

The background of the entire page is a soft-focus photograph of autumn leaves in shades of red and orange. A solid red rectangular box is positioned in the lower-left corner, containing white text.

**Report for the  
third quarter 2021**  
Bank Norwegian Group

**Q3**

## Table of contents

Letter from the CEO .....	3
Report for the third quarter 2021 .....	4
Profit and loss account .....	7
Balance sheet .....	9
Cash flow statement .....	11
Changes in equity .....	13
<b>Notes</b>	
Note 1    General accounting principles .....	14
Note 2    Segments .....	14
Note 3    Capital adequacy and Liquidity Coverage Ratio .....	15
Note 4    Expected credit loss .....	16
Note 5    Loans to customers by product groups .....	19
Note 6    Provision for loan losses .....	21
Note 7    Risk classes .....	21
Note 8    Net interest income .....	21
Note 9    Net commission and bank services income .....	22
Note 10   Net change in value on securities and currency .....	22
Note 11   General administrative expenses .....	22
Note 12   Debt securities issued and subordinated loan .....	22
Note 13   Financial instruments .....	23
Note 14   Related parties and other investments .....	24
Note 15   Subsequent events .....	24
Quarterly figures .....	25

## Financial highlights

### Profit and loss account

<i>Amounts in NOK 1000</i>	Bank Norwegian Group		
	Q3 2021	Q3 2020	2020
Interest income	1 245 264	1 498 588	6 115 326
Interest expenses	94 306	177 518	702 272
<b>Net interest income</b>	<b>1 150 959</b>	<b>1 321 070</b>	<b>5 413 054</b>
<b>Net other operating income</b>	<b>-15 981</b>	<b>45 751</b>	<b>229 644</b>
<b>Total income</b>	<b>1 134 978</b>	<b>1 366 822</b>	<b>5 642 698</b>
<b>Total operating expenses</b>	<b>408 361</b>	<b>335 031</b>	<b>1 313 162</b>
Provision for loan losses	359 715	365 623	1 830 948
<b>Profit before tax</b>	<b>366 902</b>	<b>666 168</b>	<b>2 498 588</b>
<b>Profit after tax</b>	<b>276 095</b>	<b>500 622</b>	<b>1 886 975</b>

### Balance sheet

<i>Amounts in NOK 1000</i>	Bank Norwegian Group		
	30.9.21	30.9.20	31.12.20
Total assets	57 607 307	64 363 956	63 192 011
Loans to customers	34 216 695	39 962 311	37 943 688
Liquid assets	22 825 758	23 586 465	24 364 666
Deposits from customers	38 224 252	43 880 046	42 677 703
Debt securities issued	6 018 621	6 649 351	6 034 387
Subordinated loans	753 807	876 049	877 820
Tier 1 capital	425 000	635 000	635 000
Total equity	11 202 754	10 899 035	11 328 161

### Key figures and alternative performance measures

	Bank Norwegian Group		
	Q3 2021	Q3 2020	2020
Return on equity (ROE) <sup>1</sup>	10.1 %	19.6 %	18.9 %
Return on assets (ROA) <sup>1</sup>	1.9 %	3.2 %	3.1 %
Earnings per share (EPS)	1.43	2.63	9.90
Dividend per share (DPS) <sup>2</sup>	-	-	6.00
Common equity tier 1 (CET 1) <sup>2</sup>	25.7 %	21.4 %	22.0 %
Leverage ratio	16.5 %	13.9 %	14.5 %
Liquidity coverage ratio (LCR)	400 %	494 %	569 %
Net interest margin (NIM) <sup>1</sup>	7.9 %	8.3 %	8.8 %
Cost/income ratio <sup>1</sup>	0.36	0.25	0.23
Loan loss provisions to average loans <sup>1</sup>	3.6 %	3.3 %	4.1 %
Stage 3 loans to loans <sup>1</sup>	21.0 %	22.3 %	23.7 %
Stage 3 loan loss allowance to Stage 3 loans <sup>1</sup>	37.4 %	40.4 %	40.9 %
Loan loss allowance to loans <sup>1</sup>	9.3 %	10.9 %	11.5 %

<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> The Board of Directors was authorized by the AGM in April 2021 to resolve a distribution to the shareholders of up to NOK 1 per share after October 1, 2021, in addition to the dividend of NOK 5 approved and paid out in May 2021. As one of the conditions for the completion of the offer from Nordax for the purchase of all the shares in Bank Norwegian is that Bank Norwegian shall not make or resolve to make any distributions to its shareholders, the Board of Directors has resolved that no further distributions will be made. The dividend is thus no longer provided for in the capital ratios in the third quarter 2021.

## Letter from the CEO

The positive shift we experienced starting in the second quarter continued through the third quarter; consumption increased, airline traffic is on its way up and unemployment continued to normalize. The effects of more than 1.5 year with reduced activity level and lower lending balances are still visible in our income statement through lower interest income and, paired with a strong NOK, also affecting our net income from other countries negatively in the third quarter. The margin pressure is expected to continue in a highly competitive market, and the topline growth depends on resuming lending volumes.

I am glad to see that instalment loan sales in all four countries have increased to the highest level in the last six quarters. Credit card usage is increasing both in domestic consumption and increased usage abroad. The third quarter represents the first quarter since the pandemic started where we have growth in lending balances, adjusted for currency and the portfolio sales. In the quarter the Bank sold two portfolios, in July the non-performing instalment loans portfolio in Denmark and in September an instalment and credit card loans portfolio in Norway, reducing the stage 3 volume ratios. The net result from the portfolio sales was positive and gives additional comfort to our loan loss provisioning model.

It is pleasing to see our increased efforts related to ESG work gives results; in the recently published 100 largest companies on the Oslo Stock Exchange report on ESG, Bank Norwegian was lifted to a C-grade this year.

During the third quarter, preparation for our European expansion has commenced according to plan and we went live in Spain now in October and soon in Germany. We have ramped up the organization with local competence and are ready for launching our products in these markets. I want to extend my sincere gratitude to all our employees and vendors in making this happen.

At the end of the quarter, the last piece of the puzzle of regulatory approval was obtained for Nordax Bank AB (publ) (Nordax) to continue the process of buying Bank Norwegian. Together with Nordax, Bank Norwegian will be the largest Nordic specialist bank with a combined total lending of approximately NOK 70 billion. We look forward to joining forces to form and develop the most professional specialist bank in the Nordic region and Europe.

Bank Norwegian has a solid and liquid balance sheet and have a record strong capital position. Even though we see effects from the pandemic on our income level, we still deliver a solid result in the quarter. We are confident that the launch of our European expansion and the increased activity level in the Nordics will provide long-term profitable growth and high earnings going forward.

We have a strong focus on supporting our customers in all parts of our business and look forward to welcoming customers from six countries instead of four. Delivering sustainable products and services, easy to use, transparent and digital, is key for us, and that will not change as part of a larger Nordax-Bank Norwegian group in the future. We will continue to prove our relevance to existing and potential customers and focus our development activities with the clear ambition to continue delivering high customer value.

Bærum, October 26, 2021

**Klara-Lise Aasen**  
Interim CEO

## Report for the third quarter 2021

The positive development observed in the later part of the second quarter from opening of societies and increased economic activity has continued throughout the third quarter with higher credit card purchase volumes and increased instalment loan sales. In the quarter, Bank Norwegian Group (BN Group) has sold two non-performing loan portfolios with positive earnings impact. As seen in the second quarter, the third quarter also experienced a more stable exchange rate development with minor effects on this quarter's results.

At the end of the third quarter 2021 the BN Group had a customer base of 1 671 800 customers, which can be broken down into 1 195 900 credit card customers, 188 900 instalment loan customers and 287 000 deposit customers. During the third quarter the BN Group sold a large part of the surveillance instalment and credit card loans portfolios in Norway and non-performing instalment loan portfolio in Denmark which is the main reason for the 34 900 reduction in the customer base from the second quarter.

### Profit and loss as of September 30, 2021

The BN Group's profit after tax for the first nine months amounted to NOK 1 041 million, compared with NOK 1 451 million for the same period in 2020. The decrease is mainly caused by reduced interest income through lower loan volumes, lower net gain on currency and reduced net commission income, partly offset by lower interest expense from reduced deposit rates. In addition, provisions for loan losses were affected by net gains from sales of non-performing loan portfolios during the second and third quarter this year.

Net interest income totaled NOK 3 574 million, net other operating income amounted to NOK 16.4 million, while total operating expenses were NOK 1 085 million. Provisions for loan losses were NOK 1 120 million.

### Profit and loss for the third quarter 2021

The BN Group's profit after tax in the quarter amounted to NOK 276.1 million compared with NOK 367.8 million in the second quarter and down from NOK 500.6 million in the same quarter last year. The decrease from the previous quarter is mainly caused by higher administrative expenses from provision for legal and financial advisors' fees related to the offer from Nordax Bank AB (publ) (Nordax) of approximately NOK 47 million, negative change in value of shares and lower interest income due to two non-performing loan portfolio sales in the quarter, partly offset by gains of approximately NOK 71.6 million from non-performing loan portfolio sales lowering provisions for loan losses in the quarter. Compared to the same quarter last year, the main reason for the decrease in net profit is reduced interest income from lower instalment loan and credit cards loan volumes, particularly in Norway, following the non-performing loan portfolio sales this year and lower demand due to high customer liquidity during the pandemic. In addition, the BN Group observes net loss on securities, shares and currency and

higher administrative expenses from provision for advisors' fee related to the offer from Nordax, partly offset by reduced interest expenses from deposit rate reductions and lower provisions for loan losses from the non-performing loan portfolio sales.

Return on equity was 10.1%, compared with 13.3% in the second quarter and the return on assets was 1.9%, compared with 2.5% in the second quarter.

Net interest income amounted to NOK 1 151 million, a decrease of NOK 32.2 million from the second quarter. The reduction is mainly explained by lower interest income due to the two non-performing loan portfolio sales in Norway and Denmark in the quarter and lower income from certificates and bonds mainly in Norway. This was partly offset by currency fluctuation between the quarters and lower interest expenses from full quarter effect of reduced deposit rates and reduced deposit volumes in Norway. The net interest margin was 7.9%, compared with 8.1% in the second quarter.

Net other operating income amounted to NOK -16.0 million compared with NOK 19.1 million in the second quarter. Net commission income increased NOK 13.3 million to NOK 44.7 million mainly due to higher commission income from increased credit card activity. Net loss on securities and currency amounted to NOK 60.7 million, compared with a net loss of NOK 12.4 million in the second quarter. The decrease is mainly due to negative change in fair value of shares of NOK 33.3 million. In addition, a net loss on currency of NOK 4.9 million in the quarter compared with a net gain of NOK 9.7 million in the previous quarter and insurance incentives of NOK 13.1 million received in the second quarter.

Total operating expenses amounted to NOK 408.4 million, an increase of NOK 67.5 million compared to the second quarter. Personnel expenses increased NOK 11.2 million in the quarter mainly due to an employee bonus provision. Administrative expenses increased NOK 59.8 million mainly due to provision for advisors' fee in connection with the Nordax offer and increased sales expenses. Depreciation decreased by NOK 1.6 million. Other operating expenses decreased NOK 1.8 million.

Provision for loan losses were NOK 359.7 million, a decrease of NOK 10.9 million in the third quarter compared to the previous quarter. The BN Group have sold non-performing loan portfolios in both the third and second quarter resulting in combined net gains of approximately NOK 71.6 million in the third quarter and NOK 29.5 million in the second quarter reducing the loan loss provisions in the quarters. Provisions equalled 3.6% of average gross loans, compared with 3.7% in the second quarter, and adjusted for net gains from portfolio sales the provision equalled 4.2% and 3.9% of average gross loans, respectively.



