

Interim report January-September 2023 NOBA Holding AB (publ)

Highlights July-September 2023

(Previous quarter in parenthesis)

- Solid growth where all active markets and products contributed to the increase in volume
- Total lending amounted to SEK 108.3 billion (102.1)
- Personal loans and credit cards amounted to SEK 91.0 billion (85.3)
- Mortgage lending (mortgage loans and equity release mortgages) amounted to SEK 17.2 billion (16.7), comprising 16% of total lending
- The savings offering continued to grow and total deposits amounted to SEK 93.7 billion (87.2)
- Reported operating profit amounted to SEK 327 million (425) and the adjusted operating profit amounted to SEK 525 million (656)
- The Group has continued to raise interest rates in order to reflect the continuously high interest rate environment

Jacob Lundblad, NOBA CEO, comments:

- In a challenging market and a time of unrest, in a world with ever increasing interest rates and household economies under pressure, we have been able to maintain a clear focus on assisting our customers and developing our business. Being able to remain responsive and responsible, while at the same time upholding a sound profitability is crucial. This is true for both lending and savings products, and this is something that our strong credit competence and diversified funding structure enables. To navigate correctly, we let our vision of contributing to an increased financial health for more people guide us. This way, we can be sustainable and stable also in times of increased uncertainty.

Portfolio Development

Total lending as of 30 September 2023 amounted to SEK 108.3 billion (SEK 102.1 billion as of 30 June 2023). All active markets and products contributed to the increase in volume.

Business development personal loans and credit cards

During the third quarter of 2023 the portfolio of personal loans and credit cards showed a good growth. Total volume of personal loans and credit cards as of 30 September 2023 amounted to SEK 91.0 billion (SEK 85.3 billion as of 30 June 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 third 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 7.9 billion as of 30 September 2023 (SEK 7.6 billion as of 30 June 2023).

Business development equity release mortgages

In line with previous historical periods, the portfolio has continued to develop well during the third 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 9.3 billion as of 30 September 2023 (SEK 9.1 billion as of 30 June 2023).

Result July - September 2023

(Previous quarter in parenthesis)

- Operating profit amounted to MSEK 327 (425). The result for the period has been positively affected by increased net interest income but negatively affected by increasing credit losses.
- 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 525 MSEK (656).
- Net interest income amounted to MSEK 2 009 (1 886). 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 -390 (-468). Of the expenses, general administrative expenses made up MSEK -375 (-381) whereof MSEK -347 (-349) related to the underlying business and MSEK -28 (-32) 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 -15 (-87), where the decrease is explained by the impairment of intangible assets relating to Lilienthal Finance Ltd encompassing MSEK -69 during the second quarter.
- Other operating expenses is made up of marketing costs and sales costs related to credit cards and amounted to MSEK -317 (-285). The increase is primarily driven by higher marketing costs related to credit cards in Germany and a high usage of credit cards on all markets.
- Credit losses amounted to MSEK -1 106 (-841), corresponding to 4.2 per cent (3.4) 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 -316 (-211) corresponding to 29% (25%) of total credit losses.

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About NOBA Holding

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 Holding AB (publ) ("NOBA") is owned by Nordic Capital Fund IX, Nordic Capital Fund VIII and Sampo. Today the NOBA group has approximately 630 employees and is active in 7 markets.

As of 30 September 2023, lending to the public amounted to SEK 108.3 billion and deposits to SEK 93.7 billion.

Read more about NOBA and our brands at www.noba.bank