Annual Report

2019

Bank Norwegian AS

Letter from the CEO

2019 marked another good year for the bank with our core business continuing to develop well throughout our Nordic footprint. The number of customers increased to 1.7 million and the loans and credit card lending balances combined surpassed NOK 44 billion, while net profit increased by 11% during the year.

The bank is well funded and has a strong capital and liquidity position. Following the receipt of its Minimum Requirement for own funds and Eligible Liabilities (MREL) requirements in December, additional MREL qualifying senior preferred instruments were issued in December to ensure immediate compliance with the upcoming requirement.

Regulatory focus is on top of the agenda in the sector and it is essential to ensure that innovation and compliance go hand in hand. Traditional banks and Fintechs alike deploy extensive resources to guarantee compliance with AML and KYC regulations. Clear regulation with the customers' best interest in focus is beneficial for everyone and a well-regulated financial sector is key to support long-term sustainability. Bank Norwegian has adopted well to all new regulations and guidelines. We will remain alert and agile to be well positioned in the Nordic and European financial sector.

The bank has focus on sustainability in its contribution to economic, environmental and social progress. Several new initiatives have been initiated during 2019. The Risk Management Framework (RMF) has been updated according to EBA guidelines and the bank has embedded responsible business conduct into policies and management systems, based on the OECD Due Diligence for responsible Business Conduct framework. The bank is fully digital with a limited environmental footprint, however all operations are measured against UN's guiding principles including calculation and compensation for our yearly CO2 footprint. A detailed description of our work in this area is provided in our Sustainability Report.

The future of European financial services is still taking shape. There is no clear contender for a universal digital payments platform and the impact of PSD2 has so far been moderate, indicating that the largest impact of the financial sector's transition still lies ahead of us. As the sector continues to develop at a rapid pace, consumers are provided with more choices and a digital frontend is no longer a differentiator. Going forward, the success factor that will define winners in the sector is banks and Fintechs that accomplish becoming truly digital on the inside as well. Long-term sustainability will be defined through

In 2020, Bank Norwegian will continue to focus on sustainable profitable growth in our Nordic footprint

a scalable operating model where growth equals profitability.

In 2020, Bank Norwegian will continue to focus on sustainable profitable growth in our Nordic footprint. Through our advanced analytics capabilities and lean operation, we are well-positioned for continued expansion. In addition to a continued strong focus on our Nordic footprint, Bank Norwegian is considering a European expansion with an aim to establish operation in more countries with the same benchmark performance as in the Nordic region. The bank has expanded its partnership with Norwegian Air Shuttle through the acquisition of European branding rights for bank services and cooperation with the reward program. The expansion strategy is based on a market by market entry as well as exploring the potential to domicile the bank within EU to make the bank more competitive. Already more than half of the bank's lending and savings are within the EU. A European expansion will benefit from our analytical expertise, low cost operational efficiency and fully digital business model

Due to the Corona virus outbreak and the effects on economic activity stemming from initiatives seeking to contain the spread of the disease, the macro economic outlook for 2020 remains uncertain. Bank Norwegian is well positioned for an eventual economic downturn due our solid capital position and cost-efficient operating model.

Fornebu, March 25th 2020

Tine Wollebekk

Director's Report 2019
Bank Norwegian AS

OPERATIONS, GOALS AND STRATEGY

Bank Norwegian AS is a wholly owned subsidiary of Norwegian Finans Holding ASA. 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 entered into agreements on May 2, 2019, to acquire all the shares in the Irish company Lilienthal Finance Ltd. and through this company all rights to the Norwegian brand for banking services and access to customers in 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 2019 the bank had a customer base of 1 716 500 customers, which can be broken down into 1 255 700 credit card customers, 208 100 instalment loan customers and 252 700 deposit customers.

ECONOMIC DEVELOPMENT

Profit and loss account for the fourth quarter 2019

The bank's comprehensive income amounted to NOK 507.8 million compared with NOK 517.7 million in the third quarter. Return on equity was 24.2%, compared with 26.2% in the third quarter. The return on assets was 3.7%, compared with 3.9% in the third quarter.

Net interest income amounted to NOK 1 363 million, an increase of NOK 31.4 million from the third quarter. The increase is mainly explained by loan growth. The net interest margin was 9.7%, compared with 10.0% in the third quarter. The fourth quarter margin is impacted by lower asset utilization due to senior debt issuances related to MREL requirement and resulting increased liquid assets.

Net other operating income amounted to NOK 87.1 million compared with NOK 89.5 million in the third quarter. Net commission income increased NOK 13.3 million to NOK 77.6 million mainly due to lower issuing services cost. Net gain on securities and currency amounted to NOK 9.5 million, compared with a net gain of NOK 25.2 million in the third quarter. The decrease is due to lower currency gains in the fourth quarter.

Total operating expenses amounted to NOK 341.3 million, an increase of NOK 20.7 million in the fourth quarter. Personnel expenses increased NOK 0.4 million. Administrative expenses increased NOK 19.3 million, mainly due to higher marketing spending and increased external services costs, partly offset by lower IT-costs. Depreciation increased NOK 1.2 million. Other operating expenses decreased NOK 0.2 million.

Provisions for loan losses were NOK 432.8 million, an increase of NOK 19.3 million from the third quarter. Provisions equalled 3.9% of average gross loans, unchanged from the third quarter.

The tax charge totalled NOK 167.7 million in the fourth quarter, an decrease of NOK 1.2 million from the third quarter.

Profit and loss account for 2019
The bank's comprehensive income for 2019 was NOK 1 993 million, compared with NOK 1 811 million in 2018. The return on equity was 26.0% and the return on assets was 3.8%. The profit growth is explained by customer and loan growth. The bank recruited approximately 209 000 new customers in 2019 and had a gross loan growth of NOK 4 386 million.

A revised method for accounting for loans to customers transferred to debt collection was implemented in the fourth quarter. Comparable figures have been restated. The changes are described in the notes.

Net interest income
Net interest income was NOK 5 262 million, an increase of NOK 558.9 million from 2018. The increase was driven by customer and loan growth. The net interest margin was 10.0%, compared with 9.9% in 2018.

Net other operating income
Net other operating income was NOK 322.3 million, an increase of NOK 75.6 million from 2018. Net commission and bank services income increased NOK 56.4 million, totalling NOK 290.3 million due to increased credit card activity. The net change in value on securities and currency was NOK 32.1 million, an increase of NOK 19.2 million. Gains on currency and positive change in value of shares exceeded negative change in value on fixed income securities in 2019. Value-adjusted return on the securities portfolio was 0.8%, compared with 0.4% in 2018.

Operating expenses
Total operating expenses totalled NOK 1 312 million, an increase of NOK 80.2 million from 2018. Personnel expenses increased NOK 14.5 million due to increased number of employees. General administrative expenses increased NOK 52.6 million, mainly due to increased sales and IT expenses. Depreciation increased NOK 7.7 million and other operating expenses increased NOK 5.4 million.

Provision for loan losses
The bank's provision for loan losses was NOK 1 627 million, compared with NOK 1 324 million in 2018. Provisions equalled 3.9% of average gross loans, compared with 3.6% in 2018.

Gross delinquent loans were NOK 7 637 million, compared with NOK 4 204 million at the end of 2018. Delinquent loans accounted for 17.3% of gross loans, compared with 10.4% in 2018. Gross non-performing loans accounted for 13.1% of gross loans, compared with 7.8% at the end of 2018. Delinquent and non-performing loan levels are developing as expected and must be seen in relation to sale of delinquent loans in Finland in December 2018.

Balance sheet, liquidity and capital
The bank's total assets were NOK 57 884 million at the end of the year, an increase of NOK 7 652 million for the full year.

Gross loans to customers increased NOK 4 386 million and totalled NOK 44 156 million at year end. Gross loans to customers are distributed into NOK 20 137 million, NOK 10 930 million, NOK 7 641 million and NOK 4 449 million in Norway, Finland, Sweden and Denmark, respectively. Instalment loans increased NOK 2 434 million, while credit card loans increased NOK 1 952 million.

Customer deposits increased NOK 1 027 million and totalled NOK 40 118 million at year end. Following the reduction in deposit guarantee amount from NOK 2 million to EUR 100 thousand outside of Norway as of January 1, 2019, the bank experienced a fall in customer deposits in the first quarter and followed by increases in the subsequent quarters. Currency adjusted growth is NOK 1 320 milion. Customer deposits are distributed into NOK 19 418 million, NOK 7 438 million, NOK 7 317 million and NOK 5 946 million in Norway, Finland, Denmark and Sweden, respectively. The deposit-to-loan ratio was 91% at the end of the year.

The holdings of certificates and bonds increased NOK 4 048 million and totalled NOK 14 651 million at the end of 2019. Other liquid assets totalled NOK 2 162 million at the end of 2019. The liquidity reserves increased NOK 4 643 million and totalled NOK 16 813 million, equivalent 29.0% of total assets. The liquidity position has been strong throughout the year. The securities portfolio is liquid with solid counterparties and a high percentage of government certificates.

Debt securities issued increased NOK 4 519 million and totalled NOK 6 538 million at year end. The bank has during the year issued net NOK 2 682 million and SEK 1 983 million in senior debt securities with up to four years maturity, in relation to received MREL requirements.

Total equity was NOK 9 289 million for the bank at year end. The total capital ratio at the end of 2019 was 25.3%, the core capital ratio was 23.2% and the common equity tier 1 ratio was 21.6% for the bank.

RISK MANAGEMENT

Risk Management at Bank Norwegian shall ensure that the exposure to risk is known at all times and within the limits set by the Board. Risk management shall further support the bank's strategic development and achievement of targets.

The bank has established a board-approved risk management framework with its own policies for all significant risks with associated risk appetite, key risk indicators (KRI) and tolerance levels. As outlined in the risk management framework and in the business strategy, the bank shall primarily generate earnings through exposure to unsecured lending in the retail segment. Other financial risks are limited by the defined risk limits. The risk limits are determined in relation to the bank's buffer capital and risk-bearing capacity.

Risk exposure and development are regularly monitored and reported to the bank's board and executive management team.

Credit risk

Credit risk is defined as the risk of loss due to customers or counterparties being unable or unwilling to meet their financial obligations.

Credit risk in the loan portfolio is the bank's greatest risk. The risk is continuously managed in line with the board approved Risk Management Framework with associated Credit Risk Policy, routines and guidelines for granting credit, as well as various reporting and follow-up requirements.

The Bank offers credit exclusively to the retail customer market, and all credit decisions are made by means of automated decision support systems where the applicant receives an automatic rejection or a conditional grant at the time of application. The credit allocations are based on a qualitative and quantitative analysis with a positive conclusion about the customer's future willingness to pay and ability to pay. The analysis of willingness to pay identifies the characteristics of the customer that predict future payment conduct, while the analysis of the customer's ability to repay is a quantitative evaluation of the customer's ability to repay his/her obligations, given the customer's current and anticipated future financial situation. The case handler's role is to subsequently check if the preconditions for the conditional approval are present.

The bank's portfolio of interest-bearing securities also entails a credit risk but is followed up through the bank's Market Risk Policy.

The Board considers that Bank Norwegian's total credit risk is within the bank's accepted risk tolerance.

Liquidity and funding risk
Liquidity risk is the risk of not being able to meet commitments or unable to finance assets, including desired growth, without significantly increased costs. Funding risk is defined as the risk that the Group will not be able to settle its loans on settlement date, or that new loans must be issued at, relatively speaking, substantially worse terms.

The management of liquidity and funding risk is based on the board approved Liquidity and Funding Policy which stipulate requirements concerning the time horizons for which the Group must be independent of new external funding, the size and quality of the liquidity reserve, and the duration and diversification of funding. Risk exposure and development are continuously monitored and reported to the board and executive management team.

Deposits from customers represent the Group's most important source of funding. In addition to deposits, the Group is funded by loans in the Norwegian and international securities markets.

In December 2019, the bank issued in total NOK 3.6 billion senior debt securities as part of the bank's strategy to increase the bank's diversification and reduce the need for deposits as a source of funding. However, the borrowing was accelerated due to the Norwegian Financial Supervisory Authority's decision on MREL requirements.

The Board of Directors assesses that Bank Norwegians' overall liquidity risk is within the bank's adopted risk tolerance. The Group's liquidity and funding risk is assessed to be low.

Market risk
Market risk is the risk of loss due to changes in observable market variables such as interest rates, foreign exchange rates and shares/equity instruments. The risk associated with falls in value in the real estate market is also included in market risk. The same applies to the risk of changes in the market value of bonds, certificates and funds as a consequence of general changes in credit spreads (spread risk).

The management of market risk is based on the Board approved Policy for Market Risk, which sets limits to the exposure in various risk categories. Risk exposure and development are continuously monitored and reported to the board and executive management team.

Interest rate risk arises as a result of the balance sheet items having different remaining interest rate commitment terms. The Board of Directors has adopted limits for the total interest rate risk, both in the accounting and economic perspective. Economic interest rate risk is an expression of actual interest rate risk, while accounting interest rate risk includes those items that are recognized at fair value in the balance sheet.

The bank's investment portfolio is mainly invested with short interest rates. The bank only offers products with administratively set interest rates and no fixed interest rates are offered. The interest rate fixing in the bank's financial instruments and products is largely coincident in the economic perspective, where administrative interest rate risk is taken into account. Any exposure beyond the interest rate risk limits shall be hedged with hedging instruments. Interest rate risk is closely followed by both first and second line and the exposure are regularly reported to the Board and executive management team.

Currency risk arises because the bank has differences between assets and liabilities in each currency. Board approved limits have been established for the net exposure in each currency, as well as the limits for aggregate net currency exposure. The bank's framework defines quantitative targets for maximum net exposure in currency, measured in NOK.

Through its core business, the bank has currency exposure in SEK, DKK and EUR and currency exposure is hedged using forward exchange contracts.

The bank has no market risk associated with real estate and very limited equity risk.

The Board of Directors assesses that Bank Norwegian's overall market risk is within the bank's accepted risk tolerance. The Group's market risk as assessed to be low.

Operational risk

Operational risk is the risk of losses due to inadequate or failed internal processes or systems, human error or external events. The process for managing operational risk shall, insofar as it is possible, ensure that no individual incidents caused by operational risk seriously damage the Group's financial position.