Stage 3 loans were NOK 7 907 million, compared with NOK 10 633 million at the end of the second quarter. The decrease from the previous quarter is mainly due to this quarter's two portfolio sales. Stage 3 loans accounted for 21.0% of gross loans, compared with 26.3% as of June 30, 2021 following this quarter's two portfolio sales.

#### Balance sheet as of September 30, 2021

Total assets were down NOK 743.9 million in the quarter and amounted to NOK 57 607 million.

Gross loans to customers decreased NOK 2 722 million compared with a decrease of NOK 222.1 million in the previous quarter and totaled NOK 37 711 million. Currency adjusted gross loan growth was NOK -2 664 million compared with NOK -740.5 million in the previous quarter. Adjusted for the portfolio sales in Norway and Denmark in this quarter, the currency adjusted loan growth was positive with NOK 277.4 million. Broken down by product the currency adjusted loan growth for instalment loans was NOK 21.4 million, adjusted for portfolio sales in Norway and Denmark, compared with NOK -318.9 million in the previous quarter. The positive growth was mainly derived from increased new sales. The currency adjusted loan growth for credit cards was NOK 256.0 million, adjusted for the portfolio sale in Norway, compared with NOK 294.2 million in the previous quarter, adjusted for the portfolio sales in Sweden and Denmark. Instalment loans amounted to NOK 27 498 million and credit card loans amounted to NOK 10 213 million.

Customer deposits were reduced by NOK 918.8 million compared with a decrease of NOK 366.9 million in the second quarter and was NOK 38 224 million at the end of the third quarter. Currency adjusted growth was NOK -870.0 million compared with NOK -845.7 million in the previous quarter. As in the second quarter, Norway continues to be the main source of the decrease in deposits following deposit rate reductions, with a decrease of NOK 1 430 million in the quarter.

Liquid assets increased NOK 841.8 million and amounted to NOK 22 826 million, equivalent to 39.6% of total assets and up from 37.7% at the end of the second quarter.

Total equity amounted to NOK 11 203 million, compared with NOK 11 146 million as of June 30, 2021. The total capital ratio was 28.8%, the core capital ratio was 26.8% and the common equity tier 1 ratio was 25.7%, including set aside 60% of net result to dividend for 2021. The Board of Directors was authorized by the AGM in April 2021 to resolve a distribution to the shareholders of up to NOK 1 per share after October 1, 2021, in addition to the dividend of NOK 5 approved and paid out in May 2021. As one of the conditions for the completion of the offer from Nordax for the purchase of all the shares in Bank Norwegian is that Bank Norwegian shall not make or resolve to make any distributions to its shareholders, the Board of Directors has resolved that no further distributions will be made. The dividend is thus no longer provided for in the capital ratios improving the ratio with approximately 49bp.

The financial statements as of September 30, 2021 have been subject to an auditor review of interim financial statements.

#### Regulatory update

Last year, as an effort to prevent debt problems during the COVID-19 period, the Finnish Parliament passed a temporary amendment to the Consumer Protection Act, limiting the maximum interest rate for certain consumer loans to 10%, prohibiting direct marketing and restricting the right of creditors to increase other charges. The law entered into force in July 2020, got extended at the turn of the year and expired in the end of September 2021. The maximum interest rate cap from October 1, 2021 is 20%. The Ministry of Justice is preparing a permanent change to consumer credit legislation. A working group set up by the Ministry is examining whether the interest rate cap can be lowered permanently. Bank Norwegian has implemented changes according to the new legislation from October 1, 2021.

In July, a regulation to the Norwegian Anti-Money Laundering Act came into effect. For Bank Norwegian, this means more detailed rules on settlement, blocking and the procedure for ending customer relationship, minimum requirements for the BN Group electronic monitoring system, rules regarding high-risk countries and stricter rules regarding storing information. In the EU, the focus on anti-money laundering and countering the financing of terrorism continue. In July, the EU Commission presented an ambitious package of legislative proposals to strengthen the EU's anti-money laundering and countering the financing of terrorism rules. The package also includes a proposal for the creation of a new EU authority to fight money laundering. Bank Norwegian will follow the process.

In the beginning of September, the Norwegian government submitted two propositions to the Parliament, which together implement the Insurance Distribution Directive (IDD) in Norwegian law. The Insurance Distribution Directive contains rules on the mediation and sale of insurance, in addition to regulating the right to carry out insurance mediation activities. Bank Norwegian will follow the process going forward and will implement the necessary requirements before the act enters into effect.

The amendments to the Capital Requirements Regulation for Banks, CRR2, which was applied in the EU from June 28, 2021, have yet to be entered into force in the EEA Agreement. The Norwegian FSA announced on October 5, 2021 that the regulation will not enter into force before in 2022. CRR2 is part of the implementation of the EU "bank-package" in Norway. The "bank-package" consists of three parts – the Capital Requirements Regulations (CRR2), Capital Requirements Directive (CRD5) and Bank Recovery and Resolution Directive (BRRD2).

#### Subsequent events

Bank Norwegian is a party in a court case regarding search engine advertising using competitor's brand names where the plaintiff banks want to forbid Bank Norwegian from using trademarked names as

key/search words, claiming that this is a breach of good business conduct. In April 2021 the Court of Appeal (Borgarting Lagmannsrett) made their decision expressing that Bank Norwegian's practice is not in conflict with good business conduct. The appeal court supported Bank Norwegian's view that the Bank's advertising practice is a part of healthy and fair competition and that Bank Norwegian's ads implied no risk for confusion. The plaintiff banks have appealed to the Supreme Court and the appointed court dates are November 9 to 11, 2021.

On July 14, 2021 Nordax launched a public voluntary cash offer of NOK 105 per share for the shares in Bank Norwegian ASA. After the initial offer period, the offer period has been extended four times, where the last extension expired October 15, 2021 at the maximum allowed acceptance period. In addition, Nordax waived the condition of minimum acceptance of the offer from 90% down to 2/3 of the shares. During the quarter both the Norwegian and Swedish FSA have given their approval for the acquisition. On October 15, Nordax announced that they had acquired 95.7% of the shares.

In connection with the transaction, the BN Group has incurred fees to its advisors. In addition to the fees affecting the third quarter results, an additional fee, conditional on the successful completion of the

transaction, amounting to NOK 174 million including VAT will affect the fourth quarter result.

#### Outlook

The recent period has seen country borders and societies opening after the pandemic, leading to increased consumption and spending. As consumers in general have gained higher liquidity with larger savings through the last year, we still expect that this will dampen some of the financing demand in the shorter run but expect both the loan and spending growth to increase in the coming periods. As airline and holiday spending is starting to increase, we expect continuous higher credit card usage, but the expectation remain that it may take some time before this is visible through interest bearing balances. And as such, we still believe that a subdued interest income level should be expected in the next few quarters, compared to quarters prior to the pandemic.

Through the last periods adverse effects from COVID-19, the BN Group have maintained its strong financial position with high profitability, strong capitalization and high levels of liquid assets. The Bank is prepared for growth with launch in both Spain and Germany in the fourth quarter and with expected higher activity in the Nordics. Together with Nordax we are confident that this will provide long-term profitable growth and high earnings.

Bærum, October 26, 2021  
The Board of Directors of Bank Norwegian ASA

\_\_\_\_\_  
Klaus-Anders Nysteen  
Chairman of the Board

\_\_\_\_\_  
Hans Larsson  
Board member

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

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

\_\_\_\_\_  
Izabella Kibsgaard-Petersen  
Board member

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

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

\_\_\_\_\_  
Charlotte Ager  
Board member

\_\_\_\_\_  
Klara-Lise Aasen  
Interim CEO

## Profit and loss account

<i>Amounts in NOK 1000</i>	Note	Bank Norwegian Group				
		Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Interest income, effective interest method		1 206 994	1 447 485	3 754 154	4 465 203	5 881 446
Other interest income		38 270	51 103	136 865	179 935	233 880
Interest expenses		94 306	177 518	316 802	543 337	702 272
<b>Net interest income</b>	8	<b>1 150 959</b>	<b>1 321 070</b>	<b>3 574 217</b>	<b>4 101 801</b>	<b>5 413 054</b>
Commission and bank services income	9	86 132	79 379	247 115	338 300	412 016
Commission and bank services expenses	9	41 384	42 839	129 230	142 604	195 043
Income from shares and other securities		-	-	-	-	24 029
Net change in value on securities and currency	10	-60 729	9 212	-101 466	45 061	-11 359
<b>Net other operating income</b>		<b>-15 981</b>	<b>45 751</b>	<b>16 419</b>	<b>240 758</b>	<b>229 644</b>
<b>Total income</b>	2	<b>1 134 978</b>	<b>1 366 822</b>	<b>3 590 636</b>	<b>4 342 559</b>	<b>5 642 698</b>
Personnel expenses		47 032	32 040	116 934	86 927	122 832
General administrative expenses	11	324 697	263 320	851 781	785 734	1 043 582
Depreciation and impairment of fixed and intangible assets		21 513	25 031	71 549	64 249	88 214
Other operating expenses		15 118	14 641	44 655	45 413	58 533
<b>Total operating expenses</b>		<b>408 361</b>	<b>335 031</b>	<b>1 084 919</b>	<b>982 323</b>	<b>1 313 162</b>
Provision for loan losses	6	359 715	365 623	1 120 311	1 433 286	1 830 948
<b>Profit before tax</b>		<b>366 902</b>	<b>666 168</b>	<b>1 385 406</b>	<b>1 926 950</b>	<b>2 498 588</b>
Tax charge		90 807	165 545	344 674	476 209	611 613
<b>Profit after tax</b>	2	<b>276 095</b>	<b>500 622</b>	<b>1 040 732</b>	<b>1 450 741</b>	<b>1 886 975</b>
Proportion attributable to shareholders		267 238	491 568	1 013 571	1 419 270	1 848 395
Proportion attributable to additional Tier 1 capital holders		8 857	9 055	27 161	31 472	38 580
<b>Profit after tax</b>		<b>276 095</b>	<b>500 622</b>	<b>1 040 732</b>	<b>1 450 741</b>	<b>1 886 975</b>
Earnings per share		1.43	2.63	5.42	7.60	9.90

## Comprehensive income

<i>Amounts in NOK 1000</i>	Bank Norwegian Group				
	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
<b>Profit on ordinary activities after tax</b>	<b>276 095</b>	<b>500 622</b>	<b>1 040 732</b>	<b>1 450 741</b>	<b>1 886 975</b>
<b>Comprehensive income for the period</b>	<b>276 095</b>	<b>500 622</b>	<b>1 040 732</b>	<b>1 450 741</b>	<b>1 886 975</b>



## Profit and loss account

		Bank Norwegian ASA				
<i>Amounts in NOK 1000</i>	Note	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Interest income, effective interest method		1 206 994	1 448 408	3 754 154	4 467 970	5 885 136
Other interest income		38 270	51 103	136 865	179 936	233 880
Interest expenses		94 306	177 518	316 802	543 335	702 269
<b>Net interest income</b>	8	<b>1 150 959</b>	<b>1 321 994</b>	<b>3 574 217</b>	<b>4 104 571</b>	<b>5 416 746</b>
Commission and bank services income	9	86 132	79 379	247 115	338 300	412 016
Commission and bank services expenses	9	41 384	42 731	129 230	142 048	194 364
Income from shares and other securities		-	-	-	-	24 029
Net change in value on securities and currency	10	-60 729	9 213	-101 489	45 061	-11 367
<b>Net other operating income</b>		<b>-15 981</b>	<b>45 860</b>	<b>16 396</b>	<b>241 313</b>	<b>230 315</b>
<b>Total income</b>	2	<b>1 134 977</b>	<b>1 367 854</b>	<b>3 590 613</b>	<b>4 345 883</b>	<b>5 647 061</b>
Personnel expenses		47 032	31 306	116 934	84 487	119 658
General administrative expenses	11	324 426	262 117	850 922	782 103	1 037 194
Depreciation and impairment of fixed and intangible assets		12 288	15 806	43 874	48 874	63 614
Other operating expenses		15 118	14 367	44 655	44 048	57 467
<b>Total operating expenses</b>		<b>398 865</b>	<b>323 596</b>	<b>1 056 385</b>	<b>959 511</b>	<b>1 277 933</b>
Provision for loan losses	6	359 715	365 623	1 120 311	1 433 286	1 830 948
<b>Profit before tax</b>		<b>376 398</b>	<b>678 635</b>	<b>1 413 917</b>	<b>1 953 086</b>	<b>2 538 180</b>
Tax charge		91 994	167 398	348 238	480 409	298 601
<b>Profit after tax</b>	2	<b>284 403</b>	<b>511 237</b>	<b>1 065 679</b>	<b>1 472 676</b>	<b>2 239 579</b>
Proportion attributable to shareholders		275 546	502 182	1 038 518	1 441 205	2 200 998
Proportion attributable to additional Tier 1 capital holders		8 857	9 055	27 161	31 472	38 580
<b>Profit after tax</b>		<b>284 403</b>	<b>511 237</b>	<b>1 065 679</b>	<b>1 472 676</b>	<b>2 239 579</b>
Earnings per share		1.47	2.74	5.57	7.86	12.01

