

**Report for the  
third quarter 2019**  
Norwegian Finans Holding Group

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**Q3**

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## Financial highlights

### Profit and loss account

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding Group		
	Q3 2019	Q3 2018	2018
Interest income, effective interest method	1 316 083	1 261 585	4 908 715
Other interest income	37 800	23 730	104 303
Interest expenses	165 155	163 924	606 692
<b>Net interest income</b>	<b>1 188 728</b>	<b>1 121 392</b>	<b>4 406 326</b>
<b>Net other operating income</b>	<b>89 429</b>	<b>69 088</b>	<b>245 947</b>
<b>Total income</b>	<b>1 278 157</b>	<b>1 190 480</b>	<b>4 652 273</b>
<b>Total operating expenses before losses</b>	<b>324 251</b>	<b>312 472</b>	<b>1 236 163</b>
Provision for loan losses	271 944	299 209	1 027 631
<b>Profit before tax</b>	<b>681 961</b>	<b>578 799</b>	<b>2 388 478</b>
<b>Comprehensive income for the period</b>	<b>511 154</b>	<b>434 072</b>	<b>1 796 611</b>

### Balance sheet

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding Group		
	30.9.19	30.9.18	31.12.18
Total assets	53 749 736	49 790 216	50 435 746
Loans to customers	40 067 806	36 751 296	37 797 618
Liquid assets	13 034 720	12 716 330	12 372 865
Deposits from customers	39 185 189	39 359 001	39 091 791
Debt securities issued	3 472 923	1 812 167	2 018 724
Subordinated loans	812 230	474 637	836 205
Tier 1 capital	635 000	635 000	635 000
Total equity	8 983 314	7 082 032	7 544 254

### Key figures and alternative performance measures

	Norwegian Finans Holding Group		
	Q3 2019	Q3 2018	2018
Return on equity (ROE) <sup>1</sup>	25.2 %	27.8 %	29.9 %
Return on assets (ROA) <sup>1</sup>	3.9 %	3.5 %	3.8 %
Earnings per share (EPS)	2.74	2.32	9.62
Common equity tier 1 (CET 1)	20.2 %	18.3 %	19.4 %
Leverage ratio <sup>2</sup>	14.8 %	13.0 %	13.7 %
Liquidity coverage ratio (LCR) <sup>2</sup>	203 %	214 %	213 %
Net interest margin (NIM) <sup>1</sup>	8.9 %	9.1 %	9.3 %
Cost/income ratio <sup>1</sup>	0.25	0.26	0.27
Non-performing loans to loans <sup>1</sup>	10.9 %	9.2 %	7.6 %
Loan loss provisions to average loans <sup>1</sup>	2.6 %	3.1 %	2.9 %
Loan loss allowance to loans <sup>1</sup>	5.8 %	4.5 %	4.2 %
Loan loss allowance to non-performing loans <sup>1</sup>	52.6 %	49.4 %	55.5 %

<sup>1)</sup> Defined as alternative performance measure (APM). APMs are described on [banknorwegian.no/OmOss/InvestorRelations](http://banknorwegian.no/OmOss/InvestorRelations).

<sup>2)</sup> Figures for Q3 2018 are restated

## Letter from the CEO

Economic outlook for the Nordic region remains stable. GDP growth and employment levels continue their favorable trends even as we see signs of slowdown outside the Nordic region. The low interest rate environment in the Nordics is expected to continue as weaker growth both in key EU countries and globally is curbing interest rate expectations.

Negative social implications of unsecured lending are on the top of the agenda for most governments as well as for Bank Norwegian. The quarter has seen new regulation including interest rate cap in Finland and debt register in Norway. We regard our industry-leading risk selection and customer protection that goes beyond the concern of the regulatory bodies as key to our long-term profitability. The effect from the implementation of new regulation for unsecured lending in Norway is materializing with mixed results bearing in mind it is still early days. An expected decline in personal loan volumes is offset by increases in credit card balances. In parallel, obtaining a credit card has become more challenging for individuals in regular income brackets and some elements of the regulation limit the ability for many households to bridge temporary liquidity needs.

The execution of our 4-pillar strategy is proceeding according to plan with several milestones reached.

Profitable growth in our core Nordic region is paramount for the Bank and the third quarter represents another strong quarter. Despite intense competitive pressure and regulatory changes, customer and growth within both personal loans and credit cards continued and Bank Norwegian surpassed MNOK 500 in quarterly earnings for the first time. This was achieved due to a combination of stable income growth and lower cost while credit quality continued to improve. Further, the value of having a diversified product portfolio is evident as the product mix between personal loans and credit cards ensures a balanced growth.

Bank Norwegian continues to explore the best path for geographical expansion. A cautious and segmented go-to-market model will ensure the same industry-leading performance as in our key Nordic markets.

The application process for an EU Banking license in Ireland is progressing according to plan as the exploratory phase information has been submitted. Bank Norwegian expects engagement between Bank Norwegian's management and the CBI to commence in the fourth quarter.

During the quarter PSD2 has become live, but we are still only in the very early beginning of this evolution. Market surveys show that the industry might focus on attributes that are not key priorities for consumers and as in all innovation we must keep our eye on creating solutions that solve real customer needs.

Bærum, October 29, 2019

**Tine Wollebekk**  
CEO

## Report for the third quarter 2019

Norwegian Finans Holding ASA (NFH) owns 100% of the shares in Bank Norwegian AS and Lillienthal Finance Ltd. The company does not engage in any other operations. The ownership of Norwegian Finans Holding ASA is divided between institutional and private investors in Norway and abroad. Norwegian Finans Holding ASA is listed on the Oslo Stock Exchange with the ticker code NOFI.

Bank Norwegian started its operations in November 2007 and offers instalment loans, credit cards and deposit accounts to retail customers distributed through the Internet in the Nordic market. Bank Norwegian offers, in cooperation with the airline Norwegian, a combined credit card and reward card. The bank started operations in Sweden in May 2013. In December 2015 the bank launched operations in Denmark and Finland, where it initially offered instalment loans and deposit accounts. Credit cards were launched in June 2016.

Norwegian Finans Holding ASA holds the rights to the Norwegian brand for banking services and access to customers across Europe.

Bank Norwegian is a digital bank that offers simple and competitive products to the retail market. The strategy is based on leading digital solutions, synergies with the airline Norwegian, attractive terms for our customers, cost-effective operations and effective risk selection.

At the end of the third quarter 2019 the NFH Group had a customer base of 1 683 100 customers, which can be broken down into 1 235 600 credit card customers, 204 500 instalment loan customers and 243 000 deposit customers.

### Profit and loss as of September 30, 2019

The NFH Group's comprehensive income amounted to NOK 1 469 million, compared with NOK 1 328 million for the same period in 2018. The profit growth is explained by customer and loan growth.

Net interest income totaled NOK 3 528 million, net other operating income amounted to NOK 234.8 million, while total operating expenses were NOK 979.5 million. Provisions for loan losses were NOK 823.3 million.

### Profit and loss for the third quarter 2019

The NFH Group's comprehensive income amounted to NOK 511.2 million compared with NOK 474.7 million in the second quarter. Return on equity was 25.2%, compared with 24.9% in the second quarter. The return on assets was 3.9%, compared with 3.7% in the second quarter.

Net interest income amounted to NOK 1 189 million, an increase of NOK 10.0 million from the second quarter. The increase is mainly explained by loan growth. The net interest margin was 8.9%, compared with 9.2% in the second quarter.

Net other operating income amounted to NOK 89.4 million compared with NOK 54.3 million in the second quarter. Net

commission income increased NOK 8.1 million to NOK 64.2 million due to increased credit card activity. Net gain on securities and currency amounted to NOK 25.2 million, compared with a net loss of NOK 1.8 million in the second quarter. The increase is due to currency gains.

Total operating expenses amounted to NOK 324.3 million, an increase of NOK 6.9 million in the third quarter. Personnel expenses increased NOK 8.2 million mainly due to accrual effects in the second quarter. Administrative expenses decreased NOK 3.1 million, reflecting lower digital marketing expenses. Depreciation increased NOK 0.1 million. Other operating expenses increased NOK 1.7 million.

Provisions for loan losses were NOK 271.9 million, a decrease of NOK 10.3 million from the second quarter. Provisions equalled 2.6% of average gross loans, compared with 2.8% in the second quarter.

Gross delinquent loans were NOK 6 023 million, compared with NOK 5 334 million at the end of the second quarter. Gross non-performing loans accounted for 10.9% of gross loans, compared with 10.1% as of June 30, 2019. Non-performing loan levels are developing as expected.

