

INTERIM REPORT JANUARY-DECEMBER 2023 NOBA HOLDING AB (PUBL)

Highlights October-December 2023

(Previous quarter in parenthesis)

- Continued growth where all active markets contributed to the increase in volume
- Total lending amounted to SEK 110.6 billion (108.3)
- Personal loans and credit cards amounted to SEK 93.1 billion (91.0)
- Mortgage lending (mortgage loans and equity release mortgages) amounted to SEK 17.5 billion (17.2), comprising 16% of total lending
- The savings offering continued to grow and total deposits amounted to SEK 96.8 billion (93.7)
- Reported operating profit amounted to SEK 202 million (327) and the adjusted operating profit amounted to SEK 569 million (525)

Jacob Lundblad, NOBA CEO, comments:

- Despite an environment in continued turmoil, we see an increase in the adjusted operating profit during the quarter. This is a testimony of how our long-term perspective and extensive competence within credit assessment make us persistent and stable also in this phase of the business cycle. We have built a solid customer base consisting of households with a robust financial situation and with the ability to adapt on the back of the swift interest rate increases seen earlier during the year. The macroeconomy is still struggling and as a bank we are not immune to the effects of the transition into a higher interest rate environment. With respect for a volatile and somewhat unpredictable world, I have a cautiously positive view on the coming quarters.

Portfolio Development

Total lending as of 31 December 2023 amounted to SEK 110.6 billion (SEK 108.3 billion as of 30 September 2023). All active markets contributed to the increase in volume.

Personal loans and credit cards

During the fourth quarter of 2023 the portfolio of personal loans and credit cards showed a good growth. As of 31 December 2023, the total volume of personal loans and credit cards amounted to SEK 93.1 billion (SEK 91.0 billion as of 30 September 2023).

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 fourth quarter, been further affected by the continuing general rise of interest rates in society and by the lower activity on the housing market but the portfolio still displayed an increase where the total mortgage portfolio amounted to SEK 7.9 billion as of 31 December 2023 (SEK 7.9 billion as of 30 September 2023).

Equity release mortgages

In line with previous historical periods, the portfolio has continued to develop well during the fourth 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 9.6 billion as of 31 December 2023 (SEK 9.3 billion as of 30 September 2023).

Result October - December 2023

(Previous quarter in parenthesis)

- Operating profit amounted to SEK 202 million (SEK 327 million). The result for the period has been positively affected by increased net interest income but negatively affected by increasing costs.
- 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 are excluded. The adjusted operating profit amounted to SEK 569 million (SEK 525 million).
- Net interest income amounted to SEK 2,098 million (SEK 2,038 million). Net interest income primarily increased by growing lending.
- Operational expenses amounted to SEK -414 million (SEK -390 million). Of the expenses, general administrative expenses made up SEK -391 million (SEK -375 million) whereof SEK -326 million (SEK -347 million) related to the underlying business and SEK -65 million (SEK -28 million) 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 SEK -23 million (SEK -15 million).
- Other operating expenses are made up of marketing costs sales costs related to credit cards and other costs and amounted to SEK -419 million (SEK -317 million). The increase is driven by SEK -171 million related to the settlement towards the airline NAS but was also positively affected by falling underlying marketing costs.
- Credit losses amounted to SEK -1,138 million (SEK -1,105 million), corresponding to 4.2 per cent (4.2) of average lending. The credit losses were negatively affected by continued high credit losses in Continental Europe and would excluding these have amounted to 4.1 per cent (3.9). The increase was driven by increased provisions relating to loans in Stage 2 and 3 whilst provisions for Stage 1, as in the previous quarters, remained at an elevated level.

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

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