

**First quarter 2019
results presentation**

Q1

Norwegian Finans Holding Group
May 3, 2019

Agenda

Performance and events

Country overview and performance

First quarter 2019 results

Outlook

First quarter 2019 highlights

Strong profitability

- Earnings MNOK 483 up MNOK 14 from Q4 18
- Stable margins and seasonally high fee income
- Increased digital marketing spending
- Stable provisions

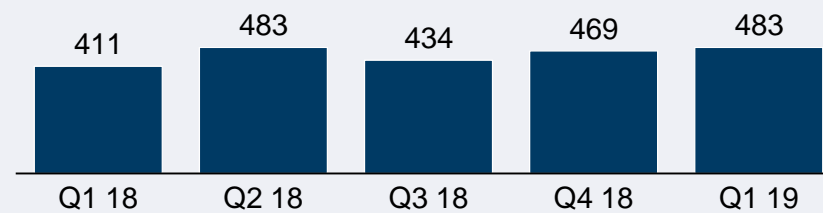
Resilient balance sheet

- Loan growth MNOK 324 in Q1 – BNOK 1.0 currency adjusted
- Rebalancing deposits and senior debt securities
- CET1 18.9% bank and 19.5% consolidated
- Capitalization above share buyback threshold

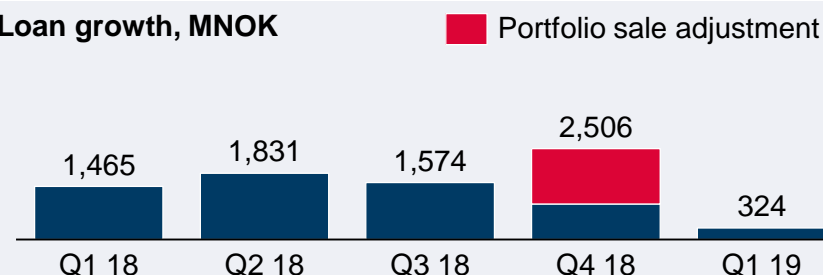
Events

- Entered into agreement to acquire 100% of Lilienthal Finance Ltd and secure branding rights in Europe setting up path for European expansion
- Awarded “Best Loyalty Credit Card in Europe & Africa 2019” by Freddie Awards
- Website ranked #1 on Google EMEA survey