## Comprehensive income

		Bank Norwegian ASA				
<i>Amounts in NOK 1000</i>		Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
<b>Profit on ordinary activities after tax</b>		<b>284 403</b>	<b>511 237</b>	<b>1 065 679</b>	<b>1 472 676</b>	<b>2 239 579</b>
<b>Comprehensive income for the period</b>		<b>284 403</b>	<b>511 237</b>	<b>1 065 679</b>	<b>1 472 676</b>	<b>2 239 579</b>

## Balance sheet

<i>Amounts in NOK 1000</i>	Note	Bank Norwegian Group		
		30.9.21	30.9.20	31.12.20
<b>Assets</b>				
Cash and deposits with the central bank		69 884	69 511	69 451
Loans and deposits with credit institutions		2 199 801	2 462 788	2 774 788
Loans to customers	2, 5, 7	34 216 695	39 962 311	37 943 688
Certificates and bonds	13	20 556 073	21 054 167	21 520 427
Financial derivatives	13	73 361	205 245	341 309
Shares and other securities	13	26 322	51 491	50 692
Intangible assets		403 517	470 235	448 701
Deferred tax asset		7 668	7 702	4 107
Fixed assets		3 433	1 184	4 882
Other assets		50 554	79 322	33 965
<b>Total assets</b>	2	<b>57 607 307</b>	<b>64 363 956</b>	<b>63 192 011</b>
<b>Liabilities and equity</b>				
Loans from credit institutions	13	491 395	1 033 695	1 313 710
Deposits from customers	2	38 224 252	43 880 046	42 677 703
Debt securities issued	12, 13	6 018 621	6 649 351	6 034 387
Financial derivatives	13	61 872	112 604	64 862
Tax payable		348 107	498 291	557 675
Deferred tax		58 234	3 821	58 234
Other liabilities		199 954	193 813	42 999
Provisions		248 312	217 251	236 463
Subordinated loans	12, 13	753 807	876 049	877 820
<b>Total liabilities</b>		<b>46 404 553</b>	<b>53 464 921</b>	<b>51 863 850</b>
Share capital		186 904	186 847	186 847
Share premium		983 401	978 201	978 201
Tier 1 capital		425 000	635 000	635 000
Retained earnings		9 607 449	9 098 987	9 528 112
<b>Total equity</b>	3	<b>11 202 754</b>	<b>10 899 035</b>	<b>11 328 161</b>
<b>Total liabilities and equity</b>	2	<b>57 607 307</b>	<b>64 363 956</b>	<b>63 192 011</b>

## Balance sheet

Amounts in NOK 1000	Note	Bank Norwegian ASA		
		30.9.21	30.9.20	31.12.20
<b>Assets</b>				
Cash and deposits with the central bank		69 884	69 511	69 451
Loans and deposits with credit institutions		2 199 801	2 459 961	2 772 540
Loans to customers	2, 5, 7	34 216 695	39 962 311	37 943 688
Certificates and bonds	13	20 556 073	21 054 167	21 520 427
Ownership interests in group companies	14	161 491	-	-
Financial derivatives	13	73 361	205 245	341 309
Shares and other securities	13	26 322	51 491	50 692
Intangible assets		81 052	110 870	98 561
Fixed assets		3 433	1 184	4 882
Other assets		243 534	272 477	235 512
<b>Total assets</b>	<b>2</b>	<b>57 631 646</b>	<b>64 187 217</b>	<b>63 037 064</b>
<b>Liabilities and equity</b>				
Loans from credit institutions	13	491 395	1 033 695	1 313 710
Deposits from customers	2	38 224 252	43 880 046	42 677 703
Debt securities issued	12, 13	6 018 621	6 649 351	6 034 387
Financial derivatives	13	61 872	112 604	64 862
Tax payable		348 107	498 291	244 058
Deferred tax		58 234	3 821	58 234
Other liabilities		199 954	187 753	1 493 831
Provisions		247 703	215 793	233 853
Subordinated loans	12, 13	753 807	876 049	877 820
<b>Total liabilities</b>		<b>46 403 945</b>	<b>53 457 403</b>	<b>52 998 456</b>
Share capital		186 904	183 315	183 315
Share premium		983 401	966 646	966 646
Tier 1 capital		425 000	635 000	635 000
Retained earnings		9 632 396	8 944 854	8 253 647
<b>Total equity</b>	<b>3</b>	<b>11 227 701</b>	<b>10 729 814</b>	<b>10 038 608</b>
<b>Total liabilities and equity</b>	<b>2</b>	<b>57 631 646</b>	<b>64 187 217</b>	<b>63 037 064</b>

Bærum, October 26, 2021  
The Board of Directors of Bank Norwegian ASA

Klaus-Anders Nysteen  
Chairman of the Board

Hans Larsson  
Board member

Anita Aarnæs  
Board member

Christine Rødsæther  
Board member

Izabella Kibsgaard-Petersen  
Board member

Knut Arne Alsaker  
Board member

Kjetil Garstad  
Board member

Charlotte Ager  
Board member

Klara-Lise Aasen  
Interim CEO

## Cash flow statement

<i>Amounts in NOK 1000</i>	Bank Norwegian Group		
	YTD 2021	YTD 2020	2020
Profit / loss before tax	1 385 406	1 926 950	2 498 588
Unrealized gain or losses on currency	341 155	316 565	-199 445
Depreciation and impairment of fixed and intangible assets	71 549	64 249	88 214
Provision for loan losses	1 120 311	1 433 286	1 830 948
Change in loans to customers	1 862 534	-835 095	2 774 201
Change in deposits from customers	-3 718 733	3 761 677	576 153
Change in certificates and bonds	788 452	-6 403 178	-6 456 584
Change in other assets and financial derivatives	238 557	-6 628	-236 061
Change in shares and other securities	24 371	-145 361	-5 830
Change in derivatives, provisions and other liabilities	166 765	-19 055	-94 124
Change in loans from credit institutions	177 685	-	260 960
Change in debt securities issued and subordinated loans	-243 345	85 227	-
Income taxes paid	-557 805	-607 863	-625 879
<b>Net cash flow from operating activities</b>	<b>1 656 902</b>	<b>-429 227</b>	<b>411 142</b>
Payment for acquisition of intangible assets	-22 968	-23 078	-28 423
Payment for acquisition of tangible assets	-1 947	-946	-1 714
<b>Net cash flow from investment activities</b>	<b>-24 915</b>	<b>-24 024</b>	<b>-30 136</b>
Allocation of bonus shares	5 256	6 058	6 058
Issued debt securities	998 910	-	-
Repayment of debt securities	-906 557	-188 448	-789 580
Repayment subordinated loans	-100 000	-	-
Repayment of tier 1 capital	-210 000	-	-
Paid interest tier 1 capital	-27 161	-31 472	-38 580
Change in loans from central banks	-1 000 000	1 000 000	1 000 000
Dividends paid to equity holders	-934 236	-	-
<b>Net cash flow from financing activities</b>	<b>-2 173 787</b>	<b>786 138</b>	<b>177 897</b>
Net cash flow for the period	-541 800	332 887	558 903
Cash and cash equivalents at the start of the period	2 844 239	2 162 665	2 162 665
Currency effect on cash and cash equivalents	-32 754	36 746	122 671
<b>Cash and cash equivalents at the end of the period</b>	<b>2 269 685</b>	<b>2 532 298</b>	<b>2 844 239</b>

### Off which:

Cash and deposits with the central bank	69 884	69 511	69 451
Loans and deposits with credit institutions	2 199 801	2 462 788	2 774 788

## Cash flow statement

Bank Norwegian ASA

<i>Amounts in NOK 1000</i>	YTD 2021	YTD 2020	2020
Profit / loss before tax	1 413 917	1 953 086	2 538 180
Unrealized gain or losses on currency	341 155	316 564	-199 445
Depreciation and impairment of fixed and intangible assets	43 874	48 874	63 614
Provision for loan losses	1 120 311	1 433 286	1 830 948
Change in loans to customers	1 862 534	-835 095	2 774 201
Change in deposits from customers	-3 718 733	3 761 677	576 153
Change in certificates and bonds	788 452	-6 403 178	-6 456 584
Change in other assets and financial derivatives	238 557	-148 820	-247 919
Change in shares and other securities	24 371	-6 628	-5 830
Change in derivatives, provisions and other liabilities	165 929	82 274	-92 331
Change in loans from credit institutions	177 685	-19 055	260 960
Change in debt securities issued and subordinated loans	-243 345	-	-
Income taxes paid	-557 805	-607 863	-625 880
<b>Net cash flow from operating activities</b>	<b>1 656 902</b>	<b>-424 879</b>	<b>416 068</b>
Payment for acquisition of intangible assets	-22 968	-23 078	-28 423
Payment for acquisition of tangible assets	-1 947	-946	-1 714
<b>Net cash flow from investment activities</b>	<b>-24 915</b>	<b>-24 024</b>	<b>-30 136</b>
Allocation of bonus shares	5 256	-	-
Issued debt securities	998 910	-	-
Repayment of debt securities	-906 557	-188 448	-789 580
Repayment subordinated loans	-100 000	-	-
Repayment of tier 1 capital	-210 000	-	-
Paid interest tier 1 capital	-27 161	-31 472	-38 580
Loans from central banks	-1 000 000	1 000 000	1 000 000
Dividends paid to equity holders	-934 236	-	-
<b>Net cash flow from financing activities</b>	<b>-2 173 787</b>	<b>780 080</b>	<b>171 839</b>
Net cash flow for the period	-541 800	331 177	557 771
Cash and cash equivalents at the start of the period*	2 844 239	2 161 549	2 161 549
Currency effect on cash and cash equivalents	-32 754	36 746	122 671
<b>Cash and cash equivalents at the end of the period</b>	<b>2 269 685</b>	<b>2 529 472</b>	<b>2 841 991</b>

\*Cash and cash equivalents in relation to the merger with Norwegian Finans Holding ASA was NOK 2 248.