### Balance sheet as of September 30, 2019

Total assets increased NOK 2 127 million in the quarter and amounted to NOK 53 750 million.

Gross loans to customers increased NOK 1 638 million compared with NOK 1 080 million in the previous quarter and totaled NOK 42 516 million. Currency adjusted gross loan growth was NOK 1 267 million compared with NOK 1 110 million in the previous quarter. Instalment loans amounted to NOK 29 311 million and credit card loans amounted to NOK 13 205 million.

Customer deposits increased NOK 1 007 million compared with an increase of NOK 523.7 million in the second quarter and amounted to NOK 38 185 million at the end of the third quarter. Currency adjusted growth was NOK 686.7 million compared with NOK 546.5 million in the previous quarter.

In the third quarter the bank issued net NOK -148 million and SEK 320 million in senior debt securities.

Liquid assets increased NOK 789.6 million and amounted to NOK 13 035 million, equivalent to 24.3% of total assets.

Total equity amounted to NOK 8 983 million, compared with NOK 8 481 million as of June 30, 2019. The total capital ratio was 24.0%, the core capital ratio was 21.9% and the common equity tier 1 ratio was 20.2%.

The financial statements as of September 30, 2019 have been subject to an auditor review of interim financial statements.

## Outlook

The outlook for the Nordic economies where the NFH Group operates continues to hold up with sound growth and stable unemployment, even though global economic growth expectations have subsided.

Interest rate levels in the countries where the NFH Group is represented are expected to remain low. The NFH Group is expected to benefit from low interest rate levels through low funding costs.

The earnings growth is expected to continue through loan growth, stable margins, cost control and solid credit quality, even though the Nordic market for unsecured credit is very competitive. The competitive environment could lead to higher customer acquisition cost, margin pressure or lower growth.

The effects from new regulations and the implementation of a credit registry in Norway dampened loan growth in Norway in the third quarter. The NFH Group has a broad Nordic platform and loan volumes are growing faster outside of Norway. As such, the NFH Group has a diversified risk in relation to the individual markets.

A high deposit to loans ratio and good access to the securities market are expected to maintain the NFH Group's strong liquidity position. The NFH Group will continue its efforts to issue senior unsecured debt in preparation for MREL requirements and for further funding diversification.

The investment portfolio has provided a satisfactory return. The portfolio's responsible guidelines and low risk mandate will remain.

The credit quality of the loan portfolios in all markets are exhibiting a stable development. The implementation of proprietary credit application and behavior scorecards are yielding positive results. Credit models and systems are undergoing continuous improvements.

Common equity tier 1 was 20.2% at September 30, exceeding the minimum requirement of 15.9%. The NFH Group plans to distribute capital in excess of applicable capital requirements annually, in the form of share buy backs and cash dividends.

The current capital base and internal generation of capital are considered more than adequate to ensure the NFH Group's growth ambitions.

The NFH Group has initiated an exploratory phase in the process to apply for an EU banking license in Ireland in order to give the NFH Group a more efficient access to expand the business concept with a fully digitalized bank in European markets. A decision to initiate a draft application process is likely to be made early next year.

Bærum, October 29, 2019

The Board of directors of Norwegian Finans Holding ASA

\_\_\_\_\_  
Bjørn Østbø  
Chairman of the board

\_\_\_\_\_  
Bjørn Kise  
Board member

\_\_\_\_\_  
Anita Aarnæs  
Board member

\_\_\_\_\_  
Christine Rødsæther  
Board member

\_\_\_\_\_  
Gunn Ingemundsen  
Board member

\_\_\_\_\_  
Knut Arne Alsaker  
Board member

\_\_\_\_\_  
Kjetil Garstad  
Board member

\_\_\_\_\_  
Tine Wollebakk  
CEO

## Profit and loss account

<i>Amounts in NOK 1000</i>	Note	Norwegian Finans Holding Group				
		Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Interest income, effective interest method		1 316 083	1 261 585	3 888 484	3 622 146	4 908 715
Other interest income		37 800	23 730	115 755	71 799	104 303
Interest expenses		165 155	163 924	476 504	461 192	606 692
<b>Net interest income</b>	8	<b>1 188 728</b>	<b>1 121 392</b>	<b>3 527 735</b>	<b>3 232 754</b>	<b>4 406 326</b>
Commission and bank services income	9	134 232	117 974	405 052	352 504	463 551
Commission and bank services expenses	9	70 004	60 061	192 841	167 772	230 454
Net change in value on securities and currency	10	25 201	11 144	22 587	18 756	12 818
Other income		-	32	-	32	32
<b>Net other operating income</b>		<b>89 429</b>	<b>69 088</b>	<b>234 799</b>	<b>203 521</b>	<b>245 947</b>
<b>Total income</b>	2	<b>1 278 157</b>	<b>1 190 480</b>	<b>3 762 534</b>	<b>3 436 274</b>	<b>4 652 273</b>
Personnel expenses		28 061	23 454	73 797	62 312	87 726
General administrative expenses	11	263 087	260 439	812 115	777 612	1 035 911
Depreciation and impairment of fixed and intangible assets		16 833	14 789	49 614	44 366	59 998
Other operating expenses		16 269	13 791	44 014	39 141	52 528
<b>Total operating expenses before losses</b>		<b>324 251</b>	<b>312 472</b>	<b>979 541</b>	<b>923 430</b>	<b>1 236 163</b>
Provision for loan losses	6	271 944	299 209	823 278	742 818	1 027 631
<b>Profit before tax</b>		<b>681 961</b>	<b>578 799</b>	<b>1 959 715</b>	<b>1 770 026</b>	<b>2 388 478</b>
Tax charge		170 807	144 727	490 583	442 521	591 867
<b>Profit after tax</b>	2	<b>511 154</b>	<b>434 072</b>	<b>1 469 131</b>	<b>1 327 504</b>	<b>1 796 611</b>
Earnings per share		2.74	2.32	7.87	7.11	9.62
Diluted earning per share		2.74	2.32	7.87	7.11	9.62

## Comprehensive income

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding Group				
	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
<b>Profit on ordinary activities after tax</b>	<b>511 154</b>	<b>434 072</b>	<b>1 469 131</b>	<b>1 327 504</b>	<b>1 796 611</b>
Other comprehensive income	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>511 154</b>	<b>434 072</b>	<b>1 469 131</b>	<b>1 327 504</b>	<b>1 796 611</b>

## Balance sheet

Amounts in NOK 1000	Note	Norwegian Finans Holding Group		
		30.9.19	30.9.18	31.12.18
<b>Assets</b>				
Cash and deposits with the central bank		68 285	65 957	67 959
Loans and deposits with credit institutions		1 626 704	1 837 699	1 702 308
Loans to customers	2, 5, 7	40 067 806	36 751 296	37 797 618
Certificates and bonds	13	11 339 732	10 812 673	10 602 597
Financial derivatives	13	19 284	48 072	12 773
Shares and other securities	13	42 529	38 637	36 691
Intangible assets		508 638	135 335	133 670
Deferred tax asset		19 673	11 157	18 021
Fixed assets		953	821	719
Receivables		56 133	88 568	63 388
<b>Total assets</b>	2	<b>53 749 736</b>	<b>49 790 216</b>	<b>50 435 746</b>
<b>Liabilities and equity</b>				
Loans from credit institutions		-	32 300	-
Deposits from customers		39 185 189	39 359 001	39 091 791
Debt securities issued	12, 13	3 472 923	1 812 167	2 018 724
Financial derivatives	13	37 563	1 056	120 497
Tax payable		618 010	685 353	603 085
Other liabilities		400 310	141 377	32 434
Accrued expenses		240 195	202 293	188 755
Subordinated loans	12, 13	812 230	474 637	836 205
<b>Total liabilities</b>		<b>44 766 421</b>	<b>42 708 185</b>	<b>42 891 492</b>
Share capital		186 695	186 752	186 752
Share premium		972 295	976 938	976 938
Tier 1 capital		635 000	635 000	635 000
Retained earnings and other reserves		7 189 324	5 283 342	5 745 564
<b>Total equity</b>	2, 3	<b>8 983 314</b>	<b>7 082 032</b>	<b>7 544 254</b>
<b>Total liabilities and equity</b>	2	<b>53 749 736</b>	<b>49 790 216</b>	<b>50 435 746</b>

Bærum, October 29, 2019

The Board of directors of Norwegian Finans Holding ASA

\_\_\_\_\_  
Bjørn Østbø  
Chairman of the board

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Bjørn Kise  
Board member

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Board member

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Christine Rødsæther  
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Gunn Ingemundsen  
Board member

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Knut Arne Alsaker  
Board member

