

**First quarter 2020
results presentation**

Q1

Norwegian Finans Holding Group
April 30, 2020

Q1 2020 highlights

Supporting customers and employees

- Providing solutions to customers with temporary Covid-19 related liquidity challenges
- Maintaining lending activity throughout the crisis
- Keeping daily operation running thanks to extraordinary efforts by all employees

Strong financial performance in uncertain environment

- Earnings of MNOK 368 after MNOK 230 Covid-19 discretionary additional provision
- ROE remains high at 16.2%
- Limited evidence of increased credit risk in customer behavior

Robust financial position

- High common equity tier 1 ratio of 19.6% (20.3%*) exceeds minimum requirement of 16.2%
- High loss absorption capacity through strong internal capital generation
- Strong 234% liquidity coverage ratio and 84% deposits to loans ratio

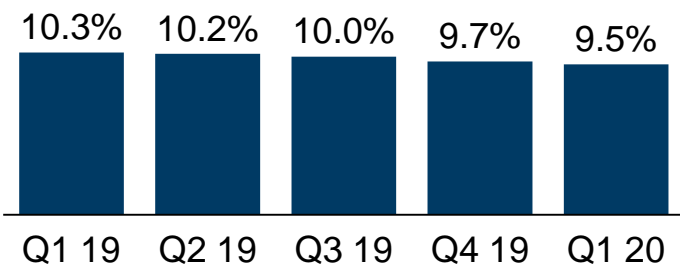
Diversified loan book

- Stable instalment loan growth in local currency
- Declining credit card balances as a consequence of Covid-19
- Net loan growth highly impacted by currency effects

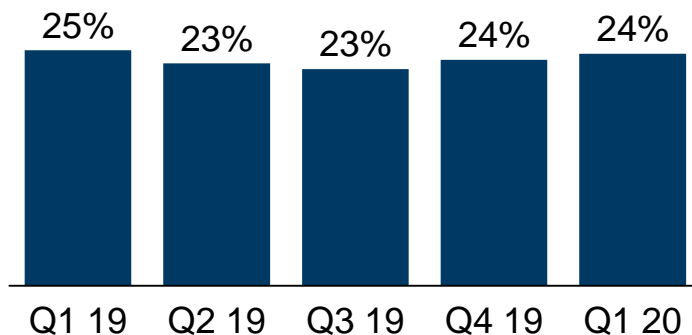
* Including 63 bp set aside for dividends

