

Bulletin:

# Bank Norwegian ASA's Business Is Back On Track

November 7, 2022

FRANKFURT (S&P Global Ratings) Nov. 7, 2022--S&P Global Ratings believes Bank Norwegian ASA showed signs of recovery across its home markets in third-quarter 2022. After several quarters of loan book erosion and a soft start to 2022, the bank reported a larger customer base, 8.9% loan growth, and an 11.1% return on equity in the three months to Sept. 30. We expect the ongoing repricing of the loan book amid rising interest rates, steady loan growth, and tighter underwriting criteria will support earnings quality into 2023 despite the more muted operating environment ahead.

Following the disposal of several nonperforming loan (NPL) portfolios in 2021-2022, Bank Norwegian's loan book now demonstrates significantly healthier asset quality. In line with our expectations, NPLs dropped to 13.1% of total loans at Sept. 30, 2022, while its coverage (39.4%) and the bank's robust capital buffers (25.8% common equity Tier 1 ratio) remained intact.

We believe that synergies from the integration with Nordax Bank AB will start to show in 2023. On Nov. 1, 2022, Bank Norwegian and Nordax Bank announced that the Norwegian and Swedish Financial Supervisory Authorities had approved the intra-group merger. We expect it will be completed during first-quarter 2023, after which Bank Norwegian will operate as a branch of Nordax Bank.

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- Bank Norwegian 'BBB/A-2' Ratings Put On CreditWatch Negative On Takeover By Swedish Consumer Lender Nordax Bank, Sept. 10, 2021
- Bank Norwegian's Potential Takeover By Nordax Bank Is Progressing, But It's Too Soon To Assess The Impact, Aug. 9, 2021
- CEO Departure Won't Derail Bank Norwegian ASA's Expansion Strategy, June 29, 2021

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