The management of operational risk is based on the Policy for Operational Risk and Internal Control. Risk assessments are carried out both at the overall level, but also within different processes that the bank is exposed to at all times. Special systems have been established for following up risk assessment control measures and improvement measures, as well as for reporting adverse events. Incidents that have impacted or could impact the Group's profitability and/or reputation are systematically followed up.

In addition to an annual review of significant operational risks and control measures, management performs a continuous evaluation of the operational risk situation, and risk reducing measures are implemented as necessary. Ongoing reporting of operational loss incidents and internal control deviations is made to management and the Board.

The Group's operating concept is based to a large extent on the purchase of services from external suppliers. The agreements contain provisions relating to quality standards and are continuously followed up by the bank in accordance with the outsourcing guidelines.

Given the risk inherent in using Information and communications technology, this area is subject to continuous monitoring. ICT-related Key Risk Indicators (KRIs) are closely monitored and included in the bank's risk reporting to the Board and executive management team. The Internal Audit also carries out independent reviews and tests of the bank's security in the area.

Given the bank's earnings and financial strength, as well as the organisation's competence and management systems, the Board assesses that the bank's overall risk exposure in relation to operational risk is acceptable and within the bank's adopted risk tolerance.

Compliance risk

Compliance risk is the risk that the bank will incur public sanctions, penalties, other criminal sanctions, loss of reputation or financial losses as a consequence of failure to comply with acts, regulations, official guidelines and mandatory public orders.

Management and control of the bank's compliance risk is based on the Board of Directors' adopted Compliance Risk Policy. The Group has a low tolerance for compliance risk, and there is zero tolerance of deliberate infringement of regulations.

The Board of Directors assess that the bank exerts satisfactory governance and control of the compliance risk, and that the bank's exposure to compliance risk is prudent.

Conduct risk

Conduct risk is the risk of public sanctions, criminal sanctions, loss of reputation or financial loss as a consequence of the bank's business methods or the employees' conduct materially jeopardising customers' interests or the integrity of the market.

Management and control of the bank's conduct risk is based on the Board of Directors' adopted Conduct Risk Policy. All employees are required to contribute to ensuring that customers' needs and entitlements are adequately handled, including by providing professional and honest customer services to ensure that the bank's customers can make clear and well-informed choices.

Key instruments to ensure good business conduct include, among other things, ethical guidelines/Code of Conduct, internal information and training initiatives, implementation of risk analyses, in addition to a well-functioning procedure to handle customer complaints.

The Board of Directors assess that the bank exerts satisfactory governance and control of the conduct risk.

PERSONNEL AND THE ENVIRONMENT

The bank's employees have yet again delivered good results. At December 31, 2019 the bank had 85 employees and 2 temporary employees, corresponding to 85,5 full time equivalent employees, compared with 78 employees and 75 full time equivalent employees at December 31, 2018.

The bank's board of directors and management aim to promote equal status between men and women. The bank has guidelines to ensure that there is no discrimination due to gender, ethnic background or religion in cases concerning salaries, promotions, recruitment, and others. Of the bank's 85 employees, there are 43 men and 42 women. Of the 16 managers with personnel responsibility, six are women.

The bank has a bonus scheme for all permanent employees in accordance with current guidelines. The bonuses earned are based on the return on equity achieved. The bank has established good pension and personnel insurance schemes, and offers a programme for employees to counteract ergonomic injuries.

Absence due to illness was 2%. The working environment is regarded as good. The bank has established a Workers Environment and Liaison Committee. There have not been any work related accidents or injuries during the year. In the opinion of the board of directors, the bank's operations do not pollute the external environment.

The bank is located at Snarøyveien 36, Fornebu. The bank has established a customer call centre in Malaga, based on outsourcing, to service Nordic customers.

SUSTAINABILITY REPORT

Bank Norwegian has prepared policies and guidelines for sustainability. These have been adopted by the Board and integrated into the bank's daily operations. The ultimate responsibility for these issues lies with the Board of Directors, which defines the strategic direction and establishes policy frameworks and control processes. The CEO is responsible for integration into the operations, and each department is responsible for advancing and developing the efforts within its area of responsibility. The bank's guidelines on environmental, social and governance (ESG) are described in the annual report and the sustainability report.

CORPORATE GOVERNANCE

The board of directors supports the Norwegian Code of Practice for Corporate Governance. The principles of corporate governance are described in the annual report of Norwegian Finans Holding ASA.

EVENTS AFTER THE DATE OF THE BALANCE SHEET

The board of directors is not aware of events after the date of the balance sheet that may be of material significance to the annual accounts.

OUTLOOK

The outbreak of the coronavirus has had a major negative impact on the Norwegian and international economy and has led to significant movements in the financial markets.

At the beginning of the year, the economic conditions in the Nordic markets where the bank operates was characterized by moderate growth and stable unemployment, even though the global economic growth expectations had subsided.

In 2019 Norwegian Finans Holding ASA received a requirement to hold total MREL capital of 37.135% of adjusted risk weighted assets as of December 31, 2018, which leads to an absolute MREL requirement of NOK 4 675 million. The bank is required to meet the absolute MREL requirement at June 30, 2020. The MREL capital shall be issued by Norwegian Finans Holding ASA in senior non-preferred format with a phase-in period until December 31, 2022. After the issuances of senior debt securities in 2019, which qualifies as MREL capital in the phase-in period, the bank overholds the MREL requirements at June 30, 2020 and further into the phase-in period. The bank will continue its efforts for further funding diversification.

The effects from new regulations have dampened loan growth in Norway in the second half of 2019. The bank has a broad Nordic platform and loan volumes have grown faster outside of Norway. As such, the bank has a diversified risk in relation to the individual markets.

As a result of the corona virus with increased marked unrest, the bank established a crisis team on March 12, 2020, where various follow-up measures related to liquidity, operations, and communication with customers, partners, the media and employees were discussed and specific measures were decided. On the same day, the government implemented drastic corona-related measures.

The bank has adapted operations and financial plans based on the outlook for the Nordic and international economy, and the bank has implemented contingency plans to ensure full operation and customer service regardless of location and societal restrictions in the public space.

The bank considers it part of its social responsibility to ensure the public has a predictable access to credit even in times of crisis, so that limited access to credit should not in itself reinforce the challenges faced by society. The bank's financial position makes the bank well equipped to withstand the negative effects of the ”corona crisis” without compromising the bank's ability to offer credit to the public.

It is to early to predict how the effects of the coronavirus, and the socio-economic consequences, will affect the bank. Recent developments indicate an increase in unemployment. An economic downturn as a result of the coronavirus may reduce economic activity and private consumption, which can be expected to result in lower credit demand. Lower activity and loan growth are expected to reduce net interest income, net commission income and activity-driven operating costs at the same time as increased credit losses. The financial marked unrest with observed spread outflow may result in increased unrealized losses in the liquidity portfolio, while currency fluctuations may affect the value of assets in foreign currency.

Lower loan growth will in isolation reduce the risk weighted assets for capital adequacy and thus have a positive effect on the capital adequacy, while currency fluctuations may have a negative effect through increased risk weighted assets. Nordic authorities' reduction of the countercyclical capital buffer reduces the regulatory requirement for common equity tier 1 ratio from 17.47% to 16.25%.

At the beginning of the year, the credit quality of the loan portfolios in all markets were exhibiting a stable development. The implementation of proprietary credit application and behavior scorecards are yielding expected results. Credit models and systems are undergoing continuous development.

Regulatory common equity 1 requirement amounts to 18.9% at the end of 2019, including the 3.0% buffer required for distributing excess capital.

In January 2020, the Financial Supervisory Authority decided that the bank shall have a Pillar 2 requirement of 5.8% of the risk weighted assets for Pillar 1, with a minimium of NOK 2 030 million. The bank is also expected to maintain a management buffer of 1.0%. In accordance with the bank's capital management policy, the the bank shall have an internal management buffer of 1.25%.

On March 13, 2020, the Ministry of Finance decided to reduce the requirement for countercyclical capital buffer from 2.5% to 1.0% with immediate effect. At the same time, both the Swedish and Danish authorities lowered the countercyclical capital buffer to 0%. This reduces the bank's effective capital requirement by 1.22 percentage points.

The regulatory requirement for common equity tier 1 and total capital adequacy, is thereby reduced to 16.25% and 19.75% respectively, and the Bank's common equity tier 1 target will thus be 17.5% as of March 31, 2020.

The NFH Group's dividend policy states a payout ratio between 30% and 60% in cash dividends. In addition, repurchases of own shares may be used to allocate capital.

Based on prevailing market conditions, the profit for 2019 will be withheld.

Common equity tier 1 was 21.6% at December 31, 2019 for the bank. The current capital base and internal generation of capital are considered more than adequate to ensure the bank's growth ambitions as well as maintaining an attractive dividend distribution in the future.

The NFH Group is in the finishing stage of the exploratory phase 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 will be made as soon as the exploratory phase is concluded. The NFH Group has concurrently initiated preparations for expansion into European markets.

The board of directors has accordingly a positive view of the bank's ongoing operations and confirms that Bank Norwegian AS's annual accounts have been presented under the assumption of continued operations.

PROPOSED ALLOCATION OF THE NET PROFIT FOR THE YEAR

Bank Norwegian AS's profit for 2019 was NOK 1 993 million. The Board proposes that the profit for the year is transferred to retained earnings and other reserves.

Bærum, March 25, 2020
Board of directors of Bank Norwegian AS

John Høsteland Chairman of the board	Bjørn Østbø Board member	Lars Ola Kjos Board member
Christine Rødsæther Board member	Gunn Ingemundsen Board member	Anders Gullestad Board member
	Tine Wollebekk CEO	

Financial highlights

Profit and loss account

Amounts in NOK 1000	Bank Norwegian AS 2019	2018
Net interest income	**5 261 712**	**4 702 806**
Net other operating income	**322 304**	**246 750**
Total income	**5 584 016**	**4 949 556**
Total operating expenses	**1 312 140**	**1 231 935**
Provision for loan losses	1 627 359	1 324 189
Profit before tax	**2 644 518**	**2 393 431**
Comprehensive income for the period	**1 992 639**	**1 810 964**

Balance sheet

Amounts in NOK 1000	Bank Norwegian AS 31.12.19	31.12.18
Total assets	57 883 722	50 231 603
Loans to customers	40 560 502	37 797 618
Liquid assets	16 812 537	12 169 756
Deposits from customers	40 118 369	39 091 791
Debt securities issued	6 537 863	2 018 724
Subordinated loans	822 688	836 205
Tier 1 capital	635 000	635 000
Total equity	9 288 609	7 341 668

Key figures and alternative performance measures

	Bank Norwegian AS 2019	2018
Return on equity (ROE)[1 2]	26.0 %	30.7 %
Return on assets (ROA)[1 2]	3.8 %	3.8 %
Earnings per share (EPS)[2]	10.87	9.88
Common equity tier 1 (CET 1)	21.6 %	18.9 %
Leverage ratio	14.7 %	13.4 %
Liquidity coverage ratio (LCR)[2]	449 %	210 %
Net interest margin (NIM)[1 2]	10.0 %	9.9 %
Cost/income ratio[1 2]	0.23	0.25
Delinquent loans to loans[1 2]	17.3 %	10.4 %
Non-performing loans to loans[1 2]	13.1 %	7.8 %
Loan loss provisions to average loans[1 2]	3.9 %	3.6 %
Loan loss allowance to loans[1 2]	8.1 %	5.0 %
Loan loss allowance to non-performing loans[1 2]	62.1 %	63.8 %

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

[2)] Figures for Q4 2018 are restated.

Profit and loss account

Amounts in NOK 1000	Note	Bank Norwegian AS 2019	2018
Interest income, effective interest method		5 749 523	5 205 058
Other interest income		162 279	104 303
Interest expenses		650 090	606 554
Net interest income	15	**5 261 712**	**4 702 806**
Commission and bank services income	16	540 443	463 551
Commission and bank services expenses	16	250 192	229 652
Net change in value on securities and currency	17	32 053	12 818
Other income		-	32
Net other operating income		**322 304**	**246 750**
Total income		**5 584 016**	**4 949 556**
Personnel expenses	18	100 775	86 281
General administrative expenses	19	1 088 530	1 035 911
Depreciation and impairment of fixed and intangible assets	28, 29, 30	67 693	59 998
Other operating expenses	20	55 141	49 744
Total operating expenses		**1 312 140**	**1 231 935**
Provision for loan losses	5, 6	1 627 359	1 324 189
Profit before tax		**2 644 518**	**2 393 431**
Tax charge	27	651 879	582 467
Profit after tax	**2**	**1 992 639**	**1 810 964**
Earnings per share	21	10.87	9.88
Diluted earning per share	21	10.87	9.88

Figures for 2018 are restated, see note 36

Comprehensive income

Amounts in NOK 1000	Bank Norwegian AS 2019	2018
Profit on ordinary activities after tax	**1 992 639**	**1 810 964**
Comprehensive income for the period	**1 992 639**	**1 810 964**

Balance sheet

Amounts in NOK 1000	Note	Bank Norwegian AS 31.12.19	31.12.18
Assets			
Cash and deposits with the central bank	11, 12, 22, 23	68 500	67 959
Loans and deposits with credit institutions	11, 12, 22, 23	2 093 048	1 499 199
Loans to customers	2, 3, 5, 7, 8, 11, 12, 23	40 560 502	37 797 618
Certificates and bonds	11, 12, 23, 24, 25	14 650 988	10 602 597
Financial derivatives	11, 12, 23, 24	76 371	12 773
Shares and other securities	23, 24	44 863	36 691
Intangible assets	28	136 100	133 670
Deferred tax asset	27	-	16 990
Fixed assets	29	819	719
Receivables	31	252 531	63 385
Total assets		**57 883 722**	**50 231 603**
Liabilities and equity			
Loans from credit institutions		52 750	-
Deposits from customers	2, 12, 23	40 118 369	39 091 791
Debt securities issued	11, 23, 25, 26	6 537 863	2 018 724
Financial derivatives	11, 12, 23, 24	29 621	120 497
Tax payable	27	625 745	603 085
Deferred tax	27	3 821	-
Other liabilities	32	225 239	32 333
Accrued expenses	33	179 017	187 298
Subordinated loans	11, 23, 25, 26	822 688	836 205
Total liabilities		**48 595 113**	**42 889 934**
Share capital		183 315	183 315
Share premium		966 646	966 646
Tier 1 capital	34	635 000	635 000
Retained earnings and other reserves		7 503 649	5 556 708
Total equity		**9 288 609**	**7 341 668**
Total liabilities and equity		**57 883 722**	**50 231 603**