Entering the crisis from a position of strength

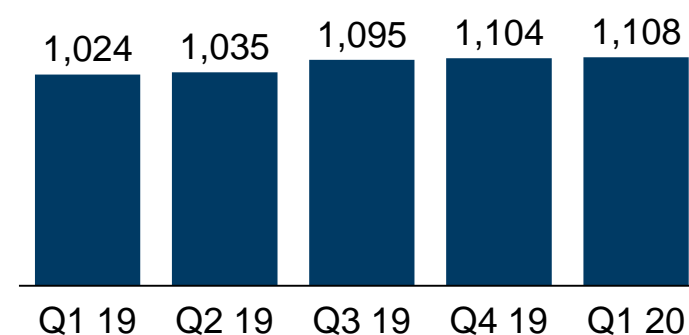
Net interest margin



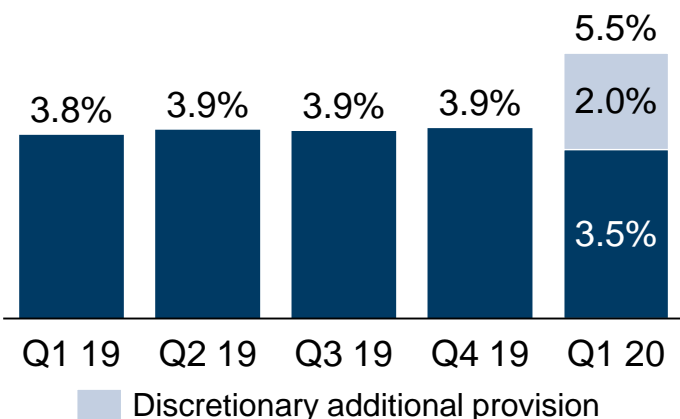
Cost income ratio



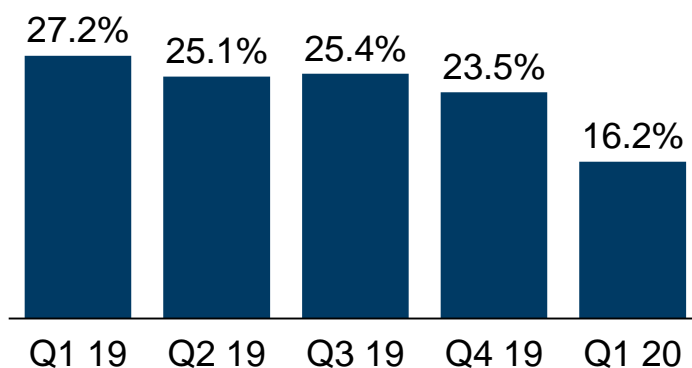
Pre-provision profit, MNOK



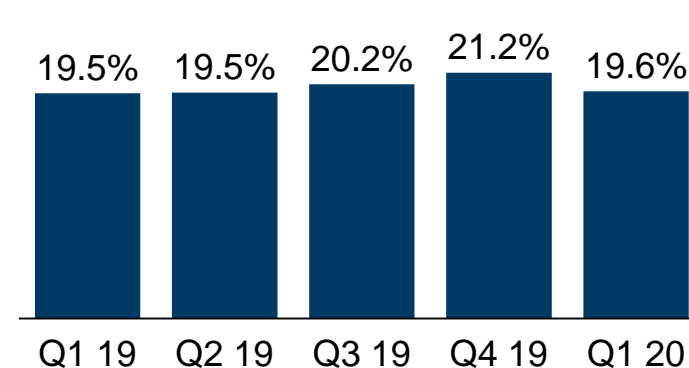
