

Investor presentation

Q4

Bank Norwegian Group
February 15, 2022

Agenda

Snapshot of Bank Norwegian

Performance, asset quality and capital

Appendix

Bank Norwegian at a glance: A leading Nordic consumer finance bank with an increasing European footprint

Established November 2007

Offers unsecured instalment loans, credit cards
and savings deposits

Strong presence in four Nordic countries –
Spain and Germany from 2021

108.5 FTEs based in Norway, Fornebu

Completion of the acquisition by
Nordax Bank AB (publ) in Q4 2021

1.7m

Customer accounts

BNOK 36.9

Gross lending

BNOK 4.7

Total income (LTM)

10.8%

Return on equity (LTM)

25.5%

CET1 ratio

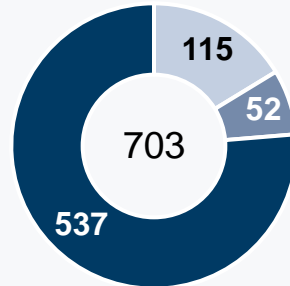
Strong presence in all four Nordic markets

Successful launch in Germany and Spain in Q4

Norway: High customer repayments (churn)



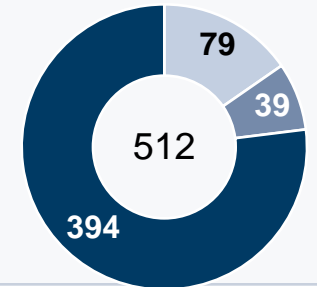
- Operating since 2007
- Gross loan book of BNOK 13.7
- 703 000 customers
- High competition from incumbent banks



Sweden: Broker domination



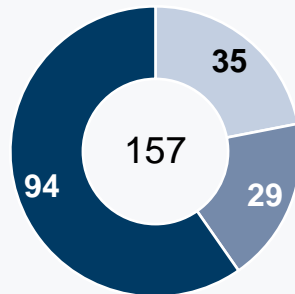
- Operating since 2013
- Gross loan book of BNOK 6.7
- 512 000 customers
- Highly competitive, agent driven market



Denmark: Regulations and liquidity



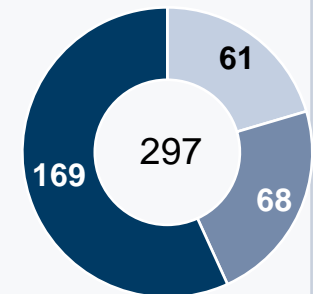
- Operating since 2015
- Gross loan book of BNOK 4.1
- 157 000 customers
- Marketing restrictions
- Weak agent value proposition
- Demand picking up



Finland: Increasing demand



- Operating since 2015
- Gross loan book of BNOK 12.3
- 297 000 customers
- Demand increasing
- New regulations expected



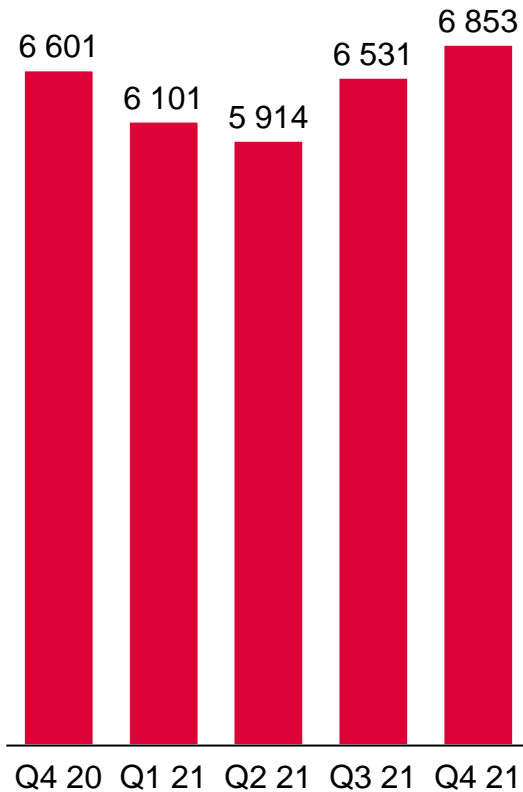
Credit card (Customers, thousand)
 Instalment loan (Customers, thousand)
 Deposit (Customers, thousand)

Since 2007, we have been on a growth journey while still being true to our unique entrepreneurial culture