Bærum, March 25, 2020
Board of directors of Bank Norwegian AS

John Høsteland
Chairman of the board

Bjørn Østbø
Board member

Lars Ola Kjos
Board member

Christine Rødsæther
Board member

Gunn Ingemundsen
Board member

Anders Gullestad
Board member

Tine Wollebekk
CEO

Cash flow statement

Amounts in NOK 1000	Note	Bank Norwegian AS 2019	2018
Profit / loss before tax		2 644 518	2 393 431
Unrealized gain or losses on currency		-105 965	92 674
Depreciation and impairment of fixed and intangible assets	28, 29, 30	67 693	59 998
Provision for loan losses	5, 6	1 627 359	1 324 189
Change in loans to customers	2, 3, 5, 7, 8, 11, 12, 23	-4 390 047	-6 587 669
Change in deposits from customers	2, 12, 23	1 026 578	5 409 516
Change in certificates and bonds	11, 12, 23, 24, 25	-4 048 391	-1 742 763
Change in receivables and financial derivatives	11, 12, 23, 24, 27	-252 744	-15 401
Change in shares and other securities	23, 24	-8 172	3 326
Change in derivatives, accrued expenses and other liabilities	32, 33	93 748	-55 391
Change in loans from credit institutions		52 750	-
Income taxes paid		-608 408	-469 728
Net cash flow from operating activities		**-3 901 081**	**412 183**
Proceeds from sale of tangible assets	29	-	32
Payment for acquisition of intangible assets	28	-59 092	-67 853
Payment for acquisition of tangible assets	29	-643	-112
Net cash flow from investment activities		**-59 735**	**-67 933**
Issued debt securities	11, 23, 25, 26	5 834 015	388 040
Repayment of debt securities	11, 23, 25, 26	-1 281 602	-611 739
Issued subordinated loans	11, 23, 25, 26	-	533 555
Repayment subordinated loans	11, 23, 25, 26	-	-171 964
Group contribution	27	-	-188 100
Issued tier 1 capital	34	-	125 000
Repayment of tier 1 capital	34	-	-125 000
Paid interest tier 1 capital	34	-45 697	-39 037
Net cash flow from financing activities		**4 506 716**	**-89 245**
Net cash flow for the period		545 900	255 004
Cash and cash equivalents at the start of the period		1 567 158	1 404 828
Currency effect on cash and cash equivalents		48 490	-92 674
Cash and cash equivalents at the end of the period		**2 161 549**	**1 567 158**

Off which:

Cash and deposits with the central bank		**68 500**	**67 959**
Loans and deposits with credit institutions		**2 093 048**	**1 499 199**

Change in equity

Bank Norwegian AS

Amounts in NOK 1000	Share capital	Share premium	Tier 1 capital	Retained earnings and other reserves	Total equity
Balance 31.12.18	**183 315**	**966 646**	**635 000**	**5 556 708**	**7 341 668**
This period's profit	-	-	-	1 992 639	1 992 639
Comprehensive income for the period	**-**	**-**	**-**	**1 992 639**	**1 992 639**
Paid interest tier 1 capital	-	-	-	-45 697	-45 697
Group contribution	-	-	-	-	-
Balance 31.12.19	**183 315**	**966 646**	**635 000**	**7 503 649**	**9 288 609**

Beløp i tusen kroner	Share capital	Share premium	Tier 1 capital	Retained earnings and other reserves	Total equity
Balance 31.12.17	**183 315**	**966 646**	**635 000**	**3 918 312**	**5 703 272**
This period's profit	-	-	-	1 810 964	1 810 964
Comprehensive income for the period	**-**	**-**	**-**	**1 810 964**	**1 810 964**
Paid interest tier 1 capital	-	-	-	-39 037	-39 037
Paid group contribution	-	-	-	-188 100	-188 100
Change in write-downs under IFRS 9				54 568	54 568
Issued tier 1 capital	-	-	125 000	-	125 000
Repayment of tier 1 capital	-	-	-125 000	-	-125 000
Balance 31.12.18	**183 315**	**966 646**	**635 000**	**5 556 708**	**7 341 668**

Notes

Note 1 Accounting principles

1. COMPANY INFORMATION

Bank Norwegian AS is a wholly owned subsidiary of Norwegian Finans Holding ASA. Norwegian Finans Holding ASA is a Norwegian public limited company listed on the Oslo Stock Exchange under the ticker NOFI. Bank Norwegian (the bank) offers banking services in the form of consumer loans, credit cards and deposits to retail customers in the Nordic market. The bank is headquartered at Snarøyveien 36, Fornebu. The operations in Sweden, Denmark and Finland are established through cross-border operations.

2. BASIS FOR PREPARATION OF THE ACCOUNTS

The financial statements for 2019 have been prepared in accordance with the regulations "Forskriften om forenklet anvendelse av internasjonale regnskapsstandarder", from January 21, 2008. The regulation is a simplified version of IFRS, authorized in §3-9 in Lov om årsregnskap from 1999. This means that measurement and recognition are fully in in accordance with IFRS, except that the Board of Directors' proposal for dividends and group contributions is recognized as debt on the balance sheet date. Amounts are stated in NOK thousand unless otherwise stated.

3. CHANGE IN ACCOUNTING PRINCIPLES

IFRS 16 Leases

The standard applies to all leases and entered into force on January 1, 2019. At initial recognition the bank measured *the lease obligation* and *the right to use asset* at present value of future lease agreements. Rent payments shall be accounted for as interest expenses and amortization. The bank mainly leases the premises of the headquarter as well as fixtures that were recognized in the balance sheet by the adoption of IFRS 16 on January 1, 2019, see note 30. The bank has decided to use the following principle choices in the standard:

- Exceptions for low value leases (Leases with present value less than TNOK 50)
- Exceptions for short-term leases (Short-term leases under 12 months)
- Exceptions for changing comparable figures

IAS 12 Income Taxes

Due to an amendment of IAS 12 Income Taxes, income tax consequences of group contribution and distribution of interest on the bank's equity accounted for as tier 1 capital are recognized in profit or loss and not directly in equity, if the transactions that generated distributable profit are recognized in profit or loss. The bank implemented this clarification as at 1 January 2019. Comparative amounts have been restated.

4. FUTURE CHANGES IN ACCOUNTING

The consolidated financial statements will be affected by future amendments to IFRS. No published standards or interpretations are expected to have a material effect on the bank in implementation.

5. GENERAL ACCOUNTING PRINCIPLES

5.1. Financial instruments

Financial assets and liabilities mainly include loans to and receivables from credit institutions, loans to and receivables from customers, certificates and bonds, other receivables, subordinated loan capital, securities debt, other short-term debt and deposits from and debt to customers. Financial instruments are generally capitalized at the time the company becomes a part of the contractual terms of the instrument. For loans to and receivables from customers, loans are recognized in the balance sheet at the time the loan is paid to the customer. Financial assets are derecognized when the rights to receive cash flows from the asset expire. Financial liabilities are derecognized at the time the rights to the contractual terms are fulfilled, expired or cancelled.

5.1a. Financial liabilities

Financial liabilities, which mainly consist of deposits from customers and subordinated loans, are initially recognized at fair value less any transaction costs at the time of establishment. In subsequent periods, the liabilities are measured at amortized cost using the effective interest method.

5.1b. Financial assets

According to IFRS 9, financial assets are classified into three measurement categories. The measurement category is determined on initial recognition of the financial instrument:

- Fair value with value changes over profit
- Fair value with value changes over other comprehensive income
- Amortized cost

The Group's financial assets consist of *Cash and receivables from central banks, Loans and receivables from credit institutions, Loans to customers, Certificates and bonds, Financial derivatives, Shares and other securities* and *Assets held for sale.*

Financial assets measured at fair value

Certificates and bonds constitute the banks liquidity *portfolio*. The portfolio is held to secure the banks liquidity needs and is classified as assets held for trading and measured at fair value through profit or loss. Upon initial recognition of assets in this category asset are measured at fair value. In subsequent periods, it is measured at fair value, where any changes in value are recognized against net changes in value and gains/losses on currency. Interest income on certificates and bonds is presented in the income statement under interest income and other income.

Financial instruments at fair value are placed in the various levels below based on the quality of market data for each type of instrument. The levels reflect the hierarchy that prevails in IFRS for how to measure fair value. If input from level 1 is available, then this should be used over level 2 and 3.

Level 1: Valuation based on quoted prices in active markets
Financial instruments that are valued using quoted prices in active markets for identical assets or liabilities are classified as Level 1.

Level 2: Valuation based on observable market data
Financial instruments that are valued using information where prices are directly or indirectly observable for the assets or liabilities are classified as Level 2. The bank's liquidity portfolio with investments in certificates and government bonds is categorized as level 2.

Level 3: Valuation based on other than observable market data
If valuation cannot be determined in Level 1 or 2, valuation methods based on non-observable market data are used. The bank's shares in VN Norge AS and Vipps AS are categorized in level 3.

Shares and other securities comprise the banks ownership interest in VN Norge AS and Vipps AS and are measured at fair value.

Financial assets measured at amortized cost

Financial assets with contractual cash flows that are only payment of interest and principal on given dates and which are held in a business model with the aim of receiving contractual cash flows are initially measured at amortized cost.

Loans to and receivables from customers

Loans to and receivables from customers, which essentially consist of loans to private individuals and credit card receivables, are measured at amortized cost. At initial recognition, amortized cost is the fair value of the asset (normally acquisition cost), plus the addition of transaction expenses that are directly attributable to the acquisition or issuance of the financial asset. Amortized cost in subsequent periods is the measurement at initial recognition, with the addition of accumulated effective interest, less the cash flows received, with the addition or deduction for changes in the present value of expected contractual cash flows and less the recognized losses.

The effective interest rate is the interest rate that discounts the loan's contractual cash flows (interest, installments and fees) over the expected maturity of the loan's amortized cost at the time of establishment. For assets that are not credit impaired, effective interest is calculated on the asset's carrying amount before provisions for losses. For assets that are credit impaired effective interest is calculated on the asset's carrying amount (amortized cost). The bank considers that a loan to or receivable from a customer is credit impairment when the customer has overlooked payment for 90 days on the balance sheet date, has been transferred to a debt collection company for recovery of the claim, has died or is suspected of fraud. Such loans are recognized as loans in step 3.

The bank derecognizes a loan from the balance sheet when the rights to the cash flows expire, normally as a result of the customer paying interest and repayments, but also through the sale of the loans to third parties. The bank also derecognizes a loan (charge-off), with corresponding provision for loss of balance when the bank has no reasonable expectation of recovering the loan.

In the event of bankruptcy or judicial judgment, the bank records commitments that are affected by such circumstances as recorded loss (write-off). This also applies in cases where the bank has otherwise suspended recovery or waived part of all the commitment.

The bank makes provision for expected losses on assets measured at amortized cost. For assets that have not had a significant increase in credit risk (lending in step 1) the bank makes provision on expect losses from defaults that may occur within the shorter of the asset's expected life and 12 months from the balance sheet date.

Regarding loans in step 2 or step 3, the bank provision for expected losses over the remainder of the assets expected lifetime. The bank has defined lifetime expectancy as the expected time horizon associated with the first occurrence of default or full payment of interest and repayments on the claim. The bank is looking at a change in the risk of default since initial recognition to determine whether an asset has had a significant increase in credit risk. The bank considers a commitment to be defaulted when the loan is more than 90 days past due, the customer has been transferred to a debt collection company in the event of death or cases where fraud is suspected.

Model Characteristics

The bank uses a loan loss model to compute provisions and the model includes default probability (PD), discount rate, exposure time of default (EAD) and loss given default (LGD). The bank uses various indicators to assess whether an asset has had a significant increase in the risk of default. Such information is based on the actual behavior of the customers, and the bank has established several rules that the bank has identified as triggers for a significant increase in credit risk.

The models provide an estimate of PD. This implies separate loss models for LGDs that are run both before and after default. The bank uses models for exposures at the time of default. Triggers are used to classify accounts in 3 steps:

Step 1: ”12-month expected loss”
Step 2: ”Significant increase in credit risk compared to initial recognition ”
Step 3: ”Default”

The triggers measure change in credit quality by comparing original PD with PD at the time of reporting, observation of ”forbearance” flags, 30 days late payment, defaults on other product and history of delays over the last three months. The bank has developed lifetime expectancy models for all unsecured loans per country, as measured against the repayment agreement and the current repayment pattern. The selected methodology for each model is based on the respective maturity of the portfolio as well as access to data in the respective markets.

The models are validated on an ongoing basis. This includes both validation for a different period than the one or those on which each model is based, and validation on some of the data held outside the model building.

PD-models are using an adjustment factor based on macroeconomic simulations for each product and country, based on NIGEM methodology. Through thousands of simulations it is calculated an expected, an upper and a lower scenario for expected losses where the model weights into management’s assessment of probable macro picture.

Definition of defaults are commitments that are over 90 days delayed according to the agreed payment plan and the minimum amount due amounts to a size equivalent to € 100 in the respective local currency.

The bank segments the portfolio into groups of loans with common risk characteristics and calculates expected credit losses (ECL) for each segment. The expected credit loss (ECL) is calculated as a product of a defined set of parameters adapted to the characteristics of each segment. The formula used is: *ECL = PD * EAD * LGD*.

Movement between steps

Loans are classified in step 1, 2 or 3 at the reporting date. Impairment levels vary between the three stages. See note 4 for more information about triggers.

5.2. Intangible assets

Intangible assets are recognized in the balance sheet to the extent that it is probable that financial benefits will accrue to the bank in the future, and these expenses can be reliably measured. Intangible assets are recognized in the balance sheet at cost less accumulated depreciation and any impairment losses. Purchased software is capitalized at acquisition cost plus expenses to make the software ready for use. Identifiable expenses for proprietary software are capitalized as intangible assets if the asset is controlled by the bank and it is probable that financial benefits will cover development expenses at the balance sheet date.

