

**Second quarter 2021
results presentation**

Q2

Bank Norwegian Group
August 13, 2021

Eventful quarter – important initiatives on track



Profits impacted by COVID-19



Lending growth trend positive



European expansion on track



Group internal merger completed

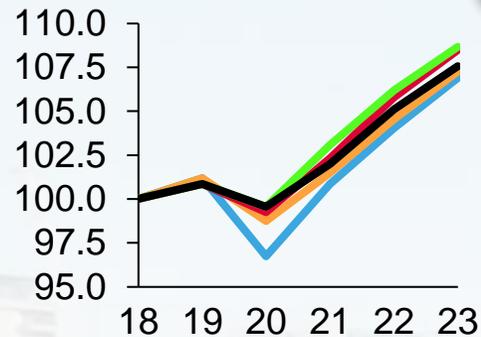


Nordax Bank AB has launched a NOK 105 per share public voluntary offer

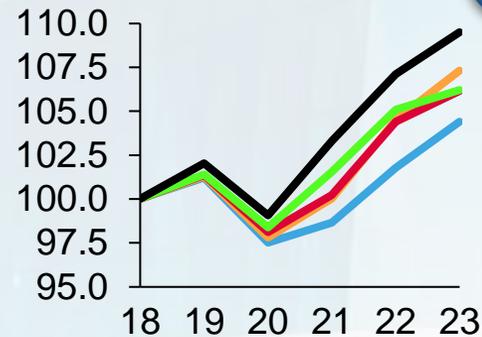
Positive forecast revisions for economic development continue