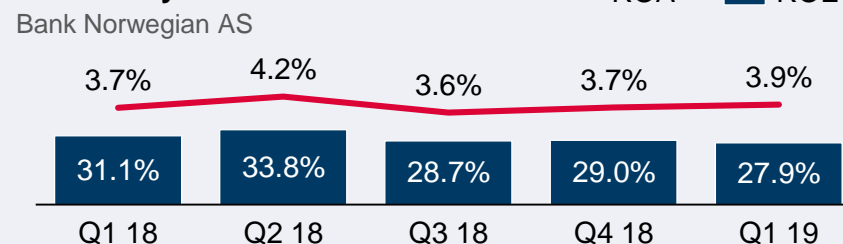
Earnings, MNOK



Loan growth, MNOK

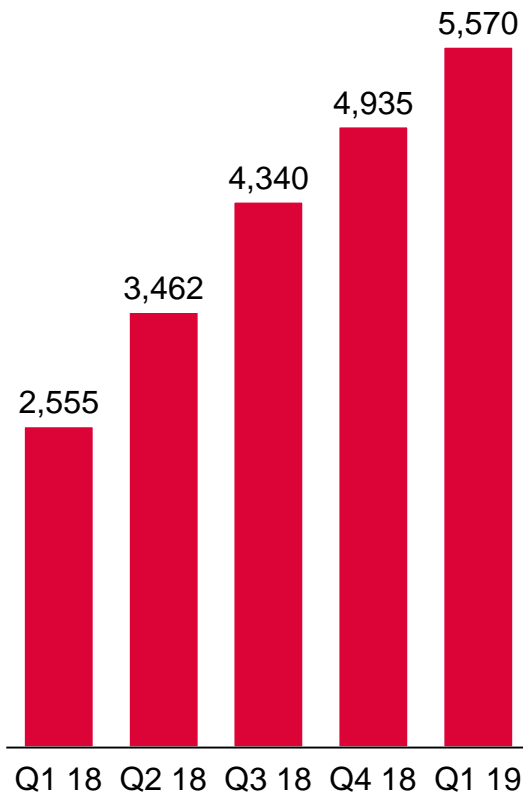


Profitability

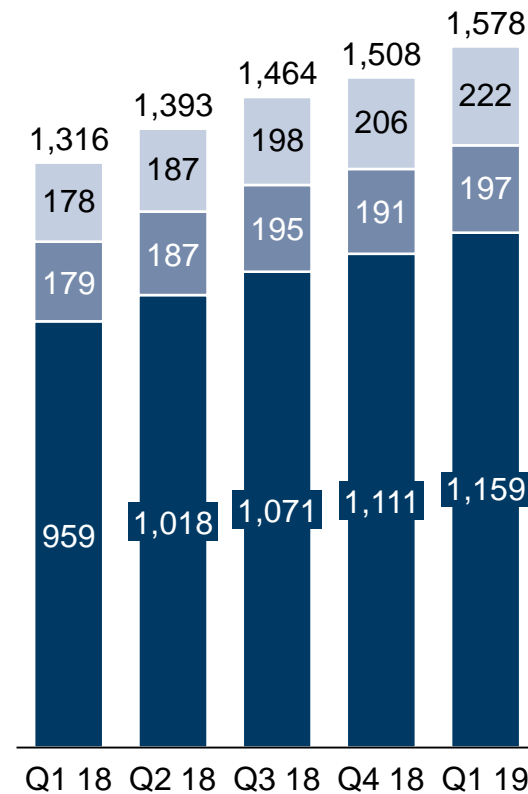


70,100 new customers in Q1 2019

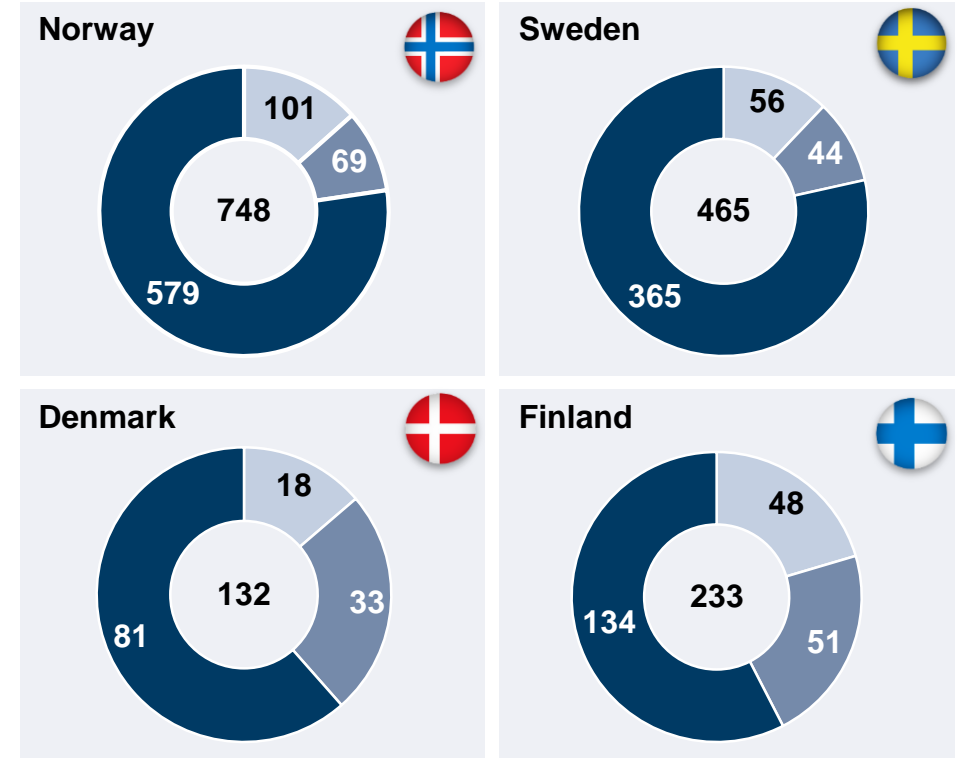
App usage, thousand



Customers, thousand*



Customers, thousand



■ App logins

■ Credit card ■ Instalment loan ■ Deposit

* Number of customers reduced by approximately 18,000 from NPL portfolio sale in Q4 2018 in Finland

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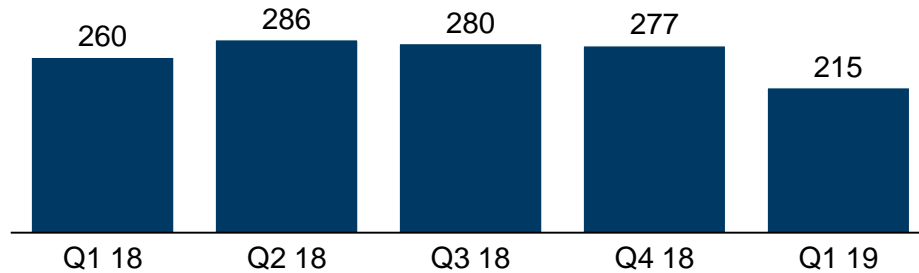
First quarter 2019 results

Outlook

Highlights - Norway

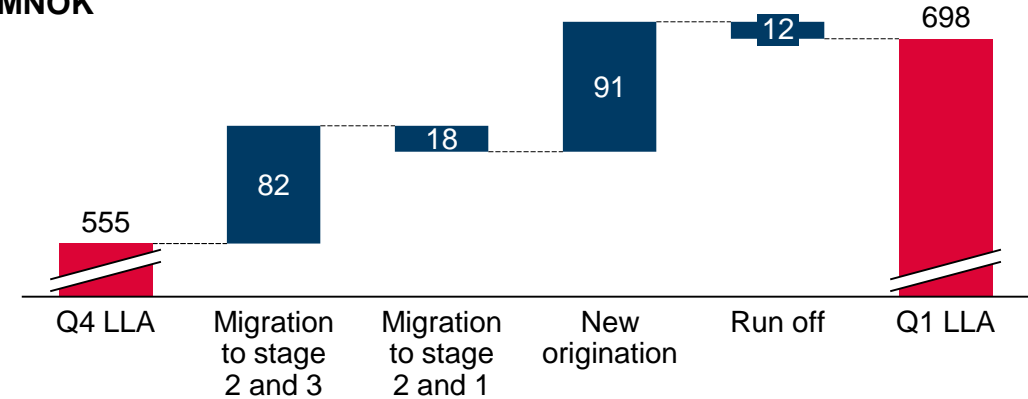
Earnings

MNOK



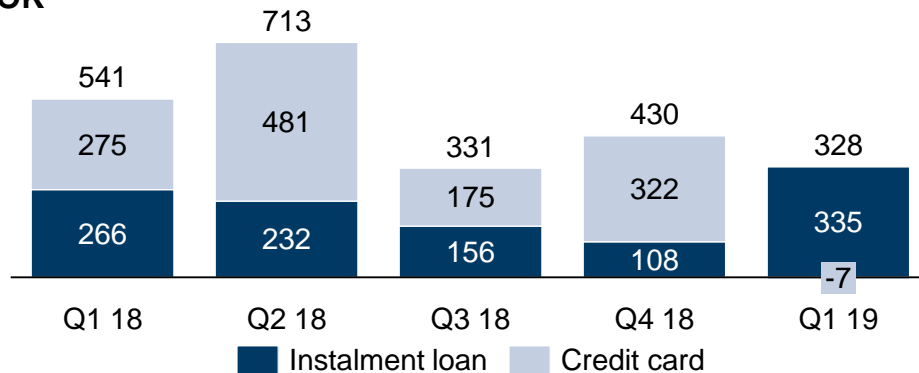
Loan loss allowance (LLA)

MNOK



Loan growth

MNOK



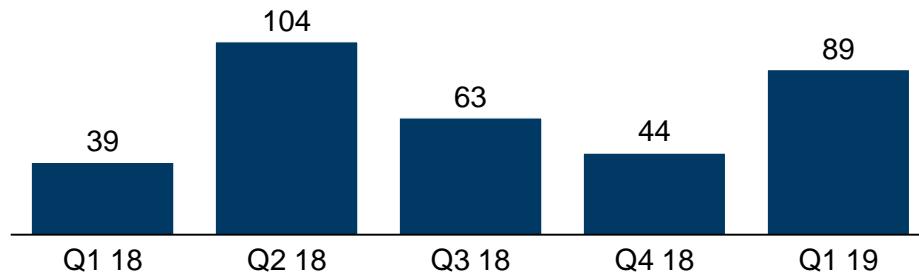
Market dynamics

- Drop in earnings due to higher provisions from credit model calibrations
- Strong instalment loan growth – credit card loan growth hampered by calendar cut-off
- Competitive advantage from risk based pricing and direct distribution
- Credit regulation effective during second quarter creates uncertainty. Likely effects may be reduced competition and increased margins