Direct expenses include expenses for employees directly involved in program development, material and directly attributable expenses. Expenses related to maintenance of software and IT systems are expensed as incurred on the income statement if the maintenance does not increase the future financial benefits of the software.

Capitalized software expenses are depreciated over their expected economic life. Intangible assets are derecognized by sale or when no additional economic benefits are expected from the use or disposal of the asset.

On the balance sheet date, the accounts are reviewed to determine whether there are indications of impairment of the intangible assets. In the event of impairment, the recoverable amount of the asset is measured. The recoverable amount is the higher of net sales value and value in use. If it is shown that the recoverable amount for the asset in question is lower than the carrying amount, an impairment loss is carried out so that the asset is assessed at the recoverable amount. Such impairment is reversed when the basis for impairment is no longer present.

Brokerage commissions for agents are capitalized, depreciated and tested for impairment when the commission is related to sold credit cards that have not yet been activated. Brokerage commissions on approved cards are classified as loans to customers and are accounted for using the effective interest method.

Ordinary depreciation based on cost is calculated on a straight-line basis over the expected economic life of the asset. The following depreciation period is used:

IT / software:	5 years
Brokerage commissions:	3 years
Leases:	3 years
IP rights:	Non-depreciable
Connection fee:	Non-depreciable

The connection fee to Finans Norge is activated at cost price. It provides access to a joint payment system infrastructure in Norway. The infrastructure ensures that the bank can offer payment services that allow customers to make transactions between themselves, regardless of bank connections.

5.3. Fixed assets

Tangible fixed assets are valued at historical cost less accumulated ordinary depreciation and any impairment losses. Value increases are added to the cost of tangible fixed assets and depreciated in line with the fixed assets. The assessment of impairment requirements follows the same principles as described in the section on intangible assets. The carrying amount of an asset is derecognized in the event of sale or disposal.

When there is indication of impairment of tangible fixed assets, recoverable amounts are calculated. The recoverable amount is the higher of net sales value and value in use. If the recoverable amount is lower than the book value, the asset will be written down to the recoverable amount. If the criteria for impairment are no longer present, the impairment will be reversed.

Reversal of impairment may never result in the value of the asset surpassing the original cost price or to what it would have been capitalized if the asset would have followed the original depreciation plan. When the amortization plan is changed, the effect is distributed over the remaining amortization period.

Depreciation periods for tangible fixed assets are from 0 to 5 years. Ordinary depreciation based on cost is calculated on a straight-line basis over the estimated economic life of the asset. The following depreciation time is used:

Office machines:	5 years
Computer equipment:	3 years
Equipment and fixtures:	5 years

5.4. Other receivables

Other receivables are capitalized at amortized cost. Prepaid commission costs are capitalized and accrued over the expected term. If the loan terms are terminated before the expected time, the remaining commission that is not recognized as an expense will be fully accounted for when the loan is repaid. Expected maturity is normally 36 months.

5.5. Tax

5.5a. Deferred tax and deferred tax assets

Deferred tax / deferred tax assets are recognized in accordance with IAS 12. Deferred tax / deferred tax assets are calculated at the nominal rate based on the temporary differences that exist between the accounting and tax values at the end of the accounting period. Tax-increasing and tax-reducing temporary differences are offset and recorded in the balance sheet. The current tax rate used to calculate deferred tax / deferred tax assets in the bank is 25% and the tax rate in NFH ASA is 22%. Deferred tax assets are capitalized to the extent that it is probable that the benefit will be realized at a future date.

5.5b. Tax expense

In the income statement, both the change in deferred tax and the tax payable for the period are included in the tax expense. The tax expense also includes those cases where in the past periods a tax payable has been set aside that deviates from the final tax settlement.

Tax consequences of the payment of interest on Tier 1 capital and group contributions are recognized in profit or directly in equity, depending on where the entity originally recognized the related transactions or events that have generated the profits distributed.

5.5c. Payable tax

Payable tax for current and prior periods not paid at the reporting date, is recognized as a liability. Tax payable is tax calculated on the taxable profit for the year. The current tax rate is industry specific.

6. Pension

The bank is subject to the compulsory occupational pension law has a defined contribution scheme that includes all employees. Deposits in the scheme are paid on an ongoing basis and the bank has no obligations beyond the current payment to the scheme.

7. Currency

The bank has NOK as its presentation currency. Balance sheet items in foreign currency are translated into NOK using the exchange rate on the balance sheet date. Amounts in foreign currency included in the income statement are converted to NOK using the average exchange rate. The bank has income and expenses in SEK, DKK and EUR in addition to NOK.

8. Estimates

The estimation of valuation items and discretionary valuations is based on the bank's historical experience and a probability weighted expectation picture related to future events. The bank considers impairment losses as a central assessment item based on discretionary assessments.

9. Cash flow statement

The cash flow statement has been prepared using the indirect method and is structured based on the business. The statement reflects the main elements of the bank's liquidity management, with special emphasis on cash flows for lending and deposit operations. Cash and cash equivalents consist of cash and deposits with the central bank as well as loans to credit institutions.

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 2019

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Total
Net interest income	2 389 911	863 804	651 865	1 356 133	5 261 712
Net other operating income	177 839	69 151	23 530	51 784	322 304
Total income	**2 567 750**	**932 955**	**675 394**	**1 407 917**	**5 584 016**
Total operating expenses	560 336	291 275	181 638	278 890	1 312 140
Provision for loan losses	696 095	221 951	200 618	508 696	1 627 359
Profit before tax	**1 311 319**	**419 729**	**293 138**	**620 331**	**2 644 518**
Tax charge	356 831	109 876	63 918	121 254	651 879
Profit after tax	**954 488**	**309 853**	**229 220**	**499 077**	**1 992 639**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**
Comprehensive income for the period	**954 488**	**309 853**	**229 220**	**499 077**	**1 992 639**

Balance sheet 31.12.19

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Total
Loans to customers	18 844 355	6 802 103	4 724 885	10 189 159	40 560 502
Other assets	8 546 780	3 467 465	3 151 700	2 157 276	17 323 220
Total assets	**27 391 134**	**10 269 568**	**7 876 585**	**12 346 435**	**57 883 722**
					-
Deposits from customers	19 417 635	5 946 156	7 316 699	7 437 880	40 118 369
Other liabilities and equity	7 973 500	4 323 412	559 886	4 908 555	17 765 353
Total liabilities and equity	**27 391 134**	**10 269 568**	**7 876 585**	**12 346 435**	**57 883 722**

Profit and loss account 2018

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Total
Net interest income	2 281 471	783 310	545 662	1 092 362	4 702 806
Net other operating income	144 893	75 673	29 682	-3 498	246 750
Total income	**2 426 365**	**858 983**	**575 344**	**1 088 863**	**4 949 556**
Total operating expenses	537 585	277 024	163 053	254 273	1 231 935
Provision for loan losses	421 873	249 051	247 573	405 693	1 324 189
Profit before tax	**1 466 907**	**332 908**	**164 719**	**428 898**	**2 393 431**
Tax charge	353 489	82 632	40 708	105 638	582 467
Profit after tax	**1 113 418**	**250 276**	**124 010**	**323 259**	**1 810 964**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**
Comprehensive income for the period	**1 113 418**	**250 276**	**124 010**	**323 259**	**1 810 964**

Balance sheet 31.12.18

Amounts in NOK 1000	Norway	Sweden	Denmark	Finland	Total
Loans to customers	18 512 497	6 660 599	4 082 280	8 542 242	37 797 618
Other assets	6 515 429	2 366 123	1 282 722	2 269 710	12 433 985
Total assets	**25 027 926**	**9 026 722**	**5 365 003**	**10 811 952**	**50 231 603**
Deposits from customers	19 744 468	6 573 122	3 920 335	8 853 867	39 091 791
Other liabilities and equity	5 283 458	2 453 600	1 444 668	1 958 085	11 139 811
Total liabilities and equity	**25 027 926**	**9 026 722**	**5 365 003**	**10 811 952**	**50 231 603**

Note 3. Capital adequacy and Liquidity Coverage Ratio

Bank Norwegian AS 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

Amounts in NOK 1000	2019	2018
Share capital	183 315	183 315
Share premium	966 646	966 646
Other reserves	7 503 649	5 556 708
Deferred tax assets, intangible assets and additional valuation adjustment	-150 902	-161 433
Common equity tier 1	**8 502 708**	**6 545 235**
Additional tier 1 capital	635 000	635 000
Tier 1 capital	**9 137 708**	**7 180 235**
Tier 2 capital	822 688	836 205
Total capital	**9 960 395**	**8 016 441**

Calculation basis

Regional governments or local authorities	87 123	97 143
Institutions	1 350 762	850 301
Loans to customers	26 750 970	25 396 605
Defaulted loans	4 892 542	3 935 478
Equity positions	44 818	36 654
Other assets	139 901	76 865
Total credit risk	**33 602 903**	**30 666 578**
Operational risk	**5 728 738**	**4 013 050**
Market risk	**1 575**	**-**
Total calculation basis	**39 333 216**	**34 679 628**

Common equity tier 1 %	**21.6 %**	**18.9 %**
Tier 1 capital %	**23.2 %**	**20.7 %**
Total capital %	**25.3 %**	**23.1 %**

Note 4. Expected credit loss

The bank 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.

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

Economic variables used to measure ECL

The bank 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 31.12.2019: 40% - 30% - 30% for base, optimistic and pessimistic scenario for expected credit loss.

		Base scenario		Optimistic scenario		Pessimistic scenario	
Norway		12 months	5 years	12 months	5 years	12 months	5 years
	3-month interbank rate	2.00 %	2.92 %	1.75 %	2.67 %	2.68 %	3.57 %
	Hourly pay in NOK	451	514	456	536	449	502
	Real interest rate	-0.59 %	-0.22 %	-0.99 %	-0.62 %	0.31 %	0.64 %
Sweden							
	3-month interbank rate	0.30 %	2.28 %	-0.20 %	0.99 %	0.98 %	4.08 %
	Consumption in millions	182 864	198 932	184 107	201 966	180 247	192 690
	Unemployment level in thousands	376	376	333	339	413	413
Denmark							
	3-month interbank rate	0.75 %	2.91 %	1.36 %	3.26 %	0.13 %	2.59 %
	Consumption in millions	81 753	88 301	84 132	94 747	79 394	82 807
	Unemployment percentage	5.23 %	5.19 %	4.13 %	4.96 %	6.38 %	5.44 %
Finland							
	3-month interbank rate	-0.28 %	1.08 %	0.43 %	1.25 %	-0.41 %	0.65 %
	Consumption in millions	9 409	9 944	9 574	10 384	9 248	9 535
	Unemployment percentage	6.62 %	6.21 %	4.93 %	5.64 %	8.61 %	6.77 %

Macro scenario sensitivity on ECL

Norway	Final ECL	Base scenario	Optimistic scenario	Pessimistic scenario
Credit card	354 140	351 745	351 609	351 873
Instalment loans	938 210	931 056	929 857	932 248
Sweden				
Credit card	191 566	191 315	191 285	191 345
Instalment loans	646 980	646 613	646 196	646 943
Denmark				
Credit card	115 174	113 930	113 663	114 194
Instalment loans	608 822	605 359	604 235	606 479
Finland				
Credit card	91 249	91 239	91 081	91 451
Instalment loans	649 269	649 251	649 587	649 025

The final ECL is a macro-weighted ECL based on 40% - 30% - 30% weighting given to the base, optimistic 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

2019					Loan loss allowance			
Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Gross loans**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Instalment loans Norway	7 999 722	2 063 588	2 573 790	12 637 099	80 380	103 819	754 011	11 698 889
Credit card loans Norway	5 824 972	862 289	812 344	7 499 606	37 765	53 238	263 137	7 145 466
Instalment loans Sweden	2 185 929	1 082 078	1 354 141	4 622 148	55 479	62 960	528 540	3 975 168
Credit card loans Sweden	2 149 014	506 081	363 405	3 018 501	9 750	29 111	152 705	2 826 935
Instalment loans Denmark	3 266 952	243 881	944 127	4 454 960	47 840	36 935	524 047	3 846 139
Credit card loans Denmark	729 045	55 505	209 370	993 920	13 921	9 341	91 912	878 746
Instalment loans Finland	6 113 516	1 207 147	1 217 531	8 538 194	109 419	159 519	380 331	7 888 925
Credit card loans Finland	1 715 782	513 680	162 021	2 391 482	10 502	31 243	49 504	2 300 234
Total	**29 984 932**	**6 534 249**	**7 636 728**	**44 155 910**	**365 055**	**486 167**	**2 744 186**	**40 560 502**
Provision coverage ratio per stage					**1.22 %**	**7.44 %**	**35.93 %**	

2018					Loan loss allowance			
Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Gross loans**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Instalment loans Norway	9 514 473	1 393 015	1 679 254	12 586 743	43 926	33 764	495 005	12 014 048
Credit card loans Norway	5 539 885	578 421	546 689	6 664 995	7 902	5 378	153 267	6 498 449
Instalment loans Sweden	1 762 810	1 897 750	814 962	4 475 521	39 624	88 305	231 058	4 116 534
Credit card loans Sweden	2 050 510	409 908	207 241	2 667 660	10 348	37 187	76 059	2 544 065
Instalment loans Denmark	3 022 112	194 614	542 704	3 759 430	55 607	33 292	309 990	3 360 540
Credit card loans Denmark	590 512	52 360	195 408	838 279	12 350	12 502	91 687	721 740
Instalment loans Finland	5 656 943	1 137 260	204 891	6 999 094	52 301	84 806	49 766	6 812 221
Credit card loans Finland	1 258 407	506 254	13 229	1 777 889	13 322	30 702	3 844	1 730 021
Total	**29 395 652**	**6 169 582**	**4 204 377**	**39 769 611**	**235 381**	**325 937**	**1 410 676**	**37 797 618**
Provision coverage ratio per stage					**0.80 %**	**5.28 %**	**33.55 %**	

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 1.1.19, while migration into one stage is calculated at the closing date 31.12.19.

