specifically states that all forms of remuneration shall be non-discriminatory with regards to gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation, or age, and based on objective criteria. NOBA shall take appropriate action to ensure that remuneration is not influenced by gender discrimination or gender bias. Previously an adjusted gender pay gap has been reported for the brands Nordax Bank and Bank Norwegian separately. This year NOBA reports the adjusted gender pay gap on a consolidated level for the group. The adjusted gender pay gap is a calculation method that aims to identify differences in pay between women and men when adjusting for potential factors that can influence the level of pay. Common factors are usually age, type of role, experience and educational background.

EQUALITY, DIVERSITY & INCLUSION

Equality, diversity, and inclusion focus for us means advantages when working together as well as when meeting customers in various markets. Together with the recruitment instructions to ensure a fair and equal recruitment process, an evidence-based recruitment platform was successfully implemented in 2019 to broaden diversity in in our workforce. Overall, HR and hiring managers take diversity into account throughout the process, defined broadly from different cultures, gender, relationships, sexual orientations, and other ways one identifies themselves. Additionally, the “equality and diversity” aspect must be considered when selecting new recruits so that employees with different backgrounds and experiences can improve the creativity and quality of work in the organization. It is encouraged that more than one person goes through the applications to ensure that candidates are selected according to competence, practical experience, and personal characteristics. An interview template is used to ensure that the same questions are asked to every candidate and that candidates are assessed consistently against the criteria. Discriminatory questions should never be asked.

A COMPANYWIDE EQUAL TREATMENT PLAN AND MANDATORY TRAINING

Our HR Policy will be supported by a companywide equal treatment plan being introduced during the first half of 2024. NOBA addresses its zero-tolerance policy towards all forms of discrimination in its overarching Sustainability Policy, which is reiterated in its policies surrounding diversity and inclusion. Already in NOBA’s Sustainability Report for FY 2022, NOBA highlighted a potential connection between employee wellbeing from diversity and inclusion with customer satisfaction by highlighting that NOBA’s customer service organization was able to conduct a dialogue with customers in more than 20 different languages, including Arabic, Tigrinya, and Urdu. In 2023 our customer service organization can conduct dialogue in 27 languages including the possibility to communicate in sign language.

NOBA also provides its employees with mandatory AML/CFT training, GDPR training and Code of Conduct training, while continuously improving the part of the organization that specifically works with these areas, including work to minimize fraud, to reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime as well as reduce corruption and bribery in all their forms.

We believe that it is important that all our employees have the right and updated knowledge on taking action to manage risk related to critical parts of our own business as well as our customers safety and cyber security. The right to training in Anti Money Laundering and Combatting the Financing of Terrorism is governed in our financial crime policy.

TABLE 3

SOCIAL	2023	2022
Equality and Diversity (W=Women / M=Men)		
Gender distribution Board of Directors	W 25% / M 75%	W 13%/ M 87%
Gender distribution Management Team	W 36% / M 64%	W 55%/ M 45%
Gender distribution Leaders	W 46% / M 54%	W 44%/ M 56%*
Gender distribution Employees	W 57% / M 43%	W 59%/ M 41%*
Gender distribution Total	W 55% / M 45%	W 57%/ M 43%*
# of language customers service can provide service in	20+	20+
Adjusted Gender Pay Gap	99%	102%
EMPLOYEES KPI:S		
Type of employment		
Permanent employees, full time	627	573
Permanent employees, part time	17	27
Temporary employment, full time	1	4
Temporary employment, part time	0	79
Hourly employees	91	
Age distribution		
Under 30 years	248	231
30-50 years old	410	365
Over 50 years old	78	87
Sick leave		
Short term absence	3%	
Long term absence	2.6%	
Total absence due to sick leave	5.2%	
Employee turnover		
Employee turnover rate	19.5%	
New employees	169	
Employees who have left	117	
Employee satisfaction		
Engagement index	82%	86%
eNPS NOBA	37%	49%
Leadership		
Leadership index	86%	89%*
% of employees that have perfomed training in:		
AML	88%	96%
CoC	88%	
GDPR	95%	

* Nordax excl Bank Norwegian

NOBA's employee satisfaction work is characterized by high ambitions and are a constant focus area, both strategically and in the day-to-day operations. We can see that the gender distribution ratio in the management team has had a negative development but the development in the Board of Directors have been positive from this perspective. Among leaders and employees, we are within the range of 40-60 percent which we are satisfied with and will continue to monitor closely. As a result of these insights, we agreed upon launching a company-wide Equal Treatment Plan partly focusing on these topics.

Both eNPS and engagement index has slightly decreased but remain on strong levels, also in comparison with industry peers. Against the backdrop of a large merger and the ambitious agenda to incorporate all key functions and teams into one NOBA organisation, we have managed to keep both KPIs on a good level. It is a result of a focused and resource-intense work throughout 2023 and will continue to be an area of top focus going forward. The same applies to enhance our efforts in following up on mandatory trainings through both quarterly employee surveys and reminders to reach our aim of 100 percent rate of completion.

Employee health is always top of the agenda, and it has been important to continue enhancing our monitoring, adding KPIs that we can measure and analyze more granularly, for example, type of employment and sick leave short- and long-term. This provides us with many insights that we have been able to incorporate in our updated NOBA Employee Value Proposition. A comprehensive documentation covering a 360-insight around employee health, such as benefits, work-life-balance, renumeration, as well as key action points around topics such as maintaining the turnover rate on a good level.

CONSUMERS AND END-USERS

GOVERNANCE, STRATEGY, AND MATERIAL AREAS

This material topic is closely connected and intertwined with the entity specific areas Financial Health and Responsible Lending; hence it is our customers and end-users that are to benefit the most from our sustainability work within those two material topics. Therefore, this section should be read together with the full section below on Financial Health and Responsible Lending. Having 2 million customers that we communicate with approximately 254 686 939 seconds or 8 years and 10 months in 2023, require us to have a robust steering and governance structure in place to manage the impact that we have on people's personal finances.

RESPONSIBLE BUSINESS CONDUCT IN RELATION TO OUR CUSTOMERS

NOBA has established a Code of Conduct that stipulates that all employees shall at all times protect the interests of its customers and treat its customers honestly, fairly and professionally. All employees shall behave correctly and professionally in their interactions with customers and potential customers and provide them with factual, accurate and understandable information allowing the customers or potential customers to make well informed decisions. All information, including marketing communications, addressed by entities within NOBA to customers or potential customers shall be fair, clear and not misleading. Professionalism and a personal contact in customer interaction is important for maintaining the public's confidence in NOBA. When offering or recommending products and services the employee shall have the customer's best interest at heart and only recommend products and services that are suitable based on the employee's knowledge of the customer's needs.

To secure that conduct risks are regarded in the daily business, NOBA has established a Conduct Forum, which consists of representatives from several functions across our operations. The Conduct Forum is convened quarterly to discuss current topics with regards to conduct risks.

Our responsible business conduct in relation to our customers covers the entire customer journey, from our marketing strategy and practices to our credit approval process and customer operations.

PERSONAL AND FAIR CUSTOMER DIALOGUE

Our customer service is one of our most important tools in our ongoing dialogue and we are committed to provide our customers with the best possible customer service to ensure trust and customer retention. NOBA works systematically and methodically to ensure that we maintain the highest quality in the dialogues with customers. Customer advisors are trained in accordance with a dialogue strategy that is based on a methodology to ensure solid analysis of each customer's needs and situation to find the right solution for each individual customer. Sales coaches and quality managers regularly listen in to conversations with customers to ensure high quality, and the customer interaction is assessed and followed up based on the customer's own assessment of, among other things, the customer advisor's commitment, knowledge, and ability to help the customer.

The dialogue strategy is continuously developed, and the customer advisors receive recurring training in customer dialogue. We set goals for customer satisfaction for each individual customer advisor, for each team and brand and follow up on customer satisfaction daily. The goal varies from 90 percent to 93 percent depending on brand and market and means that 90-93 percent of the customers with whom we are in dialogue with should give us a 4 or 5 (scale 1-5) when rating the overall experience of interacting with NOBA. Due to the merger between Bank Norwegian and Nordax Bank our customer service strategy and implementation has been revised to fit the whole group. We want to leverage the strong synergies of skill and insights to maximize all brands' customer satisfaction work. We measure customer satisfaction on a brand level as well as a consolidated group level to identify on where we can make improvements. The overall goal has been achieved during 2023 and we will continue the work to enhance this even further during 2024 by working with well-established methods such as coaching and close personal feedback between calls to further improve how we give service to our customers.

BALANCED MARKETING STRATEGY AND GOVERNANCE

The Swedish Consumer Credit Act specifies that the marketing of credits should be moderate and not intrusive. The promotion of credit must not portray it as a carefree solution to financial problems or mislead the consumer about the consequences of the credit agreement. This is followed by the requirement of moderation. NOBA has developed a marketing strategy which involves the daily marketing operations and campaigns that are being developed by all brands that are direct customer facing. The marketing strategy is based on both the legal requirements that NOBA must adhere to in each respective market as well as the sustainability commitment to enabling financial health. NOBA has in addition developed a Guideline for privacy in marketing which was introduced in 2023. The Guideline includes the organizational capabilities involved, a review of the legal requirements as well as specific details for different marketing channels such as direct marketing and online marketing. Additionally, NOBA has developed a clear governance around privacy and data sensitivities which integrates all marketing capabilities at NOBA from the Chief Marketing Officer (CMO) to all marketing employees.

Our customers can always rest assured that they will be offered a loan they can afford, and that their decision on whether to take a loan will be well-informed. We allow them to make decisions in their own pace based on transparent and clear pricing models and communication through all our channels. That is how we earn their trust.

SPECIALIZED IN EDUCATIONAL MARKETING CAMPAIGNS

We have developed several educational marketing campaigns aiming to improve public financial health and overall knowledge. This include the initiatives around socio-economic and gender equality issues within the private economy as well as initiatives targeting individuals that are usually not accustomed with the financial and banking industry with the aim to be more inclusive.

HEALTHONOMICS REPORT

An example of an educational initiative is our report 'The Healthonomics Report 2023'. It concluded that a person's financial situation is closely linked to physical and mental health and wellbeing. In the survey conducted as a part of the report, we learnt that 35 percent of the respondents get stressed thinking about money. An important part of enabling financial health for more people is to facilitate access to knowledge as a tool to manage that stress.

RELATIONSSHIP REPORT

The relationship report' was published for the third consecutive year 2023. This report communicates insights from surveys about how people are affected by the housing market, including concerns about finding accommodation after a separation and how housing considerations affect relationships. Results in 2021 were used to raise awareness about findings that 1 in 5 women have remained in a bad relationship due to the housing situation. The 'Relationship report' published in 2022 was a follow-up to identify the trends that continue to hold and what has changed since 2021.

PERSONAL FINANCE HEALTH CHECK

In 2023, NOBA launched the campaign 'Personal finance health check', as part of a wider campaign to inform and educate customers and the public on typical personal finance issues. The campaign, and specifically the health check, was co-developed together with psychologists to ensure the relevance to the customers. The campaign was supported with both offline and online content. Questions included in the health check cover daily expenses and overall attitude toward money and personal finances.

SALES CHANNELS WITH ROBUST AGREEMENTS TO ENSURE CUSTOMER VALUE

The main sales channels for NOBA are brokers, direct channels, and repeat sales towards existing customers. Currently, sales through direct and existing customers compared to brokers is relatively even, with each channel representing 48 percent and 52 percent respectively. The relationship between NOBA and all broker channels are regulated through an extensive agreement with key terms around commissions, controlled by NOBA. In addition, NOBA has a Code of Conduct, also incorporating suppliers, in place, which further strengthens the control, ensuring customer protection.

STRICT SALES REMUNERATIONS AND GUIDELINES

NOBA has in addition, established criteria for variable remuneration in line with the European Banking Authority´ (EBA) Guidelines on Renumeration Policies and Practices of Sales Staff, which include:

- Performed above expectation in the performance in his/her work duties
- Taken on responsibility or initiative beyond what is expected from the employee in his/her position
- Acted as a role model for others and in accordance with NOBA´s values
- Been supportive of colleagues and contributed to his/her team; and
- Acted in accordance with the rights and interest of NOBA´s customers

MONITORING OF INCIDENTS REGARDING CUSTOMER PROTECTION

One of the focus areas where our compliance function implements controls is consumer protection. The controls are an important tool for us to monitor and manage risks associated with our products and service and ensure the safety and security of our customers. In 2023 there has been 17 customer protection incidents reported of which 7 are deemed to have a negative impact on the customer. In some cases, the incident concerns customer rights which is reported as an incident but not deemed to have any negative impact on the customer.

FINANCIAL HEALTH AND RESPONSIBLE LENDING

GOVERNANCE STRATEGY AND MATERIAL AREAS

NOBA's has, in addition to ESRS standards, identified two entity-specific topics of impact that relates to our focus on improving financial health for more people: Financial Health and Responsible Lending.

Financial health is the foundation on which we build NOBA's business and include all business verticals. NOBA´s product portfolio offers specific and tailored solutions for critical personal finance topics and incorporates strong responsible lending practices into operations and throughout the customer journey, which together are rooted in the robust sustainability strategy. Responsible lending is our most important process and the prerequisite to live as we learn. To understand the complex landscape of a strong financial health for our different customer groups, we have assessed external sustainability related risks and opportunities to be better equipped to improve existing products and services as well as develop new ones. The key impact, risks and opportunities identified in the double materiality assessment are the global debt distress, increased socio-economic gaps and the cost-of-living crisis that can have a negative impact on people's financial stability.

We acknowledge the fact that unexpected situations can occur following the point of a customer being granted a credit, e.g. a divorce or sickness, that has a direct negative effect on the individual, and potentially its ability to repay the loan. NOBA must ensure that it does not grant credit to individuals who do not have the ability to pay and must therefore also adhere to responsible lending practices to the greatest extent possible.

TABLE 4

CONSUMERS AND END USERS	2023	2022
Customers satisfaction	90,6%	92.1%*
Total amount of deposits	96.8 bn SEK	77 bn SEK

* Nordax excl Bank Norwegian

CREDIT RISK MANAGEMENT FRAMEWORK AS THE FOUNDATION

NOBA has a Credit Risk Management Framework to ensure that the lending practices are in line with the NOBA business plan and risk strategies. The NOBA Credit Risk Management Framework is defined by the NOBA Risk Policy and the NOBA General Credit Policy, and it is designed to meet NOBA's Risk Appetite Policy. Additionally, credit operations and risk management are further described in operationalized governing documents.

The NOBA Risk Appetite Policy states that it i handles credit exposure through a robust credit process across all products. NOBA has also developed a robust process to ensure that underwriting aligns with the overall strategy of the organisation, thereby also with the ESG strategy. The NOBA Board of Directors hold the ultimate responsibility for the credit matters, including credit strategy and the related appetite. The CEO is responsible for ensuring that credit management processes fulfill the requirements of the General Credit Policy. The Branch manager is responsible for actions required by applicable laws and regulatory requirements relating to the Branch Bank Norwegian including the Branch Credit Instruction. The Risk Control function is independently controlling and analyzing credit risks and reports to the Board of Directors and the CEO.

CREDIT ASSESSMENT PROCESS

NOBA is the leading specialist player in the Nordic market in terms of credit assessment expertise and multiple areas are considered in the credit approval process. Each loan application undergoes a correct and satisfactory credit assessment leveraging a tried and tested lending process. The credit assessment is conducted in accordance with good lending practices and is always based on the customer's financial situation, while also being carried out in accordance with NOBA's General Credit Policy, which in turn, is also based upon and aligned with external regulatory requirements. All customers must have a financial buffer in their personal finances, which we verify in different ways, such as conducting a left to-live-on analysis. A key metric to monitor is the percentage of customers' having an additional margin in their left-to-live-on calculation. Hence the credit assessment process consists of a combination of policies, assessment regulations, internal credit assessment models and an estimate of the applicant's ability to pay.

This ensures the foundation that loans should only be offered to creditworthy individuals and households, and customers should never be offered loans they cannot afford. We should never contribute to over-indebtedness, since it has negative effects for the individual, the society at large and us as a bank.

NOBA CREDIT PROCESS OVERVIEW

FIGURE 11

CREDIT APPLICATION ↓	Information is collected, and the applicant must always confirm the correctness of it when applying for a credit.
CUSTOMER IDENTIFICATION ↓	NOBA has a process to identify the customer when applying for a credit.
CREDIT SCORING ↓	The NOBA credit scoring system is based on statistically derived risk models. NOBA regularly updates and validates the credit scoring models.
AFFORDABILITY ↓	NOBA's affordability calculation, is used to assess the customer's ability to repay the credit. It is regularly monitored, adjusted and updated.
VALUATION OF COLLATERAL[1] ↓	The real estate object posted as a collateral in a mortgage loan agreement is valued by a property valuer with knowledge of the local market that establishes the market value. Valuers are supported by advanced statistical models in the valuation process.
CREDIT DECISION	NOBA applies individual interest rates and combine manual credit decision with automated, depending on e.g. type of product. NOBA has a governance process for the automated models to ensure that limits, boundaries, and procedures for preventing biased output are set.

[1] If mortage lending

TAILORED PRODUCTS TO ENABLE FINANCIAL HEALTH FOR MORE PEOPLE

The NOBA customer profile naturally has different characteristics if you drill down on each product, as specified in the following sections.

To provide an overview of the average private loan customer:

FIGURE 12

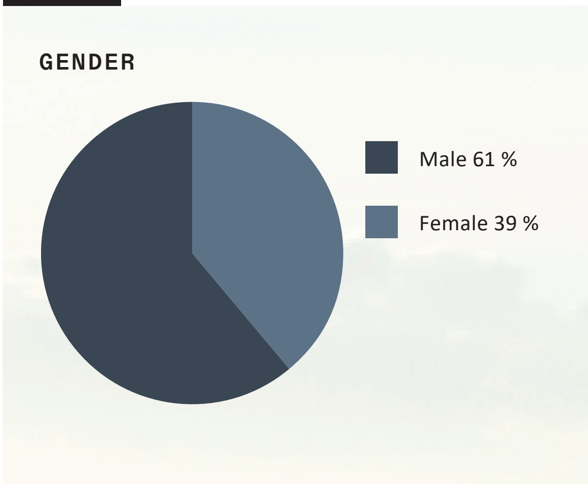


FIGURE 13

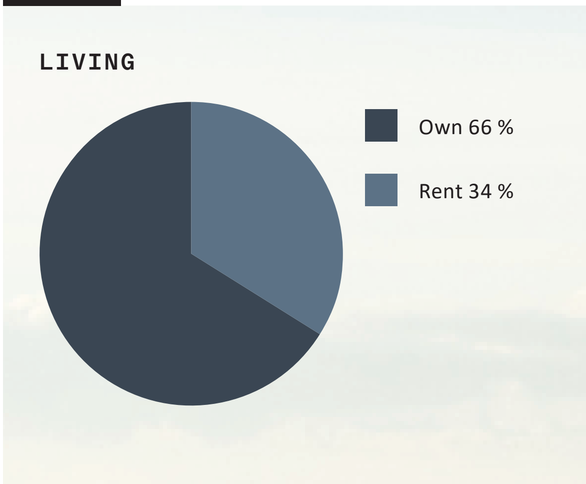
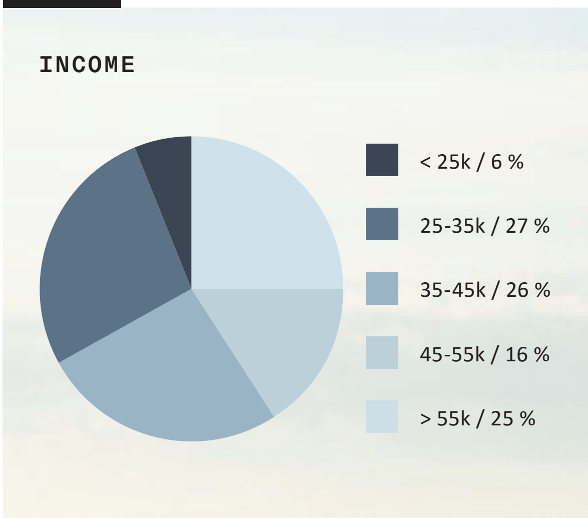


FIGURE 14



PERSONAL LOANS WITH FOCUS ON REFINANCING

NOBA's consumer loans are widely used to refinance expensive small loans and credits to reduce the customer's monthly cost. In essence, this entails the consolidation of expensive small loans into a single loan that facilitate a single, lower monthly repayment for the borrower. 65 percent of all consumer loans are used to refinance previous loans.

FIGURE 15

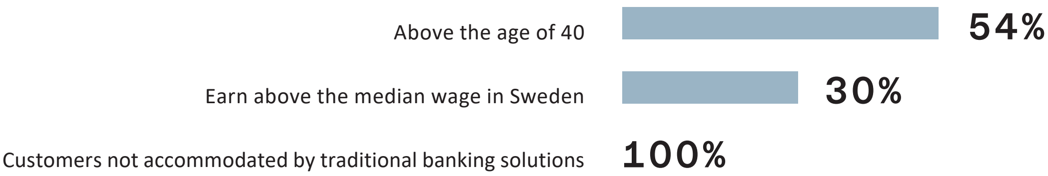
PERSONAL LOAN CUSTOMER CHARACTERISTICS

MORTGAGES REGARDLESS OF FORM OF EMPLOYMENT

For mortgage loans, the primary target group is customers with some form of non-standard employment, such as the self-employed and gig workers, e.g., those employed for a project, part-time, or temporarily. One of the most important needs for the many people who are currently excluded from the traditional banking system for various reasons is the opportunity to enter the housing market and buy their own home. This is something that NOBA is able to help them realize. The customer profile in NOBA's mortgage portfolio illustrates that around one fifth of mortgage customers are in non-traditional forms of employment or have irregular income patterns. Around three fifths are individuals with a more traditional financial profile but who major banks still fail to accommodate with their standardized processes, while around one fifth are individuals with some form of remark in their credit record. In this respect, NOBA has an important role to play, especially for first-time buyers. However, NOBA's mortgage portfolio includes borrowers from all age groups.

FIGURE 16

MORTAGE CUSTOMER CHARACTERISTICS



EQUITY RELEASE MORTGAGES OFFERING FINANCIAL FLEXIBILITY FOR SENIOR CITIZENS

Many senior citizens face a challenging situation for a variety of reasons. In Sweden, the average pension before tax is for women SEK 14.400 and for men SEK 16.700. This means that many find themselves in a situation where their disposable income shrinks while at the same time, they are largely excluded from financial products due to their age and step-out of the labor market. This is taking place at the same time as we are living longer and increasingly active lives, including in senior age categories.

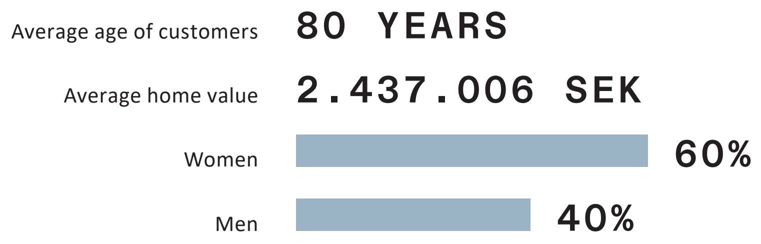
NOBA’s equity release mortgages are yet another example of how we cater to another forgotten gap in the market and meet the unique requirements of a specific customer segment. This product allows senior citizens to keep their home while releasing equity. The fact that NOBA’s equity release mortgages have shown continuous growth and grown by a total of approximately 120 percent since the product was incorporated into NOBA’s offering in 2019, is proof that our offering plays a vital role and will remain relevant in the years to come. On the theme of being relevant, we have made changes during the year to how funds are released through this product. Against the backdrop of rising interest rates, we now offer our customers a monthly payment for those who wish to increase their day-to-day comfort while simultaneously ensuring their outstanding balance remains as low as possible.

To enhance the information available to NOBA’s customers over the age of 60 who own their own home and improve their financial health, we conducted a survey titled “Livet som senior” "Life as a Senior Citizen". This provided us and the market with several key insights. Among these were the fact that 80 percent of NOBA’s customers with an equity release mortgage would recommend us to a friend. 90 percent responded that they were very satisfied or satisfied with our service, while no respondents said they were dissatisfied. This embodies our sustainability work as we strive to improve financial health for more people, and it is a most gratifying result although we will continue to work intensively to further improve. However, equity release mortgages might not be suitable for all individuals, therefore we provide the customer with a FAQ (Frequently Asked Questions) section as well as a decision hierarchy before applying for an equity release mortgage. If our customer makes a financial decision that is sound and well thought through, we know that they will be more satisfied and feel better about their financial situation. This is important to us.

Another way we support this customer group is through the campaign ‘Svårlurad’ which was launched by NOBA, via Svensk Hypotekspension, in collaboration with other banks in Sweden and the Swedish Bank Association to raise awareness on how people can protect themselves against fraud. The campaign shares insights on how to avoid becoming a victim of telephone fraud (phone and SMS) or unexpected home visits. Campaign materials for the general public include leaflets and brochures, posters, and press releases. We believe this to be an additional important activity to ensure that our senior customer group experience trust towards our brand and services.

FIGURE 17

EQUITY RELEASE MORTAGE CUSTOMER CHARACTERISTICS



CREDIT CARDS – PROVIDES BALANCE AND A SECURE PAYMENT METHOD IN PEOPLE´S FINANCIAL LIFE

NOBA also offers its customers credit cards. Through its branch, Bank Norwegian, credit card customers are offered a way to manage their ongoing liquidity and thus gain greater financial flexibility. If expenses pile up in one month, there is the opportunity to distribute them more evenly over a longer period. The same goes for the unexpected investment needed when e.g., the heating system breaks down. We also see that around 99.5 percent of customers settle their credit card bills on time, which means we are confident that we have a sustainable customer base that can meet its obligations. Our credit card also represents an attractive and safe way to make payments online. The credit card is offered through a partnership with Norwegian Air Shuttle where our customers can purchase trips through cash points. Norwegian Air Shuttle offers the possibility to buy a trip that is climate compensated.

FIGURE 19

CREDIT CARD CUSTOMER CHARACTERISTICS

SAVINGS ACCOUNTS WITH COMPETITIVE INTEREST RATES

NOBA offers savings accounts in all markets i.e. Sweden, Norway, Finland, Denmark, Spain, Germany and the Netherlands, both through the own platform and also through external platforms. All savings accounts are covered by the government deposit guarantee scheme. Beside from contributing to NOBA having a diversified financing and risk management, this enables us with the opportunity to limit and manage both interest rate risk and concentration risk, it enables us to offer competitive savings accounts, both short- and long-term products to our over 670 000 savings customers. Consequently during 2023, NOBA has been among the top banks in terms of offering the most competitive interest rates to customers. Building some form of savings buffer is one important part of dealing with temporary challenges for people as and when they arise. Saving with NOBA, through our brands, provides assurance, flexibility, and certainty thanks to the fact that all accounts are covered by the government deposit guarantee scheme. At end of 2023, the combined savings at NOBA amount to more than SEK 96,8 billion.

FIGURE 20

SAVINGS CUSTOMER CHARACTERISTICS

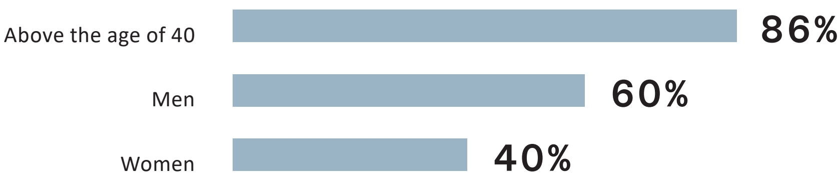


TABLE 5

ENTITY SPECIFIC - FINANCIAL HEALTH AND RESPONSIBLE LENDING

	2023	2022
Financial Health		
% of personal loan customer that refinanced previous loans	65%	66%
% of credit card customers paying their invoice in time	99,5%	99.5%
Inclusive mortgage loans	17.5 bn SEK	15.7 bn SEK
Savings	96.8 bn SEK	77 bn SEK
Responsible Lending		
Share of private loan volume with a KALP surplus of more than 3000 SEK	89%	93%
Credit loss levels	3.9%	3.0%
# customer protection violations with negative impact	7	

GOVERNANCE INFORMATION

GOVERNANCE STRATEGY AND MATERIAL AREAS

In the double materiality assessment, Business conduct was deemed a material area for NOBA. The area incorporates topics regarding ethical business conduct and protection of whistle-blowers, actions against corruption and bribery as well as financial crime. The area also covers our supply-chain management and corporate governance. NOBA aims to contribute to good business ethics in society – an expectation NOBA also applies on its suppliers, partners and consultants. Good business ethics is essential in creating trust in the financial sector. Fair treatment, transparency and accountability are three areas that describe our view of good business ethics. Our business decisions, like all our actions, must never be based on the personal interests or private relationships of individual employees. It is imperative to comply with regulatory requirements and maintain high ethical standards. The Board Risk Strategy further states that the earnings capacity and stability of NOBA shall not be dependent on markets where the economical-, regulatory- or operational prerequisites are unknown or related with a high degree of risk. We never want to obtain business advantages through illegal, inappropriate, or unethical actions.

BUSINESS CONDUCT

Ensuring efficient business conduct is therefore seen as an important part in meeting NOBA's sustainability goals. NOBA's work with regards to business conduct covers the key areas described below.

A THIRD-PARTY WHISTLEBLOWING FUNCTION

NOBA strives to maintain a good business culture and counteract corruption and other irregularities. Whistleblowers play a central role in safeguarding and promoting important values in a democratic society, such as openness and transparency. We encourage employees and others who may be active within or adjacent to the business to report their observations in the event of any misconduct or suspected irregularities, or in relation to unethical or illegal behavior within NOBA. Our employees should always feel that there is someone for them to turn to regardless of what such a report relates to, which is why NOBA has a third-party reporting channel. Employees are also able to submit reports anonymously via NOBA's internal whistleblowing process. This internal reporting channel is a secure system provided by an independent third party and it can accept reports 24/7. The system also protects reports and any data concerning the person or persons whose identity is included in the report. All reported cases are investigated with immediate effect and appropriate measures are implemented. Zero cases were raised via this channel during the year.

PROACTIVE AND CONSTANT WORK REGARDING FRAUD PREVENTION AND FINANCIAL CRIME

By being part of the banking industry NOBA is exposed to the risk of financial crime such as fraud, money laundering, and terrorism financing. Addressing these issues properly and responsibly is essential for us and crucial to NOBA earning the trust of our stakeholders as well as ensuring the personal and financial security of both our employees and customers. NOBA constantly strengthens its policies and processes regarding financial crime and make them more efficient, to avoid the business being exploited for the purposes of money laundering and other types of financial crime. Our financial crime policy steers the overall work on financial crime and our anti-bribery instruction and Code of Conduct together comprises a robust steering to combat different risks of financial crime. Ongoing work to monitor and mitigate any risks relating to financial crime is also an integral part of our risk management approach. NOBA has appointed the Chief Compliance Officer as the Money Laundering Reporting Officer to strengthen the internal governance structure. This officer is tasked with reviewing this work independently of the Anti-Financial Crime unit and reporting to the management team and Board of Directors. Additionally, the internal audit function is responsible for reviewing the work of both the Anti-Financial Crime unit and the Money Laundering Reporting Officer and reports directly to the Board of Directors. The Head of Financial Crime is a Specially Appointed Executive (SAE) and organized in the first line of defense to efficiently and independently report directly to the Board of Directors and the CEO when appropriate.

INCREASED PREVENTIVE MEASURES AND CONTINUOUS WORK IS CRUCIAL

Costumer awareness around different types of fraud has increased significantly in recent years. Still, it is a huge and serious topic, and a real challenge, affecting a lot of people. An important proactive measure that can be taken is informing the customers and potential customers. This is something we, together with the industry, has been doing ongoing with e.g., the initiative and information campaign "Svårlurad".

NOBA always has a zero tolerance for all forms of fraud, it is a work that has a high priority, and all cases are reported to the police. We think the increased fraud and the increasingly sophisticated methods fraudsters use is an increasing social problem, not least because it is a major source of income for organized crime. It is something that the entire industry, various social actors and authorities, together need to take very seriously in order to protect the individual and society. To achieve as good a cooperation as is required between different authorities to be able to identify and deal with fraud, we also need to discuss and solve challenges linked to, for example, privacy protection. Connected to that, we also see that a goalkeeper register is a good step forward. And that the EU directive for the sharing of data between banks is strengthened so that certain limitations in PSD2 can be overcome. On the Swedish market, the Swedish Bankers' Association's goal is to develop a common approach and common standards for the industry, which we of course welcome.

Going forward, we see that the need to develop legislation and practice in the area exists. It lies in continuing to ensure that people can trust the infrastructure for secure digital signing that exists, where Bank ID must be a safe and individual identification method. It is a cornerstone that allows us all to continue to order things online against an invoice, enter into contracts for signature or report that our children are sick to school. At the same time, we must ensure that people cannot be tricked by unscrupulous fraudsters into logging in and confirming payments via Bank ID and risk losing large sums. There is still an important dialogue to be had here and we look forward to more initiatives from all stakeholders with regards to this.

NOBA is also involved in FinDef, a forum seeking to strengthen cooperation between specialist banks on relevant anti-money laundering issues. Every employee in at NOBA must annually complete training on our processes, to prevent and counteract the business from being exploited for the purposes of money laundering and other forms of financial crime.

DIVERSITY INCLUSION AND EQUALITY ACROSS FUNCTIONS AND HIERARCHY

NOBA's policy on diversity and assessment of suitability of the Board of Directors and key function holders' steers the work on ensuring that the composition of the decision-making body at NOBA also reflects the wider society in terms of diversity. NOBA is convinced that, to attract a broad set of qualities and competences when recruiting Key Function Holders, as well as achieve a variety of views and experiences and facilitate independent opinions and sound decision-making, diversity is a factor that needs to be accounted for.

To promote diversity, NOBA will consider the following diversity aspects: educational and professional background, gender, age and geographical provenance (unless the inclusion of the aspect of geographical provenance is unlawful). NOBA has a qualitative target for the representation of the underrepresented gender within the board of directors and NOBA's recruitment decisions should, where possible, consider a shortlist containing a preselection of suitable candidates which considers the diversity objectives set out in the policy. Decisions should consider the fact that a more diverse board of directors fosters constructive challenge and discussion based on different points of view which ultimately also supports and strengthens responsible business conduct.

PERSONAL DATA AND INTEGRITY

In many cases, NOBA's financial services constitute a vital cog in our customers' personal finances. They also entrust us with sensitive personal data about their financial situation. To administer the trust that our customers place in us, it is essential that we have appropriate IT systems in place, as well as ensuring that these are delivered reliably and securely. Information security is another area subject to our continuous focus as the threats posed to the banking sector are constantly in flux and developing. In the field of information security, we must meet the requirements that are imposed on us by new legislation and regulations, and we must meet our customers' expectations that we will process all data that they entrust to us securely. NOBA has recently rolled out an updated information security program on behaviors relating to, and the management of, information security within NOBA.