Highlights - Sweden

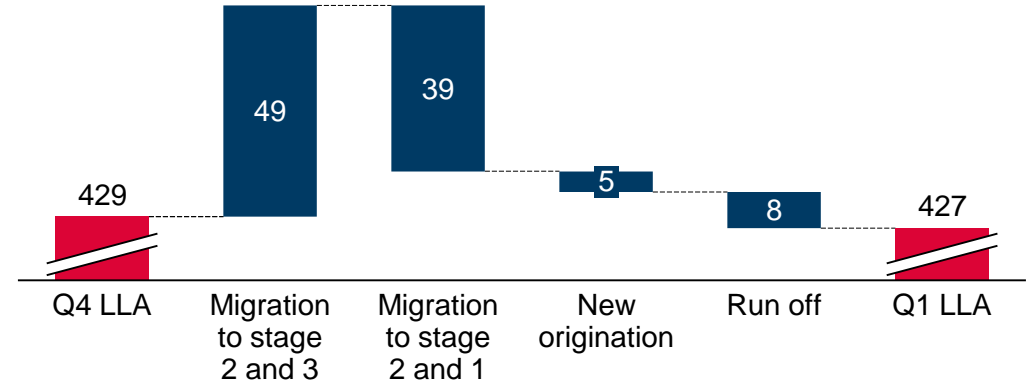
Earnings

MNOK



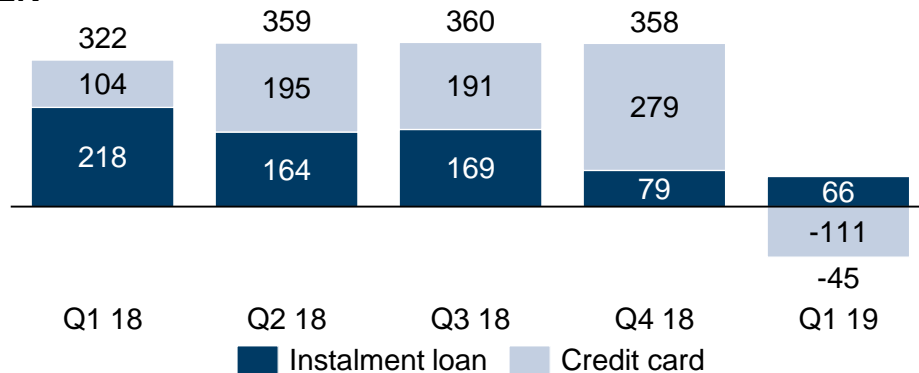
Loan loss allowance (LLA)

MNOK



Loan growth

MSEK



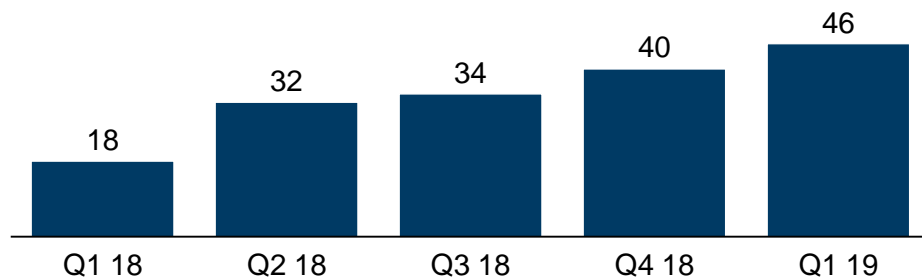
Market dynamics

- Increased earnings due to lower provisions from credit model calibrations and calendar cut-off effects
- Credit card loan growth impacted by calendar cut-off
- Deposit reduction following reduced deposit guarantee amount
- Continued strong price pressure in agent-driven installment loan market
- Strong market position for the credit card

Highlights - Denmark

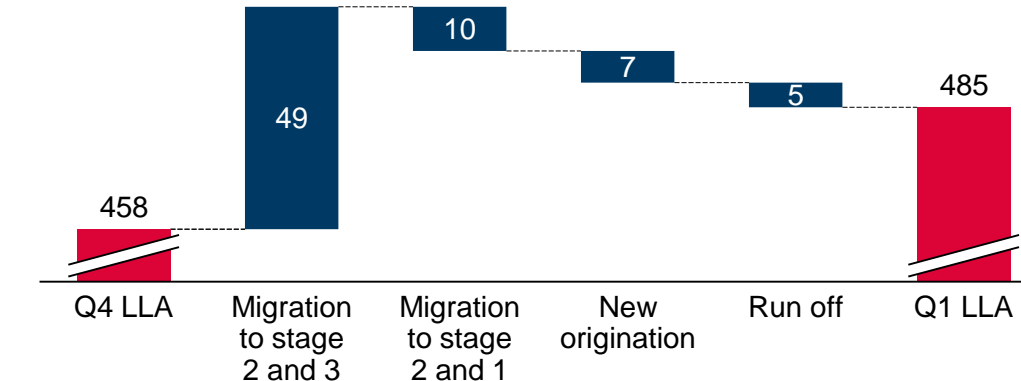
Earnings

MNOK



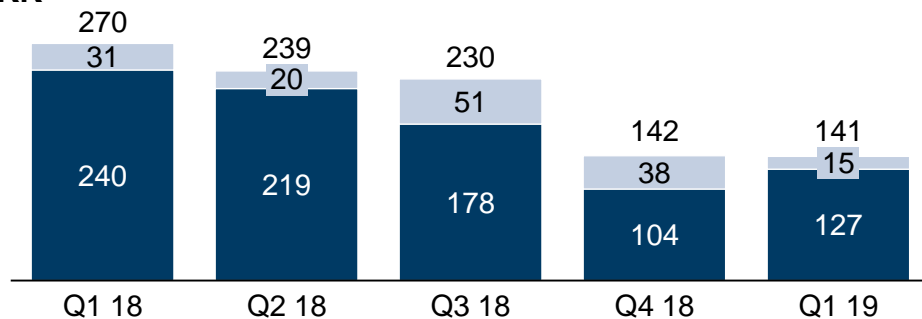
Loan loss allowance (LLA)