Total Loans

Loan loss allowance

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loan loss allowance as at 1.1.19	235 381	325 937	1 410 676	1 971 993
Transfers from stage 1 to stage 2	-71 095	255 413	-	184 318
Transfers from stage 1 to stage 3	-42 515	-	567 392	524 877
Transfers from stage 2 to stage 1	26 579	-76 797	-	-50 218
Transfers from stage 2 to stage 3	-	-181 722	569 379	387 657
Transfers from stage 3 to stage 2	-	10 886	-75 777	-64 891
Transfers from stage 3 to stage 1	908	-	-24 677	-23 769
New financial assets issued	114 107	82 182	96 178	292 466
Financial assets derecognized in the period	-59 646	-41 706	-78 482	-179 835
Modification of contractual cash flows from non-discounted financial assets	161 336	111 975	533 888	807 199
Charge-off	-	-	-254 390	-254 390
Loan loss allowance as at 31.12.19	**365 055**	**486 167**	**2 744 186**	**3 595 408**

Gross loans to customers

Amounts in NOK 1000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross loans to customers as at 1.1.19	29 395 652	6 169 582	4 204 377	39 769 611
Transfers from stage 1 to stage 2	-3 180 507	3 433 778	-	253 271
Transfers from stage 1 to stage 3	-1 502 462	-	1 752 771	250 309
Transfers from stage 2 to stage 1	1 503 892	-1 704 531	-	-200 639
Transfers from stage 2 to stage 3	-	-1 578 807	1 770 127	191 319
Transfers from stage 3 to stage 2	-	148 204	-238 159	-89 955
Transfers from stage 3 to stage 1	43 484	-	-85 458	-41 975
New financial assets issued	6 784 682	983 291	259 297	8 027 269
Financial assets derecognized in the period	-3 787 160	-747 003	-255 738	-4 789 901
Modification of contractual cash flows from non-discounted financial assets	727 352	-170 264	892 439	1 449 527
Charge-off	-	-	-662 927	-662 927
Gross loans to customers as at 31.12.19	**29 984 932**	**6 534 249**	**7 636 728**	**44 155 910**

Instalment loans total

Loan loss allowance

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as at 1.1.19	191 427	239 920	1 086 542	1 517 890
Transfers from stage 1 to stage 2	-52 405	189 444	-	137 039
Transfers from stage 1 to stage 3	-35 786	-	466 484	430 697
Transfers from stage 2 to stage 1	22 941	-51 038	-	-28 097
Transfers from stage 2 to stage 3	-	-154 821	456 322	301 501
Transfers from stage 3 to stage 2	-	9 328	-57 345	-48 017
Transfers from stage 3 to stage 1	853	-	-18 140	-17 287
New financial assets issued	91 683	58 284	80 125	230 091
Financial assets derecognized in the period	-55 351	-37 208	-60 125	-152 685
Modification of contractual cash flows from non-discounted financial assets	129 756	109 324	406 740	645 820
Charge-off	-	-	-173 674	-173 674
Loan loss allowance as at 31.12.19	**293 117**	**363 233**	**2 186 929**	**2 843 280**

Gross loans to customers

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 1.1.19	19 956 269	4 613 244	3 251 721	27 821 234
Transfers from stage 1 to stage 2	-2 322 931	2 320 080	-	-2 851
Transfers from stage 1 to stage 3	-1 249 303	-	1 418 332	169 028
Transfers from stage 2 to stage 1	997 504	-1 058 116	-	-60 611
Transfers from stage 2 to stage 3	-	-1 271 868	1 418 240	146 372
Transfers from stage 3 to stage 2	-	131 426	-182 825	-51 399
Transfers from stage 3 to stage 1	39 045	-	-62 410	-23 365
New financial assets issued	5 537 090	665 313	218 029	6 420 432
Financial assets derecognized in the period	-3 516 914	-669 592	-194 032	-4 380 538
Modification of contractual cash flows from non-discounted financial assets	125 359	-133 793	680 895	672 461
Charge-off	-	-	-458 362	-458 362
Gross loans to customers as at 31.12.19	**19 566 119**	**4 596 694**	**6 089 588**	**30 252 401**

Credit card total

Loan loss allowance

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as at 1.1.19	43 953	86 016	324 134	454 103
Transfers from stage 1 to stage 2	-18 690	65 969	-	47 280
Transfers from stage 1 to stage 3	-6 729	-	100 908	94 180
Transfers from stage 2 to stage 1	3 638	-25 759	-	-22 122
Transfers from stage 2 to stage 3	-	-26 901	113 057	86 156
Transfers from stage 3 to stage 2	-	1 558	-18 432	-16 874
Transfers from stage 3 to stage 1	56	-	-6 537	-6 481
New financial assets issued	22 424	23 898	16 053	62 375
Financial assets derecognized in the period	-4 295	-4 498	-18 357	-27 150
Modification of contractual cash flows from non-discounted financial assets	31 580	2 651	127 148	161 379
Charge-off	-	-	-80 717	-80 717
Loan loss allowance as at 31.12.19	**71 938**	**122 933**	**557 257**	**752 128**

Gross loans to customers

Amounts in NOK 1000	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as at 1.1.19	9 439 383	1 556 338	952 656	11 948 378
Transfers from stage 1 to stage 2	-857 576	1 113 698	-	256 123
Transfers from stage 1 to stage 3	-253 158	-	334 439	81 281
Transfers from stage 2 to stage 1	506 387	-646 415	-	-140 028
Transfers from stage 2 to stage 3	-	-306 939	351 887	44 948
Transfers from stage 3 to stage 2	-	16 778	-55 334	-38 557
Transfers from stage 3 to stage 1	4 439	-	-23 049	-18 610
New financial assets issued	1 247 591	317 978	41 268	1 606 837
Financial assets derecognized in the period	-270 246	-77 411	-61 706	-409 363
Modification of contractual cash flows from non-discounted financial assets	601 993	-36 471	211 544	777 066
Charge-off	-	-	-204 565	-204 565
Gross loans to customers as at 31.12.19	**10 418 813**	**1 937 555**	**1 547 140**	**13 903 509**

Note 6. Provision for loan losses

Amounts in NOK 1000	2019	2018
Realized losses in the period due to final write-offs	46 813	33 426
Realized losses in the period due to charge-offs*	436 891	-
Loan loss provisions - lifetime expected credit loss (stage 3)	922 091	1 121 528
Loan loss provisions - lifetime expected credit loss (stage 2)	99 639	89 805
Loan loss provisions - 12 months expected credit loss (stage 1)	121 926	28 057
Adjustments for sold NPL portfolios	-	42 918
Collection expenses related to sold NPL portfolios	-	8 456
Provision for loan losses	**1 627 359**	**1 324 189**

*Charge-off means that the entire loan is written down and removed from gross loans while maintaining the claim against the customer.

Note 7. Gross loans to customers by geographical region

Amounts in NOK 1000	2019	2018
Østlandet	10 480 804	10 021 391
Vestlandet	4 975 175	4 875 296
Nord-Norge	2 010 017	2 021 530
Trøndelag	1 455 798	1 424 490
Sørlandet	843 243	841 986
Not classified	371 666	67 045
Total Norway	**20 136 705**	**19 251 738**
Svealand	3 627 702	3 421 680
Götaland	3 192 125	3 036 875
Norrland	700 422	684 498
Not classified	120 400	128
Total Sweden	**7 640 648**	**7 143 181**
Hovedstaden	1 957 314	1 605 798
Sjælland	1 111 651	977 184
Syddanmark	1 006 011	886 112
Midtjylland	887 574	771 329
Nordjylland	409 228	352 618
Not classified	77 103	4 668
Total Denmark	**5 448 880**	**4 597 709**
Södra Finland	7 510 873	6 052 070
Mellersta Finland	1 274 001	1 012 353
Västra Finland	1 215 607	969 723
Norra Finland	457 719	376 078
Östra Finland	384 845	317 698
Not classified	86 632	49 061
Total Finland	**10 929 676**	**8 776 983**
Gross loans to customers	**44 155 910**	**39 769 611**

Note 8. Risk classes

Amounts in NOK 1000	12 month Probability of default	Gross loans 2019	Gross loans 2018	Undrawn credit limits 2019	Undrawn credit limits 2018
A	0 – 1 %	6 851 773	6 508 855	42 938 545	38 031 582
B	1 – 3 %	10 371 775	14 550 011	1 955 651	2 095 667
C	3 – 5 %	4 405 790	4 355 243	253 409	327 242
D	5 – 9 %	4 066 599	3 024 680	261 556	192 421
E	9 – 15 %	3 615 128	2 083 212	163 107	91 990
F	15 – 20 %	1 373 658	731 222	16 446	18 571
G	20 – 30 %	1 495 696	1 199 003	14 185	14 875
H	30 – 40 %	614 004	444 297	2 039	22 675
I	40 – 55 %	422 106	480 509	1 205	4 995
J	55 – 100%	355 278	374 058	223	2 015
Engagements under collections by an agency, where the customer is less than 90 days past due		909 344	751 439	-	-
On track with engagement, at least one other product where payment is more than 90 days past due		1 447 684	473 418	-	-
Engagements that are in warning, but less than 90 days past due		565 289	547 856	-	-
Engagements that are more than 90 days past due		7 549 800	3 913 077	-	-
Engagements that are written down		111 319	331 990	-	-
Total classified		44 155 245	39 768 870	45 606 367	40 802 033
Not classified		665	742	-	-
Total		**44 155 910**	**39 769 611**	**45 606 367**	**40 802 033**
Performing stage 3[1]		1 851 658	1 108 303		

[1] As described on banknorwegian.no/OmOss/InvestorRelations.

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

Note 9. Risk Management

Risk Management at Bank Norwegian shall ensure that the exposure to risk is known at all times and within the limits set by the Board. Risk management shall further support the bank's strategic development and achievement of targets.

The bank has established a board-approved risk management framework with its own policies for all significant risks with associated risk appetite, key risk indicators (KRI) and tolerance levels. As outlined in the risk management framework and in the business strategy, the bank shall primarily generate earnings through exposure to unsecured lending in the retail segment. Other financial risks are limited by the defined risk limits. The risk limits are determined in relation to the bank’s buffer capital and risk-bearing capacity.

Risk exposure and development are regularly monitored and reported to the bank's board and executive management team.

Note 10. Credit risk

Credit risk is defined as the risk of loss due to customers or counterparties being unable or unwilling to meet their financial obligations.

Credit risk in the loan portfolio is the bank's greatest risk. The risk is continuously managed in line with the board approved Risk Management Framework with associated Credit Risk Policy, routines and guidelines for granting credit, as well as various reporting and follow-up requirements.

The bank's credit guidelines are based on automated rules where the applicant receives an automatic rejection or a conditional grant at the time of application. The credit allocations are based on a qualitative and quantitative analysis with a positive conclusion about the customer's future willingness to pay and ability to pay. The analysis of willingness to pay identifies the characteristics of the customer that predict future payment conduct, while the analysis of the customer’s ability to repay is a quantitative evaluation of the customer’s ability to repay his/ her obligations, given the customer’s current and anticipated future financial situation. The case handler’s role is to subsequently check if the preconditions for the conditional approval are present.

The bank's portfolio of interest-bearing securities also entails a credit risk but is followed up through the bank’s Market Risk Policy.

Note 11. Liquidity risk

The liquidity risk is the risk that the bank is not capable of covering all its financial obligations as they fall due. The liquidity risk is evaluated as low at the time of this report, since a large portion of the bank's assets consists of easily transferable securities. The asset side is financed by core deposits from the retail market, debt securities and subordinated capital. The bank manages its liquidity position by short-term cash flow forecasts and liquidity due date summaries.

The liquidity reserve (LCR) is defined as the banks's liquid assets in relation to the net liquidity outflow 30 days ahead given a stress situation. As of December 31, 2019, the liquidity reserve at the total level for the bank was 449%. the NFH group has significant currencies in Norwegian, Swedish and Danish kroner, as well as the euro. As of December 31, 2019, LCR was 321% in Norwegian kroner, 396% in Swedish kroner, 649% in Danish kroner and 167% in Euro. The statutory requirement for liquidity reserves per on 31 December 2019, the total level and for significant currencies is 100%, except for NOK where the requirement is 50%.

Remaining time to maturity for main items

	2019						
Amounts in NOK 1000	Without any term	Up to 1 month	From 1 month up to 3 months	From 3 month up to 1 year	From 1 year up to 5 years	Over 5 years	Total
Loans from credit institutions	52 750	-	-	-	-	-	52 750
Subordinated loan	-	-	-	-	928 992	-	928 992
Deposits from customers	40 118 369	-	-	-	-	-	40 118 369
Debt securities issued	-	-	-	761 976	6 297 124	-	7 059 099
Financial derivatives	-	25 219	1 359	3 043	-	-	29 621
Non interest-bearing liabilities	-	198 917	162 644	672 262	-	-	1 033 822
Total liabilities	**40 118 369**	**224 136**	**164 003**	**1 437 280**	**7 226 116**	**-**	**49 169 903**
Cash and deposits with the central bank	68 500	-	-	-	-	-	68 500
Loans and deposits with credit institutions	2 093 048	-	-	-	-	-	2 093 048
Loans to customers	12 905 622	58 780	13 874	4 051 989	1 525 551	22 004 687	40 560 502
Certificates and bonds	-	824 523	3 847 901	4 102 466	5 876 098	-	14 650 988
Financial derivatives	-	4 989	8 156	63 226	-	-	76 371
Assets without remaining time to maturity	434 312	-	-	-	-	-	434 312
Total assets	**15 501 483**	**888 292**	**3 869 931**	**8 217 681**	**7 401 649**	**22 004 687**	**57 883 722**

	2018						
Amounts in NOK 1000	Without any term	Up to 1 month	From 1 month up to 3 months	From 3 month up to 1 year	From 1 year up to 5 years	Over 5 years	Total
Subordinated loan	-	-	-	-	969 445	-	969 445
Deposits from customers	39 091 791	-	-	-	-	-	39 091 791
Debt securities issued	-	-	-	347 672	1 715 692	-	2 063 364
Financial derivatives	-	40 477	55 387	24 634	-	-	120 497
Non interest-bearing liabilities	-	12 209	172 768	637 739	-	-	822 716
Total liabilities	**39 091 791**	**52 685**	**228 155**	**1 010 045**	**2 685 138**	**-**	**43 067 814**
Cash and deposits with the central bank	67 959	-	-	-	-	-	67 959
Loans and deposits with credit institutions	1 499 199	-	-	-	-	-	1 499 199
Loans to customers	11 370 785	23 505	9 149	125 600	4 181 292	22 087 287	37 797 618
Certificates and bonds	-	764 312	2 664 010	3 498 238	3 676 038	-	10 602 597
Financial derivatives	-	10 610	305	1 858	-	-	12 773
Assets without remaining time to maturity	251 455	-	-	-	-	-	251 455
Total assets	**13 189 399**	**798 426**	**2 673 463**	**3 625 697**	**7 857 330**	**22 087 287**	**50 231 603**

The table is based on contractual maturities. Debt items for subordinated loans and securities debt include future interest rates.