Loan loss provisions to average loans



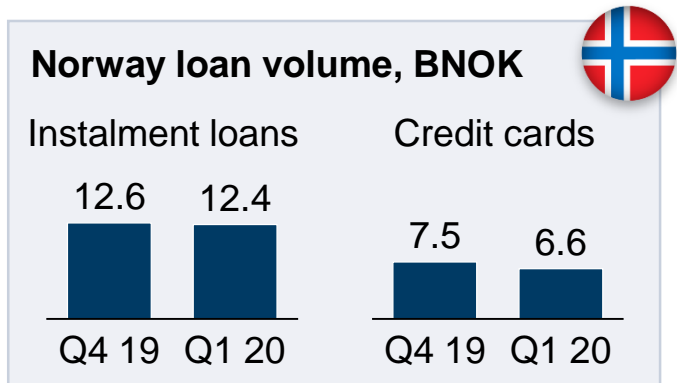
ROE



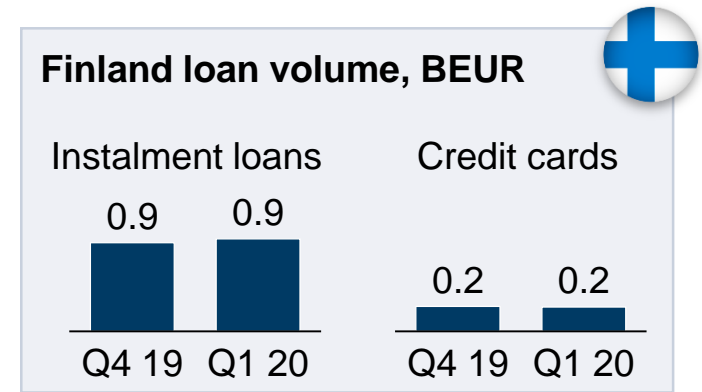
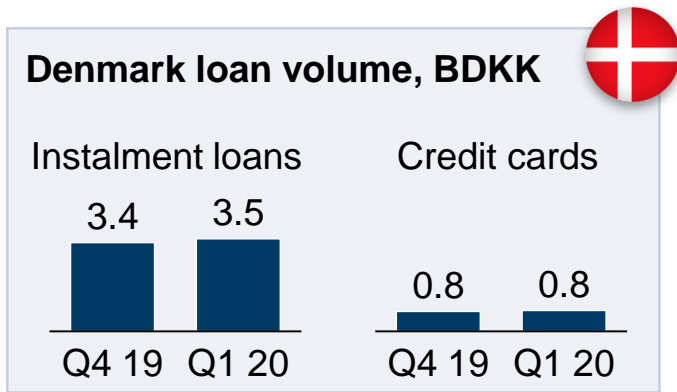
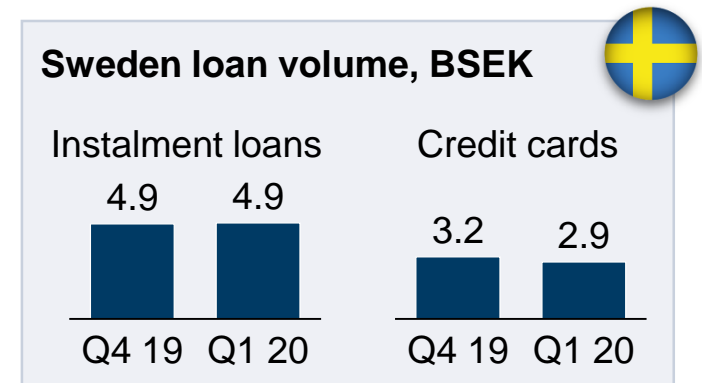
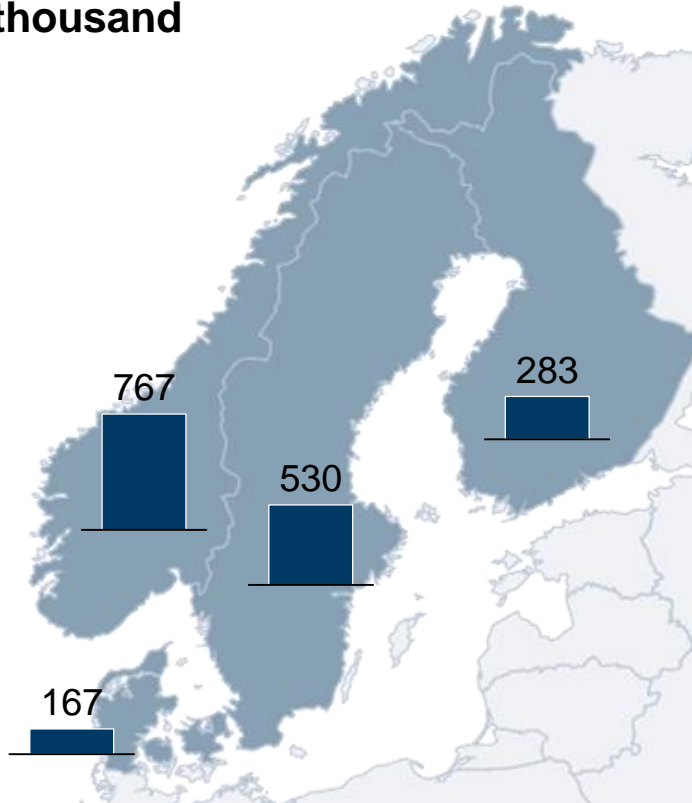
CET 1