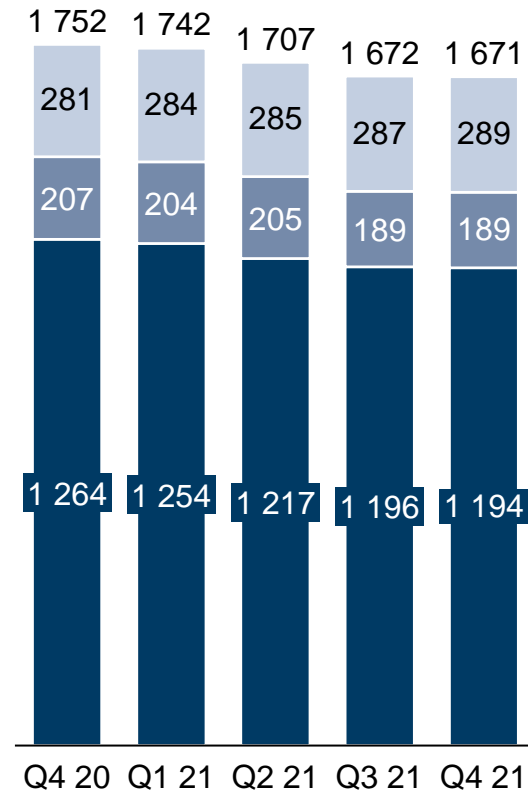
Building sticky customer relationships

App usage, thousand



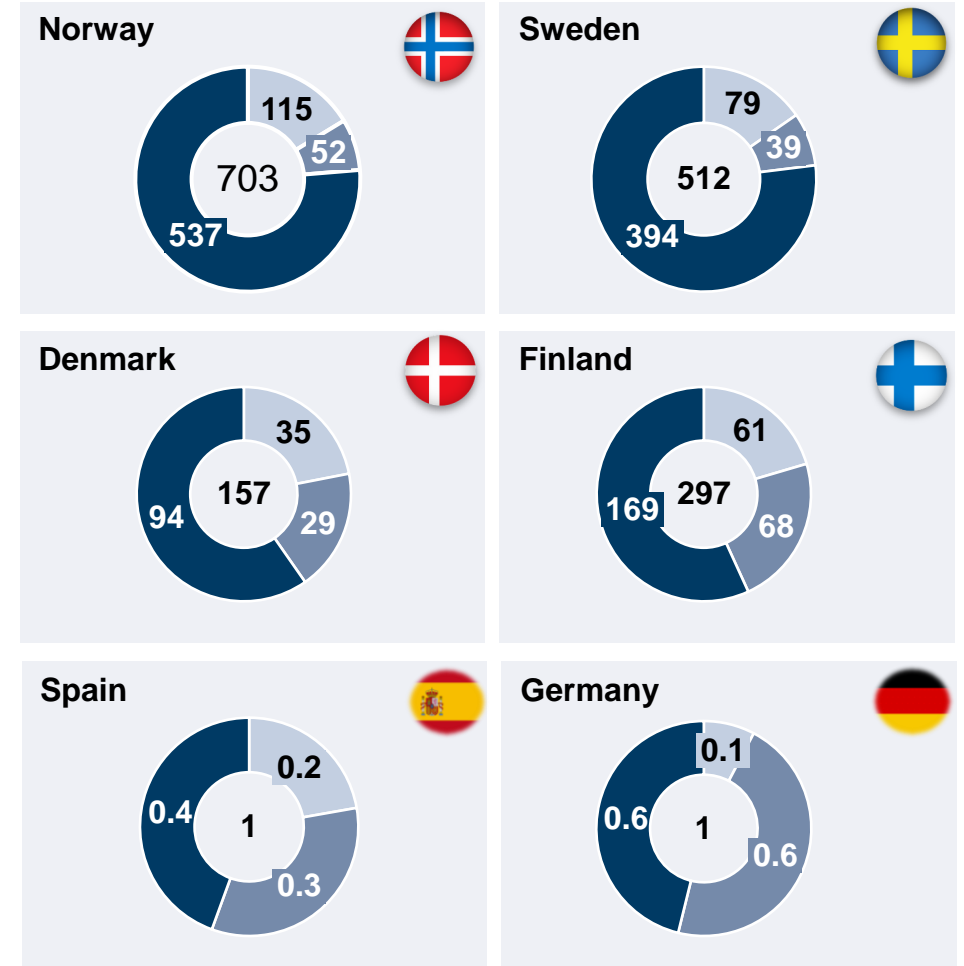
■ App logins

Customers, thousand















■ Credit card ■ Instalment loan ■ Deposit

Customers, thousand



Three core products provided by BANO

Product	Key characteristics	Average balance per customer (EUR)	
Personal loans	<ul style="list-style-type: none"> Applicants are rated with proprietary scorecards Country individual price ranges following local conditions but have a minimum of 6.99% apr and maximum of 22.99% apr Duration of the loans range from 1 to 15 years 	 16,500	 8,400
		 11,200	 11,200
		 11,900	
		 14,600	
Credit cards	<ul style="list-style-type: none"> VISA credit cards Up to 45 days interest free period, Bank Norwegian earns interest income on outstanding balance not repaid at due date 	 1,700	 1,100
		 1,300	 700
		 2,200	
		 2,400	
Deposits	<ul style="list-style-type: none"> Bank Norwegian gives customers some of the best market terms on deposited funds in all countries Approximately 100% loans to deposit ratio (70 – 80% long term goal) Bank Norwegian is a member of the deposit insurance scheme (Bankenes sikringsfond) which ensures client deposits up to MNOK 2 (~EUR 200,000) for deposits in Norway. For the other countries, the insurance scheme covers up to EUR 100,000. 	Aggregated exposure per customer <10,000 EUR	

The rationale for Nordax purchase of BANO

- 1 Combining two leading specialist banks to create an even stronger entity
- 2 Well diversified platform with strong product capabilities and complementary distribution models
- 3 Highly scalable operating model with low costs
- 4 Strengthened underwriting capabilities – combining Nordax’s expertise with Bank Norwegian data
- 5 Strong balance sheet – Highly liquid and well capitalized with access to multiple funding sources
- 6 Significant risk absorption capacity from a high return and flexible cost base
- 7 Solid ownership with backing by blue chip Nordic financial services investors
- 8 Strong focus on responsible and sustainable business considering all stakeholders

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Appendix

Eventful quarter – ambitious target reached



Successful launch in Germany and Spain



Continued higher credit card purchase volumes and increased instalment loan sales



A total of NOK 4.4 bn gross non-performing loans sold in 2021



Net profit impacted by lower loan volumes and non-recurring items



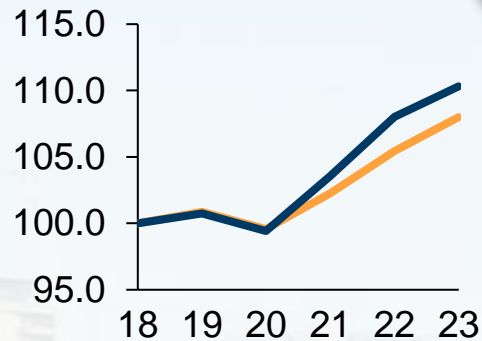
Nordax Bank AB (publ) has finalized the acquisition – BANO delisted in Q4