NOBA applies a well-developed prioritization process covering both major projects and minor changes, involving the parties that have requested the change and other affected parties within the organization. Priority is given to regulatory requirements, while commercial initiatives are prioritized based on the extent of the expected commercial benefit.

In addition, and to ensure an efficient, correct and reliable data- and system infrastructure, NOBA has implemented an operational security framework and structured measures to proactively address and mitigate ICT risk, safeguard data, and maintain the overall security and resilience of our IT-systems and operations. NOBA's control framework is based on the methodology established for CIS (Center for Internal Controls) and ITGC (IT General Controls). These consists of critical security controls to continuously monitor the ICT control environment to ensure proper development and implementation of applications, as well as the integrity of program and data files, access to systems and data, and computer operations.

To ensure timely completion of control activities, NOBA has implemented an efficient governance framework for its ICT control environment consisting clear allocation of responsibilities. Group Risk Control, as the second line of defence functoin, is responsible for independently testing controls in the NOBA ICT control framework in accordance with our process for key control testing.

NOBA has over last year's made major improvements in the IT platform which has led to higher stability and more flexibility in the business. During the last year that work have continued focusing mainly on strengthening the technical integration between the Nordax Bank and Bank Norwegian technical platforms.

SUPPLIER RESPONSIBILITY

As identified in the value chain analysis, as a part of the double materiality assessment, NOBA has suppliers throughout the entire value chain. It's essential for NOBA to manage the relationships with its suppliers to ensure good business conduct. NOBA have, during Q1 of 2024, established a Supplier Code of Conduct that reflect our own Code of Conduct and stipulates the ways of how we conduct business with our suppliers and business partners, as well as how we expect them to conduct business. The creation of a Supplier Code of Conduct is an important step in enhancing our ESG control and impact, complementing our existing agreements and arrangements with third party stakeholders.

NORWEGIAN TRANSPARENCY ACT

NOBA is subject to the Norwegian Transparency Act ('Åpenhetsloven') which entered into force in Norway on 1 July 2022 and aims to promote businesses' respect for human rights and decent working conditions.

The act applies to NOBA as a large enterprise who offer goods and services in Norway through our branch Bank Norwegian. Any person, whomever it may be, have the right to, by written request, gain insight into how the enterprise handles actual and potential negative consequences concerning human rights and decent working conditions relating to their business operations (obligation to provide information). NOBA has an internal routine to manage submitted written request from the public as well as clear information on how to get in contact on the website.

Norwegian Transparency Act ('Åpenhetsloven') § 4 and § 5 also stipulates that NOBA shall conduct a due diligence assessment in accordance with the OECD Guidelines for Multinational Enterprises ("OECD Guidelines for MNEs"). The essence of this assessment is to map and evaluate potential negative impact or harm which NOBA has either caused or contributed to as part of our business operations, either directly by NOBA or as part of our supply chain or business partners, with particular regards to; human rights, the environment, employees and industrial relations, combating bribery and extorsion, disclosure, and consumer interest. This due diligence assessment must be updated regularly, as should routines and processes relating to NOBA's efforts in this area. The Statement can be found publicly on NOBA's website.

NOBA continuously evaluates the impact of our business on the environment, society, and people. It is done both in our double materiality assessment as well as accounted for in the due diligence process stipulated in the Norwegian Transparency Act and in our Taxonomy reporting. Our efforts relating to human rights are mainly focused on the financial health of the customers and society with a second level emphasis on responsible lending, customer communication, privacy, inclusion, equality and diversity and wellbeing in the workplace.

TABLE 6

BUSINESS CONDUCT	2023	2022
Whistleblowing cases		
# whistleblowing cases	0	1*
Trainings		
AML (Anti-Money Laundering)	88%	96%
Code of Conduct	88%	
GDPR	95%	

* Nordax excl Bank Norwegian

SUSTAINABILITY NOTES

PAI INDICATOR INDEX

The information below is presented to meet the information needs of financial market participants subject to Regulation (EU) 2019/2088 (Sustainable Finance Disclosures Regulation, SFDR). The following tables illustrate the overlap between metrics reported by NOBA and indicators for principal adverse impact (PAI) that derive from SFDR, more specifically from table 1-3 in Annex I to the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 (RTS).

PAI INDICATORS TABLE I ANNEX I		PAGE REFERENCE
1	GHG emissions, Scope 1, 2,3	18
2	Carbon footprint	20
3	GHG intensity of investee companies	20
4	Exposure to companies active in the fossil fuel sector	Not applicable to NOBA
5	Share of non-renewable energy consumption and production	NOBA is not currently reporting on this indicator. As part of the CSRD implementation during 2024 NOBA is planning to include this indicator next year and onwards
6	Energy consumption intensity per high impact climate sector	Not applicable to NOBA
7	Activities negatively affecting biodiversity-sensitive areas	Not applicable to NOBA
8	Emissions to water	Not material
9	Hazardous waste and radioactive waste ratio	Not applicable to NOBA
10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	NOBA is not currently reporting on this indicator. As part of the CSRD implementation during 2024 NOBA is planning to include this indicator next year and onwards
11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	6
12	Unadjusted gender pay gap	NOBA is not currently reporting on this indicator. As part of the CSRD implementation during 2024 NOBA is planning to include this indicator next year and onwards
13	Board gender diversity	24
14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Not applicable to NOBA

PAI INDICATORS TABLE II ANNEX I		PAGE REFERENCE
1	Emissions of inorganic pollutants	Not applicable to NOBA
2	Emissions of air pollutants	Not applicable to NOBA
3	Emissions of ozone-depleting substances	Not applicable to NOBA
4	Investments in companies without carbon emission reduction initiatives	NOBA is not currently reporting on this indicator. As part of the CSRD implementation during 2024 NOBA is planning to include this indicator next year and onwards
5	Breakdown of energy consumption by type of non-renewable sources of energy	NOBA is not currently reporting on this indicator. As part of the CSRD implementation during 2024 NOBA is planning to include this indicator next year and onwards
6	Water usage and recycling	Not material according to the double materiality assessment
7	Investments in companies without water management policies	Not material according to the double materiality assessment
8	Exposure to areas of high water stress	Not applicable to NOBA
9	Investments in companies producing chemicals	Not applicable to NOBA
10	Land degradation, desertification, soil sealing	Not applicable to NOBA
11	Investments in companies without sustainable land/agriculture practices	Not applicable to NOBA
12	Investments in companies without sustainable oceans/seas practices	Not applicable to NOBA
13	Non-recycled waste ratio	Not material
14	Natural species and protected areas	Not applicable to NOBA
15	Deforestation	Not material
16	Share of securities not issued under Union legislation on environmentally sustainable bonds	Not applicable to NOBA

PAI INDICATORS TABLE III ANNEX I		PAGE REFERENCE
1	Investments in companies without workplace accident prevention policies	NOBA is not currently reporting on this indicator. As part of the CSRD implementation during 2024 NOBA is planning to include this indicator next year and onwards
2	Rate of accidents	Not material according to the double materiality assessment
3	Number of days lost to injuries, accidents, fatalities or illness	24
4	Lack of a supplier code of conduct	37
5	Lack of grievance/complaints handling mechanism related to employee matters	NOBA is not currently reporting on this indicator. As part of the CSRD implementation during 2024 NOBA is planning to include this indicator next year and onwards
6	Insufficient whistleblower protection	35
7	Incidents of discrimination	NOBA is not currently reporting on this indicator. As part of the CSRD implementation during 2024 NOBA is planning to include this indicator next year and onwards
8	Excessive CEO pay ratio	NOBA is not currently reporting on this indicator. As part of the CSRD implementation during 2024 NOBA is planning to include this indicator next year and onwards
9	Lack of a human rights policy	NOBA is not currently reporting on this indicator. As part of the CSRD implementation during 2024 NOBA is planning to include this indicator next year and onwards
10	Lack of due diligence	37
11	Lack of processes and measures for preventing trafficking in human beings	NOBA is not currently reporting on this indicator. As part of the CSRD implementation during 2024 NOBA is planning to include this indicator next year and onwards
12	Operations and suppliers at significant risk of incidents of child labour	Not material according to the double materiality assessment
13	Operations and suppliers at significant risk of incidents of forced or compulsory labour	Not material according to the double materiality assessment
14	Number of identified cases of severe human rights issues and incidents	Not material according to the double materiality assessment
15	Lack of anti-corruption and anti-bribery policies	35
16	Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Not material according to the double materiality assessment
17	Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Not material according to the double materiality assessment

EU TAXONOMY DISCLOSURES

A COMPREHENSIVE FRAMEWORK FOR ASSESSING ENVIRONMENTALLY SUSTAINABLE ACTIVITIES

The EU Taxonomy Regulation (EU) 2020/852 is an EU wide framework with criteria for defining environmentally sustainable economic activities. In accordance with the Taxonomy, an economic activity is environmentally sustainable, i.e. Taxonomy aligned, if it makes a substantial contribution to one or more of the six environmental objectives set out in the Taxonomy, while at the same time not making any significant harm to any of the other objectives, as well as complying with minimum safeguards as defined in the Taxonomy. For economic activities covered by the Taxonomy, i.e. Taxonomy eligible activities, the Taxonomy includes comprehensive criteria based on scientific evidence to assess if the activity is environmentally sustainable or not. From 2021, large public interest entities with more than 500 employees are required to report in accordance with the EU Taxonomy as part of their sustainability reporting. However the reporting requirements are being implemented in several phases and hence the data availability on Taxonomy alignment is not complete. In addition, the Taxonomy is also being developed on an ongoing basis to include more economic activities and, when relevant, update the technical criteria to follow the latest technical and scientific developments. This work is primarily driven by the EU Platform on Sustainable Finance.

The Taxonomy's applicability to NOBA and its business

As a credit institution subject to Taxonomy reporting, NOBA is required to report on its exposure to Taxonomy eligible and Taxonomy aligned activities. The exposure is primarily based on NOBA's lending and investment activities and the results are presented in the tables below.

NOBA only provides loans to private customers which means that the applicability of the Taxonomy criteria is very limited compared to banks with corporate lending where the Taxonomy alignment is based on the Taxonomy alignment of the corporate receiving the loan. In NOBA's case, Taxonomy eligibility and alignment can only be assessed for loans where NOBA has detailed information about the use of the loan. This has been deemed to be the case for mortgages and green car loans. However, for most private loans, NOBA has a good understanding of the purpose of the loan but is missing the detailed level of information about the use of the loan that is required to assess Taxonomy eligibility and alignment.

NOBA offers green car loans for customers that buy electric cars, as well as green mortgages for customers living in buildings with high energy performance. NOBA's criteria for green loans are in line with the Taxonomy criteria for substantial contribution to climate change mitigation. However due to the complexity and detailed level of information required to assess and confirm that an activity does not significantly harm any other objective, NOBA has not been able to confirm Taxonomy alignment for these loans. NOBA will continue to assess and evaluate if and how the Taxonomy criteria can be used in relation to green loans.

In relation to NOBA's investments, Taxonomy eligibility and alignment shall only be assessed and reported for counterparties that are subject to NFRD, in accordance with the Taxonomy reporting requirements. All of NOBA's counterparties that were found to be subject to NFRD are also financial undertakings. In accordance with the phase in provisions of the Taxonomy Regulation, financial undertakings have only reported on Taxonomy eligibility but not Taxonomy alignment in their 2022 annual reports. Neither have they included information about to which environmental objective that the reported eligibility share relates to. As the information from counterparties is limited to eligibility data, NOBA has not been able to demonstrate any alignment for the investments made.

DATA AND METHODOLOGY

The Taxonomy reporting is based on information from NOBA's FINREP reporting, which in turn is based on information from NOBA's core banking system.

The Taxonomy eligibility for NOBA's lending portfolio relates to green car loans and mortgages as explained in the section above. For these exposures, the Taxonomy eligibility has been assessed through an analysis of the applicable requirements and criteria set out in the Taxonomy Disclosure Delegated Act (EU) 2021/2178 and the Taxonomy Climate Delegated Act (EU) 2021/2139.

For other assets, mainly related to NOBA's equity investments and bond holdings, information has been collected from publicly available sources including the annual reports from 2022 for these counterparties. As the information available in the 2022 annual reports do not include information about the environmental objectives, NOBA has made the assumption that the eligibility relates to Climate Change Mitigation. NOBA acknowledges that some share of the counterparties' eligibility is likely to be related also to Climate Change Adaptation, however due to the lack of available data this has not been possible to neither confirm nor deny.

In addition to the Taxonomy regulation and its delegated acts, NOBA has also considered relevant FAQs from the EU Commission in relation to interpretation of the regulatory requirements. However, the EU Commission's Draft Commission Notice regarding taxonomy reporting for financial institutions that was published at the end of December 2023 has been implemented on a best effort basis considering the short period of time available before the completion of the Taxonomy reporting for financial year 2023. NOBA will continue the implementation of the clarifications in the Draft Notice during 2024 to be fully reflected in the next year's Taxonomy reporting.

NOBA has decided not to report on table 2. Gar Sector Information, as this table is only relevant for Taxonomy aligned activities which is not applicable for NOBA as no alignment has been identified. In addition, NOBA has decided to omit table 4. GAP KPIs flow Stock due to lack of quality data in relation to the flow of assets required for compiling this template. Lastly, NOBA is not reporting on table 5. KPI off-balance sheet exposures, table 6. KPI on fees and commissions income from services other than lending and asset management, or table 7. KPI Trading book portfolio, as these are not applicable to NOBA.

SUMMARY OF KPIS TO BE DISCLOSED BY CREDIT INSTITUTIONS UNDER ARTICLE 8 TAXONOMY REGULATION

SUMMARY OF KPIS

	Total environmentally sustainable assets, sek	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI						
Green asset ratio (GAR) stock	0	0%	0%	79,2%	14,0%	4,4%

SUMMARY OF KPIS

	Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs						
GAR (flow)[1]						
Trading book*						
Financial guarantees						
Assets under management						
Fees and commissions income**						

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

** Fees and commissions income from services other than lending and AuM

*** % of assets covered by the KPI over banks´ total assets

**** based on the Turnover KPI of the counterparty

***** based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

1 This KPI was not possible to calculate for 2023 due to lack of quality data

ASSETS FOR THE CALCULATION OF GAR

	GAR - Covered assets in both numerator and denominator Million EUR	TOTAL [GROSS] CARRYING AMOUNT	CLIMATE CHANGE MITIGATION (CCM) OF WHICH TOWARDS TAXONOMY RELEVANT SECTORS (TAXONOMY-ELIGIBLE)	OF WHICH ENVIRONMENTALLY SUSTAINABLE (TAXONOMY-ALIGNED)	OF WHICH USE OF PROCEEDS	OF WHICH TRANSI-TIONAL	OF WHICH ENABLING
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	122 845 673 380	18 957 990 111				
2	**Financial undertakings**	3 578 134 097	1 343 863 840				
3	Credit institutions	3 578 134 097	1 343 863 840				
4	Loans and advances						
5	Debt securities, including UoP	3 578 134 097	1 343 863 840				
6	Equity instruments						
7	Other financial corporations						
8	of which investment firms						
9	Loans and advances						
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings						
17	Loans and advances						
18	Debt securities, including UoP						
19	Equity instruments						
20	**Non-financial undertakings**						
21	Loans and advances						
22	Debt securities, including UoP						
23	Equity instruments						
24	**Households**	119 267 539 283	17 614 126 271				
25	of which loans collateralised by residential immovable property	17 582 056 256	17 582 056 256				
26	of which building renovation loans						
27	of which motor vehicle loans	32 070 015	32 070 015				
28	**Local governments financing**						
29	Housing financing						
30	Other local government financing						
31	**Collateral obtained by taking possession: residential and commercial immovable properties**						
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	21 158 145 246					

ASSETS FOR THE CALCULATION OF GAR

	GAR - Covered assets in both numerator and denominator Million EUR	TOTAL [GROSS] CARRYING AMOUNT	CLIMATE CHANGE MITIGATION (CCM) OF WHICH TOWARDS TAXONOMY RELEVANT SECTORS (TAXONOMY-ELIGIBLE)	OF WHICH ENVIRONMENTALLY SUSTAINABLE (TAXONOMY-ALIGNED)	OF WHICH USE OF PROCEEDS	OF WHICH TRANSI-TIONAL	OF WHICH ENABLING
33	**Financial and Non-financial undertakings**	5 304 044 680					
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	149 751 201					
35	Loans and advances						
36	of which loans collateralised by commercial immovable property						
37	of which building renovation loans						
38	Debt securities						
39	Equity instruments	149 751 201					
40	Non-EU country counterparties not subject to NFRD disclosure obligations						
41	Loans and advances						
42	Debt securities						
43	Equity instruments						
44	**Derivatives**	323 680 241					
45	**On demand interbank loans**	3 301 676 665					
46	**Cash and cash-related assets**						
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	12 078 992 459					
48	**Total GAR assets**	144 003 818 626	18 957 990 111				
49	**Assets not covered for GAR calculation**	6 663 992 689					
50	**Central governments and Supranational issuers**	4 291 139 536					
51	**Central banks exposure**	2 372 853 152					
52	**Trading book**						
53	**Total assets**	150 667 811 314					
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations						
54	Financial guarantees						
55	Assets under management						
56	Of which debt securities						
57	Of which equity instruments						

ASSETS FOR THE CALCULATION OF GAR		CLIMATE CHANGE ADAPTATION (CCA)			
		OF WHICH TOWARDS TAXONOMY RELEVANT			
			OF WHICH ENVIRONMENTALLY		
				OF WHICH USE OF	OF WHICH ENABLING
GAR - Covered assets in both numerator and denominator Million EUR					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation				
2	**Financial undertakings**				
3	Credit institutions				
4	Loans and advances				
5	Debt securities, including UoP				
6	Equity instruments				
7	Other financial corporations				
8	of which investment firms				
9	Loans and advances				
10	Debt securities, including UoP				
11	Equity instruments				
12	of which management companies				
13	Loans and advances				
14	Debt securities, including UoP				
15	Equity instruments				
16	of which insurance undertakings				
17	Loans and advances				
18	Debt securities, including UoP				
19	Equity instruments				
20	**Non-financial undertakings**				
21	Loans and advances				
22	Debt securities, including UoP				
23	Equity instruments				
24	**Households**				
25	of which loans collateralised by residential immovable property				
26	of which building renovation loans				
27	of which motor vehicle loans				
28	**Local governments financing**				
29	Housing financing				
30	Other local government financing				
31	**Collateral obtained by taking possession: residential and commercial immovable properties**				
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**				

ASSETS FOR THE CALCULATION OF GAR	CLIMATE CHANGE ADAPTATION (CCA)			
	OF WHICH TOWARDS TAXONOMY RELEVANT			
		OF WHICH ENVIRONMENTALLY		
			OF WHICH USE OF	OF WHICH ENABLING
GAR - Covered assets in both numerator and denominator				
Million EUR				
33 **Financial and Non-financial undertakings**				
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations				
35 Loans and advances				
36 of which loans collateralised by commercial immovable property				
37 of which building renovation loans				
38 Debt securities				
39 Equity instruments				
40 Non-EU country counterparties not subject to NFRD disclosure obligations				
41 Loans and advances				
42 Debt securities				
43 Equity instruments				
44 **Derivatives**				
45 **On demand interbank loans**				
46 **Cash and cash-related assets**				
47 **Other categories of assets (e.g. Goodwill, commodities etc.)**				
48 **Total GAR assets**				
49 **Assets not covered for GAR calculation**				
50 **Central governments and Supranational issuers**				
51 **Central banks exposure**				
52 **Trading book**				
53 **Total assets**				
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations				
54 Financial guarantees				
55 Assets under management				
56 Of which debt securities				
57 Of which equity instruments				

ASSETS FOR THE CALCULATION OF GAR

GAR - Covered assets in both numerator and denominator

Million EUR

		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		OF WHICH TOWARDS TAXONOMY RELEVANT SECTORS (TAXONOMY-ELIGIBLE)	OF WHICH ENVIRONMENTALLY SUSTAINABLE (TAXONOMY-ALIGNED)	OF WHICH USE OF PROCEEDS	OF WHICH TRANSI-TIONAL	OF WHICH ENABLING
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	18 957 990 111				
2	**Financial undertakings**	1 343 863 840				
3	Credit institutions	1 343 863 840				
4	Loans and advances					
5	Debt securities, including UoP	1 343 863 840				
6	Equity instruments					
7	Other financial corporations					
8	of which investment firms					
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings					
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	**Non-financial undertakings**					
21	Loans and advances					
22	Debt securities, including UoP					
23	Equity instruments					
24	**Households**	17 614 126 271				
25	of which loans collateralised by residential immovable property	17 582 056 256				
26	of which building renovation loans					
27	of which motor vehicle loans	32 070 015				
28	**Local governments financing**					
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**					
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**					

ASSETS FOR THE CALCULATION OF GAR

GAR - Covered assets in both numerator and denominator Million EUR	TOTAL (CCM + CCA + WTR + CE + PPC + BIO) OF WHICH TOWARDS TAXONOMY RELEVANT SECTORS (TAXONOMY-ELIGIBLE)	OF WHICH ENVIRONMENTALLY SUSTAINABLE (TAXONOMY-ALIGNED)	OF WHICH USE OF PROCEEDS	OF WHICH TRANSI-TIONAL	OF WHICH ENABLING
33 **Financial and Non-financial undertakings**					
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations					
35 Loans and advances					
36 of which loans collateralised by commercial immovable property					
37 of which building renovation loans					
38 Debt securities					
39 Equity instruments					
40 Non-EU country counterparties not subject to NFRD disclosure obligations					
41 Loans and advances					
42 Debt securities					
43 Equity instruments					
44 **Derivatives**					
45 **On demand interbank loans**					
46 **Cash and cash-related assets**					
47 **Other categories of assets (e.g. Goodwill, commodities etc.)**					
48 **Total GAR assets**	18 957 990 111				
49 **Assets not covered for GAR calculation**					
50 **Central governments and Supranational issuers**					
51 **Central banks exposure**					
52 **Trading book**					
53 **Total assets**					
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations					
54 Financial guarantees					
55 Assets under management					
56 Of which debt securities					
57 Of which equity instruments					

GAR KPI STOCK

	GAR - Covered assets in both numerator and denominator % (compared to total covered assets in the denominator)	CLIMATE CHANGE MITIGATION (CCM) PROPORTION OF TOTAL COVERED ASSETS FUNDING TAXONOMY RELEVANT SECTORS (TAXONOMY-ELIGIBLE)				
			PROPORTION OF TOTAL COVERED ASSETS FUNDING TAXONOMY RELEVANT SECTORS (TAXONOMY-ALIGNED)	OF WHICH USE OF PROCEEDS	OF WHICH TRANSI-TIONAL	OF WHICH ENABLING
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	15,4%				
2	**Financial undertakings**	37,6%				
3	Credit institutions	37,6%				
4	Loans and advances					
5	Debt securities, including UoP	37,6%				
6	Equity instruments					
7	Other financial corporations					
8	of which investment firms					
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings					
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	**Non-financial undertakings**					
21	Loans and advances					
22	Debt securities, including UoP					
23	Equity instruments					
24	**Households**	14,8%				
25	of which loans collateralised by residential immovable property	100,0%				
26	of which building renovation loans					
27	of which motor vehicle loans	100,0%				
28	**Local governments financing**					
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**					
32	**Total GAR assets**	13,2%				

GAR KPI STOCK

GAR - Covered assets in both numerator and denominator % (compared to total covered assets in the denominator)	CLIMATE CHANGE ADAPTATION (CCA)			
	PROPORTION OF TOTAL COVERED ASSETS FUNDING TAXONOMY RELEVANT SECTORS (TAXONOMY-ELIGIBLE)			
		PROPORTION OF TOTAL COVERED ASSETS FUNDING TAXONOMY RELEVANT SECTORS (TAXONOMY-ALIGNED)		
			OF WHICH USE OF PROCEEDS	OF WHICH ENABLING
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation				
2 **Financial undertakings**				
3 Credit institutions				
4 Loans and advances				
5 Debt securities, including UoP				
6 Equity instruments				
7 Other financial corporations				
8 of which investment firms				
9 Loans and advances				
10 Debt securities, including UoP				
11 Equity instruments				
12 of which management companies				
13 Loans and advances				
14 Debt securities, including UoP				
15 Equity instruments				
16 of which insurance undertakings				
17 Loans and advances				
18 Debt securities, including UoP				
19 Equity instruments				
20 **Non-financial undertakings**				
21 Loans and advances				
22 Debt securities, including UoP				
23 Equity instruments				
24 **Households**				
25 of which loans collateralised by residential immovable property				
26 of which building renovation loans				
27 of which motor vehicle loans				
28 **Local governments financing**				
29 Housing financing				
30 Other local government financing				
31 **Collateral obtained by taking possession: residential and commercial immovable properties**				
32 **Total GAR assets**				

GAR KPI STOCK

	GAR - Covered assets in both numerator and denominator % (compared to total covered assets in the denominator)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which use of proceeds	Of which transi-tional	Of which enabling	Proportion of total assets covered
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	15%					81,5%
2	**Financial undertakings**	37,6%					2,4%
3	Credit institutions	37,6%					2,4%
4	Loans and advances						
5	Debt securities, including UoP	37,6%					2,4%
6	Equity instruments						
7	Other financial corporations						
8	of which investment firms						
9	Loans and advances						
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings						
17	Loans and advances						
18	Debt securities, including UoP						
19	Equity instruments						
20	**Non-financial undertakings**						
21	Loans and advances						
22	Debt securities, including UoP						
23	Equity instruments						
24	**Households**	14,8%					79,2%
25	of which loans collateralised by residential immovable property	100,0%					11,7%
26	of which building renovation loans						
27	of which motor vehicle loans						
28	**Local governments financing**						
29	Housing financing						
30	Other local government financing						
31	**Collateral obtained by taking possession: residential and commercial immovable properties**						
32	**Total GAR assets**	13,2%					95,6%

NUCLEAR ENERGY RELATED ACTIVITIES

1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	**NO**
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	**NO**
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	**NO**
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	**NO**
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	**NO**
6.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	**NO**

TABLE AND FIGURES

2023 DIRECTORS REPORT
NOBA HOLDING AB (PUBL)

OPERATIONS

ABOUT THE GROUP

NOBA Holding AB (publ) (formerly known as Nordax Holding AB (publ)) (corporate identity number 559097-5743), with its registered office in Stockholm, Sweden, at the address Box 23124, 104 35 Stockholm, Sweden, telephone number +46 8 508 808 00, www.noba.bank, with its group hereinafter called NOBA, is owned and controlled, directly and indirectly, by Nordic Capital Fund VIII, with a holding of 35 percent, Nordic Capital Fund IX, with a holding of approximately 45 percent, and Sampo Oyj, with a holding of approximately 20 percent.

The NOBA group includes a number of subsidiaries of NOBA Bank Group AB (publ) (hereinafter called NOBA Bank); Svensk Hypotekspension AB (hereinafter referred to as “SHP”), NOBA Sverige AB, Nordax Sverige 5 AB (publ), Nordax Sweden Mortgages 1 AB (publ), NOBA Finland 1 AB (publ) and the Irish company Lilienthal Finance Limited. The subgroup SHP includes Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB (publ), Svensk Hypotekspension Fond 4 AB (publ) and Svensk Hypotekspension 5 AB (publ).

After the cross-border merger between NOBA Bank and its subsidiary Bank Norwegian ASA, which was completed on 30 November 2022, with NOBA Bank as the surviving company and Bank Norwegian ASA as the transferring company, the former subsidiary’s operations are continued through a Norwegian branch of NOBA Bank. The legal name of the branch is Bank Norwegian, a part of NOBA Bank AB (publ).

BUSINESS FOCUS

NOBA was authorised on 27 January 2004 to conduct financing operations as a credit market company. On 5 December 2014, NOBA was granted authorisation by Finansinspektionen, the Swedish Financial Supervisory Authority, to conduct banking operations pursuant to the Banking and Financing Business Act.

Through a centralised business model and an organisation based in Stockholm and Oslo, NOBA conducts cross-border banking operations in Sweden, Norway, Denmark, Finland, Germany, the Netherlands and Spain, pursuant to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

NOBA’s main operations comprise lending to private individuals in Sweden, Norway, Finland and Denmark. Previously, NOBA also engaged in lending in Germany and Spain. Lending is in the form of unsecured credits up to amounts corresponding to NOK 800,000, SEK 600,000, DKK 400,000 and EUR 60,000.

Residential mortgages have been offered in Sweden since 2018 and in Norway since 2019.

Through the subsidiary SHP, which was acquired in 2019, NOBA also offers equity release mortgages to people over the age of 60.

As of November 2021, NOBA also offers credit cards in Sweden, Norway, Finland, Denmark and Germany, though its branch in Norway. NOBA previously offered credit cards in Spain.

NOBA offers savings accounts to individuals in Sweden, Norway, Denmark, Finland, Germany, Spain and the Netherlands. Deposits on savings accounts are part of NOBA’s diversified funding platform, which also consists of securitisation (asset-backed securities), secured financing from international banks, bonds, equity and subordinated liabilities.

BUSINESS VOLUME DEVELOPMENT OVER THE YEAR

PORTFOLIO DEVELOPMENT

As at 31 December 2023, total lending amounted to SEK 110.6 billion (89.4). All products and active markets contributed to the increase in volume compared to 2022.

CONSUMER LOANS AND CREDIT CARDS

Compared to 2022, the portfolio of personal loans and credit cards showed a strong growth. As at 31 December 2023, the total volume of personal loans and credit cards was SEK 93.1 billion (73.7).

RESIDENTIAL MORTGAGES

In 2018, NOBA launched residential mortgages in Sweden. The main target group is customers with untraditional forms of employment, such as self-employed or temporary employees such as project or part-time employees. Through a thorough credit assessment and personal contacts with the customers, it is possible to approve mortgages for this customer group, which is often denied loans by major banks despite having stable finances. Interest in our offering has remained strong with a positive development in new lending.

At the end of the first quarter of 2019, NOBA also launched residential mortgages in the Norwegian market. Like in Sweden, the target group in Norway belongs to the non-standard segment, i.e. customers that do not fit into the strict profiles required by the major banks.

Over the period, new lending was affected by generally rising interest rate levels in society and reduced activity in the housing market, but growth was stable, and the total residential mortgage portfolio was SEK 7.9 billion (6.9) as at 31 December 2023.

EQUITY RELEASE MORTGAGES

NOBA offers equity release mortgages through its wholly owned subsidiary Svensk Hypotekspension, which was acquired in January 2019. The portfolio continued to perform well with stable new lending. The total volume of equity release mortgages amounted to SEK 9.6 billion (8.8) as at 31 December 2023.

RESULT AND PROFITABILITY

GROUP

Operating profit amounted to SEK 1,344 million (1,197). The increase was due to increased lending and higher net interest income but was offset by increased credit losses. Pre-provision profit amounted to 5,253 MSEK (3,620).

Net interest income amounted to SEK 7,872 million (6,558). Net interest income rose due to increased lending and higher lending rates but was also affected by higher interest expenses, due to rising deposit rates and other financing costs.

Net fee and commission income amounted to SEK 501 million (414). The increase was caused by a growth in payment transactions relating to credit cards over the year.

Operating expenses amounted to SEK -1,665 million (-1,827). The expenses included SEK -1,516 million (-1,521) in administrative expenses, of which SEK -1,337 million (-1,194) referred to underlying operations and SEK -179 million (-327) referred to transformational expenses, chiefly linked to the integration of Bank Norwegian and an ongoing replacement of NOBA's core banking system. Operating expenses also included SEK -149 million (-306) in amortisation and impairment of property, plant and equipment and other intangible assets. This included SEK -69 million for 2023 and SEK -201 million for 2022 for relating to impairment of intangible assets related to Lilienthal Finance Ltd.

Other operating expenses, which comprised marketing expenses, sales costs related to credit cards and other expenses, amounted to SEK -1,287 million (-1,249). The increase was caused by SEK -171 million in other expenses associated with the settlement with the airline NAS, but it also includes a reduction in sales costs and marketing expenses.

Depreciation and impairment of transaction surplus values amounted to SEK -169 million (-176), which was according to plan.
The item is a pure accounting item that refers to the allocation of surplus values form previous acquisitions, essentially Bank Norwegian, and does not affect cash flows or capital adequacy, as the asset has already been deducted from own funds.

Credit losses amounted to SEK -3,909 million (-2,423), which corresponded to 3.9 percent (3.0) of average lending. Credit losses were affected negatively by continued high credit losses in Continental Europe. Excluding Continental Europe, they would have been 3.7 percent (2.8). The increase in absolute figures was chiefly due to increased lending portfolios, while the relative increase was mainly due to an increase in Stage 1 provisions, which comprised 20 percent of the total credit losses in 2023, compared with 10 percent in 2022, but also increases in Stage 3.

Operating profit for the year was affected negatively by the expansion in Continental Europe (Germany and Spain), chiefly due to high initial credit losses in these markets. The result from Continental Europe amounted to SEK -385 million (-279).

As the bank's profit is highly affected at present by transformational expenses, initial costs in Continental Europe and accounting effects related to intangible assets, mainly related to the acquisition of Bank Norwegian, management is also monitoring operations based on adjusted profit, which excludes the effect of these items. Adjusted operating profit amounted to SEK 2,317 million (2,181)[1].

The tax expense amounted to SEK -293 million (-330) over the period and contained a positive effect due to a renewed assessment of the tax rate applied to deferred tax. Deferred tax refers to surplus values from transactions from the acquisition of Bank Norwegian ASA.

PARENT COMPANY

Total net sales amounted to SEK 58 million (37).

Operating expenses amounted to SEK -13 million (-17).

Result from financial investments amounted to SEK 65 million (52).

FINANCING, LIQUIDITY AND CAPITAL

DEPOSITS AND SAVINGS

The inflow of deposits remained strong over the period and total deposits amounted to SEK 96.8 billion (77.1) as at 31 December 2023.

FINANCING

On 21 December, NOBA issued a Tier 2 bond of EUR 40 million with 18 January 2024 as the settlement date.

On 12 December, NOBA issued a notice of voluntary redemption of all bonds issued by the subsidiary Svensk Hypotekspension Fond 4 AB with a nominal amount of SEK 2.25 billion.

In December, NOBA repaid senior unsecured bonds of NOK 976 million and SEK 334 million.

On 2 October, NOBA redeemed AT1 bonds of NOK 125 million and Tier 2 bonds of SEK 550 million.