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Kjetil Garstad  
Board member

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Tine Wollebekk  
CEO



## Cash flow statement

### Norwegian Finans Holding Group

<i>Amounts in NOK 1000</i>	YTD 2019	YTD 2018	2018
Profit / loss before tax	1 959 715	1 770 026	2 388 478
Unrealized gain or losses on currency	11 510	110 618	92 674
Depreciation and impairment of fixed and intangible assets	49 614	35 984	59 998
Provision for loan losses	823 278	742 818	1 027 631
Change in loans to customers	-3 091 118	-4 953 243	-6 291 113
Change in deposits from customers	93 398	5 676 726	5 409 516
Change in certificates and bonds	-737 134	-1 952 839	-1 742 763
Change in shares and other securities	-5 838	-5 273	3 326
Change in receivables, deferred tax asset and financial derivatives	744	11 156	-9 478
Change in tax payable derivatives, accrued expenses and other liabilities	336 382	-12 462	-12 028
Income taxes paid	-469 253	-287 038	-522 126
Change in loans from credit institutions	-	32 300	-
<b>Net cash flow from operating activities</b>	<b>-1 028 701</b>	<b>1 168 772</b>	<b>404 116</b>
Proceeds from sale of tangible assets	-	32	32
Payment for acquisition of intangible assets	-376 458	-35 317	-67 853
Payment for acquisition of tangible assets	-627	-	-112
<b>Net cash flow from investment activities</b>	<b>-377 085</b>	<b>-35 285</b>	<b>-67 933</b>
Buy back of shares	-161 200	-	-
Allocation of shares	150 000	-	-
Allocation of bonus shares	5 301	5 819	5 819
Issued debt securities	2 282 175	-	388 040
Repayment of debt securities	-785 663	-430 248	-611 739
Issued subordinated loans	-	-	533 555
Repayment subordinated loans	-	-	-171 964
Investments in group companies	-40 240	-	-
Issued tier 1 capital	-	-	125 000
Repayment tier 1 capital	-	-	-125 000
Paid interest tier 1 capital	-32 228	-21 705	-28 575
CSA margin	-51 900	-	-
<b>Net cash flow from financing activities</b>	<b>1 366 245</b>	<b>-446 135</b>	<b>115 136</b>
Net cash flow for the period	-39 542	687 352	451 318
Cash and cash equivalents at the start of the period	1 770 267	1 326 922	1 411 622
Currency effect on cash and cash equivalents	-35 737	-110 618	-92 674
<b>Cash and cash equivalents at the end of the period</b>	<b>1 694 989</b>	<b>1 903 657</b>	<b>1 770 267</b>

## Changes in equity

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings and other reserves	Total equity
<b>Balance 31.12.18</b>	<b>186 752</b>	<b>976 938</b>	<b>635 000</b>	<b>5 745 564</b>	<b>7 544 254</b>
This period's profit	-	-	-	1 469 131	1 469 131
<b>Comprehensive income for the period</b>	<b>186 752</b>	<b>976 938</b>	<b>635 000</b>	<b>7 214 695</b>	<b>9 013 385</b>
Repayment of tier 1 capital	-	-	-	-24 171	-24 171
Buyback of shares	-2 133	-157 867	-	-	-160 000
Allocation of shares	2 000	148 000	-	-	150 000
Allocation of bonus shares	76	5 224	-	-	5 301
Fees	-	-	-	-1 201	-1 201
<b>Balance 30.9.19</b>	<b>186 695</b>	<b>972 295</b>	<b>635 000</b>	<b>7 189 324</b>	<b>8 983 314</b>

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings and other reserves	Total equity
<b>Balance 31.12.17</b>	<b>186 689</b>	<b>971 182</b>	<b>635 000</b>	<b>3 920 750</b>	<b>5 713 621</b>
This period's profit	-	-	-	1 327 504	1 327 504
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 327 504</b>	<b>1 327 504</b>
Paid interest tier 1 capital	-	-	-	-21 705	-21 705
Other changes	-	-	-	2 226	2 226
Change in write-downs under IFRS 9	-	-	-	54 567	54 567
Allocation of bonus shares	63	5 756	-	-	5 819
<b>Balance 30.9.18</b>	<b>186 752</b>	<b>976 938</b>	<b>635 000</b>	<b>5 283 343</b>	<b>7 082 032</b>

## Notes

### Note 1. General accounting principles

The quarterly financial statements for the Norwegian Finans Holding Group (NFH Group) have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and as adopted by the European Union. When preparing the consolidated financial statements, management makes estimates, judgments and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the accounting policies, significant estimates and areas where judgment is applied by the NFH Group, can be found in Note 1 Accounting principles in the annual report for 2018.

#### *IFRS 16 - Leases*

IFRS 16 Leases was effective from January 1, 2019, and replaced IAS 17 Leases. The NFH Group applied the standard as of January 1, 2019. IFRS 16 established significant new accounting requirements for lessees, while the requirements for lessors are more or less unchanged. For lessees, IFRS 16 eliminated the distinction between operating and finance leases as was required by IAS 17, and instead introduced a single lessee accounting model. When applying the new model, the NFH Group have recognised a liability to make lease payments (lease liability) and an asset representing the right to use the underlying asset during the lease term (right-of-use asset). In the income statement, depreciation of the right-of-use assets are recognised separately from interest on lease liabilities.

NFH Group has decided on the following policy choices and practical expedients:

- to apply the low value exception (primarily for office equipment)
- to not recognise non-lease components in the lease liability
- to apply the modified retrospective approach for transition to IFRS 16, meaning that the NFH Group have not restated the comparatives for 2018. Right-of-use assets and lease liabilities was measured at the same amount, taking into consideration prepayments, accruals and provisions recognised as of December 31, 2018.

The right-of-use asset was classified as part of the fixed assets in the balance sheet, while the lease liability was classified as other liabilities. The most significant part of the lease liabilities of NFH Group arises from leases related to head office at Fornebu as well as some IT equipment. The total lease liabilities and right-of-use assets on January 1, 2019 was estimated to NOK 7.3 million for the NFH Group.

## Note 2. Segments

The profit and loss and balance sheet presentation for segments are based on internal financial reporting as it is reported to management. The figures are based on Bank Norwegian's governance model.

### Profit and loss account YTD 2019

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Net interest income	1 587 536	579 921	428 271	932 136	-128	3 527 735
Net other operating income	130 765	50 703	23 143	30 583	-395	234 799
<b>Total income</b>	<b>1 718 301</b>	<b>630 624</b>	<b>451 413</b>	<b>962 719</b>	<b>-523</b>	<b>3 762 534</b>
Total operating expenses before losses	412 881	221 737	131 421	204 769	8 733	979 541
Provision for loan losses	382 519	81 813	134 770	224 176	-	823 278
<b>Profit before tax</b>	<b>922 900</b>	<b>327 074</b>	<b>185 222</b>	<b>533 775</b>	<b>-9 257</b>	<b>1 959 715</b>
Tax charge	230 726	81 761	46 305	133 444	-1 652	490 583
<b>Profit after tax</b>	<b>692 174</b>	<b>245 313</b>	<b>138 917</b>	<b>400 331</b>	<b>-7 605</b>	<b>1 469 131</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income for the period</b>	<b>692 174</b>	<b>245 313</b>	<b>138 917</b>	<b>400 331</b>	<b>-7 605</b>	<b>1 469 131</b>

### Balance sheet 30.9.19

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Loans to customers	19 034 221	6 516 180	4 666 564	9 850 842	-	40 067 806
Other assets	7 384 559	2 244 980	1 630 033	2 229 204	193 154	13 681 929
<b>Total assets</b>	<b>26 418 780</b>	<b>8 761 159</b>	<b>6 296 597</b>	<b>12 080 046</b>	<b>193 154</b>	<b>53 749 736</b>
Deposits from customers	19 907 261	5 693 415	5 962 193	7 622 320	-	39 185 189
Other liabilities and equity	6 511 519	3 067 744	334 404	4 457 725	193 154	14 564 546
<b>Total liabilities and equity</b>	<b>26 418 780</b>	<b>8 761 159</b>	<b>6 296 597</b>	<b>12 080 046</b>	<b>193 154</b>	<b>53 749 736</b>