Strong GDP growth expected going forward

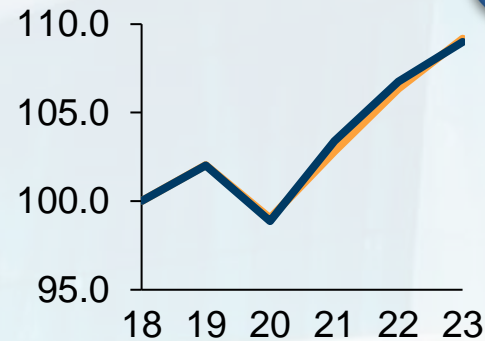
Minor forecast revisions in the quarter

GDP development, indexed

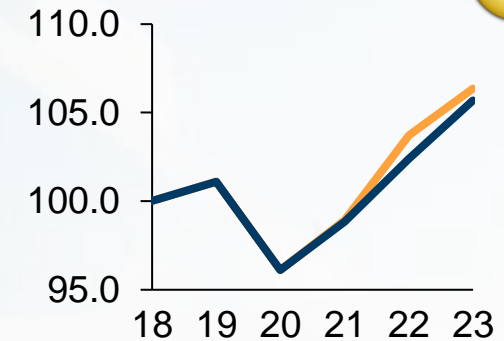
Norway



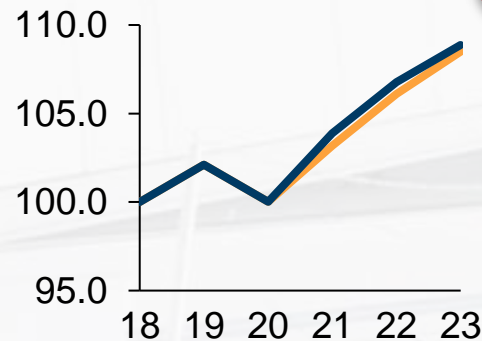
Sweden



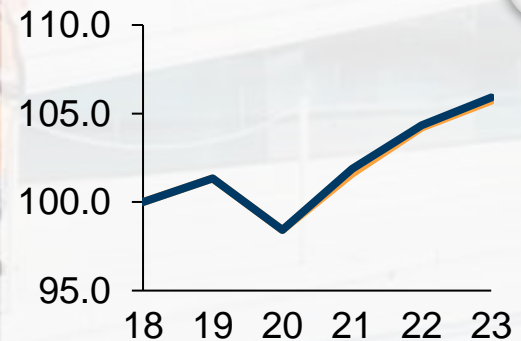
Germany



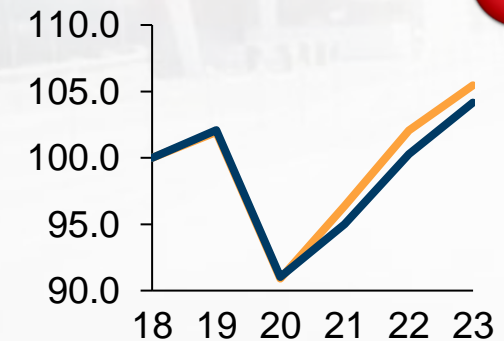
Denmark



Finland

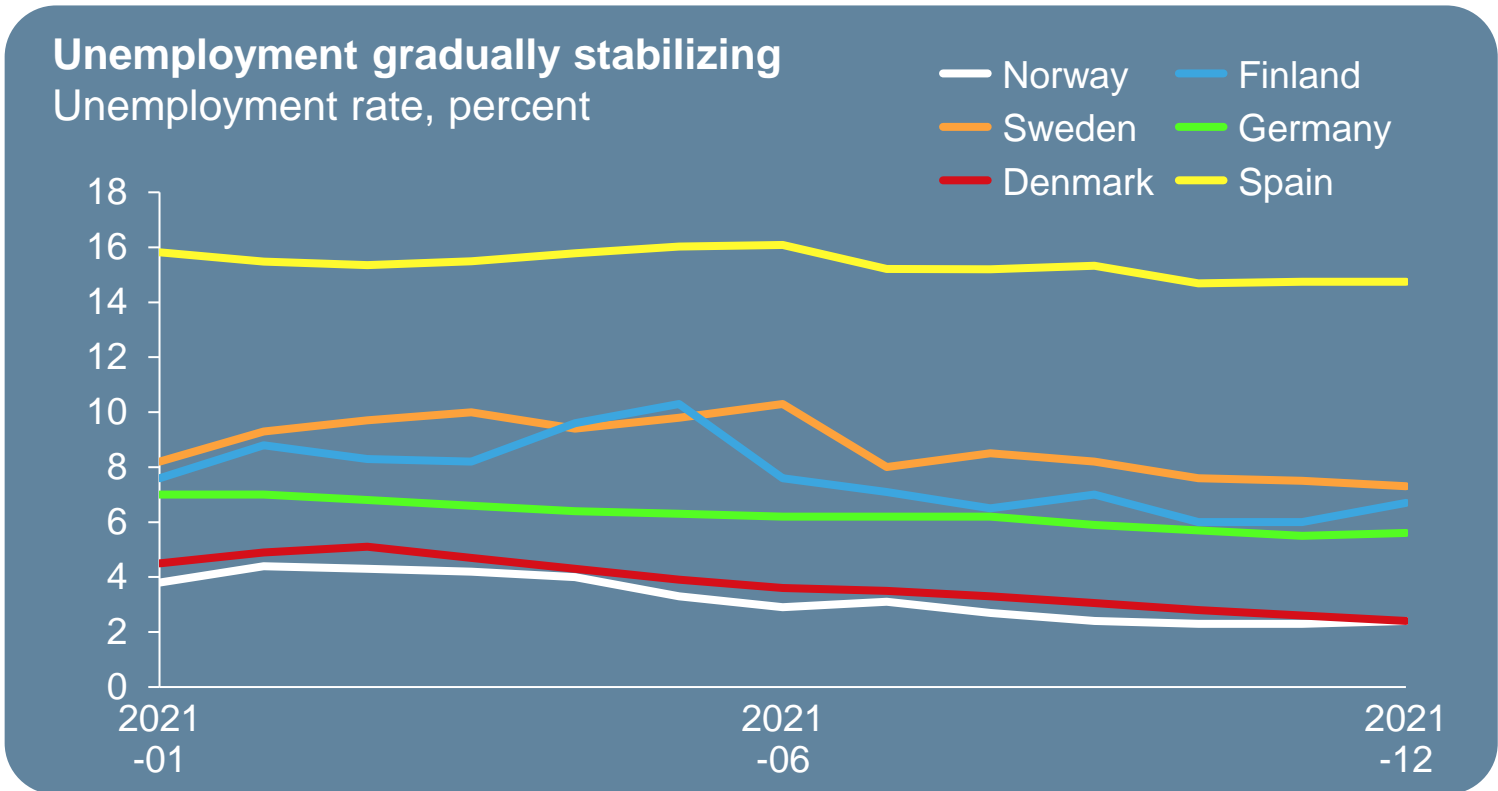
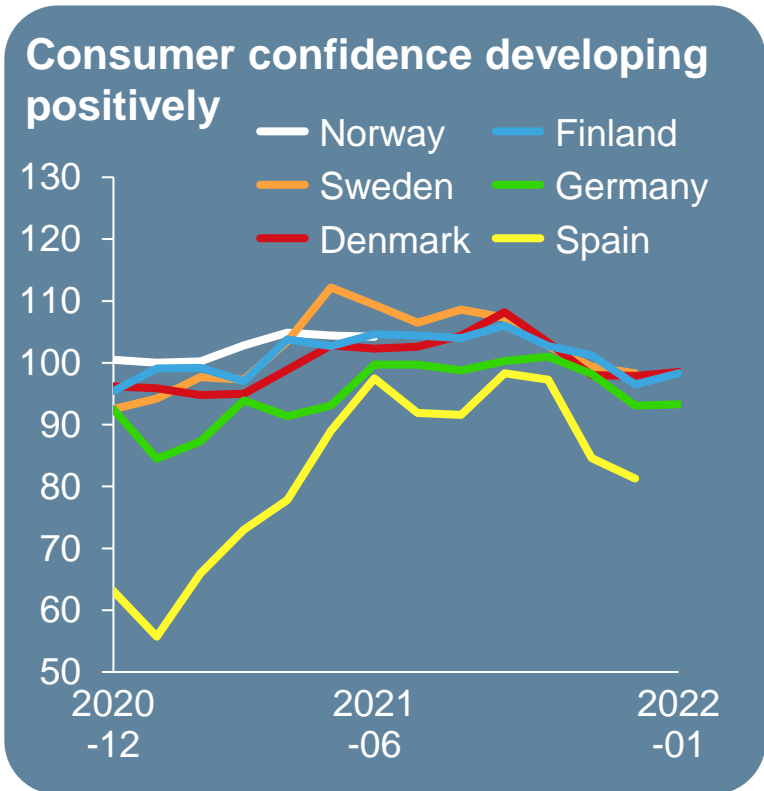