GDP development, indexed

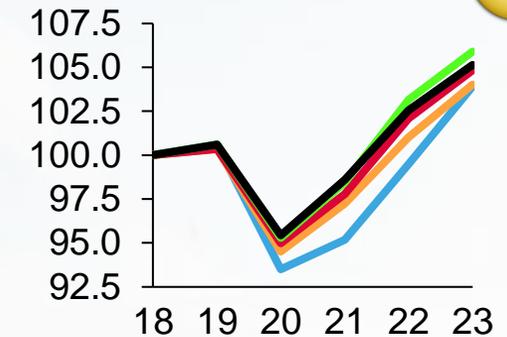
Norway



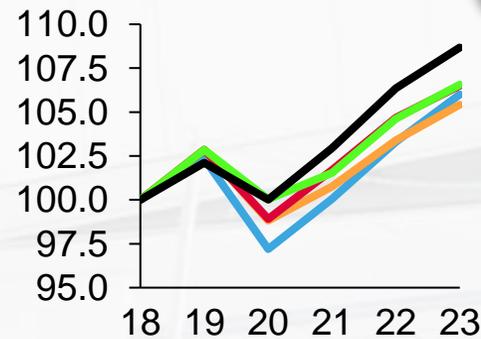
Sweden



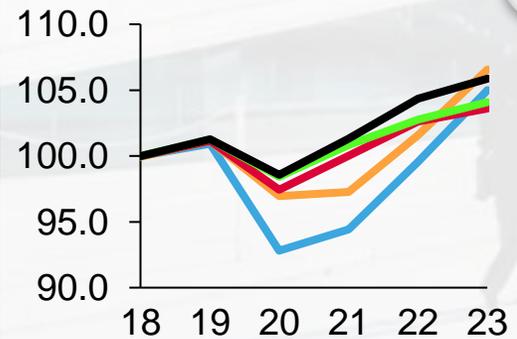
Germany



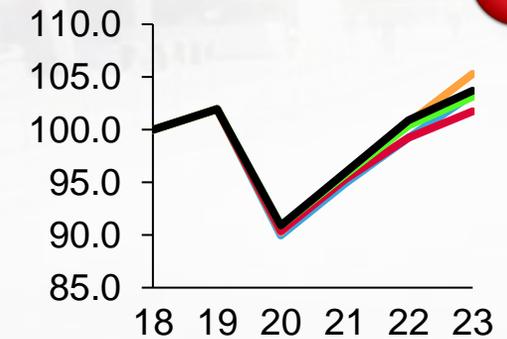
Denmark



Finland

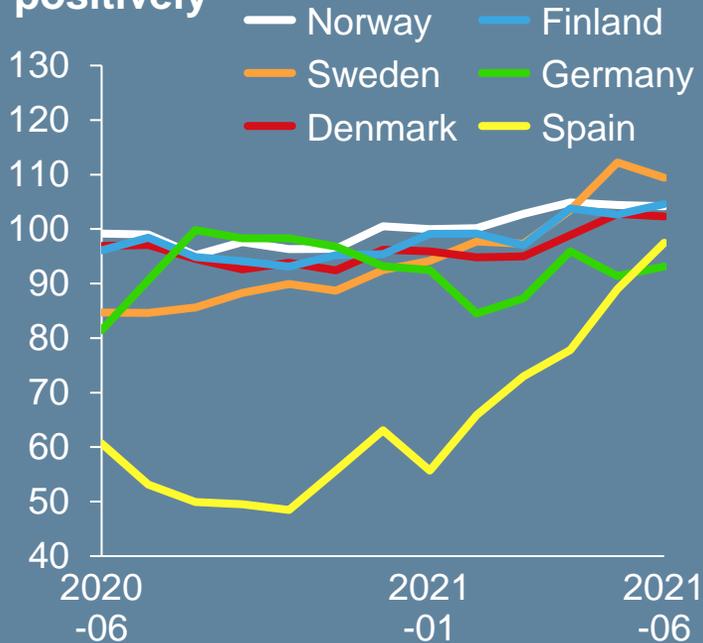


Spain



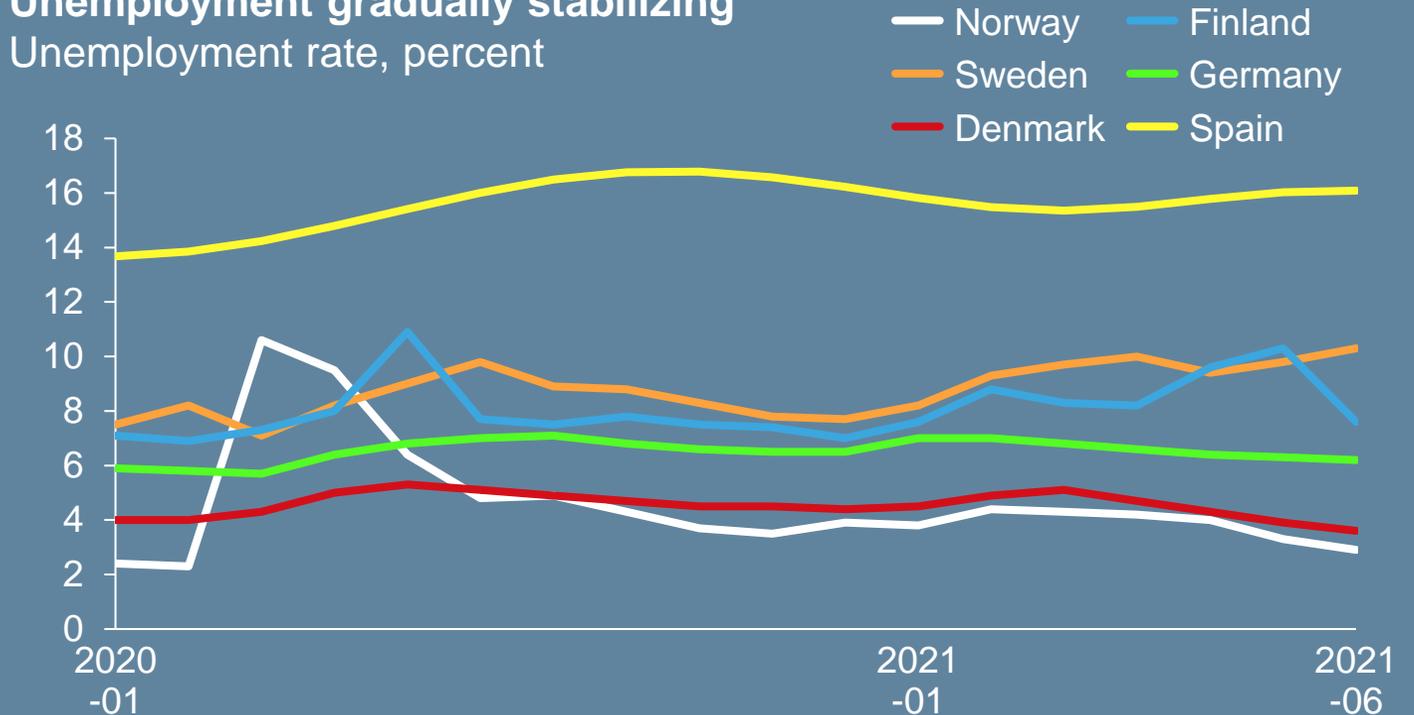
Gradual normalization also for consumers