MNOK



Loan growth

MDKK



■ Instalment loan ■ Credit card

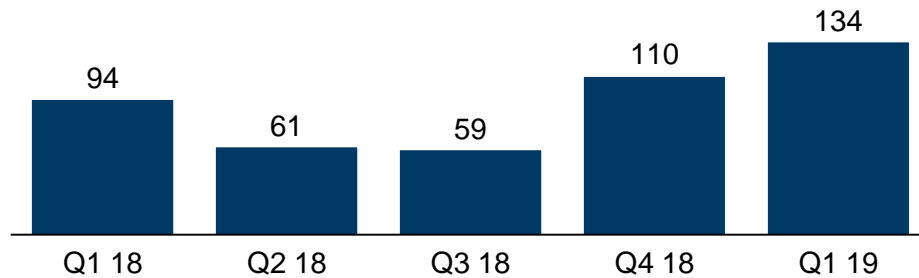
Market dynamics

- Steady earnings growth
- Deposit inflow
- Changes in market dynamics for card payments as more Danish banks evaluate Dankort
- Introduction of agent distribution in Denmark with moderate effects

Highlights - Finland

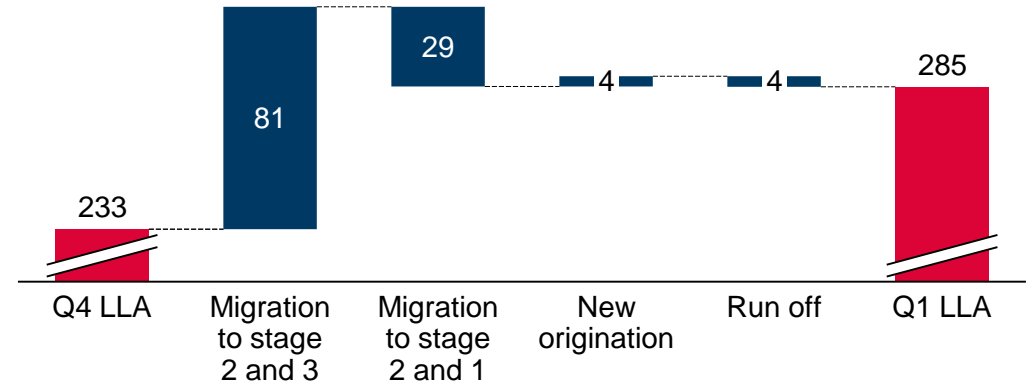
Earnings

MNOK



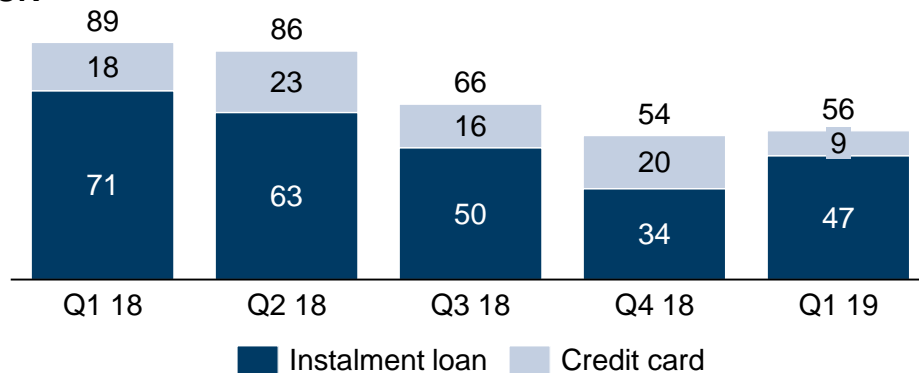
Loan loss allowance (LLA)

MNOK



Loan growth

MEUR



Market dynamics

- Earnings up following lower provisions due to charges attributed to the sale of NPL's in the fourth quarter
- Reduction in deposits following reduced deposit guarantee amount
- Positive risk-based pricing effects
- 20% nominal interest rate ceiling to be implemented in September. No expected impact

Agenda

Performance and events

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First quarter 2019 results

Outlook

First quarter 2019 earnings were MNOK 483, compared with MNOK 469 in fourth quarter of 2018

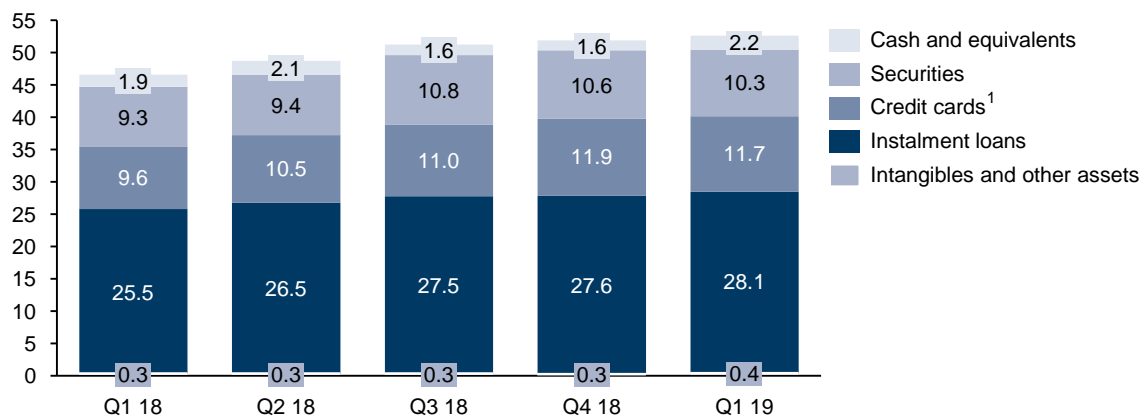
Norwegian Finans Holding Group

<i>MNOK</i>	Q1 2019	Q4 2018	Change	
Interest income	1 311.4	1 319.1	-7.7	-1 %
Interest expenses	151.0	145.5	5.5	4 %
Net interest income	1 160.3	1 173.6	-13.2	-1 %
Commission and bank services income	150.9	111.0	39.9	36 %
Commission and bank services expenses	59.1	62.7	-3.6	-6 %
Net change in value on securities and currency	-0.8	-5.9	5.2	-87 %
Net other operating income	91.1	42.4	48.7	115 %
Total income	1 251.4	1 216.0	35.4	3 %
Personnel expenses	25.8	25.4	0.4	2 %
General administrative expenses	282.8	258.3	24.5	10 %
Ordinary depreciation	16.1	15.6	0.4	3 %
Other operating expenses	13.2	13.4	-0.2	-2 %
Total operating expenses	337.9	312.7	25.2	8 %
Provision for loan losses	269.1	284.8	-15.7	-6 %
Profit on ordinary activities before tax	644.4	618.5	26.0	4 %
Tax charge	161.1	149.3	11.8	8 %
Profit on ordinary activities after tax	483.3	469.1	14.2	3 %