In September, NOBA repurchased senior unsecured bonds of SEK 198 million and NOK 170 million.

On 5 July, through the subsidiary Nordax Sverige 5 AB (publ), NOBA obtained a SEK 1 billion increase and a two-year extension of the existing bilateral secured funding of SEK 3 billion with an international bank.

In June, NOBA successfully issued two tranches of subordinated Tier 2 bonds of NOK 400.5 million and SEK 351 million, respectively.

In June, NOBA repurchased senior unsecured bonds for a value of NOK 424 million and SEK 266 million.

In April, through the subsidiary Svensk Hypotekspension 5 AB (publ), SHP obtained new bilateral secured funding of SEK 250 million with an international bank. At the same time, the existing funding of SEK 2.375 billion was extended by two years. Consequently, total funding was SEK 2.625 million.

PORTFOLIO EVENTS

During the year, NOBA completed the sale of two portfolios of non-performing loans (NPL). One Finish portfolio encompassing a gross volume of SEK 545 million, which resulted in a positive impact on operating profits and a Norwegian portfolio encompassing a gross volume of NOK 101.5 million, which resulted in a neutral effect on operating profits.

RATING

In June, NOBA received a confirmed credit rating of BBB, stable outlook, from Nordic Credit Rating.

[1] Reported operating profit of SEK 1,344 million (1,197) adjusted by transformational expenses of SEK -179 million (-327), an effect of SEK -385 million (-280) from Continental Europe and amortisation according to plan of surplus values from transactions of SEK -169 million (-176). For 2023, also adjusted by SEK -171 million for the settlement with the airline NAS and impairment of intangible assets related to Lilienthal Finance LTD of SEK -69 million. In 2022, also adjusted for impairment of intangible assets related to Lilienthal Finance LTD of SEK -201 million.

CAPITAL AND LIQUIDTY

As at 31 December 2023, the Common Equity Tier 1 capital ratio was 13.53 percent (15.05), the Tier 1 capital ratio was 15.08 percent (17.06), and the total capital ratio was 16.49 percent (18.88). At the same point in time, the capital requirements were a Common Equity Tier 1 capital ratio of 10.22 percent (10.36), a Tier 1 capital ratio of 11.95 percent (12.15) and a total capital ratio of 14.26 percent (15.02). On 21 December 2023, NOBA issued a EUR 40m Tier 2 bond in a private placement with an investor. The issue is included in the capital base from the settlement date on 18 January 2024. If this issue had been included as per the end of 2023, the total capital ratio would have been 16.88 percent.

The main reason for the reduction in capital ratios was that growth in Common Equity Tier 1 capital through profit recognised to date was lower than the increase in the risk exposure amount. Capital requirements were chiefly reduced due to reduced Pillar 2 requirements.

Pillar 2 requirements were reduced as a result of the internal capital adequacy assessment that was performed in the first quarter of 2023 when Finansinspektionen's (the Swedish Financial Supervisory Authority's) methods and requirements were applied to all risks. On 31 December 2022, the Pillar 2 requirement that Bank Norwegian had obtained from Finanstilsynet (the Norwegian financial supervisory authority) was applied. The change reduced the Pillar 2 requirement from 3.93 percent to 1.23 percent.

Over the period, the countercyclical buffer requirements increased from 2 percent to 2,5 percent in Norway and Denmark, from 1 percent to 2 percent in Sweden, and from 0 percent to 0.75 percent in Germany, thus increasing NOBA's countercyclical buffer requirement to 1.54 percent (1.04).

On 31 December 2023, NOBA became subject to the requirement for a systemic risk buffer of 4.5 percent for Norwegian risk exposures, which corresponded to 0.98 percent of the total risk exposure amount.

The Common Equity Tier 1 capital rose to SEK 11,860 million (10,710). The Common Equity Tier 1 capital was primarily strengthened due to the profit recognised over the period.

The leverage ratio was 9.67 percent (10.41).

The liquidity reserve amounted to SEK 18.3 billion (20.3) and chiefly comprised secured bonds, treasury bills and investments in central banks and Nordic banks. The liquidity coverage ratio (LCR) was 139.0 percent (253.2).

The net stable funding ratio (NSFR) was 118.1 percent (122.0).

NOBA has a diversified funding structure with various sources of capital distributed over banks, the capital market and deposits from the public. Deposits are the largest source of funding, and deposits from the public were SEK 96,788 million (77,104) as at 31 December 2023.

For additional details on capital and liquidity, see Note 5, Capital adequacy.

OTHER EVENTS

Some uncertainty remained on the financial and real economic markets, in the same way as earlier during the year, also in the fourth quarter, even if the falling rate of inflation contributed to increased optimism. There was increasing hope for future interest rate reductions from the central banks, but key interest rates remained on a tightening level with associated challenges in society. NOBA keeps monitoring the effects of these on the company's customers.

In November, after a constructive dialogue, NOBA entered into a settlement with Norwegian Air Shuttle ASA (NAS) regarding the SEK 171 million trademark dispute. Bank Norwegian will keep using and market the name Bank Norwegian, a part of NOBA Bank Group AB (publ), and the joint cashpoint cooperation will continue. The previously communicated redesign by Bank Norwegian continued as planned and has now been finalised. This terminated the previous published strategic overview of the cooperation with NAS.

In October, the roll out of Bank Norwegian's new visual identity was initiated. This went on for several months, and a visual identity with grey and blue as the main colours has now been rolled out in all markets.

On 16 September, Mats Benserud, Branch CFO, became the new Branch Manager of the Norwegian branch, Bank Norwegian, en filial av NOBA Bank Group AB (publ). Mats has prior experience from several leading positions in the financial sector and will play an important role in NOBA's growth journey. Mats also joined the bank's management. Mats replaced Merete Gillund, who had chosen to leave the bank.

In the third quarter, it was decided to focus resources in the commercially strong markets and product offerings and, due to the somewhat weaker financial development, pause new lending in the German market. NOBA will continue issuing new credit cards and offer a competitive savings offering in the German market.

During the third quarter, the Company and its owners initiated a strategic overview to support NOBA in its continued development. This may include, but will not be limited to, an extension of NOBA's shareholder base through a sale by the owners of a minority share in the Company.

On 7 June, Nordax Bank AB (publ) changed name to NOBA Bank Group AB (publ) after approval by Finansinspektionen (the Swedish Financial Supervisory Authority) and registration with Bolagsverket (the Swedish Companies Registration Office). All three existing brands – Bank Norwegian, Nordax Bank and Svensk Hypotekspension – are thereby gathered under the Group name NOBA. The brands, including Nordax Bank, will continue to act separately, like before, and customers are not affected by the change of names.

On 14 April, the Norwegian Ministry of Finance stated that it had asked the European Systemic Risk Board (ESRB) to lower the recommended threshold for the application of the Norwegian systemic risk buffer from NOK 32 billion to NOK 5 billion in risk exposure amount for exposures in Norway, as of 31 December 2023. The request was sent to the ESRB in December 2022, and in March 2023, the request was complied with. The ESRB therefore recommended that national supervisory authorities should accept the new threshold within three months of the publication of the recommendation in the Official Journal of the European Union. Finansinspektionen complied with the recommendation, so NOBA became subject to the system risk buffer requirement for Norwegian exposures on 31 December 2023. For the consolidated situation, the buffer requirement corresponds to 0.98 percent of the total risk exposure amount.

On 1 April 2023, Merete Gillund, previously a member of management and in charge of innovation and Strategic Projects, replaced Klara-Lise Aasen as Branch Manager.

In the second quarter, considering the weak financial developments, the bank decided to pause new lending and the issuing of new credit cards in Spain. The bank continues, as before, to offer competitive services relating to cards being lost or otherwise in need of blocking.

In the beginning of 2023, Anna Storåkers left NOBA's Board of Directors, and Ragnhild Wiborg was appointed to the Board of Directors. In the beginning of the year, it was communicated that Klara-Lise Aasen would resign from the position of Branch Manager. In February, Tore Andresen the COO of NOBA's Norwegian branch, Bank Norwegian, became a member of Group management.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

On 22 April, the same way as in 2023, NOBA Bank received a confirmed credit rating of BBB, stable outlook, from Nordic Credit Rating.

During April, NOBA signed an agreement relating to the securitization of an NPL portfolio in Sweden with an expected close during H2 2024. The portfolio comprises a gross volume of approximately SEK 700 million and the transaction is expected to have a neutral effect on operating profits.

During April, NOBA closed the sale of an NPL portfolio in Denmark. The portfolio comprises a gross volume of approximately DKK 180 million and the transaction is expected to have a neutral effect on operating profits.

On 28 March, the board of directors of NOBA Bank, NOBA Group and NOBA Holding resolved to approve a joint merger plan for the implementation of an intra-group merger, with NOBA Bank as the surviving company and NOBA Group and NOBA Holding as the transferring companies. NOBA Bank, NOBA Group and NOBA Holding are part of the same corporate group, in which NOBA Bank is a wholly owned subsidiary of NOBA Group which in turn is a wholly owned subsidiary of NOBA Holding. The merger is expected to simplify the corporate group structure and is implemented to establish NOBA Bank as the new parent company of the group. All business operations of the group will remain unaffected by the merger, since all operational business activities of the group are carried out by NOBA Bank, including its Norwegian branch and NOBA Bank's wholly owned subsidiaries.

The implementation of the merger is subject to and conditional upon necessary permits and approvals from the Swedish Financial Supervisory Authority being obtained. NOBA Bank, NOBA Group, and NOBA Holding have jointly applied to the Swedish Financial Supervisory Authority for permission to implement the merger. The merger is expected to be completed during the second half of 2024.

On 11 March, NOBA issued AT1 bonds of SEK 799.5 million with 19 March 2024 as the settlement date.

On 14 February, NOBA called for early redemption of senior preferred bonds corresponding to a nominal amount of NOK 700 million and SEK 300 million.

On 31 January, Tore Andresen, previously COO of the branch Bank Norwegian, left NOBA and therefore also the Group management.

On 18 January, NOBA, through NOBA Finland 1 AB, obtained EUR 240 million over two years in bilateral financing from an international bank.

RISKS AND RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

NOBA has established a risk management framework for the Bank and the Group that ensures a sound and effective management of risks and control of operations.

VALUE-CREATING RISK MANAGEMENT

The overall purpose of NOBA's risk management framework is to create value for the Bank's and the Group's operations by ensuring effective internal governance, management and control of the Bank's and the Group's risks.

At NOBA, effective risk management and risk control are based on a sound and robust risk culture, an effective control environment and common working methods. A widely accepted and properly established risk culture is also key to the Bank's and the Group's implementation of adopted business plans and strategies.

NOBA's risk culture is based on mutual respect between employees and respect for clients, investors and other external stakeholders. An important part of NOBA's risk culture refers to the high level of risk awareness among the employees, but also to their responsibility for value creation. NOBA and the Group take clear ownership of risks and accept responsibility for managing those risks in an effective, appropriate and responsible manner.

NOBA's risk management framework is governed by the Bank's and the Group's internal governance documents and encompasses strategic objectives, risk appetite, risk strategy, risk culture, internal risk limits, significant procedures, the overarching governance model and NOBA's overall risk management process.
NOBA's risk management process comprises the following components:

- identifying and assessing risks;
- managing and/or mitigating risks;
- monitoring and controlling risks; and
- reporting risks.

NOBA has established an effective governance model for the Bank's and the Group's risk management, based on three lines of defence. The governance model creates a clear division of responsibility in the operation, related to the function that:

- owns the risk, responsible for the risk managment on a daily basis and performes the daily tasks (first line of defence);
- monitors, controls and supports first line in the risk management efforts (second line of defence – Compliance and Risk Control); and
- conducts independent reviews of first and second line of defence (third line of defence).

NOBA's governance model is also an effective way of managing regulatory requirements, ensuring compliance with internal rules and identifying and mitigating deviations and breaches in a fast and effective manner.

RISK APPETITE AND RISK LIMITS

NOBA's risk appetites are defined in a framework consisting of qualitative risk appetite formulations that are made more explicit via quantitative risk limits at the Board of Directors and senior management levels (Board limits and CEO limits). The risk appetite framework also incorporates roles, responsibilities, reporting procedures and escalation procedures if these limits are exceeded. If the limits are exceeded, the violations are immediately escalated to Risk Control, the CEO and – for Board limits – to the Board of Directors.

Identified risk owners in the first line of defence is responsible for continuously monitoring exposure levels in relation to risk limits. NOBA's independent risk control function monitors exposure levels and reports to the CEO and the management team on a monthly and quarterly basis regarding all the Bank's and the Group's risk limits. Results from the risk control function's monitoring activities are also included in the function's reporting to NOBA's Board of Directors on at least a quarterly basis.

DEVELOPMENT OF RISK MANAGEMENT

NOBA's updated risk taxonomy now includes:

- Aggregate risk
- Credit risk
- Market risk
- Liquidity risk
- Operational risk, including ICT risk
- Financial crime
- Compliance risk
- Business and strategic risk

NOBA also manages risks related to environmental, social responsibility (ESG) and corporate governance based on the risks defined within the groups risk taxonomy. This is described in further detail in NOBA's Sustainability Report.

DEVELOPMENT OF RISK MANAGEMENT

In 2023, the negative macroeconomic developments continued in the Nordic region and Europe, where market and business conditions were affected to a degree that varied between the Nordic countries. NOBA focused on strengthening its monitoring and analysis of the development of risks in the Bank's and the Group's portfolios and on the continued development of the Bank's independent control framework for credit risk, market risk, liquidity risk and operational risk. Within the scope of the general development of the risk control framework for operational risk, major focus was on information and communication technology (ICT) risk.

The strong growth over the year, both in relation to the balance sheet, risk exposure and organisation, was also matched with changed risk assessments, model risk management and new risk control and compliance procedures and tools.

NOBA also has initiated several projects within the frame of ESG in order to meet internal goals and expectations, upcoming regulatory changes and create conditions for new products and solutions. This is described in further detail in NOBA's Sustainability Report.

AGGREGATE RISK

In the area of Aggregated risk, the Bank and the Group ensures compliance with central capital adequacy and liquidity requirements. The capital and liquidity positions shall support the strategic and financial goals in the medium term, and the statement of financial position shall be resilient under periods of severe stress. The Bank and the Group have adopted numerous risk management procedures, analyses and controls to ensure compliance with internal and external requirements in the day-to-day business operations.

CREDIT TRISK

NOBA's credit risk is the risk that clients, counterparties and issuers at times may be unable to pay according to agreed payment schedules. The Bank's and the Group's primary credit risk exposures arise from consumer loans, credit cards, residential mortgages, equity release mortgages, investments and concluded derivative contracts.

NOBA's credits are diversified across markets and segments to balance risk against expected returns, which provides for risk-adjusted returns that are sustainable in the long term. Unsecured lending is supported by robust and precise credit processes, which allows NOBA to operate with low risk in a high-risk segment. NOBA continuously monitors credit risks and credit risk trends in its portfolios via statistical analysis and regular validation of its credit risk models. Analyses and segmentations of relevance to NOBA's credit risk exposure and trends are performed continuously. The results of these analyses then form the basis of the continuous credit risk assessment, both as regards trends and changes to credit risk models.

NOBA's credit risk exposure from residential mortgages is considered to entail medium risk, as such mortgages are offered to clients regardless of their form employment and are customised to the meet the client's needs. The risk related to residential mortgages is managed through robust and precise credit processes and individual assessments and through NOBA's policy of requiring collateral of high quality. The Bank and the Group have a low risk appetite for liquidity investments. Funds are primarily invested with institutions with high credit ratings and in secured assets, such as sovereign debt and covered bonds. Investments are diversified to reduce NOBA's exposure to counterparty risk.

MARKET RISK

Market risk exposure arises as a natural part of NOBA's business model and operations and primarily consists of interest rate risk, currency risk, credit spread risk and share price risk. NOBA manages its market risk through effective governance and by matching currencies, interest rates and maturities related to the Bank's and the Group's assets and liabilities.
Derivatives are used to hedge against negative trends in exchange rates and market interest rates, thus minimizing the Bank's and the Group's exposure to residual market risks.

NOBA also accepts market positions as a result of strategic investments. NOBA's appetite for market risk is low, and its approach to market risk management must be capital efficient.

LIQUIDITY RISK

The Bank and the Group have a low risk appetite for liquidity risk. NOBA manages liquidity risk through a combination of assets and liabilities distributed across a mix of desired maturities and currencies. As NOBA invests the liquidity reserve in high quality assets with low counterparty risk, it is expected that these can be sold and converted to cash within 30 days, also in a distressed situation. NOBA monitors and projects the Bank's and the Group's regulatory requirements related to liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) to ensure that these are maintained both in the short and long term.

OPERATIONAL RISK

NOBA has a low risk appetite in terms of operational risks. Nevertheless, all areas of the Bank's and the Group's operations are exposed to operational risks. These risks are related to human error, processes, information and cyber security risks, legal risks and external factors. To manage and minimise these operational risks, the Group has implemented the use of various tools and procedures, such as the self-assessment of operational risks and the design of controls, incident management, continuity and crisis management, independent control of the internal control monitoring of risk indicators in the first line of defence and the approval process for new products, services and procedures.

The framework for managment of operational risks also includes processes and rutines for maintaining high stability and availability for the IT platform and a strong information and cyber security as well.

FINANCIAL CRIME

NOBA a low risk appetite for financial crime, as this poses a risk of harm not only to the Bank and the Group but to the entire financial system. Financial crime includes money laundering, terrorist financing, violations of international sanctions, fraud, bribery, and corruption. NOBA strives to identify and manage these types of risks by analysing its business for inherent risks and managing them, such as by monitoring transactions, identifying lending patterns and maintaining meticulous processes for the analysis and approval of clients prior to embarking upon a business relationship.

COMPLIANCE RISK

NOBA has a low risk appetite for compliance risks. Compliance risk is the risk that the Company does not comply with applicable internal and external rules and regulations and the risk that internal governance procedures are ineffective or unfit for purpose. NOBA manages compliance risk through the Bank's and the Group's procedure for regulatory monitoring, which aims to identify, evaluate and implement new and amended external statutory and regulatory requirements.

NOBA also has established processes and procedures for the regular verification of compliance with internal and external regulations in the day-to-day operations.

BUSINESS AND STRATEGIC RISK

NOBA ensures that the business model is sustainable in the long term via the creation of competitive products and services. NOBA's good adaptability to technological, client-related and market changes allows the Bank and the Group to have a higher appetite for risk related to business risks. Business and strategic risk relates to changes in macroeconomic conditions and technologies, external risks and changes to the markets and segments in which NOBA operates as well as specific risks related to the Bank's and the Group's business model and strategies. NOBA is in an expansive stage and has a stated strategy to grow the business.

This expansion is taking place at a time when the financial market is undergoing change in terms of technological solutions, regulatory requirements and client behaviour and expectations. NOBA has properly proven processes in place for managing business risk, both as regards strategies for effectively capturing, handling and mitigating external market-related changes and for ensuring that the Bank's and the Group's financial and strategic objectives are achieved.

OTHER

SUSTAINABILITY REPORT AND CORPORATE GOVERNANCE REPORT

A Sustainability Report and a Corporate Governance Report is provided separately from the Director's report on pages pages 19-69 and 82-88.

FIVE-YEAR SUMMARY

GROUP	2023	2022	2021	2020	2019
Key figures					
Common Equity Tier 1 ratio %	13.5	15.1	16.2	16.2	14.0
Return on equity %	8.9	8.2	-2.6	14.2	9.1
Return on assets %	0.8	0.7	-0.5	1.0	0.8
C/I ratio %	37	47	67	45	58
C/I ratio, excluding acquisition costs	-	-	43	-	-
Credit loss level %	3.9	3.0	3.1	1.6	1.4
Credit loss level %, excluding the initial effect upon acquisition	-	-	1.4	-	-
Net interest margin	7.9	8.2	4.8	6.0	6.5
New lending	44,610	37,976	15,525	9,623	10,815
Number of employees translated to full time employees	636	594	476	331	271
Summary income statements					
Net interest income	7,872	6,558	2,418	1,637	1,388
Net fee and commission income	501	414	166	71	74
Net gains/losses on financial transactions	1	-100	-48	-46	4
Total income	8,374	6,872	2,536	1,662	1,466
Total operating expenses	-3,121	-3,252	-1,699	-740	-855
Credit losses	-3,909	-2,423	-473	-430	-284
Credit losses initial effect upon acqusition	-	-	-537	-	-
Operating profit	1,344	1,197	-173	492	327
Tax	-293	-330	36	-111	-82
Net profit for the year	1,051	867	-137	381	245
Summary statements of financial position					
Cash and balances with central banks	1,173	3,723	1,924	728	100
Treasury bills eligible for repayment etc.	1,200	-	-	-	-
Lending to credit institutions	3,302	3,376	3,258	1,144	1,213
Lending to the general public	110,615	89,382	71,391	28,458	26,238
Bonds and other interest-bearing securities	13,172	13,608	23,318	2,329	3,120
Other assets	12,552	13,384	13,078	4,792	4,936
Total assets	**142,014**	**123,473**	**112,969**	**37,451**	**35,607**
Liabilities to credit institutions	10,995	9,739	6,609	1,605	3,068
Deposits from the public	96,788	77,104	67,424	24,203	19,222
Issued securities	5,581	8,416	10,866	3,330	5,105
Other liabilities	4,743	4,411	4,771	855	1,166
Equity	23,907	23,803	23,299	7,458	7,046
Total liabilities and equity	**142,014**	**123,473**	**112,969**	**37,451**	**35,607**

PROPOSED APPROPRIATION OF PROFITS

THE FOLLOWING UNRESTRICTED EQUITY IS AT THE DISPOSAL OF THE ANNUAL GENERAL MEETING:

SEK	
Retained earnings	-10,899,412
Net profit for the year	109,834,437
Holders of Tier 1 capital	1,353,777,883
Total	**1,452,712,908**

THE BOARD OF DIRECTORS PROPOSES THAT THE FUNDS AT THE ANNUAL GENERAL MEETING'S DISPOSAL BE ALLOCATED AS FOLLOWS:

SEK	
To be carried forward	1,452,712,908
Total	**1,452,712,908**

Group contributions of SEK 3,755,262 (10,802,431) were provided from NOBA Bank Group AB (publ).

CORPORATE GOVERNANCE REPORT 2023
NOBA HOLDING AB (PUBL)

INTRODUCTION

NOBA Holding AB (publ) ("NOBA Holding" or the "Company") formerly Nordax Holding AB (publ)) has issued transferrable ecurities that are listed for trading on Nasdaq Stockholm.

NOBA Holding is controled by Nordic Capital and Sampo (se further below section ”Direct or indirect shareholdings in the Company that represent at least one-tenth of the voting rights for all shares of the Company”).

NOBA Holding complies with a various relevant laws and regulations pertaining the principle of good corporate governance and business ethics, and guidelines for the control of he operations of the Company. These include the Swedish Companies Act (2005:551), the Swedish Annual Accounts for Credit Institutions and Securities Companies Act (1995:1559), the Nasdaq Stockholm Nordic Main Market Rulebook for Issuers of Shares, and the Internartional Financial Reporting tandards (IFRS).

NOBA Holding has prepared this corporate governance report in accordance with chapter 6 6-9§§ the Annual Acts Account.

In accordance with the basic principles regarding the governance and organization of limited liability companies, NOBA Holding is governed by its Annual General Meeting, the Board of Directors appointed by the shareholders at the AGM, the Chief Executive Officer (CEO) appointed by the Board. The auditor appointed by the Annual General Meeting shall present an Auditor’s Report its audit of the Company’s statutory financial statements and consolidated financial statements, on the appropriation of profits, and on the management of the Company and its activities by the Board of Directors and the Chief Executive Officer

THE COMPANY’S SYSTEM FOR INTERNAL CONTROL AND RISK MANAGEMENT

THE MOST IMPORTANT ELEMENTS IN THE COMPANY'S SYSTEM FOR EXTERNAL REPORTING

The internal control of financial reporting is based on the six cornerstones of internal control presented below: control environment, risk management, control activities, information and communication, follow-up and evaluation of and opinions on internal audits.

SYSTEM FOR INTERNAL CONTROL AND RISK MANAGEMENT RELATED TO THE FINANCIAL REPORTING

Internal control of financial reporting is a process that ensures compliance with the principles established for internal control and financial reporting and that the Company’s financial reporting is prepared in accordance with law, regulations, applicable financial reporting standards and generally accepted accounting practice and other requirements on companies whose transferable securities are admitted to trading in a regulated market.

CONTROL ENVIRONMENT

Fundamental to NOBA’s internal control of financial reporting is the control environment described in the Corporate Governance Report, including a clear and transparent organisational structure, a clear definition of authorisations and responsibilities and governance documents, such as internal policies, instructions, guidelines and manuals. This also includes the ethical guidelines that are communicated to all employees and represent a fundamental condition for an effective control environment.

Examples of policies, instructions, guidelines and manuals include the Rules of Procedure of the Board of Directors, Instructions to the CEO, instructions to the Branch Manager, policy for the risk control function, compliance policy, policy for the internal audit function and policy for accounting and authorisation.

The governance documents are evaluated continuously, at least annually, and are updated as required due to new or amended rules and regulations and/or in the event of internal changes in the operations.

Another component of the control environment is risk assessment, i.e. the identification and management of risks that may affect the financial reporting, and the control activities that are designed to prevent, detect and correct errors and deviations.

To assure adequate risk management and compliance with laws, regulations and internal control documents, NOBA’s risk management and internal control environment are based on the three lines of defence.

RISK MANAGEMENT

NOBA’s management of risks associated with financial reporting takes a proactive and monitoring role with an emphasis on evaluation, controls and training initiatives. NOBA uses available techniques and methods for cost-efficient risk management. Risk management is an integral part of the operations.

INTERNAL CONTROL AND RISK MANAGEMENT

CONTROL ACTIVITIES

Various control activities are built into the financial reporting process. These control activities include both general and detailed checks designed to prevent, reveal and remedy errors, deviations and irregularities that may have a material impact on the financial reporting. The control activities are designed and documented at the corporate and department levels based on a reasonable level related to the risk of errors and the effects of such errors. The person responsible in each department is firstly responsible for managing risks linked to the activities and financial reporting processes of the department concerned. In addition, a high level of IT security is essential to the effective internal control of financial reporting. On that basis, rules and guidelines have been adopted to ensure the availability, accuracy, confidentiality and traceability of information in the ERP systems.

NOBA has developed a governance programme linked to IFRS 9 that includes a committee meeting chaired by the CFO where all relevant functions are represented. Also, a control framework has been developed, according to which verifications of the material aspects of the IFRS 9 process are formalised.

The purpose of these verifications is to control and verify inputs and outputs and ensure that materials prepared for committee meetings were produced in accordance with the duality principle. The risk control function also carries out its own verifications with the aim of checking the controls in the first line and verifying the performance outcome. The risk control function regularly verifies the outcome of impairment testing pursuant to IFRS 9 and, at least annually, it performs an independent validation based on Principle 5 of EBA's Guidelines on credit institutions' credit risk management practices and accounting for expected credit losses (EBA/GL/2017/06).

INFORMATION AND COMMUNICATION

The Company has information and communication channels intended to support the completeness and accuracy of the financial reporting. Governance documents in the form of internal policies, instructions, guidelines and manuals for financial reporting have been made available and are known to the personnel concerned via the NOBA intranet, and these documents are supplemented by descriptions of relevant procedures and processes.

Regular information, dialogues, training initiatives and controls are used to ensure that employees are acquainted with and understand the internal rules and regulations. The internal system of rules and regulations, which includes policies, instructions, guidelines and manuals, supplemented by descriptions of procedures and processes, is the most important tool for the provision of information and for ensuring the quality of the financial reporting. The system used for financial reporting covers the entire Group.

The external communications aim to provide an accurate picture of NOBA and is governed by the communication policy.

NOBA holds investor and analyst meetings and participates in investor seminars.

MEASURES TAKEN BY THE BOARD OF DIRECTORS TO MONITOR INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors' measures to follow up on the internal control related to financial reporting are included in the Board of Directors' continuous monitoring of the Company's and the Group's finances and performance, key figures, costs in relation to budgets and forecasts, etc., but also in the Board of Directors' reviews of and follow-up on the external and internal auditors' review reports. The Board of Directors receive monthly financial statements, and during each Board meeting, the Company's and the Group's financial position is reviewed. The Board of Directors' Audit and Risk Committee also reviews the interim and annual financial statements and the external and internal auditors' observations and conclusions.

NOBA's Accounting and Reporting Department continuously compile and report on financial and operational figures and analyses to heads of functions, the management team and the Board of Directors. NOBA's Accounting and Reporting Department actively monitors income and expenses in relation to budgets and forecasts. This work is performed in close cooperation with the management team and the rest of the organisation.

The control functions Risk Control, Compliance and Internal Audit monitor compliance with internal policies, instructions, guidelines and manuals.

At least quarterly, the Board of Directors is presented with reports from the control functions. The reports include monitoring and follow-up of the operations and associated risks as well as an evaluation of the efficiency and adequacy of risk management and compliance and apply to the entire organisation.

The Group's information and communication channels are monitored continuously by the Board of Directors to ensure that they are appropriate for the financial reporting.

Evaluations and opinions by the internal audit function NOBA's internal audit function is appointed by, and reports directly to, the Board of Directors via the Audit and Risk Committee. The role of the internal audit function is governed by the policy on the internal audit function. The function's work is based on an audit plan that is reviewed by the Audit and Risk Committee and adopted annually by the Board of Directors.

The plan is based on a risk analysis performed in cooperation with the Risk Control and Compliance functions and the Chair of the Audit and Risk Committee. The work of the internal audit function includes reviewing and determining whether systems, internal control mechanisms and procedures are appropriate and effective, verifying compliance with current recommendations and, at least annually, reporting in writing to the Board of Directors and the Audit and Risk Committee.

The internal audit function has been outsourced to an external party with the aim of ensuring quality and independence in evaluations and reviews.

DIRECT OR INDIRECT SHAREHOLDINGS IN THE COMPANY THAT REPRESENT AT LEAST ONE TENTH OF THE VOTING RIGHTS FOR ALL SHARES OF THE COMPANY

As at 31 December 2023, NOBA Holding AB (publ) was owned by Cidron Xingu Sarl, Cidron Humber Sarl and Sampo Oyj. Cidron Humber Sarl owned and controlled, through direct and indirect ownership, a total of 34.74% of the shares and 34.76% of the votes in NOBA Holding AB (publ), of which 33.13% through direct ownership. Cidron Xingu Sarl owned and controlled, through direct and indirect ownership, a total of 45.16% of the shares and 45.21% of the votes in NOBA Holding AB (publ), of which 41.31% of the shares through direct ownership. Sampo Oyj owned and controlled, through direct and indirect ownership, a total of 20.01% of the shares and 20.02% of the votes in NOBA Holding AB (publ), of which 19.07% of the shares through direct ownership. Nordic Capital Fund VIII has an indirect ownership interest in NOBA Holding AB (publ) through its holding in Cidron Humber Sarl, and Nordic Capital Fund XI has an indirect ownership interest in NOBA Holding AB (publ) through its holding in Cidron Xingu Sarl.

RESTRICTIONS ON THE NUMBER OF VOTES EACH SHAREHOLDER MAY CAST AT THE ANNUAL GENERAL MEEETING

The share capital consists of one class, where all shares confer the same rights, and shareholders may cast votes for all the shares they own or represent.

PROVISIONS IN THE ARTICLES OF ASSOCIATION ON THE APPOINTMENT AND DISMISSAL OF BOARD MEMBERS AND ON AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The articles of association contain no provisions regarding the appointment or dismissal of Board members, except for a provision on the minimum and maximum number of Board members. Nor does the articles of association contain any provisions regarding changes in the articles of association

NOBA's current Articles of Association were adopted at the Extraordinary General Meeting held on 8 March 2023.

THE ANNUAL GENERAL MEETING'S AUTHORISATION TO THE BOARD OF DIRECTORS TO ISSUE NEW SHARES OR ACQUIRE TREASURY SHARES

In 2023, the Annual General Meeting did not authorise the Board of Directors to issue new shares or acquire treasury shares.

FINANCIAL STATEMENTS 2023
NOBA HOLDING AB (PUBL)

CONSOLIDATED INCOME STATEMENT

GROUP SEK million	NOTE	JAN-DEC 2023	JAN-DEC 2022
Operating income			
Interest income	7	11,387	7,834
- of which, interest income according to the effective interest method		10,842	7,658
Interest expense	7	-3,515	-1,276
Total net interest income		**7,872**	**6,558**
Fee and commission income	8	727	582
Fee and commission expense	8	-226	-168
Net gains/losses on financial transactions	9	1	-100
Other operating income		0	0
Total operating income		**8,374**	**6,872**
Operating expenses			
General administrative expenses	10	-1,516	-1,521
Depreciation, amortisation and impairment of property, plant and equipment and other intangible assets	11	-149	-306
Amortisation and impairment of surplus values from transactions	12	-169	-176
Other operating expenses	13	-1,287	-1,249
Total operating expenses		**-3,121**	**-3,252**
Profit before credit losses		**5,253**	**3,620**
Net credit losses	14	-3,909	-2,423
Operating profit	6	**1,344**	**1,197**
Tax on profit for the year	15	-293	-330
Net profit for the year		**1,051**	**867**
Attributable to:			
The Parent Company's shareholders		933	776
Holders of Tier 1 capital		118	91

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP SEK million	JAN-DEC 2023	JAN-DEC 2022
Net profit for the year	1,051	867
Items to be reclassified to the income statement		
Revaluation gains and losses during the year	-163	203
Tax on revaluation gains and losses during the year	34	-46
Total cash flow hedges	**-129**	**157**
Debt instruments at fair value through other comprehensive income	-1	-
Tax on debt instruments at fair value through other comprehensive income	0	-
Total debt instruments at fair value	**-1**	**-**
Translation of foreign operations	-1,214	582
Hedge accounting of net investment in foreign operations before tax	675	-912
Tax on hedge accounting	-139	188
Tax on translation differences	132	18
Total	**-546**	**-124**
Items that will not be reclassified to the income statement		
Equity instruments at fair value through other comprehensive income	-22	4
Total	**-22**	**4**
Total other comprehensive income	-698	37
Total comprehensive income for the year	**353**	**904**
Attributable to:		
The Parent Company's shareholders	235	813
Holders of Tier 1 capital	118	91

PARENT COMPANY INCOME STATEMENT

PARENT COMPANY SEK million	NOTE	JAN-DEC 2023	JAN-DEC 2022
Net sales		58	37
Total net sales		**58**	**37**
Operating expenses			
Employee expenses	10	-7	-11
Other external expenses	10	-6	-6
Total operating expenses		**-13**	**-17**
Operating profit		**45**	**20**
Result from financial investments			
Profit from shares in group companies		-	-
Interest expenses and similar expenses		-50	-32
Received group contribution		4	11
Dividend received		111	73
Result from financial investments		**65**	**52**
Result after financial items		110	72
Tax on profit for the period		-	-
Net profit for the year		**110**	**72**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Total profit corresponds to profit for the period.