### Off which:

Cash and deposits with the central bank	69 884	69 511	69 451
Loans and deposits with credit institutions	2 199 801	2 459 961	2 772 540

## Changes in equity

Bank Norwegian Group

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings	Total equity
<b>Balance 31.12.20</b>	<b>186 847</b>	<b>978 201</b>	<b>635 000</b>	<b>9 528 112</b>	<b>11 328 161</b>
This period's profit	-	-	-	1 040 732	1 040 732
<b>Comprehensive income for the period</b>	-	-	-	<b>1 040 732</b>	<b>1 040 732</b>
Paid interest tier 1 capital	-	-	-	-27 161	-27 161
Repayment of tier 1 capital	-	-	-210 000	-	-210 000
Allocation of bonus shares	57	5 199	-	-	5 256
Dividend to equity holders	-	-	-	-934 236	-934 236
<b>Balance 30.9.21</b>	<b>186 904</b>	<b>983 401</b>	<b>425 000</b>	<b>9 607 449</b>	<b>11 202 754</b>

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings	Total equity
<b>Balance 31.12.19</b>	<b>186 695</b>	<b>972 295</b>	<b>635 000</b>	<b>7 679 717</b>	<b>9 473 707</b>
This period's profit	-	-	-	1 450 741	1 450 741
<b>Comprehensive income for the period</b>	-	-	-	<b>1 450 741</b>	<b>1 450 741</b>
Paid interest tier 1 capital	-	-	-	-31 472	-31 472
Repayment of tier 1 capital	-	-	-	-	-
Allocation of bonus shares	153	5 906	-	-	6 058
<b>Balance 30.9.20</b>	<b>186 848</b>	<b>978 201</b>	<b>635 000</b>	<b>9 098 987</b>	<b>10 899 035</b>

## Changes in equity

Bank Norwegian ASA

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings	Total equity
<b>Balance 31.12.20</b>	<b>183 315</b>	<b>966 646</b>	<b>635 000</b>	<b>8 253 647</b>	<b>10 038 608</b>
Changes due to merger	-57	11 556	-	153 382	164 881
Capital Increase	3 590	-	-	-	3 590
<b>Balance after merger and capital increase</b>	<b>186 847</b>	<b>978 201</b>	<b>635 000</b>	<b>8 407 029</b>	<b>10 207 078</b>
This period's profit	-	-	-	1 065 679	1 065 679
<b>Comprehensive income for the period</b>	-	-	-	<b>1 065 679</b>	<b>1 065 679</b>
Paid interest tier 1 capital	-	-	-	-27 161	-27 161
Repayment of tier 1 capital	-	-	-210 000	-	-210 000
Dividend provision reversed	-	-	-	186 849	186 849
Allocation of bonus shares	57	5 199	-	-	5 256
<b>Balance 30.9.21</b>	<b>186 904</b>	<b>983 401</b>	<b>425 000</b>	<b>9 632 396</b>	<b>11 227 701</b>

<i>Amounts in NOK 1000</i>	Share capital	Share premium	Tier 1 capital	Retained earnings	Total equity
<b>Balance 31.12.19</b>	<b>183 315</b>	<b>966 646</b>	<b>635 000</b>	<b>7 503 649</b>	<b>9 288 609</b>
This period's profit	-	-	-	1 472 676	1 472 676
<b>Comprehensive income for the period</b>	-	-	-	<b>1 472 676</b>	<b>1 472 676</b>
Paid interest tier 1 capital	-	-	-	-31 472	-31 472
<b>Balance 30.9.20</b>	<b>183 315</b>	<b>966 646</b>	<b>635 000</b>	<b>8 944 854</b>	<b>10 729 814</b>



## Notes

### Note 1. General accounting principles

The quarterly financial statements for the Bank Norwegian Group (BN Group) and Bank Norwegian 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, judgements 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 judgement is applied by the BN Group and Bank Norwegian ASA, can be found in Note 1 Accounting principles in the annual report 2020 of Norwegian Finans Holding Group and the annual report 2020 of Bank Norwegian AS.

Norwegian Finans Holding ASA and Bank Norwegian ASA have merged with accounting effect as of January 1, 2021.

Following the merger, Bank Norwegian ASA is the parent company in the Bank Norwegian Group. Please see note 15 in the second quarter financial statements for further information regarding effects of the merger. Unless otherwise is stated, the notes presented below relates to both the group accounts and to the accounts of Bank Norwegian ASA.

### 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. Other contains eliminations for group contributions.

#### Profit and loss account YTD 2021

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Net interest income	1 438 974	596 578	463 287	1 075 378	-	3 574 217
Net other operating income	-1 672	15 136	-21 070	24 002	22	16 419
<b>Total income</b>	<b>1 437 302</b>	<b>611 715</b>	<b>442 217</b>	<b>1 099 380</b>	<b>22</b>	<b>3 590 636</b>
Total operating expenses	521 091	179 260	140 036	215 997	28 534	1 084 919
Provision for loan losses	341 215	273 160	141 864	364 072	-	1 120 311
<b>Profit before tax</b>	<b>574 996</b>	<b>159 294</b>	<b>160 317</b>	<b>519 311</b>	<b>-28 511</b>	<b>1 385 406</b>
Tax charge	138 494	39 831	40 082	129 831	-3 564	344 674
<b>Profit after tax</b>	<b>436 502</b>	<b>119 463</b>	<b>120 235</b>	<b>389 479</b>	<b>-24 947</b>	<b>1 040 732</b>
<b>Comprehensive income for the period</b>	<b>436 502</b>	<b>119 463</b>	<b>120 235</b>	<b>389 479</b>	<b>-24 947</b>	<b>1 040 732</b>

#### Balance sheet 30.9.21

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Loans to customers	12 962 676	6 525 533	4 052 310	10 676 175	-	34 216 695
Other assets	10 023 894	3 393 227	7 333 813	2 664 017	-24 339	23 390 612
<b>Total assets</b>	<b>22 986 570</b>	<b>9 918 760</b>	<b>11 386 123</b>	<b>13 340 193</b>	<b>-24 339</b>	<b>57 607 307</b>
Deposits from customers	14 174 360	5 827 480	10 691 991	7 530 421	-	38 224 252
Other liabilities and equity	8 812 210	4 091 280	694 132	5 809 772	-24 339	19 383 055
<b>Total liabilities and equity</b>	<b>22 986 570</b>	<b>9 918 760</b>	<b>11 386 123</b>	<b>13 340 193</b>	<b>-24 339</b>	<b>57 607 307</b>

#### Profit and loss account YTD 2020

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Net interest income	1 659 232	679 069	561 669	1 204 600	-2 769	4 101 801
Net other operating income	82 415	50 452	11 404	97 042	-555	240 758
<b>Total income</b>	<b>1 741 647</b>	<b>729 522</b>	<b>573 072</b>	<b>1 301 643</b>	<b>-3 325</b>	<b>4 342 559</b>
Total operating expenses	415 044	198 797	136 502	209 168	22 811	982 322
Provision for loan losses	462 188	276 129	241 546	453 423	-	1 433 286
<b>Profit before tax</b>	<b>864 415</b>	<b>254 595</b>	<b>195 025</b>	<b>639 052</b>	<b>-26 136</b>	<b>1 926 950</b>
Tax charge	208 236	63 603	48 775	159 797	-4 201	476 208
<b>Profit after tax</b>	<b>656 179</b>	<b>190 992</b>	<b>146 250</b>	<b>479 255</b>	<b>-21 935</b>	<b>1 450 741</b>
<b>Comprehensive income for the period</b>	<b>656 179</b>	<b>190 992</b>	<b>146 250</b>	<b>479 255</b>	<b>-21 935</b>	<b>1 450 741</b>

#### Balance sheet 30.9.20

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Other	Total
Loans to customers	16 070 738	6 931 738	5 353 878	11 605 957	-	39 962 311
Other assets	12 826 663	3 909 147	4 957 611	2 531 485	176 739	24 401 645
<b>Total assets</b>	<b>28 897 401</b>	<b>10 840 885</b>	<b>10 311 489</b>	<b>14 137 442</b>	<b>176 739</b>	<b>64 363 956</b>
Deposits from customers	21 203 168	6 049 121	9 817 430	6 810 326	-	43 880 046
Other liabilities and equity	7 694 232	4 791 764	494 059	7 327 116	176 739	20 483 910
<b>Total liabilities and equity</b>	<b>28 897 401</b>	<b>10 840 885</b>	<b>10 311 489</b>	<b>14 137 442</b>	<b>176 739</b>	<b>64 363 956</b>

### Note 3. Capital adequacy and Liquidity Coverage Ratio

Bank Norwegian Group and Bank Norwegian 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. In December 2020 the Group changed the timing of the annual update of the operational risk calculation from January in the following year to December in the current year, so that at 31 December 2020, the exposure amount included the average of the financial years 2018-2020.

The BN Group adopted the EBA guidelines related to new definition of default as of January 1, 2021, as embedded in the CRR/CRD-IV regulations. The implementation has introduced a new and more consistent method for counting delinquency related to "days-past-due" by more than 90 days, including two different thresholds; a relative threshold related to a 1% of the outstanding claim and an absolute threshold based on local regulation, which are lower limits of NOK 1000, SEK 1000, DKK 750 and EUR 100. The BN Group has also implemented "unlikelihood-to-pay" triggers to Stage 3 according to the new definition of default. Additionally, for capital adequacy calculation purposes, cured Stage 3 engagements are included for a probation period as if they still were defaulted Stage 3 customers in the RWA with higher risk weight, for 3 months after cured status.

The Board of Directors was authorized by the AGM in April 2021 to resolve a distribution to the shareholders of up to NOK 1 per share after October 1, 2021, in addition to the dividend of NOK 5 approved and paid out in May 2021. As one of the conditions for the completion of the offer from Nordax for the purchase of all the shares in Bank Norwegian is that Bank Norwegian shall not make or resolve to make any distributions to its shareholders, the Board of Directors has resolved that no further distributions will be made. The dividend is thus no longer provided for in the capital ratios in the third quarter 2021.

Total capital	Bank Norwegian ASA			Bank Norwegian Group		
	30.9.21	30.9.20	31.12.20	30.9.21	30.9.20	31.12.20
<i>Amounts in NOK 1000</i>						
Share capital	186 904	183 315	183 315	186 904	186 847	186 847
Share premium	983 401	966 646	966 646	983 401	978 201	978 201
Other reserves	9 632 396	8 944 854	8 253 647	9 607 449	9 098 987	9 528 112
Adjustment to retained earnings for foreseeable dividends	-639 000	-957 000	-	-624 000	-870 000	-1 121 083
Deferred tax assets, intangible assets and AVA	-101 769	-132 293	-123 673	-431 902	-499 361	-477 919
<b>Common equity tier 1</b>	<b>10 061 932</b>	<b>9 005 521</b>	<b>9 279 935</b>	<b>9 721 852</b>	<b>8 894 675</b>	<b>9 094 158</b>
Additional tier 1 capital	425 000	635 000	635 000	425 000	635 000	635 000
<b>Tier 1 capital</b>	<b>10 486 932</b>	<b>9 640 521</b>	<b>9 914 935</b>	<b>10 146 852</b>	<b>9 529 675</b>	<b>9 729 158</b>
Tier 2 capital	753 807	876 049	877 820	753 807	876 049	877 820
<b>Total capital</b>	<b>11 240 738</b>	<b>10 516 570</b>	<b>10 792 755</b>	<b>10 900 659</b>	<b>10 405 723</b>	<b>10 606 978</b>
<b>Risk-weighted assets</b>						
Covered bonds	1 073 718	966 352	939 778	1 073 718	966 352	939 778
Regional governments or local authorities	1 057 506	1 156 773	1 269 097	1 057 506	1 156 773	1 269 097
Institutions	448 947	721 112	764 928	448 947	515 531	563 273
Corporate	192 980	-	601	-	-	-
Loans to customers	21 730 814	25 504 293	23 960 025	21 730 814	25 504 293	23 960 025
Defaulted loans	5 242 276	5 956 587	5 996 989	5 242 276	5 956 587	5 996 989
Equity positions	187 787	51 439	50 642	26 295	51 439	50 642
Other assets	127 275	272 555	376 124	127 275	285 546	376 681
<b>Total credit risk</b>	<b>30 061 302</b>	<b>34 629 111</b>	<b>33 358 183</b>	<b>29 706 831</b>	<b>34 436 521</b>	<b>33 156 485</b>
<b>Operational risk</b>	<b>8 090 317</b>	<b>7 193 145</b>	<b>8 090 317</b>	<b>8 087 003</b>	<b>7 191 855</b>	<b>8 087 003</b>
<b>Market risk</b>	<b>2 860</b>	<b>8 542</b>	<b>2 788</b>	<b>2 860</b>	<b>8 542</b>	<b>2 788</b>
<b>Total risk-weighted assets</b>	<b>38 154 479</b>	<b>41 830 798</b>	<b>41 451 287</b>	<b>37 796 694</b>	<b>41 636 918</b>	<b>41 246 275</b>
<b>Common equity tier 1 %</b>	<b>26.4 %</b>	<b>21.5 %</b>	<b>22.4 %</b>	<b>25.7 %</b>	<b>21.4 %</b>	<b>22.0 %</b>
<b>Tier 1 capital %</b>	<b>27.5 %</b>	<b>23.0 %</b>	<b>23.9 %</b>	<b>26.8 %</b>	<b>22.9 %</b>	<b>23.6 %</b>
<b>Total capital %</b>	<b>29.5 %</b>	<b>25.1 %</b>	<b>26.0 %</b>	<b>28.8 %</b>	<b>25.0 %</b>	<b>25.7 %</b>

#### Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) is defined as the Bank's liquid assets relative to net liquidity output 30 days forward in time in any given stress situation. The Bank has significant positions in Norwegian, Swedish and Danish kroner in addition to Euro. The legal requirement for liquidity reserve at total level and for significant currencies is 100% except for Norwegian kroner where the legal requirement is 50%.