Spain



Unemployment continues its downward trend in Q4

Consumer confidence weakened



Revenues impacted by Covid-19 and NRI's*

Bank Norwegian Group

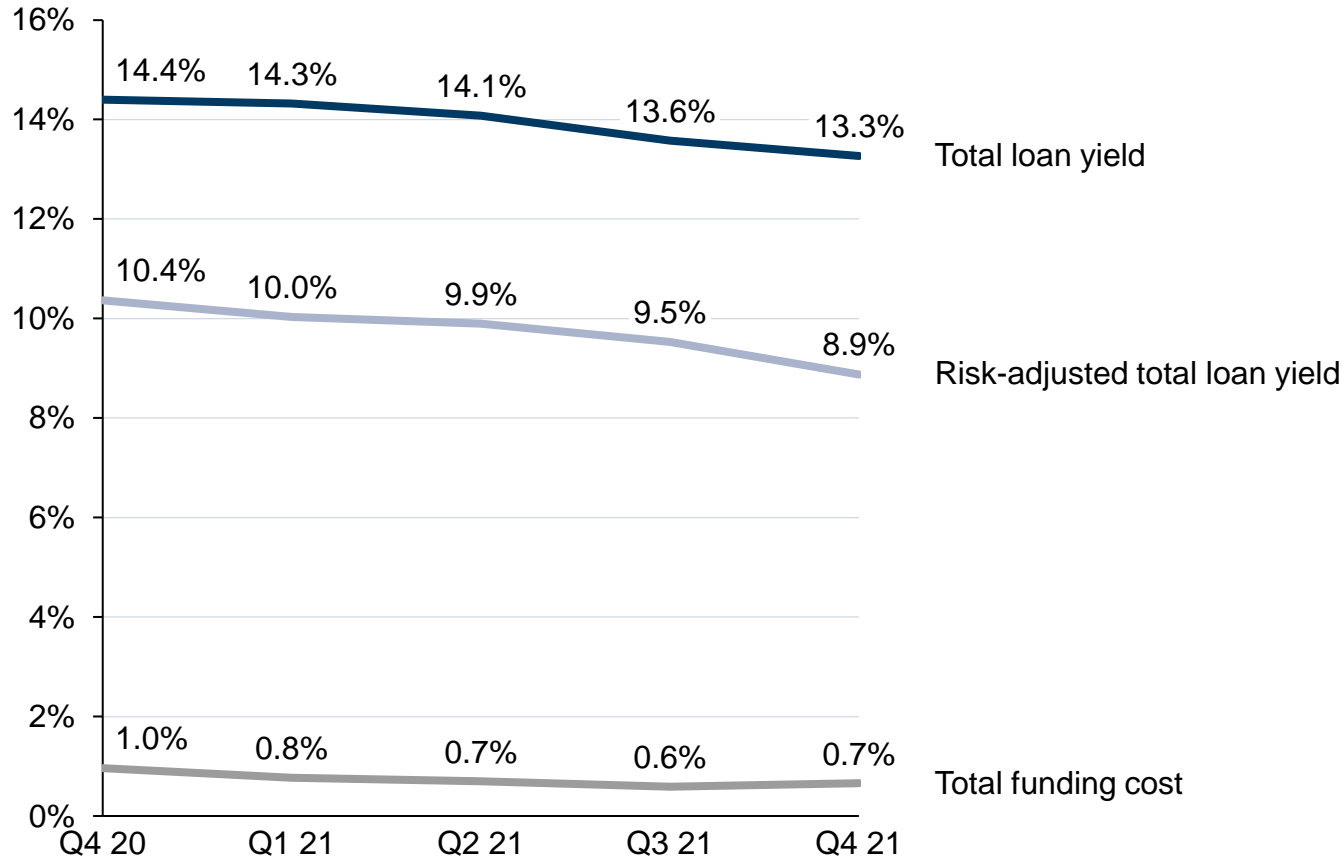
MNOK	Q4 2021	Q3 2021	Change	2021	2020	Change
Interest income	1 143.0	1 207.0	-64.0	4 897.2	5 881.4	-984.3
Other interest income	47.0	38.3	8.7	183.8	233.9	-50.0
Interest expenses	99.1	94.3	4.7	415.9	702.3	-286.4
Net interest income	1 091.0	1 151.0	-60.0	4 665.2	5 413.1	-747.9
Commission and bank services income	148.5	86.1	62.3	395.6	412.0	-16.4
Commission and bank services expenses	53.5	41.4	12.1	182.7	195.0	-12.3
Dividend	-	-	-	-	24.0	-24.0
Net change in value on securities and currency, dividend	-48.1	-60.7	12.6	-149.6	-11.4	-138.2
Net other operating income	46.9	-16.0	62.9	63.3	229.6	-166.4
Total income	1 137.8	1 135.0	2.9	4 728.5	5 642.7	-914.2
Personnel expenses	54.8	47.0	7.7	171.7	122.8	48.9
General administrative expenses	450.9	324.7	126.2	1 302.7	1 043.6	259.1
Depreciation and impairment of fixed and intangible assets	19.8	21.5	-1.7	91.3	88.2	3.1
Other operating expenses	14.4	15.1	-0.7	59.1	58.5	0.5
Total operating expenses	539.8	408.4	131.5	1 624.8	1 313.2	311.6
Provision for loan losses	378.4	359.7	18.7	1 498.7	1 830.9	-332.2
Profit before tax	219.6	366.9	-147.3	1 605.0	2 498.6	-893.6
Tax charge	59.8	90.8	-31.0	404.5	611.6	-207.1
Profit after tax	159.7	276.1	-116.3	1 200.5	1 887.0	-686.5
Earnings per share (NOK)	0.82	1.43	-0.61	6.25	9.90	-3.65

Q4 vs Q3 and 2021 vs 2020

- Net interest income down 5.2% q/q and 13.8% y/y due to sale of non-performing (NPL) portfolios and lower interest-bearing balances, and negative currency effects (MNOK 19 q/q and MNOK 143 y/y)
- Significant increase in net commission income in the quarter following kick-back from credit card network and insurance incentive schemes for 2021 (MNOK 61) booked in the year they are earned
- Lower net negative value adjustments in the quarter following negative fair value change on shares in the previous quarter. Last year impacted by high positive currency effects
- NRI's of approx. MNOK 174m in the third quarter and MNOK 219 for the year. C/I adjusted for NRI's of 32.2% in the quarter and 29.7% in 2021
- Return on equity was 5.7% in the quarter and 10.8% for 2021. Adjusted for non-recurring items the return on equity was 10.5% and 12.3% respectively.