### Profit and loss account YTD 2018

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Net interest income	1 553 963	545 714	357 295	775 578	204	3 232 754
Net other operating income	125 845	60 469	19 819	-2 233	-379	203 521
<b>Total income</b>	<b>1 679 808</b>	<b>606 182</b>	<b>377 114</b>	<b>773 345</b>	<b>-175</b>	<b>3 436 274</b>
Total operating expenses before losses	400 069	206 435	122 718	191 649	2 560	923 430
Provision for loan losses	178 724	124 546	142 812	296 736	-	742 818
<b>Profit before tax</b>	<b>1 101 015</b>	<b>275 201</b>	<b>111 584</b>	<b>284 961</b>	<b>-2 735</b>	<b>1 770 026</b>
Tax charge	275 255	68 800	27 853	71 274	-660	442 521
<b>Profit after tax</b>	<b>825 761</b>	<b>206 401</b>	<b>83 731</b>	<b>213 687</b>	<b>-2 075</b>	<b>1 327 504</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income for the period</b>	<b>825 761</b>	<b>206 401</b>	<b>83 731</b>	<b>213 687</b>	<b>-2 075</b>	<b>1 327 504</b>

### Balance sheet 30.9.18

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Loans to customers	18 138 643	6 043 524	3 755 100	8 814 029	-	36 751 296
Other assets	7 310 127	2 306 756	1 167 608	1 997 298	257 131	13 038 920
<b>Total assets</b>	<b>25 448 770</b>	<b>8 350 280</b>	<b>4 922 708</b>	<b>10 811 327</b>	<b>257 131</b>	<b>49 790 216</b>
Deposits from customers	19 538 116	6 391 483	3 714 871	9 714 531	-	39 359 001
Other liabilities and equity	5 910 654	1 958 797	1 207 837	1 096 797	257 131	10 431 216
<b>Total liabilities and equity</b>	<b>25 448 770</b>	<b>8 350 280</b>	<b>4 922 708</b>	<b>10 811 327</b>	<b>257 131</b>	<b>49 790 217</b>

### Note 3. Capital adequacy

Norwegian Finans Holding Group uses the standardized approach for credit risk and the standardized approach for operational risk to calculate capital adequacy in accordance with current capital adequacy regulations - Basel II.

#### Total capital

<i>Amounts in NOK 1000</i>	YTD 2019	YTD 2018	2018
Share capital	186 695	186 752	186 752
Share premium	972 295	976 938	976 938
Other reserves	7 189 324	5 283 342	5 745 564
Deferred tax assets, intangible assets and additional valuation adjustment	-539 750	-157 393	-162 464
<b>Common equity tier 1</b>	<b>7 808 565</b>	<b>6 289 639</b>	<b>6 746 789</b>
Additional tier 1 capital	635 000	635 000	635 000
<b>Tier 1 capital</b>	<b>8 443 565</b>	<b>6 924 639</b>	<b>7 381 789</b>
Tier 2 capital	812 230	474 637	836 205
<b>Total capital</b>	<b>9 255 795</b>	<b>7 399 277</b>	<b>8 217 995</b>

#### Calculation basis

Covered bonds	335 464	257 707	273 532
Institutions	1 016 517	1 222 381	988 065
Loans to customers	25 533 874	24 222 627	25 396 605
Defaulted loans	6 022 641	4 454 461	3 935 478
Equity positions	42 486	38 599	36 654
Other assets	76 350	176 012	76 867
<b>Total credit risk</b>	<b>33 027 333</b>	<b>30 371 786</b>	<b>30 707 203</b>
<b>Operational risk</b>	<b>5 579 784</b>	<b>4 012 591</b>	<b>4 012 591</b>
<b>Market risk</b>	<b>4 369</b>	<b>-</b>	<b>-</b>
<b>Total calculation basis</b>	<b>38 611 486</b>	<b>34 384 377</b>	<b>34 719 794</b>
<b>Common equity tier 1 %</b>	<b>20.2 %</b>	<b>18.3 %</b>	<b>19.4 %</b>
<b>Tier 1 capital %</b>	<b>21.9 %</b>	<b>20.1 %</b>	<b>21.3 %</b>
<b>Total capital %</b>	<b>24.0 %</b>	<b>21.5 %</b>	<b>23.7 %</b>

## Note 4. Expected credit loss

The NFH Group applies the expected credit loss (ECL) methodology subject to the IFRS 9 rules with three stages of impairment calculation. Stage 1 is not impaired and uses a 12-month ECL calculation. Stage 2 has a significant increase in credit risk since its origination, according to the triggers disclosed below, and uses the lifetime approach to ECL calculation. Stage 3 is impaired with the 90 days past due definition and calculates the ECL based on the lifetime approach.

### Significant increase in credit risk

Probability of default (PD) is an experience-based probability that a commitment is in breach for more than 90 days in the next 12 months. A significant increase in credit risk is assessed on the basis of several criteria, including late payment beyond 30 days after invoice due date. The most important factor for the assessment is a comparison between the lifetime original probability of default and the lifetime probability of default at the reporting date. The trigger-model below utilizes an assessment of the forward looking lifetime of the exposure, taking into account the probability of early repayment and the lifetime probability of defaulting on the loan. Hence it is neither the contractual length of the loan, nor the normal 12-month PD that is reflected in the figures. It is an accumulation of monthly behavior default probabilities that for example for credit cards will be very low for high quality clients until it is activated. As such, a high trigger level is needed for an indication of a significant increase in credit risk when the lifetime PD is very low. Each product has its own threshold values when one considers an increase to be significant. An increase of more than 0% indicates that any increase above the lifetime PD at origination is a significant increase in credit risk.

	PD at origination	Instalment loans	PD at origination	Credit card loans
<b>Norway</b>	<=5%	700 %	<=2%	900 %
	>5%, 10%]	30 %	>2%	40 %
	>10%	20 %		
<b>Sweden</b>	<=10%	40 %	<=2%	900 %
	>10%, 20%]	30 %	>2%, 5%]	40 %
	>20%	20 %	>5%	0 %
<b>Denmark</b>	<=20%	300 %	<=50%	80 %
	>20%, 40%]	100 %	>50%	0 %
	>40%	20 %		
<b>Finland</b>	<=9%	900 %	<=30%	200 %
	>9%, 21%]	350 %	>30%	30 %
	>21%	50 %		

### Economic variables used to measure ECL

The NFH Group has chosen to disclose the three most important modelling variables in each individual country. The data is modelled across three scenarios: a base, an upper and a lower case for expected credit loss. The model is based on the NiGEM-model developed by UK's Institute of Economic and Social Research. The following weights have been used across all portfolios per 30.9.2019: 30% - 40% - 30% for optimistic, base and pessimistic scenario for expected credit loss.

	Base scenario		Optimistic scenario		Pessimistic scenario	
	12 months	5 years	12 months	5 years	12 months	5 years
<b>Norway</b>						
3-month interbank rate	2.04 %	3.09 %	1.79 %	2.84 %	2.67 %	3.69 %
Hourly pay in NOK	427	486	432	506	425	474
Real interest rate	-0.22 %	-0.01 %	-0.62 %	-0.41 %	0.85 %	0.80 %
<b>Sweden</b>						
3-month interbank rate	0.38 %	2.30 %	-0.09 %	1.06 %	0.98 %	4.03 %
Consumption in millions	176 909	192 482	178 262	195 745	174 228	185 881
Unemployment level in thousands	367	378	325	341	403	416
<b>Denmark</b>						
3-month interbank rate	0.64 %	2.82 %	1.44 %	3.16 %	-0.04 %	2.49 %
Consumption in millions	81 626	88 176	84 103	94 976	79 121	82 312
Unemployment percentage	5.30 %	5.19 %	4.22 %	4.93 %	6.44 %	5.45 %
<b>Finland</b>						
3-month interbank rate	-0.29 %	1.01 %	0.39 %	1.17 %	-0.41 %	0.56 %
Consumption in millions	9 393	9 904	9 578	10 378	9 215	9 464
Unemployment percentage	6.43 %	6.34 %	4.46 %	5.77 %	8.59 %	6.88 %

### Macro scenario sensitivity on ECL

	Final ECL	Base scenario	Optimistic scenario	Pessimistic scenario
<b>Norway</b>				
Credit card	226 943	227 801	223 210	229 530
Instalment loans	693 942	694 952	689 424	697 114
<b>Sweden</b>				
Credit card	126 193	125 986	125 180	127 481
Instalment loans	358 509	358 684	357 393	359 393
<b>Denmark</b>				
Credit card	104 539	104 538	104 270	104 810
Instalment loans	480 944	480 937	479 822	482 077
<b>Finland</b>				
Credit card	51 976	51 961	51 775	52 199
Instalment loans	404 704	404 671	404 241	405 210

The final ECL is a macro-weighted ECL based on 30% - 40% - 30% weighting given to the optimistic, base and pessimistic scenarios. The outcome can be close to the base scenario if the two scenarios differ by the same magnitude. If one scenario is of higher variability, the final ECL will tend towards that.