Consumer confidence developing positively



Unemployment gradually stabilizing

Unemployment rate, percent



Revenues still impacted by COVID-19

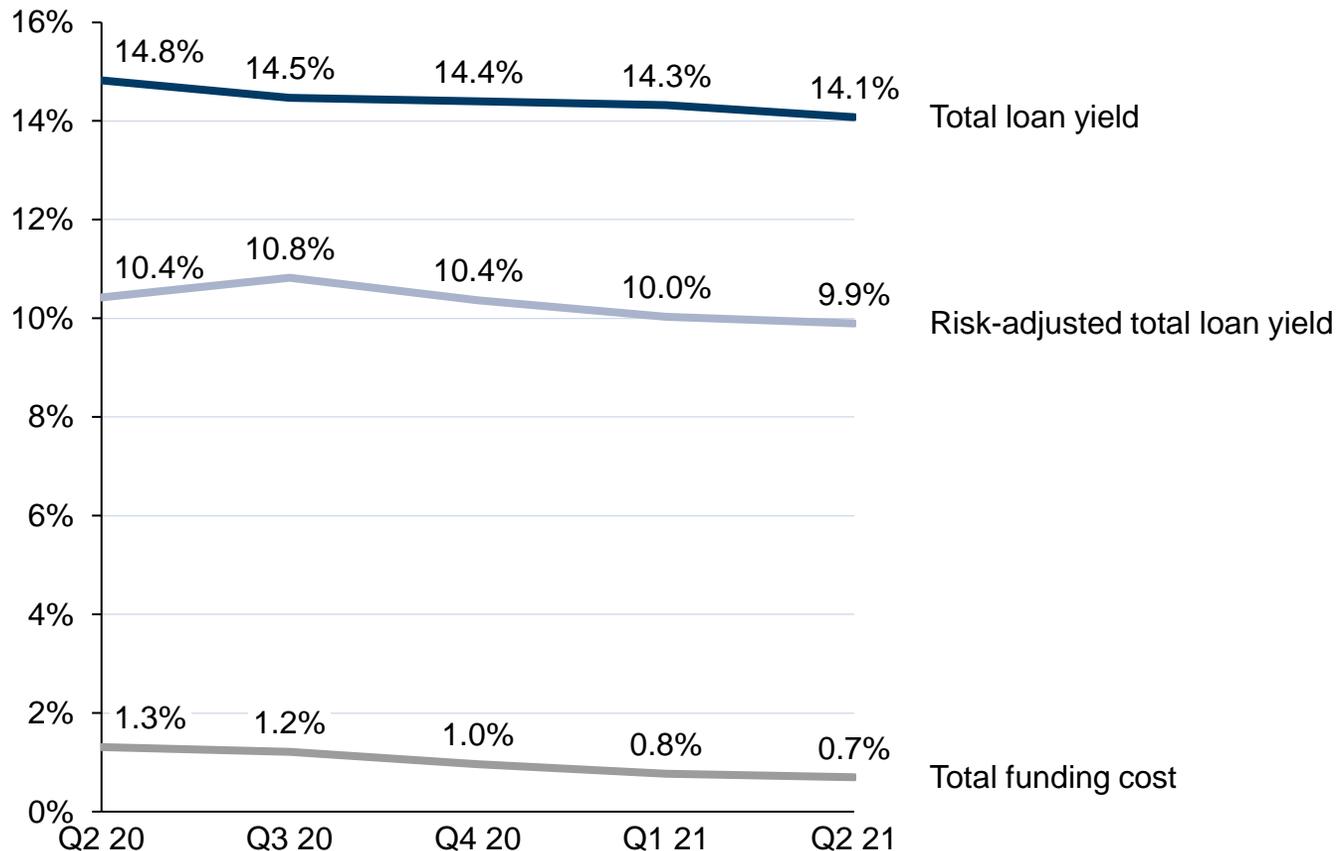
Bank Norwegian Group

<i>MNOK</i>	Q2 2021	Q1 2021	Change
Interest income	1 290.3	1 355.5	-65.2
Interest expenses	107.2	115.3	-8.2
Net interest income	1 183.1	1 240.1	-57.0
Commission and bank services income	75.9	85.1	-9.1
Commission and bank services expenses	44.5	43.4	1.1
Net change in value on securities and currency, dividend	-12.4	-28.4	16.0
Net other operating income	19.1	13.3	5.8
Total income	1 202.2	1 253.4	-51.2
Personnel expenses	35.8	34.1	1.8
General administrative expenses	264.9	262.1	2.8
Depreciation and impairment of fixed and intangible assets	23.1	26.9	-3.7
Other operating expenses	16.9	12.7	4.2
Total operating expenses	340.8	335.7	5.1
Provision for loan losses	370.7	389.9	-19.3
Profit before tax	490.7	527.8	-37.0
Tax charge	122.9	130.9	-8.0
Profit after tax	367.8	396.8	-29.1
Earnings per share (NOK)	1.92	2.08	-0.16

Q2 vs Q1

- Lower interest income due to lower instalment loan portfolio in Norway, lower credit card portfolios in Sweden and Denmark due to portfolio sales, and currency effects
- Higher commission income from increased credit card activity and insurance incentives, offset by kick-back from Visa in the first quarter
- Stable costs and high operational efficiency with C/I of 28%
- Loan loss provisions affected by sales of portfolios, offset by LGD model update in Finland
- ROE was 13.3%, compared with 14.3% in the first quarter and ROA 2.5% compared with 2.6% in the previous quarter

Stable risk-adjusted yield



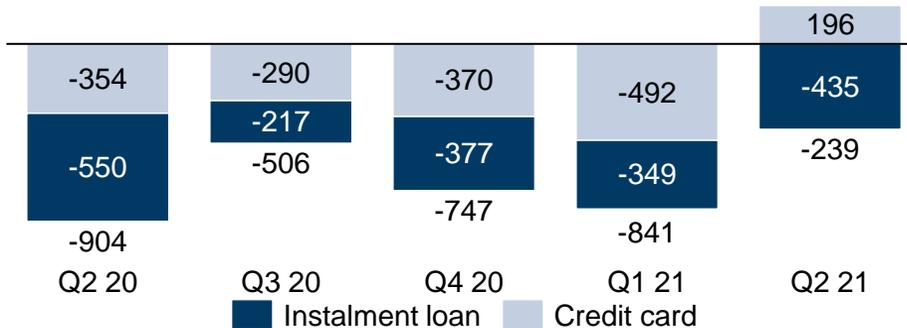
- Total loan yield reduced as a result of normalizing credit card loan yield towards pre-COVID-19 levels
- Risk-adjusted loan yield stable last quarter
- Lower average funding cost due to deposit interest rate reductions
- Announced deposit interest rate reductions not yet effective:
 - Norway, effective from 1.7.2021:
 - 0.60 % from 0.90 % < 250' NOK
 - 0.10 % from 0.25 % > 250' NOK



Highlights - Norway

Loan growth

MNOK

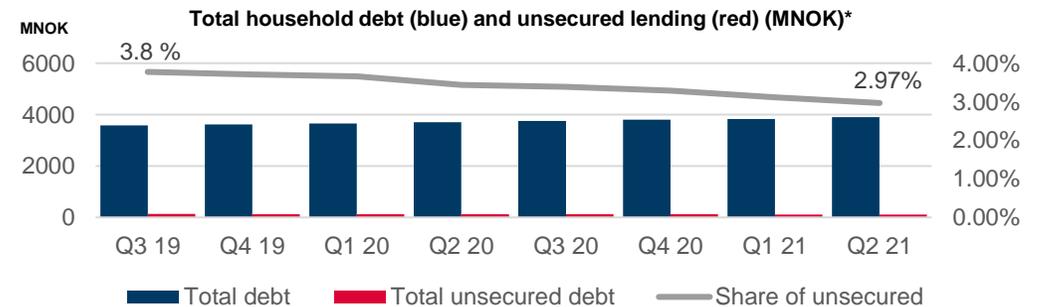


Credit card usage Point Of Sale (POS)