* NRI = Non-recurring Items

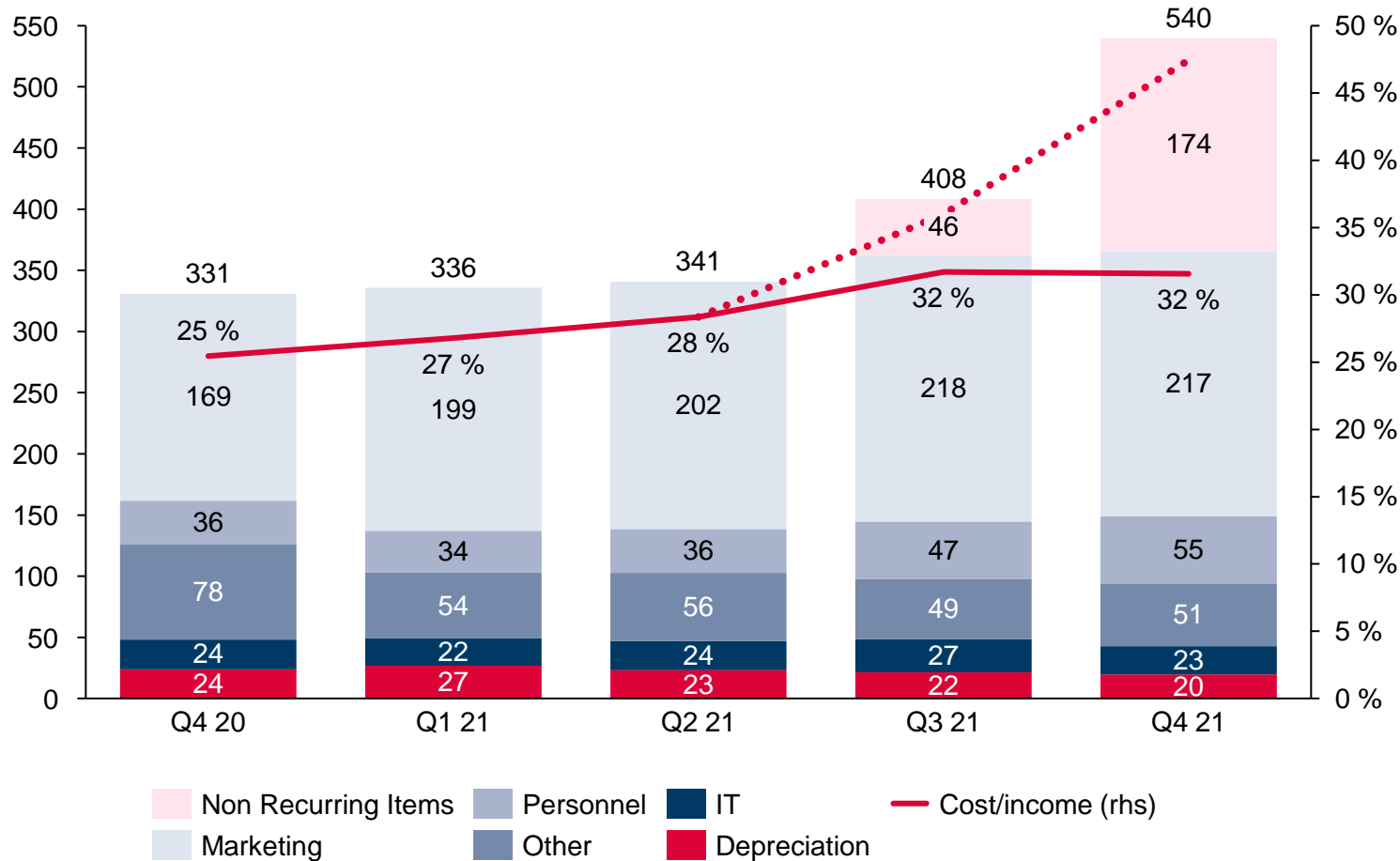
Yields affected by portfolio sales and more competitive prices



- Lower yields following portfolio sales, reduced risk and more competitive prices
- Risk-adjusted loan yield reduced last quarter due to increased allowance ratios following aging portfolios and charge offs, offset partly by portfolio sales net gains
- Slightly increased funding cost on stable interest rates and increased money market rates

NRI's impacting cost level

Operating expenses, MNOK

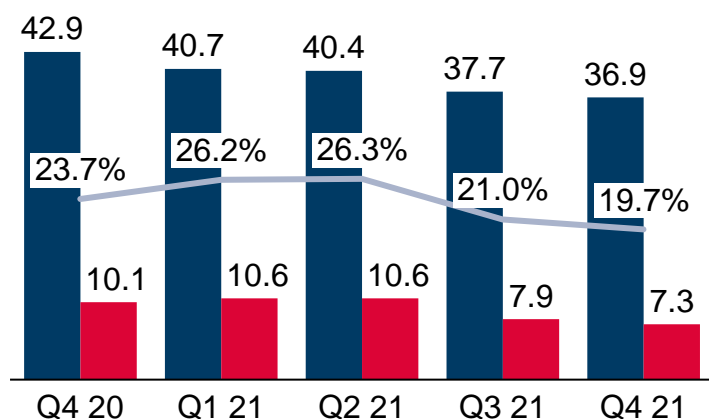


- Total cost level impacted by Non Recurring Items (NRI's)
- Stable underlying costs, increased marketing and expansion spend according to plan
- Cost/income at 32% in the fourth quarter adjusted for NRI's