## Note 5. Loans to customers by product groups and change in loan loss allowance

### Loans to customers by product groups

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Gross loans	Loan loss allowance			Total
					Stage 1	Stage 2	Stage 3	
Instalment loans Norway	8 470 385	2 091 479	2 117 455	12 679 319	55 758	74 571	563 614	11 985 377
Credit card loans Norway	5 748 260	869 304	658 222	7 275 786	6 514	34 017	186 411	7 048 844
Instalment loans Sweden	2 113 741	1 174 735	1 002 471	4 290 946	37 382	50 601	270 526	3 932 437
Credit card loans Sweden	2 004 026	441 831	264 078	2 709 936	8 061	22 384	95 747	2 583 743
Instalment loans Denmark	3 290 006	229 685	727 691	4 247 383	50 241	35 807	394 897	3 766 438
Credit card loans Denmark	750 397	53 973	200 295	1 004 665	14 176	8 404	81 959	900 126
Instalment loans Finland	6 023 374	1 135 218	933 860	8 092 452	62 728	85 865	256 111	7 687 748
Credit card loans Finland	1 630 180	466 321	118 570	2 215 070	6 307	17 135	28 535	2 163 094
<b>Total</b>	<b>30 030 369</b>	<b>6 462 547</b>	<b>6 022 641</b>	<b>42 515 556</b>	<b>241 166</b>	<b>328 784</b>	<b>1 877 800</b>	<b>40 067 806</b>
<b>Provision coverage ratio per stage</b>					<b>0.80 %</b>	<b>5.09 %</b>	<b>31.18 %</b>	

### Change in loan loss allowance

The loan loss allowance is calculated based on the expected credit loss using the 3-stage method as described in note 2.1 of the annual report 2018. Migration out of one stage is calculated at previous closing date 30.6.19, while migration into one stage is calculated at the closing date 30.9.19.

### Total Loans

#### Loan loss allowance

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
<b>Loan loss allowance as at 30.6.19</b>	227 239	304 776	1 632 351	2 164 366
Transfers :				
Transfers from stage 1 to stage 2	-23 823	129 699	-	105 877
Transfers from stage 1 to stage 3	-1 439	-	23 461	22 022
Transfers from stage 2 to stage 1	16 027	-56 479	-	-40 452
Transfers from stage 2 to stage 3	-	-69 216	204 977	135 761
Transfers from stage 3 to stage 2	-	7 705	-42 150	-34 445
Transfers from stage 3 to stage 1	103	-	-2 219	-2 115
New financial assets issued	25 101	5 547	-	30 648
Financial assets derecognized in the period	-8 396	-6 786	-15 011	-30 194
Modification of contractual cash flows from non-discounted financial assets	-3 646	3 539	46 390	46 283
Change in model/parameters	10 000	10 000	-	20 000
Other adjustments	-	-	30 000	30 000
<b>Loan loss allowance as at 30.9.19</b>	<b>241 166</b>	<b>328 784</b>	<b>1 877 800</b>	<b>2 447 750</b>

#### Gross loans to customers

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
<b>Gross loans to customers as at 30.6.19</b>	29 235 319	6 307 737	5 334 217	40 877 273
Transfers :				
Transfers from stage 1 to stage 2	-2 392 870	2 542 506	-	149 636
Transfers from stage 1 to stage 3	-69 503	-	73 098	3 595
Transfers from stage 2 to stage 1	1 469 101	-1 575 892	-	-106 791
Transfers from stage 2 to stage 3	-	-808 415	823 631	15 216
Transfers from stage 3 to stage 2	-	130 388	-170 789	-40 401
Transfers from stage 3 to stage 1	4 243	-	-11 167	-6 925
New financial assets issued	1 819 993	90 709	-	1 910 701
Financial assets derecognized in the period	-897 573	-172 239	-60 420	-1 130 231
Modification of contractual cash flows from non-discounted financial assets	861 659	-52 247	34 071	843 483
<b>Gross loans to customers as at 30.9.19</b>	<b>30 030 369</b>	<b>6 462 547</b>	<b>6 022 641</b>	<b>42 515 556</b>

## Instalment loans total

### Loan loss allowance

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
<b>Loan loss allowance as at 30.6.19</b>	194 245	231 967	1 290 857	1 717 069
Transfers :				
Transfers from stage 1 to stage 2	-21 259	97 446	-	76 186
Transfers from stage 1 to stage 3	-1 353	-	20 832	19 479
Transfers from stage 2 to stage 1	14 085	-39 537	-	-25 452
Transfers from stage 2 to stage 3	-	-58 844	171 601	112 757
Transfers from stage 3 to stage 2	-	6 390	-32 085	-25 695
Transfers from stage 3 to stage 1	88	-	-1 435	-1 347
New financial assets issued	15 552	3 072	-	18 624
Financial assets derecognized in the period	-8 162	-6 095	-13 136	-27 393
Modification of contractual cash flows from non-discounted financial assets	2 912	2 444	28 514	33 870
Change in model/parameters	10 000	10 000	-10 000	10 000
Other adjustments	-	-	30 000	30 000
<b>Loan loss allowance as at 30.9.19</b>	<b>206 108</b>	<b>246 843</b>	<b>1 485 148</b>	<b>1 938 099</b>

### Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
<b>Gross loans to customers as at 30.6.19</b>	19 781 610	4 648 707	4 206 449	28 636 767
Transfers :				
Transfers from stage 1 to stage 2	-1 755 079	1 780 117	-	25 039
Transfers from stage 1 to stage 3	-60 908	-	64 014	3 107
Transfers from stage 2 to stage 1	1 075 200	-1 105 812	-	-30 612
Transfers from stage 2 to stage 3	-	-651 408	664 261	12 853
Transfers from stage 3 to stage 2	-	105 541	-125 231	-19 690
Transfers from stage 3 to stage 1	2 990	-	-6 370	-3 380
New financial assets issued	1 585 671	56 431	-	1 642 102
Financial assets derecognized in the period	-845 173	-156 887	-50 805	-1 052 865
Modification of contractual cash flows from non-discounted financial assets	113 194	-45 573	29 158	96 779
<b>Gross loans to customers as at 30.9.19</b>	<b>19 897 506</b>	<b>4 631 117</b>	<b>4 781 476</b>	<b>29 310 100</b>

## Credit card total

### Loan loss allowance

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
<b>Loan loss allowance as at 30.6.19</b>	32 994	72 809	341 494	447 297
Transfers :				
Transfers from stage 1 to stage 2	-2 563	32 254	-	29 690
Transfers from stage 1 to stage 3	-87	-	2 629	2 542
Transfers from stage 2 to stage 1	1 942	-16 943	-	-15 000
Transfers from stage 2 to stage 3	-	-10 372	33 376	23 004
Transfers from stage 3 to stage 2	-	1 314	-10 065	-8 751
Transfers from stage 3 to stage 1	15	-	-783	-768
New financial assets issued	9 549	2 475	-	12 024
Financial assets derecognized in the period	-234	-691	-1 876	-2 801
Modification of contractual cash flows from non-discounted financial assets	-6 559	1 096	17 876	12 413
Change in model/parameters	-	-	10 000	10 000
<b>Loan loss allowance as at 30.9.19</b>	<b>35 058</b>	<b>81 941</b>	<b>392 652</b>	<b>509 651</b>

### Gross loans to customers

<i>Amounts in NOK 1000</i>	Stage 1	Stage 2	Stage 3	Total
<b>Gross loans to customers as at 30.6.19</b>	9 453 709	1 659 030	1 127 768	12 240 506
Transfers :				
Transfers from stage 1 to stage 2	-637 791	762 388	-	124 597
Transfers from stage 1 to stage 3	-8 596	-	9 084	488
Transfers from stage 2 to stage 1	393 901	-470 080	-	-76 179
Transfers from stage 2 to stage 3	-	-157 007	159 370	2 362
Transfers from stage 3 to stage 2	-	24 847	-45 558	-20 711
Transfers from stage 3 to stage 1	1 252	-	-4 797	-3 545
New financial assets issued	234 322	34 278	-	268 599
Financial assets derecognized in the period	-52 399	-15 352	-9 615	-77 366
Modification of contractual cash flows from non-discounted financial assets	748 464	-6 674	4 913	746 704
<b>Gross loans to customers as at 30.9.19</b>	<b>10 132 863</b>	<b>1 831 429</b>	<b>1 241 165</b>	<b>13 205 457</b>