Diversified across products and countries

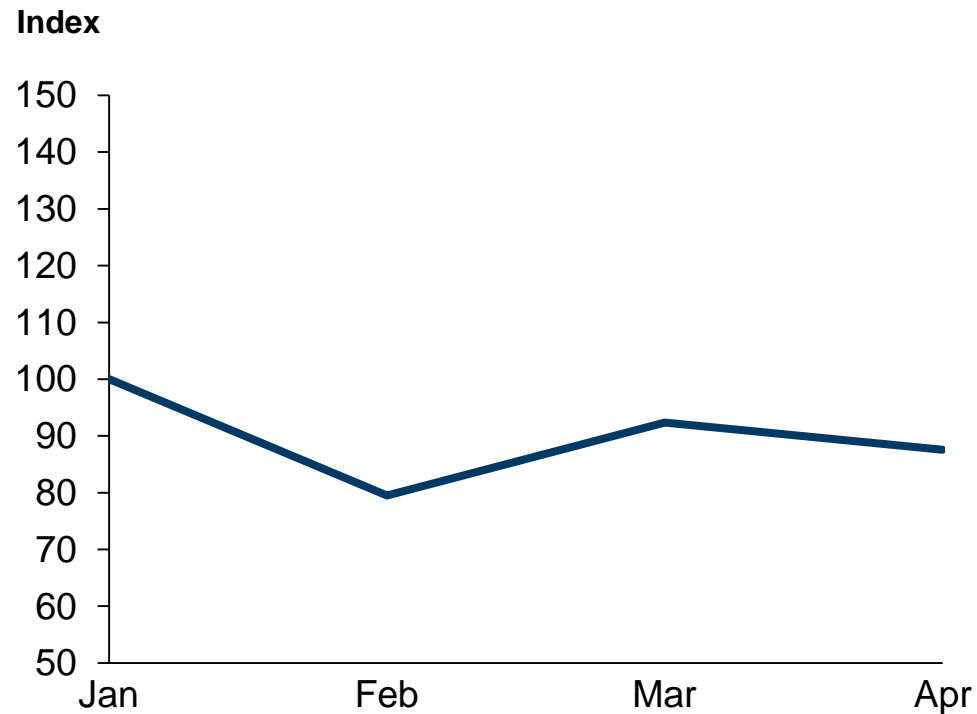


Customers per country Q1 2020, thousand



Limited evidence of increased distress and strong Nordic macro

Reminder development



Strong government fiscal position

- Low debt levels
- Balanced budgets

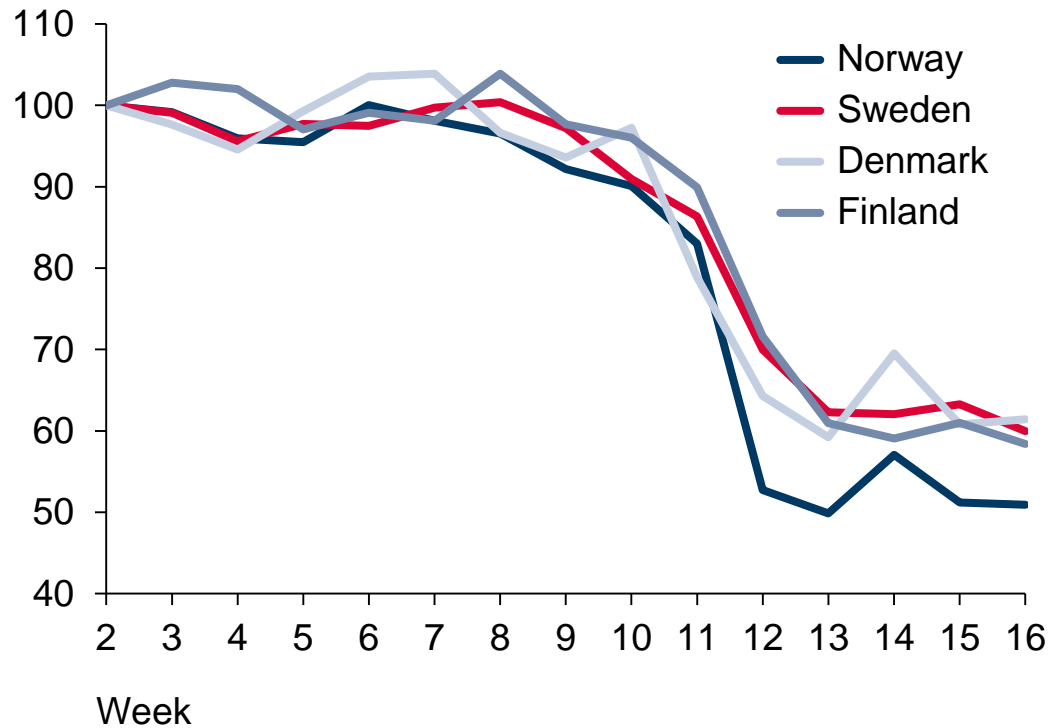
Covid-19 impact softened by government interventions

- Extensive family income protection and support to corporations
- Lower mortgage rates benefit homeowners

Rational customer behavior in a downturn

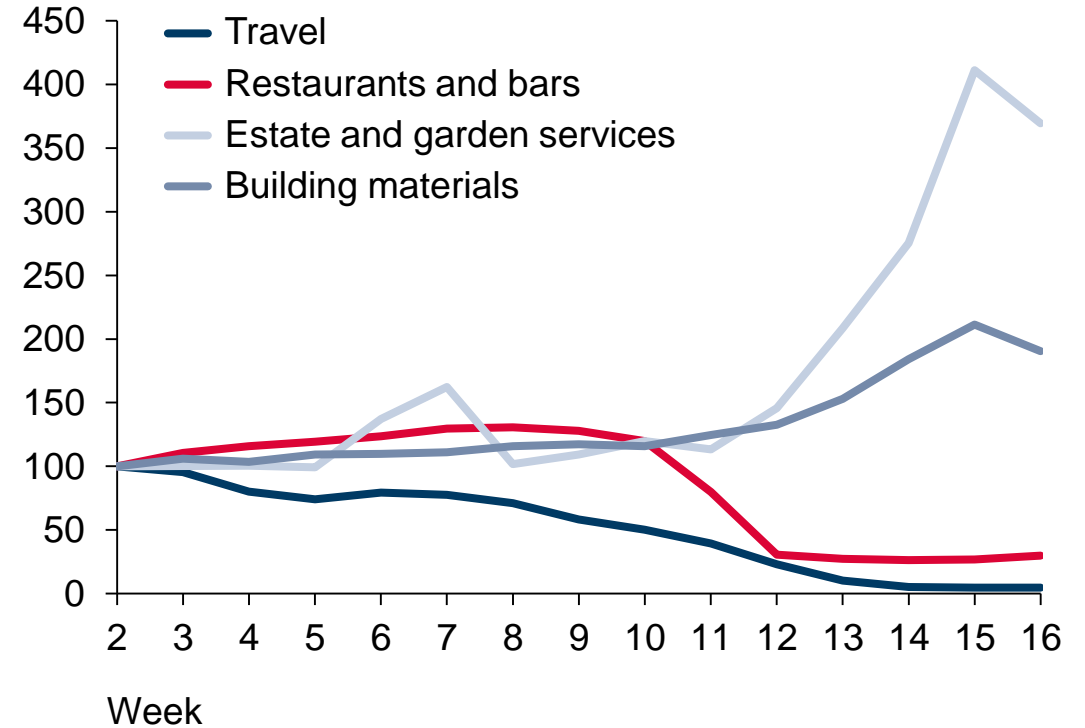
Declining total credit card purchase volumes