- Reduction in net interest income due to fewer interest days and higher provisions for the new deposit guarantee scheme
- Net commission income increased due to card network and insurance incentives
- Operating expenses up due to higher digital marketing spend
- Provisions down due to model calibration effects in Norway and Sweden, calendar cut-off effects in Sweden and charges attributed to NPL sale in Finland in previous quarter.
- ROE* was 27.9% and ROA was 3.9%

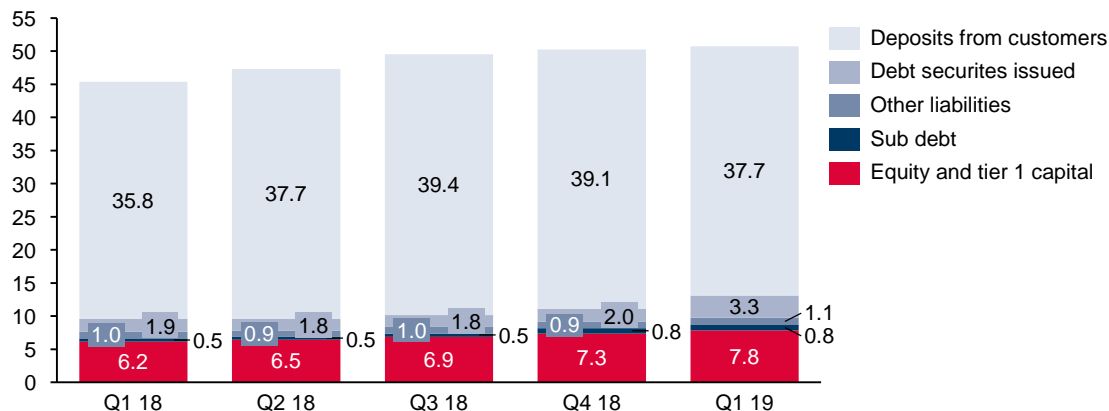
Resilient balance sheet

Assets, BNOK



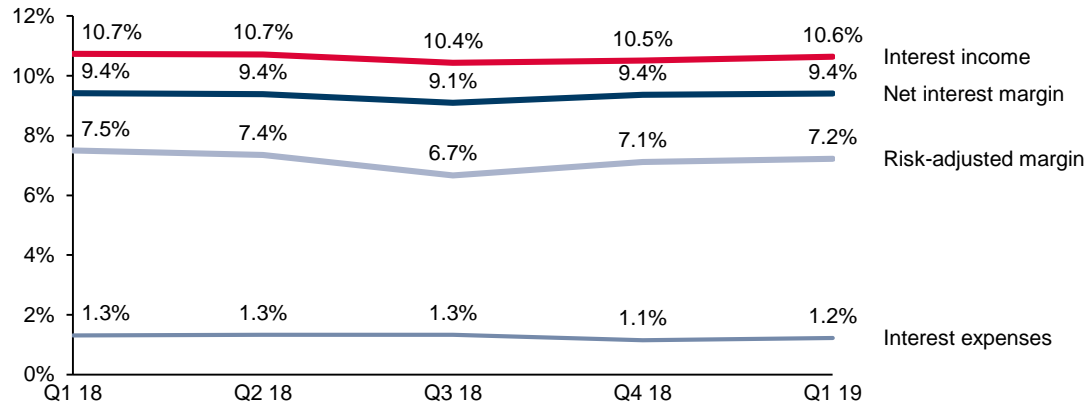
- Total gross loans increased MNOK 324, compared with MNOK 2,506 in the fourth quarter, adjusting for the sale of NPL's in Finland
- Currency adjusted loan growth was MNOK 1,031 compared with MNOK 1,454 in the fourth quarter
- Instalment loans rose MNOK 513 and credit cards fell MNOK 189
- Instalment loan sales were MNOK 2,917, compared with MNOK 2,625 in the previous quarter
- Instalment loan run-off was MNOK 1,911, compared with MNOK 1,969 in the fourth quarter
- Credit card growth is negatively impacted by calendar cut-off effects
- Liquid assets comprise 25% of total assets
- LCR 218% and NSFR 145%
- Deposits fell MNOK 1,438 following reduction in deposit guarantee amount from NOK 2 million to EUR 100 thousand outside of Norway as of January 1, 2019
- Deposits to loans ratio 0.95
- Issued net MNOK 850 and MSEK 550 in senior debt securities