## Note 6. Loan loss provisions

<i>Amounts in NOK 1000</i>	YTD 2019	YTD 2018	2018
Realized losses in the period	31 456	25 320	33 426
Loan loss provisions - lifetime expected credit loss (stage 3)	781 393	595 497	816 569
Loan loss provisions - lifetime expected credit loss (stage 2)	1 325	92 352	98 632
Loan loss provisions - 12 months expected credit loss (stage 1)	9 104	29 649	27 630
Adjustments for sold NPL portfolios	-	-	42 918
Collection expenses related to sold NPL portfolios	-	-	8 456
<b>Provision for loan losses</b>	<b>823 278</b>	<b>742 818</b>	<b>1 027 631</b>

## Note 7. Risk classes

<i>Amounts in NOK 1000</i>	Probability of default	Gross loans		Undrawn credit limits	
		YTD 2019	YTD 2018	YTD 2019	YTD 2018
A	0 – 1 %	6 557 387	5 637 871	41 658 440	35 748 977
B	1 – 3 %	10 260 724	14 266 662	1 869 190	2 190 180
C	3 – 5 %	4 315 146	4 568 384	269 627	364 804
D	5 – 9 %	4 062 381	2 883 898	262 421	228 676
E	9 – 15 %	3 667 297	1 801 653	205 465	102 674
F	15 – 20 %	1 376 049	648 490	18 648	24 063
G	20 – 30 %	1 363 170	1 061 813	14 311	20 326
H	30 – 40 %	540 273	498 812	2 221	22 776
I	40 – 55 %	378 824	476 482	1 074	5 294
J	55 – 100%	324 080	385 051	246	2 213
S		856 693	739 262	-	-
T		2 155 537	471 545	-	-
U		609 539	554 609	-	-
V		5 822 124	4 207 900	-	-
W		225 901	249 641	-	-
Total classified		42 515 125	38 452 072	44 301 643	38 709 983
Not classified		432	2 207	-	-
<b>Total</b>		<b>42 515 556</b>	<b>38 454 279</b>	<b>44 301 643</b>	<b>38 709 983</b>

Risk is grouped into PD bands from A to J, with A being the lowest risk. Further classifications are as follows: Risk class S consist of engagements under collections by an agency, where the customer is less than 90 days past due on the original payment plan. If the customer is on track with the engagement, but has at least one other product where the payment is more than 90 days past due on the original payment plan, then it is classified as T. Risk class U consist of engagements that are in warning, but less than 90 days past due on the original payment plan. Risk class V consist of engagements that are more than 90 days past due on the original payment plan. Risk class W consist of engagements that are written down.

The NFH Group has in the third quarter incorporated the undrawn credit limits on cards that have a positive balance.

## Note 8. Net interest income

<i>Amounts in NOK 1000</i>	YTD 2019	YTD 2018	2018
Interest income from cash and deposits with the central bank	531	257	389
Interest income from loans to and deposits with credit institutions	4 665	2 554	3 920
Interest income from instalment loans	2 784 188	2 694 511	3 631 860
Interest income from credit card loans	1 098 581	923 068	1 270 474
Interest income from sales financing	519	1 757	2 072
<b>Interest income, effective interest method</b>	<b>3 888 484</b>	<b>3 622 146</b>	<b>4 908 715</b>
Interest and other income from certificates and bonds	111 268	69 135	100 717
Other interest and other interest related income	4 487	2 665	3 586
<b>Other interest income</b>	<b>115 755</b>	<b>71 799</b>	<b>104 303</b>
Interest expense from deposits from credit institutions	-	719	1 434
Interest expense from deposits from customers	355 927	402 938	523 598
Interest expense on debt securities issued	44 159	22 732	30 404
Interest expense on subordinated loan	25 784	15 003	24 134
Other interest and other interest related expenses	50 634	19 800	27 122
<b>Interest expenses</b>	<b>476 504</b>	<b>461 192</b>	<b>606 692</b>
<b>Net interest income</b>	<b>3 527 735</b>	<b>3 232 754</b>	<b>4 406 326</b>

## Note 9. Net commission and bank services income

<i>Amounts in NOK 1000</i>	YTD 2019	YTD 2018	2018
Payment services	306 359	260 056	345 095
Insurance services	58 103	52 783	64 858
Other fees and commission and bank services income	40 590	39 665	53 598
<b>Total commission and bank services income</b>	<b>405 052</b>	<b>352 504</b>	<b>463 551</b>
Payment services	125 821	106 791	147 595
Insurance services	50 133	40 307	55 689
Other fees and commission and bank services expense	16 888	20 674	27 171
<b>Total commission and bank services expenses</b>	<b>192 841</b>	<b>167 772</b>	<b>230 455</b>

## Note 10. Net change in value on securities and currency

<i>Amounts in NOK 1000</i>	YTD 2019	YTD 2018	2018
Net change on certificates and bonds	-54 896	-27 241	-51 315
Net change on FX-forwards	147 357	240 326	41 273
Net currency effects	-80 652	-199 601	19 534
Net change on shares and other securities	10 778	5 273	3 326
<b>Net change in value on securities and currency</b>	<b>22 587</b>	<b>18 756</b>	<b>12 818</b>

## Note 11. General administrative expenses

<i>Amounts in NOK 1000</i>	YTD 2019	YTD 2018	2018
Sales and marketing	656 473	628 837	837 929
IT operations	68 548	57 645	75 579
External services fees	47 546	59 107	76 640
Other administrative expenses	39 548	32 023	45 762
<b>Total general administrative expenses</b>	<b>812 115</b>	<b>777 612</b>	<b>1 035 911</b>

## Note 12. Debt securities issued and subordinated loan

<i>Amounts in NOK 1000</i>	YTD 2019	YTD 2018	2018
Debt securities issued, carrying value (amortized cost)	3 472 923	1 812 167	2 018 724
Subordinated loans, carrying value (amortized cost)	812 230	474 637	836 205
<b>Total debt securities issued and subordinated loans</b>	<b>4 285 154</b>	<b>2 286 804</b>	<b>2 854 930</b>

ISIN	Nominal value outstanding	Currency	Interest	Reference rate + margin	Maturity*	Carrying value
<b>Debt securities issued (senior unsecured bonds)</b>						
NO0010790850	135 000	NOK	Floating	NIBOR + 75bp	07.04.2020	134 769
NO0010810534	420 000	SEK	Floating	STIBOR + 108bp	20.11.2020	388 753
NO0010811110	300 000	NOK	Floating	NIBOR + 108bp	24.11.2020	300 719
NO0010837206	400 000	SEK	Floating	STIBOR + 120bp	22.02.2021	370 401
NO0010848583	550 000	SEK	Floating	STIBOR + 140bp	29.09.2021	508 662
NO0010848591	1 000 000	NOK	Floating	NIBOR + 150bp	29.03.2022	999 517
NO0010863582	400 000	SEK	Floating	STIBOR + 140bp	16.09.2022	369 917
NO0010863574	400 000	NOK	Floating	NIBOR + 140bp	16.09.2022	400 186
<b>Total debt securities issued</b>	<b>3 605 000</b>					<b>3 472 923</b>
<b>Subordinated loan</b>						
NO0010774326	100 000	NOK	Floating	NIBOR + 300bp	21.09.2021	99 937
NO0010797988	200 000	NOK	Floating	NIBOR + 375bp	16.06.2022	199 846
NO0010833130	550 000	SEK	Floating	STIBOR + 375bp	02.10.2023	512 447
<b>Total subordinated loans</b>	<b>850 000</b>					<b>812 230</b>
<b>Total</b>	<b>4 455 000</b>					<b>4 285 154</b>

\* For subordinated loans maturity reflects the first possible call date

## Note 13. Financial instruments

### Financial instruments at fair value

<i>Amounts in NOK 1000</i>	YTD 2019			
	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	11 339 732	-	11 339 732
Financial derivatives	-	19 284	-	19 284
Shares and other securities	-	-	42 529	42 529
<b>Total financial assets at fair value</b>	-	<b>11 359 015</b>	<b>42 529</b>	<b>11 401 544</b>
Financial derivatives	-	37 563	-	37 563
<b>Total financial liabilities at fair value</b>	-	<b>37 563</b>	-	<b>37 563</b>

<i>Amounts in NOK 1000</i>	YTD 2018			
	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	10 812 673	-	10 812 673
Financial derivatives	-	48 072	-	48 072
Shares and other securities	-	-	38 637	38 637
<b>Total financial assets at fair value</b>	-	<b>10 860 745</b>	<b>38 637</b>	<b>10 899 382</b>
Financial derivatives	-	1 056	-	1 056
<b>Total financial liabilities at fair value</b>	-	<b>1 056</b>	-	<b>1 056</b>

### Change in instruments classified at level 3

<i>Amounts in NOK 1000</i>	YTD 2019			YTD 2018		
	Shares and other securities	Financial assets available for sale	Total	Shares and other securities	Financial assets available for sale	Total
Value 31.12	36 691	-	36 691	443	32 922	33 365
One time payout	-5 255	-	-5 255	-	-	-
Reclassification IFRS 9	-	-	-	32 922	-32 922	-
Net gain / loss on financial instruments	11 093	-	11 093	5 273	-	5 273
<b>Value 30.09</b>	<b>42 529</b>	-	<b>42 529</b>	<b>38 638</b>	-	<b>38 638</b>

### Fair value of financial instruments at amortized cost

Financial instruments at amortized cost are valued at originally determined cash flows, adjusted for any impairment losses. Amortized cost will not always give values that match the market's assessment of the same instruments, due to different perceptions of market conditions, risk and return requirements.