Note 12. Market risk related to interest rate risk

Interest rate risk arises because interest bearing assets and liabilities have different remaining fixed rate terms. The Board has set limits for the total interest rate risk.

The Board of Directors has adopted limits for the total interest rate risk, both in the accounting and economic perspective. Economic interest rate risk is an expression of actual interest rate risk, while accounting interest rate risk includes those items that are recognized at fair value in the balance sheet.

The bank's investment portfolio is mainly invested with short interest rates. The bank only offers products with administratively set interest rates and no fixed interest rates are offered. The interest rate fixing in the bank's financial instruments and products is largely coincident in the economic perspective. Administrative interest rate risk has not been taken into account, i.e. the effect of the fact that in practice there will be a lapse between a change in markets interest rates and the bank having adjusted the terms and conditions for deposits and loans at floating rates of interest. Any exposure beyond the interest rate risk limits shall be hedged with hedging instruments. Interest rate risk is closely followed by both first and second line and the exposure is regularly reported to the Board and executive management team.

The table below shows the impact on the instruments' fair value based on a 1%-point parallel shift in the yield curve.

	Interest rate risk, 1% change	
Amounts in NOK 1000	**2019**	**2018**
Cash and deposits with the central bank	-1	-1
Loans and deposits with credit institutions	-43	-31
Loans to customers	-34 812	-32 441
Certificates and bonds	-27 864	-18 155
Financial derivatives	-	-
Total assets	**-62 721**	**-50 628**
Deposits from customers	49 736	48 464
Debt securities issued	9 564	1 877
Financial derivatives	-	-
Subordinated loan	500	778
Total liabilities	**59 800**	**51 118**
Tier 1 capital	825	590
Total equity	**825**	**590**
Total interest rate risk, effect on profit after tax*	**-2 096**	**1 081**

**Negative figures indicates that the Bank loses on an increase in interest rates.*

Although the calculations above show that the bank will incur a loss from an increase in interest rates, the way in which the increase in interest rates happens is not insignificant. The table below shows yield curve risk, i.e. the risk of the yield curve shifting differently within the different time periods when there is a change in interest rates, by measuring the Bank's net interest rate exposure within the different periods.

Yield curve risk	**2019**	**2018**
0 - 1 month	-680	-724
1 - 3 months	14 638	12 824
3 - 6 months	-6 191	-4 683
6 - 12 months	-9 356	-4 907
1-3 years	-508	-1 430
3-5 years	-	-
> 5 years	-	-
Total interest rate risk, effect on profit after tax	**-2 096**	**1 081**

Note 13. Market risk related to currency exposure

Currency risk arises because the bank has differences between assets and liabilities in each currency.

Board approved limits have been established for the net exposure in each currency, as well as the limits for aggregate net currency exposure. The bank's framework defines quantitative targets for maximum net exposure in currency, measured in NOK.

Through its core business, the Bank has currency exposure in SEK, DKK and EUR and currency exposure is hedged using forward exchange contracts. In accordance with the Bank's internal framework, net positions in single currencies and in total may amount up to 2% of eligible capital.

The table shows net currency exposure including financial derivatives as at December 31, 2019, as well as the effect on after-tax profit/loss of a 3 percent change in FX-rates.

Amounts in NOK 1000

Currency	**2019**	**2018**
SEK	-37 388	-40 276
DKK	109 888	7 592
EUR	-114 547	48 997
Total	**-42 047**	**16 312**
Effect on after-tax profit/loss of a 3 percent change in FX-rates	-946	367

Note 14. Operational risk

Operational risk is the risk of losses due to inadequate or failed internal processes or systems, human error or external events. The process for managing operational risk shall, insofar as it is possible, ensure that no individual incidents caused by operational risk seriously damage the banks's financial position.

The management of operational risk is based on the Policy for Operational Risk and Internal Control. Risk assessments are carried out both at the overall level, but also within different processes that the bank is exposed to at all times. Special systems have been established for following up risk assessment control measures and improvement measures, as well as for reporting adverse events. Incidents that have impacted or could impact the bank's profitability and/or reputation are systematically followed up.

In addition to an annual review of significant operational risks and control measures, management performs a continuous evaluation of the operational risk situation, and risk reducing measures are implemented as necessary. Ongoing reporting of operational loss incidents and internal control deviations is made to management and the Board.

The banks's operating concept is based to a large extent on the purchase of services from external suppliers. The agreements contain provisions relating to quality standards and are continuously followed up by the Bank in accordance with the outsourcing guidelines.

Given the risk inherent in using Information and communications technology, this area is subject to continuous monitoring. ICT-related Key Risk Indicators (KRIs) are closely monitored and included in the bank's risk reporting to the Board and executive management team. The Internal Audit also carries out independent reviews and tests of the bank's security in the area.

Note 15. Net interest income

Amounts in NOK 1000	2019	2018
Interest income from cash and deposits with the central bank	781	389
Interest income from loans to and deposits with credit institutions	8 430	3 705
Interest income from instalment loans	4 114 730	3 847 441
Interest income from credit card loans	1 624 932	1 351 451
Interest income from sales financing	650	2 072
Interest income, effective interest method	**5 749 523**	**5 205 058**
Interest and other income from certificates and bonds	155 937	100 717
Other interest and other interest related income	6 343	3 586
Other interest income	**162 279**	**104 303**
Total interest income	**5 911 803**	**5 309 361**
Interest expense from deposits from credit institutions	-	1 434
Interest expense from deposits from customers	478 037	523 598
Interest expense on debt securities issued	70 531	30 404
Interest expense on subordinated loan	34 665	24 134
Other interest and other interest related expenses	66 857	26 985
Interest expenses	**650 090**	**606 554**
Net interest income	**5 261 712**	**4 702 806**

Note 16. Net commission and bank services income

Amounts in NOK 1000	2019	2018
Payment services	416 056	345 095
Insurance services	70 440	64 858
Other fees and commission and bank services income	53 947	53 598
Total commission and bank services income	**540 443**	**463 551**
Payment services	160 458	147 595
Insurance services	67 516	55 689
Other fees and commission and bank services expense	22 218	26 368
Total commission and bank services expenses	**250 192**	**229 652**

Note 17. Net change in value on securities and currency

Amounts in NOK 1000	2019	2018
Net change on certificates and bonds	-74 558	-51 315
Net change on FX-forwards	143 008	41 273
Net currency effects	-49 509	19 534
Net change on shares and other securities	13 112	3 326
Net change in value on securities and currency	**32 053**	**12 818**

Note 18. Salaries and other personnel expenses

Specification of personnel expenses

Amounts in NOK 1000	2019	2018
Salaries	78 385	68 103
Social security tax	15 666	13 031
Pension premiums	4 374	2 885
Social benefits	2 350	2 264
Total	**100 775**	**86 283**

There are no obligations in connection with termination or change of employment/appointments for the CEO or the Board of Directors. There are no loans to employees.

Number of employees as at December 31, 2019, wages and remuneration

At 31.12.19 the bank had 87 employees, corresponding to 85.5 man-labour years.

Wages and remuneration to key employees

	2019				
Amounts in NOK 1000	Wages	Bonus	Pension premiums	Other remuneration	Total remuneration
Combined wages, pension liabilities and other remuneration					
Tine Wollebekk	3 468	1 488	123	253	5 332
Pål Svenkerud	2 365	1 018	123	208	3 713
Fredrik Mundal	1 698	724	123	126	2 671
Tore Andresen	2 187	926	123	173	3 409
Merete Gillund	2 143	769	123	172	3 208
Peer Timo Andersen-Ulven	1 886	356	123	146	2 510
Total	**13 746**	**5 280**	**738**	**1 078**	**20 843**

Amounts in NOK 1000	2018 Wages	Bonus	Pension premiums	Other remuneration	Total remuneration
Combined wages, pension liabilities and other remuneration					
Tine Wollebekk	3 263	1 274	72	253	4 863
Pål Svenkerud	2 377	894	72	203	3 545
Fredrik Mundal	1 630	725	72	126	2 553
Tore Andresen	2 098	813	72	165	3 149
Merete Gillund	1 984	876	72	158	3 091
Peer Timo Andersen-Ulven	1 800	-	72	149	2 021
Nils Sælen	692	-	23	55	770
Tore Widding	271	-	-	-	271
Total	**14 116**	**4 582**	**458**	**1 108**	**20 263**

Key personnel are defined as members of the management group.

Bonus

Bank Norwegian has a bonus scheme that includes all permanent employees in accordance with detailed guidelines. The bonuses earned are based on profit after tax and the return on equity achieved. Bonus payments distributed to employees are limited to a maximum of 2.25 % of the profit after tax. The amount includes social security tax and financial activity tax.

Bonus to key personnel are earned according to circular 11/2011 from The Financial Supervisory Authority of Norway, “Godtgjørelsesordninger i finansinstitusjoner m.v.” (Compensation arrangements at banks). Key personnel receive the entire bonus in shares in Norwegian Finans Holding ASA with a right of disposal three years after the grant date. Other employees receive the bonus in cash. The terms of the current bonus scheme applies for the period 2016 to 2018.

Provision for bonus for 2019, including employer's contribution and financial tax, which forms the basis for payment of bonus in 2020, amounts to NOK 17.4 million. A new bonus program applies from and including the financial year 2019, where fixed targets are assessed annually, based on risk-adjusted return on equity calculated on the basis of annual profit after tax.

Fees paid out to the Board of Directors

Amounts in NOK 1000	2019	2018
Bjørn Østbø	300	-
John Høsteland	313	125
Bjørn H. Kise	-	250
Christine Rødsæther	163	88
Gunn Isabel Westerlund Ingemundsen	125	-
Lars Ola Kjos	325	250
Ninett R. Olsen	15	50
Anders Gullestad	50	-
Frode Foss	-	125
Total	**1 290**	**888**

Fees paid out to the Election Committee

Amounts in NOK 1000	2019	2018
Knut Gillesen	50	25
Alf Nielsen	10	25
Gunnar Martinsen	5	5
Beret Sundet	5	-
Total	**70**	**55**

Auditor fees

The following expenses for external auditor fees have been recognized in the accounts, incl VAT.

Amounts in NOK 1000	2019	2018
Statutory auditing	353	1 090
Other certification services	532	473
Tax advisory services	-	-
Other non-audit services	546	362
Total	**1 431**	**1 925**

Pension

The bank is subject to compulsory occupational pension law and has a scheme that satisfies the requirement. The bank has a defined contribution plan, which means that the bank does not promise a future pension of a given size, but pays an annual contribution to the employees' collective pension savings. The bank has no further obligation related to delivered work after the annual contribution has been paid. As of December 31, 2019, 87 employees were included in the pension scheme.

Note 19. General administrative expenses

Amounts in NOK 1000	2019	2018
Sales and marketing	879 117	837 929
IT operations	88 871	75 579
External services fees	70 677	76 640
Other administrative expenses	49 864	45 762
Total	**1 088 530**	**1 035 911**

Note 20. Other operating expenses

Amounts in NOK 1000	2019	2018
Credit information	38 864	35 483
Auditor	1 871	1 725
Rental of premises	70	2 304
Insurance	582	481
Machinery and fixtures	440	762
Other operating expenses	13 314	8 990
Total	**55 141**	**49 744**

Note 21. Earnings per Share

Amounts in NOK 1000	2019	2018
Number of shares beginning of period	183 315	183 315
Number of issued shares in the period	-	-
Number of shares end of period	183 315	183 315
Average number of shares in the period	183 315	183 315
Profit on ordinary activities after tax	1 992 639	1 810 964
Earnings per share based on number of shares end of period	10.87	9.88
Earnings per share based on average number of shares in the period	10.87	9.88

The calculation of earnings per share does not take into account other changes in equity beyond profit after tax.

Note 22. Loans and deposits with credit institutions and central banks

Amounts in NOK 1000	2019	2018
Loans and deposits with credit institutions and central banks without agreed maturity or notice period	2 161 548	1 567 158
Total loans and deposits with credit institutions and central banks	**2 161 548**	**1 567 158**

Specification of currencies

Amounts in NOK 1000	2019	2018
NOK	506 362	618 568
SEK	584 694	353 606
DKK	940 096	184 808
EUR	130 397	410 177
Total loans and deposits with credit institutions and central banks	**2 161 548**	**1 567 158**

Average interest rate	0.48 %	0.25 %

Average interest rate is calculated as interest amount in percentage of average volume for the current period.

Note 23. Classification of financial instruments

Amounts in NOK 1000	2019 Fair value	Amortized cost	Total
Cash and deposits with the central bank	-	68 500	68 500
Loans and deposits with credit institutions	-	2 093 048	2 093 048
Loans to customers	-	40 560 502	40 560 502
Certificates and bonds	14 650 988	-	14 650 988
Shares and other securities	44 863		44 863
Financial derivatives	76 371	-	76 371
Total financial assets	**14 772 222**	**42 722 050**	**57 494 273**
Loans from credit institutions		52 750	
Deposits from customers	-	40 118 369	40 118 369
Debt securities issued	-	6 537 863	6 537 863
Financial derivatives	29 621	-	29 621
Subordinated loan	-	822 688	822 688
Total financial liabilities	**29 621**	**47 531 670**	**47 561 291**

Amounts in NOK 1000	2018 Fair value	Amortized cost	Total
Cash and deposits with the central bank	-	67 959	67 959
Loans and deposits with credit institutions	-	1 499 199	1 499 199
Loans to customers	-	37 797 618	37 797 618
Certificates and bonds	10 602 597	-	10 602 597
Shares and other securities	36 691	-	36 691
Financial derivatives	12 773	-	12 773
Total financial assets	**10 652 062**	**39 364 776**	**50 016 838**
Deposits from customers	-	39 091 791	39 091 791
Debt securities issued	-	2 018 724	2 018 724
Financial derivatives	120 497	-	120 497
Subordinated loan	-	836 205	836 205
Total financial liabilities	**120 497**	**41 946 721**	**42 067 218**

Note 24. Financial instruments at fair value

Financial instruments at fair value is measured at different levels.