Total credit card purchase volume, rebased – week 2 = 100



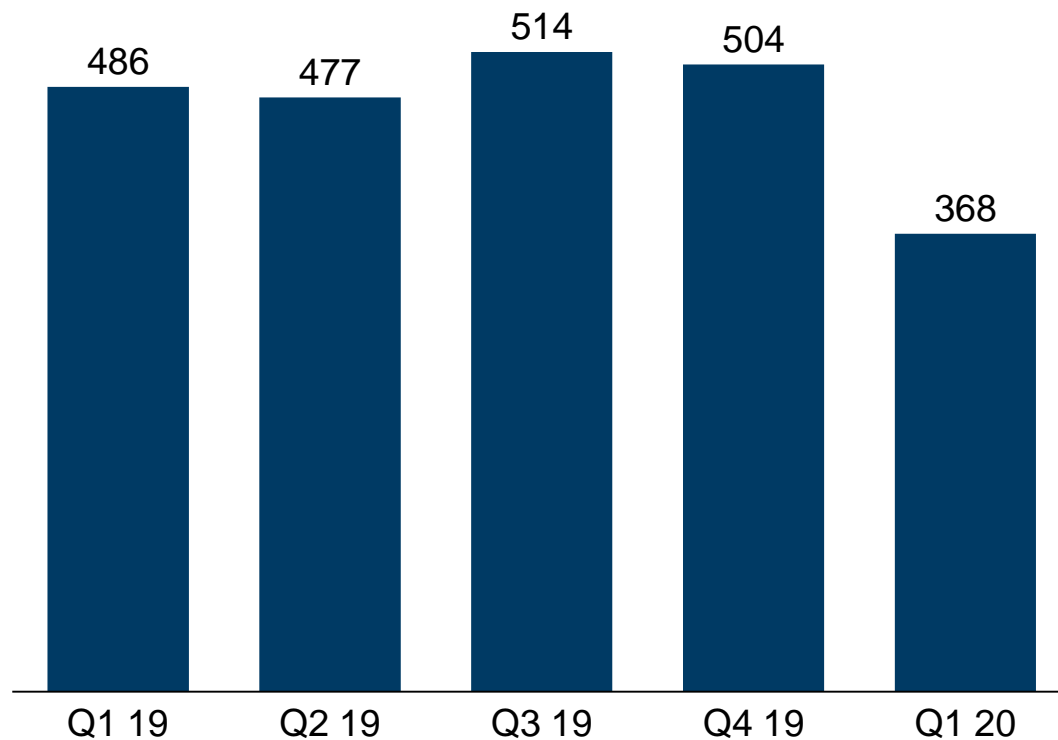
Purchase volumes per category reflect time spent at home