STATEMENT OF FINANCIAL POSITION

FINANCIAL POSITION		GROUP	
SEK million		31 DEC	31 DEC
	NOTE	2023	2022
Assets			
Cash and balances with central banks	17	1,173	3,723
Treasury bills eligible for repayment etc.	19	1,200	-
Lending to credit institutions	17	3,302	3,376
Lending to the general public	18	110,615	89,382
Bonds and other interest-bearing securities	19	13,172	13,608
Shares and participations	20	150	168
Derivatives	22	324	419
Intangible assets	23	11,647	12,364
Property, plant and equipment	24,39	62	77
Current tax assets		5	2
Deferred tax assets		9	-
Other assets	25	288	286
Prepaid expenses and accrued income	26	67	68
Total assets		**142,014**	**123,473**
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities			
Liabilities to credit institutions	27	10,995	9,739
Deposits from the public	28	96,788	77,104
Issued securities	29	5,581	8,416
Derivatives	22	425	307
Current tax liabilities		182	179
Deferred tax liabilities		843	973
Other liabilities	30	1,179	972
Accrued expenses and deferred income	31	397	461
Subordinated liabilities	32	1,717	1,519
Total liabilities		**118,107**	**99,670**
Equity			
Share capital		2	2
Share premium reserve		20,917	20,917
Other funds		-536	157
Tier 1 capital instruments		1,354	1,470
Retained earnings		1,119	387
Net profit for the year		1,051	870
Total equity		**23,907**	**23,803**
Total liabilities, provisions and equity		**142,014**	**123,473**

STATEMENT OF FINANCIAL POSITION

PARENT COMPANY

SEK million	NOTE	31 DEC 2023	31 DEC 2022
Finansial assets			
Shares in group companies	21	22,216	22,216
Total financial assets		**22,216**	**22,216**
Total fixed assets		**22,216**	**22,216**
Short-term assets			
Receivables group companies	25	653	745
Other assets	25	16	14
Prepaid expenses and accrued income	26	2	1
Total short-term assets		**671**	**760**
Cash and bank balances	17	122	29
Total current assets		**793**	**789**
Total assets		**23,009**	**23,005**
LIABILITIES, PROVISIONS AND EQUITY			
Equity			
Share capital		2	2
Share premium funds		20,917	20,917
Tier 1 capital instruments		1,354	1,338
Retained earnings		-10	45
Profit for the year		110	72
Total equity		**22,373**	**22,374**
Liabilities			
Current tax liabilities		0	1
Accrued expenses and prepaid income	31	4	1
Liabilities group companies	30	7	7
Other liabilities	30	3	2
Subordinated liabilities	32	622	620
Total current liabilities		**636**	**631**
Total liabilities		**636**	**631**
Total liabilities, provisions and equity		**23,009**	**23,005**

STATEMENT OF CASH FLOWS

GROUP SEK million	NOTE	31 DEC 2023	31 DEC 2022
Operating activities			
Operating profit		1,344	1,197
Adjustments	37	4,720	4,178
Income tax paid		-337	-704
Cash flows from operating activities before changes in operating assets and liabilities		**5,727**	**4,671**
Change in operating assets and liabilities			
Decrease/Increase in treasury bills eligible for repayment etc.		-1,200	-
Decrease/Increase in lending to the general public		-27,698	-21,936
Decrease/Increase in deposits from the public		21,432	9,537
Decrease/Increase in bonds and other interest-bearing securities		-52	9,799
Decrease/Increase in deposits of issued securities		-2,656	-2,390
Decrease/Increase in liabilities to credit institutions		1,255	3,124
Change of derivatives, net		436	-407
Decrease/Increase in other assets		-135	30
Decrease/Increase in other liabilities		303	240
Cash flows from operating activities		**-8,315**	**-2,003**
Total cash flow for operating activities		-2,588	**2,668**
Investing activities			
Purchase of shares		0	-19
Shareholder contributions		-	-202
Investment in property, plant and equipment and intangible assets		-75	-43
Cash flow from investing activities		**-75**	**-264**
Financing activities			
Issued subordinated loans		755	-
Repayment of subordinated loans		-561	-218
Paid interest Tier 1 capital instruments		-120	-81
Repayment Tier 1 capital instruments		-129	-311
Cash flow from financing activities		**-55**	**-610**
Cash flow for the year		**-2,718**	**1,794**
Cash and cash equivalents at the beginning of the year		**7,099**	**5,182**
Exchange rate differences and cash equivalents		**94**	**123**
Cash and cash equivalents at the end of the year		**4,475**	**7,099**

Cash and cash equivalents is defined as cash and balances with central banks and lending to credit institutions. Pledged cash and cash equivalents under Note 38 are available to NOBA in connection with monthly settlement under financing agreements and are therefore defined as cash and cash equivalents due to being pledged for a maximum of 30 days and therefore short-term.

NET DEBT RECONCILIATION

GROUP

SEK million	OPENING BALANCE 2023	CASH FLOWS	OTHER NON -CASH INTEMS	FOREIGN EXHANGE EFFECTS	CLOSING BALANCE 2023
Subordinated liabilities	1,519	194	8	-4	1,717
Total	**1,519**	**194**	**8**	**-4**	**1,717**

GROUP

SEK million	OPENING BALANCE 2022	CASH FLOWS	OTHER NON -CASH INTEMS	FOREIGN EXHANGE EFFECTS	CLOSING BALANCE 2022
Subordinated liabilities	1,721	-218	-7	23	1,519
Total	**1,721**	**-218**	**-7**	**23**	**1,519**

STATEMENT OF CASH FLOWS

PARENT COMPANY SEK million	31 DEC 2023	31 DEC 2022
Operating activities		
Operating profit	110	72
Cash flow from operating activities before change in operating assets and liabilities	**110**	**72**
Change in operating assets and liabilities		
Decrease/increase in other assets	-18	0
Decrease/increase in other assets intercompany	106	62
Decrease/increase in other liabilities	4	-4
Cash flow from operating activities	**92**	**58**
Total cash flow for operating activities	**202**	**130**
Investing activities		
Shareholder contributions	-	-202
Cash flow from investing activities	-	**-202**
Financing activities		
Decrease/increase in subordinated loans	2	6
Paid interest Tier 1 capital instruments	-111	-62
Cash flow from financing activities	**-109**	**-56**
Cash flow of the year	**93**	**-128**
Cash and cash equivalents at the beginning of the year	**29**	**157**
Cash and cash equivalents at the end of the year	**122**	**29**

STATEMENT OF CHANGES IN EQUITY

GROUP

SEK million	Share capital	Share premium fund	Translation of foregin operations, net	Fair value reserv	Cash flow hedges	Retained earnings incl. profit for the year	Sum	Tier 1 capital instruments	TOTAL
	RESTRICTED EQUITY			NON-RESTRICTED EQUITY					
Opening balance 1 January 2022	**2**	**20,917**	**109**	**35**	**3**	**476**	**21,542**	**1,757**	**23,299**
Comprehensive income									
Net profit/loss for the year	-	-	-	-	-	804	804	63	867
Other comprehensive income	-	-	-152	4	158	-	10	28	38
Total comprehensive income	**-**	**-**	**-152**	**4**	**158**	**804**	**814**	**91**	**905**
Paid interest Tier 1 capital instruments	-	-	-	-	-	0	0	-81	-81
Repayment of Tier 1 capital instrument	-	-	-	-	-	-	-	-311	-311
Change in Tier 1 capital instruments	-	-	-	-	-	-23	-23	14	-9
Closing balance 31 December 2022	**2**	**20,917**	**-43**	**39**	**161**	**1,257**	**22,333**	**1,470**	**23,803**
Opening balance 1 January 2023	**2**	**20,917**	**-43**	**39**	**161**	**1,257**	**22,333**	**1,470**	**23,803**
Comprehensive income									
Net profit/loss for the year	-	-	-	-	-	928	928	123	1,051
Other comprehensive income	-	-	-540	-23	-130	-	-693	-5	-698
Total comprehensive income	**-**	**-**	**-540**	**-23**	**-130**	**928**	**235**	**118**	**353**
Paid interest Tier 1 capital instruments	-	-	-	-	-	-	-	-120	-120
Repayment of Tier 1 capital instrument	-	-	-	-	-	-	-	-129	-129
Change in Tier 1 capital instruments	-	-	-	-	-	-15	-15	15	-
Closing balance 31 December 2023	**2**	**20,917**	**-583**	**16**	**31**	**2,170**	**22,553**	**1,354**	**23,907**

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY

SEK million	Share capital	Share premium fund	Retained earnings incl. net profit of the year	Sum	Tier 1 capital instruments	
	RESTRICTED EQUITY		NON-RESTR. EQUITY			TOTAL
Opening balance 1 January 2022	**2**	**20,917**	**125**	**21,044**	**1,320**	**22,364**
Comprehensive income						
Net profit for the year	-	-	2	2	70	72
Total comprehensive income	**-**	**-**	**2**	**2**	**70**	**72**
Change in Tier 1 capital instruments	-	-	-10	-10	10	0
Interest paid on Tier 1 capital instruments	-	-	0	0	-62	-62
Closing balance 31 December 2022	**2**	**20,917**	**117**	**21,036**	**1,338**	**22,374**
Opening balance 1 January 2023	**2**	**20,917**	**117**	**21,036**	**1,338**	**22,374**
Comprehensive income						
Net profit/loss for the year	-	-	-7	-7	117	110
Total comprehensive income	**-**	**-**	**-7**	**-7**	**-117**	**110**
Change in Tier 1 capital instruments	-	-	-10	-10	10	-
Interest paid on Tier 1 capital instruments	-	-	-	-	-111	-111
Closing balance 31 December 2023	**2**	**20,917**	**100**	**21,019**	**1,354**	**22,373,**

Aktiekapitalet består av 2,403,815 aktier av samma slag med kvotvärde 1 kr.

NOTES

All amounts in the notes are provided in SEK million, unless otherwise stated.

NOTE 1 GENERAL INFORMATION

NOBA Holding AB (publ) (Corporate Identity Number 559097-5743), with its registered office in Stockholm, Sweden is a parent company to the wholly owned subsidiary NOBA Group AB (Corporate Identity Number 556993-2485), with its registered office in Stockholm, which owns NOBA Bank Group AB (publ) (Corporate Identity Number 556647-7286), registered office in Stockholm.

The Group's operating subsidiaries are NOBA Bank Group AB (publ), which since 2014 has been licensed to conduct banking operations and Svensk Hypotekspension AB, which since 2018 has been licensed to conduct mortgage lending under the Mortgage Credit Act.

CORPORATE INFORMATION

Name	NOBA Holding AB (publ)
Domicile	Stockholm
Legal form	Aktiebolag (publ)
Country of incorporation	Sverige
Address, registered office	Box 23124, 104 35 Stockholm
Corporate identity number	559097-5743
LEI code	549300GVTEXIM0CI5J90
Principal place of business	Sverige
Nature of operations and principal activities	Finansiellt Holdingbolag
Name of Parent Company	NOBA Holding AB (publ)
Name of the ultimate parent of the Group	NOBA Holding AB (publ)
Homepage	www.noba.bank

NOTE 2 ACCOUNTING AND VALUATION PRINCIPLES

CONTENTS

1. STATEMENT OF COMPLIANCE

BASIS OF PREPARATION

The consolidated accounts of the NOBA Holding Group were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Additional provisions pursuant to the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Corporate Reporting Board, and the Swedish Financial Supervisory Authority's Regulations (FFFS 2008:25) were also applied.

NEW AND AMENDED STANDARDS APPLIED BY THE GROUP

The changes to the accounting regulations that took effect from 1 January 2023 have not had any impact on the Group's accounts.

CHANGED ACCOUNTING POLICIES THAT HAVE BEEN APPLIED AS OF 2023

During 2023 a review was conducted of the presentation of the income statement, the statement of changes in equity and the statement of cash flows. This was done for both the group and the parent company and resulted in reclassifications between line items in the presentation

The following larger changes have impacted the financial reports for 2023:

In order to achieve a consistent accounting interest earned of financial asstes valued to fair value through profit or loss is since 2023 accounted for within interest income hile the change of fair value and realized result is accounted for within Net profit from financial transactions. This has resulted in a reclassification between Interest income and Net profit from financial transactions with MSEK 93 (-79). The notes that have been amended for 2023 are note 6, 7, 9. Comparable figures have been updated.

As from Q1 2023 depreciation and impairment of transaction surplus values are presented as a separate line item in the income statement and historical values are reclassified.

NEW ACCOUNTING POLICIES THAT HAVE BEEN ADDED DURING 2023

During the period, no accounting standards were added, which have been published but not yet applied, with any significant effect on the Group's financial reports or on capital adequacy and large exposures.

During 2023 new accounting standards were added due to business decisions and market effects. The new accounting standards are presented below.

During 2023 part of Lending to the general public regarding equity release mortgages has been classified as Financial assets valued at profit and loss since these assets do not fulfill the SPPI reqirements in order to be able to be classified as Amortized cost or to Fair value through Other Comprehensive Income. The notes that have been amended for 2023 are notes 4, 6, 14, 33, 34.

NEW APPLICABLE STANDARDS, AMENDMENTS AND INTERPRETATIONS OF EXISTING STANDARDS THAT HAVE NOT YET BECOME EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE GROUP

No IFRS or IFRIC interpretations that have not yet become effective are expected to have a material impact on the Group.

2. CONSOLIDATED FINANCIAL STATEMENTS AND PRESENTATION

The consolidated financial statements were prepared based on the historical cost convention, except for financial instruments measured at fair value through profit or loss.

SUBSIDIARIES

Subsidiaries are all companies over which the Group has control. The Group controls a company when it is exposed, or has rights, to variable returns from its holding in the company and has the ability to affect those returns through its power over the company. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-Group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Intra-Group losses may indicate an impairment that requires recognition in the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations by the Group, regardless of whether equity instruments or other assets are acquired. The consideration for the acquisition of a subsidiary comprises the fair values of:
- the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group; and
- any asset or liability resulting from a contingent consideration arrangement, and
- any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Goodwill refers to the amount by which the consideration transferred, any non-controlling interest in the acquired entity, and the acquisition-date fair value of any previous equity interest in the acquired entity (if the business combination was completed in steps) exceeds the fair value of the net identifiable assets acquired.
If those amounts are less than the fair value of the net identifiable assets acquired, the difference is recognised directly in profit or loss as a bargain purchase.

SEGMENTS

Segment information is presented based on the highest executive decision-maker's perspective, and the segments are identified based on the internal reporting to the CEO, who is identified as the highest executive decision-maker. NOBA has the following operating segments: Sweden, SHP, Norway, Finland, Germany & Spain and Denmark, which reflect NOBA's lending portfolio. As of 2014, income not directly attributable to segments is allocated with allocation keys in accordance with internal principles that the senior management considers provide a fair allocation to the segments. The highest executive decision-maker will primarily apply to the performance concept of operating profit.

3. ASSETS AND LIABILITIES IN FOREIGN CURRENCY

FUNCTIONAL CURRENCY AND REPORTING CURRENCY

IItems included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Parent Company's functional and reporting currency, which is Swedish kronor (SEK), is used in the consolidated financial statements.

TRANSLATION OF FOREIGN CURRENCY

Translation of foreign operations in the financial statements. Assets and liabilities of foreign operations are translated into SEK kronor at the exchange rate on the date of the statement of financial position. Income and expenses are translated into the Group's reporting currency at average exchange rates. Translation differences arising out of currency translations of the assets and liabilities of foreign operations are reported in other comprehensive income and accumulated in the translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate on the balance sheet date.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are generally recognised in profit or loss in the item Net gains/losses on financial transactions.

4. RECOGNITION AND DERECOGNITION OF FINANCIAL INSTRUMENTS

The purchase and sale of financial assets are recognised on the trade day, being the date on which NOBA commits to purchase or sell the asset. Other financial assets and liabilities are generally recognised at the settlement date. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

5. FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

The Group classifies its financial assets in the following measurement categories:
- Financial assets measured at amortised cost;
- Financial assets measured at fair value, either mandatorily through profit or loss or optionally by using the fair value option; and
- Financial assets recognised through other comprehensive income.

The starting point for the classification of financial assets in each respective measurement category is the company's business model for managing the financial assets and whether the contractual cash flows of the financial instrument are solely payments of principal and interest.

NOTE 2 ACCOUNTING AND VALUATION PRINCIPLES

FINANCIAL LIABILITIES
The Group classifies its financial liabilities in the following measurement categories:
- Financial liabilities measured at fair value through profit or loss, and
- Other financial liabilities.

ASSESSMENT OF THE BUSINESS MODEL
The classification of financial assets and liabilities requires an assessment of the business model for financial assets and liabilities.

To determine the business model, the allocation of financial assets and liabilities to portfolios is based on how they are governed, reported and followed up.

ASSESSMENT OF WHETHER CONTRACTUAL CASH FLOWS ARE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST
The assessment of whether contractual cash flows are solely payments of principal and interest is of importance for the classification into measurement categories.
Interest is defined as consideration for the time value of money, credit risk, other basic lending risks (such as liquidity risk) and costs (such as administrative expenses), as well as a profit margin.

To determine whether the financial asset's contractual cash flows are solely payment of principal and interest, the financial asset's contractual terms are assessed. If there are contractual terms that can change the timing or amount of contractual cash flows, modify the consideration for the time value of money or lead to leverage or additional costs for early repayment or extensions, such cash flows are not considered to be solely payment of principal and interest. This assessment takes the form of an SPPI test (Solely Payment of Principal and Interest) and defines the principal as the financial asset's fair value upon initial recognition.

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES
The classification was determined at initial recognition based on NOBA's business model for managing financial assets and the contractual terms for the cash flows from the assets.

MEASUREMENT OF FINANCIAL ASSETS
At initial recognition, financial assets are measured at their fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed directly in profit or loss.

FINANCIAL ASSETS AT AMORTISED COST
Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest (pursuant to the SPPI test), and where the management has not made an irrevocable election to account for the assets at fair value, are measured at amortised cost. Such assets are subject to impairment testing. Received origination fees are included in the cost of the loan assets. Interest income from such financial assets is included in NOBA's net interest income using the effective interest rate method. Foreign exchange gains and losses are presented in net gains/losses on financial transactions. Profit and loss arising out of derecognition are recognised directly in net gains/losses on financial transactions. The category includes Lending to credit institutions, Lending to the public and Cash and balances with central banks and Other assets in the statement of financial position.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
Bonds and other interest-bearing securities, parts of Lending to the public and shares are measured at fair value through profit or loss, as they do not meet the requirements for classification at amortised cost or fair value through other comprehensive income. NOBA's business model for the investments mean that they are monitored on a fair value basis and that the management is authorised to sell the assets. Changes in fair value, revenue, expenses, foreign exchange gains and losses and any profit or loss on an asset recognised at fair value through profit or loss are recognised in Net gains/losses on financial transactions in the period when the profit or loss arises.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
A financial asset is classified in this category if the following two criterias are met:

- the objective of the business model can be achieved both by collecting contractual cash flows and by selling the assets, and

- the contractual cash flows are solely principal and interest.

This is applied to interest-bearing securities, primarily with regard to investments of liquidity, which are generally held to maturity, but where it may be possible to sell all or parts of the holding prematurely if required, and to shares.

They are recognised at fair value plus transaction costs at the date of acquisition. Unrealised value changes are recognised in Other comprehensive income and accumulated in a fair value reserve in equity. Accumulated gains or losses are reclassified from equity to profit or loss when the instrument is derecognised and reported in the item Net gains/losses on financial transactions. Interest is recognised in profit or loss in the item Interest income, and it is calculated using the effective interest rate method. Exchange differences are recognised in profit or loss in the item Net gains/losses on financial transactions.

The assets are tested regularly for impairment. Impairment losses are recognised in the item Net gains/losses on financial transactions and as a change in the fair value reserve in equity through other comprehensive income.

Equity instruments that are not held for trading can be classified irrevocably at initial recognition at fair value through other comprehensive income. This valuation principle is applied to certain shareholdings. Subsequent changes in value, whether unrealised or realised, including foreign exchange gains or losses, are recognised in other comprehensive income. Realised changes in value are reclassified in equity to retained earnings, i.e., not to profit or loss. Only dividend income from such holdings is recognised in profit or loss.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss are financial liabilities held for trading.

A financial liability is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives are classified as held for trading if hedge accounting is not applied. Changes in fair value are recognised in profit or loss in the item Net gains/losses on financial transactions. Liabilities in this category are recognised in the items Other liabilities.

FINANCIAL LIABILITIES AT AMORTISED COST

Other financial liabilities are recognised in the items Liabilities to credit institutions, Deposits from the public, Issued securities and Subordinated liabilities and measured at amortised cost, using the effective interest rate method. Any material covenants should be disclosed.

RECLASSIFICATION

Reclassification only occurs when the Group's business model for managing those instruments changes.

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset in the statement of financial position if there is a contractual right to offset, in the operating activities and in the event of bankruptcy, and if the intention is to settle on a net basis or realise the asset and settle the liability simultaneously.

6. PRINCIPLES FOR THE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

Fair value is defined as the price at which an asset can be sold or a liability be transferred in a regular transaction between independent market participants.

For financial instruments that are traded in an active market, the fair value is considered equal to the current market price. An active market is a market where quoted prices are easily and regularly available in a regulated market, in a marketplace, through a reliable news service or similar, and where the prices can be easily verified through regularly occurring transactions. The current market price corresponds to the price within the bid-ask spread that is most representative of fair value in the circumstances.

If the market for a financial asset is not active (and for unlisted securities), the Group determines the fair value by applying valuation techniques, such as the use of information on recent transactions based on the arm's length principle, a reference to the fair value of a different instrument that in all essentials is comparable, and an analysis of discounted cash flows. These valuation techniques maximise the use of observable market data and rely as little as possible on entity-specific estimates.

For additional information on the measurement of financial assets and liabilities, see Note 37.

SHARES AND PARTICIPATIONS

Shares listed in an active market are measured at market value. For the measurement of unlisted shares and participations, the choice of valuation model depends on what is considered suitable for the individual instrument. Unlisted shares are in all essentials classified at fair value through other comprehensive income, but also through profit or loss.

DERIVATIVES

Derivatives are used to financially hedge any interest rate and currency risks to which the Group is exposed. Derivatives are recognised in the statement of financial position and measured at fair value, both at initial recognition and during subsequent revaluations at the end of each reporting period.

INVESTMENTS IN EQUITY INSTRUMENTS

The only equity instruments held by NOBA are not held for trading. The Group has elected to recognise fair value changes in equity instruments through other comprehensive income and through profit or loss. This means that for equity instruments through other comprehensive income, there are no subsequent reclassifications of fair value changes to profit or loss when the instrument is derecognised. Dividends from such investments are recognised in gains/losses from other securities and non-current receivables when the Group's right to receive payments has been established. For equity instruments recognised through profit or loss, fair value changes and any gains or losses for an asset are recognised in Net gains/losses on financial transactions in the period when the gain or loss arises.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash and balances with central banks and lending to credit institutions. Pledged cash and cash equivalents are available to NOBA in connection with monthly settlement under financing arrangements and are therefore defined as cash and cash equivalents.

7. CREDIT LOSSES

EXPECTED CREDIT LOSSES

The impairment rules apply to financial assets at fair value at amortised cost, financial assets at fair value through other comprehensive income and financial guarantees and irrevocable loan commitments and are based on a model for recognition of expected credit losses (“ECL”). According to this model, the loss allowance shall reflect a probability-weighted amount. Assets to be tested for impairment are divided into the following three stages, depending on the degree of credit impairment:

Stage 1 comprises financial assets with no significant increase in credit risk since initial recognition. In Stage 1, loss allocatons are made that correspond to the losses expected to occur within 12 months as a result of default.

Stage 2 comprises financial assets with a significant increase in credit risk since initial recognition, but for which there is no objective evidence that the claim is credit-impaired at the time of reporting. In Stage 2, loss allowances are made corresponding to the loss expected to occur at some time during the whole of the remaining maturity of the asset as a result of default. For a more detailed description of significant increase in credit risk, see Note 4.

Stage 3 comprises financial assets for which objective circumstances have been identified indicating that the claim is credit impaired. For the definition of credit impaired asset, see the heading Default/credit impaired asset below. In Stage 3, loss allowances are made corresponding to the loss expected to occur at some time during the whole of the remaining maturity of the asset as a result of default.

DEFAULT/CREDIT IMPAIRED ASSET

NOBA’s definition of entry of default is identical with the definition applied in the Capital Requirement Regulation (CRR), entailing either that the counterparty past due more than 90 days with a payment or that an assessment has been made that the counterparty will be unable to meet its contractual payment obligations. The probability of default is calculated before each reporting date and is incorporated in the assessment of whether there has been a significant increase in the credit risk since the initial recognition, as well as in the calculation of expected credit losses for financial assets in Stages 1 and 2.

A credit-impaired financial asset, which is an exposure in Stage 3, is defined as an exposure in default. This means that the assessment for accounting purposes is consistent with the assessment used in NOBA’s credit risk management.

IMPAIRMENT

The Group assesses on a forward-looking basis the expected credit losses associated with investments in assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

RECOGNITION AND PRESENTATION OF CREDIT LOSSES

- Financial assets measured at amortised cost are recognised in the statement of financial position, net after deduction of expected credit losses.

- Off-balance sheet items (unutilised part of credit cards and irrevocable loan commitments) are recognised at their nominal amounts. Provisions for expected credit losses related to these instruments are recognised as a provision in the statement of financial position.

- Financial assets at measured fair value through other comprehensive income are recognised at fair value in the statement of financial position. Provisions for expected credit losses on these instruments are recognised in the fair value reserve in equity and do therefore not reduce the carrying amount of the instrument.

- For financial assets measured at amortised cost and off-balance sheet items, the period’s credit losses (expected and actual) are recognised in profit or loss in the item Net credit losses. The item Net credit losses comprises the period’s provisions for expected credit losses, less reversals of previous provisions, as well as write-offs and recoveries during the period.

- For financial assets measured at fair value through other comprehensive income, the credit losses for the period (expected and actual) are recognised in profit or loss in the item Net gains/losses on financial transactions.

- Write-offs consist of actual credit losses, less reversals of previous provisions for expected credit losses in Stage 3 and may refer to either the entirety or parts of a financial asset.
- Write-offs are recorded when there is deemed to be no realistic possibility of repayment.
- Payments to NOBA in relation to written-off financial assets are recognised in income as recoveries in Net credit losses.

INTEREST

Recognition of interest income attributable to items in the statement of financial position in Stages 1 and 2 is based on gross accounting, which means that the full amount of interest income is recognised in Net interest income.

In Stage 3, interest income is recognised net, i.e., taking into account impairment. For NOBA's exposures in Stage 3, only interest up to 90 days is recognised in gross balance; thereafter, it is excluded. However, for Bank Norwegian, interest is included in Stage 3 exposures also after 90 days.

Interest rate effects arising due to discounting effects, attributable to the decrease of the period until the expected payment, result in a reversal of previously provisioned amounts and are recognised as interest income in accordance with the effective interest rate method.

MODIFICATIONS

A loan is regarded as modified when the terms and provisions that determine the cash flows are amended relative to those in the original agreement as the result of forbearance measures or commercial renegotiations. Forbearance measures refer to changes in terms and conditions in conjunction with restructurings or other financial relief measures. Such changes in terms and conditions are implemented with the objective of securing repayment in full or maximising the repayment of the outstanding loan amount, from borrowers experiencing, or facing, financial difficulties. Commercial renegotiations refer to changes to terms and conditions that are not related to a borrower's financial difficulties, such as changes in the cash flow for a loan arising due to changes in the market conditions for repayment or interest. If the cash flows from a financial asset that is classified as measured at amortised cost have been modified, but the cash flows have not significantly changed, the modification does not normally cause the financial asset to be derecognised. In such cases, an assessment of significant increases in credit risk compared to the original credit risk is made for impairment purposes, and the adjustment amount, any gains or losses arising due to the modification, is recognised in profit or loss in the item Credit losses. As modifications are made for various reasons, there is no unconditional connection between modifications and assessed credit risk. For this reason, they do not automatically result in a reduction in credit risk, and all qualitative and quantitative indicators will continue to be assessed. When a loan has been modified and remains in the statement of financial position, it is classified in Stages 1 to 3, based on the outcome of the assessment made in connection with the modification. The assessment involves a check of whether a provision is required for credit loss or if there are other circumstances that require classification in Stage 3. If a loan is modified in a way that results in significantly changed cash flows, the loan is derecognised and replaced with a new agreement. When a loan is modified and derecognised, the modification date constitutes the initial recognition date for the new loan, and this date is used thereafter for impairment testing, including the assessment of significant increases in the credit risk.

PURCHASED OR CREDIT IMPAIRED

Instruments that are doubtful at initial recognition are recognised as purchased or credit impaired. Expected credit losses for such assets are always measured at an amount corresponding to the expected credit losses during the remaining maturity of the asset. Nevertheless, the expected credit losses at initial recognition are considered to be included in the recognised gross value. This way, the recognised credit loss allowance only includes the change in expected credit losses during the remaining maturity of the asset, after initial recognition. The estimate of future cash flows considers many relevant factors, such as the amount and source of cash flows, the level and quality of the borrower's income, the realisable value of the security, the Group's position vis-à-vis other creditors, the likely cost and time of collection and sale and current and future economic conditions. The amounts and times of future recoveries depend on the borrower's future ability to pay and the value of the security, both of which are affected by future economic conditions. The assessments and levels of credit loss allowances change as and when new information becomes available or because recovery strategies change. Beneficial changes in expected credit losses during the remaining maturity of the asset are recognised as a profit, even if the beneficial change is greater than the amount previously recognised as a credit loss in profit or loss.

8. HEDGE ACCOUNTING

The Group has chosen to continue applying the provisions on hedge accounting in IAS 39. The Group and the Parent Company have cash flow hedges and hedges of net investments in foreign operations. Until November 2022, the Parent Company also had fair value hedges. When a hedging transaction is entered into, the relationship between the hedging instrument and the hedged item is documented, along with the operations' risk management objective and strategy. Both when a hedge is entered into (prospective test) and continuously (retrospective test), it is evaluated and assessed whether the derivative instruments used in hedging relationships have been and will remain effective (80 to 125%) as regards counteracting fair value changes or changes in the value of future cash flows associated with the hedged items. If the conditions for hedge accounting are no longer met, the hedge accounting will cease.

CASH FLOW HEDGES

The Group's cash flow hedges aim to protect against variations in cash flows from recognised liabilities caused by changed market factors. Interest rate swaps that are used as hedging instruments in cash flow hedges are measured at fair value. To the extent that the interest rate swap corresponds to changes in the value of future cash flows associated with the hedged risk in the hedged item, the change in value is recognised in other comprehensive income and in the cash flow hedge reserve in equity. Inefficiencies are recognised in profit or loss in Net gains/losses on financial items. Gains or losses that are recognised in the cash flow hedge reserve in equity through other comprehensive income are reclassified and recognised in profit or loss in the same period as when the hedged item affects profit or loss.

NET INVESTMENT HEDGES

Net investments in foreign operations are hedged to protect the Group against exchange rate differences due to foreign operations. Currency derivatives are used as hedging instruments. To the extent that the hedging relationship is effective, the gains or losses associated with the hedged risk are recognised in other comprehensive income and accumulated in equity as translation of foreign operations. Any inefficiencies are recognised directly in profit or loss in Net gains/losses on financial transactions. Accumulated profit or loss in equity is recognised in profit or loss when the foreign operation is divested.

FAIR VALUE HEDGES

Prior to the merger with Bank Norwegian, the Parent Company hedged the currency risk associated with shares in subsidiaries by using fair value hedges. In the case of fair value hedging, the hedging instrument (the derivative) is measured at fair value while the hedged asset or liability is measured with an addition for changes in the value of the hedged risk.

Changes in the value of derivatives and the hedged item, respectively, are recognised directly in profit or loss as Net gains/losses on financial items. In connection with the merger, the accumulated changes in value of shares in subsidiaries was reversed as part of the merger difference.

9. LEASES

The Group leases office premises, parking spaces and cars. Leases are recognised as right-of-use assets and are included in property, plant and equipment, with a corresponding lease liability in Other liabilities, as of the date on which the leased asset becomes available for use by the Group. The exception is payments for short-term leases and leases of low-value assets, which are expensed on a straight-line basis in profit or loss. For cars, NOBA applies the exemption in IFRS 16 and recognises non-lease components separately.

The lease liability is initially recognised at the present value of the Group's future lease payments. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. Otherwise, NOBA uses its incremental borrowing rate, which is the rate of interest that the Group would have to pay for loan financing over a similar term, and with a similar security, for the right-of-use to an asset in a similar economic environment. Each lease payment is allocated to repayments of the principal portion of the lease liability and a finance cost. The finance cost is distributed over the lease period according to the effective interest rate method.

Options to extend leases are included in several of the Group's leases of office premises. An option to extend a lease may only be exercised by NOBA and not by the lessor. In determining the lease term, the management team considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated).

Right-of-use assets are initially measured at cost, comprising the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date and any initial direct costs. Right-of-use assets are depreciated on a straight-line basis over the shorter of their useful life or the lease term.

10. INTANGIBLE ASSETS

INTERNALLY DEVELOPED SOFTWARE

Costs for software maintenance are recognised as an expense when they arise. Development costs that are directly attributable to the development and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- it is the Company's intention to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits; and

adequate technical, financial and other resources to complete the development and to use or sell the software are available, and the expenditure attributable to the software during its development can be reliably measured.

Development costs that do not meet the criteria for capitalisation will be expensed as incurred. Development costs that have previously been recognised as expenses are not recognised as assets in the subsequent period. Development costs for software recognised as assets are amortised over their estimated useful life, which does not exceed five years.

GOODWILL AND ACQUIRED CUSTOMER RELATIONS

The value recognised as goodwill is attributed to the acquisitions of Nordax Group AB (publ) (year 2018), SHP (year 2019) and Bank Norwegian (year 2021). The recognised value of customer relationships is attributable to these acquisitions and is an estimate of the value of acquired customer records, which are amortised over a period of 10 to 20 years. Goodwill is monitored and tested per acquisition.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and intangible assets that have an indefinite useful life and intangible assets that are not ready for use are not subject to amortisation but are tested annually for impairment or if there is an indication that they might be impaired. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are essentially independent cash flows (cash-generating units).

CALCULATION OF THE VALUE IN USE

At the end of the financial year, the recoverable amount was established based on the value in use. For information on the determination of value in use, see Note 3.