#### *Debt securities issued and subordinated loan*

The fair value of debt securities issued and subordinated loan are based on observable market data where available.

<i>Amounts in NOK 1000</i>	YTD 2019		YTD 2018	
	Book value	Fair value	Book value	Fair value
Debt securities issued	3 472 923	3 339 470	1 812 167	1 916 771
Subordinated loan	812 230	806 395	474 637	477 888
<b>Total financial liabilities</b>	<b>4 285 154</b>	<b>4 145 865</b>	<b>2 286 805</b>	<b>2 394 658</b>

<i>Amounts in NOK 1000</i>	YTD 2019			
	Level 1	Level 2	Level 3	Total
Debt securities issued	3 472 923	-	-	3 472 923
Subordinated loan	812 230	-	-	812 230
<b>Total financial liabilities</b>	<b>4 285 154</b>	-	-	<b>4 285 154</b>

<i>Amounts in NOK 1000</i>	YTD 2018			
	Level 1	Level 2	Level 3	Total
Debt securities issued	1 812 167	-	-	1 812 167
Subordinated loan	474 637	-	-	474 637
<b>Total financial liabilities</b>	<b>2 286 805</b>	-	-	<b>2 286 805</b>

Level 1: Valuation based on quoted prices in an active market. Level 2: Valuation based on observable market data, other than quoted prices. Level 3: Valuation based on observable market data when valuation can not be determined in level 1 or 2.

## Note 14. Related parties

Bank Norwegian AS has since 2007 had an agreement with Norwegian Air Shuttle ASA regarding the use of the brand name Norwegian, IP-rights and cooperation regarding the loyalty program Norwegian Reward. The agreement was renegotiated in the second quarter 2018 and is valid for ten years. In the third quarter 2019 the total expensed amount related to Norwegian Air Shuttle ASA was NOK 101.1 million, comprising of portfolio related costs of NOK 87.5 million and sales and agent commissions of NOK 13.6 million. The portfolio related costs include license fee for use of brand name, IP-rights and other customer portfolio costs, such as cashpoints. Norwegian Finans Holding ASA owns 100% of Bank Norwegian AS.

## Quarterly figures

### Profit and loss account

Norwegian Finans Holding Group					
<i>Amounts in NOK 1000</i>	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Interest income, amortized cost	1 316 083	1 300 798	1 271 602	1 286 569	1 261 585
Other interest income	37 800	38 192	39 763	32 504	23 730
Interest expenses	165 155	160 332	151 017	145 500	163 924
<b>Net interest income</b>	<b>1 188 728</b>	<b>1 178 659</b>	<b>1 160 348</b>	<b>1 173 573</b>	<b>1 121 392</b>
Commission and bank services income	134 232	119 880	150 940	111 047	117 974
Commission and bank services expenses	70 004	63 777	59 060	62 683	60 061
Net change in value on securities and currency	25 201	-1 830	-784	-5 938	11 144
Other income	-	-	-	-	32
<b>Net other operating income</b>	<b>89 429</b>	<b>54 274</b>	<b>91 096</b>	<b>42 426</b>	<b>69 088</b>
<b>Total income</b>	<b>1 278 157</b>	<b>1 232 933</b>	<b>1 251 444</b>	<b>1 215 999</b>	<b>1 190 480</b>
Personnel expenses	28 061	19 902	25 834	25 414	23 454
General administrative expenses	263 087	266 183	282 845	258 299	260 439
Depreciation and impairment of fixed and intangible assets	16 833	16 701	16 079	15 633	14 789
Other operating expenses	16 269	14 563	13 182	13 388	13 791
<b>Total operating expenses before losses</b>	<b>324 251</b>	<b>317 350</b>	<b>337 940</b>	<b>312 733</b>	<b>312 472</b>
Provision for loan losses	271 944	282 233	269 101	284 813	299 209
<b>Profit before tax</b>	<b>681 961</b>	<b>633 350</b>	<b>644 404</b>	<b>618 453</b>	<b>578 799</b>
Tax charge	170 807	158 670	161 106	149 346	144 727
<b>Profit after tax</b>	<b>511 154</b>	<b>474 680</b>	<b>483 297</b>	<b>469 106</b>	<b>434 072</b>

### Comprehensive income

Norwegian Finans Holding Group					
<i>Amounts in NOK 1000</i>	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
<b>Profit on ordinary activities after tax</b>	<b>511 154</b>	<b>474 680</b>	<b>483 297</b>	<b>469 106</b>	<b>434 072</b>
<b>Comprehensive income for the period</b>	<b>511 154</b>	<b>474 680</b>	<b>483 297</b>	<b>469 106</b>	<b>434 072</b>

### Balance sheet

Norwegian Finans Holding Group					
<i>Amounts in NOK 1000</i>	30.9.19	30.6.19	31.3.19	31.12.18	30.9.18
<b>Assets</b>					
Cash and deposits with the central bank	68 285	68 091	67 953	67 959	65 957
Loans and deposits with credit institutions	1 626 704	2 214 049	2 334 791	1 702 308	1 837 699
Loans to customers	40 067 806	38 712 907	37 902 312	37 797 618	36 751 296
Certificates and bonds	11 339 732	9 962 991	10 268 259	10 602 597	10 812 673
Financial derivatives	19 284	31 274	85 161	12 773	48 072
Shares and other securities	42 529	40 246	41 806	36 691	38 637
Intangible assets	508 638	512 030	139 227	133 670	135 335
Deferred tax asset	19 673	18 838	18 121	18 021	11 157
Fixed assets	953	1 102	795	719	821
Receivables	56 133	61 108	85 849	63 388	88 568
<b>Total assets</b>	<b>53 749 736</b>	<b>51 622 635</b>	<b>50 944 273</b>	<b>50 435 746</b>	<b>49 790 216</b>
<b>Liabilities and equity</b>					
Loans from credit institutions	-	73 100	56 000	-	32 300
Deposits from customers	39 185 189	38 177 954	37 654 242	39 091 791	39 359 001
Debt securities issued	3 472 923	3 316 800	3 342 401	2 018 724	1 812 167
Financial derivatives	37 563	4 913	9 569	120 497	1 056
Tax payable	618 010	449 151	527 062	603 085	685 353
Other liabilities	400 310	107 560	314 320	32 434	141 377
Accrued expenses	240 195	204 759	207 146	188 755	202 293
Subordinated loan	812 230	807 889	813 771	836 205	474 637
<b>Total liabilities</b>	<b>44 766 421</b>	<b>43 142 127</b>	<b>42 924 510</b>	<b>42 891 492</b>	<b>42 708 185</b>
Share capital	186 695	186 695	186 752	186 752	186 752
Share premium	972 295	972 295	976 938	976 938	976 938
Tier 1 capital	635 000	635 000	635 000	635 000	635 000
Retained earnings and other reserves	7 189 324	6 686 519	6 221 073	5 745 564	5 283 342
<b>Total equity</b>	<b>8 983 314</b>	<b>8 480 509</b>	<b>8 019 763</b>	<b>7 544 254</b>	<b>7 082 032</b>
<b>Total liabilities and equity</b>	<b>53 749 736</b>	<b>51 622 635</b>	<b>50 944 273</b>	<b>50 435 746</b>	<b>49 790 216</b>