Weekly purchases per category, rebased – week 2 = 100



Q1 2020 results impacted by Covid-19 provision

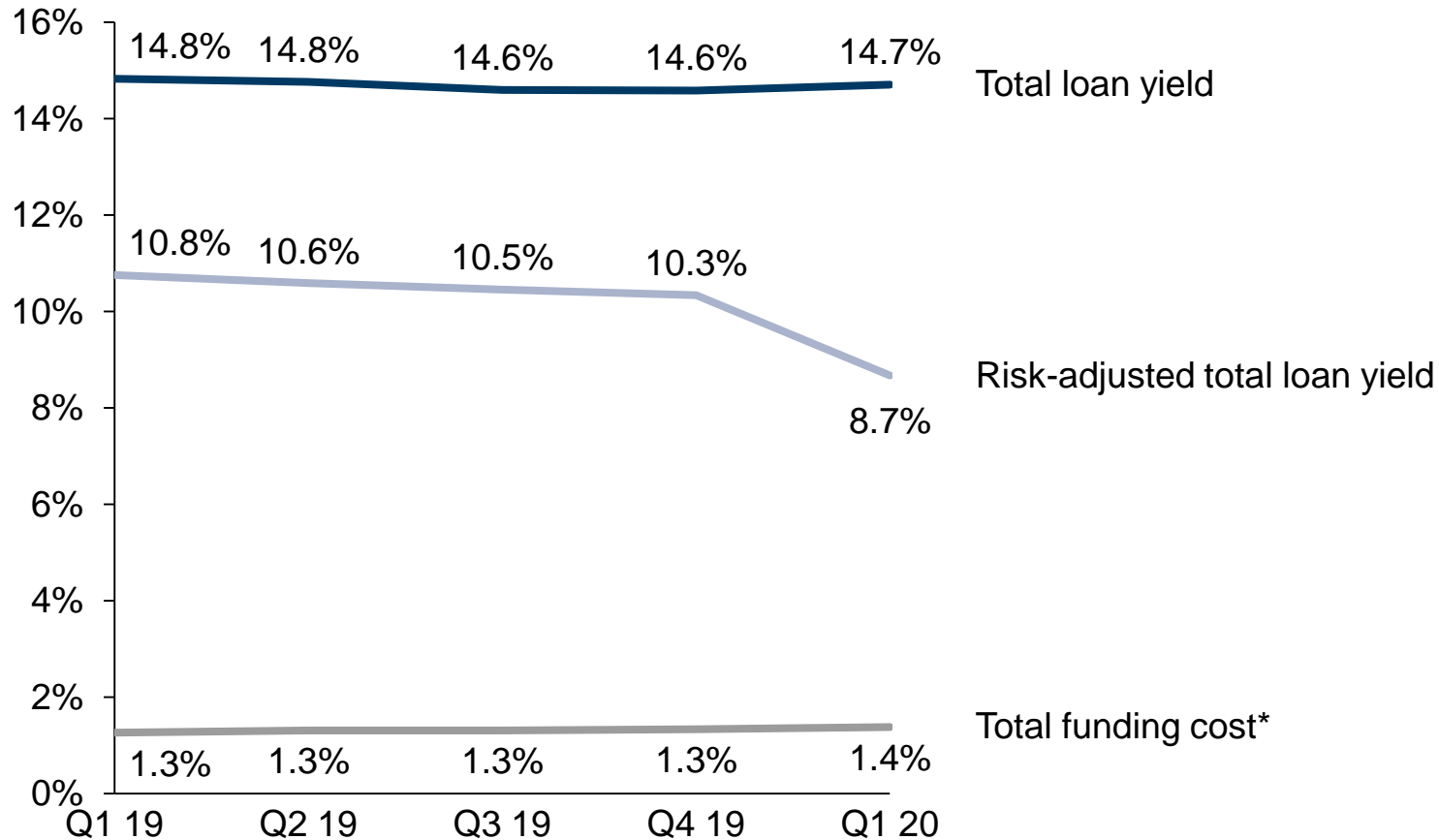
Profit after tax, MNOK



- Stable income and pre-provision profit
- High seasonal commission income
- Negative valuation effect on securities and FX gains
- Reduction in marketing activity offset by FX effects
- 230 MNOK Covid-19 discretionary additional provision
- ROE of 16.2% and ROA of 2.5%*

* Adjusted for the discretionary additional provision, ROE was 23.9% and ROA was 3.7%

High margins absorb Covid-19 impact

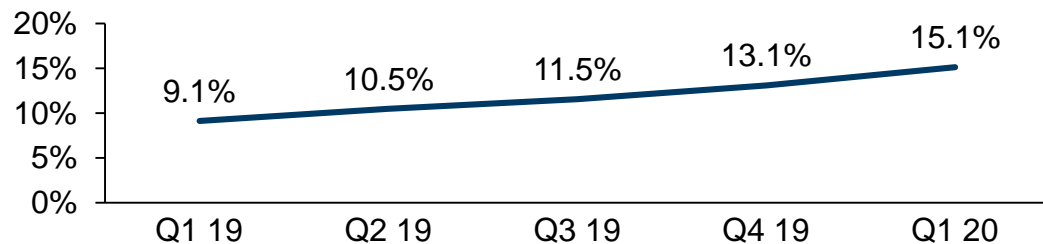


- High and stable total loan yield shows the robustness of the Bank's income
- Risk-adjusted total loan yield negatively impacted by Covid-19 provision
- Stable funding cost, increased debt securities cost partly offset by lower deposit cost

* Comprises deposits from customers and debt securities issued

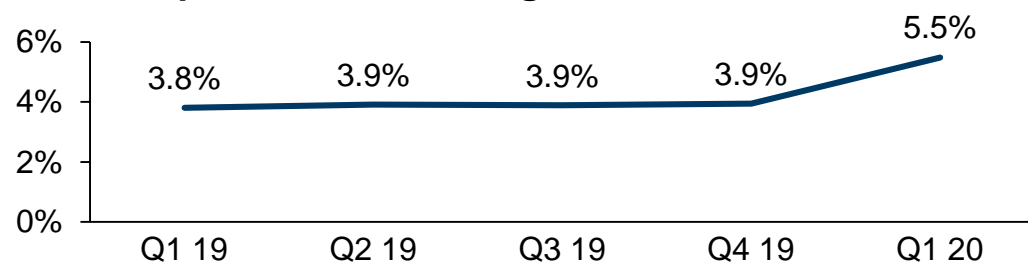
Reserve buildup ahead of expected Covid-19 effects

Non-performing loans to loans ¹⁾



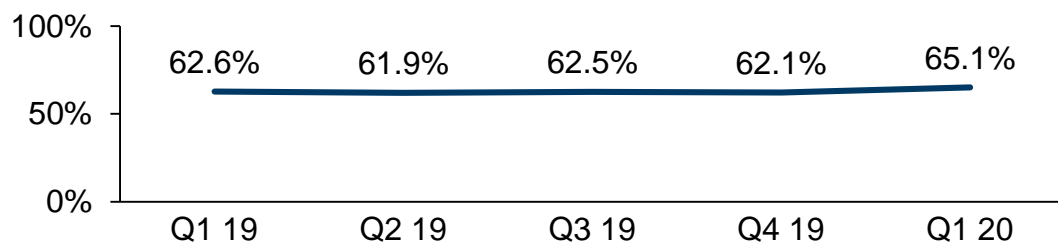
- Increase accelerated by FX effects
- Limited evidence of Covid-19 effects on collections