Comments

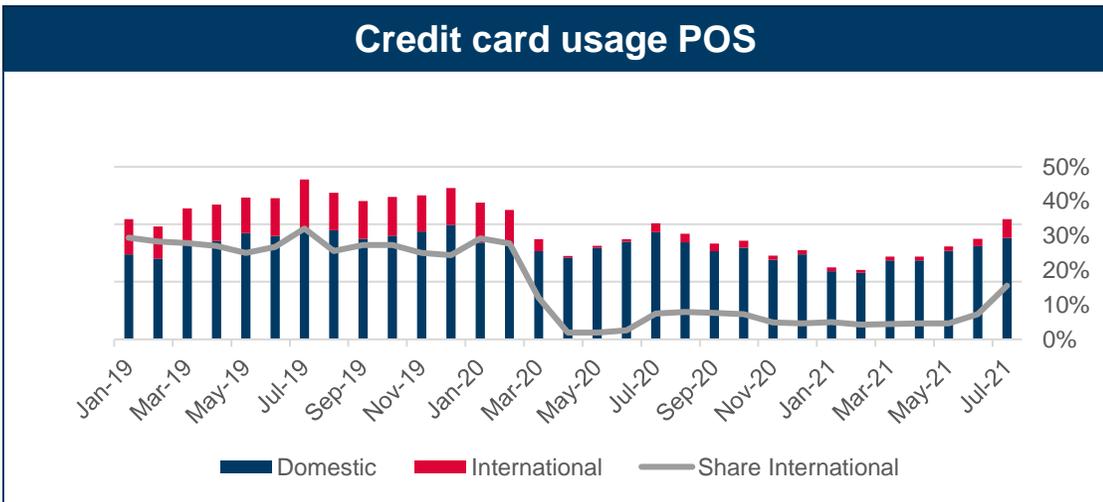
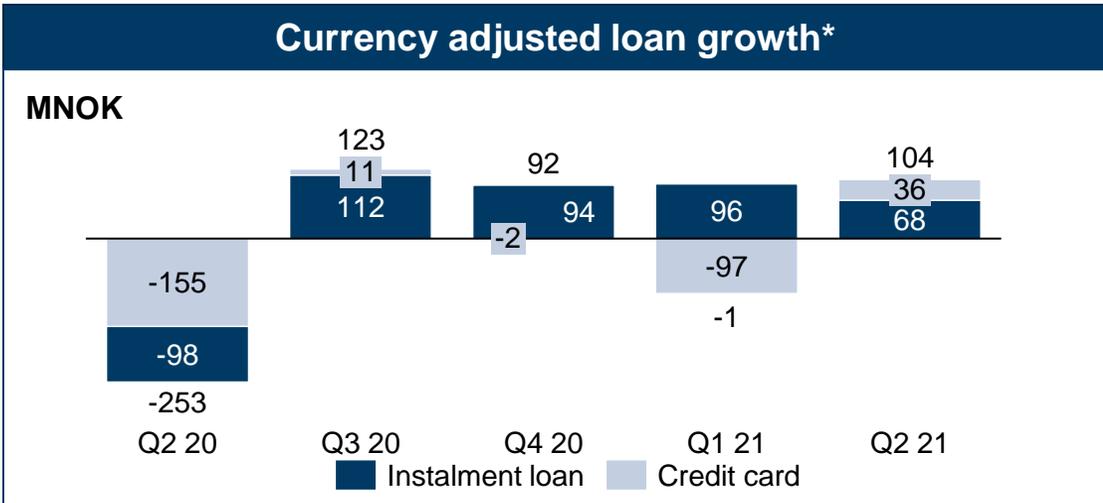
- High level of savings and liquidity has kept demand low on instalment loans
- Low interest rates and increasing real estate prices the last year leads to possibility to refinance and top up consumer finance needs with mortgage loans
- First quarter with positive growth in credit card lending since COVID-19
- Positive development of credit card usage - consumption and traveling increasing both domestic and abroad to highest level in 2021 the last two months



*Sources: Total household debt from Statistisk Sentralbyrå (SSB) and Unsecured lending from Gjeldsregisteret.



Highlights - Sweden

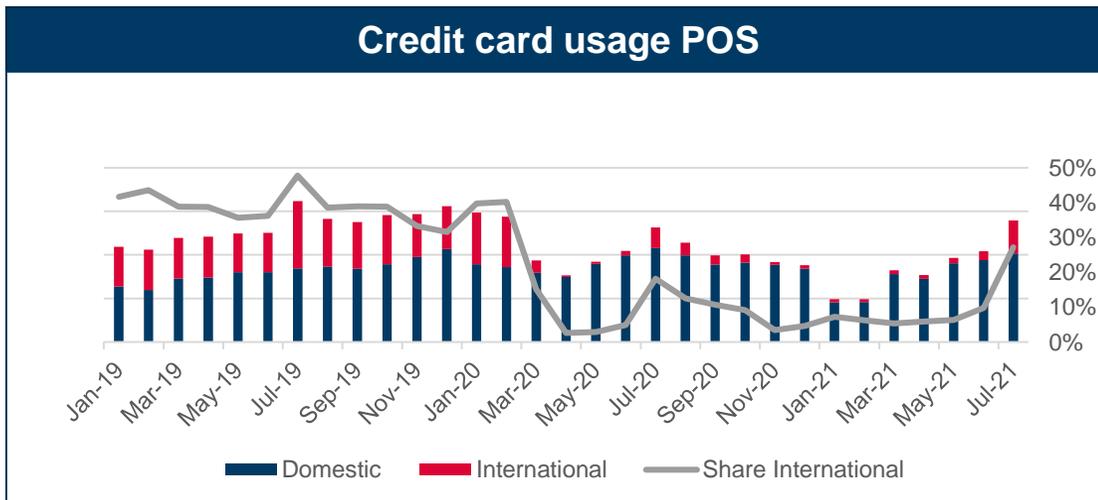
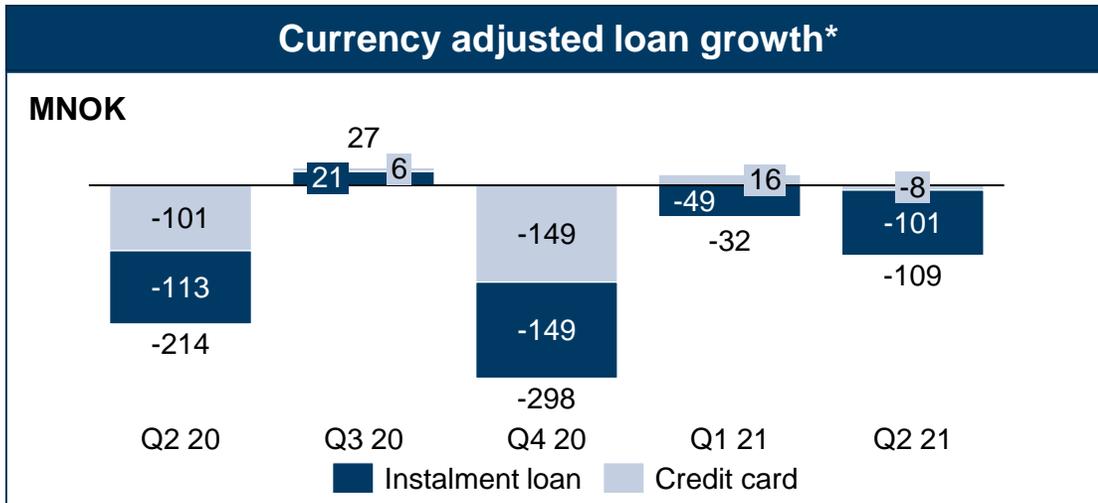


- ### Comments
- 4th consecutive quarter with significant positive growth in instalment loans
 - Positive growth in credit cards in Q2
 - Highly competitive market with many active players
 - Significantly increase in applications last half year following agent strategy
 - Continuous improvements in pricing strategy to be able to be competitive as well as leaving us with good risk/reward
 - Debt collection portfolio sale in Q2 (credit cards) confirms loan loss allowance ratios