Level 1 Valuation based on quoted prices in an active market
Financial instruments in level 1 are determined based on quoted prices in active markets for identical financial instruments available on the balance sheet date.

Level 2 Valuation based on observable market data
Financial instruments in level 2 are determined based on inputs other than quoted prices, but where prices are observable either directly or indirectly. These include quoted prices in markets that are not active.

Level 3 Valuation based on observable market data
When valuation can not be determined in level 1 or 2, valuation methods based on non-observable market data are used.

Financial instruments at fair value

	2019			
Amounts in NOK 1000	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	14 650 988	-	14 650 988
Financial derivatives	-	76 371	-	76 371
Shares and other securities	-	-	44 863	44 863
Total financial assets at fair value	**-**	**14 727 360**	**44 863**	**14 772 222**
Financial derivatives	-	29 621	-	29 621
Total financial liabilities at fair value	**-**	**29 621**	**-**	**29 621**

	2018			
Amounts in NOK 1000	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	10 602 597	-	10 602 597
Financial derivatives	-	12 773	-	12 773
Shares and other securities	-	-	36 691	36 691
Total financial assets at fair value	**-**	**10 615 371**	**36 691**	**10 652 062**
Financial derivatives	-	120 497	-	120 497
Total financial liabilities at fair value	**-**	**120 497**	**-**	**120 497**

Change in instruments classified at level 3

	2019		
Amounts in NOK 1000	Shares and other securities	Financial assets available	Total
Value 31.12.18	36 691	-	36 691
One time payout	-5 255	-	-5 255
Net change on financial instruments	13 427	-	13 427
Value 31.12.19	**44 863**	**-**	**44 863**

	2018		
Amounts in NOK 1000	Shares and other securities	Financial assets available	Total
Value 31.12.17	443	32 922	33 365
Reclassification IFRS 9	32 922	-32 922	-
Net change on financial instruments	3 326	-	3 326
Value 31.12.18	**36 691**	**-**	**36 691**

Valuation method

Ownership in VN Norge AS
Ownership in VN Norge AS, formerly known as Visa Norge FLI, is considered to be a financial asset and is classified as Shares and other securities. The fair value of the asset is estimated at NOK 44.9 million as of December 31, 2019. The calculation is based on input from VN Norge AS.

Shares i Vipps AS
On August 12, 2014, Bank Norwegian AS was granted 280 shares in BankID Norge AS based on the bank's participation in the BankID collaboration. The shares were converted into shares in Vipps AS in 2019. The value of the shares is estimated at the price at the time of grant.

Note 25. 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. This may be due to different perceptions of market conditions, risk and return requirements.

Loans and deposits with central banks and credit institutions and deposits from customers
Fair value is estimated to conform with amortized cost.

Loans to customers
Loans to customers are exposed to market competition. This means that the potential added value of the loan portfolio will not be maintained over time. Further, provisions for loan losses are provided for on an ongoing basis. The fair value of loans to customers is therefore considered to conform to the amortized cost.

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

Fair value of financial instruments at amortized cost

	2019		2018	
Amounts in NOK 1000	Book value	Fair value	Book value	Fair value
Debt securities issued	6 537 863	6 605 850	2 018 724	2 130 289
Subordinated loan	822 688	824 476	836 205	896 129
Total financial liabilities	**7 360 551**	**7 430 326**	**2 854 930**	**3 026 418**

Level 1 Valuation based on quoted prices in an active market
Financial instruments in level 1 are determined based on quoted prices in active markets for identical financial instruments available on the balance sheet date.

Level 2 Valuation based on observable market data
Financial instruments in level 2 are determined based on inputs other than quoted prices, but where prices are observable either directly or indirectly. These include quoted prices in markets that are not active.

Level 3 Valuation based on observable market data
When valuation can not be determined in level 1 or 2, valuation methods based on non-observable market data are used.

	2019			
Amounts in NOK 1000	Level 1	Level 2	Level 3	Total
Debt securities issued	-	6 537 863	-	6 537 863
Subordinated loan	-	822 688	-	822 688
Total financial liabilities	**-**	**7 360 551**	**-**	**7 360 551**

	2018			
Amounts in NOK 1000	Level 1	Level 2	Level 3	Total
Debt securities issued	-	2 018 724	-	2 018 724
Subordinated loan	-	836 205	-	836 205
Total financial liabilities	**-**	**2 854 930**	**-**	**2 854 930**

Note 26. Debt securities issued and subordinated loan

Amounts in NOK 1000	2019	2018
Debt securities issued, carrying value (amortized cost)	6 537 863	2 018 724
Subordinated loans, carrying value (amortized cost)	822 688	836 205
Total debt securities issued and subordinated loans	**7 360 551**	**2 854 930**

ISIN	Nominal value outstanding	Currency	Interest	Reference rate + margin	Maturity*	Carrying value
Debt securities issued (senior unsecured bonds)						
NO0010790850	130 000	NOK	Floating	NIBOR + 75bp	07.04.2020	130 306
NO0010810534	356 000	SEK	Floating	STIBOR + 108bp	20.11.2020	336 182
NO0010811110	285 000	NOK	Floating	NIBOR + 108bp	24.11.2020	285 750
NO0010837206	335 000	SEK	Floating	STIBOR + 120bp	22.02.2021	316 415
NO0010848583	192 000	SEK	Floating	STIBOR + 140bp	29.09.2021	178 736
NO0010848591	1 000 000	NOK	Floating	NIBOR + 150bp	29.03.2022	999 657
NO0010863582	400 000	SEK	Floating	STIBOR + 140bp	16.09.2022	377 551
NO0010863574	400 000	NOK	Floating	NIBOR + 140bp	16.09.2022	400 270
NO0010871148	800 000	NOK	Floating	NIBOR + 195bp	12.12.2022	800 822
NO0010871130	1 000 000	SEK	Floating	STIBOR + 190bp	12.12.2022	944 249
NO0010871155	1 200 000	NOK	Floating	NIBOR + 215bp	12.12.2023	1 201 350
NO0010871296	600 000	SEK	Floating	STIBOR + 200bp	12.12.2023	566 575
Total debt securities issued	**6 698 000**					**6 537 863**
Subordinated loan						
NO0010774326	100 000	NOK	Floating	NIBOR + 300bp	21.09.2021	99 958
NO0010797988	200 000	NOK	Floating	NIBOR + 375bp	16.06.2022	199 907
NO0010833130	550 000	SEK	Floating	STIBOR + 375bp	02.10.2023	522 823
Total subordinated loans	**850 000**					**822 688**
Total	**7 548 000**					**7 360 551**

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

Cash flows from funding *Amounts in NOK 1000*	Balance 31.12.18	Issued new debt	Repayment of debt	Interest expense 2019	Paid interest 2019	Amortization	Balance 31.12.19
Debt securities issued	2 018 724	5 834 015	-1 281 602	70 531	-61 409	-42 396	6 537 863
Subordinated loan	836 205	-	-	34 525	-29 195	-18 848	822 688

Note 27. Taxes

Amounts in NOK 1000	2019	2018
Deferred tax asset/deferred tax		
Basis for deferred tax asset/deferred tax in the balance sheet	15 285	-140 718
Deferred tax asset/deferred tax	3 821	-35 179
Deferred tax effect of IFRS 9 implementation that comes to taxation in 2019	-	18 189
Deferred tax asset/deferred tax in the accounts	**3 821**	**-16 990**
Basis for tax charge, changes in deferred tax and tax payable		
Profit before tax	2 644 518	2 393 431
Permanent differences	14 465	-45 294
Basis for the tax charge for the year	2 658 982	2 348 137
Change in differences included in the basis for deferred tax/tax asset	-156 002	84 416
Basis for tax payable in the profit and loss	2 502 980	2 432 553
Taxable income (basis for tax payable in the balance sheet)	**2 502 980**	**2 432 553**
Distribution of tax charge		
Tax payable (25% of taxable income)	625 745	608 138
Tax payable on items recognized in equity	-	
Excess tax provision previous year	5 323	-5 054
Total tax payable	631 068	603 085
Tax effect of tax losses carried forward not recognized in the balance sheet	-	1 424
Change in deferred tax/tax asset	20 811	-22 041
Tax charge	**651 879**	**582 468**
Reconciliation of tax charge		
Profit before tax	2 644 518	2 348 137
Estimated tax expense (25%)	661 129	598 358
Tax charge in profit and loss account	651 879	592 930
Difference	**-9 250**	**-5 428**
The difference consists of:		
25% of permanent differences	-2 174	-11 324
Interest charged directly to equity	11 424	9 525
Excess tax provision previous year	-	-5 054
Tax effect of tax losses carried forward not recognized in the balance sheet	-	1 424
Explained difference	**9 250**	**-5 428**
Tax payable in the balance sheet		
Tax payable in the tax charge	625 745	603 085
Tax effect of expenses recognized directly in equity	-	-
Tax payable	**625 745**	**603 085**

Note 28. Intangible assets

Amounts in NOK 1000	IT/ Software	Trademark	Connection fee	Agent commissions	Lease agreements	Total
Accumulated acquisition cost 31.12.18	99 964	-	17 337	106 556	-	223 857
Additions	16 381	-	-	42 764	9 787	68 932
Disposals	-8 421	-	-	-36 849	-	-45 270
Acquisition cost 31.12.19	107 923	-	17 337	112 471	9 787	247 518
Accumulated depreciations 31.12.19	58 071	-	-	50 085	3 262	111 418
Net accumulated and reversed amortizations 31.12.19		-	-	-	-	-
Acc. depreciations, amortizations and rev. amortizations 31.12.19	58 071	-	-	50 085	3 262	111 418
Book value 31.12.19	**49 852**	**-**	**17 337**	**62 386**	**6 524**	**136 100**
Annual depreciations	20 432	-	-	42 809	3 262	66 503
Annual amortizations	646	-	-	-	-	646
Annual reversed amortizations	-	-	-	-	-	-
Expected useful life	5 years	5 years	Not	3 years	3 years	
Depreciation method	Linear	Linear	amortizable	Linear	Linear	

Amounts in NOK 1000	IT/ Software	Trademark	Connection fee	Agent commissions	Lease agreements	Total
Accumulated acquisition cost 31.12.17	108 359	-	17 337	80 159	-	205 855
Additions	15 861	-	-	51 992	-	67 853
Disposals	-24 256			-25 596	-	-49 852
Acquisition cost 31.12.18	99 964	-	17 337	106 556	-	223 857
Accumulated depreciations 31.12.18	46 061	-	-	44 125	-	90 186
Net accumulated and reversed amortizations 31.12.18	-	-	-	-	-	-
Acc. depreciations, amortizations and rev. amortizations 31.12.18	46 061	-	-	44 125	-	90 186
Book value 31.12.18	53 903	-	17 337	62 431	-	**133 671**
Annual depreciations	19 605	-	-	38 770	-	58 374
Annual amortizations	-	-	-	1 231	-	1 231
Annual reversed amortizations	-	-	-	-	-	-
Expected useful life	5 years	5 years	Not	3 years		
Depreciation method	Linear	Linear	amortizable	Linear		

IT/Software consists of software rights and proprietary developments. The connection fee provides access to the common infrastructure for payment services in Norway. The infrastructure ensures that banks are able to offer payment services which allow customers to settle transactions among themselves, independently of connections to banks.

Note 29. Fixed assets

Amounts in NOK 1000	Office machines and motor vehicles	Fixtures and fittings	Hardware	Total
Accumulated acquisition cost 31.12.18	-	1 859	1 874	3 733
Additions	-	-	643	643
Disposals	-	-1	-	-1
Acquisition cost 31.12.19	-	1 858	2 517	4 375
Accumulated depreciations 31.12.19	-	1 857	1 698	3 555
Net accumulated and reversed amortizations 31.12.19	-	-	-	-
Acc. depreciations, amortizations and rev. Amorti. 31.12.19	-	1 857	1 698	3 555
Book value 31.12.19	**-**	**1**	**818**	**819**
Annual depreciations	-	2	542	544
Annual amortizations	-	-	-	-
Annual reversed amortizations	-	-	-	-
Expected useful life	5 years	5 years	3 years	
Depreciation method	Linear	Linear	Linear	

Amounts in NOK 1000	Office machines and motor vehicles	Fixtures and fittings	Hardware	Total
Accumulated acquisition cost 31.12.17	-	1 859	1 762	3 621
Additions	-	-	112	112
Disposals	-	-	-	-
Acquisition cost 31.12.18	-	1 859	1 874	3 733
Accumulated depreciations 31.12.18	-	1 858	1 156	3 014
Net accumulated and reversed amortizations 31.12.18	-	-	-	-
Acc. depreciations, amortizations and rev. Amorti. 31.12.18	-	1 858	1 156	3 014
Book value 31.12.18	**-**	**1**	**718**	**719**
Annual depreciations	-	24	369	393
Annual amortizations	-	-	-	-
Annual reversed amortizations	-	-	-	-
Expected useful life	5 years	5 years	3 years	
Depreciation method	Linear	Linear	Linear	

Note 30. Lease agreements

The bank has signed a lease for Snarøyveien 36, Fornebu. The agreement expires October 31, 2021, with the possibility of a two-year extension. Annual rent amounts to NOK 2.5 million.

IFRS 16 Non-cancellable operating leases

The group leases the office location at Fornebu, datalines and small inventories like coffemaschines and printers under non-cancellable operating leases expiring within two to eight years. The groups incremental borrowing rate is estimated to 2.76%. These leases have varying terms and renewal rights.

Non-cancellable operating leases

Commitments for minimum lease payments in relations to non-cancellable operating leases are payable as follows:	**2019**	**2018**
Within one year	1 564	1 608
Later than one year but not later than five years	8 222	6 019
Later than five years	-	-
Non-cancellable operating leases	9 786	7 627

A short time lease agreement regarding an apartment in Malaga is NOK 77 thousand per year and is considered immaterial.