	Bank Norwegian ASA			Bank Norwegian Group		
	30.9.21	30.9.20	31.12.20	30.9.21	30.9.20	31.12.20
Total	400 %	494 %	569 %	400 %	494 %	569 %
NOK	324 %	391 %	388 %	324 %	391 %	389 %
SEK	775 %	415 %	530 %	775 %	415 %	530 %
DKK	538 %	465 %	467 %	538 %	465 %	467 %
EUR	152 %	179 %	169 %	152 %	179 %	169 %

## Note 4. Expected credit loss

The expected credit loss (ECL) is calculated in accordance with IFRS 9. The main drivers behind the ECL estimate is estimation of LGD, identification of significant increase in credit risk, and probability of default (PD).

The PD is an estimate of the likelihood of default over a given time horizon and is a point in time estimate. The estimation is based on statistical models assessing probability of default based on past, present and forward-looking information on variables that have high correlation with observed default.

Loss Given Default (LGD) is the estimated loss on an engagement on default. It is based on the difference between the contractual cash flows due and the expected cash flows.

Exposure at Default (EAD) is the predicted amount of exposure calculated on the engagement at a future default date, which the Bank is exposed to when an obligor defaults on a loan. EAD is a dynamic number that changes as a borrower repays the loan and interest or draws on the credit limits of a card. The Bank utilizes an EAD model for pre-defaulted credit cards that estimates the Credit Conversion Factor based on lifetime of the card, exposure history and usage on the card, average arrears amount and months since last activity.

In average a lifetime of a credit card is estimated to be 36 months, while the unsecured loans have an estimated repayment model. This can vary slightly between periods, but is assessed as the best overall estimate for each product, in each country. For credit card, the lifetime of the plastic card is three years, which is the latest period a new assessment of the credit is made by the Bank. Hence, this is considered the longest duration before updated assessment of the credit risk, as a real credit assessment is made at least at this interval before renewing the credit and issuance of a new card.

All loan engagements are placed in one of the three stages according to IFRS; Stage 1 is used for engagements considered 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 defaulted with the 90 days past due definition and calculates the ECL based on the lifetime approach.

The main drivers behind the LGD-estimates are the payer-rates of the defaulted clients, the recovery rate/speed and time in default, the size of the exposure, demographics of the obligor and historical pricing of sold accounts as well as varying degrees of regulatory opportunities in the countries. All uncertain factors are monitored and calibrated regularly. In addition to the trigger model described below, an engagement can be cured from Stage 2 and Stage 3 over to Stage 1, with an improved payment behavior, such as repayment of previous defaulted invoices and accumulated interest. Migration from Stage 2 to Stage 1 is when the criteria for Significant Increase in Credit Risk is no longer met. With such behavior, a customer will be considered cured. The Bank will maintain an exposure in Stage 3 for a probation of three months after becoming performing again, for capital purposes only.

The payment behavior for our customers in all countries has been good and improvements continue through 2021 so far, despite the COVID-19 situation. This is visible in the lower number of late payers, no-payers and a continuous reduction of inflow to debt collection. This is also evident for our customers being granted a payment relief during the pandemic according to our standard customer services routines. Payment relief is only given to healthy customers for 1, 2 or 3 months in total over a twelve-month period, based on application and previous healthy payment history.

There are a small number of customers in Stage 3 that have made early payments since collection due to the collection activity effect, but then have stopped the payments. Such customers have a higher propensity to pay than customers that have never paid since collection. Customers that have not paid since collection have reached the charged-off level after 36 months since default according to our models. In the third quarter of 2021, the Bank has applied a backstop to catch accounts that made early payments after collection but have stopped paying for more than 36 months and charge them off because the collection activity effect becomes less. The ECL had a one-off increase of approximate NOK 9 million (including the charged-off amount).

### Significant increase in credit risk (SICR)

A significant increase in credit risk is assessed on several criteria such as default of another product, previous default, forbearance, as well as late payment beyond 30 days after invoice due date. The most important factor for the assessment of a significant increase in credit risk, accounting for about 90% of the triggering to Stage 2, is a comparison between the lifetime probability of default (PD) at origination and the lifetime PD at the reporting date, as this signifies an increased risk based on all factors in the behavior models including the macro impact.

The trigger-model below utilizes an assessment of the forward-looking lifetime of the exposure, considering the probability of early repayment and the lifetime PDs on the exposure. Both the lifetime PD at the reporting date and the lifetime PD at origination are annualized according to the estimated remaining lifetime. Accounts that satisfy the inequality below are regarded as having significant increase in credit risk.

The Trigger Coefficient is evaluated by comparing the bad rates of accounts of certain ranges of PD at origination and PD increase with the bad rate of a "benchmark group" consisting of accounts in the same portfolio for the first time having days past due between 1 to 30 days. For each portfolio, a smaller Trigger Coefficient indicates that its accounts are to be regarded as more easily having a significant increase in credit risk. The higher Trigger Coefficient in e.g. Denmark is in line with the relative higher PD at origination of the portfolio.

## Note 4. Expected credit loss (continued)

The product-specific Trigger Coefficient (TC): Annualised lifetime PD at the reporting date > TC + (1 - TC) \* Annualised lifetime PD at origination.

	Trigger Coefficient	
	Instalment loans	Credit card loans
Norway	0.06	0.11
Sweden	0.12	0.11
Denmark	0.20	0.17
Finland	0.11	0.09

To exemplify the use of the Trigger Coefficient on an exposure that does get triggered, and one that does not, we present the following:

Product	Annualised lifetime PD at origination	Annualised lifetime PD at the reporting date	Trigger Coefficient	Calculation	Stage
Norway Unsecured Loan	0.10	0.20	0.06	$0.20 > 0.06 + (1 - 0.06) * 0.10 = 0.154$	Stage 2
Denmark Credit Card	0.30	0.40	0.20	$0.40 < 0.20 + (1 - 0.20) * 0.30 = 0.440$	Stage 1

### Economic variables used to measure ECL

The IFRS 9 accounting standard for impairment of financial assets requires calculation of expected loss defined as a probability-weighted product of probability of default, loss given default, and exposure at default, across scenarios. The following scenarios are considered in the model: A baseline scenario that captures the most likely economic future (base), a scenario that presents adverse economic conditions (pessimistic), and another scenario that presents favorable economic conditions (optimistic).

The three scenarios are constructed in accordance with target severity for each of the scenarios. While the baseline scenario is by design in the middle of possible future economic outcomes, the alternative scenarios capture alternative economic conditions that are equally distanced from the baseline in terms of their severity. After their construction, the three scenarios are each assigned probability weights based on their severity and on how well they approximate (simulated) possible future economic developments.

The process for the Bank is to remain both objective and quantitative in the approach to constantly evaluate the drivers behind each scenario against the potential reality of the economy, as perceived by the management, then to choose the optimistic and pessimistic scenarios that border on the extreme in both directions. For the period, the Optimistic 10th percentile and Pessimistic 75th percentile is chosen in addition to the baseline. This means that the Bank sees only a 10% probability of the economy performing better than the optimistic scenario. In these scenarios, businesses open much faster than expected amid lower than projected incidence of new infections and death from COVID-19, consumer confidence rises sharply buoyed by anticipation of faster than expected success in vaccination, air travel and spending recover faster than expected, where the extra growth results in steadily declining unemployment. In the pessimistic scenario, there is a 25% probability that the economy will perform even worse than the baseline. In these scenarios, new infections and deaths are somewhat above the baseline of the beginning of 2021, hotels and air travel remain down longer than expected as concerns over the vaccine efficacy and widespread distribution and acceptance to take it. Commodity prices remain slightly below baseline. Emerging market countries face somewhat tighter international financing conditions. This scenario also implicates that infections abate in early 2022 with a peak in September 2021.

All three scenarios are affected by COVID-19, where the recovery speed and timespan are the uncertain factors. The composition of the three scenarios is based on the best assessment of relevance for the period: choosing the most extreme pessimistic scenario is seen as highly unlikely as this is considered a stress scenario not based on our best estimate of the situation. If the most extreme pessimistic scenario had been chosen in connection with base and optimistic, the outcome would have led to NOK 126 million higher loan loss provision for Q3 2021.

The scenario variables impact the 12-month PD, the Lifetime PD and the LGD, both pre-default and post-default. At the extremely unlikely scenario of the 96th percentile the calculated unweighted ECL isolated to that scenario would be nearly NOK 660 million higher than the base-scenario. This scenario is characterized by a lengthy recession, sharp drops in the oil price and persistent political and economic tension between the US and China contributing to the overall weakness in the global economy. This is a scenario with a long-lasting crisis with only a probability of 4% that the economy is even worse off.

One of the macro variables, named Producer Price Index, in the life-time PD macro model for Finland (both UL and CC) evidenced dramatic shifts in the forecast in the last 3 macrodata deliveries. This variable was relatively stable, with an average annual change of proximately 1% historically. The model was trained with a small variation of this variable, and therefore becomes very sensitive to large shifts. The Bank did a refit of the model in the third quarter by replacing this variable with another variable, namely Private Consumption, which also capture the consumption aspect of the Macro environment. The impact would have been a small reduction on the ECL NOK 3 million if applied in second quarter.

## Note 4. Expected credit loss (continued)

The Bank has chosen to disclose the three most important modelling variables in each individual country. The model is based on data and scenarios from Moody's Analytics Global Macroeconomic Outlook. The baseline and the alternative scenarios are updated monthly.

Key assumptions used for the Base case scenario are:

- 1) No further wave of COVID-19 that causes countries to implement widespread shutdowns again.
- 2) Aggressive fiscal and monetary policy response.
- 3) Oil prices gradually rise as oil demand strengthens, to a level of USD 60 per barrel.

Key risks used for the Base case scenario are:

- 1) Further waves of COVID-19 cause several countries to shut down nonessential business again.
- 2) Governments in most major economies have limited space to enact further fiscal stimulus.