* Adjusted for sale of credit card debt collection portfolio in Q2 2021



Highlights - Denmark



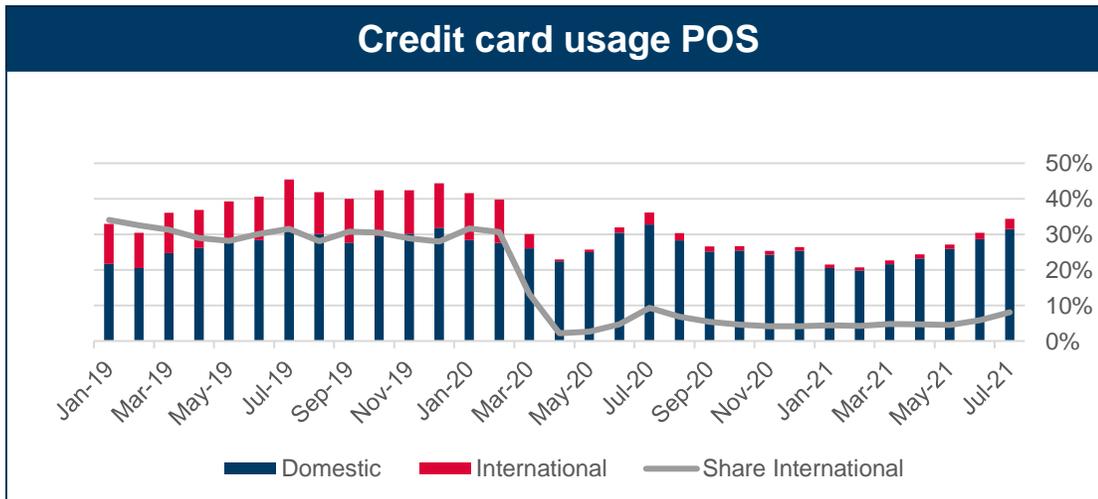
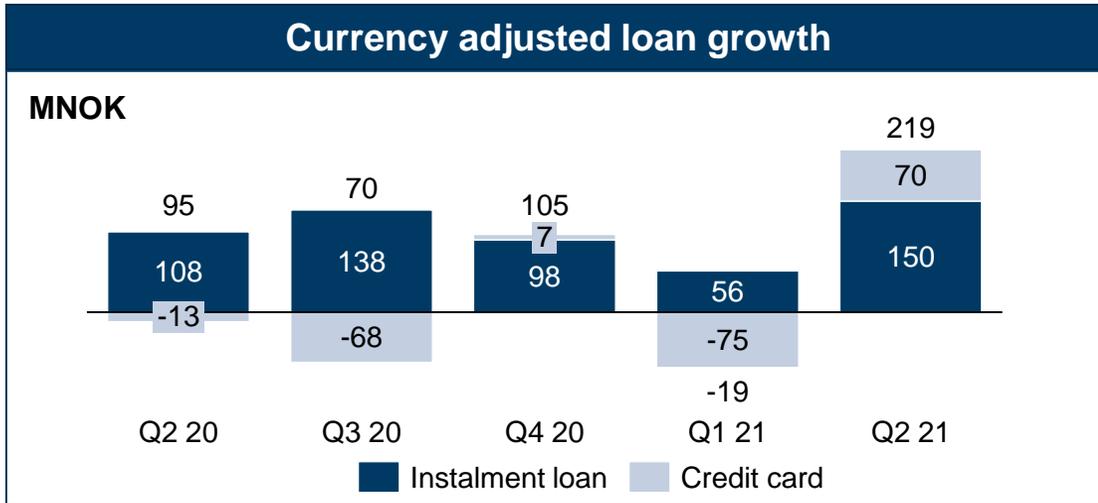
Comments

- Stronger demand visible after reduced effect from previous liquidity stimuli due to holiday pays and COVID-19 measures by Danish government
- Increased credit card spending late in the quarter and further into Q3
- Continuous work on different marketing activities
- Debt collection portfolio sales in Q2 (credit cards) and Q3 (unsecured loans) confirms loan loss allowance ratios

* Adjusted for sale of credit card debt collection portfolio in Q2 2021



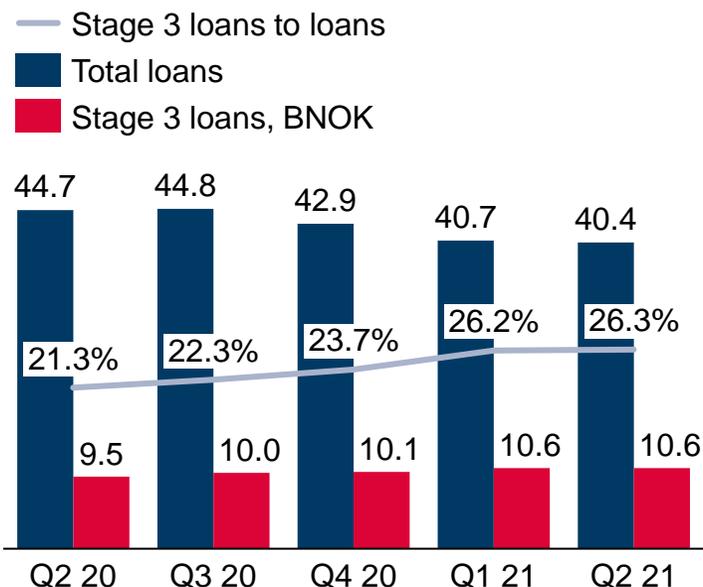
Highlights - Finland



- ### Comments
- Growth in instalment loans despite COVID-19 and temporary interest rate cap
 - Increased credit card activity
 - Restrictive credit policy through 2020 has led to very low defaults on customers onboarded in 2020-2021
 - Interest rate cap has opened for unsecured lending to new market segments
 - Interest rate cap to be reversed back to 20 % from 1 October