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at cost and depreciated on a straight-line basis over their useful life. The depreciation period for property, plant and equipment is from three to five years. Impairment testing is performed if there is an indication of a reduction in value.

12. EQUITY

TIER 1 CAPITAL INSTRUMENTS

The holders of the Group's Tier 1 capital instruments have a right to dividends, but as the payment of dividends and the repayment of the nominal amount are within the Group's control, the instrument is classified as equity. Payments to holders of Tier 1 capital instruments are recognised in equity. Costs in connection with the issue of Tier 1 capital instruments are reallocated in equity over the expected maturity.

13. INCOME

NET INTEREST INCOME

Interest income and expenses on financial instruments measured at amortised cost are calculated and recognised using the effective interest method. Transaction costs, such as initial set-up fees, are included in the calculation when determining the effective interest rate.

NET FEE AND COMMISSION INCOME

Fee and commission income comprises commission from insurance and insurance mediation net, administrative fees, reminders, invoicing charges and other fee and commission income. For insurance mediation, NOBA recognises the revenue when a performance obligation is met, i.e. in the period when the mediation service is provided and NOBA is entitled to receive commission from the insurance company. The revenue is measured at an amount corresponding to what the Group has received or will receive for services provided.

Fee and commission expenses comprise the transaction costs and other fee and commission expenses. Fee and commission expenses are transaction-dependent and are directly related to transactions whose revenue is recognised as Fee and commission income.

NET GAINS/LOSSES ON FINANCIAL TRANSACTIONS

Net gains/losses on financial transactions include gains and losses on exchange differences, changes in the fair value of derivatives, items that are subject to hedge accounting, and the profit or loss from investments in bonds and other interest-bearing securities and shares.

14. GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses refer to staff costs and other administration expenses, such as IT costs, external services (audits, other services), costs for premises, telephone and postage fees and other expenses.

PENSION COSTS

The Group's pension plans are financed through payments to insurance companies. The Group has defined contribution pension plans only. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution pension plans, the Group pays fees to publicly or privately managed pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the fees are paid. The fees are recognised when the employee earns the pension. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments may benefit the Group.

15. TAXES

Income taxes consist of current tax and deferred tax. Income taxes are recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income, in which case the associated tax effect is also recognised in other comprehensive income, or when the underlying transaction is recognised directly in equity and the associated tax effect is recognised in equity. Current tax is tax due for payment or receipt in respect of the current financial year using tax rates that have been enacted or substantively enacted by the end of the reporting period. Any adjustment of current tax attributable to previous periods also belongs here.

Deferred tax is calculated in accordance with the balance sheet method based on temporary differences between the carrying amounts and taxable values of assets and liabilities. The following temporary differences are not considered: The initial recognition of assets and liabilities that are not related to a business combination and do not, at the time of the transaction, affect the accounting profit nor the taxable profit (tax loss). The valuation of deferred tax is based on how carrying amounts for assets and liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates and regulations that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets for tax-deductible temporary differences and tax loss carry-forwards are recognised only to the extent it is likely that they can be utilised. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilised.

16. TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties were concluded in accordance with the arm's length principle.

17. PARENT COMPANY

The Parent Company's Annual Report has been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 "Accounting for legal entities"

SHARES IN GROUP COMPANIES

Shares in Group companies are recognised at cost by the Parent Company. Dividends received are recognised as income if the right to receive payment is regarded as certain. Impairment testing is performed on a quarterly basis and impairment losses are recognised if the impairment is considered to be permanent.

GROUP CONTRIBUTIONS

Group contributions received from subsidiaries are recognised as finance income in profit or loss. Group contributions provided to subsidiaries are recognised as an increase in receivables in Group companies,, to the extent that no impairment loss is required. The tax effect of Group contributions received and provided is recognised in profit or loss if the Group contribution is recognised in profit or loss.

LEASES

In the Parent Company, all lease payments are recognised on a straight-line basis over the lease term. The Parent Company applies the exemption from applying IFRS 16 in a legal entity pursuant to RFR2.

NOTE 3 SIGNIFICANT ACCOUNTING ESTIMATES

NOBA has made several estimates and assumptions that affect the measurement of assets and liabilities in the financial statements. These estimates and assumptions are continuously evaluated against previous experience and other factors, such as anticipated future events.

EXPECTED CREDIT LOSSES ("ECL")

The loss allowance for financial assets measured at amortised cost is based on assumptions regarding the risk of loss events and expected loss levels. The NOBA Holding Group makes its own assumptions and selects input for the models used in the calculation of impairment. These are based on historical performance, known market conditions and forward-looking information at the end of each reporting period.

The most significant assessments carried out in the application of the criteria for the determination of the credit loss allowance relate to:

- the determination of criteria to measure whether there has been a significant increase in credit risk;
- the grouping of financial assets; and
- the determination of forward-looking factors and their relative weighting in the ECL model for each market.

GOVERNANCE

NOBA has developed a governance programme linked to IFRS 9 that includes a committee meeting chaired by the CFO where all relevant functions are represented.

This programme also includes decision making regarding the need for potential manual adjustments of the allowance amount. Also, a key control matrix has been developed where verifications of the material aspects of the IFRS 9 process are formalised. The purpose of these verifications is to check and verify, for example, inputs and outputs and to ensure that materials prepared for committee meetings are produced in accordance with the duality principle. The risk control function also carries out its own verifications with the aim of checking the controls in the first line and verifying the performance outcome. The risk control function regularly monitors the outcome of impairment of expected credit losses.

EXPERT ASSESSMENTS

The Group uses both models and expert assessments to estimate expected credit losses. The extent of the assessments required to measure expected credit losses depends on the outcome from models, materiality and access to underlying information. The outcome from the models provides guidance on how economic events may affect the impairment of financial assets. Expert assessments are based on model outcomes to include the estimated effect of factors that are not covered by the model. This kind of assessment-based adjustments to the model-based expected credit losses can be made to significant counterparty exposures. Such adjustments are determined by the IFRS 9 committee based on the modelled expected credit loss.

A description of the models, inputs, assumptions and a sensitivity analysis are provided in Note 4.

CALCULATION OF THE RECOVERABLE AMOUNT OF GOODWILL

NOBA performs annual impairment testing of goodwill. This requires certain assessments to be made. At the end of the financial year, the recoverable amount of goodwill was established based on the value in use. The value in use was determined using a dividend discount model (DDM), which means that the value of equity for each cash-generating unit is derived by discounting the cash-generating unit's expected future cash flows based on budget. The cash flows were calculated based on present value with a discount rate that reflected the yield requirement on equity to reflect the investment's relative risk and the time value of money. The expected future cash flows were based on a projection period of seven years on average, as the management's assessment is that the growth will have stabilised at the end of this period.

Based on the performed impairment testing, goodwill was not impaired. A change in the discount rate, which is the most sensitive parameter, (of +1 percentage point) would also not result in impairment. For further information regarding assumptions used in the calculation of the value in use, see Note 23.

NOTE 4 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

Due to its operations, the Group is exposed to credit risk as well as other financial risks: market risk (including currency risk, interest rate risk in fair value and interest rate risk in cash flows) and liquidity risk. The Group's overall risk management policy focuses on managing credit risks that have been taken intentionally and minimising the potential adverse effects of the unpredictability in the financial markets.

Risk is managed primarily by a credit department and a central treasury department in accordance with policies adopted by the Board of Directors. The treasury department identifies, evaluates and manages financial risks in close cooperation with the Group's operational units. The Board of Directors draws up written policies both for overall risk management and for specific areas, such as credit risk, currency risk, interest rate risk, the use of derivative and non-derivative financial instruments and investments of surplus liquidity. Risk management is supervised by the risk control function, which reports to the Board of Directors in accordance with the Swedish Financial Supervisory Authority's Regulations FFFS 2014:1.

CREDIT RISK IN GENERAL

Credit risk refers to the risk that a counterparty or a debtor is unable to meet its contractual obligations and the risk that the collateral received is insufficient to cover the receivable. The term 'counterparty risk' is often used instead of credit risk for exposures in financial instruments. Counterparty risk arises as an effect of the potential failure of counterparties to honour their obligations in a financial transaction. The Group's credit risk exposure primarily refers to credit risks associated with the lending portfolio, which is the risk that borrowers for various reasons cannot meet their payment obligations.

There are also concentration risks related to the lending portfolio. Concentration risks refer to exposures to individual counterparties/customers, industries and countries. Concentration risk is reduced by providing loans in several countries and through several products. Concentration to individual counterparties is reduced by actively diversifying the exposure to institutional counterparties. As NOBA only has retail customers, there is no significant name concentration in the lending operations.

Loans are granted based on the policies adopted by the Board of Directors, and no material modifications were made and no amortisation relief was granted during the year.

As consumer loans are provided without physical collateral, credit assessments are of major importance. To obtain a loan, the customer and their submitted application documents must meet a number of policy rules, such as minimum income, minimum age, maximum indebtedness, no record of bad credit history, etc. Furthermore, credit-granting decisions are made based on creditworthiness, which is calculated according to a model that calculates the probability of a borrower being able to honour concluded agreements (credit scoring). A customer's credit score determines, for instance, how much they will be able to borrow. The credit decision is also based on a calculation of reasonability to ensure that the customer is able to repay the loan. The reasonability calculation assesses the customer's income, housing expenses and other living expenses. In cases where it is not possible to obtain income and debt information from credit reference agencies, the customer is required to submit supplementary information in addition to the application documents, such as payslips and tax returns, to confirm their stated income and debts. This information is used to assess the customer's financial situation, such as by calculating the customer's debt ratio and a 'left-to-live-on' amount.

For mortgages, a credit assessment is made based on the customer's creditworthiness and the quality of the collateral. Information on income, debt and expenses is collected from the customer and from consumer credit report data, and on that basis, a household budget is calculated, including a 'left-to-live-on' calculation and a stress test of the customer's interest rate sensitivity.

SHP spent considerable time on devising a strong and robust credit assessment process for equity release mortgages, and since its launch in 2005, it has not suffered any actual credit losses. The maximum loan amount for a customer is determined based on their age, where the customer's potential loan-to-value ratio rises with age. In addition to age and maximum loan-to- value ratio, SHP bases its lending on several additional criteria. For example, the property must be located in an approved municipality, SHP must have first priority, and there must not be any other mortgages on the property. SHP conducts a physical appraisal of most properties and ensures that there is direct personal contact with the borrower.

Credit risks in other counterparty relationships, such as derivatives and financial investments, are regulated by a policy adopted by the Board of Directors. Collateral agreements are used to limit counterparty risks in derivative contracts; these are described in further detail in the section on currency risk. Credit risk related to financial investments is described in the section on liquidity reserves.

MEASUREMENT OF CREDIT RISK

The estimate of credit risk exposure for risk management purposes is complex and based on the use of models. The NOBA Group measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD"), and Loss given Default ("LGD"). This method is also used for to measure expected credit losses.

After date of the initial credit assessment, the debtors' payment behaviour is continuously monitored to produce a behavioural credit risk score. All other information impacting the debtor's ability to pay, such as historical payment patterns, is also incorporated in the production of behavioural credit risk scores. These scores are used to determine the PD.

RISK MANAGEMENT AND CONTROL

The Group's continued operations depend on its ability to manage and control credit risk. Great emphasis is placed on establishing procedures to deal with this, such as at least monthly reporting to the management team and the Board of Directors. Credit risk reporting is also a standing agenda item at each meeting of the Board of Directors. The risk control and compliance units perform regular checks to ensure that loans are issued in accordance with the instructions adopted by the Board of Directors. According to the instructions, any deviations must be reported to the Board of Directors. When the Group takes out loans from external parties, these parties also perform regular and extensive credit risk assessments.

PRINCIPLES FOR ECL PROVISIONS

CONSUMER LOANS FROM NOBA

NOBA has two consumer loan platforms: Nordax and Bank Norwegian. Both platforms use the same principles for credit risk provisions, but the actual models have been developed separately and have some differences. A separate description of each model is provided below.

CONSUMER LOANS, NORDAX PLATFORM

The Nordax platform's model for impaired consumer loans has two parts: a quantitative cash-flow model for calculating expected credit losses and a qualitative model that adjusts the results from the quantitative model based on a projected macroeconomic scenario.

In the qualitative model, the assumption is made that there are three macro scenarios for the depreciation model: a base scenario based on macroeconomic conditions where Nordax's relevant geographical markets are not in a financial crisis and a negative crisis scenario in each respective country as well as a positive scenario where a strong economy affects the Nordax portfolio positively.

The weighting of the scenarios are based on a macroeconomic forecast for each country, how the forecast is related to the macroeconomic climate during the recent time as well as how the modell has adjusted to the recent macroeconomic climate.

Based on analyses of historical data, NOBA has identified and considered macroeconomic factors that affect credit risk and credit losses in the portfolios. These factors are based on country, debtor and product type. Nordax monitors the macroeconomic development in each country continuously. This includes defining forward-looking macroeconomic scenarios for different markets and products and translating them into useful macroeconomic projections.

The most significant macroeconomic variables that are considered to affect expected credit losses are as follows:

- GDP (PPP) development
- Price trends in the market for Credit Default Swaps (CDS)

These factors are applicable to all of the Nordax platform's geographical market areas.

The quantitative model is a three-stage model for three different types of receivables: receivables where there has not been a significant increase in credit risk since the initial credit assessment (Stage 1), receivables where the credit risk has significantly increased since the initial credit assessment (Stage 2), or receivables that are credit-impaired (Stage 3).

Over the year, the following changes were made to the estimation techniques and calculation bases, which had an impact on the calculation of provisions for expected credit losses.

- Nordax has during 2023 adjusted the recovery forecast for all countries. The forecast increased for some markets och decreased for others. In total the recovery forecast increased with 8.8 billion SEK.
- Nordax has developed a new PD model for Norway. The transition to the new model increased the provisions with 17.6 million NOK in Norway.
- Nordax as developed a new methodology for calibration for the PD models which gives a better calibration.
- Nordax has changed from having two scenarios in the macromodel to having three scenarios.

CALCULATION OF EXPECTED CREDIT LOSSES

For loans in Stage 1, expected credit losses are calculated for the following 12 months, counted from each reporting date. For loans where there has been a significant increase in credit risk since the initial credit assessment (Stage 2), or loans that have become credit-impaired (Stage 3), expected credit losses are calculated based on lifetime expected credit losses. Expected credit losses are the discounted product of PD, EAD and LGD, as defined below. The discount rate used is the effective interest rate.

PD for 12 months and lifetime PD correspond to the probability of impairment within the next 12 months or during the entire remaining maturity of the financial asset. When the initial credit assessment is made, a risk assessment is made and the PD is estimated, by determining a behavioural score based on historical data.

EAD represents the estimated credit exposure at future dates for impairment where the expected changes in the credit exposure at the reporting date are taken into consideration. The Group's approach to EAD modelling reflects current contractual terms for the repayment of principal and interest as well as the maturity date. For loans in Stage 2, expected utilisation factors are also incorporated in the determination of EAD.

LGD corresponds to the calculated credit losses that are expected to arise in case of impairment based on the expected value of future recoveries. LGD is estimated based on the factors that affect repayment rates for loans that have become impaired. LGD for products that are not secured by collateral is typically calculated on a product level due to the limited differentiation in recovery rates for such contracts. LGD values are primarily affected by expected recoveries. Expected recoveries are derived from cumulative recovery curves for each of the geographical market areas that stretch beyond 20 years (15 years for Finland due to statutory time limits for collection activities).

REMAINING LIFETIME

For contracts in Stages 2 or 3, NOBA calculates expected credit losses with consideration for the risks of impairment during the remaining lifetime. The expected lifetime is generally limited to the maximum term of contract during which the bank is exposed to credit risk, even if a longer period is consistent with business practices. All contractual terms are considered when the expected lifetime is determined, including repayment, extension and overpayment options that are binding upon the bank.

COLLECTIVE MEASUREMENT OF EXPECTED CREDIT LOSSES

The calculation of expected credit losses is based on a collective measurement approach. They are grouped based on common risk parameters.

They have been grouped based on the following:
- Country
- Credit risk rating
- Product

DEFINITION OF IMPAIRMENT

Nordax' definition of credit impairment is that one or more of the following criteria are met.

Quantitative criteria
- The borrower is more than 90 days late with a payment.

Qualitative criteria:
- The borrower is considered to be 'unlikely to pay' pursuant to the criteria in EBA/GL/2016/07.

This definition has been applied consistently to model PD, EAD and LGD, and therefore also the calculation of expected credit losses. The quantitative criteria alone are used in the internal credit risk management and as the definition of default.

CURING

A loan is regarded as cured when it no longer meets any of the above-mentioned impairment criteria.

Significant increase in credit risk since the initial credit assessment ("SICR").

To determine whether there has been a significant increase in credit risk since the initial credit assessment, a method is used whereby the receivable's probability of default in the following 12 months is compared with a threshold that is a function of the original risk class and the time since the loan was issued.
A significant increase in credit risk is assumed to have arisen if:
- the probability of default in the following 12 months exceeds the threshold for significant increases in credit risk; or
- the receivable is 30 days past due (backstop in the regulatory framework).

CONSUMER LOANS, BANK NORWEGIAN PLATFORM

The credit risk provisions for consumer loans taken out via the Bank Norwegian platform share several of the principles and definitions with the Nordax platform. Both platforms use a quantitative model for expected credit losses that are adjusted according to a qualitative model for projected macroeconomic scenarios. NOBA uses three scenarios (base, positive and negative) and different macroeconomic variables for each country and product.

The most important variables are:
- GDP
- Unemployment rates
- Incomes
- Private consumption
- Money supply
- Oil prices.

NOBA determines whether there is a significant increase in credit risk based on several criteria, such as impairment of another product, prior impairment, modifications of terms and conditions and 30 days past the due date. However, the most common criteria are a comparison of PD for the remaining lifetime at the time of reporting and the original PD for the lifetime of the loan compared to product-specific thresholds (trigger coefficients).

The recovery curves used by NOBA in its LGD calculations are based on historical data per product and country (no more than 15 years), but the LGD is calculated individually per exposure.

CREDIT CARDS, BANK NORWEGIAN

Credit risk provisions for credit cards are made according to a separate model but based on the same methodology as for consumer loans. However, the EAD also considers unutilised credit limits and credit conversion factors.

The remaining lifetime for credit cards is linked to the expiry date of the plastic card, which can be no more than 36 months.

RESIDENTIAL MORTGAGES

Residential mortgages are calculated using a separate model that is based on the same methodology as for consumer loans, based on market data and certain historical data from the product. However, for residential mortgages, the collateral received is also considered when determining the LGD; see the additional section on collateral received below.

EQUITY RELEASE MORTGAGES

NOBA Bank Group's subsidiary, Svensk Hypotekspension, provides the equity release product 'Hypotekspension' to individuals who are over 60 years of age and who own a villa, a holiday home or a tenant-owner apartment. The interest on the issued mortgage is accumulated over the maturity of the loan and repayment, including accrued interest, is made in its entirety on the due date, which occurs when the borrower sells the home that has been used as collateral for the mortgage. The Group cannot demand repayment with an amount that exceeds the proceeds from the sale of the home. Consequently, the mortgage is regarded as a non-recourse loan.

The loss allowance for expected credit losses on equity release mortgages is calculated based on a model. This model quantifies the risk of a reduction in the value of the homes that have been used as collateral for the mortgages in relation to the expected outstanding loan amount when the mortgage is redeemed. The allowance is calculated individually per mortgage.

Significant assumptions in this model include:

- The term of the mortgage;
- The estimated outstanding loan amount at any given time;
- The underlying value of the mortgaged property;
- The price trend and volatility in the property market; and
- The applied discount rate.

DEFINITION OF IMPAIRMENT

NOBA's definition of impairment for equity release mortgages (the mortgage is credit-impaired) is that the mortgage has been sent for collection or, alternatively, that there are objective evidence that the Group has been subjected to fraud.

Significant increase in credit risk ("SICR")

The determination of whether there has been a significant increase in credit risk is made individually per loan. Factors considered in this assessment include:

- How long it has been since the loan matured, i.e., how much time has passed since the borrower sold their home, moved into a senior living arrangement or died.
- The mortgage's loan-to-value ratio is high on the expected redemption date.

CLIMATE-RELATED RISKS

NOBA performed a double materiality assessment to identify the sustainability impact of the bank's value chain on the environment and society at large (inside-out) and the impact of the environment and the outside world on NOBA's value chain (outside-in)[1]. This also entailed reviewing any climate-related risks linked to the bank's entire value chain. In this year's Sustainability Report, NOBA voluntarily opted to report Scope 3 emissions (in addition to emissions in Scopes 1 and 2) pursuant to the Greenhouse Gas Protocol, which further increased the focus and traceability of NOBA's indirect climate impact. Also, NOBA has adopted targets for its overarching sustainability initiatives to make the sustainability efforts transparent, traceable and comparable.

As part of NOBA's efforts to reduce its climate impact linked to lending, green loans have been introduced that provide customers with incentives to invest in energy-efficient homes or energy-efficiency measures in existing homes or purchase electric cars and scooters. We already consider climate issues as an integral part of our long-term business plan and strategy, but these efforts continuously evolve to include a greater part of our lending and to determine whether impairment losses may arise due to climate risks. These efforts will be intensified and expanded, as NOBA will be subject to the EU Corporate Sustainability Reporting Directive (CSRD) in the 2024 financial year. NOBA is also continuing its efforts to implement the risk framework pursuant to the EBA Guidelines on loan origination and monitoring, which will clarify how climate-related risks affect NOBA's lending and operations in general.

As at 31 December 2023, NOBA made the assessment that climate-related risks do not have a material impact on the Group's provisions for expected credit losses. Further developments and changes in NOBA's lending portfolio, product offering, market data and regulation may affect the Group's analyses and conclusions in the future. In parallel, extensive efforts are being made on the further development of a data structure for sustainability initiatives. As well as ensuring the availability of relevant sustainability data, this will strengthen internal control and the procedures involved in the sustainability efforts.

[1]Summary of the ESG risks identified in the double materiality analysis

Risk 1: ES2 Responsible lending – indebtedness.

Global indebtedness, increased costs of living and rising unemployment rates affect the ability of existing borrowers and residential mortgagors to continue paying the monthly interest. The total demand for NOBA's products and any potential clients who fail NOBA's credit assessment are also affected, resulting in lost business opportunities for NOBA.

Risk 2: E1 Energy use

Limited access to available energy results in energy crises and rising energy prices. This impacts the ability of residential mortgagors and those who have taken out consumer loans to pay their monthly interest.

Risk 3: ES2 Responsible lending – regulatory changes

As a result of stricter regulation of loan origination, fewer consumers may be granted loans, which may in turn affect the number of loan applications or the rate of loans granted by NOBA.

Risk 4: G1 Corruption and Bribery – anti-money laundering (AML)

The growing trend of money laundering and terrorist financing in the financial sector and the globalisation in general may pose a financial risk for NOBA. This regards NOBA's actual exposure to incidents as well as the perspective of the general public and the opinion of the financial sector. NOBA is actively striving to prevent such issues and offers its employees training on AML and terrorist financing. The rate of participation is monitored as part of the ESG KPI framework to ensure that NOBA's employees are as aware as possible of these issues.

Risk 5: G1 Supply change management & governance

Aggressive marketing by external loan intermediaries. NOBA's external stakeholders and partners may be subject to reputational risk and potential legal challenges due to the Company's business practices, which may constitute a financial risk for NOBA.

Risk 6: S4 Consumer safety and security

The growing trend of cyberattacks may result in attacks on NOBA's customer data and constitutes a risk of personal data leakage (which affects integrity). This may in turn result in reputational risk for NOBA, as the general public may lose its confidence in NOBA's processes. It may also involve a potential obligation to pay a fine to affected customers.

LOAN-TO-VALUE RATIO

The table includes residential and equity release mortgages	31 DECEMBER 2023	31 DECEMBER 2022
<=50%	8,142	9,043
50-65%	2,371	1,277
65-75%	1,547	1,336
75-85%	3,416	3,202
>85%	1,134	829
Summa	**16,610**	**15,687**

MAXIMUM EXPOSURE TO CREDIT RISK

SEK million	31 DECEMBER 2023	31 DECEMBER 2022
The exposure to credit risk relates as follows to the statement of financial position:		
Cash and balances with central banks	1,173	3,723
Treasury bills eligible for repayment etc.	1,200	-
Lending to credit institutions	3,302	3,376
Lending to the public	109,737	89,382
Bonds and other interest-bearing securities	13,172	13,608
Total in the statement of financial position	**128,584**	**110,089**
Unutilised commitments	58,193	50,336
Total off-balance sheet items	**58,193**	**50,336**

The assets above were stated using the carrying amounts pursuant to the statement of financial position. Lending to central banks, lending to credit institutions and bonds and other interest-bearing securities include exposures to Swedish and Norwegian counterparties. The geographical risk concentrations for lending to the public are provided in the table below.

LENDING TO THE GENERAL PUBLIC

GROUP SEK million

31 DECEMBER 2023	GROSS			LOSS ALLOWANCES			NET
Lending to the public	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	
Sweden	33,026	2,048	4,334	-713	-367	-2,072	36,256
SHP	8,790	28	0	-82	0	0	8,736
Norway	21,959	1,560	3,289	-199	-142	-1,159	25,308
Finland	25,450	2,223	4,805	-528	-420	-1,939	29,591
Germany & Spain	2,565	102	542	-84	-24	-396	2,705
Denmark	6,634	312	722	-118	-47	-362	7,141
Total in the statement of financial position	**98,424**	**6,273**	**13,692**	**-1,724**	**-1,000**	**-5,928**	**109,737**
Unutilised commitments	58,085	47	123	-60	-2	0	58,193
Total off-balance sheet items	**58,085**	**47**	**123**	**-60**	**-2**	**0**	**58,193**

31 DECEMBER 2022	GROSS			LOSS ALLOWANCES			NET
Lending to the public	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	
Sweden	26,264	1,833	2,201	-420	-325	-997	28,556
SHP	8,787	38	3	-30	0	0	8,798
Norway	19,140	1,424	3,035	-106	-111	-1,217	22,165
Finland	18,682	1,686	3,540	-248	-263	-1,395	22,002
Germany & Spain	1,583	129	427	-40	-29	-310	1,760
Denmark	5,749	242	522	-93	-40	-279	6,101
Total in the statement of financial position	**80,205**	**5,352**	**9,728**	**-937**	**-768**	**-4,198**	**89,382**
Unutilised commitments	50,201	26	127	-17	-1	0	50,336
Total off-balance sheet items	**50,201**	**26**	**127**	**-17**	**-1**	**0**	**50,336**

The assets above were stated using the carrying amounts pursuant to the statement of financial position. Lending to credit institutions and bonds and other interest-bearing securities refer to exposures to Swedish counterparties.

LENDING TO THE GENERAL PUBLIC

PARENT COMPANY

No lending to the general public in the parent company

LENDING TO THE GENERAL PUBLIC, BY PRODUCT

GROUP SEK million

31 DECEMBER 2023	GROSS			LOSS ALLOWANCES			NET
Lending to the public	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	
Consumer loans	68,485	5,075	12,141	-1,442	-910	-5,441	77,908
Credit cards	14,268	630	1,066	-195	-86	-459	15,224
Residential mortgages	6,881	540	485	-5	-4	-28	7,869
SHP	8,790	28	0	-82	0	0	8,736
Total in the statement of financial position	**98,424**	**6,273**	**13,692**	**-1,724**	**-1,000**	**-5,928**	**109,737**
Unutilised commitments	58,085	47	123	-60	-2	0	58,193
Total off-balance sheet items	**58,085**	**47**	**123**	**-60**	**-2**	**0**	**58,193**

31 DECEMBER 2022	GROSS			LOSS ALLOWANCES			NET
Lending to the public	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	
Consumer loans	54,117	4,466	8,779	-805	-710	-3,863	61,984
Credit cards	10,882	467	797	-98	-55	-320	11,673
Residential mortgages	6,419	381	149	-4	-3	-15	6,927
SHP	8,787	38	3	-30	0	0	8,798
Total in the statement of financial position	**80,205**	**5,352**	**9,728**	**-937**	**-768**	**-4,198**	**89,382**
Unutilised commitments	50,201	26	127	-17	-1	0	50,336
Total off-balance sheet items	**50,201**	**26**	**127**	**-17**	**-1**	**0**	**50,336**

NOTE 4 FINANCIAL RISK MANAGEMENT

CREDIT QUALITY

The table below provides an analysis of the credit quality distribution of the loan portfolio in different risk classes for lending to the public. Loan agreements are assigned a risk class based on a PD score that is derived through logistic regression analysis where the risk classes represent defined PD score intervals.

GROUP SEK million

31 DECEMBER 2023	GROSS			LOSS ALLOWANCES			TOTAL
	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	
Credit quality, lending to the public[1]							
A-B	39,114	71	0	-199	-2	0	38,984
C-D	28,830	226	0	-474	-11	0	28,571
E-F	8,065	543	0	-381	-44	0	8,183
G-H	3,273	1,403	0	-299	-161	0	4,216
I-J	829	3,312	0	-164	-760	0	3,217
Missing rating, consumer loans[2]	2,642	150	0	-120	-18	53	2,706
SHP (not classified as A–J)	8,790	28	0	-82	0	0	8,736
Residential mortgages (not classified as A–J)	6,881	540	485	-5	-4	-28	7,869
Non-performing loans	-	-	13,207	-	-	-5,953	7,254
Total in the statement of financial position	**98,424**	**6,273**	**13,692**	**-1,724**	**-1,000**	**-5,928**	**109,737**
Unutilised commitments	58,085	47	123	-60	-2	0	58,193
Total off-balance sheet items	**58,085**	**47**	**123**	**-60**	**-2**	**0**	**58,193**

31 DECEMBER 2022	BRUTTO			RESERVER			TOTALT
	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	
Credit quality, lending to the public[1]							
A-B	38,478	245	-	-164	-33	-	38,526
C-D	17,156	918	-	-274	-194	-	17,606
E-F	5,179	510	-	-221	-97	-	5,371
G-H	1,432	1,070	-	-81	-93	-	2,328
I-J	111	1,817	-	-20	-310	-	1,598
Missing rating, consumer loans[2]	2,643	373	-	-143	-38	-	2,835
SHP (not classified as A–J)	8,787	38	3	-30	0	0	8,798
Residential mortgages (not classified as A–J)	6,419	381	149	-4	-3	-15	6,927
Non-performing loans	-	-	9,576	-	-	-4,183	5,393
Total in the statement of financial position	**80,205**	**5,352**	**9,728**	**-937**	**-768**	**-4,198**	**89,382**
Unutilised commitments	50,201	26	127	-17	-1	0	50,336
Total off-balance sheet items	**50,201**	**26**	**127**	**-17**	**-1**	**0**	**50,336**

[1] Credit quality is based on a rating from A to J, where A is the lowest risk and J is the highest risk. Creditworthiness is calculated according to a model that calculates the probability that a borrower will honour the concluded agreements (credit scoring).

[2] Surplus values related to branch are SEK 1,947 million (2,387)

NOTE 4 FINANCIAL RISK MANAGEMENT

MARKET RISK

In NOBA's operations, market risks primarily comprise currency risks, interest rate risks, credit spread risk and equity risk. The Group does not have its own trading book. The Board of Directors has adopted a policy that aims to limit risks by setting limits applied to risk levels.

COUNTERPARTY RISK FOR DERIVATIVES

The treasury function is responsible for keeping the exposure to market risks within the set limits. For this purpose, currency and interest rate derivative contracts are concluded, which give rise to counterparty risk. The counterparty risk is reduced through ISDA and CSA agreements for the exchange of collateral. The ISDA agreement ensures that the exposure to the counterparty is managed on a net basis in relation to all derivative contracts between the counterparties in the event of a serious credit event. The CSA agreements reduce the exposure by pledging/obtaining cash collateral and bonds corresponding to the net exposure.

CURRENCY RISK

Currency risk refers to the risk that the value of assets and liabilities and future revenue may decline due to unfavourable changes in exchange rates. The Group operates in Sweden, Norway, Denmark, Finland, Germany, Spain and the Netherlands and is exposed to currency risks arising from currency exposures to NOK, DKK and EUR.

The Group has the policy to chiefly limit the risk by matching assets and liabilities in the same currency. Any remaining currency risk is managed through currency derivatives. Nevertheless, currency positions from intangible assets that arose in connection with the acquisition of Bank Norwegian are not hedged, as NOBA received permission from the Swedish Financial Supervisory Authority to exclude them from the capital requirements, pursuant to Article 352(2) of the Capital Requirements Regulation. Any changes in the value of intangible assets that were caused by changes in the NOK exchange rate affect other comprehensive income, but not own funds.

For the consolidated situation, exposures from surplus values in foreign currencies arose during the acquisition of NOBA Group AB (at the time called Nordax Group AB). This currency exposure amounted to NOK 128 million and EUR 18 million on 31 December 2023. These currency exposures are hedged with currency derivatives entered into by NOBA Bank Group. The surplus values are not included in NOBA Bank Group's statement of financial position, which means that the hedges increase the currency exposure of NOBA Bank Group by a corresponding amount.

INTEREST RATE RISK RELATED TO CASH FLOWS AND FAIR FALUES

Interest rate risk refers to the risk of a negative impact on the economic value of equity ("EVE") or net interest income ("NII") as well as changes in market value due to unfavourable changes in interest rates that affect interest rate sensitive instruments. The Board of Directors has adopted a policy according to which the Group regularly measures and reports on its interest rate risk based on an interest rate risk model that takes both the EVE and NII into account. NOBA uses an internal measurement system ("IMS") to calculate EVE and NII based on the requirements in EBA's guidelines (EBA/GL/2022/14) and the additions in Swedish Financial Supervisory Authority's memorandum (FI Dnr 19-4434).

Interest rate risk is calculated based on assumptions regarding interest rate sensitive contractual and behavioural cash flows related to fixed interest periods and maturities. EVE is measured in six different standard scenarios and is based on a settlement balance sheet where commercial margins are excluded. NII is measured over a one-year period in two different standard scenarios and is based on a constant balance sheet where commercial margins are included.

The Group's fixed interest rate on lending and borrowing is mainly concentrated from a one day to a three-month basis. The lending rate is generally tied to the Group's own borrowing costs, which means that the interest rate risk is limited, both in terms of EVE and NII. To limit the interest rate risk, the Group enters into interest rate swaps from time to time. Based on a worst-case scenario, the interest rate risk in the consolidated situation is SEK 276,9 million (203.5).

CREDIT SPREAD RISK

Kreditspreadrisk är risken för negativa förändringar i nuvärdet av räntekänsliga instrument på grund av förändringar i kreditspreadar. Kreditspreadrisk återfinns i likviditetsportföljen och begränsas då placeringarna sker nästan uteslutande i räntebärande instrument med låg kreditrisk och begränsad löptid.