Loan loss provisions to average loans ²⁾



- Loan loss provisions 3.5% excluding MNOK 230 Covid-19 discretionary additional provision

Loan loss allowance to non-performing loans ³⁾



- Solid allowance coverage

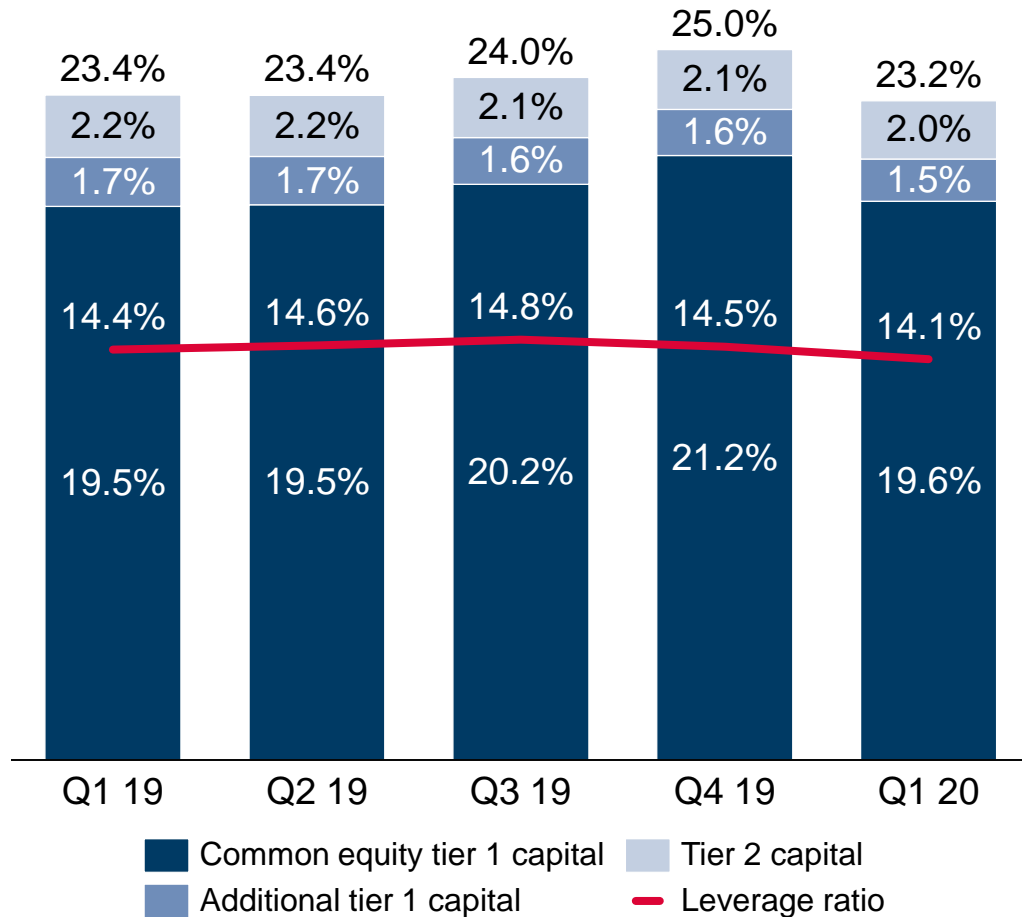
1) Gross loans Stage 3 (less performing loans) to gross loans

2) Change in ECL to average gross loans

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

Strong capital position

Capital ratios



- 19.6% CET 1 capital ratio compared with 16.2% minimum requirement and 17.5% target
- CET 1 calculation includes 63 bp set aside for dividends, according to upper-end of payout range
- Significant loss absorption capacity through high internal capital generation and high capital buffers

Well prepared for uncertainties and opportunities ahead

- 1 Bank Norwegian and its employees committed to helping customers through prudent underwriting and individual debt service solutions
- 2 Large diversified customer base and efficient direct distribution
- 3 Cost efficient and agile operations
- 4 High earnings buffer, well capitalized and strong liquidity position
- 5 Decision on European banking license application in Q2
- 6 Geographic expansion preparation ongoing, launch on hold pending Covid-19 fallout

Appendix

Quarterly profit and loss account

<i>Amounts in NOK 1000</i>	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Interest income, effective interest method	1 513 862	1 488 734	1 457 649	1 420 283	1 381 830
Other interest income	67 068	46 524	37 800	38 192	39 763
Interest expenses	186 500	173 586	165 155	160 332	151 017
Net interest income	1 394 430	1 361 672	1 330 294	1 298 143	1 270 576
Commission and bank services income	192 558	135 391	134 232	119 880	150 940
Commission and bank services expenses	51 627	57 862	70 004	63 777	59 060
Net change in value on securities and currency	-69 114	9 465	25 201	-1 830	-784
Net other operating income	71 817	86 994	89 429	54 274	91 096
Total income	1 466 247	1 448 665	1 419 723	1 352 417	1 361 672
Personnel expenses	31 168	28 496	28 061	19 902	25 834
General administrative expenses	294 882	282 970	263 087	266 183	282 845
Depreciation and impairment of fixed and intangible assets	16 700	18 079	16 833	16 701	16 079
Other operating expenses	15 801	15 573	16 269	14 563	13 182
Total operating expenses	358 550	345 118	324 251	317 350	337 940
Provision for loan losses	620 636	432 803	413 511	401 717	379 328
Profit before tax	487 060	670 745	681 961	633 350	644 404
Tax charge	119 028	166 882	168 024	155 999	158 503
Profit after tax	368 032	503 863	513 937	477 351	485 900