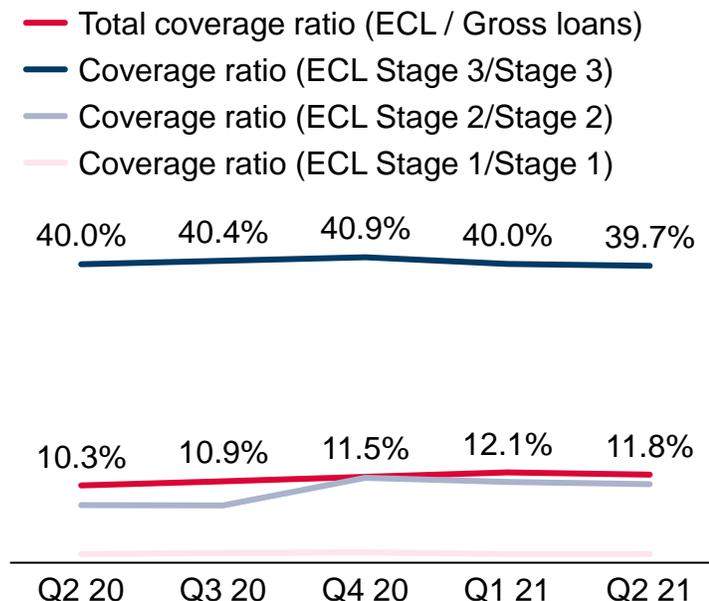
Credit quality and coverage ratios

Stage 3 loans



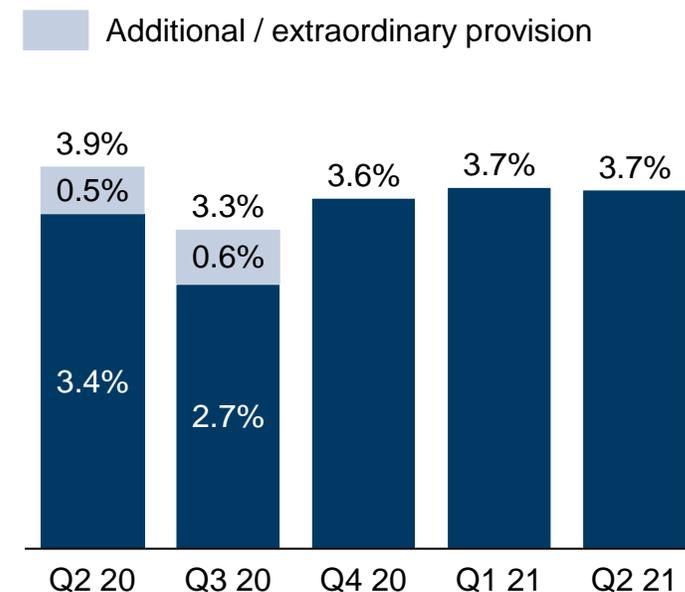
- The stage 3 ratio has remained stable despite debt collection portfolio sales due to reduced total lending balance combined with increased stage 3 volumes from older vintages
- Newer vintages performing well, low inflow to default continues

Loan loss allowance coverage ratios



- Sale of debt collection portfolio of instalment loans in Denmark – immaterial positive earnings impact through LLP in Q3
- Portfolio sales confirms the Bank's loan loss allowance levels

Loan loss provisions (LLP)



- Loss Given Default (LGD) model change resulting in a steeper stage 3 LGD curve in Finland - implementation effect of NOK 38 million increased LLP
- Sale of two debt collection portfolios in April - net gains of approximately NOK 29.5 million

Resilient and highly liquid balance sheet

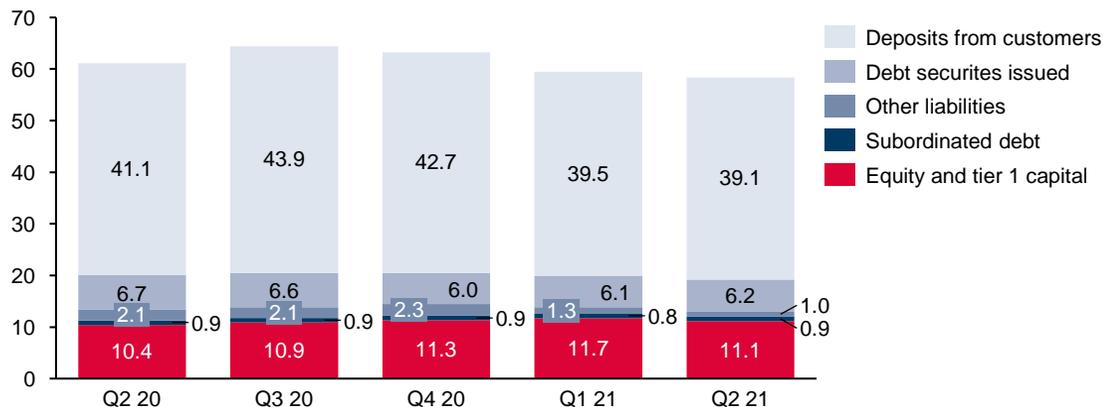
Assets, BNOK



Quarterly development

- Highly resilient balance sheet
- Continued growth in equity adjusted for dividend payment in Q2
- High liquid assets to assets ratio at 37.7 %
- Loan growth adjusted for currency and portfolio sales was negative with MNOK 24 compared with negative MNOK 893 in Q1 and negative MNOK 1 276 in Q2 2020
- Instalment loans declined MNOK 318 while credit cards were up MNOK 294 in Q2, adjusted for currency and portfolio sales
- Instalment loan sales were MNOK 1 795, compared with MNOK 1 687 in the previous quarter and 1 236 in Q2 2020
- Instalment loan run-off was MNOK 1 990, compared with MNOK 1 885 in the previous quarter and 1 799 in Q2 2020
- Deposits decreased MNOK 846 adjusted for currency effects, of which deposits in Norway decreased MNOK 1 722