	Base scenario		Optimistic scenario		Pessimistic scenario	
	12 months	5 years	12 months	5 years	12 months	5 years
<b>Norway</b>						
<i>Future 1 month oil price (USD per bbl)</i>	63.1	69.5	68.5	76.0	55.8	66.8
<i>Nominal Private consumption (bil. USD)</i>	213.6	270.0	221.8	279.1	190.1	262.9
<i>Real GDP (bil. 2012 USD)</i>	594.0	640.0	601.5	648.8	581.9	631.7
<b>Sweden</b>						
<i>Disposable income (ths. 2019 SEK)</i>	239.8	248.6	241.5	254.5	238.9	244.1
<i>GDP PPP (bil. USD)</i>	685.8	789.2	720.1	823.0	630.5	760.4
<i>Money supply M3 (bil. SEK)</i>	4 823.8	5 937.8	4 940.8	6 188.0	4 721.1	5 723.6
<b>Denmark</b>						
<i>GDP PPP (bil. USD)</i>	456.5	589.9	491.2	597.9	414.9	578.7
<i>Industrial production index (2015 = 100)</i>	115.4	127.7	121.1	130.0	111.3	124.8
<i>Unemployment rate (%)</i>	5.6	4.9	5.1	4.5	6.2	5.0
<b>Finland</b>						
<i>GDP PPP (bil. USD)</i>	347.9	424.0	373.6	449.7	316.2	402.3
<i>Nominal Private Consumption</i>	171.7	217.9	176.2	224.4	157.8	211.9
<i>Unemployment rate (%)</i>	7.4	7.2	6.7	7.1	8.0	7.3

### Macro scenario sensitivity on ECL

		Final	Base	Optimistic	Pessimistic
		ECL	scenario	scenario	scenario
<b>Norway</b>					
	Credit card	126 351	125 724	121 817	130 521
	Instalment loans	771 628	766 901	746 048	796 190
<b>Sweden</b>					
	Credit card	48 115	47 760	45 352	50 632
	Instalment loans	950 341	946 598	923 341	975 186
<b>Denmark</b>					
	Credit card	16 834	16 328	14 196	19 383
	Instalment loans	111 426	108 603	95 851	126 333
<b>Finland</b>					
	Credit card	197 359	196 568	187 430	205 987
	Instalment loans	1 272 607	1 268 044	1 227 743	1 312 453

The following weights have been used across all portfolios per 30.9.2021: 32.5% - 30% - 37.5% for Base, Optimistic and Pessimistic scenario for expected credit loss.

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

### Loans to customers by product groups

30.9.21					Loan loss allowance			Loans to	
Amounts in NOK 1000					Stage 1	Stage 2	Stage 3	customers	
		Stage 1	Stage 2	Stage 3	Gross loans	Stage 1	Stage 2	Stage 3	
Norway	Instalment loans	6 249 662	533 891	2 302 385	9 085 938	24 483	30 856	716 290	8 314 309
	Credit card loans	4 244 670	244 720	285 328	4 774 718	20 782	19 584	85 985	4 648 367
Sweden	Instalment loans	2 974 236	350 469	1 922 455	5 247 160	45 617	50 601	854 123	4 296 819
	Credit card loans	2 108 764	116 775	51 290	2 276 828	19 407	13 149	15 558	2 228 714
Denmark	Instalment loans	3 209 504	90 795	84 299	3 384 599	48 490	16 084	46 853	3 273 173
	Credit card loans	756 719	23 618	15 635	795 972	7 341	2 573	6 921	779 138
Finland	Instalment loans	6 269 231	675 087	2 836 022	9 780 340	112 609	86 205	1 073 792	8 507 733
	Credit card loans	1 678 935	277 317	409 549	2 365 801	14 431	29 071	153 857	2 168 443
<b>Total</b>		<b>27 491 720</b>	<b>2 312 672</b>	<b>7 906 963</b>	<b>37 711 355</b>	<b>293 160</b>	<b>248 122</b>	<b>2 953 378</b>	<b>34 216 695</b>
<b>Loan loss allowance coverage ratio per stage</b>						<b>1.07 %</b>	<b>10.73 %</b>	<b>37.35 %</b>	
<b>Net loans</b>									<b>34 216 695</b>

30.9.20					Loan loss allowance			Loans to	
Amounts in NOK 1000					Stage 1	Stage 2	Stage 3	customers	
		Stage 1	Stage 2	Stage 3	Gross loans	Stage 1	Stage 2	Stage 3	
Norway	Instalment loans	6 916 744	1 783 141	2 952 125	11 652 009	47 135	63 581	997 717	10 543 577
	Credit card loans	4 463 600	594 137	910 949	5 968 687	30 160	33 415	377 952	5 527 161
Sweden	Instalment loans	2 233 276	1 148 162	1 817 920	5 199 358	53 244	61 501	811 001	4 273 611
	Credit card loans	2 010 206	425 438	500 272	2 935 915	10 921	28 006	238 861	2 658 127
Denmark	Instalment loans	3 656 874	241 878	1 249 297	5 148 049	49 282	36 286	691 925	4 370 555
	Credit card loans	785 545	94 456	213 915	1 093 916	9 306	8 307	92 980	983 323
Finland	Instalment loans	6 849 798	1 373 664	2 051 113	10 274 575	146 887	190 845	720 579	9 216 265
	Credit card loans	1 706 997	567 765	299 558	2 574 319	20 285	56 797	107 546	2 389 692
<b>Total</b>		<b>28 623 040</b>	<b>6 228 640</b>	<b>9 995 148</b>	<b>44 846 828</b>	<b>367 219</b>	<b>478 738</b>	<b>4 038 561</b>	<b>39 962 311</b>
<b>Loan loss allowance coverage ratio per stage</b>						<b>1.28 %</b>	<b>7.69 %</b>	<b>40.41 %</b>	
<b>Net loans</b>									<b>39 962 311</b>

### Change in loan loss allowance and gross loans

Migration out of a stage is calculated at previous closing date 30.6.21, while migration into a stage is calculated at the closing date 30.9.21.

#### Total Loans

##### Loan loss allowance

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
<b>Loan loss allowance as at 30.6.21</b>	<b>319 635</b>	<b>234 626</b>	<b>4 224 978</b>	<b>4 779 240</b>
Transfers :				
Transfers from stage 1 to stage 2	-32 727	125 941	-	93 213
Transfers from stage 1 to stage 3	-7 281	-	62 714	55 433
Transfers from stage 2 to stage 1	19 245	-52 734	-	-33 489
Transfers from stage 2 to stage 3	-	-82 374	168 219	85 845
Transfers from stage 3 to stage 2	-	20 060	-50 765	-30 706
Transfers from stage 3 to stage 1	4 740	-	-35 993	-31 253
New financial assets issued	15 760	6 381	1 433	23 574
Financial assets derecognized in the period	-11 095	-7 831	-1 496 425	-1 515 350
Changes due to modifications that did not result in derecognition	-15 116	4 053	299 435	288 371
Charge-off	-	-	-220 217	-220 217
<b>Loan loss allowance as at 30.9.21</b>	<b>293 160</b>	<b>248 122</b>	<b>2 953 378</b>	<b>3 494 661</b>

##### Gross loans to customers

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
<b>Gross loans to customers as at 30.6.21</b>	<b>27 568 578</b>	<b>2 232 491</b>	<b>10 632 513</b>	<b>40 433 581</b>
Transfers :				
Transfers from stage 1 to stage 2	-1 143 530	1 183 791	-	40 262
Transfers from stage 1 to stage 3	-181 383	-	183 446	2 064
Transfers from stage 2 to stage 1	614 361	-675 931	-	-61 570
Transfers from stage 2 to stage 3	-	-537 511	544 849	7 338
Transfers from stage 3 to stage 2	-	153 604	-169 243	-15 638
Transfers from stage 3 to stage 1	100 936	-	-130 806	-29 870
New financial assets issued	1 459 594	55 302	5 278	1 520 174
Financial assets derecognized in the period	-1 051 614	-79 509	-3 056 237	-4 187 361
Changes due to modifications that did not result in derecognition	124 776	-19 564	198 342	303 555
Charge-off	-	-	-301 178	-301 178
<b>Gross loans to customers as at 30.9.21</b>	<b>27 491 720</b>	<b>2 312 672</b>	<b>7 906 963</b>	<b>37 711 355</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 30.6.21</b>	256 630	172 817	3 671 194	4 100 641
Transfers :				
Transfers from stage 1 to stage 2	-25 156	93 892	-	68 736
Transfers from stage 1 to stage 3	-6 708	-	56 936	50 229
Transfers from stage 2 to stage 1	13 592	-35 177	-	-21 585
Transfers from stage 2 to stage 3	-	-68 890	137 954	69 064
Transfers from stage 3 to stage 2	-	18 323	-44 695	-26 371
Transfers from stage 3 to stage 1	4 421	-	-30 878	-26 457
New financial assets issued	13 989	5 244	1 433	20 666
Financial assets derecognized in the period	-10 356	-6 939	-1 185 069	-1 202 364
Changes due to modifications that did not result in derecognition	-15 213	4 476	238 476	227 738
Charge-off	-	-	-154 294	-154 294
<b>Loan loss allowance as at 30.9.21</b>	<b>231 199</b>	<b>183 746</b>	<b>2 691 058</b>	<b>3 106 002</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 30.6.21</b>	19 029 228	1 589 370	9 253 683	29 872 281
Transfers :				
Transfers from stage 1 to stage 2	-821 147	827 546	-	6 399
Transfers from stage 1 to stage 3	-163 677	-	165 926	2 249
Transfers from stage 2 to stage 1	403 075	-427 476	-	-24 401
Transfers from stage 2 to stage 3	-	-441 735	448 227	6 492
Transfers from stage 3 to stage 2	-	139 764	-146 834	-7 069
Transfers from stage 3 to stage 1	91 678	-	-109 385	-17 707
New financial assets issued	1 370 205	46 566	5 278	1 422 049
Financial assets derecognized in the period	-976 021	-69 832	-2 391 364	-3 437 218
Changes due to modifications that did not result in derecognition	-230 709	-13 961	128 304	-116 366
Charge-off	-	-	-208 674	-208 674
<b>Gross loans to customers as at 30.9.21</b>	<b>18 702 632</b>	<b>1 650 243</b>	<b>7 145 161</b>	<b>27 498 036</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 30.6.21</b>	63 005	61 810	553 784	678 599
Transfers :				
Transfers from stage 1 to stage 2	-7 571	32 049	-	24 478
Transfers from stage 1 to stage 3	-573	-	5 778	5 205
Transfers from stage 2 to stage 1	5 653	-17 556	-	-11 903
Transfers from stage 2 to stage 3	-	-13 484	30 265	16 781
Transfers from stage 3 to stage 2	-	1 736	-6 070	-4 334
Transfers from stage 3 to stage 1	319	-	-5 115	-4 796
New financial assets issued	1 771	1 137	-	2 908
Financial assets derecognized in the period	-739	-892	-311 356	-312 987
Changes due to modifications that did not result in derecognition	97	-424	60 958	60 631
Charge-off	-	-	-65 923	-65 923
<b>Loan loss allowance as at 30.9.21</b>	<b>61 961</b>	<b>64 377</b>	<b>262 320</b>	<b>388 658</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 30.6.21</b>	8 539 350	643 121	1 378 830	10 561 301
Transfers :				
Transfers from stage 1 to stage 2	-322 383	356 245	-	33 863
Transfers from stage 1 to stage 3	-17 705	-	17 520	-185
Transfers from stage 2 to stage 1	211 286	-248 456	-	-37 169
Transfers from stage 2 to stage 3	-	-95 776	96 621	845
Transfers from stage 3 to stage 2	-	13 840	-22 409	-8 569
Transfers from stage 3 to stage 1	9 258	-	-21 421	-12 163
New financial assets issued	89 389	8 735	-	98 125
Financial assets derecognized in the period	-75 593	-9 677	-664 873	-750 144
Changes due to modifications that did not result in derecognition	355 485	-5 603	70 038	419 921
Charge-off	-	-	-92 504	-92 504
<b>Gross loans to customers as at 30.9.21</b>	<b>8 789 088</b>	<b>662 430</b>	<b>761 801</b>	<b>10 213 319</b>

## Note 6. Provision for loan losses

<i>Amounts in NOK 1000</i>	YTD 2021	YTD 2020	2020
Realized losses in the period due to final write-offs	46 687	51 444	74 903
Realized losses in the period due to charge-offs*	220 263	147 095	209 683
Loan loss provisions - lifetime expected credit loss (stage 3)	1 166 446	1 318 435	1 658 194
Loan loss provisions - lifetime expected credit loss (stage 2)	-106 892	-53 639	-143 024
Loan loss provisions - 12 months expected credit loss (stage 1)	-104 762	-30 048	31 192
Adjustments for sold NPL portfolios**	-101 431	-	-
<b>Provision for loan losses</b>	<b>1 120 311</b>	<b>1 433 286</b>	<b>1 830 948</b>

\*Charge-off means that the entire loan is written down and removed from gross loans while maintaining the claim against the customer. The total legal claim of the charged-off accounts is NOK 716.9 million as of 30.9.2021.