## Profit and loss account

Amounts in NOK 1000	Norwegian Finans Holding ASA				
	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Interest income, effective interest method	-	199	1 080	204	215
Interest expenses	906	-	1 208	-	137
<b>Net interest income</b>	<b>-906</b>	<b>199</b>	<b>-128</b>	<b>204</b>	<b>78</b>
Commission and bank services expenses	74	83	395	379	803
Other income	-	-	-	247 500	247 500
<b>Net other operating income</b>	<b>-74</b>	<b>-83</b>	<b>-395</b>	<b>247 121</b>	<b>246 697</b>
<b>Total income</b>	<b>-980</b>	<b>116</b>	<b>-523</b>	<b>247 325</b>	<b>246 775</b>
Personnel expenses	372	328	1 145	887	1 445
Other operating expenses	1 371	579	3 532	1 673	2 784
<b>Total operating expenses before losses</b>	<b>1 744</b>	<b>906</b>	<b>4 677</b>	<b>2 560</b>	<b>4 228</b>
<b>Profit before tax</b>	<b>-2 724</b>	<b>-790</b>	<b>-5 201</b>	<b>244 765</b>	<b>242 547</b>
Tax charge	-599	-161	-1 145	58 772	58 369
<b>Profit after tax</b>	<b>-2 124</b>	<b>-629</b>	<b>-4 056</b>	<b>185 993</b>	<b>184 177</b>

## Comprehensive income

Amounts in NOK 1000	Norwegian Finans Holding ASA				
	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
<b>Profit on ordinary activities after tax</b>	<b>-2 124</b>	<b>-629</b>	<b>-4 056</b>	<b>185 993</b>	<b>184 177</b>
<b>Comprehensive income for the period</b>	<b>-2 124</b>	<b>-629</b>	<b>-4 056</b>	<b>185 993</b>	<b>-2 500</b>

## Balance sheet

Amounts in NOK 1000	Norwegian Finans Holding ASA		
	30.9.19	30.9.18	31.12.18
<b>Assets</b>			
Loans and deposits with credit institutions	4 187	256 778	203 109
Ownership interests in group companies	1 190 240	1 150 000	1 150 000
Deferred tax asset	2 176	-	1 032
Receivables	335 753	353	3
<b>Total assets</b>	<b>1 532 356</b>	<b>1 407 131</b>	<b>1 354 143</b>
<b>Liabilities and equity</b>			
Tax payable	-	51 769	-
Other liabilities	188 965	46	100
Accrued expenses	761	899	1 457
<b>Total liabilities</b>	<b>189 726</b>	<b>52 714</b>	<b>1 557</b>
Share capital	186 695	186 752	186 752
Share premium	972 295	976 938	976 938
Retained earnings and other reserves	183 640	190 727	188 896
<b>Total equity</b>	<b>1 342 630</b>	<b>1 354 416</b>	<b>1 352 586</b>
<b>Total liabilities and equity</b>	<b>1 532 356</b>	<b>1 407 131</b>	<b>1 354 143</b>

Bærum, October 29, 2019  
The Board of directors of Norwegian Finans Holding ASA

\_\_\_\_\_  
Bjørn Østbø  
Chairman of the board

\_\_\_\_\_  
Bjørn Kise  
Board member

\_\_\_\_\_  
Anita Aarnæs  
Board member

\_\_\_\_\_  
Christine Rødsæther  
Board member

\_\_\_\_\_  
Gunn Ingemundsen  
Board member

\_\_\_\_\_  
Knut Arne Alsaker  
Board member

\_\_\_\_\_  
Kjetil Garstad  
Board member

\_\_\_\_\_  
Tine Wollebakk  
CEO

## Cash flow statement

<i>Amounts in NOK 1000</i>	Norwegian Finans Holding ASA		
	YTD 2019	YTD 2018	2018
Profit / loss after tax	-	-	-
Profit / loss before tax	-5 201	244 765	242 547
Change in other accruals	-335 751	6 650	5 969
Change in short-term liabilities	188 169	-7 250	-5 607
Income taxes paid	-	-	-52 398
<b>Net cash flow from operating activities</b>	<b>-152 783</b>	<b>244 165</b>	<b>190 510</b>
Net investment in group companies	-40 240	-	-
<b>Net cash flows from investment activities</b>	<b>-40 240</b>	<b>-</b>	<b>-</b>
Allocation of bonus shares	5 302	5 819	5 804
Buy back of shares	-161 200	-	-
Issuing of shares	150 000	-	-
<b>Net cash flow from financing activities</b>	<b>-5 898</b>	<b>5 819</b>	<b>5 804</b>
Net cash flow for the period	-198 922	249 984	196 314
Cash and cash equivalents at the start of the period	203 108	6 794	6 794
<b>Cash and cash equivalents at the end of the period</b>	<b>4 187</b>	<b>256 778</b>	<b>203 108</b>

## Changes in equity

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Retained earnings and other reserves	Total equity
<b>Balance 31.12.18</b>	<b>186 752</b>	<b>976 938</b>	<b>188 896</b>	<b>1 352 586</b>
This period's profit	-	-	-4 056	-4 056
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-4 056</b>	<b>-4 056</b>
Buy back of shares	-2 133	-157 867	-	-160 000
Allocation of shares	2 000	148 000	-	150 000
Allocation of bonus shares	76	5 224	-	5 301
Fees	-	-	-1 201	-1 201
<b>Balance 30.9.19</b>	<b>186 695</b>	<b>972 295</b>	<b>183 640</b>	<b>1 342 630</b>
<b>Balance 31.12.17</b>	<b>186 689</b>	<b>971 182</b>	<b>4 734</b>	<b>1 162 605</b>
This period's profit	-	-	185 993	185 993
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>185 993</b>	<b>185 993</b>
Allocation of bonus shares	63	5 756	-	5 819
<b>Balance 30.9.18</b>	<b>186 751</b>	<b>976 938</b>	<b>190 727</b>	<b>1 354 416</b>

## Notes for Norwegian Finans Holding ASA

### Note 1. General accounting principles

The quarterly financial statements for Norwegian Finans Holding ASA have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and as adopted by the European Union. When preparing the consolidated financial statements, management makes estimates, judgments and assumptions that affect the application of the accounting principles and the carrying amount of assets, liabilities, income and expenses. Estimates and assumptions are subject to continual evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be probable on the balance sheet date. A description of the accounting policies, significant estimates and areas where judgment is applied, can be found in Note 1 Accounting principles in the annual report for 2018.

The shares held by Norwegian Finans Holding ASA constitutes 100 % of the ownership in Bank Norwegian AS. The shares are recognized at cost, and eliminated in the group accounts.

The shares held by Norwegian Finans Holding ASA constitutes 100 % of the ownership in Lilienthal Finance Ltd. The shares are recognized at cost, and eliminated in the group accounts.

## Note 2. Capital adequacy

Norwegian Finans Holding ASA uses the standardized approach for credit risk and the standardized approach for operational risk to calculate capital adequacy in accordance with current capital adequacy regulations - Basel II.

<b>Total capital</b>	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>2018</b>
<i>Amounts in NOK 1000</i>			
Share capital	186 695	186 752	186 752
Share premium	972 295	976 938	976 938
Other reserves	183 640	190 687	188 896
Deferred tax assets, intangible assets and additional valuation adjustment	-2 176	-	-1 032
<b>Common equity tier 1</b>	<b>1 340 454</b>	<b>1 354 377</b>	<b>1 351 554</b>
Additional tier 1 capital	-	-	-
<b>Tier 1 capital</b>	<b>1 340 454</b>	<b>1 354 377</b>	<b>1 351 554</b>
Tier 2 capital	-	-	-
<b>Total capital</b>	<b>1 340 454</b>	<b>1 354 377</b>	<b>1 351 554</b>
<b>Calculation basis</b>			
Institutions	837	51 356	40 622
Corporate	335 414	-	-
Equity positions	1 190 240	1 150 000	1 150 000
Other assets	339	353	3
<b>Total credit risk</b>	<b>1 526 830</b>	<b>1 201 708</b>	<b>1 190 625</b>
<b>Operational risk</b>	-	-	-
<b>Market risk</b>	-	-	-
<b>Total calculation basis</b>	<b>1 526 830</b>	<b>1 201 708</b>	<b>1 190 625</b>
<b>Common equity tier 1 %</b>	<b>87.8 %</b>	<b>112.7 %</b>	<b>113.5 %</b>
<b>Tier 1 capital %</b>	<b>87.8 %</b>	<b>112.7 %</b>	<b>113.5 %</b>
<b>Total capital %</b>	<b>87.8 %</b>	<b>112.7 %</b>	<b>113.5 %</b>

## Note 3. Related parties

In the second quarter 2019 Bank Norwegian AS provided Norwegian Finans Holding ASA with a loan of NOK 187.5 million in relation to the acquisition of IP rights in Lilienthal Finance Ltd. and for general expenses. Norwegian Finans Holding ASA provided Lilienthal Finance Ltd. with a loan of NOK 334.5 million in relation to the acquisition of IP rights in the same quarter.