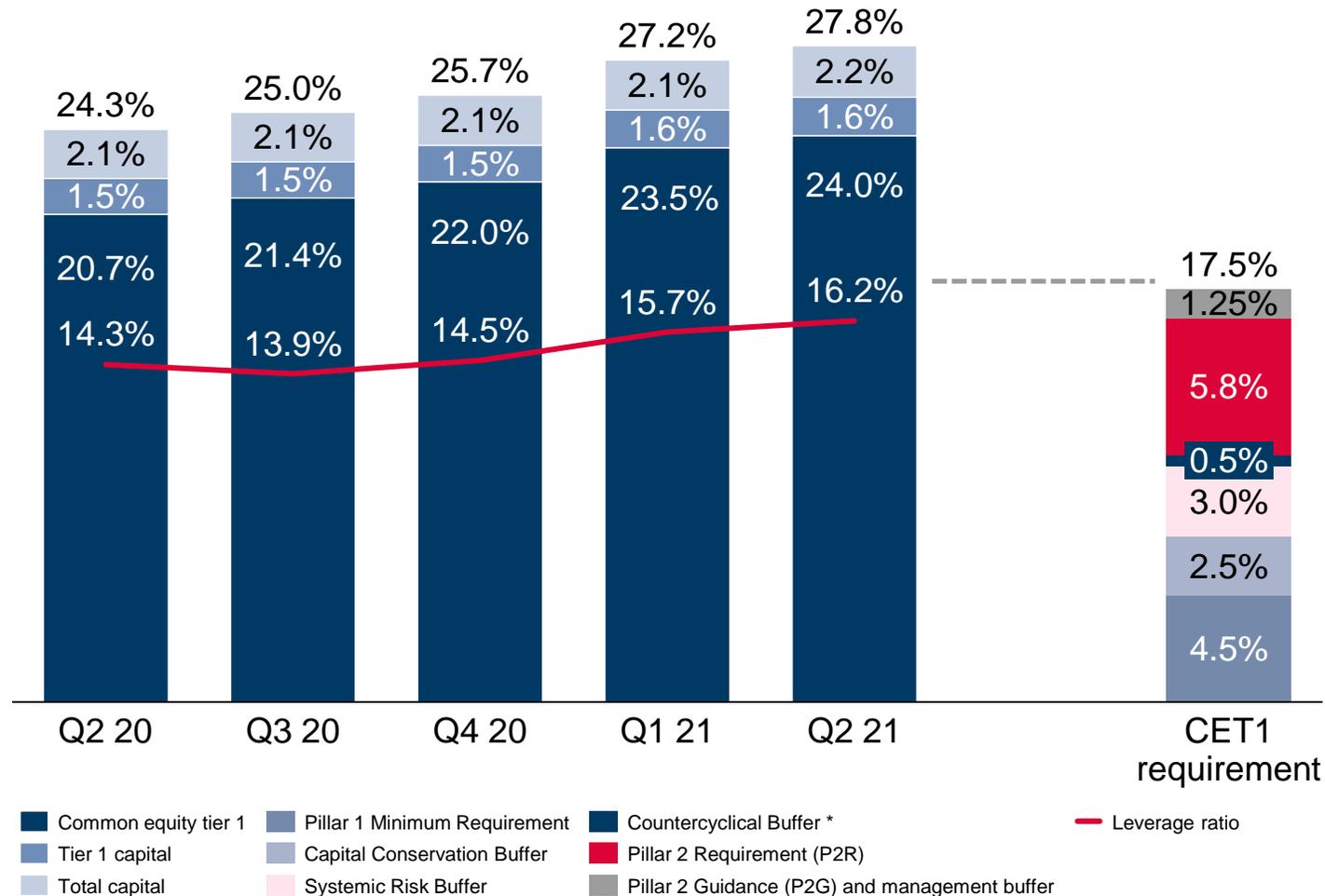
Liabilities and equity, BNOK



¹ Includes sales financing and other loans

Strong capital position and update on MREL

Capital ratios



- 24.0% CET 1 capital ratio compared with 16.3% minimum requirement and 17.5% target
- CET 1 calculation includes 117 bp set aside for dividends for Q1 and Q2 and 47 bp for remaining NOK 1 per share 2020 dividend
- Significant loss absorption capacity through high internal capital generation and high capital buffers
- Approval from the Norwegian FSA, notified intention to exercise the call options on a MNOK 210 tier 1 capital loan and MNOK 100 subordinated loan without reissuances (estimated appr. 80bp reduction in the total capital ratio and 50 bp in the equity tier 1 ratio in Q3)
- MREL phase-in plan updated in Q2, including excess total capital in the linear phase-in, eliminating the need for issuing senior non-preferred (SNP) from a regulatory perspective in 2021
- Reduced SNP need expected from BRRD2 interpretation in Norway (MoF 6 August)

* Current countercyclical buffers as of 30.06.2021: Norway 1.0 % (announced increase to 1.5% from 30.06.2022), Sweden 0.0 %, Denmark 0.0 % (announced increase to 1% from 30.09.22) and Finland 0.0 %.

Leaving an eventful quarter behind, positive sentiment ahead

Strengthened position during pandemic

- Improving distribution and customer offering during pandemic
- European expansion according to plan with launch Q4 2021
- Simplification of legal structure executed, dividend NOK 5 per share paid in May, NOK 1 expected Q4 2021

Strong financial foundation

- Credit card activity picking up in all countries
- Lean operation with cost control provides flexibility and scalability
- Record strong CET1 ready for growth

Our vision remains

....the digital leader for personal loans, credit cards and savings in Europe

Appendix

Quarterly profit and loss account

<i>Amounts in NOK 1000</i>	Bank Norwegian Group				
	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Interest income, effective interest method	1 245 786	1 301 374	1 416 244	1 447 485	1 503 855
Other interest income	44 497	54 099	53 944	51 103	61 764
Interest expenses	107 170	115 327	158 935	177 518	179 319
Net interest income	1 183 113	1 240 146	1 311 252	1 321 070	1 386 301
Commission and bank services income	75 925	85 058	73 716	79 379	66 364
Commission and bank services expenses	44 459	43 386	52 439	42 839	48 138
Income from shares and other securities	-	-	24 029	-	-
Net change in value on securities and currency	-12 363	-28 375	-56 420	9 212	104 964
Net other operating income	19 103	13 297	-11 114	45 751	123 190
Total income	1 202 215	1 253 443	1 300 139	1 366 822	1 509 491
Personnel expenses	35 844	34 058	35 905	32 040	23 719
General administrative expenses	264 943	262 141	257 849	263 320	227 532
Depreciation and impairment of fixed and intangible assets	23 148	26 888	23 965	25 031	22 518
Other operating expenses	16 883	12 653	13 120	14 641	14 972
Total operating expenses	340 819	335 740	330 839	335 031	288 741
Provision for loan losses	370 664	389 933	397 662	365 623	447 027
Profit before tax	490 733	527 771	571 638	666 168	773 723
Tax charge	122 941	130 926	135 404	165 545	191 635
Profit after tax	367 792	396 845	436 234	500 622	582 087