Liabilities and equity, BNOK



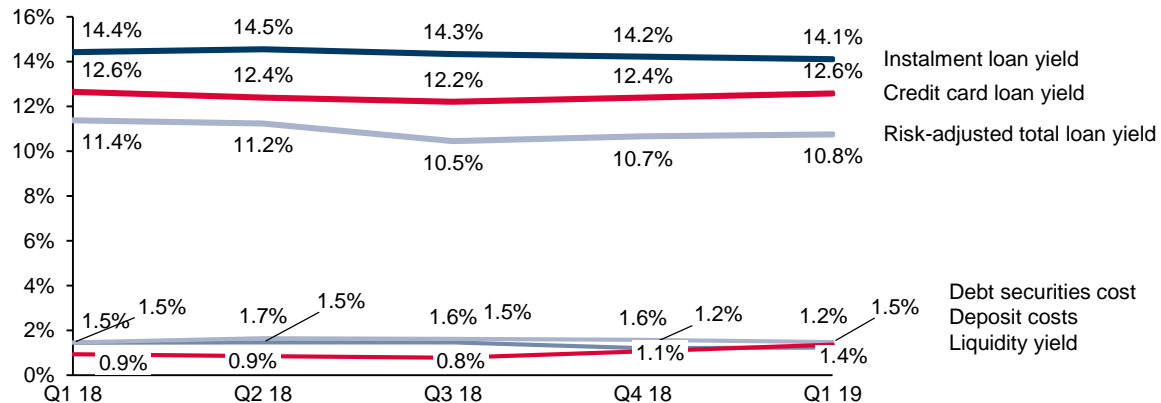
Stable yields and margins

Margins as a % of average assets



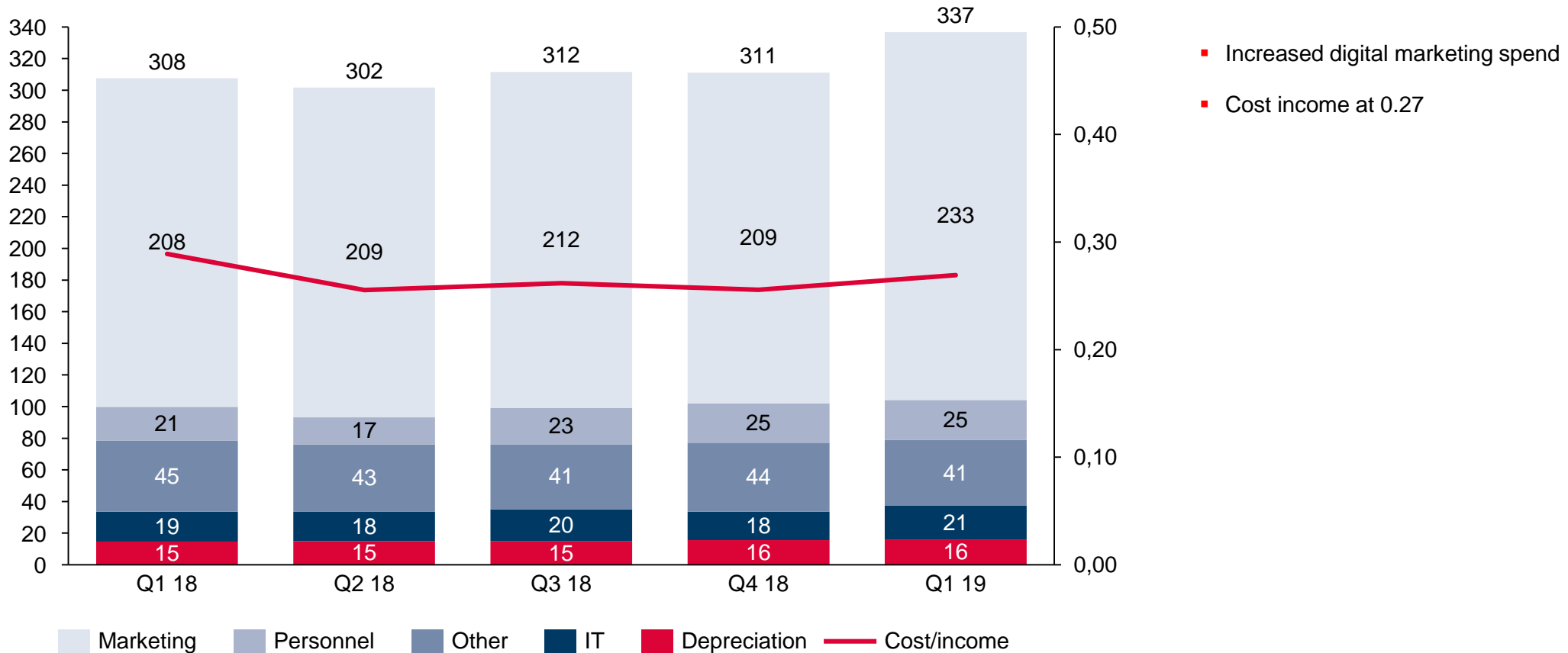
- Stable yields and margins in the quarter
- Interest expenses increased due to higher provisions for the new deposit guarantee scheme

