

# Interim report January-June 2023 NOBA Bank Group AB (publ)

## Highlights April-June 2023

(Previous quarter in parenthesis)

- Company name changed to NOBA Bank Group AB (publ)
- Solid growth across all products with a particularly strong contribution from Bank Norwegian and the Finnish market, both in terms of growth and in terms of profitability
- Total lending amounted to SEK 101.5 billion (93.7)
- Personal loans and credit cards amounted to SEK 84.7 billion (77.7)
- Mortgage lending (mortgage loans and equity release mortgages) amounted to SEK 16.7 billion (16.1), comprising 16% of total lending
- The savings offering continued to grow and total deposits amounted to SEK 87.2 billion (80.1)
- Reported operating profit amounted to SEK 454 million (439) and the adjusted operating profit amounted to SEK 676 million (608), driven by growing lending with a corresponding growth in net interest income
- The Group has continued to raise interest rates in order to reflect the continuously high interest rate environment

Jacob Lundblad, NOBA CEO, comments:

-The quarter is a testament of the efficiency and capacity of the new NOBA organization. We have an industry leading customer satisfaction and an increasing employee satisfaction. Our capital position is good, we show stable and profitable growth and we are there for our customers when their finances are under increasing pressure. Through a close dialogue, we are strengthened in the conviction that our vision to contribute to increased financial health for more people, through accurate, dynamic and data-driven credit assessments, is more important than ever.

We are the market leader among the specialist banks in the Nordics with approximately 2 million customers, and the quarter is characterized by a strong growth and stable development in several of our business verticals such as credit cards, private loans and mortgages. We have proven that we can grow our lending volume while maintaining a solid credit quality, not the least thanks to knowledge-sharing and collaboration between departments and countries.

The credit card business is developing strongly, not the least in Germany. During the quarter, we have further finetuned the client offering in all markets and we reach an all-time-high in terms of our customers' credit card usage. Also, our program for compensating our clients financially in the form of Cashback is increasingly growing in popularity. We see this as a sign of a partly changed customer behavior where the demand for flexibility and the freedom of choice is growing amongst the customers, at the same time as they appreciate an extra contribution to their personal finances.

### **Portfolio Development**

Total lending as of 30 June 2023 amounted to SEK 101.5 billion (SEK 93.7 billion as of 31 March 2023). All products and markets contributed to the increase in volume with the Norwegian branch Bank Norwegian and sales in Finland strongly contributing to the growth.

### **Business development personal loans and credit cards**

During the second quarter of 2023 the portfolio of personal loans and credit cards showed a good growth. As of 30 June 2023, the total volume of personal loans and credit cards amounted to SEK 84.7 billion (SEK 77.7 billion as of 31 March 2023).

### **Business development mortgage loans**

NOBA began offering mortgages in Sweden in 2018. The main target group is customers with some form of non-traditional employment, i.e. self-employed or temporary employees, including project, part-time or replacement workers. Through a thorough credit assessments and personal contacts, more loans are approved for this customer group, which is often rejected by the major banks despite being financially stable. Interest in the offer has been high and new lending continues to grow. At the end of the first quarter 2019, NOBA also launched mortgage loans in the Norwegian market. As in Sweden, the target group in Norway is the non-standard segment, i.e. customers who fall outside the narrow framework of the major banks.

New lending has, during the second quarter, been further affected by the continuing general rise of interest rates in society but the portfolio still displayed an increase where the total mortgage portfolio amounted to SEK 7.6 billion as of 30 June 2023 (SEK 7.1 billion as of 31 March 2023).

## Business development equity release mortgages

In line with previous historical periods, the portfolio has continued to develop well during the second quarter of 2023 and shows stable new lending. The market for equity release mortgages has a good development potential and SHP has a strong brand within the customer group with continued great customer interest. The total portfolio of equity release mortgages amounted to SEK 9.1 billion as of 30 June 2023 (SEK 9.0 billion as of 31 March 2023).

## Result April - June 2023

(Previous quarter in parenthesis)

- Operating profit amounted to MSEK 454 (439). The result for the period has been positively affected by increased income mainly driven by volume growth but has also been negatively affected by the impairment of intangible assets of MSEK -69 relating to Lilienthal Finance Ltd.
- Since the Bank's operating profit currently, to a large extent, is affected by transformational expenses, initial costs related to Continental Europe and accounting effects from intangible assets primarily related to the acquisition of Bank Norwegian, management also monitors the business based on an adjusted operating profit where the effects of these costs, and other non-recurring items, are excluded. The adjusted operating profit amounted to MSEK 676 MSEK (608).
- Net interest income amounted to MSEK 1,916 (1,832). Net interest income primarily increased by growing lending and higher lending interest rates but also contained higher interest expenses driven by increased deposit rates.
- Operational expenses amounted to MSEK -466 (-390). Of the expenses, general administrative expenses made up MSEK -377 (-367) whereof MSEK -345 (-313) related to the underlying business and MSEK -32 (-54) related to transformational expenses mostly connected with the integration of Bank Norwegian and the ongoing change of core banking system within NOBA. Operational expenses also include depreciation and impairment of property, plant and equipment and other intangible assets and amounted to MSEK -89 (-23), where the increase is explained by the impairment of intangible assets relating to Lilienthal Finance Ltd encompassing MSEK -69.
- Other operating expenses is made up of marketing costs and sales costs related to credit cards and amounted to MSEK -286 (-266). The increase is primarily driven by higher costs

related to credit cards on the back of a high usage of existing cards and a high volume of new issued cards.

- Credit losses amounted to MSEK -839 (-823), corresponding to 3.4 per cent (3.6) of average lending. The increase in absolute numbers was driven by growing lending portfolios. Increased provisions relating to loans in Stage 1 was, as in the previous quarter, a significant driver of the credit losses and amounted to MSEK -204 (-161) corresponding to 24% (20%) of total credit losses.

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**About NOBA Bank Group**

*With a diversified offering through three brands, Nordax Bank, Bank Norwegian and Svensk Hypotekspension and 2 million consumers, we have the size, skill, and scale to enable healthier finances for more. NOBA collects specialized, customer centric financial offerings that is sustainable for the individual, the bank and the society at large, today and tomorrow. NOBA Bank Group AB (publ) ("NOBA") is owned by Nordic Capital Fund IX, Nordic Capital Fund VIII and Sampo. Today the NOBA group has approximately 650 employees and is active in 7 markets.*

*As of 30 June 2023, lending to the public amounted to SEK 101.5 billion and deposits to SEK 87.2 billion.*

Read more about NOBA and our brands at [www.noba.bank](http://www.noba.bank) [www.noba.bank](http://www.noba.bank).

This information is information that NOBA Bank Group AB (publ) is obliged to make public pursuant to the Swedish Securities Markets Act and the Norwegian Securities Trading Act section 5-12. The information was submitted for publication through the contact persons set out above at 07.30 a.m CEST on 25 August 2023.