Quarterly balance sheet

<i>Amounts in NOK 1000</i>	Bank Norwegian Group				
	30.6.21	31.3.21	31.12.20	30.9.20	30.6.20
Assets					
Cash and deposits with the central bank	69 885	69 945	69 451	69 511	69 623
Loans and deposits with credit institutions	2 175 449	1 694 562	2 774 788	2 462 788	3 361 585
Loans to customers	35 654 342	35 749 207	37 943 688	39 962 311	40 101 034
Certificates and bonds	19 738 636	21 005 806	21 520 427	21 054 167	16 790 787
Financial derivatives	156 076	387 965	341 309	205 245	161 158
Shares and other securities	54 326	49 040	50 692	51 491	51 124
Intangible assets	415 442	427 805	448 701	470 235	490 433
Deferred tax asset	6 481	5 784	4 107	7 702	5 849
Fixed assets	3 874	4 855	4 883	1 184	1 082
Other assets	76 651	58 538	33 965	79 322	92 057
Total assets	58 351 162	59 453 506	63 192 011	64 363 956	61 124 733
Liabilities and equity					
Loans from credit institutions	156 400	300 667	1 313 710	1 033 695	1 000 781
Deposits from customers	39 143 018	39 509 888	42 677 703	43 880 046	41 090 855
Debt securities issued	6 181 276	6 107 413	6 034 387	6 649 351	6 679 216
Financial derivatives	48 135	162 758	64 862	112 604	200 428
Tax payable	256 113	446 089	557 675	498 291	634 825
Deferred tax	58 234	58 234	58 234	3 821	3 821
Other liabilities	248 189	29 870	42 999	193 813	55 452
Provisions	257 373	282 226	236 463	217 251	175 744
Subordinated loan	856 909	840 454	877 820	876 049	876 143
Total liabilities	47 205 647	47 737 600	51 863 850	53 464 921	50 717 265
Share capital	186 904	186 847	186 847	186 847	186 695
Share premium	983 401	978 201	978 201	978 201	972 295
Tier 1 capital	635 000	635 000	635 000	635 000	635 000
Paid, not registered capital	-	-	-	-	6 058
Retained earnings and other reserves	9 340 210	9 915 857	9 528 112	9 098 987	8 607 419
Total equity	11 145 514	11 715 906	11 328 161	10 899 035	10 407 467
Total liabilities and equity	58 351 162	59 453 506	63 192 011	64 363 956	61 124 733

Quarterly key figures and alternative performance measures

	Bank Norwegian Group				
	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Return on equity (ROE) ^{1,2}	13.3 %	14.3 %	16.4 %	19.6 %	24.0 %
Return on assets (ROA) ¹	2.5 %	2.6 %	2.7 %	3.2 %	3.9 %
Earning per share (EPS) ³	1.92	2.08	2.30	2.63	3.06
Dividend per share (DPS)	-	-	6.00	-	-
Common equity tier 1 (CET 1)	24.0 %	23.5 %	22.0 %	21.4 %	20.7 %
Leverage ratio	16.2 %	15.7 %	14.5 %	13.9 %	14.3 %
Liquidity coverage ratio (LCR)	425 %	366 %	569 %	494 %	385 %
Net interest margin (NIM) ¹	8.1 %	8.2 %	8.2 %	8.3 %	9.3 %
Cost/income ratio ¹	0.28	0.27	0.25	0.25	0.19
Loan loss provisions to average loans ¹	3.7 %	3.7 %	3.6 %	3.3 %	3.9 %
Stage 3 loans to loans ¹	26.3 %	26.2 %	23.7 %	22.3 %	21.3 %
Stage 3 loan loss allowance to Stage 3 loans ¹	39.7 %	40.0 %	40.9 %	40.4 %	40.0 %
Loan loss allowance to loans ¹	11.8 %	12.1 %	11.5 %	10.9 %	10.3 %

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

2) Definition for ROE was updated in Q3 2020 based on established market practice. Previous periods are recalculated.

3) Definition for EPS was updated in Q3 2020 based on established market practice. EPS is calculated based on profit after tax excluding interest on additional Tier 1 capital. Previous periods are recalculated.

Top 20 shareholders

SHAREHOLDER		# OF SHARES	
1 CIDRON XINGU LTD		30 646 498	16.40 %
2 FOLKETRYGDFONDET		16 237 652	8.69 %
3 BNP PARIBAS SECURITIES SERVICES	NOMINEE	11 826 105	6.33 %
4 JPMORGAN CHASE BANK, N.A., LONDON	NOMINEE	10 234 372	5.48 %
5 BANQUE DEGROOF PETERCAM LUX SA	NOMINEE	8 077 297	4.32 %
6 THE BANK OF NEW YORK MELLON SA/NV	NOMINEE	6 128 918	3.28 %
7 BRUMM AS		5 408 482	2.89 %
8 STENSHAGEN INVEST AS		4 551 416	2.44 %
9 STATE STREET BANK AND TRUST COMP	NOMINEE	3 969 506	2.12 %
10 STATE STREET BANK AND TRUST COMP	NOMINEE	3 570 449	1.91 %
11 THE BANK OF NEW YORK MELLON SA/NV	NOMINEE	3 456 470	1.85 %
12 MP PENSJON PK		3 429 798	1.84 %
13 THE NORTHERN TRUST COMPANY, LONDON	NOMINEE	3 312 292	1.77 %
14 VERDIPAPIRFONDET ALFRED BERG GAMBAK		3 044 994	1.63 %
15 GREEN 91 AS		2 964 900	1.59 %
16 JPMORGAN CHASE BANK, N.A., LONDON	NOMINEE	2 707 389	1.45 %
17 THE BANK OF NEW YORK MELLON	NOMINEE	2 304 145	1.23 %
18 THE BANK OF NEW YORK MELLON SA/NV	NOMINEE	2 300 000	1.23 %
19 J.P. MORGAN SECURITIES PLC		2 057 600	1.10 %
20 STATE STREET BANK AND TRUST COMP	NOMINEE	1 615 460	0.86 %
Top 20		127 843 743	68.40 %
Total		186 904 268	

As of August 10, 2021

- Management holds 0.92 % of shares outstanding