Credit quality and coverage ratios

Stage 3 loans

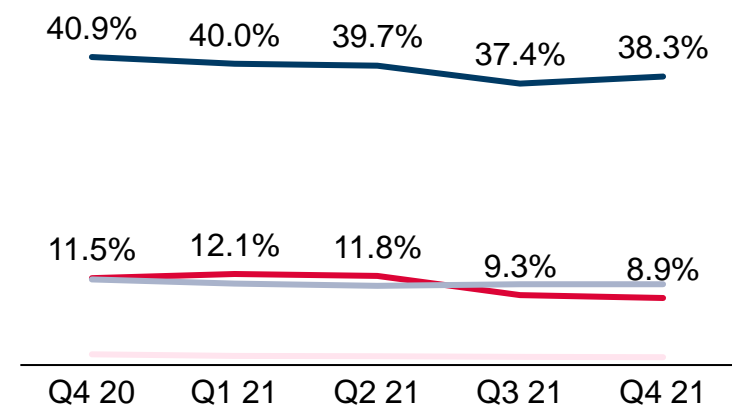
- Stage 3 loans to loans
- Total loans, BNOK
- Stage 3 loans, BNOK



- Stage 3 loans significantly reduced after NPL portfolio sales in 2021
- Newer vintages performing well, low inflow to default continues
- Still high ratio due to accrued debt collection interest income and low new lending growth in 2021

Loan loss allowance coverage ratios

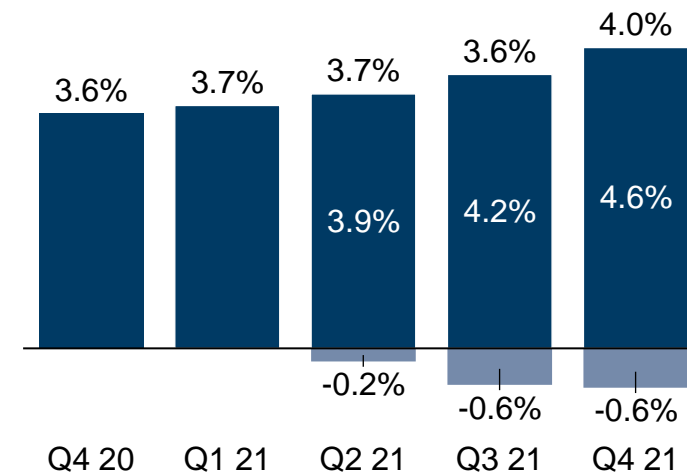
- Total coverage ratio (ECL / Gross loans)
- Coverage ratio (ECL Stage 3/Stage 3)
- Coverage ratio (ECL Stage 2/Stage 2)
- Coverage ratio (ECL Stage 1/Stage 1)



- Allowance levels reduced following portfolio sales, higher quality balances remaining
- Portfolio sales through 2021 confirms the Bank's loan loss allowance levels - five portfolio sales all with positive P&L-effect, totaling MNOK 154

Loan loss provisions (LLP)

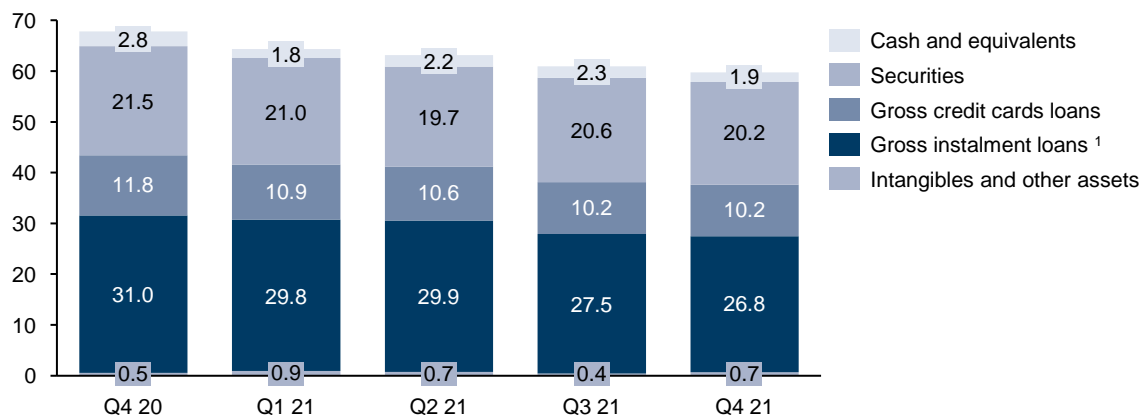
- Loan loss provisions to average loans
- Portfolio sales



- LLP in the quarter mainly stem from Sweden and Finland, reflecting the aging portfolio in stage 3 with increased LGD and more defaulted loans fully written down as a result of our charge off policy.

Resilient and highly liquid balance sheet

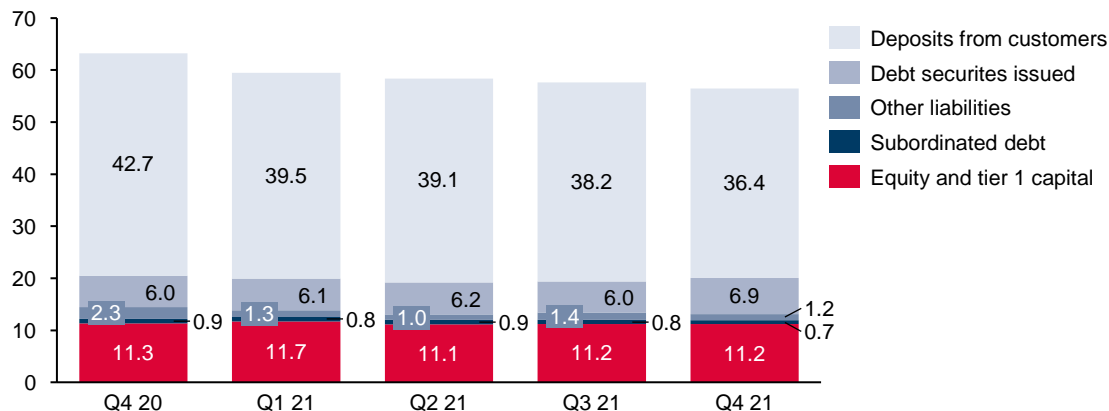
Assets, BNOK



Quarterly development

- Highly resilient balance sheet
- High liquid assets to assets ratio at 39.2%
- Loan growth adjusted for currency and portfolio sales was positive with MNOK 499 compared with MNOK 277 in Q3 and negative with MNOK 847 in Q4 2020
- Instalment loans increased MNOK 406 while credit cards were up MNOK 93 in Q4, adjusted for currency and portfolio sales
 - Instalment loan sales were MNOK 2 396, compared with MNOK 1 900 in the previous quarter and MNOK 1 702 in Q4 2020
 - Adjusted for portfolios sales, instalment loan run-off was MNOK 1 898, compared with MNOK 1 903 in the previous quarter and MNOK 2 051 in Q4 2020
- Instalment loan volumes were MNOK 52 in Germany and MNOK 38 in Spain, while credit cards were MNOK 7 and MNOK 3
- Deposits decreased MNOK 1 375 adjusted for currency effects, of which deposits in Norway MNOK 1 095