\*\*In July, the Bank sold portfolios of defaulted instalment loans in Denmark. The Danish portfolio with outstanding customer claims of DKK 1.4 billion was sold to Lowell Group. Gross loans was reduced by NOK 1.2 billion and the loan loss allowance was reduced by NOK 628 million. In September, the Bank sold portfolios of defaulted credit cards and instalment loans in Norway. The Norwegian portfolio with outstanding customer claims of NOK 3 billion was sold to PRA group. Gross loans was reduced by NOK 1.7 billion and the loan loss allowance was reduced by NOK 803 million. Total net gain combined on third quarter portfolio sales amounts to NOK 71.6 million.

## Note 7. Risk classes

<i>Amounts in NOK 1000</i>	Probability of default	Probability of			Gross loans		Undrawn credit limits	
		Stage 1	Stage 2	Stage 3	30.9.21	30.9.20	30.9.21	30.9.20
A	0 – 1%	7 607 665	6 499	-	7 614 164	6 240 068	45 969 666	48 839 715
B	1 – 3%	8 750 093	24 511	-	8 774 604	9 605 195	800 101	982 927
C	3 – 5%	3 698 135	25 105	-	3 723 240	5 177 878	145 350	198 864
D	5 – 9%	3 375 501	98 893	-	3 474 394	4 632 346	77 469	122 439
E	9 – 15%	2 079 548	244 374	-	2 323 921	3 444 603	24 514	42 272
F	15 – 20%	785 892	213 887	-	999 778	1 440 786	5 274	8 905
G	20 – 30%	871 532	403 031	-	1 274 563	1 764 385	2 914	7 679
H	30 – 40%	237 462	343 926	-	581 389	858 933	511	2 066
I	40 – 55%	74 308	436 444	-	510 751	703 820	209	649
J	55 – 100%	11 584	516 004	-	527 588	983 668	74	237
Defaulted loans		-	-	7 906 963	7 906 963	9 995 148	-	-
<b>Total</b>		<b>27 491 720</b>	<b>2 312 672</b>	<b>7 906 963</b>	<b>37 711 355</b>	<b>44 846 828</b>	<b>47 026 083</b>	<b>50 205 752</b>

Risk is grouped into PD bands from A to J, with A being the lowest risk.

## Note 8. Net interest income

<i>Amounts in NOK 1000</i>	YTD 2021	YTD 2020	2020
Interest income from cash and deposits with the central bank	3	206	206
Interest income from loans to and deposits with credit institutions	-1 851	-116	-1 192
Interest income from instalment loans	2 678 630	3 152 443	4 154 887
Interest income from other loans	-	432	432
Interest income from credit card loans	1 077 301	1 312 056	1 726 892
Interest income from sales financing	71	180	221
<b>Interest income, effective interest method</b>	<b>3 754 154</b>	<b>4 465 203</b>	<b>5 881 446</b>
Interest and other income from certificates and bonds	135 403	174 235	226 167
Other interest and other interest related income	1 462	5 701	7 713
<b>Other interest income</b>	<b>136 865</b>	<b>179 935</b>	<b>233 880</b>
Interest expense from deposits from the central bank	4 853	1 797	19 001
Interest expense from deposits from customers	142 452	336 355	425 177
Interest expense on debt securities issued	93 164	125 844	157 684
Interest expense on subordinated loan	24 386	27 744	36 008
Other interest and other interest related expenses	51 949	51 598	64 402
<b>Interest expenses</b>	<b>316 802</b>	<b>543 337</b>	<b>702 272</b>
<b>Net interest income</b>	<b>3 574 217</b>	<b>4 101 801</b>	<b>5 413 054</b>

## Note 9. Net commission and bank services income

Amounts in NOK 1000	YTD 2021	YTD 2020	2020
Payment services	175 853	247 454	294 430
Insurance services	43 608	53 546	71 073
Other fees and commission and bank services income	27 654	37 301	46 513
<b>Total commission and bank services income</b>	<b>247 115</b>	<b>338 300</b>	<b>412 016</b>
Payment services	63 137	71 163	98 040
Insurance services	50 145	53 487	71 522
Other fees and commission and bank services expense	15 947	17 953	25 481
<b>Total commission and bank services expenses</b>	<b>129 230</b>	<b>142 604</b>	<b>195 043</b>

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

Amounts in NOK 1000	YTD 2021	YTD 2020	2020
Net change on certificates and bonds	-83 186	-74 248	-111 296
Net change on FX-forwards*	29 544	-145 723	100 018
Net currency effects	-23 454	258 404	-5 911
Net change on shares and other securities	-24 371	6 628	5 830
<b>Net change in value on securities and currency**</b>	<b>-101 466</b>	<b>45 061</b>	<b>-11 359</b>

\*The contract amount was NOK 11 233 million 30.9.21.

\*\*In YTD 2021 the subsidiary Lilienthal Finance Ltd contributed with NOK 22 thousand of the total amount.

## Note 11. General administrative expenses

Amounts in NOK 1000	YTD 2021	YTD 2020	2020
Sales and marketing	595 243	609 203	778 294
IT operations	73 010	68 607	92 867
External services costs	125 491	68 915	117 798
Other administrative expenses	58 038	39 010	54 623
<b>Total general administrative expenses*</b>	<b>851 781</b>	<b>785 734</b>	<b>1 043 582</b>

\*In YTD 2021 the subsidiary Lilienthal Finance Ltd contributed with NOK 859 thousand of the total amount.

## Note 12. Debt securities issued and subordinated loans

Amounts in NOK 1000	30.9.21	30.9.20	31.12.20
Debt securities issued, carrying value (amortized cost)	6 018 621	6 649 351	6 034 387
Subordinated loans, carrying value (amortized cost)	753 807	876 049	877 820
<b>Total debt securities issued and subordinated loans</b>	<b>6 772 427</b>	<b>7 525 399</b>	<b>6 912 207</b>

ISIN	Nominal value		Interest	Reference rate		Carrying value
	outstanding	Currency		+ margin	Maturity*	
<b>Debt securities issued (senior unsecured bonds)</b>						
NO0010848591	619 000	NOK	Floating	NIBOR + 150bp	29.03.2022	618 974
NO0010863582	400 000	SEK	Floating	STIBOR + 140bp	16.09.2022	399 967
NO0010863574	400 000	NOK	Floating	NIBOR + 140bp	16.09.2022	400 201
NO0010871148	800 000	NOK	Floating	NIBOR + 195bp	12.12.2022	800 290
NO0010871130	1 000 000	SEK	Floating	STIBOR + 190bp	12.12.2022	999 751
NO0010871155	1 200 000	NOK	Floating	NIBOR + 215bp	12.12.2023	1 200 188
NO0010871296	600 000	SEK	Floating	STIBOR + 200bp	12.12.2023	599 711
NO0010952823	700 000	NOK	Floating	NIBOR + 145bp	18.03.2025	699 773
NO0010952831	300 000	SEK	Floating	STIBOR + 140bp	18.03.2025	299 765
<b>Total debt securities issued</b>	<b>6 019 000</b>					<b>6 018 621</b>
<b>Subordinated loans</b>						
NO0010797988	200 000	NOK	Floating	NIBOR + 375bp	16.06.2022	199 903
NO0010833130	550 000	SEK	Floating	STIBOR + 375bp	02.10.2023	553 904
<b>Total subordinated loans</b>	<b>750 000</b>					<b>753 807</b>
<b>Total</b>	<b>6 769 000</b>					<b>6 772 427</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>	30.9.21			
	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	20 556 073	-	20 556 073
Financial derivatives	-	73 361	-	73 361
Shares and other securities*	-	-	26 322	26 322
<b>Total financial assets at fair value</b>	-	<b>20 629 435</b>	<b>26 322</b>	<b>20 655 756</b>
Financial derivatives	-	61 872	-	61 872
<b>Total financial liabilities at fair value</b>	-	<b>61 872</b>	-	<b>61 872</b>

\*The Bank owns 2.383% in VN Norge AS. The fair value of the shares is estimated based on the stock price of Visa Inc., the currency rate (USD/NOK), a liquidity discount and a conversion rate. Visa Inc. have reduced the conversion rate for the C Preferred Stock that VN Norge AS holds in Visa Inc., resulting in a reduction in the value of the asset with NOK 27 million.

<i>Amounts in NOK 1000</i>	30.9.20			
	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	21 054 167	-	21 054 167
Financial derivatives	-	205 245	-	205 245
Shares and other securities	-	-	51 491	51 491
<b>Total financial assets at fair value</b>	-	<b>21 259 412</b>	<b>51 491</b>	<b>21 310 903</b>
Financial derivatives	-	112 604	-	112 604
<b>Total financial liabilities at fair value</b>	-	<b>112 604</b>	-	<b>112 604</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>	30.9.21		30.9.20	
	Book value	Fair value	Book value	Fair value
Debt securities issued	6 018 621	6 109 774	6 649 351	6 444 176
Subordinated loan	753 807	763 445	876 049	818 468
<b>Total financial liabilities</b>	<b>6 772 427</b>	<b>6 873 218</b>	<b>7 525 399</b>	<b>7 262 644</b>

<i>Amounts in NOK 1000</i>	30.9.21			
	Level 1	Level 2	Level 3	Total
Debt securities issued	-	6 018 621	-	6 018 621
Subordinated loan	-	753 807	-	753 807
<b>Total financial liabilities</b>	-	<b>6 772 427</b>	-	<b>6 772 427</b>

<i>Amounts in NOK 1000</i>	30.9.20			
	Level 1	Level 2	Level 3	Total
Debt securities issued	-	6 649 351	-	6 649 351
Subordinated loan	-	876 049	-	876 049
<b>Total financial liabilities</b>	-	<b>7 525 399</b>	-	<b>7 525 399</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 and other investments

Bank Norwegian ASA 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 2021 the total expensed amount related to Norwegian Air Shuttle ASA was NOK 79.3 million, comprising of portfolio related costs of NOK 75.2 million and sales and agent commissions of NOK 4.1 million. The portfolio related costs include license fee for use of brand name, IP-rights and other customer portfolio costs, such as cashpoints.

After the merger between Bank Norwegian ASA and Norwegian Finans Holding ASA, Bank Norwegian ASA owns 100% of the shares in Lilienthal Finance Ltd. The shares are recognized at cost, NOK 161.5 million, and are eliminated in the group accounts.

All intercompany balances between Norwegian Finans Holding ASA and Lilienthal Finance Ltd are now between Bank Norwegian ASA and Lilienthal Finance Ltd. Intercompany balance as of third quarter 2021 is NOK 192.9 million and consists mainly of a loan of NOK 184.5 million in relation to the acquisition of IP rights in Lilienthal Finance Ltd. and general expenses.

## Note 15. Subsequent events

The Board of Directors is aware of the following events after the date of the balance sheet that may be of material significance to the report of the third quarter.

On July 14, 2021 Nordax Bank AB (publ) (Nordax) launched a public voluntary cash offer of NOK 105 per share for the shares in Bank Norwegian ASA. After the initial offer period, the offer period has been extended four times, where the last extension expired October 15, 2021 at the maximum allowed acceptance period. In addition, Nordax waived the condition of minimum acceptance of the offer from 90% down to 2/3 of the shares. During the quarter both the Norwegian and Swedish FSA have given their approval for the acquisition. On October 15, Nordax announced that they had acquired 95.7% of the shares.