EQUITY RISK

Equity risk is the risk of negative changes in the value of holdings in shares, including price risk related to potential sales. NOBA only has strategic holdings in shares that can be justified by its business plan. Ongoing holdings are evaluated on an annual basis as part of the business planning processes. In addition to holdings in wholly-owned subsidiaries, NOBA holds shares in Stabelo AB, Vipps AS and VN Norge with a total carrying amount of SEK 149.8 million as at 31 December 2023.

LIQUIDITY RISK

See the section Information on liquidity risk in Note 5, Capital adequacy.

CURRENCY EXPOSURE

Shows net positions according to the capital adequacy rules.	CONSOLIDATED SITUATION 2023-12-31	2022-12-31
NOK	-131.1	157.0
EUR	27.3	5.7
DKK	11.5	-14.6

SENSITIVITY ANALYSIS

Shows a sensitivity analysis of the operating profit before tax if the exposure currencies change +/-5% against the SEK	GROUP 2023-12-31	2022-12-31
Exchange difference +/-5% on operating profit before tax		
NOK	+/- 6.6	+/-7.9
EUR	+/- 1.4	+/-0.3
DKK	+/- 0.6	+/- 0.7

Shows a sensitivity analysis of equity if the exposure currencies change +/-5% against the SEK	GROUP 2023-12-31	2022-12-31
Currencies change +/-5% on equity		
NOK	+/- 5.2	+/-6.2
EUR	+/- 1.1	+/-0.2
DKK	+/- 0.5	+/- 0.6

NOTE 4 FINANCIAL RISK MANAGEMENT

FINANCIAL ASSETS AND LIABILITIES

The table below shows the financial assets and liabilities broken down by the time remaining to the contractual maturity date at the end of the reporting period. The contractual maturity date for issued securities is in excess of five years, see Note 29 for further details. The amounts stated in the table are the contractual, discounted cash flows.

FINANCIAL ASSETS AND LIABILITIES

GROUP

SEK million 31 DECEMBER 2023	UP TO 30 DAYS	FROM 1-3 MONTHS	FROM 3-12 MONTHS	FROM 1-5 YEARS	MORE THAN 5 YEARS	TOTAL
Financial assets						
Cash and balances with central banks	1,173	-	-	-	-	1,173
Treasury bills eligible for repayment etc.	1,200	-	-	-	-	1,200
Lending to credit institutions	3,302	-	-	-	-	3,302
Lending to the public	19,802	447	1,907	14,113	74,346	110,615
Bonds and other interest-bearing securities	612	1,576	4,035	6,949	-	13,172
Shares and participations	-	-	-	-	150	150
Derivatives	2	158	80	16	68	324
Other assets	135	-	-	-	-	135
Total	**26,226**	**2,181**	**6,022**	**21,078**	**74,564**	**130,071**
Financial liabilities						
Liabilities to credit institutions	-	-	2,375	8,620	-	10,995
Deposits from the public	81,762	4,669	9,884	473	-	96,788
Issued securities	2,196	629	2,252	504	-	5,581
Derivatives	27	186	163	10	39	425
Trade payables and other liabilities	-	-	-	-	230	230
Subordinated liabilities	-	-	-	-	1,717	1,717
Total	**83,985**	**5,484**	**14,674**	**9,607**	**1,986**	**115,736**
Off-balance sheet items	58,193	-	-	-	-	58,193

FINANCIAL ASSETS AND LIABILITIES

GROUP

SEK million 31 DECEMBER 2022	UP TO 30 DAYS	FROM 1-3 MONTHS	FROM 3-12 MONTHS	FROM 1-5 YEARS	MORE THAN 5 YEARS	TOTAL
Financial assets						
Cash and balances with central banks	3,723	-	-	-	-	3,723
Lending to credit institutions	3,376	-	-	-	-	3,376
Lending to the public	13,453	2,105	4,901	5,870	63,053	89,382
Bonds and other interest-bearing securities	1,351	3,213	3,162	5,882	-	13,608
Shares and participations	-	-	-	-	168	168
Derivatives	56	99	49	107	108	419
Other assets	142	-	-	-	-	142
Total	**22,101**	**5,417**	**8,112**	**11,859**	**63,329**	**110,818**
Financial liabilities						
Liabilities to credit institutions	-	-	2,375	7,364	-	9,739
Deposits from the public	71,059	1,041	4,144	860	-	77,104
Issued securities	181	600	1,273	4,112	2,250	8,416
Derivatives	96	86	125	-	-	307
Trade payables and other liabilities	434	-	-	-	-	434
Subordinated liabilities	-	-	-	-	1,519	,1,519
Total	**71,770**	**1,727**	**7,917**	**12,336**	**3,769**	**97,519**
Off-balance sheet items	50,336	-	-	-	-	50,336

NOTE 5 CAPITAL ADEQUACY ANALYSIS

The information in this note is disclosed in accordance with Chapter 8, Section 4 of the Swedish Financial Supervisory Authority's regulations and general guidelines regarding annual reports at credit institutions and securities companies (FFFS 2008:25), as well as Chapter 8, Section 1 of the Swedish Financial Supervisory Authority's regulations and general guidelines regarding prudential requirements and capital buffers (FFFS 2014:12). Information in Article 447 of Regulation (EU) No 575/2013 and Article 473a point 6 (transitional arrangement of IFRS9 for own funds) in accordance with (EBA/ GL/2018/01 and EBA/GL/2020/12) as well as the disclosure requirements of the same regulation). The liquidity and funding information is disclosed in accordance with Chapter 5, Section 2 of the Swedish Financial Supervisory Authority's regulations regarding management of liquidity risks in credit institutions and investment firms (FFFS 2010:7).

INFORMATION ON THE CONSOLIDATED SITUATION

The top company in the Consolidated Situation is NOBA Holding AB (publ). The following companies are included in the Consolidated Situation when calculating capital requirements: NOBA Holding AB (publ), NOBA Group AB (publ), NOBA Bank Group AB (publ), NOBA Finland AB, NOBA Sverige AB, Nordax Sverige 5 AB (publ), Nordax Sweden Mortgages 1 AB (publ), Svensk Hypotekspension AB and affiliated subsidiaries Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB (publ), Svensk Hypotekspension Fond 4 AB (publ) and Svensk Hypotekspension 5 AB (publ), in addition to Lilienthal Finance Ltd.

MERGER WITH BANK NORWEGIAN

The merger between NOBA Bank Group AB (at the time of merger Nordax Bank AB) and Bank Norwegian ASA was completed on the 30 November 2022. The merger was implemented with NOBA Bank as the surviving company and Bank Norwegian as the transferring company, with the operations of Bank Norwegian being continued through NOBA's Norwegian branch, the legal name of which is Bank Norwegian, a branch of NOBA Bank Group AB (publ) (the "Branch").

The capital requirements for the consolidated situation did not change as result of merger. However, the capital requirement on solo level increased due to the replacement of shareholdings in Bank Norwegian by the assets of Bank Norwegian, as well as the surplus value of lending portfolio that arose in connection with the acquisition.

The acquisition of Bank Norwegian ASA was financed by NOBA Holding AB (publ) (at the time of merger Nordax Holding AB (publ)) via new share issue of SEK 9.7 billion, new issuance of SEK 1.4 billion in Additional Tier 1 capital and SEK 650 million Tier 2 capital, which was invested by external investors. NOBA Group AB (publ) (at the time of merger Nordax Group AB (publ) issued corresponding instruments and amounts which was invested by NOBA Holding AB (publ). NOBA Bank Group AB (publ) issued the corresponding amounts and instruments which was invested by NOBA Group AB (publ).

The acquisition has also been financed via non-cash issuance of Bank Norwegian shares with a value of SEK 4.4 billion, unconditional shareholder contribution of SEK 1 billion, conditional shareholder contribution of SEK 8.4 billion and a loan of SEK 200 million from NOBA Holding AB (publ). At the time of the legal merger, the conditional shareholder contribution was converted to unconditional shareholder contribution. In December 2022 the loan from NOBA Holding, including accrued interest, was also converted to unconditional shareholder contributions of SEK 203 million.

CAPITAL INSTRUMENTS

The aforementioned capital instruments are included in the consolidated situation's capital base as well as, after deductions for minority interests, Tier 2 capital of SEK 617 million issued by NOBA Bank Group AB. On 21 December, NOBA Bank Group AB issued additional Tier 2 capital of EUR 40 million as a private placement to an investor. This Tier 2 capital instrument is included in the capital base from the settlement date of 18 January.

EXEMPTION AS PER ARTICLE 352.2

On 18 March 2022, the Swedish FSA granted NOBA an exemption for the Consolidated Situation according to article 352.2 in Regulation (EU) No 575/2013, to include goodwill and intangible assets denominated in NOK, resulting from the acquisition of Bank Norwegian, when calculating open FX positions. With this exemption, the corresponding FX swap positions has been terminated, in line with the current risk management strategy.

On 30 December 2022, a similar exemption has been granted for NOBA Bank Group AB regarding goodwill and intangible assets which, after the merger of Bank Norwegian, has become part of NOBA Bank Group's balance sheet. The Swedish FSA decision means a corresponding reduction in NOBA Bank Group's risk exposure amount for the market risk.

IFRS 9 TRANSITIONAL ARRANGEMENT

NOBA has notified the Swedish FSA that NOBA has decided to use the transitional arrangement regarding IFRS9 which entail a gradual phasing-in of credit provisions that arise during the transition to IFRS 9 and credit provisions for stages 1 and 2 until December 31, 2019. In 2022, 25% of the effects was added back to Tier 1 capital. From 2023, the effects have been phased in completely and there will be no transitional arrangements applied for these credit provisions. NOBA also applies the transitional rules for credit provisions for stages 1 and 2 that arose after December 31, 2019. In 2022, 75% of the negative effects of these credit provisions was added back to CET1 capital. In 2023, the add-back decreased to 50% and to 25% in 2024. From 1 January 2025, no add-back will be madeDuring the quarter, the add-back amount to CET1 capital increased to SEK 542 million (480).

LIQUIDITY RESERVE AND OWN FUNDS

With the exception of Swedish central bank certificates all of NOBA's securities holdings in the liquidity reserve are accounted at fair value. Changes in fair value are reported either through profit and loss or through other comprehensive income. In either case the changes affect CET1. Thus, sales of holdings in the liquidity reserve have no impact on own funds.

COMBINED BUFFER REQUIREMENT

The combined buffer requirement for the Consolidated Situation consists of the capital conservation buffer requirement and the countercyclical capital buffer requirement. The capital conservation buffer requirement amounts to 2.5 percent of the risk-weighted exposure amount. The countercyclical capital buffer is weighted based on geographical requirements. For Finland and Spain the requirement amounted to 0%, for Germany the requirement amounted to 0.75%, for Norway and Denmark the requirement amounted to 2.5% while the requirement was 2% for Sweden.

Due to the acquisition of Bank Norwegian in November 2021, a systemic risk buffer was added. However, as a result of merger through absorption, the requirement for systemic risk buffer was abolished because the Norwegian systemic risk buffer only applies to foreign institutions with Norwegian risk exposure amount of NOK 32 billion, NOBA's Norwegian risk exposure amount falls below that threshold. Upon the request of the Norwegian Ministry of Finance, the European systemic risk board, ESRB, has lowered the threshold to NOK 5 billion as of December 31 2023. The Swedish Financial Supervisory Authority has recognized and reciprocated on 5 June the recommendation of the Norwegian Ministry of Finance. Therefore, the Norwegian systemic risk buffer requirement has become applicable to NOBA for the Norwegian exposure starting from and including 31 December 2023. The Systemic risk buffer requirement amounts to 4.5% of the risk exposure amount in Norway, which for NOBA corresponds to 0.98% of the total risk exposure amount.

UPCOMING CHANGES IN CRR AND CRD

In December 2023 the final version of the amendments to Regulation (EU) No 575/2013, CRR, and Capital Requirement Directive, CRD, was published. This constitutes the last step of EU's implementation of Basel 3. The regulations are expected to enter into force 1 January 2025, although several amendments have a later date of implementation or a transitional period. The most important change for NOBA with implementation in 2025 is regarding the standardised method for credit risk where risk weights for exposures secured by real estate immovable property will be updated. The change is expected to lower the risk exposure amount for loans issued by SHP.

NOTE 5 CAPITAL ADEQUACY ANALYSIS

CAPITAL ADEQUACY - PART 1

SEK million	CONSOLIDATED SITUATION 31 DEC 2023	31 DEC 2022
Own funds		
Common Equity Tier 1 (CET1) capital before deduction of regulatory adjustments	23,028	23,254
Total deduction of regulatory adjustment to CET1 capital	-11,168	-12,544
Common Equity Tier 1 (CET1) capital after deduction of regulatory adjustments	**11,860**	**10,710**
Additional Tier 1 capital1	1,354	1,428
Sum Tier 1 Capital	**13,214**	**12,138**
Tier 2 Capital	1,239	1,296
Total capital	**14,453**	**13,434**
Risk exposure amount, credit risk	81,130	65,183
Risk exposure amount, market risk	-	-
Risk exposure amount, operational risk	6,436	5,782
Risk exposure amount, credit value adjustment (CVA)	77	183
Total risk exposure amount (risk weighted assets)	**87,643**	**71,148**
Capital ratios and buffers		
Common Equity Tier 1 capital ratio	13.53%	15.05%
Tier 1 capital ratio	15.08%	17.06%
Total capital ratio	16.49%	18.88%
Total Common Equity Tier 1 capital requirement including buffer requirement	9.53%	8.04%
- of which, capital conservation buffer requirement	2.50%	2.50%
- of which, countercyclical capital buffers	1.54%	1.04%
-of which systemic risk buffer	0.98%	-
SPECIFICATION OWN FUNDS		
Common Equity Tier 1 capital:		
Capital instruments and related share premium	20,920	20,920
-of which share capital	2	2
- of which other contributed capital	20,917	20,917
-of which other funds	-	-
Retained earnings	1,118	389
Accumulated other comprehensive income	-536	157
Deferred tax liabilities attributable to other intangible assets	475	564
Minority interest	-	-
Independently audited interim results after deductions of foreseeable dividends	1,052	867
Common Equity Tier 1 capital before regulatory adjusted	**23,028**	**23,254**

NOTE 5 CAPITAL ADEQUACY ANALYSIS

CAPITAL ADEQUACY - PART 2

SEK million	CONSOLIDATED SITUATION 31 DEC 2023	31 DEC 2022
Regulatory adjustments:		
(+) Other transitional adjustments of Common Equity Tier 1 capital[1]	542	358
(-) Intangible assets	-11,647	-12,364
Additional value adjustments	-64	-180
Total regulatory adjustment to Common Equity Tier 1 capital	-11,168	-12,186
Common Equity Tier 1 capital	**11,860**	**10,710**
Tier 1 capital		
- Additional Tier 1 capital	1,354	1,338
- Additional Tier 1 capital, contribution from minority	-	90
Total Tier 1 capital	**13,214**	**12,138**
Tier 2 capital		
- Tier 2 capital	622	620
- Tier 2 capital, contribution from minority	617	676
Total capital	**14,452**	**13,434**
Total risk exposure amount	**87,643**	**71,148**
Specification of risk exposure amount		
Exposures to national governments and central banks	22	0
Exposures to regional governments and local authorities	242	179
Exposures to institutions	766	868
Exposures in the form of covered bonds	745	708
Retail exposures	64,298	50,909
Exposures secured by mortgages on immovable property	5,996	5,535
Equity exposures	150	168
Exposures in default	8,132	6,169
Exposures to corporates	-	-
Other items	779	647
Total risk exposure amount for credit risk, Standardized Approach	**81,130**	**65,183**
Foreign exchange risk	-	-
Total risk exposure amount for foreign exchange risk	**-**	**-**
Operational risk according to Alternative Standardized Approach	6,436	5,782
Total risk exposure amount for operational risks	**6,436**	**5,782**
Credit valuation adjustment risk (CVA)	77	183
Total risk exposure amount for credit valuation adjustment risk	77	183
Total risk exposure amount	**87,643**	**71,148**

[1] NOBA Bank Group AB and the Consolidated Situation applies the transitional arrangements in accordance with article 473a of Regulation (EU) no. 575/2013 with application of paragraphs 2 and 4. Template “Final report on the guidelines on uniform disclosure of IFRS 9 transitional arrangements”, EBA/GL/2018/01 can be read at the end of this note.

NOTE 5 CAPITAL ADEQUACY ANALYSIS

CAPITAL ADEQUACY - PART 3

SEk million	CONSOLIDATED SITUATION 31 DEC 2023	31 DEC 2022
SPECIFICATION OWN FUNDS REQUIREMENTS (8% OF REA)		
Credit risk		
Exposures to national governments and central banks	2	-
Exposures to regional governments and local authorities	19	14
Exposures to institutions	61	69
Exposures in the form of covered bonds	60	57
Retail exposures	5,144	4,073
Exposures secured by mortgages on immovable property	480	443
Equity exposures	12	13
Exposures in default	651	494
Exposures to corporates	-	-
Other items	62	52
Total capital requirement for credit risk	**6,490**	**5,215**
Market risk		
Foreign exchange risk	-	-
Total risk exposure amount for market risk	**-**	**-**
Operational risk		
Operational risk according to Alternative standardized Approach	515	463
Total risk exposure amount for operational risk	**515**	**463**
Credit valuation adjustment risk (CVA)		
Credit valuation adjustment risk (CVA)	6	15
Total capital requirement for CVA risk	**6**	**15**
Total Capital Requirement	**7,011**	**5,693**
Capital Requirement, percent of REA		
Pillar 1	8.00%	8.00%
Pillar 2	1.23%	3.48%
Capital conservation buffer	2.50%	2.50%
Institution-specific countercyclical buffer	1.54%	1.04%
Systemic risk buffer - Norway	0.98%	-
Total Capital Requirement	**14.26%**	**15.02%**
Capital Requirement		
Pillar 1	7,011	5,692
Pillar 2	1,078	2,475
Capital conservation buffer	2,191	1,779
Institution-specific countercyclical buffer	1,351	738
Systemic risk buffer - Norway	863	-
Total Capital Requirement	**12,494**	**10,683**
LEVERAGE RATIO		
Total exposure measure for calculating leverage ratio	**136,603**	**116,650**
Tier 1 capital	**13,214**	**12,138**
Leverage ratio	**9.67%**	**10.41%**
Overall leverage ratio requirements	**4,098**	**3,500**
Overall leverage ratio requirements, percentage	**3%**	**3%**

Template EU KM1 - Key metrics templat in accordance with , article 447, Regulation EU No 575/2013.

CONSOLIDATED SITUATION PART 1

		A	B	C	D	E
SEK million		20231231	20230930	20230630	20230331	20221231
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	11,860	11,699	11,328	10,861	10,710
2	Tier 1 capital	13,214	13,049	12,758	12,279	12,138
3	Total capital	14,453	14,249	14,313	13,512	13,434
	Risk-weighted exposure amounts					
4	Total risk exposure amounts	87,643	85,086	80,815	74,536	71,148
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	13.53%	13.75%	14.02%	14.57%	15.05%
6	Tier 1 ratio (%)	15.08%	15.34%	15.79%	16.47%	17.06%
7	Total capital ratio (%)	16.49%	16.75%	17.71%	18.13%	18.88%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	3.48%
EU 7b	of which: to be made up of CET1 capital (%)	0.00%	0.00%	0.00%	0.00%	2.33%
EU 7c	of which: to be made up of Tier 1 capital (%)	0.00%	0.00%	0.00%	0.00%	2.61%
EU 7d	Total SREP own funds requirements (%)	8.00%	8.00%	8.00%	8.00%	11.48%
	Combined buffer and overall capital requirement (as a percentage of risk- weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	1.54%	1.55%	1.54%	1.17%	1.04%
EU 9a	Systemic risk buffer (%)	0.98%	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Combined buffer requirement (%)	5.03%	4.05%	4.04%	3.67%	3.54%
EU 11a	Overall capital requirements (%) [1]	13.03%	12.05%	12.04%	11.67%	15.02%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.49%	8.75%	9.52%	10.07%	8.23%
	Leverage ratio					
13	Leverage ratio total exposure measure (amounts)	136,603	134,991	126,772	118,493	116,650
14	Leverage ratio (%)	9.67%	9.67%	10.06%	10.36%	10.41%

[1] The Swedish FSA have not performed a Supervisory Review and Evaluation Process (SREP) of NOBA, thus Pillar 2 capital requirement is not included in the overall capital requirement under 11a.

Table “Template EU KM1 - Key metrics template in accordance with article 447 Regulation EU No 575/2013”

CONSOLIDATED SITUATION PART 2		A	B	C	D	E
SEK millions		20231231	20230930	20230630	20230331	20221231
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (%)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio[1]					
15	Total high-quality liquid assets (HQLA) (Weighted value average)	15,065	14,782	12,631	11,123,	9,532
EU 16a	Cash outflows - Total weighted value	11,204	10,536	10,189	10,155	10,216
EU 16b	Cash inflows - Total weighted value	3,870	3,800	3,847	4,351	4,550
16	Total net cash outflows (adjusted value)	7,334	6,736	6,342	5,804	5,666
17	Liquidity coverage ratio (%)	205.42%	219.44%	199.17%	191.63%	168.24%
	Net Stable Funding Ratio					
18	Total available stable funding[2]	124,090	123,760	118,626	111,786	108,873
19	Total required stable funding	105,074	105,018	99,926	93,571	89,268
20	NSFR ratio (%)[3]	118.1%	117.85%	118.71%	119.47%	121.96%

[1] Expressed as simple averages of the observations at the end of the month during the twelve months before the end of each quarter.

[2] Amounts have been changed compared to interim report January-December 2023

[3] Amounts have been changed compared to interim report January-December 2023

The table below presents information in accordance with Regulation EU No 575/2013 Article 473a paragraph 6 and the disclosure requirement in Part 8 of the same Regulation. Template IFRS 9-FL: Comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs.

TEMPLATE IFRS 9-FL

SEK million		T 20231231	T1 20230930	T2 20230630	T3 20230331	T4 20221231
	Capital					
1	Common Equity Tier 1 (CET1) capital	11,860	11,699	11,328	10,861	10,710
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11,318	11,219	10,982	10,629	10,352
3	Tier 1 capital	13,214	13,049	12,758	12,279	12,138
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12,672	12,569	12,412	12,047	11,780
5	Total capital	14,453	14,249	14,313	13,512	13,434
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,910	13,769	13,967	13,280	13,076
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	87,643	85,086	80,815	74,536	71,148
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	87,101	84,606	80,469	74,304	70,790
	Capital ratios					
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	13.53%	13.75%	14.02%	14.57%	15.05%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.99%	13.26%	13.65%	14.30%	14.62%
11	Tier 1 (as a percentage of risk exposure amount)	15.08%	15.34%	15.79%	16.47%	17.06%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.55%	14.86%	15.42%	16.21%	16.64%
13	Total capital (as a percentage of risk exposure amount)	16.49%	16.75%	17.71%	18.13%	18.88%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been app- lied	15.97%	16.27%	17.36%	17.87%	18.47%
	Leverage ratio					
15	Leverage ratio total exposure measure	136,603	134,991	126,772	118,493	116,650
16	Leverage ratio	9.67%	9.67%	10.06%	10.36%	10.41%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9.28%	9.31%	9.79%	10.17%	10.10%

NOTE 5 CAPITAL ADEQUACY ANALYSIS

INTERNAL CAPITAL REQUIREMENT

As at 31 December 2023, the internally assessed capital requirement for Consolidated Situation amounted to SEK 1,078 million (1,155 million). The decrease in capital requirements was mainly due to market risk. NOBA has not received a Pillar 2 guidance as the Swedish Financial Supervisory Authority has not yet conducted its Supervisory Review and Evaluation process.

TOTAL CAPITAL REQUIREMENT

The total capital requirement, including combined buffers, for the period amounts to SEK 12,495 million (SEK 11,404 million). The increase is mainly driven by the Norwegian systemic risk buffer of SEK 863 million, applicable from 31 December.

LEVERAGE RATIO

Leverage ratio is a non-risk-based capital measure where Tier 1 capital is set in relation to the total assets with adjusted derivatives as well as off-balance sheet commitments recalculated with conversion factors. As of 31 December 2023, the Consolidated Situation's leverage ratio was 9.67% (9.67%), which is well in excess of the 3% requirement.

INFORMATION ON LIQUIDITY RISK

NOBA defines liquidity risk as the risk of failing to fulfill NOBA defines liquidity risk as the risk of failing to fulfil payment obligations at maturity with a significant increase in the cost of obtaining means of payment. NOBA uses asset-backed borrowing in which parts of the asset portfolios are pledged as collateral for the loans. The long-term strategy is to match lending assets with the maturities of liabilities. The strategy strives to achieve a diversified funding platform comprising equity, subordinated debt, securitizations ("ABS"), credit facilities provided by banks, deposits from the public and senior uncovered bonds.

The goal is to use funding sources that meet the following criteria:

- Provide a high degree of matching of currencies and interest periods as well as maturities between assets and liabilities.

- Offer diversification in terms of markets, investors, instruments, maturities, currencies, counterparties, and geography.

- Give a low liquidity risk and offer a strong possibility of refinancing at maturity, as evidenced by price stability, regularity of issuance and a broad investor base.

- Provide access to relatively large volumes, to meet the funding requirements of a growing balance sheet.

The Treasury function is responsible for managing liquidity risk, including daily measurement and reporting to the company's management. Cash flows expected to occur if all assets, liabilities, and off-balance sheet items are liquidated are calculated, which, along with key figures from the balance sheet, provides values for risk indicators such as the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), survival horizon, and deposit usage. The risk indicators are limited and monitored over time to highlight changes in the financial structure and the group's liquidity risk.

The Risk Control function is responsible for the independent control of liquidity risk and reports risk indicators to the Board of Directors and the CEO on a monthly basis. The function analyses and reports the impact on the liquidity situation in various scenarios, such as changes in exchange rates, deposit and lending volumes, credit losses, and market values.

The contingency plan contains a clear division of responsibilities and instructions on how NOBA should respond in a liquidity crisis. The plan specifies appropriate actions to manage the consequences of various types of crises and contains definitions of events that trigger and escalate the contingency plan.

As of 31 December 2023, NOBA Consolidated Situation's Liquidity Coverage Ratio (LCR) was 139.0% (253.2%). The net stable funding ratio (NSFR) was 118.1% (122.0%), calculated in accordance with the definition in Regulation (EU) No. 575/2013.

The Consolidated Situation's liquidity reserves as of 31 December 2023 amounts to SEK 18.3 billion (SEK 19.4 billion). Of these investments, 37.5% (43.4%) are invested in covered bonds, 15.0% (12.3%) in Nordic credit institutions and 6.6 % (11.9 %) invested with central banks. The remaining balances are invested in interest bearing securities issued by central governments, municipalities and supra nationals. The credit assessment of these investments is generally high and therefore have high credit rating, between AAA and AA, from leading credit rating agencies. Norwegian municipalities do not have a credit rating but are considered from risk management and risk measurement view as AA assets, in line with the Norwegian FSA recommendation, which corresponds to a credit rating one grade lower than the Norwegian government. The average maturity of the liquidity reserve amounts to 438 (460) days and has an interest duration of 0.18 (0.23).

As of 31 December 2023, NOBA Consolidation Situation's funding sources comprises of SEK 2,196 (2,196) million financing via the asset backed securities market (securitization), SEK 3,385 (4,782) million in corporate bonds, SEK 10,995 (10,994) million financing against pledges with international banks, and SEK 96,788 (93,654) million of retail deposits.

NOTE 6 OPERATING SEGMENTS

Segment information is presented based on the highest executive decision-maker's perspective, and the segments are identified based on the internal reporting to the CEO, who is identified as the highest executive decision-maker. Profit that cannot be directly attributed to a segment is allocated using distribution keys according to internal principles that management believes provide a fair allocation to the segments. The highest executive decision-maker primarily follows the performance concept of operating profit.

The business models entail conducting cross-border banking operations in Sweden, Norway, Denmark, Finland, Germany and Spain, and monitoring is performed per country. Consequently, Bank Norwegian is included in each country segment. Operations are also conducted in the form of SHP's provision of equity release mortgages, which are monitored separately. The Netherlands is not included in the operating segment, as NOBA only receives deposits in the country via Raisin.

JAN-DEC 2023 SEK million	SWEDEN	SHP	NORWAY	FINLAND	GERMANY SPAIN	DENMARK	TOTAL
Income statement							
Interest income	3,488	789	2,679	3,369	177	885	11,387
Interest expense	-1,289	-394	-728	-861	-63	-180	-3,515
Total net interest income	**2,199**	**395**	**1,951**	**2,508**	**114**	**705**	**7,872**
Fee and commission income	262	3	325	111	-4	29	727
Fee and commission expense	-83	-1	-101	-35	2	-8	-226
Net gains/losses on financial transactions[1]	-17	-2	-5	36	-2	4	1
Total operating income	**2,361**	**395**	**2,170**	**2,620**	**110**	**730**	**8,374**
General administrative expenses	-466	-31	-601	-263	-96	-59	-1,516
Depreciation, amortisation and impairment[2]	-18	-1	-37	-8	-12	-4	-149
Amortisation and impairment of surplus values from transactions	-44	0	-35	-46	0	-44	-169
Other operating expenses[3]	-219	-39	-407	-239	-83	-129	-1,287
Total operating expenses	**-747**	**-71**	**-1,080**	**-556**	**-191**	**-236**	**-3,121**
Profit before credit losses	**1,614**	**324**	**1,090**	**2,064**	**-81**	**494**	**5,253**
Net credit losses	-1,485	-52	-449	-1,357	-304	-263	-3,909
Operating profit	**129**	**272**	**642**	**707**	**-385**	**231**	**1,344**
Statement of financial position							
Lending to the public	**36,256**	**9,614**	**25,308**	**29,591**	**2,705**	**7,141**	**110,615**

[1] FX effects that is not allocated amounts to SEK -13 million for January-December 2023 (0).

[2] Impairment that is not allocated amonts to SEK -69 million for January - December 2023 (0).

[3] Other operating expenses that is not allocated amounts to SEK -171 million for January-December 2023 (0).

NOTE 6 OPERATING SEGMENTS

JAN-DEC 2022 SEK million	SWEDEN	SHP	NORWAY	FINLAND	GERMANY SPAIN	DENMARK	TOTAL
Income statement							
Interest income	2,179	425	2,430	2,043	131	626	7,834
Interest expense	-450	-154	-416	-182	-21	-53	-1,276
Total net interest income	**1,729**	**271**	**2,014**	**1,861**	**110**	**573**	**6,558**
Fee and commission income	208	3	253	82	-1	37	582
Fee and commission expense	-59	-1	-73	-24	0	-11	-168
Net gains/losses on financial transactions[1]	-8	0	-40	16	0	-8	-100
Total operating income	**1,870**	**273**	**2,154**	**1,935**	**109**	**591**	**6,872**
General administrative expenses	-567	-31	-566	-240	-66	-51	-1,521
Depreciation, amortisation and impairment	-19	0	-265	-11	-4	-7	-306
Amortisation and impairment of surplus values from transactions	-46	0	-41	-45	0	-44	-176
Other operating expenses	-225	-41	-459	-260	-126	-138	-1,249
Total operating expenses	**-857**	**-72**	**-1,331**	**-556**	**-196**	**-240**	**-3,252**
Profit before credit losses	**1,013**	**201**	**823**	**1,379**	**-87**	**351**	**3,620**
Net credit losses	-924	-22	-540	-608	-193	-136	-2,423
Operating profit	**89**	**179**	**283**	**771**	**-280**	**215**	**1,197**
Statement of financial position							
Lending to the public	**28,556**	**8,798**	**22,165**	**22,002**	**1,760**	**6,101**	**89,382**

[1] FX effects that is not allocated amounts to SEK -60 million for January-December 2022 .

NOTE 7 NET INTEREST INCOME

GROUP

SEK million	2023-12-31	2022-12-31
Interest income from credit institutions and central banks	124	28
Interest income from Treasury bills eligible for repayment etc.	7	-
Interest income from the general public	10,721	7,630
Interest income from fixed-income securities	534	176
Other	1	-
Total interest income	**11,387**	**7,834**
of which interest income according to the effective interest rate method	10,842	7,658
Interest expenses to the general public	-2,645	-957
Interest expenses to credit institutions	-498	0
Interest expenses from fixed income securities	-311	-238
Interest expenses from subordinated debts	-145	-79
Interest expenses leasing	-1	-2
Other	85	0
Total interest expenses	**-3,515**	**-1,276**
of which interest income according to the effective interest rate method and interest on derivatives in hedge accounting	-3,515	-1,276
Net interest income	**7,872**	**6,558**

NOTE 8 COMMISSION INCOME AND COMMISSION EXPENSES

GROUP

SEK million	2023-12-31	2022-12-31
Income		
Payments	615	473
Insurance mediation and other insurance	73	76
Other	39	33
Total commission income	**727**	**582**
Expenses		
Payments	-199	-143
Other	-27	-25
Total commission expenses	**-226**	**-168**
Total commission income, net	**501**	**414**

NOTE 9 NET PROFIT FROM FINANCIAL TRANSACTIONS

GROUP

SEK million	2023-12-31	2022-12-31
Fx effect	-13	-35
Finacial assets valued at amortised cost	-2	-
Financial assets through other comprehensive income	0	-
Fair value through profit and loss	16	-65
-of which derivatives	*7*	*-3*
-of which lending to the general public	*-3*	*0*
-of which interest bearing securities	*7*	*-74*
-of which shares	*5*	*12*
Net profit from financial transactions	**1**	**-100**

NOTE 10 GENERAL ADMINISTRATIVE EXPENSES

GROUP

SEK million	2023-12-31	2022-12-31
Staff costs		
Salaries and fees	-431	-405
Pension costs	-45	-39
Social security contributions	-125	-108
Other staff costs	-34	-28
Total staff costs	**-635**	**-580**
Other administrative expenses		
IT costs	-275	-372
External services	-540	-487
Costs for premises	-14	-11
Telephone and postage fees	-57	-38
Other	5	-33
Total other administrative expenses	**-881**	**-941**
Total general administrative expenses	**-1,516**	**-1,521**

NOTE 10 GENERAL ADMINISTRATIVE EXPENSES

PARENT COMPANY

SEK million	2023-12-31	2022-12-31
Staff costs		
Salaries and fees	-5	-4
Pension costs	-1	-1
Social security contributions	-2	-3
Other staff costs	0	-3
Total staff costs	**-8**	**-11**
Other administrative expenses		
External services	-4	-3
Costs for premises	0	0
Telephone and postage fees	0	0
Other	-1	-3
Total other administrative expenses	**-5**	**-6**
Total general administrative expenses	**-13**	**-17**

GROUP

SEK million	2023-12-31	2022-12-31
Distribution of salaries and fees		
Board members, CEO and other senior executives	-22	-20
Other employees	-409	-384
Total	**-431**	**-405**
Distribution of social security contributions		
Board members, CEO and other senior executives	-8	-7
Other employees	-117	-101
Total	**-125**	**-108**
Distribution of pension costs		
Board members, CEO and other senior executives	-3	-4
Other employees	-42	-35
Total	**-45**	**-39**
Distribution of the number of employees		
Women	417	373
Men	321	295
Total	**738**	**668**
Average number of employees	**702**	**612**

NOTE 10 GENERAL ADMINISTRATIVE EXPENSES

GROUP

DISTRIBUTION BETWEEN WOMEN AND MEN	2023-12-31	2022-12-31
In the Board of Directors		
Women	2	1
Men	6	6
Total	**8**	**7**
In the management team		
Women	6	6
Men	7	5
Total	**13**	**11**

GROUP

SEK thousand	BASIC SALARY/FEE	VARIABLE RENUMERATION	PENSION COST	TOTAL
Paid out remuneration and other benefits, 2023[1]				
Hans-Ole Jochumsen, Chairman of the Board	-552	-	-	-552
Christopher Ekdal, Board Member	-150	-	-	-150
Christian Frick, Board Member	-150	-	-	-150
Henrik Källén, Board Member	-351	-	-	-351
Anna Storåkers, Board Member	-209	-	-	-209
Ragnhild Wibort, Board Member	-90	-	-	-90
Ville Talasmäki, Board Member	-175	-	-	-175
Ricard Wennerklint, Board Member	-100	-	-	-100
Other senior executives (12 people)	-20,177	-6,328	-3,187	-29,692
Total	**-21,954**	**-6,328**	**-3,187**	**-31,469**

GROUP

SEK thousand	BASIC SALARY/FEE	VARIABLE RENUMERATION	PENSION COST	TOTAL
Paid out remuneration and other benefits, 2022[1]				
Hans-Ole Jochumsen, Chairman of the Board	-640	-	-	-640
Christopher Ekdal, Board Member	-175	-	-	-175
Christian Frick, Board Member	-175	-	-	-175
Henrik Källén, Board Member	-408	-	-	-408
Anna Storåkers, Board Member	-349	-	-	-349
Ville Talasmäki, Board Member	-204	-	-	-204
Ricard Wennerklint, Board Member	-116	-	-	-116
Other senior executives (11 people)	-17,542	-	-3,925	-21,467
Total	**-19,609**	**-**	**-3,925**	**-23,534**

[1] The Board of Directors has 8 (7) members. The Chairman of the Board and the Board members received fees pursuant to a resolution by the 2023 Annual General Meeting. At the end of the period, there were 12 (11) members of the regular management team.