Note 31. Other receivables

Amounts in NOK 1000	2019	2018
Distribution commissions	32 418	40 656
Prepaid expenses	6 206	7 577
Other receivables	213 908	15 152
Total receivables	**252 531**	**63 385**

Note 32. Other liabilities

Amounts in NOK 1000	2019	2018
Payables to suppliers	3 113	4 399
Value added tax	8 422	6 997
Social security tax	3 557	3 131
Tax withholdings	3 175	3 035
Unsettled items related to certificates and bonds	189 072	1 643
Other liabilities	17 901	13 128
Total other liabilities	**225 239**	**32 333**

Note 33. Accrued expenses

Amounts in NOK 1000	2019	2018
Accrued not due expenses	154 103	164 787
Bonus	17 375	15 161
Holiday pay	6 598	5 550
Board remuneration	822	1 111
Accrued fees	118	689
Total accrued expenses	**179 017**	**187 298**

Note 34. Tier 1 capital

In 2016 the bank issued a Tier 1 capital instrument. The instrument has a nominal value of NOK 210.0 million. The instrument is perpetual and the bank may redeem the capital for the first time five years after issuance, and thereafter at each interest payment date. Interest rates payable is 3 month NIBOR + 5.25%.

The bank issued an additional Tier 1 capital instrument in 2017. The instrument has a nominal value of NOK 300.0 million. The instrument is perpetual and the bank may redeem the capital for the first time five years after issuance, and thereafter at each interest payment date. Interest rates payable is 3 month NIBOR + 5.25%.

The bank issued an additional Tier 1 capital instrument in 2018. The instrument has a nominal value of NOK 125.0 million. The instrument is perpetual and the bank may redeem the capital for the first time five years after issuance, and thereafter at each interest payment date. Interest rates payable is 3 month NIBOR + 5.40%.

The terms of the Tier 1 capital meet the requirements of EU CRR regulations and are included in the bank 's core capital for capital adequacy purposes. As a result, the bank has a unilateral right not to repay interest or principal to investors. This means that the Tier 1 capital does not satisfy the conditions for financial liabilities in IAS 32 Financial instruments - presentation and is therefore presented in the bank's equity as Tier 1 capital. This means further that interest rates linked to the Tier 1 capital is not presented as an Interest expense, but as a reduction in Retained earnings and other reserves. The interest tax advantage is presented as a reduction of Tax charge in the profit and loss.

Note 35. Related parties

Bank Norwegian AS and Norwegian Air Shuttle ASA have since October 2007 had an agreement regarding the bank's use of the brand name Norwegian, IP-rights and co-operation regarding the loyalty program and credit cards. Based on the bank's expansion into Sweden, Denmark and Finland, new agreements have been renegotiated. All accrued rights remain. The agreements were renegotiated in the second quarter 2018 and is valid for ten years.
In 2019 the total expensed amount related to Norwegian Air Shuttle ASA was NOK 403 million, comprising of portfolio related costs of NOK 345.7 million and sales and agent commissions of NOK 57.3 million. The portfolio related costs includes a license fee for the use of brand name, IP-rights and other customer portfolio costs, such as cashpoints. Comparable figures for 2018 was NOK 352.4 million, comprising of NOK 285.1 million and NOK 67.3 million.

Norwegian Finans Holding ASA (org.nr. 991 281 924) owns 100 % av Bank Norwegian AS (org.nr. 991 455 671).

Note 36. Changes in accounting for loans to customers

Interest on loans to customers which are transferred to debt collection were previously recognized based on interest received/paid. The requirements in IFRS state that interest must be calculated using the effective interest rate on gross or net loans to customers, depending on stage classification. The re-calculation of net interest income will also have an equivalent effect on provision for loan losses and gross loans to customers. Due to the offsetting nature of these revisions, the financial impact on net profit and equity is estimated to be insignificant. The underlying credit quality in the loan portfolio is unchanged. Comparable figures are restated. The impact on comparable figures are shown in the tables below.

Profit and loss account (extract)

Amounts in NOK 1000	**2018**	**2018 (Revised)**
Net interest income	4 406 248	4 702 806
Total income	**4 652 998**	**4 949 556**
Provision for loan losses	1 027 631	1 324 189
Profit before tax	**2 393 431**	**2 393 431**

Amounts in NOK 1000	**2018**	**2018 (Revised)**
Gross loans to customers	39 473 053	39 769 611
Loan loss allowance	1 675 435	1 971 993
Net loans to customers	**37 797 618**	**37 797 618**

The revisions in provision for loan losses are mainly attributed to changes in stage 3 classification. Changes in stage 1 and 2 are considered immaterial and therefore a breakdown by stage classification is not presented separately.

Note 37. Subsequent events

The outbreak of the coronavirus has had a major negative impact on the Norwegian and international economy and has led to significant movements in the financial markets. As a result of increased marked unrest, growing number of corona incidents in Norway, and abroad, the bank established a crisis team on March 12, 2020, where various follow-up measures related to liquidity, operations, and communication in relation to customers, partners, the media and employees were discussed and specific measures were decided.

The bank has assessed and adapted operations and financial plans based on the outlook for the Nordic and international economy, and the bank has implemented contingency plans to ensure full operation and customer service regardless of location and societal restrictions in the public space. Recent marked developments indicate an increase in unemployment. An economic downturn as a result of the coronavirus will reduce economic activity and private consumption, which can be expected to result in lower credit demand. Lower activity and loan growth are expected to reduce net interest income, net commission income and activity-driven operating costs at the same time as increased credit losses. The marked unrest with observed spread outflow may result in increased unrealized losses in the liquidity portfolio, while currency fluctuations may affect the value of assets in foreign currency. Lower loan growth will, in isolation, reduce the risk weighted assets for capital adequacy and thus have positive effect on capital adequacy. The reduction in the countercyclical capital buffer by the Nordic authorities reduces the regulatory requirement for common equity tier 1 ratio from 17.47% to 16.25%.

Quarterly figures

Profit and loss account

Amounts in NOK 1000	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
					Bank Norwegian AS
Interest income, amortized cost	1 489 634	1 458 555	1 420 417	1 380 918	1 299 622
Other interest income	46 524	37 800	38 192	39 763	32 504
Interest expenses	173 586	165 155	160 332	151 017	145 363
Net interest income	**1 362 571**	**1 331 200**	**1 298 277**	**1 269 664**	**1 186 763**
Commission and bank services income	135 391	134 232	119 880	150 940	111 047
Commission and bank services expenses	57 746	69 930	63 606	58 909	62 259
Net change in value on securities and currency	9 465	25 201	-1 830	-784	-5 938
Net other operating income	**87 110**	**89 503**	**54 444**	**91 247**	**42 850**
Total income	**1 449 681**	**1 420 703**	**1 352 721**	**1 360 911**	**1 229 613**
Personnel expenses	28 124	27 689	19 543	25 420	24 856
General administrative expenses	280 470	261 206	264 009	282 845	258 299
Ordinary depreciation	18 079	16 833	16 701	16 079	15 633
Other operating expenses	14 659	14 898	13 203	12 381	12 277
Total operating expenses excluding loan losses	**341 332**	**320 626**	**313 457**	**336 725**	**311 065**
Provision for loan losses	432 803	413 511	401 717	379 328	297 878
Profit on ordinary activities before tax	**675 546**	**686 567**	**637 547**	**644 857**	**620 670**
Tax charge	167 701	168 859	156 716	158 604	146 521
Profit on ordinary activities after tax	**507 846**	**517 708**	**480 832**	**486 253**	**474 149**

Comprehensive income

Amounts in NOK 1000	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
					Bank Norwegian AS
Profit on ordinary activities after tax	**507 846**	**517 708**	**480 832**	**486 253**	**474 149**
Comprehensive income for the period	**507 846**	**517 708**	**480 832**	**486 253**	**474 149**

Balance sheet

Amounts in NOK 1000	31.12.19	30.9.19	30.6.19	31.3.19	31.12.18
					Bank Norwegian AS
Assets					
Cash and deposits with the central bank	68 500	68 285	68 091	67 953	67 959
Loans and deposits with credit institutions	2 093 048	1 622 517	2 207 679	2 132 508	1 499 199
Loans to customers	40 560 502	40 067 806	38 712 907	37 902 312	37 797 618
Certificates and bonds	14 650 988	11 339 732	9 962 991	10 268 259	10 602 597
Financial derivatives	76 371	19 284	31 274	85 161	12 773
Shares and other securities	44 863	42 529	40 246	41 806	36 691
Assets held for sale	136 100	133 898	137 290	139 227	133 670
Intangible assets	-	16 990	16 990	16 990	16 990
Deferred tax asset	819	953	1 102	795	719
Fixed assets	252 531	244 589	248 235	85 020	63 385
Other Receivables	**57 883 722**	**53 556 582**	**51 426 805**	**50 740 030**	**50 231 603**
Total assets					
Liabilities and equity	52 750	-	73 100	56 000	-
Delinquent loans to loans[1,2]				17.3 %	10.4 %
Loans from credit institutions	40 118 369	39 185 189	38 177 954	37 654 242	39 091 791
Deposits from customers	6 537 863	3 472 923	3 316 800	3 342 401	2 018 724
Debt securities issued	29 621	37 563	4 913	9 569	120 497
Financial derivatives	625 745	618 010	449 151	527 062	603 085
Tax payable	3 821	-	-	-	-
Other liabilities	225 239	400 141	107 179	314 239	32 333
Accrued expenses	179 017	236 292	202 161	205 216	187 298
Subordinated loan	822 688	812 230	807 889	813 771	836 205
Total liabilities	**48 595 113**	**44 762 349**	**43 139 148**	**42 922 499**	**42 889 934**
Share capital	183 315	183 315	183 315	183 315	183 315
Share premium	966 646	966 646	966 646	966 646	966 646
Tier 1 capital	635 000	635 000	635 000	635 000	635 000
Retained earnings and other reserves	7 503 649	7 009 273	6 502 697	6 032 570	5 556 708
Total equity	**9 288 609**	**8 794 233**	**8 287 657**	**7 817 531**	**7 341 668**
Total liabilities and equity	**57 883 722**	**53 556 582**	**51 426 805**	**50 740 030**	**50 231 603**

To the General Meeting of Bank Norwegian AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bank Norwegian AS, which comprise the balance sheet as at 31 December 2019, profit and loss account, comprehensive income, change in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The business activities are largely unchanged compared to last year. *Impairment of loans to customers* contains the same characteristics and risks as last year and continue to be an important focus area in our audit. Due to changes in accounting principles of interest rates, we have also focused on *Accuracy of interest rate calculations for loans to customers.*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of loans to customers	
Loans to customers represents a considerable part of total assets. The assessment of impairment losses is a model-based framework which includes	Our work in the area of the impairment of loans focused on assessing and testing the design and effectiveness of the controls to ensure the quality of the assumptions and models. We also performed tests of details by calculating

elements of management judgement. The framework is complex and includes a considerable volume of data and judgmental parameters.

We focused on this area due to the significance of the impairment considerations for the value of loans in the financial statements, and the fact that the use of judgement has a potential to affect the profit for the period. Furthermore, there is an inherent risk of errors because of the complexity and quantity of data involved in the modelling.

IFRS 9 requires the impairment model to reflect expected credit losses. The framework is complex and includes a considerable volume of data and judgmental parameters. We have focused on:

- classification of the various credit portfolios by risk and asset type;
- identification of loans presenting a significant increase in credit risk,
- how loans are sorted into stages;
- parameters such as the probability of default (PD), loss given default (LGD) and macroeconomic scenarios.

The bank's business is concentrated on consumer loans and credit cards to private customers. The models take into account the specific characteristics of each of its products and is designed to estimate loan-loss impairment provisions for each product.

the provisions based on the models.

As for the internal control environment, we obtained a detailed understanding of the processes and tested the controls associated with:

- the calculation and methodologies used;
- whether model changes were reviewed and tested before implementation;
- whether the models were in accordance with the framework and was working as intended;
- the reliability and appropriateness of the data used in the models;

Our testing of internal controls did not indicate material errors in the modelling or discrepancies from IFRS 9.

We also tested whether loans were properly classified by stages and if loans had significant increases in credit risk.

We have also tested the model framework and considered the relevance and reasonableness of important assumptions used in the model. Furthermore, we have had meetings with the management where we have challenged assessments related to assumptions and estimates used in the model. The accounts show that the provision rate measured as total loan loss allowance in percentage of gross lending has increased compared to last year. We compared the level of loan loss allowance against other comparable banks and found that the levels were within a reasonable range.

For important IT-systems supporting financial reporting, the audit team performed detailed testing of relevant reports and application controls. We also tested controls over application management and segregation of duties where that was relevant for our work. Our work gave us sufficient evidence to enable us to rely on the operation of the bank’s systems for IT and payment processing deemed relevant for our audit.

Any differences encountered as part of our testing was deemed without material significance.

Note 5.1b, note 4, note 5 and note 6 is relevant for the description of the bank’s models and processes to estimate IFRS 9 loan-loss impairment provisions. We read the notes and found them to be adequate and to give a balanced overview of the models, parameters and judgmental assumptions used.

Accuracy of interest rate calculations for loans to customers

The bank has significant interest income from to loans to customers. Income recognition of interest income under IFRS 9 are calculated differently, depending on the stage classification of the loan. In our audit we have focused on the accuracy of data in interest calculation and interest calculation of loans to customers in each of the three stages, including whether interest is calculated by gross loan balance for loans in stage 1 and stage 2 and of net loan balance for loans in stage 3.

The framework is complex to transpose to practical calculations and the calculations will therefore be complex. Even minor deviations in formula may lead to significant errors in the financial statements.

In our audit of interest income on loans to customers, we have obtained an understanding of how the bank's systems and formulas are built up to calculate interest income in line with the regulations.

When auditing interest income for loans to customers transferred to debt collection, we assessed and tested the accuracy of data being used in the models. We also assessed and tested that the formula used for interest income calculation was set up correctly were interest income is calculated based on gross loan balance for stage 1 and stage and net loan balance for stage 3. Differences encountered as part of our testing was deemed without material significance.

The company's note 5.1b, note 15 and note 36 to the accounts are relevant to the description of the company's interest income calculation. We read the notes and found them to be adequate and to give a balanced overview of the interest income calculation.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 25 March 2020
PricewaterhouseCoopers AS

Anne Lene Stenshold
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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