Asset yield and cost of funds



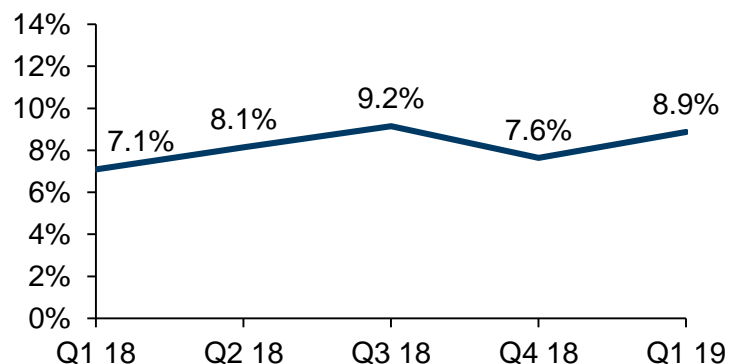
High operating efficiency

Quarterly operating expenses, MNOK

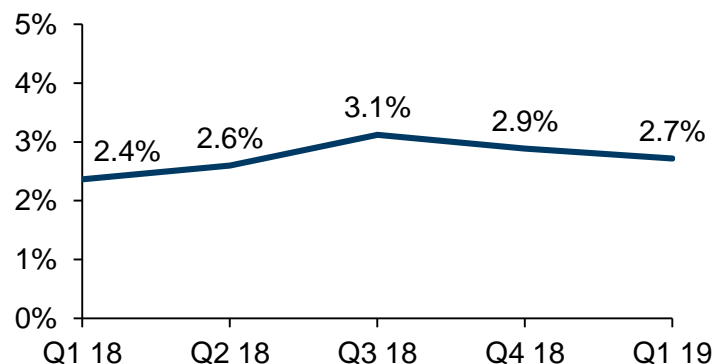


Strong credit metrics

Non-performing loans to loans ¹⁾

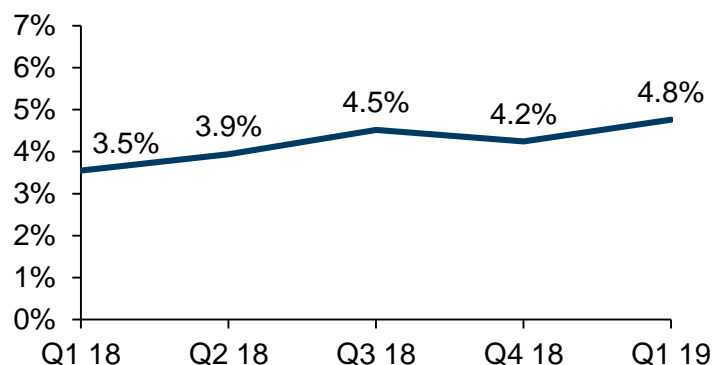


Loan loss provisions to average loans ²⁾

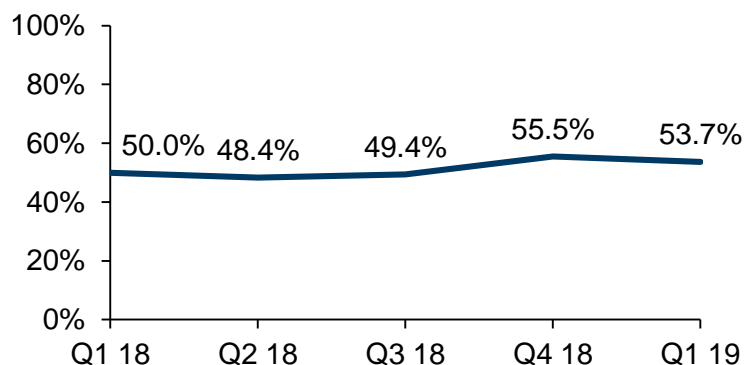


- NPL levels developing as expected
- Provisions down due to model calibration effects in Norway and Sweden, calendar cut-off effects in Sweden and charges attributed to NPL sale in Finland in previous quarter.
- Solid allowance levels

Loan loss allowance to loans ³⁾



Loan loss allowance to non-performing loans ⁴⁾



1) Gross loans Stage 3 (less performing loans) to gross loans

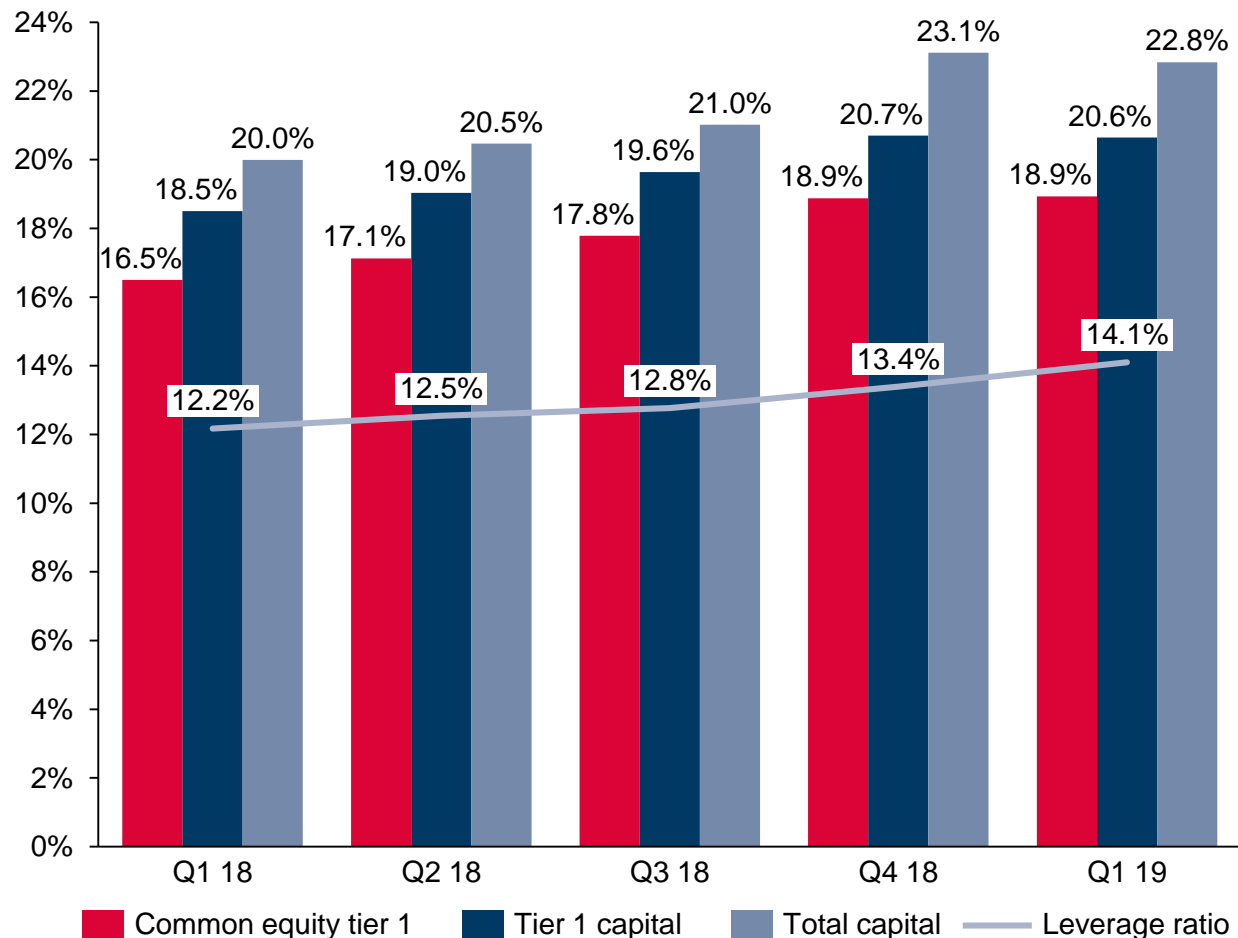
2) Change in ECL to average gross loans

3) ECL to gross loans

4) ECL to gross loans Stage 3 (less performing loans)

Strong capital position

Capital ratios



- Strong 18.9% CET1 capital ratio in the bank
- 19.5% CET1 capital ratio on a consolidated basis
- Leverage ratio equals 14.1% in the bank
- Minimum regulatory CET1 requirement 15.9%, including announced increases in counter-cyclical buffer requirements
- Minimum regulatory CET1 requirement to pay cash dividends or buy back shares 18.9%
- Capitalization above share buyback threshold of 18.9%
- Planned MNOK 160 share buy back in second quarter