NOTE 10 GENERAL ADMINISTRATIVE EXPENSES

GROUP SEK thousand	BOARD FEE	VARIABLE RENUMERATION	PENSION COST	TOTAL
Board fee determined at the annual general meeting, 2023				
Hans-Ole Jochumsen, Chairman of the Board	-550	-	-	-550
Christopher Ekdal, Board Member	-150	-	-	-150
Christian Frick, Board Member	-150	-	-	-150
Henrik Källén, Board Member	-350	-	-	-350
Anna Storåkers, Board Member	-22	-	-	-22
Ragnhild Wibort, Board Member	-275	-	-	-275
Ville Talasmäki, Board Member	-175	-	-	-175
Ricard Wennerklint, Board Member	-100	-	-	-100
Total	**-1,772**	**-**	**-**	**-1,772**

GROUP SEK thousand	BASIC SALARY /FEE	VARIABLE RENUMERATION	PENSION COST	TOTAL
Board fee determined at the annual general meeting, 2022				
Hans-Ole Jochumsen, Chairman of the Board	-550	-	-	-550
Christopher Ekdal, Board Member	-150	-	-	-150
Christian Frick, Board Member	-150	-	-	-150
Henrik Källén, Board Member	-350	-	-	-350
Anna Storåkers, Board Member	-300	-	-	-300
Ville Talasmäki, Board Member	-175	-	-	-175
Ricard Wennerklint, Board Member	-100	-	-	-100
Total	**-1,775**	**-**	**-**	**-1,775**

NOTE 10 GENERAL ADMINISTRATIVE EXPENSES

INFORMATION ON REMUNERATION STRUCTURES

The disclosure of information on remuneration structures pursuant to the Swedish Financial Supervisory Authority's Regulations FFFS 2011:1 regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management are provided on NOBA's website, www.nobagroup.com.

CEO AND SENIOR EXECUTIVES

The CEO is employed by NOBA Holding AB (formerly Nordax Holding AB). Other senior executives are employed by NOBA Bank Group AB (publ) and NOBA Group AB (publ).

The minimum notice period for other senior executives is four months if the employee gives notice and nine months if the Company gives notice. If notice is given in the periods from 20 November to 1 January or 20 May to 30 July, the minimum notice period is six months instead of four. For senior managers hired since 2018, there is a mutual minimum notice period of six months. For senior managers employed by the Branch, the mutual minimum notice period is three months. The minimum notice period for the Branch Manager is six months if the employee gives notice and 12 months if the Company gives notice. Except for the Branch Manger, who is entitled to 12 months of severance pay, no employees, including the CEO, have provisions on severance pay in their employment agreements.

All employees (except for those who are employed by the Branch), including the CEO, are entitled to an occupational pension, according to the following premium scale:

- Salary components up to 7.5 income base amounts, 4.5%
- Salary components over 7.5 income base amounts, 30%
- The pensionable salary is calculated as the monthly salary x 12.2 = annual pensionable salary

The following applies to all employees of the Branch in terms of occupational pensions:

- Salary components from 0 to 7.1 (G) basic amount in the national insurance scheme, 7%

- Salary components from 7.1 to 12 (G) basic amount in the national insurance scheme, 25.1%

The Branch is subject to Norwegian Act concerning mandatory occupational pension schemes. The Branch has a pension premiums system in place applicable to all employees.
Deposits to the system are paid on an ongoing basis and the bank has no obligations beyond these ongoing payments:

With respect to the incentive plans, reference is made to the section of the accounting policies on employee benefits, as well as the section on share-based remuneration.

REMUNERATION TO AUDITORS GROUP SEK million

	2023-12-31	2022-12-31
Deloitte		
Audit assignment	-10	-12
Audit activities in addition to the audit assignment	0	0
Tax advice	0	0
Other services	-1	-3
Total cost of remuneration to auditors	**-11**	**-15**

REMUNERATION TO AUDITORS PARENT COMPANY SEK million

	2023-12-31	2022-12-31
Deloitte		
Audit assignment	0	0
Audit activities in addition to the audit assignment	0	-
Tax advice	-	-
Other services	-	-
Total cost of remuneration to auditors	**0**	**0**

NOTE 11 DEPRICIATION AND IMPAIRMENT OF PROPERTY, PLANT AND OTHER INTANGIBLE ASSETS

GROUP

SEK million	2023-12-31	2022-12-31
Depreciation of property, plant and equipment	-5	-4
Depreciation of leased assets	-22	-20
Depreciation of intangible assets	-57	-81
Impairment of intangible assets (Lilienthal Finance Ltd)	-64	-201
Depreciation, amortisation and impairment for the year	**-149**	**-306**

NOTE 12 DEPRICIATION AND IMPAIRMENT OF SURPLUS VALUES FROM TRANSACTIONS

GROUP

SEK million	2023-12-31	2022-12-31
Depreciation of acquired customer relationships	-169	-176
Amortisation and impairment for the year	**-169**	**-176**

NOTE 13 OTHER OPERATING EXPENSES

GROUP

SEK million	2023-12-31	2022-12-31
Marketing expenses	-727	-819
External expenses related to credit cards/selling expenses	-389	-430
Other services	-171	0
Total	**-1,287**	**-1,249**

NOTE 14 CREDIT LOSSES

GROUP

SEK million	2023-12-31	2022-12-31
On Balance		
Credit loss allowances, Stage 1[1]	-743	-244
Credit loss allowances, Stage 2[1]	-231	-324
Credit loss allowances, Stage 3[1]	-2,610	-985
Total	**-3,584**	**-1,553**
Write-offs	-292	-892
Recoveries	12	29
Total	**-280**	**-863**
Off Balance		
Credit loss allowances, Stage 1[1]	-44	-7
Credit loss allowances, Stage 2[1]	-1	0
Credit loss allowances, Stage 3[1]	0	0
Total	**-45**	**-7**
Total net credit losses	**-3,909**	**-2,423**

[1] SHP and residential mortgages were not previously included in Stages 1 and 2. The historical figures have been adjusted.

NOTE 14 CREDIT LOSSES

COLLATERAL RECEIVED

Part of NOBA's loan portfolio includes mortgages and equi ty release mortgages (via the subsidiary SHP), and this lending is secured by mortgages on real property or rights in co-op apartments. The valuation of collateral is part of NOBA's credit origination process and collateral values are continuously monitored through updated valuations.

NOBA's policies for received collateral have not significantly changed during the period and there has been no significant change in the quality of collateral. As of December 31, 2023, NOBA had 227 (85 per December 31, 2022) mortgages with a total volume of SEK 461 million (149) and 1 (3) equity release mortgages with a total volume of SEK 0 million (3) that were classified as being in Stage 3.

SENSITIVITY ANALYSIS

As a general rule, deteriorating macroeconomic development in society leads to higher credit losses. Similarly, improvements in the developments result is lower credit losses.In calculating the future need for credit loss reserves, an assessment is made of the probability of various future sce- narios occurring. This probability-weighted outcome is the amount recognized as the credit loss reserve. The table below shows how the loan loss reserves would be affected if it was based respectively on a negative and a positive scenario.

The sensitivity analysis is based on analysis of the combined sensitivity of the ECL models applied within the Group. For loans on the Nordax platform the Negative scenario entails increasing the likelihood of the Negative macro scenario from a base assumption of 5% to 30%. Currently 6% is applied (30% per December 31 2022). For Bank Norwegian loans the Negative scenario is based on applying 100% weighting of the pessimistic scenario. Currently weighting is 32.5% Base, 30% optimistic and 37.5% pessimistic)which is the same as 2022-12-31). For loans on the Nordax platform the Positive scenario entails reducing the likelihood of the Negative macro scenario to 1% and for Bank Norwegian applying 100% weighting of the optimistic scenario. Out of the ECL impact from the Negative scenario of SEK 264 million (192), SEK 197 million (91) relate to Nordax loans and SEK 67 million (101) to Bank Norwegian loans.

SENSITIVITY ANALYSIS SEK million

31 DECEMBER 2023	PROBABILITY-WEIGHTED	NEGATIVE SCENARIO	POSITIVE SCENARIO	NEGATIVE SCENARIO	POSITIVE SCENARIO
	LOAN LOSS RESERVES			DIFFERENCE COMPARED WITH PROBABILITY-WEIGHTED %	
Group	8,652	264	-92	3.1%	-1.1%
31 DECEMBER 2022					
Group	5,903	192	-115	3.2%	-1.9%

NOTE 14 CREDIT LOSSES

RECONCILIATION OF THE LOSS ALLOWANCE FOR EXPECTED CREDIT LOSSES

In 2023 the loss allowance for expected credit losses was affected by several factors:

- Transfers between steps that affected the time horizon of the loss allowance for expected credit losses;
- New amounts in the provisions made for new issued loans, including lending that was included in the acquisition of Bank Norwegian and the reversal of the provision for derecognised assets;
- Changes in model components and inputs affecting the calculation of credit risk and expected recoveries;
- Changes in the approaches, methodologies and assumptions used in the calculation of expected credit losses;
- Currency effects related to currency translations.

The analysis below explains in further detail how these factors contributed to the change in the loss allowance for expected credit losses related to lending to the public over the year.

GROUP

SEK million

31 DECEMBER 2023	GROSS			LOSS ALLOWANCES			NET
	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	
Closing balance, loss allowance, 31 December 2022	**80,205**	**5,352**	**9,728**	**-937**	**-768**	**-4,198**	**89,382**
Transfers between stages							
To/from Stage 1	-4,409	-	-	25	-	-	-4,384
To/from Stage 2	-	-32	-	-	22	-	-10
To/from Stage 3	-	-	4721	-	-	-1,905	2,816
Issue of loans	34,414	1,832	876	-573	-311	-296	35,942
Derecognised assets	-10,892	-580	-1,117	99	60	457	-11,973
Changes in risk components	0	0	0	-359	-34	-203	-596
Changes in estimation approach	-	-	-	0	0	0	0
Exchange difference and other	-894	-299	-516	21	31	217	-1,440
Closing balance, loss allowance, 31 December 2023	**98,424**	**6,273**	**13,692**	**-1,724**	**-1,000**	**-5,928**	**109,737**

31 DECEMBER 2022	GROSS			LOSS ALLOWANCES			NET
	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	
Closing balance, loss allowance, 31 December 2021	**61,327**	**3,829**	**12,970**	**-686**	**-444**	**-5,605**	**71,391**
Transfers between stages							
To/from Stage 1	-2,431	-	-	67	-	-	-2,364
To/from Stage 2	-	272	-	-	-158	-	114
To/from Stage 3	-	-	2,159	-	-	-839	1,320
Issue of loans	29,115	1,268	403	-316	-206	-269	29,995
Derecognised assets	-8,537	-679	-5,837	104	97	2,668	-12,184
Changes in risk components	-	-	-	-92	-14	-263	-369
Changes in estimation approach	-	-	-	32	-10	-36	-14
Exchange difference and other	731	662	33	-46	-33	146	1,493
Closing balance, loss allowance, 31 December 2022	**80,205**	**5,352**	**9,728**	**-937**	**-768**	**-4,198**	**89,382**

NOTE 15 TAX ON PROFIT FOR THE YEAR

TAXES PART 1

SEK million	GROUP 2023-12-31	2022-12-31
Current tax		
Current tax on profit for the year	-384	-321
Tax on the previous year's profit	1	15
Current tax on profit for the year	**-383**	**-306**
Deferred tax		
Change in deferred tax expense related to temporary differences	89	-24
Change in deferred tax on profit for the year	**89**	**-24**
Total recognised tax on profit for the year	**-294**	**-330**
Reconciliation of effective tax		
Accounting profit before tax	1,344	1,197
Current tax with a Swedish tax rate of 20.6%	-277	-247
Tax effect of tax rate for foreign operations	-1	-42
Tax effect of non-deductible expenses	-74	-58
Tax effect of non-taxable income	1	2
Revaluation on deferred tax	57	-
Tax on the previous year's profit	-1	15
Deferred tax not previously reported	1	-
Effect of changed tax rates	0	0
Total tax on profit for the year	**-294**	**-330**
Tax items that are recognised in other comprehensive income		
Tax on hedge accounting of net investment	-139	188
Tax on cash flow hedges	34	-46
Tax on translation differences	132	18
Total tax attributable to other comprehensive income	**27**	**160**
Total tax on comprehensive income for the year	**-267**	**-170**

NOTE 15 TAX ON PROFIT FOR THE YEAR

TAXES PART 2

SEK million	GROUP 2023-12-31	2022-12-31
Tax recognised in the statement of financial position		
Current tax liabilities(-)/tax assets (+)	-182	-179
Deferred tax liabilities(-)/tax assets(+)	-834	-973
Opening balance, deferred tax liabilities(-)/tax assets(+)	-973	-1,083
Recognised in profit or loss	89	-24
Recognised in other comprehensive income	-	161
Translation differences	50	-
Deferred tax acquired in merger	-	-
Reclassification to current tax after merger	-	-27
Remaining portion of deferred tax acquired	-	-
Closing balance, deferred tax liabilities(-)/tax assets(+)	**-834**	**-973**
Deferred tax liabilities/tax assets are attributable to	-24	-25
Surplus values from lending in connection with SHP acquisition	-299	-419
Surplus values from lending in connection with Bank Norwegian acquisition	-297	-420
Surplus values from intangible assets in connection with Bank Norwegian acquisition	-241	-272
Financial instruments, including derivatives and hedge accounting	-	77
Other	3	80
Loss carry-forwards	4	-
IFRS 9 adjustments	20	6
IFRS 16 adjustments	0	-
Accrual of acquisition costs for loans, SHP	0	-
Deferred tax liabilities(-)/tax assets(+) pursuant to the statement of financial position	**-834**	**-973**
Deferred tax expected to be recovered in 12 months	**-105**	**-105**
Deferred tax expected to be recovered after 12 months	**-729**	**-868**

NOTE 16 EARNINGS PER SHARE

GROUP

SEK million	2023-12-31	2022-12-31
Net profit for the year (attributable to the Parent Company's shareholders)	933	776
Earnings per share, SEK	388.1	322.8

NOTE 17 CASH AND BALANCES WITH CENTRAL BANKS AND LENDING TO CREDIT INSTITUTIONS

GROUP

SEK million	2023-12-31	2022-12-31
Lending to central banks in SEK	815	2,712
Lending to central banks in foreign currencies	357	1,011
Lending to credit institutions in SEK	2,515	1,206
Lending to credit institutions in foreign currency	788	2,170
Total	**4,338**	**7,099**

PARENT COMPANY

SEK million	2023-12-31	2022-12-31
Lending to central banks in SEK	-	-
Lending to central banks in foreign currencies	-	-
Lending to credit institutions in SEK	122	29
Lending to credit institutions in foreign currency	-	-
Total	**122**	**29**

The Group’s lending to credit institutions includes SEK 551 million (581) in assets pledged for liabilities to credit institutions and issued securities.

NOTE 18 LENDING TO THE PUBLIC

GROUP

SEK million	2023-12-31	2022-12-31
Measured at amortised cost:		
Households	109,737	89, 382
Measured at fair value:		
Households	878	-
Total	**110,615**	**89,382**

The Group item includes SEK 15,514 MSEK (13,455) in assets pledged for liabilities to credit institutions and issued securities. Loans are provided in the currency of each respective country. The geographical distribution is described in Note 4. SEK 87,965 million (68,297) of more than one year.

NOTE 19 BONDS AND OTHER INTEREST-BEARING SECURITIES

All securities are listed, and SEK 6,949 million (5,882 million) has a maturity of more than one year and the rest have a maturity of less than one year.

GROUP SEK million	2023-12-31	2022-12-31	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Holdings broken down by issuer	CARRYING AMOUNT		NOMINAL AMOUNT		FIXED-INTEREST PERIOD	
Governments	2,560	2,339	2,570	2,347	0,10	0,16
-of which Treasury bills eligible for repayment etc.	*1,200*	-	*1,200*	-	*0,01*	-
Municipalities	2,630	2,240	2,601	2,227	0,26	0,16
Covered bonds	7,450	7,080	7,386	7,049	0,18	0,23
Other	1,732	1,949	1,706	1,915	0,26	0,17
Total	**14,372**	**13,608**	**14,263**	**13,538**	**0,19**	**0,20**

NOTE 20 SHARES AND PARTICIPATIONS

GROUP

SEK million	2023-12-31	2022-12-31
Carrying amount		
Shares and participations, listed	-	-
Shares and participations, unlisted[1]	150	168
Total	**150**	**168**

[1] Shareholdings relate to Stabelo Group AB, Vipps AS and VN Norge AS.

NOTE 21 SHARES IN GROUP COMPANIES

PARENT COMPANY

COMPANY	CORPORATE IDENTITY NO	DOMICILE	SHARE OF EQUITY	SHARE OF VOTES	NUMBER OF SHARES	CARRYING AMOUNT SEK 2023-12-31	CARRYING AMOUNT SEK 2022-12-31
NOBA Group AB (publ)	556993-2485	Stockholm	100%	100%	20,010,076	22,215,784,511	22,215,784,511
NOBA Bank Group AB (publ)	556647-7286	Stockholm	100%	100%	50,100,001		
NOBA Sverige AB	556794-0126	Stockholm	100%	100%	100,000		
Nordax Sverige 5 AB (publ)	559229-0695	Stockholm	100%	100%	500,000		
Nordax Sweden Mortgage 1 AB (publ)	559366-8733	Stockholm	100%	100%	500,000		
NOBA Finland 1 AB (publ)	559446-7598	Stockholm	100%	100%	500,000		
Svensk Hypotekspension AB	556630-4985	Stockholm	100%	100%	14,882,661		
Totalt						**22,215,784,511**	**22,215,784,511**

NOTE 22 DERIVATIVES

HEDGE ACCOUNTING

The Group has chosen to continue applying the accounting principles on hedge accounting in IAS 39.

CURRENCY RISK

NET INVESTMENT HEDGES

Risk management, risks and hedging instruments

In connection with the acquisition of Bank Norwegian in November 2021, the Board of Directors adopted the strategy to use currency derivatives to hedge the currency exposure arising from the holdings. The currency exposure refers to the currencies SEK, NOK, DKK and EUR. The local transaction risk in Norway is managed through internal loans in each currency (DKK, SEK and EUR) between the Branch and the Swedish operations. In Sweden, the total net exposure related to transaction risk is managed through financial hedging with currency derivatives.

Hedge accounting is applied regarding the translation risk related to the net investment in Norway to manage a proportion of the exchange differences in NOK. The aim is for the hedged proportion to correspond to the total net investment, excluding intangible assets. After the merger of Bank Norwegian in November 2022, the net investment in foreign operations was also hedged in NOBA Bank Group AB (publ).

Establishing economic links and sources of inefficiency

The Group hedges translation differences related to net investments in foreign operations by entering into currency derivatives. The nominal amount hedged was SEK 10,979 million (11,757) at year-end. The hedge ratio is initially determined when the hedging relationship is entered into by matching the nominal amount in derivatives with the proportion of hedged net investments, which results in a hedge ratio of 1:1. Any inefficiency in the hedges is recognised in Net gains/losses on financial transactions (Note 9).

FAIR VALUE HEDGING OF CURRENCY RISK

Risk management, risks and hedging instruments

Before the merger with Bank Norwegian, NOBA Bank Group AB (publ) managed currency risk related to shares in subsidiaries by using currency derivatives (corresponding to derivatives used to hedge net investments in the Group). To counteract volatility from derivatives entered into in profit or loss, hedge accounting was applied as of the merger in November 2022.

Establishing economic links and sources of inefficiency

In the fair value hedging of currency risk, conditions such as nominal amount and currency have been identified as critical. The hedge is expected to be highly effective in achieving counteracting changes in fair value related to the hedged risk, in accordance with the originally documented strategy for this particular hedging relationship. In the hedging relationship, the volume of the hedged item always corresponds to the volume of the hedging instrument.

INTEREST RATE RISK

Risk management, risks and hedging instruments

The Group is exposed to interest rate risk related to deposits and lending with different fixed interest periods. The Group aims to limit interest rate risk by matching the fixed interest periods for assets and liabilities. The interest rate risk is managed by entering into interest rate swaps, where variable interest is changed to fixed interest. Hedge accounting is used to counteract volatility in profit or loss related to the change in value in future cash flows related to the swaps.

Establishing economic links and sources of inefficiency

The hedged risk in the hedged items subordinated liabilities, deposits from the public and issued securities comprise components of the interest flows corresponding to the benchmark interest rate. The hedge ratio is initially determined by matching the nominal amount of the derivative with the nominal amount of the hedged item, which results in a hedge ratio of 1:1. For deposits from the public, this is achieved by projecting future volumes.

To measure any inefficiencies that are to be recognised in profit or loss, a hypothetical derivative is used to model changes in the fair value of future cash flows related to the hedged item. Potential sources of inefficiency comprise:

- The difference between the actual and projected future volume of the hedged item.
- Any counterparty risk that is reflected in the measurement of the derivative but not in the hedged item.
- Any deviation in the interest fixing date between the actual derivative and the hedged item.

HEDGE ACCOUNTING

GROUP

SEK million	Nominal amount 23-12-31	Nominal amount 22-12-31	Carrying amount 23-12-31	Carrying amount 22-12-31	The year's change in value recognised in profit or loss/other comprehensive income 23-12-31	The year's change in value recognised in profit or loss/other comprehensive income 22-12-31	Accumulated amount of change in value used to measure hedging inefficiency 23-12-31	Accumulated amount of change in value used to measure hedging inefficiency 22-12-31
Cash flow hedges								
Interest rate-related contracts								
Deposits from the public	-	-	1,036	-	40	-	40	-
Issued securities	-	-	500	4,008	86	-99	-13	-99
Subordinated liabilities	-	-	1,047	650	53	-104	-54	-107
Hedging instruments - Interest rate swaps, positive value	1,150	4,658	84	215	-129	203	-	-
Hedging instruments - Interest rate swaps, negative value	1,433	-	-49	-	-50	-	-	-
Hedge of net investment in foreign operations								
Currency-related contracts								
Net investment in foreign operations	-	-	10,979	11,757	-216	-321	-154	62
Hedging instruments – Currency derivatives positive value	8,495	5,486	200	44	156	-	-	-
Hedging instruments – Currency derivatives negative value	2,484	6,270	-45	-106	60	321	-	-
Total hedged item	**-**	**-**	**13,562**	**16,415**	**-37**	**-524**	**-181**	**-144**
Total hedging instruments	**13,562**	**16,414**	**190**	**153**	**37**	**524**	**-**	**-**
Total inefficiency recognised in profit or loss	**-**	**-**	**-**	**-**	**0**	**0**	**-**	**-**

NOTE 22 DERIVATIVES

MATURITY PROFILE AND AVERAGE PRICE OF HEDGING INSTRUMENTS

GROUP SEK million	NOMINAL AMOUNT, REMAINING CONTRACTUAL MATURITY			
31 DECEMBER 2023	<1 YEAR	1-5 YEARS	<5 YEARS	TOTAL
Cash flow hedges				
Interest rate-related contracts				
Nominal amount	-	897	1,686	2,583
Average fixed interest	-	2.34%	2.31%	-
Hedge of net investment in foreign operations				
Currency-related contracts				
Nominal amount	10, 979	-	-	10,979
Average forward rate	1.006%	-	-	-

GROUP SEK million	NOMINAL AMOUNT, REMAINING CONTRACTUAL MATURITY			
31 DECEMBER 2022	<1 YEAR	1-5 YEARS	<5 YEARS	TOTAL
Cash flow hedges				
Interest rate-related contracts				
Nominal amount	1,869	2,139	650	4,658
Average fixed interest	3.21%	2.34%	0.94%	
Hedge of net investment in foreign operations				
Currency-related contracts				
Nominal amount	11,757	-	-	11,757
Average forward rate	1.05%	-	-	

NOTE 23 INTANGIBLE ASSETS

GROUP

SEK million	GODWILL	TRADEMARK	ACQUIRED CUSTOMER RELATIONSHIPS	INTERNALLY DEVELOPED SOFTWARE	OTHER	TOTAL
Cost as at 1 January 2023	**9,755**	**421**	**2,828**	**195**	**164**	**13,363**
Cost of additional intangible assets	-	-	-	48	0	48
Disposals and retirements	-	-	-	-	-1	-1
Currency effects	-374	-25	-115	-12	0	-526
Cost as at 31 December 2023	**9,381**	**396**	**2,713**	**231**	**163**	**12,884**
Accumulated amortisation and impairment as at 1 January 2023	**-**	**-305**	**-429**	**-133**	**-132**	**-999**
Disposals and retirements	-	-	-	-	1	1
Amortisation for the year	-	-27	-169	-9	-21	-226
Impairment for the year	-	-58	-	-2	-5	-65
Currency effects	-	19	13	6	14	52
Accumulated amortisation and impairment as at 31 December 2023	**-**	**-371**	**-585**	**-138**	**-143**	**-1,237**
Carrying amount as at 31 December 2023	**9,381**	**25**	**2,128**	**93**	**20**	**11,647**

GROUP

SEK million	GODWILL	TRADEMARK	ACQUIRED CUSTOMER RELATIONSHIPS	INTERNALLY DEVELOPED SOFTWARE	OTHER	TOTAL
Cost as at 1 January 2022	**9,583**	**410**	**2,775**	**165**	**158**	**13,091**
Cost of additional intangible assets	-	-	-	26	10	36
Disposals and retirements	-	-	-	-	-5	-5
Currency effects	172	11	53	4	1	241
Cost as at 31 December 2022	**9,755**	**421**	**2,828**	**195**	**164**	**13,363**
Accumulated amortisation and impairment as at 1 January 2022	-	-63	-250	-100	-129	-542
Disposals and retirements	-	-	-	-	5	5
Amortisation for the year	-	-39	-176	-31	-10	-256
Impairment for the year	-	-201	-	-	-	-201
Currency effects	-	-2	-3	-2	2	-5
Accumulated amortisation and impairment as at 31 December 2022	**-**	**-305**	**-429**	**-133**	**-132**	**-999**
Carrying amount as at 31 December 2022	**9,755**	**116**	**2,399**	**62**	**32**	**12,364**

NOTE 23 INTANGIBLE ASSETS

Goodwill is attributable to the aquisition of NOBA Group AB in 2018 (at the time of aquisition Nordax Group AB (publ)), the aquisition of Svensk Hypotekspension AB in January 2019 and Bank Norwegian ASA in November 2021.

The carrying amount of goodwill is attributable to Sweden with SEK 1,776 million (1,776), of which SEK 686 million (686) related to SHP, Norway with SEK 744 million (744), Finland with SEK 1,102 million (1,102), Germany with SEK 93 million (93) and Bank Norwegian with SEK 5,667 million (6,041).

Goodwill was not impaired. A change in the discount rate, which is the most sensitive parameter, (of +1 percentage point) would also not result in impairment.

The aquired customer relationships consist of NOBA Group AB (at the time of aquisition Nordax Group AB (publ)) at SEK 664 million (695), Bank Norwegian at SEK 1,445 million (1 681) and SHP at SEK 21 million (23). The amortisation period for aquired customer relationships is 10 years för NOBA Group AB , 13 years for Bank Norwegian and 20 years for SHP.

The most significant assumptions in the projected period are the management’s assessment of future growth and net profit, including credit losses, which assumptions were adopted by the Board of Directors. The assumptions were based on historic experience and market data. After the projected period, a long-term growth rate of 2% (2%) was assumed.

When calculating value in use, a Common Equity Tier 1 capital ratio of 12,0% (12.0%) was applied. The discount factor ranges from 17.8% to 18.8% (17.3% to 17.7%) before tax, depending on the country, and was calculated based on an assumed yield requirement on equity after tax of 14.9% (14.0%-14.7%).

NOTE 24 PROPERTY, PLANT AND EQUIPMENT

GROUP

SEK million	2023-12-31	2022-12-31
Non-current assets		
Cost at the beginning of the year	40	46
- Additions over the year	6	5
- Retirements over the year	-1	-11
- Disposals over the year	0	-
Cost at year-end	**45**	**40**
Accumulated depreciation in the beginning of the year	-31	-37
- Depreciation for the year	-5	-5
- Retirements over the year	1	11
- Disposals over the year	0	-
- Impairment for the year	-	-
Accumulated depreciation at year-end	**-35**	**-31**
Carrying amount	**10**	**9**

NOTE 25 OTHER ASSETS

GROUP

SEK million	2023-12-31	2022-12-31
Receivables from Group companies	-	-
Collateral	135	142
Other	154	144
Total	**288**	**286**

PARENT COMPANY

SEK million	2023-12-31	2022-12-31
Receivables from Group companies	653	745
Collateral	-	-
Other	16	14
Total	**669**	**759**

NOTE 26 PREPAID EXPENSES AND ACCRUED INCOME

GROUP

SEK million	2023-12-31	2022-12-31
Accrued income	0	0
Prepaid expenses	67	68
Total	**67**	**68**

PARENT COMPANY

SEK million	2023-12-31	2022-12-31
Accrued income	0	0
Prepaid expenses	2	1
Total	**2**	**1**

NOTE 27 LIABILITIES TO CREDIT INSTITUTIONS

GROUP

SEK million	2023-12-31	2022-12-31
Foreign banks	10,995	9,739
Total	**10,995**	**9,739**

For the above liabilities in the Group, collateral was provided in the amount of SEK 13,128 million (11,156) for receivables related to Lending to the public and SEK 551 million (581 million) for receivables related to Lending to credit institutions. Credit granted amounted to SEK 11,000 million (9,950).

The Group’s liquidity strategy strives to achieve a diversified funding platform comprising equity, subordinated debt, securitisation, credit facilities provided by banks, deposits from the public and corporate bonds.

NOTE 28 DEPOSITS FROM THE PUBLIC

GROUP

SEK million	2023-12-31	2022-12-31
Deposit accounts	96,788	77,104
-of which swedish crowns	27,337	24,592
-of which foreign currencies	69,451	52,512
Total	**96,788**	**77,104**

NOTE 29 ISSUED SECURITIES

GROUP

SEK million	MATURITY	2023-12-31	2022-12-31
Bonds issued by Nordax Bank AB (publ) (formerly Nordax Bank AB (publ))			
Bond issued in SEK by NOBA Bank Group AB (publ)	Jan 2023	-	181
Bond issued in SEK by NOBA Bank Group AB (publ)	Dec 2024	601	601
Bond issued in SEK by NOBA Bank Group AB (publ)	Feb 2025	504	503
Bonds issued by SHP Fonder 4 AB (publ)			
Bond issued in SEK by SHP Fond 4 AB (publ)	Dec 2067	2,196	2,250
- of which, repurchased 2023		54	-
Bonds issued by Bank Norwegian ASA (publ) before November 2021, net[1]			
Bond issued in NOK by Bank Norwegian ASA (publ)	Dec 2023	-	1,273
Bond issued in NOK by Bank Norwegian ASA (publ)	Dec 2023	-	601
Bond issued in NOK by Bank Norwegian ASA (publ)	Maj 2024	1,652	1,966
- of which, repurchased 2023		198	-
Bond issued in NOK by Bank Norwegian ASA (publ)	Mar 2025	526	741
- of which, repurchased 2023		169	-
Bond issued in NOK by Bank Norwegian ASA (publ)	Mar 2025	102	300
- of which, repurchased 2023		198	-
Summa		**5,581**	**8,416**

1 Included in the acquisition of Bank Norwegian on 2 November 2021.

The currency position for securities issued in SEK is fully matched against assets in the corresponding currency. Securities issued by SHP Fond 4 are listed on Nasdaq Stockholm. Securities issued by NOBA Bank Group are listed on Nasdaq Stockholm. The above liabilities are secured with collateral in the amount of SEK 2,319 million (2,299) for receivables attributable to Lending to the public and SEK 33 million (33) for receivables attributable to Lending to credit institutions. The amounts above refer to volumes, including fees and interest, issued to external investors.