In connection with the transaction, the BN Group has incurred fees to its advisors. In addition to the fees affecting the third quarter results, an additional fee, conditional on the successful completion of the transaction, amounting to NOK 174 million included VAT will affect the fourth quarter result.

## Quarterly figures

### Profit and loss account

<i>Amounts in NOK 1000</i>	Bank Norwegian Group				
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Interest income, effective interest method	1 206 994	1 245 786	1 301 374	1 416 244	1 447 485
Other interest income	38 270	44 497	54 099	53 944	51 103
Interest expenses	94 306	107 170	115 327	158 935	177 518
<b>Net interest income</b>	<b>1 150 959</b>	<b>1 183 113</b>	<b>1 240 146</b>	<b>1 311 252</b>	<b>1 321 070</b>
Commission and bank services income	86 132	75 925	85 058	73 716	79 379
Commission and bank services expenses	41 384	44 459	43 386	52 439	42 839
Income from shares and other securities	-	-	-	24 029	-
Net change in value on securities and currency	-60 729	-12 363	-28 375	-56 420	9 212
Other income	-	-	-	-	-
<b>Net other operating income</b>	<b>-15 981</b>	<b>19 103</b>	<b>13 297</b>	<b>-11 114</b>	<b>45 751</b>
<b>Total income</b>	<b>1 134 978</b>	<b>1 202 215</b>	<b>1 253 443</b>	<b>1 300 139</b>	<b>1 366 822</b>
Personnel expenses	47 032	35 844	34 058	35 905	32 040
General administrative expenses	324 697	264 943	262 141	257 849	263 320
Depreciation and impairment of fixed and intangible assets	21 513	23 148	26 888	23 965	25 031
Other operating expenses	15 118	16 883	12 653	13 120	14 641
<b>Total operating expenses</b>	<b>408 361</b>	<b>340 819</b>	<b>335 740</b>	<b>330 839</b>	<b>335 031</b>
Provision for loan losses	359 715	370 664	389 933	397 662	365 623
<b>Profit before tax</b>	<b>366 902</b>	<b>490 733</b>	<b>527 771</b>	<b>571 638</b>	<b>666 168</b>
Tax charge	90 807	122 941	130 926	135 404	165 545
<b>Profit after tax</b>	<b>276 095</b>	<b>367 792</b>	<b>396 845</b>	<b>436 234</b>	<b>500 622</b>

### Comprehensive income

<i>Amounts in NOK 1000</i>	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
<b>Profit on ordinary activities after tax</b>	<b>276 095</b>	<b>367 792</b>	<b>396 845</b>	<b>436 234</b>	<b>500 622</b>
<b>Comprehensive income for the period</b>	<b>276 095</b>	<b>367 792</b>	<b>396 845</b>	<b>436 234</b>	<b>500 622</b>

### Balance sheet

<i>Amounts in NOK 1000</i>	Bank Norwegian Group				
	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20
<b>Assets</b>					
Cash and deposits with the central bank	69 884	69 885	69 945	69 451	69 511
Loans and deposits with credit institutions	2 199 801	2 175 449	1 694 562	2 774 788	2 462 788
Loans to customers	34 216 695	35 654 342	35 749 207	37 943 688	39 962 311
Certificates and bonds	20 556 073	19 738 636	21 005 806	21 520 427	21 054 167
Financial derivatives	73 361	156 076	387 965	341 309	205 245
Shares and other securities	26 322	54 326	49 040	50 692	51 491
Intangible assets	403 517	415 442	427 805	448 701	470 235
Deferred tax asset	7 668	6 481	5 784	4 107	7 702
Fixed assets	3 433	3 874	4 855	4 883	1 184
Other assets	50 554	76 651	58 538	33 965	79 322
<b>Total assets</b>	<b>57 607 307</b>	<b>58 351 162</b>	<b>59 453 506</b>	<b>63 192 011</b>	<b>64 363 956</b>
<b>Liabilities and equity</b>					
Loans from credit institutions	491 395	156 400	300 667	1 313 710	1 033 695
Deposits from customers	38 224 252	39 143 018	39 509 888	42 677 703	43 880 046
Debt securities issued	6 018 621	6 181 276	6 107 413	6 034 387	6 649 351
Financial derivatives	61 872	48 135	162 758	64 862	112 604
Tax payable	348 107	256 113	446 089	557 675	498 291
Deferred tax	58 234	58 234	58 234	58 234	3 821
Other liabilities	199 954	248 189	29 870	42 999	193 813
Provisions	248 312	257 373	282 226	236 463	217 251
Subordinated loan	753 807	856 909	840 454	877 820	876 049
<b>Total liabilities</b>	<b>46 404 553</b>	<b>47 205 647</b>	<b>47 737 600</b>	<b>51 863 850</b>	<b>53 464 921</b>
Share capital	186 904	186 904	186 847	186 847	186 847
Share premium	983 401	983 401	978 201	978 201	978 201
Tier 1 capital	425 000	635 000	635 000	635 000	635 000
Retained earnings and other reserves	9 607 449	9 340 210	9 915 857	9 528 112	9 098 987
<b>Total equity</b>	<b>11 202 754</b>	<b>11 145 514</b>	<b>11 715 906</b>	<b>11 328 161</b>	<b>10 899 035</b>
<b>Total liabilities and equity</b>	<b>57 607 307</b>	<b>58 351 162</b>	<b>59 453 506</b>	<b>63 192 011</b>	<b>64 363 956</b>



## Quarterly figures

### Profit and loss account

Amounts in NOK 1000	Bank Norwegian ASA				
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Interest income, effective interest method	1 206 994	1 245 786	1 301 374	1 417 166	1 448 408
Other interest income	38 270	44 497	54 099	53 944	51 103
Interest expenses	94 306	107 170	115 327	158 934	177 518
<b>Net interest income</b>	<b>1 150 959</b>	<b>1 183 113</b>	<b>1 240 146</b>	<b>1 312 175</b>	<b>1 321 994</b>
Commission and bank services income	86 132	75 925	85 058	73 716	79 379
Commission and bank services expenses	41 384	44 459	43 321	52 315	42 731
Income from shares and other securities	-	-	-	24 029	-
Net change in value on securities and currency	-60 729	-12 352	-28 408	-56 428	9 213
Other income	-	-	-	-	-
<b>Net other operating income</b>	<b>-15 981</b>	<b>19 114</b>	<b>13 329</b>	<b>-10 998</b>	<b>45 860</b>
<b>Total income</b>	<b>1 134 978</b>	<b>1 202 227</b>	<b>1 253 475</b>	<b>1 301 178</b>	<b>1 367 854</b>
Personnel expenses	47 032	35 844	33 321	35 171	31 306
General administrative expenses	324 426	264 658	260 630	255 091	262 117
Depreciation and impairment of fixed and intangible assets	12 288	13 923	17 663	14 740	15 806
Other operating expenses	15 118	16 883	12 413	13 419	14 367
<b>Total operating expenses</b>	<b>398 865</b>	<b>331 309</b>	<b>324 027</b>	<b>318 422</b>	<b>323 596</b>
Provision for loan losses	359 715	370 664	389 933	397 662	365 623
<b>Profit before tax</b>	<b>376 398</b>	<b>500 254</b>	<b>539 515</b>	<b>585 094</b>	<b>678 635</b>
Tax charge	91 994	124 136	132 603	-181 808	167 398
<b>Profit after tax</b>	<b>284 403</b>	<b>376 118</b>	<b>406 912</b>	<b>766 902</b>	<b>511 237</b>

### Comprehensive income

Amounts in NOK 1000	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
<b>Profit on ordinary activities after tax</b>	<b>284 403</b>	<b>376 118</b>	<b>406 912</b>	<b>766 902</b>	<b>511 237</b>
<b>Comprehensive income for the period</b>	<b>284 403</b>	<b>376 118</b>	<b>406 912</b>	<b>766 902</b>	<b>511 237</b>

### Balance sheet

Amounts in NOK 1000	Bank Norwegian ASA				
	30.9.21	30.6.21	31.3.21	31.12.20	30.9.20
<b>Assets</b>					
Cash and deposits with the central bank	69 884	69 885	69 945	69 451	69 511
Loans and deposits with credit institutions	2 199 801	2 175 449	1 694 182	2 772 540	2 459 961
Loans to customers	34 216 695	35 654 342	35 749 207	37 943 688	39 962 311
Certificates and bonds	20 556 073	19 738 636	21 005 806	21 520 427	21 054 167
Ownership interests in group companies	161 491	161 491	-	-	-
Financial derivatives	73 361	156 076	387 965	341 309	205 245
Shares and other securities	26 322	54 326	49 040	50 692	51 491
Intangible assets	81 052	83 752	86 890	98 561	110 870
Fixed assets	3 433	3 874	4 855	4 883	1 184
Other assets	243 534	269 595	263 938	235 512	272 477
<b>Total assets</b>	<b>57 631 646</b>	<b>58 367 427</b>	<b>59 311 827</b>	<b>63 037 064</b>	<b>64 187 217</b>
<b>Liabilities and equity</b>					
Loans from credit institutions	491 395	156 400	300 667	1 313 710	1 033 695
Deposits from customers	38 224 252	39 143 018	39 509 888	42 677 703	43 880 046
Debt securities issued	6 018 621	6 181 276	6 107 413	6 034 387	6 649 351
Financial derivatives	61 872	48 135	162 758	64 862	112 604
Tax payable	348 107	256 113	132 472	244 058	498 291
Deferred tax	58 234	58 234	58 234	58 234	3 821
Other liabilities	199 954	435 036	1 481 201	1 493 831	187 753
Provisions	247 703	256 999	278 730	233 853	215 793
Subordinated loan	753 807	856 909	840 454	877 820	876 049
<b>Total liabilities</b>	<b>46 403 945</b>	<b>47 392 121</b>	<b>48 871 817</b>	<b>52 998 456</b>	<b>53 457 403</b>
Share capital	186 904	186 904	186 904	183 315	183 315
Share premium	983 401	983 401	966 646	966 646	966 646
Tier 1 capital	425 000	635 000	635 000	635 000	635 000
Retained earnings	9 632 396	9 170 001	8 651 460	8 253 647	8 944 854
<b>Total equity</b>	<b>11 227 701</b>	<b>10 975 306</b>	<b>10 440 010</b>	<b>10 038 608</b>	<b>10 729 814</b>
<b>Total liabilities and equity</b>	<b>57 631 646</b>	<b>58 367 427</b>	<b>59 311 827</b>	<b>63 037 064</b>	<b>64 187 217</b>

# List of Signatures

Page 1/1



## Report for the third quarter 2021 Bank Norwegian Group.pdf

Name	Method	Signed at
Garstad, Kjetil Andreas	BANKID_MOBILE	2021-10-26 19:04 GMT+02
HANS LARSSON	BANKID	2021-10-26 18:48 GMT+02
Ager, Charlotte Munk	BANKID_MOBILE	2021-10-26 18:46 GMT+02
Kibsgaard-P, Izabella	BANKID_MOBILE	2021-10-26 18:45 GMT+02
Rødsæther, Christine	BANKID	2021-10-26 18:43 GMT+02
Nysteen, Klaus-Anders	BANKID_MOBILE	2021-10-26 21:24 GMT+02
KNUT ALSAKER	BANKID	2021-10-26 20:03 GMT+02
Aasen, Klara Lise	BANKID_MOBILE	2021-10-26 19:15 GMT+02
Aarnæs, Anita M Hjerkin	BANKID_MOBILE	2021-10-26 19:05 GMT+02



This file is sealed with a digital signature. The seal is a guarantee for the authenticity of the document.

External reference: 8B9292ED970E439D9B01CFD1031845EE