Quarterly balance sheet

<i>Amounts in NOK 1000</i>	31.3.20	31.12.19	30.9.19	30.6.19	31.3.19
Assets					
Cash and deposits with the central bank	69 905	68 500	68 285	68 091	67 953
Loans and deposits with credit institutions	3 014 698	2 094 165	1 626 704	2 214 049	2 334 791
Loans to customers	42 378 471	40 560 502	40 067 806	38 712 907	37 902 312
Certificates and bonds	13 764 305	14 650 988	11 339 732	9 962 991	10 268 259
Financial derivatives	59 020	76 371	19 284	31 274	85 161
Shares and other securities	46 017	44 863	42 529	40 246	41 806
Intangible assets	506 426	510 840	508 638	512 030	139 227
Deferred tax asset	4 179	3 502	19 673	18 838	18 121
Fixed assets	1 153	819	953	1 102	795
Receivables	110 908	62 835	56 133	61 108	85 849
Total assets	59 955 081	58 073 384	53 749 736	51 622 635	50 944 273
Liabilities and equity					
Loans from credit institutions	1 400 000	52 750	-	73 100	56 000
Deposits from customers	39 561 112	40 118 369	39 185 189	38 177 954	37 654 242
Debt securities issued	6 813 624	6 537 863	3 472 923	3 316 800	3 342 401
Financial derivatives	657 621	29 621	37 563	4 913	9 569
Tax payable	441 519	625 745	618 010	449 151	527 062
Deferred tax	3 821	3 821	-	-	-
Other liabilities	193 945	225 912	400 310	107 560	314 320
Accrued expenses	177 062	182 907	240 195	204 759	207 146
Subordinated loan	876 073	822 688	812 230	807 889	813 771
Total liabilities	50 124 777	48 599 677	44 766 421	43 142 127	42 924 510
Share capital	186 695	186 695	186 695	186 695	186 752
Share premium	972 295	972 295	972 295	972 295	976 938
Tier 1 capital	635 000	635 000	635 000	635 000	635 000
Retained earnings and other reserves	8 036 314	7 679 717	7 189 324	6 686 519	6 221 073
Total equity	9 830 304	9 473 707	8 983 314	8 480 509	8 019 763
Total liabilities and equity	59 955 081	58 073 384	53 749 736	51 622 635	50 944 273

Top 20 shareholders

SHAREHOLDER		# OF SHARES	
1 CIDRON XINGU LTD		30 646 498	16.41 %
2 FOLKETRYGDFONDET		18 485 852	9.90 %
3 GOLDMAN SACHS & CO. LLC	NOMINEE	12 031 768	6.44 %
4 SAMPO OYJ		11 826 105	6.33 %
5 BRUMM AS		5 273 482	2.82 %
6 BANQUE DEGROOF PETERCAM LUX. SA	NOMINEE	5 085 999	2.72 %
7 STENSHAGEN INVEST AS		4 551 416	2.44 %
8 MP PENSJON PK		3 401 438	1.82 %
9 THE NORTHERN TRUST COMPANY, LONDON	NOMINEE	3 312 292	1.77 %
10 GREEN 91 AS		2 964 900	1.59 %
11 STATE STREET BANK AND TRUST COMP	NOMINEE	2 898 587	1.55 %
12 VANGUARD TOTAL INTERNATIONAL STOCK		2 553 604	1.37 %
13 VERDIPAPIRFONDET PARETO INVESTMENT		2 357 694	1.26 %
14 NYE KM AVIATRIX INVEST AS		2 116 472	1.13 %
15 TORSTEIN INGVALD TVENGE		2 000 000	1.07 %
16 NYE GKB INVEST AS		1 945 433	1.04 %
17 BANQUE DEGROOF PETERCAM LUX. SA	NOMINEE	1 901 350	1.02 %
18 KLP AKSJENORGE INDEKS		1 795 150	0.96 %
19 SWEDBANK ROBUR SMÅBOLAGSFOND NORDEN		1 697 822	0.91 %
20 UBS AG	NOMINEE	1 658 134	0.89 %
Top 20		118 503 996	63.46 %
Total		186 751 856	

- Management holds 1.14% of shares outstanding

As of April 28, 2020