NOTE 30 OTHER LIABILITIES

GROUP

SEK million	2023-12-31	2022-12-31
Trade payables	144	186
Collateral	30	198
Other	1,005	588
Total	**1,179**	**972**

PARENT COMPANY

SEK million	2023-12-31	2022-12-31
Trade payables	2	1
Liabilities to Group companies	7	7
Other	1	1
Total	**10**	**9**

NOTE 31 ACCRUED EXPENSES AND DEFERRED INCOME

GROUP

SEK million	2023-12-31	2022-12-31
Accrued expenses	397	461
Deferred income	0	0
Total	**397**	**461**

PARENT COMPANY

SEK million	2023-12-31	2022-12-31
Accrued expenses	4	1
Deferred income	0	0
Total	**4**	**1**

NOTE 32 SUBORDINATED LIABILITIES

GROUP

SEK million	2023-12-31	2022-12-31
Subordinated loans	1,717	1,519
Total	**1,717**	**1,519**

PARENT COMPANY

SEK million	2023-12-31	2022-12-31
Subordinated loans[1]	622	620
Total	**622**	**620**

[1] For additional information on terms and conditions, see NOBA Bank Group's website, www.nobagroup.com

NOTE 32 SUBORDINATED LIABILITIES

SPECIFICATION

2023-12-31	CURRENCY	ISSUE DATE	NOMINAL AMOUNT	COUPON RATE	FIRST POSSIBLE EARLY RED.DATE	MATURITY
Subordinated loan	SEK	2019-05-28	350	STIBOR 3M +415 bp	2024-05-28	2029-05-28
Subordinated loan	SEK	2021-10-29	650	STIBOR 3M +275 bp	2026-10-29	2031-10-29
Subordinated loan	NOK	2023-06-15	397	NIBOR 3M +700 bp	2028-06-15	2033-09-15
Subordinated loan	SEK	2023-06-15	351	STIBOR 3M +700 bp	2028-06-15	2033-09-15

SPECIFICATION

2022-12-31	CURRENCY	ISSUE DATE	NOMINAL AMOUNT	COUPON RATE	FIRST POSSIBLE EARLY RED.DATE	MATURITY
Subordinated loan	SEK	2019-05-28	350	STIBOR 3M +415 bp	2024-05-28	2029-05-28
Subordinated loan	SEK	2021-10-29	650	STIBOR 3M +275 bp	2026-10-29	2031-10-29
Subordinated loan	SEK	2018-10-02	550	STIBOR 3M +375bp	2023-10-02	2028-10-02

NOTE 33 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

VALUTATION GROUP SEK million

31 DECEMBER 2023	Mandatory	Fair value option	Derivatives identified as hedge instruments	Fair value through other comprehensive income	Amortised cost	TOTAL
	FAIR VALUE IN INCOME STATEMENT					
Assets						
Cash and balances with central banks	-	-	-	-	1,173	1,173
Treasury bills eligible for repayment etc.	-	-	-	-	1,200	1,200
Lending to credit institutions	-	-	-	-	3,302	3,302
Lending to the general public	878	-	-	-	109,737	110,615
Bonds and other fixed-income securities	11,429	-	-	1,743	-	13,172
Other shares	23	-	-	127	-	150
Derivatives	41	-	283	-	-	324
Other assets	-	-	-	-	135	135
Total assets	**12,371**	**-**	**283**	**1,870**	**115,547**	**130,071**
Liabilities						
Liabilities to credit institutions	-	-	-	-	10,995	10,995
Deposits from the general public	-	-	-	-	96,788	96,788
Issued securities	-	-	-	-	5,581	5,581
Derivatives	331	-	94	-	-	425
Other liabilities	-	-	-	-	230	230
Subordinated liabilities	-	-	-	-	1,717	1,717
Total liabilities	**331**	**-**	**94**	**-**	**115,311**	**115,736**

31 DECEMBER 2022	Mandatory	Fair value option	Derivatives identified as hedge instruments	Fair value through other comprehensive income	Amortised cost	TOTAL
Assets						
Cash and balances with central banks	-	-	-	-	3,723	3,723
Lending to credit institutions	-	-	-	-	3,376	3,376
Lending to the general public	-	-	-	-	89,382	89,382
Bonds and other fixed-income securities	13,608	-	-	-	-	13,608
Other shares	18	-	-	150	-	168
Derivatives	159	-	260	-	-	419
Other assets	-	-	-	-	142	142
Total assets	**13,785**	**-**	**260**	**150**	**96,623**	**110,818**
Liabilities						
Liabilities to credit institutions	-	-	-	-	9,739	9,739
Deposits from the general public	-	-	-	-	77,104	77,104
Issued securities	-	-	-	-	8,416	8,416
Derivatives	192	-	115	-	-	307
Other liabilities	-	-	-	-	434	434
Subordinated liabilities	-	-	-	-	1,519	1,519
Total liabilities	**192**	**-**	**115**	**-**	**97,212**	**97,519**

NOTE 34 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

FAIR VALUE

GROUP SEK million

31 DECEMBER 2023	CARRYING AMOUNT	FAIR VALUE	DELTA
Assets			
Cash and balances with central banks	1,173	1,173	-
Treasury bills eligible for repayment etc.[1]	1,200	1,200	-
Lending to credit institutions[1]	3,302	3,302	-
Lending to the general public[2]	110,615	124,055	13,440
Bonds and other fixed-income securities	13,172	13,172	-
Other shares	150,	150	-
Derivatives	324	324	-
Other assets	135	135	-
Total assets	**130,071**	**143,511**	**13,440**
Liabilities			
Liabilities to credit institutions[1]	10,995	10,995	-
Deposits from the general public[1]	96,788	96,788	-
Issued securities[3]	5,581	5,551	-30
Derivatives	425	425	-
Other liabilities	230	230	-
Subordinated liabilities[3]	1,717	1,661	-56
Total liabilities	**115,736**	**115,650**	**-86**
31 DECEMBER 2022			
Assets			
Cash and balances with central banks[1]	3,723	3,723	-
Lending to credit institutions[1]	3,376	3,376	-
Lending to the general public[2]	89,382	97,995	8,613
Bonds and other fixed-income securities	13,608	13,608	-
Other shares	168	168	-
Derivatives	419	419	-
Other assets	142	142	-
Total assets	**110,818**	**119,431**	**8,613**
Liabilities			
Liabilities to credit institutions[1]	9,739	9,739	-
Deposits from the general public[1]	77,104	77,104	-
Issued securities[3]	8,416	8,301	-115
Derivatives	307	307	-
Other liabilities	434	434	-
Subordinated liabilities[3]	1,519	1,443	-76
Total liabilities	**97,519**	**97,328**	**-191**

1 Fair value is deemed to be the same as the carrying amount, as these are of a short-term nature.

2 The measurement includes significant observable and non-observable inputs.

3 Fair value data for issued securities and debenture loans are based directly or indirectly on quoted prices.

CALCULATION OF FAIR VALUE

VALUATION TECHNIQUE FOR MEASURING FAIR VALUE – LEVEL 1

The fair value of financial instruments traded in an active market (e.g., financial assets held for trading and available-for-sale financial assets) is based on quoted market prices on the balance sheet date. A market is considered active if quoted prices from a stock exchange, broker, industry group, pricing service or monitoring authority are readily and regularly available and these prices represent real and regularly occurring arm’s length market transactions. The quoted market price used for the Group’s financial assets is the current purchase price.

VALUATION TECHNIQUE FOR MEASURING FAIR VALUE – LEVEL 2

Fair value for bonds is measured, as in level 1, from market prices, with the difference that the prices are not considered from an active market. The market price derived in this case from buy and sell position prices, but regular trading does not take place in the bond. If market prices are missing, the value is calculated by discounting expected cash flows. For discounting, the current market interest rate on securities issued by similar issuers.

The fair value of derivatives is measured as the present value of future cash flows based on observable market prices.

FAIR VALUE MEASUREMENT USING MATERIAL, UNOBSERVABLE INPUTS - LEVEL 3

In those cases, one or more essential inputs are not based on observable market information the instrument is classified as level 3. The table below shows the financial instruments valued at fair value, regarding how the classification has been constructed by the fair value hierarchy.

NOBA has a holding of 3 unlisted shares in Stabelo AB, Vipps AB and VN Norge AS that is valued at fair value based on unobservable inputs. As of 31 December 2023 no re-evalution has been made. As of 30 June 2023, the value on shares in Stabelo AB has been re-evaluated to SEK 127.2 million which corresponds to an impairment of SEK 22.5 million (-15%). This is due to a macro-environment including rapid increasing interest rates. Vipps is calculated to fair value. Fair value on shares in VN Norge AS has as per 2023-12-31 been calculated based on the shares price for Visa Inc, foreign exchange USD/NOK, a liquidity discount as well as a conversion rate.

The value of lending to the general public has been measured based on observable market data by discounting the expected future cash flows of the assets to present value using a discount factor. The expected future cash flows have been based on the size of the portfolio at the end of the balance sheet date and an expected future cash flow on the maximum maturity of the portfolio.

TRANSFERS BETWWEN THEL LEVELS

There have been no transfers of financial instruments between the different levels.

SENSITIVITY ANALYSIS FOR LENDING TO THE PUBLIC MEASURED AT FAIR VALUE WITHIN LEVEL 3

A sensitivity analysis of lending to the public measured at fair value within level 3 has been made by changing the assumptions of non-observable data in the valuation model. The sensitivity analysis is made in two parts, one parallel shift of the interest rate curve with 1 percentage point and a decrease in the housing price index of 10 percentage points.

An upwards parallel shift of the interest rate curve with 1 percentage point would result in a negative change in the fair value of SEK 7 million (-) and a downwards parallel shift of the interest rate curve with 1 percentage point would result in a positive change in the fair value of SEK 1 million (-). An immediate positive change in the housing price index of + 10 percentage points would result in a positive change in the fair value of SEK 2million (-) and a negative change in the housing price index of - 10 percentage points would result in a negative change in the fair value of SEK 6 million (-).

The table below shows the changes that have occurred in relation to level 3 instruments:

NOTE 34 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

CHANGE IN FINANCIAL INSTRUMENTS IN LEVEL 3

SEK million	SUMMA
Opening balance 1 January 2023	**168**
Acquisitions	-
New lending to the general public	878
Currency change	2
Recognized in income statement	2
Sales	-
Losses (-) recognized in other comprehensive income	-22
Profits (+) recognized in other comprehensive income	-
Closing balance 31 December 2023	**1,028**
Opening balance 1 January 2022	**154**
Acquisitions	19
New lending to the general public	-
Currency change	1
Recognized in income statement	-10
Sales	-
Losses (-) recognized in other comprehensive income	-
Profits (+) recognized in other comprehensive income	4
Closing balance 31 December 2022	**168**

NOTE 34 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

LEVEL RECOGNISED AT FAIR VALUE

SEK million

31 DECEMBER 2023	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Lending to the general public	-	-	878	878
Bonds and other fixed income securities	10,390	2,782	-	13,172
Other shares	-	-	150	150
Derivatives	-	324	-	324
Total assets	**10,390**	**3,106**	**1,028**	**14,524**
Liabilities				
Derivatives	-	425	-	425
Total liabilities	**-**	**425**	**-**	**425**
31 DECEMBER 2022				
Assets				
Bonds and other fixed income securities	11,356	2,252	-	13,608
Other shares	-	-	168	168
Derivatives	-	419	-	419
Total assets	**11,356**	**2,671**	**168**	**14,195**
Liabilities				
Derivatives	-	307	-	307
Total liabilities	**-**	**307**	**-**	**307**

NOTE 34 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

FAIR VALUE OF FINANCIAL INSTRUMENTS AT AMORTISED COST

SEK million

31 DECEMBER 2023	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Cash and balances with central banks	1,173	-	-	1,173
Treasury bills eligible for repayment etc.	1,200	-	-	1,200
Lending to credit institutions	-	3,302	-	3,302
Lending to the general public	-	-	109,737	109,737
Other assets	-	-	135	135
Total assets	**2,373**	**3,302**	**109,872**	**115,547**
Liabilities				
Liabilities to credit institutions	-	-	10,995	10,995
Deposits from the general public	-	-	96,788	96,788
Issued securities	-	5,581	-	5,581
Other liabilities	-	-	230	230
Subordinated liabilities	-	1,717	-	1,717
Total liabilities	**-**	**7,298**	**108,013**	**115,311**
31 DECEMBER 2022				
Assets				
Cash and balances with central banks	3,723	-	-	3,723
Lending to credit institutions	-	3,376	-	3,376
Lending to the general public	-	-	89,382	89,382
Other assets	-	-	142	142
Total assets	**3,723**	**3,376**	**89,524**	**96,623**
Liabilities				
Liabilities to credit institutions	-	-	9,739	9,739
Deposits from the general public	-	-	77,104	77,104
Issued securities	-	8,416	-	8,416
Other liabilities	-	-	434	434
Subordinated liabilities	-	1,519	-	1,519
Total liabilities	**-**	**9,935**	**87,277**	**97,212**

NOTE 35 ASSETS AND LIABILITIES THAT ARE OFFSET BY OR SUBJECT TO NETTING AGREEMENTS

DISCLOSURE REGARDING OFFSETTING

The following table includes financial assets and liabilities that are covered by legally binding framework agreements on netting or similar agreements, but which are not offset in the statement of financial position. The Group has ISDA and CSA agreements in place with all derivative counterparties. The framework agreements related to netting means that parties can settle their exposures on a net basis (i.e. by offsetting receivables against liabilities) in the event of a serious credit event.

	GROSS AMOUNT	OFFSET	NET	FRAMEWORK AGREEMENT ON NETTING	COLLATERAL RECEIVED-PROVIDED+	NET AMOUNT
2023-12-31	IN THE STATEMENT OF FINANCIAL POSITION			RELATED AMOUNTS NOT OFFSET		
Assets						
Derivatives	324	-	324	-312	-12	0
Liabilities						
Derivatives	-425	-	-425	312	113	0
Totalt	**-101**	**-**	**-101**	**0**	**101**	**0**

	GROSS AMOUNT	OFFSET	NET	FRAMEWORK AGREEMENT ON NETTING	COLLATERAL RECEIVED-PROVIDED+	NET AMOUNT
2022-12-31	IN THE STATEMENT OF FINANCIAL POSITION			RELATED AMOUNTS NOT OFFSET		
Assets						
Derivatives	419	-	419	-213	-195	11
Liabilities						
Derivatives	-307	-	-307	213	94	0
Totalt	**112**	**-**	**112**	**0**	**-101**	**11**

NOTE 36 ASSETS AND LIABILITIES IN FOREIGN CURRENCY

GROUP SEK million[1]

31 DECEMBER 2023	SEK	NOK	EUR	DKK	TOTAL
Assets					
Cash and balances with central banks	816	72	285	0	1,173
Treasury bills eligible for repayment etc.	1,200	-	-	-	1,200
Lending to credit institutions	2,521	252	384	145	3,302
Lending to the public	45,856	25,385	32,271	7,103	110,615
Bonds and other interest-bearing securities	4,232	6,632	1,717	591	13,172
Intangible assets[2]	4,535	7,112	-	-	11,647
Other	67	230	158	126	581
Total assets before derivatives	**59,227**	**39,683**	**34,815**	**7,965**	**141,690**
Derivatives[3]	318	1	5	0	324
Total assets after derivatives	**59,545**	**39,684**	**34,820**	**7,965**	**142,014**
Liabilities					
Liabilities to credit institutions	10,995	-	-	-	10,995
Deposits from the public	27,428	17,143	41,022	11,195	96,788
Issued securities	3,402	2,179	-	-	5,581
Subordinated liabilities	1,323	394	-	-	1,717
Other	786	1,588	179	48	2,601
Equity	23,907	-	-	-	23,907
Total liabilities and equity before derivatives	**67,841**	**21,304**	**41,201**	**11,243**	**141,589**
Derivatives[4]	258	158	9	0	425
Total liabilities and equity after derivatives	**68,099**	**21,462**	**41,210**	**11,243**	**142,014**

31 DECEMBER 2022	SEK	NOK	EUR	DKK	TOTAL
Assets					
Cash and balances with central banks	2,711	794	218	-	3,723
Lending to credit institutions	1,215	408	1,362	391	3,376
Lending to the public	37,207	22,332	23,763	6,080	89,382
Bonds and other interest-bearing securities	3,729	6,119	3,176	584	13,608
Intangible assets[2]	4,641	7,723	-	-	12,364
Other	407	87	107	-	601
Total assets before derivatives	**49,910**	**37,463**	**28,626**	**7,055**	**123,054**
Derivatives[3]	196	100	45	78	419
Total assets after derivatives	**50,106**	**37,563**	**28,671**	**7,133**	**123,473**
Liabilities					
Liabilities to credit institutions	9,739	-	-	-	9,739
Deposits from the public	24,592	17,273	24,626	10,613	77,104
Issued securities	4,435	3,981	-	-	8,416
Subordinated liabilities	1,519	-	-	-	1,519
Other	1,176	1,200	184	25	2,585
Equity	23,671	132	0	0	23,803
Total liabilities and equity before derivatives	**65,132**	**22,586**	**24,810**	**10,638**	**123,166**
Derivatives[4]	14	137	151	5	307
Total liabilities and equity after derivatives	**65,146**	**22,723**	**24,961**	**10,643**	**123,473**

[1] As the recognition of derivatives differs from the way derivatives are considered in the calculation of currency exposure, the difference between assets and liabilities in each respective currency differs from the net exposure to currency risk. In the statement of financial position, all derivatives with a positive value are recognised as assets and all derivatives with a negative value are recognised as liabilities. When the currency exposure is calculated, currency derivatives are counted as a positive exposure and a negative exposure in the two currencies of the swap, corresponding to the two amounts that are exchanged on the due date. Interest rate derivatives are not considered in the calculation of currency exposure.

[2] The intangible assets that arose in the acquisition of Bank Norwegian are not included in the currency exposure pursuant to capital adequacy, due to the exemption granted to NOBA by the Swedish Financial Supervisory Authority.

[3] Currency swaps with a positive value were counted as assets in the currency received at the final exchange.

[4] Currency swaps with a negative value were counted as liabilities in the currency received at the final exchange.

NOTE 37 DISCLOSURES REGARDING THE STATEMENT OF CASH FLOWS

GROUP

SEK million	2023	2022
Adjustment for non-cash items in profit:		
FX effects	-605	-280
Depreciation and impairment of property, equipment, right-of-use and intagible assets	149	306
Depreciation and impairment of property, equipment, right-of-use and intagible assets	169	176
Periodization of financing costs	13	22
Reversal acquired surplus value lending to the public	320	296
Unrealized value changes on bonds and other interest-bearing securities	-25	-10
Change in value shares and participations	-5	4
Unrealized value changes on derivatives	290	32
Change in fair value lending to the general public	3	-
Credit losses, net	4,411	3,632
Total	**4,720**	**4,178**

Interest received and paid

SEK million	2023	2022
The cash flow from current operations includes interest received and paid in the following amounts		
Interest received	10,090	6,913
Interest paid	3,039	1,121

NOTE 38 PLEDGED ASSETS AND OTHER COMMITMENTS

GROUP

SEK million	2023-12-31	2022-12-31
Assets pledged for own liabilities		
Lending to the public	15,447	13,455
Lending to credit institutions	551	581
Cash collateral for derivatives	135	142
Total	**16,133**	**14,178**

GROUP

SEK million (nominal amount)	2023-12-31	2022-12-31
Commitments		
Granted but unpaid loans	86	140
Granted but unutilised credit cards	58,107	50,196
Total	**58,193**	**50,336**
of which, subject to impairment testing	58,193	50,336

All pledged assets are for the Group's asset related funding operations; securitization and funding with collateral with international banks and derivative contracts. NOBA Bank Group AB (publ) has issued a letter of support to Lilienthal Finance Ltd that expired 2023-12-31. For further information about derivatives, see Note 22.

NOTE 39 LEASES

RIGHT-OF-USE ASSETS

GROUP SEK million	2023-12-31	2022-12-31
Right-of-use assets at the beginning of the year	125	119
Additions to right-of-use assets over the year	6	6
Depreciation at the beginning of the year	-57	-37
Depreciation for the year	-22	-20
Impairment at the beginning of the year	-	-
Impairment for the year	-	-
Total	**52**	**68**

LEASE LIABILITIES

GROUP SEK million	2023-12-31	2022-12-31
Current liabilities	24	21
Non-current liabilities	28	47
Total	**52**	**68**

AMOUNTS RECOGNISED IN PROFIT AND LOSS ACCORDING TO IFRS 16

GROUP SEK million	2023-12-31	2022-12-31
Depreciation of right-of-use assets	-22	-15
Impairment of right-of-use assets	-	-
Interest on lease liabilities	-1	-1
Total	**-23**	**-16**

The Group’s leased assets that are classified as right-of-use assets refer to premises and cars. The leases contain no restrictions in addition to the security in the leased assets. Lease terms and interest rate levels were not reassessed or changed in 2023.

NOTE 40 TRANSACTIONS WITH RELATED PARTIES

Intra-group transactions between parent company and subsidiary are priced at market conditions and is reported in NOBA Bank Group´s financial reports.

At the time of the acquisition of Bank Norwegian ASA, NOBA Holding AB (publ) issued SEK 650 million in Tier 2 capital, which were subscribed by external investors. At the same time NOBA Group AB (Nordax Group AB at the time of aquisition) issued corresponding instrument and amount that were subscribed by NOBA Holding AB (publ).

The table below shows transactions with related parties from NOBA Bank Group AB's (publ) perspective.

	ASSETS		LIABILITIES		INCOME		COSTS	
SEK million	23-12-31	22-12-31	23-12-31	22-12-31	23-12-31	22-12-31	23-12-31	22-12-31
NOBA Bank Group AB (publ)	19	16	-5	-5	-	2	-	-
NOBA Group AB	634	724	-2	-2	49	36	-	-
Svensk Hypotekspension AB	-	1	-	-	-	0	-	-
Total	**653**	**741**	**-7**	**-7**	**49**	**38**	**-**	**-**

NOTE 41 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 22 April, the same way as in 2023, NOBA Bank received a confirmed credit rating of BBB, stable outlook, from Nordic Credit Rating.

During April, NOBA signed an agreement relating to the securitization of an NPL portfolio in Sweden with an expected close during H2 2024. The portfolio comprises a gross volume of approximately SEK 700 million and the transaction is expected to have a neutral effect on operating profits.

During April, NOBA closed the sale of an NPL portfolio in Denmark. The portfolio comprises a gross volume of approximately DKK 180 million and the transaction is expected to have a neutral effect on operating profits.

On 28 March, the board of directors of NOBA Bank, NOBA Group and NOBA Holding resolved to approve a joint merger plan for the implementation of an intra-group merger, with NOBA Bank as the surviving company and NOBA Group and NOBA Holding as the transferring companies. NOBA Bank, NOBA Group and NOBA Holding are part of the same corporate group, in which NOBA Bank is a wholly owned subsidiary of NOBA Group which in turn is a wholly owned subsidiary of NOBA Holding. The merger is expected to simplify the corporate group structure and is implemented to establish NOBA Bank as the new parent company of the group. All business operations of the group will remain unaffected by the merger, since all operational business activities of the group are carried out by NOBA Bank, including its Norwegian branch and NOBA Bank's wholly owned subsidiaries.

The implementation of the merger is subject to and conditional upon necessary permits and approvals from the Swedish Financial Supervisory Authority being obtained. NOBA Bank, NOBA Group, and NOBA Holding have jointly applied to the Swedish Financial Supervisory Authority for permission to implement the merger. The merger is expected to be completed during the second half of 2024.

On 11 March, NOBA issued AT1 bonds of SEK 799.5 million with 19 March 2024 as the settlement date.

On 14 February, NOBA called for early redemption of senior preferred bonds corresponding to a nominal amount of NOK 700 million and SEK 300 million.

On 31 January, Tore Andresen, previously COO of the branch Bank Norwegian, left NOBA and therefore also the Group management.

On 18 January, NOBA, through NOBA Finland 1 AB, obtained EUR 240 million over two years in bilateral financing from an international bank.

NOTE 42 PROPOSED APPROPRIATION OF PROFITS

THE FOLLOWING UNRESTRICTED EQUITY IS AT THE DISPOSAL OF THE ANNUAL GENERAL MEETING:

SEK	
Retained earnings	-10,899,412
Net profit for the year	109,834,437
Holders of Tier 1 capital	1,353,777,883
Total	**1,452,712,908**

THE BOARD OF DIRECTORS PROPOSES THAT THE FUNDS AT THE ANNUAL GENERAL MEETING'S DISPOSAL BE ALLOCATED AS FOLLOWS:

SEK	
To be carried forward	1,452,712,908
Total	**1,452,712,908**

Group contributions received from NOBA Bank Group AB (publ) amounted to SEK 3,755,262 (10,802,431).

DECLARATION BY THE BOARD OF DIRECTORS

The Board of Directors and the CEO hereby declare that the annual accounts were prepared in accordance with generally accepted accounting practices in Sweden and that the consolidated accounts were prepared in accordance with international financial reporting standards as referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a fair presentation of the Parent Company's and the Group's financial position and results of operation. The Directors' Report for the Parent Company and the Group provides a fair view of the Parent Company's and the Group's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, 25 April 2024

HANS-OLE JOCHUMSEN
CHAIRMAN

VILLE TALASMÄKI
BOARD MEMBER

CHRISTOPHER EKDAHL
BOARD MEMBER

RICARD WENNERKLINT
BOARD MEMBER

CHRISTIAN FRICK
BOARD MEMBER

JACOB LUNDBLAD
CHIEF EXECUTIVE OFFICER

HENRIK KÄLLÉN
BOARD MEMBER

RAGNHILD WIBORG
BOARD MEMBER

Our audit report was issued 25 April 2024
Deloitte AB

MALIN LÜNING
AUTHORIZED PUBLIC ACCOUNTANT

DEFINITIONS

THE GROUP CONSIDERS THAT THE APPLIED KEY FIGURES ARE RELEVANT TO USERS OF THE FINANCIAL REPORT AS A SUPPLEMENT WHEN ASSESSING THE FINANCIAL PERFORMANCE OF THE GROUP.

Additional Tier 1 capital
Subordinated liabilities that are perpetual and meet certain conditions required to be counted as Tier 1 capital when calculating the size of own funds.

Adjusted operating profit
Reported operating profit adjusted for transformational expenses, initial effects from the expansion in Continental Europe and amortisation of surplus values from transactions.

Average loan portfolio
Average lending to the public at the beginning of the period and at the end of the period.

Average number of employees
The total number of hours worked divided by normal annual working time.

C/I ratio, %
Operating expenses in relation to operating income.

C/I ratio excl. acquisition costs, %
Operating expenses excluding costs relating to the acquisition of Bank Norwegian in relation to operating income.

Common Equity Tier 1 capital[1]
Equity excluding proposed dividends, deferred tax assets, intangible assets and certain other adjustments as defined in Regulation (EU) No [575/2013].

Common Equity Tier 1 capital ratio[1]
Common Equity Tier 1 capital in relation to the risk exposure amount.

Credit loss, %
Net credit losses in relation to the average loan portfolio.

Credit loss excl. initial effect of acquisition, %
Net credit losses excluding initial ECL effect in relation to the average loan portfolio.

Earnings per share
Net profit for the year in relation to the number of shares.

Leverage ratio[1]
Tier 1 capital as a percentage of total assets including off-balance-sheet items with conversion factors defined in Regulation (EU) No [575/2013].

Liquidity coverage ratio (LCR)[1]
High-quality liquid assets in relation to the estimated net cash outflows over the next 30 calendar days, as defined in Commission Delegated Regulation (EU) 2015/61 and Regulation (EU) No 575/2013 of the European Parliament and of the Council.

Liquidity reserve
A separate reserve of high-quality liquid assets that can be used to secure the company's short-term ability to pay for losses or in the event of reduced access to commonly available funding sources.

Net interest margin, %
Net interest income in relation to the average loan portfolio.

Net stable funding ratio (NSFR)
Measures and monitors the relationship between available stable funding and required stable funding over a one-year period.

Operational expenses
General administrative expenses and depreciation, amortisation and impairment of property, plant and equipment and other intangible assets.

[1] These are reported with respect to the Swedish Financial Supervisory Authority's Regulations and General Guidelines. See Note 5, Capital adequacy analysis.

DEFINITIONS

Own funds[1]
The sum of Tier 1 and Tier 2 capital.

Return on assets, %
Net profit in relation to total assets.

Return on equity excl. intangible assets and Tier 1 capital
Net profit for the period after deduction of profit attributable to holders of Tier 1 capital in relation to total equity after deduction of intangible assets and Tier 1 capital.

Risk exposure amount[1]
Total assets and off-balance sheet items, weighted in accordance with the capital adequacy rules for credit and market risks. Operational risks are measured and added as risk exposure amounts.

Tier 1 capital[1]
Common Equity Tier 1 capital plus Additional Tier 1 capital.

Tier 1 capital ratio[1]
Tier 1 capital in relation to the risk exposure amount.

Tier 2 capital[1]
Subordinated loans that do not qualify as Tier 1 capital.

Total capital ratio[1]
Total own funds in relation to the risk exposure amount.

[1] These are reported with respect to the Swedish Financial Supervisory Authority's Regulations and General Guidelines. See Note 5, Capital adequacy analysis.

FINANCIAL CALENDER

24 MAY 2024 - INTERIM REPORT JANUARY-MARCH 2024

28 AUGUST 2024 - INTERIM REPORT JANUARY-JUNE 2024

15 NOVEMBER 2024 - INTERIM REPORT JANUARY-SEPTEMBER 2024

AUDITOR’S REPORT

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF NOBA HOLDING AB (PUBL), CORPORATE IDENTITY NUMBER 559097-5743

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions
We have audited the annual accounts and consolidated accounts of NOBA Holding AB (publ) for the financial year 2023-01-01 - 2023-12-31, except for the corporate governance statement on pages 81-88 and the statutory sustainability report on pages 18-69. The annual accounts and consolidated accounts of the company are included on pages 70-175 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act of Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 81-88 and the statutory sustainability report on pages 18-69 The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters
Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

ASSESSMENTS AND ESTIMATES REGARDING THE VALUATION OF LOAN RECEIVABLES

Accounting and valuation of loan receivables is an area that largely affects the company’s and the Group’s financial results and financial position. IFRS 9 requires significant assessments from the bank's management to determine the size of the provisions for expected credit losses.
Key areas of judgment include:
• The interpretation of the requirements for determining the size of the provision for expected losses according to IFRS 9, which are reflected in the bank's model for calculating expected credit losses.
• Identification of exposures with a significant deterioration in credit quality.
• Assumptions that are applied in the model for calculating expected credit losses, such as the counterparty's financial position, expected future cash flows and forward-looking macroeconomic factors.

As of December 31 2023, the Group's lending to the public amounted to SEK 110 615 million (SEK 89 382 million), with provisions for expected loan losses of SEK 8 652 million (SEK 5 903 million). Given the significant share of the total assets, the impact that the inherent uncertainty and subjectivity involved in the assessment of the need for provisions, and since the disclosure requirements under IFRS 9 are significant, we consider this to be a key audit matter for our audit.

See also the accounting principles in Note 3 regarding significant assessments and estimates, and related information on credit risk in Note 4 as well as Note 14 regarding credit losses.

Our audit procedures included, but were not limited to:
• We have evaluated that key controls within the credit impairment process have been appropriately designed and implemented during the year. We also obtained an understanding of the process for key decisions that form part of the approval process for credit loss provisions.
• We have evaluated, with the support of specialists, the modelling techniques and model methods against the requirements of IFRS 9. We have examined the appropriateness of the models developed for the calculation of the reserve for expected credit losses.
• Based on data analysis, we examined a selection of loan commitments in detail to assess whether loan commitments with a significant deterioration in credit quality are correctly identified.
• Finally, we examined the completeness and reliability of the information in the annual report relating to the provisions for expected credit losses in order to assess compliance with the disclosure requirements according to IFRS.

IT SYSTEMS THAT SUPPORT COMPLETE AND RELIABLE FINANCIAL REPORTING

The company and the Group is dependent on its IT systems to ensure complete and correct processing of financial transactions and to maintain appropriate internal control. Many of NOBA’s internal controls relating to the financial reporting depend on automated application controls and the integrity and completeness of the data generated by the IT systems. Given the high degree of IT dependence, we consider this to be a key audit matter for our audit.

The following risks that could affect the financial reporting were identified:
• Incorrect and unauthorized changes to the IT environment
• Lack of operational and monitoring routines for the IT environment
• Incorrect and inadequate configuration of information security

Our audit procedures included, but were not limited to:
• We have audited the management's tests and controls in connection with changes in the IT environment.
• We have examined the process for monitoring the IT-System.
• We have reviewed the process of identity and access management, including assignment, change and removal of access rights.
• We have evaluated that processes and tools for ensuring access to information based on user needs and operational requirements, including back-up of information and restoring routines, are appropriately designed.

VALUATION OF GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets arising from acquisitions constitute a significant item in the consolidated balance sheet. As per December 31 2023, the Group’s goodwill amounted to SEK 9 381 million (SEK 9 755 million) and the acquired surplus values in forms of intangible assets amounted to SEK 2 266 million (SEK 2 609 million).

The item is tested for impairment on a regular basis, but at least annually, based on the Group's cash-generating units.

The recoverable amount for each cash-generating unit is tested by comparing the carrying amount of the net assets with its value in use, which in turn is based on an assessment of forecast cash flows from each cash-generating unit discounted with an average weighted cost of capital.

Taking into account the elements of estimates, assessments and assumptions related to the valuation model's input data and the item's materiality in terms of the Group's financial position, we make the assessment that valuation of goodwill and intangible fixed assets is a key audit matter in the audit.

The Group's description of accounting principles for goodwill is set out in Note 2. Critical estimates, assessments and assumptions are presented in Note 3. A specification of the item, including information on each cash-generating unit and reflections from the most recent impairment test, can be found in Note 26.

Our audit procedures included, but were not limited to:

- Evaluation, with the support of specialists, of method and input data related to impairment test concerning goodwill and other acquired intangible assets.
- Analytical examination of the sensitivity of significant assumptions and assessments in the impairment tests.
- Evaluation of compliance with accounting principles and required disclosures for goodwill and intangible assets in accordance with IFRS.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-17 and 175-178. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

Further description of our responsibility for the audit of the annual accounts and the consolidated accounts is available on the website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the audit report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of NOBA Holding AB (publ) for the financial year 2023-01-01 - 2023-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:
• has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
• in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

Further description of our responsibility for the audit of the annual accounts and the consolidated accounts is available on the website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the audit report.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 81-88 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

THE AUDITOR´S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

The Board of Directors is responsible for the statutory sustainability report on pages 18-69, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Deloitte AB, was appointed auditor of NOBA Holding AB by the general meeting of the shareholders on the 2023-05-19 and has been the company's auditor since 2017-04-27.

Stockholm April 25, 2024
Deloitte AB

Signature on Swedish original

Malin Lüning
Authorized public accountant