Agenda

Performance and events

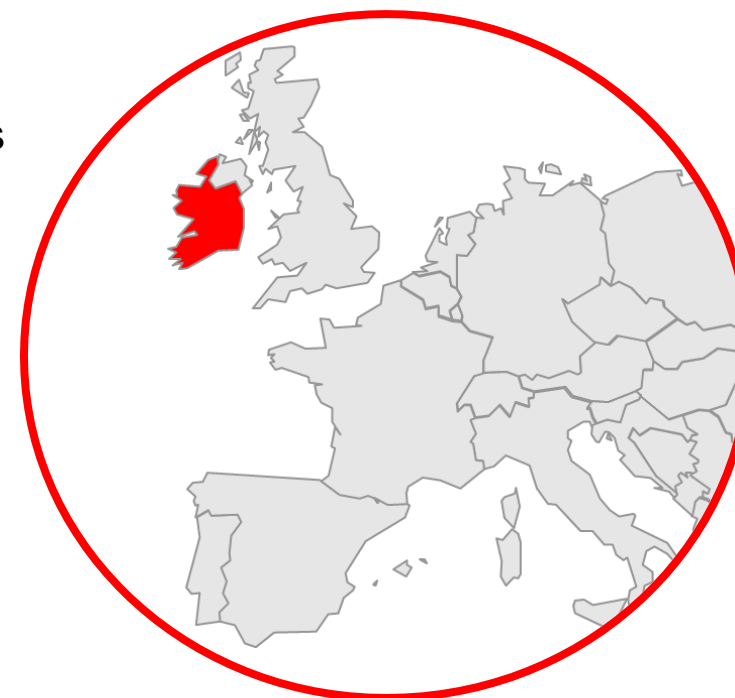
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Geographic expansion and Lilienthal transaction

- NOFI has entered into agreements to acquire Irish company Lilienthal Finance Ltd and all rights to the Norwegian brand for banking services and access to customers in Europe
- The strategy will be based on Bank Norwegian's fully digital business model with simple and attractive products within personal loans, credit cards and savings and target urban, digital mass market retail consumers
- The strategy for geographic expansion is based on the brand Norwegian and the cooperation with the airline's Reward program
- NOFI will immediately initiate a process with relevant authorities to apply for an Irish banking license and develop banking services in Ireland and across Europe
- The transactions include the acquisition of shares in Lilienthal as well as commercial agreements with Norwegian Air Shuttle
- Norwegian will receive a one-time settlement in NOFI shares equivalent to NOK 150 million for the irrevocable IP-rights. The commercial agreement between NAS and Lilienthal is for 10 years and is built on the same principles as the Nordic agreement. There will be a license fee prepayment for the first five years to secure Lilienthal's full control of market roll-out



Well positioned for continued profitable growth

Bank Norwegian, the leading digital bank for personal loans, credit cards and savings in the Nordic region

Continued strong earnings and returns

- Customer and loan growth with effective risk-based pricing models
- Stable risk adjusted yield
- Cost-efficient and scalable operations

Strong competitive position

- High brand awareness and direct distribution
- Best in class products – number one loyalty credit card in Europe
- Advanced risk control

Strong potential for the bank

- Full control to expand benchmark performance into Europe
- Well positioned to continue profitable growth in the Nordic region
- Favorable economic outlook

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Appendix

Quarterly balance sheet

Norwegian Finans Holding Group

<i>MNOK</i>	31.3.19		31.12.18		Change	
Assets						
Deposits with Norges Bank	68	0 %	68	0 %	-0	0 %
Loans and deposits with credit institutions	2 335	5 %	1 702	3 %	632	37 %
Loans to customers	37 902	74 %	37 798	75 %	105	0 %
Certificates and bonds	10 268	20 %	10 603	21 %	-334	-3 %
Financial derivatives	85	0 %	13	0 %	72	n/m
Shares and other securities	42	0 %	37	0 %	5	14 %
Assets held for sale	-	0 %	-	0 %	-	n/a
Other intangible assets	139	0 %	134	0 %	6	4 %
Deferred tax asset	18	0 %	18	0 %	0	1 %
Fixed assets	1	0 %	1	0 %	0	11 %
Other assets	86	0 %	63	0 %	22	35 %
Total assets	50 944	100 %	50 436	100 %	509	1 %
Liabilities and equity						
Loans from credit institutions	56	0 %	-	0 %	56	n/m
Deposits from customers	37 654	74 %	39 092	78 %	-1 438	-4 %
Debt securities issued	3 342	7 %	2 019	4 %	1 324	66 %
Financial derivatives	10	0 %	120	0 %	-111	-92 %
Taxes payable	527	1 %	603	1 %	-76	-13 %
Other liabilities	314	1 %	32	0 %	282	n/m
Accrued expenses and unearned income received	207	0 %	189	0 %	18	10 %
Subordinated loan	814	2 %	836	2 %	-22	-3 %
Total liabilities	42 925	84 %	42 891	85 %	33	0 %
Share capital	187	0 %	187	0 %	-	0 %
Share premium reserve	977	2 %	977	2 %	-	0 %
Hybrid capital	635	1 %	635	1 %	-	0 %
Retained earnings and other reserves	6 221	12 %	5 746	11 %	476	8 %
Total equity	8 020	16 %	7 544	15 %	476	6 %
Total liabilities and equity	50 944	100 %	50 436	100 %	509	1 %

Top 20 shareholders

SHAREHOLDER		# OF SHARES	
1 NORWEGIAN AIR SHUTTLE ASA		30 623 739	16.40 %
2 FOLKETRYGDFONDET		15 809 072	8.47 %
3 GOLDMAN SACHS & CO. LLC	NOMINEE	12 025 149	6.44 %
4 BRUMM AS		6 739 432	3.61 %
5 STENSHAGEN INVEST AS		4 551 416	2.44 %
6 GREEN 91 AS		3 964 900	2.12 %
7 EUROCLEAR BANK S.A./N.V.	NOMINEE	3 298 745	1.77 %
8 KM AVIATRIX INVEST AS		3 259 293	1.75 %
9 NYE GKB INVEST AS		3 201 102	1.71 %
10 BANQUE DEGROOF PETERCAM	NOMINEE	3 120 999	1.67 %
11 MP PENSJON PK		2 909 268	1.56 %
12 BANQUE DEGROOF PETERCAM	NOMINEE	2 834 399	1.52 %
13 VARMA MUTUAL PENSION INSURANCE COMPANY		2 565 249	1.37 %
14 JPMORGAN CHASE BANK, N.A., LONDON	NOMINEE	2 428 742	1.30 %
15 NYE SNEISUNGEN AS		2 217 321	1.19 %
16 TORSTEIN TVENGE		2 200 000	1.18 %
17 VERDIPAPIRFONDET PARETO INVESTMENT		1 940 000	1.04 %
18 SWEDBANK ROBUR SMÅBOLAGSFOND NORDEN		1 907 822	1.02 %
19 STATE STREET BANK AND TRUST COMPANY	NOMINEE	1 759 145	0.94 %
20 KLP AKSJENORGE INDEKS		1 680 680	0.90 %
Top 20		109 036 473	58.39 %
Total		186 751 856	

- Management holds 1.4% of shares outstanding

As of April 30, 2019