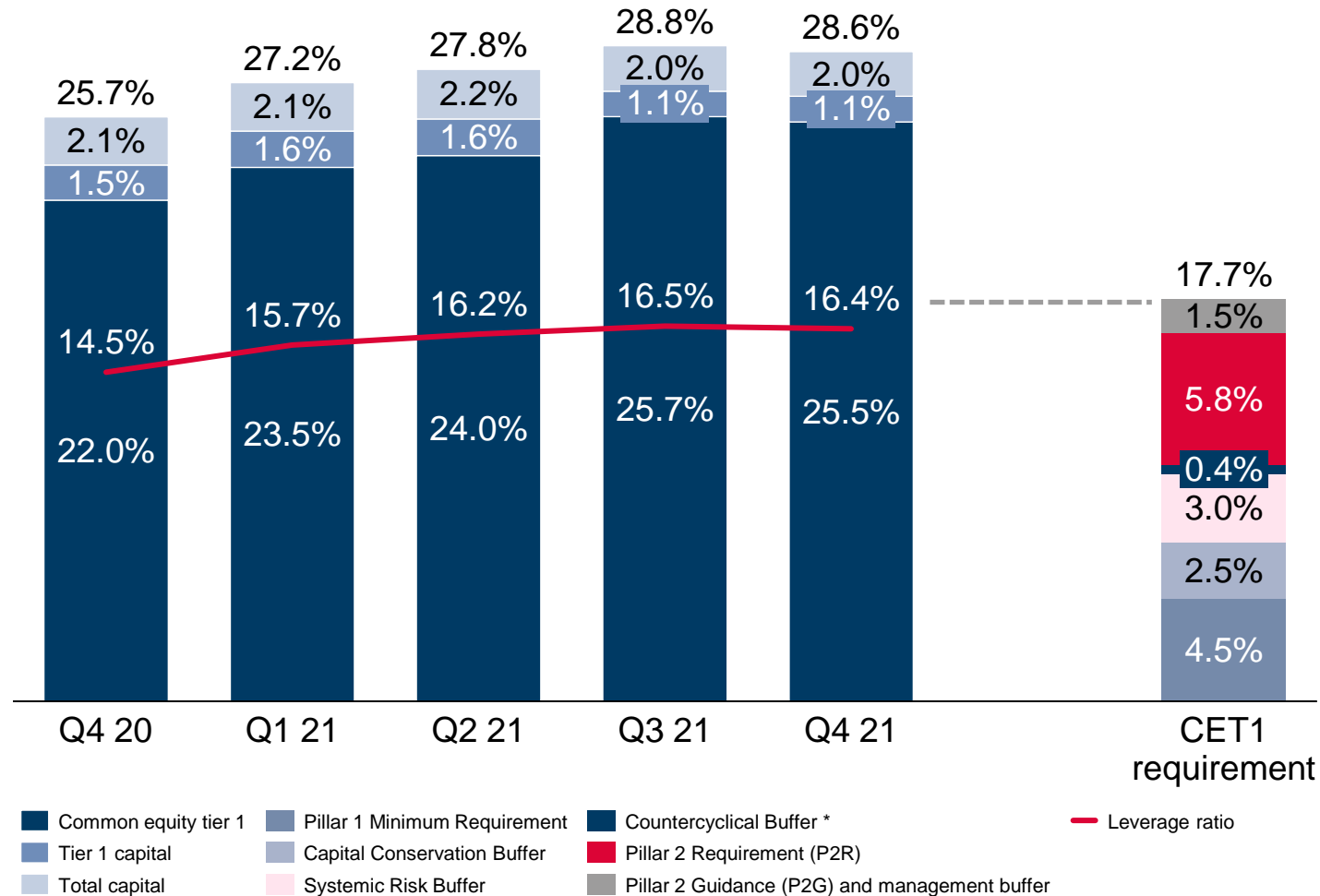
Liabilities and equity, BNOK



¹ Includes sales financing and other loans

Strong capital position and dividend proposal

Capital ratios



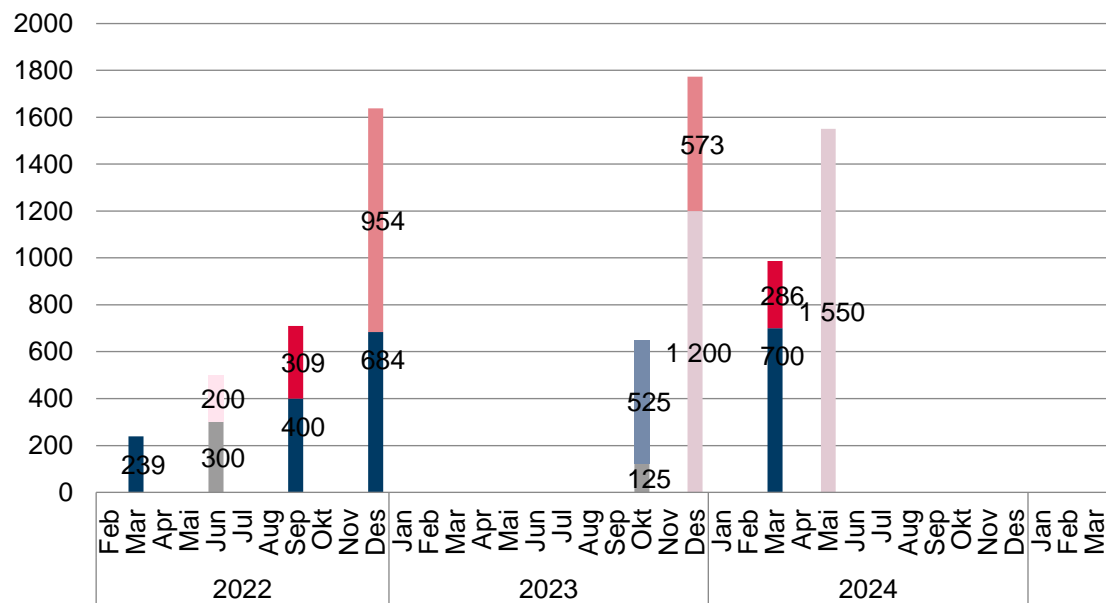
- 25.5% CET 1 capital ratio compared with 16.2% minimum requirement and 17.7% target
- Significant loss absorption capacity through high internal capital generation and high capital buffers
- MREL ratio of 40.1% vs 39.0 % requirement
- Based on the strong capital and financial position, the Board of Directors of Bank Norwegian ASA propose a dividend of NOK 3.85 per share, total NOK 719.6 million
- This represents 59.9% of net profit of 2021

* Current countercyclical buffers as of 31.12.2021: Norway 1.0 % (announced to increase to 1.5% from 30.06.2022 and 2.0% from 31.12.2022), Sweden 0.0 % (announced to increase to 1.0% from 30.09.2022), Denmark 0.0 % (announced increase to 1% from 30.09.22 and 2% from 31.12.2022) and Finland 0.0 %.

