

Bulletin:

# Bank Norwegian's Potential Takeover By Nordax Bank Is Progressing, But It's Too Soon To Assess The Impact

August 9, 2021

FRANKFURT (S&P Global Ratings) Aug. 9, 2021--S&P Global Ratings today said that, while the takeover of Bank Norwegian ASA (BBB/Stable/A-2) by Nordax Bank AB (not rated) is looking increasingly likely, it does not yet have enough information to assess the ratings impact.

Nordax Bank's improved and final offer of Norwegian krone (NOK) 105 per share values Bank Norwegian at NOK19.6 billion (€1.87 billion). Following the closing of due diligence and the supervisory authority's approval of the offer document, Nordax Bank officially launched the voluntary takeover process on Aug. 6, 2021, which will run until Sept. 6, 2021. We understand that Bank Norwegian's board is in favor of the offer, and that it has already been cleared by the Norwegian competition authority. Additionally, Nordax Bank has submitted an application for the takeover to Norwegian and Swedish financial supervisory authorities to ensure regulatory approval requirements are met.

The impact on our ratings on Bank Norwegian will, however, depend on the shareholders' acceptance of the takeover offer, since a minimum acceptance of at least 90% of shares is required. We would also need more clarity on Nordax Bank's plans to integrate Bank Norwegian and the bank's financial management, especially in terms of capital, funding, and liquidity management.

We maintain our view that the takeover could make Bank Norwegian part of a leading consumer finance bank in the Nordic market, over the short-to-medium term, but may hamper its agility and efficiency (see "Bank Norwegian May Gain Scale And Lose Efficiency Benefits If Acquired By Nordax Bank," published March 5, 2021, on RatingsDirect).

Additionally, we note that independent from the takeover offer Bank Norwegian aims to call two hybrid capital instruments--BANKN15 PRO (NO0010774318) and BANKN16 PRO (NO0010774326)--at the next call date on Sept. 21, 2021. We currently include the first instrument, which is a NOK210 million additional tier 1 (AT1) instrument, into the bank's total adjusted capital. The redemption of the AT1 will have a minor impact of approximately 46 basis points on Bank Norwegian's risk-adjusted capital ratio, which equaled 21.2% as of Dec. 31, 2020, and continues to support our assessment of its very strong capital and earnings.

#### PRIMARY CREDIT ANALYST

**Salla von Steinaecker**  
Frankfurt  
+ 49 693 399 9164  
salla.vonsteinaecker  
@spglobal.com

#### SECONDARY CONTACTS

**Francesca Massarotti**  
Frankfurt  
+ 49 69 3399 9130  
francesca.massarotti  
@spglobal.com

**Olivia K Fleischmann**  
Stockholm  
+ 46 84 40 5904  
olivia.fleischmann  
@spglobal.com

## **Related Research**

- CEO Departure Won't Derail Bank Norwegian ASA's Expansion Strategy, June 29, 2021
- Bank Norwegian ASA, June 25, 2021
- Bank Norwegian May Gain Scale And Lose Efficiency Benefits If Acquired By Nordax Bank, March 5, 2021
- Digital Lender Bank Norwegian Outlook Revised To Stable On Earnings Resilience In Downturn; 'BBB/A-2' Ratings Affirmed, Nov. 12, 2020
- Digital Lender Bank Norwegian Now Considered Critical Player In Norway, Nov. 29, 2019
- Bank Norwegian's New Shareholder Structure Could Uphold Future Expansion, Aug. 19, 2019

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