Debt maturity structure and MREL

As of 31 January 2022

Debt maturity profile (MNOK)



- AT 1 Capital NOK
- Subordinated loans NOK
- Senior debt NOK - FRN
- Senior debt NOK - FRN hedged to fixed
- AT 1 Capital SEK
- Subordinated loans SEK
- Senior debt SEK - FRN
- Senior debt SEK - FRN hedged to fixed

MREL and funding plan

- No updates on Bank Norwegian's MREL requirement given the Nordax transaction
- Given dividend proposal for 2021, and 60 % assumed dividend in 2022, the Bank needs to issue senior preferred debt and/or senior non-preferred debt to cover MREL requirements in 2022

FX rates as of 31.01.2022. Maturity reflects the first possible call date.

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Appendix

Quarterly profit and loss account

<i>Amounts in NOK 1000</i>	Bank Norwegian Group				
	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Interest income, effective interest method	1 143 033	1 206 994	1 245 786	1 301 374	1 416 244
Other interest income	46 974	38 270	44 497	54 099	53 944
Interest expenses	99 051	94 306	107 170	115 327	158 935
Net interest income	1 090 956	1 150 959	1 183 113	1 240 146	1 311 252
Commission and bank services income	148 474	86 132	75 925	85 058	73 716
Commission and bank services expenses	53 478	41 384	44 459	43 386	52 439
Income from shares and other securities	-	-	-	-	24 029
Net change in value on securities and currency	-48 122	-60 729	-12 363	-28 375	-56 420
Net other operating income	46 875	-15 981	19 103	13 297	-11 114
Total income	1 137 831	1 134 978	1 202 215	1 253 443	1 300 139
Personnel expenses	54 760	47 032	35 844	34 058	35 905
General administrative expenses	450 883	324 697	264 943	262 141	257 849
Depreciation and impairment of fixed and intangible assets	19 780	21 513	23 148	26 888	23 965
Other operating expenses	14 425	15 118	16 883	12 653	13 120
Total operating expenses	539 849	408 361	340 819	335 740	330 839
Provision for loan losses	378 416	359 715	370 664	389 933	397 662
Profit before tax	219 566	366 902	490 733	527 771	571 638
Tax charge	59 820	90 807	122 941	130 926	135 404
Profit after tax	159 746	276 095	367 792	396 845	436 234

Quarterly balance sheet

Bank Norwegian Group

<i>Amounts in NOK 1000</i>	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20
Assets					
Cash and deposits with the central bank	813 303	69 884	69 885	69 945	69 451
Loans and deposits with credit institutions	1 079 310	2 199 801	2 175 449	1 694 562	2 774 788
Loans to customers	33 649 320	34 216 695	35 654 342	35 749 207	37 943 688
Certificates and bonds	20 233 281	20 556 073	19 738 636	21 005 806	21 520 427
Financial derivatives	133 468	73 361	156 076	387 965	341 309
Shares and other securities	26 802	26 322	54 326	49 040	50 692
Intangible assets	396 807	403 517	415 442	427 805	448 701
Deferred tax asset	22 900	7 668	6 481	5 784	4 107
Fixed assets	35 615	3 433	3 874	4 855	4 883
Other assets	74 119	50 554	76 651	58 538	33 965
Total assets	56 464 926	57 607 307	58 351 162	59 453 506	63 192 011
Liabilities and equity					
Loans from credit institutions	-	491 395	156 400	300 667	1 313 710
Deposits from customers	36 393 611	38 224 252	39 143 018	39 509 888	42 677 703
Debt securities issued	6 945 201	6 018 621	6 181 276	6 107 413	6 034 387
Financial derivatives	138 883	61 872	48 135	162 758	64 862
Tax payable	481 366	348 107	256 113	446 089	557 675
Deferred tax	-	58 234	58 234	58 234	58 234
Other liabilities	387 376	199 954	248 189	29 870	42 999
Provisions	209 379	248 312	257 373	282 226	236 463
Subordinated loan	739 801	753 807	856 909	840 454	877 820
Total liabilities	45 295 617	46 404 553	47 205 647	47 737 600	51 863 850
Share capital	186 904	186 904	186 904	186 847	186 847
Share premium	983 401	983 401	983 401	978 201	978 201
Tier 1 capital	425 000	425 000	635 000	635 000	635 000
Retained earnings and other reserves	9 574 004	9 607 449	9 340 210	9 915 857	9 528 112
Total equity	11 169 309	11 202 754	11 145 514	11 715 906	11 328 161
Total liabilities and equity	56 464 926	57 607 307	58 351 162	59 453 506	63 192 011

Quarterly key figures and alternative performance measures

	Bank Norwegian Group				
	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Return on equity (ROE) ¹	5.7 %	10.1 %	13.3 %	16.6 %	16.4 %
Return on assets (ROA) ¹	1.1 %	1.9 %	2.5 %	2.6 %	2.7 %
Earning per share (EPS)	0.82	1.43	1.92	2.14	2.30
Dividend per share (DPS) ²	-	-	-	6.00	-
Common equity tier 1 (CET 1)	25.5 %	25.7 %	24.0 %	23.7 %	22.0 %
Leverage ratio	16.4 %	16.5 %	16.2 %	15.8 %	14.5 %
Liquidity coverage ratio (LCR)	338 %	400 %	425 %	366 %	569 %
Net interest margin (NIM) ¹	7.6 %	7.9 %	8.1 %	8.2 %	8.2 %
Cost/income ratio ¹	0.47	0.36	0.28	0.26	0.25
Loan loss provisions to average loans ¹	4.0 %	3.6 %	3.7 %	3.7 %	3.6 %
Stage 3 loans to loans ¹	19.7 %	21.0 %	26.3 %	26.2 %	23.7 %
Stage 3 loan loss allowance to Stage 3 loans ¹	38.3 %	37.4 %	39.7 %	40.0 %	40.9 %
Loan loss allowance to loans ¹	8.9 %	9.3 %	11.8 %	12.1 %	11.5 %

1) Defined as alternative performance measure (APM). APMs are described on banknorwegian.no/OmOss/InvestorRelations.

2) Bank Norwegian Board of Directors decided on November 26, 2021 to pay out the previously AGM approved NOK 1 per share as dividend for 2020. The dividend was paid in December.